

Q1 2021

Halifax

Office Market Report

Net Absorption

This Quarter	Previous Quarter
-94.9K SF	-50.5K SF
12-Month Absorption	3-Year Quarterly Avg.
-164K SF	26.8K SF

Vacancy

This Quarter	Year-over-Year
14.8%	▲ 70 bps

Asking Gross Rent

This Quarter*	Year-over-Year
\$30.45 PSF	▲ 6.8%

Development

Under Construction	New Supply
200K SF	0 SF

*Weighted Average
Colliers International (Nova Scotia) Inc.

Market Outlook

The 2021 year kicked off with another eventful quarter. Changes in pandemic restrictions within the Atlantic provinces and operational strategies for businesses across the globe have impacted the activity in the past few months.

Development in the Halifax Office sector continues to push forward, with 200,000 square feet (SF) of Class A office space under construction in Suburban Halifax, despite increasing vacancy in Downtown, Dartmouth, and Bedford/Sackville. These developments are scheduled for completion in early 2022.

Suburban Halifax has proven resilient throughout the pandemic, boasting a drop in vacancy by 110 basis points (bps) in the last quarter alone. This suburban migration is akin to the market behaviour across Canada, with organizations seeing opportunity in setting up shop outside of the urban centres; eyeing flexible office options. There has been an uptick in interest for smaller, co-working and short-term rental spaces from established organizations, freelancers, developers, and landlords across all submarkets.

Gross rental rates have increased by 12% from end of 2020 through Q1 2021 and 6.8% from this time last year. However,

the office market has seen minimal change to slight reduction (Suburban submarket) in additional rent rates.

Subleasing across all submarkets has remained consistent, with a minor net reduction of 4,468 SF in available space.

Nova Scotia has recently announced that retail and fitness facilities can return to 100% capacity and borders between Atlantic provinces – including N.L. – will open without 14-day quarantine. Additionally, the province continues to boom despite the pandemic, with the second-highest population growth in Canada at 2.4% monthly, 0.5% higher than the national average. Both individuals and companies are seeing opportunity and opting to plant roots on the east coast. The aforementioned factors provide exciting financial and operational opportunity for businesses and boost overall activity.

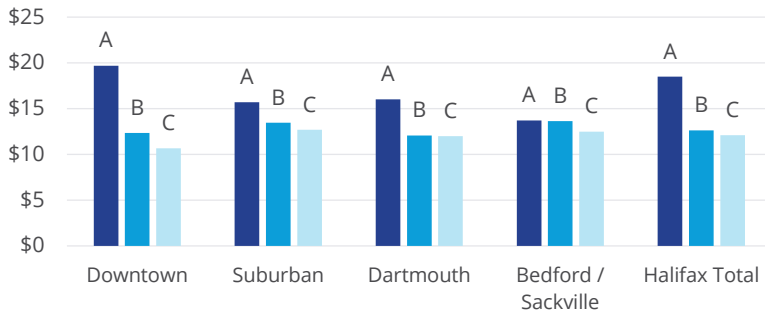
As we move through 2021, experts optimistically anticipate increased market activity and physical occupancy as COVID-19 restrictions begin to lift, vaccinations roll out, and steady population growth continues.

Accelerating success.

Market Overview

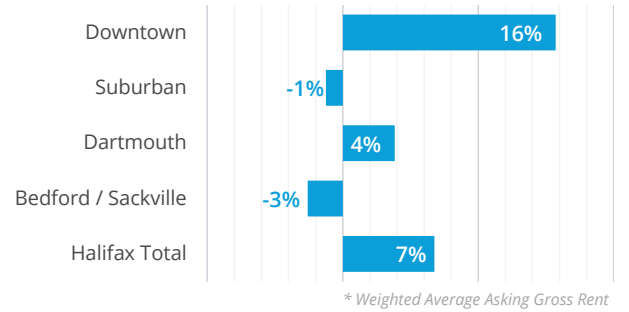
01 Rental Rates by Building Class

Weighted Average Asking Net Rent (PSF)



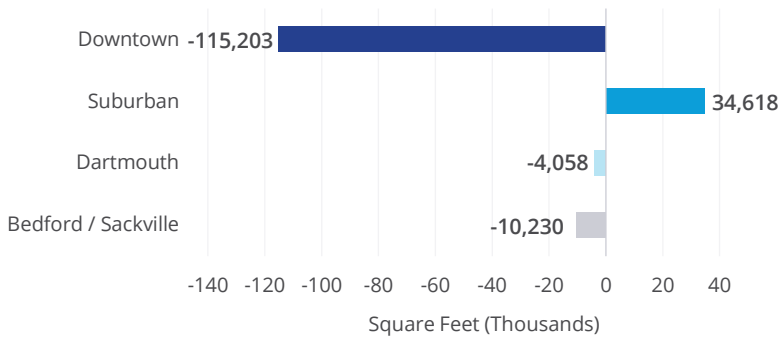
02 Rental Rate Growth*

By Market | Q1 2020 – Q1 2021



03 Net Absorption by Market

By Total Square Feet (SF)



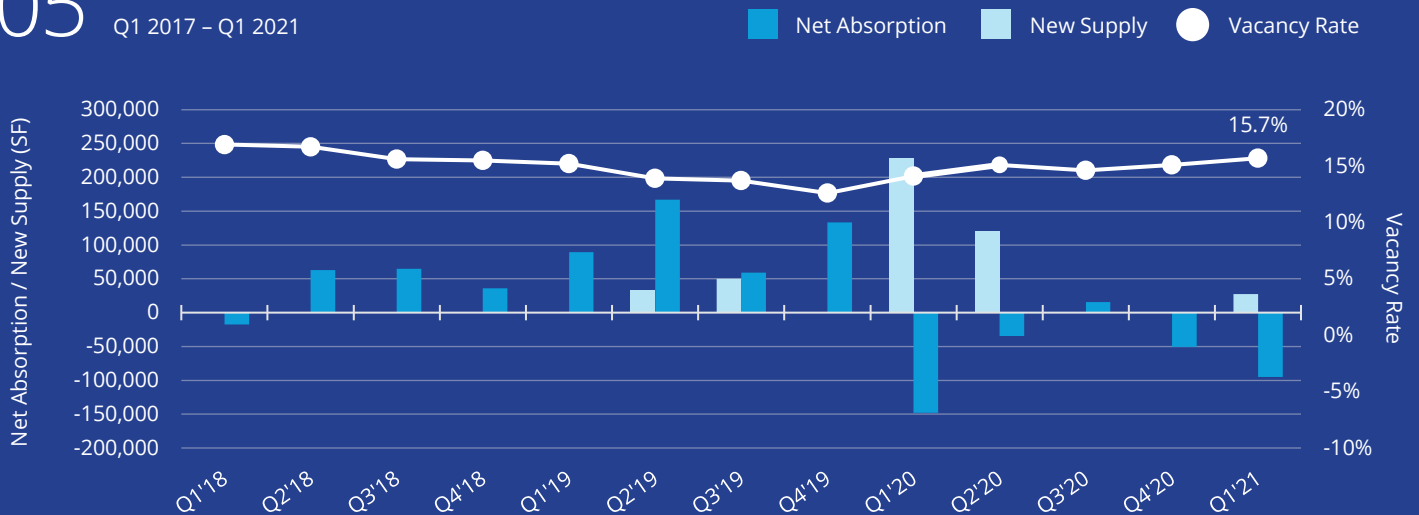
04 Vacancy Rate

By Market | Q1 2020 – Q1 2021

Downtown	22%	▲	from 16.9% Q1'20
Peripheral	9.0%	↔	from 9.0% Q1'20
Dartmouth	16%	▲	from 15.6% Q1'20
Bedford / Sackville	5.7%	▼	from 9.8% Q1'20
Halifax Total	16%	▲	from 13.9% Q1'20

05 Historical Overview

Q1 2017 – Q1 2021



Market Statistics & Transaction Highlights

	Class	# of Buildings	Total Inventory (SF)	Direct Vacancy (SF)	Sublease Vacancy (SF)	Total Vacant Space (SF)	Vacancy Rate (Current Q)	Vacancy Rate (Previous Q)	Net Absorption (SF)	Net Absorption YTD (SF)	Under Construction (SF)
Downtown	A	14	2,582,882	636,720	9,618	646,338	25.0%	24.5%	-16,108	-16,108	-
	B	34	2,315,703	341,430	15,287	356,717	15.4%	14.9%	-20,057	-20,057	-
	C	11	353,157	100,164	51,241	151,405	42.9%	20.5%	-79,038	-79,038	-
	All	59	5,251,742	1,078,314	76,146	1,154,460	22.0%	20.0%	-115,203	-115,203	-
Suburban	A	26	1,803,649	89,011	19,025	108,036	6.0%	7.5%	22,033	22,033	200,000
	B	30	1,392,443	151,803	3,669	155,472	11.3%	12.0%	10,882	10,882	-
	C	12	251,680	27,891	-	27,891	11.1%	11.8%	1,703	1,703	-
	All	68	3,447,772	268,705	22,694	291,399	8.5%	9.6%	34,618	34,618	-
Dartmouth	A	26	1,866,374	325,054	8,165	333,219	17.9%	16.0%	3,468	3,468	-
	B	27	1,132,378	145,742	8,414	154,156	13.6%	13.3%	-14,195	-14,195	-
	C	15	386,741	68,486	-	68,486	17.7%	16.9%	6,669	6,669	-
	All	68	3,385,493	539,282	16,579	555,861	16.4%	16.0%	-4,058	-4,058	-
Bedford / Sackville	A	8	616,675	24,291	-	24,291	4.0%	3.7%	-7,942	-7,942	-
	B	19	294,682	16,306	-	16,306	5.5%	5.5%	561	561	-
	C	6	122,506	14,295	3,562	17,857	14.6%	12.7%	-2,849	-2,849	-
	All	33	1,033,863	54,892	3,562	58,454	5.7%	4.7%	-10,230	-10,230	-
Halifax Total	A	74	6,867,417	1,075,076	36,808	1,111,884	16.2%	16.4%	1,451	1,451	-
	B	110	5,114,846	655,281	23,701	678,982	13.3%	12.9%	-22,809	-22,809	-
	C	44	1,114,080	210,836	54,803	265,639	23.8%	17.3%	-73,515	-73,515	-
	All	228	13,096,343	1,941,193	115,312	2,056,505	15.7%	15.1%	-94,873	-94,873	200,000

Notable Sales Transactions

Building Name / Address	Market	Size (SF)	Sale Price	Purchaser	Purchaser Profile
137 Chain Lake Drive	Suburban	23,782	\$3,444,000	1273537 ALBERTA LTD.	Extra-Provincial Corp.
32 Akerley Boulevard	Dartmouth	26,000	\$2,600,000	RE/MAX Nova	Real Estate Service

Notable Developments

Building Name / Address	Class	Market	Building Status	Size (SF)	Est. Completion	Owner / Developer
Westway IV	A	Suburban	Under Construction	100,000	Q2 2022	The Armour Group
168 Hobson Lake Drive	A	Suburban	Under Construction	100,000	Q2 2022	Armco Capital

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