



HALIFAX

EXECUTIVE SUMMARY

- The Conference Board of Canada expects Halifax's economy to outpace provincial and national GDP growth figures, averaging 2.1% from 2019 to 2023.
- For three years in a row, Halifax has attracted a record number of newcomers from outside the province.
- Halifax's overall office vacancy of 17.3% remains less than the 20% vacancy recorded in the downtown district.
- Halifax's industrial vacancy rate is tightening.
- There has been a boom of residential development in the Central Business District and in the suburbs.

Halifax enjoyed the second year of an economic mini-boom in 2019 that was driven by record population growth, lower unemployment and a larger workforce. According to the Halifax Partnership's fall 2019 economic snapshot, growth is occurring mainly in the manufacturing and construction sectors.

Halifax continues to be the economic engine of Nova Scotia with growth driving a new climate of business confidence in the city.

The skyline of the city's downtown district is dotted with cranes. Much of this construction is residential with apartments and condominiums bringing new residents and life to the downtown. The residential population is made up of young professionals and people who have sold detached homes in the suburbs and in other parts of the province.

Large commercial projects have also been changing the skyline of downtown Halifax with the completion of the 1-million-square-foot Nova Centre and Halifax Convention Centre, and the ongoing construction of 450,000 square feet at Queen's Marque on the waterfront. When it is complete, the Queen's Marque development will be a mix of office, residential and retail uses with public space. These projects have added a significant amount of class A office inventory, boosting the vacancy rate to more than 20% in the Central Business District. Absorption of this surplus inventory is expected to take several years and some developers are considering repurposing older office space for residential use.

There has also been increased demand for industrial space, particularly in Burnside Industrial Park in Dartmouth.

KEY MARKET METRICS – 2020 EXPECTATIONS

Annual growth rates, estimated for year-end 2020 vs year-end 2019

	OFFICE	RETAIL	INDUSTRIAL
Rental Growth	↓	→	↑
Vacant Space	↑	↑	↓↓↓
Construction Levels	↑↑↑	→	→
Leasing Volume	→	→	↑
Investment Volume	↑	→	↑↑

The multi-billion-dollar federal government contract with Irving Shipbuilding (with activity centred around the company's facility in the north end of Halifax) continues to stimulate job growth and spin-off economic activity in Halifax with support companies seeking office and warehouse space. In 2019, Irving Shipbuilding was awarded an additional \$500-million contract for maintenance of Canada's warships.

Other sectors driving GDP growth in Halifax are the transportation and warehousing sectors, where growth is coming from the expansion of the Port of Halifax and increased air traffic through the Stanfield International

Airport. This is the result of increased international demand for seafood such as lobster and crab. Halifax's cruise ship sector also had another strong year in 2019.

Also showing growth in Halifax are finance, insurance, real estate and scientific companies. Halifax is also a destination for start-up companies with entrepreneurs (including those graduating from local universities or moving to the city to work) in fields such as health care and life sciences, energy, cleantech and information technology.

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VACANCY RATES

Halifax Year-End Office and Industrial Vacancy Rates

