



Retail market snapshot

Q1 2023

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Changing Places, sponsored by Avison Young, is a podcast that explores what lies at the intersection of people meets place, today and into the near future. It features weekly conversations with leaders from the architecture, design, and commercial real estate sectors, as well as artists, planners, community voices and others who bring our key places and spaces to life.

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The Nova Scotia retail leasing sector has endured numerous changes from 2022 and into 2023 due largely to strong macroeconomic headwinds, protective deal-making and a move towards luxury retail.

It's no secret that the international global inflation crisis has caused Canada's central bank to raise interest rates. The impact upon retailers has made them think twice about their business plans; should they push forward with expansion or cool any additional brick and mortar sites during this period of uncertainty? If the post-covid environment wasn't volatile enough, the bank's rate hike and the inflated cost of construction materials have absolutely stifled overall retail absorption.

The above macroeconomic challenges have taken their toll into deal negotiations where we've seen the emergence of a complicated tenant's market. Landlords with existing vacancies are eager to do deals, yet particular about who they're with. Meanwhile greenfield developers are slow to activate and start project construction in the hopes of waiting out the high construction costs to increase their ROI. The opposing forces have left market rates for space relatively unchanged. Tenants on the other hand are playing it slow and safe given the uncertainties they might face in their business from a looming recession. Any new deal must be a guaranteed "home run" in order to get a transaction across the finish line.

An undeniable trend that has emerged in urban Halifax is the landlord community's push towards luxury retail, high fashion and "fine-er" dining. Getting the highest rates in town? It's alright... but being the landlord who has the trendy retailer or restaurant in town is way cooler. Downtown retail landlords are striving to move towards high value brands in the hopes of helping shape "The New Halifax", if you will. In its wake, many blue-collar staple brands and "mom and pop" operators have circled the area without entry and some dated brands have left or been squeezed out of good locations.

Despite these changes however, transactions are continuing to happen. Greenfield commercial nodes in new future communities are getting pre-leased to AAA national tenants. Established businesses in dated buildings are continuing to be forced into relocation due to upcycling. The urbanization and expansion of Halifax Regional Municipality is still well underway.

- Gerald Coleman, Sales Representative

Retail leasing

HRM Market Size



Halifax

439,819
Population

5,490.35
Land area (km2)



Average net rent (psf)

\$29.57 Downtown	\$19.98 Bedford
\$18.34 Dartmouth	\$16.12 Sackville



Vacancy Rate

4.6% Halifax	2.7% Bedford
7.5% Dartmouth	4.3% Sackville

Avison Young

1657 Bedford Row
Halifax, NS B3J 1T1

902 454 6185
admin.halifax@avisonyoung.com
avisonyoung.com