



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 for 2022 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. For retailers, this has caused them to think twice about expansion and instead play it safe or be more conservative with their growth during this period of uncertainty. If the post-covid environment wasn't disruptive enough, the bank's rate hike and the inflated cost of construction materials have slowed overall retail absorption.

The above macroeconomic challenges have taken their toll into deal negotiations as we've seen the emergence of a complicated tenant's market. Landlords with existing product 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 waiting out 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. The deal and location has to be a guaranteed "home run" in order to get a transaction across the finish line.

An undeniable urban Halifax trend is the landlord push towards luxury retail, high fashion and fine 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 tenants, brands and goods 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.

Given these changes however, transactions do continue to happen. Prime future development sites are getting pre-leased to AAA covenant tenants. Additionally, other established businesses are continuing to relocate due to their premises being scheduled for development into mixed use and multi-family residential assets.

- Gerald Coleman, Sales Representative

Retail leasing

HRM Market Size



Halifax

Population: 439,819

Land area (km2): 5,490.35



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

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