

GREATER HALIFAX ECONOMIC SNAPSHOT: SECOND QUARTER 2009

2ND QUARTER OVERVIEW

- The 2nd quarter of 2009 began to shake off some of the recessionary freeze felt during the last three quarters. In Greater Halifax the economy continued to hold it's own; the labour force outpaced the majority of cities across Canada, investment intentions and building permits continued to grow, and inflation fell. Although there certainly are some areas that are being challenged, Halifax continued to show some strength.

LABOUR FORCE

- The Greater Halifax Labour force continued to perform well during the second quarter of 2009. Employment rose, the employment rate grew, and Halifax's participation rate remained vibrant.
- Employment continued its nine month gain, to levels not seen last since January 2000. The majority of these gains continue to be in full time employment and have occurred in both the Goods and Service sectors. The job growth is the result of increases in employment from the Public sector, Transportation & Warehousing, Professional Scientific & Technical Services, and Finance, Insurance, Real Estate and Leasing. With slight improvements showing in the Trade industry.
- The employment rate in the Greater Halifax expanded slightly during the 2nd Quarter of 2009 rising to 67.5%, placing Halifax within the top 5 cities with the highest employment rate in the nation: Calgary 71.6%, Saskatoon 70.3%, Regina, 69.0%, and Edmonton 68.9%. This in theory correlates that Halifax has the 5th highest percent of the labour force population employed in Canada.
- The participation rate continues to rise (71.8%) and during the 2nd quarter Halifax labour force participation outpaced all but two other Canadian CMA's: Saskatoon(73.7%), and Calgary (71.6%).

Halifax Labour force 2nd quarter 2009 News:

- **Nova Scotia's minimum-wage** is now \$8.60 an hour as of April 1 2009, a 50-cent increase. The province is planning to increase the minimum wage two more times over the next year and a half.
- **Porter Airlines Inc.** (www.flyporter.com) will hire additional customer service representatives and ramp staff in Halifax,
- **Scotian Carbon Services**, Nova Scotia's first carbon consulting firm, officially started up in Dartmouth this month.
- **Lockheed Martin Canada** (www.lockheedmartin.com/canada/) is expanding its operation in Halifax and will employ at least another 100 people over the next five years.

HOUSING

- The Canadian Mortgage and Housing Corporation (CMHC) proclaimed that conditions in the Greater Halifax housing market were improving during the month of June, as both housing sales and single starts showed signs of improvement after a lethargic April and May.
- Despite the improvements in June, the 2nd quarter of 2009 housing starts were nearly 33% behind those of the 2nd quarter of 2008, with the largest decline (-60%) in multiple starts, as investors and buyers remained cautious.
- Similarly, housing sales across Greater Halifax during the 1st half of 2009 (2981) are down over 17% from the 1st half of 2008 (3601). However the average sale price in HRM this year has increased 3.6 % over last year to \$237,943. This increase is attributed to a decline in new inventory being added to the market which has helped to keep price growth positive this year despite buyers market conditions in many areas of HRM.

Housing Activity	2nd Quarter 2008	2nd Quarter 2009	% Change
Single Starts	359	244	-32%
Multiple Starts	253	101	-60%
Total Starts	612	345	-43.6%
	Jan to June 2008	Jan to June 2008	% Change
Sales	3601	2981	-17.2%
Average price	\$229,652	\$237,943	3.6%

Source: CMHC Housing Now-Halifax. -June 2009

OFFICE/COMMERCIAL/INDUSTRIAL SPACE VACANCY

				Industrial Space	Vacancy Rate %
Office Space Vacancy	Class A%	Class B%	Class C%	Halifax/	4.9
Downtown Halifax	2.7	4.1	6.9	Bayers Lake	3.3
Peripheral Halifax	25.2	5.4	9.3	Ragged Lake	0.0
Dartmouth	17.0	17.4	11.3	Atlantic Acres	17.4
Bedford/Sackville	9.0	11.1	16.1	Sackville	3.5
				Bedford	5.2
				Burnside Industrial Park	9.2

Source: Colliers International (Atlantic) Inc. - 2nd quarter 2009 Knowledge Report

Source: Cushman & Wakefield LePage - Commercial Real Estate - MarketBeat - 2nd Quarter 2009.

Office Space Vacancy

- Sublet space in the downtown core increased to 2.7% (130,000 square feet).
- Project designs for the proposed building on the Halifax Herald and Bedford West commercial/residential subdivision were unveiled this quarter.
- HRM Council passed the HRM by Design plan to become law. The modern design plan is a balance between heritage preservation and growth, with a goal to increase the population of those living downtown.

Industrial Space

- Halifax's industrial market saw an average increased vacancy rate of 8.7% during the 2nd Quarter of 2009, largely the result of the positive absorption (predominately from within the Burnside Industrial Park) of over 80,000 square feet.
- Atlantic Acres and Bayer's Lake both recorded negative absorptions, 11,800 and 1208sq feet respectively.
- Net rental rates, particularly in Burnside Industrial Park, have remained virtually unchanged at \$6.31 per square foot.

CONSTRUCTION AND INVESTMENT

- Investment in non residential construction during the 2nd quarter of 2009 decreased 5.3% over the 1st quarter of 2009. However, investment increased 14.8% over the 2nd quarter of 2008.
- Building permits increased over 135% between the 1st quarter of 2009 and the 2nd quarter of 2009, and represents a 9.5% increase over the 2nd quarter 2008.

Investment in Halifax 2nd Quarter 2009:

- **The Parks of West Bedford, West Bedford Holdings Ltd.** will lead the largely residential development, which is expected to take 25 years.
- The **Institute of Technology** (www.nsc.ca) in Halifax will undergo a \$6-million expansion and renovation project, which is expected to be completed in September 2010
- Construction of a new \$8.5-million **Prospect Road Community Centre** is slated to begin within the next couple of months
- A \$1.1-million LED-street light pilot program was announced that could result in manufacturing jobs in Amherst and research and development jobs in Halifax
- **Canadian Blood Services** (www.bloodservices.ca) announced it will build a new \$38-million, 53,000-square-foot production and distribution facility in Burnside Park
- At the Port of Halifax, **Halterm Container Terminal Ltd. and Richmond Terminals** will undergo expansions and improvements to cargo-handling efficiencies

AIRPORT AND PORT ACTIVITY

- Passengers enplaned and deplaned at Halifax Stanfield International Airport decreased 7.4% during the 2nd quarter of 2009 over the 2nd^t quarter of 2008.
- While at the Port, total cargo in metric tones during the 2nd quarter of 2009 decreased 8.9% over the 2nd quarter 2008..

Airport and Port Activity News

Port of Halifax...

- **Halterm** (www.halterm.com) container terminal, has landed its second new service in the past few months, with the announcement that CKYH Alliance will call weekly at the port starting May 3rd
- The Port of Halifax, Canada and Odessa, Ukraine signed a Memorandum of Cooperation today aimed at identifying and generating new business opportunities for both ports.
- The Port of Halifax was pleased to welcome the K Line container vessel "Venice Bridge" to the Halterm Container Terminal Limited facility on Sunday, May 3, 2009 for its inaugural call.

At the Airport...

- The 2009 portion of the Airfield Restoration Program at Halifax Stanfield International Airport is underway.
- Halifax International Airport Authority (HIAA) reported its 2008 operating and financial results at its annual public meeting today.

Economic Snapshot 2nd Quarter 2009	March 2009	June 2008	June 2009	June 08-09 % Change	Trend
LABOUR FORCE					
Employment ('000)	215.9	207.9	216.5	4.2%	↑
Labour force size ('000)	229.6	219.8	230.3	4.8%	↑
Participation rate	71.8%	69.4%	71.8%	2.4	↑
Unemployment rate	6.0%	5.4%	5.9%	0.5	↑
CONSUMPTION					
Inflation rate	0.2%	3.8%	-0.8%	4.6	↓
Retail sales (\$ millions)*	\$1,458	\$1,515	\$1,505	-0.7%	↓
HOUSING					
Average housing prices	\$228,827	\$232,685	\$239,822	3.1%	↑
New housing price index	150.5	150.5	150.5	0%	=
Housing starts*	274	612	345	-43.6%	↓
Housing sales*	436	2277	1995	-12.4%	↓
CONSTRUCTION					
Building permits (\$ millions)	27.7	59.9	65.6	9.5%	↑
Non-residential construction (\$ millions)	98	81	93	14.8%	↑
TRANSPORTATION					
Aircraft passengers* ** (enplaned/deplaned)	721,226	2,124,660	1,963,288	-7.6%	↓
Total Cargo Volume* (metric tonnes)	2,358,423	2,722,450	2,480,719	-8.9%	↓

* Cumulative – from April.

** Cumulative – from January

*Sources: Statistics Canada, Canada Mortgage and Housing Corporation, Port of Halifax, Atlantic Association of Universities, Halifax International Airport Authority, Nova Scotia Community College, Nova Scotia Department of Tourism

