



HALIFAX PARTNERSHIP

QUARTERLY ECONOMIC SNAPSHOT

SUMMER 2020

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HIGHLIGHTS

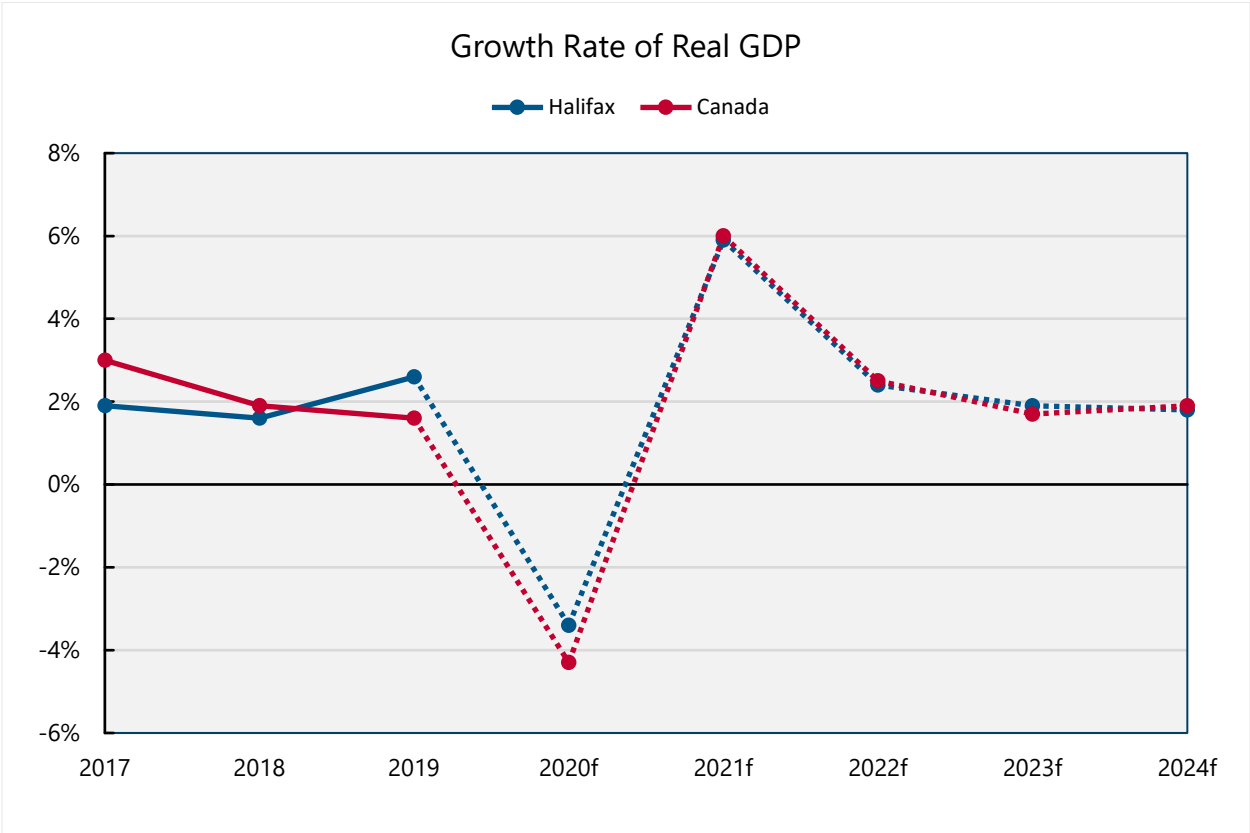
This report discusses data covering April to June (Q2) of 2020. This period marked the low point for many economic statistics in terms of the severe impact of COVID-19. While many of the comparisons between Q2 2020 and Q2 2019 show dramatic declines, it should be noted that signs of recovery across many fronts have become apparent in data for June and July. These data will be covered in the fall 2020 report.

- In May, the Conference Board of Canada projected that Halifax's GDP would contract by 3.4% in 2020, but then rebound strongly in 2021. Updated forecasts are expected in late September.
- Narrative Research's Consumer Confidence Index for Halifax plummeted to a reading of 80.4 in Q2 2020, below the 80.5 seen in Q1 2009 at the deepest point of the Great Recession.
- Halifax's labour force shrank by 8,367 people (-3.3%) over Q2 2019, while employment declined significantly by 20,533 (-8.5%).
- The unemployment rate jumped to 10.4% in Q2 2020, up from 5.3% in Q2 2019. This figure does not account for those who had given up looking for work or those who worked with reduced hours.
- Aircraft passenger volume in Q2 2020 was down to just 40,496, the equivalent of just 445 passengers per day. This represents a 96.4% drop compared to Q2 2019.
- Q2 2020 container traffic at the Port of Halifax fell by 29.2% from Q2 2019.
- Record low volumes for housing sales in April and May were offset by a record high in June. The average selling price for Q2 2020 of \$352,255 was up 9.3% over Q2 2019.
- Halifax's overall office vacancy rate increased by 0.9 percentage points from the previous quarter, reaching 16.1% in Q2 2020. Average net rent rose by \$0.32 psf this quarter to \$15.09 psf.
- Halifax's industrial real estate availability rate remained essentially steady at 6.5%.

Note that due to the truly unprecedented nature of the COVID-19 pandemic, a tremendous amount of uncertainty surrounds any forecasts referenced in this document.

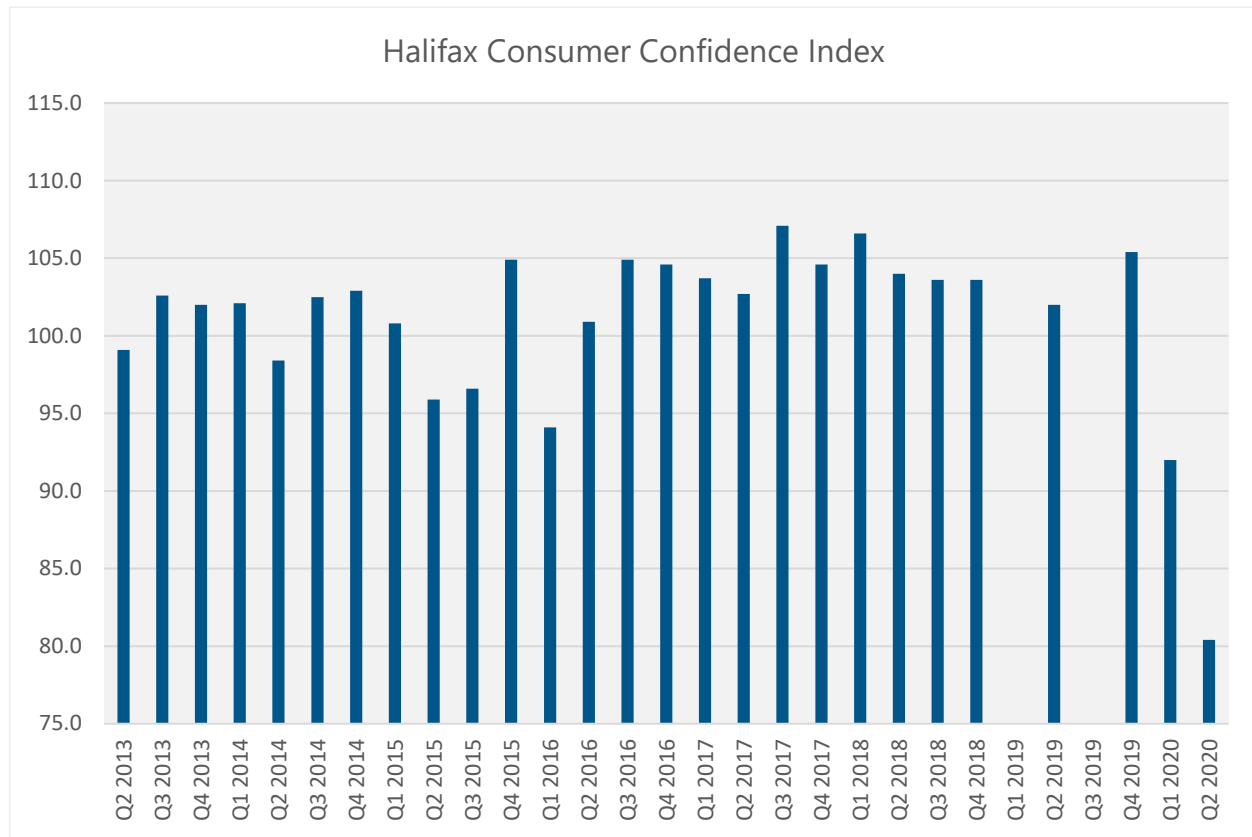
To find the most up-to-date information about support for your business through the COVID-19 pandemic, visit halifaxpartnership.com/covid-19-resources.

INCOME



Source: Conference Board of Canada Metropolitan Outlook

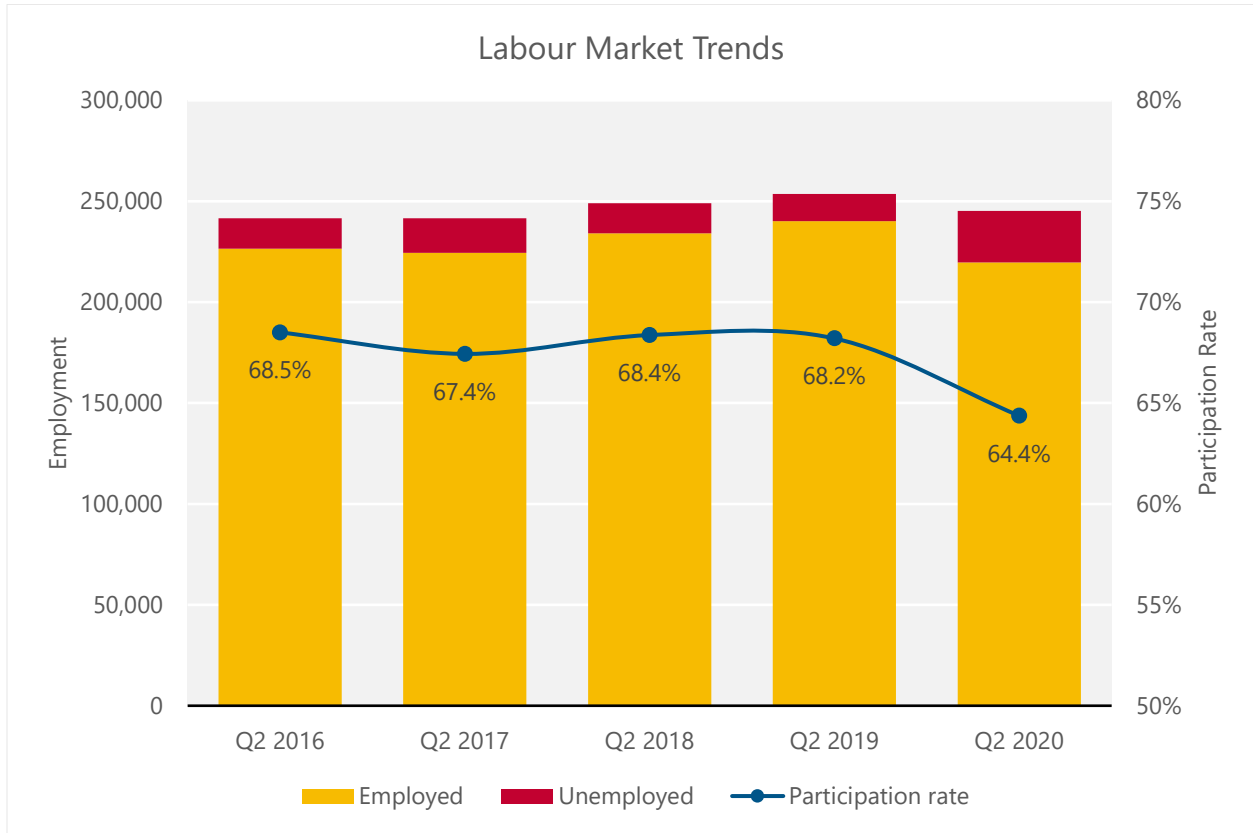
- Halifax’s GDP grew by a healthy 2.6% through 2019. As of May 2020, the Conference Board of Canada expects Halifax’s GDP to contract by 3.4% this year as a result of the COVID-19 pandemic.
- Halifax’s recovery is projected to track closely with the overall Canadian trendline, with GDP growth expected to rebound in 2021 at a robust 5.9% growth rate.
- The Conference Board of Canada’s next GDP forecast for Halifax is scheduled to be published on September 21, 2020.



Source: Narrative Research

- Narrative Research's Consumer Confidence Index is a composite of five questions on household economic well-being and expectations around the economy. The baseline index value of 100 was set in 1989. No data were collected in Q1 and Q3 2019.
- Sharp drops can be seen from Q4 2019 to Q1 2020 and then again in Q2 2020 as COVID-19 impacted the economy.
- The Q2 2020 index value of 80.4 is the lowest value recorded since at least 2008, lower even than the 80.5 seen in Q1 2009 at the depths of the Great Recession.

POPULATION, LABOUR & EDUCATION



Source: Statistics Canada Table 14-10-0294-01, Labour force characteristics by census metropolitan area, seasonally adjusted

- The deepest impacts of COVID-19 on Halifax's labour market became apparent in Q2 2020.
- The labour force shrank by 8,367 people (-3.3%) from Q2 2019 while the labour force participation rate slid to 64.4%. Employment declined by 20,533 (-8.5%).
- The unemployment rate jumped to 10.4% in Q2 2020 from 5.3% in Q2 2019. This statistic underestimates the impact of COVID-19 as it does not incorporate those who had given up looking for work and those who remained employed but at only a fraction of their usual hours.
- On the brighter side, April and May appear to have represented the bottom of the trough as Halifax's total employment rebounded by 2,100 workers in June and 10,900 workers in July. This is a positive sign of recovery.

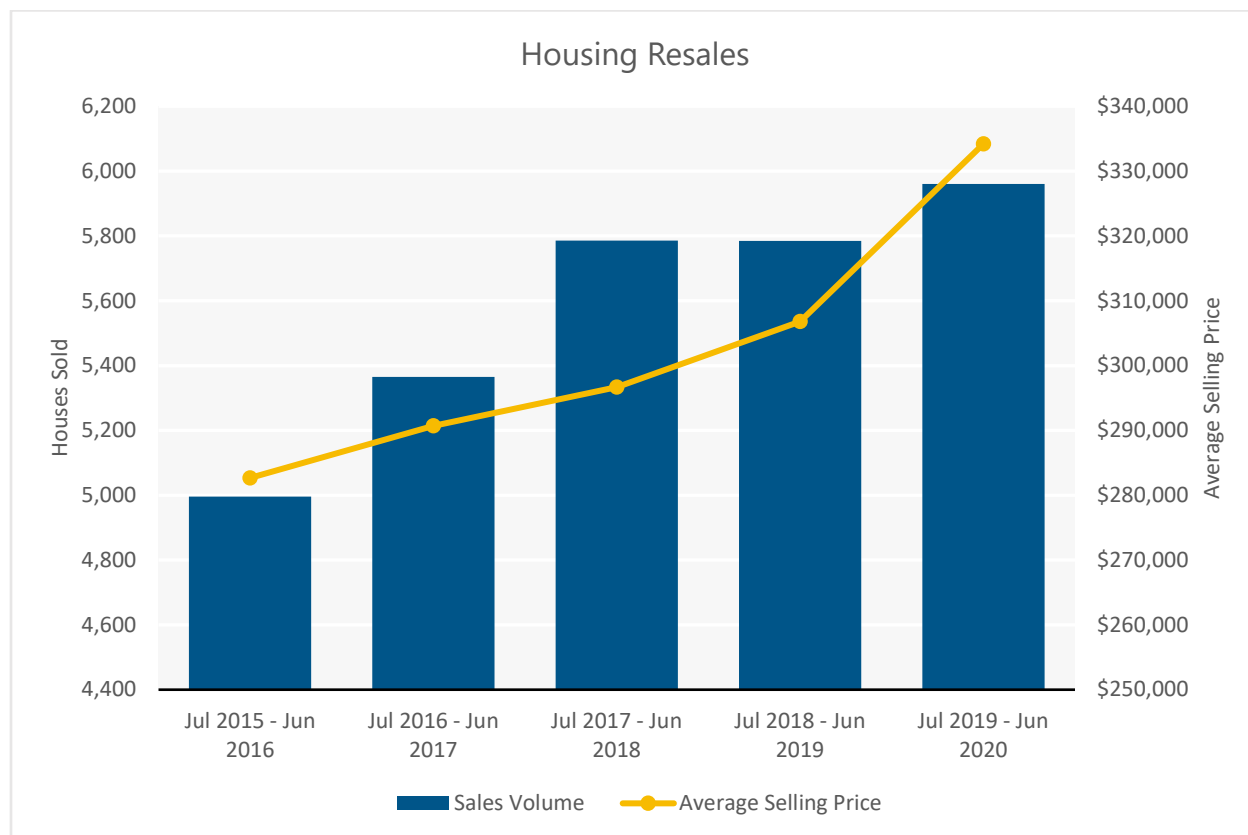
GATEWAY

Halifax Gateway			
	Q2 2019	Q2 2020	Change
Aircraft Passengers	1,119,964	40,496	-96.4%
Port of Halifax Total Cargo Throughput (TEU)	152,439	107,888	-29.2%
Cargo Throughput – Imports (TEU)	77,208	51,574	-33.2%
Cargo Throughput – Exports (TEU)	75,231	56,314	-25.1%

Source: Port of Halifax, Halifax Stanfield International Airport

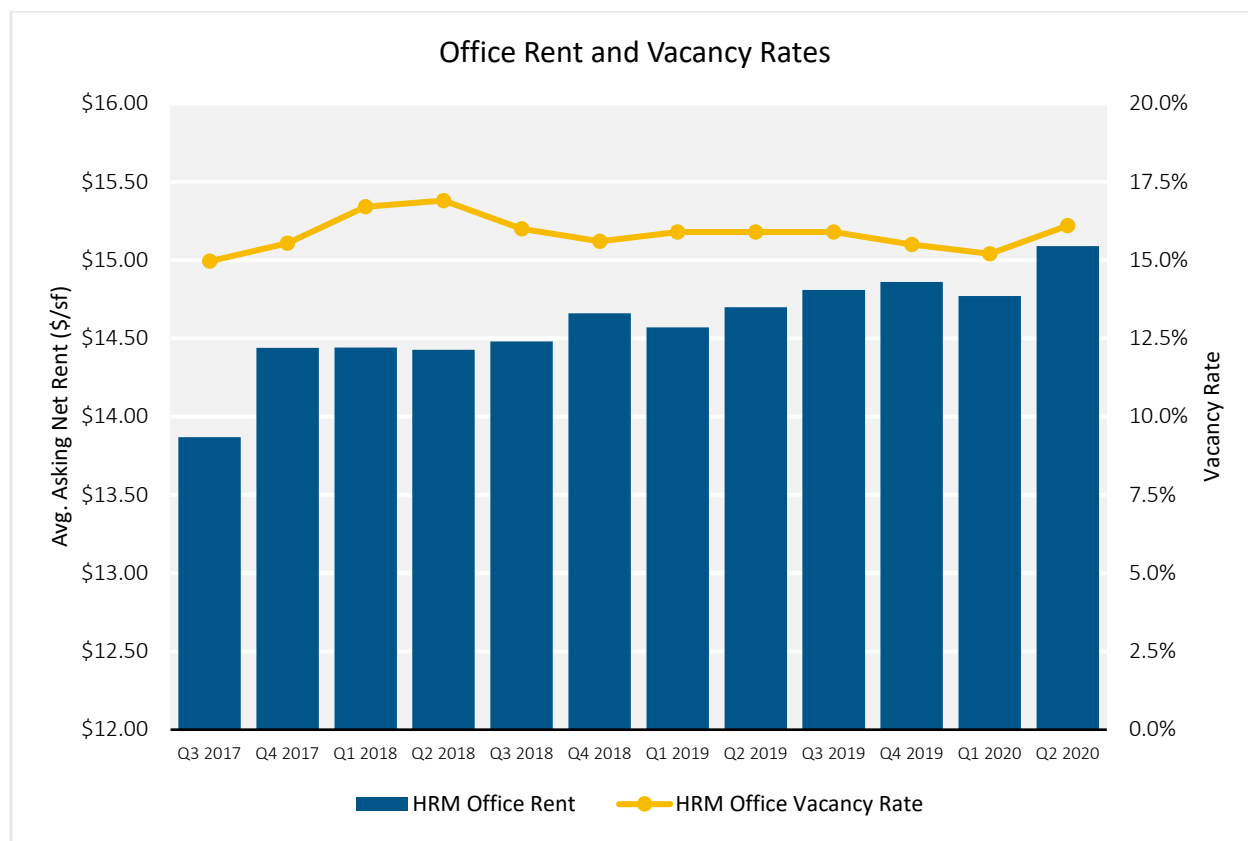
- As worldwide travel ground to a halt, aircraft passenger volume through Halifax Stanfield plummeted by 96.4% from Q2 2019 to Q2 2020.
- Cargo traffic also declined significantly, although not quite as dramatically, dropping by 29.2% (44,551 TEUs) from Q2 2019.

REAL ESTATE & CONSTRUCTION



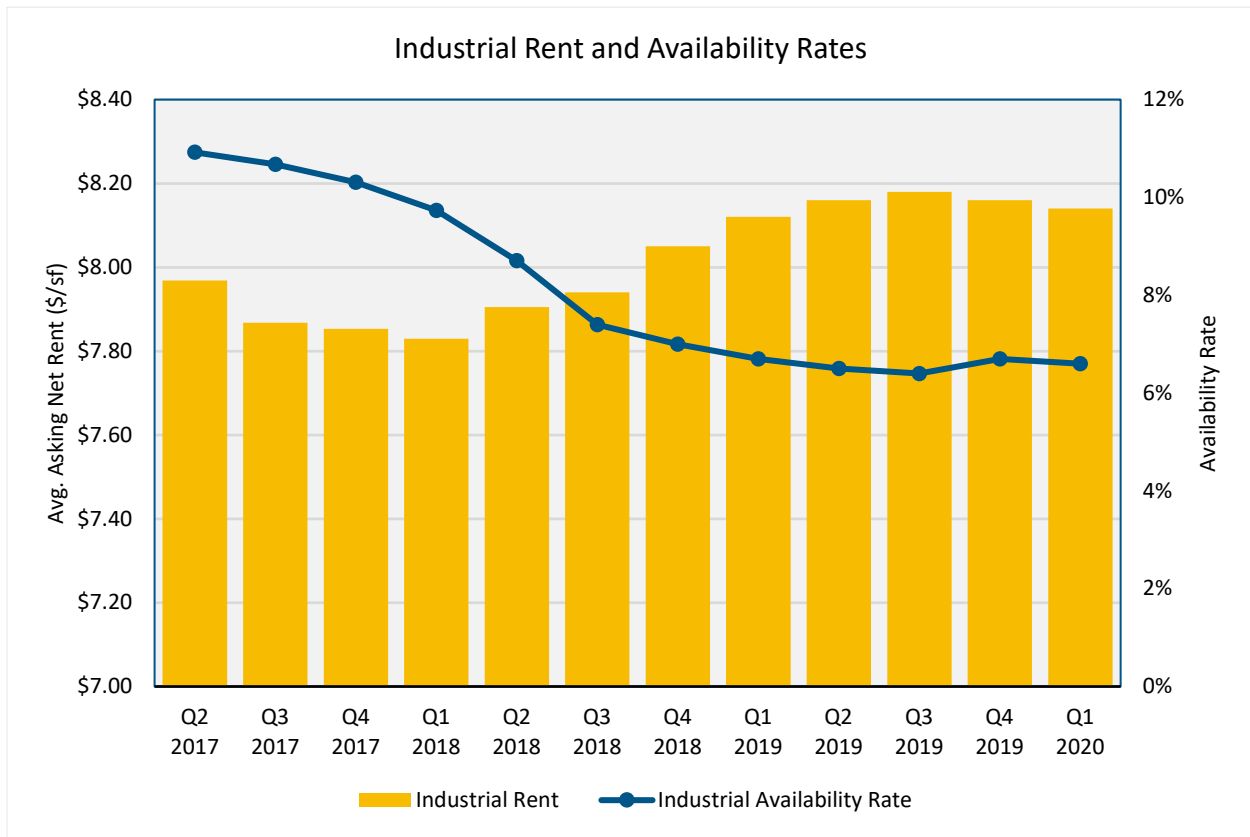
Source: Nova Scotia Association of Realtors

- For the 12-month period July 2019 to June 2020 as compared to July 2018 to June 2019, the number of houses sold in Halifax rose by 175 (3.0%).
- Over the same period the average selling price rose by just over \$27,000 (8.9%).
- The onset of COVID-19 in the spring caused monthly sales volumes for April and May to drop sharply as compared to previous years, but that pent-up demand was released in June with a record sales volume for the month.



Source: CBRE Quarterly Office MarketView

- Halifax's overall office vacancy rate climbed by 0.9 percentage points from the previous quarter, reaching 16.1% in Q2 2020. Average net rent rose by \$0.32 psf this quarter to \$15.09 psf.
- The vacancy rate for Downtown Class A office space spiked back up to 26.0% in Q2 2020 from a figure of 20.9% in Q1 2020. Downtown Class A rent rose slightly from \$19.42 psf to \$19.45 psf this quarter.
- The opening of the Queen's Marque development contributed to the increases in both the vacancy rate and average rent.



Source: CBRE Quarterly Industrial MarketView

- Halifax's industrial real estate availability rate remained virtually unchanged (-0.1pp) at 6.5%.
- Average rent for industrial space was \$8.18 psf in Q2 2020, a four-cent increase over the previous quarter.



Halifax Partnership is Halifax's economic development organization. We help keep, grow and get business, talent and investment. We do this through leadership on economic issues, our core programs, our partnerships across all sectors, and by marketing Halifax to the world.

If you have any questions or concerns about this document, its methodology, or how its indices are measured, please contact the Partnership at info@halifaxpartnership.com for further details.

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