

MARKETBEAT

Winnipeg, MB

Industrial Year End 2018



WINNIPEG INDUSTRIAL

Economic Indicators

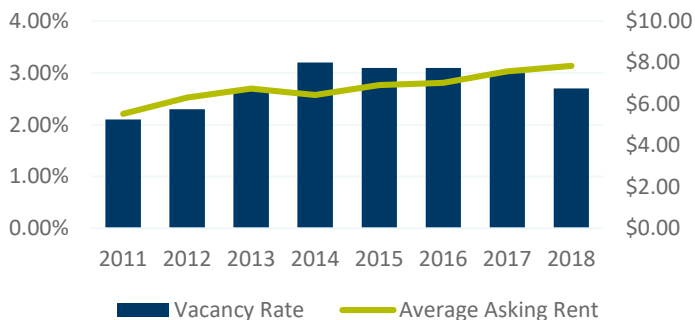
	2017	2018	12-Month Forecast
Winnipeg Employment	430K	440K	▲
Winnipeg Unemployment	5.8%	5.9%	▼
Canada Unemployment	6.6%	5.6%	■

Market Indicators (Overall, All Classes)

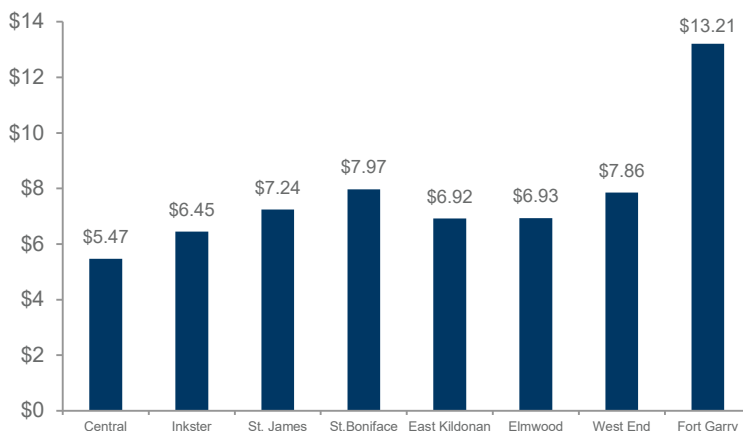
	2017	2018	12-Month Forecast
Overall Vacancy Rate	3.0%	2.7%	■
Multi-Tenant Investment Vacancy Rate	6.7%	6.4%	■
Average Asking Rent*	\$7.60	\$7.18	▲

*Rental rates reflect net asking \$psf/year

Overall Vacancy/Overall Asking Rent



Submarket Net Industrial Lease Rates



Market Overview

Winnipeg's overall industrial vacancy rate fell to 2.7% in the fourth quarter of 2018 in spite of the lack of new product on the market. There were several large industrial sale transactions in the second half of 2018, highlighted by the sale of 1555 Chevrier Boulevard, by Congebec Inc. to Skyline Commercial REIT. The 319,481 square foot cold storage facility sold for \$48.05 million (\$141.08 psf) in early December, 2018. The transaction was part of a 9-property national portfolio. Another significant industrial transaction in the second half of 2018 was the sale of 1441-1445 Church Avenue (\$6.3 million/\$104.56 psf), a 60,250 square foot former multi-tenant industrial building in Northwest Winnipeg. Birchwood Automotive Group purchased 180-200 Lawson Crescent in October 2018 (\$7,765,638/\$958,720 per acre). The sale consisted of two land parcels totalling 8.1 acres and two industrial buildings with a total gross area of 9,353 square feet. It is believed that the land will be used for future commercial redevelopment.

Industrial Land

Demand for zoned, serviced ready to develop industrial land remains extremely high in Winnipeg. Brookside Industrial Park Phase III and its 89 acres consisting of 17 lots of fully serviced industrial land is almost completely sold out with only two conditional sales remaining. Ownership of the lots consists of investors, owner-operators and government organizations. Projects by other brokers further north are enjoying similar success, Brookport Business Park is rumoured to be 50% sold and was approximately 150 acres in total. We predict that the RM of Rosser (NW of Winnipeg) and the RM of MacDonald (SW of Winnipeg) will be where the bulk of industrial land is sold in the near future.

Outlook

2018 was a banner year for Cushman & Wakefield | Stevenson. Our office was proud to be a part of the success of Brookside Industrial Park Phase III, the unveiling of Sherwin Industrial Park's Commercial Condominiums and the Quadreal Portfolio sale, just to name a few. Now that 2019 is upon us we don't foresee a slow down, but we do anticipate a tighter market for sales, leasing and investment. Brokers may need to be a little more creative (with unsolicited offers) on the sales front due to the lack of product on the market. This could push prices upward. Lease rates should remain stable but could push upward as our market continues to tighten as we are seeing renewal rates on the rise.

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SUBMARKET	TOTAL INVENTORY (SF)	INVESTMENT INVENTORY (SF)	OVERALL VACANCY RATE	MULTI-TENANT INVESTMENT VACANCY RATE	SINGLE TENANT INVESTMENT VACANCY RATE
Northwest	37,535,126	16,601,533	2.8%	7.0%	4.3%
Central	10,184,768	2,494,898	1.2%	1.7%	4.7%
East	20,504,380	5,583,337	2.7%	7.5%	11%
Southwest	10,099,972	2,886,607	1.9%	5.9%	0.0%
WINNIPEG TOTALS	78,324,246	27,566,375	2.7%	6.4%	6.9%

All figures courtesy of The Johnson Report, December 2018 Market Report

Key Lease Transactions Second Half 2018

PROPERTY	SF	TRANSACTION TYPE	SUBMARKET
Empress Street	25,612	Headlease	Northwest
Oak Point Hwy	60,000	Headlease	
Century Street	11,030	Headlease	Northwest
Inkster Boulevard	12,072	Headlease	Northwest
Kapelus Drive	10,200	Headlease	West St. Paul
Border Street	8,179	Headlease	Northwest
Lagimodiere	35,000	Headlease	Northeast

Key Sales Transactions Second Half 2018

PROPERTY	SF/ACRES	SALE PRICE	\$ PSF / \$ PER ACRE	SUBMARKET
1555 Chevrier Boulevard	339,631	\$48,050,000	\$141.48 PSF	Southwest
1441-1445 Church Avenue	60,250	\$6,300,000	\$104.56 PSF	Northwest
70 Nicolas Avenue	14,777	\$1,650,000	\$111.66 PSF	East
180-200 Lawson Crescent (Land)	8.1 acres	\$7,765,638	\$958,720 Per Acre	Southwest
Brookside Industrial Park Phase III	89 acres	Various	\$350,000 - \$395,000 per acre	Northwest

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