

Winnipeg, MB

Industrial Q4 2021

Throughout 2021, Winnipeg's industrial market performed strongly despite the supply chain challenges and cost issues similar to those experienced by other Canadian industrial markets.

Overall vacancy rates continue to fall as demand has increased relative to overall supply, with the current vacancy estimate to be roughly 3.0% as of December 2021 (Johnson Report). We expect this trend to continue as developers face pricing and supply chain challenges in bringing new product to the market place. This trend bodes well for assets with strong fundamentals moving forward, as tenants are forced to move quickly to secure quality buildings in strategic locations.

Demand for new construction continues to outpace supply, contributing to a supply gap with minimal new inventory expected until late Q3, or early Q4 2022.

Average rental rates in both new and existing assets have been climbing consistently since 2021. The latest estimated net rent for new construction is climbing past \$12.00, while existing product is approaching \$9.00. Percentage increases in rental rates seen in Winnipeg are considered to be on the low end when examining other Canadian markets, which provides some indication that these rates have further room to increase.

Industrial building sales remained favourable to the seller's market due to a combination of low supply and extremely attractive financing options for both investment and owner-occupied assets. The insatiable demand to own will likely get tested in 2022 as the Bank of Canada is expected to increase rates periodically.

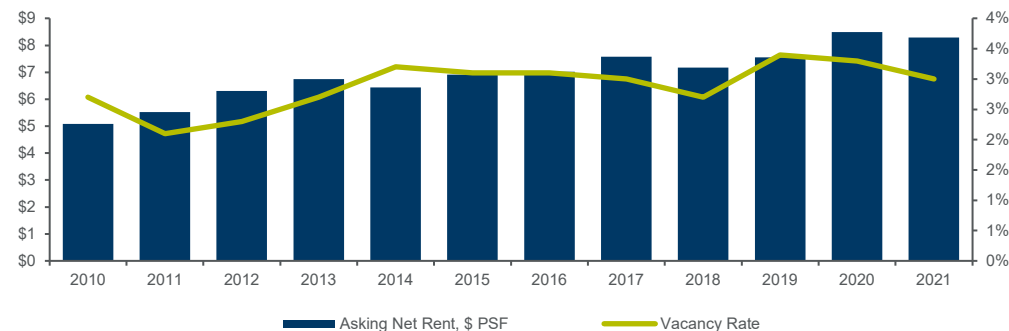
Land pricing for both shovel-ready and speculation saw steady demand through 2021 with Rural Municipalities (RMs) on the periphery of city limits continuing to benefit the most. As a result, landing pricing has increased to record levels both in Winnipeg and surrounding RMs.

ECONOMIC INDICATORS Q4 2021

	YoY Chg	12-Mo. Forecast
450.4 K Winnipeg Employment	▼	▲
5.4% Winnipeg Unemployment Rate	▲	▼
5.9% Canadian Unemployment Rate	▼	▼

Source: Statistics Canada

OVERALL VACANCY & NET ASKING RENT



Source: Johnson Report

Industrial Q4 2021

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	AVERAGE NET RENT (PSF)	OVERALL VACANCY RATE
Central	9,900,000	\$5.78	3.46%
East	21,000,000	\$9.57	1.68%
Northwest	38,000,000	\$7.90	3.17%
Southwest	10,100,000	\$13.00	4.90%
WINNIPEG TOTALS	79,000,000	\$8.80	3.0%

Source: Johnson Report

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	+/-SF
1680 Notre Dame Avenue	N/W	63,874
1431 Church Avenue	N/W	27,200
1320 Church Avenue	N/W	24,679
1725 St. James Street	N/W	20,074
Steel Business Park	N/W	18,348
39 Eagle Drive	N/W	15,405
1791 Dublin Avenue	N/W	13,208
Steele Business Park	N/W	12,150

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SALE PRICE	+/-SF
170 Eagle Drive	N/W	\$5,300,000	34,255
205 Hutchings Street	N/W	\$3,000,000	27,000
1500 Wall Street	N/W	\$950,000	14,600
1301 Inkster Boulevard	N/W	\$1,100,000	10,169

KEY INDUSTRIAL DEVELOPMENTS 2022

PROPERTY	SUBMARKET	STATUS	(+/-) SF	OWNER/DEVELOPER
InksPort Business Park	N/W	Phase 1 Under development	Various	Whiteland Developments
Steele Business Park	N/W	Phase 1 Complete, 62% leased	80,000	MMI Asset Management
Northwest BP	N/W	Phase 2 Complete, 23% leased	175,000	Quadreal Property Group
Brookside Industrial Park	N/W	100% leased	112,000	Canada West Developments
Plessis Business Park	EAST	Phase 2 beginning construction	55,000	Shindico Realty
AVAAL Business Park	N/W	Phase 1 Beginning Construction	24,000	Shindico Realty

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