

The challenges and opportunities faced in the industrial sector over the last twelve months are not likely to stabilize until late in 2023. Key trends continue to include interest rates, construction costs and material shortages.

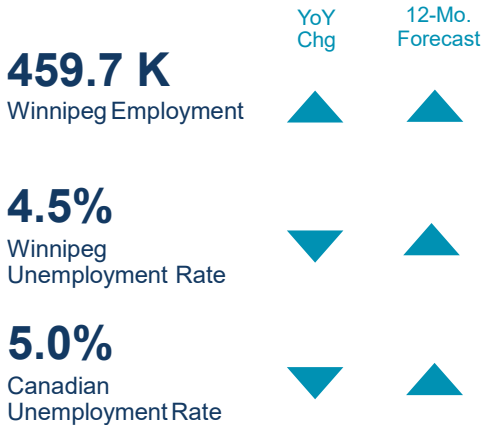
The uncertainty in the interest rate environment is expected to be a major topic of discussion well into 2023. Users will likely continue to be the most active purchasers as replacement costs have continued to increase with depleted inventory, increased construction costs and material shortages. Investment activity for 2022 was very limited. Existing owners have displayed a reluctance to trade as limited financing options have shrunk the pool of buyers. Assets with existing assumable debt are seeing better pricing provided the loan to value numbers are still in an acceptable range. Investment performance has been strong within this inflationary period as rental rates within the industrial sector continue to climb.

The leasing market has seen tremendous pressure on rental rates and vacancy rates throughout 2022. Velocity remains elevated with many new to market tenants showing up in fourth quarter of 2022, which will extend into 2023. Speculative industrial developments will see an onboarding of new product in mid to late 2023, with a significant portion being medium to large bay distribution space. Demand for this product has never been greater within the market, showcasing a flight to quality for select tenants and a shift in logistic strategy for others. The largest incremental increases for rental rates will continue to be seen within the small bay (sub 5,000 square feet) sector. An emerging theme within the small bay sector will be the redevelopment of select assets to provide tenants a modern look within established industrial nodes.

Industrial land sales have remained a bright spot within the market. The province of Manitoba's announcement of \$40 million in funding for services within the CentrePort area in the third quarter of 2022 came at a much-needed time as developments have faced servicing challenges both with capacity and uncertainty on timing. Occupiers' and developers' insatiable interest in serviced industrial land will be expected to continue in 2023 with pricing expected to trend higher.

Cautious optimism is likely to be the chartered course for 2023. The resiliency and stability of the Industrial market in Winnipeg will be crucial as we continue to navigate uncertain times.

**ECONOMIC INDICATORS
Q4 2022**



Source: Statistics Canada

OVERALL VACANCY & NET ASKING RENT



Source: Johnson Report

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	AVERAGE NET RENT (PSF)	OVERALL VACANCY RATE
Northwest	42,659,304	\$9.36	1.8%
Southeast	11,099,059	\$12.55	1.9%
Southwest	10,413,007	\$13.32	4.3%
Central	9,901,012	\$9.25	1.0%
Northeast	6,157,787	\$11.22	0.7%
WINNIPEG TOTALS	80,230,169	\$10.69	2.0%

KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	+/-SF
1678 Church Avenue	N/W	10,722
2140 McPhillips Street	N/W	10,166
1305 Dugald Road	N/E	9,429
130 Bannister Road	N/W	8,000

KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SALE PRICE	+/-SF
1169-1175 Sherwin Road	N/W	-	96,431
560 Camiel Sys Street	S/W	-	43,327
249-271 Oak Point Highway	N/W	-	29,198
1315 Inkster Boulevard	N/W	\$3,300,000	28,860

KEY INDUSTRIAL DEVELOPMENTS 2022

PROPERTY	SUBMARKET	STATUS	(+/-) SF	OWNER/DEVELOPER
Terracon Business Park	NE	10 Buildings. Completed	388,514	Terracon
Plessis Business Park	SE	Phase 1 completed	102,200	Shindico
Brookside Industrial Park	NW	Completed	100,000	Brookside Industrial
Steele Business Park	NW	Phase 1 completed	83,940	MMI Asset Management
Tuxedo Business Park	SW	Completed	65,668	Terracon
Prairie Business Centre	SW	Completed	60,000	Terracon
70 South Landing Drive	SW	Completed	17,620	Capital
27 South Landing Drive	SW	Completed	5,000	Colliers

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