

Only three months into 2023 with lots to unpack for the Winnipeg industrial market. The overall markets remain under incredible pressure at roughly 2.0% Vacancy. It is important to note that with this value reflecting an overall market statistic, as you dig through certain subsectors and quadrants there is very minimal, if any, options for tenants.

Some relief coming in the third quarter of 2023 with new product being ready for occupancy late summer but likely won't be enough to sustain the increased leasing activity. One challenge that continues to plague the industrial sector is supply chain and labour costs with the costs of materials starting to show some stability.

Insolvency/Receivership cases starting to appear as the result of numerous months of quantitative tightening, most notable in Winnipeg are Glass 8 Group of Companies and Merit Functional Foods. While still early in the legal process, this distress spells opportunity for well capitalized investors and users to secure well built facilities in strong locations. For leased properties, it afford landlords the ability to mark to market rental rates sooner than anticipated.

Landlords are expected to be kept quite busy this year overall with a large amount of renewals anticipated in 2023. With market conditions being as tight as they have been, it is expected that both average asking rentals rates and annual rental rate escalations are going to be trending up throughout the year.

Investment activity has seen sparse trades throughout fourth quarter of 2022 and first quarter of 2023 with a few exceptions. Most closely tracked was the Pure Industrial Portfolio sale of roughly 800,000 square feet (sf) split between Manitoba and Saskatchewan at the end of first quarter 2023. Examining the on-market opportunities as well will display movement in cap rates from 2022 highs.

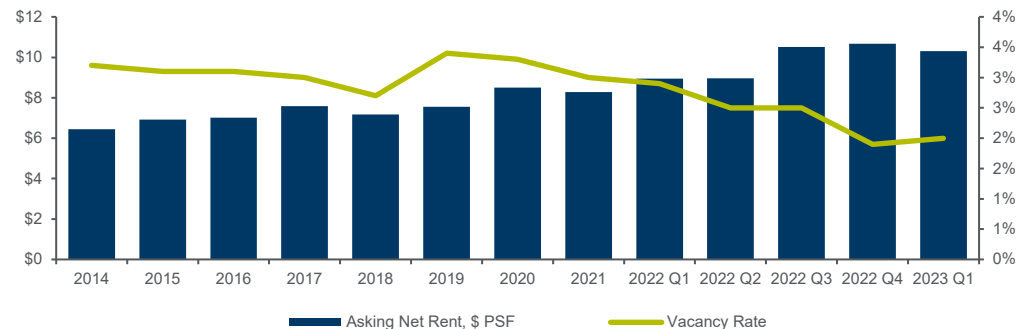
Occupiers/User sales for Industrial buildings as expected remain quite high. Rising interest costs are seen to be offset for Purchasers given both high replacement costs and rental costs. This has also provided need exposure to the Commercial condo/Strata title market which has seen significant interest recently. An increase in the inventory of condo sites will provide stability and liquidity for investors/occupiers.

**ECONOMIC INDICATORS
Q1 2023**

	YoY Chg	12-Mo. Forecast
465.8 K Winnipeg Employment	▲	▲
4.9% Winnipeg Unemployment Rate	■	▲
5.0% Canadian Unemployment Rate	▼	▲

Source: Statistics Canada

OVERALL VACANCY & NET ASKING RENT



Source: Johnson Report

Winnipeg, MB

Industrial Q1 2023

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	AVERAGE NET RENT (PSF)	OVERALL VACANCY RATE
Northwest	42,659,304	\$9.16	2.3%
Southeast	11,099,059	\$12.46	1.1%
Southwest	10,413,007	\$12.99	4.3%
Central	9,901,012	-	-
Northeast	6,157,787	\$11.22	1.5%
WINNIPEG TOTALS	80,230,169	\$10.31	2.0%

KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	+/-SF
2073 Logan Avenue	N/W	24,137
585 Camiel Sys Street	S/E	14,700
1465 St James Street	N/W	11,433
1036 Waverley Street	S/W	11,332
15 South Landing Drive	S/W	10,200
1441-1445 Church Avenue	N/W	64,613

KEY SALES TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	SALE PRICE	+/-SF
305-1200 Sherwin Park	N/W	\$480,000	2,658

KEY INDUSTRIAL DEVELOPMENTS 2023

PROPERTY	SUBMARKET	STATUS	(+/-) SF	OWNER/DEVELOPER
Plessis Business Park	SE	Phase 1 completed	102,200	Shindico
Steele Business Park	NW	Phase 1 and 2 completed	146,390	MMI Asset Management
West Creek Industrial Park	NW	Under Construction	294,150	Hopewell Development
NorthWest Business Park	NW	Building 3: Under Construction	175,000	QualReal
175-321 Elan Boulevard	NE	Building H: Construction completed	45,000	Terracon

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