

Half-way through 2023, the core themes for the industrial market so far this year are increasing rental rates, steady vacancy rates and consistently minimal investment trades. Winnipeg’s long-term characteristics of being a stable, predictable market continues to hold true and is expected to remain unchanged through the rest of this year.

Overall vacancy remains low at 2.1% with no significant change expected for the rest of 2023. Tenants looking to renew or secure new space continue to see pressure on rental rates with average pricing for existing industrial buildings now climbing north of \$9.00 per square foot (psf) net with landlords looking for annual escalations of 2-3% per year. Rates for new industrial space vary by quadrant with the North West seeing \$12-\$13 psf net and the South West seeing \$15 – \$17 psf net.

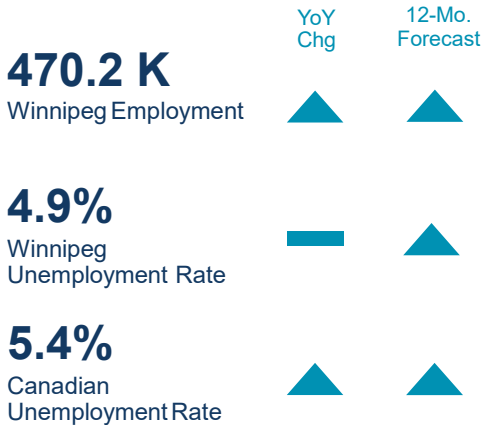
In the third quarter of 2023, for the first time ever, the market will see the onboarding of new generation industrial space with 32’ – 36’ clear ceiling heights built entirely on spec by two developers: Quadreal and Hopewell Developments. This product will allow Winnipeg to compete nationally for high-covenant tenants in the distribution and logistics sector. Looking forward into 2024, developers are expected to be cautious with spec development with the pipeline of new buildings sparse, specifically for smaller bay industrial.

Interest in industrial land remains high with 50% of Phase 1 of Centreport Canada Railpark conditionally sold or under discussion with developer Focus Equities. Servicing has commenced with the expectation of buyers breaking ground late 2023 to early 2024. Within the Centreport area, two new subdivisions will be brought to the market in late 2023 – early 2024 with many eagerly-awaiting buyers, mostly on the user side.

Investment activity remains low with fewer industrial trades expected in 2023 overall. The strong performance of the industrial market has equated to less opportunities for new investors given bid-ask spreads and a lack of motivation for owners to transact. Pricing for investment product remains challenging given the current debt environment, with smaller deals commanding a premium if near term vacancy or user opportunities. Of the few transactions that have been undertaken this year, extended timelines related to financing and environmental issues have been prevalent, testing the patience of sellers and buyers.

Overall, it is expected there will be a continued strong, steady performance in the near to medium term for the industrial market. High barriers to entry and steady velocity on the leasing side will keep the market moving along in its usual predictable fashion.

**ECONOMIC INDICATORS
Q2 2023**



Source: Statistics Canada

OVERALL VACANCY & NET ASKING RENT



Source: Johnson Report

Winnipeg, MB

Industrial Q2 2023

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	AVERAGE NET RENT (PSF)	OVERALL VACANCY RATE
Northwest	42,659,304	\$9.32	2.1%
Southeast	11,099,059	\$12.46	1.4%
Southwest	10,413,007	\$13.15	4.4%
Central	9,901,012	-	-
Northeast	6,157,787	\$10.83	3.0%
WINNIPEG TOTALS	80,230,169	\$10.34	2.1%

KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	+/-SF
1441-1445 Church Avenue	N/W	64,613
220 Saulteaux Crescent	N/W	30,662
400 Fort Whyte Way	S/W	20,585
34 Higgins Avenue	N/W	12,200
Steele Business Park	N/W	12,150
955 Lagimodiere Boulevard	S/E	11,812

KEY SALES TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SALE PRICE	+/-SF
504-505-1200 Sherwin Park	N/W	-	4,352
306-1200 Sherwin Park	N/W	-	2,665

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

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