

Winnipeg, MB

Industrial Q4 2023

With 2023 winding down, the industrial market in Winnipeg continues to demonstrate resilience and growth despite obvious headwinds in the broader marketplace.

Demand for industrial spaces in Winnipeg has remained steady throughout 2023. The onboarding of new industrial product has provided some breathing room; however, overall vacancy rates remain close to 2%, indicating it is still a landlord's market.

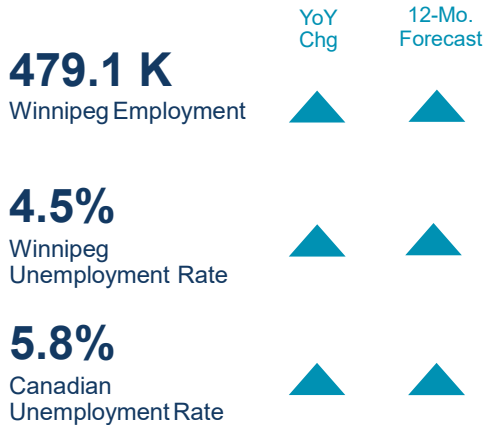
As a result, industrial rental rates continue to climb, with tenants struggling to find options for both new deals and renewals. As an offset to inflation, landlords have also begun to incorporate stated annual escalations for lease deals, typically in the 2-3% range.

2022 saw higher than normal new industrial development starts with most groups taking a more cautious stance in 2023 due largely to concerns about the interest rate environment and construction costs. This slowdown in the development cycle will likely be felt in the back half of 2024 and early 2025, keeping tight pressure on rental and vacancy rates.

Land activity, while sparse, has seen pricing maintain from an industrial standpoint with user-driving demand and activity. Northwest Winnipeg and the surrounding RM of Rosser remain the most sought-after areas with pricing ranging from the 400,000 per acre range for larger sites to close to 700,00 per acre for smaller sites with respect to entitled shovel-ready sites.

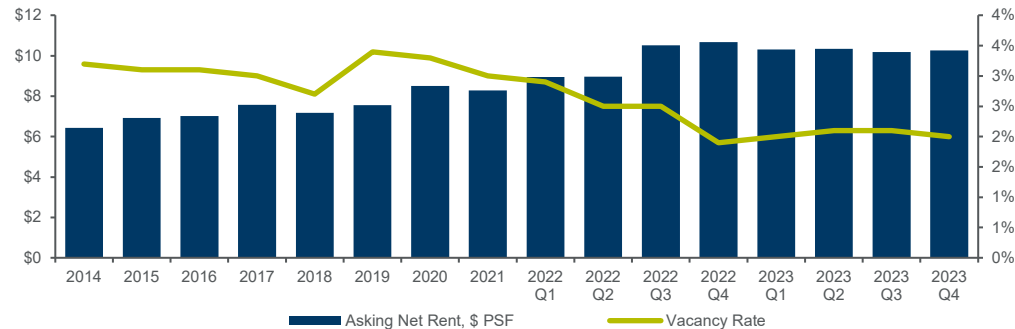
Trades for Industrial assets from an investment standpoint have seen lower than average volume in 2023, with the one highlight being the PURE Portfolio selling in the first half of 2023 (roughly 800,000 sq. ft. portfolio over 10 buildings). Notwithstanding the rising interest rates this year, investors have been aggressive on smaller industrial trades, with cap rates still in the mid-to-high 6 range provided assets have near-term vacancy and minimal cap ex. Heading into 2024, interest remains very strong for private investors to expand their portfolios and for new entrants to gain a foothold in the market. Expect values to see pressure if interest rates start to pull back next year.

ECONOMIC INDICATORS Q4 2023



Source: Statistics Canada

OVERALL VACANCY & NET ASKING RENT



Source: Johnson Report

Winnipeg, MB

Industrial Q4 2023

MARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | AVERAGE NET RENT (PSF) | OVERALL VACANCY RATE |
|------------------------|-------------------|------------------------|----------------------|
| Northwest | 42,659,304 | \$9.47 | 2.2% |
| Southeast | 11,099,059 | \$12.65 | 1.5% |
| Southwest | 10,413,007 | \$12.60 | 3.5% |
| Central | 9,901,012 | - | 0.0% |
| Northeast | 6,157,787 | \$9.93 | 2.6% |
| WINNIPEG TOTALS | 80,230,169 | \$10.24 | 2.0% |

KEY LEASE TRANSACTIONS Q4 2023

| PROPERTY | SUBMARKET | +/-SF |
|---------------------------------|-----------|---------|
| 630 Kernaghan Ave | N/E | 108,842 |
| 322-346 Saulteaux Crescent | N/W | 10,975 |
| Steele Business Park (Phase II) | N/W | 10,850 |
| 921 Wall Street | N/W | 7,500 |

KEY SALES TRANSACTIONS Q4 2023

| PROPERTY | SUBMARKET | SALE PRICE | +/-SF |
|-------------------|-----------|-------------|--------|
| 560 Camiel Sys St | S/E | \$8,750,000 | 43,327 |
| 31 Trottier Bay | S/W | \$2,500,000 | 22,369 |

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 |
| 60 Dunlop Avenue | NW | Under Construction | 37,500 | Goldstone |

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