

# Winnipeg, MB

Industrial Q2 2024

YoY Chg 12-Mo. Forecast

3.0%

Vacancy Rate



588K

Net Absorption, SF



\$9.83

Asking Net Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q2 2024

YoY Chg 12-Mo. Forecast

485.6K

Winnipeg Employment



5.0%

Winnipeg Unemployment Rate



6.4%

Canadian Unemployment Rate



Source: Statistics Canada

## ECONOMY

The Canadian unemployment rate reached 6.4% in June 2024, an increase from 5.3% that was posted in June 2023. Although Winnipeg is seeing slight decreases in employment over the last few months, the unemployment rate is still encouraging at 5.0% in June 2024 and remains below the national rate of 6.4%. In May, Manitoba's CPI rose 1.3% on a year-over-year (YOY) basis, which is lower than the Canadian YOY increase of 2.9%. With this slight CPI increase, it cemented Manitoba's position as the lowest all-items price increase amongst all Canadian provinces in May. With the easing in Canadian inflation, the Bank of Canada cut the key interest rate in May for the first time in four years to 4.75%. As further cuts are anticipated before the end of 2024, there is confidence the market will see more decision making and economic activity in commercial real estate leading into 2025.

## SUPPLY & DEMAND

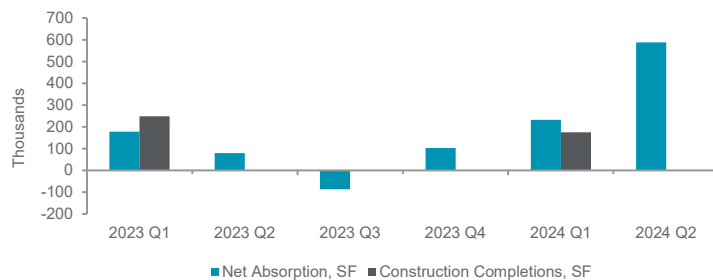
Demand and activity increased in the second quarter of 2024 and the market is beginning to see more lease up of the new product. Decision-making timeframes are being extended with the expectation of vacancy to tick down in the third quarter of 2024.

In the second quarter of 2024, Winnipeg's industrial market experienced a slight uptick in its overall vacancy rate, increasing by 20 basis points to 3.0% from 2.8% in the first quarter of 2024. Absorption levels saw a significant rise, climbing to 588k square feet (sf) from 233k sf posted last quarter. The northwest sector led this positive trend, achieving the highest absorption with 280k sf.

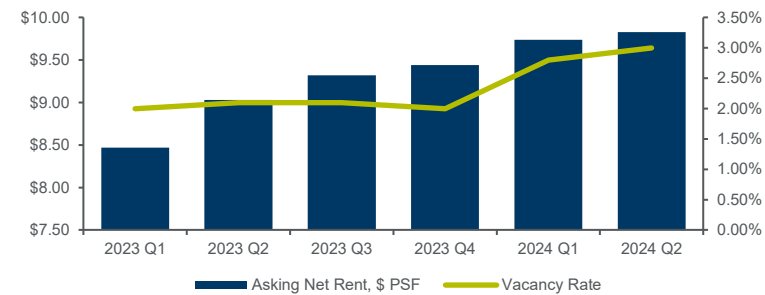
## PRICING

In the second quarter of 2024, Winnipeg's industrial market experienced incremental growth in rental rates. The weighted average net asking rent increased by \$0.09 per square foot (psf), reaching \$9.83 psf this quarter compared to \$9.74 psf in the first quarter of 2024. Similarly, the overall gross rent saw an increase - rising from \$16.97 psf to \$17.06 psf QOQ. It is anticipated that asking rents are going to continue to be under upward pressure, while construction pricing is maintained with steady increases. Higher asking rents for new product will put pressure on higher tenant Improvement allowances as tenants are facing increased costs to move to new buildings.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & NET ASKING RENT



SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	AVG NET RENT	AVG ADD. RENT	AVG GROSS RENT
Northwest	37,135,798	1,202,770	3.2%	522,500	772,790	37,500	0	\$9.75	\$4.36	\$13.84
Southeast	16,159,510	137,070	0.8%	0	77,205	33,000	0	\$12.13	\$4.85	\$16.66
Southwest	12,674,201	459,934	3.6%	-33,068	-15,232	0	0	\$12.96	\$5.71	\$17.23
Central	5,128,457	0	0.0%	0	0	0	0	\$0.00	\$0.00	\$0.00
Northeast	5,872,166	529,688	9.0%	98,770	-13,495	0	0	\$10.49	\$5.45	\$15.27
<b>WINNIPEG TOTALS</b>	<b>76,970,132</b>	<b>2,329,462</b>	<b>3.0%</b>	<b>588,202</b>	<b>821,268</b>	<b>70,500</b>	<b>0</b>	<b>\$10.43</b>	<b>\$4.83</b>	<b>\$14.69</b>

## KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	+/-SF
55 Durum Drive	N/W	36,699
555 Camiel Sys Street	S/E	24,665
255 Commerce Drive	S/W	14,933
1456 Church Avenue	N/W	14,000
67-85 Muir Road	N/W	11,950
975 Sherwin Road	N/W	7,830

## KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SALE PRICE	+/-SF
89 Bunting Street	N/W	Not public	66,000
61-85 Muir	N/W	\$6,500,000	38,101
501-503 – Sherwin Park	N/W	Not public	6,416
506-510 Dufferin Avenue	N/W	\$600,000	5,145

## KEY INDUSTRIAL DEVELOPMENTS 2024

PROPERTY	SUBMARKET	STATUS	(+/-) SF	OWNER/DEVELOPER
St. Boniface Industrial Park	NW	725 Black Diamond Blvd: Completed	33,000	ICI Properties
NorthWest Business Park	NW	Building 3: Completed	175,000	QualReal
60 Dunlop Avenue	NW	Under Construction	37,500	Goldstone

## LOCAL MARKET RESEARCH CONTACTS

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