

Winnipeg, Manitoba

While industrial activity in Winnipeg was drastically slowed down in Q1 by the emergence of the COVID-19 pandemic, the regional industrial market is meeting government-imposed restrictions and a subsequent economic downturn from a position of strength. While forthcoming statistical indicators for the second quarter of 2020 will provide a first full look at the initial impacts of COVID-19, the benchmark data from Q1 2020 highlights a regional industrial market that posted low vacancy and high rental rates while persistent strong demand for industrial space on a sale and lease basis had maintained new construction activity at a steady pace.

Winnipeg's industrial market is slowly starting to re-balance itself – climbing back to a slightly higher normal vacancy rate of 3.8% in Q2 2020 from a record low of 2.7% in Q4 2018 and 3.4% in Q4 2019.

Tenants have been moving or starting up their businesses in the RM's surrounding Winnipeg – MacDonald, Rosser and Springfield. There has been active booms of construction over the past

few years to accommodate the growing appetites for modern industrial product. Owner / occupied demand has slowed on the purchasing side likely attributed to COVID-19 uncertainty, however we expect that to rebound by Q4 2020.

Average asking rental rates decreased from \$9.00 in Q1 2020 to \$8.00 in Q2 2020. This decline is two-fold: COVID-19 and a result of lower quality options available in the city of Winnipeg as top quality buildings are quickly being leased.

Several new developments and observations are:

- QuadReal and Canada West Limited are to deliver a 200,000 sf building at NorthWest Business Park and Brookside Industrial Park
- A 250,000 sf sorting facility is being constructed for FedEx Ground
- Plessis Business Park will comprise of five (5) multi-tenant buildings ranging in size from 31,000 sf to 98,600 sf

- Approximately 25 commercial condominium units are under construction in South Landing Business Park, with another 13 being built in Shindico's BrookPort Business Park
- An increase in requests for distribution properties with warehouse, proper loading and compound space

Along with the on-shoring of manufacturing, it is anticipated that the continued rise of e-commerce will bolster user demand for the foreseeable future.

Even though the industrial sector has not been 100% COVID-19 proof, it has fared much better than other segments with continued occupancy and employment levels. While this has kept demand steady, there has been a slight pause in overall confidence to enter into longer term leases. There has been no decline in construction pricing for interior or exterior work.

We expect a solid rebound and continued demand.

	(SF) Total Inventory	(SF) Total Vacancy	(SF) Sublease Vacancy	(PSF) Average Net Rate	(PSF) Average CAM / Tax	(PSF) Average Gross Rate
Winnipeg						
Central	10,057,794	1,261,803	–	\$8.99	\$3.64	\$10.68
Northwest	9,352,636	645,746	6,000	\$6.69	\$4.19	\$8.06
Southwest	10,110,072	85,724	5,298	\$8.65	\$2.18	\$7.63
Northeast	10,101,624	587,592	–	\$7.38	\$3.84	\$10.89
Southeast	10,406,570	1,028,976	–	\$9.28	\$4.91	\$10.83
West	28,180,589	40,949	8,596	\$9.50	\$4.06	\$12.87
TOTAL	78,209,225	3,650,790	19,894	\$8.00	\$4.00	\$10.00

Avg. Net Rent by Size (PSF)	Central	NW	SW	NE	SE	W
0 – 10,000 SF	\$9.35	\$9.00	–	\$9.42	\$8.84	\$11.00
10,001 – 20,000 SF	\$7.30	\$6.95	\$11.00	\$7.25	–	\$7.35
20,000 – 50,000 SF	\$6.29	–	\$14.95	\$6.95	\$9.35	–
50,000 SF and Up	\$6.34	\$5.55	–	\$5.80	–	–

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Quick Stats

3.89%
Overall Vacancy Rate

\$93.00
Average Asking Price (PSF)

1,064,269
Total SF Under Construction

18
New Properties in the Market