

Vacancy rose by 70 basis points (bps) in the final quarter of 2022 and now stands at 2.6%. This increase can be attributed to the approximately 360,000 sq. ft. of new industrial product that came to the market in the quarter. In total, over 700,000 sq. ft. of new build projects were completed in 2022 with 627,710 sq. ft. still under construction and set to be delivered by Q2 2023.

Average net rental rates rose to \$11.02 per sq. ft. as demand for industrial space remains at an all-time high. Rents have now risen by over 23% since the beginning of the pandemic in Q1 2020. Rent growth remains strongest in the southeast, southwest, and northwest submarkets where significant amounts of new space have come to the market this year.

This was the only quarter of 2022 to see negative absorption levels with -29,587 sq. ft. recorded. Despite negative absorption in Q4, over 1,500,000 sq. ft. of total absorption was recorded in 2022.

Two notable sale transactions are nearing completion. The sale of 1555 Buffalo Place is closing in Q1 2023. Manitoba Liquor & Lotteries (MBLL) is in the process of renovating its

office premises and the balance of the building, 160,000 sq. ft. will be marketed for lease as part of the new owner's redevelopment plans. Also in the market, PIRET's Winnipeg industrial portfolio of over 620,000 sq. ft. is under contract and slated to close in Q1 2023.

There were a minimal number of new lease transactions this quarter, however, QuadReal leased 92,000 sq. ft. at 14 Fultz Boulevard in the southwest to the Province of Manitoba's Fisheries, Forestry and Conservation Department while in the northwest, 64,000 sq. ft. was leased to Big Freight at 1441-1445 Church Avenue.

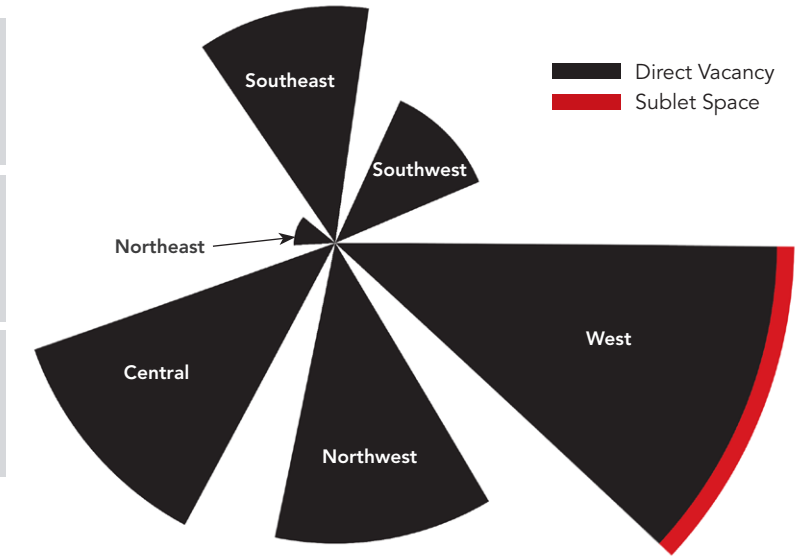
### OUTLOOK

We anticipate current levels of demand to continue through the first half of 2023. Vacancy will remain suppressed despite over 625,000 sq. ft. coming to the market by mid-year while average rents should increase modestly as new, high-quality product comes on-line. The summer construction season is expected to be quite active as several significant projects are planned to break ground.

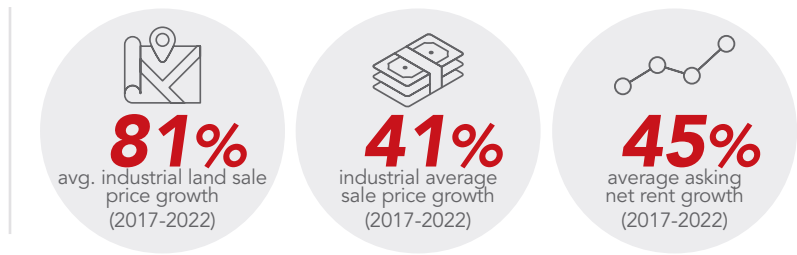
### KEY MARKET INDICATORS

<b>TOTAL INVENTORY</b> 80.5M (sq. ft.)	<b>MARKET VACANCY</b> 2.6%
<b>UNDER CONSTRUCTION</b> 627,710 (sq. ft.)	<b>AVG. ASKING PRICE</b> \$153.60 (per sq. ft.)
<b>AVG. ASKING NET RENT</b> \$11.02 (per sq. ft.)	<b>ABSORPTION IN THE QTR</b> -29,587 (sq. ft.)

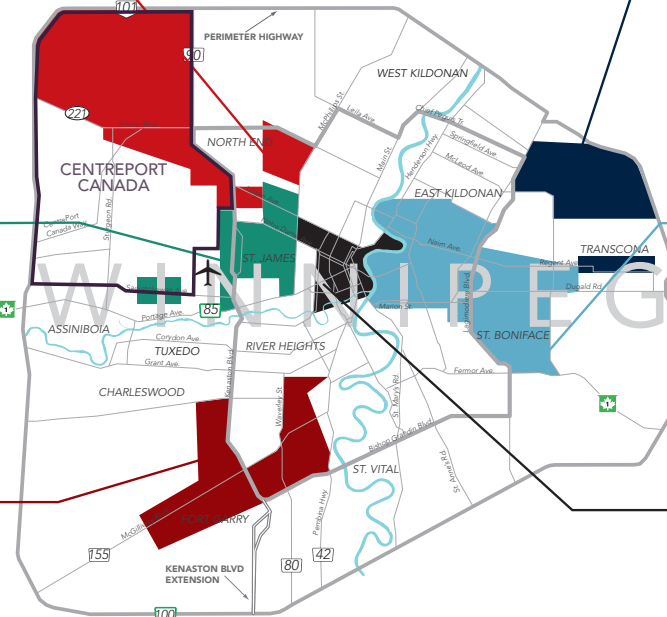
### TOTAL VACANCY BY SUBMARKET



### MARKET ACTIVITY



NORTHWEST	
3.0%	vacancy rate ↔
\$10.09	avg. net rent per sq. ft. ↑
\$4.34	avg. add'l rent per sq. ft. ↓
173,561	sq. ft. of absorption ↓
WEST	
2.5%	vacancy rate ↑
\$9.99	avg. net rent per sq. ft. ↑
\$4.90	avg. add'l rent per sq. ft. ↓
-275,867	sq. ft. of absorption ↓
SOUTHWEST	
2.1%	vacancy rate ↓
\$13.41	avg. net rent per sq. ft. ↓
\$5.17	avg. add'l rent per sq. ft. ↑
139,366	sq. ft. of absorption ↑



NORTHEAST	
0.5%	vacancy rate ↑
\$13.13	avg. net rent per sq. ft. ↑
\$3.77	avg. add'l rent per sq. ft. ↓
148,037	sq. ft. of absorption ↑
SOUTHEAST	
3.5%	vacancy rate ↑
\$11.79	avg. net rent per sq. ft. ↑
\$5.01	avg. add'l rent per sq. ft. ↑
-78,224	sq. ft. of absorption ↓
CENTRAL	
3.8%	vacancy rate ↑
\$7.20	avg. net rent per sq. ft. ↓
\$2.92	avg. add'l rent per sq. ft. ↓
-136,460	sq. ft. of absorption ↓

### HISTORICAL AVAILABILITY VS ABSORPTION & NEW SUPPLY

