

The first quarter of 2023 saw very little change to both average net rental rates and market vacancy. Demand continue to be very strong throughout the market, bringing vacancy down 10 basis points (bps) to 2.5%. Average net rental rates remained stable at \$10.96 per sq. ft.

There is currently 689,710 sq. ft. of industrial product under construction with the majority of that space set to be delivered in Q2 and Q3 2023. Projects nearing completion include Building 3 at Northwest Business Park, Buildings 1 and 2 at West Creek Industrial Park and Phase 2 of Plessis Business Park.

The average industrial land price rose this quarter to \$362,677 per acre, up from \$358,887 per acre in Q4 2022. The northwest, southwest and southeast continue to be the focus of new development based on either the availability of serviced land or, for sites in nearby Rural Municipalities (RMs), no City of Winnipeg business taxes.

Construction costs remain high in the Winnipeg market, which, along with rising interest rates, have put significant pressure on new development projects.

The sale of the PIRET Winnipeg industrial portfolio to Park-It closed in the quarter and marks the entrance of a new landlord to the market.

Construction is set to begin on the CentrePort Canada Rail Park this year. The Federal Government announced in the quarter that it will be contributing \$18M to the project under the National Trade Corridors Fund. The park is being developed by Focus Equities Inc. and is intended to improve the flow of goods around the country by providing rail access to the businesses of CentrePort Canada.

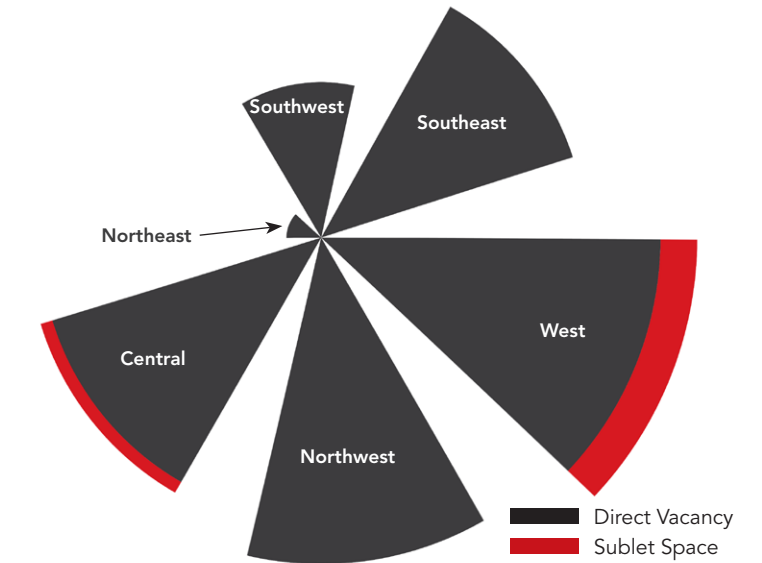
OUTLOOK

Despite construction costs and elevated interest rates, we anticipate another busy summer construction season in the metro Winnipeg area along with its surrounding municipalities. No significant changes to either vacancy or net rents are expected in the coming quarters as the market continues to meet the demand for industrial space.

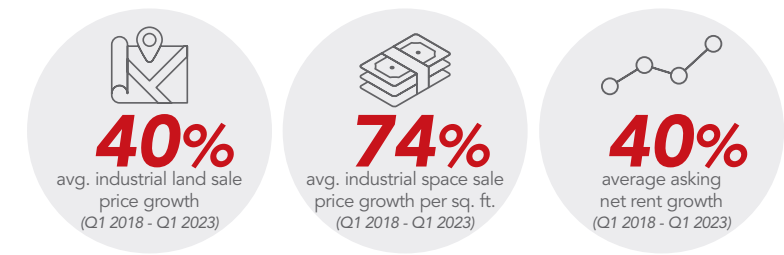
KEY MARKET INDICATORS

TOTAL INVENTORY 80.5M (sq. ft.)	MARKET VACANCY 2.5%
UNDER CONSTRUCTION 689,710 (sq. ft.)	AVG. ASKING PRICE \$179.52 (per sq. ft.)
AVG. ASKING NET RENT \$10.96 (per sq. ft.)	ABSORPTION IN THE QTR 16,201 (sq. ft.)

TOTAL VACANCY BY SUBMARKET



MARKET ACTIVITY



Submarket	Vacancy Rate	Avg. Net Rent	Avg. Add'l Rent	Sq. Ft. of Absorption
NORTHWEST	3.4% ↑	\$10.28 ↑	\$4.78 ↑	15,088 ↓
WEST	2.0% ↓	\$10.16 ↑	\$5.02 ↑	41,422 ↑
SOUTHWEST	3.8% ↑	\$13.32 ↓	\$5.15 ↓	-167,806 ↓
NORTHEAST	0.5% ↔	\$12.98 ↓	\$3.90 ↑	-11,371 ↓
SOUTHEAST	2.4% ↓	\$11.73 ↓	\$5.19 ↑	103,781 ↑
CENTRAL	3.5% ↓	\$6.52 ↓	\$2.67 ↓	35,087 ↑

