

Nearly 200,000 sq. ft. of negative absorption was recorded in Q1 2024. This is the second consecutive quarter of negative absorption levels, indicating that tenant demand has eased from historically high levels over the past four years. Vacancy ended the first quarter at a healthy rate of 4.0%, up 30 basis points (bps) from the end of 2023. This increase was well-distributed throughout the market, with vacancy increasing in five of the six Winnipeg submarkets. Demand from larger users for new industrial space remains limited, while newer developments delivered in late 2023 remain available for lease.

Rental rates have proven resilient to slowing tenant demand, with average asking net rents increasing to \$11.60 per sq. ft. in Q1 2024, up from \$11.16 per sq. ft. in Q4 2023.

The most notable lease transaction in the quarter occurred at QuadReal's St. James Business Centre, where Walmart took a short-term lease on 60,000 sq. ft.

Approximately 90,000 sq. ft. came to the market this quarter, and another 384,325 sq. ft. is currently under construction,

including a new 45,000 sq. ft. spec-built multitenant building on Hamelin in the southwest. 37,500 sq. ft. is also underway on Dunlop Avenue in the northwest, where Goldstone Developments is nearing completion on a new multitenant building in Inkster Industrial Park.

Development continues on the 665-acre CentrePort Canada Rail Park, bringing rail access to the tenants of the Foreign Trade Zone (FTZ) and providing enhanced access to global transportation routes.

Several new projects are set to commence this spring. Notably, Group Touchette will expand its footprint in Brookside Industrial Park with a new 112,000 sq. ft. facility, while Whiteriver Logistics is beginning construction on a new 50,000 sq. ft. warehouse at an estimated cost of \$17M.

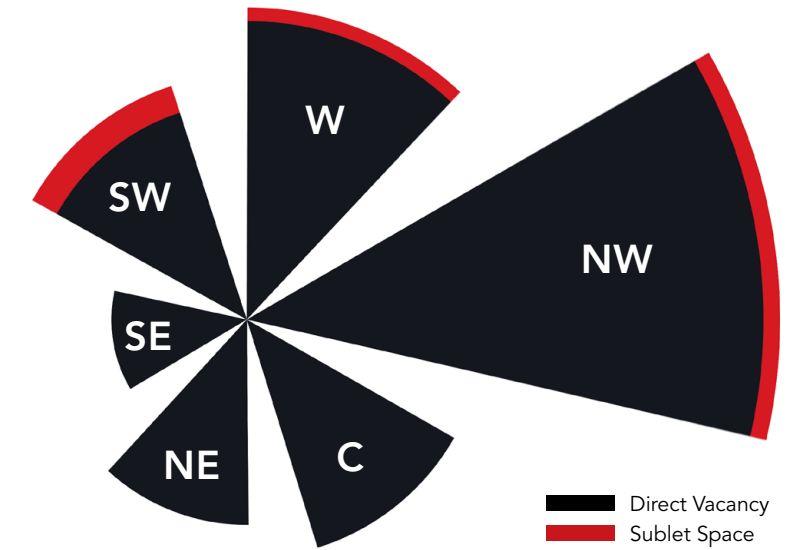
OUTLOOK

We expect rental rates to remain stable throughout 2024 despite constrained demand. Higher land values, interest rates, and construction costs will continue to strain build-to-suit development in the market.

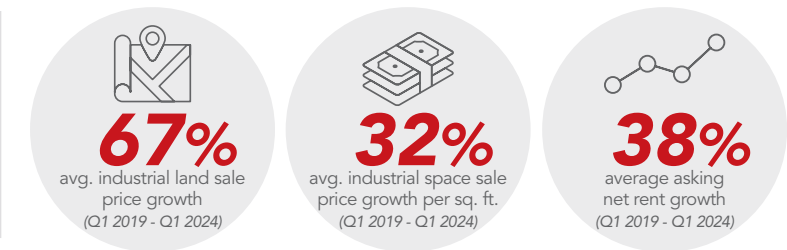
KEY MARKET INDICATORS

TOTAL INVENTORY 81.3M (sq. ft.)	MARKET VACANCY 4.0%
UNDER CONSTRUCTION 384,325 (sq. ft.)	AVG. ASKING PRICE \$182.01 (per sq. ft.)
AVG. ASKING NET RENT \$11.60 (per sq. ft.)	ABSORPTION IN THE QTR -196,746 (sq. ft.)

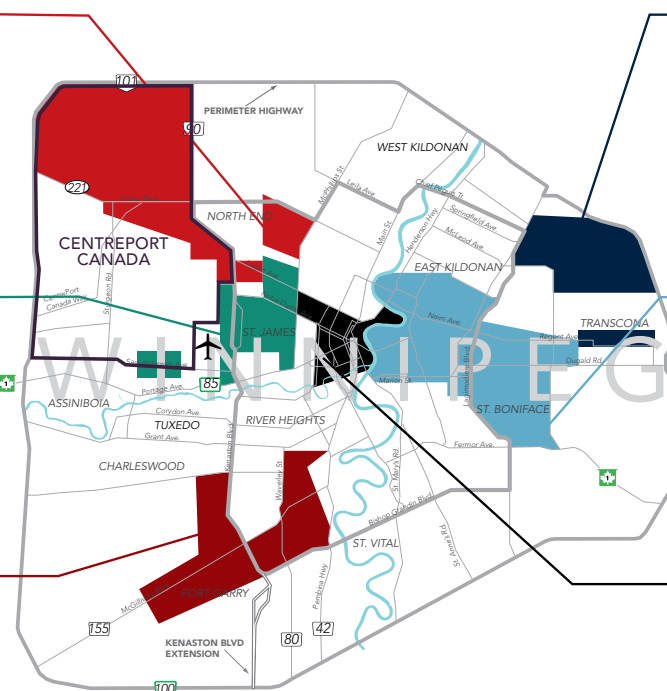
TOTAL VACANCY BY SUBMARKET



MARKET ACTIVITY



NORTHWEST		
7.0%	vacancy rate	↓
\$10.88	avg. net rent per sq. ft.	↑
\$4.60	avg. add'l rent per sq. ft.	↑
77,669	sq. ft. of absorption	↑
WEST		
2.4%	vacancy rate	↑
\$10.54	avg. net rent per sq. ft.	↓
\$4.77	avg. add'l rent per sq. ft.	↓
-198,632	sq. ft. of absorption	↓
SOUTHWEST		
4.2%	vacancy rate	↑
\$14.66	avg. net rent per sq. ft.	↑
\$5.29	avg. add'l rent per sq. ft.	↑
-46,719	sq. ft. of absorption	↓



NORTHEAST		
3.9%	vacancy rate	↑
\$14.21	avg. net rent per sq. ft.	↑
\$4.06	avg. add'l rent per sq. ft.	↓
-19,441	sq. ft. of absorption	↑
SOUTHEAST		
2.8%	vacancy rate	↑
\$11.39	avg. net rent per sq. ft.	↑
\$5.42	avg. add'l rent per sq. ft.	↓
42,271	sq. ft. of absorption	↓
CENTRAL		
4.1%	vacancy rate	↑
\$8.61	avg. net rent per sq. ft.	↑
\$3.54	avg. add'l rent per sq. ft.	↑
-51,894	sq. ft. of absorption	↑

HISTORICAL AVAILABILITY VS ABSORPTION & NEW SUPPLY

