

METRO AREAS - POPULATION < 1 MILLION

Fourth Quarter | 2018

	VICTORIA			THOMPSON OKANAGAN			SASKATOON			REGINA			WINNIPEG			WATERLOO			HALIFAX		
Indicator	Q4'17	Q4'18	YOY	Q4'17	Q4'18	YOY	Q4'17	Q4'18	YOY	Q4'17	Q4'18	YOY	Q4'17	Q4'18	YOY	Q4'17	Q4'18	YOY	Q4'17	Q4'18	YOY
Vacancy CMA	2.4%	1.1%	▼ 340 bps	2.2%	1.6%	▼ 60 bps	8.5%	8.4%	▼ 10 bps	3.7%	4.3%	▲ 60 bps	3.0%	3.0%	◀ 0 bps	3.6%	2.3%	▼ 130 bps	13.5%	11.9%	▼ 160 bps
Net Rent CMA	\$12.50	\$13.50	▼ 0.8%	\$11.14	\$12.64	▲ 13.5%	\$8.50	\$8.40	▼ 1.2%	\$11.03	\$10.90	▼ 1.2%	\$6.98	\$7.34	▲ 5.2%	\$4.72	\$4.89	▼ 3.6%	\$7.19	\$8.14	▲ 13.2%
Industrial Employment Growth 18' / '19-22'	3.3% / -0.3%			N/A**			4.9% / 0.2%			0.7% / 1.2%			-0.5% / 1.1%			N/A**			2.6% / 0.6%		
Industrial GDP Growth 18' / '19-22'	1.9% / 1.3%			N/A**			1.4% / 2.2%			1.7% / 2.1%			5.4% / 1.5%			N/A**			1.3% / 1.5%		
Real GDP Growth '18 / '19-'22*	2.4% / 1.8%			N/A**			2.0% / 2.4%			1.5% / 2.3%			2.7% / 2.0%			N/A**			1.3% / 1.5%		

Victoria

2018 saw the industrial vacancy decline to 1.1%, and the vacancy rate is expected to remain stagnant in 2019 without much change. Tenants are finding it challenging to secure space and the lack of availability is exerting upward pressure on rents. There is no notable new supply in the pipeline, despite existing business parks being virtually at capacity. However, the Westshore is a likely area for future construction to occur. Colliers observed industrial users looking to secondary markets (such as the Westshore) out of necessity in the past year.

Thompson Okanagan

Industrial activity in the Thompson Okanagan remains strong resulting in a drop in the vacancy rate from 1.7% in Q3 2018 to 1.6% in Q4 2018. In response to this drop in the vacancy rate, the average net asking rent increased this quarter from \$11.93 in Q3 2018 to \$12.64 in Q4 2018. To keep up with ongoing demand, Kelowna has continued to deliver industrial product at a rapid pace with nearly 89,000 square feet of new supply completed during the last three months and another 275,000 square feet currently under construction. Vernon delivered its first new industrial building since Q2 2017, adding nearly 17,000 square feet of storage space while another two buildings totaling nearly 28,000 square feet remain under construction.

Saskatoon

The Saskatoon industrial market is still experiencing the after-effect of speculative construction during 2014-2016. Construction dropped sharply during 2018, allowing the market to stabilize and vacancy to drop to 8.3%, however advertised net rents have decreased slightly. There is beginning to be a demarcation in vacancy and rental rates between older product in the more established industrial areas and new buildings in the north end of the city. Colliers expects this gap to

widen in 2019, with older product struggling to find quality tenants and landlords providing more concessions for tenant retention.

Regina

Though the vacancy rate fell slightly at year's end, Regina's industrial market remains at decade high vacancy levels. Slow economic growth over the past couple of years has left many industrial users hesitant to expand and therefore activity remains muted. Speculative construction is minimal and much of the construction activity of late has taken place in developments outside the city limits. Industrial rents are likely to see downward pressure going into 2019 and industrial users continue to have many opportunities and greater negotiating strength.

Winnipeg

Though leasing activity in the Winnipeg Market has been steady, vacancy increased from 2.7% in Q3 2018 to 3.0% at the end of 2018. This increase has been partly attributed to the arrival of over 150,000 square feet of newly completed construction in the latter half of the year, predominantly in the Northwest and East sectors. Despite there being more leasing options available, the high cost of new construction is still driving asking net rents higher. Land sales have been active particularly in the Northwest and Southwest sectors of Winnipeg. Both Brookport Business Park and Brookside Industrial Park serviced land offerings have been received favourably by developers and users. Winnipeg's market will continue to favour landlords until more development takes place and substantial supply arrives.

Waterloo

The Waterloo Region continues to see positive absorption totaling 847,000 square feet in the past twelve months and 311,000 square feet of this during Q4 2018. As a result, the Waterloo Region vacancy rate has dropped to 2.3% from 3.6% in Q4 2017. The market has also seen newly completed construction of 332,000 square feet in the past year, most of them design build projects. Net asking rental rates have risen by 3.6% to \$4.89 per square foot over the past twelve months, although some of this change can be attributed to the quality of facilities available for lease in today's tight market.

Halifax

Vacancy continues to decline in the Halifax industrial market, dropping 260 basis points since Q4 2017 to a rate of 11.9% overall to close 2018. Positive absorption reached approximately 215,000 square feet this year, largely due to activity in the Burnside Business Park. Approximately 155,000 square feet of industrial space came online in the third quarter of this year and with only 30,000 square feet remaining vacant, the effect on the overall vacancy rate was minimal. Several developments in Burnside are in the planning stages and some are already pre-leased as a result of quality bulk warehouse space being a scarcity in this aging market. The Bedford/Sackville submarket experienced the largest decline in vacancy year over year as the rate went from 8.0% in Q4 2017 to 2.7% at the close of Q4 2018.

*Source: Conference Board of Canada

**The Conference Board of Canada does not provide city specific forecasts for this market at this time

Metro Areas - Population < 1 Million

Fourth Quarter 2018 | Industrial Dashboard Reports

REGIONAL AUTHORS:

CRAIG HENNIGAR

Director, Market Intelligence | Canada

Dir +1 604 692 1452

Main +1 604 681 4111 | Fax +1 604 661 0849

craig.hennigar@colliers.com

ANDREW ROJEK

Manager, Market Intelligence | Western Canada

Dir +1 604 662 2667

Main +1 604 681 4111 | Fax +1 604 661 0849

andrew.rojek@colliers.com

ALISON COLLINS

Marketing & Market Intelligence Coordinator | Ottawa

Dir +1 613 683 2226

Main +1 613 567 8050 | Fax +1 613 567 8035

alison.collins@colliers.com

LOCAL MARKET CONTACTS:

CANDICE RIDEOUT

Market Intelligence Coordinator | Halifax

Dir +1 902 442 8705

Main +1 902 422 1422 | Fax +1 902 429 9866

candice.rideout@colliers.com

SERGUEI KAMINSKI

Market Intelligence Coordinator | Waterloo

Dir +1 519 904 7007

Main +1 519 570 1330 | Fax +1 519 570 1185

serguei.kaminski@colliers.com

KIM COOK

Market Research and Analysis | Winnipeg

Dir +1 204 943 1600

Main +1 204 943 1600 | Fax +1 204 943 4793

kcook@colliers.mb.ca

ROBERT PORTER

Operations Manager, Research Coordinator | Regina

Dir +1 306 347 2498

Main +1 306 789 8300 | Fax +1 306 757 4714

robert.porter@colliers.com

SUSIE LALONDE

Market Intelligence Coordinator | Saskatoon

Dir +1 306 664 1241

Main +1 306 664 4433 | Fax +1 306 664 1068

susie.lalonde@colliers.com

GILLIAN SATHERSTROM

Market Intelligence Coordinator | Kelowna

Dir +1 250 861 8117

Main +1 250 763 2300

gillian.satherstrom@colliers.com

PATRICK EASTON

Market Intelligence Coordinator | Victoria

Main +1 250 414 8381

patrick.easton@colliers.com



This document/email has been prepared by Colliers International for advertising and general information only. Colliers International makes no guarantees, representations or warranties of any kind, expressed or implied, regarding the information including, but not limited to, warranties of content, accuracy and reliability. This publication is the copyrighted property of Colliers International and /or its licensor(s). © 2018. All rights reserved.

Source: Conference Board of Canada/Colliers International



Accelerating success.