

Q3 2023

Saskatoon

Industrial Market Report

Net Absorption

This Quarter

121K_{SF}

Previous Quarter

251K_{SF}

12-Month Absorption

420K_{SF}

5-Year Annual Avg.

392K_{SF}

Vacancy

This Quarter

1.6%

Year-over-Year

↓ 60 bps

Asking Net Rent

This Quarter*

\$11.57_{PSF}

Year-over-Year

↑ 1.8%

Development

Under Construction

285K_{SF}

New Supply

44K_{SF}

Sales

Asking Sale Price Avg*

\$172_{PSF}

Year-over-Year

↑ 5.7%

*Weighted Average
Colliers McClocklin Real Estate Corp

Market Outlook

The industrial market in Saskatoon continues to demonstrate its robust performance, as demand for space continues to surpass the available supply. From Q1 to Q3 2023, the average asking net rent remained relatively stable, despite a consistent decline in vacancy rates. The slight uptick in Q3 asking rents can be attributed mainly to high rates set by newly constructed properties.

The asking net rents for recently developed speculative properties vary from approximately \$13.00 to \$16.00 per square foot, exceeding the Q3 average rate of \$11.57. This upward trend in net rents is partially attributed to elevated construction costs that developers then transfer onto prospective tenants. In Saskatoon, the costs for non-residential building construction saw a 1.5% increase between Q1 and Q2 and a year-over-year (YoY) growth rate of 4.0%. The overall cost of construction in Saskatoon remains notably high, sitting 17.5% above pre-pandemic levels.

High construction costs and rising interest rates have also begun to constrain the supply of speculative industrial developments in Saskatoon. Owner-user new builds and expansions are now driving most new developments within the city.

Positive absorption of over 100,000 square feet was recorded in Q3, largely due to full occupancy of recently completed buildings within the Marquis Industrial Market. Nearly 300,000 square feet of industrial warehouse space is currently under construction across the city.

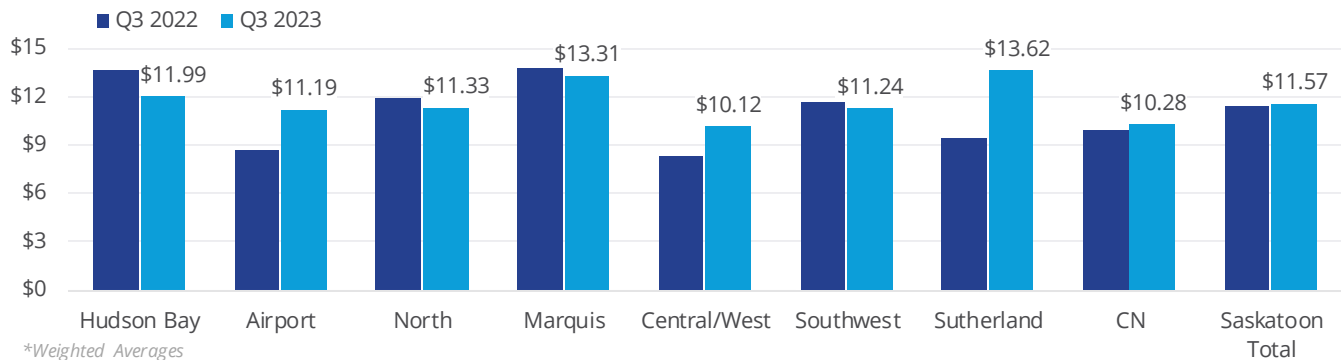
The current economic climate has significantly influenced the sales volume within Saskatoon. Commercial sales activity across the Greater Saskatoon Region experienced a noteworthy decline of roughly 40% year-to-date compared to the same period in 2022. In contrast, the average asking price for sales of industrial properties has shown a YoY increase of 5.7%. Industrial land values and availabilities are also on the rise in various industrial parks in the Greater Saskatoon Region.

BHP recently unveiled its intention to commence operations at the Jansen Potash mine as early as 2026, one year ahead of schedule. This accelerated timeline is anticipated to stimulate activity within the local manufacturing sector as the mine becomes fully operational. The overall outlook for the Saskatoon industrial market remains positive heading into 2024.

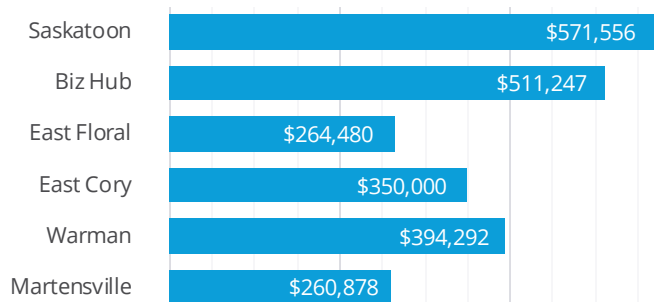
Accelerating success.

Market Overview

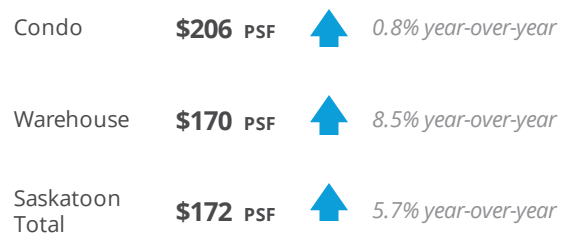
01 Rental Rates by Market* Average Asking Net Rent (PSF)



02 Land Asking Price by Market Price per Acre

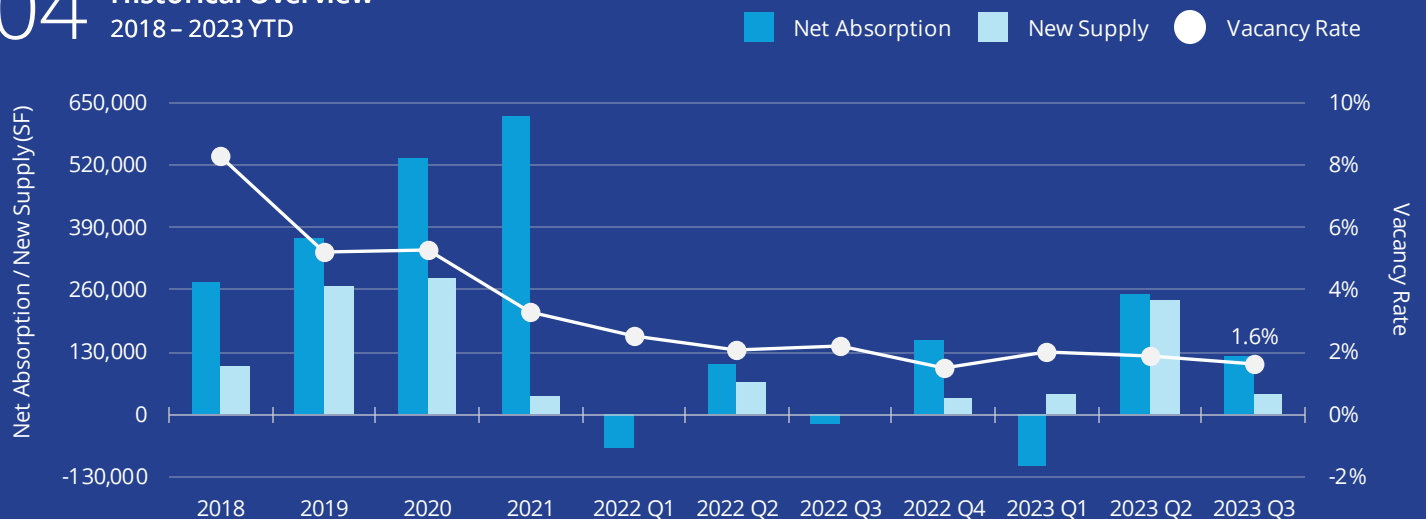


03 Average Asking Sale Price* By Building Type | Q3 2022 – Q3 2023



*Weighted Averages

04 Historical Overview 2018 – 2023 YTD



Market Statistics & Transaction Highlights

	Hudson Bay; Agriplace	Airport Industrial; Airport Business Area	North Industrial	Marquis Industrial	Central Industrial; West Industrial; Kelsey-Woodlawn	Southwest Industrial	Sutherland Industrial	CN Industrial	Total
Number of Buildings	289	121	317	184	121	43	69	43	1,187
Total Inventory (SF)	5,544,461	1,669,484	5,180,533	5,458,557	2,597,160	911,189	769,760	1,526,964	23,658,108
Direct Vacancy (SF)	60,078 (91.6%)*	31,200 (91.2%)*	95,773 (93.1%)*	71,899 (94.5%)*	38,357	6,000 (42.9%)*	5,727	37,073	346,107 (92.6%)*
Sublease Vacancy (SF)	5,500 (8.4%)*	2,993 (8.8%)*	7,092 (6.9%)*	4,160 (5.5%)*	0	8,000 (57.1%)*	0	0	27,745 (7.4%)*
Total Vacant Space (SF)	65,578	34,193	102,865	76,059	38,357	14,000	5,727	37,073	373,852
Vacancy Rate	1.2%	2.0%	2.0%	1.4%	1.5%	1.5%	0.7%	2.4%	1.6%
Net Absorption (SF)	-4,612	-6,746	-12,479	108,702	-7,199	18,184	20,562	4,725	121,137
New Supply (SF)	0	0	0	44,700	0	0	0	0	44,700
Under Construction (SF)	7,890	0	3,750	266,190	0	7,020	0	0	284,850
Weighted Average Asking Net Rent (PSF)	\$11.99	\$11.19	\$11.33	\$13.31	\$10.12	\$11.24	\$13.62	\$10.28	\$11.57
Weighted Average Asking Sale Price (PSF)	\$186	\$167	\$182	\$228	\$142	-	\$115	-	\$172

* % of total vacant space

Notable Lease Transactions

Tenant	Building Name / Address	Market	Lease Type	Size (SF)
Nutrien Ag Solutions (Canada) Inc.	302 Melville Street	CN Industrial	Renewal	151,315
Sandvik Canada Inc.	3620 Burrton Avenue	Marquis Industrial	Head Lease	66,000
GMR Electric Motors Ltd.	2325 McKee Avenue	North Industrial	Head Lease	24,175
POL R Enterprises Inc.	2750 Faithfull Avenue, Unit 401	North Industrial	Renewal	19,925

Notable Sales Transactions

Property Name / Address	Market	Size (SF)	Sale Price	Purchaser
2333 Avenue C North	Airport Business Area	22,365	\$3,300,000	Earl Wakeford Holdings Inc.
801 50th Street	North Industrial	8,320	\$2,350,000	Brunner Holdings (2011) Ltd
820 45th Street West	Airport Business Area	15,000	\$2,222,800	Jae's Woodworks Ltd.
1225 Avenue W South	Southwest Industrial	11,600	\$1,208,000	Safri Investments Inc.

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