



Quick Stats

23.7 msf

total building inventory

1.23 msf

total market vacancy

21,000 sf

total under construction

5.20%

Vacancy rate

\$10.87 PSF

Average asking lease rate

General Summary

Regina region's industrial market cooled in 2017 & 2018 due to uncertainty with the Saskatchewan and Alberta economies. An economic recovery is on the horizon as commodity prices have strengthened slightly, however, Saskatchewan is currently caught in the middle of a trade dispute between Ottawa and China as the agriculture market is impacted by China's refusal to accept Canadian canola seed. We expect to see a slight increase of construction throughout the province due to this announcement, as well in some measure through the legalization of cannabis.

Lease Rates

Average asking net rental rates are \$10.50 psf, similar to 2018. Rental rates for older product has declined, averaging between \$8.50 and \$9.50 psf. Newer small-bay buildings are achieving \$11.50 to \$13.00 psf while large-block spaces attract \$10.00 to \$12.00 psf. Regina recently reduced their servicing levies in an attempt to encourage investors and purchasers to

remain in the city. Land prices range from \$400,000 to \$550,000 per acre in the city of Regina and sales activity is sluggish in Q1. Landlords are offering a variety of incentives to attract and retain tenants and will continue to aggressively compete for tenants for the next couple of years.

Vacancy

Historical trends for vacancy, new inventory and absorption are quite telling. The Regina areas industrial vacancy rate has been relatively stable, hovering around 5.0 per cent for the past few years whereas Q1 2019 vacancy sits at 5.2 per cent, a slight increase from the previous year. Inventory has grown minimally indicating a slow down in new construction. Increasing vacancy rates are causing lease rates to decline slightly as landlords are becoming more competitive. The short term outlook is for slow growth in the industrial market for the balance of 2019 and 2020.

REGINA INDUSTRIAL MARKET

Development

Regina has a limited amount of industrial lots for sale a decision impacted to some extent by relatively high land values of \$550,000+ per acre and the available lots are not selling very quickly due to soft demand. In comparison, the Rural Municipality of Sherwood has several developments underway. Industrial parks in the RM of Sherwood have land priced in the \$200,000 per acre range, and land prices in the Carson Business Park near Emerald Park in the RM of Edenwold range from \$295,000 to \$395,000 per acre. The Global Transportation Hub (GTH) has approximately 679 service ready acres available for sale with minimum five acre lots selling for \$256,000 per acre. Global Trade Exhibition Centre (GTEC) has completed the development of their international trade exhibition and distribution centre at the GTH of 80,000 square feet and the centre is currently being occupied by entrepreneurs setting up their businesses.



REGINA CMA

RM of Sherwood

The RM of Sherwood surrounds the city of Regina and includes a variety of industries from farming and manufacturing to tourism. The majority of the land base in the RM is agriculture land but does include four Industrial Parks. These are; Parker Industrial Park, Sherwood Industrial Park, Wellings Industrial Park and DBR Industrial Park. Evraz steel mill is the largest development in Sherwood Industrial Park along with agricultural implement manufactures, agricultural



Net lease rates



Vacancy rates



Total Inventory



Absorption Rates



New Supply

Arrows indicate year-over-year change

dealerships, construction contractors, trucking firms and other various industries.

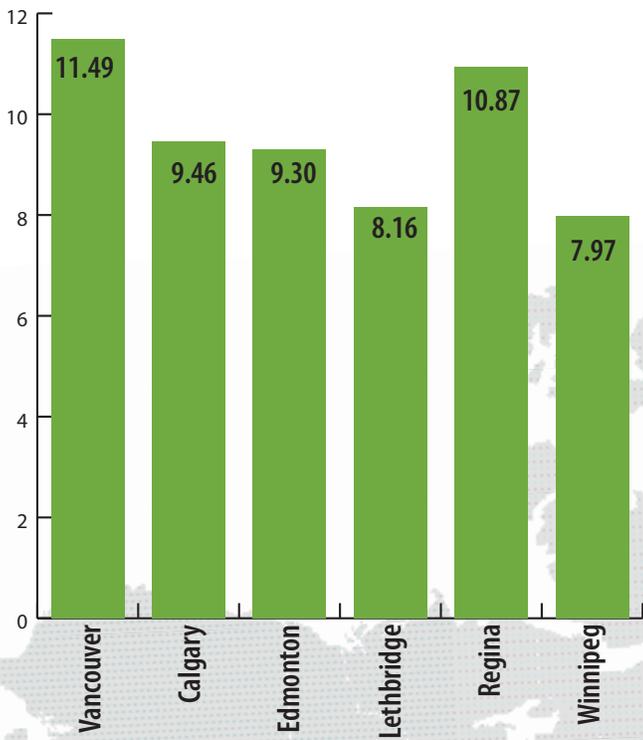
The Industrial parks within the RM are largely occupied by owner users but we are starting to see some new rental properties being developed in the newer industrial parks such as Parker and DBR Industrial. Vacancy rates in the RM of Sherwood are 3.93 percent which is a decrease from a year ago. Average rental rates are \$10.00 psf and land prices are in the \$200,000 per acre range.

RM of Edenwold

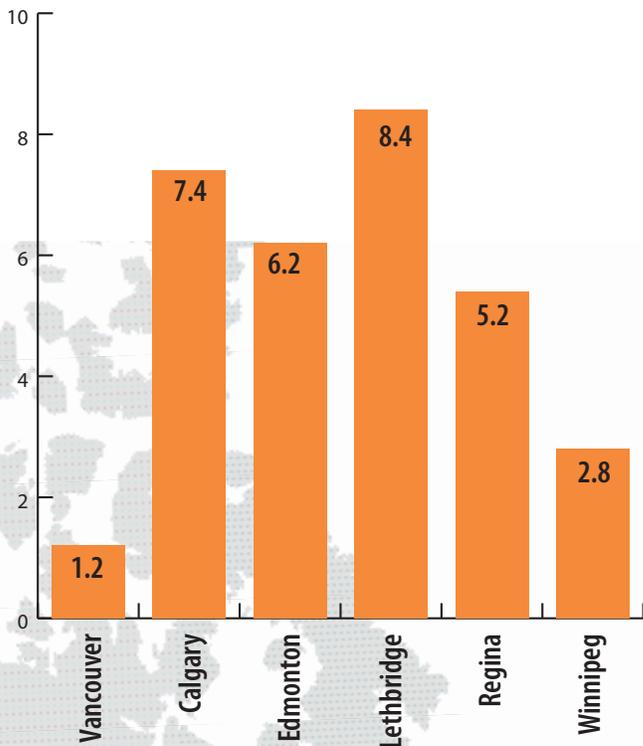
The RM of Edenwold includes the towns of Pilot Butte, White City and Emerald Park and is located east of the city of Regina. Industrial parks in close proximity to Regina are Great Plains Industrial Park which fronts Highway number 1 and Carson Business Park on the north side of Highway number 1 near Emerald Park. With completion of the Regina Bypass in the RM of Edenwold, access has been improved to the industrial parks and will likely increase interest in these locations. SaskEnergy has moved their service centre from Regina to Carson Business Park which will see 130 employees move to this new location.

Vacancy rates in the RM of Edenwold are 5.56 percent which is a decrease from a year ago. The average asking rental rates are \$11.00 psf and land prices in Carson Business Park are in the \$295,000 - \$395,000 range.

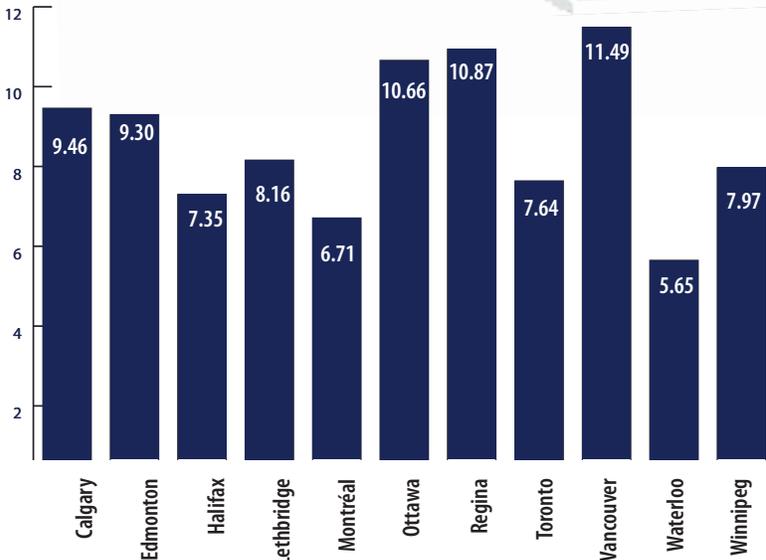
Western Canada Average Asking Industrial Rates (\$/sf) - March 2019



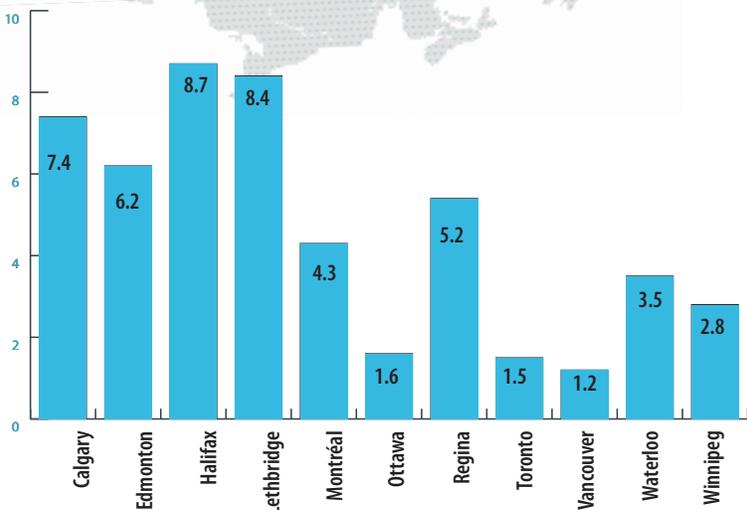
Western Canada Industrial Vacancy Rates (%) - March 2019



Canadian Average Asking Industrial Rates (\$/sf) - March 2019



Canadian Industrial Vacancy Rates (%) - March 2019



CANADA – Q1 2019

Canada's industrial market has started 2019 on a strong footing, building on the exceptional results achieved in 2018. While Vancouver and Toronto remain key markets for occupiers and investors, scarcity of product was evident in single-digit vacancy rates across the country in the first quarter of 2019. Nationally, the industrial sector remains undersupplied - demand is outpacing new development and will continue to do so, despite almost twice as much space being under construction compared to spring 2018. This supply-demand imbalance has pushed rental rates higher in almost all markets, attracting investors and resulting in low yields and rising asset values.

Investors poured \$7.8 billion into the Canadian industrial property sector during the 12 months ending in March 2019 (up 7% year-over-year). Nearly two-thirds of that total was directed to Toronto and Vancouver, which also recorded the lowest yields among large North American markets (4.6% and 3.9% respectively).



Canada's industrial market is expected to remain active throughout 2019 with restricted supply posing challenges for occupiers and investors. However, necessity is the mother of invention, and these circumstances may lead to creative and innovative solutions for the thriving industrial sector.

Regina & CMA Industrial Summary

Area	Inventory Building (sf)	Vacancy (sf)	Vacancy Rate (%)	Lease Rate (\$)
Global Transportation Hub	1,551,176	81,982	5.35%	12.00
Ross Industrial Park	7,715,945	303,899	3.94%	8.04
Ross Industrial Park East	752,027	53,729	7.14%	12.37
Eastview-Churchill-Tuxedo Park	6,838,360	524,869	7.68%	11.37
RM of Sherwood	3,644,039	142,859	3.92%	11.55
RM of Edenwold	989,689	55,071	5.56%	12.36
Regina Airport	374,847	17,683	4.72%	n/a
Regina Other/Flex	1,880,127	52,587	2.80%	9.73

Total **23,746,210** **1,233,679** **5.20%** **10.87**

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