

**1Q16 SASKATOON, SASKATCHEWAN**

# **INDUSTRIAL SURVEY**



COMMERCIAL REAL ESTATE

## **SURVEY HIGHLIGHTS**

Development of spec inventory expected to cool

Absorption witnesses a slowdown throughout first quarter

Lease rates remain relatively stable, landlords more willing to provide tenant incentives

**INTEGRITY**

**COMMITMENT**

**RESULTS**

## ECONOMIC OVERVIEW

The provincial economy is anticipated to gather momentum in 2016. It is projected that the provincial economy will post modest gains in the coming year after enduring a contraction in 2015. Overall GDP growth is projected to be 1.2 per cent for the coming year and is then forecast to accelerate to 2.4 per cent in 2017. In terms of Saskatoon, the city's economy is expected to recover in 2016, and forecasts indicated that GDP growth will average 2.2 per cent growth over the next five years.

Source: RBC Provincial Outlooks

	2014	2015F	2016F
Real GDP (%)	1.9	(-0.8)	1.2
Unemployment Rate (%)	3.8	5.0	6.9
Employment Growth (%)	1.0	0.5	(-0.5)
Retail Sales (%)	4.6	(-2.9)	1.6
Consumer Price Index	2.4	1.6	2.1
Housing Starts	8,257	5,149	5,500

## MARKET OVERVIEW

The city's industrial market continues to stabilize following years of robust development between 2011 and 2014. After the first quarter of 2016, industrial vacancy has risen to 9.08 per cent. First quarter absorption was calculated to be (-242,920) SF.

Succeeding strong market activity in the final months of 2015, the city's industrial sector has once again witnessed an increase in available supply. With an abundance of new inventory presently available on the market, a cautious mindset towards new development is expected to endure in the coming year. It is likely that the brunt of development projects in the coming year will be tailored to meet the demand of owner users; the exception being 90,000 SF of new inventory scheduled for completion within the latest phase of the Matrix Business Park.

Market leases rates have stabilized over the past year, a trend expected to continue in the coming months. Lease rates plateaued in early 2013, and have since stabilized. Despite the increase in available supply, it is unlikely that significant price reductions will occur. Instead, landlords will continue to offer deal incentives rather than drop lease rates.

### Industrial Land

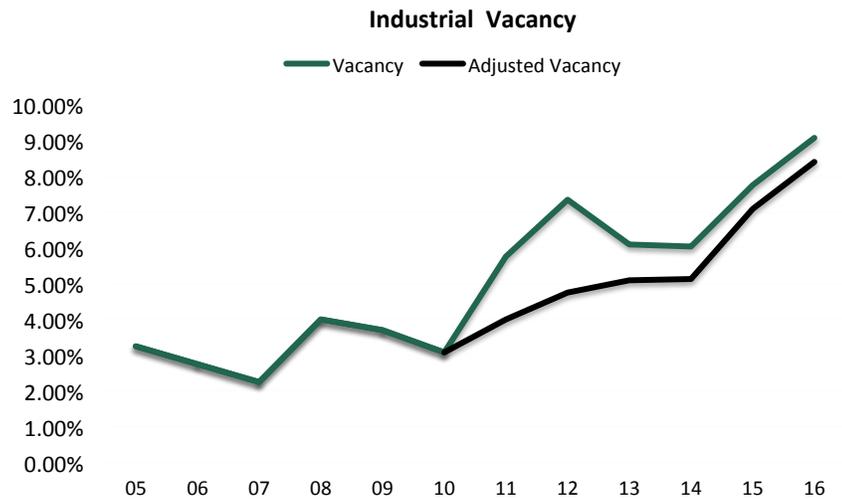
Demand for industrial land continues to surge as this appetite can be highlighted by Marquis Industrial Phase 9. The majority of the lots within this phase have already sold with only 3 lots along 64th Street still available. Available lots within this phase range from as small as 1.87 acres to as large as 6.06 acres. Price for these parcels start at \$480,033/acre for the largest lot to \$490,374 for the smaller lot. With future land phases set to become available in the coming year by way of 7 IH parcels in phase 10 of the Marquis Industrial, it anticipated that an upward pressure on land prices will persist. Unlike the drastic increases witnessed in previous years, it is expected that any increases will be moderate. In addition to land being released in the Marquis Industrial, there are plans to release land along 11th Street sometime in the summer months.



FOR SUBLEASE: Matrix Phase 3 & 4, 3803 Millar Avenue

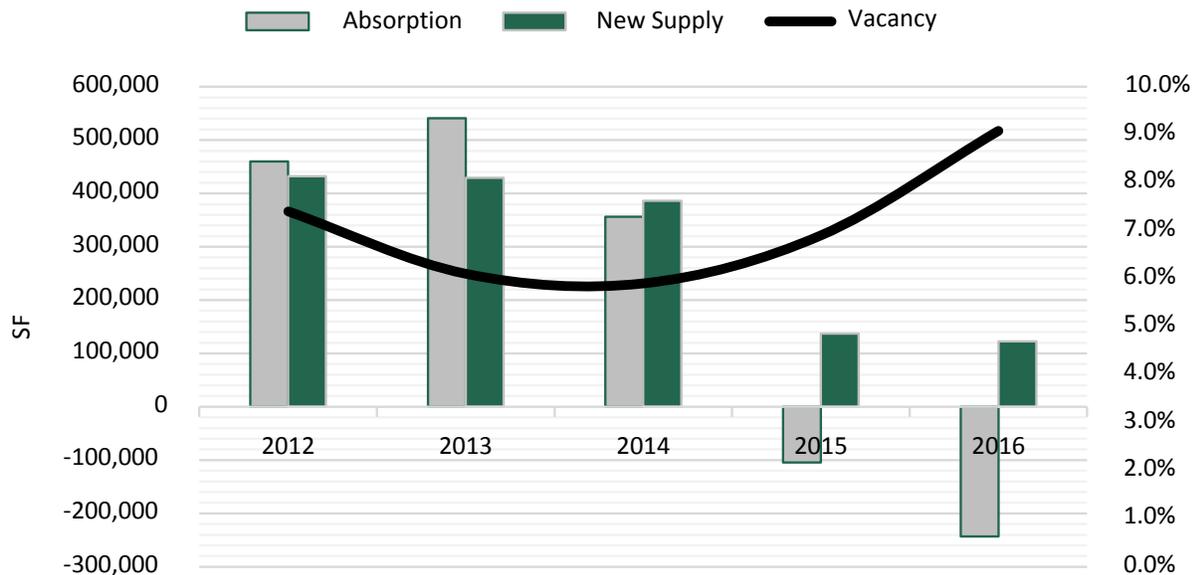
## MARKET FORECAST

Market activity remains strong even with the increase in available supply. Interest from industrial users continues; however, finding the right product to meet the requirements of niche markets (different preferences in terms of land size, ceiling heights, number and type of dock/grade doors) has, at times, been challenging. Despite this, healthy demand is present within the market. With the early stages of construction underway for the North Commuter Bridge, the outlook for the market continues to be optimistic as it is expected that demand for inventory in the Marquis Industrial sub-sector will increase.



*ICR's adjusted vacancy best reflects the current market conditions as buildings that are considered anomalies to the market place are excluded.*

## Development Activity



FOR LEASE: 3902 Millar Avenue



FOR SUBLEASE: 520 52nd Street

# INDUSTRIAL SURVEY



**FOR LEASE: 250 103rd St E**



**FOR LEASE: 3810 Arthur Rose Ave.**



**FOR LEASE: 3050 Millar Ave.**



**FOR LEASE: 718 64<sup>th</sup> Street E.**



**FOR LEASE: 10 - 3942 Burron Ave.**



**FOR SALE: 3934 Arthur Rose Ave.**



**FOR LEASE: #200 - 3530 Millar Ave N.**



**FOR SALE: Development Land, Warman SK**



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