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Winnipeg Free Press - PRINT EDITION

Industries flock to sites at CentrePort

Mini building boom going on

By: Murray McNeill
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Kaycan Ltd. puts up another new building in Brookside Business Park, where industrial land is in demand.

(PHIL.HOSSACK@FREEPRESS.MB.CA)

City's leasing scene

Highlights from the 2010 Annual Review and 2011 Forecast Report for Winnipeg, released by Avison Young (Manitoba), NewWest Enterprise Property Group and Clarus Real Estate Advisors:

Office leasing market: Winnipeg's overall vacancy rate of 6.45 per cent is the second-lowest of any major Canadian city. Average rental rates included \$16.42 per square foot for downtown Class A space and \$12.90 per square foot for downtown Class B space.

Industrial leasing market: The overall vacancy rate climbed from two per cent in 2009 to 2.7 per cent at the end of 2010. But in the East Kildonan, St. Boniface and Transcona areas, it plummeted. Similarly, the overall average net industrial leasing rate slipped to \$5.30 per square foot from \$5.57.

Retail leasing market: Vacancy rates in the city's strip malls, regional shopping centres and retail power centres collectively declined from 3.3 per cent to 1.9 per cent in 2010. The average rental rate also declined, falling to \$16.17 per square foot from \$17.45.

A shortage of serviced industrial land is driving up land prices at a double-digit pace and sparking a mini building boom on the CentrePort site in northwest Winnipeg.

The leasing agents for two industrial parks on Brookside Boulevard -- one on the north side of Inkster Boulevard and the other on the south side -- said they're seeing an increase in demand for ready-to-develop land in their parks.

"The interest in acquiring land is the highest I've seen it since 2007," said Martin McGarry, president of DTZ Barnicke Winnipeg and a leasing agent for Brookside Industrial Park on the north side of Inkster.

McGarry said they sold two parcels of land last year and have four more deals in the works.

Across the road at Brookside Business Park, leasing agent Robert Scaletta said two new industrial buildings have gone up in the last year and four more are under construction.

Scaletta said negotiations are also underway with other prospective buyers who are interested in purchasing another five parcels of land within the 150-acre park.

Kaycan Ltd., one of the country's largest manufacturers and distributors of outdoor building materials, is one of the latest companies to acquire land in Brookside Business Park.

Regional manager Mel Rogers said the Montreal-based firm is building a 50,000-square-foot warehouse/distribution centre on a five-acre parcel of land there.

He said the company has outgrown its existing regional distribution centre on Keewatin Street, and a two-year search failed to turn up another industrial building or piece of land within the city that was big enough to meet its needs. So it bought land in Brookside Business Park, which is located in the neighbouring Rural Municipality of Rosser.

Scaletta and McGarry said the strengthening economy is helping fuel demand for industrial land because businesses are feeling more comfortable about expanding their operations.

But the dearth of serviced land within the city also has a lot to do with it, McGarry said.

"In southwest Winnipeg it's virtually impossible to buy land. It's either already owned or tied up by developers."

He said the Inkster-Brookside area, located within the sprawling 20,000-acre CentrePort Canada inland port site, is the only area where there is still a good supply of available land. So that's where many buyers are having to go, and where most of the new industrial development is likely to occur in the next few years, he said.

A new commercial real estate market report issued Wednesday also talks about the shortage of serviced industrial land in Winnipeg and the impact it's having on prices.

Prepared by Avison Young (Manitoba), NewWest Enterprise Property Group and Clarus Real Estate Advisors, the report says industrial land prices have been increasing at a rate of about 10 per cent a year for the last three years as the supply of land continues to dwindle.

Wes Schollenberg, managing director of Avison Young (Manitoba), said in an interview the supply of serviced land is at a 20-year low in Winnipeg. Even city-owned St. Boniface Industrial Park, which used to have an abundant supply of available sites, has virtually nothing left for sale, he added.

He said part of the problem is that the focus in Winnipeg in recent years has been on residential and

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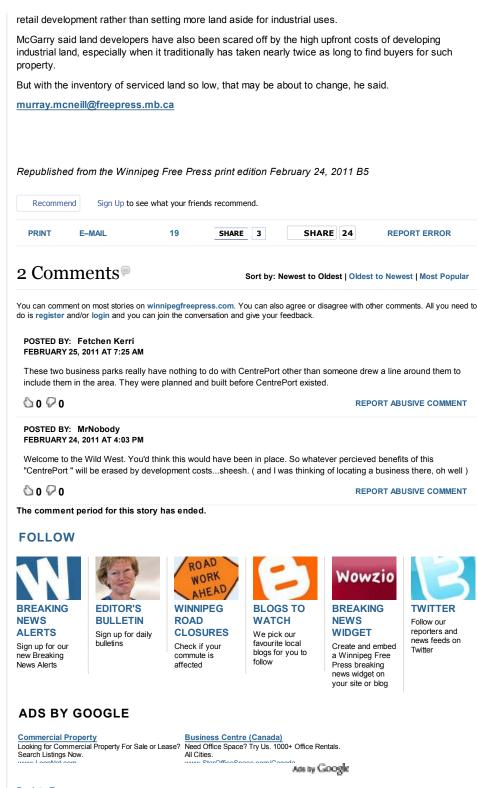
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