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## BUSINESS

Winnipeg Free Press - PRINT EDITION

### New digs give local firms elbow room Inksbrook Industrial Park growing

By: Murray McNeill

Posted: 04/18/2011 1:00 AM | [Comments: 0](#)

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Sterling O & G manager Govind Thawani looks over the site of the company's 47,000-square-foot building at 125 Meridian Dr.

Inksbrook Industrial Park is going through a mini construction boom, with three buildings either recently completed or under construction and at least two more in the works.

Two of the buildings are owner-occupied. One is 30,000 square feet and the other is 28,000 square feet. The other two are multi-tenant rental properties being developed by Winnipeg-based Sterling O & G International Corp.

Sterling manager Govind Thawani said the first building is already under construction and the company expects to have all three finished within two years.

Industrial real estate specialists said low vacancy rates within existing buildings and an expanding economy are the main reasons behind the new construction projects.

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"There is a little bit more tenant demand out there," said Darcy Payne, general manager of the Winnipeg office of Bentall Kennedy (Canada) LP, the city's largest industrial landlord. "I wouldn't say it's a huge amount, but it is a little bit (stronger)."

"There is definitely more leasing activity," said Tom Derrett, an industrial leasing specialist in Colliers International's Winnipeg office and chairman of the WinnipegRealtors commercial division.

With the dwindling supply of available space within existing buildings -- Colliers pegged the overall vacancy rate at about three per cent at the end of 2010 -- Derrett and Jim Kulik, another industrial leasing specialist with the firm, predicted a few more new buildings will likely be springing up in the city this year.

But not a lot, Kulik said, because many local tenants are still reluctant to pay upwards of \$10 per square foot, the going net rate for new industrial space in the city. The average rate for older space is only \$5.25 per square foot.

What does get built will be either owner-occupied or pre-leased, he said. "Nobody is building on speculation."

Derrett said tenant resistance to higher rates is the main reason there have only been a couple of new multi-tenant industrial buildings built in the city in the last couple of years. The 2008-2009 global recession also didn't help.

"But as more and more people have confidence in this market, we will see more development," he said.

Bentall Kennedy's Payne said it will likely be at least another month before his company decides whether to construct a new industrial building this year. It's a similar story for Terracon Development Ltd., another prominent industrial developer.

"We're closer than we have been in a number of years in terms of building," Payne said. "I can't say for sure we will do one, but we're investigating it really diligently and if the numbers make sense, we'll do one."

Thawani said Sterling waited until it had all the space leased in its first building before starting construction and it will take the same approach with the next two.

The three buildings will be composed of parking/service bays, 160 in total, that are large enough to accommodate large trucks and construction equipment such as graders and front-end loaders.

Thawani said they're designed so tenants can do light mechanical work such as oil changes and lubrication on their trucks or other equipment if they want. There will also be a wash bay they can use.

The 28,000-square-foot building will be the new corporate headquarters/depot for Johnson Waste Management, a local garbage collection firm.

"It's definitely something we need," Johnson Waste Management vice-president Jeff Johnson said of the new building, noting it will enable his company to consolidate all its operations under one roof instead of leasing several facilities.

It will also have room to clean and service the trucks rather than the company having to contract out that work to outside firms. "So it's a big deal for us, absolutely," Johnson said.

The 30,000-square-foot building is a new production plant for Winnipeg-based Brar Natural Flour Mill. It replaces a leased facility it has on Plymouth Road, said office manager Hakam Johal.

Johal said Brar sells its wheat flour to food distributors throughout North America. The 20-year-old business has been growing, he said, and the company needed a bigger mill. It also wanted to own its own facility, rather than lease space.

*Know of any newsworthy or interesting trends or developments in the local office, retail, or industrial real estate sectors? Let real estate reporter Murray McNeill know at the email address below or at 697-7254.*

[murray.mcneill@freepress.mb.ca](mailto:murray.mcneill@freepress.mb.ca)

**Inksbrook Industrial Park**

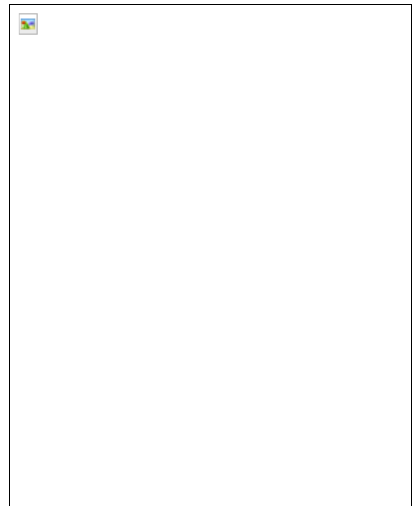
-- A 82.5-hectare, privately owned park in northwest Winnipeg that is being developed in four phases.

-- Three of the four phases -- 1, 2 and 4 -- have been sold to owners and developers, and more than 300,000 square feet of industrial/office space has been developed so far.

-- About 24.2 hectares is still available.

Source: Jim Kulik, vice-president, brokerage services/industrial, with the Winnipeg office of Colliers International.

125 Meridian Dr.



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- A three-phase development by Sterling O & G International Corp., a Winnipeg-based firm that delivers propane gas nationwide and builds non-residential buildings.
- Phase 1, now underway and expected to be completed this summer, is a 47,000-square-foot building composed of oversized service/parking bays for trucks and construction equipment. Phase 2 will be a 17,000-square-foot building, and the final phase will be another 47,000-square-foot one.
- Cost of the development was not disclosed.

195 Discovery Pl.

- Johnson Waste Management's new corporate headquarters/depot (above) will include about 6,400 square feet of office space and about 21,400 square feet of industrial space.
- The building is about 80 per cent complete and should be ready for occupancy this August.
- Cost of the building was not disclosed.

40 Inksbrook Dr.

- Brar Natural Flour Mill's new mill (above) has been built and equipment is being installed. The company hopes to move in by the end of June.
- The new mill is four times bigger than the one it currently rents.
- The company, which employs about 16 people in Winnipeg, also has a flour mill in British Columbia.
- Cost was not disclosed.

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