

Q1 2023

# Saskatoon

## Industrial Market Report

### Net Absorption

This Quarter	Previous Quarter
-109K <sub>SF</sub>	157K <sub>SF</sub>
12-Month Absorption	5-Year Annual Avg.
131K <sub>SF</sub>	395K <sub>SF</sub>

### Vacancy

This Quarter	Year-over-Year
2.0%	↓ 50 bps

### Asking Net Rent

This Quarter*	Year-over-Year
\$11.58 <sub>PSF</sub>	↑ 9.3%

### Development

Under Construction	New Supply
444K <sub>SF</sub>	42K <sub>SF</sub>

### Sales

Asking Sale Price Avg*	Year-over-Year
\$165 <sub>PSF</sub>	↑ 20.4%

\*Weighted Average  
Colliers McClocklin Real Estate Corp

### Market Outlook

The Industrial Market remains strong in Saskatoon as it continues to gain momentum from a robust local resource industry which began in 2022. Saskatoon led the country in GDP growth in 2022, largely due to strong demand for agricultural exports, investment growth, and high commodity prices for potash and oil - further driving the demand for industrial inventory within the region.

Negative absorption was recorded in Q1, the result of vacancies in newly constructed speculative builds in Marquis Industrial, as well as existing mid-size warehouse vacancies in other submarkets. This negative absorption resulted in a slight overall increase in industrial vacancy rates. Despite this recent increase, vacancy rates remain well below the 5-year average of 4.8%.

Industrial rental rates in Saskatoon have continued to rise due to various economic factors. High demand for space, low vacancy rates, high costs of construction, and increased cost of borrowing, all contributed to a further increase in rents in Q1 2023. As a result, tenants that had committed to five-year terms between 2018 and 2020 should anticipate a considerable increase in rent at renewal. Net rents have increased by roughly 13% since 2018.

Elevated construction costs are proving to be a challenge for small and mid-size speculative builds, where development costs would demand net rental rates in the range of \$16-\$20 per square foot; prices higher than average market rates. As a result, some developers are deciding to table plans for these new builds until market conditions become favourable for speculative development.

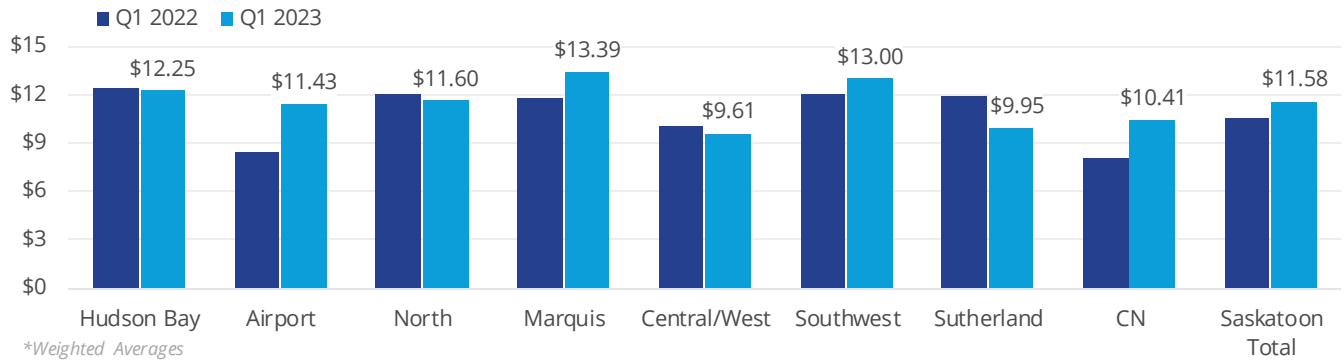
The short-term outlook is looking positive for larger-scale speculative builds, where economies of scale in construction pricing translates into lower rental rates. Availability is opening in such properties within Biz Hub Industrial Park, located just north of the city. Two notable projects there include a 123,388 square foot build on seven acres of land due for completion in Q2 2023, and a 50,000 square foot build on six acres of land set to commence construction in Q2 2023.

Rapid increases in interest rates had a significant effect on the volume of industrial sales mid-way through 2022. The latter half of the year saw a 43% reduction in the number of closed sales, as buyers struggled to secure financing. Despite the reduction in sales volume, sales prices increased by over 20% throughout the year.

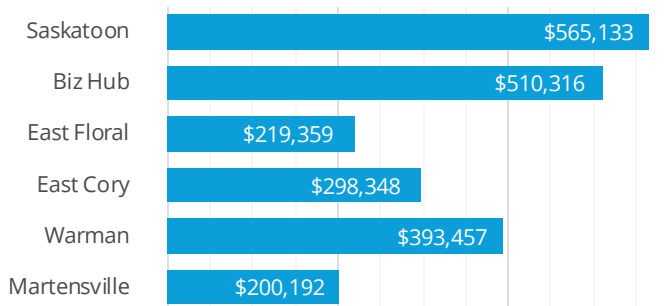
Accelerating success.

# Market Overview

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



## 02 Land Asking Price by Market Price per Acre

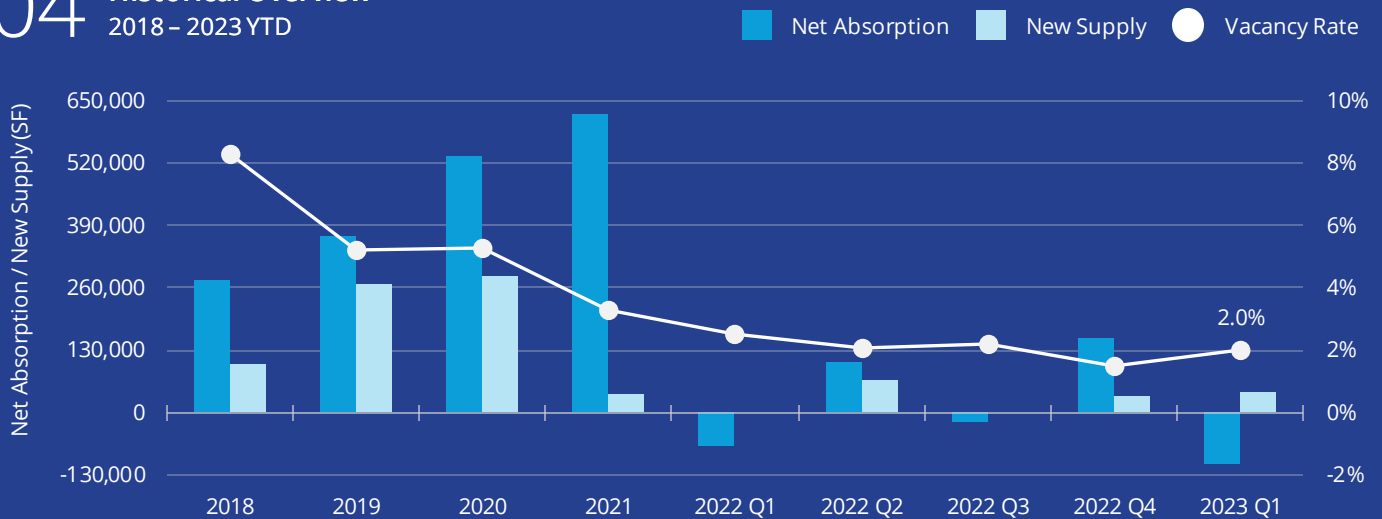


## 03 Average Asking Sale Price\* By Building Type | Q1 2022 - Q1 2023



\*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
<b>Number of Buildings</b>	288	121	317	167	121	43	69	43	<b>1,169</b>
Total Inventory (SF)	5,504,461	1,669,484	5,180,533	4,992,247	2,597,160	911,189	769,760	1,526,964	<b>23,151,798</b>
Direct Vacancy (SF)	65,438 (74.8%)*	19,705 (86.8%)*	82,286	88,325 (81.2%)*	33,741	10,000 (30.9%)*	34,974	60,366	<b>394,835 (85.3%)*</b>
Sublease Vacancy (SF)	22,041 (25.2%)*	2,993 (13.2%)*	0	20,440 (18.8%)*	0	22,384 (69.1%)*	0	0	<b>67,858 (14.7%)*</b>
Total Vacant Space (SF)	87,479	22,698	82,286	108,765	33,741	32,384	34,974	60,366	<b>462,693</b>
Vacancy Rate	1.6%	1.4%	1.6%	2.2%	1.3%	3.6%	4.5%	4.0%	<b>2.0%</b>
Net Absorption (SF)	-26,079	29,116	145	-51,462	-13,170	-6,000	-31,369	-10,386	<b>-109,205</b>
New Supply (SF)	14,280	0	0	28,000	0	0	0	0	<b>42,280</b>
Under Construction (SF)	47,890	0	3,750	385,632	0	7,020	0	0	<b>444,292</b>
Weighted Average Asking Net Rent (PSF)	\$12.25	\$11.43	\$11.60	\$13.39	\$9.61	\$13.00	\$9.95	\$10.41	<b>\$11.58</b>
Weighted Average Asking Sale Price (PSF)	\$169	\$167	\$191	\$218	\$96	\$101	\$282	-	<b>\$165</b>

\* % of total vacant space

## Notable Lease Transactions

Tenant	Building Name / Address	Market	Lease Type	Size (SF)
Schaan Healthcare Products Inc.	1402 Quebec Avenue, Units 1-3	Kelsey Industrial	Extension	79,396
Superior Millwork Ltd.	142 English Crescent	Hudson Bay Industrial	Head Lease	61,250
Reliance Comfort Limited Partnership	503 51st Street East	North Industrial	Renewal	12,000
Rise Strength Lab Ltd.	2630 Jasper Avenue, Unit C	CN Industrial	Head Lease	11,161

## Notable Sales Transactions

Property Name / Address	Market	Size	Sale Price	Purchaser
25 Capital Circle, RM of Corman Park *	Biz Hub Industrial Park	8.25 Acres	\$4,186,875	Finning International Inc.
4128 Shoquist Avenue *	Marquis Industrial	4.02 Acres	\$2,275,010	Russel Metals Inc.
4030 Thatcher Avenue	Agriplace	9,122 SF	\$1,850,000	P-Jay's Water Supply (1985) Ltd.
2519 Koyl Avenue	Airport Industrial	9,860 SF	\$1,350,000	Safri Investments Inc.

\* Industrial-zoned land sale

# Colliers Research



We are the industry cornerstone of authoritative statistics, forecasts and market commentary across Canada.

With more than 20 years of comprehensive market data, extensive research capabilities and access to 'live' deal information – there is no other research firm in Canada that can provide such a complete commercial real estate research solution.

With more than 20 dedicated research specialists, supported by 20 market data coordinators – our world-class researchers are continuously sourcing and analyzing data in every major market across Canada – to ensure our clients receive the most accurate and powerful information to make critical decisions for their future.

## Core services:

- Predictive market research
- Reporting on key insights and trends
- Access to the latest market data
- Customized research engagements

## For more information on the Saskatoon Industrial Market, please contact:

**Richard Jankowski**

Managing Director,  
Saskatchewan Brokerage  
+1 306 664 1644  
[richard.jankowski@colliers.com](mailto:richard.jankowski@colliers.com)

### *Report Author:*

**Meghan Van Impe**

Market Analyst  
+1 306 664 1241  
[meghan.vanimpe@colliers.com](mailto:meghan.vanimpe@colliers.com)

### *Report Contributors:*

Jason Wionzek | Vice President, Sales Associate  
Gary Compton | Vice President, Sales Associate  
Lloyd Minion | Vice President, Sales Associate  
Tom Deibert | Associate Vice President, Sales Associate  
Cam Bristow | Senior Sales Associate  
Dayne Baylis | Senior Sales Associate  
Jarek Wicijowski | Sales Associate  
Shari Fisher | Business Operations Specialist  
Idongesit Peters | Data Associate

## Colliers Canada | Saskatoon

Colliers McClocklin Real Estate Corp.  
728 Spadina Crescent East  
Saskatoon, SK, S7K 3H2  
+1 306 664 4433



[collierscanada.com/research](https://collierscanada.com/research)

Information herein has been obtained from sources deemed reliable, however its accuracy cannot be guaranteed. The user is required to conduct their own due diligence and verification. This publication is the copyrighted property of Colliers and /or its licensor(s). Copyright © 2023. All rights reserved. Colliers McClocklin Real Estate Corp.

Accelerating success.