



Regina industrial market report

Q2 2024

**AVISON
YOUNG**

Greater Regina area market fundamentals

2.38%

total availability up from 1.88% in Q2 2023

\$11.53

average net asking rent

25.1M

square feet (sf) of available inventory

\$550K

average in-city industrial land
asking price per acre

\$180

average sale price per square foot (psf)

580K

sf under construction

Industrial market trends

01.

Availability remains desirable

At a time when the announced disincentivizing increase in the capital gains tax permeates unforeseen consequences across all asset classes, the availability of Regina's industrial sector experienced an increase to 2.38% in Q2-2024 compared to 1.88% in Q2-2023 year-over-year.

Although a marginal bump, Regina's availability remains desirable as companies are relocating to upgraded premises and expanding their footprints amidst rising construction costs.

However, the full extent of the unforeseen consequences from the increase in the capital gains tax on leasing rates remains to be seen, particularly in relation to investments in Regina's industrial and commodities sectors, which are vital economic drivers of growth.

02.

Lease rates rising

Average lease rates nudged slightly to \$11.53 psf in Q2-2024 from \$11.51 psf in Q2-2023 due to growing demand, exacerbating limited supply. Subsequently, leasing rates for brand-new construction are significantly higher, often in the mid-teens and above, and the City of Regina's code review policy regarding the change of use for existing space may further increase leasing rates.

This is prompting some tenants to reduce their square footage requirements, ultimately resulting in lower ceiling heights, as smaller square footage spaces generally have lower ceilings.

In contrast, some landlords are offering increased closing incentives for dispositions, while others are capitalizing on the opportunity to enhance the return on their investments by retrofitting aging spaces to better suit tenants' needs.

Conversely, many companies are choosing leasing over owner-user ownership, prioritizing their capital towards inventory, operations, and staff to fuel growth. This trend continues to drive up leasing rates, with no signs of deceleration on the horizon.

03.

On the horizon

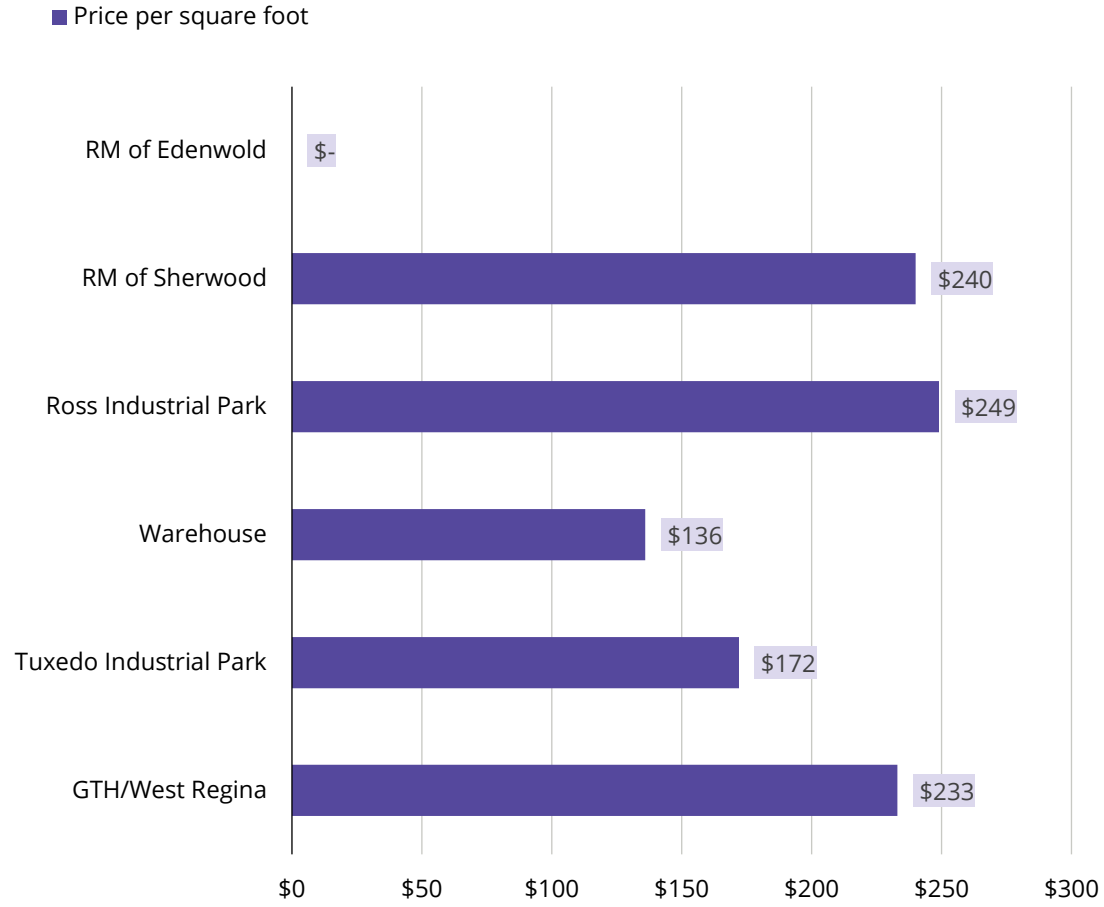
Looking on the horizon, elevated commodity prices continue to be driven by the increasing global demands of a growing population, which needs more food, fuel, and fertilizer.

Saskatchewan has what the world needs in terms of food, fuel, and fertilizer. Mega investment projects like the \$14 Billion BHP Jansen and, particularly, the Cargill canola crushing plant, AGT and Federated Co-Op's joint venture, and Red Leaf's new pulp plant deliver economic spillover impact beyond Regina's industrial sector to ancillary industries.

Yet, the burning question remains: how can more mega investment projects be attracted to Regina's industrial sector? There is strong optimism for future growth in Regina's industrial sector due to Saskatchewan's abundance of food, fuel, and fertilizer.

Regina and area industrial market indicators

Average sale psf by submarkets in Q2 2024

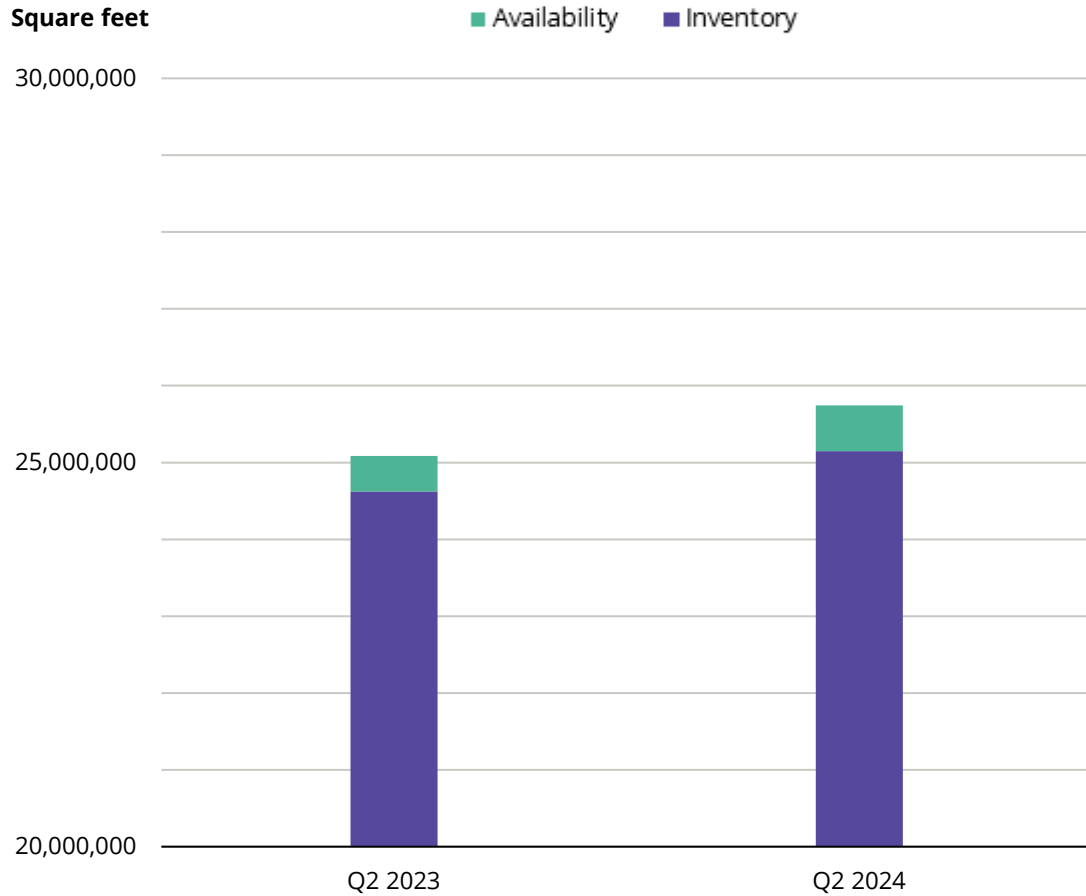


Land sales price per acre by submarket in Q2 2024

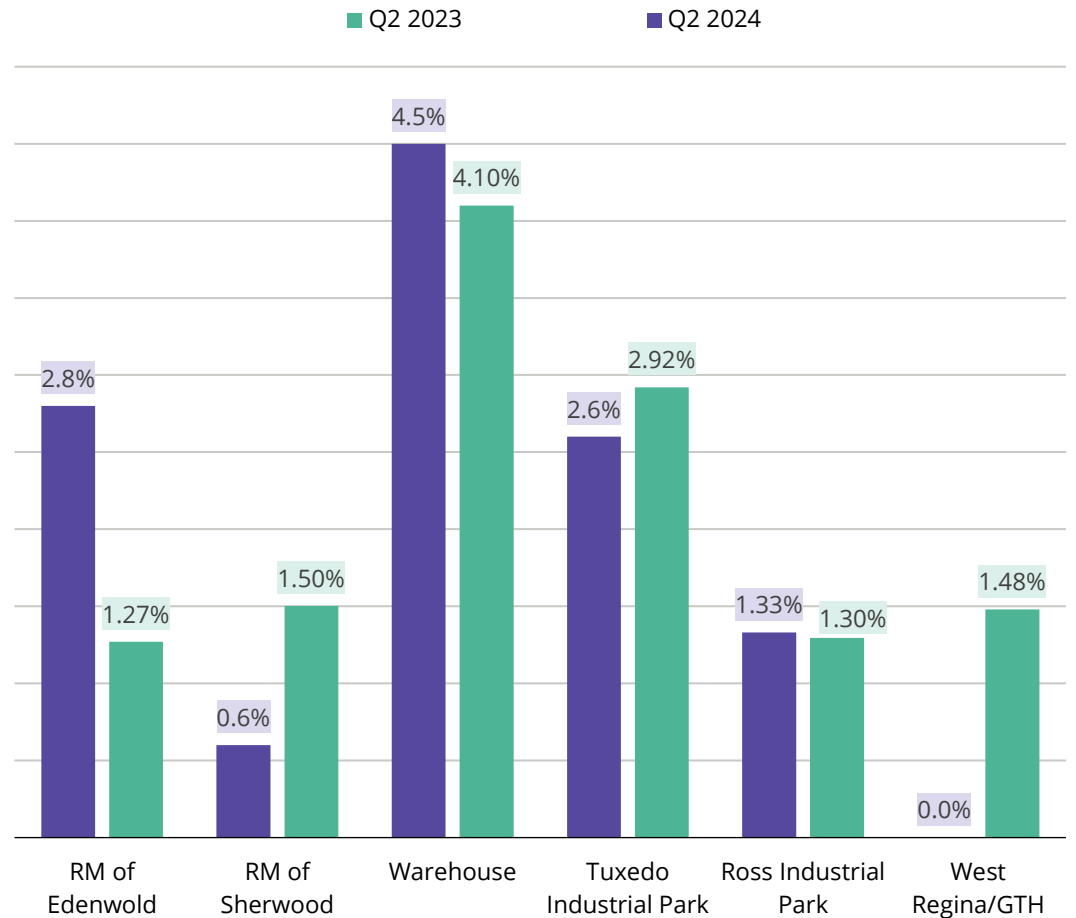


Regina and area industrial market indicators

Inventory and availability

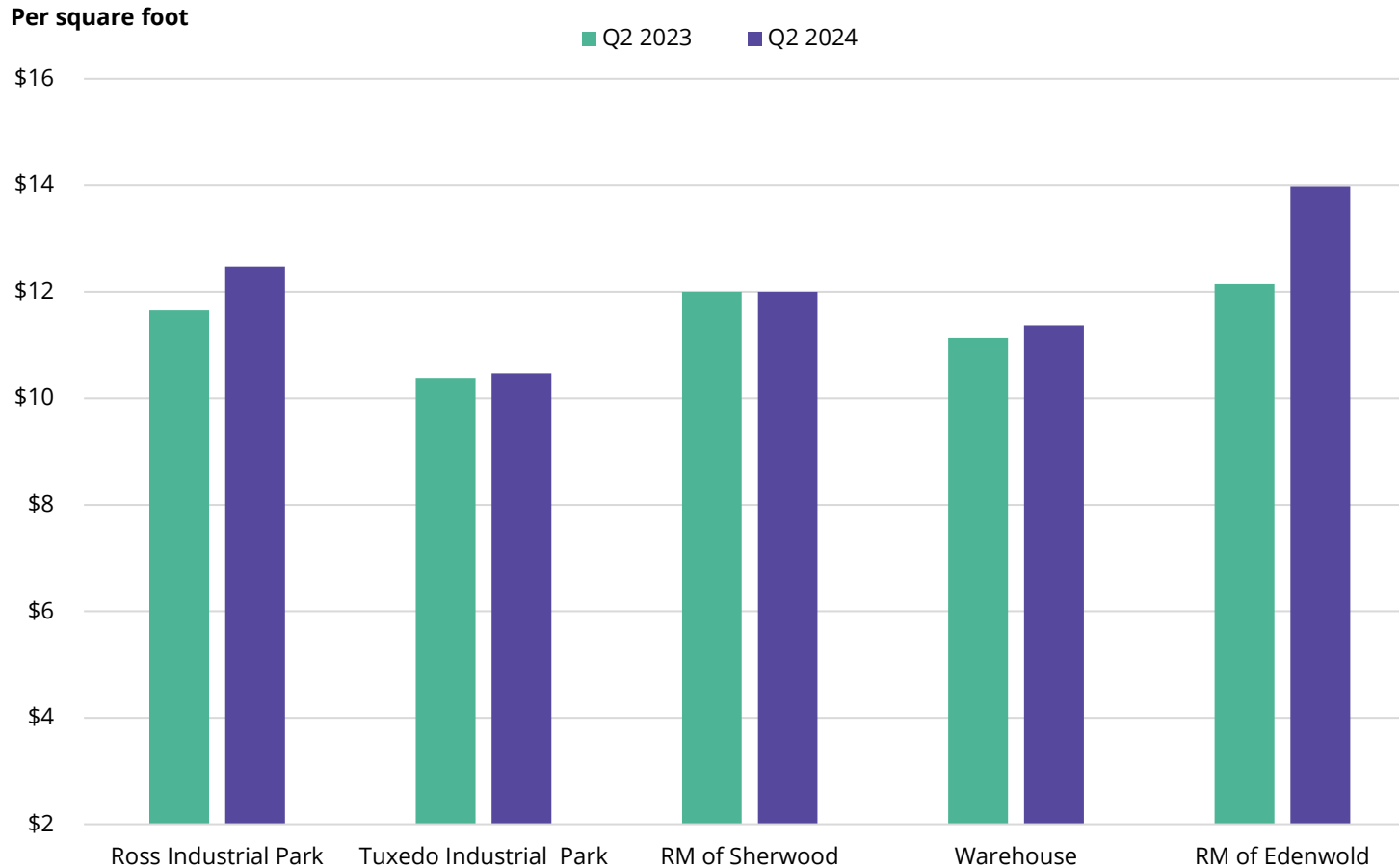


Availability rate by submarkets



Regina and area industrial market indicators

Net asking rent by submarket



Average net asking rents nudged up slightly year-over-year across nearly all industrial submarkets. RM of Edenwold saw the largest increase, with asking rents at nearly \$14 psf.

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