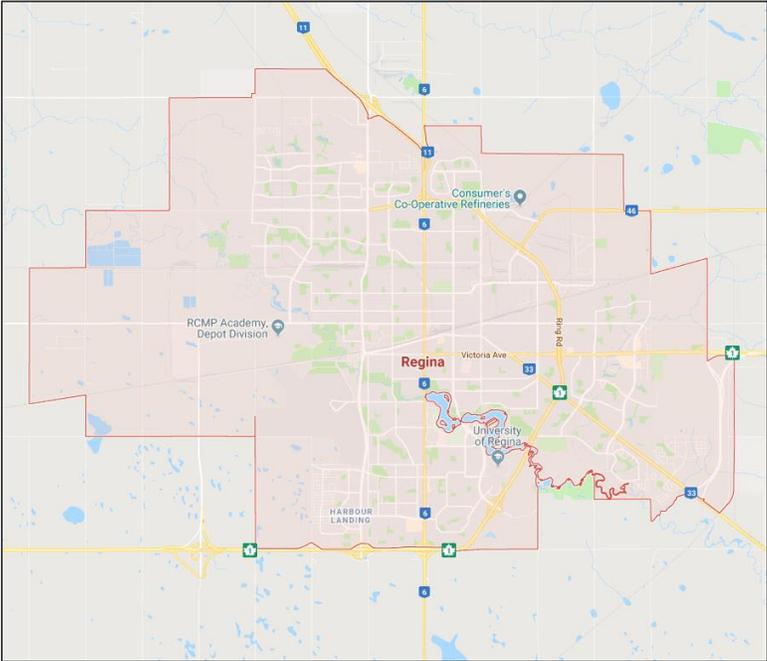


Regina is the capital city of Saskatchewan, located in the southern part of the province on approximately the same parallel as the cities of Winnipeg and Calgary. The United States border is approximately 160 km to the south.

Regina is largely a government city that services the population of southern Saskatchewan and is located in the midst of the wheat farming belt. It has a total CMA population of approximately 231,154 people according to the *2016 Statistics Canada Census Profile*.

CITY MAP



Economy

According to *Avison Young*, Regina's economy has seen a modest recovery in 2017 which is expected to continue into 2018 despite lower commodity prices. In 2017, Regina continued to expand ongoing infrastructure projects such as the nearly \$1 billion downtown revitalization initiative that included the new Brandt stadium, the continued work on the \$1.8 billion major highway bypass route, and the nearly completed \$181 million wastewater treatment plant.

The largest industrial project currently underway in Regina is the Global Transportation Hub. Companies such as CP, Loblaws, Morguard Investments, Saskatchewan Liquor and Gaming Authority and SaskPower operate out of the GTH and employ over 732 people on site. The completion of the Regina Bypass in 2019 will facilitate transportation and improve access to the

GTH. Brightenview commenced construction on its approximately 80,000 square foot Global Trade Exhibition Centre in 2017. There are over 200 acres of land currently ready for subdivision and development.

With its large government sector and the offices of most crown corporations, the city's economy is somewhat less vulnerable to the fluctuations which might be felt in other areas of the province. The downtown area remains active due to the Casino Regina and Show Lounge, the Hill Center III Tower, Agriculture Place and the new Brandt Centre.

Regina has a low rate of unemployment relative to most other Canadian cities, and population growth is expected to continue into the foreseeable future. However, demand remains high for low to mid-range housing accommodations. Major employers in Regina are the provincial and federal governments, Co-op Refinery Complex, Evraz Inc. (formerly IPSCO), Viterra, The Global Transportation Hub, Mosaic Potash and Bayer CropScience.

Technology

Regina's information technology sector has been expanding over the past few years. An estimated 6,000 people now work in Regina's computer service industries. With the Petroleum Technology Research Centre, the Information Technology Building and the Greenhouse Gas Technology Centre in the University's Research and Development Park, Regina is rapidly gaining visibility as a centre for research and information technology.

Rental Real Estate

The CMHC October 2017 survey of the apartment rental vacancy rates show an increase to 7.0% in 2017 from 5.5% in 2016. CMHC reported that Regina has the third lowest vacancy rate in Saskatchewan. However, an average rent in 2017 was \$1,026, up slightly from \$1,023 in 2016.

Office

Previous very strong demand for new and class A office space has now stabilized, resulting in an increased availability of space within Classes B and C. Overall office vacancy rates increased to 12.7% in 2017, according to *Avison Young*, due to reductions in space occupied by government, the resource sector and newly constructed office buildings in the downtown core and suburban areas have increased the inventory. As the market re-balances, absorption remained slow through 2017 with roughly 50,000 square feet of positive absorption of new inventory, according to *Colliers International*. Construction of new inventory has slowed, a trend that is expected to continue into 2018. Due to increased vacancy, lease rates have decreased in existing downtown and suburban space as landlords attempt to retain tenants in a market with increased supply.

Tenants are benefiting from increased choices in available space with landlords more likely to provide reduced net rates and more tenant inducements.

Retail

The retail vacancy rate remained relatively stable at 2.76% in 2017 up slightly from 2.68% in 2016, according to *Colliers International*. The new Grasslands retail centre has entered its final phase of development and continues to expand with the introduction of the new Urban Village in 2017. New tenants that arrived in the area for 2017 included HomeSense, Winners, Brown's Socialhouse, Designer Shoe Warehouse, Good Earth Coffeehouse, Tutti Frutti, and The Chopped Leaf. Structube and Gong Cha are expected to open in early 2018. Most retail activity was concentrated in the Victoria East corridor, Grasslands area, Harbour Landing and Acre 21 within The Greens on Gardiner residential subdivision. New tenants in 2018 will include Costco, Boston Pizza, MacDonald's, Metro Liquor, Dairy Queen, Co-op, Domino's Pizza and Shoppers Drug Mart. According to *ICR Commercial Real Estate*, rental rates for new inventory have remained high throughout 2017 while existing inventory has seen a softening in rates to remain competitive. However, demand remains high for newer space and high profile locations while supply remains limited.

Industrial

The Regina industrial inventory reached approximately 18.7 million square feet in 2017, according to *Colliers International*. Over 200,000 square feet of new industrial space was added in 2017 as construction continues in the Ross Industrial Park and the Global Transportation Hub. Approximately 80,000 sf is currently under construction in the GTH. Tuxedo Industrial continues to be an area of redevelopment with rehabilitation or intensification of older buildings. The second phase of the Dominion Business Park has been recently announced with another 28,850 square feet being planned for 2018. Dream REIT has begun work on the first phase of its Commercial Campus in Harbour Landing, which will include approximately 41,000 square feet of space for industrial warehousing, showrooms and quasi-retail flex spaces. Vacancy was reported at 3.41% in late 2017, the highest vacancy in a decade. This recent rise in vacancy is due to newly developed speculative properties entering the market. Rental rates can range from \$6.00 per square foot for older existing space and as high as \$20 per square foot for new developments. Industrial land ranges from \$160,000 per acre in the Rural Municipality of Sherwood to \$450,000 or more per acre within the City of Regina.

Overall, the Regina economy, despite the recent downturn of the Provincial economy, is relatively good and expected to be stable in 2018.