

City sees industrial land rush

Average price for one acre of land reaches \$275,000

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The market for industrial land in and around Saskatoon keeps rising, along with the cost for a serviced lot.

According to a recent Colliers McClocklin first quarter industrial market report, the average price for an acre of fully serviced industrial land within city limits hit \$275,000 in the three months leading off 2008. In the Marquis Industrial area, some lots were listed as high as \$290,000 per acre and sold at an average of \$294,000 per acre -- seven per cent more than asking price.

"It's unknown who the purchasers are of the land at this time, which I think will tell another story once it comes out," said company president Tom McClocklin, adding those are the highest prices the city has ever seen for industrial lots.

"Is it new businesses coming here? Is it businesses expanding? Is it speculators looking to flip it down the road? Is it developers looking to build and lease it out? It's probably some of all of that."

The average 2007 price of a fully serviced lot in the city hit \$234,000, up from \$190,000 in 2006, according to the report.

McClocklin said fully and partially serviced lots available outside of city limits are becoming a popular option for buyers who don't need to own land in Saskatoon. Lots in the BizHub Industrial Park, located in the R.M. of Corman Park on Highway 16, range in price from \$175,000 to \$300,000 per acre. Industrial lots in Warman, Martensville and Langham are selling for \$150,000 to \$185,000 per acre.

"If you want it in the main part of Saskatoon you're going to have to pay this price, but there are some less expensive options in some of the bedroom communities around Saskatoon if the location isn't as important to you," he said.

While options outside the city provide choice for buyers, industrial land is available in Saskatoon today and there is more on the way, said Trevor Bell, manager of the city's land banking office. To meet demand, Bell said, the city is tripling the number of fully serviced industrial lots it will release this year, up to 140 from the 30 to 40 released in an average year.

"We have accelerated our land development program, both in the residential and industrial side, to try and meet that demand," said Bell.

"Hopefully the demand is being met by our supply inside the city limits, and there's always options for people to go elsewhere if it's advantageous for them."

In March, the city released 69 acres of industrial land. Of that, 28 acres remain for sale, Bell said, adding another 69 acres are set to be ready for sale this summer.

Though the price of industrial land increased by 20 per cent in the first three months of the year, McClocklin said the demand isn't slowing. With the industrial vacancy rate now sitting at 1.94 per cent compared to 2.17 per cent in the second quarter of 2007, he said, the need for more serviced acres is becoming clear.

"I think a lot of businesses are expanding and need more room, and I think there's lots of potential new businesses looking to come to Saskatoon and need a place to go," he said.

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