

Manna Industrial Newsletter provides latest industry trends and updated data of industrial real estate sector in global & regional Markets.

Manna Industrial Property (Value-Add) Limited Partner (the "Fund") is a real estate fund that specializes in the acquisition and management of income producing industrial properties in Canada.

Securities Offered	Class A LP Units*
Distribution Frequency	Quarterly
Preferred Distribution	5% annually
Total Target Return	15%
DRIP	Available with 2% discount
Eligibility	Eligible for Accredited Investment
Investment Style	Income & Growth
Redemption Rights	Subject to quarterly limits and potential charges

MARKET OVERVIEW UNDER COVID-19

-The Greater Vancouver Area industrial market is proving to be resilient against the economic downturn produced by COVID-19.

-Industrial vacancy rate in GVA decrease from 1.7% in Q2 2020 to 1.3% in Q3 2020.

Vacancy

This Quarter

1.3%

Quarter-over-Quarter

↓ 40 bps

Asking Net Rent

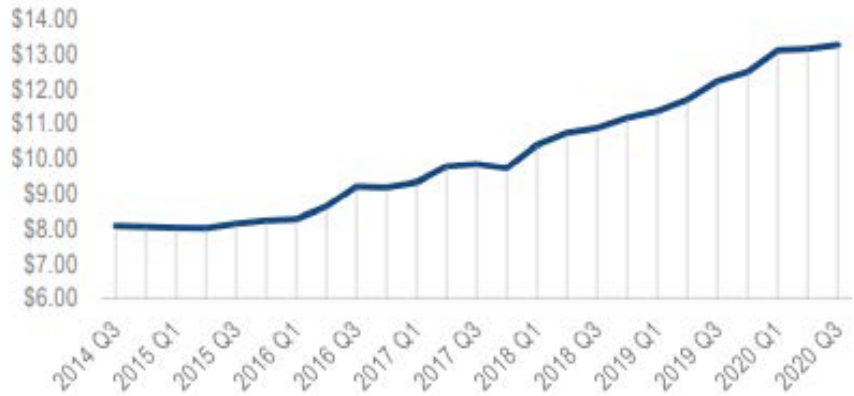
This Quarter (Avg.)

\$13.26 PSF

Year-over-Year

↑ 13.4%

The averaging asking rents went up to 2.5% to \$13.26 PSF in Q3 2020, 13.4% year-over-year increase.



Historical Weighted Average Asking Net Rent in Greater Vancouver Area (Price per SF)

- The leasing market remains active with particularly strong demand for bulk/logistics space (over 100,000 SF). Currently, there are no vacancies in this size segment. Lease transactions in the market are now pointing to the surge in e-commerce requirements as well as companies wanting to increase inventories to build resiliency in their supply chain.
- Small bay product tends to be occupied by smaller businesses with balance sheets that are more vulnerable to the effects of the economic environment relative to larger occupiers who have the ability endure economic uncertainty. As a result, the decrease in vacant space in Q3 2020 in the small bay segment of the market makes this quarter’s statistics especially strong evidence in support of the resiliency of the industrial asset class.
- On a national level, defensive asset classes have exhibited lower levels of cash flow volatility than initially anticipated and ‘cautious optimism’ had returned to the market in Q2, 2020.

Source: <https://www.collierscanada.com/en-CA/Research/vancouver-industrial-market-report-q3-2020>
<https://www.jll.ca/content/dam/jll-com/documents/pdf/research/ca-research-vancouver-industrial-insight-q3-2020.pdf>

VANCOUVER INDUSTRIAL MARKET

The third quarter of 2020 was one of the strongest on record for the Metro Vancouver industrial market with 10 lease deals signed above 100,000 square feet. Six of the 10 deals were for space in new builds, some of which completed this quarter and others which will complete in the next 18 months.

Development/Sales

Under Construction

3.6M SF

New Supply

1.0M SF

Sale Price (Avg.)

\$407 PSF

Year-over-Year

↑ 17.3%

The indication is that Vancouver’s historically low industrial vacancy rate is likely to remain low for the foreseeable future despite challenges arising from the COVID-19 health crisis.

Industrial sales in Q3 2020 saw fewer transactions compare to same period last year, but a higher average price per SF. The decrease in sale transactions can be attributed to a lack of available product in the market in conjunction with some companies taking a cautious approach in evaluating their current industrial footprint and growth strategy

Source: <https://www.realestateforums.com/portal/en/market-news/Publication-Real-Insights/abref-2020-real-insights.html>

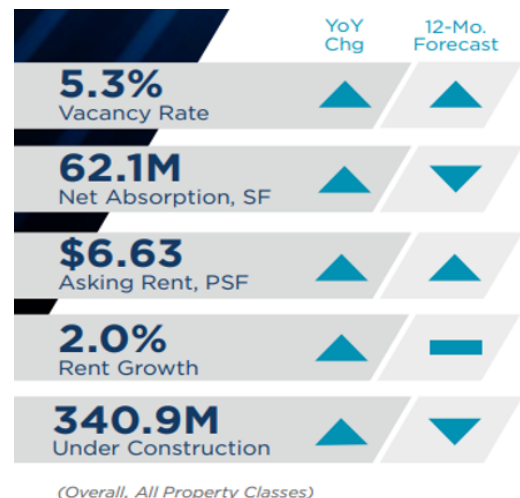
US INDUSTRIAL MARKET IN Q3 2020

Despite the economic turbulence caused by pandemic, The U.S. industrial market, with the continued support from E-commerce, has managed to accelerate through the first three quarters of 2020.

The market has absorbed 62.1million sf in Q3 and brought the year to date total absorption to 159msf, about the same level of 2020. New leasing activity surpassed 100 msf for the 19th consecutive quarter at 155.1msf. This brought the year to date total to 454.9 msf, putting the market on pace to end 2020 with more 500msf of new leasing activity for the sixth year in a row .

New supply at Q3, 2020 totaled 250.3msf year to date-and 8.1% increase year-over-year. On a quarterly basis, the market saw 88.6 msf delivered which is a significant year-over-year increase compared to 75.1 msf in Q3, 2019.

Source: <https://www.cushmanwakefield.com/en/unit-ed-states/insights/us-marketbeats/us-industrial-marketbeat>



THE INTENSIFICATION OF E-COMMERCE SPURS INDUSTRIAL SPACE DEMAND

Even before the pandemic, Vancouver's industrial demand was being driven in large part by last-mile logistics. Online retailers like Amazon, Ikea, and Walmart bought or built about 2.4 M SF of industrial warehouse space across Metro Vancouver in 2019.

Growth in e-commerce has increased significantly since the start of the pandemic. Statistics Canada says e-commerce sales hit a record of \$3.9 B in May, a 2.3% increase over April and 99.3% increase over February. Compared to May 2019, e-commerce sales doubled by 110.8%.

Across all the logistics markets, it's pedal to the metal in response to the momentous increase in online demand to delivering products to an at-home workforce. By the end of the year, there will be significant demand for leasing in the large e-commerce category of industrial buildings.

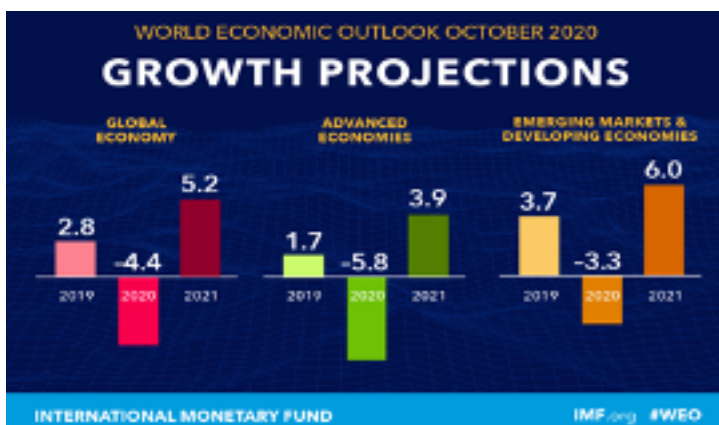
The intensification of e-commerce and logistics services will continue to spur demand for industrial space even further. Consumer expectations for same-day or next-day goods are likely to keep growing, and the lack of well-positioned industrial space is placing a significant strain on various retailers and e-commerce giants that depend on a network of distribution centers.

WORLD ECONOMIC OUTLOOK

The IMF made world economic outlook projection in October, 2020. The global economy is climbing out from the depths to which it had plummeted during the Great Lockdown in April. However, there is long way to go back to pre-pandemic level of activities.

Global growth is projected at -4.4 percent in 2020, a less severe contraction than forecast in the June 2020. The revision reflects better-than anticipated second quarter GDP outturns, mostly in advanced economies, where activity began to improve sooner than expected after lockdowns were scaled back in May and June, as well as indicators of a stronger recovery in the third quarter.

Global growth is projected at 5.2 percent in 2021, a little lower than in the June 2020 update, reflecting the more moderate downturn projected for 2020 and consistent with expectations of persistent social distancing. Following the contraction in 2020 and recovery in 2021, the level of global GDP in 2021 is expected to be a modest 0.6 percent above that of 2019. The growth projections imply wide negative output gaps and elevated unemployment rates this year and in 2021 across both advanced and emerging market economies.



来源: <https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020>

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