

Well-Planned Inland Ports and Industrial Parks:

A Key Growth Opportunity for the Saskatchewan Economy

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Industrial parks are a key component of regional economies and local opportunities. When accompanied by a road and/or rail interface, these locations become even more strategic and coveted, whether they were created through private, public, or public-private partnership investment. Three distinct examples of these new “super economies” exist in Saskatchewan: the Global Transportation Hub (GTH) and Chuka Creek Business Park in Regina and the Saskatoon Transportation Link (STL) southeast of Saskatoon.

While the term “inland port” may seem contradictory, these road-to-rail hubs provide a key opportunity to stimulate Saskatchewan’s economy through additional trading opportunities within the larger continental and global trade networks – if we invest the necessary time and resources in their development, that is. And, in the

process of building them out from concept to completion, the regional economy experiences a major surge in investment spending.

The three parks are at different stages of completion. The 1,870-acre GTH has close to 50% of its developable land sold, with approximately 15% completely developed. A dozen businesses occupy 1.5 million square feet, with the anchor businesses being CP’s intermodal operation and Loblaw’s western Canadian distribution centre.

Located in the Rural Municipality of Blucher’s commercial power centre, the 750-acre STL is in the early stages of development but has a canola processing facility on site as well as both major railways intersecting the property. The 168-acre Chuka Creek Business Park on Regina’s eastern fringe is now operational, has world-class transload equipment in place, and has

development sites ready for business.

All three parks have the potential to dramatically increase the efficiency of moving international shipments from ports to inland prairie distribution centres. This is a particularly important imperative for landlocked, trade-reliant provinces like Saskatchewan. The opposite traffic flow is even more beneficial for export-driven economies such as ours because the majority of our real GDP is export-based and our transportation relies entirely on road and rail. Many major exporters choose their rail service provider based on the ports it can access. The GTH, Chuka Creek, and STL projects promise to help address this reality, allowing Saskatchewan to capitalize on its advantageous position as a major east-west axis for highways, as well as the transcontinental railway routes.

Based on the GTH’s sheer scale and the progress that has taken place thus far, we can use it as an example to forecast the benefits to the region of inland ports such as these. The benefits are far reaching but can be divided into four major categories:

- Labour growth and diversification
- Industrial construction
- Residential construction
- Branding

The first three categories are helping Saskatchewan reach a critical mass of value-added processing, warehousing, and distribution. Branding supports the argument that the region is undergoing a brand refresh, becoming less of a government-driven city and instead one that enjoys centralized economic power in

CURRENT BUILDINGS AT THE GLOBAL TRANSPORTATION HUB (GTH) IN REGINA. PHOTO COURTESY OF GTH.



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RAIL TERMINAL AT THE GLOBAL TRANSPORTATION HUB (GTH) IN REGINA. PHOTO COURTESY OF GTH.

the province that will positively influence foreign direct investment – and also help fuel prosperity across the province (Evrax Steel, Consumers Co-operative Refinery, Brandt Industries, and AGT Food and Ingredients are a few examples).

To assess labour impact, we explored the GTH, which currently employs approximately 900 people on site; when the complex is fully developed, that number will jump dramatically. Based on our estimates (see sidebar), the GTH could provide jobs for close to 7,700 people, creating new employment opportunities that contribute to the overall prosperity of the region. The same assumptions can be made for Chuka Creek and the STL, thus compounding the potential beneficial outcome when all are complete.

The labour required on site will drive residential construction of various types, in turn supporting the retail, commercial, entertainment, and institutional sectors. The proximity of the GTH to important transportation corridors offers a key advantage, along with a wide range of labour requirements. One can reasonably conclude that there will be synergy with Saskatchewan's agriculture, manufacturing, processing, and mining industries, offering significant new cost-saving and trading opportunities, along with a more diversified labour force. Using Statistics Canada's average home size and cost, the compounding numbers are dramatic. The current labour force on site would nearly mirror the population of Saskatoon's major suburban city – Martensville – not including service jobs for GTH-located businesses. Given the gap between Regina's

and Saskatoon's GDPs (\$17.9 billion and \$22.7 billion, respectively) and populations (Regina, 257,337, and Saskatoon, 322,568, according to StatsCan's 2018 data), a labour surge would benefit Regina as well. A reasonable new-home construction estimate supports a direct housing impact of close to \$800 million.

Industrial construction costs (roads, infrastructure, and buildings) stand to have the largest impact on growth. Based on a reasonable all-in cost of \$350 per square foot for warehouse and distribution facilities, approximately \$4.5 billion worth of work will be completed during the project's lifespan on the development stage alone. Assuming a 3–5% investment in ongoing maintenance, up to an additional \$224 million worth of work will be created – and the synergy that follows compounding growth will be realized. If large-scale value-added agri-food or energy processing facilities locate on the site, these estimates could increase significantly.

The overall impact is staggering. More than just being the right fit for Saskatchewan's economy, these projects take advantage of global economic trends and shifting trade norms that make inland ports and industrial parks particularly attractive. In the post rail-consolidation era, these “sub-economy” super distribution centres are essential to our future.

With greater attention from the global business community, these projects will help Saskatchewan further capitalize on its position as one of Canada's most business-friendly environments, moving well beyond its reputation as Canada's breadbasket and broadening trading opportunities, increasing efficiencies, and keeping our province competitive on the national stage.

If we are to realize the long-term success of the GTH, Chuka Creek, and the STL, we need a significant commitment from federal, provincial, and regional governments, from industry associations, and from private sector leaders. These projects require time, patient capital, persistent leadership, strong management, regional collaboration, and adaptable governance. But it is clear that Saskatchewan inland ports and industrial parks provide a key economic opportunity that enables us to share our abundant resources beyond our borders and to realize maximum benefit for the people of our province.

THE GLOBAL TRANSPORTATION HUB'S ECONOMIC IMPACT

Calculation Assumptions:

- **Current industrial inventory:**
1.5 million square feet (MSF) using 20% of occupied land (known as site coverage ratio)
- **Current people employed on site:**
900
- **Current occupancy ratio:**
1.5 MSF / 900 people = 1,667 square feet per person
- **Full-build forecast based on 20% site coverage on 1,470 net developable acres:**
 $1,470 \times 20\% = 294 \text{ acres} \times 43,560 \text{ square feet per acre} = 12.8 \text{ MSF building inventory}$
- **Labour impact (employment on site):**
 $12.8 \text{ MSF} / 1,667 \text{ square feet per person} = \text{capacity for } 7,678 \text{ jobs on site}$
- **Residential housing impact:**
 $7,678 \text{ jobs} / 3.0 \text{ average family size} = 2,559 \text{ homes}$
- **Residential construction impact:**
 $2,559 \text{ new homes} \times \$310,000 = \$793 \text{ million}$
- **Industrial construction impact:**
 $12.8 \text{ MSF} \times \$350 \text{ per square foot} = \4.48 billion

Economic benefits expand past housing. Families will spend on food, entertainment, shopping, vehicles, and more. Ongoing services for occupants grow exponentially.



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