

## WINNIPEG OFFICE

### Economic Indicators

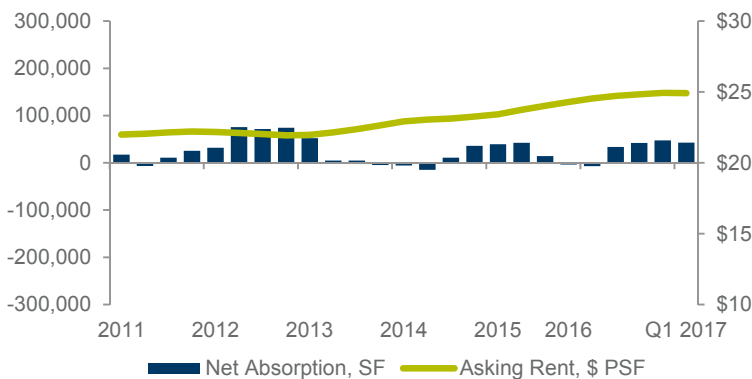
	Q1 16	Q1 17	12-Month Forecast
Winnipeg Employment	425K	426K	▲
Winnipeg Unemployment	6.3%	6.7%	▲
Canada Unemployment	7.3%	6.7%	▼

### Market Indicators (Overall, All Classes)

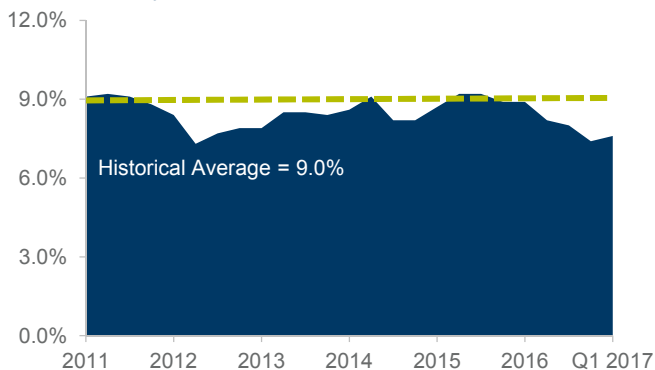
	Q1 16	Q1 17	12-Month Forecast
Overall Vacancy Rate	8.9%	7.6%	▼
Net Absorption (sf)	(5,639)	(24,571)	▼
Average Asking Rent*	\$24.93	\$24.87	▼

\*Rental rates reflect gross asking \$psf/year

### Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



### Overall Vacancy



## Economy

The Canadian unemployment rate dropped two-tenths of a percent from 6.9% last quarter to 6.7% in Q1 2017. Growth in Manitoba's economy is forecasted to reach 2.0% in 2017. (Conference Board of Canada).

Following two consecutive years of favourable growth conditions, Manitoba's agriculture sector is forecasted to cool off in 2017, though it is not expected to significantly hinder economic growth.

## Market Overview

New office developments in the Central Business District are impacting the market in a number of ways. Some landlords of existing class A and class B product are already undertaking a proactive approach to both the retention and attraction of tenants by upgrading their properties. Landlords that have not made this investment are at greater risk of losing tenants and are faced with increasing vacancy rates. Despite the rising uncertainty in the market, rental rates have remained relatively stable. Some landlords are offering larger than normal leasehold improvement allowances as they compete for tenants, recognizing that relocation costs can be a major deterrent for companies.

The Suburban market has been quiet as vacancy rates have remained low and the inventory has remained static. As a result of these market conditions, net rental rates are increasing at a quicker pace compared to the Central Business District.

## Outlook

The volume of leasing activity is expected to increase over the course of the year in anticipation of new inventory coming to market and tenants searching for better quality space. A few large tenants in the Central Business District moving into new inventory will displace significant blocks of contiguous space, which landlords will likely need to update in order to be able to attract tenants.

This environment will put downward pressure on rental rates and increase landlord's leasing expenses until the new inventory has been absorbed into the market.

## MARKETBEAT

## Winnipeg, MB

Office Q1 2017


 CELEBRATING  
**100**  
 YEARS

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	AVERAGE NET RENTAL RATE	AVERAGE GROSS RENTAL RATE
Class A CBD	9	2,919,540	32,659	102,536	4.6%	(8,915)	(8,915)	360,000	\$19.95	\$36.31
Class B CBD	27	3,587,840	0	341,489	9.5%	(24,069)	(24,069)	0	\$14.46	\$28.37
Class C CBD	65	3,827,716	0	357,615	9.3%	7,923	7,923	0	\$11.25	\$20.52
<b>CBD Totals</b>	<b>101</b>	<b>10,335,096</b>	<b>32,659</b>	<b>801,604</b>	<b>8.1%</b>	<b>(25,061)</b>	<b>(25,061)</b>	<b>360,000</b>	<b>\$13.63</b>	<b>\$25.60</b>
Class A Suburban	5	202,385	0	16,998	8.4%	0	0	32,000	\$21.24	\$30.65
Class B Suburban	34	1,407,068	2,072	24,744	1.9%	5,831	5,831	0	\$11.45	\$18.19
Class C Suburban	35	1,535,457	14,812	135,557	9.8%	(5,341)	(5,341)	0	\$11.03	\$20.79
<b>Suburban Totals</b>	<b>73</b>	<b>3,144,910</b>	<b>16,884</b>	<b>177,229</b>	<b>6.2%</b>	<b>490</b>	<b>490</b>	<b>0</b>	<b>\$12.69</b>	<b>\$21.99</b>
<b>WINNIPEG TOTALS</b>	<b>174</b>	<b>13,480,006</b>	<b>49,543</b>	<b>978,939</b>	<b>7.6%</b>	<b>(24,571)</b>	<b>(24,571)</b>	<b>392,000</b>	<b>\$13.44</b>	<b>\$24.87</b>

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	AVERAGE NET RENTAL RATE	AVERAGE GROSS RENTAL RATE
Class A	13	3,121,195	32,659	119,534	4.9%	(8,915)	(8,915)	392,000	\$20.24	\$35.04
Class B	61	4,994,908	2,072	366,233	7.4%	(18,238)	(18,238)	0	\$14.21	\$27.55
Class C	100	5,363,173	14,812	493,172	9.5%	2,582	2,582	0	\$11.19	\$20.59

## Key Lease Transactions Q1 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
360 Main Street	16,702	n/a	Head Lease	CBD
220 Portage Avenue	45,407	n/a	Head Lease	CBD

## Key Sales Transactions Q1 2017

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
n/a				

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