

## WINNIPEG OFFICE

### Economic Indicators

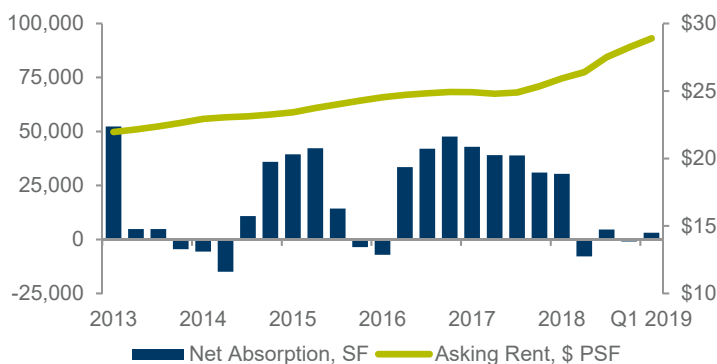
	Q1 18	Q1 19	12-Month Forecast
Winnipeg Employment	431K	444K	▲
Winnipeg Unemployment	6.0%	5.4%	▼
Canada Unemployment	5.8%	5.8%	■

### Market Indicators (Overall, All Classes)

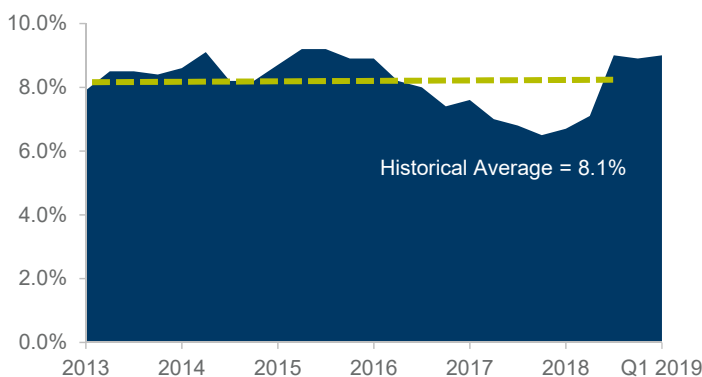
	Q1 18	Q1 19	12-Month Forecast
Overall Vacancy Rate	6.7%	9.0%	▲
Net Absorption (sf)	-26,889	-10,559	▲
Average Asking Rent*	\$27.17	\$29.81	▲

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

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



### Overall Vacancy



## Economy

The Canadian employment rate climbed slightly to 5.8% in the first quarter of 2019, up from 5.6% last quarter as gains in employment in January and February 2019 were offset by job losses in March 2019. Winnipeg's unemployment rate on the other hand fell to 5.4% during this same period.

(Statistics Canada)

## Market Overview

The overall vacancy rate in the first quarter of 2019 was 9.0%; almost unchanged from the fourth quarter of 2018 as negative absorption of 27,320 square feet (sf) in the overall Class B market was largely offset by positive absorption in the Class A and C markets totalling 16,761 sf.

The vacancy rate of 10.5% in the first quarter of 2019 for Class A Central Business District (CBD) buildings remains much higher than the historical average, as True North Square's additional 365,000 sf that came to market in July 2018 has yet to be fully absorbed. This premium office space has pushed the average net rent from \$19.93 per square foot (psf) in the first quarter of 2018 to \$25.97 psf in the first quarter of 2019.

The impact of this new supply in the CBD extended into the Class B and Class C markets as vacancy rates increased and rental rates declined year-over-year. Class B vacancy has risen to 10.2% and Class C vacancy now sits at 10.3%. As expected, net rental rates in both the Class B and C market have declined to \$15.13 psf and \$11.38 psf respectively.

This tenant friendly market has not extended to the Suburban office market as overall vacancy rates declined 600 basis points from last quarter to 4.4%, and rental rates increased by \$0.93 psf to now average \$14.01 psf. It is anticipated that the completion of a new Class A building in the Sterling Lyon Business Park later this year will result in a changing dynamic for the Suburban market.

## Outlook

The opportunities for tenants in the CBD will continue throughout 2019. Their negotiating position with existing landlords will remain strong and those prepared to relocate will receive very attractive proposals from competing landlords. Tenants are well advised to begin the search process at least eighteen months in advance of their lease expiring. Likewise, landlords may benefit from initiating early renewal discussions with their existing tenants to understand their future facility plans and be able to react accordingly.

## MARKETBEAT

## Winnipeg, MB

Office Q1 2019



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	10	3,284,540	18,325	327,128	10.5%	-	-	0	\$25.97	\$43.85
Class B CBD	27	3,587,840	14,859	352,239	10.2%	-42,444	-42,444	0	\$15.13	\$29.29
Class C CBD	61	3,667,669	8,689	367,270	10.3%	12,791	12,791	0	\$11.38	\$21.48
<b>CBD Totals</b>	<b>98</b>	<b>10,540,049</b>	<b>41,873</b>	<b>1,046,637</b>	<b>10.3%</b>	<b>-29,653</b>	<b>-29,653</b>	<b>0</b>	<b>\$17.43</b>	<b>\$30.77</b>
Class A Suburban	4	202,385	0	8,923	4.4%	6,550	6,550	89,000	\$21.24	\$31.01
Class B Suburban	34	1,407,068	6,045	31,442	2.7%	15,124	15,124	0	\$13.52	\$24.40
Class C Suburban	35	1,535,457	3,311	87,262	5.9%	-2,580	-2,580	0	\$11.71	\$21.34
<b>Suburban Totals</b>	<b>73</b>	<b>3,144,910</b>	<b>9,356</b>	<b>127,627</b>	<b>4.4%</b>	<b>19,094</b>	<b>19,094</b>	<b>89,000</b>	<b>\$14.01</b>	<b>\$23.93</b>
<b>WINNIPEG TOTALS</b>	<b>171</b>	<b>13,684,959</b>	<b>51,229</b>	<b>1,174,264</b>	<b>9.0%</b>	<b>-10,559</b>	<b>-10,559</b>	<b>89,000</b>	<b>\$16.99</b>	<b>\$29.81</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	14	3,486,925	18,325	336,051	10.2%	6,550	6,550	89,000	\$25.58	\$42.20
Class B	61	4,994,908	20,904	383,681	8.1%	-27,320	-27,320	0	\$15.00	\$28.89
Class C	96	5,203,126	12,000	454,532	9.0%	10,211	10,211	0	\$11.45	\$21.45

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