

YoY
Chg 12-Mo.
Forecast**11.2%**

Vacancy Rate

**49,548**

Net Absorption, SF

**\$29.57**

Asking Gross Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS
Q4 2019YoY
Chg 12-Mo.
Forecast**445K**

Winnipeg Employment

**5.3%**Winnipeg
Unemployment Rate**5.9%**Canadian
Unemployment Rate

Source: Statistics Canada

SUPPLY: Potential Conversions to Residential Uses

2019 was capped off with the completion of 223 Carlton Street at True North square, adding 27,000 square feet (sf) to the Class A inventory. The expansion of the Class A market will continue as Wawanesa has announced intentions to build a new 300,000-square foot head office in the True North Square development in the next 36 months. The growth in Class A inventory from the first quarter of 2018 to the end of 2019 has had a positive effect on the Class B and Class C markets. Landlords have increased investment in older properties as they jockey for position to secure tenants in a "move up" market. To deal with the ballooning Class B and Class C vacancy, some office buildings may be converted to residential use. The Kennedy Medical Arts building is the most recent example of an office -to-residential conversion, currently under construction. A second building, 433 Main Street, was also purchased this year and will be redeveloped by the new owner as an office/residential mixed-use development.

DEMAND: Leasing Slows After Strong 2018

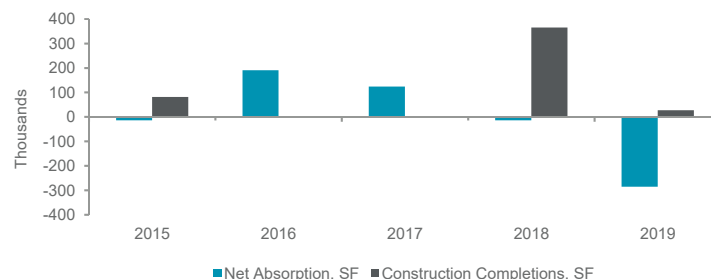
The demand for office space in the downtown and suburban market is expected to remain strong in 2020. Active sectors will include technology, customer service centre's and medical offices. It is expected the government will be more active as cost cutting and consolidation will be key objectives.

Despite a record number of new lease transactions being completed in the past 24 months, the vacancy rate jumped to 11.2% at the end of the fourth quarter of 2019, up from 10.5% recorded one-year-ago. The draw of new best-in-class office space has proved irresistible as 8 companies have chosen to relocate to new offices - incorporating new standards for workplace environments and benefiting from enhanced building amenities. The significant increase in vacancy this quarter was due to a reconciliation of the competitive office inventory. Overall the downtown CBD recorded negative absorption of 299,363 sf in 2019.

PRICING: Top of Market Rents Sharply Higher

Top of market rents for best-in-class space are now approximately \$32.00 per square foot. The overall CBD market rent based on availability is lower; however, as Class B and Class C vacancy rates are expected to spike as tenants transition to new Class A premises. Overall, the rents in the Class B and C markets will increase as demand with the Class A assets continues.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & GROSS ASKING RENT



Winnipeg, MB

Office Q4 2019

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	AVERAGE NET ASKING RENT	AVERAGE GROSS RENTAL RATE
Class A CBD	3,312,440	91,066	274,440	11.0%	131,293	7,847	89,000	\$22.32	\$40.91
Class B CBD	3,587,840	40,389	466,043	14.1%	4,102	-181,778	0	\$15.65	\$30.35
Class C CBD	3,681,513	0	524,607	14.2%	-60,424	-125,432	0	\$12.46	\$23.68
CBD Totals	10,581,793	131,455	1,265,090	13.2%	74,971	-299,363	89,000	\$16.14	\$30.33
Class A Suburban	202,385	0	6,550	3.2%	0	8,923	0	\$21.24	\$30.99
Class B Suburban	1,407,068	6,045	53,300	4.2%	-25,424	-6,734	0	\$16.97	\$25.82
Class C Suburban	1,535,457	759	75,798	5.0%	1	11,436	0	\$11.57	\$20.76
Suburban Totals	3,144,910	6,804	135,648	4.5%	-25,423	13,625	0	\$15.19	\$24.37
WINNIPEG TOTALS	13,726,703	138,259	1,400,738	11.2%	49,548	-285,738	89,000	\$16.02	\$29.57

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
242 Hargrave Street	CBD	SkiptheDishes	96,000	Direct

KEY SALES TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
N/A				

KEY CONSTRUCTION COMPLETIONS 2019

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
True North Square – 223 Carleton	CBD		27,000	

LOCAL MARKET RESEARCH LEAD

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