

Winnipeg, MB

Office Q3 2020

YoY Chg 12-Mo. Forecast

10.4%
Vacancy Rate



-8,087
Net Absorption, SF



\$29.94
Asking Gross Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2020

YoY Chg 12-Mo. Forecast

437K

Winnipeg Employment



8.7%

Winnipeg Unemployment Rate



8.9%

Canadian Unemployment Rate



Source: Statistics Canada
October Labour Market Survey

DEMAND

The overall vacancy rate in the third quarter of 2020 remained flat from the previous quarter, holding at 10.4% vacancy. The overall Central Business District had a 40-basis points (bps) increase in vacancy from last quarter to reach 11.4%. Declining vacancy was only recorded in the Class A market, with vacancy declining to 9.3%, with 4,382 square feet (sf) of positive absorption. The Downtown Class B market recorded an increase in vacancy of 90 bps from the second quarter to reach 13.0% vacancy, with that segment seeing 37,395 sf of negative absorption this quarter. The Class C Downtown market also softened, with a 50-bps increase in vacancy quarter-over-quarter to 11.7%. In the Suburban market, the Class B market was incredibly strong, as vacancy declined from 8.0% in the second quarter to reach 4.7% this quarter. The Class A Suburban market remained flat at 14.5% vacancy and additionally saw no increase in sublet space. Vacancy in the Class C Suburban market softened by 10-bps to 7.4% quarter-over-quarter. Winnipeg's sublease market experienced a small increase in vacancy from last quarter; however, it remains relatively stable in contrast to many major Canadian markets that have experienced a substantial increase in sublet space since the start of the COVID-19 pandemic.

PRICING

Counterintuitively to rising vacancy rates, asking net rental rates rose in almost every market from the previous quarter, the exceptions being in the Class A Suburban market where rental rates remained flat, and the Downtown Class C market where rental rates fell. COVID-19 has had a tremendous impact on the way employers are utilizing their office space, with many office employees continuing to work from home. Office vacancy rates are steadily rising in most segments of the Winnipeg office market, but there has yet to be any corresponding reduction in asking rates that many tenants expected to see due to the pandemic. Many companies are not making major real estate decisions for the next 12 months, as short-term renewals are becoming increasingly prevalent. Landlords are allowing this type of flexibility in order to maximize their chances of retaining tenants and keeping rental rates stable.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & GROSS ASKING RENT



Winnipeg, MB

Office Q3 2020

SUBMARKET	INVENTORY	SUBLET VACANCY (SF)	DIRECT VACANCY (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	3,576,740	45,972	287,741	9.3%	4,382	72,347	0	\$20.59	\$39.51
Class B CBD	4,066,088	37,973	490,145	13.0%	-37,395	2,166	0	\$15.95	\$30.79
Class C CBD	4,108,634	9,980	471,273	11.7%	-20,337	-21,052	0	\$12.60	\$24.59
CBD Totals	11,751,462	93,925	1,249,159	11.4%	-53,350	53,350	0	\$16.21	\$31.08
Class A Suburban	259,385	0	37,550	14.5%	0	0	60,000	\$21.24	\$30.99
Class B Suburban	1,402,276	2,558	62,677	4.7%	46,868	-5,890	0	\$14.69	\$22.46
Class C Suburban	1,535,457	10,569	102,640	7.4%	-1,605	-36,652	0	\$12.89	\$24.01
Suburban Totals	3,197,118	13,127	202,867	6.8%	45,263	-42,542	60,000	\$14.74	\$24.50
WINNIPEG TOTALS	14,948,580	107,052	1,452,026	10.4%	-8,087	10,919	60,000	\$15.98	\$29.94

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1150 Waverley Street	Suburban	Precision ADM	5,100	Relocation
1536 Gamble Place	Suburban	Assante Wealth Management	14,600	Relocation
1661 Portage Avenue	Suburban	Canola Growers Association	17,000	Relocation
234 Donald Street	CBD	PWGSC	40,000	Relocation
400 Ellice Avenue	CBD	Symcor	22,500	Relocation
375 Main Street	CBD	Marsh Canada Limited	13,850	Renewal
242 Hargrave Street	CBD	BDC	7,500	Relocation

KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	Price
669 Osborne Street	Suburban	N/A	3,800	\$1,500,000
1700 Ness Avenue	Suburban	N/A	8,800	\$1,365,000

KEY CONSTRUCTION PROJECTS YTD 2020

PROPERTY	SUBMARKET	Class	SF	OWNER / DEVELOPER
1540 Gamble Place	Suburban	B	34,000	PCL Construction
Tuxedo Business Park (Building 15)	Suburban	B	60,000	Terracon
The District at Bridgwater	Suburban	B	133,000	Private Pension Partners
The Refinery District (Building C)	Suburban	B	56,000	Hopewell Development
The Refinery District (Ballantreave Drive)	Suburban	B	300,000	Hopewell Development
129 McDermot Avenue	CBD	A	125,000	United Equities

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