

# Winnipeg, MB

Office Q4 2022

YoY Chg      12-Mo. Forecast

**13.3%**  
Vacancy Rate



**-596K**  
Net Absorption, SF



**\$27.76**  
Asking Gross Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q4 2022

YoY Chg      12-Mo. Forecast

**459.7K**  
Winnipeg Employment



**4.5%**  
Winnipeg Unemployment Rate



**5.0%**  
Canadian Unemployment Rate



Source: Statistics Canada

## ECONOMY

Winnipeg is likely to feel the same economic pressures as cities in other prairie provinces in 2023, considering the weaker export activity as U.S. economic growth slows and interprovincial trade eases. Agriculture growth has been strong leading into 2023 as key crop prices such as wheat and canola are elevated, although coming down from their high in early 2022.

Higher borrowing costs will impact the province, although more moderately as Manitobans carry a smaller debt load on average than many other parts of the country. Housing demand is also weathering the storm seeing a smaller drop in sales and more affordability than in other Canadian provinces. The topic of conversation has not strayed from interest rate increases and inflationary pressures, which will continue to trend throughout the first half of 2023, if not longer.

## SUPPLY & DEMAND

Winnipeg's office market saw an increase in vacancy in the fourth quarter of 2022, rising to 13.3%. This represents a 60 basis points (bps) increase quarter-over-quarter (QOQ) and an 80-bps year-over-year (YOY). Companies continue to reevaluate their future office space needs as they near renewal deadlines. Hybrid work models, back-to-office, and right-sizing of office space are common conversation topics.

Winnipeg's Central Business District (CBD) had positive absorption in the fourth quarter of 2022. Suburban markets continue to remain strong despite the negative absorption this quarter. The trend continues as office tenants show a flight to quality, both in downtown and suburban markets. Attraction and retention of employees is a major topic, as office tenants focus on higher quality space with immediate and surrounding amenities that employees desire.

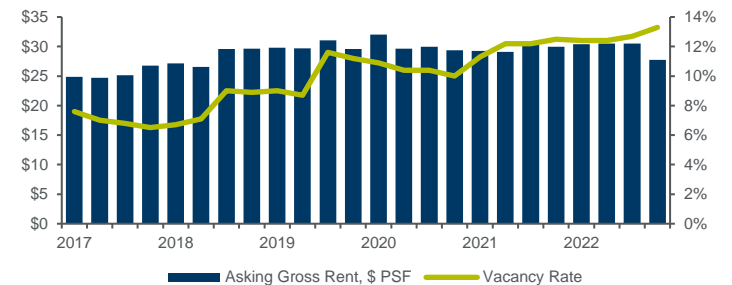
## PRICING

Asking rates have softened, as Winnipeg saw a QOQ reduction in net rents from \$16.38 per square foot (psf) to \$16.18 psf. Landlords who held rents during the pandemic are beginning to see value in lowering rents to attract tenants. It is expected this trend will continue as office tenants reach decision-making deadlines of short-term renewals agreed to during the pandemic.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & GROSS ASKING RENT



SUBMARKET	INVENTORY	SUBLET VACANCY (SF)	DIRECT VACANCY (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	AVERAGE NET ASKING RENT	AVERAGE GROSS RENTAL RATE
Class A CBD	3,382,672	31,732	242,228	8.1%	149,926	147,936	\$21.48	\$39.62
Class B CBD	3,669,987	2,453	577,680	15.8%	86,263	34,783	\$16.01	\$30.57
Class C CBD	5,692,280	17,357	617,256	11.1%	33,319	51,393	\$13.40	\$24.16
<b>CBD Totals</b>	<b>12,744,939</b>	<b>51,542</b>	<b>1,437,164</b>	<b>11.7%</b>	<b>269,508</b>	<b>234,112</b>	<b>\$16.17</b>	<b>\$30.27</b>
Class A Suburban	1,507,183	11,316	494,269	33.5%	-301,026	-270,564	\$21.90	\$30.06
Class B Suburban	4,740,715	2,972	506,250	10.7%	-321,722	-337,319	\$14.91	\$22.90
Class C Suburban	2,754,082	22,494	362,979	14.0%	-243,010	-223,471	\$12.44	\$19.40
<b>Suburban Totals</b>	<b>9,001,980</b>	<b>36,782</b>	<b>1,363,498</b>	<b>15.6%</b>	<b>-865,758</b>	<b>-831,354</b>	<b>\$16.20</b>	<b>\$23.85</b>
<b>WINNIPEG TOTALS</b>	<b>21,746,919</b>	<b>88,324</b>	<b>2,800,662</b>	<b>13.3%</b>	<b>-596,250</b>	<b>-597,242</b>	<b>\$16.18</b>	<b>\$27.76</b>

## KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SF (+/-)	TYPE
200-1601 Regent Avenue	Non-CBD	6,181	Lease
1379 Kenaston Boulevard	Non-CBD	6,059	Lease
661 Century Street	Non-CBD	2,700	Lease
1859 Portage Avenue	Non-CBD	2,700	Lease
102-865 Waverley Street	Non-CBD	2,363	Lease

## KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SF	PURCHASER TYPE
566 Bannatyne Avenue	Non-CBD	8,244	Investor
222 Osborne N Street	CBD	9,108	Investor
417 St Anne's Road	Non-CBD	6,270	Investor

## KEY UNDER CONSTRUCTION PROJECTS

PROPERTY	SUBMARKET	CLASS	SF	OWNER/DEVELOPER
Wawanesa Tower	CBD	AA	336,000	True North Development

## LOCAL MARKET RESEARCH CONTACTS

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