

Winnipeg, MB

Office Q4 2023

YoY Chg 12-Mo. Forecast

12.6%
Vacancy Rate



112K
Net Absorption, SF



\$29.16
Asking Gross Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2023

YoY Chg 12-Mo. Forecast

479.1K
Winnipeg Employment



4.5%
Winnipeg
Unemployment Rate



5.8%
Canadian
Unemployment Rate



Source: Statistics Canada

ECONOMY

Winnipeg has seen year-over-year (YOY) employment growth of 2.3% as of December 2023, adding approximately 11,000 jobs. Canada's unemployment rate remained unchanged from last month at 5.8%, while Winnipeg's unemployment rate has trended downward to 4.5% as of December 2023, signaling a strong labour market. Canada's interest rates are holding at 5% with the most recent announcement on December 6th, 2023, as GDP, employment and inflation all show signs of slowing. The next rate announcement is January 24th, 2024, and rates are expected to hold flat, with many experts expecting to see a rate cut by sometime mid-2024. We expect the start of 2024 to be slow from a transaction standpoint, with the potential to ramp up in the later months as many groups are holding off on deploying capital.

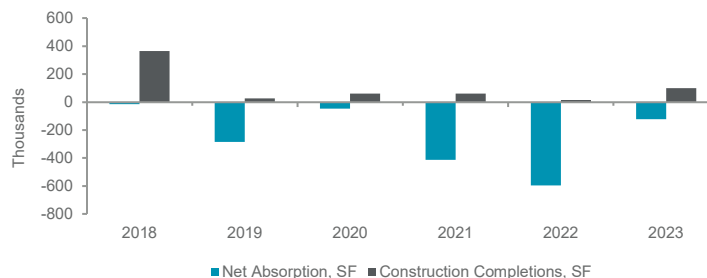
SUPPLY & DEMAND

Considering the economic downturn that Canada has faced - Winnipeg being no exception - Winnipeg was preparing for a large influx of downtown office vacancy heading into the fourth quarter of 2023. However, that changed when the Manitoba Metis Federation purchased 200 Main Street and the adjacent property of 165 Fort Street. This transaction, totaling 111,778 square feet, shows significant support of Winnipeg's downtown office market. Winnipeg's Downtown vacancy remains at 13.5% as tenants continue to discuss downsizing as they enter into new lease and lease renewal discussions.

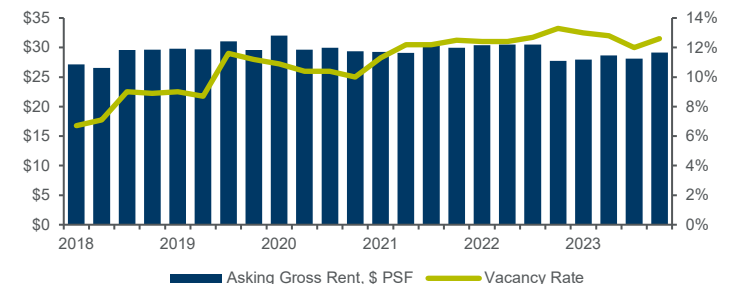
PRICING

The CBD and suburban markets remained steady through the fourth quarter of 2023, with the CBD market posting an asking rent of \$16.21 per square foot (psf), and the suburban market only slightly lower at \$16.10 psf. Looking back to the first quarter of 2023, and even previous years, many would have assumed to see a rate reduction by now in Winnipeg's CBD market; however, the city remains steady, as is often the story with Winnipeg's market. For tenants nearing the end of their lease term, the market narrative is focused on space planning and reducing square footage. Every tenant has a different growth pattern and strategy, but many seem to be focused on reducing their footprint in the CBD.

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	3,237,672	37,794	312,436	10.8%	35,366	5,390	\$19.69	\$38.36
Class B CBD	4,062,745	3,283	708,353	17.5%	-33,789	-31,638	\$16.00	\$31.38
Class C CBD	5,774,608	158,026	546,391	12.2%	31,774	-47,108	\$13.72	\$25.66
CBD Totals	13,075,025	199,103	1,567,180	13.5%	33,351	-73,356	\$16.21	\$31.39
Class A Suburban	1,361,073	7,310	246,835	18.7%	15,819	-14,570	\$23.68	\$34.45
Class B Suburban	4,461,296	0	334,497	7.5%	49,953	-36,553	\$15.64	\$24.17
Class C Suburban	3,011,500	16,316	382,290	13.2%	13,509	2,566	\$12.76	\$22.56
Suburban Totals	8,833,869	23,626	963,622	11.2%	79,281	-48,557	\$16.10	\$25.77
WINNIPEG TOTALS	21,908,894	222,729	2,530,802	12.6%	112,632	-121,913	\$16.17	\$29.16

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SF (+/-)	TYPE
50 Fultz Boulevard	Non-CBD	25,600	Lease
185 Carlton Street	CBD	14,628	Lease
90 – 146 Commerce Drive	Non-CBD	13,193	Lease
240 Graham Ave	CBD	11,868	Lease
430-440 Dovercourt Drive	Non-CBD	6,994	Lease
131 Provencher Boulevard	Non-CBD	2,372	Lease

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SF	PURCHASER TYPE
200 Main St. & 165 Fort St.	CBD	111,778	Not public

KEY UNDER CONSTRUCTION PROJECTS

PROPERTY	SUBMARKET	CLASS	SF	OWNER/DEVELOPER
Wawanesa Tower	CBD	A	336,000	True North Development
Red River Business Park	Non-CBD	A	100,000	ICI Properties
567 St Anne's Road	Non-CBD	A	9,560	Avison Young

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