

Winnipeg, MB

Office Q1 2024



YoY Chg 12-Mo. Forecast

12.7%
Vacancy Rate



14K
Net Absorption, SF



\$28.72
Asking Gross Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2024

YoY Chg 12-Mo. Forecast

481.7K
Winnipeg Employment



4.4%
Winnipeg Unemployment Rate



6.1%
Canadian Unemployment Rate



Source: Statistics Canada

ECONOMY

Winnipeg's unemployment rate has trended downwards since the fourth quarter of 2023, decreasing from 5.2% in October 2023 to start the first quarter of 2024 with a January rate of 3.7%. This is an encouraging trend as in March 2024 the unemployment rate sits 170 basis points (bps) lower than the Canadian unemployment rate of 6.1%. The Canadian CPI was 2.8% in February 2024, down from 3.5% in December 2023. With inflation slowly retreating, the market remains hopeful to see interest rate cuts, which are expected for mid-late summer 2024. We expect to see many real estate groups and projects to come forward as investor sentiment stays positive as rate cuts become clearer.

SUPPLY & DEMAND

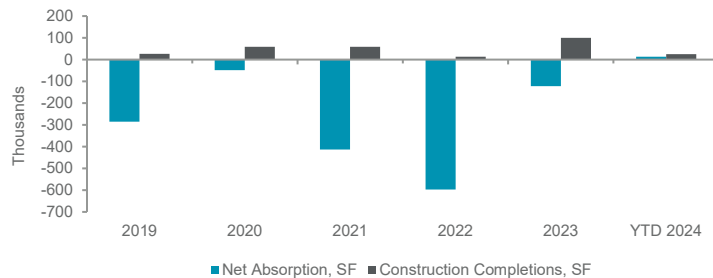
There was 187,969 square feet of negative absorption in the CBD market this quarter, primarily driven by Via Rail Station and 191 Broadway, both Class C properties, coming on the market. 191 Broadway was previously home to Wawanesa while Via Rail Station is coming back to market after being off the market for a period of time. Via Rail Station has not lost tenants, as it had this large vacancy previously, so this negative absorption is not as perilous as it may seem at initial glance.

The overall office vacancy rate in Winnipeg had a nominal 10 bps change from the fourth quarter of 2023, increasing from 12.6% to 12.7%. This increase was the result of a 160-bps increase in vacancy in the CBD, climbing from 13.5% to 15.1% quarter-over-quarter (QOQ), while there was a 190-bps decrease in vacancy in the suburban area, decreasing from 11.2% to 9.3% QOQ. This demonstrates the continued strength in the suburban market which has seen vacancy decrease for two consecutive quarters.

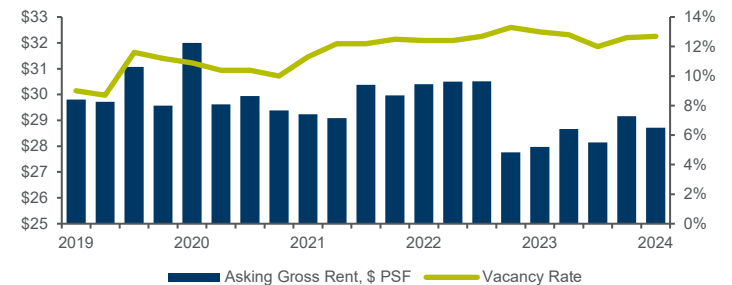
PRICING

The overall average asking rent remained relatively stable in the downtown market this quarter, with an average asking rent of \$16.03 per square foot (psf). The suburban market however saw a fairly substantial decrease from last quarter to \$14.75 psf. Additional rents have remained stable in both the overall CBD and Suburban market this quarter, with the overall city average at \$13.05 psf. This brought the overall market gross rent to \$28.72 psf for the first quarter of 2024.

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	28,626	358,916	12.0%	-37,342	-37,342	\$20.02	\$38.70
Class B CBD	4,035,675	2,453	706,343	17.6%	8,430	8,430	\$16.02	\$31.59
Class C CBD	5,774,608	138,235	739,111	15.2%	-159,057	-159,057	\$13.62	\$25.77
CBD Totals	13,047,955	169,314	1,804,370	15.1%	-187,969	-187,969	\$16.03	\$30.94
Class A Suburban	1,378,476	7,310	158,730	12.0%	100,201	100,201	\$19.15	\$26.62
Class B Suburban	4,498,562	0	325,139	7.2%	33,077	33,077	\$16.02	\$25.29
Class C Suburban	3,033,531	15,509	317,948	11.0%	68,854	68,854	\$12.85	\$22.84
Suburban Totals	8,910,569	22,819	801,817	9.3%	202,132	202,132	\$14.75	\$23.93
WINNIPEG TOTALS	21,958,524	192,133	2,606,187	12.7%	14,163	14,163	\$15.67	\$28.72

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SF (+/-)	TYPE
790 Sherbrook Street	Non-CBD	74,039	Lease
155 Carlton Street	CBD	11,109	Lease
200 Graham Avenue	CBD	9,168	Lease
1970 Main Street	Non-CBD	5,641	Lease
3365 Portage Avenue	Non-CBD	5,081	Lease
90-120 Paramount Road	Non-CBD	4,528	Lease

KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SF	PURCHASER TYPE
363 Broadway	CBD	190,948	Not public

KEY UNDER CONSTRUCTION PROJECTS

PROPERTY	SUBMARKET	CLASS	SF	OWNER/DEVELOPER
Wawanesa Tower	CBD	A	300,000	True North Development
990 Taylor Avenue	Non-CBD	A	25,000	Shindico
138 Portage Avenue E	Non-CBD	A	TBC	Space2Developer

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