

Winnipeg, MB

Office Q2 2024



YoY Chg 12-Mo. Forecast

12.7%
Vacancy Rate



302K
Net Absorption, SF



\$29.10
Asking Gross Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2024

YoY Chg 12-Mo. Forecast

485.6K
Winnipeg Employment



5.0%
Winnipeg Unemployment Rate



6.4%
Canadian Unemployment Rate



Source: Statistics Canada

ECONOMY

The Canadian unemployment rate reached 6.4% in June 2024, an increase from 5.3% that was posted in June 2023. Although Winnipeg is seeing slight decreases in employment over the last few months, the unemployment rate is still encouraging at 5.0% in June 2024 and remains below the national rate of 6.4%. In May, Manitoba's CPI rose 1.3% on a year-over-year (YOY) basis, which is lower than the Canadian YOY increase of 2.9%. With this slight CPI increase, it cemented Manitoba's position as the lowest all-items price increase amongst all Canadian provinces in May. With the easing in Canadian inflation, the Bank of Canada cut the key interest rate in May for the first time in four years to 4.75%. As further cuts are anticipated before the end of 2024, there is confidence the market will see more decision making and economic activity in commercial real estate leading into 2025.

SUPPLY & DEMAND

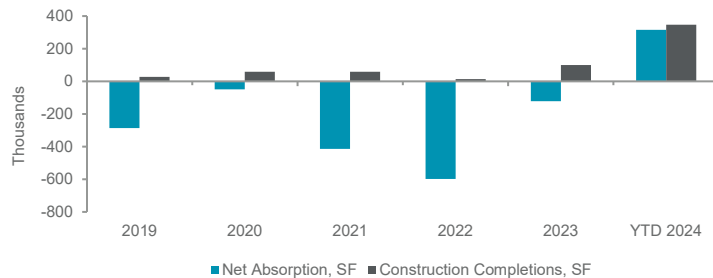
The overall office vacancy rate in Winnipeg was unchanged from the first quarter of 2024, remaining at 12.7% in the second quarter of 2024. The vacancy rate in the CBD had a minimal change of 20 basis points since last quarter, increasing from 15.1% to 15.3%. The most notable change in vacancy in the Winnipeg office market this quarter came from the suburban area which continued to see vacancy decline, from 9.3% to 8.8% quarter-over-quarter (QOQ). This further validates the narrative that Winnipeg's suburban office market remains strong.

In terms of absorption, the Central area performed strongly, especially in Class A properties, which had the best performance with an absorption total of 194k square feet. Meanwhile, the suburban market had mixed results, with Class B properties showing substantial demand, while Class A properties posted slight negative absorption this quarter.

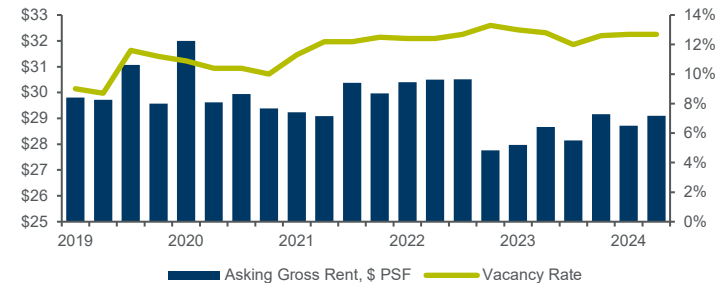
PRICING

The asking net rent in the downtown market had only a slight decrease of 3.2% QOQ, from \$16.03 per square foot (psf) in the first quarter of 2024 to \$15.51 psf this quarter. The suburban market has remained consistent in its overall asking net rent with only the slightest drop from \$14.75 psf to \$14.45 psf QOQ. The overall additional rent continued to remain stable, sitting at \$13.88 psf this quarter. Overall gross rents have bumped their way back to totals last seen in the fourth quarter of 2023 with an increase of 1.3% from the first to the second quarter of 2024, now sitting at \$29.10 psf.

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	3,537,672	100,996	392,587	14.0%	193,959	156,617	\$17.33	\$37.06
Class B CBD	4,035,675	2,453	704,288	17.5%	2,055	10,485	\$16.03	\$31.64
Class C CBD	5,774,608	121,547	725,498	14.7%	30,301	-128,756	\$13.59	\$27.40
CBD Totals	13,347,955	224,996	1,822,373	15.3%	226,315	38,346	\$15.51	\$31.53
Class A Suburban	1,407,836	7,310	190,257	14.0%	-2,167	98,034	\$19.79	\$27.48
Class B Suburban	4,505,894	0	261,801	5.8%	63,338	96,415	\$14.82	\$23.48
Class C Suburban	2,954,390	15,509	303,319	10.8%	14,629	83,483	\$12.92	\$22.96
Suburban Totals	8,868,120	22,819	755,377	8.8%	75,800	277,932	\$14.45	\$23.41
WINNIPEG TOTALS	22,216,075	247,815	2,577,750	12.7%	302,115	316,278	\$15.22	\$29.10

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SF (+/-)	TYPE
1410 Mountain Avenue	Non-CBD	7,208	Lease
570 Portage Avenue	Non-CBD	6,070	Lease
1150 Waverley Street	Non-CBD	5,138	Lease
93 Lombard Avenue	CBD	3,890	Lease

KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SF	PURCHASER TYPE
171 Donald Street	CBD	12,054	Not public
835 King Edward Street	Non-CBD	7,106	Not public

KEY UNDER CONSTRUCTION PROJECTS

PROPERTY	SUBMARKET	CLASS	SF	OWNER/DEVELOPER
N/A	N/A	N/A	N/A	N/A

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