

MARKET FUNDAMENTALS

	YOY Chg	Outlook
14.0% Vacancy Rate	▲	▼
-236K YTD Net Absorption, SF	▼	▲
\$29.83 Asking Rent, PSF <small>(Overall, All Property Classes)</small>	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
512.7K Winnipeg Employment	▲	▲
5.5% Winnipeg Unemployment Rate	▲	▼
7.0% Canadian Unemployment Rate <small>Source: Statistics Canada</small>	▲	▲

ECONOMY

Winnipeg has witnessed year-over-year growth in employment, up 4.6% in May 2025 from May 2024 – a gain of 22,400 jobs over the last year. Similarly, the unemployment rate continues to trend downwards near the middle of 2025, from 5.9% in March to 5.5% in May. Winnipeg is showing some positive signs in comparison to the overall country, as the national unemployment rate has increased from 6.3% (May 2024) to 7.0% (May 2025).

The provincial Consumer Price Index (CPI) rose 1.9% in May 2025 compared to February 2024 following a 2.1 percentage point increase in April. Manitoba’s CPI growth for May was above Canada’s YOY increase of 1.7%, and at 1.9%, Manitoba posted the ninth place of all-items price increase among Canada’s ten provinces.

The Bank of Canada (BoC) held its key interest rate steady at 2.75% in its June 2025 announcement, following five consecutive cuts since June 2024, totaling 225 basis points (bps). While previous rate reductions supported anticipated growth in late 2024, the Governing Council chose to pause further easing amid heightened uncertainty driven by escalating trade tensions with the United States. The BoC signaled that although further rate cuts remain possible in 2025, it will proceed cautiously given the inflationary pressures linked to trade disruptions and the potential impact on financial markets and credit access, key considerations for the commercial real estate sector.

SUPPLY & DEMAND

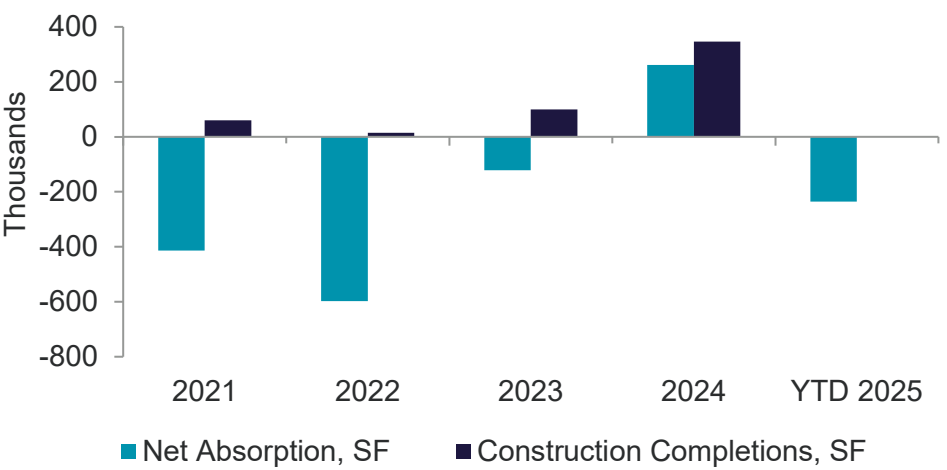
Winnipeg’s office market experienced a significant setback in the second quarter of 2025, posting negative net absorption of 223,000 square feet. This shift pushed the overall vacancy rate up to 14.0%, close to a full percentage point increase from the previous quarter. The negative absorption reflected a combination of corporate space consolidations, continued economic uncertainty, and evolving workplace strategies amid shifting macroeconomic conditions.

While previous quarters hinted at a possible stabilization, second quarter data suggests that the market remains under pressure, particularly for older or non-connected buildings. The widening gap in vacancy between connected properties versus non-connected ones continues to underscore the importance of location, amenities, and year-round accessibility in maintaining occupancy. With few new developments in the pipeline, absorption patterns need to be monitored in the second half of 2025.

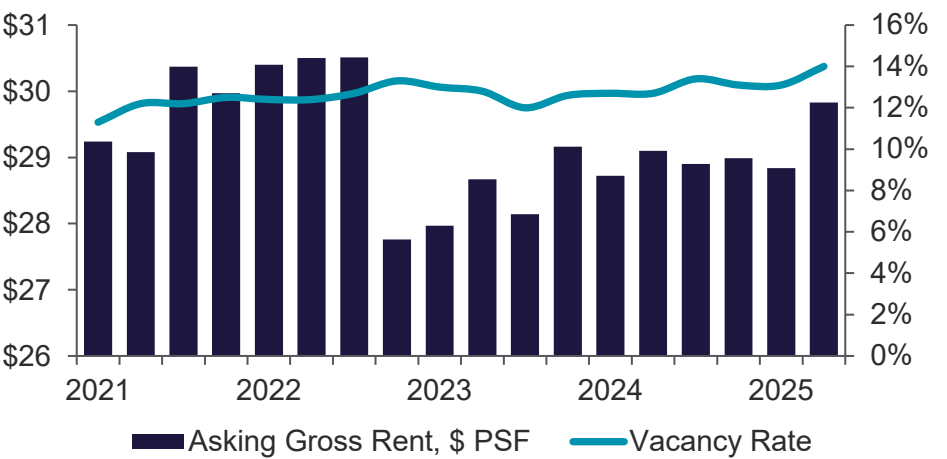
PRICING

Net rental rates in Winnipeg’s Downtown office market remained stable, with a modest increase to \$15.75 per square foot (psf) in the second quarter of 2025. With limited new construction activity and no major projects slated for completion until 2026, the Downtown inventory is expected to remain flat, supporting rate stability in the near term. In contrast, suburban office demand continues to gain momentum, driving vacancy down and pushing rents upward. As a result of tightening supply and no significant new developments on the horizon, suburban net asking rents have risen over the first half of 2025 to \$15.24 psf, signaling sustained upward pressure as tenants compete for limited quality space.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

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	67,530	299,834	10.4%	-6,361	25,940	\$16.73	\$37.16
Class B CBD	4,046,691	7,535	782,415	19.5%	-44,968	-11,795	\$15.74	\$32.99
Class C CBD	5,774,699	13,487	864,606	15.2%	21,384	8,657	\$15.40	\$28.00
CBD TOTALS	13,359,062	88,552	1,946,855	15.2%	-29,945	22,802	\$15.75	\$31.72
Class A Suburban	1,655,453	23,132	405,558	25.9%	-242,820	-251,070	\$18.69	\$26.73
Class B Suburban	4,449,326	53,742	326,926	8.6%	7,028	-78,617	\$16.95	\$27.05
Class C Suburban	3,045,880	8,714	296,005	10.0%	42,597	70,998	\$12.93	\$23.81
SUBURBAN TOTALS	9,150,659	85,588	1,028,489	12.2%	-193,195	-258,689	\$15.24	\$25.28
WINNIPEG TOTALS	22,509,721	174,140	2,975,344	14.0%	-223,140	-235,887	\$15.63	\$29.83

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	+/-SF	TYPE
1151 Sherwin Road	Non-CBD	16,494	Lease
363 Broadway	CBD	4,668	Lease

KEY SALES TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SF	PRICE / \$ PSF
NA			

KEY CONSTRUCTION COMPLETIONS YTD 2025

PROPERTY	SUBMARKET	SF	OWNER/DEVELOPER
372 Graham Avenue (Wawanesa Tower)	CBD	300,000	True North Sports and Entertainment Limited
990 Taylor Avenue	Non-CBD	21,000	Shindico
4055 Portage Avenue (Red River Business Park)	Non-CBD	17,403	ICI Properties

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