

# SASKATOON SASKATCHEWAN



**SASKATCHEWAN MARKET:** Colliers is the largest commercial real estate firm in Saskatchewan with offices in Saskatoon and Regina. In 2010, the Saskatoon team completed 325+ transactions and managed 6.5+ million square feet of property.

## MARKET INDICATORS

	2010 Q4	2011 Q2
VACANCY	▲	▼
NET ABSORPTION	▲	▲
CONSTRUCTION	▲	▲
RENTAL RATE	▲	▲

## Minimal Vacancy Stimulates Development

Saskatoon's office market continues to expand at an unprecedented pace as four new developments commenced construction in the first six months of 2011.

The market has been receptive to growth as office tenants expand their operations and new firms locate in Saskatoon.

The national office market gained significant ground from the 2009 recession as most major office markets experienced decreases in vacancy rates and increases in Class A rental rates.

Toronto and Calgary completed approximately five million square feet of office space during 2008 and 2009 when demand for office space appeared to be at an all time low.

However, through 2010 and into 2011, both Toronto and Calgary experienced record years of absorption, resulting in vacancy levels falling within range of the industry standard.

## Central Business District (CBD) Vacancy

Vacancy in the Central Business District fell from 6.0% in Q4 2010 to 4.60% in Q2 2011.

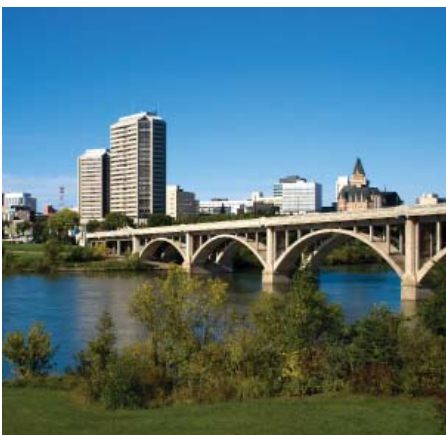
The decrease in vacancy can be attributed to two leases: SNC Lavalin leasing 30,000 square feet in the Capitol Centre; and Stuart Olson Dominion Construction leasing 25,000 square feet in the Arthur Cook Building.

Class A space is unavailable at 0% vacancy and demand has become problematic for companies searching for the quality space in desired Saskatoon locations.

## SASKATOON DOWNTOWN OFFICE MARKET

Class	Number of Buildings	Total SF	Vacant SF	Vacancy Rate	Average Asking Net Rate/SF	Occupancy Costs \$/SF
A	4	491,607	1,048	0.21%	\$20.00-30.00	\$11.00
B	23	1,080,272	26,974	2.50%	\$17.00-20.00	\$10.00
C	19	519,820	67,623	13.01%	\$12.00-16.00	\$9.00
Totals	46	2,091,699	95,645	4.57%		

Source: Colliers International, August 2011



Saskatoon has 466,000 SF of proposed/new office space.



## Suburban Vacancy

The relatively new suburban office market has nearly doubled in size over the last four years.

However, with a 15.14% vacancy, the suburban office market has been slow to absorb new construction in Stonebridge and University Heights.

While absorption has been low for suburban office space, activity may gain momentum as limited availability of downtown office space could increase demand for fringe office space.

## Developments

Four new developments are currently under construction in and around the downtown core and are expected alleviate some of the mounting pressure on the CBD.

### 450 2ND AVENUE NORTH

At 450 2nd Avenue North, Mid-West Developments began construction on its

33,000-square-foot office building in spring 2010 with occupancy expected by the end of 2011.

### 320 22ND STREET EAST

On the corner of 4th Avenue North and 22nd Street East, the 13,000-square-foot former SaskPower building, purchased by a local investor for redevelopment last year with redevelopment underway as the entire building is leased.

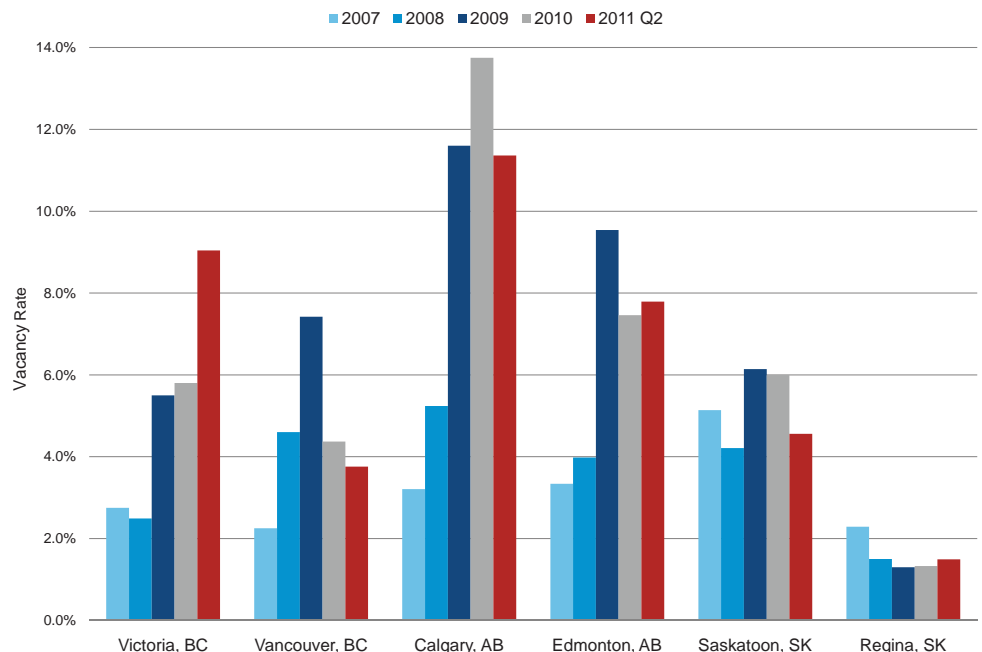
### 475 2ND AVENUE SOUTH

In spring 2011, Greystone Investments began construction of River Centre, a 78,000-square-foot Class A office building located at 475 2nd Avenue South. River Centre is the first of two planned office developments in the southern CBD.

### 15 23RD STREET EAST

Over the last two years, the CBD warehouse district has completed a number of office redevelopments including the Rumley Building and the Arthur Cook Building.

## WESTERN CANADA DOWNTOWN OFFICE VACANCY RATES



Source: Colliers International, August 2011

In spring 2011, 23rd Street Ventures Inc. (comprised of local business owners) began construction of a new 57,800-square-foot office building located at 15 23rd Street East.

**612 MAIN STREET EAST**

Outside of the CBD, a group including Derek Kindrachuk of Kindrachuk Agrey Architecture announced development of a 64,000-square-foot Class A office space targeting LEED® Gold certification at 612 Main Street in Nutana. When complete, the office building will be home to McDougall Gauley LLP and Kindrachuk Agrey Architecture.

**SASKATOON POLICE SERVICE HQ**

In summer 2011, construction began on the 330,000-square-foot Saskatoon Police Service headquarters on the corner of Idylwyld Drive North and 25th Street East.

The project is scheduled for completion in 2013 and could increase available space in the CBD as the Saskatoon Police Service consolidates from several CBD offices to

the new facility.

**AFFINITY CREDIT UNION HQ**

In February 2011, Affinity Credit Union acquired the former First Nations University on 7th Avenue North, a 49,000 square foot building, for redevelopment into their new head office. Completion is expected in 2013.

First Nations University has relocated to 15,500 square feet on the main floor of the Phoenix Building, 226-230 20th Street East.

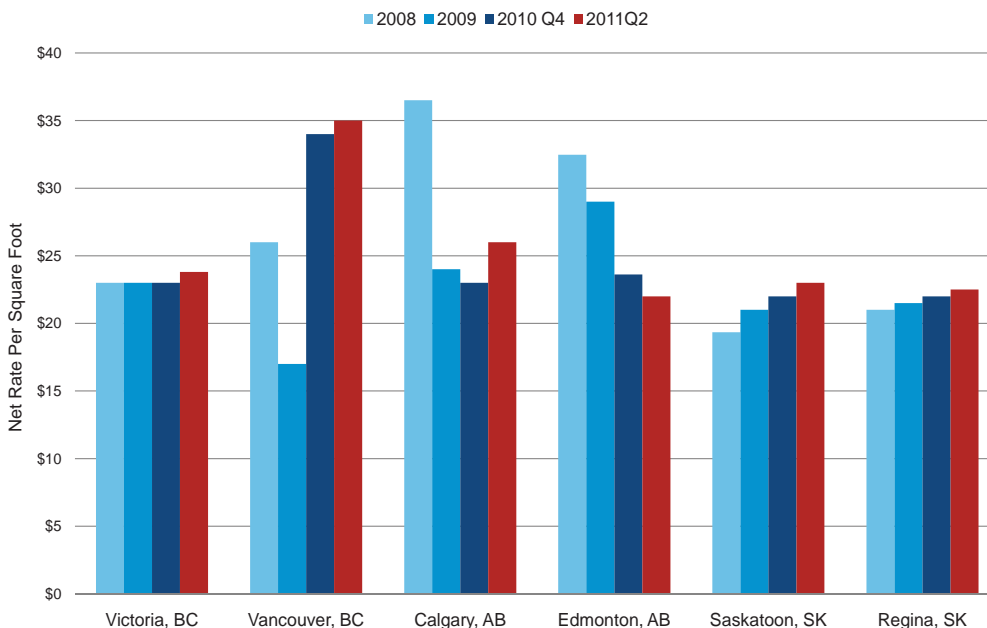
**Rental Rates**

Rental rates stabilized for existing Class A and top-tier Class B buildings ranging from \$20.00 to \$25.00 net per square foot.

New construction continues to require \$30.00 plus net per square foot.

Rates for new construction in suburban areas range from \$21.00 to \$25.00 net per square foot. Existing suburban office space ranges from \$12.00 to \$17.00 net per square foot.

**CANADIAN CLASS A NET RENTAL RATES**



Source: Colliers International, August 2011

Saskatoon has a 0% Class A vacancy rate.



## Forecast

There is 145,000 square feet of speculative construction under development in the Central Business District with another 64,000 square feet planned in Nutana.

The success of these projects will determine the future of over 500,000 square feet of proposed developments in the downtown core.

Vacancy may increase marginally upon the completion of The Nexus, the 33,000-square-foot building at 450 2nd Avenue North, but the limited size of the market and economy's strength should ensure the space is absorbed.

In the immediate future, suburban office space may see renewed interest due to limited in available options downtown.



### SASKATOON OFFICE DEVELOPMENTS

Project / Address	Size	Location	Status
141 Pacific Ave.	50,000 SF	Downtown	Proposed
2seven5 - 275 2nd Ave. S.	184,000 SF	Downtown	Proposed
River Landing	100,000 SF	Downtown	Proposed
320 22nd Street East	13,000 SF	Downtown	2011
The Nexus - 450 2nd Avenue North	31,000 SF	Downtown	Fall 2011
15 23rd Street East	57,800 SF	Downtown	2013
River Centre - 475 2nd Avenue South	78,000 SF	Downtown	Q3 2012
Saskatoon Police Services	78,000 SF	Downtown	2013
Arthur Cook Building - 88 24th St. E.	20,000 SF	Downtown	Complete
Capital Centre - 216 1st Ave. S.	31,000 SF	Downtown	Complete
612 Main Street East	64,000 SF	Nutana	Proposed
University Heights Square - Phase 3	30,000 SF	Suburban	2012
1802 8th St. E.	9,500 SF	Suburban	Complete
203 Stonebridge Blvd.	30,000 SF	Suburban	Complete
310 Wellman Lane	17,800 SF	Suburban	Complete
3333 8th St. E.	20,700 SF	Suburban	Complete
502 Cope Way	37,500 SF	Suburban	Complete
510 Cope Way	30,000 SF	Suburban	Complete
University Heights Square - Phase 2	24,000 SF	Suburban	Complete

Source: Colliers International, August 2011

## 512 offices in 61 countries on six continents

Canada:	36
United States:	125
Latin America:	18
Asia Pacific:	214
EMEA:	117

- \$1.53 billion in annual revenue
- 978.6 million square feet under management
- More than 12,500 professionals

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