

Q1 2021

# Winnipeg

## Office Market Report

### Net Absorption

This Quarter	Previous Quarter
18K SF	-30K SF
12-Month Absorption	5-Year Quarterly Avg.
-96K SF	35K SF

### Vacancy

This Quarter	Year-over-Year
12.9%	▲ 100 bps

### Asking Net Rent

This Quarter*	Year-over-Year
\$14.2 PSF	▼ 13.3%

### Development

Under Construction	New Supply
354K SF	140K SF

*\*Weighted Average  
Pratt McGarry Inc. o/a Colliers International*

### Market Outlook

While most of 2020 was filled with negativity and posed challenges to many business operations, the first quarter of 2021 brings positivity and optimism to Winnipeg's office market. From a pure statistical perspective, this quarter marks the first time since Q4 2019 the office market has experienced positive absorption. As Covid-19 marked its first anniversary in Manitoba, it is apparent the business community is better equipped on how to function in a new "normal". Moreover, as the business community evolved in the past year and gained new insights, it is clear that confidence is building to invest in long term accommodations for tenants/office occupiers.

Illustrating a commitment to long term accommodations was SkipTheDishes officially relocating to True North Square, a Class AA tower. The transaction is positive for the market as it gives more credence to the trend of flight to quality; leaving a Class C building in the Exchange District to Winnipeg's newest office asset. This move is also significant in terms of affecting market indicators. As noted, asking net rental rates have decreased dramatically (-13.3%); this is strictly due to weight averages in our database (Class AA space being leased and Class C space becoming vacant) and

not reflective of actual market conditions. In general terms, rental rates remain relatively flat, but lease inducements have increased compressing net effective rents in Winnipeg's CBD.

In the suburbs, market demand continues to justify further development of flex-office product; predominantly in the southwest quadrant of the city. Case in point, Terracon Developments has recently erected a ± 60,000 SF building and Hopewell Developments will have its first flex-office building (±50,000 SF) at the Refinery District available for tenant fixturing by summer 2021. The changing face of retail also continues with redevelopment of major shopping centers such as Polo Park repurposing large blocks of space to office use.

As 2021 progresses and higher volumes of employees start returning to the office, we anticipate more activity and positive sentiments to continue.

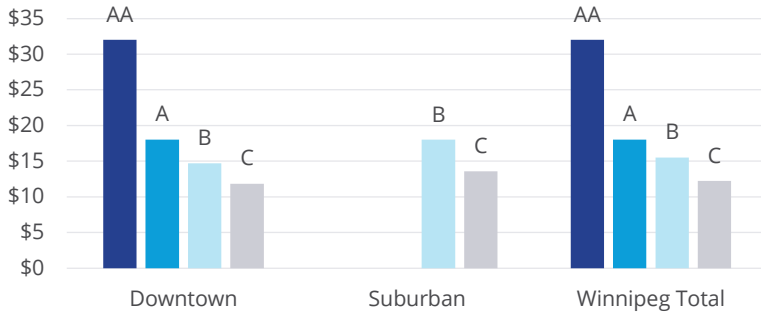
\*Note – recent redevelopments and conversions of office buildings has resulted in some minor re-classifications within our database.

Accelerating success.

# Market Overview

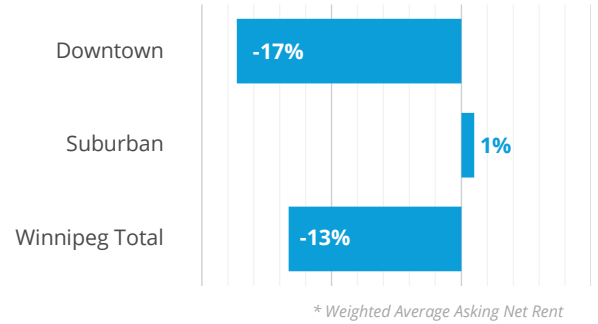
## 01 Rental Rates by Building Class

Weighted Average Asking Net Rent (PSF)



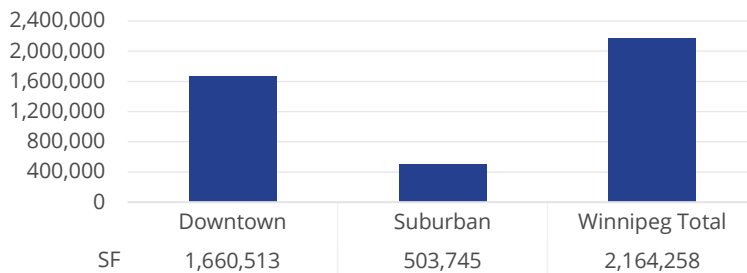
## 02 Rental Rate Growth\*

By Market | Q1 2020 – Q1 2021



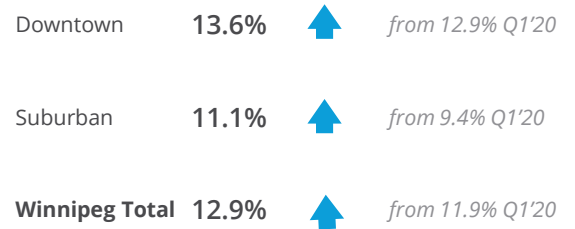
## 03 Vacant Space by Market

Total Square Feet (SF)



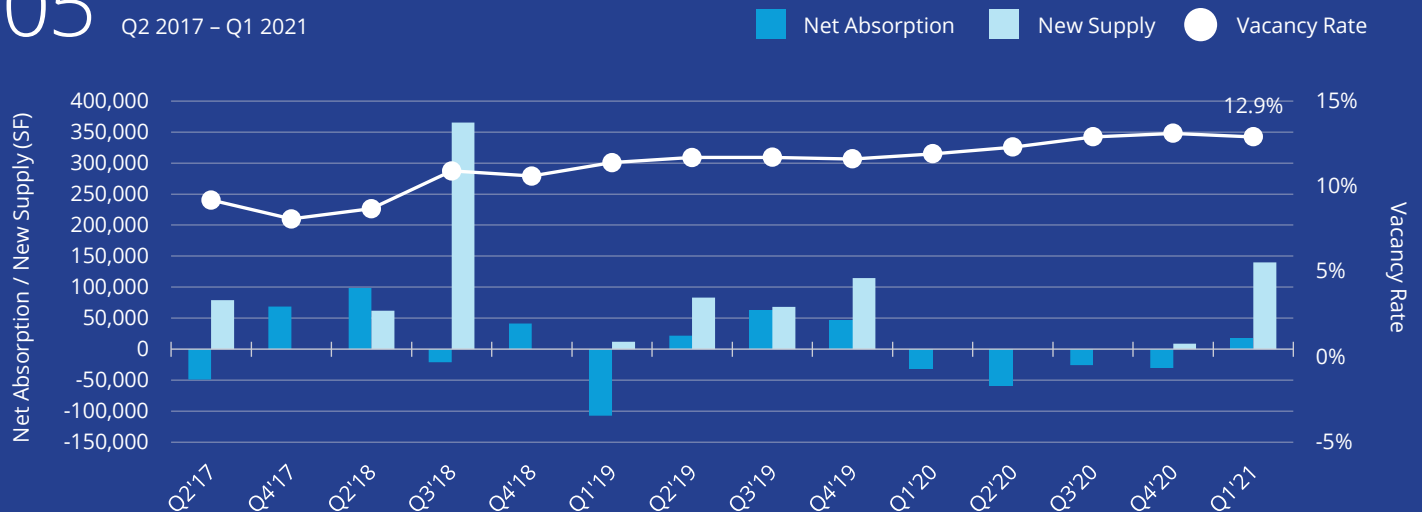
## 04 Vacancy Rate

By Market | Q1 2020 – Q1 2021



## 05 Historical Overview

Q2 2017 – Q1 2021



# Market Statistics & Transaction Highlights

Class	# of Bldgs	Total Inventory (SF)	Direct Vacant Space (SF)	Sublease Vacant Space (SF)	Total Vacant Space (SF)	Vacancy Rate (Current Q)	Vacancy Rate (Previous Q)	Net Absorption (SF)	Net Absorption YTD (SF)	New Supply (SF)	Under Construction (SF)	Wgt. Avg. Asking Net Rent (PSF)
<b>Downtown</b>												
AA	2	404,300	14,307	0	14,307	3.5%	30.3%	108,383	108,383	-	300,000	\$32.00
A	8	2,813,685	272,993	6,948	279,941	9.9%	10.2%	-2,797	-2,797	-	-	\$18.01
B	49	4,976,822	587,056	25,576	610,216	12.3%	13.4%	56,857	56,857	-	-	\$14.71
C	107	4,051,684	709,907	60,913	756,049	18.7%	16.7%	-87,067	-87,067	-	-	\$11.85
<b>All</b>	<b>166</b>	<b>12,246,491</b>	<b>1,584,263</b>	<b>93,437</b>	<b>1,660,513</b>	<b>13.6%</b>	<b>14.3%</b>	<b>75,376</b>	<b>75,376</b>	<b>-</b>	<b>300,000</b>	<b>\$13.79</b>
<b>Suburban</b>												
A	-	-	-	-	-	-	-	-	-	-	-	-
B	72	3,276,251	258,993	12,000	276,131	8.4%	6.4%	-58,358	-58,358	60,000	53,750	\$18.00
C	57	1,278,898	221,928	3,540	227,614	17.8%	18.1%	734	734	80,000	-	\$13.58
<b>All</b>	<b>129</b>	<b>4,555,149</b>	<b>480,921</b>	<b>15,540</b>	<b>503,745</b>	<b>12.9%</b>	<b>9.8%</b>	<b>-57,624</b>	<b>-57,624</b>	<b>140,000</b>	<b>53,750</b>	<b>\$15.70</b>
<b>Winnipeg Total</b>												
AA	2	404,300	14,307	0	14,307	3.5%	30.3%	108,383	108,383	-	300,000	\$32.00
A	8	2,813,685	272,993	6,948	279,941	9.9%	10.2%	-2,797	-2,797	-	-	\$18.01
B	121	8,253,073	846,049	37,576	886,347	10.7%	10.7%	-1,501	-1,501	60,000	53,750	\$15.50
C	164	5,330,582	931,835	64,453	983,663	18.5%	17.1%	-86,333	-86,333	80,000	-	\$12.25
<b>All</b>	<b>295</b>	<b>16,801,640</b>	<b>2,065,184</b>	<b>108,977</b>	<b>2,164,258</b>	<b>12.9%</b>	<b>13.1%</b>	<b>17,752</b>	<b>17,752</b>	<b>140,000</b>	<b>353,750</b>	<b>\$14.20</b>

## Notable Transactions

Type	Tenant	Building Name / Address	Market	Size (SF)
Lease	Wabtec	Tuxedo Business Park	Suburban	15,000
Lease	Canadian Plasma Resources	693 Taylor Avenue	Suburban	10,000
Lease	Manitoba Keewatinowi Okimakanak Inc.	Century Business Park/1700 Ellice Avenue	Suburban	7,893
Sale	Undisclosed	310 Broadway	Downtown	55,000
Sale	Undisclosed	195 Fort Street	Downtown	55,000

## Notable Developments

Building Name / Address	Class	Market	Building Status	Size (SF)	Est. Completion	Owner / Developer
True North/ Wawanesa Tower/ 370 Graham Avenue	AA	Downtown	Under Construction	300,000	Q3 2024	True North Development
Building C – The Refinery District	B	Suburban	Under Construction	53,000	Q3 2021	Hopewell Development
129 McDermot Avenue	A	Downtown	Pre-Leasing	103,300	TBD	United Equities
The District at Bridgwater	B	Suburban	Pre-Leasing	133,000	TBD	P3

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