

Q2 2021

Regina

Office Market Report

Net Absorption

This Quarter	Previous Quarter
-247K SF	31K SF
12-Month Absorption	
-279K SF	

Vacancy

This Quarter	Year-over-Year
17.3%	▲ 400 bps

Asking Net Rent

This Quarter*	Year-over-Year
\$15.39 PSF	▲ 0.99%

Development

Under Construction	New Supply
- SF	- SF

Sales

Sale Price Avg.	Year-over-Year
\$0 PSF	↔ 0%

*Weighted Average
CIR Commercial Realty Inc.

Market Outlook

The office market continues to evolve, driven by current economic and pandemic conditions in Regina. Net asking rental rates remain relatively unchanged, vacancies and landlord inducements have increased, and the future of office work remains a hot topic of discussion while the face of office work is debated on a case-by-case basis. The state of return-to-office is also in flux with employers determining the best needs of their company and staff; office occupancy is thereby undecided until these decisions are made.

Landlords have kept asking rental rates stable, increasing less than 1.0% since last year. However, an increasing trend, and bonus, for tenants is free rent within the terms of their lease. Other incentives include space renovations, allowing for tenants to modernize, meet COVID requirements for the workplace and future needs beyond the pandemic.

Vacancy is up 4.0% since this time last year. Part of this increase is related to existing buildings being moved into competitive calculations. Buildings that were once strictly owner-occupied are now leasing space out to tenants. One could suggest that if major tenants adopt a strong work-

from-home policy, vacancy rates will follow the current trend line. These policies may accelerate the occupancy of office space or at least scale back the amount of space needed.

There was no new supply added to the Regina market in this reporting period. This trend is expected to continue as current vacancy rates will prevent projects from breaking ground. Regina bylaws require a vacancy rate of 6.5% or less in the downtown before suburban office space can be built. It is unlikely we will see this happen for some time.

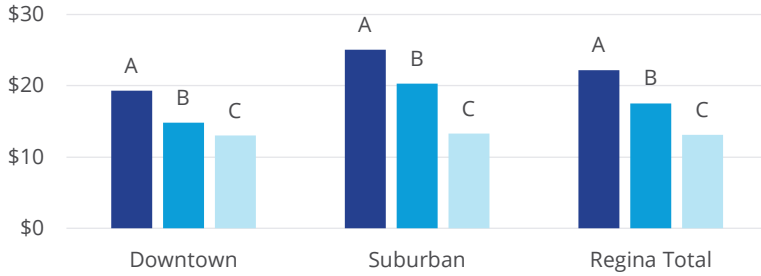
In an already challenging market and the addition of pandemic conditions, the office market has many obstacles to overcome. That said, this is a trend across the country with all but one major market seeing an increase in vacancy rates, so Regina is not alone. We are anticipating employers to roll out their return-to-work policies in the coming months as Saskatchewan's health restrictions are lifted completely on July 11. On July 12, we expect a gradual rotation of workers returning to the office with full-time attendance by the end of the summer for local office tenants.

Accelerating success.

Market Overview

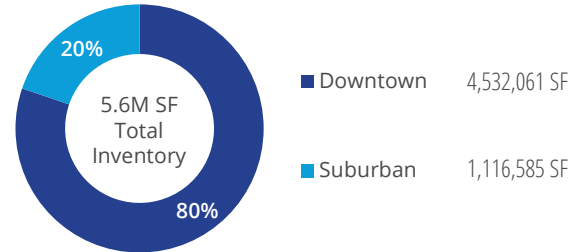
01 Rental Rates by Building Class

Weighted Average Asking Net Rent (PSF)



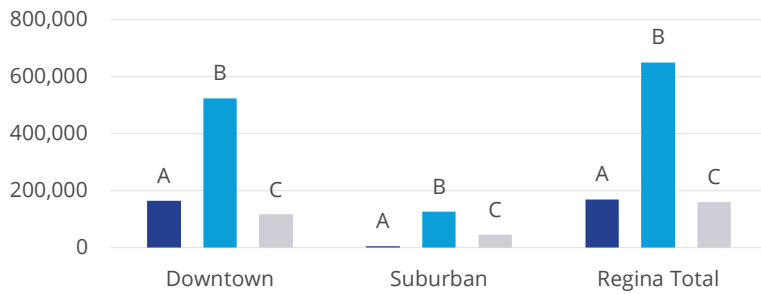
02 Inventory Breakdown

By Market | Total Square Feet (millions)



03 Vacant Space by Market

Total Square Feet (SF)



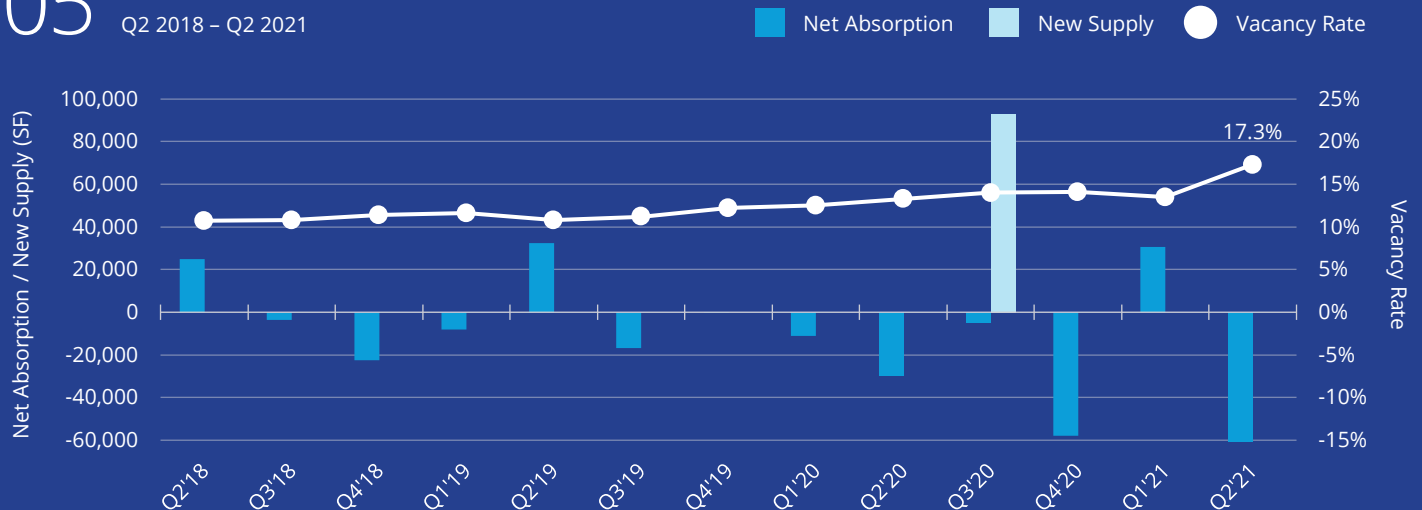
04 Vacancy Rate

By Market | Q2 2020 - Q2 2021



05 Historical Overview

Q2 2018 - Q2 2021



Market Statistics & Transaction Highlights

	Downtown	Suburban	Regina Total
Number of Buildings	64	45	109
Total Inventory	4,532,061 SF	1,116,585 SF	5,648,646 SF
Direct Vacancy *	789,919 SF (98.3%)	157,138 SF (90%)	947,057 SF (96.8%)
Sublease Vacancy *	13,542 SF (1.7%)	17,406 SF (10%)	30,948 SF (3.2%)
Total Vacant Space	803,461 SF	174,544 SF	978,005 SF
Vacancy Rate (Current Q)	17.7%	15.6%	17.3%
Vacancy Rate (Previous Q)	14.2%	11.2%	13.5%
Net Absorption	-198,412 SF	-48,470 SF	-246,882 SF
New Supply	0 SF	0 SF	0 SF
Under Construction	0 SF	0 SF	0 SF
Weighted Average Asking Net Rent (PSF)	\$15.35	\$15.33	\$15.39
Weighted Average Asking Gross Rent (PSF)	\$29.98	\$27.32	\$29.50

*% shown are of total vacant space

Notable Transactions

Type	Tenant	Building Name / Address	Market	Size (SF)
Lease Renewal	Ministry of SaskBuilds	1911 Broad Street	Downtown	14,219
Lease Renewal	Ranch Ehrlo Society	2221 Cornwall Street	Downtown	8,919
Lease New	Saskatchewan Government Insurance	Leader Post Building/1964 Park Street	Suburban	7,904
Lease New	Thomas Circle of Care	1580 Angus Street	Suburban	4,854



Leased
Leader Post Building
New Lease 7,904 SF

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For more information on the Regina Office Market, please contact:

Richard Jankowski

Managing Director,
Saskatchewan
+1 306 533 6754
richard.jankowski@colliers.com

Report Author:

Rosemarie Meadows

Market Analyst
+1 306 347 2219
rosemarie.meadows@colliers.com

Report Contributors:

D'Arcy Skwara

Vice President, Partner
+1 306 347 2480
darcy.skwara@colliers.com

Michael Kelsey

Vice President, Partner
+1 306 347 2858
michael.kelsey@colliers.com

Brendan Derkatz

Data Associate
+1 306 664 2010
brenden.derkatz@colliers.com

Colliers Canada | Regina
CIR Commercial Realty Inc.
2505 11th Avenue, Suite 200
Regina, SK, S4P 0K6
+1 306 789 8300



collierscanada.com/research

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