

Q2 2021

Winnipeg

Office Market Report

Net Absorption

This Quarter	Previous Quarter
-30K SF	18K SF
12-Month Absorption	5-Year Quarterly Avg.
-72K SF	633 SF

Vacancy

This Quarter	Year-over-Year
13.3%	▲ 40 bps

Asking Net Rent

This Quarter*	Year-over-Year
\$14.33 PSF	▼ 12.8%

Development

Under Construction	New Supply
354K SF	- SF

*Weighted Average
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Market Outlook

The second quarter of the year began with Manitoba in its most strict lockdown orders of the last 18 months. However, as the weather warmed and vaccine rollouts increased, the province shifted into a staged re-opening plan. Tenant activity has increased near the end of the quarter; in line with pre-COVID market conditions. As many tenants continue to evaluate efficiencies of their operations, ongoing discussions of workplace strategy and flexible scheduling lead the narrative of conversations.

With many employees still working from home with ongoing restrictions, occupancy levels remain around 30%. Despite recent health orders from the provincial government allowing companies to return to the office, overall vacancy still increased by 40 basis points to 13.3%. The sublease market remains healthy with options totaling approximately 100,000 square feet two of the large sublease options are located at 311 Portage Avenue, equaling 25,000 square feet.

The Suburban market experienced an overall negative absorption of 32,000 square feet with significant consolidation occurring in the Class B market. As interest rates remain at historic lows,

several office occupants made a shift in their real estate planning from leasing to owning. Adding to the complexity in the Suburban office market, the weighted average asking rental rates for space is effectively equivalent to its matching class downtown. With Class B suburban weighted rent at \$14.97 per square foot, the current economic advantage sits with the Class B downtown market registering at \$15.61 per square foot. Moreover, this trend continues for Class C Suburban at \$12.74 per square feet and \$12.12 per square feet for Class C Downtown. The similarities in rental rates, along with market inducement packages offered by downtown landlords, is compelling for tenants to conduct a full market analysis versus solely sourcing one area of the city.

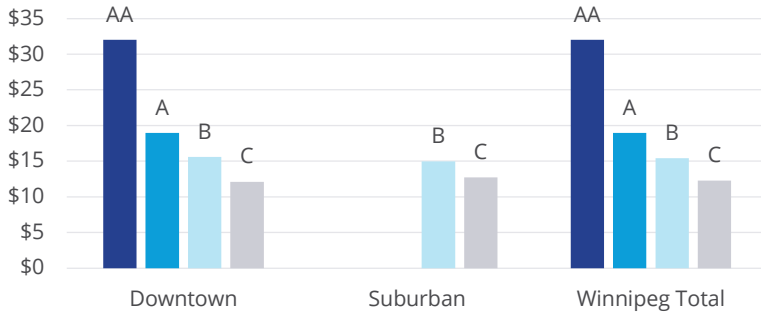
Even though Manitoba's reopening plans have been slower than other provinces due to a late spring spike in case numbers, it seems as if vaccination efforts and restrictions have put the worst behind us. While the warm summer weather lessens attendance downtown and the office in general on a typical summer, we expect to see signs of rising occupancy levels in the fall.

Accelerating success.

Market Overview

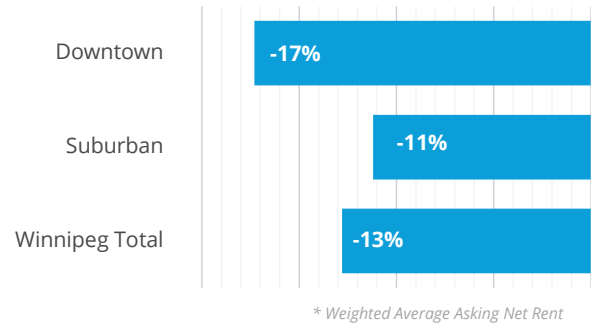
01 Rental Rates by Building Class

Weighted Average Asking Net Rent (PSF)



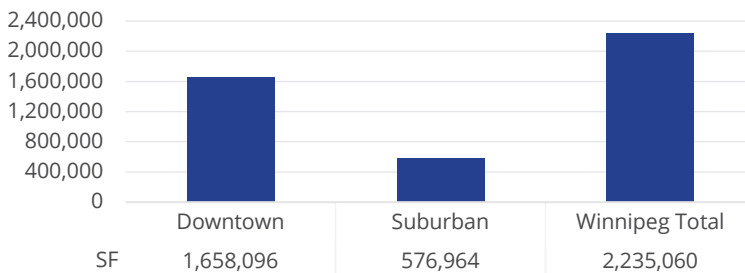
02 Rental Rate Growth*

By Market | Q2 2020 – Q2 2021



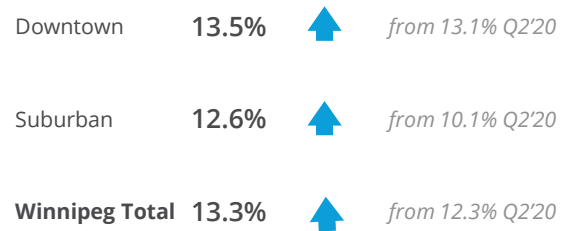
03 Vacant Space by Market

Total Square Feet (SF)



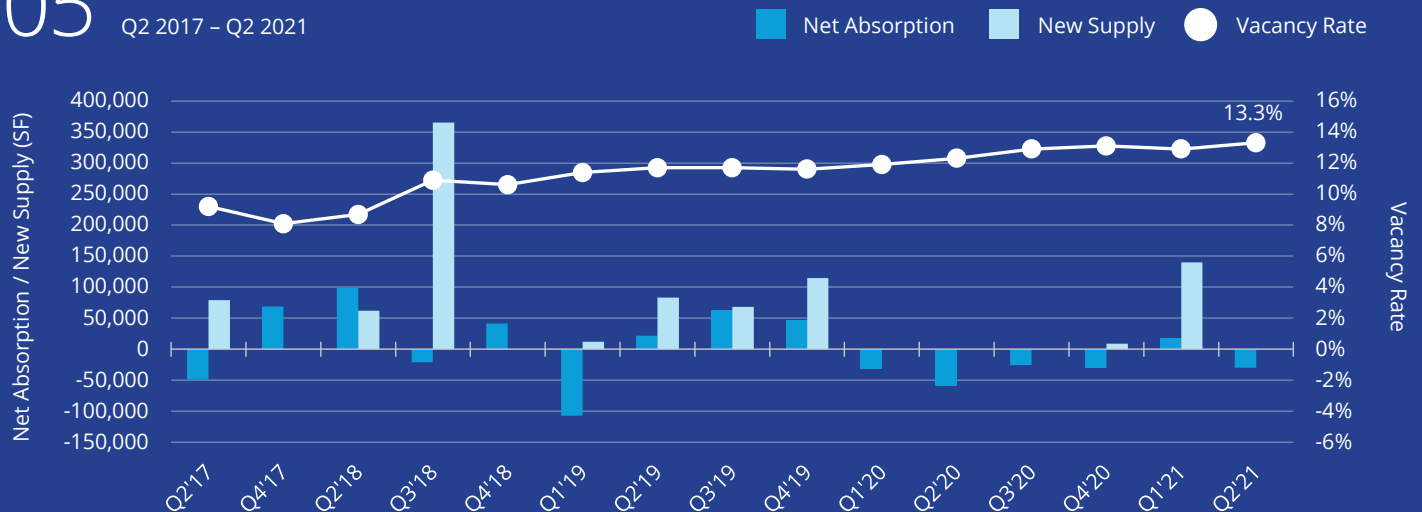
04 Vacancy Rate

By Market | Q2 2020 – Q2 2021



05 Historical Overview

Q2 2017 – Q2 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)
Downtown												
AA	2	404,300	13,150	0	13,150	3.3%	3.5%	1,157	109,540	-	300,000	\$32.00
A	8	2,813,685	270,064	6,948	306,986	10.9%	9.9%	-27,045	-29,842	-	-	\$18.97
B	49	4,976,822	592,867	25,576	616,027	12.4%	12.3%	-5,811	51,046	-	-	\$15.61
C	107	4,051,684	670,439	60,913	721,933	17.8%	18.7%	34,116	-52,951	-	-	\$12.12
All	166	12,246,491	1,546,520	93,437	1,658,096	13.5%	13.6%	2,417	77,793	-	300,000	\$14.43
Suburban												
A	-	-	-	-	-	-	-	-	-	-	-	-
B	72	3,317,307	343,898	12,000	357,566	10.8%	8.4%	-40,379	-98,737	-	53,750	\$14.97
C	57	1,278,898	215,858	3,540	219,398	17.2%	17.8%	8,216	8,950	-	-	\$12.74
All	129	4,596,205	559,756	15,540	576,964	12.6%	12.9%	-32,163	-89,787	-	53,750	\$14.03
Winnipeg Total												
AA	2	404,300	13,150	0	13,150	3.3%	3.5%	1,157	109,540	-	300,000	\$32.00
A	8	2,813,685	270,064	6,948	306,986	10.9%	9.9%	-7,045	-29,842	-	-	\$18.97
B	121	8,294,129	936,765	37,576	973,593	11.7%	10.7%	-46,190	-47,691	-	53,750	\$15.41
C	164	5,330,582	886,297	64,453	941,331	17.7%	18.5%	42,332	-44,001	-	-	\$12.26
All	295	16,842,696	2,106,276	108,977	2,235,060	13.3%	12.9%	-29,746	-11,994	-	353,750	\$14.33

Notable Transactions

Type	Tenant	Building Name / Address	Market	Size (SF)
Lease	Manitoba Technology Accelerator	136 Market Avenue	Downtown	16,000
Lease	Medication Services	1200 Portage Avenue	Suburban	8,900
Sale	Undisclosed	1190 Waverley Street	Suburban	17,195
Sale	Undisclosed	50 Scurfield Blvd.	Suburban	11,511
Sale	Undisclosed	McKim Building – 211 Bannatyne Avenue	Downtown	4,307

Notable Developments

Building Name / Address	Class	Market	Building Status	Size (SF)	Est. Completion	Owner / Developer
Building C – The Refinery District	B	Suburban	Under Construction	53,000	Q3 2021	Hopewell Development
True North/ Wawanesa Tower/ 370 Graham Avenue	AA	Downtown	Under Construction	300,000	Q3 2024	True North 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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