

METRO AREAS - POPULATION < 1 MILLION

First Quarter | 2018

	VICTORIA			THOMPSON OKANAGAN			SASKATOON			REGINA			WINNIPEG			WATERLOO			HALIFAX		
Indicator	Q1'17	Q1'18	YOY	Q1'17	Q1'18	YOY	Q1'17	Q1'18	YOY	Q1'17	Q1'18	YOY	Q1'17	Q1'18	YOY	Q1'17	Q1'18	YOY	Q1'17	Q1'18	YOY
Vacancy Downtown (CBD)	6.1%	7.1%	▲ 100 bps	5.9%	7.2%	▲ 130 bps	14.3%	14.3%	◀▶ 0 bps	12.6%	11.3%	▼ 130 bps	9.0%	8.8%	▼ 20 bps	10.5%	13.8%	▲ 330 bps	16.1%	20.1%	▲ 400 bps
Vacancy Midtown & Suburbs (non-CBD)	10.0%	10.4%	▲ 40 bps	-	-	N/A**	23.1%	16.5%	▼ 660 bps	12.3%	13.7%	▲ 140 bps	6.3%	5.9%	▼ 40 bps	18.7%	19.6%	▲ 90 bps	12.5%	14.6%	▲ 210 bps
Net Rent Downtown (CBD)	\$16.59	\$27.00	▲ 62.7%	\$15.92	\$17.60	▲ 10.6%	\$18.00	\$18.00	◀▶ 0%	\$18.25	\$14.45	▼ 20.8%	\$15.30	\$17.09	▲ 11.7%	\$13.02	\$13.79	▲ 5.9%	\$14.73	\$16.12	▲ 9.4%
Net Rent Midtown & Suburbs (non-CBD)	\$18.42	\$18.00	▼ 2.3%	-	-	N/A***	\$20.00	\$20.00	◀▶ 0%	\$21.31	\$12.14	▼ 43.0%	\$14.22	\$14.99	▲ 5.4%	\$13.65	\$14.52	▲ 6.4%	\$13.53	\$13.96	▲ 3.2%
Unemployment Rate '18 / '19-'22*	4.3% / 4.2%			N/A**			7.8% / 7.0%			5.8% / 5.5%			5.9% / 6.0%			5.0% / 5.0%			6.7% / 6.0%		
Real GDP Growth '18 / '19-'22*	2.2% / 1.8%			N/A**			2.2% / 2.2%			2.2% / 2.0%			2.2% / 2.0%			1.9% / 2.1%			1.7% / 1.8%		

Victoria

Victoria's office leasing market has exhibited robust characteristics to date in 2018, with the B.C. Provincial Government coming back to the market and actively leasing move-in ready space in the downtown and suburban markets. In addition, smaller tenants under 2,000 square feet have shown increased demand in occupying space. As projected, the shuffling of large tenants has slowly started as 750 Pandora and 1515 Douglas Streets are now complete, providing 285,000 square feet of new class AA office in the downtown core. Despite the increase in activity, the mid-year vacancy forecast rate is expected to increase slightly to due to the new supply coming on stream.

Thompson Okanagan

The Thompson Okanagan office market has continued to perform consistently, with the vacancy rate dropping only slightly from 7.6% in the fourth quarter of 2017 to 7.2% in Q1 2018. While only 12,000 square feet of new construction was completed during the first three months of 2018, almost 70,000 square feet of new office product is expected to be delivered over the next year. Projects include 2755 Tutt Street and 1330 St. Paul Street in Kelowna, as well as new facilities for VSL Computers in Vernon. Average lease rates for the region have remained unchanged this quarter at \$17.60 per square-foot, however we expect to see increases over the next 12 months as new class 'A' office space enters the market.

Saskatoon

Saskatoon's office market is slow but steady rental rates continue to decline and there are major shifts in the market on the horizon. Overall, Q1 2018 saw negative absorption, but the CBD is likely to see an additional exodus as some prominent tenants relocate to the suburban market. River

Landing is progressing rapidly on a 155,000 square foot Class AAA building, and has secured tenants for approximately 30% of the building, and it is expected that many will follow in the coming year. Saskatoon has an aging office inventory to contend with and there appears to be demand for new quality properties.

Regina

Regina's downtown office market improved slightly again in Q1 with a reduction to 11.3%, down from a high of nearly 13.0% in 2016. With a lack of large-scale expansion, however, landlords continue to compete for scarce tenants in the market. In the suburban market, vacancy rates have risen to the highest level in recent memory due to the small size of the market and strong competition from downtown landlords. Without any significant changes in the government sector, Regina will likely continue on this track in the short to medium term.

Winnipeg

Winnipeg's office market continues to follow the same trajectory as the previous quarter with landlords determinedly pursuing new lease transactions and renewals before the influx of new space arrives in the Downtown market area. The Suburban market vacancy remains low which in turn is creating a new trend as large industrial buildings with leased warehouses, but vacant office spaces, have begun marketing their space as an alternative option to traditional office buildings. Rental rates are expected to remain consistent for the time being until the expected arrival of 365,000 square feet of downtown office space in the latter half of 2018 is assimilated into Winnipeg's inventory.

Waterloo

The Waterloo Region office market is in the midst of strong leasing activity that continues to tighten up supply with regards to specific types of office space. Buildings are being constructed in each of the three cities in the region and demand for brick and beam space, Class A office space, and larger blocks of space continues to be high; brisk leasing continues to shrink the availability of this space across the Region. Class B and Class C towers are on the opposite end of the spectrum; the vacancy continues to rise and demand for the older office space is low. Parking is something that Colliers is monitoring as office space continues to be added to the urban markets, parking is not increasing at the same rate. History has shown there can be a backlash to this trend, but a major difference at this particular time is the implementation of the light rail transit system.

Halifax

The overall vacancy rate within the Halifax office market increased 70 basis points this quarter to 16.8%. The Downtown area continues to be a tenant's market with overall vacancy reaching 20.1% to close Q1. On the other hand, Class 'A' space in the Suburban Halifax sub-market remains the most sought after in the Halifax Regional Municipality experiencing a decline in 30 basis points, dropping to 6.5%. Overall vacancy is expected to decrease in the short term as quality space becomes leased but should then turn around and increase again as new supply comes online. Construction continues to thrive with both ongoing and new developments such as Queen's Marquee and Westway Park leading to a promising sign of economic growth over the next several years.

*Source: Conference Board of Canada

**The Conference Board of Canada does not provide city specific forecasts for Thompson Okanagan at this time

Metro Areas - Population < 1 Million

First Quarter 2018 | Office Dashboard Reports

REGIONAL AUTHORS:

CRAIG HENNIGAR

Director, Market Intelligence | Canada

Dir +1 604 692 1452

Main +1 604 681 4111 | Fax +1 604 661 0849

craig.hennigar@colliers.com

ANDREW ROJEK

Manager, Market Intelligence | Western Canada

Dir +1 604 662 2667

Main +1 604 681 4111 | Fax +1 604 661 0849

andrew.rojek@colliers.com

ALISON COLLINS

Marketing & Market Intelligence Coordinator | Ottawa

Dir +1 613 683 2226

Main +1 613 567 8050 | Fax +1 613 567 8035

alison.collins@colliers.com

LOCAL MARKET CONTACTS:

CANDICE RIDEOUT

Market Intelligence Coordinator | Halifax

Dir +1 902 442 8705

Main +1 902 422 1422 | Fax +1 902 429 9866

candice.rideout@colliers.com

SERGUEI KAMINSKI

Market Intelligence Coordinator | Waterloo

Dir +1 519 904 7007

Main +1 519 570 1330 | Fax +1 519 570 1185

serguei.kaminski@colliers.com

KIM COOK

Market Research and Analysis | Winnipeg

Dir +1 204 943 1600

Main +1 204 943 1600 | Fax +1 204 943 4793

kcook@colliers.mb.ca

ROBERT PORTER

Operations Manager, Research Coordinator | Regina

Dir +1 306 347 2498

Main +1 306 789 8300 | Fax +1 306 757 4714

robert.porter@colliers.com

DUNCAN MAYER

Research Manager | Saskatoon

Dir +1 306 664 4433

Main +1 306 664 4433 | Fax +1 306 664 1068

duncan.mayer@colliers.com

GILLIAN SATHERSTROM

Market Intelligence Coordinator | Kelowna

Dir +1 250 861 8117

Main +1 250 763 2300

gillian.satherstrom@colliers.com

JAIDEEP PANNU

Market Intelligence Coordinator | Victoria

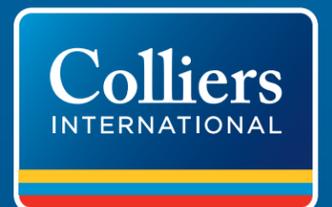
Main +1 250 414 8445

jaideep.pannu@colliers.com



This document/email has been prepared by Colliers International for advertising and general information only. Colliers International makes no guarantees, representations or warranties of any kind, expressed or implied, regarding the information including, but not limited to, warranties of content, accuracy and reliability. This publication is the copyrighted property of Colliers International and /or its licensor(s). © 2018. All rights reserved.

Source: Conference Board of Canada/Colliers International



Accelerating success.