

Q4 2015

Winnipeg Office Market

At-a-Glance



COMMERCIAL REAL ESTATE SERVICES INC.

DOWNTOWN CLASS A

7.9%	vacancy, up from 7.3% in Q3 2015	↑
\$18.06	avg. net rent per sq. ft.	↔
\$14.69	avg add'l rent per sq. ft.	↔
-17,382	sq. ft. of negative absorption	↓

DOWNTOWN CLASS C

16.0%	vacancy, up from 14.7% in Q3 2015	↑
\$11.35	avg. net rent per sq. ft.	↓
\$9.79	avg add'l rent per sq. ft.	↓
-34,074	sq. ft. of negative absorption	↓

11,674,978

total Winnipeg office inventory (sq. ft.)

10.5%

current office vacancy rate
(unchanged from last quarter)

\$13.31

current net rental rate (\$ per sq. ft.)
average add'l rent is \$11.41 per sq. ft. bringing the average gross rental rate to \$24.72 per sq. ft.

9,783

absorption level this quarter (sq. ft.)
year-to-date absorption is now -35,027sq. ft.

44,394

sublet space on the market (sq. ft.)
sublet space now comprises 3.6% of total available space on the market

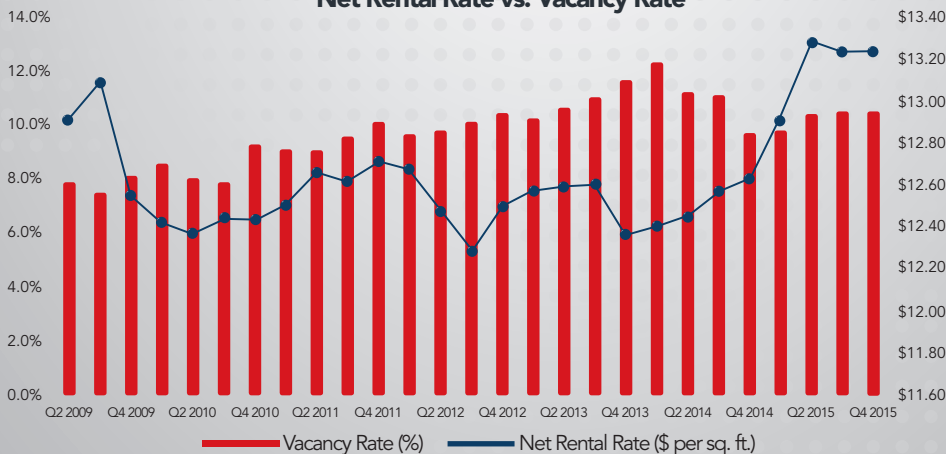
DOWNTOWN CLASS B

10.9%	vacancy, down from 12.0% in Q3 2015	↓
\$13.05	avg. net rent per sq. ft.	↑
\$12.95	avg add'l rent per sq. ft.	↑
38,961	sq. ft. of positive absorption	↑

SUBURBAN CLASS B

7.3%	vacancy, down from 8.1% in Q3 2015	↓
\$12.72	avg. net rent per sq. ft.	↔
\$7.89	avg add'l rent per sq. ft.	↓
22,278	sq. ft. of positive absorption	↑

Net Rental Rate vs. Vacancy Rate



HIGHLIGHTS

There were three significant sale transactions completed in Q4 2015 in the downtown office market. Alberta Teachers Retirement Fund (ATRF) purchased 400 St. Mary Avenue (160,000 sq. ft.) and 444 St. Mary Avenue (246,000 sq. ft.) in partnership with Morguard Corporation while Great West Life Realty Advisors purchased 200 Graham Avenue (148,000 sq. ft.). These acquisitions are ATRF's first acquisitions in the Winnipeg market and GWLRA's first major acquisition in the competitive market.

Both vacancy and rents saw little movement this quarter with vacancy unchanged at 10.5% and rents rising \$0.07 per sq. ft. to \$13.31 per sq. ft. We expect downtown Class A and C vacancy to stabilize and begin to fall in mid-2016 while overall rents will continue to increase slowly throughout the year.