

# Office Market Snapshot

## WINNIPEG, MANITOBA

Downtown CLASS A		
18.6%	vacancy rate 17.6% in Q1 2022	↑
\$20.85	avg. net rent per sq. ft.	↔
\$17.56	avg. add'l rent per sq. ft.	↑
-30,673	sq. ft. of absorption in the quarter	↓
CLASS B		
16.0%	vacancy rate 15.5% in Q1 2022	↑
\$15.09	avg. net rent per sq. ft.	↑
\$14.28	avg. add'l rent per sq. ft.	↓
-19,257	sq. ft. of absorption in the quarter	↑
CLASS C		
18.8%	vacancy rate 19.4% in Q1 2022	↓
\$12.82	avg. net rent per sq. ft.	↓
\$11.08	avg. add'l rent per sq. ft.	↓
16,520	sq. ft. of absorption in the quarter	↑

Suburban CLASS B		
6.9%	vacancy rate 7.0% in Q1 2022	↓
\$15.23	avg. net rent per sq. ft.	↓
\$9.12	avg. add'l rent per sq. ft.	↑
55,161	sq. ft. of absorption in the quarter	↑

Sublet space increased significantly in the suburban Class B market driving up overall sublet vacancy by 14 basis points (bps). The majority of downtown tenants are still analyzing their space requirements before making the decision to sublet. Sublease space now comprises 4.7% of total vacancy, the highest level since the beginning of the pandemic lockdowns in Q2 2020.

Class A vacancy increased by another 100 basis points this quarter and now stands at 18.6%, this jump can be mostly attributable to the 31,955 sq. ft. of space that came to the market in the Air Canada Building at 355 Portage Avenue.

In the downtown Class B market, 175/185 Carlton Street was purchased by a local developer who will be redeveloping 175 Carlton Street into residential units with a main floor retail component. Along with 433 Main Street, and 233 Kennedy Street, this is the third Class B downtown building in the past five years to be converted to residential. This is a trend to watch in the coming years as older downtown office buildings struggle to attract tenants due to a large amount of high-quality Class A and B space on the market.

There were few significant transactions in the office market this quarter, the most notable was the law firm of Phillips Aiello taking a full floor at Number 5 Donald, a deal of approximately 10,000 sq. ft.

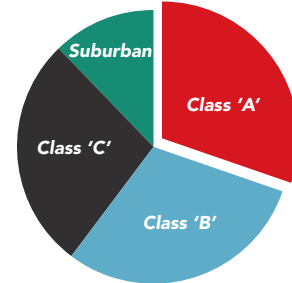
In a positive sign for the health of the market, there are several tenants continuing to look for large blocks of space. Notable among them is Grant Thornton LLP in the market for 15,000 sq. ft.

The only significant office construction in the market is the future Wawanesa Insurance head office at True North Square, a project which is expected to be completed in 2023.

### OUTLOOK

We see demand for office space remaining stable in the coming quarters as several tenants are currently in the market and employees are slowly returning to the office.

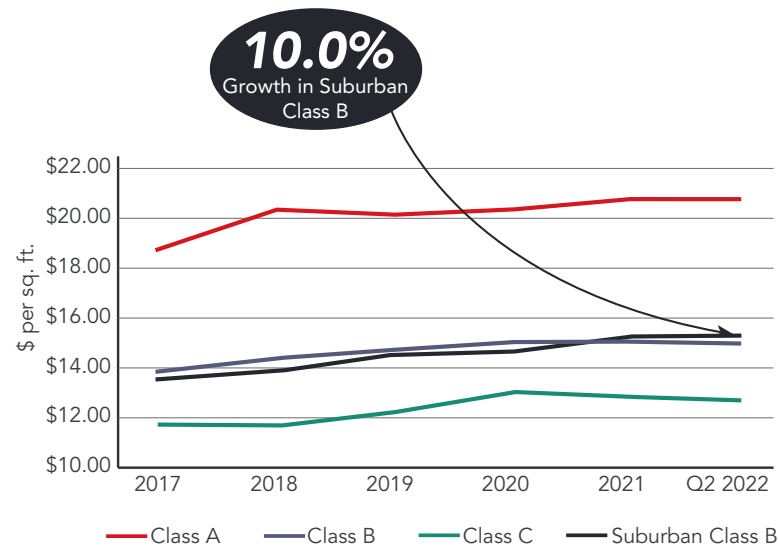
### VACANCY BREAKDOWN



### CONSTRUCTION



### AVG. ASKING NET RENT BY CLASS



### KEY MARKET INDICATORS

<b>TOTAL INVENTORY</b> 12.6M (sq. ft.)	<b>MARKET VACANCY</b> 14.9% (up from 14.7%)
<b>DOWNTOWN VACANCY</b> 17.7% (up from 17.3%)	<b>AVG. ASKING NET RENT</b> \$16.17 (per sq. ft.)
<b>UNDER CONSTRUCTION</b> 300,000 (sq. ft.)	<b>ABSORPTION IN THE Q</b> 21,751 (sq. ft.)

### MARKET ACTIVITY

PHILLIPS | AIELLO  
Barristers & Solicitors

Grant Thornton

DILLON  
CONSULTING

Crosier Kilgour & Partners Ltd.  
CONSULTING STRUCTURAL ENGINEERS

### MARKET VACANCY RATE VS AVERAGE NET RENT

