

Office Market Snapshot

WINNIPEG, MANITOBA

Downtown		
CLASS A		
17.3%	vacancy rate 19.8% in Q4 2023	↓
\$20.95	avg. net rent per sq. ft.	↑
\$18.61	avg. addt'l rent per sq. ft.	↑
389,627	sq. ft. of absorption in the quarter	↑
CLASS B		
22.8%	vacancy rate 22.2% in Q4 2023	↑
\$15.31	avg. net rent per sq. ft.	↑
\$14.59	avg. addt'l rent per sq. ft.	↓
-20,764	sq. ft. of absorption in the quarter	↑
CLASS C		
22.1%	vacancy rate 20.5% in Q4 2023	↑
\$12.73	avg. net rent per sq. ft.	↔
\$11.17	avg. addt'l rent per sq. ft.	↓
45,073	sq. ft. of absorption in the quarter	↑

Suburban		
CLASS B		
8.5%	vacancy rate 7.4% in Q4 2023	↑
\$15.63	avg. net rent per sq. ft.	↑
\$9.15	avg. addt'l rent per sq. ft.	↓
-41,435	sq. ft. of absorption in the quarter	↓

The new Wawanesa Tower at True North Square is now complete and home to 1,300 employees, bringing much-needed foot traffic to the downtown core. The 380,000 sq. ft. Class A tower is the fourth building completed at True North Square, with only Sutton Place still under construction.

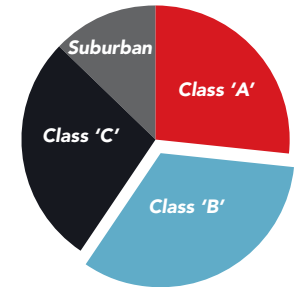
The projected completion of Sutton Place Hotel & Residences in 2025/2026 will bring 288 hotel rooms and 130 residential units downtown and directly adjacent to the RBC Winnipeg Convention Centre.

The delivery of the tower led to 282,355 sq. ft. of positive absorption in the market this quarter and has brought down Class A vacancy by 250 bps to 17.3%. Overall market vacancy rose by 10 bps to 17.4% as suburban vacancy increased by 110 bps as office space in the first phase of the Refinery District in the southwest came to the market.

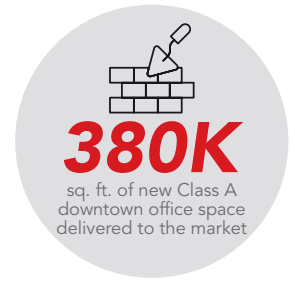
Despite stabilizing vacancy, average net rental rates fell to \$16.51 per sq. ft. this quarter, down from \$16.21 per sq. ft. at the end of 2023. Average downtown Class A rents remained stable at \$20.95 per sq. ft.

Sublet space grew by 60 bps and now constitutes 12.1% of total vacancy. Sublet levels remain elevated as a number of tenants have given back space after determining that their newly set work-from-home policies require a smaller office footprint. A byproduct of this increase in sublet opportunities has been that potential tenants in the market are focusing on space with existing improvements and furniture and equipment incentives. These spaces are also often transacting below market rental rates which has proven to be a challenge for landlords with shell space to compete with developed sublet space due to high construction costs.

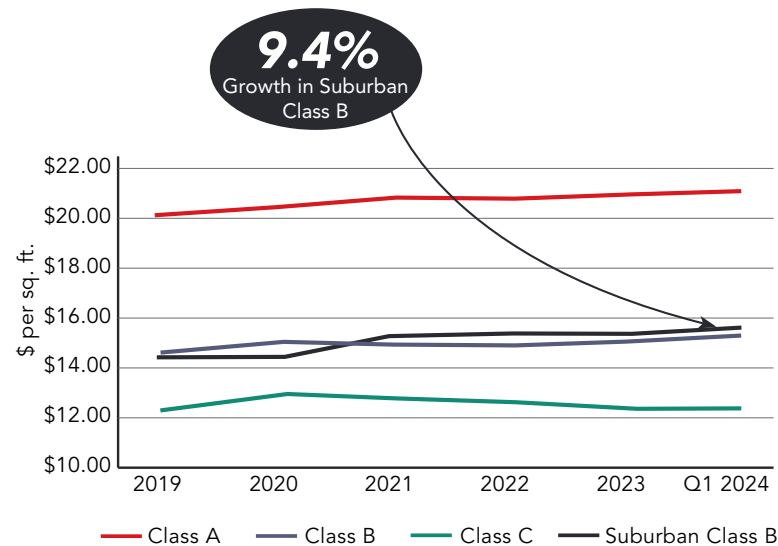
VACANCY BREAKDOWN



CONSTRUCTION



AVG. ASKING NET RENT BY CLASS



KEY MARKET INDICATORS

	TOTAL INVENTORY	12.7M (sq. ft.)
	MARKET VACANCY	17.4% (up from 17.3%)
	DOWNTOWN VACANCY	20.6% (down from 20.8%)
	AVG. ASKING NET RENT	\$16.15 (per sq. ft.)
	SPACE DELIVERED IN THE QUARTER	380,000 (sq. ft.)
	ABSORPTION IN THE QUARTER	282,355 (sq. ft.)

