

# Office Market Snapshot

## WINNIPEG, MANITOBA

Downtown		
CLASS A		
19.8%	vacancy rate 19.1% in Q3 2023	↑
\$20.95	avg. net rent per sq. ft.	↑
\$18.31	avg. add'l rent per sq. ft.	↑
-21,324	sq. ft. of absorption in the quarter	↓
CLASS B		
22.2%	vacancy rate 20.3% in Q3 2023	↑
\$15.21	avg. net rent per sq. ft.	↑
\$14.65	avg. add'l rent per sq. ft.	↑
-41,402	sq. ft. of absorption in the quarter	↑
CLASS C		
20.5%	vacancy rate 23.0% in Q3 2023	↓
\$12.73	avg. net rent per sq. ft.	↓
\$11.22	avg. add'l rent per sq. ft.	↑
69,602	sq. ft. of absorption in the quarter	↑

Suburban		
CLASS B		
7.4%	vacancy rate 7.5% in Q3 2023	↓
\$15.30	avg. net rent per sq. ft.	↑
\$9.18	avg. add'l rent per sq. ft.	↓
5,209	sq. ft. of absorption in the quarter	↓

In the final quarter of 2023, both the total market vacancy and downtown vacancy increased by 10 basis points (bps), reaching 17.3% and 20.8%, respectively. This slight rise in vacancy suggests a slowing of the upward pressure on vacancy rates, indicating a potential stabilization in the market.

Net rental rates saw an increase this quarter, reaching \$16.21 per sq. ft., up from \$16.05 per sq. ft. in Q3 2023. This uptick suggests a confidence among landlords in renewed tenant demand. Within the downtown core, average asking net rents also experienced growth, rising to \$16.34 per sq. ft. from \$16.16 per sq. ft. in Q3 2023.

Sublet space expanded by 150 bps, constituting 11.5% of total vacancy. Elevated sublet levels are expected to persist throughout 2024 as tenants adapt to hybrid work-from-home policies, returning excess space.

In the suburban market, the vacancy rate decreased by 10 bps to 7.4%, and average asking net rents increased to \$15.30 per sq. ft., concluding a robust year compared to the downtown market.

The ongoing construction of the Wawanesa Tower, slated for completion in Q1 2024, stands out as the most significant project in the Winnipeg office market. The 380,000 sq. ft. Class A building will be fully occupied by Wawanesa.

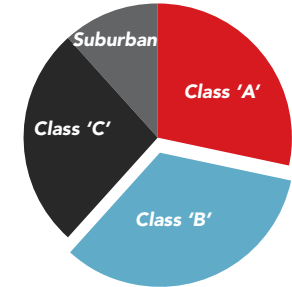
Tenants continue to re-evaluate space requirements in all segments of the market. Pending expiries of major government leases in 2024-2025 will have a significant effect on the overall condition of the market once it becomes clear what they intend to do with these spaces.

True North's pursuit of a potential redevelopment of Portage Place is a major project to watch in 2024 as their proposed plan would have a significant impact on the future of downtown Winnipeg.

### OUTLOOK

Looking ahead to 2024, we expect to see continued upward pressure on vacancy rates as tenants whose leases expire in the next 24 months make decisions on the future of their office commitments. Finalization of a funding program from the city of Winnipeg to incentivize developers to reposition office buildings into multi-family could create more opportunities for existing buildings with significant vacancies to be redeveloped.

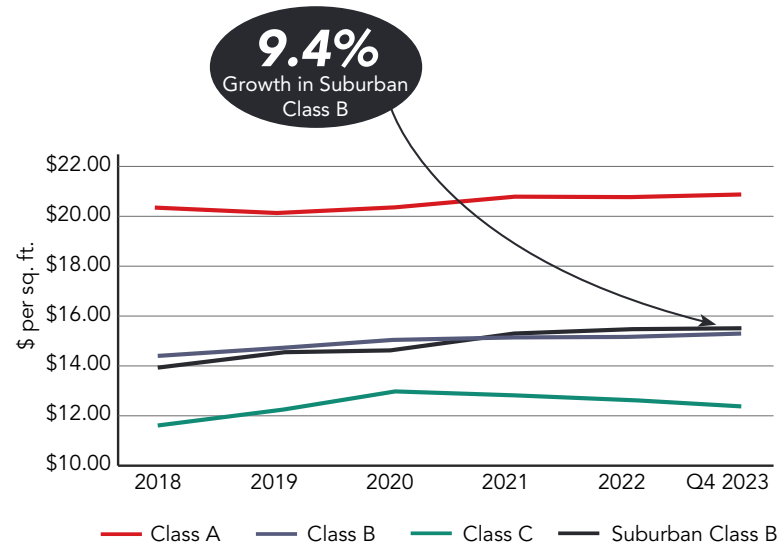
### VACANCY BREAKDOWN



### CONSTRUCTION



### AVG. ASKING NET RENT BY CLASS



### KEY MARKET INDICATORS

<b>TOTAL INVENTORY</b>	<b>12.3M</b> (sq. ft.)
<b>MARKET VACANCY</b>	<b>17.3%</b> (up from 17.2%)
<b>DOWNTOWN VACANCY</b>	<b>20.8%</b> (up from 20.7%)
<b>AVG. ASKING NET RENT</b>	<b>\$16.21</b> (per sq. ft.)
<b>UNDER CONSTRUCTION</b>	<b>380,000</b> (sq. ft.)
<b>ABSORPTION IN THE QUARTER</b>	<b>12,085</b> (sq. ft.)

### MARKET VACANCY RATE VS AVERAGE NET RENT

