

Office Market Snapshot

WINNIPEG, MANITOBA

Downtown		
CLASS A		
18.3%	vacancy rate 17.3% in Q1 2024	↑
\$20.85	avg. net rent per sq. ft.	↓
\$19.23	avg. addtl rent per sq. ft.	↑
-35,455	sq. ft. of absorption in the quarter	↓
CLASS B		
23.7%	vacancy rate 22.8% in Q1 2024	↑
\$15.31	avg. net rent per sq. ft.	↔
\$14.57	avg. addtl rent per sq. ft.	↓
-27,760	sq. ft. of absorption in the quarter	↓
CLASS C		
22.3%	vacancy rate 22.1% in Q1 2024	↑
\$12.88	avg. net rent per sq. ft.	↑
\$11.14	avg. addtl rent per sq. ft.	↓
22,757	sq. ft. of absorption in the quarter	↑

Suburban		
CLASS B		
8.3%	vacancy rate 8.5% in Q1 2024	↓
\$15.78	avg. net rent per sq. ft.	↑
\$9.20	avg. addtl rent per sq. ft.	↑
7,543	sq. ft. of absorption in the quarter	↑

Total office market vacancy increased by 30 basis points (bps) this quarter as downtown vacancy recorded a 40 bps increase. Downtown Class A vacancy now stands at 18.3%, up by 100 bps from Q1 2024 but down sharply from its peak of 20.1% in Q2 2023. Suburban Class B vacancy fell by 20 bps to 8.3% and continues to be the strongest performing office submarket while also seeing the average asking net rent increase to \$15.78 per sq. ft., up from \$15.62 per sq. ft. last quarter. This increase drove total market asking rents to \$15.62 per sq. ft., up from \$16.15 per sq. ft. in the first quarter of 2024.

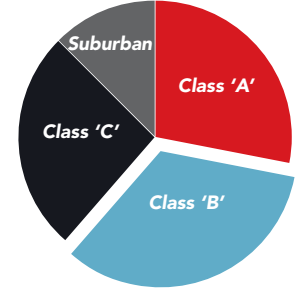
The Manitoba Metis Federation (MMF) has taken another step toward revitalizing downtown Winnipeg with the purchase of 333 Main Street and 191 Pioneer Avenue, formerly owned by Artis REIT and occupied by Bell MTS. In addition to the two towers, which total 600,000 sq. ft., they have also acquired a 99-stall surface lot at 179 Pioneer Avenue. In 2022, the MMF purchased the historic Bank of Montreal Building at Portage & Main, just next to their newest acquisition, while in 2023, they purchased the former Wawanesa Insurance headquarters at 200 Main Street.

Construction activity continues to be limited throughout the market, with development following demand in the suburban area. The only office project currently underway in the city is phase 1 of Polaris Place in the northwest quadrant. The 14,234 sq. ft. mixed-use building is expected to be completed in the third quarter of 2024.

The Western Canadian Lottery Corporation is currently looking for approximately 27,000 sq. ft. in the downtown market.

OUTLOOK
We expect the construction pipeline for new office product to be focused on the suburban market in the next few years while in the downtown area True North Real Estate and the Southern Chief's Organization work to transform the former Hudson's Bay Building and Portage Place mall and revitalize the area surrounding Canada Life Centre.

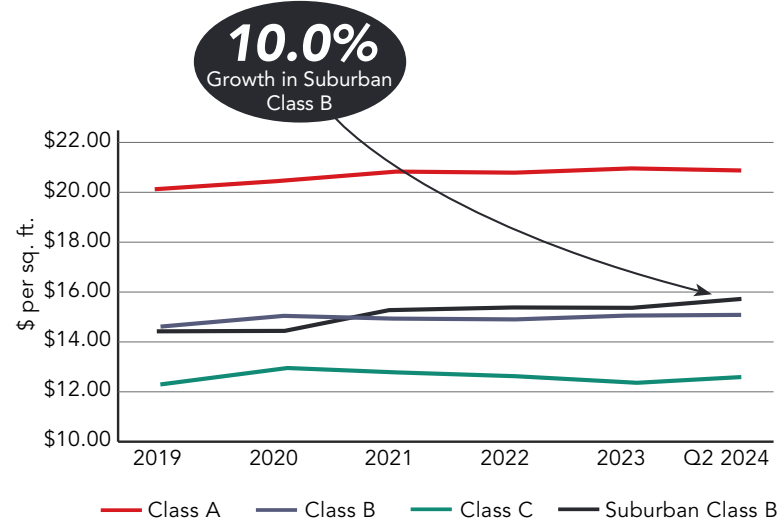
VACANCY BREAKDOWN



CONSTRUCTION



AVG. ASKING NET RENT BY CLASS



KEY MARKET INDICATORS

TOTAL INVENTORY	12.7M (sq. ft.)
MARKET VACANCY	17.7% (up from 17.4%)
DOWNTOWN VACANCY	21.0% (down from 20.6%)
AVG. ASKING NET RENT	\$16.26 (per sq. ft.)
SPACE UNDER CONSTRUCTION	14,234 (sq. ft.)
ABSORPTION IN THE QUARTER	-32,915 (sq. ft.)

