

Office Snapshot Q3 2016

Winnipeg, MB



WINNIPEG OFFICE

Economic Indicators

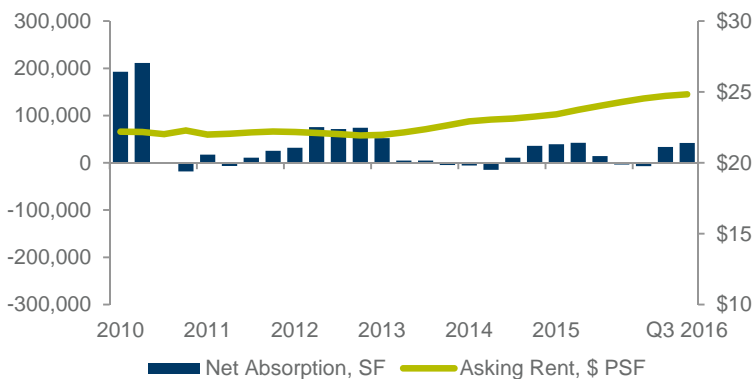
	Q3 15	Q3 16	12-Month Forecast
Winnipeg Employment	426 K	425 K	▲
Winnipeg Unemployment	5.9%	6.4%	▼
Canada Unemployment	7.0%	7.0%	▲

Market Indicators (Overall, All Classes)

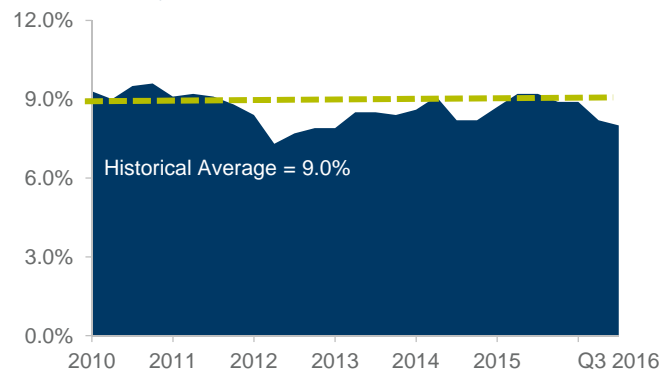
	Q3 15	Q3 16	12-Month Forecast
Overall Vacancy Rate	9.2%	8.0%	▼
Net Absorption (sf)	(9,000)	24,620	▲
Average Asking Rent*	\$24.31	\$24.77	▲

*Rental rates reflect gross asking \$psf/year

Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

The Canadian unemployment rate rose two-tenths of a percent from 6.8% last quarter to 7.0% in Q3. Winnipeg's labour force grew more quickly than jobs were created in Q3. This resulted in the rise of Winnipeg's unemployment one-tenth of a percent from last quarter to 6.4%. GDP growth in Manitoba continues to be positive and is anticipated to grow at 2.1% in 2016.

The first 100 day session of our new Conservative government concluded in Q3. Some accomplishments from the first 100 days include a \$100M reduction in provincial deficit and a rise in the basic personal tax exemption, all without raising or expanding provincial taxes. The impact of these accomplishments are likely to add to the province's already stable economic environment.

Market Overview

There is never ending chatter surrounding True North Square, SkyCity, and Osborne Place as these projects promise to deliver a new caliber of class A space to Winnipeg and will likely push asking rental rates upwards. Progress is taking place on recently announced capital projects for existing buildings. The facelift of 360 Main St. is about a third complete and other projects have already taken off as well including 201 Portage Ave., 1 Lombard Ave., 330 Portage Ave., and 330 St. Mary Ave. The cost of these projects will most certainly put pressure on overall gross rents. Class A Central Business District (CBD) vacancy decreased by a massive one and one half percentage points to reach 4.2%, with a corresponding absorption total of 49,386 square feet (sf); the result of a 15,570 sf tenant expansion in 360 Main Street and more than one new head lease in 1 Lombard Place decreasing the vacancy by 29,704 sf.

In the CBD, there seemed to be a lot of movement which resulted in class C seeing a large negative absorption to balance class A's large positive absorption. Overall vacancy in the CBD is sitting three-tenths of a percent less than it was last quarter at 7.8%. It seems everyone wants to be downtown.

Office space seems to be a hot commodity with overall vacancy in Winnipeg, in both CBD and Suburban markets combined, sitting at an even 8%, better than last quarter by two-tenths of a percent.

Outlook

With all of the new office spaces being announced and beginning to break ground, there is a major sense of excitement amongst the brokers in Winnipeg. True North Square is well underway, 300 Main St. and SkyCity have both been announced and rolled out to the public. This is a very lively time in downtown Winnipeg and it's only becoming more exciting.

MARKETBEAT

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Winnipeg, MB



SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	AVERAGE NET RENTAL RATE	AVERAGE GROSS RENTAL RATE
Class A CBD	9	2,919,540	1,489	121,653	4.2%	49,386	4,811	360,000	\$19.91	\$36.30
Class B CBD	27	3,587,840	10,750	303,447	8.8%	3,767	57,614	0	\$14.28	\$28.20
Class C CBD	65	3,827,716	0	373,779	9.8%	(24,908)	20,444	0	\$11.11	\$20.43
CBD Totals	101	10,335,096	12,239	789,879	7.8%	28,245	82,869	360,000	\$13.63	\$25.76
Class A Suburban	5	202,385	0	17,047	8.4%	(3,133)	3,367	32,000	\$21.24	\$30.65
Class B Suburban	34	1,407,068	2,072	42,605	3.2%	(5,958)	37,457	0	\$11.63	\$18.88
Class C Suburban	35	1,535,457	12,260	190,557	13.2%	5,466	(4,972)	0	\$11.06	\$20.86
Suburban Totals	74	3,144,910	14,332	250,209	8.4%	(3,625)	35,852	0	\$12.34	\$21.68
WINNIPEG TOTALS	175	13,480,006	26,571	1,049,088	8.0%	24,620	118,721	392,000	\$13.32	\$24.77

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Class A	13	3,121,195	1,489	138,700	4.5%	46,253	8,178	360,000	\$20.17	\$35.19
Class B	61	4,994,908	12,822	346,052	7.2%	(2,191)	95,071	0	\$14.04	\$27.14
Class C	100	5,363,173	12,260	564,336	10.8%	(19,442)	15,472	0	\$11.09	\$20.57

Key Lease Transactions Q3 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
360 Main Street	15,570	-	Head Lease Expansion	CBD
444 St Mary Avenue	5,276	-	Head Lease	CBD

Key Sales Transactions Q3 2016

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
385 St Mary Avenue	9,312	-	\$199.00	CBD

Cushman & Wakefield
 200-260 St. Mary Avenue
 Winnipeg, MB R3C 0M6
www.cushmanwakefieldwinnipeg.ca

For more information, contact:
 Wayne Sato, Vice President,
 Office
 Tel: 204-934-6207
Wayne.sato@cwinnipeg.com

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