

## WINNIPEG OFFICE

### Economic Indicators

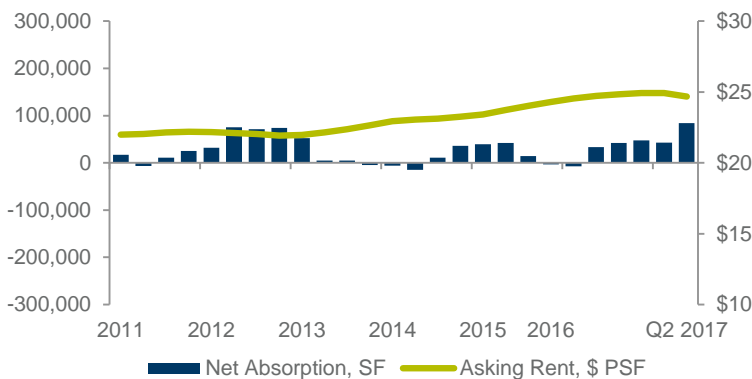
	Q2 16	Q2 17	12-Month Forecast
Winnipeg Employment	426K	428K	▲
Winnipeg Unemployment	6.2%	5.9%	▼
Canada Unemployment	6.8%	6.6%	▼

### Market Indicators (Overall, All Classes)

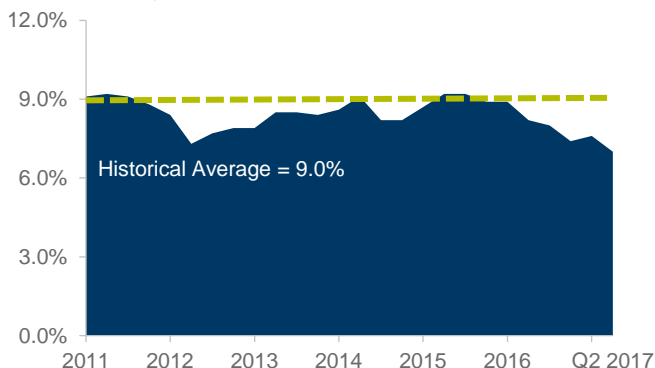
	Q2 16	Q2 17	12-Month Forecast
Overall Vacancy Rate	8.2%	7.0%	▼
Net Absorption (sf)	99,740	84,277	▼
Average Asking Rent*	\$24.93	\$24.69	▼

\*Rental rates reflect gross asking \$psf/year

### Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



### Overall Vacancy



## Economy

The Canadian unemployment rate dropped one-tenth of a percent from 6.7% last quarter to 6.6% in Q2 2017. Growth in Manitoba's economy is forecasted to grow by 1.9% this year and 2.2% in 2018. (RBC Provincial Outlook).

## Market Overview

Vacancy rates in the Central Business District declined 1.3% over the previous quarter primarily driven by the availability of vacant space in Class B buildings. Ironically, the average net rent being quoted by landlords in this market segment is \$0.36 per sq. ft. lower than Q1. This average was impacted by the positive absorption of 19,198 sf in the Royal Bank Building at 220 Portage Avenue which has the highest asking rate of \$17.00 per sq. ft. for any Class B building in the CBD. As previously reported, the higher rental rates are being partially offset by large leasehold improvement allowances as some landlords are aggressively pursuing new and existing tenants to their buildings.

In the suburban market, there were also significant declines in the vacancy rate from 7.6% to 5.2% as a result of the 29,257 sq. ft. in positive absorption. Both Class A and Class B buildings were impacted by this development. Accordingly, the average asking net rent for all building classes in this market increased from \$12.69 to \$13.15 per sq. ft.

## Outlook

In the downtown Class C market, the announced re-development of the Boyd Building at 388 Portage Avenue and the Hudson Building at 414 Graham Avenue is displacing some tenants. Over the course of the year, these tenants will be relocating to other downtown buildings and thereby reducing overall vacancy rates. In addition, there will be high level of leasing activity over the next 12 months as tenants and landlords attempt to establish their respective negotiating positions prior to the addition of 365,000 sq. ft. of new Class A space with the completion of True North Square in Q3, 2018.

## MARKETBEAT

## Winnipeg, MB

Office Q2 2017


 CELEBRATING  
**100**  
 YEARS

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	50,984	82,900	4.6%	1,311	(7,604)	360,000	\$19.94	\$36.04
Class B CBD	27	3,587,840	0	295,189	8.2%	46,300	22,231	0	\$14.15	\$28.01
Class C CBD	65	3,827,716	3,708	335,462	8.9%	18,445	26,368	0	\$11.32	\$20.66
<b>CBD Totals</b>	<b>101</b>	<b>10,335,096</b>	<b>54,692</b>	<b>713,551</b>	<b>7.4%</b>	<b>66,056</b>	<b>40,995</b>	<b>360,000</b>	<b>\$13.42</b>	<b>\$25.23</b>
Class A Suburban	5	202,385	0	14,923	7.4%	2,075	2,075	32,000	\$21.24	\$30.65
Class B Suburban	34	1,407,068	4,584	27,791	2.3%	(5,559)	272	0	\$11.89	\$19.28
Class C Suburban	35	1,535,457	14,812	113,852	8.4%	21,705	16,364	0	\$11.34	\$21.36
<b>Suburban Totals</b>	<b>73</b>	<b>3,144,910</b>	<b>19,396</b>	<b>156,566</b>	<b>5.6%</b>	<b>18,221</b>	<b>18,711</b>	<b>0</b>	<b>\$13.15</b>	<b>\$22.63</b>
<b>WINNIPEG TOTALS</b>	<b>174</b>	<b>13,480,006</b>	<b>74,088</b>	<b>870,117</b>	<b>7.0%</b>	<b>84,277</b>	<b>59,706</b>	<b>392,000</b>	<b>\$13.36</b>	<b>\$24.69</b>

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	13	3,121,195	50,984	97,823	4.5%	3,386	(5,529)	392,000	\$20.28	\$34.62
Class B	61	4,994,908	4,584	322,980	6.6%	40,741	22,503	0	\$13.91	\$27.08
Class C	100	5,363,173	18,520	449,314	8.7%	40,150	42,732	0	\$11.32	\$20.83

## Key Lease Transactions Q1 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
360 Main Street	16,000	n/a	Head Lease	CBD
400 Ellice Avenue	17,000	n/a	Head Lease	CBD

## Key Sales Transactions Q1 2017

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
n/a				

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