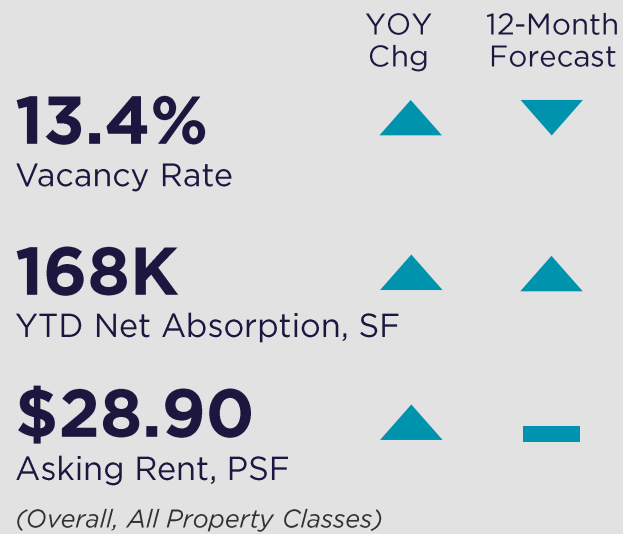
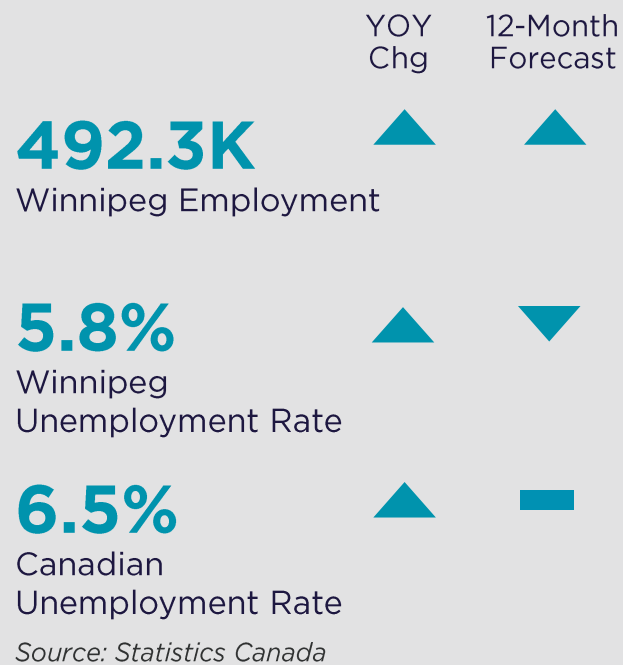


MARKET FUNDAMENTALS



ECONOMIC INDICATORS



ECONOMY

Winnipeg saw an increase in the unemployment rate over the last few months after seeing some stability in the second quarter of 2024. Jumping from 5.1% (April 2024) to 5.8% (September 2024), the unemployment rate in Winnipeg is higher than the provincial rate that sits at 5.7% but still slightly lower than the national rate of 6.5% as of September 2024.

The Consumer Price Index (CPI) is rising at a slower pace in all Canadian provinces from July 2024 to August 2024. Manitoba's CPI is no exception, seeing a slight increase of 1.3% on a year-over-year (YOY) basis and a deceleration of 0.5 points from the July 2024 increase. This would be the fourth consecutive month this year that Manitoba's inflation sits within the Bank of Canada's 1%-3% target range.

With the rate of inflation reaching a 42-month low, there is increased speculation that the Bank of Canada may be prepared to make a sizeable interest rate cut in October. This is encouraging news that validates previous notions earlier this year that economic activity in commercial real estate will likely continue to rise throughout 2024 and leading into 2025.

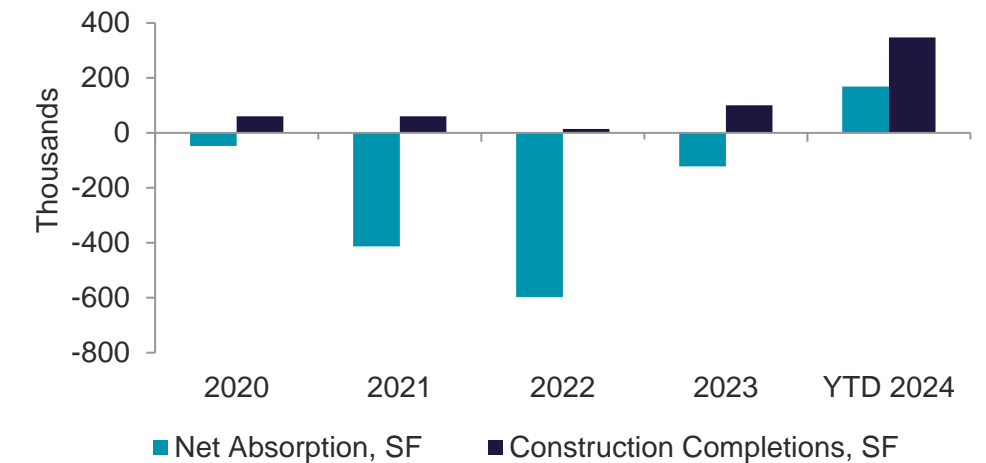
SUPPLY & DEMAND

There was 148k square feet (sf) of negative absorption in the overall office market this quarter. Of that total 108k sf was in the suburban market - primarily within Class B & C properties. The overall office vacancy rate in Winnipeg had a notable increase from the second quarter of 2024, rising from 12.7% to 13.4%. Contrary to the current narrative of vacancy going up in the Downtown market, this recent increase in the overall office vacancy rate was in fact the result of the Suburban office market seeing a 120-basis point (bps) increase quarter-over-quarter (QOQ), while there was only a 40-bps increase QOQ in the CBD. This could suggest a small crack in the armor of the Suburban office market that has remained healthy with decreasing vacancy for most of 2024.

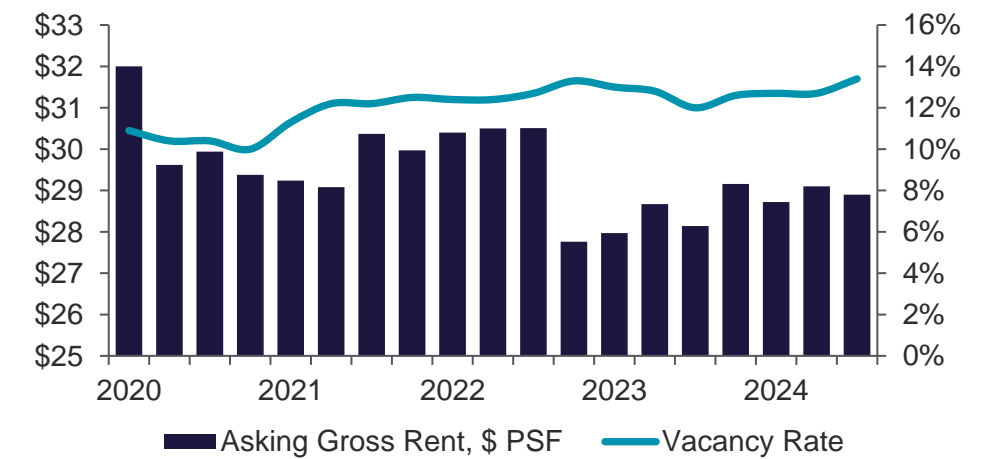
PRICING

The overall average asking rent remains stable in the downtown market, with an average asking rent of \$16.14 per square foot (psf). Similarly, the suburban market also did not see a considerable change from last quarter, sitting at \$14.43 psf. The overall city average of the additional rent continues to sit just above \$13.00 psf with a slight increase from last quarter to \$13.22 psf this quarter. The overall gross rent is now \$28.90 psf for the third quarter of 2024.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY	SUBLET VACANCY (SF)	DIRECT VACANCY (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	AVERAGE NET ASKING RENT	AVERAGE GROSS RENTAL RATE
Class A CBD	3,537,672	112,559	322,899	12.3%	58,125	214,742	\$16.80	\$37.11
Class B CBD	4,035,675	2,453	757,370	18.8%	-53,082	-42,597	\$16.57	\$33.23
Class C CBD	5,774,699	105,621	800,336	15.7%	-44,912	-173,668	\$15.44	\$27.50
CBD TOTALS	13,348,046	220,633	1,880,605	15.7%	-39,869	-1,523	\$16.14	\$31.87
Class A Suburban	1,407,836	4,710	200,653	14.6%	-7,796	90,238	\$21.65	\$29.09
Class B Suburban	4,505,894	823	301,341	6.7%	-34,498	61,917	\$15.70	\$25.37
Class C Suburban	3,031,370	3,456	381,269	12.7%	-65,897	17,586	\$11.90	\$20.05
SUBURBAN TOTALS	8,945,100	8,989	883,263	10.0%	-108,191	169,741	\$14.43	\$22.89
WINNIPEG TOTALS	22,293,146	229,622	2,763,868	13.4%	-148,060	168,218	\$15.68	\$28.90

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	+/-SF	TYPE
1431 Church Avenue	Non-CBD	27,200	Lease
555 Camiel Sys Street	Non-CBD	24,665	Lease
90 – 146 Commerce Drive	Non-CBD	12,000	Lease
961 - 975 Sherwin Road	Non-CBD	7,830	Lease
971 Powell Avenue	Non-CBD	5,878	Lease

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SF	PRICE / \$ PSF
N/A	N/A	N/A	N/A

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	SF	OWNER/DEVELOPER
372 Graham Avenue (Wawanesa Tower)	CBD	300,000	True North Sports and Entertainment Limited
990 Taylor Avenue	Non-CBD	21,000	Shindico
4055 Portage Avenue (Red River Business Park)	Non-CBD	17,403	ICI Properties

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