

MARKET FUNDAMENTALS

	YOY Chg	Outlook
13.1% Vacancy Rate	▲	▼
261K YTD Net Absorption, SF	▲	▲
\$28.99 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▼	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
495.2K Winnipeg Employment	▲	▲
6.2% Winnipeg Unemployment Rate	▲	▼
6.7% Canadian Unemployment Rate	▲	▬

Source: Statistics Canada

ECONOMY

Winnipeg has seen year-over-year growth in employment, up 3.0% in December 2024 from December 2023 – a gain of 16,000 jobs over the last year. Similarly, the unemployment rate continues to trend downwards near the end of 2024, from 6.6% in September to now sitting at 6.2% in December. Winnipeg is showing some positive signs in comparison to the overall country as Canadian GDP has barely grown and the national unemployment rate has increased from 5.8% (December 2023) to 6.7% (December 2024).

The Consumer Price Index rose 1.9% in November 2024 in Canada, an increase of 2.4 percentage points compared to November 2023. Manitoba's CPI is also accelerating, up 90 basis points in November from October, but has once again proved to have the lowest inflation rate among all other Canadian provinces.

The Bank of Canada (BoC) continues to lower interest rates, delivering its fifth consecutive cut since June 2024 to bring the policy rate to 3.25%. The BoC also acknowledged the economy has been weaker than anticipated and there's speculation that although rate cuts can continue to be expected, it may move at a slower pace now. Economic activity in commercial real estate is still expected to rise as securing debt becomes cheaper but time will tell if acquiring debt becomes more difficult to access or not.

SUPPLY & DEMAND

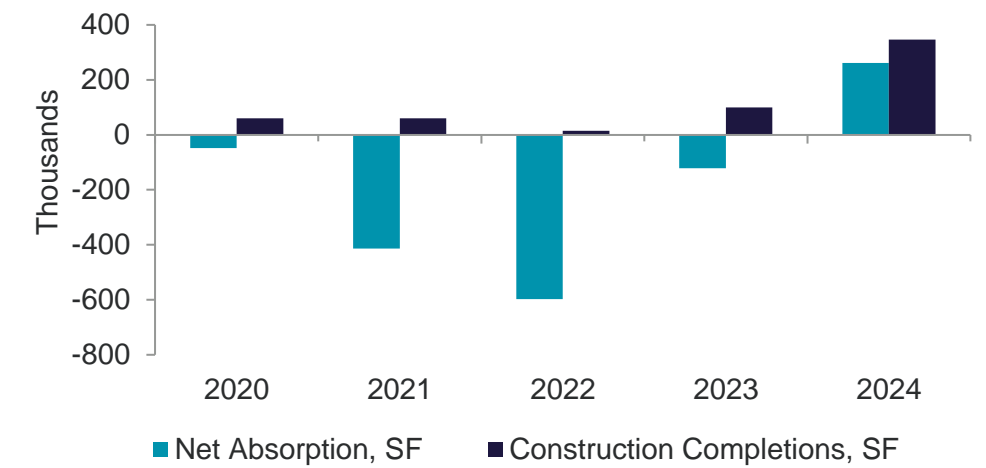
The overall office market posted 93,231 square feet (sf) of positive absorption in the fourth quarter of 2024. Only Class B properties witnessed negative absorption of just under 20,000 sf with Class A product having just under 70,000 sf of positive absorption. Although there are very little new office development projects in the pipeline for Winnipeg, many will pay close attention to the Manitoba Metis Federation and their efforts to bring significant office space to the heart of downtown Winnipeg.

Winnipeg's office market has seen an increase in activity recently, but the overall vacancy remains static at 13.1% with only a slight reduction quarter-over-quarter. Major employers are reporting a decrease in employees working from home which could be a significant factor to explain why the increase in the overall office vacancy has slowed. Other notable work in Downtown such as the opening of Portage & Main to pedestrians could give a further bolster Winnipeg's core with an increase in traffic and people working in the office. There is optimism that the office market could be trending back close to pre-pandemic levels.

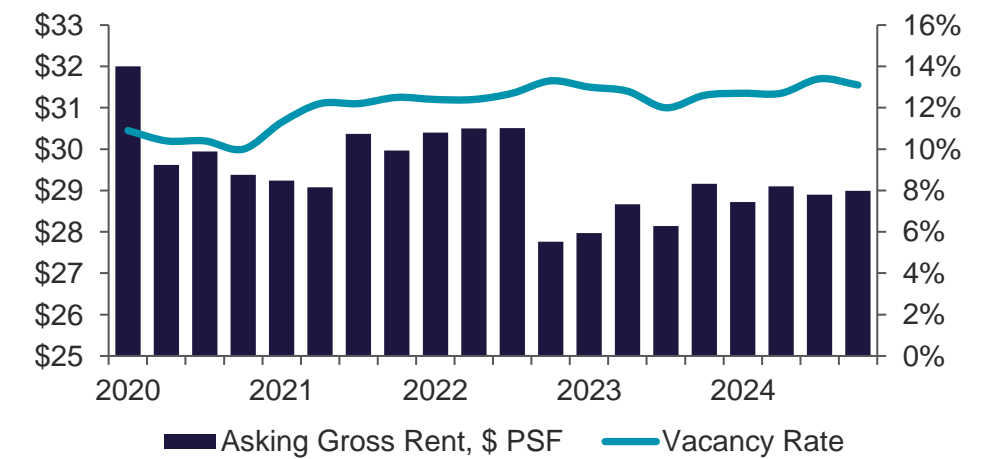
PRICING

The overall average asking rent has not changed much in the downtown market, with an average asking rent of \$15.65 per square foot (psf) in the fourth quarter of 2024. Similarly, the suburban market had almost no change in its asking rent from the third quarter of 2024, currently sitting at \$14.39 psf. The overall gross rent remained stable, only going up by nine cents to \$28.99 psf in the fourth 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	71,373	321,931	11.1%	42,154	256,896	\$16.78	\$37.09
Class B CBD	4,035,675	7,535	770,620	19.3%	-18,332	-60,929	\$16.37	\$33.18
Class C CBD	5,774,699	20,819	865,931	15.4%	33,207	-140,461	\$15.53	\$27.54
CBD TOTALS	13,348,046	99,727	1,958,482	15.4%	57,029	55,506	\$16.07	\$31.69
Class A Suburban	1,407,836	4,710	172,910	12.6%	27,743	117,981	\$21.48	\$28.96
Class B Suburban	4,522,263	823	307,755	6.8%	-549	61,368	\$15.74	\$25.43
Class C Suburban	3,031,370	10,153	365,564	12.4%	9,008	26,594	\$11.75	\$19.90
SUBURBAN TOTALS	8,961,469	15,686	846,229	9.6%	36,202	205,943	\$14.39	\$22.89
WINNIPEG TOTALS	22,309,515	115,413	2,804,711	13.1%	93,231	261,449	\$15.65	\$28.99

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	+/-SF	TYPE
550 Century Street	Non-CBD	1,363	Lease

KEY SALES TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SF	PRICE / \$ PSF
627-629 Dudley Avenue	CBD	10,125	1,300,000/\$128.40
114 Garry Street	CBD	74,248	Not disclosed

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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