MARKETBEAT

WINNIPEG, MB

OFFICE Q1 2025

CUSHMAN & WAKEFIELD Winnipeg | Stevenson

MARKET FUNDAMENTALS

	YOY Chg	Outlook
13.1% Vacancy Rate	▲	▼
-11.8K YTD Net Absorption, SF	▼	▲
$28.84 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
508.6K Winnipeg Employment	▲	▲
5.9% Winnipeg Unemployment Rate	▲	▼
6.7% Canadian Unemployment Rate	▲	▲

Source: Statistics Canada

ECONOMY

Winnipeg has witnessed year-over-year (YOY) employment growth, up 1.0% in March 2025 from March 2024 – a gain of 18,000 jobs over the last year. Similarly, the unemployment rate continues to trend downwards from the end of 2024, from 6.2% in December 2024 to 5.9% in March. 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 5.9% (March 2024) to 6.7% (March 2025).

The provincial Consumer Price Index (CPI) rose 3.5% in February 2025 compared to February 2024 following a 2.7 percentage point increase in January. Manitoba's CPI growth for February was above Canada's YOY increase of 2.6% and at 3.5%, Manitoba posted the highest all-items price increase among Canada's ten provinces.

The Bank of Canada (BoC) cut its key interest rate by 25 basis points (bps) to 2.75% in its March decision, as expected and previously signaled, to mark 225 bps in rate cuts since the start of its loosening cycle in June 2024. The Governing Council noted that the Canadian economy grew more than expected in the fourth quarter of 2024 with support from the past cuts in the policy rate, but growth is expected to slow in 2025 due to increasing trade conflict with the United States. The Bank also noted that the continuously changing tariff threats from the U.S. is hurting consumer confidence and investment expectations, which are expected to erase the strong economic activity triggered by firms attempting to undercut trade barriers.

SUPPLY & DEMAND

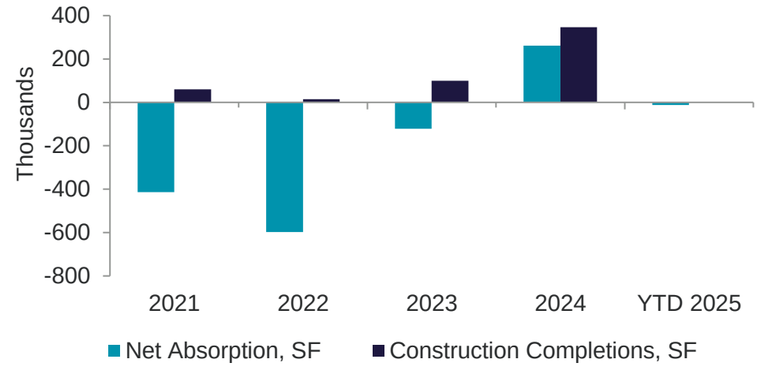
The increase in Winnipeg's office vacancy rates has begun to slow from the fourth quarter of 2024 to the first quarter of 2025, currently at 13.1%. While this may indicate a potential stabilization in the market, the question remains: Is there still room for vacancy to decrease further? With demand patterns shifting and businesses reassessing their space needs during a politically, and as a result, economically volatile time, this will be a critical trend to monitor in 2025.

An intriguing development in Winnipeg's office market is the stark contrast of vacancy rates between buildings connected to the Skywalk and underground concourse versus those that are not. First quarter 2025 figures show that vacancy for connected properties is significantly lower than non-connected buildings. This highlights the significant value of accessibility and pedestrian-friendly infrastructure in sustaining office demand.

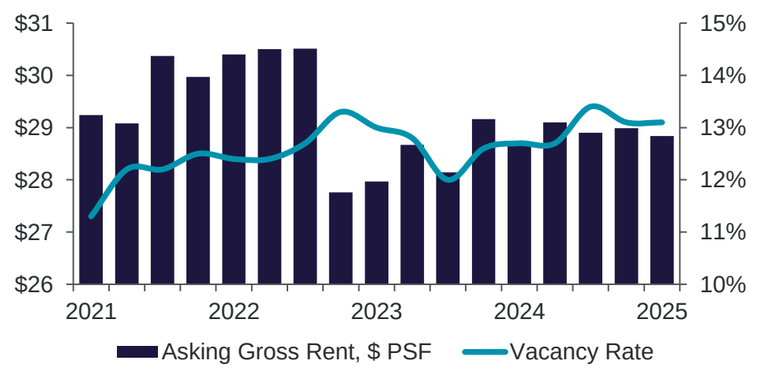
PRICING

Winnipeg's Downtown net rental rates remain stable with a slight decrease to $15.70 per square foot (psf) this quarter. There have not been many major new construction projects so inventory and rental rates should remain relatively flat. Class A downtown office product remains a hotter commodity with lower class product continuing to struggle to find tenants without accepting lower rents, offering tenant inducements or renovating their spaces. Inventory should continue to remain flat for now in the city centre with some of the larger projects that could change the landscape of downtown not set to be completed until 2026. It will be interesting to see at what point there starts to see a shift in demand and whether it will dramatically affect the asking rents in the near or further future. Suburban office remains a popular option and as a result supply is dwindling. With no new major projects or space expected to become available, asking rents will likely continue to climb – the overall net asking rent for suburban office are up around $0.50 and are now sitting at $14.92 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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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	67,530	293,473	10.2%	32,301	32,301	$16.87	$37.31
Class B CBD	4,046,691	7,535	737,447	18.4%	33,173	33,173	$15.44	$32.43
Class C CBD	5,774,699	3,461	896,016	15.6%	-12,727	-12,727	$15.48	$27.35
CBD TOTALS	13,359,062	78,526	1,926,936	15.0%	52,747	52,747	$15.70	$31.14
Class A Suburban	1,407,836	4,710	181,160	13.2%	-8,250	-8,250	$21.48	$29.36
Class B Suburban	4,535,685	55,742	337,524	8.7%	-84,688	-84,688	$16.69	$26.99
Class C Suburban	3,031,370	8,049	339,267	11.5%	28,401	28,401	$11.73	$20.23
SUBURBAN TOTALS	8,974,891	68,501	857,951	10.3%	-64,537	-64,537	$14.92	$23.92
WINNIPEG TOTALS	**22,333,953**	**147,027**	**2,784,887**	**13.1%**	**-11,790**	**-11,790**	**$15.51**	**$28.84**

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	+/-SF	TYPE
210 Commerce Drive	Non-CBD	17,736	Lease
10 Hutchings Street	Non-CBD	5,493	Lease

KEY SALES TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	SF	PRICE / $ PSF
885 Portage Avenue	Non-CBD	7,800	Undisclosed

KEY CONSTRUCTION COMPLETIONS YTD 2025

PROPERTY	SUBMARKET	SF	OWNER/DEVELOPER
NA			

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