CBRE

Tenant activity increases in downtown core as employees brought back into office

▼ 17.6%
Downtown Vacancy Rate

▲ 11.2%
Suburban Vacancy Rate

▲ 103K
SF Net Absorption

▶ 28K
SF Under Construction

▲ $19.65
PSF Class A Net Asking Lease Rate

Note: Arrows indicate change from previous quarter.

MARKET SUMMARY

- The downtown office market showed significant signs of recovery, with positive net absorption driving down overall vacancy by 100 basis points (bps) to 17.6%. This represents a reversal of recent trends and a boost in confidence for the downtown core.
- While the suburban market remained relatively stable, with a slight increase in vacancy of 10 bps to 11.2%, the continued increase in rental rates to $16.71 per sq. ft. suggests ongoing demand and resilience in this segment.
- Overall, the Winnipeg office market saw positive rental rate growth. Downtown, the average rental rate increased to $16.14 per sq. ft., while the overall Winnipeg rate reached $16.10 per sq. ft., reflecting the improved performance of the downtown market and continued strength in the suburbs.
- The combined effect of the downtown rebound and suburban stability led to a positive quarter for the Winnipeg office market overall, with 103,000 sq. ft. of positive net absorption and a significant drop in the overall vacancy rate to 15.8%.

FIGURE 1: Q1 2026 Market Fundamentals

Submarket		Inventory (SF)	Vacancy Rate (%)	Sublease Vacancy (SF)	Sublease % of Vacant	Net Absorption (SF)	New Supply (SF)	Under Construction (SF)	Net Asking Rate (PSF)
Downtown	Class A	3,650,252	12.9%	52,459	11.1%	19,513	0	0	$19.65
	Class B	4,553,991	20.2%	97,128	10.5%	62,974	0	0	$15.15
	Class C	2,697,935	19.6%	5,980	1.1%	28,376	0	0	$14.24
Downtown Total		**10,902,178**	**17.6%**	**155,567**	**8.1%**	**110,863**	**0**	**0**	**$16.14**
Suburban Total*		**4,353,250**	**11.2%**	**35,949**	**7.4%**	**-7,510**	**0**	**28,320**	**$16.71**
Winnipeg Total		**15,255,428**	**15.8%**	**191,516**	**8.0%**	**103,353**	**0**	**28,320**	**$16.10**

*Suburban market is comprised of Class B product
Source: CBRE Research, Q1 2026.

Downtown office sector improves as tenant activity picks up

The Winnipeg office market experienced a strong Q1 2026, with a significant decrease in overall vacancy rates, driven by positive absorption in the downtown core. This quarter saw a shift in market dynamics, with the downtown area showing signs of recovery and the suburban market maintaining its steady performance. Work-from-home policies continue to evolve as many companies require their employees in the office more and the federal and provincial governments are back to near full time back in the office which has aided in the downtown office recovery. Overall downtown vacancy dropped 100 bps through Q1 settling at 17.6% while the suburban office sector saw little change with just a 10 bps increase contributing to a vacancy rate of 11.2%.

Office market by class

The suburban office market showed a more stable performance in Q1 2026. While vacancy increased slightly by 10 bps to 11.2%, due to nearly 8,000 sq. ft. of negative net absorption, tenant activity remains high overall.

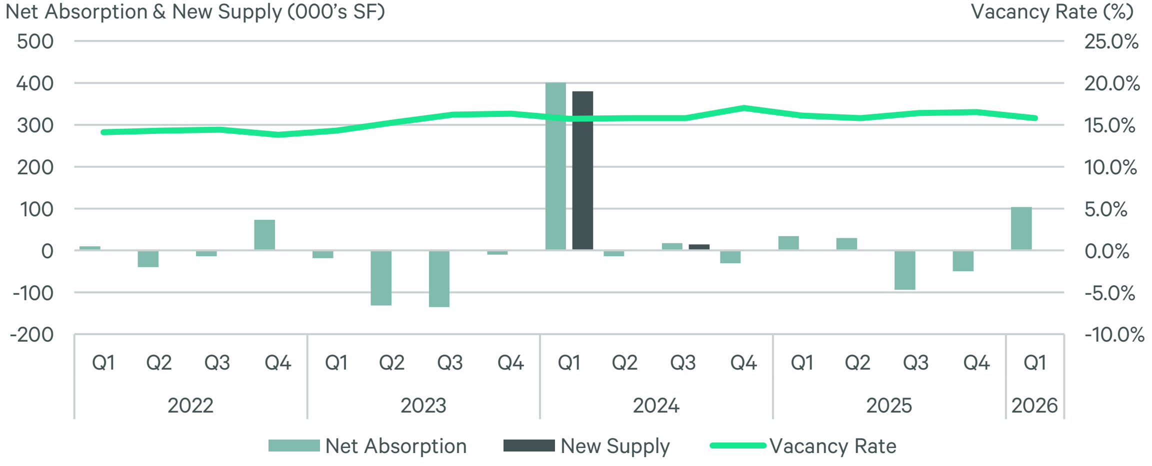
The downtown office market saw a marked improvement in Q1 2026. Positive trends such as the adapting WFH policies have aided in creating a strong quarter for the downtown market. Overall, downtown office vacancy dropped by 100 bps, landing at 17.6%. This improvement was accompanied by 111,000 sq. ft. of positive net absorption.

Class A properties saw a further decrease in vacancy for the fourth consecutive quarter, dropping 50 bps to 12.9% in Q1. 20,000 sq. ft. of positive net absorption was recorded this quarter.

Class B properties experienced a substantial improvement, with vacancy dropping by 140 bps to 20.2%, driven by 63,000 sq. ft. of positive net absorption.

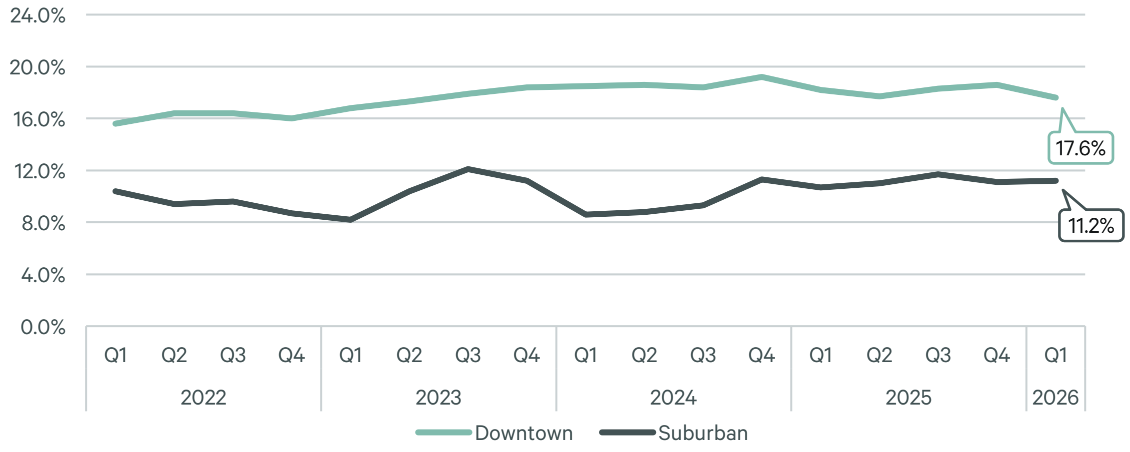
Class C properties, which have struggled in recent quarters, showed positive momentum. Vacancy decreased by 110 bps to 19.6%, with 28,000 sq. ft. of positive net absorption.

FIGURE 2: Supply & Demand Office Market Fundamentals



Source: CBRE Research, Q1 2026.

FIGURE 3: Downtown vs. Suburban Vacancy



Source: CBRE Research, Q1 2026.

Class C down while Suburban rates impress

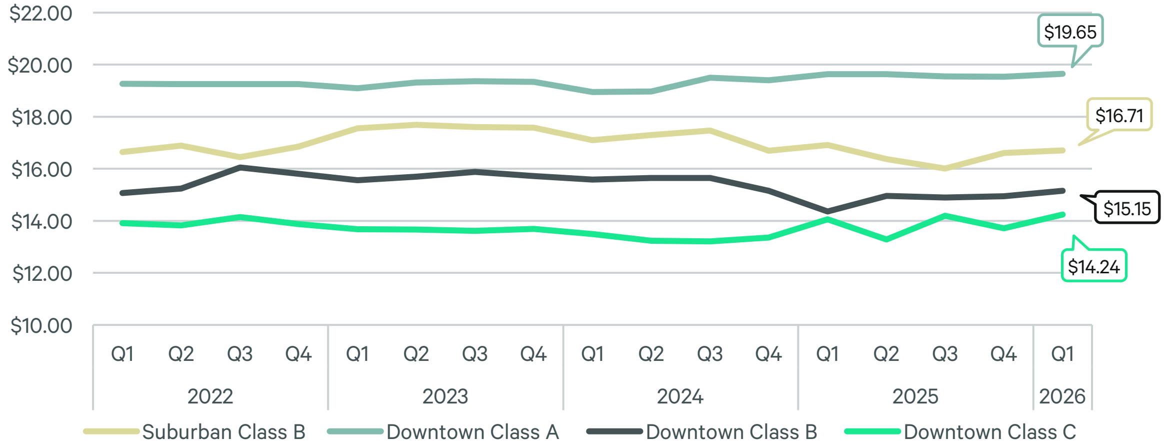
Rental rates in the Winnipeg office market saw positive movement across all classes in Q1 2026. Downtown, the average rental rate increased to $16.14 per sq. ft., a $0.28 jump likely influenced, in part, by the absorption of more affordable spaces. Within the downtown core, Class A properties saw rates rise slightly to $19.65 per sq. ft., while Class B rents increased $0.20 per sq. ft. to $15.15 per sq. ft. Rental rates for Class C space experienced the most significant increase, jumping $0.52 per sq. ft. to $14.24 per sq. ft. Overall, the Winnipeg office market saw a positive trend, with overall rental rates increasing $0.28 per sq. ft. to $16.10 per sq. ft., reflecting the positive absorption and improving conditions throughout the downtown area and the continued strength of the suburbs.

Office development

Office development remains subdued throughout Winnipeg as the focus has been on developing industrial and retail product which have experienced elevated tenant activity over recent years. As tenant activity improves in the office market, development is anticipated to pick up specifically in the suburbs where development costs are lower and demand remains stronger than the downtown core.

- Private Pension Partners (P3) continued work on their newest development, The District at Bridgwater, located at 345 Centre Street in Southwest Winnipeg. The project promises to bring a total of 28,360 sq. ft. of office product across the upper three floors with the 8,200 sq. ft. main floor earmarked for retail use. P3 plans to occupy the full 8,080 sq. ft. second floor.
- Terracon Developments is nearing the completion of the prep work for their development at the Waters Business Park with Building W2 next on the list. This building would be 45,000 sq. ft. of flex-office building featuring grade loading for additional flexibility. The development also has plans for multiple asset classes in addition to the office component.
- Hopewell Developments continues planning their development, The Refinery District. The second building of this project, Building A, is set to bring 48,000 sq. ft. of suburban flex office space to southwest Winnipeg.

FIGURE 4: Average Net Rental Rates by Class (PSF)



Source: CBRE Research, Q1 2026.

FIGURE 5: Notable Projects Under Construction, Proposed and Complete

Project Stage	Submarket	Property	Size (SF)	Developer
Under Construction	Suburban	The District at Bridgwater	28,360	P3 Realty Services
Planned & Expected	Suburban	Waters Business Park Building W2	45,000	Terracon Developments
Planned & Proposed	Suburban	The Refinery District	48,000	Hopewell Developments

Source: CBRE Research, Q1 2026.

Market Area Overview

Definitions

Available sq. ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Net Absorption: The change in Occupied sq. ft. from one period to the next. Occupied sq. ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant sq. ft. divided by the total Building Area. Vacant sq. ft.: Space that can be occupied within 30 days.

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