

# Downtown stability counteracts suburban vacancy rise

▼ 17.5%

Downtown Vacancy Rate

▲ 12.5%

Suburban Vacancy Rate

▼ -46K

SF Net Absorption

▶ 28K

SF Under Construction

▼ \$19.31

PSF Class A Net Asking Lease Rate

Note: Arrows indicate change from previous quarter.

## MARKET SUMMARY

- The Winnipeg office market experienced mixed dynamics, with a slight overall vacancy increase and negative net absorption. This was largely driven by a rise in suburban vacancy, which saw a 130 basis point (bps) increase and 62,000 sq. ft. of negative net absorption.
- The downtown core showed signs of stability, with overall vacancy decreasing 10 bps to 17.5% and 16,000 sq. ft. of positive net absorption. Downtown Class A properties particularly stood out, marking their fifth consecutive quarter of positive net absorption.
- Rental rates presented a varied picture: downtown rates saw slight declines across all classes, while suburban rental rates increased by \$0.40 per sq. ft. despite rising vacancy, reflecting the quality of available inventory.
- Office development remains subdued overall with no downtown construction. However, suburban areas show emerging activity with 28,000 sq. ft. under construction and plans for a future eight-story office tower, signaling potential growth in that submarket.

FIGURE 1: Q2 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	12.7%	49,607	10.7%	7,314	0	0	\$19.31
Class B	4,553,991	19.6%	97,663	10.9%	29,133	0	0	\$15.03
Class C	2,706,988	20.3%	10,026	1.8%	-20,895	0	0	\$14.15
<b>Downtown Total</b>	<b>10,911,231</b>	<b>17.5%</b>	<b>157,296</b>	<b>8.3%</b>	<b>15,552</b>	<b>0</b>	<b>0</b>	<b>\$15.93</b>
<b>Suburban Total*</b>	<b>4,400,268</b>	<b>12.5%</b>	<b>52,141</b>	<b>9.5%</b>	<b>-61,912</b>	<b>0</b>	<b>28,320</b>	<b>\$17.11</b>
<b>Winnipeg Total</b>	<b>15,311,499</b>	<b>16%</b>	<b>209,437</b>	<b>8.5%</b>	<b>-46,360</b>	<b>0</b>	<b>28,320</b>	<b>\$16.07</b>

\*Suburban market is comprised of Class B product  
Source: CBRE Research, Q2 2026.

## Downtown office sector outshines suburban sector in Q2

The Winnipeg office market demonstrated mixed performance in Q2 2026, with overall vacancy increasing by 20 bps to 16.0% alongside 46,000 sq. ft. of negative net absorption. This quarter saw a divergence in market dynamics, with the downtown core showing signs of stability in certain segments, while the suburban market experienced an increase in vacancy. The ongoing evolution of work from home policies and companies' approaches to office presence continues to shape tenant decisions, contributing to a nuanced market landscape.

### Office market by class

The downtown office market continued to show signs of stability this quarter, with overall downtown vacancy decreasing by 10 bps to 17.5%, supported by 16,000 sq. ft. of positive net absorption. This modest improvement indicates a continued, albeit cautious, re-engagement with central office spaces.

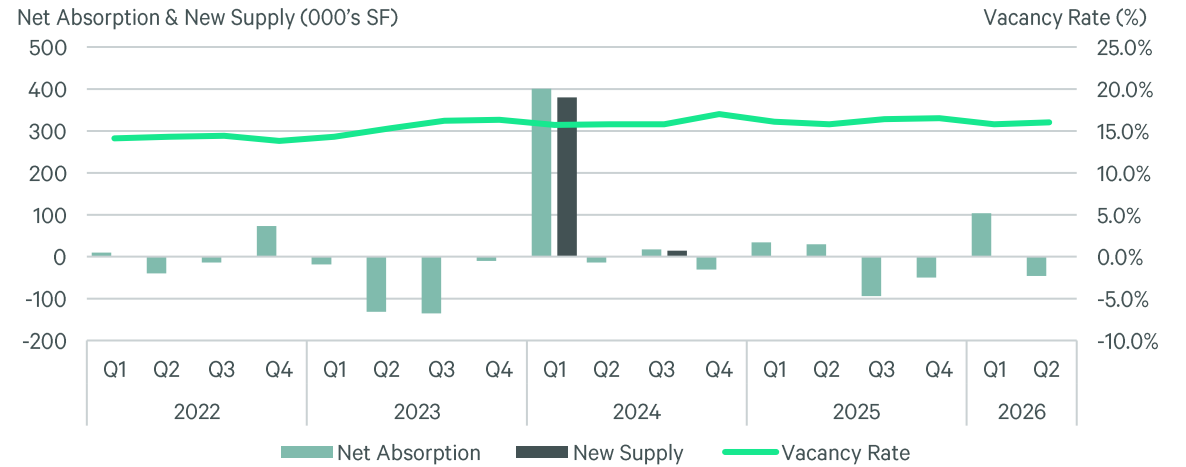
Downtown Class A properties continued their positive trend, with vacancy decreasing 20 bps to 12.7%, driven by 7,000 sq. ft. of positive net absorption. This is the fifth consecutive quarter of positive net absorption within Class A and marks sustained demand for premium office space.

Class B properties experienced notable improvement, with vacancy dropping 60 bps to 19.6%, stemming from 29,000 sq. ft. of positive net absorption. This suggests that well-located and competitive Class B offerings are attracting tenants.

Conversely, Class C properties continue to face challenges in a market increasingly prioritizing modern office environments. Vacancy increased by 70 bps to 20.3%, due to 21,000 sq. ft. of negative net absorption.

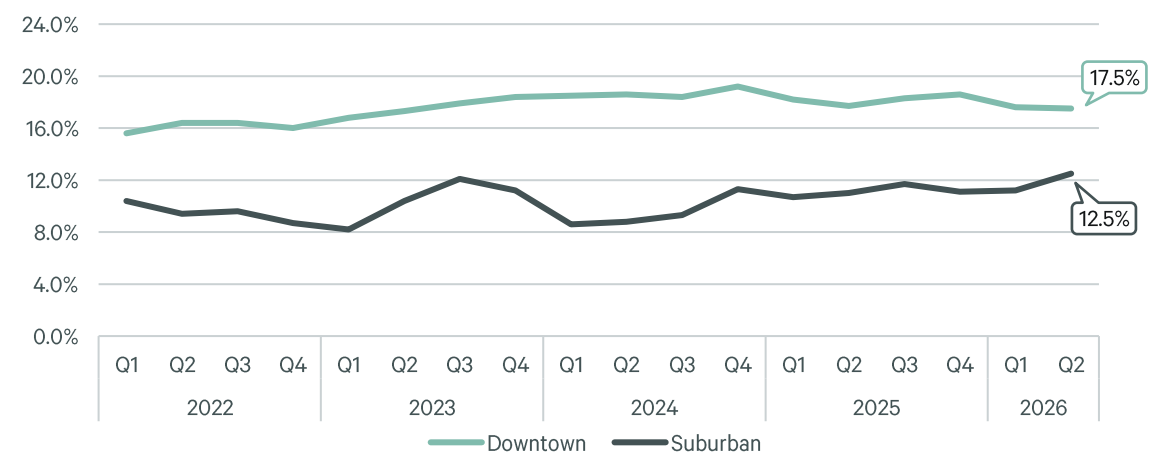
The suburban office market experienced a more challenging quarter. Vacancy increased significantly by 130 bps to 12.5%, largely due to 62,000 sq. ft. of negative net absorption. This shift indicates that while previously robust, the suburban market is now seeing increased availability.

FIGURE 2: Supply & Demand Office Market Fundamentals



Source: CBRE Research, Q2 2026.

FIGURE 3: Downtown vs. Suburban Vacancy



Source: CBRE Research, Q2 2026.

## Rental rates fluctuate in contrast to vacancy shifts

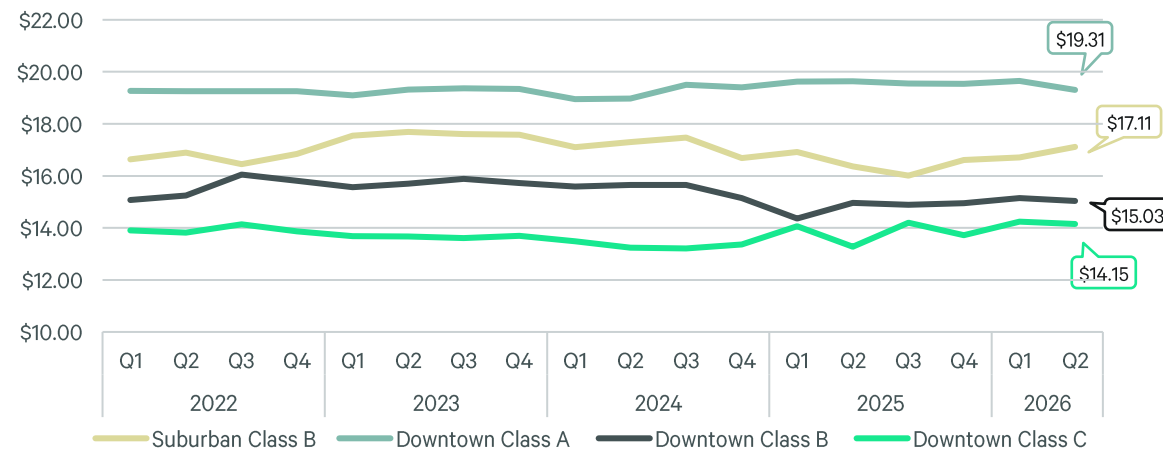
Rental rates in the Winnipeg office market presented a mixed picture in Q2 2026. Overall, the average rental rate saw a slight decrease of \$0.03 per sq. ft., settling at \$16.07 per sq. ft. Within the downtown core, average rental rates decreased by \$0.21 per sq. ft. to \$15.93 per sq. ft. Downtown Class A properties saw rates decrease by \$0.34 per sq. ft. to \$19.31 per sq. ft. Class B rents decreased by \$0.12 per sq. ft. to \$15.03 per sq. ft. Class C space experienced a decrease of \$0.09 per sq. ft. to \$14.15 per sq. ft. In contrast, the suburban market saw average rental rates increase by \$0.40 per sq. ft. to \$17.11 per sq. ft., despite the rise in vacancy. This could reflect the quality of available space or the absorption of lower-priced options, leaving higher-priced inventory.

## Office development

Office development remains largely subdued throughout Winnipeg. Currently, there is no construction activity in the downtown core, reflecting ongoing market recalibration. The suburban market, however, shows some emerging activity with 28,000 sq. ft. currently under construction. Furthermore, plans for an eight-story suburban office tower are in the pipeline, with commencement anticipated in the near future. This significant project signals a potential future boost for the suburban sector, where development costs are often more favorable and demand for new, efficient space persists.

- Private Pension Partners (P3) nearing completion on their newest development, The District at Bridgwater, located at 345 Centre Street in Southwest Winnipeg. The project promises to bring a total of 28,000 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, Q2 2026.

FIGURE 5: Notable Projects Under Construction, Proposed and Complete

Project Stage	Submarket	Property	Size (SF)	Developer
Under Construction	Suburban	The District at Bridgwater	28,000	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, Q2 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.

### Contacts

**Nathan Gerhard**

Associate  
+1 204 500 5002  
nathan.gerhard@cbre.com

**Paul Kornelsen, MBA**

Vice President, Managing Director  
+1 204 500 5009  
paul.kornelsen@cbre.com