

# REGINA OFFICE MARKET REPORT

JANUARY 2013



partnership.  
performance.

## Competitive Office Summary

Class	Inventory (sf)	% of Total	% of Downtown	% of Suburban	Vacancy (sf)	Absorption (sf) July - December 2012	Vacancy Rate (%)
A	1,499,997	39%	93%	7%	21,255	206,075	1.42%
B+	576,346	15%	71%	29%	42,961	-3,760	7.45%
B	1,797,822	46%	93%	7%	100,033	-197	5.56%
<b>Total</b>	<b>3,874,165</b>				<b>164,249</b>	<b>202,118</b>	<b>4.24%</b>

## Market Facts

Absorption (Demand)	Vacancy (Supply)	Rental Rates	*Proposed Construction	*Under Construction	GDP Forecast	Bank of Canada	Overall Downtown / Suburban Ratio	Job Growth
↗	↗	→	702,000 square feet	120,000 square feet	3.5%	→	83% - 17%	→

\* see back page



Intelligent  
Real Estate Solutions

**AVISON YOUNG COMMERCIAL  
REAL ESTATE (SASK) INC.**

Suite 300 – 2550 12<sup>th</sup> Avenue  
Regina, SK S4P 3X1  
Phone: (306) 359-9799  
Fax: (306) 352-5325

www.avisonyoung.com

# CLASS A COMPETITIVE BUILDINGS

Regina's class A buildings represent 39% of the total inventory in the city's competitive office market. 93% of the class A space is concentrated in the downtown core. Demand for class A space remains high because of their location, high quality amenities and most importantly, the regions sustained economic growth. The current vacancy rate for class A buildings increased to 1.42% with the addition of Hill Tower III to the market. Class A vacancy rate in Regina remains at or near the lowest in North America. Business expansion driven by the provincial economy is increasing demand for more class A office space. This resulted in construction of an office tower in downtown Regina in 2012, and the announcement of another tower which will be the largest in the province. Rental rates for existing class A buildings range from \$20.00 to \$26.00 psf, net.



2103 - 11<sup>TH</sup> AVENUE



1801 HAMILTON STREET



1800 HAMILTON STREET



1874 SCARTH STREET



1881 SCARTH STREET



2002-11<sup>TH</sup> AVENUE



1777 VICTORIA AVENUE



1900 ALBERT STREET



10 RESEARCH DRIVE



2010 12<sup>TH</sup> AVENUE

Building Name	Address	Year Built	Rentable Area	Vacancy (Sq. Ft.)	OPC	Taxes	Total	Lease Rates
Bank of Montreal	2103 11th Avenue	1983	135,423	4,596	\$ 9.45	\$ 5.92	\$ 15.37	\$ 23.00
Conexus Plaza	1801 Hamilton Street	1985	152,000	None	\$ 9.19	\$ 6.02	\$ 15.21	\$ 24.00
FCC Tower	1800 Hamilton Street	1992	164,163	None	\$ 10.60	\$ 6.10	\$ 16.70	\$ 25.00
Hill Tower I	1874 Scarth Street	1985	161,633	3646	\$ 10.95	\$ 5.90	\$ 16.85	\$ 25.00
Hill Tower II	1881 Scarth Street	1992	155,524	3,783	\$ 10.45	\$ 5.31	\$ 15.76	\$ 25.00
Hill Tower III	2010 12th Avenue	2012	220,000	1,900	\$ 14.61	\$ 6.19	\$ 20.80	n/a
Royal Bank Building	2002-11th Avenue	1980	103,000	None	\$ 9.48	\$ 4.59	\$ 14.07	n/a
Sask Energy Place	1777 Victoria Avenue	1990	156,254	5,030	\$ 7.49	\$ 4.62	\$ 12.11	\$ 20.00
Sherwood Place	1900 Albert Street	1992	142,000	None	\$ 13.51	\$ 5.85	\$ 19.36	n/a
The Terrace *	10 Research Drive	2000	110,000	2,300	\$ 8.30	\$ 3.42	\$ 11.72	\$ 26.00

\* Suburban office building

<b>Total:</b>		1,499,997	21,255					
<b>Average:</b>					\$ 10.40	\$ 5.39	\$ 15.79	\$ 24.00
<b>Vacancy Rate:</b>		1.42%						

# CLASS B<sup>+</sup> COMPETITIVE BUILDINGS

Class B<sup>+</sup> buildings represent 15% of the total inventory in the city's competitive office market. 71% of the class B<sup>+</sup> space is concentrated in the downtown core, with the remainder located outside downtown, primarily at Innovation Place near the University of Regina. Demand for this space is high, generally for the same reasons as class A space. The vacancy rate in class B<sup>+</sup> buildings climbed to 7.45% due to the relocation of some government departments from the Delta Office Complex and the addition of a newly constructed suburban office building at Harbour Landing Business Park. As the economy continues to grow in Saskatchewan, we will see the completion of an additional 80,000 square foot office building throughout this year. Rental rates have remained stable with rates ranging between \$18.00 to 26.00 psf, net.



1919 SASKATCHEWAN DRIVE



2110 HAMILTON STREET



2500 VICTORIA AVENUE



1870 ALBERT STREET



2365 ALBERT STREET



1967 – 12<sup>TH</sup> AVENUE



1230 BLACKFOOT DRIVE



2 RESEARCH DRIVE



4581 PARLIAMENT AVENUE

Building Name	Address	Year Built	Rentable Area	Vacancy (Sq. Ft.)	OPC	Taxes	Total	Lease Rates
Century Plaza	1967-12th Avenue	2006	76,218	None	\$ 10.50	\$ 4.69	\$ 15.19	\$ 20.00
First Canadian Place	2110 Hamilton Street	1991	61,000	None	n/a	n/a	n/a	n/a
NCO Building	2500 Victoria Avenue	1980	80,266	None	\$ 9.14	\$ 4.12	\$ 13.26	n/a
Park Centre *	1230 Blackfoot Drive	1988	53,330	None	\$ 9.89	\$ 4.04	\$ 13.93	n/a
Park Plaza	2365 Albert Street	1990	54,116	None	\$ 11.29	\$ 4.30	\$ 15.59	n/a
HLBP 1000 *	4581 Parliament Ave	2012	38,901	11,889	\$ 8.50	\$ 4.50	\$ 13.00	\$ 26.00
Delta Office Complex	1919 Saskatchewan Dr	1988	52,172	30,172	n/a	n/a	n/a	n/a
Saskatchewan Place	1870 Albert Street	1985	84,243	None	\$ 10.07	\$ 4.60	\$ 14.67	\$ 18.00
2 Research Drive *	2 Research Drive	1995/2009	76,100	900	\$ 8.16	\$ 3.75	\$ 11.91	\$ 22.00

\* Suburban office building

<b>Total:</b>	576,346	42,961						
<b>Average:</b>					\$ 9.65	\$ 4.29	\$ 13.94	\$ 21.50
<b>Vacancy Rate:</b>	7.45%							

# CLASS B COMPETITIVE BUILDINGS

Class B buildings represent 46% of the total inventory in Regina's competitive office market and are primarily located in the downtown (93%). They can be found in other areas of the city although only 7% is considered suburban space. These buildings are typically desired based on their lease rate, as opposed to their location or design and generally have a lot to offer their tenants. With net lease rates between \$14.00 and \$21.00 psf and an average gross lease rate of approximately \$30.00, these buildings maintain quality space. Vacancy for class B buildings is 5.56% which is close to the rates of previous years. As business continues to grow in Regina, the demand for space in these building will increase resulting in pent up demand for space that is likely to be addressed with some of the recent announcements in and around the downtown area.



**1960 ALBERT STREET**



**2100 BROAD STREET**



**2161 SCARTH STREET**



**2220 - 12TH AVENUE**



**1800 - 11TH AVENUE**



**2024 ALBERT STREET**



**2208 SCARTH STREET**



**2550 - 15TH AVENUE**



**2400 COLLEGE AVENUE**



**2221 CORNWALL STREET**



**1919 ROSE STREET**



**2445 - 13TH AVENUE**



**2550 - 12TH AVENUE**



**1725 11TH AVENUE**



**2220 COLLEGE AVENUE**



**3303 HILLSDALE AVENUE\***



**2631 - 28TH AVENUE\***



**2401 SASKATCHEWAN DRIVE**



**4211 ALBERT STREET\***



**2045 BROAD STREET**



**2505 11TH AVENUE**



**4303 ALBERT STREET\***



**1621 ALBERT STREET\***



2002 VICTORIA AVENUE



2201 – 11<sup>TH</sup> AVENUE



1945 HAMILTON STREET



1920 BROAD STREET



2125 – 11<sup>TH</sup> AVENUE



1911 BROAD STREET



2101 SCARTH STREET



2161 SCARTH STREET



1914 HAMILTON STREET



1855 VICTORIA AVENUE

Building Name	Address	Year Built	Rentable Area	Vacancy (Sq.Ft.)	OPC	Taxes	Total	Lease Rates
	1960 Albert Street	1964	42,260	None	\$ 11.81	\$ 4.68	\$ 16.49	n/a
Lane Realty Building *	4303 Albert Street	1987	13,478	None	n/a	n/a	n/a	n/a
Public Service Building	2100 Broad Street	1984	40,196	None	n/a	n/a	n/a	n/a
	2161 Scarth Street	1974	23,122	None	n/a	n/a	n/a	n/a
Avord Tower	2002 Victoria Avenue	1967	100,491	None	\$ 9.17	\$ 3.70	\$ 12.87	\$ 14.00
Bank of Canada	2220-12th Avenue	1964	44,108	None	\$ 13.40	\$ 3.55	\$ 16.95	\$ 16.00
Broad Street Crossing	1800 11th Avenue	2007	27,000	None	\$ 7.85	\$ 3.15	\$ 11.00	\$ 18.00
Canada Place	2201-11th Avenue	1984	55,507	15,513	\$ 9.78	\$ 3.15	\$ 12.93	n/a
Canadian Building	2024 Albert Street	1946	20,000	3,100	n/a	n/a	\$ 11.00	\$ 15.00
Central Park Place	2208 Scarth Street	1975	25,310	None	\$ 10.79	\$ 4.10	\$ 14.89	n/a
Chateau Tower	1920 Broad Street	1977	146,543	None	n/a	n/a	n/a	n/a
City View Centre	2550-15th Avenue	1983	25,000	None	\$ 10.16	\$ 3.53	\$ 13.69	\$ 16.00
Cornwall Professional	2125-11th Avenue	1962	62,680	7,606	\$ 8.51	\$ 1.69	\$ 10.20	\$ 14.00
Crossroads Building	1801 Broad Street	1970/2012	32,000	25,340	\$ 7.00	\$ 4.50	\$ 11.50	\$ 21.00
Domeview Plaza	2400 College Avenue	1978	35,527	2,747	\$ 10.50	\$ 4.04	\$ 14.54	\$ 17.50
Executive Terrace	2221 Cornwall Street	1982	42,847	23,719	\$ 9.41	\$ 3.87	\$ 13.28	\$ 18.00
Financial Building	2101 Scarth Street	1959/1992	68,395	None	\$ 10.22	\$ 2.96	\$ 13.18	n/a
Franscan Place	2445-13th Avenue	1975	16,018	None	\$ 9.81	\$ 4.15	\$ 13.96	n/a
Grenfell Tower	1945 Hamilton Street	1982	106,743	None	n/a	n/a	n/a	n/a
	2505 11th Avenue	1953/2011	25,087	7,478	\$ 7.31	\$ 1.69	\$ 9.00	n/a
Neil Professional	2550-12th Avenue	1989	26,220	None	\$ 11.61	\$ 4.20	\$ 15.81	n/a
Palliser Square	2151 Scarth Street	1981	34,000	None	\$ 6.63	\$ 3.95	\$ 10.58	\$ 14.50
Parkview Place	2220 College Avenue	1975	59,590	None	\$ 10.72	\$ 3.85	\$ 14.57	n/a
Parkway *	3303 Hillside Street	1982	48,771	None	\$ 7.12	\$ 3.74	\$ 10.86	n/a
Parliament Place *	2631-28th Avenue	1977	30,000	None	\$ 11.52	\$ 4.28	\$ 15.80	\$ 16.00
Regina Centre Crossing	1621 Albert Street	1986/2009	119,503	None	\$ 7.30	\$ 3.20	\$ 10.50	n/a
Regina Inn	1911 Broad Street	1,991	50,000	14,530	\$ 8.65	\$ 5.00	\$ 13.65	\$ 15.00
Sask Drive Plaza	2401 Saskatchewan Dr	1987	35,140	None	\$ 8.84	\$ 2.87	\$ 11.71	n/a
South Albert Plaza *	4211 Albert Street	1989	37,310	None	\$ 6.61	\$ 3.52	\$ 10.13	\$ 17.00
South Broad Plaza	2045 Broad Street	1978	133,923	None	\$ 6.47	\$ 3.69	\$ 10.16	n/a
TD Bank Building	1914 Hamilton Street	1975	79,889	None	\$ 10.73	\$ 4.45	\$ 15.18	n/a
Town Square	1919 Rose Street	1974	47,000	None	n/a	n/a	n/a	n/a
Victoria Tower	1855 Victoria Avenue	1977	144,164	None	\$ 9.30	\$ 4.33	\$ 13.63	n/a

\* Suburban office building

<b>Total:</b>	1,797,822	100,033						
<b>Average:</b>					\$ 9.28	\$ 3.69	\$ 12.97	\$ 16.31
<b>Vacancy Rate:</b>	5.56%							

# NON-COMPETITIVE BUILDINGS

CLASS A			
Building Name	Address	Year Built	Rentable Area
Alvin Hamilton Building	1783 Hamilton Street	1966/2005	172,000
Canada Life Place	1901 Scarth Street	1992	150,000
Petroleum Technology Research Centre *	6 Research Drive	2000	79,000
SaskTel	2121 Saskatchewan Drive	1981	460,000
ISM Building *	1 Research Drive	1990	80,000
<b>Total:</b>			941,000

CLASS B <sup>+</sup>			
Building Name	Address	Year Built	Rentable Area
City Hall	2476 Victoria Avenue	1975	111,000
Cooper Place	2350 Albert Street	1983	115,000
Credit Union Central	2055 Albert Street	1975	158,000
SaskPower Corporation	2025 Victoria Avenue	1964	198,000
SaskTel	1825 Lorne Street	1974	110,000
T. C. Douglas Building *	3475 Albert Street	1978	266,000
The Co-operators Building	1920 College Avenue	1964/1979	139,000
SGI Building	2260 11th Avenue	1979	184,000
Federal Building	1975 Scarth Street	1935	33,000
Viterra	2626 Victoria Avenue	1968/1986	165,000
<b>Total:</b>			1,479,000

CLASS B			
Building Name	Address	Year Built	Rentable Area
Canada Revenue Agency	1955 Smith Street	1982/1998	60,000
Lloyd Place *	3211 Albert Street	1958	109,000
Saskatchewan Property Management	1840 Lorne Street	1949/74/97	46,000
SaskTel/Saveo/DirectWest *	2550 Sandra Schmirler Way	1992	50,000
Walter Scott Building *	3085 Albert Street	1950	161,000
<b>Total:</b>			426,000

\*Suburban office building

In an attempt to aid the reader in understanding how different office buildings are categorized, we have compiled a brief summary of what each class (A, B<sup>+</sup>, and B) is in association with the different office buildings in Regina.

**Class A:** Buildings that are at least 100,000 square feet, located in the central business district, with surrounding amenities and high visibility. Class A buildings located in suburban areas are 75,000 sq ft or greater. These buildings are either new construction, have excellent tenant improvements or are high quality. On-site parking, elevators, unique design and build, steel and concrete construction and first-rate maintenance care are some of the qualifications a class A building would provide. Due to these factors, a class A building is able to ask for premium rental rates and high quality tenants.

**Class B<sup>+</sup>:** Buildings located downtown greater than or equal to 50,000 sq ft. and buildings with suburban locations greater than or equal to 35,000 sq. ft. are categorized as class B<sup>+</sup>. They provide many of the same positive features a class A building would, however, they are smaller in size and the finishes and overall quality can be less appealing than a class A building. Class B buildings may not be situated in a prime location compared to a class A building. This corresponds with their ability to offer a slightly lower rental rate.

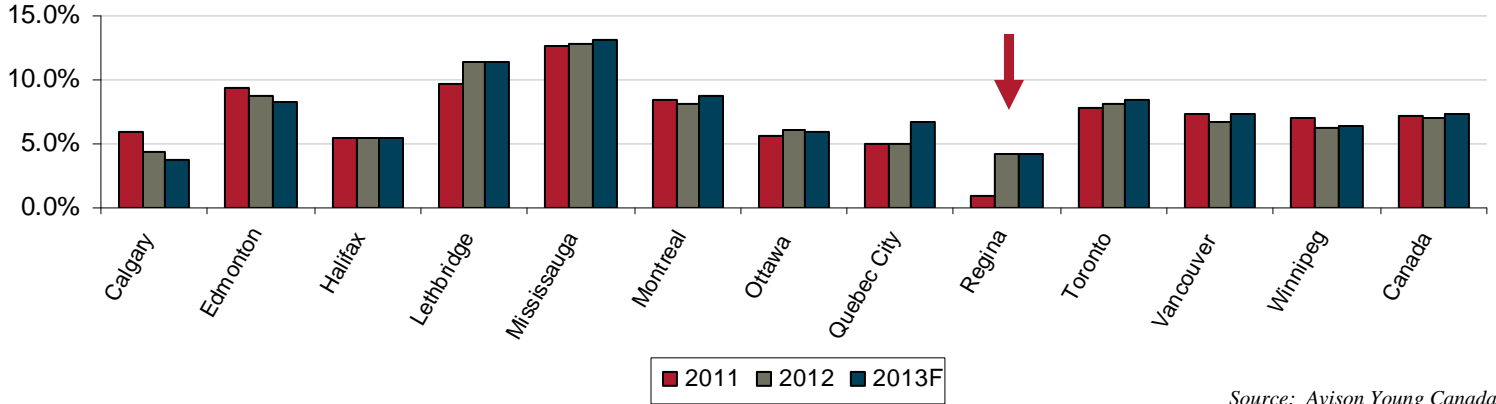
**Class B:** Buildings greater than or equal to 20,000 sq ft that may not provide the same prime locations and building quality as the above mentioned classes. These buildings can be located in other areas than the central business district and may also be older structures. On-site parking, good quality upgrades and a satisfactory level of up keep and maintenance are normally provided. These buildings may lack indoor parking, elevators and the overall quality of care is lower than a higher class building.

**Competitive:** Buildings that are more likely to have vacancies, have non-government tenants, and provide a real representation of vacancy rates in the Regina office market are grouped in "competitive" category.

**Non-Competitive:** Buildings that contain government offices with long term leases and essentially have no vacancy or owner occupied buildings that do not compete for space in the market are considered non-competitive. It is rare to see a Non-Competitive building on the market or available space in these buildings at any given time.

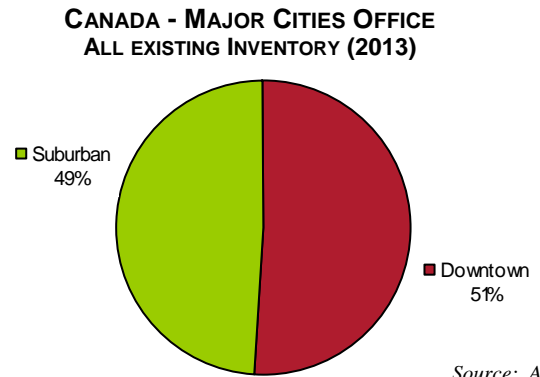
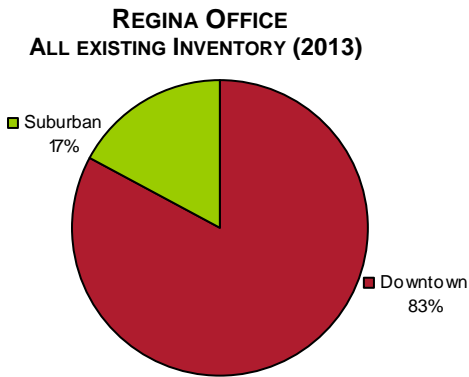
Note: pictures of non-competitive buildings are available upon request.

# CANADA OVERALL OFFICE VACANCY RATE COMPARISON



Source: Avison Young Canada

## DOWNTOWN VS. SUBURBAN COMPARATIVE ANALYSIS



Source: Altus Group

## 2013 REVIEW / FORECAST

Saskatchewan cemented itself as a “have” province in 2012 based on increases in GDP, population, and total value of building permits issued. GDP growth was 2.9%, second among the provinces and above the national rate of 2.1%. Economists expect Saskatchewan to lead most provinces in growth for years to come. For 2013, the average forecast for Saskatchewan’s GDP is 3.5%, first among the provinces (tied with Alberta) and exceeding the national forecast (again 2.1%). The Royal Bank (3.9%) and Conference Board of Canada (3.4%) expect the province’s growth rate to be the highest in Canada. The Conference Board of Canada forecasts Regina will rank fifth among metropolitan areas for the next four years.

Population growth reached 6.7% for the cumulative five years to 2012, the largest growth spurt since Statistics Canada began recording information in 1956. Residential vacancy sits at less than 0.7% and is now considered an impediment to the province’s expansion. City of Regina 2012 building permits were close to 48% ahead of 2011, surpassing the record of \$547 million issued the same year. Records have been set in 10 of the last 11 years, and permits for all construction sectors were up more than 27% provincially in 2012.

Regina’s distinction of having the lowest office vacancy rate in the country continued in 2012. Inventory grew beyond 6.7 msf, and the office vacancy rate remained the lowest in Canada, which led to new construction in the downtown core, downtown fringe and suburban areas.

Hill Tower III brought 220,000 sf to the market, and is complete with only 1,900 sf available for lease. Agriculture Place is slated to break ground in late 2013. Construction on 1827 Albert Street has started and the project will offer 80,000 sf for lease for 2013 occupancy. Moreover, Harbour Landing Business Park is now under construction just north of Grasslands retail development. The suburban park is highly coveted, given the need to service resource-driven tenants in southern Saskatchewan.

## UNDER CONSTRUCTION



**ALBERT STREET & 11TH AVENUE**  
APPROX. 80,000 SQ. FT.



**HARBOUR LANDING BUSINESS PARK**  
LEWWAN DRIVE & PARLIAMENT AVENUE  
SECOND BUILDING OF APPROX. 40,000 SQ. FT.

## PROPOSED CONSTRUCTION



**PASQUA PLACE**  
PASQUA STREET & DEWDNEY AVENUE  
APPROX. 55,000 SQ. FT.



**HARBOUR LANDING BUSINESS PARK**  
LEWWAN DRIVE & PARLIAMENT AVENUE  
TWO BUILDINGS TOTALING APPROX. 80,000 SQ. FT.



**ROSE STREET BUILDING**  
ROSE STREET & 12TH AVENUE  
APPROX. 437,000 SQ. FT.



**14TH AVENUE & HALIFAX STREET**  
APPROX. 28,000 SQ. FT.



**COWESSESS OFFICE BUILDING**  
1236 ALBERT STREET  
APPROX. 32,000 SQ. FT.



**1755 HAMILTON STREET**  
APPROX. 70,000 SQ. FT.