



AVISON YOUNG WINNIPEG

2018 Overview & 2019 Forecast

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Office Review

2018 Overview
2019 Forecast

Scotiabank Tower – Completion of the first tower at True North Square (TNS)

It has been 30 years since Winnipeg has developed an office building of this significance. With one of the highest leasing rates, TNS has had an effect on vacant and leased Class A & B buildings in Downtown Winnipeg. Landlords are increasingly and quite competitively reinvesting capital into their buildings to retain existing tenants given the new influx of space. There are also suburban office developments underway that will be completed in 2019. Overall, the Winnipeg office market is slow but steady with continuous investment.

True North Square

TNS is a \$400 MM project which includes a public plaza and four towers conveniently located in the heart of Winnipeg's Sports, Hospitality and Entertainment District (SHED). Completed in June 2018, the first tower located at 242 Hargrave Street is Class A office with main floor retail. It is named Scotiabank Tower, and brings 365,000 sf of rentable area to Downtown Winnipeg. The tower is about 60% leased with the newest tenant being Ceridian.

The second tower at 225 Carlton Avenue is currently under construction to be completed by Spring 2019. The 25-storey building will be multi-family (approximately 194 units) with first two floor retail and office proceeding up to the seventh floor. Moreover, the completion of the third tower and fourth tower located at the corner of Carlton St and St. Mary Avenue is to be

called Sutton Place Hotel & Residences. The last two towers are to be completed by 2021. They will include one hotel and one condo tower with retail, and underground heated parking.

New Developments

Downtown Office Developments

200 Portage Avenue is to be redeveloped with floor to ceiling windows. 201 Portage will be face-lifting their interior and exterior this year. 330 Portage is also redesigning interior common spaces in order to provide the upgrades tenants seek.

300 Main Street is being constructed by Artis REIT as a 40-storey mixed use multi-family tower. This tower will become the tallest building in Winnipeg, followed by 201 Portage at 34 floors currently. Additionally, this development will include 330 Main Street which will be retail and is 90% pre-leased. All of this activity will refresh the south west corner of Portage & Main.

Suburban Office Developments

New suburban office developments to be completed in 2019 include 865 Henderson Highway, a Class A office building expected in March 2019 with a building area of 23,708 sf. Sterling Lyon Business Park at 900 Lorimer Boulevard is also scheduled for completion in early 2019 bringing 31,000 sf of inventory.



Retail Review

2018 Overview
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October 17th, 2018 – Cannabis legalization brings momentum to retail

Five new retail locations opened up shop on legalization day. Currently, there are 10 cannabis retailers open throughout the city. Beginning this quarter, cannabis retailers will be charged a Social Responsibility Fee on annual revenues that is meant to protect citizens and eliminate the illegal market.

Many retailers have recognized the emergence of consumers' desire to experience a brand – as a brand is more than just a physical product. One of the prevailing themes in retail is to adapt and be creative enough to survive. Specifically, with the rise of omni-channel shopping, retailers are willing to spend capital to keep their businesses in the competition.

Notable retail projects that started in 2018:

- MARKET LANDS is a 2.4-acre site, currently occupied by the Public Safety Building, in which CentreVenture has selected a winning submission ('New Market Square' by Daoust Lestage) to be developed as a public place of meeting. The Southern Parcel will also include affordable housing with main floor retail. The Northern Parcel will be for private mixed-use developments. Construction for Southern Parcel will start in 2020.
- REC ROOM: Cineplex will be developing an adult gaming and entertainment centre called Rec Room in southwest Seasons of Tuxedo opening late 2019. It will be approximately 40,000 sf including 'entertainment-style' dining options and a large number of games for customers.
- FORT GARRY: 1566 Pembina Highway is currently a construction site for retail development to be completed in Q1 of 2019 with approximately half of the building pre-leased.
- INKSTER GARDENS: Waterford Commons is a 3.1 acres of retail development including eight buildings with a rentable area of 43,887 sf. Phase One complete was completed in 2018. Pre-leasing of Phase 2 has commenced with construction to be completed in fall 2019.
- WEST KILDONAN: The vacant 92,000 sf Sears building at Garden City will welcome Seafood City Supermarket encompassing 43,000 sf to be open in summer 2019. The remaining lot is still open to a second large tenant and some smaller stores. There is also another redevelopment to be completed in summer 2019 which will include 10 units at 2401 McPhillips Street.
- ST. JAMES: Retail units completed Jan. '19 at 1255 St. James Street brought 9,300+/- sf in total.
- RAILSIDE AT THE FORKS: is planned to be developed in 2 primary phases over an estimated 20-year period, commencing in 2019. Railside at The Forks is a mixed-use development on 12 acres of land that will include housing, public spaces, and support The Forks Renewal Corporation's sustainability goals.

Industrial Review

2018 Overview
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Leasing activity is high – clients pursuing owner occupier buildings

The industrial sector is the star performer of the commercial market with steady activity and a never-ending appetite of an owner/occupier to acquire their own buildings. Real estate activity is being accelerated by new developments and proposals in the industrial market. Such is true regarding developments including CentrePort and Bishop Grandin Crossing. Moreover, municipalities surrounding Winnipeg such as Rosser, Springfield, Headingly, and OakBluff continue to attract occupiers and investors.

CentrePort

is a trimodal inland port between the cities of Winnipeg & Rosser in Manitoba. The 20,000-acre development is referred to as a trimodal inland port as it utilizes rail, trucks, and airplanes. Approximately 1,200 acres have been sold to date. In 2018 CentrePort started seeking partners to develop the 700-acre rail park in which negotiations with potential developers are ongoing. The construction of Rail Park will be implemented in least in two phases. Lastly, CentrePort is continuously pursuing investors, developers, and tenants looking for land that is easily serviced.

Winnipeg James Armstrong International Airport

Winnipeg's Airport will be developing a Ground Services Equipment Building (GSE). It is a 96,000 sf multi-use industrial building that will enhance efficient cargo handling at the airport. The building is set to open in Fall 2019 including tenants that will be relocating from current cargo operations.

Bishop Grandin Crossing

is a southwest suburban development in which Hopewell Development will be converting 131 acres of industrial land into a mixed-use project. The development includes 44 acres of industrial/office, 23 acres of commercial, and 32 acres of multi-family to be completed by 2021. This is one of the developments that is a Transit Oriented Development (TOD). For BGC, there will be access to Stage 2 of Southwest Transitway starting April 2020. The city is pushing towards transit-oriented developments as it creates positive impacts on citizens, the environment and the community.

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