

# BUSINESS

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## COMMERCIAL REAL ESTATE

# Avenues have best of all worlds

*Graham and St. Mary clearly most popular*

By Murray McNeill

IT lacks the glamour of Portage Avenue, the historical flair of Main Street or the Exchange District, or the stately air of Broadway. But if vacancy rates are any indication, understated Graham/St. Mary would be the hands-down winner in a popularity contest among downtown office districts.

At 4.6 per cent, Graham/St. Mary easily boasts the lowest vacancy rate among the five major downtown office districts, according to the latest Winnipeg commercial real estate forecast from Avison Young and NewWest Enterprise. That's nearly two percentage points lower than the two downtown districts with the next lowest vacancy rate — Portage Avenue and Main Street, which were both pegged at 6.3 per cent at the start of 2009.

"It's definitely lower profile," Catherine Stoyko, marketing and research co-ordinator for Avison Young Commercial Real Estate (Manitoba) Inc., said of the Graham/St. Mary district. "But it seems to have the best of all worlds."

Stoyko said the district's most attractive features are its easy access to the Graham Avenue Transit Corridor and to the enclosed skywalk system that connects various downtown buildings along Graham and Portage avenues.

She said it also boasts a variety of different types of office space, including Class A buildings such as 200 Graham Ave. and 400 St. Mary Ave., Class B buildings such as Cityplace, and Class C buildings such as 394 Graham Ave.

Not only is Graham/St. Mary's vacancy rate the lowest among the five downtown districts, it's also lower than the rate for the city as a whole. Avison Young pegged that at 5.4 per cent at the beginning of 2009.

In its report, the firm said that despite a global recession, this is still shaping up as another good year for Winnipeg's office market. "A strong and diversified (local) economy should mean less business failures and corporate downsizing than is experienced by other large cities in the country, resulting in a comparatively healthy office market throughout 2009."

The Avison Young report is the second upbeat forecast for the Winnipeg office sector within the last month. CB Richard Ellice Ltd. said Winnipeg's office market is weathering the recession better than most other major Canadian cities and has the second-lowest overall vacancy rate at 5.7 per cent.

Stoyko said the preliminary results of her first-quarter report indicate a further decline in the downtown Class A vacancy rate during the first three months of this year. She said the rate has fallen to 4.6 per cent from 5.1 per cent at the start of the year. "That's not what you would normally expect (during a recession). You'd expect people to be shifting to less expensive space."

The Class B rate has jumped to 7.8 per cent from 5.8 per cent. The Q1 rate for Class C space is not yet available. Avison Young had it pegged at 11.1 per cent at the start of the year. The first-quarter increase in the Class B vacancy rate reversed a trend that saw the rate fall by 3.4 per cent in 2008. The Class A rate dipped only slightly last year (0.8 per cent), while the Class C rate was essentially unchanged, the report said.

Know of any interesting developments in the office, retail, or industrial real estate sectors? Let Murray McNeill know at the e-mail address below or at 697-7254.

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Marketing co-ordinator Catherine Stoyko says Graham and St. Mary avenues provide easy access to the transit mall and the skywalk.

## The lowdown on commercial development downtown

Avison Young and NewWest Enterprise's 2009 Winnipeg commercial real estate market forecast includes a breakdown of the vacancy rates in the city's five main downtown districts. Here is a summary of what it had to say about each district:

### Portage Avenue

**Total inventory of space:** 2.0 million square feet  
**Amount of vacant space:** 127,998 square feet  
**Vacancy rate:** 6.3 per cent  
**Comments:** The district's overall vacancy rate declined by 0.3 per cent over the past year. However, two large blocks of space will be coming onto the market this year — more than 40,000 square feet in the NewPort Centre at 330 Portage Ave. that will become available when Great-West Life relocates this summer to the former Manitoba Hydro space at 444 St. Mary Ave., and 37,000 square feet that will become available at 491 Portage Ave. when Greyhound moves to its new building at Richardson International Airport.

### Main Street

**Total inventory of space:** 1.8 million square feet  
**Amount of vacant space:** 112,254 square feet  
**Vacancy rate:** 6.3 per cent  
**Comments:** The vacancy rate dropped by 1.6 per cent in 2008. For the first time in many years, the area north of Portage Avenue and Main Street is experiencing a surge in new development with the construction of the Winnipeg Regional Health Authority's new 80,000-square-foot office/retail/parking structure at Main and Logan Avenue

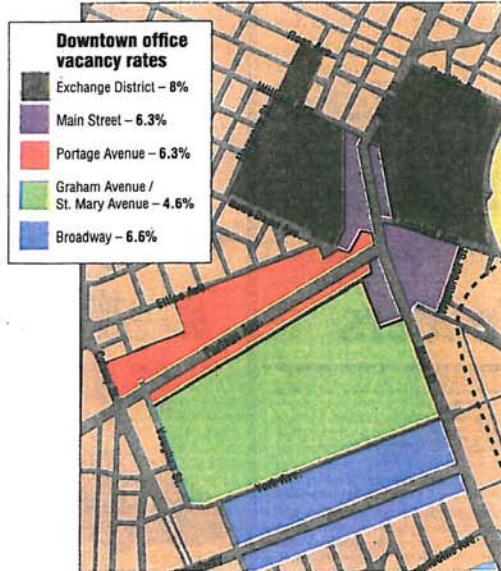
and a proposed new office complex. CentreVenture Development Corp. is also working on a deal that would see the United Way move into a new office complex to be built two blocks south of their on Main Street.

### Graham / St. Mary

**Total inventory of space:** 1.5 million square feet  
**Amount of vacant space:** 67,194 square feet  
**Vacancy rate:** 4.6 per cent  
**Comments:** The vacancy rate fell 2.2 per cent in 2008. The area is composed mostly of Class A and B buildings, and as of the end of last year, there were no blocks of available space larger than 7,200 square feet. However, Canada's Post's 400,000-square-foot office building on Graham Avenue will become available later this year when it relocates the bulk of its operations to a new letter carrier depot at Portage and Broadway and a new mail-processing plant to be located at Richardson International Airport.

### Broadway

**Total inventory of space:** 1.3 million square feet  
**Amount of vacant space:** 36,112 square feet  
**Vacancy rate:** 6.6 per cent  
**Comments:** Vacancy levels remained flat in 2008. More than half of the office space in the area is composed of government or owner/user properties. At the beginning of this year, only three multi-tenant buildings — 363 Broadway, 287 Broadway and 386 Broadway — had space available for rent.



### Exchange District

**Total inventory of space:** 904,195 square feet  
**Amount of available space:** 72,143 square feet  
**Vacancy rate:** 8.0 per cent  
**Comments:** The Exchange District covers a 30-block area and encom-

passes more than 75 per cent of the city's heritage buildings. It is one of the most diverse areas in the downtown, with a mix of office, retail, industrial, educational and residential buildings. It's becoming increasingly popular with technology and design companies, but parking availability remains an issue for many tenants.