

Q2 2023

Regina

Office Market Report

Net Absorption

This Quarter

33K SF

Previous Quarter

10K SF

12-Month Absorption

-12K SF

Vacancy

This Quarter

16.3%

Year-over-Year

↓ 100 bps

Asking Net Rent

This Quarter*

\$14.50 PSF

Year-over-Year

↓ 8.9%

Development

Under Construction

16K SF

New Supply

0 SF

Sales

Sale Price Avg.

Insufficient

Year-over-Year

N/A

*Weighted Average
CIR Commercial Realty Inc.

Market Outlook

As 2023 progresses, Regina's office market continues to adapt to challenging market conditions as it focuses on tenant-centric needs. Space and location are driving tenant considerations as businesses re-evaluate their footprint requirements, both for the present and near future.

Despite a significant drop quarter-over-quarter (QoQ), vacancy rates remain high, particularly in the Downtown core, which recorded negative absorption of 18,194 square feet in Q2. The Suburban market is faring comparatively better, represented by the 5.0% drop in overall vacancy, QoQ. Regina's total vacancy rate now sits at 16.3%. This is the lowest rate the city has seen since Q1 2021.

Landlords are continuing to make great efforts to retain existing tenants who are seeking to either downsize or upsize, rather than relocate altogether. Incentives such as tenant allowances and decreasing rental rates (an 8.9 % decrease in asking rent year-over-year) are reflected in this quarter's corresponding drop in overall office vacancy. Sales and leasing deal volumes are relatively low this quarter, as there are no new businesses entering the office sector. This

suggests the drop in office vacancy is not due to natural market growth and is likely temporary. As a result, office vacancy is expected to climb back up 50-100 basis points as tenants re-evaluate their occupancy requirements and release surplus inventory in the not-so-distant future.

While other markets are introducing proposals and supported projects for office space conversions, Regina does not have any plans on the horizon to find alternative uses for its unoccupied space. The lack of planned building conversions, along with high construction costs ensures that the only new square footage set to come onto the market in 2023 is a 16,000 square foot owner-occupied build located at 1735 Victoria Avenue East.

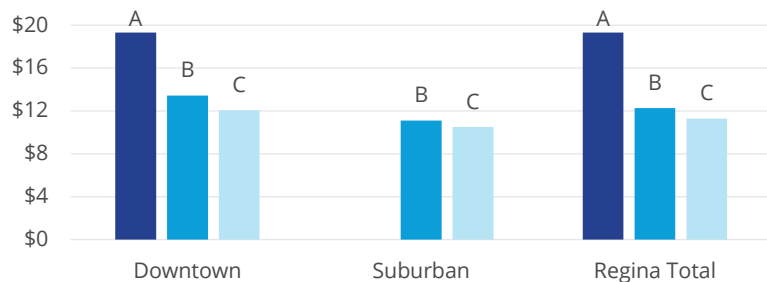
Moving forward there is an expectation that landlords will continue to engage with their tenants with the shared goal of retention in their existing space. The continuation of hybrid, hoteling, co-working and work-from-home office occupancy models, and increased construction costs, will further challenge accelerated absorption for the foreseeable future. This is expected to incent creative office space planning scenarios and solutions for the next few years.

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Market Overview

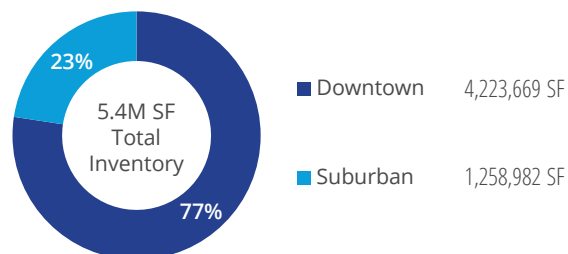
01 Rental Rates by Building Class

Weighted Average Asking Net Rent (PSF)



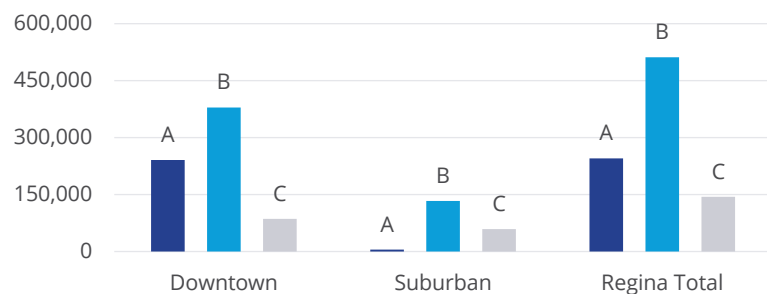
02 Inventory Breakdown

By Market | Total Square Feet (millions)



03 Vacant Space by Market

Total Square Feet (SF)



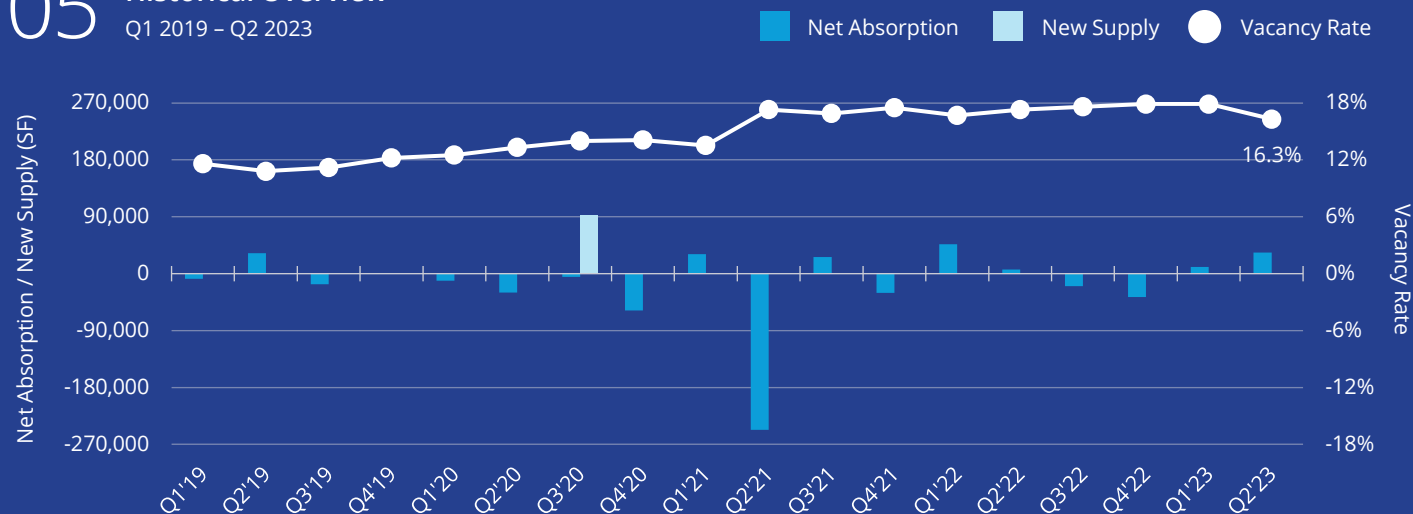
04 Vacancy Rate

By Market | Q2 2022 – Q2 2023

Downtown	16.9%	↓	from 17.4% Q2'22
Suburban	14.2%	↓	from 16.9% Q2'22
Regina Total	16.3%	↓	From 17.3% Q2'22

05 Historical Overview

Q1 2019 – Q2 2023



Market Statistics & Transaction Highlights

	Downtown	Suburban	Regina Total
Number of Buildings	61	36	97
Total Inventory (SF)	4,223,669	1,258,982	5,482,651
Direct Vacancy* (SF)	644,559 (91.4%)	180,253 (92.1%)	824,812 (91.6%)
Sublease Vacancy* (SF)	60,348 (8.6%)	15,370 (7.9%)	75,718 (8.4%)
Total Vacant Space (SF)	704,907	195,623	900,530
Vacancy Rate (Current Q)	16.9%	14.2%	16.3%
Vacancy Rate (Previous Q)	17.5%	19.2%	17.9%
Net Absorption (SF)	-18,194	51,676	33,482
New Supply (SF)	0	0	0
Under Construction (SF)	0	16,000	16,000
Weighted Average Asking Net Rent (PSF)	\$15.44	\$10.64	\$14.50
Weighted Average Asking Gross Rent (PSF)	\$31.17	\$28.48	\$30.73

*% shown are of total vacant space

Notable Transactions

Type	Tenant	Building Name / Address	Market	Size (SF)
Headlease	3sHealth	Delta Business Centre	Downtown	44,922
Headlease	Saskatchewan Cancer Agency	Regina Centre Crossing	Suburban	13,104
Headlease	Gaming Saskatchewan Corporation	Credit Union Centre	Downtown	9,678
Sale	Nicor Developments Inc.	2571 Broad Street	Suburban	34,315



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