CW SASKATOON RESEARCH

MARKETBEAT REPORT

SUBURBAN OFFICE Q1 2025

	YoY CHANGE	12-MO. FORECAST
5.02% VACANCY RATE	▼	▼
94,975 NET ABSORPTION, SF	▲	▲
$20.64 ASKING RENT, PSF *Overall, All Property*	▲	▲

ECONOMIC INDICATORS
February 2025

	YoY CHANGE	12-MO. FORECAST
236,800 EMPLOYMENT SASKATOON, SK	▲	▲
4.9% UNEMPLOYMENT RATE SASKATOON, SK	▼	▼
6.6% UNEMPLOYMENT RATE CANADA	▲	▲

Source: Statistics Canada, CREA

DETAILED STATISTICS ON PAGE TWO

OVERVIEW

2024 ended with a second consecutive year of near-record leasing activity at 94,277 square feet of year-over-year absorption, a trend continuing into Q1 2025 with 94,975 square feet of positive absorption. The suburban office vacancy rate halved from 10.21% in Q1 2024 to 5.02% by Q1 2025. Total absorption from 2023 through Q1 2025 reached 319,000 square feet, representing an 8.64% decrease in vacant space over two years. The suburban office market significantly outperforms the CBD, experiencing near-record low vacancy levels and rising net effective rates.

NET RENTAL RATES

Net rental rates are gradually increasing, with Class A suburban office space rising from $26.46 PSF in Q4 2024 to $26.59 in Q1 2025. Class B remains at $18.39 PSF, while Class C increased 6% year-over-year to $13.90 PSF. Both downtown and suburban markets show preference for finished space, with shell space leasing significantly slower from 2023-2025. Tenants are willing to pay premiums for move-in ready options.

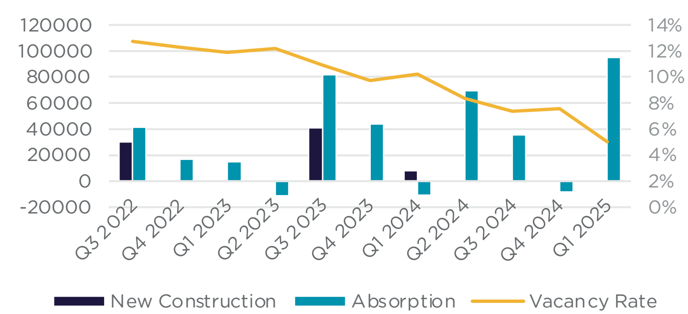
SUBURBAN OFFICE VACANCY

Q1 2025 saw significant shifts in Class A office vacancy, with 415 Wellman Cr leasing 9,857 SF, 1507 8th St E leasing 6,229 SF, and 1131 Ave W leasing 43,339 SF. Class A vacancy fell from 11.15% in Q4 2024 to 5.39% in Q1 2025. Class C space remains tight, decreasing 200 basis points to 2.16%, while Class B increased from 5.05% to 6.59%.

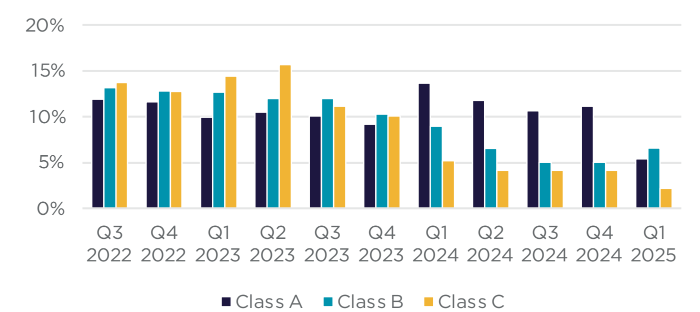
ADDITIONAL TRENDS

Office tenants are prioritizing budget and immediacy. From 2023-2025, suburban office spaces under 10,000 square feet with built-out space achieved 2.6 times more leasing velocity than shell space. Built-out suburban offices under 6,000 SF show similar leasing likelihood across all asset classes, though larger and shell spaces are also leasing, as evidenced by the Class A office space decline.

SUBURBAN SUMMARY



VACANCY RATE



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MARKETBEAT REPORT

SUBURBAN OFFICE Q1 2025

CUSHMAN & WAKEFIELD Saskatoon

SUBMARKET STATISTICS

BUILDING CLASSIFICATION	TOTAL	VACANT	VACANCY RATE	NET ASKING RATE	OCCUPANCY COST
CLASS A	1,664,612	89,858	5.39%	$26.32	$11.32
CLASS B	1,161,377	76,804	6.59%	$18.06	$9.71
CLASS C	862,015	18,658	2.16%	$13.90	$7.82
TOTAL	**272,058**	**185,320**	**5.02%**	**$20.64**	**$9.89**

KEY SUBURBAN OFFICE LEASE TRANSACTIONS 2024

PROPERTY	SUBMARKET	TENANT	SQ FT	QUARTER
1131 Ave W S	SEDCO	Ehealth	43,339	Q1 2025
415 WELLMAN CRES	Stonebridge	SGI	9,857	Q1 2025
1507 8th St E	8th Street East	Daniels Wingrak Engineering	4,766	Q1 2025

KEY SUBURBAN OFFICE SALE TRANSACTIONS 2024

PROPERTY	PER SQUARE FOOT	BUYER	SQ FT	QUARTER
516 Duchess St	$148	102193878 SASKATCHEWAN LTD.	10,800	Q4 2024
201 Robin Cr	$293	HOLMES & ASSOCIATES REALTY	7,842	Q1 2025
1145 8th St E	$410	Manucharyan, Roza	2,012	Q4 2024

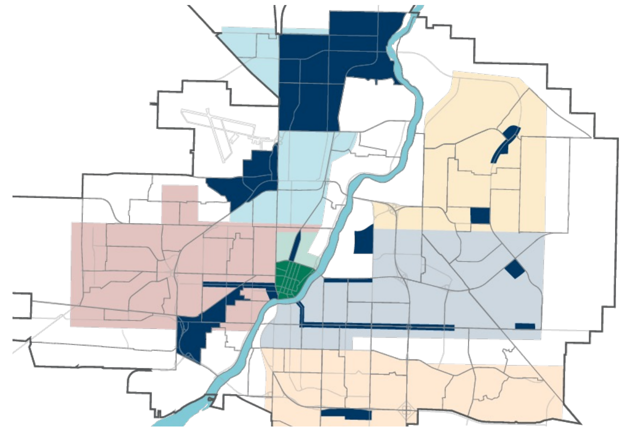
KEY SASKATCHEWAN HIGHLIGHTS

In early 2022, potash prices peaked at $1,202 USD per ton, driving major Saskatchewan producer investments. K+S announced plans to double Bethune mine production, Nutrien committed to a 40% increase by 2025, and BHP accelerated Jansen mine's Phase One with a $5.7 billion USD investment. BHP's Jansen Stage 1 is 32% complete as of October 2023, with production expected in late 2026. BHP has also approved $6.4 billion for Jansen Stage 2, targeting production by 2029.

Saskatchewan maintains 40% of Canada's crop acreage (37 million acres)—exceeding Alberta and Manitoba combined. Canola leads production, followed by spring wheat and lentils. The sector is increasingly developing value-added products to enhance economic diversification.

Between August 2023 and March 2024, uranium prices rose significantly. NexGen Energy received environmental approval in November 2023 for the Rook I Project, which will produce up to 30 million pounds of uranium annually. Canada aims to reclaim its position as the leading global uranium producer, with Cameco planning a 30% production increase in 2025.

FOR AN IN-DEPTH MARKET REVIEW FOR SASKATOON, CONTACT OUR OFFICE AT INFO@CWSASKATOON.COM



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CUSHMAN & WAKEFIELD Saskatoon

CUSHMAN & WAKEFIELD SASKATOON A LOCAL FIRM WITH GLOBAL REACH

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