CW SASKATOON RESEARCH

MARKETBEAT REPORT

CBD OFFICE Q4 2024

	YoY CHANGE	12-MO. FORECAST
20.38% VACANCY RATE	▼	▼
49,041 NET ABSORPTION, SF	▲	▲
$19.98 ASKING RENT, PSF *Overall, All Property*	▼	▼

ECONOMIC INDICATORS
December 2024

	YoY CHANGE	12-MO. FORECAST
235,700 EMPLOYMENT SASKATOON, SK	▲	▼
5.2% UNEMPLOYMENT RATE SASKATOON, SK	▼	▼
6.8% UNEMPLOYMENT RATE CANADA	▲	▲

Source: Statistics Canada, CREA

DETAILED STATISTICS ON PAGE TWO

OVERVIEW

Saskatoon's Central Business District office market is observing rising occupancy despite tough conditions for office space, much of this activity has been the result of some landlords utilizing aggressive strategies to attract tenants. An example of landlord strategy in 2024 is illustrated by buildings such as 216 1st Ave S where net asking rates have been reduced from $16.00 Net PSF to $5.00 Net PSF, other strategies include significant inducement packages, fit-outs, and shorter terms. From Q1 2024, Central Business District office vacancy rose from 20.22% to 21.95% by Q2 2024, but decreased to 20.48% as of December 2024. Post-COVID-19, tenants have polarized their office space preferences, gravitating toward either budget-friendly options, premium spaces, or turnkey solutions.

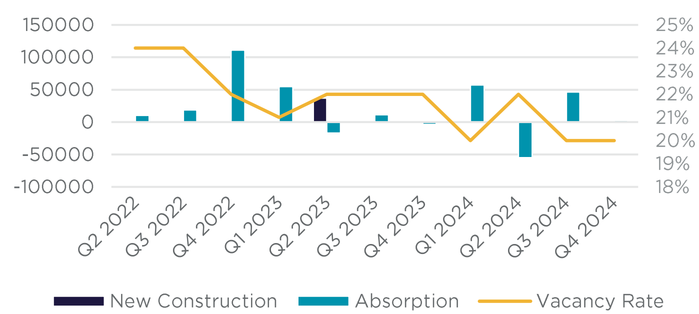
LEASING & DEMAND

In 2024, notable occupancies include the Hong Kong Bank building, which sold for $6.5 million in October 2024 to Kitsaki Lands Corp. The 43,000 SF building will be occupied by Kitsaki for operational needs while transitioning to urban reserve status. 216 1st Ave S, which has had prolonged vacancy when SNC Lavalin (AtkinsRéalis) downsized within the 31,378 SF building, has fully leased due to aggressive net asking rates below market. Reduced rates are becoming increasingly common for landlords in 2023/2024. Medical office buildings in the CBD like 750 Spadina Cres E and 140 Wall St have higher than average vacancy as long-standing practitioners retire or relocate to suburban offices.

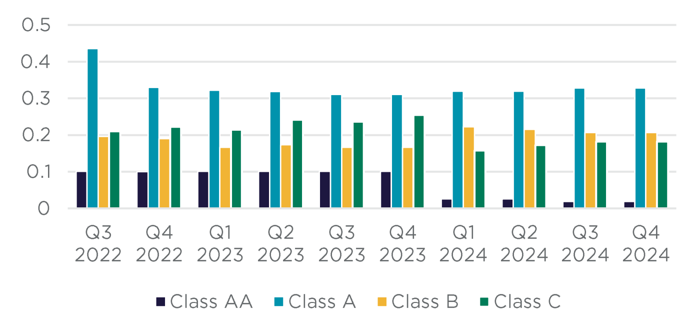
CBD OFFICE MARKET

Class A CBD office vacancy was 31.85%. It rose slightly to 32.77% in Q4 2024, with net asking rates remaining consistent at $25.29 PSF. Class B CBD office vacancy decreased from 22.23% in Q1 2024 to 20.63% in Q4 2024. Much of the decrease is attributed to the lease up of 216 1st Ave S and 111 2nd Ave S. Class C office space vacancy rose from 15.78% in Q1 2024 to 18.18%, due to medical office buildings relocating outside the CBD or from key staff retirements. Additional changes in the CBD forecast are expected next quarter or early 2025 as major Saskatoon tenants finalize their office space needs for the next 5-10 years.

CBD OFFICE SURVEY



VACANCY RATE



CW SASKATOON RESEARCH

MARKETBEAT REPORT

CBD OFFICE Q4 2024

CUSHMAN & WAKEFIELD Saskatoon

MARKET STATISTICS

BUILDING CLASSIFICATION	TOTAL	VACANT	VACANCY RATE	NET ASKING RATE	OCCUPANCY COST
CLASS AA	390,329	7,500	1.92%	$33.50	$16.08
CLASS A	734,387	240,680	32.77%	$25.29	$15.47
CLASS B	1,078,000	221,935	20.63%	$19.92	$14.23
CLASS C	982,952	178,673	18.18%	$17.05	$12.62
NORTH TOTAL	**3,183,668**	**648,788**	**20.38%**	**$19.98**	**$13.93**

KEY CBD OFFICE LEASE TRANSACTIONS 2024

PROPERTY	UNIT	TENANT	SQ FT	QUARTER
133 3RD AVE N	100	LEARNING DISABILITIES SASK	7,246	Q2 2024
111 2ND AVE S	400	INTERLANE LOGISTICS	9,470	Q1 2024
216 1st AVE S	MULTIPLE	MULTIPLE	12,014	Q3 2024

KEY CBD OFFICE SALE TRANSACTIONS 2024

PROPERTY	COMMON NAME	SELLER / BUYER	SQ FT	SALE PRICE
321 21ST ST E	HONG KONG BANK BUILDING	FPR DEVELOPMENTS / KITSAKI LANDS CORP	43,000	$6,500,000
1132 COLLEGE DR	1ST AVE PARKADE	DREAM OFFICE REIT / 583611 SASK LTD	45 (stalls)	$6,300,000

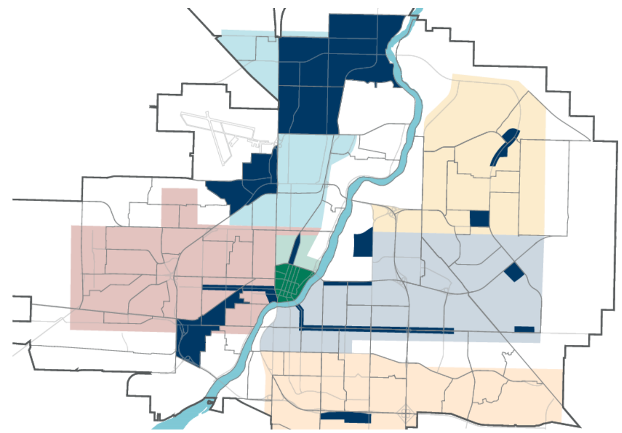
KEY SASKATCHEWAN HIGHLIGHTS

In early 2022, when potash reached a record high of $1,202 USD/Ton, Saskatchewan potash producers made key announcements and investments. K+S announced in May to double production at Bethune mine, Nutrien committed to increasing production by 40% by 2025, and BHP Billiton accelerated Jansen mine Phase One with a $5.7 billion USD planned investment. In 2024, potash prices stabilized from the 2022 peak and are trading 36% above the 10-year average at $278 USD/Ton.

Saskatchewan accounts for 40% of Canada's crop acreage at 37 million acres—more than Alberta and Manitoba combined. The primary crop in Saskatchewan is canola, followed by spring wheat and lentils. Recently, Saskatchewan's agriculture is shifting from a raw goods industry to a value-add industry.

From August 2023 to March 2024, uranium has experienced significant gains in value. NextGen Energy Ltd is seeking approval for a uranium production facility 130 kilometers north of La Loche, Saskatchewan. When complete, NextGen expects the Rook I Project to account for 23% of global uranium production.

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



Central Business District *Suburban Office*

CONTACT

SCOTT FRIESEN SIOR
PRESIDENT / BROKER
+1 306 934 3377
scott.friesen@cwsaskatoon.com

DUNCAN MAYER
RESEARCH MANAGER
+1 306 934 3377
duncan.mayer@cwsaskatoon.com

CUSHMAN & WAKEFIELD Saskatoon

CUSHMAN & WAKEFIELD SASKATOON
A LOCAL FIRM WITH GLOBAL REACH

Cushman & Wakefield Saskatoon is a locally owned and operated Commercial Real Estate Firm located in beautiful Saskatoon, Saskatchewan. The Cushman & Wakefield Saskatoon team has over 30 years of experience in Saskatoon's dynamic commercial real estate market.

To learn more, visit cushmanwakefieldsaskatoon.com or follow us on LinkedIn