



Regina office market report

Q1 2024

**AVISON
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Greater Market area fundamentals

15.5%

total availability rate
down from 17.75% in Q1 2023

+

positive absorption
year-over-year

726K

square feet available
as of January 2024

\$24.91

average asking lease rate
Class A buildings as of January 2024

\$15.61

average asking lease rate
Class B buildings as of January 2024

\$14.89

average asking lease rate
Class C buildings as of January 2024

Office market trends

01.

Decreased vacancy rate

As the pandemic labour model continues to drive vacancy into a tenant-favoured market, optimism remains questionable for Regina's office sector. However, the market experienced a decreased vacancy rate of 15.5% Q1-2024 (a slight 2.25% decrease from 17.75% Q1-2023 year-over-year).

This is positive news for Regina as we are below the national office vacancy rate of approximately 19.4%. Unfortunately, Regina is still above an acceptable normal rate.

02.

Lease rates steady

Average lease rates are steady with vacancy rates remaining high. Class A space rates range from \$22 to \$34 psf, with a low vacancy rate of 8.8%. This is due to minimal supply with no signs of new construction on the horizon.

Class B space rates range from \$14 to \$20 psf with increasing opportunities for square footage supply from a vacancy rate of 18.2%.

Similarly, across the country, Regina's Class C leads all classes with the most distressing vacancy rate of 20.4% with its space rates ranging from \$12 to \$19 psf. Lowering these vacancy rates is lamentably hindered by flight-to-quality and landlord incentives.

03.

Reducing vacancy rate

To reduce vacancy rates to an acceptable normal rate, the return-to-office working model needs to gain more momentum with employers who are still on the fence. On the other hand, converting or retrofitting vacant office space to residential rental units is an option that would take some vacant spaces out of office inventory.

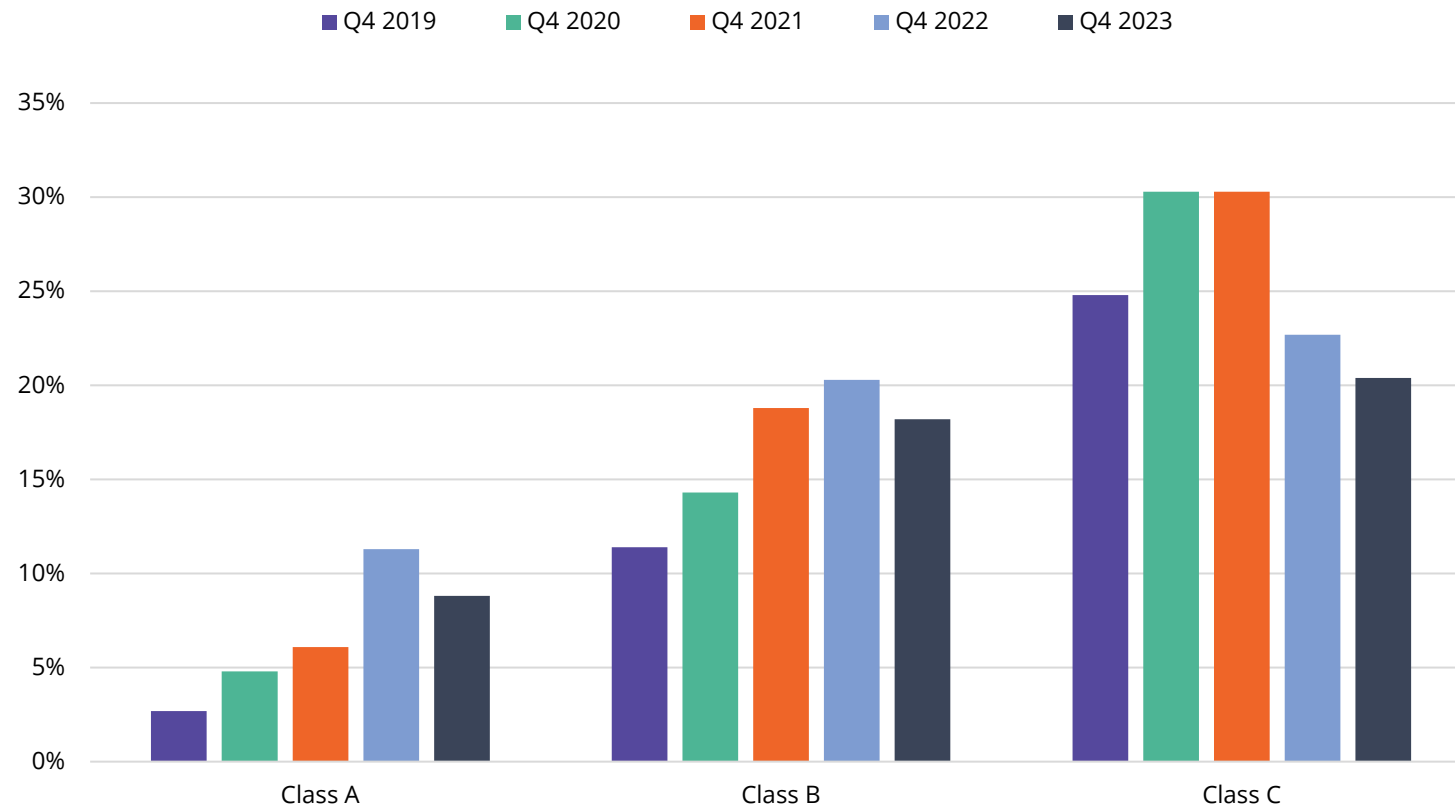
Beneficial outcomes of this are, lower office vacancy rates and increasing availability of residential rental units. This option is viable with the help of a conversion incentive program like that implemented by the City of Calgary.

It remains to be seen if the City of Regina will follow suit and implement its own conversion incentive program. This would specifically incentivize the conversion of vacant office space into residential rental units.

Optimism would spring into the Downtown Core with additional civic spillover benefits. These benefits include an increase in population density, and safety and economic activity that would build on the City's Revitalization Initiative for a vibrant Regina.

Greater Regina area office market indicators

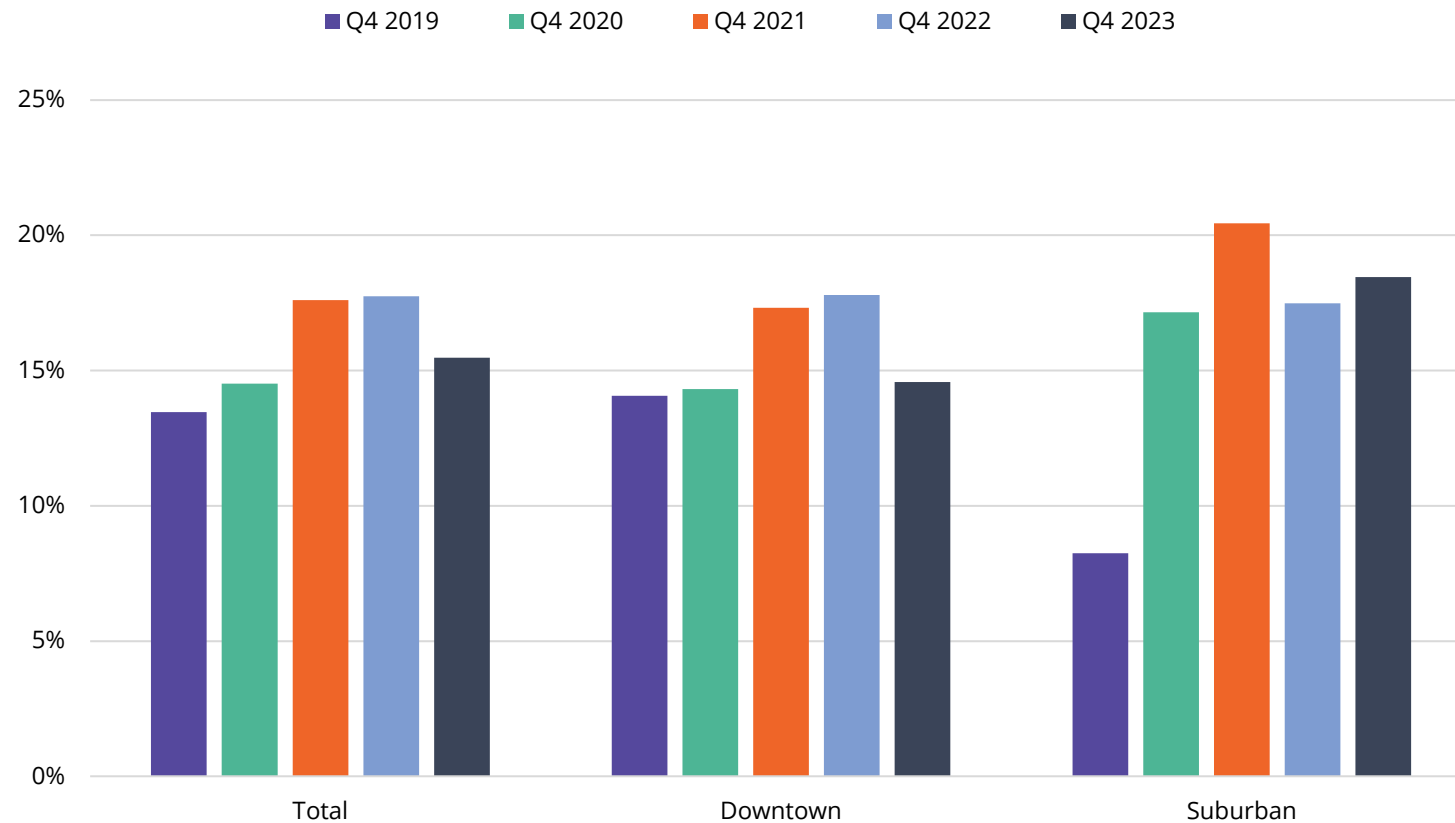
Availability rate by class



Office vacancy rates have substantially increased since 2019, however, a 2.5% decrease has been noted since Q1 2023.

Greater Regina area office market indicators

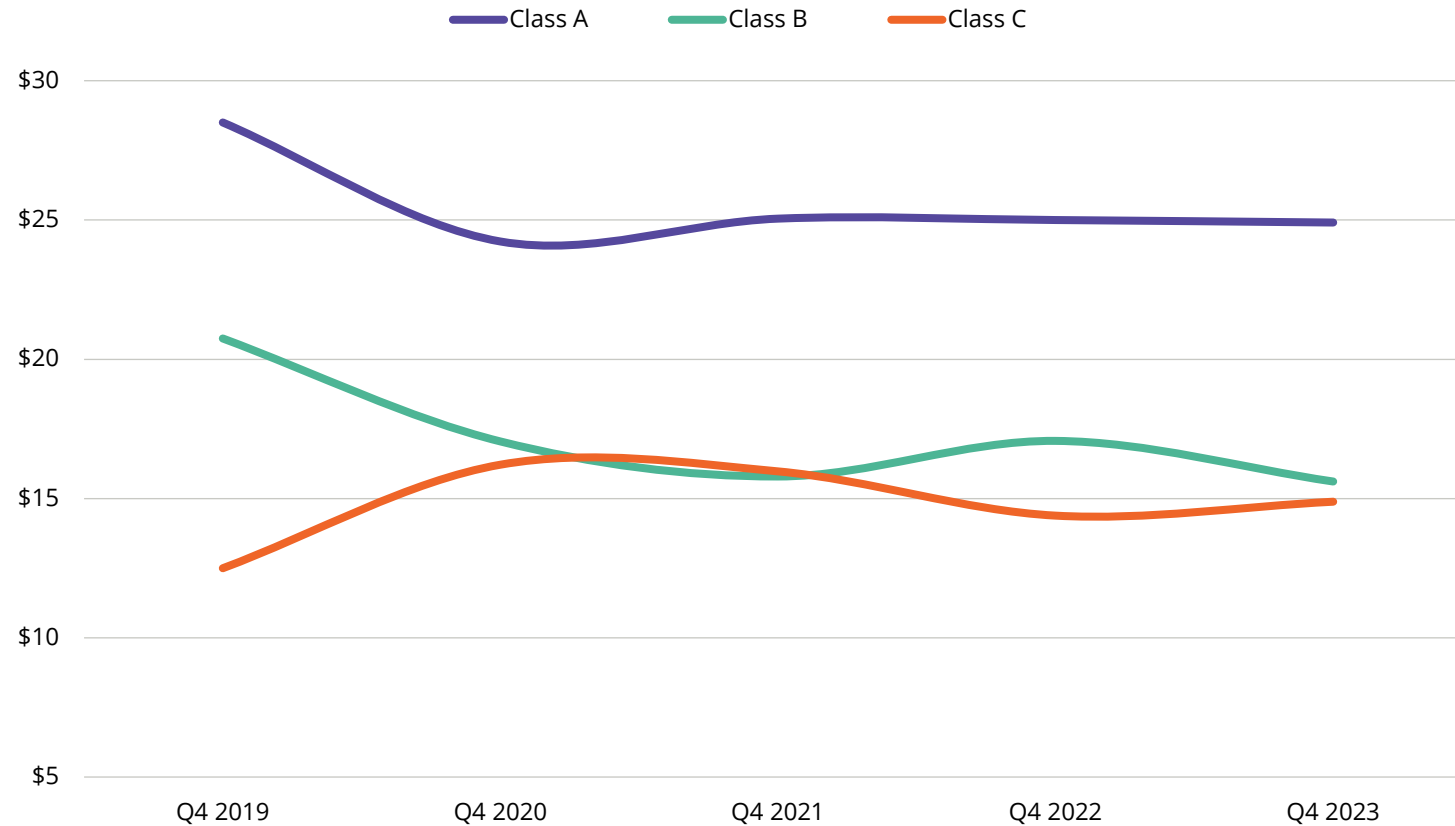
Availability rate by sector



The vacancy rate in the suburban market continues to trend higher than downtown Q1 2024.

Greater Regina area office market indicators

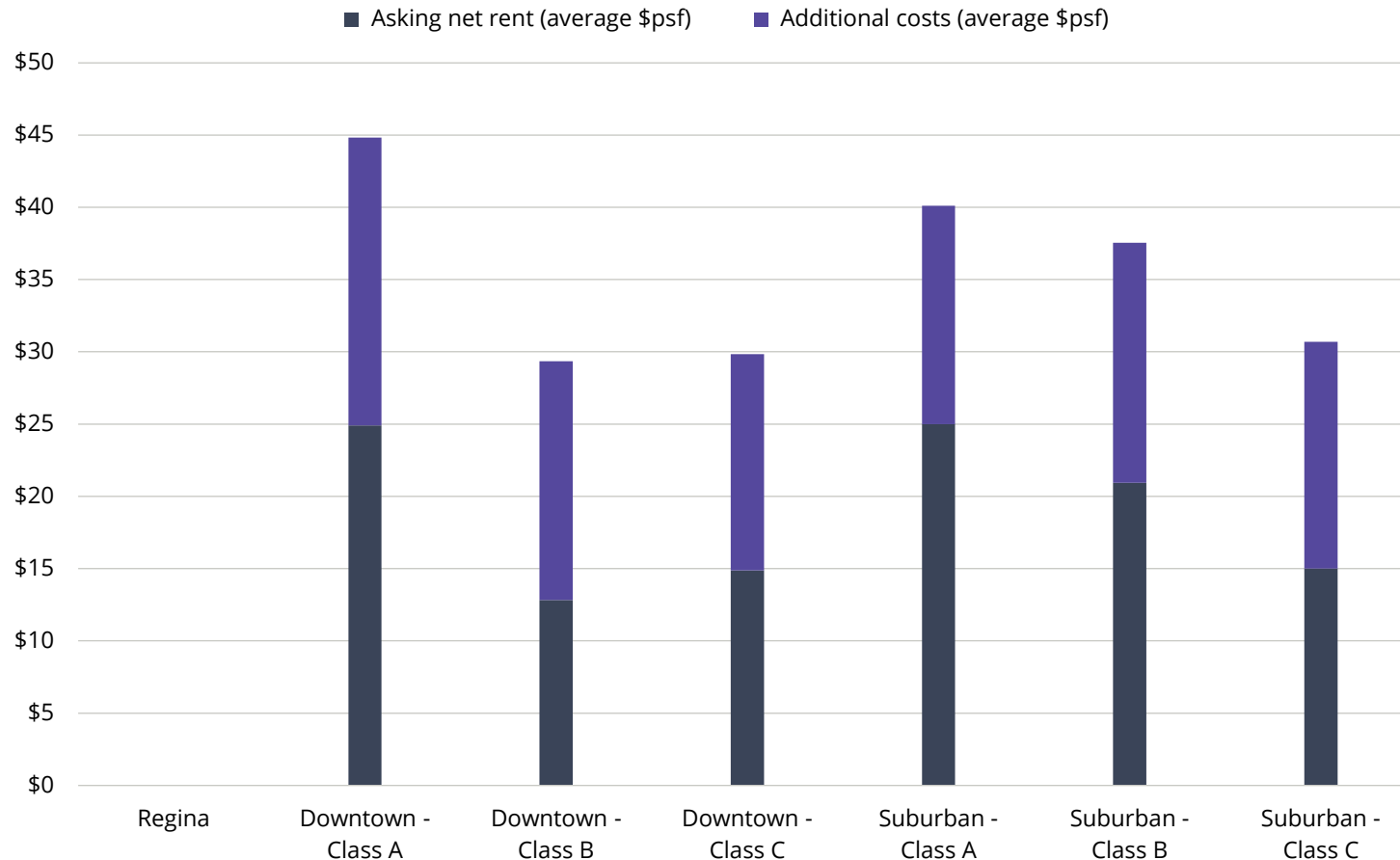
Net asking rents



Overall rates have been steady due to vacancy rates remaining high.

Greater Regina area office market indicators

Occupancy costs



Occupancy in the downtown and suburban markets is stable.

Overall gross rents in the suburban market are higher than downtown rates for Class B and C buildings, as they are newer and command a higher rental rate.

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