

## Government takes hold of office space market

WINNIPEG SUN

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Realtor Owen Cramer of Skyline Realty (at door) talks about a space for lease at 143 Smith St. (Winnipeg Sun files)

Office space in Winnipeg is at a premium compared with last year — downtown and around the city.

In the city's business core, vacancy is down to 6.3%, as 118,182 square feet were snapped up. Class A space has a 3.1% vacancy rate, down from 5% last quarter.

It's due in large part to government leases, says Wayne Sato, vice-president of Cushman & Wakefield Canada's Winnipeg office.

"The market has been active as government has leased a significant amount of competitive office space," he said. "Government demand, combined with modest private sector demand, will significantly tighten the market. We've seen upward pressure on rental rates as a result, likely to continue into the latter half of 2012."

In the suburbs, the office vacancy rate has dipped four points from last year, to 10.3%.

The National Office Trends: Second Quarter Report found vacancy rates falling by 0.4% across Canada — only the second time vacancy has dipped to this rate since 1985.

Suburban markets across the country are hurting as businesses head back downtown, the report found — not only in search of more ecologically friendly buildings but also for employees' lifestyle preferences.

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