

# Downtown office space available

BY CASSANDRA KYLE, THE STARPHOENIX MARCH 5, 2010



Work continues on the Capitol Centre on 1st Avenue South across from the Midtown Plaza Thursday in Saskatoon

**Photograph by:** Richard Marjan, The StarPhoenix, The StarPhoenix

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The amount of office space in downtown Saskatoon has grown to a size large enough to fill one of the world's biggest fine art museums.

According to a new office market report released Thursday by Colliers McClocklin, the city has reached a record two million square feet of office space in the downtown core -- the same amount of area covered by New York City's Metropolitan Museum of Art.

"Saskatoon is in a strong position to accommodate new business to the downtown core as additional office space enters the market," said Tom McClocklin, president of the commercial real estate firm.

"This is a welcome change after experiencing restrictive vacancy levels."

The city led Canada with the highest Class A office space absorption rate in 2009 at 3.7 per cent, beating Vancouver (minus two per cent), Regina (one per cent) Toronto (one per cent), Calgary (minus three per cent) and Edmonton (minus one per cent).

The completion of Discovery Plaza late last year and the subsequent square footage it brought to the marketplace increased downtown office market's vacancy rate by 1.54 per cent to 6.14 per cent.

This "healthy" vacancy rate, Colliers McClocklin said, will likely rise again in April when construction on the Capitol Centre office complex on First Avenue comes to an end.

With the completion of Discovery Plaza and Capitol Centre, the city will have enough inventory to attract significant new businesses downtown, the agency said.

New office buildings downtown and outside of the city centre -- an area in which demand for such space is rapidly increasing -- will likely charge rental rates of \$23 to \$30 per square foot, Colliers McClocklin said.

Due to the rise in market value for downtown space, many existing tenants will likely see an increase in rental rates when contracts come up for renewal.

Despite the increases, Colliers McClocklin maintains Saskatoon has the lowest average Class A rental rates in Western Canada.

[ckyle@sp.canwest.com](mailto:ckyle@sp.canwest.com)

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