Q3 2021

# Vancouver
## Office Market Report

### Net Absorption

| This Quarter | Previous Quarter |
|---|---|
| 713K SF | -78K SF |
| **12-Month Absorption** | **5-Year Quarterly Avg.** |
| -472K SF | 144K SF |

### Vacancy

| This Quarter | Year-over-Year |
|---|---|
| 6.2% | ▲ 210 bps |

### Asking Net Rent

| This Quarter* | Year-over-Year |
|---|---|
| $29.92 PSF | ▲ 12.7% |

### Development

| Under Construction | New Supply |
|---|---|
| 6.2M SF | 543K SF |

### Sales

| Sale Price Avg. | Year-over-Year |
|---|---|
| $831 PSF | ▲ 25.1% |

**Weighted Average*
*Colliers Macaulay Nicolls Inc.*

### Market Outlook

The Greater Vancouver Area saw positive absorption of 713,000 square feet driven by strong pre-leasing in buildings delivered this quarter. The overall vacancy rate saw its first contraction since the beginning of the pandemic.

Demand for quality space continues to drive down AAA and A Class vacancy rates to 2.3% and 5.0% respectively. Downtown saw a reduction in both AAA and A Class vacancy rates, while 82.3% of all vacant AAA space Downtown is available as sublease.

Suburban markets continue to perform well during the pandemic. Many of those that commute to work are hesitant riding public transit, so parking accessibility has been an advantageous asset for suburban office landlords. The suburban markets saw an uptick in sublease space led by 175,000 square feet becoming available at 2910 Virtual Way. Burnaby and the Vancouver Periphery markets make up three-quarters of all sublease space available in the suburban markets.

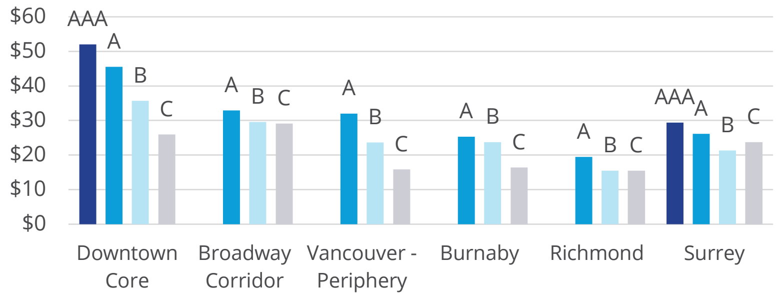
This quarter saw the delivery of 543,000 square feet across all markets. Surrey saw two new AAA Class towers, City Centre 3 and King George Hub Phase B, adding 279,000 square feet to the area. Both buildings strongly reflect the success pre-leasing and pre-sale projects are having in suburban markets with well over 70% leased and sold before completion.

The strata market slowed in Q3, with 75 West 7th Avenue being the only full building to sell in the quarter. The 11,500 square foot building sold for $10.2 million or $897 per square foot. Transactions slowed, however, the price per square foot continues to climb, up 11.7% quarter over quarter and 25.1% year-over-year.

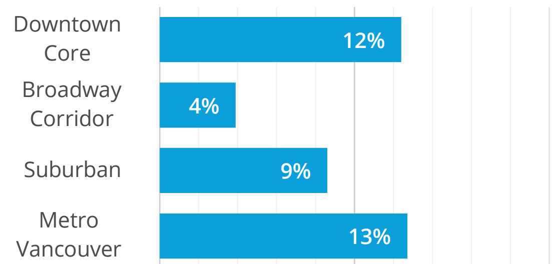
Market activity continues to pick up across the region as many companies that had been putting off real estate decisions are now coming to the table. Sublease space in the market may provide an attractive option for tenants who have been unsuccessful in securing space in a tightly held market.

# Market Overview

## 01 Rental Rates by Building Class
Weighted Average Asking Net Rent (PSF)

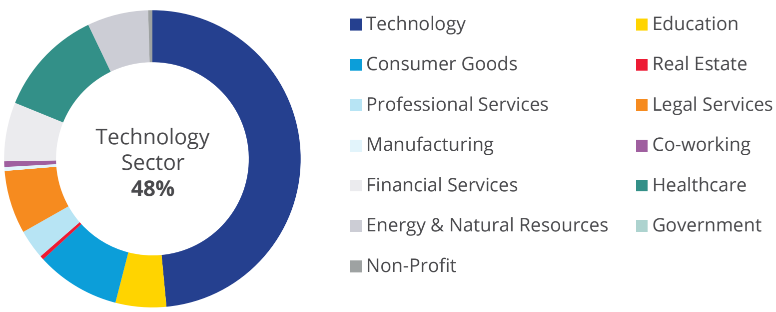



## 02 Rental Rate Growth*
By Market | Q3 2020 – Q3 2021




* Weighted Average Asking Net Rent

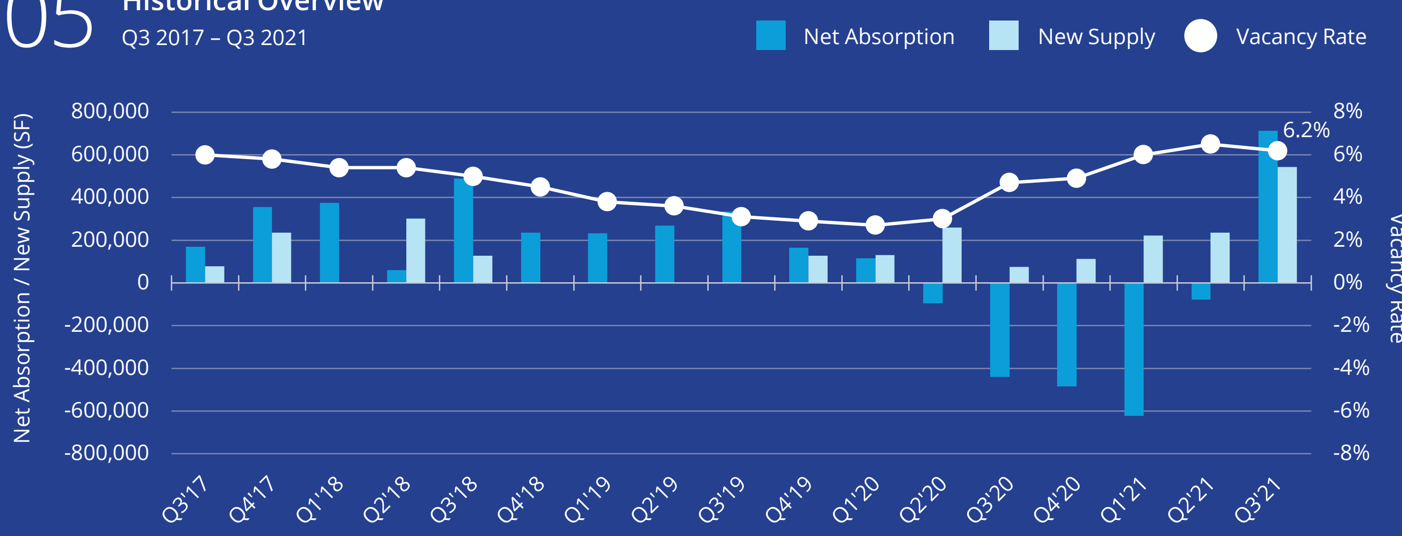
## 03 Leasing Demand by Industry
By Square Feet Leased




## 04 Vacancy Rate
By Market | Q3 2020 – Q3 2021

| | | |
|---|---|---|
| Downtown Core | **5.9%** | *from 3.8% Q3'20* |
| Broadway Corridor | **6.3%** | *from 3.2% Q3'20* |
| Suburban | **5.6%** | *from 4.3% Q3'20* |
| Metro Vancouver | **6.2%** | *from 4.1% Q3'20* |

## 05 Historical Overview
Q3 2017 – Q3 2021



# Market Statistics

| Market | Submarket | Class | # of Bldgs | Total Inventory (SF) | Total Vacant Space (SF) | Vacancy Rate | Direct Available Space (SF) | Sublease Available Space (SF) | Total Available Space (SF) | Availability Rate | Net Absorption (SF) | New Supply (SF) | Under Construction (SF) | Wgt. Avg. Asking Net Rent (PSF) | Wgt. Avg. Asking Gross Rent (PSF) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Downtown** | Downtown Core | AAA | 12 | 3,995,806 | 54,114 | 1.4% | 9,600 | 92,470 | 102,070 | 2.6% | 22,848 | - | 3,875,558 | $ 52.00 | $ 72.82 |
| | | A | 30 | 8,260,620 | 421,783 | 5.1% | 413,385 | 217,015 | 630,400 | 7.6% | 55,916 | - | 74,217 | $ 45.53 | $ 69.17 |
| | | B | 76 | 11,077,594 | 662,714 | 6.0% | 582,215 | 277,606 | 859,821 | 7.8% | 134,896 | - | - | $ 35.69 | $ 57.83 |
| | | C | 73 | 4,029,522 | 477,429 | 11.8% | 392,600 | 138,140 | 530,740 | 13.2% | 6,500 | - | - | $ 25.92 | $ 43.47 |
| | | **All** | **191** | **27,363,542** | **1,616,040** | **5.9%** | **1,397,800** | **725,231** | **2,123,031** | **7.8%** | **220,160** | **-** | **3,949,775** | **$ 36.25** | **$ 57.63** |
| | Gastown / Railtown | A | 3 | 143,190 | 5,709 | 4.0% | 5,709 | 0 | 5,709 | 4.0% | -5,709 | - | 103,703 | $ 30.00 | $ 44.00 |
| | | B | 16 | 906,958 | 103,394 | 11.4% | 82,505 | 45,020 | 127,525 | 14.1% | 6,099 | - | - | $ 30.97 | $ 46.85 |
| | | C | 28 | 1,041,451 | 265,435 | 25.5% | 211,128 | 101,589 | 312,717 | 30.0% | -72,023 | - | - | $ 24.42 | $ 38.21 |
| | | **All** | **47** | **2,091,599** | **374,538** | **17.9%** | **299,342** | **146,609** | **445,951** | **21.3%** | **-71,633** | **-** | **103,703** | **$ 26.94** | **$ 41.49** |
| | Yaletown | A | 1 | 27,717 | 27,717 | 100.0% | 27,717 | 0 | 27,717 | 100.0% | - | - | - | $ 50.00 | $ 70.00 |
| | | B | 18 | 1,047,245 | 64,035 | 6.1% | 17,621 | 52,002 | 69,623 | 6.6% | 13,029 | - | - | $ 31.99 | $ 49.16 |
| | | C | 23 | 1,256,500 | 49,305 | 3.9% | 35,871 | 18,473 | 54,344 | 4.3% | 14,047 | - | - | $ 32.51 | $ 53.19 |
| | | **All** | **42** | **2,331,462** | **141,057** | **6.1%** | **81,209** | **70,475** | **151,684** | **6.5%** | **27,076** | **-** | **-** | **$ 39.30** | **$ 59.11** |
| **Midtown** | Broadway Corridor* | A | 51 | 4,478,315 | 178,958 | 4.0% | 150,996 | 68,636 | 219,632 | 4.9% | 227,922 | 239,251 | 249,341 | $ 32.88 | $ 51.55 |
| | | B | 57 | 2,596,019 | 265,724 | 10.2% | 249,553 | 21,338 | 270,891 | 10.4% | -74,851 | - | 25,516 | $ 29.54 | $ 44.98 |
| | | C | 30 | 742,555 | 50,837 | 6.8% | 55,994 | 11,206 | 67,200 | 9.0% | 37,059 | - | - | $ 29.10 | $ 42.71 |
| | | **All** | **138** | **7,816,889** | **495,519** | **6.3%** | **456,543** | **101,180** | **557,723** | **7.1%** | **190,130** | **239,251** | **441,114** | **$ 30.30** | **$ 46.38** |
| **Suburban** (continued on next page) | Vancouver Periphery | A | 11 | 964,726 | 86,485 | 9.0% | 58,897 | 218,888 | 277,785 | 28.8% | 7,700 | - | - | $ 32.00 | $ 52.27 |
| | | B | 18 | 732,358 | 160,003 | 21.8% | 108,205 | 70,704 | 178,909 | 24.4% | -7,418 | - | - | $ 23.63 | $ 40.76 |
| | | C | 21 | 510,050 | 38,525 | 7.6% | 29,569 | 9,865 | 39,434 | 7.7% | -12,433 | - | - | $ 15.85 | $ 28.87 |
| | | **All** | **50** | **2,207,134** | **285,013** | **12.9%** | **196,671** | **299,457** | **496,128** | **22.5%** | **-12,151** | **-** | **-** | **$ 25.69** | **$ 43.54** |
| | Burnaby | A | 56 | 7,437,864 | 312,358 | 4.2% | 207,661 | 186,159 | 393,820 | 5.3% | 117,943 | - | 707,997 | $ 25.29 | $ 41.39 |
| | | B | 56 | 3,497,832 | 234,296 | 6.7% | 285,119 | 40,247 | 325,366 | 9.3% | 5,913 | - | - | $ 23.70 | $ 40.40 |
| | | C | 27 | 745,149 | 37,997 | 5.1% | 39,421 | 0 | 39,421 | 5.3% | 3,292 | - | - | $ 16.39 | $ 28.11 |
| | | **All** | **139** | **11,680,845** | **584,651** | **5.0%** | **532,201** | **226,406** | **758,607** | **6.5%** | **127,148** | **-** | **707,997** | **$ 24.38** | **$ 40.86** |
| | Tri-Cities | A | 7 | 376,059 | 1,869 | 0.5% | 5,315 | 0 | 5,315 | 1.4% | 9,487 | - | - | $ 28.00 | $ 40.50 |
| | | B | 3 | 121,024 | 1,015 | 0.8% | 9,015 | 0 | 9,015 | 7.4% | - | - | - | - | - |
| | | C | 13 | 301,251 | 14,500 | 4.8% | 9,157 | 5,343 | 14,500 | 4.8% | 1,812 | - | - | $ 14.97 | $ 24.03 |
| | | **All** | **23** | **798,334** | **17,384** | **2.2%** | **23,487** | **5,343** | **28,830** | **3.6%** | **11,299** | **-** | **-** | **$ 22.24** | **$ 33.22** |
| | Langley | A | 21 | 1,277,398 | 33,894 | 2.7% | 33,894 | 0 | 33,894 | 2.7% | 14,004 | - | 108,000 | $ 35.76 | $ 49.12 |
| | | B | 14 | 481,938 | 110,964 | 23.0% | 110,964 | 0 | 110,964 | 23.0% | 27,929 | 25,000 | - | $ 25.46 | $ 36.56 |
| | | C | 10 | 251,088 | 4,009 | 1.6% | 4,009 | 0 | 4,009 | 1.6% | - | - | - | $ 16.00 | $ 23.23 |
| | | **All** | **45** | **2,010,424** | **148,867** | **7.4%** | **148,867** | **0** | **148,867** | **7.4%** | **41,933** | **25,000** | **108,000** | **$ 27.27** | **$ 38.71** |
| | New Westminster | A | 9 | 645,966 | 21,843 | 3.4% | 23,468 | 0 | 23,468 | 3.6% | - | - | - | $ 25.83 | $ 43.46 |
| | | B | 17 | 823,029 | 54,689 | 6.6% | 43,061 | 58,434 | 101,495 | 12.3% | -10,232 | - | - | $ 21.03 | $ 36.00 |
| | | C | 18 | 512,159 | 13,505 | 2.6% | 14,483 | 1,100 | 15,583 | 3.0% | -2,222 | - | - | $ 17.93 | $ 33.76 |
| | | **All** | **44** | **1,981,154** | **90,037** | **4.5%** | **81,012** | **59,534** | **140,546** | **7.1%** | **-12,454** | **-** | **-** | **$ 22.07** | **$ 38.17** |

**Broadway Corridor includes Mount Pleasant*

# Market Statistics

| Region | Submarket | Class | # of Bldgs | Total Inventory (SF) | Total Vacant Space (SF) | Vacancy Rate | Direct Available Space (SF) | Sublease Available Space (SF) | Total Available Space (SF) | Availability Rate | Net Absorption (SF) | New Supply (SF) | Under Construction (SF) | Wgt. Avg. Asking Net Rent (PSF) | Wgt. Avg. Asking Gross Rent (PSF) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Suburban** (continued from previous page) | North Vancouver | A | 22 | 1,154,204 | 13,878 | 1.2% | 18,144 | 19,375 | 37,519 | 3.3% | 11,613 | - | - | $ 26.34 | $ 40.67 |
| | | B | 35 | 1,418,386 | 25,154 | 1.8% | 20,044 | 5,110 | 25,154 | 1.8% | 29,725 | - | - | $ 19.92 | $ 31.55 |
| | | C | 15 | 279,019 | 32,292 | 11.6% | 32,292 | 0 | 32,292 | 11.6% | -7,146 | - | - | $ 25.06 | $ 35.26 |
| | | **All** | **72** | **2,851,609** | **71,324** | **2.5%** | **70,480** | **24,485** | **94,965** | **3.3%** | **34,192** | **-** | **-** | **$ 22.87** | **$ 34.33** |
| | Richmond | A | 31 | 2,516,619 | 205,871 | 8.2% | 194,091 | 38,425 | 232,516 | 9.2% | -17,311 | - | 524,390 | $ 19.48 | $ 32.65 |
| | | B | 43 | 2,206,855 | 126,396 | 5.7% | 148,790 | 7,967 | 156,757 | 7.1% | -21,693 | - | - | $ 15.35 | $ 25.83 |
| | | C | 16 | 818,208 | 33,219 | 4.1% | 31,656 | 1,563 | 33,219 | 4.1% | -19,754 | - | - | $ 15.46 | $ 28.27 |
| | | **All** | **90** | **5,541,682** | **365,486** | **6.6%** | **374,537** | **47,955** | **422,492** | **7.6%** | **-58,758** | **-** | **524,390** | **$ 17.52** | **$ 29.41** |
| | Surrey | AAA | 7 | 1,586,517 | 73,540 | 4.6% | 67,753 | 8,600 | 76,353 | 4.8% | 234,567 | 278,287 | - | $ 29.37 | $ 43.41 |
| | | A | 32 | 2,009,600 | 152,369 | 7.6% | 153,495 | 5,552 | 159,047 | 7.9% | -2,274 | - | - | $ 26.13 | $ 38.43 |
| | | B | 44 | 1,754,710 | 80,615 | 4.6% | 82,504 | 6,560 | 89,064 | 5.1% | -10,123 | - | - | $ 21.37 | $ 33.54 |
| | | C | 39 | 1,218,341 | 17,213 | 1.4% | 21,350 | 5,512 | 26,862 | 2.2% | -6,051 | - | - | $ 23.77 | $ 31.90 |
| | | **All** | **122** | **6,569,168** | **323,737** | **4.9%** | **325,102** | **26,224** | **351,326** | **5.3%** | **216,119** | **278,287** | **-** | **$ 25.18** | **$ 37.34** |
| **Downtown Total** | DT Core, Yaletown, Gastown / Railtown | AAA | 12 | 3,995,806 | 54,114 | 1.4% | 9,600 | 92,470 | 102,070 | 2.6% | 22,848 | - | 3,875,558 | $ 52.00 | $ 72.82 |
| | | A | 34 | 8,403,810 | 455,209 | 5.4% | 446,811 | 217,015 | 663,826 | 7.9% | 50,207 | - | 177,920 | $ 45.63 | $ 68.83 |
| | | B | 110 | 13,031,797 | 830,143 | 6.4% | 682,341 | 374,628 | 1,056,969 | 8.1% | 154,024 | - | - | $ 34.95 | $ 56.10 |
| | | C | 124 | 6,327,473 | 792,169 | 12.5% | 639,599 | 258,202 | 897,801 | 14.2% | -51,476 | - | - | $ 25.94 | $ 42.61 |
| | | **All** | **280** | **31,758,886** | **2,131,635** | **6.7%** | **1,778,351** | **942,315** | **2,720,666** | **8.6%** | **175,603** | **-** | **4,053,478** | **$ 34.96** | **$ 55.19** |
| **Midtown Total** | Broadway Corridor | A | 51 | 4,478,315 | 178,958 | 4.0% | 150,996 | 68,636 | 219,632 | 4.9% | 227,922 | 239,251 | 249,341 | $ 32.88 | $ 51.55 |
| | | B | 57 | 2,596,019 | 265,724 | 10.2% | 249,553 | 21,338 | 270,891 | 10.4% | -74,851 | - | 25,516 | $ 29.54 | $ 44.98 |
| | | C | 30 | 742,555 | 50,837 | 6.8% | 55,994 | 11,206 | 67,200 | 9.0% | 37,059 | - | - | $ 29.10 | $ 42.71 |
| | | **All** | **138** | **7,816,889** | **495,519** | **6.3%** | **456,543** | **101,180** | **557,723** | **7.1%** | **190,130** | **239,251** | **441,114** | **$ 30.30** | **$ 46.38** |
| **Suburban Total** | Suburban | AAA | 7 | 1,586,517 | 73,540 | 4.6% | 67,753 | 8,600 | 76,353 | 4.8% | 234,567 | 278,287 | 366,695 | $ 29.47 | $ 46.04 |
| | | A | 204 | 16,382,436 | 828,567 | 5.1% | 694,965 | 468,399 | 1,163,364 | 7.1% | 141,162 | - | 1,357,988 | $ 25.46 | $ 40.07 |
| | | B | 231 | 11,036,132 | 793,132 | 7.2% | 807,702 | 189,022 | 996,724 | 9.0% | 14,101 | 25,000 | - | $ 22.86 | $ 37.32 |
| | | C | 163 | 4,635,265 | 191,260 | 4.1% | 181,937 | 23,383 | 205,320 | 4.4% | -42,502 | - | - | $ 19.87 | $ 31.18 |
| | | **All** | **605** | **33,640,350** | **1,886,499** | **5.6%** | **1,752,357** | **689,404** | **2,441,761** | **7.3%** | **347,328** | **303,287** | **1,724,683** | **$ 23.70** | **$ 37.93** |
| **Metro Vancouver Total** | Total | AAA | 19 | 5,582,323 | 127,654 | 2.3% | 77,353 | 101,070 | 178,423 | 3.2% | 85,310 | 106,182 | 4,242,253 | $ 40.83 | $ 63.13 |
| | | A | 289 | 29,264,561 | 1,462,734 | 5.0% | 1,292,772 | 754,050 | 2,046,822 | 7.0% | 419,291 | 239,251 | 1,807,244 | $ 34.46 | $ 53.02 |
| | | B | 398 | 26,663,948 | 1,888,999 | 7.1% | 1,739,596 | 584,988 | 2,324,584 | 8.7% | 93,274 | 25,000 | 25,516 | $ 29.03 | $ 46.39 |
| | | C | 317 | 11,705,293 | 1,034,266 | 8.8% | 877,530 | 292,791 | 1,170,321 | 10.0% | -56,919 | - | - | $ 25.44 | $ 41.00 |
| | | **All** | **1023** | **73,216,125** | **4,513,653** | **6.2%** | **3,987,251** | **1,732,899** | **5,720,150** | **7.8%** | **713,061** | **542,538** | **6,219,275** | **$ 29.92** | **$ 47.21** |

# Transaction Highlights

## Notable Lease Transactions

| Tenant | Building Name / Address | Market | Lease Type | Size (SF) |
|---|---|---|---|---|
| Electronic Arts (Canada) Inc. | 1077 Great Northern Way | Broadway Corridor | Head Lease | 119,844 |
| Broadcom Canada Ltd. | Crestwood Corporate Centre 10, Unit 200, 13711 International Place | Richmond | Head Lease | 51,150 |
| Economical Insurance | Royal Centre, 1055 West Georgia Street | Downtown Core | Expansion | 30,204 |
| Animal Logic | 888 Cambie Street | Downtown Core | Head Lease | 28,020 |

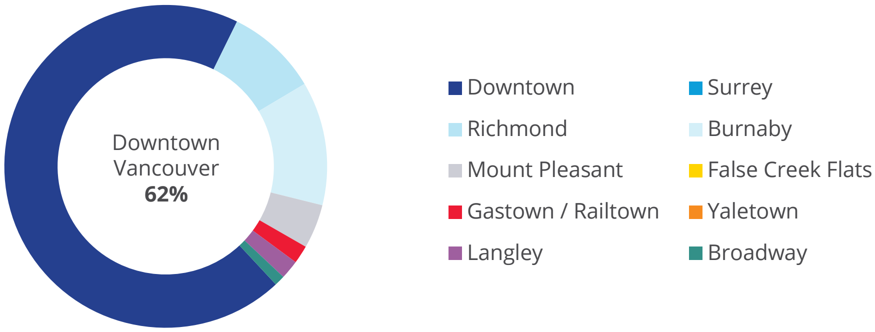
## Notable Sale Transactions

| Building Name / Address | Market | Size (SF) | Sale Price | Purchaser | Purchaser Profile |
|---|---|---|---|---|---|
| 75 West 7th Avenue | Mount Pleasant | 11,500 | $10,200,000 | Prestige Worldwide (West 7th) Holdings Ltd. | Private Investor |
| City Centre 3, Unit 800 | Surrey | 12,968 | $10,170,186 | Independent Contractors And Businesses Association of BC | Private Investor |
| The Centre Building 1 SL14 & 15, 15055 54A Avenue | Surrey | 2,778 | $1,420,000 | 1314527 BC Ltd. | Private Investor |
| Fraser Point C310, 20178 96 Avenue | Langley | 935 | $589,050 | Nurture Med Spa BC Ltd. | Private Investor |

## Under Construction by Market

By Square Feet (SF)

***The Downtown Core remains the most active submarket for new construction.***




## Notable Developments

| Building Name / Address | Class | Market | Building Status | Size (SF) | Est. Completion | Owner / Developer |
|---|---|---|---|---|---|---|
| Vancouver Centre II, 733 Seymour Street | AAA | Downtown | Under Construction | 371,000 | 2021 Q4 | GWL / HOOP |
| Bosa Waterfront Centre, 320 Granville Street | AAA | Downtown | Under Construction | 355,000 | 2021 Q4 | Bosa Developments |
| Deloitte Summit, 400 Georgia Street West | AAA | Downtown | Under Construction | 345,000 | 2021 Q4 | Westbank Corp |
| The Stack, 1133 Melville Street | AAA | Downtown | Under Construction | 540,000 | 2022 Q2 | Oxford Properties Group |
| The Post North Tower, 349 Georgia Street West | AAA | Downtown | Under Construction | 759,762 | 2023 Q3 | QuadReal Property Group |
| B6, 1090 Pender Street West | AAA | Downtown | Under Construction | 543,000 | 2023 Q3 | BentallGreenOak |
| Gilmore Place, 2108 Gilmore Avenue | A | Burnaby | Under Construction | 356,178 | 2024 Q2 | Onni Developments |
| Oakridge Strata Office, 660 - 668 41 Avenue West | AAA | Vancouver Periphery | Under Construction | 240,000 | 2024 Q3 | QuadReal Property Group, Westbank Corp |

# Colliers Research

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