

Q2 2022

Vancouver

Office Market Report

Net Absorption

This Quarter	Previous Quarter
562K SF	67K SF
12-Month Absorption	5-Year Quarterly Avg.
1.9M SF	147K SF

Vacancy

This Quarter	Year-over-Year
5.8%	↓ 70 bps

Asking Net Rent

This Quarter*	Year-over-Year
\$33.30 PSF	↑ 32.3%

Development

Under Construction	New Supply
5.3M SF	650K SF

Sales

Sale Price Avg.	Year-over-Year
\$1,058 PSF	↑ 42.2%

*Weighted Average
Colliers Macaulay Nicolls Inc.

Market Outlook

The Greater Vancouver Area (GVA) saw positive absorption of 562,000 square feet buoyed mainly by Downtown Core, Broadway Corridor and Richmond. Office vacancy in the GVA remained stable at 5.8%, down from 5.9% last quarter, while weighted average asking net rent was \$33.30 per square foot, an increase of 1.2% QoQ. Over the past year, strong leasing activity with highest levels of positive absorption seen since late 2017, coupled with a rapidly expanding tech sector, has resulted in vacancy entering unbalanced territory where limited supply cannot keep up with demand, simultaneously creating an upward pressure on rents.

Flight to quality continued this quarter and AAA & A Class buildings saw the most substantial absorption. Vacancy in AAA Class buildings has increased to 6.0% but has been on a downward trend since late 2021. The supply of sublease space is shrinking. Of available space in the downtown markets, 26% is sublease space, down by half from a pandemic peak of 53% in Q2 2020. Companies are attracted to the sometimes lower than market rates and shorter lease terms, as well as withdrawing sublease space from the market as they grow post-pandemic.

In addition to the Deloitte Summit building (400 Georgia Street West), that added 345,000 square feet to new inventory this quarter, Q2 2022 saw the

delivery of The Paramount – Office Building, that added another 134,000 square feet of premium quality in Richmond. Broadway Corridor also saw the completion of 425 West 6th Avenue, adding 171,652 square feet. The next round of development projects is starting to move forward with 1166 West Pender, a 344,000 square feet, 32-storey development by Hines and Reliance Properties, being the first out of the gate, going ahead completely on spec.

The average price per square foot for strata offices sales in Q2 2022 was \$1,129. The high average price per square foot is attributed to sales in buildings such as HOUSS and The Victoria / Executive Place. A notable sale this quarter was 1795 Willingdon Avenue sold to Concert Properties Ltd. by Halifax Street Properties Ltd. for \$112.5 million, with a building size of 160,654 square feet.

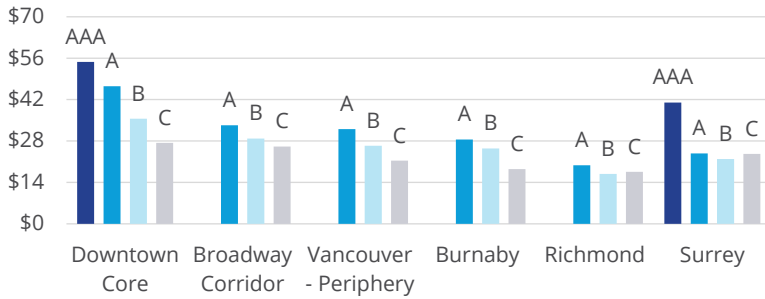
There is starting to be some uncertainty in market confidence in the GVA, amid inflation, interest rate hikes, supply chain issues and rising development costs. Some businesses have slowed down on decision making while they find out how much capital they have and what their needs are going to be. Larger tenants are active but face limited options while smaller companies are holding off until they see how others navigate real estate decisions.

Accelerating success.

Market Overview

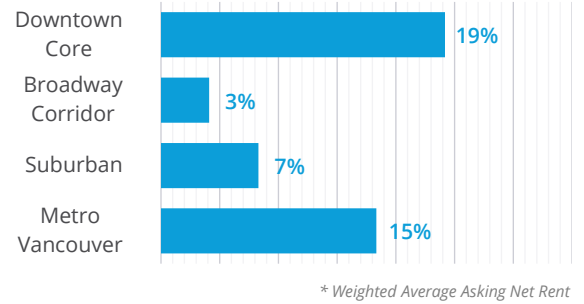
01 Rental Rates by Building Class

Weighted Average Asking Net Rent (PSF)



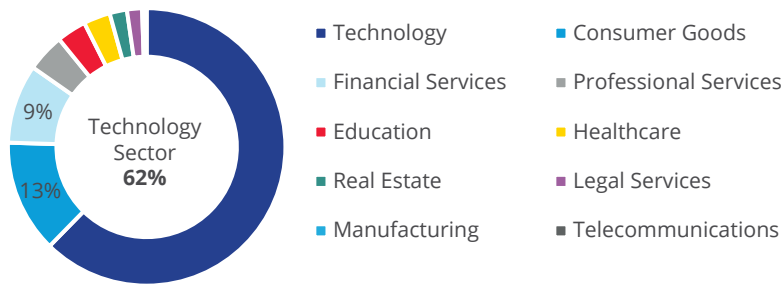
02 Rental Rate Growth*

By Market | Q2 2021 – Q2 2022



03 Leasing Demand by Industry

By Square Feet Leased



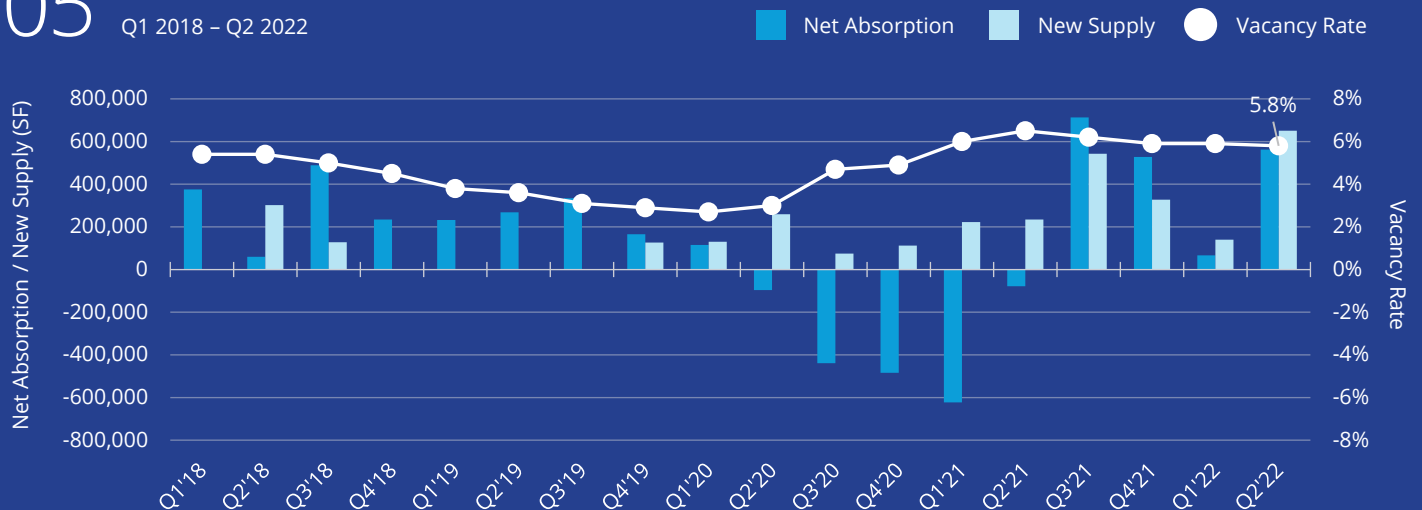
04 Vacancy Rate

By Market | Q2 2021 – Q2 2022

Market	Vacancy Rate	Change	From
Downtown Core	7.0%	▲	6.7% Q2'21
Broadway Corridor	6.3%	▲	5.9% Q2'21
Suburban	4.3%	▼	5.8% Q2'21
Metro Vancouver	5.8%	▼	6.5% Q2'21

05 Historical Overview

Q1 2018 – Q2 2022



Market Statistics

	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	15	4,708,620	364,092	7.7%	364,092	53,790	417,882	8.9%	296,161	345,000	3,552,744	\$54.72	\$77.11
		A	30	8,260,620	527,887	6.4%	616,859	270,121	886,980	10.7%	(29,318)	-	74,217	\$46.50	\$71.22
		B	76	11,077,594	717,057	6.5%	618,311	280,078	898,389	8.1%	(2,567)	-	-	\$35.53	\$58.08
		C	73	4,029,522	359,596	8.9%	364,642	37,625	402,267	10.0%	65,058	-	-	\$27.39	\$45.24
		All	194	28,076,356	1,968,632	7.0%	1,963,904	641,614	2,605,518	9.3%	329,334	345,000	3,626,961	\$41.51	\$63.91
	Gastown / Raintown	A	3	143,190	27,137	19.0%	27,137	0	27,137	19.0%	(27,137)	-	103,703	-	-
		B	16	906,958	119,408	13.2%	76,334	43,074	119,408	13.2%	(24,622)	-	-	\$32.72	\$48.85
		C	28	1,041,451	206,085	19.8%	168,514	58,486	227,000	21.8%	(42,726)	-	-	\$24.08	\$40.06
		All	47	2,091,599	352,630	16.9%	271,985	101,560	373,545	17.9%	(94,485)	-	103,703	\$27.69	\$43.16
	Yaletown	A	1	27,717	5,388	19.4%	5,388	5,748	11,136	40.2%	-	-	-	\$55.00	\$76.00
		B	18	1,047,245	6,920	0.7%	6,343	6,811	13,154	1.3%	49,276	-	-	\$35.15	\$49.64
		C	23	1,256,500	61,146	4.9%	55,019	20,600	75,619	6.0%	(4,838)	-	-	\$29.03	\$48.07
		All	42	2,331,462	73,454	3.2%	66,750	33,159	99,909	4.3%	44,438	-	-	\$32.48	\$51.78
Midtown	Broadway Corridor*	A	53	4,704,978	229,893	4.9%	203,150	37,148	240,298	5.1%	102,763	171,652	249,341	\$33.33	\$53.38
		B	57	2,596,019	175,382	6.8%	189,798	2,462	192,260	7.4%	6,383	-	25,516	\$28.82	\$46.29
		C	30	742,555	102,436	13.8%	87,928	21,627	109,555	14.8%	(34,230)	-	-	\$26.11	\$40.22
		All	140	8,043,552	507,711	6.3%	480,876	61,237	542,113	6.7%	74,916	171,652	341,384	\$29.69	\$47.27
Suburban (continued on next page)	Vancouver Periphery	A	11	2,626,249	203,850	7.8%	21,153	360,483	381,636	14.5%	(716)	-	-	\$32.00	-
		B	18	970,055	119,510	12.3%	47,647	73,296	120,943	12.5%	(17,653)	-	-	\$26.42	\$42.44
		C	21	810,452	17,135	2.1%	20,506	0	20,506	2.5%	(2,428)	-	-	\$21.35	\$35.95
		All	50	4,406,756	340,495	7.7%	89,306	433,779	523,085	11.9%	(20,797)	-	-	\$25.47	\$40.73
	Burnaby	A	57	7,480,364	346,799	4.6%	270,368	226,793	497,161	6.6%	(6,807)	-	607,997	\$28.49	\$44.87
		B	56	3,497,832	154,611	4.4%	220,324	20,876	241,200	6.9%	23,674	-	-	\$25.50	\$43.40
		C	27	745,149	21,910	2.9%	29,764	0	29,764	4.0%	2,792	-	-	\$18.50	\$29.95
		All	140	11,723,345	523,320	4.5%	520,456	247,669	768,125	6.6%	19,659	-	607,997	\$26.81	\$43.28
	Tri-Cities	A	7	376,059	5,444	1.4%	8,625	0	8,625	2.3%	2,531	-	-	\$30.88	\$42.85
		B	3	121,024	12,582	10.4%	12,582	0	12,582	10.4%	1,621	-	-	\$21.58	\$37.37
		C	13	301,251	1,362	0.5%	1,362	0	1,362	0.5%	5,716	-	-	\$16.51	\$29.84
		All	23	798,334	19,388	2.4%	22,569	0	22,569	2.8%	9,868	-	-	\$24.14	\$36.95
	Langley	A	23	1,359,923	45,646	3.4%	48,457	0	48,457	3.6%	(9,935)	-	108,000	\$29.66	\$41.43
		B	14	481,938	58,388	12.1%	61,406	0	61,406	12.7%	3,174	-	-	\$27.00	\$38.48
		C	10	251,088	0	0.0%	0	0	0	0.0%	3,468	-	-	-	-
		All	47	2,092,949	104,034	5.0%	109,863	0	109,863	5.2%	(3,293)	-	108,000	\$27.74	\$39.32
	New Westminster	A	9	645,966	11,506	1.8%	11,506	0	11,506	1.8%	8,351	-	-	\$26.78	\$43.88
		B	17	823,029	23,726	2.9%	23,726	0	23,726	2.9%	23,684	-	-	\$19.04	\$33.36
		C	18	512,159	6,429	1.3%	5,328	1,100	6,429	1.3%	-	-	-	\$12.00	\$35.91
All		44	1,981,154	41,660	2.1%	40,560	1,100	41,660	2.1%	32,036	-	-	\$21.03	\$37.34	

*Broadway Corridor includes Mount Pleasant

Market Statistics

	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	14,328	1.2%	29,328	21,135	50,463	4.4%	(9,920)	-	-	\$24.44	\$38.61
		B	35	1,418,386	40,693	2.9%	62,516	0	62,516	4.4%	4,473	-	32,500	\$23.86	\$39.29
		C	15	279,019	9,560	3.4%	9,560	0	9,560	3.4%	15,858	-	-	\$24.73	\$41.58
		All	72	2,851,609	64,581	2.3%	101,404	21,135	122,539	4.3%	10,411	-	-	\$22.28	\$36.14
	Richmond	A	32	2,650,619	102,181	3.9%	91,539	18,525	110,064	4.2%	171,002	134,000	130,000	\$19.80	\$33.53
		B	43	2,206,855	97,766	4.4%	112,482	0	112,482	5.1%	(7,372)	-	-	\$16.86	\$30.48
		C	16	818,208	6,151	0.8%	6,151	0	6,151	0.8%	3,350	-	-	\$17.59	\$37.51
		All	91	5,675,682	206,098	3.6%	210,172	18,525	228,697	4.0%	166,980	134,000	130,000	\$18.42	\$32.12
	Surrey	AAA	7	1,586,517	12,895	0.8%	18,731	5,212	23,943	1.5%	(275)	-	-	\$41.00	\$58.50
		A	32	2,009,600	131,512	6.5%	147,354	0	147,354	7.3%	(24,151)	-	-	\$23.80	\$33.68
		B	44	1,754,710	99,899	5.7%	108,768	9,725	118,493	6.8%	(9,374)	-	-	\$21.92	\$35.18
		C	39	1,218,341	14,318	1.2%	18,535	0	18,535	1.5%	26,934	-	-	\$23.64	\$35.71
All		122	6,569,168	258,624	3.9%	293,388	14,937	308,325	4.7%	(6,866)	-	-	\$23.34	\$34.72	
Downtown Total	DT Core, Yaletown, Gastown / Railtown	AAA	15	4,708,620	364,092	7.7%	364,092	53,790	417,882	8.9%	296,161	345,000	3,552,744	\$54.72	\$77.11
		A	34	8,403,810	560,412	6.7%	649,384	275,869	925,253	11.0%	(56,455)	-	177,920	\$46.58	\$71.26
		B	110	13,031,797	843,385	6.5%	700,988	329,963	1,030,951	7.9%	22,087	-	-	\$35.22	\$57.06
		C	124	6,327,473	626,827	9.9%	588,175	116,711	704,886	11.1%	17,494	-	-	\$26.75	\$44.26
		All	283	32,471,700	2,394,716	7.4%	2,302,639	776,333	3,078,972	9.5%	279,287	345,000	3,730,664	\$40.02	\$61.70
Midtown Total	Broadway Corridor	A	53	4,704,978	229,893	4.9%	203,150	37,148	240,298	5.1%	102,763	171,652	249,341	\$33.33	\$53.38
		B	57	2,596,019	175,382	6.8%	189,798	2,462	192,260	7.4%	6,383	-	25,516	\$28.82	\$46.29
		C	30	742,555	102,436	13.8%	87,928	21,627	109,555	14.8%	(34,230)	-	-	\$26.11	\$40.22
		All	140	8,043,552	507,711	6.3%	480,876	61,237	542,113	6.7%	74,916	171,652	341,384	\$29.69	\$47.27
Suburban Total	Suburban	AAA	8	1,586,517	12,895	0.8%	18,731	5,212	23,943	1.5%	12,345	-	366,695	\$32.10	\$51.95
		A	208	18,302,984	861,266	4.7%	628,330	626,936	1,255,266	6.9%	130,355	134,000	863,598	\$26.19	\$40.49
		B	231	11,273,829	607,175	5.4%	649,451	103,897	753,348	6.7%	22,227	-	32,500	\$23.28	\$38.54
		C	163	4,935,667	76,864	1.6%	91,206	1,100	92,306	1.9%	55,691	-	-	\$20.08	\$34.55
		All	610	36,098,997	1,558,200	4.3%	1,387,718	737,145	2,124,863	5.9%	220,618	134,000	1,262,793	\$24.41	\$38.87
Metro Vancouver Total	Total	AAA	23	6,295,137	376,987	6.0%	382,823	59,002	441,825	7.0%	295,886	345,000	3,919,439	\$52.37	\$74.50
		A	295	31,411,772	1,651,571	5.3%	1,480,864	939,953	2,420,817	7.7%	176,663	305,652	1,807,244	\$36.54	\$56.35
		B	398	26,901,645	1,625,942	6.0%	1,540,237	436,322	1,976,559	7.3%	50,697	-	58,016	\$29.45	\$48.00
		C	317	12,005,695	806,127	6.7%	767,309	139,438	906,747	7.6%	38,955	-	-	\$25.86	\$42.58
		All	1,033	76,614,249	4,460,627	5.8%	4,171,233	1,574,715	5,745,948	7.4%	562,201	650,652	5,334,841	\$33.30	\$51.95

Transaction Highlights

Notable Lease Transactions

Tenant	Building Name / Address	Market	Lease Type	Size (SF)
Phoenix Labs	Willingdon Park Phase VI / 4321 Still Creek Drive	Burnaby	Head Lease	56,834
Osler, Hoskin & Harcourt LLP	Bentall Four / 1055 Dunsmuir Street	Downtown Core	Head Lease	36,254
RGN General Partnership Corp.	Park Place Burrard / 666 Burrard Street	Downtown Core	Head Lease	34,332
Clyde & Co.	Bentall II / 555 Burrard Street	Downtown Core	Head Lease	10,605

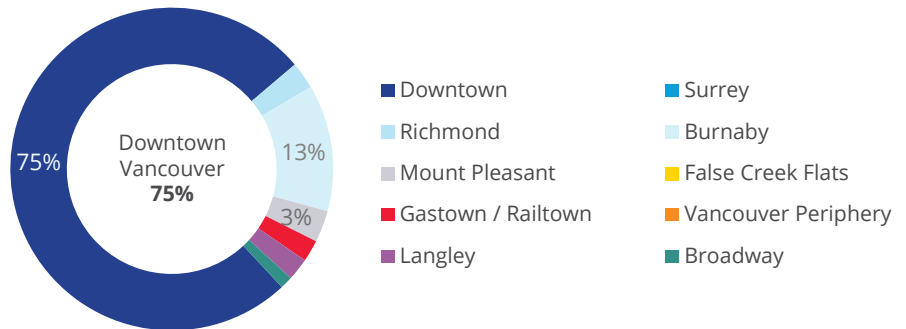
Notable Sale Transactions

Building Name / Address	Market	Size (SF)	Sale Price	Purchaser	Purchaser Profile
1795 Willingdon Avenue & 4425 Halifax Street	Burnaby	160,654	\$112,500,000	Concert Properties Ltd.	Private Investor
The Yukon / Unit 401, 2238 Yukon Street	Vancouver	2,596	\$4,100,000	Vancouver Elementary and Adult Educators Society	Private Investor
HOUSS / Unit 505, 63 West 6th Avenue	Vancouver	2,438	\$3,838,000	Vancouver Secondary Teachers' Association	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
The Stack / 1133 Melville Street	AAA	Downtown Core	Under Construction	540,000	Q3 2022	Oxford Properties Group
Vancouver Centre II / 733 Seymour Street	AAA	Downtown Core	Under Construction	371,000	Q3 2022	GWL
Bosa Waterfront Centre / 320 Granville Street	AAA	Downtown Core	Under Construction	355,000	Q3 2022	Bosa Developments
The Post South Tower / 349 Georgia Street West	AAA	Downtown Core	Under Construction	517,375	Q4 2022	QuadReal Property Group
The Post North Tower / 349 Georgia Street West	AAA	Downtown Core	Under Construction	759,762	Q2 2023	QuadReal Property Group
B6 / 1090 Pender Street West	AAA	Downtown Core	Under Construction	543,000	Q3 2023	BentallGreenOak
Oakridge Strata Office / 660 - 668 41 Avenue West	AAA	Vancouver Periphery	Under Construction	295,000	Q3 2024	QuadReal Property Group, Westbank Corp
1166 Pender Street West	AAA	Downtown Core	Under Construction	344,000	Q3 2025	Hines / Reliance Properties

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