

Finding Balance: Greater Vancouver's Changing Office Market Drivers

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Global

Introduction

- Understanding office space demand in Greater Vancouver, 2004 - 2020
 - What industries currently drive demand
 - Look beyond occupants
 - Find economic sectors behind demand
 - Are those economic sectors growing or not, and at what rate?
 - What are the long term trends for these sectors

Finding Drivers

- Look for major economic clusters and industries in BC and Greater Vancouver
 - Examine employment impact on Greater Vancouver
- Four to watch:
 - Forestry and Forest Products
 - Mining, Mineral Processing & Energy
 - Gateway Services (Int'l trade logistics)
 - High Technology & Knowledge Economy

Forestry & Forest Products

- Board of Trade estimate 1 job in Vancouver for every 1 forest sector job elsewhere = 235,000 direct, indirect, induced jobs.
 - 25% of these office workers = 59,000 jobs
 - 12,400,000 s.f. office space (210 s.f.p.p.)
 - 12.4 Million / 44 Million = 28%
 - If 18% office work then
 - 8,900,000 square feet
 - 8.9 Million / 44 Million = Drives 20.2% of demand

30%

25%

20%

15%

10%

5%

0%

25%

Forestry



Mining, Mineral Processing & Energy

- Growing force in BC economy
- Less impact than forestry on Vancouver office market

Mining, Mineral Processing & Energy

**Energy
business tends
to be based in
Calgary**



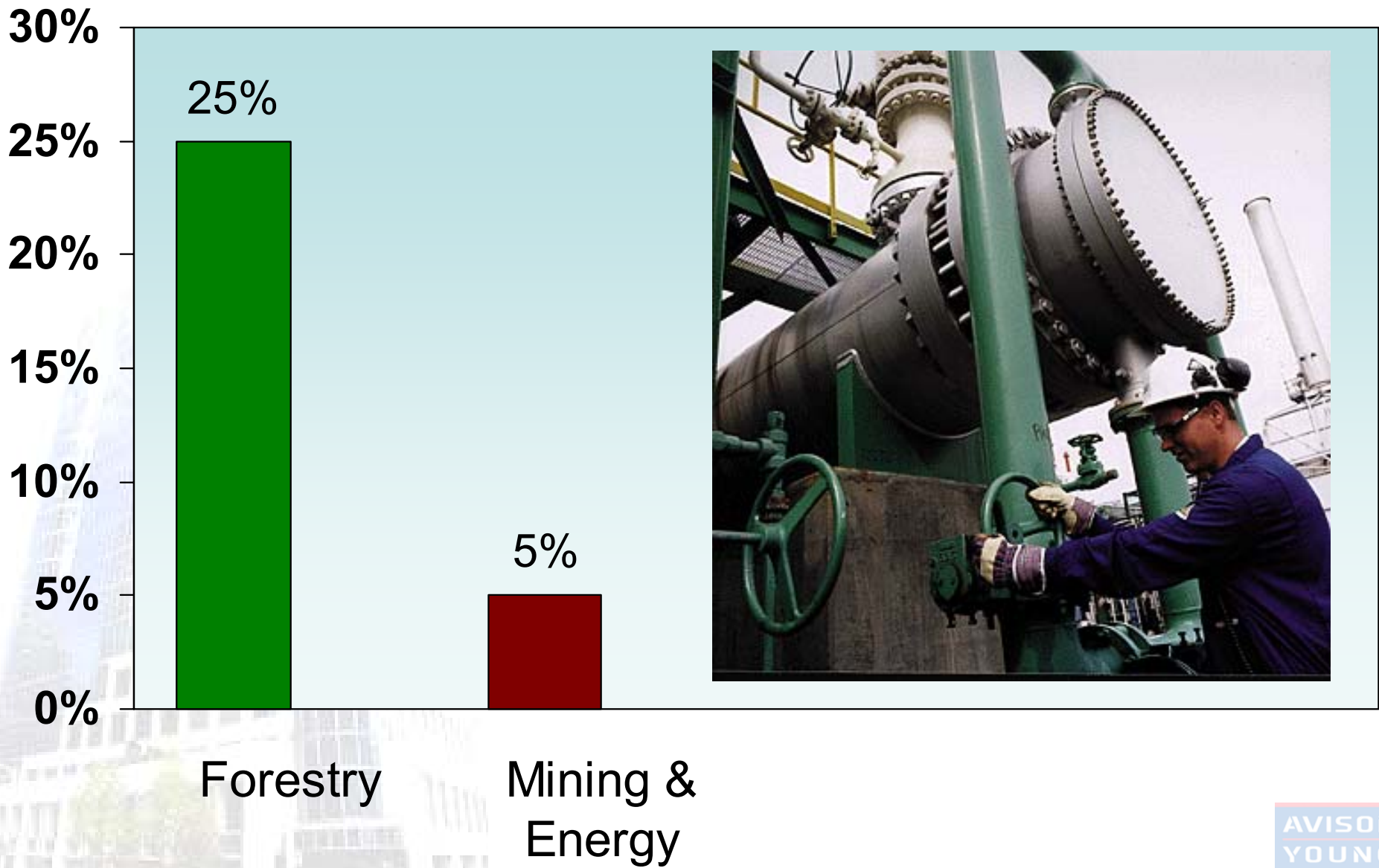
Mining, Mineral Processing & Energy

BC Mining companies have worldwide operations - employees don't spend their money in BC



Mining, Mineral Processing & Energy

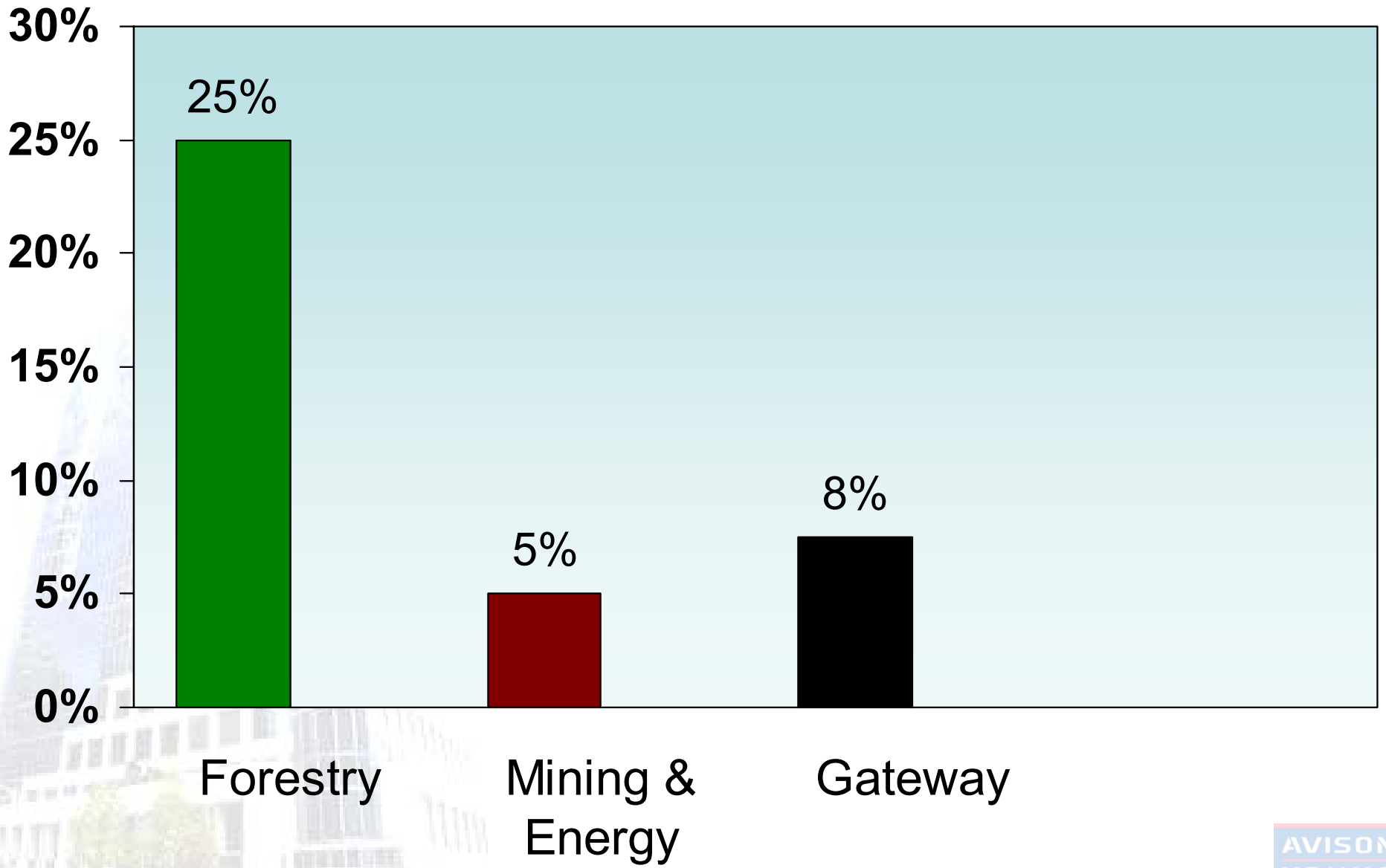
- Estimated 7,500 – 10,000 direct, indirect, induced office jobs
 - 1.8 - 2.2 Million Square Feet
 - Drives 4% - 5% of demand



Gateway Function



- Sea cargo shipping, air freight, long haul trucking, railway shipping
 - Major port for North American trade
- 3.3 Million square feet = 7.5%
- Strong growth anticipated.



High Technology & Knowledge Economy

- Software publishing
 - Grew 30% per year on average 1998-2002
 - Significant impact
 - Drives nearly 2 Million s.f. office space demand

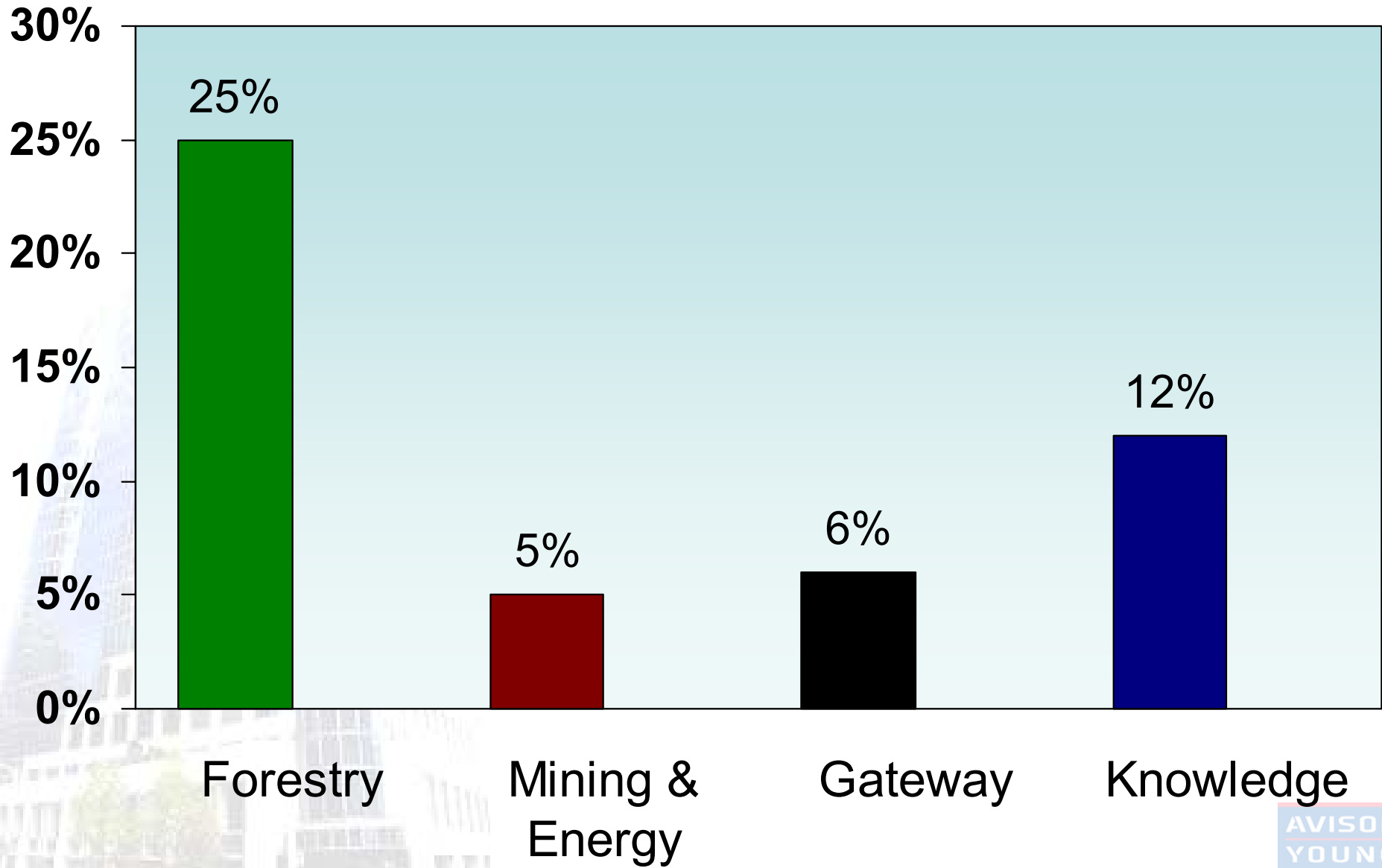


High Technology & Knowledge Economy

- Software publishing – 5%
- Professional & Scientific Services - 2.5%
- Computer Systems Design - 3%
- Private Education - 2%

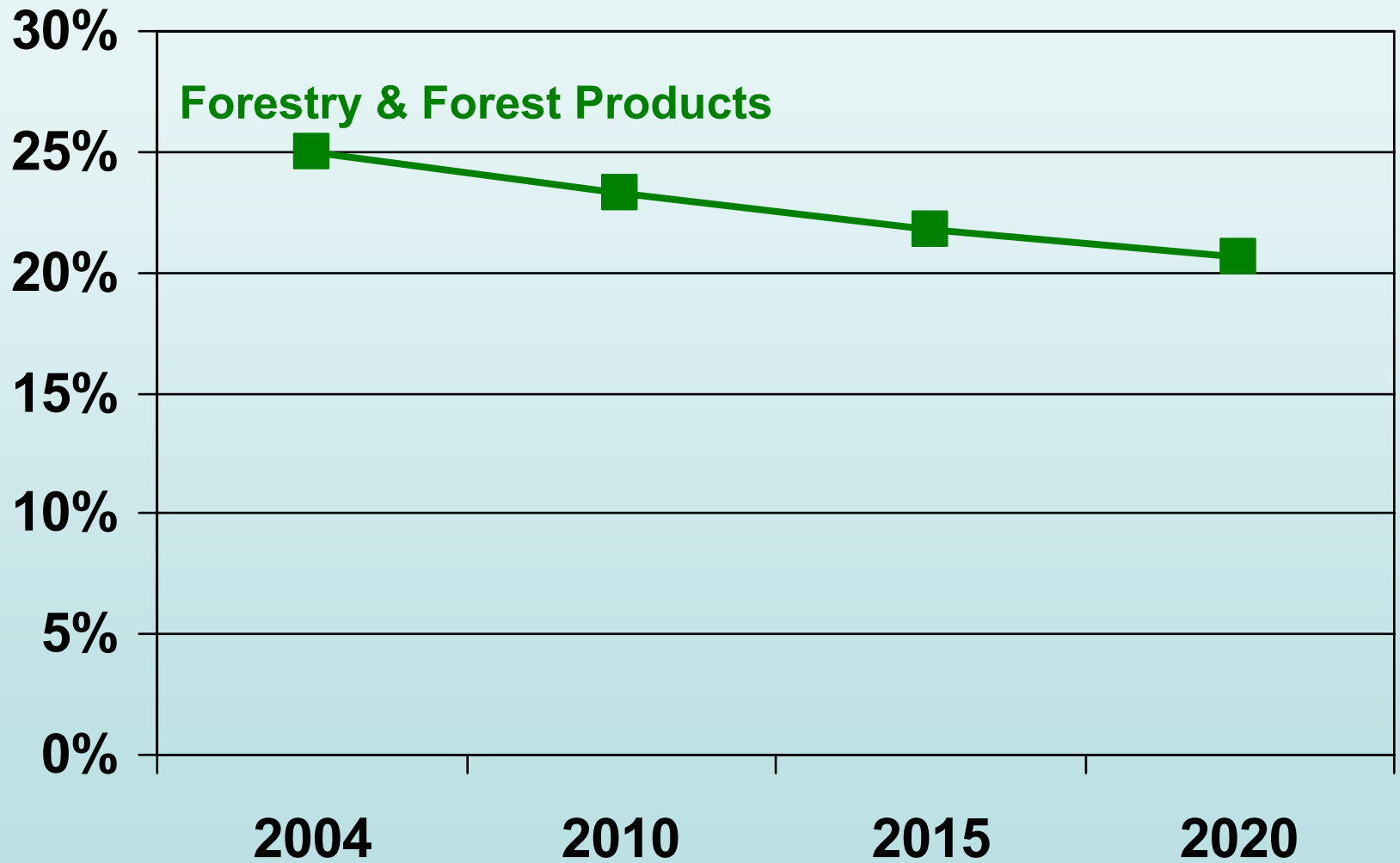
Total driver impact 2004 – 12.5%

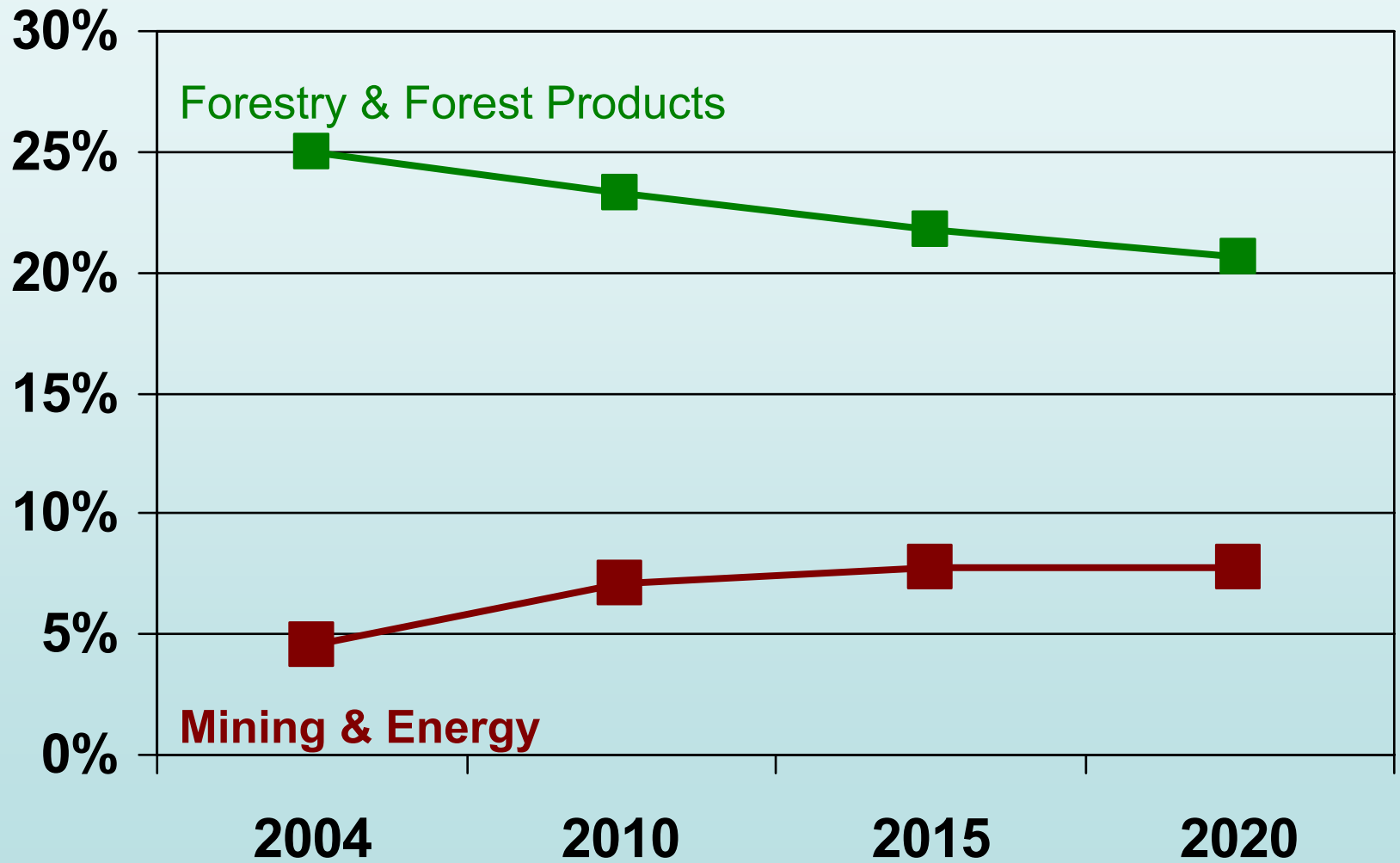
2004

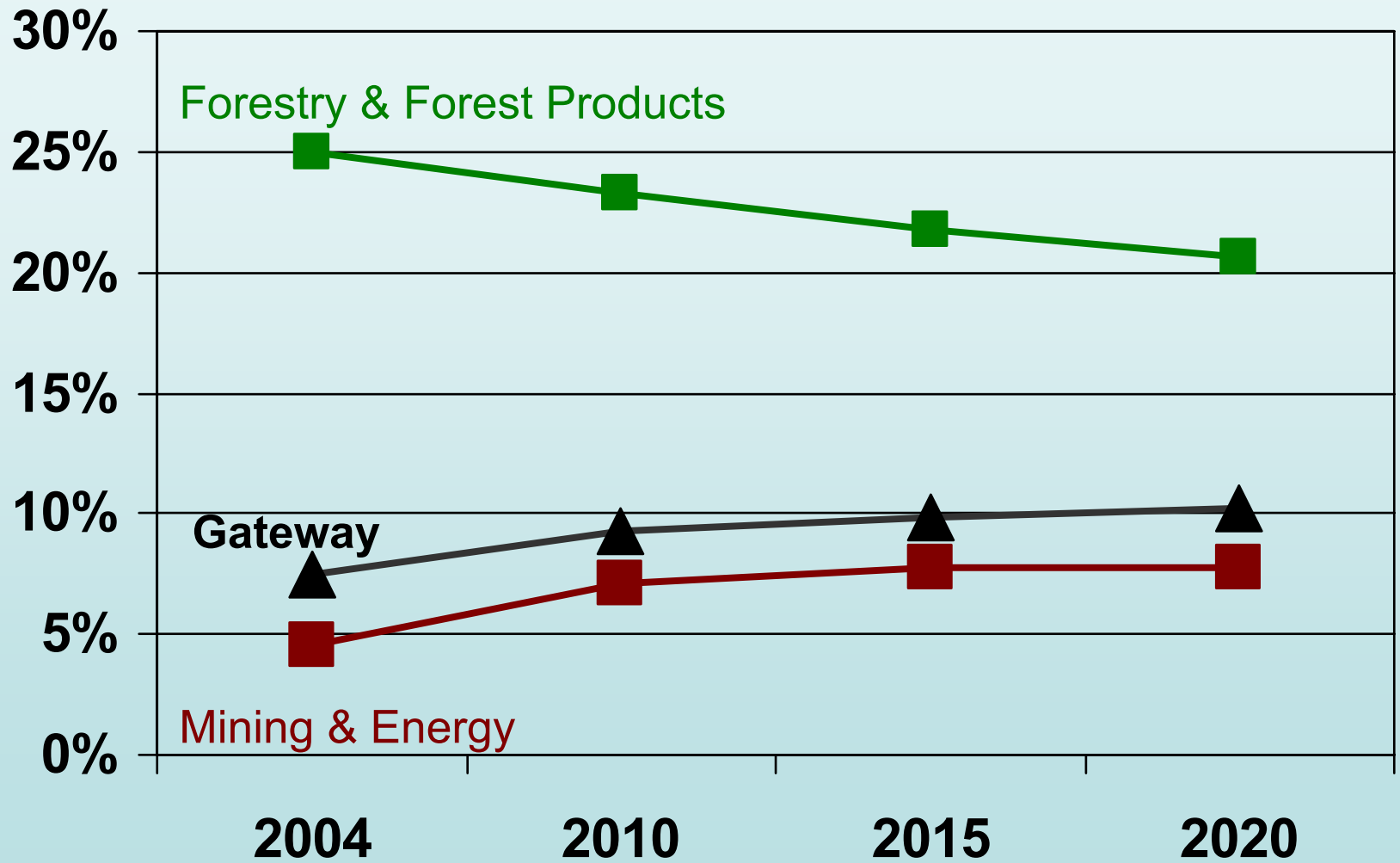


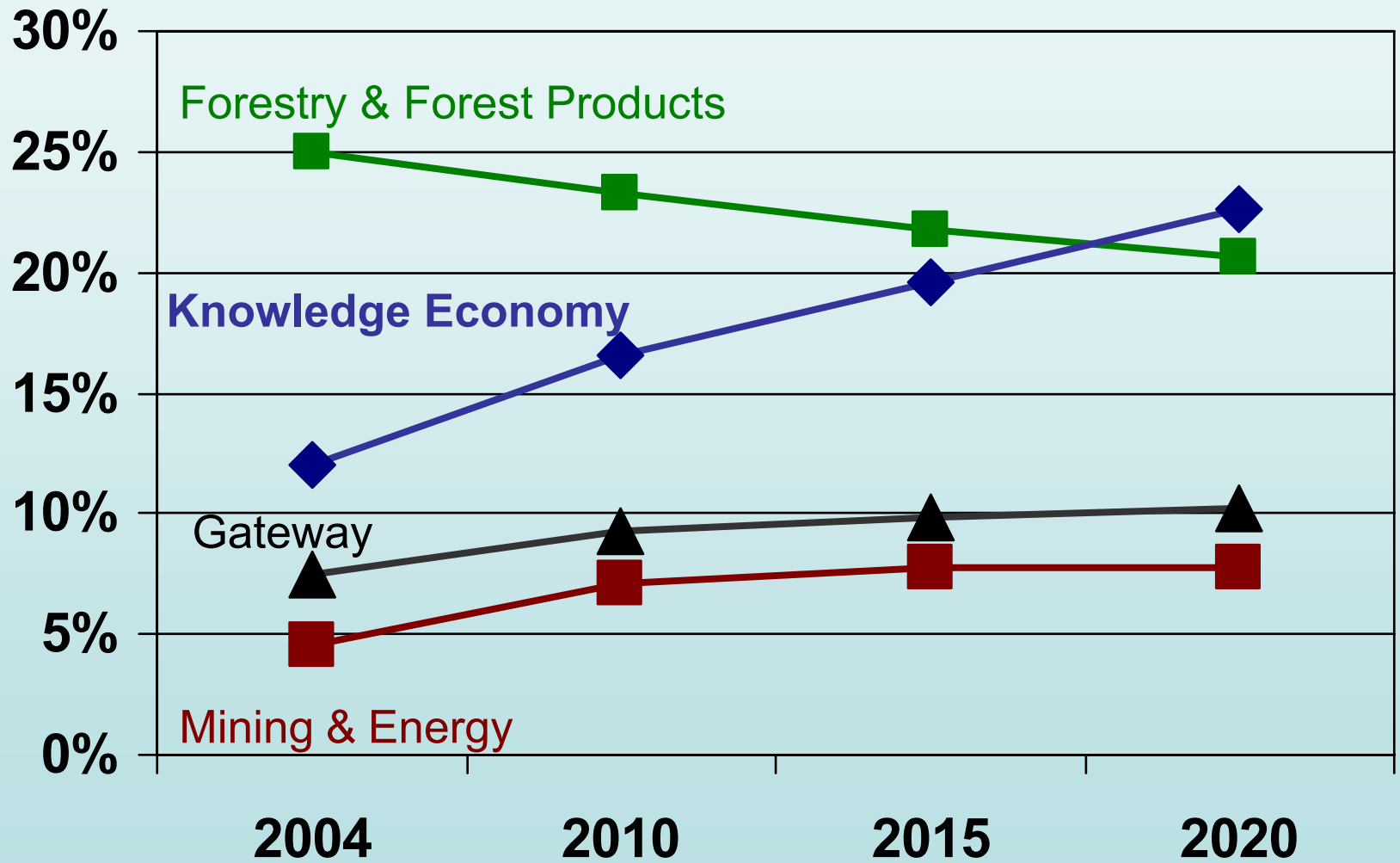
Office Driver Forecasting Model

- General Assumptions
 - Policy continuity in BC and Canada for at least next 5 years
 - No catastrophic worldwide or US economic collapse









Conclusions

- More diversified economic base for Greater Vancouver office market
 - Lower risk investment market (moving away from boom and bust cycles)
- Need more office space
 - Meet knowledge economy requirements for buildings, locations.

PowerPoint and related reports available at www.avisonyoung.com (click on research)

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