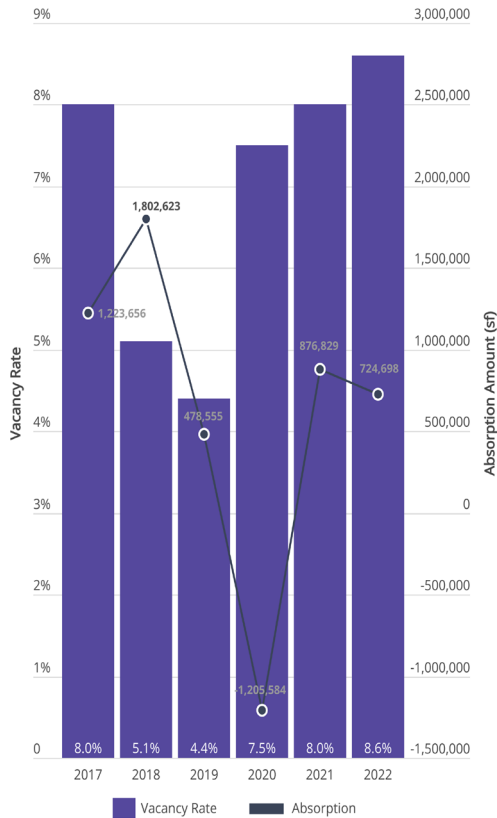


Metro Vancouver

Metro Vancouver vacancy and absorption trends



Interest rate hikes and economic slowdown increase pressure on Metro Vancouver's office market stakeholders

The year 2022 can be described as a year of two halves. The issues surrounding the COVID-19 pandemic were superseded by concerns about runaway inflation, subsequent interest rate hikes and Russia's invasion of Ukraine. By year-end 2022, the impacts of these concerns were realized. There have been pushbacks on developments due for completion, office strata projects switching to for-lease due to a monumental rise in short-term borrowing rates, and record numbers of tenants subleasing and shifting towards hybrid work arrangements. Predictably, these factors acted as a large restraint on Metro Vancouver's market activity, leaving absorption for the last six months of 2022 at 160,307 sf. Vacancy levels notched up 80 basis points to 8.6% at year-end 2022 from 7.8% at mid-year 2022. As broadcasted across various media outlets, the expectation and the underlying

tone was one indicating a slowdown in economic growth, with many questions left unanswered.

The year 2023 can still be a year for optimism. Inflation levels have started to decrease in Canada and the United States, meaning interest rate hikes should taper off by mid-year 2023. Asset owners, developers and end-users are more appropriately positioned to underwrite their future investments and business decisions as central banks across the globe come to the latter stages of their unified rate-hike cycle. Having a directional pulse should allow industry stakeholders to start making decisions once again, and as each week passes by, more data points become available to aid in that process. It is expected that increased clarity on interest rates will embolden the Metro Vancouver office market as 2023 comes to an end.

METRO VANCOUVER OFFICE VACANCY SUMMARY (YEAR-END 2022)

DISTRICT	INVENTORY (SF)	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	VACANCY RATE (%)	6-MONTH ABSORPTION (SF)	12-MONTH ABSORPTION (SF)
Downtown	24,206,872	1,712,349	581,669	2,294,018	9.5%	14,531	170,704
Yaletown	2,116,994	215,696	111,246	326,942	15.4%	-81,195	-163,487
Vancouver-Broadway	8,612,903	547,482	206,753	754,235	8.8%	122,306	404,374
Burnaby	9,555,315	534,278	142,461	676,739	7.1%	90,212	101,277
Richmond	4,226,131	239,266	27,482	266,748	6.3%	73,497	175,610
Surrey	3,166,534	234,718	32,264	266,982	8.4%	-87,043	-12,850
New Westminster	1,688,572	76,794	3,700	80,494	4.8%	1,879	-7,676
North Shore	1,405,347	46,633	5,110	51,743	3.7%	8,531	12,698
Langley	1,228,961	110,205	0	110,205	9.0%	17,589	44,048
Total	56,207,629	3,717,421	1,110,685	4,828,106	8.6%	160,307	724,698

VACANCY RATE JUNE 30, 2022 **7.8%**
VACANCY RATE DECEMBER 31, 2022 **8.6%**

ABSORPTION
(DEMAND)
↑

VACANCY
(SUPPLY)
↑

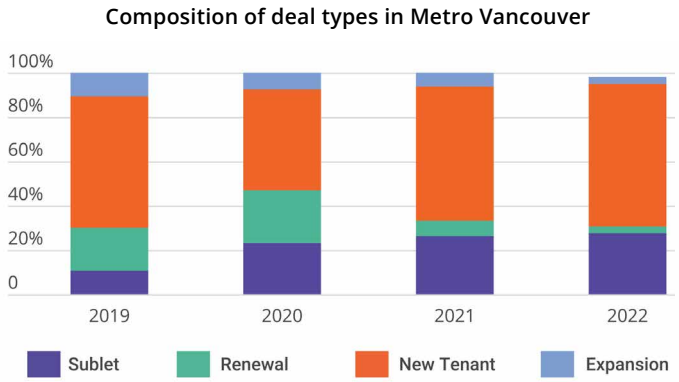
RENTAL
RATES
↔



Key insights

- In 2022, occupiers were focused on giving back space – 27.6% of all deals completed were sublease deals.
- This pattern was predominately within Downtown Vancouver, which saw the largest positive net difference for sublease space, relative to the rest of Metro Vancouver.
- The occupiers giving back space were primarily technology-focussed, with 77% of total space over 10,000 sf being vacated by these firms.

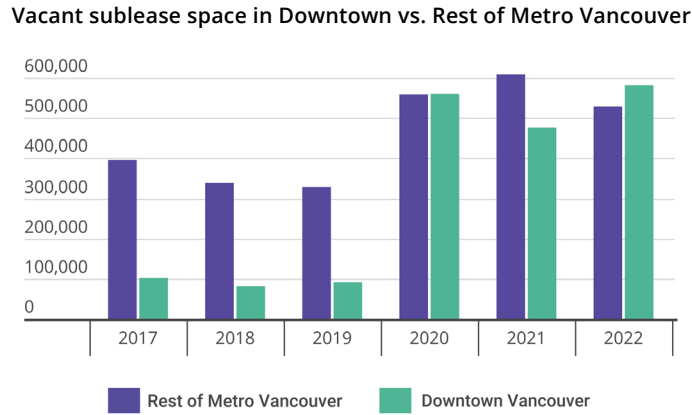
What?



Source: Altus

In a monumental year for changes in working arrangements and demands for office space, 2022 saw the largest proportion of sublease deals (as a percentage of total deals) completed in Downtown Vancouver in the last four years. Total sublease deals in 2022 within Downtown Vancouver equalled 34, representing 27.6% of total deals completed. This is an increase of 112.5% compared with 2019, when 16 sublease deals were completed. There has also been a 62.5% reduction in the number of expansion deals completed since 2019. These two trends represent a volatile market — one where tenants were considering whether downsizing their office footprint and reducing their rental expenses may provide long-term profitability to their operations.

Where?

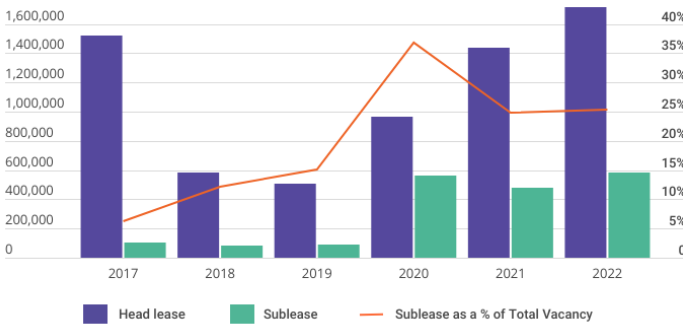


Source: Avison Young

It is interesting to see the divergence between sublease trends across Metro Vancouver. For the purpose of this comparison, Avison Young is using the time period from 2017-2022. Between 2021-2022, the amount of vacant sublease space trended downwards for the rest of Metro Vancouver, dropping from 608,746 sf in 2021 to 529,016 sf in 2022. In contrast, sublease vacancy trended upwards for Downtown between 2021-2022, shifting from 476,105 sf in 2021 to 581,669 sf by the end of 2022. This increase represented the largest positive net difference for Downtown sublease space within the period of 2017-2022, relative to the rest of Metro Vancouver. This fact clearly illustrates the direction of travel for occupiers, as well as isolating Downtown as the primary submarket for this sublease phenomena.



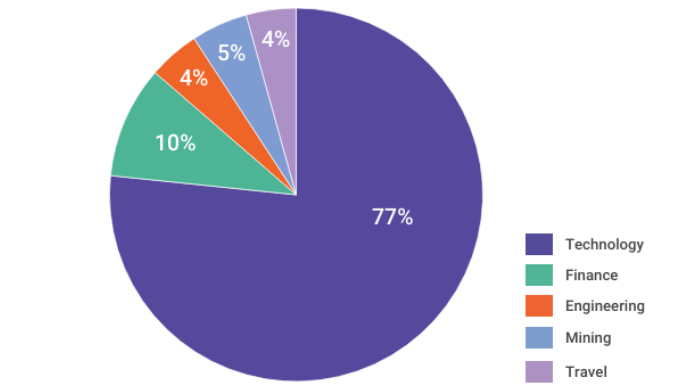
Head lease vacancy vs. sublease vacancy in Downtown Vancouver



Source: Avison Young

Looking more closely at Downtown Vancouver specifically, 2022's sublease vacancy as a percentage of total vacancy was the second-highest within the period of 2017-2022, sitting at 25.4%. This is only supplanted by 2020, an extraordinary year when a wave of occupiers subleased their premises as offices were effectively shut off from the workforce. As economic uncertainty remains, it is expected that the number of subleases will continue to rise in 2023, as tenants find ways to reduce expenses and preserve profitability. However, with new supply heading to the market without full occupancy, sublease space as a percentage of total vacancy may decrease in 2023.

Tenants of space marketed for sublease, by industry (10,000 sf+)



Who and why?

If one looks at the types of occupiers who are subleasing a significant amount of space within Downtown Vancouver, the data homes in on technology firms as the first and main movers. Approximately 77% of space over 10,000 sf has been vacated by technology occupiers, with major tenants including Plentyoffish ULC, Microsoft, **Shaw** and **Avigilon** (a **Motorola Solutions Company**). There are two possible explanations for this pattern. The first is an overextension of spending during 2021 when markets looked to have made a miraculous post-lockdown bounce. In 2022, **Mark Zuckerberg** admitted to **Meta** employees that he wrongly expected the sudden switch over to e-commerce from 2020 to continue, and significantly invested as a result. Meta, as well as **Amazon**, Microsoft and other technology occupiers are now having to cut expenses to offset their early-pandemic bets. These expense cuts could find their way to rental costs. Secondly, technology occupiers retain the most mobile workforces of any industry, ones that can more easily switch to flexible working arrangements. This adaptability is a potential boon to technology occupiers, allowing them to reduce rental expenses whilst other more traditional industries rely on different areas for cost-cutting.

The year 2023 is an interesting test-case of a year for sublease space. The year promises to deliver new supply for Downtown Vancouver, including Bosa Waterfront Centre, **The Post** and **B6**. The Post and B6 both currently enjoy Herculean prelease commitments with technology giants Amazon and Microsoft, respectively. Hence, 2023 could either be a year to buck the trend of technology occupiers cutting back on space, or a year to showcase how even the largest occupiers are not immune to macroeconomic instability.



VACANCY TRENDS

Downtown's overall vacancy rate ticked up to 9.5% at year-end 2022 from 8.0% at mid-year 2022. This increase was partially driven by the delivery of **Vancouver Centre II**, which was not delivered fully occupied. Also, Downtown saw a large increase in the number of spaces marketed for sublease – led by large technology occupiers such as **Microsoft** (47,771 sf at 725 Granville) and **Kabam** (48,000 sf at Vancouver Centre II). A significant portion of new vacancies were found in class AAA buildings, as year-end 2022 vacancy jumped to 10.1% from 8.4% at mid-year. This was due primarily to three reasons. First, the 377,000-sf Vancouver Centre II was delivered without full prelease commitments. This added a notable amount of vacant space to the market. Second, the delivery of new class AAA developments facilitated a movement of tenants from older class AAA premises to newer buildings, which increased the overall class AAA vacancy rate. Third, class AAA buildings normally have the largest floorplates of any

NOTABLE LEASE DEALS (YEAR-END 2022)		
TENANT	BUILDING	SF
Teck (renewal)	85 / 550 Burrard Street	162,000
MNP	Canaccord Genuity Place / 609 Granville Street	103,000
Fluor	1133 Melville Street	89,000
Colliers	Oceanic Plaza / 1066 West Hastings Street	47,000
Colliers	Shaw Tower / 1067 West Cordova Street	31,000
Bosa Development	Bosa Waterfront Centre / 320 Granville Street	23,000
Ansys Canada	1095 West Pender Street	21,000
GeoComply	Telus Podium / 501 Robson Street	20,000
MLT Aikins LLP (renewal & expansion)	Oceanic Plaza / 1066 West Hastings Street	16,084
Sandstorm (expansion)	Vancouver Centre II / 733 Seymour Street	15,766
ProductBoard	411 Dunsmuir Street	12,000
Archiact	510 Seymour Street	12,000
Bernard LLP	400 Burrard Street	11,546
Marcus & Millichap	1111 West Georgia Street	9,000
Appia Developments	Bosa Waterfront Centre / 320 Granville Street	6,500

THERE IS MORE THAN 2 MILLION SF OF NEW CLASS AAA DOWNTOWN OFFICE SPACE EXPECTED TO BE DELIVERED IN 2023

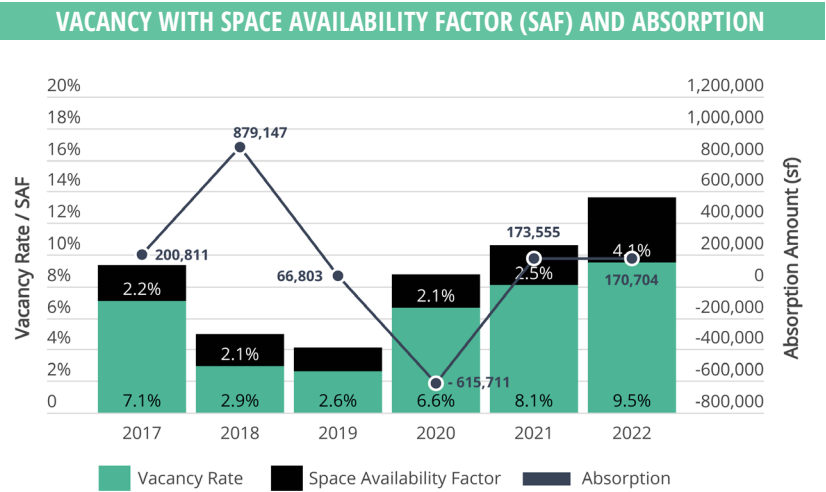
building class. If a tenant downsized, this would have resulted in a significant amount of vacant space being added to the market.

ABSORPTION TRENDS

Absorption in Downtown for the last six months of 2022 reached 14,531 sf, with a yearly absorption equalling 170,704 sf. Within class AAA space, approximately 167,000 sf of the recorded absorption originated from tenants moving into the newly built Vancouver Centre II. Class B space saw a notable drop in deal velocity, recording 171,414 sf of negative absorption in the second half of 2022. Going forward into 2023, it is expected that class B absorption will remain negative as tenants shift away from lower-class spaces. However, it is expected that Downtown's overall absorption levels will remain positive as prelease commitments to new developments are realized.

SPACE AVAILABILITY FACTOR

The space availability factor (SAF) refers to head lease or sublease space that is being marketed but is not physically vacant, and new supply that is near completion and available for lease. The overall SAF at year-end 2022 was 4.1%, increasing 1.6 percentage points relative to mid-year's SAF of 2.5%. This was an increase across all building classes, but most pronounced for class AAA



premises due to a sharp rise in occupiers looking to sublease their spaces.

NEW CONSTRUCTION

Downtown saw the completion of Vancouver Centre II in the second half of the 2022. **Bosa Waterfront Centre** and **The Stack**, both of which were originally scheduled for delivery in 2022, are due to be completed at the beginning of 2023. These developments will provide almost 700,000 sf of leasable office space and are 50% and 84% preleased, respectively. The development pipeline for Downtown is healthy, with more than 2.5 million square feet (msf) of office space due to be delivered by 2024. This stable supply of office space will support market activity throughout 2023.

MARKET FORECAST

Downtown's rental rates remained stable throughout 2022 despite the macroeconomic instability. It is expected that rental rates will stay constant for the first half of 2023, with a combination of sublease availability and an influx of new supply putting slight downward pressure on rates towards the end of the year. Consequently, vacancy rates may increase marginally as more space is marketed for sublease and new supply is delivered without being fully occupied.

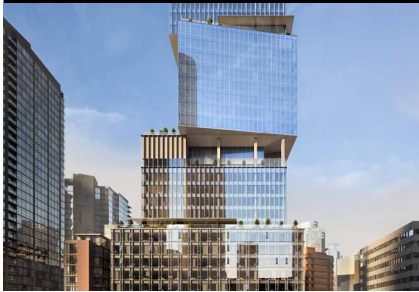







DEVELOPER	BUILDING	SF	PRELEASE %	COMPLETION
Oxford Properties	The Stack, 1133 Melville	550,000 (office)	84%	Q1 2023
Bosa Developments	Bosa Waterfront Centre, 320 Granville Street	374,790 (60% strata/40% lease)	100% sold/48% leased	Q1 2023
QuadReal Property Group	The Post, 349 West Georgia Street (south tower)	512,000	100%	Q1 2023
QuadReal Property Group	The Post, 308 Dunsmuir Street (north tower)	592,000	100%	Q3 2023
Bonnis Properties	980 Granville Street	51,477	34%	Q4 2023
BentallGreenOak	B6, 1090 West Pender Street	532,000	100%	Q4 2023
Asia Standard Americas	1438 Robson Street	29,120 (office)	Strata: 0% sold	Q1 2024
Uptown Property Group	625 West Hastings Street	125,000	0%	Q2 2026
Reliance Properties/Hines	1166 West Pender Street	344,000	0%	Q4 2026
Westbank	SAM, 150 West Georgia Street	600,000 (office)	0%	2026
Hudson Pacific Properties/Blackstone	Burrard Exchange at Bentall Centre, 1025 Dunsmuir Street	461,000	0%	2027
Reliance Properties/KingSett Capital	601 West Pender Street	410,000	0%	2027
Austeville Properties	450 West Georgia Street	375,554	-	Proposed
Aquilini Development and Construction	Aquilini Centre East, 777 Pat Quinn Way	69,300 (office)	-	Proposed
Canada Metropolitan Properties Corporation	750-772 Pacific Boulevard (Plaza of Nations)	TBD	-	Proposed
QuadReal Property Group/PC Urban	534-550 Cambie Street	TBD	-	Proposed
Bonnis Properties	526 Granville Street	123,193 (office)	-	Awaiting prelease

CLASS	INVENTORY	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY (%)	12 MOS ABSORPTION (SF)	SAF (SF)	SAF (%)	NET RENTAL RATE RANGE (PSF)*	GROSS OCCUPANCY COST (PSF)*
AAA	6,072,854	479,685	135,998	615,683	10.1%	303,812	332,802	5.5%	\$45-\$65	\$68-\$88
A	8,476,483	349,180	277,298	626,478	7.4%	-31,932	319,633	3.8%	\$36-\$55	\$59-\$78
B	6,639,398	592,754	129,024	721,778	10.9%	-166,482	207,037	3.1%	\$28-\$43	\$48-\$63
C	3,018,137	290,730	39,349	330,079	10.9%	65,306	123,315	4.1%	\$24-\$32	\$42-\$50
Total	24,206,872	1,712,349	581,669	2,294,018	9.5%	170,704	982,787	4.1%		

*Rental rate ranges are based on discussions with owners and brokers' opinions due to limited data points (deals completed)


Downtown Vancouver development timeline




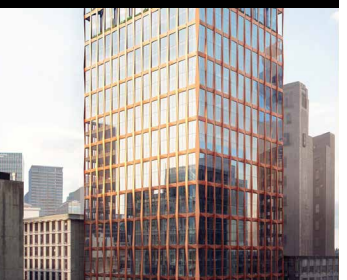
	<div>THE STACK, 1133 MELVILLE STREET</div> 	<div>BOSA WATERFRONT CENTRE 320 GRANVILLE STREET</div> 	<div>THE POST, 349 WEST GEORGIA STREET</div> 
	Q1 2023	Q1 2023	Q1 2023
DEVELOPER	Oxford Properties	Bosa Development	QuadReal Property Group
STOREYS	37 (rooftop amenity space is 37)	30	21 (south tower)
OFFICE SF	550,000	226,790 (strata) / 148,000	512,000
TENANTS	80,000 sf - Blake, Cassels & Graydon 67,000 sf - DLA Piper 66,000 sf - EY Canada 30,168 sf - Plentyoffish Media 16,700 sf - BDC 5,000 sf - Nook 85,000 sf - Canaccord Genuity 89,000 sf - Fluor	23,000 sf - Bosa Development 7,500 sf - Undisclosed tenant 27,000 sf - SKR Consulting 13,500 sf - Strand Development 6,500 sf - Appia Developments Approx. 60% of the building has been sold as strata office space	512,000 sf - Amazon
OCCUPANCY	84%	100% SOLD / 48%	100%

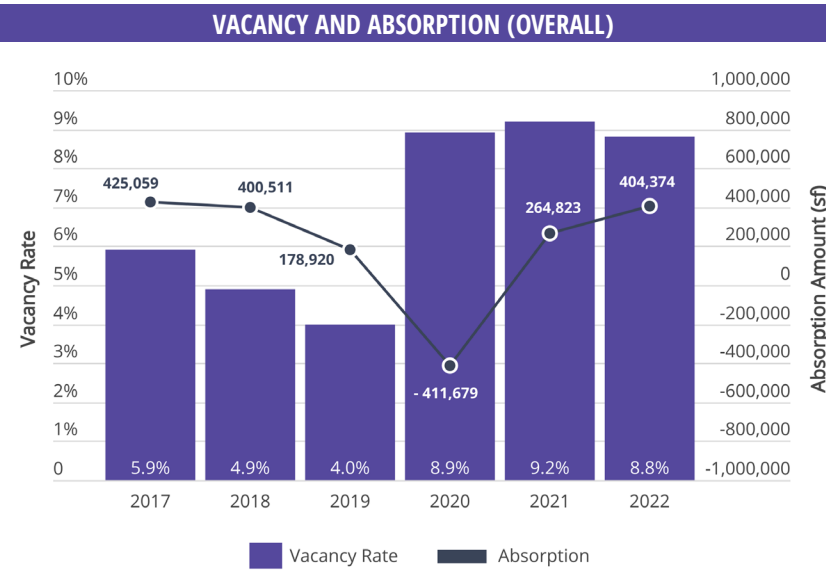
	<div>PROFILE ROBSON 807 - 809 SEYMOUR STREET</div> 	<div>625 WEST HASTINGS STREET*</div> 	<div>1166 WEST PENDER STREET</div> 
	2025	Q2 2026	2026
DEVELOPER	Bonnis Properties	Uptown Property Group	Reliance Properties /Hines
STOREYS	13	29	32
OFFICE SF	44,111 (strata)	125,000	344,000 sf (plus terraces)
TENANTS	Sales not provided	No tenants at this time	No tenants at this time
OCCUPANCY	N/A	0%	0%

*Project currently due for re-evaluation in 2023 due to volatility in construction market

Updated as of December 31, 2022

<div>THE POST, 308 DUNSMUIR STREET</div> 	<div>B6, 1090 WEST PENDER STREET</div> 	<div>980 GRANVILLE STREET</div> 	<div>THE OFFICES AT LANDMARK ON ROBSON, 1438 ROBSON STREET</div> 
Q3 2023	Q4 2023	Q4 2023	Q1 2024
QuadReal Property Group	BentallGreenOak	Bonnis Properties	Asia Standard Americas
22 (north tower)	32	4	2 floors in podium
592,000	532,000	51,477	29,120 (strata)
592,000 sf - Amazon	129,000 sf - WeWork 405,000 sf - Microsoft	17,514 sf - Cornerstone Community College	Sales not provided
100%	100%	34%	NA

<div>SAM, 150 WEST GEORGIA STREET</div> 	<div>534-550 CAMBIE STREET</div> 	<div>BURRARD EXCHANGE, 1025 DUNSMUIR STREET</div> 	<div>601 WEST PENDER STREET</div> 
2026	2027	2027	2027
Westbank	QuadReal Property Group / PC Urban	Hudson Pacific Properties	Reliance Properties / KingSett Capital
17	22	16	29
600,000	258,245	461,000	410,000 sf
No tenants at this time	No tenants at this time	No tenants at this time	No tenants at this time
0%	0%	0%	0%



As a result of the **Broadway Plan** being formally approved in 2022, there has been a recent spotlight on the **Broadway Corridor**, its future transit infrastructure and how the area will change during the next few years. **Avison Young** considers it apt, therefore, to focus its Vancouver-Broadway analysis on one of the most rapidly changing areas of Broadway – the “innovation district” – and how it is shaping a new node of market activity within Metro Vancouver.

The “innovation district” refers to the confluence of **False Creek Flats** and **Mount Pleasant**, an area which has attracted significant interest from developers focused on providing technology- and life-science-ready office space.

The emergence of the innovation district can be traced back to two prominent events. Firstly, the new **St. Paul’s Hospital** and health campus — a state-of-the-art 1.7-msf development with hospital, care, research and teaching to be based in False Creek Flats and scheduled for delivery in 2027. As many medical technology companies and educational institutions wish to be close to the hospital and its associated research centre — the **Clinical Support and Research Centre (CSRC)** — they have decided to occupy space near the campus. For example, **Masimo** will be occupying the entire 100,000 sf footprint of 220 Prior Street — a **Keltic Canada Development** project

that was bought by Masimo for \$123 million in 2022. This property will be used as a clinical research and product development centre. The building will be located adjacent to the new St. Paul’s Hospital campus, aiming to leverage on the campus’ own research and innovation prowess.

Secondly, the approval of the Broadway Plan in the first half of 2022 has been a key zoning change that has accelerated interest in the innovation district. The construction of the new stations promises to increase accessibility to the area, even to the point where **Lululemon** feels comfortable basing its Vancouver headquarters in False Creek Flats, which is currently still in the proposal stage. The confirmation of the zoning changes has yet to give full clarification on a range of issues with the Broadway Plan. **QuadReal Property Group**, **Hungerford Properties**, **Westbank** and **Onni Group** all have their own plans for developments on the Broadway Corridor. For example, QuadReal and Hungerford are currently co-constructing **Archetype**, a mixed-use development that will deliver creative industrial space to False Creek Flats, challenging the perception of industrial space in urban centres. This 121,455-sf development is due for delivery in late 2024 or early 2025.

Leading the innovation technology charge, however, has been **Low Tide Properties**. It has been vocal in its support for Broadway as an innovation

district, and its **Lab 29** project is a key development that will provide 218,000 sf of life science and office space to False Creek Flats. Moreover, 1628 Station Street, Low Tide Properties’ 220,000-sf project focused on providing laboratory and light industrial space, is due for completion in 2026. It is clear to see that the company values Broadway’s potential as a district for high-tech innovation.

AbCellera Biologics, a Vancouver-based biotechnology firm, has taken a principal role in basing itself on the Broadway Corridor. It has been in the process of building its **AbCellera Campus**, which involves two developments – 150 West 4th Avenue and 110 West 4th Avenue. The former is a development by **Dayhu Group of Companies**, where AbCellera Biologics has leased the entire 169,000 sf building. The latter is being co-developed by AbCellera Biologics and **Beedie** and will house 211,380 sf of lab and office space. 150 West 4th Avenue has been recently completed and 110 West 4th Avenue is due for delivery in 2025.

The election of **Ken Sim** as Vancouver mayor and his promise to streamline the regulatory process for developments puts further fuel in the engine of Broadway’s transformation. It is expected that as the residential developments receive approval and the new SkyTrain stations finish construction, there will be greater capital inflows to the innovation district as investor confidence increases. The progress of the innovation district, therefore, depends upon the ability and effectiveness of the Broadway Plan’s initial stages. With the Broadway SkyTrain line recently being delayed to early 2026, it is unclear when the real progress will begin. However, it is clear to see – through the breadth of developments scheduled for completion – that the future of the innovation district within Broadway is bright.

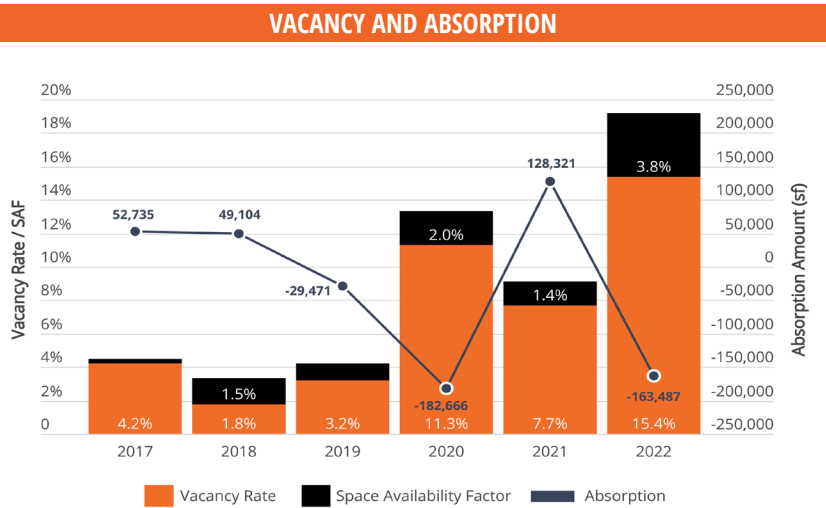
NOTABLE LEASE DEALS (YEAR-END 2022)		
TENANT	BUILDING	SF
Heritage Office Furnishings Ltd.	Nickel, 285 West 5th Avenue	10,401
BSH Home Appliances	30 East 6th Avenue	8,545

DEVELOPER	BUILDING	SF	PRELEASE %	COMPLETION
Porte Communities	Aristotle, 1308 Adanac Street	54,221 (office/light industrial)	55%	Q1 2023
Nicola Wealth	Fifth + Columbia, 2055 Columbia Street	25,207 (office/light industrial)	0%	Q1 2023
Formwerks Boutique Properties	Ofiswerks, 234 West 3rd Avenue	47,347 (office/light industrial)	Strata: 75% sold	Q3 2023
Conwest	Riverworks, 1550 West 75th Avenue	North Building: 36,616 (office/industrial) South Building: 82,679 (office/light industrial)	Strata: 0% sold	Q4 2023
Alliance Partners	Frameworks, 1221 East 2nd Avenue	171,862 (office/light industrial)	Strata: 80% sold (phase 1)	Q1 2024
The Molnar Group	Kaslo at Renfrew District, 2710 Kaslo Street	218,350	0%	Q2 2024
Westbank/Hootsuite	Main Alley (M4), 108 East 5th Avenue	204,800 (office/light industrial)	46%	Q2 2024
Rendition Developments	37-45 West 7th Avenue	48,000 (office/light industrial)	0%	Q2 2024
Wesbild	Marine Landing, 8188 & 8232 Manitoba Street (two buildings)	360,000 (office/industrial)	Strata: 50% (buildings 1 and 2)	Q4 2024
Onni Group	375 East 1st Avenue	129,207	0%	Q4 2024
QuadReal Property Group/Westbank	660 West 41st Avenue and 668 West 41st Avenue (phase one of Oakridge Centre redevelopment)	175,440 (office/medical)	Strata: 65% sold	Q1 2025
Beedie/AbCellera Biologics	110 West 4th Avenue	211,380 (office/lab space)	100%	Q1 2025
QuadReal Property Group/Westbank	650 West 41st Avenue (phase one of Oakridge Park redevelopment)	160,000	10%	Q1 2025
BentallGreenOak	2150 Keith Drive	159,000	0%	Q1 2025
Westbank/Crombie REIT	1780 East Broadway	55,253	0%	Q1 2025
QuadReal Property Group/Westbank	Creative Space at the Woodlands (phase one of Oakridge Park redevelopment)	90,000	Strata: 60% sold	Q1 2025
Strand Development	360 West 2nd Avenue	113,548	0%	Q1 2025
QuadReal Property Group/Hungerford Properties	Archetype, 220 East 1st Avenue	121,445 (office/creative industrial)	Strata: 0% sold	Q2 2025
PC Urban/Hines	T3 Mount Pleasant, 123 East 6th Avenue	196,000	0%	Q2 2025
Chard Development	8-24 East Broadway	125,400	0%	Q2 2025
PCI Group	1477 West Broadway	100,000 (office)	0%	Q3 2025
Low Tide Properties	Lab 29, 1629 Scotia Street	218,000 (light industrial/lab space)	0%	Q1 2026
Low Tide Properties	1628 Station Street	220,000 (office/lab space)	0%	Q2 2026
Strand Development	456-496 Prior Street	246,192 (office)	-	Approved
Yuanheng Holdings	FairView Tower, 1395 Broadway	243,964 (office)	-	Proposed
Three Putt Investments	855-865 West 10th Avenue	76,580 (office/retail)	-	Proposed
Champion Development Group	151 West 5th Avenue	53,877 (office/light industrial)	-	Proposed
Keltic Canada Development	Nexus, 220 Prior Street	102,000 (medical/light industrial)	-	Proposed
PCI Group	Marine Gateway 2, 8530 Cambie Street	280,000 (office)	-	Proposed
QuadReal Property Group	Broadway Tech Centre II, 3030 East Broadway	TBD	-	Proposed
Omicron/Rendition Developments	Maker Exchange, 488 Railway Street	152,000 (office/creative industrial)	-	Awaiting prelease
GWL Realty Advisors	False Creek Station, 1296 Station Street	261,400 (office)	-	Awaiting prelease



CORE	CLASS	INVENTORY	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY (%)	12-MONTH ABSORPTION (SF)	AVERAGE NET RENTAL RATE (PSF)	GROSS OCCUPANCY COST (PSF)
	A	2,974,120	186,723	24,497	211,220	7.1%	365,945	\$24-\$48	\$40-\$67
	B	1,453,968	144,035	12,849	156,884	10.8%	-9,496	\$20-\$39	\$37-\$53
	C	493,627	88,560	0	88,560	17.9%	11,998	\$16-\$23	\$35-\$42
	Total	4,921,715	419,318	37,346	456,664	9.3%	368,447		
PERIPHERY	CLASS	INVENTORY	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY (%)	12-MONTH ABSORPTION (SF)	AVERAGE NET RENTAL RATE (PSF)	GROSS OCCUPANCY COST (PSF)
	A	2,480,379	84,703	109,409	194,112	7.8%	67,220	\$24-\$40	\$46-\$62
	B	668,564	26,547	59,998	86,545	12.9%	-40,510	\$16-\$35	\$28-\$59
	C	542,245	16,914	0	16,914	3.1%	7,018	\$15-\$24	\$25-\$39
	Total	3,691,188	128,164	169,407	297,571	8.1%	35,927		

OVERALL	CLASS	INVENTORY	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY (%)	12-MONTH ABSORPTION (SF)	AVERAGE NET RENTAL RATE (PSF)	GROSS OCCUPANCY COST (PSF)
	A	5,454,499	271,426	133,906	405,332	7.4%	439,797	\$28-\$40	\$44-\$60
	B	2,122,532	170,582	72,847	243,429	11.5%	-52,240	\$20-\$29	\$31-\$42
	C	1,035,872	105,474	0	105,474	10.2%	16,817	\$15-\$24	\$28-\$36
	Total	8,612,903	547,482	206,753	754,235	8.8%	404,374		



VACANCY TRENDS

Yaletown’s overall vacancy rate rose significantly to 15.4% at year-end 2022 from 11.6% at mid-year, representing an increase of almost four percentage points. This was primarily due to **SAP** marketing 86,409 sf of its space at **Mainland Tech Centre**, which heavily spiked vacancy for class B space in Yaletown. As Yaletown is a small market, any large block of space offered for sublease will substantially affect the market. Furthermore, there has been limited deal velocity, with only a few notable transactions taking place in the second half of 2022. Despite this, high-quality space continues to lease, leaving landlords of unimproved premises with little occupancy.

ABSORPTION TRENDS

Absorption for the second half of 2022 was negative -81,195 sf. Annual absorption for 2022 was negative -163,487 sf, compounding two consecutive half-years of

negative absorption. Much of the negative absorption derived from SAP’s sublease at Mainland Tech Centre as well as 23,185 sf of space coming to the market at 855 Homer Street. Moreover, there was limited leasing activity within non-previously occupied space.

NEW CONSTRUCTION

No new developments came on stream in the second half of 2022, and none are scheduled for delivery until **Reliance Properties** completes construction of 837 Beatty Street in the second half of 2024. This development will add 29,386 sf of new office space across three floors when delivered. However, there have been no prelease commitments as of year-end 2022.

MARKET FORECAST

Yaletown’s rental rates were mainly stagnant during the latter half of 2022, with only slight increases



1290 HOMER STREET WAS AT THE CENTRE OF YALETOWN’S MARKET ACTIVITY, RESPONSIBLE FOR THREE NOTABLE TRANSACTIONS WITHIN THE LAST SIX MONTHS OF 2023

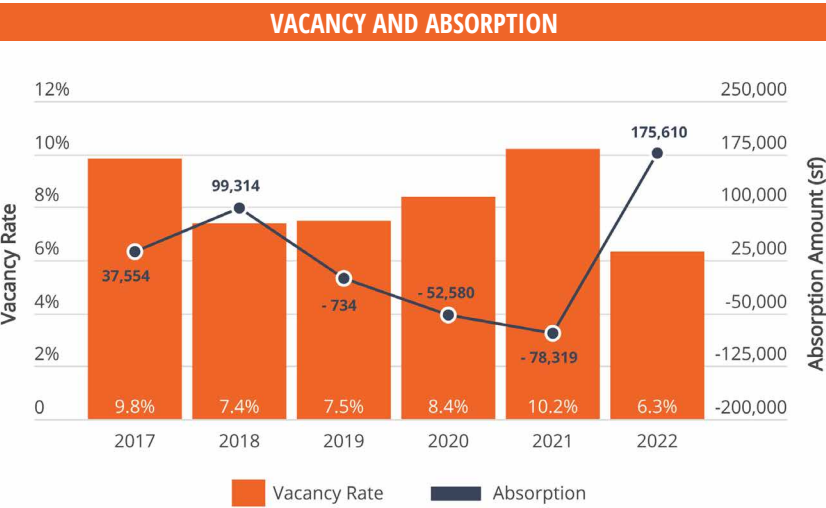
for improved space. This trend is expected to continue into 2023, when landlords will look to increase inducements to raise their occupancy levels. As a result, it is expected that vacancy rates will continue to be elevated over the next few months. Nevertheless, quality improved space will continue to lease well relative to shell space alternatives.

NOTABLE LEASE DEALS (YEAR-END 2022)

TENANT	BUILDING	SF
Klei	855 Homer Street	23,172
Dijgtal	1128 Homer Street	6,640
Parallel Domain	1290 Homer Street	5,735
Prenuvo	1290 Homer Street	5,649

DEVELOPER	BUILDING	SF	PRELEASE %	COMPLETION
Reliance Properties	837 Beatty Street (renovation/expansion)	29,386 (office)	0%	Q3 2024

CLASS	INVENTORY	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY (%)	12-MONTH ABSORPTION (SF)	SAF (SF)	SAF (%)	AVERAGE NET RENTAL RATE (PSF)	GROSS OCCUPANCY COST (PSF)
A	636,752	32,600	0	32,600	5.1%	46,351	0	0.0%	\$36.50-\$40.79	\$53.72-\$58.91
B	1,021,065	73,235	99,208	172,443	16.9%	-132,995	75,130	7.4%	\$30.80-\$34.90	\$48.93-\$53.03
C	459,177	109,861	12,038	121,899	26.5%	-76,843	5,233	1.1%	\$26.06-\$29.61	\$43.08-\$46.63
Total	2,116,994	215,696	111,246	326,942	15.4%	-163,487	80,363	3.8%	-	-



VACANCY TRENDS

Richmond saw its year-end 2022 vacancy rate fall more than one percentage point to 6.3% from 7.8% at mid-year 2022. This decrease has largely been led by significant leasing activity within class A and C buildings, offsetting the vacating of some class B spaces. For example, **Boston Pizza International** took 11,660 sf of space at 13571 Commerce Parkway, helping the building’s vacancy rate drop from 17.3% at mid-year to 0% at year-end 2022. It is expected that vacancy levels will remain low until new supply is put on the market in 2023.

ABSORPTION TRENDS

Absorption for the second half of 2022 was positive, at 73,497 sf. When added to first-half 2022 absorption, 2022 annual absorption was positive 175,610 sf. This underlines a dynamic year for Richmond during which a flurry of deals within class A buildings pushed down vacancy and helped sustain a small but significant increase in rental rates. For instance, **Fraserwood Corporate Centre** saw 26,634 sf of previously unoccupied space transact during the second

half of 2022 – this alone constituted 28% of total positive absorption in Richmond’s class A buildings.

NEW CONSTRUCTION

There were no new developments completed during the second half of the year. However, with the new Capstan Station due for completion in spring 2023, Richmond’s development pipeline looks healthy. In the immediate future, **One Park by Grand Long**, a strata office development, is due for completion in the latter months of 2023. Beyond that, **Pinnacle Centre** at **Capstan**

DEVELOPER	BUILDING	SF	PRELEASE %	COMPLETION
Park Village Investments & Grand Long Holdings Canada	One Park by Grand Long, 8119 Park Road	47,106 (office)	Strata: 12% sold	Q3 2023
Townline/Canderel	Offices at Luxe (Luxe Lansdowne), 5671 No.3 Road	87,051 (office)	Strata: 60% sold	Q2 2025
Pinnacle International	Pinnacle Centre at Capstan Village, 3211 Carscallen Road & 3200 No. 3 Road	198,000 (office)	-	2025
Thind Properties	Minoru Square, 5800 Minoru Boulevard	161,800 (office)	-	Approved
New Continental Properties Inc.	8320, 8340, 8440 Bridgeport Road and 8311 & 8351 Sea Island Way	98,952 (office)	-	Proposed
CIBT Education Group Inc.	GEC CyberCity 7780, 7800, 7804, 7820 and 7840 River Road (two 8-storey office buildings)	TBD	-	Proposed
Vanprop Investments Ltd.	Lansdowne Centre (redevelopment)	251,878 (office)	-	Proposed

CLASS	INVENTORY	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY (%)	12-MONTH ABSORPTION (SF)	AVERAGE NET RENTAL RATE (PSF)	GROSS OCCUPANCY COST (PSF)
A	2,895,256	118,215	25,689	143,904	5.0%	202,751	\$15.50-\$26.00	\$27.25-\$47.28
B	982,677	110,356	1,793	112,149	11.4%	-20,668	\$14.50-\$23.00	\$28.21-\$45.34
C	348,198	10,695	0	10,695	3.1%	-6,473	\$18.00	\$23.42
Total	4,226,131	239,266	27,482	266,748	6.3%	175,610	-	-



RENTAL RATES STEADILY INCREASED DURING 2022

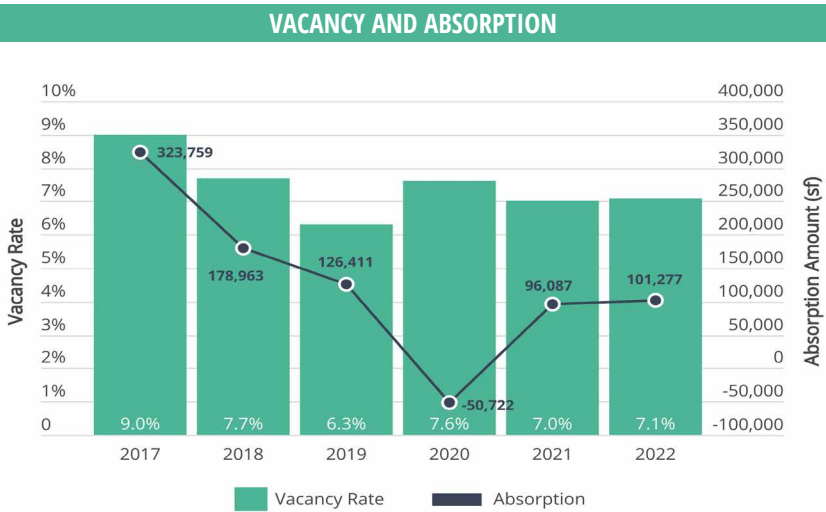
Village is scheduled for completion in 2025 and will provide 198,000 sf of office space to Richmond. Despite the recent uncertainty regarding the **Atmosphere** development by **South Street Development Group**, there is a strong contingent of proposed projects that will help buoy Richmond’s office market.

MARKET FORECAST

Richmond saw rental rates steadily increase during 2022 due to strong leasing activity within class A and C buildings. This trend is expected to continue during the first six months of 2023. Accordingly, vacancy rates are expected to remain low as options will be limited for prospective tenants. The new **Capstan Station** is expected to mobilize moderate interest in Richmond office space, which will help sustain market activity for the foreseeable future.

NOTABLE LEASE DEALS (MID-YEAR 2022)

TENANT	BUILDING	SF
Boston Pizza International	13571 Commerce Parkway	11,660
OmniSolu Technology Inc.	10271 Shellbridge Road	8,211
Montrose Industries Ltd.	3011-3031 Viking Way	2,905
Canadian Western TCM Clinic	5611 Cooney Road	2,047
Edward Jones	8171 Cook Road	1,460



VACANCY TRENDS

Burnaby's vacancy levels remained stable at year-end 2022, notching up 20 basis points to 7.1% relative to mid-year. Class B and C buildings saw a pronounced rise in their vacancy rates, with a drop in class A vacancy mitigating the overall impact on the submarket. For example, 27,883 sf of head lease space came to market at **Metrotown Centre**, leading to its vacancy rate equalling 37.9%, up from 2.4% at mid-year. At year-end 2022, Burnaby registered its lowest sublease vacancy since mid-year 2019. Relative to mid-year 2022, approximately 90,000 sf of the submarket's sublease space was taken off the market. This indicates both significant underlying demand and a lack of movement away from space within Burnaby. Furthermore, this is consistent with the hypothesis of Burnaby as a recipient submarket, with tenants moving away from Downtown towards more affordable suburban markets.

ABSORPTION TRENDS

Absorption in Burnaby was positive during the second half of 2022, with a net 90,212 sf of space newly

occupied. The annual 2022 absorption was also positive, at 101,277 sf. The completion of two developments – **Station Square** (phase 6) and **3555 Gilmore Way** (phase 3) acted as the sole reason for positive absorption in the last six months. The entirety of Station Square's 42,478 sf premises was leased to the **Bank of Montreal (BMO)** and 36,000 sf of space was taken by **Delta-Q Technologies** at 3555 Gilmore Way (phase 3). However, the positive absorption value shrouds a noteworthy number of class B and C spaces coming to market. One example: **Sperling Plaza II** saw 11,462 sf of head lease space marketed at year-end 2022 – equal to 17.5% of its total floor area.

NEW CONSTRUCTION

Three developments were completed in Burnaby during the second half of the year – Station Square (phase 6) by **Anthem Properties & Beedie**; **The City of Lougheed** (phase 1) by **Shape Properties**; and 3555 Gilmore Way (phase 3) by **Kingswood Capital**. Station Square (phase 6) was delivered fully occupied by BMO.

CLASS	INVENTORY	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY (%)	12-MONTH ABSORPTION (SF)	AVERAGE NET RENTAL RATE (PSF)	GROSS OCCUPANCY COST (PSF)
A	6,604,606	297,128	131,714	428,842	6.5%	121,348	\$26-\$32	\$42-\$48
B	2,081,671	176,527	10,747	187,274	9.0%	3,192	\$20-\$24	\$36-\$40
C	869,038	60,623	0	60,623	7.0%	-23,263	\$17-\$20	\$33-\$36
Total	9,555,315	534,278	142,461	676,739	7.1%	101,277		

NOTABLE LEASE DEALS (YEAR-END 2022)

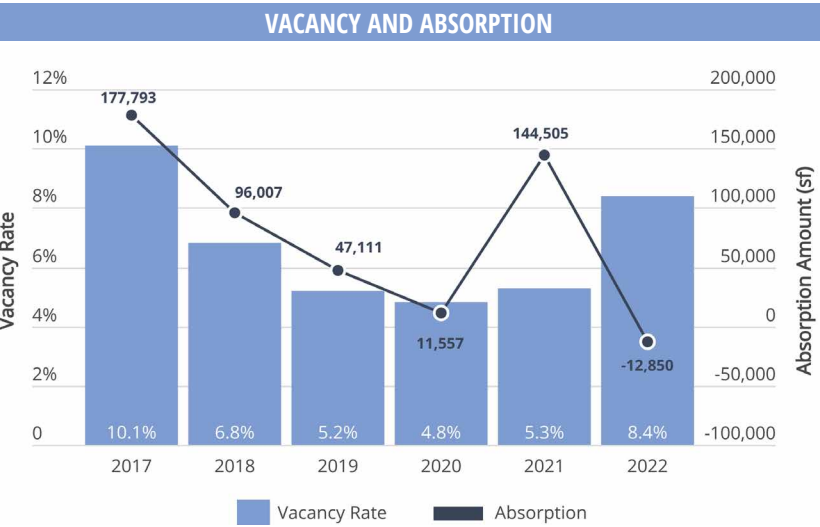
TENANT	BUILDING	SF
Bureau Veritas Canada (renewal)	4606 Canada Way	60,040
Xenon (renewal)	3650 Gilmore Way	53,023
BMO	6023 Silver Drive	42,478
SpecSavers	3001 Wayburne Drive	23,448
Telus (renewal)	3500 Gilmore Way	16,985
BC Federation of Labour	4259 Canada Way	15,100
Nintendo	4402 Skyline Drive	14,500
N. Harris Computer Corporation (sublease)	8333 Eastlake Drive	7,156



DEVELOPER	BUILDING	SF	PRELEASE %	COMPLETION
Slate Asset Management	Capital Point, 4330 Kingsway & 5945 Kathleen Avenue (two renovated buildings)	220,000	Strata: 0% sold	Q2 2023
Kingswood Capital	4499 Sanderson Way	120,000	0%	Q2 2024
Kingswood Capital	4455 Sanderson Way	180,000	100%	Q2 2024
Onni Group	Gilmore Place (phase 1)	83,869 (office)	0%	Q3 2024
Appia Developments	SOLO District (phase 4), 2088 Skyline Drive	150,000 (office)	0%	Q2 2025
Shape Properties/LCRE/HOOPP	The Amazing Brentwood, 4567 Lougheed Highway (phase 2)	300,000	-	Planning
Pinnacle International	Pinnacle Lougheed, 9858-9898 Gatineau Place	TBD	-	Proposed
Shape Properties	The City of Lougheed (phase 2), 9855 Austin Avenue	TBD	-	Proposed
Onni Group	Gilmore Place (phase 2)	695,614 (office)	-	Proposed
Shape Properties	The Avenue on Summer, 3133 Sumner Avenue	130,535 (office)	-	Awaiting prelease

METROTOWN CENTRE SAW CONSIDERABLE AMOUNTS OF SPACE RETURN TO THE MARKET IN THE LATTER HALF OF 2022





VACANCY TRENDS

Surrey's vacancy rate registered a significant increase at year-end 2022, rising to 8.4% from 5.7% at mid-year 2022. Year-over-year, vacancy rose more than three percentage points from 5.3% at year-end 2021. This increase was a result of two major factors: several tenants returning blocks of space, and a lack of substantial new leases. This trend occurred across all building classes but was particularly noticeable in class A developments. With the uptick in vacancy and substantial blocks of space expected to come to market through 2023, there will be additional big-block opportunities for tenants considering the Surrey market.

ABSORPTION TRENDS

As a result of only a small number of new tenancies, Surrey experienced negative absorption of -87,043 sf in the latter half of 2022. Due to positive absorption in the first half 2022 when tenants occupied newly constructed space, annual absorption was less stark at negative -12,850 sf. Several tenants moved elsewhere in the latter half of 2022,

CLASS	INVENTORY	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY (%)	12-MONTH ABSORPTION (SF)	AVERAGE NET RENTAL RATE (PSF)	GROSS OCCUPANCY COST (PSF)
A	2,334,895	151,957	25,013	176,970	7.6%	7,191	\$28 - \$38	\$45 - \$55
B	626,010	73,457	7,251	80,708	12.9%	-19,704	\$19 - \$25	\$33 - \$40
C	205,629	9,304	0	9,304	4.5%	-337	\$14 - \$20	\$27 - \$33
Total	3,166,534	234,718	32,264	266,982	8.4%	-12,850	-	-

RENTAL RATES REMAINED FLAT THROUGHOUT LAST 6 MONTHS OF 2022

MARKET FORECAST

Surrey's rental rates remained flat throughout the last six months of 2022, and it is expected that this trend will continue until the middle of 2023. Increases in the level of vacancy and sublet space may begin to put downward pressure on rates during the second half of 2023. This will shift the market away from its current state of a landlord market towards a more balanced condition. In summary, the market remains in good shape, but the second half of 2022 saw a marked downturn in overall activity.



LIMITED OPTIONS FOR OCCUPIERS LOOKING TO BE NEAR SURREY'S SKYTRAIN LINE

NOTABLE LEASE DEALS (YEAR-END 2022)

TENANT	BUILDING	SF
Fraser Health Authority	Tower 1 At Central City	134,019
BC Housing	The Hub Phase A	15,000
BDC	The Hub Phase B	5,900

Future pipeline for office developments remains bright

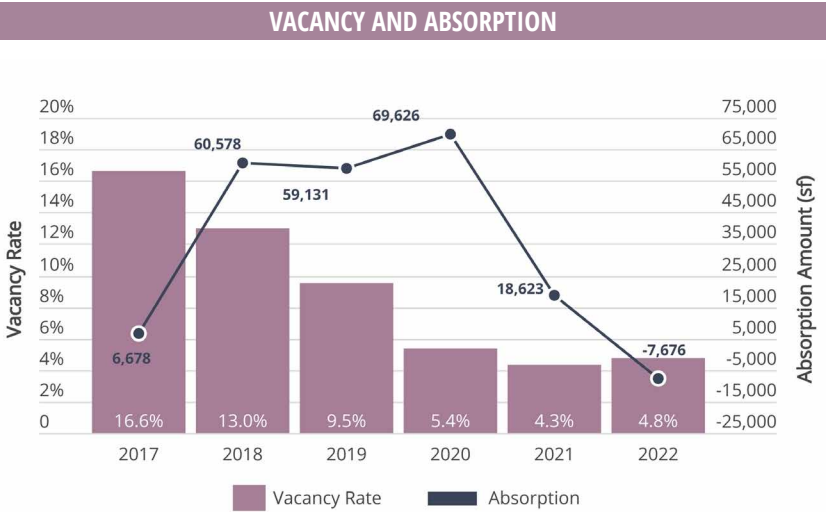
THE SURREY LANGLEY SKYTRAIN PROJECT WILL FURTHER INCENTIVIZE MARKET ACTIVITY WITHIN THE CITY CENTRE



DEVELOPER	BUILDING	SF	RELEASE %	COMPLETION
GTC Professional Building, 10189 153rd Street	Landview Construction	101,169 (office/retail)	0%	Q1 2025
City Centre 4	Lark Group	354,468 (office/lab space)	-	Q4 2025
Holland Parkside, 9905 King George Boulevard	Century Group	190,000 (office)	-	Approved
10731 King George Boulevard	Guildford Brook Estates Development	47,780 (office)	-	Approved
City Centre 5	Lark Group	TBD	-	Proposed
10294-10302 City Parkway	Westland Living	124,000 (office)	-	Proposed
Tower 2 at Central City, 10145 King George Boulevard	Blackwood Partners/Nicola Crosby	514,000 (office)	-	Awaiting prelease

New Westminster

High levels of occupancy for class A buildings



VACANCY TRENDS

At the end of 2022, New Westminster's vacancy rate remained stable, showing only a 10-basis-point decrease to 4.8% relative to mid-year 2022. This dip in the overall vacancy rate was entirely due to space being taken in class A buildings, where total vacancy fell by one percentage point since mid-year 2022 to 2.4%. For example, **Latitude Uptown** saw its vacancy rate fall to 0% at year-end 2022 from 22.1% at mid-year 2022. Despite the activity within class A buildings, the stability of the overall vacancy rate for New Westminster demonstrated muted leasing activity and limited options for tenants.

ABSORPTION TRENDS

New Westminster's absorption for the last six months of 2022 totalled 1,879 sf, resulting in an annual absorption of negative -7,676 sf following a poor first half of 2022 for deal velocity. Despite similarly muted activity in the last six months of 2022, the positive absorption demonstrated a scattering of small deals within class A buildings across New Westminster.

NEW CONSTRUCTION

There were no new developments completed in the back half of 2022, with New Westminster's construction pipeline largely inactive until the delivery of **Brewery District, Building 7** by **Wesgroup Properties**. This project is expected to be completed during the second half of 2023 and will provide approximately 34,500 sf of office space to New Westminster. There are currently no prelease commitments despite good market interest.

MARKET FORECAST

Rental rates remained flat in New Westminster at year-end 2022, with the outlook for the submarket looking subdued for the next 12 months. While New Westminster is at historically low levels of vacancy, activity remains largely muted and this trend is expected to continue through 2023.



WESGROUP'S BREWERY DISTRICT BUILDING 7 WILL BE DELIVERED IN 2023, ADDING 35,000 SF OF CLASS A OFFICE SPACE NEAR NEW WESTMINSTER'S SAPPERTON SKYTRAIN STATION

NOTABLE LEASE DEALS (YEAR-END 2022)

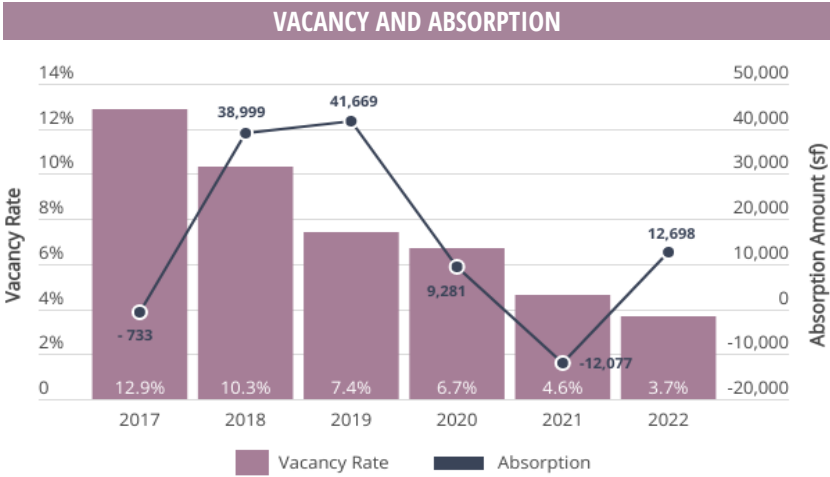
TENANT	BUILDING	SF
Pollock Clinics (renewal & expansion)	625 Fifth Avenue	6,500
Canadian Mental Health Association (renewal)	610 6th Street	2,600

DEVELOPER	BUILDING	SF	PRELEASE %	COMPLETION
Wesgroup Properties	Brewery District, Building 7, 268 Nelson's Court	34,527 (office)	0%	Q3 2023
Wesgroup Properties	Brewery District, Building 8, 230 Keary Street	82,497 (office)	Strata/Lease: 0%	Q2 2027

CLASS	INVENTORY	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY (%)	12-MONTH ABSORPTION (SF)	AVERAGE NET RENTAL RATE (PSF)	GROSS OCCUPANCY COST (PSF)
A	780,114	15,316	3,700	19,016	2.4%	739	\$24 - \$38	\$39 - \$53
B	700,684	57,448	0	57,448	8.2%	-4,385	\$16 - \$24	\$30 - \$38
C	207,774	4,030	0	4,030	1.9%	-4,030	\$12 - \$15	\$25 - \$31
Total	1,688,572	76,794	3,700	80,494	4.8%	-7,676	-	-

Record-low vacancy rates are generally expected to remain stable

North Shore



VACANCY TRENDS

Vacancy on the North Shore saw a slight dip to 3.7% at year-end 2022 from 4.3% at mid-year 2022. This decrease was primarily due to moderate deal velocity for class A and C buildings, in combination with no new supply being delivered in 2022. Deal velocity increased as interest rate hikes shifted potential purchasers of office space towards leasing office space instead. For example, **Harbourside Centre Phase II** (788 Harbourside Drive) saw its vacancy rate fall to 0% from 10.5% at mid-year 2022. Similarly, **Central Block** saw its vacancy rate drop, almost in half, to 13.1% from 23.6% during the middle of 2022. In contrast to Downtown, North Shore has seen very little sublease product on the market. However, absorption of sublease space has essentially been equal to any new marketed sublease space – indicating a significant level of underlying demand for space.

ABSORPTION TRENDS

Absorption remained positive during the last six months of 2022 at 8,531 sf. Combined with the first-half 2022

numbers, 2022 annual absorption was 12,698 sf. The primary source for these absorption numbers was **DarkVision Technologies**, which took 8,865 sf of space at 788 Harbourside Drive. Other than this deal, smaller C class tenancies were completed in the second half of 2022, which helped buoy the level of positive absorption.

NEW CONSTRUCTION

Supply remained constrained as there were no new developments completed on the North Shore during the second half of 2022. The North Shore's construction pipeline is limited, with only one development, **Millennium Central Lonsdale**, currently under construction. Millennium Central Lonsdale is scheduled to be completed by the second half of 2024 while phase 1 of **North Harbour**, a proposed development, is scheduled for completion in 2026.

DEVELOPER	BUILDING	SF	PRELEASE %	COMPLETION
Millennium Development	Millennium Central Lonsdale, 125-145 East 13th Street	32,500 (office)	0%	Q3 2024
Concert Properties	North Harbour, 801, 889, 925 Harbourside Drive & 18 Fell Avenue	200,000 (office)	-	Proposed
Darwin Properties/Tsleil-Waututh First Nation	Statlew District, 2420-2468 Dollarton Highway	TBD	-	Planning



HARBOURSIDE HAS SEEN NO VACANCY WITHIN THE LAST SIX MONTHS, REMAINING A POPULAR OPTION FOR OCCUPIERS ON THE NORTH SHORE*

Once finished, these projects will add approximately 47,000 sf of office space to the North Shore.

MARKET FORECAST

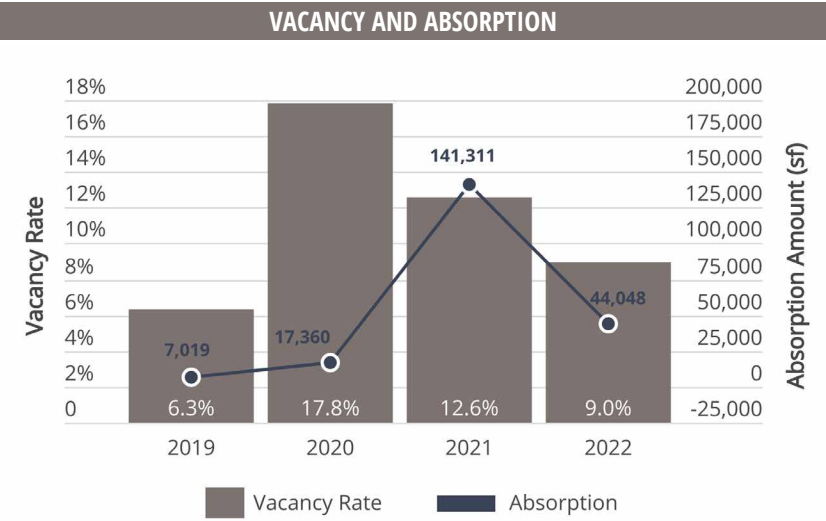
There has been slight upward pressure on rental rates due to a lack of options for tenants in the market. This trend is expected to continue in 2023 as an absence of new developments pushes up rental rates across all classes. Record-low vacancy rates are generally expected to remain stable throughout most regions of the North Shore.

NOTABLE LEASE DEALS (YEAR-END 2022)

TENANT	BUILDING	SF
Arc'teryx Equipment	2220 Dollarton Highway	58,900
Vancouver Shipyards (sublease)	#210 – 220 – 889 Harbourside Drive	16,150
DarkVision Technologies	#110 & 120 – 788 Harbourside Drive	8,865
Dr. Kevin McLeod (renewal)	101 West 16th Street	7,720
Pettit and Company (renewal)	301 & 401 2609 Westview Drive	5,003
Novarc Technologies (lease assignment)	267 West Esplanade	4,315
Corus Orthodontics (renewal)	202, 203, 205 2609 Westview Drive	3,333
Paco Immigration	200A – 1343 Lonsdale Avenue	2,261

CLASS	INVENTORY	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY (%)	12-MONTH ABSORPTION (SF)	AVERAGE NET RENTAL RATE (PSF)	GROSS OCCUPANCY COST (PSF)
A	871,813	23,215	0	23,215	2.7%	8,686	\$24 - \$35	\$40 - \$50
B	435,844	16,699	5,110	21,809	5.0%	4,694	\$17 - \$23	\$26 - \$38
C	97,690	6,719	0	6,719	6.9%	-682	\$17 - \$19	\$25 - \$33
Total	1,405,347	46,633	5,110	51,743	3.7%	12,698	-	-

*This information is derived from only buildings that Avison Young tracks within Harbourside.



Avison Young initiated coverage of the Langley office market in 2019, and for the purposes of this report, combines Langley City and Langley Township.

VACANCY TRENDS

Langley's vacancy rate registered a slight decrease from mid-year 2022 to end the year at 9.0%. This was primarily due to tenants moving into towers A and B of theXchange and other newly constructed space. While not being reflected in the statistics, strata developments have generally seen strong activity in Langley. Deal velocity for Langley remained largely muted, and the submarket is still recovering from the rash of activity in 2021. With a good portion of Langley's vacancy found in new, never-occupied space, there is ample opportunity for prospective tenants looking for high-quality offices.

ABSORPTION TRENDS

Second-half 2022 absorption for Langley remained positive at 17,589 sf. If compounded with the positive absorption of the first half of 2022, annual absorption was 44,048 sf. Tenants moving into theXchange contributed a large portion of the absorption, with towers A and

B seeing a combined positive absorption of 30,766 sf in the second half of 2022.

NEW CONSTRUCTION

The only project completed at year-end 2022 was **Latimer Business Hub** by **Vesta Properties**, a strata development that brought



CLASS	INVENTORY	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	TOTAL VACANCY (%)	12-MONTH ABSORPTION (SF)	AVERAGE NET RENTAL RATE (PSF)	GROSS OCCUPANCY COST PSF
A	508,182	75,581	0	75,581	14.9%	36,927	\$26 - \$38	\$41 - \$53
B	594,464	32,621	0	32,621	5.5%	4,179	\$18 - \$26	\$31 - \$39
C	126,315	2,003	0	2,003	1.6%	2,942	\$13 - \$16	\$26 - \$30
Total	1,228,961	110,205	0	110,205	9.0%	44,048	-	-

DEVELOPER	BUILDING	SF	RELEASE %	COMPLETION
Mitchell Group	Carvolth Business Park (phase 1), 86th-88th Avenue and 200th Street	207,740 (east building)	0%	Q4 2024
Mitchell Group	Langley 216 Business Park, 216th Street and 80th Avenue	207,740 (west building)	-	Proposed
Mitchell Group	Carvolth Business Park (phase 2), 86th-99th Avenue and 200th Street	94,400	-	Proposed

LANGLEY HAS EXPERIENCED SIGNIFICANT DEAL VELOCITY OVER THE LAST 24 MONTHS



For more information, please contact:

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