



Metro Vancouver office market report

Q4 2023

**AVISON
YOUNG**

Metro Vancouver area market fundamentals

10.0%

total vacancy rate
up from 9.9% in Q3 2023

26.6%

sublet as a percentage of all available space
down from 27.0% in Q3 2023

\$56.35

average gross asking rent per square foot (psf)
includes \$21.12 psf average additional rent

5.7M

square feet (sf) vacant
up from 5.6 million sf in Q3 2023

-19,556

square feet absorption
Q4 2023

4.7M

square feet under construction
36 projects

Metro Vancouver office market trends

01

Rental rates remained steady despite increase in vacancy

The overall Metro Vancouver vacancy rate increased 10 basis points to 10.0% in Q4 2023. Average asking gross rental rates remained steady, decreasing by just 1.0% quarter-over-quarter to a gross rate of \$56.35 per square foot (psf).

Our take on this trend...

Landlords will continue to keep rental rates at or near the current level. Tenant allowances and inducements are also expected to remain higher than average. It is expected that class AAA/A space will continue to lease for a premium. The market remains tight for large block spaces, permitting landlords to maintain strong face rates.

02

Flight to quality continued as tenants want premium space

Class AAA/A showed positive absorption of 120,914 sf in Q4 2023, compared to the absorption of class B/C at -140,470 sf. Improved turnkey space and model suites continued to lease much quicker than shell space.

Our take on this trend...

While some companies are still opting for a hybrid work model to meet their employees' needs, many tenants have realized the benefit of investing in best-in-class space to encourage employees back to the office.

This flight to quality will continue as companies realize they can use their office space to attract and retain the best talent.

03

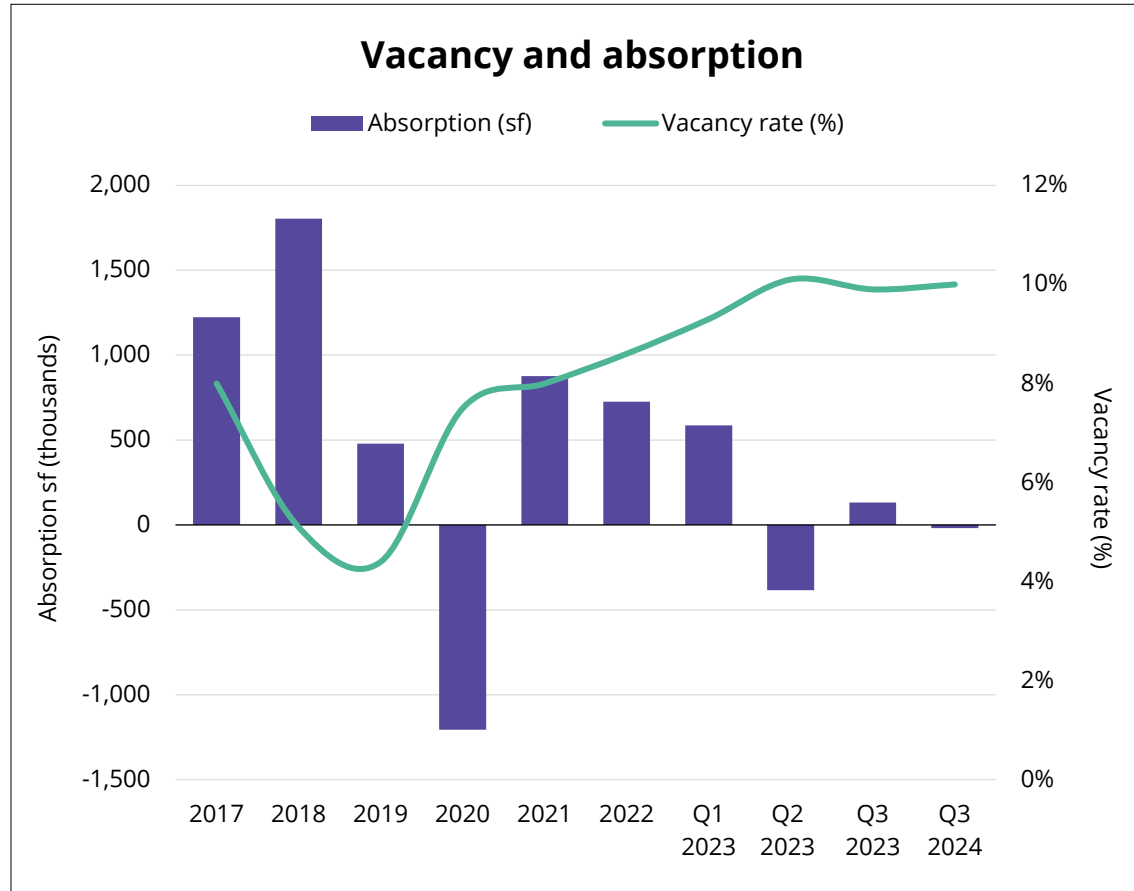
Education sector expected to slow down in terms of demand

The education sector accounted for several large transactions in 2023, and as of December 2023, made up 25% of the tenant demand in the Metro Vancouver market.

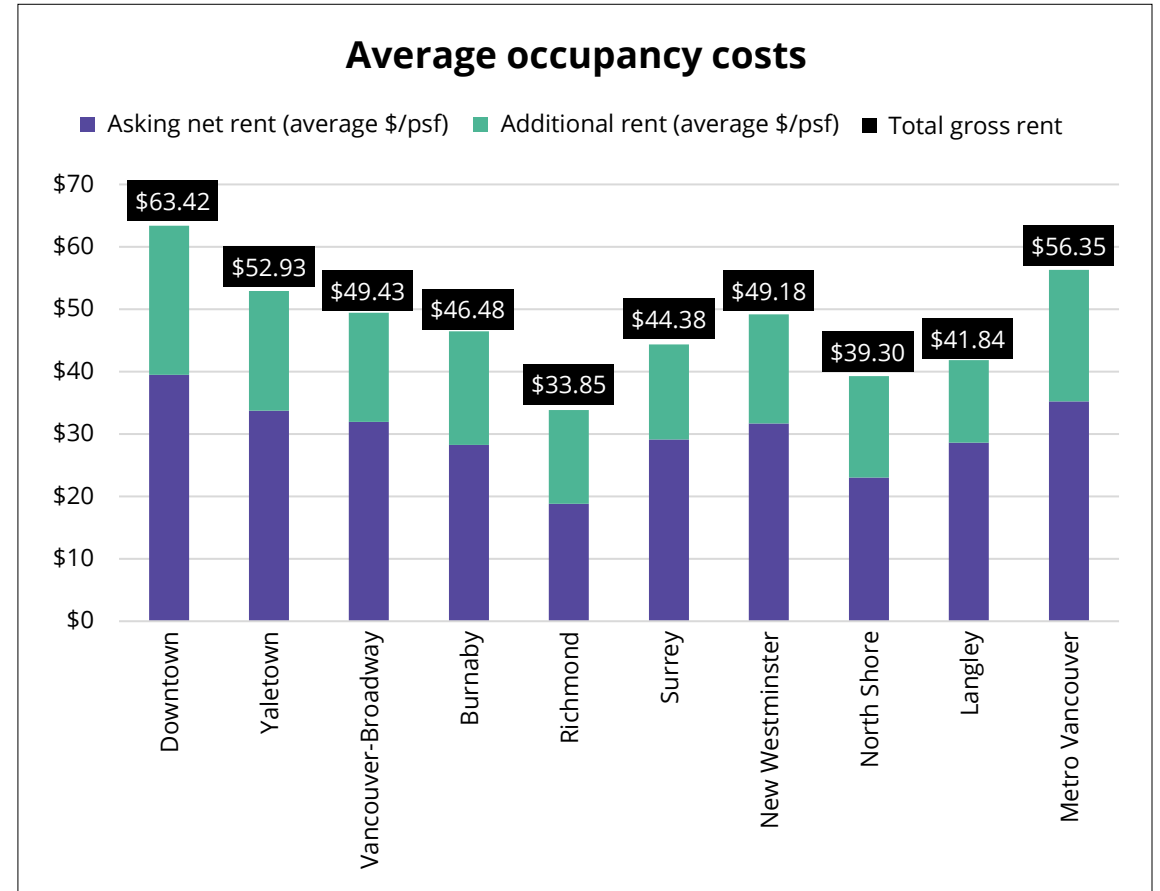
Our take on this trend...

With the Federal Government's recent announcement on the cap of student visas (at 35% less than 2023's total visas issued) which will take effect on September 1, 2024, it is expected that their requirements for space in Metro Vancouver will decline as schools re-evaluate their real estate needs.

Metro Vancouver office market indicators



Source: Avison Young Market Intelligence



Source: Avison Young Market Intelligence

Downtown and Yaletown office market stats

Downtown	Inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Total vacancy (%)	Direct availability (sf)	Sublease availability (sf)	Total availability (sf)	Total availability (%)	Three-month absorption (sf)	Six-month Absorption (sf)
Class AAA	7,282,854	737,655	197,723	935,378	12.8%	848,004	255,029	1,103,033	15.1%	75,214	44,706
Class A	8,405,168	608,067	271,935	880,002	10.5%	857,526	398,827	1,256,353	14.9%	32,880	88,186
Class B	6,718,684	755,872	136,658	892,530	13.3%	977,820	230,335	1,208,155	18.0%	-49,236	5,859
Class C	2,982,834	386,819	66,275	453,094	15.2%	470,497	81,205	551,702	18.5%	-35,436	-83,420
Market total	25,389,540	2,488,413	672,591	3,161,004	12.5%	3,153,847	965,396	4,119,243	16.2%	23,422	55,331

Yaletown	Inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Total vacancy (%)	Direct availability (sf)	Sublease availability (sf)	Total availability (sf)	Total availability (%)	Three-month absorption (sf)	Six-month Absorption (sf)
Class A	614,752	27,717	11,287	39,004	6.3%	35,259	18,477	53,736	8.7%	0	-1,687
Class B	1,021,065	139,073	94,730	233,803	22.9%	188,795	97,425	286,220	28.0%	-14,944	-13,730
Class C	450,377	62,316	8,553	70,869	15.7%	76,253	6,295	82,548	18.3%	188	38,007
Market total	2,086,194	229,106	114,570	343,676	16.5%	300,307	122,197	422,504	20.3%	-14,756	22,590

Source: Avison Young Market Intelligence

Suburban (Tier 1*) office market stats

Vancouver-Broadway	Inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Total vacancy (%)	Direct availability (sf)	Sublease availability (sf)	Total availability (sf)	Total availability (%)	Three-month absorption (sf)	Six-month Absorption (sf)
Class A	5,510,239	303,595	89,208	392,803	7.1%	372,762	272,161	644,923	11.7%	-40,725	-29,393
Class B	2,072,351	239,213	86,516	325,729	15.7%	345,790	102,878	448,668	21.7%	-22,717	-4,721
Class C	721,842	91,726	3,267	94,993	13.2%	99,183	5,189	104,372	14.5%	14,228	30,219
Market total	8,304,432	634,534	178,991	813,525	9.8%	817,735	380,228	1,197,963	14.4%	-49,214	-3,895

Burnaby	Inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Total vacancy (%)	Direct availability (sf)	Sublease availability (sf)	Total availability (sf)	Total availability (%)	Three-month absorption (sf)	Six-month Absorption (sf)
Class A	6,490,308	297,038	194,694	491,732	7.6%	328,487	369,499	697,986	10.8%	19,484	-69,533
Class B	1,976,051	116,857	39,048	155,905	7.9%	161,103	57,229	218,332	11.0%	-16,435	-578
Class C	841,570	41,831	0	41,831	5.0%	54,915	0	54,915	6.5%	507	33,387
Market total	9,307,929	455,726	233,742	689,468	7.4%	544,505	426,728	971,233	10.4%	3,556	-36,724

Source: Avison Young Market Intelligence

*Tier 1 refers to suburban markets that contain more than 2,000,000 sf of office space

Suburban (Tier 1*) office market stats

Richmond	Inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Total vacancy (%)	Direct availability (sf)	Sublease availability (sf)	Total availability (sf)	Total availability (%)	Three-month absorption (sf)	Six-month Absorption (sf)
Class A	2,733,701	127,036	54,545	181,581	6.6%	224,405	69,247	293,652	10.7%	905	-42,504
Class B	1,206,336	102,526	0	102,526	8.5%	118,019	3,789	121,808	10.1%	-14,384	-7,972
Class C	348,198	2,797	0	2,797	0.8%	2,797	0	2,797	0.8%	9,111	9,111
Market total	4,288,235	232,359	54,545	286,904	6.7%	345,221	73,036	418,257	9.8%	-4,368	-41,365

Surrey	Inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Total vacancy (%)	Direct availability (sf)	Sublease availability (sf)	Total availability (sf)	Total availability (%)	Three-month absorption (sf)	Six-month Absorption (sf)
Class A	2,387,671	135,985	0	135,985	5.7%	179,620	45,630	225,250	9.4%	5,952	45,634
Class B	668,208	69,979	3,909	73,888	11.1%	75,779	5,365	81,144	12.1%	4,962	18,547
Class C	205,629	0	0	0	0.0%	1,362	0	1,362	0.7%	0	2,276
Market total	3,261,508	205,964	3,909	209,873	6.4%	256,761	50,995	307,756	9.4%	10,914	66,457

Source: Avison Young Market Intelligence

*Tier 1 refers to suburban markets that contain more than 2,000,000 sf of office space

Suburban (Tier 2*) office market stats

New Westminster	Inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Total vacancy (%)	Direct availability (sf)	Sublease availability (sf)	Total availability (sf)	Total availability (%)	Three-month absorption (sf)	Six-month Absorption (sf)
Class A	814,641	47,095	3,663	50,758	6.2%	51,207	3,663	54,870	6.7%	-3,663	3,952
Class B	701,891	30,866	0	30,866	4.4%	33,990	0	33,990	4.8%	-1,550	21,422
Class C	103,500	0	0	0	0.0%	0	0	0	0.0%	0	7,592
Market total	1,620,032	77,961	3,663	81,624	5.0%	85,197	3,663	88,860	5.5%	-5,213	32,966

North Shore	Inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Total vacancy (%)	Direct availability (sf)	Sublease availability (sf)	Total availability (sf)	Total availability (%)	Three-month absorption (sf)	Six-month Absorption (sf)
Class A	871,813	25,172	2,491	27,663	3.2%	31,987	6,433	38,420	4.4%	-1,311	106
Class B	435,844	10,306	3,700	14,006	3.2%	12,703	3,700	16,403	3.8%	0	1,787
Class C	75,690	1,915	0	1,915	2.5%	1,915	0	1,915	2.5%	0	0
Market total	1,383,347	37,393	6,191	43,584	3.2%	46,605	10,133	56,738	4.1%	-1,311	1,893

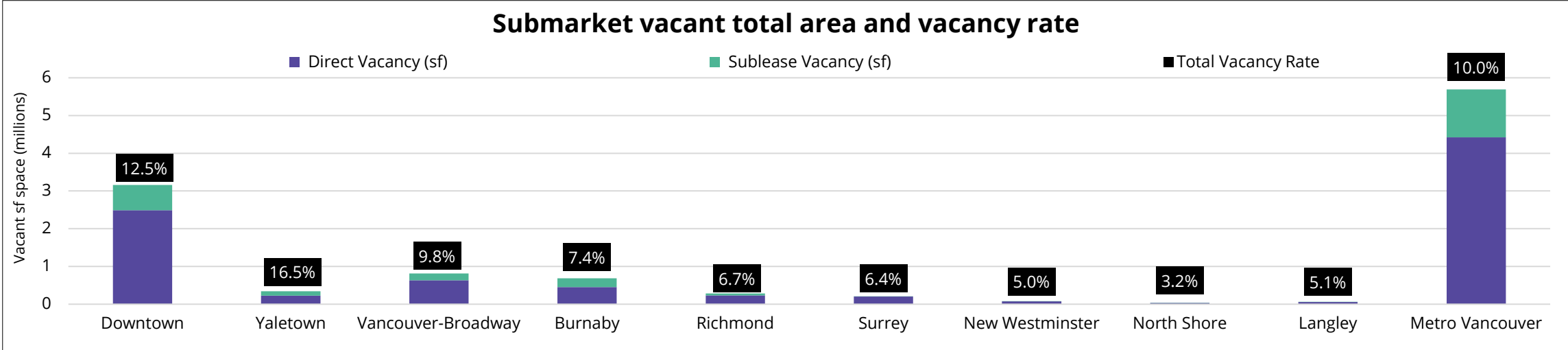
Source: Avison Young Market Intelligence

*Tier 1 refers to suburban markets that contain more than 2,000,000 sf of office space

Suburban (Tier 2*) office market stats

Langley	Inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Total vacancy (%)	Direct availability (sf)	Sublease availability (sf)	Total availability (sf)	Total availability (%)	Three-month absorption (sf)	Six-month Absorption (sf)
Class A	457,182	21,721	0	21,721	4.8%	26,893	0	26,893	5.9%	32,178	18,433
Class B	657,361	39,283	1,829	41,112	6.3%	44,499	1,829	46,328	7.0%	-14,764	-3,626
Class C	120,940	0	0	0	0.0%	0	4,009	4,009	3.3%	0	1,366
Market total	1,235,483	61,004	1,829	62,833	5.1%	71,392	5,838	77,230	6.3%	17,414	16,173

Source: Avison Young Market Intelligence
 *Tier 2 refers to suburban markets that contain less than 2,000,000 sf of office space



Metro Vancouver office market stats

District	Inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Total vacancy (%)	Direct availability (sf)	Sublease availability (sf)	Total availability (sf)	Total availability (%)	Three-month absorption (sf)	Six-month Absorption (sf)
Downtown	25,389,540	2,488,413	672,591	3,161,004	12.5%	3,153,847	965,396	4,119,243	16.2%	23,422	55,331
Yaletown	2,086,194	229,106	114,570	343,676	16.5%	300,307	122,197	422,504	20.3%	-14,756	22,590
Vancouver-Broadway	8,304,432	634,534	178,991	813,525	9.8%	817,735	380,228	1,197,963	14.4%	-49,214	-3,895
Burnaby	9,307,929	455,726	233,742	689,468	7.4%	544,505	426,728	971,233	10.4%	3,556	-36,724
Richmond	4,288,235	232,359	54,545	286,904	6.7%	345,221	73,036	418,257	9.8%	-4,368	-41,365
Surrey	3,261,508	205,964	3,909	209,873	6.4%	256,761	50,995	307,756	9.4%	10,914	66,457
New Westminster	1,620,032	77,961	3,663	81,624	5.0%	85,197	3,663	88,860	5.5%	-5,213	32,966
North Shore	1,383,347	37,393	6,191	43,584	3.2%	46,605	10,133	56,738	4.1%	-1,311	1,893
Langley	1,235,483	61,004	1,829	62,833	5.1%	71,392	5,838	77,230	6.3%	17,414	16,173
Total	56,876,700	4,422,460	1,270,031	5,692,491	10.0%	5,621,570	2,038,214	7,659,784	13.5%	-19,556	113,426

Source: Avison Young Market Intelligence

For more market insights
and information visit
avisonyoung.com

Jessica Toppazzini

Principal, Managing Director

604 647 5081

jessica.toppazzini@avisonyoung.com

Shawna Rogowski

Senior Manager, Market Intelligence

604 243 9586

shawna.rogowski@avisonyoung.com

Riley Stephen

Office Market Intelligence Coordinator

604 757 4924

riley.stephen@avisonyoung.com