

	YoY Chg	12-Mo. Forecast
7.3% Vacancy Rate	▲	▲
-462,992 Net Absorption, SF	▼	▼
\$45.49 Asking Rent, PSF	▲	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2021

	YoY Chg	12-Mo. Forecast
1.5M Vancouver Employment	▲	▲
8.0% Vancouver Unemployment Rate	▲	▼
7.5% Canada Unemployment Rate	▼	▼

Source: Statistics Canada

ECONOMIC OVERVIEW

After steadily turning in above-average growth relative to the nation since 2014, the B.C. economy has further cemented its trend of outperformance so far during the pandemic. B.C. was one of the few provinces to avert job losses during the winter months. As it stands, B.C.'s employment is 0.6% below its pre-pandemic levels, compared to -3.1% in Canada. *Source: TD Canada*

SUPPLY AND DEMAND: Location, Location, Location

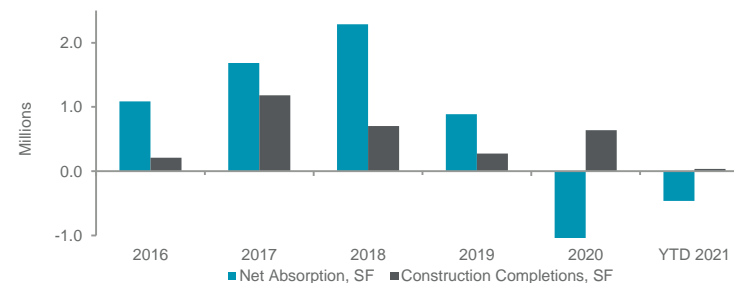
While the pandemic persists, it seems we may finally be at the beginning of the end. The commercial office market is currently a story of downtown versus suburban. The downtown market continued to be challenged as overall vacancy increased from 6.6% to 7.4% in the first quarter, its highest level in the past 19 quarters. However, there are reasons to be optimistic. The downtown core saw Microsoft expand into 20,000 square feet (sf) at 725 Granville. Canadian Western Bank secured 28,000 sf at 1040 West Georgia, and Bell Canada renewed 57,000 sf at 969 Robson Street. Seeing large users commit to downtown expansion is encouraging; however, this leasing activity was somewhat overshadowed by added sublease inventory which accounted for 40% of all available and vacant space. Sublease space was still on the rise, albeit at a slower pace.

As goes the saying with real estate, location is everything. While the suburban markets have also been impacted by the pandemic, the effects have been much less dramatic with some markets enjoying surprising growth in office demand, particularly near transit hubs. For example, Burnaby reported the largest new leasing activity among all suburban markets in the first quarter at 246,731 sf. The most notable transactions were Medipure Pharmaceuticals (25,986 sf) at 8900 Glenlyon Parkway, Trans Mountain Canada Inc (24,372 sf) at 4401 Still Creek, New York Institute of Technology (17,395 sf) at 2925 Virtual Way, and Loop Energy (flex tenant - sublease) (14,971 sf) at 2700 Production Way. In addition to Loop Energy, other industrial/flex tenants leased space in office buildings - Bird Construction at 13777 Commerce Parkway (27,791) and Vtech at 13888 Wireless Way. This comes as no surprise with the overall industrial vacancy rate sitting at 1% - the lowest recorded. In contrast to downtown, most suburban markets have recorded very limited sublease inventory with the exception of Burnaby where 38% of all available and vacant space is sublease. Government, Engineering and Tech are the biggest contributors in giving back space in Burnaby.

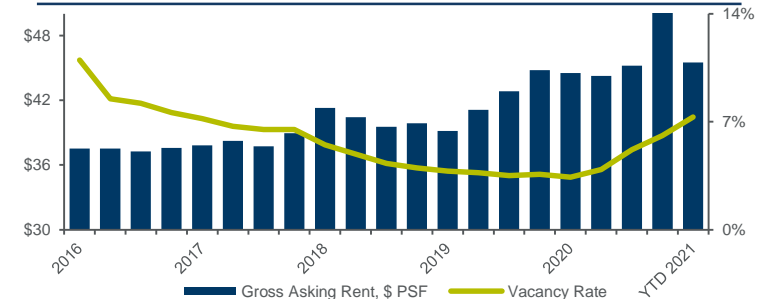
PRICING: Asking Rents Under Pressure

Not surprisingly, downtown asking rents softened slightly in the first quarter due to reduced demand for office space – currently at an average of \$54.00 per square foot (psf) down from \$57.82 psf last quarter. Looking ahead, downtown asking rents will likely continue to ease somewhat until demand for office space returns to pre-pandemic levels. The addition of 601 W Hastings and 1280 Burrard which are expected to be completed later this year will serve to bump up the average Class AAA asking rates in downtown. Broadway Corridor/Periphery markets saw a moderate increase in asking rates over the past quarter. Suburban asking rates are holding up well with almost no change over the same period. As we begin to see an end to the pandemic and office tenants start to make decisions about their space, asking rate trends will become clearer.

SPACE DEMAND / DELIVERIES

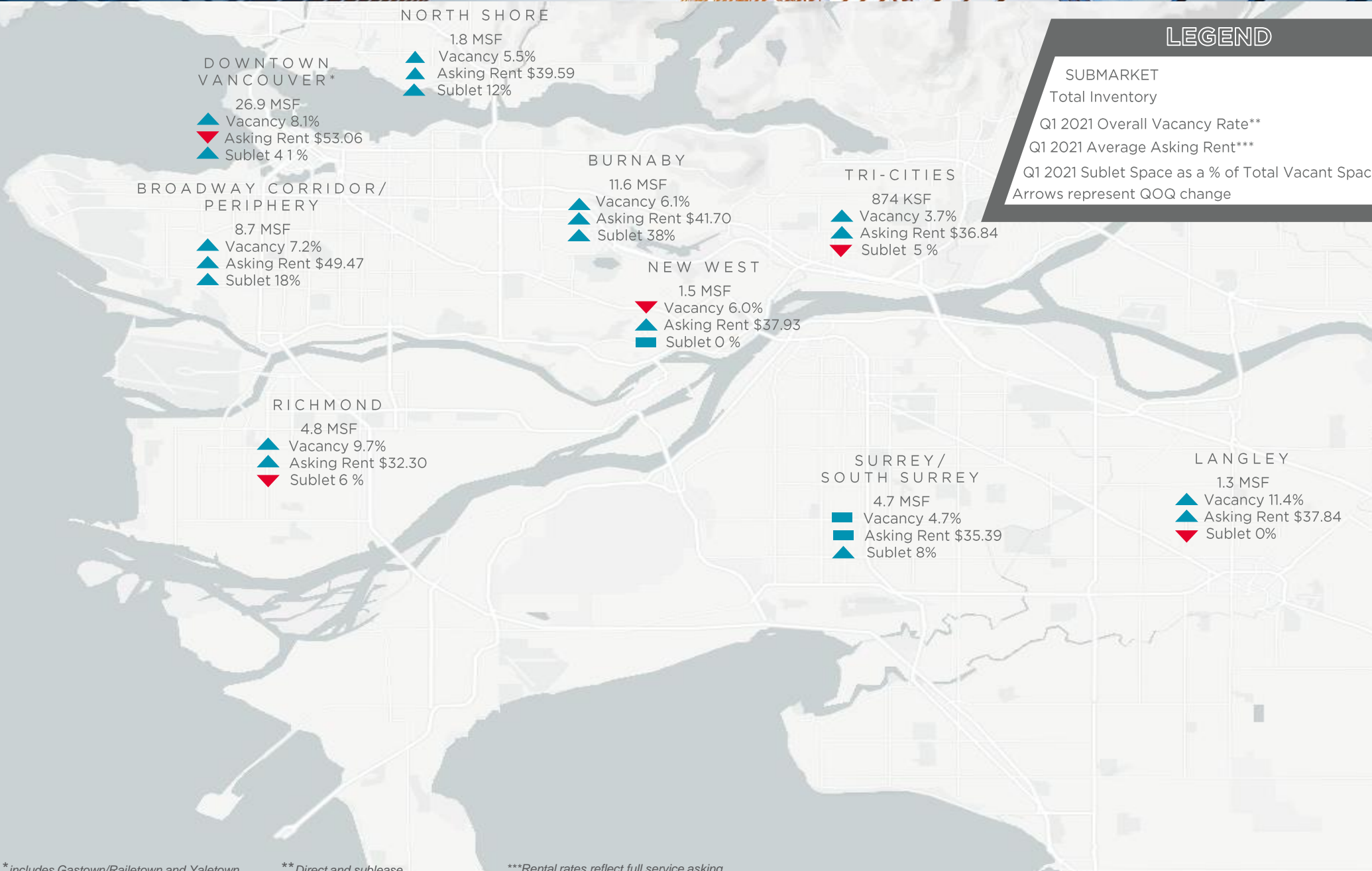


OVERALL VACANCY & ASKING RENT



VANCOUVER AREA

Office Q1 2021



LEGEND

SUBMARKET

- Total Inventory
- Q1 2021 Overall Vacancy Rate**
- Q1 2021 Average Asking Rent***
- Q1 2021 Sublet Space as a % of Total Vacant Space
- Arrows represent QOQ change

* includes Gastown/Railtown and Yaletown

** Direct and sublease

*** Rental rates reflect full service asking

Office Q1 2021

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)	OVERALL AVG ASKING RENT (CLASS A)
Downtown Core	22,985,174	669,000	1,029,404	7.4%	-231,258	-231,258	387,922	3,847,535	\$54.00	\$60.25
Yaletown	2,139,878	134,447	116,055	11.7%	-21,940	-21,940	84,101	51,483	\$46.32	\$50.22
Gastown/ Railtown	1,748,762	78,854	140,017	12.5%	-43,018	-43,018	35,154	88,442	\$45.77	\$50.10
Broadway Corridor	5,923,614	76,349	259,622	5.7%	-54,726	-54,726	107,588	475,292	\$45.90	\$51.21
Mt. Pleasant	1,616,460	10,997	126,544	8.5%	13,810	13,810	82,027	873,920	\$43.63	\$52.85
False Creek Flats	1,147,297	26,588	123,162	13.1%*	-112,000	-112,000	0	870,211	\$53.05	\$53.94
Broadway Corr./Vancouver Periphery	8,687,371	113,934	509,328	7.2%*	-152,916	-152,916	189,615	2,219,423	\$49.47	\$53.25
Burnaby	11,601,782	272,117	439,891	6.1%	-19,554	-19,554	246,731	1,277,709	\$41.70	\$44.18
Richmond	4,393,300	29,483	439,950	9.7%	14,535	14,535	146,146	629,128	\$32.30	\$34.51
North Shore	1,968,857	12,374	95,547	5.5%	-26,561	-26,561	25,440	0	\$39.59	\$43.55
New Westminster	1,555,997	0	93,274	6.0%	6,507	6,507	47,911	141,860	\$37.93	\$38.35
Langley	1,310,154	0	149,857	11.4%	9,899	9,899	20,550	89,378	\$37.84	\$43.12
Surrey	3,586,224	11,860	134,522	4.1%	6,291	6,291	80,225	170,532	\$35.42	\$40.68
South Surrey	1,098,201	5,694	69,893	6.9%	-1,368	-1,368	25,197	24,536	\$38.74	\$38.74
Surrey/ South Surrey	4,684,425	17,554	204,415	4.7%	4,923	4,923	105,422	195,068	\$35.39	\$38.57
Tri Cities	874,339	1,600	30,611	3.7%	-3,609	-3,609	20,562	54,995	\$36.84	\$37.00
VANCOUVER TOTALS	62,419,472	1,329,363	3,248,349	7.3%	-462,992	-462,992	1,309,554	8,595,021	\$45.49	\$47.90

*includes a fully vacant 1077 Great Northern Way (former MEC head office, 95,365 sf)

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
425 W 6 th Avenue (U/C)	Vancouver	Best Buy	70,550	New Lease
969 Robson Street	Vancouver	Bell Canada	56,787 (Est)	Renewal*
1040 W Georgia Street	Vancouver	Canadian Western Bank	28,000	New Lease
4401 Still Creek Drive	Burnaby	Trans Mountain Canada Inc	24,372	New Lease
2020 Yukon Street	Vancouver	VACFSS	15,282	New Lease

Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/ \$ PSF
1077 Great Northern Way**	Vancouver	Crestpoint Real Estate Investment Ltd/ Low Tide Properties Ltd.	119,844	\$103M/ \$859
13888 Wireless Way**	Richmond	Kingsett Capital/ Concert 8 Solutions Inc	116,530	\$31M/ \$266
237 East Columbia Street	New Westminster	R.Q.L. Investments Canada Ltd/ MountainView Health & Wellness	12,699	\$6.8/ \$532

**Share Sale

In an effort to standardize reporting across corporate markets, C&W has altered the methodology for tabulating average gross asking rental rates which are now solely based on vacant space only. Comparatively, previous quarters included both vacant space and future available. Additionally, total vacant space is now tracked as physically vacant space (direct and sublet) including vacant space that is leased but not yet occupied

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