



Office Q4 2021

YoY
Chg12-Mo.
Forecast

8.5%

Vacancy Rate



410,265

Net Absorption, SF



\$48.99

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS
Q4 2021YoY
Chg12-Mo.
Forecast

1.5M

Vancouver
Employment

5.7%

Vancouver
Unemployment Rate

5.9%

Canada
Unemployment Rate

Source: Statistics Canada

ECONOMIC OVERVIEW

Consistent with the Canadian outlook, B.C.'s growth prospects are scaled back however the economy will continue growing at a solid pace. Demand-supply mismatches are proving more disruptive and pervasive and are impacting production and the shipment of goods in some sectors. The slowing in retail spending, downturn in building permits and softer gains in private sector employment also suggest growth is easing in the final quarter of the year.

Source: Business Council of B.C.

SUPPLY AND DEMAND: Ending Fourth Quarter on a Positive Note

As projected, overall downtown Vancouver vacancy increased to 9.3% from 8.6% quarter-over-quarter primarily due to the addition of newly built space at 1280 Burrard and 601 West Hastings Street. Even with the addition of these two new buildings, there are currently few Class A and AAA large blocks of space ie. greater than 15,000 square feet (sf) available in the downtown core. The direct vacancy rate for Class A and AAA options is somewhat lower at 6.4%. However, this is expected to change with the arrival of 3.5 million square feet (msf) of new supply between 2022 and 2023 (66% of which has been pre-leased/pre-sold) which will likely result in a "tenant's market" in downtown Vancouver by the end of 2022. On the other hand, our market analysis continues to show significant interest in available space (tenant mandates) with approximately 60% of that coming from tech-related companies.

Meanwhile, overall absorption in downtown Vancouver was positive for the second consecutive quarter reaching 78,823 sf in the fourth quarter which brought the overall 2021 total to negative 284,817 sf. This is a welcome change compared to the record setting negative absorption rate in 2020 when downtown Vancouver reached negative 1.1 msf (primarily due to tenant move-outs). Overall 2021 absorption in the Suburban markets remained strong recording 190,774 sf of positive absorption, close to the 2020 total of 140,790 sf.

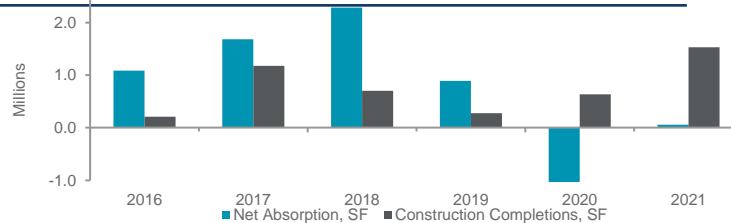
While overall vacant sublease space is currently at 22.5% of all available and vacant space in downtown Vancouver, it has decreased by 35% since the beginning of 2021. Some sublease space was removed from the market by tenants re-occupying their space while other sublease spaces were leased on a headlease basis such as Owen Bird who leased 20,741 sf at 733 Seymour Street. While sublease levels are still high, they no longer constitute 45% of all available and vacant space as was the case through most of 2020.

Most suburban markets remained in high demand throughout the pandemic driven in part by many employees having their workspaces closer to home. For example, Surrey City Centre vacancy, despite newly added 9850 King George (163,200 sf) and 13761 96th Avenue (106,182 sf), remained tight at 2.4 % in the fourth quarter. The next new office building in this area, Holland Parkside (190,009 sf), is not slated to arrive until 2024. Richmond City Centre has a tight supply of quality office space with a Class A vacancy at 3.8%. This supply is likely to get even tighter as there is only 675,974 sf under construction, out of which 399,810 sf is expected to be available on a lease basis. The remaining 276,164 sf will be available as strata office.

PRICING

Landlords have been under increasing pressure to offer more tenant inducements since the beginning of the pandemic. This has had the effect of stabilizing asking rates while increasing inducements. The addition of higher-priced new supply in downtown Vancouver in the fourth quarter (1280 Burrard and 601 West Hastings Street) drove overall asking rents up by \$2.93 per square foot compared to the last quarter. Going forward, however, the anticipated surge of additional inventory in downtown Vancouver combined with the uncertainty of post-pandemic effects may put moderate downward pressure on asking rates across all classes.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT

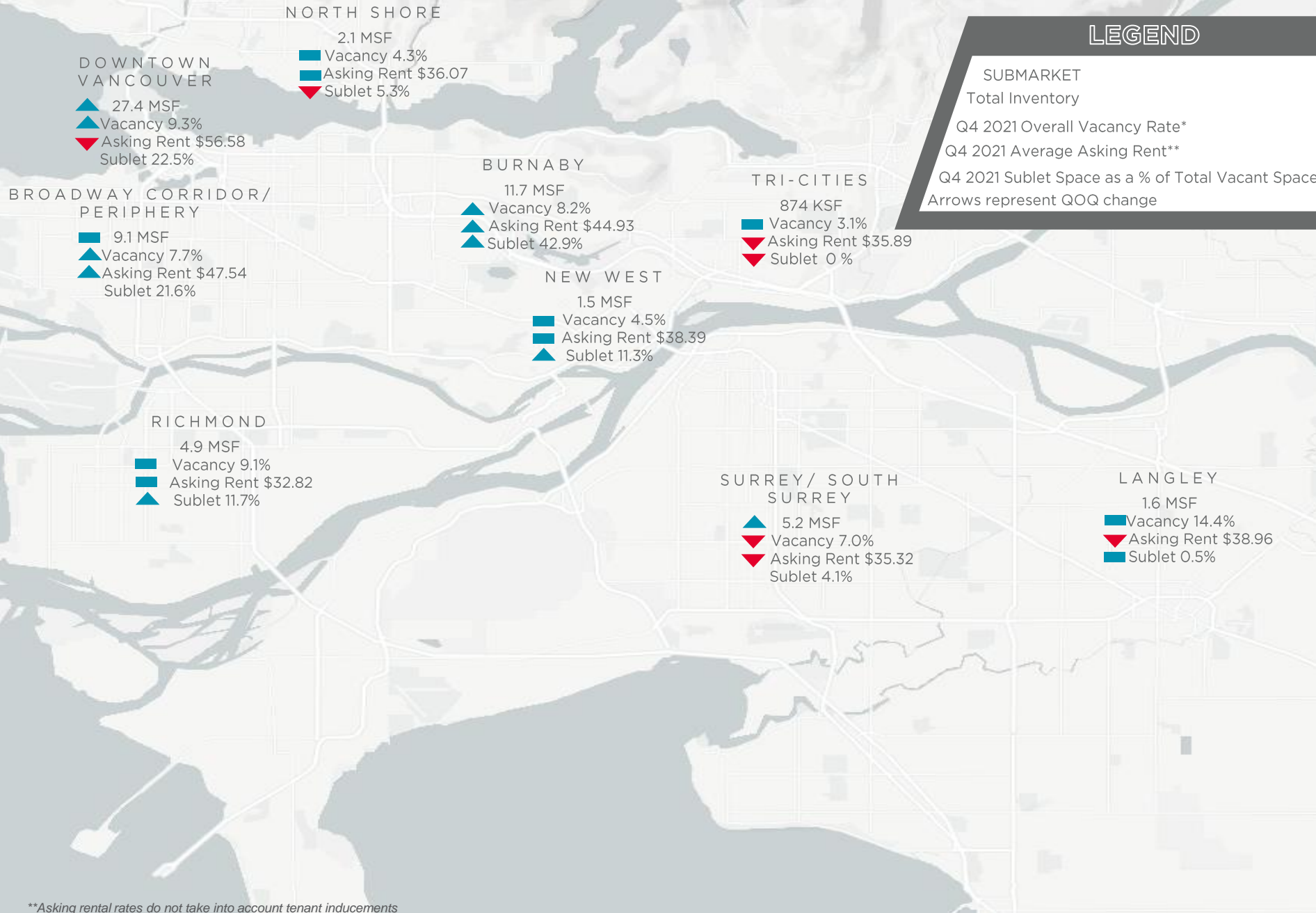


MARKETBEAT VANCOUVER AREA

Office Q4 2021



CUSHMAN &
WAKEFIELD





Office Q4 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	23,471,958	466,550	1,585,762	8.7%	62,332	-172,296	1,800,909	3,428,122	\$58.95	\$66.94
Yaletown	2,101,709	9,964	157,458	9.9%	48,782	8,582	284,450	22,863	\$53.52	\$60.81
Gastown/Railtown	1,797,899	59,263	237,377	16.5%	-32,291	-121,103	278,878	86,301	\$41.75	\$49.74
Downtown Vancouver	27,371,566	575,777	1,980,597	9.3%	78,823	-284,817	2,364,237	3,537,286	\$56.58	\$64.88
Broadway Corridor	6,038,941	111,177	350,710	7.6%	5,331	-68,289	313,160	519,728	\$46.49	\$54.05
Mt. Pleasant	1,895,535	16,339	177,794	10.2%	114,890	225,243	492,748	1,201,681	\$50.53	\$62.66
False Creek Flats	1,178,143	23,835	20,958	3.8%	119,704	-7,043	187,146	869,163	\$42.00	n/a
Broadway Corr./Vancouver Periphery	9,112,619	151,351	549,462	7.7%	239,925	149,911	993,054	2,835,063	\$47.54	\$55.83
Burnaby	11,723,463	414,646	552,345	8.2%	-107,019	-166,957	754,023	1,590,572	\$44.93	\$48.75
Richmond	4,903,068	51,994	394,219	9.1%	44,473	25,806	689,676	675,974	\$32.82	\$33.34
North Shore	2,053,832	4,689	84,529	4.3%	2,066	-7,858	111,568	0	\$36.07	\$38.75
New Westminster	1,515,896	7,690	60,238	4.5%	-3,125	25,033	90,367	134,527	\$38.39	\$39.95
Langley	1,594,529	1,149	228,550	14.4%	45,104	116,435	116,117	92,324	\$38.96	\$40.68
Surrey	3,812,601	14,362	204,528	5.7%	131,090	203,947	249,884	0	\$39.48	\$45.69
South Surrey	1,381,578	650	145,305	10.6%	-19,924	-7,386	103,898	47,027	\$40.42	\$40.71
Surrey/South Surrey	5,194,179	15,012	349,843	7.0%	111,166	196,561	353,782	47,027	\$35.32	\$44.56
Tri Cities	874,339	0	26,818	3.1%	-1,148	1,784	41,686	54,995	\$35.89	\$41.35
VANCOUVER TOTALS	64,343,491	1,222,308	4,226,601	8.5%	410,265	55,868	5,514,510	8,460,510	\$48.99	\$49.05

Renewals not included in leasing statistics

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
110 East 5 th Avenue, M4	Vancouver	Animal Logic	110,300	New Lease
250 Howe Street	Vancouver	Dentons Canada	51,676	Renewal
161 East 4 th Avenue, The Workshop	Vancouver	Canfor	44,000	New Lease
2980 Virtual Way, Broadway Tech	Burnaby	Bell Canada	30,000	Renewal
1055 West Georgia Street	Vancouver	Economical Insurance Company	28,637	Renewal
425 West 6 th Avenue	Vancouver	Bardel Entertainment	24,750	New Lease
895 West 10 th Avenue	Vancouver	VCHA	22,095	Renewal
3600 Lysander	Richmond	General Fusion Canada	16,972	New Lease

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/ \$ PSF
207 West Hastings Street	Vancouver	Army and Navy/ Allied Properties REIT	72,305	\$65.0M/ \$899

Svetlana Lebedeva

Senior Research Analyst

+1 604 608 5963

Svetlana.Lebedeva@cushwake.com

Kyle Grundy

Marketing & Research Manager

+1 604 640 5896

Kyle.Grundy@cushwake.com

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