

Market Report

Data for the first quarter showed Metro Vancouver's office market continued to retrench with availabilities remaining elevated, leasing volumes subdued, and a slight contraction in occupied space. The narrative remained mostly the same, with the Vancouver office market showing little net new demand, and below normal leasing activity. The result was an abundance of full floor availabilities, leaving larger tenants with a plethora of options. Tenants who required smaller blocks of space, however, had more limited options, possibly a surprise to many. For the quarter, Metro Vancouver office availabilities increased 10 basis points (bps) to register 12.0%. Of note, on the back of a drop in sublease space, the downtown availability rate dipped slightly to 14.6%. Looking forward, and with no obvious catalysts in sight, market conditions are not expected to change materially leaving tenants in the driver's seat, at least for the time being.



Rental and Availability Rates

Net Rent* (Per Square Foot)	Availability Rate (03/31/2024)	QoQ Change/Availability
\$38.08	Downtown Core Class A 12.8%	▼ 0.9%
\$30.00	Broadway Corridor Class A 32.5%	▲ 6.4%
\$31.91	Vancouver City Class A 21.4%	▼ 2.4%
\$26.78	Burnaby Class A 13.6%	▲ 0.5%
\$30.75	Richmond Class A 22.0%	▼ 0.2%
\$32.41	Surrey Class A 15.0%	▼ 0.3%
\$30.07	North Shore Class A 9.0%	▲ 0.4%
\$28.00	New Westminster Class A 7.4%	▲ 0.0%
\$25.01	Langley Class A 7.7%	▼ 0.2%

*Class A average asking rent CAD QoQ [quarter-over-quarter]

Recent Transactions (First Quarter 2024)

Occupier	Size	Submarket	Type	Address
1 Grant Thornton	30,278 SF	Downtown	Direct	733 Seymour Street
2 Scott Construction	19,657 SF	Burnaby	Sublease	4621 Canada Way
3 Ryan LLC	13,500 SF	Downtown	Direct	320 Granville Street
4 Rambus Canada	10,558 SF	Burnaby	Direct	2925 Virtual Way
5 Take-Two Interactive	10,308 SF	Burnaby	Direct	2025 Willingdon Avenue

Occupier's Perspective



As lease expiries approach, many occupiers are taking a very thoughtful approach to their future office needs, with many considering smaller (but nicer) premises.



Return-to-office is mostly in the rearview mirror, with most tenants now having a good sense of what their office space needs are - and will be. Economic conditions aside



Most CRE executives now recognize the office is more than just a place to do work, with a heightened focus on building amenities.

Market Trends



Sublease space, while still elevated, posted another drop, with the Broadway Corridor being the only exception, where sublet space is at a record high.

Demand for office space remains mixed at best, with little change anticipated before year-end, and most likely not until next year (2025).

Market conditions are expected to remain largely as is, with supply largely static (most proposed developments are on hold), and demand from key sectors, such as technology, mostly absent.