

Market Report

After two relatively robust quarters, the Metro Vancouver office market saw a slight softening in the fourth quarter with occupied space falling by just over 90,000 square feet. Leasing activity fell 16% relative to the third quarter, but was almost triple year-ago levels. Omicron clearly put the office leasing market back on its heels (again), which will almost certainly be reflected in first quarter statistics, but overall the office market continues to move forward, albeit modestly. Of note, available sublease space continues to drop, falling to just over 1.0 million square feet, however recent signs suggest sublease space may start to once again increase. Office occupiers appear to be looking through Omicron, and indeed COVID, but the rate of uptake is certain to be decidedly lower, relative to the pre-pandemic period.



Rental and Availability Rates

Gross Rent* (Square Foot)	Availability Rate (12/31/2021)	QoQ Change/Availability
\$66.14	Downtown Core Class A 12.4%	▲ 0.0%
\$53.76	Broadway Corridor Class A 5.7%	▼ 4.2%
\$47.82	Vancouver City Class A 13.3%	▲ 0.2%
\$43.51	Burnaby Class A 15.3%	▼ 3.5%
\$35.60	Richmond Class A 9.2%	▲ 1.7%
\$34.14	Surrey Class A 7.5%	▼ 0.0%
\$38.95	North Shore Class A 5.8%	▼ 1.0%
\$38.69	New Westminister Class A - %	▼ 0.0%
\$33.10	Langley Class A 15.2%	▼ 0.5%

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

Recent Transactions (Q4 2021)

Occupier	Size	Submarket	Type	Address
1 Owen Bird Law	32,000 SF	Downtown	Prelease	733 Seymour Street
2 Tipalti	27,000 SF	New	New	505 Burrard Street
3 Guinness Business Centre	11,774 SF	Downtown	Renewal	1055 W. Hastings Street
4 CMAW Pension & Benefit Plans	9,749 SF	Burnaby	New	4445 Lougheed Highway
5 Premier Insurance	9,157 SF	Downtown	Prelease	601 W. Hastings Street

Occupier's Perspective

- Occupiers need to be prepared for significant delays for any buildout that needs to be done - even minor improvements.
- Occupiers also need to budget for considerably higher than usual construction costs.
- Settling the in-person vs. working remotely workplace dilemma continues to be highly challenging for CRE decisionmakers.

Market Trends



Assuming Omicron continues to wane, Metro Vancouver's office market is expected to move mostly sideways for the balance of 2022.

Slowing any further decline in vacancies, will be the delivery of 7.8 million square feet (8.5% of existing inventory) of new office space, of which 58% is preleased.

Landlords look set to hold rents firm, with Class A buildings in particular posting rates at near pre-Covid levels.