

Q3 2023

# Victoria

## Office Market Report

### Net Absorption

This Quarter	Previous Quarter
53K SF	14K SF
12-Month Absorption	3-Year Quarterly Avg.
120K SF	17K SF

### Vacancy

This Quarter	Year-over-Year
6.5%	▲ 60 bps

### Asking Net Rent\*

This Quarter	Year-over-Year
\$22.79 PSF	▼ 5.1%

### Development

Under Construction	New Supply
158K SF	67K SF

### Strata Sale Price

Sale Price Avg.	Year-over-Year
\$526 PSF	▲ 25.8%

\*Weighted Average  
Colliers Macaulay Nicolls Inc.

### Market Outlook

The Victoria office market experienced another quarter of consistent leasing activity. The overall vacancy rate increased to 6.5%. Sublease volumes decreased by 23.9% from the previous quarter, returning to levels seen at the beginning of the year. Sublease space amounted to 50,414 square feet, which represents 8.6% of the total vacancy.

Office rental rates were lower on average year-over-year (YoY) but remain consistent with what was seen last quarter, as landlords become more willing to offer concessions to quality tenants to secure long term deals. As was anticipated earlier in the year, investment sales volumes continue to lull, while strata office has achieved healthy sale prices with strong YoY growth in average sales prices per square foot.

1555-1955 McKenzie Avenue was demolished this quarter, removing 34,827 square feet from inventory. This former professional centre is set to be redeveloped into a six-storey rental and commercial project. Conversely, Plexxis Tower completed construction in Q3, with occupancy scheduled for late this quarter. This new six-storey Class A suburban office building offers 67,074 square feet of brand-new office space, and 9,075 square feet of mainly ground floor retail opportunities. The building will be partially tenanted by Plexxis itself.

The completion of Plexxis Tower leaves TELUS Ocean as the only office building currently undergoing construction in Victoria; however, several more developments are in the pipeline, including Capital VI, to be developed by Jawl Properties, which was officially announced this quarter. This future 10-storey Class AA office building will be constructed in the heart of Downtown Victoria and is now available for pre-lease. The building will feature ground floor commercial, high-quality amenities including a fitness centre and outdoor terrace, as well as flexible floor plans.

Occupancy levels in office buildings continue to remain low, but recently some technology companies have taken their space off the market due to an increase in employees returning to the office. We expect the tech sector's slow return to office will continue.

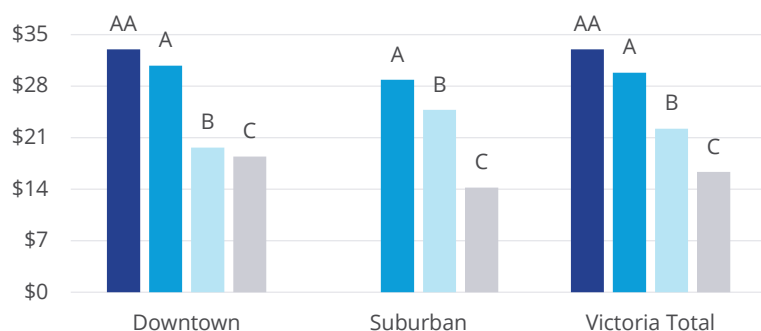
Overall, the Greater Victoria office market has continued to showcase its resilience and stability. Vacancy experienced a slight increase due to the completion of new construction, while sublease volumes decreased. Developments continue at steady rates as Victoria remains a desirable place to do business.

Accelerating success.

# Market Overview

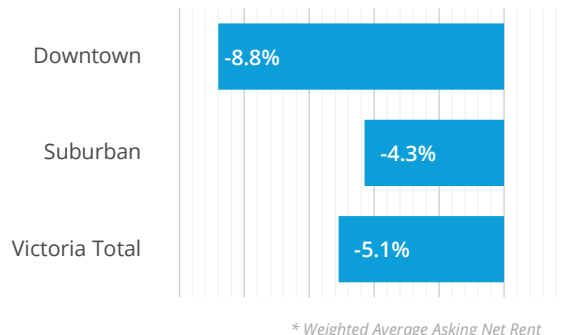
## 01 Listing Rental Rates by Building Class

Weighted Average Asking Net Rent (PSF)



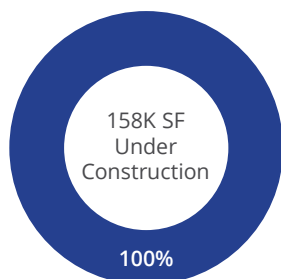
## 02 Rental Rate Growth

By Market | Q3 2022 – Q3 2023



## 03 Under Construction by Market

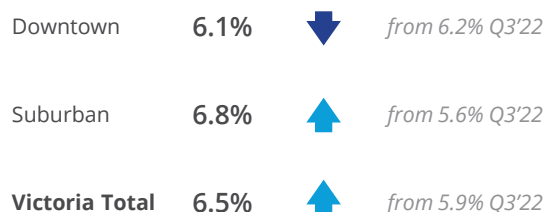
Total Square Feet (SF)



■ Downtown 158,441 SF

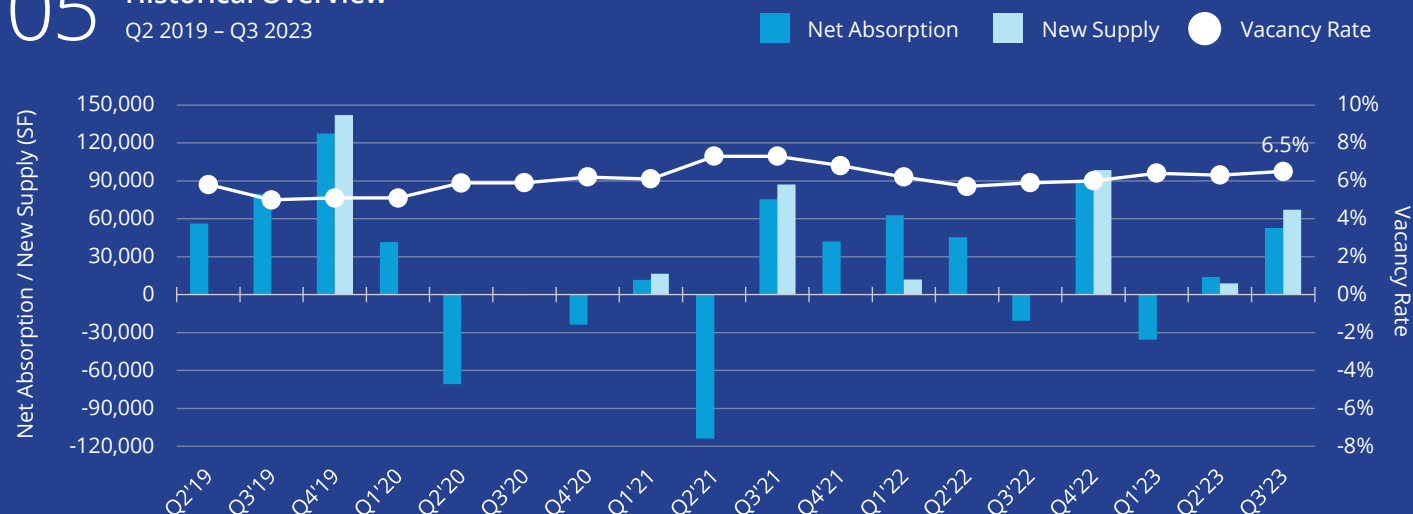
## 04 Vacancy Rate

By Market | Q3 2022 – Q3 2023



## 05 Historical Overview

Q2 2019 – Q3 2023



# Market Statistics & Transaction Highlights

	Downtown	Suburban	Victoria Total
<b>Number of Buildings</b>	<b>111</b>	<b>129</b>	<b>240</b>
Total Inventory (SF)	5,060,294	4,029,907	<b>9,090,201</b>
Total Vacant Space (SF)	310,921	275,005	<b>585,926</b>
Direct Vacancy* (SF)	274,294 (88.2%)	261,218 (95.0%)	<b>535,512 (91.4%)</b>
Sublease Vacancy* (SF)	36,627 (11.8%)	13,787 (5.0%)	<b>50,414 (8.6%)</b>
Vacancy Rate (Q3 2023)	6.1%	6.8%	<b>6.5%</b>
Vacancy Rate (Q2 2023)	6.1%	6.5%	<b>6.3%</b>
Net Absorption (SF)	-794	53,552	<b>52,758</b>
New Supply (SF)	0	67,074	<b>67,074</b>
Under Construction (SF)	158,441	0	<b>158,441</b>
Average Asking Net Rent (PSF)	\$22.96	\$22.62	<b>\$22.79</b>
Average Asking Gross Rent (PSF)	\$38.29	\$36.05	<b>\$37.17</b>

\*% shown are of total vacant space

## Notable Lease Transactions

Tenant	Building Name / Address	Market	Lease Type	Size (SF)
Lifelabs Medical Laboratory Services	Victoria Technology Park / 4464 Markham Street	Suburban	Renewal	16,737
Investors Group Financial Services	4400 Chatterton Way	Suburban	Extension	10,437
First Nations Justice Council	Carnegie Building / 794 Yates Street	Downtown	New Deal	7,030

## Notable Active Developments

Building Name / Address	Class	Market	Building Status	Size (SF)	Est. Completion	Owner / Developer
The Offices at West Shore Business Park / 4342 West Shore Parkway	B	Suburban	Planned	24,126	Q3 2024	Eagle Builders
TELUS Ocean / 767 Douglas Street	AA	Downtown	Under Construction	158,441	Q2 2025	TELUS
Capital VI / 1221 Blanshard Street	AA	Downtown	Planned	183,500	N/A	Jawl Properties

Source: CitiFied

# Colliers Research



We are the industry cornerstone of authoritative statistics, forecasts and market commentary across Canada.

With more than 20 years of comprehensive market data, extensive research capabilities and access to 'live' deal information – there is no other research firm in Canada that can provide such a complete commercial real estate research solution.

With more than 20 dedicated research specialists, supported by over 20 market data coordinators – our world-class researchers are continuously sourcing and analyzing data in every major market across Canada – to ensure our clients receive the most accurate and powerful information to make critical decisions for their future.

## Core services:

- Predictive market research
- Reporting on key insights and trends
- Access to the latest market data
- Customized research engagements

## For more information on the Victoria Office Market, please contact:

### Tyler Dolan

Managing Director, Vancouver Island & Okanagan  
+1 250 414 8388  
[tyler.dolan@colliers.com](mailto:tyler.dolan@colliers.com)

### Adam Jacobs

Senior National Director, Research | Canada  
+1 437 836 0491  
[adam.jacobs@colliers.com](mailto:adam.jacobs@colliers.com)

### Leo Lee

Director, National Research Operations | Canada  
+1 416 620 2839  
[leo.lee@colliers.com](mailto:leo.lee@colliers.com)

### Max Shapinko

Research Operations Specialist | Canada  
+1 416 791 7256  
[max.shapinko@colliers.com](mailto:max.shapinko@colliers.com)

### Report Authors:

### Madison Bray

Research Coordinator  
+1 250 414 8381  
[madison.bray@colliers.com](mailto:madison.bray@colliers.com)

### Camus Berry

Research Coordinator  
+1 250 414 8447  
[camus.berry@colliers.com](mailto:camus.berry@colliers.com)

### Colliers Canada | Victoria

Colliers Macaulay Nicolls Inc.  
1175 Douglas Street, Suite 1110  
Victoria, BC V8W 2E1  
+1 250 388 6454



[collierscanada.com/research](https://collierscanada.com/research)

Information herein has been obtained from sources deemed reliable, however its accuracy cannot be guaranteed. The user is required to conduct their own due diligence and verification. This publication is the copyrighted property of Colliers and /or its licensor(s). Copyright © 2023. All rights reserved. Colliers Macaulay Nicolls Inc.

Accelerating success.