

Q3 2023

# Vancouver

## Office Market Report

### Net Absorption

This Quarter	Previous Quarter
-628K SF	-148K SF
12-Month Absorption	5-Year Quarterly Average
709K SF	-39K SF

### Vacancy

This Quarter	Year-over-Year
8.6%	▲270 bps

### Weighted Average Asking Net Rent

This Quarter	Year-over-Year
\$34.49 PSF	▲3.6%

### Development

Under Construction	New Supply
5.5M SF	116K SF

Colliers Macaulay Nicolls Inc.

### Market Outlook

The Greater Vancouver Area (GVA) office market continued to see negative absorption in Q3 2023. The addition of a significant amount of office vacant space was added across all three submarkets, resulting in a rise in the vacancy rate to a six-year high of 8.6% in the GVA. Downtown Vancouver also experienced its highest vacancy rate in nearly 20 years at 11.9%, while the rates in Midtown and Suburban were 7.2% and 5.3%, respectively.

Many businesses continue to optimize their office space requirements to adapt to the growing prevalence of hybrid work arrangements and the changing nature of in-office work, which led to a significant portion of office space that was returned to the market as sublease options, one of the factors contributing to the vacancy rate's growing trend.

Speaking to the historical strength of the market and difficulty in reconciling perspectives, the GVA office market vacancy rate this quarter was the highest it has been since 2017, but at the same time, it continues to have the lowest vacancy rate among major markets in North America. On the other hand, the GVA has the greatest return to office level nationwide, making it clear that while GVA is experiencing the same softening of market conditions as most major North American markets, it looks a lot healthier than places like San Francisco, where have seen the office vacancy rates approach or exceed 30%.

The GVA weighted average asking net rent decreased 1.0% to \$34.49 per square foot in Q3 from the previous quarter, the first

decrease in almost three years, as a direct consequence of the steady increase in vacancy over the last 18 months. As a result, tenants today have greater options when selecting an office and landlords are more willing to negotiate net rents, free rent periods, improvement allowances, and shorter lease terms in some cases to attract and retain occupants.

In the first half of 2023, Downtown Vancouver delivered over 2.1 million square feet of new supply, including The Post, Bosa Waterfront Centre and The Stack. B6 at 1090 West Pender Street, is the only remaining project under construction that offers more than 500,000 square feet of space in the Downtown market. Meanwhile, some projects have been placed on hold, such as 1166 West Pender, until sufficient preleasing is in place to justify construction. As a result, Midtown (Broadway Corridor and Vancouver Periphery) has become the most active submarket for new developments, which accounts for roughly 40% of the total 5.5 million square feet of office space that is currently under construction. Additionally, Burnaby represents 18% of under construction developments, also surpassing Downtown's 14%.

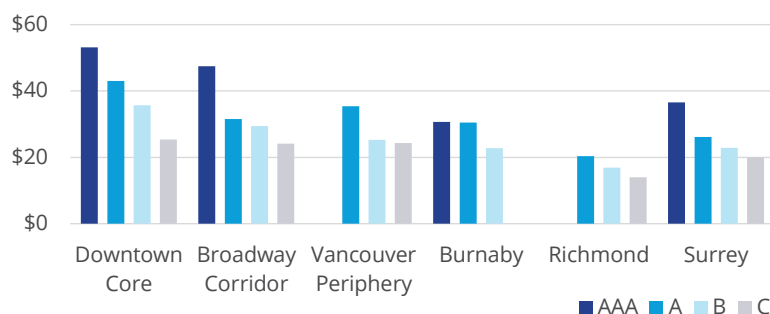
The healthcare sector has now overtaken the technology sector for the very first time in a decade this quarter as the most active industry, seeking over 560,000 square feet of office space in the GVA. Following the technology sector which seeks 421,500 square feet, the professional services and life science sectors are also looking for more than 380,000 square feet and 290,000 square feet of office space, respectively.

Accelerating success.

# Market Overview

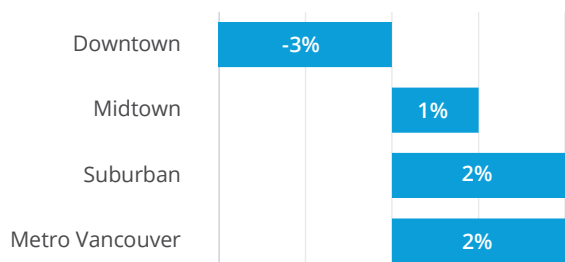
## 01 Rental Rates by Building Class

Weighted Average Asking Net Rent (PSF)



## 02 Rental Rate Growth\*

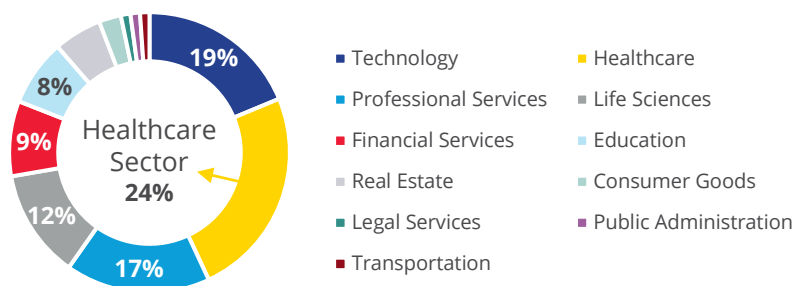
By Submarket | Q3 2022 – Q3 2023



\* Weighted Average Asking Net Rent

## 03 Leasing Demand by Industry

By Square Feet Sought



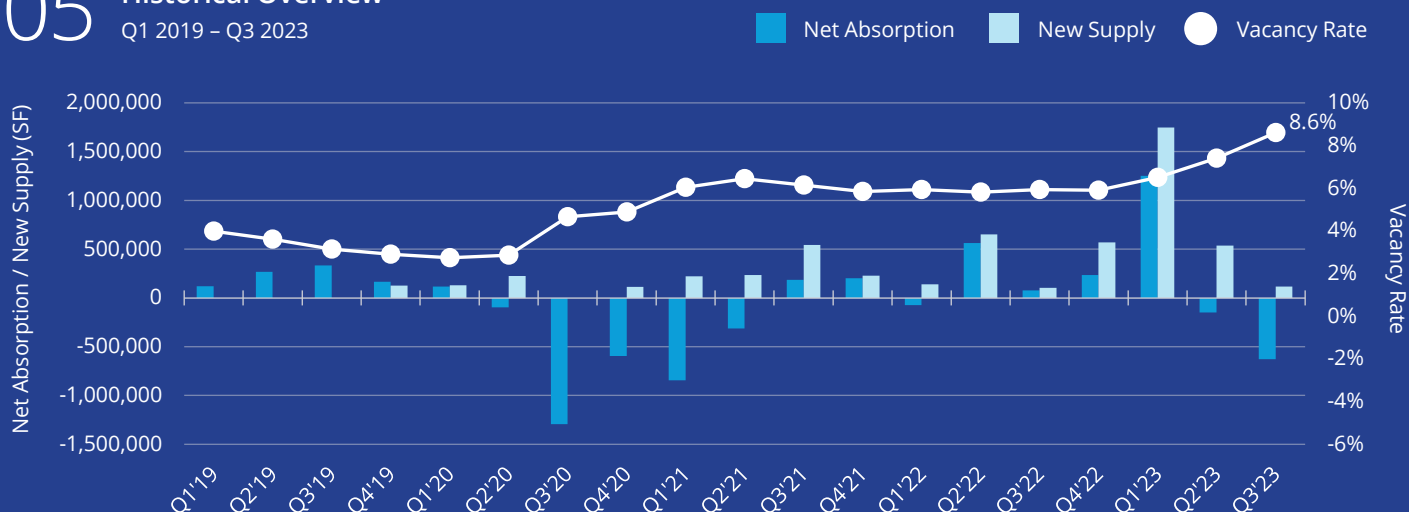
## 04 Vacancy Rate

By Submarket | Q3 2022 – Q3 2023



## 05 Historical Overview

Q1 2019 – Q3 2023



# Market Statistics

		Class	Inventory (SF)	Total Vacant Space (SF)	Vacancy Rate	Direct Available Space (SF)	Sublease Available Space (SF)	Total Available Space (SF)	Availability Rate	Net Absorption (SF)	New Supply (SF)	Under Construction (SF)	Weighted Average Asking Net Rent (PSF)	Weighted Average Asking Gross Rent (PSF)
Downtown	Downtown Core	AAA	6,281,818	806,541	12.8%	562,349	259,265	821,614	13.1%	-69,067	-	533,519	\$53.13	\$78.32
		A	8,541,451	976,239	11.4%	843,878	389,949	1,233,827	14.4%	-196,869	-	217,462	\$43.06	\$67.57
		B	10,465,575	1,178,760	11.3%	1,165,345	342,733	1,508,078	14.4%	14,292	-	-	\$35.69	\$58.19
		C	3,397,841	427,243	12.6%	433,523	55,198	488,721	14.4%	-31,746	-	-	\$25.42	\$43.99
		All	28,686,685	3,388,783	11.8%	3,005,095	1,047,145	4,052,240	14.1%	-283,390	-	750,981	\$39.54	\$62.54
	Gastown / Railtown	A	375,998	101,762	27.1%	63,857	37,905	101,762	27.1%	0	-	-	\$35.15	\$51.16
		B	640,532	46,700	7.3%	18,741	34,457	53,198	8.3%	-16,071	-	-	\$31.33	\$31.21
		C	1,079,786	144,886	13.4%	148,105	37,755	185,860	17.2%	-30,935	-	-	\$23.09	\$40.05
		All	2,096,316	293,348	14.0%	230,703	110,117	340,820	16.3%	-47,006	-	-	\$27.10	\$42.41
	Yaletown	A	54,558	0	0.0%	0	0	0	0.0%	0	-	-	-	-
		B	716,866	47,414	6.6%	58,970	10,523	69,493	9.7%	-6,883	-	-	\$38.40	\$56.82
		C	919,118	149,843	16.3%	67,182	109,792	176,974	19.3%	2,286	-	-	\$34.35	\$53.01
		All	1,690,542	197,257	11.7%	126,152	120,315	246,467	14.6%	-4,597	-	-	\$36.24	\$54.79
Downtown Total	Downtown Core, Gastown / Railtown, Yaletown	AAA	6,281,818	806,541	12.8%	562,349	259,265	821,614	13.1%	-69,067	-	533,519	\$53.13	\$78.32
		A	8,972,007	1,078,001	12.0%	907,735	427,854	1,335,589	14.9%	-196,869	-	217,462	\$42.50	\$66.42
		B	11,822,973	1,272,874	10.8%	1,243,056	387,713	1,630,769	13.8%	-8,662	-	-	\$35.75	\$57.72
		C	5,396,745	721,972	13.4%	648,810	202,745	851,555	15.8%	-60,395	-	-	\$25.82	\$44.02
		All	32,473,543	3,879,388	11.9%	3,361,950	1,277,577	4,639,527	14.3%	-334,993	-	750,981	\$38.56	\$60.87

# Market Statistics

												Weighted Average Asking Net Rent	Weighted Average Asking Gross Rent	
	Class	Inventory (SF)	Total Vacant Space (SF)	Vacancy Rate	Direct Available Space (SF)	Sublease Available Space (SF)	Total Available Space (SF)	Availability Rate	Net Absorption (SF)	New Supply (SF)	Under Construction (SF)	(PSF)	(PSF)	
Broadway Corridor	Fairview / Kitsilano	AAA	288,400	22,640	7.9%	24,998	0	24,998	8.7%	0	-	-	\$48.00	\$67.51
		A	2,364,130	176,997	7.5%	144,666	66,295	210,961	8.9%	-9,711	-	154,756	\$30.80	\$53.00
		B	2,092,937	120,359	5.8%	114,495	42,756	157,251	7.5%	-19,628	-	-	\$28.46	\$49.46
		C	317,959	38,718	12.2%	43,254	2,241	45,495	14.3%	-5,419	-	-	\$26.11	\$44.53
		All	5,063,426	358,714	7.1%	327,413	111,292	438,705	8.7%	-34,758	-	154,756	\$30.68	\$51.75
	Mount Pleasant	AAA	346,340	35,858	10.4%	35,858	0	35,858	10.4%	-30,058	-	256,234	\$47.00	\$67.00
		A	828,373	79,939	9.7%	76,249	6,908	83,157	10.0%	14,026	-	168,690	\$32.98	\$53.47
		B	501,142	22,474	4.5%	1,785	20,689	22,474	4.5%	-404	-	-	\$28.00	\$43.24
		C	100,617	4,026	4.0%	0	4,026	4,026	4.0%	4,647	-	-	-	-
		All	1,776,472	142,297	8.0%	113,892	31,623	145,515	8.2%	-11,789	-	424,924	\$37.32	\$57.57
	False Creek Flats	AAA	164,000	0	0.0%	0	0	0	0.0%	0	-	104,228	-	-
		A	871,221	0	0.0%	0	0	0	0.0%	0	-	409,715	-	-
		B	416,603	50,198	12.0%	46,151	4,047	50,198	12.0%	7,181	-	-	\$32.00	\$46.00
		C	137,350	11,944	8.7%	11,944	0	11,944	8.7%	0	-	-	\$17.00	\$27.06
		All	1,589,174	62,142	3.9%	58,095	4,047	62,142	3.9%	7,181	-	513,943	\$28.92	\$42.11
Broadway Corridor Total	Fairview / Kitsilano, Mount Pleasant, False Creek Flats	AAA	798,740	58,498	7.3%	60,856	0	60,856	7.6%	-30,058	-	360,462	\$47.41	\$67.21
		A	4,063,724	256,936	6.3%	220,915	73,203	294,118	7.2%	4,315	-	733,161	\$31.56	\$53.16
		B	3,010,682	193,031	6.4%	162,431	67,492	229,923	7.6%	-12,851	-	-	\$29.46	\$48.41
		C	555,926	54,688	9.8%	55,198	6,267	61,465	11.1%	-772	-	-	\$24.14	\$40.75
		All	8,429,072	563,153	6.7%	499,400	146,962	646,362	7.7%	-39,366	-	1,093,623	\$31.99	\$51.96
Vancouver Periphery	Vancouver Periphery*	A	2,070,028	171,737	8.3%	22,130	202,261	224,391	10.8%	-10,558	-	1,084,070	\$35.41	\$56.91
		B	636,761	114,450	18.0%	43,746	70,704	114,450	18.0%	2,425	-	-	\$25.29	\$40.60
		C	732,545	5,679	0.8%	5,679	0	5,679	0.8%	5,000	-	-	\$24.35	\$41.67
		All	3,439,334	291,866	8.5%	71,555	272,965	344,520	10.0%	-3,133	-	1,084,070	\$28.35	\$45.73
Midtown Total	Broadway Corridor, Vancouver Periphery	AAA	798,740	58,498	7.3%	60,856	0	60,856	7.6%	-30,058	-	360,462	\$47.41	\$67.21
		A	6,133,752	428,673	7.0%	243,045	275,464	518,509	8.5%	-6,243	-	1,817,231	\$31.91	\$53.51
		B	3,647,443	307,481	8.4%	206,177	138,196	344,373	9.4%	-10,426	-	-	\$28.57	\$46.75
		C	1,288,471	60,367	4.7%	60,877	6,267	67,144	5.2%	4,228	-	-	\$24.16	\$40.83
		All	11,868,406	855,019	7.2%	570,955	419,927	990,882	8.3%	-42,499	-	2,177,693	\$31.53	\$51.18

\*Vancouver Periphery includes office buildings in the City of Vancouver, excluding Downtown and Broadway Corridor.

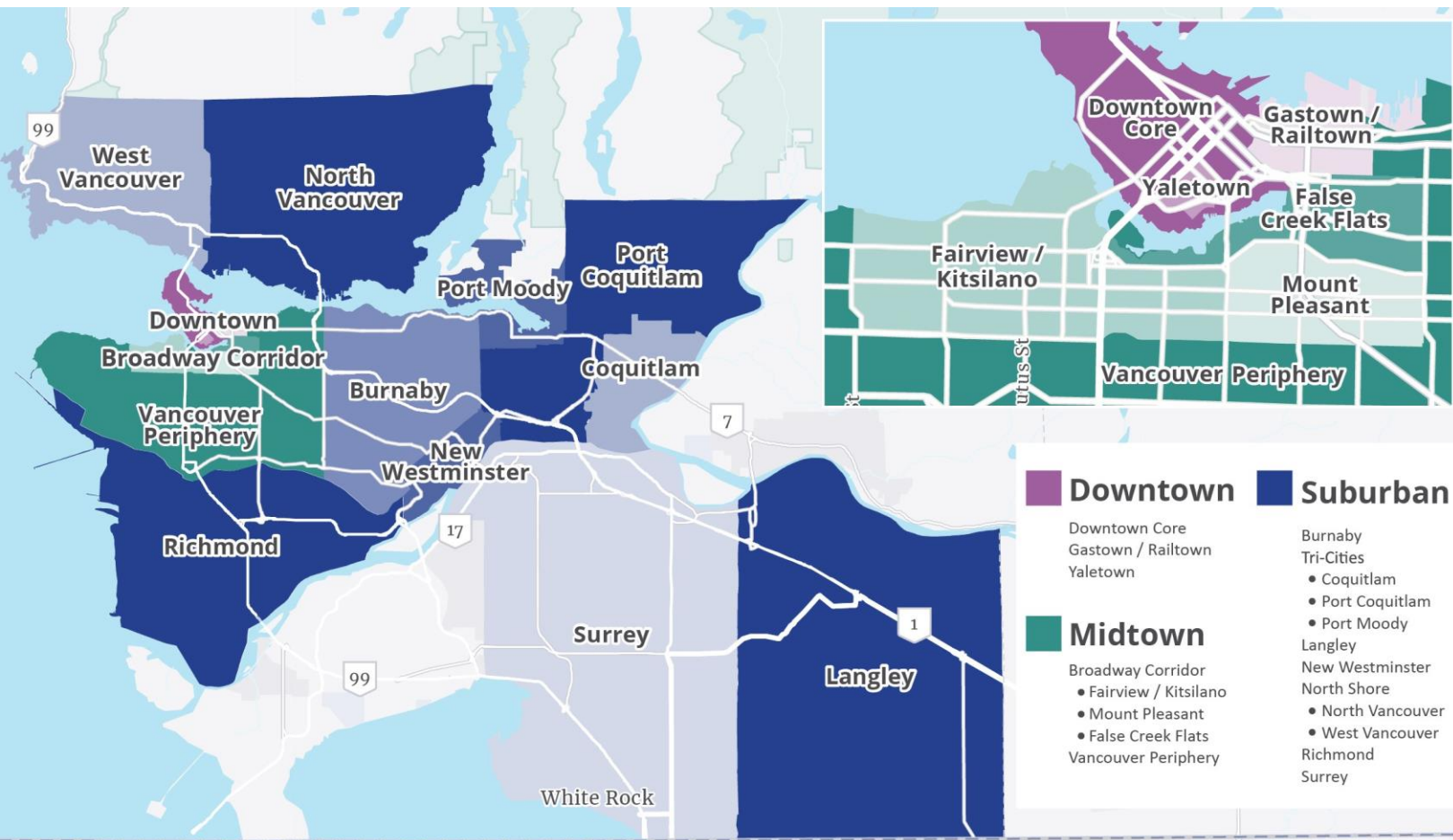
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		Class	Inventory (SF)	Total Vacant Space (SF)	Vacancy Rate	Direct Available Space (SF)	Sublease Available Space (SF)	Total Available Space (SF)	Availability Rate	Net Absorption (SF)	New Supply (SF)	Under Construction (SF)	Weighted Average Asking Net Rent (PSF)	Weighted Average Asking Gross Rent (PSF)
Suburban	Burnaby	AAA	1,553,179	105,451	6.8%	67,322	59,455	126,777	8.2%	-42,429	-	633,869	\$30.70	\$52.38
		A	5,489,142	390,653	7.1%	314,997	162,754	477,751	8.7%	-41,052	49,460	338,750	\$30.49	\$46.59
		B	2,883,454	181,482	6.3%	211,861	10,747	222,608	7.7%	-33,254	-	-	\$22.79	\$40.25
		C	537,727	0	0.0%	0	0	0	0.0%	0	-	-	-	-
		All	10,463,502	677,586	6.5%	594,180	232,956	827,136	7.9%	-116,735	49,460	972,619	\$27.77	\$44.98
	Tri-Cities	A	360,593	2,771	0.8%	5,296	0	5,296	1.5%	4,127	-	330,519	\$33.00	\$46.78
		B	211,673	11,429	5.4%	11,429	0	11,429	5.4%	0	-	-	\$28.00	\$48.85
		C	174,861	0	0.0%	0	0	0	0.0%	0	-	-	-	-
		All	747,127	14,200	1.9%	16,725	0	16,725	2.2%	4,127	-	330,519	\$29.58	\$48.19
	Langley	A	1,216,056	25,429	2.1%	51,532	0	51,532	4.2%	25,673	-	198,983	\$31.30	\$44.87
		B	536,693	13,256	2.5%	13,256	0	13,256	2.5%	0	-	-	\$25.95	\$42.92
		C	157,188	0	0.0%	0	0	0	0.0%	0	-	-	-	-
		All	1,909,937	38,685	2.0%	64,788	0	64,788	3.4%	25,673	-	198,983	\$30.21	\$44.47
	New Westminster	A	962,058	17,228	1.8%	13,528	3,700	17,228	1.8%	-4,762	-	48,627	\$25.34	\$43.51
		B	743,648	18,271	2.5%	18,271	0	18,271	2.5%	6,015	-	-	\$18.00	\$31.19
		C	401,678	9,307	2.3%	9,307	0	9,307	2.3%	-3,074	-	-	\$12.00	\$35.91
		All	2,107,384	44,806	2.1%	41,106	3,700	44,806	2.1%	-1,821	-	48,627	\$19.06	\$36.31
	North Shore	A	1,135,544	42,866	3.8%	36,765	14,973	51,738	4.6%	-821	-	49,224	\$23.71	\$40.15
		B	1,252,306	34,745	2.8%	39,127	0	39,127	3.1%	3,488	-	-	\$22.41	\$36.90
		C	218,692	0	0.0%	0	0	0	0.0%	0	-	-	-	-
		All	2,606,542	77,611	3.0%	75,892	14,973	90,865	3.5%	2,667	-	49,224	\$23.04	\$38.47
	Richmond	A	2,437,853	162,935	6.7%	141,607	28,319	169,926	7.0%	-114,848	-	385,867	\$20.34	\$33.46
		B	1,549,266	92,657	6.0%	92,657	0	92,657	6.0%	905	-	47,286	\$16.93	\$31.14
		C	401,111	1,213	0.3%	1,213	0	1,213	0.3%	0	-	-	\$14.00	\$25.96
		All	4,388,230	256,805	5.9%	235,477	28,319	263,796	6.0%	-113,943	-	433,153	\$18.97	\$32.51
	Surrey	AAA	1,698,980	80,924	4.8%	87,954	38,200	126,154	7.4%	-34,822	-	436,914	\$36.60	\$56.31
		A	2,153,147	224,246	10.4%	193,646	30,600	224,246	10.4%	-17,008	66,759	81,766	\$26.13	\$37.73
		B	1,568,890	91,185	5.8%	84,502	6,683	91,185	5.8%	909	-	-	\$22.91	\$36.95
		C	807,038	0	0.0%	4,862	0	4,862	0.6%	270	-	-	\$20.00	\$39.57
		All	6,228,055	396,355	6.4%	370,964	75,483	446,447	7.2%	-50,651	66,759	518,680	\$27.80	\$41.98
Suburban Total	Suburban	AAA	3,252,159	186,375	5.7%	155,276	97,655	252,931	7.8%	-77,251	-	1,070,783	\$34.04	\$54.60
		A	13,754,393	866,128	6.3%	757,371	240,346	997,717	7.3%	-148,691	-	1,433,736	\$27.13	\$41.38
		B	8,745,930	443,025	5.1%	471,103	17,430	488,533	5.6%	-21,937	-	47,286	\$21.66	\$37.52
		C	2,698,295	10,520	0.4%	15,382	0	15,382	0.6%	-2,804	-	-	\$14.69	\$36.28
		All	28,450,777	1,506,048	5.3%	1,399,132	355,431	1,754,563	6.2%	-250,683	-	2,551,805	\$25.92	\$41.49



# Market Statistics

Metro Vancouver Total	Class	Inventory (SF)	Total Vacant Space (SF)	Vacancy Rate	Direct Available Space (SF)	Sublease Available Space (SF)	Total Available Space (SF)	Availability Rate	Net Absorption (SF)	New Supply (SF)	Under Construction (SF)	Weighted Average Asking Net Rent (PSF)	Weighted Average Asking Gross Rent (PSF)
	AAA	10,332,717	1,051,414	10.2%	778,481	356,920	1,135,401	11.0%	-176,376	-	1,964,764	\$48.88	\$72.72
	A	28,860,152	2,372,802	8.2%	1,908,151	943,664	2,851,815	9.9%	-351,803	116,219	3,468,429	\$35.05	\$54.84
	B	24,216,346	2,023,380	8.4%	1,920,336	543,339	2,463,675	10.2%	-41,025	-	47,286	\$31.52	\$51.58
	C	9,383,511	792,859	8.4%	725,069	209,012	934,081	10.0%	-58,971	-	-	\$25.44	\$43.59
	All	72,792,726	6,240,455	8.6%	5,332,037	2,052,935	7,384,972	10.1%	-628,175	116,219	5,480,479	\$34.49	\$54.75



# Transaction Highlights

## Notable Lease Transactions

Tenant	Building Name / Address	Market	Lease Type	Size (SF)
Peter Kiewit Sons ULC	Willingdon Park 7 / 4333 Still Creek Drive	Burnaby	Sublease	18,415
Progression Boulderling Gym Inc.	The Independent / 288 East Broadway	Mount Pleasant	Headlease – New Deal	17,901
Royal Window Fashions	Shelter Island Commerce Center / 6900 Graybar Road	Richmond	Headlease – New Deal	16,187

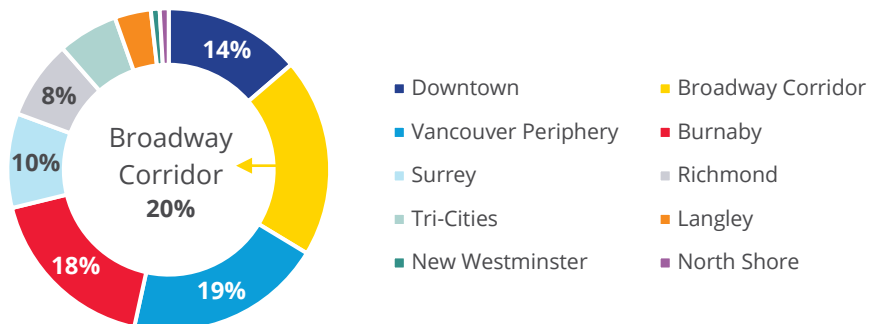
## Notable Sale Transactions

Building Name / Address	Market	Size (SF)	Sale Price	Title Type	Purchaser	Purchaser Profile
896 Cambie Street / 111 Smithe Street	Downtown Core	22,033	\$17,000,000	Freestanding	Nonni Property Group	Developer
Units 901 - 910, City Centre 3 / 13761 96th Avenue	Surrey	11,642	\$16,600,000	Strata	A&G Dhaliwal Holdings Ltd.	Private Investor - Canadian
8419 160th Street	Surrey	15,410	\$12,300,000	Freestanding	Sukhi Bath Motors	User

## Under Construction by Location

By Square Feet

*The Broadway Corridor remains the most active location for new construction this quarter.*



## Notable Developments

Building Name / Address	Class	Market	Building Status	Size (SF)	Est. Completion	Owner / Developer
B6 / 1090 Pender Street West	AAA	Downtown Core	Under Construction	533,519	Q4 2023	BentallGreenOak
Main Alley - M4 / 110 5 Avenue East	AAA	Mount Pleasant	Under Construction	229,296	Q2 2024	Westbank
Oakridge Park Phase 1 – Building 3 & 4 / 660 41 Avenue West	A	Vancouver Periphery	Under Construction	359,426	Q4 2024	Westbank / QuadReal
Creative Space at the Woodlands / 5931 Cambie Street	A	Vancouver Periphery	Under Construction	264,369	Q4 2024	Westbank / QuadReal
Oakridge Park Phase 1 - NE Office / 650 41 Avenue West	A	Vancouver Periphery	Under Construction	241,925	Q4 2024	Westbank / QuadReal
City Centre 4 / 9686 137 Street	AAA	Surrey	Under Construction	354,468	Q4 2025	Lark Group
Lab 29 / 1629 Scotia Street	A	False Creek Flats	Pre-Leasing	210,500	Q1 2026	Low Tide Properties
Central City Tower 2 / 10045-10145 King George	AAA	Surrey	Pre-Leasing	534,199	Q1 2028	Blackwood Partners

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