

Market Report

Overview - The narrative is now well established - vacancy levels go lower, rents go higher. Both vacancy and rents are at levels unimaginable just a few years ago. To date businesses have absorbed the rising cost of office space in stride, but the pressure to extract maximum value from their office premises is only increasing. The Metro Vancouver office leasing market finished the 2nd quarter with a record low vacancy rate of 4.4%, and an average Class A rent of \$41.60 per square foot (psf). Corresponding figures for the year ago period was 6.8%, and \$37.38 psf. Looking forward, leasing dynamics are not expected to change in any meaningful way, leaving Vancouver's office occupiers with fewer options, and rising costs.

Occupier's Perspective



Play nice with your landlord. Landlords have the upper hand in more ways than raising the rent.



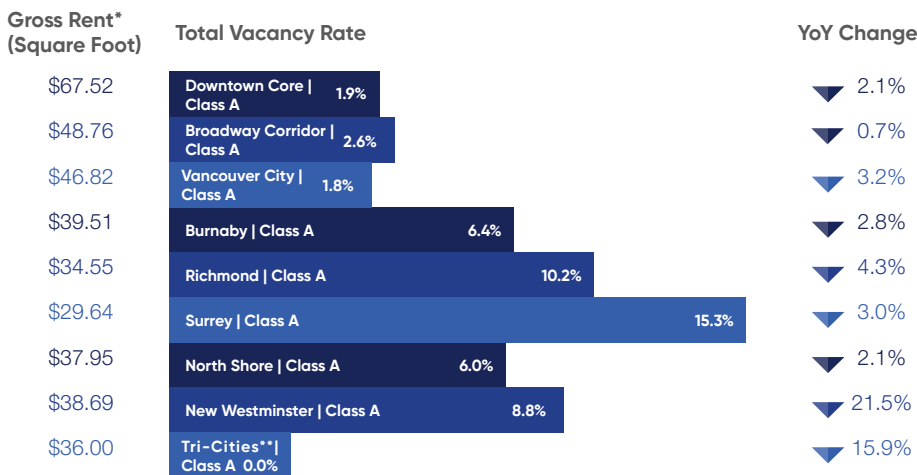
Check your right to renew. Landlords have always had a preference to accommodate their bigger/better tenants – true now more than ever.



The ability to attract (and retain) good employees and the relationship with the right office space has never been more important. Tough to get one without the other.



Rental and Vacancy Rates



*Class A rent CAD, average, ** Coquitlam, Port Coquitlam, Port Moody

Recent Transactions

Occupier	Size	Submarket	Type	Address
1 WeWork	172,000 SF	Downtown Core	Prelease	1090 West Pender Street
2 LaSalle College	82,000 SF	Vancouver - City	New	2665 Renfrew Street
3 WeWork	78,000 SF	Burnaby	Prelease	Brentwood Mall
4 WeWork	55,992 SF	Burnaby	Prelease	Station Square
5 WeWork	54,300 SF	Downtown Core	New	1045 Howe Street

Market Trends



As "Recent Transactions" demonstrate, the coworking trend shows no sign of slowing with WeWork alone leasing 360,292 SF in the 2nd quarter.

With a nearly 50 bps drop in interest/mortgage rates in 2019, the strata condo office market has seen a significant surge.

Beyond coworking, tech continues to be the primary driver of office demand, with Seattle and California based companies accounting for the lion's share of net new demand.