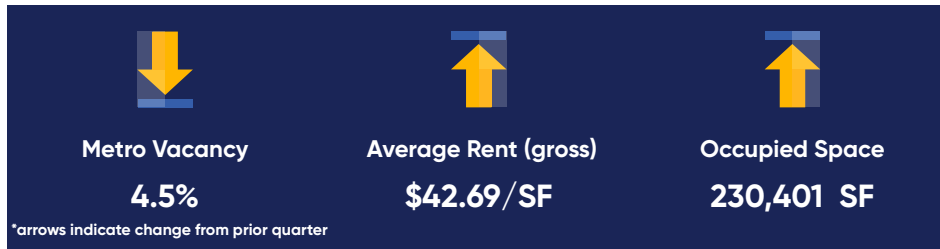


# Market Report

## Overview

The Metro Vancouver office leasing market only became more challenging in the final quarter of the year. Market conditions were characterized by little space available to lease and sharply higher lease rates. For any business looking for space, and those that are facing a lease renewal, the sticker shock will be palpable. There is still a very sharp downtown/suburban divide, but there is growing evidence overheated demand in downtown Vancouver is pushing all markets higher, including previously sluggish suburban markets. The best that could be said is vacancy/availability rates didn't go any lower with office vacancies during the quarter holding steady at 4.5%. The prognosis is little better for occupiers in the year ahead.



## Rental and Vacancy Rates

Gross Rent* (Square Foot)	Vacancy Rate (12/31/19)	YoY Change
\$68.52	Downtown Core   Class A 1.9%	▼ 0.3%
\$49.26	Broadway Corridor   Class A 2.3%	▼ 0.7%
\$46.82	Vancouver City   Class A 0.4%	▼ 8.6%
\$38.26	Burnaby   Class A 7.5%	▲ 0.4%
\$34.55	Richmond   Class A 9.1%	▼ 2.4%
\$35.14	Surrey   Class A 15.1%	▼ 2.3%
\$38.95	North Shore   Class A 3.5%	▼ 3.8%
\$38.69	New Westminster   Class A 8.7%	▼ 10.3%
\$34.00	Tri-Cities**   Class A 0.0%	▼ 7.6%

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

## Recent Transactions

Occupier	Size	Submarket	Type	Address
1 Amazon	669,304 SF	Downtown Core	Prelease	349 West Georgia Street
2 Shopify	71,424 SF	Downtown Core	New	1055 Dunsmuir Street
3 PI Financial	45,000 SF	Downtown Core	Prelease	753 Seymour Street
4 Investos Group	17,378 SF	Downtown Core	New	666 Burrard Street
5 Seymour Health	12,397 SF	North Vancouver	New	221 West Esplanade

## Occupier's Perspective



Tenants are expected to take a much closer look at their real estate needs and look for efficiencies wherever possible.



Space optimization will be front and centre for many companies as they come to grips with rents that may have doubled during their lease term.



The decision to go long or short is being made more difficult as preleasing continues to take-down new construction.

## Market Trends



A 2-tier leasing market appears to be developing with "big tech" able to afford rents local business just can not.

Top downtown rents of \$60.00 per square foot (psf), combined with additional-rents of ~\$25.00 psf make downtown Vancouver office space the priciest in Canada.

Even with a slowing local economy, tech giants such as Amazon and Microsoft, and now Shopify, are expected to keep the downtown market tight.