

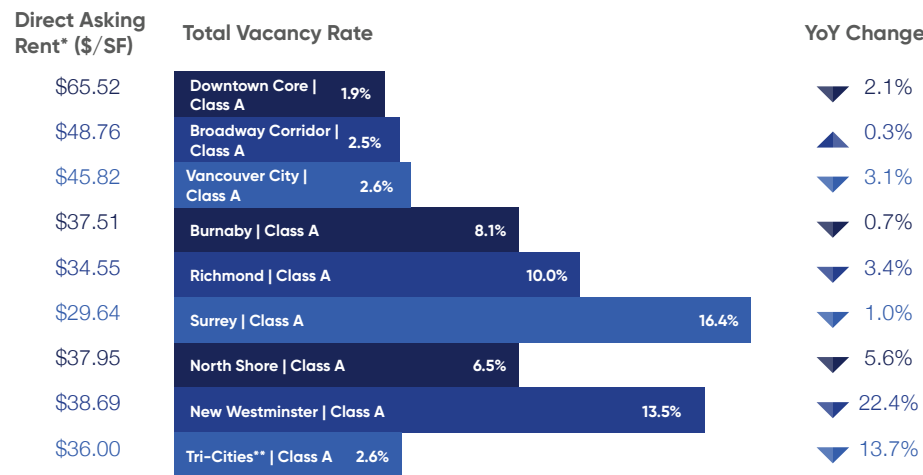
# Market Report

## Overview

For office occupiers the news goes from bad to worse. The metro-wide vacancy rate fell 60 basis points during the quarter to 5.0%, an all-time record low (10-year average = 8.3%). To say the office leasing market is a landlord's market would be an understatement. Tenants continue to have fewer and fewer options, and must be ready for the "take it or leave it" stance taken by many landlords. Relief is on the way [but on the horizon], but lower rents are unlikely, even with pending new supply. Even with a near record amount of office construction underway, sustained demand combined with very "sticky" lease rates are unlikely to significantly change conditions for office space occupiers.



## Rental and Vacancy Rates



\*Class A gross rent CAD, \*\* Coquitlam, Port Coquitlam, Port Moody

## Recent Transactions

Occupier	Size	Submarket	Type	Address
1 B2Gold	37,000 SF	Downtown Core	Prelease	753 Seymour Street
2 Zenabis Cannibas	16,369 SF	Downtown Core	New	666 Burrard Street
3 Virogin Biotech	16,289 SF	Richmond	New	13511 Commerce Pkwy
4 PaybyPhone	8,700 SF	Yaletown	Sublease	1128 Homer Street
5 Wellington-Altus	3,250 SF	Broadway Corridor	New	1450 Creekside Drive

## Occupier's Perspective



Tenants coming to the end of their lease should expect rent increases ranging from 20% to 50% [suburban/urban].



Occupiers should also take note of "non-rent" expenses which are also up sharply, with many landlord concessions no longer being offered.



Unlike past cycles tenants can no longer look to the suburbs as an option, with suburban markets also tightening rapidly with most posting single-digit or low double-digit vacancy rates.

## Market Trends



Unless the economy does an abrupt about turn, vacancy levels are almost certain to continue to new record lows.

Look for more pre-leasing announcements in the coming months. Many new office towers will likely be delivered to the market fully leased.

With Lululemon's announcement it intends to move to a new 583,000 square foot build-to-suit in the False Creek Flats area this further solidifies this area as Vancouver's hottest new leasing market.