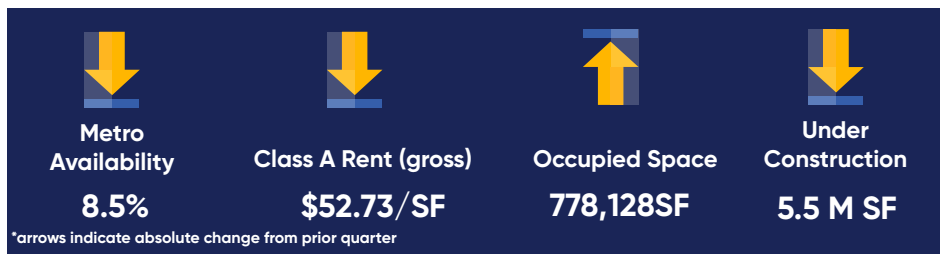


Market Report

The first quarter was again very sluggish with office leasing activity down at levels not seen since the depths of COVID. This was particularly the case downtown, but the general slowdown was evident in almost all parts of the region. At the end of the quarter the regionwide availability rate registered 8.5%, near a seven-year high, while the vacancy rate increased slightly to 5.7%, a six year high. To put Vancouver in perspective, however, it is worth noting Toronto availability registered 11.0% for Q1, and many North American office markets are well into the double digits, with some in excess of 20%. Even locally, however, the overriding theme among tenants is to be highly conservative when committing to space, and a clear preference to keep the term as short as possible. With the imbalance between supply and demand set to only increase, rents, are expected to drift lower.



Rental and Availability Rates

Gross Rent* (Square Foot)	Availability Rate (03/31/2023)	QoQ Change/Availability
\$69.31	Downtown Core Class A 12.8%	▼ 2.2%
\$53.76	Broadway Corridor Class A 9.0%	▲ 0.4%
\$49.91	Vancouver City Class A 7.0%	▼ 1.6%
\$47.31	Burnaby Class A 8.2%	▲ 0.2%
\$38.28	Richmond Class A 15.6%	▲ 9.7%
\$40.10	Surrey Class A 13.8%	▲ 2.4%
\$45.95	North Shore Class A 22.3%	▲ 8.0%
\$43.69	New Westminister Class A 6.1%	▼ 0.6%
\$39.10	Langley Class A 10.7%	▼ 0.2%

*Class A average asking rent CAD QoQ [quarter-over-quarter]

Recent Transactions (1st Quarter 2023)

Occupier	Size	Submarket	Type	Address
1 MNP	100,000 SF	Downtown	New	609 Granville Street
2 WETA FX	32,000 SF	Downtown	Sublease	745 Thurlow Street
3 FTXT Energy Technology	23,606 SF	Burnaby	New	8900 Glenlyon Parkway
4 Hitachi	16,889 SF	Richmond	New	10271 Shellbridge Way
5 Lithium Americas	7,659 SF	Downtown	New	900 Hastings Street

Occupier's Perspective



The market continues to move more and more in favour of the tenant with an abundance of options across almost all geographies, size and quality.



Despite a broad return to the office, underlying demand remains well below pre-pandemic levels creating a heightened sense of uncertainty.



To avoid the high cost of leasehold improvements, many office occupiers are looking to well improved sublease space as an option.

Market Trends



Sublet space has become a dominant feature of the market, particularly downtown, where 26% of all available space is offered on a sublease basis.

Shorter terms, termination rights, and a focus on flexibility, are now the priorities for many office occupiers as employers adopt new workspace strategies.

Market conditions are only set to get weaker in the coming months, as additional supply gets added to the market, and tech companies in particular continue to rationalize both headcount and leased space.