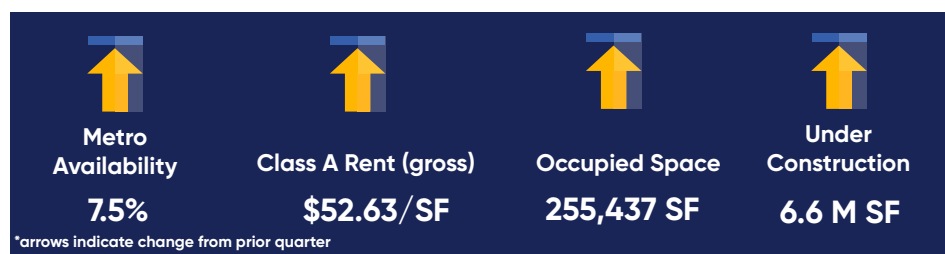


# Market Report

While the absorption numbers (change in occupied space) were largely unnoteworthy, the announcement of a number of large lease deals, certainly gave the impression of a robust market. In reality demand for office premises continues to be lacklustre as most companies appear ready to make do with their existing leasehold interests, until they have a better gauge of both the business landscape, and remote working (which most employers now view as permanent) Of note was a continued increase in sublease space, not to the degree witnessed at the outset of COVID, but a measurable increase all the same. Notable in the second quarter was the delivery of 601 W. Hastings in the downtown core. Concern remains around the buildout of new builds, with construction costs soaring to levels few anticipated, even as recently as a year ago.



## Rental and Availability Rates


Gross Rent* (Square Foot)	Availability Rate (06/30/2022)	QoQ Change/ Availability
\$69.31	Downtown Core   Class A 12.1%	▲ 2.8%
\$53.76	Broadway Corridor   Class A 5.8%	▲ 7.8%
\$49.82	Vancouver City   Class A 18.9%	▲ 5.9%
\$46.51	Burnaby   Class A 13.4%	▼ 1.6%
\$34.60	Richmond   Class A 10.1%	▲ 1.4%
\$38.10	Surrey   Class A 6.9%	▲ 1.8%
\$41.95	North Shore   Class A 15.6%	▲ 10.3%
\$40.69	New Westminster   Class A 5.2%	▼ 0.0%
\$39.10	Langley   Class A 24.0%	▼ 1.9%


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


## Recent Transactions (2nd Quarter 2022)

Occupier	Size	Submarket	Type	Address
1 Microsoft	400,000 SF	Downtown	Prelease	1090 West Pender
2 Lululemon	120,000 SF	Downtown	New	1280 Burrard Street
3 Annimal Logic	110,000 SF	Mount Pleasant	New	110 East 5th Ave
4 RBC Capital Markets	34,332 SF	Downtown	Renewal	666 Burrard Street
5 Disney	32,700 SF	Yaletown	New	1128 Hamilton Street

## Occupier's Perspective

 A balanced market means tenants have options, but new builds require substantial capex, and existing space usually needs upgrading.

 For now, most occupiers have accepted their space will be underutilized, but few appear compelled to right-size.

 Recognizing a tight labour market, occupiers are doing everything they can to ensure their employees view the office as somewhere they want to be.

## Market Trends



Office rents showed surprising strength during the quarter (mostly in the suburbs), rising 4.6% to average \$33.90 per square foot.

A number of large lease deals were announced during the quarter, creating the impression of robust demand, but the reality is more nuanced.

Market conditions not expected to change markedly in the coming quarter, not just downtown, but across the region.