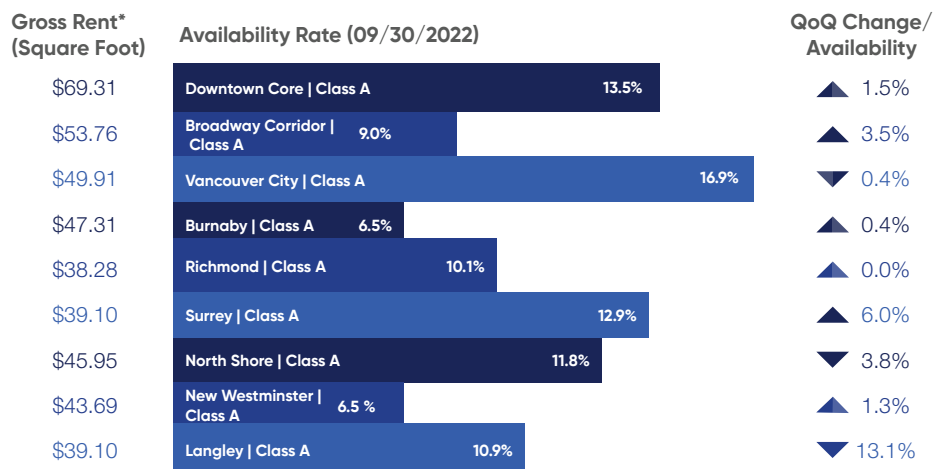


# Market Report

The third quarter had a decidedly more sluggish feel relative to the prior 3-month period which was reflected in absorption, but also leasing activity. The July-September period is always difficult to gauge, and perhaps coming on the heels of both Microsoft and Lululemon announcing large leases, the 3-month period just finished felt disappointing. A surprising number of subleases also hit the market, taking the amount of sublease space just shy of the record highs registered during the worst of COVID. New deliveries were also down compared to the past few quarters, with just 168,000 square feet completed, but around the corner is 6.4 million square feet under construction. Developers, however, appear to be confident about future demand, notwithstanding the rise in interest rates, with a number of launch announcements.



## Rental and Availability Rates



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

## Recent Transactions (3rd Quarter 2022)

Occupier	Size	Submarket	Type	Address
1 Canaccord Genuity	98,700 SF	Downtown	Prelease	1133 Melville Street
2 Lululemon	29,600 SF	Broadway Corridor	New	1523 West 3rd Avenue
3 Kaseya	22,000 SF	Downtown	Sublease	545 Robson Street
4 Nintendo	14,500 SF	Burnaby	New	4402 Skyline Drive
5 Chime Financial Canada	8,540 SF	Yaletown	Prelease	601 West Hastings Street

## Occupier's Perspective

While mostly a downtown phenomenon, worker safety is starting to be an increasing concern with many employers electing to avoid certain areas.

After a period of ambiguity around carrying excess space, decisionmakers appear to be now making the difficult decision to rightsize.

Office occupiers appear to be increasingly frustrated with the quality of space available, creating headaches for leadership.

## Market Trends



Sublease space is again on the rise, increasing by 599,000 square feet, and helping to push the 3rd quarter availability rate to 8.4%.

With a number of announced tech layoffs including Hootsuite, Zymeworks and Slack, office demand is expected to moderate in the coming quarters.

With ever louder calls for recession, market conditions are almost certain to weaken, although landlords look set to hold firm on rents.