

# Market Report

## Overview

The surge in sublease space remains a dominant theme in Vancouver's office leasing market (as in many markets). From midway through the 2nd quarter, sublease space began to increase as COVID lockdowns came into effect. First it was just the downtown market, and then beginning in Q3 both the Broadway Corridor and the rest of The City along with suburban markets saw a similar increase in sublease space. To that point, in the latter half of 2020 downtown sublease space increased by 61%, while sublease space outside the core (but in The City) increased by 42%, and suburban markets by 63%. Early data points in 2021 show this trend accelerating. This suggests vacancies are set to go higher, aided by over 6.1 million square feet scheduled to be completed in 2021/23.



## Rental and Vacancy Rates

Gross Rent* (Square Foot)	Vacancy Rate (12/31/2020)	QoQ Change
\$65.14	Downtown Core   Class A 5.2%	▲ 1.1%
\$45.26	Broadway Corridor   Class A 3.8%	▲ 1.4%
\$43.82	Vancouver City   Class A 6.9%	▲ 3.4%
\$37.26	Burnaby   Class A 6.7%	▲ 1.1%
\$34.30	Richmond   Class A 8.1%	▼ 0.3%
\$34.14	Surrey   Class A 15.1%	▲ 1.0%
\$38.95	North Shore   Class A 3.1%	▲ 0.3%
\$38.69	New Westminister   Class A 3.5%	▼ 0.6%
\$34.00	Tri-Cities**   Class A 1.8%	▲ 1.3%

\*Class A average asking rent CAD \*\* Coquitlam, Port Coquitlam, Port Moody QoQ [quarter-over-quarter]

## Recent Transactions (Q4 2020)

Occupier	Size	Submarket	Type	Address
1 Unity	21,515 SF	Yaletown	Sublease	1110 Hamilton Street
2 Symvivo Corporation	18,252 SF	Burnaby	New	8900 Glenlyon Parkway
3 Fraser Crossing Constructors	14,184 SF	New Westminister	New	625 Agnes Street
4 Metis Nation	13,709 SF	Surrey	New	13401 108th Avenue
5 Astdaldi Construction	11,140 SF	Richmond	New	13571 Commerce Parkway

## Thinking beyond space

## Occupier's Perspective

Collectively businesses seems to be taking a far more pragmatic approach to their office space needs. "Less is now more"

For many decision makers entering a long-term lease commitment at the present time is a point of anxiety. Most have a clear preference for shorter terms

An abundance of high quality sublease space at highly attractive prices is something many occupiers are considering

## Market Trends



Almost every submarket across the Metro Region saw an increase in vacancy, however the Broadway Corridor and Vancouver City saw the largest increase.

The amount of sublease space continues to rise, however, now suburban markets are joining downtown as companies look to dispose of excess space.

Office landlords are doing everything they can to hold rents steady, but the near complete absence of demand, combined with 6.1 million square feet of construction is set to test their fortitude.