

Market Report

Statistics for the fourth quarter showed Metro Vancouver's office market continued to move sideways with availabilities remaining elevated, and leasing volumes subdued. For most of 2023, Vancouver's office market was characterized by an abundance of space to lease, and little net new demand. With the absence of any blockbuster lease transactions, market sentiment was considerably more subdued than in recent years. At quarter-end, the Metro Vancouver office market saw availabilities drop 10 basis points (bps) to register 12.1% and finished the year up 170 bps from year-ago levels. Of note, the downtown market saw total available space total 4.5 million square feet, or 14.8%. Many office tenants appear to be taking a highly conservative approach to their real estate needs. Fourth quarter office leasing activity was also noteworthy recording the fewest quarterly transactions of the year; 30% below the five-year average.



Rental and Availability Rates

Net Rent* (Per Square Foot)	Availability Rate (12/31/2023)	QoQ Change/Availability
\$39.83	Downtown Core Class A 14.1%	▼ 0.8%
\$30.00	Broadway Corridor Class A 26.1%	▲ 0.4%
\$31.91	Vancouver City Class A 37.8%	▲ 2.1%
\$29.00	Burnaby Class A 13.0%	▼ 0.7%
\$24.00	Richmond Class A 18.7%	▲ 0.3%
\$30.63	Surrey Class A 16.3%	▲ 0.3%
\$28.00	North Shore Class A 9.1%	▼ 2.8%
\$27.00	New Westminster Class A 7.2%	▲ 1.0%
\$28.00	Langley Class A 7.6%	▼ 1.3%

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

Recent Transactions (4th Quarter 2023)

Occupier	Size	Submarket	Type	Address
1 Teck Resources	34,144 SF	Downtown	Sublease	550 Burrard Street
2 Sage Software	18,745 SF	Downtown	Direct	601 West Hastings Street
3 Huawei Technologies	17,216 SF	Burnaby	Sublease	4321 Still Creek Drive
4 First Nations Justice Council	8,894 SF	Surrey	Direct	13401 108th Avenue
5 Inverted Al	7,829 SF	Downtown	Sublease	470 Granville Street

Thinking beyond space

Occupier's Perspective



Quality at a reasonable price. For many office tenants that is the current dilemma. Good quality space doesn't come cheap and often requires significant (up front) capital.



Gauging future demand has never been easy for CRE decision makers, but never has it been more difficult with hybrid work now another variable to consider.



While statistically a "tenant's market", the number of options for SME's is surprising low, and landlords holding firm on price.

Market Trends



After rising for much of the past two years, sublet space registered a notably decline, falling by almost 100,000 square feet during the quarter, mostly in the downtown submarket.

Market sentiment could best be described as mixed, with modest leasing volumes offset by forecasts of a slower economy, and still highly restrictive monetary policy.

2024 looks set to be a year when both landlords and tenants consolidate, as each are expected to limit capital expenses, focus on operations, and wait for better visibility.