

1Q25

Vancouver Office Market Overview



NEWMARK

Greater Vancouver Office Market Observations

Metro Vancouver remained one of the tightest office markets in North America at first-quarter 2025 as vacancy and availability continued to stabilize with limited new supply in the pipeline.

Class A vacancy has stabilized as the bifurcation of the best from the rest during the well-documented flight to quality downtown may have revealed a segment of class A space that may not be viewed as favourably by tenants.

This stabilization means that class A vacancy may be approaching a percentage floor in 2025 that could signal a disconnect between tenants' class A expectations and the inventory definition of a class A building.

Tightening vacancy in large suburban markets such as Burnaby, Richmond and Surrey, combined with declines in Vancouver's Broadway and Periphery submarkets, have left Downtown as the only submarket exceeding 10%.



Notable office leasing decisions are typically determined utilizing a long-term outlook and the potential impact of U.S. tariffs announced in early 2025 have yet to have a tangible impact on office leasing in the first quarter of 2025.

Regional absorption of more than 260k sf in first-quarter 2025, led by Richmond (85k), Downtown (48k), Surrey (43k) and the Broadway Corridor (40k), demonstrated leasing demand in both urban and suburban submarkets.

New construction remained largely at a standstill in Downtown Vancouver in early 2025, which poses a rising risk of a potential shortage of class A space in the late 2020s given development timelines.

While achievable office rents downtown will likely play a larger role in determining when new construction kicks off, a growing rebound in local demand may provide the confidence needed to support one new tower in advance of the next cycle.

Mandates from large tenants outside the market, particularly global tech firms, were responsible for much of the office development in the 2010s, and the downtown market likely needs them to re-engage for multiple office buildings to be developed.

1Q25

Office Market Metrics



1Q25

Greater Vancouver Office Market

Market Overview				
	Current Quarter	Prior Quarter	Year Ago	12-Month Forecast
Total Inventory (SF)	67.1M	66.8M	66.0M	↗
Total Vacancy Rate	9.1%	9.4%	9.1%	↘
Quarterly Net Absorption (SF)	263K	447K	670K	↗
Total Availability Rate	12.4%	13.1%	12.4%	↘
Deliveries (SF)	59K	59K	574K	↘
Under Construction (SF)	2.0M	2.0M	2.7M	⬇



Greater Vancouver Office Market/Submarket Statistics | 1Q25

Market/Submarket Statistics – All Classes								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	YTD Net Absorption (SF)	Direct Available Rate	Sublet Available Rate	All Classes Est. Direct Gross Rent (\$/SF)
Greater Vancouver	67,064,682	1,994,497	9.1%	262,703	262,703	10.0%	2.4%	C\$40.2
Downtown Vancouver	30,036,060	29,600*	11.7%	48,558	48,558	12.5%	2.3%	C\$45.8
Vancouver Broadway Corridor	6,140,168	172,328	9.6%	39,976	39,976	11.4%	3.6%	C\$48.1
Vancouver Periphery	4,785,122	719,376	8.2%	21,976	21,976	8.9%	2.2%	C\$41.8
Vancouver Total	40,961,350	921,304	11.0%	110,510	110,510	11.9%	2.5%	C\$45.4
Burnaby	10,682,797	393,760	8.6%	-13,241	-13,241	9.3%	3.9%	C\$37.7
Richmond	4,961,275	80,004	6.0%	85,451	85,451	7.7%	1.7%	C\$30.4
Surrey	4,710,855	400,889	4.3%	42,806	42,806	4.6%	1.0%	C\$33.8
North Shore***	2,090,332	32,511	2.2%	17,356	17,356	2.3%	1.4%	C\$39.6
Langley	1,532,926	93,086	2.9%	4,952	4,952	4.1%	0.4%	C\$43.7
New Westminster	1,474,469	0	4.3%	11,692	11,692	5.0%	0.0%	C\$40.2
Tri-Cities**	578,201	57,782	8.4%	3,177	3,177	9.5%	0.4%	C\$29.0

Source: Newmark Research, Altus Data Studio

* Does not include 150 West Georgia Street (720 Beatty Street)

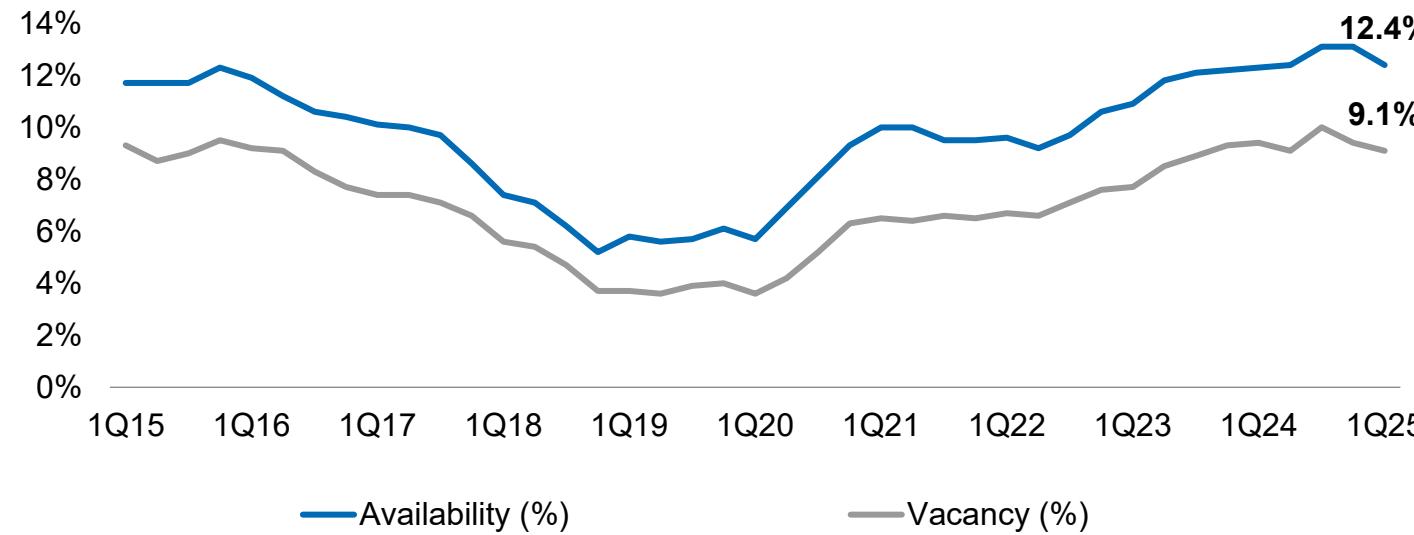
**The Tri-Cities consists of Port Moody, Coquitlam and Port Coquitlam, but due to its small size is not covered in this report.

*** The North Shore consists of the District and City of North Vancouver and West Vancouver

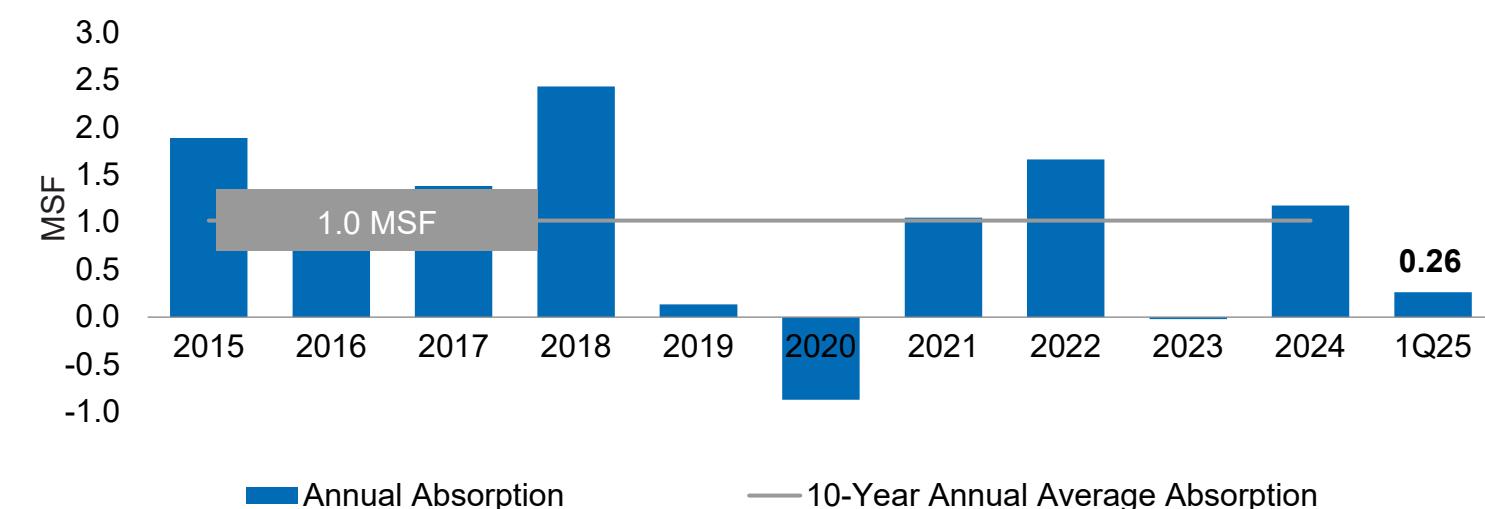
Greater Vancouver Area

Greater Vancouver remained one of North America's tightest office markets with regional vacancy falling to 9.1% at the end of the first quarter of 2025 as the availability rate slipped to 12.4%. Vacancy downtown and in the larger suburban markets of Burnaby, Richmond and Surrey tightened to start 2025, which contributed to regional annual absorption of ~262k sf. Leasing fundamentals in both downtown and suburban submarkets trended in tandem during the first three months of 2025 as the market returned to a more balanced state.

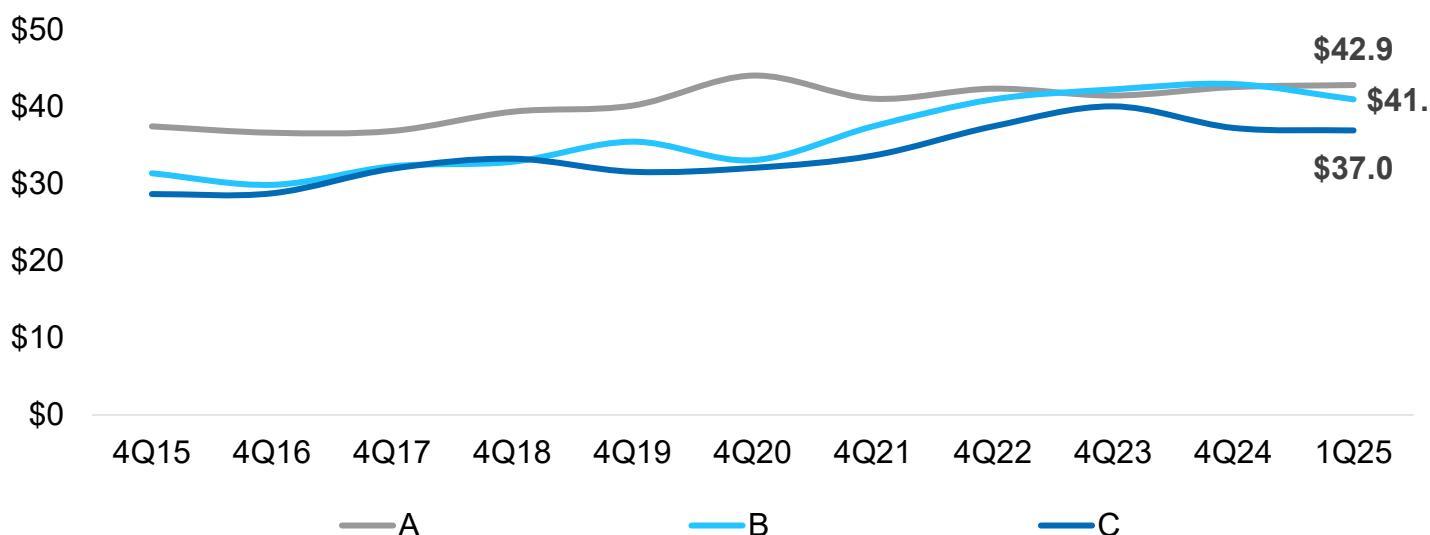
Overall Availability And Vacancy Rates – All Classes



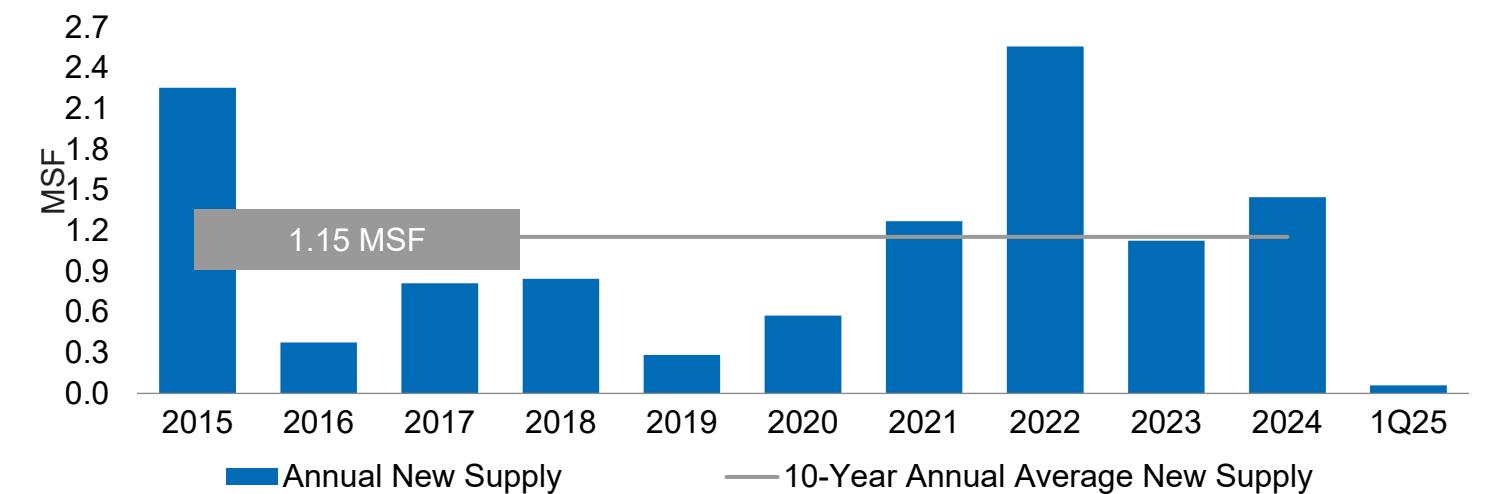
Annual Absorption – All Classes



Total Estimated Direct Gross Rent by Class (C\$/sf) – All Regions



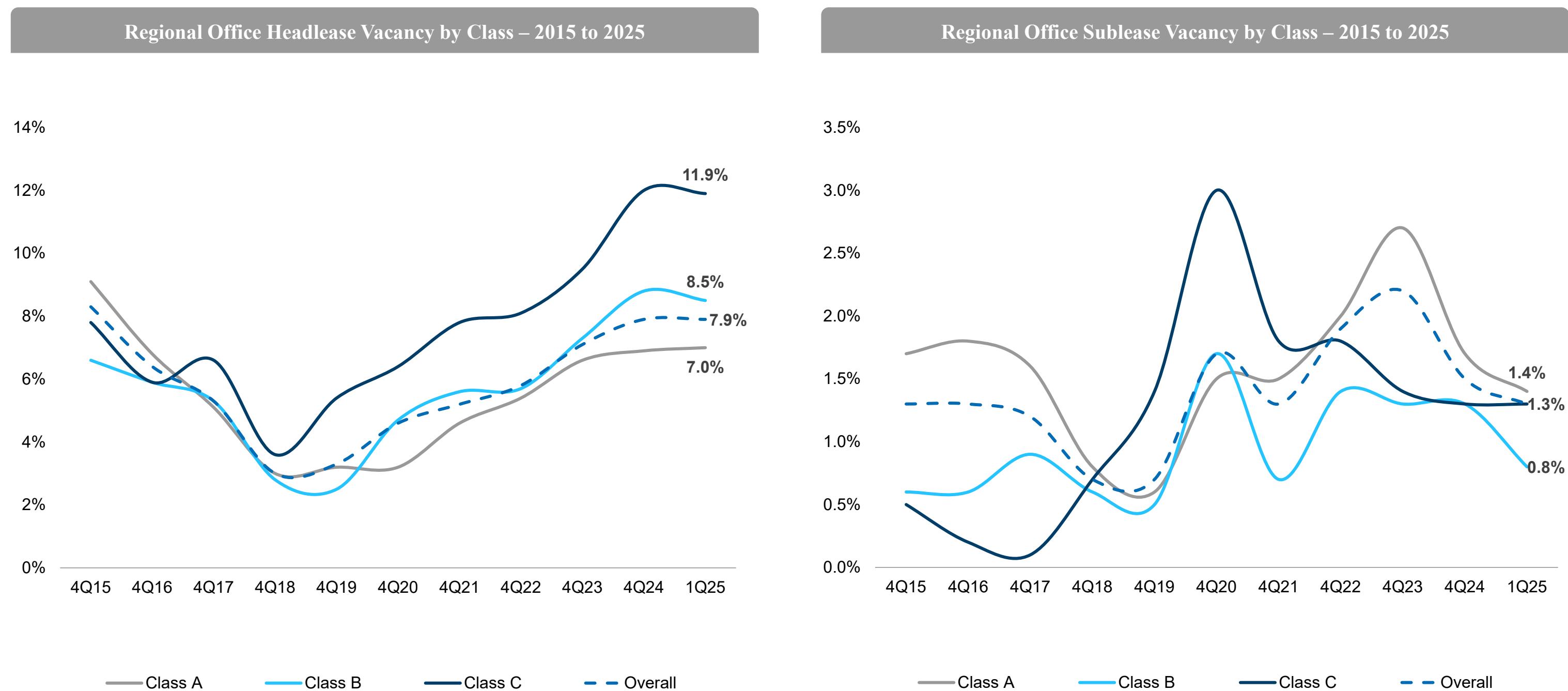
New Construction Deliveries in Greater Vancouver



Source: Newmark Research, Altus Data Studio

Regional Class A Vacancy Approaching Percentage Floor As Class B/C Take-Up Builds

Regional head lease vacancy in class A buildings has stabilized at ~7% suggesting class A vacancy may have hit a percentage floor that is not only contributing to slow declines in class B/C vacancy but may also be signalling a disconnect between tenants' class A expectations and the inventory classification of a class A building. A bifurcation of the best from the rest during the well-documented flight to quality downtown has revealed a segment of class A inventory that may not be viewed as favourably despite strong demand for quality space.

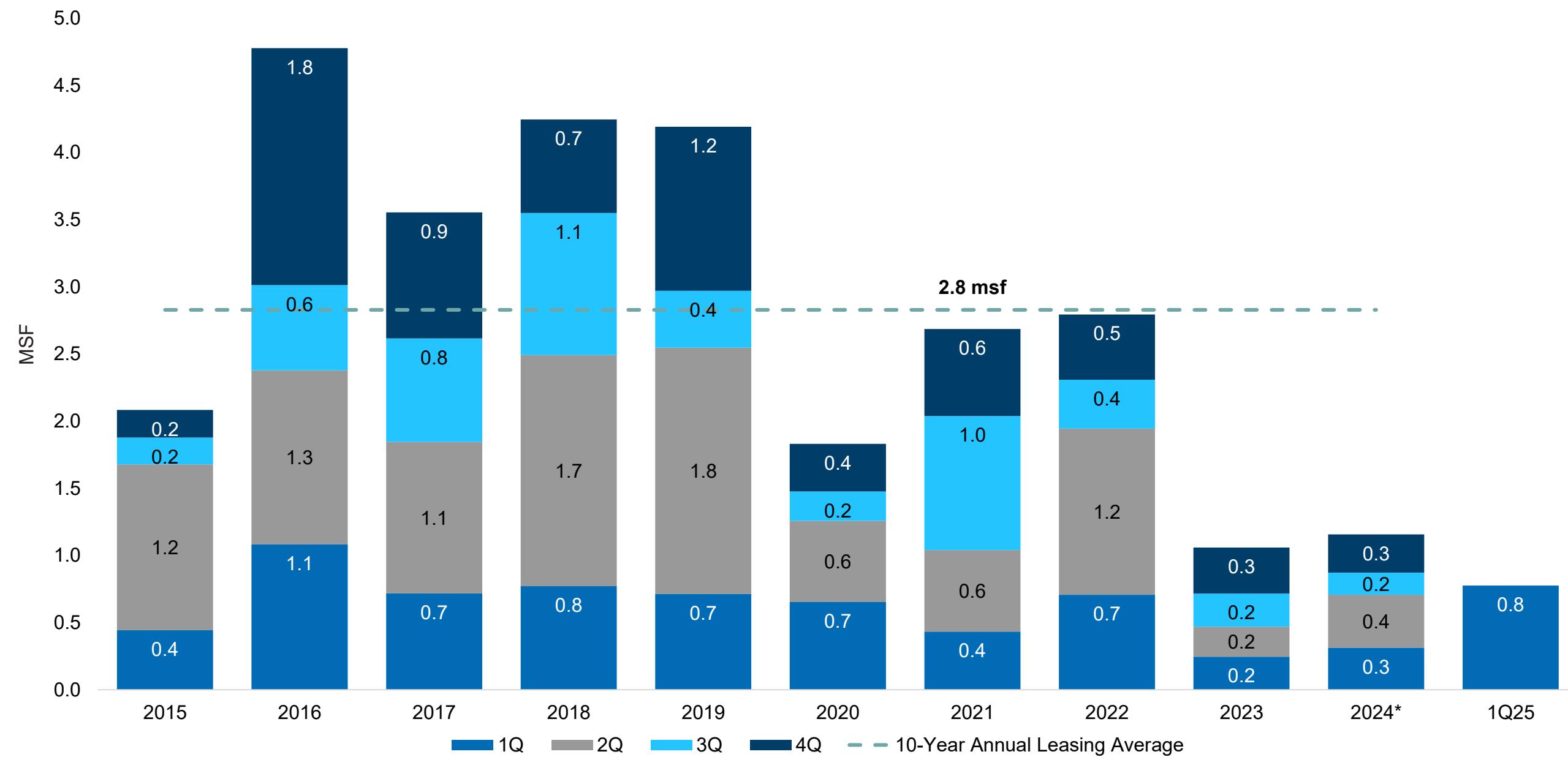


Source: Newmark Research, Altus Data Studio

Most First-Quarter Leasing Activity Since 2018 Highlights Demand From Local Firms

Regional office leasing activity surged at the start of 2025 to ~800k sf, the most activity since the first quarter of 2018 and which was primarily located downtown as an array of tenants renewed or relocated. Strengthening (and sustained) demand for new space amid an environment of tightening vacancy has typically given developers confidence to proceed with proposed developments with preleasing historically serving as a further catalyst of office leasing activity in downtown Vancouver. The absence of new commitments from large tenants (global tech firms in particular) has left the pressure to build on downtown's diminishing class A availability from rising demand from Vancouver's traditional mix of local tenant types.

Total Leasing Activity in All Classes



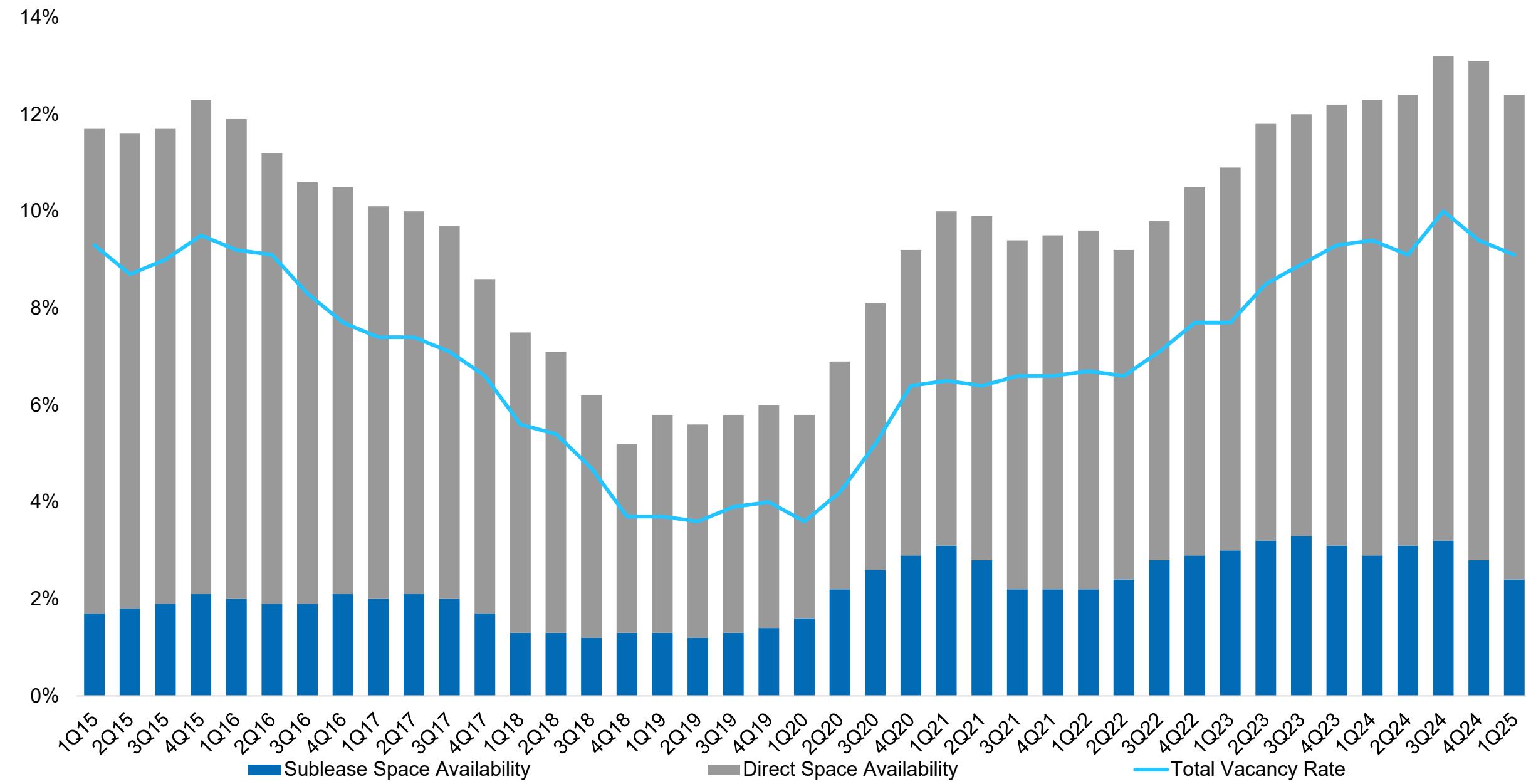
Source: Newmark Research, Altus Data Studio

*Based on Newmark's review of Q3 2024 leasing activity in downtown Vancouver, this data point represents an undercount of known class A activity.

Space Availability & Vacancy in Greater Vancouver Still Sliding As Demand Recovers

Regional vacancy and availability remain at levels previously commonplace in the market prior to the period from mid-2017 to mid-2020 when a combination of strong demand and a lack of new supply pushed vacancy and availability to record North American lows. The three-year period preceding the arrival of COVID was not typical and led to rental rates achieving record highs. With virtually no downtown construction underway and limited suburban development, availability and vacancy are anticipated to continue tightening in 2025.

Available Space and Tenant Demand as Per cent of Overall Market



Source: Newmark Research, Altus Data Studio

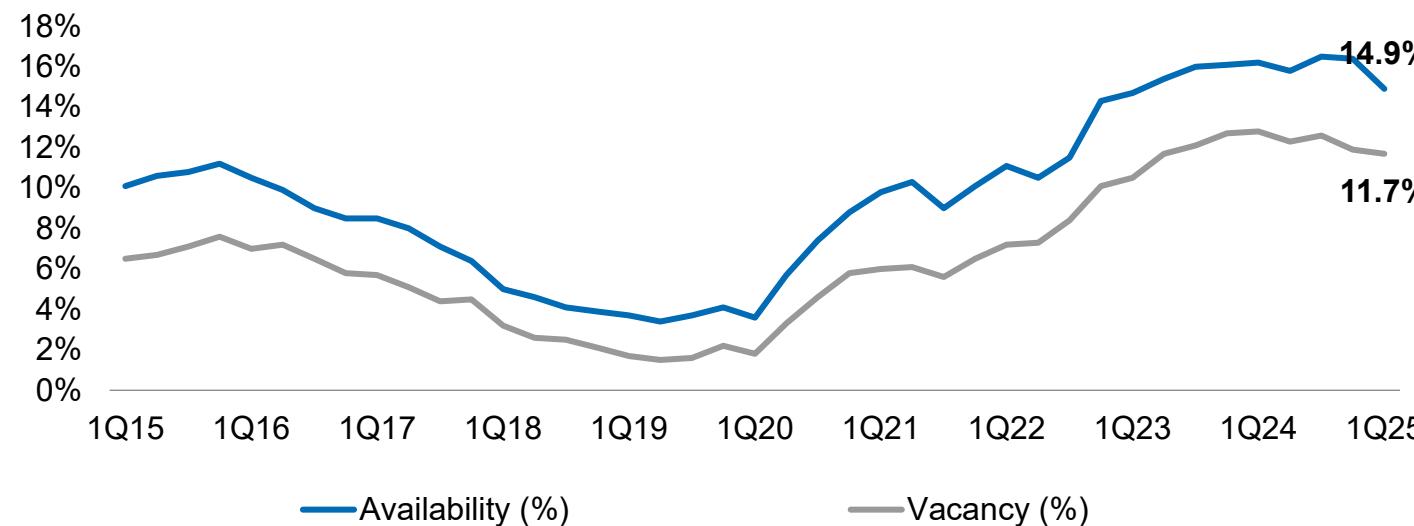
Downtown Vancouver



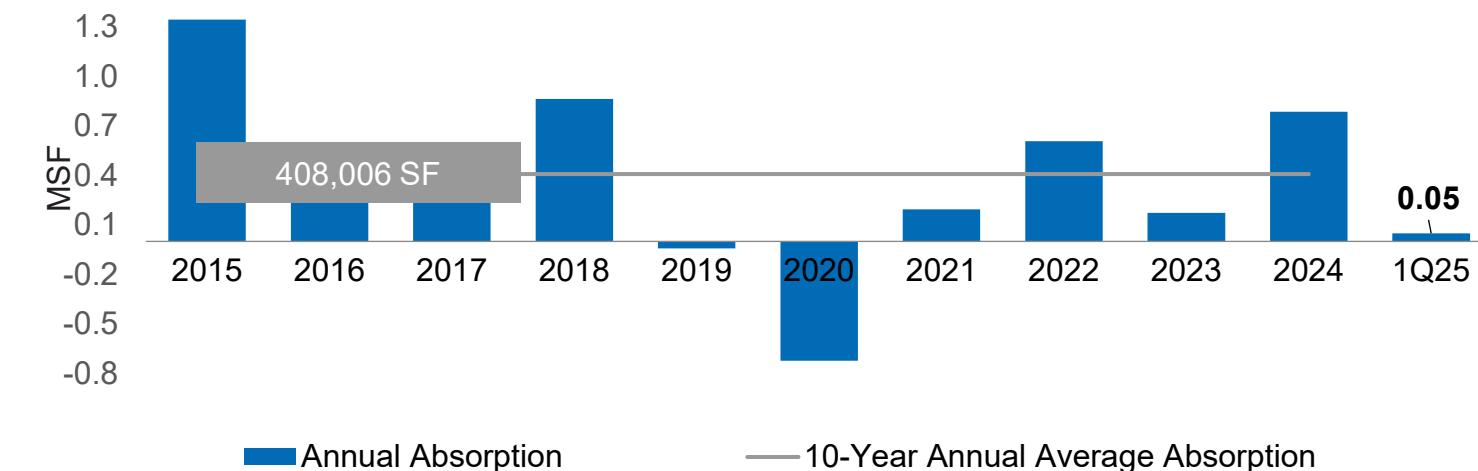
Downtown Vancouver (including Gastown & Yaletown)

Vacancy downtown slipped to 11.7% in the first quarter of 2025, the lowest since the start of 2023 and down 110 bps from the first quarter of 2024. Class A vacancy, which had been steadily tightening since early 2024, may have plateaued at ~10% despite an uptick in leasing activity, which may indicate some properties classified as class A may not be meeting tenant expectations as the flight to quality reveals inequities within the class A inventory. Slight declines in vacancy emerging in class B/C may signal select tenants are opting for the lower rents and flexibility associated with class B/C properties instead of shelling out for space considered class A that does not meet expectations.

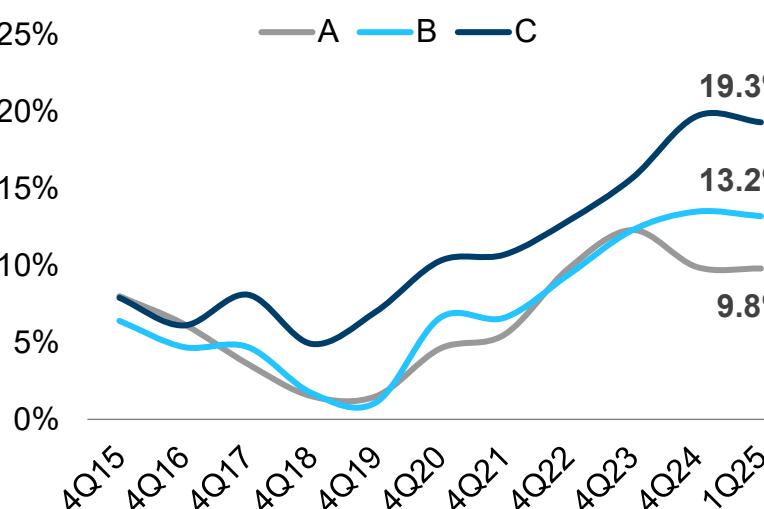
Overall Availability & Vacancy Rates – All classes



Annual Absorption – All classes



Vacancy by Class – 2015 to 2025



First Quarter Deals

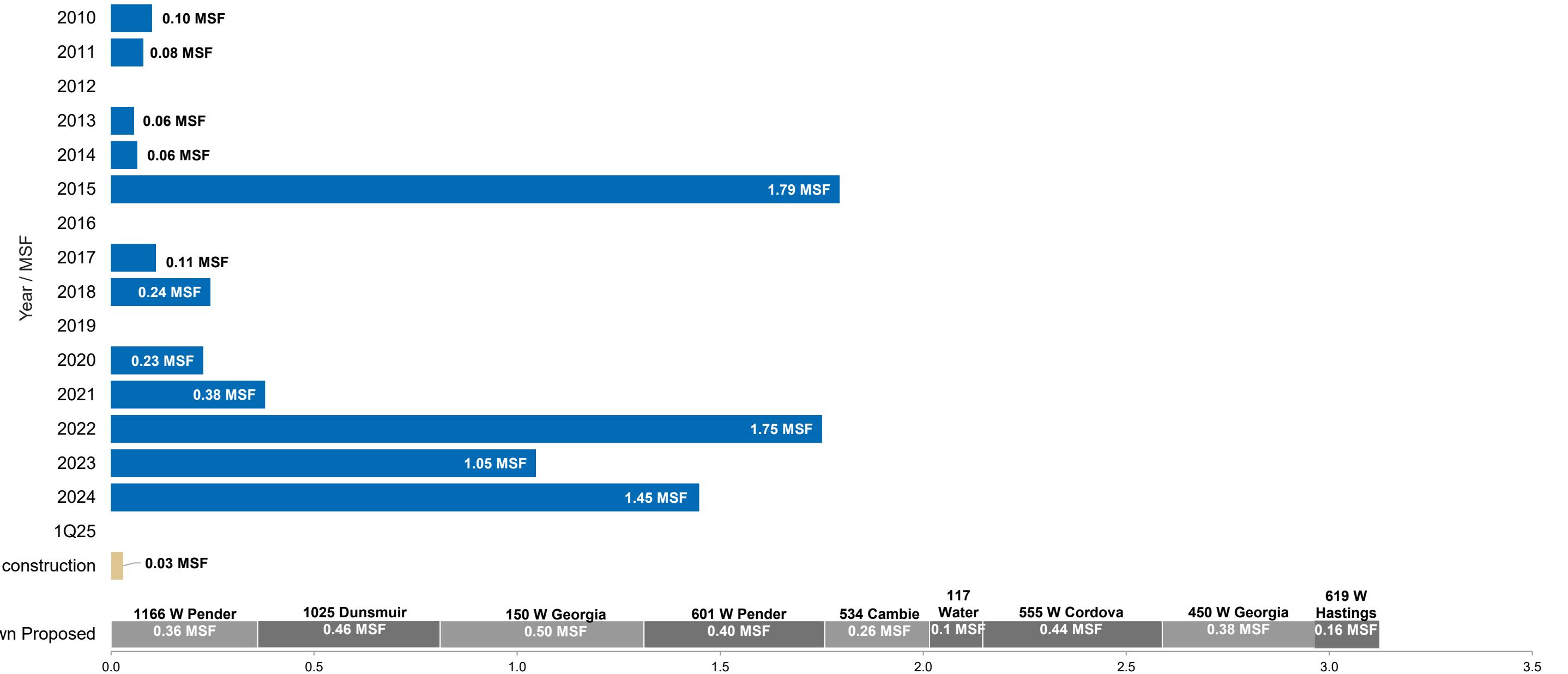
Mainland Tech Centre 910 Mainland Street	Cathedral Place 925 W. Georgia Street	745 Thurlow Street	111 Dunsmuir Street	Park Place 666 Burrard Street
SAP	Raymond James	RBC	Wood Canada	Cassels
145,660 SF	88,000 SF	81,640 SF	73,060 SF	41,230 SF
Renewal	Renewal/Expansion	Direct New	Renewal	Direct New

Source: Newmark Research, Altus Data Studio, CoStar

Downtown Vancouver Construction Velocity

New office development in Downtown Vancouver remained in stasis in 2025. Just 29,500 sf of office is under construction. A handful of proposed options indicate they are open to preleasing, but none have committed to building. Select proposed office developments (or projects with an office component) have reduced or eliminated office space in favour of other uses, primarily hotel and residential uses where permitted. A supply crunch of class A space in 2027+ seems increasingly likely as growing tenant demand continues to seek new supply as some of the remaining class A space may not be meeting tenant expectations of what a class A property should include in terms of fit out and amenities.

Downtown Vancouver Deliveries

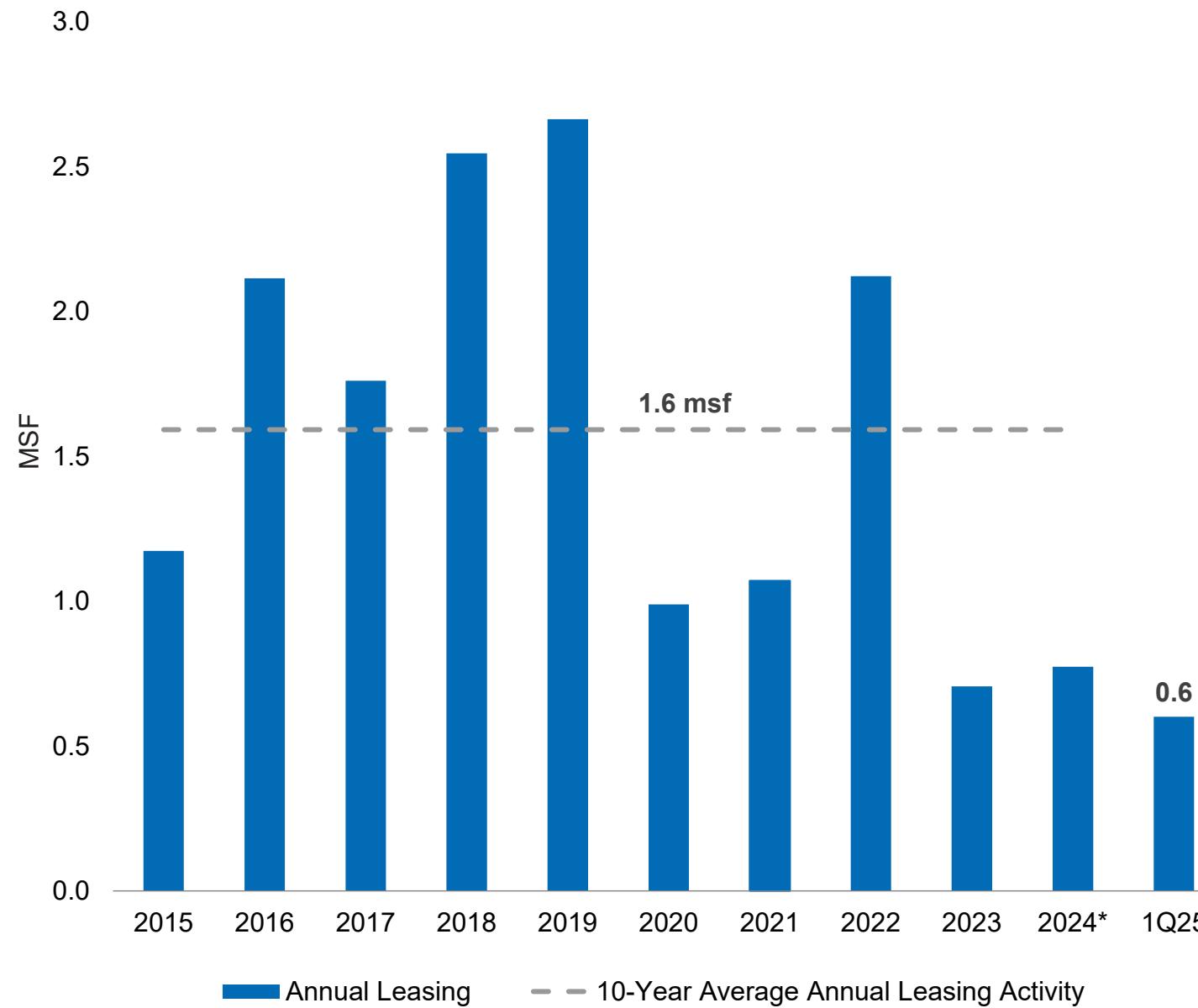


Source: Newmark Research, Altus Data Studio

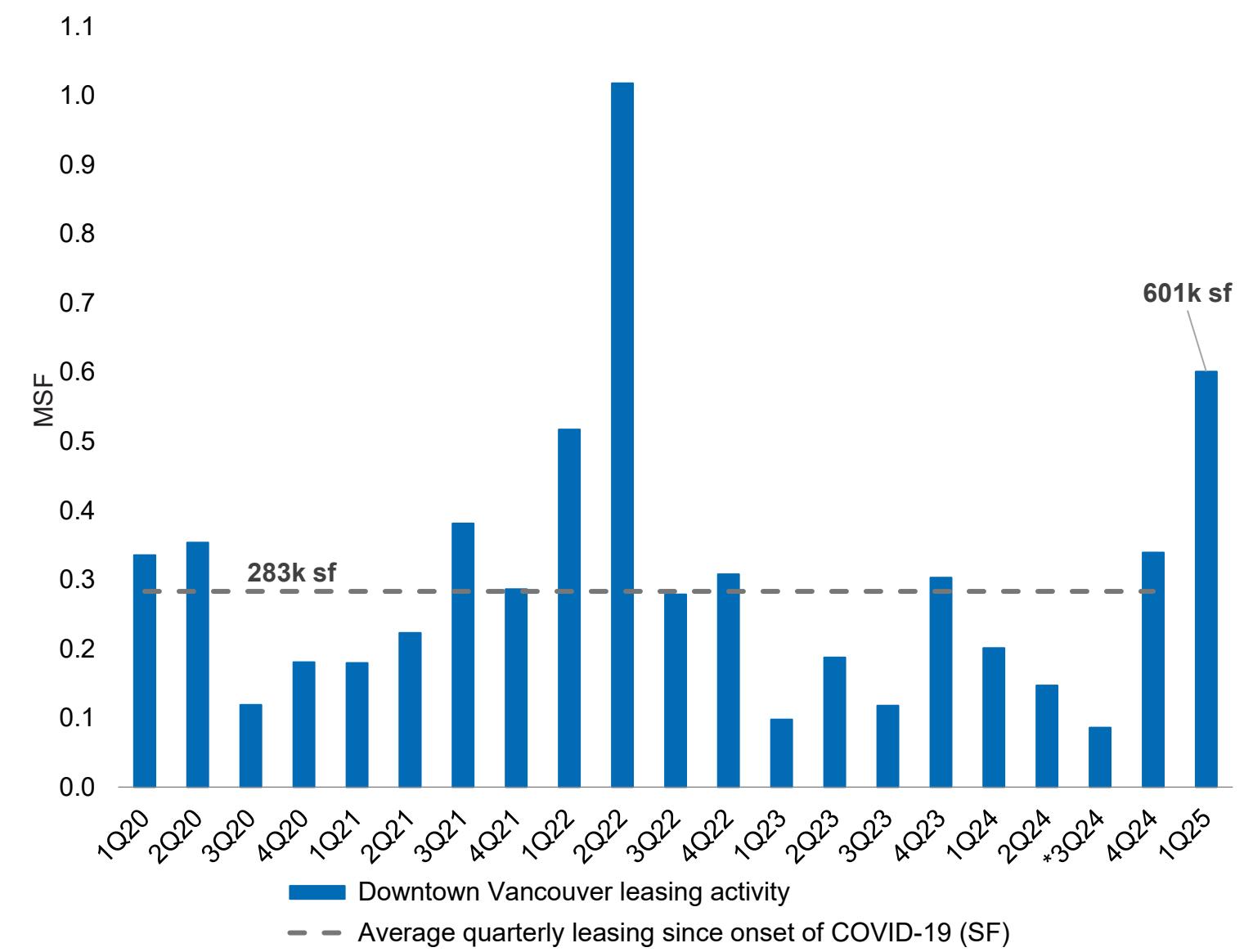
Downtown Vancouver Office Leasing Activity

Downtown office leasing volume surged in the first quarter of 2025 with the most space leased in a quarter since the second quarter of 2022 – when Amazon confirmed its prelease at The Post - and the strongest start to a year since 2018. A broad range of tenants, including SAP, Raymond James, RBC, Wood Canada, Cassels Brock & Blackwell LLP, Roper Greyell LLP, Stikeman Elliot LLP, Axiom Builders, Rivian, Canadian Western Trust, Autodesk, TCC Canada, Vancouver Foundation, Quadient and Klue Labs all completed leases.

Annual Downtown Vancouver Leasing Activity – All classes



Downtown Vancouver Quarterly Leasing Activity – All classes



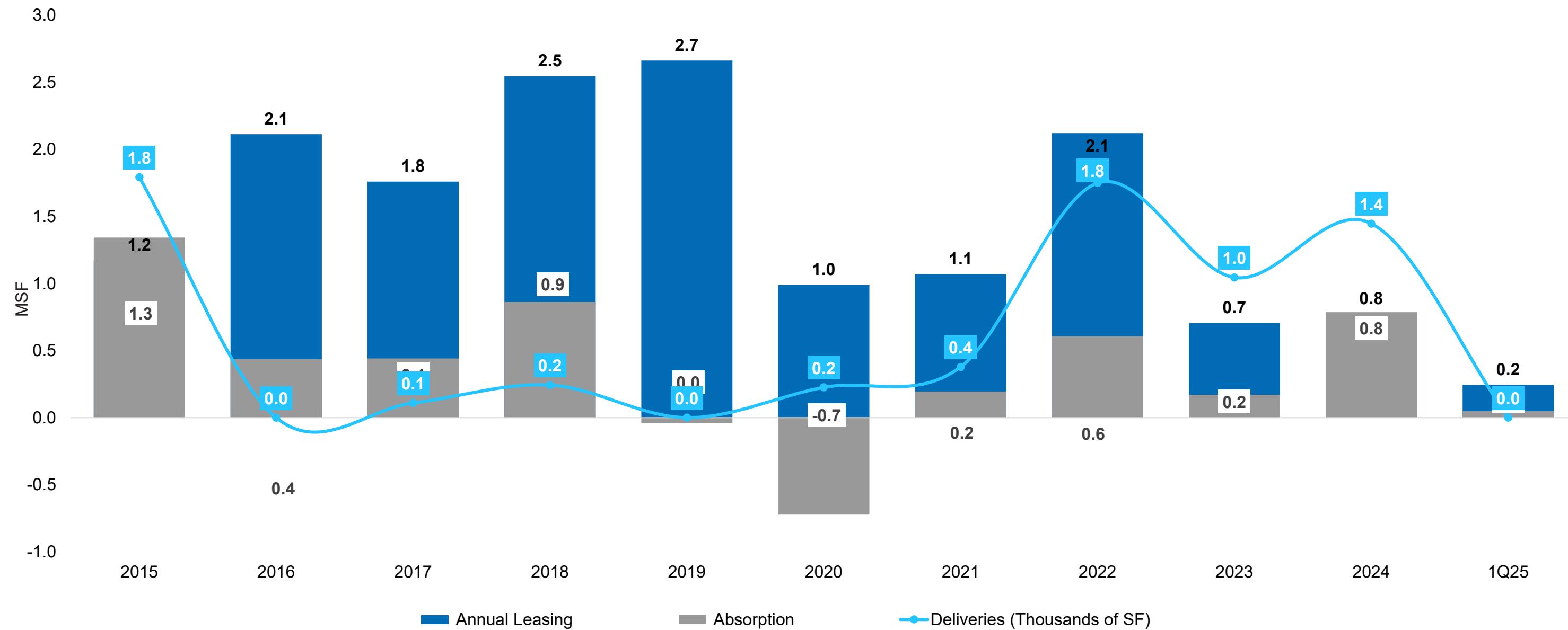
Source: Newmark Research, Altus Data Studio

*Based on Newmark's review of Q3 2024 leasing activity in downtown Vancouver, this data point represents an undercount of known class A activity.

Downtown Vancouver Leasing, Absorption and New Supply Analysis

Leasing activity in Downtown Vancouver picked up in the first quarter of 2025 just as the delivery of new supply came to an end at the conclusion of the most recent development cycle that spanned 2022 to 2024. While absorption in the first quarter of 2025 was limited downtown, the increase in leasing activity should contribute upward momentum to absorption later in the year; however, the impact of this early surge in leasing on absorption will likely be lessened as much of the activity were renewals that generally did not include expansion space.

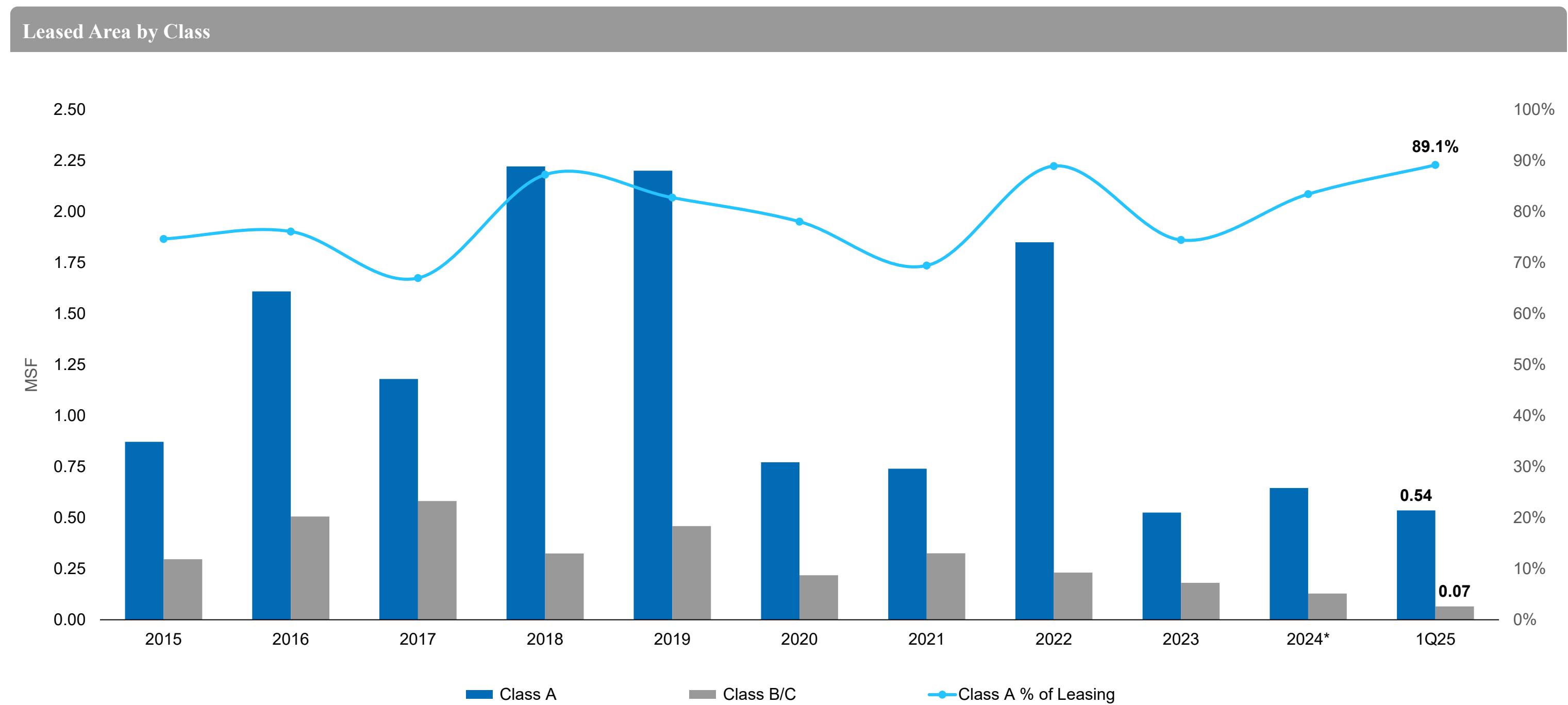
Downtown Vancouver Historical Leasing and Absorption – All classes



Source: Newmark Research, Altus Data Studio

Renewals & New Leases Drive Class A Surge | Downtown Vancouver Leasing Activity

More than ~535k sf of class A leasing activity in the first quarter of 2025 has positioned the submarket for a potentially strong year in terms of downtown office leasing. While more than half of that leasing volume (279k) was in the form of renewals (led by SAP's notable ~145k sf deal in Yaletown), new leases from law firms, foundations and financial institutions pushed first quarter leasing downtown to surpass the annual leasing total in 2023. Class A leasing as a percentage of overall leasing matched periods when new supply was preleased.



Source: Newmark Research, Altus Data Studio

*Based on Newmark's review of Q3 2024 leasing activity in downtown Vancouver, this data point represents an undercount of known class A activity.

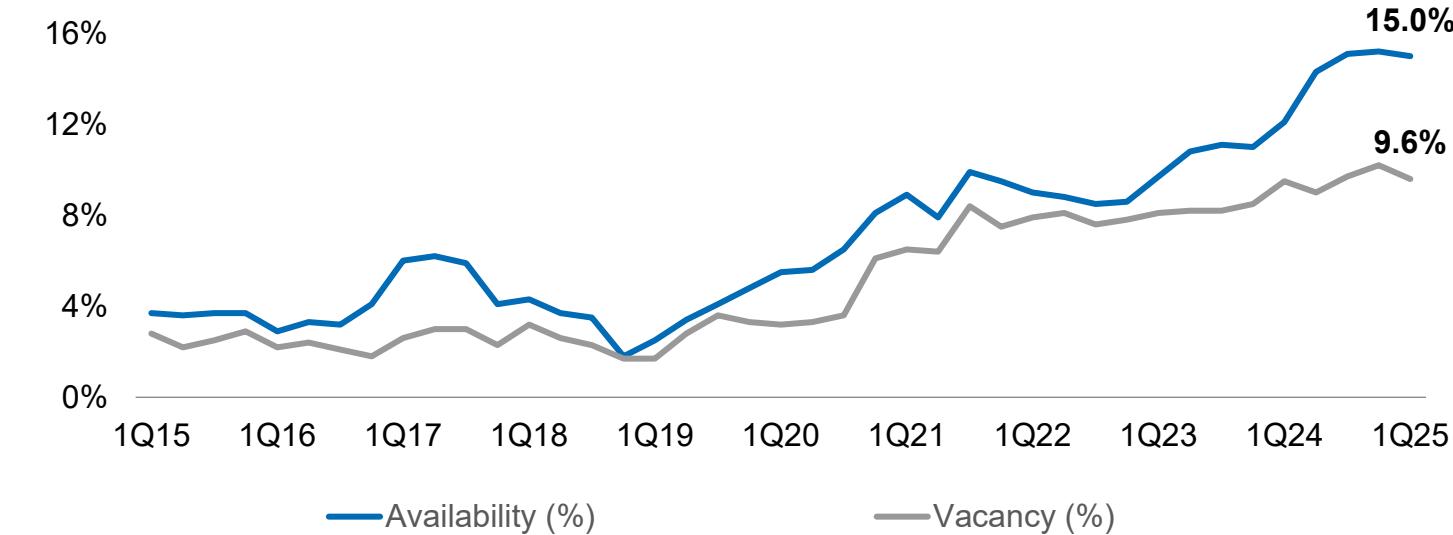
Vancouver Office Submarkets



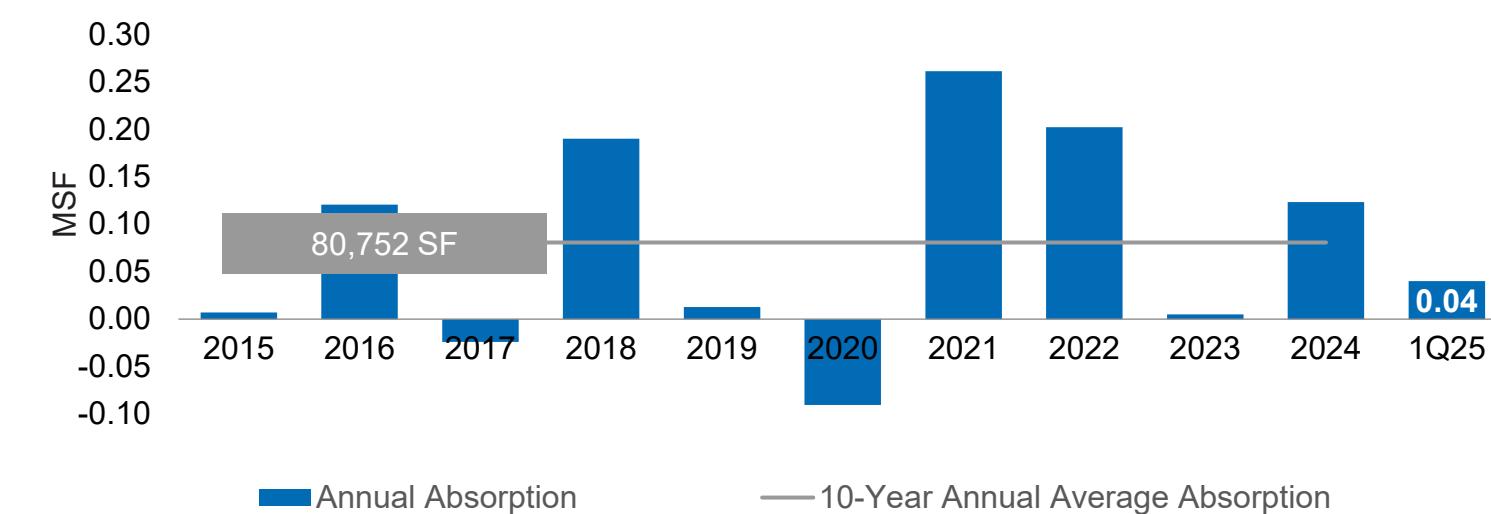
Vancouver – Broadway Corridor

Vancouver's 6.1-msf Broadway Corridor submarket is finally undergoing extensive redevelopment thanks to the Broadway Plan planning document, rapid transit line construction and COVID-19's lingering impact on the area's dated building inventory. The opening of the SkyTrain's Broadway extension in 2027 should appeal to perspective tenants in 2025+. New supply in the Mount Pleasant office node supported much of the submarket's leasing activity; however, vacancy in many older buildings outside Mount Pleasant will likely rise in 2025.

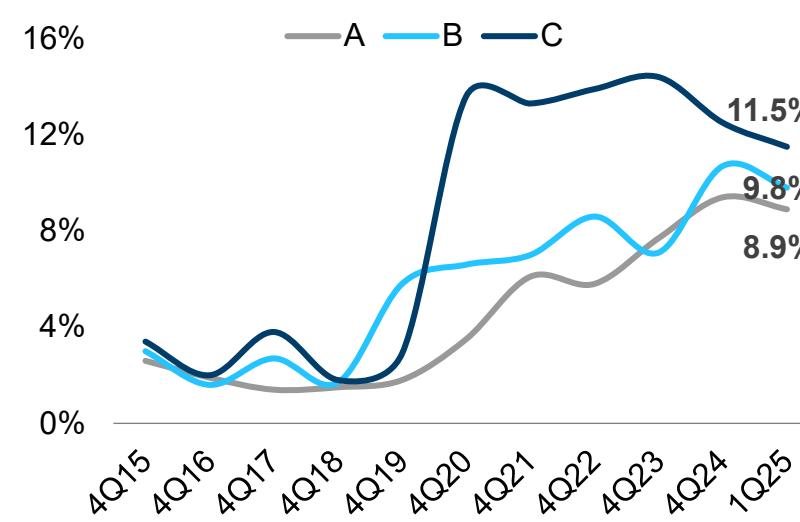
Overall Availability And Vacancy Rates – All Classes



Annual Absorption – All Classes



Vacancy by Class – 2015 to 2025



First Quarter Deals

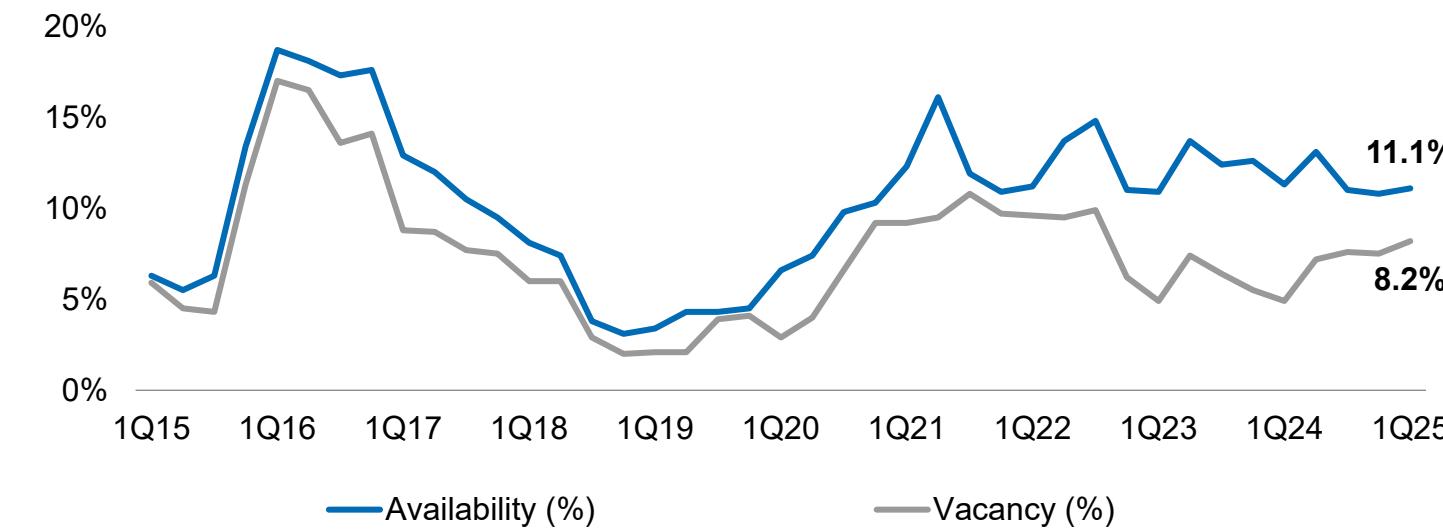
The Stories 1477 West Broadway	Main Alley M2 114 East 4th Avenue	777 West Broadway	Fifth + Columbia 2055 Columbia Street	1755 West Broadway
Nicola Wealth	Mosaic Homes	Elysium Private Healthcare	Jade Biosciences	West Broadway Dentist
38,140 SF	19,300 SF	8,560 SF	6,860 SF	4,630 SF
Direct New	Direct New	Direct New	Direct New	Direct New

Source: Newmark Research, Altus Data Studio, CoStar

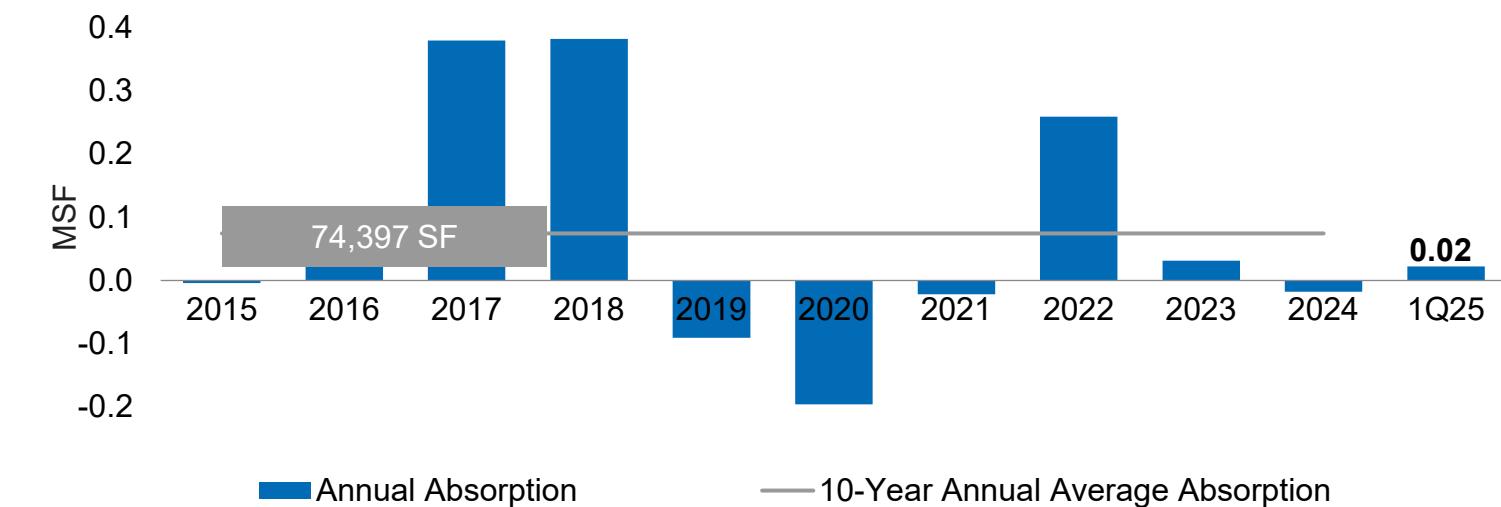
Vancouver – Periphery

Vancouver's 4.78-msf periphery office submarket posted the tightest vacancy within the city proper even with a slight uptick in class A vacancy due to delivery of new supply. Meanwhile, class B vacancy slipped to 6.4%, the second lowest class B vacancy rate recorded in Metro Vancouver after Surrey. Class B/C properties, which comprise ~37% of inventory, generated the majority of absorption. With ~719k sf of new supply under construction in five projects, there are upcoming options for tenants seeking class A premises.

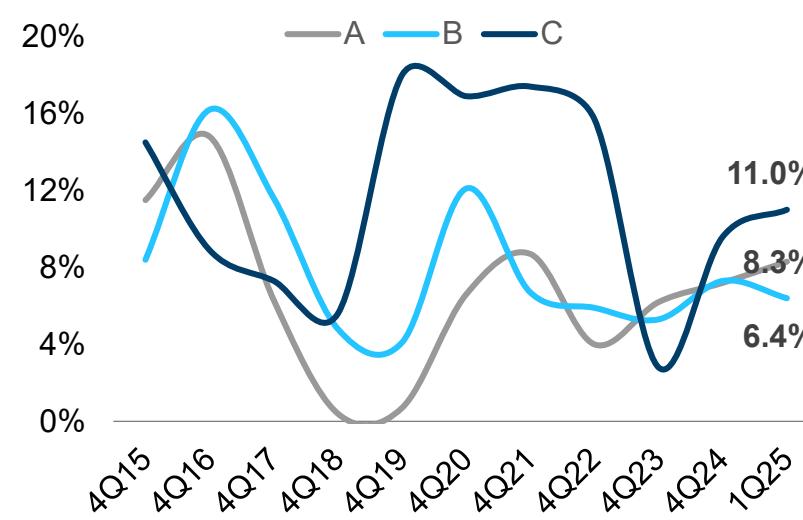
Availability And Vacancy Rates – All Classes



Annual Absorption – All Classes



Vacancy by Class – 2015 to 2025



First Quarter Deals

				
Renfrew Business Centre 2665 Renfrew Street	Van Tech Centre II 369 Terminal Avenue	Airport Square 1200 West 73rd Avenue	Airport Square 1200 West 73rd Avenue	Alexander Centre 611 Alexander Street
Claren Academy	Thinkific	Citistar Financial	Shift Clean Energy	Olive & Piper
80,000 SF	20,800 SF	15,140 SF	3,700 SF	3,110 SF
Direct New	Renewal	Direct New	Renewal	Direct New

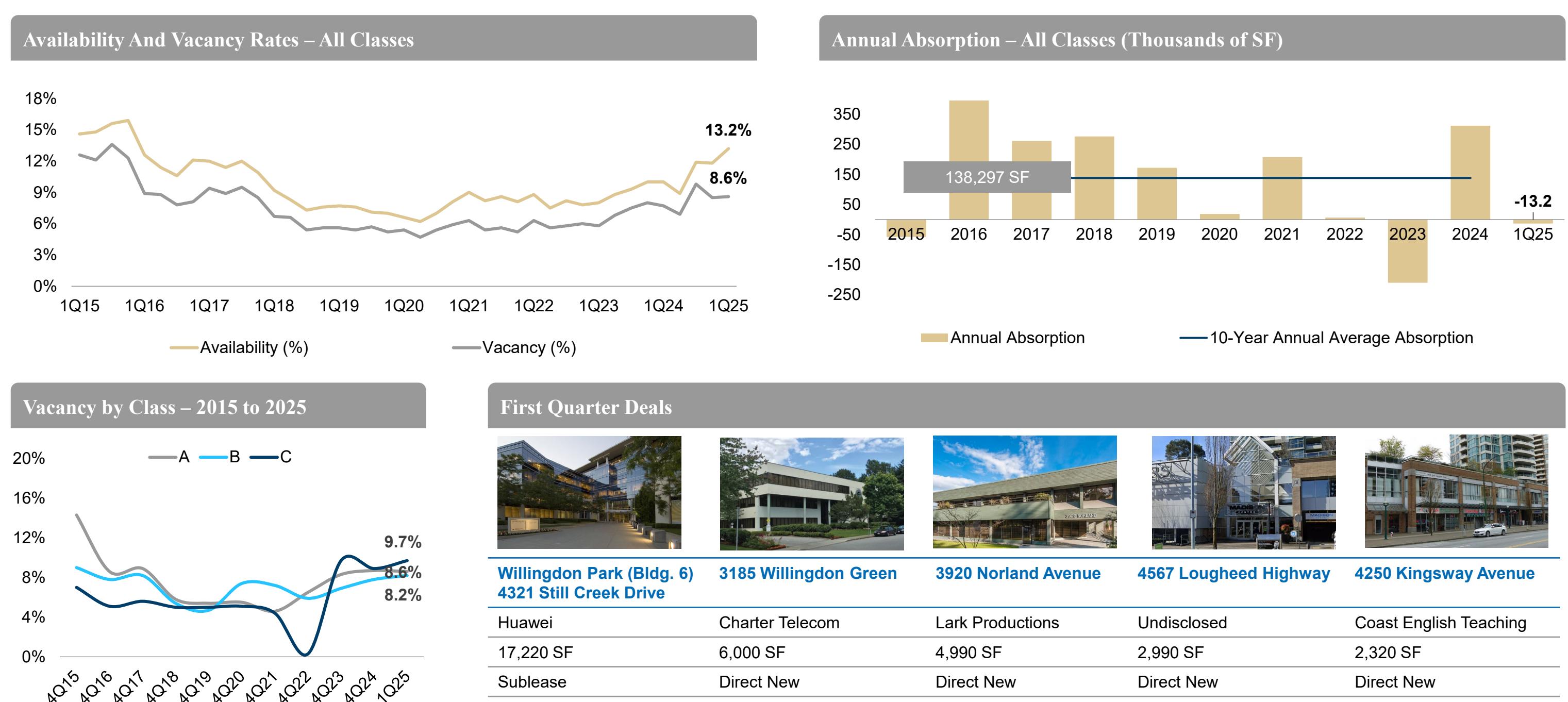
Source: Newmark Research, Altus Data Studio, CoStar

Greater Vancouver Office Markets



Burnaby, BC

Burnaby's 10.7-msf office market – the second largest in Metro Vancouver – has been the most stable in the region since 2018. The sudden uptick in vacancy and availability at mid-2024 was the result of almost 400k sf of new supply being delivered, which pushed vacancy to its highest point since 2015. However, vacancy fell fast and stabilized by the first quarter of 2025. After leading all suburban markets in terms of annual absorption in 2024, Burnaby was the only submarket in the region with negative absorption in the first quarter of 2025.

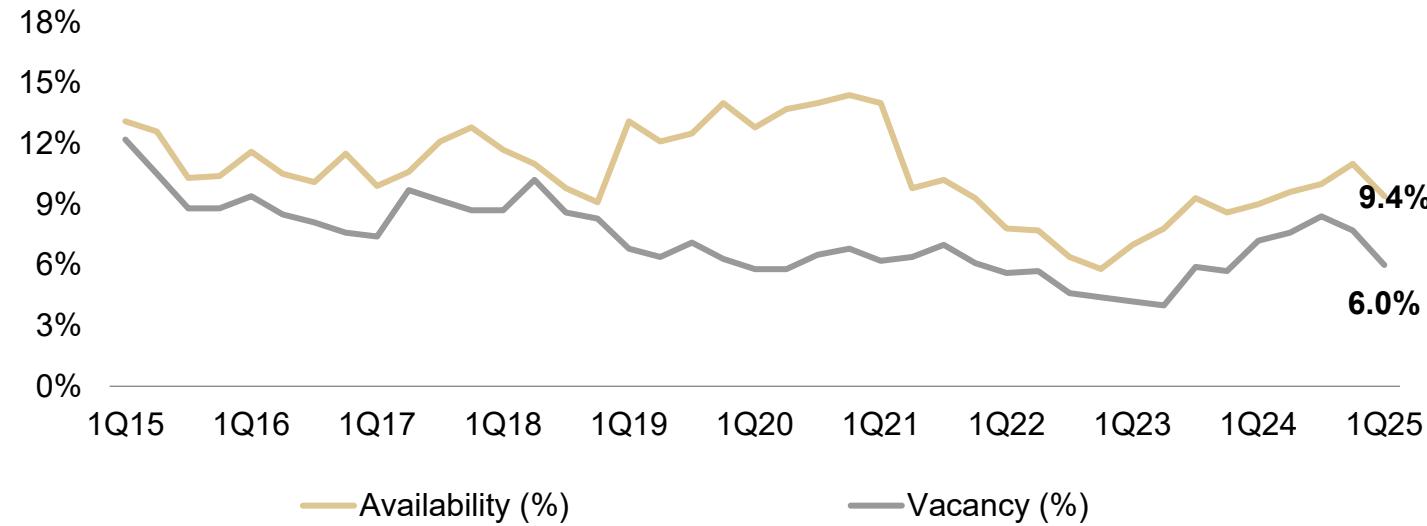


Source: Newmark Research, Altus Data Studio, CoStar

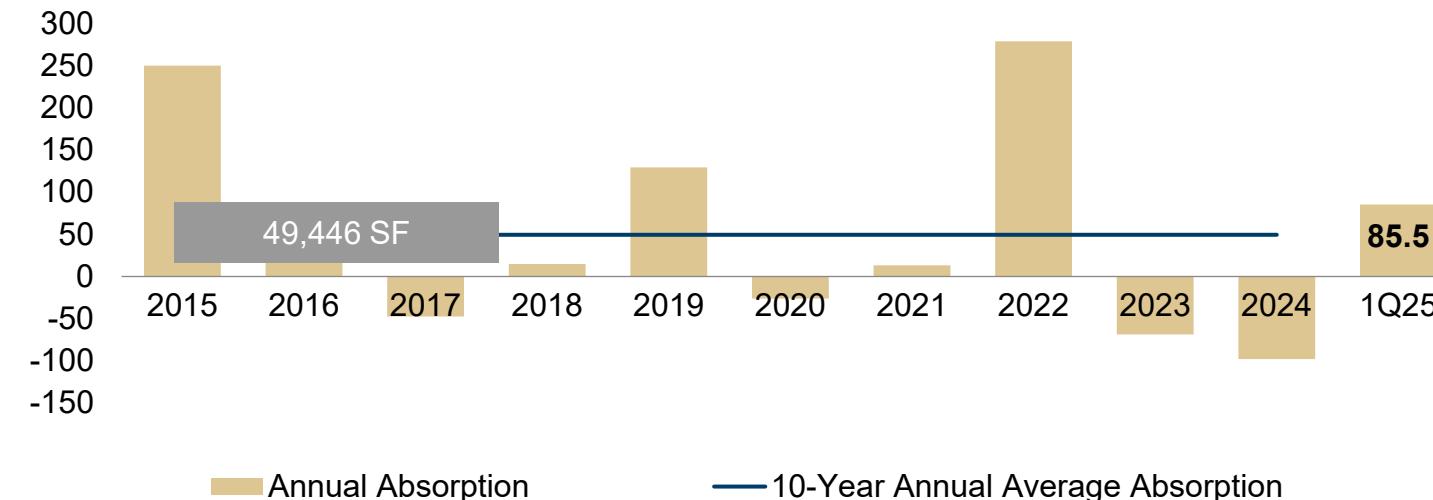
Richmond, BC

Vacancy in Richmond's 4.96-msf office market fell to 6.0% at the first quarter of 2025, down 170 bps from the end of 2024 and hitting its lowest point since year-end 2023. Since mid-2023, tenants in mostly class B premises were downsizing, closing or relocating, a trend that persisted through 2024, but reversed in the first quarter of 2025. With just 80,000 sf currently under construction, rising demand for space in class A and B properties led to positive absorption of more than 85k sf, the most in a quarter since the fourth quarter of 2022.

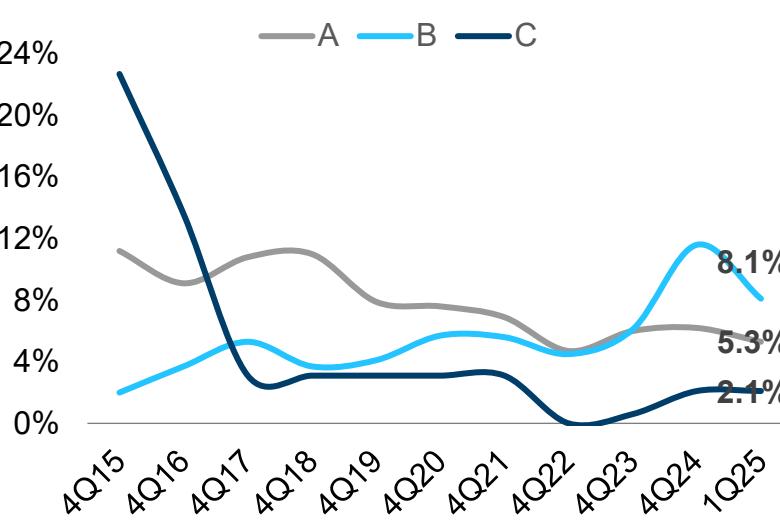
Availability And Vacancy Rates – All Classes



Annual Absorption – All Classes (Thousands of SF)



Vacancy by Class – 2015 to 2025



First Quarter Deals

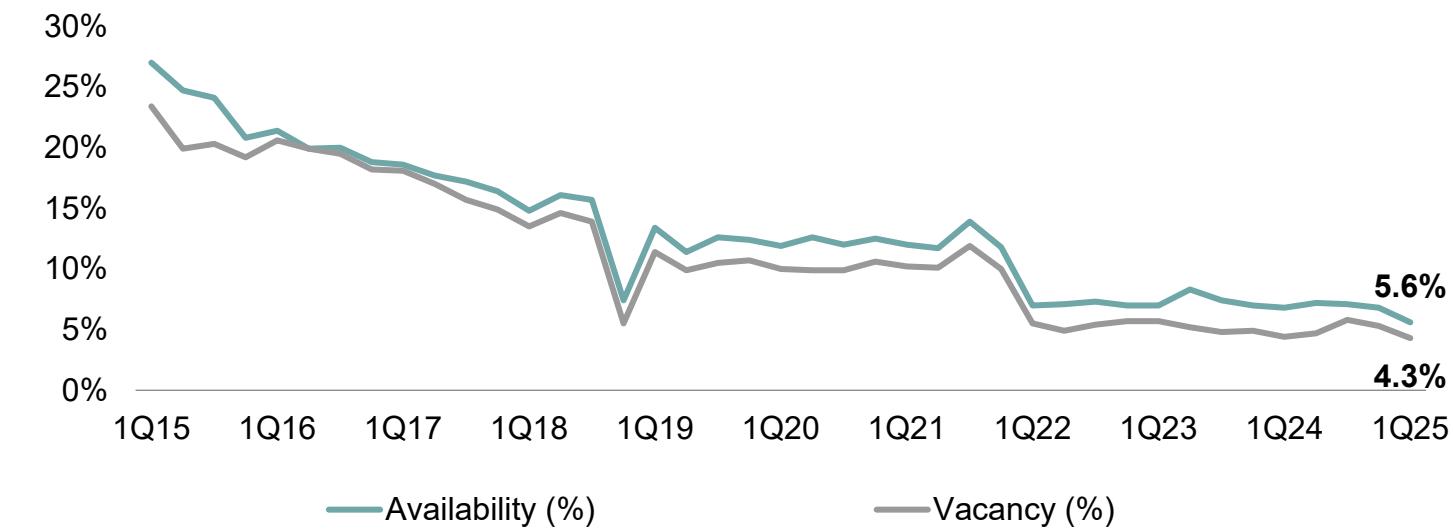
Airport Executive Park (Bldg. 10) 10271 Shellbridge Way	Crestwood Corporate Centre (Bldg. 7) 13775 Commerce Pkwy	3820 Cessna Drive	Crestwood Corporate Centre (Bldg. 6) 13575 Commerce Pkwy	11780 Hammersmith Way
Uni Express	Acel Power	Hope Vision	Undisclosed	Kumon Learning
34,690 SF	7,270 SF	3,630 SF	2,310 SF	2,280 SF
Direct New	Direct New	Sublease	Direct New	Direct New

Source: Newmark Research, Altus Data Studio, CoStar

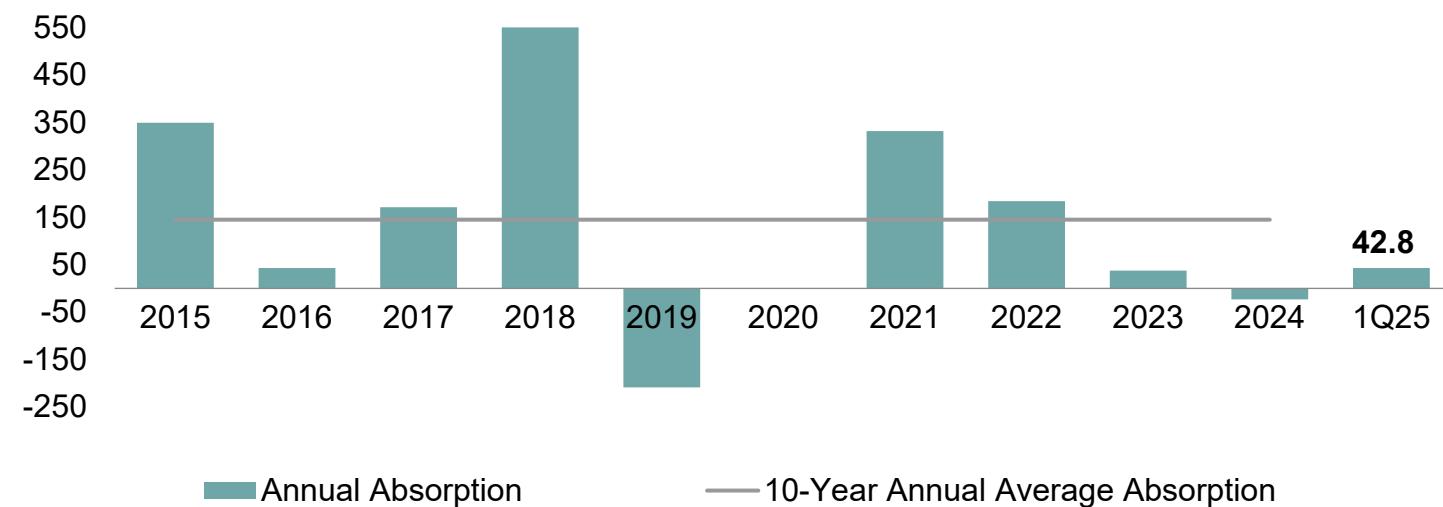
Surrey, BC

Surrey's 4.7-msf office market remained one of the tightest markets in the region at the start of 2025. A notable lack of significant new supply for lease has led tenant activity to gravitate towards both class A and B space, which contributed to positive absorption in the first quarter of 2025. While substantial new supply has been proposed, including the 1.5-msf Centre Block mixed-use development that saw demolition of existing buildings on site approved in December 2024, just three developments totalling ~400k sf are under construction.

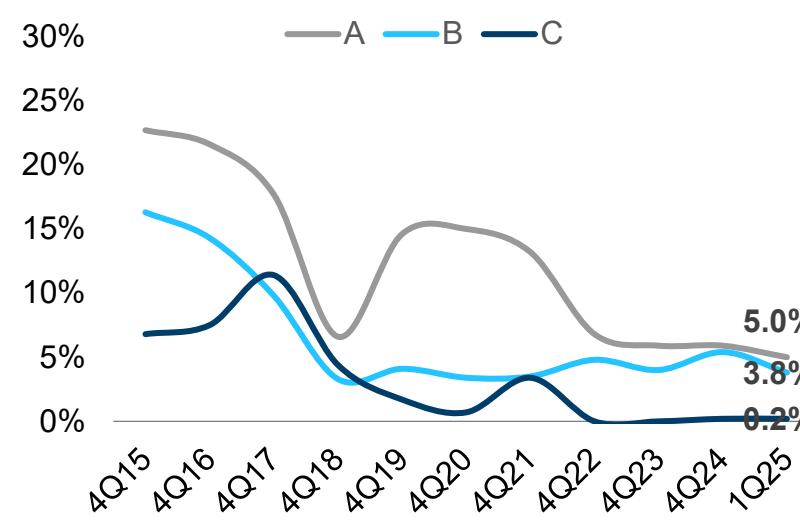
Availability And Vacancy Rates – All Classes



Annual Absorption – All Classes (Thousands of SF)



Vacancy by Class – 2015 to 2025



First Quarter Deals



Benchmark Business Centre II 5477 152nd Street	Central City 13450 102nd Avenue (19th floor)	Central City 13450 102nd Avenue (17th floor)	King George Hub 9850 King George Boulevard	Surrey Central Business Park (Bldg. 5) 7485 130th Street
WorkSafe BC	Amur Financial Group	Simon Fraser University	BC Cancer	DIVERSEcity Community Resources Centre
28,860 SF	17,360 SF	17,340 SF	11,810 SF	9,660 SF
Direct New	Sublease	Sublease	Sublease	Direct New

Source: Newmark Research, Altus Data Studio, CoStar

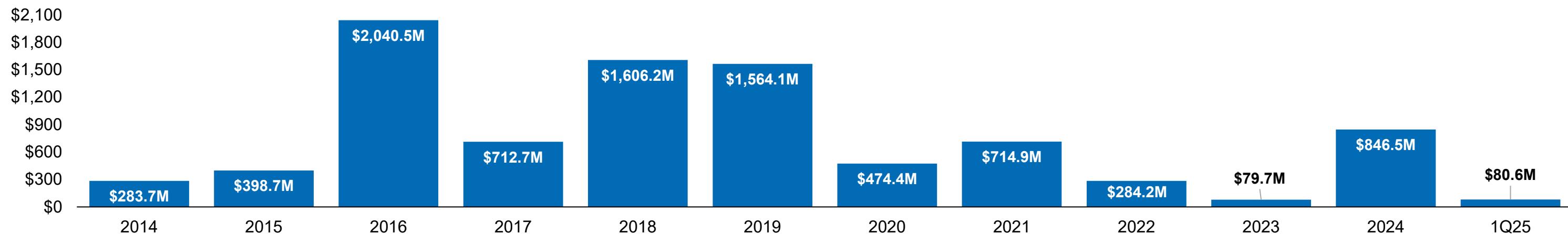
Office Sales Activity



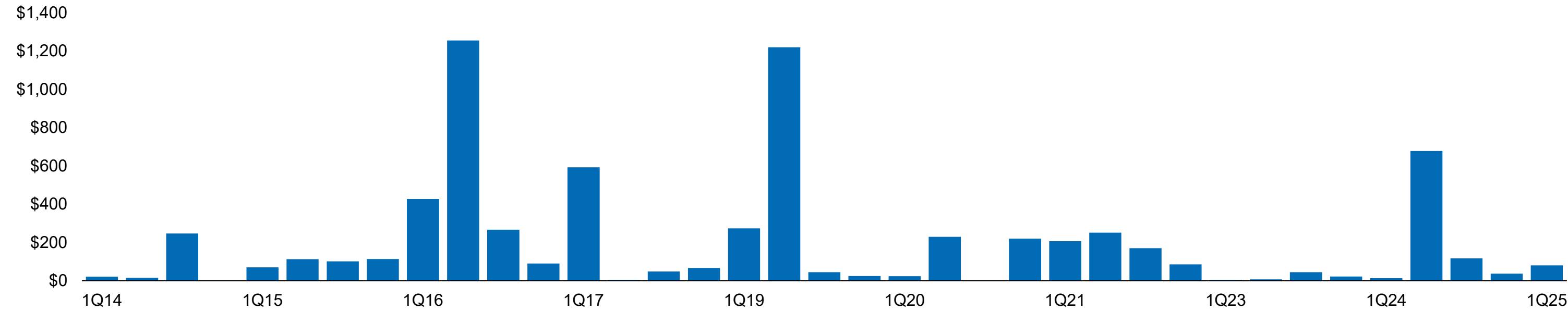
Vancouver Office Sales Volume Takeaways

Vancouver office sales* (excluding strata) generated \$~81M in proceeds in the first quarter of 2025 from just two office dispositions, including the \$70M sale of 1111 West Hastings for conversion into a new downtown hotel. The 12-storey property, which was built in 1966 and contained 95,800 sf of class B office space, will be converted into 180 rooms when it opens in 2029. The other property, 1285 Franklin Street, was sold for ~\$10.5M to Freedom Mobile and is located near the port with industrial space on the ground floor and office space above.

Vancouver Annual Sales Volume (\$ in Millions)



Vancouver Quarterly Sales Volume (\$ in Millions)*



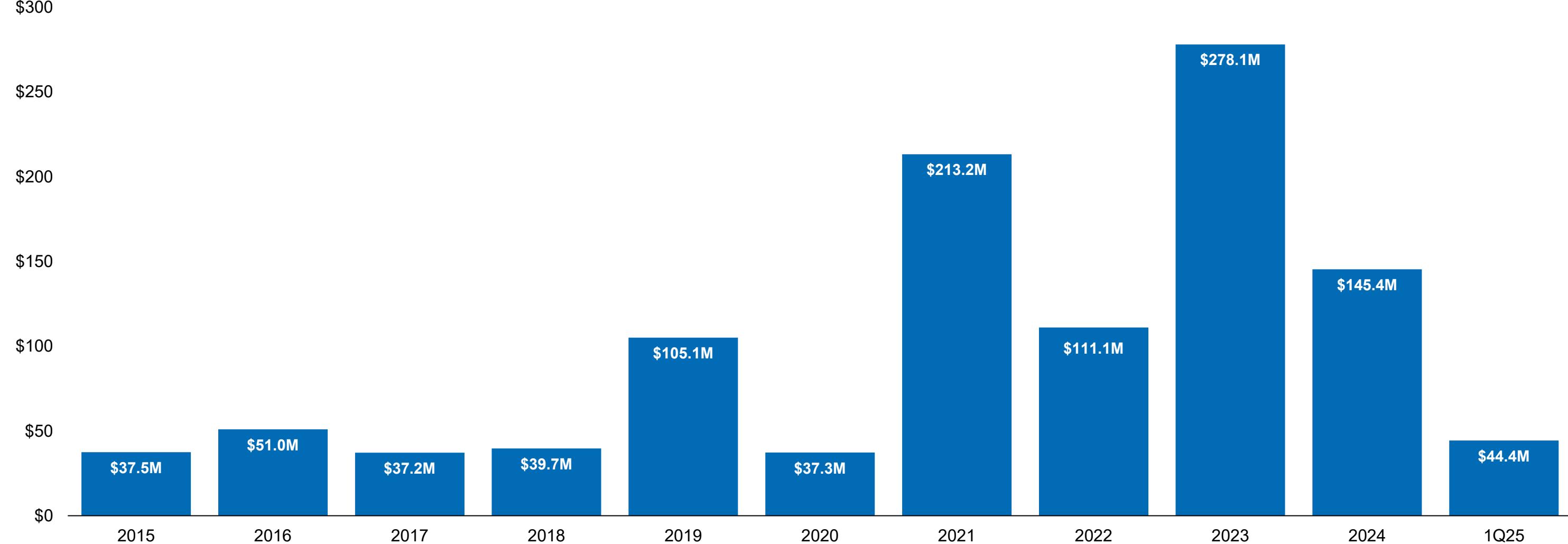
Source: Newmark Research, Altus Data Studio, CoStar

* Excluding non-arms transactions and select share sales where pricing was unavailable for certain asset sales that transacted in 2020, 2021 and 2022.

Vancouver Office Strata Sales Volume Takeaways

Vancouver strata office sales* amounted to \$44M in the first quarter of 2025, down from \$58M in the same period of 2024. Most transactions were the result of the completion of Marine Landing in South Vancouver, which posted 15 sales at an average of \$656 psf. Four sales also closed in the Bosa Waterfront Centre in the first quarter of 2025 at an average price of \$1,433 psf, a 20% decline from the \$1,789 psf average price achieved in sales in 2024, which represented a further 11.2% decline from the \$2,015 psf achieved in 2023.

Vancouver Strata Office Annual Sales Volume (\$ in Millions)



Source: Newmark Research, Altus Data Studio

* Excluding non-arms transactions

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