4Q24

Vancouver Office Market Overview

NEWMARK

Greater Vancouver Office Market Observations

Metro Vancouver remained one of the tightest office markets in North America at year-end 2024 as vacancy and availability continued to stabilize with limited new supply in pipeline.

Class A buildings continued to benefit from tightening vacancy in 2024 due not only to an ongoing flight to quality but also a flight to the newest class A buildings available.

Regional vacancy and availability rates are returning to pre-2017 levels, which are widely considered to be indicators of a healthy office market for both tenants and landlords.

Tightening vacancy in large suburban markets such as Burnaby and Surrey combined with a pickup in leasing activity downtown at year-end 2024 led regional vacancy to fall below 10%.

Slower job growth is restricting office utilization rates, leading to weaker organic growth, particularly in downtown Vancouver and its submarkets, where the stabilization of leasing activity is occurring but at lower than historical levels.

Regional absorption of more than 1.1 msf in 2024, led by Downtown (767k), Burnaby (312k) and the Broadway Corridor (123k) resulted in the region recording the second-most annual absorption since 2018.

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

Achievable office rents downtown will likely play a larger role in determining when new construction kicks off but a rebound in demand will also be needed along with substantially higher prelease commitments than seen in previous cycles.

Mandates from large tenants outside the market, particularly global tech firms, were responsible for much of the office development in the 2010s, and the market likely needs them to re-engage, especially downtown, to kick off the next cycle.

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Office Market Metrics

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Greater Vancouver Office Market

Market Overview

	Current Quarter	Prior Quarter	Year Ago	12-Month Forecast
Total Inventory (SF)	66.9M	66.8M	65.4M	↖
Total Vacancy Rate	9.5%	10.1%	9.4%	↙
Quarterly Net Absorption (SF)	410K	-13K	75K	↖
Total Availability Rate	13.2%	13.2%	12.4%	↔
Deliveries (SF)	59K	659K	155K	↙
Under Construction (SF)	2.0M	2.1M	2.8M	↓

Greater Vancouver Office Market/Submarket Statistics | 4Q24

Market/Submarket Statistics – All Classes

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Annual Net Absorption (SF)	Direct Available Rate	Sublet Available Rate	All classes Est. Direct Gross Rent ($/SF)
Greater Vancouver	**66,902,330**	**2,054,248**	**9.5%**	**410,567**	**1,118,154**	**10.4%**	**2.8%**	**C$41.10**
Downtown Vancouver	**30,032,343**	**29,600***	**11.9%**	**238,150**	**767,057**	**13.4%**	**3.0%**	**C$49.72**
Vancouver Broadway Corridor	**6,140,168**	**172,328**	**10.2%**	**-32,758**	**123,397**	**11.8%**	**3.4%**	**C$48.58**
Vancouver Periphery	**4,726,272**	**778,227**	**7.5%**	**57,142**	**-17,975**	**7.2%**	**3.5%**	**C$42.43**
Vancouver Total	**40,898,783**	**980,155**	**11.2%**	**262,534**	**872,479**	**12.5%**	**3.1%**	**C$47.48**
Burnaby	**10,649,830**	**393,760**	**8.5%**	**138,133**	**311,614**	**7.8%**	**4.0%**	**C$37.62**
Richmond	**4,961,275**	**80,004**	**8.6%**	**-8,444**	**-97,999**	**9.2%**	**2.6%**	**C$27.25**
Surrey	**4,657.105**	**401,789**	**5.3%**	**27,321**	**-23,473**	**5.8%**	**0.9%**	**C$33.44**
North Shore***	**2,077,264**	**32,511**	**3.1%**	**-24,218**	**808**	**2.8%**	**0.6%**	**C$39.21**
Langley	**1,532,926**	**93,086**	**3.2%**	**12,997**	**25,659**	**4.1%**	**0.0%**	**C$41.07**
New Westminster	**1,474,469**	**0**	**5.1%**	**4,715**	**11,300**	**5.6%**	**0.1%**	**C$44.66**
Tri-Cities**	**578,201**	**57,782**	**9.0%**	**-2,471**	**17,766**	**10.7%**	**0.0%**	**C$29.00**

Source: Newmark Research, Altus Data Studio

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

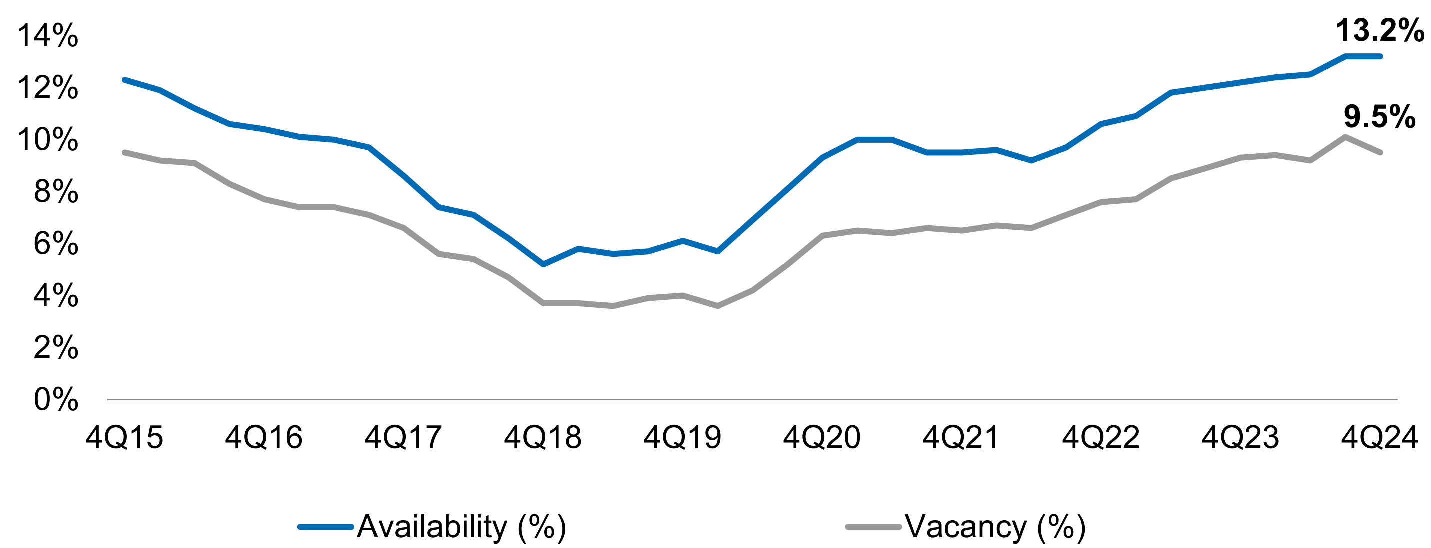
**The Tri-Cities consists of Port Moody, Coquitlam and Port Coquitlam, but due to its small size is not covered in this report.

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

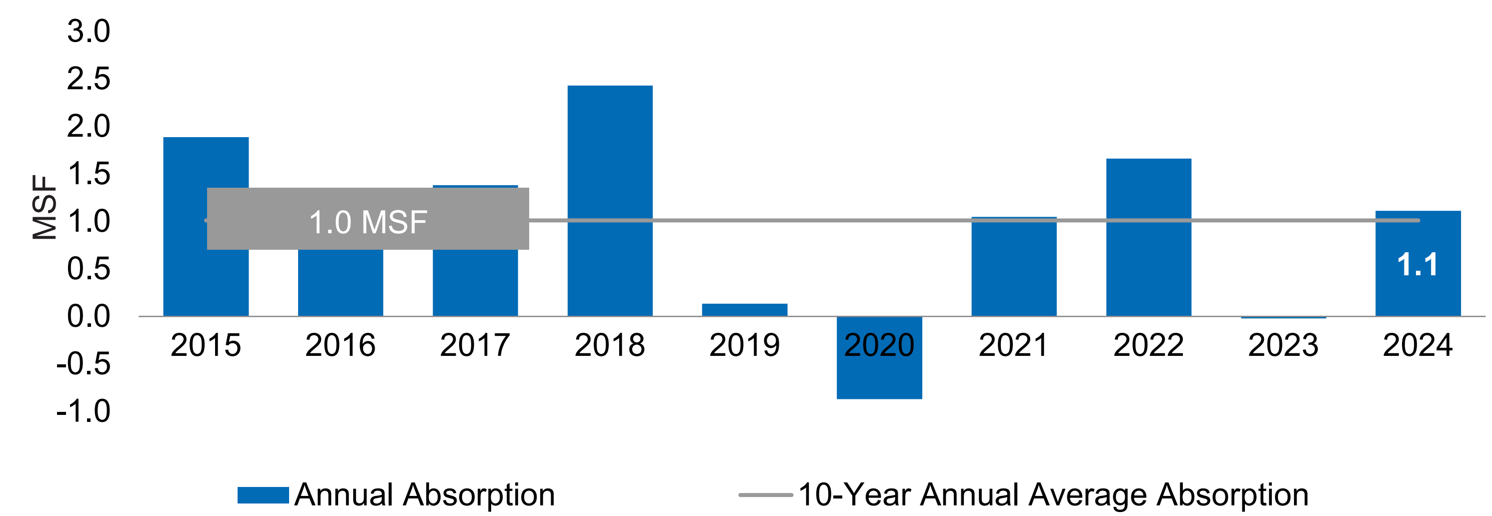
Greater Vancouver Area

Greater Vancouver remained one of North America's tightest office markets with regional vacancy falling to 9.5% at year-end 2024 with the availability rate stabilizing at ~13%. Vacancy downtown and in the larger suburban markets of Burnaby and Surrey tightened during 2024, which contributed to regional annual absorption achieving its second highest level since 2018. Leasing activity, particularly in new class A buildings, is anticipated to rise in 2025 with a lack of new supply downtown potentially constraining overall leasing velocity.

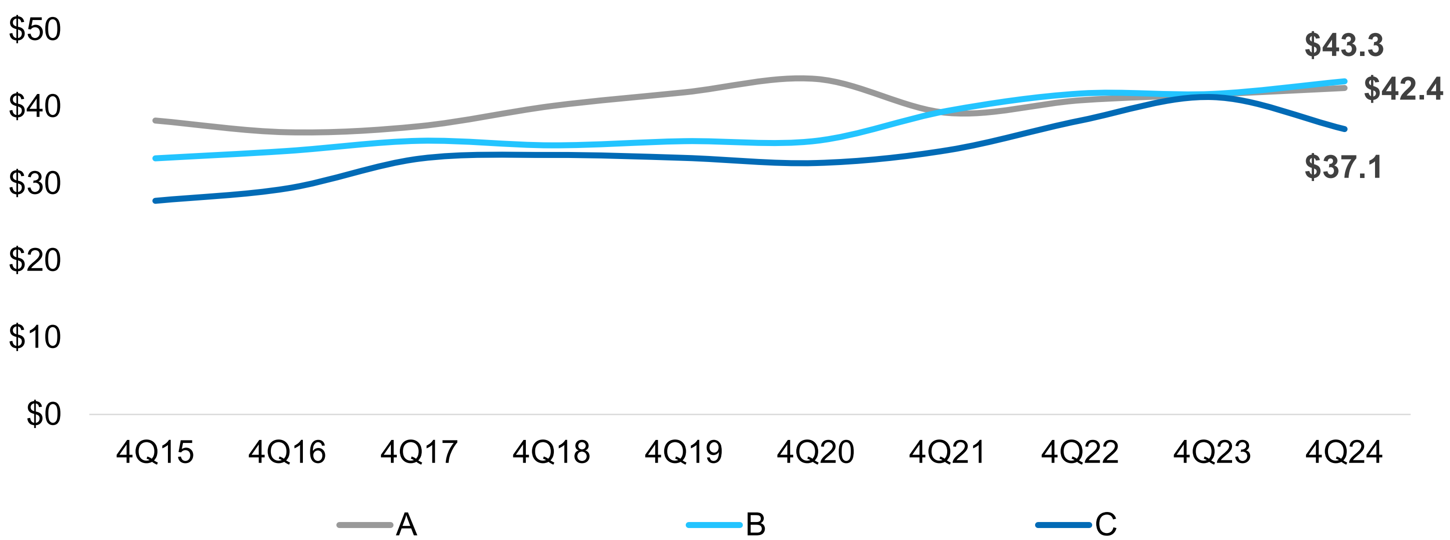
Overall Availability And Vacancy Rates – All Classes



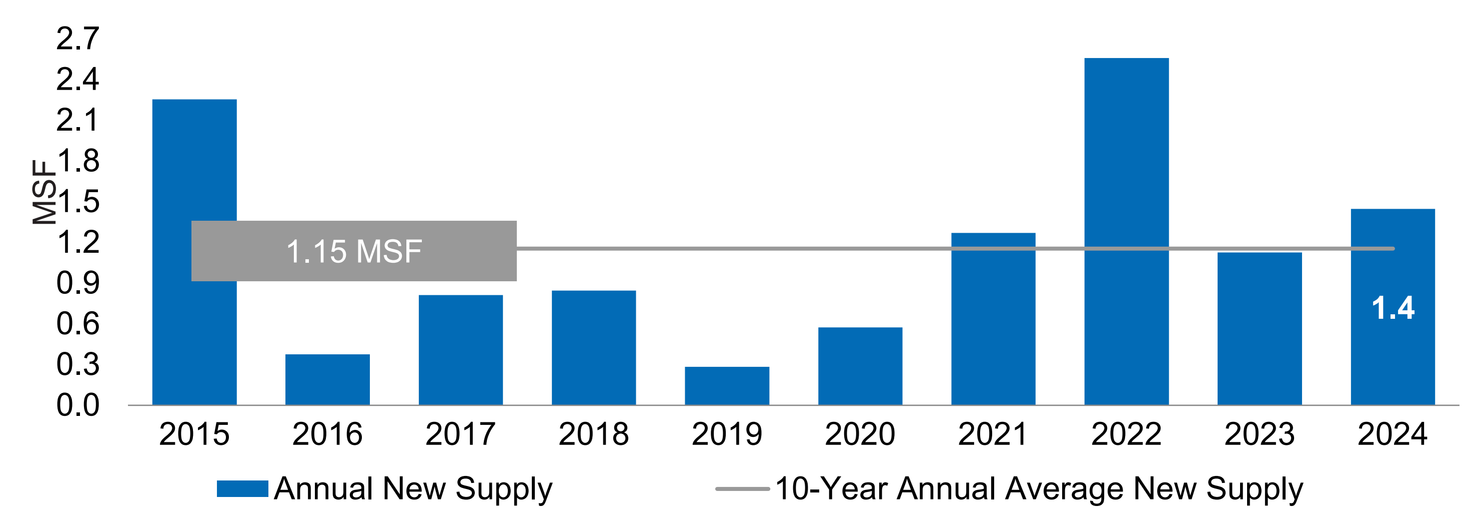
Annual Absorption – All Classes



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



New Construction Deliveries in Greater Vancouver

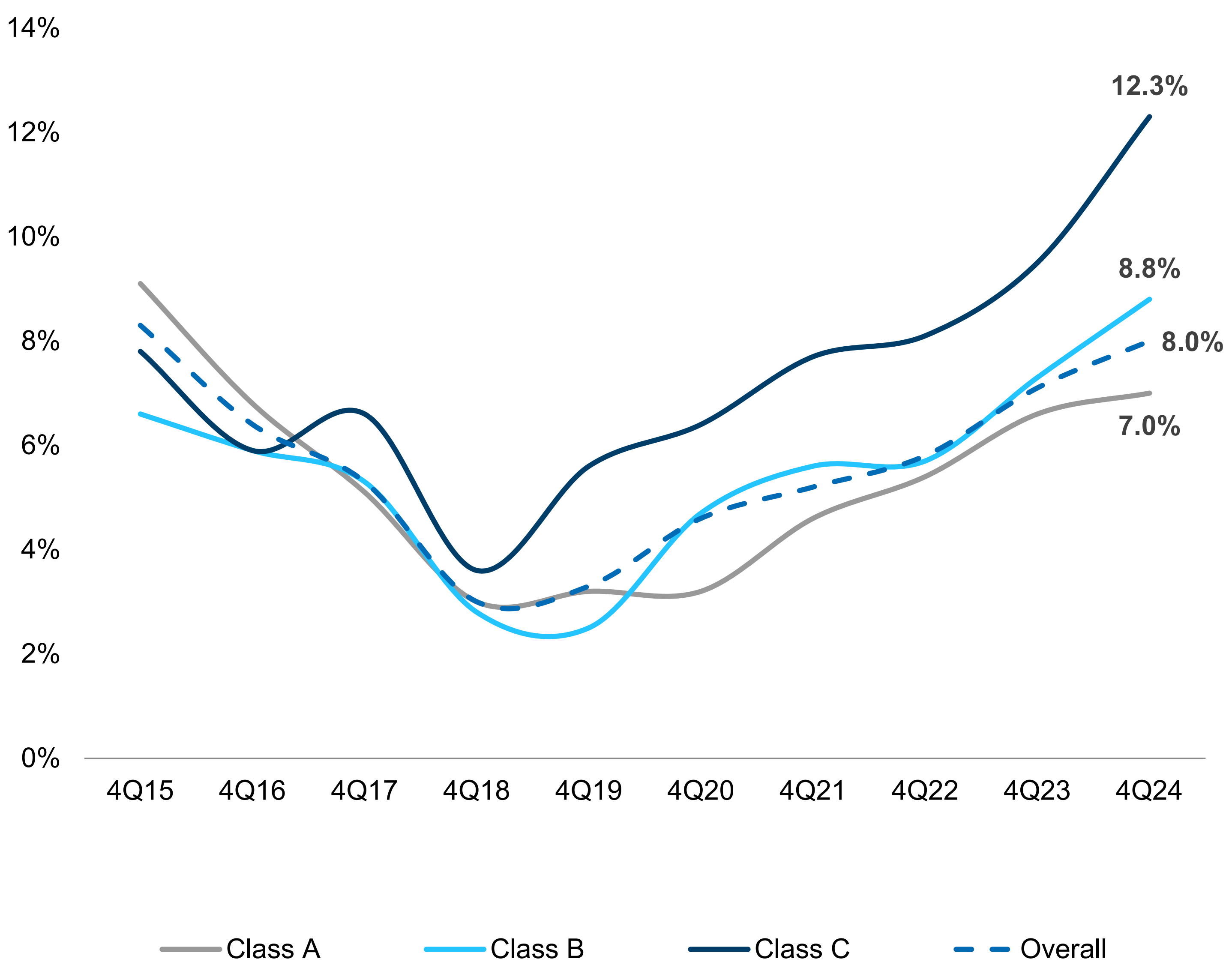


Source: Newmark Research, Altus Data Studio

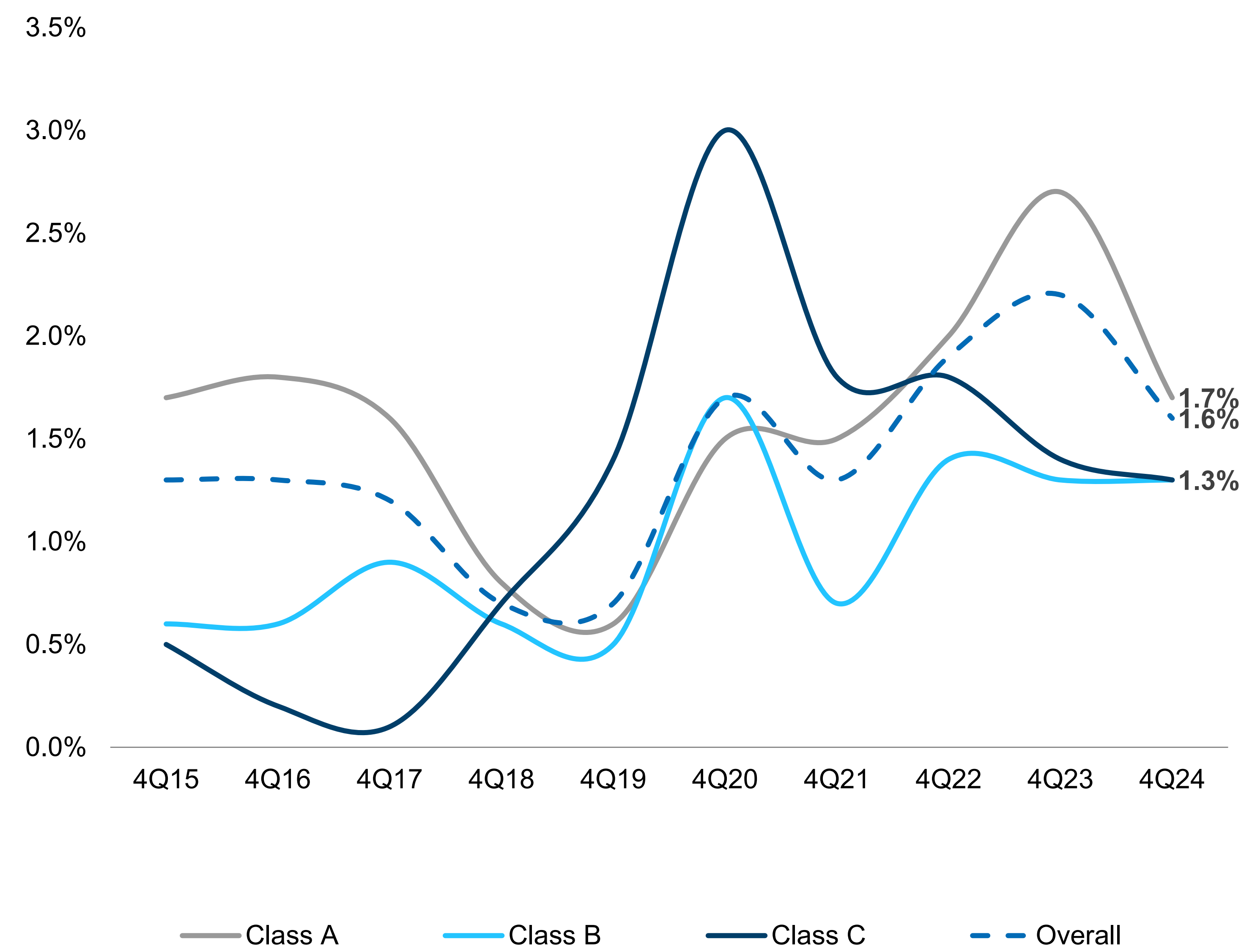
Class A/B Vacancy Stabilizing In Balanced Market Range As Class C Troubles Remain

Head lease vacancy in class A/B buildings across Greater Vancouver found its footing in 2024. While class A/B head lease vacancy remained within a healthy range in what would typically be considered a balanced market, class C buildings will face challenges in 2025. Sublease vacancy on a regional basis has been much more volatile in all building classes since 2020; however, the recent trend has been to tighten (class A) or stabilize (class B/C). Class A sublease vacancy remained elevated as tenants continue right sizing post RTO.

Regional Office Headlease Vacancy by Class – 2015 to 2024



Regional Office Sublease Vacancy by Class – 2015 to 2024

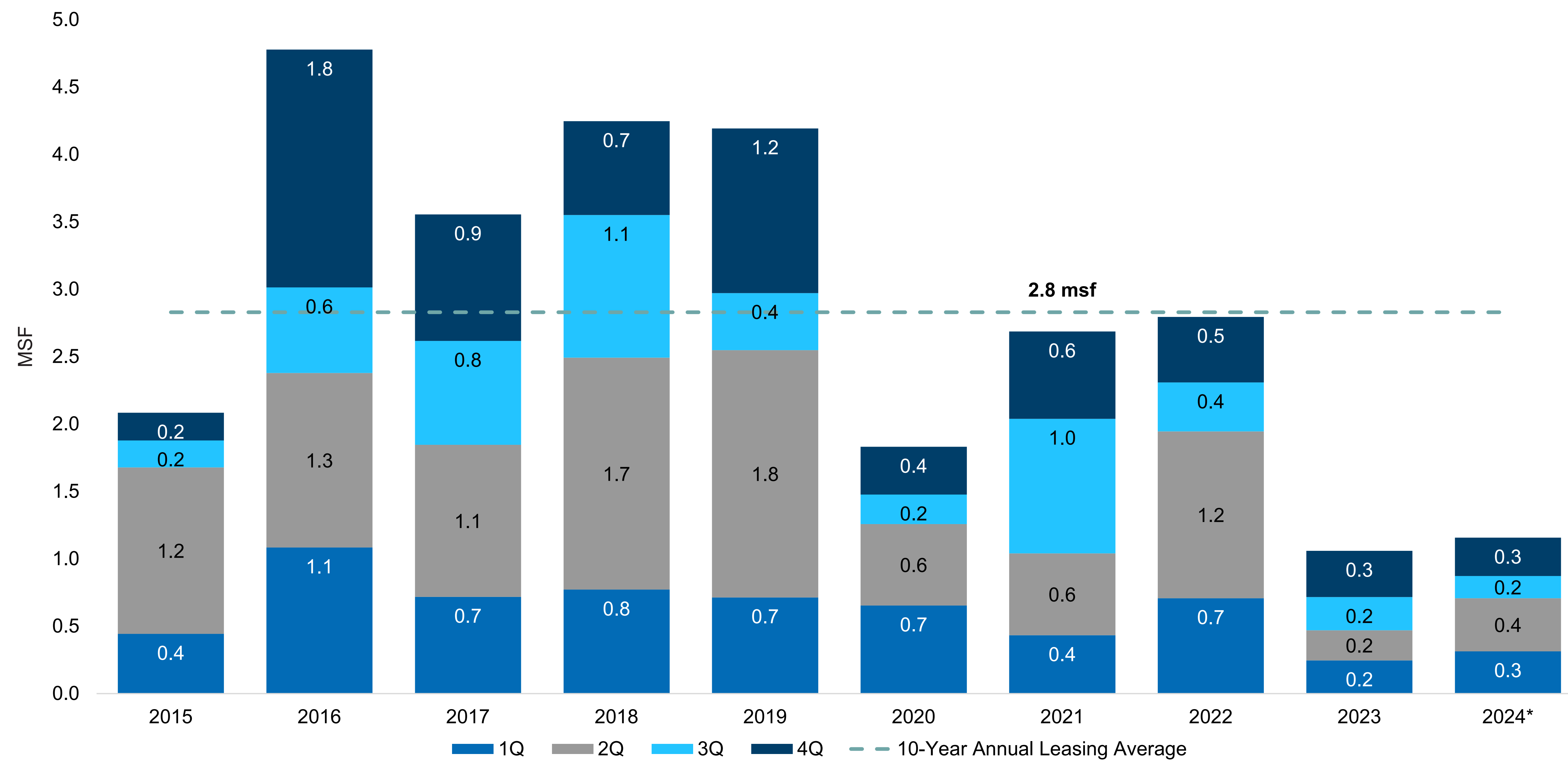


Source: Newmark Research, Altus Data Studio

Lease Up Of New Supply, Renewals And Subleases By Local Tenants Driving Market

Office leasing activity had slumped notably in 2023 and only improved incrementally in 2024. Preleasing and delivery of new supply have been catalysts of office leasing activity in Greater Vancouver since 2014; however, no significant preleases to kick off new development downtown have been made since at least 2020. The absence of new commitments from large tenants (global tech firms specifically) has resulted in the modest demand from Vancouver's traditional mix of mostly small- to mid-sized local tenants driving the leasing market.

Total Leasing Activity in All Classes



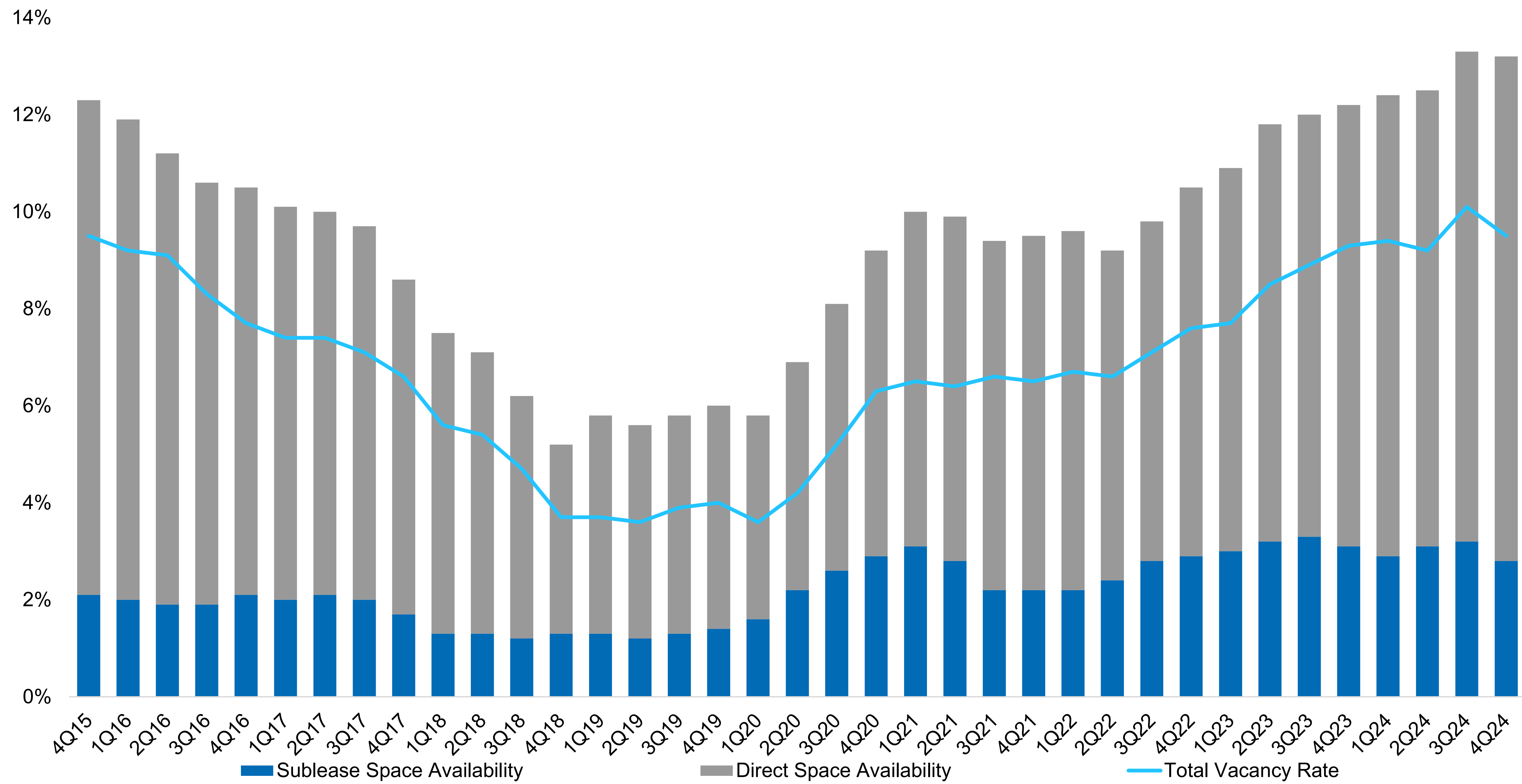
Source: Newmark Research, Altus Data Studio

*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 Likely Peaked In Late 2024

Regional vacancy and availability have returned to 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 anticipate to peak in 2025 before declining.

Available Space and Tenant Demand as Per cent of Overall Market



Source: Newmark Research, Altus Data Studio

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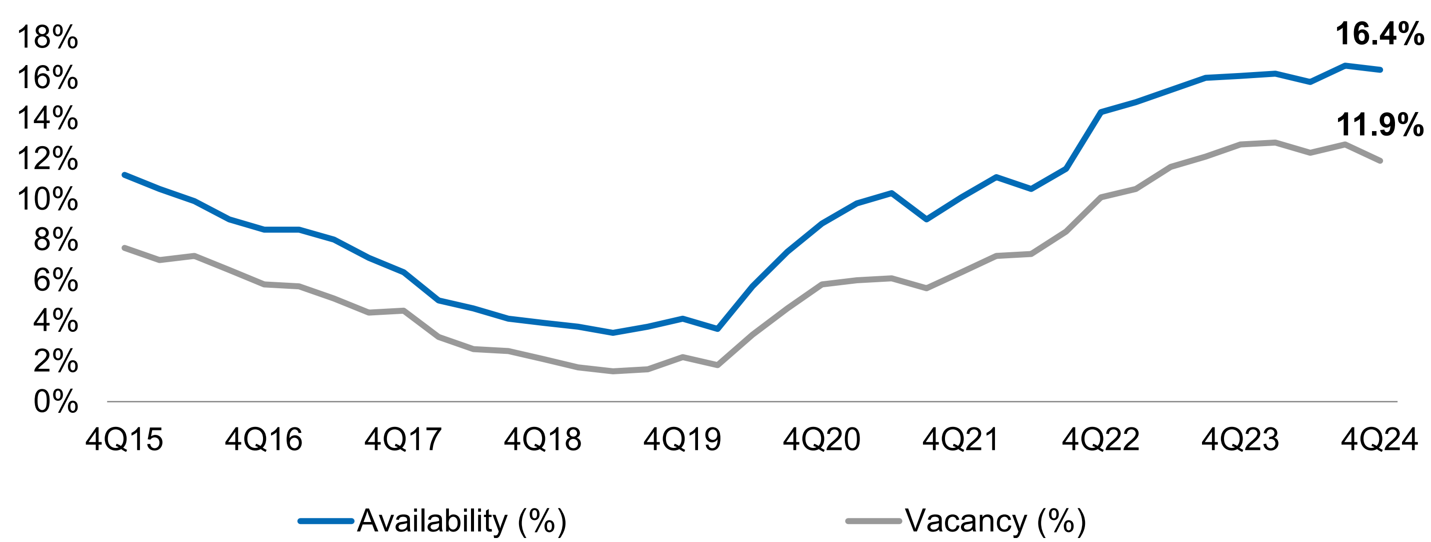
Downtown Vancouver

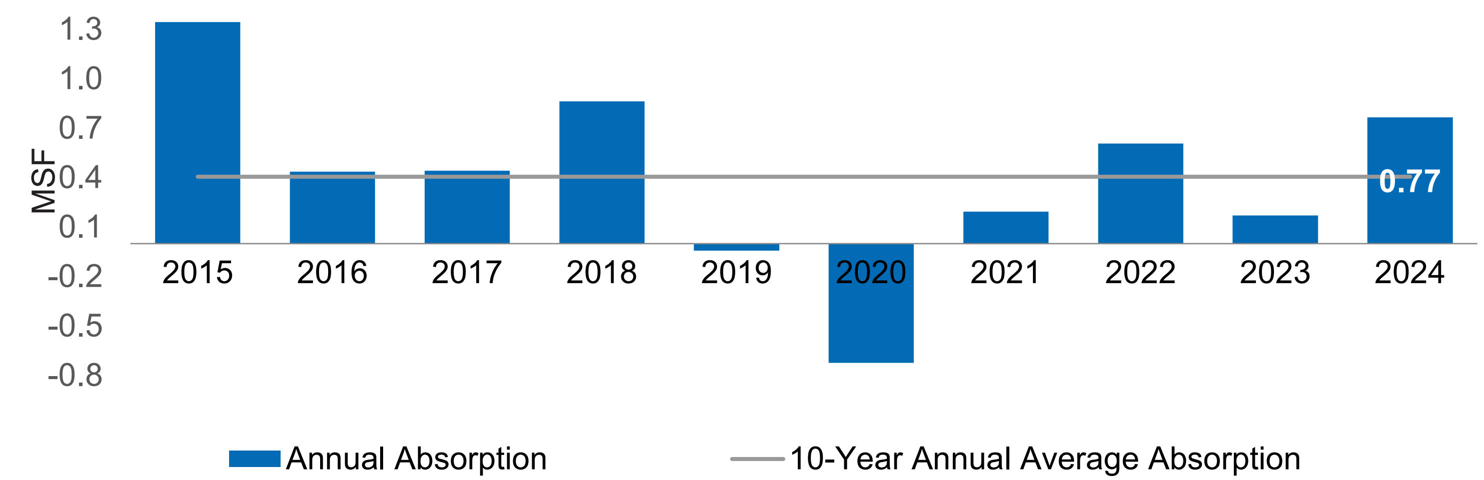
Downtown Vancouver (including Gastown & Yaletown)

Vacancy in Downtown Vancouver's office market slipped below 12% at the end of 2024 for the first time since mid-2023. The decline was the result of notable tightening in class A vacancy, which dropped to its lowest point since the end of 2022. Tenant demand is not just for class A buildings but focused on the new supply within class A . Absorption of ~770k sf in 2024 was due largely to the delivery of ~575k of new preleased space in the second quarter of 2024. Large lease requirements in 2027+ may soon find new options limited.

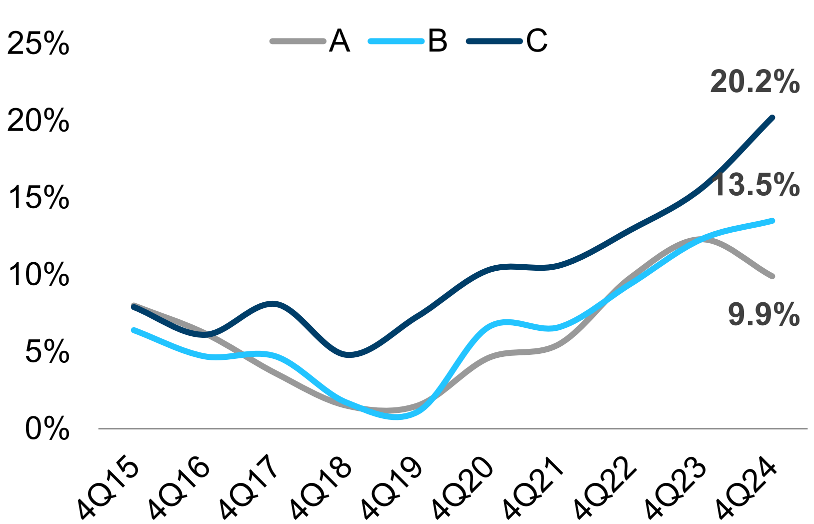
Overall Availability & Vacancy Rates – All classes



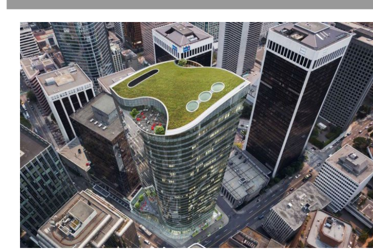
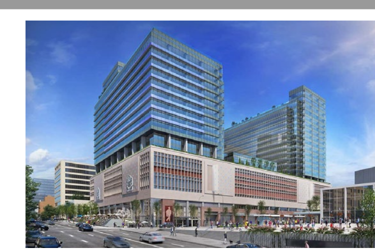
Annual Absorption – All classes

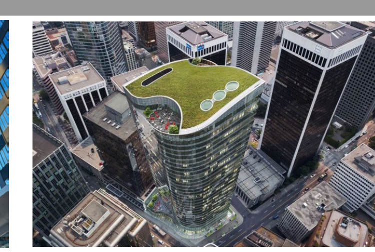
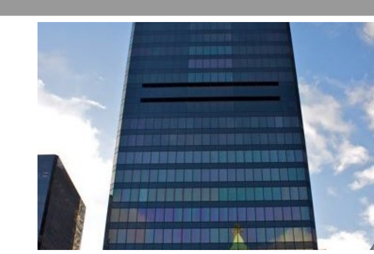


Vacancy by Class – 2015 to 2024



Fourth Quarter Deals

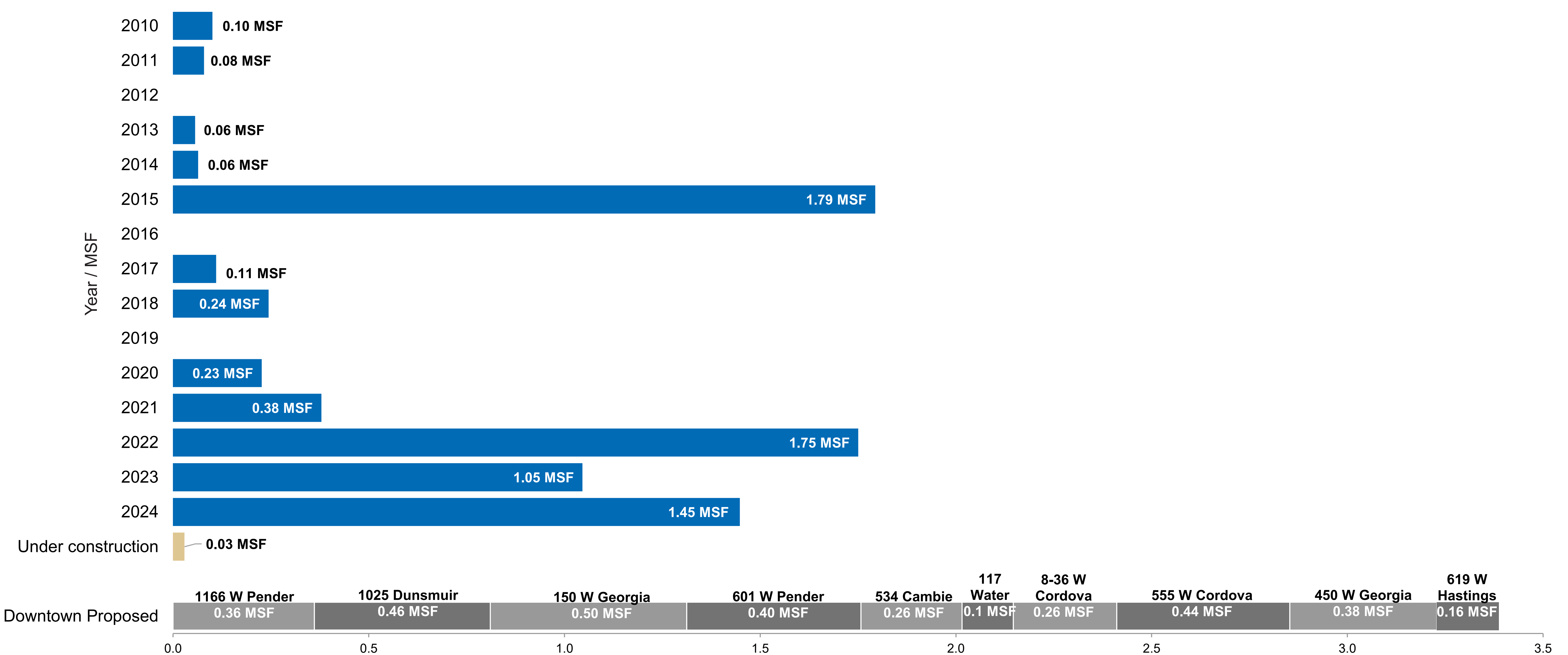
B6 **1090 West Pender Street**	**The Post** **349 West Georgia**	**VC2** **733 Seymour Street**	**B6** **1090 West Pender Street**	**TD Tower** **700 West Georgia**
Connor, Clark & Lunn Financial Group	Sony Pictures Imageworks	AtkinsRéalis	Shape	TD Bank
81,750 SF	52,315 SF	31,000 SF	20,050 SF	16,350 SF
Direct New	Direct New	Sublease	Sub-sublease	Expansion

Source: Newmark Research, Altus Data Studio, CoStar

Downtown Vancouver Construction Velocity

New construction in Downtown Vancouver's 30-msf market remained in stasis in 2024. Just one building with 29,500 sf of office is under construction. While work on Westbank's large mixed-use development at 150 West Georgia is underway, the focus to date has been underground on the district energy plant component. A handful of proposed options indicate they are open to preleasing, but none have committed to building. A supply crunch of class A space in 2027+ seems increasingly likely as tenant demand is fixated on leasing new supply.

Downtown Vancouver Deliveries

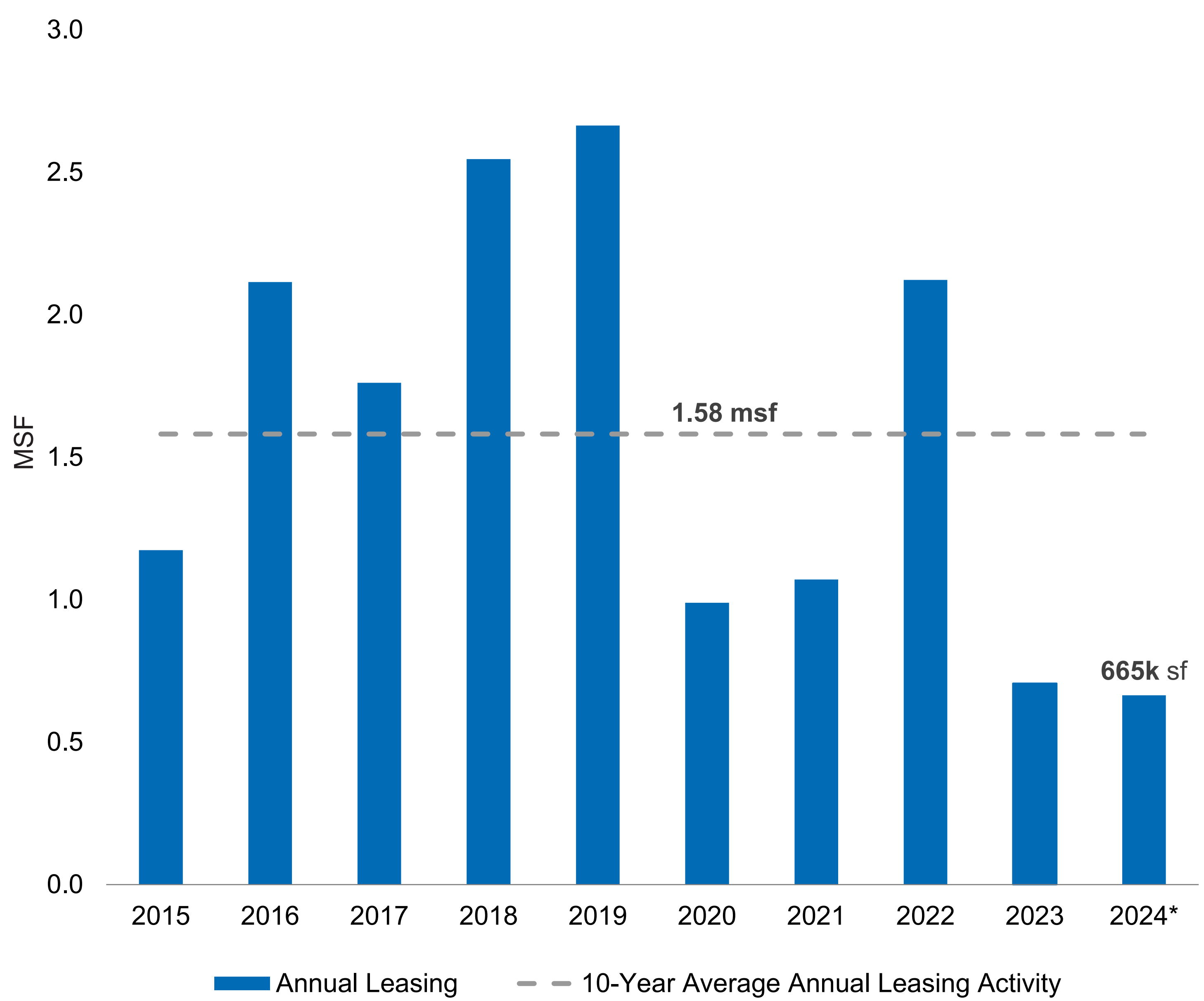


Source: Newmark Research, Altus Data Studio

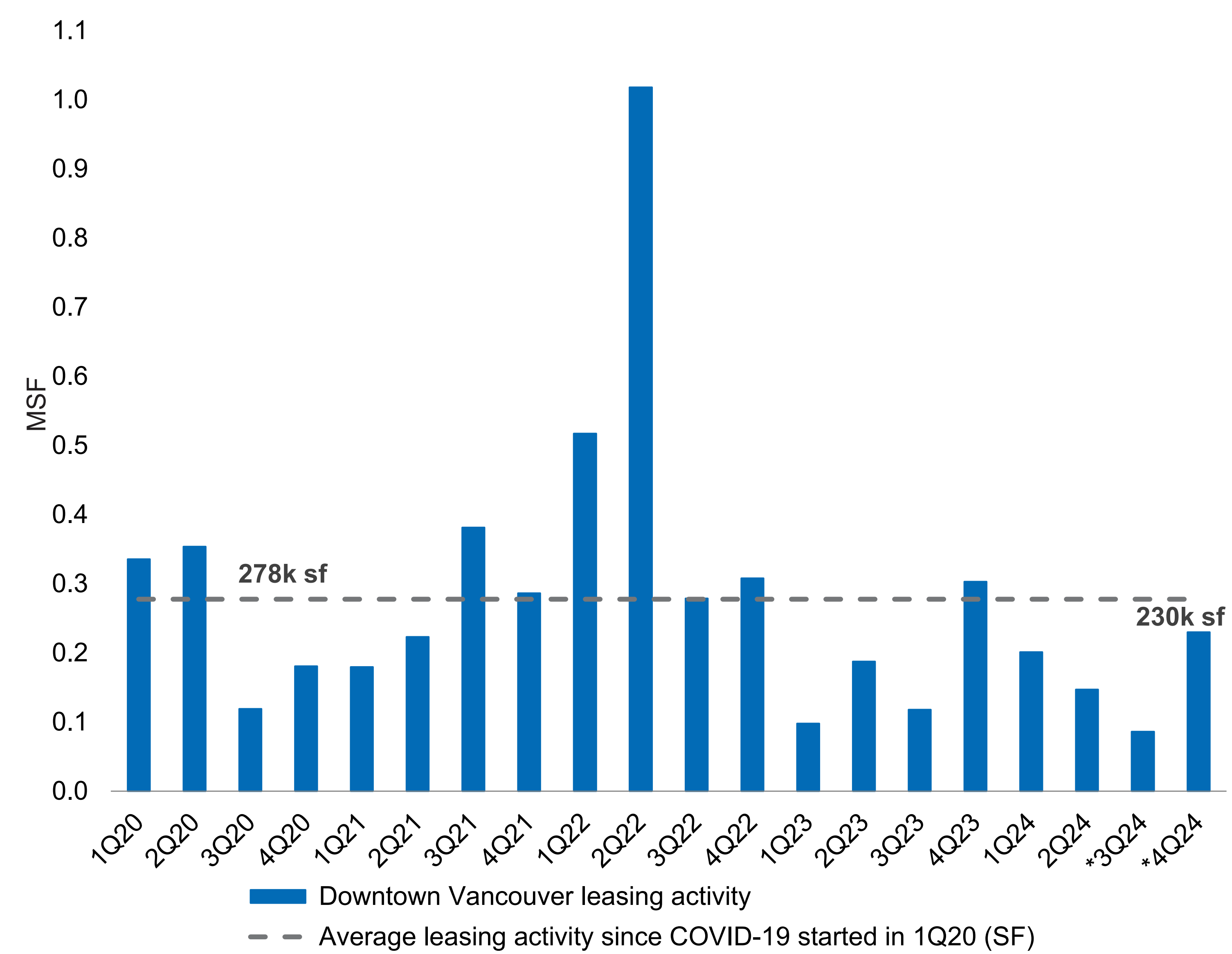
Downtown Vancouver Office Leasing Activity

Downtown office leasing volume in 2024 was at its lowest point since 2014. Global tech firms – outside of Amazon's occupation of The Post – were largely absent from leasing additional downtown office space with traditional Vancouver tenants left to take up the slack. The occupation of new supply and preleased space generated most of the leasing activity in 2024. With no new supply in the pipeline, leasing activity will remain constrained in 2025 as class A space - where most deals occur – is in increasingly short supply.

Annual Downtown Vancouver Leasing Activity – All classes



Downtown Vancouver Quarterly Leasing Activity – All classes

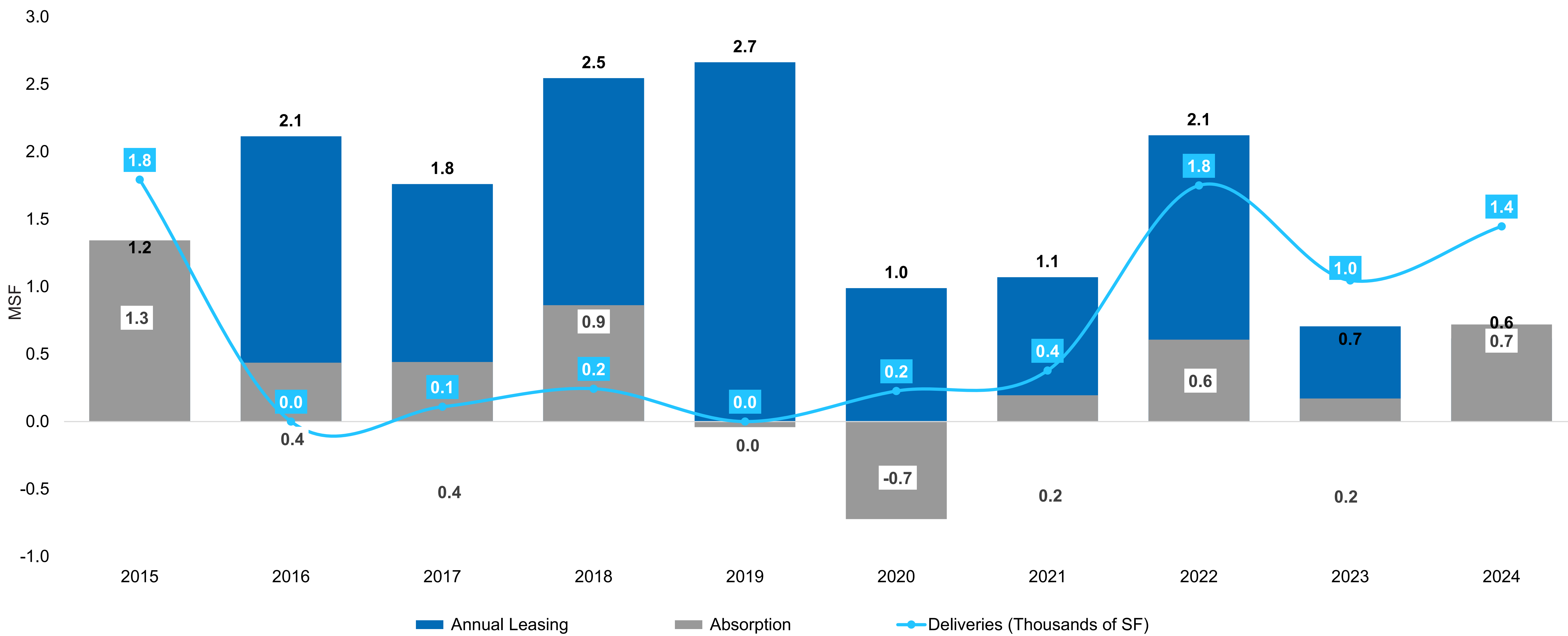


Source: Newmark Research, Altus Data Studio
*Based on Newmark's review of Q3 2024 leasing activity in downtown Vancouver, this data point represents an undercount of known class A activity.

Downtown Vancouver Leasing, Absorption and New Supply Analysis

With the end of the most recent development cycle, absorption from the occupation of preleased space and new supply were virtually the only sources of absorption downtown in 2024. Annual absorption of ~767k sf downtown would have been more than two-thirds less than recorded without Amazon occupying The Post in early 2024. A notable rebound in leasing in 2025 will require the absorption of backfill space in older class A buildings as well as some improved class B premises as new class A space is increasingly in short supply.

Downtown Vancouver Historical Leasing and Absorption – All classes

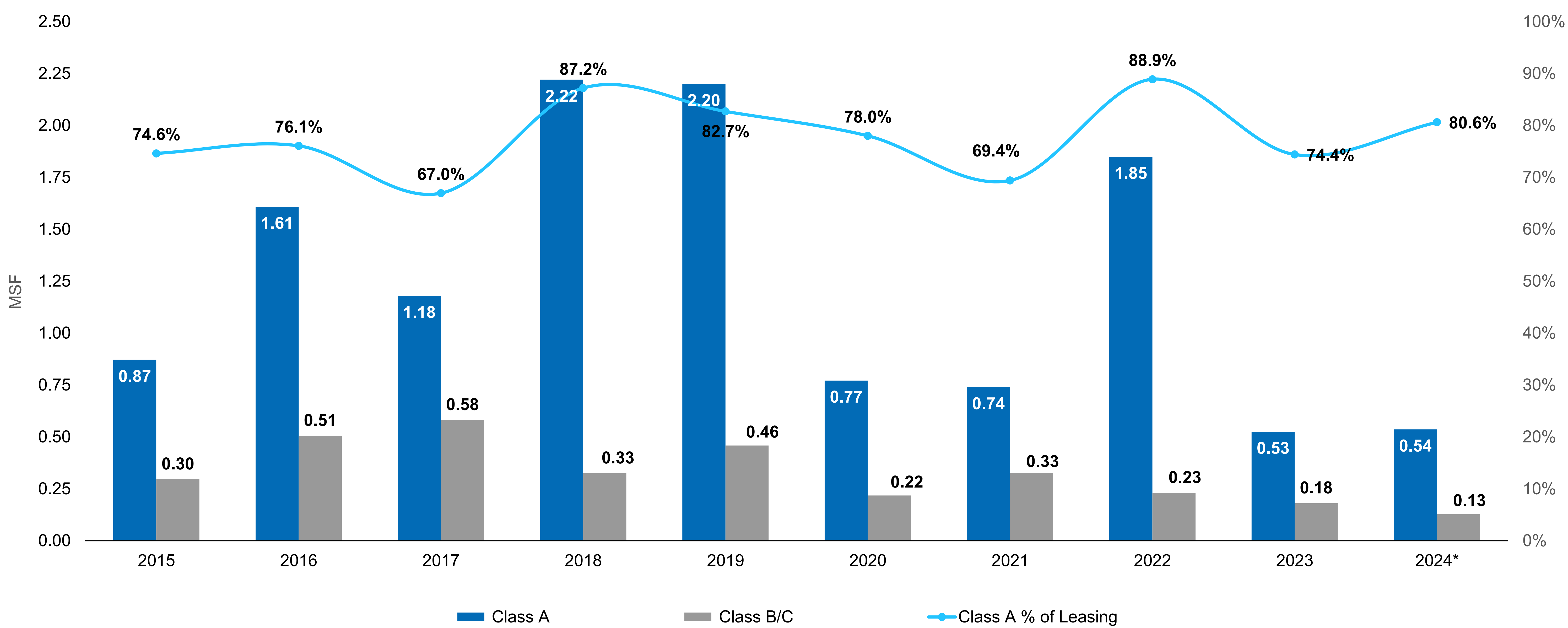


Source: Newmark Research, Altus Data Studio

Class B/C Activity Continued Contracting | Downtown Vancouver Leasing Activity

While downtown leasing activity stagnated in 2024, an increasing majority of those deals that did occur when compared with 2023 were in class A premises (81%). Square footage leased in class B/C space fell to 19% in 2024, a notable difference from Downtown Toronto where class A vacancy is significantly higher and 93% of the square footage leased in 2024 occurred in class A space. With activity being driven mostly by leasing in new (or near new) space, class A deals will remain elevated in 2025, but may start to taper as supply tightens.

Leased Area by Class



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.

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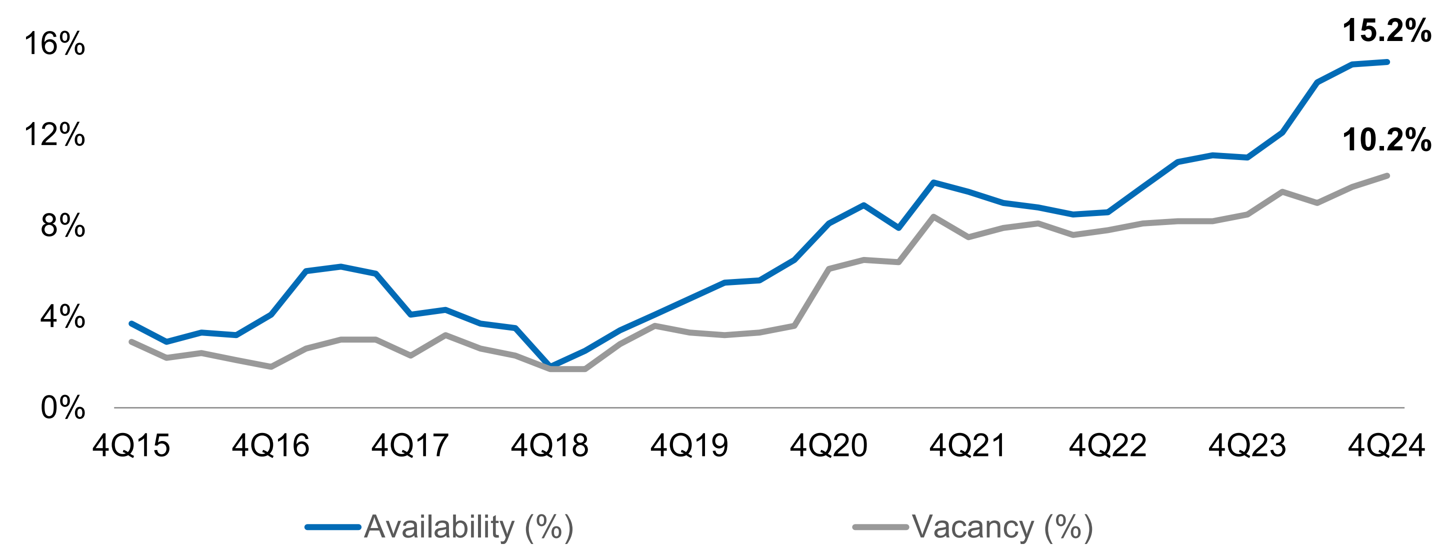
Vancouver Office Submarkets

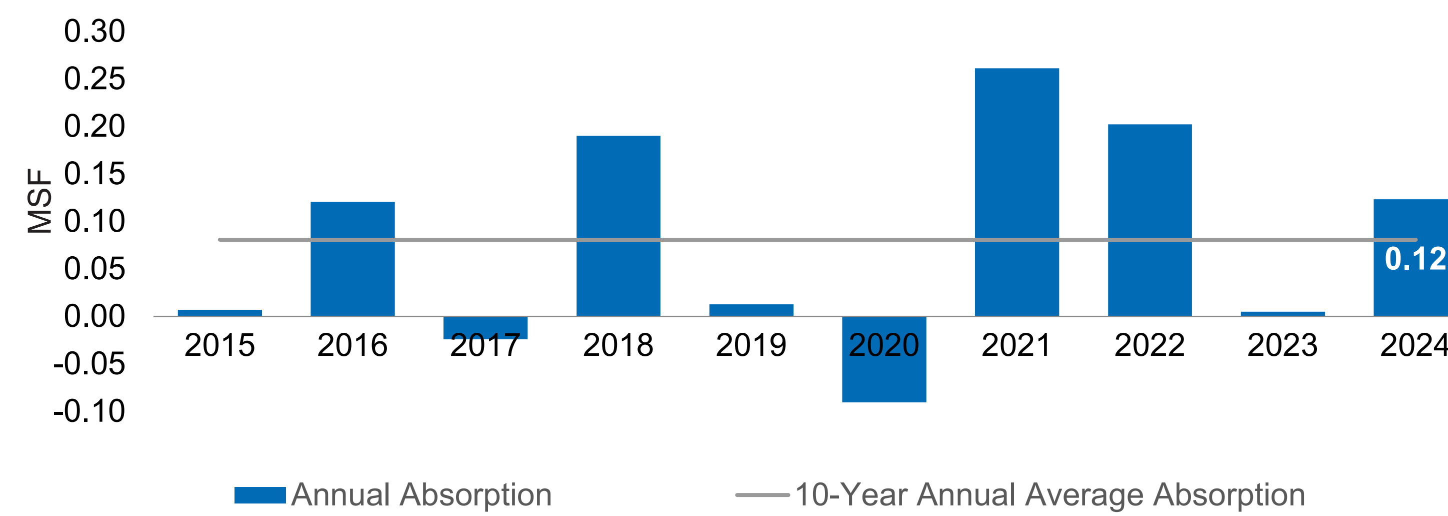
Vancouver – Broadway Corridor

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.

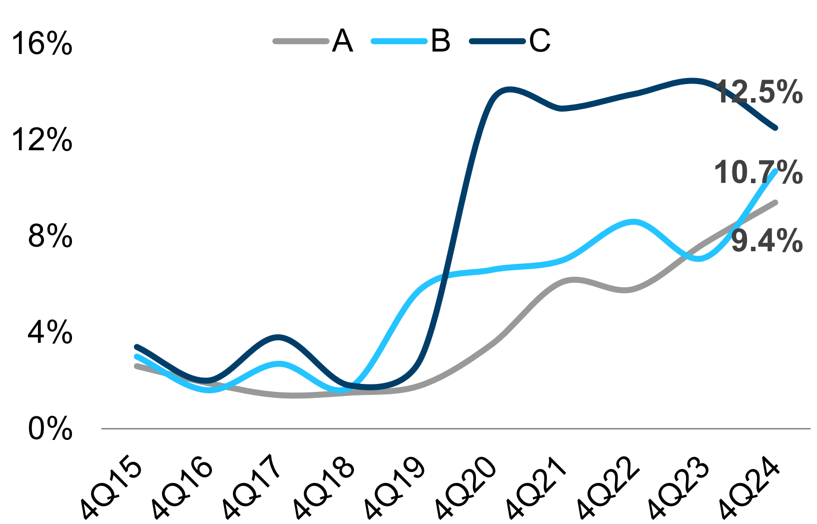
Overall Availability And Vacancy Rates – All Classes



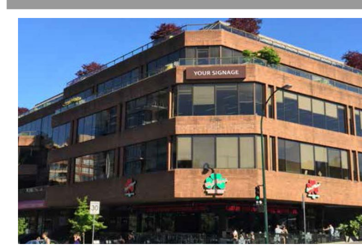
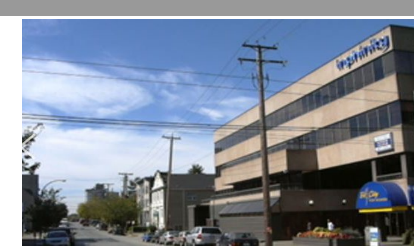
Annual Absorption – All Classes

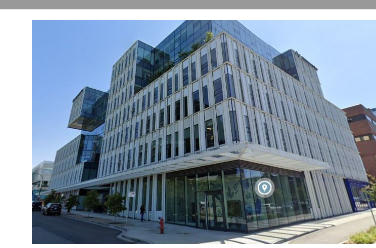


Vacancy by Class – 2015 to 2024



Fourth Quarter Deals



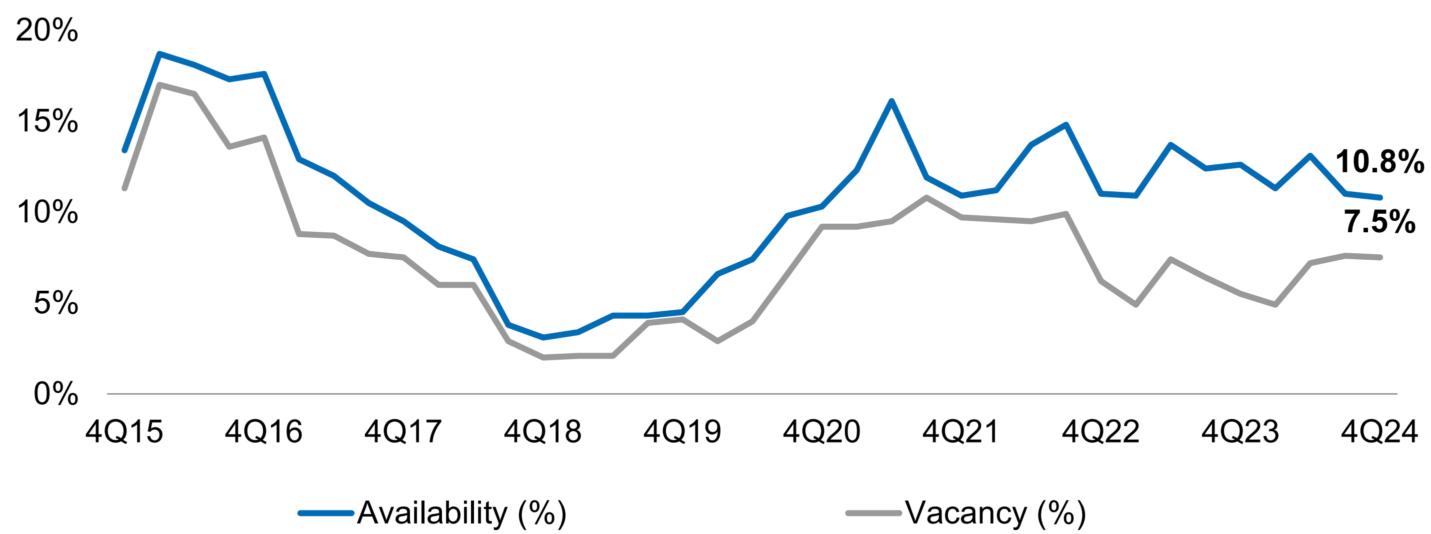

#200 & #301 1770 West 7th Avenue	1401 West 8th Avenue	1385 West 8th Avenue	Main Alley (M2) 114 East 4th Avenue	1385 West 8th Avenue
Seymour Health Centre	Greater Vancouver Community Services Society	BC Dental Association	VodaSafe	Blackbird Security
17,630 SF	6,040 SF	6,000 SF	5,800 SF	4,500 SF
Direct New	Direct New	Direct New	Direct New	Expansion

Source: Newmark Research, Altus Data Studio, CoStar

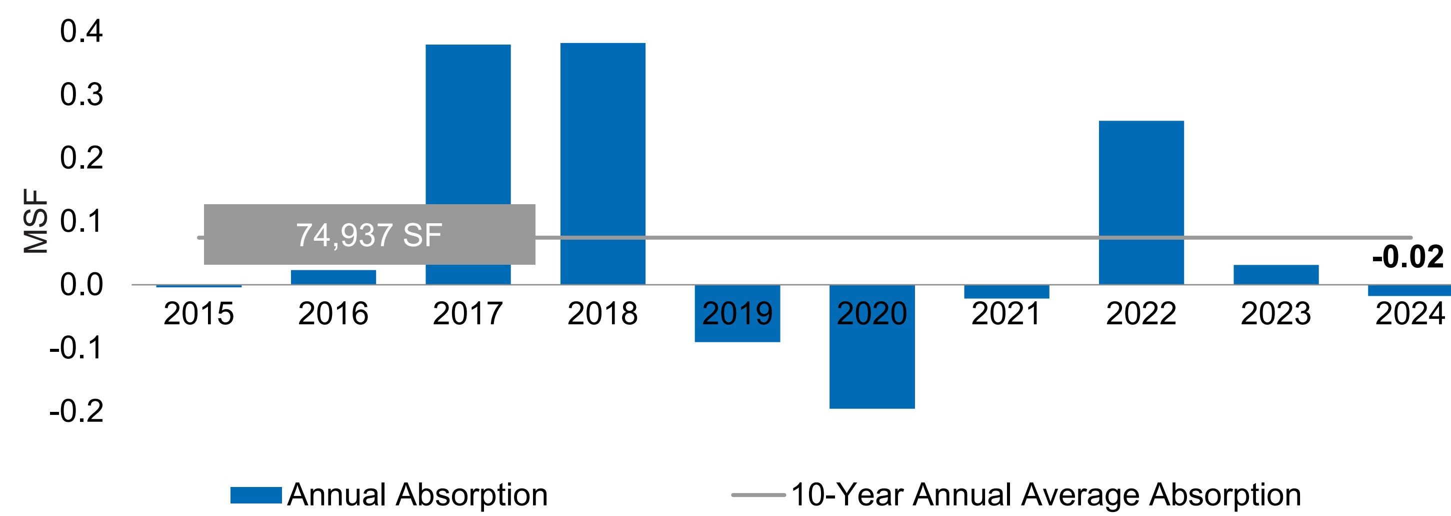
Vancouver – Periphery

Vancouver's 4.73-msf periphery office submarket was the only city submarket to record negative annual absorption in 2024. While class A vacancy remained among the lowest in the region at 7.2%, class B/C vacancy has surged notably through 2024.Class B/C properties, which comprise ~37% of inventory, generated the vast majority of negative absorption. With ~778k sf of new supply under construction in six projects, there are upcoming options for tenants seeking class A premises that may contribute positive absorption if occupied in 2025.

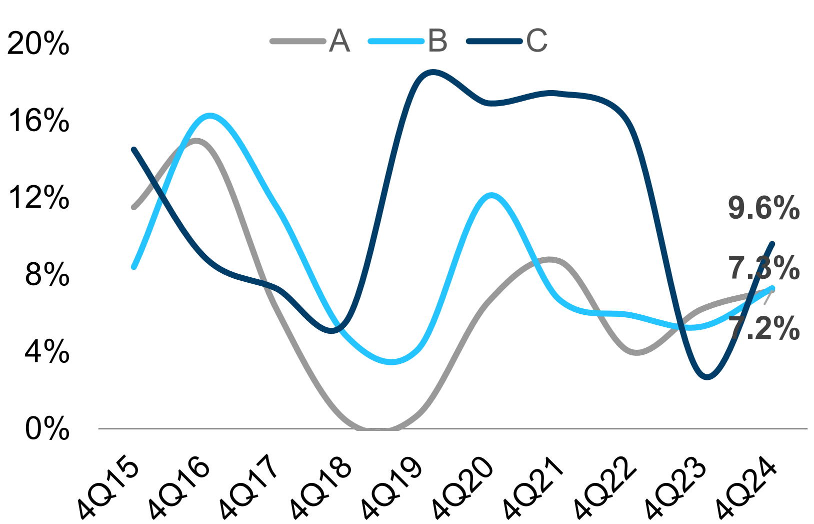
Availability And Vacancy Rates – All Classes



Annual Absorption – All Classes



Vacancy by Class – 2015 to 2024



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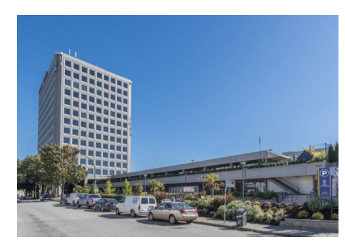

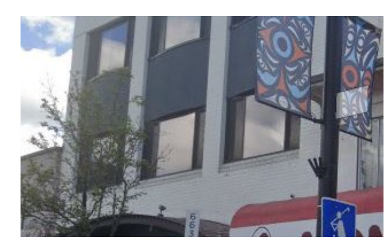

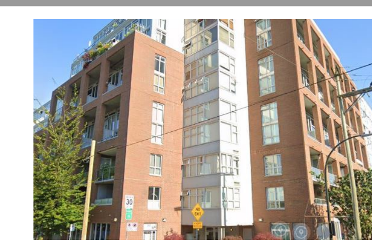

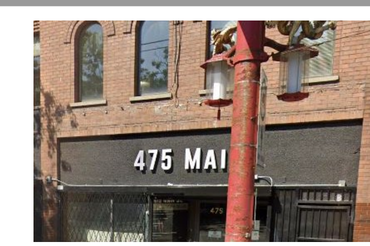

2211 West 4th Avenue	1200 West 73rd Avenue	6632-6636 Main Street	289 Alexander Street	475 Main Street
Anytime Fitness	Canadian Mental Health Association	Undisclosed	Fathom	Undisclosed
9,780 SF	5,620 SF	2,125 SF	1,970 SF	1,560 SF
Direct New	Direct New	Sublease	Sublease	Direct New

Source: Newmark Research, Altus Data Studio, CoStar

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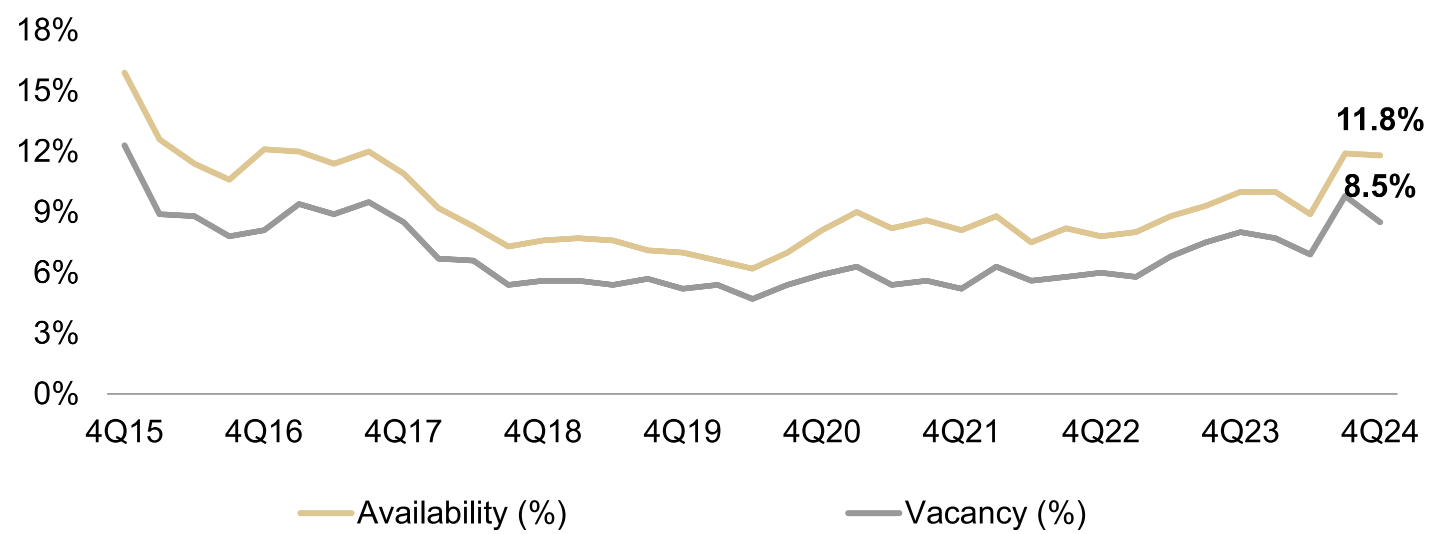
Greater Vancouver Office Markets

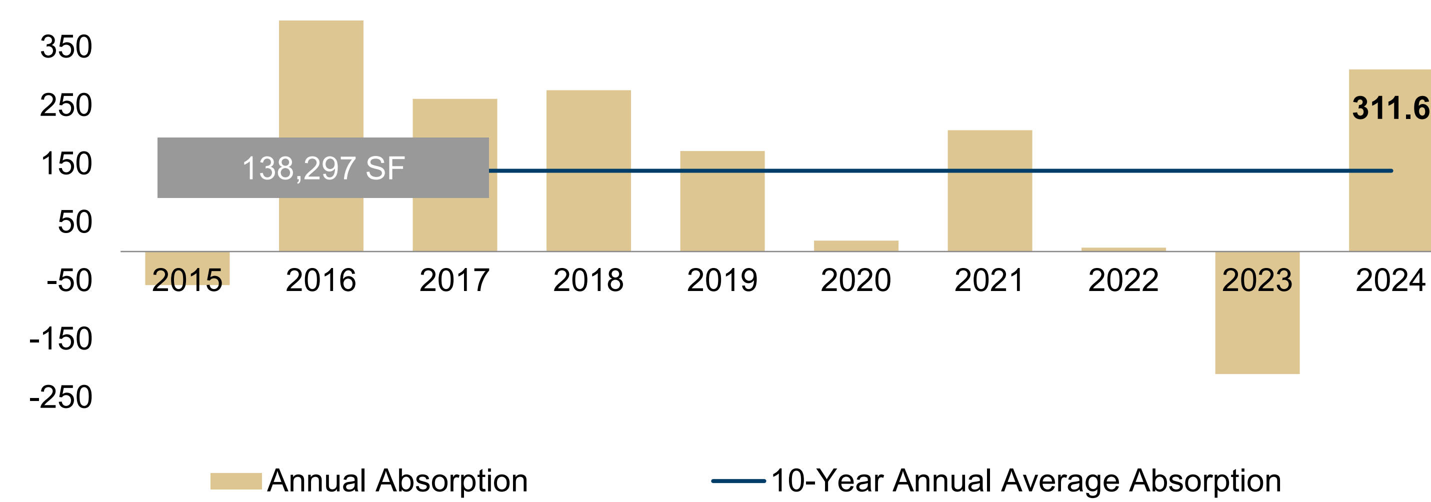
Burnaby, BC

Burnaby's 10.6-msf office market – the second largest in Metro Vancouver – has been the region's most stable since 2017 and recovered rapidly from short-lived challenges in 2023. 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, but vacancy had already started to tighten again by year-end 2024. Burnaby led all suburban markets in absorption in 2024 and was second only to Downtown Vancouver regionally.

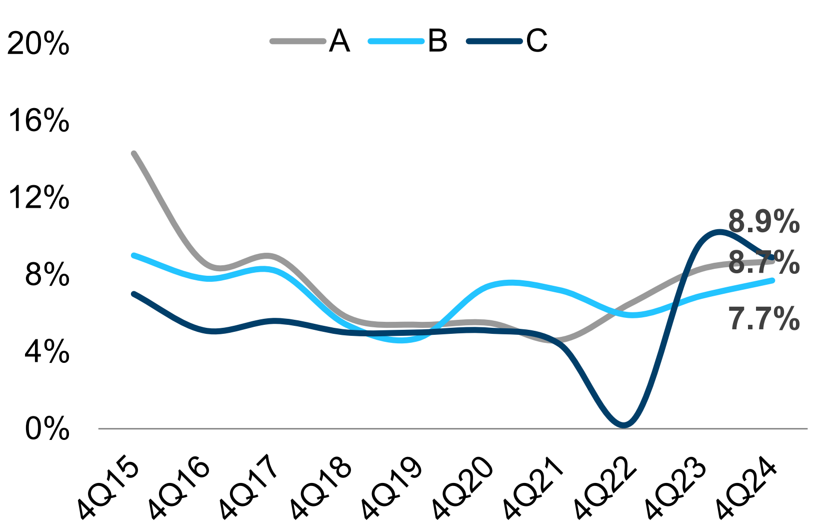
Availability And Vacancy Rates – All Classes



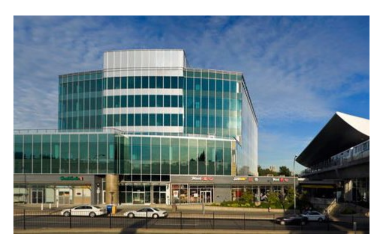
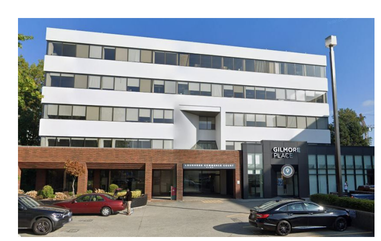
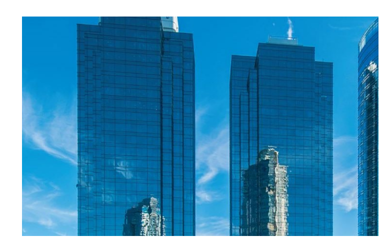
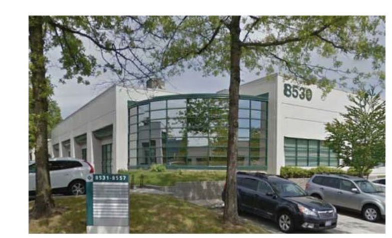
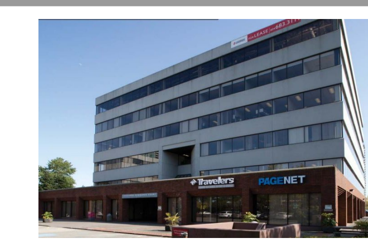
Annual Absorption – All Classes (Thousands of SF)



Vacancy by Class – 2015 to 2024



Fourth Quarter Deals

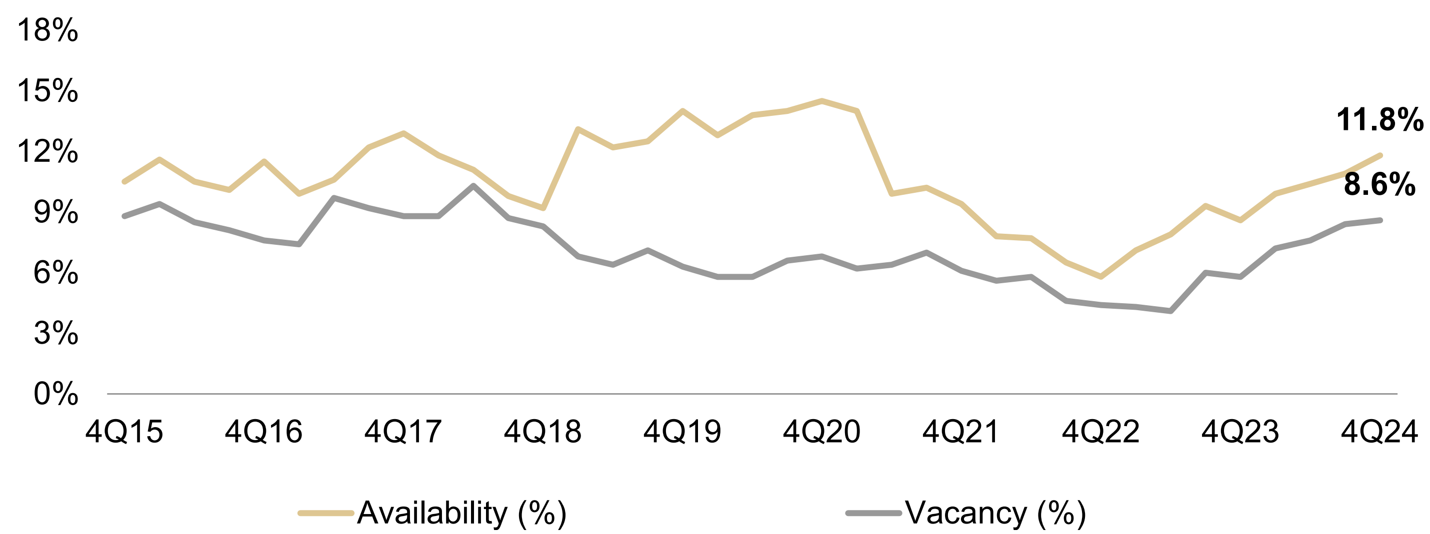
				
Lake City Centre, 3292 Production Way	**Lougheed Commerce Court II 4190 Lougheed Highway**	**Metrotower I, 4710 Kingsway**	**Imperial Square Lake City 8562 Commerce Court**	**Lougheed Commerce Court I 4180 Lougheed Highway**
AECOM	Syncra Construction	TruStone Financial	Thinkfleet	WFG
41,560 SF	10,000 SF	6,800 SF	4,500 SF	2,770 SF
Renewal	Expansion	Expansion	Direct New	Expansion

Source: Newmark Research, Altus Data Studio, CoStar

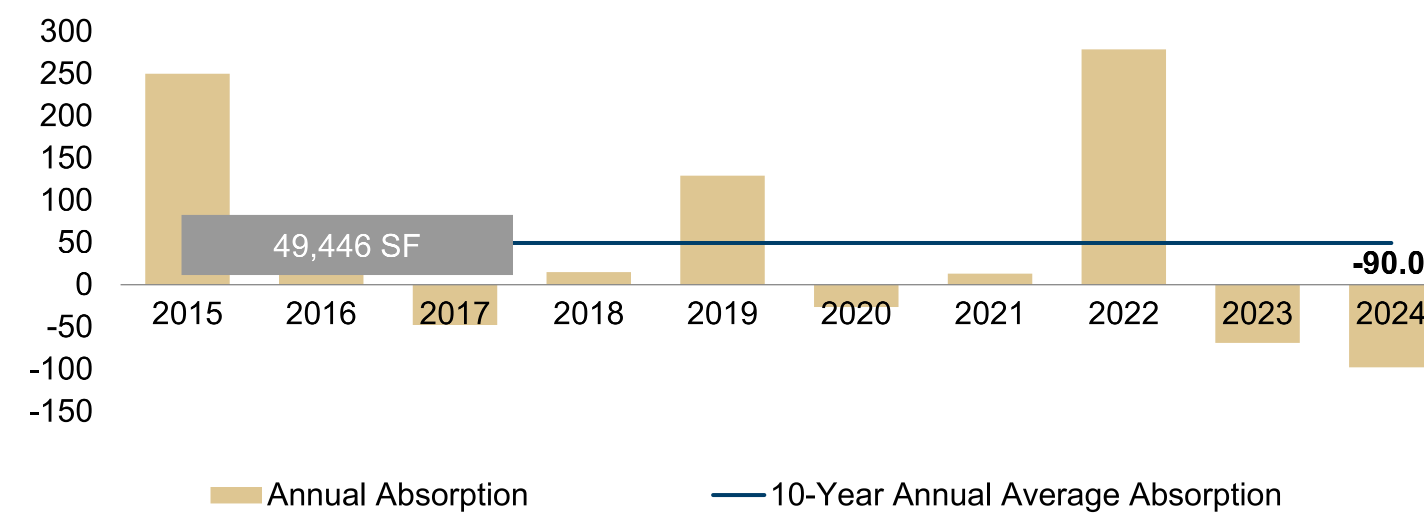
Richmond, BC

Vacancy in Richmond's 4.96-msf office market climbed to 8.6% at year-end 2024, up 290 bps from the end of 2023. Since mid-2023, tenants in mostly class B premises have been downsizing, closing or relocating as absorption skewed negative, a trend that persisted through 2024. With just 80,000 sf currently under construction, demand for well-situated class A space should remain even as class A vacancy rose to 7.5%at year-end 2024 from 6% at the end of 2023. Class B vacancy nearly doubled during the same period to 11.6% from 6.1%.

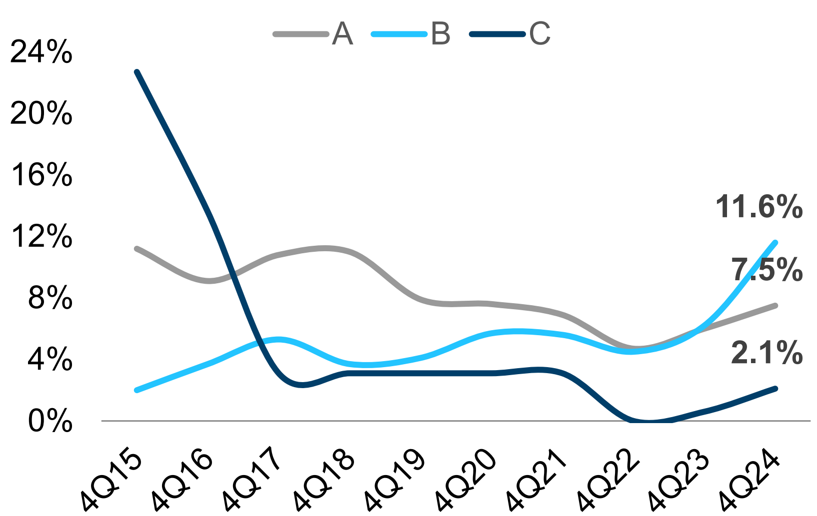
Availability And Vacancy Rates – All Classes



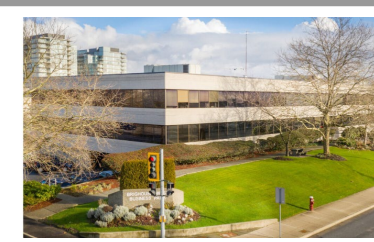
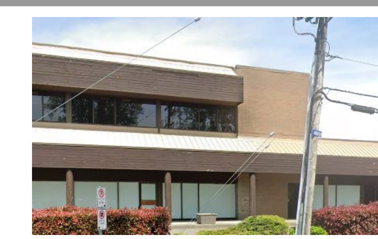
Annual Absorption – All Classes (Thousands of SF)



Vacancy by Class – 2015 to 2024



Fourth Quarter Deals

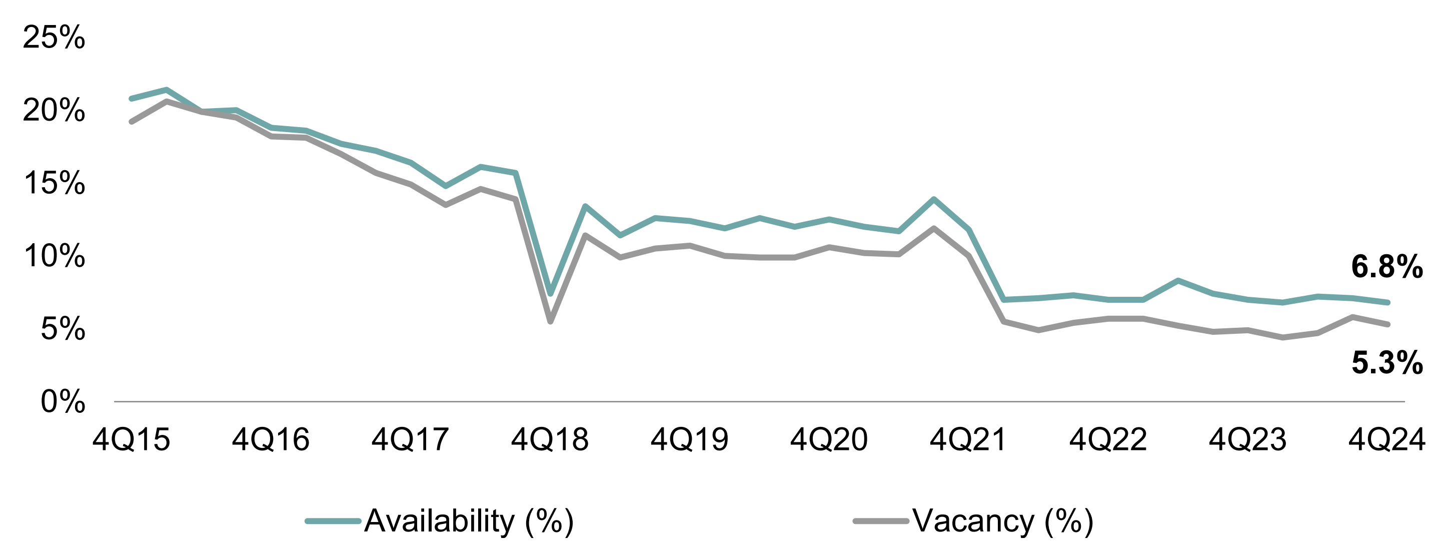
				
13575 Commerce Parkway	**6011 Westminster Highway**	**10271 Shellbridge Way**	**4800 No.3 Road**	**6051 Gilbert Road**
Boeing	ZE Power	Royal Regal	Benjamin Leong & Associates Co. Ltd.	Undisclosed
26,350 SF	6,170 SF	2,970 SF	2,840 SF	2,595 SF
Renewal	Direct New	Direct New	Direct New	Sublease

Source: Newmark Research, Altus Data Studio, CoStar

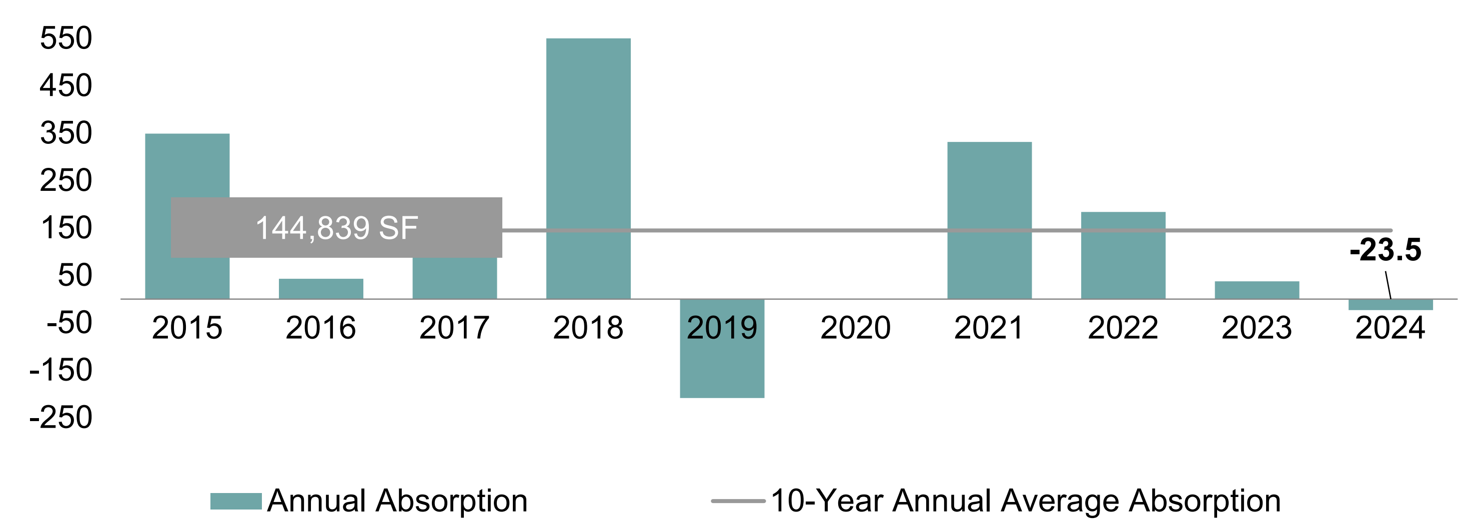
Surrey, BC

Surrey's 4.66-msf office market remained one of the tightest markets in the region at the end of 2024. A notable lack of significant new supply for lease has restrained tenant activity, which likely contributed to the negative annual absorption recorded in 2024 for the first time since 2019. While substantial new supply has been proposed, including the 1.5-msf Centre Block mixed-use development where the demolition of existing buildings on site was approved in December 2024, just three developments totalling ~442k sf are under construction.

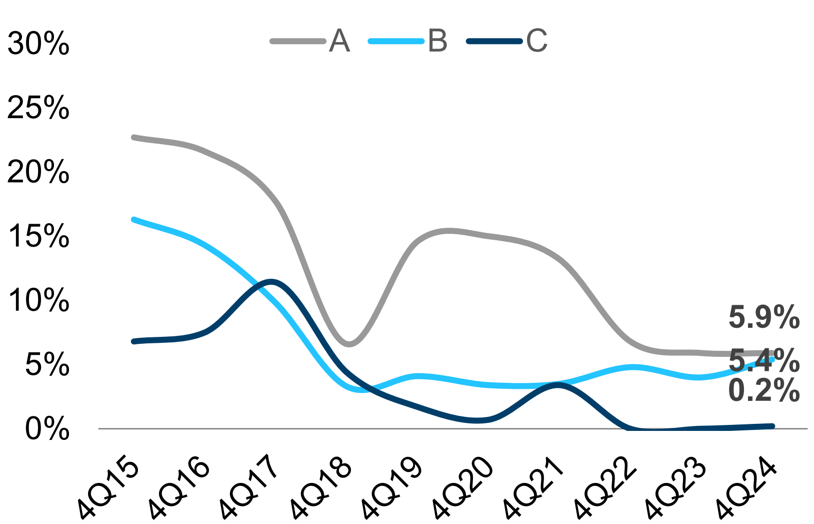
Availability And Vacancy Rates – All Classes



Annual Absorption – All Classes (Thousands of SF)



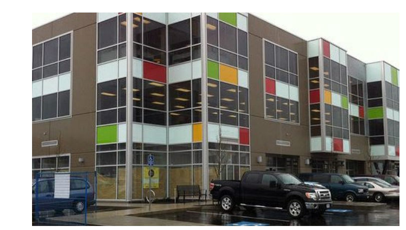
Vacancy by Class – 2015 to 2024



Fourth Quarter Deals







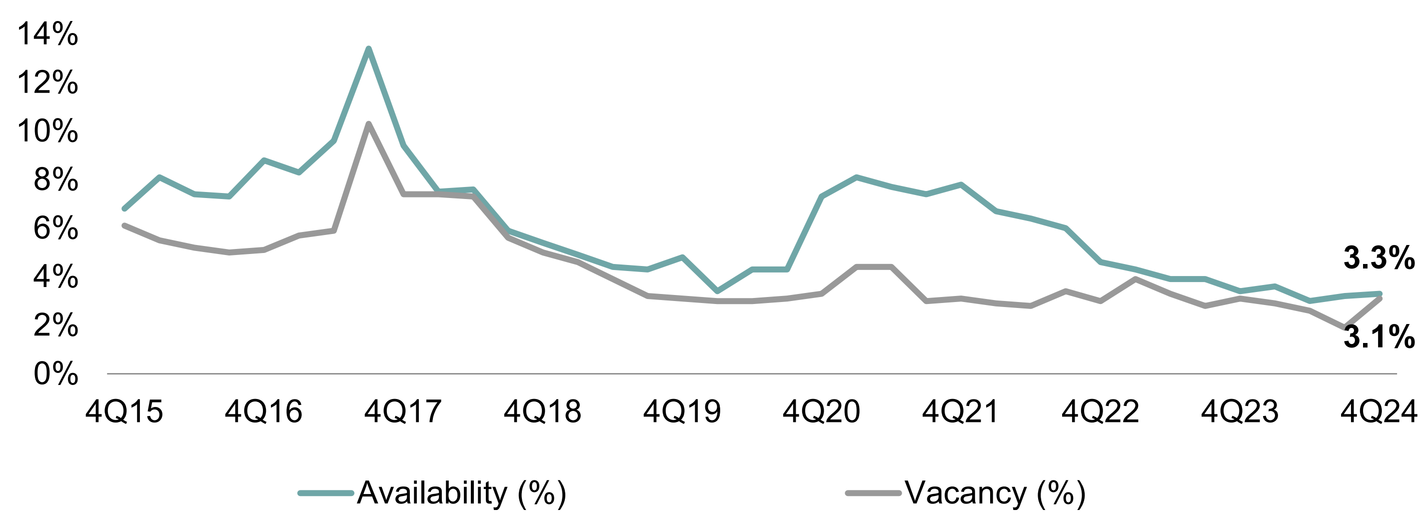
TPC at South Point, 3211 152nd Street	**Benchmark Business Centre I, 5455 152nd Street**	**Benchmark Business Centre II, 5477 152nd Street**	**Surrey Central Business Park (Bldg. #3) 7565 132nd Street**	**5577 153A Street**
Regus	Regus	Undisclosed	Park West Professional Services	BLS International Services
15,630 SF	9,490 SF	7,090 SF	6,450 SF	5,170 SF
Direct New	Direct New	Direct New	Direct New	Direct New

Source: Newmark Research, Altus Data Studio, CoStar

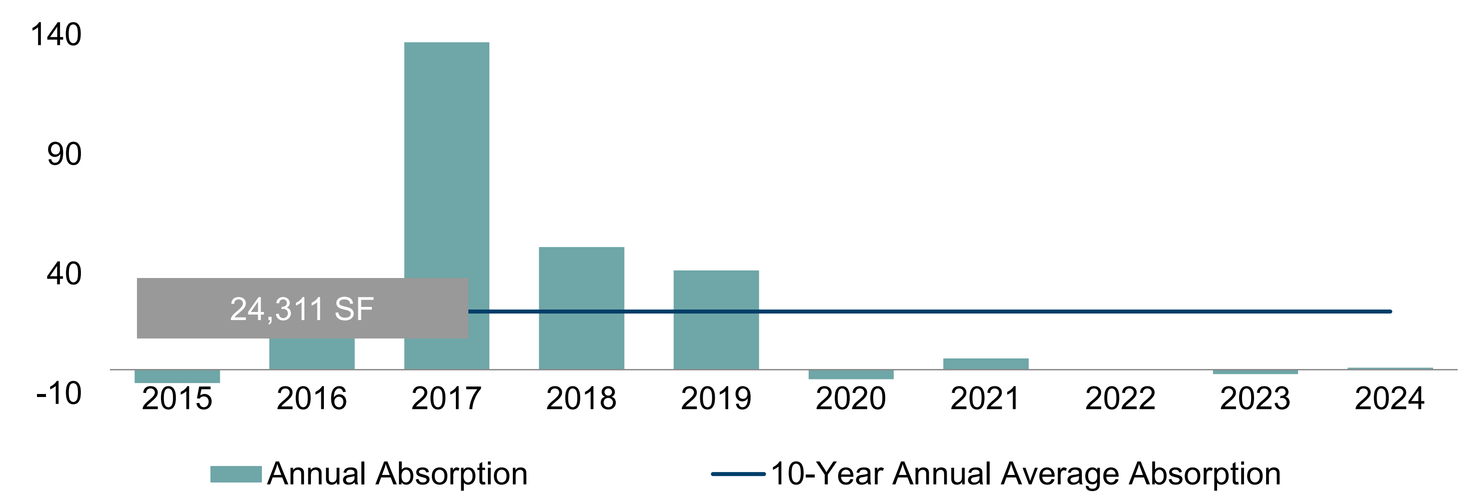
North Shore

The North Shore's 2.08-msf office market was the tightest in the region at the end of 2024. With almost no new construction and annual absorption negligible since 2020 due to the small size of office leases and limited activity, the office market remained largely static. Leasing velocity will be highly constrained until vacancy emerges, or new supply is delivered. Slight increases in vacant class A (15,583 sf) and B (12,434 sf) space in the fourth quarter of 2024 resulted in overall vacancy increasing to 3.1%, unchanged from year-end 2023.

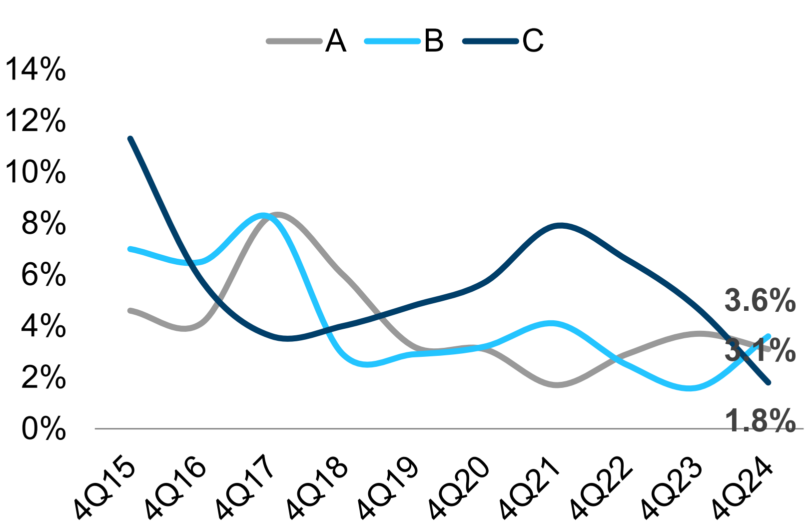
Availability And Vacancy Rates – All Classes



Annual Absorption – All Classes (Thousands of SF)



Vacancy by Class – 2015 to 2024



Fourth Quarter Deals





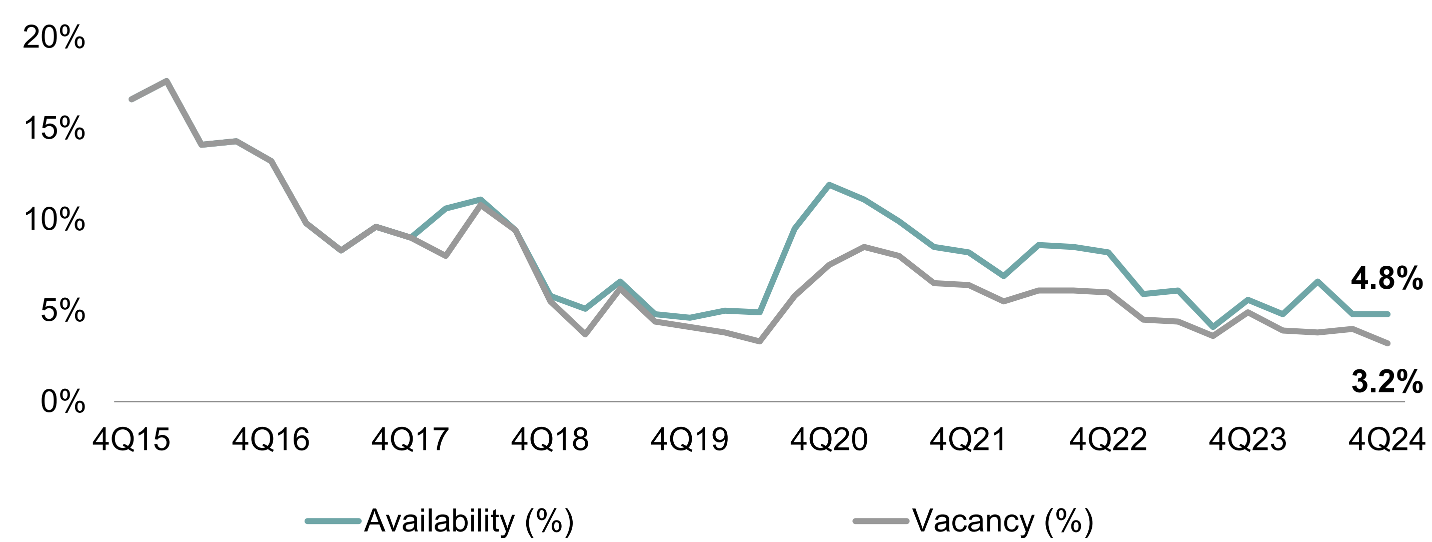
92-94 Lonsdale Avenue, North Vancouver	828 Harbourside Drive, North Vancouver	1549-1571 Marine Drive, West Vancouver	267 West Esplanade, North Vancouver	431 Mountain Highway, North Vancouver
Undisclosed	Undisclosed	Undisclosed	Undisclosed	Undisclosed
3,670 SF	1,845 SF	1,560 SF	1,345 SF	1,230 SF
Direct New	Direct New	Direct New	Direct New	Direct New

Source: Newmark Research, Altus Data Studio, CoStar

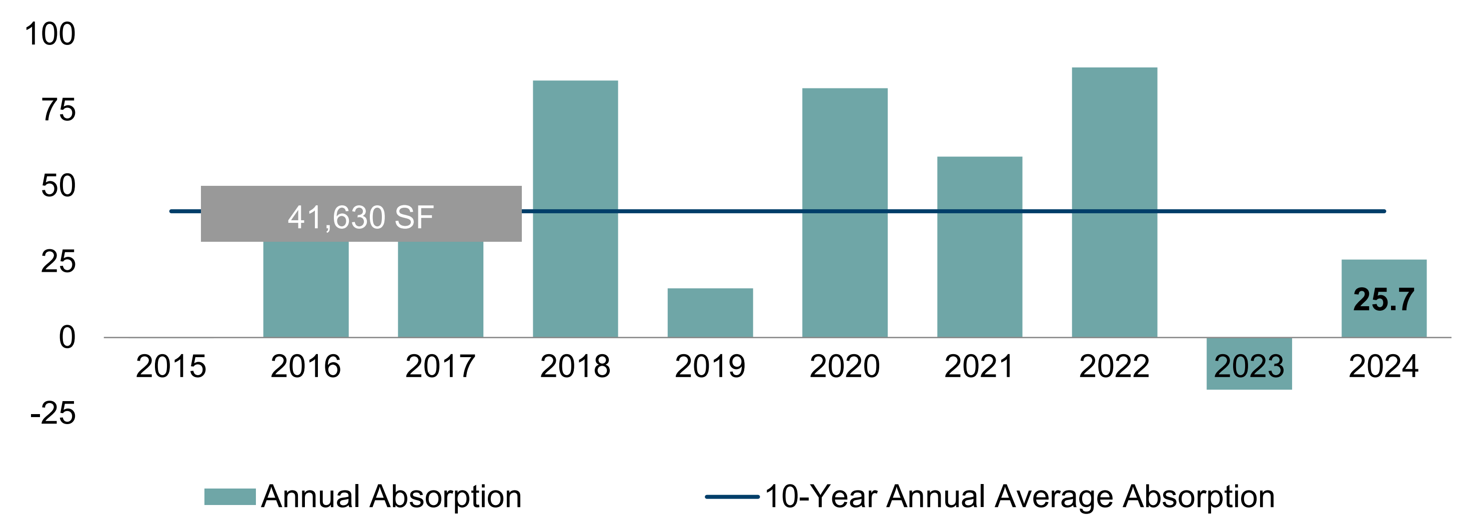
Langley, BC

Langley, the region's newest office market, had rapidly grown to 1.53 msf by the end of 2024, surpassing New Westminster in terms of overall square footage. While initially characterized by elevated vacancy in the mid-2010s, Langley was the second tightest office market in the region at year-end 2024. With two buildings totalling ~93k sf under construction, Langley's low office vacancy and positive annual absorption of more than 25,000 sf highlighted that demand in the small but expanding office market remained resilient.

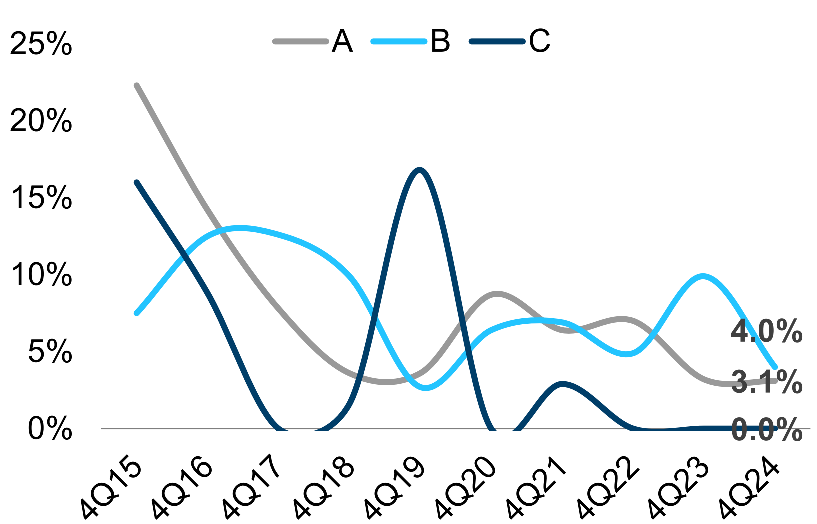
Availability And Vacancy Rates – All Classes



Annual Absorption – All Classes (Thousands of SF)



Vacancy by Class – 2015 to 2024



Fourth Quarter Deals

Langley 200 Business Centre 8621 201st Street	Yorkson Wellness & Residence 20614 80th Avenue	3650 248th Street
William Wright	Luxe Aesthetics	Undisclosed
2,350 SF	1,110 SF	810 SF
Direct New	Direct New	Direct New

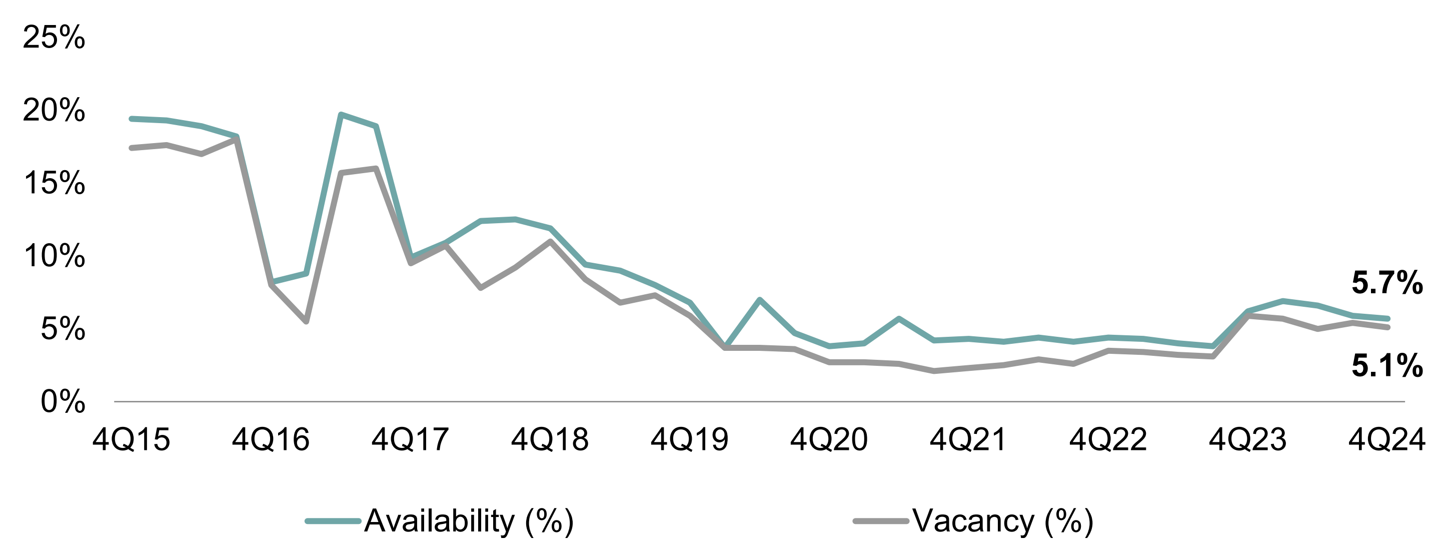
Golden Ears Bridge between Langley and Maple Ridge

Source: Newmark Research, Altus Data Studio, CoStar

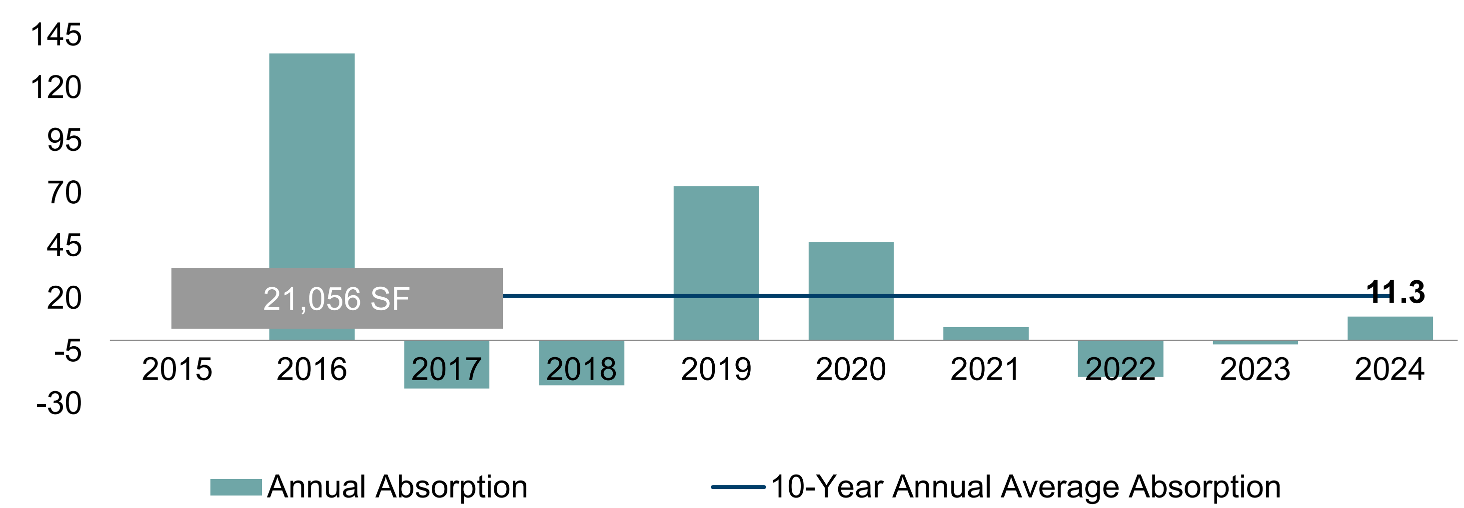
New Westminster, BC

Vacancy in New Westminster's 1.47-msf office market slipped to 5.1% at year-end 2024, down notably from 5.9% at year-end 2023. Vacancy in New Westminster's class A office space (8.6%) remained one of the highest in Metro Vancouver at the end of 2024 thanks to a 'spike' of 38,190 sf of vacant space in the last quarter of 2023 that remained vacant in 2024.The decline in overall vacancy resulted from class B space being leased. With no new supply and muted demand, vacancy and availability are expected to remain stable through 2025.

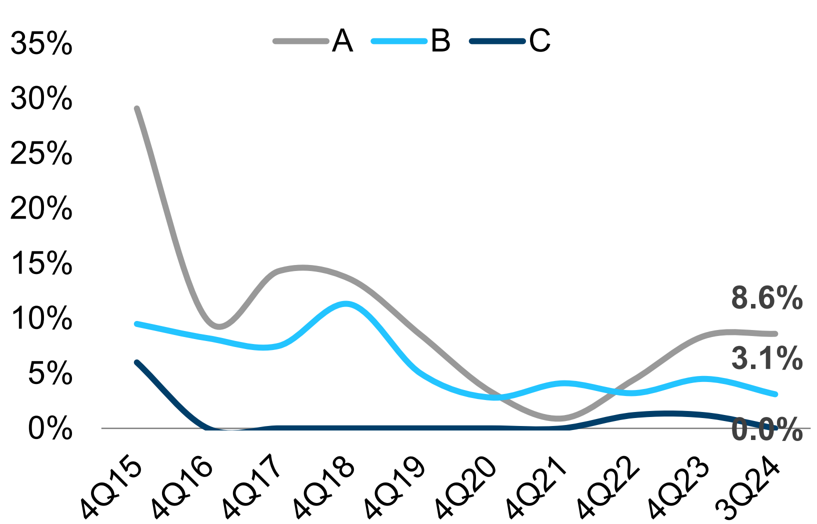
Availability And Vacancy Rates – All Classes



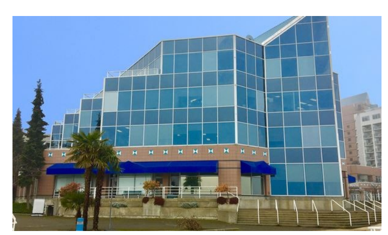
Annual Absorption – All Classes (Thousands of SF)

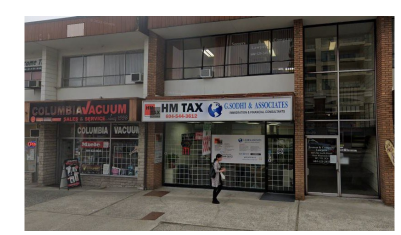


Vacancy by Class – 2015 to 2024



Fourth Quarter Deals




960 Quayside Drive	601 6th Street	Moody Mall, 615 8th Street	765-775 6th Street	Westminster Centre, 555 6th Street
Undisclosed	Undisclosed	Undisclosed	Undisclosed	Undisclosed
11,440 SF	1,750 SF	1,340 SF	1,200 SF	690 SF
Direct New	Direct New	Direct New	Direct New	Direct New

Source: Newmark Research, Altus Data Studio, CoStar

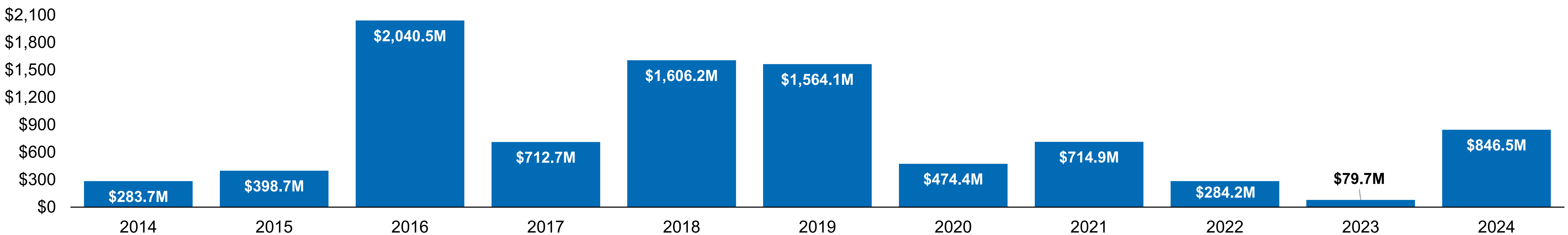
4Q24

Office Sales Activity

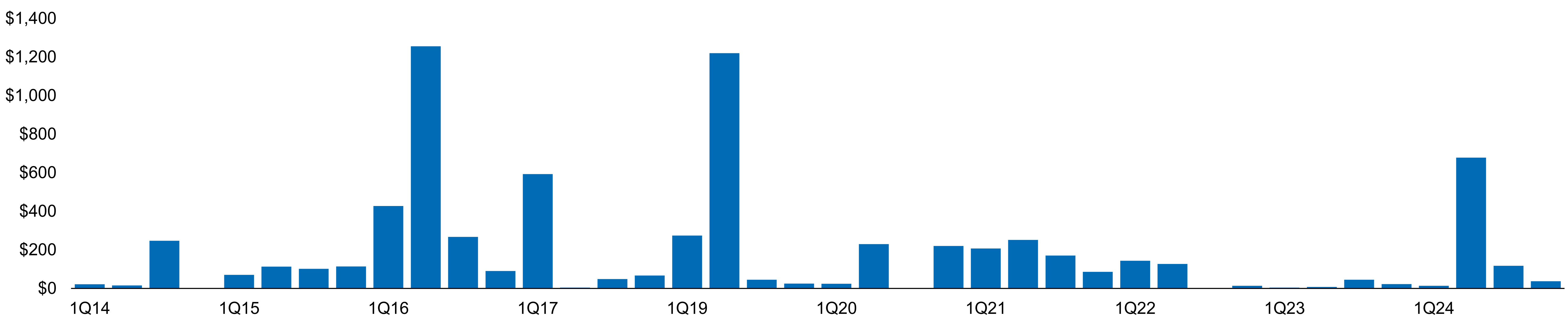
Vancouver Office Sales Volume Takeaways

Vancouver office sales* (excluding strata) generated $846.5 in proceeds in 2024, the most since 2019. More than 82% of dollar volume was generated from the sale of 400 West Georgia for $395M and the disposition of 401 West Georgia/402 Dunsmuir Street for reportedly $300M. The only other notable office sale was the $115M disposition of the M2 office building in Mount Pleasant. Only 30 sales have transacted in the past three years (valued at $1.2B) with more than three-quarters of the dollar volume coming from four deals.

Vancouver Annual Sales Volume ($ in Millions)



Vancouver Quarterly Sales Volume ($ in Millions)*

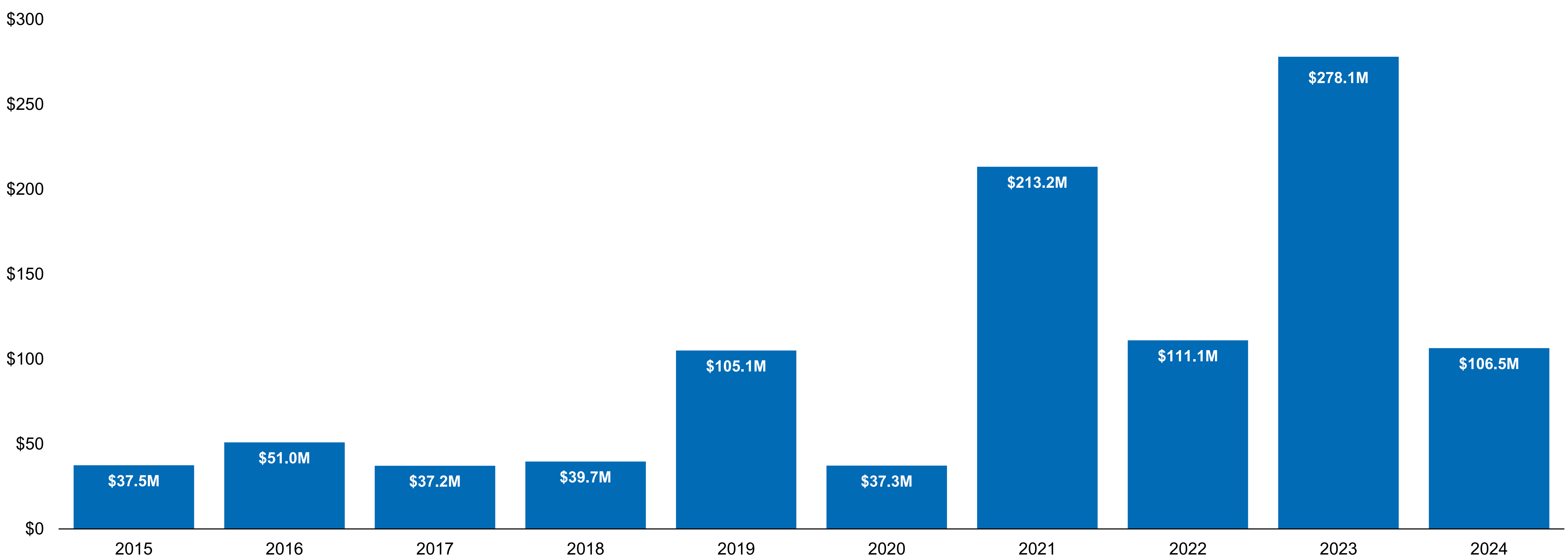


Source: Newmark Research, Altus Data Studio, CoStar
* Excluding non-arms transactions and select share sales where pricing was unavailable for certain asset sales that transacted in 2020, 2021 and 2022.

Vancouver Office Strata Sales Volume Takeaways

Vancouver strata office sales* amounted to $106.5M in 2024 – the second lowest annual total since 2019. Two large strata projects were recently completed downtown, Burrard Place in Downtown South in 2022 and Bosa Waterfront Centre in the CBD in 2023. The average price per square foot achieved in Bosa Waterfront Centre declined 11.2% in 2024 to $1,789 psf from $2,015 psf in 2023, while the average price per square foot in Burrard Place was virtually unchanged in 2024 ($1,162 psf) from when it was delivered in 2022 ($1,157 psf).

Vancouver Strata Office Annual Sales Volume ($ in Millions)



Source: Newmark Research, Altus Data Studio
* Excluding non-arms transactions

For more information:

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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

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