

NEWMARK

Vancouver Office
Market Overview

4Q25

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Vancouver Economic Forecast 2026: Education employment losses weigh on economy



City Less Exposed To Downside Risks Of US Trade War

- The pace of Vancouver's economy continued to slow in Q4 2025, with lingering uncertainty hampering consumer confidence and hiring activities.
- Still, the metro is relatively less exposed to downside risks of the U.S. trade war than others.
- Of the major Canadian metros, Oxford Economics projects Vancouver's performance to be just behind Calgary and Edmonton, growing 1.5% per year to 2030.
- Oxford Economics expects the metro's services sector to underpin growth — especially its finance & real estate sector, which comprises nearly a third of the economy.



City Employment Expected To Decline By 1.4% In 2026

- The number of jobs in Vancouver is expected to decline in 2026 by 1.4%, the most of any major metro.
- The only sectors not anticipated to see job losses are finance, construction, health, and agriculture, with most decreases concentrated in office-based workplaces.
- Uncertainty related to the U.S. trade war has stalled entry-level job growth, creating an uphill battle for young job seekers, while the public sector has been hit by major cuts by the federal government.



Decline In Foreign Students To Impact Education Sector Hard

- Vancouver is particularly exposed to the federal restriction limiting non-permanent residents to 5% of the overall population by the end of the year.
- International students make up a significant contingent within the metro's university system, and without them, institutions would be forced to implement mass layoffs of faculty.
- In Q4 2025, education employment fell 6.5% in Vancouver, and a further 9,000 jobs are expected to be cut through 2026.



Tech and Tourism Expected To Lead Recovery In City Growth

- In the coming years, Oxford Economics expects Vancouver's GDP numbers to rebound, due in part to the many tech companies operating in the metro, consistently drawing in young talent.
- This, along with ample access to natural amenities, will continue to attract a world-class workforce and further investment.
- The metro is also one of the hosting cities for the 2026 World Cup, which could provide a boost to its tourism and hospitality numbers.
- For these reasons, Oxford Economics places Vancouver third overall in its Canadian metro index.

Greater Vancouver Office Market Observations

Metro Vancouver was one of the tightest office markets in North America at year-end 2025 even as vacancy and availability started to rise as the result of new supply delivered in midtown and suburban markets and softening lease activity downtown.

Declining suburban vacancy, particularly in Burnaby and Surrey, had been offsetting rising vacancy in Vancouver's midtown and downtown submarkets in 2025, but new supply and mediocre leasing activity in Vancouver impacted regional performance.

Overall vacancy downtown had remained ~12% for the past two years but drifted upwards by year-end 2025 accompanied by elevated availability in all classes as negative annual absorption was recorded downtown for the first time since 2020.

Regional class A vacancy rose to 9.2% from 8.5% a year ago, primarily due to the delivery of new supply outside of downtown, while downtown class A vacancy has been on the rise since mid-year to 11% from 9.9% with no new supply delivered.



Downtown tenant consolidations and moderate leasing volume led to a lacklustre year that produced upward pressure on market indicators signalling the modest market recovery underway since late 2023 may be in danger of stalling out.

Regional annual absorption of ~838k sf occurred mostly in the suburbs in 2025: Absorption in Surrey (361k), Burnaby (147k), Richmond (108k), Tri-Cities (58k) and the North Shore (51k) comprised 87% of the space occupied in the region.

While new construction remained largely at a standstill in Downtown Vancouver, new supply did come online in the midtown submarket of Vancouver Periphery, which generated ~340k sf of absorption in 2025.

While an increase in achievable office rents downtown will be necessary in determining when new construction kicks off, demand downtown also needs to improve considerably to provide the confidence needed to support the next development cycle.

The flight-to-quality trend that defined the office market during the past two years may be showing signs of weakening, particularly in downtown Vancouver, with few trophy options left and availability and vacancy in class A space rising.

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Office Market Metrics



Greater Vancouver Office Market

Market Overview				
	Current Quarter	Prior Quarter	Year Ago	12-Month Forecast
Total Inventory (SF)	68.7M	67.5M	66.4M	↗
Total Vacancy Rate	9.6%	9.4%	9.0%	↗
Quarterly Net Absorption (SF)	352.7K	187.5K	265.2K	↔
Total Availability Rate	13.0%	12.4%	12.3%	↑
Deliveries (SF)	644K	243K	59K	↗
Under Construction (SF)	910K	1.5M	2.0M	↓

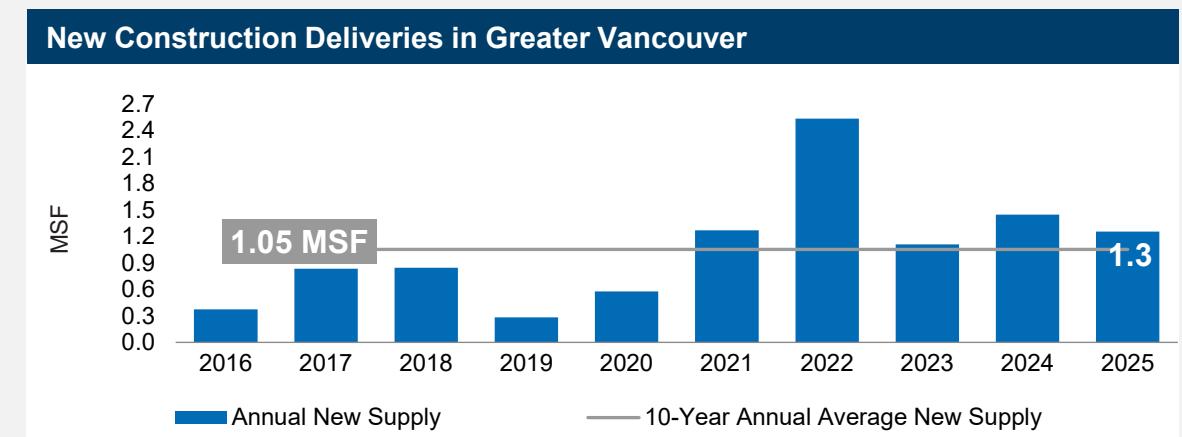
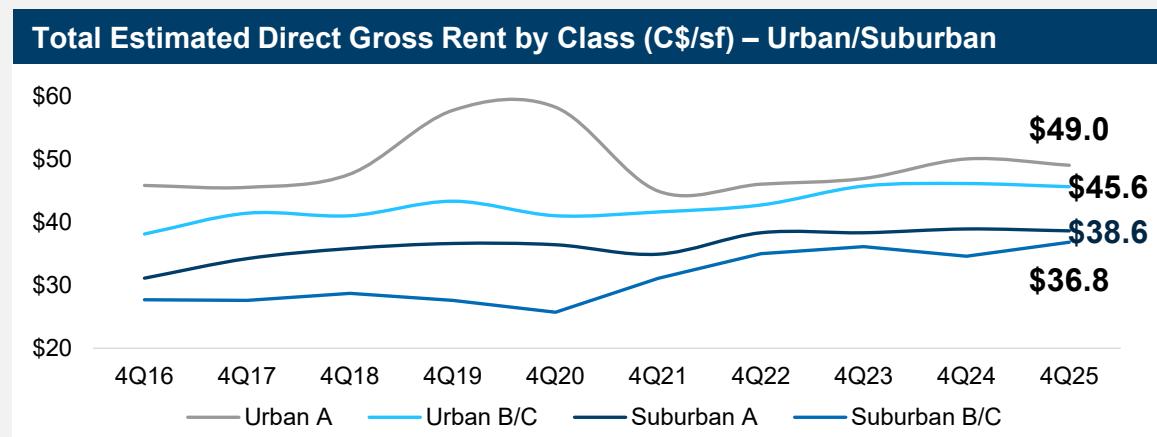
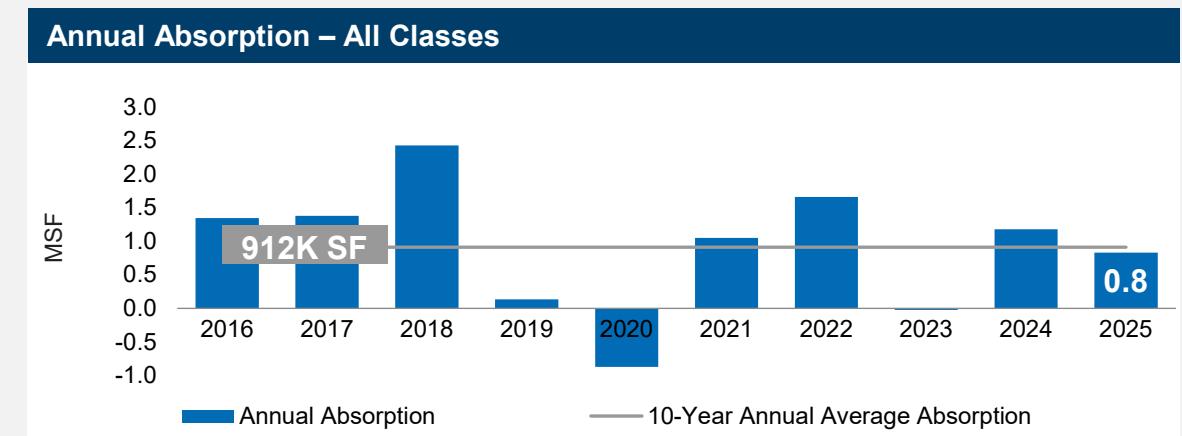
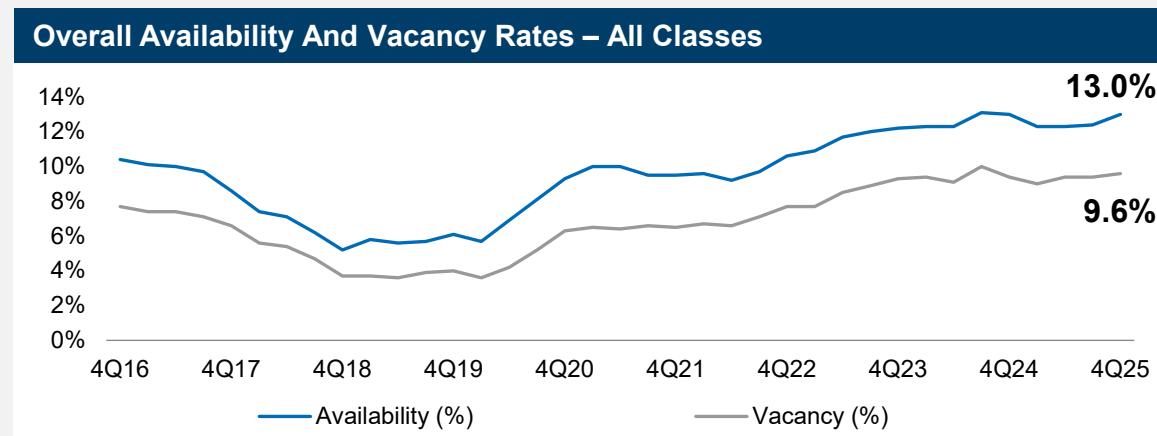


Greater Vancouver Office Market/Submarket Statistics | 4Q25

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	68,657,570	587,840	9.6%	352,661	838,607	10.7%	2.3%	C\$40.8
Downtown Vancouver	30,412,047	29,600*	12.5%	-108,083	-289,597	13.4%	2.7%	C\$45.3
Vancouver Broadway Corridor	6,327,033	0	11.9%	-45,805	32,356	15.1%	2.5%	C\$50.9
Vancouver Periphery	5,134,582	316,705	9.4%	151,026	339,752	10.1%	2.6%	C\$44.8
Vancouver Total	41,873,662	346,305	12.0%	-9,545	82,511	13.3%	2.6%	C\$44.8
Burnaby	10,666,166	206,000	7.1%	-28,607	147,174	7.6%	3.5%	C\$32.3
Surrey	5,285,107	0	5.5%	297,453	360,866	6.4%	1.0%	C\$33.7
Richmond	5,011,050	0	7.1%	87,143	108,394	8.2%	0.5%	C\$31.2
<i>North Shore***</i>	2,118,526	0	2.2%	4,682	50,889	2.7%	0.3%	C\$39.6
<i>Langley</i>	1,532,643	0	1.2%	15,547	29,709	2.0%	0.5%	C\$40.1
<i>New Westminster</i>	1,477,302	0	5.1%	-18,583	643	6.3%	0.4%	C\$40.2
<i>Tri-Cities**</i>	635,983	35,535	8.0%	-2,112	58,421	9.4%	0.0%	C\$34.5

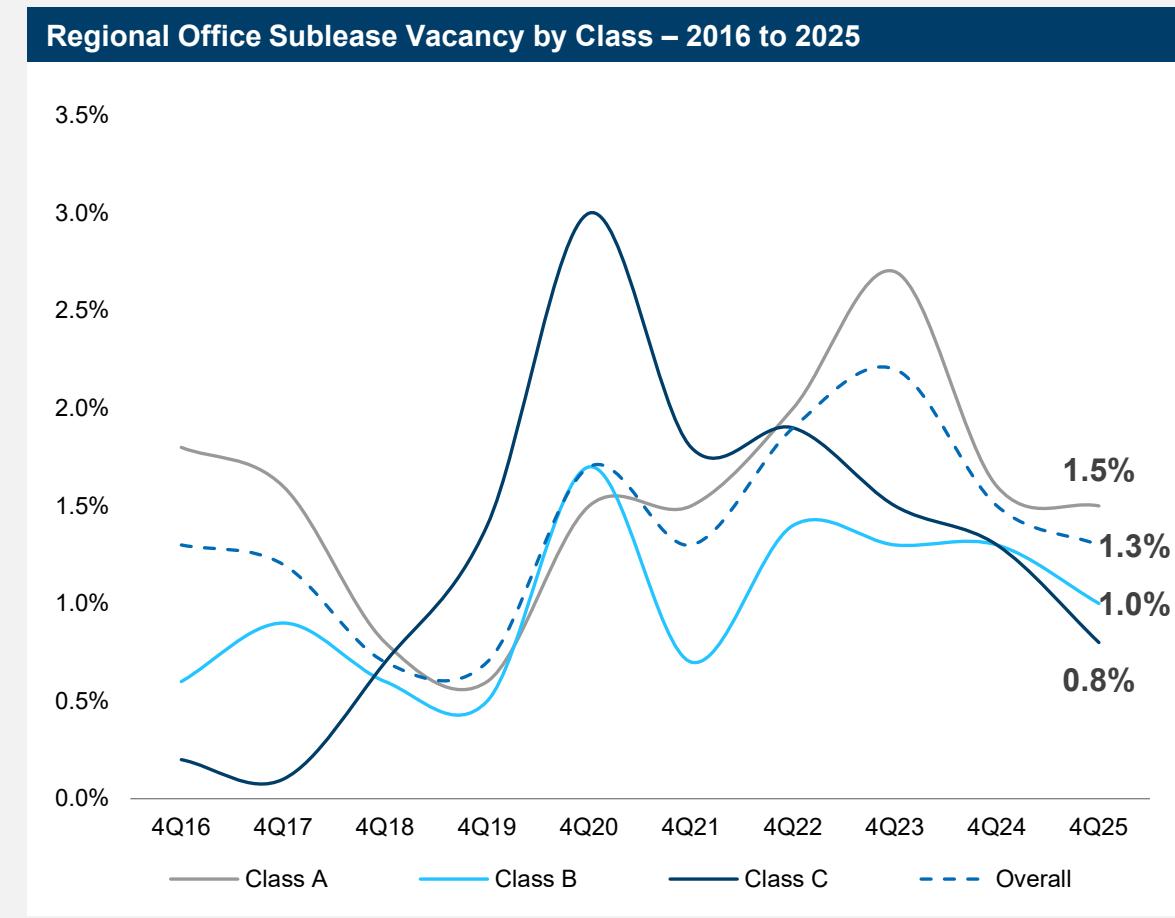
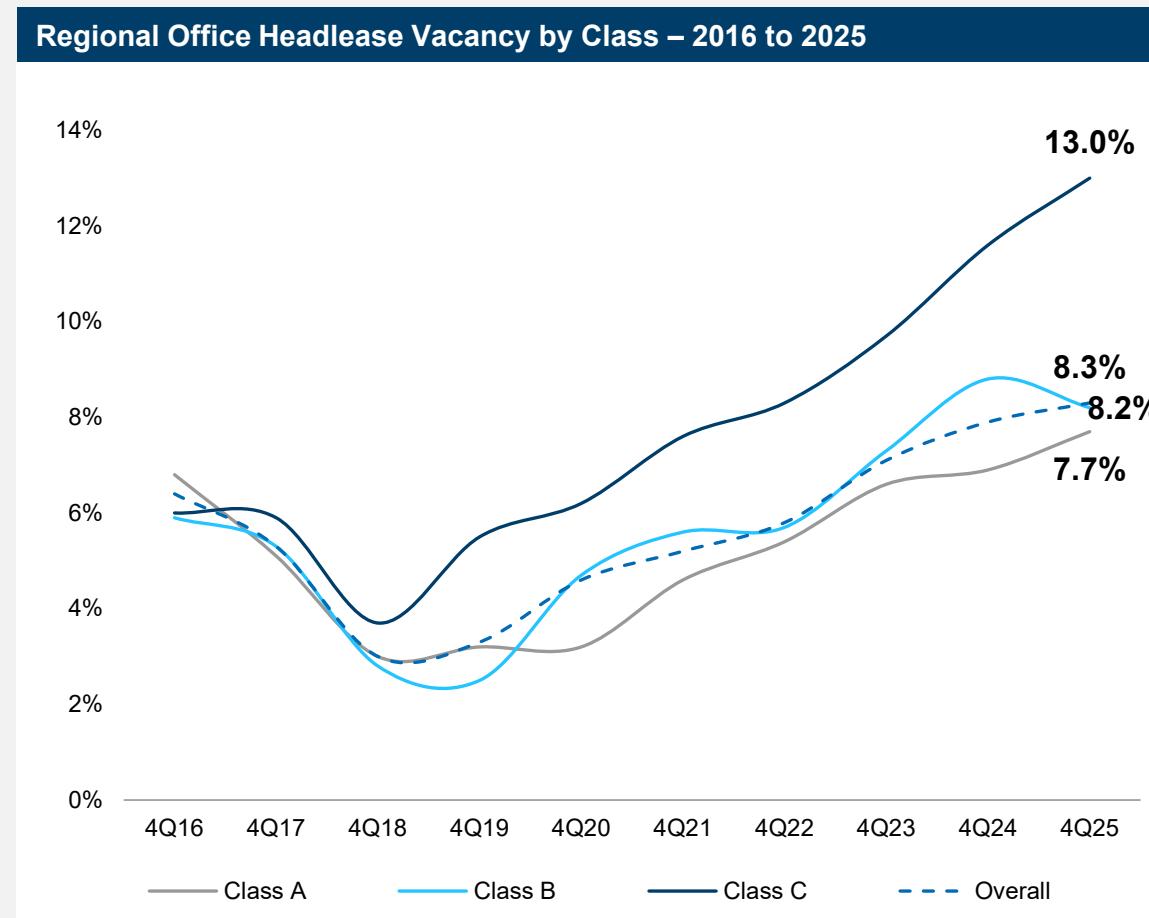
Greater Vancouver Area

Greater Vancouver remained one of North America's tightest office markets with regional vacancy inching up to 9.6% at year-end 2025 – up 20 basis points (bps) year-over-year and when compared with the third quarter of the year. Availability also rose to 13.0%, up 60 bps compared with the previous quarter but unchanged from a year ago. Annual regional absorption of ~830k sf was the second lowest total since 2020 and was the largely a result of the outperformance of suburban markets and a lagging downtown core. New construction delivered ~1.3 msf in suburban and midtown submarkets with no new construction underway in the downtown core as development activity remained paused amid weak fundamentals.



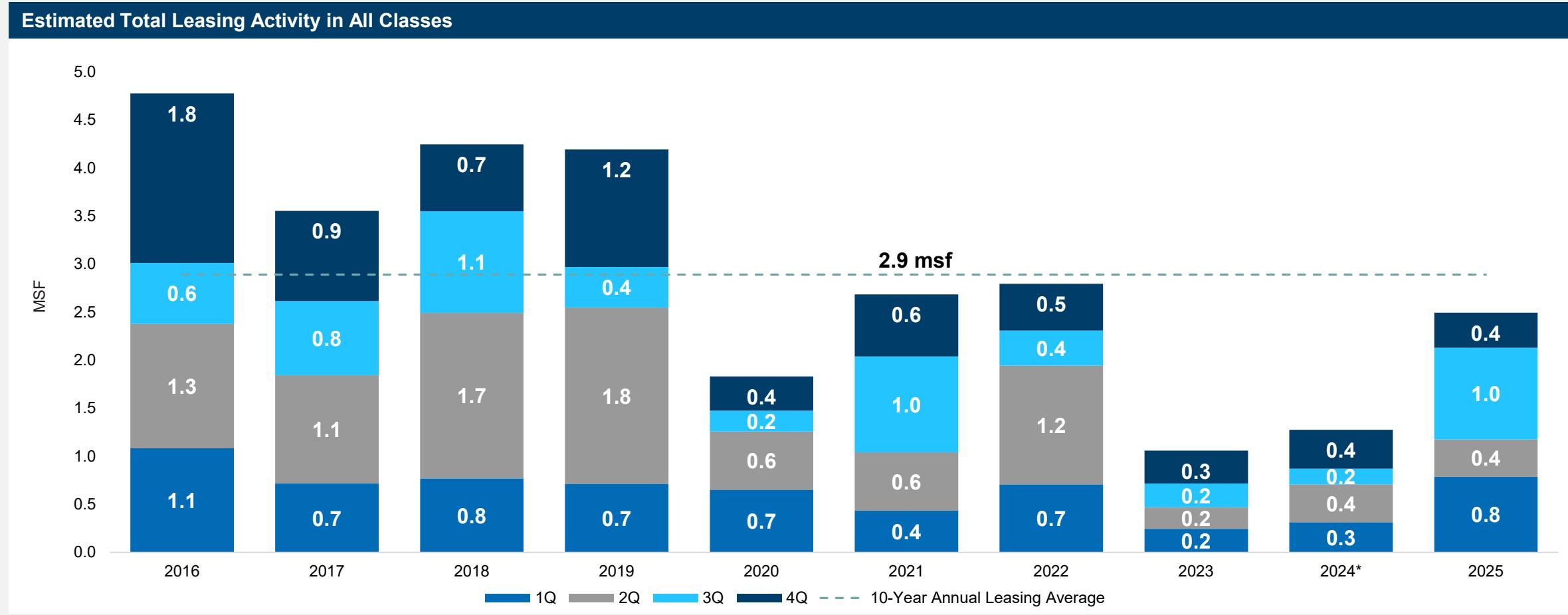
New Supply Inflates Regional Class A Vacancy As Tenants Seek Out Suburban Options

A rise in regional class A head lease vacancy in 2025 was largely the result of new supply, which was generally delivered with considerable pockets of vacancy, in Greater Vancouver's midtown and suburban markets. The cumulative impact of these new supply vacancies appeared more outsized on a regional basis than within the local submarkets where class A vacancy tended to remain largely stable with slight upward momentum. Class B vacancy tightened largely because of tenants in the suburbs (except Burnaby) and midtown markets occupying space with more reasonable rent that until early 2025 typically had more options and greater availability than what was available in class A. Class C is not a consideration.



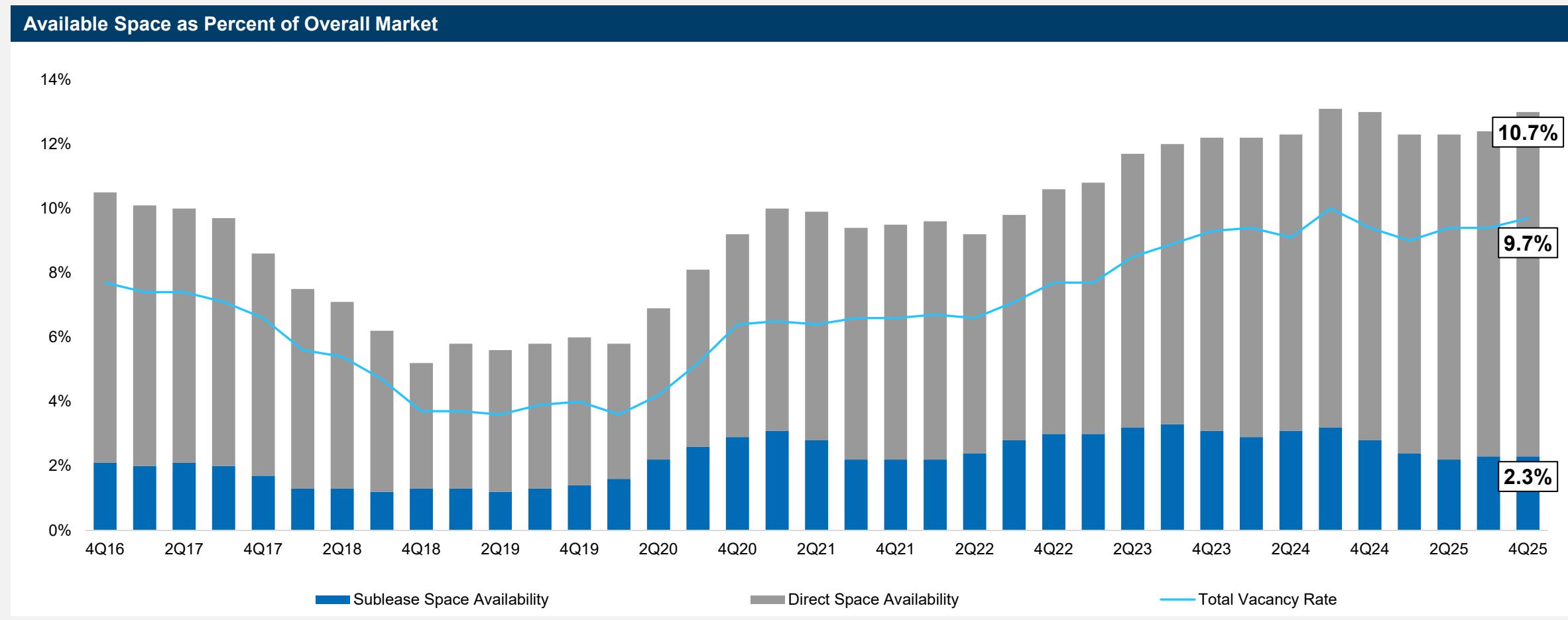
Regional Leasing Activity Most Since 2022 But Recovery In Downtown Demand Faltering

Regional office leasing activity in 2025 is the most recorded since 2022 but was well off the 10-year average as leasing in the downtown/midtown submarkets did not keep pace with suburban submarkets. While 2025 marked a significant improvement from the anemic levels of activity recorded in 2023/24, the lack of weighty and noteworthy downtown lease deals and an absence of headline-generating prelease commitments resulted in the region, particularly Downtown Vancouver, taking only a cautious first step towards the recovery of its office market in 2025. Federal infrastructure spending on Canadian industrialization projects in British Columbia may serve as catalyst for improved office leasing volumes in 2026.



Regional Space Availability And Vacancy Drifting Upwards As Downtown Leasing Lags

An increase in regional head lease vacancy due largely to the delivery of new supply through 2025 contributed to overall vacancy rising even as sublease vacancy remained flat. However, the stabilizing performances of Greater Vancouver's suburban office markets, which often approached record lows in vacancy and availability in 2025, had begun to be offset by the faltering performance of the downtown core by year-end. New supply in the region's midtown submarkets combined with elevated vacancy and often unexceptional leasing demand further underscored the inability of the suburbs to continue offsetting the impact of ongoing occupancy losses in all classes of buildings downtown on the region.



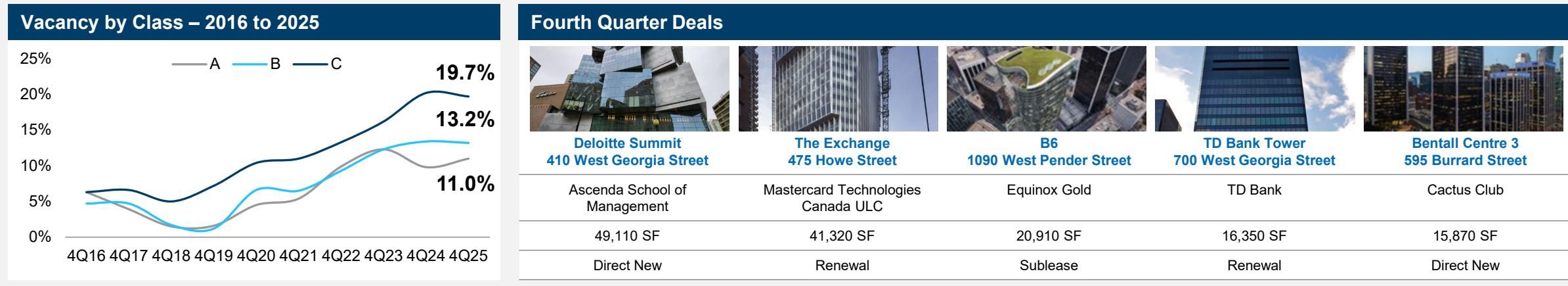
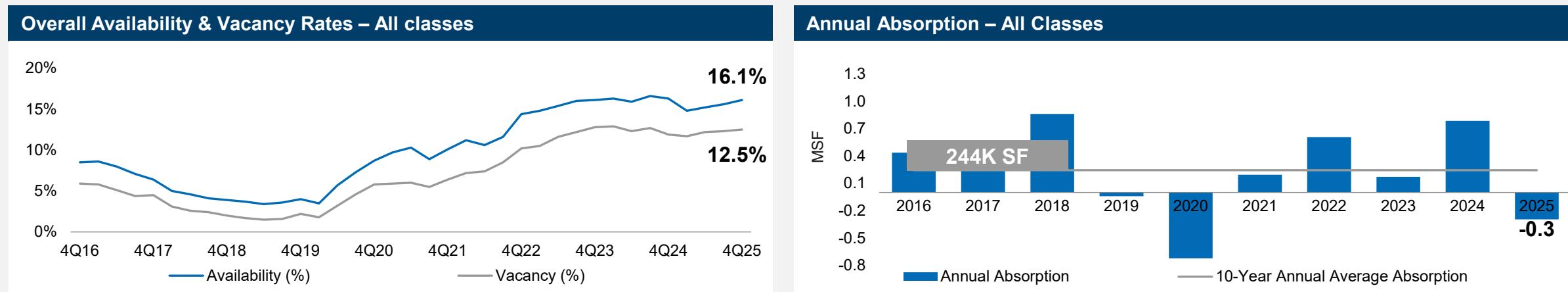
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Downtown Vancouver



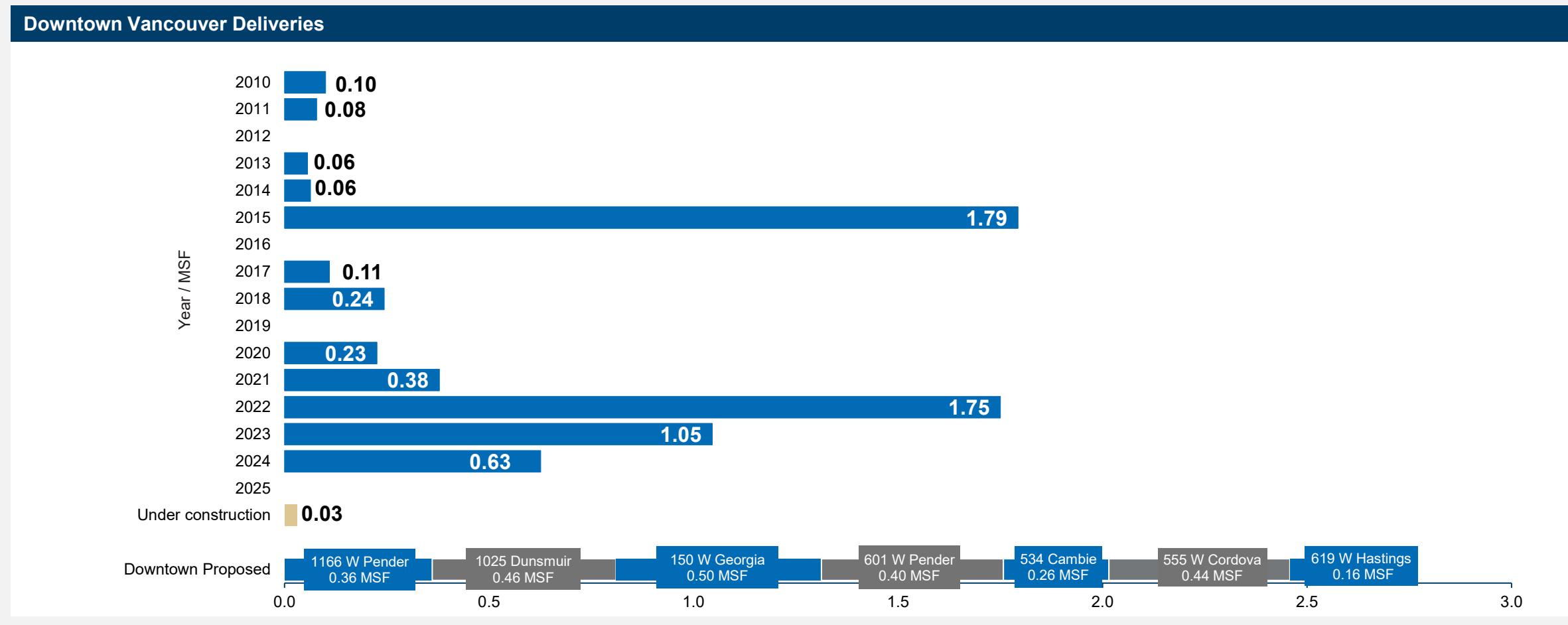
Downtown Vancouver (including Gastown & Yaletown)

Vacancy downtown finished year-end 2025 at 12.5% – a 60-bps increase from 12 months previous – as availability rose to its highest point in a year after peaking in late 2024. Tenant consolidations and moderate leasing volume led to a lacklustre year that produced upward pressure on market indicators signalling the modest market recovery underway since late 2023 may be in danger of stalling out. Negative annual absorption downtown was recorded for the first time since 2020 as tenants steadily gave back space throughout the year in all classes. Class A vacancy rose to 11% at year-end 2025, up 120 basis points from a year earlier, but still notably below its peak of 12.3% in late 2023. Overall leasing activity in 2025 was slightly below the 10-year average of ~1.6 msf with only two downtown leases larger than 100k sf booked. Tenants were increasingly drawn to midtown and suburban submarkets in 2025.



No New Construction Launched in 2025 As Market Indicators Hint At Potential Softening

Developers did not announce Vancouver's first post-COVID downtown office development in 2025, which is likely a reflection of unease with current conditions as some market indicators signal that the flight-to-quality trend that defined the market's performance during the past 24 months may be weakening, particularly in downtown Vancouver. Availability started to drift upwards at year-end 2025 after declining throughout 2025 as tenant consolidations in the back half of the year returned significant amounts of space to the sublease market. Class A vacancy, which reversed course and started rising in the third quarter of 2025, went on to hit its highest point since the third quarter of 2024 at year-end 2025.



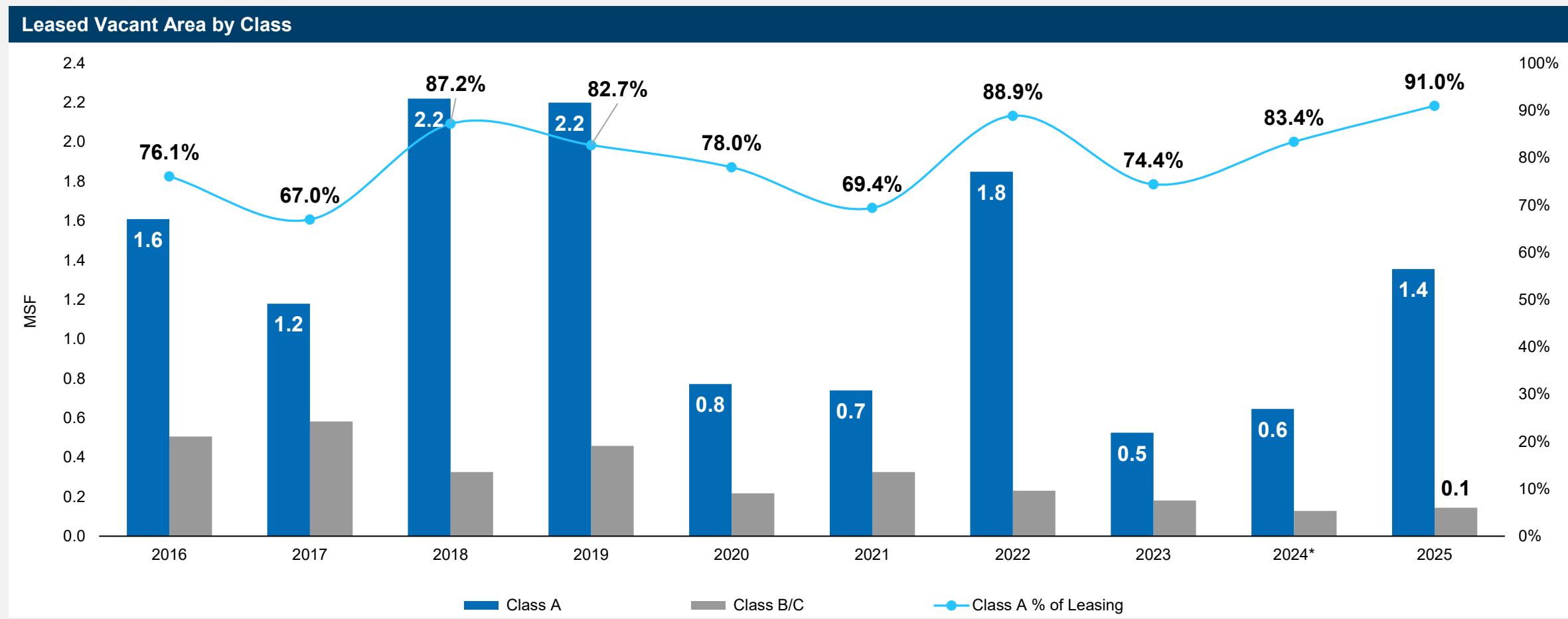
Downtown Vancouver Office Leasing Volume Most Since 2022 Despite Faltering Demand

Downtown leasing volume climbed to its highest level since 2022 with more than 1.5 msf of space under contract in 2025 led by lululemon athletica's 289k sf lease of 725 Granville, the former downtown home of Sony Imageworks, Microsoft and Miller Thomson LLP. All three remained downtown, which further reduced the already limited availability in trophy/class A premises. Small to mid-sized tenants who leased less than 50k sf (with many smaller than 20k sf) dominated leasing activity in 2025. Only one other downtown lease, SAP's renewal at 910 Mainland, surpassed 100k sf in 2025. Only a handful of tenants, including Teck, RBC, Wood Canada and Raymond James, even surpassed 50k sf in leasing



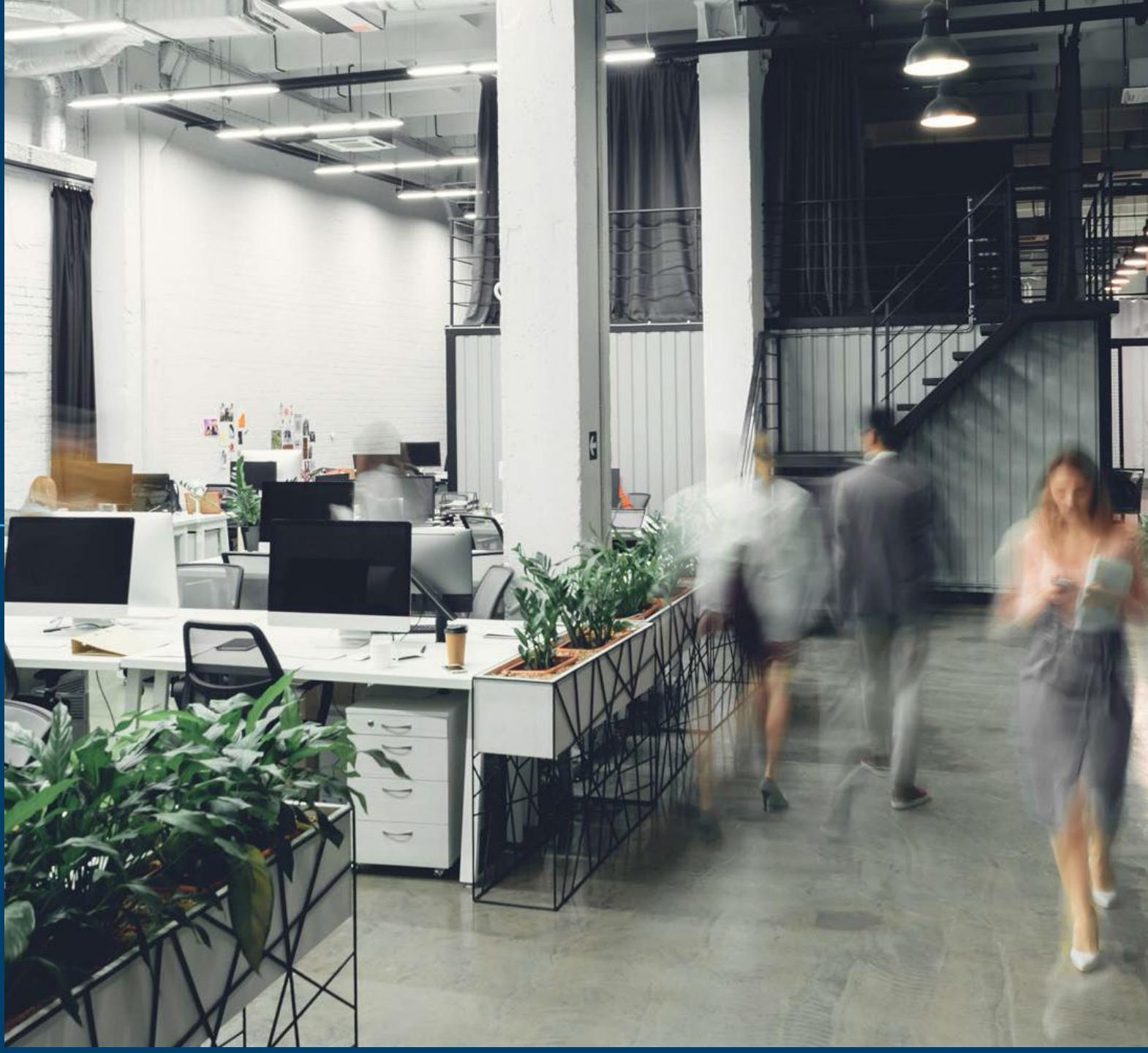
Class A Space Tops Most Tenants' Requirements | Downtown Vancouver Leasing Activity

Almost 1.4 msf of leasing activity in 2025 led the Downtown market to have its strongest year in terms of total square footage under contract since 2022. While much of the leasing volume in the back half of 2025 was related to the large lululemon athletica lease for its new head office, small to mid-sized education, tech, legal and finance tenants also remained active. With 91% of the space leased in 2025 in trophy/class A properties, Downtown's ability to absorb large tenants, new or existing, seeking an evolved office experience will be limited due to a lack of new supply and few options greater than 50k sf. However, a substantial number of options in all building classes remain for tenants seeking less than 5k sf.



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Vancouver Office Submarkets



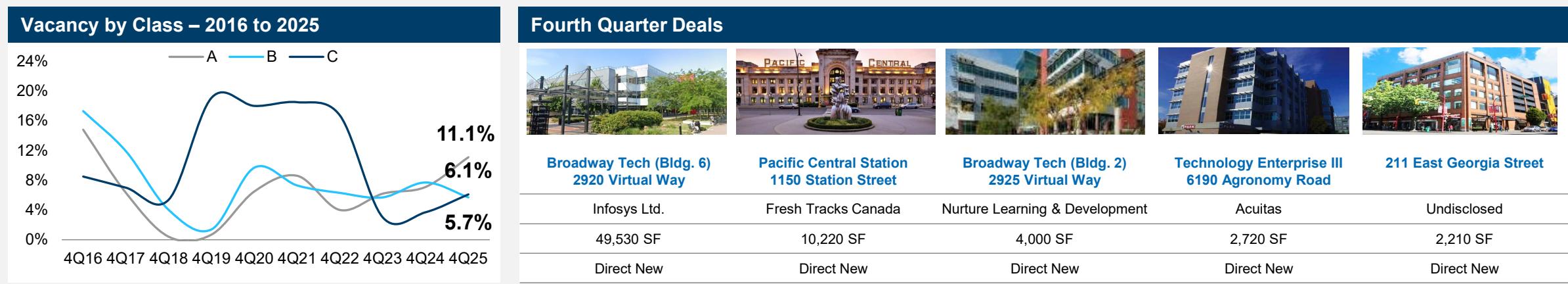
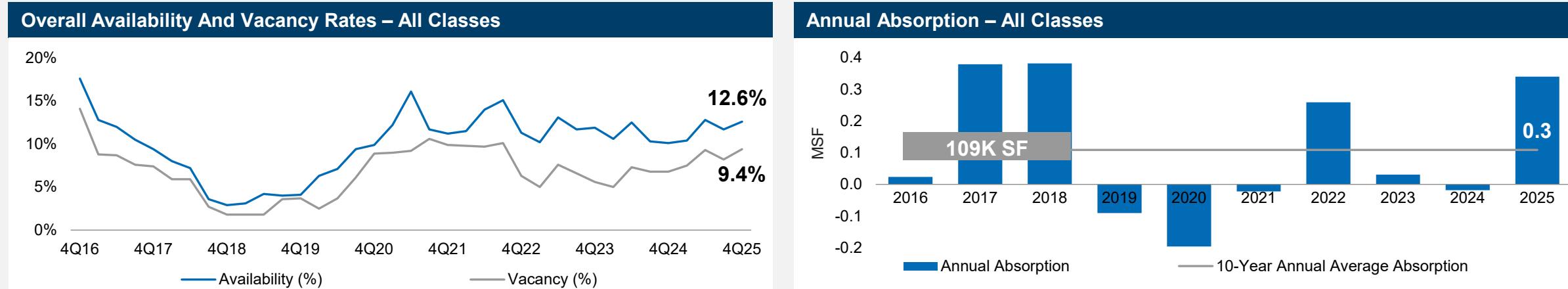
Vancouver – Broadway Corridor

Vancouver's 6.3-msf Broadway Corridor submarket has suffered from nearly a decade of paralysis starting with the introduction of an 'interim' rezoning moratorium at mid-2018 that was in force until September 2022 when the Broadway Plan planning policy went into effect. This period effectively ended any redevelopment and long-term leasing of office space in much of the submarket and was compounded further by rapid transit infrastructure construction. Development of a new rapid transit line and concurrent residential and commercial (re)development has greatly impacted access throughout the submarket. The opening of the SkyTrain's Broadway extension in 2027 should restore curb appeal to prospective tenants. Mount Pleasant has been the source of much of the submarket's leasing activity as rapidly rising vacancy in class C buildings as well as new supply led to soaring overall availability.



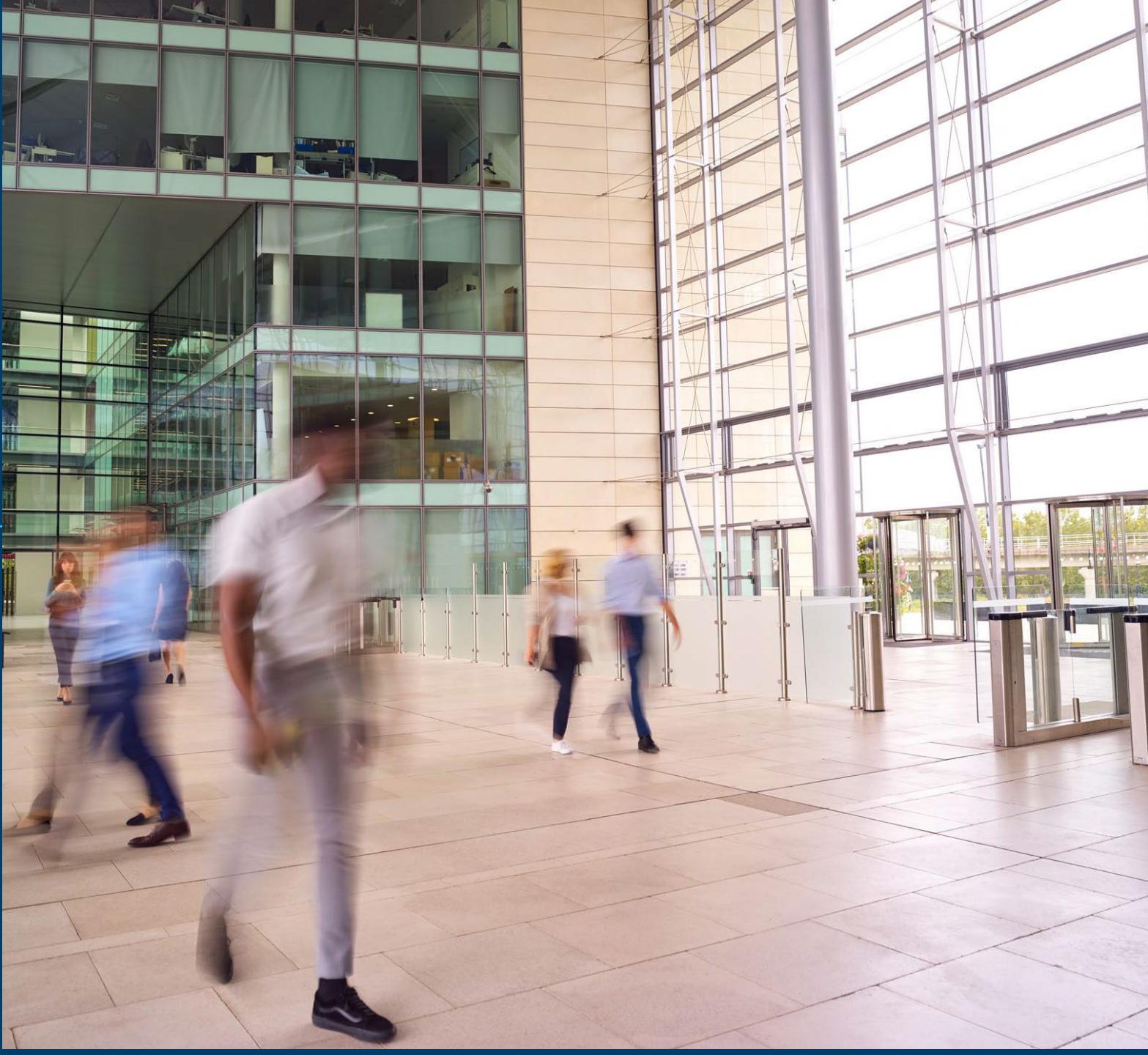
Vancouver – Periphery

Vancouver's 5.1-msf periphery office submarket posted the lowest vacancy within the city proper at 9.4% even with an uptick in class A vacancy due to delivery of new supply, much of which was preleased. Annual absorption of ~340k sf in 2025 was the most recorded since 2018 thanks in part to the delivery of new supply throughout the year as well as organic tenant demand, particularly in East Vancouver properties such as Broadway Tech Centre. Delivery of new supply resulted in class A vacancy surpassing the vacancy rates for class B and C spaces in both of Vancouver's midtown markets, a consequence largely unseen in suburban submarkets. Vancouver Periphery's annual absorption was the second most recorded in the region and represented 41% of total absorption. Most new office supply under construction in Metro Vancouver – ~316k sf in four buildings – remains in the Vancouver Periphery.



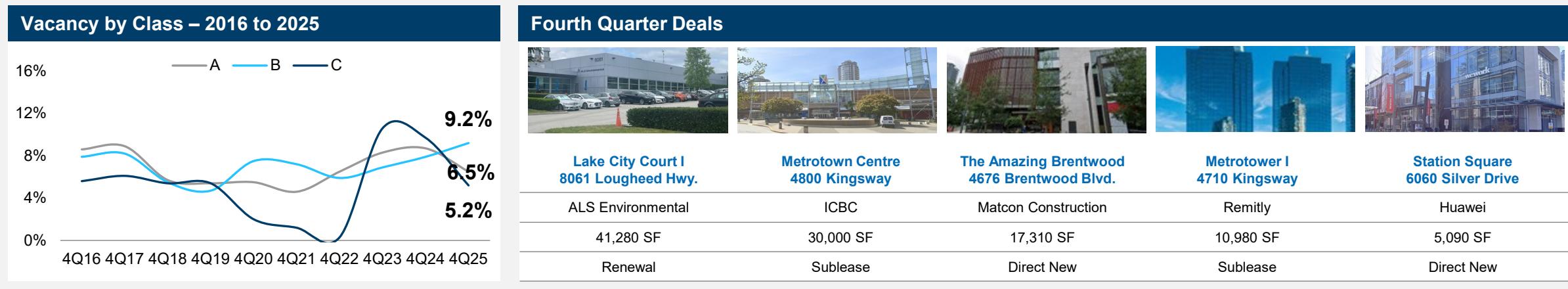
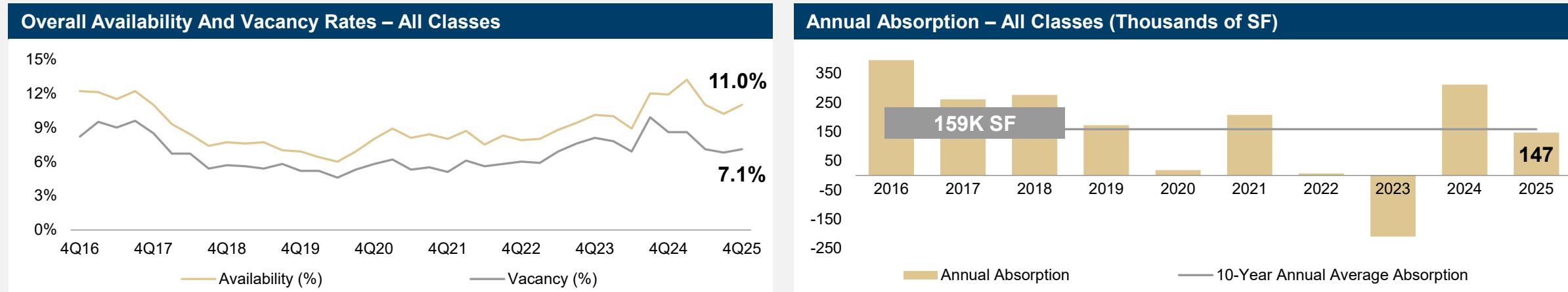
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Greater Vancouver Office Markets



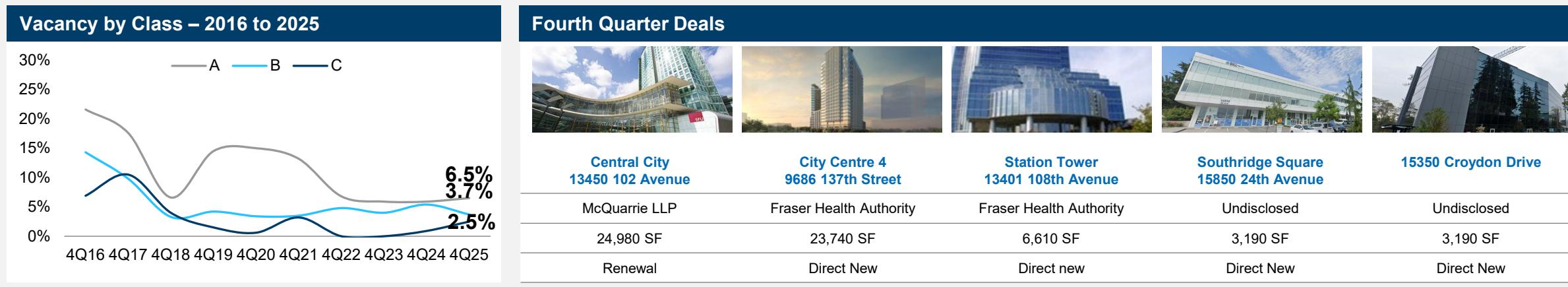
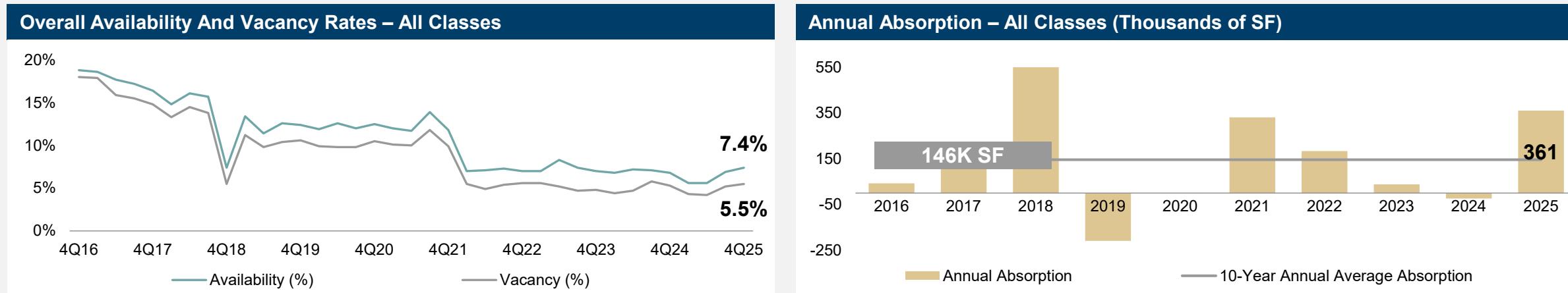
Burnaby, BC

Burnaby's 10.7-msf office market – the second largest in Metro Vancouver – has been arguably the most stable in the region since 2018. The sudden uptick in vacancy and availability at mid-2024 occurred when ~400k sf of new supply was delivered. However, vacancy then immediately declined and through 2025 had tightened to 7.1% at year-end, down from 8.6% a year earlier. Burnaby recorded the second-most annual absorption in the suburbs in 2025 due to ongoing demand for Burnaby office space. Vacancy in class A/C spaces continued to decline through 2025 while class B vacancy rose as tenants took the opportunity to upgrade their office space or engage with the city's stock of affordable well-located office space. Tenants seeking new space are limited to SOLO 4, which delivers 180,000 sf of office space in mid-2027 as many mixed-use projects including office face delays and cancellations.



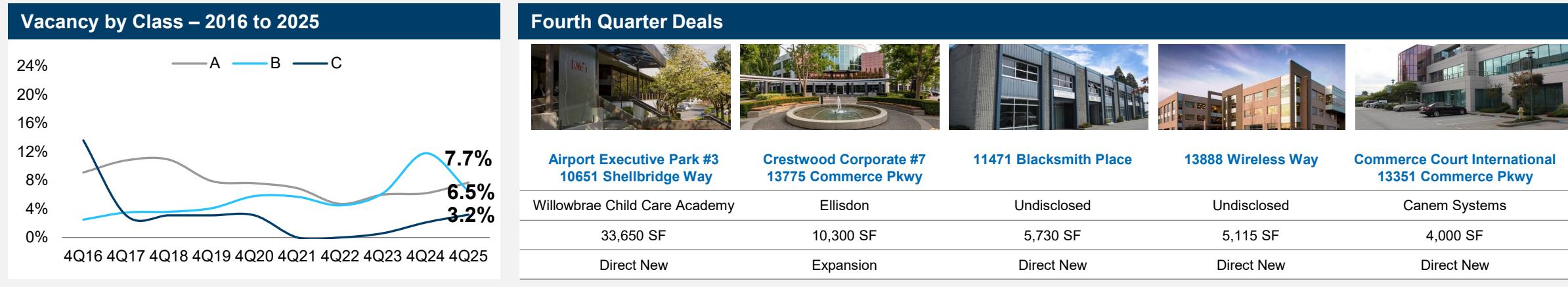
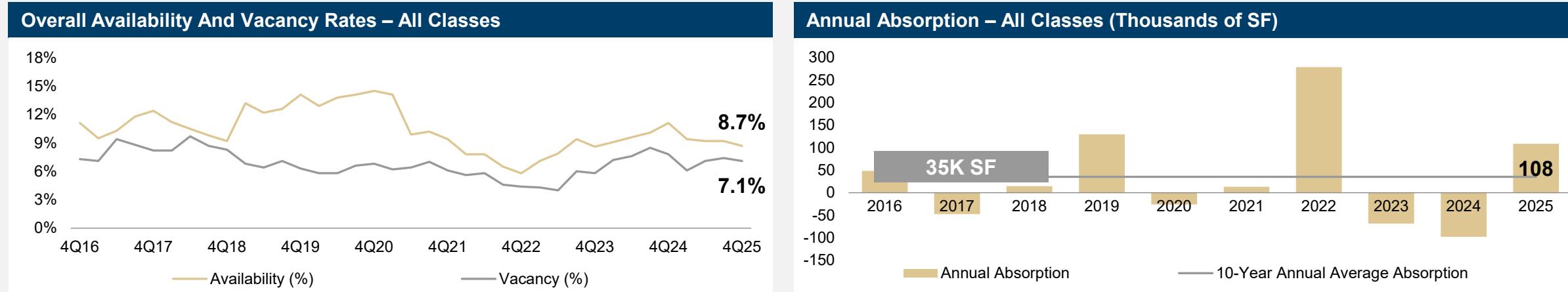
Surrey, BC

Vacancy in Surrey's 5.3-msf office market hit 5.5% at the end of 2025, virtually unchanged from the 5.3% recorded at the end of 2024. With the delivery of City Centre 4 at 9686 137th Street in the final quarter of 2025, Surrey surpassed Richmond to become the second largest suburban office market in Metro Vancouver. Availability rose to 7.4%, up from 6.8% a year ago and at its highest point since mid-2023 due mostly to inventory expansion in 2025. Annual absorption of 361K SF led the region in 2025 thanks to City Centre 4, but with no new office construction currently under way there remains a notable lack of options for tenants in all building classes. While substantial new supply is in the pipeline, including the 1.5-msf Centre Block mixed-use development whose first phase will include a new Simon Fraser University medical school, the delivery of that new building is currently scheduled for 2030.



Richmond, BC

Vacancy in Richmond's 5.0-msf office market declined to 7.1% at year-end 2025, down from 7.8% a year earlier. Availability also declined to 8.7% at the end of 2025, down notably from 11.1% at year-end 2024. The completion of the Luxe mixed-use development at 5671 No. 3 Road, which added ~80K SF to the office inventory, contributed to a notable uptick in absorption in the fourth quarter of 2025 and helped Richmond record positive annual absorption for the first time since 2022. A lack of new construction, particularly along the in-demand No. 3 Road corridor, and the most affordable rental rates in Metro Vancouver have blunted the impact of years of tepid demand with a likely baseline shift towards higher vacancy. Richmond has benefitted from the larger suburban trend of capturing demand with new construction and a shift in tenant preference for lower-cost space closer to workers.



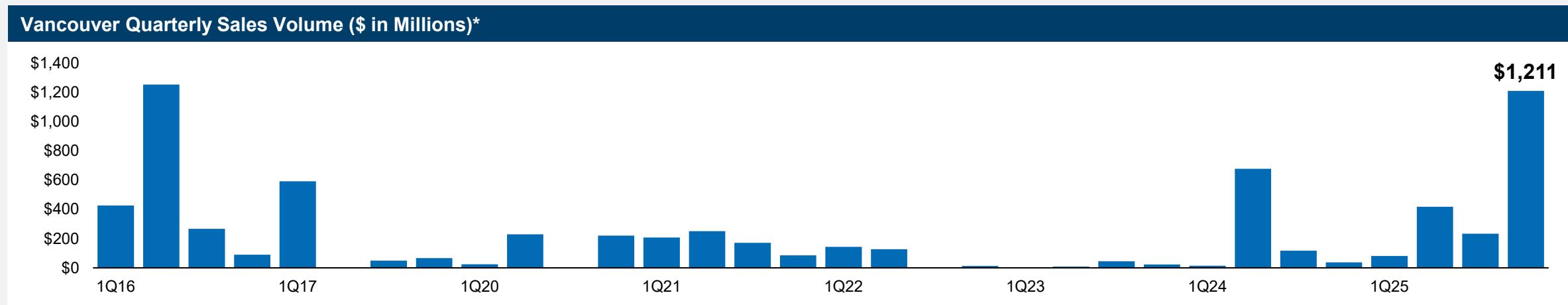
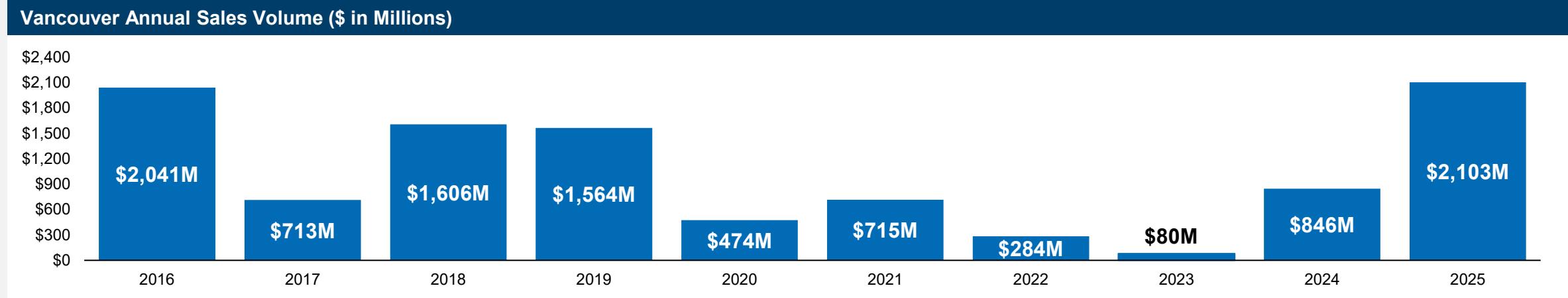
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Office Sales Activity



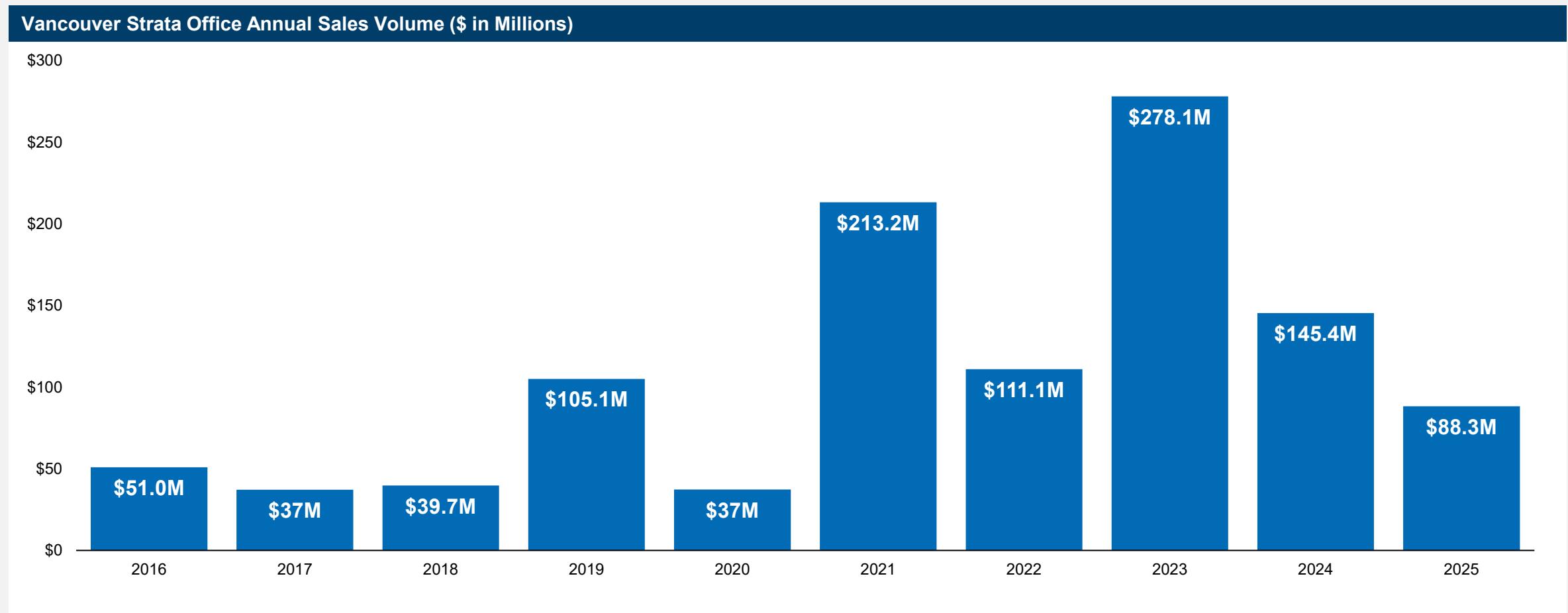
Vancouver Office Sales Volume Takeaways

Vancouver office sales* (excluding strata) generated ~C\$2.1B in proceeds in 2025 largely resulting from the ~C\$1.2B sale of The Post development in downtown Vancouver in November. Eight other office dispositions involved 12 buildings in 2025, including the C\$125M sale of two class B downtown office towers in August as well as Oxford Properties securing the remaining 50% interest in its Western Canadian office portfolio of four downtown Vancouver office towers from CPPIB for ~C\$418M in June. The C\$70M sale of 1111 W. Hastings in March was the first notable downtown deal of the year. Allied Properties also acquired the remaining 50% interest in 110 E. 5th Ave. in Mount Pleasant for C\$89.7M.



Vancouver Office Strata Sales Volume Takeaways

Vancouver strata office sales* totalled ~\$88M in 2025, the lowest annual dollar volume recorded since 2020. The 2025 completion of Marine Landing in South Vancouver represented 40% of total annual sales (20) completed by the end of the year (50). While many strata sales occurred at Marine Landing, five sales (10%) also transacted at Bosa Waterfront Centre, which was completed in 2023 but has continued to record substantial sales churn. Burrard Place, which completed in 2022, recorded three sales in 2025. The rest of the sales were typically single units scattered in developments throughout Vancouver. The average strata office price achieved in Vancouver in 2025 was C\$914 psf, down from C\$1,055 psf in 2024.



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