Metro Vancouver office market report

Q1 2024

AVISON YOUNG

Metro Vancouver office market fundamentals

10.1%

total vacancy rate
up from 10.0% in Q4 2023

24.9%

sublet as a percentage
of all available space
down from 26.6% in Q4 2023

$56.79

average gross asking
rent per square foot (psf)
**includes $21.51 psf
average additional rent**

5.8M

square feet (sf) available
up from 5.7 million sf in Q4 2023

477,448

sf absorption
Q1 2024

4.1M

sf under construction
34 projects

Metro Vancouver office market fundamentals

01.

Despite increasing vacancy rate, market is steady

The overall Metro Vancouver vacancy rate increased by 10 basis points from the previous quarter to 10.1% in Q1 2024. While most submarkets observed a rise in vacant space, the Downtown vacancy rate held steady at 12.5%.

Despite fluctuations in vacancy rates, the market has remained balanced and stable the last few quarters. Several larger companies have been swapping spaces to find locations that better meet their needs, akin to a game of "musical chairs."

02.

Last of Downtown major new supply nearly complete

Between 2020 and year-end 2024, Downtown will see the addition of over 4 million square feet (msf) collectively of new office supply. Even when broken down annually, this is significantly higher than the annual average of 242,000 sf delivered in the prior decade.

During the pandemic, many tenants improved their office spaces to boost recruitment and employee retention, while fostering a more collaborative culture for a successful return to the office. However, there are no large block opportunities (more than 100,00 sf available) in newer buildings delivered since 2020, which presents a major challenge moving forward.

03.

Construction costs high, tenants want improved space

With construction costs remaining high, many tenants are seeking upgraded spaces. This has created high demand for well improved sublease opportunities, as sublease vacancy has dropped 27% over the past three quarters.

As such, unimproved and outdated spaces have been challenging to lease. To address this, many landlords have invested in show suites, which tend to be leased much quicker. Additionally, landlords have increased tenant improvement allowances to help offset build-out costs.

Metro Vancouver office market statistics

Downtown	Inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Total vacancy (%)	Direct availability (sf)	Sublease availability (sf)	Total availability (sf)	Total availability (%)	Three-month absorption (sf)	YTD absorption (sf)
Class AAA	7,857,613	741,336	178,994	920,330	11.7%	876,984	307,381	1,184,365	15.1%	574,759	574,759
Class A	8,405,168	677,468	197,711	875,179	10.4%	959,619	319,474	1,279,093	15.2%	-80,438	-80,438
Class B	6,718,684	821,798	139,676	961,474	14.3%	987,885	250,656	1,238,541	18.4%	40,578	40,578
Class C	2,982,834	419,862	63,766	483,628	16.2%	515,027	71,598	586,625	19.7%	17,090	17,090
Market total	**25,964,299**	**2,660,464**	**580,147**	**3,240,611**	**12.5%**	**3,339,515**	**949,109**	**4,288,624**	**16.5%**	**551,989**	**551,989**

Yaletown	Inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Total vacancy (%)	Direct availability (sf)	Sublease availability (sf)	Total availability (sf)	Total availability (%)	Three-month absorption (sf)	YTD absorption (sf)
Class A	614,752	30,086	9,600	39,686	6.5%	34,069	16,790	50,859	8.3%	0	0
Class B	1,021,065	141,196	10,547	151,743	14.9%	168,669	10,547	179,216	17.6%	0	0
Class C	450,377	64,778	5,233	70,011	15.5%	78,642	5,233	83,875	18.6%	103	103
Market total	**2,086,194**	**236,060**	**25,380**	**261,440**	**12.5%**	**281,380**	**32,570**	**313,950**	**15.0%**	**103**	**103**

Source: Avison Young Market Intelligence

Metro Vancouver office market statistics

Vancouver-Broadway	Inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Total vacancy (%)	Direct availability (sf)	Sublease availability (sf)	Total availability (sf)	Total availability (%)	Three-month absorption (sf)	YTD absorption (sf)
Class A	5,510,239	321,665	114,681	436,346	7.9%	395,856	311,848	707,704	12.8%	-39,568	-39,568
Class B	2,072,351	292,971	75,252	368,223	17.8%	344,015	86,814	430,829	20.8%	-8,753	-8,753
Class C	721,842	93,493	1,922	95,415	13.2%	100,950	1,922	102,872	14.3%	-1,922	-1,922
Market total	**8,304,432**	**708,129**	**191,855**	**899,984**	**10.8%**	**840,821**	**400,584**	**1,241,405**	**14.9%**	**-50,243**	**-50,243**

Burnaby	Inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Total vacancy (%)	Direct availability (sf)	Sublease availability (sf)	Total availability (sf)	Total availability (%)	Three-month absorption (sf)	YTD absorption (sf)
Class A	6,490,308	297,356	167,492	464,848	7.2%	363,945	334,097	698,042	10.8%	0	0
Class B	1,976,051	109,338	48,695	158,033	8.0%	167,739	63,706	231,445	11.7%	0	0
Class C	841,570	36,181	0	36,181	4.3%	46,479	0	46,479	5.5%	5,650	5,650
Market total	**9,307,929**	**442,875**	**216,187**	**659,062**	**7.1%**	**578,163**	**397,803**	**975,966**	**10.5%**	**5,650**	**5,650**

Source: Avison Young Market Intelligence

Metro Vancouver office market statistics

Richmond	Inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Total vacancy (%)	Direct availability (sf)	Sublease availability (sf)	Total availability (sf)	Total availability (%)	Three-month absorption (sf)	YTD absorption (sf)
Class A	2,733,701	132,164	57,531	189,695	6.9%	213,006	69,247	282,253	10.3%	-27,582	-27,582
Class B	1,206,336	101,265	51,150	152,415	12.6%	144,508	54,939	199,447	16.5%	931	931
Class C	348,198	2,215	0	2,215	0.6%	3,807	0	3,807	1.1%	0	0
Market total	**4,288,235**	**235,644**	**108,681**	**344,325**	**8.0%**	**361,321**	**124,186**	**485,507**	**11.3%**	**-26,651**	**-26,651**

Surrey	Inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Total vacancy (%)	Direct availability (sf)	Sublease availability (sf)	Total availability (sf)	Total availability (%)	Three-month absorption (sf)	YTD absorption (sf)
Class A	2,387,671	116,069	0	116,069	4.9%	163,256	25,475	188,731	7.9%	4,000	4,000
Class B	668,208	72,152	0	72,152	10.8%	78,583	4,005	82,588	12.4%	0	0
Class C	205,629	0	0	0	0.0%	1,362	0	1,362	0.7%	0	0
Market total	**3,261,508**	**188,221**	**0**	**188,221**	**5.8%**	**243,201**	**29,480**	**272,681**	**8.4%**	**4,000**	**4,000**

Source: Avison Young Market Intelligence

Metro Vancouver office market statistics

New Westminster	Inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Total vacancy (%)	Direct availability (sf)	Sublease availability (sf)	Total availability (sf)	Total availability (%)	Three-month absorption (sf)	YTD absorption (sf)
Class A	814,641	48,857	3,663	52,520	6.4%	55,025	3,663	58,688	7.2%	0	0
Class B	701,891	28,541	0	28,541	4.1%	42,414	0	42,414	6.0%	0	0
Class C	103,500	0	0	0	0.0%	0	0	0	0.0%	0	0
Market total	**1,620,032**	**77,398**	**3,663**	**81,061**	**5.0%**	**97,439**	**3,663**	**101,102**	**6.2%**	**0**	**0**

North Shore	Inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Total vacancy (%)	Direct availability (sf)	Sublease availability (sf)	Total availability (sf)	Total availability (%)	Three-month absorption (sf)	YTD absorption (sf)
Class A	871,813	24,268	2,491	26,759	3.1%	37,673	6,433	44,106	5.1%	0	0
Class B	435,844	13,311	3,700	17,011	3.9%	16,161	3,700	19,861	4.6%	-3,005	-3,005
Class C	75,690	1,915	0	1,915	2.5%	1,915	0	1,915	2.5%	0	0
Market total	**1,383,347**	**39,494**	**6,191**	**45,685**	**3.3%**	**55,749**	**10,133**	**65,882**	**4.8%**	**-3,005**	**-3,005**

Source: Avison Young Market Intelligence

Metro Vancouver office market statistics

Langley	Inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Total vacancy (%)	Direct availability (sf)	Sublease availability (sf)	Total availability (sf)	Total availability (%)	Three-month absorption (sf)	YTD absorption (sf)
Class A	457,182	31,288	0	31,288	6.8%	39,637	0	39,637	8.7%	-4,395	-4,395
Class B	657,361	20,800	1,829	22,629	3.4%	26,115	1,829	27,944	4.3%	0	0
Class C	120,940	1,768	0	1,768	1.5%	1,768	0	1,768	1.5%	0	0
Market total	**1,235,483**	**53,856**	**1,829**	**55,685**	**4.5%**	**67,520**	**1,829**	**69,349**	**5.6%**	**-4,395**	**-4,395**

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District	Inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacancy (sf)	Total vacancy (%)	Direct availability (sf)	Sublease availability (sf)	Total availability (sf)	Total availability (%)	Three-month absorption (sf)	YTD absorption (sf)
Downtown	25,964,299	2,660,464	580,147	3,240,611	12.5%	3,339,515	949,109	4,288,624	16.5%	551,989	551,989
Yaletown	2,086,194	236,060	25,380	261,440	12.5%	281,380	32,570	313,950	15.0%	103	103
Vancouver-Broadway	8,304,432	708,129	191,855	899,984	10.8%	840,821	400,584	1,241,405	14.9%	-50,243	-50,243
Burnaby	9,307,929	442,875	216,187	659,062	7.1%	578,163	397,803	975,966	10.5%	5,650	5,650
Richmond	4,288,235	235,644	108,681	344,325	8.0%	361,321	124,186	485,507	11.3%	-26,651	-26,651
Surrey	3,261,508	188,221	0	188,221	5.8%	243,201	29,480	272,681	8.4%	4,000	4,000
New Westminster	1,620,032	77,398	3,663	81,061	5.0%	97,439	3,663	101,102	6.2%	0	0
North Shore	1,383,347	39,494	6,191	45,685	3.3%	55,749	10,133	65,882	4.8%	-3,005	-3,005
Langley	1,235,483	53,856	1,829	55,685	4.5%	67,520	1,829	69,349	5.6%	-4,395	-4,395
Total	**57,451,459**	**4,642,141**	**1,133,933**	**5,776,074**	**10.1%**	**5,865,109**	**1,949,357**	**7,814,466**	**13.6%**	**477,448**	**477,448**

Source: Avison Young Market Intelligence

For more market insights and information visit **avisonyoung.ca**

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