



Metro Vancouver office market report

Q3 2024

**AVISON
YOUNG**

Metro Vancouver office market fundamentals

11.0%

total vacancy rate
up from 10.4% in Q2 2024

24.3%

sublet as a percentage
of all available space
down from 26.6% in Q2 2024

\$55.17

average gross asking
rent per square foot (psf)
includes \$21.45 psf
average additional rent

8.6M

square feet (sf) available
up from 8.2 million sf (msf) in Q2 2024

-268K

sf absorption
Q3 2024

3.0M

sf under construction
29 projects

Metro Vancouver office market fundamentals

01.

Nearly all submarkets show increased vacancy

The Metro Vancouver vacancy rate rose by 60 basis points (bps) quarter-over-quarter, reaching 11.0% in Q3 2024. While it has stayed relatively stable over the past year, around the 10% range, nearly all submarkets saw negative absorption, except Broadway, which remained fairly flat with 8,423 sf of quarterly absorption.

The Downtown vacancy rate rose by 80 bps quarter-over-quarter to 13.6%, a shift largely anticipated due to two major tenants releasing space: Microsoft placed 61,884 sf on the sublease market at 1090 West Pender Street (B6), and WeWork vacated 68,785 square feet at 595 Burrard Street (B3). However, there continues to be increased demand for class AAA and A buildings as the trend toward high-quality office space continues.

02.

No new major downtown developments, conversions starting

With nearly 3.4 msf of new office space added to the Metro Vancouver market in the past three years, the development pipeline has slowed, with only three major projects (each over 200,000 square feet of office space) currently under construction.

While other Canadian cities have faced rising office vacancy rates and started repurposing underutilized office buildings, Vancouver has not followed this trend. However, two office buildings have now been officially removed from the inventory, as both are undergoing conversion into hotels: 576 Seymour Street, a heritage property that will retain its façade, and 225 Smithe Street, a newer mixed-use building. Tenants vacated 576 Seymour several quarters ago, while 225 Smithe, completed three years ago, has remained vacant since its delivery.

03.

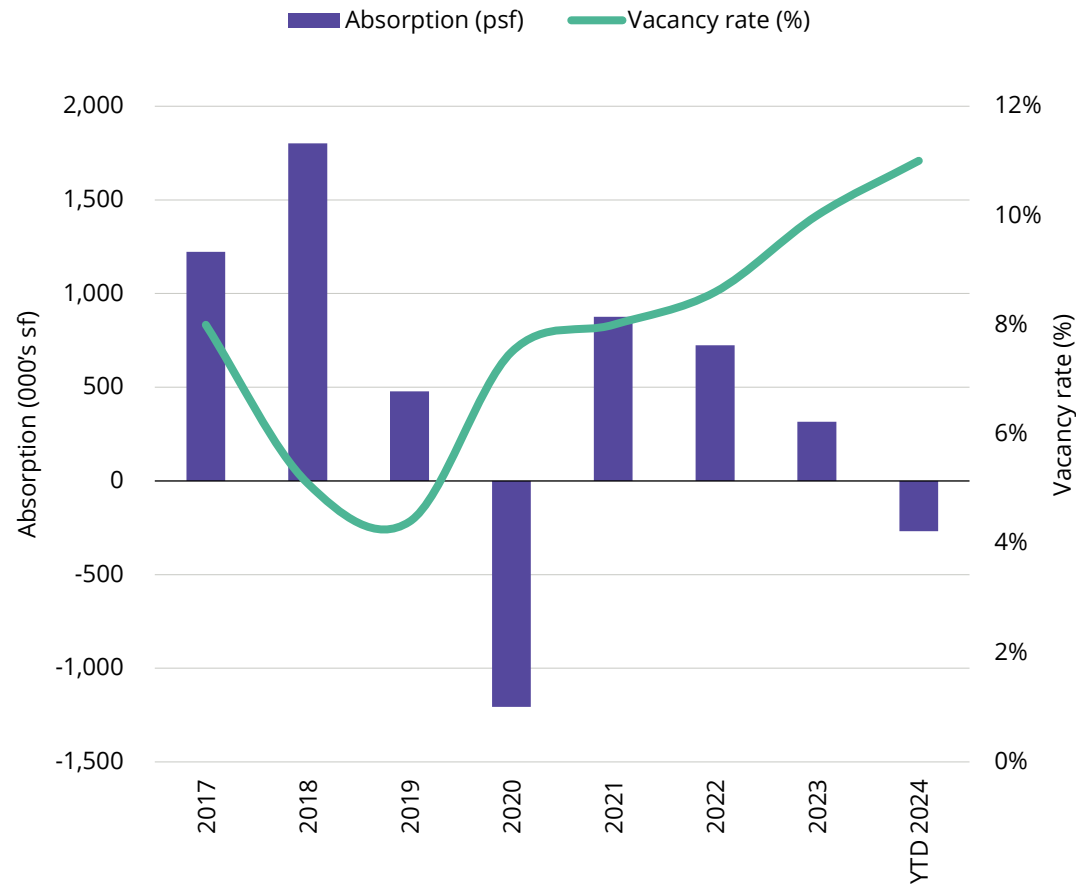
Office investment on the rise as confidence ensues amongst investors

Despite rising vacancy rates, the office market recorded several large sales transactions in recent quarters, including prominent towers in the Downtown area. While 2023 was a slow year for office sales, with only 14 transactions over \$5 million, the first half of 2024 saw 16 sales totaling nearly \$700 million. Although some of these were partial interest transfers, the activity indicated renewed confidence in the office market and provided private buyers an opportunity to acquire premium assets from institutional investors looking to reduce or exit their office holdings.

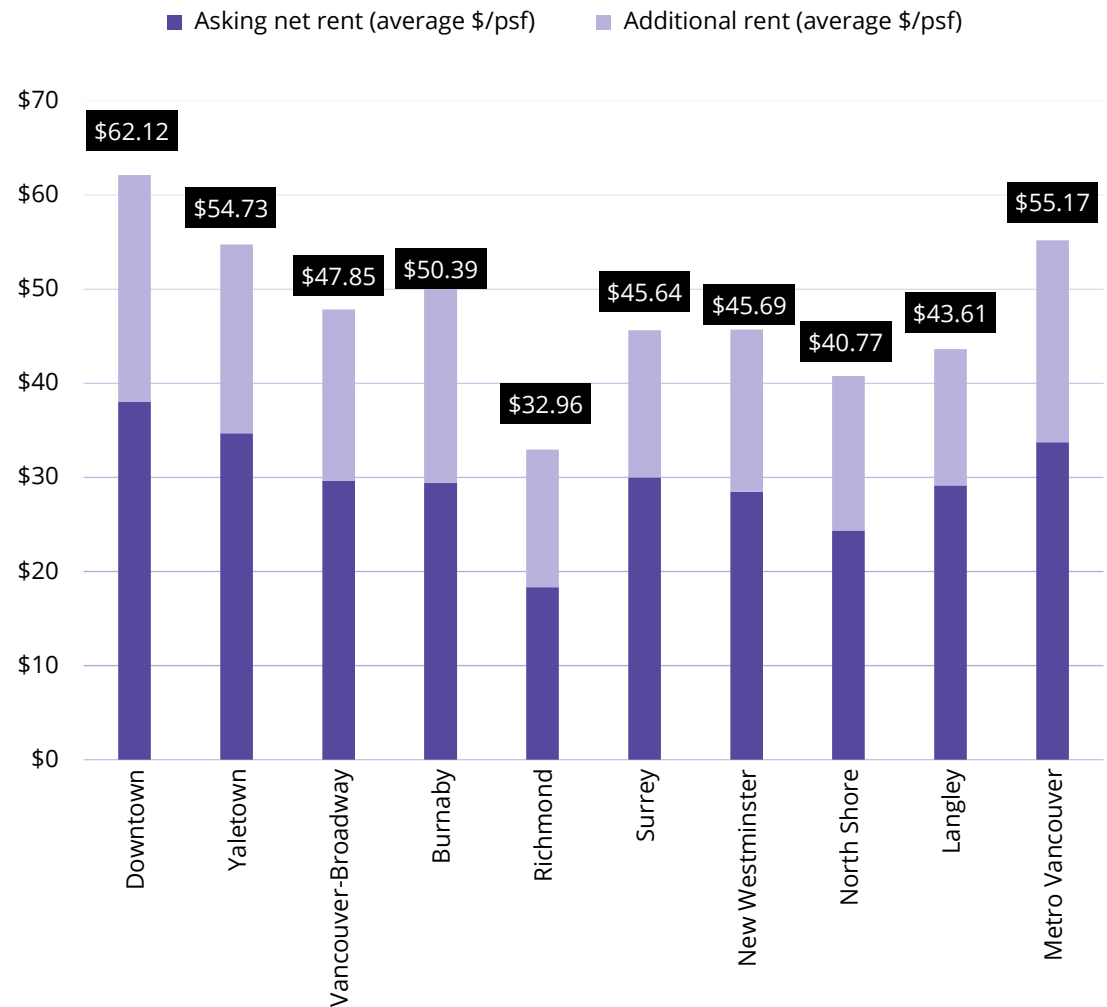
With the fourth consecutive Bank of Canada interest rate cut of 50 bps to 3.75% on October 23, 2024, office investment is expected to increase as capital becomes more accessible. This trend is also reflected in strata sales, where transaction volume nearly doubled in H1 2024 compared to H2 2023.

Metro Vancouver office market trends

Vacancy and absorption

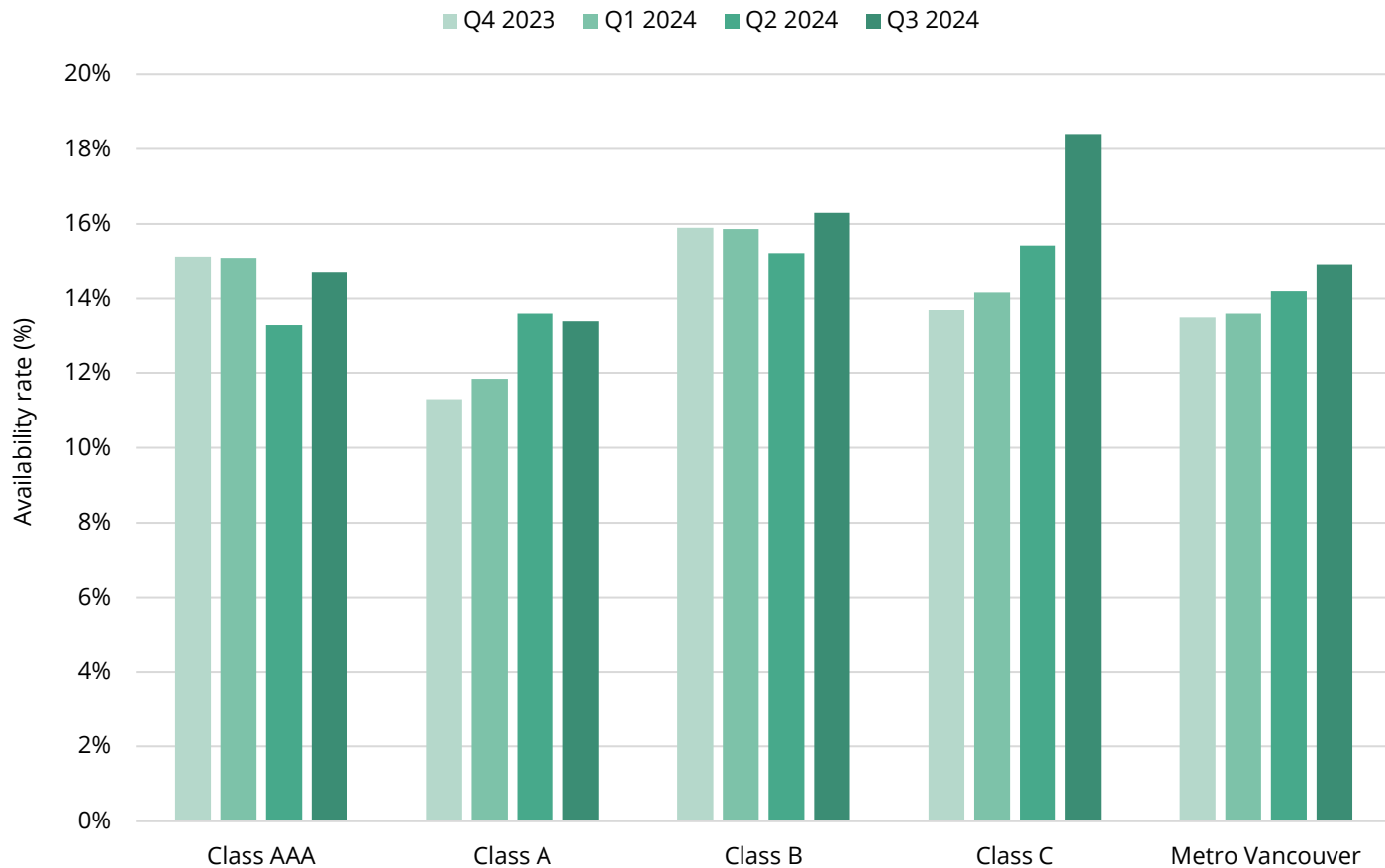


Average gross occupancy costs



Metro Vancouver office market indicators

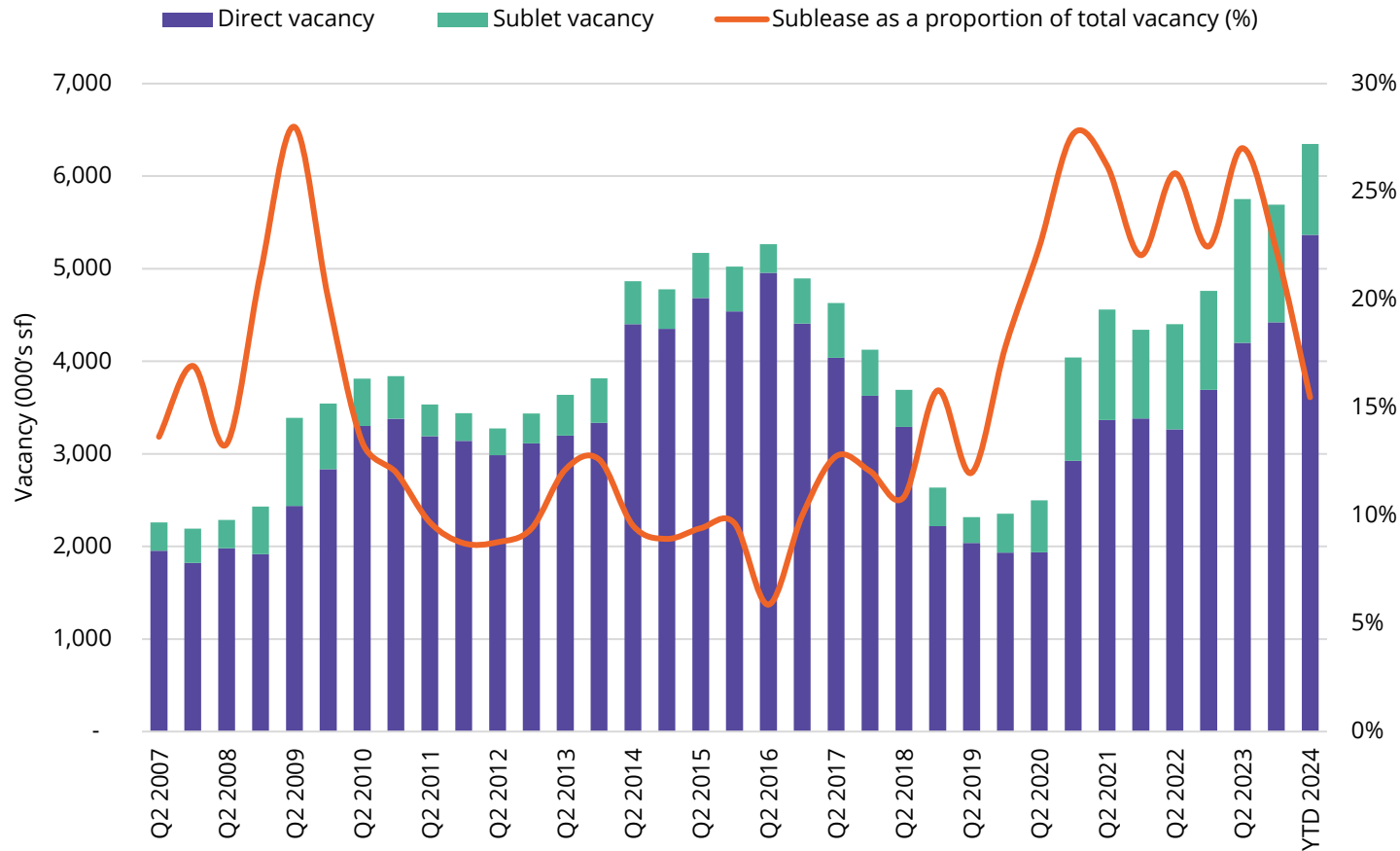
Availability rate by building class



The availability rate increased from 14.2% to 14.9%, with class C seeing the most significant quarter-over-quarter rise of 300 bps.

Metro Vancouver office market indicators

Sublease vacancy as a proportion of total vacancy



Sublease vacancy as a proportion of total vacancy declined, as improved built-out spaces continued to be in high demand.

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	8,390,250	873,422	227,458	1,100,880	13.1%	861,712	370,803	1,232,515	14.7%	-62,858	979,944
Class A	8,456,729	765,634	209,627	975,261	11.5%	996,344	403,389	1,399,733	16.6%	-22,373	-137,127
Class B	6,629,684	851,282	114,849	966,131	14.6%	988,301	221,028	1,209,329	18.2%	-13,836	26,321
Class C	2,967,690	511,666	39,302	550,968	18.6%	722,972	55,560	778,532	26.2%	-3,033	-27,064
Market total	26,444,353	3,002,004	591,236	3,593,240	13.6%	3,569,329	1,050,780	4,620,109	17.5%	-102,100	842,074

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	586,132	5,172	9,600	14,772	2.5%	5,172	43,957	49,129	8.4%	-2,803	-2,803
Class B	1,021,065	162,869	0	162,869	16.0%	176,912	24,023	200,935	19.7%	3,022	-11,126
Class C	425,377	45,805	0	45,805	10.8%	72,582	2,650	75,232	17.7%	-2,762	1,123
Market total	2,032,574	213,846	9,600	223,446	11.0%	254,666	70,630	325,296	16.0%	-2,543	-12,806

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	409,008	56,977	465,985	8.5%	542,337	304,292	846,629	15.4%	-1,211	-69,207
Class B	2,072,351	326,402	8,202	334,604	16.1%	388,758	48,004	436,762	21.1%	26,941	24,866
Class C	721,842	108,206	0	108,206	15.0%	131,704	0	131,704	18.2%	-17,307	-14,713
Market total	8,304,432	843,616	65,179	908,795	10.9%	1,062,799	352,296	1,415,095	17.0%	8,423	-59,054

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	465,145	156,641	621,786	9.6%	435,084	346,167	781,251	12.0%	-73,362	-156,938
Class B	1,976,051	124,731	45,695	170,426	8.6%	178,652	52,085	230,737	11.7%	-12,896	-12,393
Class C	814,620	37,961	0	37,961	4.7%	50,865	0	50,865	6.2%	-6,457	3,870
Market total	9,280,979	627,837	202,336	830,173	8.9%	664,601	398,252	1,062,853	11.5%	-92,715	-165,461

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	148,466	55,631	204,097	7.5%	244,822	85,058	329,880	12.1%	-6,953	-42,669
Class B	1,206,336	110,161	52,499	162,660	13.5%	184,124	58,205	242,329	20.1%	-14,690	-9,314
Class C	348,198	3,373	0	3,373	1.0%	13,091	0	13,091	3.8%	-2,160	-1,158
Market total	4,288,235	262,000	108,130	370,130	8.6%	442,037	143,263	585,300	13.6%	-23,803	-53,141

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	153,251	0	153,251	6.4%	194,058	41,854	235,912	9.9%	-39,913	-33,182
Class B	668,208	56,935	0	56,935	8.5%	62,604	27,714	90,318	13.5%	4,277	15,217
Class C	205,629	0	0	0	0.0%	1,709	0	1,709	0.8%	0	0
Market total	3,261,508	210,186	0	210,186	6.4%	258,371	69,568	327,939	10.1%	-35,636	-17,965

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	51,671	3,663	55,334	6.8%	73,805	0	73,805	9.1%	-4,280	-2,814
Class B	701,891	42,375	0	42,375	6.0%	37,607	0	37,607	5.4%	39	-13,834
Class C	103,500	3,822	0	3,822	3.7%	4,034	0	4,034	3.9%	0	-3,822
Market total	1,620,032	97,868	3,663	101,531	6.3%	115,446	0	115,446	7.1%	-4,241	-20,470

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	26,161	2,491	28,652	3.3%	39,395	2,491	41,886	4.8%	-1,893	-1,893
Class B	435,844	26,770	0	26,770	6.1%	26,094	0	26,094	6.0%	-11,328	-12,764
Class C	75,690	1,915	0	1,915	2.5%	5,545	0	5,545	7.3%	0	0
Market total	1,383,347	54,846	2,491	57,337	4.1%	71,034	2,491	73,525	5.3%	-13,221	-14,657

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	32,939	0	32,939	7.2%	33,447	0	33,447	7.3%	-2,297	-8,541
Class B	657,361	18,888	0	18,888	2.9%	35,214	0	35,214	5.4%	0	3,741
Class C	120,940	1,768	0	1,768	1.5%	5,287	0	5,287	4.4%	0	0
Market total	1,235,483	53,595	0	53,595	4.3%	73,948	0	73,948	6.0%	-2,297	-4,800

Metro Vancouver office market statistics

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	26,444,353	3,002,004	591,236	3,593,240	13.6%	3,569,329	1,050,780	4,620,109	17.5%	-102,100	842,074
Yaletown	2,032,574	213,846	9,600	223,446	11.0%	254,666	70,630	325,296	16.0%	-2,543	-12,806
Vancouver-Broadway	8,304,432	843,616	65,179	908,795	10.9%	1,062,799	352,296	1,415,095	17.0%	8,423	-59,054
Burnaby	9,280,979	627,837	202,336	830,173	8.9%	664,601	398,252	1,062,853	11.5%	-92,715	-165,461
Richmond	4,288,235	262,000	108,130	370,130	8.6%	442,037	143,263	585,300	13.6%	-23,803	-53,141
Surrey	3,261,508	210,186	0	210,186	6.4%	258,371	69,568	327,939	10.1%	-35,636	-17,965
New Westminster	1,620,032	97,868	3,663	101,531	6.3%	115,446	0	115,446	7.1%	-4,241	-20,470
North Shore	1,383,347	54,846	2,491	57,337	4.1%	71,034	2,491	73,525	5.3%	-13,221	-14,657
Langley	1,235,483	53,595	0	53,595	4.3%	73,948	0	73,948	6.0%	-2,297	-4,800
Total	57,850,943	5,365,798	982,635	6,348,433	11.0%	6,512,231	2,087,280	8,599,511	14.9%	-268,133	493,720

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