

Expansionary Firms Mitigate Magnitude of Tenant Losses in Downtown Office Hubs

Bevy of completions adds to available space. Vancouver's labour market has recovered from its pandemic-related job losses, with an employment tally entering this year 25,000 jobs higher than the prior peak; job gains and an expanding tech ecosystem, however, are only partially alleviating the impacts of the health crisis and corresponding shift to at-home work models. Vacant stock in the GVA exceeded 4 million square feet last year, up more than 40 per cent from the 2019 measure. Over that two-year stretch, roughly 2 million square feet was finalized at a time when many firms shifted to remote work, accelerating upward vacancy movement. The recovery should gain steam this year, but the landscape will be bifurcated. Well-positioned tech firms are often seeking higher-quality spaces, leaving a block of Class B and C space on the market and weighing on asking rents. This trend has been evident in the urban core. Here, Class B vacancy moved above the Class A rate, leading to a drop in the submarket's average asking rent last year.

Vancouver Office Investment Trends


- Investor confidence, paired with a greater emphasis on asset quality, factored into the average sale price reaching a new high last year, climbing at the fastest pace of the major metros.
- In 2021, multiple flagship assets in the core traded at premium price points. One such exchange, involving the former MEC headquarters, was sold vacant and filled by EA Sports within months.

2022 Office Trends


**3.1 MILLION
SQUARE FEET**
will be completed

CONSTRUCTION:

Supply growth will exceed 3 million square feet for the first time on record, as a 60-40 mixture of pre-leased and speculative construction is scheduled to open in 2022.


**60
BASIS POINT**
increase in vacancy

VACANCY:

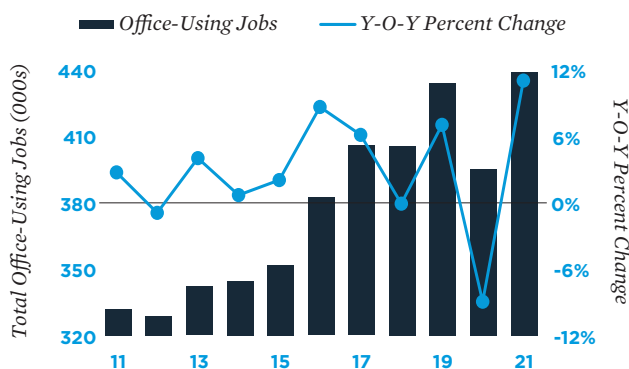
Office availability will climb in 2022; the rate, however, will remain below the national average.


**1.5%
INCREASE**
in asking rent

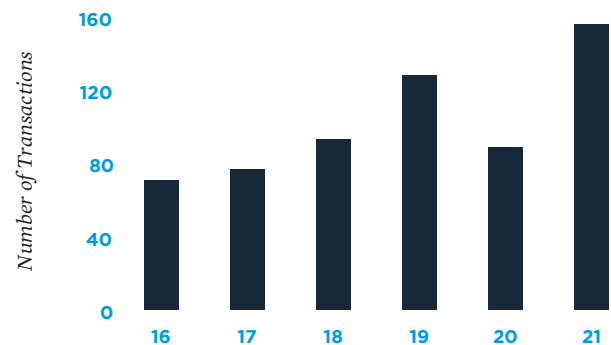
RENT:

The multitude of tech firms seeking a footprint in Vancouver will elevate rents for new Class A space, leading to a slight gain in the metro's average asking rent to \$41.40 per square foot.

Office-Using Jobs Trends



Transaction Trends



Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of February 2022. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Forecasts for employment and retail data are made during the first quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

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