

MARKET REPORT

Office
Vancouver Metro Area

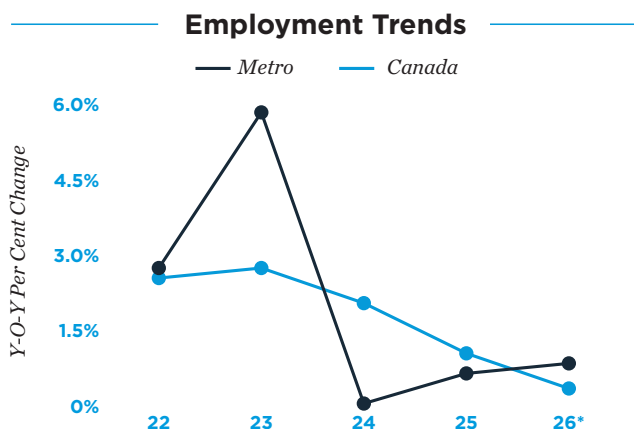
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2Q/26

Dwindling Build Pipeline and Demand Momentum Improving Office Fundamentals

Office market showing signs of stabilizing. Though conditions remain fragmented across both location and asset quality, overall vacancy has begun to level off. Over the past two years, vacancy has largely stabilized at around 9.5 per cent, one of the lowest rates in North America. That said, the Downtown core faces near-term challenges tied to large-block availability and tenant consolidation. Upcoming space returns – most notably from major occupiers like Amazon rationalizing footprints – are expected to create intermittent volatility in absorption through 2026. Meanwhile, small- to medium-sized firms are playing a greater role in driving leasing activity. At the same time, leasing demand remains highly selective, with tenants prioritizing newer, higher-quality buildings, while older product continues to face elevated vacancy and slower leasing velocity.

Suburban strength and limited supply support outlook. Demand in suburban nodes has remained comparatively steady, driven by a mix of technology, life sciences, government, and institutional users, resulting in tighter vacancy levels relative to the downtown core. Meanwhile, the development cycle has largely run its course, with minimal new supply expected in the near term – effectively removing a key source of upward pressure on vacancy. Although macroeconomic and geopolitical uncertainty, along with evolving workplace strategies, continue to delay decision-making, the combination of limited future supply and improving tenant demand is expected to gradually boost overall market performance over the medium term.



* Forecast

Sources: Altus Data Solutions; CoStar Group, Inc.; Oxford Economics; Statistics Canada

Office 2026 Outlook



**13,000
JOBS**
will be created

EMPLOYMENT

Employment growth is expected to strengthen in 2026 and outpace the national average. That said, annual gains will remain modest at approximately 0.8 per cent, reflecting slower population growth and continued uncertainty surrounding the USMCA.



**400,000
SQ. FT.**
will be completed

CONSTRUCTION

Office construction is at the tail end of its cycle, with 2026 deliveries falling to the lowest level since 2019. Remaining completions are largely concentrated in suburban and peripheral submarkets, led by Oakridge's office portion as the most notable project.



**30
BASIS POINT**
decrease in vacancy

VACANCY

Vacancy has largely stabilized, holding near 9.5 per cent since late 2023. However, the rate is expected to trend modestly lower toward 9 per cent in 2026, supported by easing supply pressures and improving leasing activity driven by return-to-office mandates.

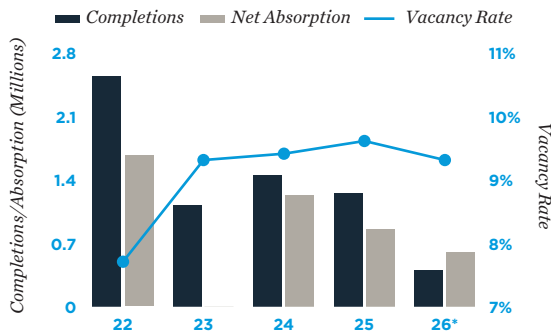


**0.7%
INCREASE**
in asking rent

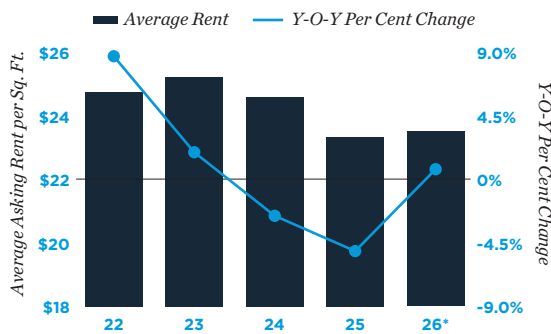
RENT

The average asking rent has trended down since mid-2023, but it is now stabilizing in the \$23 to \$24 per square foot range. This stability is expected to persist through 2026 as market conditions improve, with rents ending the year around \$23.75 per square foot.

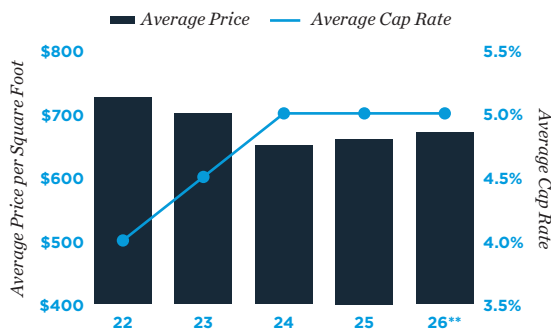
Supply and Demand



Rent Trends



Sales Trends



* Forecast ** Through 1Q

Sources: Altus Data Solutions; CoStar Group, Inc.; Oxford Economics; Statistics Canada

Vancouver Office:

Michael Heck Senior Managing Director, Market Leader | Western Canada

1111 West Georgia Street, Suite 1100

Vancouver, British Columbia V6E 4M3

Tel: (604) 638-2121 | michael.heck@marcusmillichap.com

Prepared and edited by:

Frank Zhao

Research Analyst, Canada | Research Services

For information on national office trends, contact:

John Chang

Chief Intelligence & Analytics Officer

Tel: (602) 707-9700 | john.chang@marcusmillichap.com

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1Q 2026: Trailing 12-Month Period



CONSTRUCTION

1,217,000 sq. ft. completed

- New supply declined by 10 per cent over the past year as Vancouver's development cycle winds down, with all recent completions concentrated outside the downtown core — primarily in the suburban submarket.
- The under-construction pipeline was the lowest since 2011 amid weak fundamentals. That said, some believe a new project could be announced soon.



VACANCY

50 basis point increase in vacancy Y-O-Y

- Vacancy has held near 9.5 per cent since 2023, despite a 60-basis-point increase downtown to 12.3 per cent. The suburbs saw a smaller rise of 30 basis points and a lower rate of 7.2 per cent.
- Class A space holds a lower and more stable vacancy rate at 8.6 per cent. Class B and C spaces had larger jumps and higher rates above 10 per cent.



RENT

3.8% decrease in the average asking rent Y-O-Y

- The average asking rent trended lower in each of the past four quarters as elevated vacancy hindered pricing power. As of March, the average asking rent was 74 per cent below its 2022 peak of roughly \$25 per square foot.
- With vacancy in Class A space tightening and rents stabilizing, a growing share of lower-quality inventory is also a factor pushing asking rents down.

Investment Highlights

- Office investment is reemerging, with total trades in 2025 up 21 per cent and dollar volume 58 per cent. Stronger fundamentals, as Vancouver holds one of the lowest office vacancy rates in North America, were a major driver. More attractive pricing is also bringing back institutional capital looking to position ahead of the next demand cycle. Major deals included the \$1.2 billion sale of The Post, KingSett's \$125 million acquisition of Pender Place, and a partial interest deal between Oxford Properties and CPP Investments.
- The record sale of The Post highlights flight-to-quality and the return of global capital. The \$1.2 billion transaction between QuadReal Property Group and Pontegadea Group — Vancouver's largest office deal — centered on a trophy asset largely leased by Amazon. The involvement of Amancio Ortega, the founder of Zara, signals growing foreign investment in Canada's CRE market, supported by its relative stability and favourable pricing.
- The average sale price peaked in 2021 and has since fallen by nearly 20 per cent as of last year. Cap rates increased by 100 basis points over that period and currently sit at 5 per cent. However, it does appear asset values are beginning to stabilize, as the average sale price increased marginally last year.