



Q1 2015 indicates more of the same for commercial realty

The first quarter of 2015 closed with little change over the last quarter of 2014. Crude oil is still hovering around \$50 a barrel. Since oil has such a strong influence on Canada’s economy, the Canadian dollar seems to have stabilized around \$0.80. US.

The Canadian unemployment rate fell through 2014. That trend continued into 2015 with the unemployment rate falling to around 5.5 percent. Locally, we are happy to report that the Vancouver Office Space market is continuing on a steady, level path. Last quarter we reported a vacancy rate Downtown of 10.2 percent; that has increased slightly to 10.5 percent. The Suburban market shows a decrease of just 0.3 percent in vacancies. The Vancouver periphery market has decreased 0.4 percent.

Otherwise, the only big news was that ACL Software has committed to 40,000 SF at 980 Howe Street, where construction is on target for summer occupancy. Also, lululemon leased two floors at 1380 Burrard Street.

Looking forward, Canada Revenue Agency has committed to the 143,000 SF Containers project for the fall of 2016. This will take CRA’s tenancy outside of Downtown and return the 152,000 SF premises at 1166 West Pender Street to the market. Triovest is already making plans to revitalize this property.

No upward pressure on lease rates

The market continues to experience slight increases in available space. While newly built space does continue to be absorbed by the market, it still isn’t in quantities

Altus InSite Vacancy Statistics, April 2015

Market	Vacancy Rate	Last Quarter	Change	No. Spaces Added	% Change	Total Area Added	No. Space Removed	Total Area Removed	Absorption for Quarter	Change from Prev. Quarter
Downtown	10.50%	10.20%	2.94%	174	20.83%	741,903	160	469,918	-271,985	255,548
Suburban	15.20%	15.50%	-1.94%	148	46.53%	618,015	116	405,184	212,831	370,006
Van. Periphery	4.80%	5.20%	-7.69%	22	4.76%	78,971	32	91,869	12,898	-44,432
Total									471,918	158,890

No major deals despite increased absorption of space

Q1 saw a negative absorption of 471,918 square feet, with Downtown seeing negative 271,985 SF. Downtown there are few instances of more than one floor being leased and taken off the market in any building. The exception was 555 West Hastings, where an as-yet-undisclosed group leased two floors. Other full-floor deals include Mogo Finance Tech, leasing the 21st floor of 401 West Georgia; Istuary, committing to the eighth floor of 1125 Howe Street; and Synergy Lawyers, taking the penthouse of 925 West Georgia Street.

that create upward pressure on lease or rental rates. If anything, the pressure on rates remains downward. Even space like that of Atimi was renegotiated. Atimi had committed to leasing space in the new MNP tower; then business realities forced them to restructure and move into existing space at 1066 West Hastings. LGM will absorb the space Atimi had committed to at MNP Tower.

What kind of space is in demand?

In February The Globe and Mail featured an article about the demand for office space, and the number of

Big reveal coming in Chicago

The *NAI Global Market Report*, featuring Dr. Peter Linneman and Sam Zell, will be presented in Chicago on June 17. Dr. Linneman is one of the most influential people in real estate, according to *Realtor Magazine*. Mr. Zell is chairman of Equity Group Investments, and founded many of the industry's most successful Real Estate Investment Trusts.

I plan to be there! This is usually a highly insightful and interesting event for anybody in commercial real estate. If you'd like to go, please feel free to register using this [RSVP link](#) (please enter my name in the "invited by" box). Or, send an email to me or Irene Yung, and we will be glad to take care of registering you.

Live tweeting during our webcasts?

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The poster features a black and white photograph of the Chicago skyline with the Cloud Gate sculpture in the foreground. A red box in the top right corner contains the text "JUNE 17 2015". The "NAI Global" logo is prominently displayed in the center, with "Join us in Chicago." written below it. The event details are listed in a white box at the bottom: "NAI Global Market Report Chicago, IL | June 17th, 2015". It features Dr. Peter Linneman, NAI Global Chief Economist, and Sam Zell, Chairman of Equity Group Investments. Two sponsors are listed: Marquis Sponsor BH Properties (The Premier Value Added Investment Company) and Corporate Sponsor Real Capital Markets.

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Thanks for taking the time to read this.

Regards,

Rob DesBrisay

Managing Partner, BC

For more information...

To learn more about NAI Commercial, Rob DesBrisay and the many ways we can help with your commercial real estate needs, please call (604) 691-6602.

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