

Q1 Metro Vancouver

OFFICE
MARKET
REPORT

Q1 2021



Welcome to the Q1 2021 Metro Vancouver Office Report. It has now been more than a year of dealing with COVID and we start this report with a quote from our Q1 2020 Report. Last year at this time we wrote *“NAI Commercial remains open and is operating while following the guidelines of our Provincial Health Officer (PHO) including the practice of social distancing, frequent washing of hands and stepped up cleaning of surfaces in high-traffic areas both in and out of the office. The amount of information, opinions and politics around dealing with Covid-19 can be exhausting and overwhelming.”* One year later, not much has changed. The good news is Canada has approved four vaccines for distribution, and now it is a battle to secure supplies of those vaccines and get them into arms. The best possible vaccine is the one offered to you, and the sooner we can get our population vaccinated, the safer we all will be, and life can begin to get back to normal. We are excited to write Q2 2021, as we believe by that time, all of our staff will be vaccinated, and for the first time in fifteen months, we can worry a little less.

To those who have defied public health orders, tried to bend the rules to get around COVID restrictions, those afraid of vaccines, and those who have boiled over with frustration, denial, and whatever other emotion, we urge you to hang in there and support one another. With the recent increase in case counts, the ICU’s filling up, and younger people ending up on respirators, now is a time to celebrate every vaccine given and double down on your efforts to follow all public health guidelines. We all have to assume we are carrying the virus, and our job is to stop the spread and not pass it onto others. By getting the

vaccine, you are helping everyone, and you become part of the solution.

As to the office market, Metro Vancouver is a fascinating market. While offices run at continued low occupancy levels, defaults of office tenancies have been incredibly low in Vancouver. Yes, there continues to be an onslaught of sublease space, and more and more vacancies are in the market, but, generally our market has remained stable, and the majority of tenants are planning for a return to work. While the return to work has been delayed, one firm we talked to realized their staff needed a firm date, and they wisely set policy that stated, “July 1st, 2021, we will expect you to return to the office.” The theory is not that it is an absolute deadline, but rather it is essential to set expectations and even provide hope to employees about the future and what is expected of them. There are many predictions as to the future of office space and the flexibility of working remotely. We believe more people and firms will be returning to work and within two years, occupancy levels will be within 10% of what they were in December of 2019. Employers will offer better health and safety protocols and more flexibility for remote work when an employee is sick, but, slowly starting in Q3 of this year, we believe we will slowly start to see offices begin to fill back up.

The Q1 Office Market Report is when we report on the 2021 operating costs providing the additional rent survey from highest to lowest for those properties reporting.

QUARTERLY VACANCY RATES

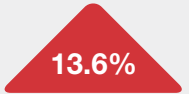
Downtown
Q4 2020: 8.7%
Q1 2021: 9.7%



Suburban
Q4 2020: 9.6%
Q1 2021: 9.9%



Vancouver Periphery
Q4 2020: 8.8%
Q1 2021: 10.0%



YEARLY VACANCY RATES

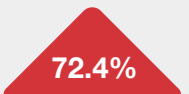
Downtown
Q1 2020: 3.6%
Q1 2021: 9.7%



Suburban
Q1 2020: 7.9%
Q1 2021: 9.9%



Vancouver Periphery
Q1 2020: 5.8%
Q1 2021: 10.0%



	Spaces Added Q4 2020	Spaces Added Q1 2021	% Change from Previous Quarter	Total Area of Space Added (SF)	# Spaces Leased Q4 2020	# Spaces Leased Q1 2021	Total Area of Space Leased (SF)	# of Spaces Removed Q4 2020
Downtown	197	224	13.71%	856,589	77	121	339,750	24
Suburban	124	135	8.87%	477,180	61	69	225,687	38
Vancouver Periphery	42	63	50.00%	495,708	20	29	77,730	14

Statistics provided by Altus Insite

You will find appended to our Q1 report the 2021 Additional Rent Survey of Downtown Buildings. The average Additional Rent was \$22.92 PSF for Class A buildings, down from \$23.10 PSF last year of 42 surveyed buildings. For 2021, 400 Burrard Street is reporting the highest Additional Rent at \$27.07 PSF, and Vancouver House, 605 Robson Street is the lowest at \$17.44 PSF. Last year 401 West Georgia Street had the highest Additional Rent, for 2021 they showed the most significant decrease, moving from \$27.06 PSF to \$25.98 PSF.

In the Class B market, of the surveyed buildings, the average Additional Rent was \$19.20 PSF, and 1166 Alberni St reported the highest at \$23.06 PSF.

Over to the Class C Market the average was \$17.37 PSF, with the Burrard Medical Building reporting the highest at \$25.91 PSF.

DOWNTOWN

Snapshot

Office Class	Availability Rate Q4 2020	Availability Rate Q1 2021	Inventory Size (SF) Q4 2020	Inventory Size (SF) Q1 2021
A	7.00%	8.20%	15,946,416	15,960,956
B	9.70%	10.80%	6,917,751	6,917,751
C	14.10%	15.10%	3,481,555	3,483,003

In Q1 Downtown the increasing vacancy trend continued, with the vacancy rate increasing to 9.7% from 8.7% last quarter and up from 3.6% in Q1 of 2020. As to the push back to occupancy of the buildings with Dr. Bonnie Henry encouraging workers to work from home and the increasing COVID cases, occupancy levels in buildings will remain low for Q2. Looking at vacancy rate per class, Class A vacancy increased from 7% to 8.2% in the quarter, Class B from 9.7% to 10.8% and Class C from 14.1% to 15.1%. The number of spaces added to the market also increased with 224 spaces totalling 856,589 SF added to the market, while 121 spaces, totalling 339,750 SF was leased, and 59 spaces removed totalling 224,918 SF, leaving a negative absorption of 271,921 SF. The average size of space added to the Downtown market was 3,824 SF, and the average size leased in the quarter was 2,808 SF.

Moving to the sublease market, there was 923,108 SF of space available for sublease, an increase of 38,366 SF from last quarter, but a reduction from 38.6% of the total available space to 36.1% for Q1.

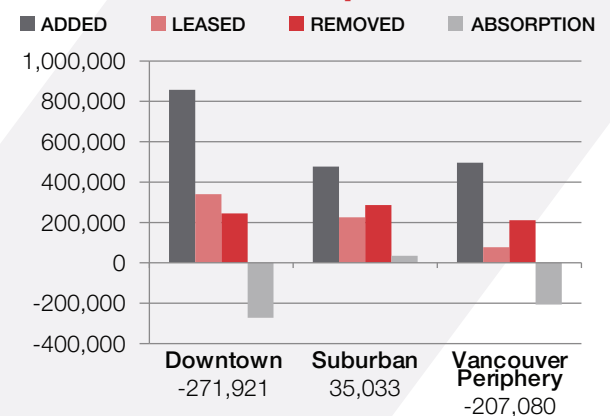
	# of Spaces Removed Q1 2021	Total Area of Spaces Removed (SF)	Total # of Spaces Removed	Total Area Taken Off Q1 2021 (SF)
Downtown	59	244,918	101	584,668
Suburban	36	286,526	99	512,213
Vancouver Periphery	24	210,898	34	288,628

Market	Average Size of Space Added (SF)	Average Size of Space Leased (SF)
Downtown	3,824	2,808
Suburban	3,535	3,271
Periphery	7,868	2,680

Downtown Significant Transactions

- ▶ *Ernst & Young* has committed to temporary premises of 31,555 SF at 1066 W Hastings St
- ▶ *Canadian Western Bank* leased 21,394 SF at 1040 W Georgia St
- ▶ *Infocus Film School* took 12,000 SF at 550 Seymour St
- ▶ *Sandpiper* assumed 8,000 SF at 1021 West Hastings St
- ▶ *Thinkingbox Media & Design* leased 7,300 SF at 602 West Hastings St
- ▶ *Pathfinder Asset Management Limited* committed to 5,000 SF at 1066 W Hastings St
- ▶ *Microsoft* sublet 20,000 SF at 725 Granville St
- ▶ *Inventa Capital* subleased 9,500 SF at 1090 W Georgia St
- ▶ *Turner Construction* sublet 8,500 SF at 510 Seymour St

Q1 2021 Absorption



Total Absorption for Q1 2021: -443,968 SF

SUBURBAN

Snapshot

The Suburban market saw a slight increase in vacancy through the quarter to 9.9% from 9.6%, the Class A vacancy rate decreased from 11.2% to 11.1%, while Class B increased to 8.1% from 6.9%, and Class C decreased from 7.1% to 6.3%. Burnaby's overall vacancy rate increased to 8.9% from 8.5% as did the North Shore, which increased from 7.1% to 8%, while Langley, Richmond and Surrey all saw a drop in their overall vacancy.

135 units were added to the market totalling 477,180 SF, while 69 units leased in the quarter totalling 225,687 SF, and 36 spaces removed from the market totalling 286,526 SF, for a slight positive absorption in the quarter of 35,033. The average size of space added to the market was 3,535 SF, and 3,271 SF was the average size of the space leased.

Office Class	# of Buildings	Inventory Size (SF)	Total Availability Rate
All Classes	370	24,162,135	9.9%
A	178	15,276,902	11.1%
B	140	7,039,611	8.1%
C	52	1,845,622	6.3%

Area	# of Buildings	Inventory Size (SF)	Total Availability Rate
Burnaby	120	10,024,736	8.9%
Langley	28	1,416,773	8.2%
New Westminster	23	1,439,942	3.8%
North Shore	45	2,157,694	8.0%
Richmond	75	4,384,737	13.7%
Surrey	66	4,102,933	11.9%
Tri-Cities	10	534,052	3.5%

Statistics provided by Altus Insite

AVERAGE SIZE

3,535 SF
Average Size of
Space Added

3,271 SF
Average Size of
Space Leased

Suburban Significant Transactions

- ▶ *Bird Construction* leased 28,000 SF at 13777 Commerce Parkway
- ▶ *17 Symvivo* committed to 18,000 SF at 8900 Glenlyon Parkway
- ▶ *Medipure Pharmaceuticals* leased 26,000 SF at 8900 Glenlyon Parkway
- ▶ *Trans Mountain Pipeline* took 24,000 SF at 4401 Still Creek Drive
- ▶ *Loop Energy* subleased 15,000 SF at 2700 Production Way
- ▶ *Photon Control* leased 6,000 SF at 3031 Viking Way
- ▶ *Sobeys* committed to 5,700 SF at 4445 Lougheed Highway
- ▶ *Elysian Imaging & Diagnostics* leased 5,400 SF at 2626 Croydon Drive

VANCOUVER PERIPHERY

Snapshot

The vacancy rate in the Periphery market increased from 8.8% to 10.0% for the quarter along with an increase in the number of spaces added to the market of 63 spaces totalling 495,708 SF. Only 29 spaces leased totalling 77,730 SF, and 24 spaces removed from the market totalling 210,898 SF resulting in a negative absorption for the quarter of 207,080 SF.

The Class A vacancy rate increased from 5.9% to 8%, while the B Class vacancy rate decreased from 11.1% to 10.6% and Class C reduced from 15.3% to 15.1%.

Office Class	# of Buildings	Inventory Size (SF)	Total Availability Rate
All Classes	175	9,868,917	9.8%
A	75	5,730,155	8.0%
B	58	2,561,966	10.6%
C	42	1,576,796	15.1%

Statistics provided by Altus Insite

Vancouver Periphery Significant Transactions

- ▶ *Best Buy* leased 70,550 SF at 425 West 6th Avenue
- ▶ *NYIT* subleased 17,400 SF at 2925 Virtual Way
- ▶ *Vancouver Aboriginal Child and Family Services Society* committed to almost 16,000 SF at 2020 Yukon Street
- ▶ *Small Business BC* sublet 8,000 SF at 555 West 12th Avenue
- ▶ *Local Health Integrative Clinic* leased 6,500 SF at 2285 Clark Drive

NAI COMMERCIAL WELCOMES



CHRIS OTEMAN

Commercial Leasing and Sales

604 691 6633 | 604 828 0535
coteman@naicommercial.ca

We are pleased to announce that Chris Oteman has joined NAI Commercial. Chris specializes in the sale and leasing of commercial properties in Downtown Vancouver and the periphery areas including Mount Pleasant, Gastown, Yaletown, Broadway Corridor, and East Vancouver and Burnaby.

Chris represents both landlords and tenants, advising and negotiating sales and lease transactions resulting in exceptional results for his clients. He provides valuable knowledge of the market and brings creative, business-driven strategies to each transaction. Chris's excellent analytical, contract drafting, and negotiation skills provides his clients confidence that their interests are heard and protected.

2021 ADDITIONAL RENT SURVEY

Downtown Class A Buildings

Building Name	Address	Total Additional Rent PSF
Commerce Place - 400 Burrard St	400 Burrard St	\$27.07
Park Place - 666 Burrard St	666 Burrard St	\$26.43
401 W Georgia Building	401 W Georgia St	\$25.98
One Bentall Centre	505 Burrard St	\$25.95
Two Bentall Centre	555 Burrard St	\$25.70
Manulife Place	1095 W Pender St	\$25.66
The Grosvenor Building	1040 W Georgia St	\$25.56
Waterfront Centre	200 Burrard St	\$25.25
Granville Square	200 Granville St	\$25.20
Guinness Tower	1055 W Hastings St	\$25.15
BC Securities Commission Tower	701 W Georgia St	\$24.86
Three Bentall Centre	595 Burrard St	\$24.68
Four Bentall Centre	1055 Dunsmuir St	\$24.68
HSBC Building	885 W Georgia St	\$24.50
Oceanic Plaza	1066 W Hastings St	\$24.31
MNP Tower	1021 W Hastings St	\$23.91
Vancouver Centre - 650 W Georgia St	650 W Georgia St	\$23.76
1500 W Georgia	1500 W Georgia St	\$23.71
Canaccord Genuity Place	609 Granville St	\$23.56
Royal Centre	1055 W Georgia St	\$23.56
1177 W Hastings St	1177 W Hastings St	\$23.51
510 Burrard St	510 Burrard St	\$23.32
TD Bank Tower	700 W Georgia St	\$23.24
1075 W Georgia	1075 W Georgia St	\$23.18
Cathedral Place	925 W Georgia St	\$23.01
888 Dunsmuir St	888 Dunsmuir St	\$22.87
1188 W Georgia St	1188 W Georgia St	\$22.26
FortisBC Centre	1111 W Georgia St	\$22.16
Grant Thornton Place	333 Seymour St	\$22.11
601 W Hastings St	601 W Hastings St	\$21.50
Harbour Centre	555 W Hastings St	\$21.28
999 W Hastings St	999 W Hastings St	\$21.25
World Trade Centre	999 Canada Place	\$20.64
Evergreen Building	1285 W Pender St	\$20.20
B5	550 Burrard St	\$20.15
Burrard Place	1280 Burrard St	\$20.00
The Smithe (Offices)	225 Smithe St	\$20.00
111 Dunsmuir	111 Dunsmuir St	\$19.58
1185 W Georgia St	1185 W Georgia St	\$18.83
510 Seymour St	510 Seymour St	\$18.81
1250 Homer St	1250 Homer St	\$17.88
Vancouver House	605 Robson St	\$17.44
Average		\$22.92

2021 ADDITIONAL RENT SURVEY

Downtown Class B Buildings

Building Name	Address	Total Additional Rent PSF
1166 Alberni	1166 Alberni St	\$23.06
Marine Building	355 Burrard St	\$23.61
Alhambra Building	209 Carrall St	\$23.12
Nelson Square	808 Nelson St	\$22.66
Pender Place I - Pacific Centre	700 W Pender St	\$22.41
The Landing	375 Water St	\$22.33
Pender Place II - Pacific Centre	750 W Pender St	\$22.16
Golden Properties	1111 W Hastings St	\$22.07
1090 W Georgia St	1090 W Georgia St	\$22.05
The Burrard Building	1030 W Georgia St	\$21.92
BC Turf Building	475 W Georgia St	\$21.53
1200 Burrard St	1200 Burrard St	\$21.42
The Standard Life Building	625 Howe St	\$20.98
Royal Bank Building	675 W Hastings St	\$20.88
1130 W Pender St	1130 W Pender St	\$20.36
789 W Pender St	789 W Pender St	\$20.01
900 W Hastings St	900 W Hastings St	\$19.90
580 Hornby St	580 Hornby St	\$19.85
800 W Pender St	800 W Pender St	\$19.69
Sun Life Plaza	1100 Melville St	\$19.52
The Station	601 W Cordova St	\$19.10
1111 Melville St	1111 Melville St	\$18.85
Good Earth Building	595 Howe St	\$18.69
Sun Life Financial Centre	1140 W Pender St	\$18.66
United Kingdom Building	409 Granville St	\$18.60
Centennial Building	750 Cambie St	\$18.06
Kalen Capital Building	688 W Hastings St	\$17.97
938 Howe St	938 Howe St	\$17.84
1050 W Pender St	1050 W Pender St	\$17.75
101 Smithe St	101 Smithe St	\$17.50
Princess Building	609 W Hastings St	\$16.85
1122 Mainland St	1122 Mainland St	\$16.50
888 Cambie St	888 Cambie St	\$16.37
Hudson House	321 Water St	\$15.83
1199 W Pender St	1199 W Pender St	\$15.74
815 Hornby St	815 Hornby St	\$15.00
55 Water St	55 Water St	\$14.60
318 Homer St	318 Homer St	\$12.75
Paris Square	181 Keefer Place	\$12.75
	Average	\$19.20

2021 ADDITIONAL RENT SURVEY

Downtown Class C Buildings

Building Name	Address	Total Additional Rent PSF
Burrard Medical Building	1144 Burrard St	\$25.91
Sun Tower	128 W Pender St	\$23.96
850 W Hastings St	850 W Hastings St	\$23.31
Yaletown Mews	1001-1085 Cambie St	\$21.60
Phileo Place	1445 W Georgia St	\$21.55
Lea Building	1455 W Georgia St	\$21.10
East Asiatic House	1201-1205 W Pender St	\$20.09
King George Group Building	905 W Pender St	\$20.06
The Flack Block	163 W Hastings St	\$19.81
Le Magasin	332 Water St	\$19.66
1112 W Pender St	1112 W Pender St	\$19.36
885 Dunsmuir St	885 Dunsmuir St	\$19.25
890 W Pender St	890 W Pender St	\$19.20
1281 W Georgia St	1281 W Georgia St	\$19.18
The Davie Building	1033 Davie St	\$18.52
Vancouver Block	736 Granville St	\$18.26
Pacific Coast Building	325 Howe St	\$17.99
1110 Hamilton	1110 Hamilton St	\$17.96
John Robson Place	1155 Robson St	\$17.50
402 W Pender St	402 W Pender St	\$17.10
The Randall Building	555 W Georgia St	\$16.50
The Wyland Building	1190 Melville St	\$15.63
Rogers Building	470 Granville St	\$15.55
The Reliance Building	602 W Hastings St	\$15.50
Pemberton Building	744 W Hastings St	\$15.36
Old BC Electrical Building	425 Carrall St	\$15.30
Seymour Building	525 Seymour St	\$15.25
Duncan Building	119 W Pender St	\$15.01
The Packing House	21 Water St	\$14.97
1152 Mainland St	1152 Mainland St	\$14.10
560 Beatty St	560 Beatty St	\$14.08
131 Water St	131 Water St	\$13.50
Victory Building	319 W Pender St	\$13.22
The Seymour Building	698 Seymour St	\$12.75
535 Thurlow St	535 Thurlow St	\$12.57
134 Abbott St	134 Abbott St	\$11.38
788 Beatty St	788 Beatty St	\$10.75
	Average	\$17.37

NAI Commercial Office Team

NAI Commercial continues to expand our leasing team and we are always interested in speaking with experienced, like-minded professionals. We are also excited about our Langley office and the potential for growth it offers. If you work in the Surrey, Langley, Abbotsford, or the Fraser Valley, or know of someone who may be interested in joining our team working from the Langley office in conjunction with Downtown, I look forward to connecting with them.



Vancouver Office:

Rob DesBrisay

Managing Partner

604 691 6602

rob@naicommercial.ca

Brian Mackenzie

Chris Oteman

Cole Maedel

Conor Finucane

Irene Yung

Jesse Godin

John Freyvogel

Roy Gibbs

Ruby Wang

Taylor Durham



Langley Office:

Angie MacDonald

Calvin Owen Jones

Don MacDonald

Gary Niesner

Ken Kiers

Ted Weibelzahl

NAI Commercial | 1075 W Georgia St, Suite 1300, Vancouver, BC V6E 3C9 | naibc.ca

NAICommercial

© 2021 NAI Commercial (BC) Ltd. All Rights Reserved.

No warranty or representation, express or implied, is made as to the accuracy of the information contained herein, and the same is submitted subject to errors, omissions, change of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice, and of any special listing conditions imposed by our principals no warranties or representations are made as to the condition of the property or any hazards contained therein are any to be implied.