

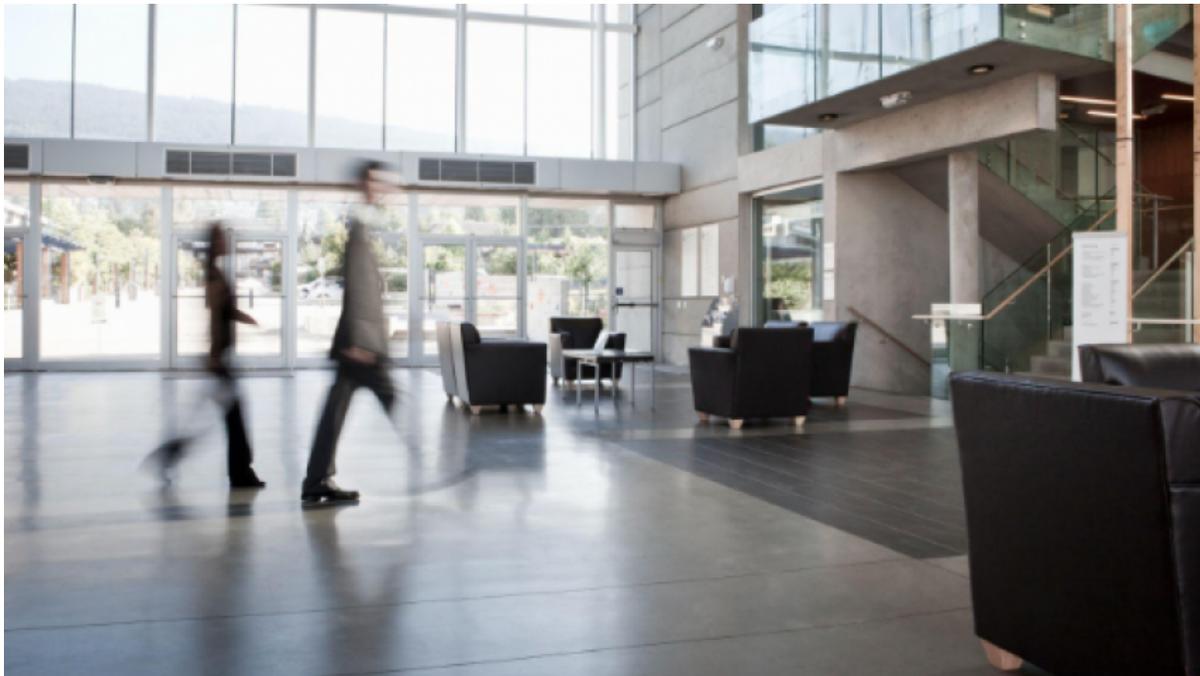


Real Estate

# Office market data shows companies are settling into in-person and remote work

While vacancy rates for Vancouver's downtown are the lowest in North America, the availability rate paints a broader picture

By Claire Wilson | October 18, 2022, 9:43am



The office market in Vancouver's surrounding areas saw an availability rate of 7.1 per cent in the third quarter | Photo: Assembly/DigitalVision/Getty Images

**Since the pandemic, companies have been navigating the debate of whether to return to the office, support remote work or implement a hybrid of both.**

This debate is being represented throughout the office real estate market as third quarter figures are now available. Data shows that companies are starting to understand what mode of work is best for them as some look to reduce premise costs and others recognize that in order to be competitive, remaining in the office is best.

The downtown availability rate for the third quarter increased from 11.2 to 11.5 per cent. Rob DesBrisay, managing partner at NAI Commercial, said the availability rate will climb slowly in the short term but won't alter significantly in the next quarter.

"Vancouver is a trendy town; we expect that 'C' class and 'B' class landlords will start competing harder for tenants, offering more favorable lease terms and incentives to tenants willing to extend their leases or commit to longer-term leases that fill their vacancies," he said.

According to Jason Kiselbach, senior vice-president and managing director at CBRE Vancouver, vacancy rates for Metro Vancouver increased for the first time in four quarters.

"I think it's primarily attributed to some increases in sublease space in the suburban markets this quarter that came available. So, some current tenants are looking to offload some of their lease commitments," Kiselbach said.

He noted that the demand for office space in Vancouver, despite more companies looking to remain remote, can be associated with the city's diversified economy. Unlike other cities who are reliant on certain markets, he said Vancouver is able to draw on demand from tech, film and professional services.

The difference in data lies in the use of availability rate versus vacancy rate. According to DesBrisay, the data they receive from Altus Insite and AltusInsite.com lists every building from which they are reporting. He says that for those buildings, they show what properties are advertising what space is available for lease or sublease and calculate an availability rate based on what is shown as being available.

"There are many variables in listing a vacancy rate, which has become more complicated during covid. For example, if a company has shut down or reduced its occupancy by 90 per cent during covid but has not moved out or listed its space for sublease, that space would show as fully occupied," DesBrisay said.

Though the data can be conflicting, it shows that companies are starting to understand whether in-person or remote work is best.

DesBrisay says that for every article advocating for remote work, there is a counter-article that shows an in-person format is better.

"Over the next two years, you will see more and more employees returning to work while other companies transition successfully to a virtual workforce. What has emerged is a more flexible work environment and opportunities for some employees or contract workers to have meaningful careers while working remotely," he said.