

# Declining government office occupancy drives elevated Downtown vacancy

▲ 9.7%  
Vacancy Rate

▶ 154K  
SF Under Construction

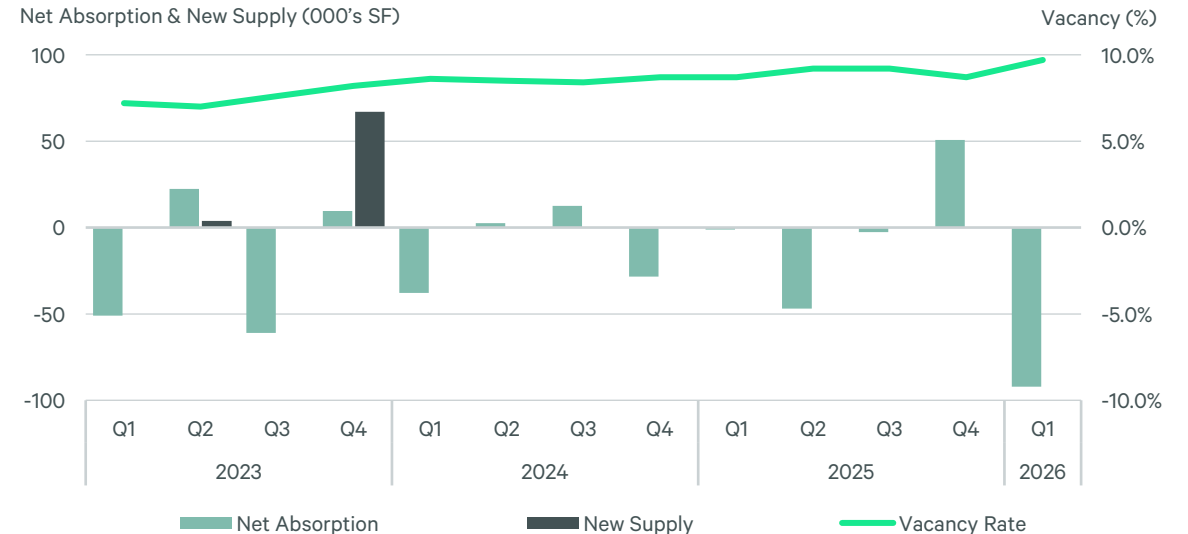
▲ \$20.67  
PSF Net Asking Lease Rate

Note: Arrows indicate change from previous quarter.

## Market Summary

- Office vacancy increased 100 basis points (bps) to 9.7% this quarter, driven primarily by an influx of large Class AA and Class A floorplates returned to the market following government space reductions. Vacancy growth was concentrated in the Downtown core, where vacancy rose to 14.3%, while the Suburban market remained comparatively stable with vacancy increasing only 20 bps to 6.1%.
- Rare Class AA availability emerged this quarter, highlighting a notable shift in market conditions. Large floorplates became available in two Jawl Properties assets, alongside newly listed space including 14,000 sq. ft. at the Jutland Arc Building, 16,000 sq. ft. at Eagle Creek Village, and 27,000 sq. ft. at the Yates Centre.
- Office investment opportunities expanded this quarter as a near-term trend of court-ordered receivership listings emerged. Notably, the fully leased 59,000 sq. ft. Terminus Building in the Westshore is being offered for sale at \$27.0 million under receivership, while the Victoria Press Building, following an extended marketing period, has entered the receivership process.

FIGURE 1: Greater Victoria Supply & Demand  
Net Absorption & New Supply (000's SF)



Source: CBRE Research, Q1 2026.

## Greater Victoria overview

Greater Victoria’s office market softened in the first quarter with vacancy increasing 100 bps to 9.7% following a relatively stable 8.7% recorded at the end of 2024. Market conditions shifted as higher-quality space returned to the market with Class AA vacancy rising 100 bps and Class A vacancy increasing 230 bps quarter-over-quarter. This trend was primarily driven by government tenants releasing large floorplates across both Downtown and Suburban markets. Downtown vacancy climbed to 14.3%, up 200 bps quarter-over-quarter, while Suburban vacancy remained comparatively restrained at 6.1%, increasing 20 bps. Rental rates reflected this submarket divergence, with Downtown average net rents softening to \$18.19 per sq. ft. amid increased competition, while Suburban rents rose modestly to \$24.83 per sq. ft., supported by tighter supply.

TELUS Ocean at 767 Douglas Street remains the only office project currently under construction in Greater Victoria with completion now anticipated next quarter. The introduction of more than 150,000 sq. ft. of new Class AA supply is expected to drive a continued flight-to-quality trend, resulting in elevated vacancy pressure on existing Class A inventory. However, the absence of additional near-term development should help support absorption once this space is delivered.

## Public sector office reduction drives elevated vacancy in large floorplates

Greater Victoria experienced an influx of large floorplate office availabilities this quarter, increasing choice for tenants seeking both scale and quality. In Downtown, 836 Yates Street introduced 27,000 sq. ft. of availability to the market, adding to the inventory of government-vacated office space. Within Jawl Properties’ portfolio, rare availability emerged in two Class AA assets, including a 6,000 sq. ft. sublease in the Rotunda Building and approximately 8,000 sq. ft. in the Atrium Building. These offerings address long-standing constraints on large, high-quality Downtown space and are expected to generate strong leasing interest. In the Suburban market, a 14,000 sq. ft. floorplate was newly marketed in the Jutland Arc Building, with occupancy beginning in 2027, while Eagle Creek Village brought 16,000 sq. ft. to market. Despite Suburban demand remaining comparatively robust, landlords are expected to pursue demising strategies to better accommodate smaller private-sector tenants.

FIGURE 2: Notable Office Developments

Size (SF)	Project Name	Submarket	Estimated Completion	Developer
172,000	Capital VI	Victoria	Planned	Jawl Properties
154,000	TELUS Ocean	Victoria	Q2 2026	TELUS / Aryze Developments

Source: CBRE Research, Q1 2026.

FIGURE 3: Notable Lease Transactions

Size (SF)	Tenant	Address	Submarket	Deal Type
7,088	VertiGIS North America Ltd.	300-1205 Broad Street	Victoria	Direct
3,336	1Up Victoria Single Parent Resource Centre	103-771 Vernon Avenue	Saanich	Direct
2,629	Chandos Construction LP	204-780 Tolmie Avenue	Saanich	Direct
2,486	Crawford Munroe Thomson LLP	302-1005 Broad Street	Victoria	Direct

Source: CBRE Research, Q1 2026.

FIGURE 4: Notable Sale Transactions

Address	Submarket	Purchaser	Size (SF)	Price (\$M)
580 Ardresier Road	Saanich	Private Investor	3,578	\$1.5

Source: CBRE Research, Q1 2026.

## Victoria positioned to follow national momentum in strengthening office investment fundamentals

Office investment conditions in Greater Victoria remain measured but continue to improve, supported by buyer appetite for strong long-term tenant mixes, stable return profiles, and limited near-term capital improvement requirements. New listings this quarter include 3400 Davidson Avenue, a 43,000 sq. ft. Suburban office building offered for sale at \$12.9 million and for lease at \$22.00 per sq. ft. Leasing momentum at 710 Redbrick Street has improved, pointing to underlying and persistent demand for Suburban office space. In Downtown, 850 Douglas Street was re-listed following a brokerage change with an asking price of \$23.8 million, while the CTV Building remains vacant and on the market following an extended marketing period.

A near-term trend of court-ordered receivership listings has also emerged. In the Westshore, the fully leased 59,000 sq. ft. Terminus Building at 2840 Peatt Road is being offered for sale at \$27.0 million under receivership. In the midtown area, the Victoria Press Building has entered receivership following an extended marketing period, with occupancy at 30.3% after the completion of a major renovation in 2022.

Although the broader recovery in office investment activity has been slower to materialize in Victoria compared with major markets, owner-occupiers have remained active through long-term strategic commitments to the region, primarily within the medical and professional services sectors. Looking ahead, office investment assets supported by strong private-sector tenancies and stable cap rates are expected to attract renewed interest as the year progresses.

FIGURE 5: Greater Victoria Office Statistics Summary

Submarket	Class	Total Buildings	Inventory (SF)	Vacancy Rate (%)	Net Absorption (SF)	YTD Net Absorption (SF)	New Supply	Under Construction	Average Net Asking Rent (PSF)	Average Additional Rent (PSF)
Downtown Victoria	AA	2	281,108	2.1%	-5,943	-5,943	-	154,000	\$35.00	\$23.84
	A	8	523,591	12.4%	-15,875	-15,875	-	-	\$20.02	\$18.29
	B	53	1,884,932	12.5%	-23,227	-23,227	-	-	\$19.00	\$14.21
	C	69	1,442,950	19.6%	-34,317	-34,317	-	-	\$17.29	\$15.69
			<b>132</b>	<b>4,132,581</b>	<b>14.3%</b>	<b>-79,362</b>	<b>-79,362</b>	<b>-</b>	<b>154,000</b>	<b>\$18.19</b>
Suburban	AA	3	278,000	1.5%	0	0	-	-	\$31.53	\$20.96
	A	21	1,238,591	14.3%	-24,646	-24,646	-	-	\$27.61	\$14.86
	B	68	2,292,290	4.5%	2,972	2,972	-	-	\$21.87	\$13.21
	C	104	1,503,598	2.7%	8,938	8,938	-	-	\$18.87	\$14.53
			<b>196</b>	<b>5,312,479</b>	<b>6.1%</b>	<b>-12,736</b>	<b>-12,736</b>	<b>-</b>	<b>-</b>	<b>\$24.83</b>
Greater Victoria	AA	5	559,108	1.8%	-5,943	-5,943	-	154,000	\$31.53	\$20.96
	A	29	1,762,182	13.8%	-40,521	-40,521	-	-	\$26.01	\$15.58
	B	121	4,177,222	8.1%	-20,255	-20,255	-	-	\$19.94	\$13.88
	C	173	2,946,548	10.9%	-25,379	-25,379	-	-	\$17.47	\$15.56
			<b>328</b>	<b>9,445,060</b>	<b>9.7%</b>	<b>-92,098</b>	<b>-92,098</b>	<b>-</b>	<b>154,000</b>	<b>\$20.67</b>

Source: CBRE Research, Q1 2026.

## Market Area Overview



### Definitions

**Average Asking Lease Rate:** A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. **Building Area:** The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. **Net Lease Rate:** Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a **Vacancy Rate:** Total Vacant sq. ft. divided by the total Building Area. **Vacant sq. ft.:** Space that can be occupied within 30 days.

### Submarket Map

CBRE aggregates the suburban office market from all submarkets outside of the Downtown core; North Saanich, Sidney, Central Saanich, Saanich, Oak Bay, Esquimalt, View Royal, Colwood and Langford.

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