CBRE

Large block listings push Downtown vacancy to highest level in over 21 years

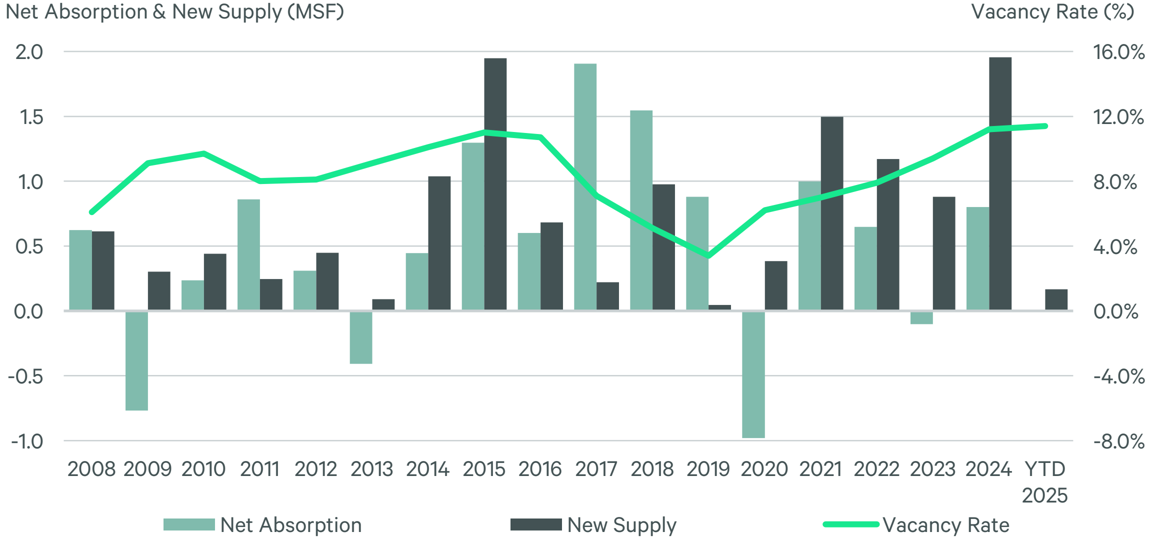
▲ 11.4%	▲ -117K	▼ 446K	▲ $33.51
Vacancy Rate	SF Net Absorption	SF Under Construction	PSF Avg. Asking Rental Rate

Note: Arrows indicate change from previous quarter.

Overview

- In Q3 2025, the Metro Vancouver office market experienced a 50 basis points (bps) increase in vacancy, reaching 11.4% overall. The Suburban market edged up slightly by 20 bps to 10.1%, while the Downtown core experienced a quarter-over-quarter increase of 70 bps, reaching 12.6%.
- Vancouver's Class AAA & A office market is experiencing a transformation. While Lululemon's lease of 725 Granville demonstrates ongoing demand for premium space, shifts in tenant requirements, including reduced education sector needs, are moderating the overall market. However, vacancy rates within high-quality office spaces are stabilizing in response to these countervailing forces.
- The 165,650 sq. ft. of new supply completed in Q3 2025 was all delivered in Suburban markets and was 55.3% pre-leased. Total inventory under construction amounts to 446,000 sq. ft. and is 51.9% pre-committed with only 29,000 sq. ft. of that located Downtown.
- Downtown vacancy rates will be driven by existing inventory performance in the near term, given limited construction and no significant new supply expected for the foreseeable future. The Suburban market is expected to see Oakridge Park complete in Q4 2026 with a strata component and over 250,000 sq. ft. for lease – approximately 40.0% of which is pre-leased.

FIGURE 1: Metro Vancouver Supply & Demand



Source: CBRE Research, Q3 2025.

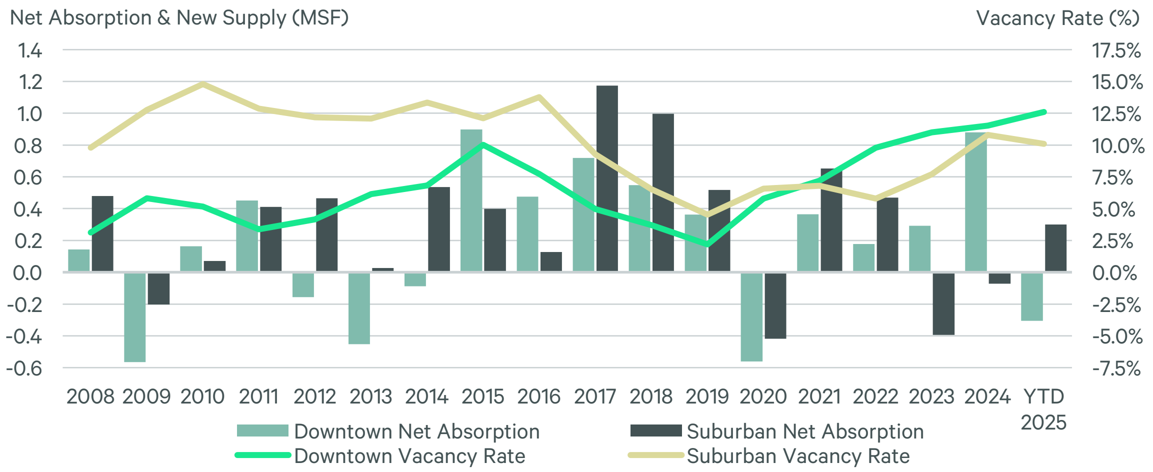
The current office vacancy landscape

The Downtown vacancy rate increased for the second consecutive quarter to 12.6%, a 70 bps increase quarter-over-quarter, marking the highest overall vacancy rate for Downtown in over 21 years. Vacancy increased quarter-over-quarter across all Downtown classes of space except Class A, which had a 50 bps decrease. The Class A decrease in vacancy was primarily due to Lululemon's lease of 290,000 sq. ft. at 725 Granville, absorbing over 73,000 sq. ft. of vacant space. In addition, Ryan Tax Consulting leased 12,811 sq. ft. at 320 Granville and iQ Offices leased 14,689 sq. ft. at 1055 W Georgia Street. However, MNP's move from 1021 West Hastings to 609 Granville created over 50,000 sq. ft. of vacant Class A space, partially offsetting this positive leasing activity. The increase in Downtown Class AAA vacancy was driven by Telus listing 87,799 sq. ft. for sublease at Telus Garden, which was partially offset by Teck Resources leasing 65,292 sq. ft. at Bentall 3 and McEwan Partners leasing 15,353 sq. ft. at VC2.

Downtown Class B vacancy increased by 190 bps quarter-over-quarter to an all time high of 19.1%. The increase was largely due to 510 West Hastings, which brought 118,000 sq. ft. of newly renovated vacant space to market. Downtown Class C space vacancy increased by 180 bps quarter-over-quarter to 14.3%, largely driven by the sublease listing of the entire building at 626 West Pender by an education provider, totaling to 54,000 sq. ft. In addition, a data centre listing for 23,400 sq. ft. of space at 515 West Hastings Street contributed to Class C vacancy. The diverging vacancy trend between Downtown's Class AAA & A and Class B & C inventory continued, with the spread widening to 770 bps in Q3 2025, up from 560 bps the previous quarter.

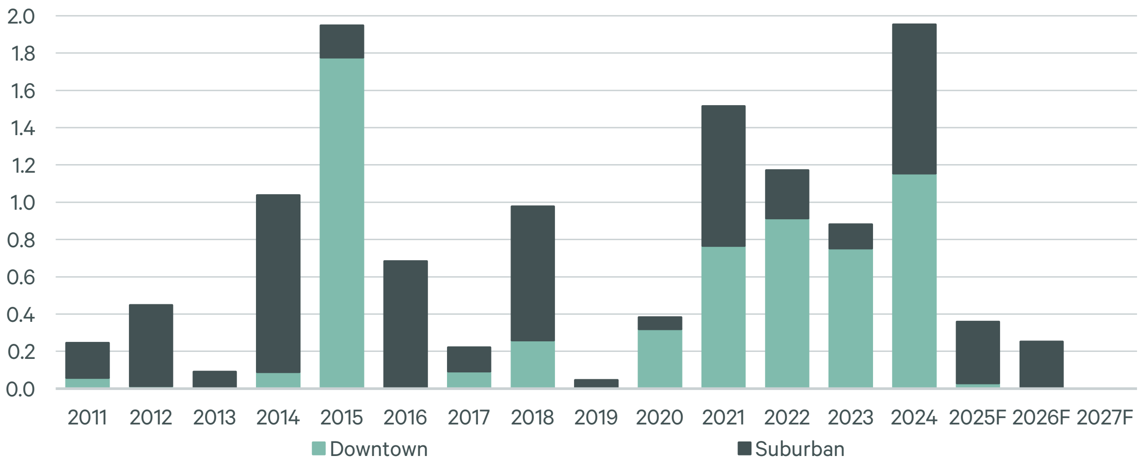
The Suburban market had a modest increase in vacancy of 20 bps quarter-over-quarter to 10.1%, driven by the completion of PCI Development's Stories project at 1477 West Broadway, which added 45,500 sq. ft. of vacant space. In addition, Suburban vacancy increased due to 39,785 sq. ft. of sublease space listed by an education provider at Broadway Tech Centre, and 29,816 sq. ft. of vacant headlease space at 565 Great Northern Way. Notable positive absorption included a lease of 19,497 sq. ft. at Broadway Tech Centre by Co-operative Housing Federation of BC, the purchase of 4333 Still Creek Drive, Burnaby by Fortinet, reducing vacancy by 24,107 sq. ft., and the sublease of 25,806 sq. ft. at 4710 Kingsway by Remitly.

FIGURE 2: Regional Supply & Demand



Source: CBRE Research, Q3 2025.

FIGURE 3: Regional New Supply Deliveries Forecast (MSF)



Source: CBRE Research, Q3 2025.

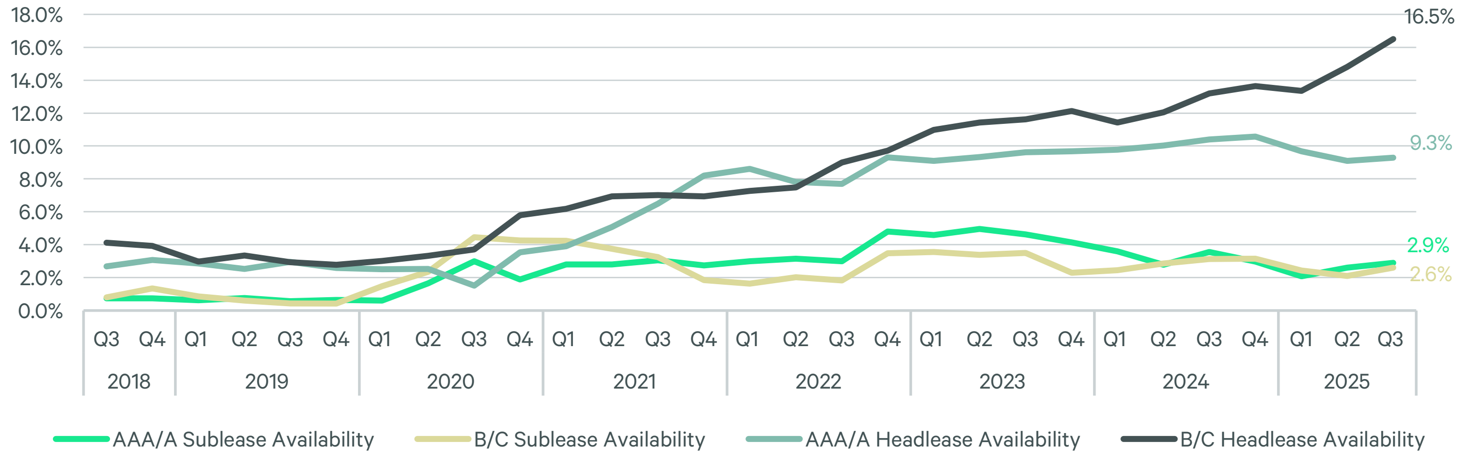
Downtown office availability

Both Downtown Class AAA & A and Class B & C sublease availability rates increased quarter-over-quarter. However, both sublease segments remain below their five-year averages and well below historical peak levels (Class AAA & A peaked in Q2 2023 and Class B & C peaked in Q3 2020). The 50 bps quarter-over-quarter increase in Class B & C sublease space is largely due to the 54,000 sq. ft. sublease by an education provider at 626 West Pender. Meanwhile, Class B & C headlease availability did reach an all-time high of 16.5% in Q3 2025, driven by 510 West Hastings Street, which was recently renovated and brought to the market vacant.

A significant listing that came to market this quarter that is not vacant but is available (i.e. does not impact vacancy rates, but does impact availability rates), is Amazon's 160,000 sq. ft. of space at Telus Garden. Amazon is consolidating operations to The Post and has made this space available for July 2026 on a headlease basis. Despite this significant listing, headlease availability only increased by 20 bps quarter-over-quarter for Class AAA & A space and is down 110 bps from 10.4% year-over-year. Class AAA & A sublease availability experienced a greater quarter-over-quarter increase than headlease availability due to the Telus sublease for 87,799 sq. ft. that remains vacant.

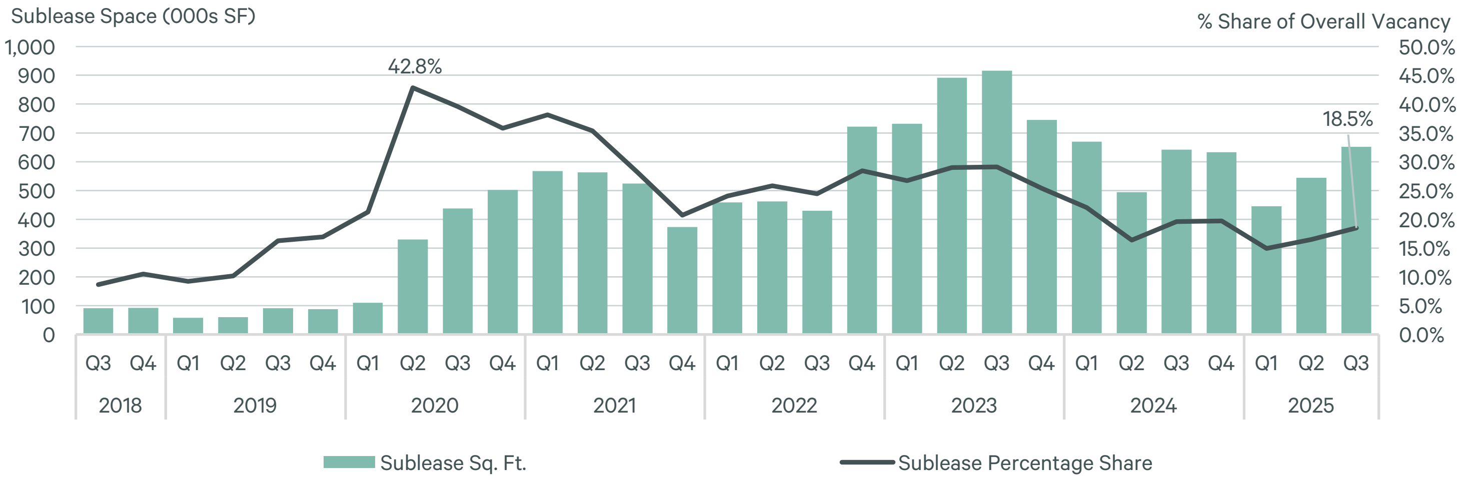
Downtown sublease vacancy increased for the second consecutive quarter and continues to remain elevated compared to pre-pandemic levels. Quarter-over-quarter vacant sublease space increased by 107,184 sq. ft. with increases in Class AAA and Class C space. However, this quarter saw 69,788 sq. ft. of large block sublease space leased, and also saw 14,273 sq. ft. taken off market due to a return-to-office mandate. While sublease vacancy as a percentage of overall vacancy also rose this quarter, it remains significantly below the recent peak of 42.8% in Q2 2020.

FIGURE 4: Downtown Availability Rates



Source: CBRE Research, Q3 2025.

FIGURE 5: Downtown Historical Sublease Vacancy



Source: CBRE Research, Q3 2025.

Downtown gross lease activity experienced a quarter-over-quarter increase, now sits above the five-year average

The Metro Vancouver office market experienced 1.1 million sq. ft. of gross leasing activity in Q3 2025, down from 1.3 million sq. ft. during the previous quarter. The Downtown market accounted for 68.0% (720,919 sq. ft.) of the total, up quarter-over-quarter from 49.2% (665,400 sq. ft.). Of the 1.1 million sq. ft. of total activity recorded in Metro Vancouver, 883,376 sq. ft. were direct deals, and 177,345 sq. ft. were subleases.

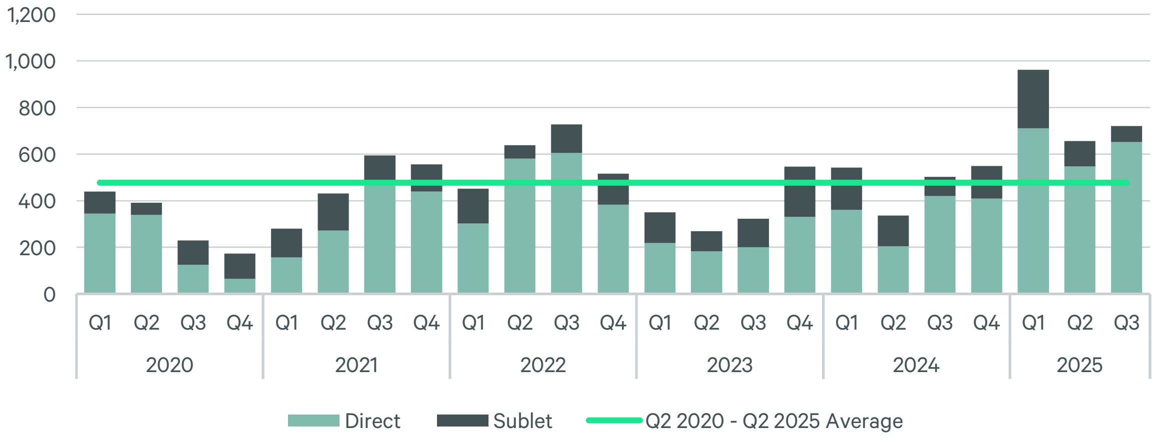
Year-to-date net absorption for Downtown is now firmly in negative territory (negative 305,033 sq. ft.) despite a strong Q1 2025 of 219,989 sq. ft. of net absorption. However, gross lease activity suggests this is not from a lack of deal activity, but rather due to back-to-back quarters of large block listings coming to market. Downtown gross lease activity continues to record healthy levels that are above the five-year average (477,302 sq. ft.). Overall, gross office lease activity is proving to be resilient despite economic uncertainty.

Central 1 recently reported that unfortunately, "the latest Business Outlook Survey points to subdued business sentiment, and a soft and slow investment and hiring outlook...short-term inflation expectations also sit below 3 per cent. Thereafter, the conditions are murky. Economic trends are likely to remain soft, but disinflation pressures could ease fiscal stimulus, and limited labour supply growth as migration caps continue to bite." That said, the United States change in policy on H-1B visas could work in favour for the Vancouver tech ecosystem and potentially office demand.

Net asking rents stable, poised for growth

The overall Downtown net asking rent remained substantially the same quarter-over-quarter at $36.50 per sq. ft. but is down from $38.12 per sq. ft. year-over-year. Downtown Class B net asking rent increased to $34.44 per sq. ft. from $33.06 per sq. ft. and from $33.63 year-over-year. This increase was largely the result of 510 West Hastings coming to market. While there exists significant large block listings, the lack of new supply and consistent gross leasing activity will eventually create conditions for upward pressure to net asking rates.

FIGURE 6: Downtown Gross Leasing Activity (000s SF)



Source: CBRE Research, Q3 2025.

FIGURE 7: Notable Metro Vancouver Lease Transactions

Size (SF)	Tenant	Address	Submarket	Industry	Deal Type
289,500	Lululemon	725 Granville St	CBD	Retail	Direct
65,292	Teck Resources Limited	595 Burrard St	CBD	Energy	Direct
46,786	WildBrain	149 West 4th Avenue	Broadway Corridor	Media	Direct
25,806	Remitly	4710 Kingsway	Burnaby	Technology	Sublease
19,497	Co-operative Housing Federation of BC	2955 Virtual Way	Burnaby	Government	Sublease

Source: CBRE Research, Q3 2025.

FIGURE 8a: Vancouver Office Market Statistics

	Class	Total Buildings	Inventory (SF)	Vacancy Rate (%)	Net Absorption (SF)	YTD Net Absorption (SF)	New Supply (SF)	Under Construction (SF)	Net Asking Rent (PSF)	T&O (PSF)
Downtown Vancouver	AAA	22	8,726,910	9.3%	-36,472	48,506	-	-	$47.42	$26.24
	A	39	7,815,062	9.7%	40,323	-57,201	-	29,386	$40.92	$25.61
	B	56	6,998,441	19.1%	-150,544	-273095	-	-	$34.44	$22.26
	C	77	4,309,434	14.3%	-75,667	-23,243	-	-	$24.35	$19.32
		194	**27,849,847**	**12.6%**	**-222,360**	**-305,033**	**-**	**29,386**	**$36.50**	**$23.24**
Broadway Corridor	AAA	14	1,587,829	14.0%	-53,844	-50,026	-	252,000	$40.47	$22.68
	A	28	1,713,673	9.4%	54,181	21,502	105,925	164,255	$28.13	$22.83
	B	34	1,686,154	11.9%	11,034	21,342	-	-	$29.07	$19.21
	C	38	849,886	9.8%	3,348	8,202	-	-	$24.07	$17.86
		114	**5,837,542**	**11.4%**	**14,719**	**1,020**	**105,925**	**416,255**	**$30.67**	**$20.59**
Burnaby	AAA	14	2,634,126	15.0%	9,473	-35,629	-	-	$36.90	$19.62
	A	30	2,836,642	20.2%	-4,740	111,122	-	-	$34.08	$18.34
	B	36	3,108,973	8.5%	-10,387	22,204	-	-	$25.13	$19.26
	C	22	864,679	7.6%	2,857	-27,667	-	-	$22.00	$20.48
		102	**9,444,420**	**13.7%**	**-2,797**	**70,030**	**-**	**-**	**$32.57**	**$19.19**
Richmond	AAA	21	1,776,082	11.8%	14,873	88,997	-	-	$20.87	$14.87
	A	24	1,567,642	6.4%	-133	23,645	-	-	$21.04	$14.00
	B	19	526,886	20.0%	14,086	7,217	-	-	$16.16	$18.38
	C	7	199,849	2.0%	0	0	-	-	$14.00	$12.64
		71	**4,070,459**	**10.3%**	**28,826**	**119,859**	**-**	**-**	**$19.53**	**$15.62**

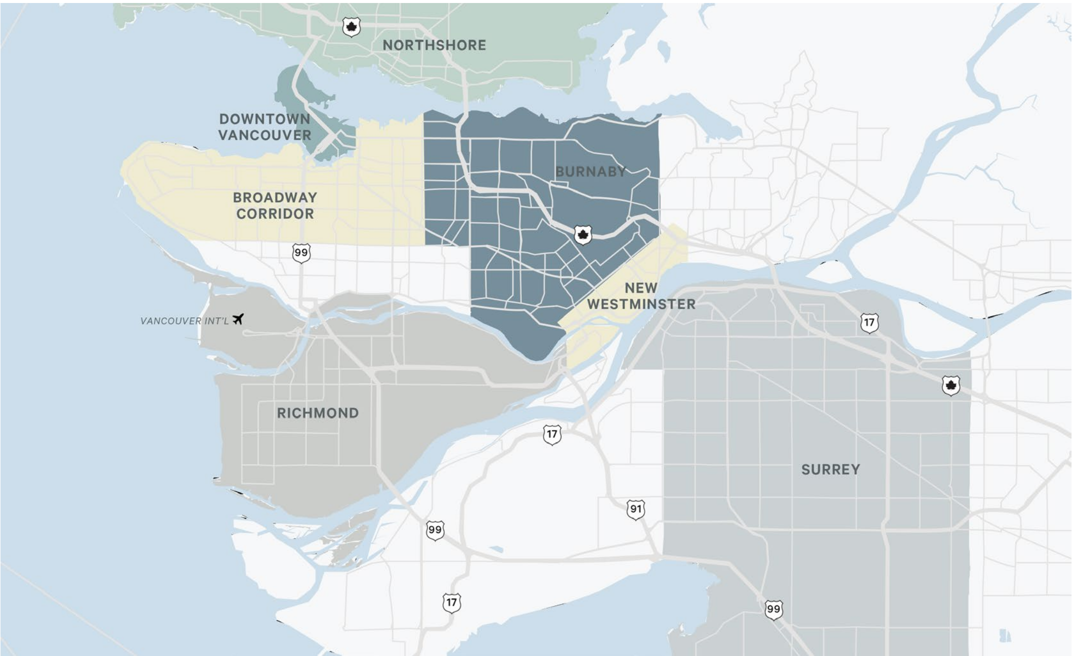
Source: CBRE Research, Q3 2025.

FIGURE 8b: Vancouver Office Market Statistics

Submarket	Class	Total Buildings	Inventory (SF)	Vacancy Rate (%)	Net Absorption (SF)	YTD Net Absorption (SF)	New Supply (SF)	Under Construction (SF)	Net Asking Rent (PSF)	T&O (PSF)
North Shore	A	14	821,041	2.1%	7,257	8,137	-	-	$28.89	$21.63
	B	17	752,877	2.2%	0	8,627	-	-	$20.99	$11.88
	C	11	236,929	0.0%	0	0	-	-	$22.00	$16.00
		42	**1,810,847**	**1.9%**	**7,257**	**16,764**	**-**	**-**	**$24.98**	**$16.81**
Surrey	A	22	2,227,754	5.3%	62,221	72,310	59,725	-	$35.56	$19.77
	B	21	807,730	5.1%	-4,993	562	-	-	$22.47	$15.52
	C	12	238,403	0.0%	0	0	-	-	$18.00	$12.97
		55	**3,273,887**	**4.9%**	**57,228**	**72,872**	**59,725**	**-**	**$31.10**	**$18.32**
New Westminster	A	8	635,394	5.8%	102	11,005	-	-	$38.84	$16.03
	B	14	615,296	2.0%	0	1,137	-	-	$22.22	$15.52
	C	10	275,766	0.9%	0	7,047	-	-	$10.17	$23.12
		32	**1,526,456**	**3.4%**	**102**	**19,189**	**-**	**-**	**$33.56**	**$16.25**
Total Suburban	AAA	49	5,998,037	13.8%	-29,498	3,342	-	252,000	$33.01	$18.82
	A	126	9,802,146	10.3%	118,888	247,721	165,650	164,255	$31.51	$18.65
	B	141	7,497,916	8.5%	9,740	61,089	-	-	$24.45	$18.48
	C	100	2,665,512	5.8%	6,205	-12,418	-	-	$20.04	$18.97
		416	**25,963,611**	**10.1%**	**105,335**	**299,734**	**165,650**	**416,255**	**$29.18**	**$18.68**
Metro Vancouver	AAA	71	14,724,947	11.1%	-65,970	51,848	-	252,000	$39.19	$22.00
	A	165	17,617,208	10.0%	159,211	190,520	165,650	193,641	$36.40	$22.27
	B	197	14,496,357	13.6%	-140,804	-212,006	-	-	$31.34	$21.09
	C	177	6,974,946	11.0%	-69,462	-35,661	-	-	$23.33	$19.24
		610	**53,813,458**	**11.4%**	**-117,025**	**-5,299**	**165,650**	**445,641**	**$33.51**	**$21.38**

Source: CBRE Research, Q3 2025.

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 Absorption: The change in occupied sq. ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the ”net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Vacancy Rate: Total vacant sq. ft. divided by the total building area. Vacant sq. ft.: Space that can be occupied within 30 days. Availability: All current and future marketed lease availabilities in existing inventory. Full floor: a floor over 8,000 sq. ft.

Survey Criteria

Includes all competitive office buildings in Greater Vancouver. Under construction refers to buildings which have begun construction as evidenced by site excavation or foundation work.

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