

Renewed tech demand partially offsets election-related pause in government leasing

▼ 10.5%

Vacancy Rate

► OK

SF Under Construction

▲ \$21.46

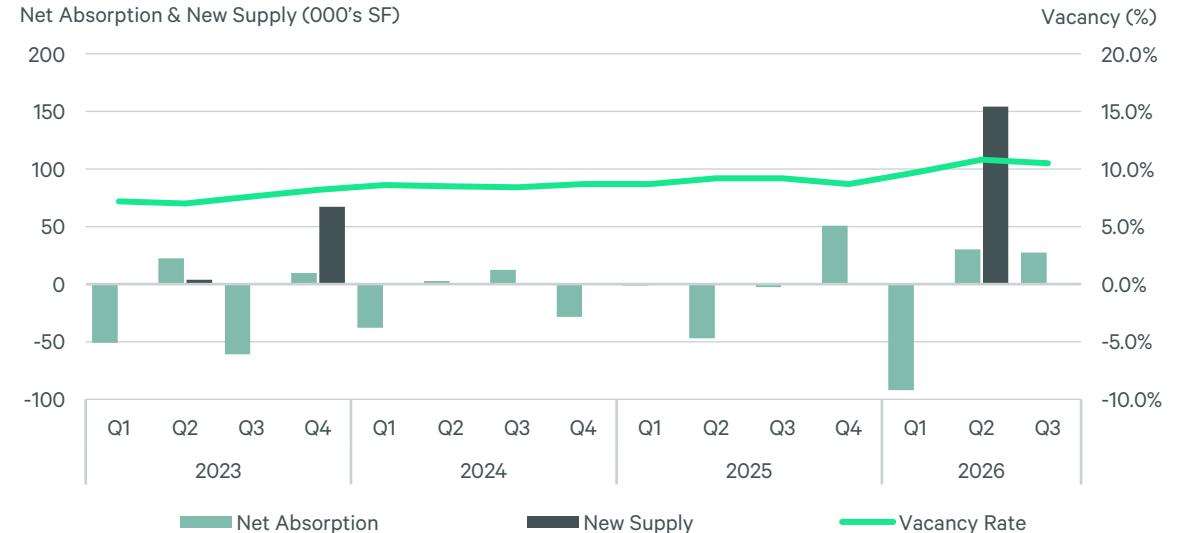
PSF Net Asking Lease Rate

Note: Arrows indicate change from previous quarter.

Market Summary

- Greater Victoria's office vacancy rate improved by 30 basis points (bps) to 10.5%, supported by the successful lease-up of over 18,000 sq. ft. in the Azzurro building.
- The overall average net asking rate remains stable at \$21.46 per sq. ft. this quarter. The average rent was recorded at \$19.74 per sq. ft. in Downtown and \$24.53 per sq. ft. in the Suburban submarket.
- Limited near-term development activity is expected to strengthen the pricing position of modern, well-located Class A properties and support continued rental growth. The average for overall Class AA and Class A net asking rent was \$29.37 per sq. ft. this quarter, up 12.5% compared to \$26.11 per sq. ft. recorded in Q1 2026.
- Leasing demand remains concentrated in turnkey premises of 2,000 to 5,000 sq. ft., with the West Shore and premium Downtown assets continuing to attract stronger leasing interest.
- While government leasing activity is expected to remain subdued during the fall election period, renewed investment in artificial intelligence is generating selective expansion within the technology sector.

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



Source: CBRE Research, Q3 2026.

Greater Victoria overview

Office vacancy in Greater Victoria declined by 30 bps to 10.5%, supported by quarterly positive net absorption of 27,000 sq. ft. A key contributor to the quarter’s vacancy reduction was the successful lease-up of the Azzurro building at 1952 Blanshard Street. The improved ground floor was leased to Sprott Shaw College, while the second-floor shell space, which had remained vacant for more than five years, was leased to the Victoria Police Department. By submarket, Downtown vacancy decreased by 10 bps to 15.2% but remains elevated largely due to Class C vacancy at 20.5%. Overall Suburban vacancy declined by 40 bps, driven by a 300 bps decrease in Class A vacancy and partially offset by a 90 bps increase in Class B vacancy. The overall average net asking rent increased modestly to \$21.46 per sq. ft. By submarket, average net rents were recorded at \$19.74 per sq. ft. in Downtown and \$24.53 per sq. ft. in the suburbs, reflecting stronger demand outside the downtown core.

Constrained office development pipeline supports Class A rent growth

Improving leasing momentum and the absence of meaningful near-term competitive supply are expected to sustain upward pressure on Class A net asking rents across Greater Victoria. Modest vacancy compression in both Downtown and Suburban submarkets has begun to strengthen landlord pricing with the overall Class A average net asking rate increasing for two consecutive quarters. The average for overall Class AA and Class A net asking rent was \$29.37 per sq. ft. this quarter compared to \$26.11 per sq. ft. in Q1 2026. With limited new inventory scheduled to deliver additional options, well-located buildings offering modern improvements, strong amenities and turnkey availability should remain best positioned to capture demand. Although rent growth will vary by building quality and submarket, the current supply-demand balance is likely to support further increases for the market’s most desirable Class AA and Class A premises.

FIGURE 2: Notable Office Developments

Size (SF)	Project Name	Submarket	Estimated Completion	Developer
172,000	Capital VI	Victoria	Planned	Jawl Properties

Source: CBRE Research, Q3 2026.

FIGURE 3: Notable Lease Transactions

Size (SF)	Tenant	Address	Submarket	Deal Type
9,328	Victoria Police Department	2 nd Floor - 1952 Blanshard Street	Victoria	Direct
8,763	Sprott Shaw College	101-1952 Blanshard Street	Victoria	Direct
8,234	Reading Road	600-1019 Wharf Street	Victoria	Direct

Source: CBRE Research, Q3 2026.

FIGURE 4: Notable Sale Transactions

Address	Submarket	Purchaser	Size (SF)	Price (\$M)
1025 Cook Street	Victoria	Private Investors	8,823	\$5.3
705-711 Johnson Street	Victoria	Private Investors	17,326	\$2.7
2155 Sooke Road	Victoria	Private Investors	8,400	\$2.0

Source: CBRE Research, Q3 2026.

Leasing trends and demand indicators

Office demand across Greater Victoria remains highly localized. Leasing activity is most robust in the West Shore area of the Suburban submarket and in trophy assets Downtown. Within the downtown core, occupiers continue to prioritize turnkey premises, convenient parking and build-outs that accommodate evolving hybrid-work requirements. Comparatively tight vacancy in the Suburbs has left tenants with fewer suitable options. National occupiers entering or expanding in the region continue to reinforce the flight-to-quality trend, while local firms have shown greater flexibility in considering well-located Class B and Class C alternatives that offer more economical occupancy costs. Requirements ranging from 2,000 to 5,000 sq. ft. remain the most active segment, and improved, move-in-ready premises continue to outperform shell space. Looking ahead, centrally located and accessible offices that reduce employee commute times may become increasingly attractive as occupiers adapt to hybrid-work patterns and seek to support in-person productivity.

Tech demand improving while government activity paused amid two fall elections

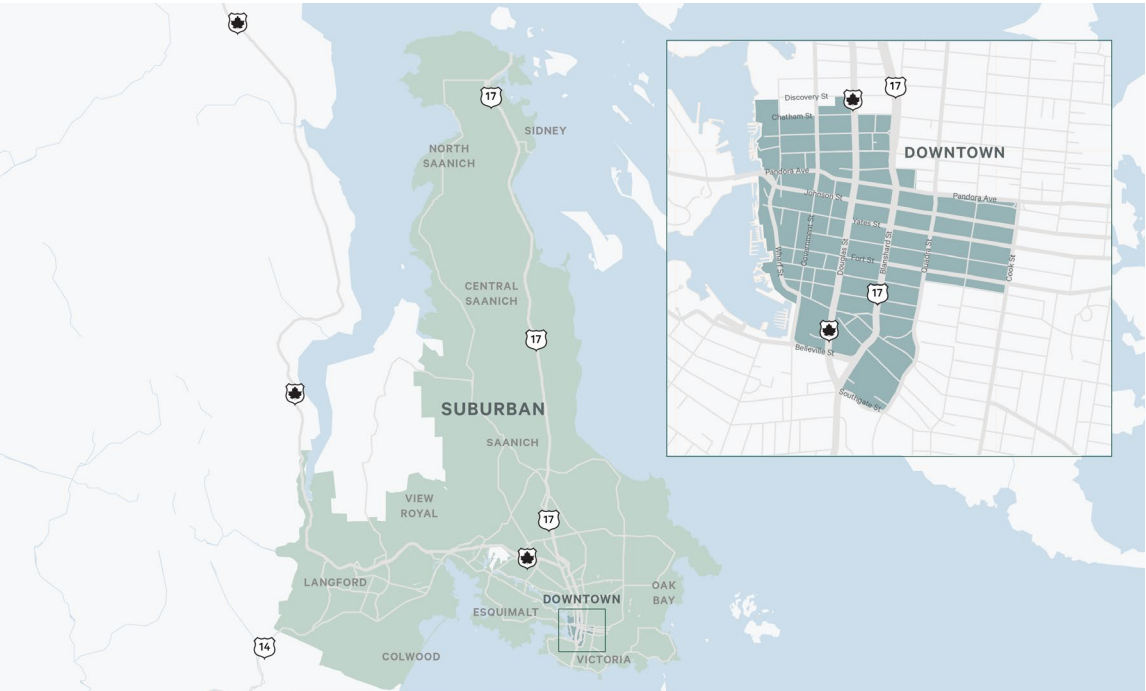
Tenant activity across Greater Victoria is expected to remain selective. Government demand, a key component of the region’s office market, will likely remain subdued in the near term amid the two fall elections. Technology-sector demand, however, is showing signs of improvement despite slower employment growth. Renewed venture capital investment associated with artificial intelligence is supporting select expansion requirements, particularly among firms seeking high-quality, turnkey premises in Downtown Victoria. North House’s expansion into 838 Fort Street further signals renewed interest and investment in Greater Victoria’s technology sector while adding a flexible workspace option within the city’s established technology corridor. Improving technology-sector demand could partially offset softer government leasing activity next quarter.

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	3	435,108	13.8%	-6,590	94,067	0	0	\$37.00	\$23.23
	A	8	523,591	12.5%	3,015	-16,137	0	0	\$21.49	\$18.81
	B	53	1,884,932	12.1%	14,744	-16,303	0	0	\$19.66	\$15.04
	C	69	1,442,950	20.5%	-5,120	-48,485	0	0	\$16.29	\$15.44
		133	4,286,581	15.2%	6,049	13,142	0	0	\$19.74	\$16.25
Suburban	AA	3	278,000	1.5%	0	0	0	0	\$31.53	\$20.96
	A	21	1,238,591	11.4%	37,047	11,091	0	0	\$28.92	\$16.54
	B	68	2,292,290	7.3%	-19,620	-62,493	0	0	\$21.77	\$12.06
	C	104	1,503,598	3.0%	3,906	3,788	0	0	\$19.69	\$14.62
		196	5,312,479	6.8%	21,333	-47,614	0	0	\$24.53	\$14.30
Greater Victoria	AA	6	713,108	9.0%	-6,590	94,067	0	0	\$36.60	\$23.06
	A	29	1,762,182	11.7%	40,062	-5,046	0	0	\$27.06	\$17.11
	B	121	4,177,222	9.5%	-4,876	-78,796	0	0	\$20.54	\$13.79
	C	173	2,946,548	11.6%	-1,214	-44,697	0	0	\$16.72	\$15.34
		329	9,599,060	10.5%	27,382	-34,472	0	0	\$21.46	\$15.55

Source: CBRE Research, Q3 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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