CBRE

Large block vacancies push Suburban vacancy up, but still below Downtown

▲ 11.6%
Vacancy Rate

▼ -84K
SF Net Absorption

▼ 492K
SF Under Construction

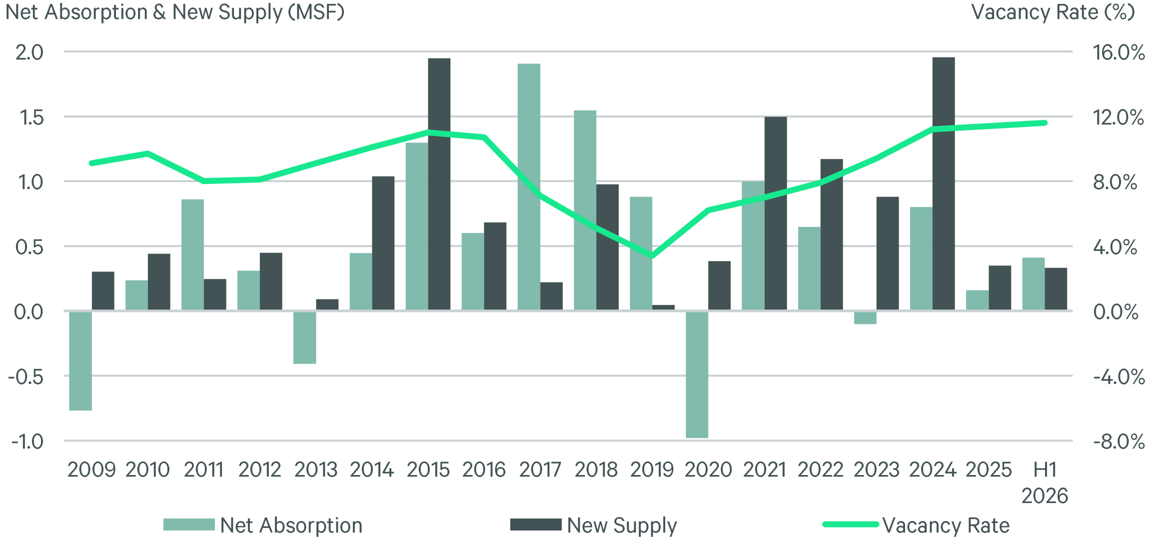
▼ $31.20
PSF Avg. Asking Rental Rate

Note: Arrows indicate change from previous quarter.

Overview

- The Metro Vancouver office market recorded an increase in vacancy of 80 basis points (bps), bringing the overall rate to 11.6% in Q2 2026. This vacancy increase was led by the suburban market which posted a 190 bps increase.
- Several large-block vacancies propelled the suburban market vacancy rate to 11.0% as of Q2 2026, its highest level in nearly 10 years, with vacancy stemming from new supply, a renovated property, and a large sublease expiry. Collectively, these three properties account for nearly one-quarter of total suburban vacancy.
- Despite the recent slowdown in the market, the suburban market continued to outperform the downtown core by posting a lower vacancy rate than downtown's 12.2%. This marks the fifth consecutive quarter in which downtown vacancy has exceeded suburban vacancy.
- The bifurcation in vacancy between Downtown Class AAA/A and Class B/C remained stable in Q2 2026. This marks the first period in nine quarters which the gap between the two segments did not increase.

FIGURE 1: Metro Vancouver Supply & Demand



Source: CBRE Research, Q2 2026.

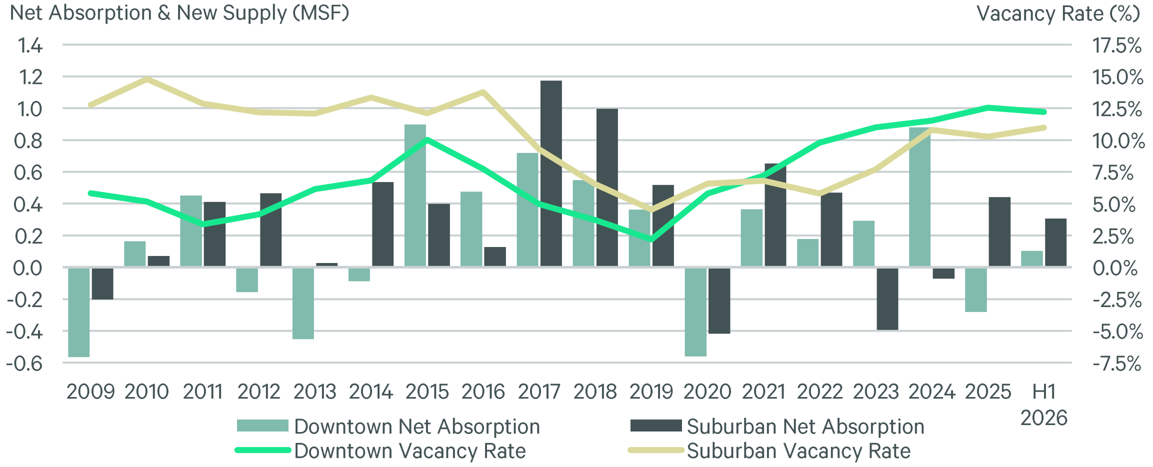
The current office vacancy landscape in Metro Vancouver

The overall Downtown office vacancy rate declined modestly quarter-over-quarter, falling 10 bps to 12.2%, but increased by 30 bps year-over-year. Class AAA vacancy fell by 10 bps quarter-over-quarter to 7.6%, while Class A vacancy declined by 20 basis points to 9.1%. On an annual basis, Class AAA and A recorded more meaningful tightening, with Class AAA vacancy decreasing by 130 basis points and Class A vacancy declining by 110 basis points. A contributing factor to the Class AAA year-over-year tightening is the 86,689 sq.ft. sublease vacancy at B6 (1090 W Pender Street), which remains vacant but was listed over a year ago and, as a result, no longer impacts the annual vacancy comparison.

In addition to the 86,689 sq. ft. University Canada West sublease at B6, there are two other large block vacancies at Telus Garden (510/520 W Georgia Street) that contribute significantly to Class AAA vacancy. The first is a headlease for 160,000 sq. ft., which was previously occupied by Amazon and the second is Telus' 87,799 sq. ft. sublease. However, Class AAA vacancy is only 7.6% despite these large blocks of vacant space and is down from the high of 12.3% in Q3 2023, which was elevated given a significant amount of new supply. Removing the aforementioned large block vacancies, Class AAA vacancy rate would stand at 4.1%, illustrating how quickly the rate could decline should large lease transactions occur. Furthermore, the economic rents required to proceed with new development are significantly higher than current market rents with the result being no new supply anticipated in Downtown for a minimum of four years from construction commencement.

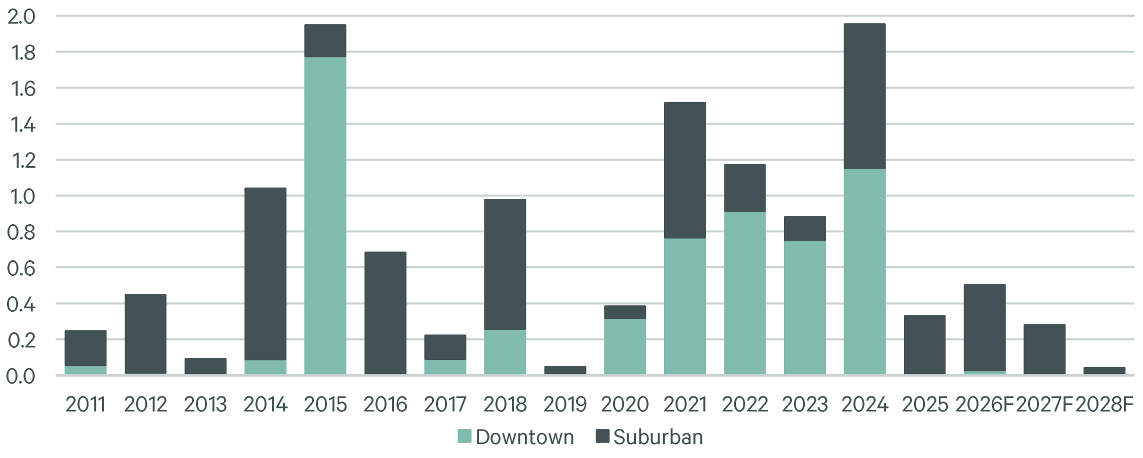
The Suburban market continues to outperform the Downtown market with vacancy sitting at 11.0%, 120 bps below Downtown. This is despite several large block Suburban vacancies that came to market in Q2 2026, driving Suburban vacancy upward by 190 bps quarter-over-quarter. The significant new vacancies are as follows: Telus' sublease that expired at 3777 Kingsway (The Boot) in Burnaby, a fully renovated building at 14178 104 Avenue (District 104) in Surrey, and the B12 office tower, part of the Oakridge redevelopment. The B12 building was delivered partially pre-leased by Farleigh Dickenson University, which leaves approximately half the building vacant (72,000 sq. ft. available). Next quarter, Oakridge Park's northeast office tower is anticipated to be delivered, which has been partially pre-leased by RBC. There is approximately 136,000 sq. ft. that's still available, which will contribute to next quarter's vacancy if no further leasing activity occurs prior to delivery.

FIGURE 2: Regional Supply & Demand



Source: CBRE Research, Q2 2026.

FIGURE 3: Regional New Supply Deliveries Forecast (MSF)



Source: CBRE Research, Q2 2026.

The bifurcation story continues

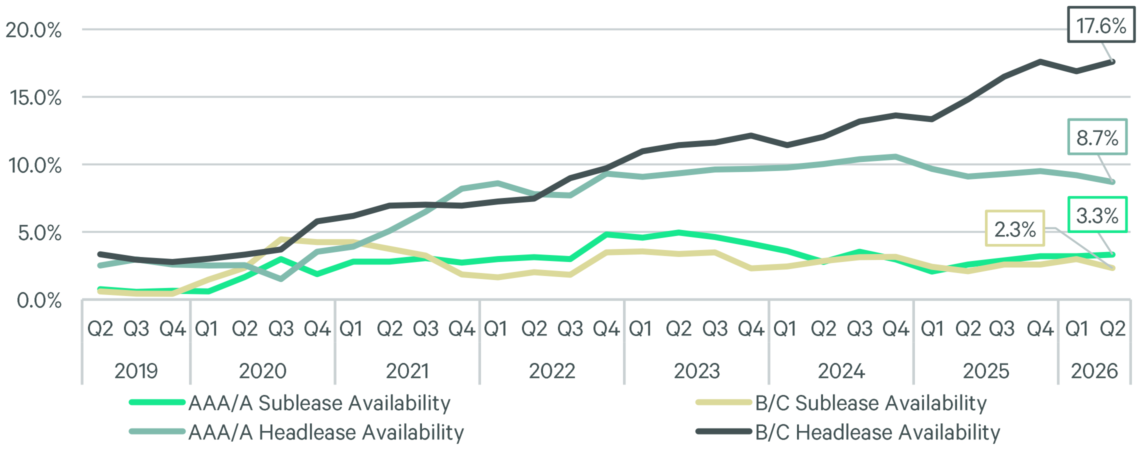
Bifurcation in demand for Downtown Class AAA/A space relative to weaker demand for Class B/C commodity space has been well documented. However, for the first time in nine quarters, the gap in vacancy between Downtown Class AAA/A and Class B/C remained stable as both segments decreased by 10 bps, instead of increasing. That said, looking at Class AAA/A headlease availability (i.e., both physically vacant space and space occupied, but being listed on the market), there was a decrease of 50 bps in the availability rate quarter-over-quarter. In contrast, Class B/C headlease availability increased by 70 bps quarter-over-quarter, matching the all-time high reached in Q4 2025. The decrease in Class B/C sublease space by 70 bps is partly explained from rollover of expiring Class B and Class C subleases into headlease availability.

The delivery of the new mass-timber office project at 837 Beatty Street introduced 29,386 sq.ft. of vacant space to the market in Q2 2026. Nevertheless, overall availability trended downward on a quarter-over-quarter basis, reflecting continued tenant demand for top quality space. While the number of lease transactions in Downtown Vancouver declined modestly from the previous quarter, total leasing activity by square footage increased and remained above the five-year quarterly average of 517,913 sq.ft.

Downtown office sublease activity

Downtown sublease vacancy declined by 49,851 sq. ft. quarter-over-quarter to 576,482 sq. ft., slightly below the five-year average of 605,725 sq.ft. Increases were recorded across all classes except Class B (-69,468 sq. ft.). The majority of the decrease in Class B sublease vacancy was from sublease listings rolling over to headlease listings. Year-over-year, sublease vacancy increased by 32,131 sq. ft., driven by growth in Class AAA (+61,216 sq. ft.) and Class C (+55,006 sq. ft.), partially offset by a decline in Class A (-12,940 sq. ft.) and Class B (-71,151 sq. ft.) sublease vacancies. Current notable sublease vacancies include 86,689 sq.ft. at B6, which has been on the market for over a year and 87,799 sq.ft. at Telus Garden, which will have been on the market for one year in Q3 2026.

FIGURE 4: Downtown Availability Rates



Source: CBRE Research, Q2 2026.

FIGURE 5: Notable Metro Vancouver Lease Transactions

Size (SF)	Tenant	Address	Submarket	Industry	Deal Type
76,867	City of Vancouver	380 5th Avenue	Broadway Corridor	Government	Direct
59,204	Change Healthcare Canada Company	10711 Cambie Road	Richmond	Health Services	Renewal
51,150	Broadcom Canada	13711 International Place	Richmond	Technology	Renewal
17,828	Wētā FX	745 Thurlow Street	CBD	Creative Industries	Direct
16,365	Hunter Litigation Chambers Law Corporation	1040 W Georgia Street	CBD	Legal	Renewal

Source: CBRE Research, Q2 2026.

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	7.6%	3,381	68,454	-	-	$48.02	$26.13
	A	40	7,844,662	9.1%	39,722	59,994	29,600	-	$39.92	$25.95
	B	55	6,908,541	20.2%	-8,502	-34630	-	-	$33.02	$22.21
	C	77	4,309,434	14.3%	20,087	9,244	-	-	$24.03	$19.50
		194	**27,789,547**	**12.2%**	**54,688**	**103,062**	**29,600**	**-**	**$34.93**	**$23.10**
Broadway Corridor	AAA	15	1,726,829	14.3%	75,103	61,983	139,000	170,000	$39.00	$24.48
	A	29	1,877,928	7.8%	7,679	183,769	-	-	$35.05	$22.80
	B	34	1,686,154	8.5%	-3,903	65,014	-	-	$30.15	$20.42
	C	38	849,886	8.5%	2,035	-674	-	-	$22.62	$19.15
		116	**6,140,797**	**9.9%**	**80,914**	**310,092**	**139,000**	**170,000**	**$33.80**	**$22.40**
Burnaby	AAA	14	2,634,126	12.7%	-5,587	220,275	-	183,617	$36.32	$20.43
	A	30	2,836,642	17.1%	38,877	39,691	-	-	$34.11	$18.19
	B	36	2,934,973	18.9%	-252,953	-297,092	-	-	$23.27	$20.84
	C	22	864,679	5.2%	0	-5,796	-	-	$22.88	$21.21
		102	**9,270,420**	**15.3%**	**-219,663**	**-42,922**	**-**	**183,617**	**$29.15**	**$20.18**
Richmond	AAA	21	1,776,082	8.8%	10,223	42,636	-	-	$22.47	$15.40
	A	24	1,567,642	4.6%	-3,076	-7,692	-	42,000	$21.04	$13.58
	B	19	526,886	13.8%	1,037	1,037	-	-	$16.22	$18.73
	C	7	199,849	7.1%	-11,322	-10,233	-	-	$14.95	$15.57
		71	**4,070,459**	**7.7%**	**-3,138**	**25,748**	**-**	**42,000**	**$20.35**	**$15.77**

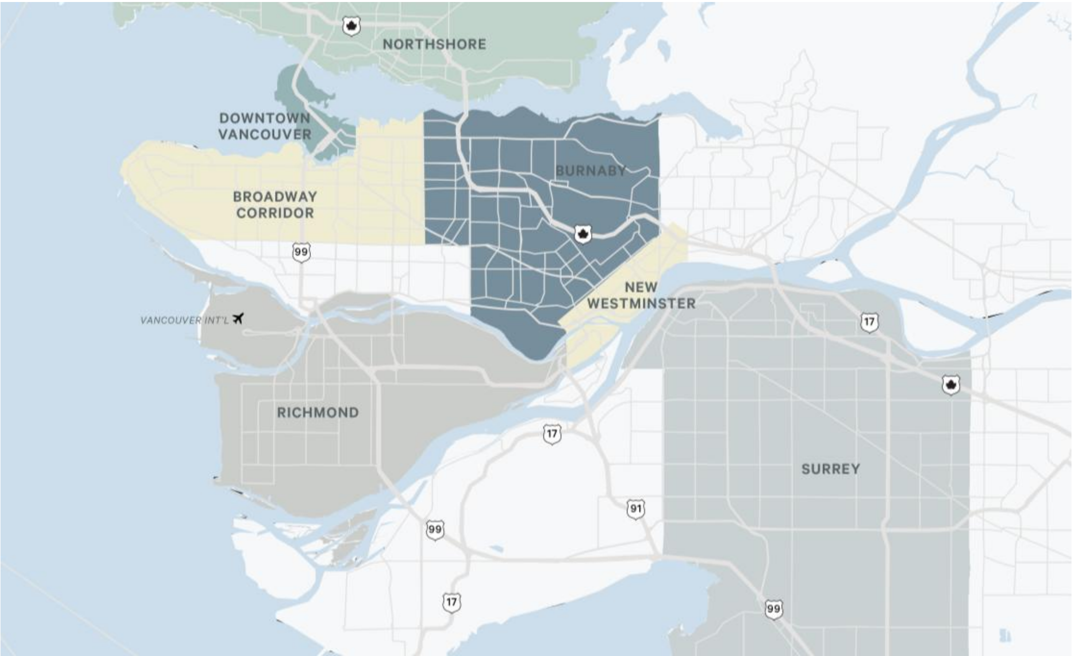
Source: CBRE Research, Q2 2026.

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	3.5%	-3,781	-6,488	-	-	$28.10	$19.84
	B	17	752,877	2.2%	0	2,946	-	-	$22.04	$11.94
	C	11	236,929	0.0%	0	0	-	-	$22.00	$16.00
		42	**1,810,847**	**2.5%**	**-3,781**	**-3,542**	**-**	**-**	**$25.87**	**$16.93**
Surrey	A	23	2,410,694	6.3%	-1,529	28,231	-	-	$38.22	$20.26
	B	22	1,051,399	26.1%	17,122	7,292	-	-	$28.31	$13.12
	C	12	238,403	6.5%	-2575	-15,535	-	-	$18.00	$12.97
		57	**3,700,496**	**11.9%**	**13,018**	**19,988**	**-**	**-**	**$30.94**	**$15.28**
New Westminster	A	8	635,394	6.8%	0	1,581	-	96,000	$39.00	$15.13
	B	14	615,296	5.3%	-6,883	-4,200	-	-	$22.11	$15.78
	C	10	275,766	0.7%	531	531	-	-	$9.12	$25.88
		32	**1,526,456**	**5.1%**	**-6,352**	**-2,088**	**-**	**96,000**	**$31.17**	**$15.67**
Total Suburban	AAA	50	6,137,037	12.0%	79,739	324,894	139,000	353,617	$33.98	$20.58
	A	128	10,149,341	9.1%	38,170	239,092	-	138,000	$33.67	$18.81
	B	142	7,567,585	14.4%	-245,580	-225,003	-	-	$24.98	$18.32
	C	100	2,665,512	5.6%	-11,331	-31,707	-	-	$19.87	$18.53
		420	**26,519,475**	**11.0%**	**-139,002**	**307,276**	**139,000**	**491,617**	**$29.28**	**$19.07**
Metro Vancouver	AAA	72	14,863,947	9.5%	83,120	393,348	139,000	353,617	$38.76	$22.47
	A	168	17,994,003	9.1%	77,892	299,086	29,600	138,000	$36.90	$22.50
	B	197	14,476,126	17.2%	-254,082	-259,633	-	-	$29.49	$20.50
	C	177	6,974,946	10.9%	8,756	-22,463	-	-	$23.09	$19.28
		614	**54,309,022**	**11.6%**	**-84,314**	**410,338**	**168,600**	**491,617**	**$31.20**	**$20.44**

Source: CBRE Research, Q2 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 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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