CBRE

TELUS Ocean delivers 154,000 sq. ft. of premium Class AA inventory

▲ 10.8%
Vacancy Rate

▼ 0K
SF Under Construction

▲ $21.45
PSF Net Asking Lease Rate

Note: Arrows indicate change from previous quarter.

Market Summary

- Greater Victoria office vacancy increased 110 basis points (bps) quarter-over-quarter to 10.8%, reaching double digits for the first time as new supply and large-block availabilities weighed on market fundamentals.
- Leasing conditions remained tenant-favourable with local occupiers driving activity and landlords offering more competitive terms, suite improvements, and inducements to attract tenants.
- TELUS Ocean delivered over 154,000 sq. ft. of new Class AA inventory downtown, reinforcing flight-to-quality demand while adding competitive pressure to existing vacant supply.
- Federal return-to-office (RTO) requirements could support downtown demand as departments reassess space needs, with activity likely to unfold gradually as departments evaluate capacity and workplace requirements.

FIGURE 1: Greater Victoria Supply & Demand

Source: CBRE Research, Q2 2026.

Greater Victoria overview

The Greater Victoria office market softened further this quarter as vacancy increased 110 bps from 9.7% to 10.8% quarter-over-quarter, surpassing the double-digit threshold. The increase was driven by two large blocks of office space, including the completion of TELUS Ocean, which had 47,000 sq. ft. remaining available upon completion and the full 43,000 sq. ft. office building at 3400 Davidson Street being brought to market. Despite higher vacancy, the market recorded 30,000 sq. ft. of positive net absorption, supported by space secured at TELUS Ocean during the pre-leasing stage. By submarket, Downtown vacancy increased 100 bps to 15.3%, while the average net asking rate rose to $19.44 per sq. ft. In comparison, Suburban vacancy increased 110 bps to 7.2%, while average net asking rents declined modestly to $24.79 per sq. ft.

Leasing trends and demand indicators

Leasing conditions remained tenant-favourable this quarter as elevated vacancy continued to increase competition among landlords. Demand was primarily driven by local occupiers, while new requirements from national tenants remained limited. Notable leasing activity was largely supported by local businesses expanding their footprints, relocating within the market, or leveraging softer conditions to move into higher-quality premises. Persistently high construction costs continued to weigh on shell space and dated improvements, reinforcing tenant preference for turnkey offices that reduce capital outlay and accelerate occupancy timelines. In response, landlords are improving older suites, adjusting rental expectations, and offering more competitive inducement packages, with notable rate reductions occurring in Class B and C product.

The Suburban market continued to outperform Downtown, supported by comparatively tighter vacancy and sustained demand for accessible office nodes. This was most evident in the Westshore, where low vacancy in Langford and Colwood reflected continued tenant interest in locations closer to employee talent pools. As hybrid workplace strategies mature, occupiers are prioritizing offices that offer shorter commutes, convenient parking, and strong accessibility, supporting leasing activity outside the Downtown core.

FIGURE 2: Notable Office Developments

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

Source: CBRE Research, Q2 2026.

FIGURE 3: Notable Lease Transactions

Size (SF)	Tenant	Address	Submarket	Deal Type
15,825	Speed Mechanics & Continuum Health Centre	105 & 300-2621 Douglas St	Victoria	Direct

Source: CBRE Research, Q2 2026.

FIGURE 4: Notable Sale Transactions

Address	Submarket	Purchaser	Size (SF)	Price ($M)
941 Kings Rd	Victoria	Greater Victoria Lifetime Network Society	4,875	$1.6
201, 203, & 204 – 1830 Oak Bay Ave	Victoria	Private Investor	2,296	$1.4
110-2871 Jacklin Rd	Langford	TWEALTH Advisors Inc.	2,057	$1.0

Source: CBRE Research, Q2 2026.

TELUS Ocean delivered to market this quarter

This quarter marked the completion of TELUS Ocean, delivering over 154,000 sq. ft. of new Class AA inventory to Downtown. With 69.2% of the building committed upon completion, supported by secured space from TELUS and BMO, the project reflects continued tenant preference for modern, amenity-rich office environments. The addition of new supply will increase competitive pressure on existing vacancy, particularly among older Class A and B assets that may require upgrades or more aggressive inducement packages to remain competitive. However, TELUS Ocean's strong pre-leasing also reinforces that demand has not disappeared, but has become more selective, with occupiers prioritizing quality, efficiency, and long-term workplace value. Against an otherwise limited development pipeline, the remaining space is expected to be absorbed over time without the added pressure of further near-term supply.

Federal RTO directive shifts demand outlook

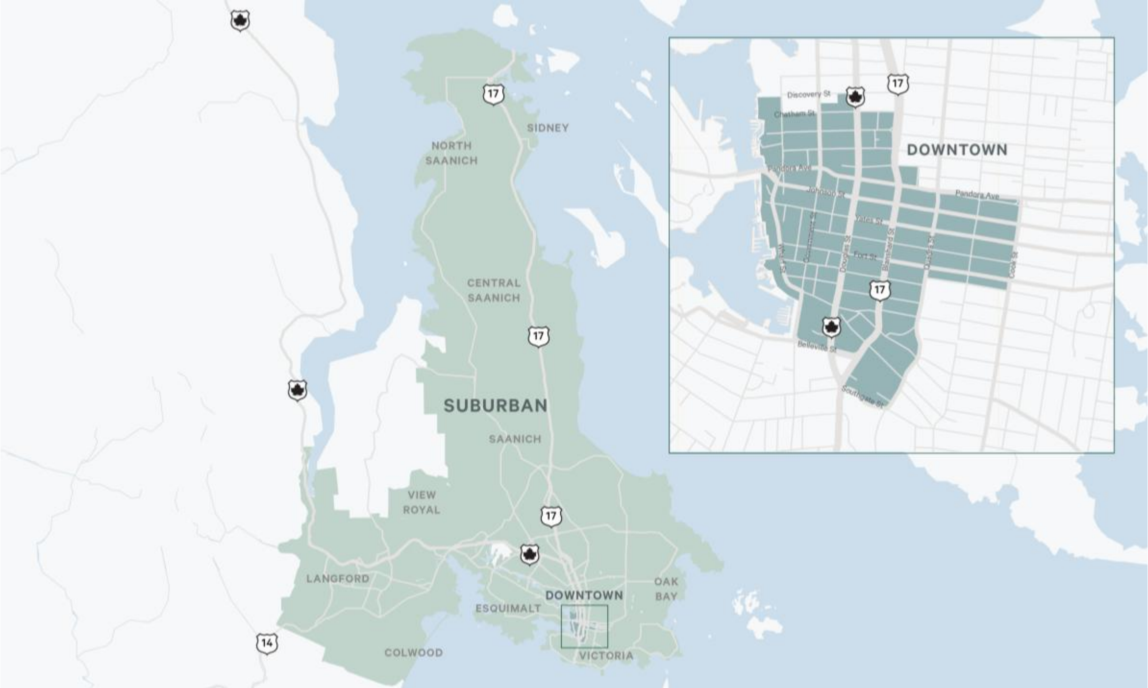
Downtown Victoria's office market remains closely tied to public sector occupancy, making the federal government's RTO directive a key demand-side consideration. The requirement for most federal public servants to RTO four days per week beginning in early July marks a notable shift from the reduced workplace presence seen in the post-pandemic period and signals a broader push toward higher office utilization among government occupiers. Implementation is expected to vary by department as existing footprints, seating models, and capacity constraints are assessed. In Greater Victoria, the mandate could partially offset prior government space reductions, though it remains unclear whether incremental demand will favour higher-quality, amenity-rich assets or more cost-effective Class B and C space similar to the inventory previously released. Any demand uplift is expected to be phased and selective, benefiting well-located buildings with functional layouts and move-in ready improvements. Older assets may continue to face leasing pressure unless landlords invest in upgrades, offer competitive terms, or reposition space to meet evolving public sector workplace needs.

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	12.3%	106,600	100,657	154,000	0	$36.72	$23.12
	A	8	523,591	13.0%	-3,277	-19,152	0	0	$20.19	$18.38
	B	53	1,884,932	12.9%	-7,820	-31,047	0	0	$19.30	$14.91
	C	69	1,442,950	20.2%	-9,048	-43,365	0	0	$16.56	$15.32
		133	**4,286,581**	**15.3%**	**86,455**	**7,093**	**154,000**	**0**	**$19.44**	**$16.03**
Suburban	AA	3	278,000	1.5%	0	0	0	0	$31.53	$20.96
	A	21	1,238,591	14.4%	-1,310	-25,956	0	0	$28.19	$15.20
	B	68	2,292,290	6.5%	-45,845	-42,873	0	0	$21.99	$11.94
	C	104	1,503,598	3.3%	-9,056	-118	0	0	$19.44	$14.34
		196	**5,312,479**	**7.2%**	**-56,211**	**-68,947**	**0**	**0**	**$24.79**	**$13.93**
Greater Victoria	AA	6	713,108	8.1%	106,600	100,657	154,000	0	$36.29	$22.94
	A	29	1,762,182	14.0%	-4,587	-45,108	0	0	$26.46	$15.89
	B	121	4,177,222	9.4%	-53,665	-73,920	0	0	$20.34	$13.77
	C	173	2,946,548	11.6%	-18,104	-43,483	0	0	$16.95	$15.19
		329	**9,599,060**	**10.8%**	**30,244**	**-61,854**	**154,000**	**0**	**$21.45**	**$15.24**

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 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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