MARKETBEAT

VANCOUVER, BC

OFFICE Q1 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
11.2% Vacancy Rate	▼	—
263K YTD Net Absorption, SF	▲	▼
$53.68 Asking Rent, PSF	▼	—

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.68M Vancouver Employment	▼	▲
6.2% Vancouver Unemployment Rate	▼	▼
6.7% Canada Unemployment Rate	▲	▲

Source: Statistics Canada

**Renewals not included in leasing statistics*

ECONOMY: SOFTENING, THEN STABILIZATION

According to TD Economics, B.C.'s economy is expected to post sub-trend growth in 2026 amid ongoing demographic, housing and trade-related headwinds before improving toward its historical average in 2027 as these pressures ease. TD now expects real GDP growth at approximately 2.0% in 2025, reflecting stronger-than-expected natural gas production alongside solid construction and household spending.

SUPPLY AND DEMAND: EASING VACANCY, STEADY ABSORPTION

After a steady increase in vacancy in recent years, driven by new construction and elevated sublease activity, vacancy stabilized from late 2024 through Q4 2025 at around 11.5%. This quarter, with no new construction deliveries aside from 1477 West Broadway, no major sublease additions and supported by several significant tenant move-ins (particularly in downtown and Burnaby), overall vacancy declined by 20 basis points (bps) quarter-over-quarter (QOQ), to 11.2%.

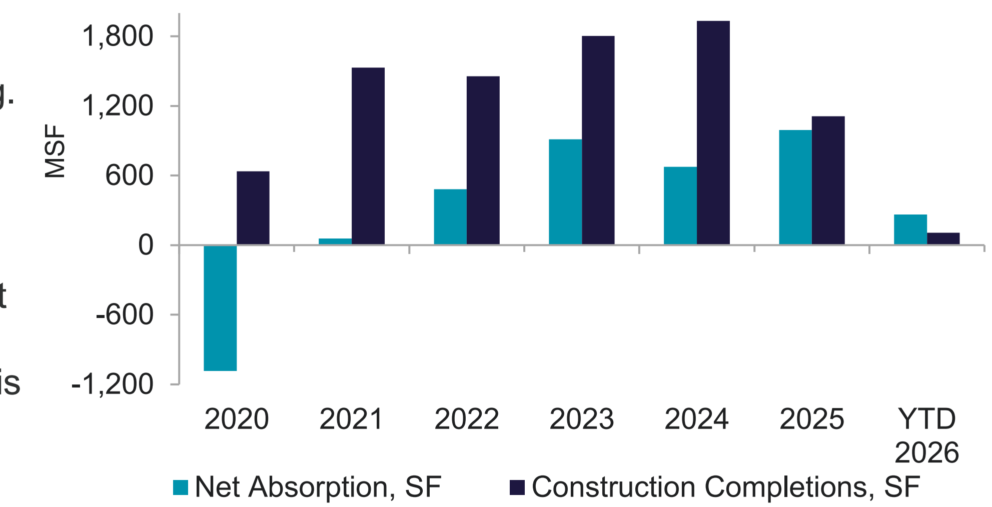
Overall Metro Vancouver absorption remained positive for a fifth consecutive quarter but declined by roughly one-third QOQ, registering 263k square feet (sf) of positive absorption. This was largely driven by a handful of major tenants taking occupancy this quarter, particularly in Burnaby, Downtown Core, Broadway Corridor and Mount Pleasant. Several notable renewals* were completed this quarter, including Ledcor Industries Inc. (61k sf at 1055 West Hastings Street), National Bank of Canada (at 52k sf at 1040 West Georgia Street) and the BCSA (41k sf at Renfrew Centre).

As a result of recent leasing momentum in Burnaby, the availability of contiguous spaces over 50k sf is becoming increasingly limited, particularly near SkyTrain stations. The SkyTrain vacancy in Burnaby currently stands at 10.5%, with only a few larger opportunities remaining, including 110k sf at Kaslo.

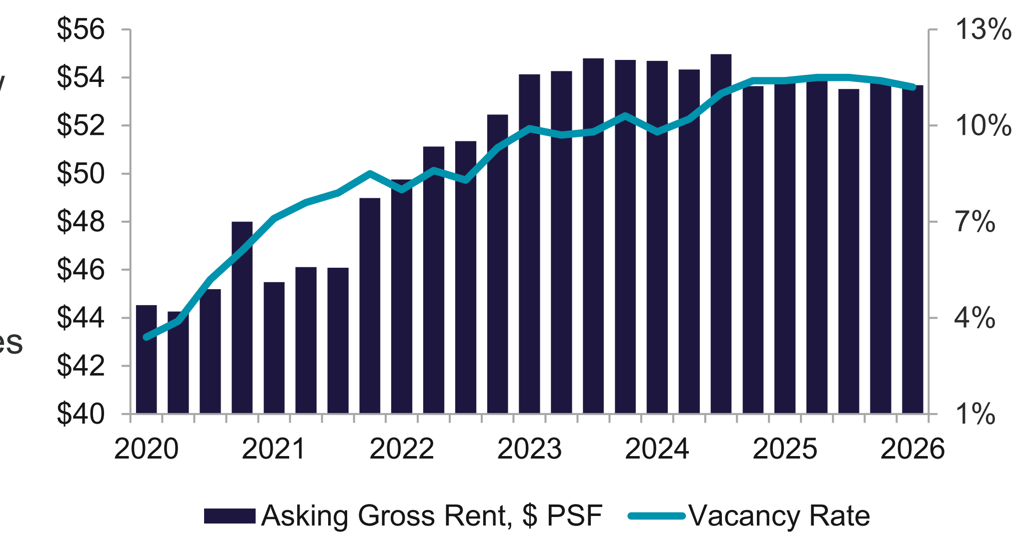
SHIFT IN SPACE QUALITY DRIVES SLIGHT DECREASE IN ASKING RENTS

Unlike previous quarters, when newly delivered buildings elevated asking rents, only one office building, 1477 West Broadway, was completed this quarter. At the same time, higher-quality Class A space from the recent wave of new construction continues to be steadily absorbed. As a result, overall asking gross rents in Metro Vancouver declined slightly by 0.2% QOQ to $53.68 per square foot (psf). In Burnaby, for example, the leasing of significant Class A availabilities at Amazing Brentwood and Willingdon Business Park has reduced the availability of higher-quality vacant direct options, leaving a greater share of lower quality space on the market with correspondingly lower asking rents.

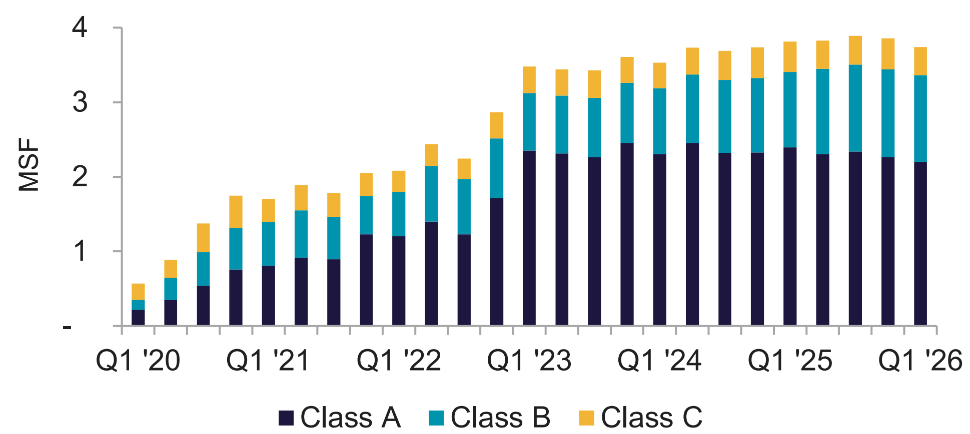
METRO VANCOUVER SPACE DEMAND / DELIVERIES



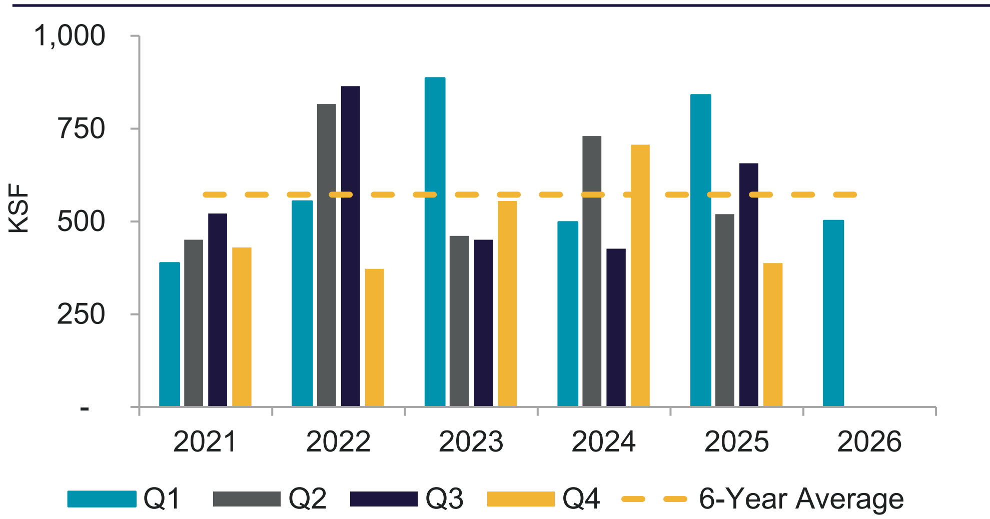
METRO VANCOUVER OVERALL VACANCY & ASKING RENT



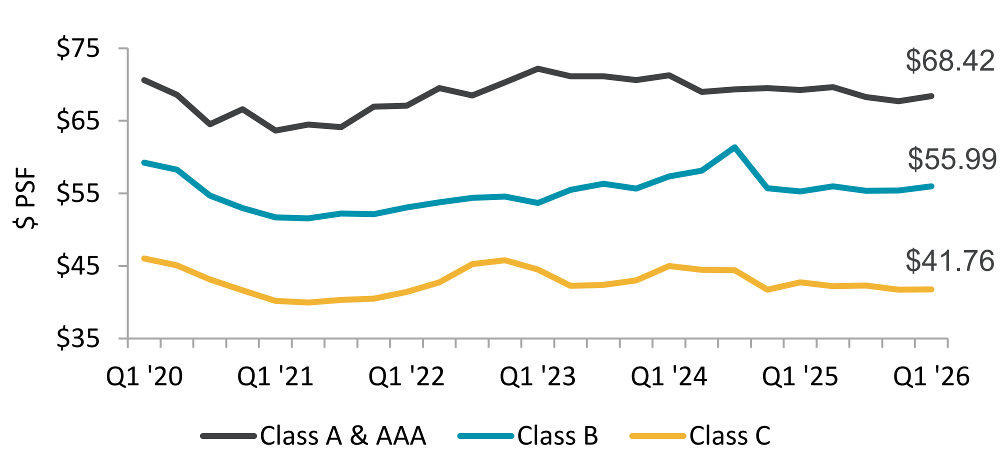
DOWNTOWN CORE VACANT SPACE BY CLASS



DOWNTOWN CORE LEASING ACTIVITY*



DOWNTOWN CORE GROSS ASKING RENT COMPARISON



SUPPLY: VACANCY DECLINES, SUBLEASE SHARE FALLS

Downtown Core overall vacancy remained elevated but continued to decline for the third consecutive quarter, falling 40 bps QOQ to 13.9%. Amazon's anticipated move into The Post, North Tower, has brought approximately 90k sf of highly sought-after Class AAA higher-bank large-block space back to the Downtown Core. While offered on a sublease basis, longer terms are negotiable. This addition has helped bring greater balance to the downtown vacancy mix, giving tenants the opportunity to upgrade their premises. Such high-quality options were not available for several quarters despite elevated overall vacancy. Looking ahead, on the large-block front, Amazon's 160k-sf space at Telus Garden, which came to market some time ago, will become vacant in Q2 2026.

Sublease space activity continued to weaken, with sublease inventory accounting for 14.1% of total available and vacant space - its lowest point since the pandemic. This marks a significant improvement from the peak of 24.2% recorded in Q4 2023. The decline reflects a combination of subleases naturally expiring and reverting to landlords as direct space, along with the gradual absorption of existing sublease inventory. Overall, the steady downward trend since late 2023 points to a slow but ongoing rebalancing of the market.

DEMAND: LEASING ACTIVITY REBOUNDS AMID FLIGHT TO QUALITY

After a dip in Q4 2025, downtown new leasing activity (gross absorption) rebounded in Q1 2026, reaching 502k sf - slightly below the six-year average but broadly in line with normalized post-pandemic levels. This represents a 30% QOQ increase, though activity remains down 40% year-over-year (YOY).

Notably, record-high tenant improvement (TI) allowances are being offered on select Class AAA long-term sublease opportunities, with TI's reaching up to $300 psf (e.g., B6 - 90k sf). The 'flight to quality' trend this quarter was further underscored by several tenants leasing space in Class AAA buildings.

Tenant demand remains stable, driven primarily by internal company growth rather than new market entrants, reflecting prevailing market conditions and the broader cross-border business climate. Tech demand, once robust, has declined by approximately 40% since the peak years of 2020-2021.

PRICING: ASKING RENTS RISE AS LOWER-TIER SPACE LEASES

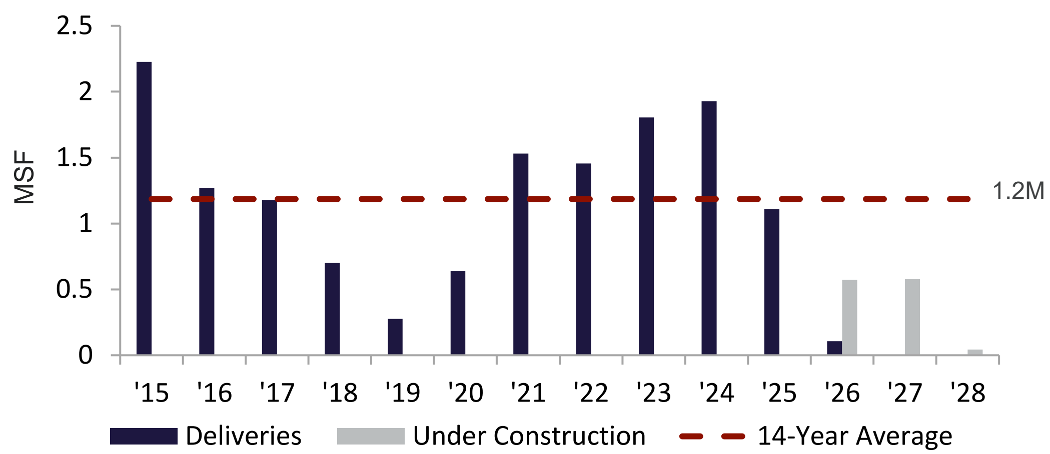
In the Downtown Core, asking rents increased to $60.32 psf from $59.78 psf in Q4 2025. This decrease does not reflect a broader trend but rather the result of a few large bocks of Class B and C space, totaling almost 90k sf, being leased and removed from the market, leaving a greater share of higher-quality vacant availabilities that command higher asking rents. With Amazon vacating almost 160k sf next quarter, overall asking rents are expected to rise further, while bringing more high-quality space to the market.

OUTLOOK: DOWNTOWN CORE

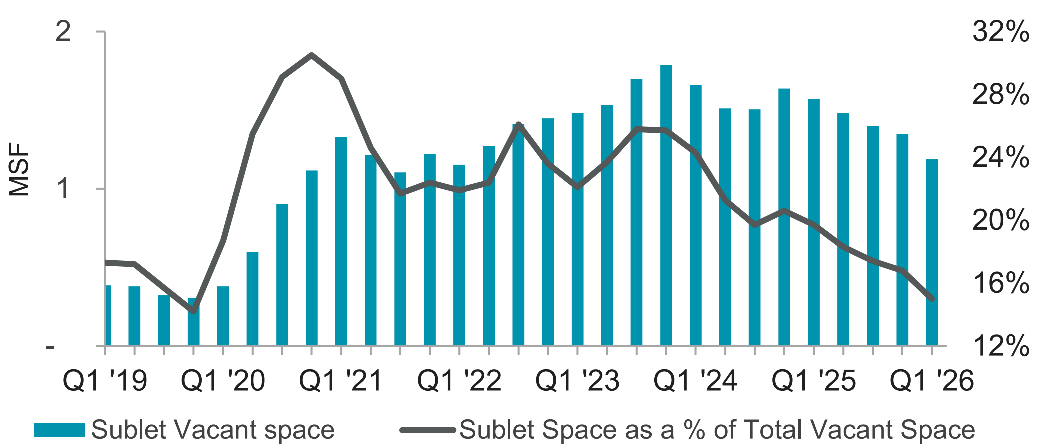
- No new major office towers are currently under construction in the Downtown Core, and it is expected that there will be no announcements of new office construction through 2026.
- With multiple tenant reshufflings underway this year, including some tenants vacating space, such as Amazon, and others relocating and expanding into new premises, like Lululemon or Connor Clark, vacancy is expected to fluctuate throughout the year without sharp declines or spikes.
- Historically high incentive packages are expected to persist as landlords prioritize longer term lease commitments (10+ years) to protect base rents amid soft demand that is expected to continue through Q4 2026.

**Gross absorption: leasing activity measured without regard to occupancy. This includes preleasing in buildings that are under construction or planned and excludes renewals.*

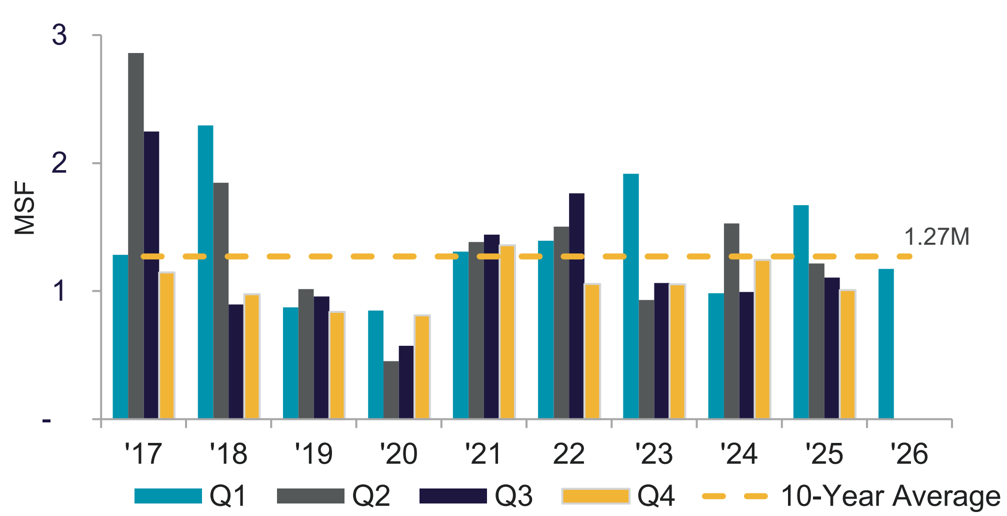
METRO VANCOUVER NEW SUPPLY



METRO VANCOUVER SUBLET SPACE



METRO VANCOUVER NEW LEASING ACTIVITY*



DEVELOPMENT PIPELINE CONTRACTS AS VACANCY REMAINS ELEVATED

There are currently 17 office projects under construction in Metro Vancouver totaling 1.2 million square feet (msf), with nearly 55% of that space already pre-leased or pre-sold. The majority of this upcoming inventory is concentrated in the Broadway Corridor (560k sf, with Oakridge Park accounting for 92% of it), Burnaby (204k sf, with SOLO Phase 4 accounting for 82% of it), False Creek (175k sf, attributed largely to the nearly complete Hive) and New Westminster (123k sf).

Construction activity has fallen well below the 14-year average and is near cyclical lows. Despite this, two office projects recently broke ground - one in Richmond at ViewStar (although with a decreased office portion, now at 43k sf as the remaining space was converted to hotel) and Pine & Glen in Coquitlam (36k sf). However, softer tenant demand and an elevated 11.2% vacancy rate is resulting in space to sit on the market longer than expected. While upcoming new supply for 2026 totals only 572k sf, existing vacancy limits the near-term impact of this constrained development pipeline.

Reflecting ongoing softness in the office market, several proposed office projects across Metro Vancouver are being repositioned toward alternative uses to generate near-term revenue. As a result, the development pipeline has contracted further with approximately 8.8 msf remaining in the proposed stages. Many of these projects are currently on hold with anticipated delivery timelines pushed beyond 2030. Developers are deferring construction until stronger leasing momentum and meaningful pre-commitments materialize.

SUBLEASE VACANCY CONTINUED TO DECLINE

Metro Vancouver sublease vacancy declined for the 10th consecutive quarter with sublet space now accounting for 15.0% of total vacant space, representing a 10.7% QOQ decrease (24.0% decrease YOY). This remains well below the market highs recorded in 2022-2023 (22%-26%), signaling a healthier market as vacancy continues to shift back toward direct space and reflects greater stability among major tenants.

Sublease activity remained relatively limited this quarter with just 75k sf of new vacant space added. While more sublease space may emerge next quarter, well-located, improved options continue to be absorbed quickly.

LEASING ACTIVITY: SOFTENED BUT NOT STALLED

New leasing activity* remained solid at 1.17 msf, representing a 16.5% QOQ increase but declined by 30% compared to Q1 2025 which marked the strongest quarter of 2025. Activity was highlighted by a 176k-sf lease at Broadway Tech, with the tenant remaining confidential. Among suburban markets, leasing momentum was strongest in Burnaby totaling 304k sf, followed by Richmond at 79k sf. Leasing activity in the Downtown Core, the largest in terms of volume, recorded 502k sf.

OUTLOOK: METRO VANCOUVER

- Minimal private sector employment growth and ongoing geopolitical uncertainty continue to weigh on office utilization as businesses face limited clarity around long-term staffing and space requirements, delaying longer-term decisions on their office footprint. At the same time, a growing number of companies, including major financial institutions and government bodies, are increasing in-office requirements to four days per week, reducing the likelihood of additional space being returned to the market.
- With the federal government recently encouraging public servants to spend three to four days a week in the office, hybrid work remains in place but there may be a gradual shift toward increased in-office presence while still retaining some remote flexibility, potentially resulting in less sublease space coming to the market going forward.

**Gross absorption: leasing activity measured without regard to occupancy. This includes preleasing in buildings that are under construction or planned and excludes renewals.*

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Downtown Core	26,894,862	526,910	3,214,375	13.9%	110,700	110,700	501,709	0	$60.32	$68.42
Yaletown	2,309,836	54,638	316,877	16.1%	-15,607	-15,607	17,244	29,600	$52.09	$60.48
Gastown/Railtown	1,959,243	32,327	344,180	19.2%	-20,503	-20,503	18,026	0	$44.45	$55.79
Downtown Vancouver	31,163,941	613,875	3,875,432	14.4%	74,590	74,590	536,979	29,600	$58.04	$67.61
Broadway Corridor	6,161,086	13,988	625,181	10.4%	22,801	22,801	74,067	559,620	$51.77	$62.49
Mt. Pleasant	2,325,651	49,278	224,775	11.8%	37,586	37,586	58,294	0	$54.27	$64.78
False Creek Flats	1,262,311	48,926	75,773	9.9%	-8,658	-8,658	22,110	175,750	$52.96	$55.90
Broadway Corr./Vancouver Periphery	9,749,048	112,192	925,729	10.6%	51,729	51,729	154,471	735,370	$52.45	$61.16
Burnaby	12,316,352	416,524	890,025	10.6%	182,019	182,019	303,563	344,301	$50.35	$54.58
Richmond	5,215,697	0	494,068	9.5%	-18,744	-18,744	78,560	43,000	$35.54	$36.77
North Shore	2,201,412	5,999	46,331	2.4%	4,806	4,806	16,649	0	$47.57	$54.34
New Westminster	1,599,552	6,253	90,388	6.0%	-6,760	-6,760	8,581	123,251	$46.99	$47.93
Langley	1,672,811	0	23,658	1.4%	14,477	14,477	1,020	0	$46.14	$51.12
Surrey	4,161,517	32,543	282,267	7.6%	-24,265	-24,265	60,185	0	$49.32	$56.15
South Surrey	1,475,298	0	56,858	3.9%	-18,558	-18,558	5,695	0	$40.30	$40.30
Surrey/ South Surrey	5,636,815	32,543	339,125	6.6%	-42,823	-42,823	65,880	0	$47.79	$52.12
Tri Cities	997,210	0	53,746	5.4%	3,784	3,784	8,398	58,054	$51.81	$52.49
METRO VANCOUVER TOTALS	**70,552,838**	**1,187,386**	**6,738,502**	**11.2%**	**263,078**	**263,078**	**1,174,101**	**1,333,576**	**$53.68**	**$59.60**

**Rental rates reflect full service asking*
Renewals not included in leasing statistics

KEY LEASE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
2910 Virtual Way, Broadway Tech	Burnaby	Confidential	175,546	Headlease
1055 West Hastings Street	Downtown Core	Ledcor Industries Inc.	61,838	Renewal
626 West Pender Street	Downtown Core	CCTB	53,817	Sublease
1040 West Georgia Street	Downtown Core	National Bank of Canada	51,937	Renewal & Exp.
1125 Howe Street	Downtown Core	City of Vancouver	51,600	Headlease
400 West Georgia Street, Deloitte Summit	Downtown Core	Acsenda School of Management	49,105	Headlease
2889 East 12th Avenue, Renfrew Centre	Burnaby	British Columbia Safety Authority	40,572	Renewal
545 Robson Street/ Telus Garden Podium	Downtown Core	Brex	33,125	Headlease
1021 West Hastings Street	Downtown Core	LayerZero	32,331	Headlease
13733 Fraser Highway	Surrey	Ecomm 911	28,497	Headlease
4676 Brentwood Blvd, Amazing Brentwood	Burnaby	Matcon Knappett Management Ltd.	16,836	Headlease
733 Seymour Street, VCII	Downtown Core	McEwan Partners	15,353	Headlease
7565 132nd Street	Surrey	Matthew Edward Vickers	12,359	Headlease

KEY SALES TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	SELLER/ BUYER	SF	PRICE / $ PSF
1066 West Hastings Street	Downtown Core	Oxford Properties Group/ BGO	351,365	$246M / $700.13
8477 Bridgeport Road	Richmond	International Trade Center Properties/ TBC	98,000	$17.9M / $182.98

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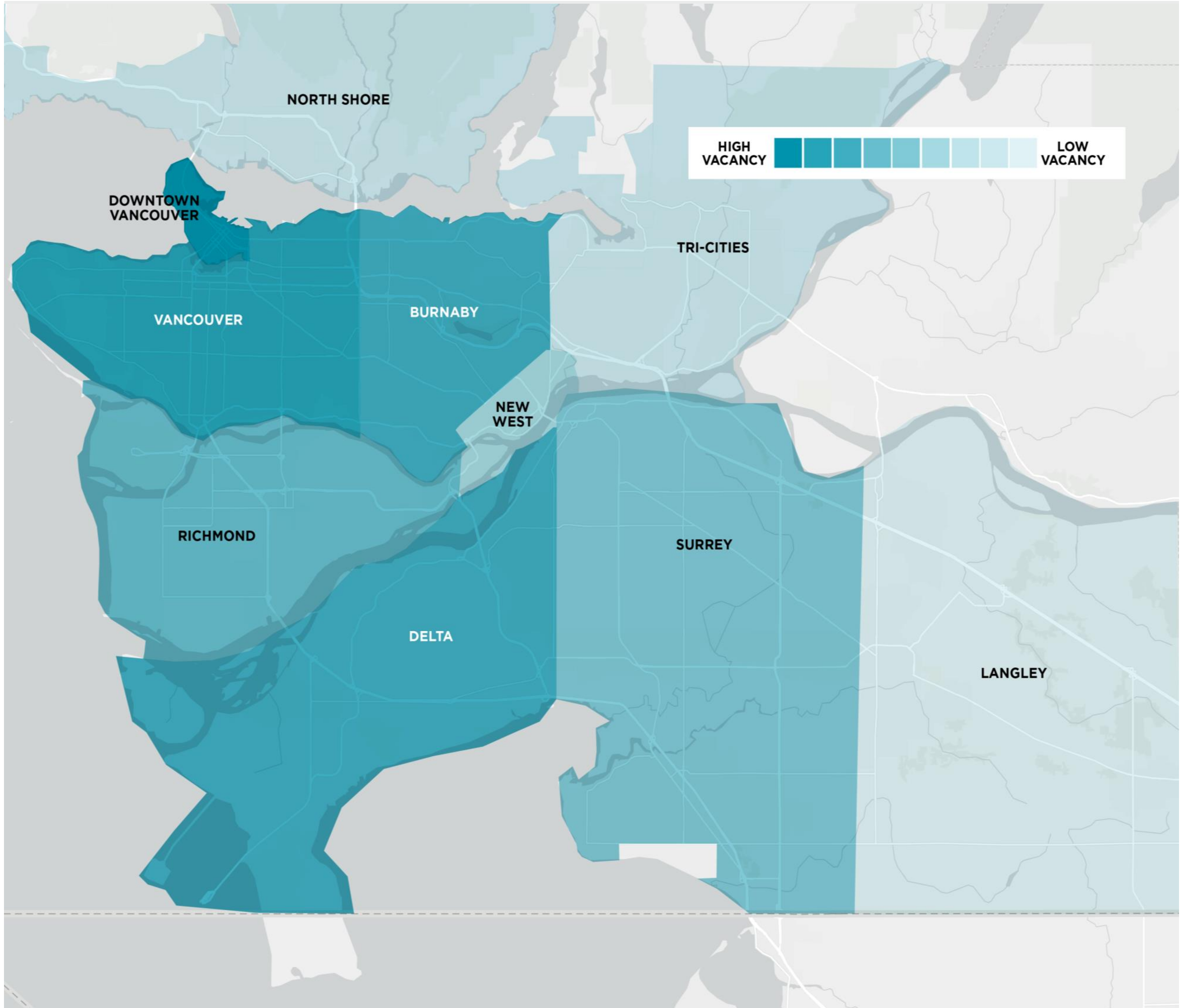
OFFICE SUBMARKETS



Colour gradient represents vacancy rate.

SUBMARKET	INVENTORY	VACANCY	ASKING RENT	SUBLET
North Shore	2.2 MSF	2.4% ▼	$47.57 ▼	11.5% ▲
Downtown Vancouver	31.1 MSF	14.4% ▼	$58.04 ▲	13.7% ▼
Vancouver Periphery	9.7 MSF	10.6% ▲	$52.45 ▲	10.8% ▼
Burnaby	12.3 MSF	10.6% ▼	$50.35 ▼	31.9% ▼
New Westminster	1.6 MSF	6.0% ▲	$46.99 ▼	6.5% ▼
Tri-Cities	997 KSF	5.4% ▼	$51.81 ▼	0% ▬
Richmond	5.2 MSF	9.5% ▲	$35.54 ▼	0% ▼
Surrey / South Surrey	5.6 MSF	6.6% ▲	$47.79 ▼	8.8% ▼
Langley	1.7 MSF	1.4% ▼	$46.14 ▲	0% ▬

LEGEND

Q1 2026 Overall Vacancy Rate*
Q1 2026 Weighted Average Gross Asking Rent**
Q1 2026 Sublet Space as a % Total Vacant Space
Arrows represent YOY change

*Direct and sublease; includes leased but not yet occupied space
**Asking rental rates do not take into account tenant inducements; based on all available direct and vacant space