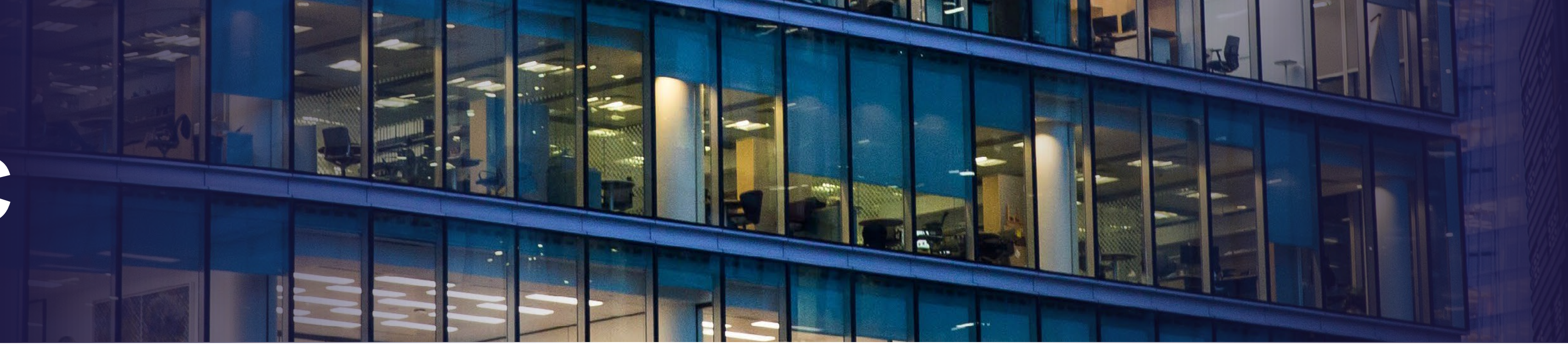
MARKETBEAT
VANCOUVER, BC
OFFICE Q2 2026



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
11.6% Vacancy Rate	▲	▼
36K YTD Net Absorption, SF	▼	▲
$52.51 Asking Rent, PSF	▼	▬

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.69M Vancouver Employment	▼	▬
6.7% Vancouver Unemployment Rate	▲	▬
6.6% Canada Unemployment Rate	▼	▼

Source: Statistics Canada

ECONOMY: STEADY, ALBEIT SLOWER, GROWTH OUTLOOK

The soft start to 2026 is expected to persist throughout the remainder of the year. While BC's budget for 2026 forecasts real GDP growth of 1.3%, more recent projections from TD and RBC anticipate slower growth of between 0.5% and 0.6%. Labour market dynamics present a more constructive outlook for the office sector. Following the cyclical downturn through late 2025 and early 2026, office using employment is expected to rebound, with Vancouver outperforming both provincial and national trends and is expected to normalize over the long term at around 1.6% annually.

Source: C&W Research Moody's Analytics, TD Economics and RBC Economics

SUPPLY AND DEMAND: STABLE FUNDAMENTALS AMID VACANCY GROWTH

Following a slight dip in vacancy in Q1 2026, the overall vacancy rate increased to 11.6% this quarter, up 40 basis points (bps) quarter-over-quarter (QOQ), returning to 2025 levels. Market conditions remained relatively stable, although performance continued to vary across submarkets. New supply was minimal, with the 29,600-square feet (sf) completion of 837 Beatty Street marking the lowest quarterly delivery since mid-2023. This quarter's increase in vacancy was largely driven by TELUS vacating 236,600 sf at 3777 Kingsway. Combined with floors vacated in prior quarters, the building now has a total of 290,600 sf of vacant space. The space vacated this quarter pushed Burnaby's vacancy rate to 12.8% from 10.6%, offsetting otherwise stable market conditions. Excluding this large block, overall vacancy would have remained broadly unchanged.

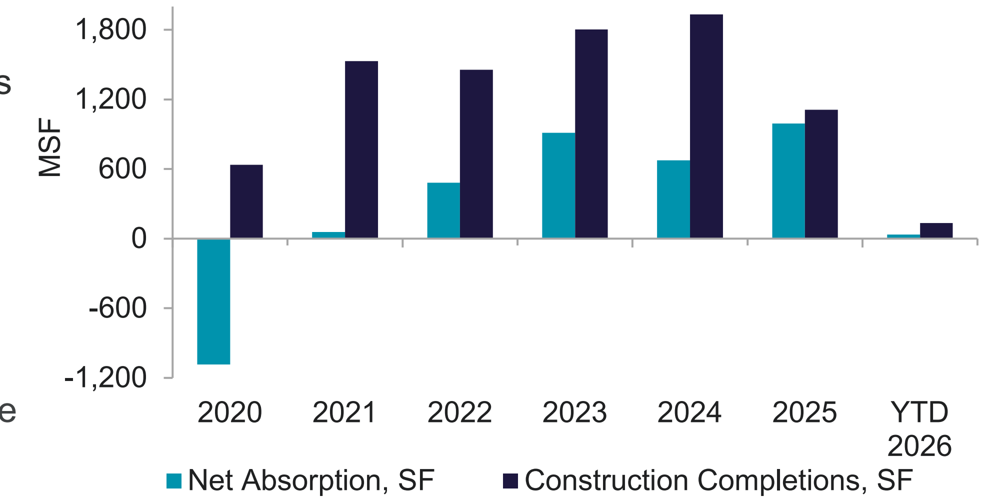
Sublease activity remained limited this quarter with just 55,000 sf of new vacant space added. Sublease vacancy declined for the 11th consecutive quarter and now accounts for 13.9% of total vacant space, down 24% year-over-year (YOY) and well below the 2022-2023 levels. Greater tenant stability has reduced sublease activity which is no longer a meaningful contributor to overall vacancy.

Overall absorption turned negative for the first time since Q4 2024, registering negative 126,257 sf, primarily reflecting the TELUS move-out in Burnaby and several smaller tenant departures during the quarter.

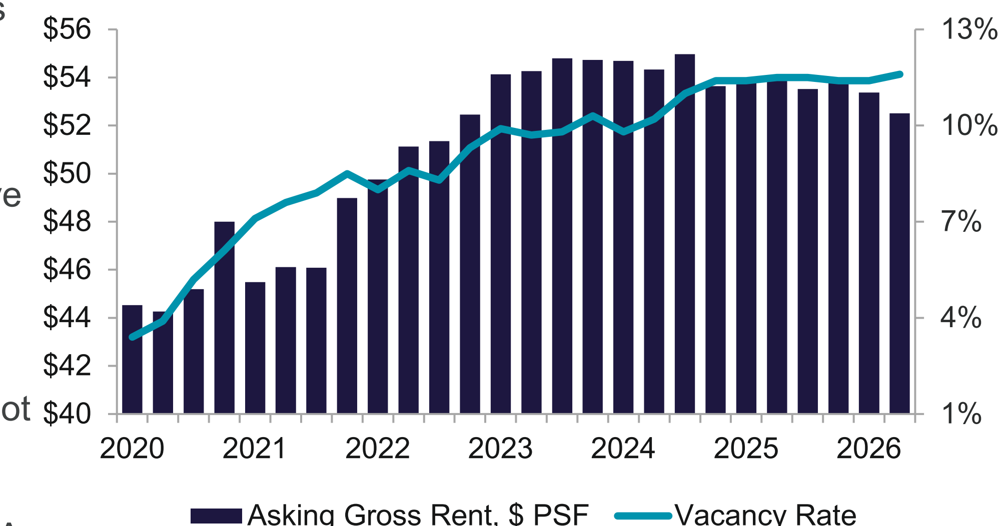
PRICING: CHANGING INVENTORY MIX IMPACTS PRICING

Overall asking gross rents declined moderately by 2.2% QOQ to $52.51 per square foot (psf). The decrease was driven primarily by the addition of TELUS' 236,600-sf vacant Class B block in Burnaby which increased the share of lower-priced vacant inventory. Additional downward pressure resulted from the leasing of nearly 240,000 sf of Class A and AAA space in the Downtown market, reducing the proportion of premium available inventory and weighing on the average asking rate.

METRO VANCOUVER SPACE DEMAND / DELIVERIES

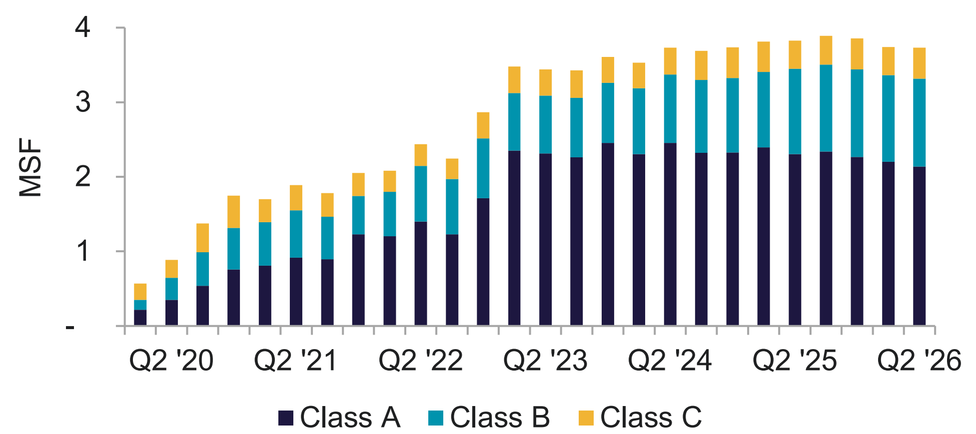


METRO VANCOUVER OVERALL VACANCY & ASKING RENT

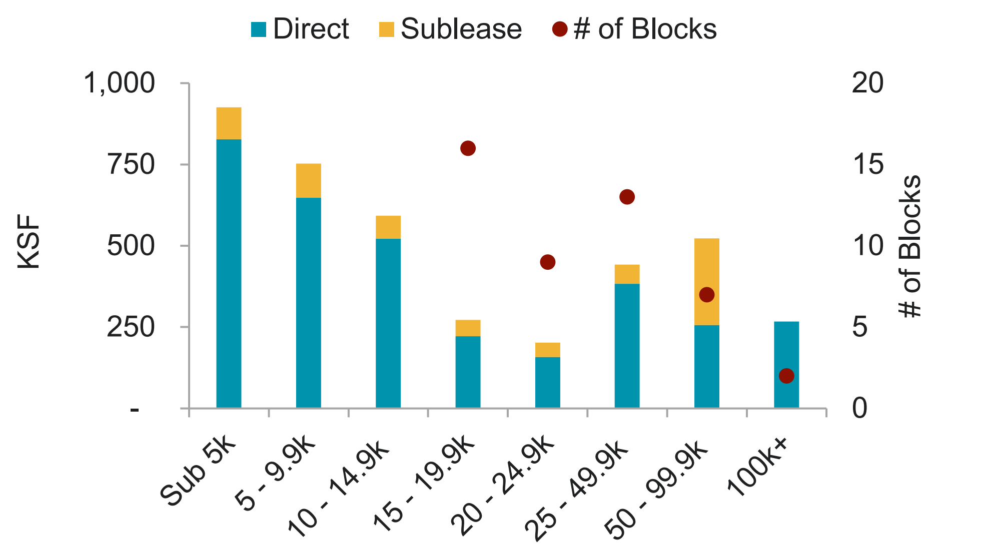


*Renewals not included in leasing statistics

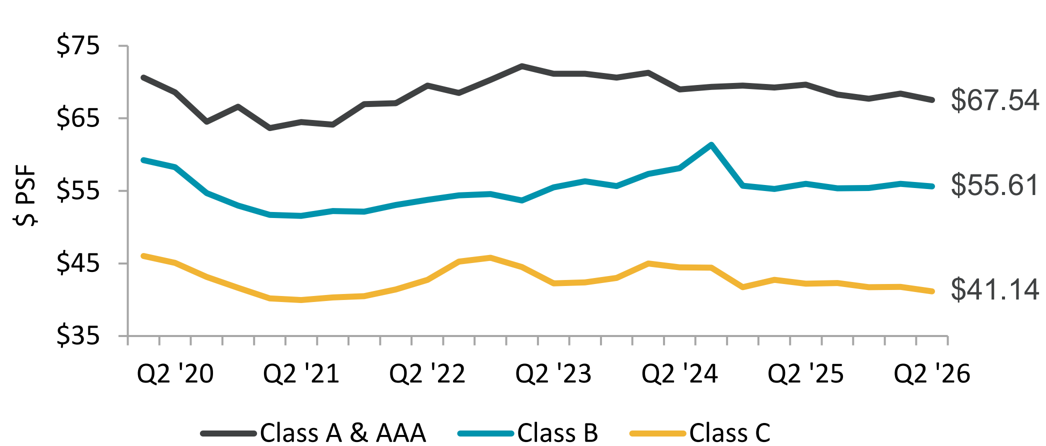
DOWNTOWN CORE VACANT SPACE BY CLASS



DOWNTOWN CORE AVAILABLE SPACE BY SIZE RANGE



DOWNTOWN CORE GROSS ASKING RENT COMPARISON



SUPPLY: VACANCY STABLE AS SUBLEASE SPACE DECLINES

Downtown Core overall vacancy (headlease and sublease) remained elevated at 13.9%, unchanged QOQ despite tenant shuffling including Cassels relocating from RBC building to Park Place and McEwan Partners taking occupancy at VCII from 980 Howe Street, among others. Vacancy remained concentrated in Class A and AAA primarily due to the carryover from the recent wave of new construction and tenant relocations, while Class B and C buildings continue to display relatively tight fundamentals. There is, however, nearly 440,000 sf of Class A and AAA vacancy leased but not yet occupied and is expected to be absorbed over the coming quarters.

Sublease space activity continued to decline, with sublease inventory accounting for 13.0% of total available and vacant space, down from the peak of 24.2% recorded in Q4 2023, reflecting a gradual market rebalancing.

SUPPLY: AVAILABILITY REMAINS FRAGMENTED WITH LIMITED LARGE BLOCKS

With an availability rate of 14.8%, the downtown office market offers space across a wide range of unit sizes, with smaller spaces under 15,000 sf accounting for the largest share at 57% of the nearly 4.0 million square feet (msf) available. Supply is relatively balanced across the remaining size categories, although larger blocks remain limited, with just nine exceeding 50,000 sf and only two above 100,000 sf. This distribution highlights that despite elevated availability, space remains fragmented rather than concentrated in a handful of large blocks, offering occupiers a broad range of options for smaller and mid-sized requirements.

With no office buildings currently under construction, the future supply of large contiguous Class A and AAA space is expected to remain constrained. Despite an elevated availability rate of 12.8% in this segment, only seven blocks exceed 50,000 sf, including three sublease opportunities and four that are currently vacant.

PRICING: DOWNTOWN CLASS A & AAA LEASING SHAPES PRICING

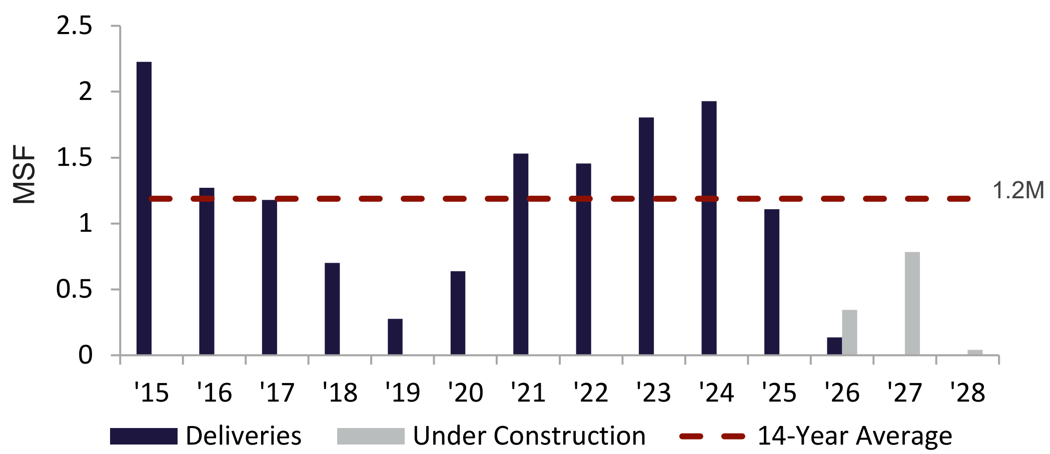
After spiking in Q1 2026, overall average gross asking rents declined modestly to $59.48 psf from $60.37 psf last quarter. The decrease was largely composition-driven rather than indicative of broader market repricing. Approximately 240,000 sf of Class A and AAA space was leased during the quarter, reducing the amount of high-quality available and vacant inventory and placing downward pressure on the average asking rent. At the same time, limited new premium space entered the market to offset these losses.

Despite the quarterly decline, the overall average asking rent of $59.48 psf remains relatively elevated, sitting just 6.4% below the market peak of $63.52 psf recorded in Q3 2024. Asking rents in Class B and C assets have remained comparatively stable, while recent leasing activity has led to a modest repricing in the premium segment as Class A and AAA new-build space is gradually absorbed.

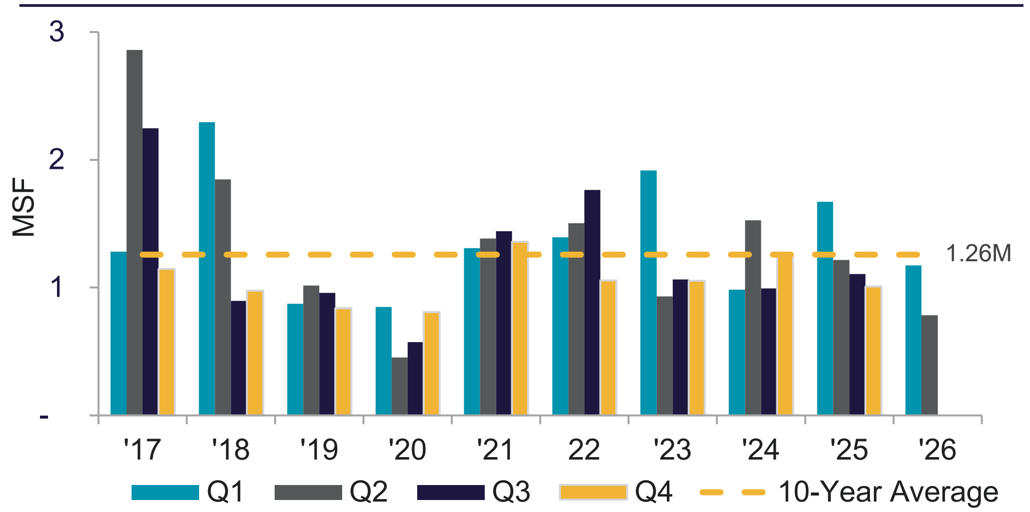
OUTLOOK: DOWNTOWN CORE

- With no major office tower completions on the horizon and recently delivered space continuing to be absorbed, downtown vacancy is expected to decline modestly. At the same time, ongoing tenant reshuffling is expected to keep availability elevated, with the current 14.8% availability rate providing sufficient flexibility to accommodate tenant movements and support a broad range of leasing options over the next two years.
- Amazon's planned departure from approximately 156,000 sf at Telus Garden in Q3 2026 could shift the composition of available and vacant space once again. If the space remains unleased, the addition of this high-quality inventory may place upward pressure on the overall average asking rent.
- Historically high incentive packages are expected to continue through Q4 2026 as landlords pursue longer-term lease commitments (10+ years) while preserving face rents amid soft market conditions.

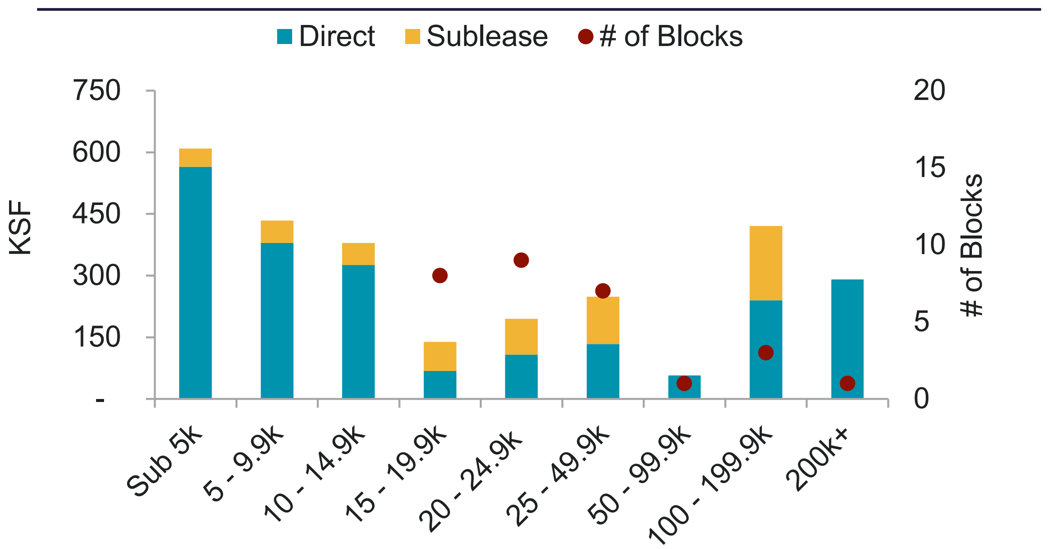
METRO VANCOUVER NEW SUPPLY



METRO VANCOUVER NEW LEASING ACTIVITY*



SUBURBAN AVAILABLE SPACE BY SIZE RANGE



DEVELOPMENT PIPELINE CONTINUES TO CONTRACT

At 1.17 msf currently under construction (54.4% is already pre-leased or pre-sold), the development pipeline has fallen to its lowest quarterly level since 2011, returning to levels seen prior to the development boom during 2018-2024. Most of the remaining pipeline is concentrated in the Broadway Corridor, False Creek, Burnaby and New Westminster. With approximately 345,000 sf of new supply scheduled for delivery in 2026, total annual completions are projected to reach just 480,000 sf, below the level recorded in 2020 and the lowest annual total in the current cycle.

With office demand remaining soft, several projects remain on hold with anticipated deliveries pushed beyond 2030. Many proposed projects are being considered for alternative uses, reducing the proposed development pipeline to approximately 8.8 msf.

LEASING ACTIVITY*: SOFTENED BUT TENANT DEMAND PERSISTS

New leasing activity declined to 784,355 sf in Q2 2026, down 33% QOQ, marking the lowest quarterly total not seen since 2020. Despite the slowdown, limited new supply and relatively stable vacancy suggest the decline reflects slower and more selective occupier decision-making rather than a broad deterioration in market fundamentals. Many transactions continue to take longer to negotiate and finalize, often requiring months rather than weeks to complete compared with the pre-pandemic period.

One of the notable renewals** this quarter was the CRA's 65,000-sf renewal in Surrey. Together with the City of Vancouver's recent expansions in the Downtown Core and, more recently, Mount Pleasant, government occupiers are among the few tenant groups actively expanding, likely supported by return-to-office mandates.

SUPPLY: SUBURBAN AVAILABILITY REMAINS WELL DISTRIBUTED

The suburban office market offers approximately 2.8 msf of available inventory (excluding under construction) with smaller spaces under 15,000 sf accounting for 51.3%. Supply is broadly distributed across the remaining size categories, although larger blocks remain limited with only five opportunities exceeding 50,000 sf (all in Burnaby). This distribution highlights that despite an elevated availability rate of 9.5%, suburban availability remains fragmented across a range of unit sizes, providing occupiers with flexibility for smaller and mid-sized requirements, with larger contiguous options remain more limited.

While overall leasing activity has softened, tenant activity remains concentrated in select suburban markets. Burnaby, for example, despite a high availability rate of 13.3%, has seen an uptick in tenant interest in large available blocks, indicating continued occupier interest in well-located, transit oriented, large-format space despite the broader slowdown in leasing activity.

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

OUTLOOK: METRO VANCOUVER

- The heavily constrained development pipeline is not expected to have a meaningful impact on vacancy in the near term, unlike in previous years. With vacancy at 11.6%, market conditions remain firmly in the tenants' favour, supported by ample leasing options across most submarkets.
- With a declining development pipeline and existing inventory continuing to be absorbed, tenants seeking large blocks of space more than 45k sf will face increasingly limited options, particularly in Class A and AAA buildings.
- Leasing activity is expected to recover gradually as transactions under negotiation are finalized, particularly in suburban markets where demand remains active.
- Looking ahead, tenant demand is expected to be led by the financial services, energy and technology sectors. At the same time, some occupiers are evaluating workforce reductions and space optimization strategies as AI adoption begins to reshape business operations.

***Renewals not included in leasing statistics*

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)	AVAILABILITY RATE	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Downtown Core	26,799,996	485,642	3,245,226	13.9%	61,818	107,084	835,172	0	14.8%	$59.48	$67.54
Yaletown	2,339,436	38,480	340,786	10.1%	27,589	6,242	17,244	0	19.2%	$52.72	$60.55
Gastown/Railtown	1,959,243	24,635	341,987	18.7%	15,766	-10,618	49,471	0	18.8%	$43.07	$55.79
Downtown Vancouver	31,098,675	548,757	3,927,999	14.4%	105,173	102,708	931,877	0	15.4%	$57.35	$66.68
Broadway Corridor	6,162,620	12,049	659,875	10.9%	-6,237	13,608	75,177	552,413	12.6%	$49.67	$63.54
Mt. Pleasant	2,326,838	41,763	212,948	10.9%	19,342	56,928	232,755	0	8.4%	$54.85	$63.93
False Creek Flats	1,262,311	48,926	74,522	9.8%	1,251	-7,407	53,524	185,565	12.9%	$53.65	$56.99
Broadway Corr./Van. Periphery	9,751,769	102,738	947,345	10.8%	14,356	63,129	361,456	737,978	11.7%	$50.68	$62.07
CENTRAL AREA TOTALS	40,850,444	651,495	4,875,344	13.5%	119,529	165,837	1,293,333	737,978	14.5%	$56.10	$66.06
Burnaby	12,325,274	437,802	1,137,383	12.8%	-270,442	-89,925	360,831	209,796	13.3%	$47.42	$54.27
Richmond	5,215,697	3,427	435,842	8.4%	55,023	37,043	157,386	42,000	8.7%	$35.19	$36.94
North Shore	2,201,412	7,040	53,230	2.7%	-5,691	1,248	23,518	0	3.3%	$46.81	$52.08
New Westminster	1,599,552	6,253	138,569	9.1%	-30,069	-54,941	25,999	123,251	8.7%	$45.28	$45.94
Langley	1,672,811	0	26,823	1.6%	-211	14,266	5,781	0	3.0%	$45.35	$52.89
Surrey	4,161,517	27,331	281,497	7.4%	5,703	-19,721	84,171	0	8.1%	$49.08	$56.46
South Surrey	1,475,298	0	47,063	3.2%	10,662	-8,763	15,538	0	3.9%	$40.21	$40.21
Surrey/ South Surrey	5,636,815	27,331	328,560	6.3%	-16,365	-28,484	99,709	0	7.0%	$47.74	$52.63
Tri Cities	997,210	3,191	62,894	6.6%	-10,761	-8555	15,552	58,054	6.5%	$51.07	$52.77
SUBURBAN AREA TOTALS	29,648,771	485,044	2,183,301	9.0%	-245,786	-129,348	688,776	433,101	9.5%	$44.83	$49.53
METRO VANCOUVER TOTALS	**70,499,215**	**1,136,539**	**7,058,645**	**11.6%**	**-126,257**	**36,489**	**1,982,109**	**1,171,079**	**12.4%**	**$52.51**	**$59.44**

Renewals not included in leasing statistics

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
380 West 5th Avenue	Mt. Pleasant	City of Vancouver	76,876	Headlease
13450 102nd Avenue	Surrey	CRA	65,000	Renewal
1133 Melville Street, The Stack	Downtown Core	Fluor Canada Ltd	22,326	Headlease
1050 West Pender Street	Downtown Core	BBA Consultants	22,000	Renewal
565 Great Northern Way	False Creek Flats	Arc'teryx Canada	20,891	Sublease
550 Burrard Street, Bentall V	Downtown Core	Intracorp Projects Ltd	17,371	Renewal
888 Dunsmuir Street	Downtown Core	Innergex Renewable Energy Inc	16,363	Renewal
1045 Howe Street	Downtown Core	Raymond James	14,005	Headlease
333 Seymour Street	Downtown Core	ThinkingBox	12,328	Headlease

KEY SALES TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	SELLER/ BUYER	SF	PRICE / $ PSF
1185 West Georgia	Downtown Core	Allied / Holborn Group	166,982	$74.0M / $443
17650 66A Avenue	Surrey	Mitchell Group / Industra Group of Companies	23,460	$11.8M / $503

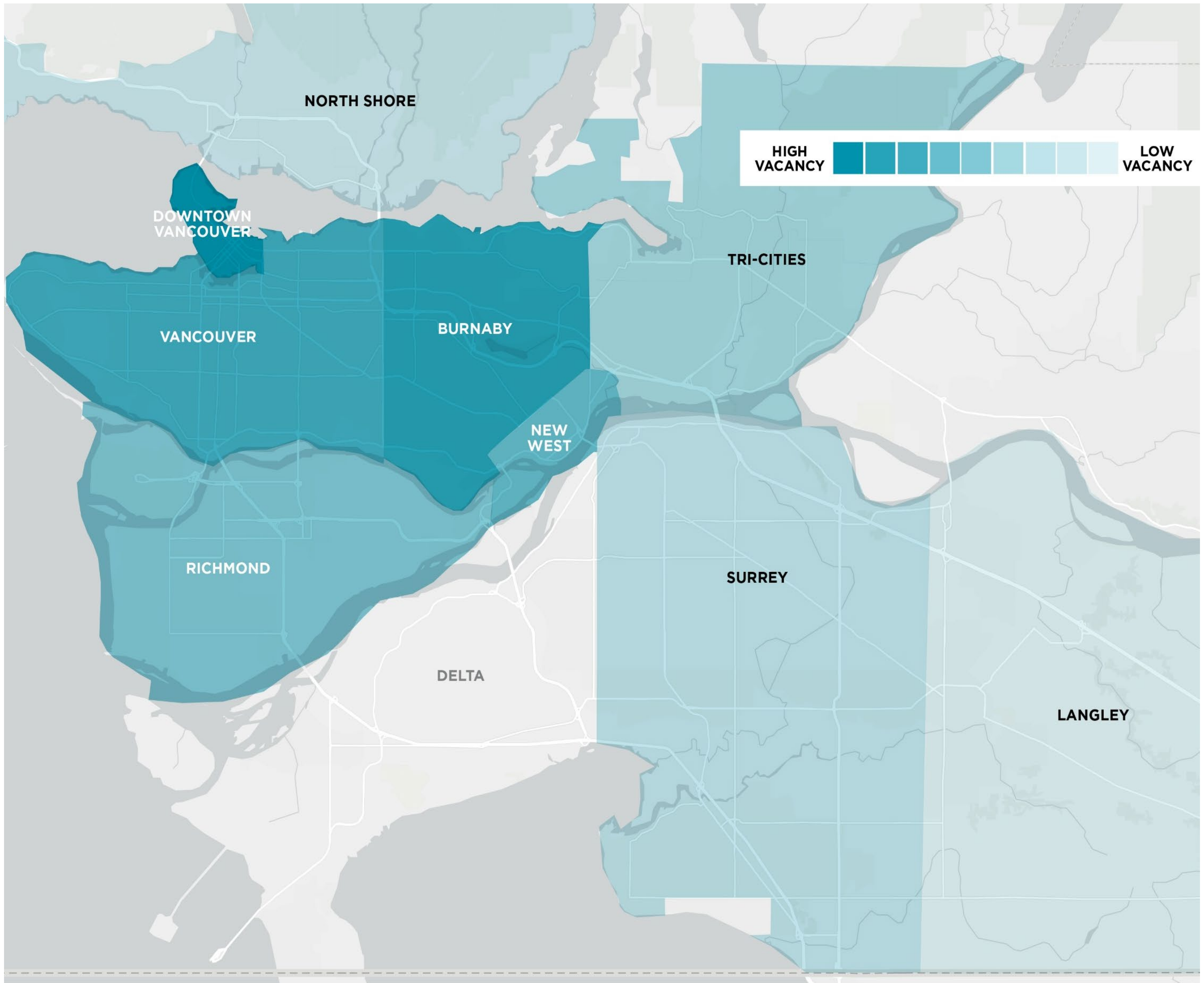
SVETLANA LEBEDEVA
Research Manager
Tel: +1 604 608 5963
svetlana.lebedeva@cushwake.com

KIEFER MCDOWELL
Research Analyst
Tel: +1 604 640 5866
kiefer.mcdowell@cushwake.com

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for occupiers and investors with approximately 53,000 employees in over 350 offices and nearly 60 countries. In 2025, the firm reported revenue of $10.3 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.

OFFICE SUBMARKETS



SUBMARKET	INVENTORY	VACANCY	ASKING RENT	SUBLET
North Shore	2.2 MSF	2.7% ▲	$46.81 ▼	11.7% ▲
Downtown Vancouver	31.1 MSF	14.4% ▬	$57.35 ▼	13.7% ▼
Vancouver Periphery	9.7 MSF	10.8% ▲	$50.68 ▼	9.8% ▼
Burnaby	12.3 MSF	12.8% ▲	$47.42 ▼	27.8% ▼
New Westminster	1.6 MSF	9.1% ▲	$45.28 ▼	4.3% ▼
Tri-Cities	997 KSF	6.6% ▲	$51.07 ▼	4.8% ▲
Richmond	5.2 MSF	8.4% ▼	$35.19 ▼	0.8% ▲
Surrey / South Surrey	5.6 MSF	6.3% ▼	$47.74 ▼	7.7% ▼
Langley	1.7 MSF	1.6% ▲	$45.35 ▼	0% ▬

LEGEND

Q2 2026 Overall Vacancy Rate*
Q2 2026 Weighted Average Gross Asking Rent**
Q2 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

Colour gradient represents vacancy rate.