







MARKET FUNDAMENTALS

	YOY Chg	Outlook
11.5% Vacancy Rate		
544K YTD Net Absorption, SF		
\$53.52 Asking Rent, PSF <small>(Overall, All Property Classes)</small>		

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.7M Vancouver Employment		
6.1% Vancouver Unemployment Rate		
7.1% Canada Unemployment Rate		

Source: Statistics Canada

ECONOMY: TARIFFS WEIGH ON BRITISH COLUMBIA

British Columbia’s 2025 growth forecast has been revised down to 1% (from 1.2%) following steep new U.S. tariffs on softwood lumber which now total 35% and threaten to rise further. The province was already facing slower growth as major capital projects wound down and reduced U.S. demand alongside moderating housing starts will weigh on the outlook into 2026. *Source: RBC Economics*

SUPPLY AND DEMAND: COOLING PACE, HEALTHIER BALANCE

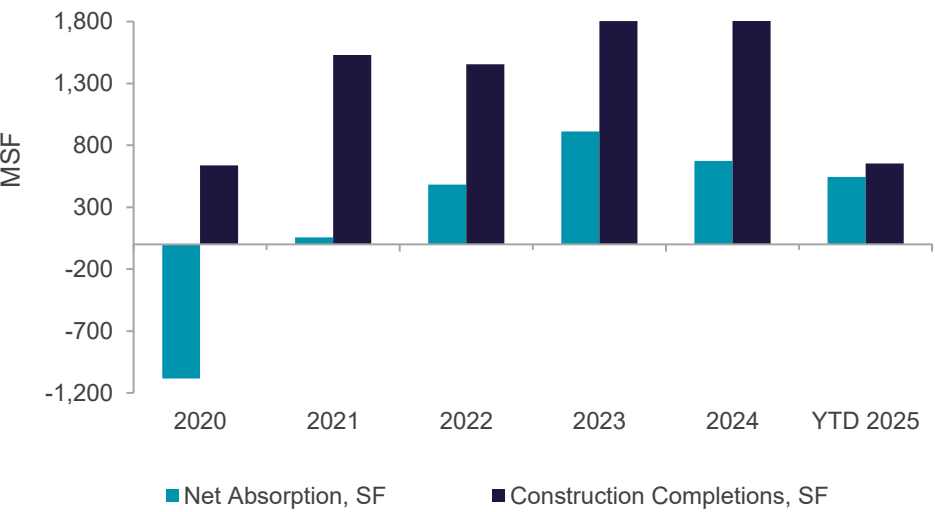
Overall Metro Vancouver vacancy held steady quarter-over-quarter (QOQ) at 11.5%, indicating market stability. With no major move-ins or move-outs, absorption was a modest 18k square feet (sf). The quarter was headlined by Lululemon’s 290k-sf lease at 725 Granville Street, accounting for 44% of total leasing activity in downtown and is the largest downtown lease in recent years which has not yet affected vacancy or absorption. Lululemon will leave some space behind as it relocates to 725 Granville, while Microsoft (the current tenant) will vacate 725 Granville to occupy B6. Without this large lease occurring this quarter, leasing activity in the Downtown Core would have been approximately 370k sf.

Overall Metro Vancouver new leasing activity cooled from Q2’s pace but remained solid at 1.1 million square feet (msf), outpacing the same quarter last year - momentum is softer, not stalled. Overall absorption was positive for a third consecutive quarter but slowed sharply from the second quarter, registering just 18k sf. Notable move-ins included: Mckesson claimed back 50k sf at AEP in Richmond in addition to Fitness World taking 37k sf at the recently built Gilmore Place, Phase I. Aside from Teck Resources’ 65k-sf lease of project space at Bentall 3, there are still few, if any, new entrants to the market. This reflects prevailing market conditions and the broader cross-border business climate.

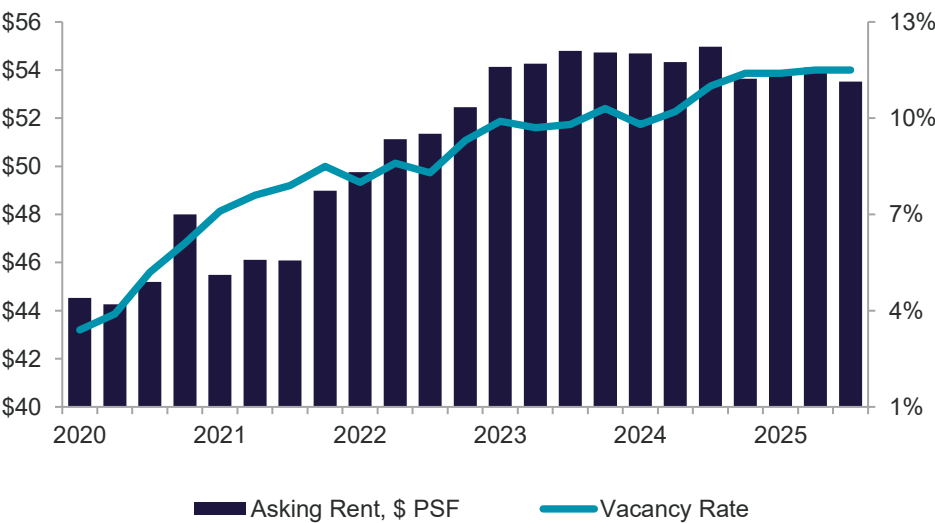
PRICING: SLIGHT ASKING RENT DIP AMID STEADY VACANCY

Average gross asking rents have remained relatively stable over the past 11 quarters with only minor fluctuations. This quarter, rates dropped to \$53.52 per square foot (psf), from \$54.26 psf in the second quarter. This represents a 1.4% decrease QOQ (2.6% decrease year-over-year (YOY)). With vacancy holding steady, the third quarter average rent has returned to levels seen in the fourth quarter of 2024 and the first quarter of 2025. Residual higher-quality space from the recent new construction wave has helped sustain overall averages.

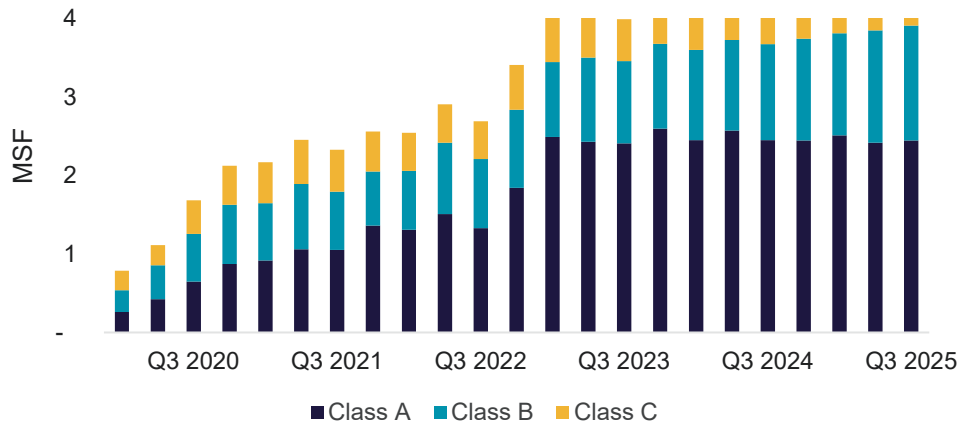
METRO VANCOUVER SPACE DEMAND / DELIVERIES



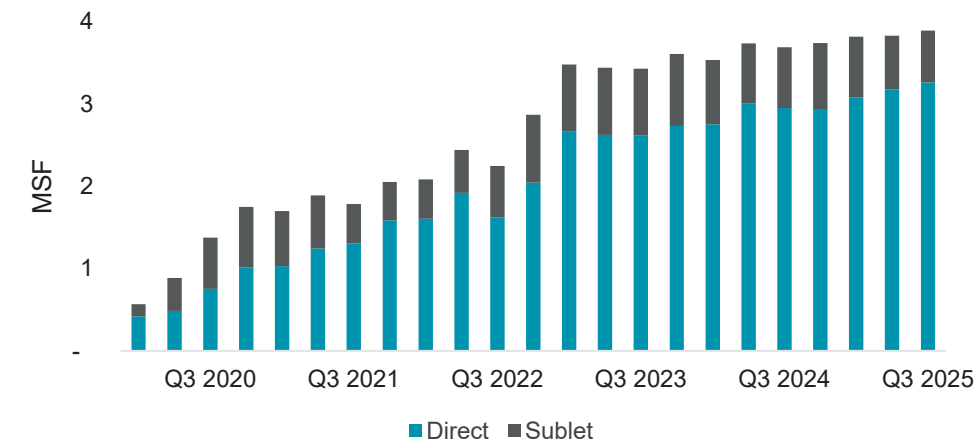
METRO VANCOUVER OVERALL VACANCY & ASKING RENT



DOWNTOWN CORE VACANT SPACE BY CLASS

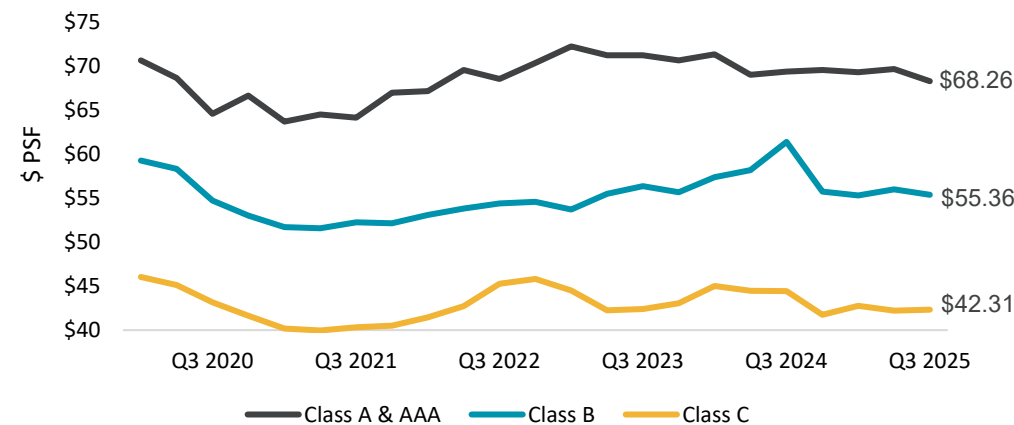


DOWNTOWN CORE DIRECT VS. SUBLEASE SPACE*



*Available & vacant

DOWNTOWN CORE GROSS ASKING RENT COMPARISON



SUPPLY: VACANCY REMAINS STABLE BUT ELEVATED

Downtown Core vacancy remained elevated this quarter, rising 30 basis points QOQ to 14.5%. The market is holding within a narrow range with a slight upward drift amid a lack of significant move-ins. Demand is steady and space is being absorbed gradually but not fast enough to significantly reduce vacancy, sustaining a tenant’s market. Pockets of space from the last wave of new construction completions persist, while a fifth straight quarter without a major tower delivery limits near-term supply pressure. Overall, the market appears to be plateauing and edging higher this quarter in the absence of larger move-ins. As in previous quarters, the majority of vacancies (about 57%) are concentrated in Class A and AAA buildings which together account for nearly 65% of the Downtown Core’s overall inventory. Class B accounts for about 35% of vacancies, while Class C represents the remaining at about 8%.

SUPPLY & DEMAND: SUBLEASE CONTRACTION CONTINUES

Downtown Core sublease space activity continued to decline, with sublease inventory of the total available and vacant space dropping further, down to 16.2% this quarter (4.7% decrease QOQ). This is the lowest level since the start of the pandemic. From a high of 24.2% in the fourth quarter of 2023, sublease activity has been on a steady downward path suggesting a gradual rebalancing in the market. Looking ahead, Amazon is expected to vacate 160k sf at TELUS Garden in mid-2026 as it takes occupancy at the Post thereby exerting upward pressure on vacancy. Offsetting this, tenants such as Roper Greyell and Connor, Clark & Lunn are set to move and expand next year. We anticipate this positive absorption should push vacancy lower. Additionally, Microsoft is expected to take full occupancy at B6, while Lululemon will partially relocate and expand into 725 Granville.

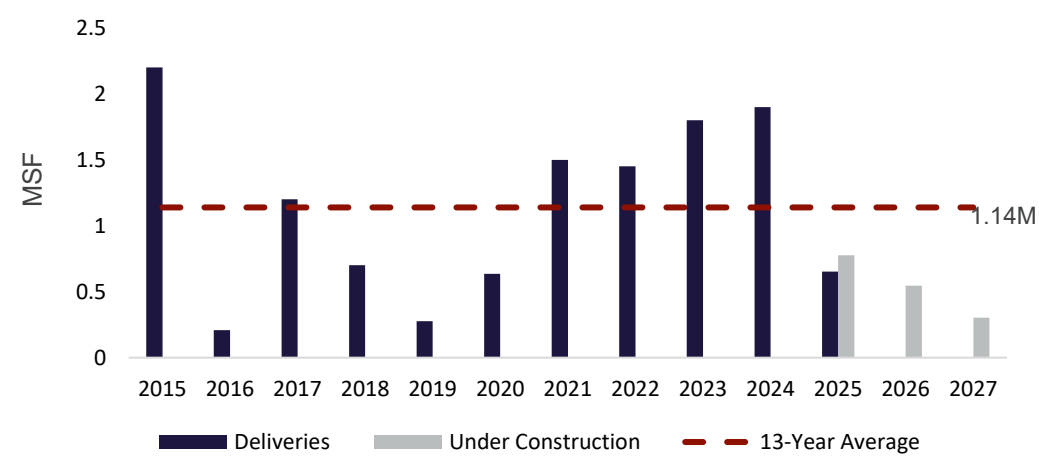
PRICING: ASKING RENTS DECLINE AS ELEVATED VACANCY PERSISTS

Average gross asking rents registered once again a moderate QOQ decline averaging \$60.05 psf this quarter, down from \$61.39 psf in the second quarter and reflecting a 5.5% decrease YOY. This reflects a gradual normalization from the peak levels seen in 2023 when rates were temporarily elevated by an influx of newly built, higher-quality space commanding premium rents. Class A & AAA asking rents were broadly stable over the year ending this quarter at \$68.26 psf (down by 1.5% YOY and down by 2.0% QOQ). Class B registered the largest reset, finishing at \$55.36 psf but has generally stabilized in the mid-\$55 range since early 2025. Class C asking rents showed modest recovery recording \$42.31 psf this quarter (down by 4.8% YOY), with a small 0.3% QOQ uptick after dipping in late 2024.

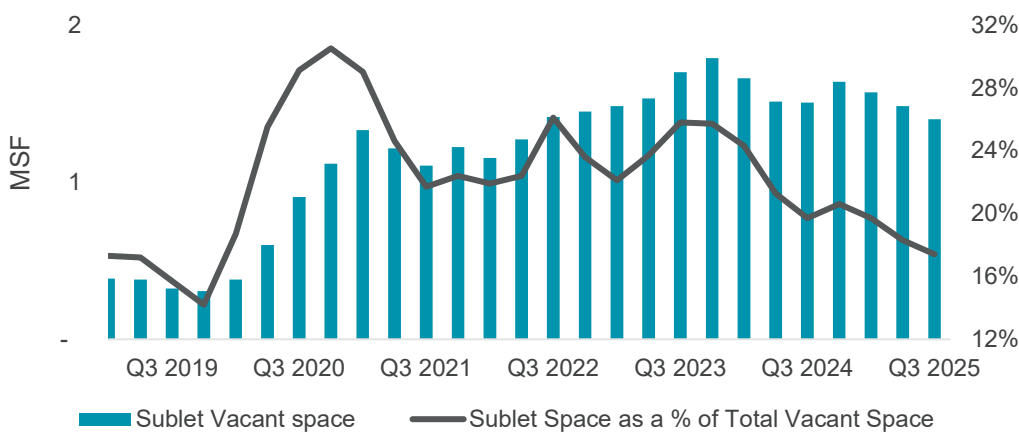
OUTLOOK: DOWNTOWN CORE

- The market is expected to continue a gradual rebalancing this year rather than shift toward active tightening, while remaining a tenant’s market. Vacancy will not be impacted by the addition of another office tower for at least four to five years. While some deals are currently under negotiation, their impact on vacancy is not expected until mid-next year - though at least one significant transaction is in the final stages of completion. At the same time, larger tenants may consider downsizing in response to ongoing market uncertainty and evolving hybrid work models.
- Continued upward pressure on tenant incentive packages is expected as landlords offer substantial inducements and work to secure longer-term lease commitments amid evolving market conditions.

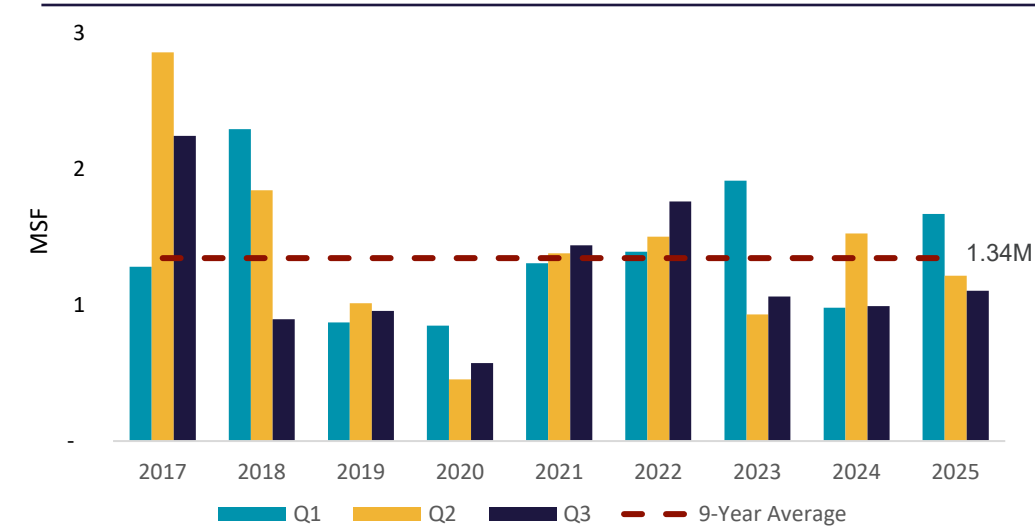
METRO VANCOUVER NEW SUPPLY



SUBLEASE SPACE FALLS TO LOWEST LEVEL IN 13 CONSECUTIVE QUARTERS



METRO VANCOUVER NEW LEASING ACTIVITY



SUPPLY PRESSURE: NEW CONSTRUCTION PIPELINE SHRINKS

Despite the recent trend with many projects being put on hold or converted into alternative uses, the remaining 1.6 msf* of projects currently under construction in Metro Vancouver are 64% pre-leased/pre-sold. This will bring approximately 580k sf of vacant space to the market between Q4 2025 - 2027. The majority of projects are concentrated in the Broadway Corridor (659k sf), Surrey (300k sf), False Creek Flats (245k sf) and Burnaby (180k sf). There are no office buildings under construction in the Downtown Core. Almost 50% of under construction projects (777k sf) in Metro Vancouver are set to be delivered this year, bringing just over 110k sf vacant space to the market.

Approximately 11.4 msf of office projects are in the proposed stages but many are on hold with delivery dates extending beyond 2029. Developers are waiting for improved market conditions - specifically stronger demand and pre-lease thresholds to move projects into construction. Landlords have largely reverted to an early-2000s mindset and are reluctant to build on spec (Bentall 5 serves as a good example: Phase I was completed in 2002; Phase II - in 2007). Today, most will not proceed without firm pre-lease commitments.

SUBLEASE PRESSURE: ONGOING REBALANCING

Metro Vancouver sublease vacancy continued to decline this quarter with sublet space now accounting for 17.4% of total vacant space - a 5% decrease QOQ. This represents an almost 30% drop from the market highs in 2022-2023 and a 37% decrease from the pandemic peak in Q4 2020. The largest subleases added this quarter were from the New York Institute of Technology (NYIT) at Broadway Tech and an additional 29k sf from TELUS at TELUS Garden. This trend reflects a combination of naturally expiring subleases reverting to direct space, landlords taking back sublease space and gradual absorption of sublease inventory. Since peaking at 24.2% in the fourth quarter of 2023, sublease availability has steadily trended downward, indicating a slow rebalancing in the market.

YTD HIGHS WITH CONTINUED FLIGHT-TO-QUALITY

2025 YTD leasing activity is the strongest of the last three years, powered by a very strong first quarter, a softer second quarter and a solid rebound this quarter. The ongoing trend of non-office tenants leasing office space continued this quarter with Fitness World absorbing 37k sf at the newly built Gilmore Place. The “flight-to-quality” trend continues as tenants pursue Class AAA/A space and, knowing that waiting until 2027/2028 risks missing the window, many are moving ahead of expiry to secure preferred premises and subleasing their current space. At the same time, the focus on tenant experience - more shopping and food options, fitness facilities, shared spaces and broader amenity packages - continues to reinforce this shift. Aside from the new Lululemon deal, a recent contributor to the flight-to-quality trend, this quarter’s new leasing activity was led by mining and tech tenants.

OUTLOOK: METRO VANCOUVER

- As the supply-demand gap narrows, vacancy pressure should ease, though absorption is not strong enough to reduce vacancy without additional catalysts.
- The market is shifting away from tenant-driven sublet supply toward landlord-controlled direct vacancy, which can indicate a healthier, more stable vacancy profile, even though overall vacant space remains elevated compared to pre-2019 levels.

*283k sf were of projects under construction were removed from the office inventory and reclassified into the Life Sciences inventory.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Downtown Core	26,887,009	631,459	3,258,513	14.5%	-113,502	-23,968	1,947,460	0	\$60.05	\$68.26
Yaletown	2,309,836	41,087	274,193	13.6%	-32,247	22,659	128,520	29,600	\$52.25	\$60.76
Gastown/Railtown	1,962,729	53,449	310,960	18.6%	326	4,127	118,294	0	\$44.84	\$55.87
Downtown Vancouver	31,159,574	725,995	3,843,666	14.7%	-145,423	2,818	2,194,274	29,600	\$58.07	\$67.57
Broadway Corridor	6,055,161	33,866	537,373	9.4%	50,956	132,459	322,996	658,545	\$49.38	\$56.27
Mt. Pleasant	2,324,714	54,849	231,735	12.3%	7,418	22,617	143,018	0	\$56.03	\$64.04
False Creek Flats	1,193,311	28,338	88,152	9.8%	0	-33,863	2,500	244,852	\$47.12	\$51.79
Broadway Corr./Vancouver Periphery	9,573,186	117,053	857,260	10.2%	58,374	121,213	468,514	903,397	\$50.64	\$57.90
Burnaby	12,316,352	498,863	1,038,467	12.5%	51,840	130,104	567,575	180,000	\$51.53	\$54.29
Richmond	5,134,272	2,950	481,644	9.4%	35,133	61,246	259,387	81,425	\$35.82	\$37.11
North Shore	2,201,412	7,879	63,535	3.2%	11,559	39,549	75,596	0	\$41.56	\$47.89
New Westminster	1,581,998	6,253	51,902	3.7%	-9,149	13,391	32,048	101,251	\$49.37	\$49.77
Langley	1,672,811	0	49,520	3.0%	13,188	19,130	55,964	0	\$47.31	\$53.70
Surrey	3,855,528	38,669	176,928	5.6%	-13,506	-7,011	100,842	305,989	\$45.85	\$53.82
South Surrey	1,475,298	2,108	47,970	3.4%	19,446	71,253	133,468	0	\$39.88	\$40.24
Surrey/ South Surrey	5,330,826	40,777	224,898	5.0%	5,940	64,242	234,310	305,989	\$44.60	\$49.39
Tri Cities	997,081	0	51,341	5.1%	-3,207	92,545	42,995	21,929	\$53.00	\$53.37
METRO VANCOUVER TOTALS	69,967,512	1,399,770	6,662,233	11.5%	18,255	544,238	3,930,663	1,623,591	\$53.52	\$58.96

982k sf were removed from the office inventory and reclassified into the Life Sciences inventory

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

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
725 Granville Street	Downtown Core	Lululemon	289,500	Headlease
595 Burrard Street	Downtown Core	Teck Resources Limited (project space)	65,292	Headlease
149 West 4 th Avenue	Mount Pleasant	WildBrain	46,786	Headlease
Gilmore Place, Phase I	Burnaby	Fitness World	37,068	Headlease
4710 Kingsway	Burnaby	Remitly	25,806	Sublease
2955 Virtual Way	Burnaby	Co-operative Housing Federation of BC	19,497	Sublease
733 Seymour Street	Downtown Core	McEwan Partners	15,353	Headlease
1111 West Georgia Street	Downtown Core	Fluor Canada Ltd	14,235	Sublease
2930 Virtual Way	Burnaby	Prism Engineering Ltd	12,897	Headlease

KEY SALES TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER/ BUYER	SF	PRICE / \$ PSF
700 & 750 West Pender Street**	Downtown Core	Cadillac Fairview/ KingSett	283,530	\$125M/ \$441
4333 Still Creek	Burnaby	4333 Creek Drive Properties Ltd/ Fortinet Technologies Inc	67,305	Confidential
1220 Homer Street	Yaletown	1220 Homer Street Inc/ The 625 Powell Street Foundation	19,384	\$13.25M/ \$684

**Share Sale

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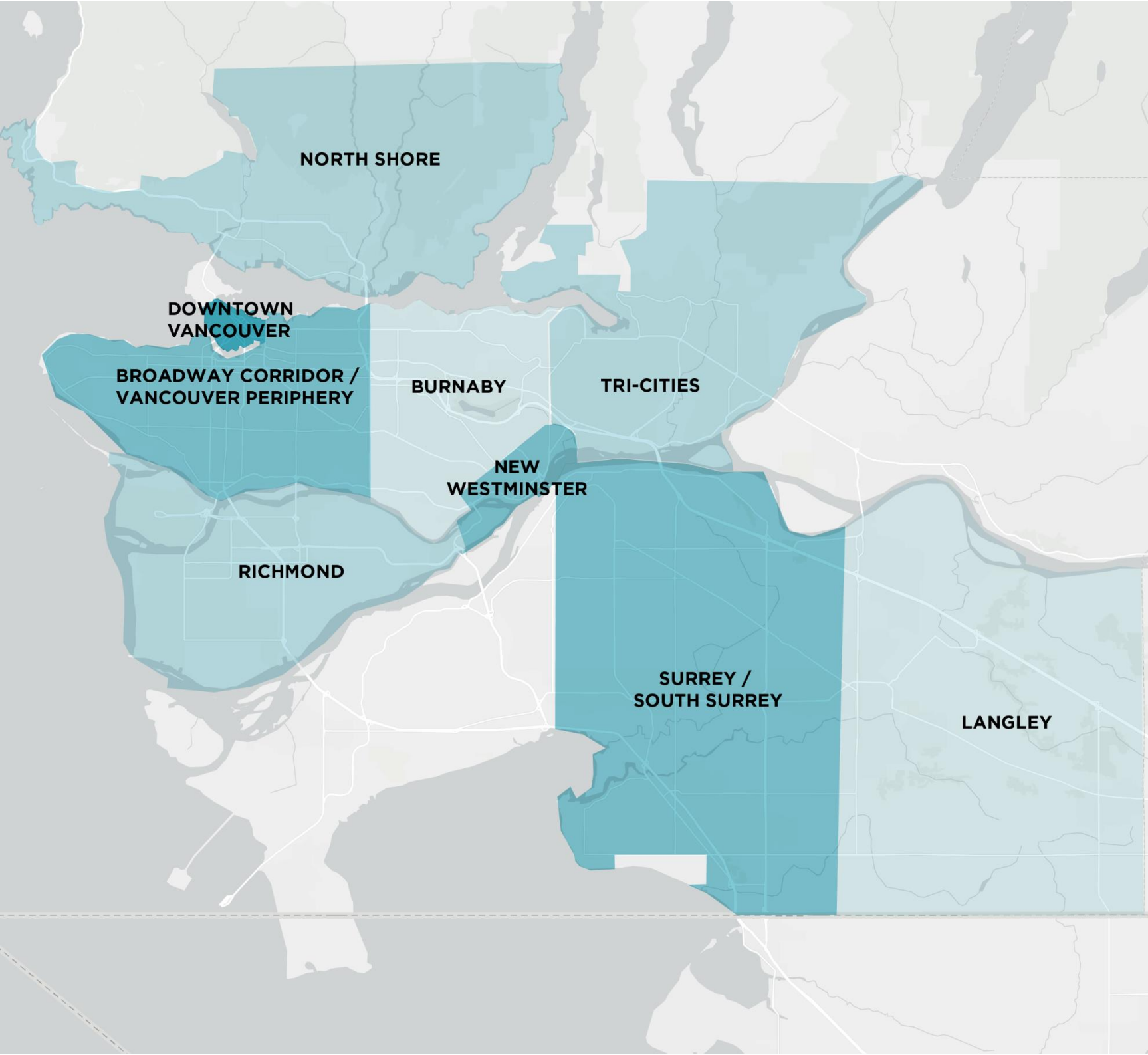
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OFFICE SUBMARKETS



SUBMARKET	INVENTORY	VACANCY	ASKING RENT	SUBLET
North Shore	2.2 MSF	3.2% ▲	\$41.56 ▼	11.0% ▼
Downtown Vancouver	31.1 MSF	14.7% ▲	\$58.07 ▼	15.9% ▼
Vancouver Periphery	9.6 MSF	10.2% ▼	\$50.64 ▲	12.0% ▼
Burnaby	12.3 MSF	12.5% ▼	\$51.53 ▼	32.4% ▲
New Westminster	1.6 MSF	3.7% ▲	\$49.37 ▼	10.8% ▲
Tri-Cities	997 KSF	5.1% ▲	\$53.00 ▲	0% ■
Richmond	5.1 MSF	9.4% ▼	\$35.82 ▲	0.6% ▼
Surrey / South Surrey	5.3 MSF	5.0% ▲	\$44.60 ▲	15.3% ▼
Langley	1.7 MSF	3.0% ▼	\$47.31 ▼	0% ■

LEGEND

Total Inventory
Q3 2025 Overall Vacancy Rate*
Q3 2025 Weighted Average Gross Asking Rent**
Q3 2025 Sublet Space as a % Total Vacant Space
Arrows represent YOY change

*Includes Broadway Corridor, Mount Pleasant and False Creek Flats
*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