MARKETBEAT

VANCOUVER, BC

OFFICE Q4 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
11.4% Vacancy Rate	–	–
993K YTD Net Absorption, SF	▲	–
$53.78 Asking Rent, PSF	▲	–

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.7M Vancouver Employment	▲	▲
6.2% Vancouver Unemployment Rate	▲	▼
6.5% Canada Unemployment Rate	▼	▲

Source: Statistics Canada

ECONOMY: SUBDUED GROWTH AND GRADUALLY EASING EMPLOYMENT

British Columbia is forecast to post modest real GDP growth of 1.2% in 2026 which is below its average performance over the past decade. The unemployment rate is expected to gradually edge lower through 2026. *Source: RBC Economics*

SUPPLY AND DEMAND: VACANCY STEADY WITH POSITIVE ABSORPTION

Reflecting market stability, overall vacancy held nearly steady quarter-over-quarter (QOQ) at 11.4% (a 10-basis point (bps) decrease). This level is consistent with Q4 2024 and, interestingly, mirrors conditions last seen in Q4 2015 - right after the first major wave of new construction deliveries in Metro Vancouver. Following that period, vacancy trended downward steadily, ultimately reaching its lowest point in early 2020, highlighting the market's resilience and its ability to absorb new supply over time.

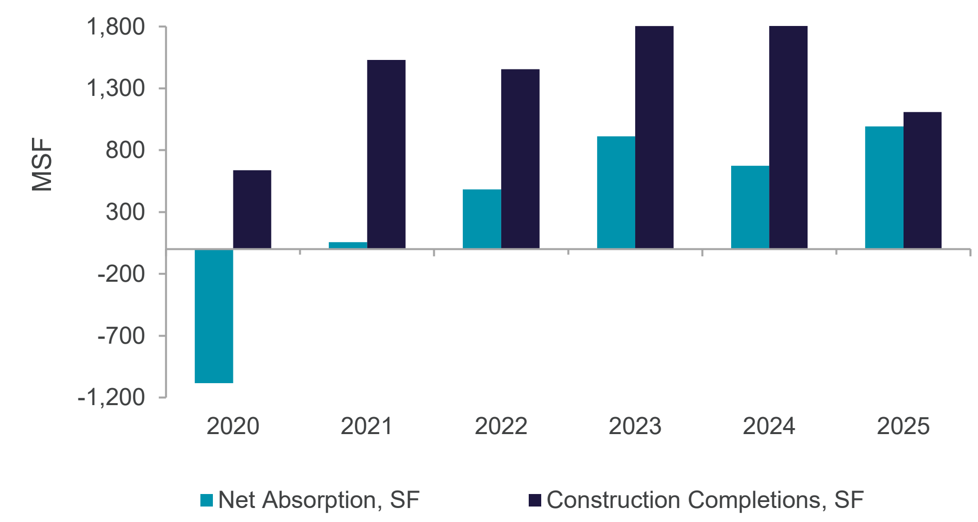
Metro Vancouver sublease activity has been declining for nine consecutive quarters and is no longer a meaningful contributor to overall vacancy. Sublet space now accounts for just 16.8% of total vacant space, well below the 2023 peak when subleases represented nearly 26% of overall vacancy. In contrast, vacancy increases this year, peaking at an average of 11.4%, have been driven by direct space, primarily from new construction completions and the introduction of large vacant blocks to the market, including some reverting from subleases. That said, the pace of new construction deliveries in 2025 has slowed significantly from the 2023-2024 highs, with year-to-date deliveries running approximately 40% lower than in those years.

Overall Metro Vancouver absorption remained positive for a fourth consecutive quarter and increased sharply from last quarter, registering positive 400k square feet (sf), largely due to new construction completions this quarter with nearly 400k sf either occupied by pre-leasing tenants or sold as strata. Notable move-outs included a former Hootsuite's location at 5 East 8th Av in Mt. Pleasant, ILSC vacating almost 30k sf at 555 Richards St in downtown and Westside School vacating 21k sf in Yaletown at 910 Mainland. On balance, these changes still resulted in positive absorption for the quarter.

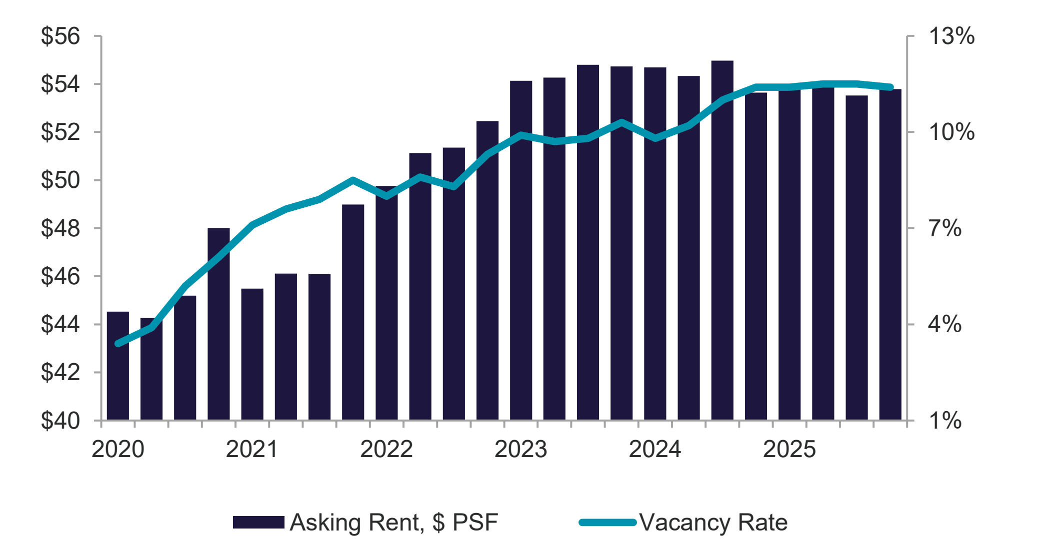
QUALITY NEW BUILDS PROPEL MODEST INCREASE IN ASKING RENTS

Average gross asking rents have remained relatively stable with only minor fluctuations over the past 12 quarters, averaging $54.30 per square foot (psf) - supported by the influx of higher quality new builds. Despite some markets recording a slight decline in asking rents this quarter, the overall average gross asking rent rose to $53.78 psf, from $53.52 psf in the third quarter. This represents a 0.5% increase QOQ (0.3% year-over-year (YOY)), driven largely by the addition of new builds this quarter. In Surrey alone, four office buildings reached completion (including some strata product) which helped push overall asking rents higher. With vacancy holding steady, the average asking rate in Q4 2025 has returned to levels last seen in Q1 2025.

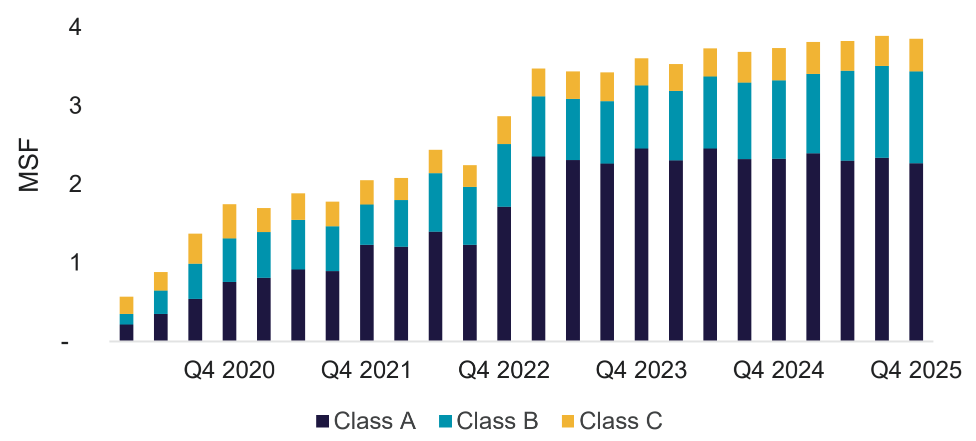
METRO VANCOUVER SPACE DEMAND / DELIVERIES



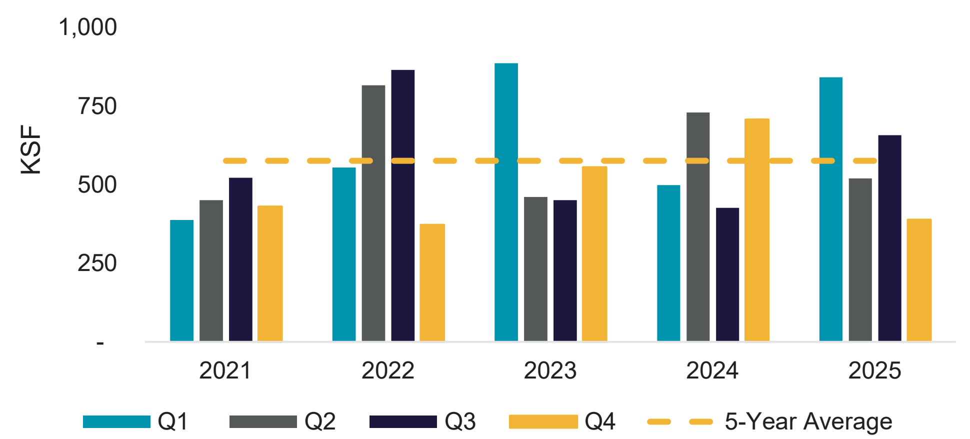
METRO VANCOUVER OVERALL VACANCY & ASKING RENT



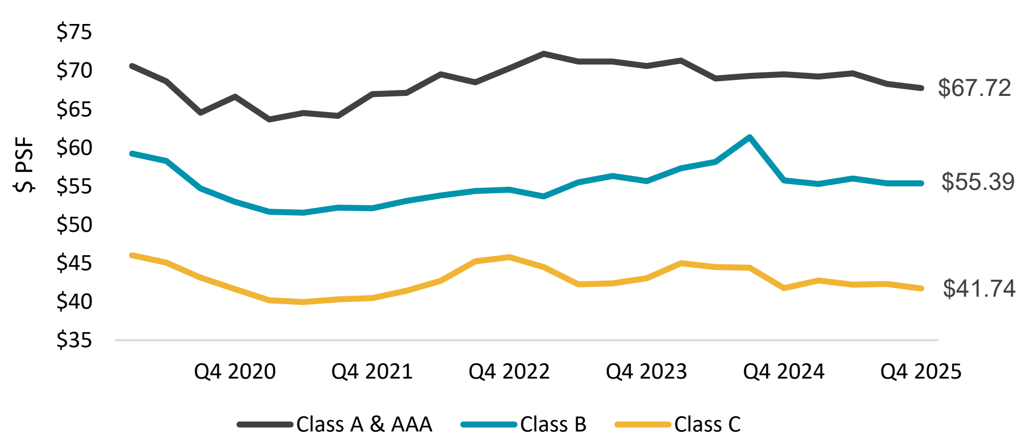
DOWNTOWN CORE VACANT SPACE BY CLASS



DOWNTOWN CORE LEASING ACTIVITY*



DOWNTOWN CORE GROSS ASKING RENT COMPARISON



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

SUPPLY: VACANCY REMAINS STABLE BUT ELEVATED

Downtown Core overall vacancy remained elevated but declined by 20 bps QOQ to 14.3% which represents the average vacancy rate for the year. With pockets of space lingering from the last wave of new construction completions (and a sixth straight quarter without a major tower delivery), vacancy is holding within a narrow range, drifting from 14.0% in Q4 2024 to 14.3% in Q4 2025. The market appears to be plateauing in the absence of significant move-ins/move-outs: demand is steady and gradually absorbing space but not fast enough to significantly reduce vacancy. This continues to sustain a tenant's market. Looking ahead to 2026, with current availability rate at 15.6% (including both sublease and headlease space, whether vacant or occupied), some tenant reshuffling is expected. Several large blocks are likely to return to the market as vacant space as companies relocate, while others are expected to move within the Downtown Core and expand, helping to lower vacancy and generate positive absorption. For example, Acsenda School of Management is under contract to lease approximately 50k sf at 400 West Georgia. Once the tenant occupies its newly expanded premises, the transaction is expected to contribute to positive absorption and a reduction in vacancy. On balance, these movements are not expected to materially impact downtown vacancy over the next two years. Sublease space activity continued to decline, with sublease inventory of the total available and vacant space dropping further to 14.5% this quarter. This is its lowest point since the pandemic, down from a peak of 24.2% in Q4 2023, reflecting expirations reverting to direct space and gradual absorption of sublease inventory.

DEMAND: LEASING ACTIVITY SLOWS AMID MARKET UNCERTAINTY

New leasing activity (gross absorption) slowed in Q4 2025 totaling 388k sf - the lowest quarterly volume this year and represented a 40% decline QOQ and a 45% decrease YOY. After peaking in Q1 2025, leasing activity trended downward through the year, with only a brief rebound in Q3 2025. The softer Q4 2025 performance reflects a combination of typical year-end seasonality and heightened tenant caution amid ongoing economic uncertainty, rather than a lack of market demand. Overall, leasing activity in Q4 2025 points to a pause in decision-making with tenants remaining active but increasingly selective, suggesting potential pent-up demand heading into early 2026. There are still few new entrants to the market. This reflects prevailing market conditions and the broader cross-border business climate. The 'flight to quality' trend this quarter was highlighted by Equinox Gold subleasing 21k sf at the newly built B6.

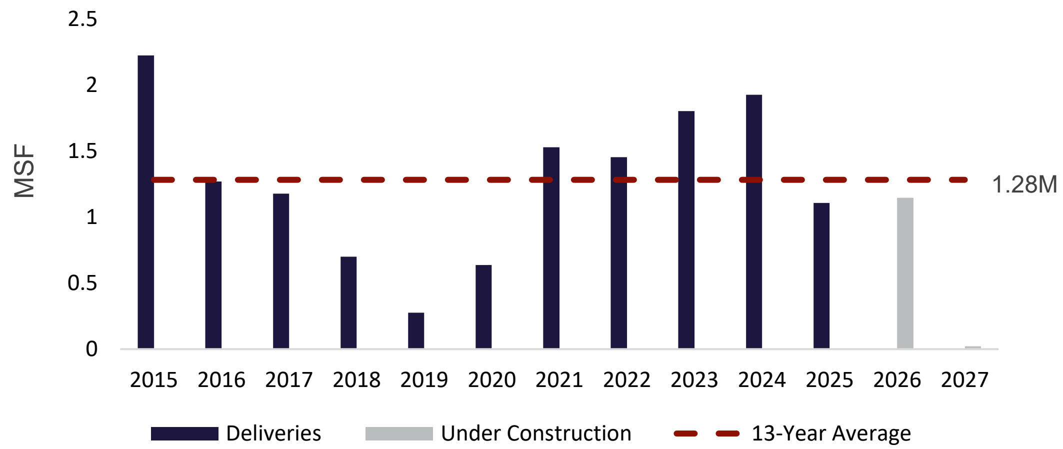
PRICING: ASKING RENTS DECLINE AS ELEVATED VACANCY PERSISTS

Asking gross rents experienced a slight QOQ decline, averaging $59.78 psf gross in Q4 2025, down from $60.05 psf in Q3 2025 and reflecting a 3.0% decrease YOY. This marks a gradual normalization from the elevated levels seen in 2023-2024 when averages peaked around $63.00 psf due to an influx of newly built, higher-quality space commanding premium rents. Despite the recent softening, residual high-quality space delivered during the latest construction wave continues to support and bolster market-wide averages.

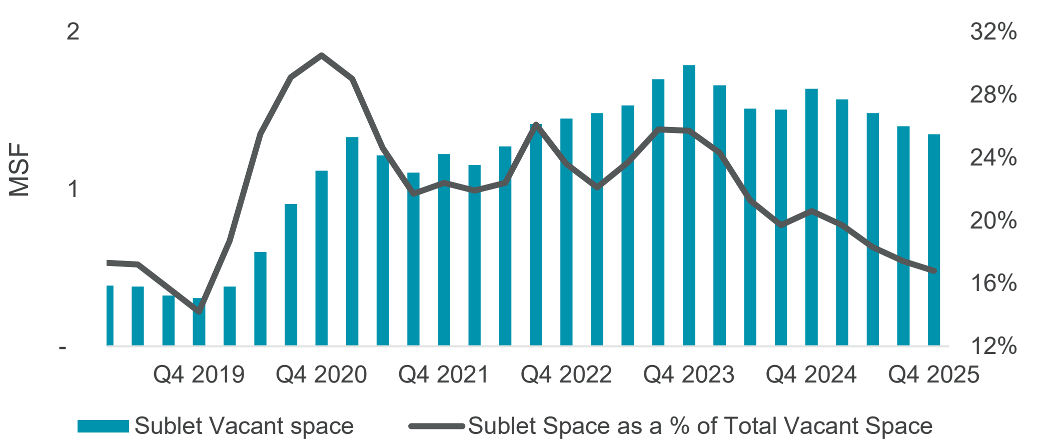
OUTLOOK: DOWNTOWN CORE

- No new major office towers are currently under construction in Downtown Vancouver and most proposed projects remain on hold as developers await stronger demand and pre-lease commitments. Landlords are reluctant to build on spec and a major anchor tenant is needed to trigger the next development cycle. As a result, consensus suggests that no new towers are likely to be delivered over the next five years, with 2031 being the earliest plausible completion date under current market conditions.
- Landlords will continue to offer historically high incentive packages for new leases through 2026 in return for longer term (10 years+) lease commitments.

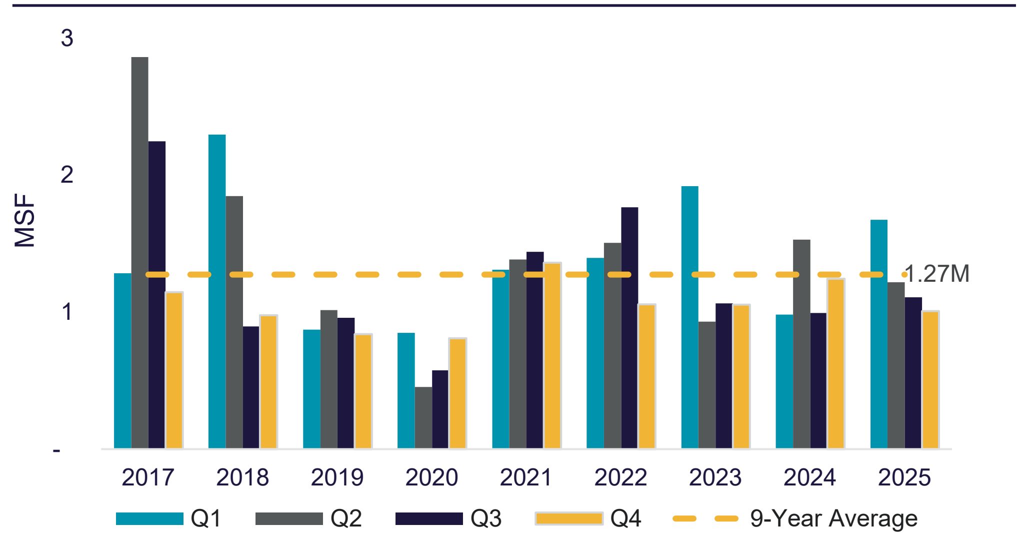
METRO VANCOUVER NEW SUPPLY



METRO VANCOUVER SUBLET SPACE



METRO VANCOUVER NEW 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).

HEALTHY SUPPLY-DEMAND BALANCE DESPITE NEW DELIVERIES

Out of 1.1 million square feet (msf) of new construction delivered this year, 70% was pre-leased/pre-sold, adding just over 300k sf of vacant space to the market. This highlights a healthy supply-demand dynamic in Metro Vancouver. In Surrey, the largest contributor to new completions - both this quarter and year-to-date - brought over 300k sf of new inventory with only 66k sf added as available and vacant space; the balance was pre-leased/pre-sold. There are currently no buildings under construction in Surrey and nearly 2.0 msf remains in proposed stages. It is unlikely that any of these proposed projects will break ground anytime soon.

There is just over 1.1 msf of projects currently under construction in Metro Vancouver, mostly concentrated in Broadway Corridor (660k sf), with *nearly 60% already pre-leased/pre-sold. Most of these projects are expected to be delivered in 2026, potentially adding around 400k sf of vacant space to the market (unless pre-leased). As for the proposed pipeline, there is over 11.0 msf in the proposed stages with most projects currently on hold with delivery dates extending beyond 2029. Developers are holding off on construction until stronger demand and pre-lease commitments are in place.

SUSTAINED DROP IN SUBLEASE SPACE SIGNALS MARKET STABILITY

Metro Vancouver sublease vacancy has continued to decline for nine consecutive quarters with sublet space now accounting for 16.8% of total vacant space - a 3.5% decrease QOQ (16% decrease YOY). This level remains well below the market highs seen in 2022-2023, indicating a healthier market as vacancy shifts back toward direct space and reflects greater stability among major tenants. 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.

SOLID LEASING DESPITE SOFTER MOMENTUM

New leasing activity slowed from last quarter's pace but remained solid at 1.0 msf (a 9% QOQ decline), also 9% lower than the same quarter last year and down 40% from Q1 2025 which marketed the strongest quarter over the past year. While leasing momentum has softened, it has not stalled with 2025 activity broadly tracking near the long-term average. Year-end leasing aligned more closely with historical norms, reflecting continued tenant caution and measured decision-making amid limited availability of high-quality space.

The ongoing trend of non-office tenants leasing office space continued this quarter with Willowbrae Child Care Academy, which has been expanding in various submarkets in recent years, absorbing 34k sf at Airport Executive Park in Richmond.

OUTLOOK: METRO VANCOUVER

- With no office projects currently under construction in tight markets such as Langley, New Westminster or the North Shore, vacancy is expected to continue tightening. These markets would benefit from new developments or large blocks of available space. They remain attractive to tenants due to more affordable housing and shorter commutes which helps companies retain and attract talent.
- After peaking in 2025, the Metro Vancouver market is expected to enter a recovery phase, supported by reduced new supply and strengthening absorption, placing downward pressure on vacancy by 2027.
- Demand is expected to remain steady with modest improvement, while the availability of high-quality space continues to tighten following several years of flight-to-quality activity.

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	560,589	3,294,491	14.3%	-11,169	-13,490	2,340,932	0	$59.78	$67.72
Yaletown	2,309,836	51,443	304,465	15.4%	-40,683	-17,969	154,026	29,600	$51.59	$60.30
Gastown/Railtown	1,959,243	38,504	318,043	18.2%	8,560	9,619	165,316	0	$44.80	$56.51
Downtown Vancouver	31,156,088	650,536	3,916,999	14.7%	-43,292	-21,840	2,660,274	29,600	$57.84	$67.07
Broadway Corridor	6,055,161	31,817	514,312	9.0%	19,009	154,724	485,460	658,545	$49.62	$58.24
Mt. Pleasant	2,325,651	49,278	262,361	13.4%	-38,622	-5,939	159,852	0	$55.66	$64.64
False Creek Flats	1,262,311	28,338	86,903	9.1%	76,351	42,488	12,720	175,750	$48.45	$51.79
Broadway Corr./Vancouver Periphery	9,643,123	109,433	863,576	10.1%	56,738	191,273	658,032	834,295	$51.27	$59.33
Burnaby	12,316,352	528,892	955,060	12.0%	49,982	180,985	742,983	180,000	$51.39	$55.36
Richmond	5,215,697	8,747	442,315	8.6%	93,971	176,203	307,895	0	$36.08	$37.45
North Shore	2,201,412	5,999	49,006	2.5%	16,409	55,958	91,747	0	$48.26	$53.04
New Westminster	1,586,256	6,253	83,628	5.7%	-31,726	-18,335	133,873	101,251	$48.42	$48.37
Langley	1,672,811	0	38,135	2.3%	11,385	30,515	81,650	0	$45.33	$51.84
Surrey	4,161,517	38,669	250,979	7.0%	242,782	230,070	138,738	0	$49.95	$56.35
South Surrey	1,475,298	0	39,930	2.7%	10,148	81,401	147,888	0	$40.66	$41.15
Surrey/ South Surrey	5,636,815	38,669	290,909	5.8%	252,930	311,471	286,626	0	$48.79	$53.68
Tri Cities	997,210	0	57,530	5.8%	-3,241	86,356	46,386	21,929	$52.63	$53.32
METRO VANCOUVER TOTALS	**70,425,764**	**1,348,529**	**6,697,158**	**11.4%**	**403,156**	**992,586**	**5,009,466**	**1,167,075**	**$53.78**	**$59.54**

*Rental rates reflect full service asking

Renewals not included in leasing statistics

KEY LEASE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
268-270 Nelson's Crescent (u/c)	New Westminster	Fraser Health Authority	101,251	Headlease
475 Howe Street	Downtown Core	Mastercard Technologies Canada ULC	41,323	Renewal
10651 Shellbridge Way	Richmond	Willowbrae Child Care Academy	33,653	Headlease
4800 Kingsway	Burnaby	ICBC	30,003	Sublease
9686 137th Street, City Centre 4	Surrey	Fraser Health Authority	23,737	Headlease
1090 West Pender Street	Downtown Core	Equinox Gold	20,908	Sublease
4567 Lougheed Highway	Burnaby	Confidential Tenant	17,312	Headlease
110 East 5th Avenue, M4	Mount Pleasant	Vancouver Coastal Health Authority	14,311	Headlease

KEY SALES TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	SELLER/ BUYER	SF	PRICE / $ PSF
The Post, 349 West Georgia & 308 Dunsmuir Street	Downtown Core	QuadReal Property Group LP/ Pontegadea Canada Inc	1,092,134	$1.2B/ $918.0
110 East 5th Avenue**, M4	Mount Pleasant	Westbank Corp/ Allied Properties REIT	207,896	$89.7M / $431.5
342 Water Street	Gastown	Allied Properties/ Upfield Capital Management	21,640	$10.7M / $494.4

***50% interest share*

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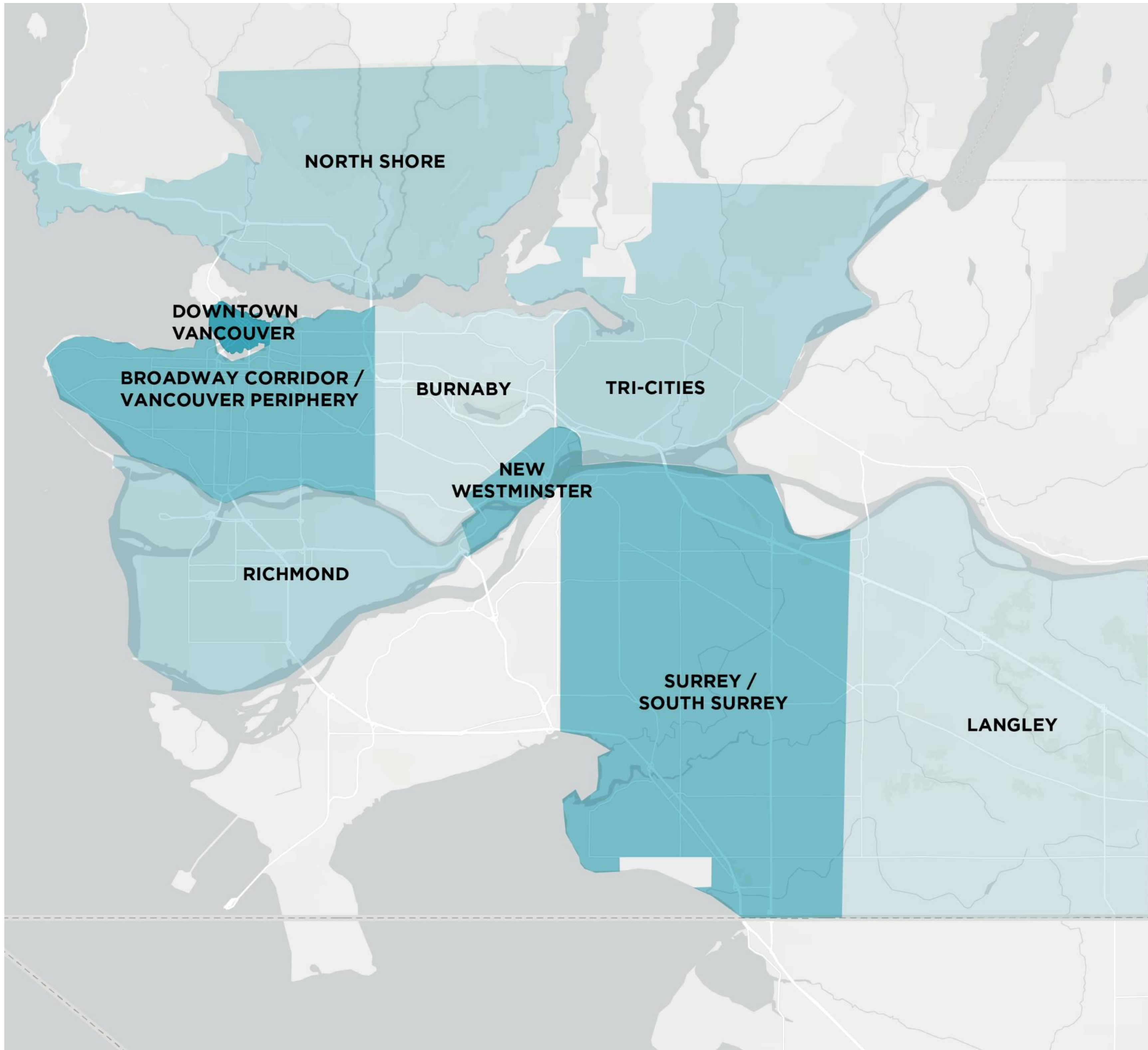
OFFICE SUBMARKETS



SUBMARKET	INVENTORY	VACANCY	ASKING RENT	SUBLET
North Shore	2.2 MSF	2.5% ▼	$48.26 ▲	10.9% ▼
Downtown Vancouver	31.1 MSF	14.7% ▬	$57.84 ▼	14.2% ▼
Vancouver Periphery	9.6 MSF	10.1% ▼	$51.27 ▲	11.2% ▼
Burnaby	12.3 MSF	12.0% ▼	$51.39 ▼	35.6% ▲
New Westminster	1.6 MSF	5.7% ▲	$48.42 ▼	7.0% ▼
Tri-Cities	997 KSF	5.8% ▲	$52.63 ▼	0% ▬
Richmond	5.2 MSF	8.6% ▼	$36.08 ▲	1.9% ▲
Surrey / South Surrey	5.6 MSF	5.8% ▲	$48.79 ▲	11.7% ▼
Langley	1.7 MSF	2.3% ▼	$45.33 ▼	0% ▬

LEGEND

Total Inventory
Q4 2025 Overall Vacancy Rate*
Q4 2025 Weighted Average Gross Asking Rent**
Q4 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