

Richmond has highest office vacancy rate in Metro Vancouver

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Richmond has the highest office vacancy rate in Metro Vancouver—a rate nearly triple the region’s average.

According to the commercial real estate firm [Avison Young](#), the vacancy rate stands at 23.9 per cent, compared to the region’s average of 7.6 per cent.

Avison Young principal Bill Elliott said new inventory coupled with a major market slowdown in 2008 that hit technology companies especially hard and less-than-ideal public access is to blame.

“The [Canada Line](#) provides access to Richmond, but really doesn’t provide access to the office parks,” said Elliott, noting inventory in Burnaby has similarly grown, but its office parks are built within walking distance to a rapid transit line or offer shuttle service.

“Burnaby benefits by being in the geographical centre of Greater Vancouver. That’s not Richmond’s fault. And from a public transportation perspective, it’s very well serviced.”

Crestwood Corporate Centre in East Richmond does offer a shuttle service to the Canada Line, but Elliott said employees are unlikely to use it if they must first commute to a park-and-ride—and there’s ample parking available at their workplace.

Richmond’s office market has shown signs of life this year thanks to improved economic conditions and attractive rental rates and terms, but that hasn’t necessarily translated into growth.

“The good news was you finally had some leasing activity. The bad news was if you look at the six or seven major deals done in the first half of 2011, all but one of those are Richmond tenants either growing and or relocating within the Richmond marketplace,” said Elliott.

Burnaby’s vacancy rate is second highest, at 9.7 per cent. Yaletown (3.9 per cent) and [Downtown Vancouver](#) (five per cent) have the lowest rates, according to Avison Young.

Colliers International calculates Richmond’s office vacancy rate slightly lower, at 21.2 per cent, which compares with 7.5 per cent across the region.

Richmond City Hall puts the rate at 19.7 per cent, according to a second quarter financial report presented to city council Tuesday. The report noted the vacancy rate “remains a challenge.”

Collectively, the statistics suggest one-fifth of Richmond's office space is empty. Yet two large office projects are set for construction, provided pre-lease interest can be found.

The Vancouver Airport Authority is proposing to build the Sea Island Business Park, which could add 800,000 square feet of office space to the market, along with a 250-room hotel. In the Riverport area, Staburn Property Group and Leducor have proposed building 300,000 square feet of office space at No. 6 Road and Steveston Highway.

Meanwhile, a growing area in South Vancouver is likely to put more pressure on the Richmond market. Vancouver has approved an office tower at the Marine Drive Canada Line station, adding 243,000 square feet of office space to the market. According to Colliers International, construction is expected to begin early next year.