

## Metro Vancouver office market 'becoming a victim of its own success'

Record-low availability is leading to a starved but pricey market, according to a new report by Avison Young

Tanya Commisso / [Western Investor](#)

FEBRUARY 5, 2019 12:46 PM

Vancouver Courier  
bi-weekly newspaper  
Vancouver, BC  
February 5, 2019



Vancouver's office market may be reaping the constraints of a wildly successful 2018.

A [new market report](#) by Avison Young predicts an impending lease crunch for the regional office

market, as office vacancy reached record lows towards the end of 2018. Accelerated leasing demand from the tech industry and co-working companies led to an annual absorption of 1.8 million square feet – the highest absorption seen since 2005.

□ *article continues below* □

## TRENDING STORIES

**Lawyers evaluate Toronto Maple Leafs' dispute with Snoop Dogg's cannabis brand**

**Vancouver police investigating second pedestrian fatality of the year**

With hardly any new supply expected for the next 12 to 24 months, the region's 5.1 per cent vacancy – 7.1 per cent in the suburban market – is expected to continue to plummet.

### RELATED

[Metro Vancouver office vacancy drops to lowest level since 2008](#)

“While the development pipeline in Metro Vancouver has typically maintained a relatively steady stream of new supply, a gap in both new-product delivery and availability has formed in key markets such as Downtown, Yaletown, Burnaby, Richmond and, to a lesser extent, Vancouver-Broadway and Surrey,” states Josh Sookero, a principal at Avison Young's Vancouver office specializing in suburban office leasing.

METRO VANCOUVER OFFICE VACANCY SUMMARY (YEAR-END 2018)						
DISTRICT	INVENTORY (SF)	HEAD LEASE VACANCY (SF)	SUBLEASE VACANCY (SF)	TOTAL VACANCY (SF)	VACANCY RATE (%)	12-MONTH ABSORPTION (SF)
Downtown	22,868,145	586,697	80,798	667,495	2.9%	879,147
Yaletown	2,074,372	18,734	18,293	37,027	1.8%	49,104
Vancouver-Broadway	6,936,588	320,428	22,618	343,046	4.9%	400,511
Burnaby	9,318,790	470,786	242,431	713,217	7.7%	178,963
Richmond	4,215,800	258,771	54,699	313,470	7.4%	99,314
Surrey	2,906,607	197,378	0	197,378	6.8%	96,007
New Westminster	1,688,572	220,198	0	220,198	13%	60,578
North Shore	1,450,898	148,865	0	148,865	10.3%	38,999
<b>TOTAL</b>	<b>51,459,772</b>	<b>2,221,857</b>	<b>418,839</b>	<b>2,640,696</b>	<b>5.1%</b>	<b>1,802,623</b>

**VACANCY RATE DECEMBER 31, 2018** 5.1%  
**VACANCY RATE JUNE 30, 2018** 7.2%



The downtown market vacancy dropped to 2.9 per cent at the end of 2018 from 7.1 per cent just a year

before, representing the largest year-over-year decline in Avison Young's history tracking the market. The region's current vacancy is the lowest it's been since 2008, [concurrent by a recent Colliers International report](#).

New supply currently under constructing is expected to add more than 4.6 million square feet of leasable or purchasable space to the downtown market – none of which will be completed before 2020. Much of Vancouver's long-anticipated new office projects are already significantly pre-leased.

Burnaby represents the second largest office market in Metro Vancouver, yet only 77,000 square feet of new leasable office space is expected at the Amazing Brentwood development by the end of 2020. More supply is not expected until 2022 or 2023.

But, there is hope for new players looking to get it on one of the nation's most active office arenas.

“Relief is on the horizon,” the report states. “New construction will start delivering in 2021 at a pace and scale previously unseen in this region. This juncture also marks the end of an era as Vancouver and the region transition to a global stage.”

---

Read Related Topics

---

---

© Vancouver Courier

[Click here to take part in our readers survey](#)

Read more from the [Western Investor](#)

---

## POPULAR REAL ESTATE

Most Read

Most Recent

---

## POPULAR VANCOUVER COURIER

You Might Like