



### Tenant Profile One

Size Requirement: 1,500 sf to 2,500 sf

#### Tenant Profile:

- This tenant is a small and growing professional services firm that requires an upgrade in its location in regard to transit and amenities and is seeking to occupy improved space.
- Considering moving to a central location downtown with rapid transit access but wants to minimize occupancy costs and maximize space efficiency.
- Access to a SkyTrain station that is within walking distance (500 metres) is a requirement for employee recruitment and retention.

#### Competitive Set:

Any class B building in Downtown Vancouver with vacant improved space that is available immediately and within walking distance of a SkyTrain station.

#### Q1 Relevant Statistics:

Applicable Inventory	5,410,331 sf
Direct Lease	28,722 sf
Sublease	14,374 sf
Total Availability	43,096 sf
Direct Availability Rate	0.53%
Sublease Availability Rate	0.27%
Total Availability Rate	0.80%
Average Base Rent	\$34.03
Average Ops Costs	\$20.26



Stats are based on tenant requirements as defined by each profile type.

## Downtown office availability remained severely constrained through first quarter of 2020

Historically tight vacancy conditions in Downtown Vancouver's office market continued to severely limit availabilities for prospective office tenants, according to Avison Young's most recent Downtown Office Tenant Profile Report. The impact of COVID-19 containment measures on Downtown office tenants was not captured in the first quarter of 2020.

As of March 31, there were no options available within the next 12 months for large tenants seeking contiguous office space of 30,000 sf or more in a class AAA building. Availability is not anticipated to rise substantially in these buildings in the next three months as most large corporate office tenants typically have a longer-term financial horizon as it relates to their lease obligations. For mid-sized tenants, three full-floor opportunities were available in the next six months at an average asking rate of \$50 per square foot (psf) – slightly higher than \$47.74 psf recorded six months ago. Meanwhile, small tenants had slightly more options available to them than they did six months previously; however, the average rental rate increased to \$34.03 psf from \$32.91 psf at fall 2019. While the impact of COVID-19 containment measures has yet to materialize in the statistics, vacancy is expected to increase from its record low in the course of the next three months; however, the initial increase will likely be limited to smaller pockets of space coming available on a head lease basis, while some larger sublease options may start to emerge. Upward pressure on rents is likely to subside for the balance of 2020, but with no relief in the form of new development and vacancy just beginning to come off record lows, rental rate appreciation may resume by year-end 2020.

Location, amenities, eco-friendly standards, access to public transit, floorplate size, IT infrastructure and building security along with lease costs are important considerations for tenants reviewing their real estate requirements. However,

combinations of these variables can limit the amount of options available to tenants and may have significant implications for overall cost and deal structure. A real estate professional can significantly help prospective tenants maximize value and find the right option that fits their needs.

To better understand the challenges tenants face when renewing, relocating or entering the Downtown market, Avison Young has created the semi-annual Downtown Office Tenant Profile Report, which details the availability rates for three hypothetical office tenants common in the Vancouver market. Each hypothetical company possesses a different set of real estate requirements in the Downtown market that subsequently generates a unique competitive set of buildings that meets the tenant's requirements and aligns to the company's business strategy.

Available options for **Tenant Profile One rose to 16 in the first quarter of 2020 from 14** in the third quarter of 2019 with five sublease options, increasing the total availability rate to 0.80%. The number of available options for **Tenant Profile Two remained at three**, which led to a slight increase in the availability rate to 0.66%. **There are no available options for Tenant Profile Three**, a decline from one option six months ago. Large tenants have the opportunity to prelease or occupy backfill space, but may encounter competition from other tenants with large office space mandates and similar timing considerations. Impacts from COVID-19 containment measures have yet to be determined, but will likely be a more significant factor in the coming months. ■

*Note: To determine the number of options for a tenant requirement, each availability is only listed once despite the suite size. For example, if the requirement is for 3,000 sf and a suite that is 6,700 sf is demisable, the suite provides only one option rather than two.*



## Tenant Profile Two

Size Requirement: 10,000 sf to 15,000 sf

### Tenant Profile:

- This tenant would prefer improved space in a high-profile location that is close to amenities and which heightens the company's profile.
- However, overall costs remain a concern for the tenant. Tenant would prefer to reduce costs associated with common areas and be located on a single floor. As a result, the floorplate must exceed 10,000 sf.
- Similar to the first tenant, access to a SkyTrain station within walking distance (500 metres) is a requirement for employee recruitment and retention.

### Competitive Set:

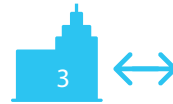
Any downtown class A property with the ability to accommodate the tenant and that is available within the next six months.

### Q1 Relevant Statistics:

Applicable Inventory	6,833,636 sf
Direct Lease	45,215 sf
Sublease	0 sf
Total Availability	45,215 sf
Direct Availability Rate	0.66%
Sublease Availability Rate	0.0%
Total Availability Rate	0.66%
Average Base Rent	\$50.00
Average Ops Costs	\$24.03



TOTAL # OF BUILDINGS IN DEFINED INVENTORY



EXISTING OPTIONS

Stats are based on tenant requirements as defined by each profile type.



## Tenant Profile Three

Size Requirement: 30,000 sf +

### Tenant Profile:

- This tenant is a high-profile, well-established multi-national company that is looking to upgrade its existing offices in a class AAA building.
- To meet the firm's corporate sustainability goals, the building must achieve some level of industry-standard certification.
- Floors must be contiguous and the space may be improved or unimproved.
- Building and location amenities are essential to this tenant as the building must have onsite amenities and access to rapid transit.

### Competitive Set:

Any available space that can be occupied within the next 12 months in an existing downtown class AAA property that has an industry-standard sustainability accreditation, onsite amenities and access to SkyTrain.

### Q1 Relevant Statistics:

Applicable Inventory	4,674,084 sf
Direct Lease	0 sf
Sublease	0 sf
Total Availability	0 sf
Direct Availability Rate	0%
Sublease Availability Rate	0%
Total Availability Rate	0%
Average Base Rent	NA
Average Ops Costs	NA



TOTAL # OF BUILDINGS IN DEFINED INVENTORY



EXISTING OPTIONS

Stats are based on tenant requirements as defined by each profile type.

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Disclaimer: The spread of COVID-19 and the containment policies being introduced are changing rapidly, and some of the views expressed herein may not reflect the latest opinion of Avison Young.

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