

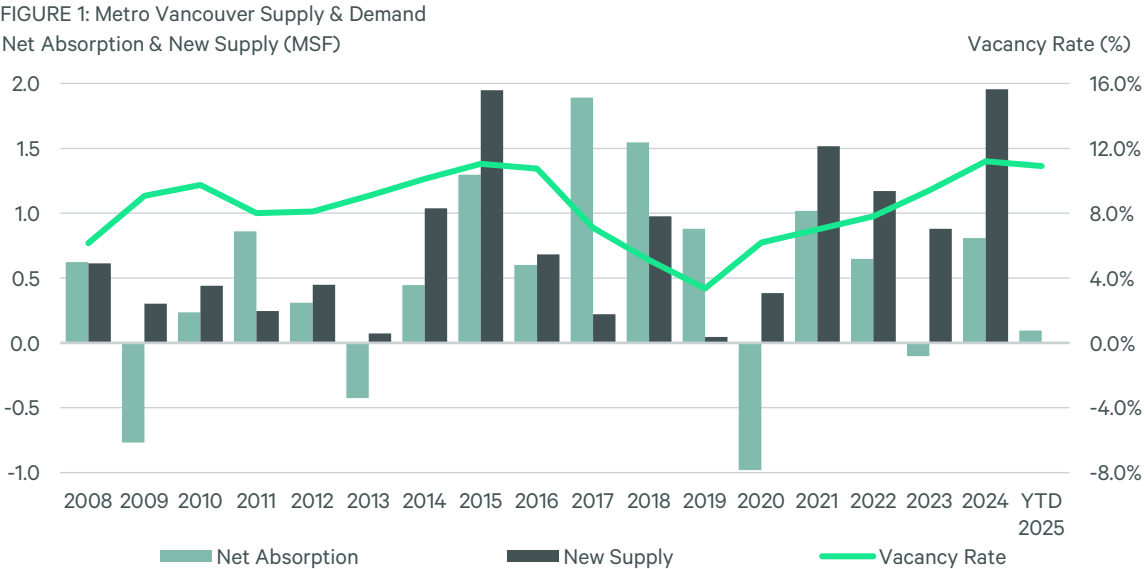
# Downtown large block listings move vacancy up, reversing previous quarter gains



Note: Arrows indicate change from previous quarter.

Overview

- The Metro Vancouver office market saw a slight overall increase in vacancy during Q2 2025, rising 20 basis points (bps) to 10.9%. This overall trend was driven by contrasting performances in different segments of the market. While the Suburban market showed improvement with a 90 bps decrease to 9.9% vacancy, the Downtown core experienced a significant increase of 120 bps, reaching 11.9%.
- Downtown vacancy has once again surpassed the suburbs. This shift is largely due to new space entering the market. Approximately 110,000 sq. ft. of Class AAA sublease space was listed, primarily from an education provider, and an additional 71,000 sq. ft. of direct space became available in a newly renovated heritage building.
- The divergence in Downtown vacancy rates between different classes of buildings continues. Downtown Class B & C space saw a substantial quarter-over-quarter increase, rising 130 bps to 15.2%. This is significantly higher than the 9.6% vacancy rate observed in Downtown Class AAA & A product, which also saw an increase of 100 bps during the quarter, reaching 9.6%. In contrast, Suburban vacancies contracted across all classes except Class C. This positive trend was fueled by robust gross lease activity, owner-user purchase activity, and a lack of new supply entering the market.



Source: CBRE Research, Q2 2025.

## The current office vacancy landscape

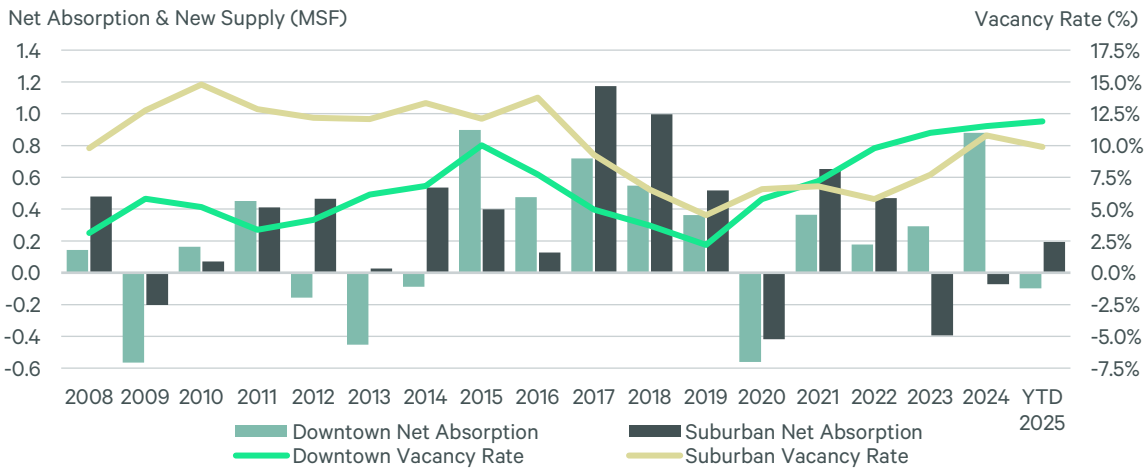
In Q2 2025, Metro Vancouver's overall office market vacancy reached 10.9%, marking a 20 bps increase from the previous quarter and a 120 bps increase year-over-year. This quarterly rise is attributed to a divergence: Downtown vacancy rose primarily due to new large-block direct and sublease listings. Conversely, Suburban vacancy declined, driven by robust leasing and owner-user purchases. Metro Vancouver's headlease vacancy remained relatively stable at 8.7% of total inventory, a slight decrease of 10 bps from the previous quarter. Meanwhile, vacant sublease space grew to 2.2% of total inventory, an increase of 30 bps quarter-over-quarter.

Vacancy in the Downtown core significantly increased, with the overall rate climbing to 11.9%. This represents a 120 bps increase quarter-over-quarter, and a 110 bps increase year-over-year. The largest quarterly increases were seen in Downtown Class AAA and Class B space, both rising by 140 bps. The increase in Class AAA vacancy was largely driven by two subleases at B6: one listing for 20,098 sq. ft. and another for 86,689 sq. ft. Excluding these B6 subleases, the Downtown Class AAA vacancy would have been only 7.8%, reflecting a much smaller 20 bps increase quarter-over-quarter.

The diverging vacancy trend between Downtown's Class AAA & A and Class B & C inventory continued, with the spread widening to 570 bps in Q2 2025, up from 530 bps the previous quarter. While Class AAA buildings witnessed a rise in vacancy, fueled by large block availabilities, Class B & C buildings also experienced significant additions of vacant space, including 929 Granville Street where the entire building was vacated as a result of consolidation into The Post. However, a recently announced lease deal at 725 Granville, which is not reflected in this quarter's figures, is expected to reduce Class A vacancy by approximately 73,600 sq. ft. next quarter.

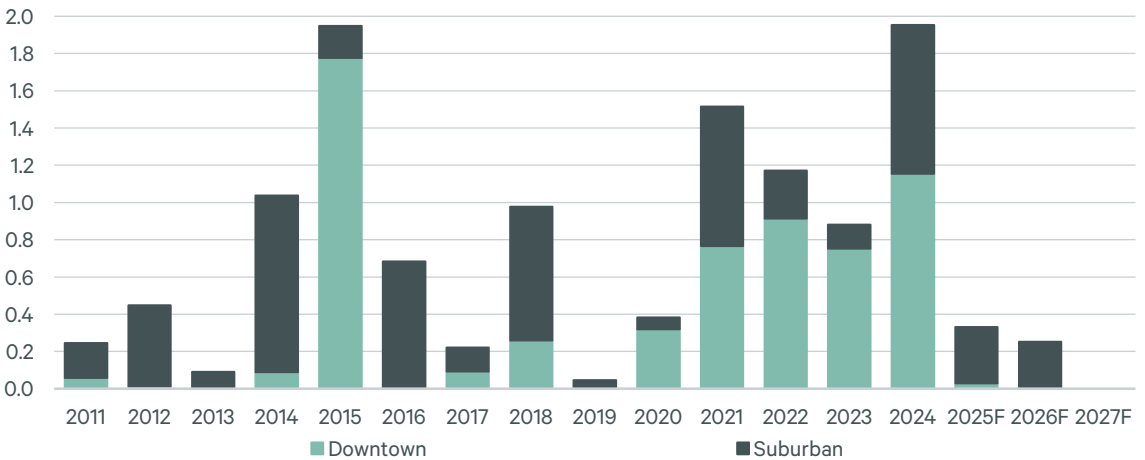
The Suburban market saw vacancy decrease by 90 bps quarter-over-quarter to 9.9%, but still recorded a 150 bps increase year-over-year. Burnaby saw the most substantial quarterly decrease, with vacancy dropping 200 bps. This decline was primarily driven by the sale of two buildings to owner-occupiers, both of which had previously offered space for lease. These included 4200 North Fraser Way, purchased by LUCID Vision Labs Inc., and 4321 Still Creek Drive, purchased by Fortinet Technologies Inc. Such activity will remove a combined 106,400 sq. ft. of vacant space from the market. However, Fortinet's Broadway Tech campus is expected to be listed for sublease, potentially impacting the Suburban market's vacancy in the coming quarter.

FIGURE 2: Regional Supply & Demand



Source: CBRE Research, Q2 2025.

FIGURE 3: Regional New Supply Deliveries Forecast (MSF)



Source: CBRE Research, Q2 2025.

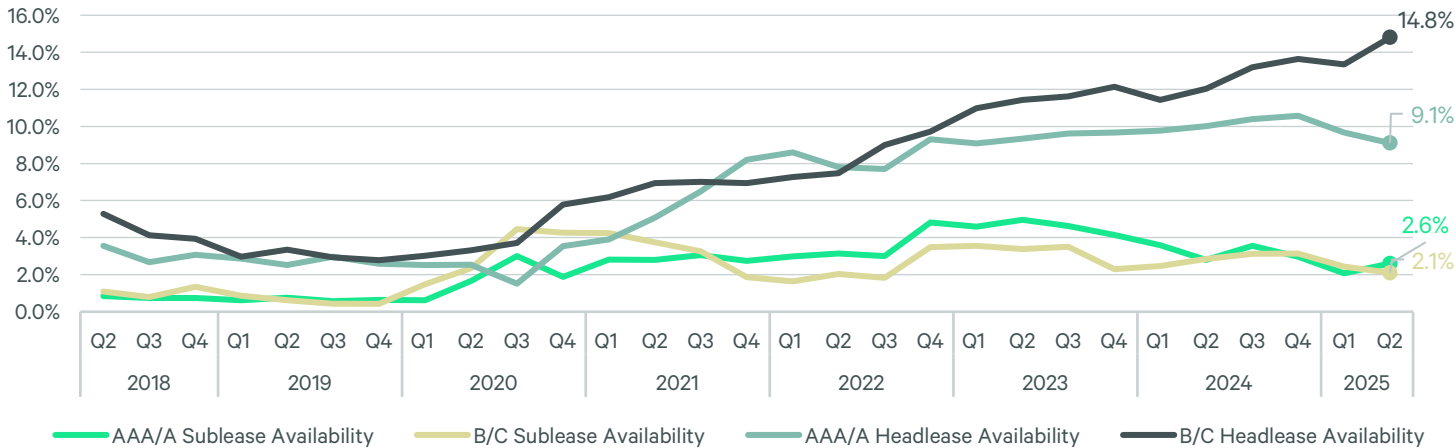
## Downtown office availability landscape

Downtown Class B & C sublease availability sits at 2.1% in Q2 2025, less than the five-year average of 2.9% and well below the Q3 2020 peak of 4.5%. This is the third consecutive quarter of a decline in Class B & C sublease availability. Corresponding to the decline is the increase in Class B & C headlease availability, which reached an all-time high of 14.8% in Q2 2025. This is a result of Class B & C subleases rolling over into headleases when the term expires without the space being sublet.

Downtown Class AAA & A sublease availability increased by 50 bps quarter-over-quarter, now sitting at 2.6%. However, this figure is below the five-year average of 3.3% and down from the peak of 5.0% in Q2 2023. The quarter-over-quarter increase was due to the two new B6 subleases on the market, totaling close to 110,000 sq. ft. of Class AAA space. Excluding the B6 subleases, Class AAA & A sublease availability would have decreased quarter over quarter by 10 bps to 2.0%. A significant factor in the increase in Class AAA & A supply has been the introduction of 3.8 million sq. ft. of new office space since 2020, which is now 93.0% committed. Looking at headlease availability, Class B & C space continues to see availability trend upwards. In contrast, Class AAA & A headlease availability appears to have plateaued, decreasing three consecutive quarters, now sitting at 9.1%.

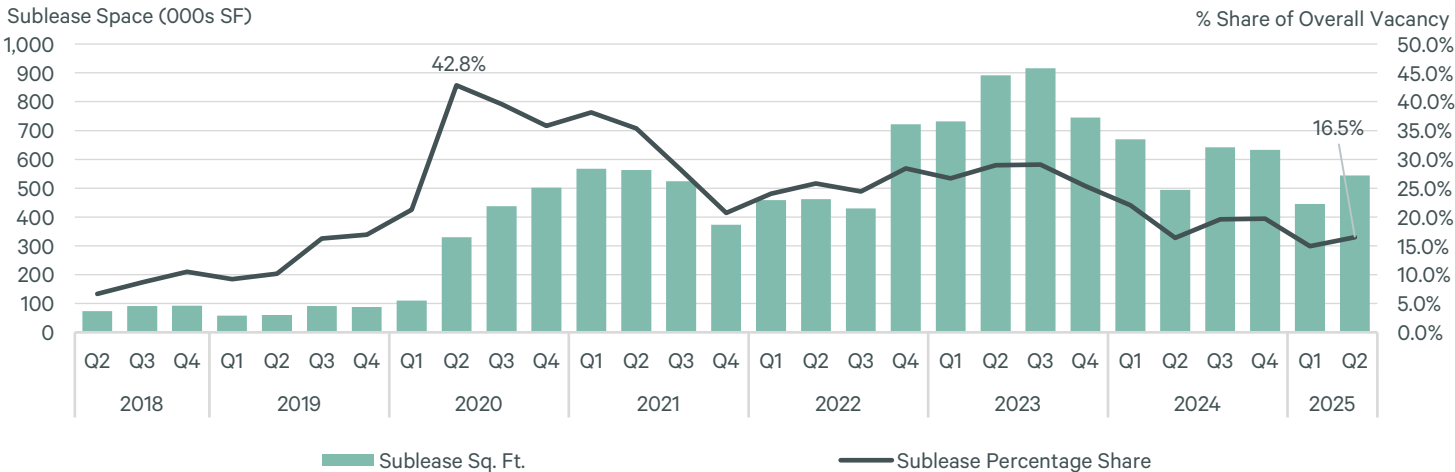
The Downtown sublease vacancy increased by 99,200 sq. ft. across all classes this quarter, remaining elevated compared to pre-pandemic levels. While sublease vacancy as a percentage of overall vacancy also rose this quarter, it remains significantly below its peak of 42.8% in Q2 2020.

FIGURE 4: Downtown Availability Rates



Source: CBRE Research, Q2 2025.

FIGURE 5: Downtown Historical Sublease Vacancy



Source: CBRE Research, Q2 2025.

## Downtown gross lease activity experienced a quarter-over-quarter decline, but sits above the five-year average

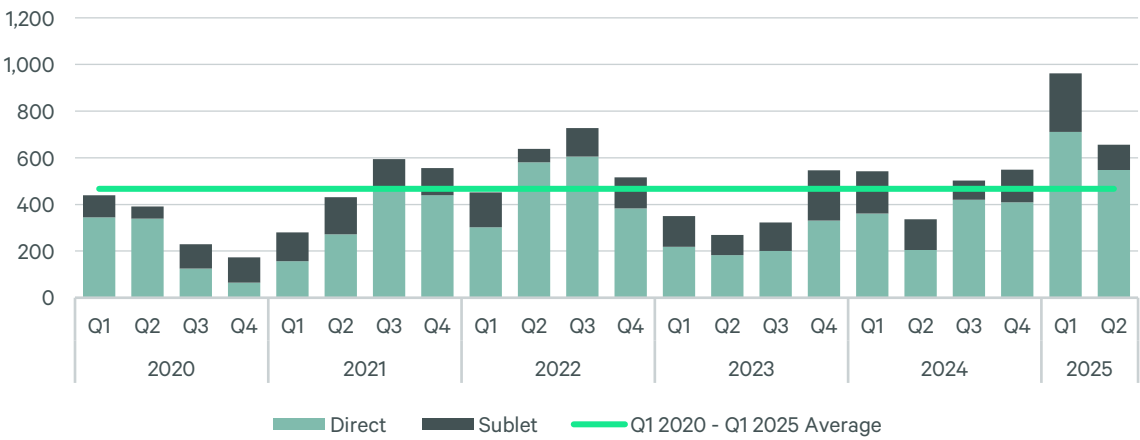
The Metro Vancouver office market experienced 1.3 million sq. ft. of gross leasing activity in Q2 2025, down from 1.5 million sq. ft. during the previous quarter. The Downtown market accounted for 49.2% (665,400 sq. ft.) of the total, down quarter-over-quarter from 62.8% (960,300 sq. ft.). Out of the 1.3 million sq. ft. of gross lease activity in Metro Vancouver, 1.1 million sq. ft. were direct deals, and 246,400 sq. ft. were subleases.

Despite tariff uncertainty and concerns around potential impacts to the economy, Downtown office gross lease activity is proving to be resilient. Q1 2025 had an exceptional amount of gross lease activity - numerous large block deals closed at the same time to create a record setting amount (over the past five years). However, this quarter experienced a moderation of gross lease activity, albeit still at healthy levels that are above the five-year average (467,000 sq. ft.). The Downtown gross lease activity was driven predominantly by Class AAA & A space, but there was significant Class B & C activity. In line with positive gross lease activity is the positive news recently reported by Central 1 noting that long-term small and medium-sized enterprises' optimism jumped in B.C. according to the Canadian Federation of Independent Business (CFIB) Barometer Survey.

## Net asking rents poised for growth

Overall, Downtown net asking rents remained stable quarter-over-quarter. They decreased slightly to \$36.41 per sq. ft. this quarter from \$36.58 per sq. ft. in the previous quarter and from \$38.32 per sq. ft. year-over-year. In contrast, Class AAA rents saw a modest increase to an average asking rate of \$48.13 per sq. ft. quarter-over-quarter, driven by large block listings of AAA & A space in newer buildings. Several factors are contributing to upward pressure on net asking rents: a lack of new supply, a more moderate pace of new listings, and consistent demand for high-quality office space.

FIGURE 6: Downtown Gross Leasing Activity (000s SF)



Source: CBRE Research, Q2 2025.

FIGURE 7: Notable Metro Vancouver Lease Transactions

Size (SF)	Tenant	Address	Submarket	Industry	Deal Type
47,714	HIIVE	980 Howe Street	CBD	Financial Services	Direct
35,969	Next Level Games	1055 Dunsmuir Street	CBD	Technology	Direct
34,689	UniUni Express	10271 Shellbridge Way	Richmond	Logistics	Direct
17,536	Quandri	380 5th Avenue W	Broadway Corridor	Technology	Direct
14,774	Vancouver Foundation	1075 W Georgia Street	CBD	Business Services	Direct

Source: CBRE Research, Q2 2025.

FIGURE 8a: Vancouver Office Market Statistics

	Class	Total Buildings	Inventory (SF)	Vacancy Rate (%)	Net Absorption (SF)	YTD Net Absorption (SF)	New Supply (SF)	Under Construction (SF)	Net Asking Rent (PSF)	T&O (PSF)
Downtown Vancouver	AAA	22	8,726,910	9.0%	-124,541	68,427	-	-	\$48.13	\$26.78
	A	39	7,815,062	10.2%	-43,454	-97,524	-	29,386	\$41.51	\$26.27
	B	54	6,795,940	16.4%	-82,321	-51551	-	-	\$33.06	\$23.11
	C	79	4,471,434	13.5%	-68,897	-18,576	-	-	\$23.90	\$19.66
		194	27,809,346	11.9%	-319,213	-99,224	-	29,386	\$36.41	\$23.98
Broadway Corridor	AAA	14	1,587,829	10.6%	-7,705	3,818	-	252,000	\$40.74	\$22.73
	A	28	1,723,724	6.4%	-22,293	-32,679	-	270,180	\$29.19	\$20.89
	B	34	1,686,154	12.5%	11,536	10,308	-	-	\$28.51	\$19.33
	C	38	849,886	10.1%	-6,604	4,854	-	-	\$23.01	\$17.96
		114	5,847,593	9.8%	-25,066	-13,699	-	522,180	\$30.25	\$20.00
Burnaby	AAA	14	2,611,452	15.3%	9,268	-45,102	-	-	\$37.24	\$20.56
	A	30	2,836,642	20.4%	106,214	115,862	-	-	\$33.70	\$19.99
	B	36	3,108,973	8.1%	45,008	32,591	-	-	\$23.84	\$19.23
	C	22	864,679	7.9%	-8,207	-30,524	-	-	\$22.46	\$20.36
		102	9,421,746	13.8%	152,283	72,827	-	-	\$32.48	\$20.10
Richmond	AAA	21	1,776,082	12.6%	58,845	74,124	-	-	\$21.31	\$15.02
	A	24	1,567,642	6.4%	1,036	23,778	-	-	\$20.73	\$14.20
	B	19	526,886	22.7%	-2,899	-6,869	-	-	\$16.26	\$18.55
	C	7	199,849	2.0%	0	0	-	-	\$14.00	\$12.64
		71	4,070,459	11.0%	56,982	91,033	-	-	\$19.61	\$15.86

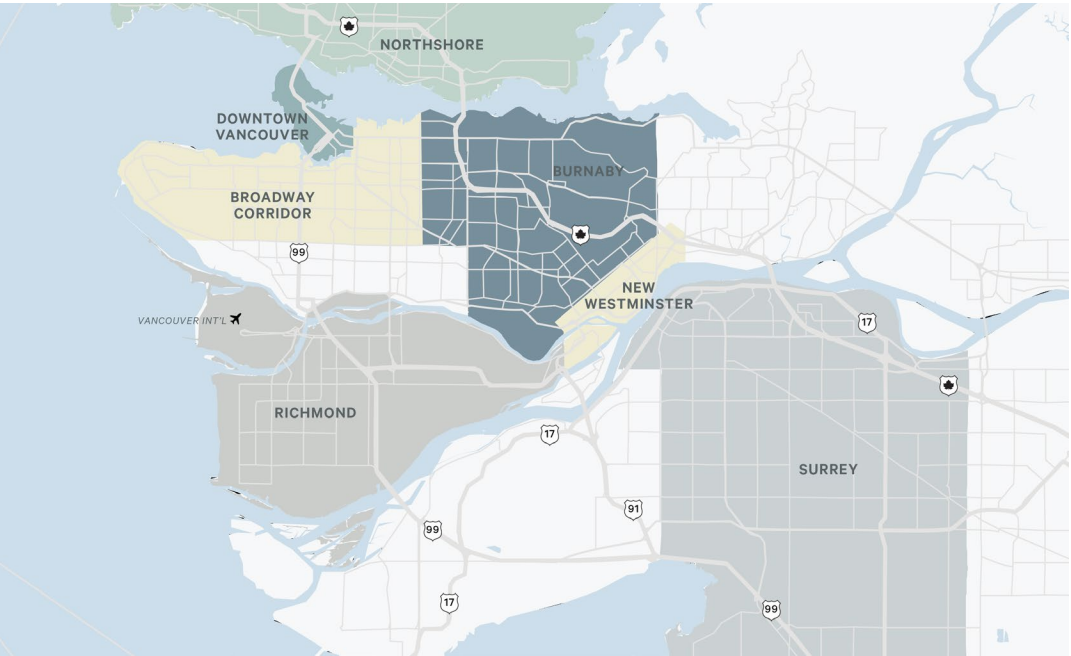
Source: CBRE Research, Q2 2025.

FIGURE 8b: Vancouver Office Market Statistics

	Submarket	Class	Total Buildings	Inventory (SF)	Vacancy Rate (%)	Net Absorption (SF)	YTD Net Absorption (SF)	New Supply (SF)	Under Construction (SF)	Net Asking Rent (PSF)	T&O (PSF)
North Shore		A	14	821,041	3.0%	880	880	-	-	\$28.60	\$21.33
		B	17	752,877	2.2%	1,000	8,627	-	-	\$21.46	\$11.40
		C	11	236,929	0.0%	0	0	-	-	\$22.00	\$16.00
			42	1,810,847	2.3%	1,880	9,507	-	-	\$25.50	\$17.02
Surrey		A	20	2,177,508	5.6%	-17,912	10,089	-	31,228	\$35.28	\$19.28
		B	21	807,730	4.5%	3,408	5,555	-	-	\$22.74	\$15.14
		C	13	253,403	0.0%	0	0	-	-	\$18.00	\$12.97
			54	3,238,641	4.9%	-14,504	15,644	-	31,228	\$31.44	\$18.01
New Westminster		A	8	635,394	5.8%	9,141	10,903	-	-	\$39.24	\$16.39
		B	14	615,296	2.0%	0	1,137	-	-	\$20.82	\$15.35
		C	10	275,766	0.9%	3651	7,047	-	-	\$10.17	\$23.12
			32	1,526,456	3.4%	12,792	19,087	-	-	\$33.53	\$16.47
Total Suburban		AAA	49	5,975,363	13.3%	60,408	32,840	-	252,000	\$32.91	\$19.19
		A	124	9,761,951	9.9%	77,066	128,833	-	301,408	\$31.80	\$18.96
		B	141	7,497,916	8.7%	58,053	51,349	-	-	\$23.77	\$18.53
		C	101	2,680,512	6.0%	-11,160	-18,623	-	-	\$19.91	\$18.05
			415	25,915,742	9.9%	184,367	194,399	-	553,408	\$28.95	\$18.84
Metro Vancouver		AAA	71	14,702,273	10.8%	-64,133	101,267	-	252,000	\$39.87	\$22.66
		A	163	17,577,013	10.0%	33,612	31,309	-	330,794	\$37.05	\$22.91
		B	195	14,293,856	12.3%	-24,268	-202	-	-	\$29.72	\$21.46
		C	180	7,151,946	10.7%	-80,057	-37,199	-	-	\$23.01	\$19.30
			609	53,725,088	10.9%	-134,846	95,175	-	582,794	\$32.36	\$21.19

Source: CBRE Research, Q2 2025.

Market Area Overview



Definitions

Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Net Absorption: The change in occupied sq. ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Vacancy Rate: Total vacant sq. ft. divided by the total building area. Vacant sq. ft.: Space that can be occupied within 30 days. Availability: All current and future marketed lease availabilities in existing inventory. Full floor: a floor over 8,000 sq. ft.

Survey Criteria

Includes all competitive office buildings in Greater Vancouver. Under construction refers to buildings which have begun construction as evidenced by site excavation or foundation work.

Contacts

Tyler Bains

Research Director  
+1 604 662 5135  
tyler.bains@cbre.com

Scott Sutherland

Senior Research Analyst  
scott.sutherland@cbre.com

For media related inquiries:

Carly Clements

Marketing Manager  
carly.clements@cbre.com