

# Vancouver, British Columbia

Tenant's Guide ■ North American Markets ■ Fourth Quarter 2009

## Overview

The Metro Vancouver market showed slight improvement overall in the 4th quarter of 2009. The total vacancy rate in the Downtown Core decreased from 7.46% last quarter to 6.8% with overall vacancies in Greater Vancouver falling slightly from 8.9% in Q3 to 8.6%, an indicator that the recession may be starting to turn around. The amount of sublease space in Downtown declined; however, the amount of total vacant space in the Downtown Core remained the same as the previous quarter.

Unlike other Canadian cities, Vancouver has very little downtown office construction underway or planned for the near future. The market activity continues, for the most part, to revolve around sublease space and lease transactions back filling leases terminated by landlords. Rental rates remain relatively stable even though the amount of sublet space fell marginally from last quarter. Furthermore, with interest rates remaining low, some companies are evaluating buying space rather than renting, however there is very little office product for sale.

In the suburban market, vacancy rates declined, with class A space vacancies falling from just over 13% to 11.76% in Q4. Available sublease space also fell 0.5% in the suburban market, indicating that sublets are remaining a feasible alternative for companies willing to relocate out of the Downtown area and into the suburbs in order to cut costs.

## Market Trends

- Downtown vacancy rates decreased from the previous quarter to 6.8%, with overall vacancies in the Metro Vancouver Area decreasing to 8.6%.
- As expected, rental rates in Metro Vancouver showed a slight drop in the 4th quarter.

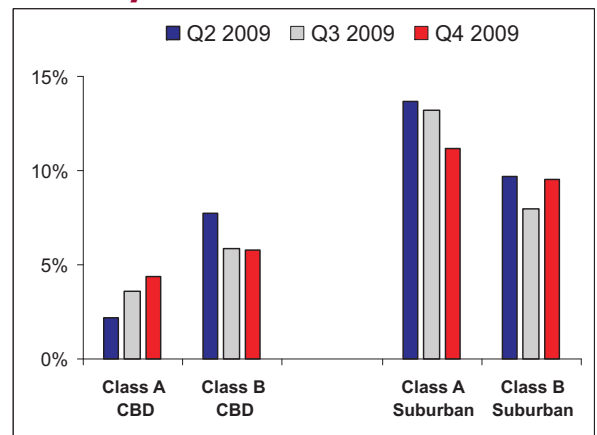
## Tenant's Perspective

With overall vacancies and the sublet market stabilizing, the tenant's market will continue well into 2010. However, it is unclear as to how long this will continue to be a factor. Despite the lingering effects of the recession, there are still excellent opportunities for a tenant to secure a favourable lease. The impact of the 2010 Olympic Games on Vancouver's economy is still unpredictable, but poor unemployment numbers and further downsizing by companies looking to cut costs should favour the tenant's market for the foreseeable future.

## Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Haywood Securities	37,000	Office	Headlease
Mackenzie Financial	25,000	Office	Headlease
Quinlan Abrioux	11,200	Office	Headlease
Ritchie Bros. Auctioneers	164,580	Office	Headlease
Open Solutions Canada	23,897	Office	Headlease
St. Paul Insurance Co.	22,724	Office	Headlease
British Columbia Technology Industry Association	12,500	Office	Headlease
Inde Electronics	10,732	Office	Headlease

## Vacancy Rate



## Average Rental Rates

	Q2 2009	Q3 2009	Q4 2009
<b>CBD</b>			
Class A Office	\$50.00	\$49.00	\$49.00
Class B Office	\$35.00	\$36.00	\$36.00
<b>Suburban</b>			
Class A Office	\$33.00	\$34.00	\$33.00
Class B Office	\$26.00	\$27.00	\$27.00

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