



DISTRIBUTION OF OFFICE SPACE BY CLASS IN DOWNTOWN VANCOUVER

Land Use and Development - Profile
Step 1: Understanding Yesterday and Today

Metropolitan Core Jobs & Economy Land Use Plan

Highlights

- Class AAA and A combined make up 44% of downtown office space, followed by 38% in Class B and 18% in Class C.
- Class AAA and Class A office space is located predominantly in the Central Business District, while Class B and C are more dispersed with smaller clusters in Yaletown and Gastown.
- Since 2000, nearly 1.1 million square feet of Class AAA office space has been constructed or is currently under construction. This is more than 25% of all of today's Class AAA space.
- Pre-1930s buildings contain a large share of Class B and C office space.



WHAT IS THE DISTRIBUTION OF OFFICE SPACE CLASSES IN DOWNTOWN?

The downtown peninsula has a total of about 290 office buildings. Approximately 270 of these buildings are allocated to four office space classes, while the remaining buildings are either government buildings or buildings that have not been assigned a class. In addition, many smaller office spaces exist in buildings throughout downtown; however, this space usually does not get counted in commercial real estate analyses. It should also be noted that what is here referred to as "office space" contains other commercial space, such as retail units on the ground floor of office buildings. Government owned office space is not included.

Figures 1 and 2 and Table 1 show the distribution of Downtown Vancouver office buildings and office space into the four office classes. Interestingly, the relatively small percentage of Class AAA and A office buildings make up 44% of downtown peninsula office space, an indication that Class AAA and A office buildings tend to be much larger than Class B and C buildings (please see the Information Sheet "Office Built Form and Characteristics" for more detail on built form characteristics). Conversely, buildings in Class C, which tend to be much smaller, account for nearly half of all office buildings but only 18% of office space.

Figure 1: Distribution of downtown office buildings by class (Source: Space4Lease.com)

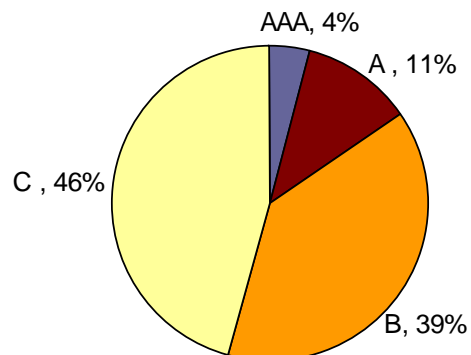


Figure 2: Distribution of downtown office space by class (Source: Space4Lease.com)

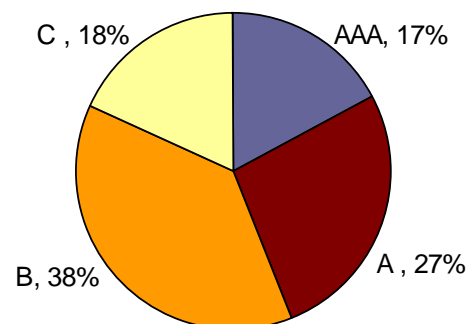


Table 1: Distribution of office space and buildings into classes

Building Class	# of buildings	% of total buildings	floor space (sq ft)	% of total floor space
AAA	11	4%	4,204,141	17%
A	31	11%	6,476,458	27%
B	104	39%	9,196,132	38%
C	124	46%	4,479,094	18%
Total	270	100%	24,355,825	100%

Source: Space4Lease.com

WHAT ARE THE DIFFERENT BUILDING CLASSES FOR OFFICE SPACE?

Office buildings differ widely in age, quality of improvements and location. A method to categorize buildings by these factors is to allocate them to three classes: Classes A, B, and C. In addition, extremely high-end buildings are classified as Class AAA.

There are no standard definitions for these classes. In Canada, the Real Property Association of Canada (RealPAC) and the Appraisal Institute of Canada (AIC) are in the process of developing standard definitions for terms used in commercial real estate, and future terms may include Class A, B, and C office space. In the meantime, characteristics have to be compiled from varying sources.

The following is a summary of the major characteristics, based on information from the Urban Land Institute, All Business, Officespace.com and CB Richard Ellis:

- Class AAA: Landmark buildings in extremely favourable locations in the CBD. These buildings are the best of Class A office buildings.
- Class A: Prestigious buildings that have a definite market presence in excellent locations. They provide a large number of business amenities and have high quality building materials, as well as state-of-the-art infrastructure and mechanical systems.
- Class B: Highly functional buildings in good locations with solid construction. They are less current in design and infrastructure than Class A buildings; however, Class B buildings in desirable locations can be renovated to be reclassified as Class A.

- Class C: These buildings are older and typically smaller in scale. Some Class C buildings have not been renovated and can be functionally outdated. However, many Class C buildings are located in heritage buildings or heritage districts, and their character value make them attractive locations for many companies.

Due to the varying definitions of the classes, the distribution of office space by class can vary for the same location, depending on what source one uses. Table 2 illustrates this point by showing how four sources allocate office space in downtown Vancouver into the different classes.

Table 2: Distribution of downtown office space into classes, based on four sources (see Note 1)

Building Class	Space4 Lease	Avison Young	CB Richard Ellis	Colliers
AAA	17%	19%	19%	13%
A	27%	32%	26%	28%
B	38%	33%	35%	38%
C	18%	16%	19%	21%
Total	100%	100%	100%	100%

It should be noted that characteristics of office buildings in these four classes also vary by location. An office building that is categorized as Class A in Vancouver might be called a Class B building in larger office markets, such as Toronto or New York City.

WHERE IN DOWNTOWN VANCOUVER ARE THE DIFFERENT CLASSES LOCATED?

As mentioned above, there are about 290 buildings with significant amounts of office space on the downtown peninsula, 270 of which are allocated to the four office space classes.

Class AAA

As shown in Figure 3, the Central Business District has ten of the downtown's eleven Class AAA office buildings. Most of the Class AAA buildings form a cluster in the heart of the CBD, around Burrard, Dunsmuir and Georgia Streets. The only Class AAA building that is technically outside of the CBD is Shaw Tower. However, given its location on Cordova Street, it is functionally located in the CBD.

Class A

The vast majority of Class A office buildings can also be found in the CBD, as shown in Figure 4. Many Class A office buildings in the CBD are located along Burrard, Pender and Hastings Streets, as well as on Granville Street.

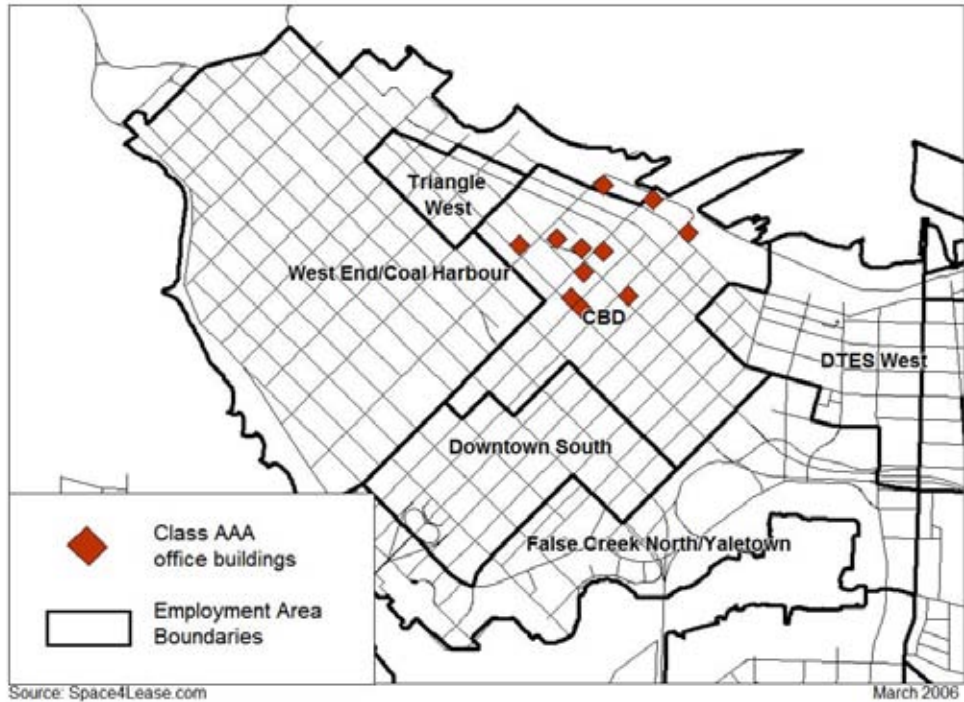


Figure 3: Distribution of Class AAA office buildings

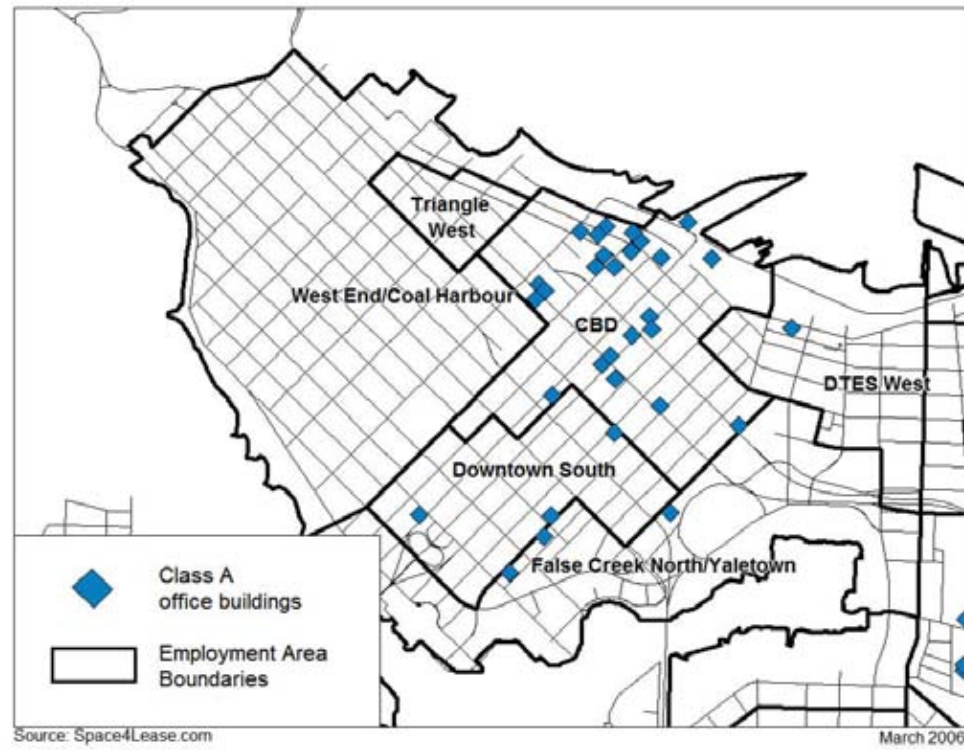


Figure 4: Distribution of Class A office buildings

Class B

Class B office buildings are more dispersed across downtown than those in Classes AAA and A (see Figure 5). Regardless, three quarters of Downtown Class B office space is located in the CBD. There is a significant cluster of Class B buildings in Yaletown.

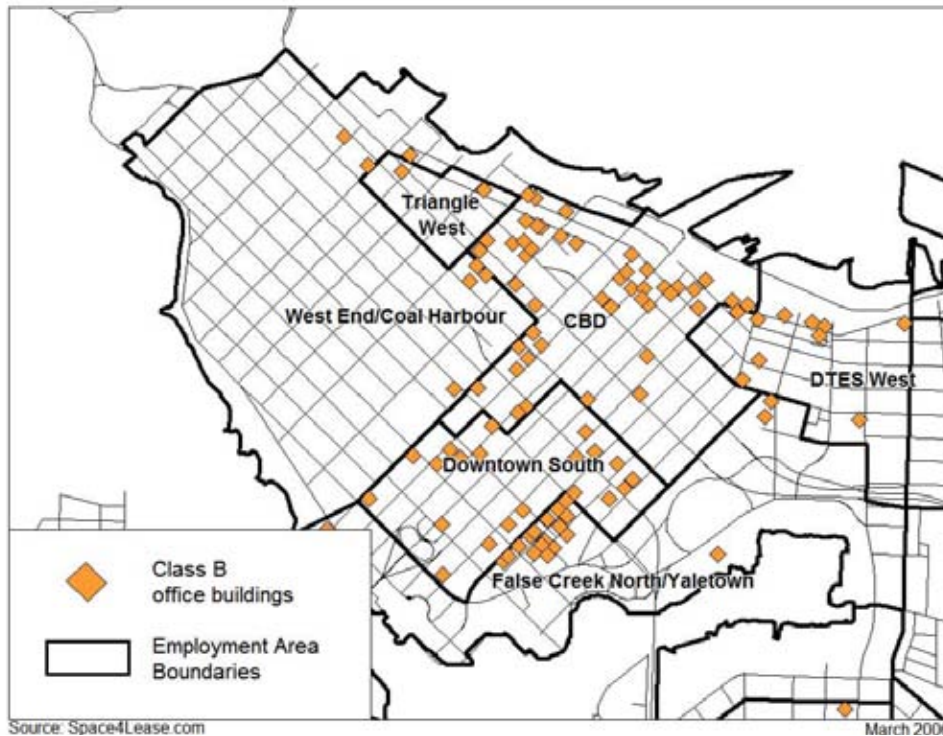


Figure 5: Distribution of Class B office buildings

Class C

Class C office buildings are numerous and are spread throughout the downtown, as shown in Figure 6. A large cluster of Class C buildings can be found in Gastown, as well as in the older section of the CBD along Hastings and Pender Streets.

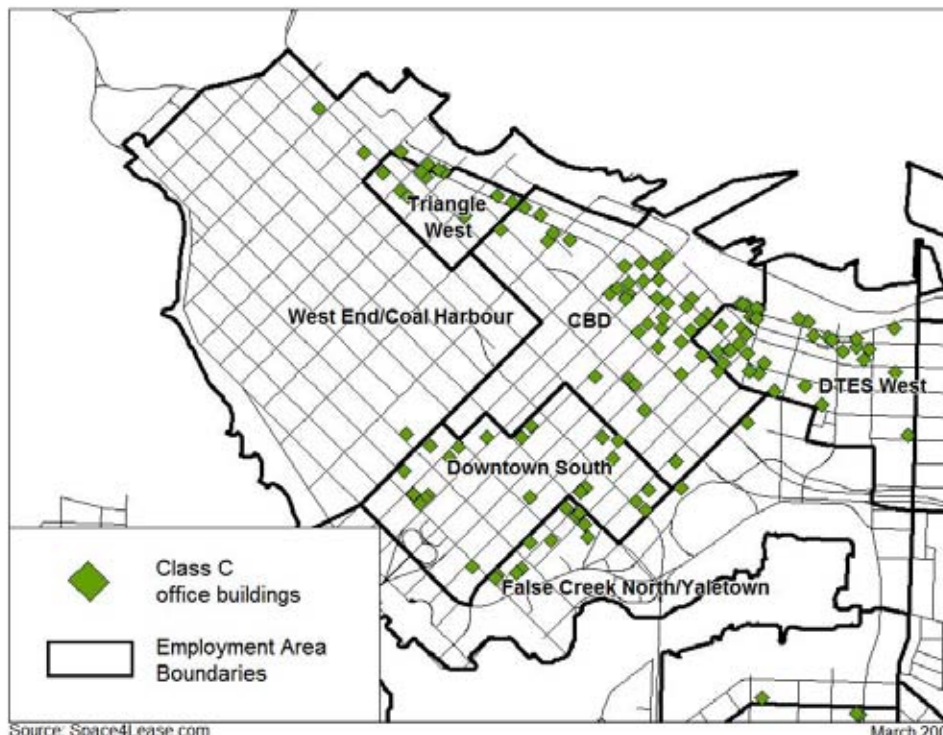


Figure 6: Distribution of Class C office buildings

WHAT IS THE DISTRIBUTION OF THE CLASSES WITHIN EACH AREA?

Another way of looking at the distribution of office space classes in Downtown Vancouver is to examine each employment area individually, as shown in Table 3. It should be noted that the employment area boundaries are data-bound and may not meet conventional boundaries.

The CBD employment area is the only area with a significant amount of Class AAA and A space. Most other areas are dominated by Class B and C space. It is interesting to note that the Downtown Eastside West, more commonly referred to as Gastown, has predominantly Class C office space. Yaletown, on the other hand, which is also a heritage area, has more Class B space.

Table 3: Distribution of Downtown office buildings and office space within each employment area

	# of buildings	% of total buildings in Employment Area	Floor space (sq ft)	% of total floor space in Employment Area
CBD				
Class AAA	10	8%	3,919,141	22%
Class A	24	20%	6,126,264	34%
Class B	45	37%	6,167,567	34%
Class C	44	36%	1,943,674	11%
Total	123	100%	18,156,646	100%
Triangle West				
Class AAA		-		-
Class A		-		-
Class B	2	20%	294,194	44%
Class C	8	80%	376,732	56%
Total	10	100%	670,926	100%
West End/Coal Harbour				
Class AAA	1 (adjacent to CBD)	7%	285,000	38%
Class A		-	-	-
Class B	7	47%	318,680	42%
Class C	7	47%	154,960	20%
Total	15	100%	758,640	100%
Downtown South				
Class AAA		-		-
Class A	3	7%	102,015	5%
Class B	20	45%	1,145,968	59%
Class C	21	48%	690,125	36%
Total	44	100%	1,938,108	100%
False Creek North/Yaletown				
Class AAA		-		-
Class A	3	8%	236,179	16%
Class B	20	56%	807,930	55%
Class C	13	36%	415,675	28%
Total	36	100%	1,459,784	100%
DTES West (Gastown)				
Class AAA		-		-
Class A	1	2%	12,000	1%
Class B	10	24%	461,793	34%
Class C	31	74%	897,928	65%
Total	42	100%	1,371,721	100%

WHEN WAS OFFICE SPACE IN DOWNTOWN VANCOUVER BUILT?

In Downtown Vancouver, the vast majority of office space has been constructed since the 1970s (see Figure 7 and Table 4).

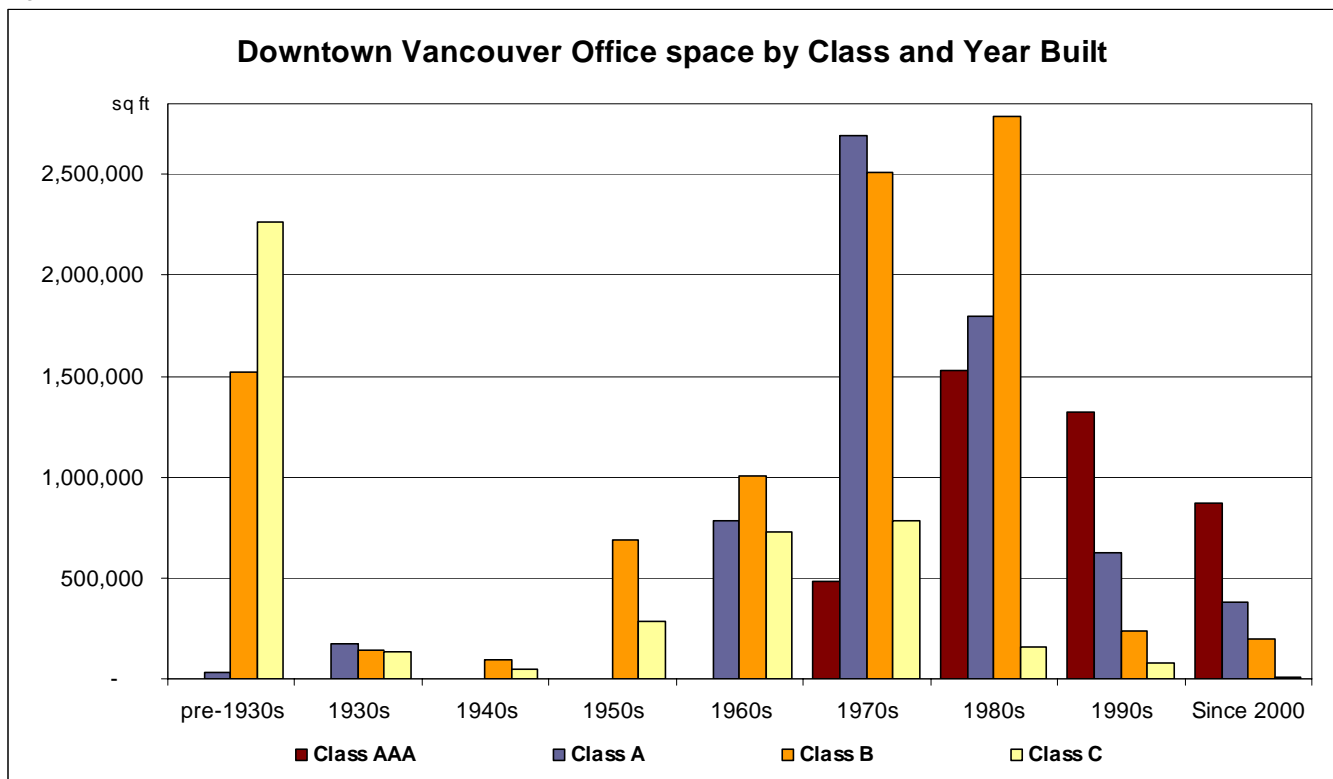
As mentioned above, office space classes vary in their characteristics. Typically, however, Class AAA space is located in newer buildings, or in buildings that have had extensive renovations. Class C on the other hand can be more often found in older buildings.

It is important to note that at the time of their construction, many buildings may have been top end office space, but are no longer considered as such due to aging of these buildings and innovations in office space technology. For example, a Class A building 20 years ago may today be a Class B building. In fact, at the time of construction, some buildings

even contained a different use (such as buildings in Yaletown that were originally built as warehouses, but that have since been converted to office space).

Today's Class AAA office space has been entirely constructed since the 1970s. What now is considered Class A space is predominantly located in 1970s and 80s buildings, although smaller amounts also were constructed since the 1990s. Most of today's Class B office space was constructed in the 1970s and '80s; however, a small amount of brand new Class B space continues to get built today. It is interesting to note that over 1.5 million sq ft of Class B space is located in buildings that were constructed before 1930, many of which have been extensively renovated since. Similarly, more than half of Class C space is located in buildings that were constructed prior to the 1930s.

Figure 7:



See note Table 4.

Table 4: Office space classes today by year of construction of building

	pre-1930s	1930s	1940s	1950s	1960s	1970s	1980s	1990s	Since 2000
Class AAA									
Class AAA (sq ft)						479,242	1,530,917	1,324,802	869,180
% of total AAA space						11%	36%	32%	21%
AAA buildings						1	3	4	3
Class A									
Class A (sq ft)	33,679	173,312			782,357	2,687,787	1,795,896	621,512	381,915
% of total A space	1%	3%			12%	42%	28%	10%	6%
A buildings	1	1			3	7	8	5	6
Class B									
Class B (sq ft)	1,521,619	139,867	98,950	689,539	1,006,732	2,510,909	2,788,718	238,696	201,102
% of total B space	17%	2%	1%	7%	11%	27%	30%	3%	2%
B buildings	27	2	2	7	7	18	27	11	3
Class C									
Class C (sq ft)	2,265,129	131,313	49,200	283,494	730,104	780,605	156,139	78,960	4,150
% of total C space	51%	3%	1%	6%	16%	17%	3%	2%	0%
C buildings	63	5	2	8	17	19	6	3	1

Source: Space4Lease.com

Note: Most buildings are shown by year of actual construction, not major renovations. For example, a building that was constructed in 1970, but experienced significant renovations in 1995, would be shown as a 1970s building. The one exception is Class C office space “constructed” since the 1990s: of the four buildings shown for the 1990s and since 2000, only one was actually newly built in 1990. The other three were renovations or change of use of older buildings.

Notes:

1) Each real estate brokerage company includes slightly different buildings in its inventory:

Colliers: Inventory includes all buildings over 10,000 square feet in size. They can be owner-occupied and government buildings, provided the building is ultimately designed for market office use (e.g. the inventory includes 401 Burrard Street, but not City Hall).

CBRE: Inventory includes all competitive office buildings 10,000 sq ft in size or larger.

Avison Young: Inventory includes non-government office space in buildings higher than three storeys and larger than 20,000 sq ft in size.

Space4Lease: A web site that serves as a listing and marketing tool for commercial property. Its inventory includes everything that is listed by numerous real estate companies or individual owners. It does not include government office space that is not available for market office use.

Sources:

Data for most of the analysis was downloaded from Space4Lease.com in December 2005. Some minor adjustments were made to reflect residential space and match the data more closely with BC Assessment data.

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This Information Sheet was published by the City of Vancouver. It is one in a series of Information Sheets produced for the Metropolitan Core Jobs and Economy Land Use Plan. The purpose of this initiative is to develop a long term land use policy plan to accommodate future economic activity and jobs in the Metro Core. For further information, please e-mail corejobs@vancouver.ca or visit the website www.vancouver.ca/corejobs