



OFFICE SPACE AND VACANCY DOWNTOWN - CHANGE OVER TIME

Land Use and Development - Profile

Step 1: Understanding Yesterday and Today

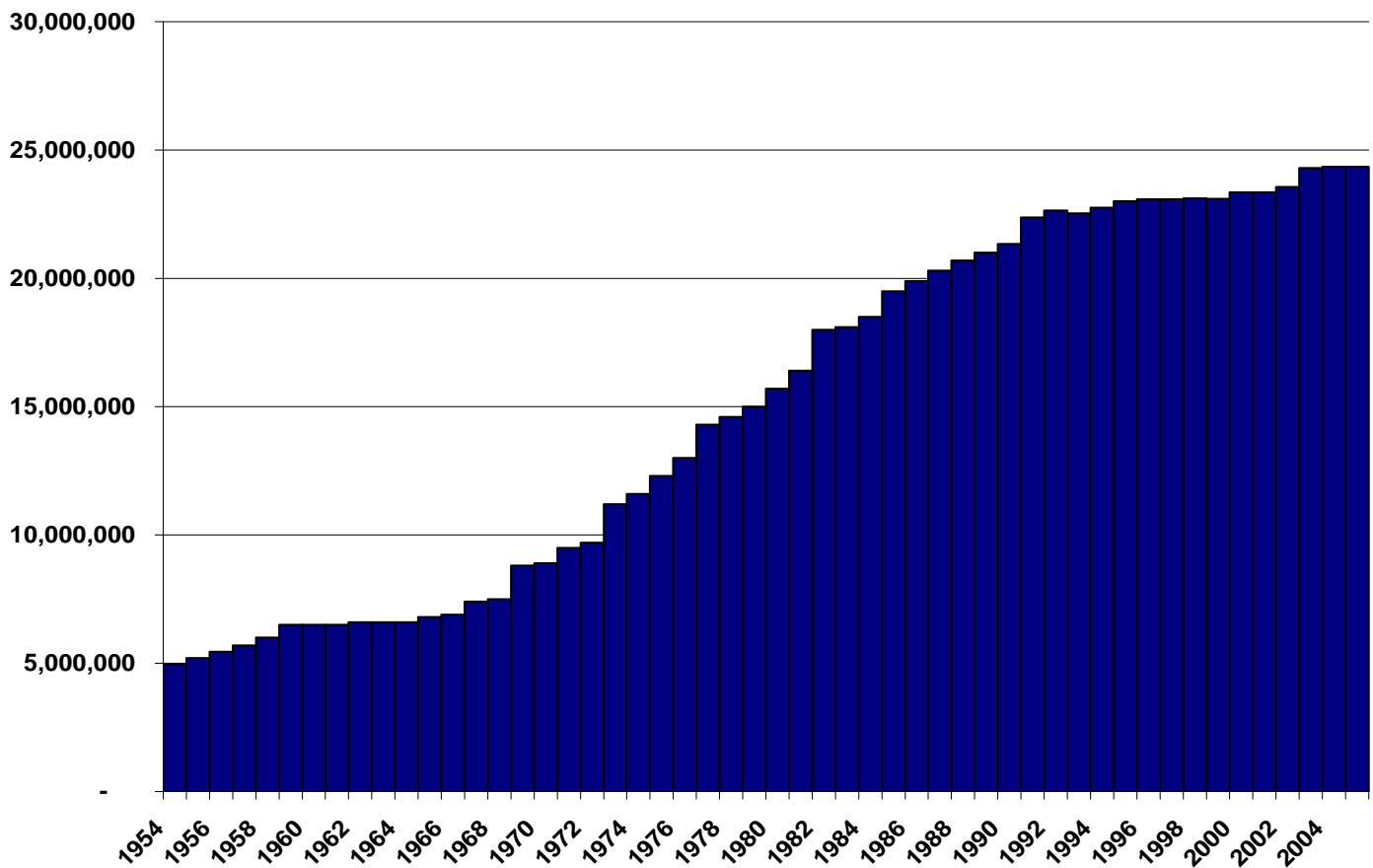
Metropolitan Core Jobs & Economy Land Use Plan

Highlights

- Vancouver's Downtown saw the greatest growth in office space in the 1970s, and a levelling off since the early 1990s.
- Vacancy rates have fluctuated dramatically, from 1% in 1981 to 18.5% at the end of 1985, following an irregular pattern of cycles.
- Like vacancy rates, the amount of occupied office space follows a cyclical pattern.
- Occupied office space peaked at around 17m sq ft in 1982, then again at 19m sq ft in 1989 and at 22.5m sq ft in 2000.
- Since 1994 the amount of occupied space has generally fluctuated around 21m sq ft, with around 22.4m sq ft of leased space occupied in late 2005.



Figure 1: Downtown Vancouver office space (sq. ft.): 1953-2005

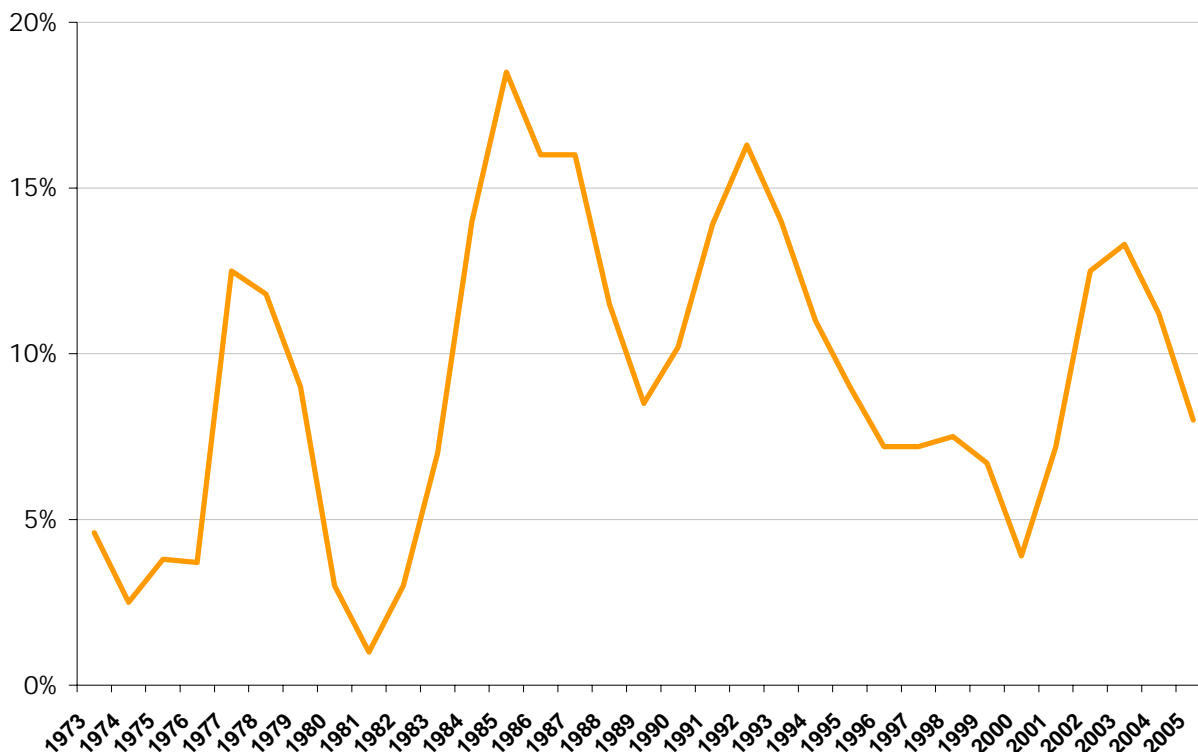


City of Vancouver and Colliers International. Office Space & Vacancy Downtown 1953 - 2005.xls. See Note 1.

HOW HAS THE PATTERN OF OFFICE DEVELOPMENT CHANGED IN DOWNTOWN VANCOUVER SINCE 1954?

In the late 1950s and 1960s Vancouver saw a relatively small increase in the amount of office space, from five million square feet of space in 1954 to just under nine million in 1970. In the next decade significant amounts of building took place as the CBD expanded south and west, with the total nearly doubling to just under sixteen million square feet in 1980.

Figure 2: Downtown Vancouver office vacancy rate: 1973-2005



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HOW HAS THE PATTERN OF OFFICE VACANCY CHANGED IN DOWNTOWN VANCOUVER SINCE 1973?

Vacancy rates in the Vancouver office market have fluctuated significantly over the past thirty or so years. In 1981 there was an almost unheard of 1% vacancy rate, but the recession of the early 1980s saw office demand collapse, with the vacancy rate rising to 18.5% at the end of 1985.

Over the 1980s a further five million square feet of net space were added, with the total reaching 21.3 million square feet of office space in 1990. Through the 1990s the pace of additional development slowed, so by 2000 another two million square feet of leasable office space had been added to the stock. A further million square feet has been added in the first five years of this century (Figure 1 on Page 1).

It should be noted that these data are for leased office space; Government-owned space (thought to add around another 740,000 sq ft in Downtown), and some smaller office buildings are not included (See Note 2).

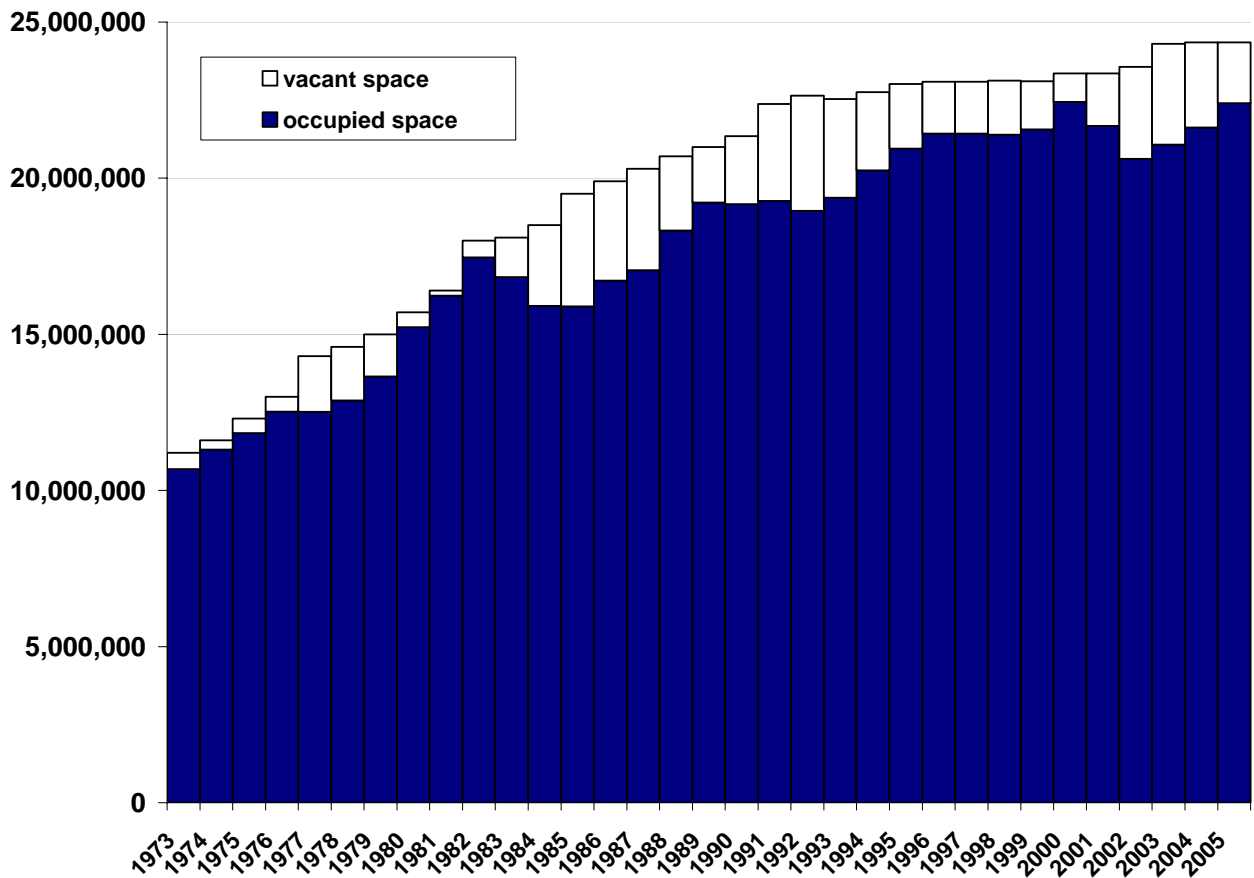
Since then the market has continued to fluctuate, operating roughly on a seven to nine year cycle. Currently Downtown vacancy rates are falling, having peaked at 13.3% at the end of 2003, but falling by over five percent (which represents over a million square feet of occupied space) by late 2005 (Figure 2).

HOW HAS THE CHANGING VACANCY RATE AFFECTED THE AMOUNT OF OCCUPIED OFFICE SPACE SINCE 1973?

Applying the changing vacancy rate in the Vancouver office market to the amount of space in the market gives a picture of the amount of occupied space in the Downtown area. As vacancy rates decline, rents rise, and developers plan to add new space to meet demand, which is built over the next few years.

Since 1994 the amount of occupied space has fluctuated around 21 million square feet, with around 22.4 million of leased space occupied in late 2005 (Figure 3).

Figure 3: Downtown Vancouver office space (sq. ft.): 1973-2005



City of Vancouver and Colliers International. Office Space & Vacancy Downtown 1953 - 2005.xls

Sources / Contacts

Sources of information are recorded throughout this Information Sheet. Additional notes are provided here:

1) Data sources for each time period: 1957-1980, City of Vancouver Coreplan; 1980-1986 City of Vancouver Quarterly review, 1986-1990 estimated from market sources, 1990-2004 Colliers International (adjusted to 2004 data reclassification).

2) Leased office space excludes some small spaces outside major office areas, under 20,000 sq ft, and those wholly owned and occupied by Government Departments. This was thought to total 740,000 sq ft in 2005.

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