

FIGURES | CANADA OFFICE | Q4 2022

# An uneven recovery: economic uncertainty sees retreat in demand after two quarters of improvement

▲ 17.1%

Vacancy Rate

▼ -2.1M

SF Net Absorption

▼ 11.3M

SF Under Construction

▲ \$23.00

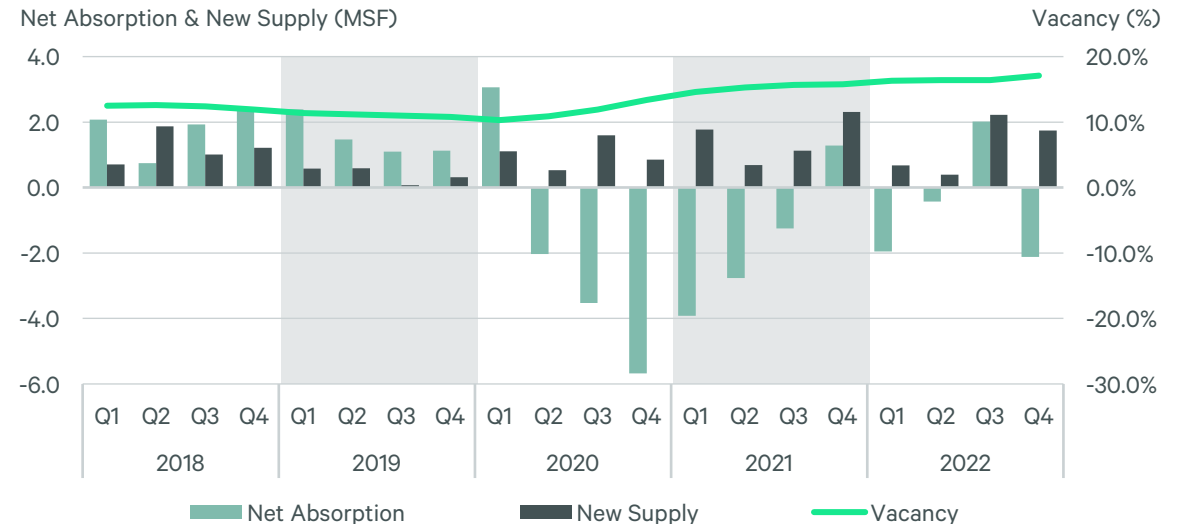
PSF Average Class A Net Rent

Note: Arrows indicate change from previous quarter.

## Executive Summary

- National office market reported its weakest quarter of 2022 in Q4 with negative 2.1 million sq. ft. of net absorption with an outsized impact being felt this quarter from Toronto.
- Sublet listings are once again on the rise and represent 18.1% of vacant space nationally. The majority of markets remain at or near their respective 10-year high of sublease vacancy with the exception of a few cities: Calgary, Edmonton and Halifax.
- The delta between downtown and suburban markets continued to grow throughout the year and is currently 130 basis points (bps), its widest point to date. Overall, downtown centres fared worse this quarter with new supply and tenants relocating out of older properties.
- The national office pipeline has continued to lighten, now 11.0 million sq. ft., and is at its lowest level since Q3 2017. With developers largely placing future projects on hold, the office pipeline could slow to its lowest level in over 20 years if no significant projects commence construction next year.

FIGURE 1: National Office Supply & Demand



Source: CBRE Research, Q4 2022.

## Net absorption ends the year on down note in the wake of positive mid-year improvements

- The Canadian office market reported its weakest quarter of 2022 in Q4 with negative 2.1 million sq. ft. of net absorption. This should not outshine the fact however that overall annual net absorption is at its highest level since the onset of the pandemic.
- Four of 10 markets reported positive net absorption this quarter and was led by Waterloo Region and Vancouver. Losses were seen elsewhere across the country, with many including Calgary and Edmonton noting occupier rightsizing coming into play.
- As has been the case throughout the year, one market in particular drove the narrative nationally this quarter. Faced with tenant relocations into new builds, long known future vacancies have finally come to market and had an outsized impact on Toronto. This impact was however amplified by the curbing of growth plans by several major tech companies.

FIGURE 2: Historical National Net Absorption (MSF)

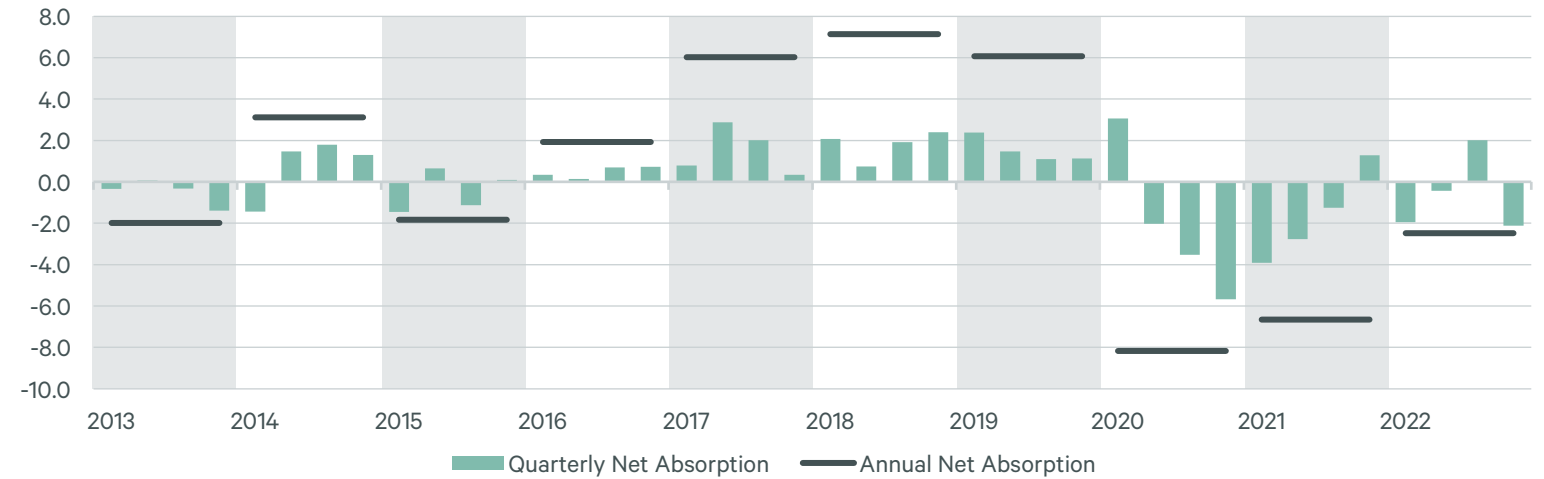
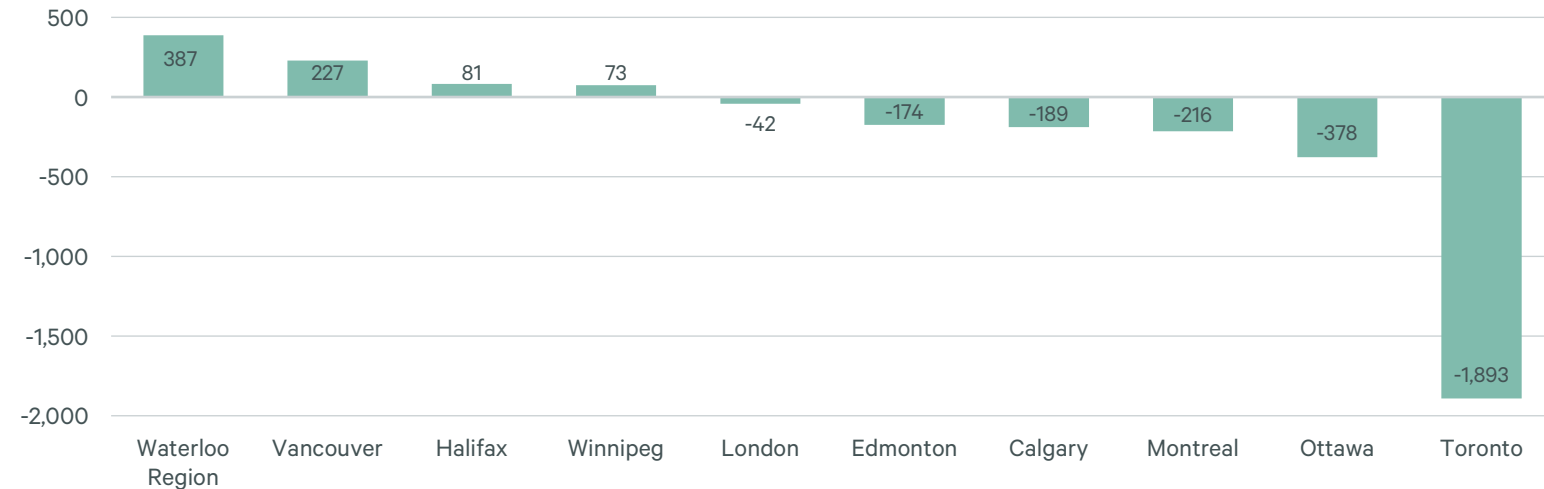


FIGURE 3: Current Quarter Net Absorption by Market (000's SF)



Source: CBRE Research, Q4 2022.

## Downtown sublets on the rise, keeping most markets near their 10-year highs

- Sublet listings are once again on the rise and ended 2022 higher than a year prior. Subleases currently account for 18.1% of total vacant space and are equal to 3.1% of existing inventory.
- A different picture is shaping up between the suburbs and downtown, with downtown centres accounting for the bulk of the increase this quarter. Suburban sublets meanwhile experienced a decrease and are at their lowest level since Q1 2021.
- Quarterly sublet increases were seen in five of 10 markets and in absolute terms was led by Toronto and Vancouver. In both markets this was focused downtown, with the suburbs by comparison seeing improvement over the quarter.
- The majority of markets remain at or near their respective 10-year highs of sublease vacancy except for a few cities: Calgary, Edmonton and Halifax. These three also noted further decreases in sublet listings this quarter.

FIGURE 4: National Vacant Sublet Space, Suburban vs Downtown (MSF)

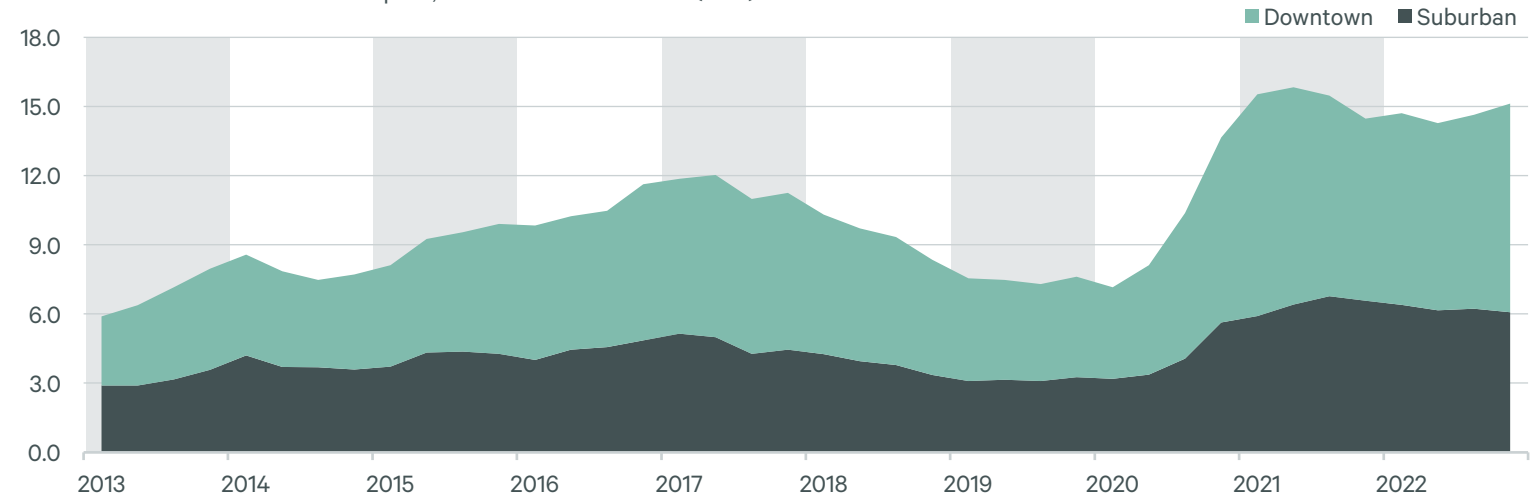
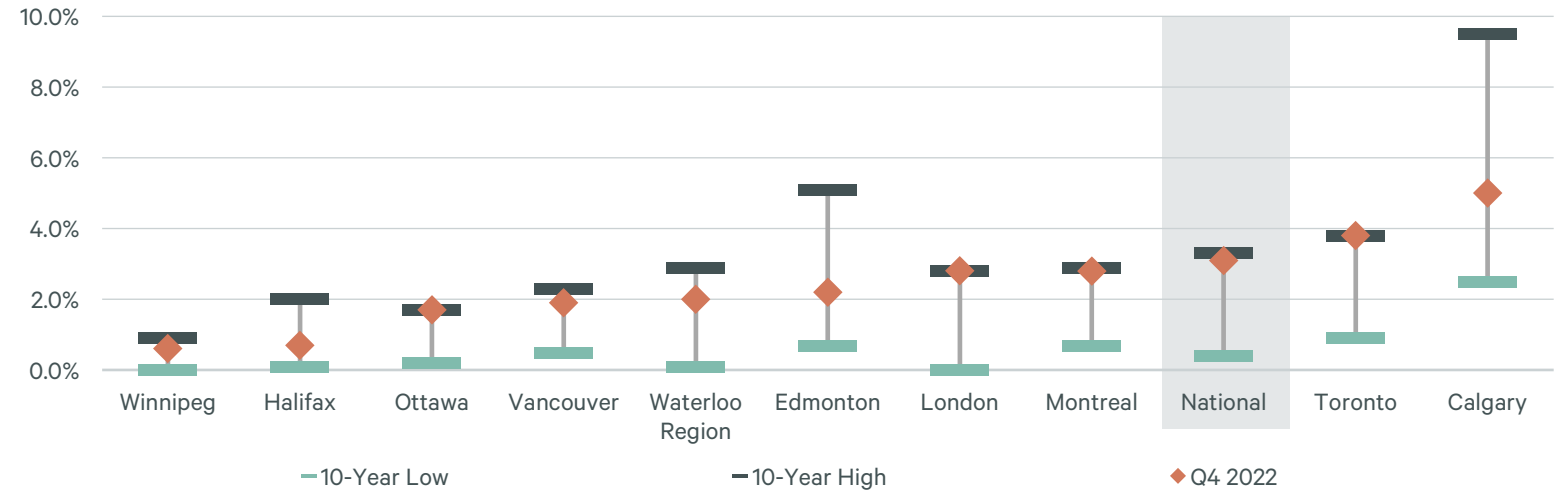


FIGURE 5: Sublease as % of Inventory by Market



Source: CBRE Research, Q4 2022.

## Elevated vacancy levels anticipated to persist, especially in older properties

- The overall national office vacancy rate increased after holding steady at 16.4% for two consecutive quarters and ended the year at 17.1%. Few markets escaped the rising tide with seven of 10 markets experiencing growing vacancy this quarter.
- Notably, Winnipeg, Waterloo Region and Halifax were the only to see improved market conditions, either holding steady or decreasing across both of their downtown and suburban submarkets. Further, Halifax is the first market to return to pre-pandemic levels of vacancy.
- The delta between downtown and suburban markets continued to grow throughout the year to 130 bps, its widest point to date. It is unlikely we will see a reversal of this trend in the year ahead with markets including Vancouver noting a shift in demand to the suburbs and multiple other downtown deliveries on the horizon.

FIGURE 6: National Downtown vs Suburban Vacancy Rate

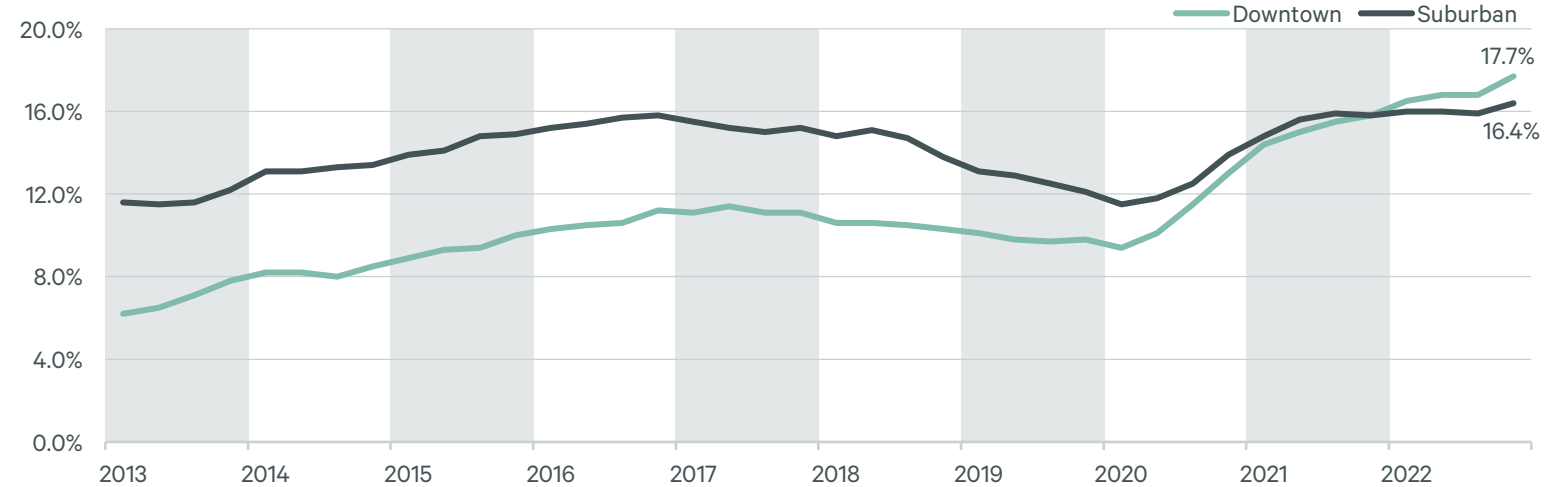
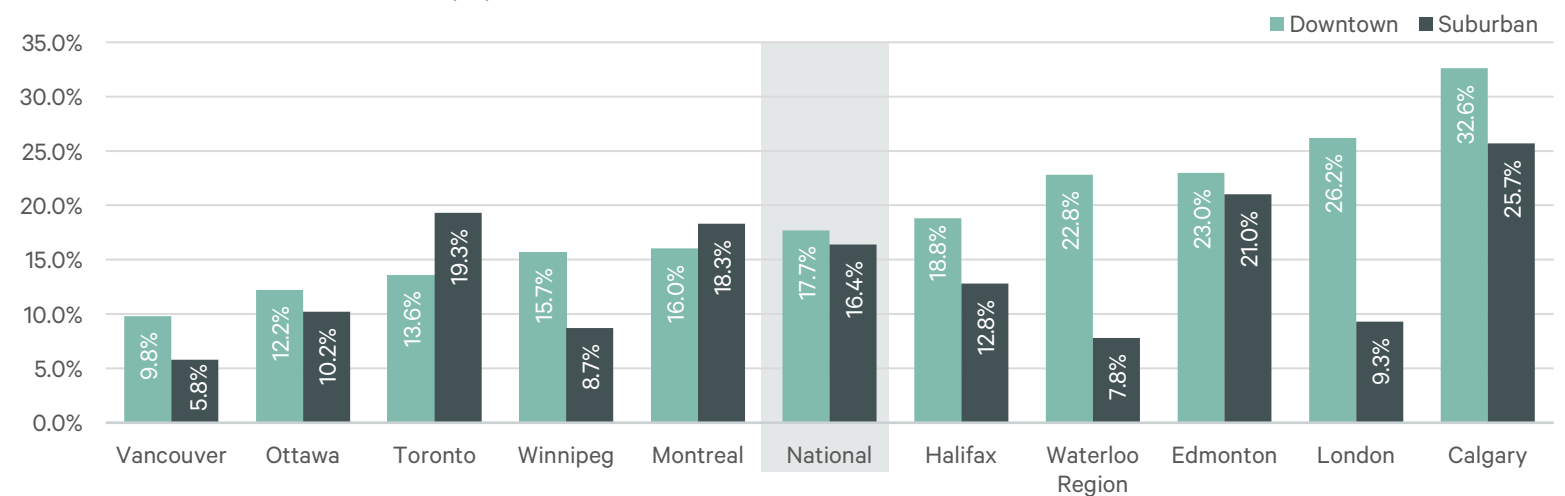


FIGURE 7: Downtown vs Suburban Vacancy by Market

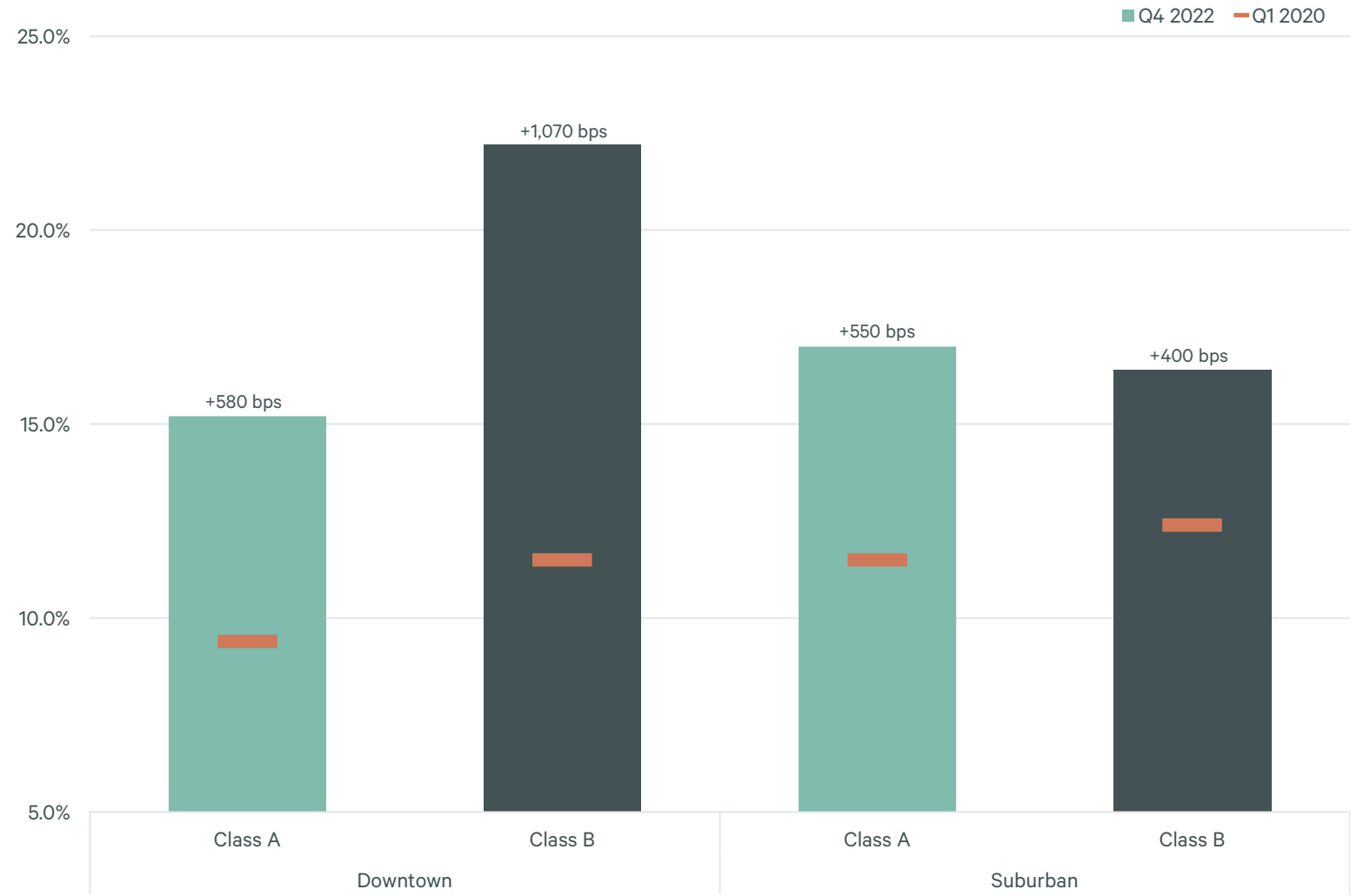


Source: CBRE Research, Q4 2022.

## Class A or B: Evolution in tenant preferences on display

- The urban/suburban divide has continued to play out between the Classes with different factors rising to the top of tenants’ decision-making process.
- As has been the case, downtown tenants have sought out quality, well-amenitized spaces to keep their employee base engaged in returning to the office. The result of this comes into clear view when comparing current Class A and B vacancy to Q1 2020, with Class B rising two times as much as A over the course of eleven quarters. Downtown Class A vacancy, while elevated due to delivery of new supply, remains at healthy levels in several markets, including Ottawa (8.9%), Vancouver (10.4%) and Toronto (12.0%).
- Suburban tenants meanwhile have prioritized other factors such as greater flexibility that can be afforded with shorter commute times. In fact, suburban Class B vacancy now sits slightly lower than A, further proving that while quality helps differentiate product, it isn’t the sole driving force behind space decisions for all segments of the workforce.

FIGURE 8: Class A vs B Office Vacancy – National Downtown and Suburban



Source: CBRE Research, Q4 2022.

## Construction pipeline continues to lighten

- The national office pipeline has continued to lighten, now 11.0 million sq. ft., and is at its lowest level since Q3 2017. A total of eight projects completed in Vancouver, Montreal, Waterloo Region and Toronto this quarter, five of which had been under construction since before 2020.
- Pre-leasing has paused given the current economic climate and the recent wave of deliveries has seen the overall pre-leasing rate fall from 54.0% to 47.6% nationally. Looking ahead, developers overall have taken a much more conservative approach to construction and now are seeking higher levels of pre-leasing before moving forward on new projects.
- 62.0% of the active construction pipeline is anticipated for delivery in 2023. With developers largely placing all future projects on hold, the office pipeline could slow to its lowest level in over 20 years if no significant projects commence construction next year.

FIGURE 9: National Office Inventory Under Construction (MSF)

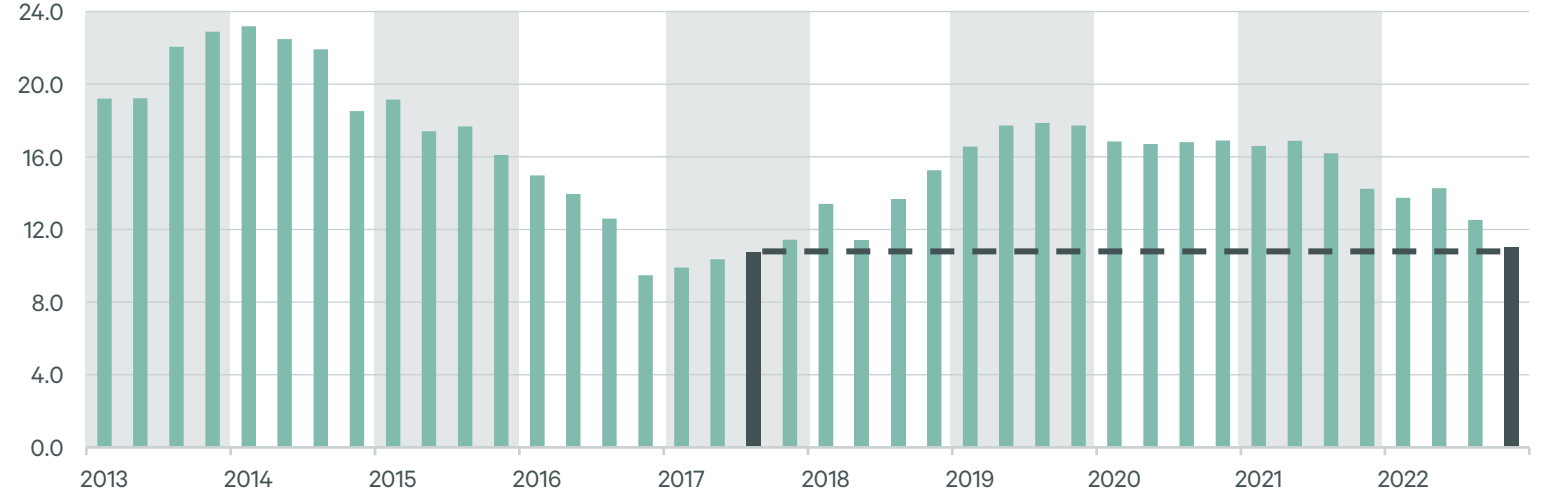
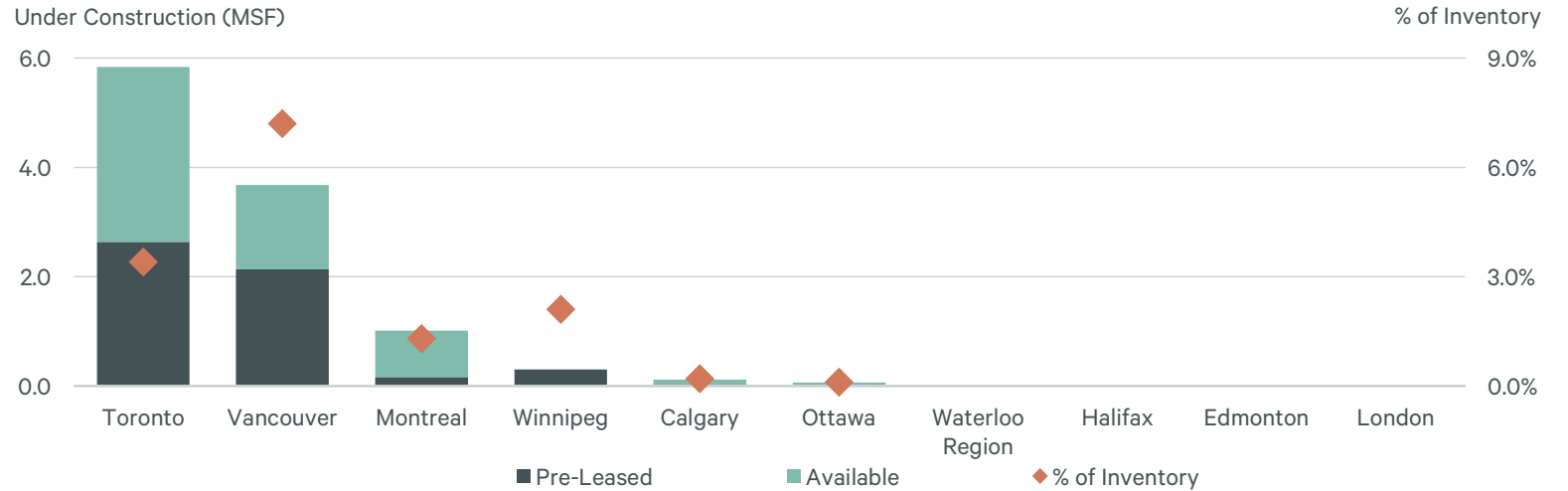


FIGURE 10: Under Construction by Market Under Construction (MSF)



Source: CBRE Research, Q4 2022.

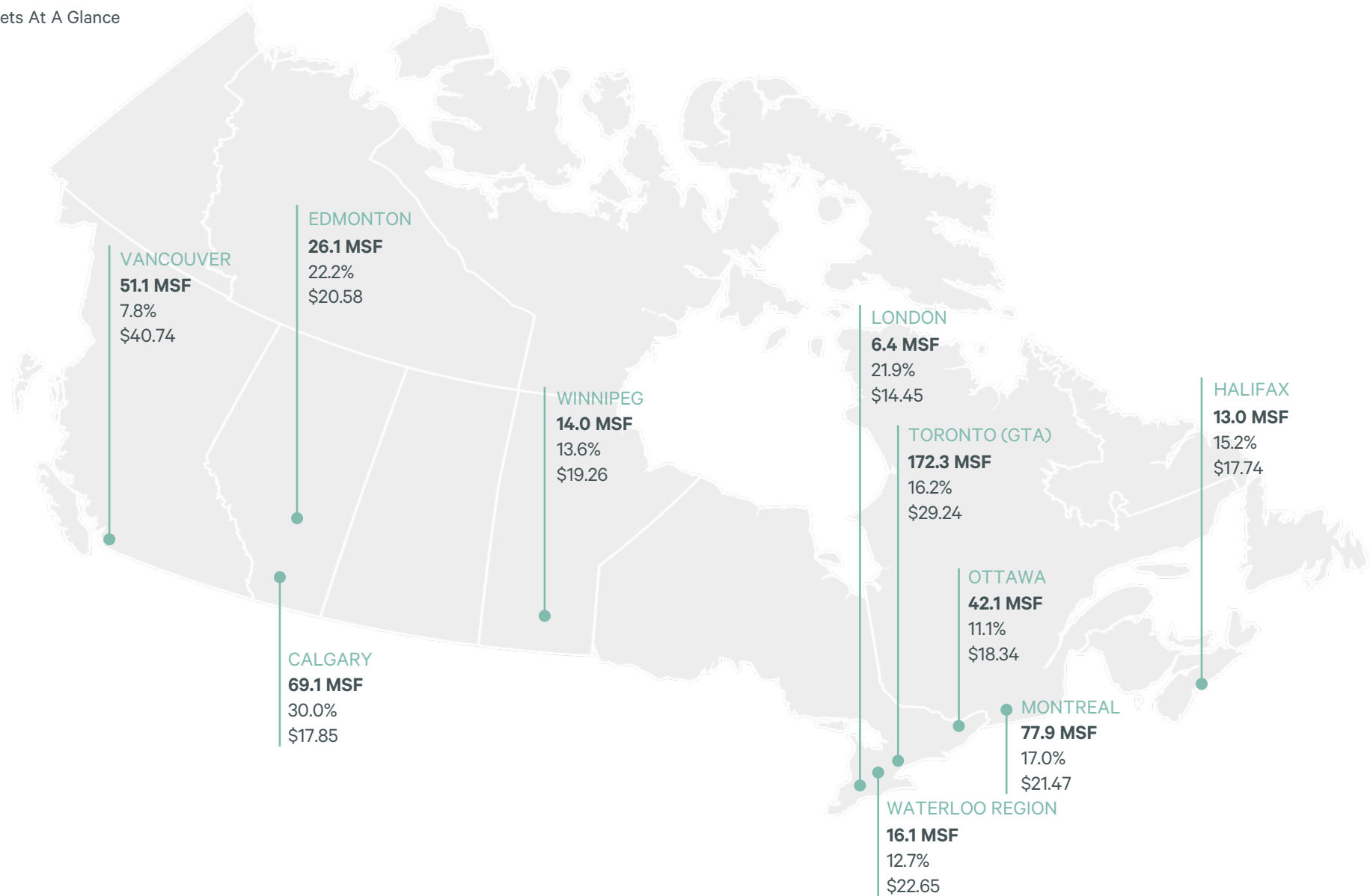
FIGURE 11: Canadian Office Markets At A Glance

MARKET

**Net Rentable Area**

Overall Vacancy Rate

Average Class A Net Rent (PSF)



Source: CBRE Research, Q4 2022.

FIGURE 12: Canadian Office Markets Statistics, Q4 2022

<b>DOWNTOWN</b>	<b>VANCOUVER</b>	<b>CALGARY</b>	<b>EDMONTON</b>	<b>WINNIPEG</b>	<b>LONDON</b>	<b>WATERLOO</b>	<b>TORONTO</b>	<b>OTTAWA</b>	<b>MONTREAL</b>	<b>HALIFAX</b>	<b>NATIONAL</b>
Net Rentable Area	25,958,160	43,060,155	16,045,040	9,871,642	4,766,661	5,226,363	94,899,842	18,988,913	46,190,606	5,305,465	270,312,847
Overall Vacancy Rate	9.8%	32.6%	23.0%	15.7%	26.2%	22.8%	13.6%	12.2%	16.0%	18.8%	17.7%
Direct Space	1,817,067	11,270,067	3,322,524	1,501,040	1,079,484	1,141,345	9,639,613	2,050,632	6,091,613	967,622	38,881,007
Sublet Space	721,736	2,762,223	373,831	47,972	167,711	50,361	3,301,014	272,778	1,312,370	28,668	9,038,664
Sublet % of Vacant Space	28.4%	19.7%	10.1%	3.1%	13.4%	4.2%	25.5%	11.7%	17.7%	2.9%	18.9%
Class A Vacancy Rate	10.4%	26.7%	20.2%	14.6%	14.9%	16.4%	12.0%	8.9%	13.0%	23.1%	15.2%
Average Class A Net Rent (PSF)	\$46.95	\$17.42	\$21.16	\$19.26	\$14.45	\$28.07	\$36.71	\$22.12	\$25.61	\$18.99	\$26.75
Quarter Net Absorption	133,196	129,933	-107,862	36,067	-42,309	289,288	-1,716,197	-145,191	-78,187	1,671	-1,499,591
Year-to-Date Net Absorption	178,118	180,951	-307,397	-70,685	-3,404	337,231	-1,061,517	-465,730	-1,086,840	86,432	-2,212,841
Quarter New Supply	913,900	0	0	0	0	300,000	0	0	0	0	1,213,900
Year-to-Date New Supply	913,900	0	0	0	0	300,000	2,495,757	0	0	0	3,709,657
Under Construction	1,923,907	0	0	300,000	0	0	5,248,851	61,888	544,392	0	8,079,038
<b>SUBURBAN</b>											
Net Rentable Area	25,144,752	26,007,869	10,037,106	4,130,775	1,605,465	10,903,843	77,446,491	23,139,140	31,708,728	7,805,518	217,929,687
Overall Vacancy Rate	5.8%	25.7%	21.0%	8.7%	9.3%	7.8%	19.3%	10.2%	18.3%	12.8%	16.4%
Direct Space	1,200,302	6,011,037	1,909,106	329,140	140,715	574,411	11,700,674	1,891,322	4,942,879	942,955	29,642,541
Sublet Space	269,535	675,915	197,487	30,032	8,000	280,177	3,227,178	459,664	873,227	57,181	6,078,396
Sublet % of Vacant Space	18.3%	10.1%	9.4%	8.4%	5.4%	32.8%	21.6%	19.6%	15.0%	5.7%	17.0%
Class A Vacancy Rate	5.4%	22.6%	17.2%	N/A	N/A	8.2%	22.2%	10.8%	18.4%	19.7%	17.4%
Average Class A Net Rent (PSF)	\$30.07	\$18.72	\$18.89	N/A	N/A	\$16.80	\$18.41	\$15.78	\$16.40	\$16.34	\$18.36
Quarter Net Absorption	94,188	-319,246	-66,535	37,058	361	97,645	-176,673	-232,351	-137,898	79,493	-623,958
Year-to-Date Net Absorption	468,567	20,642	140,699	99,554	-33,876	217,903	-540,983	-690,753	-68,911	111,291	-275,867
Quarter New Supply	0	0	0	0	0	40,474	84,249	0	407,683	0	532,406
Year-to-Date New Supply	256,832	0	0	0	0	110,437	116,095	0	637,683	200,000	1,321,047
Under Construction	1,751,740	118,000	0	0	0	0	590,606	0	470,000	0	2,930,346
<b>TOTAL</b>											
Net Rentable Area	51,102,912	69,068,024	26,082,146	14,002,417	6,372,126	16,130,206	172,346,333	42,128,053	77,899,334	13,110,983	488,242,534
Overall Vacancy Rate	7.8%	30.0%	22.2%	13.6%	21.9%	12.7%	16.2%	11.1%	17.0%	15.2%	17.1%
Direct Space	3,017,369	17,281,104	5,231,630	1,830,180	1,220,199	1,715,756	21,340,287	3,941,954	11,034,492	1,910,577	68,523,548
Sublet Space	991,271	3,438,138	571,318	78,004	175,711	330,538	6,528,192	732,442	2,185,597	85,849	15,117,060
Sublet % of Vacant Space	24.7%	16.6%	9.8%	4.1%	12.6%	16.2%	23.4%	15.7%	16.5%	4.3%	18.1%
Class A Vacancy Rate	7.9%	25.4%	19.4%	14.6%	14.9%	10.6%	16.2%	10.0%	15.0%	21.4%	16.1%
Average Class A Net Rent (PSF)	\$40.74	\$17.85	\$20.58	\$19.26	\$14.45	\$22.65	\$29.24	\$18.34	\$21.47	\$17.74	\$23.00
Quarter Net Absorption	227,384	-189,313	-174,397	73,125	-41,948	386,933	-1,892,870	-377,542	-216,085	81,164	-2,123,549
Year-to-Date Net Absorption	646,685	201,593	-166,698	28,869	-37,280	555,134	-1,602,500	-1,156,483	-1,155,751	197,723	-2,488,708
Quarter New Supply	913,900	0	0	0	0	340,474	84,249	0	407,683	0	1,746,306
Year-to-Date New Supply	1,170,732	0	0	0	0	410,437	2,611,852	0	637,683	200,000	5,030,704
Under Construction	3,675,647	118,000	0	300,000	0	0	5,839,457	61,888	1,014,392	0	11,009,384

Source: CBRE Research, Q4 2022.

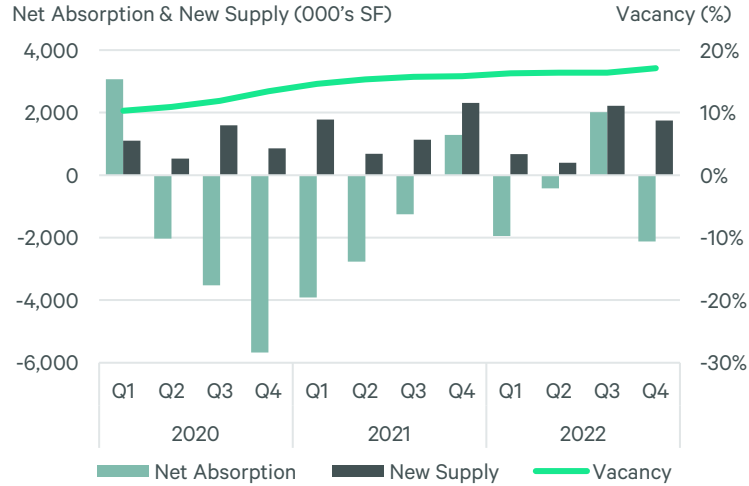


# Canada

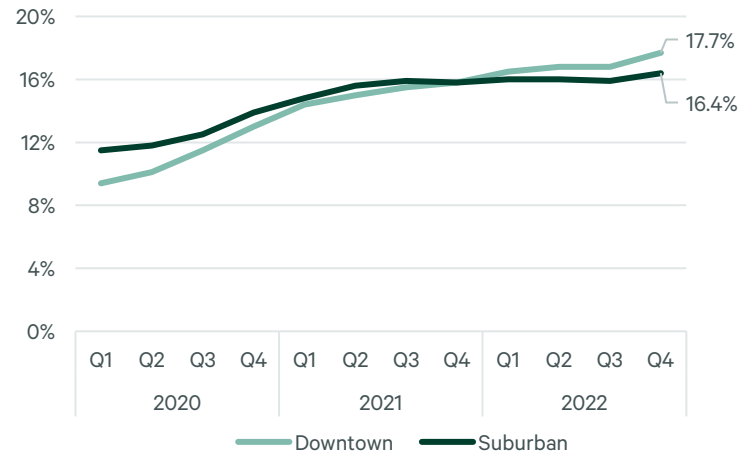
The national office market ended the year with rising vacancy both downtown and in the suburbs. While ending the year on a down note, it should also be note that taken annually, net absorption is at its best since the onset of the pandemic.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	270,312,847	217,929,687	488,242,534	▲
Overall Vacancy Rate	17.7%	16.4%	17.1%	▲
Direct Space	38,881,007	29,642,541	68,523,548	▲
Sublet Space	9,038,664	6,078,396	15,117,060	▲
Sublet % of Vacant	18.9%	17.0%	18.1%	▼
Class A Vacancy Rate	15.2%	17.4%	16.1%	▲
Avg. Class A Net Rent (PSF)	\$26.75	\$18.36	\$23.00	▲
Quarter Net Absorption	-1,499,591	-623,958	-2,123,549	▼
Quarter New Supply	1,213,900	532,406	1,746,306	▼
Under Construction	8,079,038	2,930,346	11,009,384	▼

## METRO SUPPLY & DEMAND



## DOWNTOWN VS SUBURBAN VACANCY



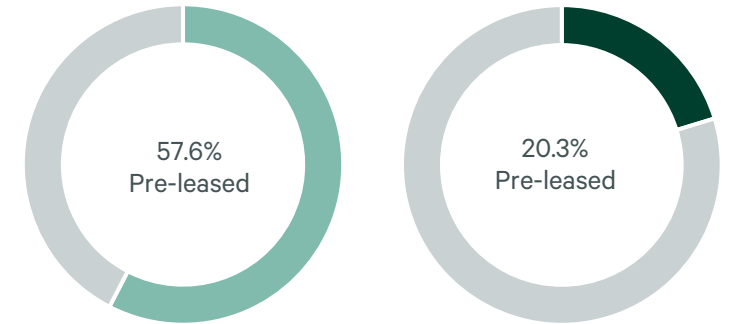
## UNDER CONSTRUCTION

### Downtown

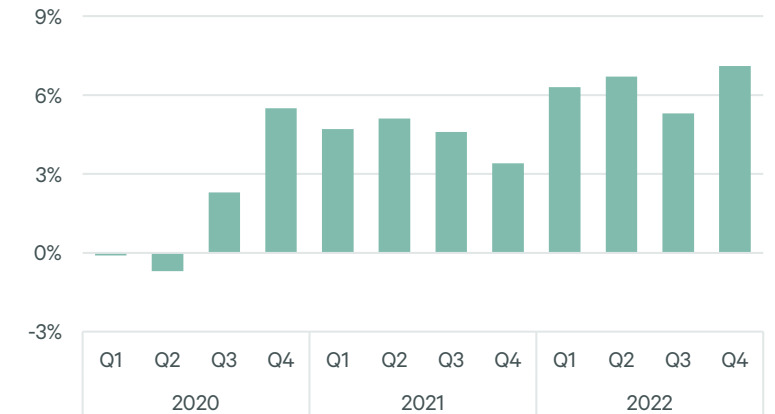
8.1 MSF  
3.0% of Inventory

### Suburban

2.9 MSF  
1.3% of Inventory



## METRO CLASS A RENT, Y-o-Y GROWTH

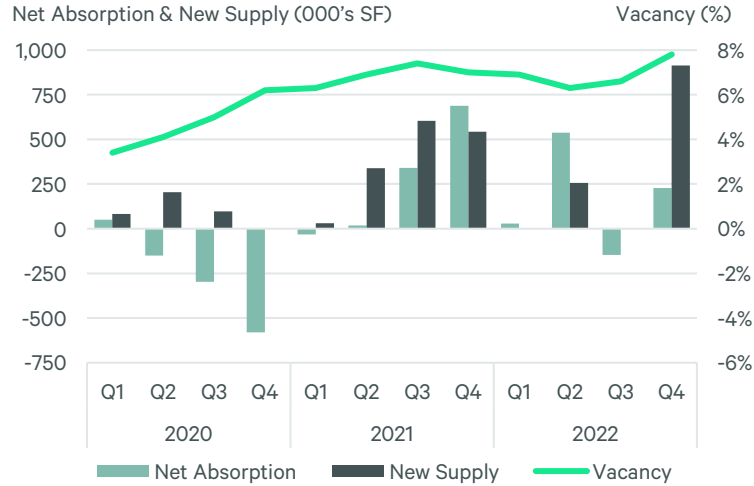


# Vancouver

A divide is shaping up between Vancouver’s downtown and suburban markets as demand for space outside of the core continues. This has left the downtown to contend with several large subleases as well as a surplus of direct vacancy from the delivery of two new towers this quarter, The Stack and Vancouver Centre II, which are not yet fully leased.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	25,958,160	25,144,752	51,102,912	▲
Overall Vacancy Rate	9.8%	5.8%	7.8%	▲
Direct Space	1,817,067	1,200,302	3,017,369	▲
Sublet Space	721,736	269,535	991,271	▲
Sublet % of Vacant	28.4%	18.3%	24.7%	▼
Class A Vacancy Rate	10.4%	5.4%	7.9%	▲
Avg. Class A Net Rent (PSF)	\$46.95	\$30.07	\$40.74	▲
Quarter Net Absorption	133,196	94,188	227,384	▲
Quarter New Supply	913,900	0	913,900	▲
Under Construction	1,923,907	1,751,740	3,675,647	▼

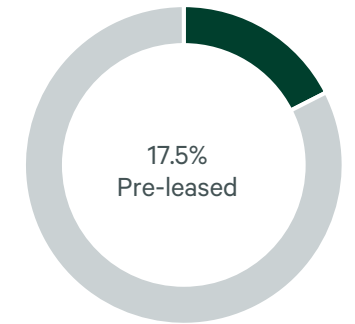
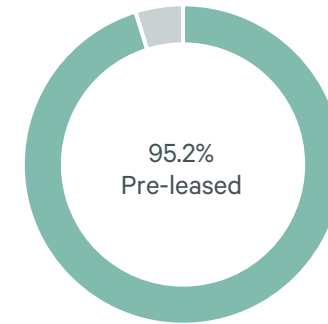
## METRO SUPPLY & DEMAND



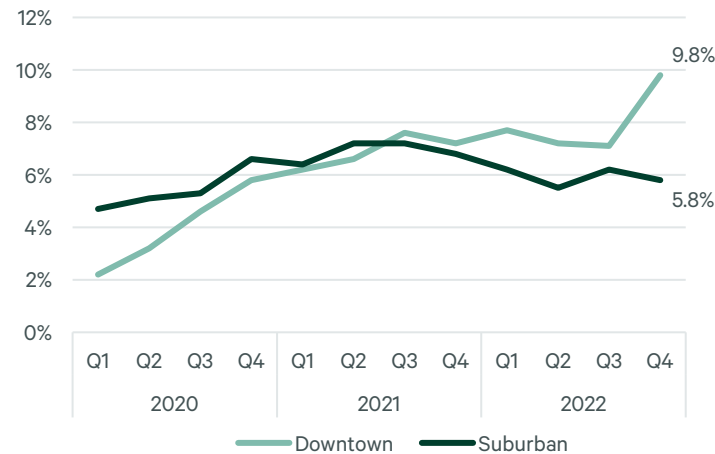
## UNDER CONSTRUCTION

**Downtown**  
1.9 MSF  
7.4% of Inventory

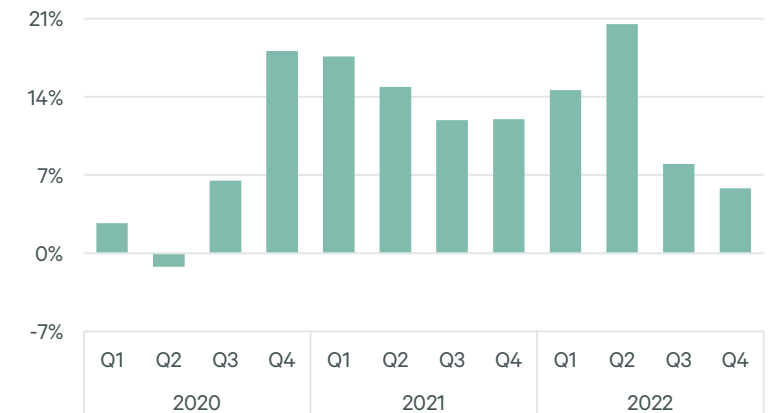
**Suburban**  
1.8 MSF  
7.0% of Inventory



## DOWNTOWN VS SUBURBAN VACANCY



## METRO CLASS A RENT, Y-o-Y GROWTH



# Calgary

The Calgary office market saw vacancy rise 30 bps to 30.0% in Q4 2022 as the strongest year of downtown leasing activity since 2014 was offset by large occupiers rightsizing their suburban locations. Flight-to-quality remains prevalent and landlords that have invested in capital improvements will continue to perform well in the year ahead.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	43,060,155	26,007,869	69,068,024	▼
Overall Vacancy Rate	32.6%	25.7%	30.0%	▲
Direct Space	11,270,067	6,011,037	17,281,104	▲
Sublet Space	2,762,223	675,915	3,438,138	▼
Sublet % of Vacant	19.7%	10.1%	16.6%	▼
Class A Vacancy Rate	26.7%	22.6%	25.4%	▲
Avg. Class A Net Rent (PSF)	\$17.42	\$18.72	\$17.85	▲
Quarter Net Absorption	129,933	-319,246	-189,313	▼
Quarter New Supply	0	0	0	◄►
Under Construction	0	118,000	118,000	◄►

## METRO SUPPLY & DEMAND



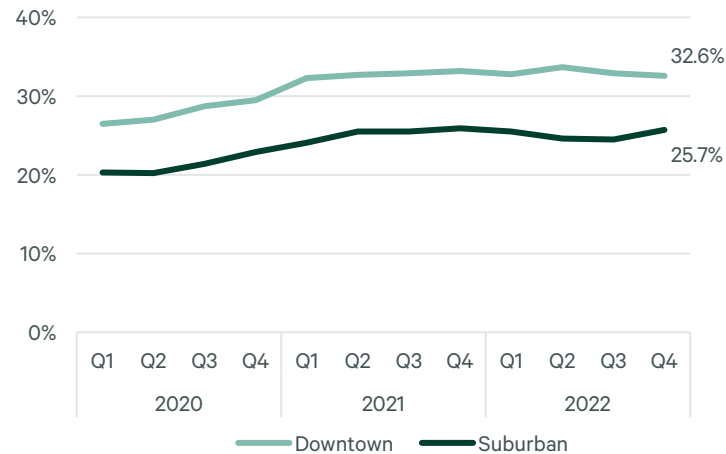
## UNDER CONSTRUCTION

**Downtown**  
0 MSF  
0% of Inventory

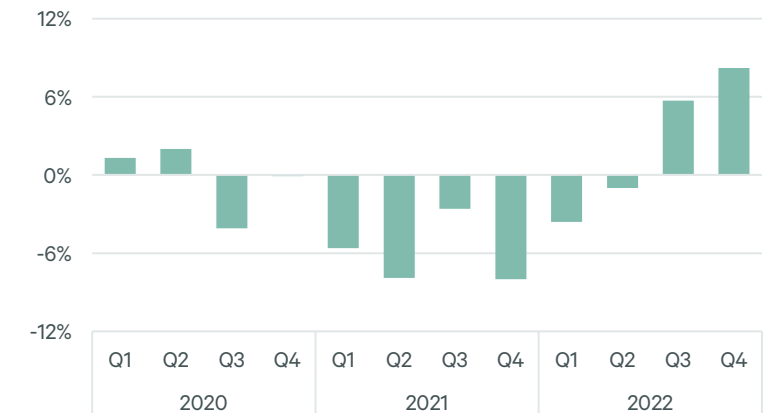
**Suburban**  
0.1 MSF  
0.5% of Inventory



## DOWNTOWN VS SUBURBAN VACANCY



## METRO CLASS A RENT, Y-o-Y GROWTH



# Edmonton

Recently renovated assets are witnessing increased touring and leasing activity as of late with several deals closing this quarter. Elsewhere, buildings are facing increased vacancy due to tenant rightsizing which is spurring some landlords to offer greater TI packages to incentivize tenants and combat higher asking rates.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	16,045,040	10,037,106	26,082,146	◀▶
Overall Vacancy Rate	23.0%	21.0%	22.2%	▲
Direct Space	3,322,524	1,909,106	5,231,630	▲
Sublet Space	373,831	197,487	571,318	▼
Sublet % of Vacant	10.1%	9.4%	9.8%	▼
Class A Vacancy Rate	20.2%	17.2%	19.4%	▲
Avg. Class A Net Rent (PSF)	\$21.16	\$18.89	\$20.58	▲
Quarter Net Absorption	-107,862	-66,535	-174,397	▼
Quarter New Supply	0	0	0	◀▶
Under Construction	0	0	0	◀▶

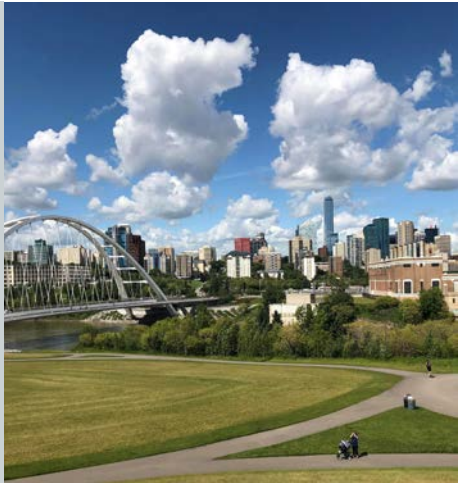
## METRO SUPPLY & DEMAND



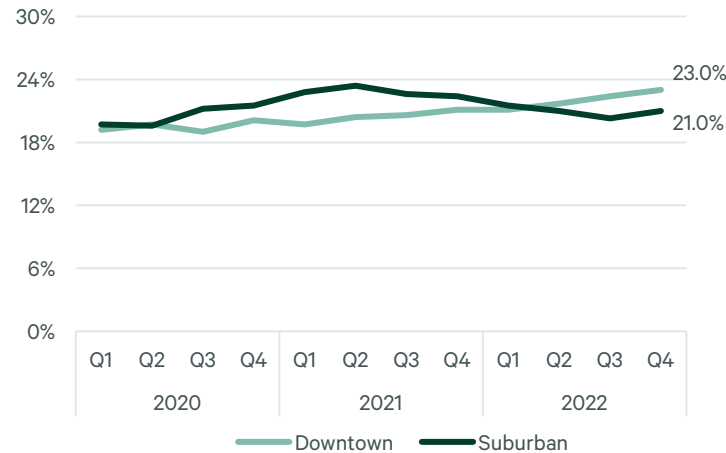
## UNDER CONSTRUCTION

Downtown  
0 MSF  
0% of Inventory

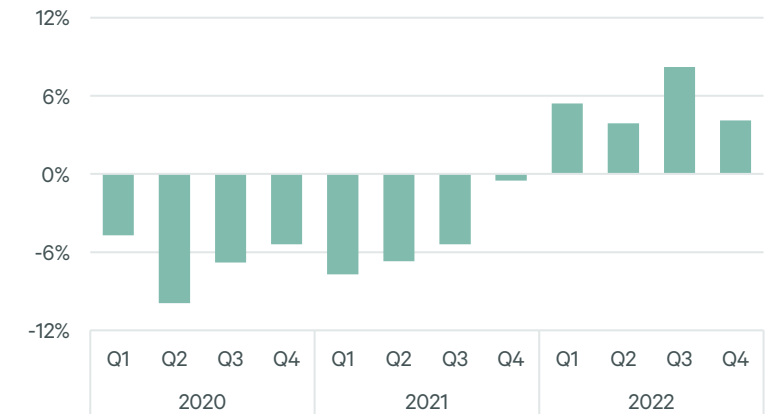
Suburban  
0 MSF  
0% of Inventory



## DOWNTOWN VS SUBURBAN VACANCY



## METRO CLASS A RENT, Y-o-Y GROWTH



# Winnipeg

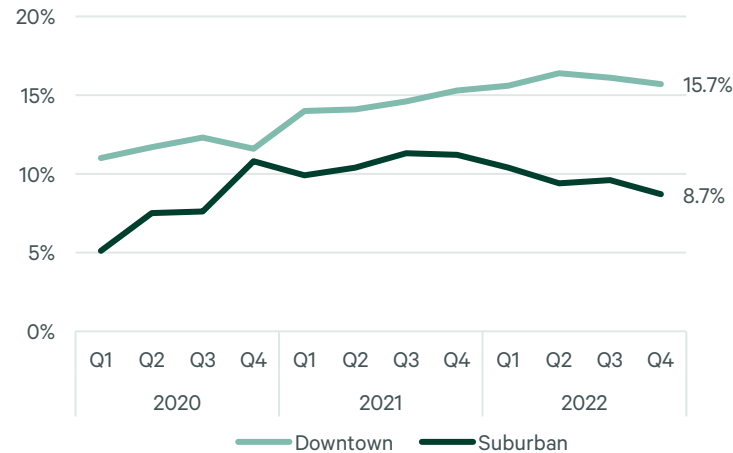
The suburbs have led the Winnipeg office market in recent quarters, however, there are signs of near-term stability popping up downtown as well. Many local businesses are pushing for a return to the core as of late, which in turn has aided in improving market activity as vacancy dropped for a second consecutive quarter to 15.7%.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	9,871,642	4,130,775	14,002,417	◀▶
Overall Vacancy Rate	15.7%	8.7%	13.6%	▼
Direct Space	1,501,040	329,140	1,830,180	▼
Sublet Space	47,972	30,032	78,004	▲
Sublet % of Vacant	3.1%	8.4%	4.1%	▲
Class A Vacancy Rate	14.6%	N/A	14.6%	▼
Avg. Class A Net Rent (PSF)	\$19.26	N/A	\$19.26	▲
Quarter Net Absorption	36,067	37,058	73,125	▲
Quarter New Supply	0	0	0	◀▶
Under Construction	300,000	0	300,000	◀▶

## METRO SUPPLY & DEMAND



## DOWNTOWN VS SUBURBAN VACANCY



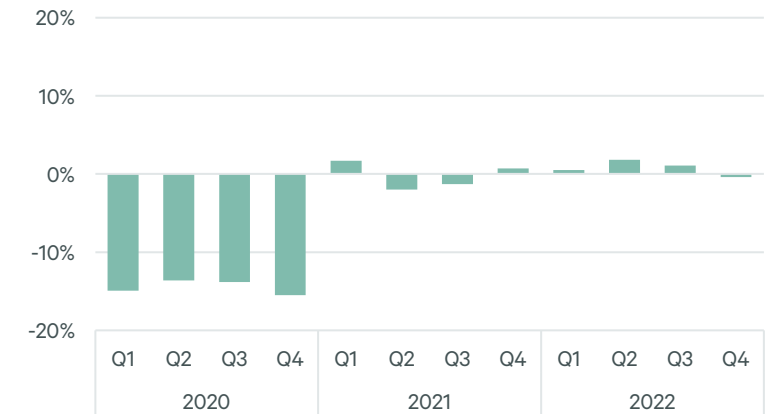
## UNDER CONSTRUCTION

**Downtown**  
0.3 MSF  
3.0% of Inventory

**Suburban**  
0 MSF  
0% of Inventory



## METRO CLASS A RENT, Y-o-Y GROWTH



# London

London's city-wide office vacancy increased by 70 bps and ended the year at 21.9%. This was led by the core, which experienced 42,000 sq. ft. of negative net absorption in Q4 due to tenant downsizing. Activity in the suburbs meanwhile was muted, with no notably large spaces added or transacted on the market.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	4,766,661	1,605,465	6,372,126	◀▶
Overall Vacancy Rate	26.2%	9.3%	21.9%	▲
Direct Space	1,079,484	140,715	1,220,199	▲
Sublet Space	167,711	8,000	175,711	▲
Sublet % of Vacant	13.4%	5.4%	12.6%	▲
Class A Vacancy Rate	14.9%	N/A	14.9%	▲
Avg. Class A Net Rent (PSF)	\$14.45	N/A	\$14.45	◀▶
Quarter Net Absorption	-42,309	361	-41,948	▼
Quarter New Supply	0	0	0	◀▶
Under Construction	0	0	0	◀▶

## METRO SUPPLY & DEMAND



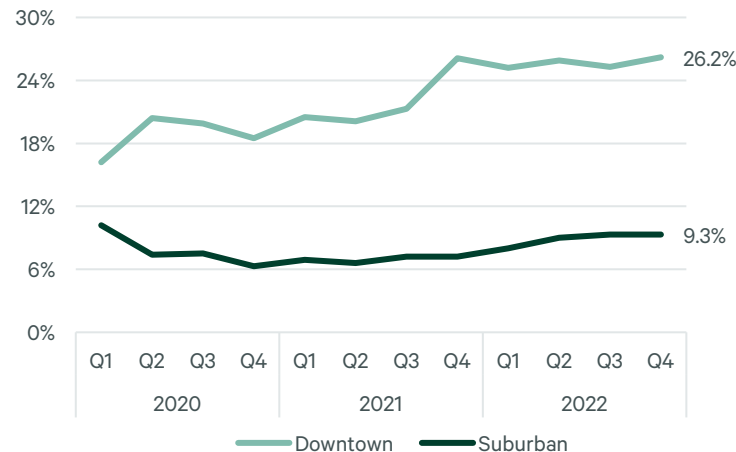
## UNDER CONSTRUCTION

Downtown  
0 MSF  
0% of Inventory

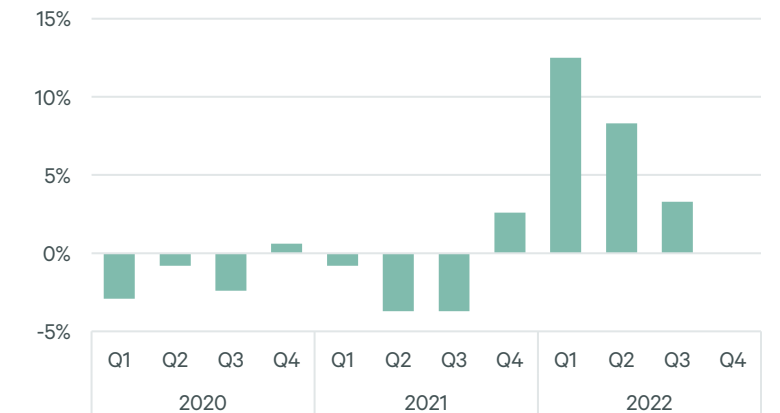
Suburban  
0 MSF  
0% of Inventory



## DOWNTOWN VS SUBURBAN VACANCY



## METRO CLASS A RENT, Y-o-Y GROWTH

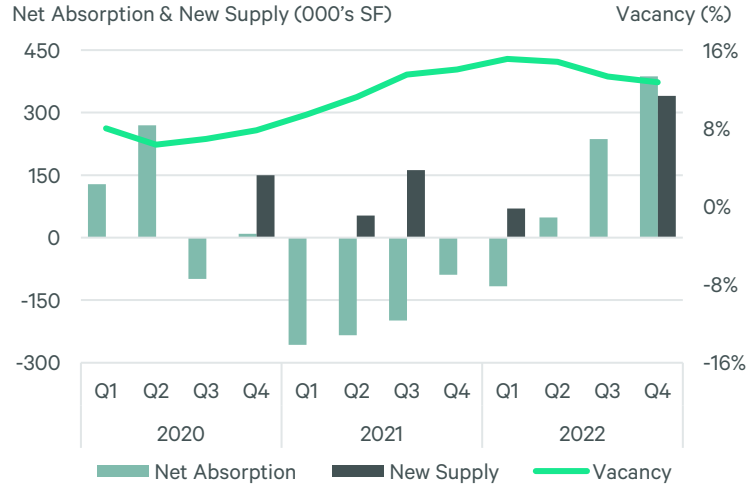


# Waterloo Region

The Waterloo office market ended the year on a high note with a 60 bps decrease in vacancy to 12.7%, its lowest level since Q2 2021. Subleases continue to account for a significant portion of vacant space, however, these are starting to gain traction from cost-conscious tenants eager to upgrade to better quality space.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	5,226,363	10,903,843	16,130,206	▲
Overall Vacancy Rate	22.8%	7.8%	12.7%	▼
Direct Space	1,141,345	574,411	1,715,756	▼
Sublet Space	50,361	280,177	330,538	▼
Sublet % of Vacant	4.2%	32.8%	16.2%	▼
Class A Vacancy Rate	16.4%	8.2%	10.6%	▼
Avg. Class A Net Rent (PSF)	\$28.07	\$16.80	\$22.65	▲
Quarter Net Absorption	289,288	97,645	386,933	▲
Quarter New Supply	300,000	40,474	340,474	▲
Under Construction	0	0	0	▼

## METRO SUPPLY & DEMAND



## UNDER CONSTRUCTION

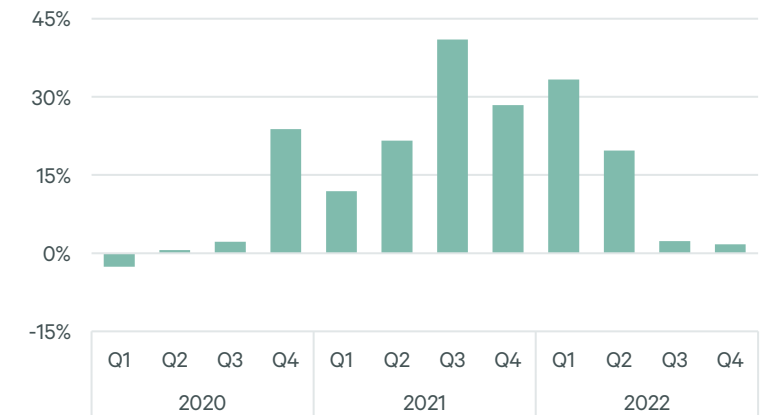
Downtown  
0 MSF  
0% of Inventory

Suburban  
0 MSF  
0% of Inventory

## DOWNTOWN VS SUBURBAN VACANCY



## METRO CLASS A RENT, Y-o-Y GROWTH



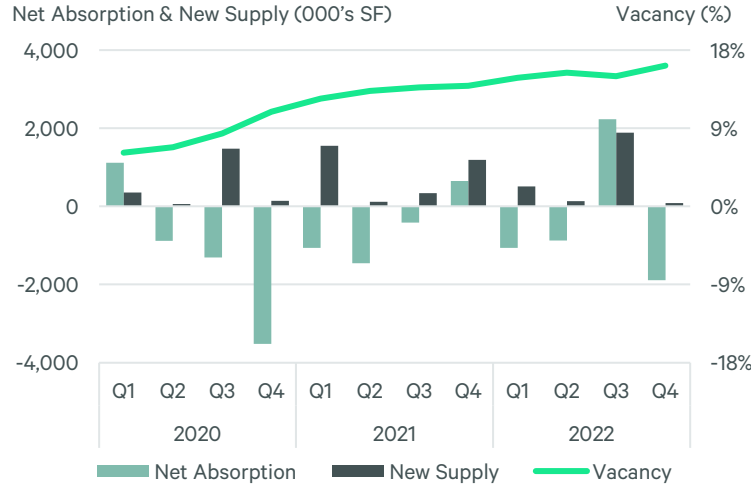
# Toronto

Toronto's downtown office market has been materially impacted by flight-to-quality. Looming vacancies associated with the latest wave of new supply have come to fruition as tenants relocate from dated product. Sublet offerings have also ticked up, with smaller users electing to work from home as well as tech companies curbing their growth outlooks.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	94,899,842	77,446,491	172,346,333	▲
Overall Vacancy Rate	13.6%	19.3%	16.2%	▲
Direct Space	9,639,613	11,700,674	21,340,287	▲
Sublet Space	3,301,014	3,227,178	6,528,192	▲
Sublet % of Vacant	25.5%	21.6%	23.4%	▼
Class A Vacancy Rate	12.0%	22.2%	16.2%	▲
Avg. Class A Net Rent (PSF)	\$36.71	\$18.41	\$29.24	▲
Quarter Net Absorption	-1,716,197	-176,673	-1,892,870	▼
Quarter New Supply	0	84,249	84,249	▼
Under Construction	5,248,851	590,606	5,839,457	▼

\*Downtown is reflective of Central submarkets, inclusive of Midtown.

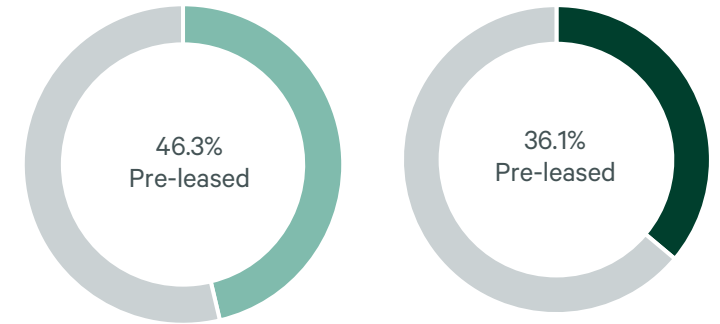
## METRO SUPPLY & DEMAND



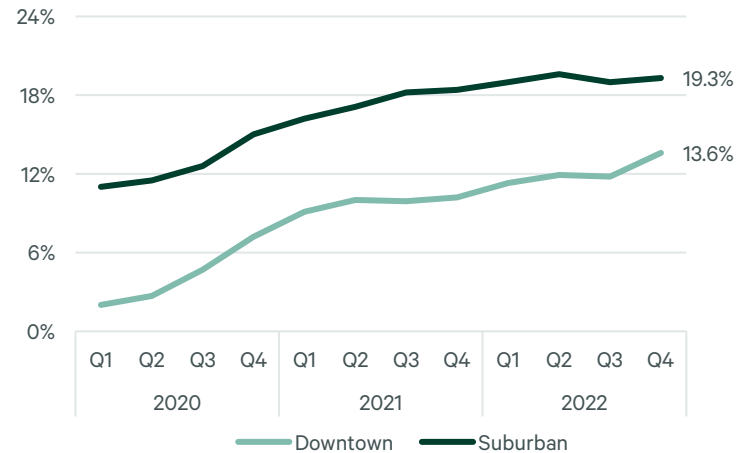
## UNDER CONSTRUCTION

**Downtown**  
5.2 MSF  
5.5% of Inventory

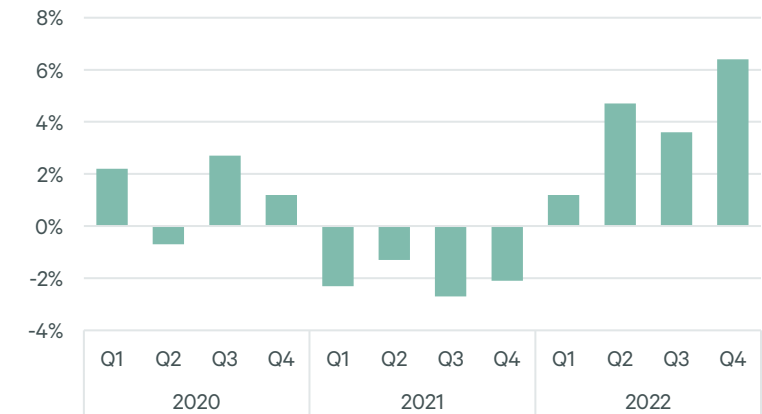
**Suburban**  
0.6 MSF  
0.8% of Inventory



## DOWNTOWN VS SUBURBAN VACANCY



## METRO CLASS A RENT, Y-o-Y GROWTH





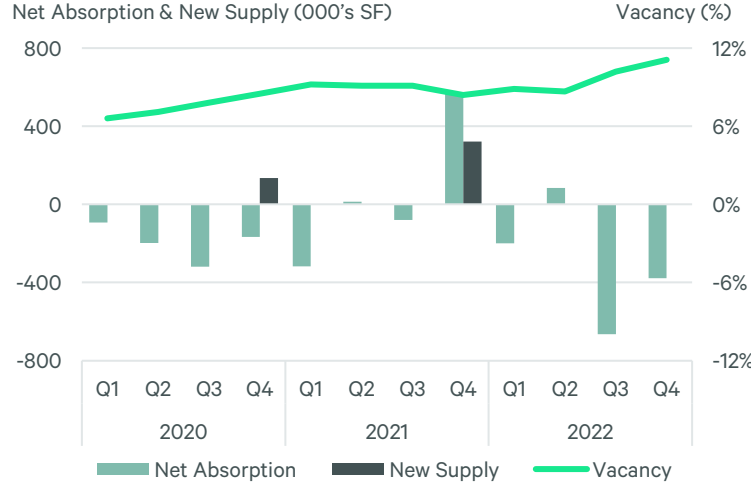
# Ottawa

Uncertainty has continued to impact decision making and deal velocity within Ottawa’s private sector, which are in a holding pattern waiting for the resulting market impact as the public sector looks to blanket mandate a one-size-fits-all hybrid model.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	18,988,913	23,139,140	42,128,053	▲
Overall Vacancy Rate	12.2%	10.2%	11.1%	▲
Direct Space	2,050,632	1,891,322	3,941,954	▲
Sublet Space	272,778	459,664	732,442	▲
Sublet % of Vacant	11.7%	19.6%	15.7%	◄►
Class A Vacancy Rate	8.9%	10.8%	10.0%	▲
Avg. Class A Net Rent (PSF)	\$22.12	\$15.78	\$18.34	▲
Quarter Net Absorption	-145,191	-232,351	-377,542	▲
Quarter New Supply	0	0	0	◄►
Under Construction	61,888	0	61,888	◄►

\*Downtown is reflective of Central submarkets, inclusive of CBD and surrounding region.

## METRO SUPPLY & DEMAND



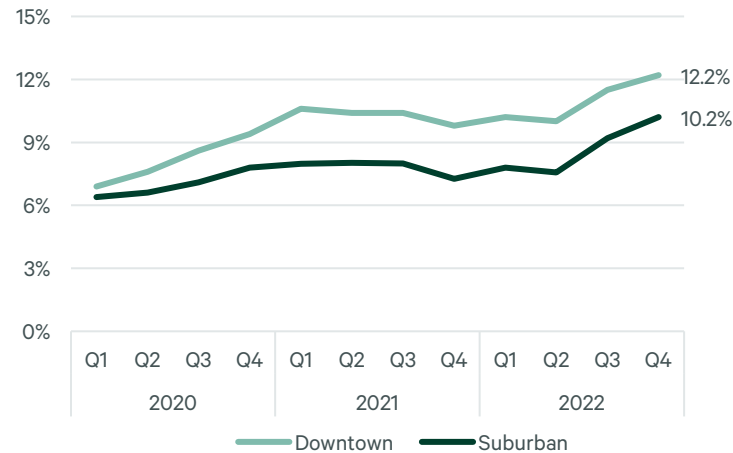
## UNDER CONSTRUCTION

**Downtown**  
62,000 SF  
0.3% of Inventory

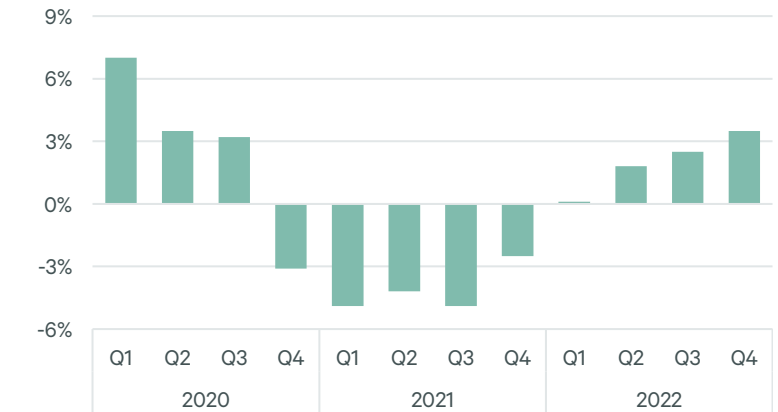
**Suburban**  
0 MSF  
0% of Inventory



## DOWNTOWN VS SUBURBAN VACANCY



## METRO CLASS A RENT, Y-o-Y GROWTH

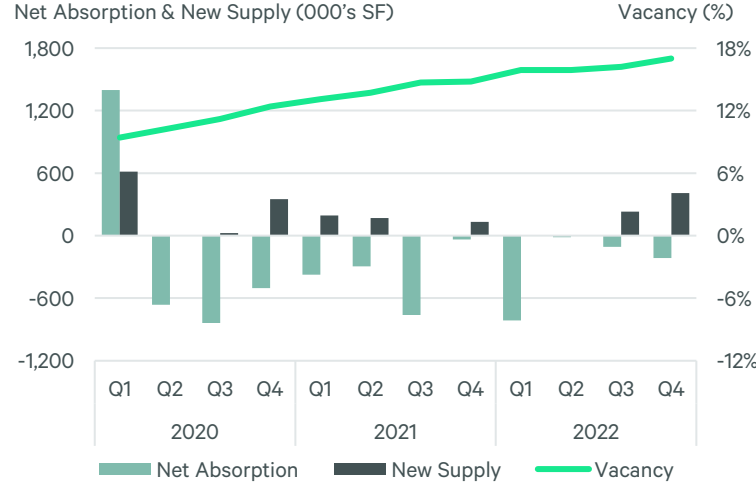


# Montreal

Montreal's office market ended the year with 17.0% vacancy, a new market high for the GMA. Sublet offerings remain prevalent, however, their outlook has improved slightly as today's high construction cost environment is pushing market demand towards turnkey subleases, particularly in Class A properties downtown.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	46,190,606	31,708,728	77,899,334	▲
Overall Vacancy Rate	16.0%	18.3%	17.0%	▲
Direct Space	6,091,613	4,942,879	11,034,492	▲
Sublet Space	1,312,370	873,227	2,185,597	▼
Sublet % of Vacant	17.7%	15.0%	16.5%	▼
Class A Vacancy Rate	13.0%	18.4%	15.0%	▲
Avg. Class A Net Rent (PSF)	\$25.61	\$16.40	\$21.47	▼
Quarter Net Absorption	-78,187	-137,898	-216,085	▼
Quarter New Supply	0	407,683	407,683	▲
Under Construction	544,392	470,000	1,014,392	▼

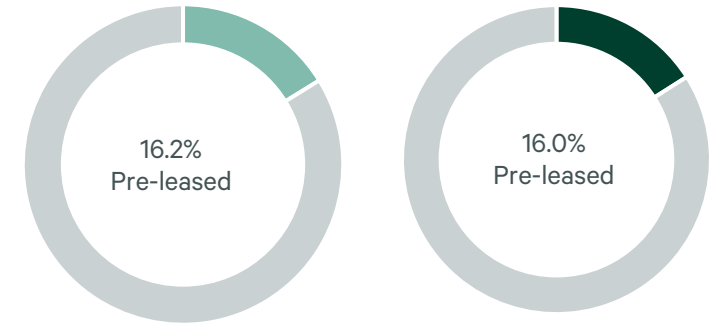
## METRO SUPPLY & DEMAND



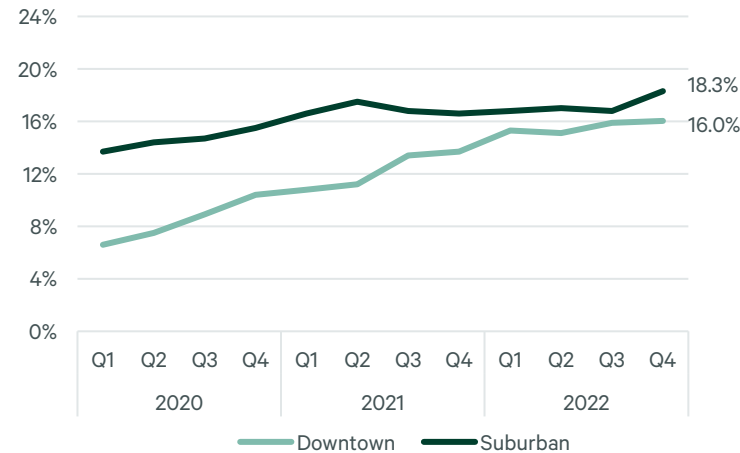
## UNDER CONSTRUCTION

**Downtown**  
0.5 MSF  
1.2% of Inventory

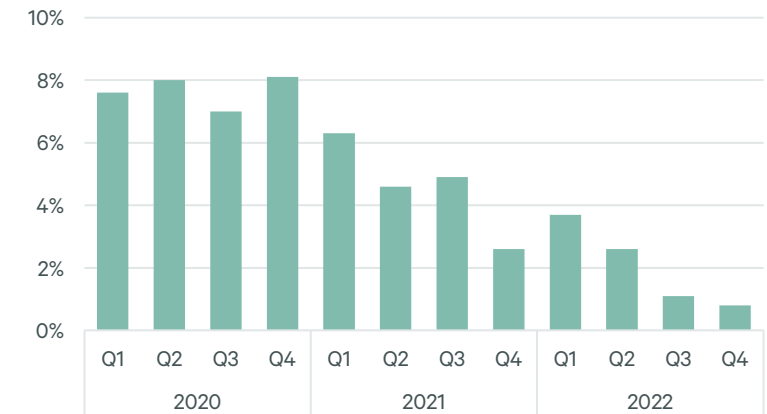
**Suburban**  
0.5 MSF  
1.5% of Inventory



## DOWNTOWN VS SUBURBAN VACANCY



## METRO CLASS A RENT, Y-o-Y GROWTH

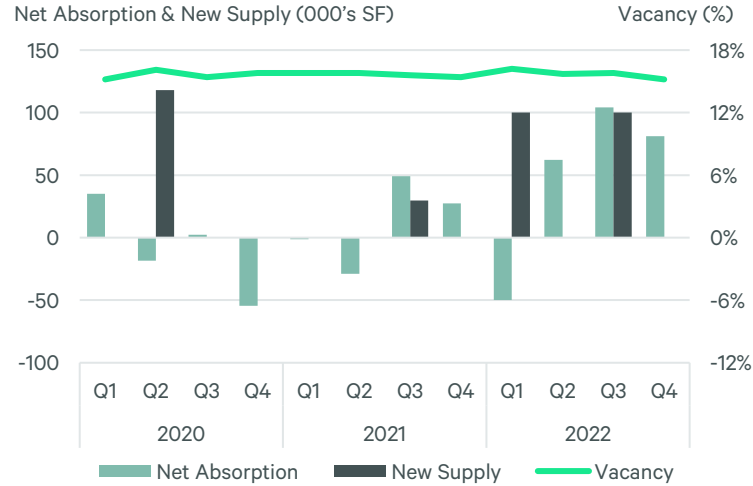


# Halifax

The Halifax office market recorded a 60 bps decrease in vacancy to 15.2%, its lowest rate since Q1 2020, and ended the year with a total of 198,000 sq. ft. of positive net absorption. Demand for high-end office space remains prevalent in the Halifax office market with Class A leading activity in both the suburbs and downtown.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	5,305,465	7,805,518	13,110,983	◀▶
Overall Vacancy Rate	18.8%	12.8%	15.2%	▼
Direct Space	967,622	942,955	1,910,577	▼
Sublet Space	28,668	57,181	85,849	▼
Sublet % of Vacant	2.9%	5.7%	4.3%	▼
Class A Vacancy Rate	23.1%	19.7%	21.4%	▼
Avg. Class A Net Rent (PSF)	\$18.99	\$16.34	\$17.74	▲
Quarter Net Absorption	1,671	79,493	81,164	▼
Quarter New Supply	0	0	0	▼
Under Construction	0	0	0	◀▶


## METRO SUPPLY & DEMAND



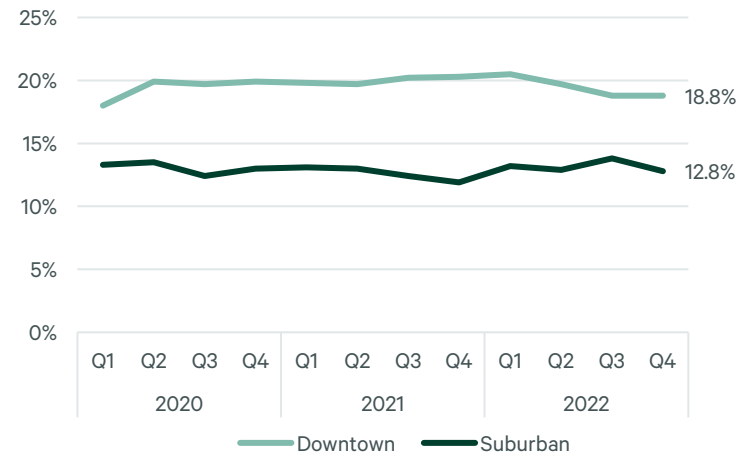
## UNDER CONSTRUCTION

Downtown  
0 MSF  
0% of Inventory

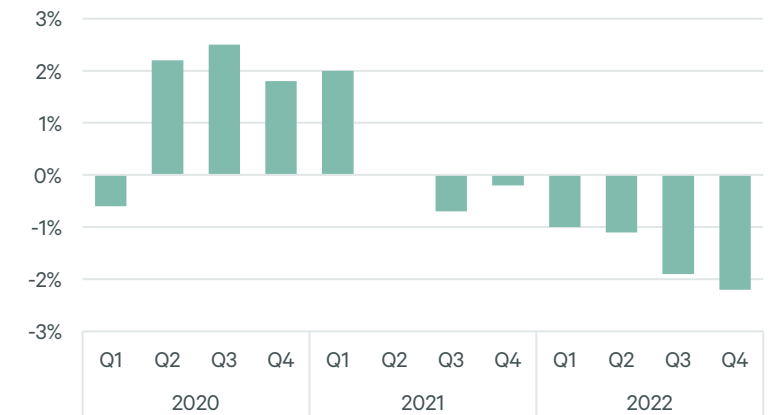
Suburban  
0 MSF  
0% of Inventory



## DOWNTOWN VS SUBURBAN VACANCY



## METRO CLASS A RENT, Y-o-Y GROWTH



## Contacts

### Marc Meehan

Research Director  
+1 647 943 4205  
marc.meehan@cbre.com

### Christina Cattana

Research Manager  
+1 416 847 3255  
christina.cattana@cbre.com

### Evan Lee

Research Manager  
+1 647 943 3654  
evan.lee@cbre.com

### Savannah Fidani

Research Coordinator  
+1 647 943 4172  
savannah.fidani@cbre.com

© Copyright 2023. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.

