

# OFFICE REPORT

## VACANCY RATES

2019: 4.95%  
2020: 4.50%  
2021: 4.04%



## DOWNTOWN LEASE RATES

Class A: \$20-\$28  
Class B: \$12-\$19  
Class C: \$9-\$12

## LANDMARK CENTRE LEASE RATES

Class A: \$16-\$25  
Class B: \$13-\$20  
Class C: N/A

## NEW CONSTRUCTION

2019: 312,600 SF  
2020: 238,000 SF  
2021: 325,800 SF



## KELOWNA'S OFFICE MARKET Q3 2021

## PANDOSY/MISSION LEASE RATES

Class A: \$20-\$27  
Class B: \$15-\$21  
Class C: \$13-\$15

## ABSORPTION

2019: 106,100 SF  
2020: 41,200 SF  
2021: 18,070 SF



## NOTABLE TRANSACTIONS

Wellington-Altus-Landmark 7  
Fortis - North End  
Ecora - 2045 Enterprise Way

## OFFICE STRATA

New Shell Product: N/A  
Existing Class A: \$470+  
Existing Class B: \$200+

## OFFICE MARKET SNAPSHOT

**Q3 2021**

Inventory	3,923,100 SF
Vacant Space	158,580 SF
Net Absorption 2020-2021	18,070 SF
Vacancy Rate	4.04%
Under Construction	325,800 SF

This year has proven that office space is not dead, despite the emotional upheaval of 2020. That said, globally, there has been a compression of office space as it has certainly been disrupted during the pandemic.

Kelowna seems to be bucking the trend and, despite COVID, is not seeing a major influx of existing office space vacancies.

The 'work from home' trend isn't making office space obsolete but a hybrid model is expected to catch on in most places, with every corporation having their own take on it. COVID has shaken up the 9 to 5 work-day and most companies are still transitioning to a post-COVID world.

Companies are now looking at different office configurations and how they want their workspaces to flow as people return to the office. Office spaces where companies have to invest in long term commitments and significant capital expenditure are now fewer and further between as the world continues to recalibrate.

There is still a draw to Kelowna for people who work from home and can choose their ideal living situation, as well as for companies that want an attractive location to help bring in talent. One engineering firm is leasing more space than it needs because the company is expecting that staff from Vancouver will want to relocate to Kelowna.

When it comes to major developments with office space in the city, "The Block" continues on in its pre-leasing efforts. The new downtown UBCO campus will also bring more office space to market once it is open.

Landmark 7, which offers 200,000 square feet of space, is approaching completion. The development will be ready to welcome tenants in early spring 2022. Wellington Altus has signed on for the penthouse floor. Generally speaking, Landmark buildings have a very low vacancy rate however the market continues to await further announcements regarding Landmark 7 confirmed tenancies. It has been reported that approximately 25% of the project is spoken for.

Planning is underway for the redevelopment of the RCMP station at 350 Doyle, which will offer more than 20,000 square feet of office space. Fortis has secured 40,000

square feet downtown by Sandhill Winery, that will soon introduce quality office space in the North End district.

Overall, office culture has encountered a shake up during the pandemic. Moving forward, in order to get people back to work companies are starting to realize they have to offer more. On the other hand, some people have felt isolated working from home and are eager to work in the same space as colleagues again. For many, office spaces aren't just for work, and the culture and experience is now more important than ever before.



*The Block*



*350 Doyle Avenue Proposed Rendering*



*Landmark 7*