
COVID sent us home to work ... and shop

As a result, 2021 market report shows,
demand is up for warehouses, and down for offices

By Savannah Parker

THE DEMAND FOR office space has evaporated over the past two years, as COVID-19 led many businesses to adapt to working from home.

Though employees have become accustomed to Zoom, and the blunders that go with it – mics and speakers stuck on mute, invading children – it seems bosses and owners are anxious to return us to the office.

According to [Colliers national market snapshot](#) for 2021 – which provides a report on commercial real estate in Canada – the office-space market was in an upswing until the arrival of the omicron variant, which forced businesses to delay return-to-work plans.

The report shows availability of office space has increased by roughly two per cent since the beginning of 2021.

Although a two per cent increase may seem small, it points toward a more alarming trend. The report shows that Edmonton has the second highest office space vacancy in Canada at 19 per cent, trailing Calgary, which has a staggering 28 per cent.

But it's not all bad news, Colliers industrial associate Chase Thomas says.

"Warehouse space is in high demand. The past year and a half has been busy for me in spite of COVID."

Many companies are purchasing warehouse space to stock up for anticipated supply shortages – and for booming online sales, he adds.

"There is a lot of need for big box warehouses, which there isn't a lot of."

The Colliers report shows that, unlike office space, industrial occupancy saw a nearly three per cent decrease in 2021.

Although demand for industrial space has continued to grow through the pandemic, the office space market continues to struggle.

Alberta's office space occupancy is the lowest in the country. Yet, a decrease in the cost of rents could encourage businesses to lease space in anticipation for a return to onsite work, though that is likely to look different from past office models.

"Companies want to get back to the office," Thomas says. "But I could see the hybrid model of work being more popular, as companies want their employees to have time to brainstorm in-person while still being able to work from home."

The commercial real estate market provides two different outlooks regarding the state of industrial and office spaces. However, the situation looks like a perfect analogy for the unpredictability of the world today: one is resilient and hopeful; the other is struggling and uncertain.

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