MARKETBEAT

VANCOUVER

INDUSTRIAL Q2 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
3.9% Vacancy Rate	▲	▲
259K YTD Net Absorption, SF	▼	▼
$19.94 Asking Rent, PSF	▼	—

(Overall, Net Asking Rent)

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.7M Vancouver Employment	▲	▲
6.4% Vancouver Unemployment Rate	▲	▲
7.0% Canada Unemployment Rate	▲	▲

Source: Statistics Canada

ECONOMY: CONSTRUCTION WEAKNESS DAMPENS OUTLOOK

RBC Economics expects British Columbia's economic expansion to remain relatively stable from 2024. Slumping real estate activity and construction investment are key concerns, along with the impact of trade tensions - prompting a slight tamp down of their 2025 growth forecast, to 1.2% from 1.5%. *Source: RBC Economics*

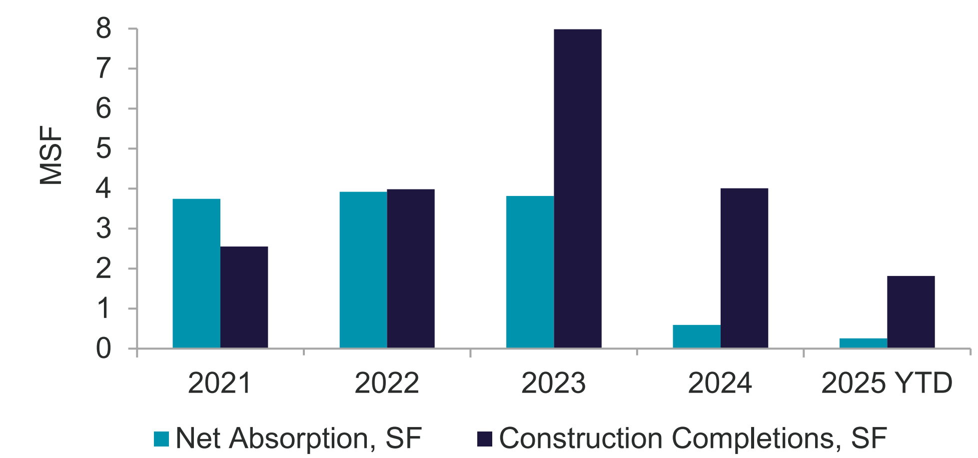
SUPPLY AND DEMAND: RISING VACANCY WITH MIXED ABSORPTION

As anticipated, overall vacancy continued to rise for the tenth consecutive quarter, increasing by 30 basis points (bps) quarter-over-quarter (QOQ) to 3.9%. This marks the highest level recorded since the upward trend began in the first quarter of 2023 and the highest since the third quarter of 2015. The rise in vacancy was once again driven by new construction completions, with 782k square feet (sf) added this quarter - 380k sf of which is currently vacant. Contributing further to the uptick in vacancy was a 16% QOQ jump in sublease activity, along with the introduction of several large direct vacant blocks to the market. The largest of these was the former Hudson's Bay distribution center at 18111 Blundell Road in Richmond (438k sf), a portion of which is occupied by a month-to-month tenant. This property alone contributed 0.2% to overall vacancy and 0.9% to vacancy in Richmond. Various sizable vacant sublease spaces were also added this quarter including 215k sf at South Surrey Business Park, 103k sf at the recently built 2929 & 2965 188th Street and 79k sf at 927 Derwent Way. These are part of five new subleases over 50k sf - two of which exceeded 100k sf - added this quarter. In contrast to previous quarters, when large blocks of vacant leasing spaces were scarce, there are now multiple large spaces available - particularly in Richmond, Abbotsford and Surrey. Some of these spaces are in recently completed buildings as market demand continues to adjust to the influx of new supply.

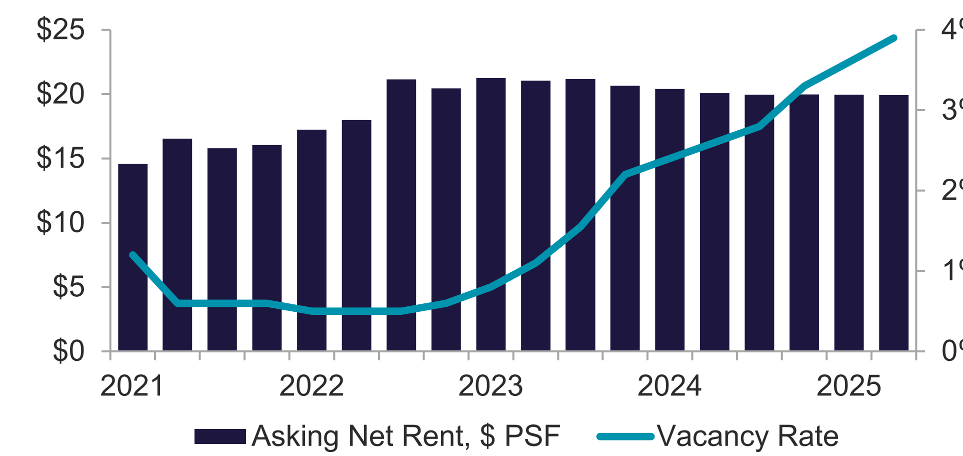
After two consecutive quarters of positive net absorption, this quarter saw a reversal with net absorption turning negative 66k sf. This was primarily driven by the Hudson's Bay move-out in Richmond (438k sf) and a new 214k sf sublease in Surrey; excluding these, absorption would have remained positive. Large move-ins helped offset the impact of major move-outs. Notable move-ins included Costco (136k sf in Langley), IEM (243k sf in a new build in Surrey) and Morris National & Novexco (90k sf in Surrey). Absorption performance varied significantly by submarket, with the Fraser Valley posting a positive 299k sf, while North Fraser recorded negative 365k sf.

The overall availability rate - including both vacant and occupied spaces - stands at 5.7%. In the coming months, several large blocks are expected to become vacant, particularly in Surrey, Delta, Richmond, Burnaby and Pitt Meadows.

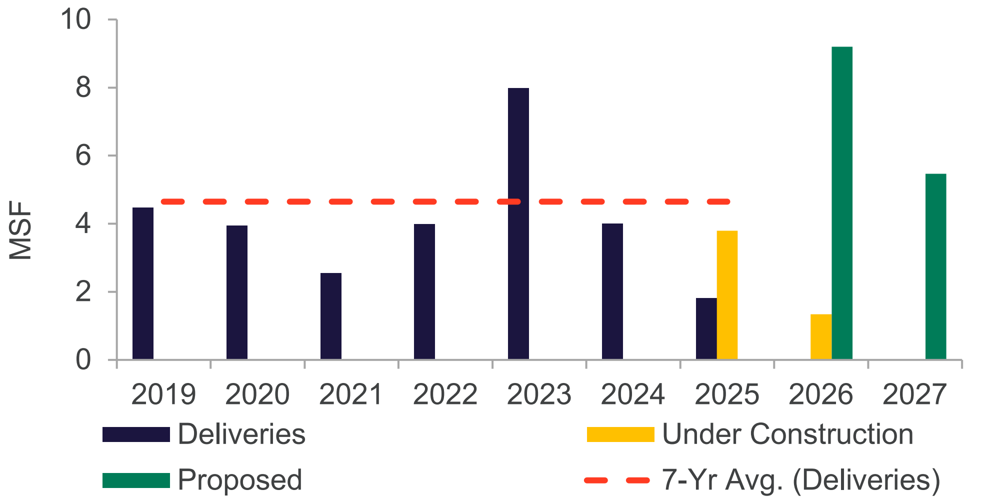
SPACE DEMAND / DELIVERIES



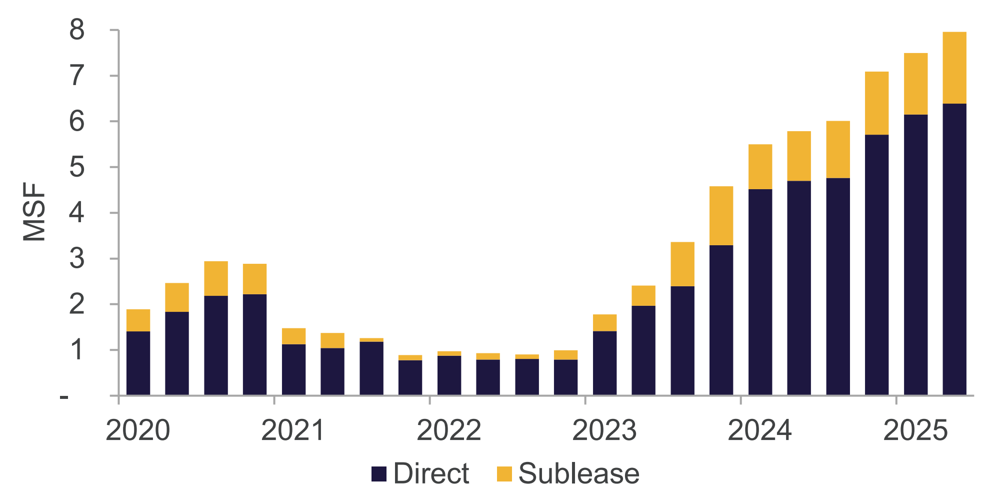
OVERALL VACANCY & ASKING RENT



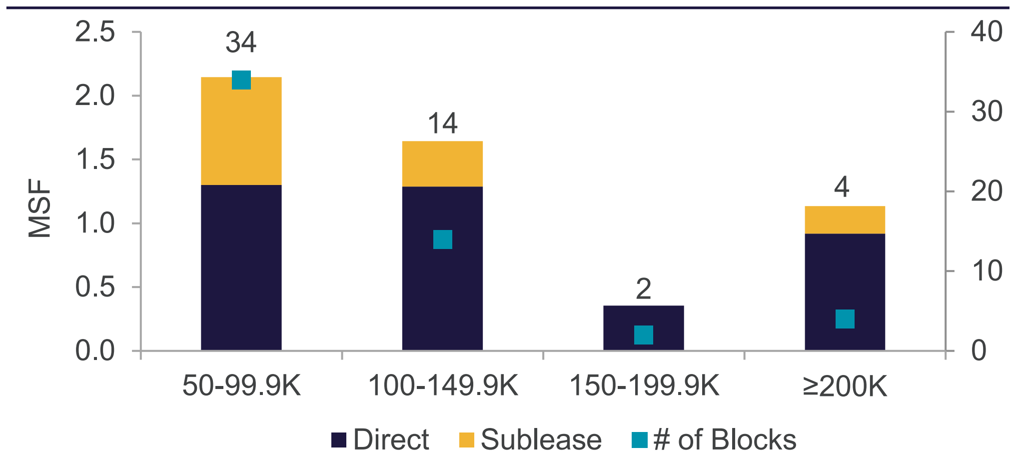
METRO VANCOUVER NEW CONSTRUCTION & PROPOSED



DIRECT VS. SUBLEASE SPACE AVAIL. AND VACANT



METRO VANCOUVER LARGE BLOCKS OF AVAILABLE SPACE FOR LEASE*



Existing inventory only

UNDER CONSTRUCTION PROJECTS MOVING FAST, PROPOSED PIPELINE SHRINKS

A steady flow of new supply continues to move the industrial market toward a more balanced state. Approximately 1.1 million square feet (msf) of vacant space is expected to be delivered in the third quarter of 2025. An additional 5.1 msf is currently under construction - 61% of which is pre-leased/pre-sold with mostly speculative builds. As these projects are completed through the remainder of 2025 and into 2026, vacancy rates are expected to rise further. The bulk of this development is concentrated in Burnaby (1.4 msf), Vancouver (763k sf), Delta (688k sf) and Surrey (676k sf). Despite over 19.0 msf currently in the proposed pipeline, it remains uncertain how much of it will ultimately get built. Several proposed industrial projects are no longer moving forward as developers withdraw applications due to re-zoning challenges, municipal red-tape and rising development costs impacting financial feasibility. One example is Larco Construction's recent withdrawal from a proposed build-to-suit 723k sf project for Bridge Studios in Burnaby.

SUPPLY PRESSURE: SUBLEASE INVENTORY GROWS LED BY KEY MARKETS

Metro Vancouver's vacant sublet space has been steadily increasing over the past two years, reaching just over 1.6 msf this quarter - setting a record for the highest recorded quarterly total. The average two-year total prior to that (Q4 2020 – Q3 2022) was only 233k sf. This 1.6 msf of sublease space represents 16.2% of overall vacant space. Despite a growing sublease available inventory, it accounts for only a small fraction of the total industrial inventory - just 0.6%. Five new vacant subleases over 50k sf (two of which are greater than 100k sf) were added this quarter contributing to overall vacancy. As with the previous quarter, Surrey, Vancouver and Delta continued to lead in sublease vacancy, collectively accounting for 1.1 msf or 71% of the total of 1.6 msf. Interestingly, of the markets with industrial inventories exceeding 25 msf - Burnaby and Richmond reported minimal vacant sublease availability, with just 51k sf in Burnaby and 138k sf in Richmond. This may point to stronger tenant retention, stronger demand for those geographic locations and fewer business closures or relocations in those areas.

SUPPLY: 20 LARGE BLOCKS OF AVAILABLE SPACE OVER 100K SF

The availability of large blocks of industrial space was limited in previous quarters but that has changed this quarter. There are 20 available spaces over 100k sf (four of them are subleases) and 13 of those options are vacant (sublease and headlease) in the existing available inventory (excluding under construction).

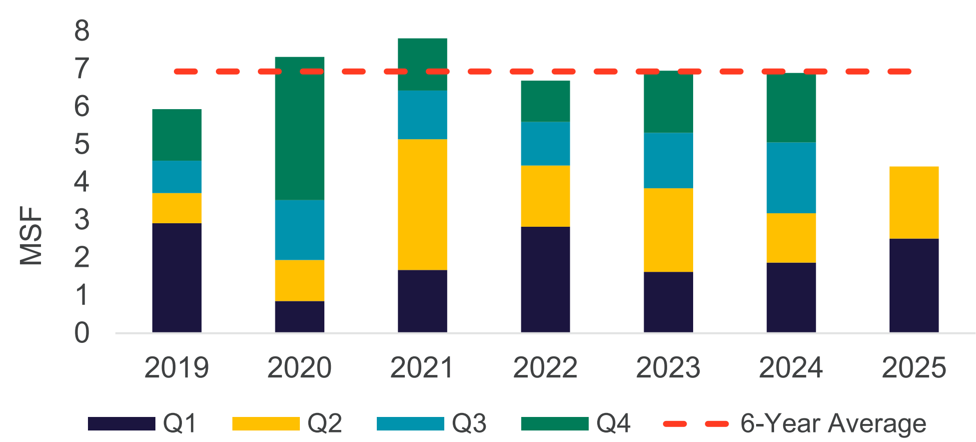
Going forward, several significant blocks of available but currently tenanted space over 50k sf are expected to become vacant over the next two quarters, adding at least 800k sf of vacant space to the market.

OUTLOOK

- Overall vacancy is expected to edge higher through year-end 2025 as more industrial product delivers (around 3.8 msf - 67% pre-leased/pre-sold) and market demand continues to adjust to the influx of new supply.
- The new supply expected in 2025 will offer more options for tenants, but it will not exceed the record levels set in 2023.
- More sublease space is likely to come on the market as tenants continue to re-evaluate their real estate footprint in response to economic uncertainty and upcoming tariffs.
- With strong leasing activity, stable rents and continued population and labor force growth, the market is gradually moving toward balance - though it still fundamentally favors landlords.

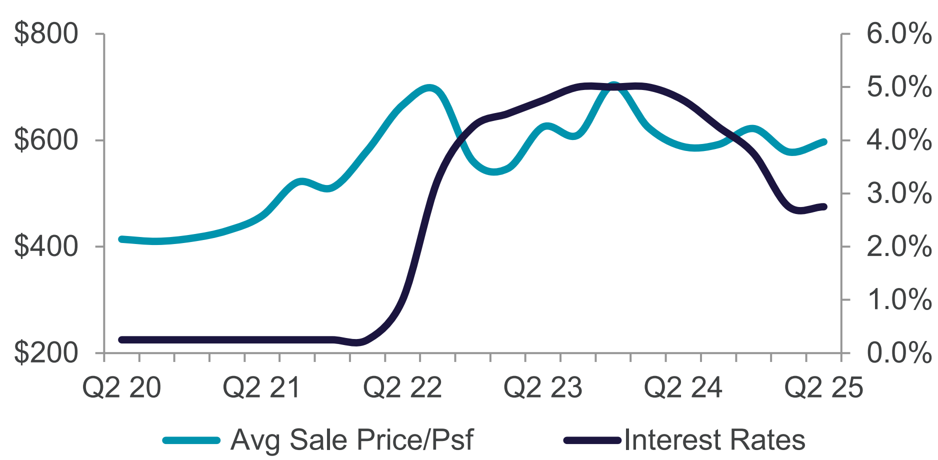
VANCOUVER
INDUSTRIAL Q2 2025

METRO VANCOUVER LEASING ACTIVITY*

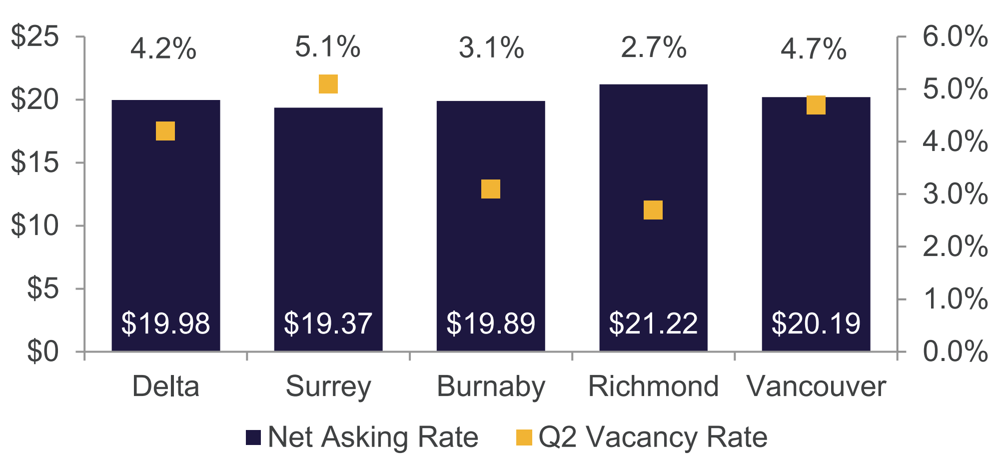


*Excluding renewals

INTEREST RATES VS AVG. SALE PRICE/PSF (Freehold)



NET ASKING RATES BY SUBMARKET**



**Markets with inventory greater than 25 msf

DEMAND: LEASING MOMENTUM PERSISTS

Despite a 24% QOQ decrease in leasing activity (though still up 46% YOY), reaching 1.9 msf this quarter, it remained consistent with the previous two quarters (Q3 and Q4 2024). There was significant movement during the period - for example, 198k sf at South Surrey Business Park was added as vacant space but was immediately leased to TransForce, resulting in no net change to overall vacancy or absorption. Additionally, several available blocks exceeding 100k sf are currently under offer which is expected to boost leasing activity and positively impact absorption and vacancy in the coming quarters. This indicates that demand for large industrial space remains strong despite rising vacancy rates, with the market showing renewed momentum - a notable shift from just six months ago. New leasing activity this quarter was mainly driven by a few large transactions with overall tenant demand led by the manufacturing sector, transportation and warehousing and the wholesale trade.

SALES ACTIVITY: INDUSTRIAL SALES SLOW AMID STABLE PRICES

The freestanding industrial sales market in Metro Vancouver slowed in the second quarter of 2025, with total volume at $170.8M - a 41.6% drop QOQ and 67.2% decline YOY. Despite fewer transactions, prices remained stable, with the average price per square foot rising to $597 (up 3.3% QOQ and a 1.5% YOY), suggesting sellers are holding firm and no signs of distress are evident. The market remains relatively balanced, supported by a tight supply of freestanding product.

The sharp YOY volume drop was mainly due to the federal government's proposed capital gains inclusion rate increase in June 2024. Though the policy was not implemented, it sparked a surge in sales as owners rushed to exit and buyers acted quickly, inflating last year's numbers. Many investors used up their capital then, leading to a quieter first half of 2025. Additionally, buyers are becoming more selective, bid-ask spreads are widening, and with steady interest rates and economic uncertainty, transaction activity is expected to stay subdued until monetary easing or seller price adjustments occur.

PRICING: ASKING RENTAL RATES REMAIN STABLE

Overall net asking rates once again remained just below $20 per square foot (psf) for the fourth consecutive quarter, holding nearly flat QOQ at $19.94 psf in Q2 2025 - a 1.1% decrease YOY. This represents a 5.7% decline from the peak rates recorded in Q3 of 2022 and 2023. Driven by the addition of higher-quality new builds this quarter which command higher asking rates, submarkets such as Richmond and Coquitlam recorded QOQ rent increases of $1.91 psf and $1.25 psf, respectively. Asking rates in the Fraser Valley declined slightly to $19.15 psf, while rates in the North Fraser region edged up to $20.73 psf. The market is two-tiered: newer, next-generation buildings continue to experience strong demand and command higher asking rents, while older properties - often marked by lower ceiling heights, limited loading capacity and outdated infrastructure - are under downward pressure on rents.

OUTLOOK

- Sales activity is expected to remain below historic highs through the remainder of the year, with assessed values continuing to decline. Pricing remains challenging - transactions are mostly driven by those who already own real estate, while new buyers often struggle to justify current values. Owner-user transactions still drive volume, with a select group of investors browsing on the sidelines. With interest rate stability and an anticipated reduction in the coming months, some more volume could transact, especially in Q4 as investors aim to meet their capital allocations.
- Unique or well-positioned properties remain attractive, while strata sales are expected to stay subdued. Limited supply and broader economic and trade uncertainty continues to influence the pace of activity.
- Rising vacancy may continue to put downward pressure on asking rates; however, TI's and upcoming high-quality new supply could help sustain them.
- Asking rents are expected to remain below $20 psf in the near future as the market rebalances.

VANCOUVER

INDUSTRIAL Q2 2025

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLEASE VACANT (SF)	OVERALL VACANCY RATE	FUTURE AVAILABILITY RATE	Q2 LEASING ACTIVIY* (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CONSTR. (SF)	Q2 NEW SUPPLY (SF)	AVG ASKING NET RENT*	AVG ADD. RENT
Abbotsford	6,802,375	440,467	12,454	7.8%	10.4%	28,829	86,828	234,267	47,097	$18.57	$5.01
Delta	34,226,475	1,009,928	270,350	4.2%	6.4%	296,710	-26,361	688,321	-	$19.98	$5.47
Langley	18,021,772	504,309	131,989	3.6%	7.3%	203,728	109,924	-	-	$17.87	$5.78
Surrey	42,178,947	1,238,784	483,319	5.1%	6.3%	462,316	433,693	676,779	243,730	$19.37	$5.00
Chilliwack	4,861,367	48,791	-	1.0%	2.5%	28,143	2,567	165,979	-	$17.47	$4.31
Fraser Valley	106,090,936	3,242,459	898,112	4.5%	6.6%	1,019,726	606,651	1,795,346	290,827	$19.15	$5.27
Burnaby	35,145,822	934,674	50,590	3.1%	5.9%	219,478	-116,995	1,453,494	29,190	$19.89	$6.43
Coquitlam	8,211,886	176,678	27,657	4.8%	5.8%	114,685	158,405	-	291,815	$22.60	$6.99
Port Coquitlam	9,362,459	253,808	60,229	4.0%	5.5%	116,562	-114,321	233,745	-	$21.86	$6.33
Port Moody	327,204	-	-	0.0%	0.0%	12,000	-	-	-	N/A	N/A
Maple Ridge	2,087,618	46,020	-	2.3%	5.1%	21,375	-2,858	-	-	$18.48	$4.70
Pitt Meadows	3,271,327	206,470	-	6.3%	14.6%	29,437	-119,988	366,852	-	$21.03	$4.27
New Westminster	3,787,662	-	-	0.0%	0.3%	1,173	-	-	-	N/A	N/A
North Shore	4,177,517	33,383	28,777	2.2%	3.8%	18,775	-17,329	-	-	$21.49	$9.77
Richmond	46,843,158	851,870	138,005	2.7%	3.6%	287,600	-110,258	253,173	-	$21.22	$5.14
Mission	1,574,168	21,665	-	3.1%	3.1%	5,462	25,772	265,829	-	$16.78	$3.89
Vancouver	28,159,298	624,856	360,405	4.7%	6.2%	59,690	-50,503	763,142	169,915	$20.19	$8.02
North Fraser	142,948,119	3,149,424	665,663	3.4%	5.1%	886,237	-348,075	3,336,235	490,920	$20.73	$6.18
METRO VANCOUVER	**249,039,055**	**6,391,883**	**1,563,775**	**3.9%**	**5.7%**	**1,905,963**	**258,576**	**5,131,581**	**781,747**	**$19.94**	**$5.71**

Rental rates reflect full service asking

**Weighted avg net asking rent based on all available direct and vacant space (a 0% vacancy rate indicates that there are no spaces available to survey for asking rents, denoted as "n/a")*
Renewals not included in leasing statistics

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
109 Braid Street	New Westminster	Amazon	607,074	Renewal
18880 30th Avenue	Surrey	TransForce	198,109	Headlease
8183 Wiggins Street	Burnaby	Garibaldi Glass Industries Inc.	185,520	Renewal
30840 Peardonville Road	Abbotsford	FlexiForce	179,057	Renewal
20146 100A Avenue	Langley	Costco	136,611	Headlease
11 King Edward Street	Coquitlam	Amazon	70,410	Headlease

KEY SALES TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER/ BUYER	SF	PRICE / $ PSF
9150 Bentley Street	Vancouver	Southgate Holdings/ TransLink	5.06 Ac	$62.8M/ $12.4M Ac
2500 Vauxhall Place	Richmond	Dayhu Group/ Xiang Luo	81,716	$28M/ $344
13055 80th Avenue	Surrey	Pure Industrial/ Verka Foods	38,220	$23M/ $602
45739 Kerr Avenue	Chilliwack	Vanderpol Inc./ Bemchimmo	99,524	$20M/ $201
1495 Kebet Way	Port Coquitlam	Peldib Inc./ Smith Holdings	27,452	$16.5M/ $734
68 Fawcett Road	Coquitlam	Meteor Inc./ Johal Vahra Inc.	12,790	$13M/ $1,016

SVETLANA LEBEDEVA
Research Manager
Tel: +1 604 608 5963
Svetlana.lebedeva@cushwake.com

BRICE KEMP
Research Analyst
Tel: +1 604 640 5892
Brice.kemp@cushwake.com

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2024, the firm reported revenue of $9.4 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.

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INDUSTRIAL Q2 2025

UNDER CONSTRUCTION

5.28 MSF TOTAL UNDER CONSTRUCTION SF

2.04 MSF TOTAL AVAILABLE SF

SPECULATIVE

2.88 MSF TOTAL SPECULATIVE UNDER CONSTRUCTION SF

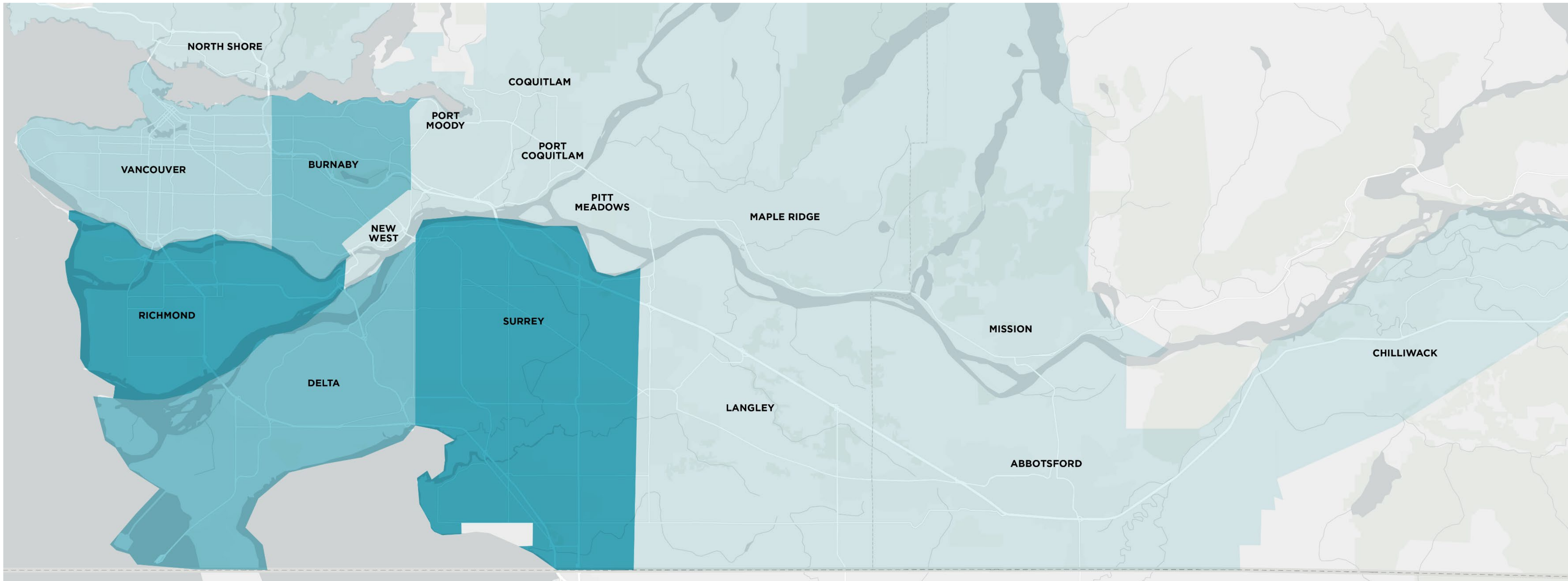
SPEC BUILDINGS ACCOUNT FOR **54.7%** OF TOTAL CONSTRUCTION

BUILD TO SUIT

2.39 MSF TOTAL SF BTS UNDER CONSTRUCTION

BTS BUILDINGS ACCOUNT FOR **45.3%*** OF TOTAL CONSTRUCTION

INDUSTRIAL SUBMARKETS



SUBMARKET	North Shore	Vancouver	Burnaby	New Westminster	Port Moody	Coquitlam	Port Coquitlam	Pitt Meadows	Maple Ridge	Mission	Richmond	Delta	Surrey	Langley	Abbotsford	Chilliwack
Total Inventory	4.2 MSF	28.2 MSF	35.1 MSF	3.8 MSF	327 KSF	8.2 MSF	9.4 MSF	3.3 MSF	2.1 MSF	1.6 MSF	46.8 MSF	34.2 MSF	42.2 MSF	18.0 MSF	6.8 MSF	4.9 MSF
Overall Vacancy Rate**	2.2% ▲	4.7% ▲	3.1% ▲	0.0% -	0.0% -	4.8% ▲	4.0% ▲	6.3% ▼	2.3% ▲	3.1% -	2.7% ▲	4.2% ▲	5.1% ▲	3.6% ▼	7.8% ▼	1.0% ▼
Weighted Avg Net Asking Rent***	$21.49 ▲	$20.19 ▼	$19.89 ▼			$22.60 ▲	$21.86 ▲	$21.03 ▼	$18.48 ▲	$16.78 -	$21.22 ▲	$19.98 ▼	$19.37 ▼	$17.87 ▼	$18.57 ▼	$17.47 ▲
Speculative		379K SF	383K SF			290K SF	87K SF	367K SF		266K SF	253K SF	688K SF	308K SF		234K SF	150K SF
Build To Suit		384K SF	1.3 MSF				146K SF						368K SF			195K SF

Arrows represent YOY change.

*Subject to change. **Direct and sublease; includes leased but not yet occupied space. ***Asking rental rates do not take into account tenant inducements; based on all available direct and vacant space.