MARKETBEAT

VANCOUVER

CAPITAL MARKETS 2025

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.10% Overall Avg. Cap Rate	▲	—
$7.32B Total Volume (CAD)	▲	—
966 Total Transactions	▼	—

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.7M Vancouver Employment	▲	▲
6.2% Vancouver Unemployment Rate	▲	▼
6.5% Canada Unemployment Rate	▼	▲
3.39% Canada 10-Yr Treasury Yield (Dec. 2025)	▲	—

Sources: Statistics Canada & Bank of Canada

ECONOMY: ONGOING FISCAL AND GROWTH PRESSURES

According to RBC Economics, British Columbia's 2026 budget makes only modest progress on fiscal tightening amid significant economic headwinds with a projected $9.6B deficit in 2025-26 and elevated shortfalls persisting in the outer years. The report notes that continued spending growth, slower population gains and trade-related pressures leave the province without a clear path to balance, contributing to a rising debt burden and more constrained economic outlook.

OVERALL VANCOUVER INVESTMENT MARKET - GRADUAL RECOVERY

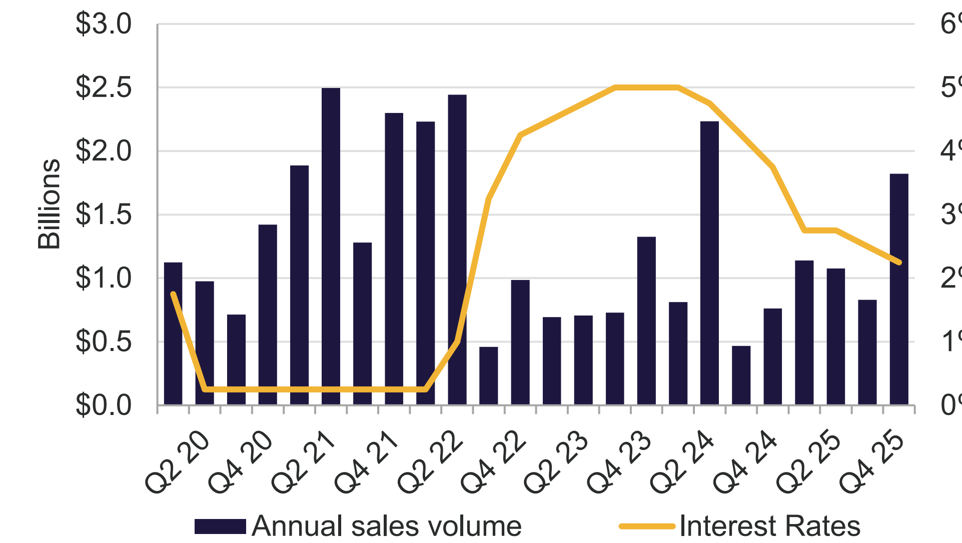
In 2025, market dynamics continued to reflect the impact of the interest rate spike that began in 2022 when the Bank of Canada raised its policy rate from 0.25% in early 2022 to 5.0% by Q3 2023. Elevated borrowing costs dampened transaction activity and compressed valuations, particularly for non-trophy assets. As interest rates eased to 2.25% by year-end, buyer confidence improved. However, a persistent gap between buyer and seller pricing expectations continued to limit deal flow as many owners remained reluctant to sell at valuations below prior peak levels.

Total freehold investment sales rebounded to $4.9B in 2025, up from $4.3B in 2024 and marked the strongest annual performance since 2022. Quarterly volume was influenced by several large office transactions which included the $395M Deloitte Summit and $300M 401 West Georgia sales in Q2 2024 and the $1.2B sale of The Post in Q4 2025. Although still below the peak volumes recorded in 2021 ($8.0B) and 2022 ($6.1B), 2025 represented a meaningful recovery from the cyclical low of $3.5B in 2023 when elevated borrowing costs and market uncertainty significantly constrained activity.

A key driver of 2025's performance was the $1.2B office sale of The Post, which alone accounted for approximately 24.7% of the year's total annual investment volume. Excluding this transaction, 2025 sales would have totaled roughly $3.7B - broadly in line with 2023 levels. This underscores the outsized influence of high-profile transactions and highlights continued investor appetite for high-quality, institutional-grade assets. Retail and industrial sales remained relatively steady throughout the year, while multifamily activity was more moderate and weighted toward the first half of the year.

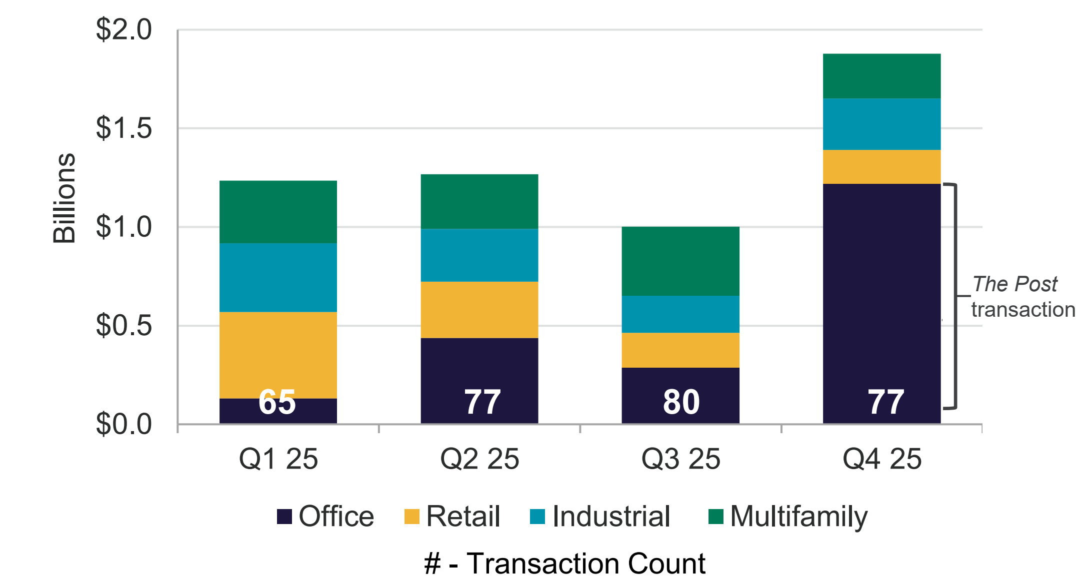
Overall, 2025 reflected improving investor confidence as borrowing costs eased from their 2023 peak. However, with activity still below the highs of 2021-2022, the market remains in a recalibration phase, adjusting to a structurally higher interest rate environment relative to the ultra-low cost of capital prior to 2022.

TOTAL INVESTMENT SALES VOLUME (FREEHOLD)*

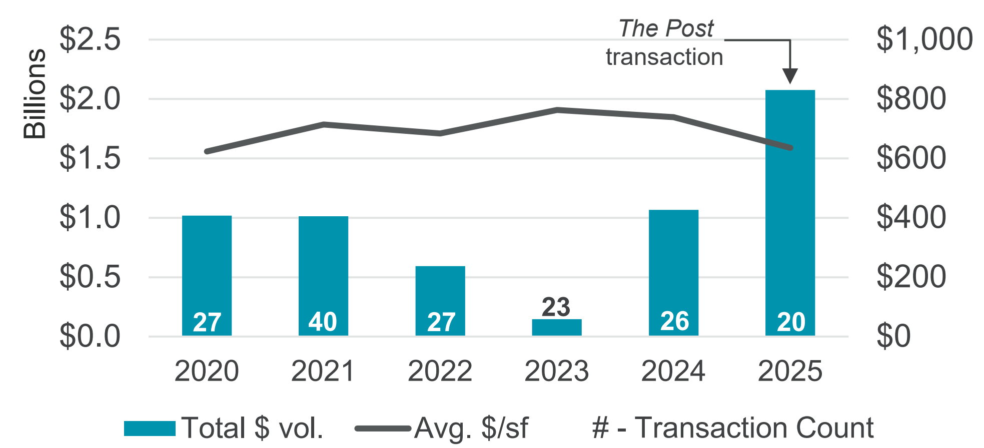


**Office, Retail, Industrial and Multifamily*

2025 INVESTMENT FREEHOLD SALES BY SECTOR

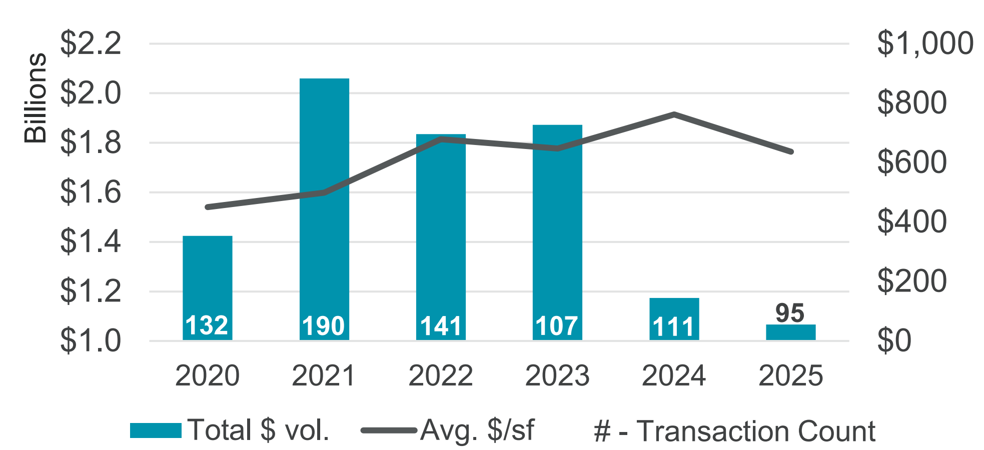


Office Building Sales 2020 - 2025



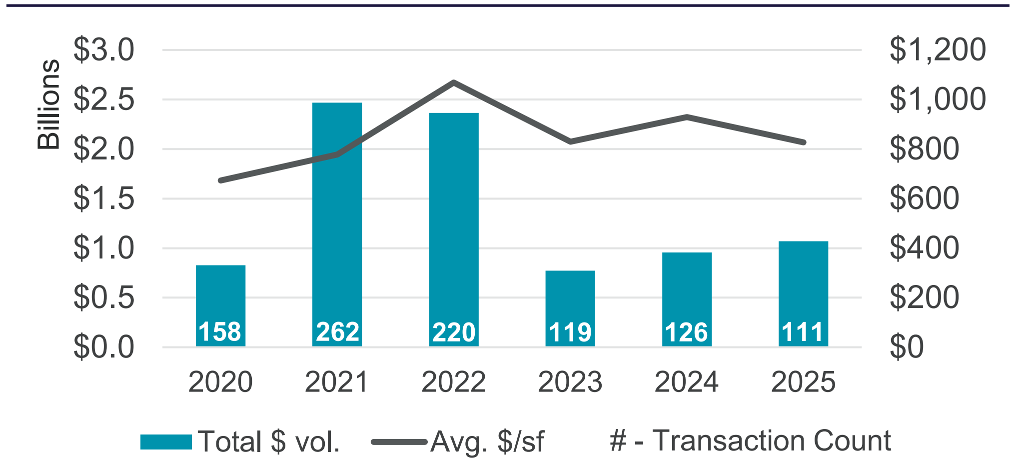
Area: Metro Vancouver

Industrial Property Sales 2020 - 2025



Area: Lower Mainland

Retail Property Sales 2020 - 2025



Area: Lower Mainland

SELECTIVE ACTIVITY IN A SOFTENING OFFICE SALES MARKET

Despite the office market registering a notable rebound in total transaction value in 2025, the number of deals remained lower than in prior years. This increase was driven by a handful of high-value trophy assets that were sold (such as The Post which traded for $1.2B - 58% of total annual office transaction volume), while smaller and mid-market properties traded at a discount relative to previous years, pulling down the overall average. Overall, Vancouver's office sales market conditions continued to weaken as elevated vacancy, soft user demand, persistent economic uncertainty and ongoing geopolitical events weighed heavily on both values and activity. For many local businesses and owner-users the environment has become increasingly difficult to navigate with weakening fundamentals and a growing supply overhang.

Despite the higher overall dollar value, the average price per square foot (psf) fell to $635, down from $739 in 2024. This pricing dynamic also reflects the lingering effects of the 2022-2023 interest spike which had dampened sales activity and compressed valuations for non-trophy assets.

INDUSTRIAL MARKET STABILIZING AMID PERSISTENT BID-ASK SPREAD

Freestanding industrial sales totaled approximately $1.1B in 2025, continuing the downward adjustment from the 2021 peak of $2.1B and remaining below the 2022-2023 range. While activity has moderated over the past two years, 2025 indicated the market is moving toward stabilization following the sharp repricing cycle that began in 2024. Average pricing psf eased from its 2024 high but remained elevated relative to pre-2021 levels, indicating values are normalizing rather than undergoing a significant correction. Softer pricing and improved interest rate conditions have supported selective investor re-engagement. However, transaction activity remained disciplined and focused primarily on well-located, functional assets.

After peaking in 2021 with 190 sales, transaction activity declined steadily through 2022-2024 as higher borrowing costs continued to weigh on market momentum. In 2025, deal volume eased further to 95 transactions, indicating that although total dollar volume rebounded on the strength of several large trades, overall market participation remained subdued and below pre-tightening levels. Broader owner-user demand remained constrained as many businesses continued to face margin pressure from tariffs and economic uncertainty. Even with pricing corrections, limited capital and ongoing valuation gaps kept buying activity cautious and below historic norms.

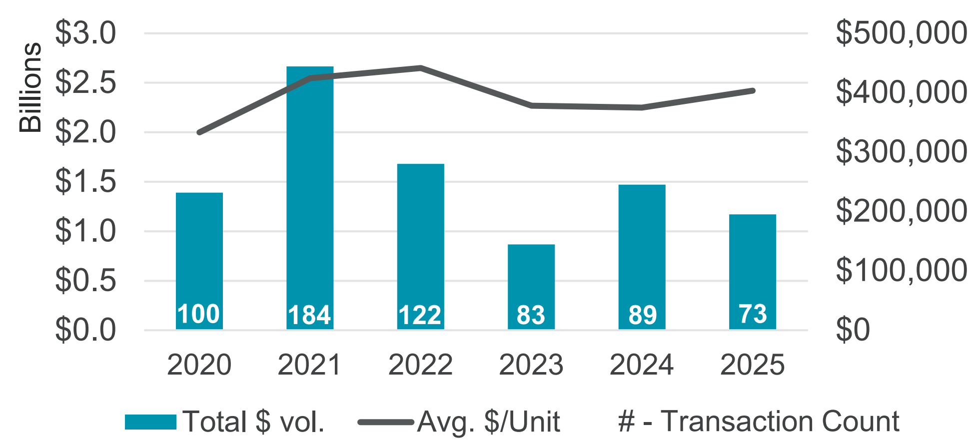
RETAIL MARKET IN PRICE DISCOVERY PHASE

Retail freehold sale activity improved modestly in 2025 with total dollar volume rising to $1.07B from $957M in 2024. However, transaction count declined to 111 sales, down from 126 in previous year, indicating that while capital continued to deploy, overall market participation remained selective. Quarterly trends show pricing volatility throughout 2025. Pricing softened in the first half of 2025 as buyers pushed back on near-peak valuations while vendors largely held to historically elevated levels, widening the bid-ask spread. This resulted in shifted activity toward smaller and mid-market assets.

OUTLOOK

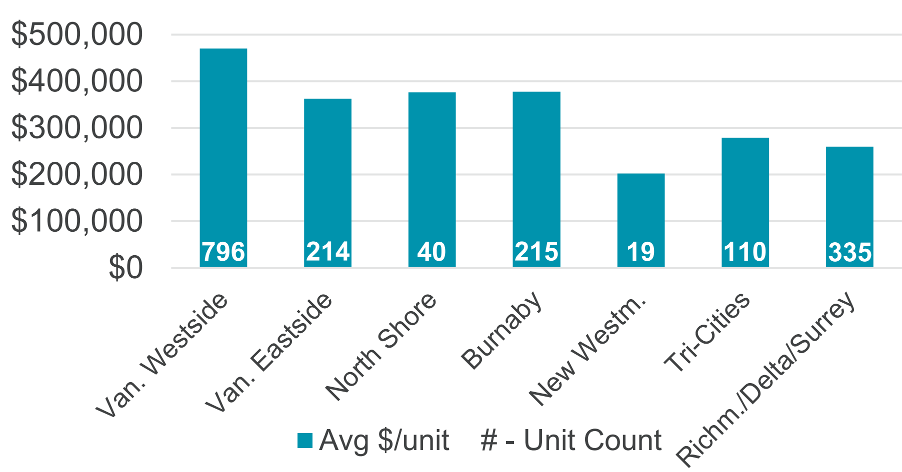
- Recent BC Assessment valuations confirm a broad decline in commercial property values across the Lower Mainland, reflecting real market pressures rather than short-term anomalies. The assessments mirror higher vacancies, rising cap rates, reduced investment activity, slowing redevelopment feasibility and elevated economic uncertainty across asset classes.
- As industrial valuations normalize and financing conditions steady, the sector is shifting toward a fundamentals-driven investment landscape. While broader assessment declines highlight ongoing market recalibration, industrial performance increasingly signals stabilization, supported by more disciplined pricing and improving capital clarity.
- In retail, the 2026 sales outlook is expected to be more stable and balanced with limited new supply directing transaction activity toward existing assets. Although pricing expectations continue to constrain sales as many owners remain anchored to prior peak valuations, recent listing price reductions suggest gradual alignment with current market levels.

Multi-Family* Property Sales 2020 - 2025

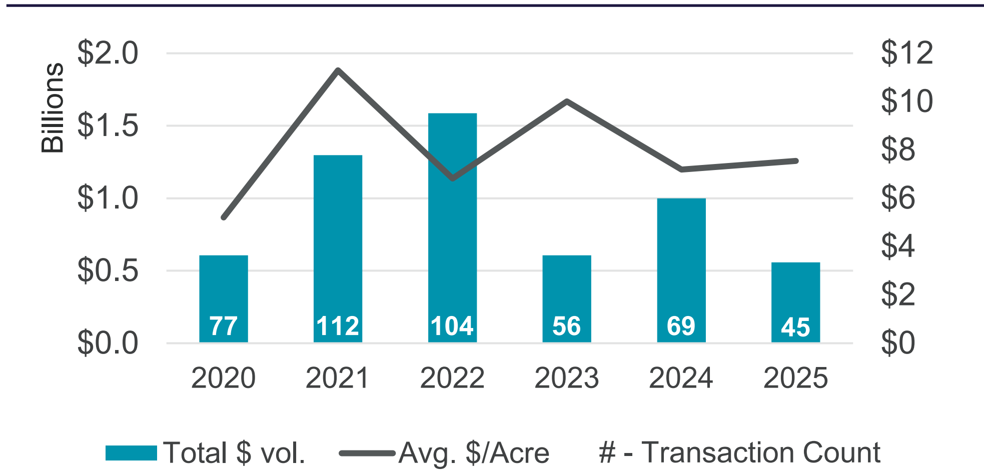


Area: Lower Mainland

2025 Multi-Family* Sale Price per Unit by Area



ICI Land Sales 2020 - 2025



Area: Lower Mainland

MULTI-FAMILY*: INVESTMENT CONCENTRATION IN PRIMARY URBAN CENTRES

In 2025, the multi-family market recorded one of its slowest years of the cycle with total transaction volume slipping to just below $1.2B - well below the peaks seen in 2021-2022. While the average price per unit stabilized around the $400k range, it remained meaningfully lower than the highs earlier in the decade. The combination of muted demand, reduced capital deployment and fewer large trades kept overall activity subdued, marking 2025 as a year of tempered investor appetite and smaller deal flow compared to prior years.

Multi-family sale prices per unit showed a clear geographic spread with Vancouver's Westside achieving the highest pricing at roughly $450k per unit and leading in transaction volume. Vancouver Eastside, the North Shore and Burnaby clustered in the mid-$300k range, while more suburban markets such as the Tri-Cities and Richmond/Delta/Surrey traded at lower averages around the mid-$200's. New Westminster recorded both the lowest pricing and the smallest sample size, highlighting limited activity. Overall, the data reflects a premium concentrated in central urban areas and more value-oriented pricing in outlying markets.

Looking at the historic data of all properties sold from 2020-2025, the Core areas (Vancouver, North Shore and Burnaby) consistently captured most of the investment activity, averaging about three-quarters of total volume and reaching 80% in 2025. While 2025 was a slower year overall, the Core remained the dominant hub for deal flow.

ICI LAND MARKET COOLS AMID FINANCING AND FEASIBILITY PRESSURES

Land sales activity declined significantly in 2025 with total dollar volume falling to $558M from $999M in 2024 and transaction count dropping to 45 deals, the lowest level in the six-year period. While average pricing increased modestly to $7.54M per acre from $7.19M in 2024, volumes remain well below the peak years of 2021 and 2022, reflecting cautious capital deployment and fewer large-scale acquisitions.

Construction and land financing continued to present challenges with many developers electing to remain on the sidelines. The slowdown underscores ongoing pressure on development feasibility, particularly as construction costs and absorption risks remain elevated. In some cases, developers can no longer afford to hold land indefinitely and are advancing projects, including distribution centres and other income-producing formats to activate sites and generate cash flow rather than waiting for peak pricing conditions to return.

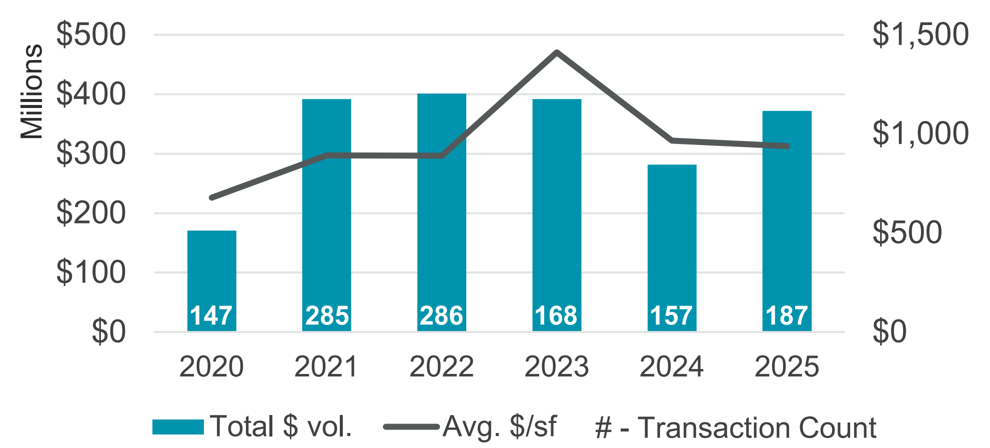
Overall activity in 2025 was concentrated among well-capitalized groups and projects supported by near-term development fundamentals. The largest land sales in 2025 were the Port Terminal transaction totaling $143M and the $63M acquisition by TransLink, together accounting for 36.9% of total land volume in 2025.

**Value-Add Properties: 2015 and older*

OUTLOOK

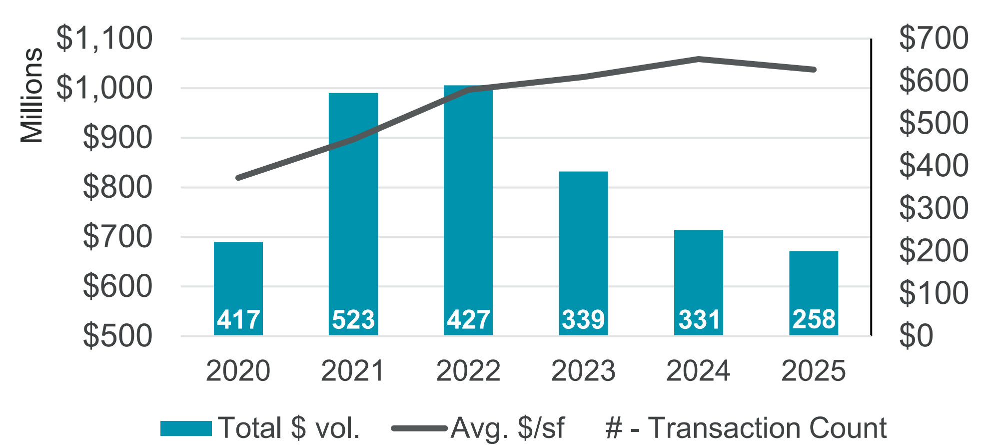
- On the multi-family side, supply continues to outweigh demand and growth remains subdued. Lower assessment rates are helping bring seller expectations closer to current market values, improving pricing realism. In this environment, private buyers are driving most of the decision-making, stepping in selectively where valuations now better align with market fundamentals.
- Some buyer groups continue to scale back activity in Metro Vancouver as rental economics and project feasibility remain challenging, redirecting capital toward markets with stronger financial viability where pro-forma returns and development conditions are more favourable.
- The ICI land market is expected to stay soft with deals remaining complex, yield spreads wide and activity highly spotty. Financing and feasibility pressures will continue to limit buyer participation, keeping transactions concentrated among well-capitalized groups pursuing near-term workable projects. In some cases, particularly where sites are income-producing, land acquisitions are being structured as long-term development plays rather than immediate builds.

Office Strata Sales 2020 - 2025



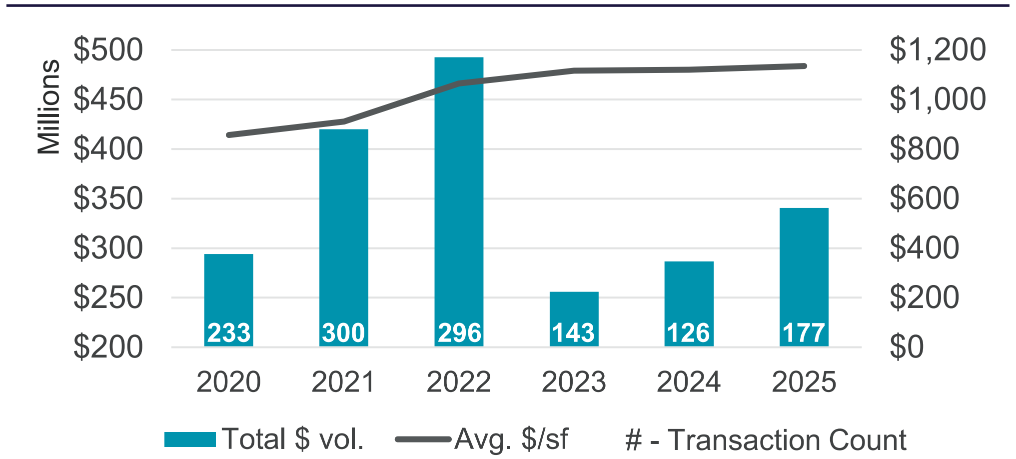
Area: Metro Vancouver

Industrial Strata Sales 2020 - 2025



Area: Lower Mainland

Retail Strata Sales 2020 - 2025



Area: Lower Mainland

OFFICE STRATA MARKET MOVES INTO A SLOWER, MORE MEASURED PACE

The strata office market experienced notable volatility over the 2020-2025 period with total dollar volume generally ranging between $250M and $400M annually, while the average price psf fluctuated more sharply. Transaction activity followed a similar pattern: sales counts rose from 147 in 2020 to a cyclical high of 285-286 deals in 2021-2022, before declining to 168 transactions in 2023 as market conditions cooled. Activity softened further in 2024 (157 deals) before rebounding modestly to 187 transactions in 2025, signaling renewed engagement despite ongoing caution. The pronounced spike in 2023, when the average pricing surged to its cycle high, was driven almost entirely by an exceptional concentration of Class AAA strata sales at 320 Granville. These transactions accounted for 64.8% of all 2023 sales with 82 units sold in the first half of the year totaling $254.1M and achieving record pricing levels, including a peak of $2,782 psf. This outlier pushed average pricing well above underlying market levels despite overall volume remaining consistent with prior years. In contrast, 2024 showed both lower pricing and reduced transaction volume as the market normalized following the one-off 2023 surge. By 2025, the sector displayed early signs of stabilization with volume improving modestly and pricing moderating toward pre-spike levels, suggesting a return to more typical, fundamentals-driven activity.

INDUSTRIAL STRATA MARKET CONTINUES TO COOL

Industrial strata activity continued to moderate in 2025, with total dollar volume declining to $671M from $714M in 2024 and transaction count falling more sharply to 258 sales, down from 331 the previous year. This marks a significant pullback from the peak years of 2021-2022, when both volume and deal activity were materially higher. Average pricing softened to $627 psf in 2025, down from a record $652 psf in 2024, suggesting that values are beginning to adjust following several years of rapid appreciation.

The decline in both total volume and transactions is weighing on strata development site land values. Developers are no longer willing to pay the premiums seen during the peak cycle, particularly as absorption has slowed and forward pricing assumptions have become less certain.

RETAIL STRATA SEES HIGHER VALUES AMID TOUGHER DEAL CONDITIONS

Despite retail strata activity increasing in 2025 with a total dollar volume rising to $340.7M, up from $286.5M in 2024, transactions have become increasingly challenging to make financially viable amid heightened economic uncertainty. Stricter financing requirements have reduced purchasing capacity and extended deal timelines. Whereas multiple strata units were previously absorbed quickly, transactions now typically require months to close. Average pricing continued to edge higher, reaching $1,135 psf - a new cycle high and up from $1,120 psf in 2024. With increased sale prices, strata has become less attractive for investors and sales activity is increasingly shifting toward owner-users. Transaction volume rebounded to 177 sales, up from 126 in 2024; however, activity remains well below the peak years of 2021 and 2022.

OUTLOOK

- The recent Bank of Canada interest rate cut is expected to provide some relief across the strata market by narrowing bid-ask spreads and improving buyer confidence. While broader economic uncertainty continues to weigh on decision-making, lower and more predictable borrowing costs should gradually unlock end-user demand. As financing conditions stabilize, activity is likely to pick up modestly in 2026, particularly among owner-occupiers who have been sidelined by high capital costs.

- Overall, the strata market is positioned for a slow but steady improvement rather than a rapid rebound.

2025 INVESTMENT FREEHOLD ACTIVITY

PROPERTY TYPE*	# OF TRANSACTIONS	SALES VOLUME (CAD)	YOY % CHANGE	TOTAL SOLD	AVG. PRICE/SF, UNIT, ACRE	OVERALL AVG. CAP RATE
Office	20	$2,075,893,750	94.4%	3,585,723 sf	$635 / sf	5.25 - 6.50%
Retail	111	$1,069,071,811	11.7%	1,391,710 sf	$827 / sf	5.00 - 5.75%
Industrial	95	$1,065,966,307	-9.2%	2,233,735 sf	$637 / sf	4.75 - 5.25%
Multi-family	73	$1,171,003,696	-20.4%	3,121 units	$403,652 / unit	3.75 - 4.75%
ICI Land	45	$557,816,750	-44.1%	130.7 acres	$7,539,967 / acre	N/A
TOTAL	**344**	**$5,939,752,314**	**4.8%**			

** Lower Mainland except for Office (Metro Vancouver)*

2025 SIGNIFICANT SALES

ADDRESS/BUILDING	TYPE	BUYER	SELLER	TOTAL AREA (SF/ACRES/UNITS)	PURCHASE PRICE	PRICE / UNIT ($ PSF)	AREA
The Post	Office	Pontegadea Canada Inc.	QuadReal Property Group	1,306,530 sf	$1,200,000,000	$918/sf	Vancouver
Marine Building, The Stack, Guinness Tower & MNP Tower	Office	Oxford Properties Group**	CPP Investment Board	1,274,000 sf	$418,750,000	$329/sf	Vancouver
1371 McKeen Avenue, Port Terminal	Land	Dream Unlimited Corporation	Wesbild Holdings Ltd.	27.53 acres	$143,000,000	$5,194,711/acre	North Vancouver
798 Granville Street	Retail	The GJ Group	Bonnis Properties	90,975 sf	$140,000,000	$1,539/sf	Vancouver
Willowbrook Park Shopping Centre	Retail	Shato Holdings Ltd.	Valley Properties Ltd.	193,785 sf	$136,975,000	$707/sf	Langley
9410 River Road	Industrial	Prologis	Hydro Quebec	289,000 sf	$128,000,000	$443/sf	Delta
700 & 750 West Pender Street***	Office	KingSett Capital	Cadillac Fairview & IMCO	293,096 sf	$125,000,000	$426/sf	Vancouver
Cottonwood Mall	Retail	Cottonwood Mall Holdings Corp.	PCI Development	243,485 sf	$115,000,000	$450/sf	Chilliwack
Seasons Wesbrook Village	Multi-family	Fengate Asset Management	Concert Properties	148 units	$109,766,880	$741,668/unit	Vancouver
108 East 5th Avenue	Office	Allied Properties REIT	Westbank Corp.	208,000 sf	$89,700,000	$863/sf	Vancouver
Hudson Mall	Retail	Hazelview Investments	Bonnis Properties	82,450 sf	$89,121,561	$1,081/sf	Vancouver
Aster East Village Apartments	Multi-family	Realstar Group	PCI Group	121 units	$74,250,000	$613,636/unit	Vancouver
Camellia	Multi-family	City of Richmond	Peterson Group	163 units	$70,250,000	$430,982/unit	Richmond
1111 West Hastings Street	Office	Reliance Prop. & Germain Hotels	Golden Properties Ltd.	95,814 sf	$70,000,000	$731/sf	Vancouver

***Oxford Portfolio sale, partial interest transfer (50%)* ****Share Sale*

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

ABHI GOYAL
Research Analyst
Tel: +1 604 970 2132
abhi.goyal@cushwake.com

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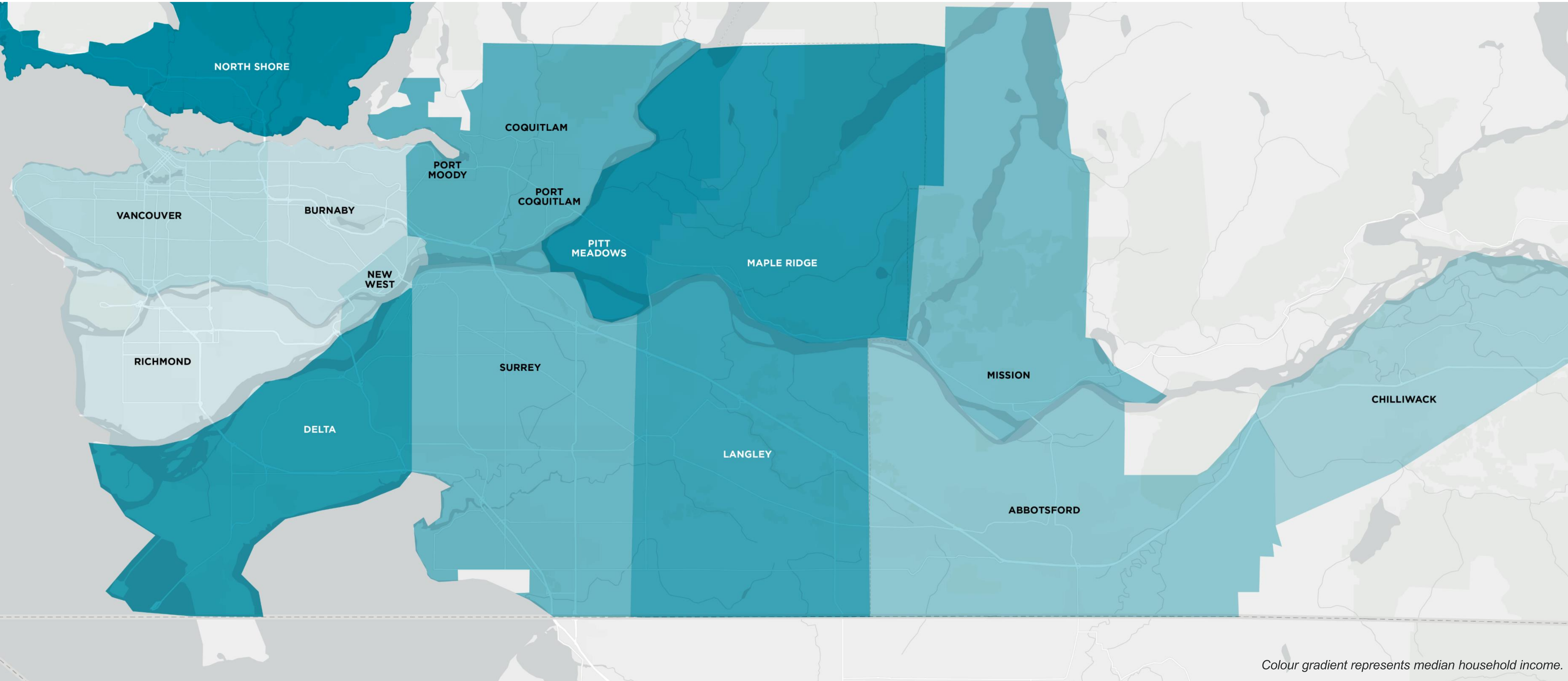

SUBMARKET	North Shore	Vancouver	Burnaby	New Westminster	Tri-Cities	Richmond	Delta	Surrey	Pitt Meadows	Maple Ridge	Mission	Langley	Abbotsford	Chilliwack
Total Population	147,619	769,947	297,912	92,115	281,358	244,358	123,437	688,505	21,584	105,420	47,169	198,143	173,194	105,276
5-Year Population Percentage Change	2.8%	2.7%	6.1%	3.4%	7.0%	7.1%	4.4%	10.6%	5.1%	7.5%	8.7%	11.2%	7.2%	8.0%
Median Household Income	$147,235.29	$97,844	$97,627	$99,573	$116,848	$91,432	$126,079	$112,033	$126,408	$123,595	$113,426	$122,324	$103,243	$99,953
Total Land Area	248 km^2	117 km^2	90 km^2	18 km^2	183 km^2	152 km^2	199 km^2	322 km^2	90 km^2	273 km^2	231 km^2	325 km^2	384 km^2	279 km^2

Sources: Environics