MARKETBEAT
VANCOUVER, BC
INDUSTRIAL Q4 2025

MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.5% Vacancy Rate	▲	—
1.2M YTD Net Absorption, SF	▲	▲
$19.23 Asking Rent, PSF	▼	—

(Overall, Net Asking Rent)

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.7M Vancouver Employment	▲	▲
6.2% Vancouver Unemployment Rate	▲	▼
6.5% Canada Unemployment Rate	▼	▲

Source: Statistics Canada

ECONOMY: SUBDUED GROWTH AND GRADUALLY EASING EMPLOYMENT

British Columbia is expected to post modest growth of 1.2% next year, lagging the national average. Slowing demographic growth driven by new federal immigration targets, tariff headwinds in lumber and aluminum and softer residential investment will be partially offset by natural resource export gains and labour market improvements. *Source: RBC Economics*

SUPPLY AND DEMAND: ABSORPTION GAINS AMID ELEVATED VACANCY

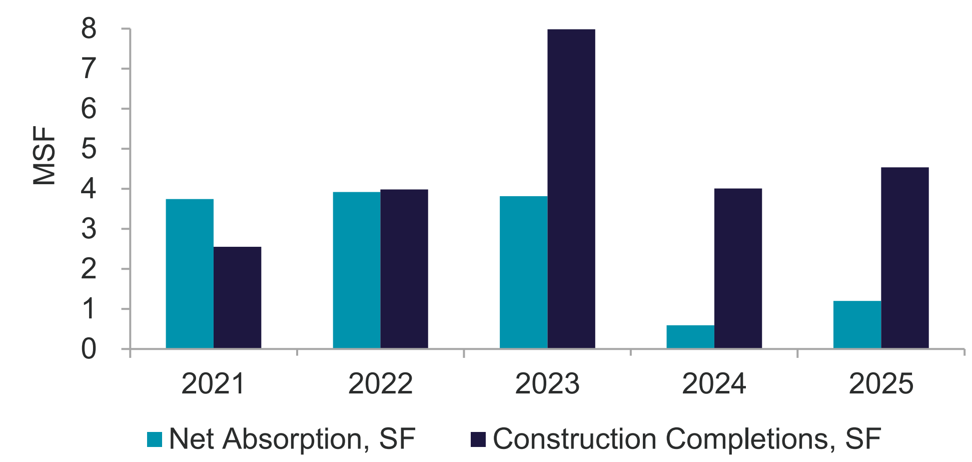
Reflecting the continued impact of new supply, overall vacancy rose for the twelfth consecutive quarter, increasing 20 basis points quarter-over-quarter (QOQ) to 4.5%. Despite this increase, at least two vacant blocks exceeding 100k square feet (sf) are currently under contract and two additional large spaces have been leased but remain vacant pending lease commencement: 103k sf at 7555 Beedie Way (leased to Hildebrand Gori Canada) and 110k sf at 8151 Churchill St (leased by GoodCang Logistics), both expected to be occupied in early 2026.

As in prior quarters, new construction completions and the delivery of several large blocks of direct vacant space contributed to the increase in vacancy. Of the 2.3 million square feet (msf) completed this quarter, 358k sf entered the market as vacant.

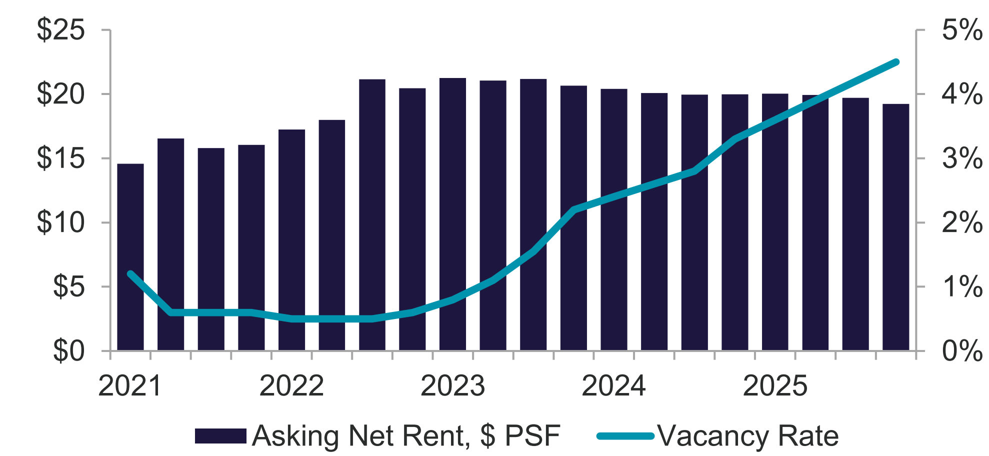
Net absorption was positive for the first time since Q1 2025 and the highest over the past ten quarters, totaling 1.4 msf in Q4 2025, bringing 2025 total absorption to 1.2 msf. This quarter's positive absorption was primarily driven by new construction - the built-to-suit completion of Bridge Studios Lake City Way (1.0 msf), 4449 Salish Sea Way (Pantos, 350k sf) and Nordel Point (Intelcom, 202k sf). Both the Fraser Valley and North Fraser showed strength with 797k sf and 636k sf of positive absorption, respectively. In 2025, net absorption reached 1.2 msf, trailing 4.5 msf of new construction completions, underscoring ongoing pressure on vacancy and the need for stronger leasing demand to stabilize the market.

As vacancy rose from a record low 0.5% in Q3 2022 to 4.5% in Q4 2025, overall net asking rents declined from a record high of $21.15 per square foot (psf) to $19.23 psf, reflecting easing market conditions. The overall availability rate (including both vacant and occupied spaces) stands at 6.5%. Moving forward, there are several significant blocks of available space expected to become vacant in the coming months, particularly in Surrey, Delta, Richmond and Burnaby.

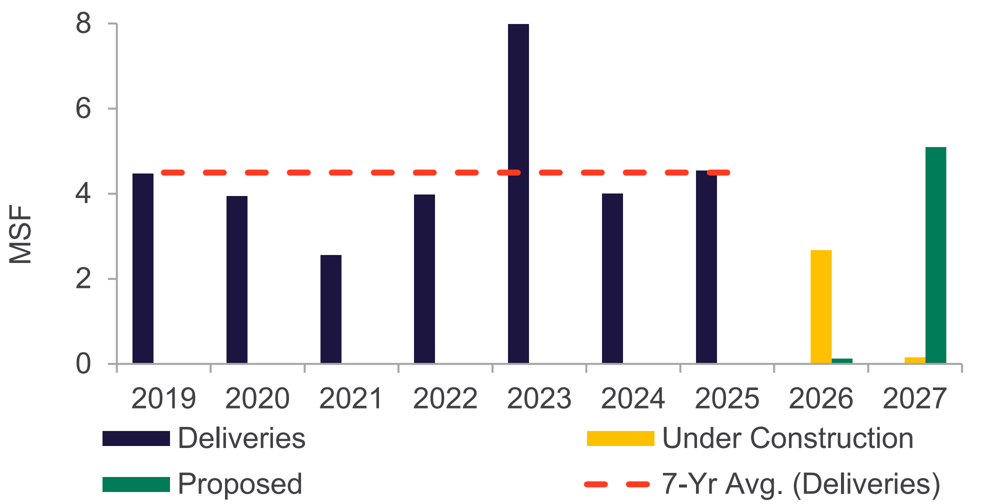
SPACE DEMAND / DELIVERIES



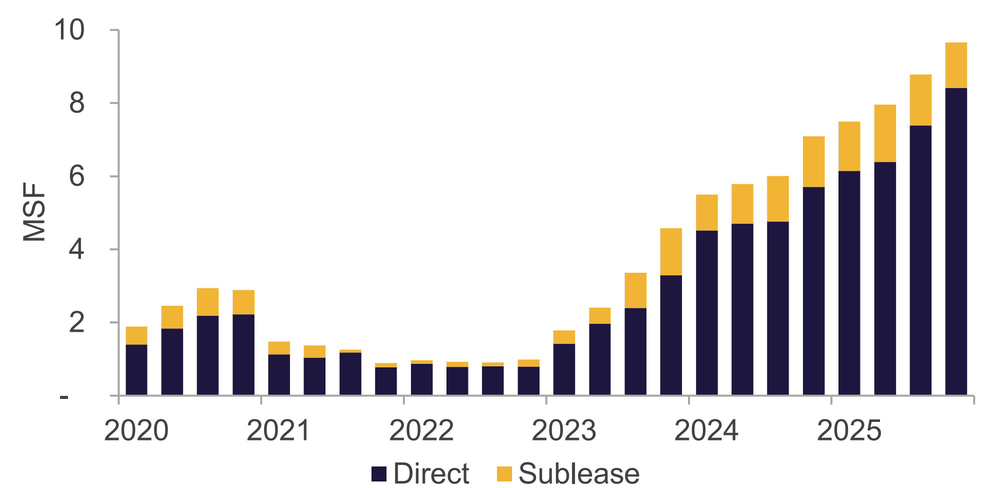
OVERALL VACANCY & ASKING RENT



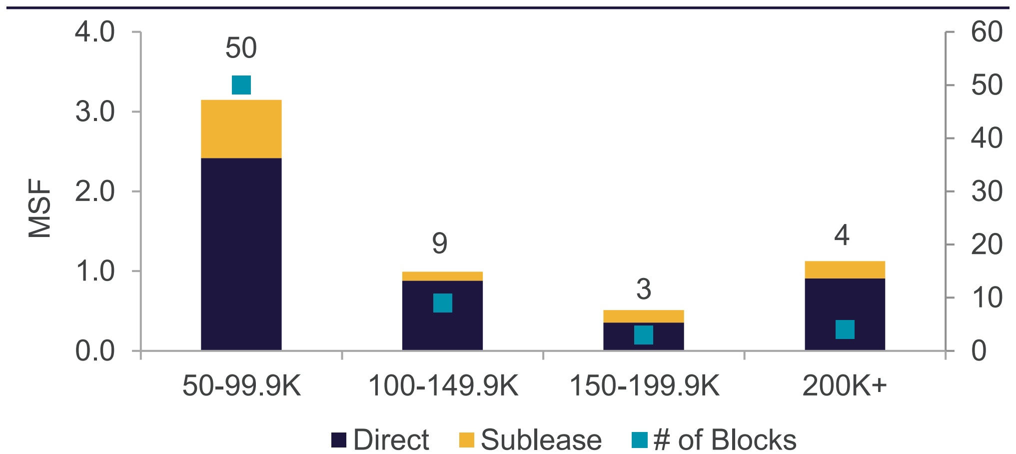
METRO VANCOUVER NEW CONSTRUCTION & PROPOSED



DIRECT VS. SUBLEASE SPACE AVAIL. AND VACANT



METRO VANCOUVER LARGE BLOCKS OF AVAILABLE SPACE FOR LEASE*



Excluding under construction

UNDER CONSTRUCTION SUPPLY HITS DECADE LOW

We are nearing the final phase of the recent construction cycle that began in 2022-2023. The pipeline has contracted to just 2.8 msf of projects currently under construction this quarter, marking the lowest quarterly level in the past decade. The majority of these projects are concentrated in Surrey (674k sf), Vancouver (406k sf), Burnaby (345k sf) and Abbotsford (267k sf).

New construction is expected to deliver around 1.4 msf of space to the market in Q1 2026, nearly 500k sf of which is currently available for sale or lease. An additional 1.3 msf is anticipated to come online throughout 2026, with 56% already pre-leased or pre-sold.

The proposed pipeline remains robust at over 22.0 msf, though it is uncertain how many projects will proceed, as developers require pre-lease or pre-sale thresholds before breaking ground. In some cases, however, land-holding costs may pressure developers to proceed with construction. Most proposed projects are concentrated in Surrey (5.8 msf), followed by Delta (2.9 msf), Richmond (2.3 msf), Langley (2.1 msf) and Abbotsford (2.0 msf).

SUPPLY: A SHIFT AWAY FROM SUBLEASE AVAILABILITY

Metro Vancouver's vacant sublease space increased over the past two years but declined for a second consecutive quarter, falling to 1.2 msf from 1.4 msf in Q3 2025. This trend suggests tenants are stabilizing rather than continuing to shed space. The region's largest markets - Vancouver, Surrey, Delta, Richmond and Burnaby (each with over 25 msf of inventory) continue to account for the majority of sublease vacancy. Collectively, they total 1.0 msf, representing 85% of the 1.2 msf of market-wide vacant sublease space.

Only three new vacant subleases in the 29k-37k-sf range were added this quarter and, unlike prior quarters, sublease activity had a limited impact on overall vacancy. Notably, there was just one new vacant sublease availability exceeding 50k sf this quarter: 114k sf at 13480 Crestwood Place. Despite approximately 1.2 msf of available and vacant sublease inventory, it represents only a small fraction of the total industrial inventory - just 0.5%.

SUPPLY: 16 LARGE BLOCKS OF AVAILABLE SPACE OVER 100K SF

There are 16 available spaces exceeding 100k sf (unchanged from last quarter), of which three are sublease opportunities and 13 are direct availabilities. Of these 16 spaces, eleven are currently vacant; however, two are under contract and expected to close by the end of Q1 2026, further supporting demand from large-bay users.

Overall, large block availability is concentrated in the 50-99.9k-sf size range (50 blocks, mostly direct, with 28 vacant), while larger blocks remain limited. Tenants needing over 200k sf only have four options, while the 150-199.9k-sf segment offers just three.

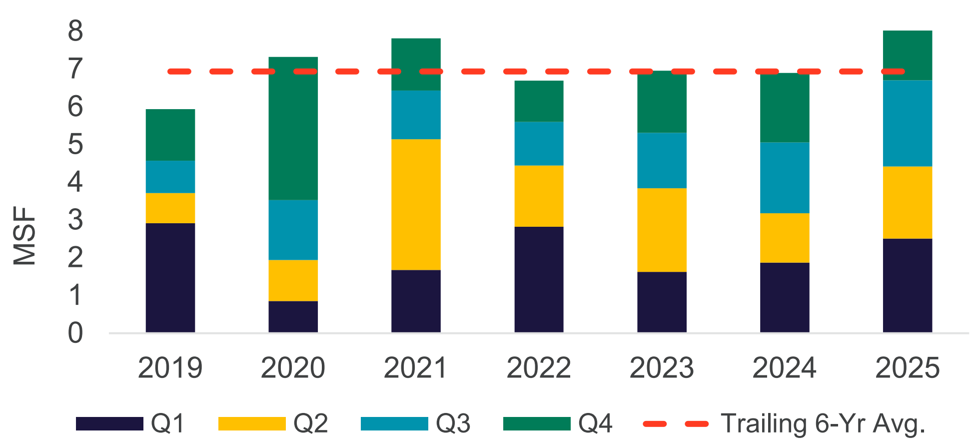
Looking ahead to Q1 2026, eight significant blocks over 50k sf are expected to become vacant (unless leased), adding at least 550k sf of vacant space to the market.

OUTLOOK

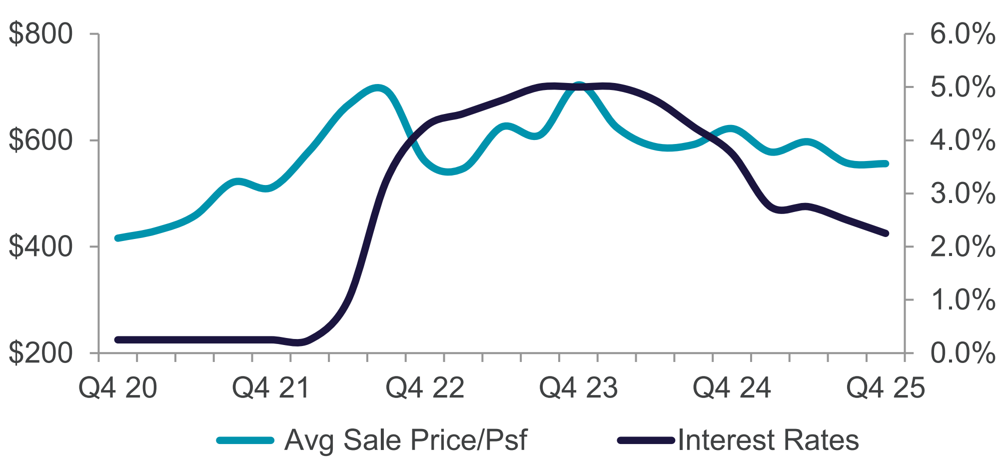
- Overall vacancy is expected to edge slightly higher in early 2026 as additional industrial space comes online (approximately half of 2.8 msf currently under construction is expected to deliver in the first half of 2026; 62% pre-leased/pre-sold) and demand continues to adjust to the influx of new supply.
- The market is gradually shifting toward balance as vacancy, softer asking rents and increased leasing activity begin to realign supply and demand.

VANCOUVER
INDUSTRIAL Q4 2025

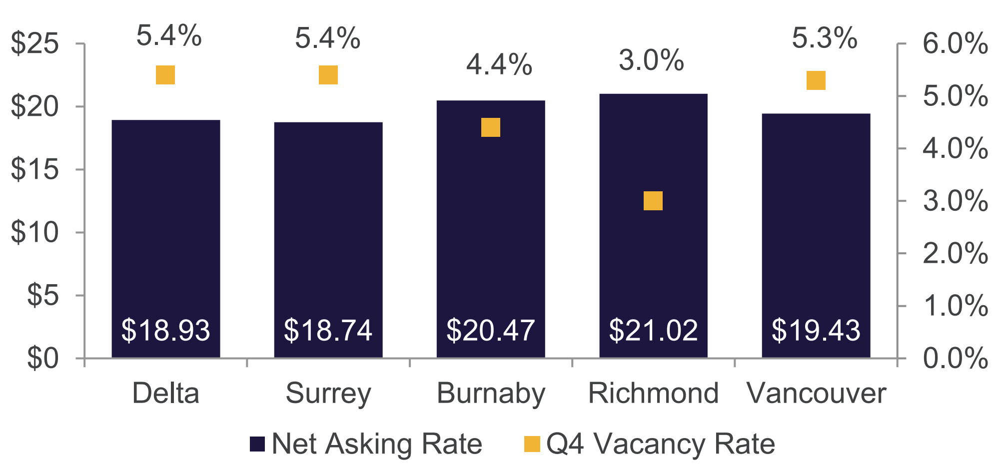
METRO VANCOUVER LEASING ACTIVITY*



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



NET ASKING RATES BY SUBMARKET**



LEASING ACTIVITY SHOWS STRENGTH AMID MARKET UNCERTAINTY

Despite a year marked by economic uncertainty and new tariffs, leasing activity* remained strong. In fact, 2025 represented a peak year, surpassing the prior high mark of 2021 and reflecting strong market demand and a healthy leasing environment. Leasing activity this quarter was concentrated in smaller spaces with deals under 25k sf accounting for 47% of total leased area (27.7% under 10k sf and 19.3% between 10-25k sf). Mid-sized leases of 25-50k sf represented 20.2%, while larger transactions of 50-100k sf and 100k+ sf together made up 32.8% (14% and 18.8%, respectively). This reflects strong demand across all tenant sizes. New leasing activity for the second consecutive quarter was mainly driven by distribution, manufacturing and wholesale trade.

Over 1.8 msf of new deals were signed in Q4 2025, reflecting a 19.0% decrease QOQ and a 0.8% increase year-over-year (YOY). For the full year, leasing activity reached 8.7 msf in 2025, up 15.3% compared to the annual total in 2024.

Driving this momentum, large-format users (over 50k sf) became increasingly active in the second half of 2025 registering seven transactions each in Q1 and Q2, 14 in Q3 and 12 in Q4. This brought the total for the year to 40 transactions over 50k sf (including renewals), outpacing 2024's 30 transactions and nearly doubling the 23 recorded in 2022.

INDUSTRIAL SALES: MOVING TOWARD STABILIZATION

Freestanding industrial sales in Metro Vancouver totaled $223 million in Q4 2025, up 10.3% QOQ and 63.2% YOY, bringing total 2025 sales volume to just under $1.0 billion. While activity improved, broader owner-user demand remained constrained. Despite pricing adjustments from recent highs, many businesses continue to face margin pressure from tariffs and economic uncertainty, limiting their ability to deploy operating capital toward real estate acquisitions.

The average price per square foot held steady at $556, unchanged QOQ and down 10.6% YOY, suggesting pricing has begun to stabilize following the market correction that started in late 2024. However, improved pricing has not translated into uniform demand as vacancy conditions continued to diverge by product size. Large-format space availability remains tight due to limited supply, while small- and mid-bay availability stayed elevated amid ongoing pressure on economically exposed businesses. Until underlying business conditions improve, this bifurcation is expected to persist.

PRICING: STEADY ABSORPTION OF QUALITY SPACE WEIGHS ON ASKING RATES

Overall net asking rates continued to hold below $20 psf for the sixth consecutive quarter, decreasing by 2.3% QOQ to $19.23 psf in Q4 2025 - a 3.8% decrease YOY. This represents a 9.1% decline from the peak rate recorded in Q3 2022. In some markets, steady absorption of higher-quality space in new builds has left mostly lower-quality options on the market, putting downward pressure on asking rents this quarter. Rent reductions were most pronounced in Abbotsford, Delta and Richmond.

Q4 2025 asking rates ranged from $18.74 psf in Surrey (up 0.9% QOQ) to $21.02 psf in Richmond (down 2.3% QOQ), the highest across Metro Vancouver, followed by Burnaby at $20.47 psf (up 2.5% QOQ). Vacancy was lowest in Richmond (3.0%) and Burnaby (4.4%) and highest in Delta and Surrey (5.4%), reflecting tighter conditions in core markets.

OUTLOOK

- With robust leasing activity in 2025 and historical absorption averaging nearly 3.0 msf annually since 2017, vacancy is not expected to rise significantly even with 2.7 msf of new construction scheduled for 2026, half of which is already pre-leased or pre-sold.
- As pricing resets from recent peaks and interest rate expectations stabilize, buyers have improved visibility on financing, supporting a gradual stabilization in industrial sales. Overall, the data points to a market that is adjusting and stabilizing rather than slowing.
- Continuing downward pressure on asking lease rates is expected in the near term, with asking rents likely to remain below $20 psf as the market continues to rebalance. Recent softening reflects a flight to quality which has left older, less efficient assets competing at lower rental levels.

*Gross absorption: leasing activity measured without regard to occupancy. This includes preleasing in buildings that are under construction or planned and excludes renewals).

**Markets with inventory greater than 25 msf

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLEASE VACANT (SF)	OVERALL VACANCY RATE	FUTURE AVAILABILITY RATE	Q4 LEASING ACTIVITY (SF)*	YTD OVERALL NET ABSORPTION (SF)**	UNDER CONSTR. (SF)	Q4 NEW SUPPLY (SF)	AVG ASKING NET RENT***	AVG ADD. RENT
Abbotsford	7,051,422	357,538	12,454	6.7%	9.3%	118,116	296,419	267,009	70,626	$17.91	$4.75
Delta	34,838,447	1,706,645	100,605	5.4%	7.3%	431,902	209,353	-	688,321	$18.93	$5.69
Langley	18,359,623	500,551	77,350	3.2%	7.6%	184,510	167,343	52,200	-	$17.40	$5.58
Surrey	43,094,123	1,480,603	300,432	5.4%	7.1%	110,314	737,205	674,192	206,688	$18.74	$5.38
Chilliwack	4,951,087	87,784	-	1.8%	1.8%	17,899	64,914	195,979	101,160	$16.93	$5.44
Fraser Valley	108,294,702	4,133,121	490,841	5.0%	7.1%	862,741	1,475,234	1,189,380	1,066,795	$18.54	$5.48
Burnaby	36,198,482	1,421,032	97,134	4.4%	6.0%	366,639	379,905	345,460	1,000,000	$20.47	$6.66
Coquitlam	8,249,861	221,113	15,526	4.9%	10.4%	65,311	150,767	219,210	-	$21.16	$7.19
Maple Ridge	2,113,486	39,643	-	2.0%	8.3%	2,550	3,519	-	-	$17.88	$4.27
New Westminster	3,807,487	15,942	-	0.4%	0.8%	1,735	-15,942	-	-	$18.00	$9.21
North Shore	4,262,312	34,273	13,454	1.7%	5.0%	21,194	2,895	-	-	$22.08	$10.32
Port Coquitlam	9,352,501	273,375	69,230	4.2%	5.5%	123,200	-72,925	196,975	-	$20.03	$6.40
Port Moody	327,204	-	-	0.0%	0.0%	-	-	-	-	-	-
Richmond	46,550,096	818,394	295,844	3.0%	4.8%	216,919	-243,491	253,173	-	$21.02	$5.33
Vancouver	28,628,164	964,002	253,375	5.3%	6.8%	158,297	-197,989	406,466	44,334	$19.43	$8.10
Pitt Meadows	3,271,327	470,450	2,461	14.5%	14.5%	2,461	-386,429	-	-	$17.45	$4.49
Mission	1,749,127	26,036	-	8.2%	8.6%	34,440	106,579	216,031	174,959	$16.44	$7.70
North Fraser	144,510,047	4,284,260	747,024	4.2%	6.1%	992,746	-273,111	1,637,315	1,219,293	$19.94	$6.41
METRO VANCOUVER	**252,804,749**	**8,417,381**	**1,237,865**	**4.5%**	**6.5%**	**1,855,487**	**1,202,123**	**2,826,695**	**2,286,088**	**$19.23**	**$5.93**

**Gross absorption: leasing activity measured without regard to occupancy. This includes preleasing in buildings that are under construction or planned and excludes renewals.*

***Net absorption: the net change in occupied space - the amount of space occupied as well as the amount of space vacated.*

Renewals not included in leasing statistics

KEY LEASE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
26977 56th Avenue	Langley	Seaspan ULC	142,475	Headlease
8151 Churchill Street	Delta	GoodCang Logistics Canada Corp.	109,883	Headlease
7555 Beedie Way	Delta	Hillebrand Gori Canada Inc.	102,815	Headlease
927 Derwent Way	Delta	Riverbend Distribution Ltd.	78,759	Sublease
1700 No. 6 Road	Richmond	Cascades Canada ULC	71,763	Renewal
16111 Blundell Road	Richmond	Archway Canada Inc.	64,556	Renewal

KEY SALES TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
7260 Winston Street	Burnaby	Confidential	148,229	$56.3M / $379
2551 Viking Way	Richmond	GEA Refrigeration / Viva Pharmaceutical Inc.	129,700	$34.0M / $262
1658 Industrial Ave	Port Coquitlam	T-Brothers Food & Trading Ltd. / 1658 Industrial Holdings	42,297	$22.6M / $534
6600 Fraserwood Place	Richmond	Natural Life Inc. / The Treadmill Factory	31,051	$13.3M / $427
12487 82 Ave	Surrey	Coast Truck & Trailer Repair / ArcTech Manufacture Ltd.	26,745	$14.0M / $522
1622 Kebet Way	Port Coquitlam	723 Princess BC Holdings Inc. / Four Lake Ventures Ltd.	25,211	$13.7M / $541

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****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")*

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UNDER CONSTRUCTION

2.83 MSF TOTAL UNDER CONSTRUCTION SF

1.07 MSF TOTAL AVAILABLE SF

SPECULATIVE

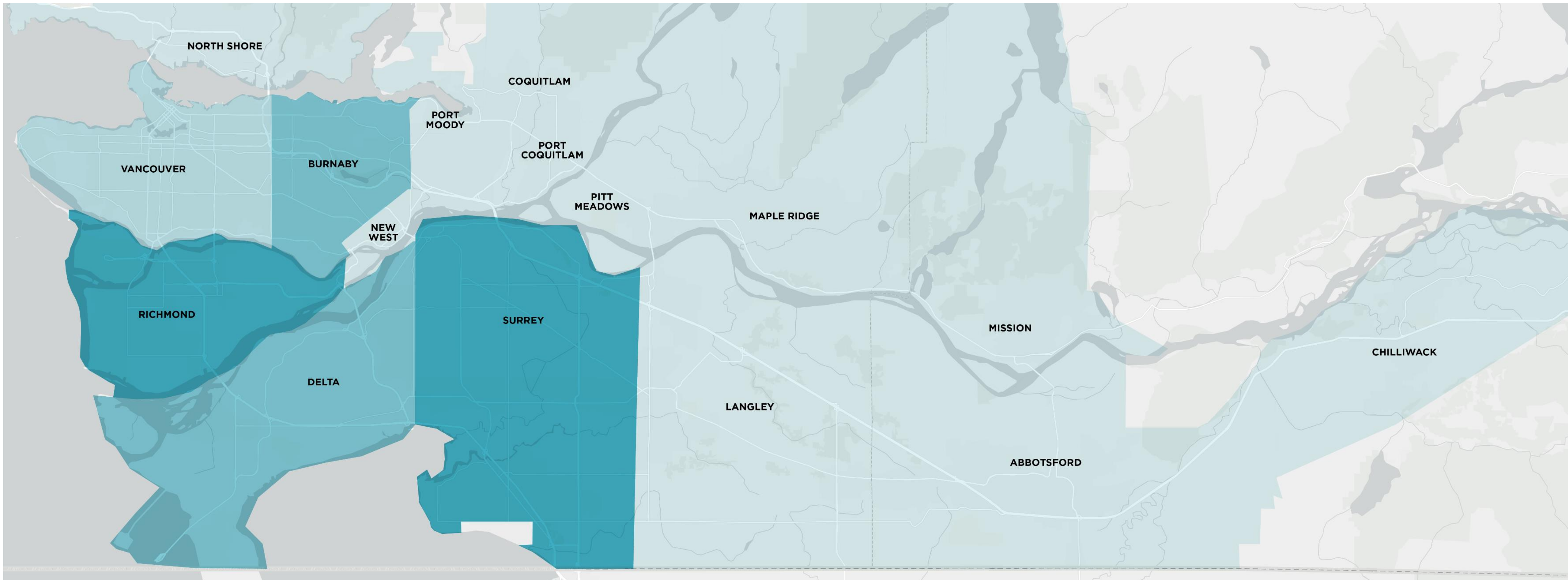
1.54 MSF TOTAL SPECULATIVE UNDER CONSTRUCTION SF

SPEC BUILDINGS ACCOUNT FOR **54.3%** OF TOTAL CONSTRUCTION

BUILD TO SUIT

1.29 MSF TOTAL SF BTS UNDER CONSTRUCTION

BTS BUILDINGS ACCOUNT FOR **45.7%*** OF TOTAL CONSTRUCTION



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	4.3 MSF	28.6 MSF	36.2 MSF	3.8 MSF	327 KSF	8.2 MSF	9.4 MSF	3.3 MSF	2.1 MSF	1.7 MSF	46.6 MSF	34.8 MSF	43.1 MSF	18.4 MSF	7.1 MSF	4.9 MSF
Overall Vacancy Rate**	1.7% ▼	5.3% ▲	4.4% ▲	0.4% ▲	0.0% -	4.9% ▲	4.2% ▲	14.5% ▲	2.0% ▼	8.2% ▲	3.0% ▲	5.4% ▲	5.4% ▲	3.2% ▼	6.7% ▼	1.8% ▲
Weighted Avg Net Asking Rent***	$22.08 ▲	$19.43 ▼	$20.47 ▼	$18.00 ▲		$21.16 ▼	$20.03 ▼	$17.45 ▼	$17.88 ▼	$16.44 ▲	$21.02 ▲	$18.93 ▲	$18.74 ▼	$17.40 ▼	$17.91 ▼	$16.93 ▲
Speculative		300 KSF	308 KSF				100 KSF			216 KSF	253K SF		77 KSF	52 KSF	228 KSF	
Build To Suit		105 KSF	38 KSF			219 KSF	97 KSF						597 KSF		39 KSF	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.*