MARKETBEAT

VANCOUVER, BC

INDUSTRIAL Q1 2026

MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.4% Vacancy Rate	▲	—
537K YTD Net Absorption, SF	▲	▲
$18.98 Asking Rent, PSF	▼	—

(Overall, Net Asking Rent)

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.68M Vancouver Employment	▼	▲
6.2% Vancouver Unemployment Rate	▼	▼
6.7% Canada Unemployment Rate	▲	▲

Source: Statistics Canada

ECONOMY: NEAR-TERM HEADWINDS TEMPER GROWTH OUTLOOK

B.C.'s economy is expected to grow below trend in 2026 amid demographic, housing and trade headwinds, before returning toward its historical average in 2027. The 2025 real GDP outlook has been revised up to approximately 2.0%, supported by stronger natural gas production and resilient construction and household spending, though ongoing trade uncertainty is likely to temper near-term industrial momentum. *Source: TD Economics*

SUPPLY AND DEMAND: EASING VACANCY AND STEADY ABSORPTION

After rising for 12 consecutive quarters, overall vacancy declined for the first time since Q4 2021, edging down 10 basis points quarter-over-quarter (QOQ) to 4.4%. In contrast to previous years, new construction had minimal impact on vacancy, with just 574k square feet (sf) delivered in Q1 2026 - the lowest level since Q3 2024. Of this new inventory added to the market, 62% was pre-leased or pre-sold, resulting in only 217k sf of new vacant supply. While vacant sublet space has been rising over the past two years, contributing to elevated vacancy, it declined for the third consecutive quarter, falling to 1.19 million square feet (msf) from 1.24 msf in Q4 2025. Overall vacancy trends are showing early signs of stabilization, although performance continues to vary by submarket, building quality and size.

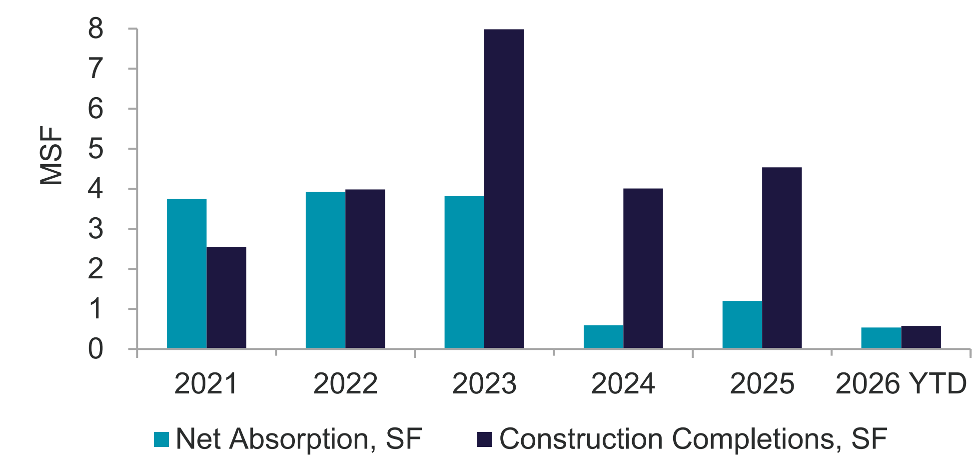
The overall future availability rate stands at 6.4%. Moving forward, there are several significant blocks of available space expected to become vacant in the coming months, particularly in Surrey, Delta, Richmond and Burnaby.

Net absorption remained positive for the second consecutive quarter, totaling 537k sf. This quarter's gains were driven primarily by pre-leased tenants taking occupancy in newly completed buildings along with several large move-ins, including GoodCang Logistics at 8151 Churchill Street (110k sf) and Getpaq at 7510 Hopcott Road (103k sf).

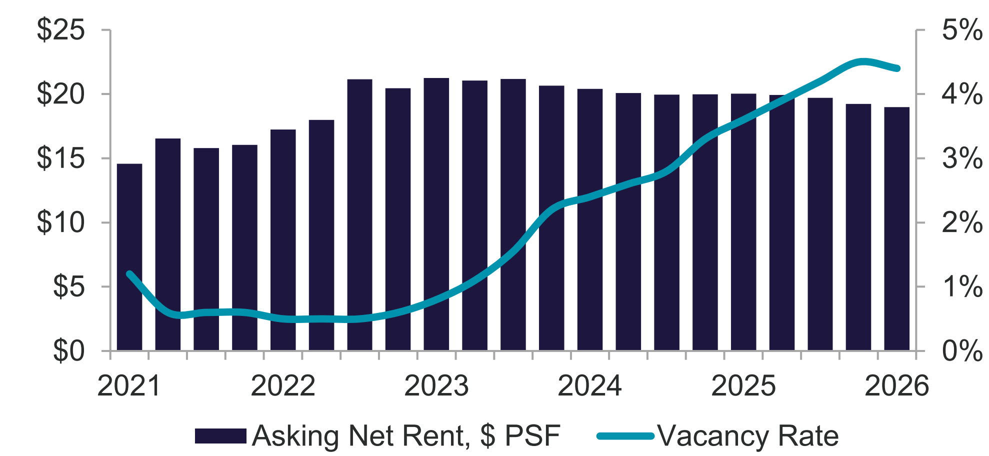
PRICING: ASKING RATES EASE AS MARKET MIX SHIFTS

Overall net asking rental rates declined slightly this quarter, remaining below $20 per square foot (psf) for the seventh consecutive quarter. Rates fell 1.3% QOQ to $18.98 psf in Q1 2026, marking a 4.9% decrease year-over year (YOY) and a 10.3% drop from the peak of $21.15 psf recorded in Q3 2022-2023. The steady absorption of higher-quality new space and minimal vacancy from newly delivered buildings this quarter, has left primarily lower-quality options on the market, placing additional downward pressure on asking rents this quarter.

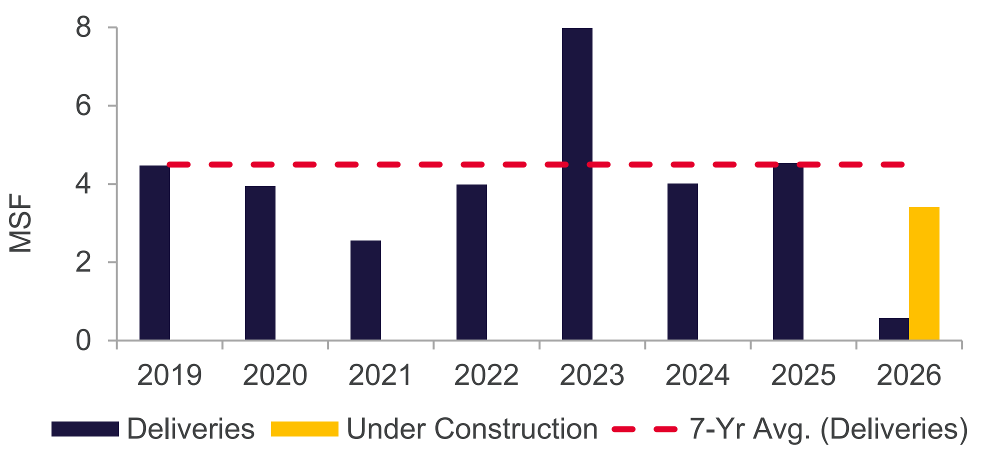
SPACE DEMAND / DELIVERIES



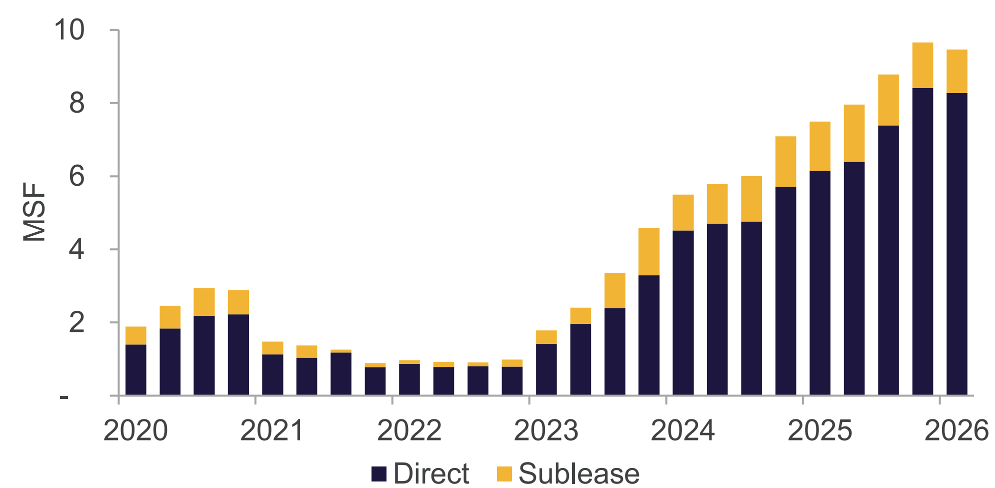
OVERALL VACANCY & NET ASKING RENT



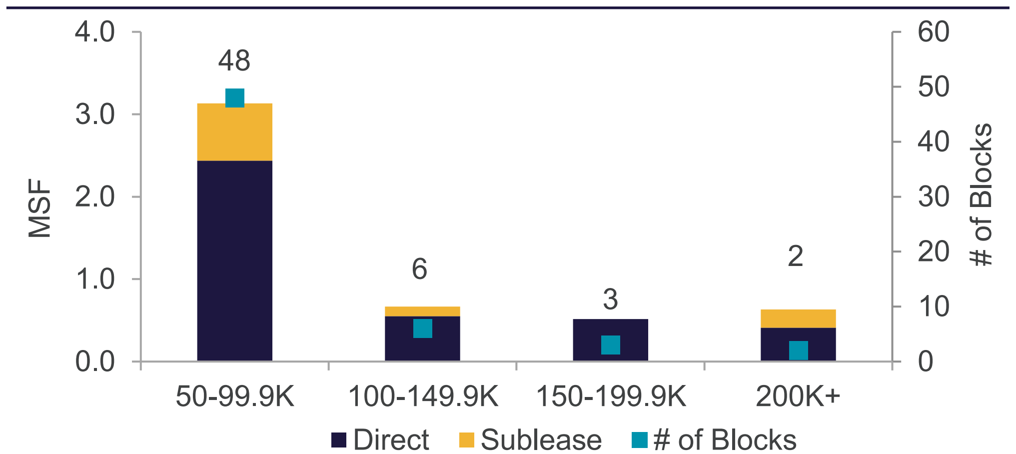
GREATER VANCOUVER NEW CONSTRUCTION PIPELINE



DIRECT VS. SUBLEASE SPACE AVAIL. AND VACANT



GREATER VANCOUVER LARGE BLOCKS OF AVAILABLE SPACE FOR LEASE*



Excluding under construction

CONSTRUCTION PIPELINE EXPANDS AMID ONGOING UNCERTAINTY

With just over 1.2 msf breaking ground this quarter, the pipeline has increased to 3.4 msf of projects currently under construction (well below the 7-year average), marking the second lowest quarterly level in the past decade. The majority of these under construction projects are concentrated in Surrey (1.0 msf), Vancouver (574k sf), Burnaby (345k sf) and Abbotsford (267k sf).

New construction is expected to deliver approximately 1.2 msf of space to the market in Q2 2026, with nearly 450k sf of which is currently available for sale or lease. An additional 775k sf is anticipated to be completed throughout the remainder of 2026. Overall, 67% of the 2026 pipeline is already pre-leased or pre-sold.

The proposed pipeline remains robust at over 24.8 msf, though it is uncertain how many projects will ultimately proceed. Requirements for substantial pre-lease or pre-sale commitments continue to slow development decisions. Ongoing delays related to permitting, financing and construction timelines further contribute to uncertainty surrounding the pipeline’s actual delivery. At the same time, rising land-holding costs may pressure some developers to move forward despite market hesitations. Currently, most proposed projects are concentrated in Surrey (6.6 msf), followed by Langley (3.0 msf), Delta (3.0 msf), Richmond (2.0 msf) and Abbotsford (2.0 msf).

SUPPLY: SUBLEASE VACANCY FALLS BELOW RECENT PEAK

Greater Vancouver's vacant sublet space declined for the third consecutive quarter, totaling 1.19 msf, down from 1.24 msf in Q4 2025 - well below the recent peak of 1.56 msf recorded in Q2 2025. This pullback reflects ongoing absorption of sublease space and fewer large sublease additions entering the market.

Overall vacant availability was driven primarily by direct space, with sublease accounting for a relatively small share of total vacancy at 12.5%, up from 10.8% last quarter. However, sublease represented only a minor portion of total inventory - just 0.5%.

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

There are currently eleven available spaces over 100k sf, down from sixteen last quarter. Of these, two are being offered on a sublease basis and nine are headlease opportunities. One space is under contract, and five options are vacant (sublease and headlease) within the existing inventory.* This tightening continues to limit options for large-bay users.

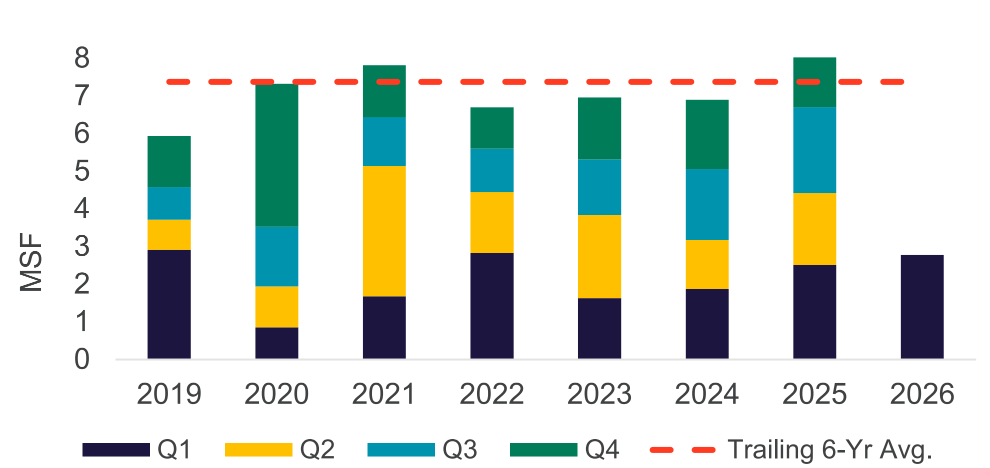
Overall, large block availability is concentrated in the 50-99.9k-sf size range (48 blocks, mostly direct, with 30 vacant), while larger blocks remain limited. Tenants needing over 200k sf only have two options, while the 150-199.9k-sf segment offers just three. Looking ahead to Q2 2026, nine blocks over 50k sf are expected to become vacant (unless leased), adding at least 700k sf of vacant space to the market.

OUTLOOK

- Geopolitical tensions in the Middle East are adding a layer of uncertainty to global markets, primarily through potential energy price volatility - an external factor that could influence occupier costs and sentiment, even in otherwise stable industrial markets. While early indicators suggest no fundamental shift in economic conditions, sustained disruption to oil supply or shipping routes could elevate inflation pressures which may in turn slow decision-making and prolong leasing cycles.
- The continuous decline in sublease activity reinforces the broader trend of market normalization, with sublease availability no longer exerting the same upward pressure on overall vacancy as in prior years.
- At current 4.4% vacancy, the Greater Vancouver market is moving toward a more balanced state but remains tight for premium Class A product and large-scale industrial assets, while conditions in smaller, older buildings are increasingly shifting in favour of tenants.

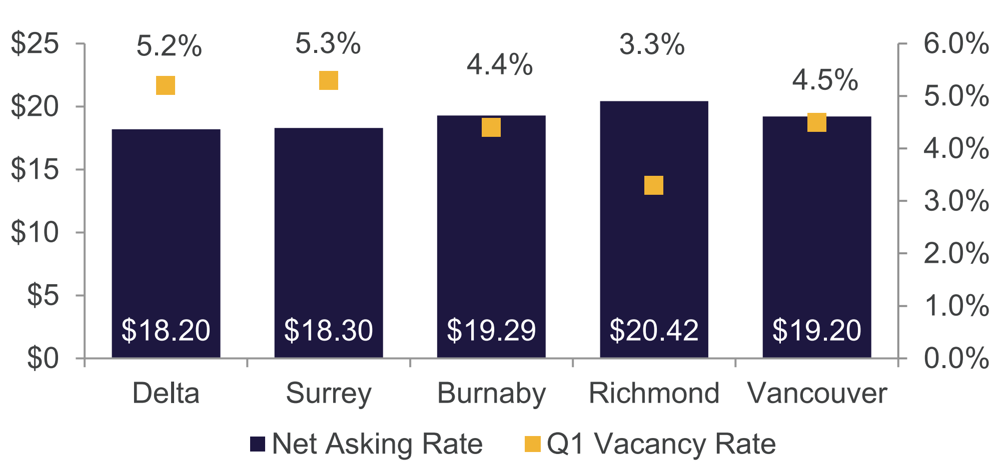
VANCOUVER
INDUSTRIAL Q1 2026

GREATER VANCOUVER LEASING ACTIVITY*



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

NET ASKING RATES BY SUBMARKET**



***Markets with inventory greater than 25 msf*

Q1 2026 LEASING ACTIVITY HITS POST-2022 HIGH

This quarter recorded the highest quarterly leasing total since Q1 2022, although activity in Q1 2022 remained slightly higher. Despite ongoing economic uncertainty, new leasing activity remained strong, with more than 2.78 msf of deals signed this quarter (excluding renewals), representing a 50% QOQ increase and an 11% YOY gain. Large-format users continue to drive leasing momentum with twelve new leases over 50k sf completed, accounting for 1.04 msf or 37.4% of total quarterly leasing volume.

Five of the fourteen large-format deals signed this quarter were in Delta, more than any other submarket. Over the past year, Delta has led the way with sixteen deals over 50k sf outpacing Surrey's eleven transactions.

INDUSTRIAL SALES REMAIN DISCIPLINED AMID REPRICING CYCLE

Freestanding industrial sales in Greater Vancouver totaled approximately $228 million in Q1 2026, with transaction activity remaining measured as the market continues to adjust through a prolonged repricing cycle. Average pricing softened to $534 psf, down roughly 4% QOQ and 8% YOY, as the gap between vendor expectations and buyer underwriting continues to narrow. Well-located, functional assets with strong underlying fundamentals continue to trade, supported by Vancouver's reputation as one of the most liquid markets in Canada. However, bid-ask spreads have not yet fully reconciled, particularly on land and opportunistic development plays where forward pricing assumptions remain uncertain and developers are unwilling to underwrite at peak-cycle land values.

Demand continues to be driven by strategic investors and owner-operators with stable business fundamentals, while smaller, less capitalized groups and discretionary owner-users remain largely sidelined by margin pressure and economic uncertainty. International capital continues to view Greater Vancouver favorably, although tax impediments and regulatory friction remain meaningful barriers to broader cross-border participation.

Softening strata sales have further reduced development viability as developers are currently unable to achieve the margins needed to make projects financially feasible.

PRICING: ASKING RATES NORMALIZE FROM PEAK LEVELS

Across the five surveyed submarkets with inventory greater than 25 msf, asking rates have trended downward from the peaks reached during the 2022-2024 new construction cycle, reflecting ongoing normalization following a wave of deliveries when asking rates reached up to $24.00 psf in some cases. For example, Delta, among the highest-vacancy submarkets surveyed, recorded the lowest asking rates at $18.20 psf in Q1 2026, down from levels that were reaching $23.00 psf following new construction completions in late 2023.

Regionally, asking rates in the Fraser Valley and North Fraser declined slightly to $18.38 psf, and $19.44 psf, respectively.

OUTLOOK

- Overall vacancy is expected to hover around 4.0% this year as additional new builds come online while tenants take occupancy following robust leasing activity this quarter.
- Broader investment activity is unlikely to return at scale until borrowing costs decline enough to restore positive leverage, although this dynamic is already emerging in select transactions where cap rates exceed financing costs. However, the market's long-term fundamentals remain intact, and the current environment continues to reward patient, well-capitalized buyers with a clear strategic thesis.
- An emerging trend sees landlords offering incentives in the form of discounted first-year rents, in some cases reaching reductions of up to $10.00 psf.
- Overall asking net rates are expected to remain below $20 psf in the near future as the market rebalances.

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

VANCOUVER
INDUSTRIAL Q1 2026

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLEASE VACANT (SF)	OVERALL VACANCY RATE	FUTURE AVAILABILITY RATE	Q1 LEASING ACTIVITY (SF)	YTD OVERALL NET ABSORPTION (SF)*	UNDER CONSTR. (SF)	Q1 NEW SUPPLY (SF)	AVG ASKING NET RENT**	AVG ADD. RENT
Abbotsford	7,083,632	291,814	12,454	5.7%	8.8%	54,702	65,724	266,696	-	$17.97	$4.80
Delta	35,395,800	1,655,197	92,509	5.2%	7.4%	544,981	36,146	138,000	-	$18.20	$6.22
Langley	18,622,104	635,250	82,734	4.0%	6.9%	238,669	-165,004	254,135	-	$18.91	$5.47
Surrey	43,370,019	1,269,456	427,878	5.3%	6.9%	739,472	-67,557	1,045,006	106,734	$18.30	$5.48
Chilliwack	4,951,087	42,092	-	0.9%	0.9%	56,082	45,692	195,979	-	$19.80	$4.77
Fraser Valley	109,422,642	3,893,809	615,575	4.9%	6.9%	1,633,906	-84,999	1,899,816	106,374	$18.38	$5.70
Burnaby	36,334,325	1,456,044	57,895	4.4%	6.2%	281,772	31,666	344,496	40,637	$19.29	$6.63
Coquitlam	8,201,292	225,597	5,165	4.6%	10.2%	140,818	13,142	187,026	-	$21.03	$7.46
Maple Ridge	2,144,219	41,669	7,967	2.4%	13.2%	6,356	-9,993	-	-	$18.00	$4.41
New Westminster	3,248,349	14,216	-	0.4%	1.2%	1,726	1,726	-	-	$18.00	$9.28
North Shore	4,350,026	33,657	11,250	1.6%	5.1%	31,515	3,397	-	-	$22.06	$10.48
Port Coquitlam	9,558,027	212,851	15,497	3.0%	4.4%	133,093	286,366	23,230	173,745	$20.31	$6.43
Port Moody	327,204	-	-	0.0%	0.0%	-	-	-	-	-	-
Richmond	46,789,612	1,016,133	275,782	3.3%	4.8%	237,433	84,448	162,400	253,173	$20.42	$5.45
Vancouver	28,773,989	800,569	195,922	4.5%	6.5%	228,564	207,632	574,021	-	$19.20	$7.95
Pitt Meadows	3,271,327	455,189	-	13.9%	13.4%	78,587	17,722	-	-	$17.28	$4.55
Mission	1,749,127	129,174	-	8.8%	9.1%	7,670	-13,687	216,031	-	$16.45	$7.77
North Fraser	144,747,497	4,385,099	569,478	4.0%	6.1%	1,147,534	622,419	1,507,654	467,555	$19.44	$6.37
GREATER VANCOUVER	**254,170,139**	**8,278,908**	**1,185,053**	**4.4%**	**6.4%**	**2,781,440**	**537,420**	**3,407,470**	**574,289**	**$18.98**	**$6.08**

**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

***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")*

KEY LEASE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
18899 28th Avenue	Surrey	D-Home International Logistics Ltd.	214,844	Sublease
4449 Salish Sea Way	Delta	Rexel Canada Electrical Inc.	132,927	Headlease
7510 Hopcott Road	Delta	Provincial Health Service Authority	110,391	Renewal
7510 Hopcott Road	Delta	Les Entreprises Getpaq Inc.	103,415	Headlease
2252 190th Street	Surrey	International Shared Warehouse Ltd.	99,099	Headlease
12291 Riverside Way	Richmond	Saltworks Technologies	74,042	Headlease

KEY SALES TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
13340 76th Avenue	Surrey	Conwest / OpenRoad Auto Group	16.09 Acres	Confidential
3300 Viking Way*	Richmond	Cascades / Crown Packaging	173,025	$43.0M / $249
5085 North Fraser Way	Burnaby	Dorigo / Groupe Montoni	106,161	$53.3M / $502
780 Derwent Way	Delta	Grosvenor / Apex Paper International	60,501	$19.3M / $319
12050 - 12158 86th Ave	Surrey	Shaldaro Holdings Ltd. / TriVan Capital	58,865	$20.6M / $349
888 Malkin Avenue	Vancouver	Unipro Distributors / Candou Group	17,435	$11.8M / $677

**Real estate designated portion of total business sale*

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UNDER CONSTRUCTION

3.41 MSF
TOTAL UNDER CONSTRUCTION SF

865 KSF
TOTAL AVAILABLE SF

SPECULATIVE

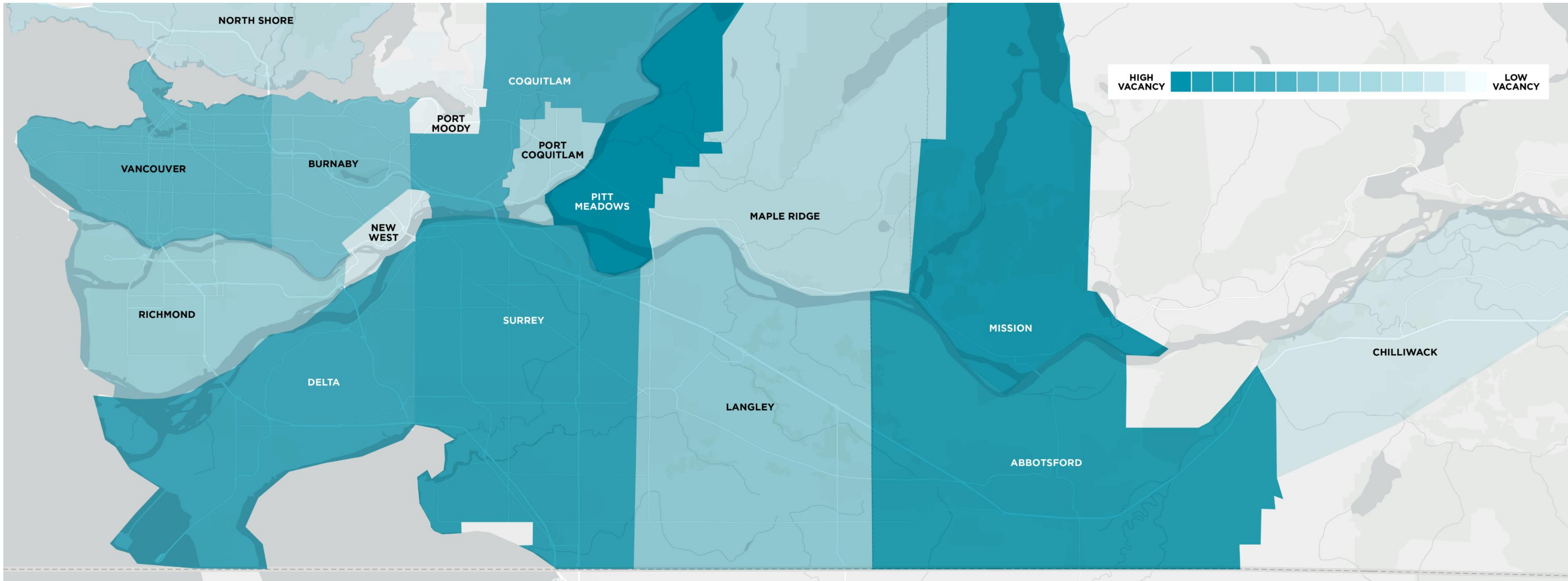
1.50 MSF
TOTAL SPECULATIVE UNDER CONSTRUCTION SF

SPEC BUILDINGS ACCOUNT FOR
43.9% OF TOTAL CONSTRUCTION

BUILD TO SUIT

1.91 MSF
TOTAL SF BTS UNDER CONSTRUCTION

BTS BUILDINGS ACCOUNT FOR
56.1%* 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	4.4 MSF	28.8 MSF	36.3 MSF	3.3 MSF	327 KSF	8.2 MSF	9.6 MSF	3.3 MSF	2.1 MSF	1.7 MSF	46.8 MSF	35.4 MSF	43.4 MSF	18.6 MSF	7.1 MSF	4.9 MSF
Overall Vacancy Rate**	1.6% ▼	4.5% ▲	4.4% ▲	0.4% ▲	0.0% -	4.6% ▲	3.0% ▲	13.9% ▲	2.4% ▼	8.8% ▲	3.3% ▲	5.2% ▲	5.3% ▲	4.0% ▼	5.7% ▼	0.9% ▲
Weighted Avg Net Asking Rent***	$22.06 ▲	$19.20 ▼	$19.29 ▼	$18.00 ▲		$21.03 ▼	$20.31 ▼	$17.28 ▼	$18.00 ▼	$16.45 ▲	$20.42 ▲	$18.20 ▲	$18.30 ▼	$18.91 ▼	$17.97 ▼	$19.80 ▲
Speculative		301 KSF	307 KSF				13 KSF			216 KSF			177 KSF	254 KSF	227 KSF	
Build To Suit		273 KSF	38 KSF			187 KSF	10 KSF				162 KSF	138 KSF	868 KSF		39 KSF	196 KSF

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.