MARKETBEAT
VANCOUVER, BC
INDUSTRIAL Q2 2026

MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.4% Vacancy Rate	▲	▼
1.15M YTD Net Absorption, SF	▲	▲
$18.87 Asking Rent, PSF *(Overall, Net Asking Rent)*	▼	—

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.69M Vancouver Employment	▼	—
6.7% Vancouver Unemployment Rate	▲	—
6.6% Canada Unemployment Rate	▼	▼

Source: Statistics Canada, Moody's Analytics

ECONOMY: STEADY, ALBEIT SLOWER, GROWTH OUTLOOK

The soft start to 2026 is expected to persist throughout the remainder of the year. While BC's budget 2026 forecast real GDP growth of 1.3%, more recent projections from TD and RBC anticipate slower growth of between 0.5% and 0.6%. Weak housing activity and slowing population growth are expected to remain key headwinds, partially offset by export growth and investment in major infrastructure and energy projects, including LNG. *Source: C&W Research, TD Economics and RBC Economics*

VACANCY PLATEAUS SIGNALING MARKET STABILIZATION

Following three consecutive years of increases, overall vacancy remained unchanged quarter-over-quarter (QOQ) at 4.4%. While vacancy trends suggest early signs of stabilization, performance continues to vary by submarket, building quality and size. After rising over the past two years and contributing to elevated vacancy levels, vacant sublease space held steady at 0.6% for a third consecutive quarter. The overall future availability rate stands at 6.7%. 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.

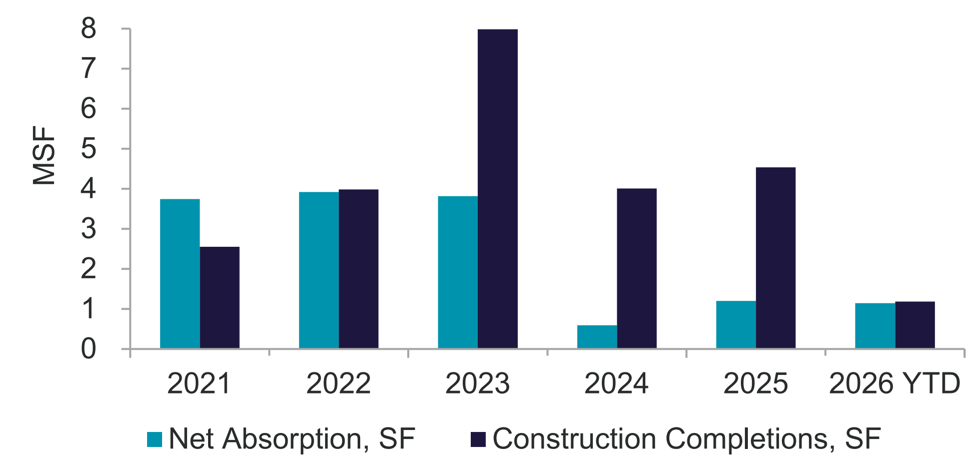
In contrast to previous years, new construction had minimal impact on vacancy, with just 607,404 square feet (sf) delivered in Q2 2026. This marks a second consecutive quarter of subdued supply, extending the slowdown in completions from the elevated levels seen earlier. Of the new inventory delivered, 52% was pre-leased or pre-sold, resulting in only 290,000 sf of new vacant supply (just 0.1% of total inventory).

Net absorption remained positive for a third consecutive quarter, continuing the recovery from the weaker absorption environment seen through much of 2025 when absorption was negative in Q2 and Q3 before rebounding sharply in Q4. Sustained tenant demand continues to support gradual improvement in market fundamentals despite ongoing economic uncertainty.

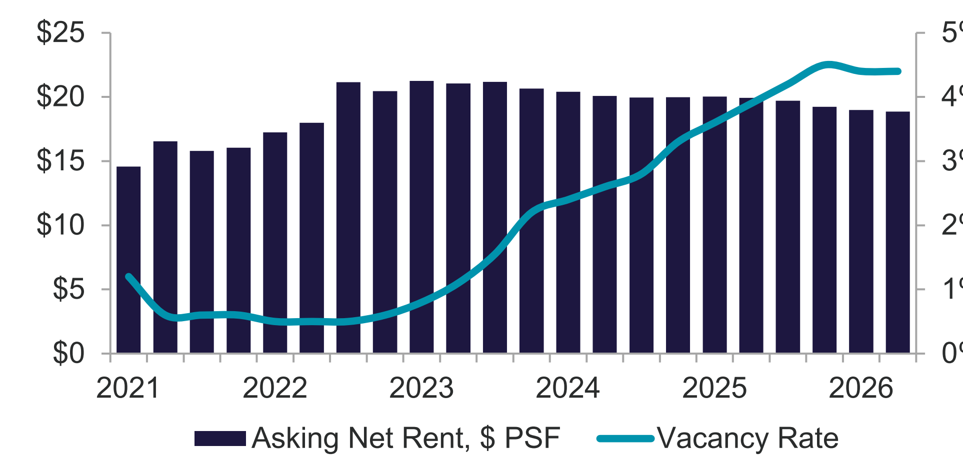
PRICING: ASKING RATES DIP ON INVENTORY SHIFT

Overall net asking rental rates declined slightly this quarter, remaining below $20 per square foot (psf) for the eighth consecutive quarter. Rates fell 58 basis points (bps) QOQ to $18.87 psf in Q2 2026, marking a 5.4% decrease year-over-year (YOY).This represents a 10.7% decline from the peak rates recorded in Q3 of 2022 and 2023 ($21.15 psf). The decline reflects shifts in available and vacant inventory and continued use of incentives, rather than broad-based market repricing.

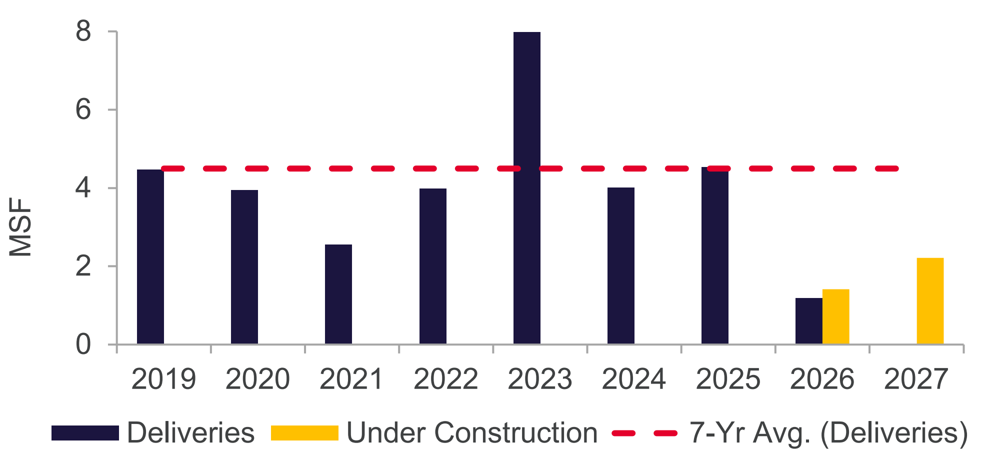
SPACE DEMAND / DELIVERIES



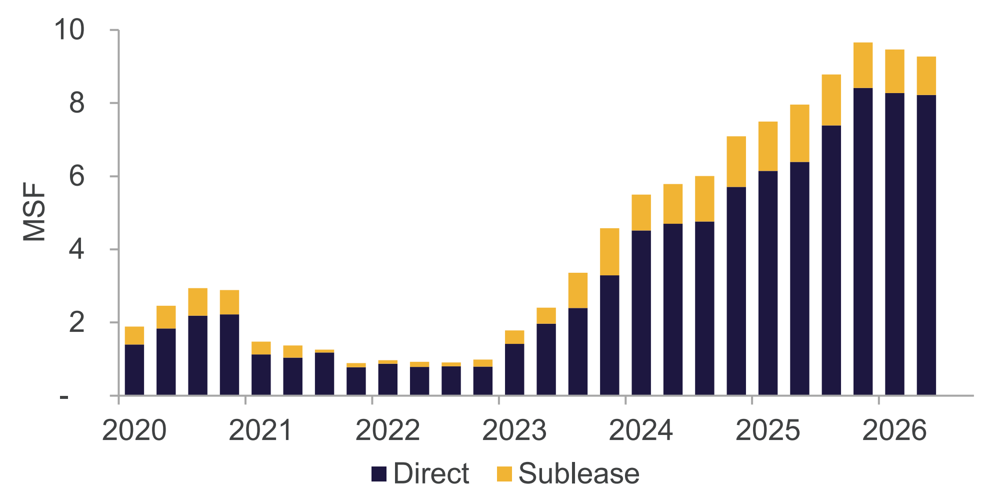
OVERALL VACANCY & NET ASKING RENT



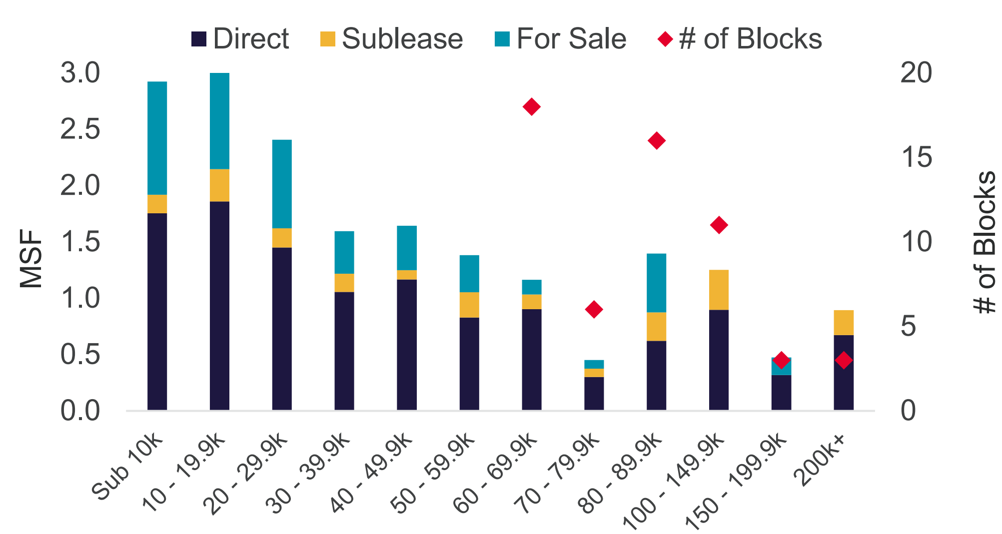
GREATER VANCOUVER NEW CONSTRUCTION PIPELINE



DIRECT VS. SUBLEASE SPACE AVAIL. AND VACANT



AVAILABLE SPACE BY SIZE RANGE (SF)*



Excluding under construction

CONSTRUCTION PIPELINE CONTRACTS AMID CAUTIOUS NEW STARTS

The construction pipeline has contracted to 3.6 million square feet (msf), well below the seven-year average and its third-lowest level since early 2021. This represents a decline of approximately 32% from the peak of 11.4 msf recorded in Q2 2023. Unlike previous years when developers favoured speculative (spec) development, the under-construction pipeline is now evenly split between spec and build-to-suit (BTS) projects.

New construction is expected to deliver approximately 1.4 msf of space to the market through the reminder of 2026, with 71% already pre-leased or pre-sold (407,000 sf remains available). The majority of projects under construction are concentrated in Surrey (1.6 msf), Vancouver (454,000 sf), Burnaby (277,000 sf) and Langley (254,000 sf).

The proposed pipeline remains robust at more than 25.0 msf, although uncertainty persists around how many projects will ultimately proceed as developers continue to seek pre-lease or pre-sale thresholds before breaking ground. By contrast, developers continue to favour spec construction in the proposed pipeline, with approximately 60% classified as spec and the remaining 40% consisting of BTS projects. Most proposed projects are concentrated in Surrey (6.3 msf), followed by Langley (3.2 msf), Delta (3.0 msf), Richmond (2.2 msf) and Abbotsford (2.0 msf).

SUPPLY: SUBLEASE VACANCY CONTINUES TO DECLINE

After rising over the past two years and peaking at 1.6 msf in Q2 2025, Greater Vancouver's vacant sublet space declined for the fourth consecutive quarter, falling to 1.0 msf from 1.2 msf in Q1 2026. New vacant sublease availability over 50,000 sf was limited to just two listings this quarter - in Surrey and Richmond.

Overall vacant availability was driven primarily by direct space, with total sublease space accounting for 9.4% of overall vacant space, down from 12.5% last quarter. After rising steadily through 2024 and 2025, sublease availability appears to have stabilized, suggesting occupier downsizing activity has moderated. Sublease space continues to represent a small share of total market inventory at just 0.4%.

SUPPLY: SMALL-BAY DOMINANCE AMID LIMITED LARGE SUPPLY

The market continues to be dominated by smaller availabilities, with spaces under 40,000 sf accounting for the largest share of available inventory totaling 10.3 msf. Availability declines steadily as unit size increases, with just 17 available blocks exceeding 100,000 sf, including only three above 200,000 sf. The high number of smaller listings relative to their share of total available space suggests vacancy is increasingly fragmented among small-bay units, while large-format supply remains constrained.

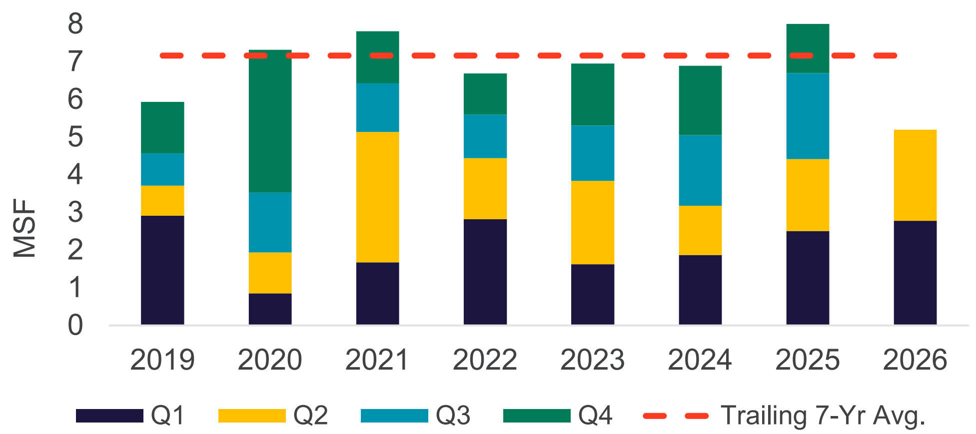
This trend is also reflected in marketing times, with spaces under 20,000 sf averaging more than 400 days on the market, compared with less than one year for most mid-sized spaces (30,000-100,000 sf). Although the 200,000+ sf category records the shortest average marketing time, it includes only three listings and is not representative of the broader market.

OUTLOOK

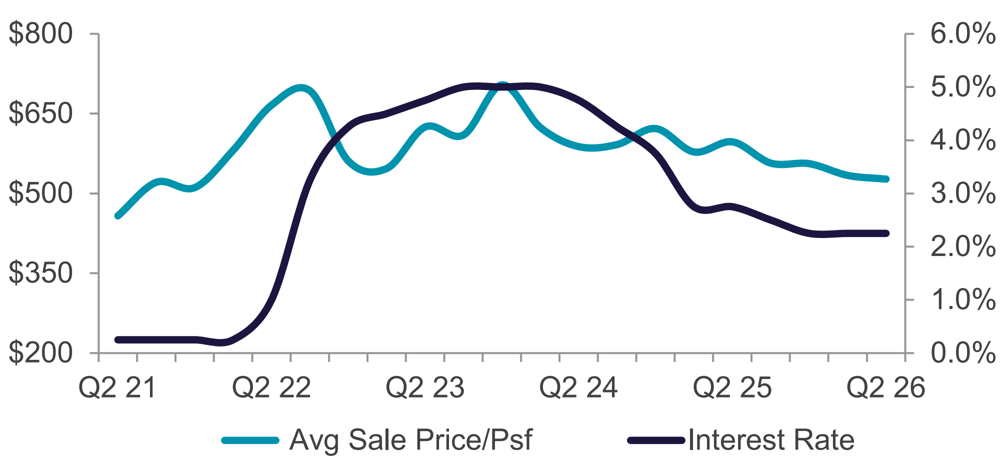
- In the short term, vacancy is expected to remain close to current levels. New large-block availabilities and the delivery of approximately 400,000 sf of uncommitted new supply may place modest upward pressure on vacancy, although this should be partially offset as roughly 1.0 msf of currently leased-but-vacant space transitions to occupancy.
- At 4.4% vacancy, the Metro Vancouver industrial market continues to transition toward more balanced conditions. However, market performance remains bifurcated, with premium Class A and large-format industrial space still experiencing relatively tight conditions, while tenants have gained greater negotiating leverage in the smaller, older building segment.
- The market is expected to remain segmented by unit size. Smaller-bay space is likely to continue experiencing elevated availability and longer marketing times, with landlords relying on incentives to support leasing activity. In contrast, limited availability of large-format space is expected to continue supporting relatively stable leasing conditions for larger industrial assets.

VANCOUVER
INDUSTRIAL Q2 2026

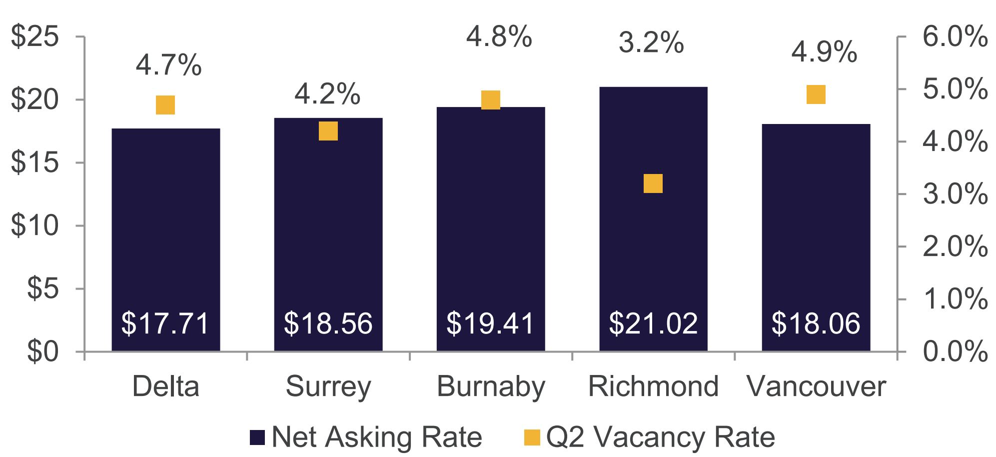
GREATER VANCOUVER LEASING ACTIVITY*



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



NET ASKING RATES BY SUBMARKET**



***Markets with inventory greater than 25 msf*

LEASING MODERATES FROM PEAK BUT REMAINS HISTORICALLY STRONG

Despite continued macroeconomic uncertainty (including geopolitical conflict and land title issues), new leasing activity remained strong. Over 2.4 msf of new deals were signed this quarter (excluding renewals), although many transactions continue to take longer to negotiate and finalize. As a result, leasing volume declined 13% QOQ from 2.8 msf in Q1 2026 but remained 27% higher than Q2 2025, representing the third highest quarterly total of the past 10 quarters.

While leasing activity moderated from the previous quarter, large-format users continued to drive leasing momentum. Seven new leases over 50,000 sf were completed, totaling nearly 700,000 sf and accounting for 29% of quarterly leasing volume, led by Surrey, Richmond and Delta.

LOW TRANSACTION VOLUME CLOUDS MARKET TRENDS

Freestanding industrial sales in Greater Vancouver totaled approximately $136 million in Q2 2026, down 43% QOQ and 49% YOY, reflecting a market that remains subdued despite growing investor appetite. With transaction activity still limited, it is difficult to draw definitive conclusions. The low volume of sales provides a narrow data set from which to identify meaningful market trends and individual transactions should be interpreted with caution when used as comparable sales.

Investor interest is present and capital is available but bid-ask spreads have yet to fully reconcile. Average pricing fell slightly to $527 psf, a decrease of 1.3% QOQ, although this figure should be interpreted cautiously given the limited sample size. Land valuation remains particularly challenging as development pro formas continue to fall short of feasibility thresholds and there is insufficient transactional evidence to establish reliable land values. Until strata pricing and construction economics improve, new development is expected to remain financially unviable.

PRICING: SELECTIVE ASKING RATE DECLINES DRIVEN BY INVENTORY SHIFT

Of the five submarkets with more than 25 msf of inventory, asking net rates declined QOQ only in Delta and Vancouver, while the remaining three submarkets recorded increases.

The declines were primarily driven by a shift in available direct vacant inventory toward lower-priced space. Continued absorption of higher-quality, newer product, limited vacancy from recent deliveries, the introduction of new lower-priced vacancies and rate reductions on existing listings increased the share of lower-quality options on the market. Combined with the increased use of incentives, these factors drove the decline in asking rates, reflecting a change in inventory composition rather than broad-based market repricing. Conversely, asking rates increased in the other major submarkets as lower-priced vacancies were leased, while the addition of new construction (particularly in Burnaby and Richmond) introduced higher-priced inventory and pushed average asking rates upward.

OUTLOOK

- As the market adjusts to the influx of new supply in recent years, vacancy in new builds remains elevated compared to older stock. Recently delivered space is still being absorbed with demand yet to fully catch up.
- Sales demand continues to be anchored by strategic investors and owner-operators with stable fundamentals, while discretionary buyers remain largely sidelined by margin pressure and macroeconomic uncertainty. Although market sentiment appears to be improving, transaction volumes remain too limited to confidently identify a market turning point.
- As the market rebalances from peak levels, asking rates appear to have reached a cyclical low and are expected to remain stable in the near term. However, performance may very significantly across submarkets.

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

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLEASE VACANT (SF)	OVERALL VACANCY RATE	FUTURE AVAILABILITY RATE	Q2 LEASING ACTIVITY (SF)	YTD OVERALL NET ABSORPTION (SF)*	UNDER CONSTR. (SF)	Q2 NEW SUPPLY (SF)	AVG ASKING NET RENT**	AVG ADD. RENT
Abbotsford	7,394,728	329,523	46,272	7.2%	9.7%	152,354	79,897	123,155	143,541	$17.60	$5.54
Delta	35,047,833	1,424,093	58,532	4.7%	6.9%	432,682	225,190	138,000	-	$17.71	$6.45
Langley	18,966,189	931,144	94,563	5.5%	9.1%	159,060	-480,851	254,135	-	$18.62	$4.95
Surrey	43,853,172	935,880	326,911	4.2%	6.5%	594,909	385,166	1,636,428	-	$18.56	$5.56
Chilliwack	4,962,066	42,092	-	0.8%	1.0%	-	56,671	185,000	10,979	$19.80	$4.77
Fraser Valley	110,253,988	3,662,732	526,733	4.6%	7.1%	1,339,005	266,073	2,336,718	154,520	$18.22	$5.66
Burnaby	35,975,821	1,589,417	65,434	4.8%	7.5%	218,203	30,196	277,724	107,544	$19.41	$6.74
Coquitlam	8,058,733	347,195	-	6.2%	10.4%	103,371	-103,291	211,519	-	$20.01	$7.28
Maple Ridge	2,091,768	47,462	-	3.0%	11.8%	7,967	-20,603	-	-	$16.53	$4.73
New Westminster	3,242,572	15,951	-	0.5%	1.8%	-	-8,933	-	-	$16.22	$8.98
North Shore	4,274,068	45,683	11,250	1.9%	5.1%	3,258	-9,844	-	-	$21.12	$8.84
Port Coquitlam	9,669,675	174,210	-	2.4%	4.4%	88,055	338,421	13,109	10,121	$20.08	$6.44
Port Moody	327,204	-	-	0.0%	0.0%	-	-	-	-	-	-
Richmond	46,184,597	976,937	276,645	3.2%	4.3%	301,075	148,424	162,400	-	$21.02	$5.47
Vancouver	28,779,000	862,122	159,355	4.9%	7.1%	194,176	209,241	454,833	119,188	$18.06	$7.98
Pitt Meadows	3,306,282	313,073	-	9.5%	11.3%	157,642	159,838	172,092	-	$17.56	$4.59
Mission	1,965,158	187,479	7,670	11.2%	11.4%	-	136,369	-	216,031	$15.47	$5.22
North Fraser	143,874,878	4,559,529	520,354	4.2%	6.3%	1,073,567	879,818	1,291,677	452,884	$19.35	$6.53
GREATER VANCOUVER	**254,128,866**	**8,222,261**	**1,047,087**	**4.4%**	**6.7%**	**2,412,572**	**1,145,891**	**3,628,395**	**607,404**	**$18.87**	**$6.16**

*Net absorption: the net change in occupied space - the amount of space occupied as well as the amount of space vacated.
**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 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
19030, 19066 & 19084 20 Ave	Surrey	Toyota Canada Inc.	171,875	Headlease
1005 Derwent Way	Delta	S&S Activewear Canada Inc.	162,750	Headlease
2500 Vauxhall Place	Richmond	Spicers Canada ULC	81,716	Renewal
12751 Vulcan Way	Richmond	Food Process Solutions Corp.	80,487	Headlease
19055 Airport Way	Pitt Meadows	JYSK Canada	75,156	Expansion
13951 Bridgeport Road	Richmond	National Cargo Services	52,800	Renewal

KEY SALES TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
5400 Minoru Boulevard	Richmond	OpenRoad Group / 1580052 BC Ltd.	40,560	$16.0M / $394
44200 Progress Way	Chilliwack	Homestar Building Corp / Wesmont Group	26,400	$11.2M / $422
19159 33rd Avenue	Surrey	Northwest Sheet Metal / Method Innovation Partners	26,095	$11.9M / $458
21500 Westminster Hwy	Richmond	Dayhu Group of Companies / Weber Supply	20,165	$10.6M / $526
11211 Twigg Place	Richmond	Confidential	16,378	$19.0M / $1,160
1589 Riverside Road	Abbotsford	Cedar Coast / 1581698 BC Ltd.	16,235	$8.1M / $500

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UNDER CONSTRUCTION

3.63 MSF TOTAL UNDER CONSTRUCTION SF

1.25 MSF TOTAL AVAILABLE SF

SPECULATIVE

1.82 MSF TOTAL SPECULATIVE UNDER CONSTRUCTION SF

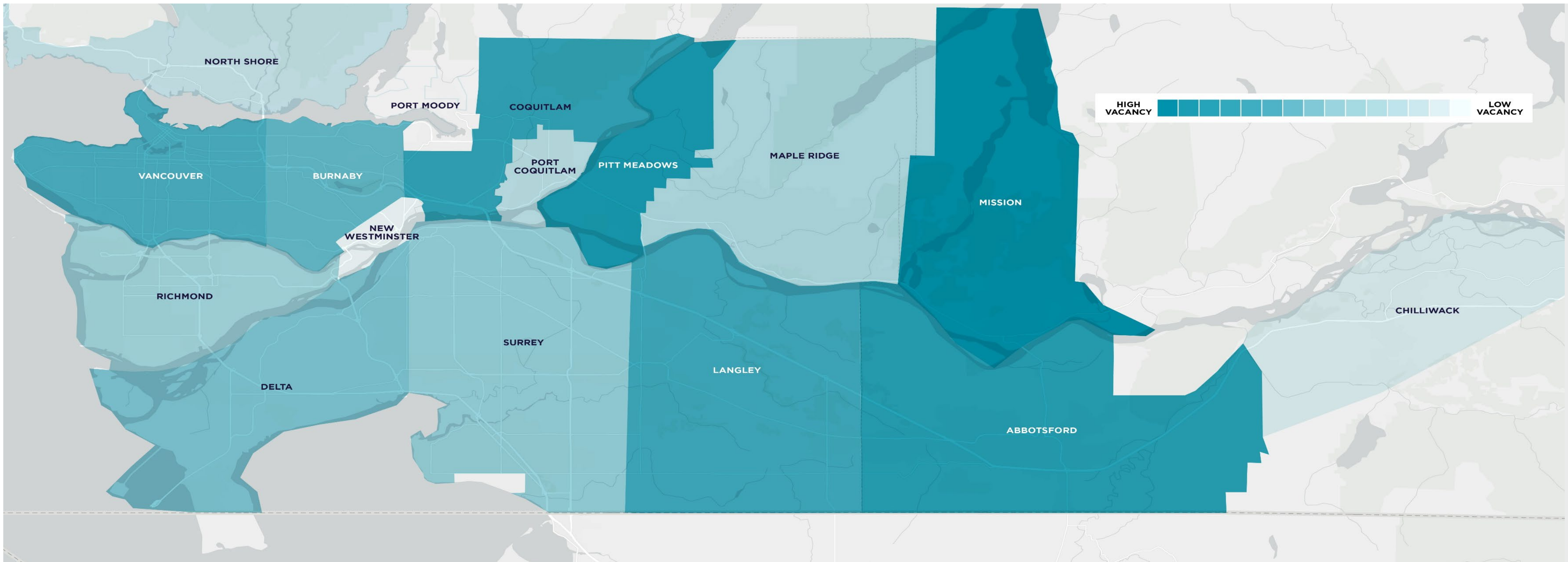
SPEC BUILDINGS ACCOUNT FOR **50.2%** OF TOTAL CONSTRUCTION

BUILD TO SUIT

1.81 MSF TOTAL SF BTS UNDER CONSTRUCTION

BTS BUILDINGS ACCOUNT FOR **49.8%*** 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	4.3 MSF	28.8 MSF	36.0 MSF	3.3 MSF	327 KSF	8.1 MSF	9.7 MSF	3.3 MSF	2.1 MSF	2.0 MSF	46.2 MSF	35.1 MSF	43.9 MSF	18.9 MSF	7.4 MSF	4.9 MSF
Overall Vacancy Rate**	1.9% ▼	4.9% ▲	4.8% ▲	0.5% ▲	0.0% -	6.2% ▲	2.4% ▼	9.5% ▲	3.0% ▼	11.2% ▲	3.2% ▲	4.7% ▲	4.2% ▼	5.5% ▲	7.2% ▼	0.8% ▼
Weighted Avg Net Asking Rent***	$21.12 ▼	$18.06 ▼	$19.41 ▼	$16.22 ▲		$20.01 ▼	$20.08 ▼	$17.56 ▼	$16.53 ▼	$15.47 ▲	$21.02 ▼	$17.71 ▼	$18.56 ▼	$18.62 ▲	$17.60 ▼	$19.80 ▲
Speculative		339 KSF	200 KSF				13 KSF	172 KSF					721 KSF	254 KSF	123 KSF	
Build To Suit		116 KSF	78 KSF			212 KSF					162 KSF	138 KSF	916 KSF			185 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.