

Industrial Fundamentals Remain Firm Despite Uptick in Large-Format Availability

▲ 6.0%

Availability Rate

▶ 0

SF Under Construction

▲ \$18.96

PSF Net Asking Lease Rate

Note: Arrows indicate change from previous quarter.

Market Summary

- Industrial market conditions softened this quarter as availability increased to 6.0% alongside negative net absorption, reflecting rising space turnover. Despite easing conditions across all submarkets, the Victoria Core continued to outperform, supported by resilient rents and sustained tenant demand for limited functional space.
- Several large-format industrial properties entered the market this quarter, contributing to a temporary increase in available space. This near-term supply is not expected to signal a broader shift in market fundamentals, as demand for well-located industrial assets remains strong and overall availability continues to be constrained by functional limitations in existing inventory.
- Industrial sales activity strengthened as owner-occupiers, particularly automotive users, re-entered the market, motivated by stable interest rates and rising lease costs. Tenants approaching renewals increasingly viewed ownership as a strategic alternative to leasing, supporting improved transaction volume early in the year.

FIGURE 1: Greater Victoria Supply & Demand
Net Absorption & New Supply (000's SF)



Source: CBRE Research, Q1 2026.

Greater Victoria overview

Greater Victoria’s industrial market softened this quarter with availability rising 60 basis points (bps) to 6.0% and negative net absorption totaling approximately 60,000 sq. ft. The Victoria Core accounted for roughly half of the absorption decline and recorded a 50 bps quarter-over-quarter increase in availability, reflecting increased space turnover. The Peninsula and Westshore submarkets saw more pronounced availability growth of 60 and 80 bps, respectively, highlighting broader easing conditions across the market.

While availability increased across all submarkets, rental performance diverged. The Victoria Core continued to demonstrate relative pricing resilience with average net asking rates increasing 5.8%, supported by its central location, limited supply of functional space, and sustained tenant demand. By comparison, average net asking rents softened modestly in the Peninsula and Westshore, declining 0.3% and 1.9%, respectively, as landlords adjusted pricing in response to rising availability. Overall, the average net asking rent increased 2.3% quarter-over-quarter to \$18.96 per sq. ft., driven by a higher concentration of new listings entering the market within the higher-priced Victoria Core, where asking rates typically exceed the market average.

Near-term availability increase in large-format warehouses

A short-term increase in large-format industrial listings emerged this quarter, driven by several notable properties entering the market. Most prominently, the Capital Iron building at 1900 Store Street was reintroduced after three years, offering approximately 40,000 sq. ft. of Downtown industrial space. Additional large warehouses listed within the Victoria Core included 11,000 sq. ft. at 524 Culduthel Road, 14,000 sq. ft. at 484 Cecelia Road, and 20,000 sq. ft. at 2855 Quesnel Street. In the Westshore, five contiguous strata units at IntraUrban Cornerstone were acquired by an investor last quarter and the combined 15,200 sq. ft. is currently being marketed for lease. On the Peninsula, Thrifty Kitchens is scheduled to vacate 6772 Kirkpatrick Crescent by year-end, bringing to market a property that includes both office and warehouse space, along with approximately one acre of surplus land.

FIGURE 2: Notable Planned Industrial Developments

Size (Acres)	Project Name	Submarket	Estimated Completion	Developer
29.2*	Terra	Langford	Build-to-suit	Beedie
17.1*	Langford Heights	Langford	Build-to-suit	Bastion & Strand
9.2*	Centre Mountain BP	Langford	Build-to-suit	Sc’ianew First Nation

*Land Size
Source: CBRE Research, Q1 2026.

FIGURE 3: Notable Lease Transactions

Size (SF)	Tenant	Address	Submarket	Deal Type
14,316	Magic Box Studios	429 Hillside Avenue	Victoria	Direct
13,658	Confidential	562 Hillside Avenue	Victoria	Direct
11,164	Confidential	759 Vanalman Avenue	Saanich	Sublet
8,924	Harbour Doors Services	204C-650 Allandale Road	Colwood	Direct

Source: CBRE Research, Q1 2026.

FIGURE 4: Notable Sales Transactions

Address	Submarket	Purchaser	Building Size (SF)	Price (\$M)
10555 West Saanich Road	North Saanich	Private Investors	97,537	\$8.0
484 Cecelia Road	Victoria	Gurdwara Singh Sabha Society of Victoria	17,450	\$5.8
760 Enterprise Crescent	Saanich	Proline Roofing Ltd.	9,000	\$5.2
2364 Millstream Road	Langford	Private Investor	10,800	\$3.9

Source: CBRE Research, Q1 2026.

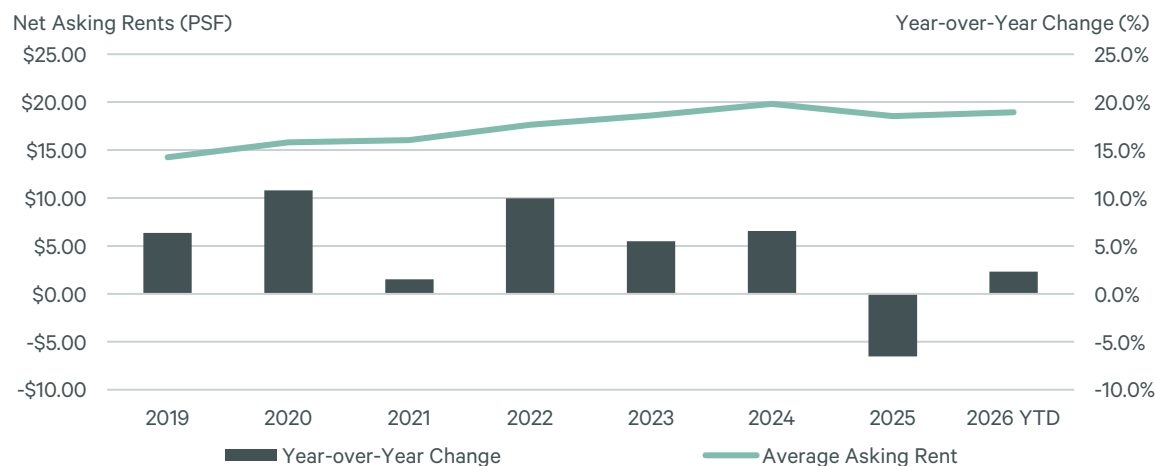
This influx of larger spaces is viewed as a near-term trend and does not materially alter underlying demand fundamentals in the Victoria Core, where tenant demand remains strong and overall availability limited. Despite increasing listings, a persistent mismatch between tenant requirements and functional building characteristics continues to constrain leasing velocity. Limited bay doors, insufficient yard and parking areas, and lower clear heights have contributed to slower absorption for some larger-format warehouses. Leasing activity this quarter remained concentrated in smaller units under 5,000 sq. ft., resulting in net absorption trailing the volume of new supply brought to market.

Industrial sales gain momentum in the first quarter

Sales activity strengthened this quarter, led by increased owner-occupier demand, particularly from automotive users. This renewed interest follows last year’s elevated volume of auto-related properties coming to market, as tariff-driven cost pressures prompted operators to divest or reposition assets. With interest rates appearing relatively stable, many tenants approaching lease expiries are increasingly evaluating ownership as an alternative to renewing at current market rents, a trend most pronounced among those who benefited from historically low borrowing costs during the pandemic.

Notable transactions this quarter included the former Epicure property at 10555 West Saanich Road, which sold for \$8.0 million (\$82.0 per sq. ft.). The industrial property at 484 Cecelia Road was acquired by the ownership of the adjacent Sikh temple for \$5.8 million (\$332.4 per sq. ft.) and remains available for lease. In addition, 760 Enterprise Crescent, which had been marketed for an extended period, transacted for \$5.2 million (\$575.0 per sq. ft.), while 2364 Millstream Road sold off-market for \$3.9 million (\$363.4 per sq. ft.) and is currently being marketed for lease.

FIGURE 5: Greater Victoria Average Net Asking Rents & Year-over-Year Change



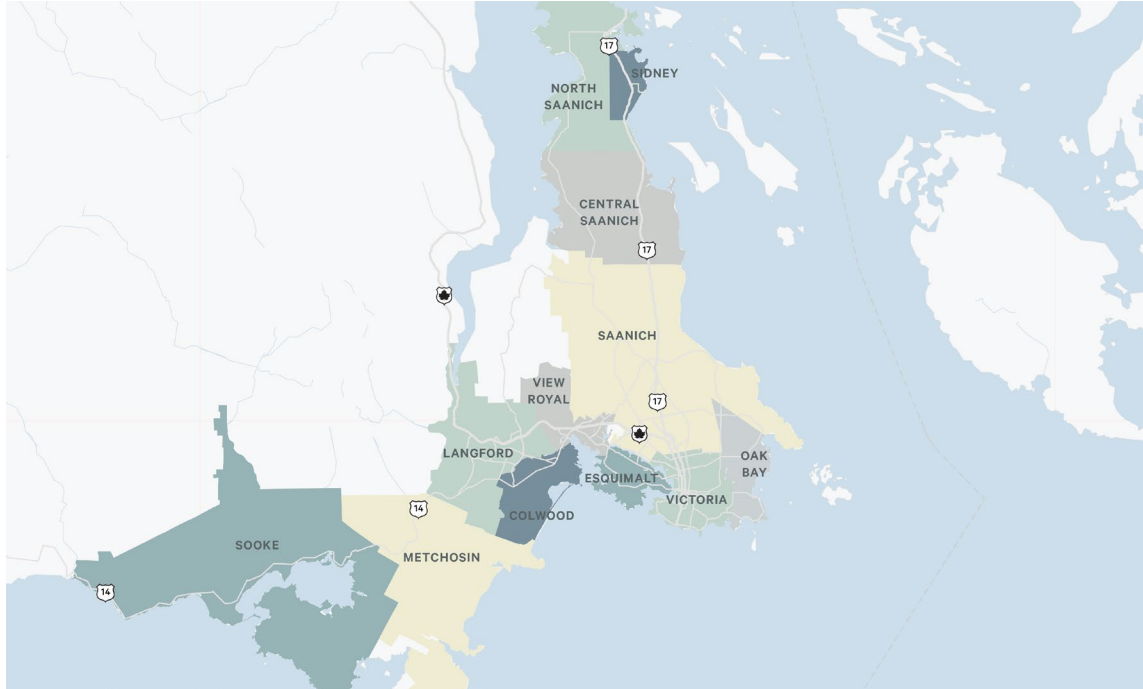
Source: CBRE Research, Q1 2026.

FIGURE 6: Greater Victoria Industrial Statistics Summary

Submarket	Inventory (SF)	Availability Rate (%)	Vacancy Rate (%)	New Supply (YTD)	Under Construction (SF)	Average Net Asking Rent (PSF)	Average Additional Rent (PSF)
Victoria Core	6,039,949	4.6%	4.0%	-	-	\$19.84	\$9.83
Peninsula	2,292,969	4.7%	3.7%	-	-	\$19.20	\$6.63
Westshore	2,036,900	11.6%	11.3%	-	-	\$17.71	\$6.71
Greater Victoria	10,369,818	6.0%	5.4%	-	-	\$18.96	\$8.18

Source: CBRE Research, Q1 2026.

Market Area Overview



Definitions

Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. **Building Area:** The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. **Net Lease Rate:** Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a **Vacancy Rate:** Total Vacant sq. ft. divided by the total Building Area. **Vacant sq. ft.:** Space that can be occupied within 30 days.

Submarket Map

CBRE defines the Victoria Core market as Saanich, Victoria, Esquimalt, and Oak Bay; The Peninsula market as Central Saanich, Sidney, and North Saanich; and the Westshore market as View Royal, Langford, Colwood, Metchosin, and Sooke.

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