

Proposed zoning and tax reforms support long-term industrial investment and growth

▼ 5.9%

Availability Rate

► 0

SF Under Construction

▲ \$19.28

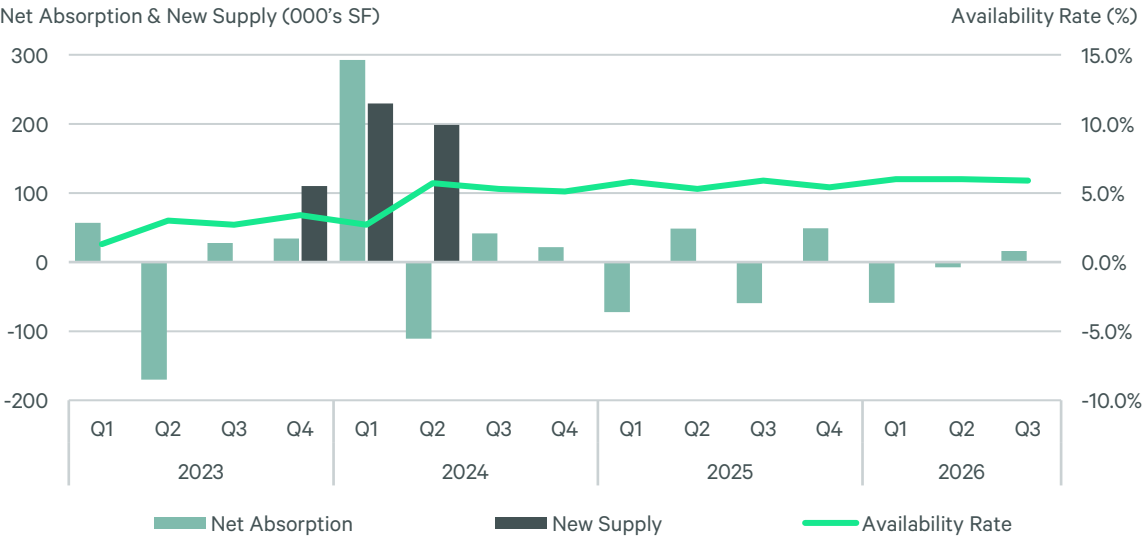
PSF Net Asking Lease Rate

Note: Arrows indicate change from previous quarter.

Market Summary

- Greater Victoria’s industrial market continued to stabilize in Q3 2026, as availability declined 10 basis points (bps) to 5.9% with positive net absorption in the Peninsula and Westshore submarkets.
- Demand remained focused on well-located industrial premises with modern specifications, while rising renewal costs in the Victoria Core may shift some tenant interest toward the Westshore.
- Broader economic and tariff-related uncertainty tempered leasing and investment activity, with industrial sales and owner-occupier demand expected to remain subdued in the near term.
- Proposed municipal zoning reforms in the Victoria Core and the federal Productivity Mega Deduction could support industrial intensification, capital investment, and longer-term demand for modern facilities.

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



Source: CBRE Research, Q3 2026.

Greater Victoria overview

Greater Victoria’s industrial availability rate declined 10 bps quarter-over-quarter to 5.9%, although conditions varied across the region. Availability increased by 60 bps in the Victoria Core, while declining by 20 bps in the Peninsula and 240 bps in the Westshore. Since Q1 2025, availability in the Victoria Core has risen by 250 bps, partly reflecting turnover in the Rock Bay industrial area. Average net asking rents in the Victoria Core reached \$19.57 per sq. ft. this quarter, while average operating costs increased to \$10.30 per sq. ft. Compared with Q1 2025, these figures represent increases of 3.7% and 21.0%, respectively, with higher property taxes contributing to the rise in operating costs. The Peninsula followed a different trajectory with availability declining by 150 bps since Q1 2026 while average rents remained broadly stable. In the Westshore, availability fell to 8.7%, well below the 20.0% peak recorded following a wave of new supply in Q2 2024. Average net asking rents in the Westshore rose 5.1% quarter-over-quarter to \$18.65 per sq. ft., signaling strengthening leasing demand and improving absorption. Overall, Greater Victoria’s industrial market continued to stabilize, supported by the absorption of recently completed space and three consecutive quarters of growth in average net asking rents.

Leasing trends and demand drivers

Demand remained concentrated among occupiers seeking strata lease opportunities or freestanding industrial premises in established submarkets with limited vacancy. While tenants continued to take a selective approach, relocation decisions were generally driven by the need for more functional space, including improved loading, greater yard capacity, and higher clear heights. Occupiers whose existing premises continue to meet their operational requirements were more likely to renew; however, many may face a meaningful increase from rental rates negotiated during the pandemic. As renewal rates in the Victoria Core move toward current market levels, cost considerations may encourage some tenants to evaluate relocation opportunities in the Westshore.

FIGURE 2: Notable Planned Industrial Developments

Size (SF)	Project Name	Submarket	Estimated Completion	Developer
60,000	Pelkey Business Park	Central Saanich	Q3 2028	Private Developer
29.2*	Terra	Langford	Build-to-suit	Beedie
16.8*	Langford Heights	Langford	Build-to-suit	Bastion & Strand
9.4*	Langshire Lands	Langford	Build-to-suit	Private Investors
10.0*	Centre Mountain BP	Langford	Build-to-suit	Sc’ianew First Nation

*Land Size (Acres)
Source: CBRE Research, Q3 2026.

FIGURE 3: Notable Lease Transactions

Size (SF)	Tenant	Address	Submarket	Deal Type
20,247	Sleep Country Canada Inc.	1045 Henry Eng Place	Langford	Renewal
10,023	EAW Enterprises Ltd.	721 Vanalman Avenue	Victoria	Direct New
8,732	Confidential	1-1759 Sean Heights	Central Saanich	Direct New

Source: CBRE Research, Q3 2026.

FIGURE 4: Notable Sales Transactions

Address	Submarket	Purchaser	Building Size (SF)	Price (\$M)
6701 Oldfield Road	Central Saanich	Private Investor	12,261	\$3.8
2663 Sooke Road	Langford	Garnett Capital Corporation	8,867	\$3.1
6731 West Coast Road	Sooke	Private Investors	5,100	\$1.8

Source: CBRE Research, Q3 2026.

Macroeconomic headwinds temper market activity

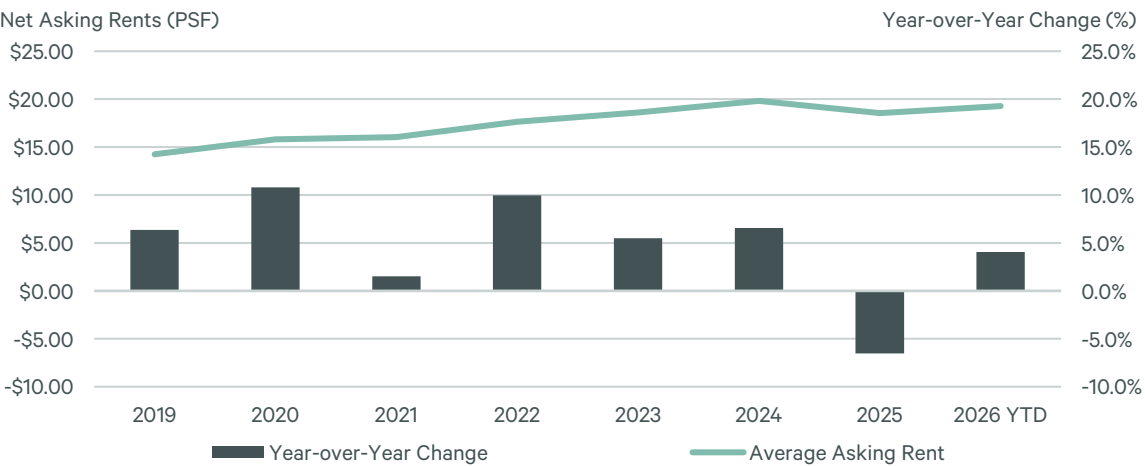
Leasing and investment activity moderated over the summer as tariff-related uncertainty became a more prominent market concern. The Bank of Canada held its policy interest rate at 2.25% in early September; however, persistent inflation concerns and broader economic uncertainty contributed to volatility in bond markets, with the five-year Government of Canada bond yield reaching 3.73% at the end of September. The effects of this uncertainty on tenant decision-making are expected to become more evident toward year-end, particularly among industrial occupiers exposed to U.S. imports or reliant on export-driven revenues. Against this backdrop, industrial sales activity and demand from owner-occupiers are also expected to remain subdued in the near term.

Proposed municipal zoning and federal policy incentives

The City of Victoria is advancing a new industrial zoning framework intended to preserve employment lands and support the long-term intensification of industrial uses. The proposed framework would consolidate 30 existing industrial zones into three broader categories: light industrial, heavy industrial, and marine industrial. Under the new structure, core industrial capacity would be protected while allowing complementary non-industrial uses where appropriate.

At the federal level, the Government of Canada announced the proposed Productivity Mega Deduction in September as part of an effort to improve tax competitiveness, encourage business investment, and support productivity growth. The measure would allow businesses to fully deduct eligible capital investments in the year the assets are acquired and put into use, rather than depreciating those costs over several years through the standard Capital Cost Allowance system. The incentive would be particularly relevant to industrial occupiers making substantial investments in machinery, equipment, technology, and other productive assets. Over time, the measure could support demand for expansion space, modern industrial facilities, and development-ready industrial land.

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



Source: CBRE Research, Q3 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	6,045,431	6.0%	5.4%	0	0	\$19.57	\$10.30
Peninsula	2,292,969	3.1%	1.6%	0	0	\$19.30	\$7.52
Westshore	2,036,900	8.7%	8.7%	0	0	\$18.65	\$7.42
Greater Victoria	10,375,300	5.9%	5.2%	0	0	\$19.28	\$9.20

Source: CBRE Research, Q3 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.

Research Contacts:

Mai Nguyen
Financial Analyst
+1 778 410 2086
mai.nguyen1@cbre.com