

# Conditions shift toward gradual market stabilization

▲ 5.1%  
Vacancy Rate

▲ 6.3%  
Availability Rate

▼ 31K  
SF Net Absorption

▲ 2.7M  
SF Under Construction

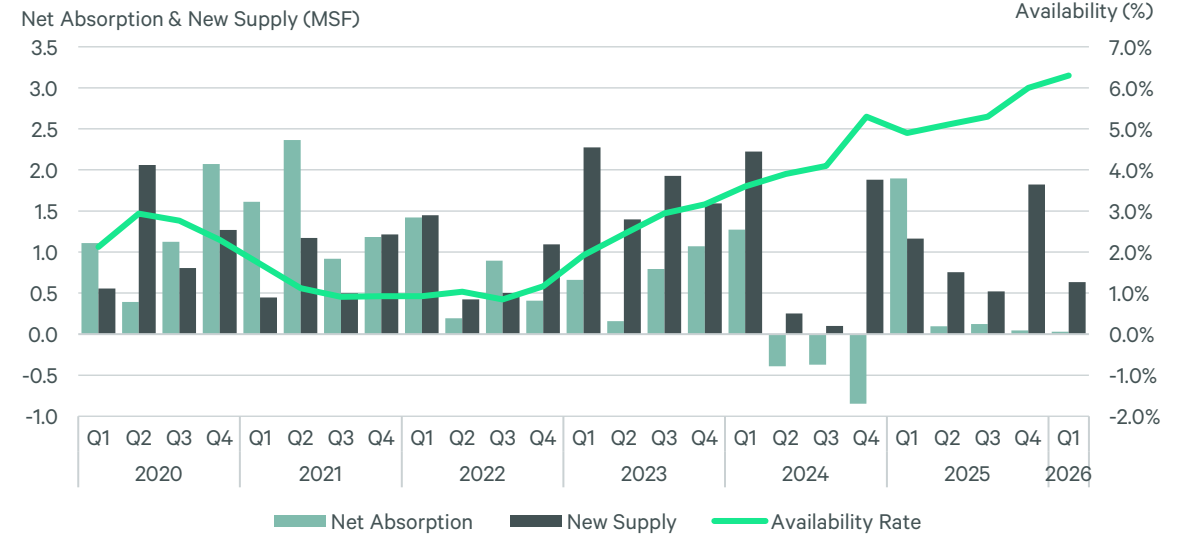
▼ \$19.51  
PSF Net Asking Lease Rate

Note: Arrows indicate change from previous quarter.

## OVERVIEW

- Metro Vancouver's overall availability rate continued its upward trend, rising by 30 basis points quarter over quarter to 6.3%, marking the fourth consecutive quarterly increase. This growth is primarily driven by expanding availability within the small and mid bay size segments
- Inventory expansion is expected to remain limited, particularly among large format product. With only 1.7 million sq. ft. of new supply anticipated for completion by year end, the constrained construction pipeline will continue to restrict further inventory increase
- The average asking lease rate across Metro Vancouver continued to soften, declining to \$19.51 per sq. ft., a 2.3% year-over-year decrease
- Currently, 2.7 million sq. ft. are under construction, with just under 70% pre committed. Nearly half of the active construction volume consists of build to suit projects

FIGURE 1: Metro Vancouver Supply & Demand



Source: CBRE Research, Q1 2026.

## The current landscape and forward outlook

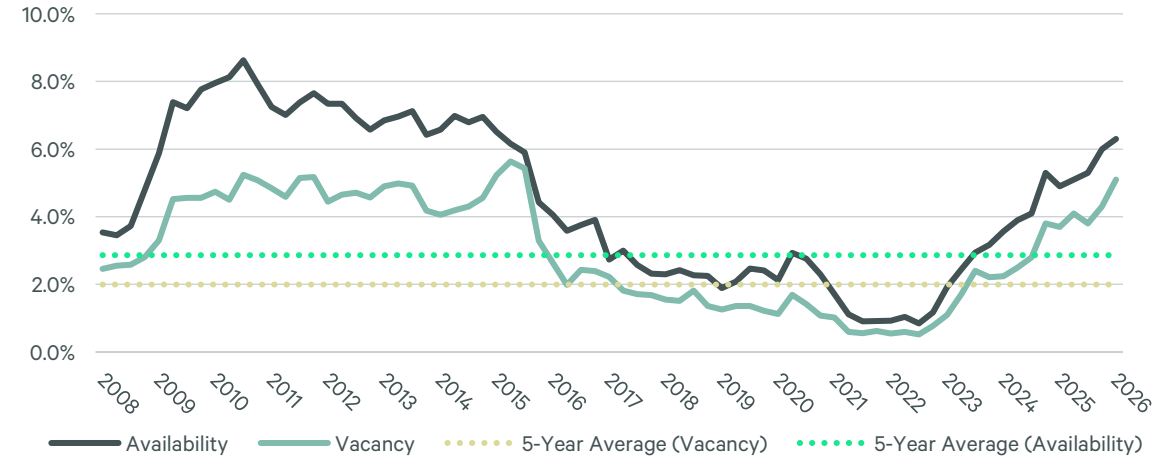
Metro Vancouver’s industrial market continued its gradual softening through the quarter, with overall availability rising 30 basis points quarter-over-quarter to 6.3%. This marks the fourth consecutive quarterly increase and underscores an ongoing rebalancing following several years of historically constrained supply. The increase in availability is being driven primarily by the small- and mid-bay size segments, where new completions, strata deliveries, and secondary listings continue to outpace near-term absorption. While the market remains structurally supply-constrained relative to most North American peers, conditions are now notably more tenant-favourable than in prior years.

Despite the continued rise, indicators suggest that overall availability may be nearing a cyclical peak. The construction pipeline has thinned materially, particularly for large-format industrial product, limiting the potential for further inventory expansion. Only an additional 1.7 million sq. ft. of new supply is anticipated to deliver by year-end, a modest figure relative to historical averages and well below the level required to materially shift market fundamentals. As a result, further upward pressure on availability is expected to moderate as new completions slow and existing space is gradually absorbed.

Market conditions remain meaningfully bifurcated across the Fraser River. Submarkets north of the Fraser experienced a more pronounced increase in availability this quarter, rising 40 basis points to 6.0%, while vacancy climbed 80 basis points to 5.0%. In contrast, markets south of the Fraser posted more modest increases, with availability and vacancy rising by 10 and 20 basis points, respectively, to 6.6% and 5.3%. While southern submarkets continue to face elevated competition, the slower pace of change suggests a degree of relative stability compared to northern counterparts.

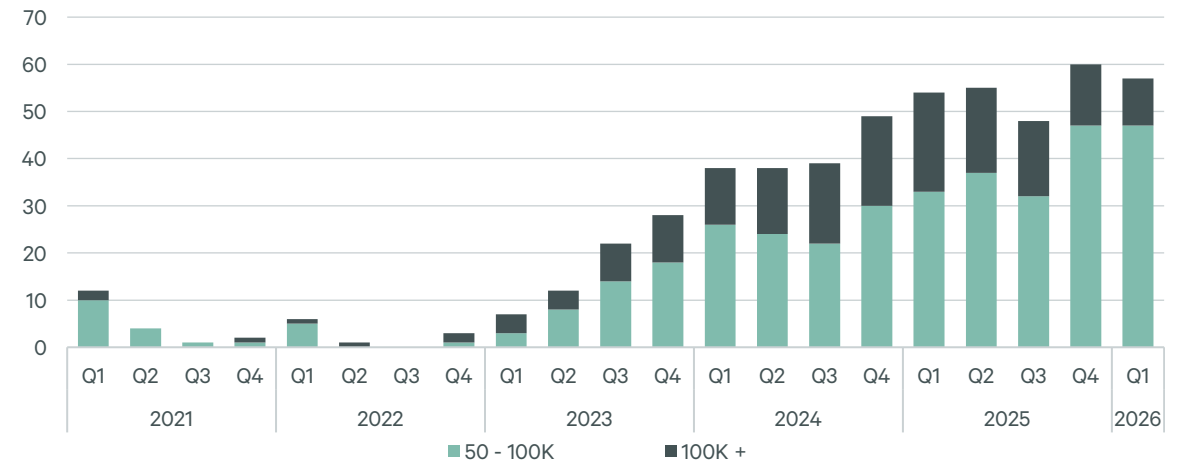
This growing divergence highlights the importance of location, product type, and tenant profile in determining performance across the region. Urban-focused markets are experiencing greater near-term adjustment as occupiers reassess space requirements, while more price-sensitive submarkets continue to benefit from comparatively steady demand. As supply growth remains constrained, these dynamics are expected to persist, reinforcing a segmented recovery trajectory across Metro Vancouver.

FIGURE 2: Availability vs. Vacancy (%)



Source: CBRE Research, Q1 2026.

FIGURE 3: Large Format Availabilities (Count of Listings)



Source: CBRE Research, Q1 2026.

## Lease rates show early signs of stabilization

Average asking lease rates across Metro Vancouver continued to soften during the quarter, declining to \$19.51 per sq. ft., representing a 2.3% year-over-year decrease. While rents remain below their recent peak, the pace of decline has slowed materially. Quarter-over-quarter, the average asking rate fell just 0.7%, signaling early signs that pricing pressure may be easing as landlords adjust expectations and renewed leasing activity begins to absorb available inventory.

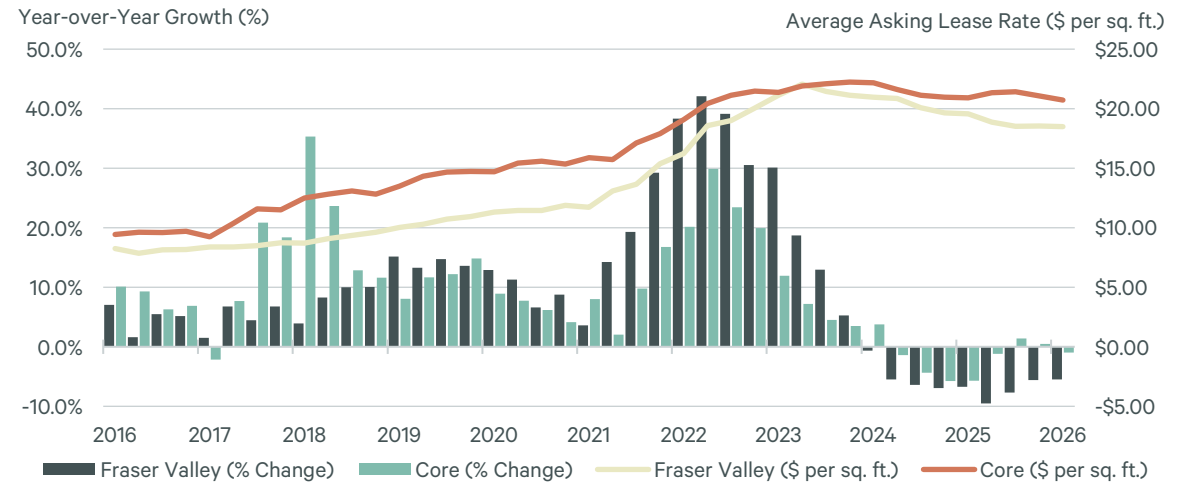
Lease rate performance continues to differ sharply by geography. Markets north of the Fraser recorded a relatively modest 1.0% annual decline, reflecting stronger pricing resilience near the urban core and limited exposure to newer, competing supply. Conversely, markets south of the Fraser experienced a more pronounced 5.5% year-over-year contraction in asking rates, driven by elevated availability, greater exposure to speculative product, and increased landlord competition. While downward pressure persists in these submarkets, the deceleration in quarter-over-quarter declines indicates that pricing may be approaching a near-term equilibrium.

## Limited New Supply Underpins Stabilization

The development pipeline remains highly constrained and continues to act as a stabilizing force for longer-term fundamentals. Approximately 2.7 million sq. ft. is currently under construction across Metro Vancouver, with just under 70% of this space pre-committed. Nearly half of active construction consists of build-to-suit projects, underscoring the limited appetite for speculative development amid elevated costs, financing constraints, and a more cautious demand outlook.

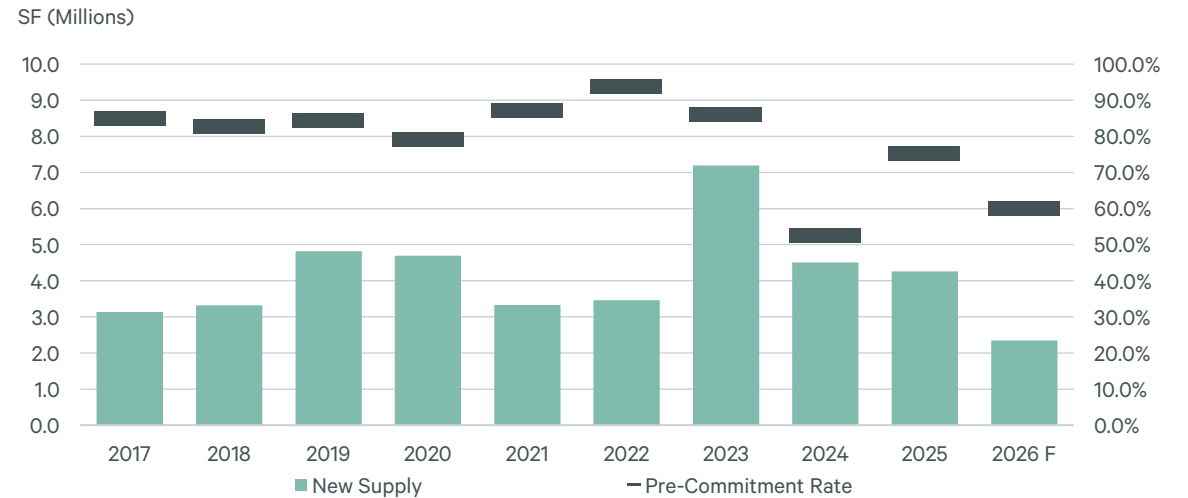
New supply delivered during the quarter totaled 633,000 sq. ft., of which approximately 74% entered the market vacant. While this contributed to near-term increases in availability, the relatively low delivery volume, combined with a shrinking pipeline, suggests limited downside risk moving forward. With few large-format projects advancing and overall construction activity at subdued levels, inventory growth is expected to remain muted. As a result, market conditions are increasingly defined by absorption of existing space rather than an influx of new supply, supporting a gradual path toward stabilization through the remainder of the cycle.

FIGURE 4: Average Asking Lease Rate Growth (Year-over-year)



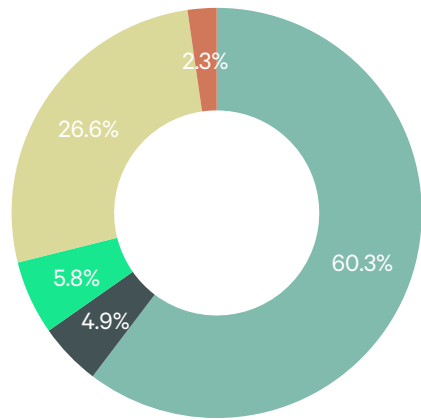
Source: CBRE Research, Q1 2026.

FIGURE 5: Industrial Annual New Supply & Precommitment Rate (%)



Source: CBRE Research, Q1 2026.

FIGURE 6: Under Construction Inventory by Property Type (Total SF)



Design Build, Leased:  
**1.8 MSF**

Strata, Available:  
**149 KSF**

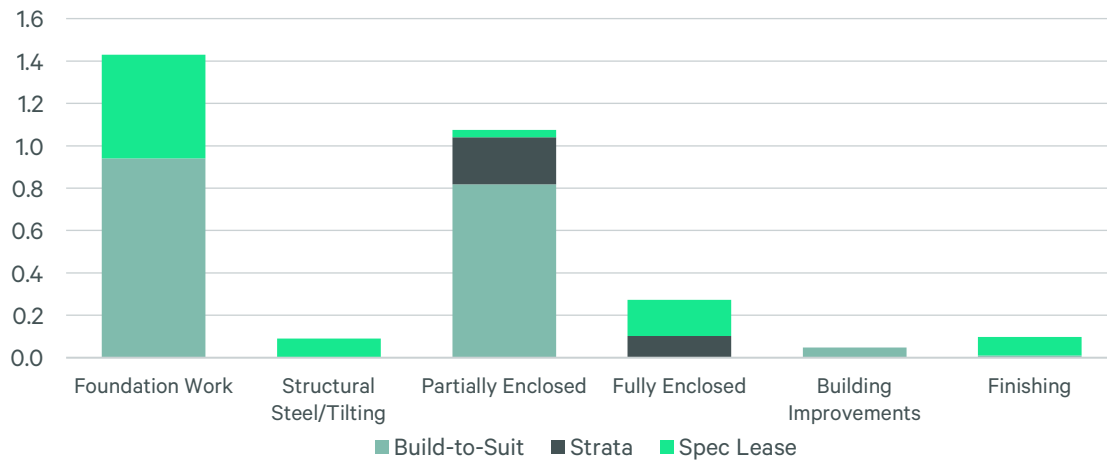
Strata, Committed:  
**176 KSF**

Speculative Lease, Available:  
**802 KSF**

Speculative Lease, Committed:  
**69 KSF**

Source: CBRE Research, Q1 2026.

FIGURE 8: Total Development Activity by Construction Phase (MSF)



Source: CBRE Research, Q1 2026.

FIGURE 7: Significant Lease Transactions

| Size (SF) | Tenant                         | Address                       | Submarket | Industry      | Deal Type |
|-----------|--------------------------------|-------------------------------|-----------|---------------|-----------|
| 214,844   | D-Home International Logistics | 18899 28 <sup>th</sup> Avenue | Surrey    | Logistics     | Sublease  |
| 142,475   | Seaspan                        | 26977 56th Avenue             | Langley   | Manufacturing | New Lease |
| 132,297   | Rexel Canada Electrical Inc.   | 4449 Salish Sea Way           | Delta     | Manufacturing | New Lease |
| 103,415   | Les Entreprises Getpaq Inc.    | 7510 Hopcott Road             | Delta     | Logistics     | New Lease |
| 78,759    | ISW                            | 2252 190th Street             | Surrey    | Wholesale     | New Lease |

Source: CBRE Research, Q1 2026.

FIGURE 9: Significant Sale Transactions

| Size      | Price (\$ M) | Address               | Submarket | Purchaser                       | Vendor                   |
|-----------|--------------|-----------------------|-----------|---------------------------------|--------------------------|
| 106,100   | \$53.3       | 5085 North Fraser Way | Burnaby   | Groupe Montoni                  | Dorigo Systems.          |
| 173,025   | \$43         | 3300 Viking Way       | Richmond  | Viking Way Holdings Corporation | Norampac Inc.            |
| 56,588    | \$20.1       | 12140 86th Avenue     | Surrey    | Trivan 86th Ave Holdings Ltd.   | Shaldaro Holdings Ltd.   |
| 60,501    | \$19.3       | 780 Derwent Way       | Surrey    | American Paper Export Inc.      | Grosvenor Canada Limited |
| 4.7 acres | \$18.8       | 18875 52nd Avenue     | Surrey    | Patton & Cooke Company          | 1339399 B.C. Ltd.        |

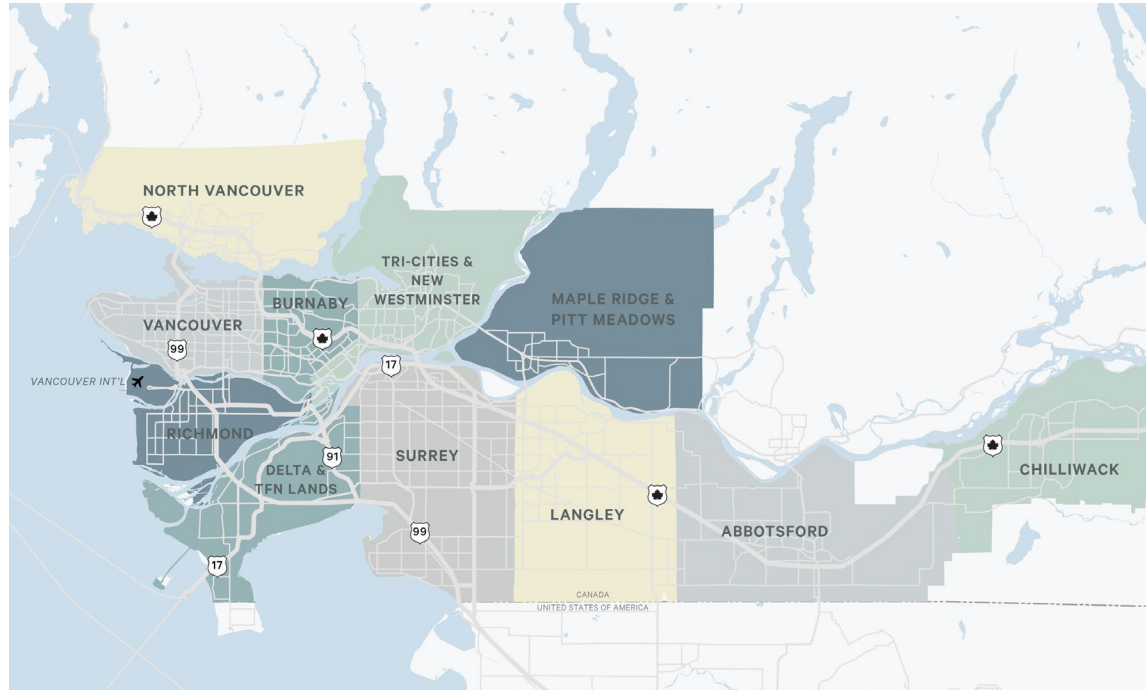
Source: CBRE Research, Altus Data Studio, Q1 2026.

FIGURE 10: Q1 2026 Vancouver Industrial Market Statistics

|                            | Inventory (SF)     | Availability Rate (%) | Vacancy Rate (%) | Net Absorption (SF) | New Supply (SF) | Under Construction (SF) | Net Asking Rent (PSF) | T&O (PSF)     | Gross Rent (PSF) |
|----------------------------|--------------------|-----------------------|------------------|---------------------|-----------------|-------------------------|-----------------------|---------------|------------------|
| Vancouver                  | 25,148,397         | 7.5%                  | 5.7%             | -10,392             | 0               | 502,533                 | \$20.40               | \$8.92        | \$29.32          |
| Burnaby                    | 32,842,022         | 5.4%                  | 5.0%             | -35,762             | 146,958         | 283,899                 | \$20.23               | \$6.87        | \$27.10          |
| Richmond                   | 38,797,504         | 5.8%                  | 5.0%             | -83,102             | 153,589         | 162,400                 | \$21.09               | \$5.79        | \$26.88          |
| Tri-Cities/NW              | 20,346,767         | 6.4%                  | 4.8%             | 8,543               | 86,553          | 316,523                 | \$21.07               | \$6.86        | \$27.93          |
| Delta/TFN Lands            | 29,275,792         | 6.7%                  | 6.0%             | -142,301            | 0               | 0                       | \$18.73               | \$5.96        | \$24.69          |
| Surrey                     | 43,857,491         | 5.4%                  | 4.2%             | 363,092             | 105,649         | 1,251,687               | \$19.14               | \$5.56        | \$24.70          |
| Langley                    | 16,264,503         | 6.5%                  | 4.0%             | -79,743             | 0               | 52,200                  | \$18.15               | \$5.24        | \$23.39          |
| Maple Ridge & Pitt Meadows | 5,089,114          | 12.9%                 | 11.6%            | -4,461              | 0               | 0                       | \$17.28               | \$4.87        | \$22.15          |
| Abbotsford                 | 8,492,541          | 8.3%                  | 7.2%             | 19,705              | 140,063         | 157,479                 | \$17.25               | \$5.45        | \$22.70          |
| North Vancouver            | 5,377,904          | 3.3%                  | 2.7%             | -4,791              | 0               | 0                       | \$21.30               | \$10.54       | \$31.84          |
| <b>Metro Vancouver</b>     | <b>225,492,035</b> | <b>6.3%</b>           | <b>5.1%</b>      | <b>30,788</b>       | <b>632,812</b>  | <b>2,726,721</b>        | <b>\$19.51</b>        | <b>\$6.30</b> | <b>\$25.81</b>   |
| Chilliwack                 | 5,313,669          | 1.4%                  | 0.6%             | -3,120              | 0               | 195,979                 | \$15.32               | \$5.48        | \$20.80          |

Source: CBRE Research, Q1 2026.

## Market Area Overview



### Definitions

Available sq. ft.: Space in a building, ready for occupancy within 60 days; can be occupied or vacant. Availability Rate: Total Available sq. ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available footage. Inventory: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied sq. ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied sq. ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant sq. ft. divided by the total Building Area. Vacant sq. ft.: Space that can be occupied within 30 days.

### Survey Criteria

Includes all industrial buildings Greater Vancouver. Under Construction: buildings which have begun construction as evidenced by site excavation or foundation work.

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