

MARKET REPORT

Industrial
Vancouver Metro Area

IPA
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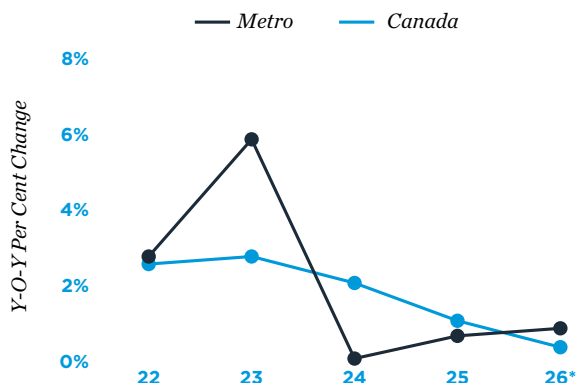
2Q/26

Resilient Sector Composition Aids Performance as Build Cycle Abates

Small-bay properties provide solid foundation. With net absorption improving over the second half of last year, space demand in Vancouver remained on a recovery trajectory in early 2026. The metro's high concentration of small- to medium-bay properties has helped mitigate the impact of trade uncertainties over the past year, as these assets are typically multi-tenanted and occupied by local distributors and wholesalers with relatively limited exposure to international trade. Leases for properties under 10,000 square feet accounted for more than 70 per cent of quarterly absorption on average and are expected to continue underpinning space demand in the near term. Over time, as Vancouver strengthens its role in supporting Canada's global energy linkages and deepening trade relationships with Asia, demand for large-bay properties is likely to improve further, reinforcing the industrial sector's role in the local and global economy.

Vacancy rate to edge lower in 2026. Construction activity has slowed amid rising vacancy over the past three years, with the build pipeline declining for four consecutive quarters to just over 1.3 million square feet. As a result, deliveries are projected to fall to their lowest level since 2015, driven primarily by a sharp reduction in large-bay deliveries. Combined with strengthening space demand, the vacancy rate is expected to stabilize below 3.0 per cent by year-end. Relative to the national average, Vancouver's industrial market is expected to remain among the tightest in Canada, with near-full occupancy conditions persisting in outlying markets such as Chilliwack and Maple Ridge.

Employment Trends



* Forecast

Sources: Altus Data Solutions; CoStar Group, Inc.; Oxford Economics; Statistics Canada

Industrial 2026 Outlook



**13,000
JOBS**
will be created

EMPLOYMENT

Weighed down by lower population growth and trade risks, job creation is expected to slow, with total employment expanding by just 0.8 per cent. The services sector will account for most of this growth, while goods-producing sectors are expected to lag.



**1.2 MILLION
SQ. FT.**
will be completed

CONSTRUCTION

Completions are projected to decline to a multiyear low, driven by a decrease in the delivery of large-bay facilities. Roughly 70 per cent of all projects will be under 50,000 square feet, and nearly 60 per cent of the 2026 build pipeline is already pre-leased.



**40
BASIS POINT**
decrease in vacancy

VACANCY

The metro's high concentration of smaller-bay properties has helped stabilize the vacancy rate. This year, as space demand recovers alongside a declining construction pipeline, the vacancy rate is projected to record its first annual decline since 2023.

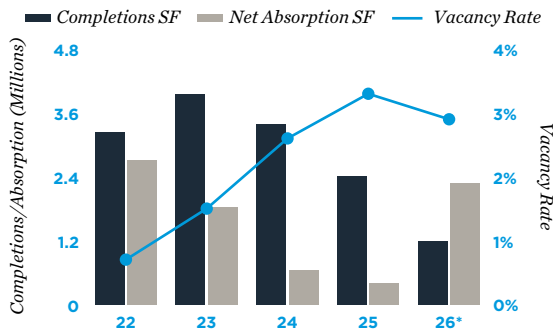


**0.7%
DECREASE**
in asking rent

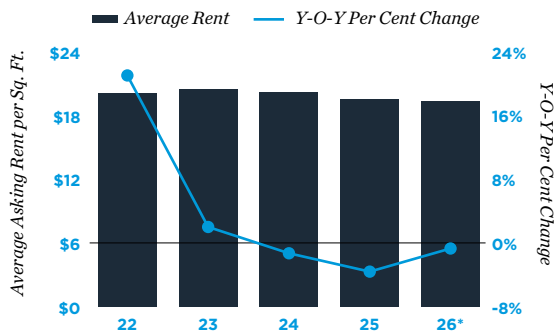
RENT

Rent growth is expected to stabilize this year, with the average asking rate holding below \$20 per square foot. Improving leasing activity, particularly for large-format facilities, is expected to help moderate the sharp annual declines observed over the past two years.

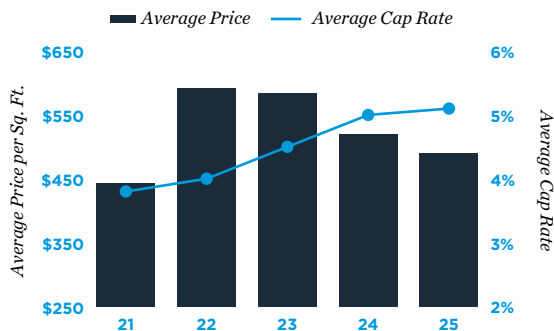
Supply and Demand



Rent Trends



Sales Trends



* Forecast

Sources: Altus Data Solutions; CoStar Group, Inc.; Oxford Economics; Statistics Canada

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1Q 2026: Trailing 12-Month Period



CONSTRUCTION

2,190,000 sq. ft. completed

- The building cycle has wound down amid rising vacancy rates. In the first quarter of 2026, the under-construction pipeline fell to its lowest level since 2014, pointing to further declines in completions in the near term.
- Over half of the new space was delivered in the fourth quarter of 2025, driven by two large-format facilities in Delta totaling nearly 700,000 square feet.



VACANCY

60 basis point increase in vacancy Y-O-Y

- Most of the vacancy increase occurred in the second quarter of last year, when it rose 50 basis points to 3.1 per cent due to a drop in net absorption amid trade risks. Since then, vacancy has stabilized just above 3.0 per cent.
- Vacancy rose the most in Coquitlam, up 200 basis points, followed by a 150-basis-point rise in Richmond and a 130-basis-point increase in Burnaby.



RENT

0.5% decrease in the average asking rent Y-O-Y

- Rent declines peaked in the second quarter of 2025, when the average rate fell 6.9 per cent year-over-year. Since then, the mean marketed rate has rebounded, rising 2.7 per cent from December 2025 to March 2026.
- North Shore continued to record the highest rents in the metro, with the average asking rate exceeding the metro's average by 15 per cent.

Investment Highlights

- Investment activity slowed in 2025, with total dollar volume declining by 22 per cent alongside a 20 per cent drop in the number of transactions. This decline was primarily due to a surge in sales in the second quarter of 2024, driven by a proposed change to the capital gains tax, while transactions for the remainder of 2025 remained soft. Smaller-sized deals valued between \$1 million and \$10 million declined the most, indicating cautious investor sentiment amid trade-related uncertainties.
- Subdued investor confidence was also reflected in muted transaction activity from institutional capital and developers, both of whom remained largely on the sidelines amid ongoing uncertainty and a more cautious underwriting environment. Domestic private investors continued to dominate the market, accounting for 83 per cent of total dollar volume.
- Softening sales activity drove a continued decline in sale prices, with the average falling to approximately \$490 per square foot, marking a multiyear low. As a result, cap rates rose, surpassing 5.0 per cent for the first time since 2016. This trend reflects both weaker pricing power and a more conservative valuation environment amid elevated financing costs.