

INVESTMENT FORECAST

Industrial
Vancouver

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2026

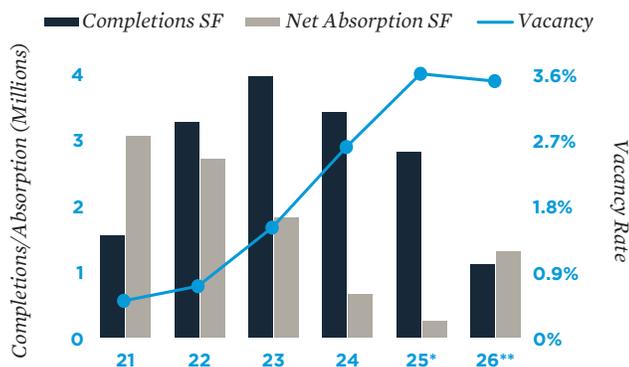
Cyclical Tailwinds Stabilize Vacancy as Energy Initiatives Fuel Long-Term Growth

Vacancy rate to level off as supply growth slows. In Vancouver, over 13 million square feet of industrial space was delivered during the past four years, while net absorption lagged. This imbalance pushed the vacancy rate from 0.5 per cent in 2021 to 3.5 per cent by the end of last year. In 2026, this trend is set to turn the corner as the post-pandemic construction boom winds down. Fundamentals are poised to stabilize, with few major deliveries slated for Richmond, Surrey, and other submarkets that drove much of last year's softening demand. Meanwhile, leasing may pick up with lower interest rates, though prolonged trade uncertainties may keep the recovery gradual, especially in older stock, which is showing weaker performance. Looking beyond the near term, new programs supporting clean energy and the H2 Gateway hydrogen network will expand modern infrastructure. At the same time, many of the major infrastructure projects being announced under the Building Canada Act are focused around liquefied natural gas expansion in British Columbia. Combined with greater access to Asia-Pacific markets, these initiatives could drive longer-term space demand for modern industrial facilities across the province.

INVESTMENT TRENDS

- Institutional investors pulled back last year amid trade uncertainties, while private buyers and end users drove small-bay asset sales, which are partly insulated from the tensions.
- With annual rent declines moderating and sale prices retreating last year, 2026 could offer an attractive entry point, as cyclical tailwinds support a recovery in fundamentals.

Supply and Demand



* Estimate; ** Forecast; ◇ Trailing 12 months through 3Q

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

Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of February 2026. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Forecasts for employment and retail data are made during the first quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

2026 Industrial Trends



**1.1 MILLION
SQUARE FEET**

will be completed

CONSTRUCTION:

After four years of elevated completions, the pace of delivery is set to slow in 2026. Pitt Meadows will see the largest addition, with roughly 370,000 square feet completed in Eagle Meadows Business Park.



**10
BASIS POINT**

decrease in vacancy

VACANCY:

Vacancy is largely set to stabilize as space demand recovers and supply pressures ease. Lingering trade uncertainties are likely to make this improvement gradual, however, keeping the rate around 3.5 per cent.



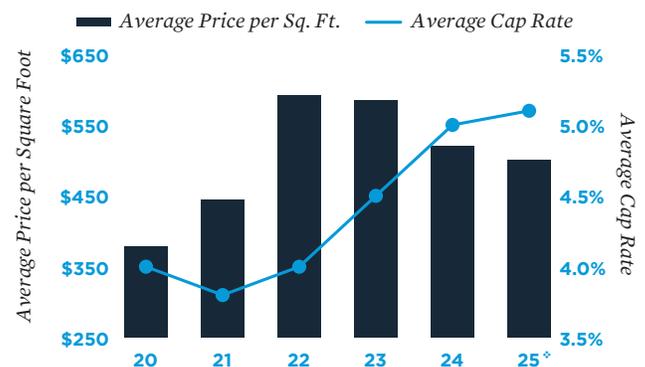
**1.0%
DECREASE**

in asking rent

RENT:

After last year's decline, the average asking rent may inch lower again in 2026. Weak demand for large-bay spaces amid trade risks may continue to weigh on rents, especially given that they are the highest among major Canadian metros.

Price and Cap Rate Trends



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