

# MARKET REPORT

Multifamily  
Vancouver Metro Area

IPA INSTITUTIONAL  
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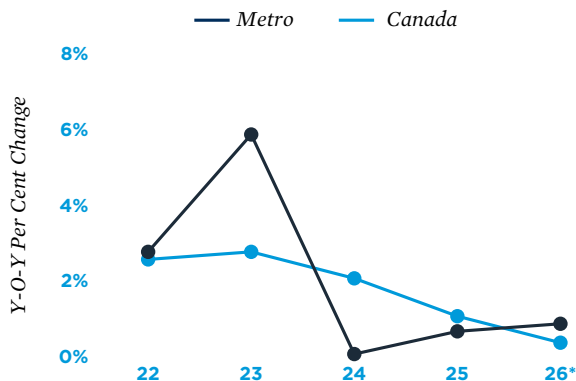
2Q/26

## Market Conditions Soften Amid Gradual Demand Stabilization and Inventory Expansion

**Recovery in space absorption likely to be gradual.** Demand for retail space in Vancouver weakened last year, with net absorption declining further into negative territory across nearly all submarkets. Slowing income growth, muted job gains, and a marked slowdown in population growth weighed on foot traffic. At the same time, trade-related uncertainty undermined business confidence, prompting many retailers to defer expansion plans. Lower interest rates are expected to support a stabilization in space demand in 2026, but a meaningful recovery may not materialize until 2027. Persistent economic headwinds — particularly those related to trade that will linger through at least the first half of the year — are likely to continue constraining retailer expansion and delay a sustained rebound in leasing activity.

**Supply pressure to push vacancy higher.** On the supply side, Vancouver is set to see Oakridge Park completed after six years of construction, delivering a significant retail project anchored by high-end shopping, dining, and wellness experiences. This will drive a notable increase in inventory relative to the recent subdued pace of deliveries, which have largely consisted of smaller retail components within mixed-use developments. While overall completions remain modest by historical standards, the release of more than 600,000 square feet previously occupied by Hudson's Bay Company will continue to test the market's ability to backfill the space. These additions are expected to outpace the gradual recovery in space demand, resulting in another year of vacancy rate increase.

### Employment Trends



\* Forecast

## Retail 2026 Outlook



**13,000  
JOBS**

*will be created*

### EMPLOYMENT

Persistent trade-related uncertainties will continue to impact Vancouver's labour market, particularly weighing on growth in entry-level jobs. The sharp decrease in international student enrollment may also lead to further job losses in the education sector.



**500,000  
SQ. FT.**

*will be completed*

### CONSTRUCTION

Most openings will consist of small- and medium-scale mixed-use projects in suburban areas. The completion of Oakridge Park will deliver more than 360,000 square feet to the downtown submarket, driving a sizable inventory expansion in 2026.



**30  
BASIS POINT**

*increase in vacancy*

### VACANCY

While space demand is expected to recover, the pace is likely to remain gradual, given the soft economic outlook. With net absorption projected to trail completions, vacancy is expected to remain on an upward trajectory, reaching roughly 3 per cent by year-end.



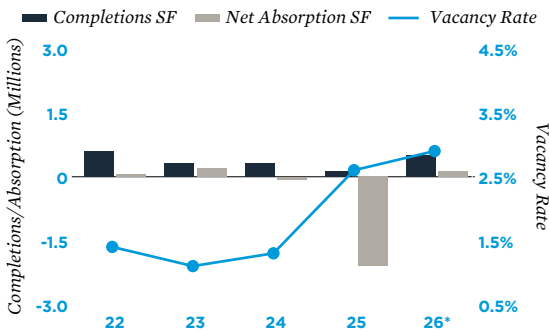
**0.8%  
INCREASE**

*in asking rent*

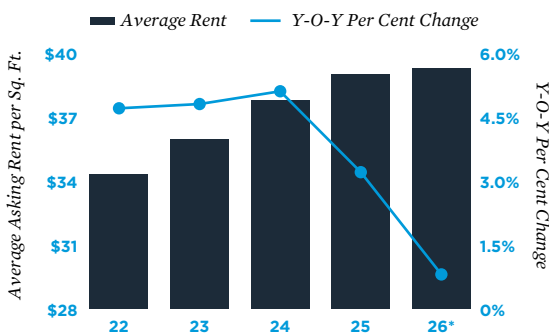
### RENT

As availability is expected to remain limited, rents could continue to rise, surpassing \$39 per square foot by year-end. However, the pace of growth may decelerate significantly as the vacancy increase extends into its third consecutive year.

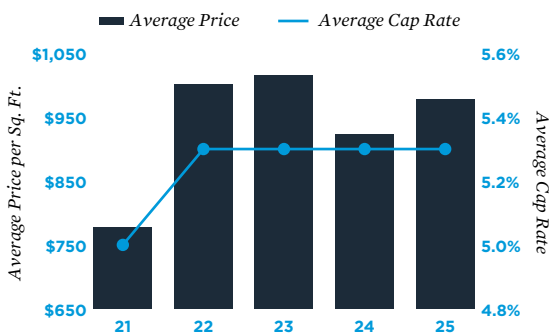
## Supply and Demand



## Rent Trends



## Sales Trends



\* Forecast

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## 4Q 2025: Trailing 12-Month Period



### CONSTRUCTION

**142,000 sq. ft. completed**

- Retail construction reached a record low in 2025, with new projects concentrated outside downtown Vancouver.
- All openings consisted of small- and medium-scale standalone or mixed-use storefronts. The Surrey-Langley submarket saw the highest level of completions, totaling roughly 51,000 square feet.



### VACANCY

**130 basis point increase in vacancy Y-O-Y**

- Most of this rise occurred in the first half of 2025, when vacancy rose from 1.3 per cent at the end of 2024 to 2.5 per cent in June 2025.
- The closure of Hudson's Bay Company drove a significant increase in the downtown vacancy rate, which climbed to 10 per cent by the second quarter. Burnaby also recorded an above-average increase of 220 basis points.



### RENT

**3.2% increase in the average asking rent Y-O-Y**

- Rents continued to move higher, but growth cooled from the 5.1 per cent increase seen in the previous year.
- All submarkets recorded relatively even rent growth, with Abbotsford-Chilliwack posting the lowest average rent. Downtown rents surpassed \$70 per square foot in the second quarter and continued to rise toward year-end.

## Investment Highlights

- Sales activity continued to recover in 2025. Total dollar volume rose 6.0 per cent, while transaction count recorded a stronger 8.9 per cent increase. Single-tenant, small-scale properties valued from \$1 million to \$10 million dominated the market, accounting for nearly 80 per cent of all sales. However, dollar volume for multi-tenant deals surged by 60 per cent, driven by the \$140 million transaction of the Granville-Robson retail complex and the \$89 million sale of Hudson Mall, both located in downtown Vancouver.
- Vancouver's average retail sale price rose 6 per cent in 2025 following a 9 per cent decline the previous year. As Canada's highest-cost retail market, the metro also recorded one of the lowest cap rates nationally, which remained stable at approximately 5.3 per cent throughout 2025.
- The former Hudson's Bay Company property is likely to be one of the major sales in Vancouver over the coming years. Investor focus will likely center on repositioning or redevelopment opportunities. While single-tenant, small- to mid-sized properties may continue to dominate transaction volume, high-profile multi-tenant assets such as this are expected to drive headline deals and influence cap rate trends across the metro.