

MARKET REPORT

Multifamily
Vancouver Metro Area

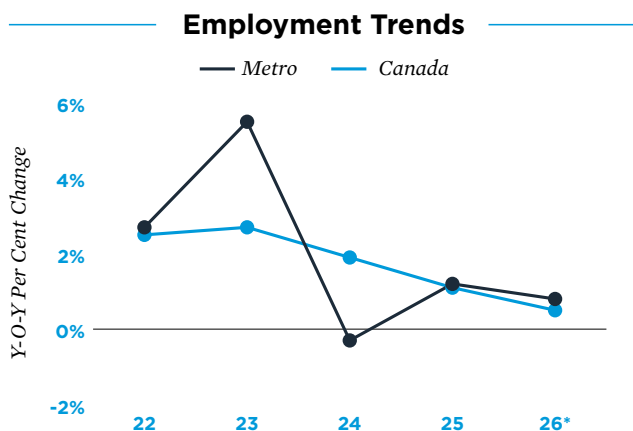
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1Q/26

Supply Peak and Population Pullback Reshaping Vancouver's Rental Landscape

Building surge meets softening demand. Vancouver's rental market underwent a sharp reset in 2025. Apartment completions hit an all-time high, while tighter immigration and high living costs pushed the province's population down by 0.2 per cent. Even so, demand in the downtown core remained comparatively resilient, supported by increased return-to-office activity. Suburban areas, however, experienced greater weakness as new rental and condo deliveries intensified competition. Rent growth slowed sharply, with owners offering incentives in newer buildings as turnover rose and affordability constraints limited mobility. In 2026, vacancy is expected to stay elevated as another heavy year of supply meets still-muted population growth. That said, absorption should gradually improve as the build pipeline normalizes and economic uncertainty improves.

A two-tier vacancy structure unfolding. A key dynamic shaping 2026 is the divergence in performance between vintages, driven by unprecedented supply growth. Purpose-built completions have surged, pushing vacancy in new, higher-quality product to nearly 10 per cent, as lease-up periods stretch and incentives rise. In contrast, older, more affordable units remain tight at around 2.5 per cent, with limited room for further softening. Heavy competition from newly completed condo rentals and shifting household formation are amplifying this divide. The result is a market that temporarily overshoots at the top end while remaining structurally tight at the bottom — a pattern that will shape pricing and strategy throughout 2026.



* Forecast

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

Multifamily 2026 Outlook

EMPLOYMENT



**13,000
JOBS**

will be created

Vancouver's job market is expected to expand by roughly 0.8 per cent in 2026. This is down from last year, reflecting still-soft population growth and ongoing economic uncertainty. Even so, continued hiring in service-oriented sectors should provide a stable demand base for rental housing.



**9,000
UNITS**

will be completed

CONSTRUCTION

Although completions will step down from last year's historic peak, they will remain elevated in 2026. Multifamily starts have run roughly 60 per cent above long-term norms over the past five years, driven by pro-rental policies and a wave of condo conversions.



**130
BASIS POINT**

increase in vacancy

VACANCY

Vancouver's population contracted last year amid high living costs, forcing residents to relocate, a trend likely to persist in 2026. Along with supply pressures, vacancy will rise to around 5 per cent — the highest on record.



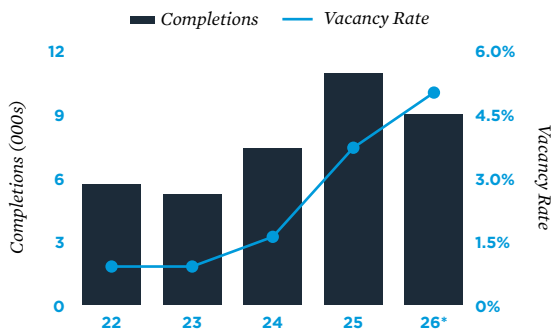
**0.5%
INCREASE**

in effective rent

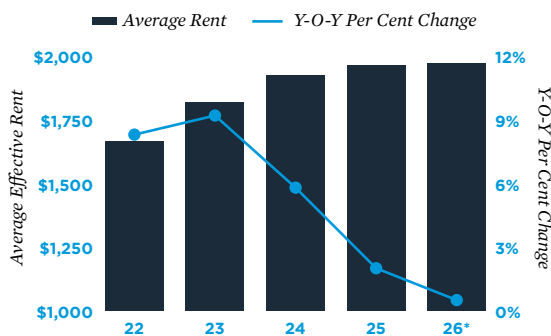
RENT

Rent control will likely support modest growth in older stock upon turnover. However, record supply growth and mounting affordability pressures in new builds are expected to keep metrowide rent growth essentially flat in 2026, with many newer projects now seeing rents edge lower as a result.

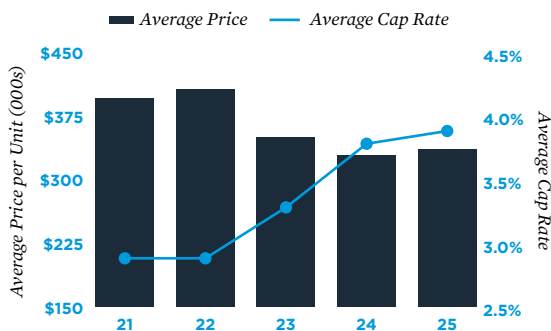
Supply and Demand



Rent Trends



Sales Trends



* Forecast

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

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2025 Overview



CONSTRUCTION

10,866 units completed

- Deliveries hit an all-time high in 2025 and sat 120 per cent above the 10-year average. Pro-rental policy has stimulated transit-oriented development.
- Completions were concentrated in Mount Pleasant, southeast Vancouver, and the Tri-Cities, where rental-friendly zoning, strong transit connectivity, and lower land costs created feasibility advantages for rental development.



VACANCY

210 basis point increase in vacancy Y-O-Y

- The combination of historic supply growth and softer population tailwinds caused vacancy to see its largest annual increase on record to 3.7 per cent.
- Downtown remained comparatively resilient, but suburban submarkets saw pronounced increases driven by heavy lease-up competition, including from condo completions, which is increasing incentives used in newer buildings.



RENT

2.0% increase in the average effective rent Y-O-Y

- Annual rent growth continued to decelerate from the all-time high of 9 per cent in 2023. Most of this downward pressure is being seen in new builds amid increased competition and affordability challenges.
- Growth in turned-over units also slowed, suggesting a more renter-friendly market. Owners have started offering incentives to remain competitive.

Investment Highlights

- Multifamily transactions in Vancouver fell 26 per cent annually in 2025, resulting in a 30 per cent decline in dollar volume. This drop was mostly concentrated in deals valued at over \$20 million, as newer builds face greater competition and struggle to meet investors' return expectations. That said, demand for new builds remained among investors with a long-term view amid Vancouver's widespread housing shortage and limited land availability.
- While long-term fundamentals remain attractive to institutional capital, private investors accounted for roughly 50 per cent of dollar volume last year. Government entities have also partnered with local investment groups to address affordable housing needs in the metro.
- Asset pricing has largely recalibrated over the past couple of years. From the 2022 peak, the average sale price fell by just over 20 per cent compared to the 2024 trough. Over the past year, although transaction activity declined, the average sale price appears to have largely stabilized, reflecting greater interest rate visibility. Cap rates, however, did inch up slightly last year, but are now stabilizing just below 4 per cent.