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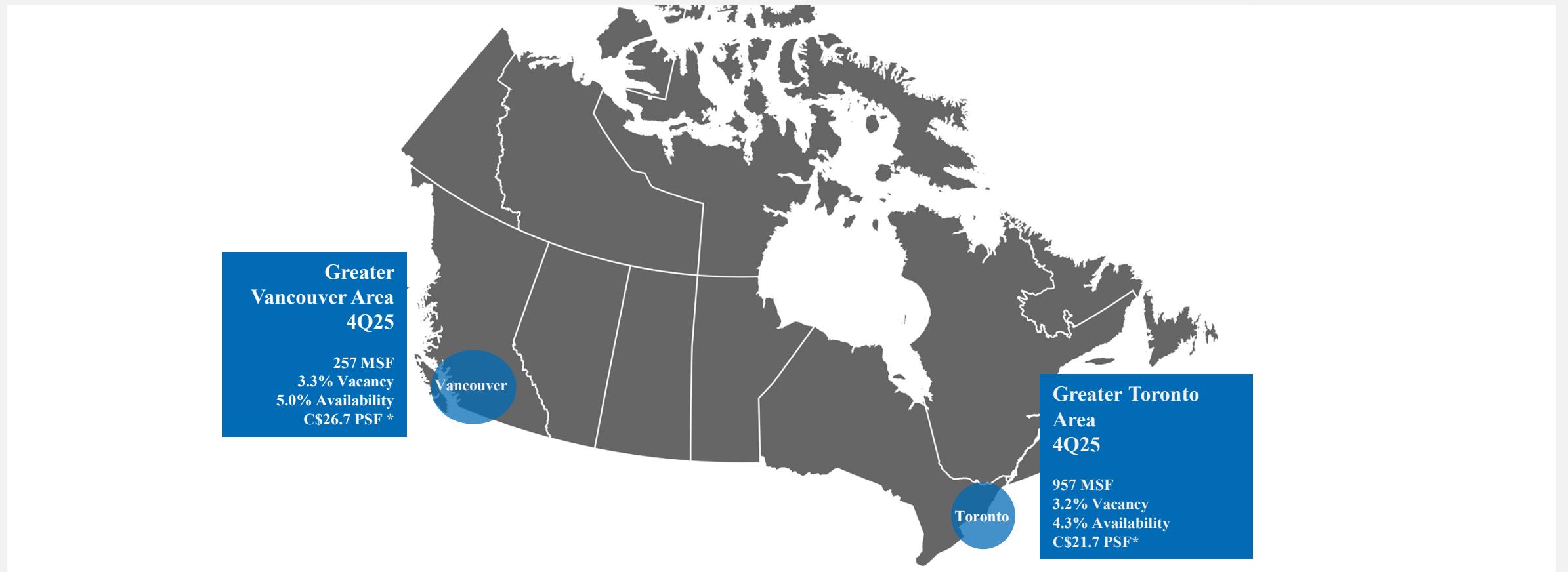
*Greater Vancouver Area*  
Industrial Market Overview

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4Q25

# Newmark's Canadian Industrial Markets

Canada's industrial real estate market continued to recalibrate in 2025 from the exceptionally tight conditions that took hold after the pandemic. A meaningful share of this shift is tied to moderating demand, particularly in the large-format warehouse segment. Leasing activity from logistics users, traditionally the dominant occupier group in these buildings, pulled back from the heightened levels seen during and immediately after the pandemic. Despite market speculation that the intensifying trade dispute with the U.S. could impose long-term limitations on Canada's logistics sector, several leading indicators suggest resilience. Rail and port container volumes have shown year-over-year improvement. Relatively healthy Canadian retail sales points to stable underlying demand for modern distribution space. Import volumes for consumer goods remained solid as well, supported by the federal government's decision not to impose broad tariffs on U.S. or other foreign consumer products. However, demand for specialized manufacturing facilities is under greater stress.



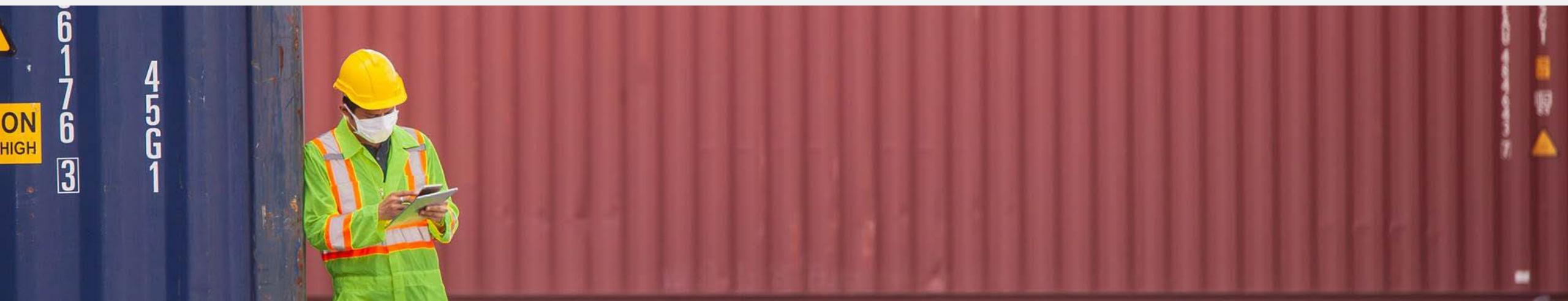
# Greater Vancouver Area (GVA) Industrial Market Observations

GVA industrial vacancy rose to 3.3% at the close of 2025, which remained the highest level of vacancy recorded in the GVA since mid-2015. Vacancy has been rising steadily since 2021.

Annual absorption of ~426k sf in 2025 continued the trend of a steady decline in regional annual absorption that has been underway since 2020 when ~4.0 msf of annual absorption was recorded.

Sublease space availability reached ~2.1 msf at year-end 2025, the second-highest amount recorded since 2008 when research coverage was initiated and will impact market dynamics on a go-forward basis.

GVA industrial leasing activity surged in 2025, particularly in the large-format category, as tenants keen to engage in a flight to quality regionally took advantage of elevated vacancy and availability.



Maple Meadows had the highest GVA industrial vacancy at 6.5%, followed by Delta and Burnaby (both 4.1%). Vancouver was at 3.8%. The North Shore (1.6%) was the tightest followed by the Fraser Valley (2.5%), Richmond (2.9%) and Surrey (3%).

A bifurcation in market demand has resulted in substantial performance differentials among building size segments in the GVA with large-format space actively sought after by third-party logistics providers and distribution companies.

Meanwhile, the small to mid-bay inventory remains significantly challenged with most of the market's vacancy and availability located in these building types with oversupply delivered in 2024/25 further highlighting the weakened demand.

With limited new speculative development larger than 100k sf currently underway in the GVA, there is a notable gap in new supply through 2026 and well into 2027. Build-to-suits remain one of the only options for users seeking large-format space.

Federal tax incentives such as the Productivity Super-Deduction, which allows for the faster write-off of capital investment related to real estate acquisitions used for manufacturing/processing, will likely drive additional industrial activity in 2026+.

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## GVA Industrial Market Metrics

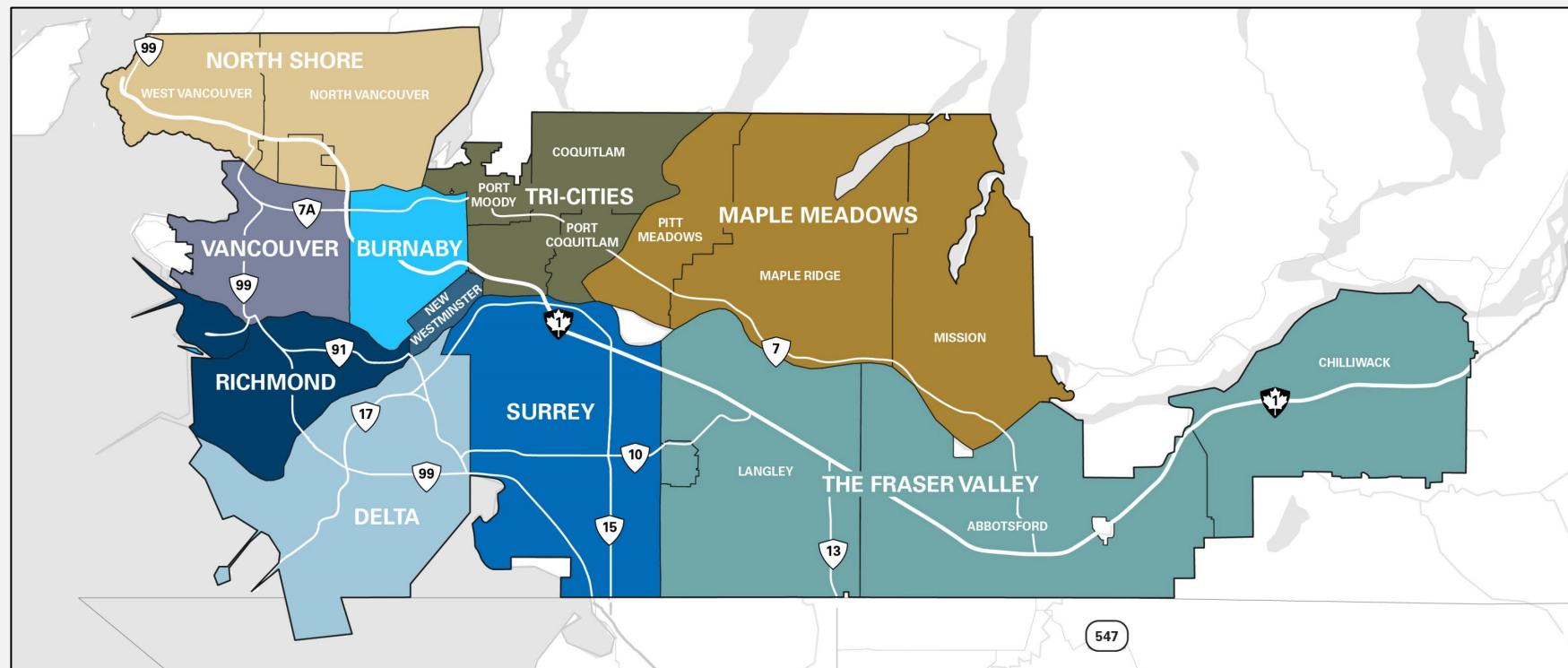
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# GVA Industrial Metrics for Top Six Submarkets | 4Q25

	<b>Richmond</b>	<b>Surrey</b>	<b>Burnaby</b>	<b>Delta</b>	<b>Vancouver</b>	<b>Fraser Valley</b>
<b>Inventory (MSF)</b>	48.0	47.6	33.6	33.4	30.2	29.7
<b>Total Vacancy</b>	2.9%	3.0%	4.1%	4.1%	3.8%	2.5%
<b>12-Month Rent Growth</b>	13.2%	-3.5%	-4.7%	-4.7%	-5.1%	-3.4%
<b>Construction Pipeline (SF)</b>	288k	106k	389k	688k	123k	192k
<b>Preleased %</b>	100%	31%	0%	0%	100%	14%
<b>Sublease availability</b>	0.9%	0.8%	0.5%	0.7%	1.5%	1.0%
<b>Total Estimated Direct Gross Rent (PSF) C\$</b>	\$29.0	\$25.5	\$26.4	\$24.6	\$28.5	\$24.5

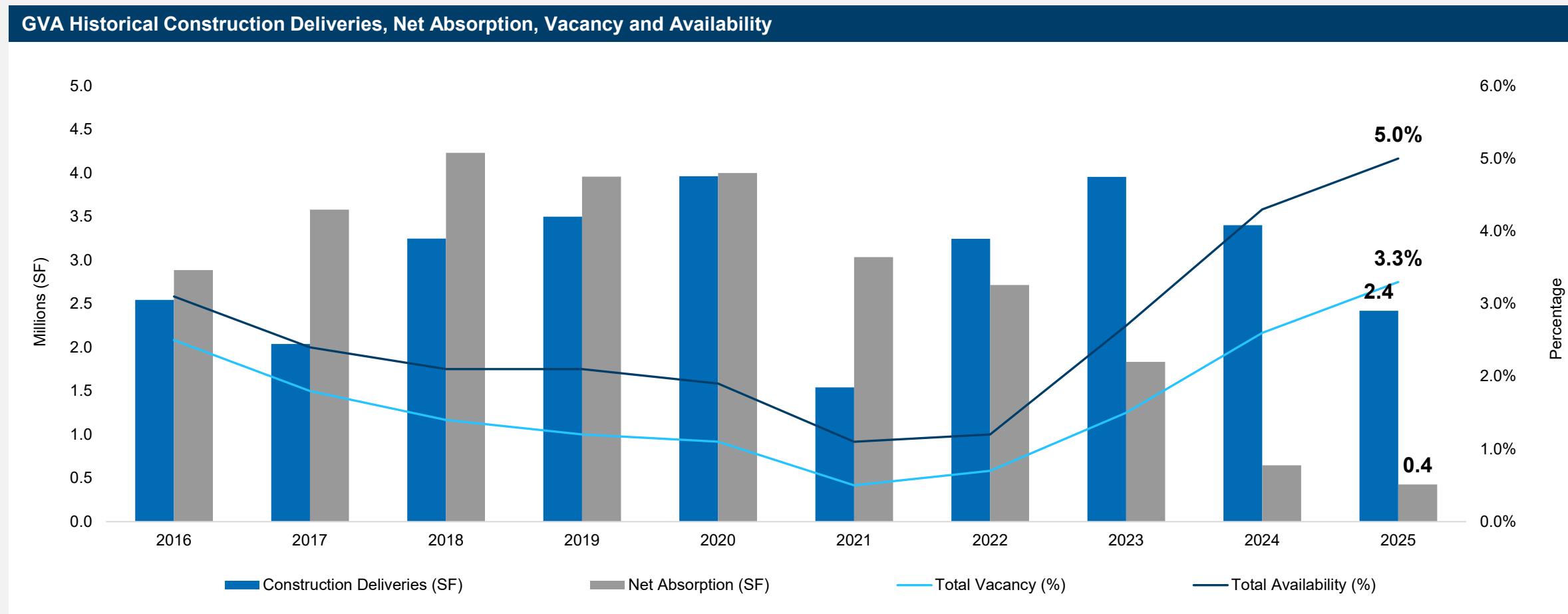


# Greater Vancouver Area (GVA) Industrial Submarket Statistics | 4Q25

Submarket Statistics – All Classes										
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Annual Net Absorption (SF)	Direct Available Rate	Sublet Available Rate	Estimated Asking Rate (\$/SF)	Total Additional Rent (\$/SF)	Total Est. Direct Gross Rent (\$/SF)
<b>Greater Vancouver Area (GVA)</b>	<b>256,775,343</b>	<b>1,769,485</b>	<b>3.3%</b>	<b>387,880</b>	<b>426,196</b>	<b>4.2%</b>	<b>0.8%</b>	<b>C\$19.5</b>	<b>C\$7.2</b>	<b>C\$26.7</b>
Richmond, BC	48,051,780	288,172	2.9%	-158,208	-763,731	2.9%	0.9%	C\$20.5	C\$8.5	C\$29.0
Surrey, BC	47,597,559	106,281	3.0%	-198,965	601,613	3.5%	0.7%	C\$19.7	C\$5.8	C\$25.5
Burnaby, BC	33,658,317	389,479	4.1%	-153,274	-434,316	6.9%	0.5%	C\$19.6	C\$6.8	C\$26.4
Delta, BC	33,388,668	688,321	4.1%	544,112	252,926	4.7%	0.7%	C\$18.7	C\$5.9	C\$24.6
Vancouver, BC	30,172,805	123,570	3.8%	97,990	61,216	4.1%	1.5%	C\$19.2	C\$9.3	C\$28.5
Fraser Valley (Abbotsford, Chilliwack, The Langleys)	29,685,944	192,368	2.5%	80,297	308,425	3.5%	1.0%	C\$18.4	C\$6.1	C\$24.5
Tri-Cities (Coquitlam, Port Coquitlam, Port Moody)	15,110,966	87,192	3.2%	25,857	256,119	5.0%	1.0%	C\$19.9	C\$7.0	C\$26.9
Maple Meadows (Maple Ridge, Mission, Pitt Meadows)	6,851,778	582,423	6.5%	143,052	136,996	8.2%	0.3%	C\$16.8	C\$5.8	C\$22.6
North Shore (North Vancouver, West Vancouver)	6,612,441	0	1.6%	9,605	-18,723	1.8%	0.1%	C\$22.3	C\$8.8	C\$31.1
New Westminster, BC	4,907,848	0	0.0%	0	26,517	0.2%	0%	*C\$19.5	*C\$9.4	*C\$28.9

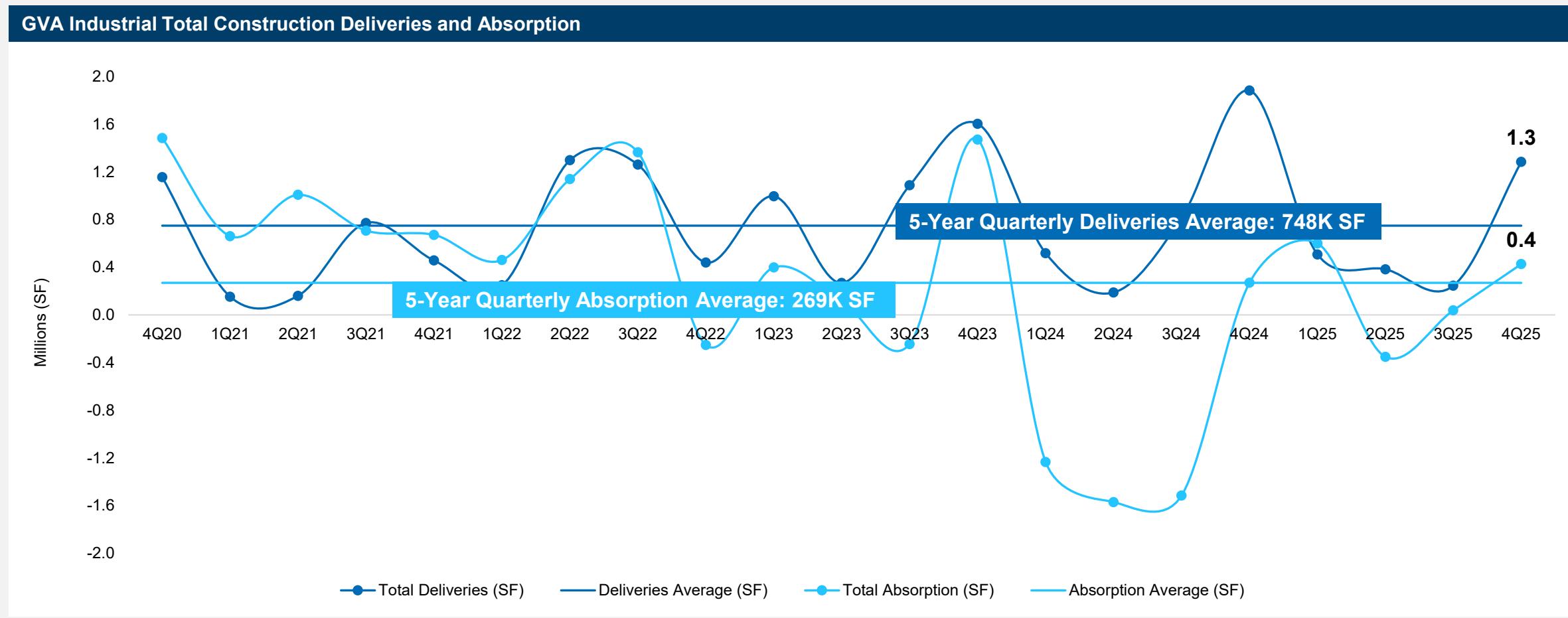
# Greater Vancouver Industrial Market Struggles To Find Footing Within New Economic Era

Greater Vancouver's title as one of North America's tightest industrial markets was at risk at the end of 2025 as substantial shifts in market metrics saw vacancy hit an 11-year high as availability surged to a 15-year-high and annual absorption stuttered and sank to its lowest total since 2011 despite a resurgence in occupancy in the back half of the year. While Surrey, the Fraser Valley and the Tri-Cities held their own in terms of annual absorption, Richmond and Burnaby recorded sizeable negative annual absorption of ~1.2 msf between the submarkets. Sublease availability at near all-time highs at year-end 2025 as forecasted new supply collapsed to record lows also informed the challenged outlook facing the region.



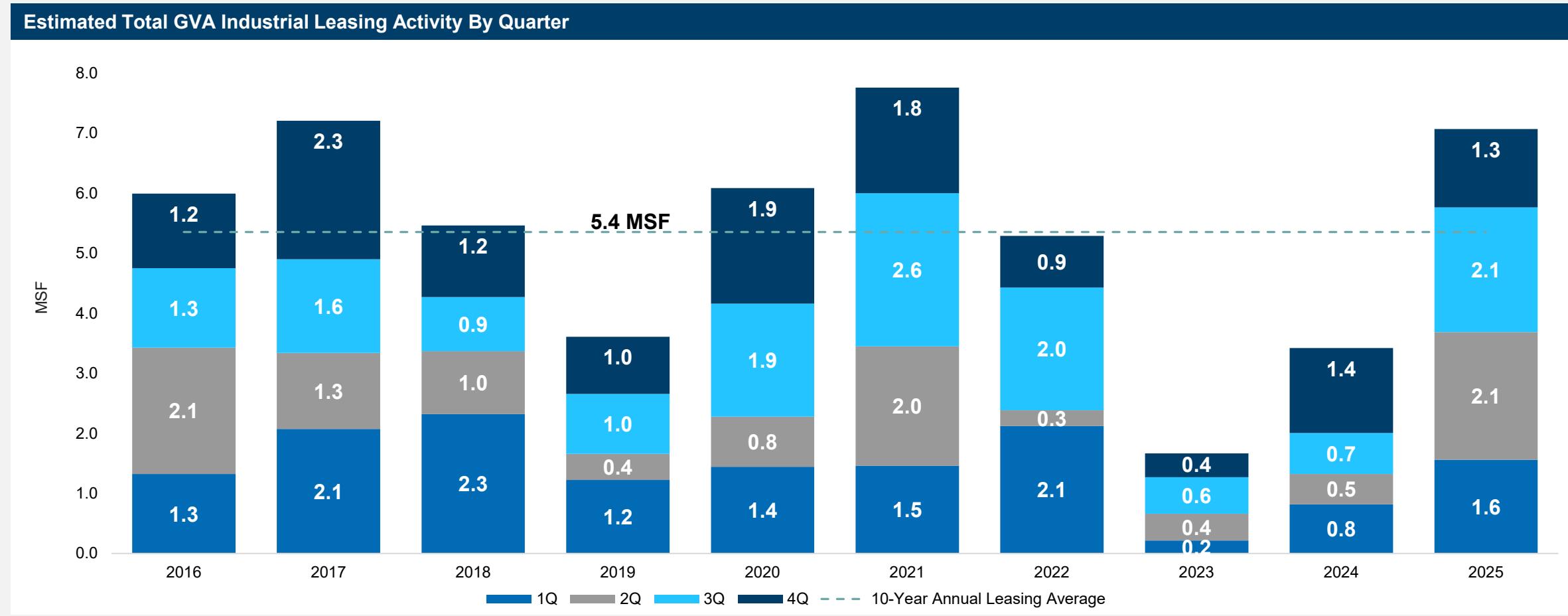
# New Supply Spikes At Year-End 2025 As Absorption Swings Positive After Mid-Year Slump

Greater Vancouver registered positive annual absorption of ~426k sf in 2025, the lowest total in 14 years, as delivery of new supply, which lagged below the five-year average for much of 2025 surged in the fourth quarter of the year. The upward momentum in the back half of the year in terms of absorption, new supply and leasing activity bodes well for 2026 when economic uncertainty arising from the CUSMA renegotiation will be top of mind and may serve as a drag on the market's outlook and performance. Federal funding supporting Canadian industrialization, including port construction and expansion, mining as well as power generation and transmission, may provide stimulus to the region's industrial base.



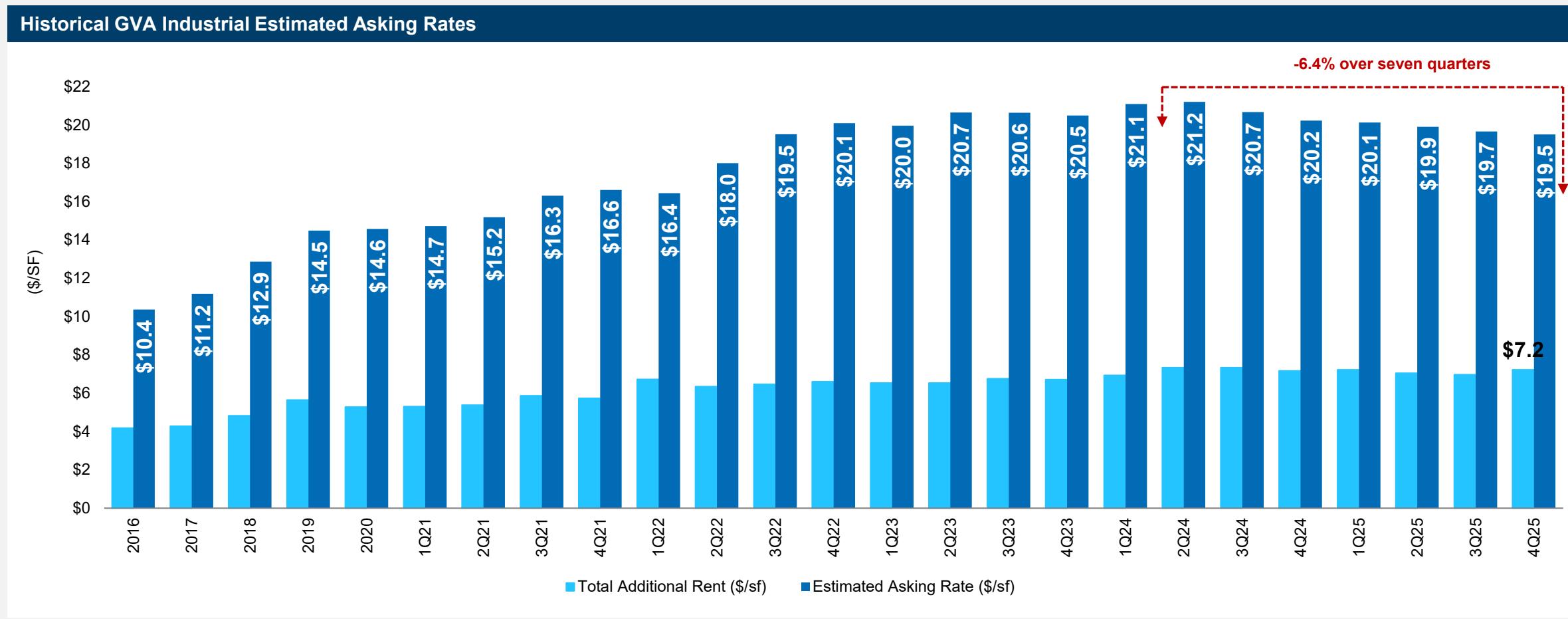
# Regional Industrial Leasing Activity In GVA Bounces Back To Highest Total Since 2021

Driven primarily by class A large-format tenants, regional industrial leasing activity in 2025 was the most recorded since 2021 surpassing the 10-year average to finish up 2025 at ~7.0 msf. Leasing activity had fallen off quickly after 2021 and slumped to a record-low of ~1.7 msf in 2023. A recovery in leasing activity did not take root until the end of 2024. The substantial decline in activity in 2023 subsequently cratered absorption in first-half 2024, which surged back at the end of 2024 thanks to a resumption of leasing activity that carried into 2025. New class A supply fuelled the leasing resurgence in 2025; however, a contraction in new supply in 2026, particularly large-format space, may slow an ongoing recovery.



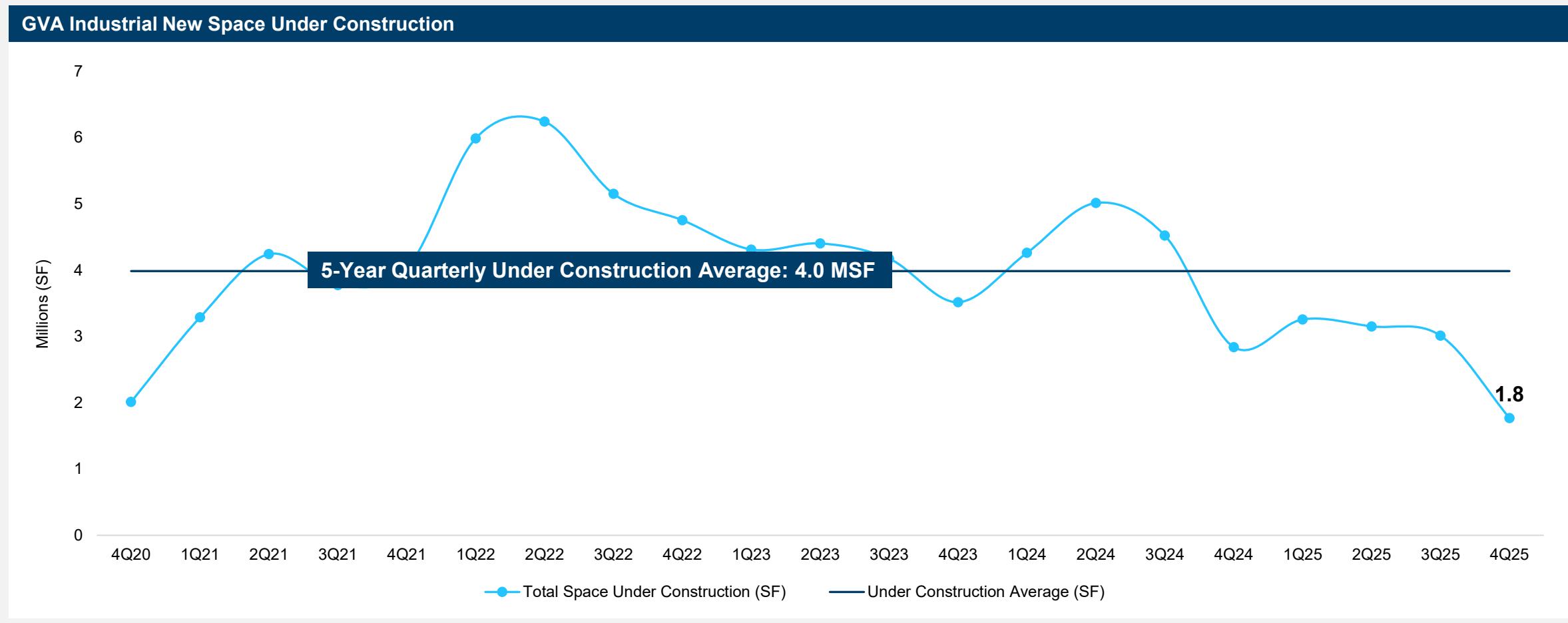
# GVA Asking Net Rents Stabilizing As New Supply Dwindles Amid Sublease Space Glut

Average asking net rents in GVA's industrial market peaked at mid-2024 as the deterioration of fundamentals finally began to be reflected in rental rates. Overall rental rates came off in the back half of 2024 under pressure from mounting sublease availability combined with weakening demand, particularly for small- to mid-size spaces in most submarkets. A bifurcation in rents is occurring regionally where an absence of new supply and limited availability of existing high-efficiency large-format space is pushing rates in that segment of the market to record highs while the rest of the market deals with limited new supply, elevated vacancy, record-high availability, and softening rates for the first time in a decade.



# Amount Of New Industrial Space Under Construction Regionally Falls To Record Lows

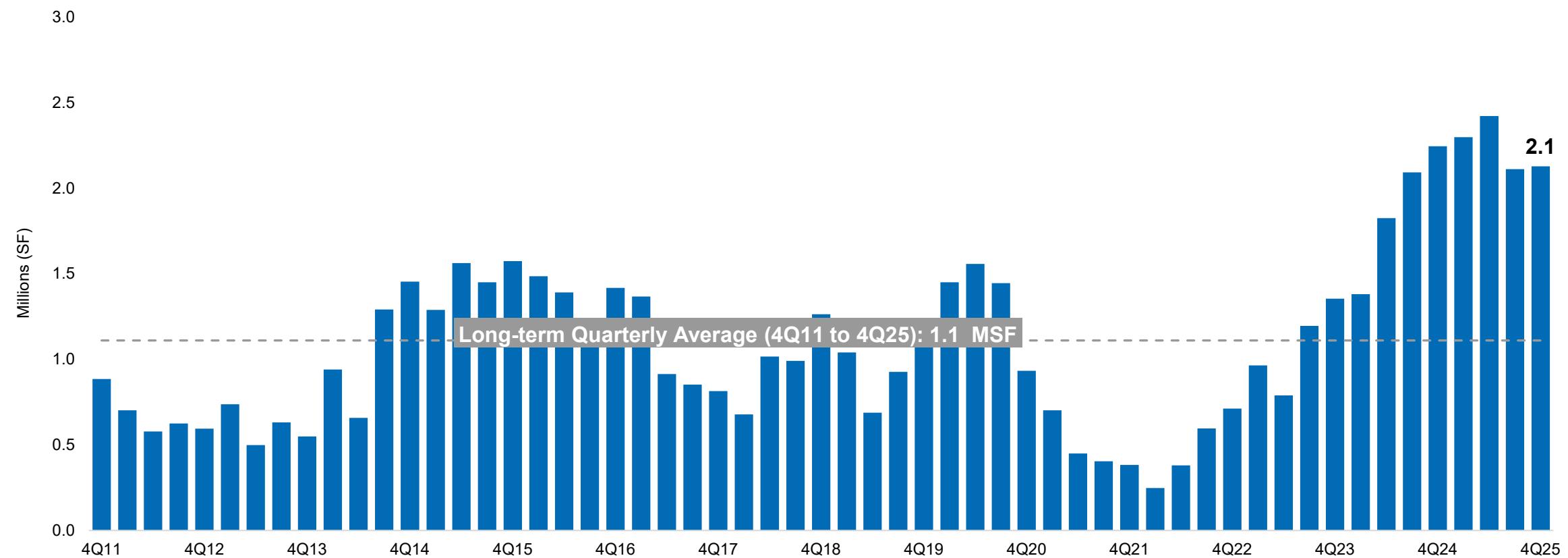
The amount of space under construction at year-end 2025 in Greater Vancouver was well below the five-year quarterly average and was at its lowest point in the past five years. A drop in the amount of new supply delivered in 2025/26 – combined with a likely softening in rents – will likely encourage the take up of the substantial amount of sublease space now being offered in most submarkets. While new supply in core submarkets had been typically absorbed quickly, near-record high levels of sublease availability may further limit delivery of new space. The total absence of large-format industrial development is one of the more notable shortfalls in a segment of the market where there is the most demand.



# Sublease Availability To Have Lingering Impact On Greater Vancouver's Industrial Market

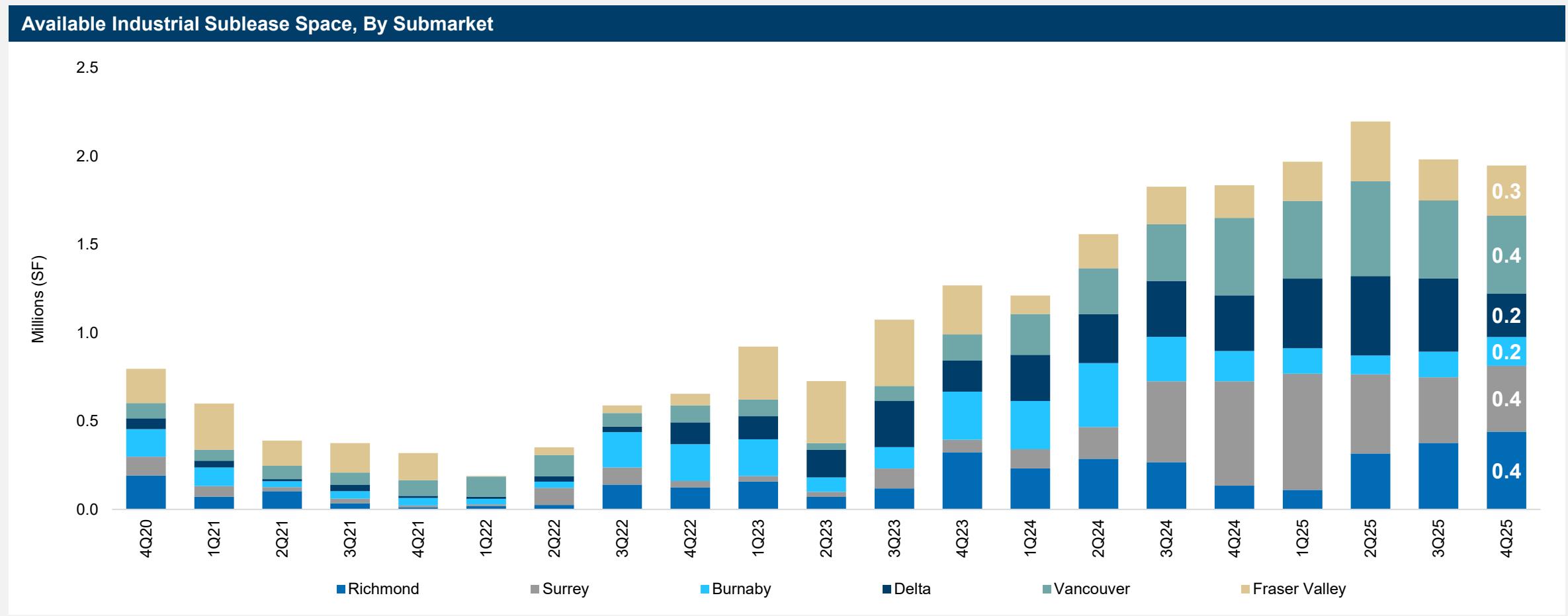
Industrial sublease availability in Greater Vancouver was ~2.1 msf at year-end 2025, down from a record high of ~2.4 msf at mid-2025 but virtually unchanged from the previous quarter. Sublease availability has been on the rise since 2022 but rapidly escalated in the back half of 2024 through mid-2025 to levels unseen in the past 15 years. While this upward trajectory emerged prior to U.S. tariff threats, the economic uncertainty that has followed likely further fuelled a rise in sublease availability along with new supply under construction through much of 2024 that was delivered in 2025. A flight to quality further accelerated older less efficient space being put back on the market as dwindling new supply was leased up.

## Available Industrial Sublease Space, Greater Vancouver



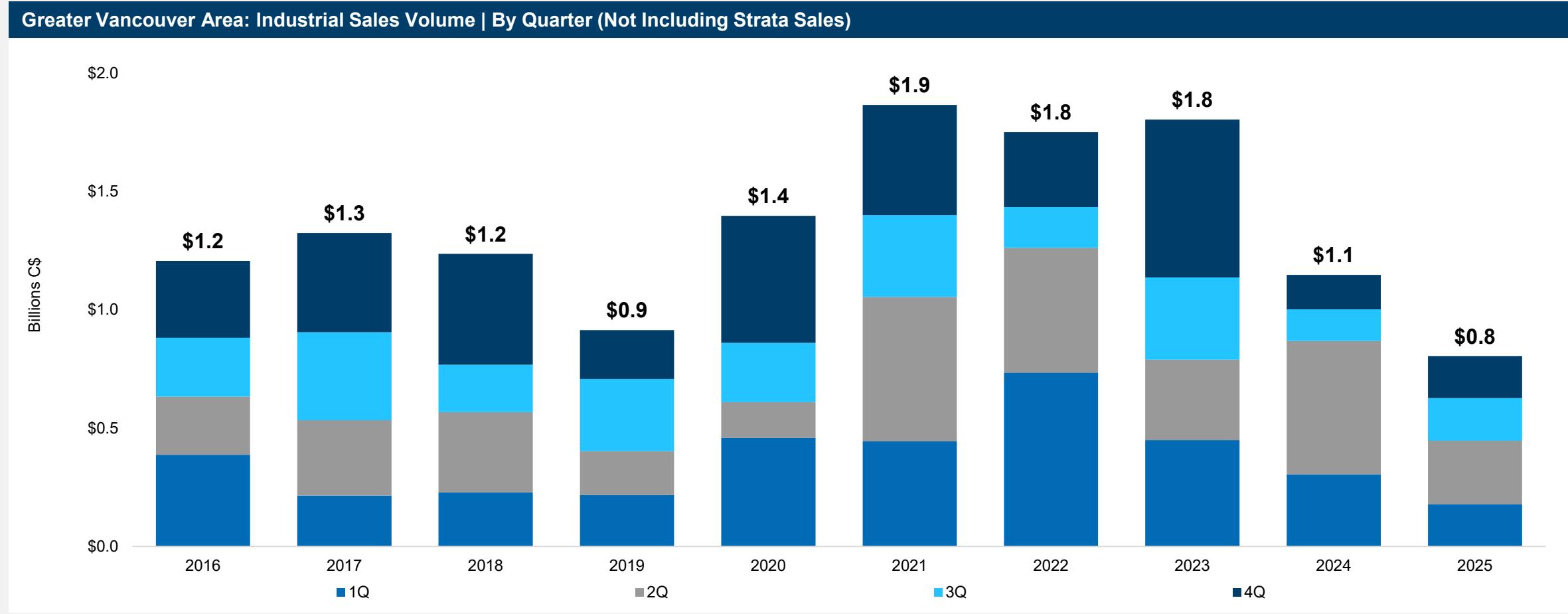
# Heightened Sublease Availability Highlights Important Shift In Industrial Market Dynamics

While overall sublease availability in Greater Vancouver likely peaked at mid-2025 after rising steadily since early 2022, there is a strong likelihood that elevated sublease availability will remain a factor impacting fundamentals moving forward in ways unseen in more than a decade. With sublease availability historically high (and rising) in virtually all submarkets (with the notable exception of Delta) at the end of 2025, the reasons are varied but the impact meaningful. A flight-to-quality as overall vacancy remained above 3.0% for most of 2025 allowed for tenant relocation to quality locations while uncertainty led to expansion space being returned and new supply pipelines narrowing amid select business attrition.



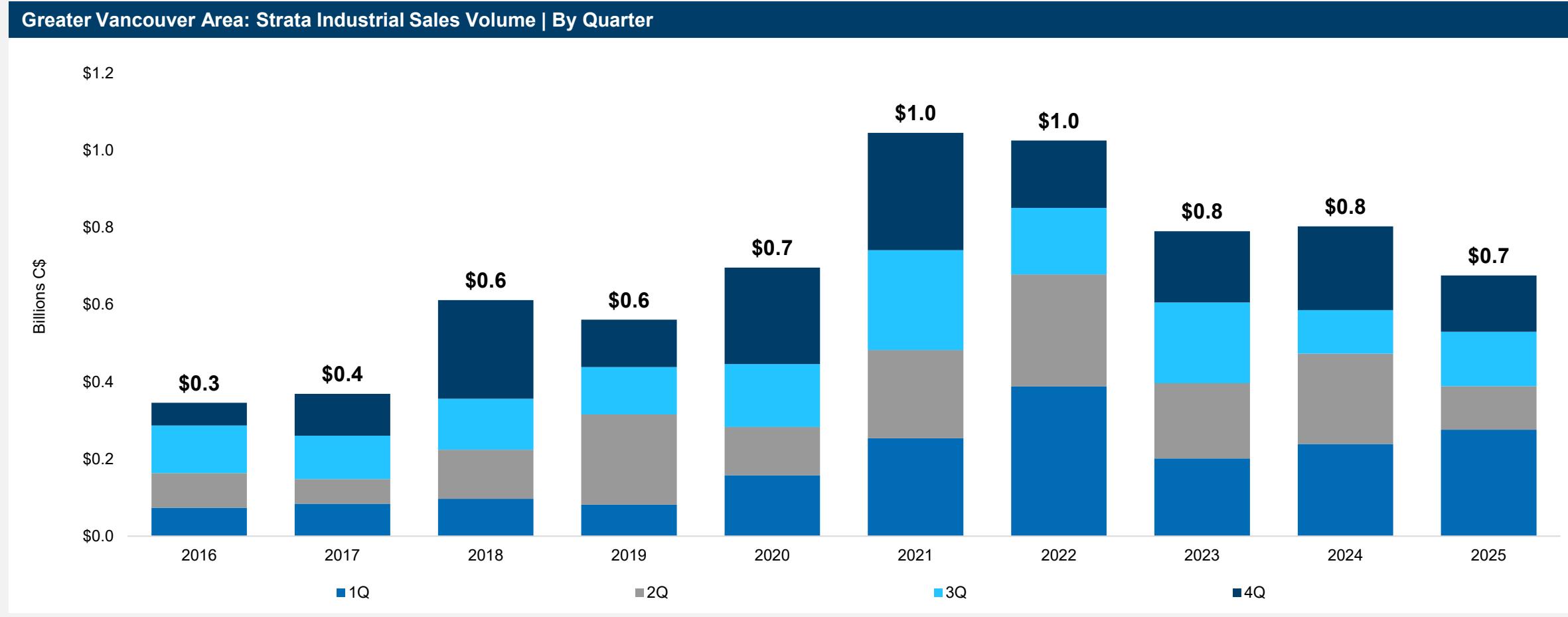
# Greater Vancouver Industrial Sales Continued To Decline As Deals Sidelined By Uncertainty

Annual investment in industrial properties in Greater Vancouver slumped to lowest total in more than a decade after sales reached just ~C\$804M at the end of 2025. Even as the Canadian overnight interest rate fell to 2.25% in October 2025 and many economic measures remained neutral if not positive, industrial investment faded notably throughout 2025. A decade of record-setting investment has ended with economic uncertainty from U.S. tariff threats and an unsure Canadian economic outlook further dampening investor confidence. Only five properties sold for more than C\$25M in 2025 with only two surpassing \$30M, including the largest sale: 2288 Clark Drive in Vancouver for C\$36.26M in June 2025.



# Greater Vancouver Annual Industrial Strata Sales Decline to Lowest Total Since 2019

Greater Vancouver's industrial strata market is the largest in Canada, surpassing C\$1B in annual proceeds in B.C. in both 2021 and 2022. Strata ownership has historically been tied to a low interest-rate environment, tight industrial vacancy, geographic availability and escalating rental rates. Strata sales in 2025 slumped to their lowest total since 2019 at ~C\$675M. Fourth-quarter sales of C\$146M marked a slight improvement on the previous quarter; however, overall sales activity remained muted despite a strong start. Demand for small- and mid-sized space has often been one of the drivers of the success of strata development, but most of the current availability and vacancy in the region is in small to mid-sized units.



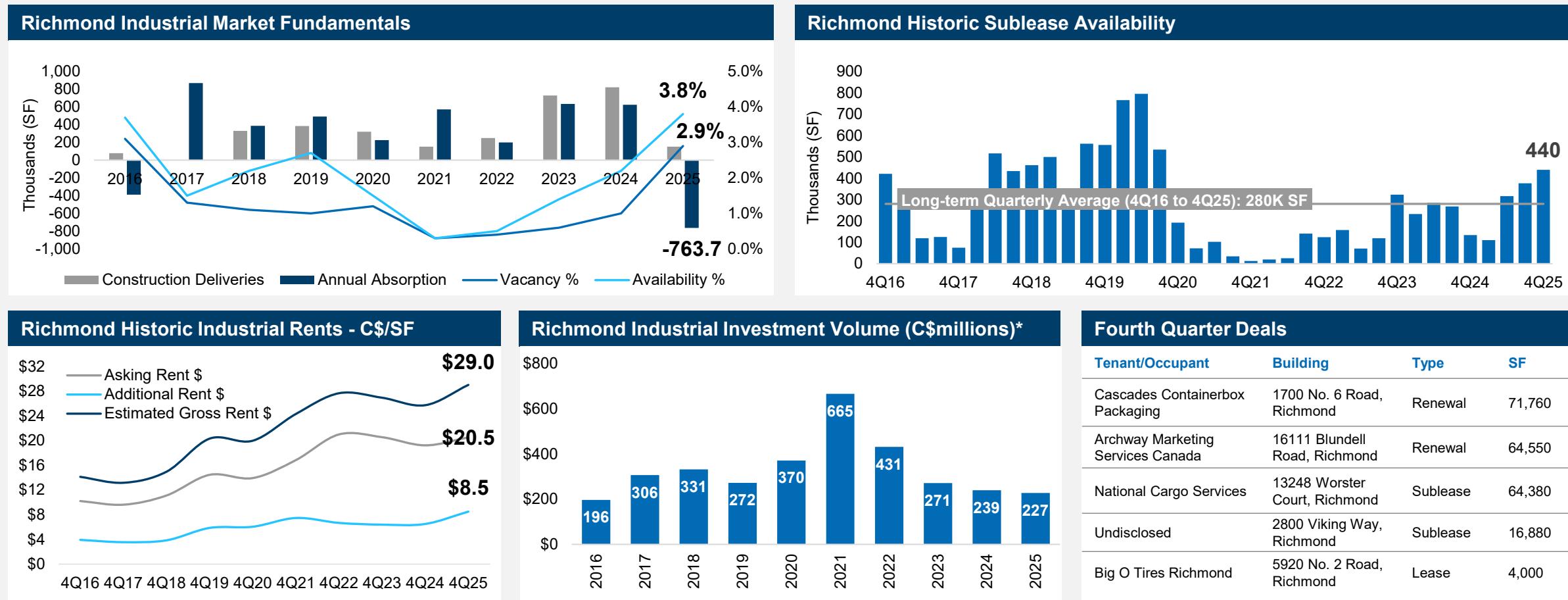
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## GVA Industrial Submarket Snapshots



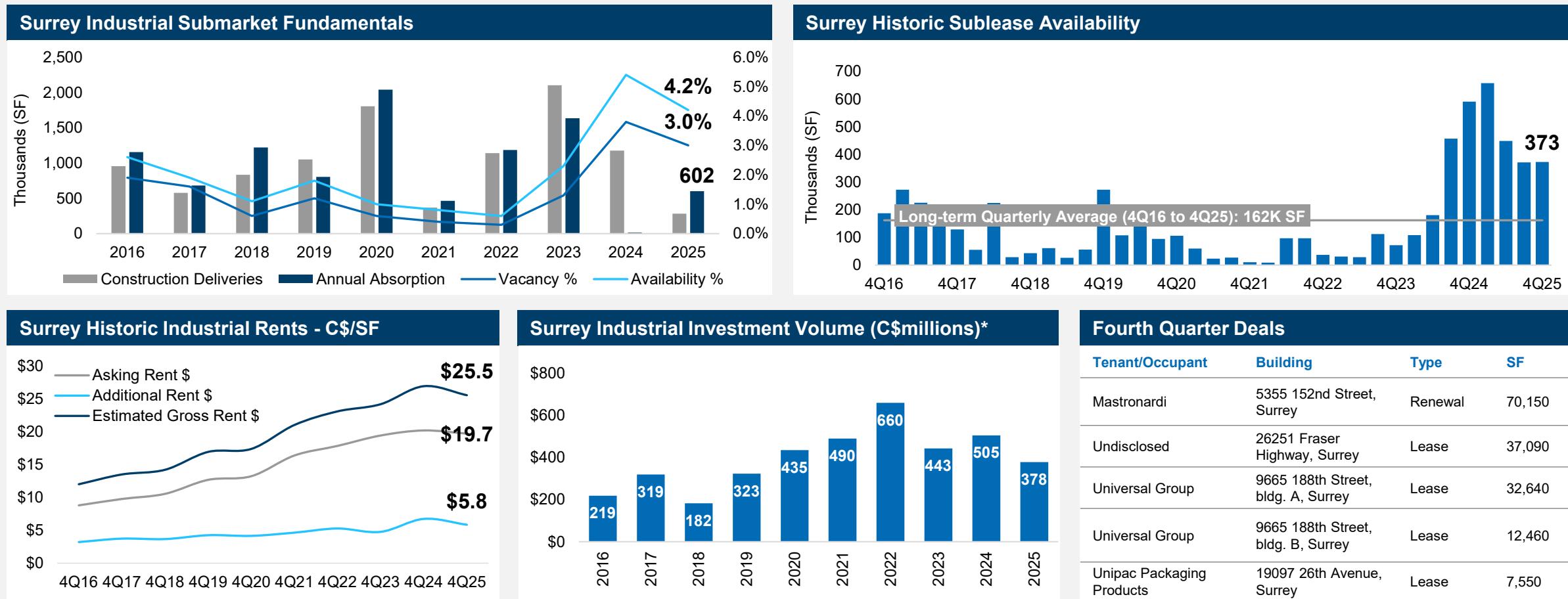
# Richmond, BC

At 48.0 msf of inventory, Richmond is Metro Vancouver's largest industrial submarket. Despite the addition of ~2.1 msf of new supply since 2016, vacancy had been less than 2% since 2017 (and 1% or less from 2021 to 2024) until spiking to 2.9% at year-end 2025. Negative annual absorption of ~764k sf in 2025 – the most in the region – arose in part from the vacancy of Hudson Bay Co.'s former 411,000-sf distribution centre early in the year as well as a slow but steady increase in sublease space availability. After a decade of industrial dominance of the region, Richmond has borne the brunt of the post-pandemic recalibration of Metro Vancouver's industrial market amid the heightened economic uncertainty of 2025.



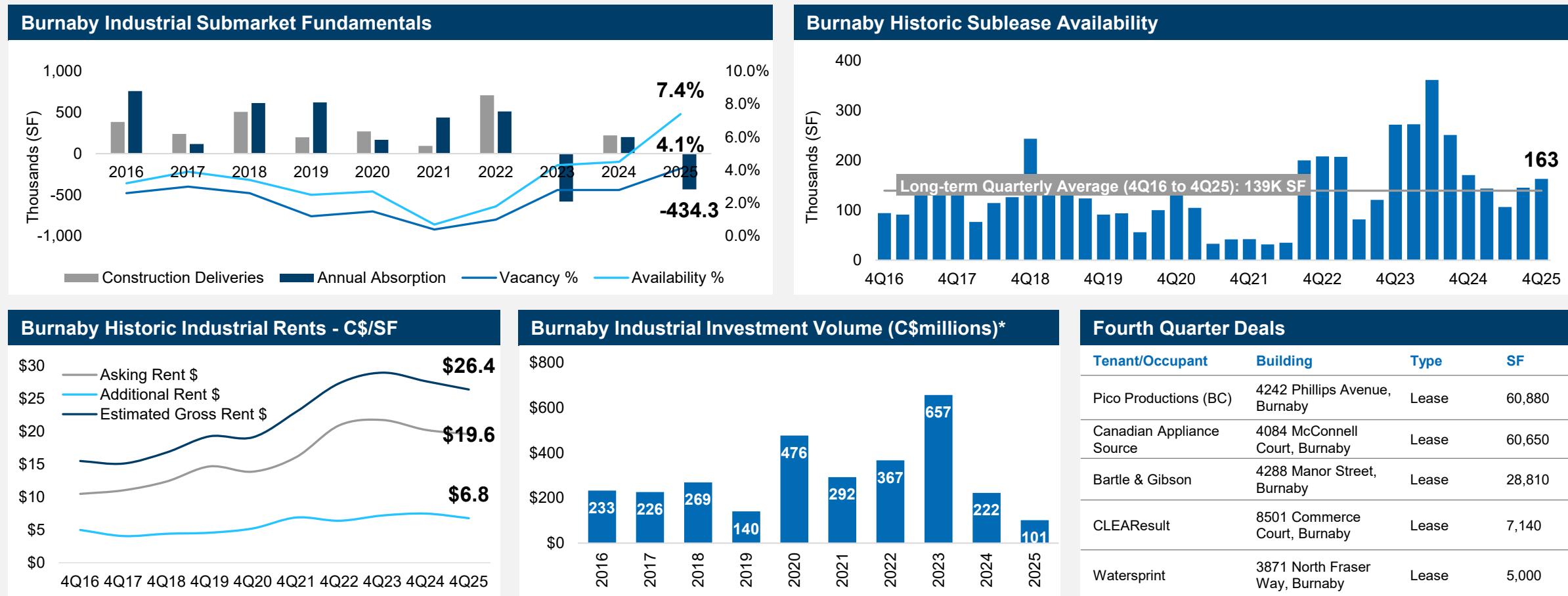
# Surrey, BC

Surrey's rapid expansion was driven by the availability of industrial land and proximity to labour that allowed for ~11.8 msf of new industrial space to be delivered in the 47.6-msf submarket since 2016, a pace that will likely see Surrey surpass Richmond as the region's largest industrial submarket within the next three years. Substantial new supply and anemic leasing activity in 2024 had led to notable increases in both vacancy and availability, but moderate annual absorption in 2025 – which led the region – resulted in both vacancy and availability declining notably from 2024. Elevated sublease availability highlights the ongoing shift in tenant demand as tenants gravitate towards more efficient higher-quality space.



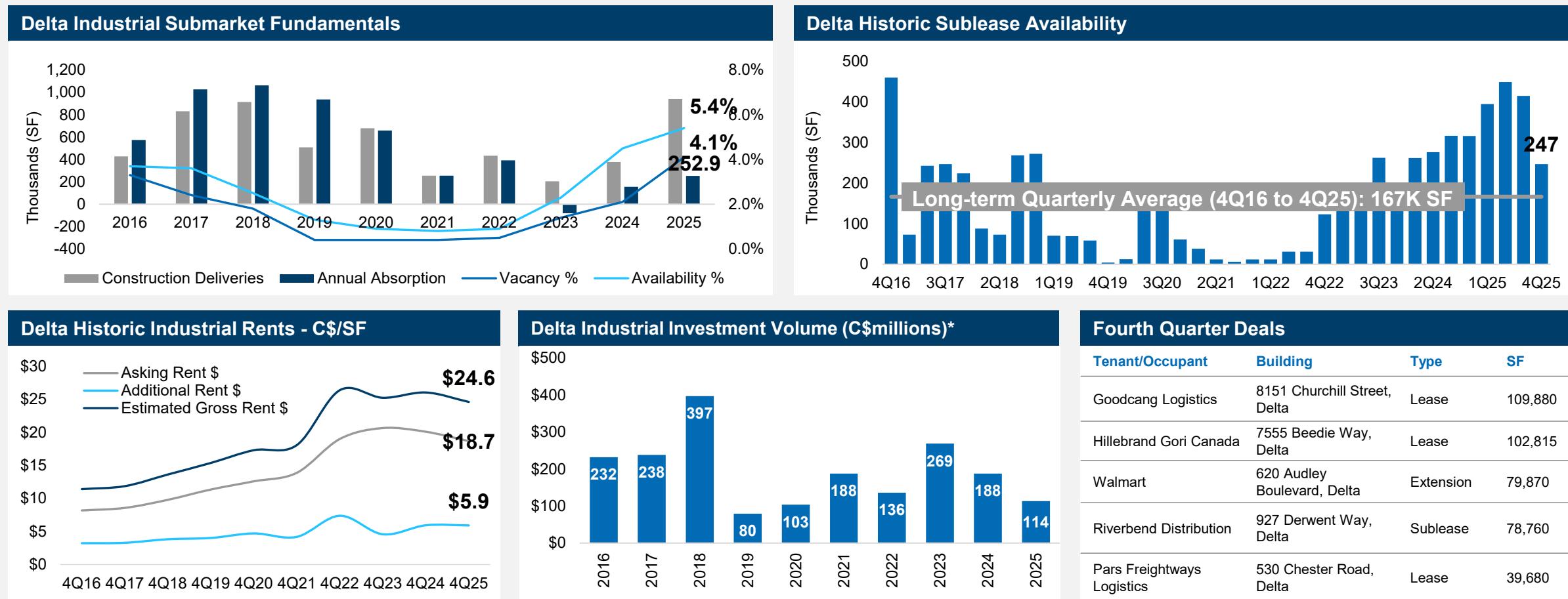
# Burnaby, BC

Burnaby's 33.6-msf inventory is one of the region's original core industrial submarkets. Absorption outstripped new construction most years from 2015 to 2021, which kept vacancy sub-2% from 2019 to mid-2023. Burnaby recorded substantial negative annual absorption in 2025 for the second time in the past three years after several years of substantial positive annual absorption. The decade-high spikes in availability and vacancy in 2025 have been largely attributed to tenants opting to close, downsize and/or relocate with little new supply delivered since 2022. These tenant decisions were underscored by the rapid increase in head lease availability as sublease availability has remained close to the 10-year average.



# Delta, BC

Delta's 33.4-msf industrial submarket largely comprises logistics/distribution uses due to the presence of substantial port and transportation infrastructure. Absorption outstripped new construction from 2015 to 2019 and was closely matched from 2020 to 2022, which contributed to one of the lowest vacancy rates in the region for most of the past decade. Despite recording the highest annual absorption since 2022, substantial new supply in 2025 – the most delivered in a decade – contributed to decade-high spikes in both availability and vacancy. Sublease availability remained elevated at year-end 2025 but was down substantially from mid-2025 as rates softened in an environment of heightened tenant leasing activity.



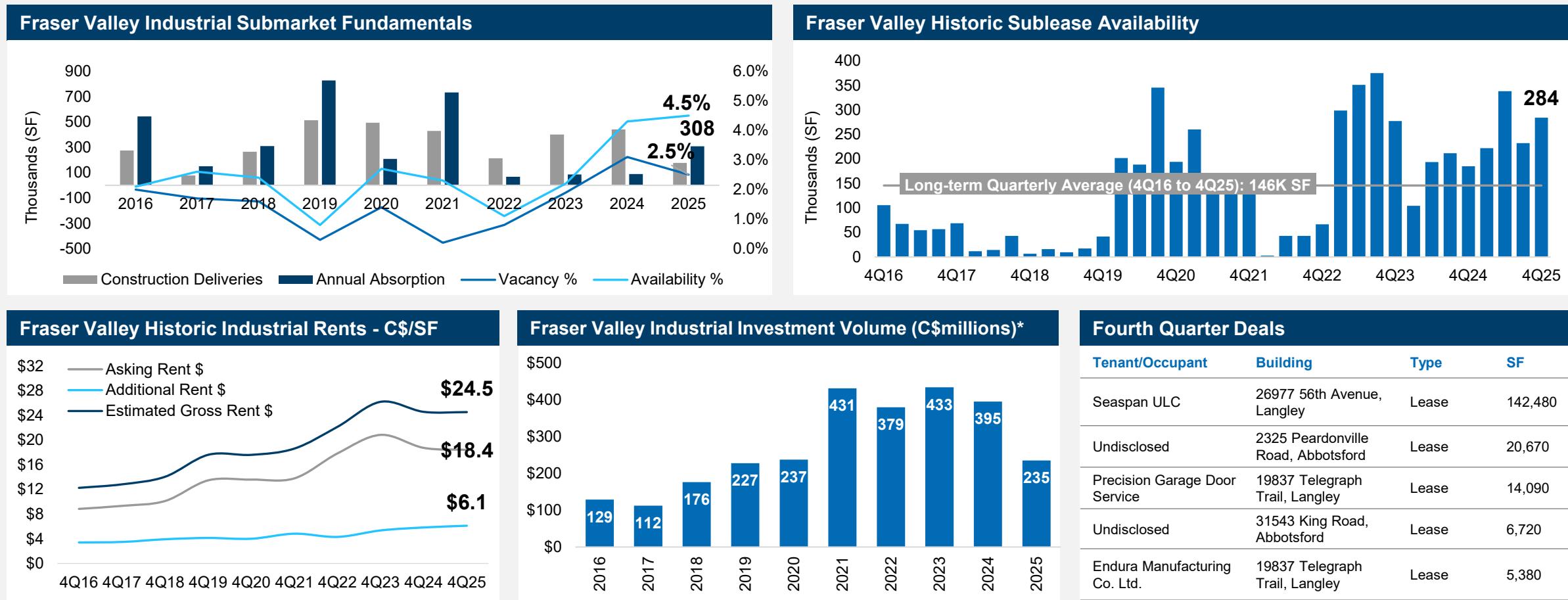
# Vancouver, BC

Industrial space in Vancouver remained under intense redevelopment pressure in 2025 and at 30.2 msf is the smallest of the region's five core industrial submarkets. Industrial development is now mostly limited to small to mid-bay strata units, lab space and mixed-use developments. Vacancy was 3.8% at the end of 2025, up from 3.0% at the end of 2024 as new supply – the least amount delivered since 2022 – was completed in a submarket that captured limited tenant demand from industrial users in 2025. Resultantly, availability hit 5.6%, the highest recorded in the past decade and led to a softening in rates in the region's second-most expensive industrial submarket. Sublease availability remained at near historic levels.



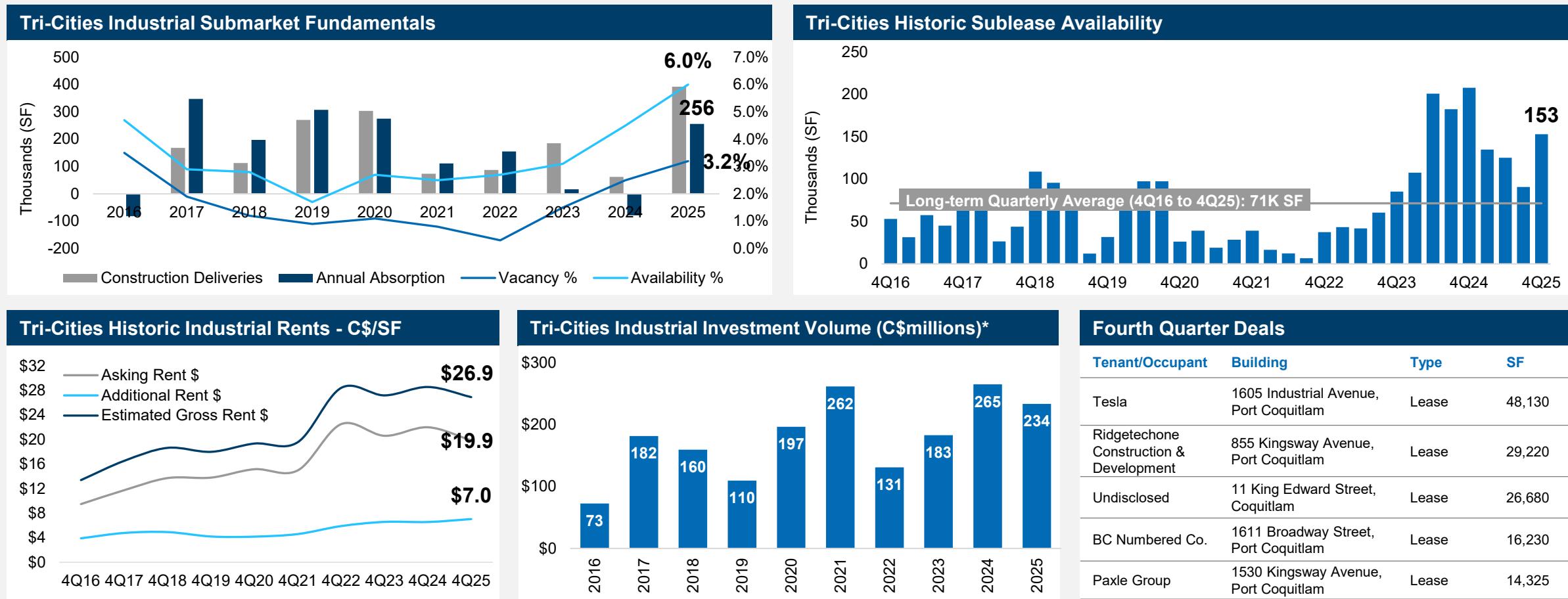
# The Fraser Valley (Abbotsford, Chilliwack & the Langleys)

The 29.7-msf submarket added ~4.4 msf of new space since the end of 2016 with vacancy running at less than 2% from 2017 to 2023. While the Fraser Valley was home to much of the region's new development in the mid-to-late 2010s, anemic annual absorption from 2022 to 2024 combined with moderate amounts of new supply pushed vacancy and availability to levels unseen in a decade. Annual absorption improved somewhat in 2025 as the new supply pipeline narrowed to its lowest total since 2017. Renewed interest in the Fraser Valley in the back half of 2025 led to vacancy falling back to levels last seen in 2023. Sublease availability remained elevated as tenants were drawn to newer premises amid improving availability.



# The Tri-Cities (Coquitlam, Port Coquitlam & Port Moody)

The Tri-Cities' 15.1-msf industrial submarket grew by ~1.2 msf since the start of 2023 as vacancy and availability also climbed in one of the region's typically tightest submarkets. Vacancy had been less than 2% from mid-2018 through 2023 but has risen notably since and reached 3.2% at year-end 2025, up from 2.5% at the end of 2024 but down 50 basis points from mid-2025. The decline in vacancy in the back half of the year occurred as a result of the most annual absorption recorded in the Tri-Cities since 2020; however, the delivery of the most new supply in the past decade contributed to heightened availability and a softening of rates. Sublease availability in the Tri-Cities reached its highest point since the end of 2024.



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