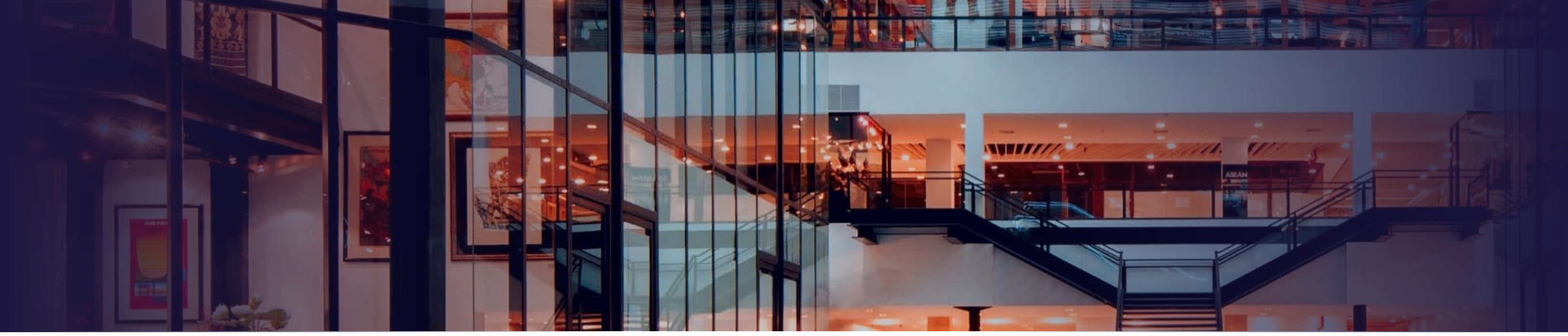
MARKETBEAT

VANCOUVER

RETAIL MID-YEAR 2026



MARKET FUNDAMENTALS

	YOY Chg	Outlook
1.69M Vancouver Employment	▼	—
6.7% Vancouver Unemployment Rate	▲	—
6.6% Canada Unemployment Rate	▼	▼

Source: Statistics Canada

ECONOMIC INDICATORS

	YOY Chg	Outlook
-1.0% Real GDP Growth	▼	▲
2.8% Consumer Price Index	▲	▼
0.05% Retail Sales Growth* YTD 2025 vs. YTD 2026	—	▲

Source: Statistics Canada, Moody's Analytics

CONSUMER RESILIENCE OFFSETS ECONOMIC AND TRADE CHALLENGES

British Columbia's economy is expected to post modest growth of 0.5% in 2026, with the housing market, population growth rates, immigration and the ongoing North American trade disputes acting as headwinds. Consumer spending remains supportive, with retail activity increasing 3.4% year-over-year (YOY) in May 2026. However, the continued prevalence of the K-shaped economy is creating a bifurcated market in which both necessity-based and luxury goods outperform, while mid-market discretionary categories face greater pressure. This dynamic is expected to persist as higher-income households remain relatively resilient, while cost-conscious consumers continue to prioritize necessity-based spending. *Source: C&W Research, Statistics Canada and TD Economics*

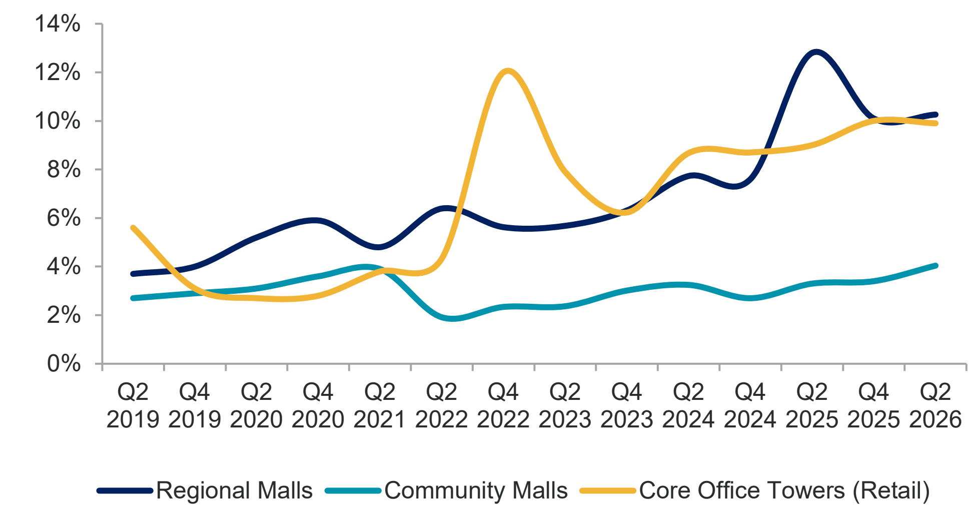
STRONG LEASING ACTIVITY SUPPORTS REGIONAL MALL STABILIZATION

The downtown Vancouver retail market remained resilient in the first half of 2026, with retail vacancy in office towers holding steady at 9.9%. While vacancy remained unchanged, leasing activity continued in the luxury and food and beverage segments. Notable activity included Cartier's relocation to the Burrard luxury retail node, the arrival of A Bathing Ape to the Vancouver market, Brunello Cucinelli's expansion, and the upcoming opening of Los Angeles-based breakfast concept Eggslut, highlighting continued tenant interest in prime downtown locations. The FIFA World Cup 2026 provided a temporary boost to the downtown retail sector, driving higher tourism, increased pedestrian traffic, and stronger spending at restaurants, bars and entertainment-oriented retailers.

Overall retail vacancy in Community Malls* rose to 4.0% in the first half of 2026, up 60 basis points (bps) from year-end 2025 and 70 bps from the 3.4% reported at mid-year 2025. The increase was primarily driven by the 28,000 square feet (sf) vacancy created by London Drugs' departure from West Oaks Shopping Centre in Abbotsford.

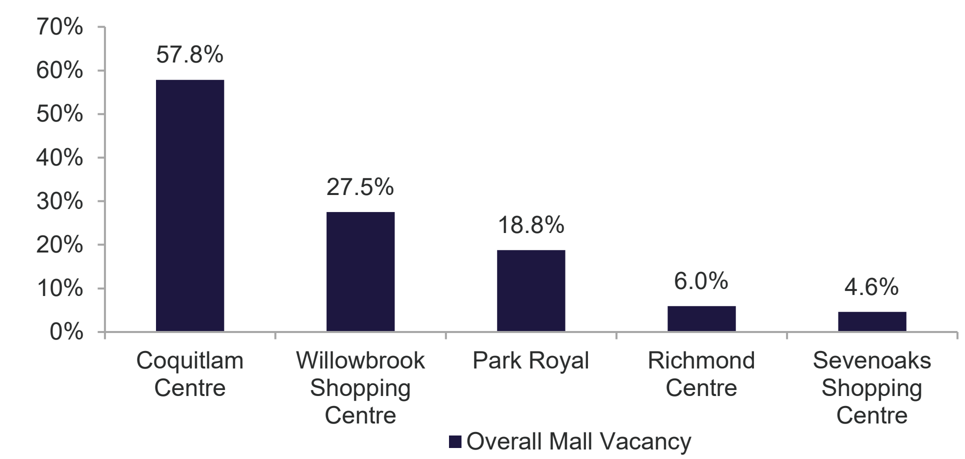
Regional Malls** vacancy remained elevated following several large move-outs over the past year, including Hudson's Bay (HBC), but continued to trend downward, declining to 10.3% in the first half of 2026 supported by strong leasing activity. While several of the ten former HBC locations remain available, backfilling has begun at select centres. The largest move-in during the period was Urban Planet's 132,000-sf occupancy across the upper and lower levels of the former HBC space at Sevenoaks Shopping Centre, although the former 107,000-sf Sears space remains vacant. In Delta, Saks OFF 5TH leased approximately 33,000 sf of the former Designer Depot space. These transactions, along with additional leasing activity, contributed to positive net absorption of 83,000 sf during the first half of 2026. Leasing activity also continued at Park Royal, where the former Steve Nash Fitness World space has been leased (tenant confidential), with occupancy expected next year, supporting future positive absorption. In addition, a fitness operator has been secured for the former HBC space at Willowbrook Shopping Centre in Langley. The former HBC space at Park Royal, however, remains available for lease.

OVERALL VACANCY



**Community Malls: 65 locations, 110k sf-375k sf*
***Regional Malls: 27 locations, 375k sf+*

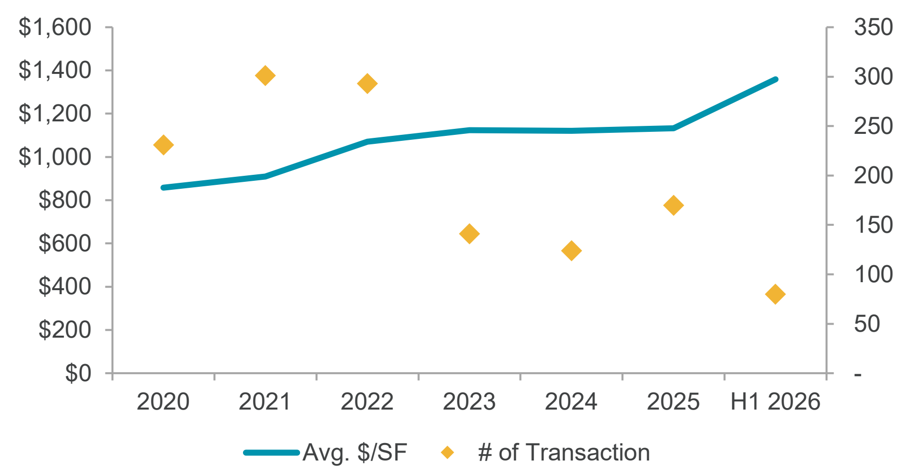
REMAINING HBC EXPOSURE BY SELECT MALLS



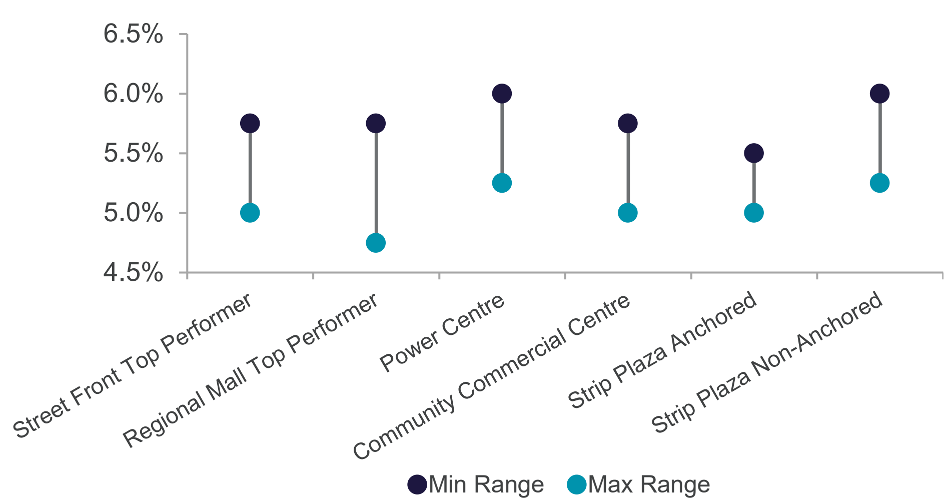
VANCOUVER, BC
RETAIL MID-YEAR 2026

INTEREST RATES VS AVG. SALE PRICE/PSF (Freehold)

STRATA SALES



CAP RATE RANGE BY RETAIL TYPE



RETAIL INVESTMENT REMAINS SELECTIVE AS QUALITY ASSETS OUTPERFORM

Following the Bank of Canada's rate cuts, the policy rate declined to 2.25% by year-end 2025, improving borrowing conditions and gradually restoring buyer confidence. However, pricing continued to be driven by transaction-specific factors rather than a broad market repricing. Average sale prices per square foot (psf) remained volatile, reflecting a relatively small transaction pool and the influence of several trophy asset sales. Notable transactions included Aquilini's $55.0M purchase of the retail podium at 1101-1133 Alberni Street, underscoring continued confidence in Vancouver's luxury retail market and Onni Group's acquisition of the former HBC building on Granville Street for $112.5M ($182 psf) - the largest retail transaction of the first half of 2026. Given the property's scale, heritage façade and redevelopment potential, the HBC sale is considered an exceptional transaction rather than a benchmark for the broader market. Institutional investors also remained active, highlighted by W. P. Carey's sale-leaseback transaction with Go Auto, which included six dealership properties across Greater Vancouver. In addition, first-half 2026 sales volume was inflated by approximately $188.6M in casino transactions, which, while included in the data, are not representative of the traditional retail investment market.

RETAIL STRATA SALES: PRICING DRIVEN BY LEGACY SALES

Retail strata sales totaled $155.4M across 80 transactions in the first half of 2026. While average sale pricing continued to trend upward, reaching $1,359 psf, transaction activity remained subdued relative to recent years, indicating that pricing is being influenced by a limited number of higher-value closings rather than a broad recovery in market demand. Much of the reported pricing reflects the completion of presale transactions negotiated when market conditions were stronger. At the same time, asking prices for actively marketed units continued to decline, underscoring the gap between completed transactions and current market realities. Incentives offered on certain transactions may also not be fully reflected in reported sale prices.

Investor activity remains constrained by elevated borrowing costs, with medical and service-oriented owner-users continuing to drive much of the demand. Consequently, pricing has become increasingly asset-specific, with newer, well-located, high-quality product generally outperforming older inventory, which faces a more competitive leasing and sales environment. Looking ahead, new retail strata supply is expected to remain limited as fewer mixed-use strata projects advance and more developments shift toward rental tenure.

INVESTOR DEMAND FOR HIGH-QUALITY RETAIL SUPPORTS STABLE CAP RATES

Retail cap rates remained stable in the first half of 2026, as strong investor demand for top-performing assets supported valuations across property types. Cap rates ranged from 4.75% to 5.75% for premier regional malls, 5.00% to 5.75% for high-performing street-front retail and community commercial centres and 5.25% to 6.00% for power centres and non-anchored strip plazas. Anchored strip plazas continued to attract strong investor interest, supported by demand for necessity-based retail and stable tenant performance, with cap rates ranging from 5.00% to 5.50%. Overall, investors remained focused on high-quality, well-located assets with predictable income streams..

OUTLOOK

- Transaction activity is expected to remain focused on existing assets as limited new inventory comes to market. Improved financing conditions and more aligned buyer and seller expectations should support a gradual recovery in investment activity. However, uncertainty surrounding CUSMA negotiations and broader economic uncertainty may weigh on retailer expansion plans and capital deployment.
- As discretionary spending declines, food and beverage is expected to remain a key driver of retail demand. Consumers continue to prioritize experience, frequency and value, supporting expansion in quick-service and premium casual concepts. Franchise-driven brands, including Dairy Queen, burrito concepts and other QSR operators, remain active, with quick-service restaurants currently among the strongest sources of retail demand. Drive-thru locations continue to perform well, reflecting the limited supply of suitable sites. At the same time, retailers are taking a more disciplined approach to expansion, focusing on store efficiency and cost management through strategies such as downsizing, reconfiguring existing locations and being more selective in their leasing decisions. Full-service restaurants continue to adjust to tighter margins and more selective demand.

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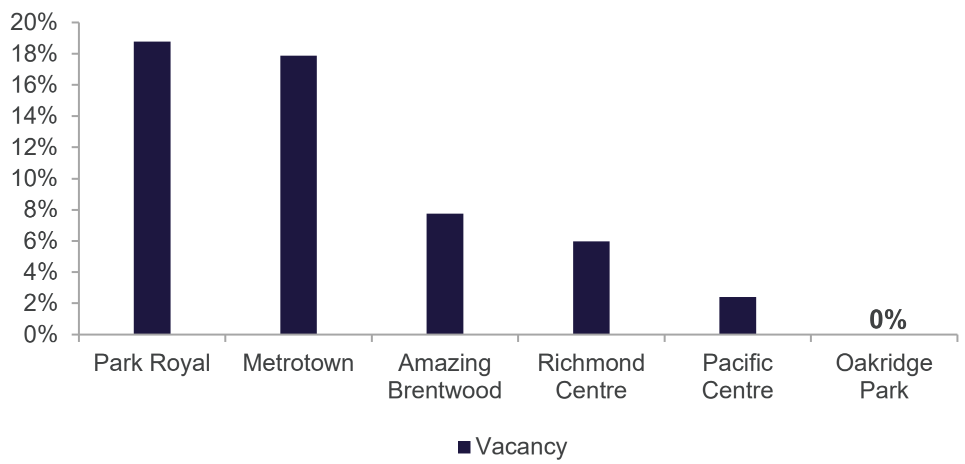
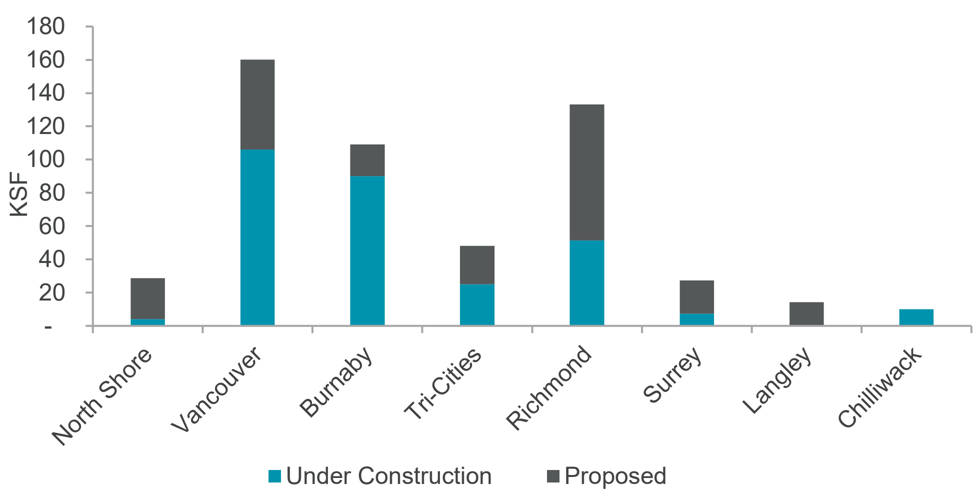
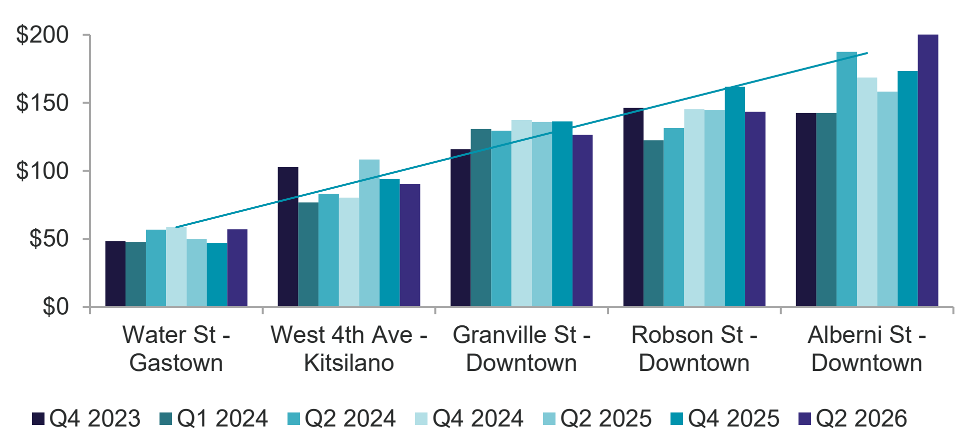
MAJOR MALLS VACANCY COMPARISON



NEW DEVELOPMENTS – MAJOR PROJECTS



ASKING NET RATES – HIGH STREET RETAIL



DEPARTMENT STORE CLOSURES RESHAPE MALL SPACE

Vacancy across Metro Vancouver's six major malls remains limited overall, although HBC's closures have increased vacancy at Park Royal, Metrotown and Richmond Centre, creating several large blocks of available space. The recent Eddie Bauer bankruptcy further underscores the structural challenges facing many mid-tier retailers. Despite these vacancies, quality retail space in prime locations remains scarce, with elevated rents and limited options for retailers, including international entrants, seeking large footprints.

At the same time, former department store spaces present opportunities to introduce more experiential and community-oriented uses, including fitness centres, childcare facilities and other service-based retailers. Oakridge Park, Metro Vancouver's newest luxury retail destination, is fully leased across its completed phases, with additional tenants expected to open in the coming months. The centre has emerged as a strong alternative to Alberni Street, combining a broader retail mix with dining, lifestyle amenities and excellent accessibility.

The Nordstrom closure at Pacific Centre created a rare repositioning opportunity within one of Canada's top-performing malls. Anchored by flagship stores from Aritzia and Simons, the redevelopment is one of Canada's largest large-format retail backfills and is expected to support the continued revitalization of the Granville Street corridor.

RETAIL DEVELOPMENT REMAINS SELECTIVE

Rising costs in construction and labour continue to reshape retail development across Greater Vancouver, increasing development costs and driving higher rent requirements and placing greater pressure on retailer margins. As a result, necessity-based retail remains the most resilient segment of the market.

Development activity is becoming increasingly selective. While some developers are choosing to lease existing space rather than pursue new retail projects, others continue to move forward with mixed-use lifestyle developments. One example is Andmar in Chilliwack, which is expected to become the primary shopping and dining destination for Promontory Heights. Development activity continues to be driven by both new mixed-use retail projects, including King George Hub, Fremont Village, The Amazing Brentwood, and the redevelopment of existing shopping centres such as Burquitlam Plaza, Lansdowne Centre and Richmond Centre into higher-density mixed-use communities.

PRICING: MIXED PERFORMANCE ACROSS PRIME HIGH STREETS

Along Robson Street, the leasing of several high-profile vacant spaces with asking rates of up to $300 psf in the first half of 2026 reduced premium availability. As a result, the average asking rate declined 11.4% from year-end 2025 to $143.50 psf, broadly in line with mid-2025 levels. Alberni Street maintained the highest asking rate at $210.00 psf with historically low vacancy, up 21.2% from year-end 2025 and 32.6% YOY. West 4th Avenue declined 4.1% from year-end 2025 to $90.11 psf, with asking rents ranging from approximately $55 psf between Burrard and Arbutus to as high as $145 psf between Arbutus and Vine, reflecting stronger demand at the western end of the corridor. After nearly two years of stability, Water Street asking rates increased 20.9% to $57.00 psf, driven by the addition of refined, premium spaces, while Granville Street declined 7.2% to $126.52 psf.

OUTLOOK

- The return of large vacant blocks to the market, including former Hudson's Bay spaces, is expected to create a more competitive leasing environment. Performance will increasingly be driven by asset quality, location and retail format, with well-positioned centres continuing to outperform. The availability of large-format space also presents a rare opportunity to attract major retailers pursuing expansion opportunities in the Canadian market.
- 2026 is expected to be a year of normalization rather than contraction. Growth is expected to continue at a more disciplined pace, with retailers becoming more selective, operators more cautious and landlords placing greater emphasis on repositioning space that no longer aligns with demand.
- Downtown Vancouver is expected to benefit from ongoing public realm investment and revitalization initiatives, with the success of FIFA-related pedestrian zones and new City planning policies supporting long-term foot traffic, retail demand and future neighborhood-serving retail development.
- Retailers have continued to perform well, with strong demand for well-located retail space and limited new supply contributing to upward pressure on lease rates.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	TOTAL BUILDINGS	DIRECT VACANT (SF)	OVERALL VACANCY RATE	VACANCY CHANGE YOY (BPS)	H1 2026 ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)
Regional Malls	16,234,194	27	1,550,636	10.3%	+60	83,304	83,304
Community Malls	12,380,869	65	489,337	4.0%	+70	-43,378	-43,378
Core Office Towers (Retail)	1,277,746*	72	126,796	9.9%	+90	8,703	8,703
VANCOUVER TOTALS	**29,892,809**	**164**	**2,166,769**	**8.1%**	**+220**	**48,629**	**48,629**

Regional Malls: 27 locations, 375k sf+
Community Malls: 65 locations, 110k sf-375k sf

**Note: An inventory audit was completed, resulting in a revision of the H2 2025 vacancy rate to 10.0%, compared with previously reported 9.3%.*

KEY LEASE TRANSACTIONS H1 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Pacific Centre	Vancouver	La Maison Simons	92,000	Headlease
Oakridge Park	Vancouver	Altea Active	54,000	Headlease
9680 201 Street	Langley	Big Box Outlet	36,000	Headlease
Vancouver Centre	Vancouver	London Drugs	30,010	Renewal
8765 Ash Street	Vancouver	Willowbrae Child Care Academy	26,446	Headlease
Willowbrook Shopping Centre	Langley	Fitness Tenant (TBA)	25,000	Headlease
3328 Kingsway	Vancouver	88 Supermarket	22,800	Headlease
1420 Fell Avenue	North Vancouver	Value Village	19,258	Headlease
28728 Fraser Hwy	Abbotsford	RONA	17,000	Renewal
2633 Sweden Way	Richmond	La-Z-Boy	14,721	Headlease
2155 Allison Rd	Vancouver	TRAIN by Fitness World	12,314	Headlease
7900 Evans Rd	Chilliwack	Habitat For Humanity ReStore	11,972	Renewal
Tsawwassen Mills**	Delta	Muji	10,802	Headlease

KEY SALES TRANSACTIONS H1 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
HBC Building	Vancouver	RioCan REIT & HBC Company / Onni Group	617,628	$112.5M / $182
Great Canadian Casino	Coquitlam	Great Canadian Gaming Corp. / Petroglyph Development	106,000	$108.5M / $1,024
5600 & 5680 Parkwood	Richmond	Go Auto / W.P. Carey	202,250	$106.7M / $527
The Hotel at River Rock	Richmond	Great Canadian Gaming Corp. / River Rock Hotel Ltd.	92,246	$80.1M / $868
1101-1133 Alberni Street	Vancouver	Brookfield Asset Management / Aquilini Investment Group	40,996	$55.0M / $1,342
5840 Minoru Boulevard	Richmond	1115732 BC Ltd / Richmond Minoru Holdings Ltd	48,635	$31.6M / $650
1751 & 1881 United Blvd.	Coquitlam	Mike Priestener Real Estate Inc./ Red Barchetta I Nominee III	31,417	$21.7M / $690
20622 Langley Bypass	Langley	Go Auto / W.P. Carey	31,228	$20.1M / $644

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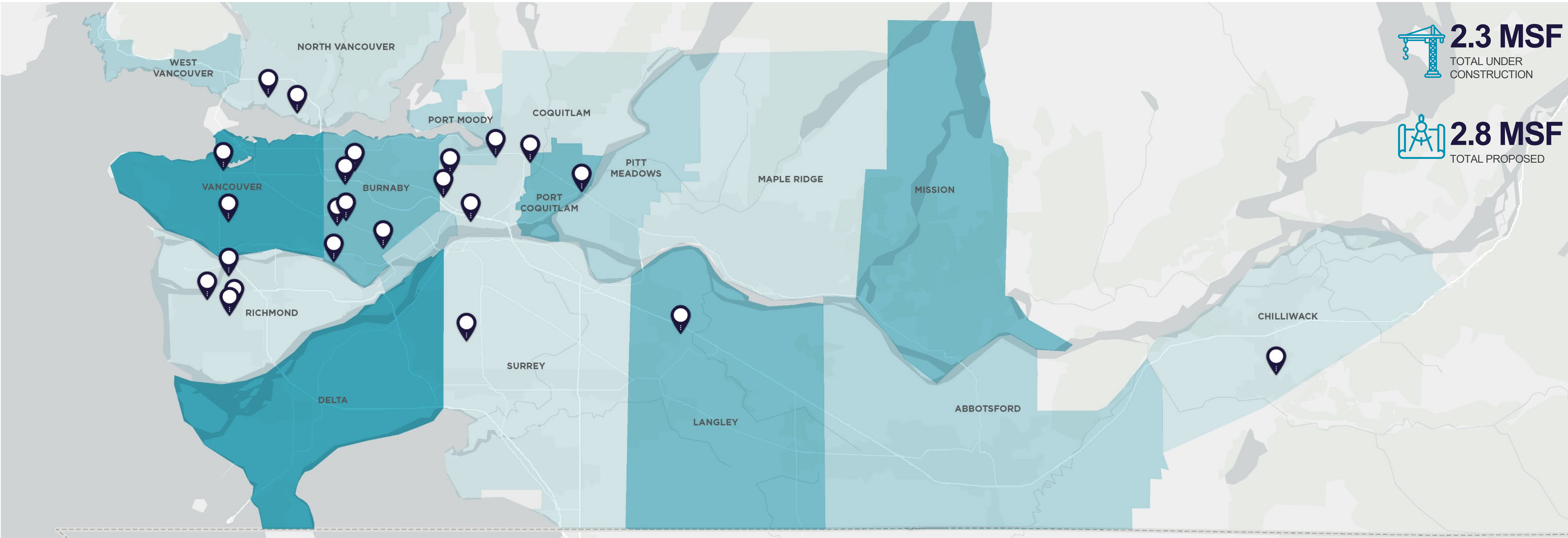
LARGE SCALE NEW DEVELOPMENTS



PROJECT NAME	North Harbour	Oakridge Park	Sen̓áḵw	Concord Metrotown	Richmond Centre	Andmar	The City of Lougheed	The Amazing Brentwood	Fremont Village	Southgate City	Kwasen Village	ViewStar	Blake Village	Georgetown	The Grove
Estimated Completion	2026	2026-2027	2026-2033	2027-2030	2026	2026-2027	2028	2028	2028	2028-2035	2030	2030	2032	2032	2035
Total Retail Inventory, sf	40k	850k	106k	500k	500k	100k	121k	250k	153k	116k	135k	14k	47k	74k	51k
Submarket	North Vancouver	Vancouver	Vancouver	Burnaby	Richmond	Chilliwack	Burnaby	Burnaby	Port Coquitlam	Burnaby	Burnaby	Richmond	Burnaby	Burnaby	Burnaby
Project Status	U/C	U/C	U/C	U/C	U/C	U/C	U/C	U/C	U/C	U/C	U/C	U/C	Proposed	Proposed	Proposed
Developer	Concert Properties	Quadreal	Squamish Nation & Westbank	Concord Pacific	CF & SHAPE	Andmar Development	SHAPE	SHAPE	Onni	Ledingham McAllister	Aquilini	Yuanheng	Peterson	Anthem Properties	Aoyuan Property

PROJECT NAME	Sector 128 BP	Burquitlam Plaza	Townline Crossing	Tri-Cities Central	4141 Lougheed	4545 W 10th Ave	Fraser Mills	Lansdown Centre	Brighouse West BP	Garibaldi at Squamish	Capilano Mall	Jericho Lands
Estimated Completion	2028+	2030+	2030+	2030+	2030+	2030+	2033+	2033+	2033+	2033+	2033+	2033+
Total Retail Inventory, sf	200k	85k	142k	70k	190k	41k	99.6k	700k	118k	250k	202k	250k
Submarket	Surrey	Coquitlam	Langley	Coquitlam	Burnaby	Vancouver	Coquitlam	Richmond	Richmond	Squamish	North Van	Vancouver
Project Status	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
Developer	Alavair Development	Morguard Investments	Lorval Developments	Marcon & Quadreal	Millennium Properties	BentallGreenOak	Beedie	Bosa Properties	Keltic Canada	Aquilini Investments	Quadreal	MST Development