MARKETBEAT
VANCOUVER
CAPITAL MARKETS MID-YEAR 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.2% Overall Avg. Cap Rate	▲	—
$1.78B Total Volume (CAD)	▼	—
149 Total Transactions	▼	—

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.69M Vancouver Employment	▼	—
6.7% Vancouver Unemployment Rate	▲	—
6.6% Canada Unemployment Rate	▼	▼
3.38% Canada 10-Yr Treasury Yield (Jun. 2026)	—	▲

Sources: Statistics Canada, BoC and C&W Global Research

ECONOMY: MACRO ENVIRONMENT PROPPING UP RATES

Rates are a dominant force shaping B.C.'s capital markets through mid-2026. The Bank of Canada (BoC) held rates at 2.25% for a sixth consecutive meeting providing stability for borrowers, but still no relief. This reflects a delicate balancing act, with inflation running near 3.0%, driven largely by energy prices tied to the conflict in the Middle East and the ongoing trade dispute in North America, with core inflation landing closer to 2.0%. Given this, there is a real possibility of rates staying where they are as the BoC retains optionality moving forward. This backdrop reinforces disciplined underwriting and pricing, without a meaningful decline in bond yields and the cost of debt, will likely limit cap rate compression.

INVESTMENT SALES EASE AMID ONGOING BUYER-SELLER DISCONNECT

In the first half of 2026, market dynamics continued to reflect the lingering effects of the interest rate tightening cycle that began in 2022. While borrowing costs had eased to 2.25% by the end of 2025 and held steady through H1 2026, lower interest rates alone have not been enough to unlock significantly more deal flow. A persistent gap between buyer and seller pricing expectations continued to limit transaction activity as many owners remained reluctant to sell at valuations below prior peak levels.

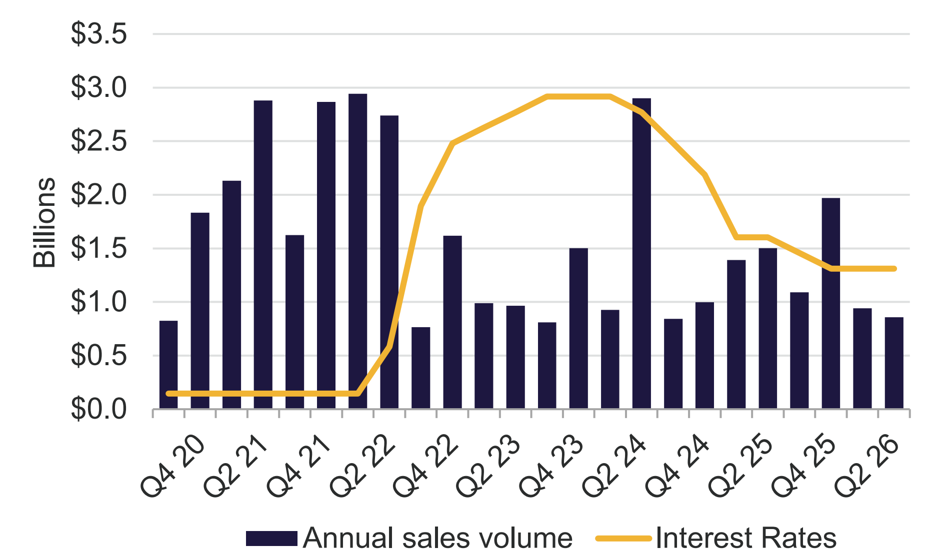
Investment sales totaled $857M in Q2 2026, down 9.0% quarter-over-quarter (QOQ), compared with $1.97B recorded in Q4 2025, the highest quarterly total since Q2 2024. Compared with H1 2025, investment volume in H1 2026 declined by 38.0%, from $2.89B to $1.78B. H1 2026 volume was supported by several significant transactions, including the sale of the Oceanic Plaza office building earlier in the year and the sale of the iconic Hudson's Bay retail building in Q2 2026. Similar to last year, the top H1 2026 sales transactions demonstrated continued investor interest in large-scale, high-profile assets across a range of property types.

Industrial sales remained steady through the first half of 2026, albeit at lower volumes than in H1 2025. Similarly, multifamily activity recorded lower volumes compared with the same period last year. Retail freehold sales strengthened, reaching $424M in Q2 2026, while office activity remained limited following the elevated sales volume recorded in late 2025, largely driven by the $1.2B sale of the Post.

Across all major sectors, sales volume in H1 2026 remained below year-ago levels, with office (-49.0%), industrial (-57.8%), multifamily (-37.2%) and ICI land (-77.4%) posting significant declines. The retail sector was the lone exception recording a modest 6.4% increase and accounting for the largest share of investment activity.

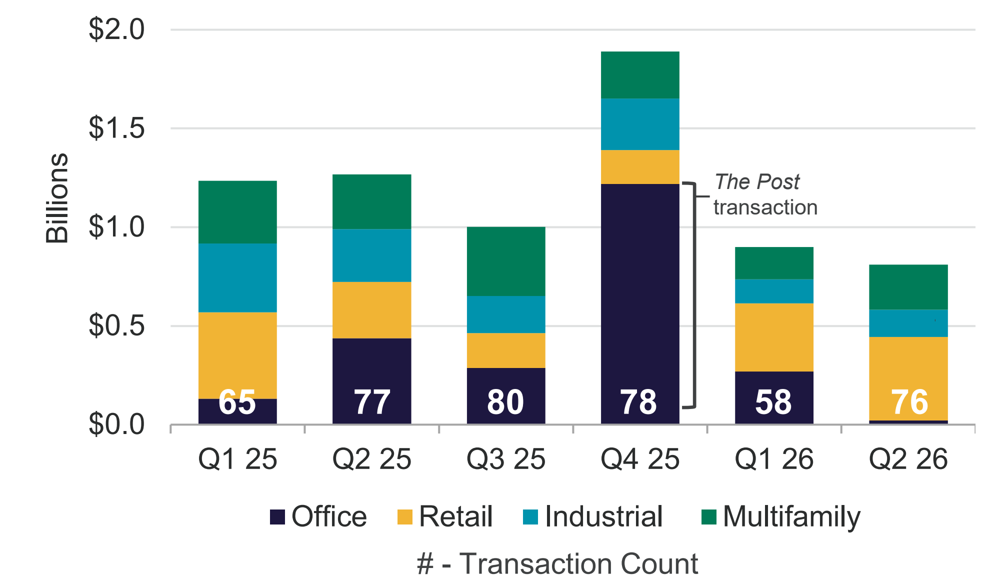
As for the number of transactions in Q2 2026, retail, once again, recorded the highest transaction count. Buildings above 10,000 square feet (sf) represented most of the sales activity, accounting for 88% of total sales volume.

TOTAL INVESTMENT SALES VOLUME (FREEHOLD)*



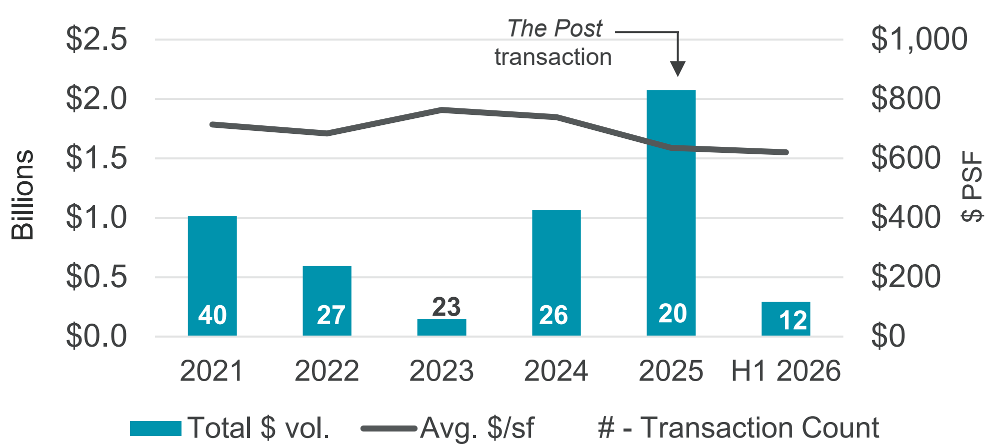
Office, Retail, Industrial and Multifamily

INVESTMENT FREEHOLD SALES BY SECTOR



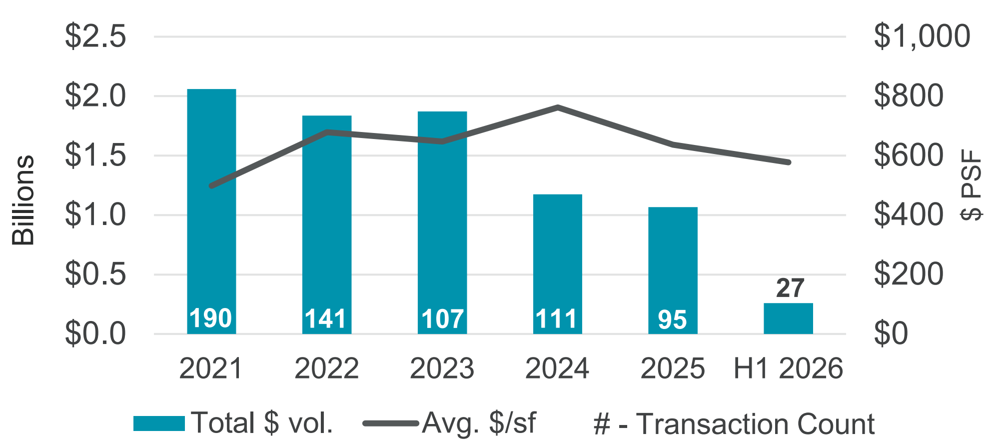
VANCOUVER
CAPITAL MARKETS H1 2026

Office Building Sales 2021 - H1 2026



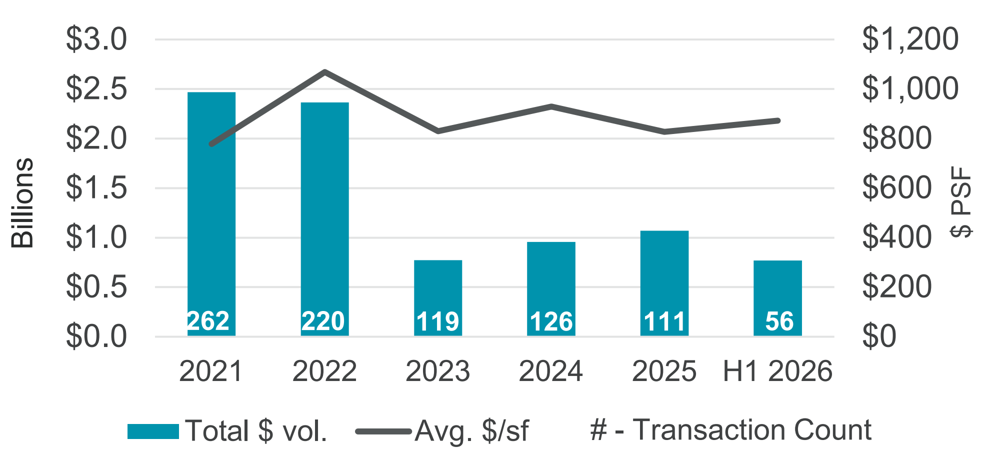
Area: Metro Vancouver

Industrial Property Sales 2021 - H1 2026



Area: Lower Mainland

Retail Property Sales 2021 - H1 2026



Area: Lower Mainland

OFFICE SALES: PRICING RESET AND SELECTIVE ACTIVITY

Office sales activity remains constrained by a disconnect between buyer and seller pricing expectations where assessed values continue to influence vendor pricing. Many owners remain unwilling to adjust asking prices downward, while buyers have shown little urgency to increase bids, preferring to wait for opportunities that align with their target pricing. As a result, market pricing is expected to reset gradually, with isolated transactions occurring at lower values before establishing new benchmarks and ultimately leading to a lower market equilibrium.

After reaching a peak in total office building sales in 2025, largely skewed by the Post transaction, sales totaled approximately $290M across 12 transactions in H1 2026, indicating a significant moderation in activity following the elevated 2025 volume. Average pricing declined to approximately $621 per square foot (psf) in H1 2026, continuing the downward trend from the 2023-2024 range.

Despite the overall slowdown, well-located, high-value trophy assets continue to attract investment as demonstrated by transactions such as Oceanic Plaza, highlighting continued investor interest in well-located, high-quality assets. Softer pricing has created opportunities for selective investors, but transaction activity remains limited as buyers continue to assess office fundamentals and repositioning opportunities.

INDUSTRIAL SALES SLOW AMID PERSISTENT BID-ASK SPREADS

Freestanding industrial sales volume totaled approximately $260M in H1 2026, with $53.3M attributed to the 106,100-sf sale of 5085 North Fraser Way. Sales volume declined 57.8% year-over-year (YOY), the second largest decrease among the major property sectors. Transaction activity also slowed considerably, with 27 sales totaling 531,000 sf, down from 53 transactions in H1 2025.

With transaction activity remaining limited, broader market trends are difficult to assess. Ongoing valuation gaps, capital constraints and economic uncertainty continued to temper investor activity, while owner-user demand remained selective amid tariff-related pressures, keeping transaction volumes below historical norms.

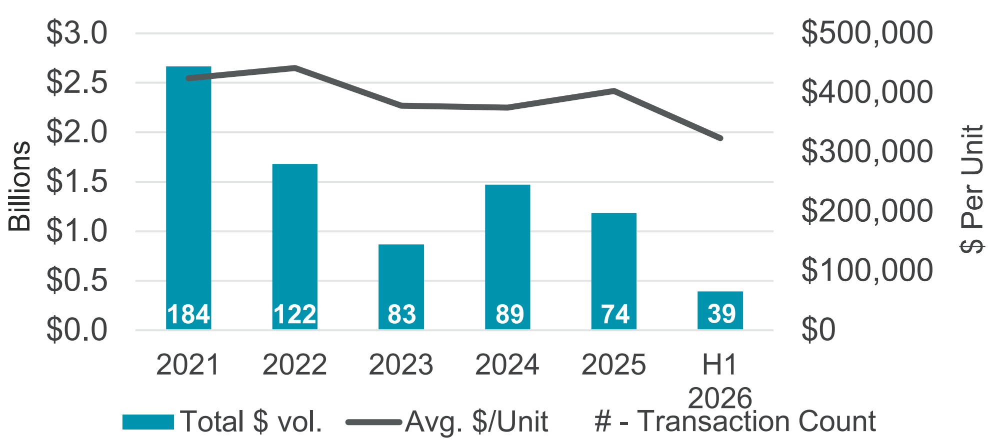
RETAIL GROWTH DRIVEN BY LANDMARK SALE TRANSACTIONS

Retail was the only major sector to record growth in H1 2026, with sales volume increasing 6.4% YOY to $768M. Pricing continued to be driven by transaction-specific factors rather than a broad market repricing. Average sale prices remained volatile, reflecting a relatively small transaction pool and the influence of several trophy asset sales. Examples included Aquilini's purchase of 1101-1133 Alberni Street, underscoring continued confidence in Vancouver's luxury retail market and Onni Group's acquisition of the former HBC building - the largest retail transaction of the first half of 2026. Given its scale, heritage façade and redevelopment potential, the HBC sale is considered an outlier rather than a market benchmark. Institutional investors remained active and while $188.6M in casino transactions boosted H1 2026 sales volume, they did not reflect traditional retail investment activity.

OUTLOOK

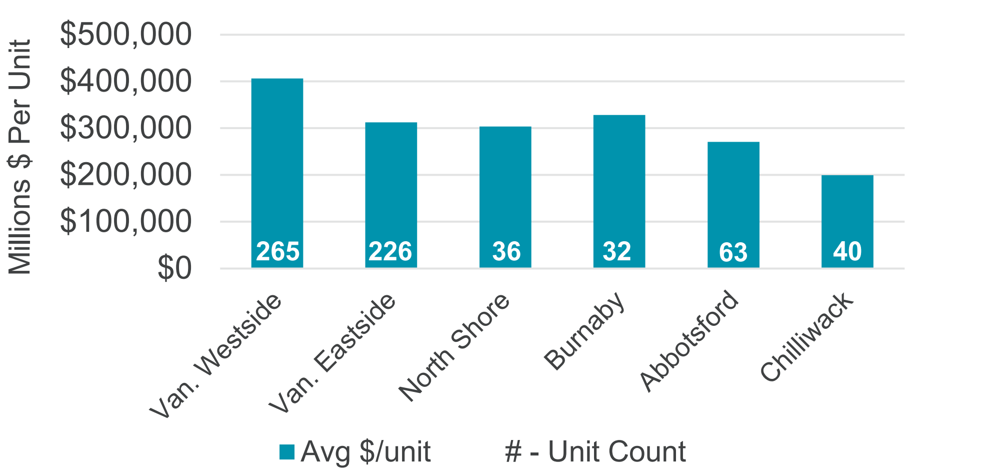
- Office market conditions remain challenging as elevated vacancy rates, slower leasing activity and ongoing economic and geopolitical uncertainty continue to dampen investment activity and place downward pressure on values.
- Industrial demand remains anchored by strategic investors and owner-operators with stable fundamentals, while discretionary buyers remain cautious amid economic uncertainty. Although transaction volumes are still limited, 2026 is shaping up to be favourable for buyers able to find the right space. Uncertainty surrounding the potential 50% tariffs remains a key headwind, contributing to longer decision-making timelines and a more selective acquisition environment.
- Retail transaction activity is expected to remain focused on existing assets as new supply remains limited. Improving financing conditions and greater alignment between buyers and sellers should support a gradual recovery in transaction activity. Food, drug and liquor-anchored properties are expected to remain particularly active, reflecting continued investor demand for necessity-based retail assets. However, uncertainty surrounding CUSMA negotiations and the broader economic outlook may temper retailer expansion and investment decisions.

Multi-Family Property Sales 2021 - H1 2026

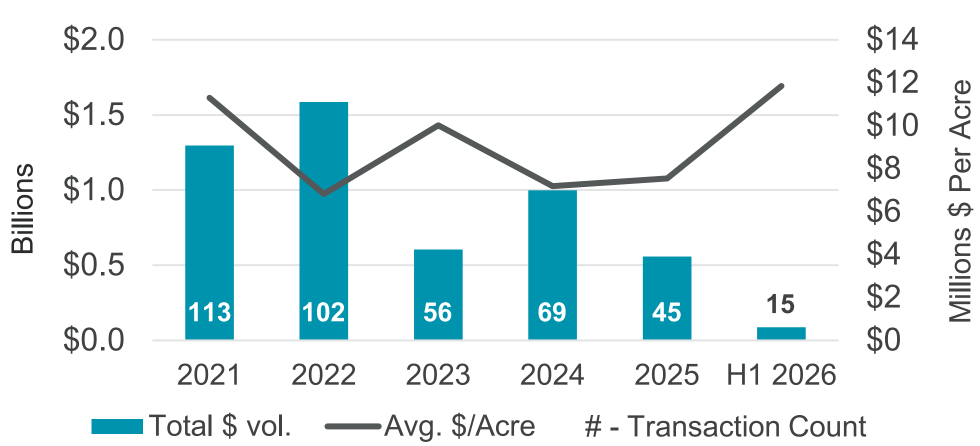


Area: Lower Mainland

H1 2026 Multi-Family* Sale Price per Unit by Area



ICI Land Sales 2021 - H1 2026



Area: Lower Mainland
**Value-Add Properties (2015 and older) and excluding senior housing and SROs*

MULTI-FAMILY MARKET ADJUSTING TO NEW REALITIES

Multifamily sales volume declined 34.2% YOY to $391.8M in H1 2026, while average pricing fell to approximately $323,000 per unit. Transaction activity improved modestly, increasing from 32 sales in H1 2025 to 39 in H1 2026. The higher transaction count amid lower dollar volume suggests continued buyer activity, primarily in smaller, lower-priced assets.

The market continues to adjust to slowing demand growth, rising supply and a higher cost capital environment. As rents soften and assessed values decline, sellers' expectations are gradually aligning with market realities. A backlog of unsold condominiums and developer incentives continue to weigh on pricing, while many existing rental properties are now trading below replacement cost, making acquisitions more attractive than new development. Capital remains available for well-located, income producing assets, with buyers prioritizing price and often favouring unconditional all-cash offers over vendor incentives.

LAND MARKET: BUYER INTEREST PERSIST AS MARKET ADJUSTS

Land sales volume dropped 77.4% YOY to $88.3M in H1 2026 totaling 171 acres, the largest decline among the major property sectors and the lowest quarterly sales volume on record. Transaction activity also slowed considerably, from 71 transactions in H1 2025 to 15 in H1 2026. With so few land transactions, there is limited market evidence to establish reliable values, making it difficult to determine where true market pricing lies.

The development environment remains challenging, with presales difficult to achieve and project economics pressured by elevated construction costs, financing costs and Metro Vancouver DCC charges. While capital remains available, lenders continue to take a highly conservative approach. Challenging project economics have also prompted developers to seek relief on development-related costs, including DCCs, as many projects struggle to meet minimum feasibility thresholds. As a result, municipalities may face increasing pressure to support project viability while advancing growth and housing objectives.

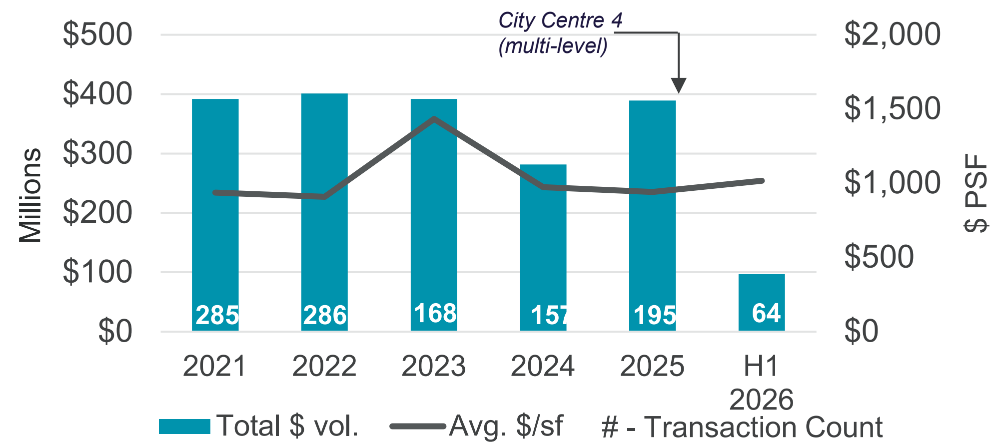
Land valuation remains particularly difficult as many development pro formas continue to fall short of feasibility thresholds. However, in the current environment, pricing is increasingly being determined by negotiations between motivated buyers and sellers rather than solely by traditional development metrics. Financial pressures are also prompting some landowners to bring sites to market as carrying costs and mortgage payments become increasingly difficult to manage. Market stress has expanded beyond traditional second- and third-mortgage lenders. While earlier distress was largely concentrated among opportunistic alternative lenders, pressures have increasingly reached first-mortgage lenders, including senior banks.

Owner-user demand has emerged in select segments of the market, with buyers seeking land for future development. Financing remains challenging, however, as lenders place greater emphasis on debt service coverage than loan-to-value ratios. Despite significant headwinds, buyer interest remains present and market participants continue to report active discussions and transactions in progress. While activity remains well below historical levels, several recent firm land sales in the Fraser Valley demonstrate that transactions continue to occur when buyer and seller expectations align.

OUTLOOK

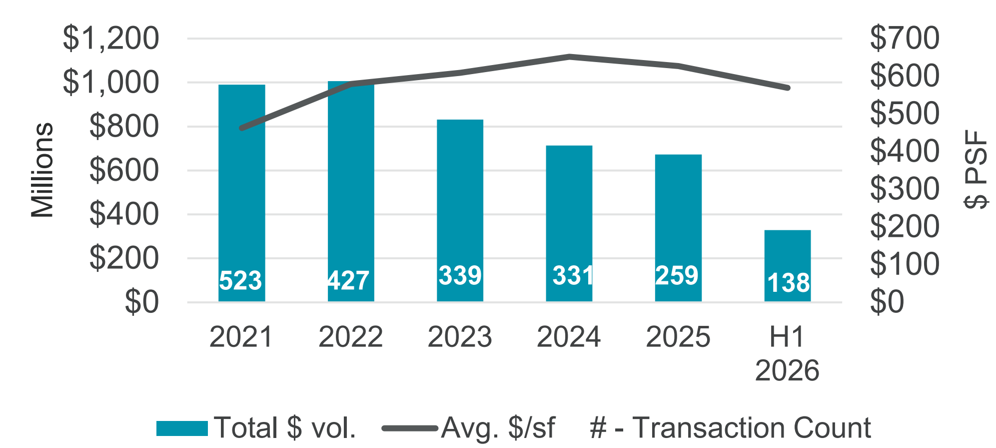
- The multifamily market faces a period of adjustment. Population growth has slowed significantly, weakening demand for new housing and prompting investors to become more selective. The focus is shifting from large concrete projects toward smaller wood-frame and townhouse developments. The proposed condominium pipeline remains substantial, with more than 290,000 units identified across Lower Mainland, although not all are expected to proceed. With an estimated 30,000 completed but vacant units, pricing is likely to remain relatively flat until population growth stabilizes and the supply overhang is absorbed.
- Developers are likely to require more equity to make new projects viable, particularly high-rise concrete development. Despite increased allowable density around transit-oriented developments, elevated costs and limited market depth can make full build-out challenging, prompting some developers to consider wood-frame and townhouse formats as more feasible alternatives. In contrast, investor appetite remains stronger for income-producing assets, including existing rental properties and shopping centres. Well-capitalized local investors and other buyers remain ready to transact, but many are waiting for opportunities that meet their pricing and investment criteria. This pent-up demand should support activity as suitable assets come to market.

Office Strata Sales 2021 – H1 2026



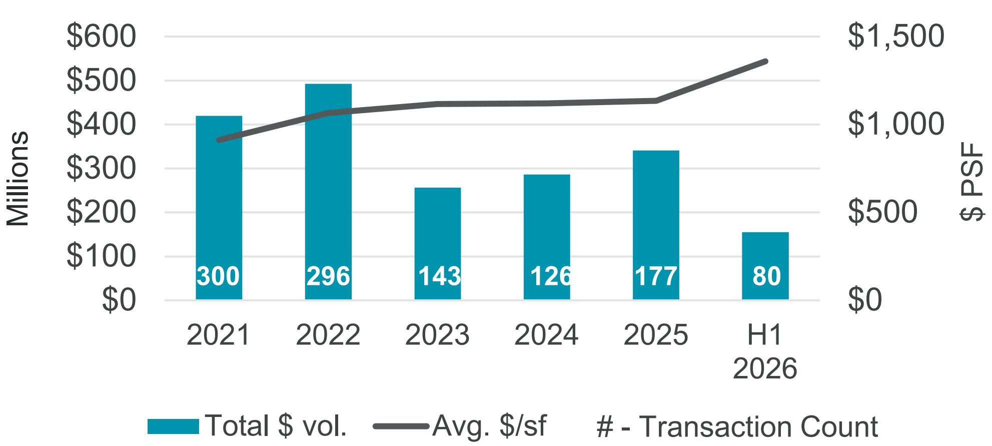
Area: Metro Vancouver

Industrial Strata Sales 2021 – H1 2026



Area: Lower Mainland

Retail Strata Sales 2021 – H1 2026



Area: Lower Mainland

OFFICE STRATA MARKET SLOWS

The office strata market slowed in H1 2026, with sales totaling $97.0M, down 34.5% YOY, while transaction activity declined 30.4% to 64 sales. While average pricing remained relatively resilient through mid-2025-2026, supported in part by the completion of pre-sale transactions initiated under stronger market conditions, pricing increased to approximately $972 psf in Q2 2026.

Rising availability and increased competition among vendors has led to greater use of incentives. Demand continues to be driven primarily by owner-occupiers rather than investors. Sales activity is concentrated in mid-sized strata units across Vancouver, Surrey and Richmond, particularly among medical and professional users, reinforcing a market characterized by selectivity and asset quality.

INDUSTRIAL STRATA: END-USER DEMAND SUPPORTS ACTIVITY

Industrial strata values continue to adjust from the peak 2021-2022 cycle with pricing becoming more closely aligned with current market fundamentals and user demand. The market slowed in H1 2026, with sales totaling $128M, down 68.4% YOY, while transaction activity declined 4.8% to 138 sales. Despite lower dollar volume, transaction activity remained relatively stable, suggesting continued end-user demand for smaller and more affordable strata units. Surrey continued to account for the largest share of activity, while Richmond and Vancouver recorded increased sales volumes and are on pace to surpass 2025 levels.

Development site values remained under pressure as slower strata absorption and softer sales activity reduce project feasibility and limit developers' ability to pay peak-cycle land prices. Market conditions are stabilizing as bid-ask spreads narrow and pricing becomes more disciplined. Sale activity continued to be driven by end-users rather than speculative investors, with buyers prioritizing functionality, affordability and financing certainty.

RETAIL STRATA PRICING REMAINS UNEVEN

Retail strata sale values and transaction count in H1 2026 are nearly on par with H1 2025. Despite average pricing increasing YOY, it remained uneven and was largely driven by the closing of presale transactions in new builds, such as Ava, negotiated under stronger market conditions. These transactions represent legacy pricing rather than newly negotiated deals. Meanwhile, asking prices for actively marketed units continued to soften, indicating ongoing valuation pressure and a disconnect between closed deals and current market conditions. Also, incentives offered in certain transactions may not be fully captured in reported sale prices. As a result, average pricing is being influenced more by the timing and composition of deals than by a broad-based strengthening in market fundamentals.

Investor activity remains constrained by elevated borrowing costs, with medical and service-oriented owner-users continuing to drive much of the demand. Pricing has therefore become increasingly asset-specific, with newer, well-located, high-quality product, such as Sector One28, generally outperforming older inventory which faces a more competitive leasing and sales environment.

OUTLOOK

- The office strata market is expected to remain stable but selective through the remainder of 2026. Lower interest rates and improved financing conditions should continue to support owner-user demand, although elevated availability and a cautious leasing environment are likely to limit near-term pricing growth. Many proposed office strata projects remain dependent on pre-sales and continue to face challenging absorption conditions, suggesting future supply additions will remain constrained despite a sizable development pipeline.
- The industrial strata market is expected to improve gradually as steady end-user demand and normalized financing conditions support activity. Near-term market performance will depend on the absorption of existing inventory, while fewer new developments should limit future supply and support stabilization. Elevated inventory may continue to weigh on pricing, but fewer project launches should help rebalance the market over time.
- New retail strata supply is expected to remain limited as fewer mixed-use strata projects move forward and more developments shift toward rental tenure. Construction costs remain a key challenge for tenants, with substantial capital required to fit out retail spaces.

H1 2026 INVESTMENT FREEHOLD ACTIVITY

PROPERTY TYPE*	# OF TRANSACTIONS	SALES VOLUME (CAD)	YOY % CHANGE	TOTAL SOLD	AVG. PRICE/SF, UNIT, ACRE	OVERALL AVG. CAP RATE
Office	12	$290,390,358	-49.0%	425,969 sf	$621 / sf	5.50 - 6.75%
Retail	56	$768,312,327	6.4%	1,494,545 sf	$872 / sf	4.75 - 6.00%
Industrial	27	$260,108,935	-57.8%	531,224 sf	$578 / sf	4.75 - 5.50%
Multi-family	39	$391,820,400	-34.2%	1,402 units	$323,411 / unit	3.75 - 4.75%
ICI Land	15	$88,339,482	-77.4%	171 acres	$11,846,778 / acre	N/A
TOTAL	**149**	**$1,798,971,512**	**-42.4%**			

** Lower Mainland except for Office (Metro Vancouver)*

H1 2026 SIGNIFICANT SALES

ADDRESS/BUILDING	TYPE	BUYER	SELLER	TOTAL AREA (SF/ACRES/UNITS)	PURCHASE PRICE	PRICE / UNIT ($ PSF)	AREA
Oceanic Plaza	Office	Bentall Green Oak	Oxford Properties Group	351,365 sf	$246,000,000	$700/sf	Vancouver
Hudson's Bay Building	Retail	Onni Group	RioCan REIT & Hudson's Bay Company	617,628 sf	$112,500,000	$182/sf	Vancouver
Great Canadian Casino	Retail	Petroglyph Development Group	Great Canadian Gaming Corp.	106,000 sf	$108,503,046	$1,024/sf	Coquitlam
13340 76th Avenue**	Land	OpenRoad Auto Group	Conwest	16.09 acres	Confidential	Confidential	Surrey
5600 & 5680 Parkwood Crescent	Retail	W. P. Carey	Go Auto	202,250 sf	$106,685,757	$527/sf	Richmond
The Hotel at River Rock	Retail	River Rock Hotel Nominee Ltd.	Great Canadian Gaming Corp.	92,246 sf	$80,100,000	$868/sf	Richmond
1101 - 1133 Alberni Street	Retail	Aquilini Investment Group	Brookfield Asset Management	40,996 sf	$55,000,000	$1,342/sf	Vancouver
5085 North Fraser Way	Industrial	Groupe Montoni	Dorigo Systems	106,100 sf	$53,274,435	$502/sf	Burnaby
3300 Viking Way***	Industrial	Crown Packaging	Cascades	173,025 sf	$43,000,000	$249/sf	Richmond
315 Alderson Avenue	Multi-family	Provincial Rental Housing Corp.	Anthem Properties	71 units	$32,360,000	$455,775/unit	Coquitlam
5840 Minoru Boulevard	Retail	Richmond Minoru Holdings Ltd.	1115732 B.C. Ltd. (Private Investor)	48,635 sf	$31,630,000	$650/sf	Richmond
Lynn Valley Care Centre	Multi-family	Lynn Valley Care Centre Ltd.	North Shore Private Hospital (1985) Ltd.	195 units	$28,408,000	$145,682/unit	North Vancouver
Queen Anne Place	Multi-family	Madison Group	Nicola Wealth	61 units	$26,675,000	$437,295/unit	Vancouver
1751 & 1881 United Boulevard	Retail	Red Barchetta I Nominee III Corp.	Mike Priestner Real Estate Inc.	31,417 sf	$21,675,708	$690/sf	Coquitlam

***Share Sale* ****Real estate designated portion of total business sale*

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ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for occupiers and investors with approximately 53,000 employees in over 350 offices and nearly 60 countries. In 2025, the firm reported revenue of $10.3 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.

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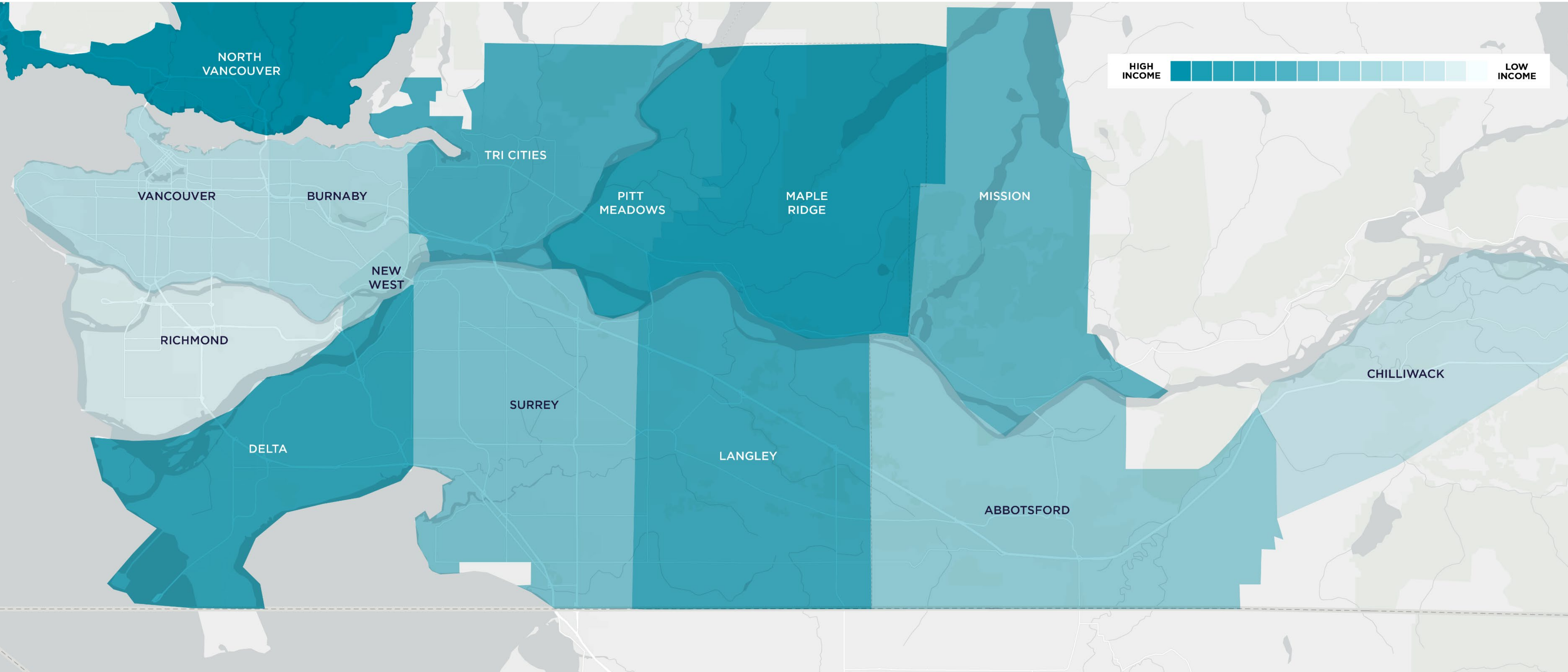
CAPITAL MARKETS 2025



SUBMARKET	North Shore	Vancouver	Burnaby	New Westminster	Tri-Cities	Richmond	Delta	Surrey	Pitt Meadows	Maple Ridge	Mission	Langley	Abbotsford	Chilliwack
Total Population	220,264	736,323	295,694	91,801	282,061	244,499	124,533	698,330	21,643	108,796	46,863	203,309	172,706	104,460
5-Year Population Percentage Change	1.5%	3.8%	4.3%	6.0%	3.2%	5.1%	2.9%	4.8%	6.7%	7.5%	5.1%	11.7%	2.1%	8.3%
Median Household Income	$131,419	$101,245	$101,926	$102,418	$119,605	$96,783	$125,440	$112,511	$127,547	$125,755	$116,887	$122,208	$107,797	$100,303
Total Land Area	275 km^2	117 km^2	90 km^2	18 km^2	191 km^2	152 km^2	199 km^2	322 km^2	90 km^2	273 km^2	231 km^2	325 km^2	384 km^2	279 km^2

Sources: Environics DemoStats 2026