MARKETBEAT

VANCOUVER, BC

INDUSTRIAL Q3 2026



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.4% Vacancy Rate	▲	▼
1.39M YTD Net Absorption, SF	▲	▲
$18.58 Asking Rent, PSF *(Overall, Net Asking Rent)*	▼	—

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.71M Vancouver Employment	▼	—
6.4% Vancouver Unemployment Rate	▲	—
6.4% Canada Unemployment Rate	▼	▼

Source: Statistics Canada, Moody's Analytics

ECONOMY: STEADY, ALBEIT SLOWER, GROWTH OUTLOOK

British Columbia's economy is slowing after a solid 2025, when real GDP grew by approximately 2.0%. Growth is forecast to weaken to just 0.8% in 2026, compared with roughly 0.9% nationally, before regaining momentum at 1.7% in 2027 and 1.9% in 2028. Near-term weakness is largely demographic, with B.C.'s population declining year-over-year (YOY) for three consecutive quarters as the number of non-permanent resident numbers fall. Industrial investment tied to LNG, pipeline and mining projects continues to support demand throughout the supply chain, while B.C.'s trade-oriented economy remains relatively insulated from direct U.S. exposure. *Source: C&W Research, TD Economics*

VACANCY HOLDS FIRM AMID LIMITED NEW SUPPLY

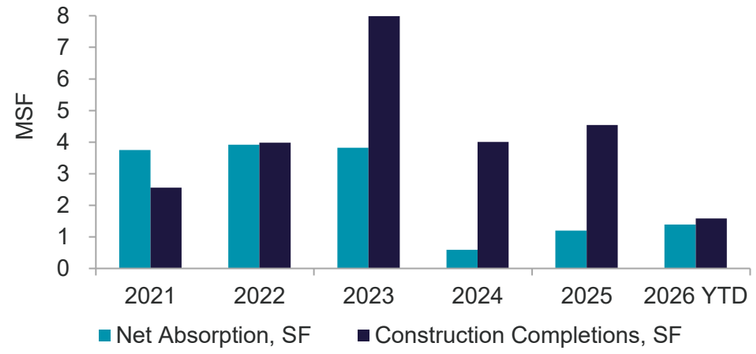
Following three consecutive years of overall vacancy increases, vacancy remained unchanged quarter-over-quarter (QOQ). This marks the third straight quarter of stable vacancy following several years of sustained growth. Performance continues to vary by submarket, building quality and size. In contrast to previous years, new construction had minimal impact on vacancy, with just 404,000 square feet (sf) added upon completion this quarter, with 61% of the space pre-leased or pre-sold, resulting in 160,000 sf of new vacant space. After rising over the past two years and contributing to elevated vacancy levels, vacant sublease space stabilized at 0.5% of total inventory. The overall future availability rate stands at 6.7% as several large availabilities are expected to become vacant in the coming months, particularly in Surrey, Delta, Richmond and Burnaby.

This quarter's positive absorption of 371,000 sf was driven primarily by pre-leased tenants taking occupancy in newly completed buildings, including Tesla's 105,000-sf build-to-suit facility at 950 Raymur Avenue, along with several other large move-ins.

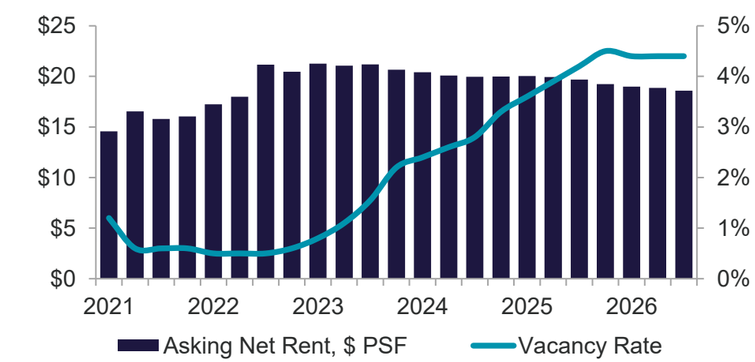
PRICING: INVENTORY SHIFTS WEIGH ON ASKING RATES

Overall net asking rates remained below $20.00 per square foot (psf) for the ninth consecutive quarter, falling 1.5% QOQ to $18.58 psf in Q3 2026, down 5.6% YOY. This represents a 12.2% decline from the peak rates recorded in 2022-2023. The quarterly decline was primarily driven by a shift in available direct vacant inventory toward lower-priced space. Steady absorption of higher-quality, newer product, combined with minimal vacancy associated with recent deliveries, left a greater share of lower-quality options on the market. New vacancies were introduced at below-Q2 2026 average asking rates, while some existing listings also reduced rates. At the same time, higher-priced space was leased or removed from the market, including 18111 Blundell (411,000 sf at $23.50 psf asking). Together with increased incentives and concessions, these inventory shifts drove the decline in average asking rates rather than broad-based market repricing.

SPACE DEMAND / DELIVERIES



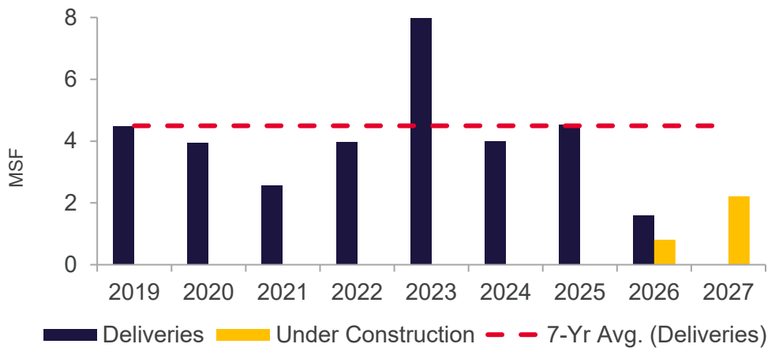
OVERALL VACANCY & NET ASKING RENT



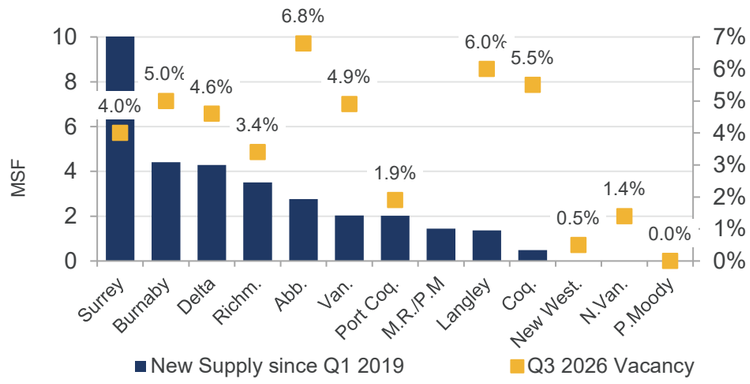
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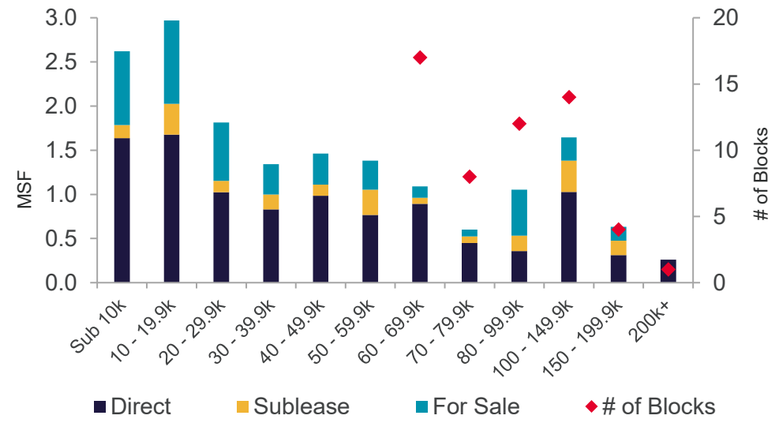
GREATER VANCOUVER NEW CONSTRUCTION PIPELINE



NEW SUPPLY (2019-Q3 2026) vs. Q3 2026 VACANCY



AVAILABLE SPACE BY SIZE RANGE (SF)*



*Excluding under construction

CONSTRUCTION PIPELINE CONTRACTS AMID CAUTIOUS NEW STARTS

The construction pipeline has contracted to 3.45 million square feet (msf) currently under construction, well below the seven-year average and the second-lowest quarterly level in the past three years. This represents an approximate 69% decline from the Q2 2023 peak of 11.4 msf. The slowdown is particularly evident in the strata segment where only two projects are currently under construction. New construction is expected to deliver approximately 800,000 sf to the market in Q4 2026, of which only 220,000 sf is currently available for sale or lease. Another 2.0 msf is scheduled for completion in the first half of 2027, 68% of which is already pre-leased or pre-sold.

The proposed pipeline remains robust at over 26.0 msf, though uncertainty persists around how many projects will ultimately proceed as developers are looking to meet pre-lease or pre-sale thresholds before breaking ground. Developers continue to favour SPEC construction, with approx. 62% of the proposed pipeline classified as SPEC, while the remaining 38% consists of BTS projects.

SUPPLY GROWTH REMAINS CONCENTRATED IN MAJOR MARKETS

Surrey, the second-largest submarket after Richmond, has led overall industrial development since Q1 2019, with approximately 11.9 msf of new supply delivered. Burnaby and Delta, two other major markets, followed with 4.5 msf and 4.4 msf, respectively, while Richmond recorded 3.6 msf. Surrey also leads current construction activity at approximately 1.7 msf, followed by Vancouver (277,000 sf) and Langley (266,000 sf), indicating a continued concentration of new supply in these markets.

Several smaller submarkets have recorded minimal new supply and construction activity, including New Westminster, North Vancouver and Port Moody, where Q3 2026 vacancy rates stood at 0.5%, 1.4% and 0.0%, respectively.

SMALL-BAY DOMINANCE AMID LIMITED LARGE SUPPLY

Small availabilities continue to dominate the market. Spaces under 40,000 sf make up the largest share of available inventory at 8.7 msf, about 52% of the 16.9 msf total. Availability declines steadily as unit size increases, with just 19 available blocks exceeding 100,000 sf, including only one above 200,000 sf (5827 274th Street, Langley). Spaces under 40,000 sf account for roughly 90% of listings, so vacancy is increasingly fragmented among small-bay units. Blocks of 100,000 sf and above represent only about 15% of available space (2.5 msf), so large-format supply remains constrained.

This trend is also reflected in marketing times and leasing activity. Despite representing the majority of available inventory, demand for small-bay product has been relatively sluggish, resulting in slower deal velocity across the segment. Spaces under 30,000 sf average more than 400 days on the market, with the 20,000-29,999-sf range the longest at about 443 days. Most mid-sized spaces (30,000-100,000 sf) average about one year. The 100,000-149,999-sf category averages about 318 days. The 200,000+-sf category records the shortest average marketing time at 140 days, but it includes only one listing and is not representative of the broader market.

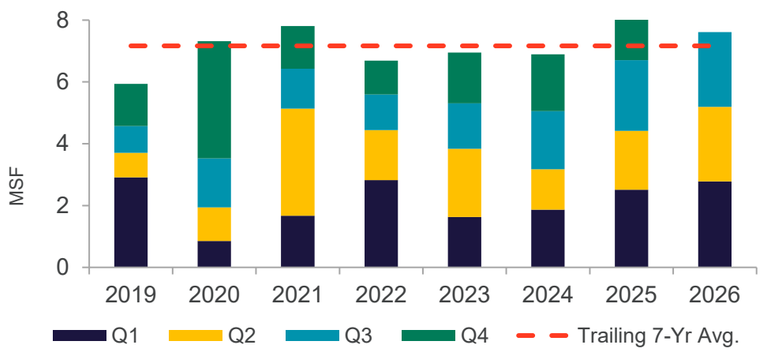
OUTLOOK

- Industrial market conditions are expected to continue to vary significantly across the region. While Surrey remains the primary growth market and will account for a substantial share of upcoming new deliveries, most smaller submarkets are expected to remain supply-constrained due to limited development activity and historically low vacancy. As new projects are delivered and absorbed, vacancy trends are likely to diverge between growth-oriented markets and land-constrained nodes. Consequently, regional vacancy will increasingly reflect where new supply is being added rather than underlying demand conditions alone, with vacancy expected to remain tight in markets that have seen little recent development.
- At 4.4% vacancy, the Greater Vancouver market is moving toward a more balanced state but remains tight for premium product and large-scale industrial assets, while conditions in smaller, older buildings are increasingly shifting in favour of tenants.

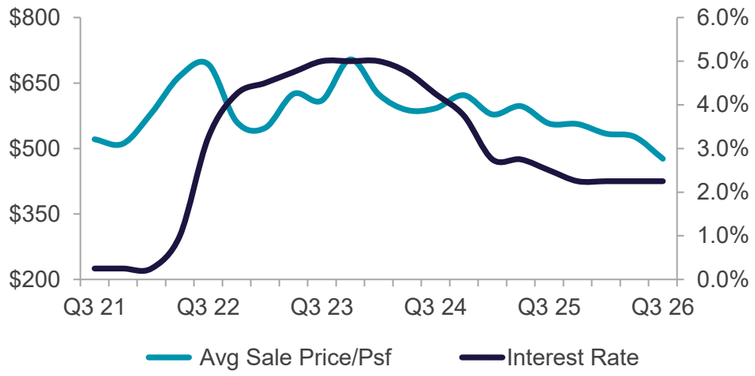
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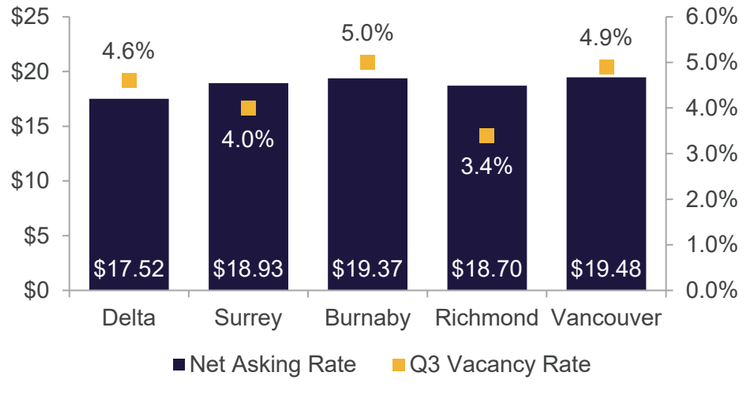
GREATER VANCOUVER LEASING ACTIVITY*



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



NET ASKING RATES BY SUBMARKET**



***Markets with inventory greater than 25 msf*

TENANT ACTIVITY DEFIES MARKET UNCERTAINTY

Despite continued market uncertainty, new leasing activity remained strong in Q3 2026, totaling 2.4 msf, flat QOQ and up 5.9% YOY. Year-to-date leasing totaled 7.6 msf, up 13.6% from the same period in 2025 (6.7 msf), putting the market on pace to surpass 2025, itself a peak year that exceeded the previous high set in 2021.

Transportation and warehousing, along with wholesale trade, remained the most active occupier groups, consistent with the first half of 2026. Smaller transactions continued to dominate by deal count, with leases under 10,000 sf accounting for 70% of transactions but only 16% of total leasing volume (sf). Conversely, four leases over 100,000 sf represented 38% of quarterly volume, totaling approximately 912,000 sf. Mid-sized transactions between 10,000 and 100,000 sf contributed a further 1.1 msf or 46% of total volume. Leasing activity continues to exceed what might typically be expected in a market characterized by stable vacancy and declining rents, suggesting tenants are taking advantage of softer market conditions to reposition, secure better space or improve occupancy costs rather than reflecting a broad-based increase in net-new demand. Approximately 23% of leases were in buildings completed after 2015, indicating continued interest in newer, higher-quality space.

LOW TRANSACTION VOLUME CONTINUES TO CLOUD MARKET TRENDS

Freestanding industrial totaled approximately $122 million across 13 transactions in Q3 2026, down 12% QOQ and 31% YOY. Transaction activity remains relatively subdued, making it difficult to draw definitive conclusions on market pricing trends. With a limited pool of comparable transactions, individual sales can continue to have an outsized impact on quarterly pricing metrics.

Average pricing declined to $476 psf, down 11% QOQ, although this reflects a relatively small sample size and should be interpreted cautiously. Investor appetite is evident, with private Canadian investors accounting for ten of the 13 transactions completed in Q3 2026, while developers and owner-users have remained comparatively selective. Despite available capital and ongoing interest in well-located industrial assets, valuation expectations between buyers and sellers have yet to fully align, particularly for redevelopment opportunities and industrial land.

ASKING RATES SHIFT ON INVENTORY CHANGES

Of the five submarkets with more than 25 msf of inventory, asking net rates declined in Delta, Burnaby and Richmond, while Surrey and Vancouver recorded increases. Changes reflected individual lease and listing events rather than broad repricing. Richmond's average asking rate fell 11.0% QOQ to $18.71 psf in Q3, following the lease of 411,000 sf at 18111 Blundell. In Delta, average asking rates declined following rent reductions on two 40,000-sf availabilities, while substantial lease completions removed higher-priced space in Burnaby. Surrey (+1.9% to $18.91 psf) and Vancouver (+7.9% to $19.48 psf) increased as higher-priced vacancies entered the market and lower-priced spaces were leased. In Surrey, a 27,000-sf vacancy at the newly completed Pooni Business Park contributed to higher asking rates. In Vancouver, 40,000 sf at the newly completed 505 Railway Street, along with another 25,000 sf of higher-priced availability, further lifted asking rates.

OUTLOOK

- Leasing activity is expected to remain resilient, supported by pent-up demand for spaces over 100,000 sf and continued tenant repositioning. Newer buildings offering modern specifications, including greater ceiling heights and improved functionality, should continue to attract occupiers.
- Industrial investment activity is expected to remain measured through year-end as occupiers and investors continue to navigate economic uncertainty, elevated financing costs and ongoing pricing disconnects. However, interest from private investors and a limited supply of industrial assets should continue to provide support for values.
- Longer term, major infrastructure investments such as the Roberts Bank Terminal 2 project are expected to strengthen the region's logistics and trade infrastructure, reinforcing the long-term fundamentals of port-oriented industrial land and logistics facilities across Delta and the broader South Fraser market, even as near-term market conditions remain selective.

**Gross absorption: leasing activity measured without regard to occupancy. This includes preleasing in buildings that are under construction or planned and excludes renewals.*

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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLEASE VACANT (SF)	OVERALL VACANCY RATE	FUTURE AVAILABILITY RATE	Q3 LEASING ACTIVITY (SF)	YTD OVERALL NET ABSORPTION (SF)*	UNDER CONSTR. (SF)	Q3 NEW SUPPLY (SF)	AVG ASKING NET RENT**	AVG ADD. RENT
Abbotsford	7,483,887	295,502	46,727	6.8%	11.0%	38,677	157,031	136,000	52,155	$17.29	$5.73
Delta	35,057,193	1,389,386	83,553	4.6%	5.4%	851,750	258,578	138,000	-	$17.52	$6.34
Langley	18,791,863	998,076	97,563	6.0%	11.3%	110,799	-555,276	266,293	-	$18.30	$4.87
Surrey	43,626,980	951,072	337,608	4.0%	6.8%	170,417	507,779	1,717,217	50,394	$18.93	$5.79
Chilliwack	4,978,612	33,778	-	0.7%	1.5%	15,703	64,985	185,000	-	$18.64	$5.00
Fraser Valley	109,938,535	3,667,814	565,451	4.6%	7.1%	1,187,346	433,097	2,442,510	102,549	$18.18	$5.66
Burnaby	36,255,761	1,631,831	82,608	5.0%	7.3%	477,478	39,896	176,103	126,015	$19.37	$6.67
Coquitlam	8,404,310	349,804	7,340	5.5%	9.8%	32,094	-48,392	187,026	24,493	$19.46	$7.40
Maple Ridge	2,124,216	45,436	-	2.7%	10.5%	6,399	-16,062	-	-	$16.39	$4.38
New Westminster	3,242,572	15,951	-	0.5%	2.8%	1,735	-7,198	-	-	$16.75	$8.98
North Shore	4,284,168	33,401	-	1.4%	4.1%	28,795	13,688	-	-	$22.20	$8.83
Port Coquitlam	9,669,245	121,492	3,037	1.9%	4.2%	73,156	385,153	13,109	-	$20.97	$6.50
Port Moody	327,204	-	-	0.0%	0.0%	-	-	-	-	-	-
Richmond	46,115,243	1,101,168	247,011	3.4%	3.9%	517,171	-45,498	162,400	-	$18.70	$6.25
Vancouver	28,775,506	869,225	159,355	4.9%	7.9%	92,436	296,597	277,341	150,907	$19.48	$7.87
Pitt Meadows	3,306,282	268,779	-	8.1%	11.2%	4,178	204,132	194,760	-	$17.55	$4.60
Mission	1,965,158	187,479	7,670	10.9%	11.2%	-	136,369	-	-	$14.65	$4.57
North Fraser	144,469,665	4,624,566	507,021	4.2%	6.2%	1,233,442	958,685	1,010,739	301,415	$18.92	$6.63
GREATER VANCOUVER	**254,408,200**	**8,292,380**	**1,072,472**	**4.4%**	**6.6%**	**2,420,788**	**1,391,782**	**3,453,249**	**403,964**	**$18.58**	**$6.18**

**Net absorption: the net change in occupied space - the amount of space occupied as well as the amount of space vacated.*
***Weighted avg net asking rent based on all available direct and vacant space (a 0% vacancy rate indicates that there are no spaces available to survey for asking rents, denoted as "n/a")*

Renewals not included in leasing statistics

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
18111 Blundell Road	Richmond	Mullen Group	411,417	Headlease
3995 27B Avenue	Delta	18 Wheels Logistics	220,000	Headlease
830 Carlisle Road	Delta	Doka Canada Ltd.	167,000	Headlease
7848 Hoskins Street	Delta	Valhalla Packing and Distribution Ltd.	113,608	Sublease
5350 275 Street	Langley	Cascadia Windows	89,724	Renewal
18802 96 Avenue	Surrey	Titan GMS Limited Partnership	74,800	Renewal

KEY SALES TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
7861 Hoskins Street	Delta	638240 B.C. Ltd. / DIS-TRAN Packaged Substations	51,969	$19.8M / $381
3140 Gilmore Diversion	Burnaby	Private / Redeemer Bible Baptist Tabernacle	16,800	$19.8M / $1,180
8335-8345 Winston Street	Burnaby	Eland Properties Ltd. / Beedie	85,351	$16.0M / $375
5245 185A Street	Surrey	TSR Management Ltd. / 5265 185A Street Holdings	37,065	$14.5M / $391
13369 72 Avenue	Surrey	Papa Fashions Vancouver/CJAD Holdings	34,560	$11.8M / $341
15374 103A Avenue	Surrey	Shaldaro Holdings Ltd. / Acadia Concrete	20,054	$8.7M / $436

SVETLANA LEBEDEVA
Research Manager
Tel: +1 604 608 5963
svetlana.lebedeva@ca.cushwake.com

ISAAC BURCH
Research Analyst
Tel: +1 604 640 5892
isaac.burch@cushwake.com

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VANCOUVER
INDUSTRIAL Q3 2026

UNDER CONSTRUCTION

3.45 MSF
TOTAL UNDER CONSTRUCTION SF

1.16 MSF
TOTAL AVAILABLE SF

SPECULATIVE

1.62 MSF
TOTAL SPECULATIVE UNDER CONSTRUCTION SF

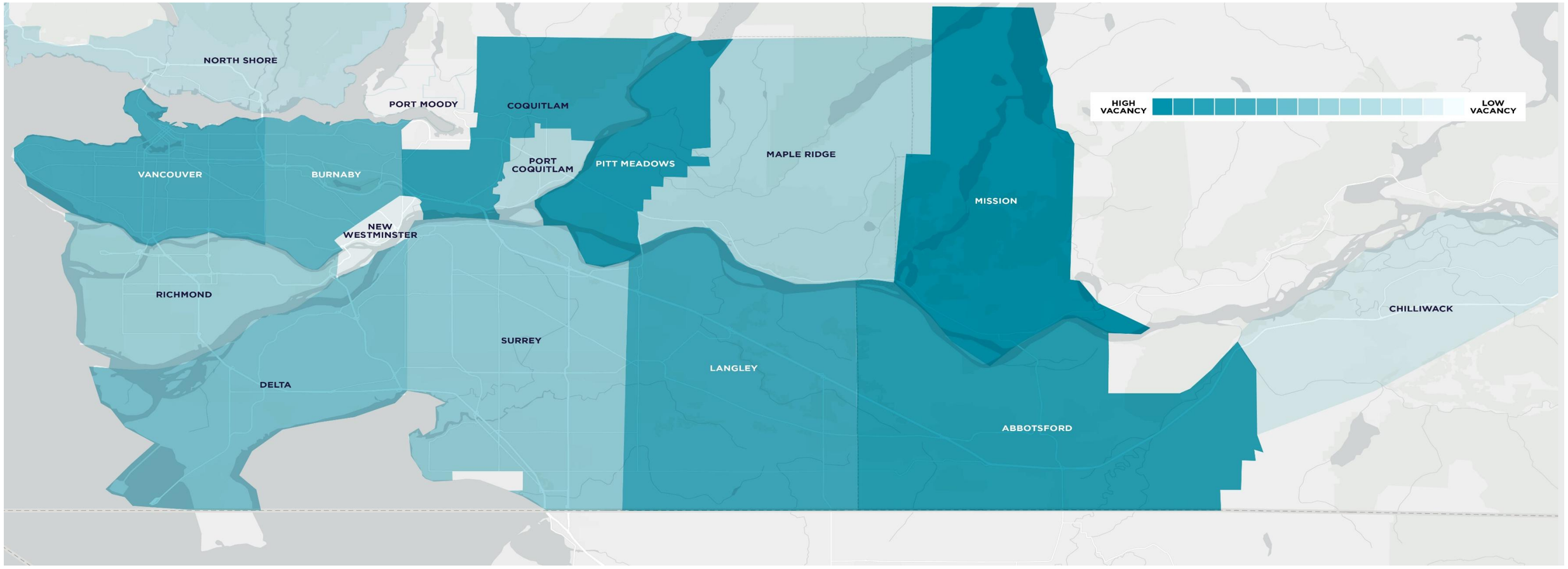
SPEC BUILDINGS ACCOUNT FOR
47.0% OF TOTAL CONSTRUCTION

BUILD TO SUIT

1.83 MSF
TOTAL SF BTS UNDER CONSTRUCTION

BTS BUILDINGS ACCOUNT FOR
53.0%* OF TOTAL CONSTRUCTION

INDUSTRIAL SUBMARKETS



SUBMARKET	North Shore	Vancouver	Burnaby	New Westminster	Port Moody	Coquitlam	Port Coquitlam	Pitt Meadows	Maple Ridge	Mission	Richmond	Delta	Surrey	Langley	Abbotsford	Chilliwack
Total Inventory	4.3 MSF	28.8 MSF	36.2 MSF	3.2 MSF	327 KSF	8.4 MSF	9.7 MSF	3.3 MSF	2.1 MSF	2.0 MSF	46.1 MSF	35.1 MSF	43.6 MSF	18.8 MSF	7.5 MSF	5.0 MSF
Overall Vacancy Rate**	1.4% ▼	4.9% ▼	5.0% ▲	0.5% -	0.0% -	5.5% ▲	1.9% ▼	8.1% ▼	2.7% ▲	10.9% ▲	3.4% ▲	4.6% ▲	4.0% ▼	6.0% ▲	6.8% ▼	0.7% ▼
Weighted Avg Net Asking Rent***	$22.20 ▲	$19.48 ▼	$19.37 ▼	$16.75 ▼		$19.46 ▼	$20.97 ▼	$17.55 ▼	$16.39 ▼	$14.65 ▼	$18.70 ▼	$17.52 ▼	$18.93 ▲	$18.30 ▲	$17.29 ▼	$18.64 ▲
Speculative		277 KSF	98 KSF				13 KSF	195 KSF					713 KSF	254 KSF	71 KSF	
Build To Suit			78 KSF			187 KSF					162 KSF	138 KSF	1.0 MSF	12 KSF	65 KSF	185 KSF

Arrows represent YOY change.

**Subject to change. **Direct and sublease; includes leased but not yet occupied space. ***Asking rental rates do not take into account tenant inducements; based on all available direct and vacant space.*

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