TRUSS REAL ESTATE GROUP

Metro Vancouver Commercial Snapshot

Office | Industrial | Retail | Multifamily

What shifted in Q2 2026, what to watch next, and where capital is moving across the Lower Mainland's four core asset classes.

OFFICE VACANCY	INDUSTRIAL VAC.	RETAIL CAP RATE	MF CAP RATE LOW
11.0%	4.2%	5.3%	3.4%
Metro, suburban softened	Second straight decline	Core urban, holding	Westside walk-ups

EXECUTIVE SUMMARY

A Selective Recovery Takes Hold

The recovery that began in late 2025 continued through Q2, but the market became increasingly selective. Downtown office and quality industrial kept tightening while suburban office and rental supply loosened. Across all four asset classes, capital is concentrating in the best product.

OFFICE MOMENTUM	INDUSTRIAL VACANCY	OAKRIDGE PARK	MF CAP RATE
4 QTRS	**4.2%**	**650k SF**	**3.4 to 4.9%**
National positive absorption, a first since pre-pandemic	Second straight QoQ decline	Retail district opened May 2026	Q2 Vancouver traded range

THE TAKEAWAYS

Q2 2026 confirmed the recovery, then complicated it. Nationally, office leasing momentum stayed positive for a fourth consecutive quarter, the first such run since before the pandemic, and Metro Vancouver's downtown core kept tightening, led by Class A. At the same time, suburban office vacancy climbed and roughly 156,000 SF of downtown sublease space returned to market. The through line across every asset class is a widening gap between the best product and the rest.

Industrial delivered the cleanest story. Metro Vancouver posted a second straight quarterly decline in availability as big-box space cleared, validating the Q1 forecast that large-format supply would halve by mid-year. National industrial rents look to be approaching a floor, and Vancouver was again named among the country's tightest markets for large occupiers. Retail held its 2 to 4% vacancy band outside regional malls, and the long-awaited Oakridge Park retail district opened in May.

On the capital side, pricing held for quality. Westside apartment cap rates stayed compressed at or below 4%, and well-leased retail traded near a 5.3% cap. The nuance lies in multifamily fundamentals, where the 2024 to 2025 supply wave pushed purpose-built rental vacancy to a multi-decade high and softened asking rents for the first time in years. Underwriting is shifting decisively from rent-growth bets toward income durability and replacement cost.

WHAT WE'RE WATCHING

Suburban office. After a soft Q2, watch whether Burnaby, Richmond, and Surrey stabilize or keep giving back space.

Big-box industrial. With large-format supply cut sharply, watch for asking rents to firm through the second half of 2026.

Oakridge Park absorption. How 650,000 SF and 100-plus brands reshape footfall and reset high-street rents.

Rental supply peak. Purpose-built vacancy near multi-decade highs. Watch the rent trajectory and CMHC-financed trade volume.

Rates and CUSMA. The interest-rate path and trade negotiations remain the swing factors for second-half investment volume.

> **"Q2 2026 made one thing clear. The recovery is real, but it now rewards the best buildings and gives little to the rest."**
>
> TRUSS RESEARCH, JULY 2026

ASSET CLASS | OFFICE

Office: Downtown Leads, Suburbs Wobble

A fourth straight quarter of national positive absorption, downtown Class A tightening further, and the first Vancouver office construction start since 2024, all against a suburban market that gave some space back.

NATIONAL ABSORPTION	DT SUBLEASE RETURN	SUBURBAN VACANCY	NEW STARTS
+1.2M	156k	+190 bps	1
Sq. ft., fourth straight positive quarter	Sq. ft. returned to the core in Q2	QoQ increase, Metro Vancouver	First Vancouver office start since 2024

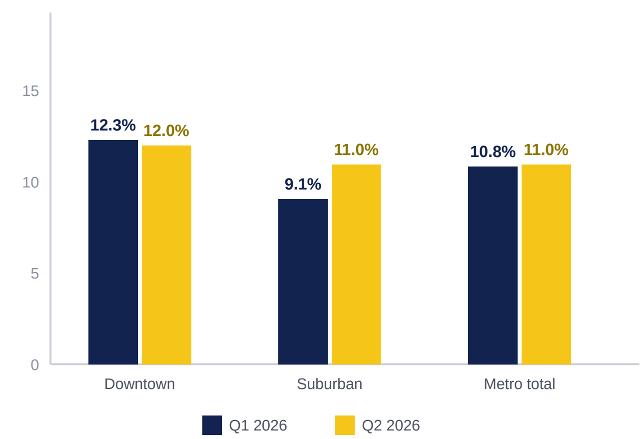
Metro Vancouver's office market stayed on its recovery path in Q2, but the quarter exposed a split. Nationally, office momentum was positive for a fourth consecutive quarter, the first such run since before the pandemic. In Vancouver, positive absorption in the Broadway Corridor and suburban submarkets more than offset a 156,000 SF sublease return in the downtown core, keeping the metro net result constructive even as headline vacancy moved sideways.

Downtown continues to lead on quality. Class A and trophy space kept tightening, extending a run that now stretches over six quarters nationally, while Class B and C product still needs repositioning to compete. The notable development this quarter was suburban vacancy, which ticked up across parts of the metro after several strong quarters, a reminder that the recovery is early and not yet linear.

Investment sales. The standout signal was supply, not demand. Just one new office project broke ground in Vancouver in Q2, the city's first office construction start since 2024 and only the third in Canada in the past 12 months. With the pipeline at a historic low and nothing significant delivering beyond 2027, well-located existing inventory should keep tightening.

Metro Vancouver office vacancy

Q1 2026 vs. Q2 2026, by segment



Notable Q2 activity

- **Broadway Corridor** delivered positive net absorption, confirming the submarket the Q1 snapshot flagged as 2026's key test of tenant depth outside the core.
- **First start since 2024:** one Vancouver office project broke ground, only the third office construction start in Canada in the last 12 months.
- **Sublease drawdown:** national sublease space fell for a 12th straight quarter, dropping below 10.0M SF for the first time since 2020.

ASSET CLASS | INDUSTRIAL

Industrial: The Turn Holds as Big-Box Clears

A second straight quarterly decline in availability, large-format supply cut roughly in half as the Q1 forecast played out, and asking rents approaching a floor.

OVERALL VACANCY	NET ABSORPTION	BIG-BOX SUPPLY	ASKING RENTS
4.2%	**Positive**	**Halved**	**At Floor**
Down QoQ, second straight decline	Sixth consecutive positive quarter	100k+ SF availability cut since Q1	Stabilizing after a multi-quarter slide

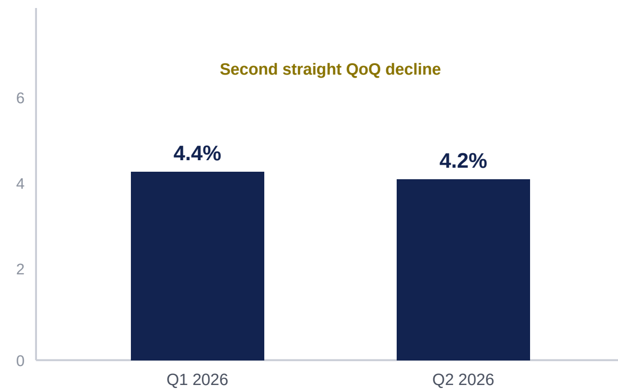
The industrial recovery strengthened through Q2. Metro Vancouver availability declined again as large-format space cleared, and the region was once more named among Canada's tightest markets for large occupiers. The Q1 forecast that big-box availability over 100,000 SF would be cut roughly in half by mid-year played out, removing a meaningful overhang that had weighed on the market since 2023.

Rents are stabilizing. After several quarters of softening, national industrial asking rents held nearly flat, which the major brokerages read as a possible floor. Landlords of quality distribution product are re-engaging on rate, while mid-bay and flex space still trades on more competitive terms. Development discipline is reinforcing the trend, with build-to-suit now driving new starts and speculative and strata construction falling sharply as a share of groundbreakings.

Outlook. The supply cycle is effectively over. With deliveries tapering, big-box availability thinning, and demand rebuilding, conditions favour firmer rents through the second half of 2026. Sale-leaseback and stabilized logistics product keeps drawing private capital even as institutional flows stay measured.

The turn in industrial vacancy

Metro Vancouver, Q1 2026 vs. Q2 2026



Leasing and investment signals

- **Big-box clearance:** the large-format overhang that defined 2023 to 2025 has largely cleared, tightening the top end of the market.
- **Investor appetite:** private capital keeps favouring sale-leaseback and stabilized logistics despite slower institutional flow.
- **Construction discipline:** build-to-suit dominates new starts while speculative supply thins, setting up firmer rents into 2027.

ASSET CLASS | RETAIL

Retail: Oakridge Park Opens, Fundamentals Hold

The region's most anticipated retail delivery in over a decade opened in May, while core categories stayed tight in a 2 to 4% band and cap rates held near 5.3%.

OAKRIDGE PARK	CORE VACANCY	RETAIL CAP RATE	BC CONSUMER
650k	**2 to 4%**	**5.3%**	**Resilient**
Sq. ft. opened May 2026, 100+ brands	All categories except regional malls	Core urban, mid-5 suburban	Outspending provincial peers per capita

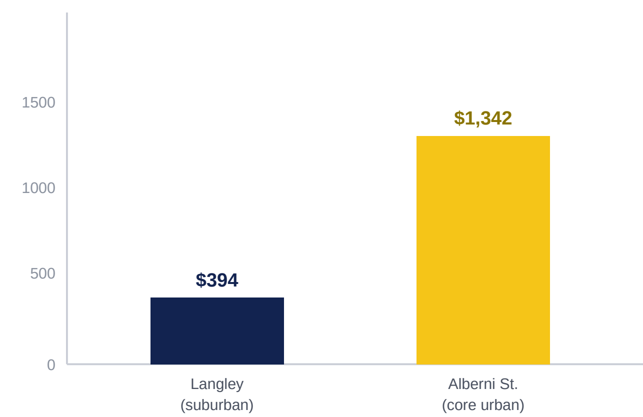
Retail remained the region's most structurally stable asset class in Q2. Core categories, high-street, neighborhood, service-oriented, and power centre, held in a tight 2 to 4% vacancy band, and landlords kept firm on rent. The lone soft spot stayed regional malls, where Hudson's Bay backfill continues to work through the system, though several landlords are now in active negotiation on anchor replacements.

Oakridge Park. Vancouver's most anticipated retail delivery in over a decade opened its retail district in May 2026, introducing roughly 650,000 SF and more than 100 global and local brands on the 28-acre redevelopment. Early footfall is already reshaping the central corridor and resetting expectations for luxury-adjacent high-street rents.

Capital markets. Cap rates for well-leased retail held in the low to mid 5% range, and the spread between core urban and suburban product stayed wide, reflecting the enduring premium for high-street location. Suburban medical, grocery-anchored, and service retail continued to attract private-capital buyers.

Retail price-per-SF benchmark

Representative core urban vs. suburban trades



Benchmark set by the Q1 Alberni Street trade at $1,342 PSF, 5.3% cap. Still the reference for luxury-adjacent high-street.

Retail signals to watch

- **Oakridge absorption:** how the tenant mix and new footfall reshape the city's retail hierarchy through 2026 and 2027.
- **Hudson's Bay backfill:** anchor replacement deals across regional centres remain the key vacancy story of the year.
- **Service-oriented strength:** suburban medical, grocery-anchored, and service retail stays a private-capital favourite.

ASSET CLASS | MULTIFAMILY

Multifamily: Core Holds, Supply Loosens Fundamentals

Westside cap rates stayed compressed toward 3.4%, but the 2024 to 2025 supply wave pushed rental vacancy to a multi-decade high and softened asking rents for the first time in years.

CAP RATE RANGE	WESTSIDE LOW	PBR VACANCY	RENT TREND
3.4 to 4.9%	**3.4%**	**~5%**	**Softening**
Q2 Vancouver traded product	Kitsilano walk-up benchmark	Highest in decades as supply delivers	First sustained decline in years

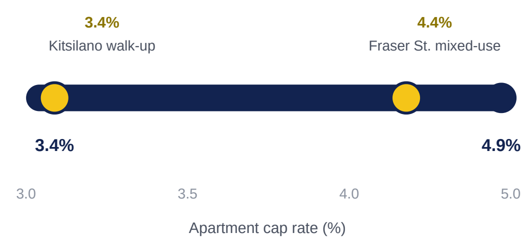
Multifamily told a two-sided story in Q2. On pricing, the core held firm. Westside Vancouver product kept trading at or below 4% cap rates, with the tightest benchmarks near 3.4% and the broader traded range running to about 4.9%. Investors continued to favour smaller, CMHC-financeable deals, and improving debt availability supported a steady flow of trades in the $10 to 30M band.

On fundamentals, the picture loosened. The 2024 to 2025 purpose-built rental supply wave, the largest in a generation, kept delivering, pushing rental vacancy to its highest level in decades and softening asking rents for the first time in years. That combination tempers rent-growth assumptions but supports income certainty for well-located, stabilized product.

The result is a clear shift in investment underwriting. With rent growth capped near the 3.0% provincial guideline and vacancy elevated, buyers are pricing income durability and replacement-cost dynamics rather than aggressive rent upside. For patient capital, the current window offers below-peak pricing on quality rental in a market whose long-term demand case remains intact.

Q2 2026 apartment cap rate range

With cited trade markers



Truss Perspective

While transaction volume remains below long-term averages, we're seeing increased buyer engagement, particularly for well-located industrial assets, stabilized retail, and owner-user opportunities. Sellers who price realistically continue to attract competitive interest, while buyers remain disciplined and selective. We expect these trends to continue through the second half of 2026.

Q3 2026 OUTLOOK

A more selective setup heading into the second half. Expect downtown office and quality industrial to keep tightening, suburban office to stay choppy, Oakridge Park to reshape retail footfall, and multifamily to trade on income durability as the supply wave peaks and CMHC-financed volume builds.

TALK TO TRUSS

Talk to Truss

Our commercial advisory team covers office, industrial, retail, and multifamily across Metro Vancouver and the Fraser Valley.

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Sources and methodology

All Q2 2026 figures shown in this snapshot are drawn from primary-source quarterly reports and news coverage, including CBRE Q2 2026 Canada Office and Industrial Figures; Colliers Canada Q2 2026 National Market Snapshot; Cushman & Wakefield and Avison Young quarterly market figures; CMHC 2025 Rental Market Report; Altus Group investment data; transaction records published through vancouvermarket.ca (David Taylor, SVP, Colliers International Canada); and news coverage from Business in Vancouver and Daily Hive. Where local Metro Vancouver figures were not yet published at press time, ranges and directional estimates are used and noted. Ranges are presented where the underlying reports differ.