

Greater Vancouver Area Industrial Market Dynamics

Q2 2025

Vacancy rates continued to rise driven by low pre-committed deliveries and heightened economic uncertainty.





Greater Vancouver Area

- The Metro Vancouver and Fraser Valley vacancy and availability rates have increased by 10 bps and 50 bps q-o-q, to 3.9% and 5.4%, respectively.
- Average direct asking net rent declined by 4.1% y-o-y and decreased by 0.9% q-o-q. This is the lowest asking rent since Q3 2022.
- The under-construction pipeline has reached a multi year low of 4.0 million s.f. New development starts have stalled compared to the surge in previous years, with space under construction down 17% from Q2 2024.

The Metro Vancouver and Fraser Valley industrial market remained tenant-favoured in Q2, as vacancy increased 10 bps q-o-q to 3.9% amid ongoing economic uncertainty. Availability increased 50 bps q-o-q to 5.4%, largely due to 411,417 s.f. coming to market at 18111 Blundell Road, which was previously HBC's distribution centre. While momentum from the large bay deals in the previous quarter has slightly softened, multiple new headlease transactions over 50K s.f. went firm this quarter. Notable lease deals included Crestpoint leasing a 198,109 s.f. building at 18880 30th Avenue to TransForce and Austeville Properties leasing a 136,611 s.f. unit at 20146 100A Avenue to Costco. Similar to 2024, private investors continued to dominate the buyer pool. Notable investment transactions this quarter included a private investor's acquisition of 2500 Vauxhall Place from The Dayhu Family Foundation, totalling 81,716 s.f.

The development pipeline reflected the market cooldown, as Metro Vancouver and Fraser Valley's under construction activity contracted to 4.0 million s.f. in Q2, which is the lowest since Q4 2020. 2.3 million

s.f. of new supply has been delivered year-to-date. Developers hesitation on new project starts continued amid rising costs and high land prices, resulting in minimal groundbreakings in the first half of the year.

Absorption was weaker than Q1 at 408K s.f., which was largely due to a decline in pre-committed deliveries, from 82% to 34% q-o-q, which resulted in 437K s.f. of vacant availabilities. This is the eleventh consecutive quarter where deliveries were higher than net absorption, continuing to shift market dynamics towards occupiers.

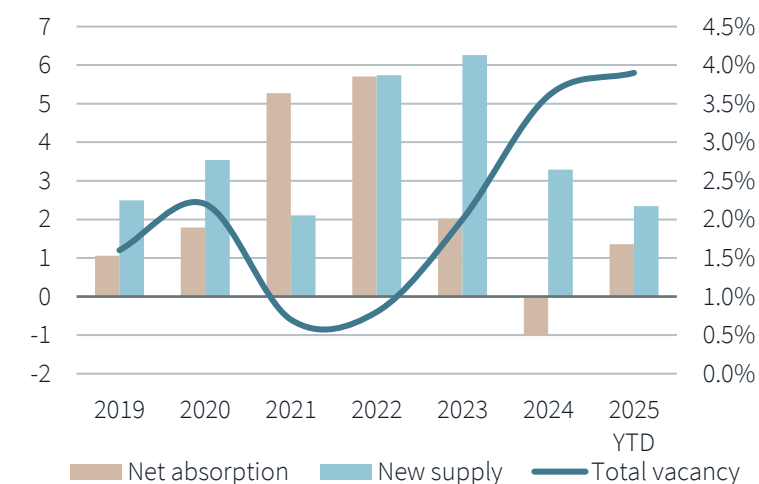
Outlook

An anticipated 1.7 million s.f. in speculative completions by the end of 2025 paired with weaker occupier demand may contribute to rising vacancy in the coming months. Geopolitical uncertainty surrounding tariffs may contribute to subdued market demand, however, the Port of Vancouver's diversified supply chain and strong ties with international trading partners may provide insulation from changing trade policies.

Fundamentals		Forecast
YTD net absorption	1,360,797 s.f.	↑
Under construction	4,041,488 s.f.	↓
Preleased	43%	↓
YTD deliveries	2,347,143 s.f.	↑
Total vacancy	3.9%	↑
Total availability	5.4%	↑
Average asking rent	\$20.35 p.s.f.	↓
Concessions	Rising	↑

Historical supply and demand trends

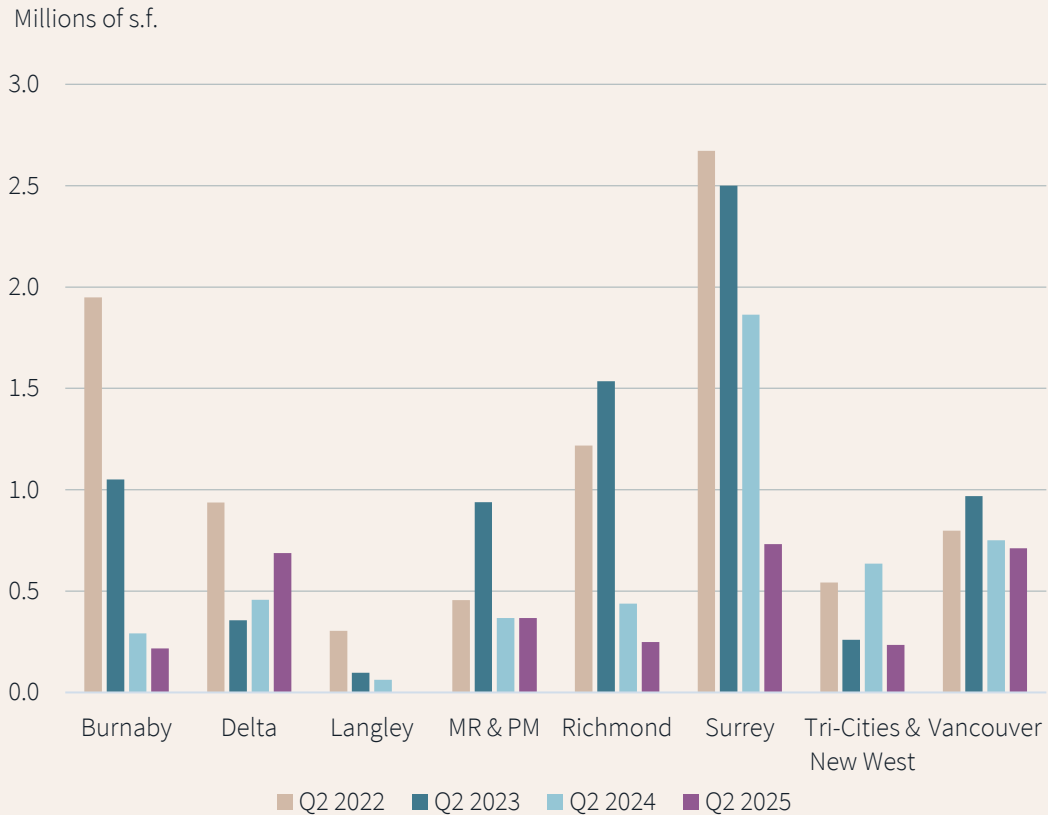
s.f. (millions)



*Data includes Fraser Valley starting in Q3 2024

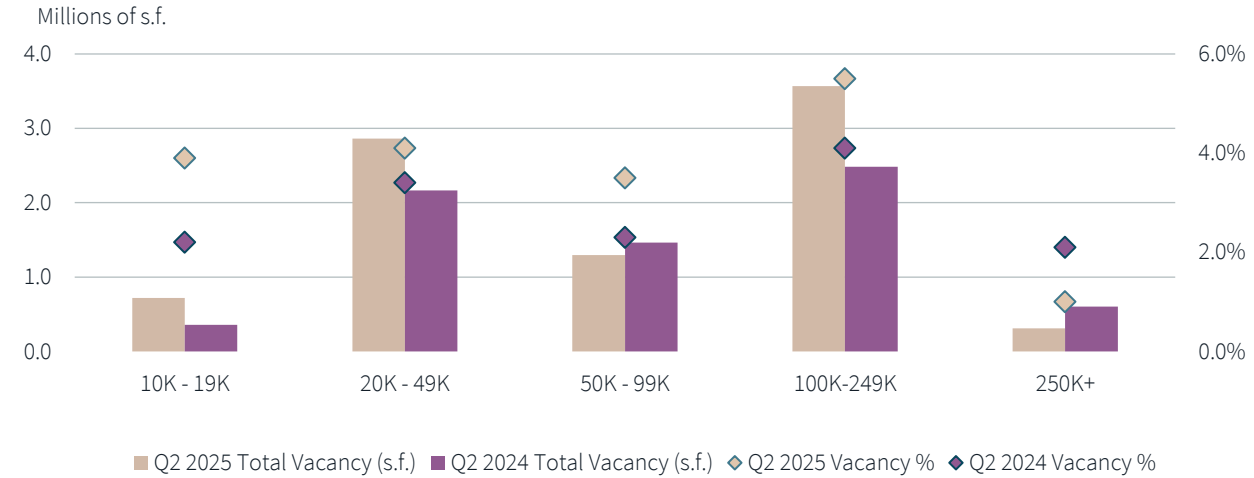
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Under Construction by Submarket

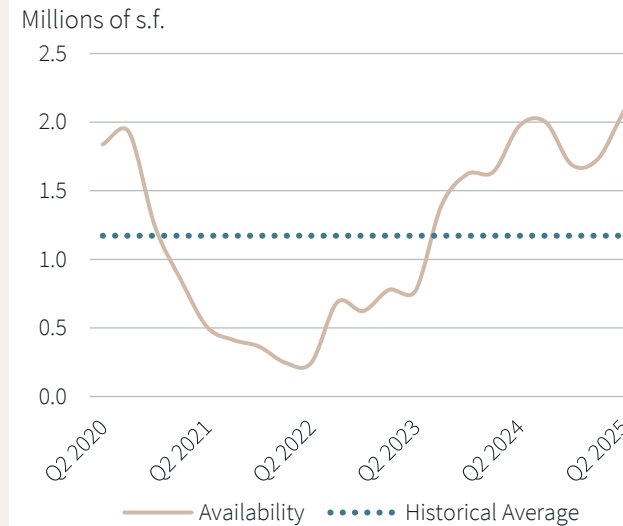


*1.3 million s.f. from 3131 Lake City Way, Burnaby excluded from Q2 2023 - Q2 2025

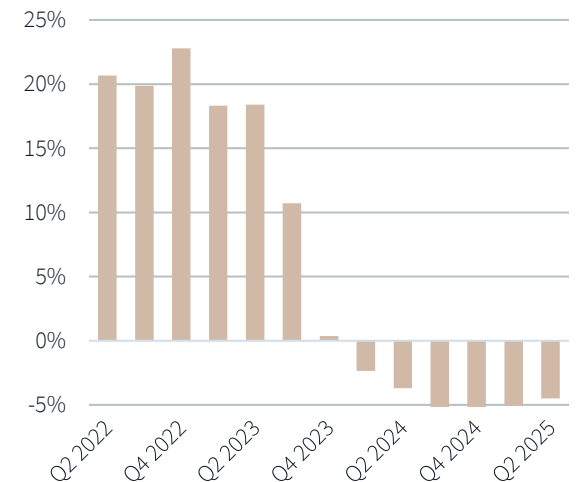
Vacancy by Building Size



Sublease Availability



Year-over-Year Rent Growth



*Data includes Fraser Valley starting in Q3 2024

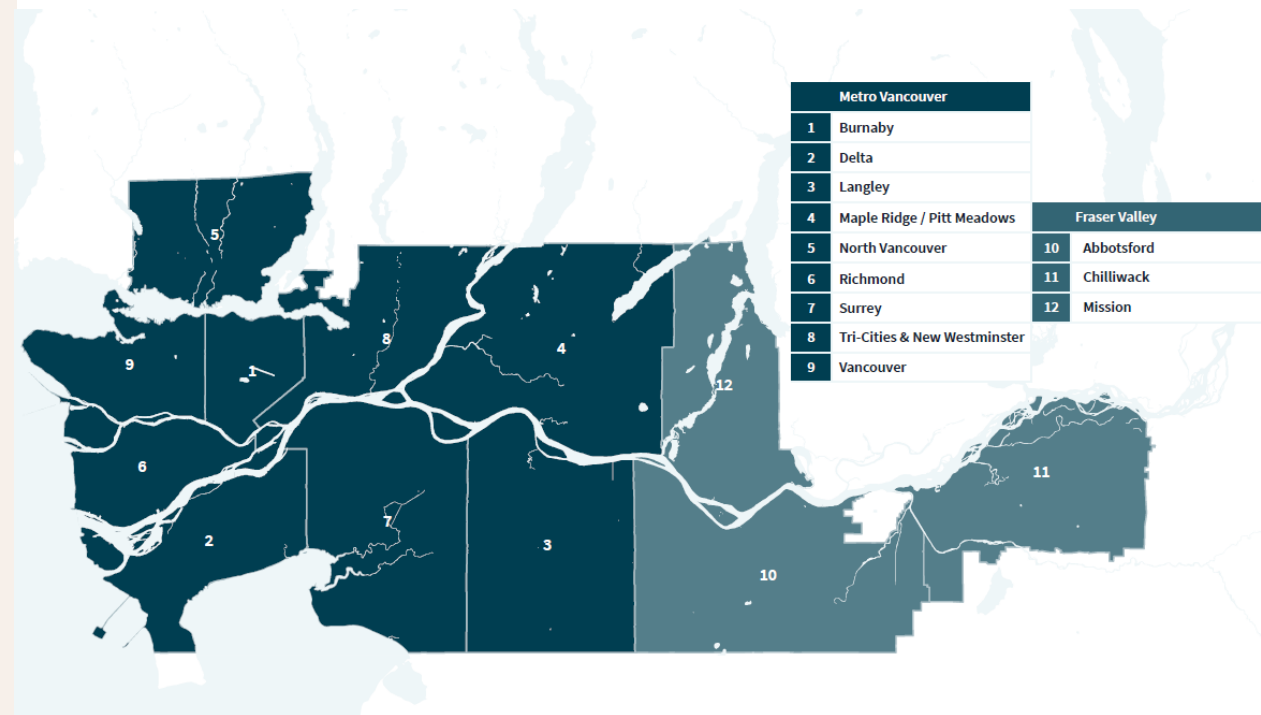
Notable lease transactions

Tenant	Address	Submarket	Class	Size (s.f.)	Type
Amazon	109 Braid Street	New Westminster	B	607,074	Renewal
TransForce	18880 30th Avenue	Surrey	A	198,109	New
FlexiForce	2368 & 30840 Peardonville Road & 2285 Queen Street	Abbotsford	C	179,057	Renewal
Costco	20146 100A Avenue	Langley	B	136,611	New
Confidential	11 King Edward Street	Coquitlam	A	70,410	New

Notable sale transactions

Address	Price (\$M)	RBA (s.f.)	Price PSF	Buyer(s)	Seller(s)
2500 Vauxhall Place	\$28.1	81,716	\$344	1535345 B.C. Ltd.	The Dayhu Family Foundation
1495 Kebet Way	\$16.5	22,475	\$734	Smith Holdings Ltd.	Peldib Investments Inc.
5628 Riverbend Drive	\$15.5	29,650	\$523	KKBL No. 661 Ventures Ltd.	RIC Power Corporation
68 Fawcett Road	\$13.0	12,790	\$1,016	Johal Vahra Holdings Inc.	Meteor Holdings (2015) Inc.
2620 Viscount Way	\$11.0	18,500	\$595	CESL Properties Inc.	670029 B.C. Ltd.

Market map



Key metrics

Greater Vancouver Area

▲ 3.9%	▼ 408K	▼ 4.0M	▼ \$20.35
Vacancy rate	Quarterly net absorption (s.f.)	Under construction (s.f.)	Avg. net asking rent (p.s.f. per annum)



	Inventory (s.f.)	Quarterly net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total availability (%)	Average direct asking net rent (\$ p.s.f.)	Quarterly completions (s.f.)	YTD total completions (s.f.)	Under construction (s.f.)
Burnaby	33,032,462	50,010	15,271	0.0%	3.8%	4.9%	\$20.67	29,190	29,190	217,957
Delta	34,273,939	-116,820	-92,989	-0.3%	4.5%	5.8%	\$19.61	0	254,028	688,321
Langley	21,897,099	45,828	9,152	0.0%	3.8%	5.8%	\$18.44	0	0	0
Maple Ridge & Pitt Meadows	6,746,705	-86,144	-120,646	-1.8%	4.7%	9.2%	\$19.33	0	0	366,852
North Vancouver	5,154,659	-18,762	-51,370	-1.0%	3.3%	3.5%	\$21.98	0	0	0
Richmond	46,081,712	-4,538	140,050	0.3%	2.8%	4.5%	\$21.57	0	212,649	249,306
Surrey	45,245,642	35,359	734,853	1.6%	4.9%	6.3%	\$19.23	93,678	1,064,097	732,333
Tri-Cities & New Westminster	24,946,011	98,398	205,603	0.8%	3.3%	4.3%	\$21.13	297,245	465,118	233,878
Vancouver	22,401,930	278,906	374,179	1.7%	5.2%	7.3%	\$23.31	175,290	274,944	711,031
Metro Vancouver	239,780,159	282,237	1,214,103	0.5%	4.0%	5.5%	\$20.45	595,403	2,300,026	3,199,678
Abbotsford	12,141,549	79,850	100,725	0.8%	4.1%	4.1%	\$18.14	47,117	47,117	234,045
Chilliwack	5,493,045	38,391	42,044	0.8%	0.2%	0.2%	\$13.70	0	0	205,641
Mission	879,555	7,559	3,925	0.4%	9.0%	8.6%	\$16.66	0	0	402,124
Fraser Valley	18,514,149	125,800	146,694	0.8%	3.2%	3.2%	\$17.80	47,117	47,117	841,810
Metro Vancouver & Fraser Valley	258,294,308	408,037	1,360,797	0.5%	3.9%	5.4%	\$20.35	642,520	2,347,143	4,041,488



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