

2026 Commercial Market Forecast



Greater Vancouver REALTOR®'s | Economics

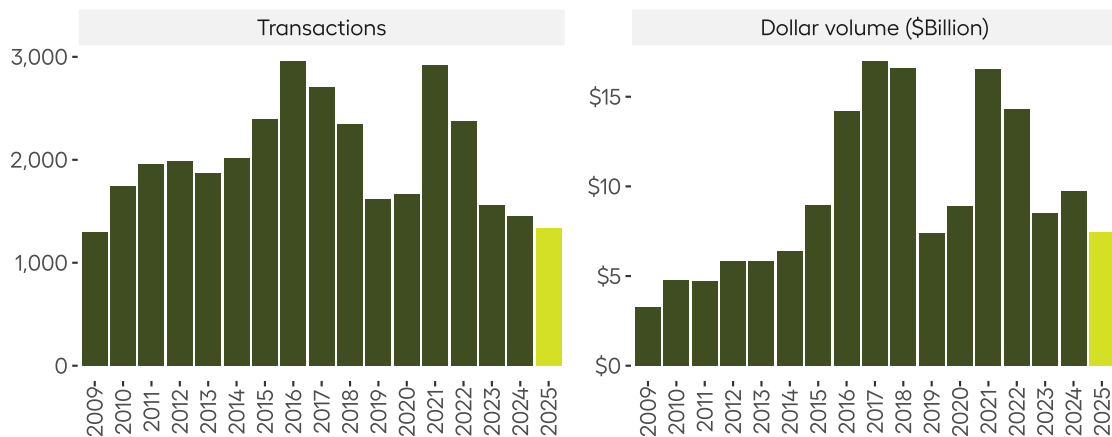
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Market overview

Despite lower borrowing costs in 2025, transactions across the Lower Mainland finished the year with the lowest total seen since 2009, down approximately eight per cent from 2024.

Dollar volume was also down, finishing the year approximately 23 per cent lower than 2024.

Annual Commercial Transaction Count and Dollar Volume
Lower Mainland, All Asset Classes



Source Data: Commercial Edge | GVR Economics

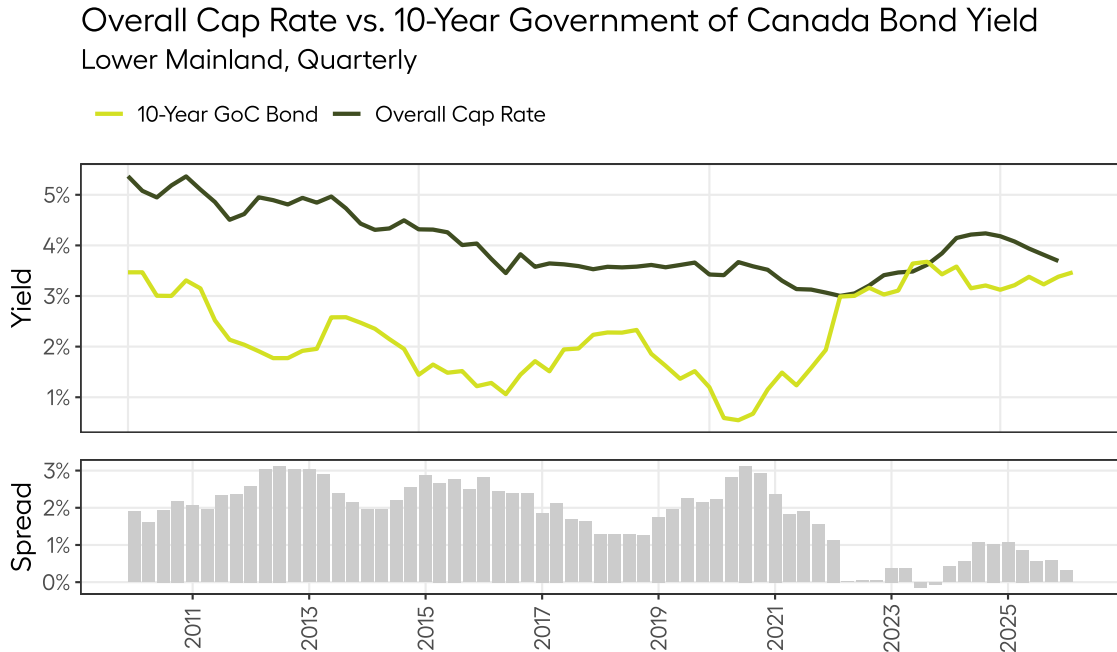
Although the aggregate totals were down overall, the retail and office segments saw year-over-year increases in transaction and dollar volumes, while all other asset classes saw declines.

Standing out among gainers, the office segment saw transactions increase 58 per cent from 2024, with dollar volume surging 129 per cent, largely driven by the record-setting \$1.2 billion “The Post” building acquisition.

In short, 2025 was characterized by recalibration and capital rotation, with deal flow tilting toward reliable income producing properties and larger, higher-quality assets, as opposed to speculative plays.

2026 sales forecast, by asset class

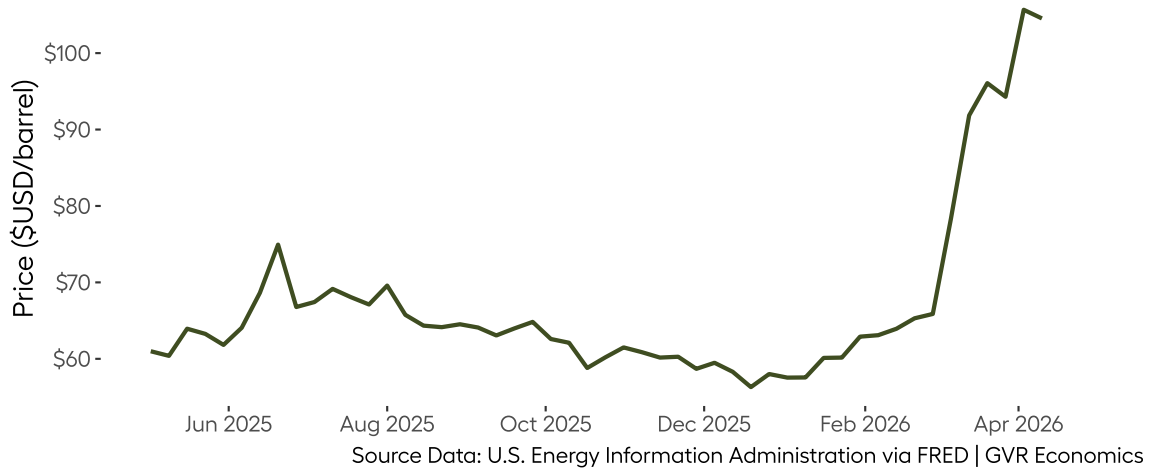
The overall cap rate across all asset classes saw compression throughout 2025, with the spread between the 10-year Government of Canada bond yield narrowing over the course of the year.



With long bond yields remaining steady throughout 2025 offering relatively attractive yields, investors are likely to remain cautious when deploying capital into riskier tiers of commercial assets until the spread widens sufficiently to justify the risk.

Ongoing economic and geopolitical uncertainty is likely to persist throughout 2026, with the conflict in the middle east stoking inflationary fears as oil prices spiked in response to the blockade of the Strait of Hormuz.

Crude Oil Prices: West Texas Intermediate (WTI) Weekly Average Price



Even if the conflict is resolved over the course of the year, it may take time for inflationary fears to subside, which may keep bond yields, and by extension, borrowing costs, higher than they otherwise would be.

This dynamic is likely to pose a drag on commercial market activity throughout 2026, though perhaps to a lesser extent than seen in 2024 and 2025.

As a result, our 2026 forecast takes a cautious tone. We expect another year of mixed performance across the commercial asset classes, as differing dynamics play out in different segments of the market.

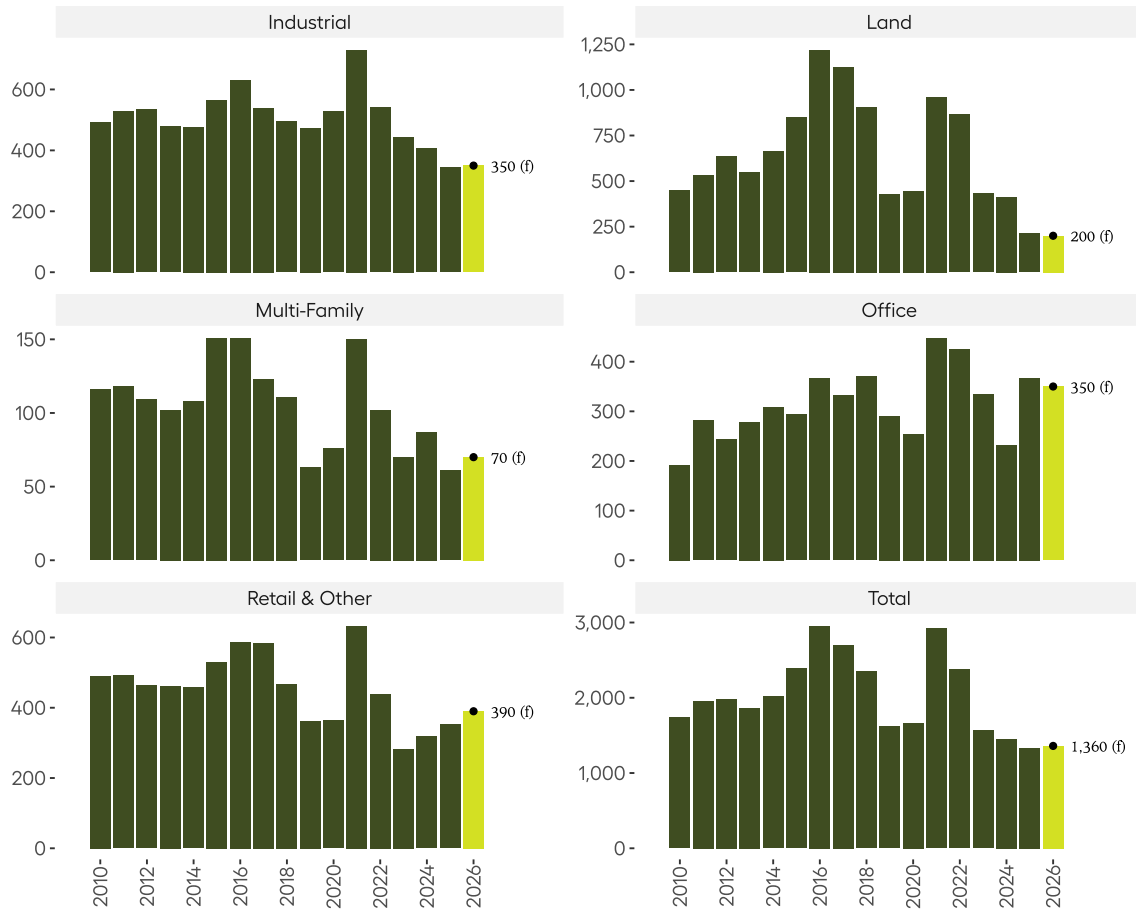
The table and plots below summarize our forecast by asset class:

GVR 2026 Commercial Sales Forecast

Asset Class	2025 Actual	2026 Forecast	% Change	Direction
Industrial	343	350	2%	→
Land	212	200	-6%	↘
Multi-Family	61	70	15%	↑
Office	367	350	-5%	↘
Retail & Other	352	390	11%	↗
Total	1,335	1,360	2%	→

Source: GVR Economics

GVR 2026 Commercial Sales Forecast Annual Totals, by Product Type



Source Data: Commercial Edge | GVR Economics

Office

The Vancouver office market remains in transition as occupiers align space needs with hybrid work patterns, not yet fully adjusted to the space requirements of the post-pandemic work world and that of the accelerating AI revolution.

Quarter-over-quarter, transactions remained steady over the course of 2025, with the exception of a brief dip in Q2. Vacancy remains elevated relative to historical norms, and demand appears to be divided by building quality, with higher-quality space attracting stronger interest, while older buildings lease more slowly.

Estimates of new supply coming to market over the near-term suggest there is relatively little office under construction. This dynamic may partially explain why office transactions finished up 58 per cent year-over-year, despite the ongoing economic uncertainty, as investors bet on a future scarcity of high-quality space over the longer term.

While dollar volume surged 129 per cent over 2024, the record-setting “The Post” building acquisition by Pontegadea for \$1.2 billion in Q4 2025 comprised roughly 59 per cent of the total year’s dollar volume.

Absent this transaction, office dollar volume would have reported a decline of roughly six per cent relative to 2024, despite transaction volumes increasing over the 2024 level.

Industrial

Industrial transactions drifted lower over the course of 2025, finishing down 16 per cent on the year, with dollar volume trailing further behind, declining 29 per cent relative to 2024.

Investors appear to have taken a cautious stance throughout 2025 amid rising geopolitical tensions and economic uncertainty, focusing on stable, core assets and pulling back from speculative purchases.

The recent land-title ruling has added legal uncertainty into certain pockets of the market, which may also have contributed to the cautious stance of investors in this segment.

While vacancy has risen and rents have cooled over the past few years, absorption remains relatively strong, anchored by logistics, warehousing, and larger distribution requirements.

Looking ahead, relatively little industrial space is under construction which will keep supply limited over the longer term, with most new completions expected to release space over the next one to two years.

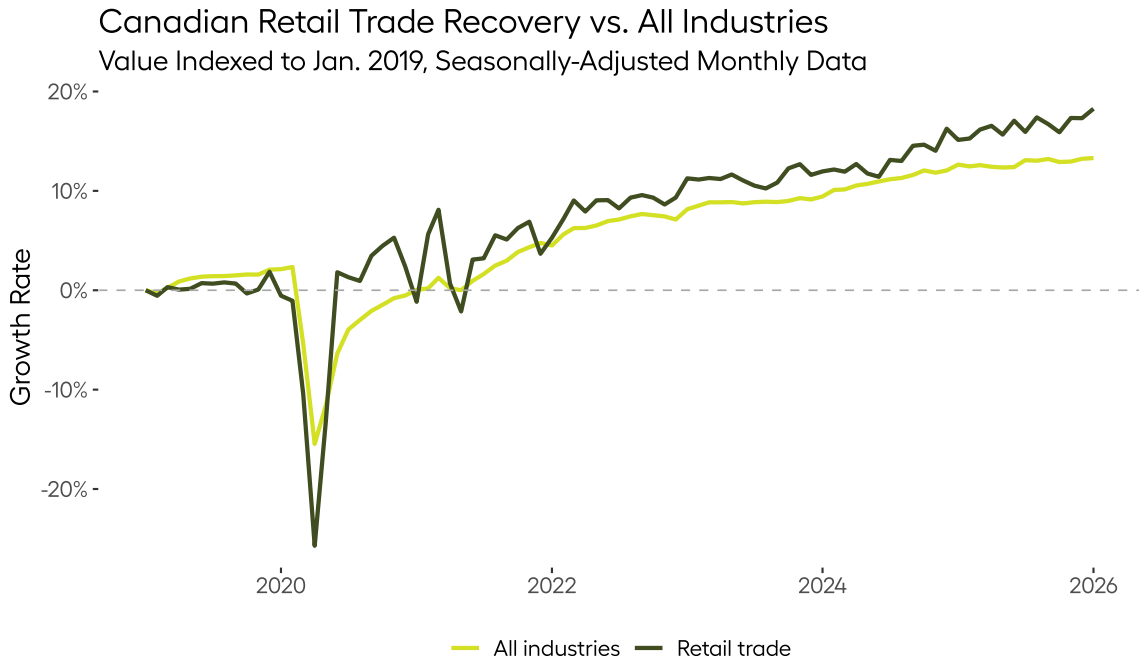
Retail

Retail was a comparatively interesting bright spot in 2025 market data, despite the notable closure of the Hudson’s Bay and its sizeable retail footprint.

Transactions finished up 11 per cent year-over-year, and dollar volume increased 20 per cent.

Vacancy stayed very low overall, and grocery-anchored centres continued to attract institutional attention.

As in recent years, growth in retail trade continued outpacing all other industries, providing a strong tailwind to the retail segment, and supporting investor confidence.



Source Data: Statistics Canada | GVR Economics

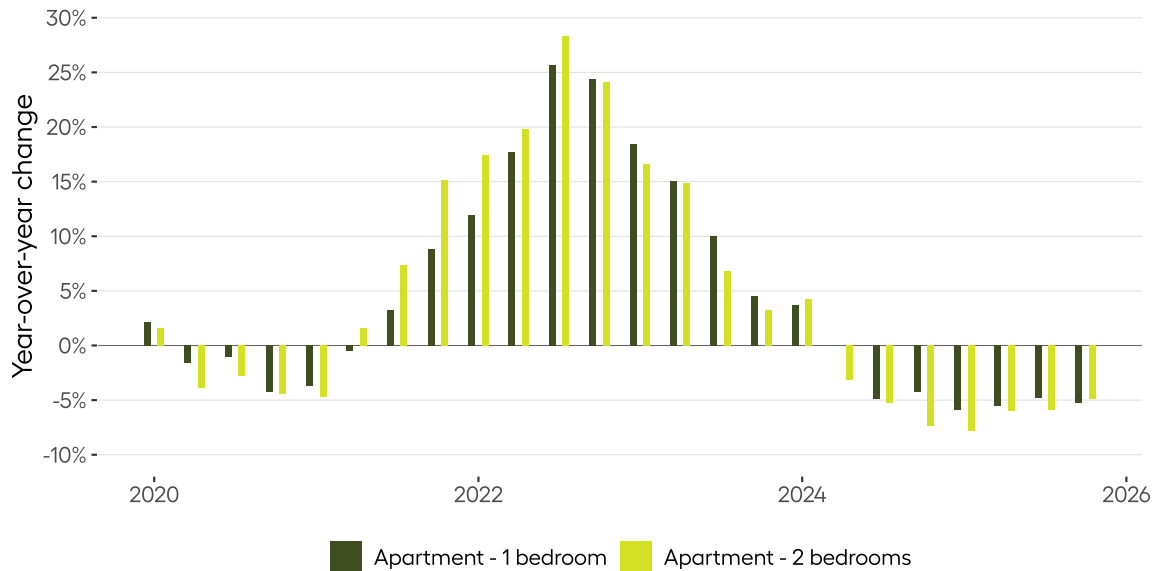
With the announcement of the FIFA World Cup 2026 coming to Vancouver, businesses operating in this segment may temporarily benefit from the influx of international visitors this year, which may help offset the negative impact of the U.S. administration’s various tariffs on imported goods.

Multi-family

The multi-family market faced a number of headwinds in 2025, with transaction volumes declining 30 per cent year-over-year, while investment volumes declined 42 per cent.

The supply pipeline has grown tremendously in the past ten years, which has put upward pressure on vacancy rates and downward pressure on rents.

Asking Rents, Metro Vancouver 1 and 2 Bedrooms Units; year-over-year growth



Source Data: Statistics Canada | GVR Economics

As of March 2026, 21,769 purpose-built rental units were under construction across the Vancouver CMA per CMHC data.

To put this figure in context, from 1990 through the end of 2015, the number of purpose-built rental units under construction each year never exceeded 5,000.

As these 20,000+ units under construction come online over the coming years, we expect more downward pressure on rents and upward pressure on vacancy rates, a dynamic likely to be exacerbated by the policy-induced contraction in non-permanent residents currently underway.

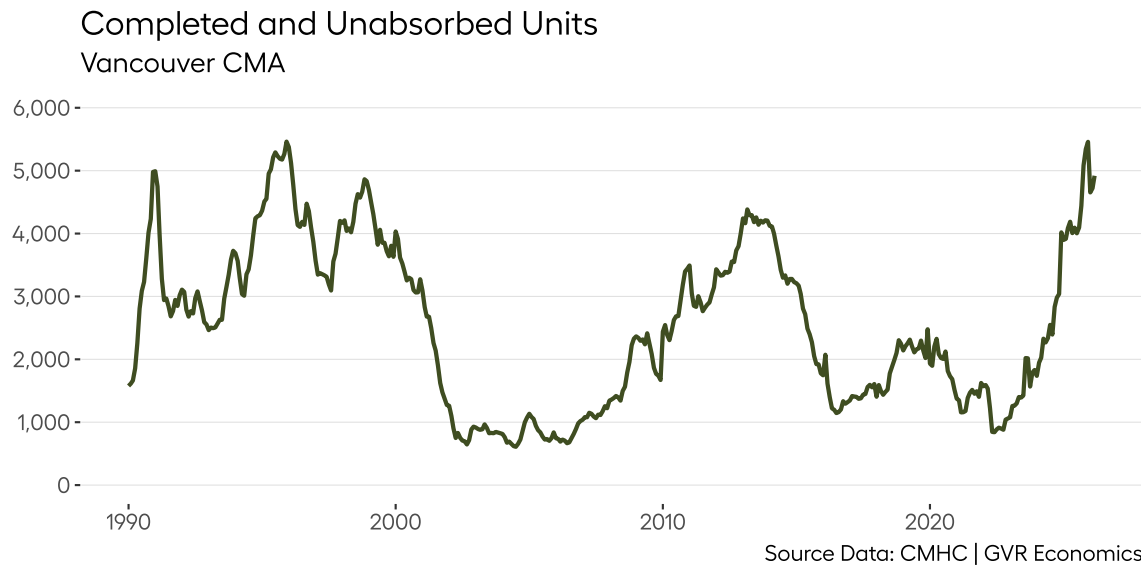
These dynamics will act as a natural stabilizer for the market over time, as the feasibility of new rental development becomes increasingly challenged, and developers are forced to pull back on new construction.

In the meantime, investors are likely to remain highly selective when deploying capital into this segment, focusing on higher-quality assets and those with strong fundamentals.

Development Land

Land transactions were hardest hit among all commercial segments in 2025, with transactions dropping 49 per cent compared to 2024, and dollar volumes plummeting 60 per cent.

Similar to the multi-family segment, the development land market has been plagued by a supply glut of newly completed dwellings, which has negatively impacted the feasibility of new development projects.



We expect the development land market to remain significantly challenged through 2026 due to:

- a record number of units rental units under construction;
- the number of completed and unabsorbed ownership units sitting at a near-record high;
- the policy-induced slowdown in immigration; and
- the ongoing uncertainty around land-title rulings.

End notes

Forecasting commercial market activity is complicated due to small sample sizes and extreme heterogeneity in transaction prices and volumes. These factors, among others, complicate modelling efforts significantly.

As a result, GVR aims to be “directionally correct” in our commercial forecasting efforts, and we urge readers to use caution when interpreting our point estimates and associated year-over-year forecasted percentage changes.

DISCLAIMER: GVR’s commercial forecast is provided on a best-effort basis and does not represent professional investment advice. Investing in commercial real-estate may involve significant risk, and users of our report should always seek appropriate professional and legal advice prior to transacting in commercial property. This report and its contents should only be used to supplement own due diligence, but should never replace it.

About GVR Economics

Headed by Andrew Lis, Chief Economist & Vice-President Data Analytics, GVR's Economics team focuses on delivering timely insights to members and the public through the provision of market analyses, forecasts, presentations, and other analytical products

*Editor's Note: Due to the nature of commercial real estate transactions, our statistics typically lag by a quarter. That means our 2025 numbers were not final until the end of Q1, 2026. This report was published as soon as we were able to analyze the final numbers from 2025.

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