LONDON PACIFIC
40 YEARS

Q2-2026

QUARTERLY MARKET INSIGHT

EXECUTIVE SUMMARY

CONTRIBUTED BY JOE HAWBOLDT

Have We Fallen Out of Love with Real Estate?

There has been a noticeable shift in the psychology of buyers and sellers across Metro Vancouver. I am seeing real estate, arguably our most important tangible asset, whether it is an investment, a place to live, or a home for a business, is no longer viewed with the same optimism it was just a few short years ago.

For decades, the belief that "Vancouver real estate only goes up" was deeply ingrained in the minds of many of us. That conviction influenced purchasing decisions, investment strategies, and expectations. Today, we are seeing how that narrative has been challenged. Many individuals have experienced quickly declining values, higher carrying costs, and an uncertain outlook, as a result, conversations we are having at the ground level have changed dramatically.

Increasingly, I hear people describe Metro Vancouver real estate as risky, overpriced, and lacking the upside it once promised. Some believe their capital is better deployed elsewhere. What is particularly interesting is that this sentiment is not limited to first-time buyers or casual investors. Even individuals who built a significant portion of their wealth through real estate are, at this stage of their lives, allocating more of their capital into other financial vehicles.

It is a fascinating reminder of human psychology. We are social creatures, and when uncertainty rises, we tend to move with the herd. Optimism attracts buyers, while pessimism often keeps them on the sidelines. Markets are driven by more than economics, they are driven by confidence.

At the same time, another trend is quietly emerging.

Sophisticated, well-capitalized investors who have remained inactive for years are beginning to make meaningful acquisitions in premium locations. They are purchasing assets at prices that reflect a very different market than we saw only a few years ago. These groups are not investing based on emotion or headlines. They are investing based on long-term fundamentals. They understand that every real estate cycle experiences expansions and contractions, and that periods of pessimism often create the best opportunities.

We are undoubtedly in one of those quieter phases today. Yet the underlying fundamentals that have made Metro Vancouver one of the world's most desirable regions remain intact. It continues to offer an exceptional quality of life, a strong consumer demand environment, world-class natural beauty, and limited land supply within a highly desirable metropolitan area.

There is a reason so many people have made enormous sacrifices to call this place home. My own Mom, like many others, came here from a communist country where opportunity and individual freedom looked very different. She believed in the possibilities that existed in a place like Canada. That same belief in opportunity is one of the reasons Metro Vancouver continues to attract people from around the world. Real estate is not just about numbers on a spreadsheet. To others it represents security, stability, and the ability to build something for future generations.

When confidence eventually returns, and history suggests it always does, I believe we will see capital flow back into the market in a more healthy and thoughtful way. Right now we may be in the best environment for buyers my career will see. The following report will look at macro economics and policy that is affecting our industry as well as some key opportunities for investor buyers.

I remain optimistic about the long-term future of Metro Vancouver real estate. Markets will rise and fall, sentiment will shift, and investment preferences will evolve, but my belief in this region has not changed.

I love Metro Vancouver, I love its people, and like many others I love its real estate.

Sincerely,

Joe Hawboldt

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MACRO SNAPSHOT

01. INTEREST **RATES**

Interest rates remained unchanged throughout Q2 2026 and the Bank of Canada again, for the 6th consecutive time, maintained its overnight rate at 2.25% on July 15, 2026.

Canada's economy is showing signs of improvement. Growth is picking up and core inflation remains close to 2%. CPI inflation is expected to stay elevated and then gradually ease back to 2% in early 2027.

Risks and uncertainties related to the war in the Middle East and US trade policy remain top of mind. Governing Council will continue to assess the strength of the Canadian economy and the outlook for inflation and will adjust as needed.

The next announcement will be September 2, 2026.

https://www.bankofcanada.ca/2026/07/fad-press-release-2026-07-15/

02. GDP

Canada's economy strengthened in April, with real GDP increasing 0.5%, marking the strongest monthly growth since July 2025 and exceeding initial expectations. The expansion was led by gains in the goods-producing sector, particularly mining, quarrying, oil and gas extraction, and manufacturing, while service-producing industries also recorded modest growth.

Preliminary estimates indicate the economy continued to expand in May, with real GDP rising 0.1%, suggesting economic activity remained stable through the second quarter.

https://www.rbc.com/en/economics/canadian-analysis/data-flashes/canadian-economy-posts-stronger-start-to-second-quarter-as-gdp-rises-in-april/

03. INFLATION

Canada's headline inflation rate increased to 3.2% year-over-year in May 2026, up from 2.8% in April, largely driven by higher global energy prices.

Despite the increase in headline inflation, the Bank of Canada's preferred core inflation measures remained relatively stable at an average of 2.1%, indicating that underlying inflationary pressures continued to ease.

Energy prices were the primary contributor, with gasoline prices rising 33.2% year-over-year in May. Grocery prices also increased, with food inflation reaching 3.8%, driven largely by higher fresh produce costs. Meanwhile, shelter inflation

https://www150.statcan.gc.ca/n1/daily-quotidien/260622/dq260622a-eng.htm

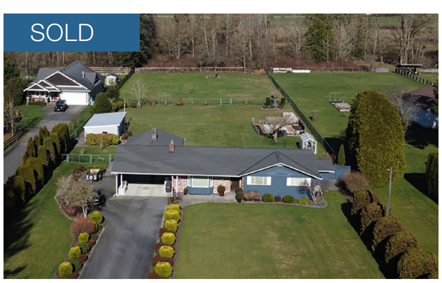
04. LABOUR MARKET

Canada's labour market showed renewed strength in May, with employment increasing by 88,000 jobs, recovering a significant portion of the losses recorded earlier in the year. The unemployment rate declined to 6.6%, outperforming expectations, although it remains above the level generally considered consistent with a balanced labour market.

While economic conditions are expected to improve, growth is projected to remain below its long-term potential, with the labour market remaining relatively stable and the unemployment rate easing modestly to 6.4% by the end of the year.

https://economics.td.com/ca-quarterly-economic-forecast

NOTABLE SALES



STRATIFIABLE 1.32 ACRES

- 23325 34A Avenue Langley, BC
- Single Family Home + Ability to Construct
- SOLD PRICE $2,100,000

SMALL SCALE RESIDENTIAL SITE

- 5116 & 5124 Winskill Drive Delta, BC
- Designated “small scale residential”
- SOLD PRICE $4,290,000

INCOME PRODUCING INVESTMENT

- 2625 North Road Burnaby, BC
- 6 Rental Suites | R7 High Rise Designation
- SOLD PRICE $2,140,000

REAL ESTATE MARKET UPDATE

METRO **VANCOUVER**

Demand for all home types in Metro Vancouver increased in June with home sales being up 10% year-over-year.

“June’s data could be an early sign of a shift in the market. In recent years, sales trends have usually been mixed across home types, which is typical of a sideways trending market. But with all housing types posting gains in June, the data indicate demand may be returning to the market more broadly.” - Andrew Lis, GVR chief economist.

DETACHED

Active Listings:	6,236
Sales:	747
Benchmark Price:	$1,842,900
Avg. Days on Market:	39

TOWNHOUSE

Active Listings:	2,966
Sales:	527
Benchmark Price:	$1,046,200
Avg. Days on Market:	35

APARTMENT

Active Listings:	7,104
Sales:	1,103
Benchmark Price:	$695,200
Avg. Days on Market:	39

https://www.gvrealtors.ca/market-watch/monthly-market-report/march-2026.html

BC **HOUSING MARKET**

The British Columbia Real Estate Association (BCREA) released its 2026 Second Quarter Housing Forecast on April 27, 2026.

Multiple Listing Service® (MLS®) residential sales in BC are forecast to fall 2.1 per cent to 68,700 units this year. In 2027, MLS® residential sales are forecast to move higher, rising 7.7 per cent to 74,000 units.

With active listings at their highest level since 2015, and additional pressure from elevated new-home inventory, we anticipate the average price in BC will fall by 1.4 per cent in 2026 to $939,800, down from $952,930 in 2025. This decrease largely reflects disproportionate weakness in more expensive markets in the Lower Mainland, casting downward pressure on the broader provincial average price.

https://www.bcrea.bc.ca/economics/housing-forecast/

COMMERCIAL **SALES**

Altus Group recently published (June 16, 2026) their Vancouver commercial real estate market update for Q1 2026.

"Vancouver reported a contraction in overall investment activity, with about $1.9 billion in dollar volume transacted, representing a 14% decrease year-over-year."

The **retail sector** fundamentals exhibited early signs of stabilization, however, the legacy of recent economic headwinds remained visible with nearly $443 million in dollar volume transacted, representing a 10% decrease. Notable was the restructuring among large-format department stores and big-box contractions introduced large blocks of space into the retail market.

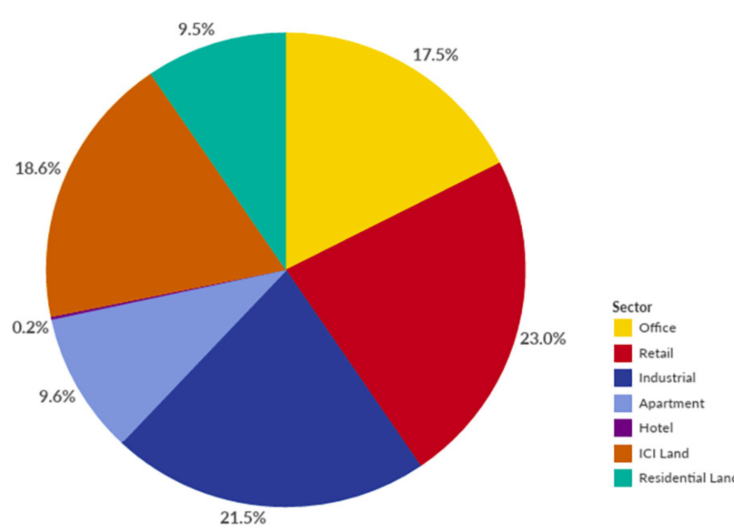
The **multifamily investment sector** experienced the most significant slowdown, recording $185 million in dollar volume transacted, representing a 48% year-over-year decrease.

The **industrial sector** has historically maintained positive net absorption due to the scarcity of industrial land in the region. While conditions in early 2025 softened briefly, the first quarter of 2026 recorded a strong return to positive territory with nearly 722,000 square feet of net absorption.

Office investment The only core sector to report year-over-year growth, with a 45% increase in investment volume, recording $338 million in dollar volume transacted. This increase underscores a persistent confidence in Vancouver’s stabilizing office market.

The **land sector** recorded a decline in activity, heavily influenced by developers adjusting pipelines to manage elevated construction costs and prolonged municipal approval structures. This resulted in nearly $184 million in dollar volume transacted, representing a 28% year-over-year decrease.

Q1 2026 YTD PROPERTY TRANSACTIONS
TOTAL $ VOLUME / SECTOR



https://www.altusgroup.com/insights/vancouver-commercial-real-estate-market-update/#overview

POLICY UPDATE

POLICY UPDATE

June 18, 2026 The Federal and Provincial Governments announce a 10-year partnership under the Build Communities Strong Fund. This includes an allocation of $5 billion towards local infrastructure projects to support housing, health care, transit and community and a promise to reduce DCCs for multi-unit housing by up to 50 percent in priority communities.

The most controversial part of the plan includes the absorption of more than 2200 vacant condo units by the government to create affordable housing stock. A banner idea at first glance; remove the risk, the timeline, cost to construct and deliver to communities immediate "turnkey" inventory of much needed affordable housing.

So what is at issue?

"When markets decline, prices should be allowed to adjust naturally. Government intervention risks establishing an artificial floor under condo prices rather than allowing affordability to improve through normal market forces." - Andy Yan, Director City Program, SFU

“The condo goes from expensive to less expensive. Who’s going to pay the difference? Well, Mark Carney wants you, the taxpayer, struggling with mortgage bills and gas prices, to pay those losses instead of the developers.” Pierre Poilievre, Conservative Leader.

https://dailyhive.com/vancouver/canada-bc-partnership-condo-conversion-metro-vancouver-supply-criticism?utm_source=chatgpt.com

What is the perception?

The government is fast working to change the narrative as public perception latches onto the notion that this is a "developer bailout".

Developers didn't ask for it.

"Rick Ilich, CEO of Townline Homes and Chair of the Urban Development Institute, said he is not aware of any developer who spoke to the government about the program before its unveiling."

Developers would rather sell their units through normal market channels even at discounted prices, rather than negotiate with the government. Government acquisitions will involve: lengthy due diligence, politicial oversight, procurement rules, affordability restrictions, and uncertainty over timing.

What is the alternative?

UDI is advocating for an alternative - an expansion of the GST rebate on new homes to **all buyers.** This initiative would help move unsold inventory by improving affordability yet maintain a private market system where pricing is determined by buyers and sellers and not manipulated through government intervention.

https://vancouversun.com/business/real-estate/bc-developers-dont-want-buyout-for-empty-condos

https://globalnews.ca/news/11916872/critics-blast-bc-federal-government-condo-bailout/?utm_source=chatgpt.com

INVESTMENT OPPORTUNITIES

Our mandate is to maximize financial success for our clientele.

Let the Team demonstrate why our valuations and recommendations provide sound commercial real estate advice time and time again.

FOR SALE

THE PRINCE

Multifamily Investment Opportunity
1775 Adanac Street Vancouver, BC

- PID 015-163-580
- 6 Units | 5 x 1 Bedroom | 1 x Studio
- One Unit Currently Vacant
- Property Size 5,367 SQFT
- Year Constructed 1952
- Cap Rate 4.25%

The subject property is a well-maintained, six-suite low-rise rental apartment building situated in the Grandview-Woodland neighbourhood, adjacent to shops and amenities on Commercial Drive and within a 10-minute walk (800 metres) of Commercial–Broadway SkyTrain Station, providing Expo and Millennium Line connectivity to Downtown Vancouver, Burnaby, and Surrey.

Constructed in 1952 and located on a 5,367 SF lot (44' x 122'), the building provides stable in-place cash flow. Property is in great condition as it was thoughtfully cared for by the same ownership group for decades. 1775 Adanac Street is positioned within one of East Vancouver's most desirable and resilient residential markets, appealing to both end users and long-term investors alike.

https://londonpacific.ca/property/the-prince-multifamily-investment-opportunity-1775-adanac-street/

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FOR SALE

INVESTMENT PROPERTY

Development Potential
627 Harrison Avenue Coquitlam, BC

- PID 010-166-564
- Burquitlam Neighbourhood
- RA-1 Medium Density
- 2.4 FSR Any Tenure | 3.0 FSR 100% Rental in Tier 3
- Gross Lot Area 9,932 SQFT

London Pacific is pleased to present this highly desirable investment or owner-occupier opportunity with medium-density development potential (6-storey apartment) in the heart of Burquitlam. Situated on a large 9,932 SQFT lot, this well-maintained two-level home offers ample living space and strong holding income potential, as the property is easily tenanted. Features include a private backyard and large workshop, with close proximity to amenities such as commercial, SkyTrain and transit, schools and parks.

Overall, this is an incredible investment opportunity offering holding income while securing a property in one of the few remaining development sites in the area.

https://londonpacific.ca/property/income-producing-development-property-627-harrison-ave-coquitlam-bc/

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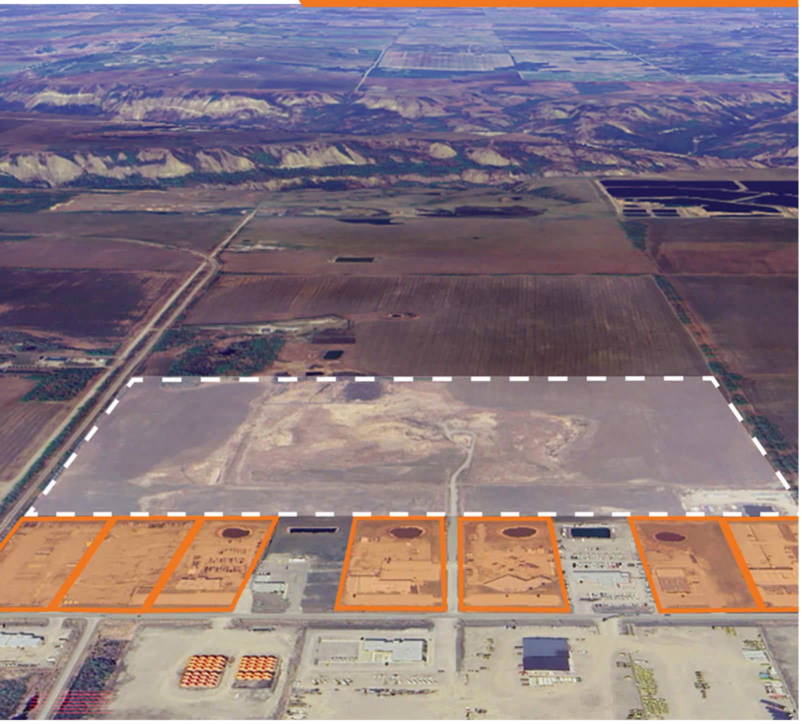
FOR SALE



INSTITUTIONAL ENERGY PORTFOLIO

Investment Property
Peace River District, BC

- 6534, 6604, 6744, 6954, 7024, & 7094 100 Avenue & 10263 Kirk Street Peace River Regional District, BC
- Total GLA Across 5 Buildings 156,817 SQFT
- Total Site Area 8 Lots | 141.54 Acres
- Total Cap Rate 7.13%
- Anchor Tenants: BCER, CNRL, Shell, Petronas

The subject portfolio is an institutional-quality investment & development opportunity: a modern industrial business park in the Peace River Regional District bordering Fort St. John, BC consisting of 5 field office buildings, serving as operational, administrative, regulatory, & support facilities for government & energy-sector tenants active in northeast British Columbia. Four of the offered properties are fully tenanted on triple net leases to major Canadian oil & gas producers (Petronas, Canadian Natural Resources, Shell, & Tourmaline). The fifth property is tenanted to the BC Energy Regulator (BCER), a covenanted tenant that is now committed to a 29,634 SQFT addition of its existing building, commencing this summer 2026 with completion & occupancy scheduled for the third quarter of 2027. The portfolio includes a 109-acre freehold parcel currently in the ALR consisting of a potential subdivision of Lots 11-28.

https://londonpacific.ca/property/institutional-energy-services-portfolio-peace-river-district-bc/

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FOR SALE

8 UNIT APARTMENT BUILDING

Multifamily Investment Property
227 East 15th Avenue Vancouver, BC

- PID 006-184-197
- Lot Size 6,039 SQFT
- Year Constructed 1968
- 8 Units | 1 x 2 Bedroom | 7 x 1 Bedroom
- 3 Vacancies Upon Possession
- FSR 6.5

The subject property is a well-maintained, eight-suite low-rise rental apartment building situated in Mount Pleasant. Constructed in 1968 and located on a 6,039 SF lot (50' x 122'), the building provides stable in-place cash flow with meaningful and immediate upside with 3 units delivered vacant upon possession.

In addition to its strong current income profile, the property offers substantial redevelopment opportunity under the Broadway Plan. The site benefits from a high-density designation permitting rezoning for up to 24 storeys and a maximum density of 6.8 FSR, positioning it as a compelling hold-and-redevelop opportunity in one of Vancouver's most transformative growth corridors that meets "as is" market financing requirements.

https://londonpacific.ca/property/mt-pleasant-8-unit-apartment-building-227-east-15th-avenue/

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The information in this report is based on data available as of July 31, 2023, obtained from sources deemed reliable. While efforts were made to ensure accuracy and completeness, we cannot guarantee its current accuracy or reliability. Circumstances may have changed since the data was last updated. This information is for reference and general purposes only. The term "newly built" refers to units that are no older than 5 years. This is not intended to be a forecast of future events, and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice. Sources: Altus Data Solutions; Bank of Canada; Paragon; Zonda Urban; RBC; CPA Canada, Real Estate Magazine, Impact Commercial