



**LONDON
PACIFIC**
40 YEARS

Q4 - 2025

**MARKET INSIGHT &
COMMERCIAL DEBT MARKET SNAPSHOT**
WITH SPECIAL CONTRIBUTOR IMPACT COMMERCIAL

EXECUTIVE SUMMARY

CONTRIBUTED BY ERIN WILLIAMS

This edition of London Pacific's Quarterly Market Update takes a sober look at 2025. As year-to-date metrics and sales stats are finalized, the reality of where our market sits cannot be avoided.

GVR reports that total residential real estate sales in Metro Vancouver for 2025 were 24.7 per cent below the 10-year annual sales average (31,625), marking the lowest annual sales total in over twenty years. The sales to new listings ratio at 1 to 3, has new listings reaching a historical peak as more than 99,000 homes were brought to market.

Q3 2025 Stats for commercial transactions are just being published and indicate a contraction of 23% year-over-year. Retail led the charge transacting more than \$1.1 billion, office remained steadfast and multifamily remained "cautiously optimistic" while land and industrial sectors continued to experience substantial investment pullbacks. 2025 marked the lowest number of new project launches in fifteen years with fewer than 100 new project coming to market. It's clear that Developers have hit pause and we know the laundry list of reasons: policy constraints, unachievable inclusionary requirements, municipal process and development costs, building code requirements, cost to construct, inflated land costs, challenging lending circumstances and substantially lowered benchmarks for new product.

So, what now?

The year ahead marks a phase for incremental positive adjustments and as borrowing costs continue to ease we will see Buyers take advantage of the surplus of high-quality investment opportunities in this region. Policy changes for 2026 such as the increase in speculation and vacancy tax will continue to cause pause for thought but in the end, there is no doubt that the long-term appeal of Metro Vancouver to investors remains intact.

Now, in my 12th year as Director of Business Development I look forward to the challenge that this shift has provided to our core Team at London Pacific. It is an opportunity for those in our ranks to redefine what it means to be the "best in class" in this industry.

We will continue to rely on our ability to **collaborate**, be **visionary** and **creative** in challenging times and to uphold our mantra of **integrity** first.

Moving forward celebrating 40 YEARS IN BUSINESS

I'd like to use this platform to recognize two individuals who embrace these core values and as a result have successfully transitioned from Sales Representatives to Associates as of January 1, 2026: Congratulations to **Joe Hawboldt** and **Lucas Chavez**.

In extending our value-add network to our clientele we are excited to have Impact Commercial contribute to this Quarterly with a Snapshot on the Commercial Debt Market. Offering a wide range of services from land and construction financing; to CMHC financing for multifamily rental investors and developers; to commercial mortgages for investors in all commercial asset classes, and owner-users of industrial, retail and office properties please may I introduce: **Michael Mullen**, **Matthew Dunnigan**, and **Shania Bakhtiani**.

Let's jump into 2026 and celebrate London Pacific's 40th year in business Integrity first!



Sincerely,

Erin Williams

ERIN WILLIAMS

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MACRO SNAPSHOT

01. INTEREST RATE

Here is a quick summary of the interest rate announcements/changes that BOC made in 2025: **January 29**: Decreased to 3.00%, **March 12**: Decreased to 2.75%, **April 16**: Maintained at 2.75%, **June 4**: Maintained at 2.75%, **July 30**: Maintained at 2.75%, **September 17**: Decreased to 2.50%, October 29: Decreased to 2.25%, December 10: Maintained at 2.25%

Economists anticipate that the BoC will maintain the 2.25% rate into the first few months of 2026. The next scheduled announcement was for January 28, 2026, where the BoC would provide further guidance.

<https://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>

02. INFLATION

Statistics Canada reported on November inflation numbers (on December 15, 2025) stating that overall, the inflation rate came in at 2.2 per cent. "Canada's annual inflation rate was unchanged in November, but grocery inflation reached its highest rate in nearly two years." The Bank of Canada's preferred measure of core inflation, excludes volatile components such as food and gas, stayed flat in November.

<https://www.cbc.ca/news/business/canada-inflation-rate-unchanged-november-2025-9.7015905>

03. GDP

Year end numbers for GDP are not yet in but official data released on December 23, 2025 demonstrated that the Canadian economy shrank "by a greater-than-expected 0.3 per cent in October, the largest drop in almost three years, on weakness in both the goods and services sectors, official data showed on Tuesday."

<https://globalnews.ca/news/11588871/canada-gdp-october-2025/>

METRO VANCOUVER REAL ESTATE IN REVIEW

RESIDENTIAL SALES DECEMBER

Totaled 1,537 in December 2025, a 12.9 per cent decrease from the 1,765 sales recorded in December 2024. This was 20.7 per cent below the 10-year seasonal average (1,937).



DETACHED

Active Listings: 4,640

Sales: 431

Benchmark Price: \$1,879,800

Avg. Days On Market: 59

TOWNHOUSE

Active Listings: 2,076

Sales: 303

Benchmark Price: \$1,056,600

Avg. Days On Market: 42

APARTMENT

Active Listings: 5,249

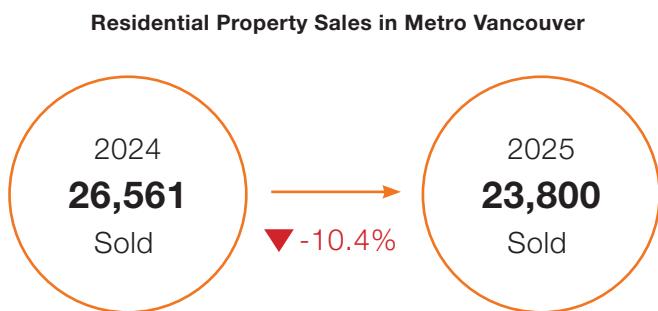
Sales: 791

Benchmark Price: \$710,000

Avg. Days On Market: 48

ANNUAL SALES

GVR reports that residential sales in the region totaled 23,800 in 2025, a 10.4 per cent decrease from the 26,561 sales recorded in 2024, and a 9.3 per cent decrease from the 26,249 sales in 2023. Last year's sales total was 24.7 per cent below the 10-year annual sales average (31,625) marking the lowest annual sales total in over twenty years.



APARTMENT SALES

Apartment sales continue to decline: 791 apartment homes SOLD in December 2025, a **11.2 per cent decrease** compared to the 891 sales in December 2024. The benchmark price of an apartment home is **\$710,000**. This represents a **5.3 per cent decrease** from **December 2024** and a **0.6 per cent decrease** compared to **November 2025**.



OPPORTUNITIES



2433 - 2429 CRESCENT WAY ABBOTSFORD

Gross Site Area: 4384 SQFT
Parcel Assembled: 3
Designation: Row Homes



721 & 727 SMITH AVE COQUITLAM

Gross Site Area: 28,428 SQFT
Parcel Assembled: 2
Designation: Medium Density



2300 CLARKE STREET PORT MOODY

Gross Site Area: 24,879 SQFT
Designation: 2.7 FSR - Mixed-use

INCREASED LISTING

There were 1,849 detached, attached and apartment properties newly listed for sale on the MLS® in Metro Vancouver in December 2025. This represents a 10.3 per cent increase compared to the 1,676 properties listed in December 2024. This was 10.3 per cent above the 10-year seasonal average (1,677).

"Although the sales total was the lowest in over two decades, Realtors were still busy listing properties. Sellers brought the highest total of listings to market on record since the mid-1990s, eclipsing the previous record high in 2008 by a little over 1,000 listings."

- Andrew Lis, GVR chief economist and vice-president data analytics

<https://www.gvrealtors.ca/market-watch/monthly-market-report/december-2025.html>

COMMERCIAL SALES Q3

Altus Group recently published (December 4, 2025) their Vancouver commercial real estate market update for Q3 2025 stating that there were "\$6.5B transactions, down 23% year-over-year, with retail gains offset by softer land, multifamily, and industrial investment."

- The **retail sector** reported positive year-over-year growth of 31%, with \$1.1 billion in dollar volume transacted
- The **multifamily sector** experienced a year-over-year decrease of 24%, recording \$891 million in dollar volume transacted
- The **industrial sector** recorded \$1.1 billion in dollar volume transacted, a 27% year-over-year decrease
- The **office sector** saw a modest 4% year-over-year increase in investment volume, recording \$1.2 billion in dollar volume transacted, primarily driven by Class-A transaction activity
- The **land sector** recorded nearly \$2 billion in dollar volume transacted, marking a substantial 46% decrease

https://www.altusgroup.com/insights/vancouver-commercial-real-estate-market-update/?utm_source=google&utm_medium=organic

POLICY AHEAD

SPECULATION & VACANCY TAX

On December 1, the Province announced changes to the Speculation and Vacancy Tax for 2026 with the intention to curb market speculation. Changes include:

- Canadian citizens and permanent residents with empty or underused homes will pay a rate of 1%, up from 0.5%;
- Foreign owners and owners with most of their income unreported in Canada will be subject to a tax rate of 3% starting in the 2026 tax year, up from 2%;
- The tax credit for BC residents will be increased from \$2,000 to \$4,000. The SVT tax credits are available to those who do not qualify for more than 20 exemptions from the tax.

<https://udi.org/advocacy/updates/provincial-speculation-and-vacancy-tax>

Bill 25

Amending the Local Government Act (LGA) and Vancouver Charter (VC) Bill 25 aims to:

- Clarify that a zone that has ANY parcel of land that is restricted to duplexes and/or a single detached home is considered a Restricted Zone and must meet the minimum unit density requirements on all lots.
- Expand the definition of a **Restricted Zone** to include all lots where a single detached home with a secondary suite and detached accessory dwelling unit are allowed.

These amendments ensure that all residential lots in Restricted Zones (as defined in the legislation) must be zoned to permit between three and six dwelling units, depending on alignment with the following criteria: the size of the lot and proximity to transit.

This change will prevent local governments from excluding zones where small-scale, multi-unit housing should be allowed or making further restrictions that make it more difficult to build anything other than single-family or duplex housing for communities with more than 5,000 people, and within urban-containment boundaries.

Local governments will need to comply by June 30, 2026, unless an extension is granted or an exemption to the requirements applies.

<https://www2.gov.bc.ca/assets/gov/housing-and-tenancy/tools-for-government/local->

OPPORTUNITIES



1504 56TH STREET DELTA

24-Unit Apartment Building

Gross Site Area: 22,153 SQFT

Designation: Up to 6 Storeys



3014 - 3054 EAST 14TH AVE VANCOUVER

Gross Site Area: 21,507 SQFT

Parcel Assembled: 4

Designation: High Density Development



11770 - 11784 90 AVE DELTA

Gross Site Area: 47,105 SQFT

Parcel Assembled: 5

Designation: Up to 6-Storeys

MARKET SNAPSHOT COMMERCIAL DEBT

Special contribution to this Quarterly Market Update
made by Impact Commercial



COMMERCIAL DEBT MARKET SNAPSHOT DECEMBER 2025

In real estate, and broader investing in general, we often refer to the mantra “bad news is good news,” which sums up 2025 nicely.

Macro headwinds and sagging domestic data (the bad news for the economy) manifested in lower interest rates and depressed real estate values (the good news for investors looking for a “de-risked” long-term entry point).

As reflected in the December edition of our Commercial Debt Market Snapshot below, a low yield environment persisted in the fourth quarter, characterized by attractive interest rates in the traditional 5-10 year term window, across both conventional and CMHC. Alternative (i.e. “bridge”) financing instruments also continued to attract borrowers with the Prime Rate remaining at a multi-year low after further easing from both the Bank of Canada and the Federal Reserve south of the border.

While 2025 led many to pause development projects and conserve capital, it also sparked opportunism with savvy investors on the lookout for distressed asset opportunities and asset classes experiencing selling exhaustion (think industrial and office).

As 2026 brings a fresh outlook and renewed optimism in contrast to the same time last year, we encourage investors to look past the ongoing headline noise and refocus on the solid long-term fundamentals of real estate as one of the best savings vehicles and inflation hedges at our disposal.

Impact’s team can help you navigate and simplify this complex space while ensuring you get access to the best available financing terms for your commercial purchase, re-financing, or development.

KEY ECONOMIC DATA POINTS

GOC 5 Yr Bond	▲ 3.07%	Canada Mortgage Bond 5 Yr	▲ 3.26%	Bank of Canada	Next meeting 12/10	▼ 2.25%	
GOC 10 Yr Bond	▲ 3.47%	Canada Mortgage Bond 10 Yr	▲ 3.69%	Federal Reserve	Next meeting 12/10	▼ 3.89%	
CA Inflation Dec	▼ 2.20%	CAD/USD Exchange Rate	● 0.72	Canada Bank Prime Rate		▼ 4.45%	
US Inflation Dec	▼ 2.70%	USD/CAD Exchange Rate	● 1.39	<small>▲ = Increase ▼ = Decrease ● = No Change</small>			

Change in commercial bond yields and exchange rates represent movement since last Commercial Debt Market Snapshot.

Change in interest rates represent movement over the last Central Bank meeting date.

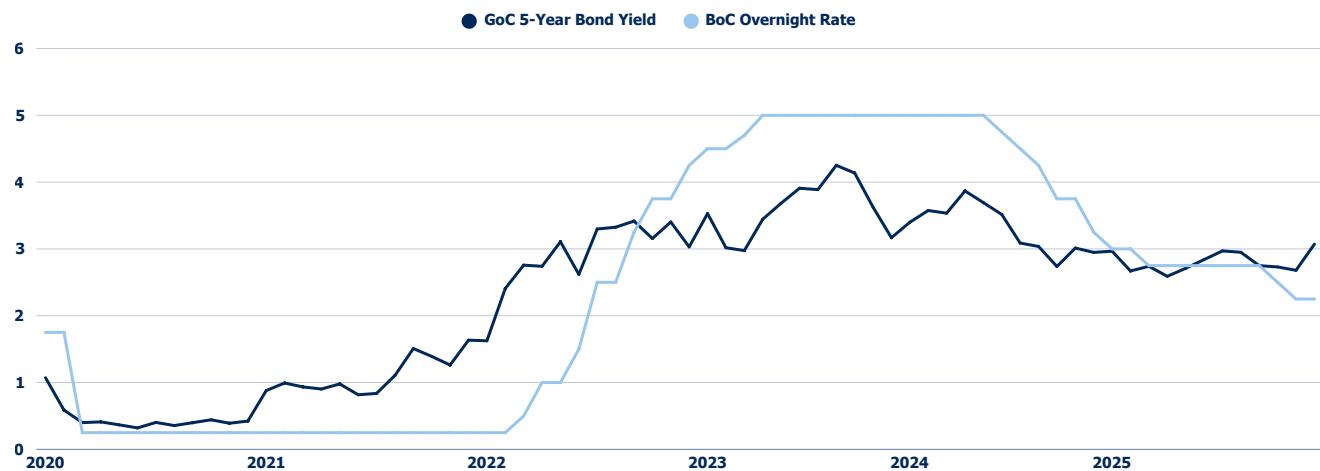
Change in inflation figures represent year-over-year movements.

COMMERCIAL INTEREST RATES

GOC BOND YIELDS: **1 YEAR:** 2.44% **2 YEAR:** 2.68% **3 YEAR:** 2.74% **4 YEAR:** 2.85% **5 YEAR:** 3.07%

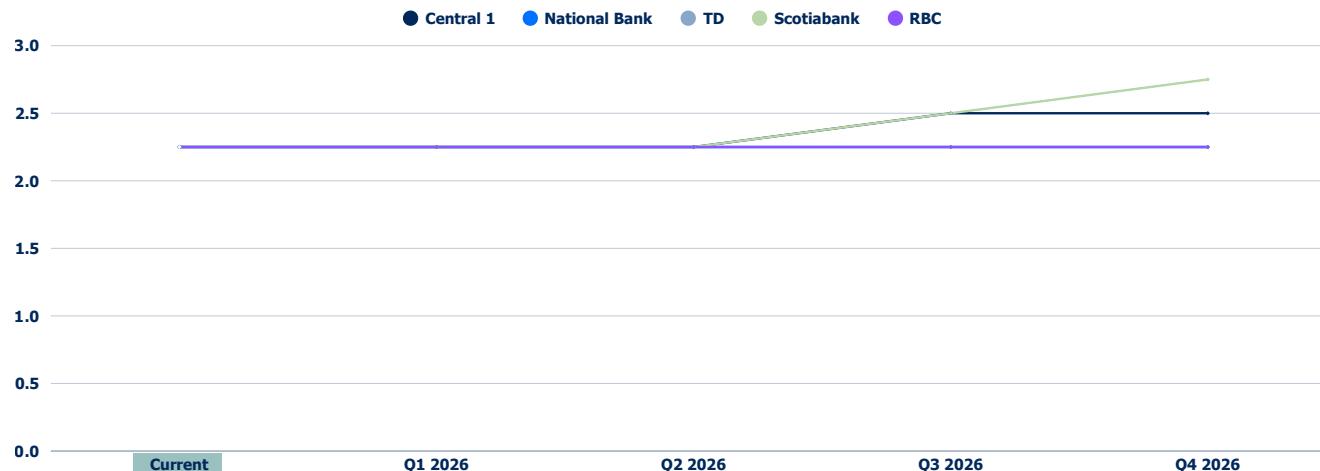
TRANSACTION	PRICING	LEVERAGE (LOAN-TO-VALUE OR LOAN-TO-COST)
Owner-Occupier	Government of Canada Bond yield + risk adjusted spread of ± 190-350 bps	High-Ratio (>75% LTV/LTC for purchase/construction financing)
Investment (incl. Lifeco's)	Government of Canada Bond yield + risk adjusted spread of ± 160-250 bps	Limited by property's Net Operating Income (avg. 50-60% LTV)
Construction	Prime+1.25% to Prime+2.50% (top-up mezz. = Prime+9%)	Shovel-ready developments = LTC of up to 80% with potential top-up
Land	Prime+1.50% and up (wide range based on borrower/property)	Limited by liquidity/development potential/borrower experience (+/- 50% LTV)
CMHC	5 Year: 3.66% to 3.86% 10 Year: 4.09% to 4.29% (Canada Mortgage Bond+40-60 bp spread)	Up to 95% Loan-to-Cost or Loan-to-Value under MLI Select

HISTORICAL BOC OVERNIGHT RATE VS GOC 5-YEAR BOND YIELD



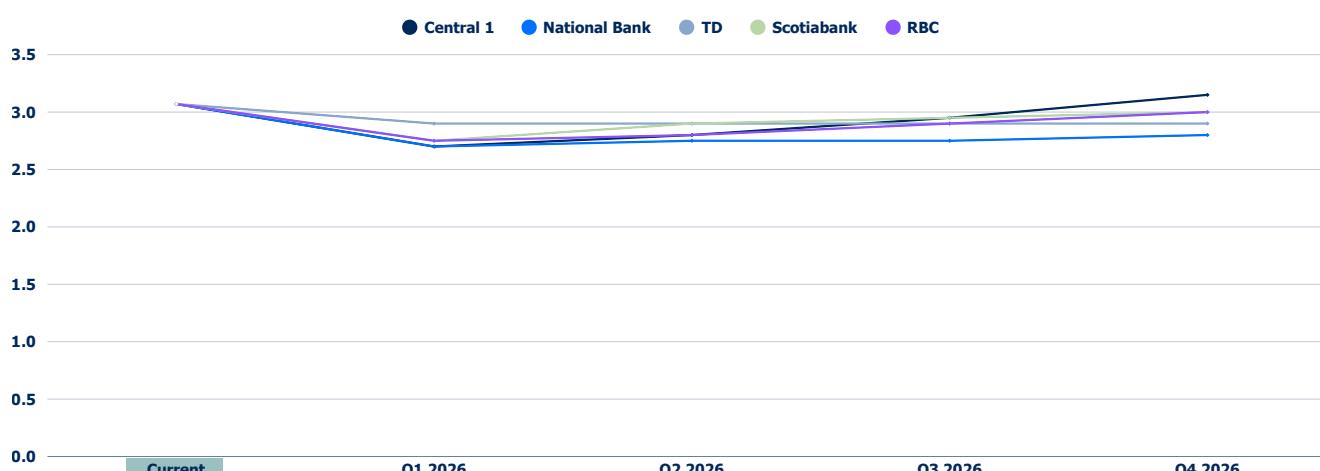
*Overnight rate chart appears slightly smoothed over because monthly data points were used.

BANK OF CANADA OVERNIGHT RATE PROJECTIONS



*Data collected from most recent lender economic forecast publications.

GOVERNMENT OF CANADA 5-YEAR BOND YIELD PROJECTIONS



*Data collected from most recent lender economic forecast publications.

ABOUT IMPACT COMMERCIAL

Impact Commercial is an independent mortgage brokerage focused exclusively on commercial mortgage and construction financing. More than 100 years of combined lending experience enables us to rapidly turn mortgage applications into approvals. With ever-increasing costs for commercial real estate and new construction, it has never been more important to expertly position credit applications to support the borrowing leverage required for successful transactions.



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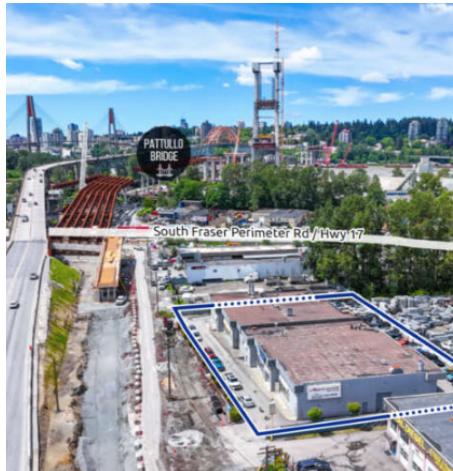
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RECENT PROJECTS



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Port Moody, BC



Inter-Alia Portfolio Refinancing
Surrey, BC



Investment Financing
Salmon Arm, BC

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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

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