

Local economy relatively insulated from market headwinds and trade war

▲ 5.8%

Availability Rate

► 0

SF Under Construction

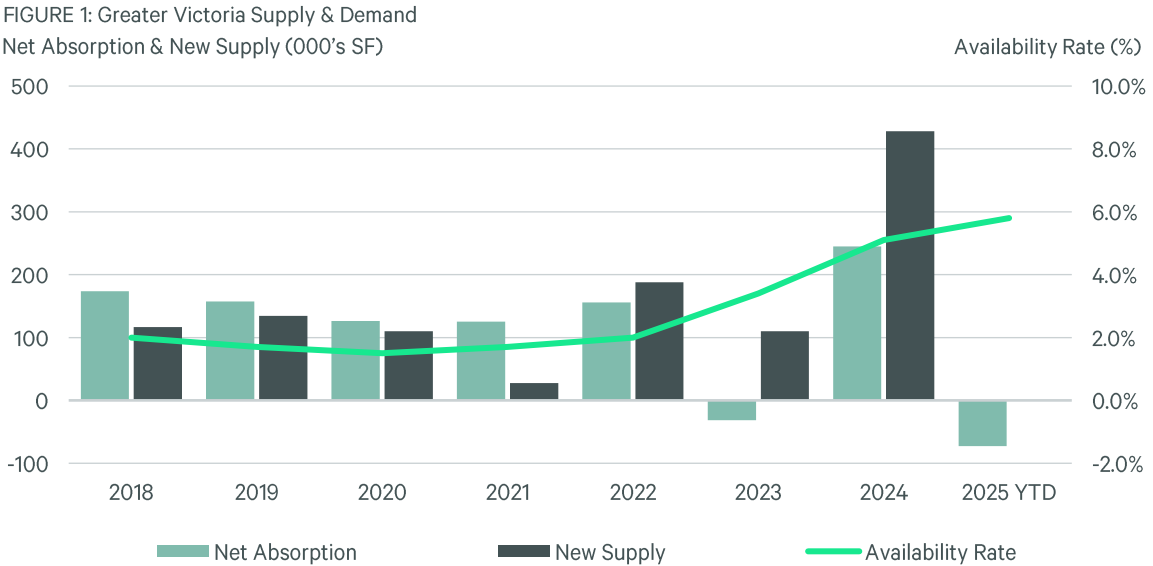
▼ \$18.47

PSF Net Asking Lease Rate

Note: Arrows indicate change from previous quarter.

Market Summary

- The industrial availability rate in Greater Victoria increased to 5.8% this quarter, up 70 basis points (bps) quarter-over-quarter, driven by a rise in freestanding industrial properties listed for sale, and recently delivered strata inventory marketed for lease. Average net asking rates softened to \$18.47 per sq. ft. in response to the pace in which new supply is being absorbed.
- This quarter saw a notable increase in availability for automotive-related facilities, particularly in the Rock Bay area. Local automotive occupiers are expected to face rising costs for imported U.S. made repair products, tools, and supplies due to the ongoing tariffs.
- The Greater Victoria economy, primarily driven by government and public services, is relatively insulated from the impacts of the ongoing trade war; however, the local industrial landscape is unlikely to experience growth until the uncertainty settles.
- The anticipated recovery of the industrial market has been delayed by political changes and the trade war, with continued softness expected into 2025 as new strata supply remains unabsorbed. Listed prices for new strata products have dropped to as low as \$325.00 per sq. ft. for sales and \$18.00 per sq. ft. for leases.



Source: CBRE Research, Q1 2025.

Greater Victoria overview

The industrial availability rate reached 5.8% this quarter, more than double the rate compared against the same period last year. The Victora industrial market experienced a net negative absorption of 72,500 sq. ft. this quarter, notably driven by an uptick in new strata product listed for sale or lease. The pre-sale market for new strata product was launched two years before completion in early 2024 and investors then were reliant on strong market fundamentals. Ongoing market uncertainty and unfavourable lending conditions has caused more of these strata units to be listed in the re-sale market this quarter.

The average net asking rate was recorded at \$18.47 per sq. ft., down 7.0% quarter-over-quarter. There is a noticeable softening in net asking rents and listed sale prices, as demand struggles to keep pace with the available supply. Most new industrial strata developments are stabilizing at rates around \$18.00 per sq. ft., with asking sale prices for some units decreasing to the lower end of \$300 per sq. ft. This quarter also saw an increase in availability in the Rock Bay area, with asking rents ranging from \$20.00 per sq. ft. to \$22.00 per sq. ft.

Uptick in automotive-zoned properties for owner occupiers

This quarter has witnessed a notable rise in both sales and lease opportunities tailored for automotive specific users in Victoria, particularly in the Rock Bay area, where such opportunities are historically scarce. Two new leasing options have been introduced at 570 John Street and 458 Cecelia Road, both designated for automotive repair operations, with net asking rents set at \$21.00 per sq. ft. In the same vicinity, an automotive sales parcel located at 510 Gorge Road East was brought to market at \$520.00 per sq. ft., while an automotive repair parcel at 548 Alpha Street is available for \$664.00 per sq. ft. Additionally, an automotive shop in the Fernwood area has re-entered the market with a listing price of \$874.00 per sq. ft.

The recently enacted 25.0% tariff on the Canadian automobile industry by the U.S. is anticipated to have significant ripple effects due the supply chain highly dependent on cross border trade. This tariff will likely trigger a chain reaction, driving up manufacturing costs, which in turn will increase the prices of new vehicles, repair costs, and insurance premiums. The resulting turbulence in the automotive sector may be contributing to the increased availability of auto-zoned parcels on the market.

FIGURE 2: Notable Industrial Developments

Size (Acres)	Project Name	Submarket	Estimated Completion	Developer
29.22*	Terra	Langford	Build-to-suit	Beedie
17.10*	Langford Heights	Langford	Build-to-suit	Bastion & Strand

*Land Size
Source: CBRE Research, Q1 2025.

FIGURE 3: Notable Lease Transactions

Size (SF)	Tenant	Address	Submarket	Industry	Deal Type
4,626	Lubec Construction	102–830 McCallum Road	Langford	Construction	Direct
6,943	Tosot Canada	1016 McCallum Road	Langford	HVAC	Sublet
8,162	Last Chance Wholesale	Unit H – 3311 Oak Street	Saanich	Wholesale	Direct

Source: CBRE Research, Q1 2025.

FIGURE 4: Notable Sales Transactions

Address	Submarket	Purchaser	Building Size (SF)	Price (\$M)
2120 Quadra Street	Victoria	Bluebird Self Storage	42,726	\$26.7
2663 Sooke Road	Langford	The Boyd Group	8,867	\$3.4
431 David Street	Victoria	Hoyne Brewing Co.	9,200	\$3.2
515 Ellice Street	Victoria	Private Owner-Occupier	5,961	\$3.0

Source: CBRE Research, Q1 2025.

Greater Victoria moderately shielded from market headwinds

Amid an ongoing trade war, the existing tariffs imposed by the U.S. administration are currently impacting several sectors, including automotive, metals, lumber, pharmaceuticals, and semiconductors. However, since the Greater Victoria economy is predominantly driven by the public service and government sector, the local market is expected to be less affected by these tariffs compared to other regions in the country. Local industrial and retail tenants that rely on importing U.S. products are likely to experience the most significant negative effects.

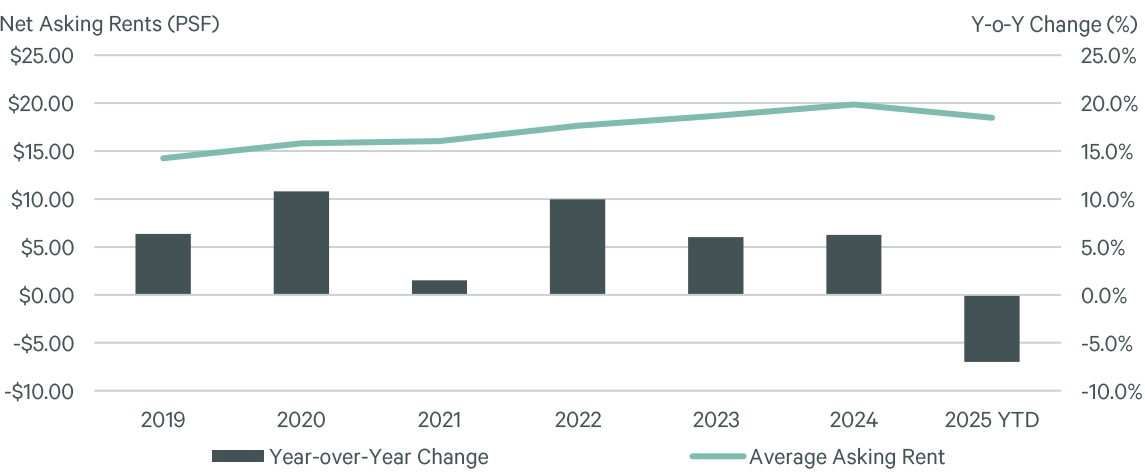
Sectors subject to tariffs, along with industries dependent on U.S. imports, are unlikely to see growth or expansion plans in the near term. This situation may lead to an increase in available space in the short term, as local occupiers affected by the tariffs may be motivated to exit the market.

Absorption of new supply required before market conditions stabilize

The market was expected to stabilize last year; however, recent political uncertainty and the ongoing trade war have extended the timeline for recovery. The industrial sector is projected to continue softening into 2025 and is unlikely to experience growth until the surplus of new strata supply introduced last year is largely absorbed.

Activity in the recently completed Westshore strata developments remains sluggish, with asking prices dropping as low as \$325.00 per sq. ft. in the Pacific Ridge Business Park. Some new strata inventory is now being marketed at \$18.00 per sq. ft., down from initial pricing expectations above \$21.00 per sq. ft. Although incentives in these strata developments are increasing and prices are declining, demand has been hindered by a lack of yard space and significant dock and grade loading configurations. In contrast, freestanding industrial properties typically offer these features and therefore remain highly sought after in both the sale and lease market.

FIGURE 5: Greater Victoria Average Net Asking Rents & Year-over-Year Change



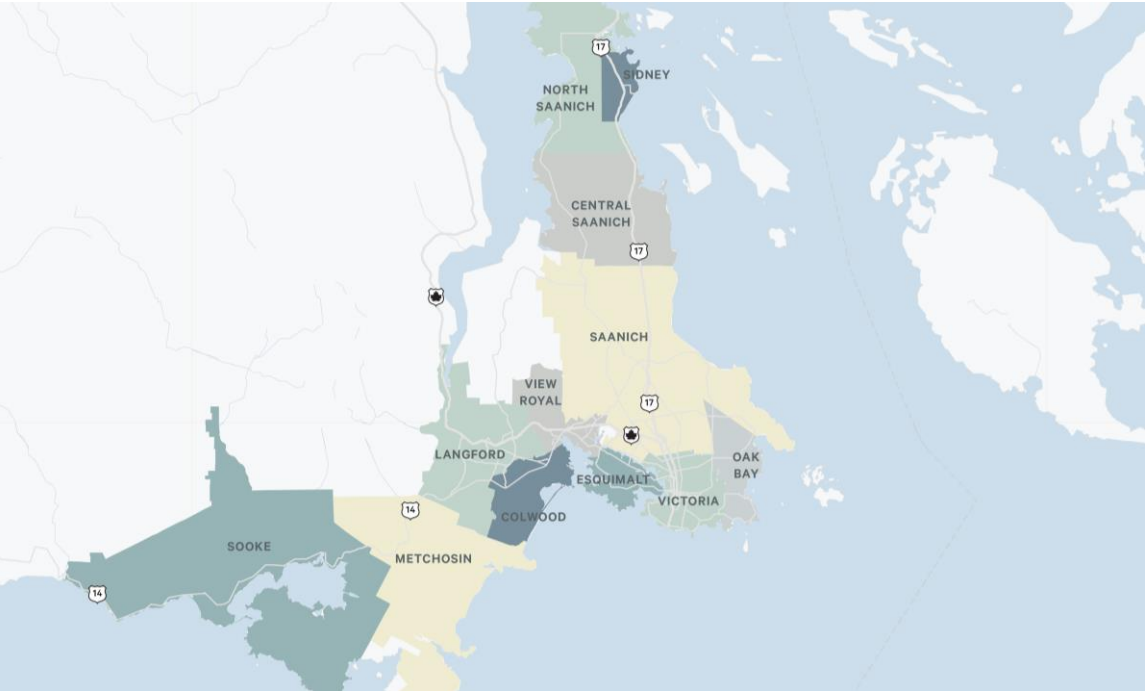
Source: CBRE Research, Q1 2025.

FIGURE 6: Greater Victoria Industrial Statistics Summary

Submarket	Inventory (SF)	Availability Rate (%)	Vacancy Rate (%)	New Supply (YTD)	Under Construction (SF)	Average Net Asking Rent (PSF)	Average Additional Rent (PSF)
Victoria Core	6,039,949	3.5%	3.4%	-	-	\$18.87	\$8.51
Peninsula	2,292,969	2.6%	2.6%	-	-	\$18.79	\$6.34
Westshore	2,036,900	16.1%	16.1%	-	-	\$18.18	\$7.25
Greater Victoria	10,369,818	5.8%	5.7%	-	-	\$18.47	\$7.61

Source: CBRE Research, Q1 2025.

Market Area Overview



Definitions

Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Vacancy Rate: Total Vacant sq. ft. divided by the total Building Area. Vacant sq. ft.: Space that can be occupied within 30 days.

Submarket Map

CBRE defines the Victoria Core market as Saanich, Victoria, Esquimalt, and Oak Bay; The Peninsula market as Central Saanich, Sidney, and North Saanich; and the Westshore market as View Royal, Langford, Colwood, Metchosin, and Sooke.

Research Contacts:

Mai Nguyen

Senior Research Analyst
+1 778 410 2086
mai.nguyen1@cbre.com

Tyler Bains

Research Director
+1 604 662 5135
tyler.bains@cbre.com