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ANNUAL STRATA REPORT · BRITISH COLUMBIA

BC Strata 2026: Reserve Funds Under Strain as Assessed Values Drop

> The 2026 BC Assessment roll, valued as of July 1, 2025, shows strata values falling in most of the Lower Mainland. Surrey was down 7%, Richmond 6% and Vancouver 3%. Over the same period, the province's depreciation-report rules now require stratas with five or more lots to plan 30 years ahead and renew the report every 5 years.

-7%

SURREY STRATA ASSESSMENT CHANGE

Largest strata decline among named Lower Mainland municipalities on the 2026 roll (BC Assessment)

$941,800

2026 BC AVERAGE PRICE FORECAST

Down 1.2%, per BCREA's 2026 Third Quarter Update

July 1, 2027

DEPRECIATION REPORT DEADLINE, REST OF BC

Applies outside Metro Vancouver, the Fraser Valley and the CRD (Province of BC / BCFSA)

$25,000

MEDIAN WATER-DAMAGE DEDUCTIBLE

BC strata median at 2025 renewals (stratareports.ca, a vendor analysis, not a regulator)

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-7%

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BC strata median at 2025 renewals (stratareports.ca, a vendor analysis, not a regulator)

+6%

FORT ST. JOHN STRATA ASSESSMENT CHANGE

Peace River strata values rose while most of the Lower Mainland fell (BC Assessment, 2026 roll)

6.4%

KELOWNA CMA RENTAL VACANCY

Purpose-built rental vacancy in October 2025 (CMHC Rental Market Report)

01 **Lower Mainland strata values fell.** On BC Assessment's 2026 roll, strata values fell 7% in Surrey, 6% in Richmond and White Rock, 5% in Port Coquitlam and Port Moody, and 4% in Burnaby, Coquitlam and

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New Westminster.

02 **The north moved the other way.** Strata values rose 6% in Fort St. John and Kitimat and 5% in Dawson Creek and Terrace. Total North Central BC assessments reached $104.7B (BC Assessment).

03 **Depreciation reports can no longer be put off.** Under rules in force since July 1, 2024, stratas with five or more lots must get a report every 5 years. Each report needs a 30-year cash-flow forecast and at least 3 funding models (Province of BC / BCFSA).

04 **The first compliance deadline has passed.** Stratas in Metro Vancouver, the Fraser Valley and the CRD that had no report, or only one obtained before 2021, had until July 1, 2026. The rest of the province has until July 1, 2027.

05 **BCREA expects a slow, gradual recovery.** It forecasts 69,325 MLS sales in BC for 2026, down 1.2%, rising to 74,500 in 2027, up 7.5%.

06 **Rental markets loosened in most regions.** CMHC reported purpose-built vacancy of 3.7% in the Vancouver CMA, 3.3% in Victoria and 6.4% in Kelowna in October 2025. Province-wide asking rents were down 8.5% over two years.

07 **Water deductibles are coming down.** The median BC strata water-damage deductible was $25,000 on 2025 renewals, according to stratareports.ca, a vendor analysis.

Operating Costs and Income by Building Type

01

We start with what the public record does not contain. No regulator, statistical agency or provincial ministry publishes a verified, province-wide series on strata operating costs or monthly strata fees per unit. In researching this report we found no such data from the Government of BC, Statistics Canada or the Condominium Home Owners' Association of BC (CHOA). The per-square-foot fee ranges that appear in buyer guides and on brokerage websites do not come from a published survey with a stated method. They should not be quoted at an AGM or in a dispute as if they were benchmarks. Councils comparing their budget against the "market" should compare it against their own audited history and their depreciation report, not against a figure from a blog.

What the public data does show is the income side of strata buildings, and it shows a clear split between building types. CMHC's October 2025 Rental Market Report gives two Metro Vancouver-specific comparisons:

- **Vacancy.** Purpose-built rental vacancy in the Vancouver CMA was 3.7%. Condominium apartments offered for rent were vacant at only 1.5%.
- **Rent.** The average purpose-built two-bedroom rented for $2,363, up 2.2%. The average two-bedroom condominium apartment rented for $2,900.

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For landlords who own strata units, the condo rental market is tighter and pays more than purpose-built stock in the same region. That cushions some, but not all, of the pressure from higher strata fees and special levies.

Outside Metro Vancouver, CMHC's October 2025 figures show markets moving at different speeds:

- **Victoria CMA:** vacancy of 3.3% and an average two-bedroom rent of $2,120.
- **Kelowna CMA:** vacancy of 6.4%. Average rents were $1,395 for a studio, $1,596 for a one-bedroom, $2,118 for a two-bedroom and $2,895 for a three-bedroom.
- **Kamloops CMA:** vacancy fell to 1.2% and the average two-bedroom rent rose 9.7% to $1,679.
- **Nanaimo CMA:** vacancy of 2.2%.
- **Smaller communities:** BC communities of 10,000 people or more averaged 3.5% vacancy.

CMHC also reports that asking rents across the province are down 8.5% over two years. It links the softer demand to federal limits on temporary residents.

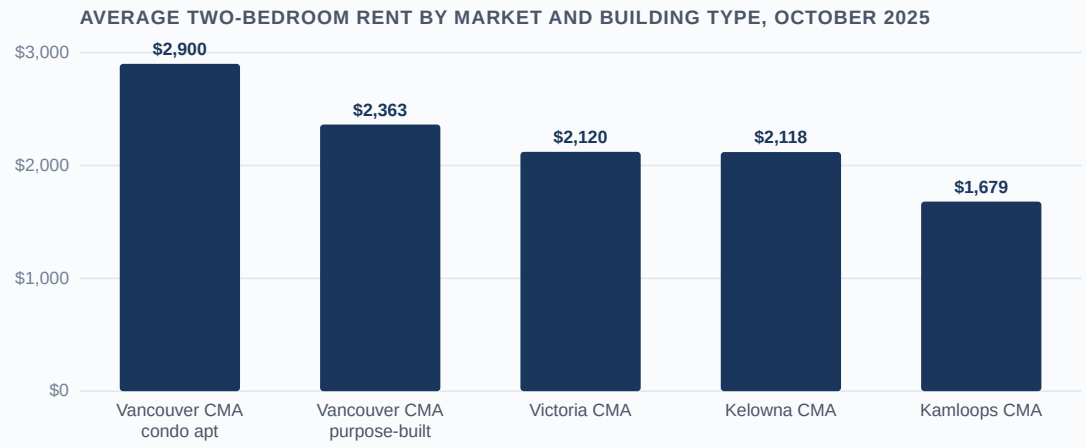


Fig. 1. *Average two-bedroom rent by market and building type, BC, October 2025 (source: CMHC Rental Market Report)*

On the cost side, the closest public indicator is Statistics Canada's Building Construction Price Index for residential buildings. It measures the cost of new construction, not repairs, but it is still a useful guide to the labour and materials prices that strata contractors pass on. The index diverged sharply between the two BC cities it covers. Victoria rose 1.8% in each of the first two quarters of 2025 and another 1.4% in the third quarter. Vancouver rose 0.8% and 0.9% in the first two quarters, then 0.1% in the third quarter, and fell 0.3% in the fourth. Island councils should expect contractor bids to keep rising faster than Lower Mainland councils will see.

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1.5%

VANCOUVER CMA CONDO RENTAL VACANCY

Compared with 3.7% for purpose-built rental, October 2025 (CMHC). Metro Vancouver-specific.

> *No public body publishes a BC benchmark for strata operating costs. A council's own audited statements and its depreciation report are the only defensible baseline.*

02

Insurance Premiums and Deductibles

After several years of severe disruption, BC's strata insurance market has turned. In their 2026 outlooks, brokers HUB International and Acera both describe a soft market: insurers have plenty of capacity and are competing for business. Many well-maintained buildings with clean claims histories are seeing premium reductions. The brokers also report lower rates on directors-and-officers, equipment breakdown, legal protection and excess crime coverage. The relief is uneven, though. Buildings with recent claims or in higher-risk locations may not benefit. Both brokers say insurers are still scrutinizing water and flood exposure after the severe weather and flooding in southern BC in late 2025.

We did not find a published 2025–2026 premium series from the BC Financial Services Authority (BCFSA), the Insurance Bureau of Canada or CHOA. We therefore do not report a BC-wide average premium change. Any year-over-year percentage you see quoted should be traced to its primary source before a council relies on it.

Deductibles are the clearest improvement. According to stratareports.ca, a vendor that analyzes strata documents (not a regulator), the median BC strata water-damage deductible was $25,000 on 2025 renewals. Its analysis puts the upper end of the middle half of deductibles at $50,000, a clear drop from 2023 renewal levels. Brokers also report that some stratas are being offered ways to lower their water deductibles. Older buildings and buildings with a history of losses still commonly face much higher deductibles. Secondary sources give figures for these buildings that we could not trace to a BCFSA publication, so we do not repeat them here.

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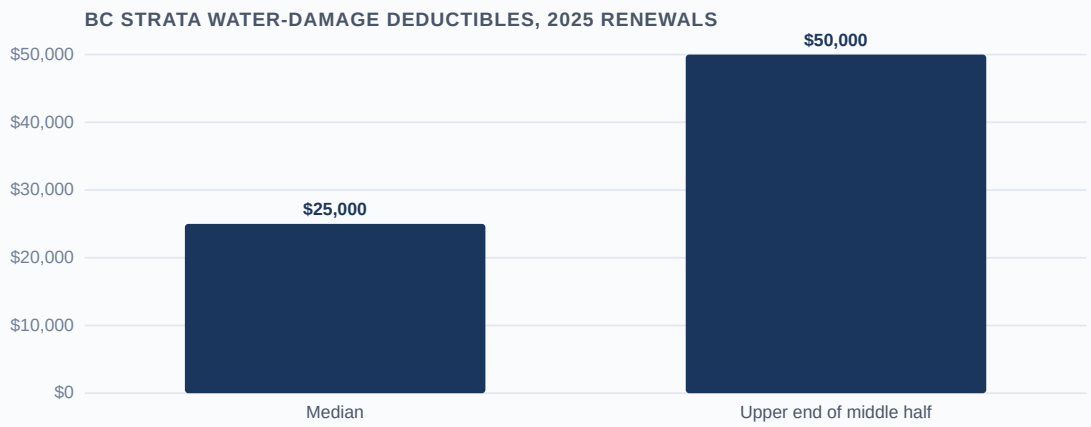


Fig. 2. *BC strata water-damage deductibles at 2025 renewals, median and upper end of the middle half (source: stratareports.ca vendor analysis; no BCFSA premium series is published)*

The deductible matters to owners, not just to council. When a leak starts in a strata lot, the strata can usually charge the deductible back to the responsible owner under its bylaws. A $25,000 deductible is lower than in recent years but is still more than many owners' personal policies cover. Landlords should check that their unit-owner policy covers deductible assessments at the strata's current level. They should also require tenants to carry their own contents and liability coverage.

> **Before your next renewal:** tell every owner in writing the strata's current water and flood deductibles. An owner whose personal policy doesn't match them may face an uninsured chargeback after a leak.

03

Reserve Fund Contributions Against Falling Values

This is the central point of the 2026 report. The Strata Property Regulation amendments in force since July 1, 2024 change how BC stratas plan for capital work:

- Stratas with five or more lots must get a depreciation report every 5 years.
- They can no longer defer the report indefinitely by an annual owner vote.
- Each report must forecast maintenance, repair and replacement costs over 30 years and state its interest and inflation assumptions.
- Each report must set out at least 3 cash-flow funding models (Province of BC / BCFSA).

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- The report must disclose the current contingency reserve fund (CRF) balance, net of approved spending not yet drawn, and how the fund is currently being funded.

In practice, owners are being shown more clearly than ever how far their reserves fall short.

The gap can be large. A recent report covered by Castanet warned that most BC stratas are poorly funded compared with their projected capital needs, and that many underfunded buildings face large special levies over the next decade. We could not trace that report to a primary author, so we do not repeat its figures. The direction, however, matches what the new depreciation-report regime is meant to expose.

30 years

REQUIRED FORECAST HORIZON

Each depreciation report must project CRF costs over 30 years, with at least 3 funding models (Province of BC / BCFSA)

These larger reserve demands arrive just as values fall, and that is what the regional numbers show. The 2026 BC Assessment roll reflects market value on July 1, 2025.

- **Metro Vancouver.** Typical strata values fell 3% in Vancouver and 4% in Burnaby, Coquitlam and New Westminster. They fell 6% in Richmond and 2% across the North Shore municipalities.
- **Fraser Valley.** Surrey fell 7% and White Rock 6%. BCREA's regional forecast has Fraser Valley sales down 4.5% and average prices down 4.4% in 2026. For Greater Vancouver it forecasts average prices down 2.4%.
- **Vancouver Island.** Values were roughly flat. Victoria fell 2% and Langford 1%, Saanich was unchanged, and Nanaimo rose 2% and Sidney 3%.
- **Okanagan.** The region was mixed. Kelowna fell 1%, Penticton and Vernon were unchanged, and West Kelowna rose 4%.

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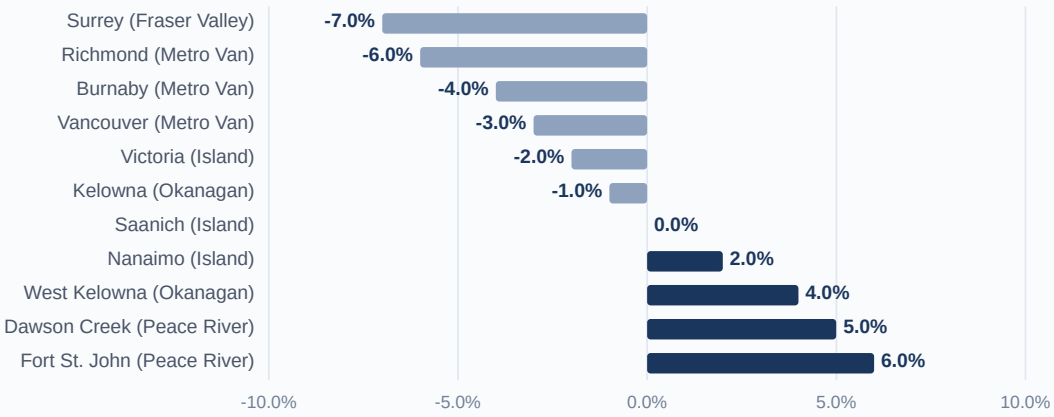


Fig. 3. *Typical strata assessed value change, 2025 to 2026 roll, selected municipalities by region (source: BC Assessment, valuation date July 1, 2025)*

Falling values matter for reserves because an owner's equity is the backstop for a special levy. An owner in a Surrey or Richmond building whose unit has lost value, and who now faces a depreciation report showing a funding gap, has less room to borrow against the unit and less incentive to vote for a levy. Councils in these markets should expect harder AGM votes. Steady, predictable increases to CRF contributions are easier to pass than a single large levy after a component fails.

Peace River and Northeastern BC. Sterling's clients in Fort St. John and Dawson Creek are in a different position. On the 2026 roll, typical strata values rose 6% in Fort St. John and 5% in Dawson Creek. Total North Central BC assessments reached $104.7B (BC Assessment), and BC Assessment described the north central market as stable. This region does not follow the Lower Mainland cycle. Demand here depends more on resource-sector employment and major energy projects than on immigration or presale financing. We found no current, verified public data on rental vacancy in Fort St. John or Dawson Creek or on major-project employment, so northeastern landlords should check local conditions directly before resetting rents. One date does apply here: Peace River stratas fall under the "rest of BC" depreciation-report deadline. Rising values give northern councils a window to build reserves while owners have equity, before the July 1, 2027 deadline produces the same funding-gap disclosures now arriving in the south.

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+5%

DAWSON CREEK STRATA ASSESSMENT CHANGE

Compared with +6% in Fort St. John on the 2026 roll (BC Assessment). The Peace River region runs counter to the Lower Mainland.

> *In the south, reserves must grow while values shrink. In the Peace River region, values are rising ahead of the 2027 deadline. That makes now the cheapest time for northern councils to fund their reserves.*

04

Capital Expenditures: Where the Cost Pressure Sits

No public body publishes a BC-wide breakdown of strata capital spending by category. CHOA, BCFSA and the Province do not publish one, and we found no independent survey with a stated method. This report does not rank capital categories by dollar spend because there is no verifiable data to do so. Councils should rank their own capital priorities using the component inventory in their current depreciation report. For most stratas these are building envelope, roofing, mechanical and plumbing systems, elevators, and parkade membranes.

What public data does show is the trend in construction costs, and it differs by region. Statistics Canada's residential Building Construction Price Index shows Victoria rising in every quarter of 2025 for which we have verified figures: 1.8%, 1.8% and 1.4% in the first three quarters. Vancouver's increases faded over the year, from 0.8% and 0.9% in the first half to 0.1% in the third quarter and a 0.3% decline in the fourth. For Lower Mainland councils, that is the first sign in years that contract pricing may be leveling off. A strata that has been putting off tendering an envelope or roofing project may find bids more competitive than in recent cycles. On Vancouver Island, construction inflation is still running well ahead, and putting off work has a real cost.

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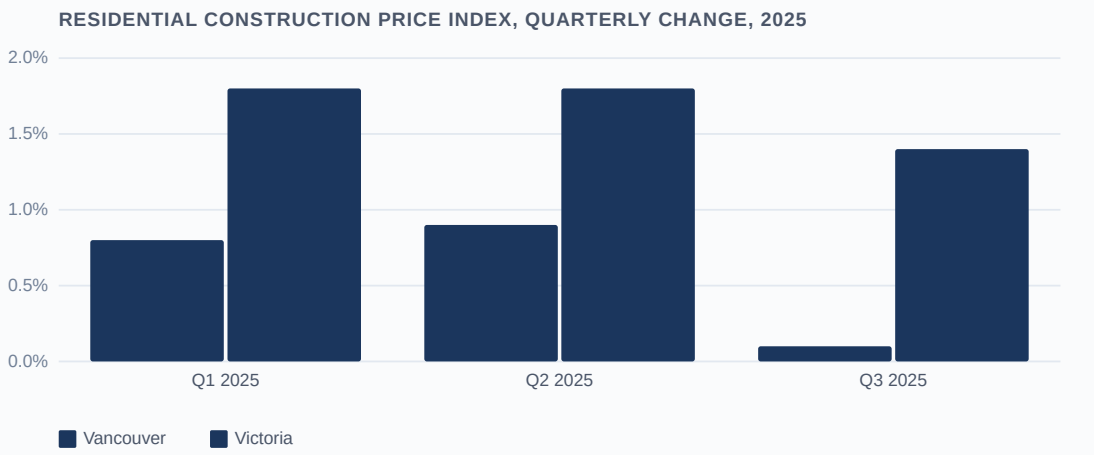


Fig. 4. *Building Construction Price Index, residential, quarter-over-quarter change, Vancouver vs. Victoria, Q1–Q3 2025 (source: Statistics Canada). Vancouver Q4 2025: −0.3%.*

Two regulatory points affect capital planning. First, the BC Building Code's new seismic provisions apply to new buildings and to retrofits, according to AIBC guidance. Existing buildings are not automatically required to upgrade, but a strata that starts a major retrofit should ask its consultant whether the work will trigger code upgrades. Second, municipal bylaws can apply envelope-upgrade triggers that go beyond the provincial Code. The City of Vancouver's building bylaw is one example. Before approving the scope of an envelope project, councils should confirm which local rules apply.

+1.8%

VICTORIA CONSTRUCTION COSTS, Q2 2025

Quarterly residential BCPI change, compared with +0.9% in Vancouver (Statistics Canada)

Funding also matters. Under the provincial framework, spending from the contingency reserve fund needs only a majority vote if the most recent depreciation report recommends the work. Otherwise it needs a supermajority. This is a practical reason to keep the depreciation report current: a report that names the project lowers the vote needed to fund it from reserves. A special levy still needs a supermajority. If a levy resolution wins a majority but falls short of that threshold, the Strata Property Act lets the strata apply to BC Supreme Court. The court can approve the levy only where the work is needed for safety or to prevent significant loss or damage.

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05

Regulatory Developments

The year's main regulatory change is the move from optional to mandatory reserve planning. Five developments shape what councils must do this AGM season.

01 **The first depreciation-report deadline has passed.** Stratas with five or more lots in Metro Vancouver, the Fraser Valley and the Capital Regional District had to obtain a report by July 1, 2026 if they had none or had only one obtained before 2021. The deadline excludes islands reachable only by boat or air (Province of BC / BCFSA). The Act sets no automatic fine. However, an owner, tenant, mortgagee or other interested person can seek a court order requiring compliance.

Deadline: passed. Councils still without a report should commission one now and record the steps taken in the minutes.

02 **The rest of BC has one more year.** Stratas in the Okanagan, the Interior, the North (including Fort St. John and Dawson Creek), and the parts of Vancouver Island outside the CRD must comply by July 1, 2027. Qualified preparers are likely to be booked up as that date nears.

Deadline: July 1, 2027.

03 **A 5-year cycle replaces the old 3-year cycle, with no deferral.** Under the rules in force since July 1, 2024, reports are renewed every 5 years and can no longer be deferred by owner vote. They must include a 30-year forecast and at least 3 funding models (Province of BC / BCFSA). Only professions on the prescribed list may prepare them, and the province broadened that list in a later regulation update.

Deadline: ongoing, every 5 years.

04 **New stratas will start with developer-funded reserves.** For stratas with five or more lots established on or after July 1, 2027, the developer must pay into the CRF a minimum of $5,000 plus $200 per lot, capped at $30,000 (BCFSA). Buyers of presale units in 2027 completions should confirm this payment is in the disclosure statement.

Deadline: stratas established on or after July 1, 2027.

05 **Strata managers' trust accounting remains under BCFSA oversight.** Under the Real Estate Services Act, strata management brokerages must keep each client's operating funds, CRF money and special levies in separate trust accounts and reconcile them monthly (BCFSA guidance). Councils are entitled to see those reconciliations.

Deadline: ask for them at every quarterly financial review.

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Disputes are also rising. The Civil Resolution Tribunal's 2024/25 annual report shows strata claims growing modestly and the strata caseload building up. The CRT attributes the backlog to resource constraints, and staff strike action in autumn 2025 slowed closures further. Councils facing an owner dispute over levies, bylaws or repairs should expect slower decisions than in past years. They should keep detailed written records from the outset.

$30,000

DEVELOPER CRF CONTRIBUTION CAP

Developers must pay $5,000 plus $200 per lot, up to $30,000, for stratas established on or after July 1, 2027 (BCFSA)

> **Lower Mainland and CRD councils:** if your strata missed the July 1, 2026 depreciation-report deadline, any owner can seek a court order. Commission the report now and minute the council's steps toward compliance.

06

Outlook for 2027

BCREA's 2026 Third Quarter Update forecasts BC MLS residential sales of 69,325 units in 2026, down 1.2%, rising to 74,500 units in 2027, up 7.5%. It forecasts an average price of $941,800 in 2026, down 1.2%. That is a slight upward revision from the Q2 update, which had 68,700 sales, down 2.1%, and an average price of $939,800, down 1.4%. BCREA's chief economist has described the recovery as underway but slow and gradual. BCREA notes that active listings near their highest level since 2015 and elevated new-home inventory are still weighing on prices. The Bank of Canada has held its policy rate through 2026 and has warned that upside risks to inflation have increased. Strata councils should not plan on falling borrowing costs to make special levies easier for owners.

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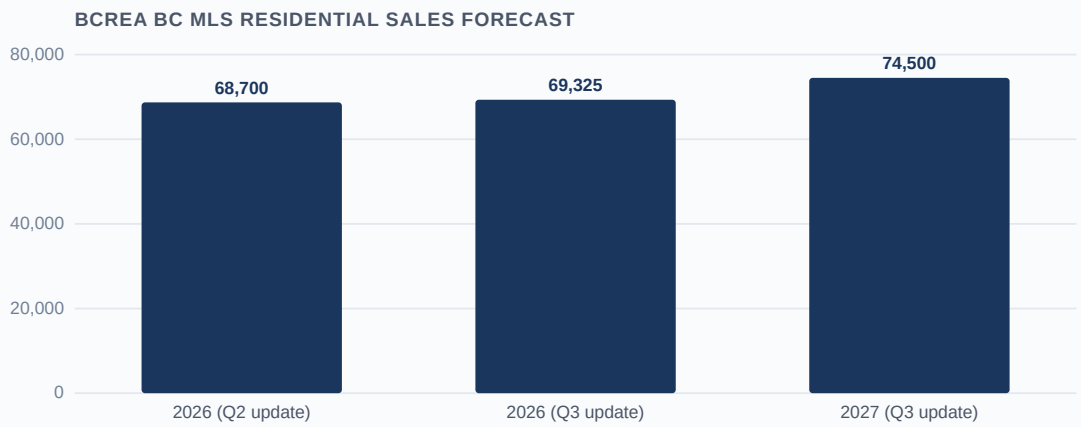


Fig. 5. *BC MLS residential unit sales forecast, BCREA 2026 Second and Third Quarter Updates (source: BCREA)*

For strata owners, a slow recovery means values in most of the Lower Mainland and Fraser Valley are unlikely to rise fast enough to offset higher reserve contributions in 2027. For landlords, vacancy in Kelowna, Metro Vancouver's purpose-built stock and Victoria is high by historical standards, so rent increases will be harder to get regardless of the provincial cap. On Vancouver Island, values are steadier but construction costs are rising faster than in Vancouver, so contractor bids will cost more. In the Peace River region, values are rising and the 2027 deadline has not yet arrived, which gives councils the most room to act early.

01 **Put the depreciation report's funding models on the AGM agenda.** Councils should present all 3 required funding models to owners, not only the cheapest, and minute which model the budget follows.

Deadline: your 2026–2027 AGM.

02 **Increase CRF contributions in planned steps.** Small annual increases are easier to pass than an emergency levy, especially in Surrey, Richmond and other municipalities where strata values fell.

Deadline: the next annual budget.

03 **Book a qualified preparer now if you are outside the Lower Mainland and CRD.** Okanagan, Interior, Island (outside the CRD) and Peace River stratas will all compete for the same preparers before the deadline.

Deadline: July 1, 2027.

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04 **Re-market your insurance if your building has a clean claims history.** Broker outlooks describe a soft market. Ask your broker to quote alternatives and show options for lowering the water deductible.

Deadline: 90 days before renewal.

05 **Tender capital projects in Lower Mainland markets where construction costs have levelled off.** Statistics Canada's Vancouver residential index declined in Q4 2025, so bids may be more competitive than in recent cycles.

Deadline: before the 2027 construction season.

06 **Check every rental owner's insurance against the strata's deductibles.** Landlords should confirm their unit-owner policy covers deductible chargebacks and that each tenancy requires the tenant to carry their own contents and liability insurance.

Deadline: at each lease renewal.

> Make 2027 the year your strata adopts a funding plan on purpose, before the depreciation report forces one on owners in the form of a special levy.

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The in-house research arm of Sterling Management Services — a British Columbia property management firm operating across Metro Vancouver and the Peace River region (Fort St. John · Dawson Creek). Our published research is built from independent public sources — government, regulators, statistical agencies, tribunals and industry associations such as BC Assessment, BCREA, CMHC, the Bank of Canada and BCFSA.

METHODOLOGY

Each annual strata report is assembled from primary-source releases and Sterling's internal portfolio indicators. Sources are tracked for independence (cross-reference rules flag circular reporting) and confidence (ODNI calibration per section). A publication is not issued unless the underlying fact bank passes automated verification.

NEXT EDITION

2027 Annual release

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CONTACT

Sterling Management Services Ltd.
info@sterlingmgmt.ca
sterlingrealtygroup.com

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