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MARKET REPORT · BRITISH COLUMBIA

BC Q1 2026: Rental Slack and Rate Pause Push BC Owners Toward Resilience

> The Bank of Canada held the overnight rate at 2.25% on March 18, 2026, and that pause — not any price move — is the defining feature of Q1 for British Columbia property owners. Metro Vancouver's MLS composite benchmark slipped to $1,184,700 in March 2026, down 1.9% year-over-year (REBGV), while purpose-built vacancy sat at 3.7% in October 2025, the highest level since 1988 (CMHC).

2.25%

BOC OVERNIGHT RATE

Held steady, March 18, 2026 (Bank of Canada)

$1,184,700

METRO VAN COMPOSITE BENCHMARK

March 2026, −1.9% YoY (REBGV)

3.7%

PURPOSE-BUILT VACANCY

Metro Vancouver, October 2025 (CMHC)

62,400

BC 2026 SALES FORECAST

+5.2% YoY, Q2 2026 update (BCREA)

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01 **Benchmark drift, not correction.** Metro Vancouver's composite benchmark fell 1.7% month-over-month and 1.9% year-over-year to $1,184,700 in March 2026 (REBGV) — a slow-bleed pattern, not a cliff.

02 **Condos are the relative outlier.** The Metro Vancouver condo benchmark held at $795,000, up 0.4% year-over-year, even as single-family homes dropped 3.4% YoY to $1,995,100 (REBGV).

03 **Rental slack is real.** BC-wide purpose-built vacancy averaged 3.5% in 2025, roughly triple the 1.2% recorded in 2023 (CMHC).

04 **Inflation back near target.** February 2026 CPI printed 1.8%, and the Bank held the overnight rate at 2.25% while citing Middle East energy risk and US trade-policy uncertainty (Bank of Canada).

05 **BCREA calls for a rebalancing year.** The association's Q2 2026 update projects 62,400 provincial sales (+5.2%), an average price of $950,000 (+3.8%), and active listings rising 6% to 38,000 (BCREA).

06 **Regional divergence widens.** Vancouver Island is forecast to lead with an 8% sales gain and prices of $875,000, while Northern BC posts only 2% sales growth at a $450,000 average (BCREA).

Rental Market: Slack Is the New Normal

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01

The single biggest operating change for BC landlords in the past twelve months is not rent, it is vacancy. CMHC's 2025 Rental Market Report pegged Metro Vancouver's purpose-built vacancy at 3.7% as of October 2025 — the highest reading since 1988, and a level the region has not operated under in a generation. Province-wide, CMHC's 2025 average for communities over 10,000 population landed at 3.5%, compared to just 1.2% in 2023. For councils and owners who built 2024 budgets on near-zero-vacancy assumptions, that shift alone reshapes pro formas.

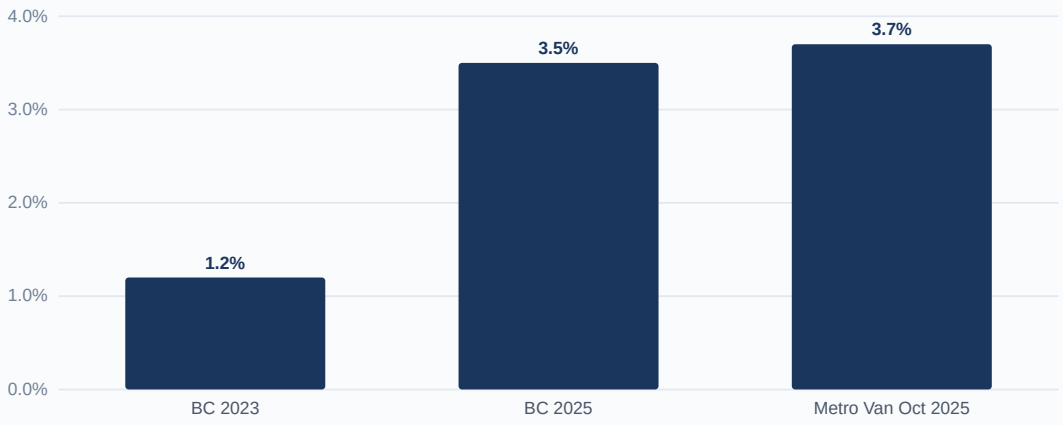


Fig. 1. *Purpose-built rental vacancy, BC province-wide and Metro Vancouver (CMHC Rental Market Report, 2025).*

3.5%

BC PROVINCE-WIDE VACANCY

Communities over 10,000 pop., 2025 (CMHC)

The drivers are well understood: a wave of completions from the 2022–2024 construction cycle landed simultaneously with cooler immigration-driven demand. For landlords, this means leasing velocity now matters more than headline asking rent — a unit that sits vacant for an extra six weeks to capture the top of the market will, in most cases, underperform a faster lease at a modest concession. For strata councils with rental bylaws that set minimum lease terms or restrict short-term use, the competitive landscape has shifted: the scarcity premium that once cushioned over-restrictive bylaws has evaporated.

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> *Vacancy at 3.7% is not a crisis — it is a regime change. The owners who adjust leasing assumptions, absorption timelines, and turnover budgets now will outperform the ones who treat Q1 as noise.*

02

Strata Market: A Three-Segment Story

Treating "the BC market" as a single data point has always been lossy; in Q1 2026 it is actively misleading. Within Metro Vancouver alone, REBGV's March 2026 HPI shows single-family benchmarks at $1,995,100 (down 3.4% year-over-year), townhouses at $1,174,600 (down 0.8%), and condos at $795,000 (up 0.4%). Three segments, three trajectories — and strata councils operating mixed inventory or sitting on adjacent property types cannot credibly plan reserve contributions or special-levy scenarios off the composite number alone.

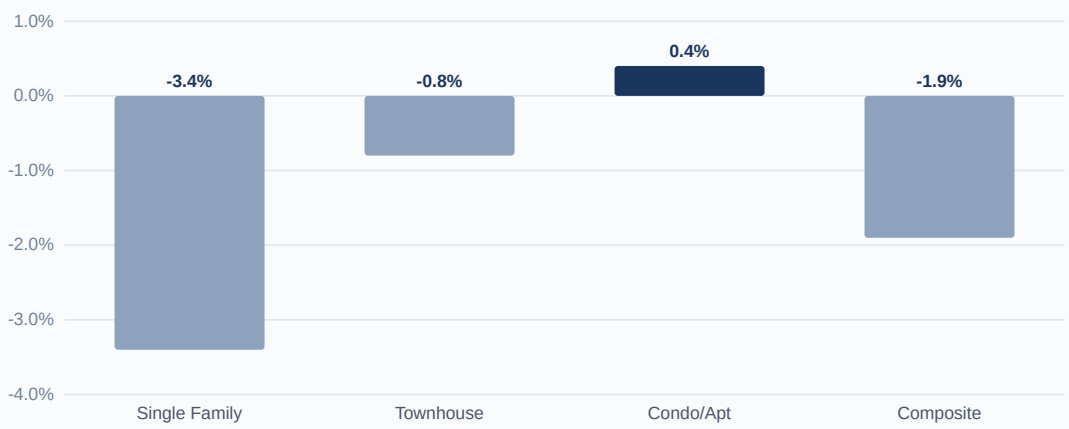


Fig. 2. *Metro Vancouver MLS HPI benchmark, year-over-year change by property type, March 2026 (REBGV).*

The relative resilience of the condo segment is the most important sub-plot for strata councils. Affordability has pulled buyer activity down the price ladder; the segment with the lowest absolute entry point is also the only one showing a positive year-over-year print. That dynamic has implications for strata operations: demand for entry-level units supports unit turnover and assessed values, but also means councils will face more frequent ownership transitions, more form-B and form-F requests, and more first-time owners who are unfamiliar with strata governance. The administrative load of a more liquid condo market is itself a cost.

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+0.4%

CONDO BENCHMARK YOY

Metro Van, March 2026 — the only segment in positive territory (REBGV)

While the source material for Q1 2026 does not surface a specific provincial insurance-premium index, the broader environment — rising deductibles, tighter underwriting, and more scrutiny on deferred maintenance — means councils that have not refreshed their depreciation report in the last three years should assume their next renewal will be repriced against updated engineering assumptions, not against last year's invoice.

> **Reserve realism.** Any contribution-study model built on 2023-era assumptions about construction escalation, vacancy, and borrowing costs is stale. Update before your next AGM — not after.

Q1

03

Regulatory Landscape: Quiet Quarter, Watchful Posture

Q1 2026 did not produce a headline amendment to BC's Strata Property Act or Residential Tenancy Act in the source material for this report; the regulatory focus remained on enforcement of existing rules and on consultations signalled but not yet crystallised. Sterling's internal intelligence from late March 2026 noted that the BCFSA has signalled a regulatory change affecting BC property management operations — the specific instrument and timing were not finalised in Q1, but councils and licensees should be watching announcements through Q2. In that environment, the most defensible posture for owners and councils is not to chase speculative bylaw changes, but to tighten the processes the regulator already polices.

01 **Watch for BCFSA guidance on property management operations** — Sterling's Q1 intelligence flagged a signalled regulatory change with no published instrument yet.

Review BCFSA bulletins quarterly and confirm your property manager's licensing status and trust-accounting posture.

02 **Confirm your depreciation report is within the Strata Property Act cycle** — the statutory update interval has not changed, but insurers and lenders are tightening their scrutiny of stale reports.

If your current report is older than three years, commission an update before your next fiscal.

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03 **Pressure-test rental bylaws against current vacancy reality** — a bylaw that was defensible in a sub-1% vacancy market can produce CRT exposure in a 3.7% market if it effectively blocks a reasonable lease.

Legal review before your next AGM.

> **Absence of change ≠ absence of risk.** Most 2026 enforcement losses will come from quiet non-compliance with rules that did not change — stale depreciation reports, trust-accounting errors, inadequate AGM notice — not from new legislation.

04

Outlook: BCREA's Rebalancing Year, Region by Region

BCREA's Q2 2026 Housing Forecast Update, released April 15, 2026, sketches a provincial rebalancing rather than a rebound. The association projects 62,400 provincial sales for the full year, up 5.2% from 2025, at an average price of $950,000 (+3.8%) and a year-end benchmark of $1,012,000 (+4.1%). Active listings are forecast to rise 6% to average 38,000 across the year — with March 2026 already at 35,200 — pushing the sales-to-new-listings ratio to 42% and months of inventory to 5.8 by Q4 2026 (BCREA). BCREA also projects the Bank of Canada's overnight rate at 3.25% by Q2 2026, with BC GDP growth of 1.8% and a potential 0.5-percentage-point drag from US tariffs. Those numbers describe a balanced market, not a hot one.

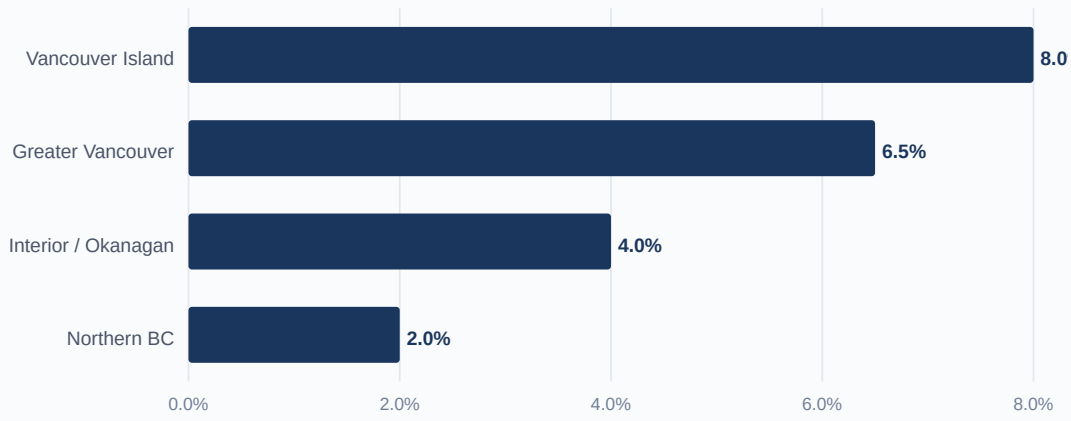


Fig. 3. *BCREA 2026 regional unit-sales growth forecast, year-over-year (BCREA Q2 2026 Housing Forecast Update).*

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Regional divergence is the story beneath the provincial average. BCREA forecasts Greater Vancouver sales rising 6.5% to 32,100 units at a $1.15M average (+4.2%), with condo inventory pushing to 7.2 months and capping condo price growth at 2.1%. Vancouver Island is the strongest region, with an 8% sales gain to 12,200 units and an average price of $875,000 (+5%) on a tight 4.2 months of inventory. The Interior and Okanagan post a $820,000 average (+3.5%) on 4% sales growth. As BCREA Chief Economist Bryce Rosychuk framed it on April 15, 2026: "Balanced growth is anticipated, but affordability remains the wildcard without policy intervention." With a forecast debt-service ratio of 45% of income, that wildcard is not abstract.



$450,000

NORTHERN BC AVERAGE PRICE

2026 forecast, +2.8% YoY (BCREA)

Peace River and Northeastern BC. BCREA's Northern BC regional bucket — which includes Sterling's Peace River operating footprint in Fort St. John and Dawson Creek — is projected to grow sales by just 2% in 2026, with the average price rising 2.8% to $450,000. That modest growth trajectory is, in context, a strength: Northern BC is the region least exposed to the condo-inventory overhang shaping Metro Vancouver's pricing, and the resource-sector capital cycle (LNG, Site C-era infrastructure, and ongoing field activity) continues to anchor rental demand in a way that is structurally uncorrelated with Lower Mainland affordability dynamics. Sterling's clients in the Peace should read the 2026 forecast as a signal to plan for stable occupancy at modest rent growth, with the principal risk being resource-sector volatility rather than benchmark-price drift. The Q1 source material does not surface a specific Peace River vacancy print; owners should rely on their own turnover and enquiry data through Q2 rather than extrapolating from Metro Vancouver's 3.7% vacancy reading.

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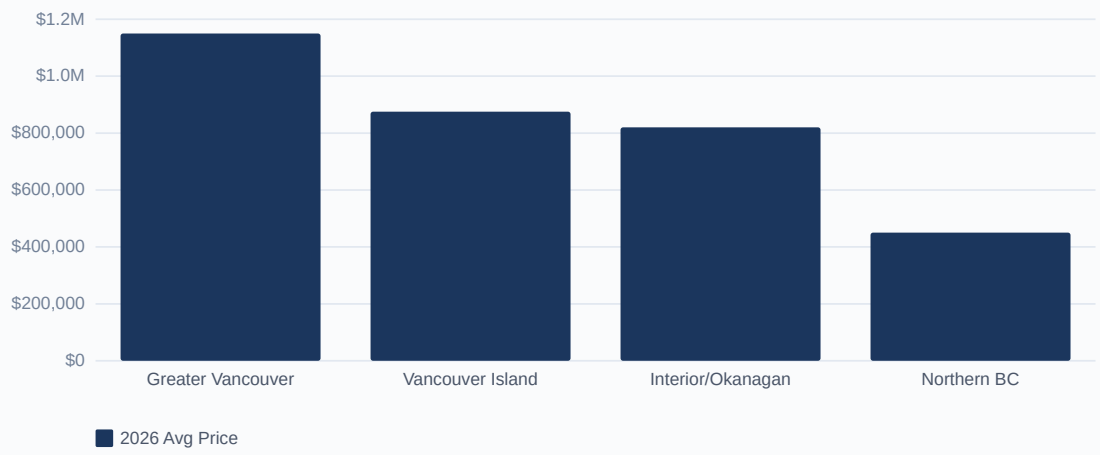


Fig. 4. *BCREA 2026 regional average price forecast, British Columbia (BCREA Q2 2026 Housing Forecast Update).*

> *Net migration of 135,000 in 2025 (BCREA) is the structural bid under BC housing demand. Any forecast that ignores that floor — and any bylaw that assumes a dramatically different one — is mis-specified.*

01 **Rebuild your 2026 operating budget on current-cycle assumptions** — use CMHC's 3.7% Metro Vancouver vacancy and BCREA's $950,000 provincial average as anchors, not 2023 data.

Deadline: before your next fiscal-year approval.

02 **Lock insurance renewal timing early** — with depreciation-report scrutiny rising, request quotes 90 days before expiry and have an updated engineering report in hand.

Deadline: 90 days pre-renewal.

03 **Calendar the next BoC decision** — the April 29, 2026 announcement and Monetary Policy Report will recalibrate five-year fixed pricing.

Deadline: reassess refinancing plans the week of April 29.

04 **Stress-test council cash on a 45% debt-service-ratio world** — if BCREA's 2026 DSR forecast is right, owner delinquency tolerance narrows.

Deadline: Q2 2026 council meeting.

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05 **For Peace River and Northern BC clients, budget for stable occupancy, modest rent growth** — treat the Metro Vancouver vacancy signal as regionally specific, not provincial.

Deadline: Q2 2026 budget refresh.

06 **Refresh rental-bylaw compliance against current vacancy** — confirm minimum-lease and use-restriction bylaws are defensible at 3.5% BC-wide vacancy, not the 1.2% of 2023.

Deadline: before your next AGM.

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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.

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NEXT EDITION

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sterlingrealtygroup.com/insights

CONTACT

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

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