

Growing investor appetite for contiguous ground floor commercial strata units



Note: Arrows indicate change from previous quarter.

Market Summary

- The Greater Victoria retail market recorded 494,000 sq. ft. of total availability, down 8.2% quarter-over-quarter. The average asking rate increased 5.3% to \$30.47 per sq. ft this quarter and has steadily grown 8.8% year-over-year.
- Notable new retailers in the market include DUER, Five Guys, Rothewood Academy, and Meat & Bread. Some announced closures included one of Bubby Rose’s locations and Ghost Ramen. Expansion into new locations was observed from Ramen Arashi, Parachute Ice Cream, and Mosi Gelato.
- This quarter noted an uptick in investor interest for commercial strata properties. The entire commercial ground floor at the Janion building sold for \$861 per sq. ft. to the owners of Bray’s restaurant. Six fully tenanted and contiguous strata commercial strata units in the Bowker Collection building sold for \$596 per sq. ft.
- Malls and plazas experienced activity in their larger availabilities this quarter with the YMCA moving into a 18,000 sq. ft. unit in the Bay Centre, the grocery anchor unit in the Westshore Town Centre backfilled by a confidential tenant. The takeover of the former Hudson’s Bay space in both the Bay Centre and Mayfair Mall remain undetermined amid a legal process.

FIGURE 1: Greater Victoria Retail Statistics Summary by Municipality

Submarkets	Total Available Space (SF)			Average Net Asking Rent (PSF)	Average Additional Rent (PSF)
	Q1 2025	Q2 2025	Quarter-over-Quarter		
Central Saanich	2,941	-	-100.0%	-	-
Colwood	20,926	14,006	-33.1%	\$34.23	\$15.00
Esquimalt	4,547	1,728	-62.0%	\$22.00	\$16.11
Langford	77,666	54,023	-30.4%	\$34.85	\$15.92
Saanich	125,722	121,563	-3.3%	\$36.84	\$23.32
Sidney	6,664	8,636	29.6%	\$32.87	\$10.23
Sooke	-	2,263	-	\$24.00	\$9.50
Victoria	289,883	286,361	-2.1%	\$28.04	\$15.08
Other*	7,239	5,599	-22.7%	\$42.71	\$15.67
TOTAL	535,588	494,179	-8.2%	\$30.47	\$17.27

*Oak Bay & View Royal
Source: CBRE Research, Q2 2025.

Greater Victoria overview

The retail leasing market in Greater Victoria demonstrated continued strength this quarter with total available space decreasing by 8.2% quarter-over-quarter, reaching 494,000 sq. ft. The decline was primarily driven by absorption of large footprints in the regional malls. In tandem, the average asking rate increased by 5.3% this quarter, reaching \$30.47 per sq. ft. Year-over-year, average asking rents in the Downtown and Suburban submarkets grew 13.0% and 4.5%, respectively. Over a two-year period, the overall average rent rose at a more stable rate of 2.9%. These upward rent trends are driven by remaining space in recently completed developments that was not absorbed by the pre-lease market but continues to command premium rates.

There is a noticeable increase in developments currently under construction delaying completion, yet pre-leasing commitments remain unaffected. Latoria Corners in Langford is delayed to the next quarter but is over 84.1% pre-committed. Similarly, mixed-use development The Scott Building at 2659 Douglas Street, has pushed its completion timelines to the next quarter. In Royal Bay, the Arbutus Landing retail development broke ground this quarter and has already pre-leased over 45% of its space.

Notable retailers opening and closing this quarter

This quarter saw increased activity from new entrants. These included DUER on lower Johnson, Urban Express Market at The Wedge, Five Guys and Rothewood Academy at Arbutus Landing, Meat & Bread at 1205 Broad Street, and two ramen restaurants, Kizuna Ramen and Kinton Ramen, both in the Downtown core. The quarter also witnessed some announced closures, including Bubby Rose's at 606 Johnson Street and Ghost Ramen at 1609 Store Street.

Several existing tenants also undertook notable relocations and expansions. Floyd's Diner moved to the Royal Scot Hotel, with Murder Burger subsequently occupying its former space. Moe's Home Collection will be relocating out of 1630 Store Street and into a smaller space in the Downtown core. Notable expansions include Ramen Arashi entering the Westshore with a new location at LakePoint Place, Parachute Ice Cream opening another location in Oak Bay, and Mosi Gelato taking over the commercial space at 2045 Cadboro Bay Road. Rhino Coffee House also expanded, opening a new location in the Uptown Mall. Overall, the Greater Victoria retail market remains highly dynamic and underscores the region's attractive landscape for retailers.

FIGURE 2: Notable Retail Developments

Size (SF)	Project Name	Submarket	Estimated Completion	Developer
29,091	Latoria Corners	Langford	Q3 2025	Private Developer
14,579	Parcel B at Royal Bay	Colwood	Q1 2026	PCRE Group
15,571	ODYSSEY	Saanich	Q2 2026	OVIS / Stratosphere / Ironclad
32,780	Arbutus Landing	Colwood	Q3 2026	Astria Properties
109,060	University Heights	Saanich	2026	Greystar / Minto Apartments

Source: CBRE Research, Q2 2025.

FIGURE 3: Notable Lease Transactions

Size (SF)	Tenant	Address	Submarket	Industry	Deal Type
4,370	Magic Vision	711 Johnson Street	Victoria	Entertainment	Direct
3,514	The Spay and Neuter Cruiser	811 Bay Street	Victoria	Veterinary	Direct
2,500	DUER	584 Johnson Street	Victoria	Clothing	Sublet
2,240	Refire Kitchen	A-748 Goldstream Avenue	Langford	Food & Beverage	Direct

Source: CBRE Research, Q2 2025.

FIGURE 4: Notable Sales Transactions

Address	Submarket	Purchaser	Size (SF)	Price (\$M)
933 Douglas Street	Victoria	The Victoria Foundation	18,346	\$7.6
2270-2296 Bowker Avenue	Oak Bay	Private Investor	8,091	\$4.8
460-490 Pandora Avenue & 1620 Store Street	Victoria	Private Investor	4,181	\$3.6
2525 Estevan Avenue	Oak Bay	Private Investor	3,032	\$2.0

Source: CBRE Research, Q2 2025.

Uptick in investor interest for commercial strata portfolios

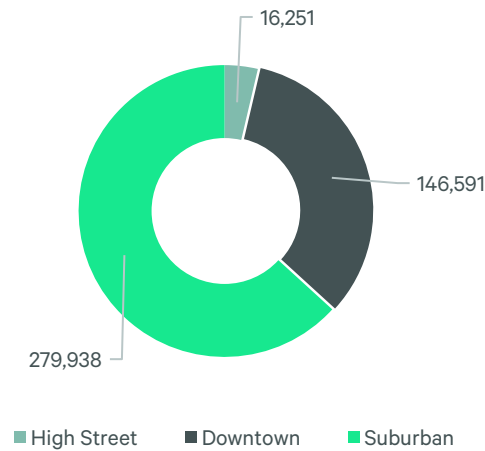
Commercial strata portfolios have attracted investor interest this quarter, signaling a notable upward trend. These portfolios typically consist of contiguous ground-floor commercial units within mixed-use buildings, often with residential above, offered as a single sale. In the Downtown core, a notable transaction involved the sale of five ground-floor strata units in the Janion building. These units sold together at \$861 per sq. ft. to the owner of Bray’s restaurant, an existing occupant of some of the space. This quarter also saw the sale of six fully tenanted commercial strata units, which collectively cover the entire ground floor of the Bowker Collection building, for \$596 per sq. ft. On the Downtown periphery, six ground-floor commercial units at the Black + White building (1033 Cook Street) are currently available as an investment offering at \$650 per sq. ft. Commercial strata portfolios are increasingly attractive to investors because they offer benefits such as contiguous floorplate flexibility, enhanced operational efficiency for property management, and the potential to mitigate investment risk associated with tenant turnover.

Heightened activity in regional malls and power centres

Regional malls and power centres experienced heightened activity in their large units this quarter. The future of the former Hudson’s Bay spaces was a focal point of market speculation this year. At Mayfair Mall, approximately 166,000 sq. ft. of former Hudson’s Bay space remains vacant as new ownership is still undetermined by its legal proceedings. Conversely, the Bay Centre will not take back its 213,000 sq. ft. former Hudson’s Bay anchor space as its future also remains unconfirmed.

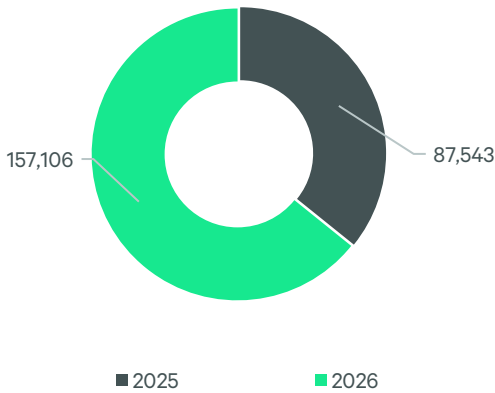
Other significant movements included the successful backfill of the former GoodLife Fitness unit at the Bay Centre by the YMCA. Similarly, at the Westshore Town Centre, the 38,000 sq. ft. space vacated by Fairway Market was swiftly backfilled by an unannounced grocery tenant. Meanwhile, in the Millstream Village, Fabric Land announced the closure of its 9,500 sq. ft. location, and Tom Lee Music will downsize from its 10,000 sq. ft. space into a smaller unit. Overall, shopping centres and plazas across Greater Victoria continue to exhibit robust leasing activity, characterized by continuous limited vacancy and persistent high demand.

FIGURE 5: Total Headlease Availability (SF)



Source: CBRE Research, Q2 2025.

FIGURE 6: Total Construction by Year of Delivery (SF)



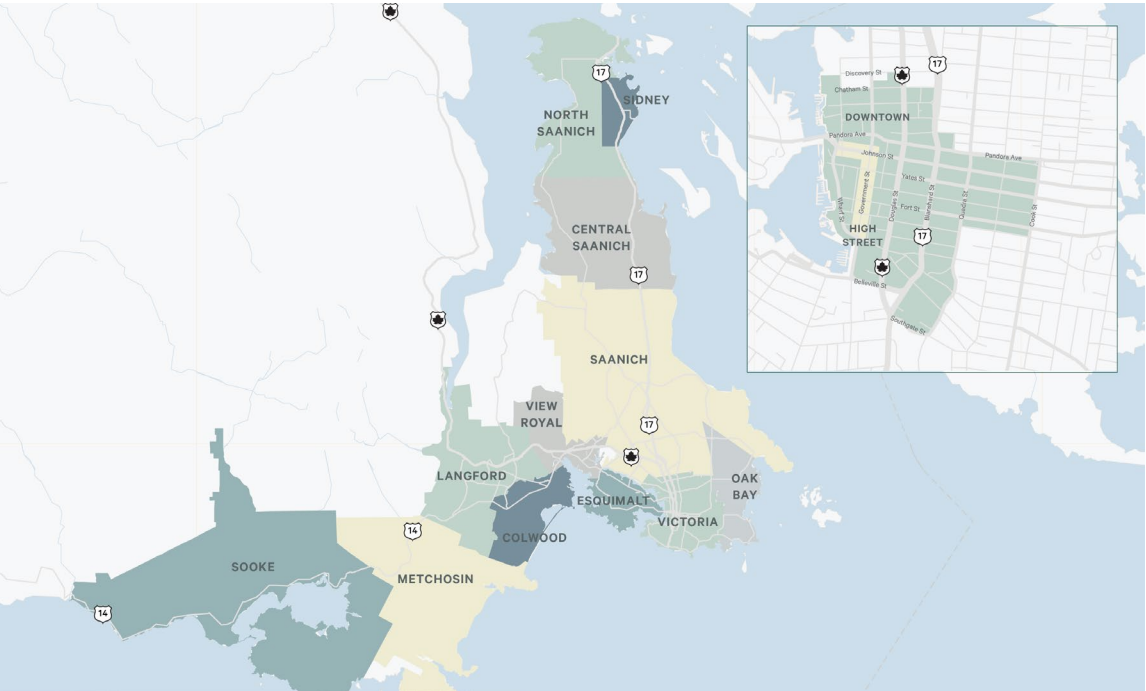
Source: CBRE Research, Q2 2025.

FIGURE 7: Greater Victoria Retail Statistics Summary by Region

	High Street	Downtown	Suburban	Total
Total Available Space (SF)	18,632	160,928	314,619	494,179
Total Available Space for Sublease (SF)	2,381	14,337	34,681	51,399
Average Net Asking Rent (PSF)	\$48.13	\$27.45	\$31.58	\$30.47
Average Additional Rent (PSF)	\$12.54	\$15.68	\$18.25	\$17.27

Source: CBRE Research, Q2 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 high street market as Government Street (Wharf Street to Johnson Street) and Johnson Street (Wharf Street to Government Street). The defined boundary for Downtown Victoria is sourced from the City of Victoria’s Neighbourhood Boundaries. CBRE aggregates the Suburban market from all submarkets outside of the Downtown core; North Saanich, Sidney, Central Saanich, Saanich, Victoria, Oak Bay, Esquimalt, View Royal, Colwood, Langford and Sooke.

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