The Presale Reckoning

Metro Vancouver's condo market is not correcting. It is being restructured.

By Diego Molina — Mediavertical

Metro Vancouver's presale condo market has moved past a cyclical slowdown into genuine structural distress, and the mechanism is now insolvency rather than discounting: development land is the asset class seeing the most court-ordered sales in Canada, towers sold in 2021 are completing into a market that no longer supports their original financing assumptions, and the policy response taking shape is itself a distressed-asset transaction worth understanding on its own terms.

The scale of the collapse is not a modest cooling

Presales of new condominiums in Greater Vancouver have fallen from a record 19,000 units in 2021 — the peak of the post-pandemic, low-rate frenzy — to a projected 1,500 to 2,000 units for 2026, the weakest annual absorption in decades. The supply-side response has been just as sharp: Metro Vancouver saw zero concrete condo project launches in the first quarter of 2026, compared with 152 launches in the same quarter a year earlier.

This is not a market pausing to reprice. It is a market where the standard financing model — presell enough units to satisfy a lender's threshold, then build — has stopped working for most developers, most of the time.

Insolvency, not discounting, is now the clearing mechanism

Development land is the asset class seeing the most distress in the country, concentrated in Greater Toronto and Metro Vancouver, and court-ordered sales have become common enough that restructuring practitioners describe recurring patterns among the developers involved. The Eclipse tower in Burnaby, tied to the Thind development group, is illustrative: the developer faced a Canada Revenue Agency judgment and suspended warranty coverage well before entering creditor-protection proceedings, and presale purchasers are now in B.C. Supreme Court arguing their contracts should be voided because those problems were not disclosed.

That dispute is not an isolated legal curiosity. It is a preview of the central tension in every one of these cases: restructuring professionals need presale contracts to hold in order to stabilize a project's financing, while purchasers have a genuine legal argument that those same contracts were sold on incomplete information.

The completion-timeline trap is compounding the problem

Presale condos typically take three to five years to build, which means units sold at the 2021–22 peak are completing directly into a market where prices are down roughly 9 percent from that peak on average, and investor-purchasers — the buyers who once absorbed assignment inventory — have largely left the market. When there is no one left to assign a contract to, a buyer facing a financing gap at completion has far fewer ways out than they would have had two years ago.

The policy response is itself a deal worth analyzing

A federal-provincial mechanism now being structured would have public money acquire finished but unsold units and transfer them to BC Housing for operation as below-market rentals — a purchase-and-conversion program, not a simple subsidy. For advisors, that structure is the more durable takeaway from this cycle: distressed condo inventory in Metro Vancouver increasingly has a public-sector buyer of last resort with a specific conversion mandate, which changes the downside case on any private distressed-asset thesis in this market.

With a public purchase-and-convert mechanism now emerging as a real backstop for unsold inventory, does that change how you would underwrite the downside case on a distressed Metro Vancouver land or presale position today?