

Q3 2021

Vancouver

Industrial Market Report

Net Absorption

This Quarter	Previous Quarter
716K SF	1.7M SF
12-Month Absorption	5-Year Quarterly Avg.
4.8M SF	1.1M SF

Vacancy

This Quarter	Year-over-Year
0.5%	↓ 80 bps

Asking Net Rent

This Quarter*	Year-over-Year
\$15.50 PSF	↑ 13.2%

Development

Under Construction	New Supply
6.1M SF	341K SF

Sales

Sale Price Avg.	Year-over-Year
\$550 PSF	↑ 43.6%

*Weighted Average
Colliers Macaulay Nicolls Inc.

Market Outlook

Q3 2021 marks the third consecutive quarter where a record low for vacancy and a record high for weighted average asking net rent was set. There is torrid demand for industrial space, particularly for large bay (>100,000 square feet) distribution and logistics space fueled in large part by the e-commerce boom. The lack of vacant space in the market is persistent. This quarter marks the fifth consecutive quarter of no vacancies in the >100,000 square foot size range and the second consecutive quarter where there were no vacancies larger than 50,000 square feet.

Tailwinds for the continued strong demand for industrial space are not only from the anticipated growth of e-commerce market penetration but also from same-day delivery becoming increasingly common. To facilitate same-day delivery, which helps companies capture market share, last-mile distribution space must be secured. The rapid increase in demand for last-mile delivery is creating a ripple effect in the market, reducing options for all types of industrial businesses, creating continued upward pressure on lease and sale values given the Greater Vancouver Area's (GVA's)

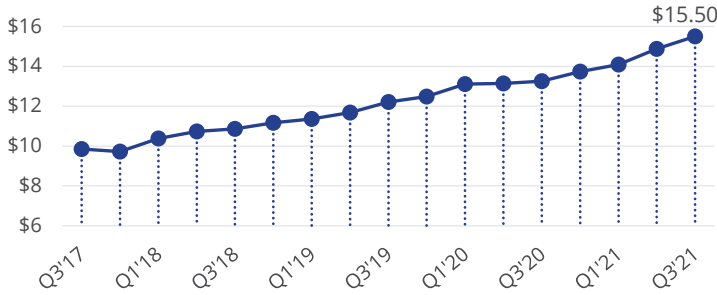
limited industrial land supply. The current market dynamics make it prudent for businesses to plan as far in advance as possible to secure space given that pre-leasing and pre-selling a project before completion has become more common than not.

The average year-over-year growth in weighted average asking lease rates over the past 2 years is 12.0% per quarter. Q3 2021 saw a 16.8% increase year-over-year in weighted average asking net rent for the GVA, a record increase, and a record high rate of \$15.50 per square foot. To hedge against rising lease rates companies are increasingly finding the purchase of strata units an attractive option which is reflected in the rapid appreciation of strata pricing and strong pre-sales activity in strata projects across the GVA. The first three quarters of 2021 saw a record high average price per square foot for strata in the GVA at \$429 per square foot, an increase of 110% from the same period in 2016. The City of Vancouver also set a record high average price per square foot for strata over the first three quarters of 2021 at \$619 per square foot, an increase of 98% from the same period in 2016.

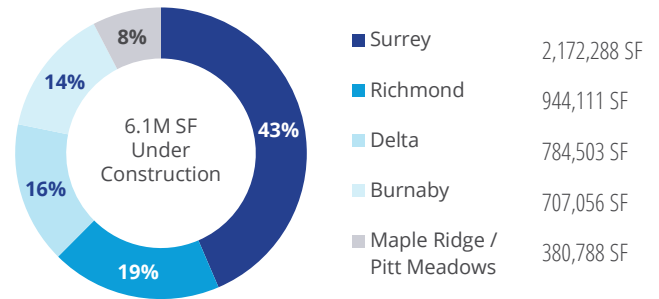
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Market Overview

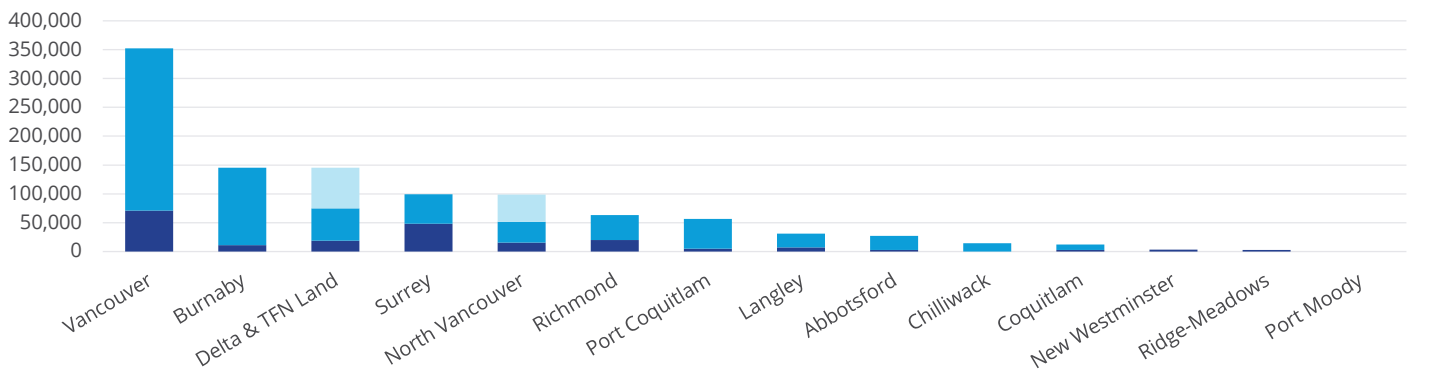
01 Greater Vancouver Rental Rates Weighted Average Asking Net Rent (PSF)



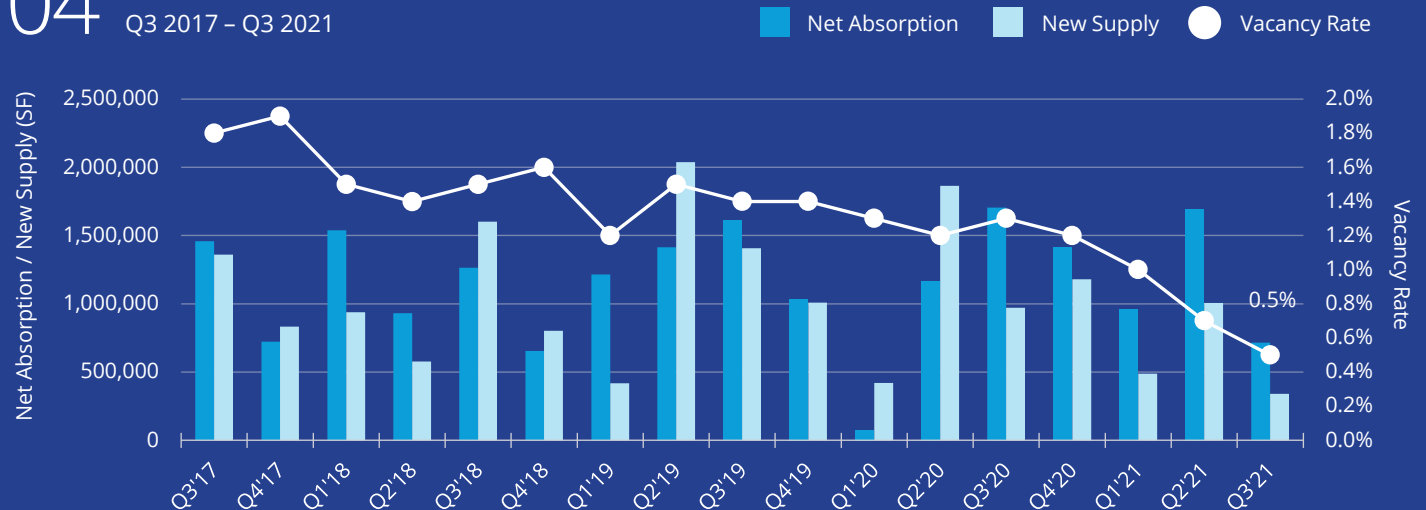
02 Under Construction by Market Top Five Markets (SF)



03 Vacancy by Property Size Total Square Feet (SF)



04 Historical Overview Q3 2017 - Q3 2021



Market Statistics

Market	Total Inventory (SF)	Direct Vacancy (SF)	Sublease Vacancy (SF)	Total Vacant Space (SF)	Vacancy Rate	Total Available Space (SF)	Availability Rate	Net Absorption (SF)	New Supply (SF)	Under Construction (PSF)	Wgt. Avg. Asking Net Rent (PSF)	Wgt. Avg. Asking Additional Rent (PSF)
Surrey	39,573,999	99,210	0	99,210	0.3%	1,432,921	3.5%	84,648	91,338	2,172,288	\$14.08	\$3.95
Richmond	35,639,149	51,442	11,875	63,317	0.2%	344,653	1.0%	215,455	152,318	944,111	\$14.26	\$9.44
Delta	29,379,231	145,467	0	145,467	0.5%	693,461	2.3%	50,701	52,052	784,503	\$14.67	\$4.74
Burnaby	27,336,763	131,904	13,645	145,549	0.5%	310,753	1.1%	29,694	0	707,056	\$17.12	\$5.27
Vancouver	21,058,322	299,744	52,690	352,434	1.7%	793,132	3.7%	129,948	0	209,552	\$19.41	\$8.36
Langley	20,290,642	24,374	6,800	31,174	0.2%	236,677	1.2%	56,020	0	238,995	\$13.66	\$4.71
Abbotsford	9,135,083	27,056	0	27,056	0.3%	482,239	5.1%	54,838	45,614	239,802	\$12.61	\$2.65
Port Coquitlam	8,406,186	55,083	1,540	56,623	0.7%	150,362	1.7%	49,327	0	417,000	\$15.02	\$4.34
Coquitlam	7,342,770	11,859	0	11,859	0.2%	273,995	3.7%	35,442	0	0	\$17.89	\$5.59
North Vancouver	4,747,391	98,705	0	98,705	2.1%	256,543	5.4%	3,467	0	0	\$18.19	\$7.45
Maple Ridge-Pitt Meadows	4,035,798	2,600	0	2,600	0.1%	6,814	0.2%	9,952	0	380,788	\$13.00	\$3.95
Chilliwack	3,999,696	14,020	0	14,020	0.4%	14,020	0.4%	-430	0	0	\$14.08	\$9.44
New Westminster	3,499,038	3,150	0	3,150	0.1%	3,150	0.1%	-3,150	0	0	\$14.26	\$4.74
TFN Lands	1,348,920	0	0	0	0.0%	0	0.0%	0	0	0	-	-
Port Moody	561,059	0	0	0	0.0%	0	0.0%	0	0	0	-	-
Vancouver Total	216,354,047	964,614	86,550	1,051,164	0.5%	4,998,720	2.3%	715,912	341,322	6,094,095	\$15.50	\$5.34



Transaction Highlights

Notable Lease Transactions

Tenant	Building Name / Address	Market	Lease Type	Size (SF)
Embark Health Inc.	1629 Fosters Way	Delta	Renewal	39,143
4PX Express Inc.	3351 Sweden Way	Richmond	Headlease	37,471
Pacbrake Manufacturing Ltd.	26688 56 Avenue	Langley	Headlease	36,039
Day & Ross Inc.	8246 Willard Street	Burnaby	Headlease	34,555
Canada Cartage	2864 Norland Avenue	Burnaby	Headlease	24,510

Notable Sales Transactions

Building Name / Address	Market	Size (SF)	Sale Price	Purchaser	Purchaser Profile
2450 United Boulevard	Coquitlam	10.03*	\$45,000,000	Beedie	Developer
20580 & 20600 Maple Crescent; Lots 2 & 1110, Block 20600 Maple Crescent	Maple Ridge	30.56*	\$40,000,000	Conwest Group of Companies	Developer
11488 Eburne Way	Richmond	114,178	\$39,188,000	The Great Little Box Company	User
46520 Airport Road	Chilliwack	15.01*	\$28,400,000	Beedie	Developer
9770 199A Street	Langley	74,050	\$27,800,000	Apex Extrusions Land Holdings Ltd.	User
7985 Lickman Road	Chilliwack	8.12*	\$13,490,000	DENCITI Development Corporation	Developer
43971 Industrial Way	Chilliwack	4.46*	\$8,710,000	DENCITI Development Corporation	Developer

*Land sale in acres

Notable Developments

Building Name / Address	Market	Building Status	Est. Completion	Size (SF)	Owner / Developer
60 th Ave Business Centre / 27466 60 th Avenue	Langley	Under Construction	Q4 2021	62,440	Beedie
King Business Park / 31779 & 31789 King Road	Abbotsford	Under Construction	Q4 2021	112,372	Cedar Coast
Benchmark / 3231 No. 6 Road	Richmond	Under Construction	Q4 2021	250,000	Conwest
River Road Distribution Centre / 8576 River Road	Delta	Under Construction	Q2 2022	373,000	Wesgroup
Richmond Industrial Centre (RIC) / 8011 Zylmans Way	Richmond	Under Construction	Q3 2022	126,100 to 504,400	Montrose Properties
Parallel 32 / 19225 32 nd Avenue	Surrey	Under Construction	Q4 2022	13,113 to 192,016	Beedie
Eagle Meadows Business Park	Pitt Meadows	Planning	Q2 2023	375,000 to 400,000	Epta Development Corporation (EDC)

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