

Q2 2022

# Vancouver Industrial Market Report

## Net Absorption

This Quarter	Previous Quarter
<b>445K</b> SF	<b>1.0M</b> SF
12-Month Absorption	5-Year Quarterly Avg.
<b>3.6M</b> SF	<b>1.1M</b> SF

## Vacancy

This Quarter	Year-over-Year
<b>0.1%</b>	<b>↓ 40</b> bps

## Asking Net Rent

This Quarter*	Year-over-Year
<b>\$19.19</b> PSF	<b>↑ 22.5%</b>

## Development

Under Construction	New Supply
<b>7.8M</b> SF	<b>118K</b> SF

## Average Sales Price

Standard Sales	Strata Sales
<b>\$572</b> PSF	<b>\$629</b> PSF

\*Weighted Average  
Colliers Macaulay Nicolls Inc.

## Market Outlook

The Greater Vancouver Area (GVA) continues to see its amount of developable industrial land diminish. While Metro Vancouver's most recent survey claimed there was 3,126 acres of developable industrial land, much of this supply is spread out over small pockets with the average parcel size being less than five acres. This will limit the amount of sizeable industrial developments that can occur in the GVA, which may not suit larger bay users as well.

The GVA's industrial fundamentals continue to remain some of the strongest in Canada. Most notably, its vacancy rate of 0.1% is the lowest in the country while its asking net rental rate of \$19.19 is nearly two dollars higher than the next closest Canadian market. With a year-over-year rental growth rate of 22.5%, it is likely only a matter of time until the overall average asking rent climbs north of \$20 per square foot. At the time of writing, there are zero tracked industrial availabilities over 100,000 square feet and only two existing vacancies over 25,000 square feet.

In May, PC Urban Properties and Nicola Wealth partnered to acquire 2660 Barnet Highway in Coquitlam, one of the largest

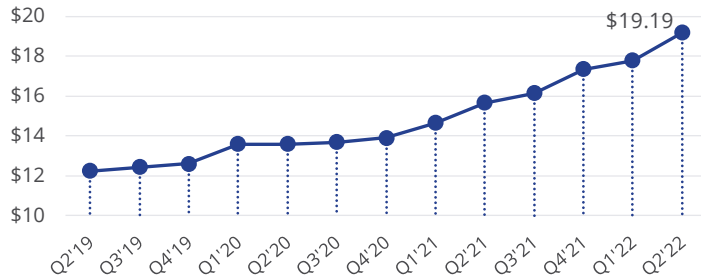
investment deals of the quarter. The total transaction price was just over \$24 million, nearly \$7 million per acre. This 3.48-acre site will be used to develop small-bay industrial strata product for owner users and investors. Upon completion, it is expected that the site will result in two buildings totaling 100,000 square feet. With increasing lease rates and perpetually low availability, this industrial strata project—as well as others in the GVA—could very well still experience record-breaking pricing, even amidst rising interest rates.

The rising interest rates themselves may not necessarily have a strong impact on the GVA industrial sector, at least not in the immediate term. Leasing opportunities are seeing multiple offers being put in, many from established companies within the market. Even buildings that are not state-of-the-art facilities are still seeing achieved rents climb to over \$20 per square foot. There is over 7 million square feet of industrial product currently under construction, but most of it is already leased except the Choice REIT building for an area of 365,000 square feet in Campbell Heights.

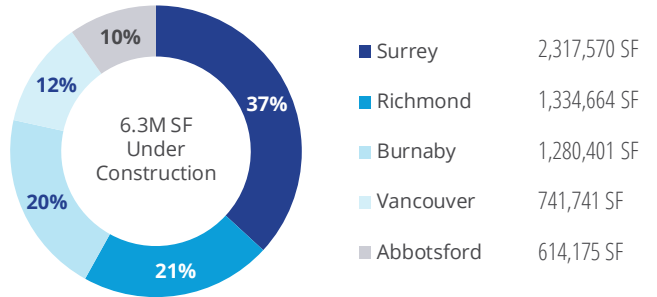
Accelerating success.

# Market Overview

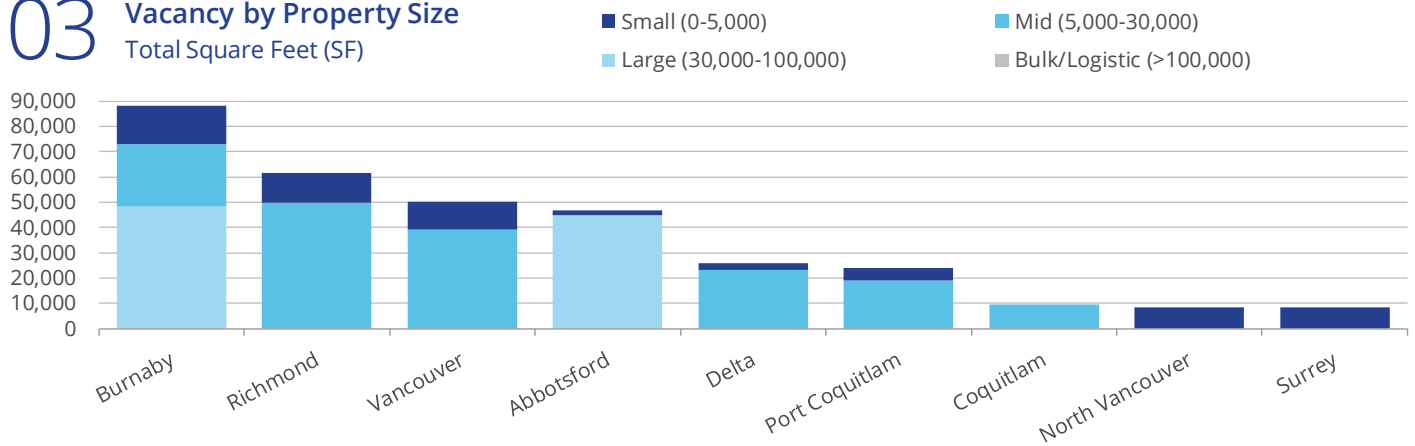
## 01 Greater Vancouver Rental Rates Weighted Average Asking Net Rent (PSF)



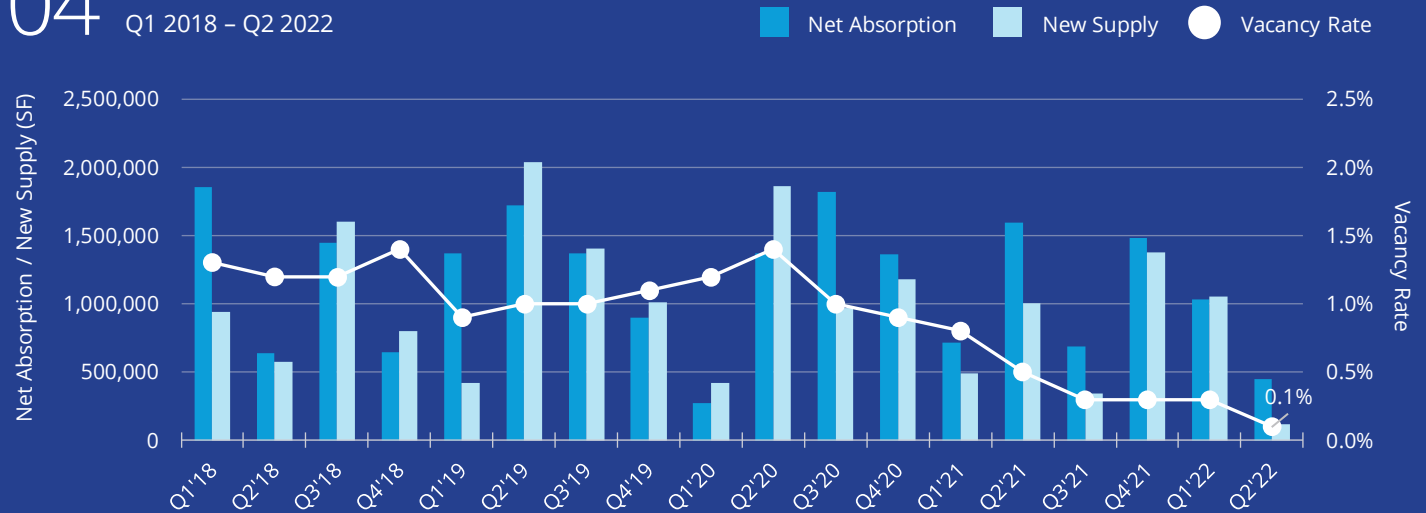
## 02 Under Construction by Market Top Five Markets (SF)



## 03 Vacancy by Property Size Total Square Feet (SF)



## 04 Historical Overview Q1 2018 - Q2 2022



# 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	40,847,367	8,193	0	8,193	0.0%	118,770	0.3%	147,706	97,814	2,317,570	\$17.21	\$3.82
Richmond	35,883,153	43,383	18,203	61,586	0.2%	118,463	0.3%	-13,369	0	1,334,664	\$20.97	\$5.63
Delta	29,393,679	25,945	0	25,945	0.1%	67,783	0.2%	38,002	0	580,852	\$17.62	\$4.76
Burnaby	27,336,763	88,052	0	88,052	0.3%	206,349	0.8%	-3,452	0	1,280,401	\$19.73	\$5.87
Vancouver	21,099,322	24,032	26,124	50,156	0.2%	216,351	1.0%	209,209	19,725	741,741	\$19.90	\$8.72
Langley	20,353,082	0	0	0	0.0%	43,685	0.2%	11,628	0	315,835	\$20.50	-
Abbotsford	9,406,914	46,570	0	46,570	0.5%	87,032	0.9%	21,141	0	614,175	\$19.24	\$5.55
Port Coquitlam	8,783,186	24,086	0	24,086	0.3%	69,100	0.8%	-86	0	104,463	\$17.74	\$4.42
Coquitlam	7,342,770	9,460	0	9,460	0.1%	128,410	1.7%	1,815	0	120,000	\$18.75	\$5.51
North Vancouver	4,747,391	8,228	0	8,228	0.2%	24,989	0.5%	19,151	0	0	\$22.05	\$11.61
Maple Ridge-Pitt Meadows	4,180,316	0	0	0	0.0%	10,402	0.2%	0	0	347,852	\$20.00	\$5.15
Chilliwack	3,999,696	0	0	0	0.0%	19,651	0.5%	13,191	0	0	\$20.00	-
New Westminster	3,499,038	0	0	0	0.0%	0	0.0%	0	0	0	-	-
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	-	-
<b>Vancouver Total</b>	<b>218,782,656</b>	<b>277,949</b>	<b>44,327</b>	<b>322,276</b>	<b>0.1%</b>	<b>1,110,985</b>	<b>0.5%</b>	<b>444,936</b>	<b>117,539</b>	<b>7,757,583</b>	<b>\$19.19</b>	<b>\$5.52</b>



# Transaction Highlights

## Notable Lease Transactions

Tenant	Building Name / Address	Market	Lease Type	Size (SF)
Sketchers	2325 190 Street	Surrey	Head Lease	430,000
Confidential	18822 24 Avenue	Surrey	Renewal	202,106
Stryder Motorfreight Canada Ltd.	7271 Nelson Road	Richmond	Extension	141,860
Volkswagen Group Canada Inc.	21720 Fraserwood Way	Richmond	Renewal	138,058

## Notable Sales Transactions

Building Name / Address	Market	Size (SF)	Sale Price	Purchaser	Purchaser Profile
2870 Lake City Way	Burnaby	51,000	\$29,300,000	Austeville Properties Ltd.	Private Investor
2660 Barnet Highway	Coquitlam	3.48*	\$24,125,000	PC Urban & Nicola Wealth	Developer
1812 Foy Street	Abbotsford	4.91*	\$20,500,000	U-Haul Co. (Canada) Ltd.	User
6600 Fraserwood Place	Richmond	31,051	\$17,500,000	Sunlife Nutrition Inc.	User
11595 Eburne Way	Richmond	-	\$12,880,000	U-Haul Co. (Canada) Ltd.	User
18425 53 <sup>rd</sup> Avenue	Surrey	21,960	\$12,800,000	18425 53 <sup>rd</sup> Avenue Holdings	Private Investor
20135 115A Avenue	Maple Ridge	24,610	\$11,300,000	Iron Workers Holdings Ltd.	Private Investor

\*Land sale in acres

## Notable Developments

Building Name / Address	Market	Building Status	Est. Completion	Size (SF)	Owner / Developer
8011 Zylmans Way	Richmond	Under Construction	2022 Q3	504,400	
8576 River Road	Delta	Under Construction	2022 Q3	373,073	Wesgroup
8351 Fraser Reach Court	Burnaby	Under Construction	2022 Q4	707,056	Oxford
15030 54A Avenue	Surrey	Under Construction	2022 Q4	250,377	Beedie
18899 24 Avenue	Surrey	Under Construction	2023 Q1	353,476	Choice Properties
2325 190 Street	Surrey	Under Construction	2023 Q2	430,000	Pure Industrial
8031 Zylmans Way	Richmond	Under Construction	2023 Q4	500,000	

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