

Q3 2019

Industrial Insight

Another quarter in which deliveries surpassed 1 million square feet; another quarter with sub 2% vacancy

- In terms of deals signed, Q3 large block leasing was a little slower than Q2; there were two deals above 100,000 square feet in Metro Vancouver compared with four last quarter.
- Positive net absorption was only 15,806 square feet due mainly to more than 450,000 square feet of negative absorption in Vancouver.
- Deliveries in Delta reached nearly 910,000 square feet; more than 80% was distributed across three build-to-suit projects, bringing no alleviation to Delta's critically low vacancy rate of 0.5%.

Year-to-date deliveries passed 3 million square feet this quarter; however, at just 1.9%, Vancouver's vacancy rate is still critically low. Examining the 900,000 square feet of deliveries in Delta paints a good picture of why construction is not alleviating demand. Three of the projects were build-to-suit, accounting for 854,000 square feet in total which will be occupied by EuroAsia Transload, BMW, and Swiss Water. The rest of the space was leased before completion, leaving nothing to alleviate Delta's critically low vacancy rate of 0.5%.

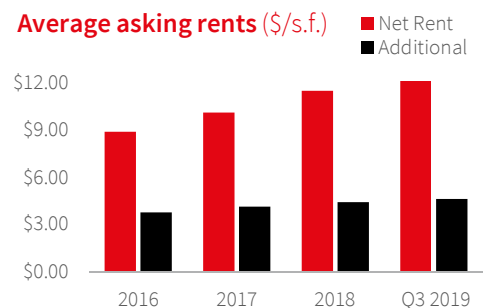
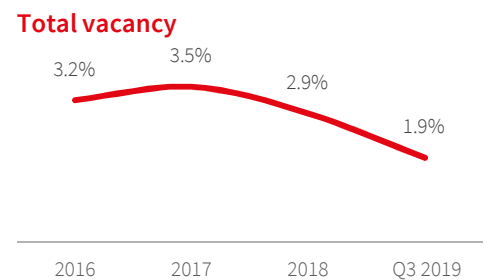
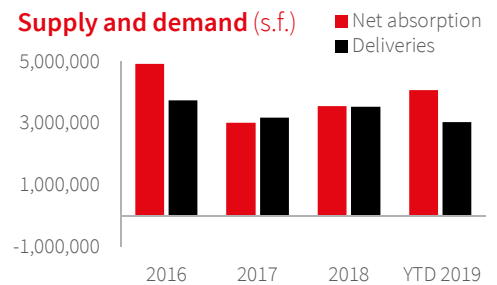
There were two deals signed above 100,000 square feet during the third quarter. General Motors renewed their lease at 27475 58 Crescent in Langley and a confidential tenant took 234,629 square feet at 4300 80th Street in Delta. Another notable deal came from Goodfood Market Corp. who leased 82,740 sf in Delta. The space taken was the remainder of Beedie's build-to-suit for BMW at 7560 Beedie Way, a project which completed this quarter.

BC liquor's old cold storage facility at 3200 East Broadway came back on the market, making 292,000 square feet of industrial space available. The old Molson brewery building, located at 1550 Burrard is another large block space (166,000 sf) that became available in the City of Vancouver; together the vacancy at these two buildings have pushed up Vancouver's vacancy to 4%, which is the highest Q3 vacancy of the markets comprising Metro Vancouver.

Outlook

Finding space will continue to be a major challenge facing tenants in Metro Vancouver. Vacancy is likely to remain below 2% especially considering new product is often built-to-suit for large tenants or presold/leased. Lease rates, which grew by 12% year-on-year during Q3 will also continue to rise as tenants compete for quality space though the rate of growth has eased slightly compared with the last two quarters.

Fundamentals	Forecast
Quarterly Absorption	15,806 s.f. ▲
YTD net absorption	4,051,947 s.f. ▲
Under construction	4,891,174 s.f. ▲
Total vacancy	1.9% ►
Average asking rent (Net)	\$12.38 p.s.f. ▲
Tenant improvements	Falling ▼



For more information, contact: Zachary Redekop | zachary.redekop@am.jll.com

Q3 2019

Industrial Statistics

	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total availability (%)	Average asking net rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Burnaby	32,921,630	-38,422	1,129,488	3.4%	2.1%	2.5%	\$13.42	0	216,461	541,936
Delta	32,788,332	114,227	875,577	2.7%	0.5%	1.0%	\$9.46	913,907	913,907	716,934
Langley	18,831,386	109,809	400,735	2.1%	1.3%	1.7%	\$10.64	0	39,652	186,439
Maple Ridge/Pitt Meadows	4,308,294	44,702	99,944	2.3%	1.1%	1.2%	\$11.83	220,000	220,000	0
North Vancouver	7,855,473	10,009	47,182	0.6%	0.9%	0.9%	\$18.46	0	0	0
Richmond	43,329,458	-113,982	635,266	1.5%	2.8%	2.4%	\$11.05	72,986	381,333	408,590
Surrey	34,497,215	122,111	522,970	1.5%	1.5%	1.9%	\$11.20	650,878	1,118,830	1,941,577
Tri-Cities & New Westminster	23,044,985	218,867	652,980	2.8%	1.3%	2.4%	\$13.23	16,000	127,858	874,849
Vancouver	22,037,553	-451,515	-312,195	1.4%	4.0%	3.7%	\$15.33	0	0	220,849
Metro Vancouver Total	219,614,326	15,806	4,051,947	1.8%	1.9%	2.2%	\$12.38	1,873,771	3,018,041	4,891,174