

# Metro Vancouver

## Vacancy chases a historic low while new construction is unlikely to supply much relief

- Vacancy dropped 40 basis points to once again rest in the sub 2.0% range
- Rental rates continue to climb to \$13.98, which is a 4.3% year over year increase
- The under-construction pipeline continues to increase hitting almost 4.9 million s.f. this quarter

Vacancy in Greater Vancouver rapidly compressed this quarter dropping 40 basis points and is now just 20 basis points off a historic low. While vacancy witnessed a slight uptick following the initial wave of the pandemic, the market is once again nearing negligible vacancy particularly for bulk space. Meanwhile, strata activity has also been red hot after a slight slowdown mid last year. Average rental rates have responded and jumped \$0.31 since just last quarter and is now just shy of the \$14.00 per square foot mark.

Since the second half of last year leasable bulk distribution space has been in particularly high demand as e-commerce sales have surged. While availability for this space is very low, several large lease deals crossed the goal line this quarter. This includes a 203,000 s.f. deal at 7400 Vantage Way in Delta that was snapped up by an e-commerce user. Also, a government agency leased 158,000 s.f. at 4551 Agar Way in Richmond and Canada Post inked a 110,000 s.f. deal at 8181 Churchill Street in Delta. Landlords have taken notice of this demand. This quarter QuadReal purchased a 10.3-acre redevelopment site at 150 Glacier Road in Coquitlam from an investor. QuadReal plans to market a modern last mile distribution facility on the site for lease.

After a slowdown in speculative starts mid last year, development has picked up significantly with almost 4.9 million s.f. of space currently under construction. However, due to last years slowdown on starts, only 3.1 million square feet is expected to cross the goal line this year and over 85% of that space has been taken by a user. Looking into 2022 deliveries, there are still some large speculative builds such as Oxford's multi story in Burnaby that are available but with significant interest in the site already, it will likely be leased up long before completion.

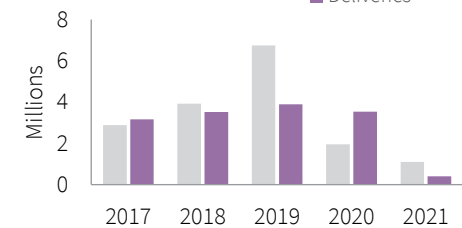
### Outlook

With demand for industrial space at unprecedented levels, vacancy is expected to drift downwards and potentially set a new historic low below 1.6% later this year. Rental rates and strata pricing will continue to see significant upward pressure under these conditions.

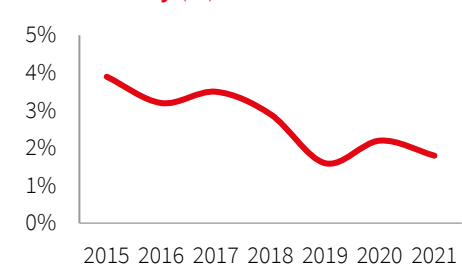
### Fundamentals

	Forecast
YTD net absorption	1,110,636 s.f. ▲
Under construction	4,879,068 s.f. ►
Total vacancy	1.8% ▼
Sublease vacancy	1,548,457 s.f. ►
Direct asking rent	\$10.39 p.s.f. ▲
Sublease asking rent	\$8.96 p.s.f. ▲
Concessions	Stable ►

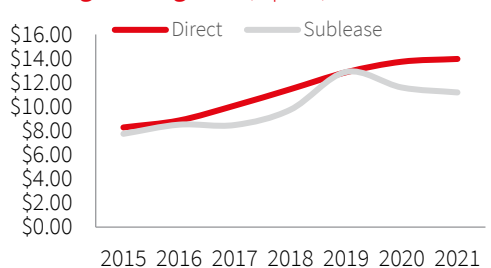
### Supply and demand (s.f.)



### Total Vacancy (%)



### Average asking rent (\$ p.s.f.)



## 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 (%)	Direct average asking net rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Burnaby	34,288,206	83,151	83,151	0%	2.6%	2.2%	\$14.95	33,639	33,639	1,353,528
Delta	34,584,939	187,953	187,953	0.5%	0.9%	2.2%	\$11.37	0	0	642,599
Langley	19,251,270	146,413	146,413	0.8%	2.2%	2.7%	\$12.06	169,815	169,815	213,452
Maple Ridge/Pitt Meadows	4,963,473	73,503	73,503	1.5%	0.1%	1.4%	\$12.68	0	0	x
North Vancouver	8,013,298	22,828	22,828	0.3%	0.6%	1.1%	\$19.74	0	0	x
Richmond	44,971,094	148,619	148,619	0.3%	1.9%	1.8%	\$14.23	0	0	428,737
Surrey	38,607,348	26,323	26,323	0.1%	1.5%	1.8%	\$12.86	72,822	72,822	1,096,602
Tri-Cities & New Westminster	24,319,930	275,073	275,073	1.1%	1.0%	2.7%	\$14.14	118,672	118,672	614,770
Vancouver	22,705,051	-69,550	-355,953	0.6%	4.6%	6.3%	\$16.78	15,500	15,500	529,380
<b>Metro Vancouver Total</b>	<b>232,019,068</b>	<b>1,110,636</b>	<b>1,110,636</b>	<b>0.5%</b>	<b>1.8%</b>	<b>2.4%</b>	<b>\$13.98</b>	<b>410,448</b>	<b>410,448</b>	<b>4,879,068</b>