

Metro Vancouver

Construction begins on Canada's first multi-story facility amid a continued lack of available space

- Vacancy held steady at 2.2% up slightly from a historic low of 1.6% in 2019
- Under construction space increased over 1 million s.f. since Q3
- Average net rental rates registered at \$13.66 per s.f., a 6.1% increase year-over-year

Construction commenced on Canada's first true multi-story industrial building this quarter. The 707,000-s.f. building is located at Oxford's Riverbend Business Park in Burnaby. This project highlights a creative solution to Vancouver's supply constrained market with ever rising land prices. Additionally, this massive project helped drive under construction space to 4 million s.f. as developers double down on supplying the tight market after a short pause in ground breakings during the initial wave of the pandemic.

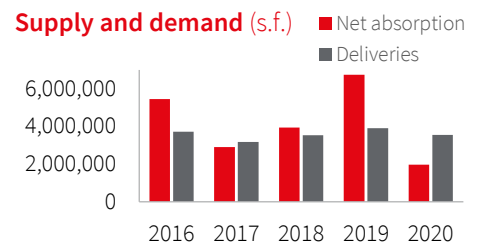
Meanwhile, leasing activity continued to be brisk to round out an extremely busy second half of the year. The theme we have seen the past few quarters, is that larger spaces over 50,000 s.f. have been particularly in demand. Of note J.F. Hillebrand inked a deal for 120,000 s.f. at Beedie's Westpointe Business Centre that just completed this quarter. Additionally, Big Mountain Foods subleased 68,000 at Cliveden Avenue in Delta and Sim Video International leased 69,000 s.f. at 12111 Jacobson way in Richmond. These deals highlight increased demand in both the grocery and studio space for the entertainment industry since the COVID-19 pandemic began.

On the sales front, Greater Vancouver registered \$301 million in industrial sales in Q4. This is up significantly from a dismal Q3, but also helped push overall sales volume for the year above 2019 levels as inventors and users alike regain confidence in purchasing after the initial COVID related uncertainty.

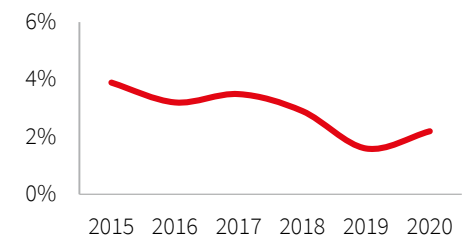
Outlook

Vancouver's slight rise in vacancy in 2020 isn't expected to continue into 2021 as user demand in the later half of the year surged and construction in Vancouver's land constrained market is expected to continue to struggle to keep up. That said, developers are becoming increasingly creative, and a robust construction pipeline is expected in 2021 and beyond.

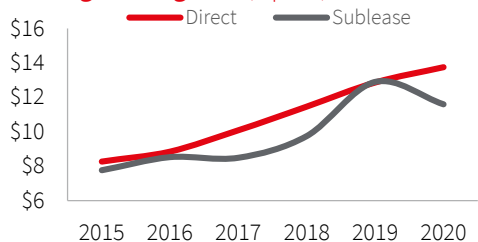
Fundamentals	Forecast
YTD net absorption	1,955,326 s.f. ▲
Under construction	4,023,107 s.f. ►
Total vacancy	2.2% ▼
Sublease vacancy	855,023 s.f. ▼
Direct asking rent	\$13.66 p.s.f. ▲
Sublease asking rent	\$11.60 p.s.f. ►
Concessions	Stable ►



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	34,179,403	-5,663	127,458	0%	2.4%	3.0%	\$14.73	99,467	341,437	940,806
Delta	34,210,753	-111,416	135,244	0.4%	1.5%	1.3%	\$10.78	195,564	716,934	295,802
Langley	19,274,385	-115,991	-259,021	1.3%	3.0%	3.8%	\$11.75	0	108,328	407,147
Maple Ridge/Pitt Meadows	4,993,491	-41,819	118,504	2.4%	1.6%	0.7%	\$12.23	0	0	0
North Vancouver	7,991,929	970	-16,422	0.2%	0.9%	1.3%	\$18.18	0	0	0
Richmond	44,597,045	55,401	12,343	0.0%	2.2%	2.9%	\$14.18	0	258,921	312,057
Surrey	38,568,917	801,823	2,010,014	5.2%	1.3%	2.2%	\$12.58	245,931	1,959,575	758,001
Tri-Cities & New Westminster	24,243,010	127,317	183,159	0.8%	1.7%	2.7%	\$13.67	0	29,234	656,347
Vancouver	22,705,051	-69,550	-355,953	1.6%	4.6%	6.3%	\$16.78	66,054	125,724	652,947
Metro Vancouver Total	230,763,984	641,072	1,955,326	0.8%	2.2%	2.8%	\$13.66	607,016	3,540,153	4,023,107