

Metro Vancouver

Vacancy rates are below the 1% mark for the first time as the year ends

- Vacancy hits a record low for the fourth consecutive quarter, reaching 0.7% in Q4
- Under construction space increased by nearly 1.5 million s.f. since Q3, just surpassing 8 million s.f. this quarter
- Average net rental rates continue to increase to \$14.95 p.s.f., a 9.4% increase year-over-year

Vacancy has dropped another 30 basis points in the last quarter of 2021, recording a historic low of 0.7%. This is the first-time vacancy has recorded below the 1% mark. The lack of supply in Metro Vancouver has also resulted in users being redirected to other markets, mainly Calgary, to fulfill their demands. Despite the tight market conditions, there were still large lease deals signed this quarter. Some include the lease of 504,400 s.f. at 8011 Zylmans Way in Montrose's upcoming Richmond Industrial Centre, and the lease of 245,646 s.f. signed by a wholesale user at 14933 Colebrook Road. Both projects are estimated to deliver in the latter half of 2022. Hungerford Properties has sold 86 & 168 SE Marine Drive in South Vancouver to an e-commerce user, over 12 acres of industrial land at a record-breaking price.

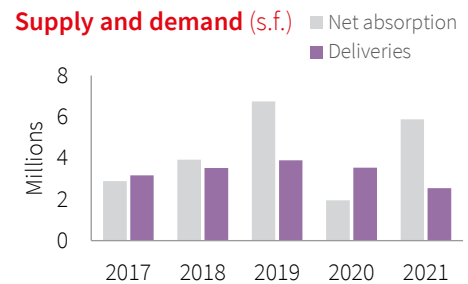
Due to historic pent-up demand, Greater Vancouver has seen a 22% increase in under construction space since last quarter totaling just over 8 million s.f. Small and large users have continued to take up space far in advance of occupancy as the ramped-up demand across Metro Vancouver has been emphasized ever since the beginning of the pandemic. As a result, 75.9% of the total pipeline has been committed to. Strata space continues to thrive in Metro Vancouver's industrial market taking up 23.7% of the Vancouver market's under construction space.

The series of heavy flooding and snowstorms across Greater Vancouver and the Interior has caused severe delays in transportation, road closures, and supply chain issues since early November. Fortunately, the impact is only transitory and is not expected to impose any long-term effects on the market's pipeline. However, the Omicron variant which has led to a rapid surge in cases may cause labor supply issues. High absent rates from illness can result in short-term disruptions to construction that could shift the expected delivery dates of ongoing projects.

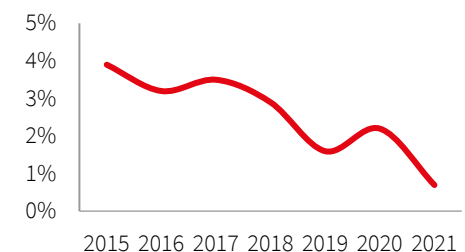
Outlook

With a year of quarter-over-quarter historic lows, vacancy is expected to continue decreasing through 2022 despite a strong development pipeline. The projected deliveries of strata and mixed-use industrial space in the coming year will continue to play a role in accelerating rental rates and will further diversify the tenant mix of industrial space.

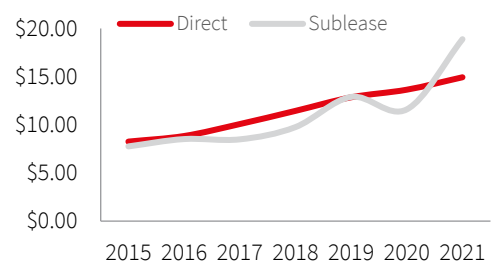
Fundamentals	Forecast
YTD net absorption	5,884,017 s.f. ▲
Under construction	8,028,594 s.f. ►
Total vacancy	0.7% ▼
Sublease vacancy	252,620 s.f. ▼
Direct asking rent	\$14.95 p.s.f. ▲
Sublease asking rent	\$18.88 p.s.f. ▲
Concessions	Stable ►



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	34,320,797	52,375	759,519	2.2%	0.9%	1.0%	\$16.05	0	240,380	1,009,269
Delta	34,178,910	359,530	927,903	2.7%	0.1%	1.1%	\$12.82	0	450,789	888,839
Langley	20,241,698	257,476	935,969	4.6%	0.1%	1.1%	\$12.96	96,051	394,691	191,890
Maple Ridge/Pitt Meadows	5,165,628	-5,150	47,277	0.9%	0.6%	0.7%	\$13.98	0	0	601,076
North Vancouver	8,052,977	-10,471	24,581	0.3%	0.6%	1.4%	\$19.66	0	0	0
Richmond	45,490,746	4,474	939,563	2.1%	0.8%	0.8%	\$14.40	0	352,480	906,827
Surrey	40,280,293	-10,217	713,441	1.8%	0.7%	1.1%	\$14.88	94,067	546,303	2,873,761
Tri-Cities & New Westminster	24,858,918	182,445	870,782	3.5%	0.3%	0.6%	\$14.84	0	544,474	776,472
Vancouver	22,834,762	210,346	664,982	2.9%	1.8%	2.2%	\$18.48	0	15,500	780,460
Metro Vancouver Total	235,424,729	1,040,808	5,884,017	2.5%	0.7%	1.1%	\$14.95	190,118	2,544,617	8,028,594