

# Metro Vancouver

## Availabilities come to market at a faster pace despite strong tenant demand

- Vacancy increased for the first time in three quarters but remained sub-one percent at 0.9%.
- Average direct asking rent was \$22.16 p.s.f., an 18.6% y-o-y increase.
- Of the 8.47 million s.f. of under-construction space, 74.1% has been committed to.

User demand in Metro Vancouver's industrial market remained strong after months of economic concerns. Despite a 10 bps increase in vacancy this quarter, a multitude of tenants in the market remained eager to secure space. A trucking provider leased 155,000 s.f. at 3200 East Broadway and a transportation and warehousing company subleased 123,669 s.f. at 136 – 16111 Blundell Road. Demand for mid-bay warehouse space has been rising and landlords have begun to offer multiple demising options on big-box availabilities. A trend of pre-committed space coming back to market has begun as companies re-evaluate their inventory needs. While the strata market activity remained slow, developers showed signs of optimism as new projects came to market, although at lower asking prices than during peak times. There was movement in the investment side, notably from the acquisition of Cedar Coast and Pure Industrial's 428,215 s.f. newly-built warehouse at 2325 190<sup>th</sup> Street by Crestpoint, and Cedar Coast's 89,298 s.f. strata development at 3475 194<sup>th</sup> Street by Unite Capital Partners.

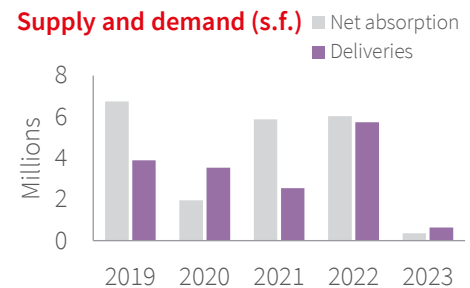
Supply chain pressures eased this quarter. The Port of Vancouver continued to improve operations, primarily from the completion of Centrem's \$350 million expansion project. Concerns about whether the expansion will pay off in the long term have risen as shipping demand has declined in the past 6 months. Additionally, increasing interest in routing supply chains through Mexico has raised concerns about B.C.'s competitive stance in the industry.

Rising interest in ESG initiatives has led real estate companies to shift their strategies for their industrial portfolios. LEED-certified and zero-carbon buildings are increasingly sought after by institutional investors and Fortune 100 companies, which has led to planned building improvements on existing structures to satisfy tenant requests. Concerns on whether this will lead to the "green premium" on buildings in the pipeline are to be determined as more of these types of buildings enter the market.

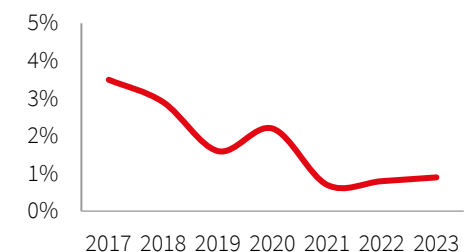
### Outlook

As more availabilities come to market in the upcoming months, we expect vacancies to steadily increase. Ongoing supply limitations will continue to have an upward pressure on lease rates which could lead to equalizing rates across all submarkets. Expectations that interest rates will stabilize could increase consumer confidence and begin to show a slow but steady comeback to the strata market.

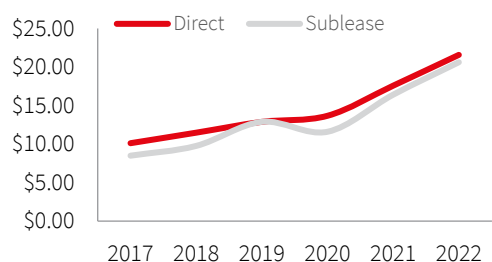
Fundamentals	Forecast
YTD net absorption	368,196 s.f. ▼
Under construction	8,468,013 s.f. ▼
Total vacancy	0.9% ▲
Sublease vacancy	293,125 s.f. ▲
Direct asking rent	\$22.16 p.s.f. ▲
Sublease asking rent	\$20.84 p.s.f. ▲
Concessions	Stable ►



### 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	34,812,963	-192,781	-192,781	-0.6%	1.3%	2.0%	\$23.60	0	0	1,373,782
Delta	34,567,279	-81,091	-81,091	0.2%	0.5%	1.3%	\$21.66	0	0	56,734
Langley	20,683,427	-30,318	-30,318	0.1%	0.9%	1.2%	\$20.85	85,123	85,123	64,074
Maple Ridge/Pitt Meadows	5,711,089	33,996	33,996	0.6%	0.9%	1.2%	\$20.36	0	0	941,271
North Vancouver	8,149,603	16,405	16,405	0.2%	0.5%	1.9%	\$23.08	0	0	0
Richmond	45,315,096	32,736	32,736	0.1%	0.8%	1.2%	\$22.32	87,699	87,699	1,686,481
Surrey	43,636,566	552,831	552,831	1.3%	0.8%	1.3%	\$21.02	461,433	461,433	2,772,841
Tri-Cities & New Westminster	24,835,814	-66,203	-66,203	0.3%	0.6%	1.6%	\$22.09	0	0	438,119
Vancouver	23,169,570	103,341	103,341	0.4%	2.1%	4.1%	\$23.90	10,433	10,433	1,134,711
<b>Metro Vancouver Total</b>	<b>240,881,407</b>	<b>368,916</b>	<b>368,916</b>	<b>0.2%</b>	<b>0.9%</b>	<b>1.7%</b>	<b>\$22.16</b>	<b>644,688</b>	<b>644,688</b>	<b>8,468,013</b>

## Key Lease Transactions

Address	Submarket	Landlord	Tenant	SF Leased	Lease Type
3200 East Broadway	Vancouver	Aquilinni	Rolls-Right Industries Ltd.	155,000	New
Unit 136 - 16111 Blundell Road	Richmond	DSV	Olympia Transportation Ltd.	123,669	Sublease
7595 Lowland Drive	Burnaby	Beedie Group	GPM Distributing	113,457	New
103 - 7979 Vantage Way	Delta	Triovest Realty	Inteplast Bags and Films Corporation	79,117	Renewal
1127 Derwent Way	Delta	Dayhu Investments Ltd.	Vertex Logical Solutions	77,225	Extension
1615 Kebet Way	Port Coquitlam	Beedie Group	Vitacore Industries Inc.	61,400	New

## Key Building Sale Transactions

Address	Submarket	Seller	Purchaser	SF	Price	Price Per SF
2325 190th Street	Surrey	Cedar Coast / Pure Industrial	Crestpoint Real Estate Investments Ltd.	428,215		
3475 194th Street	Surrey	Cedar Coast	Unite Capital Partners	89,298	Confidential	
1668 Fosters Way	Delta	SRD Holdings Inc.	1668 Fosters Way Nominee Corp.	25,461	\$12,398,000	\$487

## Key Land Sale Transactions

Address	Submarket	Seller	Purchaser	Acres	Price	Price Per Acre
2660 Simpson Road	Richmond	DGR Properties Inc.	Waterwheel Development Corporation	1.56	\$13,700,000	\$8,782,051
22650-22652 Fraser Highway	Langley	Jada Investments Inc.	Wesmont	7.50	\$25,500,000	\$3,400,000
10663 Scott Road	Surrey	Al's Auto Wrecking Ltd.	Conwest Group of Companies	3.71	\$26,000,000	\$7,008,086
3267 Norland Avenue	Burnaby	Private Investor	South Coast British Columbia Transportation Authority	2.21	\$24,310,000	\$11,000,000