

Greater Vancouver Area Industrial Insight

Q2 2024

Rental rates witnessed a modest decline as transaction activity remained slow.





Greater Vancouver Area

- Vacancy and availability rates have increased by 70 bps and 40 bps q-o-q, growing to 3.1% and 4.4%, respectively. Vacancy rates had the fastest increase in over 10 years.
- Average direct asking net rent decreased by 1.5% q-o-q and reduced by 3.7% y-o-y.
- Absorption rates were negative for the second consecutive quarter with -627K absorption this quarter and -880K year to date.

The Metro Vancouver industrial market has continued to experience growth in vacancy and availability rates, increasing 70 bps and 40 bps, respectively. Sublease availability continued to rise from 1.64 million to 1.97 million s.f. q-o-q, largely due to a new 200k s.f. availability at 18880 30th Avenue, which is currently leased to an e-commerce company. The leasing and investment markets have remained slow, similar to Q1. However, notable lease transactions this quarter include Dayhu Group of Companies leasing a 109,932 s.f. unit at 8151 Churchill Street to a food distribution company and Grosvenor subleasing a 102,536 s.f. unit at 1005 Derwent Way to a logistics company. Notable investment activity includes Bosa Properties acquisition of 15050 54A Avenue from CanFirst Capital Management, totaling 315,128 s.f.

Rental rates continued their modest decline as slower market conditions persisted, with the average direct asking net rent reducing by 3.7% y-o-y. As tenants continue to have time to assess their needs and maintain bargaining power, tenant inducements from landlords

are on the rise to incentivize action in the market.

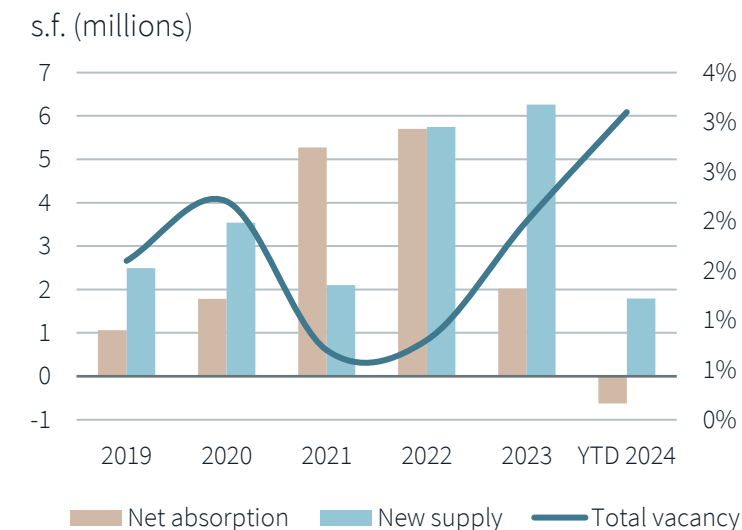
Negative absorption rates continued in Q2, with -627k s.f. of absorption this quarter, totaling -880k s.f. for the year. Despite pre-committed deliveries growing from 53.9% to 92% q-o-q, which would normally facilitate positive absorption, Q2 witnessed a large movement of users opting to vacate existing properties.

Outlook

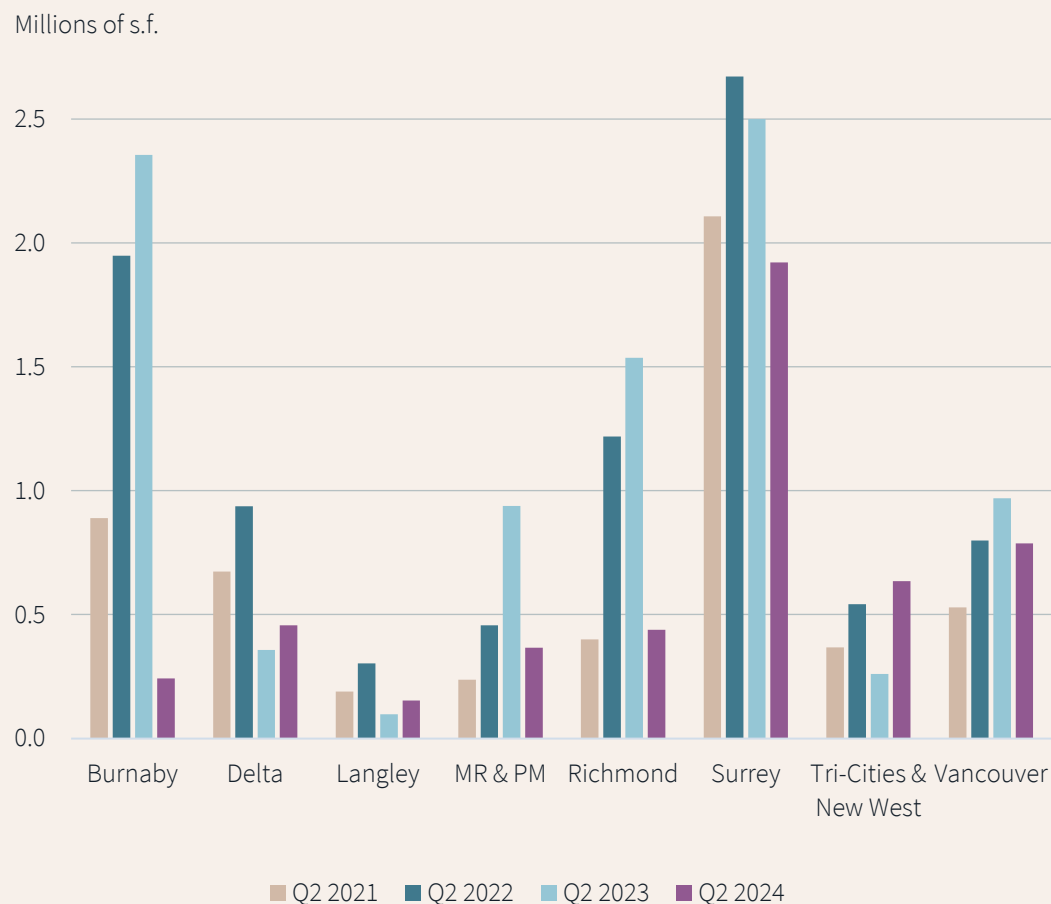
The long-term industrial real estate market outlook remains cautiously optimistic. An anticipated series of interest rate cuts could encourage developers to pursue new projects in the upcoming years, such as 2.8 million s.f. of industrial strata expected to be delivered between now and Q4 2025. Supply chain factors influencing the future market are water scarcity in the Panama Canal, which is causing global transportation delays and an increase in port traffic. A rebound in consumer spending and expected population growth will contribute to tenant demand in the coming years.

Fundamentals		Forecast
YTD net absorption	-880,119 s.f.	↓
Under construction	5,000,819 s.f.	↑
Preleased	34.8%	↓
YTD deliveries	1,789,463 s.f.	↑
Total vacancy	3.1%	↑
Total availability	4.4%	↑
Average asking rent	\$21.31 p.s.f.	↓
Concessions	Rising	↑

Historical supply and demand trends

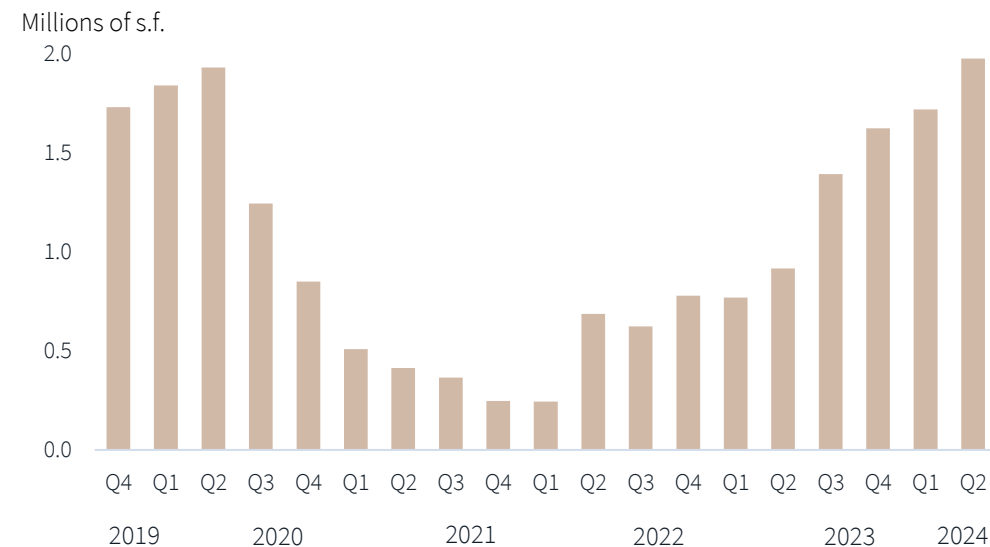


Under construction by submarket

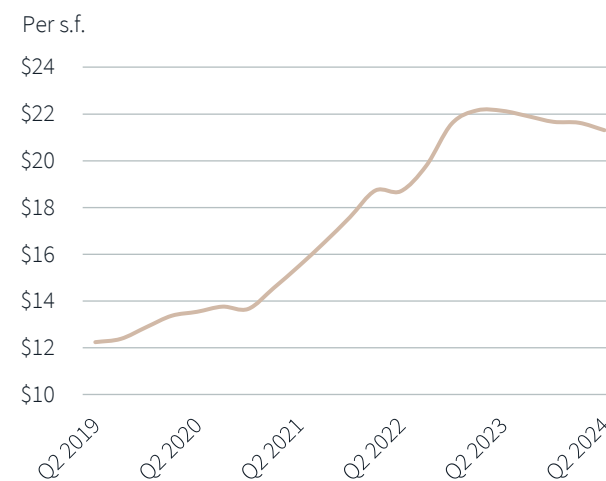


*1.3 million s.f. from 3131 Lake City Way, Burnaby excluded from Q2 2024

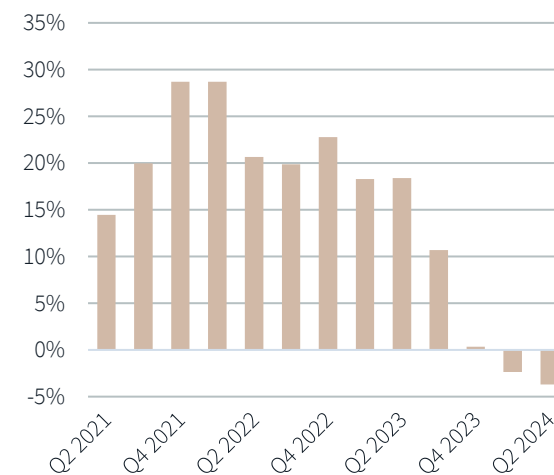
Historical sublease availability



Average net asking rents



Year-over-year rent growth



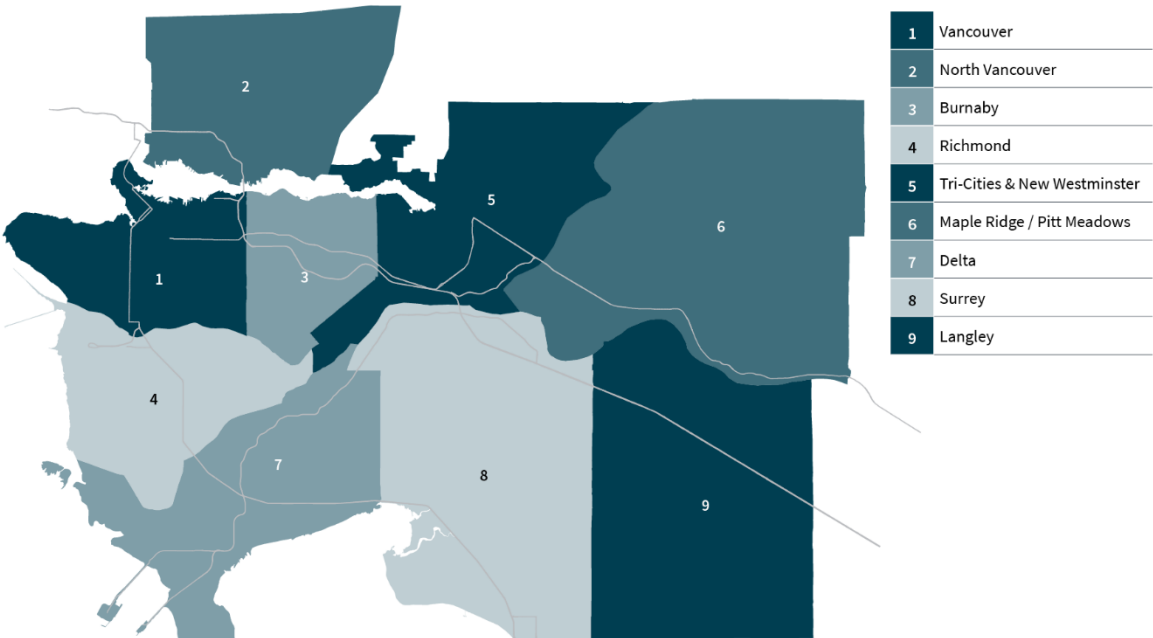
Notable lease transactions

Tenant	Address	Submarket	Class	Size (s.f.)	Type
Masonite International Corporation	5827 274 Street	Langley	B	259,590	Renewal
AFOD Ltd.	8151 Churchill Street	Delta	A	109,932	New
Olympia Transportation Ltd.	1005 Derwent Way	Delta	A	102,536	Sublease
Kirmac Collision & Autoglass	20146 100A Avenue	Langley	B	77,029	New
IEM Industrial Electric MFG. Canada Inc.	19550 36 & 19543 34A Avenue	Surrey	B	58,352	New

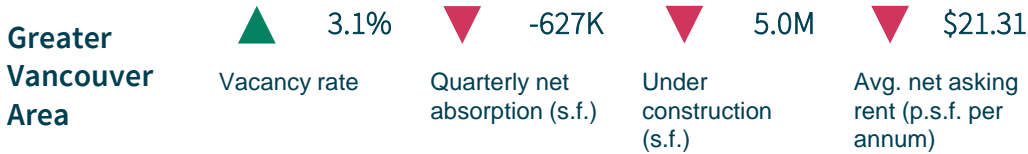
Notable sale transactions

Address	Price (\$M)	RBA (s.f.)	Price PSF	Buyer(s)	Seller(s)
15050 54A Avenue	\$93.0	315,128	\$295	Bosa Properties	CanFirst Capital Management
3548 191 Street	\$26.5	46,922	\$565	1318347 BC Ltd.	Magnum Nutraceuticals Holding Ltd.
44565 Yale road	\$23.3	49,186	\$474	YLH Land Holdings Ltd.	Visscher Holdings Inc.
7978 82 Street	\$22.7	35,520	\$640	11081756 Canada Inc.	Kebet Holdings Ltd.
9552 198 Street	\$21.6	39,962	\$541	MKRSM Holdings Ltd.	Norco Management Inc.

Market map



Key metrics





	Inventory (s.f.)	Total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total availability (%)	Average direct asking rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under Development (s.f.)
Burnaby	32,822,341	36,472	-141,918	-0.4%	3.3%	5.0%	\$21.79	0	0	241,790
Delta	33,896,698	277,225	-44,919	-0.1%	2.9%	5.6%	\$20.96	425,364	528,179	456,574
Langley	21,637,274	-268,166	-252,399	-1.2%	3.7%	4.9%	\$20.59	0	0	152,991
Maple Ridge & Pitt Meadows	6,739,546	-159,658	-124,458	-1.8%	5.4%	7.0%	\$22.26	0	111,095	366,852
North Vancouver	5,153,801	60,677	61,334	1.2%	1.0%	2.0%	\$22.77	0	0	0
Richmond	45,692,221	11,308	284,360	0.6%	1.8%	3.0%	\$22.05	385,000	713,050	438,953
Surrey	43,865,297	-278,738	-147,243	-0.3%	3.5%	4.5%	\$19.39	74,132	362,189	1,920,911
Tri-Cities & New Westminster	24,356,808	-140,613	-287,581	-1.2%	1.9%	2.4%	\$20.61	0	0	635,588
Vancouver	21,936,770	-165,264	-227,295	-1.0%	5.0%	6.2%	\$23.71	0	74,950	787,160
Greater Vancouver Area	236,100,756	-626,757	-880,119	-0.4%	3.1%	4.4%	\$21.31	884,496	1,789,463	5,000,819



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