

Greater Vancouver Area Industrial Insight

Q3 2024

Vacancy rates continued to increase amid soft market demand.





Greater Vancouver Area

- Vacancy and availability rates have increased by 40 bps and 20 bps q-o-q, respectively. Vancouver is shifting towards a balanced market with the highest availability rate in 8 years.
- Average direct asking net rent decreased by 1.3% q-o-q and reduced by 4.0% y-o-y.
- Deliveries reached a multi year low of 167K s.f. in completions throughout Metro Vancouver. The pandemic era surge in construction has considerably slowed, with space under construction down 48% from Q3 2022.

Metro Vancouver's industrial market witnessed its continued increase in vacancy and availability q-o-q, rising 40 bps and 20 bps, respectively. Sublease availability has had a subtle rise to 2 million s.f., which is a 1.3% increase q-o-q. As tenant demand remained muted, landlords offered incentives, including flexible demising options and rent abatement. Additionally, direct average rents have decreased by \$0.28 PSF q-o-q. Absorption recorded its third consecutive decrease, at -852K in Q3, as occupiers opted to vacate exiting properties and downsize.

Similar to Q2, big-block availabilities have continued to enter the market and have taken longer to lease during the summer months. However, September saw an uptick in demand for small to mid-bay listings leading to optimism for increased leasing activity going into 2025. A notable lease deal completed in Q3 was Pure Industrial leasing a 128,628 s.f. unit at 7530 Hopcott Road to a transportation company.

Under construction space in Metro Vancouver rebounded slightly to 5.4 million in Q3 but remains 48% lower than Q3 2022, as the high cost of borrowing and softer market conditions have slowed starts. Completions this quarter witnessed a multi-year low of 222K s.f. throughout Vancouver and the Fraser Valley. However, notable quarterly completions include Beedie-developed 19138 & 19146 32nd Avenue, adding 105,372 s.f. of vacant strata to the inventory.

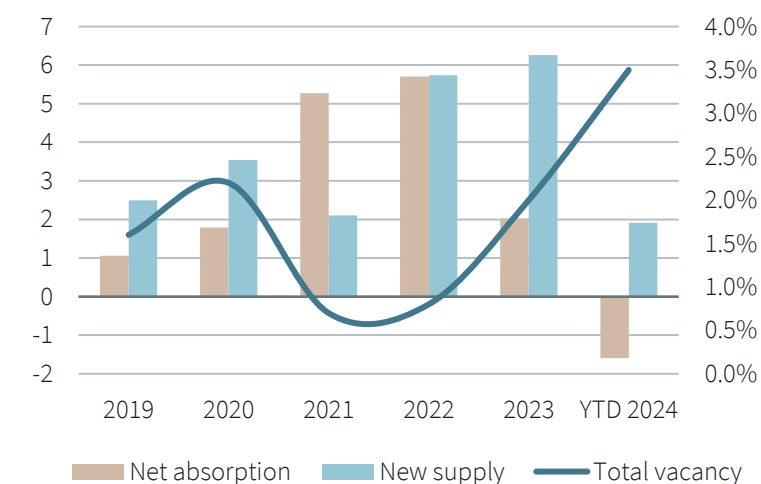
Outlook

Further reductions in interest rates may provide incentive for developers to pursue projects in the upcoming year that have been put on hold due to the high construction costs. Long term market sentiment remains positive, with growth in demand that is expected to align with a rise in consumer spending and growth in the manufacturing sector. Increased investments in the Port of Vancouver's digital infrastructure are set to accommodate the expanding sectors and maintain Vancouver's competitive global standing.

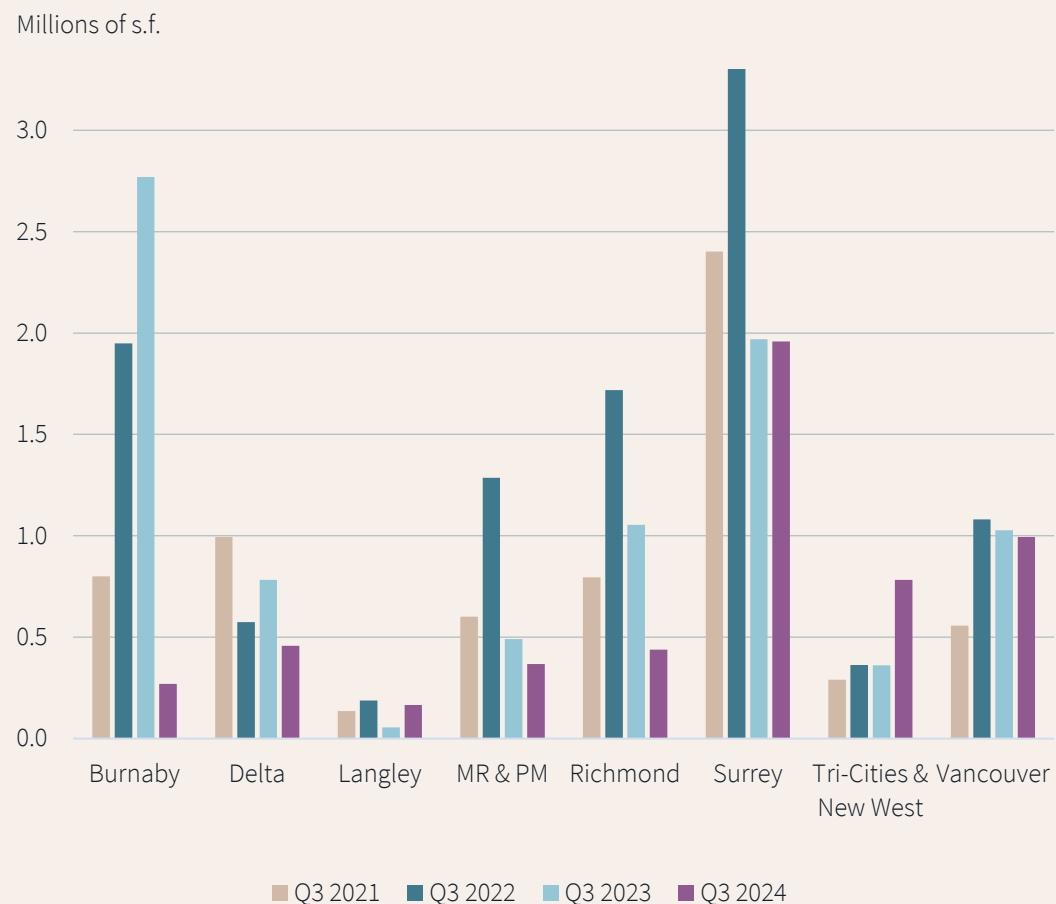
Fundamentals		Forecast
YTD net absorption	-1,597,703 s.f.	↓
Under construction	5,430,403 s.f.	↑
Preleased	34.7%	↓
YTD deliveries	1,912,443 s.f.	↑
Total vacancy	3.5%	↑
Total availability	4.6%	↑
Average asking rent	\$21.03 p.s.f.	↓
Concessions	Rising	↑

Historical supply and demand trends

s.f. (millions)

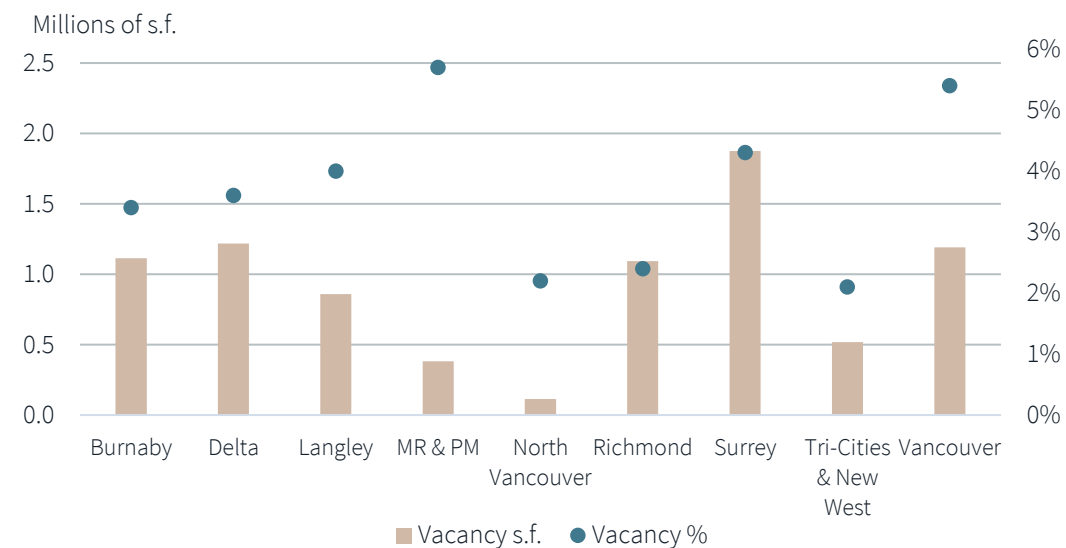


Under construction by submarket

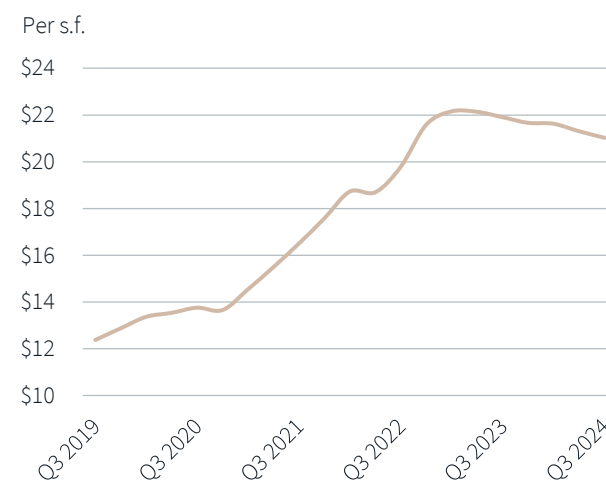


*1.3 million s.f. from 3131 Lake City Way, Burnaby excluded from Q3 2024

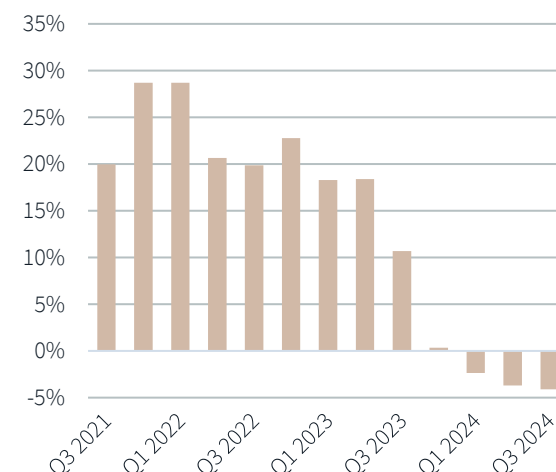
Vacancy by Submarket



Average net asking rents



Year-over-year rent growth



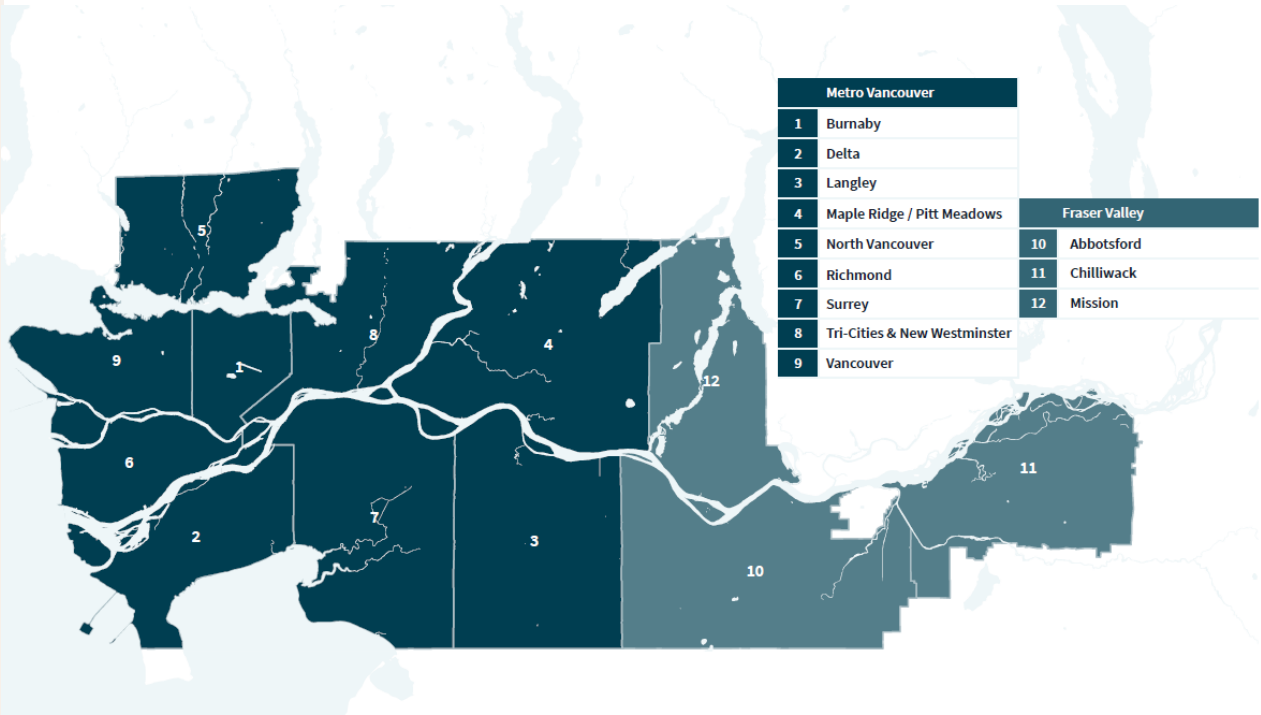
Notable lease transactions

Tenant	Address	Submarket	Class	Size (s.f.)	Type
Euro Asia Transload	16100 Blundell Road	Richmond	A	149,558	Renewal
Olympia Transportation Ltd.	7530 Hopcott Road	Delta	B	128,628	New
Confidential	8151 Churchill Street	Delta	A	109,600	New
Iron Mountain	175 Golden Drive	Coquitlam	B	103,264	Renewal
Confidential	8651 Eastlake Drive	Burnaby	C	100,510	Sublease

Notable sale transactions

Address	Price (\$M)	RBA (s.f.)	Price PSF	Buyer(s)	Seller(s)
9080 196A	\$19.3	47,996	\$402	401 Langley Holdings Ltd.	Norco Management Inc.
5415 272 Street	\$14.8	16,352	\$905	Andrew Sheret Limited	The Jim Pattison Group Inc.
1668 Foster’s Way	\$14.0	25,461	\$550	1490880 B.C. Ltd.	1668 Fosters Way Nominee Corp.
27545 51A Avenue	\$10.0	18,098	\$553	Alummen Holdings Inc.	CPO Enterprises Ltd.
6928 Palm Avenue	\$8.1	8,000	\$1010	1494614 B.C. Ltd.	Braidana Holdings Ltd.

Market map



Key metrics

Metro Vancouver	▲ 3.5%	▼ -852K	▲ 5.4M	▼ \$21.03
	Vacancy rate	Quarterly net absorption (s.f.)	Under construction (s.f.)	Avg. net asking rent (p.s.f. per annum)



	Inventory (s.f.)	Quarterly net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total availability (%)	Average direct asking net rent (\$ p.s.f.)	Quarterly completions (s.f.)	YTD total completions (s.f.)	Under construction (s.f.)
Burnaby	32,834,263	-22,899	-156,692	-0.5%	3.4%	4.7%	\$21.22	0	0	268,755
Delta	33,956,419	-178,828	-189,947	-0.6%	3.6%	4.6%	\$20.00	0	528,179	456,674
Langley	21,640,326	-56,321	-308,720	-1.4%	4.0%	4.7%	\$20.24	0	0	165,181
Maple Ridge & Pitt Meadows	6,739,546	-19,221	-143,679	-2.1%	5.7%	5.7%	\$22.24	0	111,095	366,852
North Vancouver	5,153,801	-59,991	1,343	0.0%	2.2%	3.1%	\$22.36	0	0	0
Richmond	45,706,760	-241,044	43,316	0.1%	2.4%	3.3%	\$22.25	0	713,050	438,953
Surrey	44,000,113	-183,362	-268,191	-0.6%	4.3%	5.6%	\$19.49	147,743	466,088	1,957,793
Tri-Cities & New Westminster	24,371,361	-44,299	-331,880	-1.4%	2.1%	2.6%	\$20.75	0	0	781,638
Vancouver	21,976,621	-46,477	-243,253	-1.1%	5.4%	7.0%	\$23.36	19,081	94,031	994,557
Metro Vancouver	236,379,210	-852,442	-1,597,703	-0.7%	3.5%	4.6%	\$21.03	166,824	1,912,443	5,430,403

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Abbotsford	11,945,047	151,766	4.4%	4.8%	\$18.45	0	343,048	383,771
Chilliwack	5,493,045	60,477	1.2%	1.2%	\$14.58	56,060	115,330	20,641
Mission	847,377	6,300	7.8%	7.8%	\$16.05	0	0	0
Fraser Valley	18,285,469	218,543	3.6%	3.8%	\$17.73	56,060	458,378	404,412
Metro Vancouver and Fraser Valley	254,664,679	-633,899	3.5%	4.5%	\$20.80	222,884	2,370,821	5,834,815



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