



Metro Vancouver industrial market report

Q1 2024

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Metro Vancouver industrial market fundamentals

2.1%

total vacancy rate
0.3% sublease vacancy

4.3%

total availability rate
up from 3.9% in Q4 2023

\$21.79

average asking net rent per square foot (psf)
**excludes \$5.31 psf average
additional rent**

4.8M

square feet (sf) vacant, including
690,460 sf of sublease space

513,345

sf absorption
Q1 2024

6.8M

sf under construction
62 projects

Metro Vancouver industrial market trends

01.

Continued increase in vacancy, but still an unbalanced market

For the seventh consecutive quarter, the Metro Vancouver market posted an increase in vacancy, reaching 2.1% in Q1 2024, a 20 basis points (bps) rise quarter-over-quarter.

Although the 2.1% vacancy rate may appear high compared to the low 0.3% rate recorded in Q2 2022, the market remains in the favour of landlords. Nonetheless, there are more options for tenants seeking space, providing them with greater variety to choose a facility that best meets their needs.

02.

Anticipated interest rate cuts will increase strata demand

After six consecutive announcements of the overnight interest rate holding steady at 5.00%, it is anticipated that the upcoming Bank of Canada announcement will include a rate drop.

While steadily rising rental rates have driven many tenants to invest in strata products over the past few years, high interest rates have made this more challenging in recent quarters. Some strata projects have not yet broken ground due to lower than expected pre-sales. However, with interest rates expected to decrease over the remainder of 2024, we anticipate a surge in demand for strata, particularly for premium products.

03.

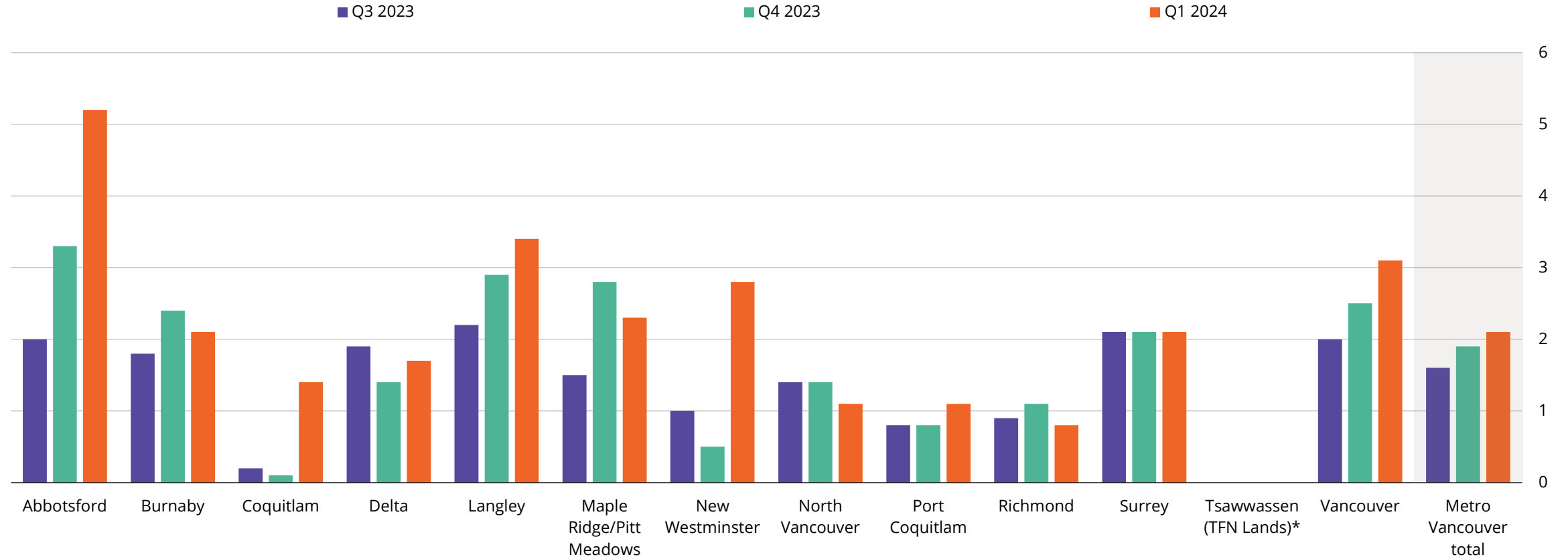
Rental rates continue to plateau after aggressive increases

During the pandemic, rental rates increased at a sharp pace. Throughout 2021 and 2022, the average quarter-over-quarter lease rate increase for net rents was 6.2%.

Rental rates have stabilized over the last five quarters, showing a quarter-over-quarter average decrease of 0.2%. While lease rates may seem elevated, rents are still in line with other West Coast port markets. Tenants continue to evaluate their space needs and create efficiencies where possible, and flight-to-quality continues to be a prevailing trend.

Metro Vancouver industrial market indicators

Quarterly vacancy rate by market

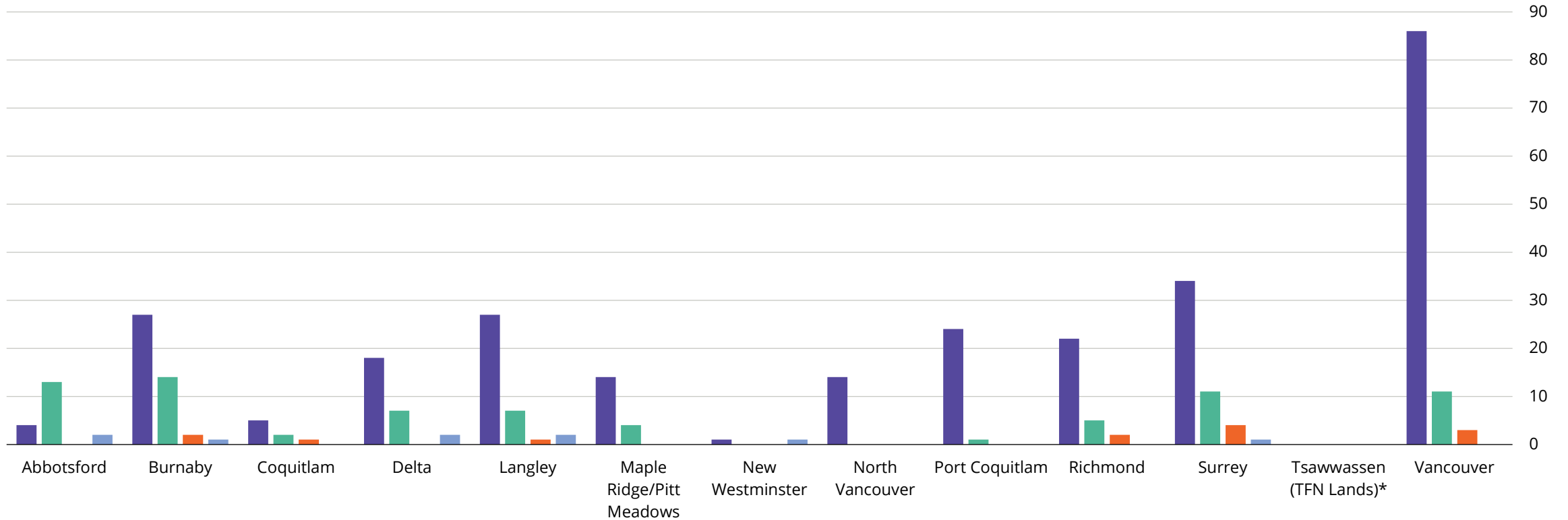


Metro Vancouver industrial market indicators

Vacancy by building size

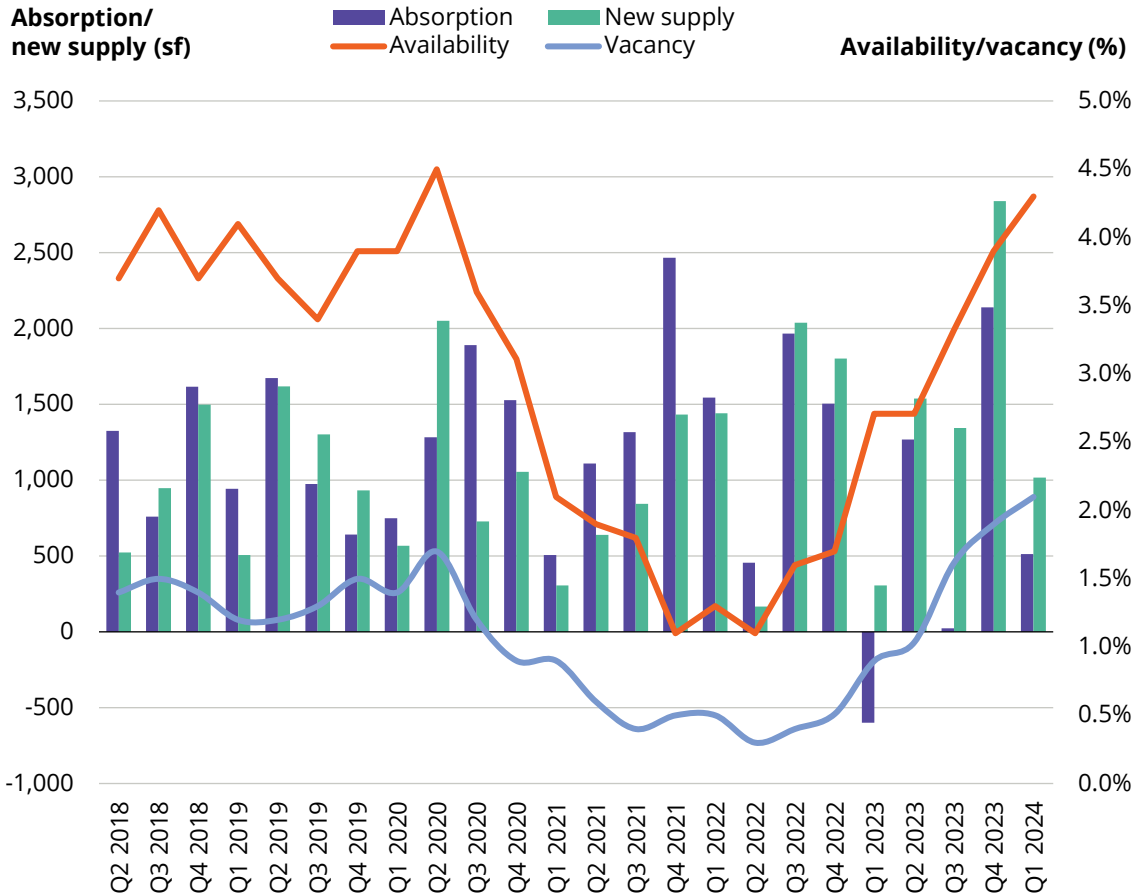
Number of spaces

■ Less than 10,000 sf
 ■ 10,001 - 50,000 sf
 ■ 50,001 - 100,000 sf
 ■ Greater than 100,000 sf

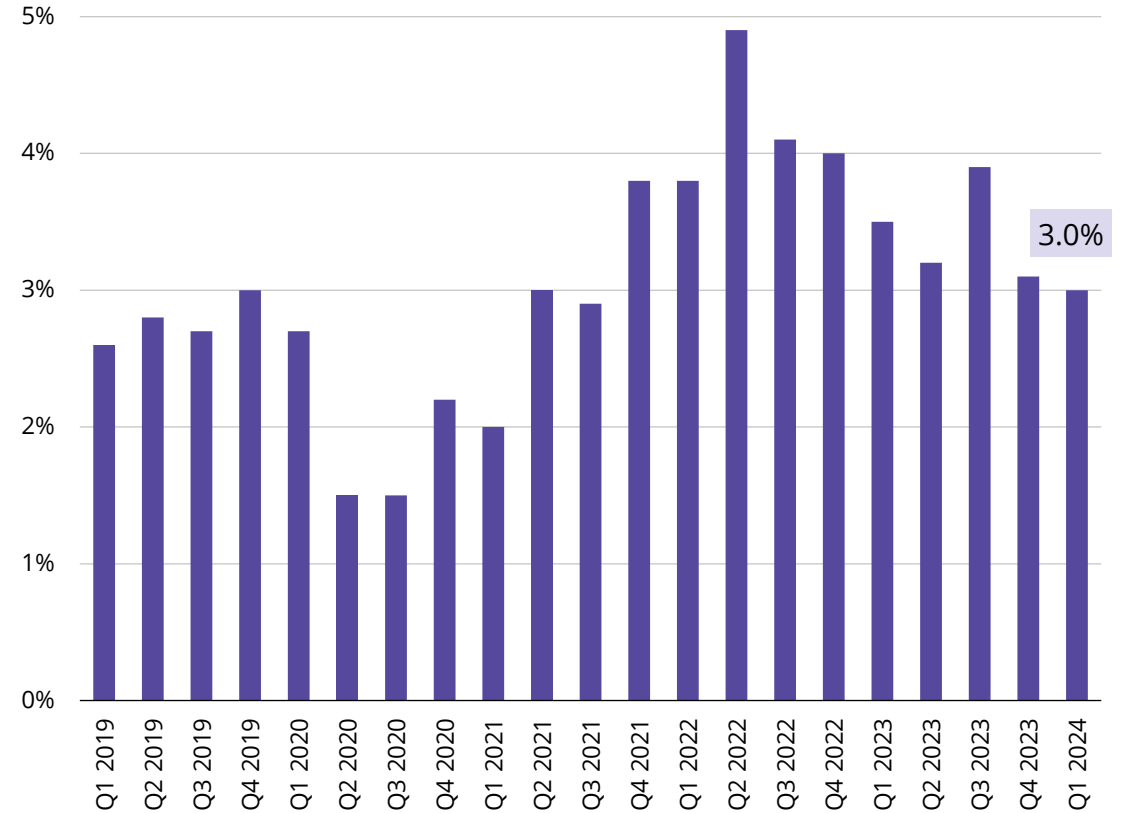


Metro Vancouver industrial market indicators

Historic industrial market trends

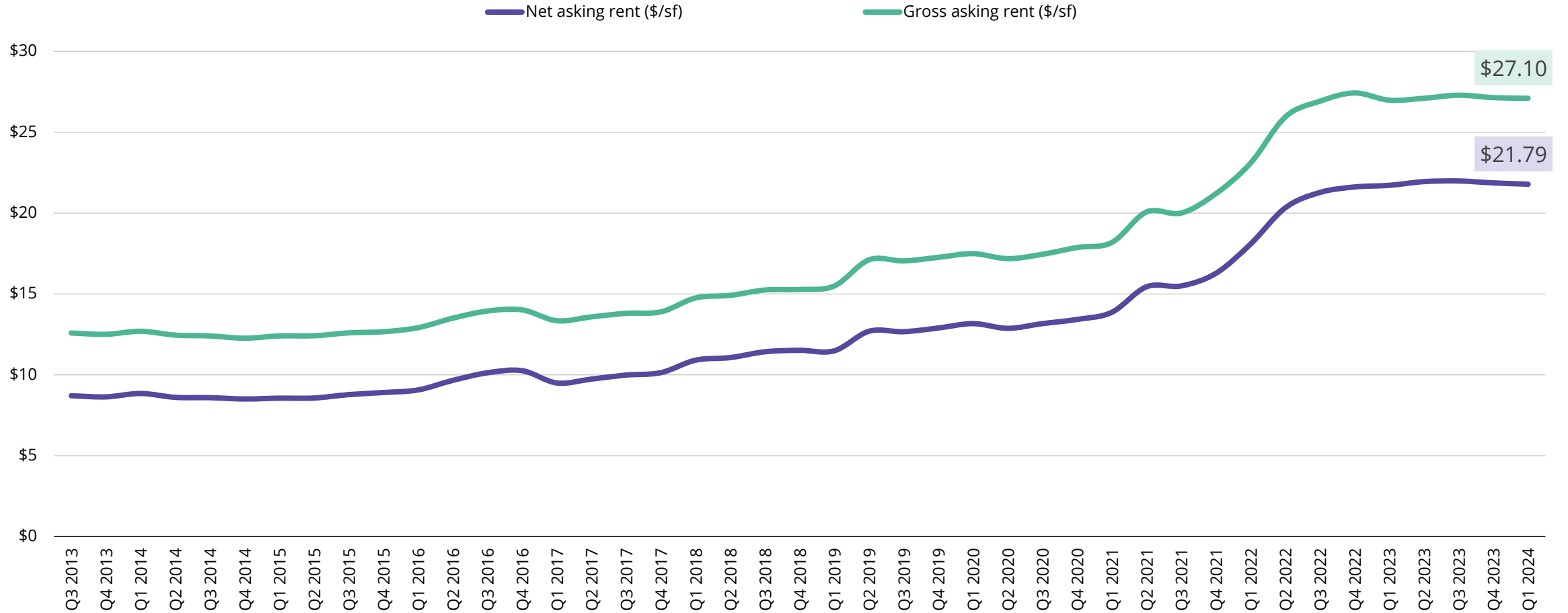


Space under construction as a percentage of existing inventory



Metro Vancouver industrial market indicators

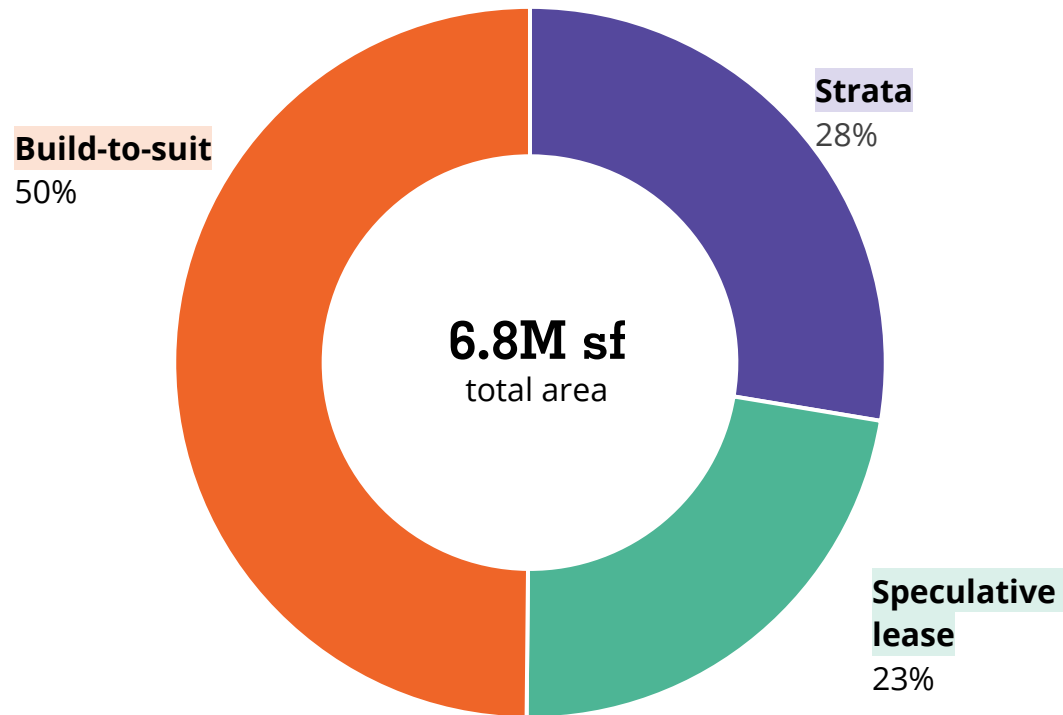
Quarterly weighted average asking rents



Metro Vancouver industrial market indicators

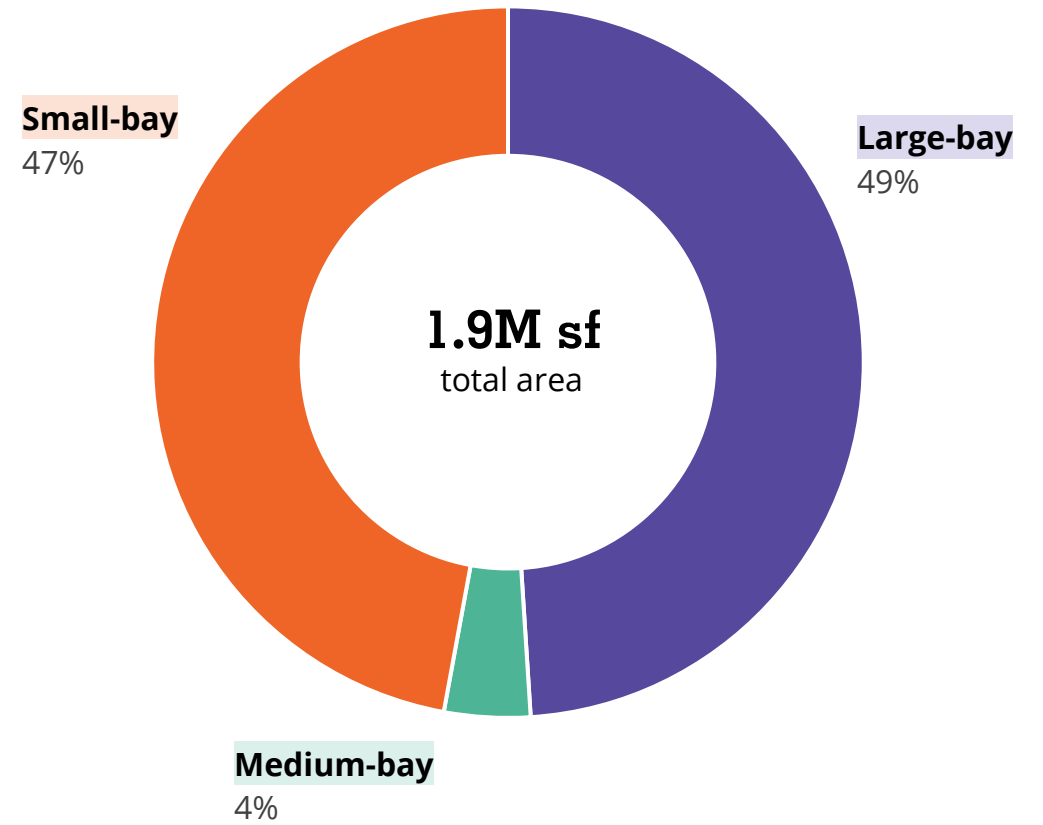
Under construction by product type

Total area (sf)



Strata under construction by bay size

Total area (sf)



Metro Vancouver industrial development pipeline

Lease projects 150,000+ sf



	7233 Progress Way	Richmond Industrial Centre 8031 Zylmans Way	Elevate 11 King Edward Street	Delco Industrial Lands 7590 – 7688 80 th Street	Eagle Meadows Business Park, Building 1 19755 Wharf Street	Eagle Meadows Business Park, Building 2 19757 Wharf Street
Market	Delta	Richmond	Coquitlam	Delta	Pitt Meadows	Pitt Meadows
Developer	Beedie	Montrose/Omicron	Wesgroup	Beedie	Epta Development Corporation (EDC)	Epta Development Corporation (EDC)
Building size (sf)	380,578	385,000	196,993	254,028	172,092	194,760
Status	Under construction	Under construction	Under construction	Under construction	Under construction	Under construction
% Pre-leased	100%	100%	61%	100%	0%	0%



	Latimer Lake Logistics Park, Building 1 28 th Avenue & 192 nd Street	Latimer Lake Logistics Park, Building 2 28 th Avenue & 192 nd Street	Nordel Point 10064 River Road	4419 Salish Sea Way	Richmond Industrial Centre 8080 Zylmans Way	2200 Iron Mills Court
Market	Surrey	Surrey	Delta	Delta (TFN Lands)	Richmond	Abbotsford
Developer	Heppell	Heppell	Conwest	Beedie	Montrose/Omicron	Armaan Productions
Building size (sf)	243,730	461,650	202,646	485,675	187,020	160,161
Status	Under construction	Under construction	Proposed	Proposed	Proposed	Proposed
% Pre-leased	0%	0%	0%	0%	0%	0%

Metro Vancouver industrial market activity

Notable leasing transactions

Address	Tenant	Size (sf)	Lease type	Transaction type
32923 Mission Way, Mission*	Vibrant Health Products	236,035	Direct	New Headlease
15010 & 15030 54A Avenue, Surrey*	Eco-Packaging	113,517	Direct	New Headlease
12850 112B Avenue, Surrey	Evonik Industries	110,310	Direct	New Headlease
9790 198B Street, Langley	Viacore Solutions Inc.	95,894	Direct	New Headlease
7419 Nelson Road, Richmond	Onus Global Fulfillment Solutions	92,148	Direct	New Headlease

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Major industrial buildings transactions

Address	Buyer	Sale price	Sale price (psf)	Seller
1302 Derwent Way, Delta	Dayhu Investments Ltd.	\$73,000,000	\$326	Grosvenor Canada Ltd.
8327-8339 Eastlake Drive, Burnaby (50% interest)	Adera Development Corporation	\$68,999,999	\$227	Sun Life Assurance Company of Canada
21720 Fraserwood Way, Richmond	RCG Group	\$63,000,000	\$456	Navona Investors Services
4240 Manor Street, Burnaby	Prime Storage Group	\$41,000,000	\$547	U-Lock Mini Storage Group
6229 & 6261 Laurel Street, Burnaby	Kingsway Holdings Ltd.	\$19,800,000	\$450	City of Burnaby

Major industrial land transactions

Location	Buyer	Site acres	Sale price	Price per acre	Seller
3887 Still Creek Avenue, Burnaby	Martian Properties 2 Inc.	6.9	\$53,100,000	\$7,695,652	Reimer World Corp.
9714 192nd Street, Surrey	City of Surrey	2.0	\$16,400,000	\$8,200,000	Beedie Group
18375 Fraser Highway, Surrey	BC Transportation Financing Authority	1.07	\$9,450,000	\$8,831,776	Four Square Properties

Metro Vancouver industrial market statistics

Market	Total inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacant space (sf)	Vacancy rate	Total available space (sf)	Availability rate	Net absorption (sf)	New supply (sf)	Under construction (sf)	Avg asking net rent (psf)	Avg additional rent (psf)
Surrey	41,101,188	726,220	154,720	880,940	2.1%	1,746,605	4.2%	173,466	185,757	1,919,663	\$20.52	\$4.65
Richmond	40,080,588	320,095	0	320,095	0.8%	1,058,701	2.6%	411,237	275,200	720,649	\$22.16	\$5.09
Burnaby	31,526,996	575,893	95,976	671,869	2.1%	1,682,938	5.3%	77,202	0	1,249,997	\$22.39	\$5.73
Delta	26,879,605	328,260	121,119	449,379	1.7%	1,260,665	4.7%	18,026	102,815	679,392	\$21.65	\$4.96
Vancouver	24,763,337	583,152	183,067	766,219	3.1%	1,165,940	4.7%	-61,160	85,470	835,274	\$23.75	\$8.42
Langley	18,541,618	591,489	32,193	623,682	3.4%	976,594	5.3%	-78,483	0	62,721	\$19.29	\$4.94
Abbotsford	10,103,454	520,369	6,146	526,515	5.2%	667,858	6.6%	55,022	257,133	298,554	\$19.18	\$4.59
Port Coquitlam	9,469,446	94,232	11,553	105,785	1.1%	271,118	2.9%	-32,114	0	60,088	\$21.41	\$6.34
Coquitlam	8,210,738	49,574	63,920	113,494	1.4%	201,291	2.5%	-103,453	0	575,166	\$25.19	\$5.30
Maple Ridge / Pitt Meadows	6,031,935	115,393	21,766	137,159	2.3%	414,866	6.9%	137,710	111,095	366,852	\$22.89	\$3.63
North Vancouver	5,385,305	59,198	0	59,198	1.1%	130,592	2.4%	16,922	0	0	\$22.86	\$9.93
New Westminister	4,405,187	122,335	0	122,335	2.8%	141,305	3.2%	-101,030	0	0	\$20.00	\$7.06
Tsawwassen (TFN Lands)	1,348,540	0	0	0	0.0%	0	0.0%	0	0	0	\$23.00	\$4.52
Metro Vancouver	227,847,937	4,086,210	690,460	4,776,670	2.1%	9,718,473	4.3%	513,345	1,017,470	6,768,356	\$21.79	\$5.31

For more market insights and
information visit **avisonyoung.ca**

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