



Metro Vancouver industrial market report

Q3 2024

**AVISON
YOUNG**

Metro Vancouver industrial market fundamentals

3.1%

total vacancy rate
0.5% sublease vacancy

3.9%

total availability rate
no change from 3.9% in Q2 2024

\$20.74

average asking net rent per square foot (psf)
excludes \$6.40 psf average additional rent

7.2M

square feet (sf) vacant, including
1,198,309 sf of sublease space

-384,777

sf absorption
Q3 2024

7.8M

sf under construction
61 projects

Metro Vancouver industrial market trends

01.

Average net rental rates decline, but gross rents remain steady

Net rental rates have slowly declined over the past year, with a 2.8% decrease quarter-over-quarter. In Q3 2024, average net asking rents stood at \$20.74 psf, down from the peak of \$21.99 in Q3 2023. Over the same 12-month period, additional rent costs have risen, keeping gross rental rates stable despite a marginal drop from \$27.29 in Q3 2023 to \$27.14 in Q3 2024.

Two submarkets have consistently exceeded the \$30 psf mark in gross rents, with North Vancouver reaching \$32.32 and Vancouver at \$30.83.

Class A properties continued to command premium rates while older product saw a more drastic rate decline. The bifurcation in rents between product classes has been steadily increasing.

02.

Vacancy continued to rise for the ninth consecutive quarter

Vacancy reached 3.1% in Q3 2024, marking a 20-basis point increase from the previous quarter. The last time the vacancy rate surpassed 3% was in Q2 2015, when it stood at 3.8%. Over the past two decades, vacancy rates have fluctuated between a low of 0.3% in Q2 2022 and a high of 4.7% in Q1 2010.

Although this marks the ninth consecutive quarter of rising vacancy rates, the current rate of 3.1% remains among the lowest in major Canadian cities.

For larger tenants seeking spaces over 100,000 sf, there were 18 available options in Q3 2024, compared to 13 options last year and just two options three years ago.

03.

Minimal quarterly deliveries, but robust construction pipeline

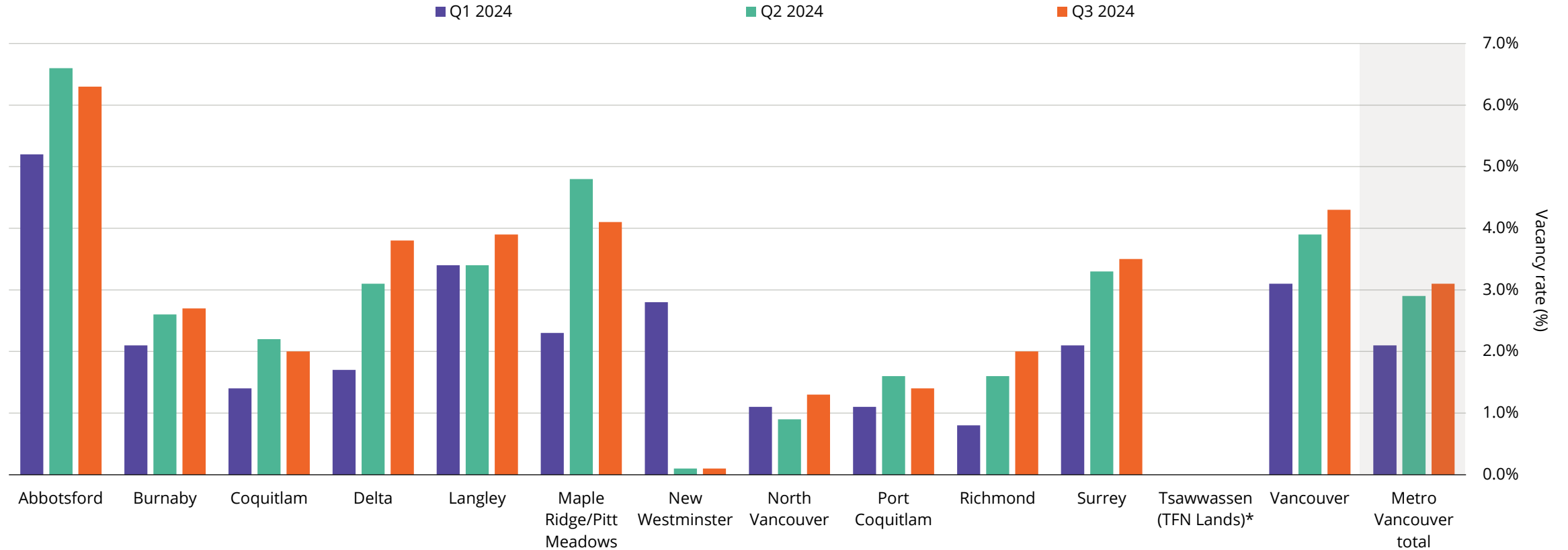
Despite ongoing challenges with obtaining financing, 13 new projects broke ground this quarter, leading to the highest total area under construction in the past year.

Of the 61 projects currently under construction, 28% of the space is dedicated to strata developments, up from 19% in Q3 2023. There has been a noticeable increase in the percentage of pre-sold under construction strata units, rising from 20% in January 2024 to 34% in September 2024.

New supply delivered this quarter was significantly lower compared to recent quarters, with just 196,709 sf completed. By contrast, the average new completions over the previous eight quarters stood at 1.5 million square feet (msf) quarterly. Of the 61 ongoing projects, 39 are expected to be completed within the next six months.

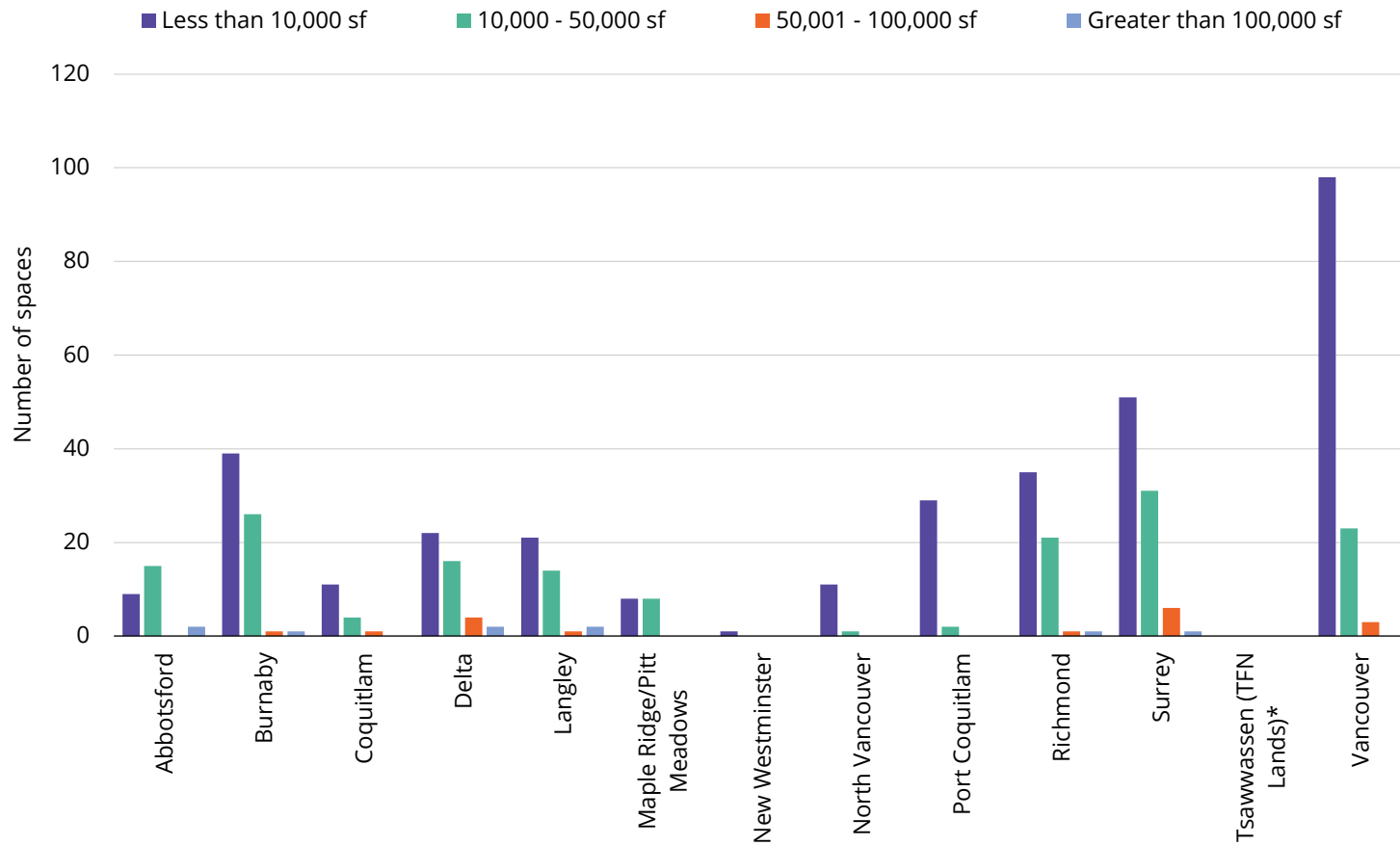
Metro Vancouver industrial market indicators

Quarterly vacancy rate by market



Metro Vancouver industrial market indicators

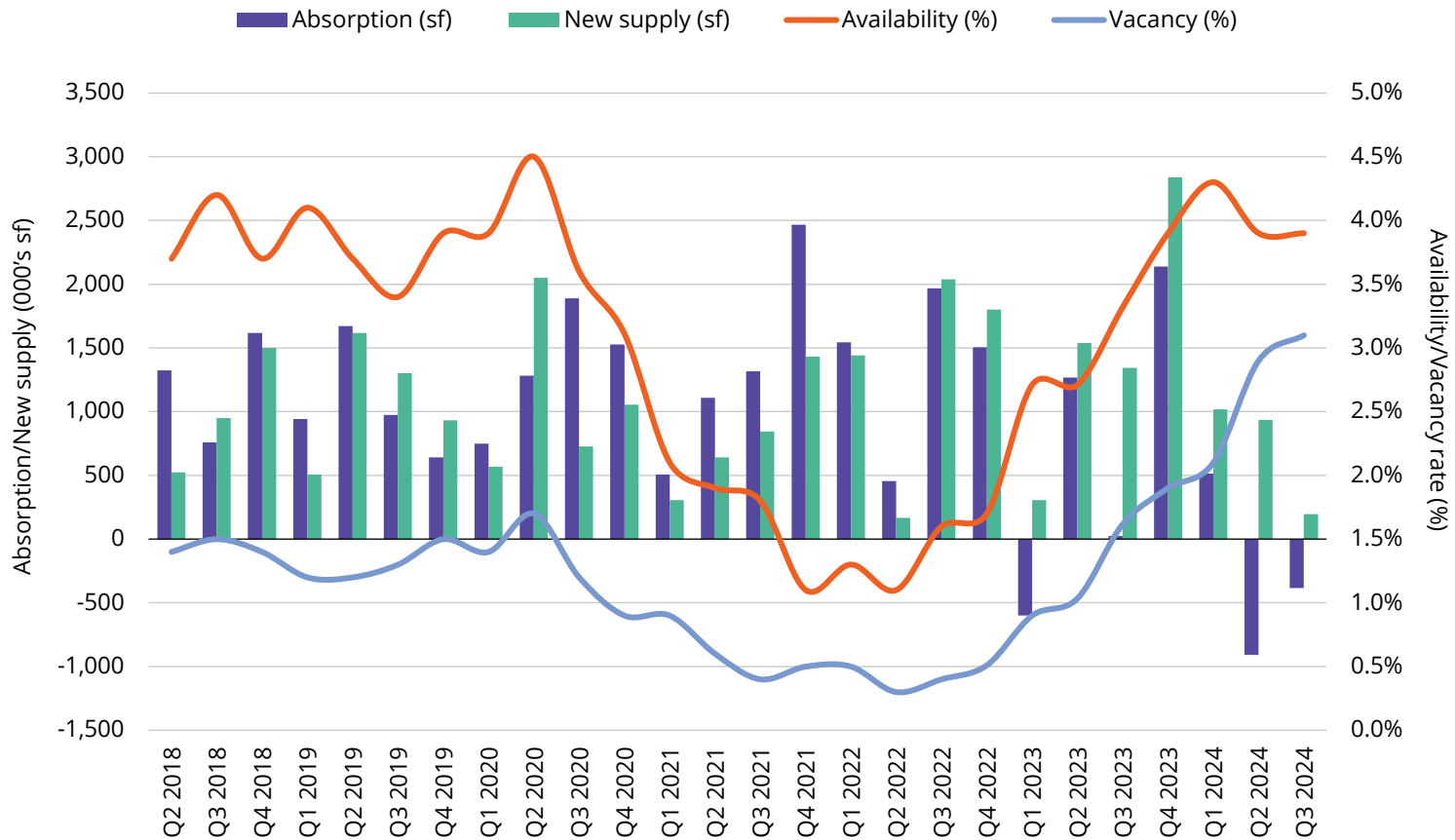
Vacancy by building size



There were nine vacancies over 100,000 sf available in Q3 2024, a 50% increase compared to just six available one year ago.

Metro Vancouver industrial market indicators

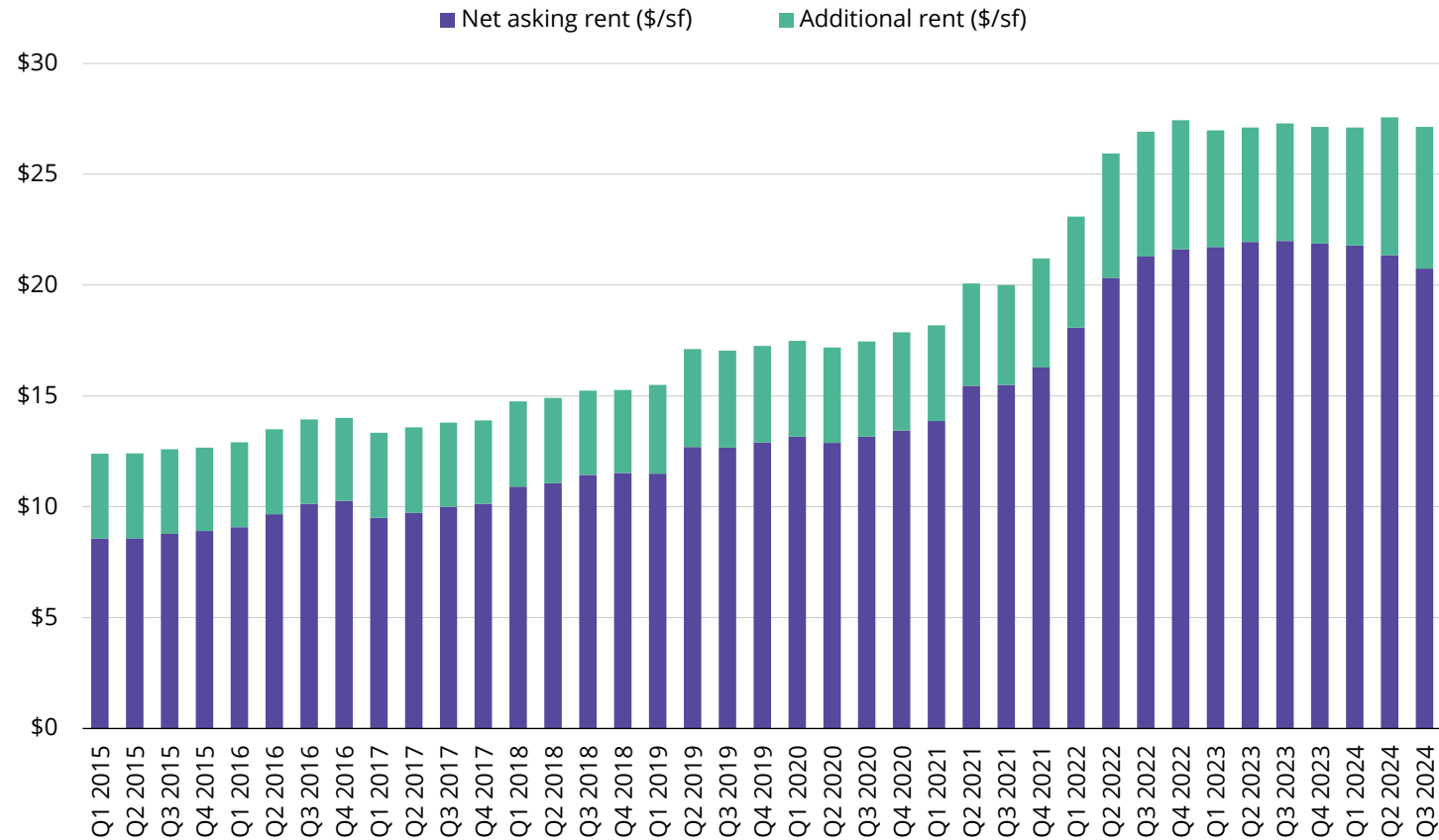
Historic industrial market trends



The vacancy rate rose 20 basis points quarter-over-quarter, reaching 3.1%. It has nearly doubled year-over-year from 1.6% registered in Q3 2023.

Metro Vancouver industrial market indicators

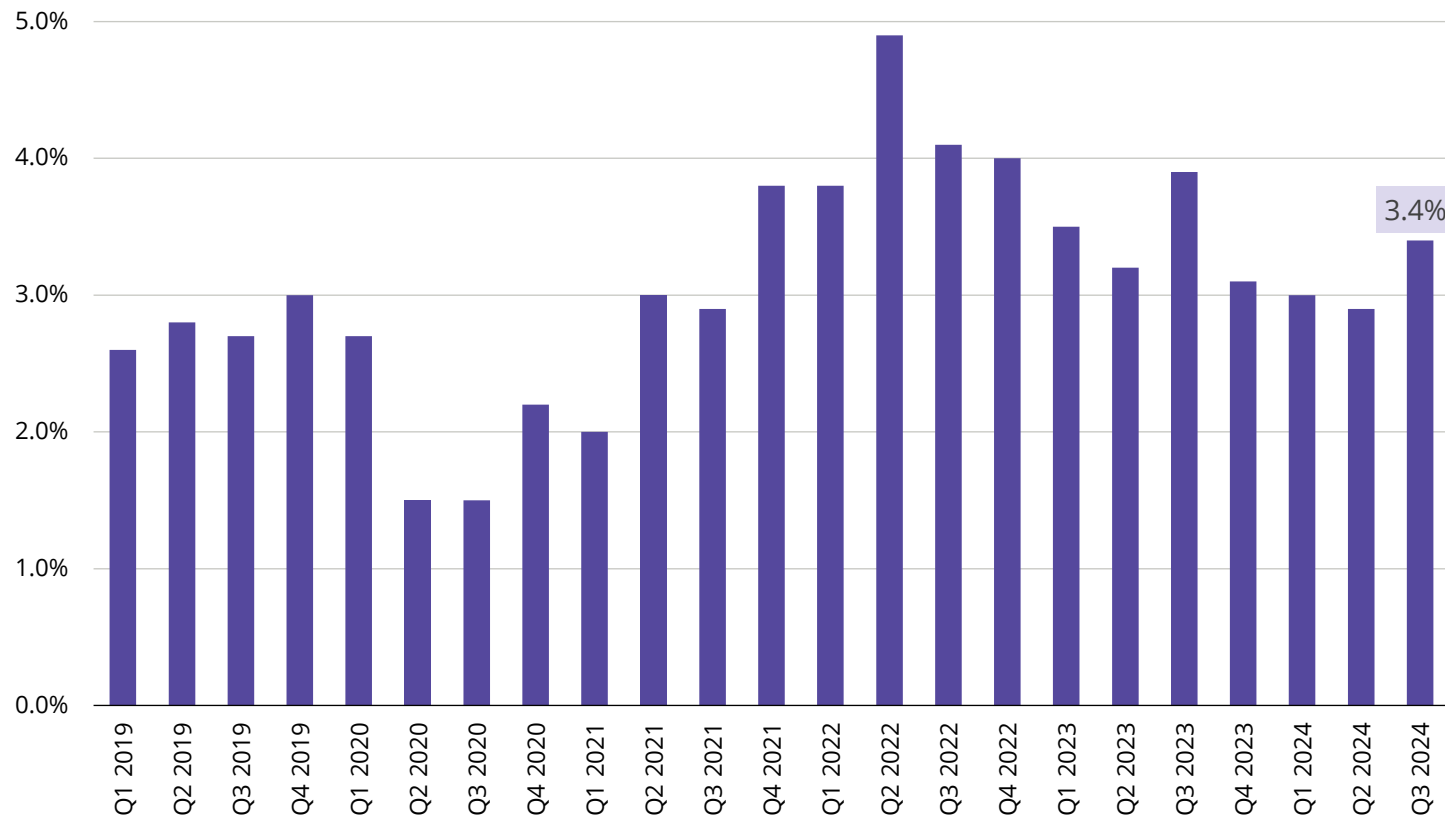
Quarterly weighted average asking rents



Although net rents have modestly decreased, additional rents continue to rise, keeping gross rents stable over the past two years.

Metro Vancouver industrial market indicators

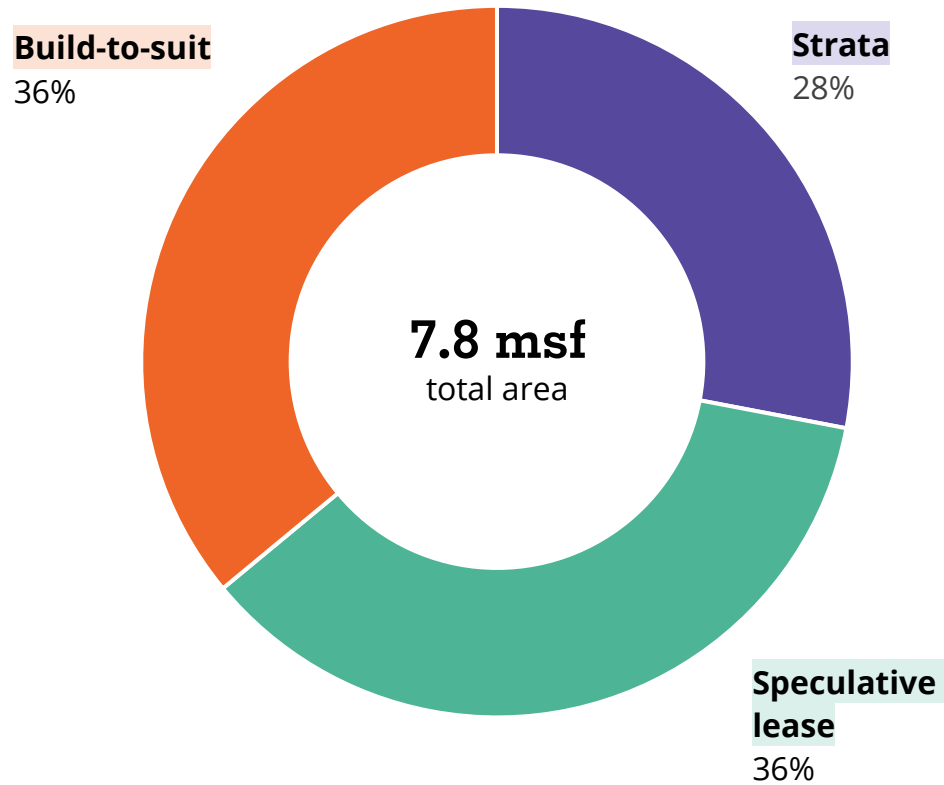
Space under construction as a percentage of existing inventory



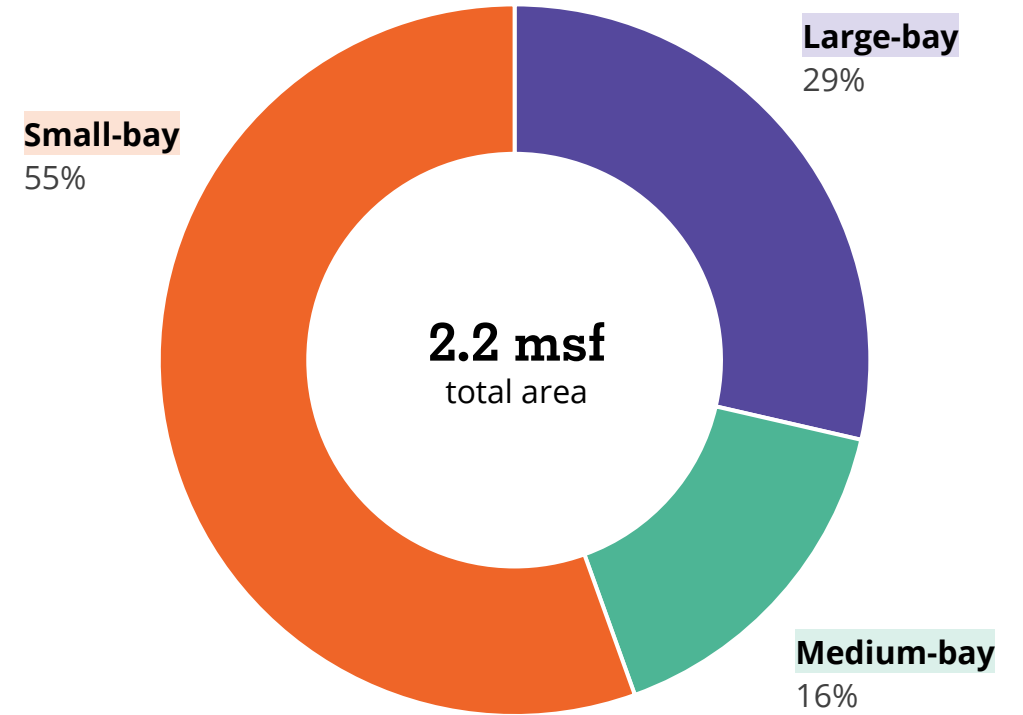
Despite a drop in percentage of space under construction, Q3 2024 saw a boost with the ratio rising to 3.4%, as 13 new projects broke ground.

Metro Vancouver industrial market indicators

Under construction by product type - total area (sf)



Strata under construction by bay size - total area (sf)



Source: Avison Young Market Intelligence
Small-bay <8,000 sf
Medium-bay 8,001 sf - 12,000 sf
Large-bay >12,000 sf

Metro Vancouver industrial market indicators

Number of projects and square footage under construction in Metro Vancouver



Metro Vancouver industrial development timeline

Under Construction Lease projects 125,000+ sf



Address	AbCellera GMP Manufacturing Facility 810 Evans Avenue	Elevate 11 King Edward Street	Delco Industrial Lands 7590-7688 80th Street	Latimer Lake Logistics Park, Building 1 & Building 2 28th Avenue & 192nd Street	Bridge Studios – Lake City 3131 Lake City Way
Market	Vancouver	Coquitlam	Delta	Pitt Meadows	Burnaby
Developer	Beedie	Wesgroup	Beedie	Heppell	Larco Investments
Size (sf)	130,000	196,993	254,028	700,000	1,300,000
% Pre-leased	100%	0%	100%	0%	100%



Address	AbCellera HQ – East Building 110 West 4th Avenue	4449 Salish Sea Way	3288 194th Street	Nordel Point 8358 Nordel Way	Eagle Meadows Business Park, Building 1 & Building 2 19755-19757 Wharf Street
Market	Vancouver	TFN Lands	Surrey	Delta	Pitt Meadows
Developer	Beedie	Beedie	Nanak Foods	Conwest	Epta Development Corp
Size (sf)	221,300	485,675	296,000	202,646	366,852
% Pre-leased	100%	0%	100%	0%	0%

Metro Vancouver industrial market activity

Notable leasing transactions

Address	Tenant	Size (sf)	Lease type	Transaction type
16100 Blundell Road, Richmond	Euro Asia Transload	149,558	Direct	Renewal
7530 Hopcott Road, Delta ●	Olympia Transportation Ltd.	128,628	Direct	New Headlease
8151 Churchill Street, Delta	Confidential	109,600	Direct	New Headlease
175 Golden Drive, Coquitlam	Iron Mountain	103,264	Direct	Renewal
8651 Eastlake Drive, Burnaby ●	Confidential	100,510	Sublet	Sublease

Major industrial buildings transactions

Address	Buyer	Sale price	Sale price (psf)	Seller
9080 196A Street, Langley	401 Langley Holdings Ltd.	\$19,300,000	\$402	Norco Management Inc.
5415 272 nd Street, Langley ●	Confidential	\$14,800,000	\$905	Confidential
1668 Foster's Way, Delta	Akhurst Machinery Ltd.	\$14,000,000	\$550	1668 Fosters Way Nominee Corp.
27545 51A Avenue, Langley	Alummen Holdings Inc.	\$10,000,000	\$506	CPO Enterprises Ltd.

Major industrial land transactions

Address	Buyer	Site acres	Sale price	Price per acre	Seller
7678 132 nd Street & 13221 76 th Avenue, Surrey	Translink	9.97	\$85,600,000	\$8,585,757	Belkorp Properties Ltd.
30530 Matsqui Place, Abbotsford ●	Fort Garry Industries Ltd.	3.18	\$15,500,000	\$4,874,214	30530 Matsqui Abbotsford Holding Inc.
30630 Simpson Road, Abbotsford	1171412 BC Ltd.	1.74	\$10,000,000	\$5,747,126	Harji Holding Ltd.

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	41,280,692	1,202,643	250,414	1,453,057	3.5%	1,984,626	4.8%	7,411	105,372	1,834,236	\$20.53	\$5.84
Richmond	40,518,438	782,998	29,846	812,844	2.0%	912,467	2.3%	-155,390	0	732,095	\$21.30	\$6.31
Burnaby	31,526,996	727,589	114,638	842,227	2.7%	1,325,573	4.2%	-30,959	0	1,723,286	\$21.18	\$7.22
Delta	27,303,234	895,570	149,300	1,044,870	3.8%	1,291,012	4.7%	-192,373	0	456,674	\$20.04	\$5.74
Vancouver	24,763,337	789,889	271,952	1,061,841	4.3%	1,088,487	4.4%	-86,729	0	1,168,462	\$21.76	\$9.07
Langley	18,585,451	561,600	167,866	729,466	3.9%	777,164	4.2%	-60,092	43,833	62,194	\$21.38	\$6.34
Abbotsford	10,150,958	631,211	8,046	639,257	6.3%	592,596	5.8%	78,550	47,504	316,553	\$18.01	\$4.72
Port Coquitlam	9,469,446	110,944	22,691	133,635	1.4%	262,837	2.8%	18,763	0	209,815	\$20.51	\$6.67
Coquitlam	8,210,738	68,620	93,947	162,567	2.0%	156,174	1.9%	15,275	0	455,928	\$21.65	\$6.30
Maple Ridge / Pitt Meadows	6,031,935	157,579	89,609	247,188	4.1%	453,643	7.5%	43,125	0	366,852	\$22.45	\$4.32
North Vancouver	5,385,305	71,089	0	71,089	1.3%	86,419	1.6%	-22,293	0	0	\$21.33	\$10.99
New Westminister	4,405,187	2,400	0	2,400	0.1%	2,400	0.1%	-65	0	0	\$19.00	\$6.20
Tsawwassen (TFN Lands)	1,348,540	0	0	0	0.0%	0	0.0%	0	0	485,675	N/A	N/A
Metro Vancouver	228,980,257	6,002,132	1,198,309	7,200,441	3.1%	8,933,398	3.9%	-384,777	196,709	7,811,770	\$20.74	\$6.40

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

Glenn Gardner

Principal, Managing Director
604 647 5092
glenn.gardner@avisonyoung.com

Shawna Rogowski

Senior Manager, Market Intelligence
604 243 9586
shawna.rogowski@avisonyoung.com

Heather Cho

Senior Analyst, Market Intelligence
604 647 1357
heather.cho@avisonyoung.com

Leo Inokuchi

Coordinator, Market Intelligence
604 283 1372
leo.inokuchi@avisonyoung.com