

## MARKETBEAT

# Victoria, B.C.

Industrial Q2 2018



### VICTORIA INDUSTRIAL

#### Economic Indicators

	Q2 17	Q2 18	1-Year Forecast
Victoria Employment	191k	199.4k	▲
Victoria Unemployment	3.9%	3.9%	▲
Canadian Unemployment	6.6%	5.8%	■

### Economy

British Columbia has been amongst Canada's growth leaders during the majority of the last decade and preliminary data from Statistics Canada shows the provincial economy grew at its fastest pace since the recession in 2017. Somewhat slower growth, but still above-average, is anticipated to continue through the remainder of 2018. Looking to 2019, British Columbia's growth will slow, reaching closer to the national average, as a tight labour market curtails employment growth and impediments to investment and trade growth weigh on the outlook. After growing by an estimated 3.7% in 2017, it is forecasted the provincial economy will grow by 2.3% in 2018 and 1.7% in 2019.

Non-residential investment is expected to weaken in 2018. Preliminary indicators from Statistics Canada suggests that capital spending will be lower in 2018 and the recent furor over the Trans Mountain pipeline extension may cause firms to second guess other investments in the oil and gas sector. Squabbling between governments jeopardized the construction of the multi-billion dollar project which followed on the cancellation of other projects in the sector. Nevertheless, there are recent indicators that the Trans Mountain pipeline now appears likely to be built with the federal government buying the project, and investment will continue on a number of other major projects including Site C hydroelectric dam. Outside of the oil, gas, and utilities sector, investment in other sectors may suffer from concerns over trade. Countervailing and antidumping duties on softwood lumber, tariffs on aluminum and steel, and an uncertain outlook for NAFTA may impact investment planning.

Source: RBC Economics, Statistics Canada

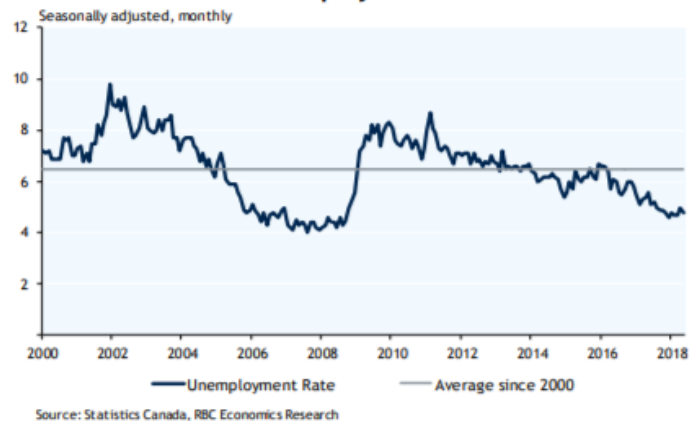
### Market Overview

The Industrial Market in Greater Victoria remains moderately inactive as inventory is at a multi-year low and availability is scarce. Tenants are struggling to find suitable space as most available inventory suffers from either poor location outside of the city centre or issues with infrastructure and design. The surge in both single family and multifamily construction has created a great demand for industrial space for contractors, suppliers and other trades related businesses.

### Outlook

There is a transition occurring in the Rock Bay area as this enclave evolves yet again. A wave of development and investment is occurring in what has traditionally been function first designed sites. One of the first indicators of this trend was the improvement and renovation of 565 David Street by Silver Arrow Cars Ltd. Another was the revitalization of both the façade and interior of 2716 Rock Bay Avenue by Left Coast Real Estate, now tenanted by local success story Abeego Designs. Looking to 2019 the revitalization of 2610 Rock Bay Avenue with the complete overhaul of the interior and exterior of the property will see just over 8,000 square feet of well finished product come on the market.

### British Columbia: Unemployment rate



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### Significant 2018 Lease Transactions

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Main - 2620 Rock Bay Avenue	1,500	Wheelies Motorcycles & Café	New Lease	Rock Bay
2716 Rock Bay Avenue	5,200	Abeego Designs	New Lease	Rock Bay
Basement - 2620 Rock Bay Avenue	1,500	Merge Fitness Academy	New Lease	Rock Bay
407 David Street	4,448	Undisclosed	New Lease	Rock Bay

### Significant 2018 Sale Transactions

PROPERTY	SF	PURCHASER	PRICE / \$PSF	SUBMARKET
893 Van Isle Way	44,024	Sidney Storage Ltd.	\$3,450,000 / \$78	Langford
2550 Rock Bay Avenue	6,727	Undisclosed	\$1,350,000 / \$201	Rock Bay
2066 Henry Avenue West	92,351	Megison Investments Ltd.	\$8,000,000 / \$87	Sidney
479 Burnside Road East	18,101	0906422 B.C. LTD	\$2,900,000 / \$160	Burnside

Cushman & Wakefield  
340 – 730 View Street  
Victoria, B.C. V8W 3Y7  
[cushmanwakefield.com](http://cushmanwakefield.com)

For more information, contact:  
Cordell Lloyd  
Research Analyst  
Tel: 250 410 3004  
[Cordell.Lloyd@cushwake.com](mailto:Cordell.Lloyd@cushwake.com)

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