

## Industrial Q4 2019

1.6%

Vacancy Rate

YoY  
Chg12-Mo.  
Forecast

1.9M

Net Absorption, MSF



\$12.39

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS  
Q4 2019

1.5M

Vancouver  
EmploymentYoY  
Chg12-Mo.  
Forecast

4.9%

Vancouver  
Unemployment Rate

5.9%

Canada  
Unemployment Rate

Source: Statistics Canada

## ECONOMIC OVERVIEW: Commercial Outlook Remains Positive

British Columbia's economic outlook is a story of construction throughout the province. Non-residential construction investment continued its meteoric growth and surged 30% in 2019. The LNG Canada project in Kitimat will continue to provide a substantial boost to non-residential investment growth in the province in 2020 with peak construction projected to happen between 2022 and 2024.

## DEMAND: Leasing Activity Increases as Vacancy Drops

Industrial leasing and sale activity continued to be the highlight for the industrial market, as Metro Vancouver saw nearly 6 million square feet (msf) in leasing activity in 2019. Particularly strong was the fourth quarter of 2019, as nearly 1.4 msf in industrial supply was leased, contributing to an absorption total of 1.9 msf for 2019. Prominent submarkets experiencing high levels of leasing activity in the past quarter were Burnaby at 316,251 square feet (sf), Richmond at 120,546 sf and Surrey at 665,740 sf. Surrey is proving to be a hot spot for industrial development and demand, with over 1.2 msf of construction completions in 2019. Due to Vancouver's surging rental rates and limited supply, industrial users have flocked to Surrey and other parts of the Fraser Valley in order to alleviate the pressure of securing space in Vancouver. In the fourth quarter of 2019, the Surrey market was highlighted by the completion of Home Depot's new 106,600-sf distribution centre, as well as the sale of a 111,374-sf owner-user building in the Campbell Heights area. Another indicator pointing towards the Fraser Valley's rise in popularity is the volume of commercial land transactions. Price per acre rates are rising; most notably a deal on Thompson Avenue in Mission set a new record in price per acre in the region at \$1.2 million an acre. Overall, industrial supply coming to market will play a critical role on how market vacancy will progress throughout 2020. Approximately 5.6 msf of industrial inventory is under construction in Metro Vancouver, along with several more projects in planning. One significant project in the planning stages is the Riverbend Business Park in Burnaby, which will be the first major multi-storey industrial building in Canada, totaling 707,000 sf.

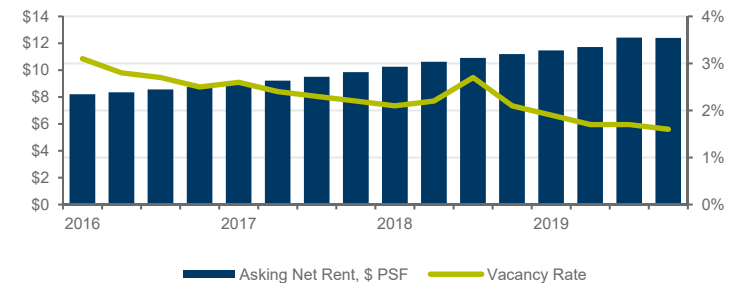
## PRICING: Asking Rates Expected to Rise

Average asking rates in Metro Vancouver experienced a non-significant blip in the fourth quarter of 2019, falling from \$12.42 per square foot (psf) to \$12.39 psf quarter-over-quarter. This is in contrast to overall vacancy, which fell from 1.9% to 1.6% in the fourth quarter. This contrast can be traced to the surge of rental rates earlier this year, and now landlords and owners are slightly correcting their asking rates to reflect what the market will actually pay. Heading into 2020, it is anticipated the asking rates will rise slowly with vacancy continuing to tighten.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY &amp; ASKING NET RENT



# MARKETBEAT VANCOUVER, BC



## Industrial Q4 2019

### MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	YTD LEASING ACTIVITY (SF)	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG. NET RENT	OVERALL WEIGHTED AVG. ADD. RENT
Abbotsford	7,930,751	180,108	2.9%	299,328	393,512	315,341	\$9.08	\$3.76
Delta	26,074,709	1,146,905	0.9%	1,561,095	484,920	1,297,337	\$10.26	\$3.81
Langley	17,034,118	428,534	1.5%	214,781	186,439	39,652	\$12.38	\$4.51
Surrey	36,848,690	1,351,862	1.6%	1,242,767	2,104,111	1,284,210	\$11.78	\$3.36
TFN	453,620	0	0.0%	0	0	0	\$10.50	\$3.25
Burnaby	30,738,288	1,086,509	1.4%	460,213	523,770	200,440	\$13.95	\$4.74
Coquitlam	7,824,367	395,980	1.8%	66,408	0	0	\$13.90	\$4.10
Maple Ridge/Pitt Meadows	4,108,912	50,231	0.5%	227,318	0	220,000	\$11.86	\$3.31
New Westminster	5,226,161	6,581	0.0%	6,581	0	0	\$12.95	\$6.00
North Shore	5,806,205	73,625	1.1%	17,147	0	0	\$17.30	\$6.64
Port Coquitlam	7,019,888	205,912	2.1%	204,243	685,581	268,398	\$13.56	\$4.14
Port Moody	1,016,860	6,296	0.4%	-3,956	0	0	\$8.00	\$3.50
Richmond	39,129,976	643,312	1.5%	1,050,910	911,611	561,004	\$14.54	\$4.22
Vancouver	24,538,899	365,943	2.6%	207,667	312,392	284,195	\$19.12	\$8.36
<b>VANCOUVER TOTALS</b>	<b>213,971,444</b>	<b>5,935,217</b>	<b>1.6%</b>	<b>5,554,502</b>	<b>5,602,336</b>	<b>4,470,577</b>	<b>\$12.39</b>	<b>\$4.43</b>

### KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
18880 30 <sup>th</sup> Avenue	Surrey	Confidential	198,070	Direct
3261 192 <sup>nd</sup> Street	Surrey	IEM Canada Inc.	160,928	Direct
8211 Fraser Reach Court	Burnaby	Sunco Foods Inc.	55,575	Direct
19061 32 <sup>nd</sup> Avenue	Surrey	Confidential	136,000	Direct

\*Renewals not included in leasing statistics

### KEY SALES TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
18920 36 <sup>th</sup> Avenue	Surrey	Graventa Lift / PFN Holdings Ltd.	111,374	\$29M / \$260
365 Railway Street	Vancouver	Danet Interiors Ltd. / Allied REIT	35,000	\$18M / \$514
5370 271 <sup>st</sup> Street	Langley	Barr Building Products / Beedie Group	75,350	\$15.2M / \$202
27222 Lougheed Highway	Maple Ridge	642385 B.C. Ltd. / Whitewater Concrete	90,435	\$15M / \$166
12720 82 <sup>nd</sup> Avenue	Surrey	XL Ironworks / Private Investor	52,000	\$13.1M / \$252

### KEY CONSTRUCTION COMPLETIONS 2019

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Delta Link Business Centre	Delta	Goodfood Market Corp.	233,640	Beedie Group
11111 Twigg Place	Richmond	Electronic Recycling Assoc.	256,000	IntraUrban Rivershore

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