

Industrial Q2 2020

YoY Chg 12-Mo. Forecast

1.3%
Vacancy Rate

1.5M
Net Absorption, MSF

\$13.15
Asking Rent, PSF

Overall, Net Asking Rent

ECONOMIC INDICATORS
Q2 2020

YoY Chg 12-Mo. Forecast

1.3M
Vancouver Employment

10.7%
Vancouver Unemployment Rate

13.7%
Canada Unemployment Rate

Source: Statistics Canada

ECONOMY: How Deep is the Economic Hole?

"The B.C. economy is forecast to shrink by 7.8% in 2020. In 2021 the provincial economy will expand by 4.8%. This is a strong growth number by historic standards but comes in the wake of a very steep downturn and only results in the B.C. economy regaining just over half of the economic output lost in 2020. Restoring the labour market to health will take many months if not years". (Source: *Business Council of BC*).

The COVID-19 pandemic struck Canada in March 2020. This was late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the Canadian economy felt its effects more fully as government mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

SUPPLY AND DEMAND: Unique Circumstances

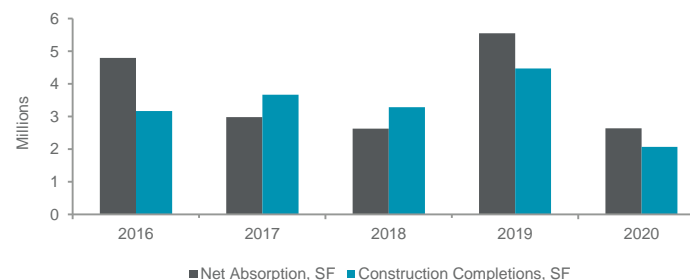
Despite COVID-19 causing a significant disruption to the market, industrial sales and leasing has remained relatively stable in comparison to the retail and office markets. In the second quarter of 2020, the Vancouver market saw over 1 million square feet (msf) of industrial leasing activity; although, this is a decline compared to the previous two quarters. Markets seeing higher levels of leasing activity were Surrey with 312,578 square feet (sf) and Burnaby with 207,932 sf. In the second quarter there was an influx of sublease space coming onto the market. In the second quarter, Metro Vancouver saw the highest sublease availability rate since 2011 at 0.6%. The availability of sublet space has seen an upwards trend throughout the pandemic for all asset types, with industrial being no exception.

A significant question throughout the pandemic has been whether industrial construction was going to be able to maintain project deadlines. This quarter over 1.4 msf of industrial product was completed, over double the amount of square footage that was completed last quarter. A significant project that contributed to this quarter's completion total was a build-to-suit project in Surrey for Sobeys at approximately 530,000 sf.

PRICING: Asking Rates on the Rise

Average industrial asking rates in Metro Vancouver rose during the second quarter, increasing from \$12.42 per square foot (psf) in the first quarter to reach \$13.15 psf. This comes as no surprise, which has faced limited supply for several years now. Average asking rates have risen steadily over the past 10 years. Heading into the second half of 2020, it is anticipated the asking rates will continue to rise due to an extremely tight vacancy rate.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING NET RENT



MARKETBEAT VANCOUVER, BC



Industrial Q2 2020

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	4,400	0.5%	189,265	404,088	0	\$12.62	\$3.43
Delta	26,111,159	173,590	0.9%	42,433	676,311	36,450	\$11.11	\$3.83
Langley	17,220,557	377,646	0.7%	311,978	245,390	186,439	\$12.47	\$3.95
Surrey	38,323,818	556,139	0.9%	1,715,409	881,412	1,475,128	\$12.28	\$3.84
TFN	453,620	0	0.0%	0	0	0	\$10.50	\$3.25
Burnaby	30,989,058	260,975	1.6%	165,967	332,330	250,770	\$13.40	\$5.01
Coquitlam	7,824,367	74,000	0.8%	74,356	0	0	\$13.73	\$4.29
Maple Ridge/Pitt Meadows	4,328,912	13,380	2.4%	-1,314	0	0	\$11.66	\$3.96
New Westminster	5,226,161	0	0.1%	-3,597	0	0	\$12.95	\$6.00
North Shore	5,806,205	28,885	0.4%	37,247	0	0	\$19.26	\$5.97
Port Coquitlam	7,049,122	108,588	1.3%	85,714	651,347	29,234	\$13.90	\$4.40
Port Moody	1,016,860	0	0.4%	0	0	0	\$12.00	\$3.50
Richmond	39,188,897	96,257	1.4%	89,320	200,000	58,921	\$13.40	\$4.89
Vancouver	24,574,899	248,172	3.0%	-68,825	115,704	36,000	\$17.25	\$7.79
VANCOUVER TOTALS	216,044,386	1,942,032	1.3%	2,637,953	3,506,582	2,072,942	\$13.15	\$4.43

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
2945 190 th Street	Surrey	Confidential	67,464	Direct
8315 Riverbend Court	Burnaby	Westkey Graphics Ltd.	64,244	Renewal*
13248 Worster Court	Richmond	Manly Shore Productions	64,383	Direct
7527 Lowland Drive	Burnaby	Mustang Survival	46,244	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE/\$ PSF
7462 Progress Way	Delta	Revo Holdings Ltd. / Bosa Properties	71,455	\$15,000,000 / \$210
3455 Gardner Court	Burnaby	0902555 B.C. Ltd. / Private Investor	46,874	\$16,000,000 / \$341
28730 94 th Avenue	Maple Ridge	Waldun Forest Products Ltd. / Private Investor	43,500	\$6,287,500 / \$145
1209-1249 Adanac Street	Vancouver	Lochaven Holdings Ltd. / Private Investor	30,500	\$13,835,000 / \$454

KEY CONSTRUCTION COMPLETIONS Q2 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
18821 20 th Avenue	Surrey	Sobeys	530,799	Beedie Group
18899 28 th Avenue	Surrey	DSV Solutions Inc.	154,742	Hopewell Developments

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