

Industrial Q4 2020

YoY Chg 12-Mo. Forecast

1.4%
Vacancy Rate



1M
Net Absorption, SF



\$13.40
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2020

YoY Chg 12-Mo. Forecast

1.4M
Vancouver Employment



7.4%
Vancouver Unemployment Rate



8.6%
Canada Unemployment Rate



Source: Statistics Canada

ECONOMY: The Long and Winding Road to Recovery

British Columbia is anticipated to post a middle-of-the-pack 5.3% contraction in GDP in 2020. Barring an unanticipated deterioration in the pandemic situation, the outlook for 2021 is much more encouraging. It is projected there will be strong capital investment and a rebound in major industrial sectors to propel GDP growth to a 33-year high of 5.1%. Access the most recent research on CRE and the state of economy [here](#).

Source: RBC Economics

SUPPLY AND DEMAND: Industrial Sector Proves Resilient in 2020

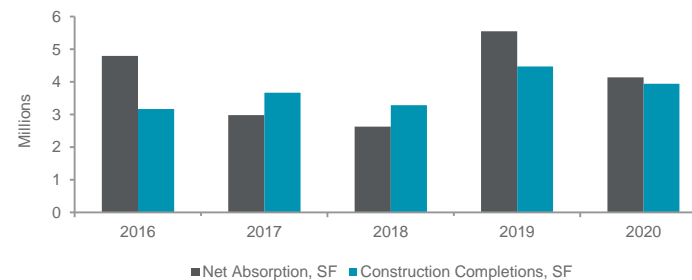
In a turbulent and uncertain year, demand for Industrial space remained strong and vacancy hovered at record lows. Overall availability in the industrial market declined in 2020, with pandemic-induced tailwinds proving to be a strong force in the market. The greater reliance on e-commerce was a main driver of the continued surge of industrial demand in 2020. The fourth quarter 2020 vacancy rate remained at 1.4%, closing out the year with continued tight market conditions. The vacancy rate is anticipated to hover around record lows in 2021, emphasizing the strong demand and lack of supply that the Metro Vancouver industrial market continues to see. In an effort to ease Metro Vancouver's tight industrial market, numerous projects were delivered in 2020 despite the global pandemic. Notable projects included Grubner Centre located at 5636 272nd Street in Langley which was 169,500 square feet (sf), and 1845 Kingsway Avenue in Port Coquitlam at 190,920 sf. In terms of construction, the pandemic failed to negate or delay strata based or build-to-suit projects. The first true multi-level industrial development in Canada, Riverbend Business Park, began construction in the later months of 2020. The project boasts over 700,000 sf of warehousing and distribution space with full truck access and egress to the second level. The project is set to be delivered in 2022.

In terms of leasing activity, key transactions at 16131 Blundell Road of 179,198 sf in Richmond and 1845 Kingsway Avenue totaling 160,790 sf in Port Coquitlam were the highlights of the fourth quarter of 2020. 1845 Kingsway Avenue saw Staples Canada absorbing the space. Overall, the fourth quarter of 2020 posted over 2.5 million square feet of leasing activity.

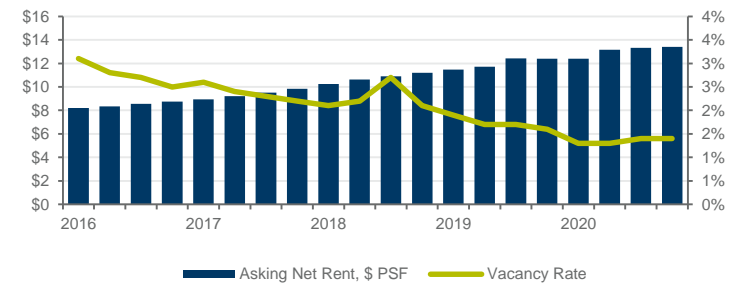
PRICING: Asking Rates Display Stable Growth

Throughout 2020, Metro Vancouver saw lease rates continue to climb. Over the course of 2020, average asking lease rates increased from \$12.39 per square foot (psf) in the first quarter to \$13.40 psf in the fourth quarter. Even though lease rates grew at staggering values from 2016-2020 (8-12% per year) it is anticipated that lease rates will continue to grow at a stable rate of 3-6% in 2021.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING NET RENT



Industrial Q4 2020

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	8,140,690	100,187	1.7%	295,254	799,952	209,939	\$12.83	\$3.77
Delta	26,306,723	1,141,918	0.5%	345,185	255,224	232,014	\$11.44	\$4.43
Langley	17,425,947	946,629	2.0%	286,605	215,647	391,829	\$12.90	\$4.07
Surrey	38,832,734	1,240,770	0.8%	2,271,361	1,041,426	1,984,044	\$12.59	\$4.13
TFN	453,620	0	0.0%	0	0	0	N/A	N/A
Burnaby	31,228,525	1,069,879	1.8%	341,147	92,863	490,237	\$13.85	\$5.21
Coquitlam	7,824,367	177,427	0.4%	105,302	0	0	\$13.62	\$4.45
Maple Ridge/Pitt Meadows	4,328,912	68,327	2.3%	(71,509)	0	0	\$11.90	\$3.98
New Westminster	5,226,161	7,194	0.0%	(2,563)	0	0	\$12.95	\$5.50
North Shore	5,806,205	166,091	0.8%	17,525	0	0	\$19.14	\$6.04
Port Coquitlam	7,355,473	334,738	2.3%	315,157	735,093	335,585	\$13.88	\$4.58
Port Moody	1,016,860	0	0.0%	3,956	0	0	\$12.00	\$3.50
Richmond	39,388,897	1,439,157	1.4%	275,513	632,713	258,921	\$13.84	\$4.98
Vancouver	24,574,899	627,139	2.9%	(46,746)	312,501	36,000	\$18.10	\$7.96
VANCOUVER TOTALS	217,910,013	7,319,456	1.4%	4,136,187	4,085,419	3,938,569	\$13.40	\$4.62

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
16131 Blundell Road	Richmond	Undisclosed	179,198	Direct
1845 Kingsway Avenue	Port Coquitlam	Staples Canada	160,790	Direct
1168-1170 Derwent Way	Delta	Undisclosed	140,650	Direct
19055 Airport Way	Pitt Meadows	Costco Wholesale Canada Ltd.	75,156	Sublease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE/\$ PSF
NorthWoods Business Park – Building 5/6	North Vancouver	Quadreal Property Group / Nicola Wealth	80,000	\$40,813,500 / \$510
5300 & 5350 Byrne Road	Burnaby	K&L Holdings Co. / Femo Construction	62,280	\$22,500,000 / \$361
19676 Telegraph Trail	Langley	Design Properties Ltd. / Private Investor	66,435	\$14,800,000 / \$223
1650 Hartley Avenue	Coquitlam	Tanker Management Ltd. / Private Investor	16,200	\$14,700,000 / \$907

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KEY CONSTRUCTION COMPLETIONS Q4 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Grubner Centre (5636 272 nd Street)	Langley	Confidential	169,500	Gloucester Properties Ltd.
Westpointe Business Centre	Delta	J.F. Hildebrand Canada Inc.	195,564	Beebie