

Industrial Q1 2021

	YoY Chg	12-Mo. Forecast
1.0% Vacancy Rate	▼	▬
1.1M Net Absorption, SF	▼	▲
\$13.98 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2021

	YoY Chg	12-Mo. Forecast
1.5M Vancouver Employment	▲	▲
8.0% Vancouver Unemployment Rate	▲	▼
7.5% Canada Unemployment Rate	▼	▼

Source: Statistics Canada

ECONOMY: B.C. Displaying Signs of Recovery

After steadily turning in above-average growth relative to the nation since 2014, the B.C. economy has further cemented its trend of outperformance so far during the pandemic. B.C. was one of the few provinces to avert job losses during the winter months. As it stands, B.C.'s employment is 0.6% below its pre-pandemic levels, compared to -3.1% in Canada.

Source: TD Canada

SUPPLY AND DEMAND: Industrial Market Poised For Pressurized Year

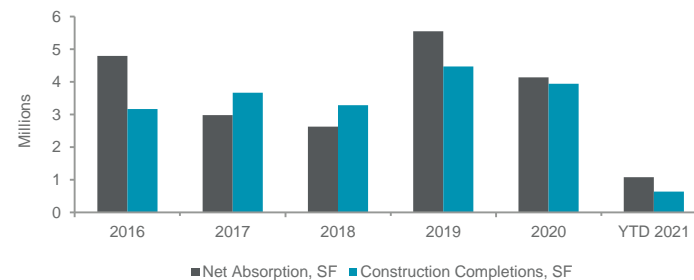
Following 2020, there were numerous uncertainties surrounding the future of the Metro Vancouver industrial market. In the first quarter of 2021, following a year of pressurized rates, tightening vacancy and extreme demand rooted by ecommerce, Metro Vancouver displayed a record-low overall vacancy rate of 1.0%. This metric provides a glimpse into the current state of the market as tenants continue to have ongoing struggles to find suitable space. The dwindling vacancy rate is a prominent issue for tenants as they are forced to limit their preferred requirements of potential space. With approximately 1.2 million square feet of industrial space expected to be delivered in 2021, it is anticipated that vacancy will only alleviate slightly and will continue to hover in the low one-percent range. Outside of the core markets, the Fraser Valley has historically provided more affordable industrial options for tenants. Even in this market vacancy has tightened dramatically, as there is a notable lack of developable land. Moreover, it has become increasingly difficult to find immediate, large-bay sites for manufacturing or logistics uses.

Key lease transactions in include Canada Post leasing 109,768 square feet (sf) at 8151 Churchill Street (Delta), Second Closet Inc. leasing 94,035 sf at 11511 No. 5 Road (Richmond), and Valhalla Distribution leasing 67,608 sf at 7848 Hoskins Street (Delta).

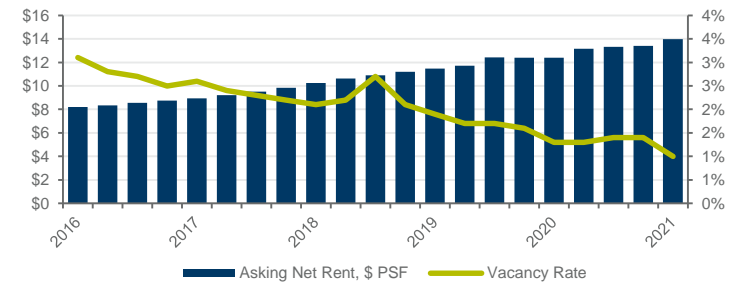
PRICING: Asking Rates Continue to Rise

As vacancy continued to tighten to a record-low, it was expected that average weighted asking net rental rates would rise. In the first quarter, average rates for Metro Vancouver were \$13.98 per square foot, with the Vancouver, North Shore, and Burnaby markets leading the way. This is an increase of 10 basis points from last quarter. After tremendous lease rate growth in 2020, it was expected that lease rates would grow at a more stable rate in 2021. However, given the extremely low vacancy rate, asking lease rates may pressurize and increase at quicker rates than anticipated. Occupier desires to combat rising lease rates has led to increased interest in the industrial strata market, with numerous projects being marketed in the first quarter of 2021.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING NET RENT



Industrial Q1 2021

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	4,990,272	106,455	1.3%	173,216	114,704	0	\$10.29	\$3.87
Delta	29,820,444	387,471	0.8%	152,101	203,172	0	\$12.37	\$4.04
Langley	16,083,163	82,038	1.9%	109,996	76,000	95,000	\$13.00	\$3.95
Surrey	33,670,520	394,669	0.8%	107,151	428,397	42,500	\$11.53	\$3.84
TFN	938,540	0	0.0%	0	0	0	N/A	N/A
Burnaby	31,827,140	108,114	0.7%	152,793	707,056	138,447	\$12.98	\$4.58
Coquitlam	7,364,161	0	1.1%	(74,667)	0	0	\$14.00	\$5.00
Maple Ridge/Pitt Meadows	2,482,552	5,400	0.3%	5,400	0	0	\$13.16	N/A
New Westminster	4,334,441	0	1.5%	(63,593)	0	0	N/A	N/A
North Shore	4,058,304	0	0.6%	27,396	0	0	\$17.00	\$9.64
Port Coquitlam	8,152,403	23,116	0.8%	476,908	50,000	358,093	\$12.50	\$4.64
Port Moody	260,787	0	0.0%	0	0	0	N/A	N/A
Richmond	44,389,769	508,764	0.7%	303,324	273,817	0	\$13.63	\$4.37
Vancouver	27,147,350	78,514	1.9%	(293,746)	134,905	0	\$18.25	\$6.46
VANCOUVER TOTALS	215,519,846	1,674,541	1.0%	1,076,279	1,988,051	634,040	\$13.98	\$4.80

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
8151 Churchill Street	Delta	Canada Post	109,768	Direct
11511 No. 5 Road	Richmond	Second Closet Inc.	94,035	Direct
7848 Hoskins Street	Delta	Valhalla Distribution	67,608	Renewal
8261 Fraser Reach Court	Burnaby	Article.com	78,436	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE/\$ PSF
Riverside Centre	Richmond	iA Financial Group / Private Investor	81,004	\$26M / \$321
12340 Horseshoe Way	Richmond	Spire / Herbandal Naturals Inc.	38,284	\$16,150,000 / \$421
5465 Production Boulevard	Surrey	B M & M Holdings Ltd. / Private Investor	43,068	\$12,500,000 / \$290
6952 Greenwood Street	Burnaby	Revamp Home Staging / Private Investor	25,178	\$11,550,000 / \$459

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KEY CONSTRUCTION COMPLETIONS Q1 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
5495 Regent Street	Burnaby	N/A	105,000	PC Urban
1889 Kingsway Avenue	Port Coquitlam	Saputo Foods	358,093	Beedie