



Q1 | 2019 Industrial

METRO VANCOUVER MARKET REPORT

For the start of 2019, the Metro Vancouver industrial market experienced an increase in vacancy rate, hitting 1.47% compared to the 1.46% posted at the end of 2018.

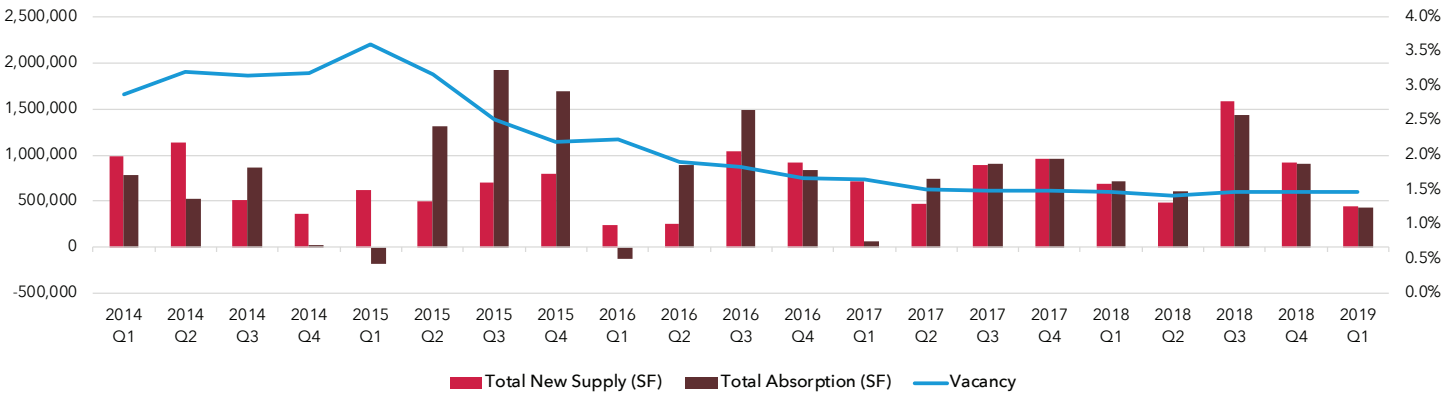
This shows no change in the vacancy rate compared to Q1 2018, despite over 3,400,000 SF of new supply coming to the market in the past 12 months, which means demand is keeping up with the large amount of new supply coming to the market. In spite of the vacancy rate increasing, availability rate has decreased this quarter, dropping to 4.42% for the Metro Vancouver industrial market. New supply is down this quarter, with only 440,000 SF coming to the market, but over 3,500,000 SF is expected to come to market in 2019, which matches the amount in 2018.

With only \$144,000,000 in reported sales for Q1 2019 so far, this quarter is set to be one of lowest for sales volume over the past three years; this is a large drop compared to the historically high sales volume in Q4 2018. Despite the low sales volume this quarter, price per square foot for industrial building continues to rise, setting a record of an average of \$370 – an increase of over \$16 compared to Q4 2018. Rental rates have also increased over \$0.25 compared to Q4 2018, reaching an average adjusted asking net rate of \$12.81. All of these factors are putting pressure on tenants and potential purchasers to find space in a very competitive market.

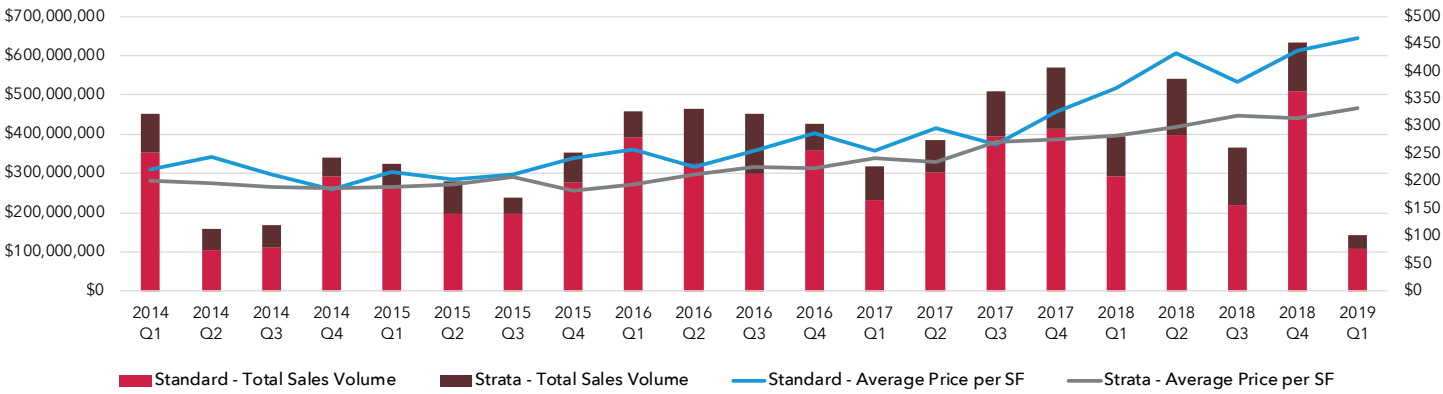


LEASING STATISTICS				
MUNICIPALITY	TOTAL INVENTORY (SF)	TOTAL VACANCY (SF)	VACANCY RATE	AVERAGE ASKING LEASE RATE PSF (NNN)
Abbotsford	8,261,654	229,472	2.78%	\$9.29
Burnaby	29,381,869	312,418	1.06%	\$13.82
Coquitlam	8,771,511	29,003	0.33%	\$12.01
Delta	27,238,066	521,450	1.91%	\$9.95
Langley	21,080,982	169,095	0.80%	\$11.80
Maple Ridge	2,308,553	0	0.00%	\$12.48
New Westminster	4,809,861	6,581	0.14%	\$12.95
North Vancouver	5,107,177	17,431	0.34%	\$16.94
Port Coquitlam	9,198,480	83,285	0.91%	\$12.74
Richmond	36,578,063	1,028,566	2.81%	\$12.62
Surrey	34,396,612	375,655	1.09%	\$11.13
Vancouver	24,646,426	332,064	1.35%	\$17.97
Total	211,779,254	3,105,020	1.47%	\$12.95

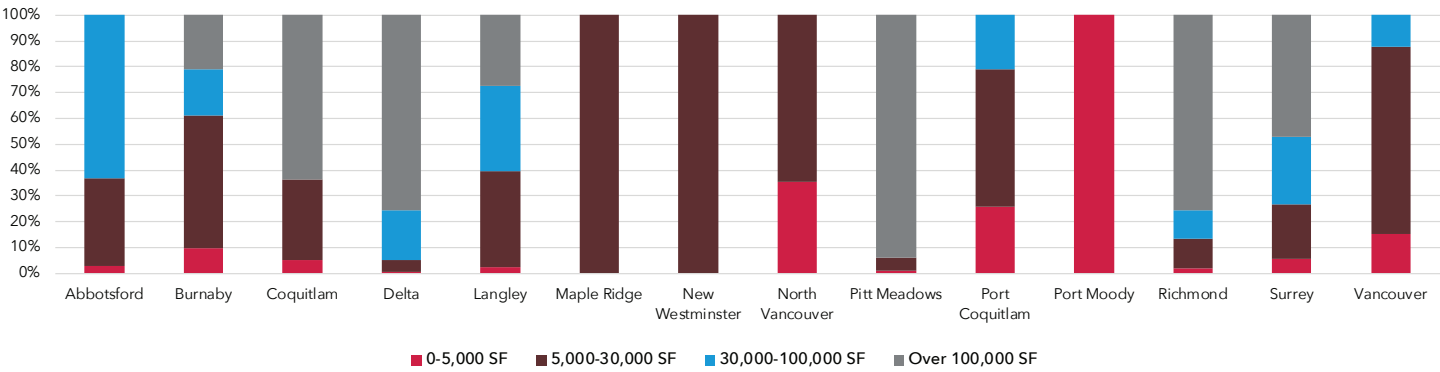
ABSORPTION, NEW CONSTRUCTION AND VACANCY



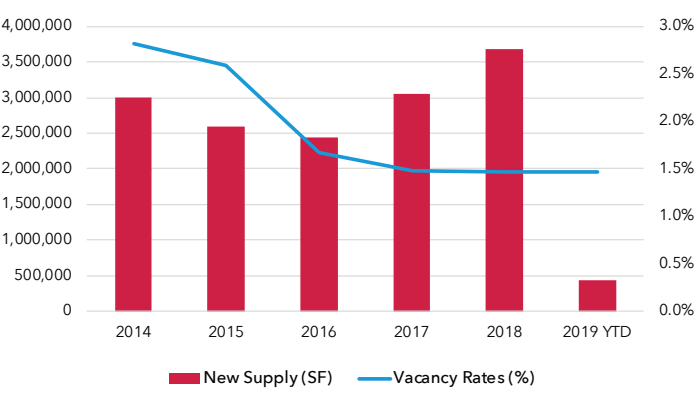
QUARTERLY SALES VOLUME & AVERAGE PRICE



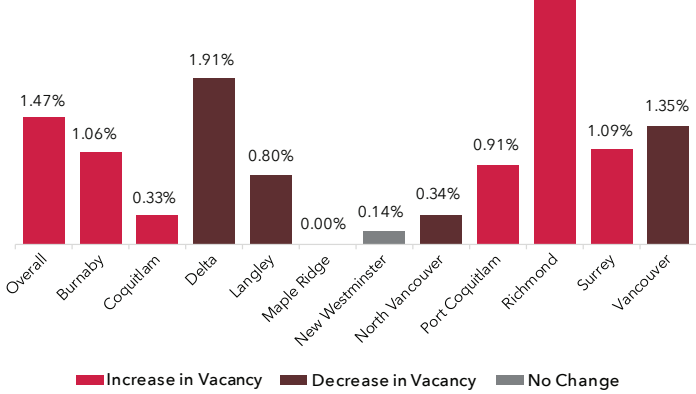
PERCENTAGE OF TOTAL AVAILABLE SPACE FOR LEASE BY SIZE



VACANCY AND NEW SUPPLY



MUNICIPAL VACANCY RATES



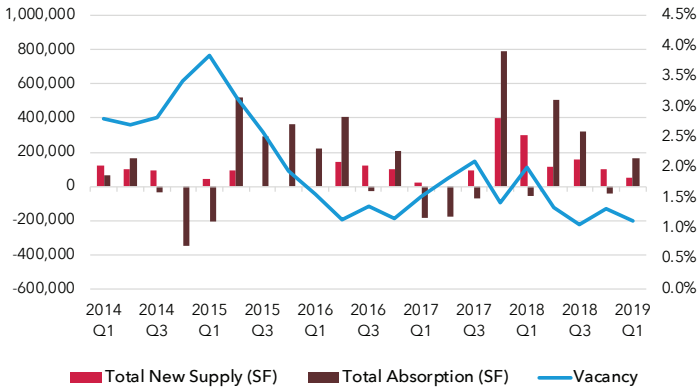
Vancouver | North Vancouver | Burnaby

INDICATOR	TREND	Q1 2019	Q4 2018
Vacancy Rate	▼	1.12%	1.31%
Absorption (SF)	▲	162,393	-44,853
Average Asking Rent (PSF)	▼	\$16.24	\$16.26
Average Additional Rent (PSF)	▼	\$5.97	\$6.16
Sales Volume	▼	\$56,536,000	\$224,111,204

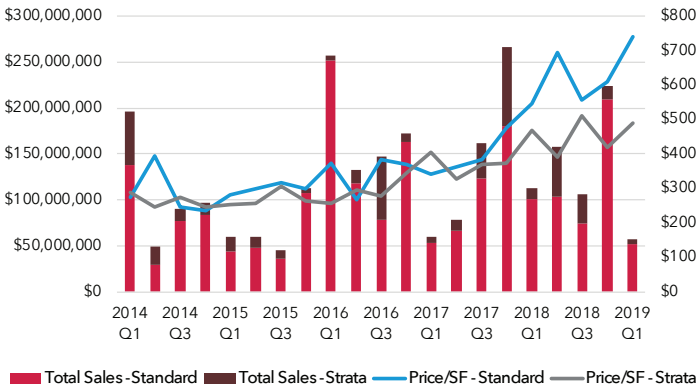
The Vancouver, North Vancouver and Burnaby submarket had a decrease in vacancy rate, dropping to 1.12% this quarter from the 1.31% reported in Q4 2018 – the largest vacancy rate drop this quarter across all submarkets. The availability rate also dropped, hitting 3.08% this quarter. These decreases are largely due to a very active market and a low amount of new supply coming to market this quarter. We expect this trend to continue as tenants hunt for new space with only 400,000 SF of new supply expected in 2019. Despite the drop in vacancy rate, rental rates decreased this quarter by \$0.02 settling at an average asking rental rate of \$16.24 which is still the highest across all submarkets. Additional rates also decreased, hitting an average of \$5.27 – a drop of \$0.19 compared to Q4 2018.

Sales volume dropped this quarter, hitting a record low of \$56,000,000 in reported sales so far; this is set to increase by the time all sales come in. Despite the drop in sales, price per square foot increased this quarter to an average of \$615 for industrial buildings.

ABSORPTION, NEW CONSTRUCTION AND VACANCY



QUARTERLY SALES VOLUME & AVERAGE PRICE



NOTABLE SALE TRANSACTIONS				
ADDRESS	MUNICIPALITY	PRICE	SIZE (SF)	PURCHASER
2323 Quebec Street	Vancouver	\$38,000,000.00	49,918	TPMG Capital (Transworld Management Ltd.)
1305 Odium Drive	Vancouver	\$8,280,000.00	10,800	Marmax Consulting Company Ltd.
266 East 1st Street	North Vancouver	\$3,300,000.00	3,619	Annable Properties Ltd.



2323 QUEBEC STREET, VANCOUVER

NOTABLE LEASE TRANSACTIONS			
ADDRESS	MUNICIPALITY	SIZE (SF)	TENANT
8339 Eastlake Drive	Burnaby	47,997	Greenlight Innovation Corp.
8021 Enterprise Street	Burnaby	22,416	Riggitt Services Inc.

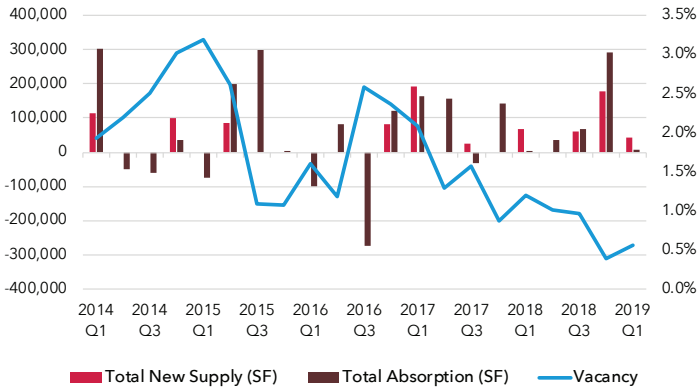
Tri-Cities | Ridge Meadows (Port Moody, Port Coquitlam, Coquitlam, Pitt Meadows, Maple Ridge)

INDICATOR	TREND	Q1 2019	Q4 2018
Vacancy Rate	▲	0.55%	0.39%
Absorption (SF)	▼	8,834	293,376
Average Asking Rent (PSF)	▲	\$12.41	\$12.29
Average Additional Rent (PSF)	▲	\$4.22	\$4.21
Sales Volume	▼	\$15,500,000	\$87,683,362

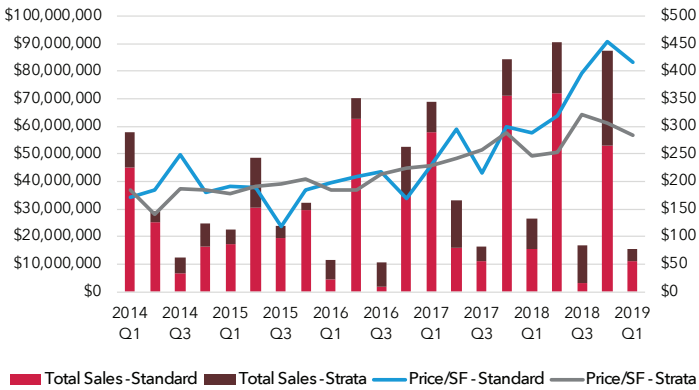
Despite an increase in vacancy rate this quarter, going from 0.39% reported in Q4 2018 to 0.55% in Q1 2019, the Tri-Cities/Ridge Meadows market continues to have the lowest vacancy rate across all submarkets for the fourth straight quarter. This increase was due to a small amount of new supply coming the market, and very little absorption, 42,000 SF and 8,800 SF respectfully. With over 250,000 SF expected in new supply, a large amount for this market, the vacancy rate will increase slightly in 2019. Because of the low vacancy rate and tenants competing for space, rental rates continue to rise, hitting an average of \$12.41 – an increase of over \$1.75 compared to this time last year.

The Tri-Cities/Ridge Meadows market saw a decrease in sales this quarter, with only \$15,500,000 in reported sales so far, we expect this to be one of the lowest quarters in terms of reported sales for this market. This has not stopped the upward trend for price per square foot for sales, which reached an average of \$350 – an increase of over \$30 compared to the end of 2018.

ABSORPTION, NEW CONSTRUCTION AND VACANCY



QUARTERLY SALES VOLUME & AVERAGE PRICE



NOTABLE SALE TRANSACTIONS				
ADDRESS	MUNICIPALITY	PRICE	SIZE (SF)	PURCHASER
1464 Spitfire Place	Port Coquitlam	\$6,225,000.00	6,000	Single Source Holdings Ltd.
585 Seaborne Avenue	Port Coquitlam	\$3,850,000.00	11,826	0750720 B.C. Ltd.
2916-2920 Murray Street	Port Moody	\$3,000,000.00	6,125	Rocky Point Kayak (Odonata Holdings Ltd.)

NOTABLE LEASE TRANSACTIONS			
ADDRESS	MUNICIPALITY	SIZE (SF)	TENANT
2000 Hartley Ave	Coquitlam	26,258	Ellworth Industries Ltd.
#201 - 11 Burbidge Street*	Coquitlam	19,295	Fairview Ltd.

*Leased by Lee & Associates



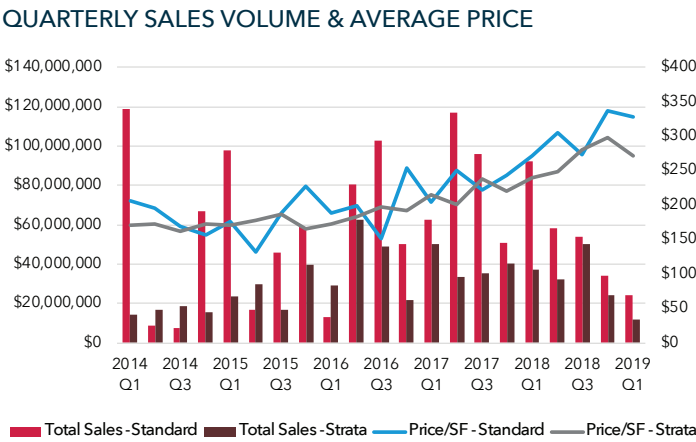
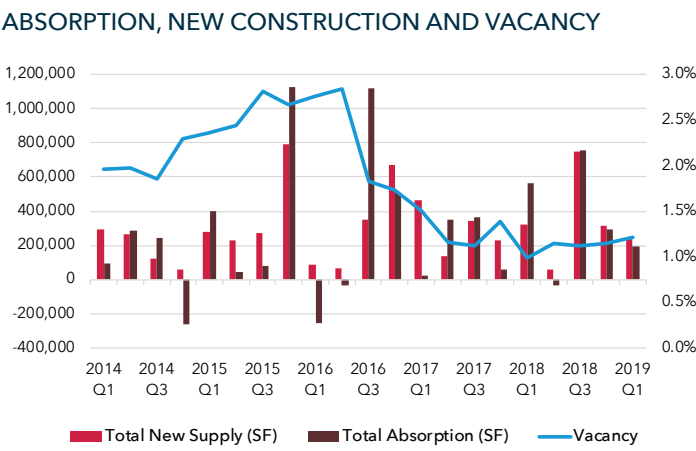
585 SEABORNE AVENUE, PORT COQUITLAM

Surrey | Langley | Abbotsford

INDICATOR	TREND	Q1 2019	Q4 2018
Vacancy Rate	▲	1.21%	1.15%
Absorption (SF)	▼	192,581	291,184
Average Asking Rent (PSF)	▲	\$10.74	\$10.37
Average Additional Rent (PSF)	▲	\$3.89	\$3.86
Sales Volume	▼	\$36,075,500	\$58,504,710

For the second straight quarter the Surrey, Langley, Abbotsford vacancy rate increased, rising to 1.21% from 1.15% posted in Q4 2018. These increases are due to over 1,300,000 SF coming to the market in the past 12 months. Despite a large amount of new supply becoming available and higher vacancy rate, the availability rate continues to fall, hitting 4.90% for this submarket. Rental rates showed an average of \$10.74 for Q1 2019, a \$0.37 increase compared to Q4 2018.

The price per square foot for sales, however, decreased this quarter, falling from an average of \$304 to \$289 – the first notable decrease for this submarket since Q1 2016. We don’t expect this to become a trend, as over 1,500,000 SF is expected to come to market in 2019, showing that the Surrey, Langley, Abbotsford market is still one of the more active submarkets for new construction in the Greater Vancouver Area.



NOTABLE SALE TRANSACTIONS				
ADDRESS	MUNICIPALITY	PRICE	SIZE (SF)	PURCHASER
18812 96 Avenue	Surrey	\$11,225,000.00	30,000	Westmorland Business Park Ltd.
9452 193A Street	Surrey	\$6,050,000.00	17,169	1196512 B.C. Ltd.
13478 78 Avenue	Surrey	\$4,445,000.00	20,646	Theo Management Inc.



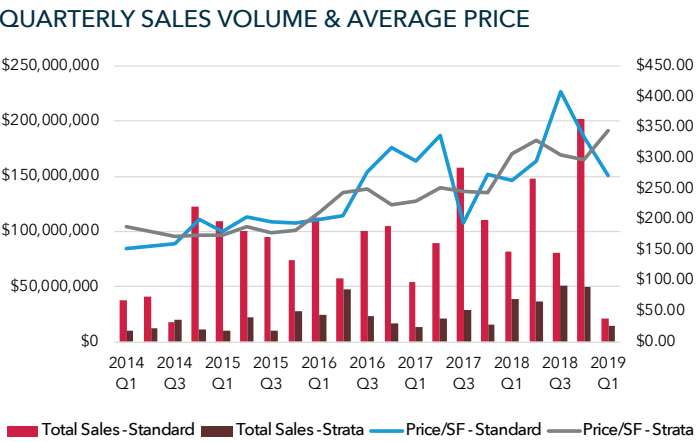
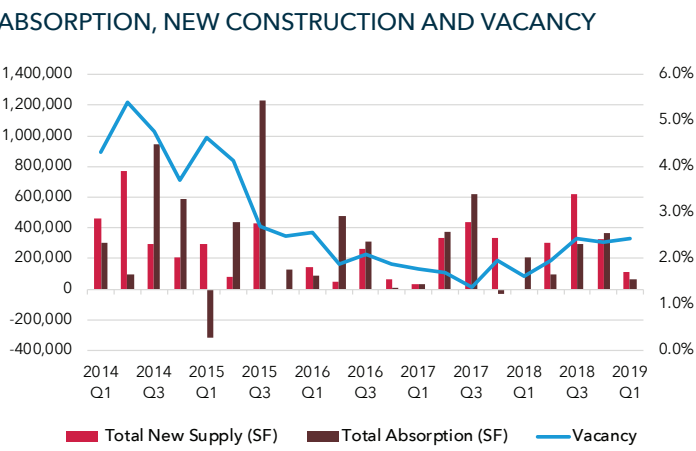
NOTABLE LEASE TRANSACTIONS			
ADDRESS	MUNICIPALITY	SIZE (SF)	TENANT
5690 268 Street	Langley	64,112	FT Synthetics Inc.
19060 33 Avenue	Surrey	52,024	Access Information Management of Canada ULC c/o Devencore
18860 24 Avenue	Surrey	14,899	Trans Global Logistics Inc.

Richmond | Delta

INDICATOR	TREND	Q1 2019	Q4 2018
Vacancy Rate	▲	2.43%	2.36%
Absorption (SF)	▼	65,190	367,263
Average Asking Rent (PSF)	▲	\$11.28	\$10.48
Average Additional Rent (PSF)	▲	\$3.98	\$3.96
Sales Volume	▼	\$36,037,680	\$252,078,841

The Richmond/Delta market has been one of the most active markets in the Greater Vancouver area through both market activity and new construction. Because of the immense amount of projects happening in the area, the vacancy rate has increased from 2.36% in Q4 2018 to 2.43% reported in Q1 2019. Due to the high rate of new supply coming to the market through construction projects, the Richmond/Delta market hasn’t experienced as much of a vacancy rate drop compared to other markets, and with over 1,500,000 SF in new construction expected for 2019, we expect this trend to continue. Richmond/Delta saw the highest increase in rental rates across all submarkets, going from \$10.48 reported in Q4 2018 to \$11.28 in Q1 2019 - an increase of \$0.80.

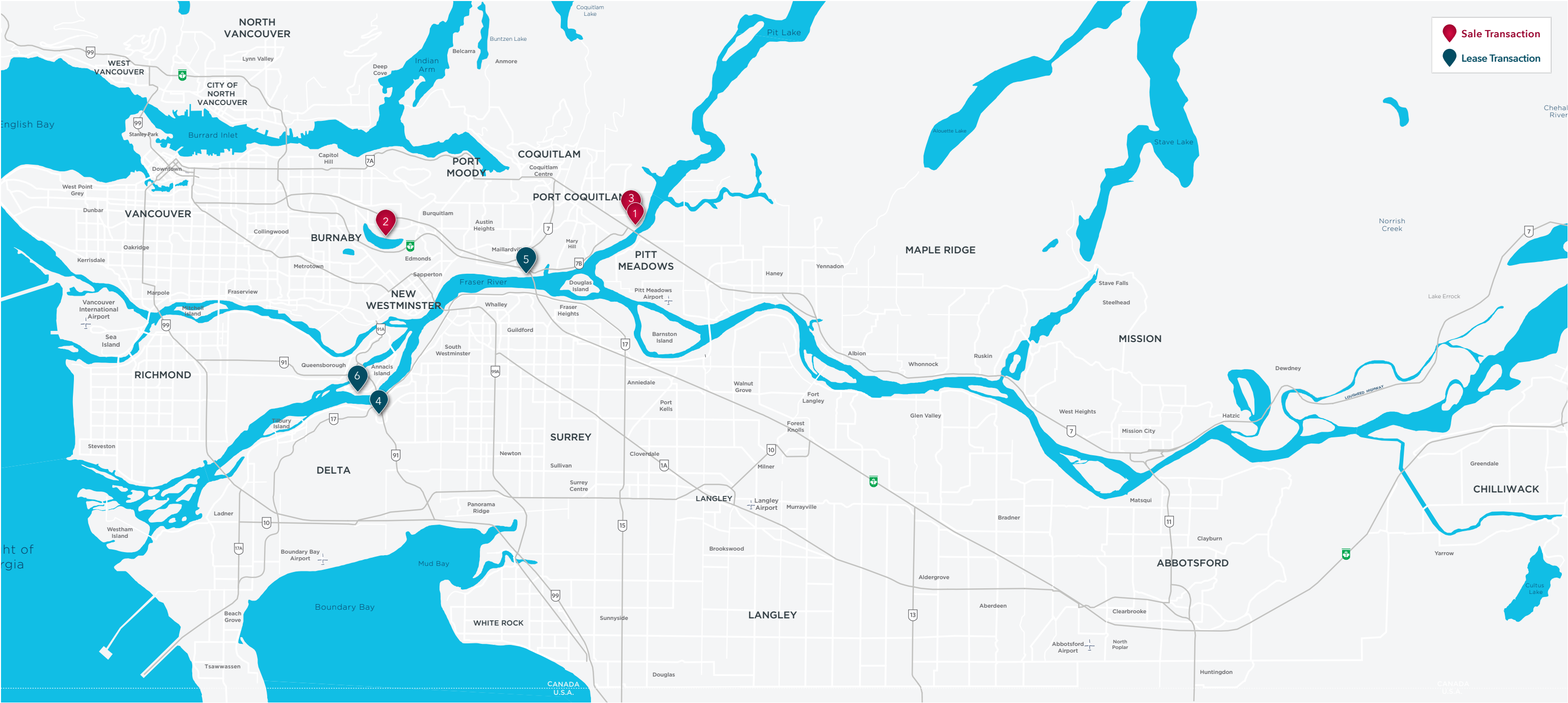
Price per square foot continues to rise after a brief stumble in Q4 2018, hitting an average of \$335 this quarter. With only \$36,000,000 in reported sales, Q1 2019 is on track to be the least active quarter for sales in Richmond Delta’s history over the past three years.



NOTABLE SALE TRANSACTIONS				
ADDRESS	MUNICIPALITY	PRICE	SIZE (SF)	PURCHASER
1477 Derwent Way	Delta	\$14,525,000.00	59,866	Marion Holdings Ltd.
8137 Swenson Way	Delta	\$6,500,000.00	21,840	Vantech Holdings Inc.
6951 72 Street	Delta	\$2,880,000.00	9,446	OSO Design House, Inc.

NOTABLE LEASE TRANSACTIONS			
ADDRESS	MUNICIPALITY	SIZE (SF)	TENANT
7126 Brown Street	Delta	142,528	Mitchell Island Terminals Ltd
7167 Progress Way	Delta	119,583	Seaforth Supply Chain Solutions Inc.
3771-3791 No. 3 Road	Richmond	32,670	Boylin Auction House Ltd.





SALE TRANSACTIONS METRO VANCOUVER 2019						
	ADDRESS	CITY	PRICE	SIZE (SF)	PURCHASER	AGENTS
1	580 Nicola Avenue	Port Coquitlam	\$1,513,525	4,657	Faria Holdings Ltd.	Ryan Barichello
2	4238 Lozells Avenue	Burnaby	\$3,816,500	7,733	Gizeh Temple Building Society	Ryan Saunders*, Chris McIntyre*
3	585 Seaborne Avenue	Port Coquitlam	\$3,900,000	11,826	Tim Wright	Sebastian Espinosa*

LEASE TRANSACTIONS METRO VANCOUVER 2019					
	ADDRESS	CITY	SIZE (SF)	TENANT	AGENTS
4	8187 Swenson Way	Delta	21,509	Verka Food International Ltd.	Tony Capolongo
5	#201 - 11 Burbidge Street	Coquitlam	19,295	Fairview Ltd.	Rand W Thomson*
6	#1 - 1520 Derwent Way	Delta	14,727	Uni-One Food Group Ltd.	Steve Caldwell*

*Personal Real Estate Corporation














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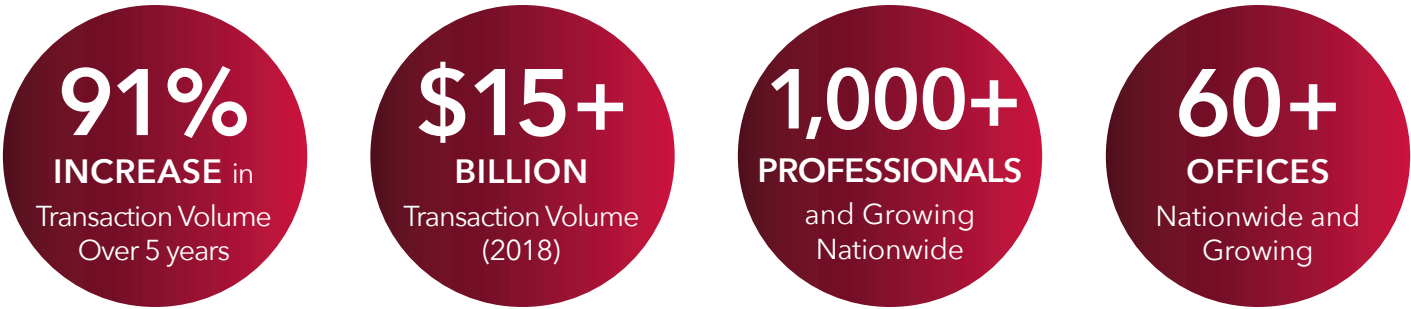


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Vancouver Industrial Team

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The Lee Network



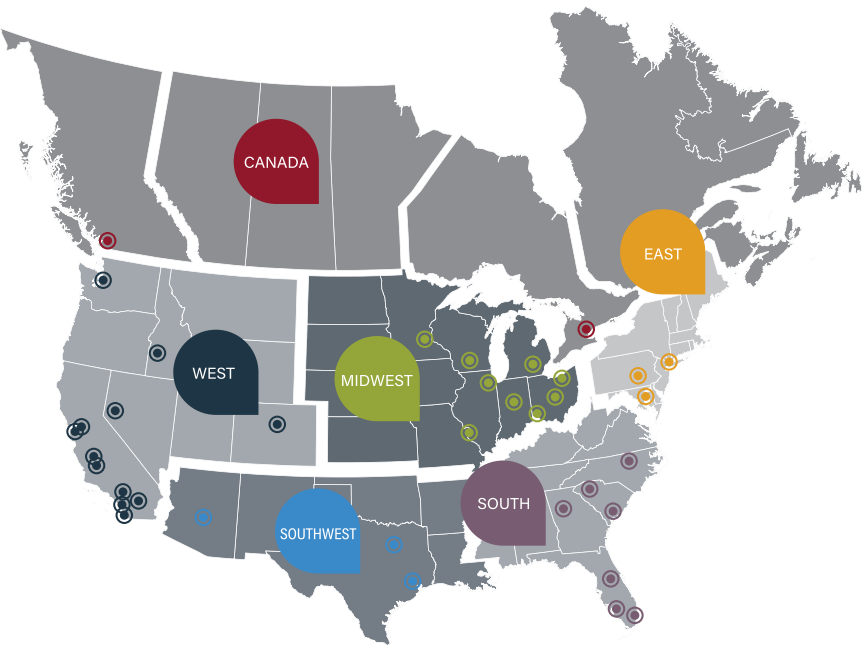
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METRO VANCOUVER MARKET REPORT



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