



Metro Vancouver industrial market report

Q4 2023

**AVISON
YOUNG**

Metro Vancouver industrial market fundamentals

1.9%

total vacancy rate
0.4% sublease vacancy

3.9%

total availability rate
up from 3.3% in Q3 2023

\$21.87

average asking net rent per square foot (psf)
**excludes \$5.27 psf average
additional rent**

4.3M

square feet (sf) vacant, including
840,299 sf of sublease space

2.1M

square feet absorption
Q4 2023

7.0M

square feet under construction
44 projects

Source: Avison Young Market Intelligence

Metro Vancouver industrial market trends

01

Tight competition remains despite increase in vacancy

The Metro Vancouver industrial market vacancy rate rose for the sixth consecutive quarter to 1.9% at the end of 2023, a 30-basis point (bps) increase from Q3 2023.

Our take on this trend...

Despite the rising vacancy, Metro Vancouver retains its title as one of the tightest industrial markets in Canada and the U.S.

There are only a handful of options available for larger requirements over 150,000 sf, as functional space remains in high demand.

02

Rental rates remained steady after recurring increases

Average asking net rental rates levelled off to \$21.87 in Q4, a negligible 0.5% decrease quarter-over-quarter, but a slight increase of 1.2% year-over-year.

Our take on this trend...

There is renewed optimism as many forecast that the economy will have a soft landing avoiding a deep economic recession.

Tighter lending markets will decrease the number of development projects that move forward on a speculative basis, further constraining supply in a low vacancy market. These factors will place upward pressure on lease rates in 2024 for new product.

03

2023 saw a record amount of new supply

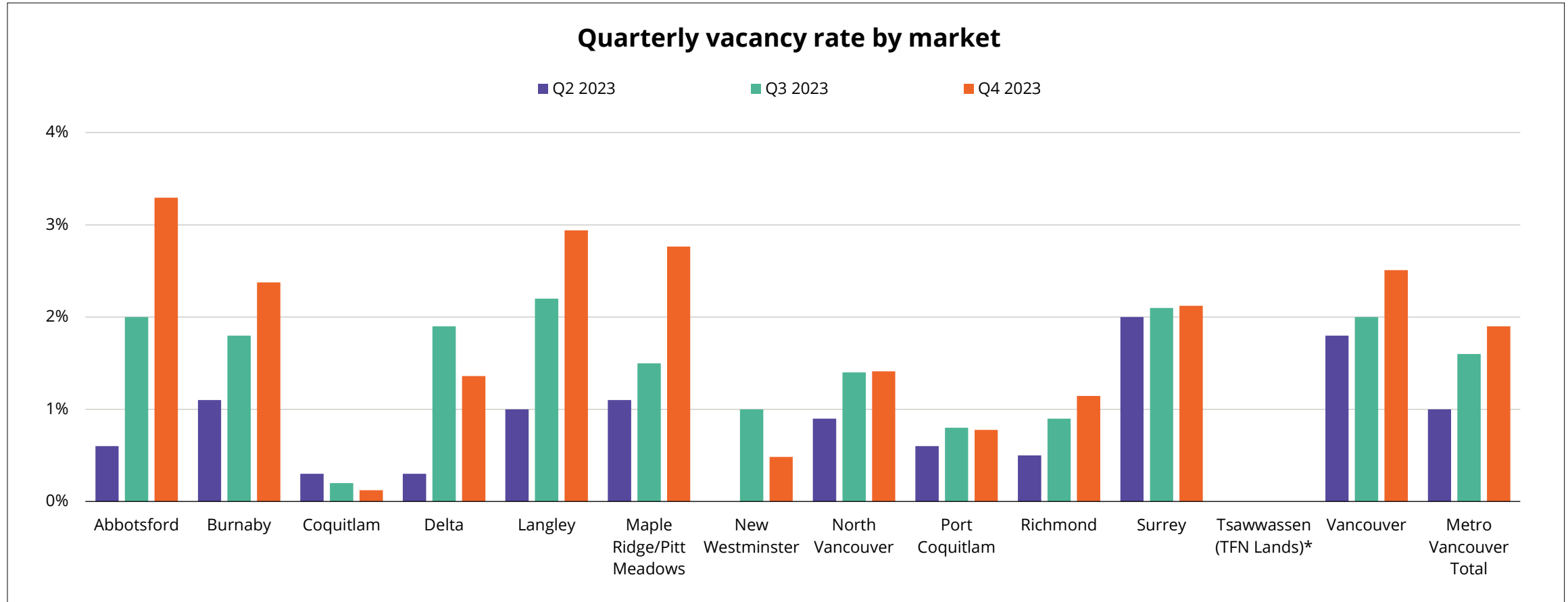
Approximately 6 million square feet (msf) of new supply was delivered in 2023, an amount substantially higher than the 5-year annual average of 4.7 msf.

Our take on this trend...

With nearly 12 msf of new supply delivered to the market in 2022-2023, the need for quality space is evident. In Q4 2023, 92% of the 2.8 msf of new supply was pre-leased/pre-sold prior to completion.

With the extreme land constraints of the Metro Vancouver market, demolition and retrofits of obsolete industrial space may become more prevalent to make way for higher quality new supply.

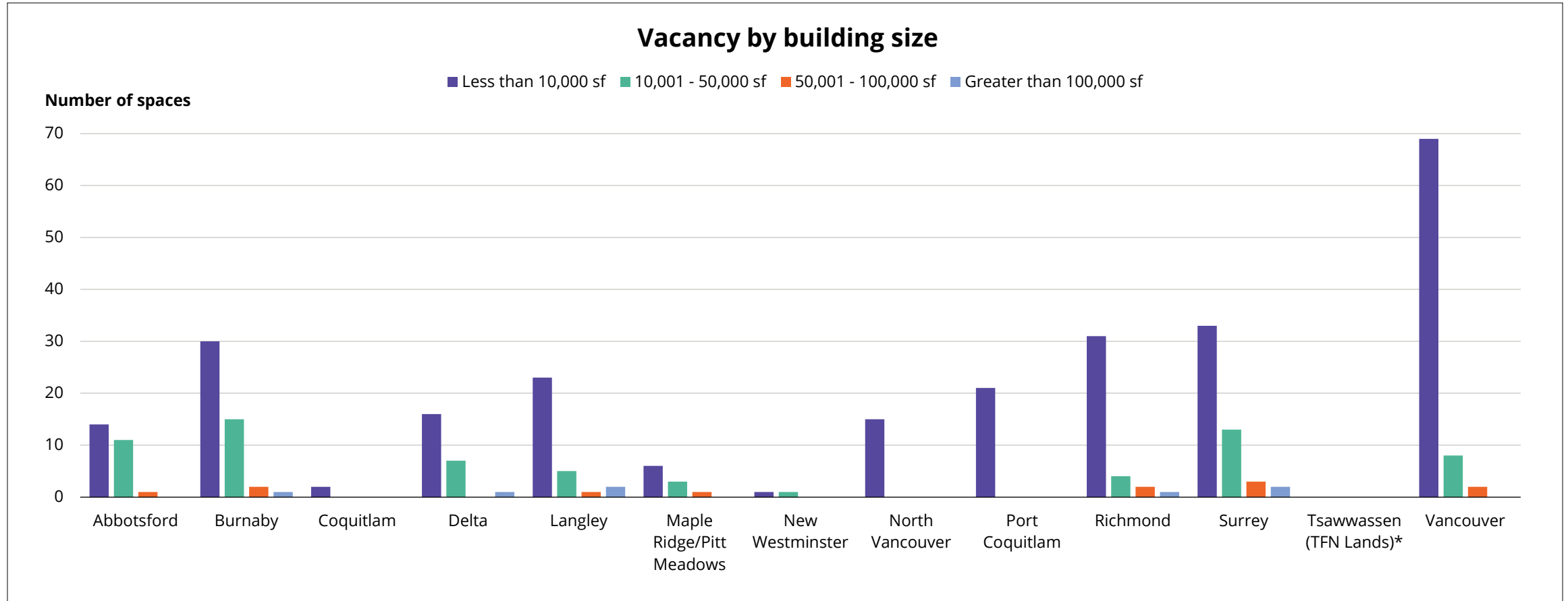
Metro Vancouver industrial vacancy



Source: Avison Young Market Intelligence

*There was no vacancy in this market

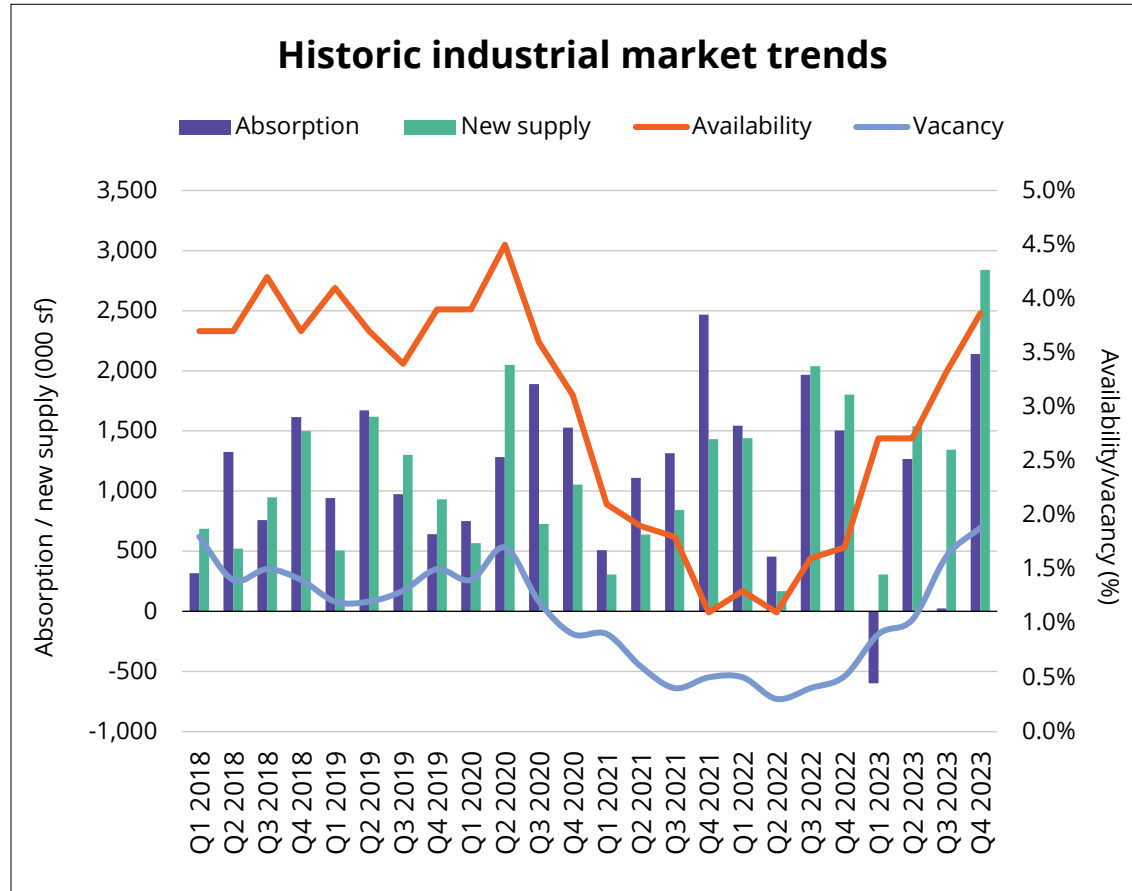
Metro Vancouver industrial vacancy



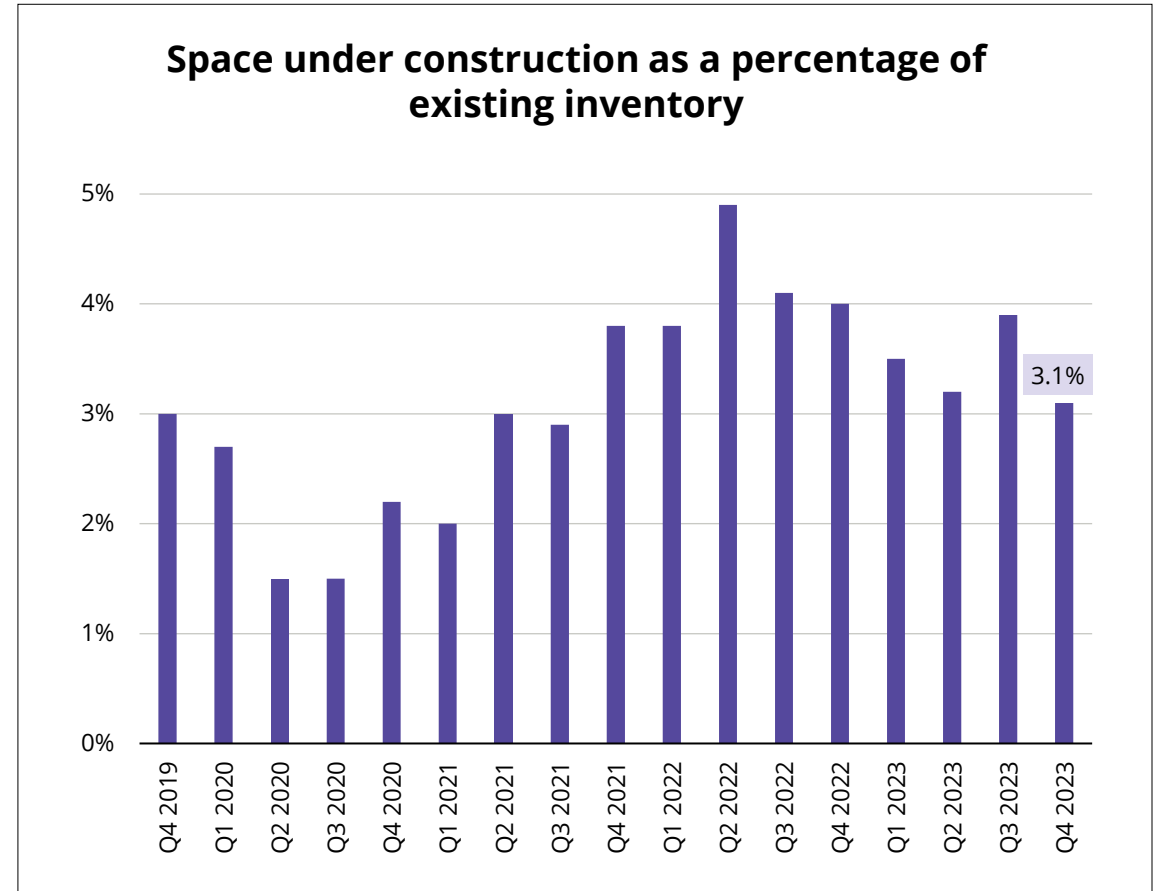
Source: Avison Young Market Intelligence

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Metro Vancouver industrial market indicators

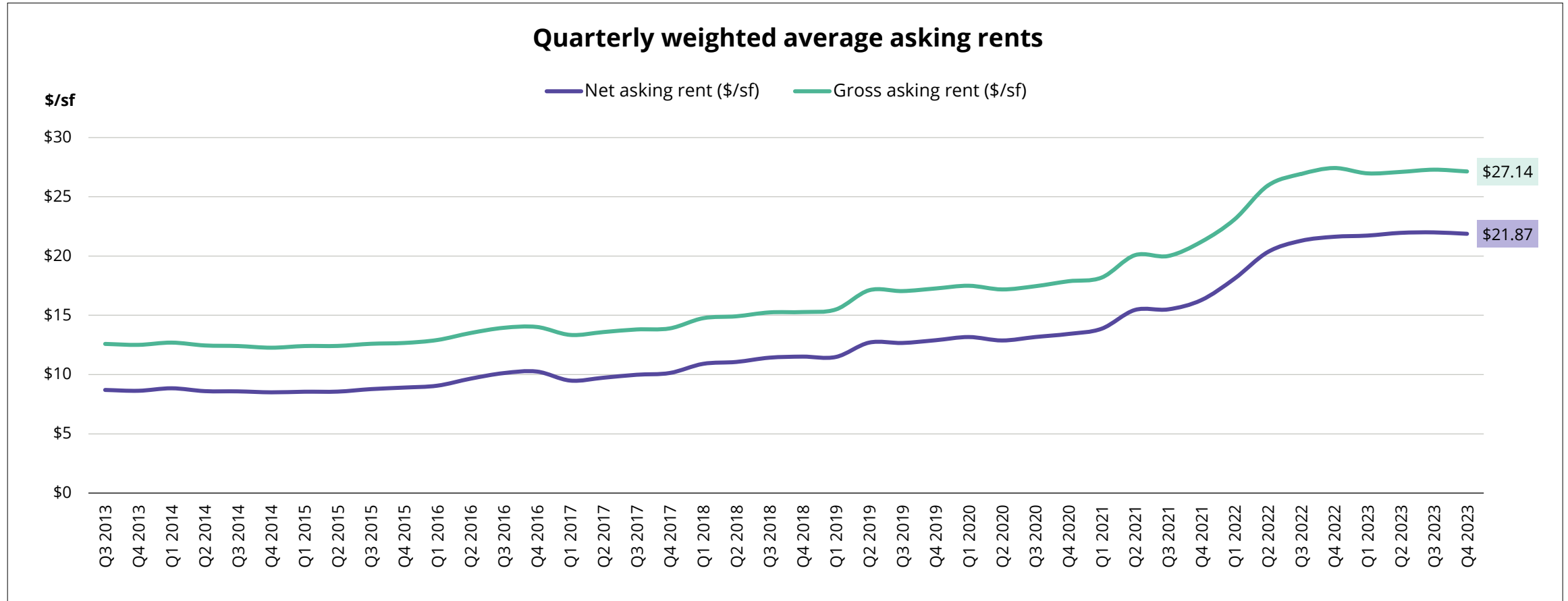


Source: Avison Young Market Intelligence



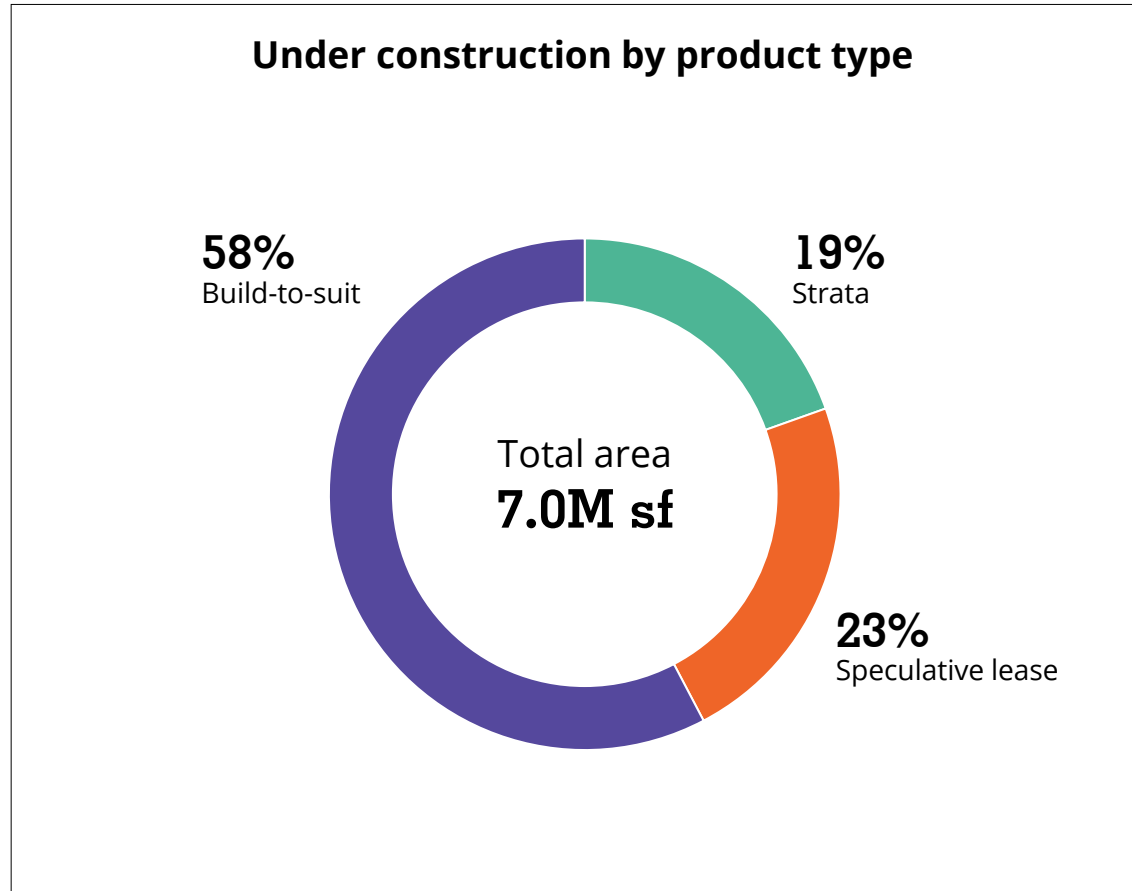
Source: Avison Young Market Intelligence

Metro Vancouver industrial market average asking rent

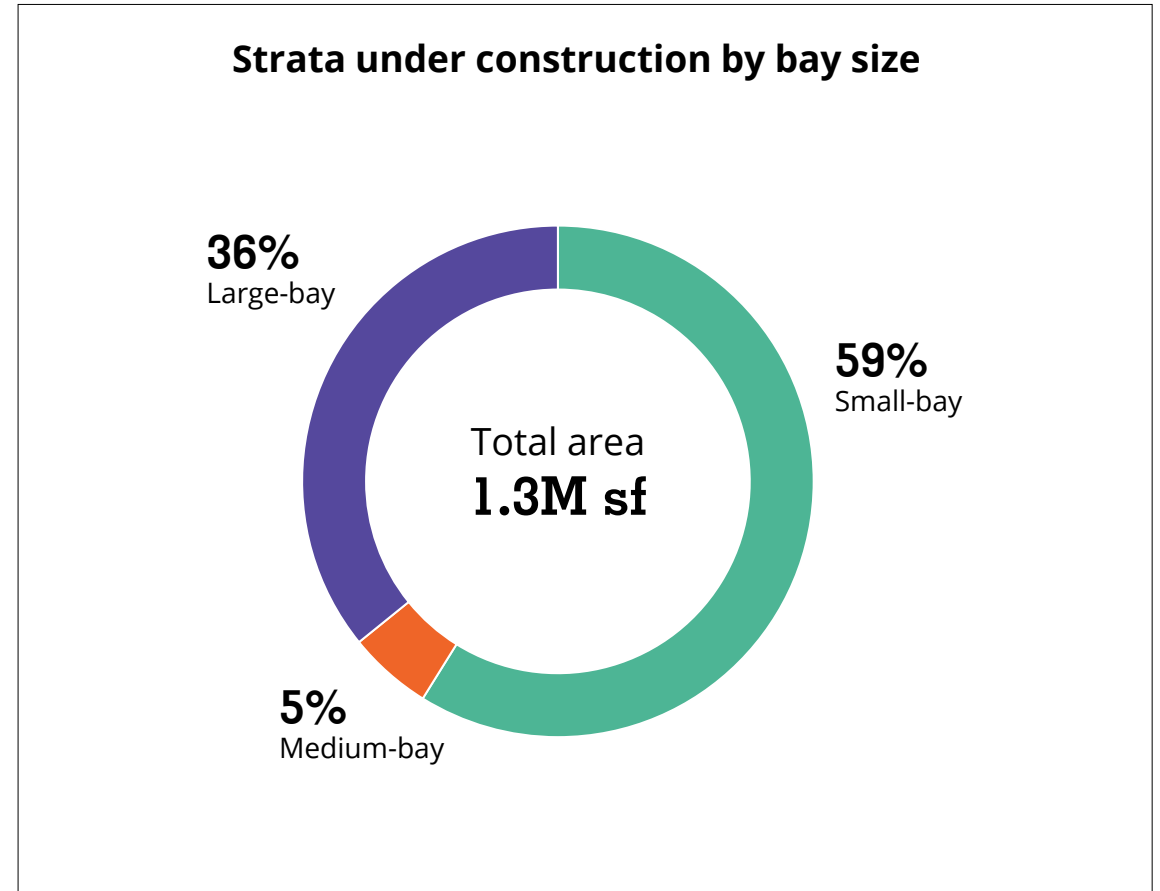


Source: Avison Young Market Intelligence

Metro Vancouver industrial market upcoming supply



Source: Avison Young Market Intelligence



Source: Avison Young Market Intelligence
Small-bay <8,000 sf
Medium-bay 8,001 sf – 12,000 sf
Large-bay >12,000 sf

Metro Vancouver industrial development pipeline

Lease projects 150,000+ sf



	Richmond Industrial Centre 8040 Zylmans Way	Sunmark Business Centre, Building C 2727 188 th Street	7233 Progress Way	Richmond Industrial Centre 8031 Zylmans Way	2200 Iron Mills Court	Elevate 11 King Edward Street	Delco Industrial Lands 7590 - 7688 80 th Street
Market	Richmond	Surrey	Delta	Richmond	Abbotsford	Coquitlam	Delta
Developer	Montrose/Omicron	Beedie	Beedie	Montrose/Omicron	Armaan Productions	Wesgroup	Beedie
Building size (sf)	275,000	185,757	380,578	385,000	146,700	196,993	254,028
Status	Under construction	Under construction	Under construction	Under construction	Proposed	Under construction	Under construction
% Pre-leased	100%	0%	100%	100%	0%	61%	100%



	Eagle Meadows Business Park, Building 1 19755 Wharf Street	Eagle Meadows Business Park, Building 2 19757 Wharf Street	4419 Salish Sea Way	Latimer Lake Logistics Park, Building 1 28 th Avenue & 192 nd Street	Latimer Lake Logistics Park, Building 2 28 th Avenue & 192 nd Street	Nordel Point 10064 River Road	Richmond Industrial Centre 8080 Zylmans Way
Market	Pitt Meadows	Pitt Meadows	Delta (TFN Lands)	Surrey	Surrey	Delta	Richmond
Developer	Epta Development Corporation (EDC)	Epta Development Corporation (EDC)	Beedie	Heppell	Heppell	Conwest	Montrose/Omicron
Building size (sf)	172,092	194,760	485,675	235,000	465,000	202,646	187,020
Status	Under construction	Under construction	Proposed	Proposed	Proposed	Proposed	Proposed
% Pre-leased	0%	0%	0%	0%	0%	0%	0%

Source: Avison Young Market Intelligence

Metro Vancouver industrial market activity

Notable leasing transactions Q4 2023

Address	Market	Tenant	Size (sf)	Transaction type
19543 34A Avenue (Pacific Corporate Centre - Building B)	Surrey	Industrial Electric Manufacturing	230,335	New headlease
18111 Blundell Road	Richmond	Rosenau Transport	94,900	Sublease
13471 Vulcan Way	Richmond	Wexxar Packaging	91,023	Renewal
9087A 198th Street	Langley	AWC Process Solutions	59,333	Renewal
19550 36th Avenue (Pacific Corporate Centre - Building A)	Surrey	Industrial Electric Manufacturing	58,312	Sublease

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Major industrial buildings transactions Q4 2023

Address	Sale price	Building sf / site acres	Price psf	Purchaser	Vendor
8355 Riverbend Court, Burnaby	\$48,900,000	82,110 / 4.84	\$596	Sunco Foods Inc.	Sevenhill Ventures Inc.
3475 194 th Street, Surrey	\$45,700,000	89,298 / strata	\$512	Unite Capital Partners	Cedar Coast
2625 & 2645 Skeena Street, Vancouver	\$44,544,000	36,750 / 1.73	\$1,212	Translink	Edgar Development Corp.
44109 & 44137 Progress Way, Chilliwack	\$32,000,000	19,651 / 6.69	\$1,628	British Columbia Transit	RMTI Land Corp.
1467 Mustang Place, Port Coquitlam	\$21,050,000	22,000 / 3.92	\$957	Inland Industries Ltd.	Milan Holdings Inc.
7481 North Fraser Way, Burnaby	\$20,765,000	23,480 / 2.40	\$884	Refrigerative Supply	Manatee Investments Ltd.

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Major industrial land transactions Q4 2023

Address	Sale price	Site acres	Price per acre	Purchaser	Vendor
19723 88 Avenue, Langley	\$15,000,000	5.77	\$2,599,653	Astria Properties	Private Individual
19547 32 nd Avenue, Surrey	\$12,850,000	2.99	\$4,297,659	1438934 B.C. Ltd.	Private Individual
12955 261A Street, Maple Ridge	\$10,527,000	3.63	\$2,900,000	Jewel Welding Fabrication and Coatings Ltd.	Ardex Canada Inc.

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Source: Avison Young Market Intelligence, Altus

Metro Vancouver industrial market stats

Market	Total inventory (sf)	Direct vacancy (sf)	Sublease vacancy (sf)	Total vacant space (sf)	Vacancy rate	Total available space (sf)	Availability Rate	Net absorption (sf)	New supply (sf)	Under construction (sf)	Avg asking net rent (psf)	Avg additional rent (psf)
Surrey	40,915,431	771,910	96,739	868,649	2.1%	1,802,101	4.4%	975,619	1,018,078	1,229,974	\$21.19	\$4.74
Richmond	39,805,388	377,862	78,270	456,132	1.1%	1,057,142	2.6%	120,143	275,847	995,849	\$21.92	\$4.82
Burnaby	31,526,996	532,189	216,882	749,071	2.4%	1,398,541	4.4%	774,673	980,000	1,520,863	\$22.04	\$5.87
Delta	26,776,790	190,780	173,810	364,590	1.4%	1,044,721	3.9%	141,163	-	782,207	\$21.90	\$4.84
Vancouver	24,677,867	538,617	80,972	619,589	2.5%	1,067,313	4.3%	108,417	226,816	862,605	\$23.68	\$8.44
Langley	18,541,618	373,339	171,860	545,199	2.9%	820,864	4.4%	-90,542	54,302	62,721	\$19.35	\$4.49
Abbotsford	9,846,321	324,404	-	324,404	3.3%	692,509	6.9%	142,443	272,858	555,687	\$19.48	\$4.15
Port Coquitlam	9,469,446	73,671	-	73,671	0.8%	189,621	2.0%	2,417	-	60,088	\$21.61	\$6.18
Coquitlam	8,210,738	10,041	-	10,041	0.1%	223,757	2.7%	9,455	-	475,523	\$24.22	\$5.28
Maple Ridge / Pitt Meadows	5,920,840	142,008	21,766	163,774	2.8%	379,285	6.3%	-65,000	11,646	477,947	\$22.90	\$3.66
North Vancouver	5,385,305	76,120	-	76,120	1.4%	132,682	2.5%	-2,173	-	-	\$22.73	\$9.53
New Westminister	4,405,187	21,305	-	21,305	0.5%	21,305	0.5%	22,130	-	-	\$20.04	\$6.68
Tsawwassen (TFN Lands)	1,348,540	-	-	-	0.0%	-	0.0%	-	-	-	\$23.00	\$4.52
Metro Vancouver	226,830,467	3,432,246	840,299	4,272,545	1.9%	8,829,841	3.9%	2,138,745	2,839,547	7,023,464	\$21.87	\$5.27

Source: Avison Young Market Intelligence

For more market insights
and information visit
avisonyoung.com

Jessica Toppazzini

Principal, Managing Director

604 647 5081

jessica.toppazzini@avisonyoung.com

Shawna Rogowski

Senior Manager, Market Intelligence

604 243 9586

shawna.rogowski@avisonyoung.com

Githa Selamet

Market Intelligence Manager, Industrial

604 647 1345

githa.selamet@avisonyoung.com

Samantha Gazley

Market Intelligence Analyst, Industrial

604 647 1356

samantha.gazley@avisonyoung.com