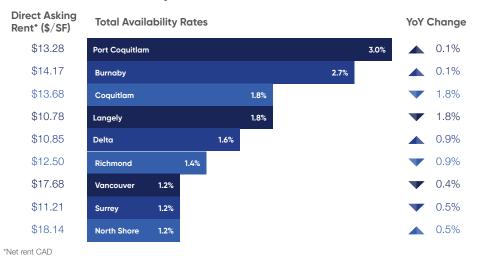
Market Report



Overview – Another quarter, another record low for Metro Vancouver's industrial availability rate. At 1.7%, very few options exist for users looking to expand, relocate, open an additional location, or consolidate. While 4.1 million square feet was under construction at quarter-end, more than two-thirds [69%] had already been leased, with the balance almost certain to be accounted for upon completion. Near stratospheric rents [in some submarkets] are quickly approaching suburban office rents, something that was considered all but impossible, or at least highly improbable. The trend towards businesses owning their premises via the strata market shows no sign of slowing, and indeed, is accelerating. Industrial occupiers are being forced to be flexible in their choice of premises, which most are doing, with the alternative to wait on the sidelines for a pullback-which doesn't seem in the cards, anytime soon.



Rental and Availability Rates



Recent Transactions

Occupier		Size	Submarket	Туре	Address
1	Veritiv Operating Company	282,500 SF	Delta	New	1425 Derwent Way
2	Polytubes LP	174,600 SF	Abbotsford	New	37117 North Parallel Road
3	Metrie Canada Inc.	98,300 SF	Surrey	Renewal	9255 194th Street
4	Carrier Enterprise Canada	38,400 SF	Langley	New	26868 56 Avenue
5	Stage 49 Ltd	28,500 SF	Burnaby	New	3750 North Fraser Way

Occupier's Perspective



The competition for space showed no sign of letting up in the second quarter, with industrial and warehouse users combined consuming another 1.0+ million square



All major submarkets remain in high demand with notable gains in occupancy with the exception of Richmond. The City of Vancouver led the way, followed by Delta and Langley.



Metro Vancouver businesses are having to absorb near double-digit increases in industrial rents rising 8.7% in the last year, and 55.5% in the past five years.

Market Trends



Developers are responding to the current dearth of available space with 4.1 million square feet underway, which assuming is completed in the next 12 months, will still not keep up with demand at ~5.0 million square feet per annum.

Port related cargo volumes [imports/TEU's] are showing signs of moderating after multiyear recordbreaking activity [up just 1.2% YTD June], providing a much-needed breather after an extended period of "hyper" demand for warehousing and distribution space.

After a mild slowdown in the industrial condo/strata market, the recent drop in interest/mortgage rates (50 bps) in the first six months of 2019) has once again set the ownership market on fire. Record prices are being recorded across the region.