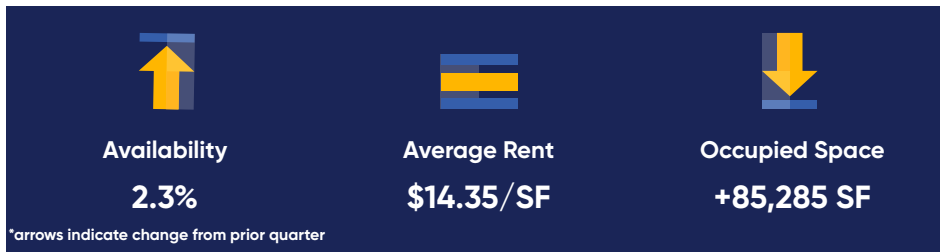


Market Report

Overview – Vancouver’s industrial market, like every other warehouse market in the world, was blindsided by COVID-19, a true black swan event. With global trade severely impacted, and many businesses forced to shutter (albeit temporarily), leasing dynamics have changed substantially. Note: available industrial statistics do not accurately reflect these new leasing conditions. With all but a few industry groups impacted, the immediate future of the Vancouver industrial market has now been called into question, but not dissimilar to most other warehouse markets. With so many unknowns, any projection would barely be worth stating, but what is undeniable is many of the assumptions underlying Vancouver’s warehouse market will now need to be questioned. Global trade patterns, supply chain management, just-in-time inventory levels and turmoil in the retail sector all look set to meaningfully impact warehouse markets - including Vancouver’s.



Rental and Availability Rates

Direct Asking Rent* (\$/SF)	Total Availability Rate (03/31/2020)	QoQ Change
\$13.28	Richmond 3.8%	▲ 1.2%
\$14.17	Coquitlam 2.9%	▲ 1.3%
\$13.68	Vancouver 2.9%	▼ 0.2%
\$10.78	Burnaby 2.6%	▲ 0.2%
\$10.85	Port Coquitlam 2.6%	▲ 1.1%
\$12.50	Langley (Township) 2.5%	▲ 1.3%
\$17.68	Delta 1.5%	▲ 0.3%
\$11.21	North Shore 1.1%	▲ 0.5%
\$18.14	Surrey 1.0%	▼ 0.8%

*Net rent CAD

Recent Transactions

Occupier	Size	Submarket	Industry	Address
1 Amazon*	198,000 SF	Surrey	Retailer	18880 30th Ave
2 Wismettac Asian Foods	97,000 SF	Burnaby	Food	8211 Fraser Reach Ct.
3 18 Wheels	60,450 SF	Delta	Logistics	780 Derwent Way
4 Winners Only	41,000 SF	Delta	Retailer	1645 Cliveden Avenue
5 Canadian Tire	38,000 SF	Pitt Meadows	Retailer	19055 Airport Way

* Sublease

Think beyond space

Occupier's Perspective



Like office and retail tenants, most industrial users have been greatly impacted by COVID-19, with many seeing business revenues down sharply.



Serviced based companies and those handling durable goods appear to be the most impacted, while businesses who are more oriented to non-durables (food) are fairing considerably better.



In the immediate term, industrial users are unlikely to see much relief in the way of lower rents, however, early signs suggest more concessions may now be on offer.

Market Trends



Despite renewed vigor by e-commerce companies, overall recessionary conditions are expected to start negatively effecting leasing activity, particularly in the small bay segment.

COVID-19 is already impacting port related cargo volumes with year-to-date March container traffic [laden imports/TEU's] down 14.3% after falling 2.0% in 2019.

The industrial market is expected to be the most resilient real estate segment [relative to office & retail], but based on past downturns no sector will be immune and warehouse users can expect a slight softening in leasing conditions.