

Market Report

The distress for warehouse users continued in the first quarter with region-wide vacancy falling to a crippling 0.57%, down from 0.62% in the fourth quarter, and 2.14% a year ago. Warehouse rents jumped by \$0.63 per square foot (psf) during the quarter to register \$16.78 psf, and up \$2.09 psf from year-ago levels. Higher rates are hardly news, as warehouse rents across North America continue to skyrocket. In a somewhat novel twist industrial rents are increasingly in excess of suburban office rents. Far from the natural order of things. With the sticker shock that comes from an impending lease renewal, increasing numbers of warehouse users are now giving the strata (ownership) market serious consideration. Rising interest rates, however, may put a damper on ownership, but to date, this has not been the case. New supply registered a very substantial 1.3 million square feet during the quarter, but most was leased/sold at completion.



Rental and Availability Rates

| Direct Asking Rent* (\$/SF) | Total Availability Rate (03/31/2022) | QoQ Change/Availability |
|-----------------------------|--------------------------------------|-------------------------|
| \$19.46 | Vancouver 2.0% | ▼ 0.0% |
| \$15.56 | Richmond 1.6% | ▼ 0.0% |
| \$16.20 | Burnaby 0.7% | ▼ 0.3% |
| \$19.80 | North Vancouver 0.4% | ▼ 0.4% |
| \$16.57 | Coquitlam 3.4% | ▲ 1.6% |
| \$14.80 | Port Coquitlam 0.9% | ▼ 0.3% |
| \$15.37 | Delta 0.6% | ▼ 0.6% |
| \$15.26 | Surrey 3.0% | ▼ 0.2% |
| \$14.36 | Langley 0.7% | ▼ 0.7% |

*Net rent CAD

Recent Transactions (Lease)

| Occupier | Size | Submarket | Industry | Address |
|--------------------|------------|-----------|-----------|-------------------------|
| 1 Amazon | 707,000 SF | Burnaby | eCommerce | 8351 Fraser Reach Court |
| 2 Sketchers | 427,000 SF | Surrey | Retailer | 2325 190th Street |
| 3 Coca Cola Canada | 209,000 SF | Richmond | Beverage | 8040 Zylmans Way |
| 4 Amazon | 120,000 SF | Burnaby | eCommerce | 9788 Glenlyon Parkway |
| 5 Eecol Electric* | 90,577 SF | Langley | Wholesale | 19645 92A Avenue |

* Renewal

Occupier's Perspective



Regionwide, leasing conditions have never been more challenging for those looking for space.



Off market deals are increasingly the only way to secure space, with users having to act quickly - and decisively.



Pre-lease (or pre-sales) increase the odds of securing space, but occupancy can be 18 to 24 months out.

Market Trends



While not statistically zero, Metro Vancouver's industrial vacancy rate at 0.7% certainly feels like zero - a very unhealthy dynamic for the BC economy.

Despite construction at near record levels, most developments are preleased or presold upon completion, and so provide little relief at completion.

Rents continue to go higher, breaching the \$20.00 per square foot mark in some cases, and speculation \$25.00 per square foot might even be a reality before long.