

Market Report

The scarcity of warehouse space available to lease continued into the first quarter with region-wide vacancy staying exceptionally low, registering just 1.0%. The absence of supply could be seen across the Region, leaving warehouse users few options as they attempted to find more affordable space. Availability rates ranged from a low of 0.5% in Langley, to a high of 4.0% in the City of Vancouver, with the average for the metro area, up slightly to 2.3%. At quarter-end, 8.0 million square feet (msf) was under construction, with Surrey leading the way at 2.4 msf, followed by Richmond at 1.6 msf, and Burnaby in third position with 1.2 msf underway. While many warehouse users appear to need additional space for growth and expansion, at the margin early signs suggest demand has begun to be more measured. As a result, lease rates are expected to moderate.



Rental and Availability Rates

Direct Asking Rent* (\$/SF)	Total Availability Rate (03/31/2023)	QoQ Change/Availability
\$22.58	Vancouver 4.0%	▼ 0.6%
\$21.30	Richmond 1.3%	► 0.0%
\$19.28	Burnaby 1.8%	▲ 0.5%
\$20.43	North Vancouver 1.1%	▲ 0.4%
\$19.02	Coquitlam 3.6%	▲ 0.4%
\$18.81	Port Coquitlam 1.2%	▼ 0.4%
\$21.64	Delta 1.5%	▼ .04%
\$19.73	Surrey 3.8%	▼ 0.4%
\$20.55	Langley 0.5%	▼ 0.8%

*Net rent CAD

Recent Transactions (Lease)

Occupier	Size	Submarket	Industry	Address
1 Mountain Equipment	212,351 SF	Surrey	Retailer	19582 36th Avenue
2 Rolls Right Trucking	155,000 SF	Vancouver	Haulage	3200 East Broadway
3 Radiant Global Logistics	116,186 SF	Surrey	Logistics	2874 194th Street
4 New Air Refrigeration	67,543 SF	Langley	Wholesaler	19676 Telegraph Trail
5 Anixter Canada*	53,372 SF	Richmond	Electrical Wholesaler	18233 Blundell Road

* Renewal

Occupier's Perspective



With the availability rate still at near record lows, any new space listed for lease quickly attracts multiple offers.



Possibly indicating a modest drop off in demand, sublease space continues to increase, more than tripling in the past year, but at 733,000 square feet is still below the 5-year average.



Warehouse users continue to take a closer look at optimizing their existing footprint as lease rates climb and inflation worries remain.

Market Trends



Highlighting how challenging the market is (and has been), Metro Vancouver recorded its 6th consecutive quarter of vacancy at or below 1.0%.

After a modest dip in construction, warehouse development activity once again turned up to just over 8.0 million square feet, 27% above the 5-year average.

While warehouse rents only increased slightly, at quarter-end, the regionwide average breached the \$21.00 level, registering \$21.05 per square foot.