

Market Report

The general slowdown in the Vancouver industrial real estate market persisted into the first quarter highlighted by low leasing volumes and absorption just half usual levels. While vacancy only increased marginally, the availability rate rose a further 20 basis points to register 3.8%, an eight-year high. Aided by still strong population growth, underlying demand remained relatively stable, however weakness in a range of industries continued to put a damper on incremental demand. Of note, port activity fell for most of 2023, with little signs of an uptick in 2024. Less trade could be a key feature going forward. Sublease space fell slightly in the quarter, but the trend remains mostly upward. Asking lease rates were little changed, dropping just \$0.07 per square foot (psf) during the quarter to average \$20.83 psf. Landlords, however, were considerably more receptive to tenant inducements, including rent free – something not seen for some time.



Rental and Availability Rates

Direct Asking Rent* (\$/SF)	Total Availability Rate (03/31/2024)	QoQ Change/Availability
\$23.57	Vancouver 4.6%	▲ 0.1%
\$22.20	Richmond 2.6%	▲ 0.5%
\$21.66	Burnaby 5.0%	▲ 1.3%
\$21.46	North Vancouver 1.3%	▼ 0.2%
\$20.02	Coquitlam 4.3%	▼ 0.9%
\$22.25	Port Coquitlam 2.8%	▲ 0.3%
\$19.89	Delta 4.1%	▲ 1.2%
\$18.38	Surrey 3.7%	▲ 1.1%
\$20.41	Langley 2.9%	▼ 0.5%

*Net (basic) rent CAD

Recent Transactions (Lease)

Occupier	Size	Submarket	Industry	Address
1 Eco-Packaging	113,517 SF	Surrey	Manufacturer	15030 54A Avenue
2 Evonic Industries	109,820 SF	Surrey	XXX	12850 112B Avenue
3 Viacore Solutions	95,894 SF	Langley	Industrial Supplies	9790 198B Street
4 Onus Global	94,425 SF	Richmond	XXX	7419 Nelson Road
5 Olympia Transportation*	79,436 SF	Burnaby	Transportation	8261 Fraser Reach Court

Think beyond space

* Sublease

Occupier's Perspective



After a prolonged period when warehouse users were forced to act quickly, more tepid conditions mean more time for tenants to properly evaluate options.



Although the market has seen a general increase in available space, certain size segments remain highly challenging.



Despite a decidedly more sluggish leasing market, many landlords remain persistently bullish, making some lease negotiations highly difficult.

Market Trends



Continuing a trend seen through the past two years, Q1 vacancy again increased slightly to register 1.8%.

Construction activity continued to trend lower, although Surrey remained the region's powerhouse in terms of warehouse development with 1.9 million square feet underway.

Warehouse rents dipped again, finishing the quarter at \$20.83 per square foot, with annual escalations retreating to at/near 3.0% per annum.