

Market Report

For warehouse users, the second quarter offered a glimmer of hope. After a prolonged period of rapidly rising rents, asking lease rates for the second quarter were little changed, marking the second three-month period of price-stability. While falling rates, are highly unlikely, a combination of marginally more supply, and a modest reduction in demand, has put the once-hot Vancouver warehouse leasing market onto a more even keel. The region-wide availability rate increased 30 basis points (bps) to finish the quarter at 2.5%, and absorption (increase in occupied space) was a modest 642,000 square feet, bringing year-to-date absorption to just over one million square feet. By comparison, first half 2022 absorption was 1.45 million square feet. The balance of 2023, and into 2024, warehouse users should expect a further increase in space available to lease (or purchase), but not sufficient to alter the market in any significant way.



Rental and Availability Rates

Direct Asking Rent* (\$/SF)	Total Availability Rate (06/30/2023)	QoQ Change/Availability
\$22.58	Vancouver 3.2%	▼ 0.4%
\$23.41	Richmond 1.4%	▲ 0.3%
\$20.30	Burnaby 1.8%	▲ 0.3%
\$22.40	North Vancouver 1.4%	▲ 0.2%
\$20.02	Coquitlam 3.6%	▼ 0.1%
\$21.20	Port Coquitlam 1.1%	▼ 0.2%
\$21.67	Delta 1.7%	▲ 0.2%
\$20.46	Surrey 4.2%	▲ 0.4%
\$21.74	Langley 2.4%	▲ 0.7%

*Net (basic) rent CAD

Recent Transactions (Lease)

Occupier	Size	Submarket	Industry	Address
1 Teck Resources	115,586 SF	Coquitlam	Natural Resources	69-71 Glacier Street
2 Getpaq**	111,815 SF	Surrey	Logistics	19225 32nd Avenue
3 Rokstad Power*	62,000 SF	Coquitlam	Construction	80 Golden Drive
4 Precision Pulley & Idler*	58,030 SF	Surrey	Industrial Parts	3388 190th Street
5 ARCA	20,995 SF	Vancouver	CleanTech	33 W. 8th Avenue

Thinking beyond space

* Renewal **Sublease

Occupier's Perspective



With signs of a moderating economy, occupiers appear to be taking a more cautious approach to future growth.



While real estate costs will always be a distant second to payroll costs, businesses are taking a closer look at optimizing their existing footprint.



The large amount of space under construction will test the lease rate gains of the past three years, as occupiers watch to see if rates will be sustained.

Market Trends



Highlighting how challenging the market is (and has been), Metro Vancouver recorded its 7th consecutive quarter of vacancy at or below 1.0% [0.9%].

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

Metro Vancouver warehouse rents again all but held steady, finishing the quarter at \$21.52 per square foot signalling the possible end to an extended period of rate increases.