

Market Report

The frustration for warehouse users continued into the second quarter with region-wide vacancy staying at record levels, registering 0.7% - just half the national average (1.4%). Warehouse rents jumped by \$1.00 per square foot (psf) during the quarter to average \$17.78 psf, and up \$2.62 psf from year-ago levels. Newer space, however, is now seeing rents at/near \$25.00 psf. Combined with average operating costs of \$5.05 psf, gross rents are now \$30.00+ psf, putting considerable strain on many occupiers who are already having to cope with rising costs, and a challenging supply chain. Somewhat surprising, the price differential that used to exist between “closer-in” markets, and those further up the valley have now all but disappeared. As anticipated, with higher interest rates, the strata (ownership) market has seen a noticeable downturn. Equally noteworthy is the increase in construction, surging to 9.9 million square feet.

Occupier's Perspective



Warehouse rents continue to march higher, increasing by 5.7% during the quarter.



Demolition clauses are now being inserted into almost all new leases and Lease Amending Agreements.



Rising interest rates have significantly impacted the strata (ownership) market, but leasing markets remain exceptionally buoyant.

Market Trends



Highlighting how tight the market is, Metro Vancouver's industrial vacancy rate at 0.7%, is one for the record books.

Construction activity surged during the quarter, to almost 10 million square feet, a level never seen before. Much however, is preleased or pre-sold.

Even with the threat of an economic downturn (possibly in 2023), the outlook for Vancouver's industrial market is for more of the same - little space to lease, and elevated rents for the foreseeable future.



Rental and Availability Rates

Direct Asking Rent* (\$/SF)	Total Availability Rate (06/30/2022)	QoQ Change/Availability
\$19.46	Vancouver 2.4%	▲ 0.2%
\$16.98	Richmond 3.2%	▲ 0.1%
\$17.06	Burnaby 0.8%	▼ 0.2%
\$20.26	North Vancouver 0.4%	▲ 0.1%
\$16.57	Coquitlam 3.1%	▼ 0.5%
\$15.63	Port Coquitlam 2.1%	▲ 1.1%
\$17.27	Delta 0.3%	▼ 0.0%
\$15.26	Surrey 4.8%	▲ 1.4%
\$15.92	Langley 0.7%	▲ 0.1%

*Net rent CAD

Recent Transactions (Lease)

Occupier	Size	Submarket	Industry	Address
1 Stryder Motorfreight Canada*	142,000 SF	Richmond	Trucking	7271 Nelson Road
2 Volkswagen Group Canada*	138,000 SF	Richmond	Auto	21720 Fraserwood Way
3 Translink	113,000 SF	Richmond	Transit	14260 Knox Way
4 Opus Art Supplies	31,285 SF	Burnaby	Wholesale	3162 Thunderbird Cres.
5 Mavi Jeans	30,021 SF	Burnaby	Retail	3181 Thunderbird Cres.