

Market Report

The frustration for warehouse users continued into the third quarter with region-wide vacancy staying exceptionally low, registering just 0.9%. The scarcity of supply is now pervasive across the Region. Warehouse rents, however, jumped a more muted \$0.44 per square foot (psf) during the quarter to average \$18.13 psf, and up \$2.51 psf from year-ago levels. By comparison Toronto industrial rents average \$16.20 psf (Q3 2022), and looking south, Seattle warehouse rents average \$18.08 USD psf. High land costs, rising construction costs, entitlement delays all continue to force rents higher. Little relief is anticipated, even with 9.1 million square feet under construction, as pent-up demand and a material deficit of supply will keep availabilities well below what most would consider balanced conditions. One area which has seen a pullback is the strata market, where prices appear to be leveling off after rising sharply.



Rental and Availability Rates

Direct Asking Rent* (\$/SF)	Total Availability Rate (09/30/2022)	QoQ Change/Availability
\$20.87	Vancouver 4.4%	▲ 2.2%
\$18.56	Richmond 1.4%	▼ 0.3%
\$17.57	Burnaby 0.8%	▼ 0.0%
\$20.05	North Vancouver 0.8%	▲ 0.4%
\$16.57	Coquitlam 3.0%	▼ 0.1%
\$16.93	Port Coquitlam 1.5%	▼ 0.6%
\$18.70	Delta 0.6%	▲ 0.2%
\$18.73	Surrey 4.3%	▼ 0.5%
\$18.67	Langley 1.0%	▲ 0.3%

*Net rent CAD

Recent Transactions (Lease)

Occupier	Size	Submarket	Industry	Address
1 NCS International	69,395 SF	Abbotsford	Wholesaler	2278 Peardonville Road
2 JW Fulfillment	26,434 SF	Richmond	3PL	13248 Worster Court
3 SPI Canada*	20,240 SF	Burnaby	Building Materials	3220 Lake City Way
4 Cinelease	17,092 SF	Burnaby	Film Production	3195 Production Way
5 Hobart Food Equipment	9,943 SF	Burnaby	Wholesaler	4357 Canada Way

* Renewal

Occupier's Perspective



Warehouse rents continue to march higher, increasing by 2.5% during the quarter, and up 16.3% over the past year.



More and more warehouse tenants are now having to live with demolition clauses, as owners increasingly have an eye toward redevelopment.



Supply chains appear to be getting back to normal (with notable exceptions), but the need to have extra inventory on hand has not diminished.

Market Trends



Highlighting how tight the market is (and has been), Metro Vancouver recorded its 4th consecutive quarter of below 1.0% vacancy, at 0.9%.

Construction activity remains at record levels, with 9.1 million square feet (MSF) underway, considerably above the 5-year average of 6.1 million square feet.

Accounting for the lion's share of new construction, Surrey (3.1 MSF) and Burnaby (1.9 MSF) combined are where more than half (55%) of the Region's new supply is being built.