

Market Report

The frustration for warehouse users continued into the fourth quarter with region-wide vacancy staying exceptionally low, registering just 0.9%. The scarcity of supply can be seen across the Region, leaving occupiers few options as they attempt to find more affordable space. The eastern Fraser Valley, which for many years had served as a sanctuary from more expensive warehouse space, no longer serves as a safety valve as it once did. Warehouse rents continued to go higher, increasing by \$0.68 per square foot (psf) during the quarter to average \$19.26 psf, and up \$2.77 psf (+16.8%) from year-ago levels. In select markets, warehouse rents have now breached the \$25.00 psf level. Little relief is anticipated, even with 8.8 million square feet under construction, as a material deficit of supply will keep availabilities well below more balanced conditions and rents at record highs.



Rental and Availability Rates

Direct Asking Rent* (\$/SF)	Total Availability Rate (12/31/2022)	QoQ Change/Availability
\$22.58	Vancouver 4.6%	▲ 0.1%
\$21.30	Richmond 1.3%	▼ 0.0%
\$19.28	Burnaby 1.3%	▲ 0.5%
\$20.43	North Vancouver 0.7%	▼ 0.1%
\$19.02	Coquitlam 3.2%	▲ 0.1%
\$18.81	Port Coquitlam 1.6%	▲ 0.1%
\$21.64	Delta 1.9%	▲ 1.3%
\$19.73	Surrey 4.2%	▼ 0.1%
\$20.55	Langley 1.3%	▲ 0.3%

*Net rent CAD

Recent Transactions (Lease)

Occupier	Size	Submarket	Industry	Address
1 Container World	91,505 SF	Richmond	Freight Forwarding	16111 Blundell Road
2 Farrow Logistics	67,740 SF	Richmond	Logistics	7411 Nelson Road
3 FBM Canada GSD	56,734 SF	Delta	Building Materials	785 Derwent Way
4 Canada Post	33,553 SF	Richmond	Postal Service	7680 River Road
5 Cozey	27,396 SF	Langley	Furniture	4848 275th Avenue

Occupier's Perspective



Despite the threat of an economic slowdown, occupier demand has so far shown few signs of easing.



A mild increase in sublease space, however, may be a possible precursor to a drop off in demand, but unlikely to occur until the back half of the year.



At lease expiry, tenants are increasingly experiencing severe sticker shock with lease costs doubling, and in some cases tripling.

Market Trends



Highlighting how tight the market is (and has been), Metro Vancouver recorded its 5th consecutive quarter of below 1.0% vacancy, at 0.9%.

After a prolonged run up in values, higher interest rates are putting a damper on sales prices, leaving transactions well below recent levels.

Feeling the effects of higher borrowing costs and a sluggish strata market, land prices are well off recent highs, with price declines of 20% or more in many parts of the metro region.