

Market Report

Though Vancouver's Industrial real estate market softened for much of 2023, conditions were still very challenging for warehouse users. While vacancy increased by 20 basis points during the quarter, this only left the vacancy rate at a meager 1.7%, and even the more forward-looking availability rate was only 3.6%, a considerable improvement from 1.6% two years ago, but still highly restrictive. It is worth noting, for American companies who are used to an average availability rate of 8.3%, Vancouver is viewed as an exceptionally challenging market. Sublease space continued to increase, reaching 1.3 million square feet, four times early 2022 levels. Asking lease rates were little changed, dropping just \$0.04 per square foot (psf) to average \$20.90 psf. For 2024, warehouse users can expect more favourable conditions, but not to levels that would make Vancouver a tenant's market.



Rental and Availability Rates

Direct Asking Rent* (\$/SF)	Total Availability Rate (12/31/2023)	QoQ Change/Availability
\$23.57	Vancouver 4.8%	▼ 0.3%
\$22.27	Richmond 2.2%	▲ 0.1%
\$20.84	Burnaby 3.9%	▼ 0.2%
\$21.40	North Vancouver 1.5%	▼ 0.6%
\$20.02	Coquitlam 5.0%	▲ 1.6%
\$21.69	Port Coquitlam 2.5%	▲ 1.3%
\$20.15	Delta 2.9%	▲ 0.1%
\$18.52	Surrey 4.8%	▲ 0.7%
\$20.35	Langley 3.4%	▲ 0.9%

*Net (basic) rent CAD

Recent Transactions (Lease)

Occupier	Size	Submarket	Industry	Address
1 Industrial Electric Manufacturing (IEM)	230,335 SF	Surrey	Manufacturer	19543 34A Avenue
2 Rosenau Transport Ltd.*	94,900 SF	Richmond	Transportation	18111 Blundell Road
3 Wexar Packaging Inc.**	91,023 SF	Richmond	Equipment Supplier	13471 Vulcan Way
4 AWC Process Solutions**	59,333 SF	Langley	Industrial Equipment	9087A 198th Street
5 E-One Moli (Energy) Canada Ltd.	50,880 SF	Pitt Meadows	Manufacturer	19265 Airport Way

Thinking beyond space

* Sublease ** Renewal

Occupier's Perspective

After a prolonged period, warehouse users finally have more options to either expand, consolidate, or relocate.

Occupiers can be further comforted by a near certainty availabilities will continue to rise, and market conditions will move further to their advantage.

After near hysteria during Covid when many warehouse users went on a leasing binge, more modest space requirements appear to be the new norm.

Market Trends



Continuing a trend seen through the year, the Q4 vacancy rate increased by a further 20 basis points to 1.7%.

As anticipated, construction dipped again, with warehouse development activity falling to 5.9 million square feet: well below the 10.1 million square feet recorded in Q3 2022.

Warehouse rents fell marginally, finishing the quarter at \$20.90 per square foot, with a rising number of listings showing "reduced rate".