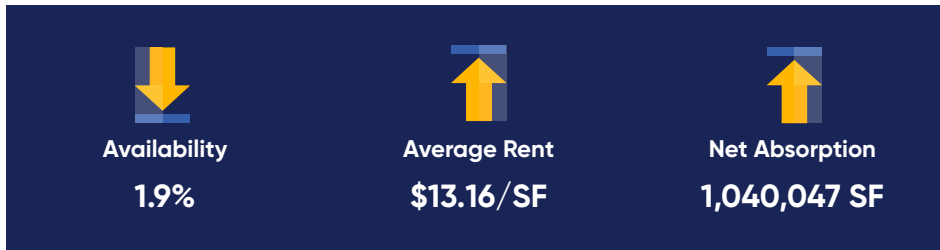


Market Report

Vancouver's industrial warehouse market continues to get trickier for its occupants. Both the vacancy and availability rate fell during the quarter and are now in record territory. Landlords have responded in kind by increasing rents, again into record territory. The development community has responded with (you guessed it) a record amount of new supply. While the market would appear to be acting as it should, for what matters to users, [supply and cost] new space can't come fast enough, and the new rents are very challenging. Part of the new supply mix (30%) are strata units, now commanding \$300+ per square foot. Unfortunately for users, these prices [also record] are also pushing rents higher. Blame higher land prices which now exceed \$2.0 million per acre, in all but a very few submarkets.



Rental and Availability Rates

Direct Asking Rent* (\$/SF)	Total Availability Rates	YoY Change
\$13.03	Port Coquitlam 3.8%	▲ 0.4%
\$10.23	Langley 2.5%	▼ 0.0%
\$13.04	Coquitlam 2.5%	▼ 1.7%
\$14.12	Burnaby 2.4%	▼ 0.3%
\$12.35	Richmond 2.2%	▼ 0.2%
\$10.31	Delta 1.9%	▲ 0.0%
\$17.13	Vancouver 1.5%	▼ 0.3%
\$10.79	Surrey 1.2%	▲ 0.0%
\$17.55	North Shore 0.5%	▼ 0.2%

*Net rent CAD

Recent Transactions

Occupier	Size	Submarket	Type	Address
1 Canadian Alliance Terminal	242,000 SF	Delta	Prelease	4327 Salish Sea Way
2 DSV Solutions	124,000 SF	Richmond	Sublease	16111 Blundell Road
3 Seaforth Supply Chain Solutions	120,000 SF	Delta	Sublease	7167 Progress Way
4 Greenlight Innovation	48,000 SF	Burnaby	New	8339 Eastlake Drive
5 4H Productions	42,000 SF	Vancouver	New	8324 Fraser Street

Occupier's Perspective



Industrial space users once again pushed occupancy levels higher with 1st quarter leased space back above the one million square foot mark.



Burnaby and Delta combined accounted for well over 900,000 ft.² of first quarter occupancy with gains for Surrey a distant third at 250,000 square feet.



After seeing rents surge in 2018 [up 10.2%] first quarter lease rates registered little change, but this should be viewed as a statistical discrepancy. The trend is still definitely up.

Market Trends



Warehouse users are facing unprecedented conditions with vacancy [and availability] rates at low's never thought possible for a market the size of Vancouver's. Market conditions are not expected to let up - for some time.

While demand is widespread, Surrey appears to be the submarket of choice for many businesses. Good access to the region and proximity to a growing labour force are clear advantages.

Port activity continues to post record throughput, putting pressure on 3PL's and distributors to find additional warehouse space. Film, food, packaging [but not cannabis] dominate leasing activity/