

Market Report

Overview – Second-quarter statistics show the Metro Vancouver warehouse market continues to be white-hot with industrial landlords firmly in the driver's seat. While difficult to imagine, conditions became considerably worse for warehouse users, with Q2 data showing Vancouver's industrial market is now effectively out of space with a sub one percent (0.9%) vacancy rate. This was also reflected in the overall availability rate decreasing by 40 basis points to 1.0%. During the quarter, industrial rents moved higher with region-wide industrial rents increasing by \$0.32 per square foot, or 2.1% to \$15.92 per square foot. Warehouse users need to be prepared for even higher rents in the coming quarters as demand is expected to remain very high and supply nowhere near required levels. For businesses region-wide the inability to find space (at any price) is becoming a significant issue, and one that shows no signs of going away anytime soon.



Rental and Availability Rates

Direct Asking Rent* (\$/SF)	Total Availability Rate (06/30/2021)	QoQ Change/Availability
\$15.67	Coquitlam 2.5%	▼ 1.0%
\$14.46	Langley Township 2.0%	▼ 0.1%
\$18.21	Vancouver 1.9%	▼ 1.0%
\$15.13	Port Coquitlam 1.9%	▼ 1.0%
\$14.65	Burnaby 1.0%	▼ 0.8%
\$13.96	Delta 0.9%	▼ 0.4%
\$19.33	North Shore 0.8%	▲ 0.1%
\$15.23	Richmond 0.6%	▼ 0.3%
\$14.53	Surrey 0.3%	▼ 0.2%

*Net rent CAD

Recent Transactions (Lease)

Occupier	Size	Submarket	Industry	Address
1 Lululemon Athletica	373,073 SF	Delta	Distribution	8576 River Road
2 18 Wheels Logistics	176,134 SF	Surrey	Logistics	2929 188th Street
3 Second Closet	95,983 SF	Richmond	Home Furnishings	11511 No. 5 Road
4 Peloton	37,788 SF	Burnaby	Fitness	5250 Riverbend Drive
5 Ballard Power Systems	11,897 SF	Burnaby	Power Tech	4575-4595 Tillicum Street

Thinking beyond space

Occupier's Perspective



Market conditions continue to worsen for warehouse users with 2nd quarter vacancies falling to just 0.9%



Securing leased premises has become highly competitive with multiple offers in a matter of days on almost any new listings brought to market



Geographic location no longer makes any difference with most submarkets at or near the region's average availability and the highest just 2.5% (Coquitlam)

Market Trends



Vancouver's industrial vacancy and availability rates have now fallen to crisis levels, with both effectively at 1.0%, a level never thought possible (structural vacancy was assumed to be ≈2.0%).

2nd quarter construction increased to a five year high, with 4.3 million SF underway, however nearly 60% was either pre-leased, or pre-sold.

Vancouver now posts the highest industrial lease rates in Canada by a considerable margin, with Toronto just above \$10.50 psf, Montreal \$8.20 psf, and Calgary \$7.95 psf.