# **Market Report**

While a 3.3% availability rate might not sound like much, the near doubling of available space in just over a year and a half represents a seismic change in Vancouver's warehouse market. For warehouse users, the third quarter offered a glimmer of hope after a prolonged period of exteme tightness. Asking lease rates were little changed, marking the third three-month period of price-stability. While falling rates, are unlikely, a combination of marginally more supply, and a modest reduction in demand, leaves the Vancouver warehouse leasing market inching closer to being balanced. The region-wide availability rate increased 50 basis points (bps) to finish the quarter at 3.3%, a level last seen in the fall of 2020. The balance of 2023, and into 2024, warehouse users should expect a further increase in space available to lease (or purchase), but not to levels that could be described as a tenant's market.



\*Net (basic) rent CAD

\$20.72

#### **Recent Transactions (Lease)**

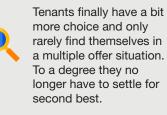
Langley

Occupier	Size	Submarket	Industry	Address
1 Pet Valu	353,476 SF	Surrey	Retail	18899 24th Avenue
2 Urban Barn*	159,614 SF	Delta	Furniture	348 Derwent Way
3 Iconix Waterworks LP*	78,032 SF	Langley	Equipment Supplier	19900 84 Avenue
4 Royal Windows	16,817 SF	Richmond	Home Goods	6900 Graybar Road
5 Parwood Door Products	15,790 SF	Burnaby	Manufacturer	7550 Conrad Street

2.5%



### Occupier's Perspective



While occupiers are finally getting some relief from higher lease rates, the availability of labour remains a real challenge. Proximity to workers has never been more important.



Smaller tenants appear to be taking the brunt of lease rates that are often double at lease renewal and are either choosing to cease operations, or operate from smaller premises.

### Market Trends



Highlighting the change in the market, after seven consecutive quarters of sub-zero vacancy, the Q3 vacancy rate increased to 1.4%.

#### As anticipated, construction dipped noticeably, with

warehouse development activity falling by 1.0 million square feet, to finish the quarter at 7.2 million square feet.

## Metro Vancouver warehouse rents again held steady,

ffinishing the quarter at \$21.20 per square foot, further signaling the end to a five-year period of sharply higher lease rates.

#### Thinking beyond space

0.3%