

Q1 2021

Vancouver

Industrial Market Report

Net Absorption

This Quarter	Previous Quarter
959K SF	1.4M SF
12-Month Absorption	5-Year Quarterly Avg.
5.5M SF	1.0M SF

Vacancy

This Quarter	Year-over-Year
1.0%	↓ 30 bps

Asking Net Rent

This Quarter*	Year-over-Year
\$14.09 PSF	↑ 7.5%

Development

Under Construction	New Supply
4.2M SF	488K SF

Sales

Sale Price Avg.	Year-over-Year
\$412 PSF	↑ 11.4%

*Weighted Average
Colliers Macaulay Nicolls Inc.

Market Outlook

The GVA Industrial market has historically been a market generally segmented into two different nodes – “core markets” and the “Fraser Valley”. The core markets include Vancouver, Burnaby, Richmond, and Delta as they are located near the region’s ports and home to most of the logistics and distribution tenant base. The Fraser Valley is commonly referred to as everything east of Burnaby and were traditionally (and still are) home to most manufacturing operations due to the lower cost of real estate and higher availability of labour. However, the vacancy rate in the GVA is so low (especially for bulk/logistics space, which has no vacancies in that size range this quarter) and development land availability is so scarce, that now even logistics and e-commerce tenants are moving out to the Fraser Valley despite higher drayage costs.

Demand for more affordable and greater options has pushed vacancy rates lower in the Fraser Valley relative to the core markets. However, there is still a greater amount of development land in the Fraser Valley. That said, overall, there is a severe lack of developable land

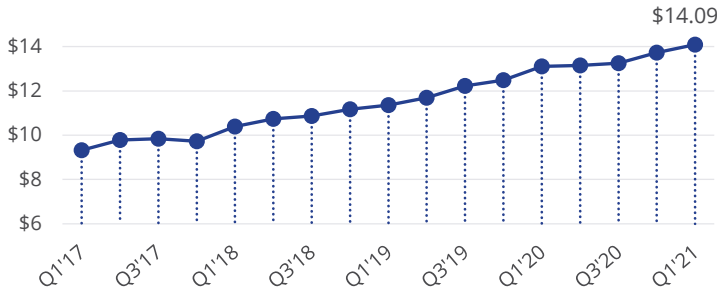
given absorption projections (as per the 2020 Metro Vancouver Industrial Lands Inventory Report) and few available large sites for ‘trade-oriented’ logistics uses.

The vacancy rate for the entire GVA industrial market has been trending down due to tailwinds from e-commerce acceleration, adoption of just-in-time instead of just-in-case inventory levels, a booming film industry and strong port activity. These demand drivers in combination with a limited industrial land base have culminated in a record low vacancy rate this quarter at 1.0%. Relatively low interest rates, optimism about the economy in the near-term, a desire to build equity and hedging against rising lease rates have ignited the strata market with projects being pre-sold prior to completion setting the new norm. Several strata projects that were actively being marketed in Q1 2021, have since experienced price increases due to the increased strong demand. Overall, the demand for industrial space across all size segments in the GVA continues to be strong with no near-term relief from new supply.

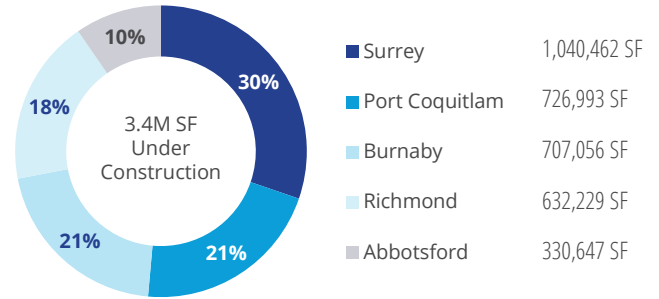
Accelerating success.

Market Overview

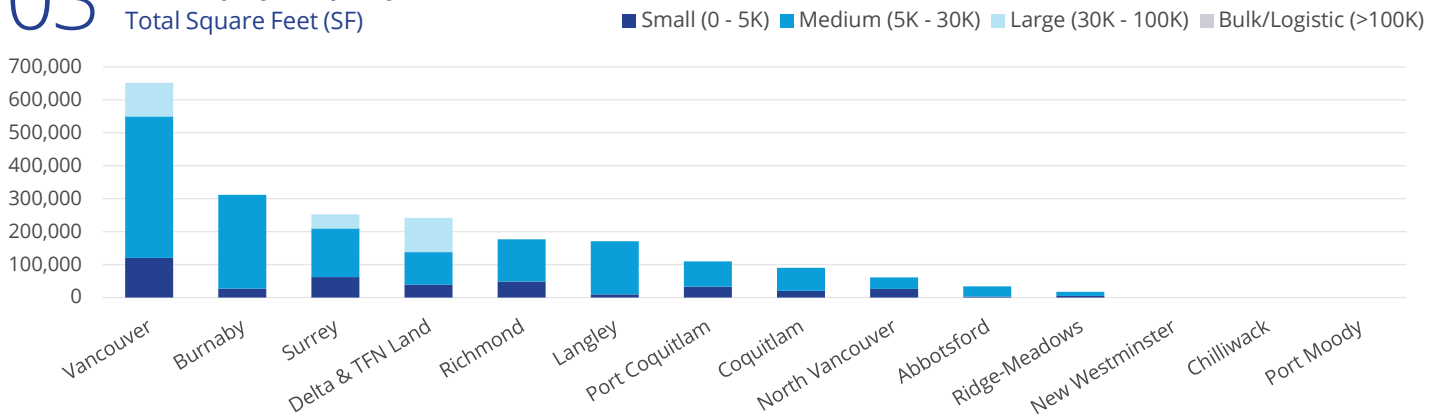
01 Greater Vancouver Rental Rates Weighted Average Asking Net Rent (PSF)



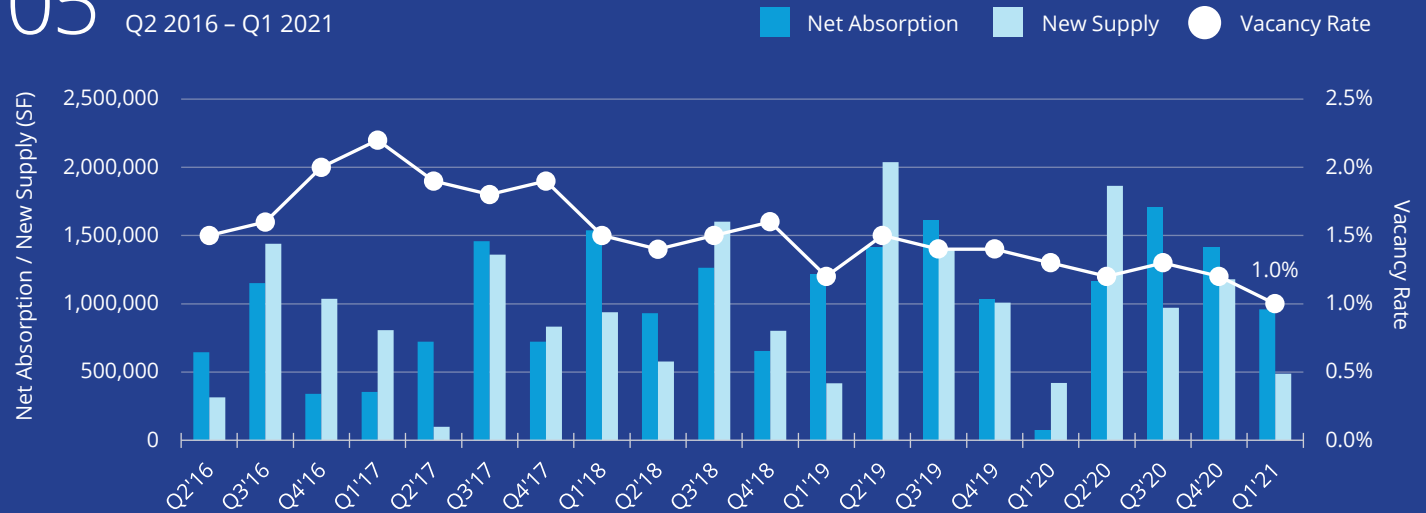
02 Under Construction by Market Top Five Markets (SF)



03 Vacancy by Property Size Total Square Feet (SF)

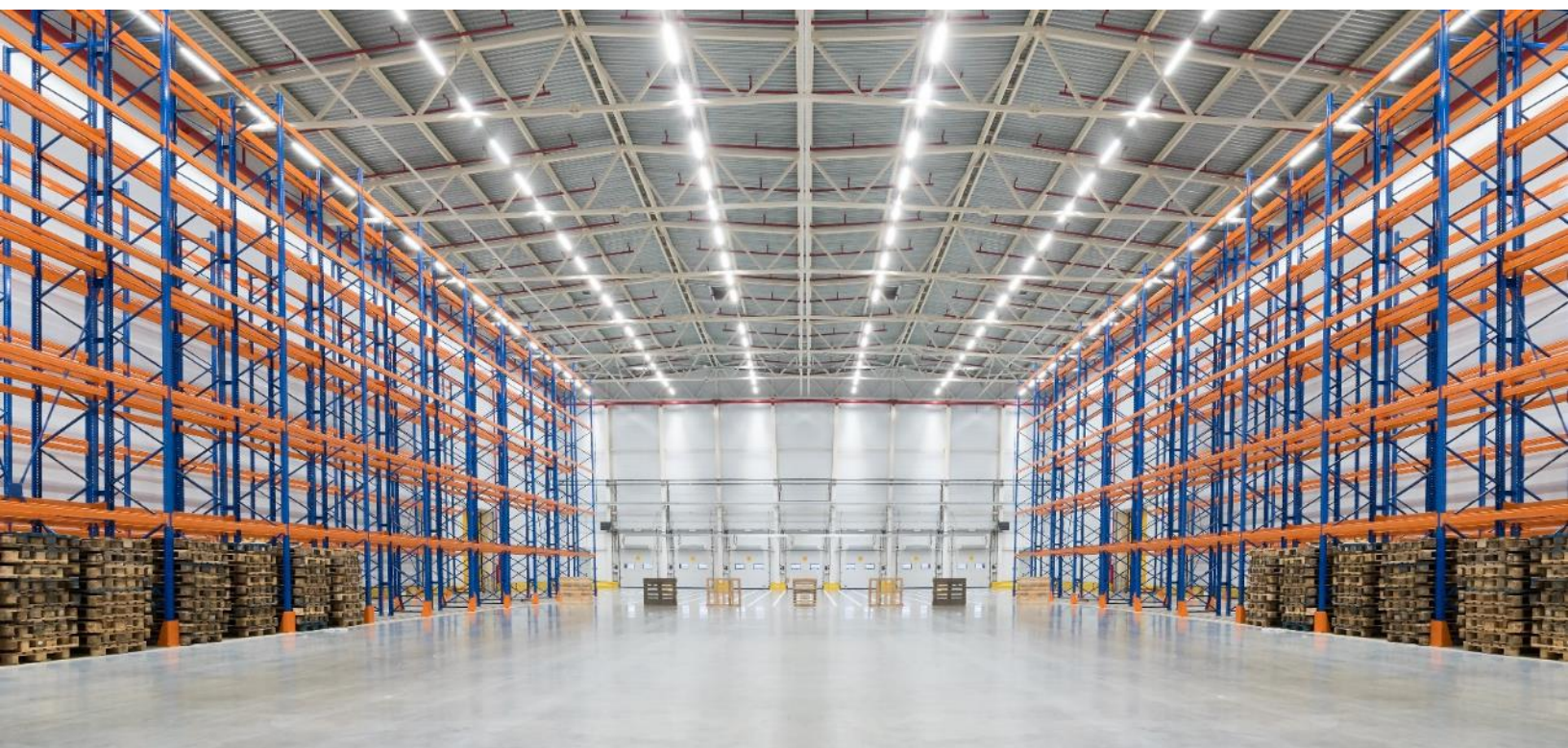


05 Historical Overview Q2 2016 - Q1 2021



Market Statistics

Market	Total Inventory (SF)	Direct Vacancy (SF)	Sublease Vacancy (SF)	Total Vacant Space (SF)	Vacancy Rate	Total Available Space (SF)	Availability Rate	Net Absorption (SF)	New Supply (SF)	Under Construction (PSF)	Wgt. Avg. Asking Net Rent (PSF)	Wgt. Avg. Asking Additional Rent (PSF)
Surrey	39,294,198	201,735	50,913	252,648	0.6%	1,335,830	3.3%	94,326	42,500	1,040,462	\$11.54	\$3.68
Richmond	35,451,031	163,098	13,107	176,205	0.5%	767,403	2.2%	126,930	0	632,229	\$14.18	\$6.10
Delta	29,124,007	217,099	24,428	241,527	0.8%	1,632,845	5.5%	-16,223	0	315,503	\$13.32	\$4.19
Burnaby	27,336,763	276,618	35,157	311,775	1.1%	674,475	2.5%	375,794	197,863	707,056	\$14.16	\$5.49
Vancouver	21,042,185	554,812	96,736	651,548	3.1%	1,288,852	6.1%	89,378	89,069	223,432	\$17.94	\$5.64
Langley	20,078,104	97,964	72,456	170,420	0.8%	512,467	2.5%	54,879	40,000	183,087	\$12.67	\$4.46
Abbotsford	9,089,469	33,333	0	33,333	0.4%	377,245	4.1%	131,589	118,859	330,647	\$11.63	\$2.61
Port Coquitlam	8,056,193	97,627	11,401	109,028	1.4%	294,989	3.5%	20,367	0	726,993	\$14.50	\$3.34
Coquitlam	7,342,770	59,523	30,313	89,836	1.2%	199,603	2.7%	-39,761	0	0	\$14.53	\$3.97
North Vancouver	4,747,391	59,320	1,983	61,303	1.3%	275,590	5.8%	3,842	0	0	\$19.13	\$7.35
Maple Ridge-Pitt Meadows	4,035,798	10,061	7,480	17,541	0.4%	77,268	1.9%	38,621	0	0	\$13.16	\$3.48
Chilliwack	3,999,696	0	0	0	0.0%	34,370	0.9%	15,353	0	0	\$12.50	\$3.71
New Westminster	3,499,038	0	0	0	0.0%	78,862	2.3%	63,593	0	0	\$12.95	\$7.26
TFN Lands	1,348,920	0	0	0	0.0%	0	0.0%	0	0	0	-	-
Port Moody	561,059	0	0	0	0.0%	0	0.0%	0	0	0	-	-
Vancouver Total	215,006,622	1,771,190	343,974	2,115,164	1.0%	7,549,799	3.5%	958,688	488,291	4,159,409	\$14.09	\$4.66



Transaction Highlights

Notable Lease Transactions

Tenant	Building Name / Address	Market	Lease Type	Size (SF)
Canada Post	8151 Churchill Street	Delta	Head Lease	109,768
Second Closet Inc.	11511 No. 5 Road	Richmond	Head Lease	94,035
TradeMango Solutions Inc.	601-603 – 8261 Fraser Reach Court	Burnaby	Head Lease	79,436
Valhalla Distribution	7848 Hoskins Street	Delta	Head Lease	67,608
Kinetics Drive Solutions Inc.	27489 56 th Avenue	Langley	Head Lease	45,930
Golden Trim Enterprises Inc. / Qualiwood Enterprises Inc.	8411-8443 Lougheed Highway	Burnaby	Head Lease	35,744

Notable Sales Transactions

Building Name / Address	Market	Size (SF)	Sale Price	Purchaser	Purchaser Profile
Portfolio Sale	Surrey & Abbotsford	412,897	\$104,500,000	CanFirst Capital Management	Private Investor
5 West 4th Avenue; 4 & 16 West 3rd Avenue (Land)	Vancouver	1.57*	\$56,500,000	PCI Group	Developer
Riverside Centre	Richmond	81,004	\$26,000,000	1287494B.C. Ltd.	Private Investor
12340 Horseshoe Way	Richmond	38,284	\$16,150,000	Herbaland Naturals	Private Investor
5465 Production Boulevard	Surrey	43,068	\$12,500,000	Confidential	Private Investor
1812 Foy Street (Land)	Abbotsford	4.91*	\$11,400,000	PowerHouse Building Solutions	Private Investor

*Land sale in acre

Notable Developments

Building Name / Address	Market	Building Status	Est. Completion	Size (SF)	Owner / Developer
Eagle Meadows Business Park	Pitt Meadows	Planning	Q1 2022	375,000 to 400,000	Epta Development Corporation (EDC)
8576 River Road – River Road Distribution Centre	Delta	Planning	Q1 2022	373,000	Wesgroup
3231 No. 6 Road	Richmond	Under Construction	Q4 2021	250,000	Conwest
Velo – 7400 Vantage Way	Delta	Under Construction	Q2 2021	203,172	Conwest
King Business Park - 31779 & 31789 King Road	Abbotsford	Under Construction	Q3 2021	112,372	Cedar Coast
60 th Ave Business Centre	Langley	Under Construction	Q4 2021	62,440	Beedie
Commerce Valley – 19333 & 19339 34A Avenue	Surrey	Under Construction	Q3 2021	61,749	PollycoGroup of Companies / SKG

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