

Q1 2022

Victoria Industrial Market Report

Net Absorption

| | |
|---------------------|-----------------------|
| This Quarter | Previous Quarter |
| -16K SF | 14K SF |
| 12-Month Absorption | 3-Year Quarterly Avg. |
| 64K SF | 15K SF |

Vacancy

| | |
|--------------|-----------------|
| This Quarter | Year-over-Year |
| 0.2% | ▲ 16 bps |

Asking Net Rent

| | |
|--------------------|----------------|
| This Quarter* | Year-over-Year |
| \$17.07 PSF | ▲ 3.6% |

Development

| | |
|--------------|--------------------|
| New Supply | Under Construction |
| 0K SF | 751K SF |

*Weighted Average
Colliers Macaulay Nicolls Inc.

Market Outlook

The Greater Victoria industrial sector remains strong and undersupplied with another quarter of low vacancy at 0.2%. As demand outpaces supply, Even with a slight increase in vacancy rate quarter-over-quarter, Victoria's industrial vacancy continues to be the lowest in the country as it waits for new inventory to arrive in 2023.

Limited supply continues to place upward pressure on rental rates in the Victoria market which are currently at \$17.07 per square foot. Victoria's average asking rent is currently the highest in country, 0.8% above Vancouver's (\$16.93 per square foot) and approximately 24% higher than in Toronto (\$13.72 per square foot).

There is increased interest in newly built strata warehousing, notably in the West Shore where Wildcat Industrial (172,000 square feet), IntraUrban Colwood (123,000 square feet), IntraUrban Cornerstone (118,600 square feet), and West Shore Business Park (101,000 square feet) are all set to be delivered by fall 2023. These projects total 514,600 square feet and 73% of this new space is already reported to be sold or under contract.

Additionally, Langford Heights' new industrial park located at Western Speedway will offer more than one million square feet of industrial space on a lease basis over the next couple of years.

The cost to purchase strata warehouse in Victoria ranges from \$400-\$425 per square foot. This is still significantly lower than the \$550-\$600 per square foot in Vancouver. The variance between the two regions continues to attract owner-occupiers and investors to the Victoria market from the highly competitive lower mainland. As these strata warehouse units become occupied, we anticipate that more space will become available to lease as tenants shuffle from their current space into newer product.

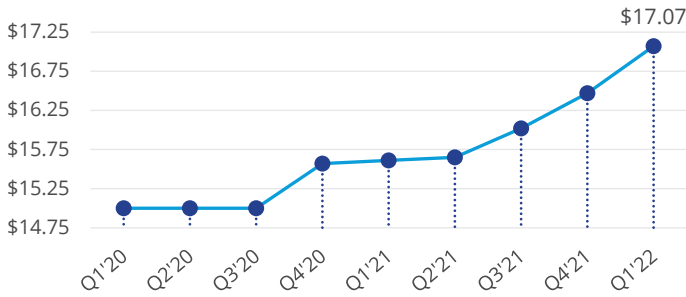
Increasing costs of construction combined with supply chain disruptions, and lack of inventory is dramatically putting pressure on sale and lease values for new construction. Colliers predicts that pricing for industrial assets and construction materials will continue to rise until more supply becomes available.

Accelerating success.

Market Overview

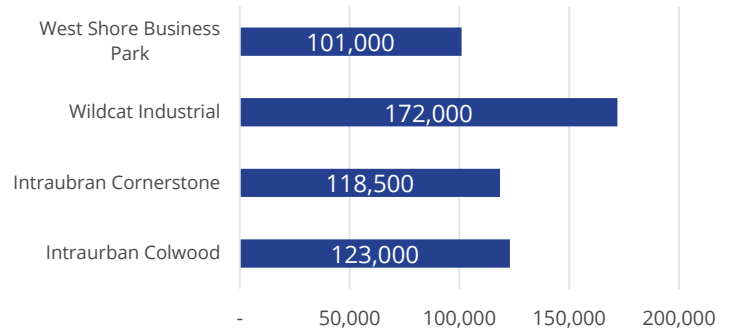
01 Historical Rental Rates

Weighted Average Asking Net Rent (PSF)



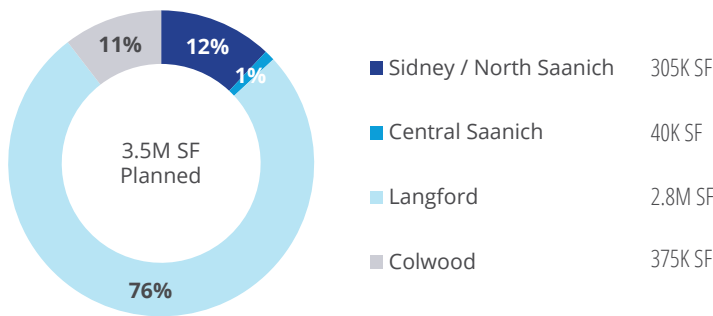
02 Strata Space Coming to Market by 2023

By Building Area (SF) and Project



03 Planned Developments by Market

By Building Area (SF)



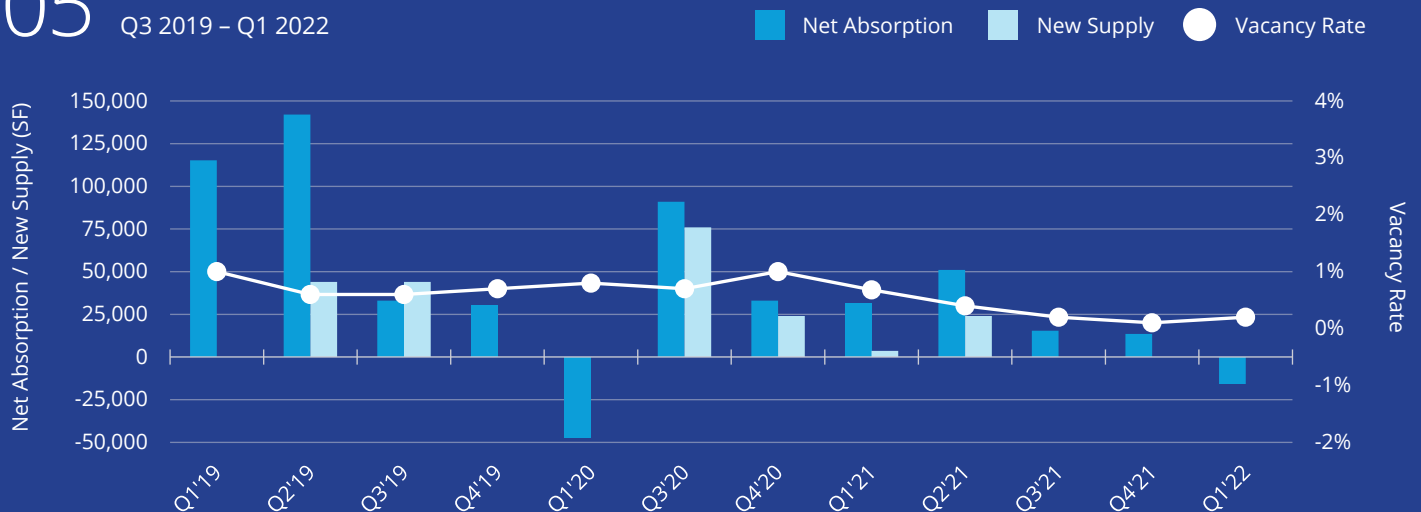
04 Availability Rate by Market

Q1 2021 - Q1 2022

| | | | |
|------------------------|-------------|----------|------------------------|
| Sidney / North Saanich | 0.0% | ↓ | from 0.2% Q1'21 |
| Central Saanich | 0.0% | ↓ | from 0.4% Q1'21 |
| Saanich | 1.1% | ↑ | from 1.0% Q1'21 |
| City of Victoria | 0.1% | ↓ | from 1.0% Q1'21 |
| Esquimalt | 0.0% | ↓ | from 0.7% Q1'21 |
| Westshore | 0.0% | ↓ | from 0.2% Q1'21 |
| Victoria Total | 0.2% | ↓ | from 0.7% Q1'21 |

05 Historical Overview

Q3 2019 - Q1 2022



Market Statistics & Transaction Highlights

| Market | Total Inventory (SF) | Total Vacant Space (SF) | Vacancy Rate (Current Q) | Vacancy Rate (Previous Q) | Net Absorption (SF) | New Supply (SF) | Under Construction (SF) |
|------------------------|----------------------|-------------------------|--------------------------|---------------------------|---------------------|-----------------|-------------------------|
| Sidney / North Saanich | 890,894 | 0 | 0.0% | 0.0% | 0 | 0 | 115,000 |
| Central Saanich | 1,632,447 | 0 | 0.0% | 0.0% | 0 | 0 | 0 |
| Saanich | 1,815,917 | 19,448 | 0.0% | 1.1% | (19,448) | 0 | 0 |
| City of Victoria | 2,632,543 | 3,321 | 0.2% | 0.1% | 2,078 | 0 | 0 |
| Esquimalt | 763,083 | 0 | 0.0% | 0.0% | 0 | 0 | 0 |
| Westshore | 1,562,718 | 0 | 0.1% | 0.0% | 0 | 0 | 636,161 |
| Victoria Total | 9,297,602 | 22,769 | 0.2% | 0.1% | (15,775) | 0 | 751,161 |

Notable Lease Transactions

| Tenant | Building Name / Address | Market | Lease Type | Size (SF) |
|---------------|-------------------------|------------------|------------|-----------|
| Open Oceans | 45 Erie Street | City of Victoria | Head Lease | 26,334 |
| Fountain Tire | 458 Cecelia Road | City of Victoria | Head Lease | 3,300 |

Notable Sales Transactions

| Building Name / Address | Market | Size (SF) | Sale Price | Purchaser |
|-------------------------|------------------|-----------|--------------|---------------------------|
| 816 Cloverdale Avenue | Saanich | 63,162 | \$17,100,000 | Auto World Imports |
| 400 Burnside Road | Saanich | 11,000 | \$6,850,000 | Punjani Investment |
| 616 Hillside Road | City of Victoria | 9,498 | \$4,500,000 | Private Investor |
| 859 Viewfield Road | Esquimalt | 6,464 | \$2,500,000 | IBEW 230 Training Society |

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For more information on the Victoria Industrial Market, please contact:

Tyler Dolan

Managing Director,
Vancouver Island
+1 250 414 8388
tyler.dolan@colliers.com

Leo Lee

Director, National
Research Operations | Canada
+1 416 620 2839
leo.lee@colliers.com

Max Shapinko

Research Operations
Specialist | Canada
+1 416 791 7256
max.shapinko@colliers.com

Report Author:

Rachelle Shearing

Research Coordinator
+1 778 247 0183
rachelle.shearing@colliers.com

Colliers Canada | Victoria
Colliers Macaulay Nicolls Inc.
1175 Douglas Street, Suite 1110
Victoria, BC, V8W 2E1
+1 250 388 6454

collierscanada.com/research



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