MARKETBEAT

Industrial Snapshot Q2 2016

Vancouver, BC

CUSHMAN & WAKEFIELD

VANCOUVER INDUSTRIAL

Economic Indicators

	Q2 15	Q2 16	12-Month Forecast
Vancouver Employment	1.37 mil	1.43 mil	▲
Vancouver Unemployment	5.9%	6.1%	▼
Canadian Unemployment	6.8%	6.9%	▲

Source: Statistics Canada

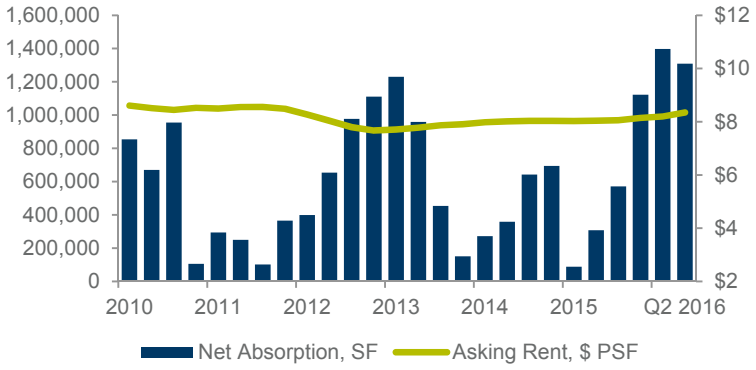
Market Indicators (Overall, All Product Types)

	Q2 15	Q2 16	12-Month Forecast
Overall Vacancy	4.8%	2.8%	▼
Net Absorption (sf)	922,925	566,274	▲
Under Construction (sf)	3,310,050	5,276,803	▬
Average Asking Rent*	$8.05	$8.65	▲

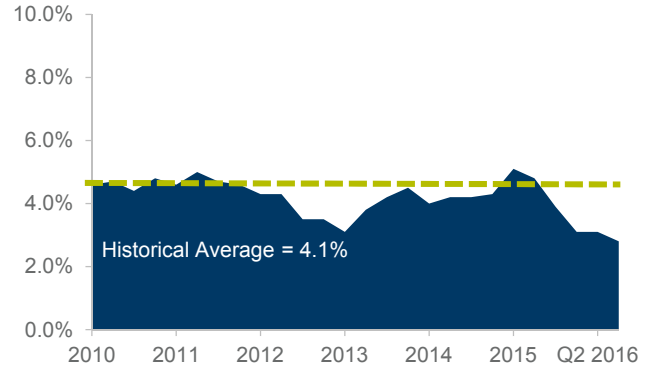
*Rental rates reflect net asking $psf/year

Overall Net Absorption/Overall Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

British Columbia continues to be the nation's leader for GDP growth, housing sales, job growth, and consumer spending. GDP growth is still poised to be 3% in 2016, with only a slight decline in 2017. Due to a (12 month) 100,000 job spurt, the province's unemployment rate is the lowest in the country at 5.8%.

Source: RBC Economics

Market Overview

Springtime brought on a flurry of leasing activity in the Metro Vancouver area with several lease deals eclipsing 50,000 square feet (sf). Sim Video and The Crossing Studios leased a combined total of close to 200,000 sf in Burnaby. Meanwhile in Delta, Kintetsu and Leon's Furniture also took close to 200,000 sf. Overall leasing activity accounted for more than 2.2 million square feet (msf) this quarter which resulted in more than 560,000 sf of positive absorption. Vacancy rates continued to decrease this quarter reaching 2.8%, down from 3.1% in the previous quarter and 4.5% year-over-year.

Driven by a weak Canadian dollar and attractive tax credits from the B.C. government, demand for studio space (including film and television productions) continues to be strong in the Metro Vancouver market. Leasing activity has been robust with several significant lease deals being signed this year, absorbing what is left of the larger blocks of space on the market. Ironwood Studios leased 177,000 sf at 888 Marine Drive in South Vancouver earlier this year and more recently Adjacent Productions Services Inc. leased 213,000 sf in Austeville's building at 20146 100A Avenue in Langley. Other notable transactions involving the film and television industry were Canadian Dirk Productions which leased 44,000 sf at Marine Way Business Park in Burnaby, and Gramercy Film Productions at 349 West Georgia Street which leased 35,000 sf. This is a good news story as much of the space that is being taken by these tenants may not have been considered by traditional industrial users.

Outlook

With approximately 5.0 msf of new construction to be completed within the next 12-18 months, it is expected that the space will be quick to lease up as it will offer some relief to pent up demand for quality space in the market. Several projects are design-build or have been significantly preleased, but will still leave room for tenants looking for larger blocks of space and should not have a major impact on vacancy rates. Also included in the new construction pipeline are several strata projects, which have seen steady-paced sale rates but with an increase in the price per sf (psf) over the past several months.

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SUBMARKET	INVENTORY (SF)	YTD LEASING ACTIVITY (SF)	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG. NET RENT	OVERALL WEIGHTED AVG. ADD. RENT	AV. COST OF LAND (PER ACRE) *
Abbotsford	7,331,651	6,621	6.3%	(252,444)	150,965	64,800	$7.88	$2.83	$825K – 1.1M
Burnaby	29,511,860	563,251	1.5%	439,027	771,172	129,317	$9.69	$4.02	$1.5M – 1.7M
Coquitlam	7,423,716	116,653	4.7%	(173,107)	117.966	0	$10.98	$4.76	$1.4M – 1.5M
Delta	22,855,116	677,407	3.4%	381,581	930,461	65,000	$7.83	$3.28	$950K – 1.2M
Langley	16,736,832	711,464	4.2%	(81,603)	0	62,226	$8.02	$3.23	$ 950K – 1.5M
Maple Ridge	3,132,655	14,829	5.0%	(74,376)	452,704	105,960	$7.33	$2.06	$450K – 1.0M
New Westminster	5,226,161	0	0.7%	10,079	299,393	0	$7.83	$3.43	$1.0M – 1.4M
North Shore	5,762,577	30,975	1.4%	12,943	20,000	0	$17.72	$6.79	$2.5M – 3.0M
Port Coquitlam	6,451,068	28,816	1.6%	56,441	51,281	0	$7.92	$3.46	$1.3M – 1.5M
Port Moody	904,444	77,832	2.6%	(23,287)	0	0	$10.81	$3.75	$1.3M – 1.5M
Richmond	37,994,277	1,677,257	2.2%	172,634	139,116	50,000	$8.69	$3.38	$1.5M – 2.0M
Surrey	33,087,696	563,950	3.5%	142,569	1,903,002	256,309	$7.95	$2.91	$1.0 – 1.6M
Vancouver	23,695,845	169,695	1.7%	253,247	440,753	0	$10.84	$4.56	$1.5M – 2.6M
VANCOUVER TOTALS	200,113,898	4,638,750	2.8%	863,704	5,276,803	733,612	$8.65	$3.43	$1.1M – 1.6M

**Based on 1-3 acre parcel of serviced industrial land*

Key Lease Transactions Q2 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
20146 100a Avenue	213,640	Adjacent Productions Services Inc.	New lease	Langley
2820 Underhill Avenue	115,048	Sim Video International Ltd.	New Lease	Burnaby
298 Ebury	104,193	Kintesu	New Lease	Delta
8355 Riverbend Court	82,080	The Crossing Studios	New Lease	Burnaby
7831-7979 Vantage Way	79,174	Leon's Furniture Ltd.	New Lease	Delta
8385 Fraser Street	79,000	FreshTAP	New Lease	Vancouver
415 Boyne Street	76,374	Ames Tile & Stone, Ames Bros. Distributors Ltd.	New Lease	New Westminster

Key Sales Transactions Q2 2016

PROPERTY	SF	SELLER/BUYER	PRICE / $PSF	SUBMARKET
18800 Lougheed Highway	355,316	Loblaw Properties Ltd./ Choice Properties REIT	$45,750,000 / $136	Pitt Meadows
4460 Jacombs Road	40,084	Chung Laam Holding Ltd. / Concord International Lands Ltd.	$12,688,000 / $317	Richmond
60 West 7th Avenue	N/A	HLK Properties Ltd. / Eminence Organic Skin Care	$8,900,000 / NA	Vancouver
8717 132nd Street	67,371	City of Surrey / 1067560 B.C. Ltd.	$7,450,000/ $111	Surrey
1250 East Pender Street	16,240	Johnstone Boiler & Tank / 1077034 B.C. Ltd.	$7,900,000 / $186	Burnaby

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