

INVESTMENT FORECAST

Industrial
Vancouver

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2022

Key Role Within the Nation's Supply Chain Aids North America's Tightest Market

E-commerce boom increases activity at the Port of Vancouver.

Volume is rising at the Port of Vancouver as Canadian consumers utilize e-commerce, with online spending up more than 30 per cent from 2019. The GVA's location makes this trend especially impactful for industrial performance, as the metro serves as a point of first contact for many goods traveling by boat from Asia. This is facilitating a rapid decline in availability for a market that already claimed one of the lowest vacancy rates on the continent. Vacancy entered 2022 at a historic low, with availability for distribution centers and spaces larger than 50,000 square feet a rarity. This has forced tenants who seek larger footprints to browse new developments, resulting in very strong pre-leasing. This will prevent new supply from keeping pace with skyrocketing demand, moving availability even lower in 2022. This strong performance has happened despite the key field of automobile production lagging. The port can be expected to see even higher activity once these headwinds subside, further boosting tenant demand in the years to come.

Vancouver Industrial Investment Trends

- Vancouver records the highest industrial prices in Canada, at \$448 per square foot. The mean cap rate is in the low-3 per cent range.
- Investors could target locales more distant from downtown, as tenants like Lululemon occupy outlying space. Assets in Surrey, Burnaby and Richmond are in demand by both buyers and tenants.

2022 Industrial Trends


**3.7 MILLION
SQUARE FEET**
will be completed

CONSTRUCTION:

Completions this year increase substantially from the more than 1.4 million square feet built one year prior. This will be the largest annual addition since 2018.


**30
BASIS POINT**
decrease in vacancy

VACANCY:

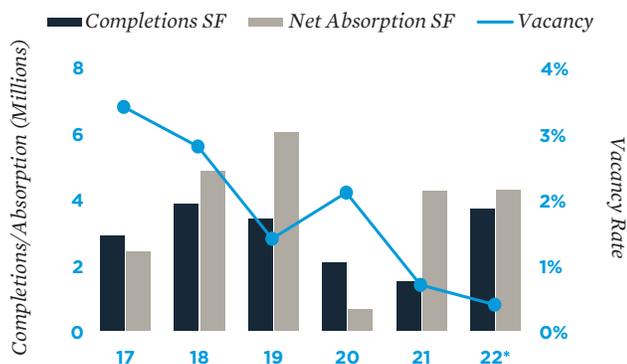
Net absorption will surge past 4.2 million square feet as space demand is robust near Canada's largest port, compressing vacancy to 0.4 per cent — the lowest year-end rate on record.


**12.6%
INCREASE**
in asking rent

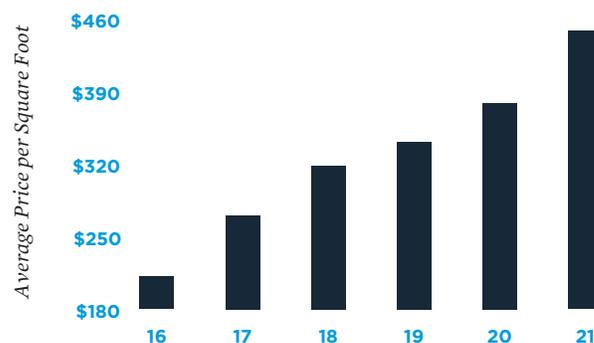
RENT:

Boasting the tightest industrial market in the nation, the average asking rent in Vancouver will increase to \$17.15 per square foot, as competition for space is fierce.

Supply and Demand



Sales Trends



Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of February 2022. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Forecasts for employment and retail data are made during the first quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

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