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Editors/Real Estate Reporters

· Please click on link to view and download Avison Young's *Spring 2017 Fraser Valley, BC Commercial Real Estate Market Report*:
http://www.avisonyoung.com/fileDownloader.php?file=files/content-files/Offices/Vancouver/Research/2017/Vancouver_FraserValleyIndustrialReport_Spring2017.pdf

**Fraser Valley, BC industrial sales activity constrained
as tight supply and construction cycle hamper deal flow**

***Surrey and Chilliwack set dollar volume records in 2016;
new supply set for 2017 unlikely to alleviate record-low vacancy***

Vancouver, BC – Sales and leasing activity in the Fraser Valley industrial market was constrained in 2016 as strong demand from throughout the region continued to overwhelm available supply, and vacancy approached record lows in most communities south of the Fraser River. With a record 259 transactions valued at \$321.7 million completed in the Fraser Valley in 2016, deal velocity was rapid despite the absence of supply. Record dollar volume of \$396.2 million in sales in the Fraser Valley's industrial market was established in 2015.

Tightening vacancy and rising rental rates were further exacerbated by the timing of the current construction cycle, which has resulted in a pause in the delivery of substantial new inventory since mid-year 2016 with most new projects due to complete in the back half of 2017. The expectation is that the majority of the new projects in the Fraser Valley that will complete in 2017 will be absorbed and have a negligible impact on vacancy rates moving forward. Only a limited amount of new supply is currently anticipated in the first half of 2018 as the next development cycle starts to take shape.

These are some of the key trends noted in **Avison Young's *Spring 2017 Fraser Valley, BC Commercial Real Estate Market Report***, released today.

As the supply of industrial land has become tighter in Metro Vancouver in the past decade, the Fraser Valley has increasingly served as the release valve to relieve regional demand for industrial space and land. While the majority of available industrial land regionally is still situated in the Fraser Valley, that supply is being rapidly depleted as demand is increasingly pushing tenants and owner-operators further east towards Abbotsford and Chilliwack.

"Build-to-suits continue to become more common due to the shortage of available supply to purchase and exceedingly tight vacancy rates," comments Avison Young Principal **Garth**

White, who specializes in Fraser Valley industrial property sales and leasing. “Due to near-record-low availability, the timelines necessary for tenants and purchasers to secure new premises have expanded to 18 to 24 months in advance of relocation/expansion plans. While smaller tenants can wait six to 12 months in advance, availability is limited in all bay sizes and new supply is tight.”

Vacancy in Surrey dropped to 2.4% at year-end 2016 from 3.9% just 12 months earlier, while deal and dollar volume surged to 156 transactions valued at \$185.4 million completed in 2016. While industrial dollar volume in 2016 set a new record for Surrey, the record number of deals was 159, which was set in 2007. In other smaller Fraser Valley industrial submarkets, while vacancy continued to tighten or remain unchanged in 2016, deal velocity remained similar to 2015 levels despite significant fluctuation in dollar volumes.

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