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**Editors/Real Estate Reporters**

· Please click on link to view and download Avison Young's *Winter 2017 North Shore, BC Commercial Real Estate Market Report*:

[http://www.avisonyoung.com/fileDownloader.php?file=files/content-files/Offices/Vancouver/Research/2017/Vancouver\\_NorthShore\\_Winter2017.pdf](http://www.avisonyoung.com/fileDownloader.php?file=files/content-files/Offices/Vancouver/Research/2017/Vancouver_NorthShore_Winter2017.pdf)

**Gap in development cycle impacting North Shore, British Columbia  
commercial real estate sales and leasing activity**

***Retail assets represented the greatest deal and dollar volume in 2016***

**Vancouver, BC** — Sales of retail, office and industrial assets totalling more than \$174 million on the North Shore in 2016 are set to register the most dollar volume since 2013, when a record \$248 million traded hands. Demand for commercial space remained strong in 2016 with tight supply, stable vacancy and limited delivery of new development. These conditions have contributed further pressure to municipalities to initiate area planning processes in neighbourhoods such as Maplewood, and to review the official community plans applicable to areas including Dundarave, Horseshoe Bay and the Upper Lands (which is located between the British Properties and Cypress Provincial Park).

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

A significant driver of activity on the North Shore in 2016 was, ironically, a lack of new development. This gap in new supply impacted office and industrial markets on the North Shore and was also a characteristic of the retail market in 2015, which subsequently triggered significant retail leasing activity in 2016 upon the delivery of new retail space.

Office sales in 2016 were primarily driven by strata deals, with just two deals (of 22) exceeding \$2 million. The largest contribution to dollar volume was the disposition of 1343-1357 Lonsdale Avenue for \$26.5 million, which represented more than 50% of the total of \$49.3 million. Office vacancy remained stable at 7.9% at year-end 2016, up from 7.3% a year earlier. Vacancy is expected to rise in 2017 with the delivery of the first new office space since 2014.

"Office rental rates have been healthy and are expected to remain firm in the low- to mid-\$20s-psf range moving into 2017," comments Avison Young Principal **Terry Thies**. "And location has

been a strong determinant of the success of new strata office projects such as **Wallace & MacDowell, East Esplanade** and **West Quay.**”

Total deal volume of industrial sales in 2016 will likely decline to its lowest point since at least 2010 as a lack of new strata options and the unwillingness of existing owners to sell industrial assets kept resales few and far between with just 14 sales totalling \$43.6 million. Industrial vacancy tightened to 0.4% at the third quarter of 2016, down from 0.8% a year earlier. Despite extremely low vacancy, industrial rental rates remained largely flat due to a lack of tenant movement in the market. Upward pressure on rates is anticipated in 2017 as new industrial strata product scheduled for delivery at mid-year will have to be rented out at higher rates to justify the higher initial purchase price.

Retail sales represented the strongest market segment in 2016 with 32 deals valued at \$81.2 million with seven transactions exceeding \$5 million each. Retail strata sales at projects such as Wallace & MacDowell also contributed significantly to deal and dollar volumes.

Retail leasing in 2016 was also location-driven with Marine Drive emerging as a new home to street-level retailers who otherwise faced limited options on the North Shore. The increase in population due to the development of several mixed-use projects along Marine Drive helped attract retailers to these retail spaces that had been vacant until recently. Lower Lonsdale was also in demand by retailers as new mixed-use developments and amenities continue to spring up in the area. Rental rates are firming up as retailers come to terms with landlord expectations.

“Demand for retail space has been uneven on the North Shore,” adds **Matt Thomas**, a Vice-President in Avison Young’s Vancouver office who specializes in North Shore commercial real estate sales and leasing. “Lower Lonsdale continues to register strong retail demand in strata developments as retail leasing and sales along Marine Drive gain traction, while other areas and formats struggle.”

Avison Young’s *Winter 2017 North Shore, BC Commercial Real Estate Market Report* also features a review of the new community amenities being built on the North Shore with a focus on Lower Lonsdale.

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