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Metro Vancouver Industrial Overview

Fall/Winter 2010



Intelligent
Real Estate Solutions

Larger transactions occur as market improves

Now that Canada's economy is moving into a growth phase, the Metro Vancouver industrial real estate market is proceeding into recovery with modest risk of setback anticipated. Although overall growth has yet to occur, some submarkets in this traditionally tight sector are witnessing small but steady improvements in sales and leasing activity, sales dollar volume, sale prices and lease rates.

The number of overall industrial sales transactions and sales dollar volume are on pace to exceed 2009 levels slightly. Unlike in all of 2009 and early 2010, most of the recent deals are based on future growth rather than downsizing, distress or forced relocations. More large sales are occurring than in the previous 12 months, and more are expected to close by year-end 2010. However, the year-end 2010 sales transaction total will still fall short of 2008 and 2007 levels, when the market was at or near its peak. Owner-users and tenants are expected to remain cautious until U.S. and Canadian unemployment rates level off and begin to drop. Vacancy, which has been on a modest upward trend in the past 18 months, has stabilized as sublease space offerings continue to dissipate.

Demand for investment product remains strong as buyer confidence continues to rise and commercial real estate outperforms alternatives in the financial and stock markets. Some deals have resulted from pent-up demand, while vendor and purchaser price expectations have narrowed, although there continues to be a lack of available investment-grade supply.

The market has potential for a turnaround in early- to mid-2011 as sale prices and vacancy hold steady, investors obtain greater access to very attractive capital and credit, and owner-users and tenants require more space for expansion.

Vacancy trending downward

Metro Vancouver's industrial vacancy rate is expected to trend slowly downward in the next six to 12 months as leasing demand picks up. An increase in Canadian unemployment may temper demand; however, federal government funding on major infrastructure and capital-improvement projects will have a positive effect on employment.

Overall vacancy currently sits at 4.2% compared to 4.7% in spring 2010

continued on page 2...

Special Feature Inside:

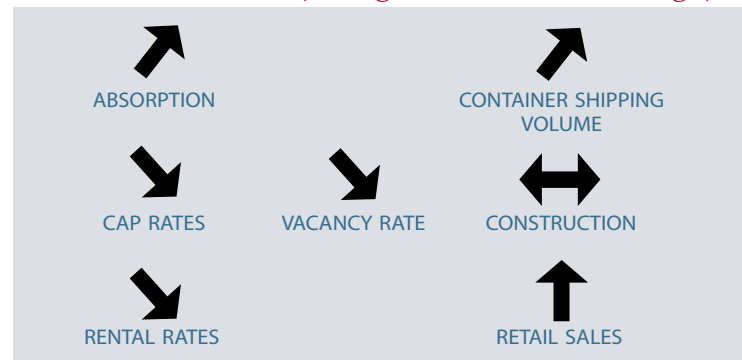
Q&A with **David Gillen, Scott Galloway, Jeff Cullen** and **Rod Wainwright** on the transportation outlook in BC

See pages 4-5

Metro Vancouver Industrial Market Snapshot

| Market | Industrial Inventory (square feet) | Vacancy | |
|------------------------------|------------------------------------|-------------|-------------|
| | | Fall 2010 | Spring 2010 |
| Richmond | 34,258,199 | 4.1% | 5.9% |
| Surrey | 28,388,484 | 3.3% | 4.0% |
| Burnaby | 26,854,249 | 2.8% | 2.9% |
| Vancouver | 21,868,456 | 3.5% | 2.6% |
| Delta | 20,499,851 | 7.9% | 6.8% |
| Langely | 15,645,895 | 7.1% | 8.1% |
| Coquitlam | 7,469,071 | 6.1% | 4.0% |
| Port Coquitlam | 6,831,254 | 2.6% | 1.9% |
| Abbotsford | 5,615,925 | 3.1% | 6.1% |
| North Vancouver | 5,010,624 | 2.0% | 2.6% |
| New Westminster | 3,682,315 | 6.1% | 9.9% |
| Maple Ridge/ Pitt Meadows | 2,197,281 | 1.3% | 2.7% |
| TOTAL | 178,321,604 | 4.2% | 4.7% |

Market Indicators (change from six months ago)



continued from page 1

and 4.4% in fall 2009. The vacancy rate remains above the 2.4% recorded in fall 2008, when vacancy rose above 2% for the first time since early 2006. The availability rate (which includes head lease or sublease space that is being marketed but is not physically vacant, or new supply that is nearing completion and available for lease) is estimated to be 7.2%, down slightly from 7.5% in spring 2010, but up from 7% in fall 2009 and 6% in spring 2009. The slightly lower availability rate can be attributed to more owner-users making decisions based on potential expansion in the next six to 12 months.

Burnaby continues to outperform other districts as it records ongoing increases in sales and leasing activity. Large pockets of industrial space in areas such as Surrey, Langley, Richmond and Delta are slowly but steadily leasing up. Some significant vacancies remain; however, improving tenant demand should result in more lease transactions, along with renewals, in late 2010 and early 2011. Tenants, who are showing a preference for properties in the 25,000-square-foot (sf) range and up, will continue to benefit from inducements such as free rent and landlord-subsidized improvements. As industrial real estate market fundamentals strengthen, tenants will face pressure to make decisions sooner as options become limited.

Rents remain at spring 2010 levels

Since peaking in the third quarter of 2008, rental rates have trended downward. Landlords are witnessing more bids as tenants seek to capitalize on opportunities to relocate to newer and larger locations.

Average asking rents for large (75,000-sf-plus) distribution centres range from \$5.50 psf (year one) in the South Fraser Distribution Centre (a.k.a. Hopcott Centre) in Delta to the mid-\$6 psf level for new product elsewhere. Hopcott Centre's \$5.50 psf asking rate is up from \$4.95 psf earlier in 2010. However, in most cases, pricing levels for large distribution facilities have not changed since spring 2010.

The market must gain more traction before fall 2009 rates of \$6.50 to \$7.50 psf can be realized again. Average rents climbed approximately 40% between 2003 and 2008 before plateauing and falling in the latter part of 2008 and into 2009.

Average asking rents for sub-50,000-sf new and class A spaces in the core areas of Richmond, Burnaby and Vancouver remain in the \$7.50 to \$8.50 psf range witnessed in spring 2010, down modestly from \$8 to \$9 psf in fall 2009. Rents for sublease space remain lower, but these opportunities are decreasing. Vancouver, due to its central location, is less affected by

lower rents than the outlying municipalities, but continues to play a smaller role as its inventory erodes to higher and better users.

Speculative construction on hold

Developers are delaying speculative new-product deliveries until vacancies show sustained reduction.

With current rents failing to justify land costs and lender demands continuing to be onerous, cautious developers are opting to market build-to-suit or strata properties with multiple small or mid-sized bays rather than risk building large speculative single-tenant or multi-tenant lease properties. In many cases, lenders require strata properties to be significantly presold before funding construction. But there is still reason for optimism, as owner-users are showing resurgent demand for strata properties while seeking to build equity and expand their operations.

In large industrial districts in Surrey (Campbell Heights, Bridgeview and South Westminster) and Langley (Gloucester), many developers are postponing deliveries of large speculative multi-tenant projects until overall economic conditions improve and lender requirements lessen.



Avison Young acted for the user, **TWG**, in the design-build of a new \$14-million facility in Surrey. The 110,000-sf manufacturing warehouse is slated for completion in spring 2011.

Two notable exceptions are in Campbell Heights and Pitt Meadows. The Beedie Group has achieved sufficient presale commitments to break ground in Campbell Heights, and the Onni Group is using a 75,000-sf speculative project to kick off leasing in its new Golden Ears Business Centre in Pitt Meadows, which will eventually ease supply pressures in

continued on back cover...

Recent Notable Lease Deals

| MUNICIPALITY | ADDRESS | SQUARE FEET | TENANT |
|-----------------|-----------------------|-------------|---------------------------------|
| Richmond | 21771 Fraserwood Way | 49,946 | H-Cold Storage Inc. |
| Burnaby | 8600 Glenlyon Parkway | 44,439 | AGAT Laboratories Ltd. |
| New Westminster | 430 Canfor Avenue | 37,921 | Sokil Express Lines Ltd. |
| Delta | 563 Ebury Place | 34,893 | Unisource Canada Inc. |
| Coquitlam | 2120 Hartley Avenue | 32,845 | Sanitherm Engineering Ltd. |
| Richmond | 13331 Vulcan Way | 32,000 | Leeza Distribution Inc. |
| Delta | 715-725 Eaton way | 30,791 | All Points Express Inc. |
| Langley | 27353 58th Crescent | 28,520 | International Play Company Ltd. |
| Burnaby | 8051 Enterprise Way | 28,106 | LTS Solutions Ltd. |

Metro Vancouver compares well with other Western Canadian markets

Metro Vancouver's industrial real estate sector is faring well in relation to other Western Canadian markets as the economy slowly rebounds from the recession.

"Fundamentals are still strong," says **Rob Gritten**, a Principal in **Avison Young's** Vancouver office. "They've always been relatively strong. We have a higher vacancy rate than in the past, but we're still very healthy when you look at other parts of the country."

The Metro Vancouver market is characterized by strengthening demand for lease and sale product, low lease rates, modest investment and development activity, and few land sales. Provided that Canadian and U.S. unemployment levels do not rise dramatically, Gritten sees the potential for improvement in late 2010 and early 2011.

Avison Young industrial real estate sales and leasing specialists on the other side of the Rocky Mountains in Calgary, Edmonton and Regina present a similar perspective. While Vancouver has more geographical constraints related to the ocean, mountains, Agricultural Land Reserve and Canada-U.S. border, the Calgary, Edmonton and Regina markets, for the most part, are witnessing similar conditions.

"I would say the Metro Vancouver market is just moderating," notes Gritten. "I wouldn't say it's recovering. It's just cruising along on a plateau. If you're an infrastructure service provider, then you're probably pretty busy. But if you're not, you're looking over your shoulder."

However, more large sale and lease transactions, including **Bentall Capital's** acquisition of **Kingswood Capital's** 80,000-sf property on Annacis Island for \$8 million at a 6.1% capitalization rate and **Best Buy's** lease of a 199,000-sf warehouse and distribution facility in New Westminster, point to better times ahead.

"Investment is the one place where we're continuing to see strength of demand," says Gritten. "We've seen some big deals in 2010, but that's the first time we've seen some big deals go down in a long time." But there's still considerable room for improvement in land sales, he adds.

In Calgary, the overall industrial vacancy rate is just under 5%. However, vacancy in larger (50,000 sf and up) investor-owned properties is closer to 10%, says **Norman Lippitt**, a Principal in Avison Young's Calgary office.

"I think we've reached a low point in our activity levels. There have been a minimal number of new developments, so we think the trend will be upward albeit mildly," he says.

Unlike in other Western Canadian markets, significant serviced land is available in Calgary while land prices are off slightly, now going for \$500,000 per acre and up. Developers have obtained development permits for several properties, but not yet commenced construction while a number of recently-completed buildings have a considerable amount of vacant space.

Oxford Properties will commence land servicing on a massive airport project in the next few weeks, and construction of a new large-bay 350,000-sf distribution building will commence in early 2011.

"This will be the first building of many planned, with a total of 4 million square feet to be added to the market over the next several years," states Avison Young Calgary-based Principal **Steve Vesuwalla**.

Western Asset Management (WAM) will also move forward with the fourth distribution building on its Stoney lands, with delivery planned for the third quarter of 2011.



Meanwhile, Greater Edmonton's third-quarter vacancy rate is 4.7%, up 300 basis points from the first quarter. The vacancy increase has put downward pressure on lease rates. Asking net rental rates for properties less than 5,000 sf have decreased the most – 5% on average – and now range from \$8 to \$11.50 psf. Mid-sized properties (10,000 sf to 50,000 sf) range from \$7.50 to \$11 psf while large-bay properties (50,000 sf and up) are fetching \$6.25 to \$9.50 psf.

Colin Ludwig, a Principal in Avison Young's Edmonton office, foresees many new large developments over the next six to 18 months following WAM's acquisition of 92 acres of land for speculative projects.

"They're building two 250,000-sf buildings out in the West End," he says. "We haven't seen speculative development of that magnitude for two years. They've done one deal in there now for 30,000 sf, and that's a preleasing deal. Those are few and far between in our market. They always have been."

In contrast to Vancouver, the Edmonton market has plenty of available land to work with. In the first three quarters of 2010, the amount of acreage sold and land-sale dollar volume surpassed year-end 2009 levels. However, finding a serviced and properly-zoned site is a major challenge.

"If you're an industrial user and you've got activities outside, you can't find a site like that within the city limits today in Edmonton," says Ludwig.

In Regina, a market correction has resulted in net asking rates of \$11 to \$13 psf for new space – the highest in Western Canada.

"The impact of this correction will take a few years to settle in as tenants decide how they can adapt to the increase in their bottom-line leasing expense and landlords decide how they want to introduce the increases upon renewal," comments **Richard Jankowski**, Managing Director of Avison Young's Regina location.

Regina's 2% vacancy rate, among the lowest in Western Canada, will force new development. Jankowski says Regina must develop more industrial inventory soon in order to compete with Alberta and Manitoba centres that have more supply.

"From an investment-attraction standpoint, we can't wait much longer for speculative building to occur," he says.

On the sales side, Regina's land prices have gone through a correction in the past few years. But the prices – ranging widely from \$10,000 to \$150,000 per acre for unserviced land and \$220,000 to \$250,000 per acre for serviced land – remain well below Metro Vancouver and other major Western Canadian levels. ■



David Gillen

Director of Centre for Transportation Studies
UBC Sauder School of Business

David Gillen is the director of transportation studies and chair of the operations and logistics division at UBC's Sauder School of Business. He is also a member of the Greater Vancouver Gateway Council, which develops strategies to enhance trade with the Asia-Pacific region; and

heads the Sauder school research in the Asia-Pacific gateway. In addition, he is associate editor of transportation research, and also sits on the editorial board, of the Journal of Transport Economics and Policy. Gillen, who holds a doctorate in economics from the University of Toronto, has published more than 100 books, technical reports and journal papers on various areas of transportation economics.



Scott Galloway

Director, Trade Development
Port Metro Vancouver

As the director of trade development for Port Metro Vancouver, Scott Galloway is responsible for marketing the port's cargo and cruise business and maintaining customer and stakeholder relationships. He has more than 20 years of experience in transportation marketing and

joined the Vancouver Port Authority in 1995, holding various leadership positions within the organization over the years. He graduated from the University of Winnipeg and has completed the executive management development program at Simon Fraser University.



Jeff Cullen

Airfreight Chair
Canadian International Freight Forwarders Association

Jeff Cullen serves as airfreight chair and a director with the Canadian International Freight Forwarders Association (CIFFA). Founded in 1948, CIFFA represents members of Canada's international freight forwarding industry as

well as shippers and importers. In addition to his role with CIFFA, Cullen serves as President and CEO-North America of Mississauga, ON.-based Bellville Rodair International Ltd., as well as a member of the shareholder group and board of the parent BRI Group, which comprises 21 offices in 12 countries. Cullen is a founding shareholder of both Rodair and BRI Group. He holds a political science degree from the University of Western Ontario and has done post-graduate work in the executive MBA program at the University of Toronto's Rotman School of Management.



Rod Wainwright

President
Lantrax Logistics Ltd.

Rod Wainwright is President of Langley-based Lantrax Logistics, Ltd., a third-party freight brokerage company specializing in over-the-road truck services. He has worked in the trucking industry for over 32 years, ranging from driver to management. His experience includes positions

with various courier and local cartage companies as well as regional and international full-truckload and less-than-truckload (LTL) firms, including Dynamex Express, Kindersley Transport and West Am Truck Lines. In addition to founding Lantrax, Wainwright started up Victoria-based Demand Dispatch Services Ltd. in 1979 and built the company into a national overnight courier system before selling it in 1992.

Q & A

Avison Young asked four transportation experts for their outlook on BC freight traffic in each of the four transportation sectors. Here's what they had to say...



Do you expect BC rail freight traffic to be up, down or flat over the next six to 18 months?

David Gillen

Rail freight traffic will be up somewhat – for two reasons. One is that CP has signed a long-term contract with Teck Resources to move some metallurgical coal to port. So I think that that's stabilized, and there is still a huge demand for that coal. Secondly, because of the blade markets in China for forest products, we're seeing an awful lot more of those being moved by both CN and CP. In the case of coal, I think the increases will continue for a clear 18 months. In the case of forest products, certainly, I would say it's going to go up anywhere in between six to nine months. One of the key issues is what is going to be happening to the Chinese economy. There is some evidence that it's turning down a little bit. Now, as for the underlying cause of that turning down, it's not clear whether it's driven by a reduction in export activity or domestic consumption. My suspicion is that it's export activity and, if that's the case, then I would be fairly optimistic about continued growth in the export of forest products from Canada to China, because domestic consumption there is growing in leaps and bounds.

I would be fairly pessimistic about the state of the U.S. economy currently and going forward. I think there are going to be buoyant amounts of rail exports into the U.S., maybe some containers going into the Chicago area. But I think the reality is that U.S. railways are going to give their shippers in the Pacific Northwest – for example, lumber – a better deal than they would be for anybody coming out of Canada.

Do you expect BC ocean freight traffic to be up, down or flat over the next six to 18 months?

Scott Galloway

Port Metro Vancouver continues to build capacity that accommodates growth, delivers economic empowerment and informs sustainable choices. Port Metro Vancouver is experiencing unprecedented public and private investment. Our collaborative, strategic and financial partnerships demonstrate our collective commitment to investing in long-term infrastructure that commercial users need, while securing jobs and providing economic value for communities.

We are pleased with the trend toward increased volumes that we have

recently experienced through Port Metro Vancouver. Our mid-year results show that 2010 is building momentum, with an overall tonnage increase of 20 per cent totalling 58.4 million tonnes to the end of June. Total foreign tonnage increased 19 per cent, to 45.5 million tonnes, with increased foreign exports to growing Asian economies leading the way. Total domestic tonnage also increased, to 12.9 million tonnes, up from 10.7 million tonnes in 2009.

As a significant economic generator for Metro Vancouver, the province, and Canada, we are cautiously optimistic. Significantly improved mid-year numbers are good news for all Canadians and signs of continued growth point to a return to 2008 pre-global-economic-downturn levels possibly as soon as 2011. Importantly, during a slower 2009, the port seized the opportunity to define processes and investments to improve efficiencies and capacity, and to collaborate with customers and stakeholders.

By enabling sustainable growth and delivering a generational change in infrastructure development we can deliver the full potential of the Asia-Pacific Gateway, one of Canada's most precious national assets.

Do you expect BC *airfreight* traffic to be up, down or flat over the next six to 18 months?

Jeff Cullen

For me, predicting this type of stuff has become like magician's work. But one of the growing themes tends to be that this is going to be a gradual recovery if we're, in fact, in recovery

at all. There's still a shadow of uncertainty on the entire air cargo industry in the world. A lot of the air cargo industry is consumer-demand-driven, and we're still seeing some sluggishness with respect to the U.S. economy especially, and that drives a fair bit of growth.

We'll probably see relatively flat results over the next 12 to 18 months. There may be a slight growth, but I don't think it's going to be a major uptick in any way. We've seen some real burps, as we call them, in the last year. Some companies caught themselves in situations where they were out of inventory when, all of a sudden, there was a blip in demand but they could bring in product relatively quickly. We've started to see those inventories be built back up again. So that's where I see some of the flatness.

I don't think we're going to see a drop. We've reached a somewhat level plateau. The world is still trying to figure out what's happening as far as the economy goes. There could be an uptick in the perishable market in British Columbia, especially servicing Asia. As we watch China's middle class grow, there is a demand to feed that middle class. Fish, apples and cherries, for example, are going to be relatively strong, or relatively buoyant, markets for BC specifically. That buoyancy will bring some continuity to where the volumes are.

Do you expect BC *truck freight* traffic to be up, down or flat over the next six to 18 months?

Rod Wainwright

Initially, up until next spring, I think most traffic is going to be pretty flat. I don't think there's going to be much going on. We're going to have

a little bit of a bump, maybe, between now and Christmas, but it's not going to be much. After we get into the new year and into the spring, we're going to start to see a steady increase in truck traffic. There's a lot of construction going on in BC right now, especially with a lot of those big hydro construction projects. Mining has really taken off over the last couple of years, especially this past year. There have been a lot of new mine sites opening up, so there's a lot of that kind of traffic that's going on throughout the province.

The upswing in fish shipments is going to come to an end this year. Certainly, there was an awful lot of initial activity due to the extra large salmon run that we had. But, generally speaking, I think we're going to see truck freight traffic continue to increase next year.

The U.S. market is pretty sad right now. Our difficulty is trying to find trucks to bring product northbound. There's lots of product that's available coming northbound, but there's a lack of equipment down there. And the reason for that? Canadian carriers have nothing to carry down there. So there are two or three loads sitting down there – Oregon lumber and California produce, for example – for every truck that gets down there, and there's not as much going southbound. I don't see that situation changing. I think equipment supply is going to be outstripped by the demand.

As Asia-Pacific freight goes, so does the truck traffic at this end, because everything comes into Vancouver and, pretty much, stops here. I think the truck business in BC is going to increase, because that Asia-Pacific business is going to continue to increase. ■

Recent Avison Young Transactions



900 PARKER STREET, VANCOUVER
• 116,000 sf



2120 HARTLEY AVENUE, COQUITLAM
• 32,845 sf



192ND STREET & 21ST AVENUE, SURREY
• 110,000 sf
• Build-to-suit

Avison Young Industrial Lease Listings



915 CLIVEDEN AVENUE, DELTA
 • 30,000 to 85,000 sf
 • Distribution space with yard
Contact: Ryan Kerr / Rob Gritten



7722 PROGRESS WAY, DELTA
 • 4,500 sf of office and warehouse
 • 5,000 sf of yard
Contact: Ryan Kerr



877 DERWENT WAY, DELTA
 • ¾ acres of yard
 • 1,800 sf of office
Contact: Ryan Kerr



6651 FRASERWOOD PLACE, RICHMOND
 • 5,000 to 77,000 sf
 • Flex office industrial
Contact: Ryan Kerr / Matthew Craig



1915 STAINSBURY AVENUE, VANCOUVER
 • Approximately 12,500-sf building over 2 floors
 • Flexible MC-1 zoning
 • Flexible dates for owner-user
Contact: Struan Saddler / Rob Greer



27090 GLOUCESTER WAY, LANGLEY
 • Warehouse with A/C office space
 • 3,685 - 4,200 sf units
 • Grade and dock loading
 • 26' clear ceiling
 • Starting from \$3,000/month
Contact: Michael Farrell / John Eakin



1525 WELCH STREET, NORTH VANCOUVER
 • Oversized grade loading door
 • Excellent exposure
 • Central location
 • 4,984 sf
Contact: Matt Thomas / Kyle Blyth



26835 GLOUCESTER WAY, LANGLEY
 • Freestanding building
 • 59,259 sf total
 • 5,125 sf office
 • ESFR sprinklers and heavy power
 • \$.595/ sf in year one
Contact: Michael Farrell / John Eakin



20530 LANGLEY BYPASS, LANGLEY
 • 1,760 sf to 6,530 sf units available
 • Starting from \$1,800 per month gross rent
 • Excellent parking
Contact: Jot Mattu / John Eakin / Michael Farrell



3676 BAINBRIDGE AVENUE, BURNABY
 • 85,000 sf of warehouse/freezer space
 • Dock loading
 • M2/M5 zoning
 • \$.715 psf lease rate
Contact: Kyle Blyth / Bill Elliott



104 - 2567 192nd STREET, SURREY
 • 8,823 sf of warehouse space
 • 2 dock loading doors
 • 24' clear ceiling heights
 • I-B1 zoning
Contact: Jot Mattu



12179 86 AVENUE, SURREY
 • Up to 27,950 sf
 • Cost-effective warehouse space
 • 2 dock loading/3 grade loading doors
 • Heavy power
Contact: Jot Mattu

Avison Young Industrial Sublease Listings



1586 RAND AVENUE, VANCOUVER
 • 18,000 sf
 • Quality office area
 • Ample parking
Contact: Ryan Kerr / Doug McMurray



340 BROOKSBANK AVENUE, NORTH VANCOUVER
 • 7,813 sf of flex office/industrial
 • Demisable to 2,663 sf
Contact: Michael Allen / Matt Thomas



2120 HARTLEY AVENUE, COQUITLAM
 • 10,000 sf
 • Warehouse/yard space
 • Heavy-duty machine shop
Contact: Michael Allen / Kyle Blyth



3671 VIKING WAY, UNIT 1, RICHMOND
 • 6,560 sf flex office/industrial
 • Central location in Crestwood area
 • Grade loading / 15' clear ceilings
Contact: Michael Allen



1755 COTTRELL AVENUE, VANCOUVER
 • 34,470 sf warehouse distribution space
 • 3.5 acres of yard
 • Rent negotiable
 • Available immediately
Contact: Michael Allen / Robert Gritten



UNIT 1, 559 ANNANCE COURT, DELTA
 • 12,000 sf of distribution warehouse
 • 2 dock and 1 grade loading doors
 • Available immediately
Contact: Struan Saddler



13110 88th AVENUE, SURREY
 • 4,290 to 19,110 sf of warehouse space
 • Oversized grade loading
 • Dust collection system in place
 • Air lines in place
Contact: Michael Farrell / John Eakin



1-1225 EAST KEITH ROAD, NORTH VANCOUVER
 • Up to 10,000 sf
 • Ample parking
 • Exposure location
Contact: Matt Thomas / Kyle Blyth

Avison Young Industrial Sale Listings



195-207 PEMBERTON AVENUE, NORTH VANCOUVER

- Heavy power
- High-exposure location
- Ample on-street parking

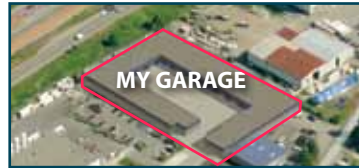
Contact: Matt Thomas



1915 STAINSBURY AVENUE, VANCOUVER

- 12,500 sf of office/showroom/warehouse
- Short term sale leaseback opportunity
- MC-1 zoning
- \$2,900,000

Contact: Struan Saddler



23451 DYKE ROAD, RICHMOND

- Customized executive vehicle storage
- High-security facility in SE Richmond
- 818 sf to 10,000 sf-plus options available
- Strata titled development

Contact: Rob Gritten / Michael Allen



144 - 174 176th STREET, SURREY

- Court-ordered sale
- Future development potential
- 60 acres with farm buildings (\$91,500/acre)
- 3,360 sf home on 1 acre (\$750,000)

Contact: Michael Farrell / John Eakin



2954 COMMERCIAL DRIVE, VANCOUVER

- 115' x 33' redevelopment site
- Level corner site
- Exposure to 17,300 vehicles per day
- C-2C1 Zoning (3.00x FSR)

Contact: Michael Allen / Samuel Fogell



7770 & 8398 NORTH FRASER WAY, BURNABY

- Site A: 4.59 acres
- Site B: 13.04 acres
- \$23,800,500

Contact: John Lecky / Kyle Blyth / Matt Thomas



8424 AITKEN ROAD, CHILLIWACK

- 14,685 acres
- Zoned and serviced industrial land
- M4 heavy industrial zoning
- \$265,600/acre

Contact: Michael Farrell / John Eakin



1455 EAST GEORGIA, VANCOUVER

- 22,000 sf of warehouse/office space
- Excellent proximity to downtown core
- For Sale/Lease
- Available immediately

Contact: John Lecky / Struan Saddler



9771 186th STREET, SURREY

- Port Kells location
- 2.86 acres of industrial land
- Faces new Golden Ears Way
- Flexible IL zoning in place
- Environmental & geotechnical reports
- Proposed building shown

Contact: Michael Farrell / John Eakin



12941 115TH AVENUE, SURREY

- 2.7 acres of industrial land
- Zoned, serviced & piled
- Several possible site configurations
- Exposure to Bridgeview Drive
- Eligible for development incentives from City of Surrey

Contact: Michael Farrell / John Eakin



12294 104th AVENUE, SURREY

- Industrial investment
- Seven tenants
- 70,000 sf on 4.4 acres
- 35% site coverage
- Room for additional buildings

Contact: Michael Farrell / John Eakin



2342 WINDSOR STREET, ABBOTSFORD

- Excellent configuration
- Small yard area
- 22,171 sf to 8,000 sf
- Grade loading
- Lease for \$6.75/sf
- Buy for \$2,600,000

Contact: Michael Farrell / John Eakin

Recent Industrial Investment Sales



900 PARKER STREET, VANCOUVER

- Vendor: Sonjan Enterprises Ltd. & Biely Foundation Ltd.
- Purchaser: Strathpark Holdings Inc.
- Purchase Price: \$7,100,000
- Price Per Square Foot: \$61
- Building Size/Site Area: 115,929 sf / 1.29 acres



5400 MINORU BOULEVARD, RICHMOND

- Vendor: Osaka Investments Ltd
- Purchaser: Jiatai Realty Inc
- Purchase Price: \$13,550,000
- Price Per Square Foot: \$335
- Building Size/Site Area: 40,475 sf/2.13 acres



3811 NORTH FRASER WAY, BURNABY

- Vendor: BUK Investments Ltd.
- Purchaser: Madison Pacific Properties
- Purchase Price: \$8,900,000
- Price Per Square Foot: \$96
- Building Size/Site Area: 93,045 sf / 8.08 acres

Recent Notable Industrial Land Sales

| ADDRESS | VENDOR | PURCHASER | SALE PRICE | SITE AREA | PRICE/ACRE |
|--|---------------------------|--------------------|--------------|--------------|-------------|
| 6939-7150 Tilbury Road & 7505 Hopcott Road, Delta | Weyerhaeuser | Terassen Gas Inc. | \$15,000,000 | 22.8 acres | \$657,895 |
| 680-688 Terminal Avenue, Vancouver | Damb Good Investments | Dilawri Auto Group | \$9,400,000 | 1.69 acres | \$5,562,130 |
| 3230-3294 192nd Street & 19317 32nd Avenue, Surrey | Forestry Turkey Farm Ltd. | Gweb Holdings Ltd. | \$8,000,000 | 19.422 acres | \$411,904 |
| 1270 West 75th Avenue & 1275 West 76th Avenue, Vancouver | Camad Land Ltd. | Maclure Cabs | \$3,358,000 | 0.655 acres | \$5,126,718 |
| 6549 148th Street, Surrey | Shotgun Holdings Ltd. | City of Surrey | \$3,000,000 | 2.446 acres | \$1,226,492 |

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nearby Port Kells/Northwest Langley.

Sales of large land parcels scarce

In most areas of the region, prices of small ready-to-build sites, designed for owner-users, are continuing to hold. However, sales of large development land parcels are scarce throughout Metro Vancouver. As a result, prices of large land parcels have fallen 10% in central areas, approximately 25% to 35% in secondary locations, and as much as 50% in tertiary markets since peaking in 2008.

Municipalities, such as Surrey and Abbotsford, are continuing to respond to demand for industrial-zoned and serviced land. However, the anticipated release of 40 acres by the City of Surrey Development Corporation has been postponed until a new subdivision plan is complete. In Abbotsford, 300 acres of raw land have been removed from the Agricultural Land Reserve for industrial and business park uses. However, developers have been slow to acquire any parcels within the development area due primarily to vendors' price expectations from 2006 to 2007 and uncertainty surrounding the City of Abbotsford's plan for servicing and development cost charges.

Capitalization rates continue to hold

For the first time in 12 months, the market is witnessing an increase in large sale and lease transactions. Recent examples include Bentall Capital's acquisition of an 80,000-sf Kingswood Capital property on Annacis Island in Delta for \$8 million and the lease of a 199,000-sf warehouse and distribution facility at 109 Braid Street in New Westminster to Best Buy Canada.

Historically-low capitalization rates continue to hold, ranging from 6.25% for high-quality properties to 7.5% for class C buildings. These figures are comparable to the 6.5% to 7.5% range displayed in spring 2010, and can be attributed to the limited product available and the substantial amount of equity looking to be placed. Available financing below these yields provides positive leverage, helping to keep capitalization rates low.

Moderate growth anticipated

Heading into 2011, the outlook for the Metro Vancouver industrial market remains the same as it did in spring 2010: progressive improvement in market fundamentals over the next six months. Increased demand, fewer sublease opportunities and the disciplined release of new product, which will enable the market to continue its gradual improvement. As conditions strengthen, owner-users and tenants will feel confident to act on their industrial real estate needs. Investors will continually seek income-producing product. As fundamentals improve and lending restrictions lessen, developers will embark on new projects with lower pre-construction commitment expectations. Overall, the outlook remains positive – with the caveat that, until unemployment trends reverse, growth will be moderate. ■

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