



# Greater Vancouver Industrial Overview

Spring 2006



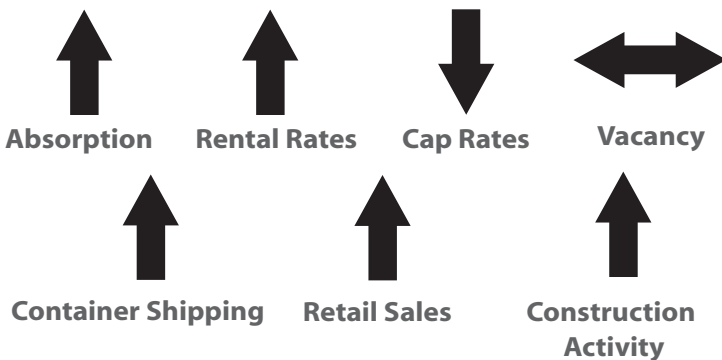
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## Predictions

- Continued supply shortages combined with rising costs for new construction will place upward pressure on rental rates.
- Speculative development will continue to increase.
- Supply of industrial assets available for sale will remain scarce.
- Capitalization rates for industrial product will begin to level off.

## Market Indicators (Change from six months ago)



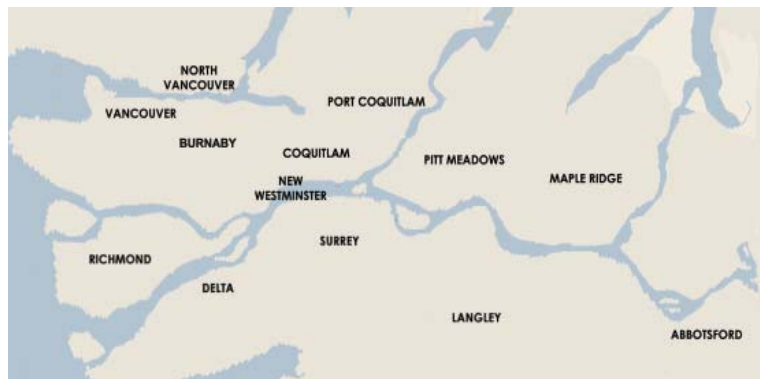
## Greater Vancouver Industrial Market Snap Shot

Market	Industrial Inventory (s.f.)	Va-cancy	Lease Rate	Land Costs Per Acre
Richmond	28,750,000	2.3%	\$5.50 - \$10.00	\$600,000 - \$1,100,000
Burnaby	23,900,000	2.1%	\$6.00 - \$9.75	\$625,000 - \$1,300,000
Surrey	23,400,000	1.6%	\$6.00 - \$8.00	\$550,000 - \$850,000
Vancouver	21,200,000	1.7%	\$6.50 - \$11.00	\$850,000 - \$3,000,000
Delta	19,800,000	2.5%	\$5.75 - \$7.75	\$300,000 - \$600,000
Langley	12,800,000	2.6%	\$5.75 - \$8.25	\$400,000 - \$850,000
Coquitlam	7,300,000	2.5%	\$5.50 - \$8.50	\$400,000 - \$900,000
Port Coquitlam	5,800,000	2.9%	\$5.25 - \$7.00	\$450,000 - \$650,000
Abbotsford	4,750,000	2.2%	\$5.50 - \$7.50	\$200,000 - \$400,000
North Vancouver	4,550,000	1.6%	\$6.50 - \$12.00	\$950,000 - \$2,000,000
New Westminster	3,700,000	0.7%	\$5.00 - \$7.00	\$450,000 - \$800,000
Maple Ridge / Pitt Meadows	2,000,000	4.3%	\$5.00 - \$7.00	\$350,000 - \$500,000
<b>TOTALS</b>	<b>158,100,000</b>	<b>2.1%</b>		

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Maximizing Benefits From  
Industrial Relocations

Executive summary of a new report by Avison Young




The information contained herein was obtained from sources deemed reliable. While thought to be correct, it is not guaranteed by Avison Young Commercial Real Estate (BC) Inc.

## Recent Industrial Investment Sales (> \$5 Million)

Building Photo	Vendor / Purchasor	Price / Yield	Area / Price Per Sq. Ft.	Age / Site Acres
	Taiga Building Products 17 Property Portfolio: BC, AB, SK, MN, ON, QC			
	Taiga Building Products Ltd. / Argo Ventures	\$52,000,000 / 8.2%	694,427 / \$75	Various / 135
	Safeway Distribution Centre, 7185 & 7025 11th Avenue, Burnaby			
	Dorothy Elmhirst Holdings / Canada Safeway Ltd.	\$42,400,000 / User	500,000 / \$85	Various / 28.2
	Lions Gate Film Studios, 555 Brooksbank Avenue, North Vancouver			
	Lions Gate Films Corp. & Lions Gate Entertainment Corp. / Bosa Development Corp.	\$41,600,000 / Not Applicable	248,197 / \$168	1989 & 2004 / 13.7
	13340 - 76th Avenue, Surrey			
	City Lumber Sales & Services / Mountain Equipment Co-Op	\$15,500,000 / User	112,300 / \$138	1977 / 16.0
	Abgenix Building, 7990 Enterprise Street, Burnaby			
	Pena Investments / ARE-BC Holdings	\$11,900,000 / 8.4%	66,000 / \$194	2002 / 4.15
	<small>note: although zoned industrial, use is primarily office / laboratory; rental rates reflect this</small>			
	12071 Jacobsen Way, Richmond			
	Stratus Enterprises Inc. / Tilbury Gemini Nominee Inc.	\$9,150,000 / User	85,197 / \$107	2005 / 3.90

## Recent Industrial Investment Sales (> \$5 Million)

Building Photo	Vendor / Purchasor	Price / Yield	Area / Price Per Sq. Ft.	Age / Site Acres
	7400 River Road, Richmond			
	Irving Glassner / Centro River Road Holdings Ltd.	\$8,020,000 / N/A	91,212 / \$88	N/A / 4.0
	13120 - 76th Avenue, Surrey			
	Valley Specialties Inc. / Redstone Enterprises Ltd.	\$7,350,000 / \$7.1%	95,100 / \$77	1971 / 7.15
	6940 - 14th Avenue, Burnaby			
	Pimlico Apparel Ltd. / Carnarvon Management Ltd.	\$6,800,000 / 5.9%	60,000 / \$113	1971 / 2.66
	456 Humber Place, Delta			
	Grosvenor Canada Ltd. / LEI Cartage Ltd.	\$6,700,000 / User	160,000 / \$42	1984 / 12.41

## Recent Industrial Lease Deals

Building	Tenant	Square Feet
3100 Production Way, Burnaby	The BRICK Furniture Warehouse	459,000
12751 Vulcan Way, Richmond	Teldon International	148,000
200 Gateway Road, Langley	Fraser Health Authority	111,000
3676 Bainbridge Avenue, Burnaby	Snowcrest Packers Ltd.	85,000
1 Burbidge Street, Coquitlam	Northern International Inc.	70,000
10111 River Drive, Richmond	Great Canadian Gaming Corp.	50,000
2285 Clark Drive, Vancouver	Lululemon Athletica	31,000
1388 Derwent Way, Delta	Northwestern Systems	30,000
13120 Bathgate Place, Richmond	Noah's Ark Productions	29,000

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## Maximizing Benefits From Industrial Relocations

### Introduction:

To assist our clients to achieve maximum benefit from their relocations, Avison Young interviewed industrial space users who had recently relocated to new premises. We analyzed the results and produced a 10 page report. Here are a few of the findings:

### Planning the move:

When companies started working toward their relocation 18 to 24 months ahead of lease expiry (or the required relocation date) the majority reported a wide range of financial, operational and other benefits as well as minimal problems and disruptions. Although a few companies with whom we spoke reported achieving satisfactory results in less time, this typically required luck and their outcomes were not described in the same favourable language as those companies who planned in advance. As common, following a hastily-made relocation, companies reported operational challenges.

Companies that reported maximum benefits from relocation started early and scrutinized all aspects of their operations and how they would fit into their various real estate options. Advantageous steps included:

- Soliciting employee input and feedback, learning what changes to their workspaces could improve efficiency and productivity.
- Partnering with an industrial real estate broker who specialized in tenant advisory services and who offered insight from past experience with other companies' moves as well as knowledge of all options – including hidden ones – in the marketplace.
- Creating a taskforce within the company to evaluate the plan continually, looking for potential obstacles and opportunities.

### Executing the move:

Planning every detail made moving day smoother, according to our interviewees. Some of their top recommendations included:

- Hiring professional movers in order to avoid stress and even injuries to staff (and therefore lost work days).
- Informing customers and suppliers ahead of time, and posting a notice at the old location, to minimize disruptions to business operations.
- Purchasing new computers, machinery, furniture, etc. to coincide with the move. This allowed the new location to be set up while the old location continued to operate the business, reducing downtime. Also, taking advantage of the move to upgrade equipment often offered efficiency gains.

### Results:

Companies that carefully planned and executed their relocations experienced a range of positive outcomes. These included increased productivity and efficiency as well as improved employee morale, which also contributes to productivity. Even when employees faced longer commutes, most companies reported improvements to morale -- to employees, working in a new, more efficient and comfortable facility was worth a longer drive time.

(To obtain a complementary copy of the complete report, please contact Kyle Blyth at 604-647-5088 or anyone at Avison Young).

### Across The Country Around The World

Vancouver ● Calgary  
Edmonton ● Regina  
Winnipeg ● Toronto  
Mississauga ● Montreal  
Quebec City

USA ● Mexico ● United  
Kingdom ● Continental Europe  
Asia Pacific

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