

INDUSTRIAL Overview

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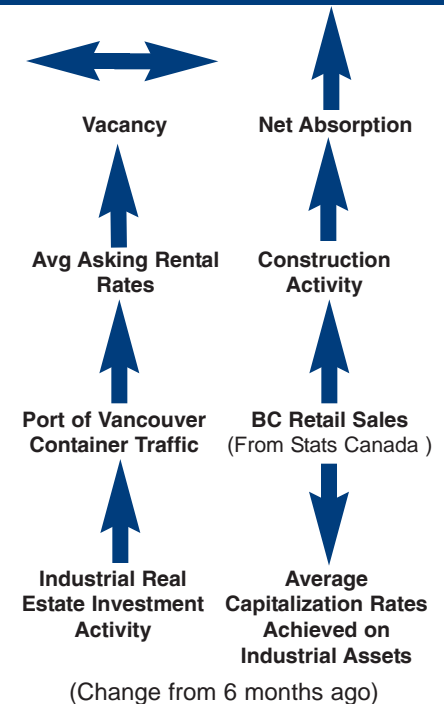
FALL 2005

Greater Vancouver Edition

INDUSTRIAL MARKET SUMMARY

Region	Industrial Inventory (S.F.)	Vacancy	Lease Rates	Land Costs Per Acre
Richmond	28,500,000	2.4%	\$5.50 - \$8.75	\$650,000 - \$1,100,000
Burnaby	24,000,000	1.7%	\$5.50 - \$9.00	\$650,000 - \$1,300,000
Surrey	23,000,000	1.1%	\$5.50 - \$7.75	\$550,000 - \$900,000
Vancouver	22,000,000	1.8%	\$5.50 - \$10.00	\$1,000,000 - \$3,000,000
Delta	20,000,000	2.7%	\$5.25 - \$7.75	\$325,000 - \$575,000
Langley	12,500,000	2.6%	\$5.50 - \$7.75	\$450,000 - \$900,000
Coquitlam	7,000,000	4.1%	\$5.50 - \$8.50	\$450,000 - \$800,000
Port Coquitlam	6,000,000	4.0%	\$5.00 - \$7.50	\$450,000 - \$600,000
Abbotsford	5,000,000	1.6%	\$5.00 - \$7.00	\$350,000 - \$450,000
North Vancouver	4,500,000	1.3%	\$7.50 - \$14.00	\$1,100,000 - \$1,750,000
New Westminster	3,500,000	0.9%	\$5.00 - \$6.50	\$450,000 - \$700,000
Maple Ridge / Pitt Meadows	2,000,000	4.1%	\$5.00 - \$7.00	\$350,000 - \$500,000
TOTALS	158,000,000	2.1%		

INDUSTRIAL INDICATORS



PREDICTIONS

- Continued container traffic will increase demand for land and, combined with a depleting supply, upward pressure on land values will continue.
- Pressure on municipalities to release lands from the ALR, and to service existing zoned land, to provide additional supply to meet this significant demand for land.
- Prospects of near term interest rate increases between now and the end of the year should impact cap rates to slow the pressure for additional downward movement, or even stop the reduction in yields

BACK PAGE FEATURE

Industrial Options Disappearing Fast

SOLD

Implications for Greater Vancouver's Industrial Real Estate Market

Avison Young Industrial Group

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SIGNIFICANT SALE TRANSACTIONS (LAST SIX MONTHS)

Building	Vendor / Buyer	Sale Price / Yield	Area (S.F.)	Age	Site Acres	Price (P.S.F.)
19890 - 92A Ave, Langley, BC						
	Best Buy Co. / Dayson Holdings Ltd.	\$35,000,000 / 6.78%	433,692	1979	27.06	\$80.70
5111 - 272nd Street, Langley, BC						
	Keiry Holdings Ltd. / Jim Pattison Developments	\$23,880,800 / 8.33%	412,000	2000	23.43	\$57.96
1272 Derwent Way, Delta, BC						
	Grosvenor Canada / Canadian Urban Ltd.	\$11,650,000 / 6.20%	146,443	1981	8.01	\$79.55
4242 Phillips Avenue, Burnaby, BC						
	TCGI Phillips Ave. Properties / Concert Real Estate	\$10,205,000 / 8.3%	148,062	O.T.	8.16	\$68.92

SIGNIFICANT SALE TRANSACTIONS (LAST SIX MONTHS)

Building	Vendor / Buyer	Sale Price / Yield	Area (S.F.)	Age	Site Acres	Price (P.S.F.)
8330 Chester Street, Vancouver, BC						
	Meggy Developments / Madison Pacific Properties	\$8,250,000 / Redevelopment	139,000	1989	8.77	\$59.35
Vantage Business Park 1310-1480 Kootenay St. Vancouver, BC						
	Pilot Pacific Properties / Buchmann Properties	\$6,090,000 / n/a	43,509	1988	2.43	\$139.97
1420-1440 Derwent Way., Delta, BC						
	Penreal Property Fund / B.C.Turf Ltd.	\$5,600,000 / 6.33%	55,300	1998	3.52	\$101.27

SIGNIFICANT LEASE TRANSACTIONS (LAST SIX MONTHS)

ADDRESS	CITY	SQ. FT.	TENANT
109 Braid Street	New Westminster	194,000	Schenker of Canada Ltd.
827 Belgrave Way	Annacis Island	148,000	London Drugs
Kingswood Industrial Park	Richmond	106,500	Andlauer Transport
1396 Cliveden Avenue	Delta	100,000	National Importer (renewal)
20100 100A Avenue	Langley	88,086	Kal Tire (short term)
109 Braid Street	New Westminster	82,200	Hudd Distribution
5370 271st Street	Langley	73,679	Public Works Government Services
3600 Bainbridge Avenue	Burnaby	67,179	Polaris Water (renewal)
13320 River Road	Richmond	62,291	Flextar Packaging
2820 Underhill Avenue	Burnaby	61,795	Arc'Teryx
225 North Road	Coquitlam	60,000	Ikea Wholesale
11251 Riverside Road	Richmond	60,000	Ideon Packaging
1420 - 1440 Derwent Way	Annacis Island	54,000	Texcan (renewal)
800 Carleton Court	Delta	52,170	3M Touch Systems (renewal)
7351 Vantage Way	Delta	50,621	Bal International

Industrial Options Disappearing Fast

Demand for industrial facilities has increased significantly this year. Absorption and new construction in 2005 have already surpassed the 10 year average of 2.5 million square feet, and could reach 4 million square feet for 2005. Correspondingly, land values are up between 12% and 25% in many districts across the region. Reasons for the increased industrial requirements include: the growing population of the region; an expanding container shipping industry; and a generally robust economy.

Large projects which were initially expected to supply new facilities to the market for several years have either sold out or are expected to be sold out shortly. These include:

- Phase I: Campbell Heights Business Park, Surrey, 260 acres
- English Bay Industrial Park, Mitchell Island, 67 acres
- Pacific Reach Industrial Park, Coquitlam, 83 acres

Looking ahead, options for new industrial facilities appear to be diminishing. The city of Surrey has placed a moratorium until 2008 on further developments at Campbell Heights where over 1800 total acres are available. Moreover, developers and some city planners are lobbying to rezone certain industrial land into residential including the old Interfor Fraser Mills site in Coquitlam, the Olympic Oval area of Richmond, portions of False Creek in Vancouver, and some waterfront areas of Richmond. Indeed, a forthcoming report from the GVRD suggests that total available industrial land (developed and undeveloped) has diminished since their last survey in 1996.

The same draft GVRD report estimates that over 7,000 acres of vacant industrial-zoned land are available across the region - a 20 to 30 year supply -- and approximately 65% could be made available in the short-to-medium term. Because of escalating demand, municipalities should expect pressure to permit development of this land faster than they may have planned. Additionally, some cities will see added pressure to halt the conversion of industrial land to residential and other uses.

Rising land values have resulted in some larger owner-developers choosing to retain ownership of land and offer only build-to-suit and lease options. For example:

- PCI with Glenwood project in Burnaby
- GWL for Northwoods in North Vancouver

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