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Editors/Real Estate Reporters

· Please click on link to view and download Avison Young's *Summer 2011 Burnaby/Coquitlam, BC Industrial Real Estate Market Report*:
http://www.avisonyoung.com/library/pdf/Van_Research/Burnaby-CoquitlamReportSpring2011LR.pdf

Burnaby BC building up industrial real estate market brawn

***Two prominent Metro Vancouver industrial transactions
close in Burnaby during the first half of 2011***

Vancouver, BC — Strong demand for industrial real estate in Burnaby is generating record-setting transaction and dollar volumes in 2011, which in turn is fuelling construction of more than 700,000 square feet (sf) of new industrial space on a primarily speculative basis.

With nearly \$100 million in total industrial trades in 2010, the Burnaby market registered more than \$63 million in transactions in the first quarter of 2011 alone, including the two largest deals in Metro Vancouver year to date.

These are some of the key trends noted in **Avison Young's Summer 2011 Burnaby/Coquitlam, BC Industrial Real Estate Market Report**, released today.

The top industrial real estate deals include \$40 million paid for two buildings totalling 178,360 sf on a 27.12-acre site at 7867 & 7890 Express Street; and a 118,163-sf distribution centre on 5.25 acres at 8000-8010 Winston Street fetching \$13.275 million.

"Burnaby's central location, proximity to downtown Vancouver and access to transportation infrastructure have made Burnaby the destination of choice for many of Metro Vancouver's industrial owner/users and tenants," comments **Kyle Blyth**, an Avison Young associate specializing in Burnaby and Coquitlam industrial sales and leasing transactions. "As a result, the Burnaby industrial market is outperforming other local markets and delivering solid indications that it is the preferred location within Metro Vancouver."

According to **RealNet Canada**, 42 industrial real estate transactions valued at \$98.1 million in total closed in Burnaby in 2010 compared with 38 transactions valued at \$83.7 million in 2009.

A shortage of quality industrial product for sale is hampering further deal and dollar volumes in 2011 as more buyers than sellers populate the Burnaby market. Even with 27.4 million square feet of

industrial inventory, Burnaby typically has one of the lowest vacancy rates in the region. Industrial vacancy inched up to 3.3% this spring from 2.9% in spring 2010.

Blyth adds that there are several new industrial developments underway or recently completed, but as many of them are already leased or sold, they are not anticipated to have a significant impact on Burnaby's overall industrial vacancy rate.

"Burnaby lease rates will remain steady and likely begin trending upwards in late 2011/early 2012 as vacant space leases up and more efficient space offered in new developments stimulates demand and tenant relocation within the market," says Blyth, who notes tenant inducements will also likely be minimized as demand for quality space begins to exceed supply.

Current capitalization (cap) rates of approximately 6.25% could see further compression of 25 basis points due in part to a large pool of interested buyers, the historical strength of the Burnaby market and favourable lending rates.

Meanwhile, industrial vacancy in Coquitlam increased to 6.5% in spring 2011 from 4% in spring 2010.

Industrial real estate sales in the first quarter were marginally improved in terms of dollar volume compared with the same quarter in 2010. Ongoing highway construction has made Coquitlam's industrial areas appear less accessible in the short term. This perception has made it difficult to attract tenants out of the Port Coquitlam and Burnaby markets.

"Once construction is complete, Coquitlam will have improved access to Highway 1, Lougheed Highway and Surrey via the Port Mann Bridge. The city will also be linked to the South Fraser Perimeter Road," says **Ben Lutes**, an Avison Young associate specializing in Tri-Cities industrial sales and leasing transactions. "This is anticipated to have a positive effect on overall leasing activity."

Avison Young's *Summer 2011 Burnaby/Coquitlam, BC Industrial Real Estate Market Report* also features an overview of the **City of Coquitlam's Industrial Land Strategy: Meeting Business Needs in a Changing Economy** report, which discloses the municipality's plan to protect and enhance its industrial land base to preserve local employment.

*Founded in 1978, **Avison Young** is Canada's largest independently-owned commercial real estate services company and the only national, Canadian-owned, principal-managed real estate brokerage firm in the country. Headquartered in Toronto, Ontario and ranked among Canada's leading national commercial real estate organizations, Avison Young is a full-service commercial real estate company comprising more than 700 real estate professionals in 23 offices across Canada and in the U.S. The company provides value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial and multi-residential properties.*

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