partnership.
performance.

AVISON YOUNG Intelligent Real Estate Solutions

AVISON YOUNG

Media Release

For Immediate Release (2 pages)
Thursday, June 9, 2011

Contact:
Andrew Petrozzi
(604) 646-8392
email: andrew.petrozzi@avisonyoung.com

Editors/Real Estate Reporters
· Please click on link to view and download Avison Young's *Spring 2011 Richmond, BC Industrial Real Estate Market Report:*
http://www.avisonyoung.com/library/pdf/Van_Research/RichmondReportSpring2011.pdf

Richmond BC shifting industrial land out of city centre

Municipality responding to densification demands related to new transit infrastructure and regional growth objectives

Vancouver, BC — As it updates its official community plan (OCP), the **City of Richmond** is seeking to reposition its city centre industrial land supply.

The municipality's updated OCP, which will take into account the municipality's *City Centre Area Plan* and *2041 Employment Lands Strategy (ELS)* reports, is intended to respond to new pressures on Richmond's land base from densification demands related to the construction of new rapid transit infrastructure and regional growth objectives.

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

"Industrial transactions in Richmond are dominated by flex office/warehouse properties, as evidenced in the recent sales of small-bay strata units," comments **Ryan Kerr**, an Avison Young associate specializing in Richmond sales and leasing transactions. "The Richmond market remains one of the most active in the region despite a lack of the more traditional heavy industrial activity common in nearby communities."

According to **RealNet Canada**, 115 industrial real estate transactions valued at $207 million in total closed in 2010 compared with 73 transactions valued at $69 million in 2009.

Changing land-use plans in the city centre area has sparked the conversion of former industrial income properties into redevelopment sites. Most owners are ill-equipped to secure the highest and best value that is derived through rezoning and either partner up with a developer or sell.

"Richmond has recognized the community benefits that the commercial redevelopment of rapid transit nodes can offer and have wholly embraced the concept in its planning for the city centre area," says Avison Young Senior Vice-President and Managing Director **Michael Keenan**. "Redevelopment of industrial land to its highest and best use, while requiring careful and thorough consideration, has a place when it occurs in tandem with the expansion of new transportation infrastructure and planning initiatives focusing on densification."

Keenan adds that Richmond's proposal for two industrial land reserves totalling 223 acres in the city centre area will provide industrial owner/users with an opportunity to remain close to the core.

With little new industrial construction planned for 2011, there is increasing demand on existing inventory as bullish investors and owner/users view an improved economic outlook as a trigger to transact. Further exacerbating the supply and demand economics for the Richmond industrial market is the removal of existing industrial inventory linked to densification plans around the Canada Line SkyTrain stations.

Current capitalization (cap) rates of approximately 6% could see further compression of 25 basis points for quality multi-tenant facilities in Richmond due in part to a large pool of interested buyers, the historical strength of the market and favourable lending rates.

"The low cost of debt has encouraged owner/users to acquire rather than lease space, and vendors are taking advantage of the favourable disposition environment," says Kerr.

Industrial vacancy in Richmond declined to 3.9% in spring 2011 from 5.9% in spring 2010.

Net lease rates are expected to remain steady into the third quarter as the vacancy rate continues to trend downward slightly. A declining vacancy rate partially reflects the impact of fundamental changes to Richmond's approach to its industrial land supply and overall zoning plans.

Avison Young's *Spring 2011 Richmond, BC Industrial Real Estate Market Report* also features an in-depth examination of the **City of Richmond's** *2041 Employment Lands Strategy*, which reveals plans to increase the supply of zoned industrial land to 3,561 acres by 2041 from 3,115 acres in 2009.

*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.*

-end-

For further information/comment/photos:

- **Andrew Petrozzi**, Research Manager, Vancouver, Avison Young: **(604) 646-8392**
- **Ryan Kerr**, Associate, Avison Young: **(604) 647-5094**
- **Michael Keenan**, Managing Director, Vancouver, Avison Young: **(604) 647-5081**
- **Sherry Quan,** National Director of Communications & Media Relations, Avison Young: **(604) 647-5098 or cell: (604) 726-0959**

www.avisonyoung.com

Follow Avison Young on Twitter:
For industry news, press releases and market reports: www.twitter.com/avisonyoung
For Avison Young listings and deals: www.twitter.com/AYListingsDeals

Follow Avison Young Bloggers: *http://blog.avisonyoung.com*