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AVISON YOUNG

Media Release

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Editors/Reporters

•Please click here to view Avison Young's Spring/Summer 2010 Vancouver BC Industrial Report:
http://www.avisonyoung.com/library/pdf/Van_Research/Vancouver-Report-2010-WEB.pdf

Vancouver industrial demand remains strong as global market rebounds

Avison Young releases inaugural Spring/Summer 2010 Vancouver BC Industrial Report

Vancouver, BC — Vancouver industrial property sales and leasing activity has increased during the first half of 2010, but the market remains tight for available product, according to Avison Young's new ***Spring/Summer 2010 Vancouver BC Industrial Report***, released today. (The report covers industrial activity in Vancouver city proper.)

"Vancouver owner-users, investors, landlords and tenants have cause for optimism as market fundamentals continually improve," comments Avison Young broker **Struan Saddler**, who specializes in Vancouver industrial property sales and leasing transactions.

"Due to limited quality supply, few large industrial sales deals were completed within Vancouver proper in the latter half of 2009. However, active buyers are touring again and ready to complete purchases, and some larger deals have occurred recently," continues Saddler.

Avison Young Principal and Vancouver industrial sales and leasing specialist **John Lecky** adds: "Sales transactions and dollar volume are expected to increase during the next six months as owner-users and other operators attempt to secure quality opportunities on Vancouver's east and south sides."

In the first quarter of 2010, two deals alone accounted for \$14 million in sales value as each property sold for approximately \$7 million. By comparison, no industrial sale transaction exceeded \$3 million in the first half of 2009.

"These large sales within a short time span in early 2010 indicate that more sizable transactions and increased deal velocity will likely transpire over the next six months," says Lecky.

Meanwhile, Vancouver's vacancy rate, currently at 2.6%, remains well below the Metro Vancouver average of 4.7%. Vancouver's industrial lease rates have ranged widely depending on location, building age and quality, but remain well above prices achieved in suburban municipalities.

"With increased activity in the Vancouver industrial leasing market, we anticipate upward pressure on lease rates," says Lecky. "As a result of strong demand, tenants who opt to lease and attempt to take advantage of low net rental rates will not benefit from the favourable tenant inducements offered by landlords in the suburbs."

On the development front, demand for strata ownership is increasing as a result of aging and obsolete buildings, a greater need for high-ceiling bays and higher floor-load capacity, and owner-users' desire to be close to the metropolitan region's core.

"A limited number of strata-ownership opportunities are expected to become available in the next six to 12 months," says Lecky. "Demand for strata ownership was high in 2008 but cooled off in 2009 due to challenging debt markets that made it difficult for small businesses to secure suitable financing. As the debt markets continue to improve, we anticipate more strata projects to come on stream in the medium- to long-term."

*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 600 real estate professionals in 18 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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