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## Media Release

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### Editors/Reporters

·Please click here to view Avison Young's Winter/Spring 2011 Delta, BC Industrial Report:  
[http://www.avisonyoung.com/library/pdf/Van\\_Research/Delta-SubReport-WinterSpring2010-WEB.pdf](http://www.avisonyoung.com/library/pdf/Van_Research/Delta-SubReport-WinterSpring2010-WEB.pdf)

### **Delta, British Columbia industrial real estate market on road to recovery**

#### ***Avison Young releases Winter/Spring 2011 Delta, BC Industrial Report***

**Vancouver, BC** — Delta's industrial market is showing signs of recovery from the global economic downturn with 2010 on track to surpass the number of transactions concluded last year.

The 21 sales completed in the first three quarters of 2010 are slightly ahead of the pace set in all of 2009, when 24 transactions were completed. While demand has increased because of stabilizing prices, improved credit conditions and growing market confidence, a lack of available product is holding back a more robust recovery in Delta's industrial market.

These are some of the key trends noted in Avison Young's ***Winter/Spring 2011 Delta, BC Industrial Report***, released today.

"Delta has witnessed two of the largest industrial sale transactions to date in 2010," comments Avison Young broker **Ryan Kerr**, who specializes in Delta industrial property sales and leasing. "Owner-users and investors have a healthy appetite for Delta industrial real estate, but acquisitions have been limited by a lack of available supply. Vendors do not want to sell unless they know they can allocate their resources elsewhere."

Delta is located in the southwest corner of British Columbia and is bounded by the Fraser River to the north, Boundary Bay and the U.S. border to the south, Georgia Strait to the west, and the municipality of Surrey to the east.

According to the bi-annual report, the Delta industrial market's recovery is gradual and is not expected to return to pre-2008 activity or dollar-volume levels in the near term because of a slow economic recovery, high land costs and a lack of available investment-grade product. A continuingly weak U.S. economy has led many owners and investors in the Delta industrial market to hold on to existing properties as a hedge against further economic deterioration south of the border.

Many tenants have elected to renew in existing locations to take advantage of favourable rental rates and inducements as opposed to relocating and incurring additional costs. As a result, the vacancy rate (6.5%) has remained relatively steady since the end of 2009 and is not expected to fluctuate much during the next six to 12 months

“Tenants, owner-users and investors are continuing their preparations to accommodate potential growth once Canadian markets demonstrate stability on an ongoing basis,” adds Kerr.

Although tenants expect their businesses to grow by year-end 2010, leasing decisions are being postponed until 2011. Meanwhile, few development projects are being launched.

“Strata developers are proceeding cautiously while anticipating demand growth,” says Avison Young Principal **Douglas McMurray**. “In the few cases where land is available, developers are acquiring properties but putting off new projects until earlier ones sell out or have a majority of units sold.”

High land costs and low rental rates have made the development of rental properties economically unfeasible.

“As a result, strata projects are the only ones going ahead on a speculative basis,” adds McMurray.

Going forward, the Delta industrial market will benefit from the South Fraser Perimeter Road between South Delta and Surrey, Deltaport’s third berth expansion and a new logistics centre under development on **Tsawwassen First Nation** land adjacent to Deltaport.

*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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