

Industrial real estate booming in Burnaby

BY JANAYA FULLER-EVANS, BURNABY NOW MARCH 15, 2011

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Burnaby industrial sales jumped last year, passing the \$100-million mark for the first time since 2006, according to Avison Young.

But leasing is a different story, according to Kyle Blythe, an Avison Young industrial sales and leasing specialist.

"It's definitely still a tenant's market," he said of leasing in Burnaby.

Businesses looking to lease industrial facilities in Delta or Richmond would likely still end up paying close to the asking rate, while landlords in Burnaby are trying to attract businesses with incentives, such as offering the first month rent-free, Blythe said.

"They'll have the option to look at more opportunities," he said.

But because industrial space for sale is limited in Burnaby, it can be harder to buy than lease in the city.

"There's not a ton of new supply," Blythe said.

Burnaby industrial sales are doing well because of a number of factors, such as the recovering market, affordable inventory, and Burnaby's proximity to port operations, downtown Vancouver, the airport, and the two highways, he said.

"All in all, it's a desirable location," Blythe added.

The majority of new product is in south Burnaby, he said.

Blythe mentioned the Glenwood Industrial Estates in particular, a 90-acre business centre next to Burnaby Business Park, along North Fraser Way. The Beedie Group developed the project.

There is more product developing in north Burnaby, as well, he added.

There is also a large demand for strata properties, Blythe said.

He would like to see prices rise to reflect the improving market, he said, and the demand in Burnaby.

"I don't see a ton of product being available anytime soon," he said. "It's an issue of supply and demand. There's not a lot to buy."

Industrial real estate sales in Burnaby in 2010 came to a total of \$100.6 million, with 41 transactions, according to Avison Young's winter/spring industrial report.

That's compared with 38 transactions totaling \$83.7 million the year before.

There were more transactions in 2008 and 2007, according to Avison Young, but they brought in less money than this year's did.

The average price per square foot was lower than the last two years - \$183 in 2010, but \$186 in 2009, and \$194 in 2008.

Blythe thinks the increased confidence in the market may impact sellers' expectations, and drive prices up, he said.

The vacancy rate for industrial space in Burnaby was 2.8 per cent in 2010, the lowest in Metro Vancouver, according to Avison Young.

But office space vacancy rates are still quite high, according to Blythe.

While he focuses on industrial sales and leasing, he said the vacancy rate for office space has not lowered much this year.

Last summer, Avison Young announced that Burnaby was one of two submarkets in Metro Vancouver with high office vacancy rates.

The rate for the summer of 2010 was 13.2 per cent, up from the previous year's rate of 7.5 per cent.

Avison Young is a national commercial real estate company.

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