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INDUSTRIAL REAL ESTATE PICKING UP IN FRASER VALLEY: AVISON YOUNG

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An increasing number of investors are leaning towards industrial real estate, said the report.

After peaking in 2007, industrial real estate deal volumes had been in a steady decline through 2009 in the Fraser Valley, but 2010 marked a turning point towards greater stabilization.

Transactions and dollar volume in 2010 exceeded 2009 levels. In 2009, there were 146 transactions for \$191 million in value, and in 2010 there were 155 transactions for \$194 million in value.

Avison Young broker Michael Farrell said investor demand is strong in the region now, as they focused on well-leased, investment-grade properties.

"Rent levels throughout the Fraser Valley industrial precincts are beginning to rise as overall vacancy continues to decline," he said.

Strata properties remain popular in the Fraser Valley as the low cost of debt has encouraged ownership, said John Eakin, another Avison Young broker specializing in industrial sales in the Fraser Valley.

"We are witnessing a renewed interest in development sites as several local speculators, investors and users are re-entering the market," said Eakin.

Capitalization rates in Fraser Valley have declined to about 6% to 6.5% from a previous 7% in recent months, said the report, as pricing has strengthened. It's a result of investors putting more capital in industrial real estate as a preferred alternative to lower yields in other options, said the report.

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