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Industrial land prices fall in Vancouver



Industrial vacancy rates also rise as tenants shed space they can no longer afford to hold or build on

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The value of industrial land in Metro Vancouver decreased by as much 30 per cent in the last year as speculators desperately unloaded land bought near the market's peak into a market with little demand.

"If there is no demand to build, it is no surprise vacant land is the first asset to be disposed of," said Avison Young principal Rob Gritten. "Speculators who entered this market in the late stages of the bubble, and with no income to support carrying costs, have been forced to discount significantly to attract bids."

The market saw prices double between 2003 and 2008, with prices reaching \$600,000 an acre in Abbotsford and as much as \$4-million an acre in Vancouver.

Meanwhile, the region's industrial vacancy rate increased to 4.4 per cent in the third quarter, up from 3.2 per cent in the spring.

"While some tenants tried to hang on to see if they could weather the storm, many couldn't and had to close or reduce their square footage," said Avison Young principal John Lecky. "However, this trend is not expected to continue as the Metro Vancouver industrial market is dominated by smaller tenants or those servicing the local market as opposed to other Canadian and U.S. markets."

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