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**Editors/Real Estate Reporters**

· Please click on link to view and download Avison Young's *Summer 2018 Fraser Valley, BC Commercial Real Estate Market Report*:

[https://www.avisonyoung.ca/documents/95750/17687307/FraserValleyBCIndustrialReport\\_Summer2018](https://www.avisonyoung.ca/documents/95750/17687307/FraserValleyBCIndustrialReport_Summer2018)

**Industrial sales activity in Fraser Valley, BC hits record  
dollar volume as eastward migration accelerates**

***Higher costs associated with Metro Vancouver's core industrial markets  
increasingly manifesting in the Fraser Valley***

**Vancouver, BC** – Industrial sales activity in the Fraser Valley of British Columbia achieved record dollar volume in 2017 with \$465 million in sales – surpassing the previous record of \$396 million set in 2015. While the number of deals in 2017 (244) was slightly less than the record 258 transactions established in 2016, demand remains as strong as ever and constrained only by an ongoing lack of new supply. Industrial sales valued at \$131 million (47 transactions) in the first quarter of 2018 highlight the seemingly insatiable requirements of not only industrial owner-occupiers, but now institutional investors in the Fraser Valley.

Vacancy in the Fraser Valley's industrial markets remained at near-record lows at the end of the first quarter of 2018. The low vacancies have had a corresponding impact on rental rates, which are also achieving record highs in 2018. First-quarter vacancy in the Surrey (1%), Langley (1.5%) and Abbotsford (1.8%) markets were among the lowest in Metro Vancouver (1.8%), while new supply in Ridge Meadows (3.1%) provided some relief. Despite significant rental rate appreciation in the past 24 months, the average rental rates in Surrey (\$9.11 psf), Langley (\$9.67 psf) and Abbotsford (\$9.17 psf) remained less than the Metro Vancouver average (\$10.91 psf), while the average rental rate in Ridge Meadows (\$11.60 psf) reflected the higher costs associated with the new construction that accounts for much of the inventory in the market.

These are some of the key trends noted in **Avison Young's Summer 2018 Fraser Valley, BC Industrial Report**, released today.

As industrial land costs and rental rates continue to rise across Metro Vancouver, particularly in markets such as Vancouver, North Vancouver, Richmond and Burnaby (and to a lesser extent in Coquitlam/Port Coquitlam and New Westminster), industrial owner-occupiers have been increasingly moving south of the Fraser River in search of expansion space and/or lower rental rates and prices. However, the higher costs associated with Metro Vancouver's core industrial

markets are increasingly manifesting in the Fraser Valley as well. Strong demand, low vacancy and healthy pricing for strata units as well as industrial buildings continues to power deal and dollar volume to record levels, which is attracting increased institutional investor interest.

“Institutions such as QuadReal and Sun Life have been acquiring industrial land in Surrey’s Campbell Heights as well as in Abbotsford, extending the investment horizon beyond the traditional industrial markets where institutions have historically developed new lease and/or strata industrial projects,” comments Avison Young Principal **Michael Farrell**, who specializes in Fraser Valley industrial property sales and leasing. “Both institutional and private investors are anticipating the continued appreciation of lease rates due to high land costs, tight vacancy and the ongoing availability of low-cost capital. The slow rise in interest rates and the foreshadowing of further increases to come in the near term has actually boosted demand as owner-occupiers and investors rush to get in while interest rates still remain at historically low levels.”

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