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Contact:
Andrew Petrozzi
604.646.8392
email: andrew.petrozzi@avisonyoung.com

Editors/Real Estate Reporters

· Please click on link to view and download Avison Young's *Spring 2018 North Shore, BC Commercial Real Estate Market Report*:
<http://www.avisonyoung.ca/documents/95750/17687307/NorthShoreSpring2018CREMarketReport.pdf>

North Shore, British Columbia commercial real estate investment activity and pricing on the rise amid development boom

Record investment dollar volume achieved in 2017

Vancouver, BC — Commercial real estate activity on the North Shore surged to new heights in 2017 with more than \$258 million invested in 90 transactions involving office, retail and industrial assets. The level of activity in 2017 surpassed the previous record dollar volume set in 2013 (\$249 million) but fell just short of the record number of transactions (93) also registered that year.

These are some of the key trends noted in **Avison Young's *Spring 2018 North Shore, BC Commercial Real Estate Market Report***, released today.

The disposition of retail assets has come to dominate commercial real estate transactional activity on the North Shore the past two years with more than \$156 million (46 deals) in sales in 2017 after registering more than \$111 million (47 deals) in retail sales in 2016. This marked the first time on the North Shore that a commercial asset class exceeded \$100 million in sales in consecutive years. **Hungerford Properties'** acquisition of **Taylor's Crossing**, a 44,000-sf two-storey retail complex, for \$24 million was the largest retail sale on the North Shore in 2017.

"The significant volume of residential development transpiring across the North Shore during the past four years, particularly in more transit-friendly nodes such as Lower and Central Lonsdale as well as along Esplanade and segments of Marine Drive, have contributed to increased demand for retail and service amenities along with additional hospitality options in these neighbourhoods," comments Avison Young Principal **Terry Thies**. "Commercial development has been further encouraged by local, provincial and federal governments investing in infrastructure."

The largest overall commercial real estate building transaction on the North Shore in 2017 was **MDC Property Services'** acquisition of 500 Brooksbank Avenue in North Vancouver, a 95,950-sf office and light industrial property situated on 2.6 acres of land. The property is 100% leased to **Honeywell Ltd**. The limited number of industrial and office sales in 2017 was due to a lack of

supply as demand remained very high, which resulted in premium pricing and multiple offers for most industrial and office properties that did come available.

The majority of office deals that closed in 2017 were strata sales, including six units at **Delbrook Plaza**, four suites in the **Ranotech Canada** building, along with a couple of units in phase two of **Dollarton Business Park** as well as **West Quay** and **Harbourside Projects'** 370 East Esplanade development, respectively. (The \$43.5-million acquisition of the Northmount Medical Centre I & II office buildings by **Millennium Development** as a mixed-use redevelopment site in 2017 was subsequently classified as a land deal.) Industrial strata sales also accounted for a substantial amount of the limited industrial transactional volume recorded in 2017.

Lease rates for industrial space on the North Shore remain among the highest in Metro Vancouver in part due to North Vancouver having one of the tightest vacancy rates in the region. Lease options for office tenants are more plentiful than strata office opportunities on the North Shore as leasing activity (and vacancy) has generally remained stable even as new supply has been delivered. Office lease rates have also remained largely steady and comparable with rates in suburbs such as Burnaby and Surrey.

"Retail sales and leasing activity has been on the rise on the North Shore with new restaurants such as **Joey Shipyards** opening in the **Shipyards** development on the central waterfront." adds **Matt Thomas**, a Principal in Avison Young's Vancouver office who specializes in North Shore commercial real estate sales and leasing. "Retail space in Lower Lonsdale has been in demand by North Shore retailers, with rental rates ranging from low \$30s to mid \$40s psf net. Leasing activity for retail spaces larger than 1,500 sf in Central Lonsdale slowed in 2017, with rates stabilizing in the mid \$30s to low \$40s psf net. Premium locations can range up to \$50 psf net."

Avison Young's *Spring 2018 North Shore, BC Commercial Real Estate Market Report* also features a review of notable sales and leases as well as a review of some of the new amenities being developed and proposed on the North Shore.

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For further information/comment/photos:

- **Andrew Petrozzi**, Principal and Vice-President, Research (BC), Avison Young: **604.646.8392**
- **Terry Thies**, Principal, Avison Young: **604.646.8398**
- **Matt Thomas**, Principal, Avison Young: **604.646.8383**
- **Michael Keenan**, Principal and Managing Director, Vancouver, Avison Young: **604.647.5081**
- **Sherry Quan**, Principal, Global Director of Communications & Media Relations, Avison Young: **604.647.5098** or cell: **604.726.0959**

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