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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 *Avison Young's Spring 2019 Vancouver, BC Industrial Report*:
<https://www.avisonyoung.ca/documents/95750/47239315/Spring19VancouverIndustrialReport>

**Rising Vancouver industrial real estate prices pushing out users
as developers and investors secure limited inventory**

Avison Young releases its Spring 2019 Vancouver, BC industrial report

Vancouver BC – Dollar volume from Vancouver industrial sales continued to rise in 2018 as the number of deals completed declined with investors and developers increasingly challenging the historical dominance of owner-occupiers in terms of transactional volume. Despite recording the second fewest deals (47) completed in a year since 2010, Vancouver industrial dollar volume hit a new record of \$295.6 million – far surpassing the previous dollar volume record of \$201 million set in 2017.

Three key deals made up a significant portion of the dollar volume in 2018: the sales of Main Industrial Park (\$43.17 million), 8351& 8365 Ontario Street (\$29.25 million) and 1691 West 75th Avenue (\$23 million), all of which were acquired by private investors/developers for a total consideration of \$95.42 million (or 32% of the total). Other substantial deals included 3555 East 5th Avenue (\$18.775 million) and 8804-8828 Osler Street (\$14.25 million), also both acquired by private investors/developers. Many industrial sales in Vancouver are increasingly considered ICI land deals.

Owner-occupiers, once a dominant force in Vancouver's industrial market (particularly in East and South Vancouver) remained largely excluded from the market to acquire freestanding buildings in 2018 and were primarily involved in buying strata units. Strata space sold at The WorkSpaces at Strathcona Village and the soon-to-be-delivered Ironworks will mark the start of the delivery of a much-needed supply of new industrial strata to Vancouver's dwindling traditional industrial market. A handful of smaller strata units in older developments also traded hands in 2018.

"This year we are seeing many examples of hugely inflated assessed values exceeding current market value, creating some unrealistic vendor expectations," comments Avison Young Principal **Russ Bougie** who focuses on industrial sales and leasing transactions.

The bid-ask gap has increasingly become a drag on deal velocity even as pricing remains strong. This trend is likely to continue into 2019, he adds.

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“Industrial leasing activity has slowed with vacancy at 1.4% at year-end 2018 and there is limited new space for lease in the development pipeline,” says Avison Young Principal **Kevin Kassautzki** who focuses on industrial sales and leasing in Vancouver. “Rising rental rates combined with few available options in older buildings will continue to limit leasing activity in 2019.”

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For further information/comment/photos:

- **Andrew Petrozzi**, Principal and Vice-President, Research (BC), Avison Young: **604.646.8392**; andrew.petrozzi@avisonyoung.com
- **Russ Bougie**, Principal, Avison Young: **604.757.5115**; russ.bougie@avisonyoung.com
- **Kevin Kassautzki**, Principal, Avison Young: **604.646.8393**; kevin.kassautzki@avisonyoung.com

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