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Media Release

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Editors/Reporters
• Please click on link to view and download Avison Young's Spring 2017 Richmond/Delta, BC industrial report:
http://www.avisonyoung.com/fileDownloader.php?file=files/content-files/Offices/Vancouver/Research/2017/Vancouver_RichmondDeltaIndustrialReport_Spring2017.pdf

Low vacancy, lack of supply and strong demand pushing up rental rates and pricing in Richmond and Delta, British Columbia industrial markets

Avison Young releases Spring 2017 Richmond/Delta, BC Industrial Report

Vancouver, BC -- Ongoing strong demand for industrial space in Richmond and Delta, BC has fuelled increases in pricing and rental rates as a lack of supply, limited industrial land available for development, and tight vacancy have shifted the two markets significantly in favour of landlords and property owners.

Vacancy in Richmond's 37.3-msf industrial market – the largest industrial market in Metro Vancouver – declined to 1.5% in the first quarter of 2017 from 2.1% a year earlier as strong leasing activity kept existing inventory full and much of the limited new construction being delivered to the market substantially preleased. Despite a near record in terms of the number of transactions conducted in 2016 (113), total annual dollar volume of $187.1 million was the lowest since 2013 ($158.2 million) and the second lowest since 2011 ($92.1 million). Only two sales exceeded $10 million in 2016 – 11120 Horseshoe Way and 4460 Jacombs Road.

Delta's industrial market also remained very active in 2016 with 45 transactions valued at a near record $232.7 million changing hands, representing the highest annual dollar volume achieved since the record was set in 2013 ($236.3 million). With vacancy at 3.4% in Delta's 23.5-msf industrial market as of the first quarter of 2017, a focus on the needs of larger distribution and logistics tenants reveals how few options there are for those businesses seeking space in excess of 75,000 sf.

These are some of the key trends noted in ***Avison Young's Spring 2017 Richmond/Delta, BC Industrial Report***, released today.

Pricing in Richmond is anticipated to continue to rise as new supply for lease will be unable to keep up with demand and will subsequently have a negligible impact on vacancy for the foreseeable future. Demand for sale and lease product has sprung from the organic growth of existing companies in the market as well as new businesses looking to relocate. Lease or purchase options in all size ranges remain highly limited.

Demand for space is expected to continue to provide additional support for elevated pricing and keep vacancy at near historic lows in Delta. As a result, rental rates are also expected to continue to increase but at a slower pace than that of Richmond. The large-floorplate users, such as warehousing and logistics firms that are more typically locating in Delta, will have to adjust to the higher rates associated with new next-generation facilities as availability remains highly constrained. Tenants located in older, less efficient premises may also have to accommodate an increase in rates as the value of the property rises and the building's potential sale and redevelopment are contemplated by owners who may not have had an opportunity to realize such gains in the past.

"New supply is not anticipated to relieve upward pressure on rental rates or tightening vacancy in Delta in the next 24 months," comments Avison Young Principal **Ryan Kerr**, who specializes in Delta/Richmond industrial sales and leasing transactions. "Richmond and Delta will remain two of the most desired markets in Metro Vancouver for tenants and owner-occupiers alike."

Avison Young's *Spring 2017 Richmond/Delta, BC Industrial Report* also highlights on a map new developments, redevelopment and development sites, and assets currently under renovation in both submarkets.

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