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**Editors/Real Estate Reporters**

• Please click on link to view Avison Young's *Winter 2016 Vancouver, BC Industrial Report*:  
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**Vancouver, BC industrial supply tightening  
amid strong demand, but new supply in sight**

***Avison Young releases its Winter 2016 Vancouver, BC industrial report***

**Vancouver BC** -- Demand for Vancouver industrial real estate from tenants, owner-occupiers and investors remained exceptionally strong in 2015. Vacancy remained tight and a severe lack of supply curtailed overall sales volumes while boosting pricing for the few assets that did transact.

The number of sales recorded in 2015 (through October 31) totalled 38 and the dollar volume achieved on those sales was \$97.9 million – representing an average transaction size of \$2.57 million. For comparison, in 2009, there were 36 deals valued at \$33.9 million, which represented an average transaction size of \$941,666. While 2009 did mark the lowest deal and dollar volume recorded in Vancouver's industrial market over the past decade, the Vancouver industrial market subsequently peaked in 2014 in terms of dollar volume with 65 transactions valued at \$164.5 million (average price: \$2.53 million).

More than 70 transactions were also recorded in 2012 and 2013 and sale proceeds exceeded \$100 million annually in 2011, 2012 and 2013. While dollar volume will likely surpass \$100 million in 2015, the number of deals completed will likely be the lowest since 2009/10 as supply constraints weigh on market activity.

“With so few buildings available for sale or lease, and such high demand, the price increases are unlocking unique development and re-positioning opportunities in the Vancouver market,” comments Avison Young Principal **Russ Bougie**, who specializes in Vancouver industrial sales and leasing. “Historically, owner-occupiers have been willing to pay the highest price for vacant industrial buildings in the city of Vancouver. However, over the past two years, investors and developers have really stretched to compete for deals. In many cases, the buyer is both the owner-occupier and investor, perhaps purchasing his or her second or third property or partnering with a real estate developer.”

Vacancy was 3.3% at the end of the third quarter of 2015, unchanged from six months previous (3.3%) and a year earlier (3.2%), and consists primarily of older, inefficient and challenged properties.

“With less product available to buy, there were fewer sale listings. And of the deals that did occur in 2015, an increasing number were unsolicited, demonstrating an increasing trend in this approach to transactions,” says **Kevin Kassautzki**, a senior associate in the Vancouver office who focuses on industrial sales and leasing. “Demand for industrial land, strata units and stand-alone buildings remained very strong and vendor expectations have continued to drive pricing.”

Owners of older, inefficient industrial premises are seeking to achieve pricing more commensurate with class A, new-build industrial facilities as the lack of supply and a limited development pipeline leaves few other options for purchasers.

“Industrial development in Vancouver is taking on more interesting formats as developers have to increase density to justify land prices. Several multi-storey industrial projects are in the planning stages, and the development community will be watching demand closely,” adds Bougie. “The low supply and higher pricing will continue to push users out of the core to surrounding markets such as South Vancouver – another market where we expect to see redevelopment and densification.”

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