



## Media Release

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**Editors/Real Estate Reporters**

• Please click on link to view Avison Young's *Fall 2017 Burnaby/Coquitlam, BC Industrial Report*:  
[http://www.avisonyoung.ca/documents/95750/1691318/Vancouver\\_BurnabyCoquitlamIndustrialReport\\_Fall2017.pdf/](http://www.avisonyoung.ca/documents/95750/1691318/Vancouver_BurnabyCoquitlamIndustrialReport_Fall2017.pdf/)

**Robust demand in Burnaby/Coquitlam, BC industrial markets highlights lack of supply and rising lease rates**

***Avison Young releases its Fall 2017 Burnaby/Coquitlam, BC Industrial Report***

**Vancouver, BC** — Exceptionally strong demand for industrial space in Burnaby and Coquitlam has elevated sale pricing and pushed rents higher in 2017 as a lack of supply and limited new construction contribute to tight conditions in both industrial markets. Rising land values in both markets have pushed up prices and lease rates for buildings and strata units.

These are some of the key trends noted in ***Avison Young's Fall 2017 Burnaby/Coquitlam, BC Industrial Report***, released today.

Industrial sales in Burnaby set a new record in terms of deal and dollar volume in 2016 with 73 transactions valued at \$230 million, far surpassing the previous dollar volume record of \$169 million set in 2013 and the previous deal volume record of 64 transactions that was set in 2012 and 2006. While strata sales did play a role in boosting volumes in 2016, the majority of acquisitions were owner-occupiers willing to meet vendor pricing expectations that achieved new heights in 2016 and convinced many existing owner/occupiers to sell into the market and realize significant gains. Pricing appreciation and limited acquisition opportunities in 2017 has limited sales activity in Burnaby to just 22 deals as of August 31, 2017; however, those deals are valued at \$107.6 million.

“Attracted by rapidly rising rental rates, low vacancy and strong demand, investors, who have been quiet recently due to a lack of available listings, were responsible for the top four largest deals of the year so far,” comments Avison Young Principal **Russ Bougie**, based in Vancouver. “For owner/occupiers looking to acquire new premises, they will have to be patient or look in other municipalities.”

Industrial sales activity in Coquitlam remained stable in 2016 with 24 sales valued \$49.6 million. It was the third year in a row that the number of annual deals totalled 24. Dollar volume fluctuated during that

period from \$51.6 million in 2014 to a record \$93.7 million in 2015 before slipping back down to \$49.6 million in 2016. A lack of supply and new development kept dollar volumes low in 2016 with the exception of Ikea's \$13.5-million acquisition of 1751 Brigantine Drive in November 2016, the second largest industrial deal in Coquitlam history after the \$19.25-million sale of 65 North Bend Street in 2015. A lack of supply has significantly curtailed sales activity in Coquitlam in 2017 with just seven deals valued at \$22.5 million as of August 31.

"Rising rental rates and very limited supply have made industrial assets in Coquitlam more attractive to investors as demand remains exceptionally robust. Owner/occupiers have typically dominated the market and been willing to pay premium prices to acquire properties," says **Ben Lutes**, a Vice-President in Avison Young's Vancouver office who specializes in industrial property sales and leasing. "While many businesses have been able to pay the increased rates, those businesses that are seeking to relocate, consolidate or expand in Coquitlam have little to no options and increasingly have to consider relocating to areas such as Pitt Meadows."

With limited new supply being delivered in Burnaby during the next 18 months and virtually no new supply in Coquitlam, vacancy is anticipated to remain historically tight. While rental rates have increased, the rate of future increases is expected to slow. Strong demand and higher lease rates continue to make industrial properties attractive to investors, but redevelopment pressures remain constrained for the time being as owner/occupiers continue to dictate market activity.

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