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Editors/Real Estate Reporters

• Please click on link to view and download Avison Young's Winter 2017 Vancouver, BC Industrial Report:

http://www.avisonyoung.ca/documents/95750/1691318/VancouverIndustrialReport_Fall2017.pdf

**Vancouver, BC moving closer to post-industrial future
as industrial deal volume drops and pricing increases**

Avison Young releases its Winter 2017 Vancouver, BC industrial report

Vancouver BC – Despite the ongoing decline in the number of sales recorded annually since 2012, the total dollar value of industrial transactions in Vancouver, BC has continued to rise, serving to highlight the significant appreciation in pricing registered in the past four years and the tightening supply of those remaining industrial assets in what is rapidly becoming a post-industrial market.

Industrial building sales hit \$192 million in 2016 – the highest dollar volume on record, but that value was based on 43 sales, which, in turn, was the lowest number of deals completed since 2009, when 36 sales transacted in Vancouver's industrial market (valued at \$34 million). Industrial sales in 2017 (through September 30) totalled 35 deals valued at \$88.5 million, the vast majority of which comprise strata sales.

These are some of the key trends noted in **Avison Young's Winter 2017 Vancouver, BC Industrial Report**, released today.

The number of industrial deals in Vancouver (and likely dollar volume) is expected to be elevated in 2017 and 2018 due to dozens of industrial strata unit sales closing in PC Urban's IntraUrban Business Park development in South Vancouver and Wall Financial's Strathcona Village, a mixed-use development in East Vancouver. Strata sales in Conwest Group's Ironworks mixed-use project, also in East Vancouver, may also be recorded in 2018 and carry into 2019. Overwhelmingly strong demand for industrial space in Vancouver, which registered a vacancy rate of just 1.6% in the third quarter of 2017, has been a key driver of strata sales as available industrial space for lease (or for sale) has become increasingly rare.

"While owner-occupiers have traditionally played an active role in Vancouver's industrial market, the purchaser profile of free-standing industrial buildings has shifted in the past 18 months to include

many more investors and developers,” comments Avison Young Principal **Russ Bougie**, who specializes in industrial sales and leasing transactions in Vancouver.

Owner-occupiers are now largely relegated to acquiring strata units (or relocating to another market or shutting down their business entirely) as rapidly rising prices for free-standing industrial assets have priced many business owners out of the market, he says.

Industrial land in its traditional sense has largely vanished from the Vancouver market due to a number of factors, including the ongoing erosion of the supply of industrial land through redevelopment, which is being accelerated by amendments to industrial zoning bylaws and increasingly by what the City considers industrial activity in its community plans.

“While land prices seem to be starting to stabilize at new highs, rental rates and building pricing are expected to continue to strengthen,” adds **Kevin Kassautzki**, a vice-president in Avison Young’s Vancouver office who focusses on industrial sales and leasing. “Vacancy will remain tight with limited relief expected through new construction as most new projects are likely to feature strata units, which are usually needed to make the pro forma work with these new high land costs in the market.”

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