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Media Release

For Immediate Release (2 pages)
Friday, January 11, 2019

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Editors/Real Estate Reporters
• Please click on link to view Avison Young's *Winter 2019 Burnaby/Coquitlam, BC Industrial Report:*
https://www.avisonyoung.ca/documents/95750/47239315/Winter2019BurCoIndustrialReport

Burnaby/Coquitlam, BC industrial markets remain in strong demand amid rising lease rates and tightening vacancy

Avison Young releases its Winter 2019 Burnaby/Coquitlam, BC Industrial Report

Vancouver, BC – Demand for industrial space in Burnaby and Coquitlam was insatiable in 2018 with vacancy reaching new lows as rental rates pushed higher and deal and dollar volume from industrial sales remained strong. A depleted development pipeline is unable to offer meaningful relief in the short- to mid-term to either market as industrial land prices remain elevated and availability highly constrained, which continue to throttle the new development activity necessary to meet demand.

These are some of the key trends noted in **Avison *Young's Winter 2019 Burnaby/Coquitlam, BC Industrial Report***, released today.

Burnaby recorded more than $203 million in 44 sales in the first 10 months of 2018, surpassing the number of deals closed in all of 2017 as well as exceeding that year's total dollar volume of $137 million. While sales activity in 2018 will surpass the dollar-volume record of $204 million but not the 73 done deals established in 2016, demand for Burnaby industrial space will remain undiminished in 2019 with owner-occupiers and investors vying to acquire properties. With industrial vacancy in the 28.8-million-square-foot (msf) Burnaby market at 1.6% at the third-quarter of 2018, down from 2.4% a year earlier, rental rates continued to rise in 2018 to an average of $12.84 psf.

"With the exception of two large investment sales, the majority of transactions in 2018 were owner-users with a large proportion being strata units," comments Avison Young Principal **Russ Bougie**, based in Vancouver. "With the significant changes in the market, we forecast a continued transition of some users moving to less expensive non-core markets, and continued high demand for vacant space whether it's on a sale or lease basis."

Annual industrial sales dollar volume in Coquitlam will be the second-highest on record in 2018 as 16 deals valued at almost $65 million was already achieved as of October 31, 2018; however, the 2018 high total is primarily skewed by the sale of Mayfair Square for $25.5 million, which was part of a larger portfolio of Metro Vancouver properties sold off by the Investors Group in spring 2018. The dollar volume record for Coquitlam is $94 million and was established in 2015, while the record for greatest number of deals – 38 – was set in 2007. Demand remains very strong, particularly among owner-occupiers, for industrial space. With industrial vacancy in the 8.2-msf Coquitlam market at 1.3% at the third quarter of 2018, up from 1.1% a year earlier, rental rates still rose rapidly in 2018 to an average of $12.44 psf – up an astonishing $0.71 psf from just three months earlier.

"Demand remains very strong, particularly among owner-occupiers, for industrial space," says **Ben Lutes**, a Vice-President in Avison Young's Vancouver office who specializes in industrial property sales and leasing. "But there is currently no more new supply under construction in Coquitlam."

While Burnaby and Coquitlam remain highly sought after by owner-occupiers, tenants and investors, sales and leasing activity will likely slow in 2019 due to a lack of such opportunities in those markets.

Avison Young is the world's fastest-growing commercial real estate services firm. Headquartered in Toronto, Canada, Avison Young is a collaborative, global firm owned and operated by its principals. Founded in 1978, the company comprises 2,700 real estate professionals in 85 offices, providing value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial, multi-family and hospitality properties.

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