



UBC Real Estate Club

Year-End 2020 Market Reports

*Educating, Inspiring, and Connecting students to
the real estate industry of Vancouver*



Greater Vancouver Area YE 2020 Industrial Market Report UBC Real Estate Club

Net Asking Rent
\$13.32

Vacancy
1.4%

Net Absorption
75k SF

Under Const.
5.7M SF

Inventory
202M SF

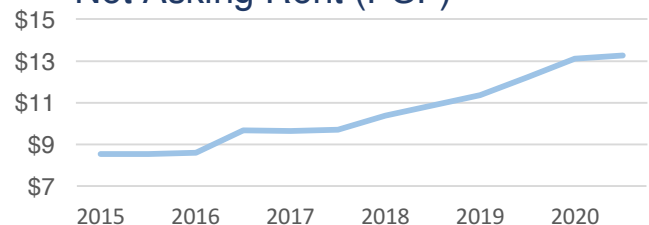
Market Outlook

2020 proved to be one of the strongest years the Greater Vancouver Area industrial market has ever seen, demonstrating resiliency to the economic downturn created by COVID-19. Vacancy in Q3 reached 1.4%, slightly up from 1.3% in Q2 2020. However, this is still near record lows and shows strength given the current economic climate. Due to the lack of vacancy and strong demand in the GVA, average asking rents rose again during the quarter, increasing from \$13.15 to \$13.32 per square foot quarter-over-quarter.

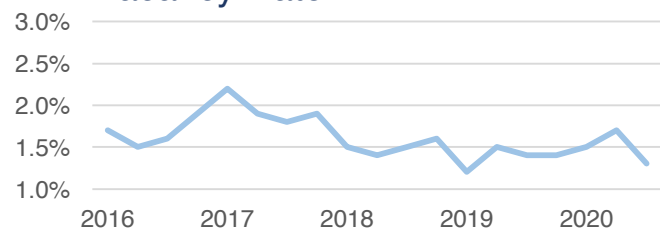
Despite strong fundamentals, Q3 was a quiet quarter for sales, with the Greater Vancouver Area seeing only \$166 million in industrial sales compared to \$361 million in the same quarter of 2019. This can be attributed to the general wait-and-see sentiment in the market, however, low interest rates and strong fundamentals are demand drivers.

Although the market was quiet for sales, leasing transactions dominated with over 1.5 million square feet of activity, attributed to e-commerce and supply chain activities which have been the drivers of numerous large deals taking place this quarter. In addition to this, subleasing activity remains strong and represents a notable portion of the market's total active listings, with roughly 750,000 SF of vacant space available on the market.

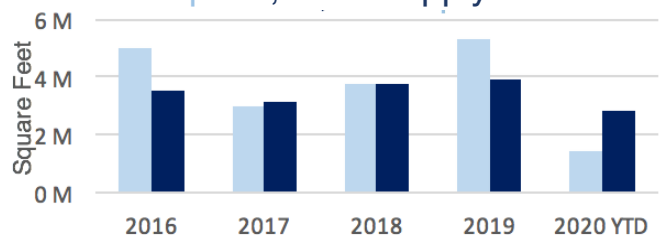
Net Asking Rent (PSF)



Vacancy Rate



Absorption, New Supply



Future Outlook

It is anticipated that asking rates will continue on their growth trajectory due to the limited supply and extremely tight vacancy rate. With e-commerce adoption continuing at an accelerated rate due to COVID-19, the necessity of distribution and logistics space is only increasing, and the Vancouver industrial market is likely to remain on strong footing through 2021.



Greater Vancouver Area YE 2020 Office Market Report UBC Real Estate Club

Gross Rent
\$46.24

Vacancy
4.1%

Net Absorption
-438.9k SF

Under Const.
4.8M SF

Inventory
48.3M SF

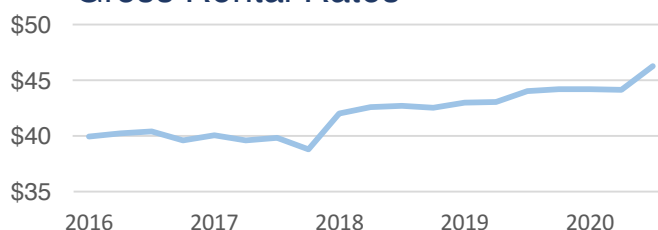
Market Outlook

The COVID-19 pandemic has considerably changed how and where employees work, with the majority of jobs switching to work from home. Although many employers expect to go back in the office soon, many others have decided to shift permanently to work from home and either reduce or eliminate any office space they are using.

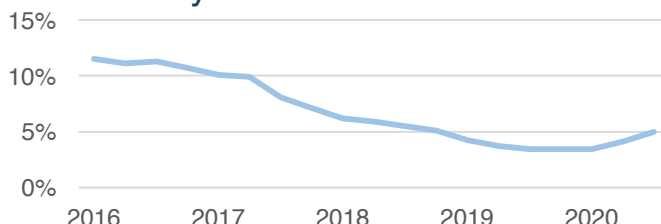
In Q3 2020, the Greater Vancouver Area saw an increase in vacancy of 110 bps to 4.1%, levels that haven't been seen since Q4 2018. With 438,914 SF of negative net absorption in Q3, Vancouver saw its first consecutive quarterly decrease since 2013, a troubling statistic.

Despite weakened demand from investors, there still remains a strong pipeline of deliveries in the coming months. With 4.8M SF of office space under construction, it is expected that there will be downward pressure on rents in near future. That being said, rents are generally stickier in office on account of longer leases, leading to a 5% year-over-year increase in gross rental rates. The majority of this increase was driven by the Broadway Corridor with a 18% boost year-over-year. In addition, there has been a 42% reduction in sales transactions when compared to Q3 2019, revealing the general wait-and-see sentiment of buyers and tenants.

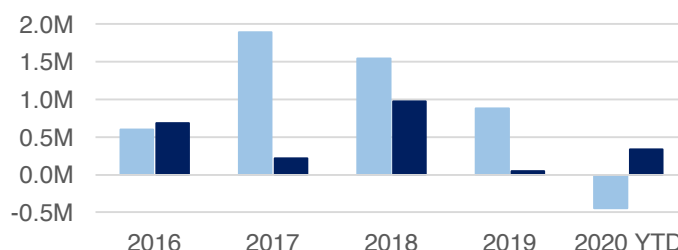
Gross Rental Rates



Vacancy



Absorption, New Supply



Future Outlook

As COVID-19 trudges on, it becomes clear that the wait-and-see sentiment on office space will remain until there is more certainty on when workers may return to the office. However, it is expected that vacancy rates will continue to rise as leases begin to expire and some firms opt to not return to the office.



Greater Vancouver Area YE 2020 Multifamily Market Report UBC Real Estate Club

Rent: \$3.14

Turnover: 3.7%

Availability: 4.0%

Under Const: 14,490 Units

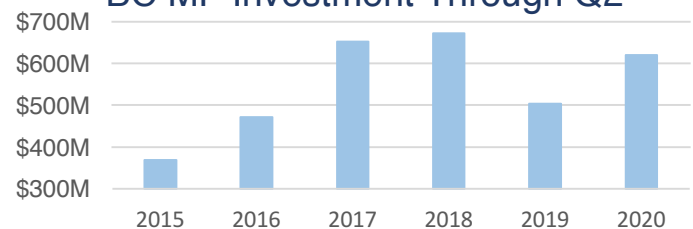
Market Outlook

The Greater Vancouver Area's ("the GVA") multifamily market faced some headwinds in the third quarter of 2020, though it's remained relatively stable. Despite COVID-19, the investment market demonstrated strength through Q3 with higher deal volume relative to the same period in 2019. However, rent levels were a different story as growth cooled off and rents per square foot dropped \$0.02.

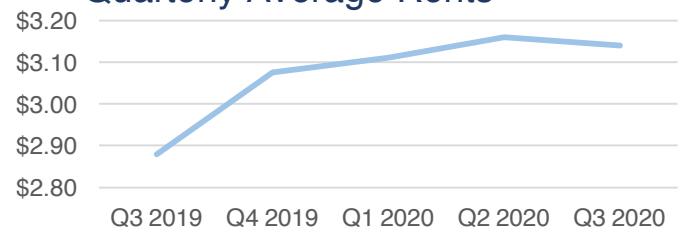
Developers and owners across the region are experiencing a rent freeze put in place by the BC Government as a result of the virus, restricting any increase in rents for existing tenancies. Although the rent freeze was set to expire on December 1st, 2020, it has been extended until July 10th, 2021. The freeze, in combination with lower immigration and international buyer demand, is set to continue downward pressure on rents.

Leasing teams are hard at work putting heads on beds despite increased restrictions. Availability rates in fully leased projects have slightly increased quarter-over-quarter from 3.2% to 3.7% where, prior to 2020, they were never above 2.4%. Decreased student demand is largely driving this increase as distance learning continues. To combat this, many leasing teams have begun offering incentives in order to attract new tenants including free rent, lower security deposits, and parking, storage, or internet bonuses.

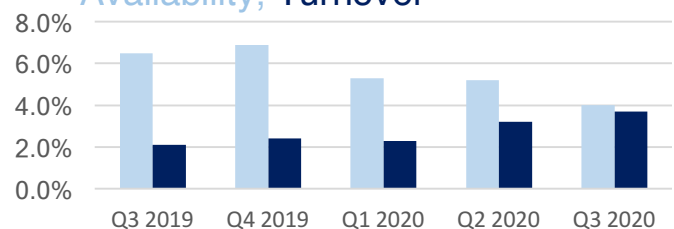
BC MF Investment Through Q2



Quarterly Average Rents



Availability, Turnover



Future Outlook

The GVA multifamily market is expected to look similar for the near future. Persisting lockdowns across metro Vancouver will continue to hurt leasing activity and rent levels. However, there is light at the end of the tunnel as the vaccine begins to roll out. The resumption of in-person classes and international travel will deliver a boost to the GVA, setting it back on track for growth.

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UBC Real Estate Club

The UBC Real Estate Club is a non-profit, student-run organization that works with UBC's Sauder School of Business as well as various real estate companies to educate, inspire and connect our top students, nurturing the future of the Vancouver's real estate industry.

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