City of Richmond

Minutes

Special General Purposes Committee

Date: Monday, May 27, 2013

Place: Anderson Room
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Chak Au
Councillor Linda Barnes
Councillor Derek Dang
Councillor Evelina Halsey-Brandt
Councillor Ken Johnston
Councillor Bill McNulty
Councillor Linda McPhail
Councillor Harold Steves

Call to Order: The Chair called the meeting to order at 6:02 p.m.

PLANNING & DEVELOPMENT DEPARTMENT

1. **RICHMOND RESPONSE: PROPOSED METRO VANCOUVER REGIONAL GROWTH STRATEGY TYPE 3 AMENDMENT – MINOR B FOR PORT MOODY**
(File Ref. No. 01-0157-30-RGST1) (REDMS No. 3870821)

Terry Crowe, Manager, Policy Planning, accompanied by Lee-Ann Garnett, Senior Regional Planner, Planning, Policy and Environment, Metro Vancouver, provided background information, noting that the City of Port Moody is seeking to designate three waterfront parcels on the Burrard Inlet, which are currently designated as 'Industrial,' 'General Urban,' 'Rural,' and 'Conservation and Recreation' to 'Special Study Areas.'

Mr. Crowe advised that staff is in receipt of new information regarding the City of Port Moody's request, whereby it is anticipated that the City of Port Moody will remove the 'Rural' and 'Conservation and Recreation' parcels from the proposed Regional Growth Strategy (RGS) amendment.

Mr. Crowe spoke of the Metro Vancouver Board process as it relates to Type 2 and Type 3 amendments to the RGS and commented on their varying thresholds and the requirement to hold a Public Hearing.

In response to comments made by Committee, Ms. Garnett advised that the City of Port Moody accepted the RGS under the provision that its Map 12 – Special Study Areas and Sewerage Extension Areas would not apply to them; the Metro Vancouver Board accepted this condition.

Discussion ensued regarding the Metro Vancouver Board process and Mr. Crowe and Ms. Garnett provided the following information:

- a Type 2 RGS amendment would require a 2/3 vote of the Board and a Public Hearing for 'Rural' and 'Conservation and Recreation' areas;
- a Type 3 RGS amendment would require a 50% plus one weighted vote for 'Rural' and 'Conservation and Recreation' areas; and
- a Type 3 RGS amendment does not require a Public Hearing.

Committee expressed concern related to the potential regional impacts of such amendments and in particular the impacts to the City of Richmond. Direction was given to staff to follow this matter closely so that Council may be fully engaged as it proceeds through the Metro Vancouver Board process.

In reply to a query from the Chair, Mr. Crowe advised that as per the City of Port Moody's staff report dated December 19, 2012 titled 'OCP Amendment to Include Special Study Area Designations,' the proposed RGS amendments are to identify those areas where a more detailed land use plan will be required by way of an area plan or a site specific development plan.

Councillor Steves distributed copies of a Metro Vancouver Industrial Overview – Spring 2013 (attached to and forming part of these Minutes as Schedule 1), and read an extract noting the potential to utilize Agricultural Land Reserve (ALR) lands for new industrial lands.

Discussion ensued regarding the proposed staff recommendations and members of Committee wished to clearly express the City's opposition to the proposed RGS amendments. Also, it was noted that the City of Port Moody and all other Metro Vancouver municipalities be advised of the City's position on this matter.

As a result of the discussion, the following **motion** was introduced:

It was moved and seconded
That as per the report from the General Manager, Planning and Development, dated May 24, 2013, titled Richmond Response: Proposed Metro Vancouver Regional Growth Strategy Type 3 Amendment – Minor B for Port Moody, Council:

(1) *advise Metro Vancouver that the City of Richmond is opposed to the proposed RGS Amendment Special Study Area designation for all the affected sites, as it would lower the RGS amendment requirement from Type 2 (i.e., a 2/3 MV Board vote and a Public Hearing, to a Type 3 (i.e., a MV Board 50% + 1 weighted vote) for the RGS Rural, and Conservation and Recreation areas;*

(2) *advise Metro Vancouver that the City of Richmond supports an RGS Amendment Special Study Area designation to the RGS Industrial and General Urban designations, as the RGS amendment requirements do not change, but confirms that the City of Richmond has significant concerns regarding the regional effects of potential changes;*

(3) *direct staff to advise on the effect on Richmond and the region should the land use in this area in Port Moody be changed; and*

(4) *send a copy of the letter to the City of Port Moody and all Metro Vancouver member municipalities.*

CARRIED

ADJOURNMENT

It was moved and seconded
That the meeting adjourn (6:30 p.m.).

CARRIED

Certified a true and correct copy of the Minutes of the meeting of the Special General Purposes Committee of the Council of the City of Richmond held on Monday, May, 27, 2013.

Mayor Malcolm D. Brodie
Chair

Hanieh Berg
Committee Clerk

Schedule 1 to the Minutes of the Special General Purposes Committee meeting held on Monday, May 27, 2013.

Metro Vancouver Industrial Overview

Spring 2013

partnership. performance.

AVISON YOUNG Intelligent Real Estate Solutions

CANADA'S BEST MANAGED COMPANIES

Metro Vancouver requiring innovative approach to manage evolving character of industrial market

Creativity is one of the most important attributes developers will require to acquire large parcels of land in order to meet the strong demand for large-floorplate product in Metro Vancouver's geographically-constrained industrial market.

With vacancy in Metro Vancouver industrial buildings larger than 100,000 sf at 2.5%*, and overall vacancy tightening slightly since fall 2012 to 3.5%, the rising pressure to accommodate large-floorplate users continues to mount. Further analysis reveals that the vacancy rate for Metro Vancouver industrial space in excess of 100,000 sf suitable for distribution/logistics uses is just 1.7%.

As of April 2013, only five municipalities in Metro Vancouver - Richmond, Coquitlam, Burnaby, Delta and Surrey - had industrial buildings in excess of 100,000 sf that were vacant and/or available. With large industrial buildings in increasingly short supply throughout Metro Vancouver, the pressure to build more is reaching critical mass and is being further exacerbated by the billions in infrastructure spending in support of the port's mandate to increase trade through the Asia-Pacific Gateway. Appetite for new industrial product shows no sign of abating with more than 2 msf added to Metro Vancouver's industrial inventory since fall 2012 and minimal subsequent impact on vacancy.

Total container traffic through Port Metro Vancouver, which is driving the demand, has resumed its upward trajectory after stalling in 2009, rising 26% from 2.15 million total 20-foot equivalent units (TEUs) in 2009 to 2.71 million TEUs in 2012. That growth continued to manifest itself in the first quarter of 2013, rising 2.5% to 642,959 TEUs from the

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*This rate includes all vacant and available industrial facilities that were part of Metro Vancouver's industrial inventory or that were to be vacated within the next 90 days from the date of publication.

INSIDE: Q&A with **Robert Landucci, Greg Wilks, Beth Harrington** and **Tom Corsie** on what alternatives are being explored to meet demand for large floorplate space

> METRO VANCOUVER INDUSTRIAL MARKET SNAPSHOT

Market	Industrial Inventory	Vacancy		
	(square feet)	Spring 2013	Fall 2012**	Spring 2012
Richmond	36,283,638	2.6%	2.8%	3.8%
Surrey	27,729,359	1.9%	2.0%	2.8%
Burnaby	27,361,097	4.6%	3.8%	2.8%
Vancouver	23,277,291	2.0%	2.0%	3.4%
Delta	20,618,414	6.9%	7.2%	7.5%
Langley	16,109,798	3.8%	3.4%	4.9%
Coquitlam	8,003,369	7.8%	8.6%	8.5%
Port Coquitlam	7,101,270	2.5%	4.7%	3.7%
Abbotsford	7,024,727	2.8%	3.2%	5.7%
North Vancouver	5,337,430	2.2%	1.9%	3.7%
New Westminster	3,717,716	3.5%	3.9%	4.6%
Maple Ridge/Pitt Meadows	2,413,493	1.8%	3.2%	4.2%
TOTAL	184,977,602	3.5%	3.6%	4.2%

**In order to provide the most accurate statistics, Avison Young undertook an extensive Metro Vancouver industrial inventory update prior to the Fall 2012 report.

> MARKET INDICATORS (CHANGE FROM SIX MONTHS AGO)

ABSORPTION | CAP RATES | RENTAL RATES | VACANCY RATE | CONSTRUCTION | RETAIL SALES | CONTAINER SHIPPING VOLUME

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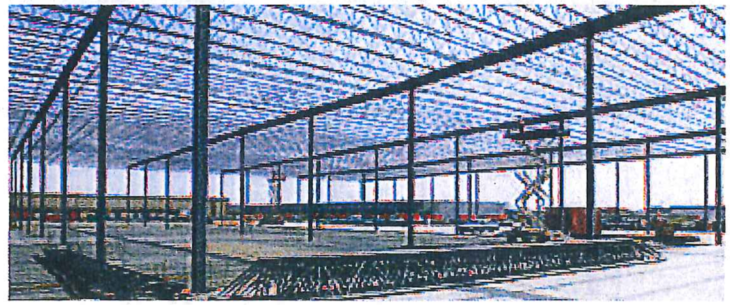
627,541 TEUs handled in the first quarter of 2012, according to **Port Metro Vancouver** statistics. TEU imports and exports in the first quarter of 2013 rose 1.6% and 3.6%, respectively, year-over-year.

Also contributing to demand are various port and transportation infrastructure projects, which have attracted the attention of third-party logistics (3PL) companies and other trade-related businesses seeking to leverage off that infrastructure investment and establish logistics and distribution facilities in Metro Vancouver in proximity to dockside operations.

According to Port Metro Vancouver, several transportation infrastructure projects that built capacity, maximized efficiency and density, and minimized the impacts of port operations on the community moved forward in 2012. Those projects included the South Shore Corridor Project in Vancouver, the Low Level Road Project in North Vancouver, the Deltaport Terminal Road and Rail Improvement Project and the Roberts Bank Rail Corridor Projects. The South Fraser Perimeter Road (SFPR), a new 40-kilometre, four-lane highway along the south side of the Fraser River, is also approaching completion. The eastern portion from Highway 1 at 176th Street to 136th Street opened in December 2012. The remainder, from 136th Street in Surrey to Deltaport Way in Delta, will open to traffic in December 2013. According to the provincial government, the SFPR will generate economic growth by connecting key port, rail and highway infrastructure.

The scale of infrastructure investment by the port, and provincial and federal governments has not been matched by a corresponding rise in the availability of serviced industrial land suitable for logistics/distribution facilities. The result has led to an emerging bifurcation of the Metro Vancouver industrial market, with most users able to find suitable small to mid-sized options, while those operators seeking larger sites for logistics/distribution uses are left with very few options to purchase and virtually no existing buildings suitable to occupy as tenants. Developers increasingly need to be proactive in order to secure sites of scale that are close to transportation networks and are suited for logistics/distribution. Once such sites are identified, assembled and acquired, developers need to deliver product that meets the needs of large users. In the past, much of the development activity has targeted small to mid-sized users to the detriment of large users who have subsequently located warehouse functions and distribution centres in other jurisdictions.

The Agricultural Land Reserve (ALR) remains a potential source of new industrial lands, particularly those parcels that are unproductive or not in production, but political considerations have largely curtailed discussions regarding the potential removal of any such lands. A reconsideration of the ALR boundaries, which were established 40 years ago, in light of the development, employment and economic pressures facing the region today, may lead to an equitable solution for all stakeholders.



Large-floorplate distribution space, such as phase 3 of **Hopewell Developments'** new project in Richmond, is in short supply.

Industrial owner/users and investors are becoming creative and are now considering other options outside the traditional purchase of freehold land/assets, build-to-suit construction or the acquisition of a strata unit. Some investors have purchased entire strata developments outright to then rent or lease to large-format users. Additionally, significant logistics/distribution facilities constructed on leasehold land held by Port Metro Vancouver were acquired by investors in 2012 and 2013 and marked a new willingness by institutions to consider assets held under alternative forms of land ownership. Leasehold land may serve as a temporary valve in the near to mid-term but it does not address the larger underlying issues surrounding land availability in the decades to come.

With more than 2 msf of industrial space added to Metro Vancouver's industrial inventory since fall 2012, the majority of which was in Burnaby (554,941 sf) and Richmond (690,300 sf), demand for industrial space remains strong with much of the new inventory being absorbed.

The significant amount of industrial development delivered in the last quarter of 2012 (1.37 msf) as well as the first quarter of 2013 (670,303 sf) will not be repeated for the remainder of 2013. This lull in activity and lack of suitable product, particularly for logistics and distribution users, will be accommodated in 2014 and 2015 by large-footprint developments in Delta, Surrey, Richmond, Pitt Meadows and Langley.

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> RECENT NOTABLE LEASE DEALS

MUNICIPALITY	ADDRESS	SQUARE FEET	TENANT
Richmond	#110-16100 Blundell Road	151,275	Nippon Express Canada Ltd.
Richmond	7200 Nelson Road	138,844	Coca Cola Ltd.
Delta	880 Belgrave Way	104,177	Crown Corrugated Company
Burnaby	5324 Riverbend Drive	78,095	Orbit Distribution Systems Ltd.
Delta	7848 Hoskins Street	67,608	Valhalla Distribution
Vancouver	#25-403 East Kent Avenue	62,774	Acme Analytical Laboratories Ltd.
Langley	19750 92A Avenue	50,000	Phillips Electronics

Q&A

As increasing demand from large-floorplate distribution/ logistics users comes to dominate industrial development (and land) in Metro Vancouver, what alternatives are being explored to ensure this demand can be met?

1. If developers focus on meeting the large-floorplate demand of logistic/distribution users, what becomes of industrial users in need of small to mid-sized bay space?
2. With new transportation infrastructure such as the South Fraser Perimeter Road coming on stream in 2013, has the pressure to accommodate large-scale warehousing/distribution facilities increased? Has investment in transportation infrastructure boosted already significant demand?
3. There have been three significant transactions that occurred for industrial assets on leasehold land held by Port Metro Vancouver. Is this new level of investment comfort providing some relief in terms of the supply of available industrial land?
4. While encroachment into the Agricultural Land Reserve is often suggested as a means to provide additional acreage to meet demand for industrial land, other suggestions such as densification of existing industrial development as well as the construction of inland container terminals have also been highlighted. How plausible are these alternatives to removing land from the ALR?

Metro Vancouver seeks opportunities for intensification of industrial land development

With the region projected to start running out of industrial land by the late 2020s under the most optimistic projection, **Metro Vancouver** recently endorsed a staff summary report, *Opportunities for the Intensive Use of Industrial Land,* prepared by senior regional planner **Eric Aderneck**.

The purpose of the report was "to identify opportunities and best practices for increasing the potential for intensive use of industrial lands, and provide direction about how these best practices could be adapted to Metro Vancouver's particular circumstances."

The report's key findings and implications indicated:

- There is limited supply and ongoing demand for industrial land in the region. The region's industrial land supply is projected to run out in the 2020s;
- Beyond protecting industrial lands, industrial land intensification offers the potential to help extend the lifespan of region's industrial land supply;
- Industrial intensification may be more appropriate in certain locations and conditions, and not applicable everywhere;
- Forms of industrial intensification may include multi-level industrial buildings, rooftop parking, higher ceilings, reduced building setbacks, etc.;
- Building on the challenges and opportunities identified in the report, ideas for industrial intensification will be further explored with member municipalities and the development industry.

To estimate industrial land demand and illustrate the depleting industrial land inventory, Aderneck prepared two scenarios: a proportional increase in current industrial development; and adding a substantial increase in land demand related to "high case" growth in trade activity through Metro Vancouver ports.

Under the proportional growth scenario, without intensification, industrial demand would require an additional 900 hectares (2,224 acres) by 2021, and another 700 hectares (1,730 acres) by 2031. This would result in the region starting to run out of industrial land in the late 2020s.

Under the base plus high case import/export growth scenario, assuming no intensification, industrial land demand would require an additional 1,400 hectares (3,459 acres) by 2021, and another 1,100 (2,718 acres) by 2031. According to the summary report, the region will begin to run out of industrial land in the early 2020s under this scenario.

The Metro Vancouver 2010 Industrial Land Inventory had identified 11,430 hectares (28,200 acres) of industrial lands in Metro Vancouver, of which 76% or 8,746 hectares (21,600 acres) were developed and 2,685 hectares or 24% (6,600 acres) were considered vacant. During the 2005-2010 period, approximately 500 hectares (1,200 acres) or an average of 100 hectares (250 acres) per year were developed as industrial lands. More efficient use of industrial land could extend the effective capacity of the land base.

Source: Summary Report: Opportunities for the Intensive Use of Industrial Land, Metro Vancouver, 2013

Robert Landucci
President & CEO, Ashcroft Terminal

Landucci secured the Ashcroft Terminal property in 1999, with final purchase in 2005. Bob is also CEO & President of CrescentView Investments Ltd.

Greg Wilks
VP, Commercial Property & Leasing, Onni Group

Wilks joined Onni in 2004 and directly manages an industrial portfolio of 2.2 million square feet (msf), while also manging Onni's office portfolio in Edmonton, L.A. and Chicago.

Beth Harrington
Manager, Industrial Development, Beedie Group

Responsibilities include the sales/marketing of new developments, build-to-suits and strata projects in BC and Alberta, due diligence for land and investment acquisitions, and client co-ordination through the development process.

Tom Corsie
VP, Real Estate, Port Metro Vancouver

Prior to joining PMV after it was amalgamated in 2008, Corsie was the VP of property development for the Fraser River Port Authority (FRPA). He joined the FRPA in 1980.

Robert Landucci

1. There are many industrial developers who will respond to the opportunities for smaller users. Properties will be redeveloped, older areas will undergo large transitions, innovation in space and need will come into the mix, and new distribution patterns will emerge. We have seen this trend for many years and it will continue. The economics will drive the change and square foot prices will increase.

"Demand for alternate uses in urban land opportunities have forced changes in thinking"

2. Probably. But the question is, other than the real estate community and the retailers themselves looking for large-footprint buildings, does the Lower Mainland really want or need this kind of development? Some would suggest it is not in the long-term best interest of the transportation corridor, nor for the livability of the GVRD. Perhaps this demand should be looked at from a more holistic viewpoint. What does good sustainable demand look like in 2030?

3. I don't have a good idea of what Port Metro Vancouver is doing and what its full plan looks like so I can't answer this question.

4. It is important to look at alternatives before the ALR lands are considered. This is key. When old thinking, entrenched in false and staid assumptions, are used - mistakes will be made. This is happening today in the way other solutions are being assessed. The wealth of Canada is not created in the Lower Mainland, it is created in the mines, farms and small communities throughout BC and Canada that produce goods and sell them. We need to service them properly and keep costs low so they can compete globally. We should be looking at doing anything we can to move assembly and preparation closer to production sites and prepared for direct shipping to the docks.

Why handle any product in the Lower Mainland if it doesn't need to be handled here? The system works well for coal, wheat, potash and other commodities, why can't it work for pulp, sawn lumber, retail goods, containers etc? It is no surprise that the urban growth in Asia and South America has caused tremendous challenges and has changed the life of millions of families. Is it for the better for them? Perhaps we can learn from what is happening in other areas and grow our economy in a manner that suits the average person.

Other comments:

Not enough alternatives are being explored. As in other industries that have developed over the years, the demand for alternate uses in urban land opportunities have forced changes in thinking. For example: Coal Harbour industries could not compete with office, hotel, retail and residential demand. The industries had to move or close. False Creek industry could not compete with the demand generated by Expo '86 and subsequent residential towers. Industry had to move or close. Granville Island could not compete with funky urban retail and grocery shopping trends. Industries had to move or close. Fraser River industries from New Westminster to Oak Street could not afford the land they were on. Industries had to move or close. Growth forces creative thinking for survival. There are many opportunities to service the retail distribution demand. The real question: Is it wise to do so on valuable urban lands with the retail and residential trends that are coming in the years ahead?

Greg Wilks

1. I think developers need to be flexible. The first phase of our Golden Ears Business Centre has changed more than half a dozen times as we work with the needs of the market in conjunction with our own goals. Due to the lack of industrial sites in Metro Vancouver, I think we will always have developers looking to accommodate the small and mid-sized users. Onni currently has about 1.9 (msf) of small bay warehousing spec product.

2. I don't think you can call it pressure. Perhaps the opportunity to accommodate large-scale warehousing has increased even though it would be hard to pinpoint a user willing to relocate in Metro Vancouver primarily due to the SFPR if the firm was previously adverse to entering our market. Metro Vancouver still has a lot of obstacles when accommodating large users compared with our competitors in other markets. The steps the government has taken with the recent projects such as the Golden Ears Bridge, the Port Mann/Hwy. 1 expansion and the SFPR are definitely a step in the right direction to make Metro Vancouver a more desirable location.

3. I think users need to look further at non-traditional markets that can support their needs and offer competitive leasing rates while doing so. Regarding the Port Metro Vancouver leasehold deals, these were not typical market deals and I doubt they offer any relief or comfort for private investors. I think there is an issue of supply in the mid-term, but we still have options currently. That being said, Port Metro Vancouver is offering options that would otherwise not be there for tenants and investors. The lack of land for industrial development will only put further pressure on government to allow for local growth options in Metro Vancouver that the local economy will require.

4. Personally, I don't see this happening anytime soon. I think we still have other options available before we consider inland container terminals being an affordable option. I think we will start to see higher-efficiency warehouses with higher ceiling heights, etc. before we start moving container yards. Industrial densification might be an option in the future, but we are still far from seeing densification as an economical or functional approach to industrial land use in Metro Vancouver.

Leasing activity at **Golden Ears Business Centre** in Pitt Meadows has been gaining momentum in recent months.

Beth Harrington

1. When deciding the best possible use for a development site, we take a large number of factors into consideration, including: the size and configuration of the site, the location, the product demanded in that location and the development costs. In most cases, the site and market dictate the type of product we deliver. Beedie does not focus on a specific product type; rather, we develop land to meet client needs or to take advantage of the opportunities the site presents.

2. We have not experienced an increase in demand as a result of the new transportation infrastructure. From what we have seen, demand tends to be driven by specific business needs. Demand emerges from companies requiring more or less space or seeking increased efficiency in terms of a new facility or superior location. When considering a move, companies may wish to locate closer to new transportation infrastructure; however, we have not yet seen an increase in demand as a result.

Beedie Group is offering several development options in **Gloucester Industrial Estates,** where the company has been active in recent years.

3. These transactions show there is an appetite for income-producing assets whether they are freehold or leasehold. Looking at Port Metro Vancouver's leasehold transactions, instead of industrial assets on leasehold land, we can observe some relief in terms of supply. The leasehold land opportunities that Port Metro Vancouver has supplied present additional well-located land options to alleviate demand near the ports. These sites will provide transportation and logistics companies, who have port-related uses, excellent access to Metro Vancouver. It is important to note that these sites will not accommodate manufacturing or non-port related distribution companies.

4. Beedie has been looking at potential redevelopment opportunities throughout Metro Vancouver to provide new industrial supply. While land values have not yet reached a level which would make multi-level industrial facilities economical, we strive to provide the most efficient site coverage possible on the land we have. Utilizing high ceilings and high-density sprinkler systems, warehouse and distribution groups can more effectively use less space.

Tom Corsie

1. PMV's focus is on leading the growth of Canada's Pacific Gateway and not on pursuing industrial developments for small to mid-sized bay space users. There appears to be sufficient free market interest from the industrial development community to satisfy the demand apparent within this sector. PMV is concerned the economics appear more favourable for developers to pursue large-format buildings (that require larger sites) subdivided into smaller lease or strata units as opposed to large-format facilities designed for goods distribution. A review of weekly industrial sales materials shows significant choice of product for small to mid-sized bay users to purchase or lease, but very limited choice for available large-scale distribution sites.

"Densification of the remaining industrial land supply will likely be necessary"

2. The SFPR should become a catalyst for land-use change along parts of its corridor, particularly in areas such as east Delta, Boundary Bay and at the TFN lands nearer to the Roberts Bank marine terminal complex. The SFPR is only one of many Asia Pacific Gateway infrastructure projects underway that will improve fluidity of goods movement and increase Canada's Pacific Gateway competitiveness. PMV's forecasts show continued growth in container traffic, which is a primary driver for large-scale distribution facility demand. Hopefully, investment in SFPR infrastructure will help facilitate rather than aggravate serviced and prepared sites able to accommodate an expected increase in demand for large-scale distribution facilities.

3. This question refers to the sale of tenant assets located at PMV's Richmond Logistics Hub. In one transaction, a PMV subsidiary was a partner in the assets, which were in the form of four large distribution buildings within a fully-tenanted 80-acre development. The second transaction was the sale of three fully-tenanted large-format distribution buildings and the third transaction was an independent large-format distribution building fully leased. We believe the sale of these assets located on leased land does provide comfort that leasehold transactions are safe and profitable, particularly when the activity is associated with trade through Canada's Pacific Gateway. We do not believe these transactions provide any relief to the available supply of industrial land, which remains a larger issue for the Lower Mainland.

4. Although PMV owns a large parcel of agricultural land adjacent to its Richmond Logistics Hub, we do not at this time have an interest in converting that land to an industrial distribution use that would support the containerized goods supply chain. It is our view that a new container terminal at Roberts Bank (Terminal 2) is the most efficient way to provide additional long-term capacity to this growing sector. PMV is currently working with the proponents of the Ashcroft facility, but it is unlikely the economic development activity they are pursuing will involve the development of an inland container terminal. New developments in warehouse automation and stacking technology could cause certain distribution companies to require higher buildings thereby increasing densification. Densification of remaining industrial land supply will likely be necessary and we believe the goods movement industry is responding.

Avison Young Industrial Lease Listings

CAMPBELL HEIGHTS WEST BUSINESS PARK

- Preleasing opportunities in prime Campbell Heights location
- Up to 400,000 sf available

Contact: Ryan Kerr / Rob Gritten / Gord Robson

1750 COAST MERIDIAN RD, PORT COQUITLAM

- Warehouse/office space in professionally managed complex
- 8,396 sf to 16,802 sf available

Contact: Kyle Blyth / Ben Lutes / Matt Thomas

CAPILANO BUSINESS PARK, NORTH VANCOUVER

- 1,794 sf to 11,847 sf available
- Light industrial flex space
- Dock and grade-level loading

Contact: Terry Thies / Ian Whitchelo

NORTHWOODS BUSINESS PARK, NORTH VANCOUVER

- 4,608 sf to 22,883 sf available
- Light industrial/office/showroom
- High ceilings
- Grade-level loading
- Building 5 fully leased

Contact: Terry Thies / Ian Whitchelo

1608 CLIVEDEN AVE, DELTA

- Free-standing warehouse/office/ laboratory facility
- Opportunities exist to expand the building
- Up to 142,395 sf available

Contact: Ryan Kerr / Mark Hannah

BURNABY LAKE INDUSTRIAL CENTRE, BURNABY

- Warehouse/office units
- 4,600 sf or 5,583 sf available
- Dock and grade loading

Contact: Kyle Blyth / Ben Lutes / Matt Thomas

9425 190TH ST, SURREY

- 20,000 sf to 61,625 sf available
- Build-to-suit industrial opportunity for lease in prime Port Kells location

Contact: Michael Farrell / John Lecky

9669 186TH ST, SURREY

- 12,840 sf available
- Free-standing building with yard
- Heavy power

Contact: John Eakin / Michael Farrell

915 CLIVEDEN AVE, DELTA

- Up to 99,731 sf available
- Excellent distribution space with trailer storage
- 26' clear ceiling heights

Contact: Ryan Kerr / Rob Gritten

HORIZON PACIFIC CORPORATE CENTRE II, LANGLEY

- Preleasing warehouse and built-to-suit office space in Gloucester Industrial Estates
- 9,000 sf to 86,000 sf available

Contact: Michael Farrell

5760 PRODUCTION WAY, LANGLEY

- Warehouse with office space
- 55,000 sf available
- Dock and grade loading

Contact: Michael Farrell / John Eakin / Gord Robson

256 EAST 1ST ST, NORTH VANCOUVER

- 3,772 sf available
- Brand new industrial/office/residential building located in Lower Lonsdale

Contact: Matt Thomas

6011 196A ST, LANGLEY

- 19,475 sf available
- Freestanding building with dock and grade loading, heavy power
- Flexible C2 zoning

Contact: John Eakin / Michael Farrell / Gord Robson

285 EAST 1ST AVE, VANCOUVER

- 2,450 sf to 12,960 sf available
- Premium warehouse space available immediately

Contact: Struan Saddler

200-2050 HARTLEY AVE, COQUITLAM

- 25,938 sf
- Warehouse/manufacturing/office space
- Yard area

Contact: Kyle Blyth / Ben Lutes / Matt Thomas

3771 MARINE WAY, BURNABY

- 17,101 sf available
- Warehouse/office facility with Marine Way exposure and dock loading

Contact: Kyle Blyth / Matt Thomas / Ben Lutes

Recent Avison Young Transactions

#110-16100 BLUNDELL ROAD, RICHMOND 151,275 SF

Contact: John Lecky / Ryan Kerr

880 BELGRAVE WAY, DELTA 104,177 SF

Contact: Rob Gritten / Ryan Kerr

6600 DENNETT PLACE, DELTA 43,560 SF

Contact: Kyle Blyth / Matt Thomas / Ben Lutes

Avison Young Industrial Sale Listings

27450 55TH AVE, LANGLEY

- 45,831 sf on 4.58 acres
- 2 acres paved yard
- Heavy power
- 5,814 sf office on two levels

Contact: John Eakin / Michael Farrell


DOLLARTON BUSINESS PARK, NORTH VANCOUVER

- 1,740 sf to 2,436 sf available
- Office and light industrial units
- Proximity to Second Narrows Bridge / Trans-Canada Highway

Contact: Terry Thies / Ian Whitchelo

2853 & 2857 DOUGLAS RD, BURNABY

- 39,946 sf on 1.80 acres
- Investment opportunity
- Fully leased industrial facility

Contact: John Lecky / Struan Saddler / Kevin Kassautzki


19675 98TH AVE, LANGLEY

- Three (3) buildings totalling 36,000 sf on 6.13 acres
- Very low site coverage

Contact: John Lecky / Kevin Kassautzki


310 EAST ESPLANADE, NORTH VANCOUVER

- 6,000 sf
- Free-standing building in Lower Lonsdale
- Grade loading

Contact: Matt Thomas


BRIDGEVIEW DRIVE BUSINESS CENTRE, SURREY

- 3,000 sf to 40,000 sf available
- Brand new strata warehouse
- Located on South Fraser Perimeter Road

Contact: John Eakin / Michael Farrell / Gord Robson


1515-1559 BARROW ST, NORTH VANCOUVER

- 1,500 sf to 22,560 sf available
- Light industrial strata units
- Grade-level loading
- Units ranging from $310 - $320 psf

Contact: Terry Thies / Ian Whitchelo

#112 - 7450 LOWLAND DR, BURNABY

- 3,829 sf available
- Office and warehouse space
- Grade-level loading

Contact: Ryan Kerr / Kevin Kassautzki


23452 RIVER RD, MAPLE RIDGE

- Freestanding buildings on approximately one acre of land
- Currently used as an auto-wrecking/ salvage yard

Contact: John Eakin / Michael Farrell / Gord Robson


30331-30389 BROOKSIDE AVE, ABBOTSFORD

- Zoned and serviced industrial land
- 1.0-, 2.25- and 3.25-acre lots
- Located north of Hwy 1 on Mt Lehman Road

Contact: John Eakin / Michael Farrell

8615 RIVER ROAD SOUTH, MISSION

- 6.82 acre site
- Rare heavy industrial zoned land
- Ideal for development or yard storage

Contact: John Eakin / Michael Farrell


8290 & 8300 AITKEN RD, CHILLIWACK

- 7.13 acres
- M-5 industrial zoning (allows for salvage uses)
- Municipal services available at the lot line

Contact: John Eakin / Michael Farrell

Recent Metro Vancouver Industrial Investment Sales

Source: RealNet Canada and Avison Young


18111 BLUNDELL ROAD, RICHMOND

- Vendor: Kingswood Capital
- Purchaser: Pure Industrial Real Estate Trust (PIRET)
- Purchase Price: $44,100,000
- Price Per Square Foot: $107
- Building Size/Site Area: 412,375 sf / 26.37 acres


16111 BLUNDELL ROAD, RICHMOND

- Vendor: Hopewell Development Corporation
- Purchaser: Pure Industrial Real Estate Trust (PIRET)
- Purchase Price: $32,320,000
- Price Per Square Foot: $116
- Building Size/Site Area: 279,742 sf / 10.73 acres


7831 & 7979 VANTAGE WAY, DELTA

- Vendor: Buckeye Canada Co.
- Purchaser: Triovest Realty Advisors Inc. (South Fraser Equities (Nominee) Inc.
- Purchase Price: $20,600,000
- Price Per Square Foot: $63
- Building Size/Site Area: 325,00 sf / 11.53 acres

> RECENT NOTABLE INDUSTRIAL LAND SALES

ADDRESS	VENDOR	PURCHASER	SALE PRICE	SITE AREA (ACRES)	PRICE/ACRE
18810 24th Avenue, Surrey	An individual(s) acting in his/her own capacity	Onni Development Corp.	$7,100,000	19.540	$363,357*
18749 24th Avenue, Surrey	0727386 B.C. Ltd.	Rosa Eppich Holdings Ltd. Edvard Holdings Ltd.	$7,020,000	10.805	$649,699
18699 24th Avenue, Surrey 18745 24th Avenue, Surrey	0727386 B.C. Ltd.	Rosa Eppich Holdings Ltd. Edvard Holdings Ltd.	$7,020,000	10.805	$649,699
19159 33rd Avenue, Surrey 19195 33rd Avenue, Surrey 19158 34A Avenue, Surrey 19178 34A Avenue, Surrey	City of Surrey	028138813 Holdings Lot 9 Ltd. 028138813 Holdings Lot 8 Ltd. 028138813 Holdings Lot 7 Ltd. 028138813 Holdings Lot 6 Ltd.	$5,975,427	7.156	$835,023

**The site is encumbered by a number of factors, including green corridors, required setbacks, and road allowances and requires servicing, all of which were reflected in the price per acre.*

AVISON YOUNG Intelligent Real Estate Solutions

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Those projects include **Beedie Group** development options in **Gloucester Industrial Estates, Dayhu Group's** large-format distribution centre at Boundary Bay Airport, phase three of **Hopewell Development's Hopewell Distribution Centre**, and **Onni Group's** ventures in Campbell Heights and Pitt Meadows.

Deal velocity, powered largely in 2012 by the acquisition of industrial strata units, was strong and is anticipated to continue for the duration of 2013. Tightening vacancy is the likely result as the supply of new product diminishes and developers seek to replenish their land banks and pipelines. We will continue to experience a landlord's market as vacancy continues to notch downwards. With a limited amount of product and strong demand, buyers and tenants will need to be nimble and decisive.

The lack of alternatives (as well as sublease space) has resulted in class B and C properties increasingly being leased or acquired - a strong indication that supply has reached a critical juncture and a sure sign that the market is set for an increase in speculative development. The purchase or lease of class B and C buildings is being driven in part by tenants and owners seeking to remain in specific geographic nodes. With pricing for class B and C assets in more traditional industrial markets approaching what is being charged for new space in outer regions, many tenants and owner/users are weighing location versus pricing. The redevelopment of older, tired industrial product will likely start to play a greater role in Metro Vancouver's industrial market in the next two to four years as the region's land supply issues continue to intensify.

Demand for strata is anticipated to remain strong as long as interest rates remain low and freestanding options remain in short supply. Strata ownership remains a popular option for buyers in 2013 as total inventory grows, resale activity has velocity, and lenders fund acquisitions with high loan-to-value ratios.

Industrial lease rates are increasing as vacancy tightens and class B and C properties are absorbed. New product continues to be leased and demand remains strong. Lease rate increases are progressively more attributed to the building's use. Distribution and logistics facilities are able to command higher rents due to limited availability and the costs associated with developing large-floorplate and high-ceiling warehouse space.

Low interest rates will continue to contribute to construction, either by developers or owner/users, in 2013.

Some of the last significant parcels of vacant industrial land in Metro Vancouver will sell in 2013, including two 100-acre parcels of freehold land, both of which are currently under contracts of purchase and sale. Campbell Heights in Surrey remains one of the few areas where freehold industrial land remains available. Port Metro Vancouver and Tsawwassen First Nation have 100 acres and 300 acres, respectively, of leasehold land that can and will be developed over the midterm.

Metro Vancouver's industrial market is rapidly approaching a crossroads that will determine whether the promise of jobs and growth from increased container traffic and massive infrastructure improvements are realized. Government needs to implement solutions to the critical industrial land shortage that is looming. Industrial manufacturing and distribution in Metro Vancouver are among the province's primary generators of employment and economic activity. The needs of Metro Vancouver's industrial markets - dominated by large-floorplate logistics/distribution users - cannot be satisfied without a new or amended approach to industrial land use policy in British Columbia. ■

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