

INDUSTRIAL REPORT

VACANCY RATES

2016: 5.35%

2017: 3.07%



LIGHT INDUSTRIAL LEASE RATES

2016: \$9-13

2017: \$9-13



BUILD TO SUIT LEASE RATES

2016: \$14-16

2017: \$12-\$13.50



NEW CONSTRUCTION

2016: 66,100 SF

2017: 219,500 SF



KELOWNA'S INDUSTRIAL MARKET

Q3 2017

WAREHOUSE LEASE RATES

2016: \$5-7

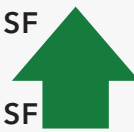
2017: \$7-10



ABSORPTION

2016: 123,400 SF

2017: 309,900 SF



NOTABLE TRANSACTIONS

U-Haul
Kettle River Brewing
Eagle Creek Film Studio

INDUSTRIAL STRATA

2016: \$130-180

2017: \$138-217



The industrial vacancy rate is currently sitting at about 3%, down from about 5.35% last year. This represents a critically low state for the market. Due to a shortage of land in and around Kelowna, there have been very few construction projects to resolve a lack of available inventory. Older industrial properties are being renovated or knocked down to repurpose the land, which has become too valuable. The Western Star Truck Plant was artificially inflating the vacancy rate but has been acquired by a new occupier, Uhaul, who is building it out as a storage facility. The BC Tree Fruits packing plant on Clement Avenue has been demolished to make way for a new, mixed-use development, and Enterprise Steel is also being repurposed, shifting both properties out of the heavier industrial category.

Many heavy industrial and general industrial operations are

being placed in North Industrial Park because larger parcels of land are available and are also much more affordable than general industrial parcels in the main areas of Kelowna. Some properties in North Kelowna are being shifted from general industrial, into mixed-use developments and will benefit from increased curb appeal and functionality.

Lease rates in Kelowna have nudged up slightly as a result of the decrease in the vacancy rate. Strata sale prices are also up. At 210 Lougheed, there is over 25,000 square feet of space, which is approximately 50% pre-sold. This includes small and light industrial bays starting at 1,800 square feet for over \$200 per square foot. This price point is precedent setting, as prices for similar spaces have traditionally been less than \$200 per square foot, but are now starting to push over \$250 depending on location and build out.

INDUSTRIAL MARKET SNAPSHOT

Q3 2017

Inventory	10,177,200 SF
Vacant Space	312,200 SF
Net Absorption 2016-2017	365,600 SF
Vacancy Rate	3.07%
Under Construction	219,500 SF

INDUSTRIAL LEASE RATES

LEASE RATE RANGE

Light Industrial / Flex Space	\$9-13
Build to Suit / Flex Space	\$12-13.50
Warehouse	\$7-10

MAJOR INDUSTRIAL TRANSACTIONS 2016-2017

PROPERTY	SALE PRICE	ZONING	ACRES	PRICE/ACRE
726-816 Clement Avenue	\$7.565 Million	I4/I2	5.32	\$1,421,992
2076 Enterprise Way (Western Star)	\$21.0 Million	I2	13.82	\$1,519,537
9590 McCarthy Road	\$3.3 Million	I3	1.94	\$1,701,030
495 Banks Road	\$3.2 Million	C10	0.72	\$4,444,444

NOTABLE INDUSTRIAL LAND SALES 2016-2017

ADDRESS	SALE PRICE	ZONING	ACRES	PRICE/ACRE
1655 Dilworth Drive	\$10.6 Million	I3	8.006	\$1,324,007
3150-3170 Sexsmith Road	\$2.6 Million	I4	3.6	\$722,222
210 Lougheed Road	\$905,000	I1	2.15	\$420,930
1482 Velocity Street	\$947,498	CD15	0.99	\$957,069
3485 Velocity Avenue	\$1.125 Million	CD15	1	\$1,125,000
849 McCurdy Place	\$980,000	I2	0.988	\$991,903



1655 Dilworth Drive Redevelopment (Former Enterprise Steel)



Turner Volkswagen