

# INDUSTRIAL REPORT

## VACANCY RATES

2016: 5.35%  
2017: 3.07%  
2018: 1.42%



## EXISTING SMALL FORMAT LEASE RATES

Class A: \$12-\$14  
Class B: \$8-\$11

## BUILD TO SUIT LEASE RATES

2016: \$14-\$16  
2017: \$12-\$13.50  
2018: \$12.50-\$15



## NEW CONSTRUCTION

2016: 66,100 SF  
2017: 219,500 SF  
2018: 264,900 SF



## KELOWNA'S INDUSTRIAL MARKET

Q3 2018

## EXISTING LARGE FORMAT LEASE RATES

Class A: \$8.50-\$12  
Class B: \$6-\$8.50

## ABSORPTION

2016: 123,400 SF  
2017: 309,900 SF  
2018: 400,300 SF



## NOTABLE TRANSACTIONS

Doja Cannabis  
Okanagan Tire  
Drexan Energy Services  
United Rentals

## INDUSTRIAL STRATA PSF

Existing: \$148-\$247  
New: \$190-\$259

## INDUSTRIAL MARKET SNAPSHOT

Q3 2018

Inventory	10,413,350 SF
Vacant Space	148,000 SF
Net Absorption 2017-2018	400,300 SF
Vacancy Rate	1.42%
Under Construction	264,900 SF

Kelowna is struggling to keep up with demand when it comes to industrial spaces, continuing on with the trend from last year.

The industrial sector has the lowest vacancy rate of all the sectors.

Increasing land values has led to new developments reducing offerings of yard space. This has created a heightened demand for anything that offers abundant compound land.

Due to the pinched supply in Kelowna, demand is being pushed north towards Winfield, to an area now coined the North Kelowna Industrial Park. There, a 32,000-square-foot strata development sold out in advance of the completion of construction.

New industrial build-to-suit lease deals are available at Reid's Corner on the east side of Highway 97.

Land is also available at the Airport Business Park.

These developments on the outskirts of the City are attracting large format tenants with bigger requirements of land that

you don't find in Kelowna any more.

A new central City development, or former 'Enterprise Steel' site, has sold a big parcel of land to the Ford Dealership on the corner of Enterprise Way and Dilworth Drive.

Industrial spaces still come with a historically high price tag.

Last year, small and light industrial bays began to sell for over \$200 (and in some cases up to \$250) per square foot. This precedent setting price point has steadied out, with some at about \$210 per square foot.

The emergence of the cannabis sector is spilling over into the industrial market as well, with large format growing facilities and research and development facilities looking for space.

There is active discussion about encouraging the government and land commission to allow marijuana facilities on ALR land, which makes up over 40% of the land in Kelowna. The basis of the cannabis relies on agricultural production, although it is now industrial in nature, and some say this would help alleviate the pinch on the industrial sector.

## MAJOR INDUSTRIAL TRANSACTIONS 2017-2018

PROPERTY	SALE PRICE	ZONING	SIZE (SF)	PRICE/SF
555 Adams Rd / 4290 Hwy 97	\$10,000,000	I2	88,000	\$113.64
376 Totom Avenue	\$3,250,000	I2	21,320	\$152.44
1540 Innovation Drive	\$4,800,000	CD15	22,400	\$214.29
8860 Jim Bailey Crescent	\$5,090,000	I3	42,768	\$119.01

## NOTABLE INDUSTRIAL LAND SALES 2017-2018

ADDRESS	SALE PRICE	ZONING	ACRES	PRICE/ACRE
9640 McCarthy Road	\$2,500,000	I2	1.942	\$1,287,333
2085 Pier Mac Way	\$1,872,000	CD15IN	1.436	\$1,303,621
Lot 1 - 8960 Grigg Road	\$1,695,000	I3	2.51	\$675,299
2065 Pier Mac Way	\$1,601,248	CD15IN	1.186	\$1,350,125
9360 Balser Court	\$864,150	I2	1.221	\$707,740
140 Adams Road	\$875,000	I2	0.746	\$1,172,922