

Q3 2023

Victoria

Industrial Market Report

Net Absorption

This Quarter
-68K_{SF}

12-Month Absorption
23K_{SF}

Previous Quarter
18K_{SF}

3-Year Quarterly Avg.
22K_{SF}

Vacancy

This Quarter
0.9%

Year-over-Year
▲ 75 bps

Asking Net Rent

This Quarter*
\$20.05_{PSF}

Year-over-Year
▲ 11.1%

Development

New Supply
57K_{SF}

Under Construction
579K_{SF}

*Weighted Average
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Market Outlook

Greater Victoria's industrial vacancy rate received a modest increase due to new supply entering the market. The vacancy rate increased to 0.9% in Q3, placing Victoria in second place for the lowest Industrial vacancy in the country behind Toronto. The relative strength of the industrial sector continues to be well documented country wide. Shortage of inventory in the local market is starting to be relieved with multiple projects preparing for occupancy coming Q4 2023 and Q1 2024.

Victoria's market fundamentals continued to drive rental rates higher. For Q3, the asking net rent increased to an average of \$20.05 per square foot. This quarter-over-quarter jump is the largest in the country and makes Victoria the second market in Canada to cross the \$20 net rate threshold. Victoria's consistent rental appreciation keeps its net rent as the second most expensive industrial market nationwide.

The Greater Victoria industrial investment market continues to be a prime choice for buyers, driven by its consistently low vacancy rate and the anticipation of lease rates trending upward. Reflecting a nationwide

pattern, the increasing cost of debt presents challenges for both investors and owner-users. Nevertheless, the scarcity of industrial land for sale, coupled with elevated construction expenses, has led to the maintenance of stable industrial values over the last year.

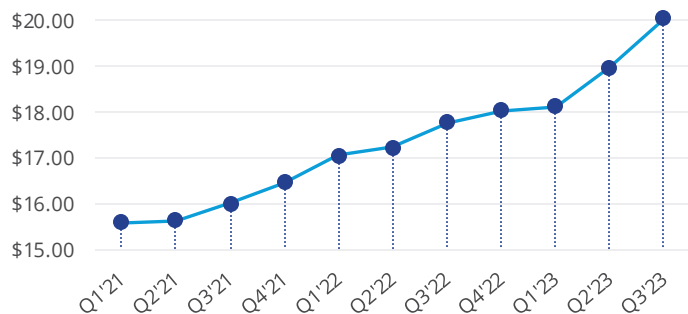
The development sector grapples with the task of striking a balance between acquiring reasonably priced industrially zoned land and ensuring the financial viability of existing proformas, given the steep construction and debt financing expenses. These challenges are anticipated to limit upcoming industrial development once the current planned projects are finished. Greater Victoria has 578,708 square feet of new industrial inventory under construction, all of which is located in the Westshore.

West Shore Business Park completed phase 1 adding 57,108 square feet of new industrial product to the market, all units were sold upon completion with 4 units reselling and 11 units available for lease. The park is ready for occupancy and is 82% vacant. As the first project to completion this should set expectations for other projects coming to market soon.

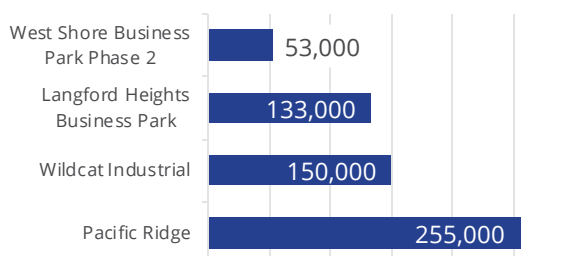
Accelerating success.

Market Overview

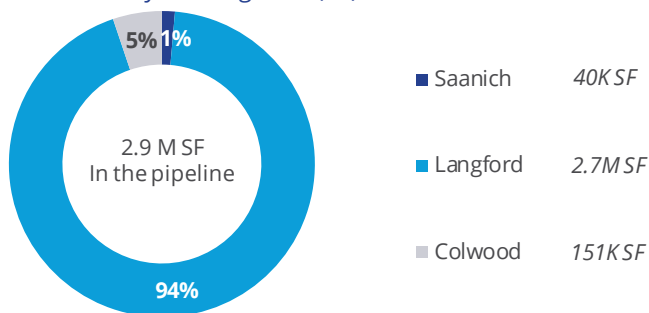
01 Historical Rental Rates Weighted Average Asking Net Rent (PSF)



02 Space Coming to Market By Building Area (SF) and Project



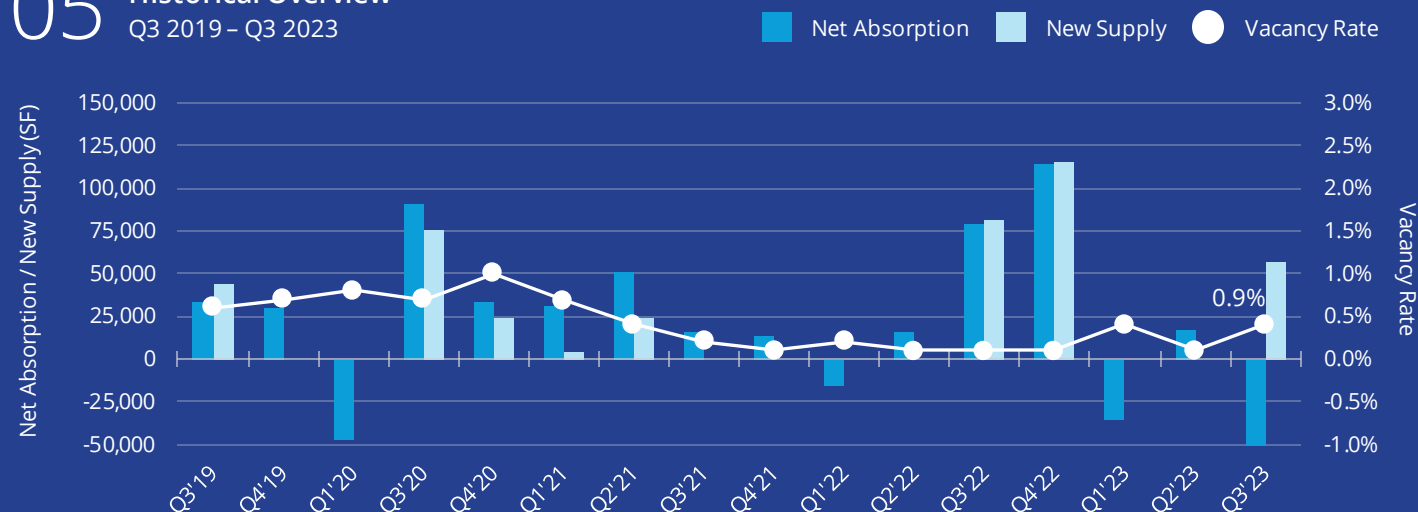
03 Planned & Under Construction Developments by Market By Building Area (SF)



04 Availability Rate by Market Q3 2022 - Q3 2023

Sidney / North Saanich	0.0%	▼	from 0.6% Q3'22
Central Saanich	0.0%	↔	from 0.0% Q3'22
Saanich	0.3%	▲	from 0.0% Q3'22
City of Victoria	0.5%	▲	from 0.1% Q3'22
Esquimalt	0.2%	▲	from 0.0% Q3'22
West Shore	3.7%	▲	from 0.0% Q3'22
Victoria Total	0.9%	▲	from 0.1% Q3'22

05 Historical Overview Q3 2019 - Q3 2023



Market Statistics & Transaction Highlights

Market	Total Inventory (SF)	Total Vacant Space (SF)	Vacancy Rate (Current Q)	Vacancy Rate (Previous Q)	Net Absorption (SF)	New Supply (SF)	Under Construction (SF)
Sidney / North Saanich	1,005,894	0	0.0%	0.0%	0	0	0
Central Saanich	1,692,377	0	0.0%	0.0%	0	0	0
Saanich	1,811,718	5,930	0.3%	0.0%	-5,930	0	0
City of Victoria	2,630,382	11,929	0.5%	0.5%	2,323	0	0
Esquimalt	763,083	1,848	0.2%	0.0%	-1,848	0	0
Westshore	1,701,326	62,203	0.9%	0.0%	-62,203	57,108	578,708
Victoria Total	9,604,708	81,910	0.9%	0.4%	-67,658	57,108	578,708

Notable Lease Transactions

Tenant	Building Name / Address	Market	Lease Type	Size (SF)
Greenfoot Energy Solutions	2360 Millstream Road	Westshore	New Deal	13,775
Habitat for Humanity Victoria - ReStore	721 Vanalman Avenue	Victoria	New Deal	10,368
Pacific Sky Aviation	Unit B 1533 Kittyhawk	North Saanich	Renewal	10,000

Notable Sales Transactions

Building Name / Address	Market	Size (SF)	Sale Price	Purchaser
104-152 - 2950 West Shore Parkway	Langford	40,801	\$13,613,384	Investor
2514 Rock Bay Avenue	Victoria	13,880	\$6,600,000	Investor
870-880 Devonshire Road	Esquimalt	16,620	\$5,400,000	Investor
677 Burnside Road	Victoria	8,239	\$3,750,000	Owner Occupier

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