

Q2 2023

# Kelowna

## Industrial Market Report

### Vacancy Rate

Kelowna	Lake Country
3.2%	0%
West Kelowna	Peachland
0.3%	0%

### Asking Net Rent

Old Product	\$11-\$13 PSF
Average Product	\$16-\$18 PSF
New Product	\$20-\$24 PSF
This Quarter Average	\$16.91 PSF

### Sales Volumes\*

Building Sales YTD	Year-over-Year
\$24M	↓ -77.8%
Land Sales YTD	Year-over-Year
\$24M	↓ -4.0%

### Development

New Permits Issued	Under Construction
176K SF	690K SF

\*As of May 2023

Colliers Macaulay Nicolls Inc.

### Market Outlook

The Greater Kelowna industrial leasing market has experienced steady levels of demand in the first half of the year. Direct vacant space totaled 309,903 square feet, while sublease volumes totaled 63,415 square feet, representing 17.0% of the total vacancy.

Most of these vacancies were in the North Glenmore and University District markets in Kelowna, while areas like Lake Country and Peachland were fully occupied. The overall vacancy rate for the region was recorded at 2.8%, up slightly from previous years.

Net rental rates averaged \$16.91 per square foot, remaining consistent with what was seen at the end of last year. This rental rate stability is due largely in part to the strong demand the Kelowna area experiences, especially for those seeking a central location for their Vancouver and Alberta operations.

Consistent with what has been reported nationwide, Greater Kelowna investment sales have slowed in the face of rising interest rates and the lack of availability of freestanding, non-strata product. Industrial building sales totaled \$24,248,000 as of May, which represents a decrease of 77.8%

from sales volumes recorded this time last year. These conditions have caused developers to look at introducing incentives for new space to encourage faster absorption.

Industrial land has not experienced the same lag however, with the total sales volumes reaching \$23,609,000, representing a decrease of 4.0% year-over-year.

Amidst this challenging economic environment, development remains steady. Approximately 690,288 square feet of industrial product is currently under construction, mostly located in Kelowna's University District, with one project underway in West Kelowna. These developments are almost entirely strata complexes within business parks, and not freestanding buildings.

Overall, the Greater Kelowna area remains a desirable location for industrial users. Lease rates remain strong, development continues at a steady pace, and the slight increase in vacancy allows for more selection and flexibility for tenants. Colliers predicts that moving forward the industrial market will continue to experience strong demand, and rates will remain stable or continue to increase.

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Market Outlook

Market Overview

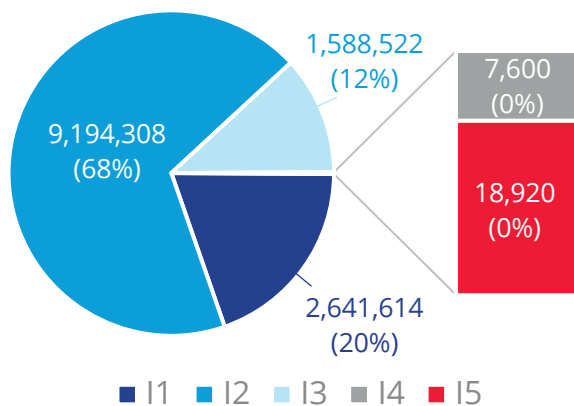
Market Statistics &  
Transaction Highlights

Contact

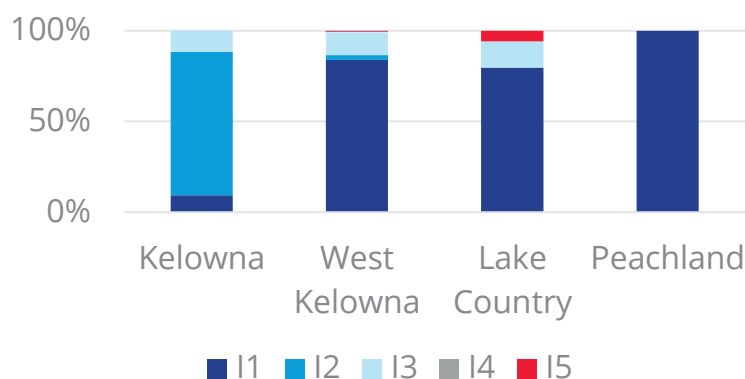
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# Market Overview

## 01 Property Zoning Breakdown By Square Footage



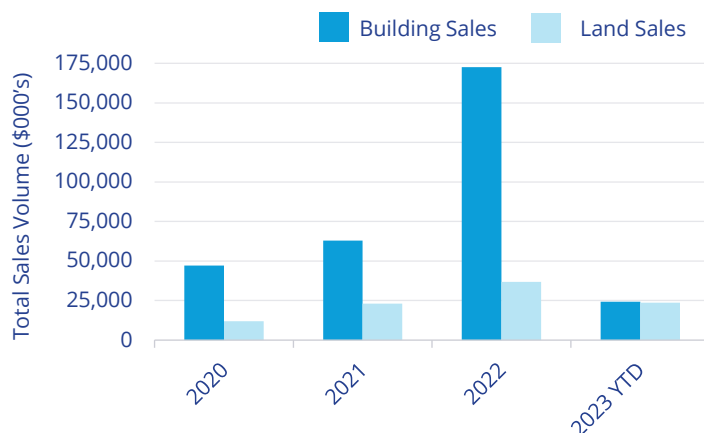
## 02 Property Zoning Breakdown By Municipality



## 03 Vacancy By Market Vacant Space (SF) and Vacancy Rate (%)

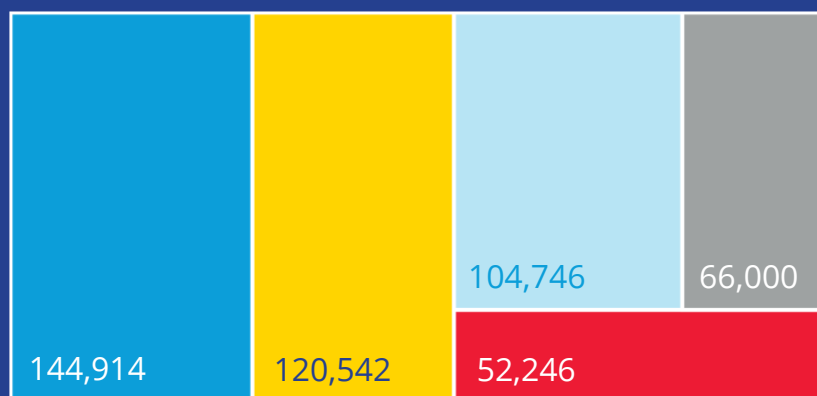
Kelowna	369,323	3.18%
Dilworth	20,975	1.59%
Kelowna North	5,561	0.32%
North Glenmore	105,478	5.96%
Rutland North	15,104	0.48%
Springfield	0	0.0%
University District	222,205	6.49%
Lake Country	0	0.0%
Peachland	0	0.0%
West Kelowna	3,995	0.25%

## 04 Historic Sales Volumes (\$) Building vs. Land



## 05 Top Developments Under Construction By Square Footage

- Stratosphere Business Centre
- Carrington Business Park
- IntraUrban McCarthy
- Quail Ridge Business Centre
- 220-250 Beaver Lake Road



# Market Statistics & Transaction Highlights

Market	Total Inventory (SF)	Total Direct Vacant Space (SF)	Total Sublease Vacant Space (SF)	Vacancy Rate (Q2)	New Permits Issued (SF)	Under Construction (SF)
Kelowna	11,626,011	305,908	63,415	3.18%	175,803	569,746
West Kelowna	1,625,292	3,995	0	0.25%	0	120,542
Lake Country	218,247	0	0	0.00%	0	0
Peachland	21,840	0	0	0.00%	0	0
<b>Greater Kelowna Total</b>	<b>13,491,390</b>	<b>309,903</b>	<b>63,415</b>	<b>2.77%</b>	<b>175,803</b>	<b>690,288</b>

## Notable Building Sale Transactions – 2023 YTD

Address	Market	Size (SF)	Sale Price	Price per SF
156 Tilley Road	University District	3,846	\$3,798,000	\$987.52
692 Adams Court	North Glenmore	9,496	\$3,750,000	\$394.90
12-1369 Stevens Road	West Kelowna	12,157	\$3,200,000	\$263.22

## Notable Land Sale Transactions – 2023 YTD

Address	Market	Size (Acres)	Sale Price	Price Per Acre	Price per SF
2190 Rutland Road North	Rutland North	4.48	\$13,750,000	\$3,071,260	\$70.51
9340 Balser Court	University District	2.11	\$4,625,540	\$2,192,199	\$50.33
9360 Balser Court	University District	1.22	\$2,674,460	\$2,192,180	\$50.33

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