
INDUSTRIAL REPORT

**NEW
CONSTRUCTION**



VACANCY



LIGHT INDUSTRIAL



Lease Rates

LIGHT INDUSTRIAL



Flex Space \$ PSF

**KELOWNA'S
INDUSTRIAL
MARKET**

Q3 2016

ABSORPTION



**INDUSTRIAL
STRATA SALES**



**INDUSTRIAL
INVESTMENT**



\$ PSF

**WAREHOUSE
LEASE RATES**



5,000 - 15,000 SF

INDUSTRIAL VACANCY IS CRITICALLY LOW

During the past year, the industrial vacancy rate has decreased; however, it is important to note the significance of the former Western Star building and the effect it has on the overall industrial vacancy rate. This building plays a significant role in the inventory as it is +200,000 square feet and remains virtually vacant with no immediate development plans and has remained vacant since the shutdown of Western Star. The building is a purpose-built, former truck manufacturing plant, with antiquated systems (spray booths, and assembly areas), and a layout that makes it difficult for multiple tenancies to occupy. Costs to demise

into smaller units make the space highly unaffordable. There are a few tenants in the warehouse but these tenants occupy the only "self-contained" spaces available. With our current vacancy rate at 5.35%, if we extract the Western Star space from the inventory numbers, the vacancy rate actually sits at 3.19%, an extremely low level.

Evidence of this very low vacancy rate can be seen at Marshall Business Park where there are currently 3 buildings under construction, totaling 25,000 square feet, and the new +20,000 square foot Telus facility at 1054 Ellis Street.

We expect to see continued growth of light industrial / flex space in both Marshall Business Park and Airport Business Park. It's important to note that our definition of "industrial" has been vastly redefined over the past 10 to 15 years, transforming from true manufacturing, ie; Western Star Trucks, and other heavy industrial buildings to clean, light industrial flex space.

Lease rates have increased only slightly over the past 18 months with newer tilt-up strata units fetching between \$9.00 and \$12.00 per square foot, for 1,000 up to 3,000 square foot spaces, while the traditional warehouse space, located in the Potterton Road and Jim Bailey Road areas near Lake Country, is maintaining in the \$5.00 to \$7.00 per square foot range.

Strata sales in the past 18 months have ranged from a low of \$100 per square foot up to \$250 per square foot with the latter being a 1,600 square foot unit with finished night watchman space. The average price per square foot for strata space is in the \$130 to \$180 per square foot range.



2150 Enterprise Way



876 McCurdy Place



3310 Appaloosa Road

Q3 2016

Inventory	10,036,200
Vacant Space	536,807
Occupied Space	9,499,393
Vacancy Rate	5.35%
Under Construction	66,100

RECENT INDUSTRIAL TRANSACTIONS:

ADDRESS	SALE PRICE	BUILDING SQ. FT.
3502 Spectrum Court	\$3,600,000	19,300 sq ft
2150 Enterprise Way	\$4,800,000	30,000 sq ft
375 Potterton / 8826 Jim Bailey Road	\$22,000,000	130,000 sq ft
555 Adams Road	\$7,500,000	88,000 sq ft
230 Carion Road	\$2,600,000	17,900 sq ft
424-460 Lougheed	\$1,300,000	5,700 sq ft

LEASE RATES

TYPE	SIZE (SQ FT)	LEASE RATE
Light Industrial / Flex Space	1,000 to 3,000 sq ft	\$9 to \$12
Build to Suit / Flex Space	5,000 to 15,000 sq ft	\$14 to \$16
Warehouse	5,000 to 15,000 sq ft	\$5 to \$7



2076 Enterprise Way: +/- 200,000 square feet of industrial space in the heart of Kelowna, with no immediate plans for development.