

# INDUSTRIAL REPORT

## VACANCY RATES

2018: 1.42%  
2019: 0.76%  
2020: 1.81%



## EXISTING SMALL FORMAT LEASE RATES

Class A: \$12-\$16  
Class B: \$11-\$13

## BUILD TO SUIT LEASE RATES

2018: \$12-\$15  
2019: \$12-\$18  
2020: \$12-\$18



## NEW CONSTRUCTION

2018: 264,900 SF  
2019: 179,850 SF  
2020: 367,300 SF



## KELOWNA'S INDUSTRIAL MARKET

Q3 2020

## EXISTING LARGE FORMAT LEASE RATES

Class A: \$9-\$13  
Class B: \$6-\$9

## ABSORPTION

2018: 400,300 SF  
2019: 351,850 SF  
2020: 162,500 SF



## NOTABLE TRANSACTIONS

Day & Ross  
Tempest Aviation  
Breathe Medical  
Manufacturing

## INDUSTRIAL STRATA PSF

Existing: \$229+  
New: \$253+

## INDUSTRIAL MARKET SNAPSHOT

Q3 2020

|                          |               |
|--------------------------|---------------|
| Inventory                | 10,978,000 SF |
| Vacant Space             | 198,400 SF    |
| Net Absorption 2018-2019 | 162,500 SF    |
| Vacancy Rate             | 1.81%         |
| Under Construction       | 367,300 SF    |

Industrial remains the city's hottest sector, largely due to the extreme shortage of developable land in centrally located areas. Kelowna, which has 38% of its land in ALR, is often compared to Victoria because of its land-locked supply and premium pricing.

Airport Business Park is continuing its absorption with iconic new projects including The Vaults, a 19-unit strata facility geared towards luxury automobiles, with living room and lounges and Tommy Gun's national distribution centre. There are also a number of small-bay strata warehouse developments recently completed, and there are more on the way. These cater largely to the owner/user market.

Freehold industrial lots now start at \$1.45-million per acre.

North Kelowna Industrial Park, located five kilometres north of the Kelowna International Airport, has a number of large format distribution warehouses with dock-height loading. Most are between 20,000 and 50,000 square feet. The Okanagan Indian Band is getting ready to enter the market with a multi-phase project of their own.

West Kelowna Industrial Park on Kyle Road pre-sold two of their buildings to investors who are now seeking tenants.

Carrington Industrial Business Park, a multi-bay strata-style warehouse project on four acres with highway frontage, is the new contender in this market. This is the first project the city has seen with an option for office or residential suites on the upper levels. Most units will have lakeviews, so residential suites will likely be a popular option.



Carrington Industrial Business Park

## MAJOR INDUSTRIAL TRANSACTIONS 2019-2020

| PROPERTY                  | SALE PRICE   | ZONING | SIZE (SF) | PRICE/SF |
|---------------------------|--------------|--------|-----------|----------|
| <b>235 Potterton Road</b> | \$14,999,999 | I2     | 132,978   | \$112.80 |
| <b>155 Potterton Road</b> | \$13,250,000 | I3     | 66,489    | \$199.28 |
| <b>920 Leathead Road</b>  | \$7,677,000  | I2     | 46,336    | \$165.68 |
| <b>1960 Windsor Road</b>  | \$4,499,000  | C10    | 24,580    | \$183.03 |
| <b>351 Tilley Road</b>    | \$2,200,000  | I2     | 15,744    | \$139.74 |
| <b>350 Spedding Court</b> | \$2,100,000  | C10    | 9,120     | \$230.26 |

## NOTABLE INDUSTRIAL LAND SALES 2019-2020

| ADDRESS                                 | SALE PRICE  | ZONING | ACRES | PRICE/ACRE  |
|---|-------------|--------|-------|-------------|
| <b>360 Penno Road</b>                   | \$2,400,000 | I      | 2.031 | \$1,449,580 |
| <b>1670 Dilworth Drive</b>              | \$2,300,000 | I3     | 0.99  | \$2,323,232 |
| <b>3130 Sexsmith Road</b>               | \$2,150,000 | A1/I6  | 1.76  | \$1,221,591 |
| <b>8877 Jim Bailey Road Unit #Lot 4</b> | \$1,822,400 | I2     | 2.14  | \$851,589   |
| <b>1055-1063 Ellis Street</b>           | \$1,800,000 | I4     | 0.35  | \$5,142,857 |
| <b>2065 Pier Mac Way</b>                | \$1,725,000 | CD15   | 1.19  | \$1,449,580 |
| <b>8877 Jim Bailey Road Unit #Lot 5</b> | \$1,699,150 | I2     | 1.99  | \$853,844   |