

# Industrial Market Outlook



## Tight Industrial Market Continues - Vacancy Rates Settling Near 1.5%

The industrial market in Kelowna remains hot, pressured by increased demand, low vacancy rates and limited supply. Both small bay industrial units and larger warehouse/manufacturing/distribution centres are in high demand.

The industrial vacancy rate continues to drop as Kelowna struggles to keep pace with demand for industrial properties. The industrial

vacancy rate is now near 1.5% with little change expected in the upcoming year.

## Trends we are seeing in the industrial market place include:

### Development Creeps Northward

With limited amounts of industrial land available in the city, new industrial developments are being concentrated in the North Kelowna Industrial area near Beaver Lake Road and Jim Bailey Rd, in the northern-most part of Kelowna at the border with Lake Country.

## Industrial Densification and Infill

The North End of downtown is seeing a resurgence of redevelopment, adding density and infill to the area. As there is little land available in this area, landlords are looking at options to redevelop older assets to meet the changing demands.

### Active Listing Prices for Industrial Land

**North Kelowna Industrial Area**  
\$850,000/acre or \$20/SF

**Airport Business Park**  
\$1,500,000/acre or \$35/SF

**McCurdy Industrial Area**  
\$1,600,000/acre or \$37/SF

## Strong Pre-Leasing and Pre-Sales

Throughout Kelowna, industrial properties are experiencing robust pre-lease and pre-sale activity, often seeing as much as 85% of the new inventory being occupied upon completion.

## Cost of Build-To-Suit Increasing

As the market for leasable industrial units tightens, companies are building or looking to build-to-suit

## 2018 Kelowna Industrial Property Statistics

<b>Total Industrial Sales</b> \$19M	<b>Total Industrial Land Sales</b> \$14.8M	<b>Total Industrial Space Leased</b> 88,518/SF
<b>Median Industrial Strata Price</b> \$210/SF	<b>Median Industrial Land Price</b> \$771,144/Acre	<b>Industrial Lease Rate Range</b> \$10 - \$15/SF
<b>Total New Industrial Listings For Sale</b> 19	<b>Total New Industrial Listings - Land</b> 14	<b>Total New Industrial Listings - Lease</b> 30
<b>Average DOM - Industrial Strata Units</b> 100 Days	<b>Average DOM - Industrial Land</b> 187 Days	<b>Average DOM - Industrial Leases</b> 151 Days

lease deals as options to finding suitable space. Build-to-suit lease rates are approaching \$15/SF for a base building. Landlords are now often requiring tenants to compete improvements at their own cost.

### Strata Units on the Increase

With the higher demand for industrial units, there is an increase in the number of small bay industrial units being sold as strata units. Strata units in the north end are asking in the range of \$215/SF and closer to town we are seeing prices starting to creep closer to the \$300/SF mark.

### Cannabis Adds More Pressure

The emerging cannabis sector has shown a voracious appetite for industrial space, for larger format growing operations, processing facilities (concentration), and research & development space. City of Kelowna only allows the growing and processing of cannabis in industrial zones.

### Economic Migration to Kelowna & the Okanagan

Space is becoming so tight and rents so high in Vancouver (to levels making Vancouver's market the priciest in the country), Kelowna and the Okanagan have become viable options in an economic migration out of Vancouver

### Changing Building Requirements

Industrial building requirements are set to change as more fulfillment, manufacturing and warehousing make use of automated systems. As businesses continue to make greater use of automation and machine robotics, buildings will need higher ceiling clearances and increased electrical systems.

## Industrial Development - Under Construction & Proposed

Address	SF	Use	Status
437 Bay Ave - EcoLock	110,545	Self Storage	Proposed
907 Ethel St	8,351	Mixed - 3 Bays	Proposed
889 Vaughan - Clement Business Park	47,983	Small Bay - 22 Bays	Proposed
1655 Dilworth - Interurban Enterprise	65,780	Business Park - 23 Bays	In Progress
1625 Dilworth - Kelowna Ford	45,972	Car Dealership	In Progress
2120 Leckie Pl	46,280	Small Bay - 16 Bays	Complete
205 Lougheed Rd - Mission Group	27,244	Small Bay - 16 Bays	Proposed
252 -278 Old Vernon Road - Callahan	29,630	Large Bay	Proposed
2800 Hwy 97 - August Motors	24,477	Car Dealership	Proposed
820 Finns Road - Audi	30,230	Car Dealership	Proposed
839 Finns Rd - Kelowna JLR - Volvo	28,360	Car Dealership	Complete
730 McCurdy RD	11,500	Small Bay - 2 Bays	Complete
1990 Lansdowne Place	6,452	Small Bay - 4 Bays	Complete
2350 Norris Rd S - Ply Gem	31,800	Build-to-Suit	In Progress
1965 Pier Mac Way	22,209	Warehouse - 3 Bays	Complete
1545 Innovation Drive	30,000	Small Bay	Proposed
3485 Velocity Ave - Laing Roofing	12,485	Small Bay - 4 Bays	In Progress
1945 Pier Mac Way - Airport Link	23,572	Small Bay - 10 Bays	Proposed
1985 & 2025 Pier Mac Way	32,536	Small Bay - 8 Bays	Proposed
2050 Pier Mac Way - The Vaults	19,000	Storage Centre	Proposed
2175-2185 Optic Crt	41,463	Small Bay - 17 Bays	Proposed
6220 LaPointe Dr	16,750	Airport Building - 2 Bays	Proposed
3042 - 3050 Sexsmith	28,380	Small Bay - 20 Bays	In Progress
150 Potterton Rd - Rayburne Marine	79,200	Build-to-Suit	Complete
9670 & 9640 McCarthy Rd - Flowr	315,363	Cannabis Facilities	In Progress
9570 - 9580 McCarthy Rd - Flowr	56,834	Cannabis Facilities	In Progress
8975 Jim Bailey Cr - GTEC	60,000	Cannabis Facilities	In Progress

**Total New Industrial 1,252,396**

## Featured Industrial Listing



### FOR SALE: Capital News Building 2363 - 2495 Enterprise Way

1.147 acre, stand-alone commercial property with over 20,000 SF of gross building area. Building features a main footprint of 16,123 SF made up of 8,823 SF of offices and 7,300 SF of warehouse space. Second floor office space comprises 4,544 SF. Flexible C4 zoning allows flexibility of use.

**List Price: \$5,495,000 + GST**

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  - Listing It Right and Pricing It Right
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- **Commercial Property Marketing**

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- **Developers Services**
- **Residential Property Valuation**
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  - Opinions of Value
- **Residential Property Marketing**

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