

Westshore availability declines as new supply is absorbed

▼ 5.1%

Availability Rate

► 0

SF Under Construction

▲ \$19.86

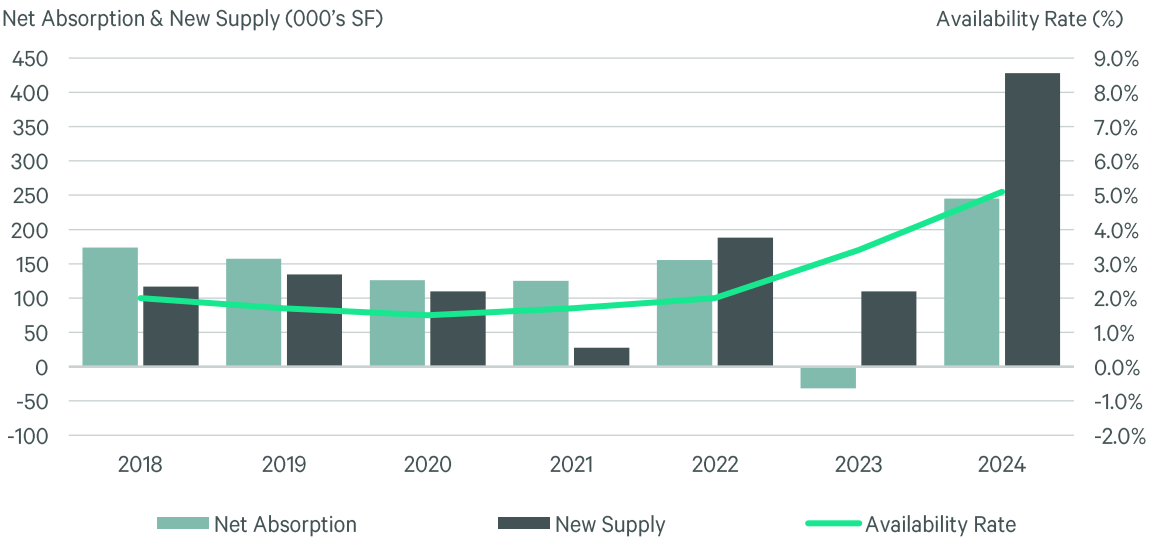
PSF Net Asking Lease Rate

Note: Arrows indicate change from previous quarter.

Market Summary

- The Greater Victoria industrial market recorded a 5.1% availability rate this quarter with 22,000 sq. ft. of net positive absorption. The Victoria Core and peninsula submarkets remain in low availability with new product in the Westshore facing slow but stable levels of absorption since being delivered to market.
- The net average asking rate has increased by 6.3% year-over-year and was recorded at \$19.86 per sq. ft. this quarter. Both Victoria Core and Westshore experienced moderate rent growth over the past four quarters.
- The industrial development pipeline sits flat with no new supply anticipated in the next year and freestanding industrial availability remaining limited, prompting industrial occupiers to explore options outside Greater Victoria towards the Cowichan Valley.
- Market activity is expected to recover in 2025 after slowed activity this year predominantly due to high interest rates. Freestanding industrial properties for sale will remain highly coveted by both investors and owner-occupiers, while new strata supply is also expected to gain more traction.

FIGURE 1: Greater Victoria Supply & Demand
Net Absorption & New Supply (000's SF)



Source: CBRE Research, Q4 2024.

Greater Victoria overview

The Greater Victoria industrial market reported a 5.1% availability rate this quarter, reflecting an increase of 160 basis points (bps) year-over-year. This rise can be primarily attributed to the addition of 428,000 sq. ft. of new strata supply delivered to the Westshore submarket this year. This quarter saw a net positive absorption of 22,000 sq. ft., contributing to a total of 245,000 sq. ft. of positive net absorption year-to-date. The Victoria Core submarket has remained stable, with a slight year-over-year increase of 60 bps in availability. The Peninsula submarket continues to face significant constraints, with only 2.1% of inventory available, as turnover amongst this limited inventory remains rare. In contrast, the Westshore has experienced a decline of 510 bps in availability since Q2, suggesting stable absorption levels since the influx of new supply.

The net average asking rate across Greater Victoria has risen by 6.3% year-over-year, reaching \$19.86 per sq. ft. at year-end. The average asking rent in the Peninsula remained stable quarter-over-quarter, while both the Victoria Core and Westshore experienced similar rent growth throughout the year. The combination of limited availability and sustained high demand has driven market rates upward in the core, while new supply in the Westshore area has been commanding elevated net rents.

Industrial development pipeline remains flat with no new supply expected to deliver next year

The industrial development pipeline in Greater Victoria has remained stagnant since the last delivery of new supply in Q2 2024. No new projects were announced this quarter and the demand for new industrial space in the Victoria core and Peninsula submarkets continues to remain scarce. Available industrially zoned land is in short supply, with limited opportunities in the Westshore. Currently, the only built-to-suit options with direct highway access are at Terra by Beedie, located at 2750 Leigh Road. Lots are available from 1.5 acres up to 20 acres and are graded, leveled, and shovel-ready. The only other alternative for industrial land on the market is north off the highway at the Langford Heights Business Park which also has fully-serviced lots for sale.

FIGURE 2: Notable Industrial Developments

Size (SF)	Project Name	Submarket	Estimated Completion	Developer
871,200*	Terra	Langford	Build-to-suit	Beedie
565,408*	Langford Heights	Langford	Build-to-suit	Bastion & Strand

*Land Size
Source: CBRE Research, Q4 2024.

FIGURE 3: Notable Lease Transactions

Size (SF)	Tenant	Address	Submarket	Industry	Deal Type
20,975	Private	110-120 – 830 McCallum Rd	Langford	Logistics	Direct
10,612	Action Car And Truck Accessories	715 Station Ave	Langford	Automotive	Direct
4,000	Left on Friday	2610 Rock Bay Ave	Victoria	Clothing	Direct

Source: CBRE Research, Q4 2024.

FIGURE 4: Notable Sales Transactions

Address	Submarket	Purchaser	Building Size (SF)	Price (\$M)
2895 West Shore Parkway	Langford	Super Save Group	13,600	\$11.3
715 Station Avenue	Langford	Wilson’s Transportation Ltd.	8,234	\$3.0
314 & 316 – 4342 West Shore Parkway	Langford	Private Investor	6,849	\$2.4
2596 Sooke Road	Colwood	Private Investor	1,370	\$2.2
2700 Government Street	Victoria	Private Investor	3,704	\$2.2

Source: CBRE Research, Q4 2024.

The Cowichan Valley increasingly attractive as an alternative to limited freestanding availability in Greater Victoria

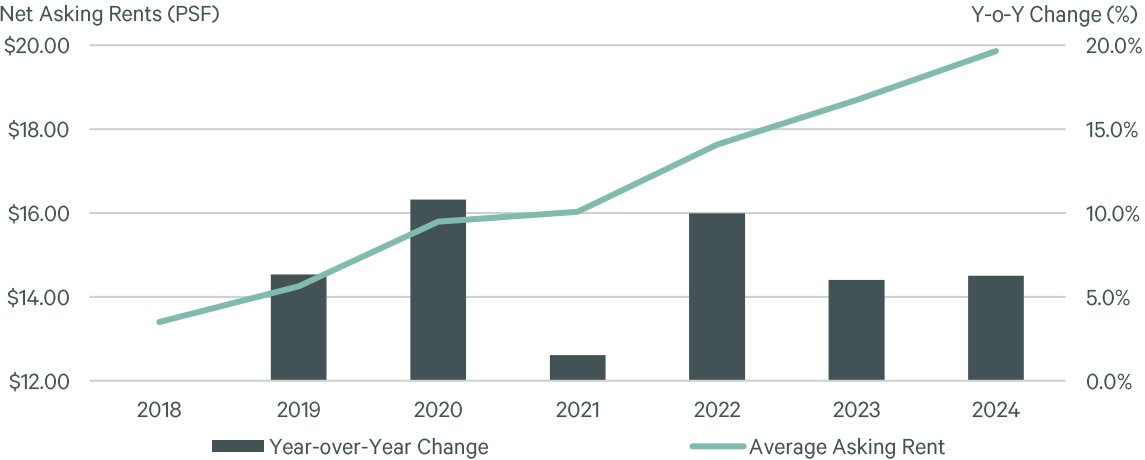
Logistics companies and other industrial operators alike, who continue to search for larger freestanding facilities, are now considering exploring options outside Greater Victoria. The Cowichan Valley has become an attractive alternative for occupiers seeking large industrial spaces with ample bay and yard and conveniently located off the Trans-Canada highway. Additionally, build-to-suit lease opportunities are available at the Malahat Business Park, further expanding industrial options for businesses operating on Vancouver Island.

Market activity poised for recovery in 2025 as conditions improve

Market activity in 2024 experienced a slowdown compared to previous years, primarily due to a substantial influx of new supply in the Westshore coinciding with a heightened interest rate period. However, a resurgence in sales activity in 2025 is anticipated as the lending environment recovers and the investor appetite improves. The new supply delivered earlier this year is projected to achieve healthy absorption rates into the following year.

In the Westshore area, rental rates are anticipated to experience a modest decline due to an oversupply that has not been rapidly absorbed by current demand. Conversely, the Victoria core and Peninsula submarkets are projected to see stable rent growth, driven by limited availability and sustained high demand. Additionally, the market for freestanding industrial properties with ample bay and yard space throughout Greater Victoria is expected to remain highly sought after, as owner-occupiers seek to capitalize on favorable borrowing conditions.

FIGURE 5: Greater Victoria Average Net Asking Rents & Year-over-Year Change



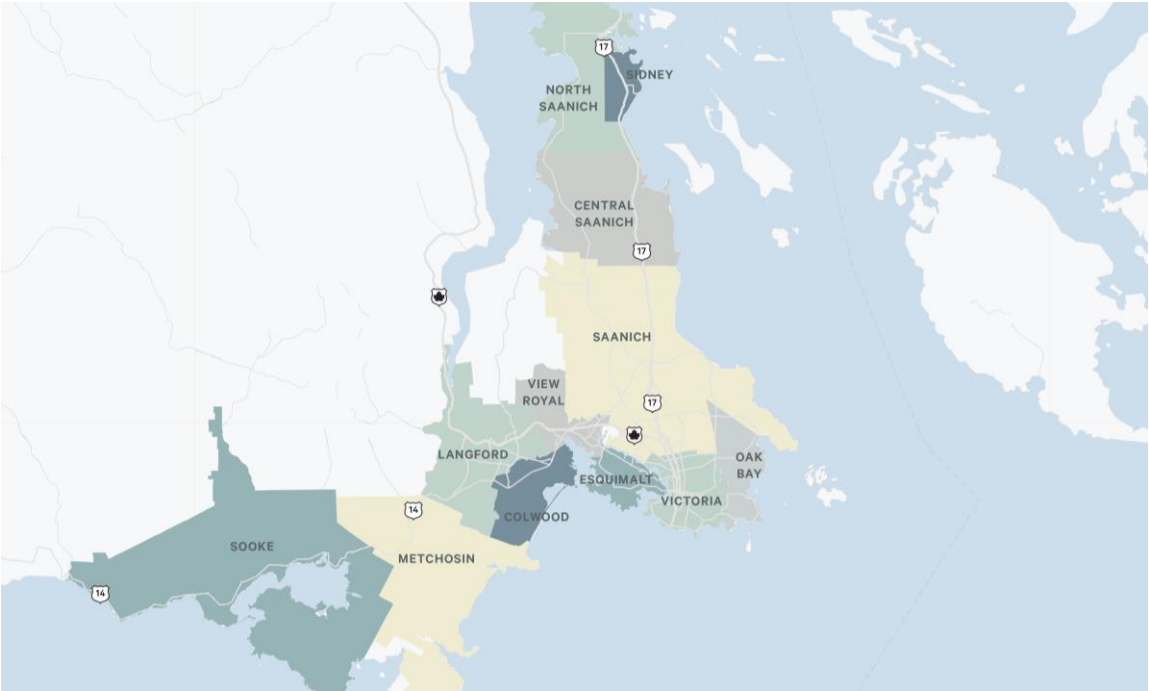
Source: CBRE Research, Q4 2024.

FIGURE 6: Greater Victoria Industrial Statistics Summary

Submarket	Inventory (SF)	Availability Rate (%)	Vacancy Rate (%)	New Supply (YTD)	Under Construction (SF)	Average Net Asking Rent (PSF)	Average Additional Rent (PSF)
Victoria Core	6,039,949	2.9%	2.6%	-	-	\$20.14	\$9.04
Peninsula	2,292,969	2.1%	2.0%	-	-	\$18.48	\$5.88
Westshore	2,036,900	14.9%	14.5%	428,093	-	\$19.93	\$7.59
Greater Victoria	10,369,818	5.1%	4.8%	428,093	-	\$19.86	\$7.88

Source: CBRE Research, Q4 2024.

Market Area Overview



Definitions

Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Vacancy Rate: Total Vacant sq. ft. divided by the total Building Area. Vacant sq. ft.: Space that can be occupied within 30 days.

Submarket Map

CBRE defines the Victoria Core market as Saanich, Victoria, Esquimalt, and Oak Bay; The Peninsula market as Central Saanich, Sidney, and North Saanich; and the Westshore market as View Royal, Langford, Colwood, Metchosin, and Sooke.

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