



# WEST ABBOTSFORD MARKET ACTIVITY

A FRONTLINE REAL ESTATE SERVICES' INDUSTRIAL MARKET UPDATE



OCTOBER 2020

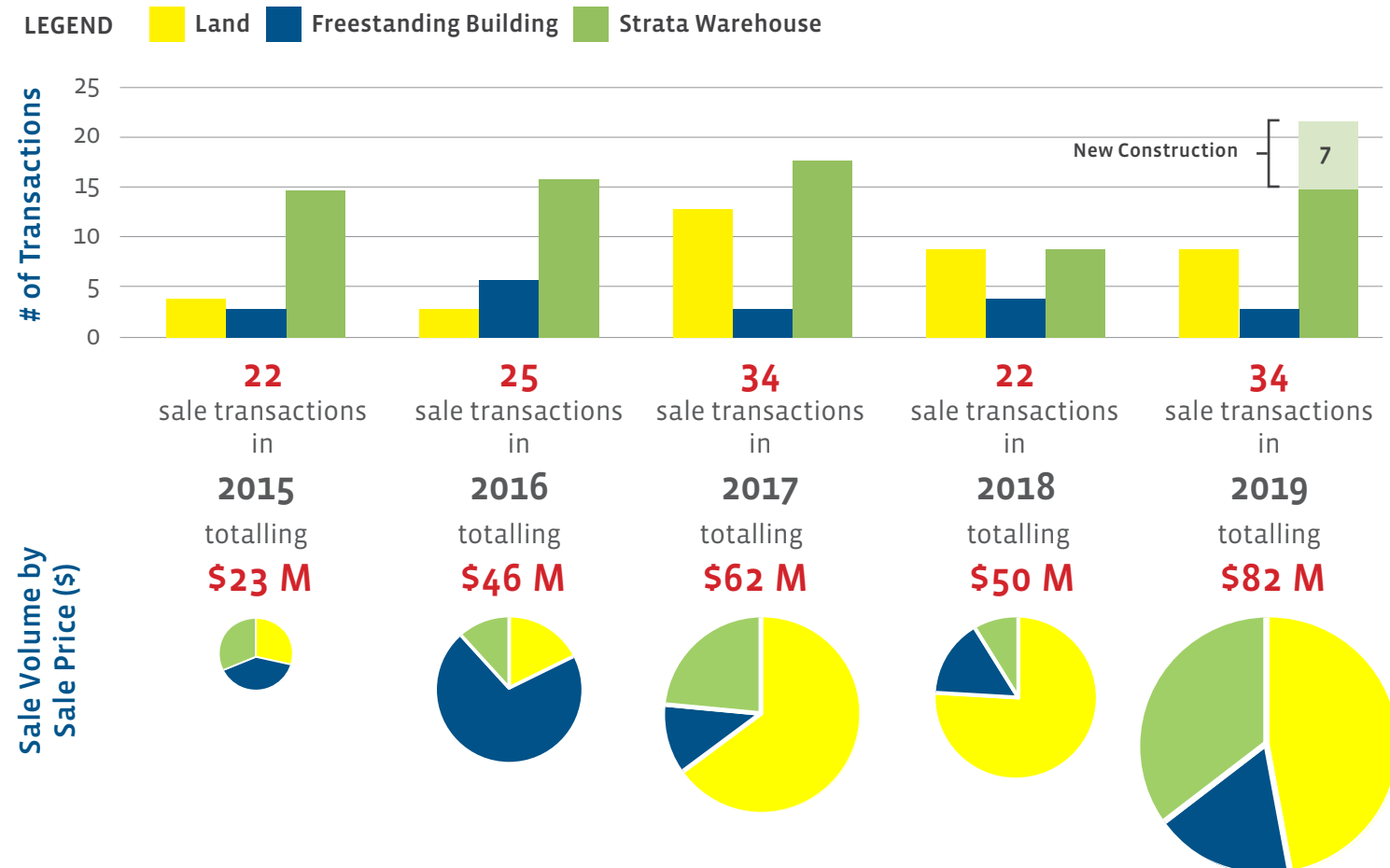
West Abbotsford's industrial real estate market continues to garner a lot of attention and it's no wonder why. The industrial market has exploded in recent years with substantial price increases in land, strata units and freestanding buildings with gross total sales more than tripling from 2015 to 2019, which you can see broken down in more detail in the graphs below. 2020 has continued to see insatiable demand and new price records across all property types, despite the outbreak of a global pandemic and looming economic uncertainty.

After years of more 'normal' transaction volumes and pricing prior to 2017, prices across all industrial property types in West Abbotsford have risen dramatically due to increased competition among users for available properties across the region and a new added demand for land from developers seeking to capitalize on the opportunity. As willing sellers were shaken out of the market, transaction volume of strata units bottomed out in 2018. Meanwhile from 2017-2019, development land found itself transacting at a rate above historical averages as developers and speculators sought every last available property and users were (and continue to be) forced to buy land to build new facilities as a final option in their search for more space.

Now in 2020, decades old freestanding buildings are achieving record prices, available development land is more difficult than ever to find, and willing strata sellers are nearly nonexistent, meaning buyers must wait for new developments to come to market to secure industrial space. This trend of high demand and low inventory has incited an interesting trend in strata pricing which you can read more about on the back of this report.

The transactions that have been recorded so far in 2020 (summarized on the adjacent map) are slightly lower in transaction count than the same period last year but the transaction dollar volume is actually higher, a direct result of the year-over-year increase in pricing. West Abbotsford's industrial real estate market does not seem to be slowing, or even taking a breather.

## WEST ABBOTSFORD INDUSTRIAL REAL ESTATE TRANSACTIONS



## 2020 INDUSTRIAL REAL ESTATE TRANSACTION ACTIVITY



### SO WHAT?

- The COVID-19 pandemic has not produced the disruption in the industrial market many anticipated.
- Demand continues to be especially strong for existing strata or freestanding buildings and prices are at the highest they've ever been. Older freestanding buildings have virtually no availability.
- Businesses looking to lease or buy industrial real estate should begin their search with as much lead time as possible as supply of all property types is extremely low.



# “A RISING TIDE FLOATS ALL BOATS” WEST ABBOTSFORD INDUSTRIAL STRATA TRENDS

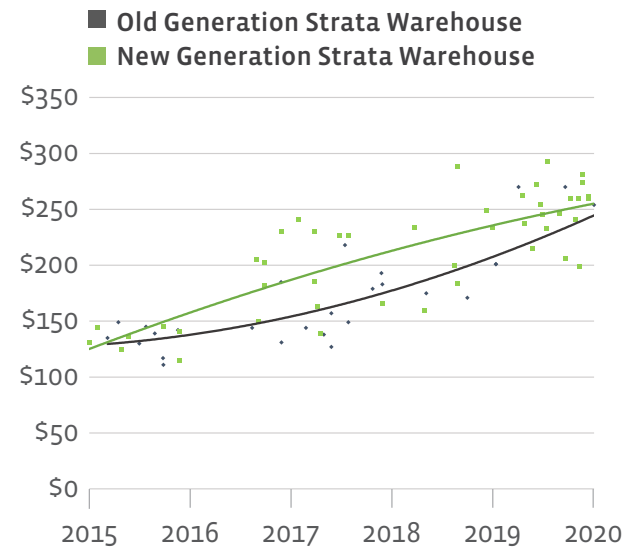
Intuitively, we typically see older multi-tenant industrial buildings in the Fraser Valley transact at lower prices than new ones. However, what is less commonly identified is that there is no consistent difference in the price of buildings within the same construction “generation” regardless of actual age. Within each “generation”, prices vary due to building/unit condition, specific location, and interior improvements condition. The price gap is far more apparent between the “new” and “old generation” building designs, which is illustrated in the adjacent graph of industrial strata sales in West Abbotsford.

As new strata developments in West Abbotsford continue to achieve record pricing with almost every transaction, the prices for all existing strata properties have increased alongside them. With the number of available properties being so low, the difference price between “new” and “old generation” is growing increasingly smaller.

## “NEW” VS “OLD GENERATION” INDUSTRIAL BUILDINGS

Historically in West Abbotsford and across B.C., multi-unit industrial buildings were built with concrete block design. In the late 1990’s however, the concrete tilt-up or tilt slab style emerged which had more cost-effective techniques for shorter completion time. This now preferred method involves the concrete elements of buildings (walls, columns, structural supports, etc.) to be poured horizontally on a building’s concrete slab floor then, once cured, they are “tilted” to the vertical position with a crane and braced into position until the remaining structural components are secured. These “new generation” buildings are what we see prevalent in industrial buildings now versus buildings of a concrete block design which we have termed as “old generation”.

## New vs Old Generation Strata Warehouse Sale Price Per Square Foot



## NEW STRATA DEVELOPMENT IN WEST ABBOTSFORD



### KING BUSINESS PARK

31779 & 31789 King Road

- 112,372 sf building built by Cedar Coast
- Unit sizes: 11,667 - 59,492 sf + mezz
- Completion expected Q1 2021
- Listed by Colliers International



### MASON CORPORATE CENTRE

2188 Mason Street

- 162,132 sf building built by Beedie
- Unit sizes: 12,000 - 12,414 sf + mezz
- Completion expected Q2 2020
- Listed by CBRE

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