

CBRE

Fraser Valley Report

*One of British Columbia's Fastest
Growing Regional Districts*

H1 2024



Executive Overview

Since 1984 CBRE Limited has been the market leader in the Fraser Valley commercial real estate market. From investment properties to corporate services and property management, we have earned a reputation as a respected leader in the local business community through our ability to track trends and build relationships. Whether facilitating the design, construction and move of a new corporate headquarters or strategically planning and negotiating complex lease agreements, we offer the most integrated array of portfolio services. Our approach is strategic rather than merely transactional; we will assess a client's entire real estate portfolio requirements on a company-wide scale, delivering results and surpassing expectations.

Combined with our global connectivity, prime West Coast location and a competitive business environment, the Fraser Valley has become the best place to start or expand a business. As the most attractive development market in Canada, it's time to seize the opportunity and become part of something bigger.

"Something incredible is happening in the Fraser Valley. With so much economic growth within the province of British Columbia, newfound provincial strength has blossomed into one of Canada's fastest-growing and economically diverse regions. At CBRE, our best-in-class resources and our various levels of experience and perspectives, lead us to assist with client assignments - achieving record-breaking transactions on the West Coast."

Jason Kiselbach

EVP & Managing Director



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Regions of the Fraser Valley

The Fraser Valley is home to a wide variety of regions all with their own dynamic and robust population. Within the 7 municipalities that make up the Fraser Valley, there are **over 200** neighbourhoods all with their own unique style and flavour, creating what is today the true “Fraser Valley”.

The city and district areas we have detailed are:

- + TSAWWASSEN FIRST NATIONS (TFN) & DELTA
- + SURREY & WHITE ROCK
- + LANGLEY
- + ABBOTSFORD
- + CHILLIWACK



6+

Major Post Secondary Schools



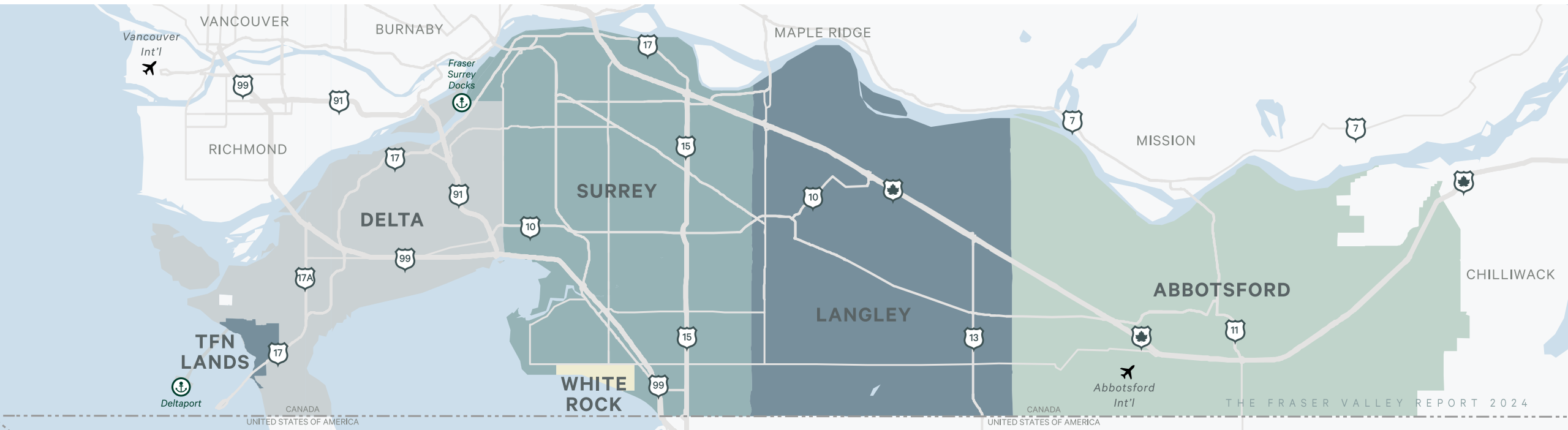
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Airports



10

Ports and Trade Facilities



Economic Diversity

The Fraser Valley culture is built around success and innovation.
Some of Canada's largest companies call the Fraser Valley their home.



The Fraser River & BC's Ports

The Fraser Valley is aptly named after the river that runs through its heart; the Fraser River. It has provided British Columbians with the prosperity and abundant resources synonymous with life in the Pacific Northwest for decades.

Fraser River Stats



3,500+ m³

Annual discharge per second



240,000 km

Fraser River basin size



1,400 km

Total length of river



10

Ports located along the
Fraser River



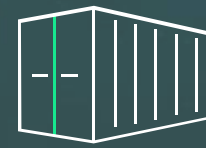
Infrastructure of the Fraser Valley



The Fraser Valley contains some of BC & Canada's most important ports



3 rapid transit lines connect the Fraser Valley to the Urban Core



More Container traffic goes through the Fraser River than any other River in Western Canada



The US-Canada border connects the Fraser Valley to Washington, USA



Significant government expenditure has created modern high-capacity road networks

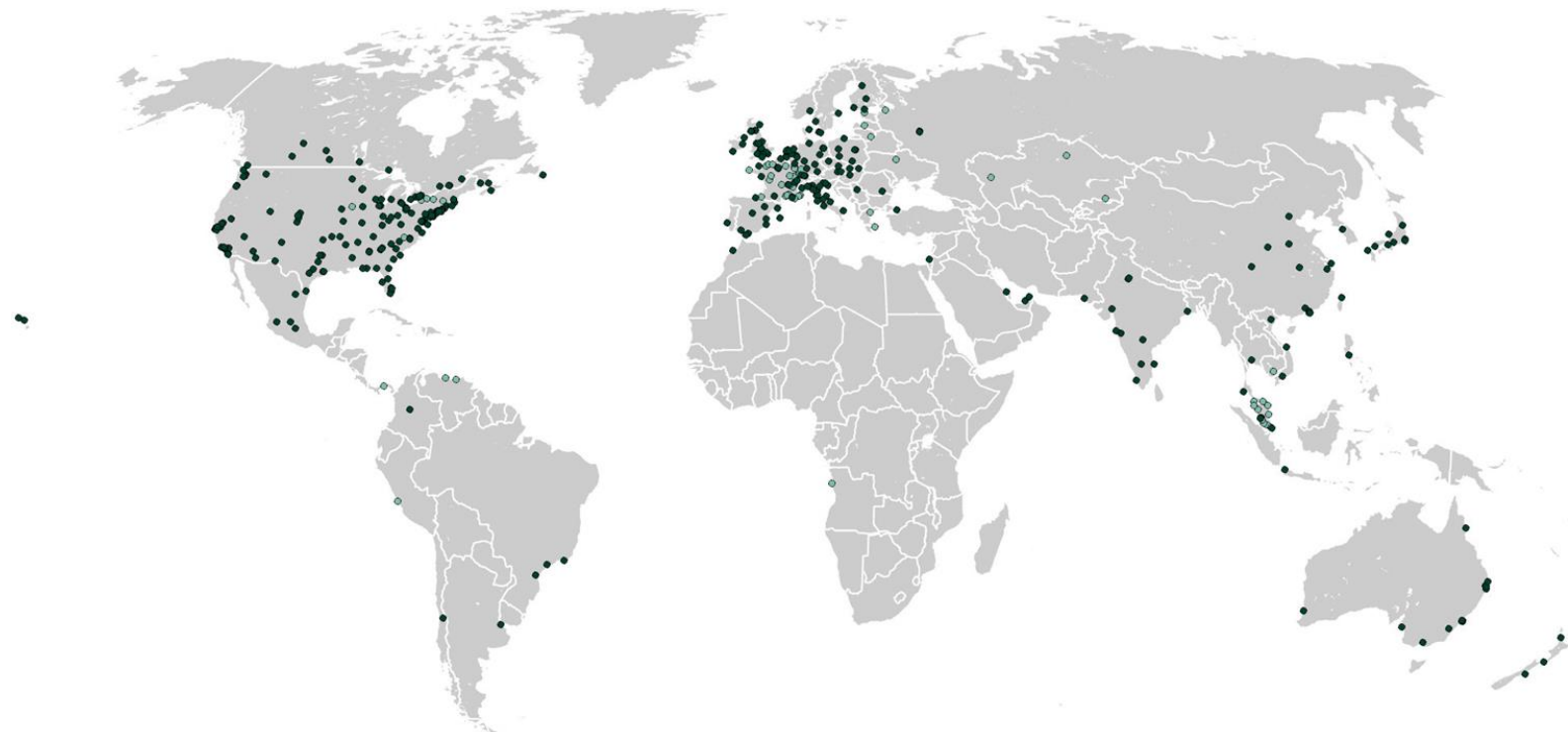
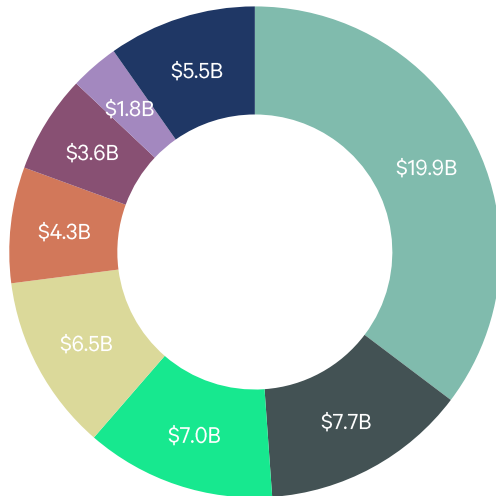


5 Airports are located in the Fraser Valley

Exports and Trading Partners of BC



- Energy Products
- Wood Products
- Machinery & Equipment
- Metallic Mineral Products
- Agriculture & Food Other Than Fish
- Pulp & Paper Products
- Fabricated Metal Products
- All Other Exports



Strongest Regional Population Growth in BC

Household Income		
	2023	2026*
Delta	\$140,568	\$153,166 (+9.0%)
Langley	\$135,726	\$158,783 (+17.0%)
Surrey	\$133,742	\$147,464 (+10.3%)
Fraser Valley	\$130,246	\$143,015 (+9.8%)
Abbotsford	\$119,489	\$130,340 (+9.1%)
Chilliwack	\$108,602	\$118,276 (+8.9%)

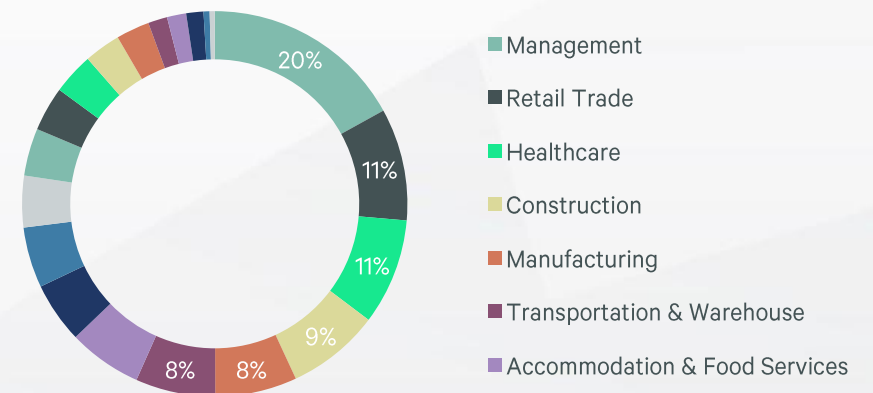
Median Age	
	2023
Delta	43.8
Langley	41.0
Chilliwack	40.3
Fraser Valley	39.6
Abbotsford	39.3
Surrey	38.5



Population Growth		
	2023	2028*
Fraser Valley	1,120,864	1,205,098 (+7.5%)
Surrey	570,118	609,586 (+6.9%)
Langley	172,191	188,099 (+9.2%)
Abbotsford	164,634	179,340 (+8.9%)
Delta	115,211	120,009 (+4.2%)
Chilliwack	98,710	108,064 (+9.5%)

Education	
	2023
Delta	26.0%
Surrey	25.6%
Fraser Valley	23.1%
Langley	20.8%
Abbotsford	19.7%
Chilliwack	15.0%

Employment by Industry



Investing in the Community

FRASER RIVER TUNNEL PROJECT

Proposed replacement of the Massey Tunnel and upgrades to associated infrastructure. Phase 1 would include improvements to the highway approaches and Phase 2 will include an 8-lane immersed tube tunnel. Public comment period has commenced.

SURREY LANGLEY SKYTRAIN

The Surrey-Langley SkyTrain extension is set to be finished by 2028. It will bring significant benefits, such as shorter commute times, better regional connections, and support for economic development and healthy communities in nearby areas.

SURREY HOSPITAL

New 168-bed hospital located in Cloverdale. Project will include an emergency department, outpatient services and a BC Cancer Centre. Ellis-Don has been selected for the design-build contract.

ROBERTS BANK CONTAINER EXPANSION PROGRAM TERMINAL 2

Led by the Vancouver Fraser Port Authority, the Project is a container expansion program at Roberts Bank consisting of a single project to create a 2.4 million TEU terminal. Terminal 2 is a proposed greenfield container terminal (\$2 billion) at Roberts Bank, located adjacent to the existing GCT Deltaport container terminal. The project has been approved in federal environmental assessment.

PATTULLO BRIDGE

The Pattullo Bridge is a key connection for Surrey and the Fraser Valley beyond. The new toll-free four-lane bridge will provide important improvements for everyone using the bridge and will improve safety and reliability for drivers, cyclists and walkers, as well as goods movement.

COST

\$4.1 B

\$4.0 B

\$3.0 B

\$2.0 B

\$1.4 B

Key Industries & Companies



Business Services

First West Insurance
Westland Insurance
KPMG
Deloitte
Ernst & Young
Coast Capital

3,700+



Apparel & Outdoor

Sportchek
MEC
Lululemon
Aritzia
Old Navy
Mark's

1,500+



Food & Beverage

Pattison Food Group
Red Bull
Molson Coors
Sobeys
Walmart
Saputo

1,700+



Developers

Beedie
Aquilini
Wesgroup
Bosa
Conwest
Cedar Coast

30+



Transportation & Distribution

Fed Ex
DSV Logistics
SCI Logistics
UPS
Canada Post
Purolator

1,000+



Manufacturing

IEM
Canfor
Starline Windows
Dicks Lumber
Garaventa Lift
Cloverdale Paint

3,100+



Health & Wellness

Fraser Health Authority
Pharmasave
Planet Fitness
Club16
YMCA
Orange Theory

2,200+



Education

Kwantlen Polytechnic University
Simon Fraser University
University of British Columbia
Sprott Shaw College
Trinity Western University
Stenberg College

800+

An aerial photograph of a mountain valley. The foreground is a dense forest of green trees. A river winds through the valley. In the background, there are large mountains with patches of snow on their peaks under a blue sky with some clouds.

Market Fundamentals

Industrial | Office | Retail | Multifamily | Land & Development

Industrial

H1 2024

▼ -95 K ▲ 3.1% ▲ 3.1 M ▼ \$443


SF YTD Net Absorption

Vacancy Rate

SF Under Construction

Average Sale Price / SF

Note: Arrows indicate change from previous quarter

 **Median Age**
39.6

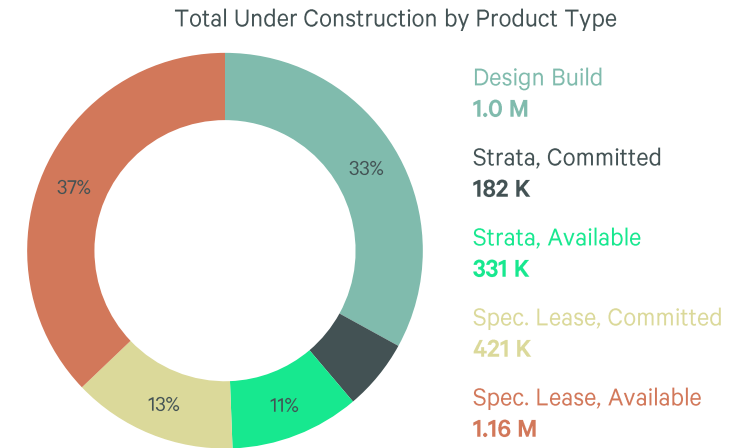
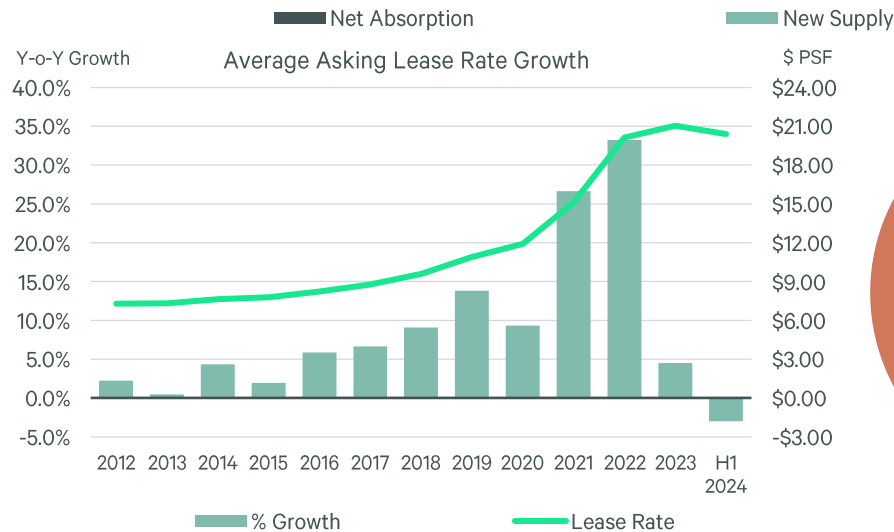
 **Exports**
\$56.2 B

Market Summary

Total available inventory grew another 30-bps quarter over quarter to 4.3%, the highest level since Q4 2016. Average asking lease rates fell again for the 4th consecutive quarter to \$20.40 per sq. ft. as the market adjusts to limited leasing activity and a growing pool of available properties.

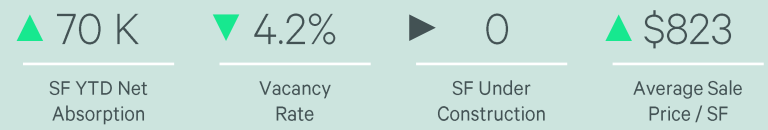
Construction activity declined following record levels of completions in 2023, with mostly design-build and pre-committed projects commencing construction in 2024. Absorption levels continue to be supported by commitment activity within new supply deliveries, however, limited leasing activity coupled with few construction completions in the first half of 2024 has year-to-date levels sitting well below the 10-year year-to-date average of 1.0 million sq. ft.

Sales activity for the first half is trending upwards with 73 transactions posted to date at an average value of \$443 PSF. This marks an increase in total transactions, however, achieved pricing is down 6.6% from the \$474 recorded through H2 2023.



Office

H1 2024



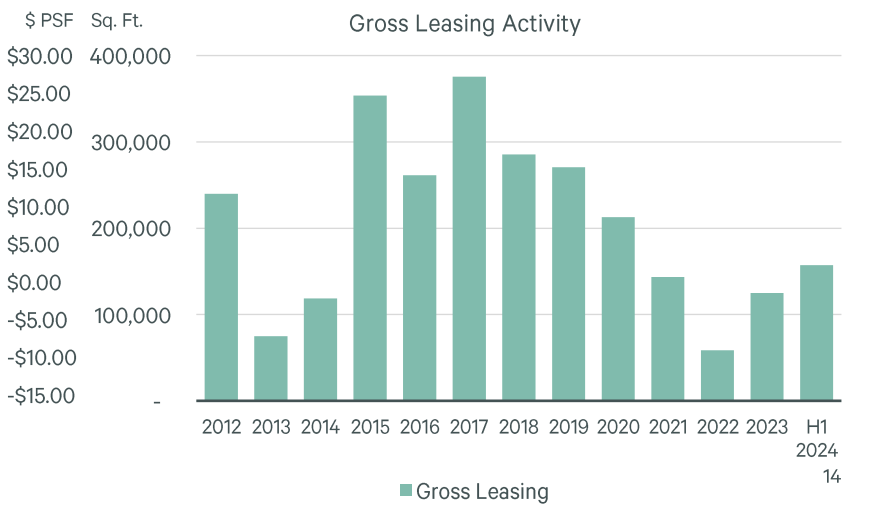
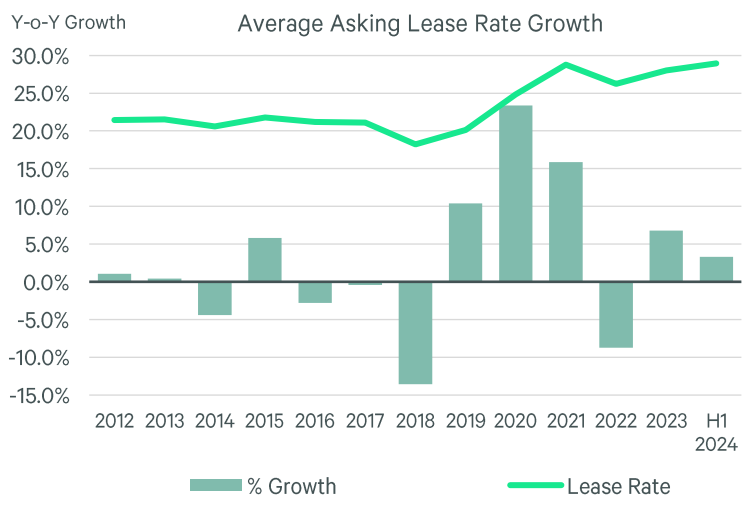
Note: Arrows indicate change from previous quarter



Market Summary

In recent years, effectively all office new supply through the Fraser Valley has been completely absorbed further compressing vacancy rates. This is particularly of note for developments near core nodes in proximity to high-speed transit corridors or sites which are easily accessible to the highway interchange. A continued lack of competitive supply in these areas is expected to keep vacancy rates low for the foreseeable future.

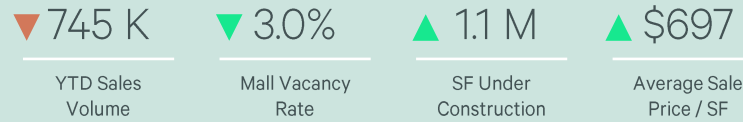
More recent absorption of large block strata indicates key occupiers have weighed the cost over new build with the lack of inventory and decided strata is making more sense. We are seeing larger occupiers survey the market for large blocks of space, however given the small amount of inventory, choices are limited. Strata demand for smaller owner-users is also particularly for quality space in proximity to transit.



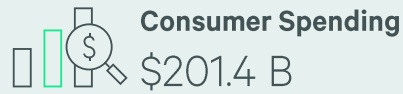
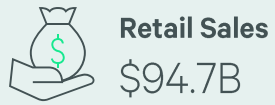
Source: BC Stats, Sitewise, CBRE Research, AltusDataStudio, 2024.

Retail

H1 2024



Note: Arrows indicate change from previous quarter



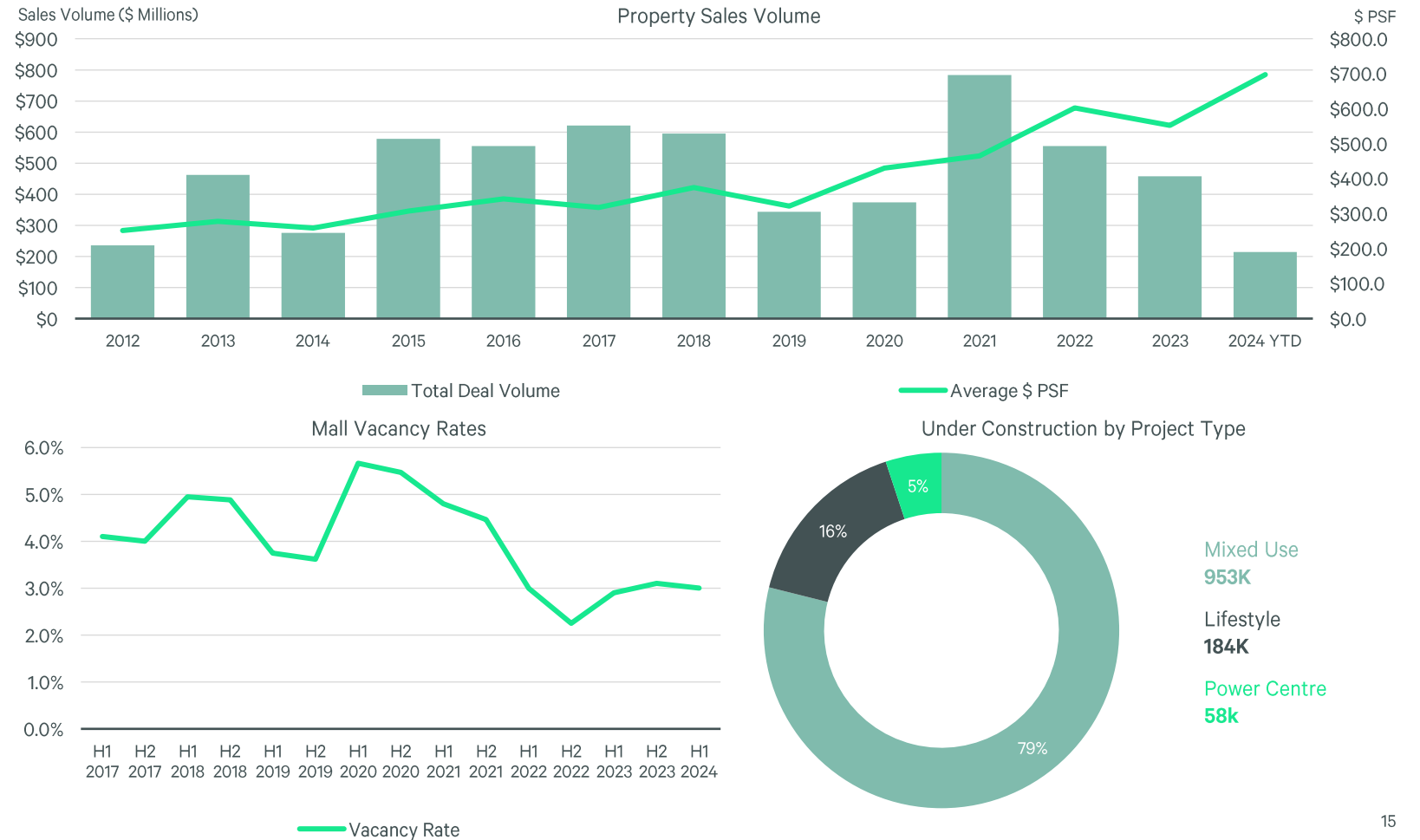
Market Summary

Retail supply remains very tight in the suburbs due to lack of new supply. Existing well located retailers are renewing and older retail spaces have demolition notices preventing meaningful options for new tenancies. With very little development in the pipeline, it will be years before there are new opportunities.

The “New Retail” will be mixed use developments, as city councils no longer want plazas with surface parking, instead seeking higher density developments featuring CRU’s at grade with residential above and the majority, if not all, parking below grade. This poses challenges for larger retailers as the main floor units often proforma as small boutique space or are sold as strata. In addition, loading and parking pose as higher cost development line items making it increasingly difficult for larger occupiers.

Although there remains strong demand for e-commerce, it should be considered as a supplement and not a replacement to Bricks & Mortar with the demand for physical space as strong as ever, in part due to the influx of people who moved to the Fraser valley in search of more affordable housing.

Source: BC Stats, Sitewise, CBRE Research, AltusDataStudio, 2024.



Multifamily

H1 2024

▼ \$1,502 ▲ 1.3% ▲ 6.2 M ▼ \$273 K

Average Rent
PSF

Vacancy
Rate

Units Under
Construction

Average Cost
per Door

Note: Arrows indicate change from previous quarter



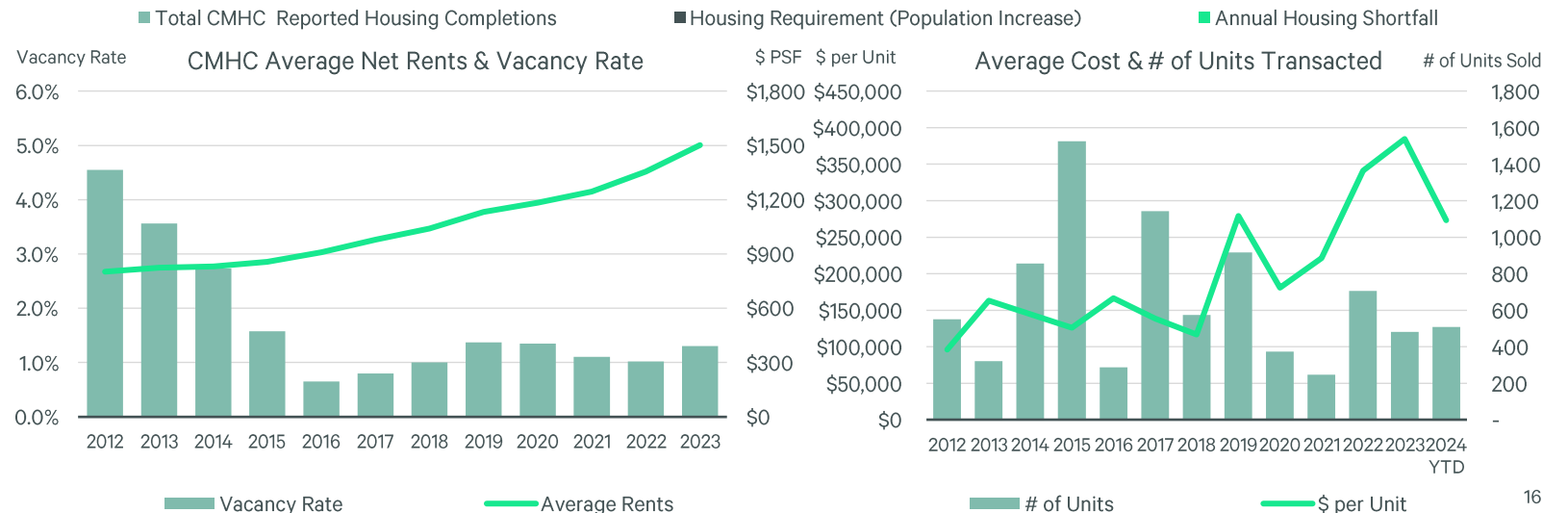
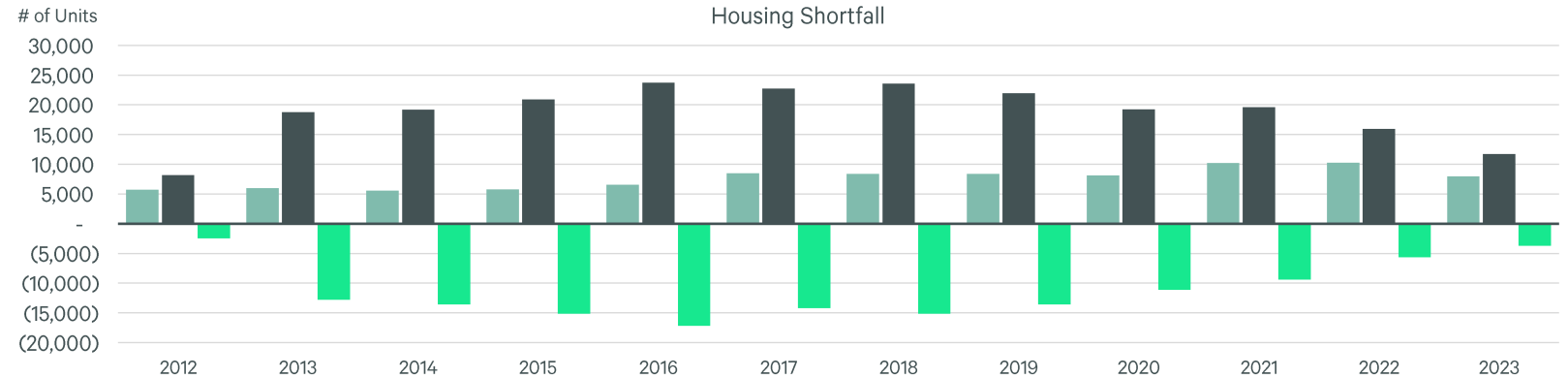
 **Net Migration**
181,618

 **Housing Starts**
12,557

Market Summary

The Fraser Valley is known for being one of the most stable multi-family markets and its reputation for rapid growth. The multi-residential asset class has excelled against a backdrop of tightening market fundamentals with the region experiencing continued rental demand and the historical vacancy rate hovering below 1.5%, resulting in upward pressure on rental rates across the region.

A 4-year average of 9,146 housing completions between 2020-2023 represents a maximum annual construction capacity that lags behind constant increases in housing demand; population growth in the Fraser Valley is projected to grow 7.5% over the next 5 years. Based on both anticipated population growth and continuing supply shortfalls, these trends will complement future multi-residential investment especially for opportunities in proximity to major transportation hubs and large employment centers.



Land & Investment

H1 2024



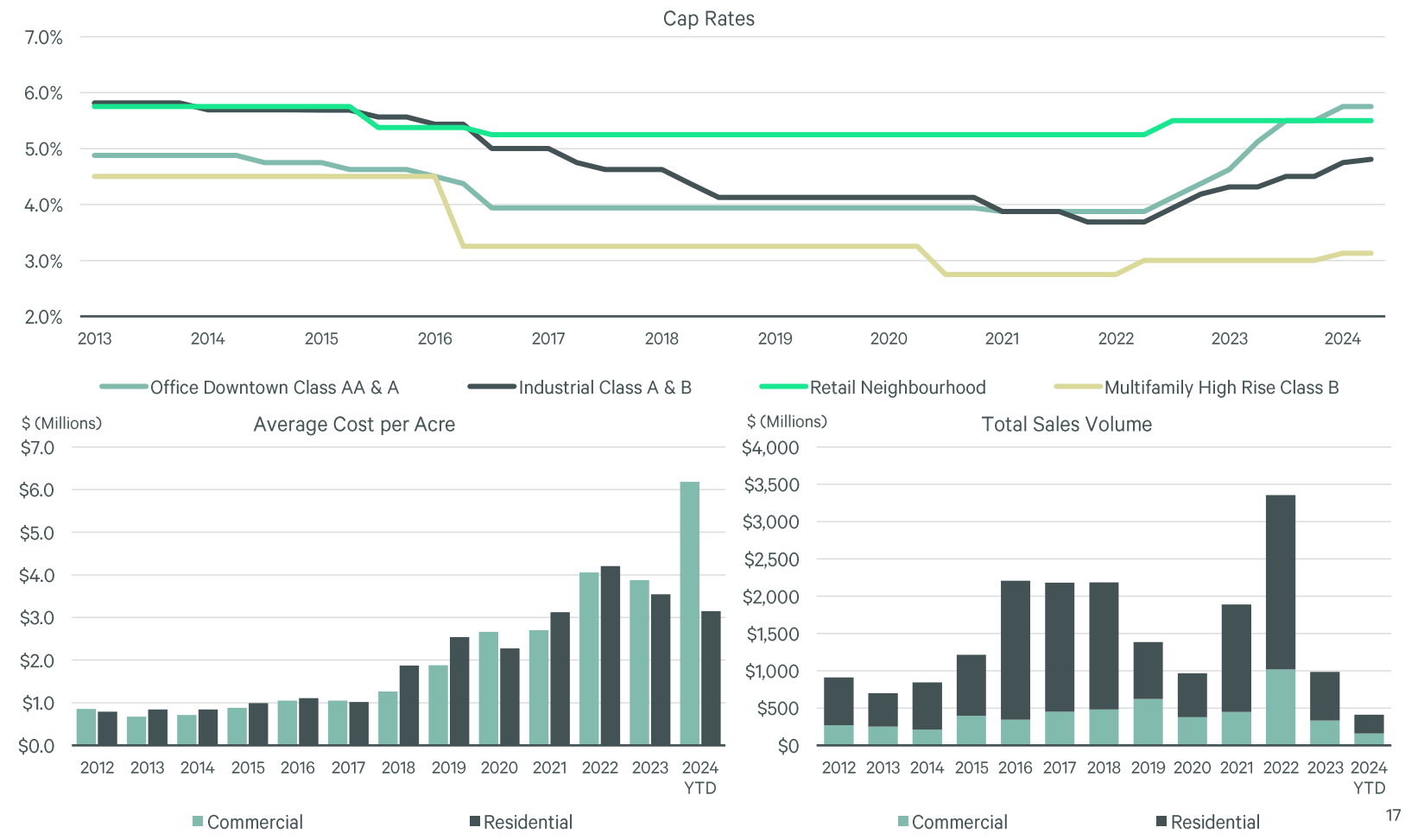
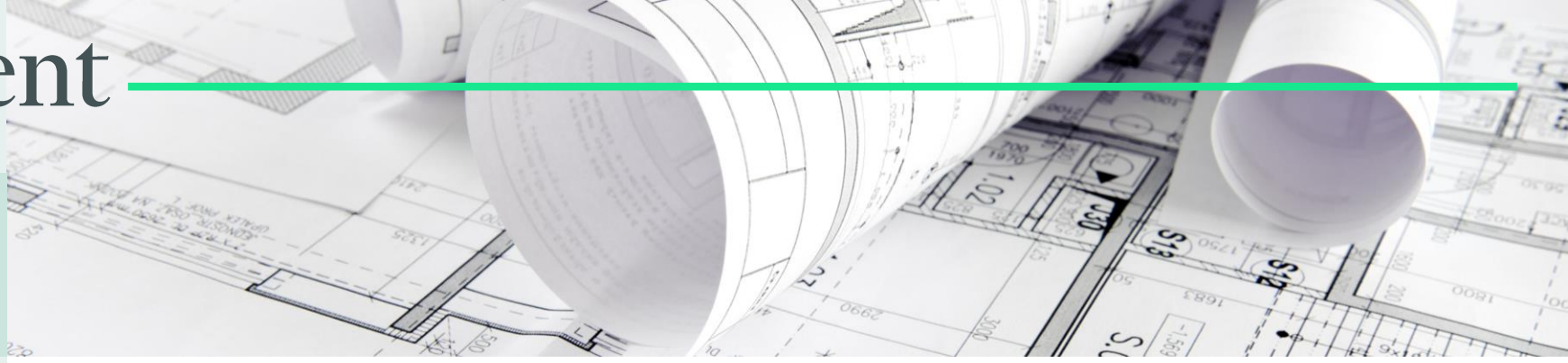
Market Summary

The Fraser Valley's real estate environment is currently marked by uncertainty and lack of confidence due to new land use policies and housing legislation changes. Despite a downward trend in land pricing, sellers have been reluctant to reduce their pricing expectations from previous years, adding another layer of complexity to Fraser Valley business operations. Developers have faced significant construction cost increases, particularly in the concrete product sector, prompting a shift towards wood frame development.

Developers face hurdles due to increasing interest rates and elevated land prices. Despite this, they are investing in ready or entitled sites, even if it means putting more equity into purchases or renegotiating/structuring contracts to balance costs. These strategies help cushion the impact of higher interest rates, ensuring project viability.

Anticipation of further interest rate drops has spurred some activity while developers show particular interest in sites near transit stations and entitled properties, favoring wood frame sites.

Source: BC Stats, Sitewise, CBRE Research, AltusDataStudio, 2024.



Appendix

Territorial Acknowledgement

CBRE British Columbia conducts business on the traditional, unceded territories of the Coast Salish peoples:

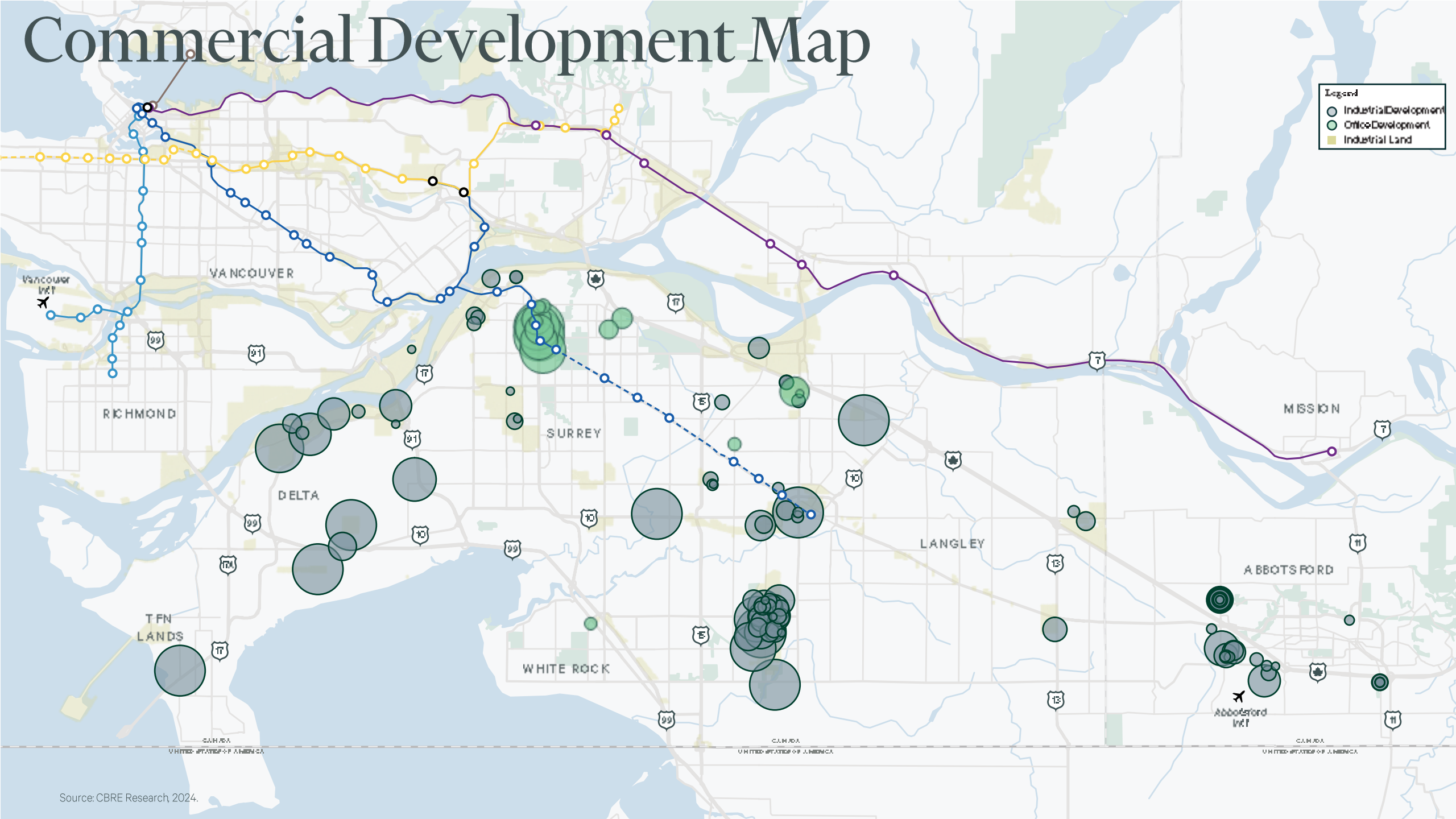
- + The Skwxwú7mesh Úxwumixw (Squamish Nation) in Vancouver
- + The l k'w η n (Lekwungen) people, specifically the Esquimalt and Songhees Nations in Victoria

At the core of our commercial real estate operations lie critical considerations, including our relationships with Indigenous communities, impact of land use, meaningful consultation processes, environmental justice, and Indigenous land and title rights.

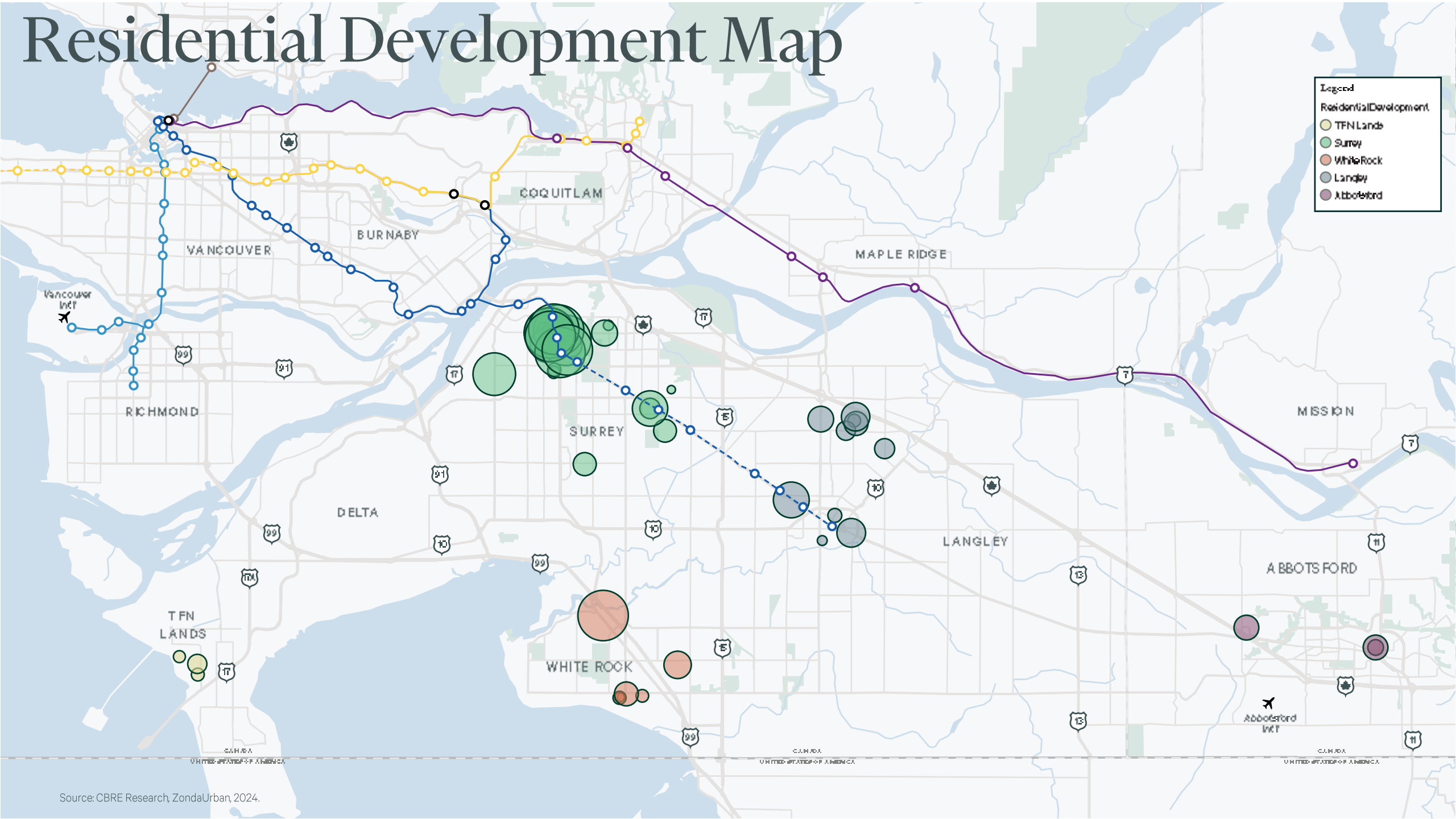
We are starting our journey in truth and reconciliation by learning, examining, and transforming our work to be more inclusive, equitable, and de-colonial, guided by the United Nations Declaration on the Rights of Indigenous People (UNDRIP), the Truth and Reconciliation Commission's Calls to Action, specifically #92, and CBRE Canada's Reconciliation Action Plan.

We raise our hands in sincere gratitude to the Indigenous knowledge keepers and consultants who are guiding us in this process through relationship over the next four years.

Commercial Development Map



Residential Development Map



Thank you.

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