

REQUEST FOR PROPOSALS - Cost of Business Survey

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1. Introduction:

NAIOP Vancouver represents commercial real estate developers, owners and investors of office, industrial, retail and mixed-use properties. It provides advocacy, education, communication, networking and business opportunities for real estate and related professionals within the local commercial market.

The Cost of Business Survey is an annual survey undertaken with local governments from Metro Vancouver and Fraser Valley regarding their development application processes, requirements, and timelines for a hypothetical office or industrial development project. The report aims to provide a benchmark for development costs and approval processes across the region, recognizing municipalities that excel in creating business-friendly environments.

NAIOP is seeking a consultant or consulting firm to support the data collection and analysis to ensure that data collected is comparable across multiple jurisdictions resulting in a fair and transparent assessment of the costs of business associated with commercial real estate development in the Lower Mainland.

This RFP targets **consulting firm or research team** with expertise in:

- **Economic analysis and benchmarking** - specifically in understanding and evaluating development costs across jurisdictions.
- **Data collection and methodology development** - ensuring consistency in year-over-year comparisons.
- **Stakeholder engagement and policy insights** - translating cost analysis into actionable recommendations for NAIOP.

The ideal team would be versed in Commercial, Office and Industrial markets, and include:

- **Land economists or data analysts** with experience in cost assessments.
- **Urban planners or policy analysts** who understand the regulatory and cost environment, and specifically

2. Schedule - Timetable of Important Dates:

Activity	Due Date
Proposal Submission Deadline	July 25
Award of Contract	August 1
Survey Distribution	August 6, Deadline for Submission September 5
Survey Collection & Follow Up	September
Draft Report	October
Final Report	November 15, 2025
Award Distribution	November 20, 2025

3. Process Overview, Reporting Relationships & Core Roles:

The COBS report creation involves several parties with specific responsibilities. The proponent will report to the COBS subcommittee of the NAIOP Government Relations Committee (GRC). This subcommittee is comprised of the GRC Co-Chairs or Committee Members, and 2-3 NAIOP sponsor affiliates, members, or developing leaders, (and the NAIOP chair as necessary).

A bi-monthly 15-30 minute touch base will be required to ensure the project is on track. (6-8 meetings maximum over 4 month period).

The creation of the COBS report involves a series of interconnected stages, the high-level process and respective roles include:

1. Reviewing, updating the survey. (COBS Subcommittee + Proponent)
2. Distributing the survey - all Metro Vancouver local governments with commercial/industrial, select Fraser Valley local governments (NOTE: not all local govts choose or are asked to

- participate) (COBS Subcommittee + NAIOP administrative, issues survey and reminders to complete)
3. Reaching out to survey participants to confirm answers - contacts of past participants will be provided. (Proponent)
 4. Compiling and analyzing the collected survey data - NAIOP can provide past survey data template in excel. (Proponent)
 5. Selecting the winning municipalities. (COBS Subcommittee + Proponent)
 6. Conducting interviews with Mayors of winning municipalities (PR Consultant + Proponent)
 7. Conducting interviews with industry leaders. (PR Consultant + Proponent)
 8. Drafting the complete COBS report. (Proponent)
 9. Publishing the report in collaboration with Business In Vancouver (BIV + Proponent).
 10. Awarding certificates to the winning municipalities at a NAIOP Breakfast. (NAIOP)

4. Deliverables:

- Compiled and analyzed survey data in usable formats.
- Draft COBS report in MS Word format. (prior reports will be provided as a starting point, for context)
- Final, reviewed, and approved COBS report content for BIV.

5. Budget

The overall project budget for this effort is \$15,000. No expenses are anticipated for the effort. All communication will be through email, phone and online platform, all deliverables and materials will be digital. **The contract will be paid out in 4 equal installments of \$3750 per month for a 4 month period.**

6. Proposal Requirement

Please provide the following information in your response.

- Company background and relevant experience (1 page)
- Team Composition, key personnel (1 page)
- Acknowledgement of project budget, and commitment to project objectives, costing and schedule, as follows:

- **Survey Integrity:** Ensure the survey accurately captures relevant data regarding development costs and processes for the building prototype.
- **Data Accuracy and Consistency:** Dedicate resources to ensure the compiled survey data is accurate, consistent across respondents, and comparable to previous years (with consideration for prototype changes).
- **Stakeholder Coordination:** Effective communication and coordination are crucial between the COBS Subcommittee, NAOIP, PR Consultant, BIV, and participating municipalities.
- **Timeline Adherence:** The project needs to adhere to the established timeline to ensure timely publication and the award ceremony.
- **Content Quality:** The draft report must be well-written, insightful, and free of errors before submission to BIV.
- **Ethical Considerations:** Obtain necessary permissions for cover photos and ensure interview content is approved where required (e.g., Mayor interviews).

VANCOUVER CHAPTER

NAIOP

COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION

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Regional

INDUSTRIAL

Cost of Business Survey

Winter 2023

Panorama Ridge Industrial – Phase 1.
by Beedie



Message from the President

On behalf of NAIOP Vancouver, I am pleased to present the 2023 edition of the NAIOP Cost of Business Survey (COBS). The purpose of this annual survey is to provide a scorecard to rank Metro Vancouver municipalities based on their respective entitlement approval timelines and development charges associated with constructing a hypothetical development project. This year, the focus is on industrial development.

The survey provides a framework to identify municipalities that have excelled in fostering entitlement and development cost regimes that support job creation and regional economic growth. The COBS awards recognize the municipalities that have outranked their peers in the following

categories: Most Improved Fees; Most Improved Approval Timing; and Most Business-Friendly.

The survey also contains interviews with a member of staff from the municipalities receiving an award, a market overview highlighting the latest statistics and trends in the industrial asset class in Metro Vancouver, and perspectives on the current industrial market from experts in the industry. Industrial real estate in Vancouver is currently outperforming all other asset classes in rental growth and continues to have strong investment appeal, despite headwinds in the debt markets. The strong leasing demand within this asset class, however, has also added to supply constraints already evident in our industrial market—

further driving important discussions around regional land availability, development approvals, and development costs.

With this in mind, we hope that you find the 2023 COBS report to be particularly valuable in this time of rapid change and evolving expectations in the industrial market.

I would like to thank all those who helped in the preparation of this important contribution to transparency in the industry.

Sincerely,

Paula Benham-Parker
2023 President
NAIOP Vancouver Chapter

ACKNOWLEDGMENT:

NAIOP Vancouver would like to acknowledge and thank all the municipalities that took part in this year’s Cost of Business Survey. Participation is voluntary and the time expended to respond can be significant for planning, engineering, and building departments. Development in any jurisdiction is a partnership between businesses, government, and the community. NAIOP Vancouver is pleased to be in a position to work, on behalf of our members, with all of the Metro Vancouver jurisdictions that participated in the publication of this information for the business community. NAIOP would also like to acknowledge the contributions of CBRE Limited for the industrial market statistics. If you have any questions regarding this year’s publication, please contact the Cost of Business Survey Committee at cobs@naiopvcr.com.

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2023 Highlights

The 2023 NAIOP Cost of Business Survey offers annual awards to municipalities that have implemented improvements in development costs and processing times. Our assessment of 16 Metro Vancouver municipalities provides our membership and the business community at large with an essential reference tool for considering development areas. The survey is also a tool for municipalities themselves as a gauge for their own development costs and approval processes as compared to their neighbors.

This year, the 2023 NAIOP Awards for Municipal Excellence will be acknowledging municipalities that have excelled in creating environments positive to business creation. The three categories of awards are:

- Most Improved – Fees: the most improved in development fees compared to previous survey results
- Most Improved – Approval Timing: the most improved in approval timing compared to previous survey results
- Most Business-friendly: implementation of policies to support the creation of new job spaces

The 2023 winners are:

1. Most Improved – Fees: City of Delta

The City of Delta demonstrated the lowest increase to its total municipal fees from 2021 to 2023, relative to other municipalities. The City of Delta maintained the same municipal fees from 2021 to 2023.

2. Most Improved – Timing: City of Burnaby

The City of Burnaby demonstrated the largest reduction to its entitlement timeline relative to other municipalities. The City of Burnaby’s permit timing was reduced by 33% from 2021 to 2023.

3. Most Business-friendly: City of Richmond

The City of Richmond has consistently supported industrial development projects over the past decade. In addition to scoring high in multiple categories of the Cost of Business Survey, Richmond has become known for taking a pragmatic approach to development applications and keeping development cost inflation low. This has attracted industrial developers to find sites in Richmond, creating a significant industrial development pipeline at a time when it is much needed for the region.

We interviewed the winners about the improvements they have made and the impact those changes have had on businesses and the real estate community.

Beedie/

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& LEASE OPPORTUNITIES
ACROSS BRITISH
COLUMBIA.



2023 Winners Q & A



City of Delta: Most Improved - Fees

Mayor George V. Harvie
City of Delta

What changes have you implemented to lower fees in Delta. How have you managed to do that and what impact is that having on real estate developments in your city?

Delta Council is committed to delivering on housing and providing new industrial and commercial business opportunities in the community. We are fortunate to have a diverse tax base that helps to keep costs low. Delta has held our development application and building permit fees steady over the last number of years. While we are currently updating our development cost charges, we are proposing gradual increases that keep our rates extremely competitive within the region. At the same time, we have eliminated cash-in-lieu of parkland contributions for multi-unit residential developments, adding certainty for the development community and providing an incentive to promote the construction of housing. We have also invested in our development review process to keep development

timelines short. We have one-week turnarounds on a majority of building permit applications, significantly reducing holding costs for developers.

What are some noteworthy current and/or upcoming real estate developments in Delta?

In North Delta, we are excited about the upcoming launch of the R6 Scott Road RapidBus in early 2024. We have a number of Scott Road major projects in the approvals or building permit process, including up to 32 storey high-rise and six-storey residential, commercial and office projects that support the RapidBus investment. We are proud of affordable housing investments taking place in Ladner and Tsawwassen that will result in hundreds of new units, and we are starting to see interest in redevelopment of our town centres with new housing and retail developments. Finally, we are making progress on the Beedie Parkwood project, which will be a brand-new master-planned industrial park with the potential for 2.5 million square feet of much-needed industrial space to serve our region.

What feedback have you received to date about your

City's fiscal policies around development?

We have a strong commitment to reducing red tape and expediting the approvals process and we are well recognized by the development community as one of the best cities in which to build. We keep our lines of communication open with the development community, and I have heard many developers comment on how much they appreciate doing business with our team in Delta.

Any advice for the real estate community wanting to develop projects in Delta?

My office is always open and we have a General Manager of Economic Development and Stakeholder Relations, alongside a staff team and City Manager, all of whom are committed to removing barriers and making quick progress on projects. We are actively seeking investment in Delta and looking to partner with the development community in achieving the provincially-mandated housing target of 3,607 units over the next five years plus industrial and commercial projects.

2023 Winners Q & A

City of Burnaby continued

industrial spaces underway. Every year since 2017, the annual construction value for issued building permits in Burnaby has exceeded \$1 billion dollars, and in 2022, we were over \$2.5B.

Most of the development has been in the Metrotown Downtown and the Brentwood, Lougheed and Edmonds Town Centres – our core areas of high-rise residential, commercial, and mixed-use development, anchored by SkyTrain.

We have emerging urban villages as well. In 2023, the Bainbridge Village Centre Master Plans at 6800 and 7000 Lougheed Highway near Sperling SkyTrain station were introduced to the public and advanced past Public Hearing. Also in 2023, Council was introduced to Phase 1 of the 40-acre Willingdon Lands Master Plan at 3405 Canada Way.

There is also a lot of institutional, business centre, and industrial development activity in other areas of the city, ranging from new buildings at SFU and BCIT, to upgrades at Burnaby Hospital, to development of new film studios and other employment spaces.

What feedback have you received to date from the real estate community about the improved approval process?

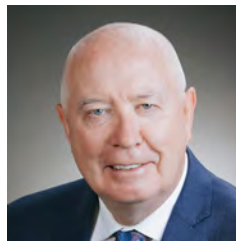
During the early stages of the DAP Project, we engaged with many stakeholders, including representatives from the development industry and community and business groups, to better understand how we could improve our processes. We took that feedback to heart, and are committed to cutting red tape and creating a faster, simpler and better experience for applicants.

Feedback from the real estate community so far has been

positive. One Burnaby-based design company shared that “clients are happy and surprised—it used to take six months.” The company had recently submitted three permit applications for new homes, with the fastest one processed in just 39 days. Developers are also very happy with the new CP program, as it allows construction on major, complex projects to begin sooner, thereby reducing costs.

Any advice for the real estate community wanting to develop projects in Burnaby?

Contact us early - we are here to help. We have subject matter experts and planning staff assigned to specific neighbourhoods that can help you with land use reviews, due diligence on a property, or preparation of a development or building application.



City of Burnaby: Most Improved – Approval Timing

Mayor Mike Hurley
City of Burnaby

What changes have you implemented to improve approval timing for developments in Burnaby and what impact have you seen from that increase?

Over the past 12 months, Burnaby has been implementing changes to improve processing times for development and building permits and to create a faster, simpler and better experience for applicants through the Development Approval Process (DAP) Project. Some of the most notable and impactful changes include:

- Introducing a new process for single- and two-family dwelling building; this has reduced permit wait times by up to 85% and reduced the application

backlog by 86%. The backlog of applications is anticipated to be eliminated by the end of the year.

- Streamlining approvals for multi-family and other complex projects with 29 “quick wins” that provide greater clarity on processes, procedures, roles, and responsibilities. These quick wins are in advance of the city's full transition to a completely refreshed process – including a new development permit system – that strives to reduce processing times by over 60%.

- Launching a new Certified Professional (CP) program. Qualified private sector professionals who are hired by the developer are now supplementing City staff reviews of building designs and construction. This is reducing the time a city building official spends on complex building permit

application reviews, freeing up time for other building permit applications and inspections.

- Launching several technical enhancements to speed up permitting processes. At the beginning of September, we launched online submissions for 24 new permit types on My Permits Portal, saving applicants a trip to City Hall, time, and paper.

What other noteworthy developments are coming in Burnaby?

Over 11,000 housing units are currently under construction in Burnaby, and over 45,000 more are pending in the various stages of our approval process. We also have millions of square feet of commercial and

Continued on page 5



City of Richmond: Most Business Friendly

Mayor Malcolm Brodie
City of Richmond

What changes have you implemented to improve business in Richmond?

Business investment and growth, supported by the implementation of the City's Resilient Economy Strategy, have resulted in sustained job creation. Richmond businesses now provide around 130,000 local jobs. With one of the strongest jobs-to-worker ratios in the region, Richmond continues to be an important employment centre.

In 2022, there was an increase of almost 20 percent in new business licenses issued over the previous year, creating jobs and strengthening our economy. There are almost 14,000 businesses in the City of Richmond, and we continue to be a safe, strong, active and resilient city thanks to wise investments, sound management and innovative action.

In 2021, City Council endorsed the Industrial Lands Intensification Initiative, which resulted in amendments

to the Zoning Bylaw and Official Community Plan (OCP) to support the protection and intensification of industrial lands in Richmond in a manner that aligns with industry's needs and City objectives.

The City of Richmond is also deploying new digital tools that streamline the experience for businesses operating in the city. Last year, the City launched a new online business licensing portal, MyBusiness, which provides new and existing business owners the ability to conveniently apply for, update and renew their licenses without needing to come to City Hall. The City is also preparing to launch a new online permitting service, MyPermit, which will enable applicants to apply for, manage, pay and check the status of City permits online.

What noteworthy changes have there been for real estate developers?

The City has been at work refining the planning and building processes through the City's Permit Optimization Project, which will optimize the use of technology, industry best practices and user feedback. The result is an enhanced application experience with more

convenience, time efficiency, quality control and cost effectiveness for the development community and City staff.

In addition, the City has embarked on a targeted review of the City's Official Community Plan (OCP). The update is intended to keep the OCP relevant, responsive and reflective of community values.

What feedback have you received from the real estate community about your business process and policies?

The City regularly consults with the development and real estate community about our processes and policies, and we appreciate having such an engaged and active community.

Any advice for the real estate community wanting to develop projects in Richmond?

With over \$926 million in new building permit construction value in 2022 alone, Richmond continues to be a great place for developers and investors to do business.

Industrial Building Prototype

The proposed development is for a 100,000-square-foot (9,290-square-meter) concrete tilt-up distribution warehouse with a 15,000-square-foot (1,394-square-meter) office component in a single-story structure. The building is proposed for an unsubdivided, non-industrial-zoned 6-acre lot which requires a number of municipal approvals.

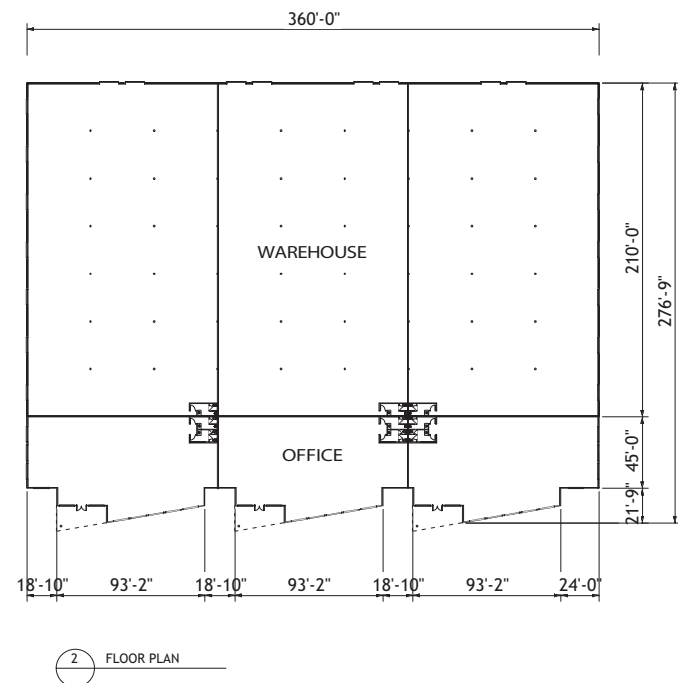
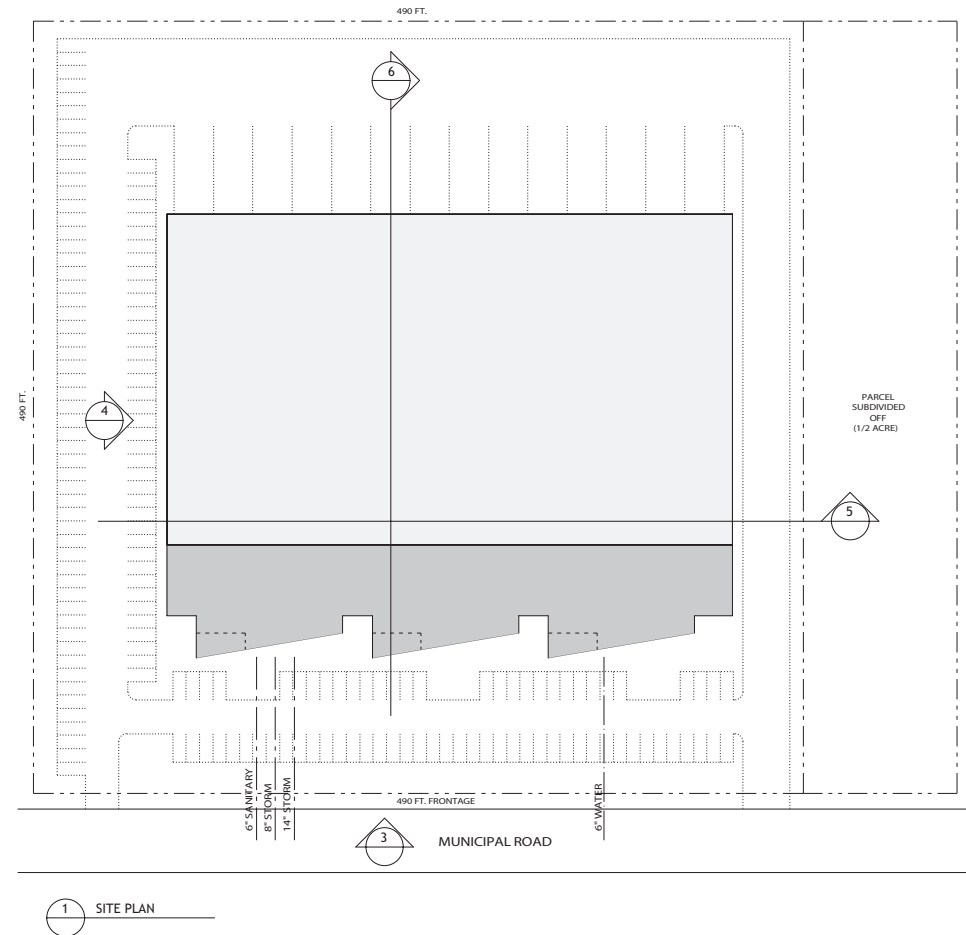
Development Context:

- Located within an area designated in the municipality's Office Plan and Metro Vancouver's Regional Growth Strategy as suitable for industrial use
- Located within a DP area
- Located within a DCC/DCL-applicable area
- 490 feet of lot frontage on a 15-year-old dedicated municipal roadway and interior parcel lines with adjacent lots after subdivision

Building Assumptions:

- Complies with zoning and design bylaw regulations in the governing jurisdiction
- The application and its contents have been prepared using the services of a registered architect, landscape architect, and professional engineer
- Office component to be improved as required by code for designated use and occupancy
- Fully sprinklered throughout the warehouse and office components

PROPOSED INDUSTRIAL SITE DATA	
NET SITE AREA: 5.5 ACRES (2.226 HECTARES)	
PROPOSED BUILDING	
WAREHOUSE AREA	85,000 SQ.FT.
OFFICE AREA	15,000 SQ.FT.
TOTAL BUILDING AREA	100,000 SQ.FT.
CONSTRUCTION COST OF BLDG. &	\$ 15,000,000.00
ON-SITE IMPROVEMENTS	
COST OF OFFSITE IMPROVEMENTS	\$ 750,000.00



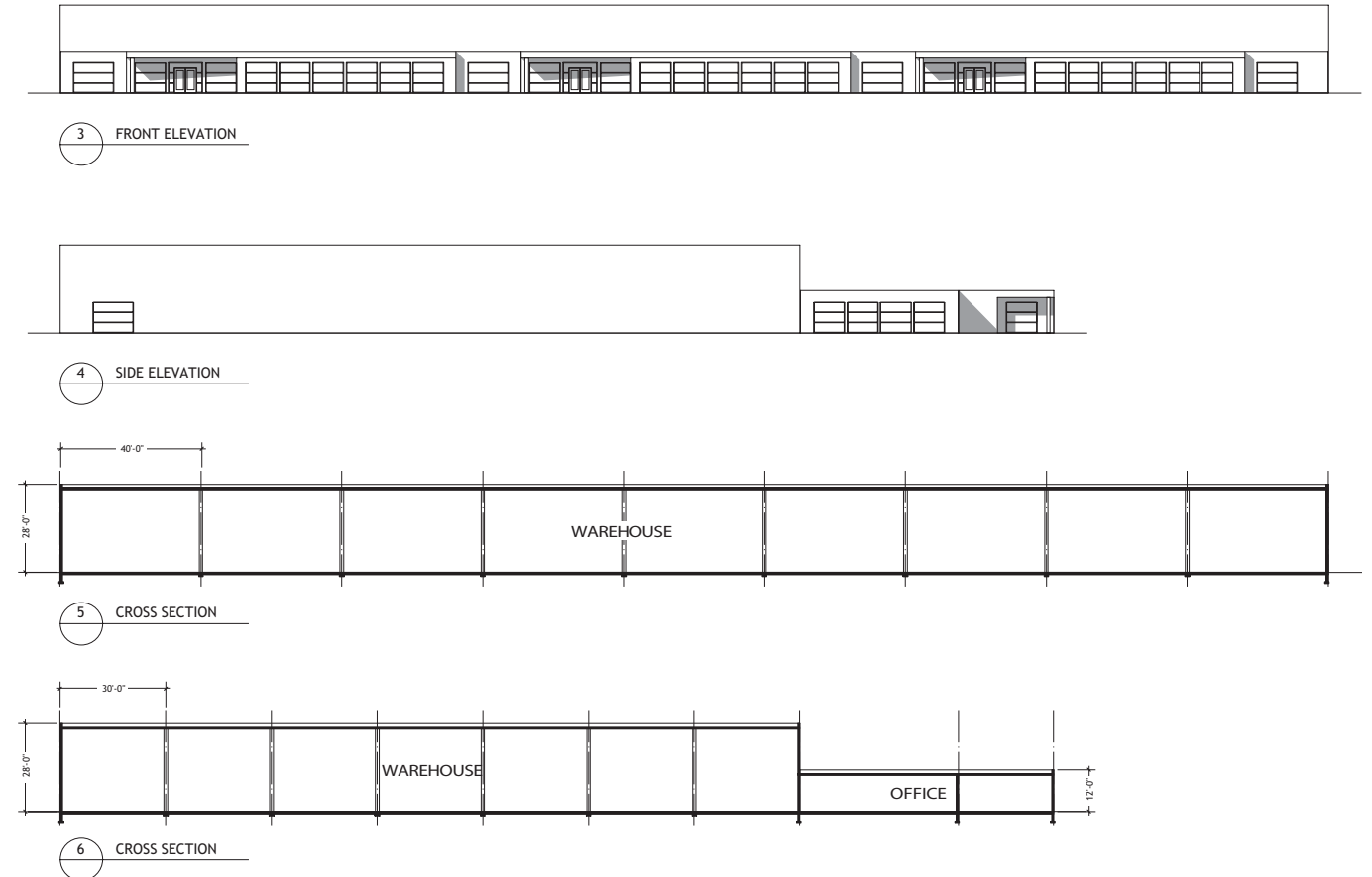
Industrial Building Prototype

Development Requirements:

- Rezoning to general industrial/office zoning
- Land subdivision to create one parcel of 5.5 net acres less road and other dedications
- All required permits and fees

Construction Costs:

- \$15,000,000 (\$150 per square foot) for building and onsite improvements
- \$750,000 for offsite works (street and drainage improves – not eligible for DCC rebates)



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Survey Summary

Total municipal fees from 2021 to 2023 for the NAIOP benchmark industrial development increased by an average of 17.8% across all participating municipalities. Notably, Development and Building Permit Fees are on the rise, with 14 of the 16 participating municipalities reporting an increase in this category.

Canada’s average annual inflation rate from 2013 to 2023 was 3.1%. Six municipalities managed to keep their annual average cost inflation below this point – the City of Chilliwack, City of Delta, City of Port Coquitlam, City of Langley, City of Mission, and City of Richmond. In contrast, seven municipalities implemented annual average fee increases of over 5.0%. While the average approval timeline increased 12.0% across all municipalities, 6 municipalities showed no changes, while 3 demonstrated slight improvements – from 2021. Four municipalities reported a timing increase of over 50% from 2021 to 2023. Please note that these times largely rely on development permit, subdivision, and building permits being processed concurrently with rezoning; any delays in one phase of the process can significantly affect the overall approval timing for a given municipality.

NAIOP
COMMERCIAL REAL ESTATE
AWARDS
2024

PLAN ON JOINING
THE PARTY!

NAIOP Vancouver is proud to present this biennial awards program to recognize excellence in Commercial Real Estate within the Metro Vancouver area.

DETAILS COMING SOON. QUESTIONS? CONTACT US: OFFICE@NAIOPVCR.COM

Municipality	2023 Total Fee	2022 Approval Timing (days)
City of Burnaby	\$291,076	240
City of New Westminster	\$454,524	480
City of Maple Ridge	\$429,558	365
City of Chilliwack	\$366,098	240
City of Delta	\$384,133	240
City of Port Coquitlam	\$277,438	360
City of Langley	\$498,848	360
City of Mission	\$484,254	485
City of Abbotsford	\$1,235,232	480
City of North Vancouver	\$802,218	545

Municipality	2023 Total Fee	2022 Approval Timing (days)
City of Port Moody	\$794,006	365
City of Coquitlam	\$693,448	545
City of Pitt Meadows	\$945,678	180
Township of Langley	\$1,289,387	540
City of Vancouver	\$1,367,624	545
District of West Vancouver	\$1,386,388	120
City of White Rock	\$497,815	730
City of Surrey	\$382,624	180
District of North Vancouver	\$814,229	360
City of Richmond	\$784,215	180

Municipal Fees

2021 Rank	2023 Rank	Municipality	Rezoning & Subdivision Application Fees	Development & Building Permit Fees	Administration, Processing & Sprinkler Inspection Fees	DCC/DCL Fee	2023 Total	2021 Total	% Change from 2021	Equivalent Annual Average Inflation Rate from 2011	Sewer Connection Fee	Water Connection Fee	Regional Sewer & Drainage Fees (Metro, GVSD, etc.)
1	2	City of Burnaby	\$30,368.00	\$228,529.00	\$32,179.25	\$0.00	\$291,076.25	\$266,663.90	9.2%	5.5%	\$47,290.00	\$16,000.00	\$379,500.00
2	6	City of New Westminster	\$11,868.10	\$195,059.82	\$37,260.50	\$210,335.36	\$454,523.78	\$302,243.27	50.4%	5.3%	\$0.00	\$0.00	\$709,650.00
3	5	City of Maple Ridge	\$13,770.56	\$160,741.11	\$42,955.20	\$212,090.70	\$429,557.57	\$349,588.45	22.9%	5.3%	\$32,000.00	\$15,000.00	\$699,000.00
4	3	City of Chilliwack	\$4,615.00	\$124,959.75	\$0.00	\$236,523.40	\$366,098.15	\$362,907.65	0.9%	2.9%	\$30,000.00	\$40,000.00	\$0.00
5	4	City of Delta	\$4,815.00	\$119,636.10	\$31,679.35	\$228,002.94	\$384,133.39	\$384,133.39	0.0%	-0.2%	\$31,000.00	\$51,000.00	\$33,000.00
6	1	City of Port Coquitlam	\$13,877.00	\$123,220.00	\$31,791.49	\$108,550.00	\$277,438.49	\$265,429.50	4.5%	0.8%	\$19,000.00	\$9,000.00	\$669,000.00
7	8	City of Langley	\$8,225.77	\$152,265.00	\$35,027.50	\$303,330.00	\$498,848.27	\$474,928.30	5.0%	-1.8%	\$55,000.00	\$27,500.00	\$669,000.00
8	7	City of Mission	\$7,098.50	\$113,314.00	\$42,871.92	\$320,969.50	\$484,253.92	\$476,671.50	1.6%	2.9%	Cost plus 15% plus (\$290.00 x 3) plus (\$91.00 x 3) plus (\$4.55 GST x 3)	Cost plus 15%	\$0.00
10	13	City of North Vancouver	\$12,176.00	\$121,805.75	\$33,783.75	\$1,067,466.00	\$1,235,231.50	\$567,684.66	117.6%	13.7%	\$50,000.00	\$50,000.00	\$25,050.00
0	11	City of White Rock	\$6,055.00	\$193,986.80	\$6,409.00	\$595,767.00	\$802,217.80	\$0.00	N/A	13.8%	\$8,000 each connection (N/A for commercial - custom per design)	\$8,000 each connections	\$1,815,526.00
12	10	City of Coquitlam	\$18,876.40	\$174,568.26	\$1,800.30	\$598,760.63	\$794,005.59	\$654,147.68	21.4%	6.2%	\$33,075.00	Varies	\$330,000.00
13	9	City of Pitt Meadows	\$9,600.00	\$192,500.00	\$24,000.00	\$467,348.00	\$693,448.00	\$654,731.71	5.9%	5.5%	\$30,938.62	\$19,141.88	\$34,722.48
14	12	Township of Langley	\$26,430.85	\$130,747.22	\$35,298.80	\$753,200.91	\$945,677.78	\$918,774.33	2.9%	5.4%	\$0.00	\$0.00	\$330,000.00
16	14	City of Surrey	\$11,620.29	\$160,291.44	\$25,403.52	\$1,092,072.00	\$1,289,387.25	\$1,177,161.91	9.5%	9.2%	\$0.00	\$25,000.00	\$1,468,665.00
17	15	District of North Vancouver	\$12,620.00	\$211,722.90	\$34,333.75	\$1,108,947.30	\$1,367,623.95	\$1,208,384.08	13.2%	15.0%	\$39,407.00	\$25,000.00	\$339,000.00
18	16	City of Richmond	\$3,494.25	\$150,893.50	\$30,000.00	\$1,202,000.00	\$1,386,387.75	\$1,368,559.50	1.3%	3.1%	\$16,100.00	\$15,000.00	\$493,000.00

Building Permit Data

Across the Metro Vancouver and Fraser Valley regions, industrial development activity continues to increase, with the total value of new industrial building permits rising from \$425.6 million in 2021 to \$816.9 million in 2023. The increase is largely attributed to the City of Burnaby and the City of Surrey, who reported a total permit value increase of \$295.0 million and \$211.1 million, respectively.

2023 Cost of Business Survey Final - Analysis October 18, 2023

Municipality	2022 Total Building Permit Value (Industrial Buildings)	2022 Total Number of Building Permits (Industrial Buildings)
City of Burnaby	\$354,127,537	9
City of New Westminster	\$6,678,563	2
City of Maple Ridge	\$5,300,000	2
City of Chilliwack	\$21,100,000	8
City of Delta	\$1,212,600	3
City of Port Coquitlam	\$22,222,000	3
City of Langley	\$10,050,000	2
City of Mission	\$8,750,000	2
City of North Vancouver	\$3,004	3
City of Coquitlam	\$43,500	3
City of Pitt Meadows	\$33,615,720	8
Township of Langley	\$7,770,000	5
City of Surrey	\$234,167,435	23
District of North Vancouver	\$1,550,000	2
City of Richmond	\$110,334,369	19
	\$816,924,728	

NOTES

*Sorted by Total Building Permit Value.

Mill Rates

2023 Rank	Municipality	2023 Light Industrial Mill Rate (Class 5)	2023 Residential Mill Rate (Class 1)	Industrial-to-Residential Tax Ratio
12	City of New Westminster	7.741	2.500	3.096
10	City of Maple Ridge	6.216	2.337	2.660
6	City of Chilliwack	5.583	2.382	2.344
2	City of Delta	3.472	1.935	1.794
8	City of Port Coquitlam	4.735	1.952	2.426
4	City of Langley	4.102	1.992	2.060
5	City of Mission	4.805	2.161	2.224
13	City of North Vancouver	4.916	1.551	3.170
7	City of Coquitlam	4.217	1.788	2.358
14	City of Pitt Meadows	7.562	2.289	3.304
3	Township of Langley	3.283	1.613	2.035
1	City of Surrey	2.459	1.499	1.641
15	District of North Vancouver	5.657	1.561	3.624
11	City of Richmond	7.760	2.910	2.666



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Approval Timing

2023 Rank	Municipality	Development Permit Process (days)	Development Permit Process (days)	Subdivision Approval (days)	Building Permit (days)	2023 Approval Timing (days)	2021 Approval Timing (days)	% Change from 2021
3	City of Burnaby	180-240	concurrent	concurrent	concurrent	240	360	-33%
10	City of New Westminster	180-240	concurrent	concurrent	180-240	480	300	60%
8	City of Maple Ridge	240-365	concurrent	concurrent	concurrent	365	240	52%
3	City of Chilliwack	120-180	concurrent	<60	concurrent	240	240	0%
3	City of Delta	120-180	concurrent	concurrent	<60	240	240	0%
6	City of Port Coquitlam	180-240	concurrent	concurrent	60-120	360	360	0%
6	City of Langley	180-240	concurrent	concurrent	60-120	360	360	0%
12	City of Mission	240-365	concurrent	concurrent	60-120	485	420	15%
10	City of North Vancouver	180-240	concurrent	120-180	180-240	480	480	0%
14	City of White Rock	240-365	concurrent	concurrent	120-180	545	#N/A	N/A
8	City of Coquitlam	Over 365	concurrent	concurrent	concurrent	365	485	-25%
14	City of Pitt Meadows	240-365	concurrent	concurrent	120-180	545	480	14%
2	Township of Langley	120-180	concurrent	concurrent	concurrent	180	120	50%
13	City of Surrey	180-240	concurrent	concurrent	240-300	540	605	-11%
14	District of North Vancouver	240-365	concurrent	concurrent	120-180	545	360	51%
1	City of Richmond	60-120	concurrent	concurrent	concurrent	120	120	0%

NOTES
City of Maple Ridge Building Permit Days removed (manual changed)

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Future of Industrial Space

The State of Metro Vancouver’s Industrial Market: The Expert View

Over the past year, the real estate industry has been primarily focused on new government housing policies, interest rates and the overall economic climate. The one sector that has remained steady and strong is Metro Vancouver industrial. We asked a selected group of industry leaders for their thoughts on the current and future industrial market in Metro Vancouver.

“In our efforts to bring forward future industrial land to the region, we’ve been working diligently with the Province and municipalities to get through the many approvals required to service and rezone industrial land to unlock future supply, and it’s coming. In the meantime, there continues to be low industrial vacancy in the region, and we continue to see strength in our industrial projects across Canada and in Metro Vancouver. We’ve seen strong pre-

sale activity this year at Beedie’s latest industrial strata project at Fraser Mills in Coquitlam, an area with a lack of new supply and incredibly low vacancy rates. We are committed to bringing more industrial land to the region and to bringing forward quality industrial space to satisfy the growing demand of our population.”

Todd Yuen
President,
Industrial, Beedie



“The industrial market has seen hyper-accelerated conditions for the past three years, and we are now on a path back to a balanced market. This is a good thing, as it provides options for occupiers and forces investors to underwrite based on fundamentals. Land prices need a correction, as price increases were not sustainable for future development. We now have opportunities for new entrants, and we will also get back to seeing a price gap between class “A” and “B” product. Demand is still there, albeit not like it’s been for the

past few years. However, we are seeing an increase in demand in other major markets along the west coast, which historically signals a return of demand to Vancouver. We are still a major gateway with one of the largest ports in North America; we are severely land constrained, with under 3% vacancy, and as a result, the industrial market remains strong. For those in the real estate profession, you have to work again: for those who don’t, it will show, and for those who put in the effort, there are opportunities.”

Chris MacCauley
Executive Vice President,
CBRE Limited



“Over the past several years, occupants in the Metro Vancouver area have experienced restrictions on the ability to adjust and/or grow their space requirement due to limited available space. Recently, the industrial market has normalized, and we are now able to accommodate different sized occupants as the market balances out with additional inventory coming available. Even with the instability of the economy, there continue to be migration to

Metro Vancouver. The demand for the area will continue to see the demand for industrial space remain strong. By working with the different levels of government, we can facilitate more available land to help feed this demand.”

Irene Au
Vice President,
Leasing, QuadReal Property Group



Market Update

Increased availability driven by uptick in large block opportunities

▲ 3.0%

Availability Rate

▲ 591K

SF Net Absorption

▼ 6.8M

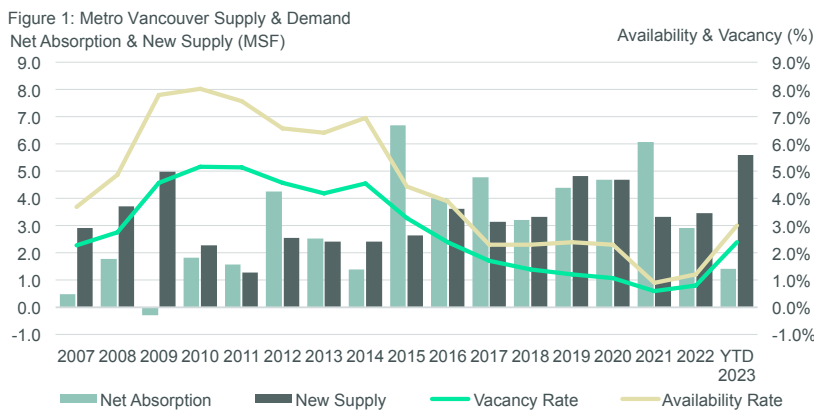
SF Under Construction

▼ 21.80

PSF Avg. Asking Lease Rate

Overview

- Overall availability for the Metro Vancouver market continues to rise, up 60 basis points (bps) quarter-over-quarter to 3.0%, marking a 5-year high. Availability within large format industrial space remains elevated although not all opportunities are designed for transportation or logistics related users.
- Sublease availability is on the rise, requiring landlords to be creative and competitive in order to attract deal activity.
- Average asking lease rates experienced a quarterly decline of 1.3%, now sitting at \$21.80 per sq. ft. for the Metro Vancouver market. This marks the first-time lease rates have declined in the past three years.
- New supply deliveries for Q3 2023 totalled 1.9 million sq. ft. and have pushed the year-to date total to historical high of 6.8 million sq. ft. Quality inventory featuring higher ceiling heights and dock loading should continue to attract demand, however, pace of construction is expected to slow in the coming quarters as debt servicing and construction costs remain elevated.



Source: CBRE Research, Q3 2023.

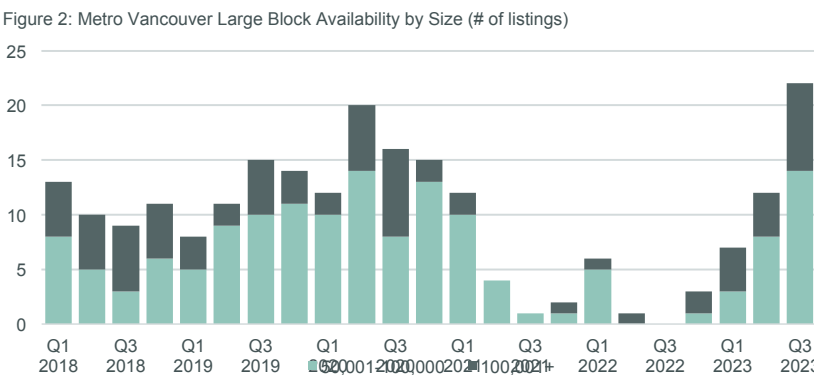
Large block availability on the rise

While demand for best-in-class inventory remains strong as noted by extensive precommitment activity within large format product currently under construction, listing activity of numerous large blocks of existing inventory has pushed availability rates up 60 bps quarter-over-quarter to a 5-year high of 3.0%. Within these blocks of availabilities, numerous listings feature lower clear height and/or lower dock loading ratios, which don’t necessarily match the modernized requirements of distribution and logistics occupiers. As a result, availabilities for spaces 50,000 sq. ft. or larger have reached a five year high of 22 listings, demonstrating significant growth from this time last year, when there was no available spaces.

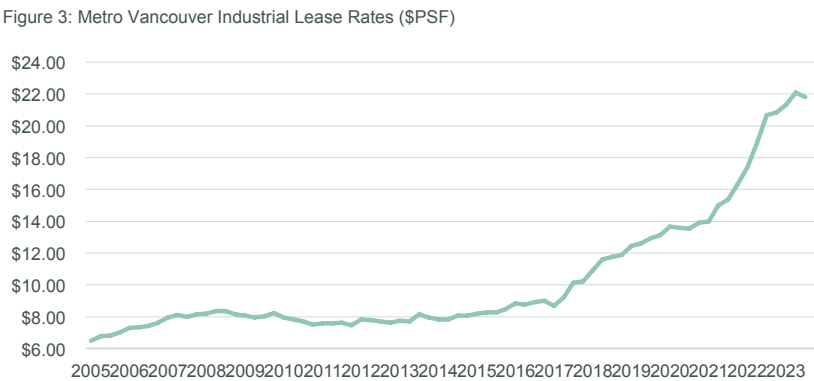
Demand in previous years came at the hand of industrial occupiers attempting to maintain inventory levels amongst global supply-chain disruptions and growing consumer demand. Recent contractions in demand can be attributed to a number of factors including stabilizing inventory levels and increasing occupancy costs. Ultimately this has caused vacancy and availability rates to more than double yearover-year.

A temporary plateau in lease rate growth

Average asking lease rates for the Metro Vancouver market experienced a modest decline of 1.3% quarter-over-quarter and now sit at \$21.80 per sq. ft. Increased availability rates provide occupiers with a wider selection of options, have reduced the need for frenzied bidding processes and allow the opportunity to engage the open market to determine the best solution for their real estate needs. In order to contest with the open market, face rates have reached a temporary plateau as landlords must consider what their competitors could offer. This includes sublease availabilities with asking rents below current market lease rates, asking rental rate reductions and in some cases increased incentive packages. Each offer their own unique solution and would justifiably garner increased activity.



Source: CBRE Research, Q3 2023.



Source: CBRE Research, Q3 2023.

Market Update

Record new supply, coming to an end?

Construction deliveries in Q3 2023 totalled 1.9 million sq. ft., of which 84.3% was pre-committed. This brings the year-to-date total to 5.6 million sq. ft. which marks a historical high for the Metro Vancouver region. Of the 6.8 million sq. ft. currently under construction, pre-commitment activity totalled 67.1% for the quarter with onethird of remaining available inventory offered for purchase. Both deliveries and active construction activity are even in distribution between markets north and south of the Fraser River, however, large format product is noticeably more prevalent south of the Fraser River primarily because of the availability of large developable tracts of land.

With numerous completions anticipated through the balance of 2023, supply is expected to outpace demand for a second consecutive calendar year. Looking ahead, increased construction costs and debt financing are expected to apply downwards pressure on construction activity allowing room for the market to absorb latent inventory which has been marketed for extended periods of time. However, elevated interest rates continue to significantly impact deal flow in both the existing and under construction strata markets, subsequently applying upwards pressure on availability rates. Until the demand for industrial strata rebounds, development activity within this sector of the market is expected to decline.

Increased sublease availability

Driven significantly through tenant movements into recent new supply, sublease availability has increased to a 5-year high of 1.0 million sq. ft., compromising 16.1% of Metro Vancouver's total availability. This indicator currently sits above the 10- year historical average of 12.1% and significantly above the 3.5% recorded a year ago in Q3 2022. For the most part, these subleases are distributed consistently throughout the region with 60% of total sq. ft. located within the Fraser Valley, however, 4 of the 6 availabilities larger than 50,000 sq. ft. are also located in Valley submarkets. These subleases similarly offer below market asking lease rates as their lease obligations were negotiated years previous in more favorable market conditions

Figure 6: Q3 2023 Vancouver Industrial Market Statistics

	Inventory (SF)	Availability Rate (%)	Vacancy Rate (%)	Net Absorption (SF)	New Supply (SF)	Under Construction (SF)	Net Asking Rent (PSF)	T&O (PSF)	Gross Rent (PSF)
Vancouver	24,002,598	2.9%	2.5%	157,424	55,000	1,234,060	\$22.50	\$8.03	\$30.53
Burnaby	31,462,445	3.2%	2.7%	1,093,728	1,293,100	1,203,429	\$22.17	\$5.77	\$27.94
Richmond	37,646,247	2.3%	1.8%	-140,117	206,188	713,000	\$22.67	\$5.02	\$27.69
Tri-Cities/NW	19,652,241	2.0%	1.6%	63,008	127,677	211,830	\$21.47	\$6.13	\$27.60
Delta/TFN Lands	27,741,375	2.5%	1.9%	-250,131	0	422,815	\$22.53	\$5.14	\$27.67
Surrey	40,754,004	3.9%	2.8%	-400,159	0	1,361,446	\$21.72	\$4.73	\$26.45
Langley	16,103,607	4.1%	3.7%	-107,889	0	56,555	\$20.72	\$4.52	\$25.24
Maple Ridge & Pitt Meadows	4,225,114	5.4%	5.1%	49,576	111,580	864,000	\$21.59	\$3.73	\$25.32
Abbotsford	7,585,779	2.5%	1.6%	102,601	134,500	760,629	\$18.05	\$4.74	\$22.79
North Vancouver	5,377,904	4.1%	2.4%	22,945	0	0	\$19.28	\$8.21	\$27.49
Metro Vancouver	214,551,314	3.0%	2.4%	590,986	1,928,045	6,827,764	\$21.80	\$5.47	\$27.27
Chilliwack	5,236,417	5.2%	3.0%	-4,595	152,756	105,362	\$15.51	\$3.98	\$19.49

Source: CBRE Research, Q3 2023.

Figure 4: Significant Lease Transactions

Size (SF)	Tenant	Address	Submarket	Industry	Deal Type
353,476	Pet Valu	18899 24 Avenue	Surrey	Pet Care	Pre-Lease
195,960	Oceanwell Environmental Resources Inc.	12091 88 Avenue	Surrey	Environmental	New Deal
159,614	Urban Barn Ltd.	1348 Derwent Way	Delta	Retail/ Wholesale	Renewal
126,540	Stryder Motorfreight Canada	13240 Worster Court	Richmond	3PL	Renewal
97,598	Uni-Select Pacific Inc.	91 Glacier St	Coquitlam	Distribution	Renewal

Source: CBRE Research, Q3 2023.

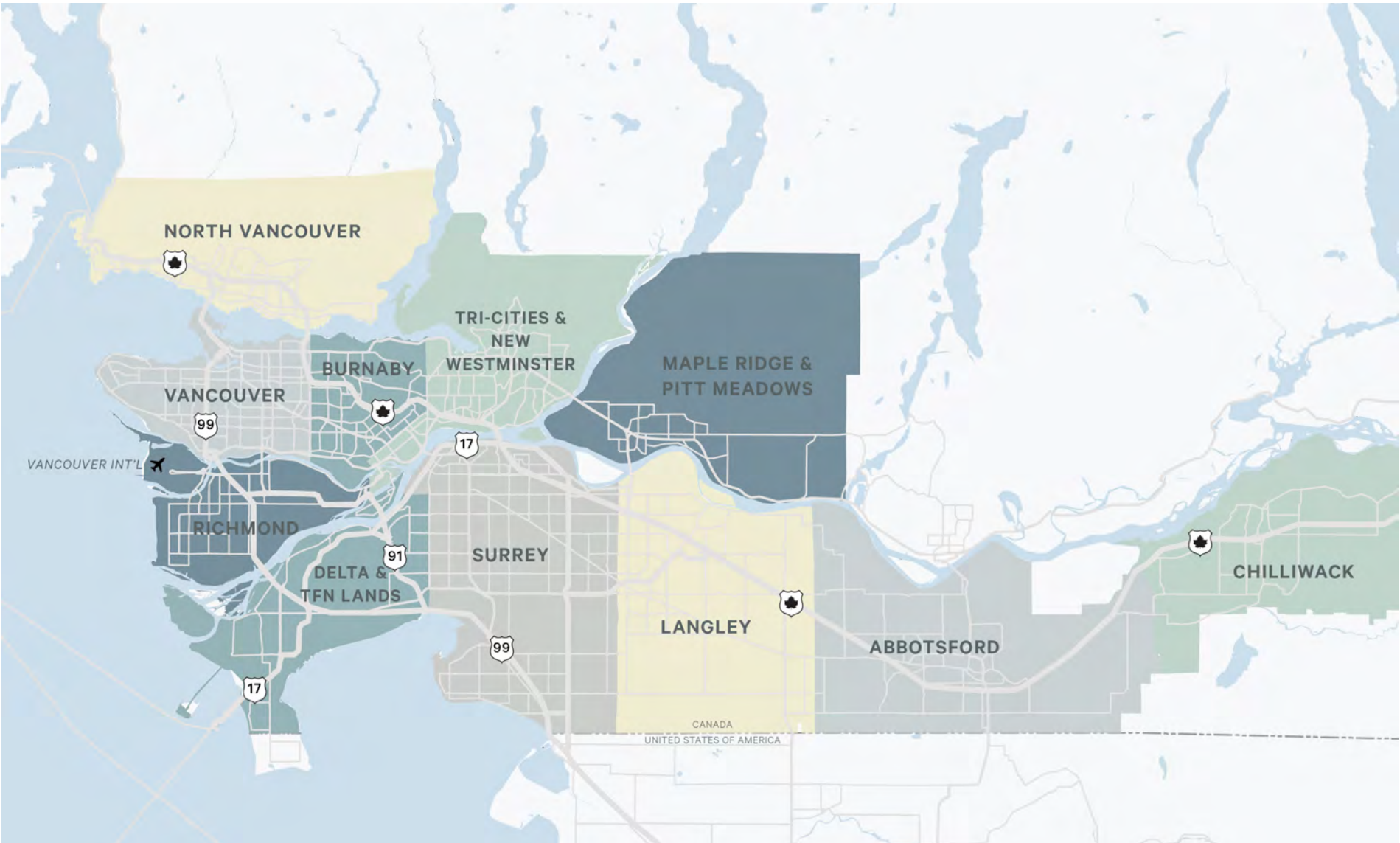
Figure 5: Significant Land & Building Sales Transactions

Size	Price (\$M)	Address	Submarket	Purchaser	Vendor
300,000 SF on 36.6 acres	Confidential	Legacy Pacific Industrial Park	Chilliwack	Bosa Properties	Legacy Pacific Land Corporation
122,379 SF	\$65.0	380 Riverside Road	Abbotsford	Private Investor	Powell Industries Ltd.
149,885 SF	\$63.5	20551 Langley Bypass	Langley	Benchmark Group of Companies	Rockcliffe Estates Ltd.
47,317 SF	\$37.5	1308 Adanac Street	Vancouver	Porte Communities	Union Allied Capital Corp
64,152 SF	\$32.5	1565 Cliveden Avenue	Delta	Dan-D Foods Ltd.	BentallGreenOak

Source: CBRE Research, AltusDataStudio, Q3 2023.

Market Update

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within 60 days; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Inventory: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs

(real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days.

Survey Criteria

Includes all industrial buildings Greater Vancouver. Under Construction: buildings which have begun construction as evidenced by site excavation or foundation work.