

THE NEWSPAPER'S VIEW

Land squeeze threatens to choke economy

Vancouverites obsess about housing prices, driven up by a scarcity of land in the region. They pay far less heed to businesses struggling equally to secure sufficient industrial space at affordable rates.

Yet a good supply of industrial land is as essential to a region's livability as having great neighbourhoods replete with residential housing. It provides a base where jobs are generated and wealth is created. Pretty houses and trendy cafes make for an attractive city, but only if they are supported by manufacturers, warehouses, shippers, distribution centres, railyards and port operations.

A Colliers International research report last week on Vancouver industrial lands points to "a discrepancy between supply and demand in the Metro Vancouver Industrial leasing market."

It reveals the vacancy rate for the sector slipped from nearly four per cent in the third quarter of 2015 down to 2.1 per cent in the fourth, with average rent per square foot jumping from \$8.06 to \$8.24.

The Metro Vancouver regional government notes on its website a constrained land base and strong demand for all types of land uses in a fast-growing economy has put the supply of industrial land here under significant pressure for conversion to residential, retail and commercial uses, all of which have a higher land value.

The dearth of available land and resulting high costs associated with industrial leasing inevitably will slow job growth, discourage businesses from locating or expanding in the region and put pressure on agricultural lands.

In recent years, the shift from industrial to residential has been happening right across the Lower Mainland as municipal lands are redeveloped in the interests of accommodating a growing population.

Municipalities require approval from the Metro Vancouver board to transform their industrial land for residential use, but that does not apply to town centres.

And when people move into an area where there is industrial land, conflict often ensues over noise or pollution, creating pressure on industry to vacate.

Port Metro Vancouver, one of the region's biggest employers, has complained for years that it is running out of land for its multi-faceted operations. The port commissioned a study last month that reveals, based on existing demand and absorption rates, the supply of "trade-enabling land" — land supporting the movement of goods in and out of the region, vital for the local economy — will be exhausted by 2025.

While high housing prices tend to dominate discussion in the region, the industrial land squeeze clearly deserves equal attention.