

ECONOMIC INDICATORS

National

	2017	2018	12-Month Forecast
GDP Growth	1.3%	2.3%	▲
CPI Growth	1.5%	2.6%	▲
Consumer Spending Growth	1.5%	1.5%	■
Retail Sales Growth	3.8%	4.3%	▲

Regional

	Q2 17	Q2 18	12-Month Forecast
Median Wage Rate	\$22.39	\$26.58	▲
Labour Force Population Growth	1.4%	1.6%	■
Unemployment Rate	5.1%	4.7%	▼

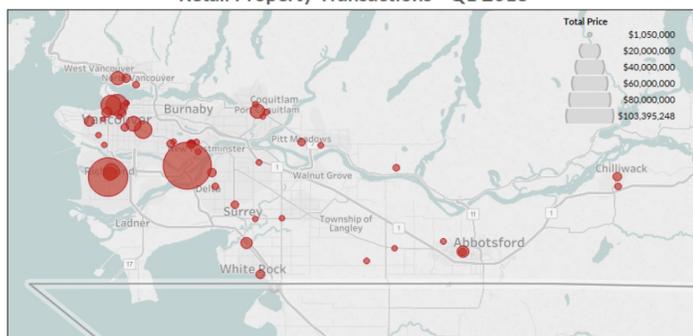
Source: Statistics Canada

Economy

British Columbia's economy, fueled in large part by a strong housing market, is expected to taper off as stringent mortgage rules and a host of new housing taxes (introduced in Budget 2018) come into effect this year. Although growth is expected to continue at a conservative upward pace, the pace of growth as witnessed in recent history is likely not sustainable. The labour market and healthy unemployment rate are expected to remain relatively stable, putting upward pressure on wages. Recent announcements of minimum wage increases and increases in government spending on daycare, are expected to help offset the high cost of gasoline prices, driven in part by an increase in the carbon tax.

Source: RBC Economics

Retail Property Transactions - Q1 2018



Source: Realnet

Market Overview

An indicator of British Columbia's booming economy and strong retail sales growth is that several Metro Vancouver shopping centres are currently either expanding and/or redeveloping. Despite the rise in eCommerce, shopping malls across the region such as Park Royal, Oakridge Centre, Brentwood Town Centre, Lougheed Town Centre and others, are redeveloping to refresh their looks, add square footage, or build condominium towers on mall parking lots.

The second phase of McArthurGlen Group's outlet mall near Vancouver International Airport is tentatively set to open by the spring of 2019 and will be 84,000 square feet (sf). A future third phase is planned, which will add another 65,000 sf. This outlet centre is the number one sales performer in Canada with a reported \$1,220 in sales per square foot (psf) per annum, which also ranks it in third place in B.C. only behind Oakridge Centre at \$1,579 psf and Pacific Centre at \$1,531 psf.

Source: International Council of Shopping Centres (ICSC)

Shape Properties and HOOP (Healthcare of Ontario Pension Plan) are redeveloping a 28-acre site in Burnaby, referred to as "The Amazing Brentwood". Up to 11 residential towers will be constructed on the site; some as high as the Trump Tower in downtown Vancouver at 600 feet. The project is under way with several new shops, dining venues, and entertainment areas set to arrive in 2019. By far the largest of all retail developments in Vancouver is QuadReal's planned redevelopment of a 28.5-acre site at Cambie Street and West 41st Avenue, which includes Oakridge Centre. Featuring both one and two levels of retail and office space, this "mini city" will have 10 towers of varying heights and three mid-rise buildings with commercial, office, and residential uses (including social housing and market rental units) as well as a 100,000-sf civic centre with a new library, daycare, seniors centre, and community centre.

In West Vancouver, Park Royal is in the final stages of its multi-year redevelopment. Larco's plan is to provide an exceptional and unique shopping experience for customers as it continues to evolve as one of Metro Vancouver's more prominent and innovative destinations; striving to become a community within a community where patrons can eat, shop, and play. A complete 400,000-sf upgrade to the north side was completed in December 2017, in addition to the south side's 1,000,000-sf extensive facelift completed earlier that year. An exciting addition to the complex is Cineplex's 45,000-sf cinema, located on the south side on Marine Drive.

Street Front Lease Rates

SUBURBAN AREAS

SUBURBAN	AREA	RATE MIN	RATE MAX
Abbotsford	Central	\$ 20.00	\$ 32.00
Abbotsford	Sumas	\$ 15.00	\$ 45.00
Burnaby	Hastings – Boundary / Gilmore	\$ 25.00	\$ 40.00
Burnaby	Kingsway – Willingdon / Royal Oak	\$ 25.00	\$ 45.00
Burnaby	Kingsway / Metrotown	\$ 30.00	\$ 50.00
Delta	Scott Road	\$ 20.00	\$ 35.00
Langley	City	\$ 15.00	\$ 35.00
Langley	Township	\$ 20.00	\$ 40.00
New Westminster	Downtown	\$ 12.00	\$ 40.00
New Westminster	Uptown	\$ 12.00	\$ 50.00
North Vancouver	Lonsdale Avenue	\$ 25.00	\$ 50.00
North Vancouver	Marine Drive	\$ 25.00	\$ 50.00
Richmond	No. 3 Road	\$ 30.00	\$ 50.00
Surrey	Fleetwood / Cloverdale	\$ 18.00	\$ 40.00
Surrey	Newton	\$ 18.00	\$ 35.00
Surrey	North Surrey	\$ 30.00	\$ 45.00
Surrey	South Surrey	\$ 25.00	\$ 50.00
Tri Cities	Coquitlam, Port Coquitlam, Port Moody	\$ 20.00	\$ 45.00

CENTRAL AREAS

CENTRAL	AREA	RENT MIN	RENT MAX
Vancouver	Alberni	\$ 150.00	\$ 250.00
Vancouver	Broadway / Cambie	\$ 30.00	\$ 60.00
Vancouver	Broadway / MacDonald	\$ 35.00	\$ 60.00
Vancouver	Chinatown / Crosstown	\$ 20.00	\$ 40.00
Vancouver	Commercial Drive	\$ 25.00	\$ 65.00
Vancouver	Denman – Davie	\$ 50.00	\$ 70.00
Vancouver	Dunbar	\$ 30.00	\$ 40.00
Vancouver	Gastown	\$ 40.00	\$ 60.00
Vancouver	Granville – Downtown	\$ 30.00	\$ 120.00
Vancouver	Granville – Broadway / 16th	\$ 45.00	\$ 80.00
Vancouver	Kerrisdale	\$ 40.00	\$ 55.00
Vancouver	Kingsway	\$ 20.00	\$ 40.00
Vancouver	Kitsilano / West 4th	\$ 30.00	\$ 75.00
Vancouver	Main Street	\$ 35.00	\$ 55.00
Vancouver	Robson	\$ 120.00	\$ 225.00
Vancouver	West 10th	\$ 25.00	\$ 35.00
Vancouver	Yaletown	\$ 30.00	\$ 65.00
Vancouver	UBC	\$ 45.00	\$ 75.00

Lease rates are based on the data from a collection of current listings from multiple sources including Loopnet, Spacelist, and brokerage firms' websites.

New Stores in 2018

With Sears announcing the final Canada-wide closures at the end of 2017, many landlords in British Columbia continue to struggle with how to either back-fill that space, renovate existing locations, or demolish and rebuild to appeal to today's shopper. Cadillac Fairview is weighing their options on what they will do with the 100,000-sf space that Sears vacated at Richmond Centre; tear it down and build something new or complete an extensive renovation. In Burnaby, Concord Pacific is proposing to transform its former Sears space into a residential condominium development. In many other instances, the void in the market will benefit larger retailers such as Walmart and may create opportunities for store brand retailers such as Lululemon and Aritzia as demographics for the traditional Sears consumer demonstrate a middle-aged population in smaller suburban communities.

Despite all of the doom and gloom surrounding mid-level retail stores closing, both high-end and low-end retail, as well as food service locations, continue to perform well. Several new bricks and mortar stores will be opening, or have recently opened, in Vancouver including Canada Goose at Pacific Centre, Native Shoes at 14 Water Street, COS, which is H&M's sister store and will be the first Western Canadian location, at 18 Water Street,

Brunette the Label at 231 Union Street, which is the kitchy retailer's flagship store in Chinatown, as well as Herschel Supply Company which opened its flagship store at 347 Water Street in Gastown.

Outlook

Pop-up retail is becoming more popular than ever in Canada and Metro Vancouver is no exception. Although the space is temporary, the concept seems to be long lasting. In recent history, pop-up stores were popular around Christmas and other holiday seasons as a means to capitalize on the seasonal shopping flurry. Today there are places such as Nordstrom at CF Pacific Centre, which features a constant pop-up rotation with brands such as Nike and The North Face. It is expected that this trend will continue to gain widespread popularity through 2018.

With the legalization of marijuana coming later this year, new zoning is now in place for the "Cannabis Store" designation which will replace "MMRE (Medical Marijuana Related Use)" so that pot shops also selling non-recreational marijuana can operate under city regulations. Licensed cannabis retail stores will be the only locations where federally approved non-medical cannabis can be purchased legally in Vancouver. Retail space could return to the market as demand from cannabis retailers decreases as regulations start to become more defined. As of October 17th, stores will be able to sell dried and fresh cannabis, as well as oils, seeds and seedlings. A framework for edibles could come within a year.

MARKETBEAT

Vancouver, BC

Retail Q2 2018



Key Lease Transactions Mid-Year 2018

PROPERTY	SF	SELLER/BUYER	PRICE / SF	SUBMARKET
3057 Grandview Highway	22,225	Canada Computers	New Lease	Vancouver
4508-4560 Dunbar Street	18,439	London Drugs Limited	New Lease	Vancouver
2302 West 4th Avenue	16,000	Shoppers Drug Mart Inc.	New Headlease	Vancouver
16144 84th Avenue	10,000	LGN Enterprises Inc.	New Lease	Surrey
1308 Lonsdale Avenue	5,514	Hub Restaurant Group BC Ltd.	New Headlease	North Vancouver
5021 Kingsway	5,044	Ledingham McAllister Properties Ltd	New Sublease	Burnaby
3292 Production Way	4,860	Mac's Convenience Stores Inc	New Headlease	Burnaby
3618 Broadway West	4,000	Spicy 6 Fine Indian Cuisine	New Lease	Vancouver
3960 Chatham Street	4,000	S&S Fitness Centre	New Headlease	Richmond
Pacific Centre	4,000	Canada Goose	New Lease	Vancouver

Key Sales Transactions Mid-Year 2018

PROPERTY	SF	SELLER/BUYER	PRICE / SF	SUBMARKET
Starlight Casino	149,620	Gateway Casinos & Entertainment Ltd. / Mesirow Financial	\$103,395,248.00 / \$961	New Westminster
2211 West 4th Avenue	64,381	Salt Lick Projects Ltd. / Bonnis Properties	\$80,500,000 / \$1,250	Vancouver
Richmond Centre	790,000	Ivanhoe Cambridge / AIMCo	\$69,783,066 / \$88	Richmond
Sumas Mountain Village	93,583	Abbotsford Camp & R.V. Park / GWL Realty Advisors	\$65,800,000 / \$703	Abbotsford
Guildford Place Mall	49,625	Guildford Shopping Mall Management Inc. / Guildford Mall Holdings Ltd.	\$38,000,000 / \$766	Surrey
Granville at 70th	47,485	Crombie REIT / Northam Realty Advisors Ltd.	\$36,923,500 / \$1,555	Vancouver

Significant Projects Under Construction and Planned

PROPERTY	SF	MAJOR TENANT(S)	SUBMARKET	COMPLETION DATE
The Amazing Brentwood	1,100,000	n/a	Burnaby	Q3 2018
Tsawwassen Commons	555,000	Walmart, Rona, Canadian Tire, Sport Chek	Delta	Q3 2018
Oakridge Town Centre	84,000	Boutique hotel, public ice surface, and water play area	Vancouver	n/a
River District	259,182	Save-On-Foods, TD Bank, Starbucks Westminster Savings, Everything Wine	Vancouver	Q1 2017-Q4 2019
Lower Lynn Town Centre	120,000	n/a	North Vancouver	n/a

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MARKETBEAT

Vancouver, BC

Retail Q2 2018



Around the corner and across the world, Cushman & Wakefield is the center of retail. Our 1,400-member global team has the expertise, experience, and resources to provide comprehensive, integrated, and innovative real estate services to retail occupiers, landlords and investors, regardless of the size, scope or location of the assignment. From urban high streets to suburban centers, retail parks, and factory outlets, Cushman & Wakefield retail specialists leverage industry experience and a global perspective to align brands to opportunities, provide clients with intelligence for smart decision making, and market properties and available space worldwide.

Helping clients transform the way people work, shop, and live

THE CUSHMAN & WAKEFIELD EDGE

MULTI-SERVICE RETAIL PLATFORM

Through the resources of professionals in more than 250 offices, Cushman & Wakefield meets clients' leasing, selling, and financing needs, delivers portfolio solutions across geographies, values and appraises retail real estate, educates with thought-provoking data, financial and research analytics, assists in project development, and delivers facility services.

FUTURE-FORWARD APPROACH

We deploy talent to meet the omni-channel, global real estate needs of the retail industry, and develop strategies and solutions that encompass technology, e-commerce, global supply chain logistics, and the quickening pace of demographic and social change.

GLOBAL COLLABORATION

Collaboration and information sharing are the keys to successful global client service. Cushman & Wakefield has a cross-border retail network of professionals who work together to help retailers meet their business needs in the Americas, Europe, and Asia. Our professionals engage in consistent dialogue across time zones and geographies to stay abreast of the changing pace of the industry.