

## ECONOMIC INDICATORS

National			
	2016	2017	12-Month Forecast
GDP Growth	1.3%	1.7%	▲
CPI Growth	1.5%	2.1%	▲
Consumer Spending Growth	1.5%	4.5%	■
Retail Sales Growth	3.8%	6.7%	▲

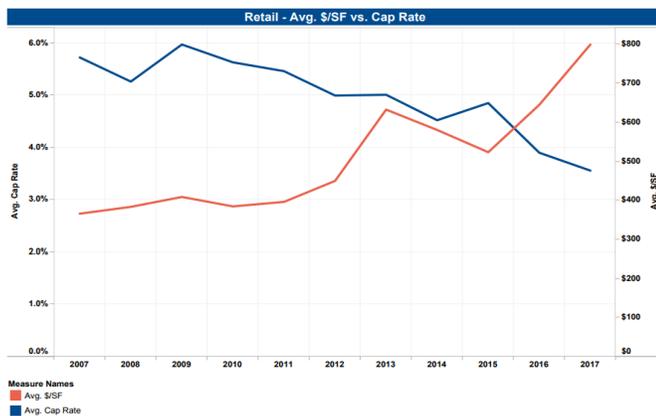
Regional			
	Q4 16	Q4 17	12-Month Forecast
Median Wage Rate	\$22.95	\$26.58	▲
Labour Force Population Growth	1.3%	-0.9%	■
Unemployment Rate	5.8%	5.2%	▼

Source: Statistics Canada

## Economy

British Columbia's economy has been strong, averaging 3.5% annual growth for the past four years. This is due in part to its resilience of the cooling housing market, the strongest job market in the country, consumer confidence, and an influx of job seekers from neighbouring Alberta, since the recession began in that province in 2015. It is expected that this positivity will continue well into 2018, but at a slightly tempered rate. The uncertainty of NAFTA will not have a substantial effect on the province as it is the least dependent on the US market. However, the economic risk for lumber exports could pose a potential threat if tariffs remain high and a resolution to the dispute is not resolved quickly.

Source: RBC Economics



Source: Realnet

## Market Overview

In large Canadian cities, including Vancouver, consumers are still opting to spend their money in shopping centres; however, the experience and landscape has had to evolve in order to compete with e-commerce. The e-commerce market, where consumers and businesses can buy and sell products and services exclusively through electronic channels, has been steadily growing over the past decade. To help combat this, landlords are creating community centres, similar to town squares, where people are encouraged to shop for fashion, socialize with friends, or even sit down and have a meal in an established restaurant – a stark difference from the traditional food court.

Retailers based in Canada had a strong 2017, with reported sales increases in excess of 40%, which is three times greater than the annual growth that was initially projected back in 2016.

Loyalists of Muji, a Japanese retailer, had to wait some time for its Vancouver location to open but the good news is that the new 14,507-square foot (sf) downtown store (the former location of the Gap) will carry over 4,500 products. This will be the company's largest location both in Canada and outside of Asia. In comparison, the Metrotown location which opened on August 25<sup>th</sup> 2017, is 7,770 sf and offers 4,000 items.

Meanwhile, at Metropolis at Metrotown, UNIQLO opened its first store in the Metro Vancouver area. Taking up approximately 20,800 sf over two floors, the store will feature a range of core items for men, women, children, and babies; apparel that “comes from the Japanese values of simplicity, quality and longevity”. Another hot retailer, Sugarfina, opened its first standalone Canadian location in the same mall on November 1<sup>st</sup> 2017. The 1,098-sf retail space is located on the mall's ground floor. Sugarfina has confirmed that the company intends on operating standalone stores in Vancouver as well as Toronto, with as many as 10 locations throughout Canada in the coming years. Until now Sugarfina has only been available in a handful of Canadian retailers, including five shop-in-stores inside Canadian Nordstrom locations.

## New Casino in Town

Parq Vancouver, a high-end 134,000-sf casino, opened in October 2017 to much opulence and fanfare. This new international entertainment destination is located in downtown Vancouver, and is located next to BC Place Stadium. Parq Vancouver features two luxury hotels which include a JW Marriott and the Douglas, an Autograph Collection Hotel. Both hotels provide guests access to Parq Vancouver's wide range of amenities such as the casino, eight diverse restaurants and lounges, a 30,000-sf park with native trees located 6 floors above street level, a world class spa, a modern fitness studio and more. Parq Vancouver also includes over 60,000 sf of well-appointed, flexible meeting and event spaces, featuring Vancouver's largest hotel ballroom.

## 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.

### Willoughby Town Centre

Capitalizing on the demand for customer satisfaction, converting a “trip to the mall” into a shopping experience, Willoughby Town Centre welcomes Oxygen Yoga & Fitness. They join several independent retailers as well as nationally recognized names such as Shoppers Drug Mart, RBC, and YIG (Your Independent Grocer). Willoughby Town Centre is the Fraser Valley’s only master plan, intergenerational, pedestrian oriented, socially active retail, commercial and multi-family development. Forming a vital centre within Langley Township, it is situated in the heart of Willoughby, one of the fastest growing communities in Metropolitan Vancouver.

### The Evolution and Demise of Sears

When Sears first came to Canada in 1952, under the parent company Sears Roebuck & Co, it was predominantly a seller of merchandise by mail, via the company’s popular catalogue. Somewhat ironic is what lead Sears to its demise is loosely based on the model that characterized it, e-commerce. Online selling has forced many retailers out of business in recent years, and with the decline of department store shoppers, Sears was not guarded against the online powerhouses that dot the landscape today. There are many high-end options for online shopping (The Bay, Nordstroms, even Holt Renfrew) and for low cost, there is Amazon and Walmart. Middle-of-the-road stores such as Sears seem to have lost their footing.

### Oakridge Centre's new owners to redesign redevelopment project

QuadReal Property Group, the new owners of Oakridge Centre (since acquiring the 28.4 acre property from longtime mall owner and operator Ivanhoe Cambridge, earlier this year), have retained Westbank to help with a redesign that will better reflect an inspiring residential, shopping, and business community; a look that has already been approved by the City of Vancouver. However, due to the discovery of an aquifer in 2015, the already approved 2014 design has had to be revisited and a third plan was unveiled in early December which includes a drastically improved park and larger civic centre.

### Outlook

Luxury Row continues to expand in the Alberni Street corridor, located between Thurlow and Burrard Streets. Swiss luxury conglomerate Richemont Group is building three high-end boutiques; a two-storey Van Cleef & Arpels which will be located adjacent to the Swiss watch manufacturer IWC Schaffhausen and just down the street from Italian watch manufacturer Officine Panerai (at 1008 Alberni Street). All three Vancouver Richemont boutiques will be second locations for the brands in Canada.

Not too far away, Vancouver’s 1<sup>st</sup> Chopard boutique opened this past fall at 925 West Georgia Street. They are now neighbours to world-class brands including Tiffany & Co, Dior, Louis Vuitton, Prada, De Beers, Hublot, Rolex (largest store on the continent), Saint Laurent, Moncler, Versace, Bruno Cucinelli, and Escada. Jimmy Choo’s will open early next year at 1025 Alberni (replacing retailer m0851), and sources confirm that Montecristo Jewellers will replace the Italian Kitchen restaurant location at 1037 Alberni Street.

## Key Lease Transactions Year-End 2017

PROPERTY	SF	SELLER/BUYER	PRICE / SF	SUBMARKET
1033 Robson Street	29,000	Indigo	New Lease	Vancouver
Willowbrook Shopping Centre	20,030	H&M	New Lease	Langley
4560 Dunbar Street	18,439	London Drugs	New Lease	Vancouver
1125 Robson Street	14,507	Muji	New Lease	Vancouver
Ocean Pointe (1688 152nd Street)	4,916	Prospera Credit Union	New Lease	Surrey
Clearbrook Plaza (2655 & 2677 Clearbrook Road)	4,772	Crosstown Mortgage Group	New Lease	Abbotsford
2141 Burrard Street	4,575	Majestic Furniture Ltd.	New Lease	Vancouver
Redwood Square (3189 King George Boulevard)	4,487	Anytime Fitness	New Lease	Surrey
Northgate Village (3433 North Road)	4,354	Speed Up Education	New Lease	Burnaby
1069 Alberni Street	4,000	Van Cleef & Arpels	New Lease	Vancouver

## Key Sales Transactions Year-End 2017

PROPERTY	SF	SELLER/BUYER	PRICE / SF	SUBMARKET
1379 - 1439 Sumas Way *	102,708	Sumas Way Home Centre Ltd. / Sumas Way Home Centre Ltd.	\$35,000,000 / \$341	Abbotsford
Taylor's Crossing *	44,000	Taylor's Crossing Equities Inc. / Hungerford Properties	\$24,000,000 / \$545	North Vancouver
901 West Broadway	12,390	Transworld Management Ltd. / Almunir Remtullah & Co.	\$22,500,000 / \$1,815	Vancouver
3003 - 3033 Grandview Highway	36,529	Grantham Holdings Ltd. / Glassman Property Management	\$21,500,000 / \$589	Vancouver
Galileo on Robson	17,515	629486 B.C. Ltd. / Amacon Development Corp.	\$16,200,000 / \$925	Vancouver
1705 Marine Drive	8,228	The YMCA of Greater Vancouver Foundation / Golco Enterprises Ltd.	\$16,000,000 / \$1,945	West Vancouver
1110 Robson Street	3,650	Bodie Investments Ltd. / Aritzia	\$15,400,000 / \$4,219	Vancouver

\* Share Sale

## 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	Q1 2018
Oakridge Town Centre	84,000	Boutique hotel, public ice surface, and water play area	North Vancouver	
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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## About Cushman &amp; Wakefield

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MARKETBEAT

# Vancouver, BC

Retail Q4 2017



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**

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### 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

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### About Cushman & Wakefield

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