

ECONOMIC INDICATORS

National

	2017	2018	12-Month Forecast
GDP Growth	1.7%	2.1%	▲
CPI Growth	2.1%	2.2%	▲
Consumer Spending Growth	4.5%	1.5%	■
Retail Sales Growth	6.7%	2.7%	▲

Regional

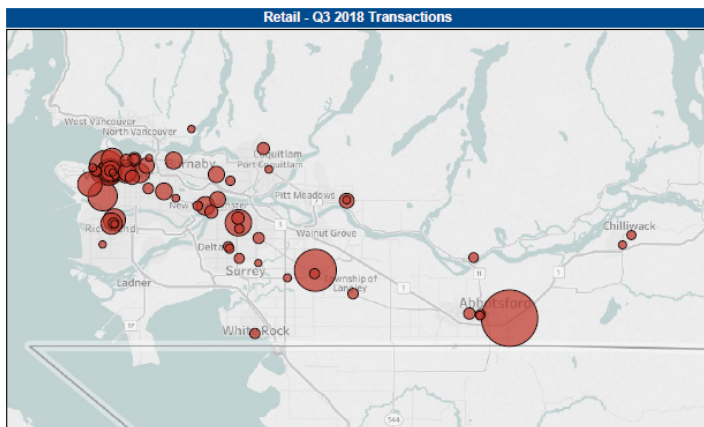
	Q4 17	Q4 18	12-Month Forecast
Median Wage Rate	\$26.58	\$26.98	▲
Labour Force Population Growth	-0.9%	1.4%	■
Unemployment Rate	5.2%	4.4%	▼

Source: Statistics Canada

Economy

The housing market in British Columbia was a drag on the economy in 2018 and will likely continue to do so into 2019 due to continued housing unaffordability and an unsustainable pace of growth. On a more positive note the recently announced LNG project in Kitimat got the green light and is anticipated to boost GDP growth in the province to 2.6% in 2019 and even higher in 2020. Construction of the export terminal and associated pipeline will generate an estimated 10,000 jobs. LNG Canada has indicated that it will spend \$18 million in Canada in its first five-year phase, with the majority of that spending located in British Columbia.

Source: RBC Economics



Source: Realnet

Market Overview

Canadian retail sales increased by 2.7% through to October 2018, compared to 6.7% at this same point in 2017. E-commerce continues to impact bricks-and-mortar retailers, giving rise to the growing trend by enclosed mall owners to rejuvenate their properties and incorporate experiential retail in an effort to draw shoppers to their retail centres.

After 95 years of prohibition under the *Narcotics Drug Act Amendment Bill* of 1923, Canadian retailers are able to legally sell cannabis as of October 17th, 2018. On that date, British Columbia only had one government store open, located in Kamloops, largely due to the lack of government preparedness, stringent requirements and lengthy processes for approval and issuance of licenses. The province thereafter approved two private stores in the southeastern town of Kimberley, and subsequently two more stores in Vancouver's Central Business District.

The successful 240,000-square foot (sf) McArthur Glen Designer Outlet Vancouver Airport launched construction of a smaller-than-expected, yet long-awaited, 84,000-sf second phase (originally reported to be 140,000 square feet (sf) in March 2018 which is anticipated to open in the spring of 2019.

Lululemon Athletica Inc. (Nasdaq:LULU), the largest B.C.-based retailer ranked by market capitalization, had a successful and eventful 2018, complete with new CEO Calvin McDonald taking the corporate reins in August. The company's shares hit an all-time high the following month, and Lululemon's sales projections for 2018 subsequently increased to between US\$3.19 to \$3.24 billion from prior predictions of just over US\$3 billion.

Starbucks opened its largest Vancouver store in December 2018, its new Starbucks Reserve Bar concept located at 700 West Pender Street (at Granville) in the CF Pacific Centre. This location will offer more comfortable and larger seating options and some of the more rare and exclusive small-lot coffees in the Starbucks line. This is the fourth Starbucks Reserve Bar format to open in Canada, earning Vancouver the distinction of being the only city in the country to offer two of these premium Starbucks specialty coffee experiences.

Rumours swirled in May 2018 that Hudson's Bay Company (TSX:HBC) and partner RioCan Real Estate Investment Trust (TSX:REI.UN) were set to sell HBC's flagship Vancouver store, at the corner of Georgia and Granville streets, to an Asian buyer for \$675 million. The deal, however, fell through, and HBC and RioCan are now said to be considering redeveloping the property on their own.

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	\$ 40.00	\$ 70.00
Surrey	Fleetwood / Cloverdale	\$ 18.00	\$ 40.00
Surrey	Newton	\$ 18.00	\$ 35.00
Surrey	North Surrey	\$ 15.00	\$ 30.00
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	\$ 50.00	\$ 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	\$ 75.00	\$ 80.00
Vancouver	Kerrisdale	\$ 50.00	\$ 55.00
Vancouver	Kingsway	\$ 20.00	\$ 40.00
Vancouver	Kitsilano / West 4th	\$ 60.00	\$ 75.00
Vancouver	Main Street	\$ 35.00	\$ 60.00
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.

CONSTRUCTION BOOM STILL GOING STRONG

Oakridge Centre has been the shopping destination of Vancouver's west side since the 1950s. The opening of the Canada Line in 2010 created an opportunity to re-envision the site as a new civic centre. The introduction of significantly more residential and office space, community amenities, a nine-acre public park and arts programming will transform the site from an urban shopping centre into a vibrant, sustainable and diverse "cultural hub" that will attract visitors from all over Metro Vancouver and beyond.

Oakridge Centre is located at the geographic centre of the City of Vancouver at West 41st Avenue and Cambie Street. The Canada Line connects Oakridge to both the downtown core and Vancouver International Airport.

Construction of the new Oakridge Centre will take place in two phases, lasting 3 – 4 years each, with the first phase of housing and public amenities opening in 2022 and the entire project slated to be complete by 2026.

Although no official announcement has been made, we have learned that there is a 100,000-sf centralized Kitchen, a step above the average food court, consisting of a main floor food hall of approximately 65,000 sf with a 35,000-sf second level that will house a brew pub and karaoke bar.

Renderings have also been released for downtown Vancouver's redevelopment of the Canada Post building, (renamed The Post). In addition to the office component, there will be a significant retail aspect, with 200,000 sf of retail space spanning the lower floors of the podium. The Post will be the largest new, purpose-built retail addition to the downtown Vancouver peninsula in almost two decades. There will be a large format grocery store, a variety of food offerings, (including restaurants), a food hall concept, grab and go offerings as well as fitness amenities to serve the growing local community of Crosstown. The Post will focus on being a lifestyle and cultural hub where people gather and enjoy local foods, fashion and the arts. It is expected that there will be an outdoor retailer as well as programs that support incubator-style retail.

A large retail space spanning 50,000 sf with a main entrance on Homer Street will be downtown Vancouver's largest grocery store, and a one-of-a-kind food hall, designed by New York-based AvroKO, at 20,000 sf will bring a new food court concept to B.C. For a taste of what to expect, AvroKO designed similarly-sized food halls at China Live and the Dropbox HQ in San Francisco, Hudson Eats and Gotham West Market in New York, and Union Station in Denver.

MARKETBEAT

Vancouver, BC

Retail Q4 2018



Key Lease Transactions Year-End 2018

PROPERTY	SF	TENANT	LEASE TYPE	SUBMARKET
1730 Burrard Street	34,507	MCL Motor Cars	Renewal	Vancouver
1101 United Boulevard	30,000	Roots Canada Ltd.	New Lease	Coquitlam
3231 152 nd Street	10,500	Willowbrae Academy	New Lease	White Rock
628 6 th (Sixth) Avenue	10,117	RBC Dominion Securities Inc.	New Lease	New Westminster
Eastlake II	7,000	Trees Organic	New Lease	Burnaby
220-238 East 1 st Avenue	4,549	Eastside Flea Inc.	New Lease	East Vancouver
1014 Homer Street	4,223	Euroline Appliances West Ltd.	New Lease	Yaletown
Pacific Centre (700 West Pender Street)	3,839	Starbucks Reserve Bar	New Lease	Vancouver
980 Cambie Street	3,834	Modern Beauty Supplies Inc.	New Lease	Vancouver
Westside Village	3,550	Browns Social House	New Lease	Victoria

Key Sales Transactions Year-End 2018

PROPERTY	SF	SELLER/BUYER	PRICE / SF	SUBMARKET
3550 Lougheed Highway	94,367	Mercedes-Benz / Dilawri Group of Companies	\$52,038,877 / \$551	Vancouver
550 Terminal Avenue	N/A	Mercedes-Benz / Dilawri Group of Companies	\$37,697,840	Vancouver
Logan Creek Plaza	76,831	M.E.M. Holdings Ltd. / 1160357 B.C. Ltd. & 1160361 B.C. Ltd.	\$36,365,000 / \$473	Langley
2180 – 2198 West 4 th Avenue	14,664	Rootman & Sons Investments Ltd. / Low Tide Properties Ltd.	\$30,500,000 / \$2,080	Vancouver
1855 Burrard Street	11,915	Longtrust Real Estate Investment Ltd. / Heiwah Development Corp.	\$25,000,000 / \$2,098	Vancouver
3 Civic Plaza	50,000	Century Group / Surrey City Development Corp. / Kwantlen Polytechnic University	\$23,776,827 / \$476	Surrey
1375 Marine Drive	N/A	Mercedes-Benz / Dilawri Group of Companies	\$21,622,887	North 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 2019
Oakridge Town Centre	1,000,000	Centralized Kitchen, Brew Pub, Karaoke Bar	Vancouver	2026
River District	259,182	Save-On-Foods, TD Bank, Starbucks Westminster Savings, Everything Wine	Vancouver	Q4 2019
The Post	200,000	N/A	Vancouver	N/A
Lower Lynn Town Centre	120,000	N/A	North Vancouver	N/A

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MARKETBEAT

Vancouver, BC

Retail Q4 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.