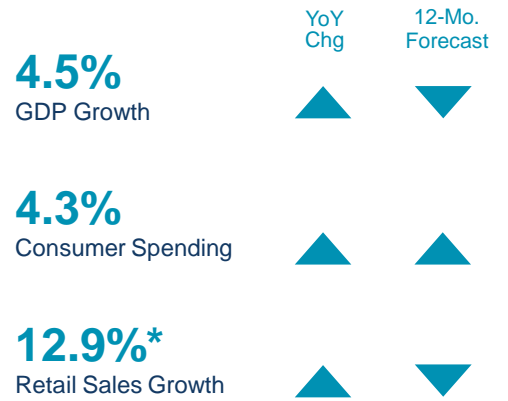


Source: Statistics Canada, Moody's Analytics

CANADIAN ECONOMIC INDICATORS 2021



Source: Statistics Canada, Moody's Analytics
*Estimate based on retail sales data as of November 2021

CANADIAN RETAIL OVERVIEW

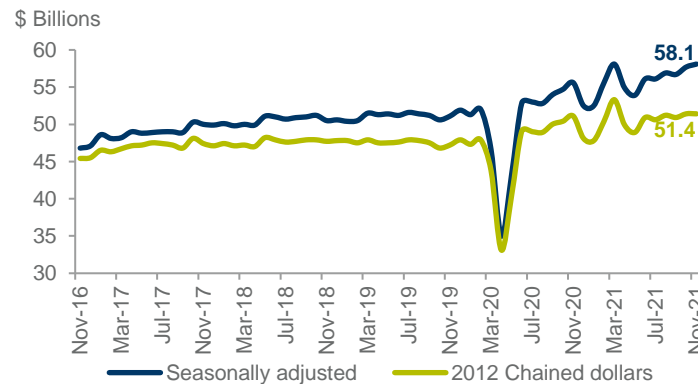
Despite the ongoing pandemic, retail sales reached record highs in 2021. After a grim 2020, where lockdowns led to a drop in retail spending nationwide, 2021 rebounded strongly with decade-high growth; retail sales are forecasted to be up 12.9% from the prior year, and overall sales reached record highs in nominal terms. While certain segments of the economy have seen decreased spending, growth was especially strong in home-related areas such as furniture, garden supplies and pets.

The labour market has been a surprising positive, with Canada exceeding the U.S. in job growth during the pandemic. While overall employment in the U.S. still lags after two years, Canada has more employed people and a lower unemployment rate than before the start of restrictions. Job growth was very uneven, with strong growth in professional services, government and technology, while sectors such as hospitality and food/beverage continue to be hit very hard. The low unemployment rate, combined with growth in high-income professions, has created a positive environment for retail spending.

Earlier Cushman research on industrial product noted that while space has expanded dramatically during COVID-19, employment has declined. The push for automation of industrial assets, along with the taxing nature of warehouse employment and the COVID-19 risks of enclosed environment, have pushed retailers to invest in robotics and labour-saving devices through the retail supply chain.

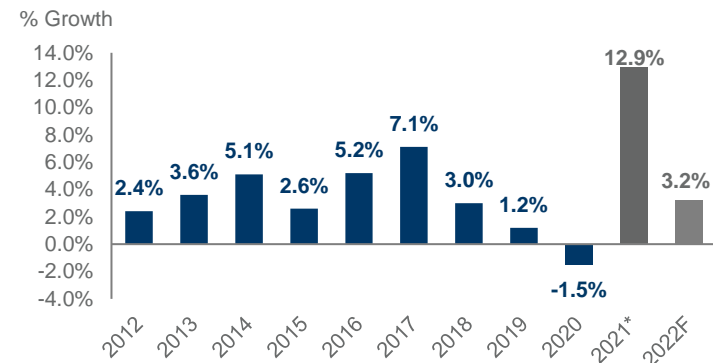
One caution in assessing the retail sales data is the presence of inflation. Statistics Canada and the Bank of Canada reported a 30-year high for inflation in the fourth quarter of 2021, and a significant portion of the lift in retail sales can be attributed to higher prices. In essentials such as food and gasoline, rising retail sales may simply reflect price increases in the marketplace; recent data showed that many staples have increased >20% over the course of the pandemic such as meat, cooking oil and fuel.

CANADIAN MONTHLY RETAIL SALES SEASONALLY ADJUSTED & CHAINED



Source: Statistics Canada

CANADIAN RETAIL SALES GROWTH HISTORIC & FORECAST



Source: Statistics Canada, Moody's Analytics

*Estimate based on retail sales data as of November 2021

FASHION RETURNS AND ONTARIO LAGS

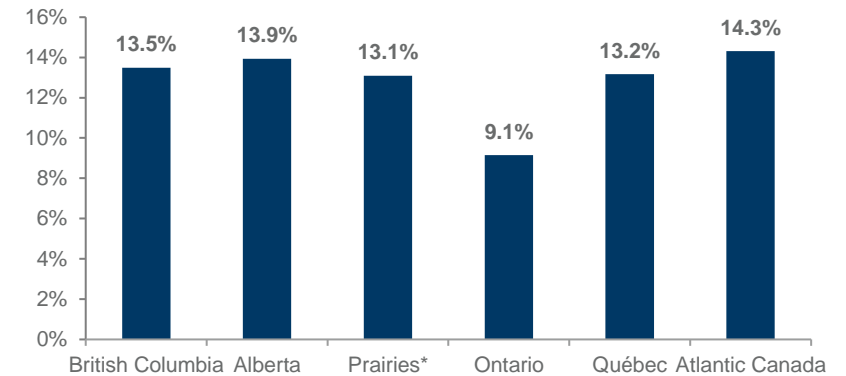
In 2020, Canada saw sharp drops in fashion categories. Country-wide lockdowns meant double-digit declines in fashion staples like shoes, watches, jewelry and clothing. These categories have rebounded strongly in 2021, as re-openings and the return of travel returned shoppers to fashion. Retailers have also adapted, embracing trends such as second-hand/vintage and buy online/pickup in store. While luxury retail has faltered somewhat, this business is more tourism-dependent than other retail and seems likely to return to normalcy once cross-border travel comes back.

Home related purchases have also boomed during the near two-year lockdown, with home furnishings, garden and hardware posting excellent results. The removal of services from large areas of Canada combined with continued work-from-home led to disposable income flowing to all manner of goods, with increased spending on food, alcohol, car parts, personal care and automobiles. Quick-service restaurants have also been remarkably resilient during the pandemic as consumers switched from in-person dining and nights out to pick-up and delivery. We have seen shortages of many common retail items, from swimsuits to used cars, and this scarcity combined with the strong labour market has pushed prices up in many categories.

Retail sales recovered strongly across the country in 2021, with Atlantic Canada surprisingly leading the way. This reflects two trends colliding, a large population migration to the Maritimes – 2021 was a 50-year high in demographic growth in the region – combined with less restrictive lockdowns due to COVID-19. Ontario continues to lag the rest of the country, and a late 2021 return to full lockdown and school closures is unlikely to buoy this number going forward. While Ontario has been the epicenter of housing price growth, it's possible the heavy debt load is impacting retail spending versus the remainder of the country.

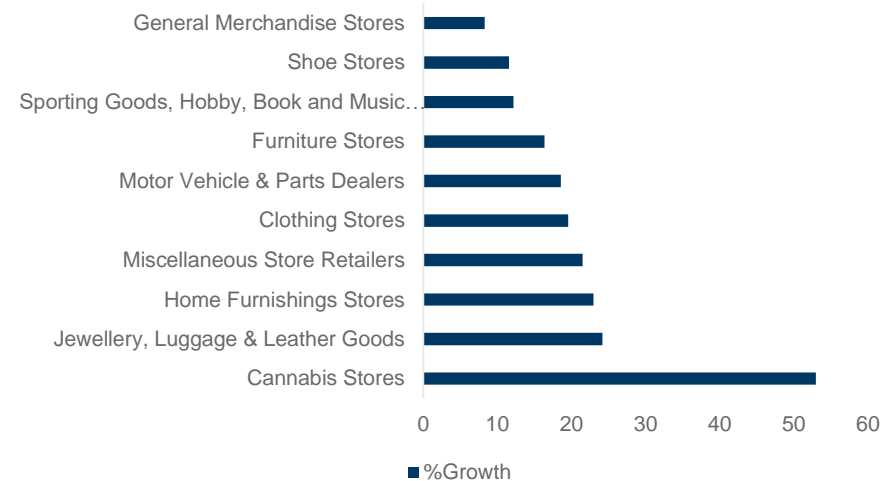
Ontario is also home to the country's largest downtown and financial district, and the widespread office closures reflect the split in retail currently. Suburban centres and grocery-anchored retail have outperformed, while downtown has been waiting for the return of office workers. Recent data from the SRRRA Occupancy Index showed Toronto has yet to reach even 20% of pre-COVID-19 capacity downtown, and currently sits below 10 percent.

RETAILSALES GROWTH NOV. 2020 vs. NOV. 2021



Source: Statistics Canada
* Prairies = Saskatchewan & Manitoba

CANADIAN RETAIL SALES GROWTH BY SUBSECTOR YTD NOV. 2020 vs. YTD NOV. 2021 (TOP TEN)



Source: Statistics Canada

ONLINE RETAIL BOOMS WHILE LARGE RETAILERS CAPITALIZE

Ecommerce adoption still lags the U.S., and online retail has declined from the "first wave" peak in 2020. While ecommerce continues to grow, large areas of retail are still excluded from ecommerce. Cars, gasoline, patio furniture, garden supplies and alcohol are still purchased overwhelmingly in person; while ecommerce is widely adopted in smaller areas like books and home electronics, it still represents less than 11% of all retail sales. However, many consumers have been introduced to online grocery and Amazon Prime for the first time during the pandemic, and it seems likely those new ecommerce participants will continue to use the service going forward.

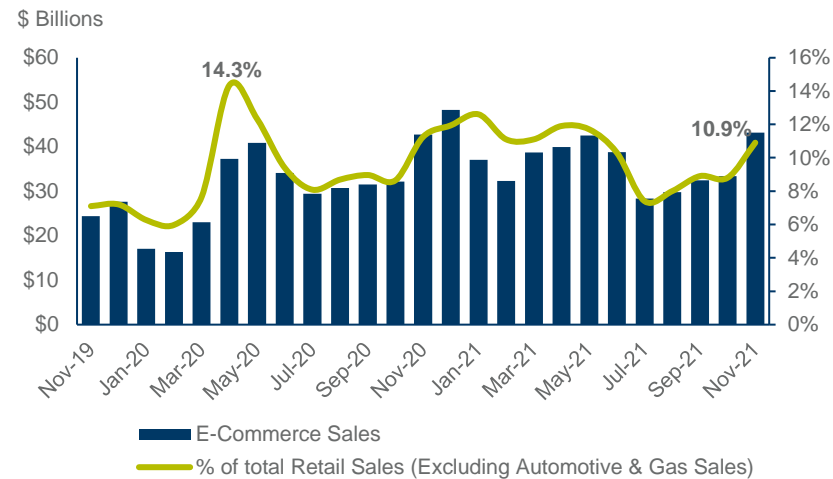
Many retailers and quick-service restaurants invested heavily in their own apps or partnered with existing services such as Uber Eats and Skip the Dishes. Landlords have also attempted to capitalize; witness the recent rollout of Primarche, an omni-channel service where malls provide "one-cart checkout" and delivery for all merchants in a shopping centre.

In terms of technology, retail has also begun to access the "metaverse," an immersive online environment promoted by leading technology companies. There are huge possibilities for brand integration and expansion in a virtual world, and we've seen leading retailers begin both acquisitions (Nike buying virtual shoe designers) and their own products (designer watches now exist from leading Swiss brands).

Large retailers have also capitalized on their size and scale during the pandemic, with Walmart, Amazon, Costco and major grocery chains posting impressive growth. Many have leveraged their ecommerce platforms and have also introduced hybrid shopping experiences such as curbside pickup and buy-online/pickup-instore.

Shopping centres have faced an uphill battle during COVID-19, with many confronting severe capacity limits or outright closures. The share of temporary tenants and specialty leasing has doubled during the pandemic, which presents opportunities for independents who otherwise might not be able to afford mall space. With shorter leases, the trend towards pure percentage rent deals has also accelerated in shopping centres, with tenants from shoe stores to pop-ups making use of this (arguably) more flexible arrangement with landlords. Rent relief has tided over shopping centre and urban retail tenants, in spite of rockiness in the 2020 rollout of federal subsidy programs; and while this has tapered off in 2021, rent relief is still a major concern for food and beverage, movie theatres and fitness centres.

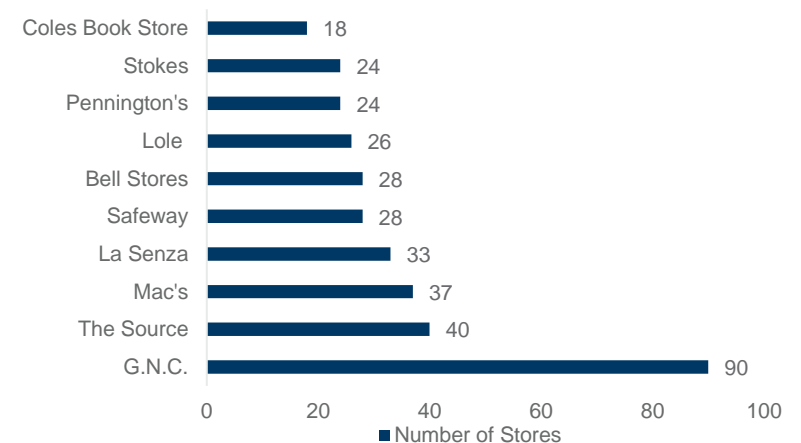
CANADIAN E-COMMERCE SALES



Source: Statistics Canada

* E-Commerce sale figures do not include on-line purchases made by Canadian consumers from retailers located outside of Canada

TEN LARGEST RETAIL CHAIN CLOSURES IN CANADA 2021



Source: Cushman & Wakefield Research / Retail Insider

STRONG CONSUMER CONFIDENCE AND INVESTMENT SALES MARKET

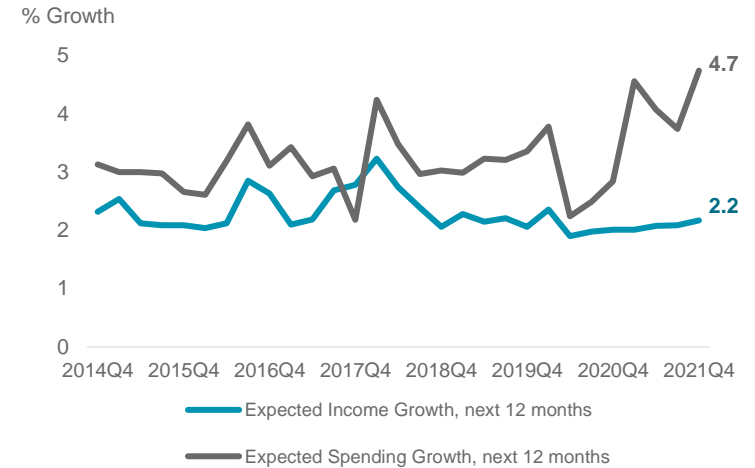
Consumer confidence has been relatively stable throughout 2021. Readings stayed in a narrow range from 46 to 56, where 50 is considered neutral. Confidence has been over 50, if only slightly, for seven consecutive months; a loosening of restrictions combined with a normal school semester in fall 2021 likely played large factors. Given the resumption of restrictions in late December and early 2022, it's unclear if consumer confidence will maintain this level. As we have seen in the labour market data, lockdown has not necessarily impacted the purchasing power or job stability of many employee groups; continued work-from-home and restaurant closures in some provinces may do little to impact consumer confidence about the future state of the economy.

Investment sales for retail rebounded considerably in 2021, increasing 61% from the unusually down market of 2020. Multiple nine figure deals were completed in Quebec and Ontario. Retail properties have become hot sites for redevelopment and mixed-use; as the housing crisis becomes more acute, the appeal of large suburban plazas with parking and/or transit access has proven irresistible to developers. Cities have largely accommodated the development plans, and major landlords have floated extremely ambitious mixed-use developments on their signature properties; for example, Oxford Properties proposed planned communities at both their main GTA assets, Yorkdale in Toronto and Square One in Mississauga.

The retail transaction market reflected a decision by a major landlord, Ivanhoe Cambridge, to divest several retail assets. Ivanhoe (the real estate arm of the Caisse de dépôt et placement du Québec, a \$400B institutional investor) stated in late 2020 they would be selling a number of retail assets or turning management over to third parties. As a result, some large transactions such as Mic Mac Mall in Nova Scotia powered the retail investment sales market in 2021; however, have caution that the actions of a single very large owner can weigh heavily on the sales market.

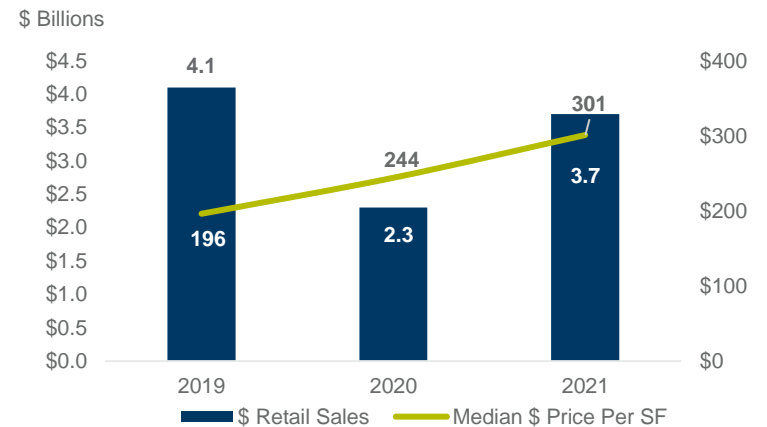
The outlook for retail is positive, if changed from even two or three years ago. Some retail modes have come back from the dead, with drive-throughs suddenly hot again. Ecommerce has gained a foothold and expanded, but customers seem poised to pursue “experiential” retail when COVID-19 restrictions such as masking are lifted, filling the gap that online ordering leaves in the retail-as-entertainment market. COVID-19 seems likely to permanently increase the technology component of retail for consumer, big business, independent retailers and landlords; for example, the increasing availability of sophisticated targeting data will impact marketing and site selection decisions.

CONSUMER INCOME GROWTH VS. CONSUMER SPENDING GROWTH



Source: Bank of Canada
Results of Q4 2021 conducted in November 2021

CANADIAN RETAIL INVESTMENT SALES VOLUME



Source: Real Capital Analytics

NOTABLE LEASE TRANSACTIONS 2021

PROPERTY	CITY	TENANT	RSF	PROPERTY	CITY	TENANT	RSF
Kingsway Mall	Edmonton	Walmart Superstore	150,000	Lansdowne Place	Peterborough	Sport Check	25,000
Southcentre Mall	Calgary	Decathlon Canada	78,036	Londonderry Mall	Edmonton	Urban Planet	18,736
Windermere South	Edmonton	Movati	70,000	CF St. Bruno	Saint-Bruno-de-Montarville	Uniqlo	12,000
388 Yonge Street	Toronto	IKEA	65,000	Edmonton Airport	Edmonton	Canadian Brewhouse	10,000
Hazeldean Mall	Ottawa	Goodlife Fitness	53,878	CF Fairview Mall	Toronto	JD Sports	10,000
130 Gateway Park Drive	Kitchener	Dutchies Fresh Market	40,000	West Edmonton Mall	Edmonton	Under Armour	7,000
14815 Bannister Road SE	Calgary	CARSTAR Auto Body Repair	39,383	Dartmouth Crossing	Dartmouth	LL Bean	7,000
Seasons	Winnipeg	Co-op Grocery	30,750	121 Scollard Street	Toronto	The Webster	6,500
1540 Keehn Road	Kelowna	Lordco Parts Ltd.	30,000	810 Granville Street	Vancouver	Daiso	4,700
Quinte Mall	Belleville	Winners	28,000	CF Pacific Centre	Vancouver	Lucid Motors	4,100
Sunridge Gate	Calgary	Krazy Binz	26,500	Yorkdale Shopping Centre	Toronto	Alexander McQueen	4,000

SIGNIFICANT SALES TRANSACTIONS 2021

PROPERTY	CITY	SELLER / BUYER	SF	PRICE/\$ PSF
CF Fairview Pointe Claire	Montreal	Ivanhoe Cambridge / Cadillac Fairview Corporation Ltd.	1,311,700	\$245,500,000 / \$374
Galeries d'Anjou	Montreal	The Cadillac Fairview Corporation Ltd. / Ivanhoe Cambridge	1,408,610	\$232,000,000 / \$330
Kennedy Commons	Toronto	RioCan REIT / 5053328 Ontario Inc.	412,000	\$215,000,000 / 522
Bayshore Shopping Centre	Ottawa	Bayshore Shopping Centre Ltd. / Kingsett Capital	882,200	\$193,500,000 / \$439
388 Yonge Street	Toronto	KingSett Capital / Ingka Group	132,070	\$100,000,000 / \$758
The Junction Shopping Centre	Mission, BC	LaSalle Investment Management / Anthem Properties Corp. & Crestpoint Real Estate Investments Ltd.	300,612	\$96,000,000 / \$319
Mic Mac Mall	Dartmouth	Ivanhoe Cambridge / Private Investor	680,000	\$95,000,000 / \$140
75 Centennial Parkway North	Hamilton	Eastgate Square GP Inc. / Hammer GP Services Corp.	511,299	\$88,000,000 / \$172
Sainte Foy Centre	Quebec City	Choice Properties, George Weston Ltd. / Mega Centre Ste-Foy Properties No 1 LP	526,000	\$77,340,779 / \$526
Impact Plaza	Surrey	Impact Plaza Holdings Inc. / Impact Plaza Holdings Inc.	134,250	\$75,000,000 / \$559
Centre Carnaval Lasalle	LaSalle	RioCan REIT / Groupe Brivia	208,536	\$70,000,000 / \$336
Bonavista Promenade & Douglas Square	Calgary	Investors Group / Kingsett Capital	233,932	\$68,300,000 / \$292
Haney Place Mall	Maple Ridge	SmartCentres REIT – Lorval Developments	226,874	\$67,500,000 / \$298
Eagle Creek Village	Victoria	Blackwood Properties / The Jim Pattison Group	178,846	\$65,464,320 / \$366
10310 102nd Street NW	Edmonton	Sky Ice District Residences Corp. – ICE District Sky Signature Suites Corp.	N/A	\$63,400,000

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