



CANADIAN RETAIL SNAPSHOT

OCTOBER 2024

Better never settles



RETAIL MARKET ECONOMIC INDICATORS

RETAIL SALES VOLUME

By the end of July 2024, Canadian unadjusted retail sales reached \$454.3 billion—representing 0.9% growth compared to July 2023. From a year-over-year (YOY) perspective, health and personal care retailers have witnessed the strongest growth while fashion and fashion accessories retailers have experienced the largest decrease in sales.

ECONOMIC FORECAST

As inflation has continued to gradually slow since the beginning of 2024, the Bank of Canada cut interest rates for the second time this year to 4.25%. However, this has yet to translate into improved consumer confidence. In August, the share of Canadians that reported a worsened financial situation increased month-over-month and are also reporting higher financial stress.

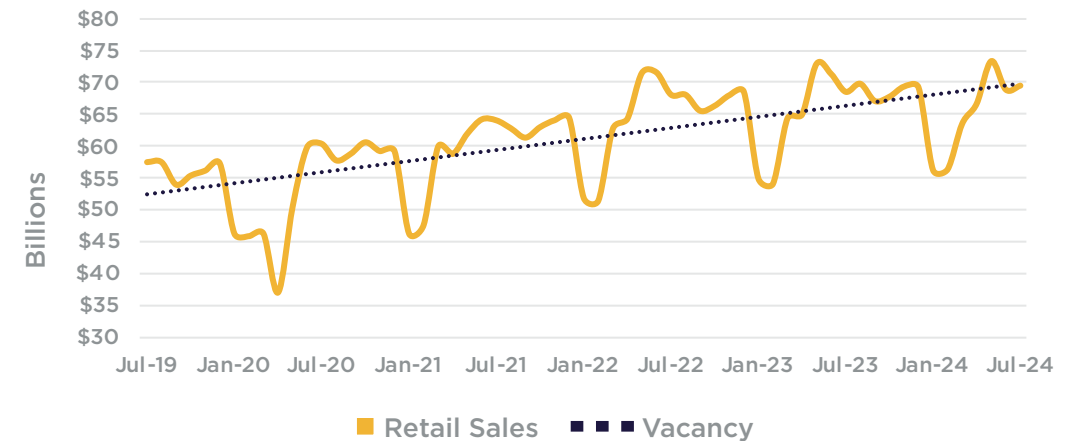
CONSUMER PRICE INDEX

In August, the consumer price index rose 2.0% on a YOY basis—the slowest pace of price growth since February 2021. While shelter and food costs contributed to the upward pressure on inflation in August, gasoline, clothing and footwear had the largest decrease in pricing compared to August 2023.

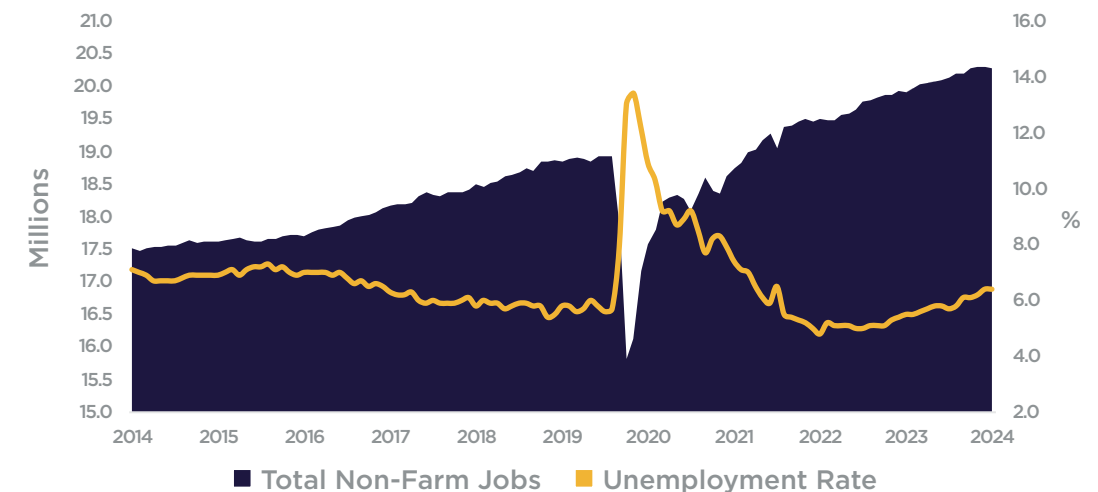
AVERAGE WEEKLY EARNINGS

Wage growth remains elevated which has had some influence on pricing increases for goods and services. In August, average hourly wages among employees increased 5.0% on a YOY basis. It is anticipated, however, that with rising unemployment and slowing labour productivity growth—the pace of wage increases will continue to ease.

OVERALL CANADIAN RETAIL SALES July 2019 – July 2024



EMPLOYMENT VS. UNEMPLOYMENT RATE Total Non-Farm



CANADIAN RETAIL MARKET OVERVIEW

To date in 2024, some retail sectors have struggled throughout the Canadian retail market while others reported some growth, but the common underlying theme is the impact of inflation on consumer spending habits. This has been reflected in numerous ways including a shift away from grocery shopping at large chain grocery stores (i.e. Loblaws boycott) to smaller, local grocers, as well as, warehouse centres such as Costco.

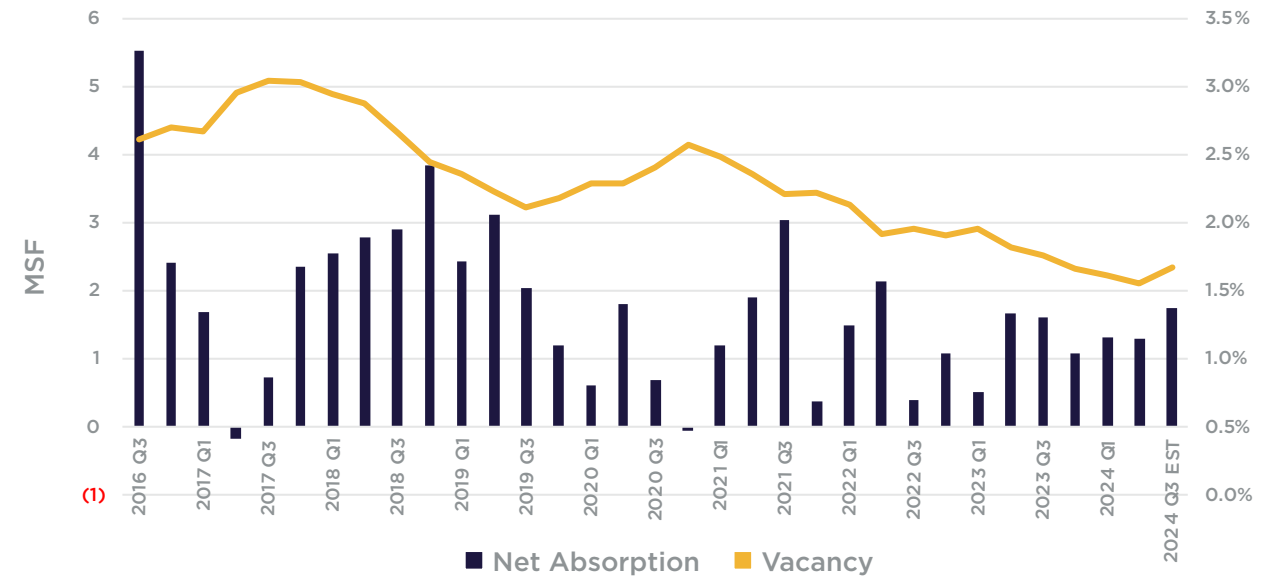
With consumers continuing to spend more cautiously, discretionary spending has declined through the first half of 2024 compared to the same point last year, with furniture, sporting goods/hobbies and fashion/fashion accessories retailers all witnessing lower sales volumes.

While overall retail vacancy has continued to trend downwards since its most recent peak of 2.6% in Q3 2020, the four-quarter rolling average of net absorption as of mid-2024 remained below the four-year pre-pandemic average. This was primarily

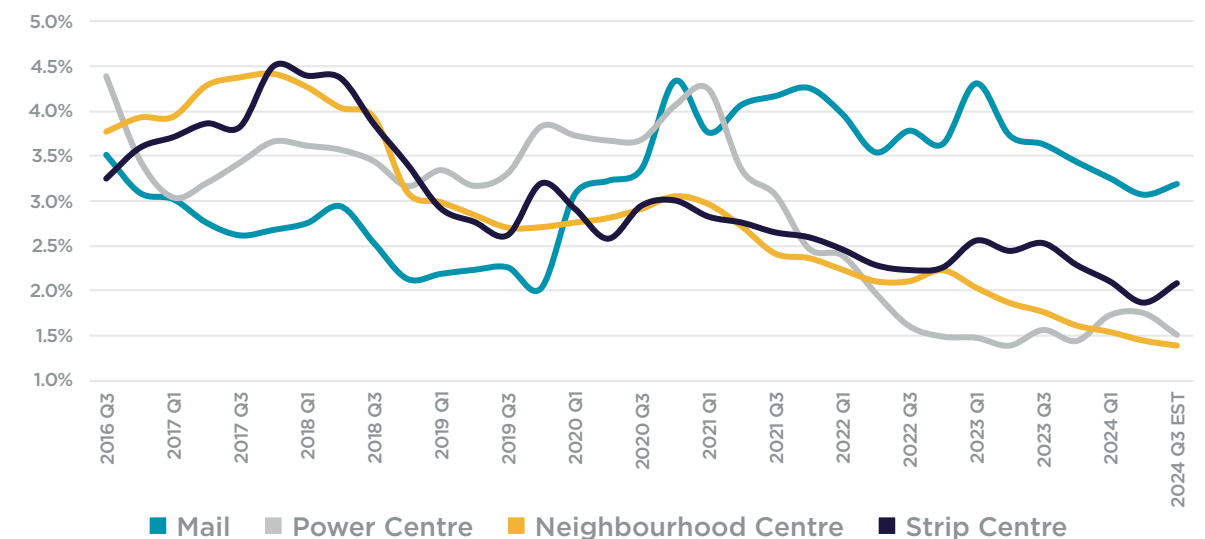
due to a result of the slower recovery of enclosed centres such as malls which fared the worst during the pandemic lockdowns. This asset type has also been one of the most impacted due to the softening in consumer spending on discretionary items such as fashion and accessories. Neighbourhood and strip centres on the other hand have had some benefit from this shift in consumer habits as retail sectors that have had the strongest growth to date in 2024 compared to the first half of 2023 include specialty food retailers and health and personal care—retailers that are more likely to be located in a neighbourhood/strip centre compared to an enclosed mall.



CANADIAN RETAIL ABSORPTION VS. VACANCY Q3 2016-Q3 2024



CANADIAN RETAIL VACANCY BY ASSET TYPE Q3 2016-Q3 2024



IN THE NEWS



NEW ENTRANTS CONTINUE TO ARRIVE TO CANADA

Approximately 26 American & International brands opened their first “bricks and mortar” stores in Canada in 2023, with Toronto remaining the preferred destination. While the majority of these retailers only opened one location, many have plans to expand either within the Greater Toronto area or across the country.

AI CONTINUES TO RISE

Canadian retailers are continuing to adopt generative AI to improve marketing campaigns, optimize inventory levels, personalize the shopping experience for their customers and to detect fraud. In a recent KPMG survey, more than eight in 10 respondents stated “they must invest in generative AI to stay competitive” and nearly four in 10 said they “already have generative AI solutions of some sort in place at their organizations”.

RETAIL CLOSURES HAVE NOTABLY SLOWED

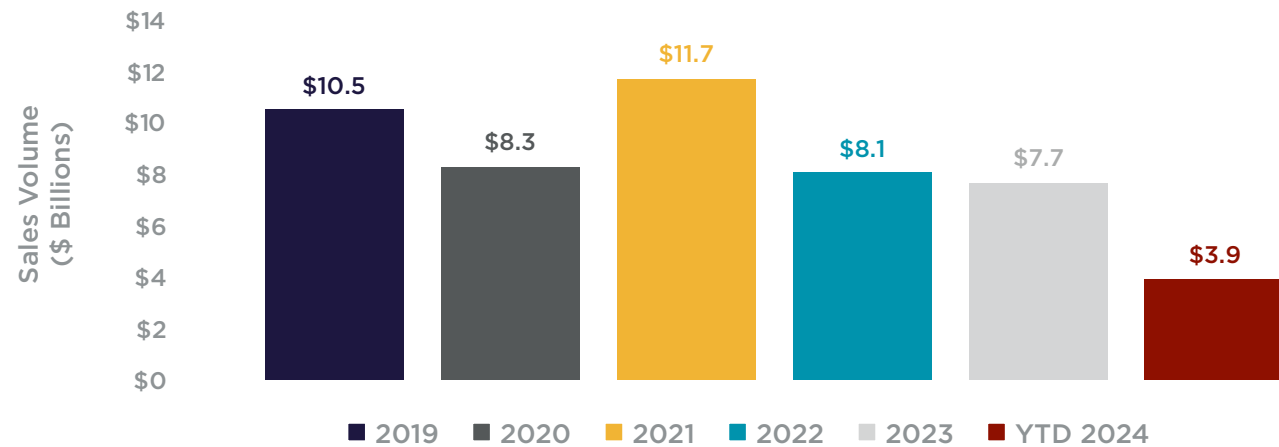
While retailers such as the Body Shop and The Source have shuttered their doors in multiple locations so far in 2024, and others such as Factory Direct and Rooms + Spaces have closed all their locations (or very close to it), the flood of retail closures that occurred at the height of the pandemic has slowed to more of a trickle.

THE RE-IMAGINED MALL

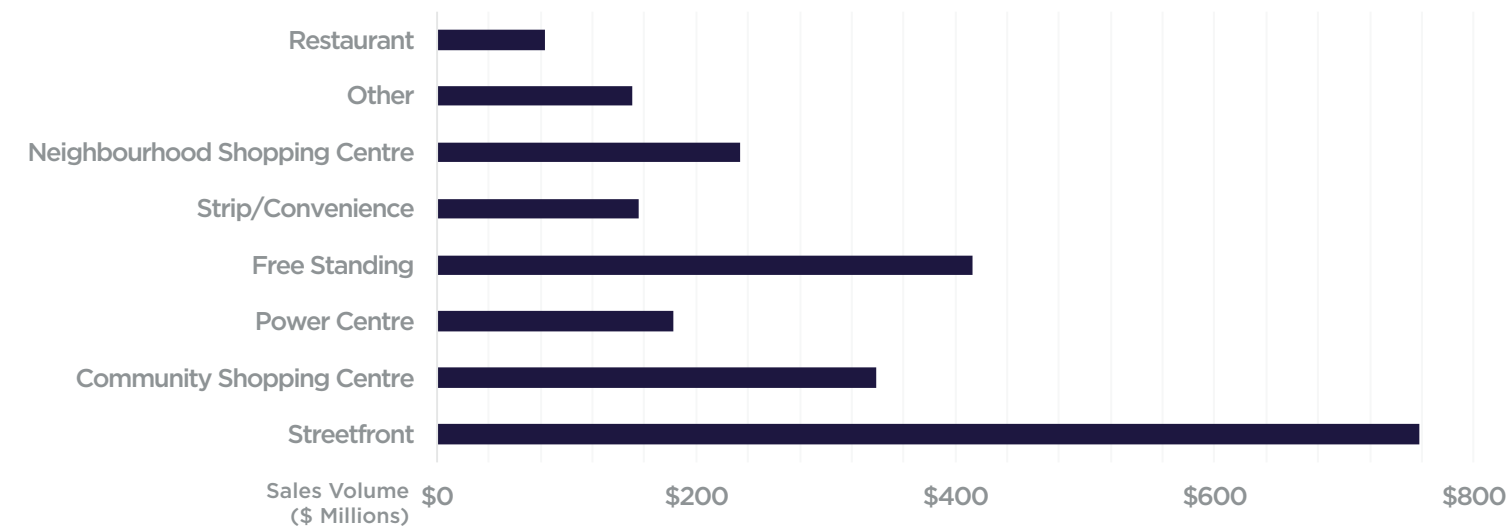
Developers across the country continue to redesign the “old-format” standard enclosed mall into a shopping, entertainment and dining destination. In many instances they are also looking to incorporate adjacent high-rise residential housing.

RETAIL INVESTMENT MARKET ACTIVITY

CANADIAN RETAIL INVESTMENTS SALES VOLUMES 2019 - YTD 2024



CANADIAN RETAIL INVESTMENT SALES VOLUME by Asset Type YTD 2024



KEY TAKEAWAYS

- By midyear 2024, Canadian investment sales volume for retail assets \$3.9 billion, approximately 36.0% higher than the half-way point in 2023.
- Retail investment sales volumes have been boosted by strong population growth in the last two years (equaling higher spending at retail assets) and slow development of new retail assets due to the rising costs of labour and materials.
- Similar to the first half of 2023, out of the eight largest categories of retail subtypes, streetfront retail investment sales have led the way in H1 2024 with nearly \$759 million transacted.
- While the GTA is the leader in total retail investments sales volumes, the largest transaction to date in 2024 was the sale of “The Quarry,” a power centre located in the Greater Calgary Area that sold at the beginning of 2024 for nearly \$139 million.



VANCOUVER

KEY VANCOUVER TAKEAWAYS

- Higher minimum wages, elevated financing costs and high occupancy and build-out costs are some of the challenges retailers face in the Downtown Vancouver.
- Demolition clauses are increasingly standard for landlords with urban or high street properties, making it difficult for tenants to secure long-term leases.
- Vancouver retailers are characterized by creativity, innovation and adaptability with developing new-user types and are continuing to shape the Metro Vancouver market.

ACTIVE RETAIL REQUIREMENTS

- Willowbrae Academy seeking 13,000 to 30,000 sf.
- Mr. Lube seeking 2,400 SF on 14,000 to 18,000 sf of land.
- Modern Beauty seeking 2,500 to 4,000 sf.
- Miso Taco seeking 1,800 to 2,500 sf.
- LA Fitness seeking 25,000 to 40,000 sf.

HOT SUBMARKETS / RETAIL CORRIDORS

- Vancouver's Oakridge Park is being transformed into an upscale retail destination with retailers such as Bvlgari, Rolex, Jacob & Co.'s, Louis Vuitton, Prada, Moncler and Versace.
- Retail spaces in recently constructed office towers are nearly fully leased, highlighting a "flight to quality" trend.

KEY RETAIL TRANSACTIONS YTD 2024

PROPERTY	RETAIL ASSET TYPE	TENANT	SF	TYPE
Gilmore Place Phase I	Regional Shopping Centre	T&T Supermarket	55,000	Headlease
Central at Garden City	Community Shopping Centre	The Brick Warehouse	43,481	Headlease
The Hudson	Streetfront Retail	Winners	40,000	Headlease
Comma King George	Freestanding Retail	Willowbrae Child Care Academy	28,105	Headlease
13467 72nd Avenue	Freestanding Retail	Enterprise Rent-A-Car Canada Company	20,909	Renewal

HIGH STREET CORRIDOR ASKING RENT TRENDS

ALBERNI STREET
\$175.00 - \$200.00 NET

ROBSON STREET
\$120.00 - \$175.00 NET

WEST 4TH AVENUE (KITSILANO)
\$80.00 - \$135.00 NET

WATER STREET (GASTOWN)
\$65.00 - \$90.00 NET

GRANVILLE STREET (DOWNTOWN)
\$100.00 - \$185.00 NET



CALGARY

KEY CALGARY TAKEAWAYS

- Record-high interprovincial and international migrants to Calgary in 2023 led to 6.0% annual population growth and has supported steady overall retail demand, especially in suburban neighbourhoods.
- Retail construction is limited despite strong demand for new suburban centres. Developers are prioritizing opportunities to redevelop existing space, incorporate residential, or build outside city limits.
- International retailers are seeking growth opportunities in Calgary, with several first-to-market tenancies in 2024 including Uni-Qlo and Yeti.

ACTIVE RETAIL REQUIREMENTS

- Food Service – many new prospective tenants including Jersey Mike’s, Firehouse Subs and Chipotle.
- Specialty Medical – Increased demand for medical service space including Dental and Physio.
- Fitness – Strong demand for fitness, with FS8 and Hot Worx new to Calgary market.
- Increased demand for self-care service space including tattoo, laser, and skin-care tenants.

HOT SUBMARKETS / RETAIL CORRIDORS

- New proposed suburban developments – Buffalo Run/ Taza Park, Alpine Park, Livingston. With few projects getting off the ground, preleasing at proposed projects is surging.
- Surrounding communities – Chestermere. Population growth is driving demand in surrounding communities.
- 17th Avenue – Active mixed-use development and pedestrian traffic along Calgary’s most popular urban retail district is driving demand for food service and night-life retailers.

KEY RETAIL TRANSACTIONS YTD 2024

PROPERTY	RETAIL ASSET TYPE	TENANT	SF	TYPE
Deer Valley Market Place	Community Centre	iCreate	48,000	Headlease*
Village Square Mall	Neighbourhood Centre	Gold’s Gym	30,000	Headlease
Foothills Crossing	Neighbourhood Centre	iFurniture	26,000	Headlease
Clarence Block	Urban Street-Front	Value Village	25,000	Headlease
Northland Village	Community Centre	Italian Centre	22,000	Headlease

* C&W DEAL

HIGH STREET CORRIDOR ASKING RENT TRENDS

17TH AVENUE SW
\$45.00 - \$65.00 NET

MARDA LOOP
\$35.00 - \$55.00 NET

KENSINGTON
\$35.00 - \$55.00 NET

STEPHEN AVENUE
\$35.00 - \$55.00 NET



EDMONTON

KEY EDMONTON TAKEAWAYS

- Robust levels of interprovincial and international migration to Alberta has continued to support the retail and labour market in Edmonton.
- Overall retail vacancy in the Edmonton region continues to hover around 3.0%.
- Vacancy rates in the suburban submarkets have remained below 3.5% indicating a clear flight-to-quality trend as the Downtown Core and the Whyte Avenue submarkets continue to face the highest vacancy levels in the city.

EDMONTON MARKET TRENDS

- Quick service restaurants, large format fitness, specialty fitness, and daycares continue to be the most active retail categories across new developments.
- Notable new entrants to the Edmonton market include Chick-fil-A, Chipotle, L'OCA Quality Market and BeaverTails.
- Large format fitness Movati Athletic opened a 70,000-sf club in Manning Town Centre, and is undergoing expansion to Albany Market Square.

HOT SUBMARKETS / RETAIL CORRIDORS

- Enclosed malls, such as West Edmonton Mall, continue to attract retail tenants largely due to the reliable foot traffic generated by this regional shopping centre.
- Suburban commercial centres continue to experience robust demand, with numerous new developments being pre-leased.
- Whyte Avenue and the Downtown Core are witnessing a fluctuating pattern of tenant turnover, driven largely by safety concerns.

KEY RETAIL TRANSACTIONS YTD 2024

PROPERTY	RETAIL ASSET TYPE	TENANT	SF	TYPE
South Edmonton Common	Power Centre	Winners	31,950	Headlease
2 Herbert Rd	Strip Plaza (Anchored)	Best Start Daycare	5,607	Headlease
The Orchards Centre	Community Commercial Centre	Leopold's Tavern	3,380	Headlease
West Edmonton Mall	Regional Shopping Centre	Chick-fil-A	3,189	Headlease
Ever Square	Community Commercial Centre	Chipotle	2,325	Headlease

HIGH STREET CORRIDOR ASKING RENT TRENDS

WHYTE AVENUE
\$30.00 - \$50.00 GROSS

JASPER AVENUE
\$30.00- \$45.00 GROSS

GATEWAY BOULEVARD/CALGARY TRAIL
\$40.00- \$45.00 GROSS



TORONTO

KEY TORONTO TAKEAWAYS

- Tenant engagement and market activity on the rise.
- Previously tenant-favorable lease terms have now reached a balance with landlords.
- Retailers scaling back the number of locations and space needs with growing dependence on digital sales and apps.
- Strong global brands are returning, instilling renewed confidence in boutique and local brands.

SIGNIFICANT OPENINGS

- SMEG
 - Ferragamo
 - Anine Bing
- FOOD & BEVERAGE**
- Nobu
 - Milos Greek Restaurant
 - Linny's
 - Café Ladurée

FASTEST GROWING TENANT CATEGORIES

- Food & Beverage - The food & beverage sector is performing well, with larger deals boosting market confidence. In top markets, restaurants are fueling demand, typically seeking inducements of \$100 to \$150 psf.
- Health & Wellness - Fitness, wellness, high-end cosmetics, and “drinking alternative” entertainment groups are expanding rapidly, thriving in key young professional markets.
- Mid-Level Luxury - is bridging the gap between ultra-luxury and low-end retail, prime spaces are being filled by emerging brands seeking boutique spaces under 3,000 sf, appealing to a broader market with disposable income.

KEY RETAIL TRANSACTIONS YTD 2024

PROPERTY	RETAIL ASSET TYPE	TENANT	SF	TYPE
1 Bloor Street East	Urban High Street Retail	Mango	4,000	Headlease
1200 Bay Street	Urban High Street Retail	Tiffany & Co.	15,000	Headlease
1 Bloor Street East	Urban High Street Retail	Nike	17,000	Headlease
1 Bloor Street East	Urban High Street Retail	The Ballroom Bowl	20,000	Headlease
151 Bloor Street West	Urban High Street Retail	Harry Rosen	20,000	Headlease
1 Bloor Street East	Urban High Street Retail	AVANT Fitness	31,000	Headlease

HIGH STREET CORRIDOR ASKING RENT TRENDS

BLOOR WEST
\$200.00 - \$300.00 NET

KING WEST
\$90.00 - \$120.00 NET

OSSINGTON WEST, QUEEN WEST
\$85.00 - \$100.00 NET

FINANCIAL CORE
\$55.00 - \$75.00 NET



OTTAWA

KEY OTTAWA TAKEAWAYS

- The retail market in Ottawa has demonstrated continued resilience through tough market conditions.
- With the move to hybrid work, suburban retail has seen an increase in both activity and rental rates. Expect this trend to continue with a stronger push to get employees back in the office more regularly.
- As the suburban population grows, more residents are moving into Ottawa's suburban communities, such as Stittsville in the west and Barrhaven in the south, stimulating the growth of the local retail industry.

ACTIVE RETAIL REQUIREMENTS

- COBS Bread Bakery
- Anytime Fitness
- Dollarama (strategic locations)
- Chucks Roadhouse Bar and Grill

HOT SUBMARKETS / RETAIL CORRIDORS

- Westboro High Street Corridor
- Stittsville Corridor
- Barrhaven Corridor

KEY RETAIL TRANSACTIONS YTD 2024

PROPERTY	RETAIL ASSET TYPE	TENANT	SF	TYPE
265 Centrum Boulevard	Lifestyle Centre	Undisclosed	26,051	Headlease
255-801 Kanata Avenue	General Retail	Undisclosed	10,281	Headlease
1547 Merivale Road	Neighborhood Centre	Undisclosed	7,943	Headlease
2165 Carling Avenue & 2083-2121 Carling Avenue	Regional Centre	Seller: OPB Realty Inc/ Buyer: Anthem Minett Carlingwood Holdings Inc	632,000	Sale

HIGH STREET CORRIDOR ASKING RENT TRENDS

WESTBORO
\$30.00 - \$46.00 NET

STITTSVILLE
\$14.00 - \$39.00 NET

BARRHAVEN
\$20.00 - \$42.00 NET



MONTRÉAL

KEY MONTRÉAL TAKEAWAYS

- Landlords are adopting flexible strategies to keep spaces leased, (i.e., accommodating pop up stores and month-to-month leases) which are helping to attract temporary tenants to Sainte-Catherine Street West.
- With a renewed interest in dining out, and the return of office workers, food & beverage is making a comeback with 14 food & beverage operators on Sainte-Catherine West.
- With 56.5% of retailers in the mid-range category, Sainte-Catherine remains a lively destination where shoppers can enjoy stylish yet affordable fashion while also experiencing the charm of luxury brands.

ACTIVE RETAIL REQUIREMENTS

- Tim Hortons is set to broaden its presence in Québec, targeting prime urban areas in Montréal, Laval, and Quebec City for new locations from 2025 to 2027. Additionally, the company will explore strategic drive-thru opportunities in suburban and rural regions.
- Apple Store is moving to 1255 Sainte-Catherine Street West and will be significantly larger than its previous location. Alo Yoga is opening across the street at 1256 Sainte-Catherine Street West.
- Poulet Rouge, Shawarmaz and Fondue Haidilao have been exciting new additions on Sainte-Catherine Street West over the past year.

HOT SUBMARKETS / RETAIL CORRIDORS

- The opening of Royalmount creates a secondary luxury retail node in Montréal, adding competition to the retail scene.
- The number of merchants on the St-Denis shopping stretch is at a 10-year high, as the vacancy rate has dropped from approximately 20.0% in 2020 to 14.0% in Q3 2024.
- New shops and restaurants will open through the remainder of 2024 on Laurier West, adding to its dynamic diversity. Additionally, a major corporate headquarters will be establishing its presence on Laurier West as well.

KEY RETAIL TRANSACTIONS YTD 2024*

PROPERTY	RETAIL ASSET TYPE	TENANT	SF	TYPE
1745-1775 Fleury Est	Community Commercial Centre	Metro	47,638	Renewal
6835-6925 Jean-Talon Est	Community Commercial Centre	Renaissance	27,176	Headlease
8600 Décarie Boulevard	Regional Shopping Centre	Louis Vuitton	9,150	Headlease
5800-5940 des Grande-Prairies	Community Commercial Centre	Rubino	7,366	Renewal

*TRANSACTIONS PROVIDED BY COSTAR CANADA

HIGH STREET CORRIDOR ASKING RENT TRENDS

SAINTE-CATHERINE STREET WEST
\$150.00 - \$175.00 NET

SAINT-DENIS
\$40.00 - \$55.00 NET



CANADIAN RETAIL SNAPSHOT

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