MARKETBEAT

Edmonton, AB

Retail Q2 2018

CUSHMAN & WAKEFIELD
Edmonton

ECONOMIC INDICATORS

National

	2017	2018F	12-Month Forecast
GDP Growth	3.0%	1.9%*	▼
CPI Growth	1.6%	2.1%*	▲
Consumer Spending Growth	3.5%	2.1%*	▼
Retail Sales Growth	6.7%	5.3%*	▼

Regional	2017	2018F	12-Month Forecast
Household Income	$107,470	$112,308*	▲
Population Growth	1.6%	1.4%*	▼
Unemployment	8.3%	6.3%*	▼

Sources: RBC Economics, TD Economics, Finance Ministry of Alberta
*2018 Forecast

Economy

Alberta in general and Edmonton in particular continued to show growth into the second quarter of 2018. Unemployment in Edmonton dropped another 30 basis points to 6.5%; although this rate is surprisingly high considering the rise in housing starts, accelerating wage growth, and the fact that oil prices remain well above $60 a barrel. Non-residential construction has seen minimal growth so far this year as a variety of major projects throughout the city have been completed. Ongoing trade disputes, concerns regarding pipeline construction, and the potential for volatility in oil prices remain key concerns for industry across the province.

Source: City of Edmonton, Finance Ministry of Alberta

Market Overview

The second quarter of 2018 has seen significant activity in the Edmonton retail marketplace. The Premium Outlet Collection at the Edmonton International Airport opened its doors in early May, with additional tenants expected to arrive in the coming months. A large number of cannabis companies are currently vying for space in what will be a vibrant new retail industry. Tenants were announced for several developments, including the Raymond Block on Whyte. Several tenants have moved into West Edmonton Mall over the last few months. Oxford completed renovations in City Centre Mall, including the opening of an expanded Shopper's Drug Mart across two floors.

Leasing activity has been brisk with some longer term vacancies finding tenants in the first half of 2018.

New retail developments are underway in both South and West Edmonton's newer communities and Edmonton's bedroom communities. Additionally, 62.5% of shopping centres that have transacted in the Greater Edmonton Area have been in one of Edmonton's peripheral markets reflecting an overall increase in activity in the fast growing outskirts of the city.

In downtown there has been a shift towards local brands and new boutique concepts with a significant number of new concepts expected to come with the completion of the Stantec Tower's food hall. Additional planned developments coming to the downtown area are designed with retail podiums - continuing a trend of densification and walkability.

Turnover of tenants has been most noticeable in Edmonton's enclosed shopping centres, highlighted by Sears exiting the market earlier this year. Not all of this vacant space has seen interest from other big box retailers yet and some space may remain vacant until repurposed.

Market fundamentals remain strong with the average weekly earnings across the province sitting at $1,149 per person; which is 15% higher than the Canadian average. Albertans exhibit the second highest spending in restaurants and bars in the country, with residents spending an average $2,149 per person annually. Decreasing unemployment rates and high spending levels make Alberta a relatively attractive market for retailers to enter.

Outlook

The largest upcoming change to the retail landscape is the legalization of retail cannabis. With several hundred applications vying for a limited number of viable locations, activity between landlords and potential cannabis retailers has been strong. In the near-term, this new retail use will drive down vacancy and increase the variety of potential tenants for landlords. With many municipalities still working through the final details of their bylaws there remains uncertainty in this potential market.

Higher interest rates, inflation from the Canadian dollar's drop in value, and continued unemployment above the Albertan norm could cause households to rein in spending. Regardless, Alberta is expected to remain the strongest market for retail sales per capita in both the near and long terms.

MARKETBEAT

Edmonton, AB

Retail Q2 2018

CUSHMAN & WAKEFIELD Edmonton

Key Leases H1 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
West Edmonton Mall	53,800	Marshalls/HomeSense	Expansion	Northwest
Premium Outlet Collection Edmonton International Airport	24,544	Marshalls	Lease	Leduc
Premium Outlet Collection Edmonton International Airport	15,563	Old Navy	Lease	Leduc
Premium Outlet Collection Edmonton International Airport	15,563	Forever 21	Lease	Leduc
Premium Outlet Collection Edmonton International Airport	15,563	DSW	Lease	Leduc
Premium Outlet Collection Edmonton International Airport	15,231	Nike	Lease	Leduc

Key Sales Transactions H1 2018

PROPERTY	SF	SELLER/BUYER	PRICE / $PSF	SUBMARKET
Westland Market Mall	131,453	SRF2 Westland Market Mall Inc. / CCP Westland GP Ltd.	$35,493,730 / $270	Spruce Grove
Kameyosek Shopping Centre	46,128	KSC Properties Inc. / BKM Alliance Ltd. Et,al	$18,850,000 / $409	Southeast
Miller Crossing	27,336	Melcor REIT GP Inc / Miller Crossing G.P. Ltd.	$13,800,000 / $505	Northeast
112 Town Crest Road	18,023	C&H Properties Inc. / Crestpoint Real Estate (REX Town Crest) Inc.	$12,000,000 / $666	Fort Saskatchewan
760 St. Albert Road	27,552	WCB Realty (St. Albert) Ltd. / Eddystone Properties Ltd.	$9,500,000 / $345	St. Albert
15504 Stony Plain Road	15,868	1469288 Alberta Ltd / 1938181 Alberta Ltd	$6,500,000 / $410	Northwest

Key Properties Under Construction

PROPERTY (Developer)	SF*	MAJOR TENANTS	PROPERTY TYPE	SUBMARKET
Currents of Windermere	1,200,000	Walmart, Cabela's, Home Depot	Regional Centre	Southwest
Manning Town Centre & Village	850,000	Canadian Tire, Lowe's, Cabela's	Regional Centre	Northeast
Erin Ridge Shopping Centre	480,971	Costco, Lowe's	Regional Centre	St. Albert
Albany Market Square	407,000	Walmart	Regional Centre	Northeast
Harvest Pointe Shopping Centre	375,000	Walmart, Sobeys	Regional Centre	Southeast
Heritage Valley Shopping Centre	303,472	Superstore, Shoppers	Regional Centre	Southwest
Brewery District	310,000	MEC, Shoppers, Goodlife, Winners	Community Centre	Central
Ice District	300,000	Cineplex, Joey, Rexall	Entertainment District	Central
Tamarack	185,125	Shoppers, Sportchek, Michaels	Community Centre	Southeast
Windermere Crossing	160,000	Superstore	Community Centre	Southwest
Newcastle Centre	147,390	Sobeys, LA Fitness	Community Centre	Northwest
Tamarack Common	114,000	Sobeys, RBC, Browns Socialhouse	Community Centre	Southeast
Griesbach Village	110,622	Shoppers Drug Mart	Community Centre	Northwest
Jensen Lakes Crossing	104,999	Landmark Cinemas	Regional Centre	St. Albert
Edgemont	91,320	Sobeys	Community Centre	Southwest

*Square footage represents full development build out, includes some partially completed developments and those with CRUs under construction.

Cushman & Wakefield Edmonton
Suite 2700 TD Tower
10088 – 102 Avenue
Edmonton, AB, T5J 2Z1
www.cwedm.com

For more information, contact:
Retail Team
Tel: +1 780 420 1177
Fax: +1 780 424 9780
Retail@cwedm.com

About Cushman & Wakefield
Cushman & Wakefield is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 48,000 employees in approximately 400 offices and 70 countries. In 2017, the firm had revenue of $6.9 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.