

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
Household Income	\$96,510	\$97,343	▲
Labour Force Population Growth	1.2%	1.3%	▲
Unemployment Rate	3.8%	3.2%	▲

Source: Statistics Canada / RBC Economics / Sitewise

Economy

The housing market in British Columbia proved to be a slight drag on the economy in 2018 and will likely continue to do so into 2019, due to continued lack of affordable housing and an unsustainable pace of growth. On a more positive note, the recently announced LNG project in Kitimat recieved the green light, and is anticipated to significantly boost GDP growth in the province by 0.5% in 2019- 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 its first five-year phase, with the majority of that spending located in British Columbia. The graph shown below demonstrates the fact that demand for labour continues to outpace the supply.

Source: RBC Economics

British Columbia: Job vacancies

Thousands, 3-month moving average, Industrial aggregate



Market Overview

The Victoria retail market continues to tighten as the number of available quality spaces dwindle. Brick and mortar retailers continue to weather the “Amazon Effect” and appear to be adapting by either increasing their online presence or establishing one in addition to their brick and mortar (“offline”) location(s). The most active tenants in the market continued to be the food services sector, followed by fitness, health and beauty with daycare and child orientated businesses being one of the fastest-growing categories.

Notable developments that have either completed or are underway include Mayfair Mall in Victoria, Colwood Corners and Belmont Market in Langford. Mayfair Mall has finished its 100,000 sf expansion. New tenants include Indigo, Sportchek, Aritzia and Saje Natural Wellness. The London Drugs anchored Colwood Corners development has commenced construction and the first phase consists of six buildings, which will provide more than 400 apartments and over 150,000 sf of commercial space. Belmont Market has already secured such tenancies as Thrifty’s, Scotiabank, Starbucks, CEFA Learning, Anytime Fitness, A&W and Freshii.

The ongoing prevalence of craft breweries in Victoria has been further bolstered in the retail market with numerous new locations that have either opened or are currently in the process of doing so. Breweries with tasting rooms have been rapidly increasing in popularity, with both Phillips Brewing and Moon Under Water opening brewpubs in 2018. This has pushed other local breweries to join the scene and expand via brewpubs, such as Vancouver Island Brewery, Ile Sauvage Brewing Co., The Drake partnering with Steel & Oak Brewing Company, and Merridale Cidery & Distillery.

Outlook

The Victoria retail market is anticipated to remain strong through the first two quarters of 2019 as vacancy rates remain low and demand from quality tenant’s remains high. It is forecasted that lease rates will remain stable due to continued low vacancy rates, and limited new supply in the pipeline.

Sources: RBC Economics, Statistics Canada, Sitewise

## MARKETBEAT

# Victoria, B.C.

Retail Q4 2018



### Significant 2018 Lease Transactions

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
1807 Store Street	3,926	Crossfit Lolo	New Lease	Downtown
1483 Douglas Street	1,167	Fresh Slice Pizza	New Lease	Downtown
491 – 5 <sup>th</sup> Street	1,032	Foxy Box Inc.	New Lease	Courtenay
530 Pandora Avenue	2,743	Virtuous Pie	New Lease	Downtown

### Significant 2018 Sale Transactions

PROPERTY	BUILDING SF	BUYER	PRICE / \$PSF	SUBMARKET
1106 – 1114 Blanshard Street & 780 Fort Street	15,187	1177272 B.C. LTD.	\$10,650,000 / \$701	Downtown
4136 Interurban Road	6,060	0697766 B.C. LTD.	\$2,500,000 / \$413	Saanich
950 Fort Street	1,076	GOLDEN BEE HOLDINGS LTD.	\$1,000,000 / \$929	Victoria Core

### Significant Projects Under Construction

PROPERTY	SIZE (SF)	PROPERTY TYPE	SUBMARKET
Belmont Market	200,000+	Mixed-Use	Langford
Colwood Corners	150,000+	Mixed-Use	Colwood
The Wade	20,000	Mixed-Use	Victoria
Black & White	8,000	Mixed-Use	Victoria
989 Johnson Street	9,082	Mixed-Use	Victoria

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