

## ECONOMIC INDICATORS

### National

	2018	2019	12-Month Forecast
GDP Growth	2.2%	1.8%	▲
CPI Growth	2.2%	2.7%	▲
Consumer Spending Growth	2.4%	2.3%	■
Retail Sales Growth	-2.0%	0.7%	▲

### Regional

	Q2 18	Q2 19	12-Month Forecast
Personal Income Per Capita	\$45,408	\$46,105	▲
Labour Force Population Growth	1.6%	1.6%	■
Unemployment Rate	4.7%	4.2%	▼

Source: Statistics Canada

## Economy

Although the growth of British Columbia's economy has cooled since last year, it's still the third fastest growing amongst all provinces at 2.3%. The slowing housing market has had an impact, which has made way for business investment to excel as the key economic driver. Job creation was healthy and the labour market continued to be robust, with B.C.'s unemployment rate being the lowest in Canada at 4.7%.

Source: RBC Economics

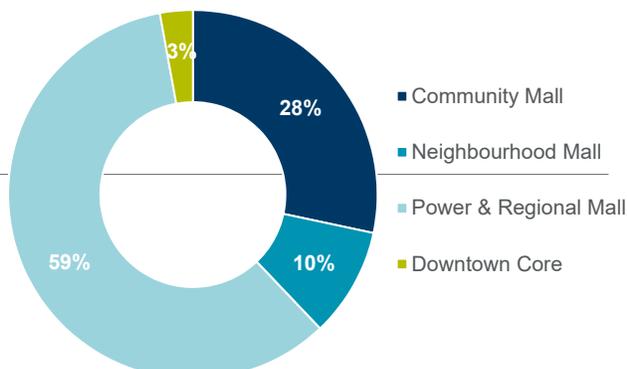
## Market Overview

Plant-based food options continue to take the food and beverage industry by storm. Beyond Meat (NASDAQ:BYND), a company that makes veggie-based meat alternatives, can now be found in Tim Hortons, A&W and many other grocery stores and restaurants across Metro Vancouver. The company stock reached a record high of \$234 USD, marking over 800% gains since the initial public offering in May 2019. Larry's Market, a fully vegetarian grocer, opened a 2,500-square foot (sf) store in North Vancouver's Shipyards, helping to illustrate that traditional retailers need to include vegan/vegetarian friendly options to remain competitive in today's health and wellness crazed market.

## Retail Property Transactions – Q1 2019



Source: Realnet



Pop-up stores are proving to be more than just a retail fad. Westbank hosted it's second annual "Shipping Container Summer Series" at Shaw Tower featuring local business such as Dipped Doughnuts, Flourgirl Baking, BETH RICHARDS, Tacofino, The Juice Truck & To Die For Fine Foods, and Ride Cycle Club. It has been such a successful initiative that five shipping container retail units will be permanently installed at their new development, Vancouver House.

The first half of 2019 was faced with challenges with many chain retail store closures including Payless ShoeSource and Home Outfitters. It is imperative that retailers focus on customer engagement as millennials, who notoriously value experiences over possessions, are becoming the largest generation of consumers. Despite the increasing pressure the retail market faces from the disruption of eCommerce, Vancouver is still a highly desirable destination for luxury and international retailers looking to test the Canadian market. One of these retailers is King Living, an Australian furniture brand, who leased a 10,000-sf showroom on South Granville this quarter.

"Grocery wars" in the Lower Mainland continue as grocery giants continue to roll out new banner brands specific to the submarket demographics. Empire Company is rebranding ten old Safeway locations across the Lower Mainland and the Fraser Valley to their new discount brand FreshCo and a south Asian spin-off concept, Chalo! Fresh Co. The company plans to convert up to 60 stores in Western Canada to discount banners over the next five years. Two notable pre-leases in the downtown core includes H.Y Louie's Fresh St. Market at Vancouver House and George Weston Ltd. opening a Loblaws City Market at The Post. Finally, T&T Supermarket leased 33,000 sf at Westbank's new Kensington Gardens.

## Street Front Lease Rates

### SUBURBAN AREAS

### CENTRAL AREAS

SUBURBAN	AREA	RATE MIN	RATE MAX	CENTRAL	AREA	RENT MIN	RENT MAX
Abbotsford	Central	\$ 20.00	\$ 32.00	Vancouver	Alberni	\$ 150.00	\$ 250.00
Abbotsford	Sumas	\$ 15.00	\$ 45.00	Vancouver	Broadway / Cambie	\$ 50.00	\$ 60.00
Burnaby	Hastings – Boundary / Gilmore	\$ 25.00	\$ 40.00	Vancouver	Broadway / MacDonald	\$ 35.00	\$ 60.00
Burnaby	Kingsway – Willingdon / Royal Oak	\$ 25.00	\$ 45.00	Vancouver	Chinatown / Crosstown	\$ 20.00	\$ 40.00
Burnaby	Kingsway / Metrotown	\$ 30.00	\$ 50.00	Vancouver	Commercial Drive	\$ 25.00	\$ 65.00
Delta	Scott Road	\$ 20.00	\$ 35.00	Vancouver	Denman – Davie	\$ 50.00	\$ 70.00
Langley	City	\$ 20.00	\$ 35.00	Vancouver	Dunbar	\$ 30.00	\$ 40.00
Langley	Township	\$ 20.00	\$ 40.00	Vancouver	Gastown	\$ 40.00	\$ 70.00
New Westminster	Downtown	\$ 12.00	\$ 40.00	Vancouver	Granville – Downtown	\$ 30.00	\$ 120.00
New Westminster	Uptown	\$ 15.00	\$ 50.00	Vancouver	Granville – Broadway / 16th	\$ 75.00	\$ 80.00
North Vancouver	Lonsdale Avenue	\$ 25.00	\$ 50.00	Vancouver	Kerrisdale	\$ 50.00	\$ 55.00
North Vancouver	Marine Drive	\$ 25.00	\$ 50.00	Vancouver	Kingsway	\$ 20.00	\$ 40.00
Richmond	No. 3 Road	\$ 40.00	\$ 70.00	Vancouver	Kitsilano / West 4th	\$ 60.00	\$ 75.00
Surrey	Fleetwood / Cloverdale	\$ 18.00	\$ 40.00	Vancouver	Main Street	\$ 35.00	\$ 60.00
Surrey	Newton	\$ 18.00	\$ 35.00	Vancouver	Robson	\$ 120.00	\$ 225.00
Surrey	North Surrey	\$ 20.00	\$ 35.00	Vancouver	West 10th	\$ 25.00	\$ 35.00
Surrey	South Surrey	\$ 25.00	\$ 50.00	Vancouver	Yaletown	\$ 30.00	\$ 65.00
Tri Cities	Coquitlam, Port Coquitlam, Port Moody	\$ 20.00	\$ 45.00	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.

Street front rental rates in Metro Vancouver remain stable at the midway point of 2019, however, rising property values and realty taxes has made profitability increasingly more difficult for retailers. As a result, many small business owners can no longer afford the regions they have long operated in due to a doubling and sometimes even tripling in their annual property taxes.

Many landlords are including demolition clauses in lease agreements to maintain flexibility with redevelopment timelines. This is becoming more prevalent in areas such as Robson Street and the Broadway Corridor in the older low-rise buildings. The appearance of increasing street front vacancy on Robson Street is a result of this trend as strong tenants with the ability to pay premium rents are not willing to pay for a build-out with the uncertainty of if, and when, they will be evicted.

The rise of retail strata continues, as seen in the one day sell-out of the four commercial retail units (CRU) at Sophora in the Park in Coquitlam. It is no surprise that the Tri-Cities region boasts the lowest neighbourhood mall vacancy at 0.3%. In residential projects we are seeing some developers turn towards selling ground floor CRUs to achieve financing to help combat softer condo pre-sales.

Retail vacancy in the downtown core office towers recorded 5.6% in the second quarter of 2019. Looking ahead, landlords may need to rethink their retail components to remain competitive as new developments such as The Post and the revitalization of Bentall Centre Mall disrupt the downtown core. Construction continues to be strong with the 84,000-sf second phase of the McArthur Glen outlet mall set to be completed at the end of August 2019 with new retailers including Adidas, Jimmy Choo, North Face and All Saints. The overall retail vacancy rate in Metro Vancouver sits at 3.0%, proving that the "retail apocalypse" is more of a myth in this market compared to what other regions in North America are experiencing.

MARKETS/SUBMARKETS <sup>3</sup>	TOTAL BLDGS	INVENTORY (SF)	Q2 2019 VACANCY RATE
<b>Regional Malls &amp; Larger Power Centres</b>	<b>25</b>	<b>17,278,394</b>	<b>3.7%</b>
<b>Community Malls &amp; Smaller Power Centres</b>	<b>61</b>	<b>11,382,227</b>	<b>2.7%</b>
<b>Downtown Core (Office Towers)</b>	<b>22</b>	<b>690,285</b>	<b>5.6%</b>
Burnaby	9	522,836	3.7%
Tri-Cities	18	1,254,883	0.3%
Richmond/Delta	22	1,542,478	1.3%
Langley	8	425,663	1.4%
Surrey	23	1,420,602	1.6%
North Shore	12	715,676	4.3%
<b>NEIGHBOURHOOD MALLS TOTAL</b>	<b>92</b>	<b>5,882,138</b>	<b>1.7%</b>
<b>VANCOUVER TOTALS</b>	<b>200</b>	<b>35,233,044</b>	<b>3.0%</b>

## Key Lease Transactions Mid-Year 2019

PROPERTY	SF	TENANT	LEASE TYPE	SUBMARKET
The Amazing Brentwood	45,000	Sporting Life	New Lease	Burnaby
855 Granville Street	45,000	Cineplex Rec Room	New Lease	Vancouver
Kensington Gardens	33,000	T&T Supermarket	New Lease	Vancouver
The Amazing Brentwood	30,000	H&M/H&M Home	New Lease	Burnaby
The Amazing Brentwood	30,000	Steve Nash Fitness Club	New Lease	Burnaby
Willowbrook Mall	30,000	Winners	New Lease	Langley
River District	15,500	Shoppers Drug Mart	New Lease	Vancouver
Coquitlam Centre	8,000	Cactus Club Café	New Lease	Coquitlam
1695 West 5 <sup>th</sup> Avenue	5,823	Westhill Interiors	New Lease	Vancouver
3030 St. Johns Street	4,229	City Cannabis	New Lease	Port Moody

## Key Sales Transactions Mid-Year 2019

PROPERTY	SF	SELLER/BUYER	PRICE / SF	SUBMARKET
300 Cambie Street & 160 West Cordova Street	36,350	Cambie Holdings / Living Balance Property Investment Group	\$22,000,000 / \$605	Vancouver
608 Pender & 515 Seymour Street	6,234	Hillcore Group / Private Investor	\$18,000,000 / \$2887	Vancouver
6333 West Boulevard	16,271	Cressey Developments / Private Investor	\$12,000,000 / \$737	Vancouver
1051-1055 Davie Street	8,635	Sherwin-Steward Int. Development / M.G.M. Ventures	\$8,000,000 / \$926	Vancouver
1294 Granville & 677 Drake Street	10,392	1294 Granville Street Ltd. / Private Investor	\$8,000,000 / \$770	Vancouver
7468 Lansdowne Road	17,936	Cressey Developments / Private Investor	\$7,000,000 / \$390	Richmond

## Significant Projects Under Construction and Planned

PROPERTY	SF	MAJOR TENANT(S)	SUBMARKET	COMPLETION DATE
The Amazing Brentwood	1,100,000	Sporting Life, Cineplex Rec Room, H&M/H&M Home, Steve Nash, Starbucks	Burnaby	Q3 2020
Oakridge Town Centre	1,000,000	Centralized Kitchen, Brew Pub, Karaoke Bar	Vancouver	2026
River District	259,182	Save-On-Foods, TD Bank, Shoppers Drug Mart, Panago Pizza, Everything Wine	Vancouver	Q4 2019
The Post	200,000	Loblaws City Market	Vancouver	N/A
Lower Lynn Town Centre	120,000	N/A	North Vancouver	N/A

## About Cushman &amp; Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices in 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow [@CushWake](https://twitter.com/CushWake) on Twitter.

MARKETBEAT

# Vancouver, BC

Retail Q2 2019



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.