

VANCOUVER, BC

Retail Q2 2020

YoY Chg 12-Mo. Forecast



Sources: Statistics Canada & Oxford Economics

CANADIAN ECONOMIC INDICATORS FORECAST 2020

YoY Chg 12-Mo. Forecast



Source: Oxford Economics

ECONOMY: What A Year

With news reports already out regarding bankruptcies and store closures, there is no denying the COVID-19 pandemic has impacted the retail sector and consumer environment. For example notable brands such as Bed Bath & Beyond have closed 200 locations, along with 124 David's Tea locations and 131 Reitman stores. Early indicators that the retail and restaurant sector have entered a transitional phase in the delivery of their services include socially distanced line-ups resulting from capacity limits, expanded patio offerings, curbside pickups, and reduced hours for regimented sanitization practices. These new protocols have been underpinned by an overwhelmingly positive response by retailers to embrace technology as exemplified from the drastic uptick in online ordering, touchless deliveries, and e-commerce. The pandemic amplified what many believed was already an unprecedented trajectory as Amazon's first quarter sales increased by 26%. This growth is yet another example of the resiliency and ingenuity exhibited by the retail sector that will help contribute to the wider economic recovery.

Fewer restaurants and shops have closed than what was initially projected internally, and it is anticipated that many of the restaurant spaces that did become vacant will be reabsorbed in a timely manner. In early July, it was reported that 78% of consumers say COVID made them more aware of the importance of small businesses in their communities and will likely support them more in the future. This may lead to a short term disruption in the marketplace, and a recalibration of how specific retailers envision their space and location, but new business opportunities and entrepreneurial endeavours will continue to fill vacant spaces.

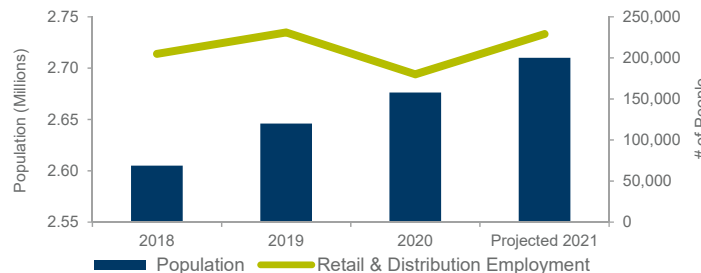
SUPPLY AND DEMAND: Still Plenty of Both

Metro Vancouver entered the global pandemic in an extraordinary economic position and is expected to recover on a similar trajectory, driven by new businesses looking to gain a presence in Vancouver. When Steve Nash Fitness announced the closures of their gyms in March before later finding a buyer, there was significant interest from multiple major fitness brands across North America inquiring about the market. The market is also seeing increased interest from doctors, dentists, and accountants looking to move their offices to street front retail space to be closer to their clientele, as well as a number of transactions being completed for daycare's that were in motion before COVID. Strata sales were essentially unimpacted, drawing multiple offers on numerous occasions. RealNet has reported that 145 retail properties transacted in the first half of this year in the Greater Vancouver area, ranging in size from 200 to 26,000 square feet, compared to 191 in the first half of 2019 and 155 in the second half of 2019.

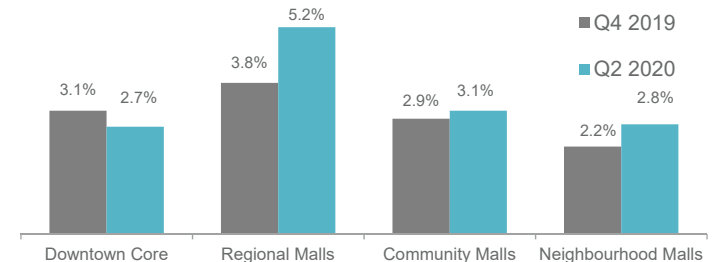
PRICING: Less Damaging Than Expected

Internally, the transactions that the local retail team had completed in the first half of the year have seen comparable rates to what was being asked before the onset of COVID. C&W's internal data shows that approximately 15% of retail transactions from January 1st onward saw a discounted rate, with more than 4 out of 5 deals completed at mutually agreeable market rates. Although some transactions took longer to complete, the delay was largely due to legalities and protecting both tenants and landlords interests moving forward. The opportunistic approach while properly understanding the new unique retail landscape will continue to be essential in our market.

VANCOUVER POP. & RETAIL & DISTRIBUTION EMPLOYMENT



AVAILABILITY BY PRODUCT TYPE



Retail Q2 2020

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	TOTAL BUILDINGS	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)
Regional Malls	17,278,394	25	901,411	5.2%	-217,742	-217,742
Community Malls	11,247,227	60	349,353	3.1%	-28,851	-28,851
Downtown Core (Office Towers)	1,058,879	34	28,514	2.7%	6,759	6,759
Burnaby	522,836	9	12,597	2.4%	7,906	7,906
Tri-Cities	1,062,054	17	47,843	4.5%	-33,615	-33,615
Richmond/Delta	1,478,220	21	22,015	1.5%	1,945	1,945
Langley	425,663	8	5,839	1.4%	-4,029	-4,029
Surrey	1,420,602	23	25,816	1.8%	-2,136	-2,136
North Shore	715,676	12	41,068	5.7%	-10,653	-10,653
Neighbourhood Malls	5,625,051	90	155,178	2.76%	-40,582	-40,582
VANCOUVER TOTALS	35,209,551	209	1,434,456	4.1%	-280,416	-280,416

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4199 Lougheed Highway	Burnaby	Trevor Linden Club 16	28,000	Headlease
River District Town Centre	Vancouver	Lotus Childcare	14,770	Headlease
Langley Business Centre	Langley	Willowbrae Child Care Academy	11,465	Headlease
8419 160 th Street	Surrey	Westgate Childcare	8,608	Headlease
999 W Hastings Street	Vancouver	HSBC Canada	5,135	Headlease

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
Penmore Plaza	Surrey	All Seven Star Homes Ltd. / Private Investor	26,000	\$3,400,000 / \$131
828 Automall Drive	North Vancouver	Dilawri Group of Companies / Automotive Properties REIT	24,290	\$17,500,000 / \$720
Peace Arch Business Centre	Surrey	N/A / Private Investor	22,776	\$7,000,000 / \$307
Flying Plaza 2000	Surrey	Hudson Projects Ltd. / Private Investor	18,193	\$7,450,000 / \$410
1785 & 1795 Clearbrook Road	Abbotsford	Private Investors	17,130	\$7,500,000 / \$438

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	UNITS	OWNER / DEVELOPER
Vancouver House	Vancouver	Fresh ST	N/A	WestBank
City of Lougheed	Burnaby	The Bay	1.5M SF	Shape

PATRICK BOURNE

Retail Analyst

+1 604 608 5934

patrick.bourne@cushwake.com

KYLE GRUNDY

Manager, Business Development & Research

+1 604 640 5896

kyle.grundy@cushwake.comcushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

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 53,000 employees in 400 offices and 60 countries. In 2019, the firm had revenue of \$8.8 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.

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.