

EDMONTON, AB

Retail Q2 2021



Edmonton Census Metropolitan Area
Sources: Statistics Canada, Sitewise, City of Edmonton
Spring 2021 Forecast Update

EDMONTON ECONOMIC INDICATORS Q2 2021



Edmonton Census Metropolitan Area
Sources: Statistics Canada, City of Edmonton Spring 2021 Forecast Update

ECONOMY

As Alberta's economy is anticipated to see more favorable economic conditions as oil prices begin to rise, vaccination rates continue to increase, and almost all restrictions in Alberta have been lifted, investor sentiment and business optimism in the Albertan markets will start to see improvement in the medium term. However, there will continue to be occasional hiccups from the pandemic, and growth is not expected to return to its pre-pandemic levels until 2022/23. Unemployment in the Edmonton region has dropped year-over-year by 610 basis-points (bps) to 9.7%. Residential new construction spending in May 2021 increased by 14.9% compared to the same period last year, while non-residential new construction spending slightly declined by 0.6%.

DEMAND

Unadjusted retail sales showed strong gains in May 2021 with 2.3% growth month-over-month and a 23.1% increase year-over-year (YOY). This YOY increase can be attributed to retailers adapting to the digital world and adjusting to the current retail landscape by providing delivery and curbside pick-up, as well as consumer spending improving. Industries with the biggest gains included clothing and clothing accessories stores (+111.9%), furniture and home furnishings stores (44.3%), motor vehicle and parts dealers (+32.9%), gasoline stations (27.7%), and electronics and appliance stores (25.4%).

While the city continues to see sluggish retail growth in the downtown core, retail developments with high visibility and high traffic locations, such as grocery-anchored shopping centres in the suburban market, remain attractive for motivated tenants. For instance, several big-box stores are being backfilled by healthy retailers with a strong balance sheet. Walmart will be exiting its location in Westmount Shopping Centre leaving behind 91,500 square feet (sf) of space and will open a new supercentre location at Kingsway Mall in fall 2022, partly occupying the mall's former Sears space. Shoppers Drug Mart also plans to consolidate their locations on the south side of 23rd Avenue into the former Spa Lady location on 23 Avenue and 111 Street.

OUTLOOK

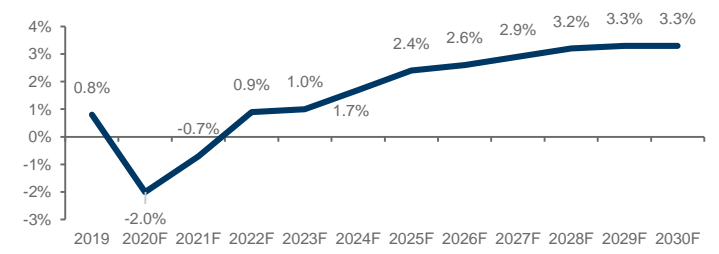
The economic activity in Edmonton is anticipated to show some signs of improvement in the second half of 2021, driven by lifted restrictions, widespread immunization, and consumers' rising optimism about their finances. The market is seeing renewed retail demand and leasing activity is starting to pick up. As a result of the COVID-19 pandemic many of the weakest tenants have been removed from rent rolls and we should see a stronger tenant mix in retail settings. Cannabis stores along with businesses offering basic needs and services such as grocery, food, salon, and health care are expected to continue to be active throughout the city. Nonetheless, with uncertainty ahead, some retailers may continue to take a wait-and-see approach until the local economic recovery is well underway.

MONTHLY CANADIAN RETAIL SALES, UNADJUSTED



Sources: Statistics Canada

ANNUAL WAGE GROWTH



Sources: City of Edmonton Spring 2021 Forecast Update

KEY PROPERTIES UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANTS	SF	PROPERTY TYPE
Currents of Windermere	Southwest	Walmart, Cabela's, Home Depot	1,200,000	Regional Centre
Manning Town Centre & Village	Northeast	Canadian Tire, Lowe's, Cabela's	850,000	Regional Centre
Harvest Pointe Shopping Centre	Southeast	Walmart, Sobeys	375,000	Regional Centre
Heritage Valley Shopping Centre	Southwest	Superstore, Shoppers	303,472	Regional Centre
Southgate Mall Expansion	Southwest	Safeway, Hudson's Bay	260,000	Shopping Mall
Ice District	Central	Loblaws City Market, Rexall, The Canadian Icehouse	208,000	Entertainment District
Windermere South	Southwest	Superstore	120,000	Regional Centre
The Shoppes of Jagare Ridge	Southwest	Save-On-Foods, RBC, Shell, TD, Subway	119,650	Community Centre
Grove on 17	Southeast	Landmark Cinemas, Jiffy Lube, Wendy's	107,000	Regional Centre
Harvest Hills	Southeast	Superstore	97,000	Big-Box Store
Ambleside Centre	Southwest	Ambleside Medical Inc.	104,400	Community Centre

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
South Edmonton Common	Southeast	181935 Alberta Ltd.	40,539	Sublease
10954 23 Ave NW	Southwest	Shoppers Drug Mart	17,834	Headlease
3859-3873 99 St	Southeast	The Sweet Spot Discount Golf Inc.	10,454	Headlease

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
13528/30 Fort Road	Northeast	561525 Alberta Ltd. / 660821 Alberta Inc.	40,386	\$7.2M / \$178
340 Baseline Road	Sherwood Park	RONA Inc. / SPBG Land Holdings Inc.	43,000	\$6.0M / \$140
Kennedale Shopping Centre	Northeast	Gold Bar Properties Ltd. / 1824240 Alberta Ltd.	19,517	\$4.6M / \$233
River Crest Plaza	St. Albert	Angus G. MacDonald Holdings Ltd. / 2316592 Alberta Ltd.	11,967	\$3.8M / \$318
16815 Stony Plain Rd	Northwest	J.S.K. Properties Ltd. / Maisoon Holdings Ltd.	13,750	\$3.7M / \$269

RETAIL TEAM

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