

VANCOUVER, BC

Retail Q2 2022

YoY Chg 12-Mo. Forecast

1.7M

Vancouver Regional Employment

4.8%

British Columbia Unemployment Rate

4.9%

Canada Unemployment Rate

Sources: Statistics Canada, Sitewise

CANADIAN ECONOMIC INDICATORS FORECAST 2022

YoY Chg 12-Mo. Forecast

3.8%

Projected Real GDP Growth

8.1%

Consumer Price Index

14.1%

Retail Sales Growth

Source: Statistics Canada, OECD, Trading Economics

ECONOMY

Despite the easing of pandemic restrictions and the gradual return to normalcy, economic challenges, including supply chain disruptions and rampant inflation, will slow economic growth in 2022. However, there are some factors which will provide relief amidst an uncertain economy. Increasing tourism will aid in economic recovery, with tourism spending increasing by 50.7% nationally over the past four quarters. Locally, Vancouver International Airport recorded 2 million travelers in July 2022, which was 79% of airport traffic recorded in July 2019. Pent up consumer demand may also boost B.C.'s recovery, with retail sales in B.C continuing an upward trend, up 1.3% in May 2022 compared to last month. The emergence of hybrid work models are resulting in slower growth for the urban market, while suburban markets are benefitting from their existing captive residential markets in the immediate proximity.

Sources: Business in Vancouver, Statistics Canada

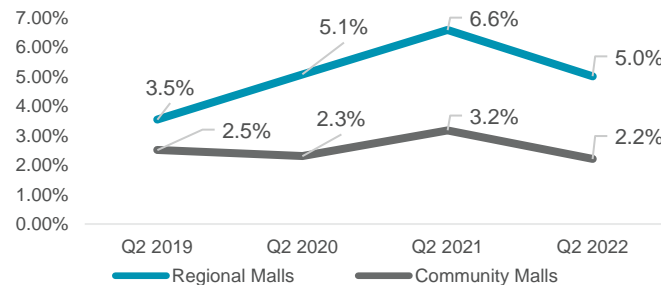
SUPPLY AND DEMAND

The increase of in-person shopping and traditional retail was accompanied by a decline in e-commerce, as Statistics Canada reported retail e-commerce sales in May 2022 were down 2.9% compared to April 2022. Various retailers are in expansion mode, with Gap's Athleta opening a second location on Robson Street, one of Vancouver's prime retail streets. Jollibee opened its first restaurant in B.C on Granville Street and will continue its expansion in Metro Vancouver with another location in Vancouver and two in Surrey. The city's luxury market continues to thrive, with Gucci expanding their Fairmont Hotel location by 2,300 square feet (sf), becoming the largest Gucci store in Canada. Regional malls (375,000 sf+) and community malls (110,000 sf – 375,000 sf) in Metro Vancouver are seeing a downward trend in vacancy, based on a survey of 60 malls. Vacancy in regional malls is sitting at 5.0%, a 160-basis point (bps) decrease in vacancy from one-year-ago. Vacancy in community malls has also decreased to 2.2%, a 100 bps decrease in vacancy from one-year-ago. Further decreases in vacancy are expected in both regional and community malls; particularly in shopping centres anchored by subsistence shopping - grocery, health and wellness tenants.

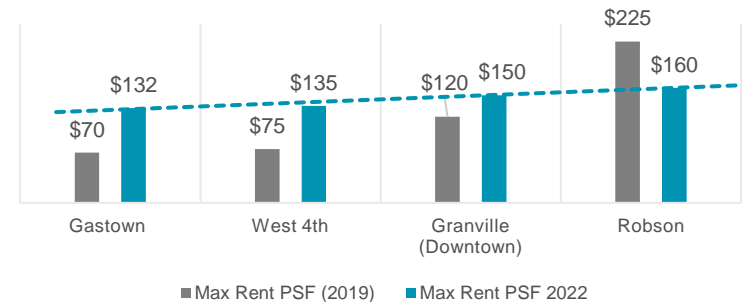
PRICING

A comparison of asking rates, from 2019 and from 2022, on seven local retail streets suggests net asking rents on a per square foot basis have been increasing back to pre-pandemic levels. Of all the retail streets surveyed in Vancouver, availabilities on Robson and Granville Streets in downtown Vancouver are among the most expensive on a per square foot basis. The highest increases in asking rates were in Gastown and West 4th areas, with maximum asking rates increasing 88% and 80% respectively compared to the 2019 survey. On average, asking rates across all surveyed retail streets were up 46% compared to the 2019 survey. Despite the downtown's slower recovery, demand is still strong, and asking rates are trending upwards, which is to be expected in this resilient market. Moving into the remainder of 2022, Cushman & Wakefield expects pricing to be at or above pre-pandemic rates. Economic challenges, including supply chain issues, high construction costs, and labor shortages, could slow or halt mixed-use construction projects, which could decrease supply, putting upwards pressure on retail lease rates across Metro Vancouver.

AVAILABILITY BY PRODUCT TYPE (Mid-Year 2022)



2019 VS 2022: STREETFRONT MAX. ASKING RATES (Net, PSF)



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	9,048,604	17	450,148	5.0%	144,195	144,195
Community Malls	7,886,957	43	170,768	2.2%	79,463	79,463
VANCOUVER TOTALS	16,935,561	60	620,916	3.7%	223,658	223,658

KEY LEASE TRANSACTIONS YTD 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1085 Woolridge St	Coquitlam	T&T Supermarkets	37,768	Headlease
West Oaks Mall	Abbotsford	Canadian Blood Services	8,200	Headlease
2640 152 nd Street	Surrey	Toronto Dominion Bank	5,503	Renewal
1128 Mainland Street	Vancouver	YVR Cycle Spin Studio	3,518	Headlease
Willoughby Town Centre	Langley	The Hard Bean Brunch Company	3,358	Headlease
731 Homer Street	Vancouver	Royal Bank of Canada	2,580	Headlease

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KEY SALES TRANSACTIONS YTD 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
Logan Creek Plaza	Langley	1160357 B.C. Ltd. / 1160361 B.C Ltd.	76,831	\$57,250,000 / \$745
Mount Lehman Centre	Abbotsford	Pinegrove Properties Inc./ 0910943 B.C Ltd.	60,000	\$44,325,000 / \$739
Townline Plaza	Surrey	Broadway Properties Ltd. / 581947 BC Ltd.	30,290	\$22,600,000 / \$746
Foster Martin*	White Rock	Landmark Premiere Properties (White Rock) Ltd / Various Buyers	13,106	\$12,772,000 / \$975
6715 Hastings Street	Burnaby	All Canadian Investment Corporation by McEown & Associates Ltd. as monitor / Dack Jin Holdings Ltd.	17,976	\$8,328,000 / \$463
765 Sixth Street	New Westminster	Boru Management Ltd, T.E.C Management Ltd., & M.A Mercier / C.G. Punjani Investments Ltd	18,875	\$8,000,000 / \$423
Tsawwassen Mills	Delta	Ivanhoe Cambridge / Central Walk	1,096,503	Undisclosed
Il Mercato	Vancouver	Millenium City Malls Inc. / Dava Developments	66,627	Undisclosed

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*Based on the combined value of 9 different units sold in building.