

VANCOUVER, BC

Retail Mid Year 2024

ECONOMIC OVERVIEW

According to TD Canada, recently released GDP data for 2023 showed that British Columbia's (B.C.) economy grew by 1.6%, aligning with Ontario and Saskatchewan. TD Canada has slightly raised B.C.'s GDP growth projection for this year. A pickup is anticipated in 2025 with B.C. likely regaining its status as an above-average performer.

SUPPLY AND DEMAND: Mixed Signals, Yet Overall Resiliency

After following a downward trajectory since the fourth quarter of 2022 (the pandemic peak), retail vacancy in the downtown Vancouver core office towers increased to 8.7% this quarter, up from 6.2% at the end of 2023. This rise was largely due to Service Canada and Immigration Services giving back 22k square feet (sf) at the Sinclair Centre. Despite this significant addition of vacant space, there has been noteworthy leasing activity with several tenants securing space in downtown office towers. For example, Per Se Social Corner will be taking over Chewies Oyster Bar's space in Guinness Tower and Roots is relocating to 777 Hornby from their flagship store on Robson. Notably, retail space in recently constructed office towers is now almost fully leased, highlighting a 'flight to quality' trend as observed in buildings like Telus Garden, 601 & 1021 West Hastings, The Post and B6.

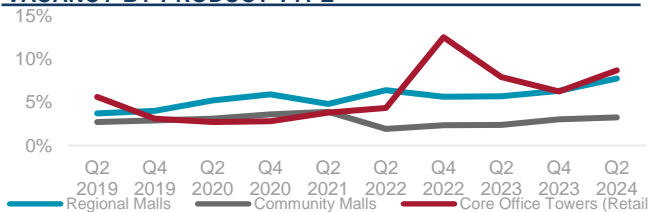
Based on our survey of 28 locations, overall vacancy at Regional Malls in Metro Vancouver (375k sf+) experienced a moderate increase from 6.3% at the end of 2023 to 7.7% this quarter. Multiple retail spaces, totaling 66k sf, were added to the market as vacant at 3122 Mount Lehman Road and Willowbrook Shopping Centre, while Meadowtown Centre reported leasing 33k sf and is now fully occupied. Looking ahead, overall vacancy in Regional Malls may decrease towards the end of 2024 partially due to leasing activity at Cadillac's Pacific Centre of the former Nordstrom's space. Regarding the smaller Community Malls (110k sf – 375k sf, survey of 71 locations), vacancy stayed almost unchanged at 3.2%. However, there were some large additions to vacancy at Henderson Place Mall, for example, while Haney Place Mall welcomed Mission Thrift Store (34.6k sf) and the Brick leased 43.4k sf at Central at Garden City.

Going forward, several factors may adversely affect retailers and retail vacancy trends. For instance, smaller retailers are dealing with higher minimum wage requirements (increased to \$17.40 on June 1, 2024, from \$16.75), elevated financing costs with the Bank of Canada's interest rate now at 4.5%, high occupancy and build out costs. According to our survey, a few recent lease transactions have fallen through because the build-out costs significantly exceeded the tenants' budgets. The rise in construction costs has increased the demand for already built-out, second-generation spaces such as fully equipped medical/dental offices or restaurant spaces. Despite these challenges, retailers continue to reinvent themselves and show interest in the Metro Vancouver market. For instance, Corner Pantry Co. is introducing a hyperlocal grocery delivery concept in downtown Vancouver and Artigiano just opened a new store in Yaletown that transforms into a European-inspired aperitivo bar in the evening. In addition to that, several groups are currently looking for retail space, ranging from smaller independent and franchise food, service commercial and wellness users to a multitude of medical and dental groups seeking space across Metro Vancouver. Food retailers continue to be very active.

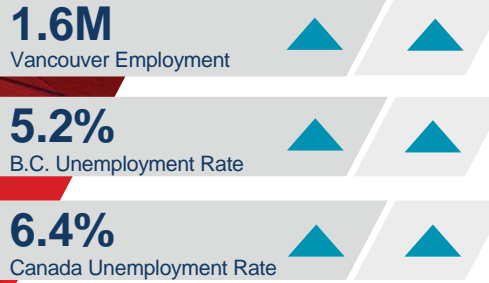
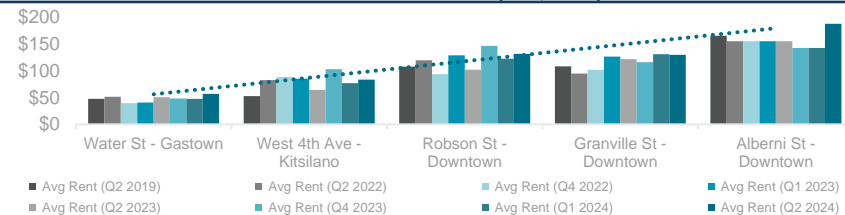
STREETFRONT RETAIL PRICING: Asking Rates Remain Stable

Average asking net rates remained stable with minor fluctuations across all five surveyed retail streetfront areas in the first half of 2024. Alberni Street continues to lead with an average asking rate of \$187.00 per square foot (psf), having only three available retail spaces and historic low vacancy. Robson Street follows at \$131.00 psf, down 10% since late 2023 but up 22% from pre-pandemic levels in Q2 2019. The Water Street area in Gastown has maintained the lowest average asking rate amongst the five areas, standing at \$57.00 psf. However, this rate has increased by 18% since the end of 2023, with almost no change since pre-pandemic levels. Looking ahead, retail asking rates in these areas will continue to be shaped by various factors including economic conditions, consumer behavior and market trends.

VACANCY BY PRODUCT TYPE

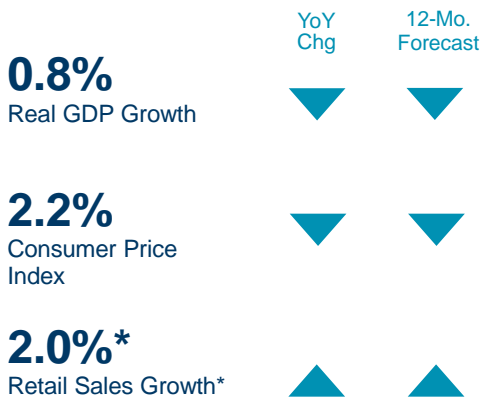


STREETFRONT RETAIL AVG. ASKING RATES (Net, PSF)



Source: Statistics Canada

VANCOUVER ECONOMIC INDICATORS 2024



Source: Statistics Canada, Moody's Analytics
 Data Reflects Forecasted Year-End 2024 Figures
 *Retail Sales Growth YTD 2023 vs. YTD 2024 as of May of each year.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	TOTAL BUILDINGS	OVERALL VACANT (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)
Regional Malls	18,863,880	28	1,458,477	7.7%	-231,497
Community Malls	13,530,589	71	439,289	3.2%	-30,910
Core Office Towers	1,287,401	63	111,692	8.7%	-27,664
VANCOUVER TOTALS	33,681,870	162	2,009,458	6.0%	-290,071

KEY LEASE TRANSACTIONS 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Southgate City	Burnaby	Safeway	50,850	Headlease
Central At Garden City	Richmond	The Brick Warehouse	43,481	Headlease
The Hudson	Vancouver	Winners	40,000	Headlease
855 Granville Street	Vancouver	The Rec Room	40,000	Headlease
Haney Place Mall	Maple Ridge	Mission Thrift Store	34,603	Headlease
Bakerview Home	Abbotsford	Ashley Furniture Homestore	31,390	Headlease
Oakridge Park	Vancouver	BC Liquor	24,800	Headlease
Langley City Square	Langley	Rooms + Spaces	21,165	Headlease
Southgate City	Burnaby	CEFA Early Learning	20,817	Headlease
2803 West 4 th Avenue	Vancouver	Fresh St. Market	20,000	Headlease

KEY SALES TRANSACTIONS 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
12339 Steveston Highway	Richmond	Townline Homes / City of Richmond	41,810	\$16.8M / \$402
1660 Robson Street	Vancouver	Prime Pacific Global Holdings Corporation / 1471644 B.C. Ltd.	15,000	\$16.4M / \$1093
Robson Centreplace	Vancouver	Hartleywood Holdings / ARON Industries	53,300	Share Sale
1555 United Boulevard	Coquitlam	Mr. P's & Mr. Pet's Holdings Ltd. / Jag Jaswal Holdings Ltd.	28,254	\$13.5M / \$478
1260 Hamilton Street	Vancouver	No. 99 Seabright Holdings Ltd. / 1479275 B.C. Ltd.	11,280	\$11.0M / \$975
18620 56 th Avenue	Surrey	Relevant Education Society / Fraser Valley Elementary School Society	193,406	\$10.9M / \$56
2705 Granville Street	Vancouver	Serra Investment Corporation / Granvillerich Holdings Ltd.	5927	\$9.7M / \$1637

KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SF)	EST. COMPLETION	OWNER / DEVELOPER
Oakridge Park	Vancouver	Hudson's Bay Company, Time Out Market	1,300,000	2025	Quadreal / Westbank
Mission Village	Mission	N/A	27,000	2024	West Fraser Developments
Galleria, Phase 1	Richmond	N/A	36,000	2024	Concord Pacific

SVETLANA LEBEDEVA

Research Manager

+1 604 608 5963

svetlana.lebedeva@cushwake.com

JOSEPH CASTILLO

Research Analyst

+1 604 608 5906

joseph.castillo1@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in approximately 400 offices and 60 countries. In 2022, the firm reported revenue of \$10.1 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), Environmental, Social and Governance (ESG) and more. For additional information, visit www.cushmanwakefield.com.

©2024 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.