

ECONOMIC INDICATORS

National

	2015	2016	12-Month Forecast
GDP Growth	1.7%	1.3%	▲
CPI Growth	0.7%	1.5%	▲
Consumer Spending Growth	1.8%	1.5%	■
Retail Sales Growth	1.0%	3.8%	▲

Regional

	Q4 15	Q4 16	12-Month Forecast
Median Wage Rate	\$22.05	\$22.95	▲
Labour Force Population Growth	1.3%	1.3%	■
Unemployment Rate	5.8%	5.8%	▼

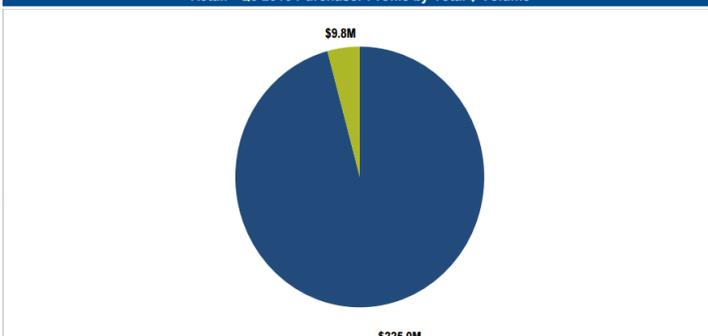
Source: Statistics Canada

Economy

After several years of national attention focusing on British Columbia's hot housing market, the talk has now veered towards the cooling in home resale activity, due in part to the 15% tax on homes purchased by foreign residents that was imposed in August 2016. The labour market continues to be strong in most sectors, particularly construction, retail and wholesale trade, finance, and real estate. In 2017, the GDP growth rate is forecasted to be lower than originally projected; however, remains positive at 1.7%. One ray of optimism that will bode well for British Columbia's future economy is the federal government's recent approval of Kinder Morgan's Trans Mountain pipeline, set for completion in 2019.

Source: RBC Economics

Retail - Q3 2016 Purchaser Profile by Total \$ Volume



Source: Realnet

Market Overview

British Columbia lead Canada in retail sales growth in 2016. According to the latest figures from Statistics Canada, British Columbia's seasonally adjusted, the October 2016 year-to-date retail sales were worth \$62.2 billion, an increase of \$3.9 billion or 6.6% compared to the same period in 2015. With this increase, B.C.'s retail sales growth for the first 10 months of 2016 ranks first among provinces in Canada and is well above the average Canadian increase of 3.8%. This performance is expected to continue in 2017, with many economic forecasters predicting B.C. will once again exceed the national average in retail sales growth.

Tsawwassen Mills, Ivanhoe Cambridge's latest version of its suburban outlet mega-mall concept (others are located in Vaughn, ON, and Calgary, AB), encompasses 1.4 million square feet (MSF) in total space, with 20% remaining to be leased, and features 180 brands, 18 of which are new to the Metro Vancouver market. Some of the more notable tenants included Bass Pro Shops Outdoor World, DSW—Designer Shoe Warehouse, Pro Hockey Life and Saks OFF 5TH.

The area's newest shopping centre overcame substantial skepticism deriving from its non-core location and drew about 284,000 visitors during its first six days of operation—including 201,000 during the grand opening from October 5 to October 8th, 2016. However, Tsawwassen Mills officials have said the outlet centre will focus on being a destination shopping centre to draw from a larger geographical region, stretching potentially beyond Metro Vancouver to Vancouver Island (through the Tsawwassen ferry terminal) to Washington state.

Tsawwassen Commons is another major new retail centre being developed adjacent to Tsawwassen Mills and will consist of a series of contiguous big box stores such as Rona, Canadian Tire, Petsmart, and Dollarama with Walmart opening in January 2017.

The McArthurGlen Vancouver Outlet Centre announced shortly after the completion of Phase I that Phase II would soon be underway. This would add between 200,000 and 240,000 square feet (SF) to the existing project, effectively doubling its size by 2018, making room for 50 new stores. It was announced in September at Toronto's ICSC that McArthurGlen was named the best new development in 2016 for centres between 150,001 and 400,000 SF. Earlier in the year the project also won the NAIOP Vancouver and Business in Vancouver Commercial Real Estate Award of Excellence in Retail Development.

Street Front Lease Rates

SUBURBAN AREAS		RENT MIN	RENT MAX
Abbotsford	Central	\$ 14.00	\$ 32.00
Abbotsford	Sumas	\$ 15.00	\$ 45.00
Burnaby	Hastings – Boundary / Gilmore	\$ 20.00	\$ 40.00
Burnaby	Kingsway – Willingdon / Royal Oak	\$ 25.00	\$ 35.00
Burnaby	Kingsway / Metrotown	\$ 25.00	\$ 50.00
Delta	Scott Road	\$ 20.00	\$ 30.00
Langley - City	Langley City	\$ 15.00	\$ 35.00
Langley - Township	Langley	\$ 15.00	\$ 35.00
New Westminster	Downtown	\$ 12.00	\$ 40.00
New Westminster	Uptown	\$ 12.00	\$ 40.00
North Vancouver	Lonsdale Avenue	\$ 25.00	\$ 50.00
North Vancouver	Marine Drive	\$ 25.00	\$ 45.00
Richmond	No. 3 Road	\$ 30.00	\$ 60.00
Surrey	Fleetwood / Cloverdale	\$ 18.00	\$ 30.00
Surrey	Newton	\$ 18.00	\$ 30.00
Surrey	North Surrey	\$ 15.00	\$ 30.00
Surrey	South Surrey	\$ 20.00	\$ 50.00
Tri Cities	Coquitlam, Port Coquitlam, Port Moody	\$ 18.00	\$ 35.00

CENTRAL AREAS		RENT MIN	RENT MAX
Vancouver	Broadway / Cambie	\$ 40.00	\$ 90.00
Vancouver	Broadway / MacDonald	\$ 25.00	\$ 40.00
Vancouver	Chinatown / Crosstown	\$ 20.00	\$ 50.00
Vancouver	Commercial Drive	\$ 25.00	\$ 65.00
Vancouver	Denman – Davie	\$ 45.00	\$ 70.00
Vancouver	Gastown	\$ 40.00	\$ 50.00
Vancouver	Granville – Downtown	\$ 35.00	\$ 100.00
Vancouver	Granville – Broadway / 16th	\$ 45.00	\$ 80.00
Vancouver	Kerrisdale	\$ 25.00	\$ 55.00
Vancouver	Kingsway	\$ 15.00	\$ 25.00
Vancouver	Main Street	\$ 30.00	\$ 45.00
Vancouver	Robson – Alberni	\$150.00	\$ 250.00
Vancouver	West 10 th / UBC	\$ 25.00	\$ 75.00
Vancouver	Kitsilano / West 4th	\$ 50.00	\$ 75.00
Vancouver	Yaletown	\$ 80.00	\$ 120.00

Lease rates are based on the data from a collection of deals done in the previous quarter
 NOTE: With the exception of Cambie/Broadway, rental rates along West Broadway remain in the \$30 - \$35 range

Twelve of the 19 former Target stores across B.C. have been filled since the U.S. retailer's retreat from Canada last year; which experts have said has outpaced the national rate at which landlords have been able to fill their empty Target spaces. In B.C., four of those spaces vacated were occupied by Lowe's; four by Canadian Tire; and four by Walmart - according to numbers provided by an industry insider. Of the remaining seven sites in the province, most are being renovated to make them suitable for other big-box retailers like Winners, Sport Chek, and Marshalls.

In a recently published report by Cushman & Wakefield, Vancouver's Robson Street was named the seventh most expensive shopping street in the America's; despite asking lease rates having dropped by several dollars over 2015 rates. It should be noted that lease rates along this famous street vary drastically from block to block with some areas seeing rates as low as \$150.00 per square foot (PSF). This is good news for Robson Street's struggling 1100-block, located between Thurlow Street and Bute Street, with several new tenants recently opening new, and/or, expanding their space. Nike opened a 4,000-SF, two-level store in the former Mexx location at 1119 Robson Street in mid-2016.

A few doors west, French confectionery Ladurée (known for its macarons) opened its first Canadian store at 1141 Robson Street, featuring retail as well as a 22-seat tearoom. Aritzia's Robson Street flagship has also expanded on the block in early 2016, taking over the former Starbucks/Cafe Artigiano space at 1100 Robson to create the company's largest Canadian store, measuring over 13,000 SF.

Outlook

Vancouver's tony "Luxury Zone" located between the Fairmont Hotel Vancouver and the Shangri-La Hotel along Alberni and Georgia Streets, will be introducing a new iconic building in 2017. The Trump International Hotel & Tower Vancouver will include several high-end retail tenants such as Equinox Fitness, Snowflake Canada, and Stefano Ricci (an Italian super luxury men's fashion brand). Several other high-end luxury retailers have also expressed interest in opening stores in this specific area, joining neighbours such as Escada, Brunello Cucinelli, Versace, Prada, Hermes, and Tiffany's - which is currently expanding its 4,700-SF existing premises over two floors..

Key Lease Transactions Year-End 2016

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
Park Royal (North)	32,276	Saks OFF 5TH	Lease	West Vancouver
Park Royal (North)	25,995	BC Liquor Store	Lease	West Vancouver
8010 Saba Road *	18,617	HSBC Bank Canada	Lease	Richmond
2888 Granville Street *	9,355	Shoppers Drug Mart Inc.	Lease	Vancouver
7800 Alderbridge Way	8,025	Baby enRoute	Lease	Richmond
Central at Garden City	7,178	The Canadian Brewhouse Ltd.	Lease	Richmond
475 West Georgia Street	7,000	Canada Post (new urban format)	Lease	Vancouver

* Renewal

Key Sales Transactions Year-End 2016

PROPERTY	SF	SELLER/BUYER	PRICE / SF	SUBMARKET
Big Bend Crossing Shopping Centre*	302,000	Anthem Properties Corp. & Cressey Development / Big Bend Crossing Shopping Centre No. 1 & 2 Ltd.	\$63,888,000 / \$15	Burnaby
1818-1862 West Broadway	n/a	Bonnis Development 1862 Inc. & Monterey Development Co. Ltd. / 1077003 B.C. Ltd.	\$56,250,000 / n/a	Vancouver
The Shops at Robson	42,000	Empire Company Limited & Sobeys Inc./ Crombie REIT	\$68,050,000 / \$241	Vancouver
1060-1070 Homer Street & 1061-1067 Hamilton Street	41,863	Sidney Investments Ltd. / Transworld Management Ltd.	\$26,000,000 / \$621	Vancouver
Boundary Park Plaza	4,033	City of Surrey / Boundary Park Holdings Ltd.	\$24,200,000 / \$448	Surrey
Mandarin Residences <i>Share Sale</i>	28,523	Wall Financial Corp. & Fairborne Homes / Scotiabank	\$19,065,747 / \$668	Richmond

Significant Construction Completions Year-End 2016

PROPERTY	SF	MAJOR TENANT	SUBMARKET	COMPLETION DATE
Tsawwassen Mills	1,200,000	Bass Pro Shop / Pro Hockey Life / Forever 21	Delta	Q3 2016

Significant Projects Under Construction and Planned

PROPERTY	SF	MAJOR TENANT(S)	SUBMARKET	COMPLETION DATE
The Amazing Brentwood	1,100,000	n/a	Burnaby	Q3 2018
Tsawwassen Commons	555,000	Walmart, Rona, Canadian Tire, Sport Chek	Delta	Q1 2018
Parq Vancouver	134,000	Casino	Vancouver	n/a
River District	259,182	n/a	Vancouver	n/a
Lower Lynn Town Centre	120,000	n/a	North Vancouver	n/a

About Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm that helps clients transform the way people work, shop, and live. The firm's 43,000 employees in more than 60 countries provide deep local and global insights that create significant value for occupiers and investors around the world. Cushman & Wakefield is among the largest commercial real estate services firms with revenue of \$5 billion across core services of agency leasing, asset services, capital markets, facility services (C&W Services), global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation, and valuation & advisory. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

MARKETBEAT

Vancouver, BC

Retail Q4 2016



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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.

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