

# RETAIL REPORT

METRO VANCOUVER | 2018 YEAR END

**LEE &  
ASSOCIATES**  
COMMERCIAL REAL ESTATE SERVICES



**Neil S McAllister**

Personal Real Estate Corporation  
Senior Vice President  
D 604.630.3374

**Sean Ogilvie**

Vice President  
D 604.630.3402

**Howard Malchy**

Personal Real Estate Corporation  
Vice President  
D 604.895.2226

**Andrea Fletcher, BCom, RI**

Senior Associate  
D 604.630.3398

**Russell Long, BA, DULE**

Associate  
D 604.630.3059

**Maria Fayloga**

Retail Coordinator  
D 604.630.3375



Metro Vancouver Market

The Metro Vancouver retail market heading into Q1 of 2019 is showing signs of volatility. The abundance of chain retailers downsizing or winding down operations has created some uncertainty.

The volatility in the Canadian marketplace is in large part due to consumer preferences becoming increasingly polarized between luxury and discount. Mid-tier vendors have had to re-evaluate their marketing strategies in response to the shift in purchasing behavior.

Despite uncertainty, retail sales in Canada remain surprisingly strong with British Columbia continuing to show resilience with total retail sales amounting to \$7.2 Billion as of Q4 2018.

Retail supply in Metro Vancouver has increased with over 2,500,000 square feet of retail space that has or will be built out this year and another 3,000,000 square feet coming onto the market within three years. The demand for this supply remains stable as retailers respond to developer activity in the Metro Vancouver market.

The retail investment market slowed in 2018 when compared to 2017. 2018 had a moderately strong first half with a total sales figure of \$1.095 Billion; whereas, mid-year to year-end sales activity saw an additional \$676.4 Million in volume representing a total sales figure of \$1.77 Billion\*.

There were 38 investment transactions between \$5 Million and \$10 Million, representing 15.6% of the total sales figure. The market saw 34 transactions above \$10 Million, representing 65.8% of the total sales figure.

Retail Outlook

The desire for retailers to join the Metro Vancouver market remains strong, especially within the downtown core of Vancouver. Luxury and off-price/discount retailers amount for the majority of retail sales in the region. Japanese discount retailer, Thinka, recently opened a 4,300 SF location on the 1100 block of Robson Street and plan expanding to over 200 location within Metro Vancouver over the next five years. Competition remains fierce within the market among retailers desiring to be in Vancouver's "luxury" corridor on Alberni Street. Joining Hermes, Tiffany & Co., and Yves Saint Laurent in 2018 are Jimmy Choo and Oliver Peoples. A new international haute-streetwear retailer, Off-White, also opened its doors in the unconventional 4,300 square feet of laneway space behind De Beers, Prada, and Moncler.

\*Total sales figure represents 2018 transaction volume of \$1.7 Billion based on transactions over \$1 Million.

The Changing Face of Suburban Retail

All suburban retail is experiencing some of the lowest vacancy rates in recent memory. In part this is due to the significant demand for residential real estate and the population growth throughout Metro Vancouver. The supply constraints are particularly tight in open air/strip retail centres which traditionally offer preferred retail fundamentals such as exposure, parking, ease of access and egress.

Nowadays, residential construction is the predominant form of new development in Metro Vancouver. Not only is there market pressure to optimize the land where shopping centres are currently situated, due to a shortage of land and escalating land prices, retail inventory is often being replaced with an inferior product - mixed use residential/retail. Residential developers are sometimes reluctantly required by city planners to include retail components within their multi-family projects to animate street-fronts. These new development practices are forcing retailers to consider forms of space which they are not accustomed to or have not had to deal with in other markets.

The disconnect in many cases is that there is new retail being brought to market, but new mixed-use developments are being built in areas which do not enjoy the retail fundamentals for success such as sufficient density, transit, or pedestrian traffic. The other problems often associated with mixed use projects can be that the retail space does include the amenities such as convenient parking, loading, ceiling height as well as venting and garbage storage. Nor can space often be configured because of columns and irregular spatial layouts.

Retail leasing specialists involved in the early development architectural planning process can help mitigate design shortfalls and help ensure the retail space is well suited to the widest range of possible end users. Under the right circumstances retail & residential components can function in harmony together and be a valuable amenity to the residential marketing and overall lifestyle experience.

MACROECONOMIC FACTORS				
BRITISH COLUMBIA		Q4 2018	READ	TREND
Unemployment Rate		4.40%	Dec	◀▶
Total Building Permits		\$1.734 Billion	Dec	▲
Retail Sales		\$7.2 Billion*	Dec	▲
*Seasonally adjusted				
CANADA		Q4 2016	READ	TREND
Consumer Price Index		2.00%	Dec	▲
CAD/USD		\$0.75	Dec	▼
Prime Lending Rate		3.95%	Dec	▲
Overnight Rate		1.75%	Dec	▲

Major New Developments



THE CITY OF LOUGHEED BY SHAPE PROPERTIES

The City of Lougheed is a 40-acre master planned community centred around the current Lougheed Shopping Centre with redevelopment densification of 1.4 million SF of retail, 1 million SF of office space and on-site residential homes.



GILMORE PLACE BY ONNI GROUP

Gilmore Place is a mixed-use master planned community development in Burnaby located at the Gilmore SkyTrain Station with the first phase now underway.

CURRENTLY UNDER CONSTRUCTION AND POTENTIAL DEVELOPMENTS   LOWER MAINLAND					
DEVELOPER	PROJECT NAME	MUNICIPALITY	RETAIL SIZE	NOTABLE TENANTS	ESTIMATED COMPLETION
Shape Properties	The City of Lougheed	Burnaby	1,400,000	TBD	Q1 2020
Shape Properties	The Amazing Brentwood	Burnaby	547,192	Cineplex, Sporting Life	Q4 2019
Anthem Properties	Station Square	Burnaby	450,000	Overwaitea Foods, Bed Bath & Beyond, Best Buy	Q4 2021
Quadreal	The Post	Vancouver	200,000	TBD	2022
Jim Pattison Developments	Guildford Village	Surrey	114,000	Save-On-Foods	Q2 2021
Cressey	Kings Crossing Edmonds	Burnaby	100,000	Crunch Fitness	Q2 2019
Westbank	Vancouver House	Vancouver	80,000	Fresh St Market	Q3 2019
South Street Developments	Atmosphere	Richmond	70,000	TBD	2021
Rize Alliance	The Independent	Vancouver	53,000	Nesters	2019
Wesgroup Properties	River District	Vancouver	43,500	Save-On-Foods , Everything Wine	Q2 2019

METRO VANCOUVER DEMOGRAPHICS							
MUNICIPALITY	POPULATION	MED. AGE	AVG. INCOME	MUNICIPALITY	POPULATION	MED. AGE	AVG. INCOME
Vancouver	674,507	39.3	\$100,005	Coquitlam	148,803	40.6	\$107,052
West Vancouver	47,485	50.0	\$214,257	Port Moody	35,483	40.3	\$125,659
North Vancouver	149,839	42.9	\$122,094	Port Coquitlam	62,412	40.3	\$114,221
Burnaby	248,160	39.6	\$93,056	Pitt Meadows	19,851	41.6	\$108,884
New Westminster	75,457	40.9	\$88,725	Maple Ridge	87,417	40.8	\$107,330
Richmond	210,767	42.8	\$98,489	Langley	153,564	40.7	\$113,430
Delta	108,268	43.9	\$122,386	Abbotsford	149,466	38.3	\$96,321
White Rock	20,863	56.8	\$96,178	Chilliwack	92,628	41.4	\$88,139
Surrey	552,565	38.4	\$108,206	Source: Environics Analytics 2018 Estimate			

MARKET FORECAST INDICATORS METRO VANCOUVER	
INDICATOR	TREND
Vacancy	◄►
Net Absorption	◄►
New Development	▲
Rental Rates	▲
Cap Rates	▲

RETAIL INVESTMENT SNAPSHOT (JAN-AUG) METRO VANCOUVER			
	2017	2018	TREND
Number Of Trades*	192	221	▼
Transaction Volume* (CAD)	2.268 Billion	1.723 Billion	▼
*Number of trades and transaction volume are based on trades over \$1 Million Source: Realnet, Lee & Associates Research			



NOTABLE RETAIL SALE TRANSACTIONS						
PROPERTY ADDRESS   NAME	MUNICIPALITY	PRICE	SIZE (SF)	PRICE/SF	PURCHASER(\$)	CAP RATES
Grand Villa Casino & Hotel	Burnaby	\$253,624,830	300,000	\$845	Mesirow Financial	–
Starlight Casino	New Westminster	\$103,395,248	149,620	\$691	Mesirow Financial	–
2211 West 4th Avenue	Vancouver	\$80,500,000	64,381	\$1,250	Bonnis Properties	4.09%
Richmond Centre (50% Interest)	Richmond	\$69,783,066	790,000	\$88	AIMCo	–
Sumas Mountain Village	Abbotsford	\$65,800,000	93,583	\$703	GWL Realty Advisors	4.35%
Guildford Place Mall	Surrey	\$38,000,000	49,625	\$766	Guildford Mall Holdings Limited	–
The Hub	Vancouver	\$36,000,000	19,557	\$1,841	Translink	3.7%
1162- 1170 Bute Street	Vancouver	\$18,000,000	12,624	\$1,426	Golco Properties	3.1%
1801 & 1803 Commercial Drive	Vancouver	\$8,610,000	8,109	\$1,062	1801 Commercial Development Limited	–
3083 Grandview Highway*	Vancouver	\$6,785,000	11,089	\$612	Source Office Furniture	2.85%
2166 West 4th Avenue*	Vancouver	\$4,075,000	3,000	\$1,358	Bonnis Properties	2.9%

NOTABLE RETAIL LEASE TRANSACTIONS			
PROPERTY ADDRESS   NAME	MUNICIPALITY	TENANT	SIZE (SF)
1042 Alberni Street*	Vancouver	Oliver Peoples Eyewear	735
850 Granville Street*	Vancouver	Exclucity Life	2,100
1164 Robson Street	Vancouver	Thinka	4,323
7221 Park Street   Park Place Mall*	Mission	Meridian Farm Market	4,950
32451 South Fraser Way*	Abbotsford	Bulk Barn	5,100
3204 West Broadway Street*	Vancouver	Hai Di Lao Hot Pot	5,759
1001 West Broadway*	Vancouver	Privé	7,000
Richmond Centre	Richmond	Uniqlo	11,500
1033 Robson Street	Vancouver	Indigo	29,000
13821 103rd Avenue*	Surrey	Steve Nash Fitness World	31,000
Kings Crossing   7350 Edmonds Street*	Burnaby	Crunch Fitness	31,310
Lansdowne Centre	Richmond	T&T Supermarket	70,000
Semiahmoo Shopping Centre   1711 152nd Street*	Surrey	Crunch Fitness	19,751
220 Brew Street	Port Moody	Crunch Fitness	22,602

\*Brokered by Lee & Associates

LEASE RATE TRENDS | DOWNTOWN VANCOUVER MARKET

STREET SEGMENT	TREND	NET RENT PSF 2018*	TAX & CAM 2018*	STREET SEGMENT	TREND	NET RENT PSF 2018*	TAX & CAM 2018*
Alberni Street	▲	\$150 – \$300	\$25 – \$50	Robson Street (Beatty to Burrard)	▲	\$50 – \$235	\$20 – \$45
Burrard Street (Georgia to Davie)	◄►	\$40 – \$240	\$15 – \$40	Robson Street (Bute to Denman)	▼	\$50 – \$120	\$20 – \$40
Davie Street	▲	\$30 – \$65	\$15 – \$20	Abbott Street (Expo to Hastings)	◄►	\$30 – \$50	\$15 – \$25
Denman	◄►	\$40 – \$75	\$20 – \$30	Gastown	▲	\$25 – \$90	\$15 – \$25
Granville Street (Downtown)	▲	\$40 – \$150	\$15 – \$30	Railtown	▲	\$15 – \$25	\$8 – \$14
Hornby Street	◄►	\$45 – \$180	\$20 – \$50	Yaletown	▲	\$40 – \$95	\$20 – \$30
Robson Street (Burrard to Bute)	◄►	\$120 – \$250	\$50 – \$65	West Georgia	▲	\$35 – \$175	\$20 – \$35

LEASE RATE TRENDS | VANCOUVER MARKET

STREET SEGMENT	TREND	NET RENT PSF 2018*	TAX & CAM 2018*	STREET SEGMENT	TREND	NET RENT PSF 2018*	TAX & CAM 2018*
Commercial Drive (Venables to 13th Ave)	▲	\$30 – \$45	\$10 – \$15	Chinatown	▲	\$25 – \$50	\$10 – \$15
South Granville (5th Ave to 16th Ave)	◄►	\$30 – \$90	\$20 – \$35	West 4th Avenue (Burrard to Alma)	▲	\$30 – \$85	\$15 – \$25
Kingsway	◄►	\$15 – \$35	\$10 – \$15	West Broadway (Main to Granville)	▲	\$30 – \$70	\$10 – \$20
Main Street (Hastings to 28th Ave)	▲	\$25 – \$60	\$10 – \$15	West Broadway (Granville to Alma)	◄►	\$30 – \$55	\$15 – \$20
Cambie Street (2nd Ave to 19th Ave)	▲	\$30 – \$75	\$15 – \$30	East Hastings Street	▲	\$20 – \$40	\$10 – \$15
Burrard Street	▲	\$35 – \$55	\$15 – \$20	Fraser Street (Kingsway to King Edward)	▲	\$25 – \$35	\$10 – \$15
Dunbar Street	▲	\$30 – \$55	\$15 – \$60	Kerrisdale	▲	\$30 – \$60	\$15 – \$20
East Broadway	▲	\$25 – \$35	\$10 – \$15	Victoria Drive	▲	\$20 – \$35	\$8 – \$15

\*Estimated



Neil S McAllister Personal Real Estate Corporation  
Senior Vice President  
neil.mcallister@lee-associates.com | 604.630.3374



For over 25 years, Neil has established himself as a key real estate market strategist in the retail brokerage industry. His extensive and encompassing background in commercial real estate brokerage, coupled with his relationships throughout the industry, has contributed to our firm’s ability to continually strengthen client support and expand the range of services available to new and existing clientele.

Sean Ogilvie  
Vice President  
sean.ogilvie@lee-associates.com | 604.630.3402



Since 1997, Sean has demonstrated a great track record for pro-actively dealing with multiple or long term vacancy issues. Sean brings valuable insight into the unique sub-markets that make up the Lower Mainland’s commercial nodes which is very useful for tenant mix evaluation and property positioning. Sean has also proven to be very effective in assisting tenants to tap into their primary and secondary target market.

Howard Malchy Personal Real Estate Corporation  
Vice President  
howard.malchy@lee-associates.com | 604.895.2226



Howard has been a key part of our team for 35 years. He specializes in retail and commercial leasing and tenant representation. He is active in the Greater Vancouver area, including the Downtown Core, the Broadway Corridor, and the Burnaby, Coquitlam, and New Westminster markets.

Andrea Fletcher  
Senior Associate  
andrea.fletcher@lee-associates.com | 604.630.3398



Andrea has over 25 years of commercial real estate experience working as a blue chip international retailer, as well as a local and international landlord. Her excellent interpersonal skill set shines during direct interface with client company presidents, international, national and regional landlords, and government negotiators. Successes include completing over 900 career lease deals throughout Western Canada.

Russell Long, BA, DULE  
Associate  
russell.long@lee-associates.com | 604.630.3059



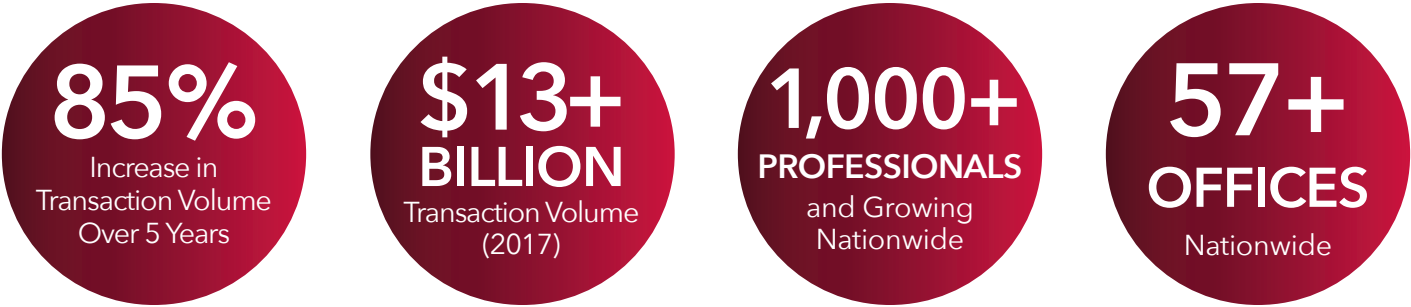
Russell joined our Retail Team in June of 2014 as a Research Coordinator while completing his Diploma in Urban Land Economics at the University of British Columbia’s Sauder School of Business. Since joining us, Russell has proven to be an integral part of our Retail Team, assisting in tenant and landlord representation, as well as retail investment sales.

Maria Fayloga, Retail Coordinator maria.fayloga@lee-associates.com | 604.630.3375

At Lee & Associates Vancouver, our brokers have an industry-wide reputation for getting deals done. We focus exclusively on commercial property with the goal of providing clients with in-depth knowledge of the strategic business issues unique to the commercial marketplace.

As one of the top performing commercial real estate teams in Greater Vancouver, our brokers are industry leaders, possessing extensive experience and unparalleled expertise – clients can benefit from a proven track record of innovative strategies and problem solving skills. Our brokers develop long-term relationships with clients to assist them in maximizing returns and achieving continued market success.

The Lee Network



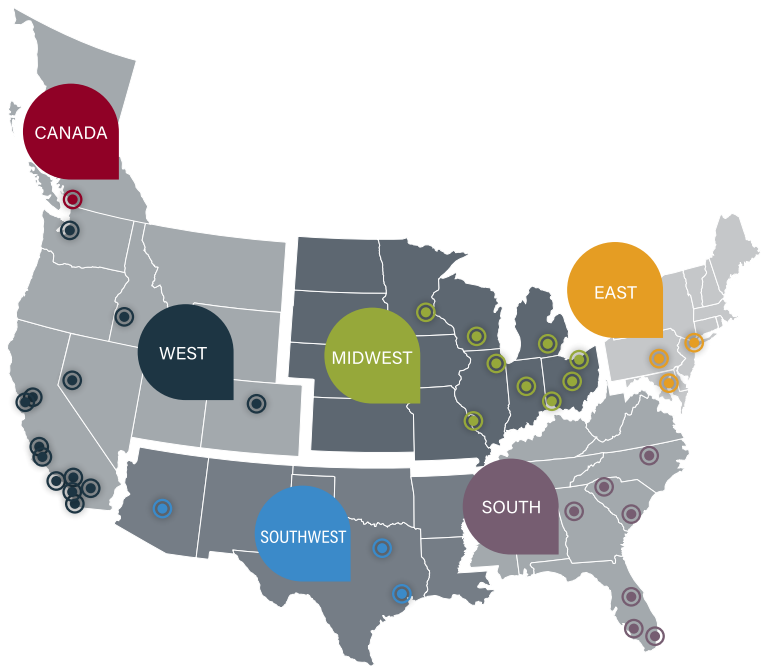
LOCAL EXPERTISE. INTERNATIONAL REACH. WORLD CLASS.

At Lee & Associates® our reach is international but our expertise is local market implementation. This translates into seamless, consistent execution and value driven market-to-market services.

Our agents understand real estate and accountability. They provide an integrated approach to leasing, operational efficiencies, capital markets, property management, valuation, disposition, development, research and consulting.

We are creative strategists who provide value and custom solutions, enabling our clients to make profitable decisions.

OFFICE  
INDUSTRIAL  
RETAIL  
INVESTMENT  
APPRAISAL  
MULTI-FAMILY  
LAND  
PROPERTY MANAGEMENT  
VALUATION & CONSULTING



POWER OF THE LEE NETWORK

- Vancouver, BC, Canada
- Irvine, CA  
Orange, CA  
Newport Beach, CA  
Ontario, CA  
Riverside, CA  
Los Angeles, CA  
Industry, CA  
Carlsbad, CA  
Stockton, CA  
Pleasanton, CA  
West LA, CA  
Sherman Oaks, CA  
Central LA, CA  
Temecula Valley, CA  
Victorville, CA  
Calabasas, CA  
Los Olivos, CA  
San Luis Obispo, CA  
Ventura, CA  
San Diego, CA  
Reno, NV  
Oakland, CA  
Antelope Valley, CA  
Santa Barbara, CA  
Palm Desert, CA  
ISG- LA, CA  
Boise, ID
- Long Beach, CA  
Denver, CO  
Pasadena, CA  
Walnut Creek, CA  
Seattle, WA  
Phoenix, AZ  
Dallas/Ft Worth, TX  
Houston, TX  
Chicago, IL  
St. Louis, MO  
Southfield, MI  
Madison, WI  
Indianapolis, IN  
Greenwood, IN  
Cleveland, OH  
Columbus, OH  
Twin Cities, MN  
Atlanta, GA  
Greenville, SC  
Fort Myers, FL  
Orlando, FL  
Charleston, SC  
Valuation, Atlanta  
Elwood, NJ  
Manhattan, NY  
Edison, NJ  
Chesapeake Region  
LI/Queens, NY  
Eastern Pennsylvania



## LEE & ASSOCIATES VANCOUVER

475 West Georgia Street, Suite 800 | Vancouver, BC V6B 4M9 | 604.630.3405 | [leevancouver.com](http://leevancouver.com)



This report should not be relied upon as a basis for entering into transactions without seeking specific, qualified, professional advice. Whilst facts have been rigorously checked, Lee & Associates can take no responsibility for any damage or loss suffered as a result of any inadvertent inaccuracy within this report. Information contained herein should not, in whole or part, be published, reproduced or referred to without prior approval. Any such reproduction should be credited to Lee & Associates. © 2019 Lee & Associates Commercial Real Estate (BC) Ltd.

Source: Realnet, Statistics Canada, Envrionics, Lee & Associates Research.