

Metro Vancouver Retail Report

Market Outlook 2010

Downtown Lease Rate Summary



STREET SEGMENT	NET RENT (PSF) 2009	NET RENT (PSF) 2010*	TAX & CAM 2009
ALBERNI STREET	\$60-\$110	\$70-\$90	\$15-\$22
BURRARD STREET (GEORGIA TO DAVIE)	\$55-\$150	\$55-\$50	\$15-\$22
DAVIE STREET (BURRARD TO DENMAN)	\$35-\$55	\$35-\$60	\$12-\$20
DAVIE STREET (PACIFIC TO BURRARD)	\$42-\$80	\$45-\$85	\$13-\$20
DENMAN STREET	\$40-\$100	\$40-\$110	\$14-\$18
GRANVILLE STREET (DOWNTOWN)	\$50-\$130	\$40-\$80	\$12-\$18
HAMILTON STREET	\$40-\$70	\$45-\$50	\$8-16
HOMER STREET	\$25-\$60	\$40-\$60	\$8-16
HORNBY STREET	\$30-\$150	\$30-\$180	\$8-\$20
MAINLAND STREET	\$30-\$65	\$45-\$50	\$8-16
ROBSON STREET (BURRARD TO BUTE)	\$165-\$225	\$180-\$240	\$45-\$60
ROBSON STREET (BURRARD TO BEATTY)	\$55-\$160	\$60-\$165	\$20-\$45
ROBSON STREET (BUTE TO DENMAN)	\$40-\$100	\$40-\$120	\$15-\$35
GASTOWN	\$35-\$50	\$30-40	\$8-\$16
WEST GEORGIA	\$33-\$140	\$45-55	\$12-\$18

*Estimated.

Metro Vancouver: Key Trends

- Metro Vancouver experienced increased retail activity in 2009, evidenced by strong sales figures for both general merchandise and specialized goods in almost all submarkets. According to analysts, retail sales rose steadily over the course of 2009, following a relatively sharp decline in sales at the end of 2008.
- Escalating rents and increased competition from regional, national and international tenants, continue to be the trend in Vancouver's prominent retail hubs.
- The softening economy did not result in mass turnover of retail space, and vacancies remain at record low levels.
- Average rents still reflect a strong economy as landlords are slow to soften lease rates and mostly unwilling to provide relief to existing tenants.

Alberni Corridor

- The 1000 block of Alberni is fast becoming Vancouver's luxury retail/restaurant hub.
- Latest additions to the area include Brooks Brothers and Glowbal Restaurant Group's Coast Restaurant.
- A new BC Signature Liquor Store at Alberni and Bute will replace their former Alberni and Thurlow location which is slated for redevelopment.

Robson Corridor

- The 1000 to 1100 blocks of Robson remain Vancouver's busiest fashion retail strip with popular national and international chain stores.
- Development activity has spurred new opportunities for food, service, and larger format retailers east of Granville between the 200 and 600 blocks of Robson.
- Tim Horton's will join Winners and IGA on the north side of the 400 block of Robson, while new opportunities await themselves as another major mixed-use development nears completion on the south side.
- Pharmasave will soon take occupancy in the 200 block directly across the newly renovated CBC Studios.
- The new TV Towers mixed-use development will anchor the northeastern edge of the Robson Corridor at Cambie.

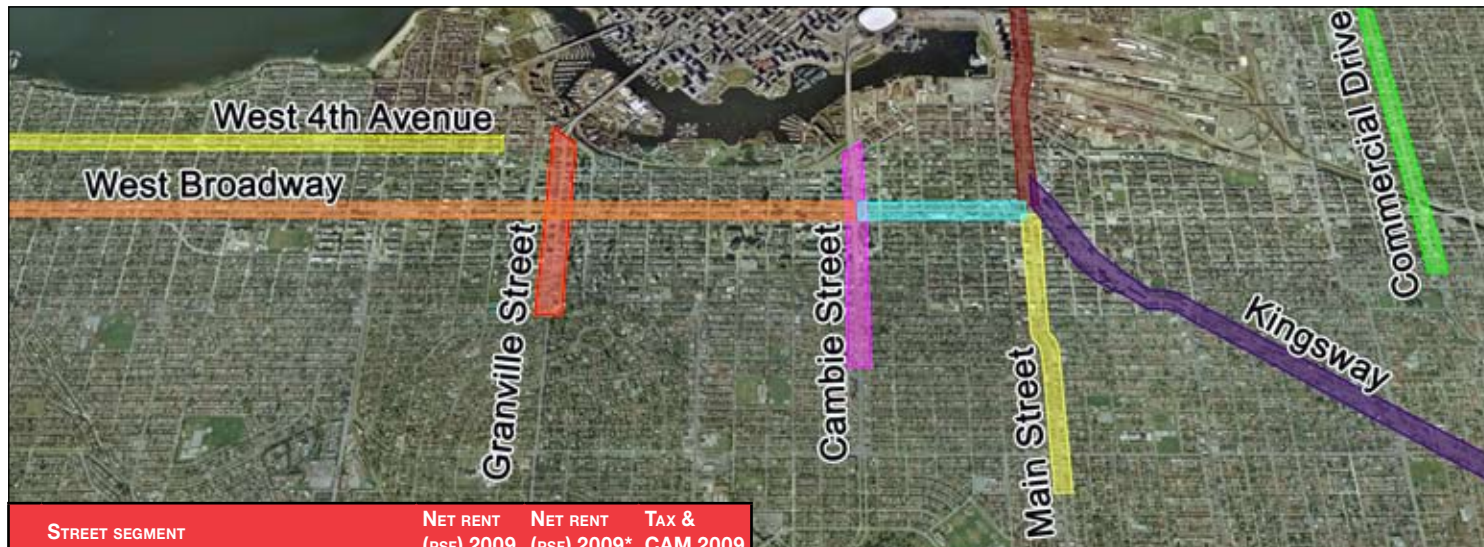
Downtown Granville Street

- Granville Street has been redesigned from Drake to Cordova and will enjoy a spillover of retail traffic from Robson.

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Westside/Eastside Vancouver Lease Rate Summary



STREET SEGMENT	NET RENT (PSF) 2009	NET RENT (PSF) 2009*	TAX & CAM 2009
COMMERCIAL DRIVE (VENABLES TO 13TH AVE)	\$15-\$45	\$20-\$45	\$11-\$15
GRANVILLE STREET (5TH TO 16TH AVE)	\$45-\$65	\$45-\$85	\$8-\$16
KINGSWAY	\$15-\$25	\$15-\$25	\$6-\$10
MAIN STREET (BROADWAY TO 28TH AVE)	\$15-\$25	\$25-\$45	\$6-\$12
MAIN STREET (NORTH OF BROADWAY)	\$15-\$25	\$20-\$30	\$6-\$12
WEST 4TH AVENUE (BURRARD TO ALMA)	\$32-\$65	\$50-\$55	\$10-\$16
WEST BROADWAY (MAIN TO CAMBIE)	\$25-\$90	\$50-\$80	\$10-\$16
WEST BROADWAY (CAMBIE TO ALMA)	\$30-\$80	\$40-\$90	\$13-\$20

*Estimated.

- The presence of Granville Street as a major commercial corridor will be restored just prior to the Olympics with enhanced retail, transit and pedestrian activity.

Gastown

- Gastown remains primarily a retail hub for tourist activity.
- Lower lease rates compared to other Downtown areas has created an influx of home furnishing stores, art galleries and new restaurants in the area.
- Redevelopment and revitalization in Gastown, which include major residential, office and live/work projects, are supporting increased retail activity in the area.
- The 32-storey Woodward's mixed-use development will redefine the heart of Gastown and feature London Drugs, Nestor's Grocery Market and TD Canada Trust as major tenants.
- Simon Fraser University's Contemporary Arts Campus will also form part of the Woodward's project, opening in the fall of 2010 bringing a host of students, artists and young professionals into the area.

Yaletown

- This redeveloped warehouse district now hosts a vibrant mix of fashion outlets, service providers as well as trendy restaurants and bars.
- Major residential development, the completion of the Yaletown-Roundhouse Canada Line Station, as well as street improvement projects caused disruption over the last 24

months, but have now given rise to renewed leasing activity and optimism.

South Granville

- Characterized as one of Vancouver's premier shopping districts outside the Downtown Core, local retailers now blend in among brand name national and international stores.
- Significant leasing activity was witnessed in recent months due in part to the softening economy in an otherwise tight market.
- A lack of affordability has created a situation in which rates rose both quickly and aggressively, creating turnover in this market.
- Vacancies in the area have dissipated with the addition of Diplomatic Immunity, Café Zen Aldo and Marquis of London to the area.
- New retail development is anticipated on the northeast corner of 13th and Granville where another prominent national retailer is expected to expand and relocate.

Broadway and Cambie

- The new Broadway Canada Line Station has led to increased retail presence and consumer interest in the Cambie and Broadway area.
- This recently developed area hosts a cluster of major retailers including Save On Foods, Home Depot, Winners, Home Sense, Canadian Tire, Best Buy, Wholefoods, and Milestones. The addition of these tenants has collectively bolstered lease rates in the area to new highs.
- This area is now a major regional draw with the upcoming completion of the Olympic Village and the overall densification of Southeast False Creek area.
- The Olympic Village development will welcome a new London Drugs, liquor store, bank as well as a new Urban Fare location, and several other small retail tenants.

Major Construction Update

Project	Location	Description	Progress
Eagle Landing Retail Centre	Evans Road Connector, Chilliwack	600,000 sq ft of leasable space across 54.7 acres of land. Wal-Mart and Cineplex Odeon will be anchor tenants occupying 150,000 sq ft and 31,000 sq ft respectively.	Completion Q4 2010.
Gateway 200 Project	84th Avenue & 200th Street, Langley	60 acres of mixed-use residential, office, institutional and retail space. Major tenants include BC Government and Service Employees' Union and Pharmasave.	Completion Q4 2010.
Grandview Woodlands	East Broadway & Commercial Drive, Vancouver	60,000 sq ft of office and retail space located conveniently in the Broadway/Commercial Drive neighborhood. Vancouver Coastal Health is a major tenant.	Completion Q2 2010.
Fremont Village	Mary Hill Bypass & Lougheed Highway, Port Coquitlam	More than 660,000 sq ft of retail space with anchor tenants Wal-Mart and Canadian Tire already confirmed.	Phase 1 completion 2011; Phase 2 completion 2012.
Plaza 88	901 Columbia Street, New Westminster	170,000 square feet of retail space. Anchor tenants include Save-on Foods, Shoppers Drug Mart and a liquor store.	Retail tenants expected to move in mid to end 2010.

West 4th Avenue

- Traditionally a community-based shopping district, West 4th's growing popularity has attracted a variety of independent, national and international tenants to the area.
- Vacancies in the ever popular 2100 and 2200 Block are rare, but escalating rents have created some turnover.
- Several new entrants to this market in the past year and new openings slated for early 2010 will ensure a wide selection of trendy retail and restaurant experiences.

North Shore

- Overall retail vacancy has remained low in the North Vancouver market, and lease rates have remained stable albeit wide, ranging from \$15 to \$55 per square foot, due to its expansive territory and individual market nodes.
- Marine Drive has enjoyed considerable new retail development including grocery anchored strip malls and large format retail.
- Bed Bath & Beyond and Thrifty Foods will soon anchor 90,000 sq ft located on the south side of Marine Drive between Hanes and Fell.
- 100,000 sq ft of newly constructed retail space near Capilano Mall will host a new Shoppers Drug Mart, Price Smart Foods, CIBC and RBC.

Richmond

- No.3 road continues to undergo transformation, with city plans calling for rapid densification of the area. Current City projects, including the No.3 Road Restoration Proj-

ect, will enhance "storefront" retail activity and increased pedestrian access in the area.

- The Aberdeen Centre (No.3 & Cambie) Project will move into its third and final phase of expansion with the development of Aberdeen Station Lands, a mixed-use 200,000 sq ft project featuring retail, art, hotel and entertainment uses.
- Canada Line Stations continue to be the focus for development in Richmond, with developers, land owners and municipal officials eager to maximize transit-oriented development opportunities in the area.

Looking Forward

- During what is typically a shoulder season for retail, the Olympics will bolster sales where tourists gather, while retailers outside those areas may struggle.
- Expansion of big box tenants has slowed as they look for sharper deals.
- Fashion retailers have faced sales declines, but a strengthening Canadian dollar should help Canadian retailers solve some margin issues.
- Full service restaurants will see improved sales but continue to face fewer financing sources for new growth. Fast food retailers will continue to prosper.
- Landlords will continue to experience cash flow challenges and higher cap rates on their projects.
- The post-Olympic period will be the true measuring stick for Vancouver's retail market.

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