

August 12, 2020

CONSUMER REAL ESTATE CANADA

**The Takeaways & Trends - Cross-Canada Consumer Real Estate Market Conditions
Conference Call**

FROM MAIN STREET TO THE MAIN MALL AND ANYWHERE THAT RETAIL HAPPENS IN CANADA...KEEPING RETAILERS, FOOD SERVICE SPECIALISTS, E-COMMERCE PROFESSIONALS, RETAIL SPACE BROKERS, BUILDING OWNERS & DEVELOPERS AND INDUSTRY SUPPLIERS CONNECTED!

Hello fellow Canadian consumer real estate professionals, we hope you enjoyed the recent CREC update on Canadian consumer real estate market conditions. Here are the takeaways and trends from our call on Aug. 12, 2020, compiled by the call moderator Michael L. Kehoe...

This week's student question was from Hamed Abu al Haj a business student at the University of Calgary, Westman Centre of real estate studies. Hamed is working as the innovation coordinator this summer at the world headquarters of Fairfield Commercial Real Estate in Calgary.

Hamed's question was: "What trends related site selection for QSR brands are you seeing in the age of COVID-19"

The question was addressed by Matthew Dunn the Senior Real Estate Manager at McDonalds Restaurants of Canada. Or McMATT as he is widely known.

"What I can tell you about QSR opportunities and trends in the age of COVID-19 is that it's created more opportunities with larger landlords who are looking to gain extra revenue. In the past they did not want to give up their valuable parking areas for a QSR pad site. Now they are finding creative ways to make it work. Unfortunately, there have been many restaurants that are going out of business which has also created prime opportunities for McDonalds. I am also seeing the rental rates come down slightly and Landlords being more flexible on the terms of the lease. Construction costs have also come down which has helped the ROI. I am also hoping and thinking that the municipalities will start to be more flexible with drive-throughs. Considering how they were so convenient during COVID-19. Alberta Premier Jason Kenney went so far as sending a personal letter to our Canadian President thanking us for the dedicated service during COVID-19 and commending everyone including our truck drivers. The province also gave us \$2 million worth of masks to hand out during the Pandemic. No purchase necessary.

August 27, 2020

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- Heightened demand for retail spaces under 3,000 square feet.
- Maison Birks rumoured to be closing nine stores.
- Outlet Malls are 'killing it', enclosed malls struggling.
- When outdoor patios close restaurant sales likely to decrease by 25%.
- Four major Canadian malls reporting traffic decreases of 50%, 58% of tenants on rent relief, abatements, or deferrals.
- Canadian tourist destinations reporting solid sales.
- The Pandemic era likely to accelerate the redevelopment / repurposing of retail properties.

The student question was from Amine Saoud a Bachelor of Commerce student, in Finance and Real Estate Studies at the Haskayne School of Business, University of Calgary.

“Are retailers asking for changes to their existing or new store designs that reflect COVID cautions? Additionally, are retail store designers being asked to do anything differently related to recent trends in the industry?”

That question was addressed by one of Canada’s premier retail and commercial space designers, Marcel Proskow the Principal at collabor8 Architecture and Design in Calgary. One of Mr. Proskow’s comments was related to his client, Save on Foods creating food stores combined with restaurants that he termed “Grocerants”.