

April 19, 2021

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 April 19, 2021, compiled by the call moderator Michael L. Kehoe...

Call contributors reporting:

- **Newfoundland** - Intercom entering the market delivering for Amazon, connectivity among Atlantic provinces with PAL Airlines announcement and access into Quebec and Ottawa, QSR still growing with new pad sites.
- **PEI, Nova Scotia, New Brunswick** - Given the recent surge in cases of COVID-19 in New Brunswick and the emergence of more transmissible forms of the virus, the Council of Atlantic Premiers has agreed to delay the reopening of the Atlantic Bubble to May 3rd, 2021, Prince Edward Island seeing outdoor patios at bars and restaurants being utilized for the first time by many operators as an additional revenue source, CF Champlain Mall in Moncton Jack & Jones in the final stages of liquidation while Ardene will be returning to the mall, in Fredericton Bouclair has closed, and Ren's Pets will be taking over their retail space, SpinCo has opened a location on the north-side of the City.
- **Quebec** – Vaccinated - nearing 30% 2.5M, Code Red/Curfew 8 pm, Ontario border checkpoints, gym in QC responsible for 500 cases as variants/highly transmissible, Haidilao a Chinese hot pot chain with over 600 restos expanding, non traditional retail at U of M, new solar quarter 22,000 sf, CF medical clinic at Anjou, Chez Benny 3 new downtown locations, Foodtastic two new acquisitions, Open air venues thriving with banks, fast food, McDowell's, Dollarama, strong demand/low vacancy levels, St-Viateur + Chicken QSR x 3 + 2 & Laurier BBQ, Demand for pop ups with greater pf additional or 12% rents on 2nd gen spaces, Royalmount with new plan by Carbonleo / Chatterton 825,000 sf & 173 units, in discussion for 3-4 deals

- **Ontario** – Province remains in lockdown with additional measures announced on last Friday. Lockdown period extended by two weeks to May 20, essential retailers limited to 25% capacity, non-essential retailers limited to curbside pickup only, only essential construction projects which does not include any retail or commercial construction, Instituted checkpoints at Quebec and Manitoba borders, If you can work from home, you must work from home, No outdoor gatherings except with members of your own household, All outdoor recreational activities including golf courses and basketball courts are closed, originally closed all playgrounds but order now rescinded, gave police the authority to stop and question anyone as to why they were outside, after most police forces said that they would not do this, this has also been rescinded, No paid sick leave was announced by the Province, which is something that the medical advisory panel and various municipalities continue to recommend, Vaccine regulations have been expanded to allow Astra Zeneca shots to anyone over 40. Community and workplace clinics have been set up and are expanding, currently reporting 4,250 new cases and 18 deaths yesterday, with over a record number of over 2,100 people in hospital, the seven day average is now 4,341 cases versus a week ago when it was 3,573, on the business front, there is a definite change in the market since the current lockdown was announced, The “light at the end of the tunnel” was always the hope that the vaccine rollout would bring, unfortunately, exactly the opposite has happened, vaccine rollout has coincided with a record number of new cases and most hope and optimism seems to have vanished, this has translated into a real pause in the retail leasing market, with the phone no longer ringing and deals being put on hold or being killed outright.
- **Manitoba** – Province dodged a bullet and avoided a total lockdown, COVID numbers remain the lowest of the provinces outside of Atlantic Canada and the Territories so while some of the rules were tightened (including retail capacity lowering from 50% to 33%) it’s still status quo for now, essentially a shot across the bow, warning us of further restrictions if the caseload and hospitalization numbers increase, notable increase in fatigue & frustration in the industry since the Ontario lockdown, we continue to soldier on doing deals, demand continues from the same sectors we have discussed in the past such as QSR, Cannabis, medical, grocery, pet food.
- **Saskatchewan** – COVID numbers low, retail and restaurants open, commercial real estate business activity is very active.
- **Alberta** - COVID numbers on the rise averaging around 1,500 new cases a day Provincial government regressed & moved back to Phase One of reopening plans, closed fitness centres, except for 1 / 1 training, indoor dining closed, restaurant owners scrambling to build patios to keep up with changing regulations, Grades 7-12 in school districts moved to online learning for 2 weeks, this age groups indoor sports paused, on the business front, our brokerage continues to stay busy as we head into spring, Calgary market seeing Landlords reverting back to ‘take it or leave it’ approach on lease terms

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- Calgary downtown core still a soft market and business are struggling, with a 40% office sector vacancy rate & people working from home, pockets of the market are being leased at pre-COVID and pre-recession rental rates, especially true in the F & B sector as previously occupied spaces are quickly re-leased, many building owners achieving full ask rates with multiple offers.

Update on Consumer Real Estate Canada from CREC volunteer, Slava Fedossenko

“Good morning everyone. In lieu of an update on Edmonton I want to provide a few comments on our bi-weekly call and Consumer Real Estate Canada. Our little group of Canadian consumer real estate professionals that started getting together 11 months ago is growing every month. The current dial-in we are using for the calls has a max of 50 attendees and we are going to need a bigger platform the CREC updates gain momentum.

There is no cost to participate in the calls and there are and will not be any memberships or fees at Consumer Real Estate Canada. We need a logo and a website for CREC that will further bring us together to share industry info and keep us Canadians connected. Most of our participants are members of BOMA, ULI, Retail Council of Canada or ICSC.

The purpose of CREC is to compliment our memberships in these real estate industry professional organizations and provide a forum with content and in-person events that are uniquely Canadian, created by Canadians who have a consumer real estate focus. We have set up a ‘Go-fund-me’ account to cover these costs and it is completely voluntary - [Consumer Real Estate Canada GoFundMe](#) You participate and donate as individuals.

Looking forward to seeing you at our first in-person events later this year as regulations permit. Watch for updates on this by e-mail. If you would like to share your ideas of how we can grow this network of diverse consumer real estate professionals, please feel free to reach out to me. We are putting together a voluntary advisory group for CREC and if you are interested in participating let me know

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Our special guest the call this week was Jonathan Renko Director of Commercial Properties at Northview Canadian High Yield Real Estate Fund based in Yellowknife NWT who provided an update on the Yukon and Northwest Territories markets. Jonathan advised that there are no COVID cases in these markets, Pandemic severely impacting tourism that is one of the main industries, Northview controls 30% of the residential and commercial space in these markets, vacancy is below 1%.

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