

Jan 12, 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 Jan. 12, 2021, compiled by the call moderator Michael L. Kehoe...

- St. John's NL large format vacant retail spaces - Princess Auto & Rona under contract.
- Montreal reporting volatility in rents related to Canadian landlord expectations and what tenants can afford to pay.
- Saskatchewan noted retail activity off to very active start with a flurry of activity and offers to lease with aggressive free rent terms. Market optimistic and positive deal sentiment.
- In Calgary, an air of "COVID-19 fatigue". Expanded brokerage service offerings include the sourcing of space associated with retail logistics such as distribution & warehouse spaces and commercial kitchen commissaries and ghost kitchens. No shortage of retail and restaurant tenants seeking space in Calgary.
- Vancouver reporting that Lux brand Versace closing flagship, others to follow existing luxury row.

Our special guest this week was Nicole Langton a principal at LAUNCH Commercial Real Estate Marketing who presented a review of trends & strategies in the marketing of commercial spaces in these interesting times. LAUNCH Commercial Space Marketing is a small, independent group of professionals who develop strategies and implement the tactics that the commercial real estate industry needs to market their spaces most effectively.

Here are Nicole's comments to the call participants:

Trends for a post COVID 2021 point towards the need for the commercial real estate industry to go digital where possible. COVID-19 accelerated the use of technology in the commercial real estate industry. In a matter of weeks, most of the workforce moved to remote work, property tours turned virtual, most tenant communication converted to online channels, and more technology was required to manage day-to-day operations.

People are now increasingly turning towards online channels to fulfill their everyday needs. COVID era has completely transformed the way businesses used to function and now everything is optimized as per the new now.

The following are a few trends that marketers foresee as online marketing trends in 2021.

QR Codes

- With virtually everyone having a smartphone, QR codes have been tried and tested in almost every industry. They continue to be used in marketing and customer service, with the idea that consumers will use an app on their smartphone as the scanner as a quick way to access information about a specific product or service – or property.

Some useful information you can embed into a QR code:

- Website URL - When scanned, the QR code directs users to a website URL
- Contact Information - When scanned, the QR code adds your information as a contact in someone's phone or tablet, including phone, address, email, web site, and memo. It can open your smartphone's email with the e-mail address auto-inputted, allowing users to just type and send. It can auto-dial a phone number or send a text message to the QR Code owner.
- Calendar Event - Great for open houses and scheduling viewings for property managers or building superintendents, when scanned, the QR code generates an entry to be added to the calendar of the users' smart device.
- Geographic location - When scanned, the QR code loads the property listing's location into a map to display on the phone or tablet.
- Property Video - When scanned, the QR code can direct users to a video of your property providing a great way for users to learn more information in an engaging and entertaining way. In the search for emerging technologies augmented reality has struck a chord. QR Codes can link to a mobile application to give prospective clients a way to see a property without setting foot inside it.

Virtual Tours/360 Videos

- A 360° virtual tour is a good example of great user engagement. This helps to personalize the experience of the audience that can visualize what the client actually wants them to. Talking about visitors' personalization, virtual tours let them consume the content that it is presented virtually.
- It is an effective and affordable way to generate engagement. High-quality virtual tours are directly proportional to the increase in interactivity. Apart from that virtual tours, it helps customers to take a decision without physically viewing the site.
- Virtual content for such purpose is presented in different forms such as 3D Videos, HD Photo, Text, Audio, etc. Businesses are creating virtual content by publishing them on different social platforms.
- Integrating such immersive content leads the output beyond the imagination. Therefore, the more high-quality rendering content is used the better is the engagement. Using 360° virtual tour doubles attraction, interaction and time spent on the brand's website. A user can spend time walking around a distant place by virtually viewing still pictures and its details.

Virtual Layouts/Designs

- When it comes to revolutionary technological advancements in the industry, virtual staging is one of the most useful tools on the market. We all know the importance of good, high-quality photos when trying to sell a property. This software takes appealing properties to an entirely different level without much effort.
- The ground breaking service provides realistic images of beautifully-furnished interiors to help potential leases/tenants imagine and visualize how the listing's empty spaces can look like once they secure it.
- Virtual staging offers a much cheaper alternative to the traditional way of doing things. Instead of leasing expensive designer furniture and spending long hours putting together an impressive layout, a broker can invest in a few good virtually-staged photos which can achieve better results in sales.
- Furthermore, while traditional staging is quite limiting in terms of design and appearance, virtual staging software offers endless options limited only by one's imagination. In fact, a broker can stage a property while the seller still occupies the space and can decorate a listing to be in line with the newest trends in terms of commercial real estate decoration.

Video Advertising

- During the pandemic, most people were seen spending hours either watching videos on social media channels or making videos for social media channels, leading to an increase in the demand for video advertising.
- Observing this, most of the popular social media apps such as Instagram and LinkedIn have updated their features giving more importance to video browsing. Instagram reels and LinkedIn stories are among a few such examples. It is observed that this step has increased user engagement up to the next level.
- Nowadays, it becomes a common practice for businesses to use interactive content to engage with customers which are encouraging marketers to make use of effective content marketing strategies on social media platforms for showcasing their products/services.
- Apart from being engaging and informative, videos are more capable of conveying information to the larger audiences in a short snap of time as compared to any other ad format

So, these are a few digital marketing trends that should be considered in 2021. As it's been said, change is the real constant. Being a business professional you need to adopt changes to embrace new technologies, trends, and tools to leave your competitors behind.

Nicole Langton

Principal & Launch Commander at LAUNCH Commercial Space Marketing

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Jan 25, 2021

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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 Jan. 25, 2021, compiled by the call moderator Michael L. Kehoe...

- New Brunswick offering a 'Workcation Program' incenting people to relocate to the Province temporarily to work from their homes with a view to staying permanently.
- Quebec reporting that the province has 1/3 of the COVID-19 cases in Canada. Tenant advisory services in high gear with future reopening of retail & restaurants. Strong demand for pop-up retail space.
- In Ontario essential service tenants have an appetite for commercial space, governments not issuing building / construction permits affecting new store development.
- In Manitoba partial reopening started allowing hair salons to reopen but not nail salons! Retail to open at 25% capacity selling essential and non-essential products. After 10 weeks without haircuts, Manitobans are racing into the salons and over the weekend retailers were lined up and CF Polo Park was the busiest it has been in memory. Meanwhile restaurants and gyms are furious that they were not included in the re-openings.
- In Saskatchewan many retailers trending to purchasing their real estate locations.
- In metro Vancouver COVID-19 affects: 4400 fewer businesses, store visits down 40-70%, 40,000 fewer jobs. Foot locker opens a 15,000 square foot 'Power store' at 1067 on Robson Street.

Our special guest this past week returning to the call was Phil Lichtsztral a partner with Richter Consulting Services based in Montreal. Phil provides advise to retailers, wholesalers and distributors on corporate reorganizations, restructuring, mergers and acquisitions, retail organization structure and insolvency.

CREC

Here are Phil's comments to the call participants:

- Hard lines outperforming soft lines very significantly,
- Xmas shopping in December ended better in last 2 weeks compared to first half of the month,
- For many retailers January began with good liquidity, albeit some of this as a result of unpaid rent,
- Theory that if a retailer can achieve 50 to 60% of last year sales in Jan and Feb, they should come out relatively well given rent concessions and wage subsidies
- Significant number of retailers contemplating formal restructuring are on hold given the lockdowns and non-payment of rent
- Curbside pickup in January waning in popularity,
- Banks being more critical of retailers now compared to earlier in pandemic, looking closely at historical and forecasted performance, retail has been categorized by the banks as high risk,
- New inventory arrival is very delayed due to factory issues in China as well as significant increased prices of containers and freight, some retailers looking to air shipments of merchandise,
- Significant activity with private equity groups and strategics both Canadian and American looking to acquire Canadian retail chains, multiples are good!
- Key is acceleration of vaccine rollout!!!!

Phil Lichtsztral, Richter Consulting Services

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An open discussion followed with comments from some call participants:

- From Barry Lammle CEO of Lammle's Western Wear asking about the survivability of Hudson Bay. Comments that followed..."Hudson Bay is the white elephant in the room in Canadian retail. Expecting them to close or downsize as many as 20-30 stores across their various banners this year as well as spinning of the SAKS and Off Fifth divisions with an IPO. Impact on Canadian Retail will be significant."
- Mr. Lammle also mentioned the problems retailers are having with the delivery of merchandise. Comments that followed... Delays in overseas shipments of up to 30-45 days due to back-ups at ports in LA and Vancouver, factory shutdowns in China due to COVID surges and the Chinese New Year are significant factors. There is a shortage of containers and shipping costs have increased up to 3 to 4 times over one year ago."
- A question from Peter Morris of Greenstead Consulting in Vancouver related to bank lending practices... "At the beginning of Covid-19 lenders seemed willing to work with their landlord, borrowers. As we inch forward in 2021, and working on the assumption that this is still a transitional year before anyone approaches normal in 2022, what is the mood of these lenders? Are they still patient and willing to work with landlords or are they becoming more steadfast in their policies and terms?"
- Michael Going the CEO of Good Earth Coffeehouse commented on bank lending practices related to small business..." The Federal Government has allocated tens of billions of dollars to support business with low interest liquidity loans...the program is to be administered by chartered banks, and they have been very slow - I would say negligent-in releasing funds, even though the Fed Gov is guaranteeing 100% of the loans! The banks need to understand the issues facing businesses and loosen up their standard underwriting criteria to let these funds flow to where they are needed. This program can be extremely helpful if the funds flow but the banks need to allow this to happen."