

# CREC

**June 21, 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 June 21, 2021, compiled by the call moderator Michael L. Kehoe...

**Trending in Canada:**

- Major shopping centre owner outsourcing portfolio leasing to brokerage specialists.
- Violence and anti-mask protests at shopping venues are troubling.
- Supply chain issues and increased cost of goods are a concern.
- Vaccine passports to be harmonized across Canada, watch for this at selected retail venues.

**The Takeaways...regional call contributors reporting:**

**Newfoundland & Labrador - Nikki Poole CBRE – [nikki.poole@cbre.com](mailto:nikki.poole@cbre.com)**

Newfoundland is opening to the rest of Canada in short order. Vaccines required in order to not have to self-isolate. Promising for Landlords who have not been able to be on the ground the assess sites and their own properties. Great news for cross province tourism operators. Restaurant scene is alive and well with patios constructed and preparation for the downtown St. John's pedestrian mall is underway. Still seeing some relocation of restaurants and backfilling of spaces. Five Guys opened at Avalon Mall this week along with Pur and Simple in Paradise. Retail Insider Interview with Nikki Poole - [St. John's NL Retail Rebounding Amid Optimism Following Pandemic Struggles: Interview \(retail-insider.com\)](#)

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## **Atlantic Canada – Vicki Carr – Hardman Group – [vcarr@hardmangroup.ca](mailto:vcarr@hardmangroup.ca)**

PAN American properties is partnering with Killam Apartment REIT to buy the Charlottetown Mall. Killam already had 50% ownership with RioCan owning the other 50% and PAN American will own 25%, with Killam owning 75%. PAN American's CEO is a local PEI based owner who stated over the next five years it is anticipated to put \$40 to \$50 million into the property. Restaurants that have closed over the past 12 to 18 months are being retrofitted for new entrepreneurial start-ups that are providing more diverse food offerings. Both Moncton and Halifax have seen a surge in microbreweries and new restaurants opened. For example, in Moncton, Empyrean Bar & Grill (an Indian Restaurant) is opening in a former Mary Brown's location and in Halifax, The Noble Grape is opening in the former Maritime Beer & Wine Emporium, and additionally, the Bliss Caffeine Bar has opened in the former Humani-T Café premises.

## **Quebec - Tony Flanz – Think Retail - [tflanz@thinkretail.ca](mailto:tflanz@thinkretail.ca)**

Bringing good news from La Belle Province, curfews have been removed, highway checkpoints with Ontario removed and restaurants are open with 50% capacity. Foodtastic/Milestones now has 41 locations in Canada, Prestotea from Taiwan (350 stores) is confirmed to open several stores in the Province, F21 opens in Laurier, Uniburger expanding in Quebec, and L'Oreal Canada expanded their Canadian distribution centre in Montreal (St. Laurant) to 95,000/sf. In 2020, the distribution centre prepared and shipped 1.25 million orders, SAQ reported sales of \$1.2B in 2021, Société québécoise du cannabis (SQDC) posts profit of \$66.5M with sales of \$537M for 2021 vs \$311M sales the previous yr, City of Montreal announces reboot of St. Denis - \$1.2M - 20% vacancy on Street. Hold events, street furniture, artwork, help merchant's update their business models, Quartz Co. buys Want Les Essentials, Jesta Group unveil plans for Gare Viger, Hyatt hotels - 177 rooms 2 office towers and new restos, APM Jewelry looking to open their 1st store in Montreal and Cineplex opened their 2nd Cineplex VIP Cinemas at old Forum on St. Catherine Ste.

## **Saskatchewan - Melissa Newton – The Commercial Group -**

**[melissa@thecommercialgroup.ca](mailto:melissa@thecommercialgroup.ca)**

Good news from Saskatchewan as the government announced that due to vaccines administered, (70% of the population over the age of 12 with one dose) we have officially hit the goal for the last phase of reopening the Province, meaning that all public health orders will be lifted by July 11. Over the past few weeks, our daily new cases have dropped drastically averaging around 60 per day with just over 700 active at the moment. With the reopening news, retailers and restaurants are now looking for employees as capacities increase. Common feedback I have heard from a mix of industries is that it is really hard to find workers and if someone is qualified, many don't want to work full time hours. I have seen, after a very big lull, that the office market is slowly starting to come alive again, mostly looking into 2022, but as

companies start to see the light at the end of the tunnel they will reassess their office space needs. I believe we will see strong movement in the fall, and there are rumors of Costco Liquor coming to our market in December. I believe our standalone Lululemon Store which is located just outside of Midtown Plaza is relocating into the Mall. This will be a nice addition to the mall itself; however, a bit of a hit for the retail corridor street.

## **Alberta - Monika Blachut - Fairfield Commercial Real Estate -**

[monika@fairfieldcommercial.com](mailto:monika@fairfieldcommercial.com)

There is pent-up-demand in the major centers in Alberta for food service space. Everyone here is hopeful that the ten-day Calgary Stampede will provide some much-needed optimism and momentum after the 2020 lockdown. Food service venues are busy ramping up staffing levels and many are booking live entertainment as customers hopefully flock back to their favorite watering holes to socialize and celebrate. Hopefully, the Stampede will serve as a vote of confidence for the battered Alberta economy.

## **British Columbia - Neil McAllister – Lee & Associates - [neil.mcallister@lee-associates.com](mailto:neil.mcallister@lee-associates.com)**

Indexed and variable rental rate leases are starting to appear in the market. Inflation is a real concern.

## **Notable Industry Trend from Stan Boniferno – Stabon Enterprises in Toronto -**

[Stan.boniferno@gmail.com](mailto:Stan.boniferno@gmail.com)

Major shopping centre owners and landlords are outsourcing their leasing to brokerage specialists. Ivanhoe Cambridge recently announced that they will outsource the leasing function in their retail properties signaling a significant shift in the shopping centre leasing realm. Traditionally, enclosed malls have not cooperated with outside real estate brokerages. This class of property has been insulated from broker-based transactions for many reasons.

The most significant reason being the exclusive and controlled environment they have enjoyed. Over the past several years, retailers have been utilizing third party representation. Snowcap Investments pioneered retailer representation. Over the past few decades, more and more retailers have engaged in third party broker representation. Today, those retail brokerages wield significant power with shopping centre landlords due to the brokers' ability to influence their retailer client's location strategies.

The Ivanhoe Cambridge decision can be seen as an admission by a major retail landlord that the broker community is now an integral part of the shopping centre and enclosed mall transaction environment from both sides of the lease transaction. Watch for more and more involvement of the broker community across Canada in shopping centre and enclosed mall lease transactions especially on the Landlord side of the transaction.

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## **Update on Consumer Real Estate Canada**

Slava Fedossenko CRRP – Avenue Living & CREC Advisory Panel Lead

E - [sfedossenko@avenueliving.ca](mailto:sfedossenko@avenueliving.ca)

Good morning and good afternoon everyone! I hope everyone had a great weekend and are enjoying the re-openings across the country. I wanted to give a brief update on Consumer Real Estate Canada to our call participants today. The Advisory Panel that was formed to guide CREC in its formative stages will be holding our second meeting later today to push forward a number of important initiatives. In planning for our first CREC in-person event in September of this year and we will be getting together to decide the best path forward.

We are extremely excited at the prospect of getting together and seeing our industry colleagues in person for networking, socializing and deal-making and this is a big part of our behind the scenes work at the moment. If you are interested in participating in the event planning side of things, please feel free to reach out to me by email. We are also busy creating and developing a website, as well as populating our Facebook and LinkedIn pages for Consumer Real Estate Canada before opening them up to our group to join and start sharing. More updates on this to come via email.

The pace of change at CREC is about to start ramping up and we are extremely excited to grow and to share our amazing cross-Canada group with our networks. Finally, there is a link to the CREC GoFund Me page here and I encourage you to donate to the cause, as this will go a long way to help us get our website off the ground, along with other important initiatives. If you can click that link we would appreciate your support. There are no membership fees at CREC and it is free to participate. I wish everyone a fantastic and safe summer and look forward to keeping in touch via email.

Please support Consumer Real Estate Canada financially through our GoFund Me account at [Consumer Real Estate Canada GoFundMe](#)

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Our special guest, returning to the call, was the CEO of the Retail Council of Canada Diane Brisbois. Diane has been the CEO at the Council for the past 25 years, and we enjoyed her update for Consumer Real Estate Canada on the Canadian retail scene.

Here is a summary of Diane's comments on the call:

- Violence and anti-mask protests at shopping venues have been troubling.
- Supply chain issues and increased cost of goods are a concern.
- Vaccine passports to be harmonized across Canada, watch for this at selected retail venues.
- Cost of pallets up 72%, could affect shipping costs.
- COVID and other related retail issues can be found on the public page of <https://www.retailcouncil.org/>
- All rules relating to COVID-19 retail operations across Canada <https://www.retailcouncil.org/coronavirus-info-for-retailers/>
- Free podcasts via Voice of Retail Podcast – interviews with leading retailers from around the world and disruptors <https://www.retailcouncil.org/the-voice-of-retail-podcast/>

Diane Brisbois, CEO of the Retail Council of Canada

E - [djbrisebois@retailcouncil.org](mailto:djbrisebois@retailcouncil.org)