

ECONOMIC INDICATORS

National

	2018	2019F	12-Month Forecast
GDP Growth	2.2%	1.7%	▼
CPI Growth	2.1%	2.3%	▲
Consumer Spending Growth	2.0%	1.5%	▼
Retail Sales Growth	2.0%	2.4%	▲

Regional

	2018	2019F	12-Month Forecast
Household Income	\$113,281	\$118,136	▲
Population Growth	2.1%	2.0%	▲
Unemployment	6.4%	7.0%	▲

Sources: RBC Economics, TD Economics, Finance Ministry of Alberta, National Bank, SiteWise

Economy

Following the weakness seen at the end of 2018 and early 2019, the Alberta economy is starting to show signs of positive growth as we reached the halfway point of the year. Unemployment rate in Edmonton slightly climbed up month-over-month, rounding at 7.0% in June as 600 part-time positions were lost while full-time employment saw an increase the same month. Although non-residential permits in Alberta increased by 20% month-over-month in April 2019, mostly led by industrial, institutional, and governmental permits, overall building permits have remained low compared to 2018. Higher prices and production in the oil sector, WTI currently averaging around \$60 USD per barrel, and stronger exports of non-energy products are suggesting optimism, albeit slight, for Alberta's economy. The recent approval of the Trans Mountain pipeline expansion and the upcoming federal election in the fall of 2019 remain key concerns for industries throughout the province.

Source: City of Edmonton, Finance Ministry of Alberta, RBC Economics

Market Overview

Despite the on-going trend of store closures across Canada, Alberta retail sales have posted gains month-over-month since the beginning of the year, reaching a total of \$7.0 billion at the end of April 2019. This represents a 3.5% increase year-over-year, largely due to growth in the general merchandise (+26.7%) and auto parts (+7.6%) categories. The most significant decline was in the electronics and appliances segment (-9.6%). Increasing average weekly wages and bar and restaurant receipts continue to indicate that Edmonton's retail market remains strong with a stable consumer base.

With big retailers such as Home Outfitters and Payless Shoes recently exiting the Canadian market and several retail chains in the process of shrinking their number of locations, concerns have been raised amongst both retailers and consumers. However, the Edmonton retail market has remained resilient as both international and local retailers continue to express interest in Alberta. Morphe, Canada Goose and Uniqlo, just to name a few, have chosen to enter the Edmonton market this year.

The Downtown core continues to bring new services to the local clientele, ranging from new restaurants to fitness and leisure centres, as part of its ongoing revitalization. It is anticipated that plans will soon emerge to convert parking lots into urban parks to increase pedestrian activity, making the downtown a more ideal place to live and work.

Edmonton shopping centres continue to gain new tenants, providing locals and visitors with something new and trendy that is popular among all age groups. The Suburban market remained active with newly built commercial developments servicing the new neighbourhoods at the edge of the city, such as the recently opened North Central Co-op's 43,077-square foot (sf) grocery store at Chapelle Commons.

Outlook

The retail landscape in Edmonton is starting to evolve to accommodate the current demands of the consumers and latest trends in retail. E-commerce sales remain in the 3% range of total retail sales in Canada, however, we have seen innovative retail strategies such as pop-up shops, largely appealing interior design, exclusive and quality products, and experiential retail to keep consumers involved and interested in the brick and mortar retail world. Edmonton's food and beverage market will remain strong as several restaurants have opened locations across the city, with more coming to the market – most notably the 22,000-sf Loblaws City Market in Ice District, set to open in fall 2020. Cannabis stores will continue to expand through the remainder of the year following the 26 licences that were approved so far in 2019, assuming of course, demand increase as well. New opportunities for tenants will be available in downtown as Holt Renfrew leaves the market in 2020. Retail vacancy is anticipated to remain stable in the coming months due to continued strong response from the market, coupled with new construction arriving that is almost entirely preleased before completion. Overall asking rents will likely stabilize, if not slightly increase, due to high retail activity. Retail real estate is anticipated to enter the latter half of 2019 with a positive outlook, but slow growth is also expected as grocers and developers remain cautious on developing new retail properties in greenfield sites and transit-oriented development sites.

MARKETBEAT

Edmonton, AB

Retail Q2 2019



Key Lease Transactions Q2 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Chappelle Commons	43,077	North Central Co-op	Lease	Southwest
ICE District	22,000	Loblaws City Market	Lease	Central
ICE District	20,000	Archetype	Lease	Central
West Edmonton Mall	17,000	Uniqlo	Lease	Northwest
West Edmonton Mall	5,000	Louis Vuitton	Lease	Northwest
West Edmonton Mall	1,500	Morphe	Lease	Northwest

Key Sales Transactions Q2 2019

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
10358 82 Ave	26,931	2159393 Alberta Ltd. / 4 Plus 1 holdings Ltd.	\$12,500,000 / \$464	Northwest
665 Baseline Road - Sherwood Park	24,198	Voiture Capital 2011 Inc. / Sheron Capital 2019 Ltd	\$11,850,000 / \$489	Sherwood Park
99 Wye Road - Sherwood Park	26,213	741662 Alberta Ltd. / 2067108 Alberta Ltd	\$8,880,000 / \$338	Sherwood Park
8402 109 St	15,509	Bel-Jan Development Ltd. / Hillmont Inc.	\$7,600,000 / \$490	Northwest
725 Mistatim Way	9,459	Northwest Landing Ltd. / 2148444 Alberta Ltd.	\$6,050,000 / \$639	Northwest

Key Properties Under Construction

PROPERTY (Developer)	SF*	MAJOR TENANTS	PROPERTY TYPE	SUBMARKET
Currents of Windermere	1,200,000	Walmart, Cabela's, Home Depot	Regional Centre	Southwest
Manning Town Centre & Village	850,000	Canadian Tire, Lowe's, Cabela's	Regional Centre	Northeast
Erin Ridge Shopping Centre	480,971	Costco, Lowe's	Regional Centre	St. Albert
Harvest Pointe Shopping Centre	375,000	Walmart, Sobeys	Regional Centre	Southeast
Heritage Valley Shopping Centre	303,472	Superstore, Shoppers	Regional Centre	Southwest
Ice District	300,000	Loblaws City Market, Rexall	Entertainment District	Central
Windermere Crossing	160,000	Superstore	Community Centre	Southwest
Tamarack Common	114,000	Sobeys, RBC, Browns Socialhouse	Community Centre	Southeast
Griesbach Village	110,622	Shoppers Drug Mart	Community Centre	Northwest
Jensen Lakes Crossing	104,999	Landmark Cinemas	Regional Centre	St. Albert
Canadian Tire Emerald Hills	110,000	Canadian Tire	Big-Box Store	Sherwood Park
Chappelle Commons	100,000	Co-op, Tim Hortons, Pet Valu, Dollarama	Community Centre	Southwest

Cushman & Wakefield Edmonton
Suite 2700 TD Tower
10088 – 102 Avenue
Edmonton, AB, T5J 2Z1
www.cwedm.com

For more information, contact:
Retail Team
Tel: +1 780 420 1177
Fax: +1 780 424 9780
Retail@cwedm.com

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