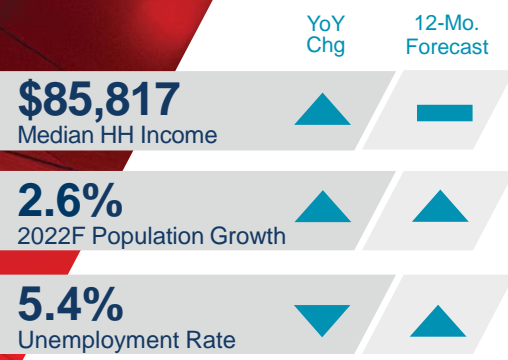


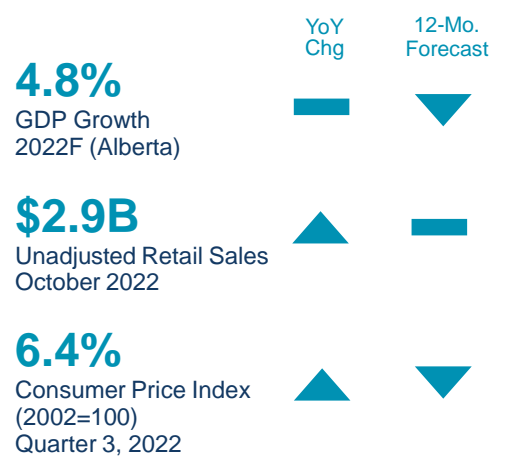
EDMONTON, AB

Retail H2 2022



Edmonton Census Metropolitan Area
Sources: Statistics Canada, Sitewise

EDMONTON ECONOMIC INDICATORS Q4 2022



Edmonton Census Metropolitan Area
Sources: Statistics Canada, Alberta Economic Outlook, Edmonton Q3 Economic Update

ECONOMY

In 2022, Alberta's economy was one of the fastest growing in the nation. The province saw significant job growth, especially in the professional, scientific, and technical services industries. Unemployment is currently sitting at 5.4%, however, that number is expected to climb in 2023. Despite high commodity prices, Alberta's economy is expected to cool and grow at a slower rate in 2023. Inflation remains historically high, with the CPI coming in at 6.8% in November 2022. To fight this, the Bank of Canada increased the overnight lending rate by 50 basis points in November, bringing it to 4.25%. The rate hikes paired with a healing supply chain and less intense energy price increases should ease inflation across the nation, particularly in Alberta. In the third quarter of 2022, Alberta led the country in population growth and in net positive interprovincial migration, welcoming 58,203 new residents (33,297 international and 19,285 interprovincial migrants), representing a population growth rate of 1.3%. This historic level of migration was the highest that the province has seen in over 40 years.

DEMAND

The capital region had a very strong second quarter of 2022 for retail sales volumes. However, the interest rate hikes had an immediate effect on consumer spending as total sales volumes were down in the third quarter. While consumers are spending more on services, the drop in spending on goods has more than offset that increase. Despite this drop, Edmonton's retail sales in October 2022 saw a substantial month-over-month (MOM) increase of 4.6%. The year-over-year (YOY) increase was even more significant, rising by 8.7%. This could indicate that the slowdown was temporary. The YOY gain outpaced inflation, indicating real spending growth.

Edmonton was the most successful major city in North America in bringing foot traffic back into the downtown core. Edmonton had the greatest positive change per capita with a 151.1% increase from March 2020 to September 2022, while Calgary had the second-highest increase with 123.3%. With hybrid and work-from-home models remaining popular, "social downtowns" have recovered far better than "working downtowns". Roger's Place in the Ice District regularly draws in over 18,000 spectators for Oilers hockey games and upwards of 20,000 fans for concerts. With restrictions being lifted, this frequent surge of people into the financial district has brought energy back to the area. Bars, nightclubs and restaurants have been busy again as a result. However, businesses dependent on office worker foot traffic have not had as much success. This is especially true for businesses in the government sector that do not see the same level of foot traffic. These government employees are working from home at higher levels than the private sector. The government district does not have the same amenities or draw visitors as the financial core does.

OUTLOOK

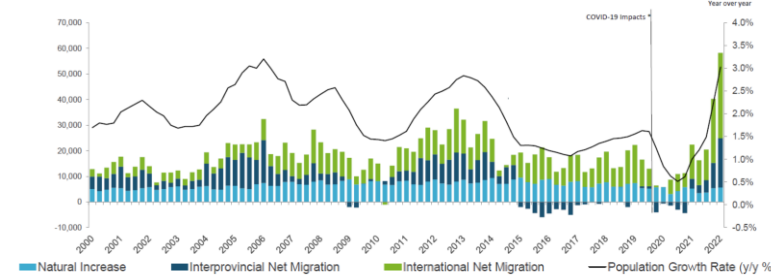
Interest rates staying at the current level or slightly increasing will continue to suppress consumer spending. Canadian households are particularly sensitive to interest rates due to asymmetric household leverage risks when compared to other nations like the U.S. Despite this, projected cooling inflation and high migration should serve as counters to these consumer spending headwinds.

MONTHLY CANADIAN RETAIL SALES, UNADJUSTED



Source: Statistics Canada

ALBERTA COMPONENTS OF POPULATION CHANGE



Source: Alberta Population Statistics

KEY PROPERTIES UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANTS	SF	PROPERTY TYPE
Heritage Valley Town Centre	Southwest	Superstore, Shoppers Drug Mart	303,472	Regional Centre
Station Lands	Central	TBD	169,436	Mixed Use
5104 50 St NW	Southeast	TBD	165,145	Regional Centre
Windermere South	Southwest	Superstore	120,000	Regional Centre
The Shoppes of Jagare Ridge	Southwest	Save-On-Foods, RBC, Shell, TD, Subway	119,650	Community Centre
EVER Square	Southcentral	TBD	114,000	Power Centre
Grove on 17	Southeast	Landmark Cinemas, Jiffy Lube, Wendy's	107,000	Regional Centre
Riverside Landing	St. Albert	Co-op, Subway, Tim Horton's	80,000	Regional Centre
Harvest Hills Market	Southeast	Superstore	97,000	Big-Box Store
Fort Saskatchewan Common	Fort Saskatchewan	TBD	TBD	Regional Centre
Blatchford	Kingsway	TBD	TBD	Mixed Use
Altitude Condos	Southwest	TBD	150,000	Mixed Use

KEY LEASE TRANSACTIONS H2 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Manning Town Centre	North East	Movati Fitness	70,000	Headlease
The Shoppes at Windermere South	Southwest	Tesoro's by Italian Bakery	17,000	Headlease
Erin Ridge North	St. Albert	Dollarama	10,000	Headlease
Cascade Shops	Banff	Canadian Brewhouse	8,100	Headlease
Christy's Corner	West End	The Best Kabab	6,506	Headlease
2213 101 St NW	Southwest	Jerusalem Shawarma	5,349	Headlease
CKUA Building	Downtown	Rigoletto's	3,584	Headlease
Brewery District	Oliver	Fjallraven	2,500	Headlease

KEY SALES TRANSACTIONS H2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
Plaza 34/K-Mall Shopping Centre	Southeast	1937487 Alberta Ltd. / 1680398 Alberta Ltd.	47,286	\$15.5M/\$327.79
Nottingham Centre	Sherwood Park	River Valley Properties Ltd. / 2426202 Alberta Ltd.	29,571	\$12.6M/\$426.09
Southfort Shopping Centre	Fort Saskatchewan	The Plains Group / 2414232 Alberta Ltd.	18,023	\$11.3M/\$624.20
6510 Gateway Blvd	South Central	First Capital Holdings / Pacific International Property Inc.	39,879	\$10.3M/\$257.03

RETAIL TEAM

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