



Metro Vancouver

RETAIL | FIRST QUARTER | 2010

MARKET INDICATORS

	2009 Q4	2010 Q1
VACANCY	↓	↓
NET ABSORPTION	↑	↔
CONSTRUCTION	↑	↑
RENTAL RATE	↔	↔

ECONOMIC UPDATE

The Canadian unemployment rate has been trending downwards, dropping from 8.7 percent in July 2009 to 8.2 percent in March 2010. BC has mirrored much of this improvement but still holds the highest unemployment rate of all western provinces at 7.7 percent.

The Conference Board of Canada believes that BC is well positioned to lead the country in economic growth throughout 2010. The anticipated growth of BC's GDP by 4.2 percent over the next year is the result of increased construction activity, particularly in the residential sector, a rebounding forestry sector and an expected boost in economic activity resulting from the Olympics.

The Canadian Dollar has had an exceptional few months, reaching its highest levels since July 2008. On April 5, 2010, the Canadian Dollar shot close to parity, rising to 99.90 US cents. Analysts credit the strong dollar to Canada's robust economy, the federal government's 5-year budget deficit promises and firm commodity prices. It is anticipated that the Bank of Canada will adjust the interest rates to keep the growth of the Loonie under control. Canadian retailers are worried the strong dollar may deter American shoppers, while many Canadians will head south of the border with their increased buying power.

Between December 2009 and January 2010, the value of building permits in BC decreased by 22.5 percent. This does not come as a surprise as December 2009 was an exceptional month marked by significant gains. The value of building permits issued in BC during January 2010 was \$665 million, more than double the value issued one year ago.

MARKET OVERVIEW

With a limited amount of prime retail space to choose from in Metro Vancouver, leasing activity has remained relatively quiet this quarter. Overall, the market is not as vibrant as expected following months of uncertainty and caution in the global economy. Asking rates have dropped, while concessions have increased where the tenant can prove substantial financial strength. Tenants are on the lookout for a good deal, negotiating with landlords for tenant inducements wherever possible. While overall market conditions remain stable, high-profile locations continue to perform exceptionally well.

After 53 years of independent bookselling, Kitsilano's beloved Duthie Books closed its doors January 2010. With independent stores constantly under pressure from big box retailers, Duthie could no longer compete with prices from competitors such as Chapters Indigo and Amazon. The 3,000 square foot store on West 4th Avenue and Vine Street in Kitsilano is currently looking for a tenant to fill the space. On the same street, Semperviva Yoga moved in to a prime retail space at West 4th Avenue and Yew Street, taking over from Coast Mountain Sports who relocated to 1625 Chestnut Street in Kitsilano.

The end of 2009 saw a surge in retail property sales in BC, highlighted by the sale of Surrey's Grandview Corners for \$182 million to RioCan REIT and the Canada Pension Plan. This trend is expected to continue in 2010 due to a swell in investment dollars and lower capitalization rates, meaning buyers are willing to pay a higher price and expect a lower rate of return. Demand for investment real estate is expected to expand, driven by the return of institutional and public capital due to rebounding public markets.

REITs are becoming more active buyers, proving they are willing to commit to a limited number of sizeable acquisitions, while private buyers managed to purchase the highest number of retail properties in BC at the end of 2009. Investors have continued to be cautious with their money, especially with the threat of climbing interest rates looming in the not so distant future. With the lack of American prospects in both the leasing and sales markets, it may prove useful to target local investors, developers and retailers.

The pending sales of two major retail centres in Burnaby indicate a positive outlook for Metro Vancouver's commercial property market in 2010. Brentwood Town Centre is set to sell for \$100 million to Shape Properties and an Ontario-based pension fund while Lougheed Town Centre is on the market for \$135 million.

STREETFRONT LEASE AND VACANCY RATES			
Vancouver	Lease Rates \$/Sq. Ft.*	Lease Rate Trend	Vacancy Rate**
Robson Street - Burrard Street to Bute Street	\$180-220	↑	↔
Yaletown - Pacific Boulevard to Homer Street	\$30-60	↑	↔
South Granville - W. Broadway to W. 15th Avenue	\$60-90	↑	↔
W. Broadway - Granville Street to Cambie Street	\$35-80	↔	↓
W. Broadway - Alma Street to MacDonald Street	\$28-45	↔	↓
Kerrisdale - W. Boulevard to Vine Street	\$40-50	↑	↔
W. 4th Avenue - Burrard Street to Balsam Street	\$30-65	↔	↔
Denman Street	\$50-70	↔	↔

*For commercial retail unit of approximately 1,000 sq. ft.

**Vacancy based on physically vacant street level retail units not within a shopping centre.



NEW RETAIL DEVELOPMENTS

BC Pavilion Corporation announced the development of the vacant lands west of BC Place Stadium, with construction expected to begin in 2011. The current 700,000 square foot parking lot will be transformed into an entertainment-retail complex anchored by a 100,000 square foot casino. In the meantime, the stadium gears up to drop its iconic white roof in favour of a \$563 million retractable roof.

In Metro Vancouver, over 1 million square feet of new retail space is expected to open its doors in 2010. A significant development to look out for in 2012 is Onni's Fremont Village in Port Coquitlam, presently one of the largest retail projects in Metro Vancouver. North Vancouver's Marine Drive Improvement Strategy continues to encourage more desirable land use mix, strengthening the viability of locally oriented retail shops and services.

NEW RETAIL DEVELOPMENTS

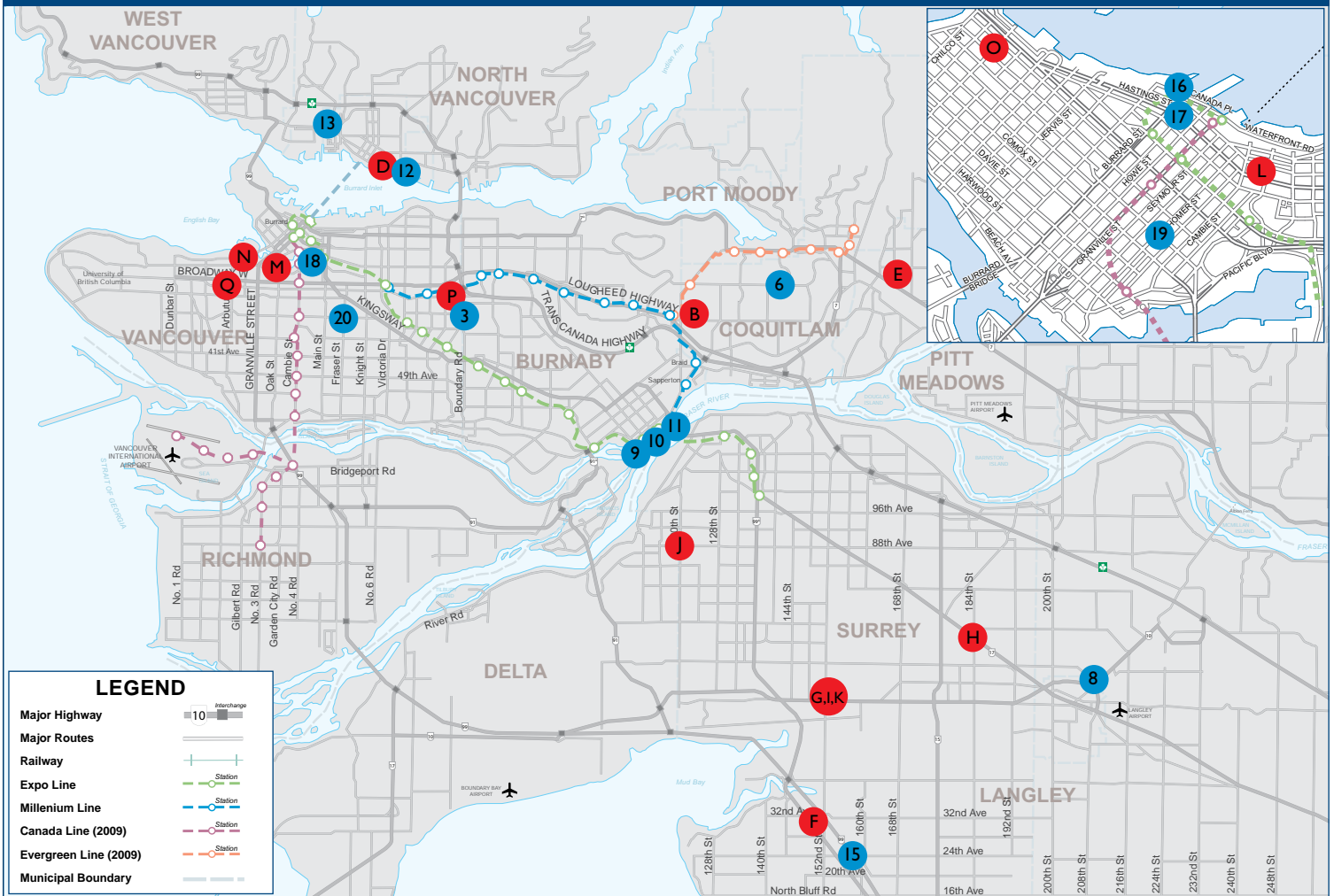
OPENED IN 2009/2010

	SHOPPING CENTRE	LOCATION	CITY	GLA (SF)	MAJOR TENANTS
A	South Fraser Gate <i>(Not shown on map)</i>	32366 South Fraser Way	Abbotsford	32,000	Shoppers Drug Mart, Kin's Farm Market
B	Northgate Village	3495 North Road	Burnaby	125,000	PriceSmart Foods, Shoppers Drug Mart, GoodLife Fitness
C	Garrison Village <i>(Not shown on map)</i>	45485 Keith Wilson Road	Chilliwack	88,000	Cooper's Foods, Subway
D	Capilano Square	879 Marine Drive	North Vancouver	100,000	PriceSmart Foods
E	Oxford Connector	1970 Oxford Connector	Port Coquitlam	32,000	Visions Electronics, Benjamin Moore
F	High Street at South Point	King George Highway & 32 nd Avenue	Surrey	40,000	Save-On-Foods, Canadian Tire, Staples
G	Panorama Village (Phase 2)	Highway 10 & 152 nd Street	Surrey	48,000	Shoppers Drug Mart, CIBC, Starbucks
H	Hillcrest Crossing	18640 Fraser Highway	Surrey	68,000	TD Canada Trust, Fido
I	Sullivan Square	Highway 10 & 152 nd Street	Surrey	80,000	Tim Horton's
J	Nordel Annex	Nordel Way & Scott Road	Surrey	35,000	CIBC, Starbucks
K	Panorama Place	Highway 10 & 152 nd Street	Surrey	50,000	Big Ridge Brewing, Scotiabank, A&W
L	Woodward's	101 West Hastings Street	Vancouver	190,000	Nesters Market, London Drugs, TD Canada Trust
M	Hemlock Station (Redevelopment)	West 4 th Avenue & Hemlock Street	Vancouver	22,000	Minit Tune, Urban Puppy
N	Mantra	West 4 th Avenue & Pine Street	Vancouver	20,000	TBD
O	Safeway (Redevelopment)	Denman Street & Robson Street	Vancouver	55,000	Safeway, Vancity, CIBC
P	Walmart	3585 Grandview Highway	Vancouver	113,000	Walmart Supercentre
Q	Pulse	1996 West Broadway	Vancouver	50,000	Greens Organic & Natural Market, Blenz Coffee

OPENING IN 2010/2011

	SHOPPING CENTRE	LOCATION	CITY	GLA (SF)	MAJOR TENANTS
1	Parallel Marketplace <i>(Not shown on map)</i>	1920 North Parallel Road	Abbotsford	135,000	Thrifty Foods, Bank of Montreal
2	High Street <i>(Not shown on map)</i>	Highway 1 & Mt. Lehman Road	Abbotsford	670,000	Walmart Supercentre
3	Canada Way Crossing	3300 Boundary Road	Burnaby	24,000	Starbucks, TD Canada Trust, Pharmasave
4	Commerce@Citi	4445 Lougheed Highway	Burnaby	23,000	HSBC
5	Eagle Landing <i>(Not shown on map)</i>	Evans Parkway & Yale Road West	Chilliwack	600,000	Walmart, Cineplex Odeon
6	Como Lake Village (Redevelopment)	1980 Como Lake Avenue	Coquitlam	100,000	No Frills, Shoppers Drug Mart, BC Liquor Store
7	Gateway 200	84 th Avenue & 200 th Street	Langley	10,144	Fraser Health Authority, Pharmasave, BCGEU
8	The Collection	Glover Road & Langley By-Pass	Langley	171,500	BMW
9	Columbia Square Plaza (Redevelopment)	Columbia Street & 10 th Street	New Westminister	120,000	Marketplace IGA, BC Liquor Store, Rogers Video
10	New Westminister Station	Columbia Street & 8 th Street	New Westminister	200,000	Safeway, Shoppers Drug Mart, Landmark Cinemas
11	River Market (Redevelopment)	810 Quayside Drive	New Westminister	72,000	Paddle Wheeler Pub
12	Capilano Village	845 Marine Drive	North Vancouver	92,000	Thrifty Foods, Bed Bath & Beyond
13	District Crossing	1120-1148 Marine Drive	North Vancouver	17,000	Bank of Montreal
14	Garibaldi Village <i>(Not shown on map)</i>	Highway 99 & Garibaldi Way	Squamish	80,000	London Drugs, BC Liquor Store
15	The Shops at Morgan Crossing	Highway 99 & 24 th Avenue	Surrey	450,000	London Drugs, Thrifty Foods, Golf Town, Best Buy, Winners
16	Burrard Landing	Burrard Street & Waterfront Road	Vancouver	95,000	El Caravan Mediterranean Grill, Mahoney & Sons Public House
17	Jameson House	838 West Hastings Street	Vancouver	20,000	TBD
18	Olympic Village	West 1 st Avenue & Ontario Street	Vancouver	70,000	Urban Fare, London Drugs
19	Atelier	833 Homer Street	Vancouver	13,000	TBD
20	Century	East 29 th Avenue and Fraser Street	Vancouver	36,000	No Frills, Shoppers Drug Mart

NEW RETAIL DEVELOPMENTS MAP



2010 WINTER OLYMPICS

The 2010 Winter Olympic Games put Metro Vancouver on the world stage. An unprecedented number of visitors flooded the downtown core, emptying their wallets at various retailers. Canadians accounted for 78.4 percent of all transactions, while 22 percent of all debit and credit card transactions belonged to international shoppers. Consumer spending increased 48 percent in Vancouver and Whistler from February 12-28, 2010, with the bulk of the activity felt in souvenir stores and downtown restaurants and bars.

The Olympics have provided Vancouver with several community legacy projects, but the big question remains, was it worth the cost?

Olympic Village: The Vancouver Olympic Village, boasting 1,100 units in the False Creek area, will be a showcase of sustainable living, transforming an industrial wasteland into a mixed-income community. The combination of cost overruns and the 2008 credit crisis have left the city responsible for about \$1 billion in development costs, part of which will be offset by the sale of the onsite condominiums.

Granville Street (Downtown): Just in time for the Olympics, Granville Street was transformed into a \$24 million pedestrian causeway. The overall goal was to enhance transit, pedestrian movement, and vitality of the street. Overhead cables and poles were replaced with contemporary benches and vertical lighting beams. Granville Street's revitalization puts it on the forefront as a leading shopping district in Vancouver.

Canada Line (SkyTrain): Costing just over \$2 billion, this new rapid rail service connects Downtown to Richmond and Vancouver International Airport. There are 16 new SkyTrain stations, which will play a vital role in future development and will have an enormous impact on the location and positioning of retailers.

Sea-to-Sky Highway: This winding highway connects West Vancouver to Whistler via the city of Squamish. After a \$600 million overhaul, the upgraded highway is expected to increase BC's GDP by \$300 million by 2025, enhancing economic development opportunities in neighbouring communities and the province as a whole.

LOOKING FORWARD

In response to a weakened economy, some retailers are looking to increase profits by cutting down the size of their stores. With real estate accounting for a huge chunk of retailers' expenses, many are re-evaluating their spatial requirements. At the same time, some bargain retailers are expanding their stores after seeing huge increases in sales per square foot.

Personal disposable income is expected to increase by 4.2 percent in BC, boosting retail sales by an estimated 4.5 percent. According to the Conference Board of Canada, retail wholesale and retail trade output could strengthen by 4.0 percent in 2010. In March 2010, consumer confidence in BC rose by a record 25.9 points to finish at 121.1 points. BC's consumer confidence sits 28.6 higher than the Canadian average of 92.5.

FIRST QUARTER 2010 NOTABLE LEASE TRANSACTIONS

ADDRESS	MUNICIPALITY	SIZE (SQ. FT.)	TENANT
12551 Bridgeport Road	Richmond	37,500	J&Y Furniture
1175 Woolridge Street	Coquitlam	20,000	Bed Bath & Beyond
West 4 th Avenue & Pine Street	Vancouver	20,000	No Frills
1577 Main Street	Vancouver	13,000	Horizon Coach Lines Ltd.
2364 McCallum Road	Abbotsford	12,000	Fabricland Pacific Ltd.
Columbia Square	New Westminster	12,000	Fabricland Pacific Ltd.
Langley City Square	Langley	11,128	Nature's Fare Markets
Pitt Meadows Centre	Pitt Meadows	5,200	Prime Food Market
2201 West 4 th Avenue	Vancouver	4,000	Semperviva Yoga
Robson Street	Vancouver	4,000	Pharmasave
812 West 6 th Avenue	Vancouver	3,450	Bosley's Pet Food Plus Inc.
Lansdowne Park Shopping Centre	Richmond	3,281	BCAA
2156 West 41 st Avenue	Vancouver	2,475	Madeleine Canada Investments Ltd.
The Landing at the Pier	North Vancouver	2,231	BMO Bank of Montreal
2717 Granville Street	Vancouver	1,265	James Perse
2144 West 4 th Avenue	Vancouver	1,145	My Essentia at the Beach Ltd.
Pacific Robson Palais	Vancouver	1,041	Sakura Media

OPEN FOOD ANCHORED SHOPPING CENTRE SURVEY - 50,000 SF OR GREATER

CITY	NO. OF CENTRES	ANCHOR RATES	CRU RATES	PAD RATES	GLA (SF)	VACANCIES	VACANCY RATE
Abbotsford	4	\$14-16	\$24-30	\$30-35	613,339	45,812	7.47%
Burnaby/New Westminster	7	\$18-24	\$24-32	\$32-45	1,154,558	61,187	5.30%
Chilliwack	5	\$10-14	\$20-25	\$28-32	580,966	20,675	3.56%
North Delta	3	\$15-20	\$25-30	\$30-35	464,696	5,815	1.25%
South Delta	5	\$15-20	\$30-35	\$25-30	468,501	25,683	5.48%
Langley/Aldergrove	10	\$15-20	\$25-35	\$30-35	1,344,669	21,226	1.58%
Maple Ridge/Pitt Meadows	4	\$15-20	\$20-28	\$30-35	779,963	26,994	3.46%
Mission	2	\$14-16	\$20-25	\$28-32	422,562	2,897	0.69%
North Shore	8	\$15-25	\$30-40	\$35-45	799,212	10,367	1.30%
Richmond	8	\$15-20	\$30-40	\$35-40	724,634	25,025	3.45%
Squamish	2	\$10-15	\$20-25	\$25-30	133,951	1,119	0.84%
South Surrey/White Rock	4	\$18-22	\$24-32	\$32-36	1,145,201	18,487	1.61%
Surrey - North	15	\$15-20	\$25-30	\$30-35	1,683,623	47,212	2.80%
Tri-Cities	10	\$18-22	\$26-32	\$32-38	988,706	11,088	1.12%
Vancouver	8	\$20-30	\$30-60	\$35-55	749,595	31,980	4.27%
Total	95				12,054,176	355,567	2.95%

*Survey excludes closed food anchored shopping centres due to the large amount of gross leasable area and vacancies.

FIRST QUARTER 2010 NOTABLE SALE TRANSACTIONS

Address	Municipality	Size (GLA)	Price
Clearbrook Plaza	Abbotsford	105,636	\$21,725,000
2760-2780 Sweden Way	Richmond	61,981	\$21,000,000
20151 Fraser Highway	Langley	79,404	\$16,000,000
Boundary Park Plaza	Surrey	54,310	\$13,700,000
1495 West 13 th Avenue	Vancouver	9,725	\$10,000,000
2555 Barnet Highway	Coquitlam	26,260	\$5,316,000
565 & 569-571 Howe Street	Vancouver	10,500	\$5,200,000
2881 Granville Street	Vancouver	3,200	\$4,325,000

294 OFFICES IN 61 COUNTRIES ON 6 CONTINENTS

USA 94
Canada 22
Latin America 17
Asia Pacific 64
EMEA 97

\$1.6 billion in annual revenue

1.1 billion square feet under management

12,749 Professionals

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