

## **What to Expect at the Canadian ICSC Convention in Toronto?** **– A Broker's Opinion**

What a year it has been since we all met eleven months ago in Toronto for the yearly ritual of the Canadian Convention. Last fall it was feared that the financial world was in the process of falling apart - with many economists forecasting financial Armageddon.

At the Whistler ICSC early this year, it appeared that the meltdown was slowing down but in our industry we were just discussing deals - not doing deals. By the Montreal ICSC in June 2009, there was more hope - but deals were elusive. Over the summer months, we at Sitings saw ourselves getting busy again, and landlords as tenants seem ready to move forward in our 'new reality'. We have a degree of optimism that we will be discussing real deals in Toronto – the question is what those deals are going to look like?

We are in real interesting times. After spending a fair bit of time driving the through western Canada over the summer it was surprising how little visible vacancy there is. That said, there are more "for lease" signs visible on the streets than in the shopping centers. There are national tenants phoning landlords looking for rent concessions. One well known name when asked to quantify their position i.e. sales decreases, the tenants refused. I think there are some tenants who are having tough times and others who taking advantage of the times.

The big box tenants have been going slow and have attitudes which are infected with the "American Flu" – where the problems are much deeper and more widespread. They are looking for sharper deals that compete with the rents and allowances achievable in the US. Our x-team partner in San Francisco is now doing deals under \$10.00 PSF for space which 2 years ago would have gone for over \$20.00 PSF. In Canada we have just not had the same rash of space coming back into the market. Our markets are not as challenged.

The fashion retailers have slowed to a crawl. The American fashion retailers are fighting big same store sales decreases and many cash flow issues. The Canadian fashion retailers have had same store decreases but not anywhere near what has gone on in the U.S. The good news is the Canadian dollar has strengthened, solving the margin issues created when the dollar fell drastically last fall. This market will remain tough for a while.

The full service restaurant business is difficult on two fronts: firstly there have been sales decreases, and secondly there is less money available to finance leaseholds from traditional sources. Thank goodness for the fast food and service retailers who have fared much better and in some cases, like McDonald's, have prospered through the tough times.

The landlords have their challenges too.

Cash flow from properties are being challenged by tenants looking for rent relief, going bankrupt, exercising termination rights, or just plain not renewing. The market has been such that it has been virtually impossible to prelease a new shopping center, with the exception being grocery/drug anchored centers that cater to the service industry. The landlords, going forward, are going to be challenged with the new higher cap rates which mean they need more rent, not less, to make projects work.

So where does leave us for the up coming convention?

I think the landlords are going to have to bring sharper pencils and the tenants are going to have to believe that things are as bad as they are going to get, and now getting better. The difference this year will be the tenants can do deals. The real question mark is probably on new development where there will be the biggest spread between what the Landlord's need to proceed and what the Tenant's are prepared to pay right now.

I am optimistic that things are getting better, but if I wasn't an optimist I wouldn't be a broker.

- Stephen Knight

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## Project Update: New Westminster Station

### 100,000 trips per week at New Westminster Station brings customers to your door!

With the opening of The Canada line from Richmond to Vancouver, there has been increased attention focused on public transit as a means to move people in our region. New Westminster station is a prime example of how transit and mixed use projects will be a more common trend in urban development. In 2007, there were an average of 109,940 trips per week that either began or ended at New Westminster Station. This brings an enormous amount of traffic right to the retailers doorstep. With a Safeway and a Shoppers Drug Mart as anchors, the shopping centre will have a consistent daily customer base. Mass transit and retail development is common in Europe and Asia, but is now becoming more popular in North America. The winner of this years ICSC Future Image Architecture Competition was a transit –based concept that “envisions the day when commuting and shopping are pretty much one and the same.”

Dan Clark Leasing agent for the site says “We always knew this was going to be a great development, but the response we have had from tenants is been tremendous. It is one of the best new developments in Canada.”

#### Key Features Include:

- 1) Douglas College with 14,000 staff and students sits adjacent to the project.
- 2) Dense urban population surrounds the site. There is over 60,000 people within walking distance of the site.
- 3) The skytrain station has weekly boarding and departures of 109,000 per week at New Westminster Station.
- 4) The New Westminster Bus Terminal is located on site.
- 5) New Westminster Station has 750 residential units located directly above the retail.

Some of the Tenants joining New Westminster Station are Safeway, Shoppers Drug Mart, RBC, Bread Garden, International News, A&W, Subway, Westland Insurance, Togo Sushi, Extreme Pita, TAG Liquor Stores, New West Dental Centre, Mega Bites Pizza, etc.

New Westminster Station is ideal for any service based use and is schedule for completion in early 2011.



## Premier Whistler Tenants Join Garibaldi Village

Escape Route Outdoor Equipment, and Samurai Sushi join Garibaldi Village.



In operation for more than 20 years Escape Route is Whistler's oldest and most respected outdoor equipment company. Owner Jayson Falkner who travels Route 99 weekly said that "Garibaldi Village will be the premier site in Squamish". Their new store will be 2,300sf.



Samurai Sushi Squamish is a restaurant coming to us from the owners of Teppan Village and Samurai Sushi Whistler. This will be their first location in Squamish and fourth in the Whistler/Squamish region. Ru Mehta stated that Garibaldi Village was the obvious choice for their Squamish location.

Construction is now completing at Garibaldi Village, and is on track to wrap up in November. Three retail spaces remain in the 1,000sf to 6,300sf range. This site has excellent visibility and access from Hwy 99 and is shadow anchored by Extra Foods, Canadian Tire and Garibaldi Cinemas. The completion of this project will solidify this stretch of Hwy 99 as the premier retail node in Squamish. Other retailers joining Garibaldi Village are London Drugs, Flight Centre, Booster Juice, Fat Burger, Warehouse One, BC Liquor Stores, Westland Insurance and Tom Harris Cellular.



**Mucho Burrito is looking for Deals in BC!**



Mucho Burrito is expanding in Canada and franchisees are ready to go. Part of the Extreme Brandz family of quick service food concepts, they are backed by a successful, experienced corporate group. Mucho Burrito serves gourmet Mexican food at a slightly higher price point. Locations are built out to a very high quality of finish.

Mucho Burrito is currently sourcing flagship locations in the Lower Mainland, Vancouver Island and select regions in BC's Interior in the 1,600 to 2,200 sf range.

There will be a new Mucho Burrito location opening at Westbank's Marine Way Market in Burnaby this fall.





## OPPORTUNITIES

### Retailers On the Move



Contact Dan Clark:

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Dollar Giant is actively sourcing sites from BC to Eastern Ontario. Dollar Giant has recently opened a store in SmartCentres St. Catharines West. 4 more locations are scheduled to open before the end of the year. Growth plans call for another 10-15 stores to be opened in 2010, sourcing locations from BC to Ontario in the 8,000 to 10,000 sf range. Dollar Giant now operates 80+ corporate stores.



Contact Dan Clark:

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XS Cargo has opened a new location in Vaughn Ontario. They are also sourcing a potential new location in East Winnipeg and East Ottawa. Please contact us if there are any sites you would like to present.. Stores require approximately 9,000 - 11,000 square feet in strong retail areas with easy ingress/egress, ample parking, and loading for a trailer truck. XS Cargo is one of the largest closeout retailers in Canada and now operates 40 stores nationwide.



Contact Stephen Knight:

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Michaels has over 1000 stores in North America, and is actively searching for infill sites in Western Canada. Typically, they require 17,000 SF for stores in smaller markets and 21,000 SF in larger markets. Michaels currently operates 14 stores in BC, 15 in Alberta, and 5 in Saskatchewan and Manitoba. Michaels is the only major arts and crafts retailer of its kind in Canada.



Contact Stephen Knight:

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Office Depot is active in Western Canada remodeling existing stores and looking to open a new, more efficient store model. Ideal spaces are about 18,000 SF. Office Depot needs strong area tenants and a relatively high concentration of small to medium businesses (0-50 employees).



The Reitmans Group and its associated brands have just wrapped up a tour of Alberta.

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| Some recent openings: | Additionelle in Sunridge Mall in Calgary   | Smart Set in CrossIron Mills |
|                       | Thyme Maternity in Bower Place in Red Deer | RW & Co. In CrossIron Mills  |

Contact Stephen Knight  
Stephenk@sitings.ca



## OPPORTUNITIES

### Current Leasing Opportunities:

<b>New Westminster Station:</b>	Space Available:	Various	Rent:	\$50 psf
New Westminster, BC	Occupancy:	Spring, 2011	Additional Rent:	\$15 psf (est)
Anchors: Safeway, Shoppers Drug Mart				Brand new transit integrated Retail development.

<b>Garibaldi Village:</b>	Space Available:	4,745 sf & 6,531 sf	Rent:	\$22-35 psf
Squamish, BC	Occupancy:	Early 2010	Additional Rent:	\$8.50
Anchors: London Drugs, BC Liquor Stores, Extra foods, Garibaldi 5 Cinemas.				Only retail site on northbound side of Hwy 99 in Squamish. Draws local and regional traffic. 2nd floor Office/professional space also available.

<b>Millstream Village:</b>	Space Available:	1,015 sf, & 12,000 sf	Rent:	\$18-35 psf
Victoria, BC	Occupancy:	Immediately	Additional Rent:	\$9.50
Anchors: Market on Millstream, Michaels, Petsmart, Golftown, Pharmasave				Major retail node in Victoria's West Shore area. Across the street from Costco & Home Depot

<b>Century on Fraser St</b>	Space Available:	1,241 sf	Rent:	\$40
Vancouver, BC	Occupancy:	Fall 2010	Additional Rent:	\$11
Anchors: NoFrills, National Drug Store.				New Mixed use development in emerging Vancouver neighborhood. Close proximity to downtown, increasing incomes and young families.

### Contact Us:

For more information regarding any of our projects or services, please feel free to contact our office or check our website.

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