

Victoria Retail Market Report

Q4 2020

Net Absorption – Shopping Centre

2020	Year-over-Year
-54K SF	↓ 119%
5-Year Average	10-Year Average
42K SF	61K SF

Downtown Street Front Vacancy

Q4 2020	Year-over-Year
6.0%	↑ 2.9%

Shopping Centre Vacancy

Q4 2020	Year-over-Year
5.8%	↑ 0.8%

Development

Under Construction	In Planning
250K SF	364K SF

New Supply

0 SF

Source: Cited

Market Outlook

2020 started with very optimistic expectations for the vibrancy of the downtown core. 2019 had been a strong year for the downtown and the prediction was that 2020 would continue the trend with downtown residents, office workers and record tourism figures all driving the market forward. By March 2020, however, it was clear that the predictions were going to be incorrect. Although downtown residents continued to offer some life to retailers, the occupants of office space largely were forced to work from home and tourism was severely restricted.

Thankfully, government programs provided much needed support and many retail and restaurant operations have been able to hold on through this challenging period. Wage subsidies, rent subsidies and other small business programs have combined to minimize the damage to downtown businesses.

Furthermore, with the local market not travelling, retailers did benefit from local support throughout the year. Canadian residents and particularly lower mainland residents also took the opportunity to visit Victoria instead of travelling abroad, providing some level of relief to local retailers and restaurants.

However, the downtown retail vacancy rate has risen from 3.1% in Q4 2019 to 6.0% Q4 2020 which confirms the pressures the downtown Victoria continues to face.

The next market test will be balancing the eventual pull back from government subsidies with an expected increase in office workers returning to the core and tourism gradually strengthening. We do predict that this balancing act will be difficult to time perfectly for all retailers which will likely create additional pressures. Additional retail vacancy in the latter part of 2021 may be the result.

For the majority of 2021, however, we do anticipate that the market will maintain status quo. It is

anticipated that outcomes will become much easier to forecast as we progress through 2021, particularly as vaccination programs reach the larger population and consumer shopping patterns become more transparent. There is no question, however, that a timely and broad-based vaccination program will have an immediate and positive impact on sales for retailers and more importantly, for restaurants and hospitality venues in Victoria.

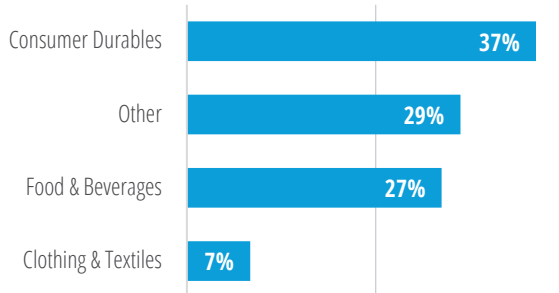
The suburban shopping centre market remained very strong through 2020 due to the large number of centres offering both essential and basic goods and services (grocery, liquor, pharmacy and take out). For those retailers most impacted by shutdowns, government programs once again provided a buffer to a drop in sales. Strong occupancy numbers in the suburban retail sector were also supported by a lack of any new shopping centres being added to the inventory in 2020.

The most challenged sector for the retail market continues to be interior enclosed shopping centres. Largely driven by fashion retail sales, these centres were already seeing challenges pre COVID-19, with the pandemic accelerating a shift in shopping trends and behaviours to the convenience of on-line shopping and same day delivery. The enhanced shift in consumer shopping resulted in several failures or companies in creditor protection such as Pier 1 Imports, Reitman's, Victoria's Secret and Aldo. Once again, government funding in 2020 helped to slow the decline of this market sector, however, 2021 will likely see an increase in downsizing of retailers serving this market.

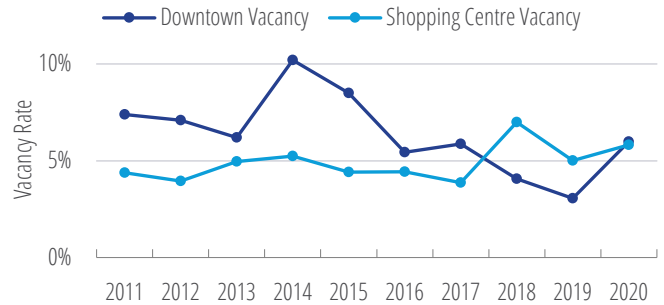
The key for these enclosed shopping centres will be how to reinvent themselves in order to accommodate what is likely to be a new and smaller footprint approach from retailers while finding utility for excess land and buildings.

Greater Victoria Overview

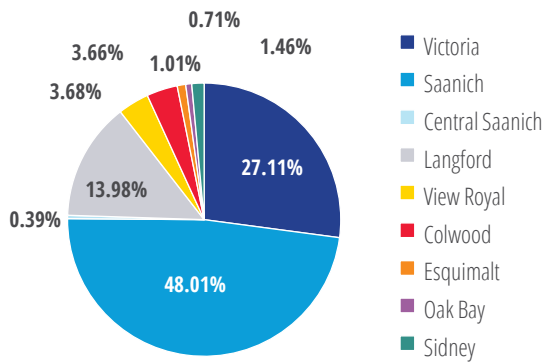
01 Rental Rates By Industry Type



02 Street Front vs. Shopping Centre Vacancy 2010 - 2020



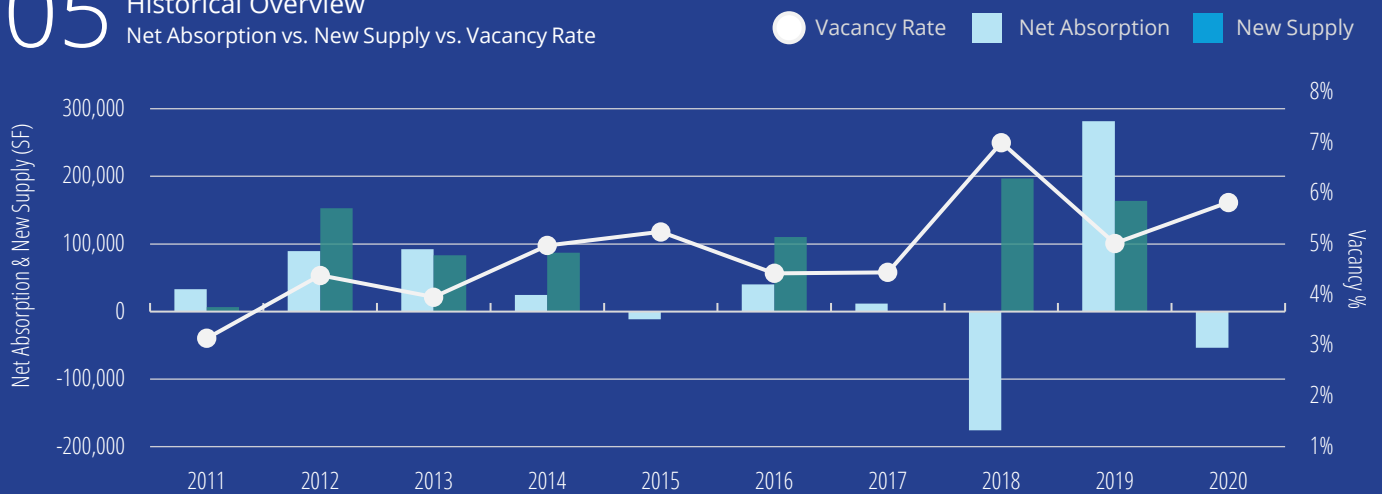
03 Shopping Centre Vacancy Breakdown By Region



04 Downtown Vacancy Comparison Q4 2019 - Q4 2020

	2019	2020	2021* *projected
Vacancy	↓	↑	↑
Net Absorption	↑	↓	↓
New Supply	↑	↔	↑
Rental Rate	↑	↓	↓

05 Historical Overview Net Absorption vs. New Supply vs. Vacancy Rate



Greater Victoria Market Statistics

Year End Market Comparison

Centres	#	Total Inventory	Total Vacant (SF)	Vacancy Rate (Q4'20)	Vacancy Rate (Q4'19)	Net Absorption 2020 (SF)	Net Absorption 2019 (SF)	Net New Supply
Shopping Centre Vacancy By Region								
Victoria	18	2,106,339	102,987	4.9%	5.9%	11,296	153,152	0
Saanich	25	2,328,344	182,400	7.8%	3.8%	-61,601	21,836	0
Central Saanich	6	149,657	1,500	1.0%	1.2%	0	950	0
Langford	8	1,009,406	53,105	5.1%	5.9%	-4,244	135,948	0
View Royal	5	327,152	13,995	4.3%	5.5%	-1,037	-5,400	0
Colwood	3	94,533	13,890	14.7%	11.2%	0	-13,890	0
Esquimalt	2	65,415	3,819	5.8%	2.1%	-3,024	1,527	0
Oak Bay	3	45,439	2,693	5.9%	3.0%	-204	-2,489	0
Sidney	6	167,255	5,528	3.3%	5.5%	2,051	-6,979	0
Sooke	3	124,424	0	0.0%	1.4%	3,000	-3,000	0
North Saanich	1	86,000	0	0.0%	0.0%	0	0	0
Shopping Centre Vacancy By Type								
Regional	7	2,819,632	177,364	6.3%	6.9%	9,751	290,552	0
Community	5	1,129,984	100,178	8.9%	4.3%	-54,821	45,357	0
Neighbourhood	37	2,015,697	62,698	3.1%	4.6%	3,181	-13,445	0
Convenience	31	557,226	39,677	7.1%	4.5%	-11,874	-8,059	0
Market Totals	80	6,524,930	379,917	5.8%	5.0%	-53,7763	281,655	0

Notable Lease Transactions

Type	Project Name	Address	Submarket	Company
Lease	Millstream Village	2401 Millstream Road	Langford	Marshalls
Lease	755 Finlayson Street	755 Finlayson Street	Saanich	Mark's Work Warehouse
Lease	Westside Village	174 Wilson Street	Victoria West	Dollarama
Lease	701 Treanor Avenue	701 Treanor Avenue	Langford	Starbucks, Dairy Queen, Great Canadian Oil Change
Lease	Tuscany Village	3959 Shelbourne Street	Saanich	CIBC
Lease	Tuscany Village	1660 McKenzie Avenue	Saanich	RBC
Lease	Terminus	2830 Peatt Road	Langford	Moe's Home Collection
Lease	1280 Douglas Street	1280 Douglas Street	Downtown	VanCity
Lease	977 Langford Parkway	977 Langford Parkway	Langford	Andre's TV Sales and Service
Lease	1300 Government Street	1300 Government Street	Downtown	Bailey Nelson

Colliers Research



Colliers Research is the industry cornerstone of authoritative statistics, forecasts and market commentary across Canada.

With more than 20 years of comprehensive market data, extensive research capabilities and access to 'live' deal information – there is no other research firm in Canada that can provide such a complete commercial real estate research solution.

With more than 20 dedicated research specialists, supported by over 35 data intelligence analysts – our world-class researchers are continuously sourcing and analyzing data in every major market across Canada – to ensure our clients receive the most accurate and powerful information to make critical decisions for their future.

Core Services:

- Predictive market research
- Reporting on key insights and trends
- Access to the latest market data
- Customized research engagements

For more information on the Victoria Retail Market, please contact:

Tyler Dolan

Managing Director | Vancouver Island
+1 250 414 8388
tyler.dolan@colliers.com

Roelof van Dijk

Senior Director,
National Research & Analytics | Canada
+1 416 643 3469
roelof.vandijk@colliers.com

Leo Lee

Director, National
Research Operations | Canada
+1 416 620 2839
leo.lee@colliers.com

Report Author:

Austin Cope

Research Coordinator
+1 250 414 8381
austin.cope@colliers.com

To see the latest news from Colliers International in Canada, follow @collierscanada on Twitter and Colliers International on LinkedIn.

Copyright ©2021 Colliers International

Colliers International | Victoria

1175 Douglas Street, Suite 1110
Victoria, BC V8W 2E1
+1 250 388 6454

The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.



Accelerating success.

collierscanada.com/research