

2023

Victoria

Retail Market Report

Shopping Centre Metrics

2023 Absorption

173K SF

2022 Absorption

83K SF

5-Year Average

113K SF

10-Year Average

45K SF

Downtown Street Front Vacancy

Q4 2023

9.2%

Year-over-Year

↓ 1.0%

Shopping Centre Vacancy

Q4 2023

2.6%

Year-over-Year

↓ 0.1%

Development

New Supply

175K SF

Under Construction

260K SF

**Weighted Average
Colliers Macaulay Nicolls Inc.*

Market Outlook

The Greater Victoria retail market experienced a stable year, with both downtown street front and shopping centre leasing activity remaining on par with historical record.

Tourism remained a strong source of foot traffic for the Downtown region, with Ogden Point welcoming a record-breaking 970,000 cruise ship passengers in 2023, and the Victoria International Airport also seeing a rise in the number of travelers compared to previous years.

Despite an increase in tourism in 2023, downtown Victoria street front retailers encountered several challenges. The reduced presence of downtown office workers resulted in diminished demand for service-oriented retailers. Additionally, VicPD reported a rise in incidents of both shoplifting and vandalism, particularly along the 500 block of Johnson Street. These continual reports of crime not only placed an added financial burden on business owners, but likely discouraged consumers from shopping in the area.

At the end of 2023 street front vacancy was recorded at 9.2%, down 100 basis points year-over-year (YoY). This modest drop in vacancy may be partially attributed to an expansion of the Colliers' downtown retail boundaries, which have been adjusted to account for the continuous growth of the downtown core. Importantly, 16.3% of the overall vacant street frontage is currently slated for redevelopment, leaving it unsuitable for long-term occupancy as developers look to break ground in the short term.

Customs House, completed in 2022, experienced a successful year with 85% of the previously vacant space now leased.

Noteworthy among the tenants is Lululemon, which is poised to relocate from its current Lower Johnson location.

Shopping centre leasing activity levels remained consistent in 2023, with vacancy levels at 2.6%. Overall absorption levels totaled 172,753 square feet, compared to 82,757 square feet in 2022. This number is largely attributed to the introduction of new product which has come to the market already leased; when accounting for this, absorption levels net near zero, speaking to the stability of Victoria's shopping centres.

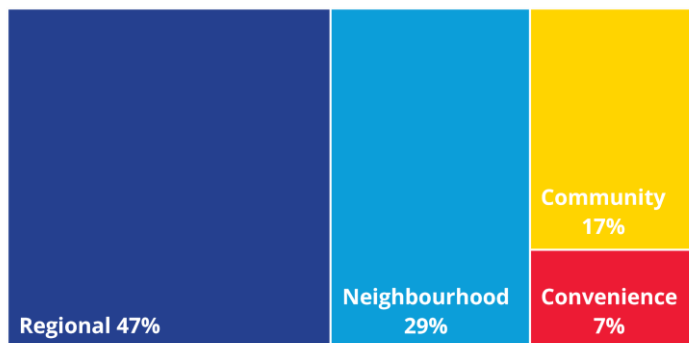
Colwood Corners and The Commons at Royal Bay both completed construction during 2023, bringing to market a combined total of approximately 175,000 square feet of retail product to the Westshore region. Colwood Corners is an open-air village style shopping centre, with the newly built component providing 98,537 square feet of retail space. The Commons at Royal Bay, anchored by Quality Foods, is another outdoor retail village, which injected an additional 76,640 square feet of retail space. The Commons generated a large amount of interest during the pre-leasing campaign, and its retail component was delivered to the market 95% leased. Two new developments announced in 2023, known as "Parcel B" at Royal Bay and Arbutus Landing, are set to add further retail square footage to the rapidly growing Royal Bay Community.

Retail investments slowed in 2023 and were recorded at a total volume of \$46 million, a 58% reduction compared to \$109 million in 2022. This was to be expected, given the current economic climate. Colliers predicts that as interest rates normalize, retail sale transactions will return to historic levels.

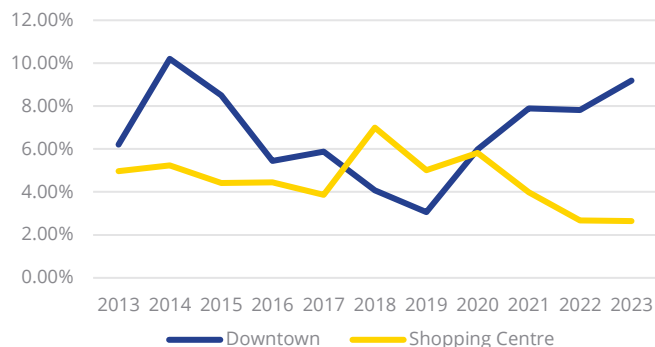
Accelerating success.

Market Overview

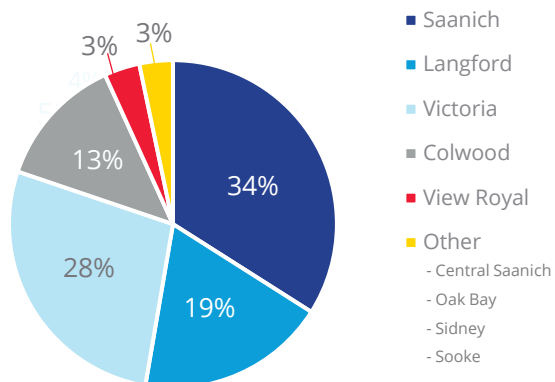
01 Shopping Centre Vacancy Breakdown By Centre Type



02 Street Front vs. Shopping Centre Vacancy 2013 - 2023



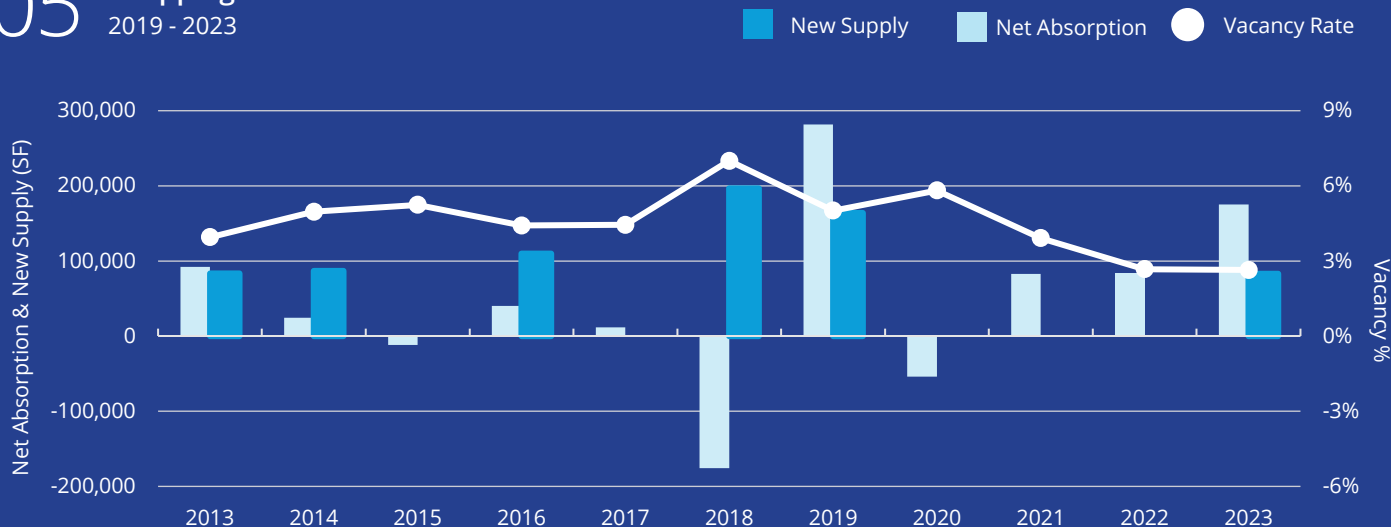
03 Shopping Centre Vacancy Breakdown By Region



04 Downtown Vacancy Comparison Q4 2022 - Q4 2023

| | 2022 | 2023 | 2024* *projected |
|----------------|------|------|---------------------|
| Vacancy | ↑ | ↓ | ↓ |
| Net Absorption | ↓ | ↑ | ↑ |
| New Supply | ↑ | ↔ | ↔ |
| Rental Rate | ↑ | ↔ | ↔ |

05 Shopping Centre Historical Overview 2019 - 2023



Market Statistics & Transaction Highlights

| Centres | # | Total Inventory | Total Vacant (SF) | Vacancy Rate (Q4'23) | Vacancy Rate (Q4'22) | Net Absorption 2023 (SF) | Net Absorption 2022 (SF) | Net New Supply |
|-----------------------------------|-----------|------------------|-------------------|----------------------|----------------------|--------------------------|--------------------------|----------------|
| Shopping Centre Vacancy By Region | | | | | | | | |
| Victoria | 18 | 2,108,730 | 46,089 | 2.2% | 1.2% | -20,897 | 48,317 | 0 |
| Saanich | 24 | 2,125,454 | 56,959 | 2.7% | 3.9% | 26,739 | 27,764 | 0 |
| Central Saanich | 6 | 149,657 | 1,000 | 0.7% | 0.7% | 0 | 500 | 0 |
| Langford | 8 | 1,025,441 | 31,320 | 3.0% | 4.0% | 9,416 | 2,501 | 0 |
| View Royal | 5 | 327,152 | 5,795 | 1.8% | 2.2% | 1,429 | 5,671 | 0 |
| Colwood | 4 | 269,710 | 25,799 | 9.6% | 3.6% | 152,793 | -1,174 | 175,177 |
| Esquimalt | 2 | 65,415 | 0 | 0.0% | 1.5% | 999 | -999 | 0 |
| Oak Bay | 3 | 45,439 | 1,758 | 3.9% | 3.9% | 0 | 112 | 0 |
| Sidney | 6 | 167,255 | 2,728 | 1.6% | 1.3% | -528 | 0 | 0 |
| Sooke | 3 | 124,424 | 0 | 0.0% | 2.3% | 2,802 | 65 | 0 |
| North Saanich | 1 | 86,000 | 0 | 0.0% | 0.0% | 0 | 0 | 0 |
| Shopping Centre Vacancy By Type | | | | | | | | |
| Regional | 7 | 2,822,023 | 78,807 | 2.8% | 3.2% | 10,172 | 51,286 | 0 |
| Community | 4 | 924,554 | 28,894 | 3.1% | 3.1% | -334 | 16,403 | 0 |
| Neighbourhood | 38 | 2,190,874 | 52,513 | 2.4% | 2.1% | 165,674 | -6,797 | 175,177 |
| Convenience | 31 | 557,226 | 11,234 | 2.0% | 1.5% | -2,759 | 21,865 | 0 |
| Market Totals | 80 | 6,494,677 | 171,448 | 2.6% | 2.7% | 172,753 | 82,757 | 175,177 |

Notable Lease Transactions

| Tenant | Address | Market | Lease Type | Size (SF) |
|----------------------|---------------------------|----------|------------|-----------|
| Westcoast Appliances | 1900 Store Street | Victoria | New Deal | 53,789 |
| H-Mart | 3147 Douglas Street | Victoria | New Deal | 30,038 |
| Toys "R" Us | 109-3600 Uptown Boulevard | Saanich | New Deal | 21,162 |

Notable Sales Transactions

| Building Address | Market | Size (SF) | Sale Price | Purchaser |
|--|----------|-----------|--------------|---------------------------|
| 2470, 2474, 2498 Beacon Avenue & 9813 Third Street | Sidney | 22,544 | \$10,600,000 | Kebco Industries LTD |
| 735 & 745 Goldstream Avenue | Langford | 19,124 | \$8,200,000 | Private Investor |
| 2464 Beacon Avenue | Sidney | 4,987 | \$4,700,000 | Brookview Development INC |
| 904 Yates Street | Victoria | 3,864 | \$4,250,000 | Starlight |

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