

MARKET FUNDAMENTALS

	YOY Chg	Outlook
1.7M Vancouver Employment	▲	▲
5.6% B.C. Unemployment Rate	▲	▲
7.0% Canada Unemployment Rate	▲	▲

Source: Statistics Canada

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.5% Real GDP Growth	▲	▼
1.9% Consumer Price Index	▼	▲
8.2% Retail Sales Growth*	▲	▼

Sources: Statistics Canada, Moody's Analytics
Data Reflects Year-End Figures
*Retail Sales Growth YTD 2024 vs. YTD 2025 as of June of each year.

ECONOMY: FACES CONSUMER CAUTION AND FISCAL CHALLENGES

RBC Economics expects British Columbia's economic expansion to remain relatively stable from 2024. Slumping real estate activity and construction investment are key concerns, along with the impact of trade tensions - prompting a slight tamp down of the 2025 growth forecast, to 1.2% from 1.5%. Retail sales have bounced back, increasing 6.1% year-over-year (YOY) in Q1 2025 (seasonally adjusted). Per capita expenditures have now reversed course and outpace most other provinces - marking a turnaround from what had been one of the steepest spending declines nationally. Source: RBC Economics

SUPPLY AND DEMAND: REGIONAL MALLS DEFY STABLE VACANCY TREND

Retail vacancy in the downtown Vancouver office towers remained relatively stable over the past year, edging up to 8.8% this quarter, a modest 10 basis points (bps) increase. Leasing activity was limited, highlighted by a few small deals under 500 square feet (sf).

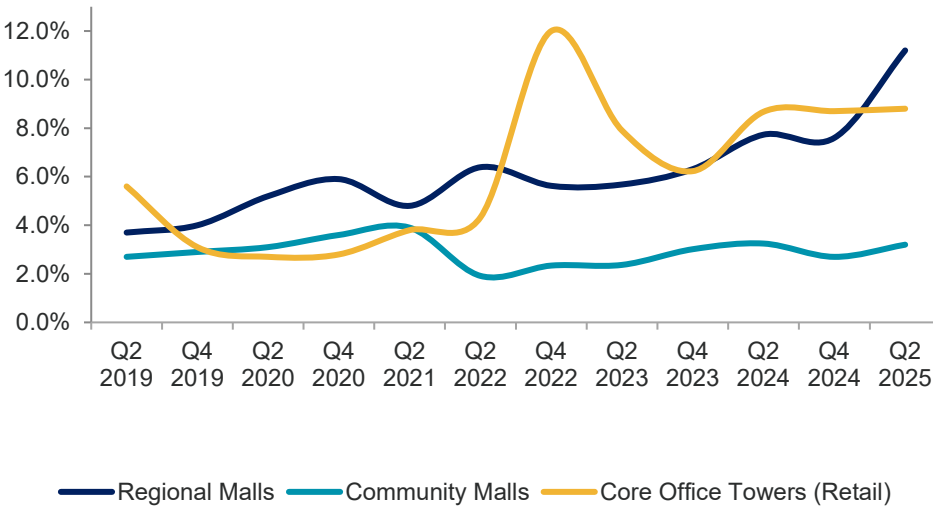
Overall retail vacancy in Community Malls* rose to 3.2% this quarter, returning to its year-ago level and marking a 50-bps increase from the 2.7% reported at year-end 2024. Notable leasing activity includes Ardene taking 8.7k sf at SmartCentres Surrey West and IKEA leasing 8.4k sf at West Oaks Shopping Centre for its first "Plan and Order" location in the province. This new format allows customers to plan purchases and have items delivered directly to their homes, eliminating the need to travel long distances to a showroom - an example of how retailers are adopting more innovative, agile and flexible strategies to stay competitive in today's market.

Regional Malls** recorded a sharp rise in overall vacancy to 11.2% in the first half of 2025 - up 360 bps from 7.6% reported at the end of 2024 and 350 bps YOY. This increase is largely attributed to the closure of several Hudson's Bay Company and Saks Off 5th locations. While there were notable new leases - such as Urban Behaviour taking 71k sf at Guildford Town Centre and Fairgrounds Pickleball leasing the former 63k sf Bike Park space at Capilano Mall - the market still recorded negative absorption of 618k sf over the past six months.

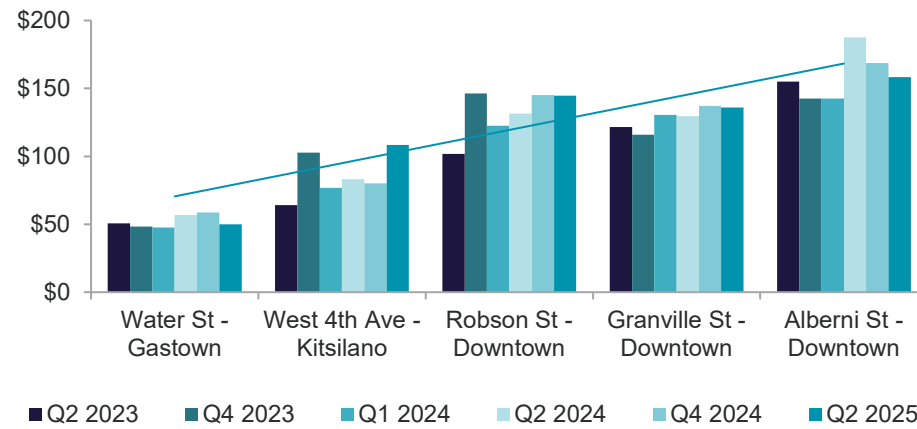
PRICING: MIXED TRENDS ACROSS PRIME HIGH STREETS

In the first half of 2025 - with only three availabilities and historically low vacancy - Alberni Street maintained the highest average asking rate of \$158.33 per square foot (psf). While this remains the highest among all retail corridors, it represents a 6.2% decrease from year-end 2024 and it is a 15.6% decrease YOY. The decline follows a peak of \$187.50 psf in Q2 2024, suggesting that luxury retail asking rents may be recalibrating after a period of record highs. Robson Street followed with an average asking rate of \$144.70 psf, down 0.4% since year-end 2024. Despite the slight decline, rates remain near peak levels and are up 10.1% YOY, reflecting sustained tenant demand and Robson's continued strength as a premier downtown retail destination. West 4th reported a notable increase in average asking rents, reaching \$108.33 psf in the first half of 2025 - up 35.1% from year-end 2024 and representing a 30.1% YOY increase. This marks the highest rent recorded for this corridor, indicating renewed strength in tenant demand and limited availability. Water Street in Gastown recorded average asking rents decline to \$49.89 psf in the first half of 2025, down 15% from the year-end 2024 peak of \$58.70 psf, reflecting softer demand in the heritage retail corridor.

OVERALL VACANCY



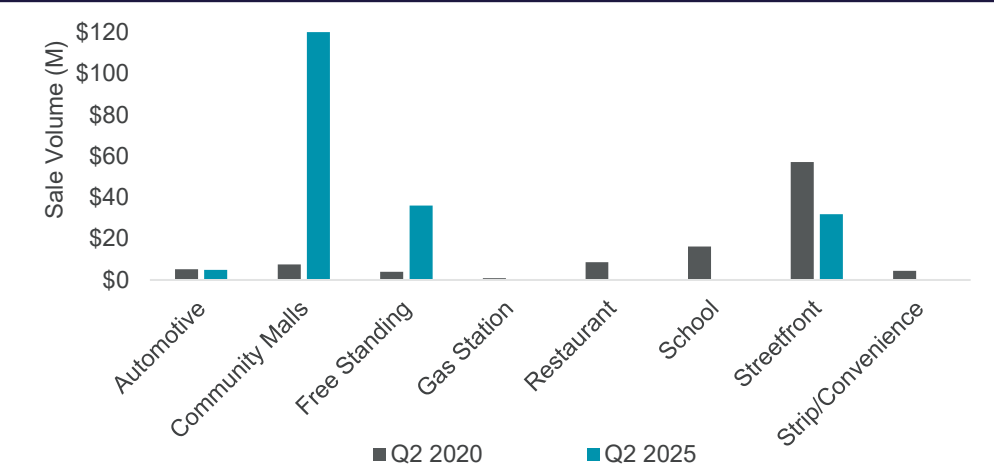
ASKING RATES – HIGH STREET RETAIL



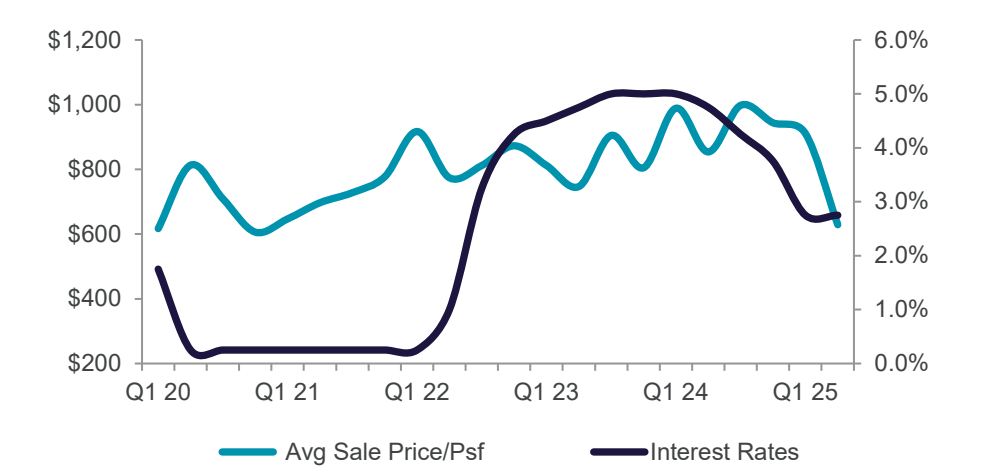
*68 locations, 110k sf-375k sf

**27 locations, 375k sf+

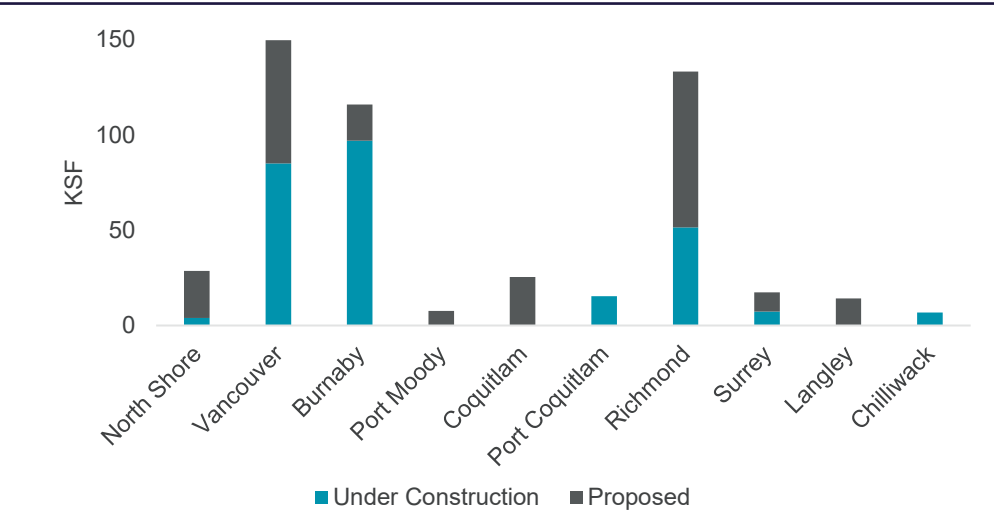
Q2 2025 Sales (Freehold) Vs Q2 2020



INTEREST RATES VS AVG. SALE PRICE/PSF (Freehold)



NEW DEVELOPMENTS – MAJOR PROJECTS



RETAIL FREEHOLD SALES DIP

In the second quarter of 2025, retail investment sales recorded 52 transactions totaling \$266.4M, a decline of 26.1% QOQ and 66.1% YOY. The average sale price psf also fell 7.9% YOY to \$955.88 psf.

All freehold sales this quarter accounted for 19 transactions totaling \$199.7M, down 32.8% QOQ and 63.1% YOY, with the average sale price psf dropping 26.3% YOY to \$629.06 psf. Despite the decline, this still represents an 85% increase in total sales volume compared to Q2 2020, which recorded 26 freehold transactions totaling \$108.2M.

Community Malls were the most active freehold asset subtypes, generating approximately \$127M in sales, largely driven by the share sale acquisition of Cottonwood Centre. Grocery anchored centres remain the most sought-after assets. As in 2020, no Reginal Shopping Centers sales were recorded this quarter.

Freestanding retail properties generated \$36M, largely attributed to the high-profile sale of 15420 104th Avenue for \$18.5M, marking an 806.2% increase from \$3.98M in 2020. These single-tenant assets (especially those leased to credit-rated tenants) remain attractive to investors seeking stable income and manageable risk.

Other categories such as Streetfront Retail recorded a decline, from \$57.2M in 2020 to \$31.8M in 2025, while automotive assets dipped slightly from \$5.19M to \$4.85M. No freehold sales were reported for Gas Stations, Restaurants, Schools or Strip/Convenience assets in the second quarter of 2025.

Extended negotiations around occupancy levels and lease renewals continue to delay closings, suggesting that some transactions could roll into subsequent quarters as investors await greater clarity on interest rate direction.

MAJOR NEW DEVELOPMENTS – PIPELINE SHRINKS

Despite rising development costs and ongoing economic uncertainty, which have paused some retail projects - such as Lorval Development’s Attivia Langley - or prompted landlords to redesign and scale down plans (e.g., District 128 Business Park reducing proposed commercial space from 300k sf to 100k sf), retail construction activity remains steady. Richmond leads the region in new retail development, with the highest volume of space both under construction and proposed, reflecting strong long-term confidence. Burnaby and Vancouver follow closely with significant projects currently underway but a limited future pipeline, suggesting a focus on completing active developments.

In contrast, areas like Coquitlam show potential for future growth with proposed projects but no current construction, while markets such as Langley and Chilliwack remain relatively quiet, reflecting delayed or scaled-down plans. Meanwhile, some projects are undergoing major shifts in use - such as the Holland Park development which is now transitioning from an office/retail concept to residential. Additionally, uncertainty surrounds major sites like the former Hudson’s Bay flagship store in downtown Vancouver which may be put on hold. As of mid-year 2025, there are 21 major retail developments in the pipeline across the region, totaling 5.1 million square feet (msf) - 2.5 msf under construction and an additional 2.6 msf proposed.

OUTLOOK

- Retail sales activity is expected to remain subdued through the rest of 2025, well below historic highs. While a few large deals boosted volume this quarter, pricing remains challenging, and investor sentiment cautious. Activity is largely driven by existing owners and owner-users, especially for freestanding and grocery-anchored assets. With potential rate cuts later this year, volume may pick up in Q4 as buyers look to meet year-end targets.
- With fewer new projects breaking ground, supply is tightening pushing net rents higher and making premium locations increasingly competitive.
- Retail-focused projects are still moving forward, particularly smaller developments that benefit from strong demand, quicker lease-up and the ability to meet financing requirements. In contrast, larger mixed-use projects are often delayed or cancelled unless they include essential community components or are part of a broader master plan -where retail supports a larger mixed-use vision - such as the community centre featured in ViewStar Phase 2 in Richmond.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	TOTAL BUILDINGS	DIRECT VACANT (SF)	OVERALL VACANCY RATE	VACANCY CHANGE YOY (%)	H1 2025 ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)
Regional Malls	18,274,287	27	2,043,027	11.2%	40.1%	- 618,240	- 618,240
Community Malls	12,926,942	67	416,801	3.2%	- 5.1%	- 18,027	- 18,027
Core Office Towers (Retail)	1,316,330	65	116,200	8.8%	4.0%	824	824
VANCOUVER TOTALS	32,517,559	159	2,576,028	7.9%	28.2%	- 635,443	- 635,443

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Guildford Town Centre	Surrey	Urban Behaviour	70,444	Headlease
Capilano Mall	North Vancouver	Fairgrounds Pickleball	62,456	Headlease
CF Richmond Centre	Richmond	Sport Chek / Atmosphere	46,428	Headlease
8211 Argyle Street	Vancouver	Roadsurfer Canada Inc.	39,640	Headlease
Gilmore Place	Burnaby	Fitness World	30,691	Headlease
Willowbrook Shopping Centre	Langley	Designer Shoe Warehouse	17,099	Headlease
Central City Shopping Centre	Surrey	Canadian Passport Office	15,730	Headlease
Willowbrook Shopping Centre	Langley	Activate	10,003	Headlease
Logan Creek Plaza	Langley	Jordans Flooring	9,500	Headlease
West Oaks Shopping Centre	Abbotsford	Ikea	8,362	Headlease
33720 South Fraser Way	Abbotsford	Tipsy Barrel Pub Ltd.	8,061	Headlease
Plaza 102	Surrey	Royal Bank of Canada	7,920	Renewal*
Tsawwassen Town Centre Mall	Delta	Royal Bank of Canada	7,250	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
Hudson Mall	Vancouver	Bonnis Properties/ Hazelview Investments	82,450	\$89M / \$1,081
15420 104 th Avenue	Surrey	Conway Developments Ltd./ Applewood Auto Group	14,466	\$18M / \$1,279
22070 48A Avenue	Langley	Central Langley Investments Ltd./ Arbutnot Commercial Properties Ltd.	9,000	\$12M / \$1,333
2540 Mary Hill Road	Port Coquitlam	0722772 B.C. Ltd./ 1372236 B.C. Ltd.	8,390	\$9.5M / \$1,138
10 SE Marine Drive	Vancouver	Shin Li Investments Ltd./ Wendy's Restaurants of Canada Inc.	2,827	\$9.3M / \$3,318

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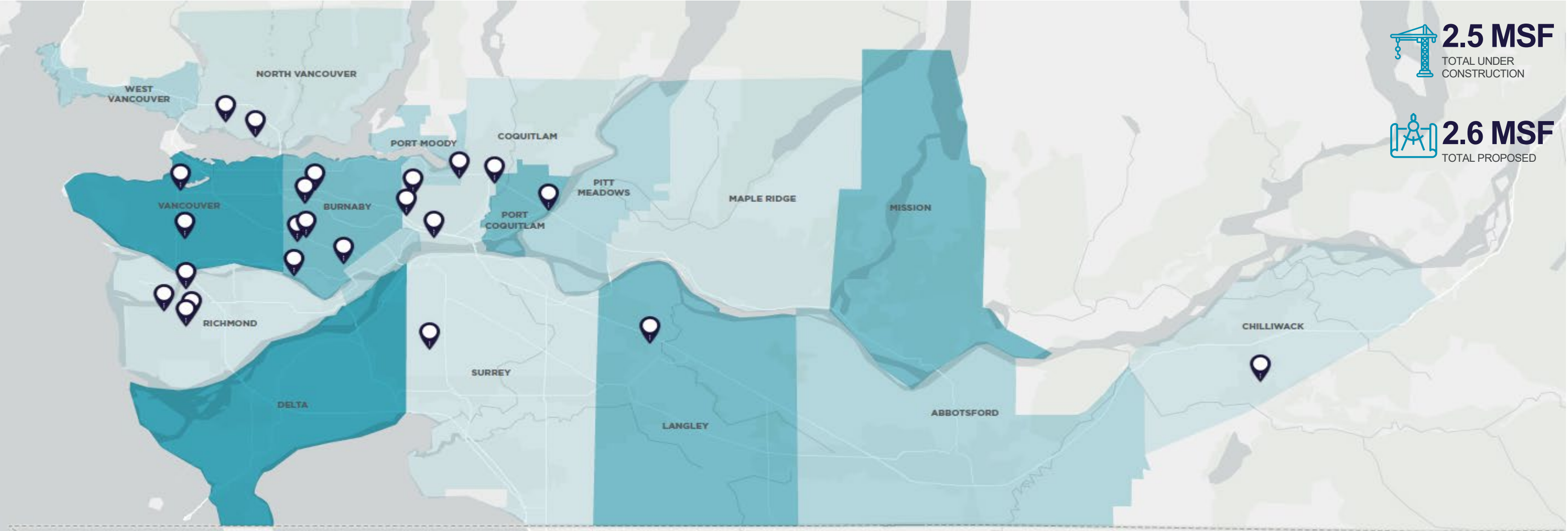
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LARGE SCALE NEW DEVELOPMENTS



PROJECT NAME	North Harbour	Oakridge Park	Senákw	Concord Metrotown	Richmond Centre	Andmar	The City of Lougheed	The Amazing Brentwood	Fremont Village	Southgate City	Kwasen Village	ViewStar	Blake Village	Georgetown	The Grove
Estimated Completion	2025-2026	2025-2027	2025-2033	2026-2030	2026	2026-2027	2027	2027	2028	2028-2035	2030	2030	2032	2032	2035
Total Retail Inventory, sf	40k	850k	106k	500k	500k	68k	121k	60k	153k	116k	135k	14k	47k	74k	51k
Submarket	North Vancouver	Vancouver	Vancouver	Burnaby	Richmond	Chilliwack	Burnaby	Burnaby	Port Coquitlam	Burnaby	Burnaby	Richmond	Burnaby	Burnaby	Burnaby
Project Status	U/C	U/C	U/C	U/C	U/C	U/C	U/C	U/C	U/C	U/C	U/C	U/C	U/C	U/C	U/C
Developer	Concert Properties	Quadreal	Squamish Nation & Westbank	Concord Pacific	CF & SHAPE	Andmar Development	SHAPE	SHAPE	Onni	Ledingham McAllister	Aquilini	Yuanheng	Peterson	Anthem Properties	Aoyuan Property

PROJECT NAME	Sector 128 BP	Burquitlam Plaza	Townline Crossing	Tri-Cities Central	4141 Lougheed	4545 W 10 th Ave	Fraser Mills	Lansdown Centre	Brighthouse West BP	Garibaldi at Squamish	Capilano Mall	Jericho Lands
Estimated Completion	2028+	2030+	2030+	2030+	2030+	2030+	2033+	2033+	2033+	2033+	2033+	2033+
Total Retail Inventory, sf	100k	85k	142k	70k	190k	41k	99.6k	700k	118k	250k	202k	250k
Submarket	Surrey	Coquitlam	Langley	Coquitlam	Burnaby	Vancouver	Coquitlam	Richmond	Richmond	Squamish	North Van	Vancouver
Project Status	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed
Developer	Alavair Development	Morguard Investments	Lorval Developments	Marcon & Quadreal	Millennium Properties	BentallGreenOak	Beedie	Bosa Properties	Keltic Canada	Aquilini Investments	Quadreal	MST Development