

RETAIL REPORT

VACANCY RATES

2019: 5.56%
2020: 4.36%
2021: 3.16%



DOWNTOWN LEASE RATES

Class A: \$25-\$40
Class B: \$17-\$24
Class C: \$10-\$16

HARVEY AVE LEASE RATES

Class A: \$35-\$50*
Class B: \$25-\$34
Class C: \$13-\$24

NEW CONSTRUCTION

2019: 110,500 SF
2020: 82,150 SF
2021: 198,080 SF



KELOWNA'S RETAIL MARKET Q3 2021

PANDOSY/MISSION LEASE RATES

Class A: \$32-\$40
Class B: \$22-\$31
Class C: \$15-\$21

ABSORPTION

2019: 84,400 SF
2020: 118,450 SF
2021: 121,700 SF



NOTABLE TRANSACTIONS

Bad Tattoo Brewing
OEB Breakfast Co.
PetSmart
Planet Fitness
Bed Bath & Beyond

RETAIL STRATA

New Shell Product: \$400+
Existing Class A: \$500+

*High end of range applicable to drive thru

RETAIL MARKET SNAPSHOT

Q3 2021

Inventory	6,531,100 SF
Vacant Space	206,500 SF
Net Absorption 2020-2021	121,700 SF
Vacancy Rate	3.16%
Under Construction	198,080 SF

With the turn of the calendar, some buoyancy returned to the retail market in Kelowna. Retail was, in large part, frozen at the start of the pandemic and absorption was limited in 2020. As COVID fatigue set in, and a new year began, people were ready to get back to business.

Mixed-use developments with retail on the ground floor and housing above are still popular, with a healthy uptake seen throughout the year. In fact, despite the pandemic, the retail vacancy rate is now coincidentally the lowest it's been in years. That is partly due to the trend of absorption following the completion of new product, as has been seen over the last year.

Key restaurants have secured spaces in mixed-use developments. This includes Bad Tattoo Brewing at Packers Junction, OEB Breakfast Co at Ella and a yet-to-be-announced anchor tenant at ONE Water Street.

The greater retail market continues to trend away from big box stores, however, there were a few notable transactions in this area. PetSmart relocated from Spall Plaza to Kelowna's Central Park Power Centre (Walmart, Home Depot, Cactus Club). Its old location along Highway 97 is reported to have been taken over by a similar use.

Orchard Park Shopping Centre is in the process of demising the former Sears Home location for Planet Fitness (30,000+ sf) and Structube. The long-term future of Hudson's Bay remains unclear.

Steve Nash Fitness was a casualty of the pandemic and closed its doors at Orchard Plaza, but this space has reportedly been leased to Bed Bath & Beyond.

After opening on Harvey Ave and Bertram Street, Starbucks closed its long-standing Bernard Ave location which is being backfilled by Deville Coffee out of Calgary. This is evidence of a growing trend towards more boutique retailers and there has been an increased general demand for quick service restaurants under 2,000 square feet.

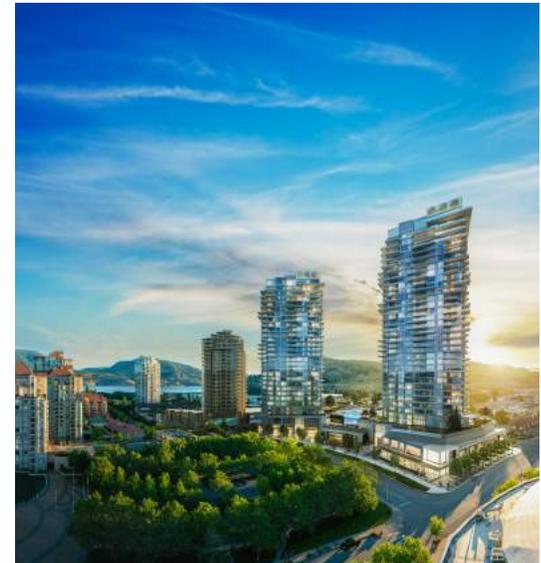
When it comes to clothing, consumers are shopping online now more than ever before. Le Château and other chains fell victim to this over the past year. That said, it has been reported that retailers in certain shopping centres along Highway 97 are performing well, and achieving sales superior to pre pandemic levels.

Downtown and the Mission are still the popular spots when it comes to retail. Rutland also has new retailers coming to the market and is experiencing a very low vacancy rate.

Last but not least, Costco Wholesale is on the move. After 2 years of negotiations, Costco's relocation is now under construction at the corner of Leckie and Springfield Road. The new location will be 167,000 square feet plus a fuel bar on 17 acres, compared to the departing warehouse of 136,226 square feet on 11.1 acres. The departing property has been sold to an undisclosed buyer with a closing date to coincide with the Spring 2021 opening of the new warehouse. Price has not yet been disclosed, nor have the Buyer's intentions. There are rumours about the future of the site, and it will be very interesting to see what's in-store for this property.



The Shore



One Water Street



Ella



Downtown Retail