

UNITE CAPITAL
PARTNERS CORP.

CANADIAN COMMERCIAL REAL ESTATE OUTLOOK

Q4 - 2022

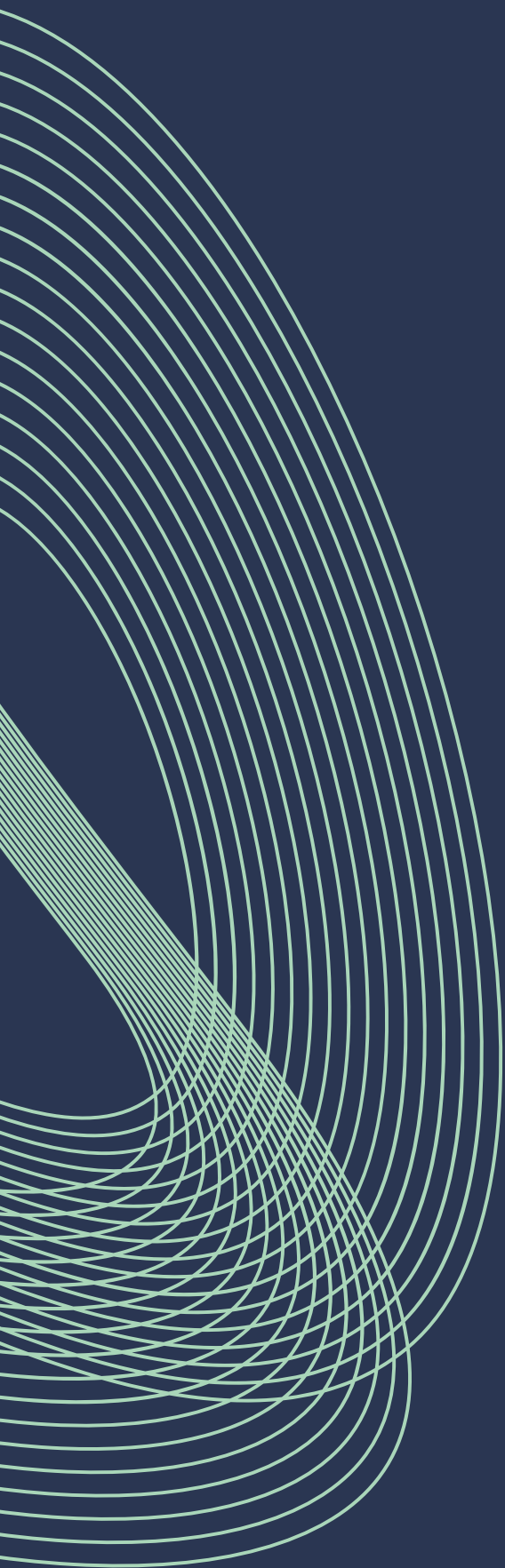




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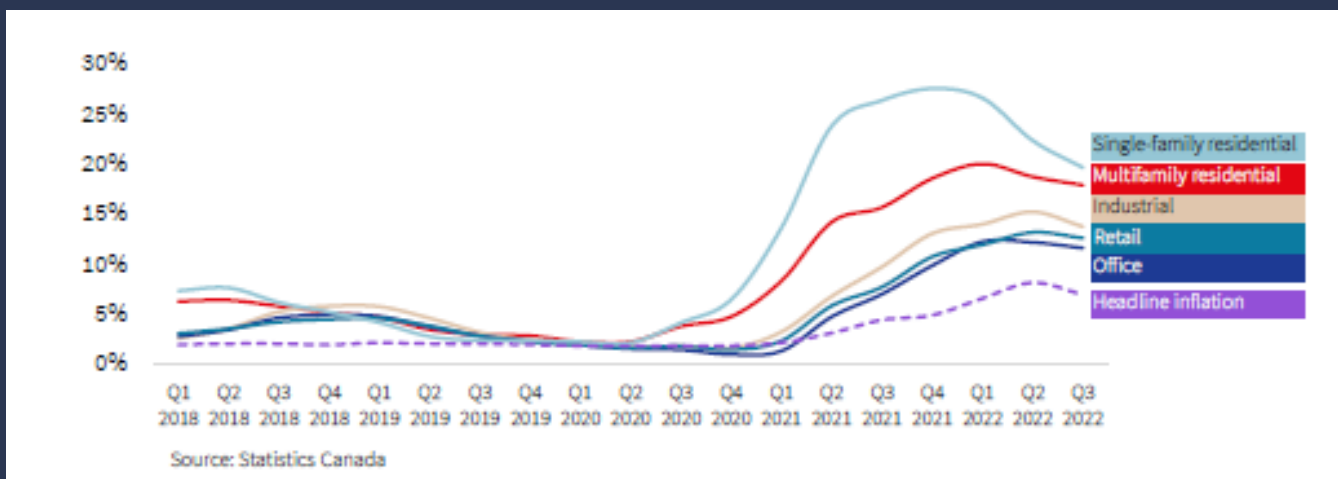
MACRO ECONOMIC OVERVIEW



MACRO ECONOMIC OVERVIEW

- As the investors demands higher ROI to offset the inflation's impact on the cashflow, expectations for the real estate yields have gone up. Resulting in devaluation of assets.
- Residential (single-family) developers are experiencing more challenges with the construction costs increases compared to other sectors.
- Developers are cancelling/postponing the construction due to the unpredictability of the prices. It is likely that the constructions in the key area have peaked and will only go down in the future.
- We might see cutbacks in the retail spending as the higher portion on household income is allocated for the mortgage payment.

Construction Cost Inflation by Property Sector, Change vs. Previous Year



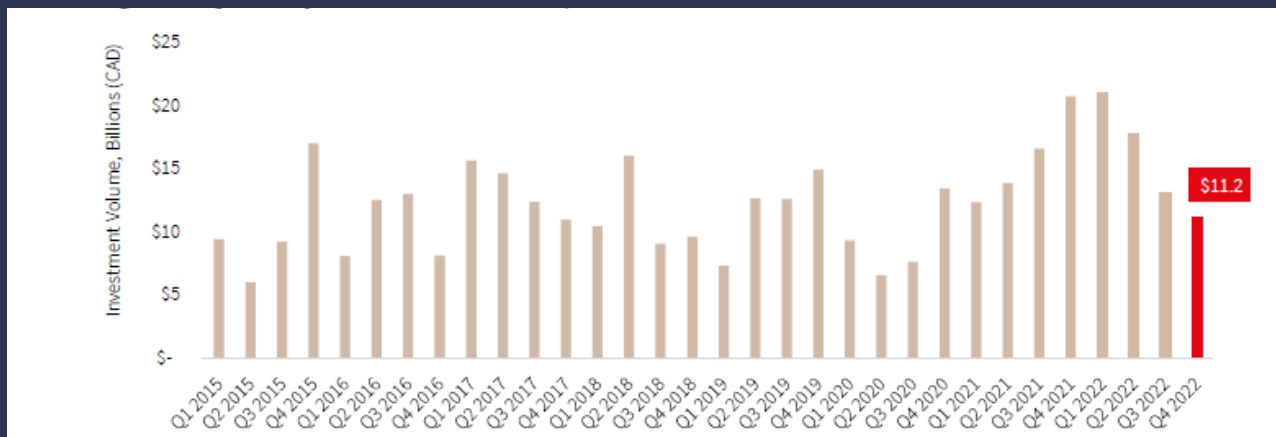
CAPITAL MARKET



CAPITAL MARKET

- Industrial and multifamily sectors has experienced the sharpest re-pricing where building values has appreciated the most and where buyers were most dependent on debt financial to achieve returns.
- 2022 investment sales were \$63.6b, up from \$63.1b in 2021.
- Vancouver capital flows were down 9% from its five-year average,
- Eastern Canada saw the highest liquidity in 2022.

Quarterly Investment Volume - Canada

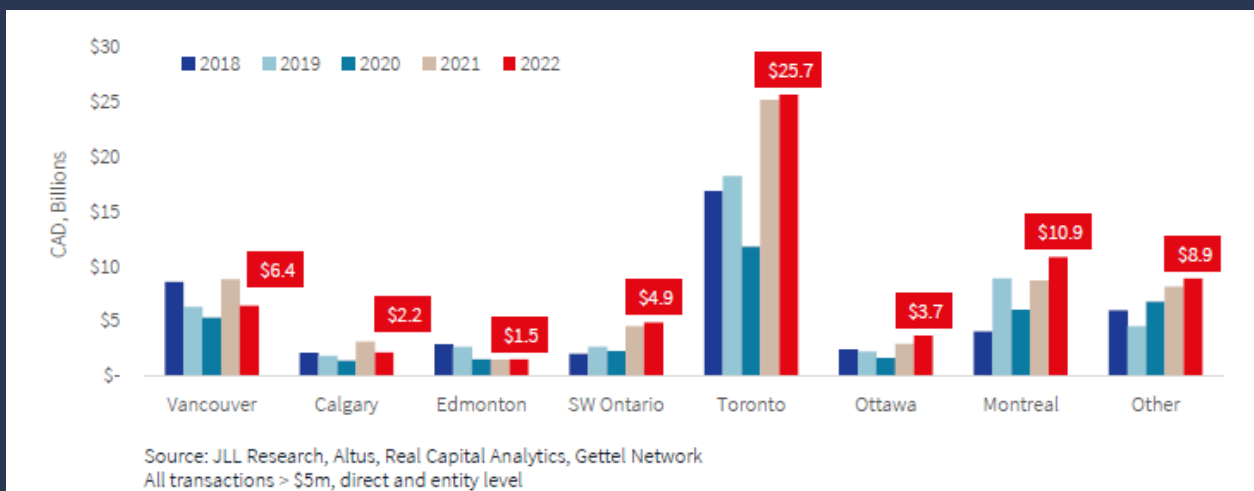


Source : JLL Research

CAPITAL MARKET

- Secondary and tertiary markets (Kelowna, Victoria, Quebec City, Barrie, London, and Niagara Region) benefited from strong investments as they are benefiting from favorable demographics and strong economic growth.
- Private buyers are accounted for 58% of investment volume across Canada.
- 35% total investment volume is directed towards land sales. In Vancouver 60% of investments went into land sales.
- Industrial market stays hot with over \$16b in sales.

Annual Investment Volume by Market



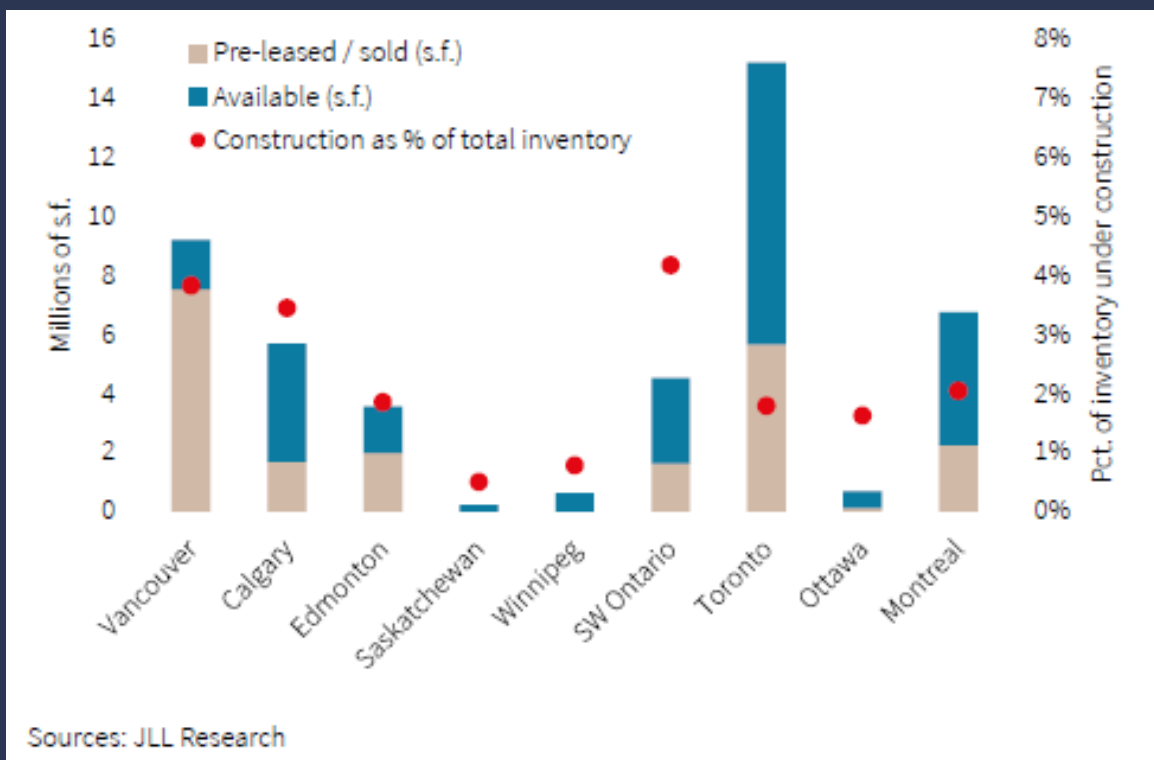
INDUSTRIAL TRENDS



INDUSTRIAL TRENDS

- Assets with near-term lease expiries or lower weighted average lease term have maintained more value as they present an opportunity for short-term rental growth.
- 40% of total leasing volume has come from 3PL and logistics users.
- E-commerce leasing volume dropped from 25% in 2020 to 5% in 2022.

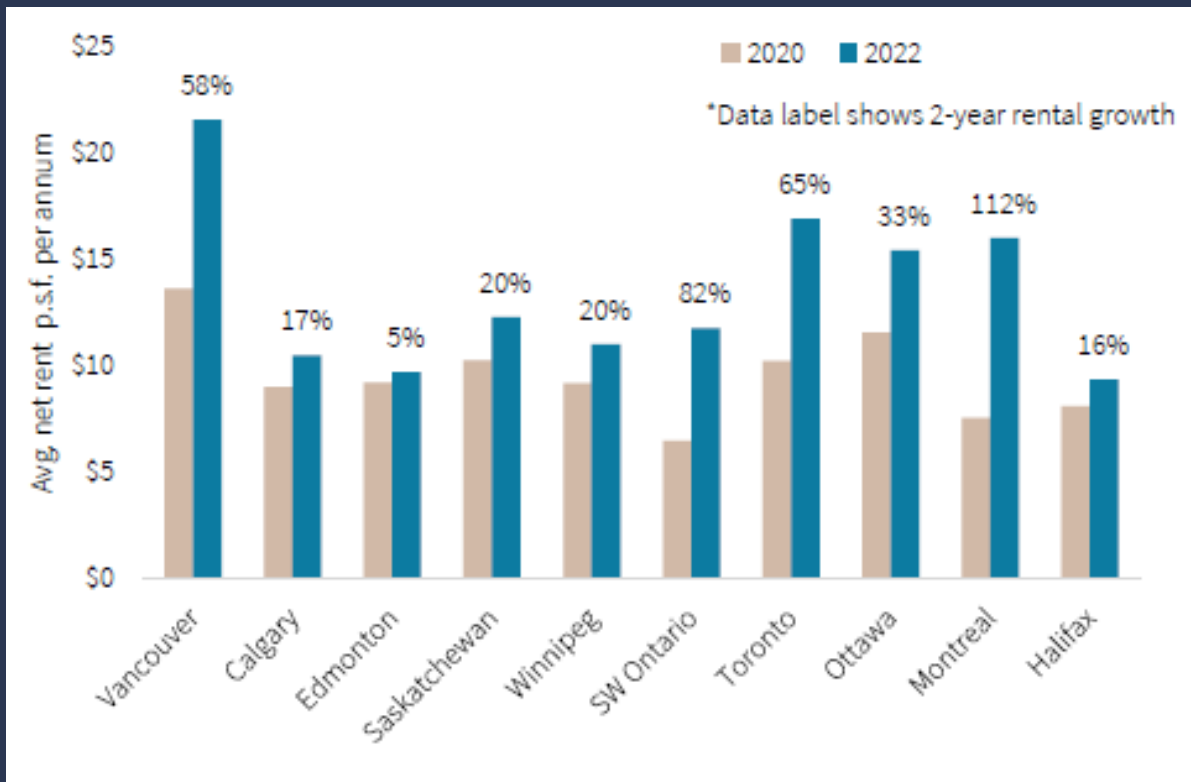
Industrial Development Pipeline and Pre-Leasing by Market



INDUSTRIAL TRENDS

- Average annual rental growth reached to 30.5%.
 - Vancouver 58%
 - Calgary 17%
 - Edmonton 5%
- Space under construction peaked in Q3 2022 and slightly dropped in Q4 2022.
- National vacancy rate increased by 0.1%

Average Industrial Rent by market, 2020 vs. 2022



Source : JLL Research

MAJOR MARKETS OVERVIEW - INDUSTRIAL

Market	Inventory (sf mil)		YTD net Absorption (sf mil)		Completion (sf mil)		Under construction (sf mil)		Total Vacancy Rate %		Avg. Net rent (\$ sf)		Avg Sales Price (\$ sf)		Sales Volume (CAD mil)	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Calgary	157.4	165	7.8	7.8	2.2	6.6	6.3	5.7	2.5%	1.5%	9.1	10.52	\$164	\$179	\$393	\$782
Edmonton	187	191.7	3.8	5.9	1.7	4.3	4.1	3.5	4.6%	3.6%	9.57	9.73	\$161	\$180	\$553	\$459
Regina	18	18	0.11	0.22	.06	.06	.06	.08	3.7%	2.3%	11.38	12.25	-	-	-	-
Saskatoon	24.8	24.9	.32	0.07	.05	.08	.09	.13	4.0%	2.7%	11.41	12.34	-	-	-	-
Vancouver	235.4	240.1	5.5	5.7	2.1	5.7	8	9.2	0.7%	0.8%	17.58	21.59	\$384	\$415	\$1900	\$915

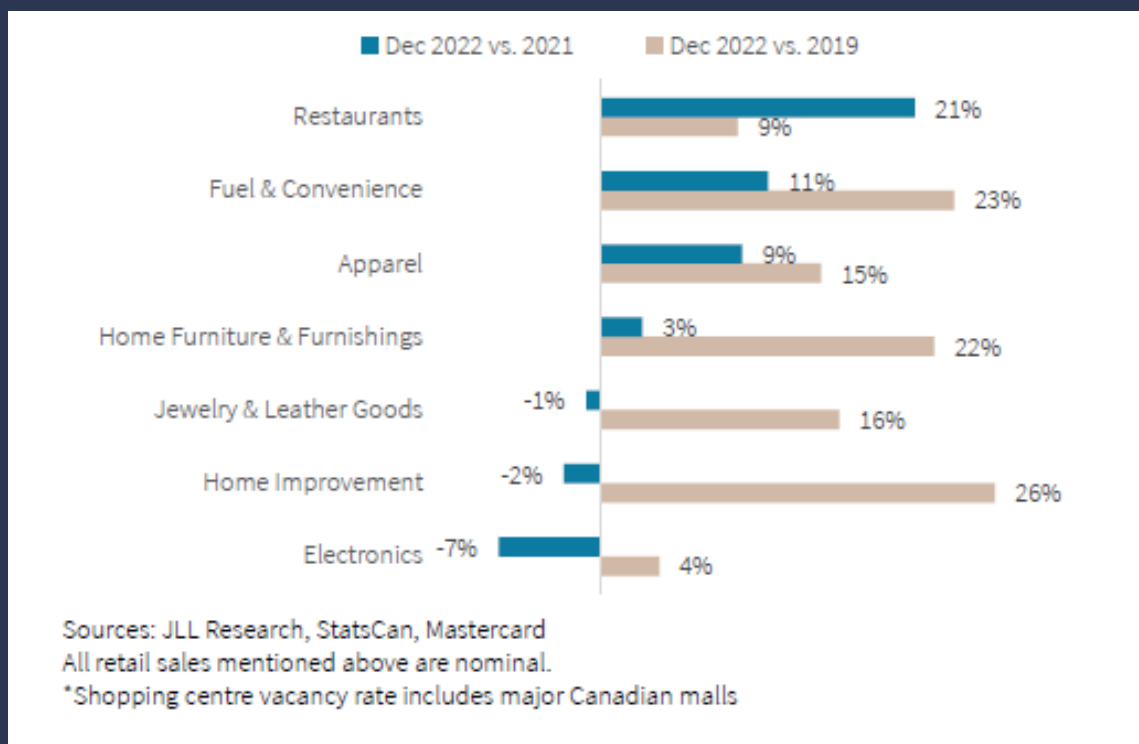
RETAIL TRENDS



RETAIL TRENDS

- Core-retail sales are expected to grow majorly due to the inflation rather and increase in sales prices.
- Shoppers were trying to put off holiday purchases as much as possible resulting in a weaker November but a strong December.
- Shoppers are flocking around discount retailer. Dollarama, Costco, and Walmart are leading the pack.

Retail sales by product, Dec. 2022 vs. 2021 and 2019



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