

THE VANCOUVER REAL ESTATE FORUM

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B2: IS THE CONSUMER BACK WITH A VENGEANCE? HOW ARE U.S. RETAILERS IMPACTING THE VANCOUVER RETAIL SCENE?

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Is The Consumer Back?

They never left...

and probably will never be
the same.

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How has the economic slowdown affected shoppers?

Let's compare 2007 with 2011.

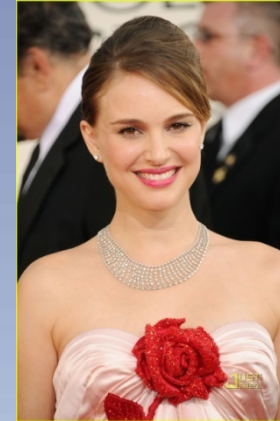
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Paris Hilton - 2007



Natalie Portman - 2011



Conspicuous Consumption -
Status Seekers



TIFFANY & CO.



Value Seekers - The Hunters -
Quality over Quantity

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What Happened to the
Consumer and How is this
Affecting Retailers?

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The 2011 Consumer

Population continuing to age
Ethnic diversity increasing
Smaller families are common - 1-2 kids
Urban density increasing

Quality over quantity
Value hunters
Still buying luxury – but buy fewer, more expensive items
Seeking simplification in life

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Brand Diversity



Gap Jeans, a Chanel Jacket, La Senza underwear
and a Coach handbag.
Wear it together. It is okay.

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Retail Diversity



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Consumers Buying Local

Yes but...

They are seeking BALANCE

Looking for the best deals at some large American chains, yet still want to support local vendors for particular products.

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What Is Impacting The Consumer's Disposable Income in Metro Vancouver?

Income Minus Living Expenses =
Disposable Income

How does Metro Vancouver stack up?

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Median Salary By City - Lowest in RED

METRO VANCOUVER - \$53,828

TORONTO GTA - \$56,793

CALGARY - \$58,310

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Price Per Litre of Gas - at March 22, 2011
- Highest in RED

METRO VANCOUVER - \$131.3

TORONTO GTA - \$121.4

CALGARY - \$111.7

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Average House Prices - Sept 2010 - Highest
in RED

METRO VANCOUVER - \$679,000

TORONTO GTA - \$427,000

CALGARY - \$401,000

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How Much Can Consumer's Afford?

It is expensive to live here – high gas, higher housing, lower salaries – and there are higher amounts of debt.

This means less disposable income.

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Consumer Choices

Being fashionable is not just about apparel anymore.

There are many fashionable items competing for a limited disposable income.

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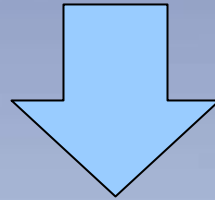
Fashion in 2011



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Good Value
High Quality
Excellent Service



Consumers Demand It All

Perception Is That US Retailers Can
Deliver

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In Summary...

Competition is always good.

BUT

Existing retailers will be forced to compete at a higher level and potentially compress their margins.

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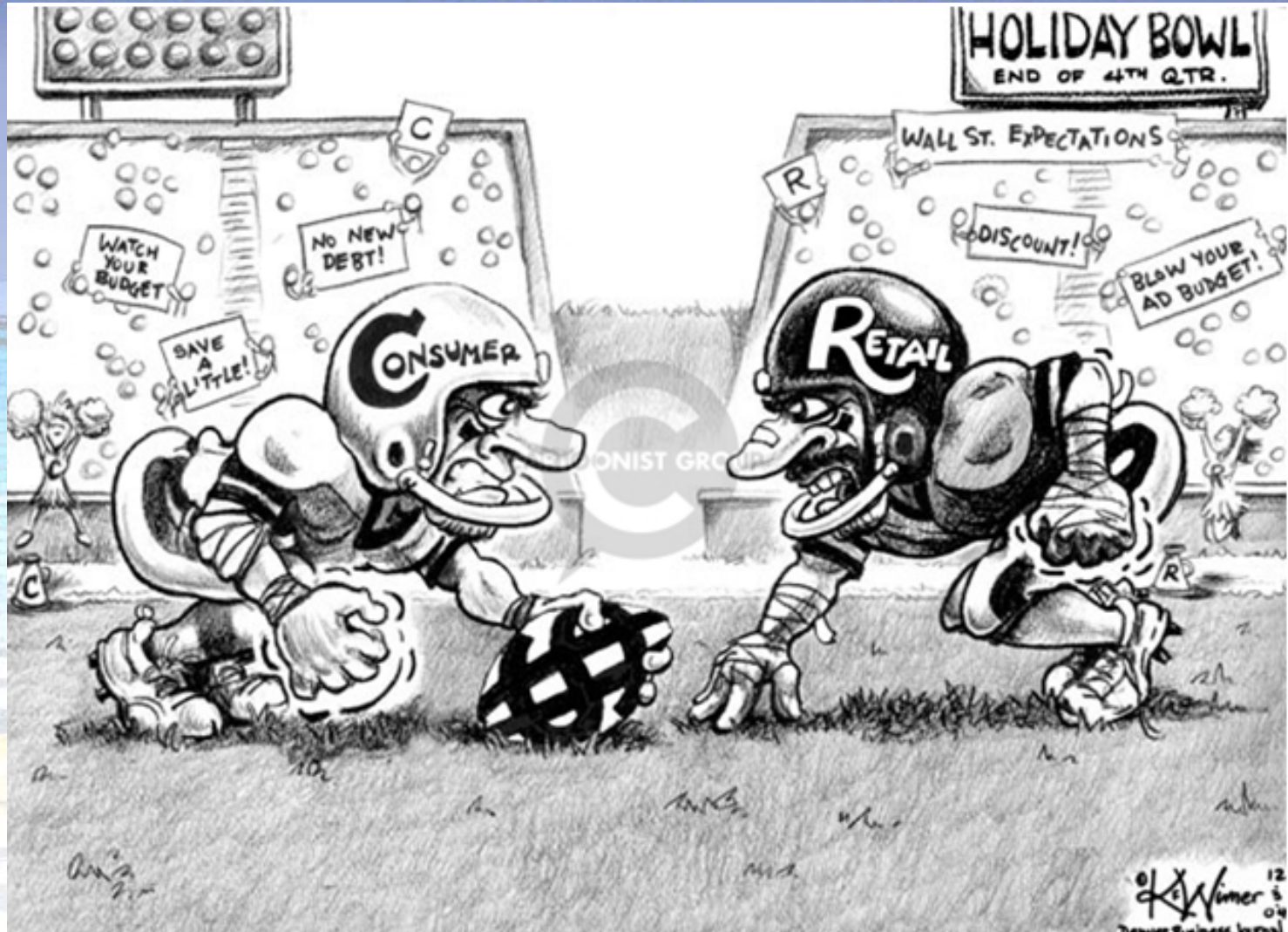
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Consumer Wins!

Ultimately, the consumer will be the big winner – more choices, high quality, great service - potentially lower prices.

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Why are U.S. Retailers Coming to Canada

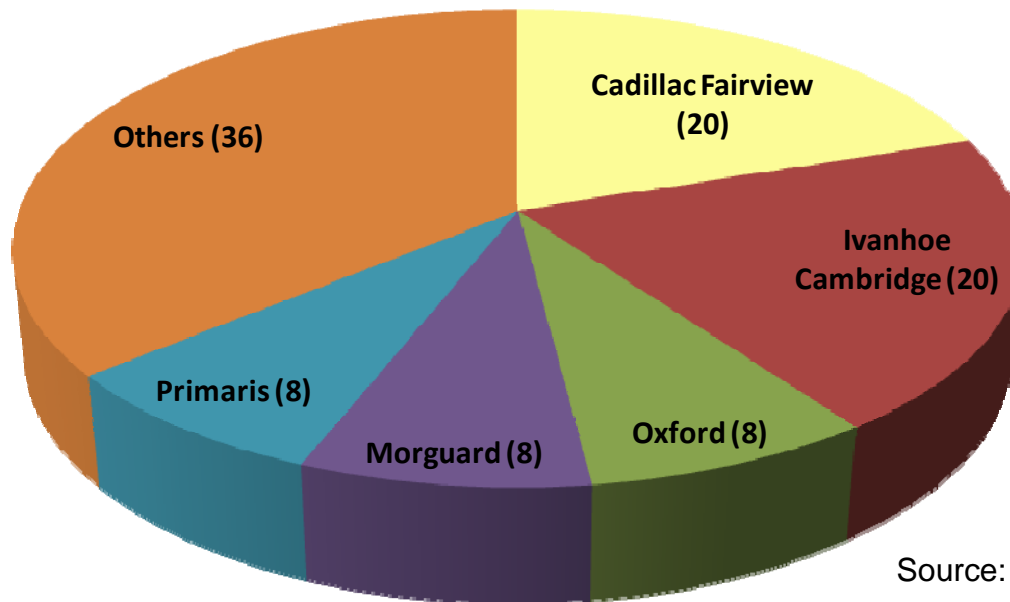
- Domestic vs. Canadian economy
- Lack of retail competition in Canada
- Canada = “International Expansion”
- Canadian mall landlords

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Who owns what?

Top 100 enclosed malls (sales/psf)



Source: ICSC-2008



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How do US retailers perform in Canada?

Lack of Supply

