

May 6, 2015

Sara Badyal
 Planner 2
 Development Applications Division
 City of Richmond

Dear Sara,

Re: Comparable Retail Leasing Rates

I was asked by Danny Leung to review the Staff Report to Planning Committee dated April 30, 2014 and provide some market data that indicates current rental rates for retail space in developments comparable to Imperial Landing. Grocery store anchored developments that serve Steveston residents as the best comparable as these developments would be most directly competitive and attract similar types of uses and traffic.

Retail Project	Unit #	Size (sq. ft.)	Base Rent (per sq. ft.)	Additional Rent	Comments
Blundell Centre	140	3109	\$36.00	\$14.48	Supermarket anchor
	180	1278	\$35.00	\$14.67	Supermarket anchor
Seafair Centre	6	1016	\$42.00	\$9.28	Supermarket anchor
Ironwood Plaza	n/a	2500	\$28.00	14.00	Sublease at lower than market rate; market rate is \$35-\$40
Terra Nova Plaza	Recent	850-2,000	\$25.00-\$30.00	\$12.00-\$13.00	Supermarket anchor
Broadmoor S.C.	Recent	850-2,200	\$30.00-\$35.00	\$12.00-\$13.00	Supermarket anchor
The Gardens	New (u/c)	750-5,000	\$32.00-\$40.00	\$11.00-\$12.00	New, Supermarket anchor; 75,000sf, mixed use; no office
Sands Plaza (11180 No. 5 Rd)	New (u/c)	862-2,083	\$28.00-\$30.00	n/a	Near Ironwood; 30,000 sf strip plaza; no supermarket anchor

I spoke with several commercial leasing agents/developers active in the Richmond/Steveston markets during the process of gathering this information. They have confirmed that rental rates for good quality, well-located, supermarket-anchored developments, base rents are currently in the range of \$30-\$40 per square foot with additional charges (i.e. CAM and taxes) in the range of \$10-\$14 per square foot. Leasing agents indicated that rental rates along Bayview for newer and/or high quality spaces are in the \$30-\$35 per square foot range. Based on my research and discussions, Imperial Landing can be expected to achieve rental rates in the low to mid \$30's (triple net) due to the high quality of development, desirable waterfront location, potential supermarket anchor, and the resulting strong tenant mix that it will attract.

The review of comparable retail rental rates demonstrates that the City of Richmond would be receiving a significant additional non-cash community amenity contribution through the below

market rental rates being offered under the 3 Options presented by the developer. For example, Under Option 3 the effective rental rate for Building 5 would be \$17.27 per square foot (triple net) for the first five years compared to a market rental rate of \$32-\$35 per square foot (triple net). This represents a rent reduction (contribution) totalling \$950,000-\$1,146,000 in the first 5 years alone.

Sincerely yours,

HUME CONSULTING CORPORATION

A handwritten signature in black ink that reads "PHume". The initials "PH" are written in a large, stylized font, and "ume" is written in a cursive script.

Peter Hume