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Lease Rate Considerations

1

Lease rates strongly depend on the foot traffic passing the particular location.

2

Lower lease rates does not improve the potential of the retail location.

3

Operating costs (triple net) are high in relation to comparable retail outside the community of Whistler (with the exception of Function Junction)

4

A significant amount of lease space has been acquired by occupants/operators over the last 6-7 years. The acquisitions are generally valued based on an acceptable return on investment to the buyer based on the deemed current market rent at the time of acquisition.

This value will be different than what a passive investor may find acceptable. These spaces are difficult to categorize as “lease” space. Additionally, this commercial space is not available to future tenants unless the owner/operator decides to become landlords in the future and return the space to the market place or repurpose it from existing use.

Commercial Lease Report



The report provides a Snapshot of ranges of commercial lease rates and operating costs throughout the Resort Municipality of Whistler as of June 2019.

Ranges are based on direct experience in the commercial marketplace in terms of renewals and new leases negotiated.

Ranges/rates should not be interpreted as future trends. They are not a guide for a specific lease negotiation in a particular area.

Lease rates can change extremely quickly. Rates are a matter of negotiation between parties and are impacted by factors unique to the specific circumstances and objectives of individual landlords and tenants. Specific lease rates for specific spaces are confidential between parties and are not publically available.

Retail Rates by Area with Estimated Operating Costs (triple net)*

 FUNCTION JUNCTION Main Floor	\$18-25	Per Sq. Ft +	\$7-9	Triple Net
2nd Floor	\$17-18	Per Sq. Ft +	\$7-9	Triple Net
 CREEKSIDE Main Floor	\$35-55	Per Sq. Ft +	\$20-25	Triple Net
2nd Floor	\$22-25	Per Sq. Ft +	\$20-25	Triple Net

Whistler Village

 MARKETPLACE Ground Floor	\$55-70	Per Sq. Ft +	\$21-25	Triple Net
2nd/3rd Floor	\$29-35	Per Sq. Ft +	\$21-25	Triple Net
 OLYMPIC PLAZA Ground Floor	\$70-85	Per Sq. Ft +	\$25-30	Triple Net
 TOWN PLAZA	\$85-95	Per Sq. Ft +	\$25-30	Triple Net
 VILLAGE COMMON	\$95-110	Per Sq. Ft +	\$25-30	Triple Net
 VILLAGE SQUARE	\$95-125	Per Sq. Ft + Triple Net		
 MOUNTAIN SQUARE	\$110-150	Per Sq. Ft + Triple Net		
 HILTON Ground Floor	\$90-120	Per Sq. Ft + Triple Net		
Below Ground	\$40-55	Per Sq. Ft + Triple Net		
 SKIERS PLAZA**	\$80-110	Per Sq. Ft + Triple Net		
 UPPER VILLAGE**	\$35-50	Per Sq. Ft + Triple Net		
 NESTERS	\$35-55	Per Sq. Ft + Triple Net		
 RAINBOW	\$45-52	Per Sq. Ft + Triple Net		

* TRIPLE NET COSTS (MUNICIPAL TAXES & FEES, TOURISM WHISTLER MEMBER FEES, CONDO FEES, INSURANCE, ETC VARY BETWEEN \$20 AND \$28 THROUGHOUT THE VILLAGE. EACH LOCATION IS UNIQUE AND A FUNCTION OF OWNERSHIP AND MANAGEMENT POLICY.

** LARGELY OWNED BY OCCUPANTS



Restaurant Rates

(NOT INCLUDING COFFEE SHOPS)

Lease rates for restaurants have a far tighter range of values and are not as location determined (although it is still a factor).

Most leased restaurants are between **\$40.00** and **\$55.00** plus triple net. A significant number of F&B locations are owned by their operators.

In most cases, a retailer would pay higher lease rates than a F&B provider.

Percentage Rate

(ADDITIONAL RENT)

Not typically found in Whistler. If it occurs, it usually applies where predetermined/negotiated level of sales have been achieved.

Factors Determining Lease Rates

THERE ARE A WIDE VARIETY OF FACTORS THAT IMPACT THE FINAL NEGOTIATED LEASE RATE. OF PRIMARY IMPORTANCE ARE:

FOR THE LANDLORD

Financial Covenant of Tenant

Business Use/Business Plan

Compatibility with other tenants

Existing retail mix and current lease rates of existing tenants

Size and layout of space being negotiated

Term

Renewals

Tenant Inducements

Owner's Capital Cost

Other: requirements of lender, market conditions, "anchor" status of tenant

FOR THE TENANT

Location

Frontage/Visibility/Accessibly

Size and Layout

Cost of Leasehold improvements and requirements to operate

Parking

Term

Renewals

Tenant Inducements

Financing requirements/ Business plan

Other: Existing competition, use of building, market conditions, condition of building, triple net

As a Rule of Thumb

The smaller the space, the higher the rate

Strong financial covenant is preferred (if the prospective tenant does not have a strong financial position, the landlord will require a personal guarantee or "indemnify" the lease obligations)

Rates must reflect market and existing tenant mix of landlord in the building

Longer term agreements might have rent escalation***

Street frontage is highly desirable

DISCLAIMER

The information contained in this Snapshot has been received from sources deemed reliable. However, this summary is for general information only. Business decisions CANNOT be made based on this Snapshot. Lease rates are highly dynamic over time and depend on locations. Tenants and landlords are instructed to do their own research into current commercial trends and lease rates. Tenants are advised to create solid business plans before entering negotiations.

THANK YOU

The Whistler Chamber thanks **Whistler Real Estate Company LTD** for providing this information as of June 30, 2019. The use of a professional advisor is strongly recommended when negotiating a commercial lease.