

**FEATURE** Restaurants continue to expand as Vancouver retail space becomes more available, affordable

# Bucking the trend

GLEN KORSTROM/FRANK O'BRIEN

WESTERN INVESTOR

The grim consumer spending statistics of **Metro Vancouver** are leading to lower cost and more available retail space, and that is having a profound and buoyant effect on the restaurant trade.

"Retail sales in B.C. ended 2008 in a nose-dive," according to **Central 1 Credit Union**, which reported in February that December retail sales had plunged 5.6 per cent and forecast that 2009 will see the first year-over-year decline in consumer spending in more than a decade.

Metro Vancouver is not faring much better, with retail sales down by nearly 5 per cent as of year end, with further declines expected this year.

The evidence can be seen on the street, with stores going dark even on top strolls like Robson Street and West 4th Avenue, with both lease and sublease rates falling. A couple of examples: **Cushman Wakefield Lepage** has recent listings for Robson Street retail space in the 1400 block at \$55 per square foot; prime Coal Harbour streetfront space for \$40 per square foot; and Dunbar storefronts going at \$40 a square foot – all top shopping strolls where triple-digit lease rates were not uncommon a year ago. Some Robson landlords are still asking \$250 per square foot.

As well, a close look at retail subleases show a number of independent restaurants that have closed. The sudden availability of real estate is seen as a key reason for the uptick in expansion plans for some of Vancouver's most well-known restaurants.

## Ambitious plans

Local restaurateurs enjoyed a solid 2008, and while sales for many have dropped in a slumping global economy and an increasingly

crowded Vancouver restaurant market, others are sticking to ambitious expansion plans.

**Ian Tostenson**, CEO for the **British Columbia Restaurant and Food-services Association**, estimates that more than 500 new restaurants opened, and about 450 restaurants closed in the Vancouver last year. In an average year, approximately 450 restaurants open and roughly the same number close, he said.

Tostenson estimated that about 4,500 restaurants operate in Vancouver. The jump in new restaurants and the economic downturn has scuttled **Holt Renfrew's** plans for a restaurant atop its Pacific Centre store.

"We're not sure whether a restaurant is the right way to go or if there's some other unique concept that the world is waiting to see from Holt Renfrew," said store manager **Gary Balasky**.

The Toronto-based clothing chain was rumoured to be trying to lure celebrity chef **Gordon Ramsay** to oversee that venture.

Despite the economic downturn, several successful Vancouver restaurateurs are proceeding with expansion plans even though they admit that sales are down.

**Keg Restaurants Ltd.** CEO **David Aisenstat** expects to open a Keg restaurant at the corner of Mainland and Nelson streets in Yaletown this summer.

"We're going to build another [Keg] in the West End, one in Coquitlam and then a few more across the country this year," Aisenstat said.



**Earls Restaurants Ltd. owner Stan Fuller: "It's incredible how important location is."**

Sales have dipped recently at his 104 Keg restaurants across North America, but Aisenstat said things are better in Canada than they are in the U.S. That's partly why he's excited about expanding some of his other restaurant brands across Canada.

Between sips of wine at his Dunsmuir Street Shore Club, Aisenstat said that he will apply within the month for a permit to build a second Shore Club in Ottawa.

"You get to the point where you can only have so many Kegs and so many Hy's [Steakhouse Cocktail Bars.] We see location opportunities that we want to take advantage of. So, if you have other brands and concepts to do that with, it's a different opportunity."

Aisenstat's first Ki Modern Japanese + Bar in Toronto's Shangri-la Hotel has been so successful that he plans to open a Vancouver Ki

this summer at Vancouver's Shangri-la Hotel.

"The strong will survive," said **Global Restaurant Group Inc.** co-owner **Emad Yacoub**. "It makes us work harder, be sharper and more aware of what's around us in the environment."

In July, Yacoub plans to move his popular 150-seat Coast Restaurant from Yaletown to a larger 300-seat Alberni Street site, one block east of the Shangri-la Hotel and next to the decades-old Kobe Japanese Steak and Seafood Restaurant. He also intends to open a bar, named O, next to his new Coast.

Lower lease rates have made Alberni Street the city's fastest growing restaurant hub. **Saltlik Restaurants Ltd.** opened a bistro there last year, across the street from Yacoub's 18-month-old Italian Kitchen, and in the same block, he plans to open the new 8,000-square-foot Coast.

The city's other rapidly expanding restaurant hub, Yaletown, is also home to numerous new restaurants.

Yacoub said he decided in part to move Coast because the restaurant was too popular for its Yaletown footprint. He plans to redecorate Coast's 1257 Hamilton Street location and open a new restaurant, Society, by year's end.

**Earls Restaurants Ltd.** owner **Stan Fuller** is another Yaletown fan, although he believes business is far brisker north of Davie Street than in the quieter Yaletown fringe south of Davie.

That's why he opened a Yaletown Earls north of Davie Street, at 1095 Mainland Street, three months ago and opened the second-floor V vodka bar January 28.

"In our business, you can be one block the wrong way. It's incredible how important location is," he said. "I'm not dismayed by the number of new openings. I think everyone's getting ready for the Olympics and the advent of having rapid transit feed the urban market and make Yaletown more accessible."

Fuller expects the new convention centre to boost convention business more than people expect.

Those visitors, he said, will be able to make a quick trip to Yaletown and its restaurants. ♦

## Lower Mainland



### The Lumbermens Building – 509 Richards St.

- Excellent freehold interest in a rarely available character 8 storey plus lower level office building in Downtown Vancouver
  - Fully renovated in 2007 featuring refurbished double elevators, contemporary interior styling and lobbies, gracious common areas and stairwells, with substantial views to the North, South and East from the 5th floor on
  - Gross building area: 33,512 sq.ft. (Approx) • Lot Size: 3,900 sq.ft (Approx)
  - Zoning: DD - Comprehensive Development District (Downtown) • 2% Selling fee
- Contact Listing Agent for Full Information Package List Price: \$10,500,000**



### The Koret Penthouse Lofts – 55 E Cordova St.

- Spectacular Penthouse Live/Work Lofts with large decks, rooftop patios & polished concrete floors
  - Floor to ceiling windows, 14' ceilings (approx.), and breathtaking views
  - Unique opportunity for Investors & Owner Occupiers alike as zoning will allow Commercial & Residential uses
- PH603 | 1,383 Sq.Ft. | North Facing Unit | Water & Mountain Views | \$950,000**  
**PH611 | 1,482 Sq.Ft. | Prime Corner Unit | City and Mountain Views | \$898,000**  
**ANTHONY KUSCHAK 604.671.8959 SUTTON WEST COAST REALTY**  
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### The Paris Block – 53 W. Hastings St.

- This project is a 5 level, 29 unit, mixed use commercial/residential redevelopment
  - Located near one of the most prominent corners of the Woodward's District
  - Prime Gastown Investment/Owner Occupier Opportunities
  - Zoning: DD (Downtown District) **NEW PRICES!**
- Please contact listing agent for available Commercial & Live/Work strata units & new pricing details**



### 265 Carrall Street NEW PRICE!

**Please contact agent for further details**

- Opportunity to develop a boutique Residential/Commercial Project in Historic Gastown with HRA (Heritage Revitalization Agreement) based on the currently proposed development, which is in its Final Stages of Approval
- Residential/Commercial project with a floor area of 38,800 sq.ft (Approx) and transferable density of 61,825 sq.ft (Approx) – As per HRA
- Zoning: HA – 2 (Gastown Historic Area)
- Total Site Area: 7,085.68 sq.ft (Approx) Conceptual Image at left



### 1108 Homer St. – Empress Galleria

- Located on one of the most prominent corners of Yaletown
- Prime Yaletown Investment/Owner Occupier Opportunity
- Zoning: HA - 3 (Downtown District)
- Size: 2,438.02 sq.ft (Approx. – Short term tenancies occupying approximately 428.4 sq.ft of the unit)

**NEW PRICE! \$1,970,000**



### 2020 Dundas St.

- Two Level Commercial Building featuring exposed timber & concrete
  - Excellent ceiling heights with 2 Loading entrances
  - Surface parking at the rear
  - Zoning: C-2 (Commercial)
  - Building Size: 13,500+/- sq.ft (Approx)
  - Lot Size: 8,019 sq.ft (Approx) (Rentable Area to be confirmed by all purchasers)
- NEW PRICE! \$1,675,000**



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