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• Please click on link to view and download Avison Young's Topical Report: "**Canadian Cannabis Legislation and the Commercial Real Estate Industry: How Can Landlords Qualify Prospective Retail Tenants?**"

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**Landlords will need to qualify prospective recreational-cannabis retailers in emerging growth industry**

***Avison Young releases Topical Report "Canadian Cannabis Legislation and the Commercial Real Estate Industry: How Can Landlords Qualify Prospective Retail Tenants?"***

**Calgary, AB** – The rapid emergence of the new recreational-cannabis industry in Canada is providing opportunities for business creation and growth. As the legal retail sale of recreational cannabis becomes a reality, landlords are endeavouring to determine whether this new line of retailers is a good fit for their properties – and who among the prospective tenants are the best options. Given that most landlords have already made decisions about retail-cannabis tenants – with limited and imperfect information – the market will rebalance as the industry matures.

These are some of the key trends noted in **Avison Young's Topical Report: "Canadian Cannabis Legislation and the Commercial Real Estate Industry: How Can Landlords Qualify Prospective Retail Tenants?"** released today.

Avison Young has developed a request-for-qualifications (RFQ) framework for landlords.

"Our discussions with landlords about the cannabis sector initially focused on their natural apprehensions, given the stigma surrounding what was historically a banned product," comments **James Heaps**, a Vice-President based in Avison Young's Calgary office, who specializes in acquisitions, divestitures and business advisory services. "We began an education process more than six months ago to help landlords understand how they will be affected by federal, provincial, and municipal motivations and frameworks for the legalization of recreational cannabis."

Heaps continues: "We developed a RFQ process to educate, vet and assist landlords in selecting prospective retail-cannabis tenants. As a result, landlords, and their existing tenants, are realizing

the potential benefits of working with credible retail-cannabis operators and the overall potential of the recreational-cannabis industry. Now that the federal government has approved the legal sale of recreational cannabis, and the competition for retail-cannabis tenants is likely to ramp up as a result, the RFQ has taken on greater importance.”

Avison Young has developed its cannabis RFQ for landlords to provide a simple framework that can be utilized to help recognize retail-cannabis operators with optimal potential. The RFQ can also aid prospective retail-cannabis operators in developing a suitable business plan to pitch their businesses to landlords.

Heaps adds: “Although Canada’s retail-cannabis industry has engaged in a considerable amount of leasing activity to date, the sector will continue to evolve – and leading retailers will emerge. Once legal retail-cannabis sales commence in October, industry leaders will likely expand by merging with and acquiring other companies. This activity will spark demand for additional retail space, providing landlords with a second opportunity to attract and assess prospective tenants. Thus, landlords will need to ensure that they select retail-cannabis tenants who are the best fit for their property operations, and provide the best opportunity for the ongoing success of existing and future new tenants.”

**Susan Thompson**, Research Manager for Avison Young’s Calgary office, says the legalization of recreational cannabis will enhance retail real estate sales and leasing activity in Canada.

“As this report indicates, Canada has a chance to become a global leader in the expansion of retail-cannabis operations,” says Thompson. “Also, e-commerce and in-store shopping will be closely watched as the market seeks to determine consumers’ preference levels – and cater to them. As a result, many new and exciting retail-cannabis-related real estate opportunities are about to unfold – and investors and landlords need to do their homework on prospective tenants.”

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