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# LOTS FOR LEASE



***The suburban commercial real estate market has mostly avoided the high vacancy rates seen downtown, but levels are creeping upwards in suburban malls***

The economic downturn of the past two years has had a widespread impact on Calgary's retail sector with businesses in the core particularly hard hit.

Two years of a recession in 2015 and 2016 have taken their toll as thousands of people in the city's central business district were victims of layoffs in the oil patch, which takes up the vast majority of space in the downtown office market.

With thousands of potential customers gone, retail stores and restaurants have felt the pinch.

Recently, there were nine for lease signs visible along street front level over a two block radius on Stephen Avenue.

Maggie Schofield, executive director of Downtown Calgary, says about 35,000 jobs were lost in the central business district since the first recession began.

*Much of downtown retail and food and beverage is driven by office workers and the population of people who work downtown.*

"There's definitely some bodies missing down here (and) it does make a big difference. You can actually feel it. I think it hurts everyone at street level. When a street level place is empty, it makes the building look bad," she said.

"That's the tough part. As you walk down the street you don't get that feel of vibrancy the same way that you do when all of the shops are full."

According to Barclay Street Real Estate's first quarter market update, the retail vacancy rate in the city's central business district was 11.5 per cent, up from 10.2 per cent in the fourth quarter of 2016, in a total inventory of 3.8 million square feet.

Overall in Calgary, the retail vacancy rate of 3.4 per cent was unchanged with a total inventory of 40.5 million square feet.

Barclay Street says 1.64 million square feet of new retail space will be completed in 2017 and only 37,000 square feet of that will be in the central business district.

Industry experts say the retail space in the core mirrors what is happening in the downtown office market with its vacancy at about

25 per cent and it's threatening to rise even more. And like the downtown office market, more vacancy in retail has opened the door for businesses to set up shop in the central business district.

Todd Hirsch, chief economist with ATB Financial, says much of downtown retail and food and beverage is driven by office workers and the population of people who work downtown.

"Obviously, over the recession with so many people having lost their jobs, especially office workers and professional workers downtown, now that takes a lot of that street traffic, or that foot traffic, out of downtown," he said. "So I'm not surprised to see actually that retailers in the downtown core are hurting and that vacancy rate is so high."