

Sold-out mall widens horizon for Calgary's retail

New Horizon Mall sold space for approximately \$1,000 per square foot, showing a fresh level of confidence and potential in Calgary

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The stunning success of the first Calgary shopping centre to sell rather than lease space is evidence of the confidence and potential in a city that has been battling headwinds for four years.

New Horizon Mall in north Calgary welcomed its store owners in early May as owners received keys to their new stores. With more than 500 stores sold, New Horizon Mall was signing over 40 new businesses a day in May in the sold-out centre.

Developed by the Torgan Group and MPI Property Group, the Asian-themed New Horizon Mall is the first shopping mall in Alberta where each retail store is purchased outright. Stores may be owner-operated or purchased by an independent investor and leased to a retailer.

The space sold for \$1,000 per square foot and up, according to the developers. Units were priced between approximately \$190,000 and \$750,000.

New Horizon Mall is Calgary and Alberta's biggest new shopping centre, based on the number of businesses, and the second largest in the number of stores in Canada behind the West Edmonton Mall.

With a total of 320,000 square feet, New Horizon is much smaller than other destination shopping centres, though. The nearby CrossIron Mills, owned by Ivanhoe Cambridge, for instance, covers 1.17 million square feet of enclosed retail space.

New Horizon Mall is supporting investors and store owners with a business referral program, which connects investors with businesses interested in leasing space from New Horizon's unit owners. Lease rates will vary among owners and location, but the average retail lease rate in north Calgary is from \$25 to \$40 per square foot annually, according to a Barclay Street Real Estate survey in the first quarter of this year.

As New Horizon opened, owners and entrepreneurs were on-site admiring their new business investment and preparing their stores to

welcome customers. The mall's official grand opening will occur once all shop fit-outs have been completed and retailers are ready to trade.

"The New Horizon Mall is a unique addition to Calgary's vibrant and entrepreneurial retail landscape," said Eli Swirsky, president of Torgan Group. "Unlike other malls, which are occupied primarily by large corporations and chains, New Horizon Mall will encompass a collection of small businesses, family enterprises and local entrepreneurs bringing unique products and services to the Calgary region."

New Horizon could be the most culturally diverse shopping destination in Southern Alberta as each retail space will provide shoppers with internationally unique products or services, including contemporary fashion, high-tech goods, and exotic

everyday items. Shoppers will be able to buy local rather than travel overseas to find that special gift, Swirsky explained.

"This mall breaks down the barriers for businesses looking for that retail advantage in a unique mall environment not found anywhere else in Southern Alberta," he said.

New Horizon Mall's unique international shopping experience will be matched with culturally distinct forms of entertainment, as a main stage provides a venue for cultural events, holiday celebrations and fashion shows organized year-round.

The food court will feature 26 restaurants where shoppers can sample a variety of international cuisines and local specialties from dozens of national and independent owner-operated eateries.

Swirsky said New Horizon Mall will "fill an important gap in the retail environment in Calgary and offer a distinctive avenue for businesses looking to expand and grow their customer base."

It could also trigger a change in Calgary's retail landscape, which is dominated by leasing and recently pockmarked with vacant space.

The overall retail vacancy rate in Calgary is now 5.1 per cent, up from 3.1 per cent in the fourth quarter of 2017, according to Anthony Scott, director of research for Barclay Street Real Estate.

Northeast Calgary has a 5.3 per cent retail vacancy and about 396,000 square feet of new retail for-lease space is expected to complete this year.

Retail commercial agents expect more retail developers may be looking at selling space rather than leasing, noting this trend is being seen in new developments in Calgary's expanding industrial sector.