

## Restaurant closures cloud Calgary's downtown, Beltline retail scene

A string of restaurant closures have helped push the city's retail vacancy up into double digits

WI Staff      Western Investor      April 30, 2018



A series of Calgary restaurant closures, which has spread recently from the downtown to the Beltline, has helped push the city's retail vacancy rate up, reaching double digits downtown. But there are signs of optimism.

In the past year a number of high profile eateries have gone dark, including the Catch & the Oyster Bar, which was once named Canada's best restaurant; Divino Wine & Cheese Bistro, which closed last year after 33 years; the Belvedere, the Rush Ocean Prime, the Trib, and Bears Claw, which shut in January, among others.

Many of the owners blame higher provincial and municipal taxes and a higher Alberta minimum wage, but most say it is a reflection of the 25 per cent office vacancy rate downtown and the general downturn in the once booming Calgary economy.

"Restaurant closures continue to be a significant source of CBD [Central Business District] retail vacancy," noted Anthony Scott, director of research at Barclay Street Real Estate.

The CBD retail vacancy rate has spiked to 10.8 per cent in the first quarter, up from 9.7 per cent a year earlier and the highest in Calgary, Barclay reported in its recent Calgary Retail Market Update.

Calgary's overall retail vacancy rate has risen to 5.1 per cent, representing 2.1 million square feet of empty space. Of this, 650,000 square feet is due to the closure of Sears Canada outlets last year. If the Sears space is not counted, the total vacancy rate is now 3.6 per cent, up from 3.1 per cent a year earlier.

Yet Calgary posted retail sales of \$6.8 billion in January, second highest in the West behind B.C., and up 2.1 per cent from the same month in 2017, according to Alberta government statistics.

This strength is reflected in new retail space being built at a pace more than three times faster than in 2017: more than 1.6 million square feet is expected to be complete this year, and "pre-leasing activity remains strong," Barclay's report noted.

Barclay suggested that marijuana may lighten the retail mood. "With clarity given to Alberta's retail cannabis strategy, retailers have stepped up their efforts to secure locations," Scott said, adding "landlords have become increasingly open to this type of use."

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