

# Appetite for retail space strong in Calgary market

## Overall vacancy rate down to 2.2 per cent

BY MARIO TONEGUZZI, CALGARY HERALD JANUARY 17, 2012

Presented By:



Ellisa Asaria, a retail leasing specialist with Barclay Street Real Estate Ltd. in Calgary.

**Photograph by:** Genesta Walz, Calgary Herald

CALGARY — A strong appetite for spending has pushed Calgary's retail real estate market to a very low vacancy rate.

A report by Barclay Street Real Estate Ltd. said the city's overall vacancy rate dipped to 2.2 per cent by the end of 2011.

"Calgary continues to be a landlord's market," said Ellisa Asaria, retail leasing specialist with Barclay Street.

"Tight supply coupled with high demand from retailers has led to a vacancy rate of 2.2 per cent which is considered full occupancy. As a result, commercial developers are beginning to deploy capital that has, so far, remained on the sidelines. Developers are dusting off development plans and beginning to create significant new retail spaces in response to robust demand."

The overall retail vacancy rates in Calgary were 2.6 per cent in 2010, 2.7 per cent in 2009 and 1.8 per cent in 2008.

The Conference Board of Canada said in a recent report that consumer demand in Alberta will continue to be bolstered by the country's strongest labour market.

In the Calgary census metropolitan area, the board is forecasting annual retail sales of \$23.86 billion in 2012, \$25.432 billion in 2013, \$26.945 billion in 2014, \$28.495 billion in 2015 and \$29.966 billion in 2016.

Annual growth rates for those years are 5.0 per cent, 6.6 per cent, 6.0 per cent, 5.8 per cent and 5.2 per cent, respectively.

"Calgary boasts the country's highest per capital retail spending and high levels of disposable income which make it a hot market for retail developments," said the Barclay Street report.

The conference board shows personal income per capita in the Calgary census metropolitan area growing by 2.2 per cent in 2012 to \$56,834; by 4.0 per cent in 2013 to \$59,125; by 3.4 per cent in 2014 to \$61,115; by 3.1 per cent in 2015 to \$63,037; and by 2.8 per cent in 2016 to \$64,809.

According to Barclay Street, at the end of 2011, the overall retail inventory in Calgary was just over 37.2 million square feet of which 819,288 square feet was vacant.

The report said retail vacancy rates in the city at the end of 2011 for different regions were: 1.7 per cent, northwest; 1.2 per cent, southwest; 1.4 per cent, south; 3.3 per cent, centre north; 1.8 per cent, northeast; 3.4 per cent, central business district; 7.0 per cent, southeast.

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