

Calgary retail real estate vacancy dips

By Mario Toneguzzi on June 25, 2018

New tenants starting to fill former Sears sites



Calgary's retail real estate market continues to grapple with a flood of vacant Sears space throughout the city, says a [new report by Barclay Street Real Estate](#).

But the company says overall vacancy in the market dipped to 4.8 per cent as the midpoint of the year approached, down 0.3 per cent from the first quarter.

The closure of Sears Canada stores earlier this year left three mall locations (Marlborough Mall, North Hill Centre and Southcentre Mall) and two Sears Home stores (Brentwood Village and Glendeer Circle), comprising approximately 650,000 square feet of retail real estate, empty around the city.

"A couple of landlords were quick to act, however: early in the second quarter, the main floor of the former Sears space at Southcentre Mall was occupied by Show Home Furniture and RioCan was busy redeveloping the former Sears Home space in Brentwood Village to accommodate future tenants buybuy BABY and Ashley HomeStore," says the report.

"At the North Hill location, which is owned by Concord Pacific, an Avis car rental station was set up in the parking lot, which was itself being managed by Indigo parking company."

The overall retail vacancy rate spiked to an all-time high of 5.1 per cent in the first quarter.

Barclay Street says the decrease in the second quarter was driven in part by a large chunk of space left behind by Sears Canada at Southcentre Mall being taken by Show Home Furniture, who leased the entire main floor.

"Overall, Street Front format retail space continues to be the primary source of vacancy, with this format accounting for 8.5 per cent of total vacancy. The CBD has the highest vacancy rate for this format at 13.4 per cent while the north west and south west quadrants boast the next highest rates at 7.9 per cent and 6.6 per cent, respectively," says the report.

"One significant reason for this is the ongoing introduction of new product as a component of mixed-use developments. ... As the city seeks to limit urban sprawl through densification, developers have increasingly combined retail and residential projects during the previous few years. Additionally, 'retail pad' development and leasing opportunities remained in high gear, carrying over from 2016-17 as property owners seek to densify their developments by adding restaurants and clusters of small shops in their parking lots."

The report says construction continues at a strong pace in Calgary with about 559,000 square feet of new retail space introduced during the first half of 2018.

Respected business writer Mario Toneguzzi is a veteran Calgary-based journalist who worked for 35 years for the Calgary Herald in various capacities, including 12 years as a senior business writer.