

Calgary retail vacancy rate remains elevated due to Sears closures

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Barclay Street Real Estate report also says the pace of new retail construction slowed as 2018 progressed



Mario Toneguzzi
Business reporter

After spiking to an all-time retail vacancy rate of 5.1 per cent in the first quarter of 2018, overall vacancy in Calgary settled into the mid-four per cent range through the end of the year, according to a report by [Barclay Street Real Estate](#).

The company's Year-End 2018 Retail Market Analysis said the cause and partial solution of Calgary's still-elevated vacancy is the closure of Sears Canada and the ensuing flood of big-box space.

"By the third quarter of the year, the main floor of the former Sears Canada at Southcentre Mall had been taken by Show Home Furniture and RioCan was busy redeveloping the former Sears Home space in Brentwood Village to accommodate future tenants. A couple of spaces remain, such as the North Hill Centre and the Glendeer Circle, remained vacant at year-end, though redevelopment plans may be in the works for the former," said the report.

"Otherwise, compared to the first half of the year, Calgary's commercial retail landscape was relatively quiet. The arrival of Luis Vuitton at CF Chinook Centre and the new Mountain Equipment Co-op in Seton drew headlines, as did the disappointing launch of Calgary's retail cannabis industry due to lack of product to sell. To the latter point, numerous would-be cannabis stores were placed on the sublease market.

"A significant amount of retail space had been tentatively tied-up by would-be retail cannabis shops. Following the Royal Assent of Bill C-45 however, numerous problems came to light with production and approved retailers faced an insufficient supply of cannabis products for their inventories."

The report said streetfront format retail vacancy was nearly matched by enclosed shopping centre vacancy, which increased from 1.1 one per cent to eight per cent year over year as a result of Sears Canada's closure.

Barclay Street said the overall pace of new retail construction slowed as 2018 progressed and the anticipated deliveries of several projects were pushed back into 2019 and 2020.

About 670,000 square feet of new retail space was introduced during the balance of the year, with the Suburban South markets hosting the majority of activity, it said.

"Through 2019 and 2020, approximately 2.2 million square feet of new retail is anticipated. One of the major projects on the horizon is the University District – a development by West Campus Development Trust just west of the University of Calgary. The first phase has already attracted Save-On-Foods and the Alt Hotel major anchor tenants, as well as Analog Coffee, J. Webb Market Wines and Cineplex VIP Cinemas. By the end of 2018, Blaze Pizza, Copper Branch, Curious Hair Skin Body, Denim & Smith Barbershop, Freshii and Scotiabank had also signed-on."

Respected business writer Mario Toneguzzi is a veteran Calgary-based journalist who worked for 36 years for the Calgary Herald in various capacities, including 13 years as a senior business writer.