

MARKET



BUSINESS AS USUAL

Retail sector continues largely unabated: officials

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FOR CREB[®]NOW

New retail development in the Calgary region continues at a steady pace despite the depressed economy and sliding consumer spending, according to local officials.

“The Calgary market, while not under-retailed, was never overbuilt in the recent past,” said Michael Kehoe, an Alberta-based retail specialist with Fairfield Commercial Real Estate in Calgary.

“Many commercial real estate developers and retailers across Alberta have experienced some sort of fiscal retrenchment, but it has been business as usual in southern Alberta in the retail sector.

“Capital continues to be deployed into expansion and redevelopment projects at shopping venues such as regional shopping centres, grocery-anchored community centres, power centres, mixed-use/lifestyle centre hybrid projects, freestanding retail, and main-street/high street retail venues.”

Kehoe singled out Strathmore,

Okotoks, Cochrane, Banff, Canmore, Chestermere, Airdrie and Rocky View County as all having new retail projects under construction or in the pre-leasing stages of development.

In addition, the final phase of the Quarry shopping centre in Cochrane is underway by Springwood Developments, as well as the next phase of Easthills by RioCan, Sage Hill by Ronmor, Trinity Hills near Winsport by Trinity Developments, Legacy by Royop and the retail podiums of several new downtown office towers including Brookfield Place.

In its 2016 Mid-Year Retail Market Analysis, Barclay Street Real Estate Ltd. reported that Calgary’s overall retail market at the midpoint of 2016 has started to show initial signs of strain against the pressures exerted by the economic downturn. Retail vacancy sat at 3.4 per cent which is slightly above the previous high-water mark of 3.1 per cent (set in the third quarter of 2008).

“To place these statistics in perspective, Calgary’s retail inventory at that time was about 25 million square feet – 63 per cent of current volume,” said the report. “By square footage, current vacant space is nearly twice that of Q3 2008, but spread over 15 million square feet of additional inventory.

Barclay Street said about 318,000 square feet of new space is expected to be added to the retail market this year in the city.

At the end of 2015, Colliers

■ The region’s retail industry has fared well so far in 2016 because it wasn’t previously overbuilt, say experts.

International noted 47 retail-oriented projects covering 11.4 million square feet were spread across all areas of the city. Of those, 15 were under construction at that time, representing 2.3 million square feet.

According to Statistics Canada, retail sales in March were at the lowest level of spending in almost three years at just over \$6 billion – down about 4.2 per cent from a year ago.

“After reaching a record high of \$6.6 billion in October of 2014 – right around the time that oil prices really started to decline – retail sales took a big tumble, falling to less than \$6.2 billion in January 2015,” said ATB Financial chief economist Todd Hirsch.

“Since that time, however, spending has been actually quite stable albeit trending downwards slightly. And, in fact, spending per person in Alberta is still well above the national average, even if total sales are at a three-year low. In March, Albertans spent \$1,433 per person – the highest among all provinces. The national average was \$1,214. That reflects the province’s younger demographic mix, and also the fact that 92.9 per cent of Alberta’s work force is still working and spending.

“It’s not all doom and gloom.”