

Year-over-year Alberta retail sales growth highest in Canada

6.6% hike from last year

BY MARIO TONEGUZZI, CALGARY HERALD AUGUST 22, 2012 9:43 AM

Presented By:



Jeff Robson, vice-president and associate broker with Barclay Street Real Estate, stands on the busy retail area of 8th Avenue S.W. in downtown Calgary.

Photograph by: Ted Rhodes, Calgary Herald

CALGARY — Calgary's retail vacancy rate continues to decline as consumer spending in the province remains higher than year-ago levels.

Statistics Canada reported Wednesday that Alberta retail sales reached \$5.6 billion in June, up 6.6 per cent from a year ago and the highest annual growth rate in the country. But sales dipped by 1.3 per cent from the previous month.

At the national level, sales of \$38.7 billion were up 1.7 per cent from a year ago but down 0.4 per cent on a monthly basis.

"There's a lot of pressure on good quality space from good quality tenants looking to expand (to Calgary)," said Jeff Robson, vice-president and associate broker with Barclay Street Real Estate Ltd. in Calgary.

"The economy here seems to be a little more protected than other parts of the country. Interest and expansion is coming largely from within. But U.S. retailers are certainly entering our market. Where once we would have been overlooked in favour of three or four cities in Canada, now we're considered a hot place to look."

According to Barclay Street, the overall retail vacancy rate in the city of 1.9 per cent has been on a downward decline since 2009. Total retail space inventory in Calgary is about 37.2 million square feet.

Robson said once the city hit the million-mark in population it opened the doors to a new set of retail tenants.

In the next five years, he said, the central business district will see retail expansion at a substantial level.

Current inventory is about 6.4 million square feet.

"I could see a million to two million square feet of inventory come online in the next three to five years based on the projects that are coming up, the tenants that are looking, whether it's East Village, the west Beltline, east Beltline. All these areas," said Robson.

Statistics Canada said retail sales fell in six provinces in June with Alberta reporting the largest decline in dollar terms after posting the largest increase in May. Lower sales of new motor vehicles were the main reason for the June decrease, it said.

"While wages and consumer prices in Alberta have been increasing over the past couple years, another big reason provincial receipts are so much higher in 2012 relative to 2011 — receipts in June were six per cent higher on a year-over-year basis — is the jump in inter-provincial migration that occurred over the period. This might foreshadow lower second quarter 2012 migration numbers," said William van't Veld, economist with ATB Financial.

"It should be noted that consumer spending in Alberta, while still very important, constitutes a much smaller proportion of economic activity than in other jurisdictions. That is to say, personal expenditures make up 60 per cent of Ontario's economy and only 43 per cent of Alberta's. Conversely, Alberta is far more dependent on business investment than other jurisdictions."

The surprise drop in June sales at the national level was broad-based, suggesting households are becoming a little more cautious, though cross-border shopping may have played a role as well, said Benjamin Reitzes, senior economist with BMO Capital Markets, of the national scene.

"Indeed, annual sales growth hit the slowest pace in 16 months and activity is actually lower since the start of the year," he said.

"The constant haranguing by policy-makers urging households to borrow more cautiously, along with slowing job growth, has prompted some restraint. Given that employment contracted in July and likely won't improve significantly over the coming months, and with the added drain of cross-border shopping, retail sales will have difficulty gathering much momentum through the second half of the year."

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