

Calgary's Second Quarter Retail Landscape

Market Analysis Q2 2024

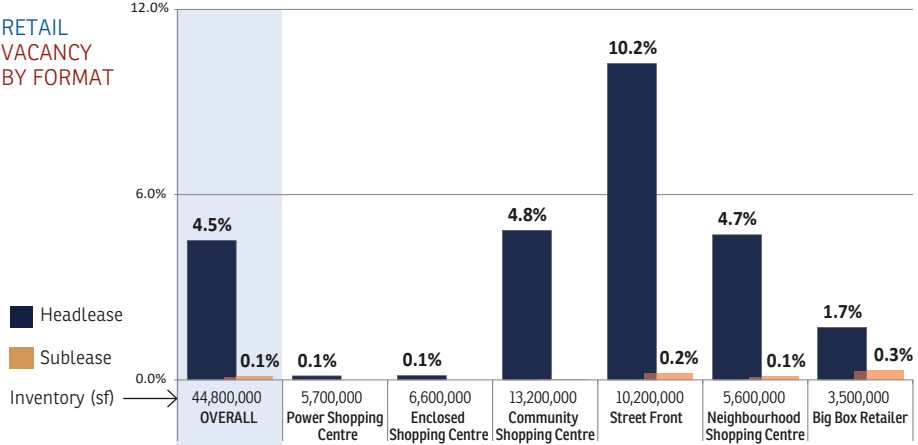
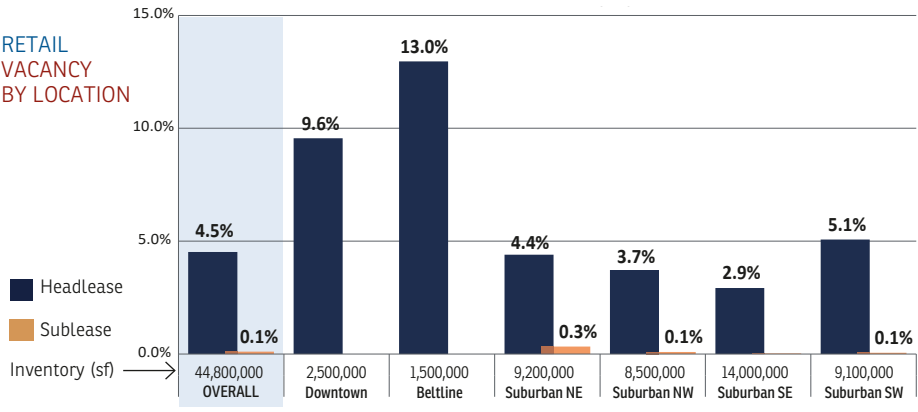
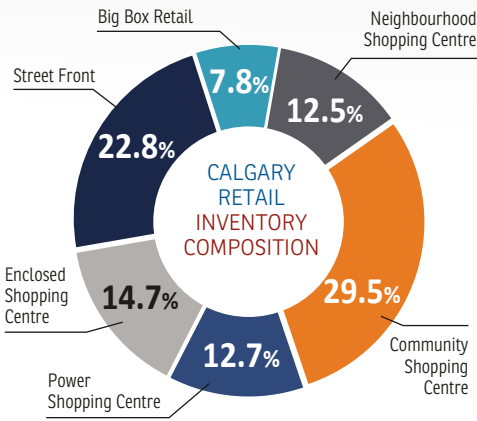
4.5%	VACANCY RATE (Space marketed for headlease)
0.1%	BALANCE OF AVAILABLE SPACE (Space marketed for sublease)
4.6%	AVAILABILITY (Total amount of space available for lease/sublease)

Calgary's overall retail availability rate increased further during the second quarter of 2024, reaching 4.6%. As stated in our previous edition of this report, the level of available space on the market at June 30th has Calgary approaching what we consider to be a balanced market in which the variety of options for would-be tenants and existing tenants alike and allows for rental rates to stabilize among the various sizes, formats and locations of options on the market. Despite a slight-yet-ongoing increase in available space being marketed, the situation remains remarkably stable given the substantial increase in Calgary's retail inventory since early 2015; currently 44.8 million square feet (msf) versus 37.2 million msf at mid-year 2015 when multiple store chains began shutting their doors via major closures and consolidations.

The current increase in Calgary's availability rate however, continues to be organic in nature with the primary contributors being recently-completed retail spaces plus multiple new, large listings in major retail centres and big box space availability.

Calgary's retail inventory continued to be in overall growth mode, with a few new neighbourhood shopping centres (40,000 – 99,999 square feet in total leasing area) in pre-leasing phases and early stages of construction while other, larger redevelopments continue to move toward completion. While there remains some unleased space in the new developments as they reach completion, the true driver of increased retail availability over the second quarter has been the introduction of several sizeable retail locations and mid-box and big box spaces.

As we mentioned in our previous report, **Eau Claire Market** has reached the end of its run and the site will undergo a significant transformation over the coming few years. On a similar note, the small retail plaza on the corner of 5A St. SW and 17th Ave. SW closed at the end of June and will become part of a significant mixed-use, multi-residential development



called **Francesco's**. Arlington Group is expected to transform this site, along with properties on the South side, into a 209-unit apartment complex with a similar amount of new retail space to what is now being taken down.

Calgary is once again witnessing the reorganization and departure of several retail chains, which is freeing-up some large blocks of space. **Lowe's**, which rebranded its Canadian operations to **RONA+** earlier this year, has closed and is divesting of a north Calgary store and this added nearly 28,000 square feet of big box space to Calgary's available inventory. Additional big box space also came to the market with the closure of rooms + spaces, which recently opened at the **Chinook Station** location across from **Chinook Centre**. This newly launched venture took over most of the vacated premises of **Bed Bath & Beyond** and **buybuyBABY** across Canada, with the goal of introducing a brand new Canadian home and decor chain. The availability of the Calgary location placed more than 30,000 square feet of big box space on the market. These large spaces can move quite quickly and in doing so, introduce exciting new retail options. One recent example of this is the **Foothills Staples** location which was backfilled by Edmonton-based **iFurniture** earlier this year[†].

Lastly, the closure of **Ted Baker**, **Brooks Brothers** and **Lucky Brand** stores was announced in May of this year. There are 25 locations throughout Canada with three in total (one of each) in Calgary. This latest chain closure is another example of fashion goods

SUBURBAN SOUTH RETAIL CONSTRUCTION SUMMARY

RETAIL FORMAT	PROPERTY	COMMUNITY	RETAIL AREA (SF)	EXPECTED COMPLETION	DEVELOPER
Street Front	Sirocco At Pine Creek	Creekside	20,000	Q3 2024	Anthem Properties
	The Podium at Medicine Hill	WinSport/Paskapoo	19,000	2025	Deveraux Developments Ltd.
	New Brighton Landing	New Brighton	30,000	2025	Red Maple Enterprises
	Junction at Market & Main (88, 21, Blocks B and C)	Seton	31,000	2025	Brookfield Residential
	Oak & Olive	West Springs	23,000	2025	Truman
Community Shopping Centre	Belmont Village	Belmont	40,000	2025	Anthem Properties
	Seton North Retail District Phase III	Seton	68,000	Q3 2024	Brookfield Residential
	Mahogany Village Commons	Mahogany	169,700	2025	Hopewell

SUBURBAN NORTH RETAIL CONSTRUCTION SUMMARY

RETAIL FORMAT	PROPERTY	COMMUNITY	RETAIL AREA (SF)	EXPECTED COMPLETION	DEVELOPER
Street Front	Frontier	Kensington	22,800	2025	Truman
	Uxborough - Phase I	University Heights	25,400	Q4 2024	Western Securities
Neighbourhood Shopping Centre	Conerbrook View - Phase I	Cornerbrook	~ 22,000	2025	Luxuria Group
Community Shopping Centre	Northland (prev. Northland Village)	Brentwood	387,000	2025	Primaris
	University District (remaining)	University Heights	~150,000	2025	West Campus Devel. Trust

OTHER RETAIL PROJECTS IN THE PIPELINE

RETAIL FORMAT	PROPERTY	COMMUNITY	RETAIL AREA (SF)	EXPECTED COMPLETION	DEVELOPER
Street Front	Quarry Station Island	Quarry Park	24,000	Pre-leasing	Remington Development Corp.
	The District at North Deerfoot (Phase II)	-	39,000	Pre-leasing	Melcor
Neighbourhood Shopping Centre	Redstone Market Square	Redstone	60,000	Pre-leasing	Qualico

RETAIL INVENTORY ADJUSTMENTS

RETAIL FORMAT	PROPERTY	COMMUNITY	RETAIL AREA (SF)	EXPECTED ADJUSTMENT	DEVELOPER
Street Front	615-617 - 17th Avenue SW	Beltline	8,000	Q3 2024	Arlington Group
Community Shopping Centre	Eau Claire Market	Downtown	170,000	Q3 2024	Harvard Developments

positioned in the grey mid-market, succumbing to the forces of a Canadian market that has become increasingly dominated by deep discount players on one end and luxury/uber-luxury at the other.

We're seeing a similar plot play out among the types of retailers that are active, entering and developing in the Calgary market. Landlords are actively seeking service users such as esthetics, clothiers and repair shops to round-out and diversify their tenant-mixes while quick-service restaurants (QSRs) have come to dominate many shopping plazas. Speaking to the latter, we've found that spaces of 2,000 square feet or less have been in very high demand as the space is versatile and easy to build-out and manage.

As for larger spaces, we're watching the emergence of "retail-tainment" (also known as "experiential retail") which we anticipate becoming more

common in Calgary. This is a retail approach in which indoor family activities such as virtual golf, video games, pool, shuffleboard, ping pong with family dining have been merged; a mash-up of **Earls Kitchen + Bar** and **Bullwinkle's**. We've noted the success of **Urban Outfitters' Space Ninety 8** in Brooklyn, New York and **Splitsville Entertainment** in Ontario. Current local examples are **The Rec Room** and **Greta Bar**.

Calgary remains a market that draws retailers of note, such as **YETI**, which will open its first international store in **CF Chinook Centre**. Enclosed malls continue to perform extremely well, such that in roughly the past year, **Chinook Centre** has opened iconic retailers such as **Uniqlo**, **Alo Yoga** and **Nike** while **Zara** expanded into a flagship location. **Tilley** was the most recent opening at this location. ■

 Hat-tip: Toneguzzi, M. (June 2024). YETI to Open 1st International Store at CF Chinook Centre in Calgary [Interview]. Retail Insider.

[†] Transaction facilitated by Barclay Street Real Estate Ltd.

For more information please contact:

- ▶ Andrew Sherbut – Vice President • 403-607-1819 • asherbut@barclaystreet.com
- ▶ Joshua Gill – Sr. Associate • 587-500-7707 • jgill@barclaystreet.com
- ▶ Myles Scheske – Associate • 403-968-9859 • mscheske@barclaystreet.com

PREPARED BY BARCLAY STREET REAL ESTATE

Anthony B. Scott – Director of Research
403-294-7164 • ascott@barclaystreet.com



LOCAL EXPERTISE MATTERS