



Calgary has the highest retail sales per capita of any major market in Canada

Unemployment rates are down, retail sales are up – confidence is growing that recession is in the rearview mirror.

The Conference Board of Canada estimates that Calgary's retail sales per capita are to be \$21,021 in 2017, a growth of 5.3% over 2016, and above the peak level of \$21,003 per capita recorded in 2014. This is after the 6.7% reduction in 2015 and the modest growth of 1.9% in 2016. Further forecasts estimate that growth of retail sales will be relatively flat (0-2%) for all markets across Canada in 2018-2020.

Most economic outlooks regarding Calgary talk about how the economy has reached the turning point. It is now believed that Calgary has reached the end of this recession. Improvement in the labour market has been noted over the last year. The unemployment rate has fallen from a peak of 10.2% in November 2016 to 7.5% as of December 2017, but remains the highest among major cities in Canada. Employment has recovered

and is growing, according to Statistics Canada data. As of May 2017, employment in Calgary is back above the peak level recorded in May 2015 (827,200 people).

Suburban retail market remains strong; vacancy rates have not skyrocketed

Vacancy in the Calgary Retail market remains consistent with other major cities in Canada. TD Economics' 2017 Canadian Commercial Real Estate Outlook saw Calgary's retail vacancy in-line with the seven other markets they track. Vacancy for those markets range between 3.8% and 6.0%, with Calgary coming

2017 CANADIAN CMA ESTIMATED RETAIL SALES PER CAPITA AND GROWTH RATE



in at 5.4%. With the exception of the Central Business District (CBD), vacancy rates have remained flat cross the city in 2017. Due to high office vacancy, especially in the downtown area, the CBD has seen higher than average retail closures with few solutions available.

The theme for 2018 is resiliency and evolution. As long as retailers continue to reinvest in their businesses and make an effort to understand changing consumer behaviours, they will remain viable and relevant. Retailers are seeing moderate gains as consumer demand for everyday goods, services, and entertainment remains strong.

Shopping centre evolution

The disappearance of department stores, such as **Sears**, is part of the continuing evolution in retail. Some older retailers and fashion outlets are getting elbowed out of the marketplace by online retailers (especially **Amazon**), discount retailers, and more specialized or “experiential” stores. Meanwhile, the definition of an anchor tenant is now viewed as whatever brings people in.

An influx of imported retailers with large marketing budgets and unique experience offerings is pushing this “experiential” movement. The most noteworthy of these new entries being “Japanese lifestyle” retailers **MINISO** and **UNIQLO**. These new entrants are poised to shake up the value-priced variety retail segment with their marketing programs.

Meanwhile, retail landlords are exploring other avenues in their real estate, beyond the traditional stores of the past, reinvesting in their shopping centres through additional amenities and redevelopment of their properties. The addition of more dining and entertainment has become an increasingly important aspect, with predictions of 30-35% of gross leasable area being dedicated to food and entertainment. Offerings such as medical, fitness, live presentations, children’s play areas, quality food and beverage offerings, and places to gather are bringing people into malls in larger numbers than traditional anchor stores.

Additionally, well-located retail centres are being redeveloped to take advantage of the

evolving communities around them. Density is being increased and residential is being developed to integrate the sites further into the neighbourhood. Prime examples of this are **RioCan**, with plans to redevelop Southland Crossing and Glenmore Landing, and **Calgary Co-op’s** redevelopment of their Oakridge, Brentwood and Dalhousie centres to add residential towers. The **Tsuut’ina Nation**, through their development partner **Canderel**, are also developing plans for retail mixed-use centres adjacent to the SW Ring Road to coincide with its planned 2021 opening. This is anticipated to change the landscape in the retail market for west Calgary, an area that has historically been underserved.

As consumers choose to invest in experiences rather than products, retailers will be responding to meet the needs of their customers. Retailers and developers will be focusing on their niche markets, avoiding a one size fits all store model. The market is poised to watch an entire industry revitalize and evolve in a short timeframe. It is very exciting to watch the evolving landscape of retail happen in virtually every corner of the market.

The legalization of cannabis and how it will affect the retail market

The impending legalization of cannabis has massive potential for retail opportunities.

The news that Alberta will follow a private retail model was met with great excitement by the market. The proposed system means private stores will bear the brunt of financial risk, rather than taxpayers. It also means retailers can determine how many and what kinds of stores will satisfy consumer demands. This will be a hot topic for the next few years as the market seeks to determine what the consumer demand and real estate needs are. ■

73% of households in Calgary own their own homes

The highest home ownership rate of major Canadian cities and the fastest growing between 2011 and 2016.

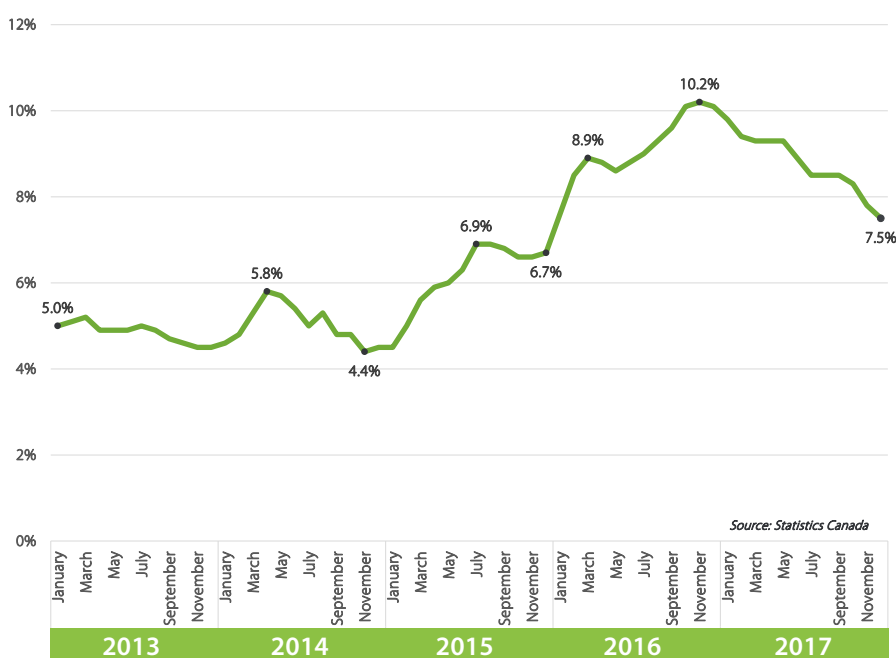
SPECIFICALLY: 21.8% own condominiums

58.3% own single-family homes

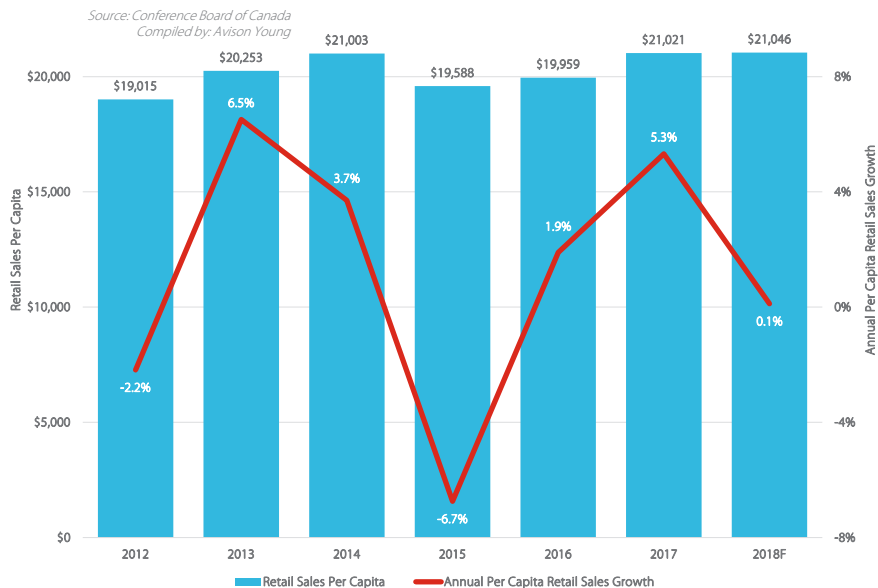
2.6% AVERAGE NUMBER OF people in each household

Source: Statistics Canada

CALGARY UNEMPLOYMENT RATE (MONTHLY)



CALGARY RETAIL SALES PER CAPITA



CALGARY'S UNEMPLOYMENT RATE IS NOW 7.5%.

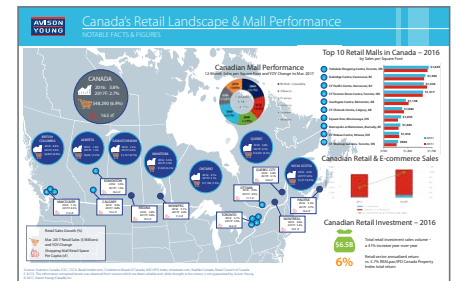
How does this compare to other markets, provinces and the Canadian average? What industries have been gaining jobs in the last year? View Calgary specific analysis and graphs of **Statistics Canada's Labour Force Survey** for December 2017, prepared by Avison Young's Calgary Research team (month-over-month and year-over year comparisons).

CLICK [HERE](#) to view

Avison Young Calgary Retail Tenant Relationships



WHAT ARE THE STATS? CHECK OUT CANADA'S RETAIL PERFORMANCE BY THE NUMBERS



VIEW OR DOWNLOAD INFOGRAPHIC [HERE](#)

CALGARY 2017 RETAIL CONSTRUCTION SUMMARY

Retail New Supply

Project Name	Address	Square Feet	Status	% Pre-Leased	Project Type	Developer
Mahogany Village Market - Phase I	7 Mahogany Plaza SE	208,000	Complete	98%	Neighbourhood	Hopewell Development
Auburn Bay	100 Auburn Meadows Drive SE	84,000	Complete	98%	Neighbourhood	Brookfield Residential
Stonegate Plaza	2626 Country Hills Boulevard NE	18,000	Complete	84%	Convenience	Royop Development Corp.
Royal Canadian Legion	1918 Kensington Road NW	17,000	Complete	100%	Podium	Legion Branch No. 264
Brookfield Place	225 - 6th Avenue SW	14,000	Complete	74%	Podium	Brookfield Properties
Sky Pointe Market	5305 Country Hills Boulevard NE	11,000	Complete	89%	Convenience	Private Developer
Marquee on 16th	201 - 16th Avenue NE	9,000	Complete	0%	Ground Floor	Marquee Group
707 Fifth	707 - 5th Avenue SW	7,000	Complete	86%	Podium	Manulife
RECA Building	1506 - 11th Avenue SW	8,000	Complete	8%	Ground Floor	Private Developer
ONE 6*	1528 - 16th Avenue NW	6,000	Complete	23%	Ground Floor	Strategic Group
Avenue 33	1931 - 33rd Avenue SW	6,000	Complete	100%	Ground Floor	Sarina Homes

Retail Under Construction

Project Name	Address	Square Feet	Expected Completion	% Pre-Leased	Project Type	Developer
Deerfoot City Redevelopment	901 - 64th Avenue NE	1,042,000	Q2 2018	Anchors in place	Power Centre	Shape Properties
Trinity Hills	Highway 1 & Sarcee Trail NW	700,000	Phased	Phased	Town Centre	Trinity Development Group
Seton - Phase 2	19587 Seton Crescent SE	450,000	Q2 2019	85%	Power Centre	Brookfield Residential
EastHills - Blocks C, D, H & J	17th Avenue & 84th Street SE	327,000	Phased	Phased	Town Centre	RioCan
University District	32nd Avenue NW & Shaganappi Trail	245,000	Phased	Phased	Town Centre	West Campus Development
Shops at East Village	428 - 6th Avenue SE	167,000	Q1 2020	52%	Podium	RioCan
Mount Royal Village West	1508 - 8th Street SW	88,000	Q4 2018	100%	Podium	First Capital Realty
Gateway at West District - Phase I	762 - 85th Street SW	50,000	Q4 2019	0%	Ground Floor	Truman
Sky Pointe Landing	6004 Country Hills Boulevard NE	50,000	Q1 2019	0%	Neighbourhood	The LaCaille Group
Westman Village in Mahogany	1955 Mahogany Boulevard SE	27,000	Q3 2018	43%	Ground Floor	Jayman BUILT
17 Select	202 - 17th Avenue SW	26,000	Q1 2019	0%	Ground Floor	PBA Land & Development
LEGION	1910 Kensington Road NW	25,500	Q2 2019	0%	Ground Floor	Truman
The Windsor	5104 Elbow Drive SW	23,000	Q4 2018	69%	Ground Floor	Arlington Street Investments
Legacy Corner*	1625 - 210th Avenue SE	17,000	Q3 2018	77%	Power Centre	Royop Development Corp.
TELUS Sky	110 - 7th Avenue SW	16,000	Q4 2018	0%	Podium	Westbank
AVLI on Atlantic	1020 - 9th Avenue SE	8,000	Q3 2018	0%	Ground Floor	Greenview Developments
One North	1348 Northmount Drive NW	7,000	Q2 2018	0%	Ground Floor	Private Developer

* Indicates properties Avison Young is leasing

Featured Listings



SAVANNA BAZAAR

88th Avenue & 60th Street NE
Condominiums starting from 1,200 SF



SIERRA SPRINGS

Airdrie, AB
End Caps, Pad Sites, In-line Bays



CREEKSIDE

Symons Valley Rd & Symons Valley Parkway NW
1,001 SF - 5,500 SF



SUNRIDGE RETAIL

3320 Sunridge Way NE
4,421 SF - 47,499 SF (Demisable)



ROBERTS BLOCK

603 - 11 Avenue SW
6,685 SF



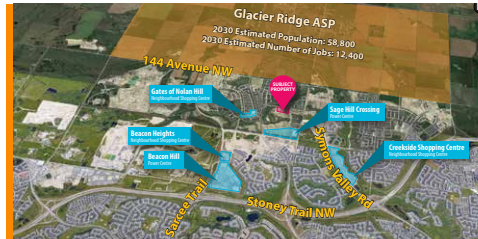
ALBERTA HOTEL

808 - 1 Street SW
2,326 SF - 8,237 SF



MIXED USE DEVELOPMENT ALONG 17 AVENUE SW

3110 - 17 Avenue SW
Starting from 1,689 SF



SAGE HILL

Sage Valley Blvd & Sage Hill Blvd NW
Starting from 1,200 SF



25 HERITAGE MEADOWS

Freestanding Retail Building
60,000 SF building on 5.755 acres



Avison Young Calgary Retail Team

Bruce Bynoe, Principal
bruce.bynoe@avisonyoung.com
403.232.4302

Morena Ianniello, Associate
morena.ianniello@avisonyoung.com
587.293.3367

Josh Rahme, Vice President
josh.rahme@avisonyoung.com
403.232.4333

Jackson Cornelius, Assistant
jackson.cornelius@avisonyoung.com
587.293.3379

Hani Abdelkader, Vice President
hani.abdelkader@avisonyoung.com
403.232.4321

Research

Susan Thompson, Research Manager
susan.thompson@avisonyoung.com



Intelligent
Real Estate
Solutions

Eighth Avenue Place West - Suite 1200, 585 - 8th Avenue SW, Calgary, AB T2P 1G1 | T 403.262.3082 F: 403.262.3325

© 2018 Avison Young Real Estate Alberta Inc. All rights reserved.

E. & O.E.: The information contained herein was obtained from sources which we deem reliable and, while thought to be correct, is not guaranteed by Avison Young.

