

Retail space race intensifying across region

By **Michael L. Kehoe**, Broker
Fairfield Commercial Real Estate Inc.

The race for space across the Calgary region in the ultra-competitive retail sector is proceeding at a steady pace.

Expansion-minded retailers are leasing space and building stores as shopping-centre developers complete major projects and plan new ones. The Calgary market enjoys high employment levels, stable rental rates and low retail vacancy as the region shifts from the boom conditions of the recent past to a robust development phase driven by consumer demand for new retail space.

The Calgary market, while not underserved by retail, was never overbuilt in the recent past. Many commercial real estate developers and retailers across the continent have experienced some sort of fiscal retrenchment, but it has been business as usual in Southern Alberta.

The local retail sector is the darling of the commercial real estate industry. Capital continues to be deployed into expansion and redevelopment projects at 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.

The Calgary regional trade area encompasses the satellite communities of Strathmore, Okotoks, Cochrane, Banff, Canmore, Chestermere, the City of Airdrie and Rocky View County, with an aggregate population of well over 1.3 million.



Regional shopping centres — The expanded Chinook Centre and the redevelopment of The Core are high-water marks in an era of frantic shopping-centre construction in the Calgary market. The end of this development cycle signals the beginning of an extremely competitive retail marketplace, with a proverbial dogfight for consumer spending.

Market Mall, Southcentre, Chinook Centre and The Core will be at the fore-



Western Canadian landmark: The Bow office and retail project, seen as the Canadian Forces Snowbirds fly past before the 2010 Calgary Stampede parade, will be Canada's second-tallest.

front of this battle for customer loyalty.

Calgary is likely the only market of its size in North America that has celebrated two major retail project completions (the Chinook Centre expansion and The Core redevelopment) in addition to the successful first year of a “Mills”-style million-plus-square-foot enclosed mall at CrossIron Mills.

The dramatic skylight at The Core is the talk of the town, measuring 27 metres wide by 229 metres long (90 feet by 750 feet) and covering the entire length of the mall over three city blocks.

A three-level Brooks Brothers store and the exciting 30,000-sq.-ft. Harry Rosen Menswear store add to the high-end sizzle. These signature venues provide the ideal high-profile environment for retailers to showcase their latest concept stores and retail offerings. Harry Rosen is a prime example of a Canadian retailing icon operating a flagship Calgary store that is a major statement about its commitment to the Calgary market for many years to come.

The success of regional shopping centres is a key indicator of the continued vibrancy and prosperity in the Calgary retail marketplace.



Fifty years for Chinook Centre — No retail real estate review would be complete without a few words regarding Chinook Centre. The story of Chinook Centre

over the past 50 years is really the story of Calgary in the modern era. This shopping centre has shared in the city's prosperity and is a true reflection of the style, culture and bounty of our society.

Beyond the great location, Chinook is an excellent example of the benefits of long-term stable ownership with a single management, leasing and merchandising strategy. The excellent mix of entertainment, “eatertainment” and “shoppertainment” components, together with the destination anchor stores, make Chinook Centre a consistent consumer favourite.

Chinook Centre, in retail circles, is known as a key destination for first-to-market national and international retailers entering Western Canada. This retail beachhead, so to speak, is a proven success with a combination of above-average sales productivity and high weekly customer traffic. Chinook Centre has expanded and evolved over the past 50 years to keep pace with customer expectations and consumer preferences to become one of the leading shopping centres in Canada.



Downtown Calgary — The major luxury retailer in Canada, Holt Renfrew was also at the leading edge of the retail momentum, opening a 151,000-sq.-ft. store on three levels in downtown Calgary, and is currently enjoying sales levels above expectations.

The store was designed by world-renowned New York architects Janson-Goldstein and features a dramatic galleria skylight.

Holt Renfrew has operated in Calgary since 1953 and the new store has redefined the carriage trade in Calgary, with a luxury retail cluster featuring Louis Vuitton, Chanel, Michael Kors, Prada, Hermes and Cartier, among others.

The addition of Fashion Central, a unique cluster of designer boutiques featuring the Murale cosmetics emporium on Stephen Avenue, add to the excitement. Other projects of note downtown are the redevelopment of the Bow Valley Square retail component; Eighth Avenue Place, featuring 60,000 sq. ft. of new retail and restaurant space; the evolving Eau Claire district including Oxford's Centennial place office development; and the Encana 58-storey head office project known as The Bow, designed by "starchitect" Sir Norman Foster. Scheduled for completion in 2011 at an estimated cost of \$1 billion, it will be Canada's second-tallest building, featuring two levels of retail and restaurant space.

■ ■ ■
Inner-city urban business districts — Urban street retailing in inner-city areas such as Kensington, 17th Avenue S.W., Fourth Street/Mission, First Street between 12th Avenue and 17th Avenue S.W., Marda Loop, Inglewood, Bridgeland and the Stephen Avenue Walk continue to thrive.

Significant new projects include a mixed-use development at Eighth Street and 17th Avenue S.W. that will feature a second-level Best Buy urban store as the anchor, and Stampede Trail in Victoria Park, both injecting momentum and confidence into the local street retailing sector.

The adjacent Beltline district and the exciting transformation of the East Village district with several new retail nodes are prime sites in these pedestrian-oriented venues. The East Village project, under the guidance of the Calgary Municipal Land Corp., will be anchored by Canada's National Music Centre, a rejuvenated King Eddy Hotel and the River Walk retail and dining component. Inner-city retail space is in high demand and commands pre-

mium rents with high levels of occupancy.

■ ■ ■
Large-format retail and power centres — U.S.-based Lowe's Building Supply and Home Improvement Centre is underway with three new stores in the Calgary market.

The completion of the ring road around most of Calgary has heightened the retail space race on the perimeter of the city, especially in Rocky View County/Balzac, and Chestermere. New power-centre space continues to evolve at CrossIron Common, developed by Ivanhoe Cambridge

and located adjacent to CrossIron Mills, and in South Airdrie with Sierra Springs by Hopewell Developments and Kingsview Market by Melcor Developments.

The greater Calgary region enjoys continued prosperity as the head-office capital of Canada's energy sector and the retail and distribution hub of Western Canada.

Calgary's retail network is an ever-evolving component of the city's infrastructure. It delivers goods and services to residents and visitors, as the retail space race continues to be driven by consumer demand. ■



OUR EXPERTISE IS UNSURPASSED

Realex Properties has extensive experience in real estate investment, management and development across all property sectors. Realex's management team is "hands-on" and its experience spans a 45 year period extending to virtually every major market in North America.

We have a proven track record for converting development/leasehold improvement concepts into reality within a budget and timeframe suited to a tenant's needs.

Realex owns and manages properties for the long term. We scrutinize all aspects of a project to ensure every tenant's need is anticipated and met during their tenancy.

Realex takes pride in providing its tenants with first class service throughout their tenancy and our management team has received numerous awards from their industry peers recognizing their excellence in property management.



Calgary



Kitchener-Waterloo



Edmonton

Realex Properties
Suite 1200, 606 – 4th St. SW,
Calgary, Alberta T2P 1T1
Ph: 403.264.5889
Fax: 403.264.5892
email: realex@realex.org

www.realexproperties.ca