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New found sense of optimism for Calgary's retail sector

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There's a new found sense of optimism for Calgary's retail sector, says a new report by Barclay Street Real Estate.

In its mid-year report, the commercial real estate firm says the overall vacancy rate for the sector was three per cent in the second quarter of this year, which was down 0.4 per cent from the first quarter.

This comes after four consecutive quarters of being in the mid-three per cent range and marks a return to first quarter 2016 levels.

Moving forward the report says all eyes will be on the Central Business District as the "canary in the coal mine." It saw its third straight quarter of positive net absorption.

"While CBD vacancy remained elevated due to two-plus years of decreased foot traffic relied upon by retailers, ongoing activity decreased the vacancy rate to 10.8 per cent from 11.5 per cent, effectively winding the clock back a full year," says the report. "With the Downtown and Beltline markets comprising approximately 10 per cent of the city's retail inventory by square footage, the effects of the recession-induced reduction in employees/customers have been magnified substantially. With that said, the large number of available options have placed significant competitive pressures on Landlords, thereby lowering rental rates and creating opportunities for scrappy new franchises and restaurant ventures to set up shop."

Barclay Street says it expects this submarket to remain somewhat volatile for the foreseeable future however.

"Retail closures in the Downtown continued during the second quarter, with Mango Shiva and Out There Adventure Centre closing; the latter citing the ongoing downturn."