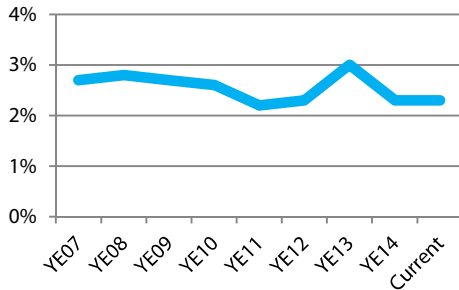
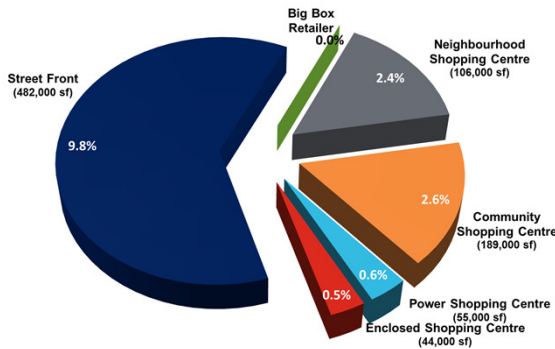


Calgary Retail Market Overview

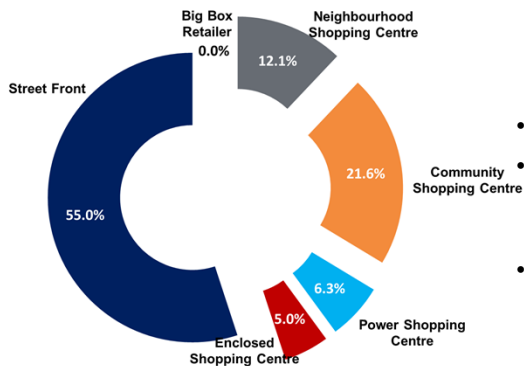
Overall Vacancy Rate



Vacancy by Retail Type



Percentage Vacant by Retail Type



Overview

Calgary's retail sector is generally regarded as being less correlated to oil prices than other asset classes. Fluctuations in energy prices therefore have less impact on supply and demand fundamentals. With that said, retail sales dropped in Autumn 2008 as oil prices fell and consumers tightened their belts. This appears likely to be repeated in the coming months.

Intense competition for spaces in Calgary's best retail locations, such as Shawnessy, Signal Hill, Crowfoot, Royal Oak, Beacon Hill, Mission, 17th Avenue and 4th Street SW carried over from 2014. West Calgary remains undersupplied with retail as demand exceeds supply and vacant units are snapped up by tenants wanting to enter the market.

More than 600,000 square feet of retail inventory is scheduled for completion over the balance of 2015. Two-thirds of this is expected during the second quarter. The majority of coming space is Neighbourhood Shopping Centre format space in Garrison Woods (Garrison Corner), Heritage (London at Heritage Station) and Taradale (Taratke Plaza).

While Target closing its stores in Calgary was a negative story, there is strong demand anticipated to back-fill these spaces from large users such as Saks, Nordstrom, Good Life Fitness, Canadian Tire's retail divisions.

Market Highlights

- A trend called The "omnichannel experience" began to emerge, wherein the line between bricks-and-mortar retailers and strictly e-commerce business models is being blurred. With retailers seeking to give shoppers as many avenues as possible to purchase, the two previously exclusive business models are now borrowing ideas from one another.
- In Calgary, Suit Supply – previously an online-only retailer - has secured a small physical space in the Downtown West End and Indochino is also exploring the market. The personal interaction fostered within the small store-front shops is expected to increase sales and make returning or exchanging items easier, thereby mitigating traditional risks associated with buying items sight-unseen.
- Overall retail vacancy in Calgary remained steady at 2.3%.
- Retail vacancy was lowest in the Suburban North market, where the overall rate was less than 1%. Enclosed shopping centres and community shopping centres were each at less than 1% vacancy.
- Rental rates continued to climb along the highly-desirable 17th Avenue strip. A new high water mark has been reached at the \$70 per square foot mark, demonstrating the appetite for spaces along one of Calgary's most coveted shopping areas.

Sources: Avison Young Research
Canadian Business. (January 2015). *Lessons 2014*

Retail Stats

Inventory		Vacancy		Construction Pipeline (sf)		
Submarket	Square Feet (sf)	Q4 2014	Q1 2015	2014 Completions	2015 Deliveries	YTD 2015 Completions
Suburban North	15,200,000	1%	0.8%	198,000	339,000	0
Suburban South	19,600,000	2.6%	2.5%	291,000	195,000	0
Central Business District	3,500,000	7.2%	7.7%	13,000	103,000	32,300
Total	38,300,000	2.3%	2.3%	502,000	637,000	32,300

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