

2023

Q1 | Calgary RETAIL
Market Report

CALGARY RETAIL MARKET SUMMARY | FEB 2023

The Calgary retail investment market sentiment remains positive.

Much of the gains recorded in 2021 appear to have been lost throughout the past year. Market price per square foot is headed back to its pre-pandemic level of \$380, currently sitting at \$390 per square foot, after topping out at \$400 in Q1-2022. Investors are also looking to Alberta for better yields due to strong population and economic growth. Spurred on by a two-year surge in energy prices (mid-20 to mid-22), Alberta's economy is on relatively solid ground after sustained improvements in labour markets and overall business sentiment. However, rising interest rates and still elevated inflation across the world will bite into even the most solid local economies, including Alberta's.

Monthly retail sales for the province were at an all-time high as of July, \$8.052 billion, but have since started to tick down, hitting \$7.92 billion in September. The City of Calgary consistently contributes 40 to 42% towards those totals.

VACANCY RATES

Calgary 2.9% and staying relatively flat for 3 years. However smaller retail properties are seeing slightly higher vacancy rates at 9.4%.

CAP RATES

Transaction cap rates in Calgary are generating an average yield of 5.6%, well above the national average of 4.2%. Calgary and Alberta will continue to be fertile ground for investors on the hunt for yield. Calgary and Edmonton properties are expected to generate yields between 5.5% and 6.0%.

LEASE RATES

Landlords are taking greater care in considering tenants, inflated inducements are now being peeled away and rates are climbing 2.9%, year-over-year. It is expected that the market will now see consistent, aggregated market rent growth between 2% and 3%, year over year, throughout 2023. Calgary's lease rate currently averages out to \$35.00/SF

NEIGHBORHOOD RETAIL

Due to the massive increase in the number of employees working from home over the last 3 years there has been a reassessment of the value of neighborhood retail to a community, and in our case, to investors. Being home more often, consumers found they prefer to shop local more often and wanted bigger brands to come to them.

Even as we watched the meteoric rise in the amount of online shopping, a vast majority of those customers still prefer to come into a physical store before buying online. Enhancing the in-store experience has never been more important.

It's estimated that for every \$100 spent at a local business, about \$60 remains local. By supporting those local businesses and small business the impact can be huge.

- » The majority of businesses in Alberta are small businesses comprising 95% of all business in the province and are drivers of the economy, accounting for almost 30% of Alberta's GDP and employ 2/3's of our labour force.



\$267.3 million

2022 TOTAL
\$ VOLUME

31

2022#
TRANSACTIONS



\$390 psf

MARKET PRICE PSF



2.9%

VACANCY RATE



5.5% & 6.0%

EXPECTED CAP
RATES



\$35.00/SF

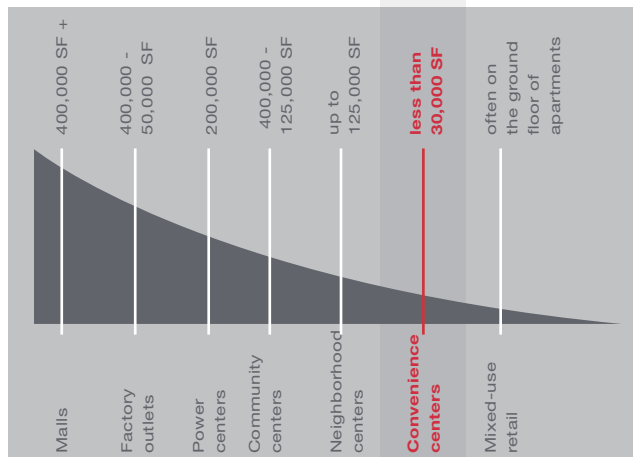
AVERAGE LEASE
RATE

PROPERTY	1101 48 AVE NW	5303 68 AVE SE	5015 CENTRE STREET NW	5512 4 ST NW	219/221 19 ST NW	4100 MARLBOROUGH DR NE
Description	Retail: General	Retail: Shopping Centre	Office: Suburban	Retail: General	Retail: General	Retail: Shopping Centre
Site Size	0.29 Acres	3.43 Acres	0.13 Acres	0.28 Acres	0.14 Acres	0.51 Acres
Bldg Area SF	4,000	20,728	1,917	2,100	6,076	7,555
Sale Price	\$1,390,000	\$6,550,000	\$777,000	\$1,600,000	\$1,660,000	\$2,700,000
Sale Date	01/13/2023	11/21/2022	10/20/2022	09/12/2022	08/25/2022	06/29/2022
Unit Price	\$347.50	\$315.99	\$405.32	\$761.90	\$273.20	\$357.47
Subdivision	North Haven	Great Plains	Thornccliffe	Thornccliffe	West Hillhurst	Marlborough
Year Built	1968	2002	1953	1970	1949	1974

PROPERTY	5512 4 ST NW	2650 36 ST SE	502 25 AVE NW	2220 20 AVE NW	4850 WESTWINDS DR NE	2099 146 AVE SE
Description	Retail: General	Retail: Shopping Centre	Retail: Shopping Centre	Retail: General	Retail: Shopping Centre	Retail: Shopping Centre
Site Size	0.28 Acres	0.57 Acres	0.28 Acres	0.23 Acres	0.52 Acres	0.99 Acres
Bldg Area SF	2,100	12,000	7,753	9,172	10,776	12,669
Sale Price	\$1,100,000	\$2,550,000	\$2,415,000	\$1,525,000	\$3,333,333	\$1,250,000
Sale Date	06/23/2022	05/18/2022	04/26/2022	04/21/2022	04/14/2022	03/18/2022
Unit Price	\$523.81	\$212.50	\$311.49	\$166.27	\$309.33	\$98.67
Subdivision	Thornccliffe	Forest Lawn	Mount Pleasant	Banff Trail	Westwinds	Deer Run
Year Built	1970	1979	1999	1961	2015	1981

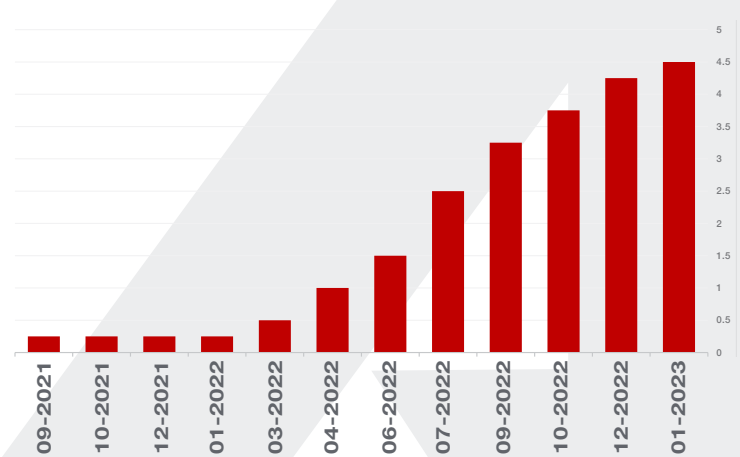
RETAIL BUILDINGS

Classification



INTEREST RATES

Bank of Canada policy interest rate 4.5%



PROPERTY	7196 TEMPLE DR NE	4204 4 ST NW	1715/19 17 AVE SW	5010 CENTRE STREET NE	4 PARKDALE CRES NW	11 HIDDEN CREEK DRIVE NW
Description	Retail: Shopping Centre	Retail: General	Retail: General	Restaurant	Office: Suburban	Retail: Shopping Centre
Site Size	1 Acres	0.58 Acres	0.11 Acres	0.37 Acres	0.16 Acres	1.77 Acres
Bldg Area SF	13,347	13,286	2,250	3,448	9,147	14,936
Sale Price	\$6,750,000	\$3,900,000	\$1,080,000	\$2,210,000	\$2,400,000	\$8,350,000
Sale Date	11/27/2021	10/14/2021	10/12/2021	09/16/2021	07/22/2021	07/15/2021
Unit Price	\$505.73	\$293.54	\$480.00	\$640.95	\$262.38	\$559.05
Subdivision	Temple	Highland Park	Bankview	Thornccliffe	Parkdale	Hidden Valley
Year Built	1980	1974	1929	1961	1970	2001

PROPERTY	7220 FAIRMOUNT DRIVE SE	803 CHAPARRAL DRIVE SE	2505 MACLEOD TRAIL SW	6618 20A ST SE	5440 4 ST NW	7248 OGDEN ROAD SE
Description	Retail: Shopping Centre	Retail: Shopping Centre	Retail: General	Retail: General	Office: Suburban	Retail: Shopping Centre
Site Size	0.42 Acres	2 Acres	0.54 Acres	0.31 Acres	0.44 Acres	0.41 Acres
Bldg Area SF	9,804	15,812	7,814	6,157	12,588	6,900
Sale Price	\$2,100,000	\$9,000,000	\$3,450,000	\$2,400,000	\$4,000,000	\$2,075,000
Sale Date	05/27/2021	05/07/2021	01/08/2021	11/30/2020	09/14/2020	01/31/2020
Unit Price	\$214.20	\$569.19	\$441.51	\$389.80	\$317.76	\$300.72
Subdivision	Fairview	Chaparral	Erlton	Ogden	Thornccliffe	Ogden
Year Built	1972	2007	1990	1979	2006	1975



FEATURED LISTING | RETAIL BUILDING
1501 17 AVENUE SW | FULLY LEASED

FOR SALE

Property Status:	Fully Leased
Building Area:	10,302 sq. ft.
Land Area:	12,466 sq. ft. (~ 0.286 acres)
Zoning:	C-COR1 f3.0h20
Year Built:	1952
Price:	Contact
Parking:	14 surface stalls

SIGN UP

FOR OUR UPDATES ON THE CALGARY COMMERCIAL REAL ESTATE MARKET



CONTACT US

Blair Best, Associate, Capital Markets
 bbest@naiadvent.com
 cell (403) 669-3969

3633 8 Street SE
Calgary, AB T2G 3A5
403 984 9800