



2012
Real Estate Property Forum
RETAIL SECTOR



Calgary Market Overview

Moderator

Rob Walker

Vice President/Partner

Colliers International

Calgary



Calgary Market Overview

Panelists

Ralph Huizinga

Vice President, Acquisitions & Development

First Capital Realty Inc.

Calgary



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Panelists

Lec Mroczek

Manager, Real Estate and Development

Tim Horton's

Calgary



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Panelists

Tom Munro

Vice President, Real Estate & Store Development

Overwaitea Food Group

Vancouver



Calgary Market Overview

Panelists

Darryl Schmidt

Vice President, National Leasing

The Cadillac Fairview Corporation Ltd.

Calgary

State of the Union

2008 - 2012



2008 - 2009

- ▶ Dropping Rental Rates
- ▶ Increasing Vacancies
- ▶ Rising Cap Rates
- ▶ Falling Loan to Value Ratios



2010 - 2011

- ▶ Rising Rental Rates
- ▶ Dropping Vacancies
- ▶ Cap Rate Compression
- ▶ Abundant Equity/Debt for Retail Investment



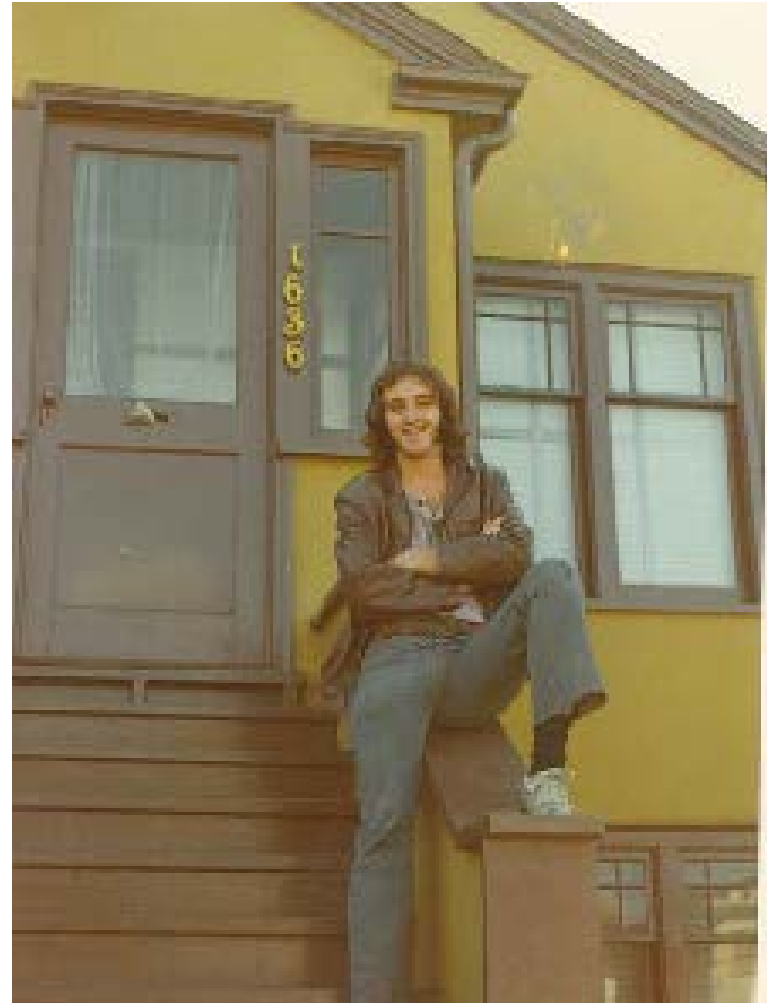
Calgary Retail Market Highlights 2012

- ▶ Retail is flourishing!!
- ▶ Current market shopping centre vacancy rate: 1.99% (October 2012)
- ▶ October 2011 shopping centre vacancy rate: 1.45%
- ▶ October 2011 streetfront vacancy rate: 2.50%
- ▶ Current streetfront vacancy rate: 2.92% (October 2012)
- ▶ Retail under construction: 339,430 sq. ft.
- ▶ Proposed retail to be developed: 10,520,788 sq. ft. spread over 37 projects

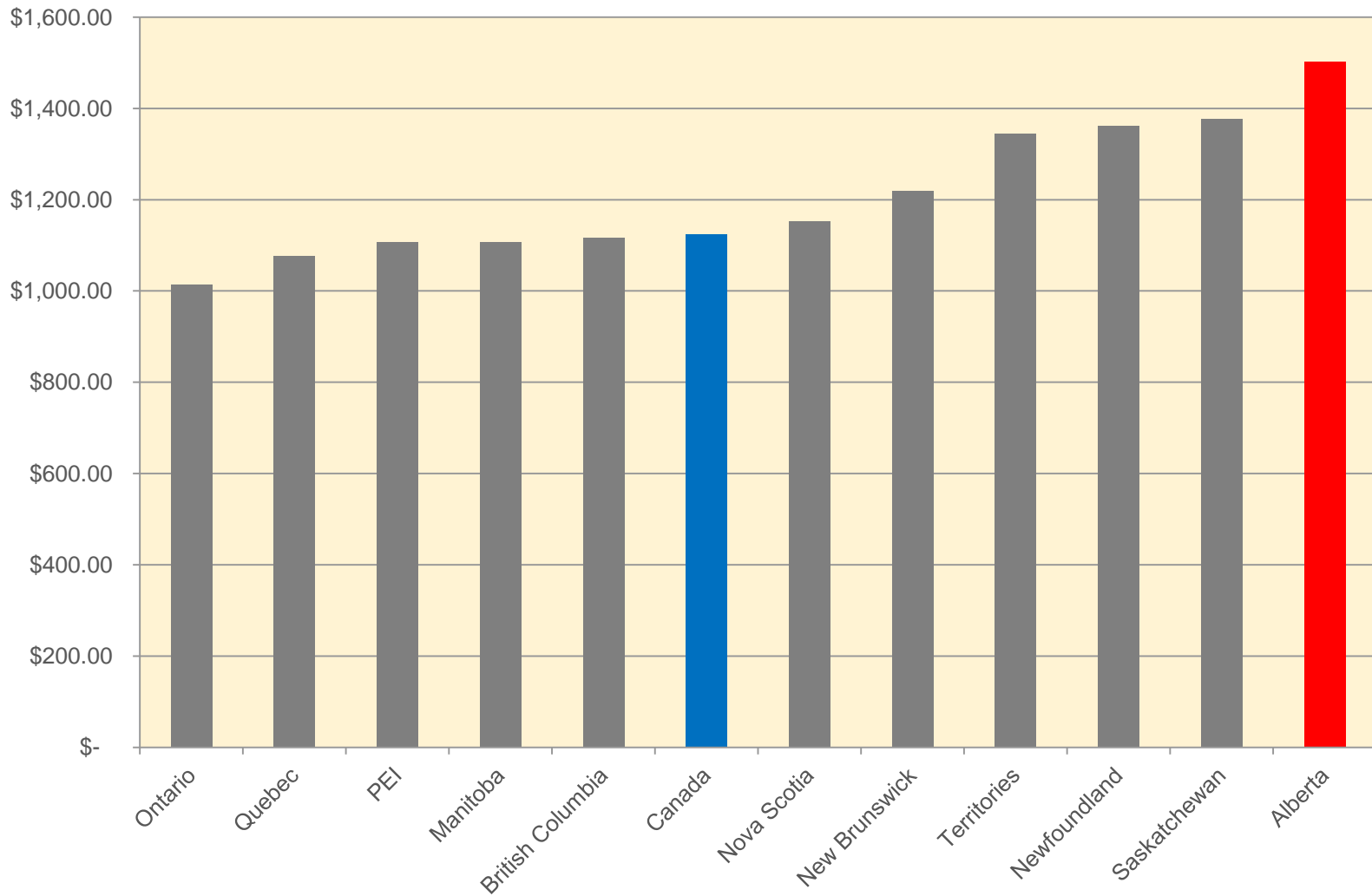


Calgary Retail Market Highlights 2012

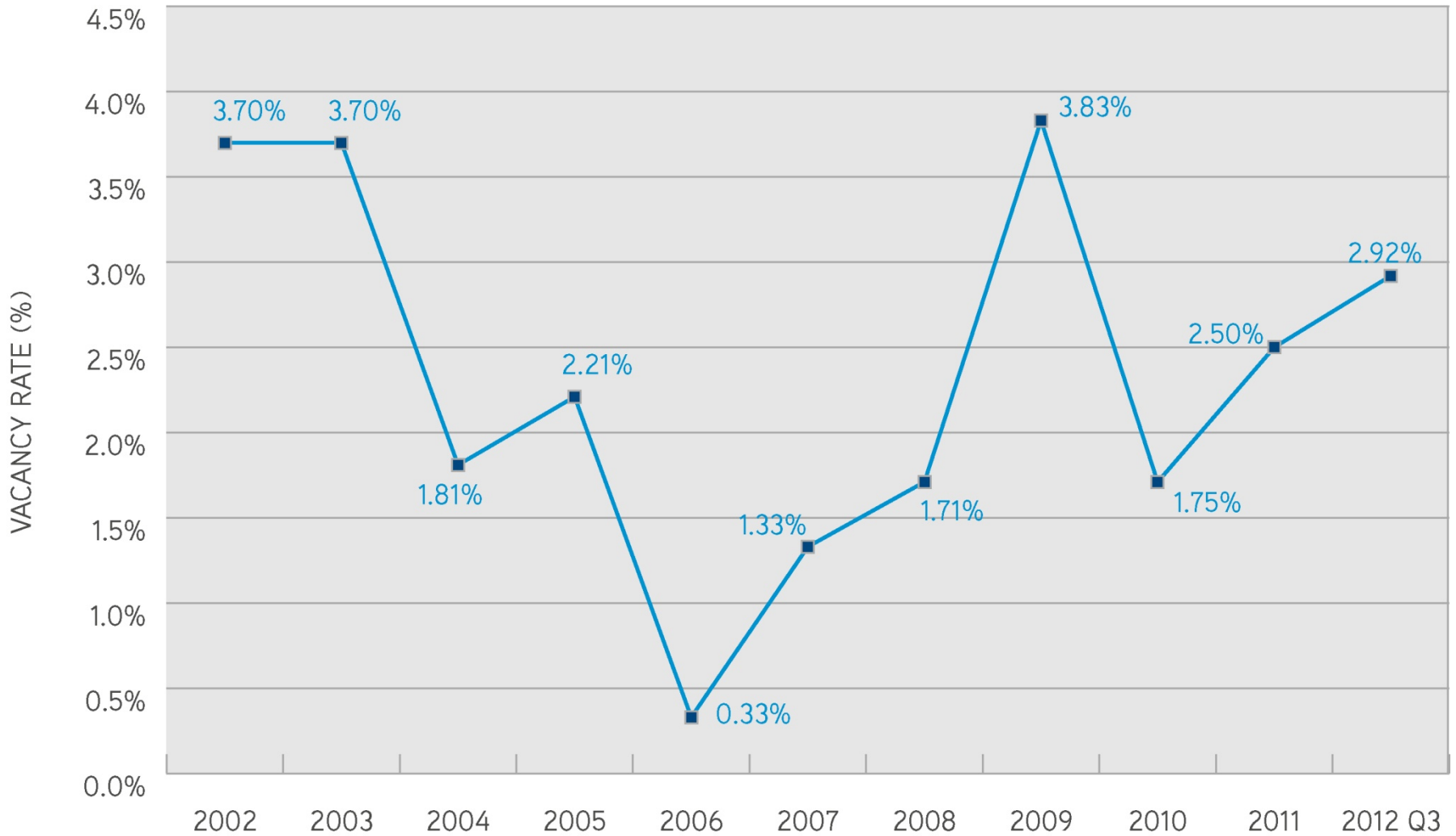
- ▶ 2011 annual retail sales in Alberta increased 7.2%
- ▶ 2012 annual retail sales in Alberta are projected to increase 8.9% and a further 8.5% in 2013
- ▶ July year over year retail sales are up 9.2%
- ▶ Retail sales in Calgary are expected to increase 5.6% in 2012, and a further 5.4% in 2013
- ▶ Monthly (July) retail sales in Alberta exceeded BC by \$604,300,000 – annualized: \$7.251 Billion
- ▶ Alberta has 748,828 fewer residents than BC



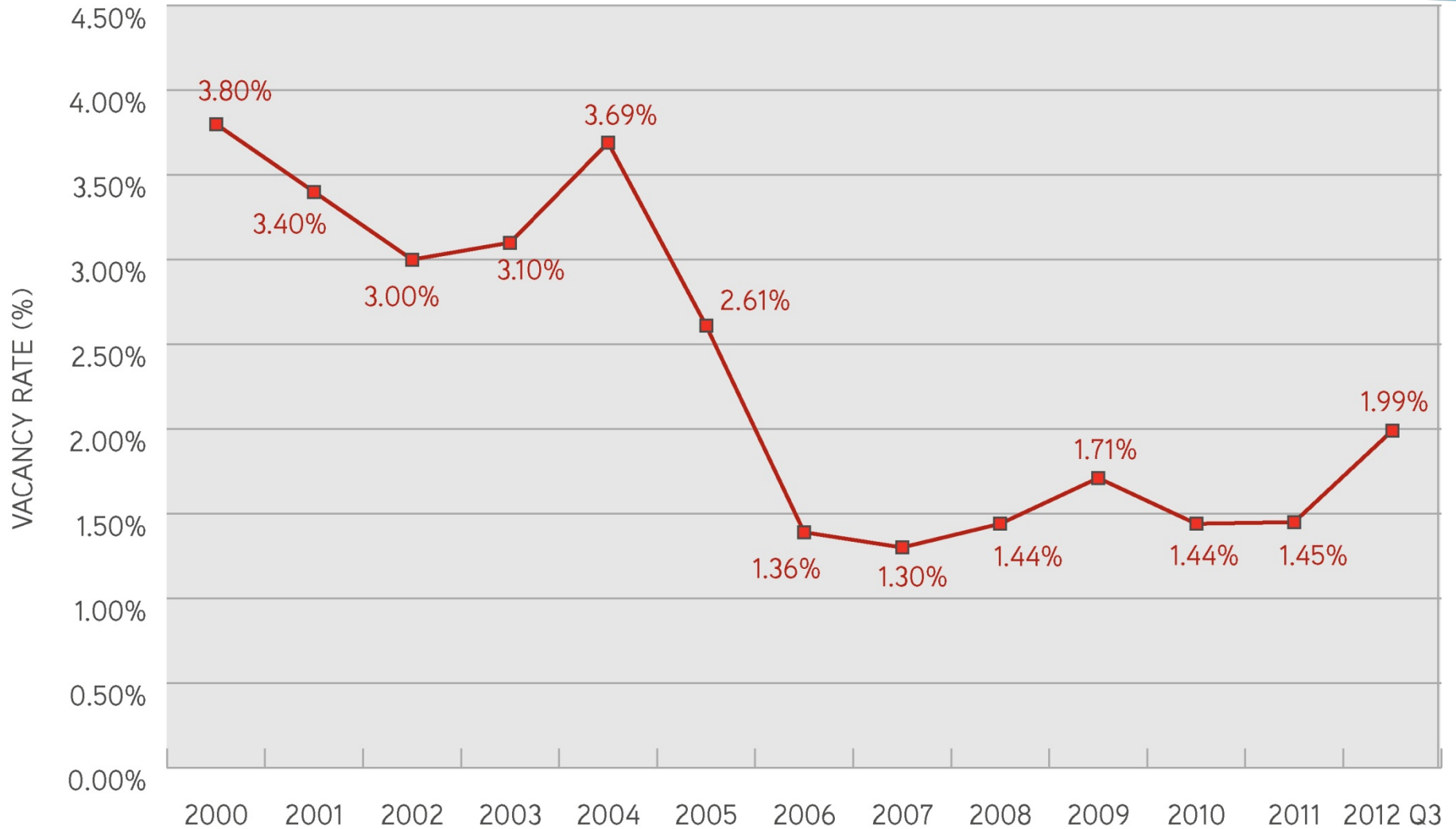
Per Capita Monthly (July 2012) Retail Trade by Province



Streetfront Vacancy Rates



Calgary Retail Vacancy Rates





Rental Rates

- ▶ Relatively stable for the most part in Strip Centre (under 50,000 sq. ft.), and Neighbourhood Centre (50,000 – 100,000 sq. ft.).
- ▶ Increasing 3% to 12% across the board for the most part in Community Centres (100,000 sq. ft.+) and Regional Shopping Centres.
- ▶ Streetfront rental rates dropped as much as 20% in 2009, however that drop has stabilized with notable streetfront projects seeing an increase in both interest and rental rates, and a reduction in Tenant inducements.

Calgary Lease Rates

Strip Shopping Centre		2012 Forecast
Lease Rate	\$22.00 - \$28.00	▲
Neighbourhood Shopping Centre		
Lease Rate	\$25.00 - \$40.00	▲
Community Shopping Centre		
Lease Rate	\$28.00 - \$50.00	▲
Enclosed Community Centre		
Lease Rate	\$20.00 - \$30.00	▲
Regional Shopping Centre		
Lease Rate	\$60.00 - \$200.00	▲
Streetfront		
Lease Rate	\$30.00 - \$80.00	▲



Proposed Retail Projects

- ▶ 37 projects currently proposed in Calgary
- ▶ Combined area of 10,520,788 square feet
- ▶ Summary by quadrant:
 - ▶ NW = 3,384,450 sq.ft.
(11 projects)
 - ▶ NE = 3,881,135 sq.ft.
(8 projects)
 - ▶ SW = 464,123 sq.ft.
(9 projects)
 - ▶ SE = 2,791,080 sq.ft.
(9 projects)



Summary

- ▶ Calgary's Retail Market remained very stable and healthy in 2012
- ▶ Increasing optimism by retailers, developers and most importantly, Consumers
- ▶ Consumer confidence
 - ▶ Unemployment levels have stabilized, and decreased
 - ▶ Increasing housing prices
 - ▶ Low/stable inflation
 - ▶ Oil prices hovering in the \$90 to \$100 range
 - ▶ Canadian dollar around par with the US dollar
 - ▶ Alberta has the highest average weekly earnings in Canada
- ▶ Credit (equity and debt) is much easier to obtain in 2012
- ▶ Stabilized and increasing retail sales, and profit levels
- ▶ Residential growth

Thank You



QUOTES FROM OUR CITY ADMIN

- ▶ “ Big box development are a mis-guided experiment.”-**Mayor Nenshi**
- ▶ “Mondays vote means a death knell for big box centres that dominate much of Calgary’s commercial landscape.”-**Mayor Nenshi**
- ▶ “I don’t think they’re particularly good retail spaces.”-**Mayor Nenshi**
- ▶ “I don’t do suburbs.”-**Rollin Stanley**
- ▶ “I have a philosophy. If you can’t get out of your car to buy a doughnut, you should probably not be eating it.”-**Rollin Stanley**
- ▶ “Hostile”, “horrid for pedestrians”, “harsh urban appearance” -
Calgary Planning document on Easthills project