

## ECONOMIC INDICATORS

### National

	Q3 18	Q3 19	12-Month Forecast
GDP Growth	2.1%	1.3%	■
CPI Growth	2.2%	1.9%	■
Retail Sales Growth	-6.7%	2.6%	▲
Canada Unemployment	6.0%	5.7%	▲

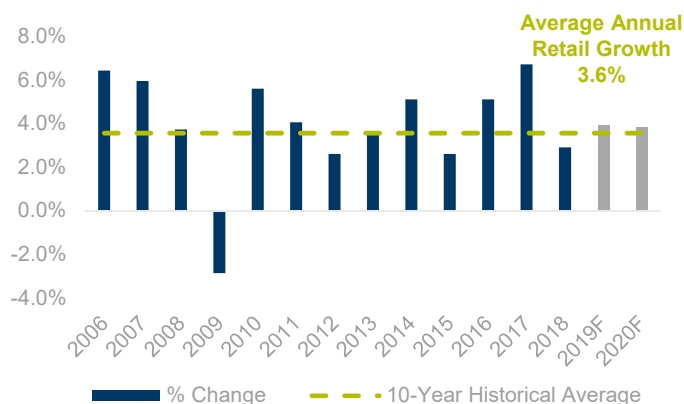
### Regional

	Q3 18	Q3 19	12-Month Forecast
Calgary Unemployment	8.2%	7.1%	■
Calgary Population (millions)	1.267	1.285	■
Calgary Retail Sales Growth	-6.3%	-0.1%	▲

Growth stats represent YOY comparison

Source: Statistics Canada

### Canadian Retail Sales Growth



### High Street Asking Rents

	Asking Rent (Low)	Asking Rent (High)	12-Month Forecast
Mission (4th Street)	\$30.00	\$50.00	■
17th Avenue	\$35.00	\$40.00	▼
Stephen Avenue	\$30.00	\$35.00	■
Marda Loop	\$45.00	\$60.00	■
Kensington	\$35.00	\$45.00	■

## Economy

Calgary's retailers faced a number of headwinds throughout 2019, particularly those located in the city's Downtown and Beltline areas. Rising municipal taxes, extended road closures due to construction on 17<sup>th</sup> Avenue, and the protracted economic recovery have resulted in strain on the city's businesses, particularly independent proprietors.

While the provincial election in April 2019 provided Albertans with some clarity, it did little to spur growth in Alberta's dominate, and high-paying, energy sector as most companies opted to take a wait-and-see approach until after the federal election and will likely continue to do so until greater certainty is felt with the elected minority government.

Calgary's economy added 49,000 net new jobs over the past 12 months, the majority of which were in the education and healthcare sectors.

Nationally, Canada's retail sales have rebounded, closing the third quarter of 2019 at positive 2.6%, and while Alberta's retail sales growth continues to lag the national average, the province saw a 610 basis point (bps) improvement year-over-year, closing at negative 0.1%.

## Market Overview

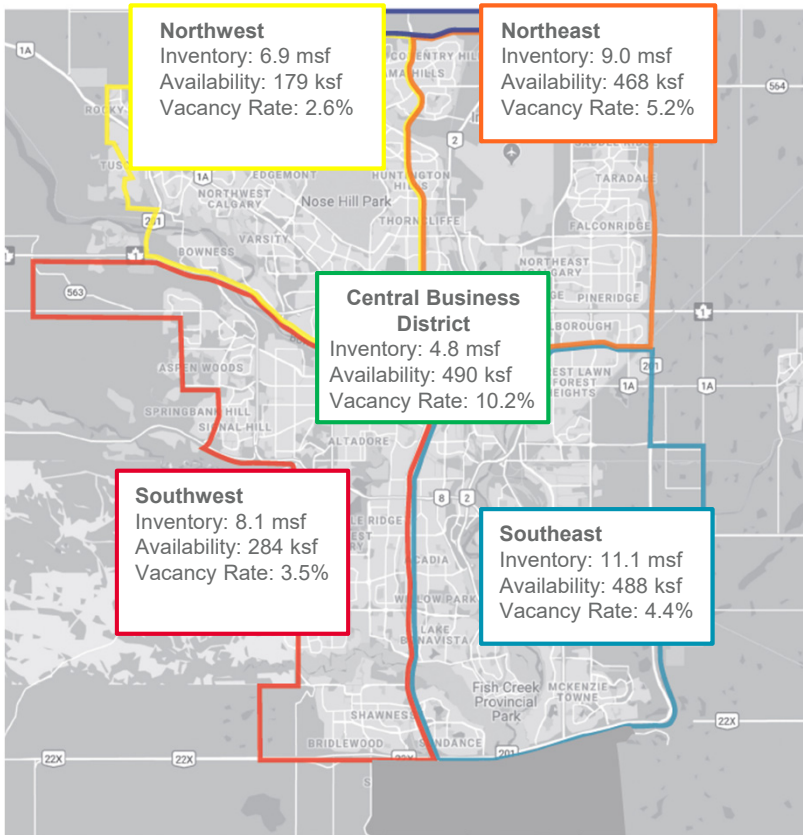
Despite economic challenges, Calgary continued to attract a number of new entrants to the market. The Montreal-based, vegan-leather company Matt & Nat opened its first Western Canadian store at Calgary's Chinook Centre, which maintains its foothold as one of Canada's top-performing enclosed malls. Two other new market entrants that opened their doors at Chinook Centre are Casper, the mattress e-retailer, and Melbourne-based women's apparel store Ever New.

While Calgarians enjoy their time spent at enclosed malls (particularly in the cold winter months), the third quarter of 2019 had a number of other notable openings throughout the city. The international quick-service food retailer Jollibee opened its second Albertan location (and its first location in Calgary) in September 2019, with more locations for both Calgary and Edmonton planned. The auto parts store Lordco opened its first Calgary location at 70 Glendeer Circle SE, backfilling the long-vacant former space of Sears Home Store.

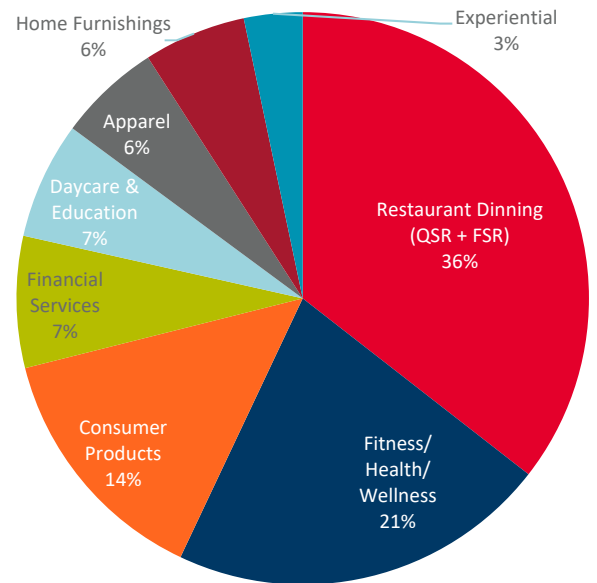
Calgarians seem to show no signs of a slowing appetite for food and fitness options based on the breakdown of tenants in the market by sector. While many full service restaurants were hard hit by the extended economic recovery, the rise in quick-service options offers the ease and convenience of dining out at an accessible price point. With food comes fitness, and boutique and specialty fitness providers continue to increase in number, making up 21.0% of the total demand from tenants in the market.

## Outlook

Calgary's Downtown storefront retail will continue to face challenges, particularly as businesses are forced to adjust to tax hikes and signs of a robust recovery remain elusive. However, the city's Class A suburban malls that offer premium shopping, movie theatre, and dining options will still capture consumer demand. The experience consumers receive from the mall, dining, and fitness options will help to counter rising concerns about e-commerce. For some e-retailers, such as Casper, the benefit of a brick and mortar store for customers to touch and feel the product will continue to help drive demand for physical stores.



## Calgary Tenant Demand By Sector



### Notable Retail Openings Q3 2019

PROPERTY	PROPERTY TYPE	TENANT	RETAIL TYPE	SUBMARKET
70 Glendeer Circle SE	Big Box	Lordco	Auto Parts	Southeast
Chinook Centre	Enclosed Mall	Matt & Nat	Apparel	Southwest
999 36 Street NE	Power Centre	Jollibee	QSR	Northeast

### Notable Retail Closures Q3 2019

PROPERTY	PROPERTY TYPE	TENANT	RETAIL TYPE	SUBMARKET
338 17 <sup>th</sup> Avenue SE	Street Front	Cilantro	FSR	Central Business District
5691 Signal Hill Centre SW	Power Centre	Ardene	Apparel	Southwest
Multiple Locations	Street Front & Offices (Nexen Building & Bow Building)	Starbucks	QSR	Northwest & Central Business District

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