

Alberta retail numbers go from loser to leader

BY MARIO TONEGUZZI, CALGARY HERALD FEBRUARY 26, 2010 7:01 AM

CALGARY - Malika Rajani opened her high-end fashion store in the midst of an economic downturn last year.

Passione opened its doors when the CrossIron Mills shopping centre was officially launched in mid-August in Balzac, just north of Calgary's city limits.

"It's been good. Last year, for all the retailers, it was a soft year, but I see it picking up now a lot," said Rajani, whose clothing and accessory store offers designer items, some at discount prices, in a boutique concept in the mall.

According to the Conference Board of Canada, Alberta retailers felt the biggest pain because of the recession in 2009 as overall sales dropped by 9.3 per cent in the province to \$55.4 billion. It was the steepest year-over-year decline of any province in the country.

However, the board is forecasting sales in Alberta to increase 1.3 per cent this year to just over \$56.1 billion and then to rise by 6.3 per cent -- the highest in the country -- in 2011 to close to \$59.7 billion.

That's good news for retailers such as Rajani.

"I am definitely confident about it being good," she said. "A start is always slow for all the new stores, but for us it was definitely a good start."

Companies are taking advantage of those optimistic retail sales numbers, with new retailers entering the Calgary market this year.

By the end of this year, Chinook Centre will have finished its multimillion-dollar expansion, and the multimillion-dollar redevelopment of the downtown CORE (TD Square-Eaton Centre) will also be completed. Later this year, luxury retailer Harry Rosen will have moved into its new and bigger flagship store in the CORE following the successful launch last fall of the new Holt Renfrew, also downtown.

James Moller, general manager of CrossIron Mills, said the shopping centre has had a good beginning in Calgary's retail environment. In December, gift card sales were over \$1 million and the number of visitors to the mall as of the end of January was more than four million for the first five months of operation.

"We're looking for great things in 2010," he said.

In April, Coach Factory will open its first western Canadian store at CrossIron Mills. This follows recent

openings of Femme and American Eagle Outfitters at the mall. Brooks Brothers will open in a few months as well.

"We're starting to see some of those retailers from the U.S. and Canada starting to look around at opening stores in 2010 -- the ones that maybe pulled back in 2009," said Moller.

"We're seeing signs of tentative economic growth and retail sales for us here as well in 2010."

Moller said the 1.4-million-square-foot shopping centre is more than 80 per cent leased. Counting shorter-term deals of one and two years brings the leasing rate up to about 98 per cent.

Adam Legge, vice-president and chief economist with Calgary Economic Development, said Calgarians have "historically had a very strong appetite for retail and have ended up as the nation's largest retail spenders per capita."

That has supported a rich and robust retail environment.

"We have seen that acted upon by a number of the malls and developers. So we're seeing expansion at Chinook, we're seeing the renovation at the CORE and obviously the CrossIron Mills project," said Legge.

"There is definitely a sense of greater willingness to spend."

From an Alberta perspective, the province is down about \$400 million to \$500 million per month compared with its peak in 2007.

Despite the decline, Albertans remain the highest spenders in the country.

Legge said Calgary has a very high income profile, with the highest number of millionaires per capita in Canada. And despite the fact unemployment has risen in the city in the past year, we still have 93 per cent of the labour force gainfully employed and with some of the highest wages in the country.

"So their ability to spend is still preserved for a large portion of the population and at a higher level," added Legge.

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Alberta Retail Sales Forecast

in billions of dollars

2009 2010 2011

Dollar volume \$55.4 \$56.12 \$59.66

Annual change -9.3% 1.3% 6.3%

Source: Conference Board of Canada

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