

REGIONAL ROUNDUP Balzac – pop. 500 – welcomes 100,000 shoppers a week to giant CrossIron mall

Mall that ate a village

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The traffic-directing Mounties are gone for now, and construction in Balzac – named for Honore de Balzac, the 19th-century French realist author – has slowed from the frantic pace of 2009, but development continues in the 500-person hamlet just north of Calgary. Lois Habberfield likes what she's seeing. Habberfield, the schoolteacher-turned-reeve for Rocky View County, sees ongoing commercial development at Balzac as something that can have long-term benefits – not only for residents of her division, which includes Balzac, but for the entire county.

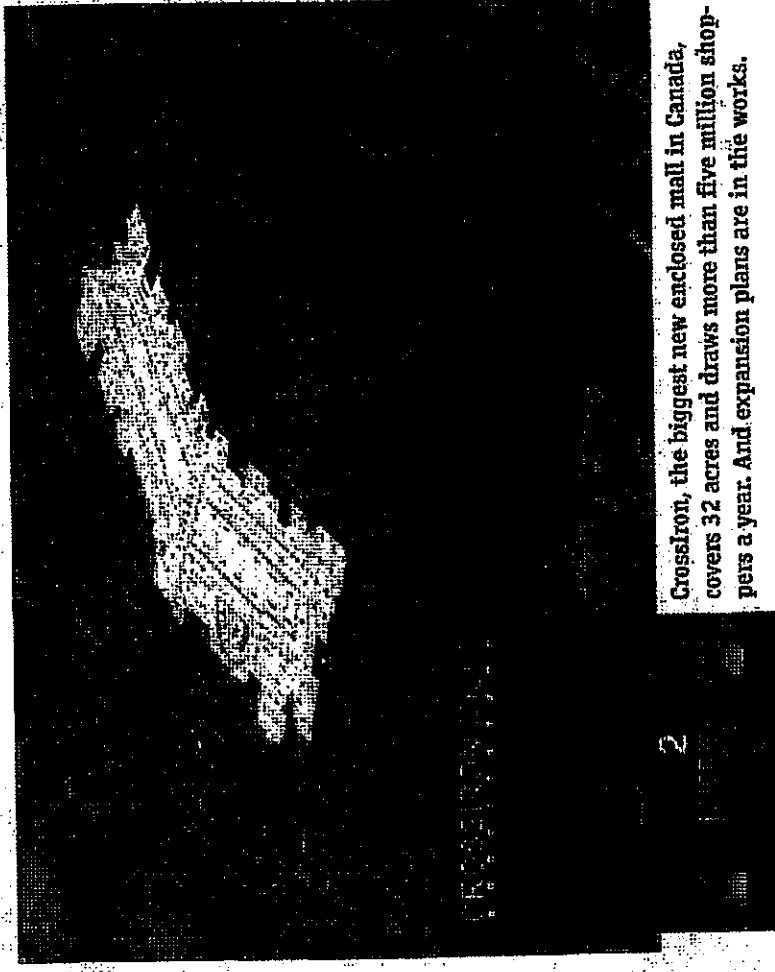
"This year, we will start to be able to measure what the tax benefit is from non-residential development," Habberfield explains. "We did need to be able to diversify our tax base [about 78 per cent residential], and we wanted to get more to a healthy balance."

Rocky View County is not a sparsely populated rural municipality by western Canadian standards. Its estimated 2009 population topped 36,000 – albeit in an area roughly the size of Prince Edward Island. Rocky View surrounds Calgary on its northwest, north and east sides. It also surrounds the rapidly growing city of Airdrie (pop. 38,000) and borders another Calgary-area boom community, Cochrane.

Still, it hadn't been able to latch on to the type of commercial development and accompanying tax base that many rural and urban politicians dream about at least until now.

Nowadays, Rocky View is the only suburban Mills, the first and biggest enclosed view shopping mall built in Alberta in two decades, and several new large commercial/industrial subdivisions.

The mega mall, our Ivanhoe Cambridge development with 1.2 million square feet of leasable space, 175 specialty stores and more



CrossIron, the biggest new enclosed mall in Canada, covers 32 acres and draws more than five million shoppers a year. And expansion plans are in the works.

than a dozen anchor tenants, opened its doors in August 19, 2009. The grand opening happened squarely in the middle of the recession's second quarter. Still, shoppers flocked to CrossIron around Balzac, keeping Mounties busy with traffic control chores not commonly experienced two miles north of Calgary off the QE2.

In all, according to James Moller, general manager of CrossIron Mills, Ivanhoe Cambridge's retail force north of Calgary, the mall has been a successful business.

Surpassed targets

"In terms of sales, we were very pleased with the numbers," Moller says. "We've surpassed our targets in terms of sales and occupancy. We're very pleased with the numbers."

crossiron.com

"We're very pleased with the traffic for the [entire] week, but a majority of that is coming on the weekends, so typical retailers have to adjust to that," Moller notes.

Big boxes blossom

There's are other options for retailers looking for Balzac opportunities. For one, CrossIron Common, which will ultimately offer another one million square feet of commercial space on 122 acres just north of the existing mall, is ready and waiting for new buildings. The project features an under-construction Lowe's Home Improvement Warehouse outlet, one of three big-box stores the home-improvement giant intends to open in the Calgary market in 2010.

The new store will boost contractor traffic to the location and give CrossIron Mills more weekday business.

Future development in business parks to the north, south and west of the mall, and residential growth in Airdrie, Calgary and Rocky View subdivisions will also fuel sales at the auto-dependent destination shopping complex.

The retail symbolizes development for a rural municipality that long ago saw Balzac as a non-residential hub.

"We can't put residential development there, and it was always planned in the East Balzac Area Structure Plan as a non-residential growth area, so that's why we've put the infrastructure in there," Habberfield explains.

While several companies are developing the East Balzac area, Ivanhoe Cambridge has set the standard, Habberfield said.

"When it came to building the mall, we were in the infrastructure business, so we have some cost recovery agreements for them to recoup those costs over time from other developers."

For Moller, it's not that easy at first, when it comes to getting a water supply. It's a bit of a challenge in the city of Calgary, where the water supply is limited.

Differences between CrossIron Mills and conventional city shopping centres include store sizes – and average store sizes – and average store sizes. CrossIron Mills is a 32-acre mall with 2,000,000 square feet of leasable space, while conventional city shopping centres are typically 100,000 to 200,000 square feet.

Alberta

JOBS from B19

its water network into Rocky View at Balzac, the county eventually secured water through Western Irrigation District.

Asked for what advice she might give to other urban fringe municipalities, Habberfield talks about three things: being respectful of what the neighbours want – in this case Airdrie and Calgary; ensuring you can service what you develop; and finding developers with deep pockets.

Horse track

Development at Balzac isn't slated to cost Rocky View anything in its 2010 municipal budget, but front-ending costs for what's coming in Balzac Commercial Campus, Wagon Wheel Industrial Park, Nose Creek Business Park and Pointe North Business Park has added to the county's long-term debt.

Rocky View's debt hit \$55 million at the end of 2008, up from only \$5.4 million at the end of 2004. Its reserves fell by \$8.7 million in 2008 to \$35.4 million. Still, its debt load was less than half of what the province allowed at the end of 2008, and new warehouses, fabrication plants and offices are opening, under construction, or in the works. Among the retail giants plunging into East Balzac is Costco. Walmart is building a warehouse/distribution hub at Balzac.

There's a little more uncertainty with the neighbour to the immediate east of CrossIron Mills. That property is controlled by the United

Horsemen of Alberta, which has proposed a world-class racing and entertainment centre for the land – everything from thoroughbred horse racing to a 3,000-seat theatre and modern grandstand.

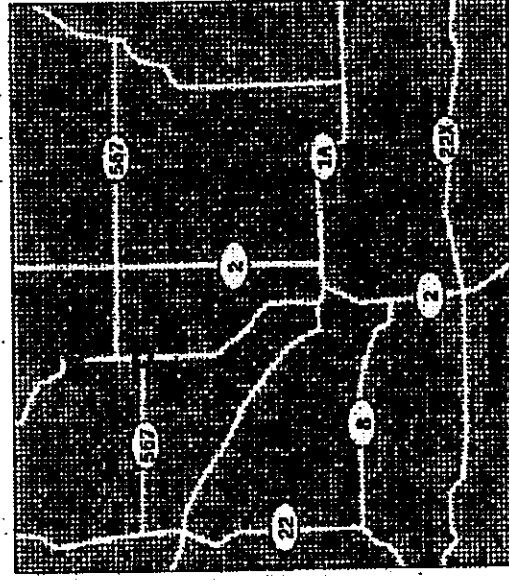
The project has stalled with the UHA's filing for protection from its creditors under the Companies' Creditors Arrangement Act while it reorganizes and tries to remain in business. It recently announced on its website that it had reached an agreement with Ivanhoe Cambridge to shed its \$52 million debt to Ivanhoe in exchange for its western lands of 125.7 acres at Balzac.

That deal will allow UHA to sell more of its non-essential land to further reduce its debt. Colliers International is now listing serviced UHA-controlled lands east of the proposed racing entertainment centre for between \$550,000 and \$750,000 per acre. All of the for-sale parcels are collectively priced at over \$18 million. UHA was scheduled to be back in court in mid-February.

"These efforts will result in UHA having a very clean balance sheet and will allow us to continue on with our phased business plan," wrote UHA president Darcy Marler in a posting to the website. "We are now in a much better position to contact potential investors and lenders."

While the ponies may be a few years and court hearings from running east of CrossIron Mills, many of Habberfield's former Airdrie students are working and shopping in Balzac. Moller says roughly half the employees work-

Quick facts



Balzac, AB

Balzac population 500

Rocky View County population 31,000

Weekly visitors to CrossIron Mall

100,000

Average detached house price \$340,000

Acres of commercial land \$550,000 -

\$750,000

Acres zoned commercial 5,000

ing at CrossIron Mills come from Airdrie and the rural area around the mall.

And the mall is only part of what exists for employees. Skilled jobs in metal manufacturing await. So do transportation and logistics positions and careers with future business park employers.

Says Habberfield: "It's much bigger than just

the mall." ♦