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Retailers, Investors Expand into Canada

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Rose

TORONTO-Consumer confidence and a low unemployment rate (7.7%) has boosted commercial real estate in Canada in the first quarter, according to Avison Young. Retailers in particular are moving to jump into the country, with Target acquiring 220 stores across Canada and Tanger Outlet Centers planning up to 15 malls by 2013.

Mark Rose, CEO of the locally based brokerage firm, tells GlobeSt.com that Canada, with strong banks and conservative lending, just didn't suffer through most of the financial difficulty faced by its neighbor to the south. "The old adage of the United States catching a cold and the rest of the world getting sick just didn't play out that way up here," he says.

Rising gas prices have also started to impact Canadian cities, as the country supplies much of the continent's oil. The prices have boosted the markets of cities such as Calgary, he says.

However, retail has been the star of Canadian CRE, Rose says. In 2010, retail was the most actively traded asset class in Canada, with more than $5 billion in retail assets trading, according to a recent Avison Young report. Only $2 billion of retail properties sold in 2009 in Canada, according to the report.

Target is looking to jump into the country, recently acquiring the leasehold interests in 220 Zellers stores in a $1.8 billion deal. The Avison Young report also details other companies looking to jump into the Great White North, including Marhalls, JC Penney, Kohl's and J. Crew. Also, locally based RioCan announced earlier this year a $1 billion partnership with Tanger Outlet Centers that could add up to 15 of the malls in Canada by 2013.

Rose says he's seeing US retailers at ICSC conferences looking to make deals in Canada. "We're a pretty big growth area for them, we're talking the likes of Five Guys and Buffalo Wild Wings, traditional American food retailers who are looking to set up businesses up here," he says.

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