

# Commercial real estate looking up, Elenko says

BY CASSANDRA KYLE, THE STARPHOENIX JANUARY 5, 2010

Saskatoon's commercial real estate sector is on the verge of expanding yet again after a year of investment restraint, the managing partner of a local commercial real estate firm said Monday.

Phill Elenko of ICR Commercial Real Estate believes investors are poised to return to the marketplace after staying on the sidelines during most of 2009 as a result of the economic downturn. As new commercial spaces are developed, he said, business will come naturally.

"One will follow the other," Elenko said. "We're anticipating there will be some investment following up this next little retail building activity."

In its recently released 2009 Retail Survey, ICR said the 200,000 square feet of commercial space added to the city's inventory last year was consumed almost as soon as construction had finished on the projects.

Retail vacancy rates rose 0.2 per cent to two per cent last year over 2008, the report says. Even with the slight vacancy increase, Elenko feels the city is ready for more retail space.

"Like groceries on the shelf, you want to have a few things you can sell, so we're now in a position where in some areas of the city there's virtually no space developed. You can't build a building overnight, so it's going to take some time to build some product up in those areas.

"So that's actually very positive and that's a real testament to the strength of our economy here," he said.

## WEST SIDE EXPANSION

While progress is continuing in some areas where growth is expected -- such as Stonebridge, where Walmart is expanding its existing building to 192,000 square feet -- Elenko said expansion plans are on the way for retail in the west side.

Specifically, he said, some "big news" is on the way for Confederation Mall, where negotiations are ongoing for a new anchor tenant. The tenant, which remains unnamed, will take the space held by Walmart, which is moving to a new location in the Blairmore shopping area in a few weeks' time.

"We've got some stuff happening out there that is going to be, I think, pretty exciting for Confederation," Elenko said.

"The positive is it will help the Confederation area, and the negative is it may not help the new Walmart area quite as much. So the question is: Is there enough demand for both of those areas?"

Meanwhile, the downtown core continues to grow even without the start of construction on the Lake Placid megaproject, he said.

"I think what we've been waiting for is already happening right in front of our faces, although we're not realizing it because (we're) waiting for the big bang and there have been a lot of little bangs that have really taken over in the core," he said.

After a quiet year on the commercial investment front, Elenko said 2010 is already showing signs of improvement.

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