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Race to fill in gaps on Pembina strip

High visibility, stadium draw tenants in droves

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Commercial real estate agents Todd Labelle (left) and Jess Davis, of Avison Young Commercial Real Estate Inc., say the factor limiting development on Pembina Highway isn't competing drawing power from other suburban locations or retail power centres -- it's lack of available space. Photo Store

Infill developers are helping breathe new life into one of the city's older retail strips -- Pembina Highway. At least three new infill developments have either been recently completed, are partially completed, or

are in the works for the south-Winnipeg thoroughfare.

THE BUY WAYS OF THE HIGHWAY

HERE is a thumbnail sketch of three new infill developments on Pembina Highway:

Location: **1566 Pembina at Crescent Drive.**

- Developers: DTZ and Ventura Homes
- Type of development: Office/retail
- Size: 16,000 square feet (9,500 office and 6,500 office/retail)
- Current status: Construction to start this fall or next spring.
- Tenants: One unnamed office tenant has been signed. It's leasing about 9,500 square feet.

Location: **2579-2599 Pembina (south of Bison Drive).**

- Developer: A Saskatchewan entrepreneur/developer
- Type of development: Retail strip mall
- Size: Phase I is 10,000 square feet, Phase II (under construction) is 7,000 square feet.
- Current Status: Phase I completed and fully leased. Phase II is under construction with one tenant signed.
- Tenants: Phase I: Rogers Airsource (regional office and retail outlet), Santa Lucia, Kazoku Sushi, Golf Tech, Warraich Meats. Phase II: Wild Wing (restaurant and lounge).

All three are in the southern half of the strip; two are retail strip malls and the third is an office/retail complex.

Leasing agents for the two strip malls said they've had no trouble finding tenants for their projects. And a leasing agent for the third project said an anchor office tenant has been signed even though construction won't get underway until this fall or next spring.

"Almost as soon as we put the sign up on the property the calls started coming in," Todd Labelle, of Avison & Young Commercial Real Estate (Manitoba) Inc., said of the 17,000-square-foot strip mall that's under development at 2579-2599 Pembina (just south of Bison Drive).

"In the first few weeks, I probably had 40 or 50 calls on the property, and almost all of them from restaurants," Labelle said. "Pembina just seems to be a restaurant strip because of the high population density, the university (University of Manitoba) and people trying to feed off the new stadium and the events being staged there."

He said the opening of the new Bomber stadium on the U of M campus is less of a drawing card than some people might think because of the limited number of games and events held there each year.

"(It) has helped, but I think this would have filled up even without the stadium being there."

Greg Simeonidis, owner of the Santa Lucia takeout/delivery outlet that opened last December in the mall, confirmed having the new football stadium nearby had little to do with his decision to relocate from a site further south on Pembina near the Perimeter Highway. Increased visibility was the big drawing card.

"It's better for us because there is more traffic passing by our door," he said, adding sales were up 30 per cent in their first six months at the new site.

It took about five months for the local office of Cushman & Wakefield to find five tenants needed to fill a new 10,000-square-foot strip mall that opened last year at 2425 Pembina.

"We were very, very happy with it," said Michelle Constant, the office's vice-president, retail.

All the mall's tenants are food-related businesses -- four restaurants and a butcher shop. Constant said that's not

Location: **2425 Pembina (near Bison Drive).**

- Developer: Longboat Development Corp.
- Type of development: Retail strip mall
- Size: 10,000 square feet
- Current status: Opened in 2012. Fully leased.
- Tenants: Booster Juice, Sushi Gen, Miller's Meats, Papa John's Pizza, Five Guys Burgers & Fries.

surprising because food/restaurants has been the city's fastest-growing retail sector in recent years. Restaurant chains also seem more willing and able to pay the higher rents new developments command.

Although tenants haven't been hard to find, the leasing agents have differing opinions about how much more infill development Pembina Highway could handle.

Constant predicted all the new retail development planned for the Seasons of Tuxedo retail power centre and the Bridgwater Forest townsite in southwest Winnipeg will limit the demand for more new retail space on Pembina.

"I just think it's too much retail to absorb. And construction costs are not going down."

But Labelle said retail power centres and smaller strip malls tend to appeal to different types of retailers.

"It's a whole different demographic and a whole different type of business that's going there (Seasons of Tuxedo) compared to what's going to Pembina Highway. So nothing there has drawn people away from here."

Labelle said if anything stymies further infill development on Pembina, it will be the shortage of available properties.

"I have a pocketful of people who would love to buy something and build a little strip mall. But there is such a shortage of properties along there. It's almost impossible to find anything."

The new strip mall he and fellow Avison Young leasing agent Jess Davis are marketing replaced an old hotel that used to be on the site. And the strip mall Cushman and Wakefield is marketing replaced an old car dealer/autobody shop.

The new office/retail complex will be built on the site of a former Shell gas station. The local DTZ office is co-developer and leasing agent for the project, and president Martin McGarry said the complex will include a two-storey office building and an attached, one-storey retail/office building.

McGarry said there is demand for suburban office space in Winnipeg, but it's mostly from smaller tenants.

"All of the good news stories coming out of the downtown... are helping to retain all of the core office tenants in the downtown," he added.

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