

Lloydminster

Retail Mall Vacancy Survey

January 2020

1.0 Economic Background

The [City of Lloydminster](#) is located on the Yellowhead Highway approximately 250 km east of Edmonton and 275 km west of Saskatoon, straddling the border (4th Meridian) between Alberta and Saskatchewan. The population, according to the [Stats Canada 2016 Census](#), Lloydminster showed a population of 34,583 persons. The [City of Lloydminster's 2015 Municipal Census](#) showed a population of 31,377 persons (a .338% decrease over its 2013 Municipal Census population of 31,483). Of the 31,377 residents, 19,740 (63%) lived on the Alberta side and 11,637 (37%) lived on the Saskatchewan side. No new censuses have been conducted since 2016.



Lloydminster is surrounded by some of the richest farmland in western Canada. The district enjoys a relatively stable economy, with a mix of agricultural and oil industry base. The city centres a 2,500-square-mile oil field, said to be the largest concentration of heavy crude in North America. Oil activities, particularly servicing, refining, pipelining and upgrading, have been a predominant Lloydminster activity for many years. Another activity to note is specialized manufacturing and machining which manufactures equipment for the petroleum industry.

One measure of economic activity in a city is the level of construction. **Building permits for 2019** (obtained from the City of Lloydminster Engineering/Planning Dept.) were 151 permits totaling \$25.1 million compared to 194 permits totaling \$25.1 million in 2018 and 212 permits totaling \$40.7 million in 2017. Of these, 18 were for new dwellings compared to 38 the previous year.

The MLS residential sales statistics for the city show that the Saskatchewan side had 111 sales (29.0%) and the Alberta side had a total of 278 (71.0%). This includes only urban residential properties within the City of

Lloydminster and does not include “conditional” sales as at December 31, 2019. The average house price on the Alberta side was \$298,174 down from \$325,585 in 2018. The average house price on the Saskatchewan side was \$255,548, up from \$251,181 in 2018. This is an approximate 8.4% decrease from the previous year for Alberta and 1.7% increase for Saskatchewan. The average house price is the total sale price of all residential sales divided by the number of sales. The average house price on the Alberta side is approximately 17% higher than the Saskatchewan side. Out of the 389 residential sales in Lloydminster, 59 or 15% were condominium ownerships.

The following table summarizes the MLS statistics and reflects the past 5 years:

Table #1 MLS RESIDENTIAL STATS As Of December 31, 2019						
Province	ALBERTA			SASKATCHEWAN		
Year	# of Sales	Gross Sales (Millions)	Avg. Price/home (Alberta)	# of Sales	Gross Sales (Millions)	Avg. Price/home (Sask.)
2015	280	\$110.40	\$394,301	159	\$49.27	\$309,875
2016	185	\$69.10	\$373,468	105	\$30.5	\$287,137
2017	252	\$89.29	\$354,342	126	\$32.25	\$257,034
2018	249	\$81.07	\$325,585	109	\$27.38	\$251,181
2019	278	\$82.89	\$298,174	111	\$28.07	\$255,548
Change from 2018 to 2019	↑29	↑\$1.82	↓8.4%	↑2	↑\$0.69	↑1.7%

According to CMHC, Lloydminster apartment vacancy rates increased slightly from 11.5% in 2018 to 12.8% in 2019. Rents increased slightly in 1, 2 & 3 BR apartments between 2018 and 2019 except for bachelor suites which decreased in 2019. The 2019 apartment survey consisted of 2,263 suites, of which nearly one third are located on the Saskatchewan side of the border. The following is a chart for Lloydminster showing the average apartment rental rates from 2015 to 2019:

Table #2 CMHC STATS Lloydminster – December 2019						% ↑/↓ from previous year
Average Apartment Rent	2015	2016	2017	2018	2019	
Bachelor	\$688	\$622	\$612	\$636	\$606	↓4.7%

1 Bedroom	\$961	\$915	\$914	\$936	\$954	↑1.9%
2 Bedroom	\$1090	\$1023	\$1017	\$1016	\$1060	↑4.3%
3 Bedroom and +	\$1309	\$1293	\$1324	\$1324	\$1366	↑3.2%
Average Rent	\$1058	\$999	\$996	\$1008	\$1037	↑2.9%

Overall, vacancy increased by 1.3%, from 11.5% in 2018 to 12.8% in 2019 and average rents increased minimally by 2.9%. This equates to approx. 290 suites vacant in the entire city.

Local industries include the Heavy Oil Bi-Provincial Upgrader, plus several other smaller secondary manufacturing and distributing companies, many of which are related to the oil industry.

Husky Oil is the largest employer in Lloydminster. Since the construction of the Bi-Provincial Upgrader in 1992, Husky has built the 215 megawatt Meridian Co-generation Plant which reached full operating capacity in 1999. Western Canada's largest ethanol plant employs approximately 25-30 full time permanent positions. This plant supports the local economy by purchasing goods and services from local suppliers including approximately 350,000 tonnes of feedstock from local producers, produces approximately 130 million litres of fuel grade ethanol per year and produces approximately 134,000 tonnes of distillers dried grain with solubles (DDGS) per year. Husky Oil has also announced a future expansion of the upgrader, however the timing of this expansion is still undetermined.

Lloydminster has numerous parks and playgrounds, a golf course and other leisure facilities, including an outdoor swimming pool and an indoor swimming pool and water slide facility. Servus Sports Centre is a \$25 million dollar multi-plex sports complex on the south side of the city. Built in 2005, this multi-use recreational complex contains twin ice arenas, twin indoor fieldhouses, a fitness wellness center, a physiotherapy/sports medicine center, upper level running track, exterior oval speed skating rink, child care space, retail sports shop, concession kiosk, lounge/kitchen, etc. and services Lloydminster and the surrounding communities. Best Western Plus Meridian is a hotel with direct access to the multi-plex via a second floor walkway, and was built to service the expected clientele of Servus Sports Centre. The city is well serviced with approximately 15 other hotel/motels located along the Trans Canada Highway No. 16 (44th Street) and Highway No. 17 (50th Avenue).

The City of Lloydminster has two fire halls, one is located in the downtown core on 49th Avenue and 50th Street, and the other one is located on the truck route or 59th Avenue and is in the southwest quadrant of the city.

The Lloydminster Hospital is a community hospital located on the Saskatchewan side of the border. The hospital is operated by the Prairie North Health Region and also serves the Alberta side of the community under contract to Alberta Health Services.

The extreme south central area of the city along 50th Avenue (Highway No. 17), includes a Tim Hortons, Subway, Papa Johns, Servus Credit Union, a Lloydminster & District Co-op gas station/convenience store, a McDonalds, an A & W, and numerous other businesses.

In the extreme west central area of the city north of Highway No. 16 and west of 80th Avenue is a fairly new area known as Hampton Square, which includes a Lloydminster & District Co-op gas station, three retail buildings, and two hotels (Hampton Inn and Meridian Inn and Suites).

To the east, along 44th Street (Trans Canada Highway No. 16) and 39th Avenue on the Saskatchewan side of the border, is a Sawmill Restaurant. Also west of 40th Avenue and south of 44th Street (Trans Canada Highway No. 16) is a newer area known as Iron Wells Crossing, which includes a Lloydminster Co-op gas station, Mary Browns, Tim Hortons, Solo Liquor store, the Gold Horse Casino, two hotels (Microtel Inns & Suites and Super 8), etc.

The Gold Horse Casino is a new casino totaling 49,500 sq. ft. on two levels which opened in December of 2018 in the Iron Wells Crossing area along 40th Avenue and just off of Trans Canada Highway No. 16. There are 250 slot machines, 18 electronic gaming tables, 5 live gaming tables, an event centre, a deli and a bar & grill restaurant included in this facility. They are nearing completion (by mid-late summer of 2020) of a two storey addition attached to the east side of the casino. This addition has a building footprint of 10,535 sq. ft. for a total of 21,070 sq. ft. on two floors. The net rentable area on the main floor which will be allocated for retail will be 7,693 sq. ft. and 7,691 sq. ft. on the second floor will be allocated for offices. The building is elevated and so is the casino. There are future plans for a limited service hotel to be attached to the retail/office addition, with plans for a climate controlled walkway. This walkway will be from the hotel to the casino (to be located in front of the retail CRU's). There is room for at least 2 more pads (either retail, restaurant or additional office) on the site in addition to the Petro Canada Gas bar and convenience store which is already built. The entire site is in the process of

being converted to an Urban Reserve. In previous locations, SIGA (Saskatchewan Indian Gaming Association) casinos have been a major tourist draw to the cities that they are located in.

In the city centre located west of 50th Avenue and south of 44th Street is a development known as City Centre which includes the anchor Real Canadian Superstore, Sleep Country, Pet Smart, Sally Beauty, Dollar Tree, Fit 4 Less, Little Caesars, an Original Joe's restaurant, Burger King, etc.

There are a full range of educational facilities, including numerous schools from Kindergarten to Grade 12 and the multi-million dollar Lakeland College Campus developed in the southwest sector of the city. This campus provides community college courses up to university degree courses in several disciplines. The Vic Juba Community Theatre is also a 555 seat arts and entertainment theatre on the Lakeland College Campus.

As discussed above, the city has a diversified economic base which has been in a recession for the approximate past four years, but now appears to be stabilizing and is expected to remain so for the near future.

2.0 Study Area and Inventory

The study area includes the entire City of Lloydminster. The majority of the strip retail is concentrated on 44th Street (Trans Canada Yellowhead Highway No. 16), which runs the entire width of the city. There is a secondary Highway commercial strip which is 50th Avenue, the Meridian, also known as Provincial Highway No.17. Excluded from this study is the retail component of the downtown core. The malls are classified as either an enclosed retail mall or strip development which includes "Big Box" retail. Excluded from the survey were any one-storey free-standing buildings on pads unless they were part of a mini power center, "Big Box" retail or part of a major development such as Cornerstone, Brentwood Developments, Hampton Square, City Centre, Iron Wells Crossing, 18th Street Crossing, etc.

The total inventory is approximately 2,574,126 sq. ft., including one enclosed mall located in the centre of the city on the Trans Canada Yellowhead Highway on the Alberta side of the border. Anchors in this enclosed mall include Safeway & Shoppers Drug Mart. Anchors in the strip category include The Brick, Princess Auto, Peavy Mart, Totem, Shopper Drug Mart, Home Depot, Canadian Tire, Walmart, Sobeys, Staples, Marks, Superstore, Best Buy, Winners and Sport Chek.

Added to the survey this year were three existing developments known as Village Green Mall, Lloydminster Nut & Bolt, and Lloydminster Plaza which includes the Anchor “The Brick” (21,846 sq. ft.). Also added was a new building located on 12th Street and 61st Avenue in the Lakeside development located in the southwest corner of the city. All of these are considered to be retail malls with lease space available. The total square footage added for these four developments was approximately 64,047 sq. ft.

3.0 Retail Space Overview

The Lloydminster retail market presently has 199,163 (7.7%) sq. ft. in the enclosed mall and 2,204,307 (85.6%) sq. ft. in strip retail on the Alberta side of the city and 170,656 (6.6%) sq. ft. on the Saskatchewan side. As a result, the addition of any retail development 10,000 sq. ft. or over can have an impact on the vacancy in that category over the short term. Establishing absorption figures over a period of time is one of the objectives of the study and will come into play in the future as historical information is available.

The information gathered and summarized in the following table is effective as of December 31, 2019.

Type	Total Area (Sq.Ft.)	Anchor (Sq.Ft.)	CRU's (Sq.Ft.)	Total Vacant (Sq.Ft.)	Vac. 2019	Vac. 2018	Vac. 2017	Vac. 2016	Vac. 2015
Enclosed	199,163	68897	130,266	30,024	15.08%	23.84%	24.13%	4.40%	3.71%
Strip	2,204,307	613,187	1,591,120	68,447	3.11%	3.03%	2.02%	3.35%	2.79%
Total Alberta	2,403,470	682,084	1,721,386	98,471	4.10%	4.98%	4.12%	3.46%	2.89%
Total Sask.	170,656	0	170,656	12,804	7.50%	12.32%	8.40%	7.23%	11.66%
Total City	2,574,126	682,084	1,892,042	111,275	4.32%	5.52%	4.44%	3.76%	3.64%

4.0 Vacancy

The overall city-wide mall vacancy is 4.32% with 4.1% on the Alberta side and 7.5% vacancy on the Saskatchewan side. The Alberta side of the city has 93.4% of all the mall retail space while the Saskatchewan side has 6.6%. The Alberta side vacancy rate decreased from the previous year from 4.98% in 2018 to 4.1% in 2019. Saskatchewan vacancy also decreased from 12.32%

in 2018 to 7.5% in 2019. Vacancy increased in the strip category on the Alberta side from 3.03% in 2018 to 3.11% in 2019. This is mostly due to the fact that there were four developments added to the survey this year with vacant space available for lease. This is considered to be a slight increase from the previous year.

As of December 31, 2019, vacancy has decreased in the enclosed mall from 23.84% in 2018 to 15.08% in 2019 which equates to seven units. Sears closed across Canada in 2017. The mall advises that they are in the process of re-merchandising this space and half of it has already been leased.

The overall city vacancy rate has decreased slightly from the previous year from 5.52% to 4.32%. This vacancy rate is still considered to be quite low and the retail sector is felt to be quite strong in Lloydminster.

5.0 New Construction

Over the last decade most of the new retail construction in Lloydminster has been concentrated on the Alberta side of the border with the exception of the casino and the Iron Wells Crossing development. Commercial vacant land parcels fronting onto 50th Avenue (Highway No. 17 S.) on the Saskatchewan side of the border have mostly been developed.

One new building was constructed on the Alberta side in 2019 which was considered to be a “retail mall” with more than one tenant. It is located on 12th Street and 61st Avenue in the Lakeside development which is in the southwest corner of the city.

Also of note, is the “Costco” project which is out for tenders. This would include a Costco Warehouse, Liquor Pod and Fuel Facility. As noted, this is still in the tendering stage and has not been finalized or confirmed.

Canadian Tire purchased land located on 80th Avenue and 44th Street (Trans Canada Highway No. 16) and they will be constructing a new building and relocating sometime in the future.

Lloydminster is strategically located between Saskatoon and Edmonton's trade markets allowing for Lloydminster to have a growing trade area of well over 100,000 people. The retail sector has definitely had a positive effect on Lloydminster's economy.

Lloydminster is one of the most dynamic smaller cities in Canada. The city's strategic location plus its strong foundation in agricultural, oil and retail makes the overall economy of Lloydminster good, and therefore, the city is a relatively stable place.

6.0 Rental Rates

Discussion with leasing agents indicate that there is stronger interest on the Alberta side. Historically, the Saskatchewan side leases up more slowly, at a slightly lower rate than comparable space on the Alberta side. Overall, lease rates are slightly down with the dip in the economy.

Rental rates for the strip malls and mini power centers on the Alberta side are in the \$8.00/sq. ft. triple net to \$32.00/sq. ft. triple net range and appear to be in line with retail rates in other major urban centers in Alberta. The rental rates on the Saskatchewan side appear to be in the \$8.00/sq. ft. triple net to \$25.00/sq. ft. triple net range, which is also in line with rental rates for cities of similar size.

Leasing inducements which include rent free periods and/or tenant improvements appear to be minimal in the Lloydminster market. The majority of new construction has been on a pre-leased basis.

7.0 Market Overview

The oil industry has a very significant impact on the city's economy. According to the Alberta Government website, West Texas Intermediate (WTI), the benchmark for North American crude oil, prices have increased over the past year by approximately 1%, from \$56.96 USD/barrel in November 2018 to \$57.03 USD/barrel in November of 2019. As of November 2019, Western Canadian Select (WCS) was trading approximately \$14.71/USD/barrel lower than WTI at \$42.32/USD/barrel (up from \$11.03USD/barrel from the previous year). Economists predict a slow increase in price over the next year. The downturn in this industry has had a significant impact on the real estate market.

Apartment vacancies have increased 1.3% over the past year. It is interesting to note that, even with a vacancy rate at 12.8%, apartment rental rates have actually increased slightly by 2.9%. They have not seen the sharp declines in relationship to the percentage change in vacancy. Economic conditions have kept vacancies slightly elevated.

The single family residential market in the city has also seen an 8.7% increase in units sold over the past year and overall, values have decreased by approximately 8.4% on the Alberta side and increased by 1.7% on the Saskatchewan side. After five years of declining prices, the residential market appears to be heading towards stabilization.

The retail sector has so far weathered the change in the economy with only a 0.68% increase in vacancy over the past five years. The current vacancy at 4.32% for the entire city is still considered to be a fairly strong market.

The Gold Horse Casino opened its doors in Lloydminster on December 21, 2018. The building of this casino has brought approximately 140 long term jobs to the local economy, as well as attracting customers to retail outlets and restaurants, and will promote economic growth in the community by drawing on local suppliers and supporting spin-off businesses. A portion of profits will also go to community causes and priorities in the form of donations and sponsorships.

Overall, there is cautious optimism in the market for the near future.

8.0 Acknowledgements

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9.0 Qualifications

Readers of this Study are welcome to use the information as deemed appropriate, providing **M.I.T. Appraisals Ltd.** and **Brunsdon, Lawrek & Associates Real Estate Appraisals & Advisory Services** are quoted as the reference sources. The information contained herein is believed but not warranted to be accurate. Readers are cautioned to make their own investigation before making any financial decisions.

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[Brunsdon Lawrek & Associates Real Estate Appraisals & Advisory Services](#) who co-author this document is a real estate appraisal firm providing a wide range of appraisal and consulting services, with offices in Saskatoon and Regina.

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