Saskatchewan

HOUSING NOW

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Canada Mortgage and Housing Corporation

FOURTH QUARTER 2002

Fourth quarter housing starts best in 12 years

Homebuilders ended 2002 with a bang, pushing housing production to the limit and giving Saskatchewan the best fourth quarter performance seen since 1987. Single-family housing starts were up over three per cent compared to the fourth quarter of 2001. In the same time period, single-family urban starts rose by 42 units, more than compensating for a 29 unit decline in rural single-family starts. Fourth quarter multiple building jumped 20 per cent compared to the same quarter in 2001.

In terms of location, all but 54 of the 384 multiple starts were in communities of 10,000 or more in population. As has been the case throughout 2002, Regina and Saskatoon captured most of the housing activity but Saskatoon saw the biggest increase in fourth-quarter housing starts. In fact, quarterly activity dropped in Regina due to a slowdown in multiple building. Both single-family and multiple construction starts jumped in Saskatoon, nearly doubling the total housing starts seen in the fourth quarter of 2001.

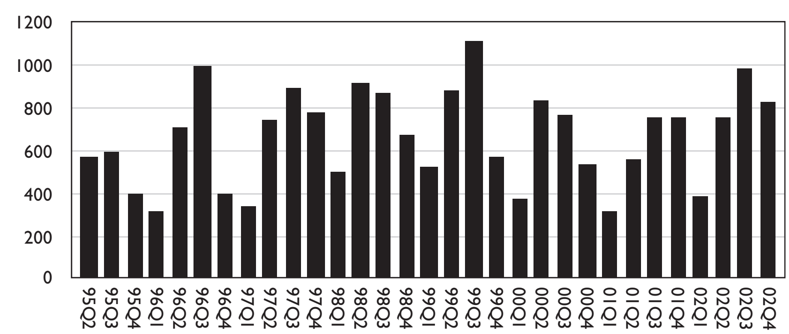
Residential construction in both Regina and Saskatoon ended the year ahead of last year's performance. Regina housing starts were up almost four per cent compared to 2001. Saskatoon had a weak year in 2001, making a recovery of 1,489 total starts in 2002 look even more dramatic.

Regina and Saskatoon dominate housing starts in 2002

Although Regina and Saskatoon dominated housing starts in 2002, smaller urban centres in the province showed signs of life in the final quarter of 2002. The surge in single-family starts in the final quarter allowed the cities of Estevan and Lloydminster (Saskatchewan) to beat 2001 total starts in those centres. Moose Jaw and Swift Current matched 2001 while housing construction in the Battlefords, Prince Albert and Yorkton fell behind 2001. Lloydminster (Saskatchewan), Swift Current and Yorkton recorded significant increases in single-family activity.

Total urban and rural housing starts ended the year with 2,963 units; making this is the best year of home building since 1999. Urban housing starts reached 2,350 housing units, the highest number of urban starts since 1988. Although urban single-family starts were the best seen in four years, it

Saskatchewan Total Housing Starts



Source: CMHC

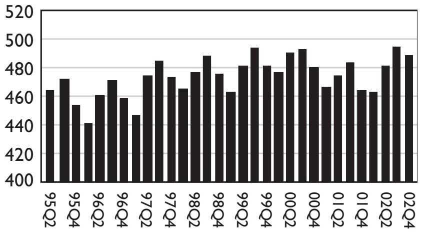
IN THIS ISSUE:

CMHC SCHL

HOME TO CANADIANS

Canada

Saskatchewan Average Employment



Source: Statistics Canada

was urban multiple starts that drove the annual starts numbers to record heights.

By contrast, rural home construction continues to be in a slump. Although slightly surpassing 2001starts numbers, rural housing construction has floundered since 1999.

Supply of new housing increases 57 per cent

Thanks to a burst of starts in the final quarter of 2002, the supply of housing units has increased by 57 per cent over the corresponding level in 2001. Most of these units are under construction rather than ready for buyers to move in, however.

Considering the total supply of units as those under construction and those completed and not absorbed, we find that supply is up 34 per cent compared to the same time in 2001 - this despite a 39 per cent drop in the number of homes that are completed but not yet absorbed. The total supply of all types of housing has increased except for the supply of condominium apartment units, which is down 15 per cent.

At the end of the fourth quarter of 2002, there were 626 single-family units under construction compared to 375 at the end of 2001, an increase of 67 per cent. However, the number of single-family homes completed and not absorbed is almost half what it was in December of 2001. The provincial absorption rate for single-family dwellings of 82 units per month is the same as it was at the end of 2001.

The total number of units under construction has increased in both Regina and Saskatoon but Saskatoon has seen the largest increase. The total number of units under construction has more than doubled in that city, with both single-family and multiple construction activity contributing to the increase.

Row housing starts more than double

Row housing starts more than doubled in 2002 but our records show only 8 units completed and not absorbed. The number of units under construction has more than doubled to 238 units. There has been dramatic change in the row absorption pattern. At the end of 2001, row condominium units had been absorbed at a rate of only 10 units per month. By the end of 2002, that pace had increased to 25 units per month. The condominium apartment absorption trend is also up to 25 units per month compared to 20 units monthly at the end of 2001.

At the end of 2002, the absorption trend for all types of units has changed compared to the end of 2001. The scarcity of units completed and not absorbed would suggest that the absorption trend is being restricted by a lack of units in a sale position rather than weak demand.

Regina absorption price up significantly in fourth quarter

At the end of 2002, the annual average price of absorbed units jumped in both Regina and Saskatoon. The average price in Regina is up six per cent while the annual average price in Saskatoon is up a more modest 3.5 per cent. The most active price ranges in the fourth quarter in both Saskatoon and Regina are the $130,000 to $149,999 and $159,000 to $169,999. This is consistent with the final quarter in 2001, however activity in price ranges less than $150,000 is down significantly. Roughly a third of Saskatoon absorptions were in the $190,000 plus range, versus 20 per cent a year ago.

Labour shortages developing

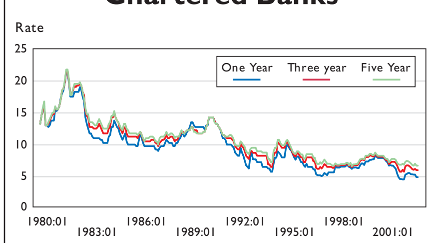
Saskatchewan ended the year with an average increase in employment of about two per cent or 9,600 employed. Labour force statistics suggest a shortage of workers. Full-time employment was up 2.7 per cent and the number of unemployed is down almost four per cent. The employment rate (the proportion of 15 to 65 aged population which is employed or looking for work) of 68 per cent is close to an all-time high.

Economic conditions for housing demand are excellent in both Regina and Saskatoon. Regina employment is up 2.6 per cent while Saskatoon is up 2.9 per cent. Regina has seen significant growth in its construction and manufacturing employment as well as gains in various services. Saskatoon has also enjoyed gains in construction although manufacturing employment is down. Employment in trade and public services is up in that city, however.

Mortgage rates expected to rise

Slower economic growth at home and south of the border will help keep mortgage rates low over the next several months. However, concerns over the accelerating pace of economic growth and inflation will lead to a less relaxed monetary policy and will push up bond yields and mortgage rates by the second half of 2003. While open and variable rate mortgages generally track lenders' prime rate, fixed rate mortgages move in tandem with the bond market. Mortgage rates will continue to remain low by historical standards. The one-year closed mortgage rate is forecast to be in the 4.50-7.00 per cent range over the next fourteen months. The three-year and five-year term mortgage rates will be in the 5.50-8.00 and 6.50-8.50 per cent ranges, respectively for the rest of this year and next. However, there are risks to the forecasts such as the performance of the U.S. economy and further volatility in capital markets, which could result in mortgage rates falling outside the forecast range.

Typical Mortgage Rates Chartered Banks



Source: Statistics Canada

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Table 1
PROVINCE OF SASKATCHEWAN
STARTS ACTIVITY BY AREA - 4TH QUARTER 2002

AREA	Single 2002	Single 2001	Multiple Semi	Multiple Row	Multiple Apt	Total 2002	Total 2001	Chg 2002/2001
REGINA CMA	**119**	**104**	**2**	**10**	**41**	**172**	**287**	**-40.1**
REGINA CITY	92	87	2	10	41	145	270	-46.3
SASKATOON CMA	**140**	**133**	**24**	**99**	**150**	**413**	**211**	**95.7**
SASKATOON CITY	99	98	22	92	150	363	169	***
ESTEVAN CA	0	2	0	0	0	0	2	***
LLOYDMINSTER CA (SK)	4	2	0	0	0	4	2	***
MOOSE JAW CA	11	4	0	0	0	11	4	***
BATTLEFORDS CA	2	1	0	0	0	2	1	***
PRINCE ALBERT CA	12	6	0	0	0	12	9	33.3
SWIFT CURRENT CA	3	1	0	0	0	3	1	***
YORKTON CA	8	4	4	0	0	12	56	-78.6
TOTAL URBAN	**299**	**257**	**30**	**109**	**191**	**629**	**573**	**9.8**
TOTAL RURAL	**146**	**175**	**17**	**26**	**11**	**200**	**178**	**12.4**

Table 1b
PROVINCE OF SASKATCHEWAN
STARTS ACTIVITY BY AREA - YEAR TO DATE 2002

AREA	Single 2002	Single 2001	Multiple Semi	Multiple Row	Multiple Apt	Total 2002	Total 2001	Chg 2002/2001
REGINA CMA	**504**	**401**	**12**	**34**	**101**	**651**	**626**	**3.99**
REGINA CITY	401	310	12	34	101	548	535	2.43
SASKATOON CMA	**691**	**542**	**100**	**382**	**316**	**1489**	**900**	**65.44**
SASKATOON CITY	525	384	88	354	316	1283	725	76.97
ESTEVAN CA	8	4	0	0	0	8	4	100.00
LLOYDMINSTER CA (SK)	28	9	0	0	0	28	9	211.11
MOOSE JAW CA	28	26	0	0	0	28	28	0.00
BATTLEFORDS CA	8	17	0	0	0	8	17	-52.94
PRINCE ALBERT CA	69	70	0	10	0	79	90	-12.22
SWIFT CURRENT CA	13	7	0	0	0	13	13	0.00
YORKTON CA	36	26	10	0	0	46	89	-48.31
TOTAL URBAN	**1385**	**1102**	**122**	**426**	**417**	**2350**	**1776**	**32.32**
TOTAL RURAL	**546**	**525**	**20**	**30**	**17**	**613**	**605**	**1.32**

Table 2
SASKATCHEWAN HOUSING COMPLETIONS BY AREA
4TH QUARTER 2002

AREA	Single 2002	Single 2001	Multiple Semi	Multiple Row	Multiple Apt	Total 2002	Total 2001	Chg 2002/2001
REGINA CMA	**115**	**133**	**6**	**6**	**0**	**127**	**149**	**-14.77**
REGINA CITY	91	111	6	6	0	103	127	-18.90
SASKATOON CMA	**164**	**153**	**18**	**76**	**1**	**259**	**254**	**1.97**
SASKATOON CITY	115	100	18	69	1	203	195	4.10
ESTEVAN CA	3	1	0	0	0	3	1	200.00
LLOYDMINSTER CA (SK)	5	3	0	0	0	5	3	66.67
MOOSE JAW CA	9	10	0	0	0	9	12	-25.00
BATTLEFORDS CA	2	9	0	0	0	2	9	-77.78
PRINCE ALBERT CA	16	37	0	6	0	22	40	-45.00
SWIFT CURRENT CA	5	3	0	0	0	5	5	0.00
YORKTON CA	12	6	2	0	0	14	14	0.00
TOTAL URBAN	**331**	**355**	**26**	**88**	**1**	**446**	**487**	**-8.42**
TOTAL RURAL	**206**	**118**	**0**	**4**	**6**	**216**	**148**	**45.95**

Table 2b
SASKATCHEWAN HOUSING COMPLETIONS BY AREA
YEAR TO DATE 2002

AREA	Single 2002	Single 2001	Multiple Semi	Multiple Row	Multiple Apt	Total 2002	Total 2001	Chg 2002/2001
REGINA CMA	**389**	**398**	**10**	**21**	**176**	**596**	**526**	**13.31**
REGINA CITY	316	310	10	21	176	523	426	22.77
SASKATOON CMA	**560**	**530**	**68**	**262**	**120**	**1010**	**932**	**8.37**
SASKATOON CITY	411	372	62	252	120	845	746	13.27
ESTEVAN CA	10	4	0	0	0	10	4	150.00
LLOYDMINSTER CA (SK)	21	11	0	0	0	21	11	90.91
MOOSE JAW CA	24	40	0	0	0	24	44	-45.45
BATTLEFORDS CA	12	14	0	0	0	12	32	-62.50
PRINCE ALBERT CA	64	94	0	16	0	80	120	-33.33
SWIFT CURRENT CA	15	12	4	0	0	19	24	-20.83
YORKTON CA	41	45	8	3	50	102	57	78.95
TOTAL URBAN	**1136**	**1148**	**90**	**302**	**346**	**1874**	**1750**	**7.09**
TOTAL RURAL	**630**	**409**	**9**	**4**	**6**	**649**	**542**	**19.74**

Table 3
PROVINCE OF SASKATCHEWAN
SINGLE DETACHED ABSORPTIONS BY PRICE

	< $90,000	$90,000 -109,999	$110,000 -129,999	$130,000 -149,999	$150,000 -169,999	$170,000 -189,999	$190,000 +	Total
4th QUARTER 2002								
REGINA CMA	**2**	**1**	**14**	**27**	**24**	**19**	**24**	**111**
REGINA CITY	1	0	12	20	20	14	20	87
SASKATOON CMA	**5**	**3**	**11**	**32**	**48**	**16**	**57**	**172**
SASKATOON CITY	3	2	2	19	44	13	40	123
TOTAL	**7**	**4**	**25**	**59**	**72**	**35**	**81**	**283**
PREVIOUS YEAR								
REGINA CMA	**1**	**5**	**31**	**32**	**24**	**23**	**28**	**144**
REGINA CITY	0	5	29	26	18	21	23	122
SASKATOON CMA	**7**	**9**	**18**	**28**	**44**	**18**	**41**	**165**
SASKATOON CITY	5	0	4	16	41	15	30	111
TOTAL	**8**	**14**	**49**	**60**	**68**	**41**	**69**	**309**

Table 3b
PROVINCE OF SASKATCHEWAN
AVERAGE SINGLE DETACHED PRICE BY QUARTER - 2002 (DOLLARS)

AREA	Q1	Q2	Q3	Q4	Annual Average
REGINA CMA	**181,591**	**166,495**	**164,819**	**172,559**	**171,366**
REGINA CITY	178,914	162,770	158,342	175,371	168,849
SASKATOON CMA	**167,990**	**179,051**	**177,531**	**178,068**	**175,660**
SASKATOON CITY	166,023	171,748	183,250	180,766	175,447

Table 4 PROVINCE OF SASKATCHEWAN UNDER CONSTRUCTION - SEPTEMBER 2002								
	Single		**Multiple**			**Total**		**Chg**
AREA	2002	2001	Semi	Row	Apt	2002	2001	2002/2001
REGINA CMA	**251**	**135**	**6**	**36**	**93**	**386**	**330**	**16.97**
REGINA CITY	153	67	6	36	93	288	262	9.92
SASKATOON CMA	**311**	**181**	**54**	**206**	**312**	**883**	**403**	**119.11**
SASKATOON CITY	251	137	48	181	312	792	352	125.00
ESTEVAN CA	1	3	0	0	0	1	3	-66.67
LLOYDMINSTER CA (SK)	12	5	0	0	0	12	5	140.00
MOOSE JAW CA	10	6	0	0	0	10	6	66.67
BATTLEFORDS CA	2	6	0	0	0	2	6	-66.67
PRINCE ALBERT CA	26	21	0	4	0	30	31	-3.23
SWIFT CURRENT CA	2	4	0	0	0	2	8	-75.00
YORKTON CA	11	14	6	0	0	17	71	-76.06
TOTAL URBAN	**626**	**375**	**66**	**246**	**405**	**1343**	**863**	**55.62**
TOTAL RURAL	**244**	**328**	**17**	**26**	**11**	**298**	**334**	**-10.78**

Table 4b PROVINCE OF SASKATCHEWAN COMPLETE NOT OCCUPIED - SEPTEMBER 2002								
	Single		**Multiple**			**Total**		**Chg**
AREA	2002	2001	Semi	Row	Apt	2002	2001	2002/2001
Regina	**27**	**46**	**3**	**4**	**57**	**91**	**100**	**-9.00**
City Only	27	46	3	4	51	85	94	-9.57
Saskatoon	**22**	**47**	**3**	**4**	**38**	**67**	**157**	**-57.32**
City Only	21	45	3	4	38	66	154	-57.14
TOTAL CMA'S	**49**	**93**	**6**	**8**	**95**	**158**	**257**	**-38.52**

Table 5
SASKATCHEWAN
HOUSING ACTIVITY SUMMARY

Activity	Ownership					Rental				Total
	Freehold			Condominium		Private		Assisted		
	Single[1]	Semi[1]	Row	Row	Apt	Row	Apt	Row	Apt	Total
STARTS										
Current Quarter	299	30	0	105	65	4	126	0	0	629
Previous Year	257	8	0	34	270	4	0	0	0	573
Year-To-Date 2002	1385	122	4	415	291	7	126	0	0	2350
Year-To-Date 2001	1102	88	0	184	369	4	29	0	0	1776
UNDER CONSTRUCTION										
2002	626	66	4	238	279	4	126	0	0	1343
2001	375	32	0	110	341	4	1	0	0	863
COMPLETIONS										
Current Quarter	331	26	0	85	0	3	1	0	0	446
Previous Year	355	34	0	54	16	0	28	0	0	487
Year-To-Date 2002	1136	90	0	295	345	7	1	0	0	1874
Year-To-Date 2001	1148	136	0	152	260	4	50	0	0	1750
COMPLETED & NOT ABSORBED[2]										
2002	49	6	0	8	95	0	0	0	0	158
2001	93	20	0	32	99	0	13	0	0	257
TOTAL SUPPLY[3]										
2002	675	72	4	246	374	4	126	0	0	1501
2001	468	52	0	142	440	4	14	0	0	1120
ABSORPTIONS										
Current Quarter	283	26	0	80	28	3	1	0	0	421
Previous Year	309	23	0	36	22	0	20	0	0	410
12-month Average	82	8	0	25	25	1	1	0	0	142

[1] May include units intended for condominium.
[2] Centres of 50,000 population and over.
[3] Sum of units under construction, complete and unoccupied

DEFINITIONS AND BACKGROUND NOTES

Starts and Completions Survey

The purpose of this survey is to measure new residential construction activity. The common unit of measurement is the "dwelling unit" (as opposed to value).

The Starts and Completion Survey enumerates dwelling units in new structures only; such units being designed for non-transient and year-round occupancy. Thus, excluded from the survey are conversions, vacation homes, cottages and collective type dwellings.

Starts - refer to units where construction has advanced to the footing or foundation stage and in the case of multiples, a start applies to the individual unit.

Under Construction - refers to units that have started but are not complete (i.e. units under construction from the previous month plus starts for the current month minus completions during the current month plus/minus any adjustments to units under construction which may include cancellations of projects, re-initiations of projects and/or changes in tenure status).

Completions - refer to units where all proposed construction work has been performed or in some cases where ninety percent of all construction work is completed and the structure is fit for occupancy.

Completed and Unoccupied - refers to completed units of new construction which have never been occupied or sold (i.e. completed and unoccupied units from the previous month plus completions during the current month minus absorptions for the current month).

Total Supply - refers to the total supply of new units and includes, units under construction and units that are completed but not occupied (i.e. under construction plus completed and unoccupied for the current month).

Absorptions - refers to newly completed units which have been sold or rented. The number of absorptions is obtained from a survey initiated when the structure is completed. Units pre-sold or pre-leased are not included until the completion stage (i.e. completed and unoccupied units from the previous month plus completions for the current month minus completed and unoccupied units for the current month).

Dwelling units have been divided into four categories:

The definition of types of dwellings used are in accordance with those used in the Census.

Single-Detached - This type is commonly called a "single-house". It comprises only one-dwelling unit which is completely separate on all sides from any other dwelling or structure including linked homes which are attached below ground.

Semi-Detached - In this category each one of two dwellings are located side-by-side in a building and are separated by a common wall extending from ground to roof or by a garage.

Row - This category comprises a one-family dwelling unit in a row of three or more dwellings separated by common or party walls extending from ground to roof.

Apartment and Other - This category includes all dwelling units other than those described above. It includes structures such as: duplexes, double-duplexes, triplexes, row-duplexes, apartments proper and dwellings over or behind a store or other nonresidential structure. In accordance with the definition, single-detached units with legal secondary suites are included in this category.

Geographical coverage of the survey includes all metropolitan areas, census agglomerations and urban centres of 10,000 population and over, as defined by the Census. These areas are enumerated completely each month. The remainder of the province is covered on a sample basis four times a year in March, June, September and December.

Market Absorption Survey

The purpose of this survey is to provide an indication of the short-term demand for home ownership and rental dwellings. The survey is designed to measure the rate at which units are sold or rented after they are completed.

The geographical coverage of the Market Absorption Survey is all metropolitan areas and all urban centres of 50,000 population and over.

In the Market Absorption Survey, certain dwellings are excluded for various reasons. These are: dwellings financed by CMHC or NHA Section 6, Non-profit Public and Private initiated housing, which are not subject to normal market criteria and dwellings constructed for model purposes.

Absorption in this report is defined as take up monitored at completions plus those from inventory. For the short term, absorptions are a function of actual completions and inventory levels.

1996 Census Definitions

A **Census Metropolitan Area** refers to the main labour market area of an urbanized core having 100,000 or more population. The Regina CMA consists of 16 towns, villages and rural municipalities. The Saskatoon CMA consists of 23 towns, villages, rural municipalities and 1 Indian Reserve.

A Census Agglomeration refers to the region labour market area of an urbanized core housing between 10,000 and 99,999 population. CMA's and CA's are created by Statistics Canada and are usually known by the name of the urban area forming their urbanized core. They contain whole municipalities (or census subdivisions) and are comprised of:

1. Municipalities if (a) at least 40% of the employed labour force living in the municipalities work in the urbanized core or (b) at 25% of the employed labour force working in the municipality live in the urbanized core.
2. Other municipalities if (a) at least 40% of the employed labour force living in the municipality work in the urbanized core or (b) at 25% of the employed labour force working in the municipality live in the urbanized core.