Saskatchewan

HOUSING NOW

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Canada Mortgage and Housing Corporation

FIRST QUARTER 2004

Starts slip compared to fourth quarter 2002 results

First quarter 2004 starts weak

Provincial housing starts were off almost 18 per cent compared to the first quarter of 2003. Single-family starts were off 6.5 per cent or 19 units while multi-family starts dropped by a more significant 29 per cent or 83 units. The losses were confined to Saskatchewan urban centres of 10,000 or more in population where first quarter starts were down almost 22 per cent or 112 units compared to the first quarter of 2003. A rebound in rural Saskatchewan of close to 17 per cent or 10 units, fell far short of compensating for the slow down in urban areas.

Regina's year-to-date, single-family housing starts are down 20 per cent or 18 units and multiple construction starts are off 26 per cent or 38 units compared to the same time last year. Saskatoon single-family starts are now off 10 per cent compared to the end of the first quarter of 2003. Saskatoon's multi-family construction, historically the strongest in the province, slumped 19 per cent or 21 units, to 92 starts compared to 113 starts at the end of the first quarter in 2003.

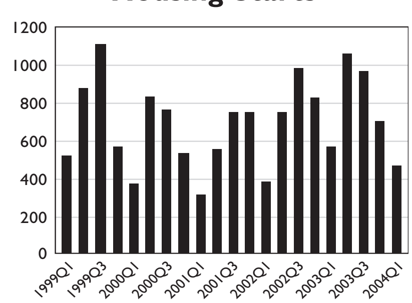
Turning to Saskatchewan's smaller centres, the cities of Estevan, Lloydminster (Saskatchewan) and Moose Jaw met or exceeded the number of units started in the first quarter of 2003. Battlefords and Yorkton have recorded no housing starts so far in 2004. There were no multiple building starts outside of Regina and Saskatoon.

Inventory of units under construction tails off

At the end of the first quarter of 2004, the total supply of housing units, consisting of units completed and not occupied and those under construction, is seven per cent lower than that seen at the end of the first quarter of 2003. The major source of the decline is found in the number of units under construction, which has fallen from 1,434 units in March 2003 to 1,255 units at the end of March 2004.

Nearly all the reduction in residential units under construction came in the area of condominium row housing which underwent a reduction of about 30 per cent in total supply. The combined effects of slower row housing starts

Saskatchewan Total Housing Starts



Source: CMHC

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and strong absorptions resulted in the reduction in supply from 318 row units in 2003 to 225 in this latest quarter.

Regina, Moose Jaw and the Battlefords are the only cities in the province to witness an increase in the number of housing units under construction comparing the end of the first quarters of 2003 and 2004. Again, the source of the increase is found on the multiples side, chiefly in the area of row housing units under construction, which increased from 40 units in March 2003 to 103 units at the end of March 2004.

Saskatoon continues to see a decline in the number of units under construction. Both row and apartment units under construction have fallen in response to lower starts and completion of multiple units.

The inventory of completed and unabsorbed multiple units has increased 33 per cent from 186 units at the end of the first quarter of 2003 to 248 units by the end of March 2004. The number of single-family homes completed and not absorbed declined slightly from 2003 figures. The major source of the increase is found in the area of rental apartments, all of which are located in the city of Saskatoon.

Single-family absorptions are up just over four per cent, from 229 units in 2003 to 239 at the end of March. Row condominium absorptions are up from 49 units in the first quarter of 2003 to 65 units in 2004. Semi-detached and rental apartment absorptions also recorded increases while apartment absorptions were steady at 66 units.

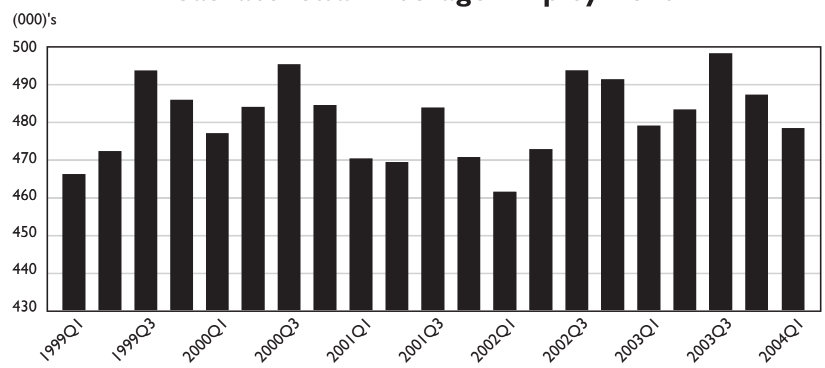
Turning to single-family absorptions by price range there was little change in these characteristics although there is a clear trend in both centres towards higher-priced homes.

Employment lags in first quarter

A weak job market continues to plague the province in early 2004 with year-to-date employment losses of just less than 1,000 employed. Employment gains of 1,100 employed in the Goods sector proved insufficient to counter losses of close to 1,900 employed in the Service sector. Looking at the two major centres, Regina has shown employment gains of almost 2,900 employed while Saskatoon has suffered year over year losses of almost 1,400 employed compared to a robust first quarter in 2003.

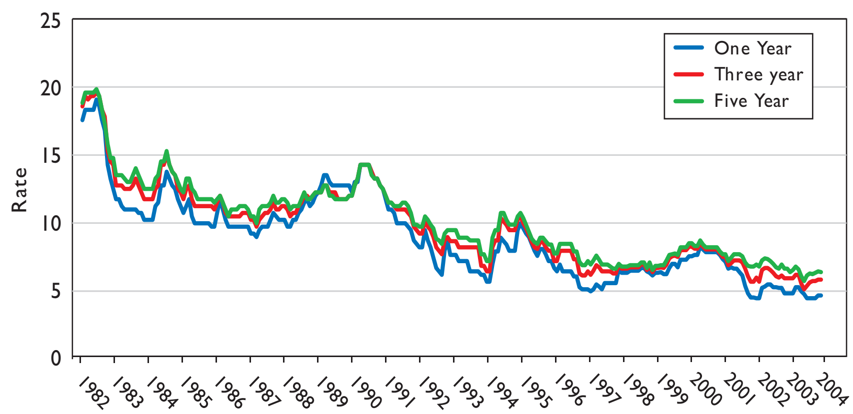
So far in 2004, construction employment is flat in both Regina and Saskatoon but losses of 2,400 construction employed have been recorded in the province as a whole.

Saskatchewan Average Employment



Source: Statistics Canada

Typical Mortgage Rates Chartered Banks



Source: Statistics Canada

Mortgage rates to remain low by historical standards

Short-term mortgage rates move in tandem with the prime-lending rate, while mid- and long-term mortgage rates vary in response to the cost of raising funds in the bond market. Low interest rates in these markets will keep posted mortgage rates low over the next few quarters.

Spreads between mortgage rates and comparable bond yields have remained at 150-250 basis points in the last few years, providing lenders with some room for discounts from the posted rates. These spreads and discounts are likely to persist in the near term.

The one, three and five-year posted closed mortgage rates are expected to remain relatively flat for the remainder of this year, perhaps rising by 25 basis points.

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Table 1
PROVINCE OF SASKATCHEWAN
STARTS ACTIVITY BY AREA - 1ST QUARTER 2004

AREA	Single 2004	Single 2003	Multiple Semi	Multiple Row	Multiple Apt	Total 2004	Total 2003	Chg 2004/2003
REGINA CMA	**73**	**91**	**2**	**65**	**40**	**180**	**236**	**-23.7**
REGINA CITY	53	81	2	65	40	160	226	-29.2
SASKATOON CMA	**111**	**123**	**6**	**16**	**70**	**203**	**236**	**-14.0**
SASKATOON CITY	81	103	4	16	70	171	210	-18.6
ESTEVAN CA	1	1	0	0	0	1	1	0.0
LLOYDMINSTER CA (SK)	5	5	0	0	0	5	5	0.0
MOOSE JAW CA	7	4	0	0	0	7	4	75.0
BATTLEFORDS CA	0	0	0	0	0	0	0	***
PRINCE ALBERT CA	5	9	0	0	0	5	9	-44.4
SWIFT CURRENT CA	3	2	0	0	0	3	24	-87.5
YORKTON CA	0	1	0	0	0	0	1	***
TOTAL URBAN	**205**	**236**	**8**	**81**	**110**	**404**	**516**	**-21.7**
TOTAL RURAL	**71**	**58**	**0**	**0**	**0**	**71**	**60**	**18.3**

Table 1b
PROVINCE OF SASKATCHEWAN
STARTS ACTIVITY BY AREA - YEAR TO DATE 2004

AREA	Single 2004	Single 2003	Multiple Semi	Multiple Row	Multiple Apt	Total 2004	Total 2003	Chg 2004/2003
REGINA CMA	**73**	**91**	**2**	**65**	**40**	**180**	**236**	**-23.7**
REGINA CITY	53	81	2	65	40	160	226	-29.2
SASKATOON CMA	**111**	**123**	**6**	**16**	**70**	**203**	**236**	**-14.0**
SASKATOON CITY	81	103	4	16	70	171	210	-18.6
ESTEVAN CA	1	1	0	0	0	1	1	0.0
LLOYDMINSTER CA (SK)	5	5	0	0	0	5	5	0.0
MOOSE JAW CA	7	4	0	0	0	7	4	75.0
BATTLEFORDS CA	0	0	0	0	0	0	0	***
PRINCE ALBERT CA	5	9	0	0	0	5	9	-44.4
SWIFT CURRENT CA	3	2	0	0	0	3	24	-87.5
YORKTON CA	0	1	0	0	0	0	1	***
TOTAL URBAN	**205**	**236**	**8**	**81**	**110**	**404**	**516**	**-21.7**
TOTAL RURAL	**71**	**58**	**0**	**0**	**0**	**71**	**60**	**18.3**

Table 2
SASKATCHEWAN HOUSING COMPLETIONS BY AREA
1ST QUARTER 2004

AREA	Single 2004	Single 2003	Multiple Semi	Multiple Row	Multiple Apt	Total 2004	Total 2003	Chg 2004/2003
REGINA CMA	99	99	14	16	41	170	155	9.7
REGINA CITY	82	62	14	16	41	153	118	29.7
SASKATOON CMA	**141**	**150**	**10**	**37**	**24**	**212**	**222**	**-4.5**
SASKATOON CITY	118	128	10	37	24	189	193	-2.1
ESTEVAN CA	4	0	0	0	0	4	0	***
LLOYDMINSTER CA (SK)	18	10	0	0	0	18	10	80.0
MOOSE JAW CA	6	7	0	0	0	6	7	-14.3
BATTLEFORDS CA	0	2	0	0	0	0	2	***
PRINCE ALBERT CA	15	20	0	0	0	15	20	-25.0
SWIFT CURRENT CA	5	2	0	0	0	5	2	***
YORKTON CA	6	7	0	0	0	6	11	-45.5
TOTAL URBAN	**294**	**297**	**24**	**53**	**65**	**436**	**429**	**1.6**
TOTAL RURAL	**124**	**111**	**3**	**0**	**0**	**127**	**111**	**14.4**

Table 2b
SASKATCHEWAN HOUSING COMPLETIONS BY AREA
YEAR TO DATE 2004

AREA	Single 2004	Single 2003	Multiple Semi	Multiple Row	Multiple Apt	Total 2004	Total 2003	Chg 2004/2003
REGINA CMA	**99**	**99**	**14**	**16**	**41**	**170**	**155**	**9.7**
REGINA CITY	82	62	14	16	41	153	118	29.7
SASKATOON CMA	**141**	**150**	**10**	**37**	**24**	**212**	**222**	**-4.5**
SASKATOON CITY	118	128	10	37	24	189	193	-2.1
ESTEVAN CA	4	0	0	0	0	4	0	***
LLOYDMINSTER CA (SK)	18	10	0	0	0	18	10	80.0
MOOSE JAW CA	6	7	0	0	0	6	7	-14.3
BATTLEFORDS CA	0	2	0	0	0	0	2	***
PRINCE ALBERT CA	15	20	0	0	0	15	20	-25.0
SWIFT CURRENT CA	5	2	0	0	0	5	2	***
YORKTON CA	6	7	0	0	0	6	11	-45.5
TOTAL URBAN	**294**	**297**	**24**	**53**	**65**	**436**	**429**	**1.6**
TOTAL RURAL	**124**	**111**	**3**	**0**	**0**	**127**	**111**	**14.4**

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
1ST QUARTER 2004								
REGINA CMA	**1**	**1**	**5**	**17**	**22**	**17**	**39**	**102**
REGINA CITY	0	1	5	15	19	16	29	85
SASKATOON CMA	**0**	**1**	**3**	**23**	**23**	**29**	**58**	**137**
SASKATOON CITY	0	0	0	10	16	28	53	107
TOTAL	**1**	**2**	**8**	**40**	**45**	**46**	**97**	**239**
PREVIOUS YEAR								
REGINA CMA	**2**	**1**	**11**	**14**	**23**	**22**	**26**	**99**
REGINA CITY	0	0	7	7	15	17	16	62
SASKATOON CMA	**0**	**0**	**9**	**20**	**34**	**21**	**46**	**130**
SASKATOON CITY	0	0	2	16	33	21	37	109
TOTAL	**2**	**1**	**20**	**34**	**57**	**43**	**72**	**229**

Table 3b
PROVINCE OF SASKATCHEWAN
AVERAGE SINGLE DETACHED PRICE BY QUARTER - 2004 (DOLLARS)

AREA	Q1	Q2	Q3	Q4	Annual Average
REGINA CMA	**186,228**				**186,228**
REGINA CITY	183,489				183,489
SASKATOON CMA	**191,202**				**191,202**
SASKATOON CITY	199,775				199,775

Table 4 PROVINCE OF SASKATCHEWAN UNDER CONSTRUCTION - MARCH 2004								
	Single		**Multiple**			**Total**		**Chg**
AREA	2004	2003	Semi	Row	Apt	2004	2003	2004/2003
REGINA CMA	**230**	**243**	**10**	**103**	**212**	**555**	**471**	**17.8**
REGINA CITY	156	172	10	103	211	480	400	20.0
SASKATOON CMA	**268**	**284**	**28**	**108**	**251**	**655**	**897**	**-27.0**
SASKATOON CITY	201	226	26	83	250	560	809	-30.8
ESTEVAN CA	1	2	0	0	0	1	2	-50.0
LLOYDMINSTER CA (SK)	7	7	0	0	0	7	7	0.0
MOOSE JAW CA	10	7	0	7	0	17	7	***
BATTLEFORDS CA	1	0	0	8	0	9	0	***
PRINCE ALBERT CA	7	15	0	0	0	7	19	-63.2
SWIFT CURRENT CA	3	2	0	0	0	3	24	-87.5
YORKTON CA	1	5	0	0	0	1	7	-85.7
TOTAL URBAN	**528**	**565**	**38**	**226**	**463**	**1255**	**1434**	**-12.5**
TOTAL RURAL	**256**	**191**	**0**	**8**	**0**	**264**	**247**	**6.9**

Table 4b PROVINCE OF SASKATCHEWAN COMPLETE NOT OCCUPIED - MARCH 2004								
	Single		**Multiple**			**Total**		**Chg**
AREA	2004	2003	Semi	Row	Apt	2004	2003	2004/2003
Regina	**22**	**27**	**1**	**10**	**40**	**73**	**97**	**-24.7**
City Only	22	27	1	10	37	70	91	-23.1
Saskatoon	**31**	**42**	**7**	**6**	**131**	**175**	**89**	**96.6**
City Only	29	40	7	4	131	171	87	96.6
TOTAL CMA'S	**53**	**69**	**8**	**16**	**171**	**248**	**186**	**33.3**

Table 5
SASKATCHEWAN
HOUSING ACTIVITY SUMMARY

Activity	Ownership					Rental				
	Freehold			Condominium		Private		Assisted		
	Single[1]	Semi[1]	Row	Row	Apt	Row	Apt	Row	Apt	Total
STARTS										
Current Quarter	205	8	0	81	110	0	0	0	0	404
Previous Year	236	6	0	129	145	0	0	0	0	516
Year-To-Date 2004	205	8	0	81	110	0	0	0	0	404
Year-To-Date 2003	236	6	0	129	145	0	0	0	0	516
UNDER CONSTRUCTION										
2004	528	38	7	209	461	10	2	0	0	1255
2003	565	64	4	301	370	4	126	0	0	1434
COMPLETIONS										
Current Quarter	294	24	0	53	65	0	0	0	0	436
Previous Year	297	8	0	58	66	0	0	0	0	429
Year-To-Date 2004	294	24	0	53	65	0	0	0	0	436
Year-To-Date 2003	297	8	0	58	66	0	0	0	0	429
COMPLETED & NOT ABSORBED[2]										
2004	53	8	0	16	60	0	111	0	0	248
2003	69	6	0	17	94	0	0	0	0	186
TOTAL SUPPLY[3]										
2004	581	46	7	225	521	10	113	0	0	1503
2003	634	70	4	318	464	4	126	0	0	1620
ABSORPTIONS										
Current Quarter	239	24	0	65	66	0	28	0	0	422
Previous Year	229	4	0	49	67	0	0	0	0	349
12-month Average	101	8	0	50	24	1	12	0	0	196

[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.