Saskatchewan

HOUSING NOW

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Canada Mortgage and Housing Corporation

SECOND QUARTER 2004

Second quarter 2004 starts up 32 per cent

The Saskatchewan residential construction industry bounced back in the second quarter, delivering 1,261 housing starts compared to 1,065 in the same quarter of 2003. The 32 per cent increase in second quarter urban housing starts more than compensated for a 25 per cent decline in rural activity.

Single-family housing starts fell off from 652 in the second quarter of 2003 to 634 in this most recent quarter but multiple starts activity jumped by more than 200 units compared to last year. Urban centres of 10,000 in population experienced increases in both single and multi-family starts while rural areas saw a strong quarter of multi-family activity. Single-family starts in rural areas weakened from 249 in the second quarter of 2003 to 124 in the same quarter of 2004.

Year-to-date, total housing starts are up almost six per cent compared to last year at this time. Multiple housing starts are the source of the increase with a 19 per cent jump, overcoming a four per cent decline in single-family starts on a year-to-date basis.

Regina year-to-date total housing starts are now up by 12 per cent. Single-family starts in the capital have increased slightly from 220 units last year to 233 units in 2004 while multiple starts have increased from 211 units in 2003 to 249 by the end of June 2004.

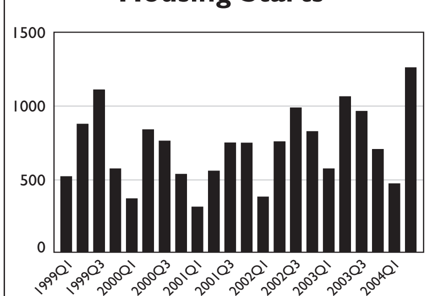
In Saskatoon, year-to-date single-family housing starts are up by 37 units from 322 by June of 2003 to 359 by the end of the first half of 2004. Multi-family building has also been robust, with an increase of 48 units from 454 at this time in 2003 to 502 in 2004.

Turning to Saskatchewan's smaller cities, year-to-date housing starts are up in Lloydminster, Moose Jaw, the Battlefords and Yorkton while Estevan, Prince Albert and Swift Current have suffered declines.

Apartment units under construction up

At the end of the second quarter of 2004, the total supply of housing units, consisting of units completed and not occupied and those under

Saskatchewan Total Housing Starts



Source: CMHC

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construction, is almost five per cent higher than that seen at the end of the second quarter of 2003. The major cause of the increase is found in the number of units under construction, which has increased from 1,574 units in June 2003 to 1,709 units at the end of June 2004.

A surge in the number of apartment condominium units under construction is the primary source of the increase, but the number of single-family units under construction has also increased from 681 in 2003 to 729 units at the end of June. Construction activity on row housing units has slowed and rental construction has virtually stopped.

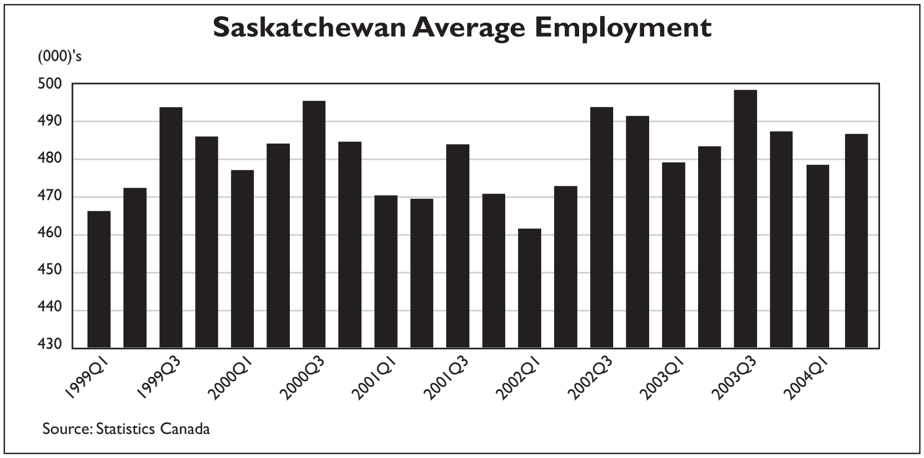
Total absorptions have been steady at 572 units but, looking at specific housing types, row absorptions are down while apartment absorptions are up sharply. Single-family absorptions are steady at about 100 units per month for the province.

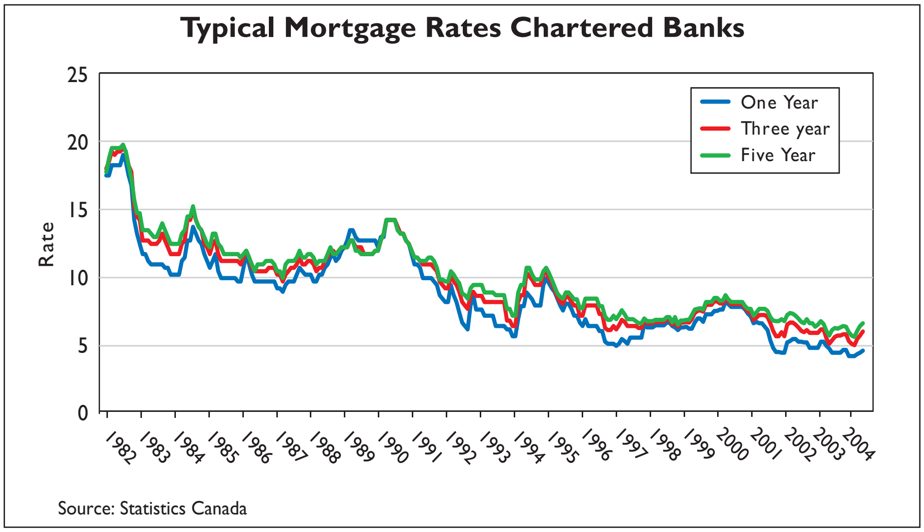
Brisk absorption of completed multiple units has led to a decline in the number of completed and unabsorbed units in Regina and Saskatoon. Both condominium and rental apartment inventories have been eaten up while the supply of completed and unabsorbed row units increased by 13 units. The inventory of completed and unabsorbed single-family units is steady at 30 and 40 units respectively in each centre.

Second quarter brings modest employment gains

The province saw some gains in employment with a year-to-date average increase of almost 1,200 employed. The gains stem, primarily, from the Goods Sector where Mining and Oil and Gas employment increased by more than 3,600 employed. Although the overall Service Sector suffered losses in employment, there were gains in the important Retail Sector as well as Education and Information, Culture and Recreation.

Construction employment has fallen off by close to 2,000 employed in 2004.





Higher interest rates to contribute to decline in demand

As the Canadian economy rebounds and the output gap (the difference between the actual and the potential GDP) shrinks, interest rates will need to rise to bring monetary policy to a more neutral stance. The eventual tightening of monetary policy is being reflected in bond yields which have risen by about 100 basis points since March. This rise in bond yields has pushed up rates for 5 year fixed mortgages.

Looking ahead, one, three and five-year posted closed mortgage rates are expected to be in the 4.00-4.25, 5.25-6.00, and 6.00-7.00 per cent range, respectively this year. These mortgage rates are forecast to rise by 0.75-1.25 percentage points next year. Higher interest rates, which will increase the carrying cost of a mortgage, will contribute slightly to the decline in the demand for home ownership in 2005.

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Table 1
PROVINCE OF SASKATCHEWAN
STARTS ACTIVITY BY AREA - 2ND QUARTER 2004

	Single		Multiple			Total		Chg
AREA	2004	2003	Semi	Row	Apt	2004	2003	2004/2003
REGINA CMA	**160**	**129**	**4**	**90**	**48**	**302**	**195**	**54.9**
REGINA CITY	131	99	4	90	48	273	165	65.5
SASKATOON CMA	**248**	**199**	**46**	**128**	**236**	**658**	**540**	**21.9**
SASKATOON CITY	149	129	40	122	236	547	461	18.7
ESTEVAN CA	4	3	0	0	0	4	7	-42.9
LLOYDMINSTER CA (SK)	10	1	0	0	0	10	1	***
MOOSE JAW CA	26	10	0	0	0	26	10	***
BATTLEFORDS CA	9	4	0	5	0	14	4	***
PRINCE ALBERT CA	33	39	0	0	0	33	39	-15.4
SWIFT CURRENT CA	5	9	6	0	0	11	11	0.0
YORKTON CA	15	9	2	0	0	17	9	88.9
TOTAL URBAN	**510**	**403**	**58**	**223**	**284**	**1075**	**816**	**31.7**
TOTAL RURAL	**124**	**249**	**2**	**0**	**60**	**186**	**249**	**-25.3**

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

	Single		Multiple			Total		Chg
AREA	2004	2003	Semi	Row	Apt	2004	2003	2004/2003
REGINA CMA	**233**	**220**	**6**	**155**	**88**	**482**	**431**	**11.8**
REGINA CITY	184	180	6	155	88	433	391	10.7
SASKATOON CMA	**359**	**322**	**52**	**144**	**306**	**861**	**776**	**11.0**
SASKATOON CITY	230	232	44	138	306	718	671	7.0
ESTEVAN CA	5	4	0	0	0	5	8	-37.5
LLOYDMINSTER CA (SK)	15	6	0	0	0	15	6	***
MOOSE JAW CA	33	14	0	0	0	33	14	***
BATTLEFORDS CA	9	4	0	5	0	14	4	***
PRINCE ALBERT CA	38	48	0	0	0	38	48	-20.8
SWIFT CURRENT CA	8	11	6	0	0	14	35	-60.0
YORKTON CA	15	10	2	0	0	17	10	70.0
TOTAL URBAN	**715**	**639**	**66**	**304**	**394**	**1479**	**1332**	**11.0**
TOTAL RURAL	**195**	**307**	**2**	**0**	**60**	**257**	**309**	**-16.8**

Table 2
SASKATCHEWAN HOUSING COMPLETIONS BY AREA
2ND QUARTER 2004

AREA	Single 2004	Single 2003	Multiple Semi	Multiple Row	Multiple Apt	Total 2004	Total 2003	Chg 2004/2003
REGINA CMA	**104**	**105**	**6**	**37**	**123**	**270**	**137**	**97.1**
REGINA CITY	92	85	6	37	123	258	117	***
SASKATOON CMA	**157**	**135**	**20**	**48**	**71**	**296**	**492**	**-39.8**
SASKATOON CITY	105	109	18	23	70	216	448	-51.8
ESTEVAN CA	2	3	0	0	0	2	3	-33.3
LLOYDMINSTER CA (SK)	8	4	0	0	0	8	4	***
MOOSE JAW CA	17	9	0	3	0	20	9	***
BATTLEFORDS CA	3	1	0	0	0	3	1	***
PRINCE ALBERT CA	13	21	0	0	0	13	21	-38.1
SWIFT CURRENT CA	4	3	4	0	0	8	5	60.0
YORKTON CA	2	7	0	0	0	2	9	-77.8
TOTAL URBAN	**310**	**288**	**30**	**88**	**194**	**622**	**681**	**-8.7**
TOTAL RURAL	**153**	**125**	**0**	**4**	**0**	**157**	**162**	**-3.1**

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	**203**	**204**	**20**	**53**	**164**	**440**	**292**	**50.7**
REGINA CITY	174	147	20	53	164	411	235	74.9
SASKATOON CMA	**298**	**285**	**30**	**85**	**95**	**508**	**714**	**-28.9**
SASKATOON CITY	223	237	28	60	94	405	641	-36.8
ESTEVAN CA	6	3	0	0	0	6	3	***
LLOYDMINSTER CA (SK)	26	14	0	0	0	26	14	85.7
MOOSE JAW CA	23	16	0	3	0	26	16	62.5
BATTLEFORDS CA	3	3	0	0	0	3	3	0.0
PRINCE ALBERT CA	28	41	0	0	0	28	41	-31.7
SWIFT CURRENT CA	9	5	4	0	0	13	7	85.7
YORKTON CA	8	14	0	0	0	8	20	-60.0
TOTAL URBAN	**604**	**585**	**54**	**141**	**259**	**1058**	**1110**	**-4.7**
TOTAL RURAL	**277**	**236**	**3**	**4**	**0**	**284**	**273**	**4.0**

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
2nd QUARTER 2004								
REGINA CMA	**1**	**0**	**1**	**8**	**20**	**26**	**40**	**96**
REGINA CITY	1	0	1	6	17	26	33	84
SASKATOON CMA	**0**	**1**	**1**	**29**	**34**	**33**	**53**	**151**
SASKATOON CITY	0	0	0	11	29	29	44	113
TOTAL	**1**	**1**	**2**	**37**	**54**	**59**	**93**	**247**
PREVIOUS YEAR								
REGINA CMA	**0**	**1**	**8**	**14**	**20**	**29**	**28**	**100**
REGINA CITY	0	1	7	11	16	25	20	80
SASKATOON CMA	**0**	**2**	**12**	**26**	**45**	**27**	**33**	**145**
SASKATOON CITY	0	1	4	17	43	24	29	118
TOTAL	**0**	**3**	**20**	**40**	**65**	**56**	**61**	**245**

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

AREA	Q1	Q2	Q3	Q4	Annual Average
REGINA CMA	**186,228**	**193,296**			**186,228**
REGINA CITY	183,489	189,231			183,489
SASKATOON CMA	**191,202**	**191,552**			**191,202**
SASKATOON CITY	199,775	196,490			199,775

Table 4 PROVINCE OF SASKATCHEWAN UNDER CONSTRUCTION - JUNE 2004								
	Single		**Multiple**			**Total**		**Chg**
AREA	2004	2003	Semi	Row	Apt	2004	2003	2004/2003
REGINA CMA	**286**	**267**	**8**	**156**	**137**	**587**	**529**	**11.0**
REGINA CITY	195	186	8	156	136	495	448	10.5
SASKATOON CMA	**360**	**349**	**54**	**188**	**416**	**1018**	**950**	**7.2**
SASKATOON CITY	246	247	48	182	416	892	827	7.9
ESTEVAN CA	3	2	0	0	0	3	6	-50.0
LLOYDMINSTER CA (SK)	9	4	0	0	0	9	4	***
MOOSE JAW CA	19	8	0	4	0	23	8	***
BATTLEFORDS CA	7	3	0	13	0	20	3	***
PRINCE ALBERT CA	27	33	0	0	0	27	37	-27.0
SWIFT CURRENT CA	4	8	2	0	0	6	30	-80.0
YORKTON CA	14	7	2	0	0	16	7	***
TOTAL URBAN	**729**	**681**	**66**	**361**	**553**	**1709**	**1574**	**8.6**
TOTAL RURAL	**227**	**333**	**2**	**4**	**60**	**293**	**335**	**-12.5**

Table 4b PROVINCE OF SASKATCHEWAN COMPLETE NOT OCCUPIED - JUNE 2004								
	Single		**Multiple**			**Total**		**Chg**
AREA	2004	2003	Semi	Row	Apt	2004	2003	2004/2003
Regina	**29**	**32**	**0**	**16**	**15**	**60**	**90**	**-33.3**
City Only	29	32	0	16	12	57	84	-32.1
Saskatoon	**37**	**32**	**9**	**19**	**117**	**182**	**198**	**-8.1**
City Only	21	31	9	16	117	163	193	-15.5
TOTAL CMA'S	**66**	**64**	**9**	**35**	**132**	**242**	**288**	**-16.0**

Activity	Ownership					Rental				
	Freehold			Condominium		Private		Assisted		
	Single[1]	Semi[1]	Row	Row	Apt	Row	Apt	Row	Apt	Total
STARTS										
Current Quarter	510	58	0	217	284	6	0	0	0	1075
Previous Year	403	18	0	232	24	9	130	0	0	816
Year-To-Date 2004	715	66	0	298	394	6	0	0	0	1479
Year-To-Date 2003	639	24	0	361	169	9	130	0	0	1332
UNDER CONSTRUCTION										
2004	729	66	4	351	552	6	1	0	0	1709
2003	681	42	0	386	326	9	130	0	0	1574
COMPLETIONS										
Current Quarter	310	30	3	75	193	10	1	0	0	622
Previous Year	288	40	4	149	70	4	126	0	0	681
Year-To-Date 2004	604	54	3	128	258	10	1	0	0	1058
Year-To-Date 2003	585	48	4	207	136	4	126	0	0	1110
COMPLETED & NOT ABSORBED[2]										
2004	66	9	0	35	48	0	84	0	0	242
2003	64	7	0	22	90	0	105	0	0	288
TOTAL SUPPLY[3]										
2004	795	75	4	386	600	6	85	0	0	1951
2003	745	49	0	408	416	9	235	0	0	1862
ABSORPTIONS										
Current Quarter	248	25	0	56	205	10	28	0	0	572
Previous Year	245	35	4	144	74	4	21	0	0	527
12-month Average	101	7	0	42	35	1	13	0	0	199

Table 5
SASKATCHEWAN
HOUSING ACTIVITY SUMMARY

[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.