

Best first quarter housing starts since 1988

Builders in Saskatchewan Housing starts were pushed to the limit in the first quarter of 2003 as starts surpassed the first quarter of 2002 by almost 50 per cent. Single-family housing starts were up 19 per cent compared to the first quarter of 2002 while multiple housing starts more than doubled. First quarter single-family starts were the highest seen since 2000. Multiple housing starts saw their best first quarter since 1987.

Urban housing starts dominated residential construction activity in the province although rural housing starts of 60 units did outdo the first quarter of 2002. There were 58 single-family housing starts in areas outside communities of 10,000 or more in population compared to 54 single-family dwellings in 2002. The starts survey also captured two multiple starts (a semi-detached dwelling) in rural Saskatchewan.

Both Regina and Saskatoon started the year ahead of last year's performance.

Regina housing starts are more than double the first quarter of 2002. Saskatoon starts are up a more modest five per cent.

Cities outside Regina and Saskatoon show signs of life in first quarter

The province's smaller urban centres easily topped their first quarter 2002 housing starts performance. All smaller cities exceeded or matched the single-family starts seen in the same quarter of 2002. Swift Current was a particularly strong performer thanks to 22 multiple units started in the first quarter.

Single and multiple units under construction up significantly

At the end of the first quarter, the supply of new housing both under construction and completed and unabsorbed was up 41 per cent. Single-family supply was

FIRST QUARTER 2003

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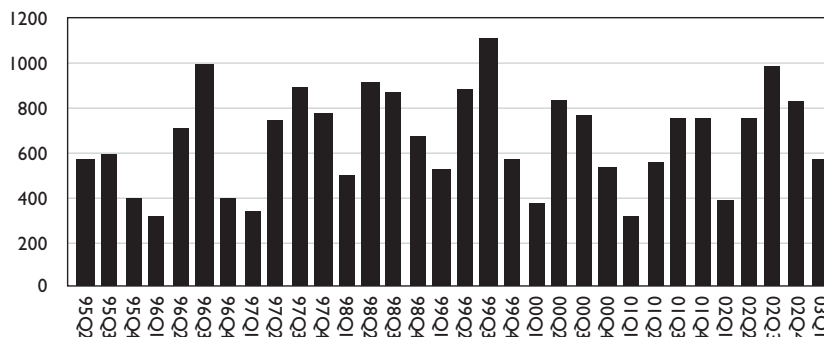
ANALYSIS

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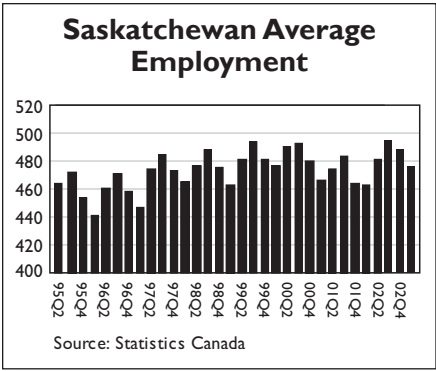
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Saskatchewan Total Housing Starts



Source: CMHC





up 37 per cent to 634 units. Almost 90 per cent of these units are under construction. Turning to multiple units, the supply of condominium row housing was up more than double that seen last year at this time. Again, most of these units are categorized as under construction. The supply of condominium apartment units has changed little compared to a year ago.

Despite the flurry of construction in the final quarter of 2002 and the opening quarter of 2003, the number of units completed and ready for occupancy in Regina and Saskatoon was down 30 per cent. The inventory of single-family units completed and not absorbed was down more than 35 per cent to 69 units. Only 94 condominium apartments and 17 row units were recorded as completed and not absorbed.

In March, Saskatoon had almost 900 units at various stages of construction. The majority or almost 70 per cent were row and apartment housing units. Construction was underway at 471 units in Regina although, unlike Saskatoon, single and multiple activity was fairly evenly distributed.

Single-family absorptions lead the way in first quarter

Absorptions of all types of housing units in Regina and Saskatoon jumped 41 per cent compared to the same quarter in 2002. Most of the increase occurred in the single-family market where total absorptions for the first three months of the year were up 48 per cent over 2002. Although total apartment absorptions were up, row-housing absorptions fell from 67 units in the first quarter of 2002

to 49 units in the same quarter of 2003. The decline in total row absorptions was more likely due to limited inventory rather than slowing demand.

The 12-month average absorption rate for single-family dwellings absorptions was 89 units per month, up 13 per cent from last year at this time. Monthly row and apartment absorption trends are double that seen in the first quarter of 2002.

Both Regina and Saskatoon saw an increase in absorptions in the first quarter of 2003. Saskatoon captured the largest share of the single-family absorptions. Absorptions in the \$150,000 to \$169,999 range fell off, but there was a significant increase in absorptions in the \$190,000 plus price range. Regina also saw an increase in the number of absorptions in higher price ranges.

Gains in full-time employment

Provincial employment saw solid growth in the first quarter with a gain of 2.8 per cent over the first three months of 2002. Most of the gains came in full-time employment, a positive sign for homeownership as persons who are employed full-time are more likely to own than rent.

Although employment gains are still being made in primary industries such as forestry and oil and gas, construction employment has fallen off, even in the face of the up tick in residential construction starts. The construction unemployment

rate is now at the seasonal high of nearly 18 per cent.

Notwithstanding the slowing in construction employment in the province, construction employment gains are still being seen in Regina while Saskatoon was more reflective of provincial conditions.

Mortgage rates on the rise but remain low by historical standards

Mortgage rates are forecast to rise as interest rates head up this year and next. Spreads between mortgage rates and comparable bond yields have remained at 200-250 bps in the last couple of years, providing lenders with some room to negotiate discounts ranging 50-150 bps from the posted rates. These spreads are likely to persist in the near term. The one, three and five-year closed mortgage rates are expected to be in the 5.00-6.25, 6.00-7.25, and 6.50-7.75 per cent range respectively in 2003.

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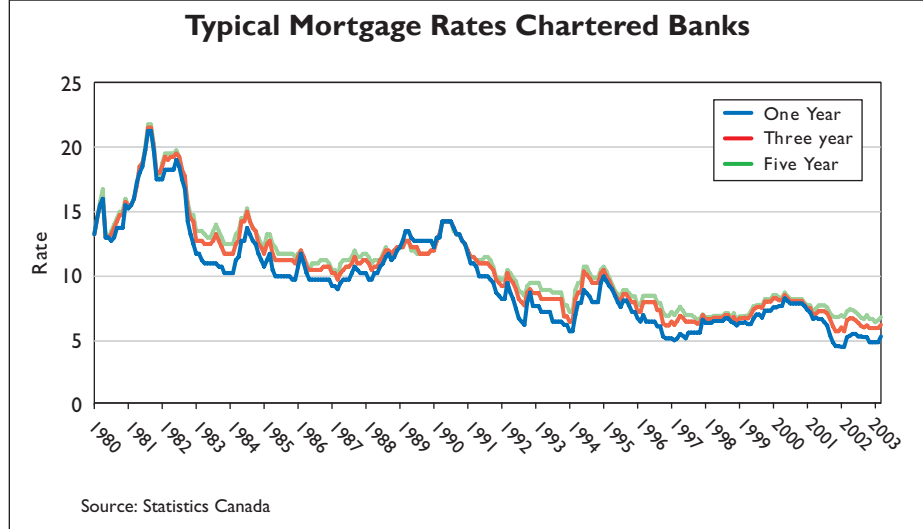


Table I
PROVINCE OF SASKATCHEWAN
STARTS ACTIVITY BY AREA - 1ST QUARTER 2003

AREA	Single		Multiple			Total		Chg 2003/2002
	2003 Q1	2002 Q1	Semi	Row	Apt	2003 Q1	2002 Q1	
REGINA CMA	91	72	0	22	123	236	102	***
REGINA CITY	81	62	0	22	123	226	92	***
SASKATOON CMA	123	116	6	107	0	236	224	5.4
SASKATOON CITY	103	100	6	101	0	210	206	1.9
ESTEVAN CA	1	0	0	0	0	1	0	***
LLOYDMINSTER CA (SK)	5	2	0	0	0	5	2	***
MOOSE JAW CA	4	1	0	0	0	4	1	***
BATTLEFORDS CA	0	0	0	0	0	0	0	***
PRINCE ALBERT CA	9	0	0	0	0	9	0	***
SWIFT CURRENT CA	2	1	0	0	22	24	1	***
YORKTON CA	1	1	0	0	0	1	1	0.0
TOTAL URBAN	236	193	6	129	145	516	331	55.9
TOTAL RURAL	58	54	2	0	0	60	54	11.1

Table Ib
PROVINCE OF SASKATCHEWAN
STARTS ACTIVITY BY AREA - YEAR TO DATE 2003

AREA	Single		Multiple			Total		Chg 2003/2002
	2003 Q1	2002 Q1	Semi	Row	Apt	2003 Q1	2002 Q1	
REGINA CMA	91	72	0	22	123	236	102	***
REGINA CITY	81	62	0	22	123	226	92	***
SASKATOON CMA	123	116	6	107	0	236	224	5.4
SASKATOON CITY	103	100	6	101	0	210	206	1.9
ESTEVAN CA	1	0	0	0	0	1	0	***
LLOYDMINSTER CA (SK)	5	2	0	0	0	5	2	***
MOOSE JAW CA	4	1	0	0	0	4	1	***
BATTLEFORDS CA	0	0	0	0	0	0	0	***
PRINCE ALBERT CA	9	0	0	0	0	9	0	***
SWIFT CURRENT CA	2	1	0	0	22	24	1	***
YORKTON CA	1	1	0	0	0	1	1	0.0
TOTAL URBAN	236	193	6	129	145	516	331	55.9
TOTAL RURAL	58	54	2	0	0	60	54	11.1

Table 2
SASKATCHEWAN HOUSING COMPLETIONS BY AREA
1ST QUARTER 2003

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	Semi	Row	Apt	2003	2002	
REGINA CMA	99	77	4	10	42	155	77	***
REGINA CITY	62	62	4	10	42	118	62	90.3
SASKATOON CMA	150	92	0	48	24	222	179	24.0
SASKATOON CITY	128	62	0	41	24	193	149	29.5
ESTEVAN CA	0	1	0	0	0	0	1	***
LLOYDMINSTER CA (SK)	10	5	0	0	0	10	5	***
MOOSE JAW CA	7	5	0	0	0	7	5	40.0
BATTLEFORDS CA	2	4	0	0	0	2	4	-50.0
PRINCE ALBERT CA	20	16	0	0	0	20	20	0.0
SWIFT CURRENT CA	2	2	0	0	0	2	4	-50.0
YORKTON CA	7	11	4	0	0	11	16	-31.3
TOTAL URBAN	297	213	8	58	66	429	311	37.9
TOTAL RURAL	111	119	0	0	0	111	122	-9.0

Table 2b
SASKATCHEWAN HOUSING COMPLETIONS BY AREA
YEAR TO DATE 2003

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	Semi	Row	Apt	2003	2002	
REGINA CMA	99	77	4	10	42	155	77	***
REGINA CITY	62	62	4	10	42	118	62	90.3
SASKATOON CMA	150	92	0	48	24	222	179	24.0
SASKATOON CITY	128	62	0	41	24	193	149	29.5
ESTEVAN CA	0	1	0	0	0	0	1	***
LLOYDMINSTER CA (SK)	10	5	0	0	0	10	5	***
MOOSE JAW CA	7	5	0	0	0	7	5	40.0
BATTLEFORDS CA	2	4	0	0	0	2	4	-50.0
PRINCE ALBERT CA	20	16	0	0	0	20	20	0.0
SWIFT CURRENT CA	2	2	0	0	0	2	4	-50.0
YORKTON CA	7	11	4	0	0	11	16	-31.3
TOTAL URBAN	297	213	8	58	66	429	311	37.9
TOTAL RURAL	111	119	0	0	0	111	122	-9.0

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
1st QUARTER 2003								
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
PREVIOUS YEAR								
REGINA CMA	2	0	3	17	14	9	15	60
REGINA CITY	1	0	2	13	10	8	11	45
SASKATOON CMA	3	3	6	13	39	11	20	95
SASKATOON CITY	3	0	0	8	37	6	11	65
TOTAL	5	3	9	30	53	20	35	155

Table 3b
PROVINCE OF SASKATCHEWAN
AVERAGE SINGLE DETACHED PRICE BY QUARTER - 2003 (DOLLARS)

AREA	Q1	Q2	Q3	Q4	Annual Average
REGINA CMA	180,173	0	0	0	180,173
REGINA CITY	185,889	0	0	0	185,889
SASKATOON CMA	181,611	0	0	0	181,611
SASKATOON CITY	180,440	0	0	0	180,440

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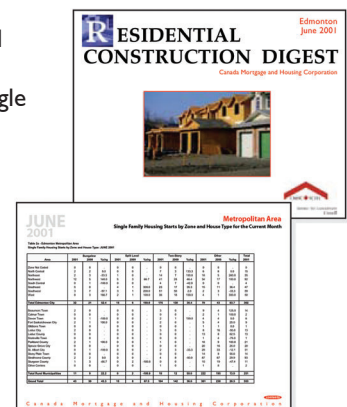


Table 4
**PROVINCE OF SASKATCHEWAN
 UNDER CONSTRUCTION - MARCH 2003**

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	Semi	Row	Apt	2003	2002	
REGINA CMA	243	130	2	40	186	471	355	32.7
REGINA CITY	172	67	2	40	186	400	292	37.0
SASKATOON CMA	284	205	60	265	288	897	448	***
SASKATOON CITY	226	175	54	241	288	809	409	97.8
ESTEVAN CA	2	2	0	0	0	2	2	0.0
LLOYDMINSTER CA (SK)	7	2	0	0	0	7	2	***
MOOSE JAW CA	7	2	0	0	0	7	2	***
BATTLEFORDS CA	0	2	0	0	0	0	2	***
PRINCE ALBERT CA	15	5	0	4	0	19	11	72.7
SWIFT CURRENT CA	2	3	0	0	22	24	5	***
YORKTON CA	5	6	2	0	0	7	58	-87.9
TOTAL URBAN	565	357	64	309	496	1434	885	62.0
TOTAL RURAL	191	263	19	26	11	247	266	-7.1

Table 4b
**PROVINCE OF SASKATCHEWAN
 COMPLETE NOT OCCUPIED - MARCH 2003**

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	Semi	Row	Apt	2003	2002	
Regina	27	63	4	5	61	97	115	-15.7
City Only	27	63	4	5	55	91	109	-16.5
Saskatoon	42	44	2	12	33	89	150	-40.7
City Only	40	42	2	12	33	87	148	-41.2
TOTAL CMA'S	69	107	6	17	94	186	265	-29.8

**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	
STARTS										
Current Quarter	236	6	0	129	145	0	0	0	0	516
Previous Year	193	26	0	78	34	0	0	0	0	331
Year-To-Date 2003	236	6	0	129	145	0	0	0	0	516
Year-To-Date 2002	193	26	0	78	34	0	0	0	0	331
UNDER CONSTRUCTION										
2003	565	64	4	301	370	4	126	0	0	1434
2002	357	42	0	114	367	4	1	0	0	885
COMPLETIONS										
Current Quarter	297	8	0	58	66	0	0	0	0	429
Previous Year	213	16	0	74	8	0	0	0	0	311
Year-To-Date 2003	297	8	0	58	66	0	0	0	0	429
Year-To-Date 2002	213	16	0	74	8	0	0	0	0	311
COMPLETED & NOT ABSORBED²										
2003	69	6	0	17	94	0	0	0	0	186
2002	107	19	0	32	101	0	6	0	0	265
TOTAL SUPPLY³										
2003	634	70	4	318	464	4	126	0	0	1620
2002	464	61	0	146	468	4	7	0	0	1150
ABSORPTIONS										
Current Quarter	229	4	0	49	67	0	0	0	0	349
Previous Year	155	13	0	67	6	0	7	0	0	248
12-month Average	89	7	0	24	30	1	1	0	0	152

¹ May include units intended for condominium.

² Centres of 50,000 population and over.

³ Sum of units under construction, complete and unoccupied



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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.

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ORECAST

SUMMARY

Canada Mortgage and Housing Corporation

New housing market holds steady in 2003 and 2004

Skilled labour shortage limits housing production

Single starts will maintain their current pace in both 2003 and 2004. A number of factors have led to the peak in single starts including steady but modest employment growth creating demand from in-migrants and renters, limited land supply (relative to demand), a scarcity of resale housing in the more popular price ranges and shortages of skilled trades people.

The inventory of completed and unoccupied units is now at the lowest point seen since 1998 but home builders are rushing to bring product to the market as is shown by the level of singles under construction. In early 2003, almost 260 units are under construction, the highest level seen since 1988.

Over supply situation moving to balanced market

Given the current absorption rate of 30 to 35 units per month, the supply of singles completed and those at various

stages of construction is sufficient to last more than eight months. As homebuilders advise most of these units are pre-sold, we expect this over supply situation to be short-lived. The market will be returned to the normal level of six to seven months supply that has persisted for the last three years. CMHC considers a six to seven month supply of units at various stages of construction to be indicative of a balanced market.

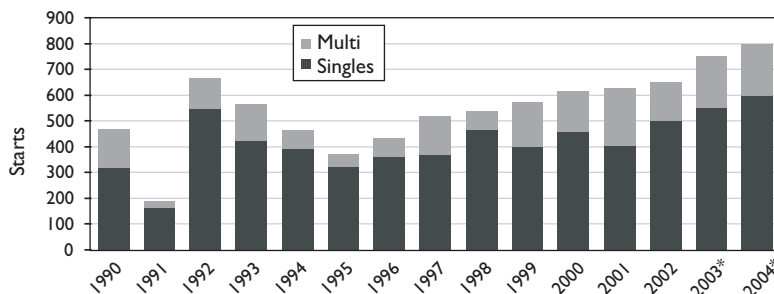
Average price is forecast to increase in excess of inflation in both 2003 and 2004 despite the surplus of units in early 2003. The inventory of land was almost completely exhausted in 2002 and developers are only now bringing land inventory up to acceptable levels. This recently developed land will be subject to higher costs than land already in inventory. Accordingly, these higher costs will result in higher land prices for consumers.

REGINA
SPRING 2003

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- 3 **Rental Market**
Average vacancy rate for rental properties stays low fuelling rental increases
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Single and Multiple Housing Starts Regina CMA



Source: CMHC



HOME TO CANADIANS
Canada

Surplus of multiple housing

Multiple starts will rise to 200 units in 2003 and stabilize at that level in 2004. Most of this expected production would be condominium units although the city may benefit from new rental construction under the provisions of the Federal-Provincial Centenary Affordable Housing Program.

In early 2003, Regina is seeing a supply of completed condominiums and life-lease units sufficient to last 18 months at current rates of absorption. This is considerably lower than the inventory of multiple units at this time in 2002. Although an 18-month supply may be interpreted as an oversupply, we expect more than half of these units will be absorbed upon completion of

construction as developers usually sell a good portion of the project units prior to beginning construction.

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Resale Market

Resale market suffers listings shortage - prices rise in response

Sales of existing residential homes will peak at 2,600 sales in 2003 and 2004, slightly less than the 2,800 sales seen in 2001 and 2002. This slowdown does not represent weakening demand but rather a scarcity of homes available for sale.

At the end of 2002, the average inventory of homes available for sale was down more than 10 per cent compared to a year earlier. The trend line of new monthly listings is flat and our forecast calls for the rate of new listings to remain stagnant in 2003 and 2004.

Looking at the demand side of the equation, we expect firm pressure from rental households looking to move into homeownership. Modest employment gains of 1.4 per cent annually and rising incomes will encourage new household formation and in-migration.

Steady sales and limited inventory will cause the sales-to-active listing ratio to stabilize in the range of 0.35 to 0.40

in the forecast period. This represents a supply sufficient to last two to three months at the expected pace of sales. Considering modest economic growth, steady demand, scarcity of good quality listings and real increases in price, CMHC is forecasting balanced markets to prevail in 2003 and 2004.

Average price increases 2.3 per cent annually

The result of these supply and demand factors will be average price increases of 2.3 per cent annually in 2003 and 2004. Average price is increasing due to both a higher proportion of more expensive homes being sold and the bidding up in price of scarce, good quality resale listings.

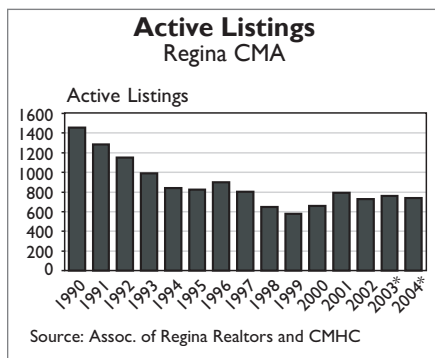
Despite increasing average price, the average number of days required to list a property prior to sale is on a downward trend, falling 18 per cent in some areas. Area 2 neighbourhoods such as Normanview, Normanview West and Mount Royal are seeing average-listing periods of 40 days, a 13 per cent decline in the average listing period compared to that seen in 2002s.

Rising prices and interest rates will have a negative impact on affordability. CMHC estimates that the income required to service the debt, property taxes and heating costs on an existing

home purchased at the 2004 average selling price will increase more than 13 per cent compared to current estimated ownership costs. The monthly principal and interest payment on an NHA 95 per cent mortgage will increase from \$643 to just over \$750. Notwithstanding the rising costs of buying and owning a home, Regina will remain one of the most affordable cities in Western Canada in which to own a home.

Resale market conditions present opportunities for homebuilders

The increase in the average price of existing homes, combined with the scarcity of popular starter homes, will have a positive impact on new housing demand, but homebuilders will be hard pressed to deliver new housing units at affordable prices when faced with rising land and material prices.



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Economic Overview:

Economy exhibits healthy market conditions - positive job growth and rising income

Employment growth will slow somewhat in 2003, growing by just over 1,000 new jobs in 2003. Stronger job growth will prevail in 2004 with an increase in employment of 2,000 persons employed. Most of the employment growth will shift to the service sector in 2003 and 2004 especially in trade, health care

and education. Construction and manufacturing will continue to provide growth in the goods sector.

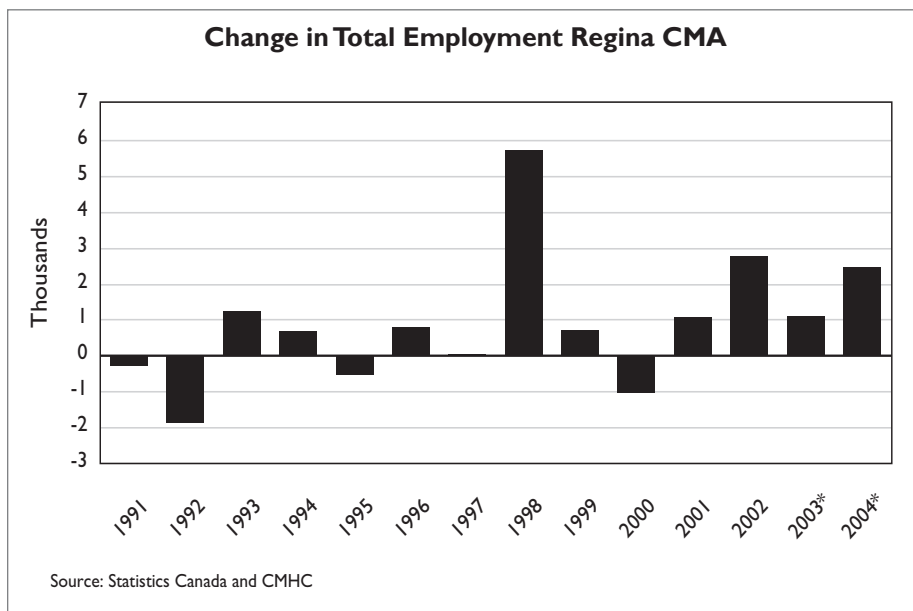
Employment growth will encourage the formation of new households due to increased income and in-migration. Although net migration will be zero in 2003 and 2004, we forecast in-migration

will increase to 8,250 persons in 2003 and 8,500 persons in 2004.

The new households created will seek rental or homeownership alternatives depending on their income and lifestyle needs. Our research indicates Regina grows at a rate of 600 to 800 households annually.

Mortgage rates on the rise

Short-term mortgage rates move in tandem with the prime rate while mid- and long-term mortgage rates vary in response to the cost of raising funds in the bond markets. Mortgage rates are forecast to rise as interest rates head up this year and next. Spreads between mortgage rates and comparable bond yields have remained at 200-250 bps in the last couple of years, providing lenders with some room to negotiate discounts ranging 50-150 bps from the posted rates. These spreads are likely to persist in the near term. The one, three and five-year closed mortgage rates are expected to be in the 5.00-6.25, 6.00-7.25, and 6.50-7.75 per cent range respectively in 2003.



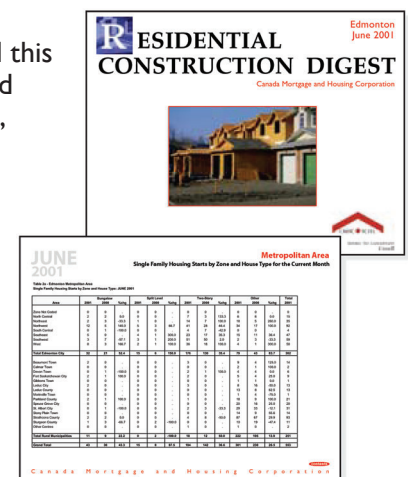
RESIDENTIAL CONSTRUCTION DIGEST

CMHC's monthly **Residential Construction Digest** delivers all the housing statistics you asked for, right down to the local market level! We have designed this product with your input, to meet your needs. You told us you wanted a detailed breakdown each month of housing statistics for single and multi-family markets, broken down by price range and by area of the city.

The Residential Construction Digest delivers!

Each month, over 60 tables reveal the housing market in great detail: Housing trends made crystal clear, to help you identify new opportunities. For added convenience each report is distributed electronically in PDF format with hotlinks allowing you to quickly get the information you need with a click of your mouse.

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Rental Market

Average vacancy rate for rental properties stays low fuelling rental increases

New households derived from employment and income gains will help maintain demand for rental apartments, keeping average vacancy rates for apartments at the two percent level.

Some new rental stock will be added in 2003 and 2004. This development will probably be associated with the Federal-Provincial Centenary housing program although new private

sector rental housing may also play a role, as there has been new rental development in other major Saskatchewan centres.

Steady rental demand will give rental property owners the opportunity to increase rents in line with inflation in 2003 and 2004. Our forecast calls for increases in average rent of two per cent in 2003 and four per cent in 2004.

FORECAST SUMMARY

Regina Metropolitan Area

	2000	2001	2002	2003*	2004*	Chg.
RESALE MARKET						
MLS® New listings (Monthly Average)	656	790	725	760	740	-2.6%
Residential MLS® Sales (Total)	2,612	2,792	2,817	2,600	2,650	1.9%
Residential MLS® Price (Average)	\$94,191	\$96,658	\$100,396	\$103,000	\$105,000	1.9%
NEW HOME MARKET						
Complete and unoccupied (Dec)						
Single-family	78	45	27	60	50	-16.7%
Multiple-family (semi, row, apt)	50	55	64	50	50	0.0%
Total Housing Starts	615	626	651	750	800	6.7%
Single-family	459	401	504	550	600	9.1%
Multiple-family	156	225	147	200	200	0.0%
Average New House Price	\$156,962	\$162,295	\$169,863	\$175,600	\$182,500	3.9%
Single-family All Types		3.4%	4.7%	3.4%	3.9%	
RENTAL MARKET						
Vacancy rate (Oct)	1.4%	2.1%	1.9%	1.9%	1.9%	N/A
Rental rate (annual % chg.) 2 bdr.	0.4%	3.5%	2.2%	2.0%	3.0%	N/A
Rental Housing Starts	2	4	3	25	100	
ECONOMIC OVERVIEW						
Mortgage rate (1 yr. term)	7.9%	6.1%	5.2%	5.5%	6.8%	--
Mortgage rate (3 yr. term)	8.2%	6.9%	6.3%	6.4%	7.6%	--
Mortgage rate (5 yr. term)	8.4%	7.4%	7.0%	7.0%	8.2%	--
Employed	104,100	105,200	107,900	109,000	111,000	1.8%
Employment growth (# jobs)		1,100	2,700	1,100	2,000	N/A
Net-migration (census year)	-550	-500	-500	0	0	N/A
In-migration	7,817	8,000	8,000	8,250	8,500	

* CMHC Forecast

Source: CMHC, Statistics Canada, Association of Regina Realtors and the New Home Warranty of Saskatchewan Multiple Listing Service (MLS® is a registered certification mark owned by the Canadian Real Estate Association)

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SUMMARY

Canada Mortgage and Housing Corporation

New housing market

Single-family construction maintains healthy pace in 2003 and 2004

Single-family housing starts will maintain a healthy pace in 2003 and 2004. Look for 700 starts annually in both forecast years. Our forecast calls for the highest number of single-family starts since 1999. A number of supply and demand factors have played into creating the peak in single starts including steady but modest employment growth creating demand from in-migrants and renters, limited land supply (relative to demand), a scarcity of resale housing in the more popular price ranges and shortages of skilled trades people.

The inventory of completed homes is at its lowest point in more than five years but the number of homes under construction is the highest seen in five years. Monthly absorption is setting a brisk pace of 50 units per month. Monthly average absorption peaked at close to 60 units per month in 1999. The current rate of absorptions has caused the inventory of completed

homes and those under construction to be sufficient to last six months. These conditions are considered to be indicative of a balanced market.

The average price of all new housing units absorbed in the Saskatoon CMA has increased at a rate of 2.6 per cent annually since 1998. We forecast this rate of price gain will be maintained in 2003 and 2004 due to steady demand in the face of constant supply. Inflating materials costs and demands from consumers for higher quality and amenities will also drive prices up.

Multiple housing starts to slow

Multiple starts will fall back in 2003 to 350 units, after setting a vigorous pace of 691 starts in 2002. Multiple starts will bounce back in 2004 to 500 units.

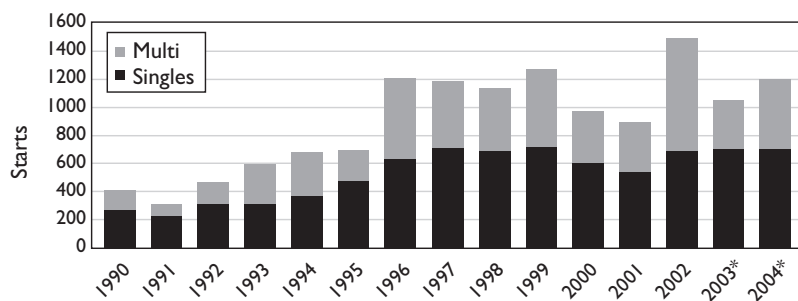
Saskatoon's multiple construction market has seen some notable changes in 2002. Last year saw the first sizable project designed for the general rental market rather than the rental projects

SASKATOON SPRING 2003

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Single-family construction maintains healthy pace in 2003 and 2004
- 2 **Resale Market**
Demand limited by supply in 2003 and 2004
- 3 **Economic Overview**
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- 3 **Rental Market**
Low average vacancy rate encourages rental increases
- 4 **Forecast Summary**

Single and Multiple Housing Starts Saskatoon CMA



Source: CMHC



HOME TO CANADIANS
Canada

offering seniors assisted-living that have been so popular in the last three to four years. Moderately priced row condominium projects surpassed luxury semi-detached and apartment units in terms of popularity.

Notwithstanding the return of new multiple rental housing in 2002, condominium and life-lease development will continue to dominate

the multiple housing market in 2003 and 2004. Condominium absorptions approached 40 units per month in 2002 and should surpass that rate in 2003. As was the case with singles, the number of multiple units under construction is also at historically high levels.

The average price of row housing condominiums will move up to the

\$110,000 range while average prices of apartment style units will increase slightly to \$140,000.

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Resale Market

Demand limited by supply in 2003 and 2004

Sales of existing homes will be steady at approximately 3,000 sales per year in 2003 and 2004. Demand will stem from renter households (first-time homebuyers) turning to homeownership. In-migration from rural Saskatchewan and from outside the province will also contribute to growth in the number of homeownership households.

Sales will be restricted by a scarcity of good quality affordable listings in both years of the forecast. At the end of 2002, the average inventory of homes available for sale was at the lowest level seen since the end of 2000. The trend line of new monthly listings is rising slowly but our forecast calls for the inventory of new listings to remain in the range of 600 to 650 listings throughout 2003 and 2004.

Steady sales and limited inventory will cause the sales-to-active listing ratio to stabilize in the range of 0.35 to 0.40 in the forecast period. This represents a supply sufficient to last two to three months at the expected pace of sales. Considering modest economic growth, steady demand, scarcity of good quality listings and real increases in price, CMHC is forecasting balanced markets to prevail in 2003 and 2004.

Average price to increase in excess of inflation

Steady demand and limited supply will result in increases in average price in excess of inflation. A portion of the increase in average price will stem from the shift in sales to higher priced homes as the supply of less expensive units dwindles.

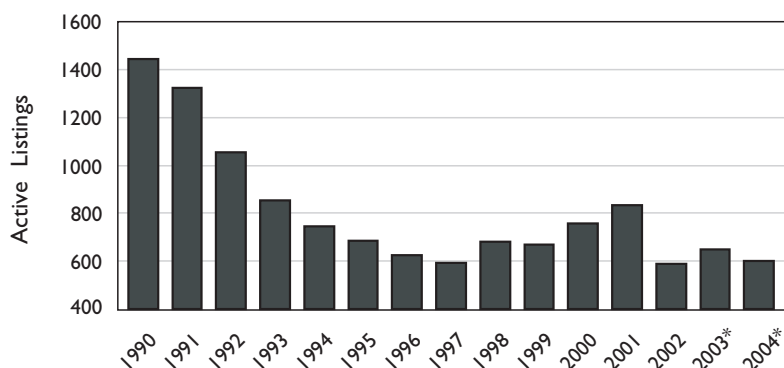
In 2002, the most active price range was \$100,000 to \$124,999 capturing almost 25 per cent of the total residential sales. We expect the next most active price range of \$150,000 to \$174,999 to gain share in 2003 and 2004.

Rising price and interest rates will have a negative impact on affordability. CMHC estimates that the income required to service the debt, property taxes and heating costs on an existing home purchased at the 2004 average selling price will increase more than 14 per cent compared to current estimated ownership costs. The monthly principal and interest payment on an NHA 95 percent mortgage will increase from \$809 to just over \$965. Notwithstanding the rising costs of buying and owning a home, Saskatoon will remain one of the more affordable cities in Western Canada in which to own a home.

Resale market conditions present opportunities for homebuilders

The increase in the average price of existing homes, combined with the scarcity of popular starter homes, will have a positive impact on new housing demand, but homebuilders will be hard pressed to deliver new housing units at affordable prices when faced with rising land and material prices.

Active Listings Saskatoon CMA



Source: Assoc. of Regina Realtors and CMHC

Economic Overview:

Economy exhibits healthy market conditions - positive job growth and rising income

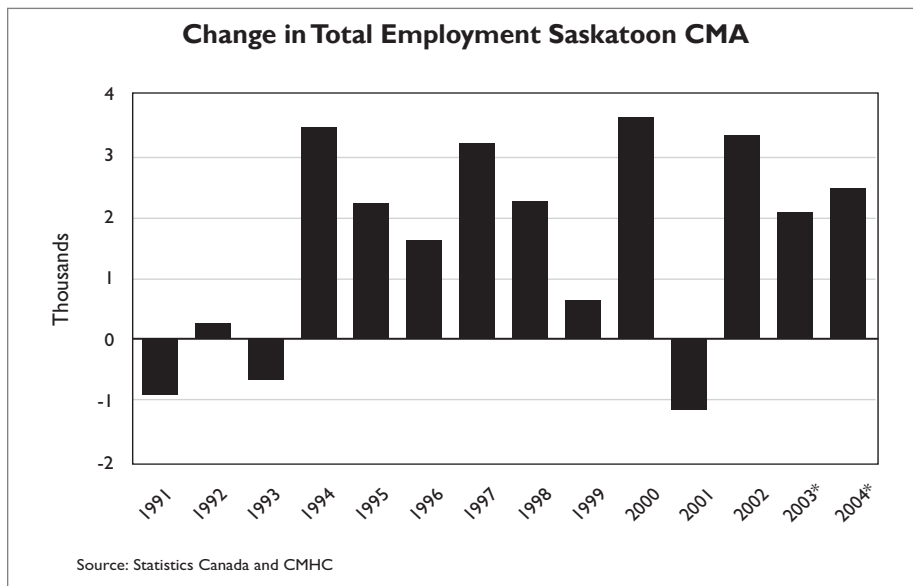
Employment growth will provide 2,100 new jobs in 2003 and a further 2,500 in 2004, supporting housing markets with increased income and in-migration. The goods and service sectors will share employment expansion equally in 2003 and 2004. Average weekly earnings will increase at a slower rate than that seen in 2002. Although manufacturing earnings will continue to expand, mining earnings

will weaken compared to 2002. Weekly earnings in retail trade will fall as interest rate increases slow consumer spending. The average participation rate in the construction industry reached 92 per cent in 2002, the highest level experienced since 1998. The participation rate is the labour force in that group, expressed as a percentage of the population 15 years of age and

over, in that group. The participation rate for all industries in Saskatoon exceeded 69 per cent, the highest level seen since 1989. These statistics suggest a scarcity of skilled workers in Saskatoon.

Mortgage rates on the rise but remain low by historical standards

Short-term mortgage rates move in tandem with the prime rate while mid- and long-term mortgage rates vary in response to the cost of raising funds in the bond markets. Mortgage rates are forecast to rise as interest rates head up this year and next. Spreads between mortgage rates and comparable bond yields have remained at 200-250 bps in the last couple of years, providing lenders with some room to negotiate discounts ranging 50-150 bps from the posted rates. These spreads are likely to persist in the near term. The one, three and five-year closed mortgage rates are expected to be in the 5.00-6.25, 6.00-7.25, and 6.50-7.75 per cent range respectively in 2003.



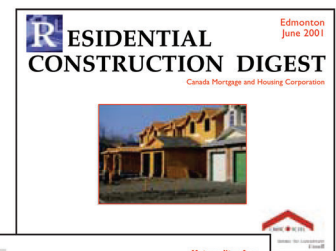
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Rental Market

Low average vacancy rate encourages rental increases

New households derived from employment and income gains in 2002 will help maintain demand for rental apartments, keeping average vacancy rates for apartments at the two to three percent level.

New rental stock will be added in 2003 and 2004. Private sector rental housing has already been added

and development associated with the Federal-Provincial Centenary housing program may also play a role.

Steady rental demand will give rental property owners the opportunity to increase rents in line with inflation in 2003 and 2004. Our forecast calls for increases in average rent of two per cent in 2003 and three per cent in 2004.

FORECAST SUMMARY

Saskatoon Metropolitan Area

	2000	2001	2002	2003*	2004*	Chg.
RESALE MARKET						
MLS® New listings (Monthly Average)	759	833	590	650	600	-7.7%
Residential MLS® Sales (Total)	2,758	2,987	2,941	3,000	2,900	-3.3%
Residential MLS® Price (Average)	\$112,248	\$116,023	\$118,608	\$123,000	\$127,600	3.7%
NEW HOME MARKET						
Complete and unoccupied (Dec)	177	157	67	175	100	-42.9%
Single-family	58	31	14	50	50	0.0%
Multiple-family (semi, row, apt)	119	126	53	120	50	-58.3%
Total Housing Starts	968	900	1,489	1,050	1,200	14.3%
Single-family	602	542	691	700	700	0.0%
Multiple-family	366	358	798	350	500	42.9%
Average New House Price						
Single-family All Types	\$160,603	\$168,892	\$176,443	\$186,000	\$190,000	2.2%
RENTAL MARKET						
Vacancy rate (Oct)	1.7%	2.9%	3.7%	3.0%	3.0%	N/A
Rental rate (annual % chg.) 2 bdr.	1.9%	3.1%	1.6%	3.0%	2.0%	N/A
Rental Housing Starts	24	34	150	50	50	
ECONOMIC OVERVIEW						
Mortgage rate (1 yr. term)	7.9%	6.1%	5.2%	5.5%	6.8%	--
Mortgage rate (3 yr. term)	8.2%	6.9%	6.3%	6.4%	7.6%	--
Mortgage rate (5 yr. term)	8.4%	7.4%	7.0%	7.0%	8.2%	--
Employed	116,700	115,500	118,900	121,000	123,500	2.1%
Employment growth (# jobs)		-1,200	3,400	2,100	2,500	N/A
Net-migration (census year)	-900	0	0	0	0	N/A
In-migration	10,631	11,000 est.	11,000	11,000	11,000	

* CMHC Forecast

Source: CMHC, Statistics Canada, Saskatoon Real Estate Board and the New Home Warranty of Saskatchewan Multiple Listing Service (MLS® is a registered certification mark owned by the Canadian Real Estate Association)

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