

H

Saskatchewan

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Canada Mortgage and Housing Corporation

Starts up more than 40 per cent

Saskatchewan second quarter total housing starts surpassed second quarter 2002 results by more than 40 per cent. Single-family starts across the province were up almost eight per cent while multiple starts jumped to 413 units compared to only 154 in the same quarter in 2002. Single-family starts had the best second quarter since 2000. Multiple housing starts saw their best second quarter since 1988.

The cities of Estevan, Moose Jaw, Prince Albert and Swift Current exceeded the number of starts experienced in the second quarter of 2002. Lloydminster (Saskatchewan side), Battlefords, and Yorkton fell behind the starts activity seen in 2002. Year-to-date housing starts are ahead of 2002 in all the province's smaller cities except Lloydminster, Battlefords and Yorkton.

Rural starts continue to recover

Urban housing starts dominated this past quarter, capturing more than 76 per cent of the housing starts. Notwithstanding this strong urban activity, rural starts continued to recover with a 37.5 per cent increase compared to the second quarter 2002. It was the strongest second quarter for rural starts since 1991 and the best overall quarter for rural starts since the third quarter of 1999. Despite this, no multiple activity was recorded in the second quarter in communities of less than 10,000 in population.

Regina and Saskatoon exceeded 2002-second quarter housing production. Single-family housing starts slowed in both centres but multi-family housing starts were ahead of the second quarter 2002. Year-to-date multiple construction has pushed Regina total housing starts almost 50 per cent over last year at this time. Similarly, in Saskatoon, though year-to-date single starts are down slightly, a burst of multiple construction has driven total starts 44 per cent over mid-year 2002.

Single and multiple units under construction on the rise

The number of housing units under construction continues to rise. At the end of June, the total number of units under construction was up 59 per cent in urban Saskatchewan and 11 per cent in rural areas. Over 45 per cent of these units are either row or

SECOND QUARTER 2003

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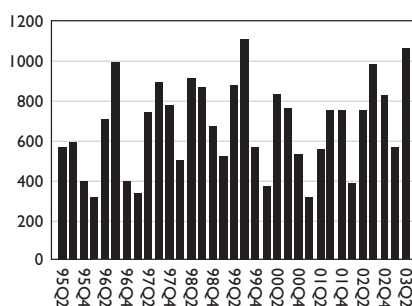
ANALYSIS

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Saskatchewan Total Housing Starts



Source: CMHC



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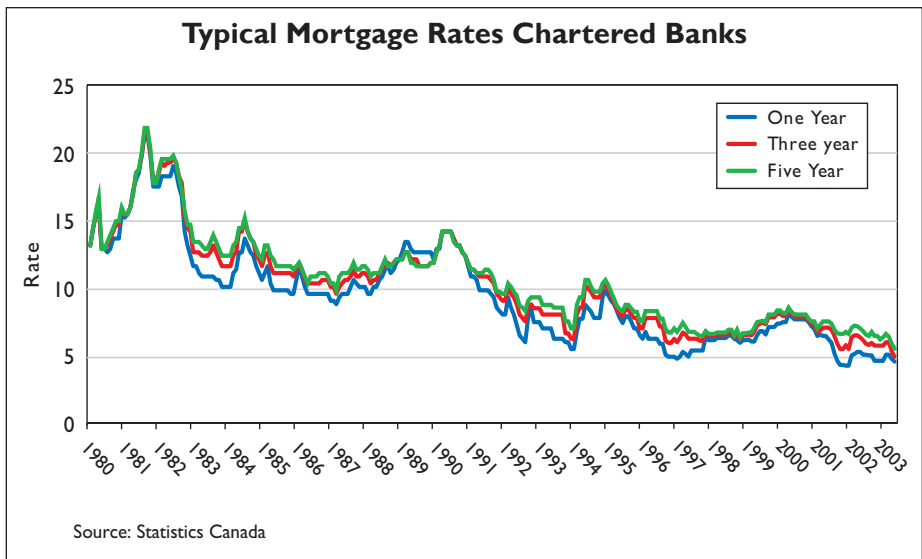
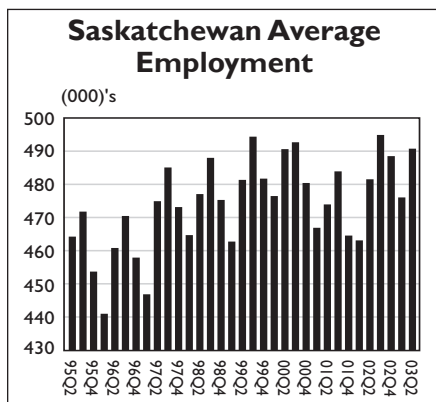
apartment condominium units. There is an increase in both ownership and rental units under construction at the end of the second quarter. Row housing construction is particularly active. At mid-year, 386 row units were being constructed compared to only 160 in June 2002.

In June, Saskatoon had 950 units at various stages of construction. This is a 70 per cent increase compared to June of 2002. The majority, or 63 per cent, were row, apartment and semi-detached housing units. Construction was underway on 529 units in Regina but single and multiple construction activity was fairly evenly distributed. This represents a 54 per cent increase over the number of units under construction in June 2002.

Completed and unoccupied inventory up 50 per cent

There has been a 50 per cent increase in the total number of completed and unoccupied housing units compared to last year at this time. Of the 288 units that are sitting empty, more than 100 are rental units contained in two structures. These represent the first market rental housing, of significant size, constructed in the city for at least a decade.

Absorptions of all types of housing units in Regina and Saskatoon increased 12 per cent compared to the same quarter in 2002. Single-family absorptions were close to that seen in the second quarter of 2002. Absorption rates increased for semi-detached and row condominiums, while apartment absorptions were half the number reported last year.



Only Saskatoon saw an increase in single-family absorptions compared to the second quarter of 2002 with a 24 per cent increase. The number of absorptions in the \$150,000 to \$169,999 price range increased from 38 to 45 units while the number of units absorbed in the \$170,000 to \$189,999 increased from 11 units last year to 27 units in 2003. In Regina, although there was very little year over year change in total absorption, there was an increase in absorptions in the \$170,000 to \$189,999 price range countered by declines in units absorbed in the \$150,000 to \$169,999 and \$130,000 to \$149,999 range.

Provincial employment gains modest

Provincial employment gains have been modest to the end of June with a year-to-date, year over year average increase of 2.4 per cent. The goods sector, encompassing such industries as agriculture, mining and forestry and construction, has seen a 1.5 per cent decline. Employment gains in service sector industries including education and health care have compensated for these losses.

Provincial construction employment has been in decline throughout 2003 and now has fallen 2.3 per cent. Employment in the construction trades in Regina is up by an average 12 per cent but down in Saskatoon by more than 16 per cent.

Mortgage rates to increase but room for negotiation

A combination of a resilient Canadian economy and high inflation will likely lead the central bank to tap the brakes on by raising interest rates in the months ahead. As the U.S. economy improves and interest rates south of the border begin to rise by next year at the latest, Canadian interest rates will rise too in an effort to keep prices stable at home and preserve the value of our currency.

One, three and five-year posted closed mortgage rates are expected to be in the 4.75-5.75, 5.25-6.25, and 5.75-6.75 per cent range respectively this year. Mortgage rates are forecast to rise by 1.00-1.25 per cent next year. However, rising posted mortgage rates will not necessarily lead to higher mortgage rates negotiated between borrowers and lenders as lenders do have room for discounting.

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Table I
PROVINCE OF SASKATCHEWAN
STARTS ACTIVITY BY AREA - 2ND QUARTER 2003

AREA	Single		Multiple			Total		Chg 2003/2002
	2003 Q1	2002 Q1	Semi	Row	Apt	2003 Q1	2002 Q1	
REGINA CMA	129	153	2	40	24	195	186	4.8
REGINA CITY	99	118	2	40	24	165	151	9.3
SASKATOON CMA	199	214	14	197	130	540	315	71.4
SASKATOON CITY	129	156	14	188	130	461	238	93.7
ESTEVAN CA	3	3	0	4	0	7	3	***
LLOYDMINSTER CA (SK)	1	9	0	0	0	1	9	-88.9
MOOSE JAW CA	10	9	0	0	0	10	9	11.1
BATTLEFORDS CA	4	5	0	0	0	4	5	-20.0
PRINCE ALBERT CA	39	27	0	0	0	39	30	30.0
SWIFT CURRENT CA	9	4	2	0	0	11	4	***
YORKTON CA	9	14	0	0	0	9	18	-50.0
TOTAL URBAN	403	438	18	241	154	816	579	40.9
TOTAL RURAL	249	168	0	0	0	249	181	37.6

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	220	225	2	62	147	431	288	49.7
REGINA CITY	180	180	2	62	147	391	243	60.9
SASKATOON CMA	322	330	20	304	130	776	539	44.0
SASKATOON CITY	232	256	20	289	130	671	444	51.1
ESTEVAN CA	4	3	0	4	0	8	3	***
LLOYDMINSTER CA (SK)	6	11	0	0	0	6	11	-45.5
MOOSE JAW CA	14	10	0	0	0	14	10	40.0
BATTLEFORDS CA	4	5	0	0	0	4	5	-20.0
PRINCE ALBERT CA	48	27	0	0	0	48	30	60.0
SWIFT CURRENT CA	11	5	2	0	22	35	5	***
YORKTON CA	10	15	0	0	0	10	19	-47.4
TOTAL URBAN	639	631	24	370	299	1332	910	46.4
TOTAL RURAL	307	222	2	0	0	309	235	31.5

Table 2
SASKATCHEWAN HOUSING COMPLETIONS BY AREA
2ND QUARTER 2003

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	Semi	Row	Apt	2003	2002	
REGINA CMA	105	89	0	8	24	137	198	-30.8
REGINA CITY	85	70	0	8	24	117	179	-34.6
SASKATOON CMA	135	113	36	149	172	492	205	***
SASKATOON CITY	109	94	30	137	172	448	186	***
ESTEVAN CA	3	3	0	0	0	3	3	0.0
LLOYDMINSTER CA (SK)	4	3	0	0	0	4	3	33.3
MOOSE JAW CA	9	3	0	0	0	9	3	***
BATTLEFORDS CA	1	2	0	0	0	1	2	-50.0
PRINCE ALBERT CA	21	7	0	0	0	21	10	***
SWIFT CURRENT CA	3	3	2	0	0	5	3	66.7
YORKTON CA	7	1	2	0	0	9	51	-82.4
TOTAL URBAN	288	224	40	157	196	681	478	42.5
TOTAL RURAL	125	143	0	26	11	162	146	11.0

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	204	166	4	18	66	292	275	6.2
REGINA CITY	147	132	4	18	66	235	241	-2.5
SASKATOON CMA	285	205	36	197	196	714	384	85.9
SASKATOON CITY	237	156	30	178	196	641	335	91.3
ESTEVAN CA	3	4	0	0	0	3	4	-25.0
LLOYDMINSTER CA (SK)	14	8	0	0	0	14	8	75.0
MOOSE JAW CA	16	8	0	0	0	16	8	***
BATTLEFORDS CA	3	6	0	0	0	3	6	-50.0
PRINCE ALBERT CA	41	23	0	0	0	41	30	36.7
SWIFT CURRENT CA	5	5	2	0	0	7	7	0.0
YORKTON CA	14	12	6	0	0	20	67	-70.1
TOTAL URBAN	585	437	48	215	262	1110	789	40.7
TOTAL RURAL	236	262	0	26	11	273	268	1.9

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 2003								
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
PREVIOUS YEAR								
REGINA CMA	1	6	14	26	29	18	24	118
REGINA CITY	0	6	13	24	24	16	16	99
SASKATOON CMA	1	4	3	28	38	11	32	117
SASKATOON CITY	0	2	2	24	38	10	23	99
TOTAL	2	10	17	54	67	29	56	235

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

AREA	Q1	Q2	Q3	Q4	Annual Average
REGINA CMA	182,163	179,591	0	0	182,163
REGINA CITY	183,202	176,027	0	0	183,202
SASKATOON CMA	181,611	171,943	0	0	181,611
SASKATOON CITY	180,440	176,551	0	0	180,440

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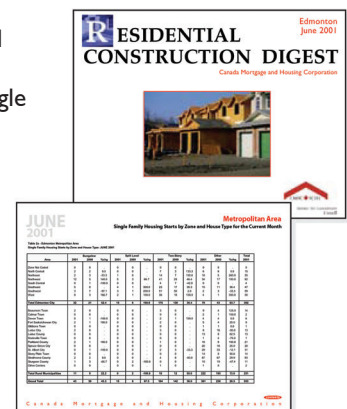


Table 4
PROVINCE OF SASKATCHEWAN
UNDER CONSTRUCTION - JUNE 2003

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	Semi	Row	Apt	2003	2002	
REGINA CMA	267	194	4	70	188	529	343	54.2
REGINA CITY	186	115	4	70	188	448	264	69.7
SASKATOON CMA	349	306	38	317	246	950	560	69.6
SASKATOON CITY	247	237	38	296	246	827	463	78.6
ESTEVAN CA	2	2	0	4	0	6	2	***
LLOYDMINSTER CA (SK)	4	8	0	0	0	4	8	-50.0
MOOSE JAW CA	8	8	0	0	0	8	8	0.0
BATTLEFORDS CA	3	5	0	0	0	3	5	-40.0
PRINCE ALBERT CA	33	25	0	4	0	37	31	19.4
SWIFT CURRENT CA	8	4	0	0	22	30	6	***
YORKTON CA	7	19	0	0	0	7	25	-72.0
TOTAL URBAN	681	571	42	395	456	1574	988	59.3
TOTAL RURAL	333	288	2	0	0	335	301	11.3

Table 4b
PROVINCE OF SASKATCHEWAN
COMPLETE NOT OCCUPIED - JUNE 2003

AREA	Single		Multiple			Total		Chg 2003/2002
	2003	2002	Semi	Row	Apt	2003	2002	
Regina	32	30	1	4	53	90	64	40.6
City Only	32	30	1	4	47	84	58	44.8
Saskatoon	32	40	6	18	142	198	129	53.5
City Only	31	37	6	14	142	193	126	53.2
						0		
TOTAL CMA'S	64	70	7	22	195	288	193	49.2

**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	403	18	0	232	24	9	130	0	0	816
Previous Year	438	20	0	88	30	3	0	0	0	579
Year-To-Date 2003	639	24	0	361	169	9	130	0	0	1332
Year-To-Date 2002	631	46	0	166	64	3	0	0	0	910
UNDER CONSTRUCTION										
2003	681	42	0	386	326	9	130	0	0	1574
2002	571	48	0	160	201	7	1	0	0	988
COMPLETIONS										
Current Quarter	288	40	4	149	70	4	126	0	0	681
Previous Year	224	16	0	42	196	0	0	0	0	478
Year-To-Date 2003	585	48	4	207	136	4	126	0	0	1110
Year-To-Date 2002	437	32	0	116	204	0	0	0	0	789
COMPLETED & NOT ABSORBED²										
2003	64	7	0	22	90	0	105	0	0	288
2002	70	13	0	12	95	0	3	0	0	193
TOTAL SUPPLY³										
2003	745	49	0	408	416	9	235	0	0	1862
2002	641	61	0	172	296	7	4	0	0	1181
ABSORPTIONS										
Current Quarter	245	35	4	144	74	4	21	0	0	527
Previous Year	235	22	0	59	152	0	3	0	0	471
12-month Average	89	8	0	31	24	1	2	0	0	155

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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