

### First quarter housing starts jump

#### Multiple building soars

Saskatchewan new home construction saw the best first quarter in two years, solely on the strength of multiple building in the province's two biggest centres. Total housing starts were up more than 21 per cent over the first quarter of 2001. Though 385 total housing starts represent a strong first quarter, this failed to exceed the average quarterly number of housing starts in the last five years of 411 units.

Urban housing starts, or more specifically urban multiple construction, was the source of the upswing in activity with 138 units started. This is the best first quarter for urban multiple starts in more than a decade.

#### Rural housing starts in the doldrums

In a continuation of the feeble rural housing activity seen in past years, only 54 units were recorded in areas of the province outside cities of 10,000 or more population. All of

these starts were single-family dwellings. This represents a 30 per cent decline from the housing activity seen in rural Saskatchewan in the first quarter of 2001 and is the weakest first quarter since 1995.

#### Row housing preferred style

Historically, apartment building has been the dominant type of dwelling constructed on the multiple side. This was not the case in the past quarter as 78 units, or more than 56 per cent, were row housing while only about 25 per cent were apartment style. The remainder were semi-detached style units.

#### Saskatoon home building leads recovery

Saskatoon captured the majority of the housing activity in the first quarter of 2002 with a total of 224 units started, up more

FIRST QUARTER 2002

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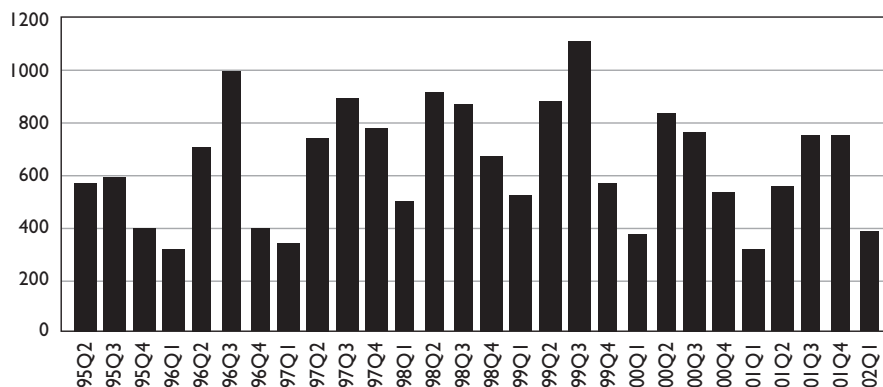
##### ANALYSIS

- 1 Housing starts jump in first quarter
- 1 Best first quarter urban multiple starts in more than 10 years
- 1 Row housing emerges as dominant multiple style
- 2 Marked increase in the number of units under construction
- 2 Economy bottoms out?

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Saskatchewan Total Housing Starts



Source: CMHC



than 51 per cent from the first quarter of 2001. Almost half of these housing starts were multiple units. In fact, single-family housing starts only just surpassed the number of units started in the first quarter of 2001 by two units.

Saskatoon has seen little change in the number of single-family dwellings absorbed in the first quarter of 2002 compared to 2001. The proportion of units reported by home builders as absorbed in the moderately-priced range of \$150,000 to \$169,999 has increased significantly while absorptions in the \$110,000 to \$129,999 range fell.

Regina also had a strong first quarter with 102 units started compared to 77 in the first quarter of 2001. All but 30 units were single-family dwellings. First quarter absorptions fell by almost 30 per cent. Absorption activity was evenly divided among three price ranges; \$130,000 to \$149,999, \$150,000 to \$169,999 and \$190,000 and higher.

## Units under construction up in Regina and Saskatoon

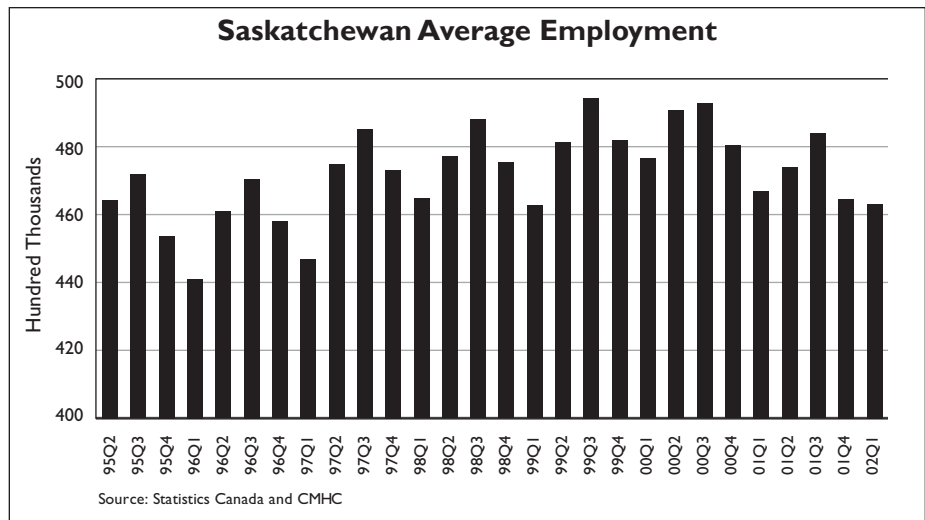
The number of units under construction in Regina has soared from 208 single and multiple units under construction in 2001 to 355 units at the end of the first quarter 2002. Almost 60 per cent of these units are apartment style dwellings, started in 2001.

The number of units under construction in Saskatoon is up by 17 per cent. Saskatoon home builders have indicated they will be building units "on spec" this year explaining some of the supply increase.

## Economy bottoming out?

There are positive signs on the economic front. Provincial employment numbers were virtually unchanged from 2001, suggesting job growth may ensue in the next quarter. Year-to-date employment in construction, management and support, health and social services and public administration has grown.

So far, employment gains have been in part-time rather than full-time workers, but the recovery should kick-start full-time hiring. Retail sales are up. Overall manufacturing shipments are down slightly



but there were gains in wood products shipments, machinery manufacturing and transportation equipment to name a few.

## Mortgage interest rates support home ownership

While open and variable rate mortgages generally track lenders' prime rate, fixed rate mortgages move in tandem with the bond market. As the prime rate, money market, and short-term bond yields are expected to remain stable in 2002, so will short-term mortgage rates. However, as the economy strengthens and financial markets foresee some monetary tightening, long-term interest and mortgage rates will increase.

The outlook for short-term mortgage rates in 2002 remains favourable with the

one-year mortgage rate in the 4.00-5.00 per cent range. The three- and five-year mortgage rates will remain in 6.00-7.00 and 7.00-8.00 per cent ranges, respectively. Mortgage rate discounts will remain an important competitive instrument over the forecast horizon.

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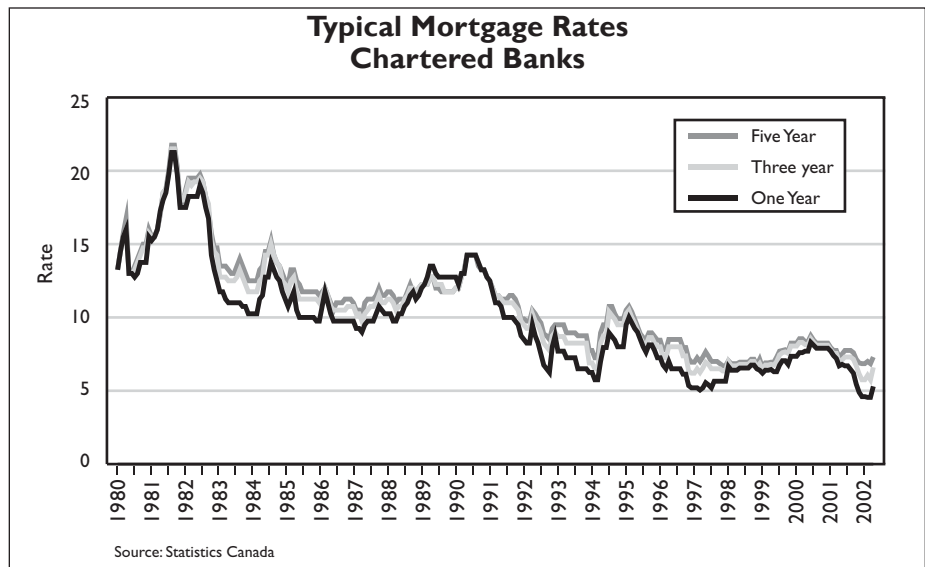


Table I  
**PROVINCE OF SASKATCHEWAN**  
**STARTS ACTIVITY BY AREA - 1ST QUARTER 2002**

AREA	Single		Multiple			Total		Chg 2002/2001
	2002	2001	Semi	Row	Apt	2002	2001	
<b>REGINA CMA</b>	<b>72</b>	<b>65</b>	<b>0</b>	<b>0</b>	<b>30</b>	<b>102</b>	<b>77</b>	<b>32.5</b>
REGINA CITY	62	52	0	0	30	92	64	43.8
<b>SASKATOON CMA</b>	<b>116</b>	<b>114</b>	<b>26</b>	<b>78</b>	<b>4</b>	<b>224</b>	<b>148</b>	<b>51.4</b>
SASKATOON CITY	100	94	24	78	4	206	128	60.9
ESTEVAN CA	0	0	0	0	0	0	0	***
LLOYDMINSTER CA (SK)	2	2	0	0	0	2	2	0.0
MOOSE JAW CA	1	1	0	0	0	1	1	0.0
BATTLEFORDS CA	0	1	0	0	0	0	1	***
PRINCE ALBERT CA	0	7	0	0	0	0	7	***
SWIFT CURRENT CA	1	2	0	0	0	1	2	-50.0
YORKTON CA	1	2	0	0	0	1	2	-50.0
<b>TOTAL URBAN</b>	<b>193</b>	<b>194</b>	<b>26</b>	<b>78</b>	<b>34</b>	<b>331</b>	<b>240</b>	<b>37.9</b>
<b>TOTAL RURAL</b>	<b>54</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54</b>	<b>77</b>	<b>-29.9</b>

Table Ib  
**PROVINCE OF SASKATCHEWAN**  
**STARTS ACTIVITY BY AREA - YEAR TO DATE 2002**

AREA	Single		Multiple			Total		Chg 2002/2001
	2002	2001	Semi	Row	Apt	2002	2001	
<b>REGINA CMA</b>	<b>72</b>	<b>65</b>	<b>0</b>	<b>0</b>	<b>30</b>	<b>102</b>	<b>77</b>	<b>32.5</b>
REGINA CITY	62	52	0	0	30	92	64	43.8
<b>SASKATOON CMA</b>	<b>116</b>	<b>114</b>	<b>26</b>	<b>78</b>	<b>4</b>	<b>224</b>	<b>148</b>	<b>51.4</b>
SASKATOON CITY	100	94	24	78	4	206	128	60.9
ESTEVAN CA	0	0	0	0	0	0	0	***
LLOYDMINSTER CA (SK)	2	2	0	0	0	2	2	0.0
MOOSE JAW CA	1	1	0	0	0	1	1	0.0
BATTLEFORDS CA	0	1	0	0	0	0	1	***
PRINCE ALBERT CA	0	7	0	0	0	0	7	***
SWIFT CURRENT CA	1	2	0	0	0	1	2	-50.0
YORKTON CA	1	2	0	0	0	1	2	-50.0
<b>TOTAL URBAN</b>	<b>193</b>	<b>194</b>	<b>26</b>	<b>78</b>	<b>34</b>	<b>331</b>	<b>240</b>	<b>37.9</b>
<b>TOTAL RURAL</b>	<b>54</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54</b>	<b>77</b>	<b>-29.9</b>

Table 2  
SASKATCHEWAN HOUSING COMPLETIONS BY AREA  
1ST QUARTER 2002

AREA	Single		Multiple			Total		Chg 2002/2001
	2002	2001	Semi	Row	Apt	2002	2001	
<b>REGINA CMA</b>	<b>77</b>	<b>62</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>77</b>	<b>100</b>	<b>-23.0</b>
REGINA CITY	62	42	0	0	0	62	80	-22.5
<b>SASKATOON CMA</b>	<b>92</b>	<b>100</b>	<b>12</b>	<b>67</b>	<b>8</b>	<b>179</b>	<b>206</b>	<b>-13.1</b>
SASKATOON CITY	62	75	12	67	8	149	169	-11.8
ESTEVAN CA	1	1	0	0	0	1	1	0.0
LLOYDMINSTER CA (SK)	5	3	0	0	0	5	3	66.7
MOOSE JAW CA	5	13	0	0	0	5	13	-61.5
BATTLEFORDS CA	4	2	0	0	0	4	2	***
PRINCE ALBERT CA	16	27	0	4	0	20	27	-25.9
SWIFT CURRENT CA	2	3	2	0	0	4	3	33.3
YORKTON CA	11	31	2	3	0	16	33	-51.5
<b>TOTAL URBAN</b>	<b>213</b>	<b>242</b>	<b>16</b>	<b>74</b>	<b>8</b>	<b>311</b>	<b>388</b>	<b>-19.8</b>
<b>TOTAL RURAL</b>	<b>119</b>	<b>119</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>122</b>	<b>136</b>	<b>-10.3</b>

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

AREA	Single		Multiple			Total		Chg 2002/2001
	2002	2001	Semi	Row	Apt	2002	2001	
<b>REGINA CMA</b>	<b>77</b>	<b>62</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>77</b>	<b>100</b>	<b>-23.0</b>
REGINA CITY	62	42	0	0	0	62	80	-22.5
<b>SASKATOON CMA</b>	<b>92</b>	<b>100</b>	<b>12</b>	<b>67</b>	<b>8</b>	<b>179</b>	<b>206</b>	<b>-13.1</b>
SASKATOON CITY	62	75	12	67	8	149	169	-11.8
ESTEVAN CA	1	1	0	0	0	1	1	0.0
LLOYDMINSTER CA (SK)	5	3	0	0	0	5	3	66.7
MOOSE JAW CA	5	13	0	0	0	5	13	-61.5
BATTLEFORDS CA	4	2	0	0	0	4	2	***
PRINCE ALBERT CA	16	27	0	4	0	20	27	-25.9
SWIFT CURRENT CA	2	3	2	0	0	4	3	33.3
YORKTON CA	11	31	2	3	0	16	33	-51.5
<b>TOTAL URBAN</b>	<b>213</b>	<b>242</b>	<b>16</b>	<b>74</b>	<b>8</b>	<b>311</b>	<b>388</b>	<b>-19.8</b>
<b>TOTAL RURAL</b>	<b>119</b>	<b>119</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>122</b>	<b>136</b>	<b>-10.3</b>

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
IST QUARTER 2002								
<b>REGINA CMA</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>17</b>	<b>14</b>	<b>9</b>	<b>15</b>	<b>60</b>
REGINA CITY	1	0	2	13	10	8	11	45
<b>SASKATOON CMA</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>13</b>	<b>39</b>	<b>11</b>	<b>20</b>	<b>95</b>
SASKATOON CITY	3	0	0	8	37	6	11	65
<b>TOTAL</b>	<b>5</b>	<b>3</b>	<b>9</b>	<b>30</b>	<b>53</b>	<b>20</b>	<b>35</b>	<b>155</b>
PREVIOUS YEAR								
<b>REGINA CMA</b>	<b>0</b>	<b>5</b>	<b>16</b>	<b>13</b>	<b>23</b>	<b>11</b>	<b>16</b>	<b>84</b>
REGINA CITY	0	3	11	10	22	10	8	64
<b>SASKATOON CMA</b>	<b>5</b>	<b>5</b>	<b>14</b>	<b>18</b>	<b>15</b>	<b>16</b>	<b>34</b>	<b>107</b>
SASKATOON CITY	4	0	7	18	14	12	27	82
<b>TOTAL</b>	<b>5</b>	<b>10</b>	<b>30</b>	<b>31</b>	<b>38</b>	<b>27</b>	<b>50</b>	

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

AREA	Q1	Q2	Q3	Q4	Annual Average
<b>REGINA CMA</b>	<b>181,519</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>181,519</b>
REGINA CITY	178,914	0	0	0	178,914
<b>SASKATOON CMA</b>	<b>167,990</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>167,990</b>
SASKATOON CITY	166,023	0	0	0	166,023

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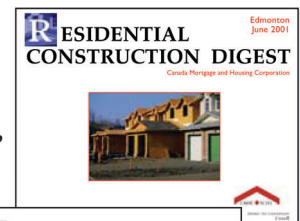


Table 4  
**PROVINCE OF SASKATCHEWAN  
 UNDER CONSTRUCTION - MARCH 2002**

AREA	Single		Multiple			Total		Chg 2002/2001
	2002	2001	Semi	Row	Apt	2002	2001	
<b>REGINA CMA</b>	<b>130</b>	<b>136</b>	<b>4</b>	<b>15</b>	<b>206</b>	<b>355</b>	<b>208</b>	<b>70.7</b>
REGINA CITY	67	78	4	15	206	292	138	***
<b>SASKATOON CMA</b>	<b>205</b>	<b>183</b>	<b>34</b>	<b>97</b>	<b>112</b>	<b>448</b>	<b>383</b>	<b>17.0</b>
SASKATOON CITY	175	143	32	90	112	409	337	21.4
ESTEVAN CA	2	2	0	0	0	2	2	0.0
LLOYDMINSTER CA (SK)	2	6	0	0	0	2	6	-66.7
MOOSE JAW CA	2	8	0	0	0	2	10	-80.0
BATTLEFORDS CA	2	2	0	0	0	2	20	-90.0
PRINCE ALBERT CA	5	25	0	6	0	11	41	-73.2
SWIFT CURRENT CA	3	8	2	0	0	5	18	-72.2
YORKTON CA	6	5	2	0	50	58	9	***
<b>TOTAL URBAN</b>	<b>357</b>	<b>375</b>	<b>42</b>	<b>118</b>	<b>368</b>	<b>885</b>	<b>697</b>	<b>27.0</b>
<b>TOTAL RURAL</b>	<b>263</b>	<b>126</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>266</b>	<b>212</b>	<b>25.5</b>

Table 4b  
**PROVINCE OF SASKATCHEWAN  
 COMPLETE NOT OCCUPIED - MARCH 2002**

AREA	Single		Multiple			Total		Chg 2002/2001
	2002	2001	Semi	Row	Apt	2002	2001	
<b>Regina</b>	<b>63</b>	<b>60</b>	<b>7</b>	<b>4</b>	<b>41</b>	<b>115</b>	<b>91</b>	<b>26.4</b>
City Only	63	60	7	4	35	109	91	19.8
<b>Saskatoon</b>	<b>44</b>	<b>54</b>	<b>12</b>	<b>28</b>	<b>66</b>	<b>150</b>	<b>190</b>	<b>-21.1</b>
City Only	42	54	12	28	66	148	190	-22.1
<b>TOTAL CMA'S</b>	<b>107</b>	<b>114</b>	<b>19</b>	<b>32</b>	<b>107</b>	<b>265</b>	<b>281</b>	<b>-5.7</b>

**Table 5  
SASKATCHEWAN  
HOUSING ACTIVITY SUMMARY**

Activity	Ownership					Rental				Total
	Freehold			Condominium		Private		Assisted		
	Single <sup>1</sup>	Semi <sup>1</sup>	Row	Row	Apt	Row	Apt	Row	Apt	
<b>STARTS</b>										
Current Quarter	193	26	0	78	34	0	0	0	0	331
Previous Year	194	18	0	0	28	0	0	0	0	240
Year-To-Date 2002	193	26	0	78	34	0	0	0	0	331
Year-To-Date 2001	194	18	0	0	28	0	0	0	0	240
<b>UNDER CONSTRUCTION</b>										
2002	357	42	0	114	367	4	1	0	0	885
2001	375	58	4	56	180	0	24	0	0	697
<b>COMPLETIONS</b>										
Current Quarter	213	16	0	74	8	0	0	0	0	311
Previous Year	242	42	0	26	72	0	6	0	0	388
Year-To-Date 2002	213	16	0	74	8	0	0	0	0	311
Year-To-Date 2001	242	42	0	26	72	0	6	0	0	388
<b>COMPLETED &amp; NOT ABSORBED<sup>2</sup></b>										
2002	107	19	0	32	101	0	6	0	0	265
2001	114	36	0	11	108	0	12	0	0	281
<b>TOTAL SUPPLY<sup>3</sup></b>										
2002	464	61	0	146	468	4	7	0	0	1150
2001	489	94	4	67	288	0	36	0	0	978
<b>ABSORPTIONS</b>										
Current Quarter	155	13	0	67	6	0	7	0	0	248
Previous Year	191	40	0	31	62	0	6	0	0	330
12-month Average	79	8	0	13	15	0	3	0	0	118

<sup>1</sup> May include units intended for condominium.

<sup>2</sup> Centres of 50,000 population and over.

<sup>3</sup> 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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# F O R E C A S T

## S U M M A R Y

Canada Mortgage and Housing Corporation

### Economic Overview:

#### Employment growth returns in 2002 and 2003

Following job losses in 2001, CMHC calls for employment gains in 2002 and 2003 encouraging a return to increased demand for both ownership and rental housing. In 2002, 1,500 additional employed will be added to Saskatoon's economy bringing the total back to the level seen in 2000. Growth of 2,000 jobs will push employment close to the 200,000 mark in 2003.

Both the goods and service sectors will benefit from new hiring in manufacturing and construction while transportation and warehousing, finance, insurance and real estate and the professional and scientific sectors will stage a comeback on the service sector side.

#### New employment fuels housing demand

With the exception of last year, Saskatoon has enjoyed strong employment growth since 1993. Since then, total average employment has grown at an annual rate of 1.6 per cent. Demand for ownership and rental housing has grown commensurate with the levels of employment.

Though not the sole economic factor affecting housing market activity, employment is certainly an important contributor to the demand and supply of all types of housing. Employment provides the income necessary for new households to be formed either naturally, through ageing, or by encouraging in-migration of new households seeking employment opportunities.

The age and income of the groups benefiting from employment growth define, to a great extent, the housing markets impacted. For example,

employment gains in industry sectors such as manufacturing and the service sector may mean increased demand for rental and resale housing while a surge in the professional and scientific sector may signal increased demand for resale and new ownership housing.

With employment failing to grow in 2001, housing markets also staggered. However, not all industry sectors suffered last year. Gains were recorded in the construction, manufacturing, professional, scientific and technical services, health care and social services, accommodation and food services, and public administration sectors. Unfortunately, the gain in each of these sectors was less than one per cent and insufficient to overcome the losses in other sectors such as finance, insurance and real estate, educational services and other services.

Construction employment was the clear winner in 2001 with more than 10 per cent annual growth. Major institutional construction projects at the University of Saskatchewan and Innovation Place and commercial retail developments will ensure this pace is continued in 2002. In addition, rising residential construction will contribute to employment growth in this sector; though the lack of skilled trades people will pose a serious constraint.

#### Mortgage interest rates support home ownership

While open and variable rate mortgages generally track lenders' prime rate, fixed rate mortgages move in tandem with the bond market. As the prime rate, money market, and short-term bond yields are expected to remain stable in 2002, so will short-term mortgage rates. However, as the economy strengthens and financial markets foresee some monetary tightening, long-term interest and mortgage rates will increase.

The outlook for short-term mortgage rates in 2002 remains favourable with the one-year mortgage rate in the 4.00-5.00 per cent range. The three- and five-year mortgage rates will remain in 6.00-7.00 and 7.00-8.00 per cent ranges, respectively. Mortgage rate discounts will remain an important competitive instrument over the forecast horizon.

### SASKATOON SPRING 2002

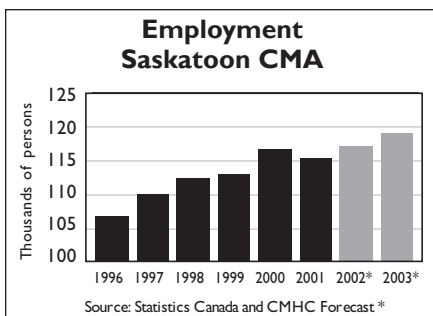
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#### In-migration to remain steady

In the five year period from 1996 to 2000, Saskatoon has enjoyed average in-migration of just over 11,000 persons per year. This pace will be maintained in 2002 and 2003. The chief source of in-migration is households moving from rural Saskatchewan as young people move from smaller centres seeking jobs and education, while retirees and the elderly come in search of services.

Our forecast calls for a balance between in and out-migration. This creates net household growth of about 900 households annually. The number of households with heads aged 45 to 54 and 55 to 64 will grow sharply as the baby-boomers move into the pre-retirement and retirement age groups. However, households headed by persons aged 15 to 24 and 35 to 44 will experience declines due to ageing and out-migration.



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# Resale Market

## Resale market moves to sellers' in 2002

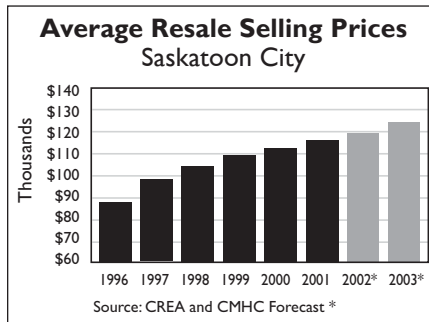
CMHC expects the resale market to move from its current balanced state to a sellers' market in 2002 as the supply of good quality, affordable existing housing becomes more scarce and demand from in-migrants and renter households turning to home ownership is sustained.

Notwithstanding steady demand, the number of sales will be restricted by the limited number of listings and the sales-to-active listing ratio will rise accordingly. As a result, look for a three per cent increase in average price in 2002 followed by an increase in excess of four per cent in 2003. The source of the increase in average price will be both from the higher proportion of more expensive homes sold and from an appreciation in the sale price of the benchmark home. Of course, market activity such as average price change, and will vary across the city depending upon the popularity of the area and the supply of homes.

### West side neighbourhoods record increased sales

In terms of the year-over-year increase in the number of sales, Saskatoon's west neighbourhoods have been the most popular, exhibiting a 27 per cent increase in the number of sales in 2001 compared to 2000. A drop in mortgage rates through 2001 has boosted first-time buyer activity, and homes in west side neighbourhoods such as Confederation Park, Dundonald and Fairhaven are modestly priced for such home buyers. The high sales-to-new listing ratio, compared to other areas, suggests there was a significant amount of turnover in 2001. We expect this submarket to tighten in 2002 as out-migration slows and demand from renters gains strength.

Saskatoon's east and southeast neighbourhoods such as East College Park, Erindale, Lakeview, Wildwood and Silverspring saw the largest increase in average price, with an almost five per cent gain compared to the city at 3.6 per cent. Average prices in the east and southeast neighbourhoods are the



highest in the city. Notwithstanding the sales-to-new listing ratio is the lowest in the city, the ratio is climbing close to its 1999 level, a record year for existing home sales activity.

These neighbourhoods are popular with move-up buyers. Improved employment prospects will give these buyers more confidence thus encouraging demand. The present owners are becoming more inclined to consider alternative forms of housing as they age. We expect demand for these homes will outstrip supply leading to further increases in average price.

### Number of days required to sell will fall in 2002

The number of days required to sell a listing increased in all areas of the city in 2001 compared to 2000. There was an increase in the number of listings available for sale and, according to members of the Saskatoon Real Estate Association, many of these listings were for higher priced property that traditionally requires a longer listing period to sell. Higher-priced property appeals to a smaller market than homes priced for first time buyers. Accordingly, the average number of days required to sell a property has increased. The inventory of active listings is now heading down and the velocity of sales should increase, leading to a decline in the number of days required to sell a property.

# Housing market overview

*Economic growth drives housing market recovery in 2002 and 2003*

Saskatoon's housing markets were sending clear signs of an economic slump early in 2001. Listings of existing homes surged and the inventory of homes available for sale rose quickly. Meanwhile, housing starts fell and vacancies increased in response to employment losses.

Signs of a recovery were already evident by year end. Employment showed signs of life and the supply of existing home listings was chewed up by demand from home buyers attracted to home ownership by historically low mortgage rates. Housing starts began to claw their way back to a more normal pace, largely as a result of multiple construction.

The recovery begun in late 2001 will continue to gain strength in 2002 and stabilize in 2003. As economic gains become more evident, in-migration from rural Saskatchewan will push down vacancy rates and resale markets will be driven to become sellers' markets from their current balanced conditions. Rising resale prices and short supply of listings in areas popular with first-time buyers will encourage some to consider new home purchase. Home builders will meet this market by providing affordable alternatives to existing home purchase.

Builders and developers will be serving the needs of the rising number of empty-nester households through innovative condominium and life-lease developments. These developments will offer services and amenities attractive to these age groups or simply offer less expensive forms of housing allowing them to invest the equity from the sale their resale home in a vacation home or other retirement priority after purchasing their principal residence.

Resale Market											
CITY OF SASKATOON BY AREA											
January - December (% Change from 2000/2001)											
MLS Area	Sales			Average Price			Sales to New Listings Ratio		Days to Sell		
	2000	2001	Chg.	2000	2001	Chg.	2000	2001	2000	2001	Chg.
Area 1 East & Southeast	817	919	12.5%	\$128,594	\$134,841	4.9%	53	59	36	42	16.7%
Area 2 South	637	650	2.0%	\$119,192	\$122,555	2.8%	59	62	28	36	28.6%
Area 3 North	440	487	10.7%	\$125,727	\$124,528	-1.0%	55	62	37	39	5.4%
Area 4 West Central	482	446	-7.5%	\$72,723	\$72,205	-0.7%	60	52	36	40	11.1%
Area 5 West	382	485	27.0%	\$102,356	\$103,369	1.0%	59	63	31	49	58.1%
All Areas	2758	2987	8.3%	\$112,567	\$116,641	3.6%	57	60	33	41	24.2%

Source: Saskatoon Real Estate Board and CMHC

# New construction

## 2002 recovery year for housing construction

After a weak year in 2001, look for single-family housing starts to bounce back in 2002 and maintain that level of starts in 2003. A number of factors will fuel 2002's 20 per cent increase in home building, including heightened demand due to rising employment, improved consumer confidence arising from better employment prospects, and the introduction of more affordable housing products appealing to a wider group of consumers.

### Supply and demand for single-family homes in balance

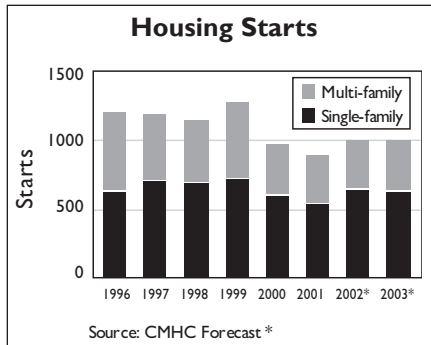
There has been little speculative building taking place in Saskatoon other than units for show home purposes. Accordingly, new housing starts represent actual demand. The number of single-family homes under construction typically averages 200 units, while the number of completed and unoccupied homes is usually around 45 to 50 units.

Based on the current absorption trend of 47 units monthly and the supply of homes in various stages of construction, the inventory is sufficient to last about five months. This duration of supply has been constant for more than a year and is indicative of a balanced market. Expect these conditions to persist throughout 2002 and 2003.

The average price of a new home increased in excess of five per cent in 2001, but this price trend will slow by half in 2002. The increase in average price stems, chiefly, from builders recovering increased costs such as land, materials and municipal service fees and charges. Meanwhile, another factor contributing to the increase in average price last year has been sale of property on more expensive land in older subdivisions where the less expensive land was sold first. In fact, the proportion of homes priced \$150,000 and more increased from almost 50 per cent in 2000 to close to 63 per cent last year.

In 2002 and 2003, we expect the increase in average price to subside to 2.4 per cent as the building community pursues an informal program of delivering more affordable new housing in order to broaden the new home market to buyers who previously would have purchased a resale home. Evidence of this is already occurring, as there has been a notable decrease in the size of the average new home. For example, in 1995 the average single-family home measured just under 1,650 square feet. In 2001, the average size was 1,505 square feet.

Erindale/Arbor Creek area saw a significant increase in single-family housing starts in 2001, increasing from 87 ownership starts in 2000 to 139 in 2001. Part of this success can be attributed to having a good supply of popularly priced lots available, when other major subdivisions in Saskatoon suffered a shortage.



The Erindale/Arbor Creek absorption trend varies from seven to nine units per month and the duration of supply is in the range of six to eight months. Although this suggests a slight oversupply, a limited program of speculative building is underway in anticipation of meeting demand from spring time buyers.

### Multiple residential construction to peak in 2002

Saskatoon home builders will see multiple building level off at 350 to 375 units in 2002 and 2003. Most of these new dwelling units will be condominium rows or apartments. The Saskatoon condominium absorption trend has ranged between 25 to 30 units per month for more than two years. Based on these absorption rates, there is an eleven month supply of condominium units at various stages of construction. Given the length of time required to plan and develop a condominium project, we consider the market to be under supplied.

Developers may be reacting to the higher risk involved in this market than was present in 1999 and the first quarter of 2000 when supply was sufficient to last 16 to 20 months. In those years, there was a rush to bring condominium units to the market and a surplus situation developed. This surplus was absorbed by early 2001 but developers have been slow to enter the market, at least not with the same product.

### Row housing gaining popularity

In 1999, apartment condominiums dominated the market place with 336 starts compared to only 52 row housing units. This situation has turned in 2001, when we recorded 136 row units and 131 apartment condominium starts. Given an adequate supply of suitable land, we expect a further increase in the proportion of row housing units versus apartment style condominiums.

The current rate of absorption for row condominiums is about 11 units per month, while the supply of row units at various stages of

construction is sufficient to last about 11 months. In 2001, the duration of supply was as low as six months. This market niche is considered under-supplied and we expect no change in the state of this market.

Apartment condominiums have an absorption trend of about 13 units per month and a duration of supply of about 13 months. The new apartment condominium market is also considered to be under supplied.

The average prices of apartment and row condominium properties show two very different market niches. The average price for apartment condominiums is just over \$123,000 while the average row price is only \$112,000. Almost 79 per cent of row condominiums absorbed in 2001 were priced less than \$120,000. This price structure would suggest that apartment condominiums are mainly luxury and semi-luxury accommodation solely for empty-nesters and retirees, while many row units offer a more affordable alternative for empty-nesters and first-time homebuyers with limited means.

## Affordability

*Cost of owning a home hit by resale price and mortgage interest rate increases*

In the next two years, the household income required to carry a mortgage on an average-priced resale home will rise from \$36,300 to more than \$41,000 per annum. We estimate the average price of a resale home in Saskatoon will increase from the 2001 year end average price of \$116,023 to \$124,500 in 2003. The mortgage interest rate for a five year term mortgage based on 90 per cent of the purchase price will increase, slightly, from 7.4 per cent to 8.2 per cent and property taxes are expected to increase at a rate of five per cent annually.

Over the next two years, the carrying costs including principal, interest, property taxes and heating costs will increase to almost \$1,100 per month from about \$970 in 2001. This represents an increase of about 6.5 per cent per annum.

It is doubtful household income will increase as quickly, leading to the conclusion that affordability will be negatively affected by increased costs.

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# Rental Market

## Average vacancy rate to remain static as rents rise

Improved economic conditions will contribute to new household growth as ageing and in-migration counters a loss of tenants to out-migration and first-time home purchases.

Look for further increases in average rental rates in 2002 and 2003 as property owners face higher operating and maintenance costs. Steady demand for rental housing should support average rent increases in the three to five per cent range in 2002. Operating and maintenance costs are increasing for all types

of rental housing but the ability to obtain rent increases and the level of rent increases will depend on the household income in the area of the city where the project is located.

Notwithstanding some increases in the rental housing stock in 2001, these new projects are usually designed for empty-nesters and seniors looking for housekeeping services for which they are prepared to pay a substantial premium. Rents are far above the range that would be found in the open market.

## FORECAST SUMMARY

### Saskatoon Metropolitan Area

	1996	1997	1998	1999	2000	2001	2002*	2003*	Chg.
<b>RESALE MARKET</b>									
MLS® New listings (Monthly Ave.)	624	592	682	669	759	833	730	720	-1.4%
Residential MLS® Sales (Total)	3359	3153	3010	3039	2758	2987	2800	2800	0.0%
Residential MLS® Price (Ave.)	\$88,002	\$98,239	\$104,552	\$109,605	\$112,248	\$116,023	\$119,500	\$124,500	4.2%
		11.63%	6.43%	4.83%	2.41%	3.36%	3.00%	4.18%	
<b>NEW HOME MARKET</b>									
Complete and unoccupied (Dec)	71	33	176	120	177	157	170	175	2.9%
Single-family	25	15	50	51	58	31	50	50	0.0%
Multiple-family (semi, row, apt)	46	18	126	69	119	126	120	125	4.2%
Starts									
Total	1208	1187	1137	1273	968	900	1000	1000	0.0%
Single-family	635	709	692	724	602	542	650	625	-3.8%
Multiple-family	573	478	445	549	366	358	350	375	7.1%
Average New House Price									
Single-family				\$160,075	\$160,603	\$168,892	\$173,000	\$177,500	2.6%
					0.33%	5.16%	2.43%	2.60%	
<b>RENTAL MARKET</b>									
Vacancy rate (Oct)	0.7%	0.9%	0.8%	0.9%	1.7%	2.9%	2.0%	2.0%	
Rental rate (annual % chg.) 2 bdr.	4.1%	4.3%	3.2%	2.1%	1.9%	3.1%	3.0%	3.0%	
Rental Housing Starts	62	10	26	65	24	34	35	50	42.9%
<b>ECONOMIC OVERVIEW</b>									
Mortgage rate (3 yr. term)	7.33%	6.56%	6.77%	7.37%	8.17%	6.88%	6.47%	7.52%	--
Mortgage rate (5 yr. term)	7.92%	7.07%	6.93%	7.56%	8.35%	7.41%	7.23%	8.21%	--
Employed	106.9	110.1	112.4	113.0	116.7	115.5	117.0	119.0	1.7%
Employment change (000's of jobs)	1.9	3.2	2.3	0.6	3.7	-1.2	1.5	2.0	--
Net-migration (census year)	-306	406	836	168	-900	0*	0	0	--
In-migration	10753	11440	12223	10868	10663	11000*	11000	11000	

\* CMHC Forecast

Source: CMHC, Statistics Canada, Saskatoon Real Estate Board, New Home Warranty Program of Saskatchewan

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## FORECAST

## SUMMARY

Canada Mortgage and Housing Corporation

**Economic Overview:****Employment to grow in 2002 and 2003**

Regina will see modest job growth of approximately one per cent in both 2002 and 2003. In the years 1996 to 2001, employment has grown at an annual average rate of 1.3 per cent. A large proportion of the city's employed are in the service sector, especially government services. The city has a very stable economy with a history of stable growth and little volatility thanks, largely, to the stability of the public administration sector.

Although not the only economic factor, employment trends are an important influence on housing markets. Income gained through employment encourages growth in the number of households both through in-migration and by providing young people with the financial requirements to leave home and form their own household.

**Service sector covers goods sector losses in 2001**

In 2001, the Regina CMA was the only region in the province to record an increase in the total number of employed. Looking at employment by industrial sector, employment losses of almost nine per cent on the goods sector side were compensated by a gain of 2.3 per cent on the service sector side. As Regina's service sector is significantly larger than the goods sector, a net employment gain of 0.8 per cent was recorded. Regina saw employment growth in the mining, oil and gas sector and construction on the goods side, while finance, insurance and real estate, professional scientific and technical services and public administration employment expanded in the service sector.

**Primary and service sectors to see employment gains in 2002 and 2003**

In 2002, look for continued growth in mining and oil and gas as well as construction and new employment gains in the manufacturing sector. Mining and oil refining will benefit from rising prices on world markets. Additions in manufacturing should result from increased demand from the U.S. Meanwhile,

employment growth in service sector areas such as trade, finance, insurance and real estate and professional, scientific and technical services will also persist while the public administration sector will cool with provincial restraint programs.

As many of these employment gains are in higher-paid employment areas, most of the impact should be seen in homeownership markets. Part-time and temporary or seasonal employees, such as those involved in construction, will have a greater impact on the rental housing market.

**Skilled trades people becoming scarce**

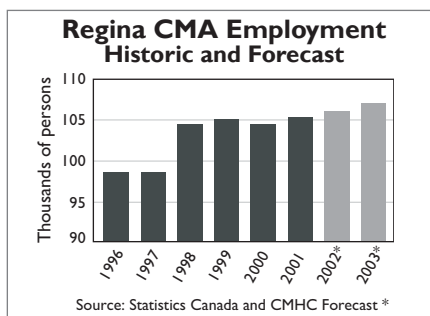
Regina's construction employment has varied from a low of 4,200 in 1997 to 5,500 in 1999. In 2001, construction employment jumped to 5,100, thanks to the strength of major construction projects such as the Saskatchewan Indian Federated College, the Green House Gas Technology Centre, commercial complexes and numerous residential and institutional complexes. Construction employment should stabilize at the current level as many of these projects will continue in 2002 and residential construction is expected to gain strength. Residential contractors have expressed concern with the lack of skilled trades people to carry out their construction projects.

**Mortgage interest rates support home ownership**

While open and variable rate mortgages generally track lenders' prime rate, fixed rate mortgages move in tandem with the bond market. As the

REGINA  
SPRING 2002IN THIS  
ISSUE :

- Economic Overview:** Modest job growth of approximately one per cent expected in both 2002 and 2003. Lack of skilled trades people to carry out construction projects.
- Resale Market:** Steady in-migration and rising rents will give strength to demand for affordable existing homes. Good quality, resale listings to become increasingly scarce. Steady demand, limited listings of good quality affordable housing and a modestly growing economy leads to balanced market conditions.
- New Home Market:** Single-family housing starts will number in excess of 400 units in both 2002 and 2003. Multiple building to slow in 2002 to 150 units and pickup slightly to 165 units in 2003 as a slight over-supply of condominium units is absorbed.
- Housing Market Overview** - Expect stable housing markets in 2002 and 2003, with modest growth in demand in the rental, resale, and new housing construction markets. Growth will stem from employment gains in both the goods and service sectors attracting in-migration, as well as a natural increase in the number of new households.
- Rental Market:** Demand for rental housing will be firm with average vacancy rate in the two to three per cent range. Rental increases of four per cent in 2002 and 2003 expected.
- Forecast Summary**

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prime rate, money market, and short-term bond yields are expected to remain stable in 2002, so will short-term mortgage rates. However, as the economy strengthens and financial markets foresee some monetary tightening, long-term interest and mortgage rates will increase.

The outlook for short-term mortgage rates in 2002 remains favourable with the one-year mortgage rate in the 4.00-5.00 per cent range. The three- and five-year mortgage rates will remain in 6.00-7.00 and 7.00-8.00 per cent ranges, respectively. Mortgage rate discounts will remain an important competitive instrument over the forecast horizon.

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## Resale Market

### Balanced market prevails

Steady in-migration from rural Saskatchewan and rising rents will give strength to demand for affordable existing homes, though good quality resale listings will become increasingly scarce. The combination of steady demand and limited listings will push selling prices up, continuing the real increase in average price which has persisted since 1992. Steady demand, limited listings of good quality affordable housing, and an economy which is exhibiting modest growth, leads us to classify the market as balanced, neither favouring the buyer or seller.

The total number of sales recorded in 2002 will be similar to that seen in 2001 as consumer confidence builds, fuelled by employment growth and rising rents. In 2003, positive economic forces will take hold and total sales will increase by 10.7 per cent. In both years, however, resale demand will be restricted by a scarcity of affordable listings, a common situation throughout the Prairies.

### Prices to rise in excess of inflation

We expect an average price increase of 3.5 per cent in each of 2002 and 2003. In 2001, the 2.6 per cent average price increase was weak compared to the five per cent increases seen in 1999 and 2000. The strong price increases in those two years were likely the result of demand created by extraordinary employment growth in 1998.

Comparing sales by price range in 2000 and 2001, there is a marked increase in the proportion of sales in the higher price ranges (above \$90,000) with a corresponding fall in the lower-price ranges. This is the result of the continued scarcity of lower-priced units available to purchasers. Average price tends to shift upwards as a result.

### Regina south neighbourhoods see biggest increase in sales

In terms of increased volume of sales, Regina south neighbourhoods such as Albert Park, Hillsdale and Lakeview saw the most gains in 2001. Homes in these neighbourhoods are priced just over \$100,000, within reach of many first-time and move-up buyers. This explains some of their

Resale Market CITY OF REGINA BY AREA January - December (% Change from 2000/2001)									
	Sales			Average Price			Days to Sell		
	2000	2001	Chg.	2000	2001	Chg.	2000	2001	Chg.
<b>MLS® Area</b>									
Area 1-North	427	447	4.7%	\$106,838	\$107,041	0.2%	36	43	19.4%
Area 2-West	410	399	-2.7%	\$83,511	\$88,122	5.5%	35	46	31.4%
Area 3-Central	699	732	4.7%	\$59,474	\$61,632	3.6%	43	49	14.0%
Area 4-East	466	516	10.7%	\$131,795	\$128,887	-2.2%	44	52	18.2%
Area 5-South	430	506	17.7%	\$114,575	\$115,177	0.5%	41	53	29.3%
All City Areas*	2432	2600	6.9%	\$93,868	\$96,626	2.9%	44	51	15.9%

Source: Association of Regina Realtors and CMHC  
\* Average price for all city areas is residential only

popularity. Furthermore, historically low mortgage interest rates have put these homes in reach of more buyers.

The greatest increase in average price was recorded in Regina west neighbourhoods such as Normanview West, Regent Park and Westhill. Homes in these neighbourhoods are modestly-priced at less than \$100,000 making them suitable for first-time buyers and investors. The sales volume in this area has been falling for the last two years suggesting the scarcity of homes available for sale.

The only area seeing a decline in average price was in Regina east with neighbourhoods such as Windsor Park, Wood Meadows, and Wascana View. Regina East neighbourhoods include more modest subdivisions such as Glencairn and Glenelm Park. The proportion of existing home sales increased in these neighbourhoods versus the higher-priced ones to the south resulting in a decline in the average price.

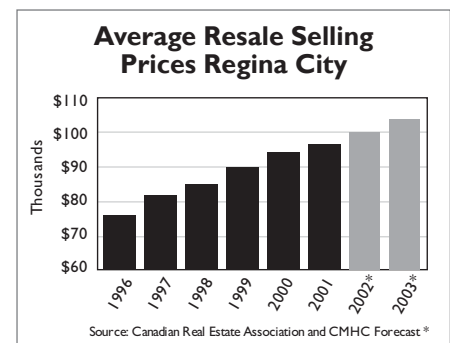
### Average days required to sell sees up-tick

The average number of days to sell increased in all areas of the city. This is explained by the fact that a greater proportion of sales were recorded in the higher-priced ranges and, on average, higher-priced homes require longer listing periods. Listing periods also tend to be longer for less desirable properties. When more affordable, good quality listings are scarce, buyers tend to consider these properties

which may have been listed for a long period of time, thus leading to an increase in the average number of days listed when the sale finally takes place.

### Regina rates high for affordability

Regina has one of the most affordable homeownership markets in Canada. In 2001, a household income of about \$33,000 was sufficient to qualify for a 90 per cent NHA insured mortgage needed to purchase a single-family dwelling at the average price of \$96,658. Principal and interest, estimated taxes and heating costs would create a monthly carrying cost of \$876. Given our forecast for the average price and mortgage interest rates in 2002 and 2003 and considering growth in property taxes, we estimate the income required to purchase a home will increase by just over two per cent in 2002 and three per cent in 2003.



# New Housing

## Current pace of housing starts to be maintained in 2002 and 2003

Single-family housing starts will number in excess of 400 units in both 2002 and 2003. A limited number of resale listings and rising rents will help to maintain demand for new housing construction at close to its current pace.

### Balanced conditions to persist

The Regina CMA new single-family market absorbs units at a rate of about 35 units per month. Little speculative building (that is building in excess of actual demand) takes place other than construction of show homes. The supply of homes at various stages of construction is sufficient to last for a period of five to six months, indicating balanced market conditions for Regina. Statistics Canada's New House Price Index shows that the price of the typical new home rose just over two per cent in 2001 compared to 2000. Most of the increase arises from the increased price of the building rather than land cost. The average price of a new home increased by 3.4 per cent in 2001 compared to 2000. The proportion of sales in the higher price ranges jumped, partly explaining the increase in average price.

### Windsor Park most active subdivision

Looking at specific subdivisions, Windsor Park was the most active new home subdivision with an average absorption trend of about 5 units per month. Two storey split-level and bungalow designs dominate this subdivision, both with average prices of approximately \$170,000. The most active price range was \$170,000 to \$189,999 in 2001. According to Saskatchewan New Home Warranty Program data, the average size of the Windsor Park homes is almost 1,600 square feet.

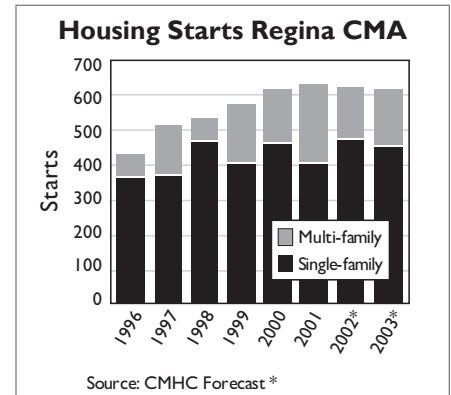
Another active subdivision is Lakeridge in north Regina, where homes get absorbed at a rate of four to five units per month. Bungalow and two storey split designs dominate here also. Average absorption prices were about \$166,000 for bungalows and \$169,700 for the large split-level units. The most active range was \$150,000 to \$169,999, capturing 41 per cent of the absorptions reported. The average size of Lakeridge homes was just over 1,600 square feet in 2001 based on Saskatchewan New Home Warranty Program data.

The Creekside subdivision is aimed at a different buyer and, therefore, has different characteristics than the Lakeridge and Windsor Park subdivisions. The absorption trend averages two to three units per month and bungalows dominate with average prices of \$139,500. The most active price range was \$139,000 to \$149,999. The average size of the Creekside home is just over 1,300 square feet.

### New condominium starts slow

Look for multiple (mainly condominium) building to slow in 2002 to 150 units and pickup slightly to 165 units in 2003 as an over-supply of condominium units is absorbed. There were 229 condominium starts in Regina in 2001, most of them (188) apartment style units. The average absorption trend is 6.5 to 7 units per month and, in the last three months of 2001, moved to a state of over-supply with sufficient units at various stages of construction to last more than 31 months.

There are two distinct market segments in Regina's condominium apartment market. There is an affordable, walk-up style available in the \$80,000 to \$99,999 price range, which is popular among



both young and older singles and couples. Another market segment lies in the price range of \$120,000 to \$159,999, appealing to empty-nester and seniors looking for amenities such as underground parking and elevators.

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# Housing Market Overview

## Balanced stable housing markets for 2002 and 2003

After a slow 2001, Regina will see stable housing markets in 2002 and 2003 with modest growth in demand in the rental, resale and new housing construction market. This growth will stem from employment gains in both the goods and service sectors attracting in-migration and a natural increase in the number of new households.

Low average vacancy rates will allow property owners to increase rents to compensate for operating and maintenance cost increases. Demand from rental households will be an important factor in maintaining the existing housing market in a balanced state with real price increases. Limited

choice in the resale market will be answered by home builders and developers offering new housing with a wide spectrum of price ranges and styles.

### Net out-migration but household growth to continue

Regina will see average net out-migration of approximately 500 persons per year but natural ageing and in-migration will lead to household growth of about 700 to 800 households annually. The greatest rise will occur in those households headed by persons aged 45 to 54 and 55 to 64.

Households in these age cohorts generally stay in-place in single-family homeownership. However, experience from other centres has shown that alternative housing styles such as condominium and life lease tenure will be considered, especially where home equity growth has been significant.

Rental housing projects offering amenities such as housekeeping, communal dining, transportation to shopping and group activities have also proven to be successful although, historically, absorption patterns have been very slow. This may change with the shift in households to the older age groups.

# Rental Market

## Vacancies remain low - Rents rise in response

Demand for rental housing will be firm with stable in-migration from rural Saskatchewan flowing to the city. Improved economic conditions will encourage new household growth adding to rental demand. Notwithstanding these positive factors supporting rental demand, low mortgage rates will continue to prompt many renters to enter the homeownership market, keeping the

average vacancy rate in the two to three per cent range.

There will be new rental property started in 2002 under the Federal - Provincial initiative to encourage the building of modest, rental accommodation. These new units will have little impact on the overall rental market in the city.

Rental properties in desirable locations and good condition will realize average rental increases of four per cent. Operating and maintenance costs are increasing for all types of rental housing but the ability to obtain, and the level of, those rent increases will depend on the household income in the area of the city where the project is located.

## FORECAST SUMMARY

### Regina Metropolitan Area

	1996	1997	1998	1999	2000	2001	2002*	2003*	Chg.
<b>RESALE MARKET</b>									
MLS® New listings (Monthly Average)	733	644	531	510	536	629	600	550	-8.3%
Residential MLS® Sales (Total)	3099	2926	2886	2781	2612	2792	2800	3100	10.7%
Residential MLS® Price (Average)	\$76,408	\$82,082	\$84,956	\$89,596	\$94,191	\$96,658	\$100,000	\$103,500	3.5%
	7.4%	3.5%	5.5%	5.1%	2.6%	3.5%	3.5%		

## NEW HOME MARKET

Complete and unoccupied (Dec)									
Single-family	35	18	56	65	78	45	60	60	0.0%
Multiple-family (semi, row, apt)	42	7	19	15	50	55	50	50	0.0%
Total Housing Starts	434	516	537	573	615	626	625	615	-1.6%
Single-family	362	370	468	403	459	401	475	450	-5.3%
Multiple-family	72	146	69	170	156	225	150	165	10.0%
Average New House Price									
Single-family All Types					\$156,962	\$162,295	\$167,000	\$172,000	3.0%

## RENTAL MARKET

Vacancy rate (Oct)	1.9%	1.5%	1.7%	1.4%	1.4%	2.1%	2.5%	2.5%	N/A
Rental rate (annual % chg.) 2 bdr.	2.3%	3.6%	2.5%	5.1%	0.4%	3.5%	4.0%	4.0%	N/A
Rental Housing Starts	3	3	2	8	2	4	25	25	

## ECONOMIC OVERVIEW

Mortgage rate (3 yr. term)	7.33%	6.56%	6.77%	7.38%	8.17%	6.88%	6.47%	7.52%	--
Mortgage rate (5 yr. term)	7.92%	7.07%	6.93%	7.56%	8.35%	7.41%	7.23%	8.21%	--
Employed	98,600	98,700	104,400	105,100	104,400	105,200	106,000	107,000	0.9%
Employment growth (# jobs)	2000	100	5,700	700	-700	800	800	1,000	N/A
Net-migration (census year)	-662	-1258	-607	-157	-550	-500*	-500	-500	N/A
In-migration	8469	7911	8689	7911	7817	8000*	8000	8000	

\* 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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