



**Canadian  
Home Builders'  
Association**

**SASKATCHEWAN**

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### **Housing Starts 2007**

The CMHC reported that Saskatchewan had a total of 6,007 housing starts for 2007. Saskatchewan cities have experienced a 64.2% increase in starts when compared to 2006. The largest percentage increases took place in the Census Agglomerations (CA), communities with populations of 10,000 to 99,999. Swift Current CA led the way increasing an amazing 313%(60 to 148); Yorkton CA increased 259%(27 to 97); Battlefords CA 148%(78 to 118); Prince Albert CA 146%(35 to 87); Lloydminster, Saskatchewan, increased 126%(153 to 346) whereas Lloydminster, Alberta decreased starts by 57%(284 to 122); Moose Jaw CA increased 51%(78 to 118); Estevan CA increased 29.3%(41 to 53).

Saskatoon CMA housing starts were up 59% from 2006 recording 1485 single-family starts and 895 multi-family starts in 2007.

Similarly, Regina CMA starts increased approximately 42% from 2006. There were 864 single detached units and 534 multi-family units achieved in 2007, compared to 749 single detached and 237 multi-family unit starts in 2006.

Saskatchewan's growth will likely be concentrated in the two major communities of Saskatoon and Regina as together they combine to share approximately 60% of housing starts for 2007.

### **Housing Starts 2008**

The start of 2008 has seen the continuation of a strong housing market for the communities of Saskatchewan

*Building Homes, Building Communities, Building the Province*



January and February, Saskatoon CMA has seen an 18.2% (132 to 156) increase from 2007 in single-detached housing starts and a 142% (91 to 220) increase in multi-family starts.

Saskatoon is struggling to supply and meet the demand for housing. Current consumer demand combined with the effect of the economy requires Saskatoon CMA to supply 2,500-3,000 starts per annum. The City of Saskatoon should be commended for their efforts in meeting this demand, however, the City needs to provide more serviced land for multi-family housing developments. As demographics change and the population ages, the demand for single family units relative to multi-family housing will be reduced. Moreover, multi-family housing has become the norm for entry level homes. In Saskatoon CMA, for 2007, single family housing increased 55% (from 959 to 1,485) while multifamily housing increased 66.7% (from 537 to 895).

Regina CMA when compared to January and February 2007 has increased total housing starts 6% (149 to 158) for January and February 2008. However, multi-family housing has decreased 53% (66 to 31).

Regina has historically, been more adaptable at building multi-family housing. However, the recent housing releases have shown a drop in multi-family housing, which will put more pressure on prices as seniors look for retirement homes and young people look for entry level housing.

### **Housing Projections 2008 and 2009**

The CMHC forecasted starts to slow in Saskatchewan to 5,600 in 2008 and 5,300 in 2009. Of that it is expected that 3,900 will be single detached starts and 1,700 multi-family starts for 2008; 3,700 single detached and 1,600 multi-family starts are expected for 2009.

For Saskatoon, the Canadian Mortgage Housing Corporation is forecasting a total of 2,150 housing starts for 2008, with 1450 single detached and 700 multi-family units. Similarly, CMHC is forecasting 1,350 single detached and 650 multi-family for a 2,000 housing starts for 2009. (2008 CMHC Housing Outlook Conference).

Regina is expected to start 1,275 total units, with 825 being single-detached and 450 multi-family starts for 2008. The CMHC predicts that this decrease in starts will continue into 2009, with a total of 1,175 units; 775 will be single-detached and 400 will be multi-family starts.

The reason for the slow down in housing starts is due to forecasted decline in GDP growth. For instance, in 2007 Saskatchewan's GDP grew by 4.3% whereas in 2008 it is expected to grow at 3.4% and 3% for 2009. GDP growth is expected to decline as commodity prices peaked in 2007, gains from potash and uranium expansion will not be

realized until new mines begin production, higher housing prices will cause slower personal consumption, and migration is expected to cool.

### **Resale Market**

In 2007 there were 12,054 homes sold on the resale market in Saskatchewan. This is expected to increase modestly in 2008 to 12,200 but subside to 11,600 for 2009.

The Saskatoon Region Association of Realtors reported 6,003 sales in 2007 compared to 4,411 in 2006, a 36% increase. Moreover, the average resale home was listed as \$232,362 in 2007 and \$160,586 in 2006, a 45% increase. The CMHC predicts that the average house price for the resale market will reach \$275,000 for 2008 and \$297,500 for 2009.

The Association of Regina Realtors' statistics show that sales were up 34% from 2,943 in 2006 to 3,935 units sold in 2007. Similarly, average home prices increased 26% from \$131,812 in 2006 to \$165,725 in 2007. CMHC predicts that these prices will continue to increase in 2008 to \$200,000 and in 2009 to \$215,000.

### **Housing Affordability**

Housing prices have been increasing in Regina and Saskatoon at an alarming rate resulting in decreased affordability for many consumers. This situation is in part caused by a shortage of skilled labour, increasing material, fuel and land costs combined with off site levies, application fees and property taxes has resulted in additional costs for builders. These costs have been passed on to the consumer which results in raised housing costs.

The gap between the cost of a home and the average family income is widening at a startling rate. For instance, average family income in Saskatchewan has increased 3.5% the last year while housing prices increased over 40%. Consequently, a growing number of residents in Saskatchewan, including low income earners, senior citizens on fixed incomes, and young adults with student loans cannot afford the costs associated with owning and maintaining appropriate housing and therefore, may never achieve the dream of homeownership.

### **New Home Prices**

It is expected that new home prices will continue to increase steadily due to issues of labour shortages and increase in municipal fees and material costs. Saskatchewan has one of the fastest growing economies in Canada and the demand for new housing will

continue to be exceptionally strong throughout 2008. The CMHC predicts that Saskatchewan will experience a 26% increase in prices for 2008 and 8% for 2009.

### **Rental Sector**

Saskatchewan experienced a 2.0% drop in vacancy rates since 2006. In 2007 the vacancy rate dropped to 1.2% the second lowest in Canada next to British Columbia at 1%. During the same period rental the price for the average two-bedroom unit increased 9.1%, second next only to Alberta at 17.2%.

Saskatoon CMA currently has a total of 13,550 rental units and has experienced no major additions to the rental market since 2003. This has contributed to the lowest vacancy rates on record at 0.6% the second lowest in Canada next to Victoria B.C. at 0.5%. The lack of supply and increased demand has caused rental price rates to increase 14% from 2006 to 2007. However, for 2008 vacancy rates are expected to ease to 1.0% as migration rates are expected to be lower than in 2007. Similarly, for 2009 rental vacancy rates are expected to increase to 1.2% (2008 CMHC Housing Outlook Conference).

Regina CMA currently has 11,466 rental units in 2006 and 2007 witnessed the completion of new rental units. Consequently, vacancy rates are not as low as those in Saskatoon. For instance in 2007 there was a 1.7% vacancy rate, and rental prices increased 6.7%. Nonetheless, vacancy rates are predicted to drop to 1.0% in 2008 and then rebound to 1.2% in 2009.

**Respectfully Submitted**

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**CHBA Saskatchewan representative to the Economic Research Committee**