



# Saskatoon Region

## Economic Report | Q1 | 2009



- The Saskatoon Regional Economic Development Authority (SREDA) Inc. boundary is changing. With the development of Enterprise Regions by the Province of Saskatchewan, the SREDA boundary has expanded to include the Rural Municipalities of Laird and Colonsay. Working in conjunction with our existing members, the newly added partner communities will help to continue building a strong regional economy for years to come.
- Saskatoon is projected to lead Canada's metropolitan cities in 2009 in Gross Domestic Product (GDP) growth. A growth rate of 1.7 per cent is expected for the city, compared to 1.6 per cent for Saskatchewan and negative growth (-0.5%) for Canada.
- While the number of home starts for the quarter has dropped, residential building permit values are still very strong, posting a 25.9 per cent increase from the fourth quarter in 2008, due mostly to the construction of multi-unit dwellings.
- Population and employment growth in the Saskatoon region continues to be strong. The working age population, labour force, number of people employed and the participation rate have all increased from the last quarter and the first quarter of 2008.

**Table 1 | Key Results**

		2009 Q1	2008Q4	Quarterly		Annual		
				Change	Change	2008 Q1	Change	Change
<b>Inside this issue:</b>								
Real Estate Market	<b>2</b>	Residential Building Permits						
		Saskatoon (\$000s)	38,336	30,550	-7,786	-25.9%	44,422	-6,086
	<b>3</b>	Non-Residential Building Permits						
GDP		Saskatoon (\$000s)	47,723	71,935	-24,212	-33.7%	41,572	6,151
Airport Statistics	<b>3</b>	Housing Starts						
		Saskatoon	66	115	-49	-42.6%	499	-433
Labour Market Review	<b>4</b>	Surrounding Areas						
			23	109	-86	-78.9%	91	-68
Business Licensing	<b>6</b>	Average Home Sales Price (\$)						
			274,712	276,739	-2,027	-0.7%	261,854	12,858
	<b>6</b>	Existing Home Sales (Units)						
			885	712	173	24.0%	1420	-535
	<b>6</b>	Existing Home Listings (Units)						
			2596	1967	629	32.0%	2368	228

Source: City of Saskatoon, Saskatoon Regional Association of Realtors

# Real Estate Market

## Existing Housing Markets

After a decline in existing home sales in the fourth quarter of 2008, the Saskatoon region housing market has recovered somewhat, with sales increasing by 24 per cent from the previous quarter. The market also seems to be rebalancing itself; the average price of a home has been dropping since the second quarter of 2008, and now appears to have stabilized in the \$275,000 range. The same can be said for the supply/demand imbalance that existed between home listings and sales; the second and third quarters saw listings considerably higher than the number of sales realized, and although a large discrepancy still exists, it does appear to be normalizing.

Fig 1 | City of Saskatoon Existing Housing Market



Table 2 | MLS Statistics

	2009 Q1		2008 Q4		Quarterly		Annually	
	2009 Q1	2008 Q4	Change	Change	2008 Q1	Change	Change	
Sales	885	712	173	24%	1420	-535	-38%	
Listings	2596	1967	629	32%	2368	228	10%	

## Residential Construction

Residential construction in Saskatoon has risen from last quarter, posting growth of 25.9 per cent. Although the value of residential permits are down from the last year, the numbers still show strong activity in the sector.

By far the largest segment, in terms of value, has been apartment construction. Accounting for over 72 per cent of building permits for the first three months of 2009, apartment development has helped to buoy lower permit values in detached and semi-detached homes.

Fig 2 | City of Saskatoon Residential Permits (\$000s)

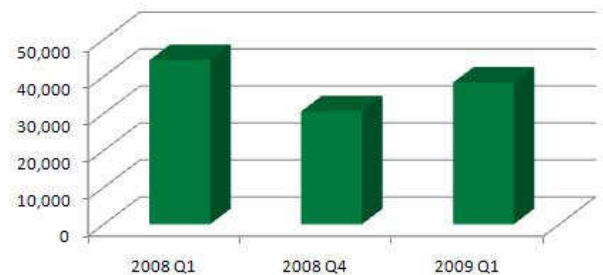


Table 3 | Value of Saskatoon Residential Permits (\$000s)

	2009 Q1		2008 Q4		Quarterly		Annual	
	2009 Q1	2008 Q4	Change	Change	2008 Q1	Change	Change	
City of Saskatoon	38,336	30,550	7,786	25.9%	44,422	-6,086	-13.7%	

Source: City of Saskatoon Building Standards

## New Housing Market

New housing starts for the Saskatoon census metropolitan area (CMA) have slowed considerably from the extremely robust construction activity seen in the first half of 2008, dropping 135 units in the first quarter from the fourth quarter of 2008. This decrease is being felt throughout the Saskatoon region.

The drop in housing starts is expected to be only a temporary slowdown. The Canadian Mortgage and Housing Commission is projecting housing starts to grow again in the second half of 2009.

Fig 3 | Saskatoon Region Housing Starts

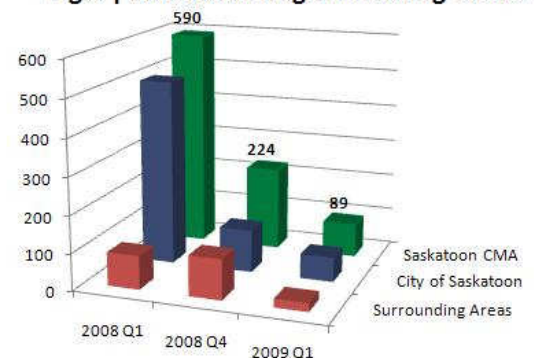


Table 4 | Housing Starts—Saskatoon Region

	2009 Q1		2008 Q4		Quarterly		Annual	
	2009 Q1	2008 Q4	Change	Change	2008 Q1	Change	Change	
Saskatoon CMA	89	224	-135	-60.3%	590	-501	-85.0%	
City of Saskatoon	66	115	-49	-42.6%	499	-433	-86.8%	
Surrounding Areas	23	109	-86	-78.9%	91	-68	-74.7%	

Source: Canada Mortgage and Housing Corporation



# Real Estate Market

## Non-Residential Construction

**Table 5 | Non-Residential Permit Values (\$000s)**

	Values (\$000s)		Quarterly		Annual		
	2009 Q1	2008 Q4	Change	Change	2008 Q1	Change	Change
<b>City of Saskatoon</b>							
Non-Residential	47,723	71,935	-24,212	-33.7%	41,572	6,151	14.8%
Commercial	11,499	19,291	-7,792	-40.4%	14,307	-2,808	-19.6%
Institutional	376	500	-124	-24.8%	3,110	-2,734	-87.9%
Industrial	14,897	21,495	-6,598	-30.7%	20,908	-6,011	-28.7%
Assembly	20,455	10,822	9,633	89.0%	3,246	17,209	530.2%
Misc/Temp	496	19,827	-19,331	-97.5%	1	495	49,500.0%

Source: City of Saskatoon

The value of non-residential construction for the first quarter of 2009 was considerably lower than the previous quarter, but outpaced permit values for the beginning of 2008. Reduced permit values occurred in almost all classes, with the biggest changes occurring in the Commercial, Industrial and Miscellaneous/Temporary categories.

The Assembly sector is particularly interesting, since it more than made up for the decreases in building permit values in all other sectors combined. Building permits totaling \$20,455,000 were issued for the Assembly sector in the first quarter of 2009, and it was the only category to post values higher than the fourth quarter of 2008.

## Gross Domestic Product

Saskatoon ended 2008 with an incredible 7 per cent growth in Gross Domestic Product (GDP), considerably higher than the 5.4 per cent originally forecasted by the Conference Board of Canada. Once again in 2009, Saskatoon is expected to lead Canada with a 1.7 per cent growth in GDP. According to the Conference Board of Canada, Saskatoon will be one of the five large metropolitan cities to have positive GDP growth in 2009; Saskatchewan is projected to have GDP growth of 1.6 per cent and Canada is expected to have GDP growth of negative 0.5 per cent.

## Airport Statistics

Saskatoon's John G. Diefenbaker International Airport is continuing to increase the number of passengers it services. The first quarter of 2009 outpaced the preceding quarter by 5.5 per cent, and was ahead by 5.7 per cent from last year. This is particularly remarkable when compared to the North American market, which is experiencing declining airline passenger traffic in the 8 to 10 per cent range.

To keep up with the growing number of travelers, the Saskatoon airport continues to add more daily international flights. United Airlines announced daily service to and from Chicago beginning in June, and Northwest/Delta announced daily service to and from Salt Lake City also beginning in June.

**Table 6 | Airport Statistics**

	Quarterly		Annually				
	Q1 2009	Q4 2008	Change	Change	Q1 2008	Change	Change
Passenger Traffic	307,305	291,209	16,096	5.5%	290,834	16,471	5.7%

Source: Saskatoon Airport Authority



# Labour Market Review

While Saskatoon and Saskatchewan as a whole have seen a rise in the unemployment rate, there has been an increase in labour force activity statistics and the number of people employed in the city.

## Labour Force Activity

The labour force of Saskatoon and Saskatchewan continues to expand with increases in the working age population, the labour force and the participation rate. Saskatoon's working age population increased by 0.9 per cent from the fourth quarter 2008 and by 3.6 per cent annually. As well, the participation rate (people working or actively seeking work) increased from 72.2 per cent to 74.1 per cent.

## Job Growth

The Saskatoon CMA added 1,800 new jobs in the first quarter of 2009, increasing the number of people employed to 141,500. Conversely, there was an increase in the unemployment rate, but this is due to more people entering the labour force than actual job loss.

**Table 7 | Labour Force Statistics - Saskatoon CMA**

	2009 Q1	2008 Q4	Quarterly		2008 Q1	Annual	
			Change	Change		Change	Change
Working Age Population (000s)	200.8	199.0	1.8	0.9%	193.9	6.9	3.6%
Labour Force (000s)	148.7	145.0	3.7	2.6%	140.4	8.3	5.9%
Employment (000s)	141.5	139.7	1.8	1.3%	135.6	5.9	4.4%
Unemployment (000s)	7.2	5.5	1.7	30.9%	4.8	2.4	50.0%
Not in Labour Force (000s)	52.1	54.0	-1.9	-3.5%	53.5	-1.4	-2.6%
Employment Rate (%)	70.8	70	0.8	1.1%	72.9	-1.9	-2.6%
Unemployment Rate (%)	4.8	3.7	1.1	29.7%	3.4	1.4	41.8%
Participation Rate (%)	74.1	72.2	1.9	2.6%	70.4	3.7	5.3%

**Table 8 | Labour Force Statistics - Saskatchewan**

	2009 Q1	2008 Q4	Quarterly		2008 Q1	Annual	
			Change	Change		Change	Change
Working Age Population (000s)	776.3	772	4.3	0.4%	760.9	15.4	2.0%
Labour Force (000s)	545.4	539.8	5.6	1.0%	521.6	23.8	4.6%
Employment (000s)	519.8	521.6	-1.8	-0.3%	498.6	21.2	4.3%
Full-Time (000s)	421.4	426.1	-4.7	-1.1%	401.4	20.0	5.0%
Part-Time (000s)	98.5	95.6	2.9	3.0%	97.2	1.3	1.3%
Unemployment (000s)	25.6	18.2	7.4	41.0%	22.9	3.7	16.2%
Not in Labour Force (000s)	230.9	232.2	-1.3	-0.6%	239.4	-8.5	-3.6%
Unemployment Rate (%)	4.7	3.4	1.3	38.0%	4.4	0.3	6.8%
Employment Rate (%)	67.0	69.9	-2.9	-4.0%	68.5	-1.5	-2.2%
Participation Rate (%)	70.3	67.6	2.7	4.0%	65.5	4.8	7.3%

Source: the Statistics Canada CANSIM database <http://cansim2.statcan.gc.ca>, table 282-0087, April 16, 2009



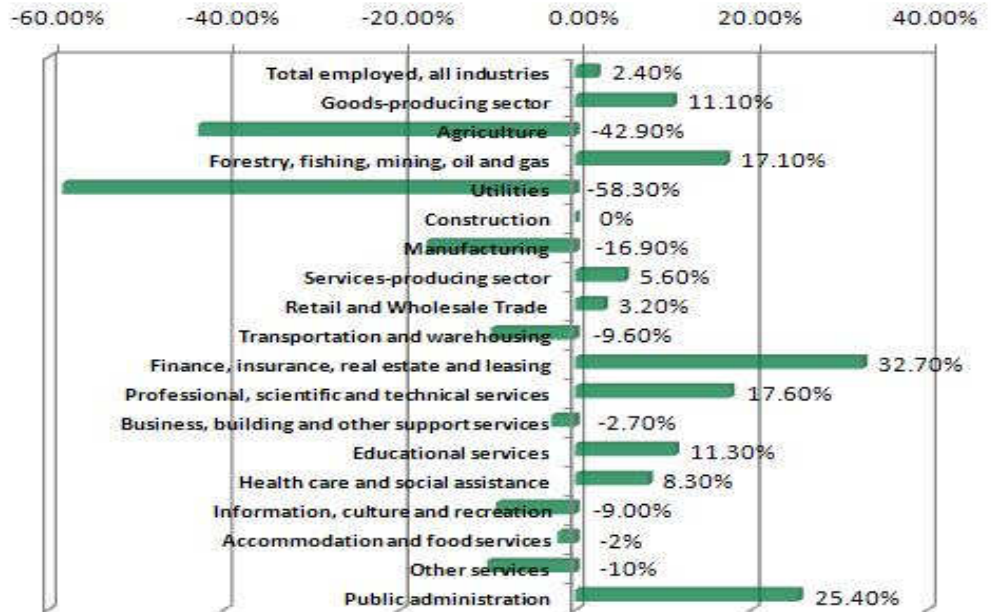
# Labour Market Review

**Table 9 | Employment by Industry (000s) - Saskatoon**

	2009 Q1	2008 Q4	Quarterly		2008 Q1	Annual	
			Change	Change		Change	Change
Total employed, all industries	138.8	139.7	-0.9	-0.6%	135.6	3.2	2.4%
Goods-Producing Sector	25.8	30.2	-4.4	-14.6%	28.7	-3.1	-10.8%
Agriculture	1.2	2.0	-0.8	-40.0%	2.1	-0.9	-42.9%
Forestry, fishing, mining, oil and gas	4.8	5.4	-0.6	-11.1%	4.1	0.7	17.1%
Utilities	0.5	0.7	-0.2	-28.6%	1.2	-0.7	-58.3%
Construction	9.5	11.1	-1.6	-14.4%	9.5	0.0	0.0%
Manufacturing	9.8	10.9	-1.1	-10.1%	11.8	-2.0	-16.9%
Services-Producing Sector	112.9	109.4	3.5	3.2%	106.9	6.0	5.6%
Retail and Wholesale Trade	22.4	22.6	-0.2	-0.9%	21.7	0.7	3.2%
Transportation and warehousing	6.6	6.3	0.3	4.8%	7.3	-0.7	-9.6%
Finance, insurance, real estate and leasing	7.3	7.6	-0.3	-3.9%	5.5	1.8	32.7%
Professional, scientific and technical services	8.7	8.6	0.1	1.2%	7.4	1.3	17.6%
Business, building and other support services	3.6	3.3	0.3	9.1%	3.7	-0.1	-2.7%
Educational services	14.8	13.8	1.0	7.2%	13.3	1.5	11.3%
Health care and social assistance	19.5	18.7	0.8	4.3%	18	1.5	8.3%
Information, culture and recreation	6.1	5.5	0.6	10.9%	6.7	-0.6	-9.0%
Accommodation and food services	9.7	9.1	0.6	6.6%	9.9	-0.2	-2.0%
Other services	6.3	6.9	-0.6	-8.7%	7.0	-0.7	-10.0%
Public administration	7.9	6.9	1.0	14.5%	6.3	1.6	25.4%

Source: Conference Board of Canada

**Fig 4 | Annual Employment by Industry Change**



Although there has been a slight drop in the total employed number from the last quarter (-0.6%), the annual change is quite positive (+2.4%).

The growth in annual change has been in the Services Sector. The addition of 6,000 new jobs, representing 5.6 per cent growth, fueled by increases in health care, education, professional and finance sectors have more than offset the losses experienced in the Goods-Producing Sector.

In the Goods-Producing Sector, there were significant job losses from fourth quarter 2008 to the present. The contraction of the market by 4,400 jobs, a -14.6 per cent drop, has come from staff reductions. The bright spot in the annual change is from Forestry, Fishing, Mining and Gas. The annual change in employment has been 17.1 per cent, illustrating the continued strength of the resource industry.



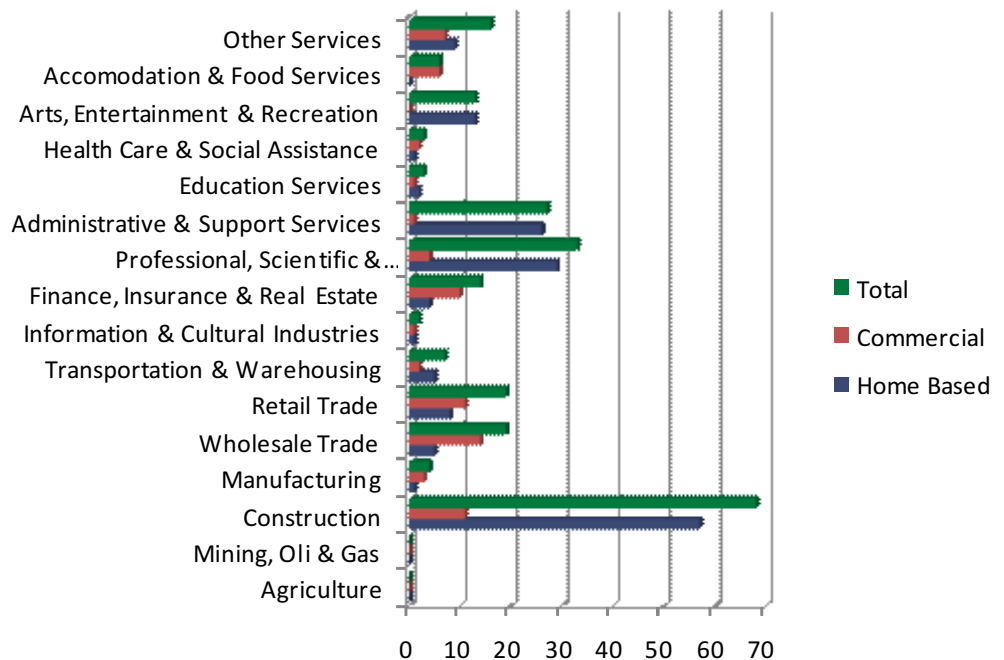
# Business Licensing

The first quarter of 2009 saw a total of 234 business licenses issued, comprising 73 commercial and 161 home based business licenses. This represents 34 less business starts from the fourth quarter of 2008, a 12.7 per cent decrease.

The construction industry continues to add new businesses in Saskatoon despite the recent pressures on the building industry. 68 new business licenses were issued for the sector in the first quarter of 2009, demonstrating that there is confidence in the future strength of the Saskatoon market.

The professional, scientific and technical services sector is steadily starting new ventures, with 33 businesses opening.

Fig 5 | New Business Licenses - Saskatoon



Source: City of Saskatoon Business Licensing



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Information presented in the Quarterly Report has been obtained from the following sources:

- Statistics Canada
- City of Saskatoon
- Conference Board of Canada
- Saskatoon Regional Association of Realtors (SRAR)
- Rural Municipalities and Towns Surrounding Saskatoon
- Saskatoon Airport Authority

**The Saskatoon Regional Economic Development (SREDA) Inc. promotes economic development strategies that foster the attraction, retention, growth and expansion of opportunities in the Saskatoon region.**

