

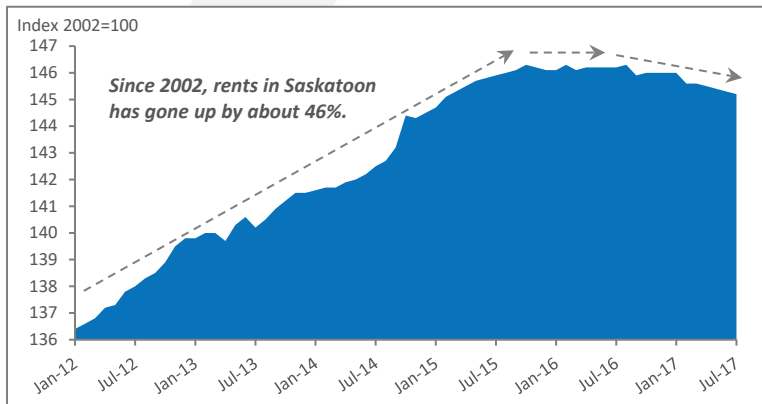


## ► Saskatoon tenants catching a break as rents continue to fall

One predictable outcome from the recent economic downturn is falling price of rental accommodations, a benefit to new tenants and cost to landlords. The latest data from the Consumer Price Index show rents in Saskatoon continue to decline after ramping up over the past decade. Rental prices fell 0.7% (year-over-year) in July, marking the eleventh consecutive decline since August 2016 (Chart 1). Compared to other major Western Canadian cities, Saskatoon had the second largest drop after Calgary (-1.6%). So far, rents in the city are down 0.5% January through July.

### Chart 1: Rent declines provide relief to Saskatoon tenants

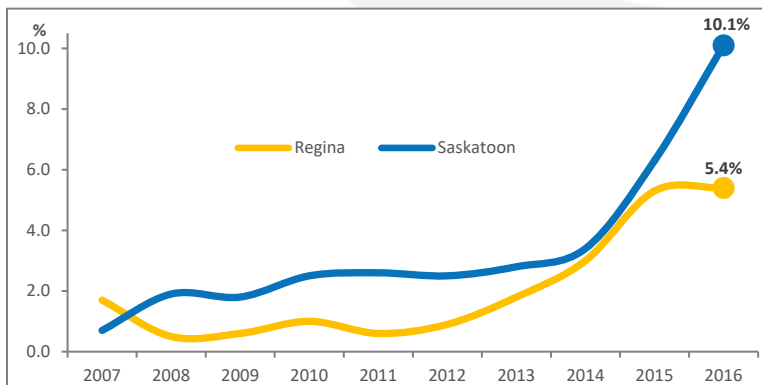
Saskatoon rental accommodation price index (2002=100)



The steady decline in rental prices in Saskatoon is a classic case of supply and demand. Decreasing rental demand due to recent economic downturn and rising supply in both primary and secondary markets has resulted in significant jump in apartment vacancies (+10.1%), putting pressure on landlords to drop prices or introduce bonus incentives such as free month's rent (Chart 2).

### Chart 2: Saskatoon rental vacancies at record level

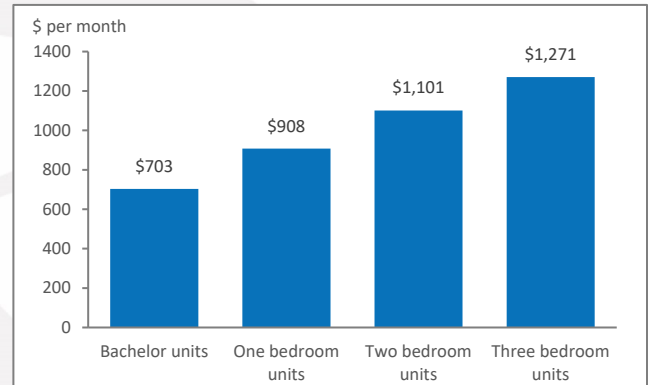
Rental vacancy rates (row & apt. structures of 3+ units)



In 2016, the average monthly rent for a typical two-bedroom apartment in Saskatoon was \$1,101, cheaper than most cities in Western Canada (Chart 3).

### Chart 3: Saskatoon rents cheaper than most

Avg. rent in 2016 (row & apt. structures of 3+ units)



### Table 1: Average rent in 2016, by city

Rent in dollars (\$)

	Ssk	Rgn	Wpg	Cgy	Edm	Vnc
<b>Bachelor</b>	703	713	634	857	850	1,015
<b>1 Bedroom</b>	908	926	836	1,049	1,000	1,159
<b>2 bedroom</b>	1,101	1,114	1,066	1,242	1,232	1,459
<b>3 bedroom</b>	1,271	1,351	1,280	1,296	1,388	1,656

Source: CMHC & Statistics Canada, Table 326-0020

### Outlook

Moving forward, improving economic conditions are expected to support slightly stronger rental demand and bring down the average apartment vacancy rate in Saskatoon. Also, with interest rates beginning to rise, renters are going to decide not to get into the "owner market", which will put upward pressure on rental price.