

SREDA INSIGHTS

▶ HOUSING STARTS NOTCH HIGHER IN JUNE

Despite some wet-soggy weather during the month, builders in Saskatoon started construction on a higher number of residential dwellings in June 2016.

LATEST FIGURES

Construction began on a total of 182 dwellings during June, up from 126 in May. Of the 182 units started, 95 were single-detached homes and 87 were multiples (consists of row housing, apartments and semi-detached homes).

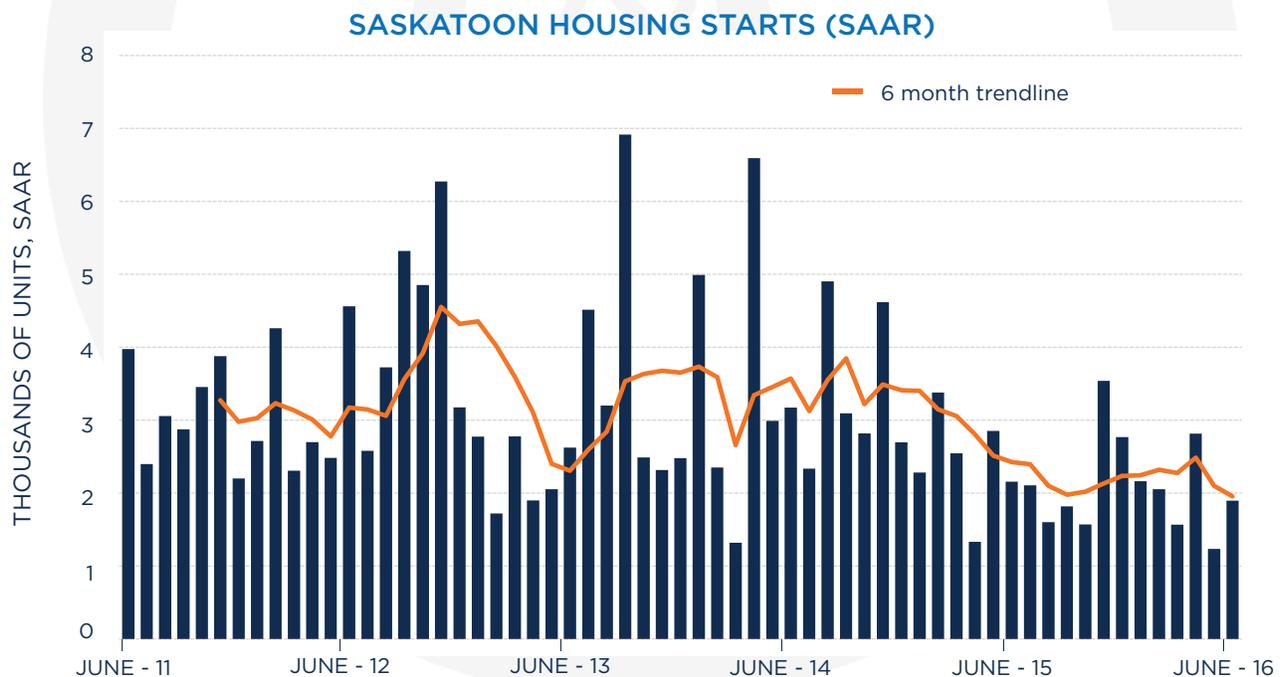
CONTEXT

Because construction is seasonal (higher in spring/summer and lower in fall/winter) housing start data is often adjusted for seasonality and put in annualized rates (SAAR). Put in SAAR terms, the 182 dwellings started in in June are equivalent to 1,920 starts—a rate in line with recent trend levels (see graph).

After a very strong period from 2007 – 2014, residential construction in the city has taken a breather, along with the broader economy. For instance, in 2012, the peak year for housing starts in Saskatoon, approximately 3,700 units were started. So far 2016 is on pace for approximately 2,000 housing starts. While this is below the peak, it is higher than any year prior to 2007.

WHAT IT MEANS

Construction has been one of the hardest hit industries in the recent economic slowdown, with 7,500 jobs lost provincially in the sector over the past 12 months (includes all types of construction, not just residential). In the near term, with rental vacancy rates on the rise and ample in-progress inventories, it's clear that residential construction in Saskatoon is adjusting to reflect more moderate growth expectations compared to the peak years.



Source: Canadian Mortgage and Housing Corporation
 Note: Figures are monthly, SAAR; Seasonally adjusted, annualized rate

SREDA Insights provides commentary and analysis on key economic issues influencing Saskatoon Region businesses and industry. By providing timely, digestible and relevant economic analysis, SREDA helps local businesses adapt to changing market conditions. SREDA provides SREDA Insights to its members in conjunction with other ongoing initiatives through its Economic Forecasting & Analysis division.