

## SREDA'S ECONOMIC RATING

# C

FOR THE SASKATOON REGION

Recent economic indicators show the local economy ended 2016 with some momentum; albeit moderate and steady performance, rather than a resounding pickup. Stronger energy prices, combined with a growing local technology sector, continued infrastructure spending and solid agriculture performance have helped to counterbalance the slowdown in other sectors. Overall, the Saskatoon Region economy shows signs of stability and resilience during uncertain times; thanks in large part to our diversified economy, continued population growth and true prairie entrepreneurial spirit.

Alex Fallon, President & CEO, SREDA

## GDP & POPULATION

GROSS DOMESTIC PRODUCT

# \$17.4B

▲ 0.5% Change from Q3 2016

CMA POPULATION

# 314,200

▲ 0.6% Change from Q3 2016

POPULATION AGE 15+

# 259,233

▲ 0.4% Change from Q3 2016

"Despite challenges in the Saskatoon marketplace, there are still positives to be found. Of significance, it's evident that there is a new floor, or low water mark, in the region. Recent capital investments, whether in the public or private sector, are comparable to balance sheet assets that have in turn created more economic activity as a result. Although slower and therefore impacting margins, economic activity remains steady in the region."

Keith Moen, Executive Director, North Saskatoon Business Association



## EMPLOYMENT

UNEMPLOYMENT RATE

# 7.4%

▲ 0.9% Change from Q3 2016

EMPLOYMENT RATE

# 65.5%

▲ 0.5% Change from Q3 2016

LABOUR FORCE

# 183,500

▲ 2.3% Change from Q3 2016

PARTICIPATION RATE

# 70.8%

▲ 1.3% Change from Q3 2016

"Population growth continues to provide opportunity to the service sector and the ICT components of Saskatoon's economic base continue to experience strong growth. A much delayed but mostly completed harvest helped build confidence in the retail sector in late 2016. While the fourth quarter showed employment losses, signs of a bottoming in many components of the commodity sector could lead to accelerating growth later in 2017."

Kent Smith-Windsor, Executive Director, Greater Saskatoon Chamber of Commerce



## HOUSING

HOUSING STARTS (YTD)

# 1,909

▼ -16.7% Change from 2015

BUILDING PERMITS (YTD)

# \$725.5M

▼ -28.7% Change from 2015

EXISTING HOME SALES (YTD)

# 890

▼ -4.6% Change from 2015

AVERAGE HOME PRICE

# \$344,803

▼ -3.1% Change from 2015

"Overall, the Saskatoon housing market remained healthy through the end of 2016. While we're still adjusting to an increased inventory in multi-family units, permits for building single-family homes in Q4 were actually 14% higher this year than in 2015, and single-family permits for the year as a whole increased by 18% compared to 2015. The 2017 outlook should be optimistic as Saskatoon continues to grow and inventory of multi-family units continues to decrease."

Chris M. Guerette, CEO, Saskatoon & Region Home Builders' Association

Saskatoon & Region Home Builders' Association



## OTHER INDICATORS - Saskatoon

NEW BUSINESS LICENCES (Q4)

**278**

▼ -0.4% Change from Q4 2015

YXE PASSENGER TRAFFIC  
(Q4 YTD)

**1.453M**

▲ 0.6% Change from Q4 2015

“While passenger demand for air travel was soft in early 2016, 8 consecutive months of growth yielded a year-end total of 1,452,349 passengers representing a 0.6% increase over 2015 and our second highest result ever. Furthermore, the total number of aircraft seats deployed in our market was resilient evidencing strong network connectivity and our airline partners’ continued confidence in the community’s propensity to travel.”



Stephen Maybury, President and CEO, Saskatoon Airport

## Saskatchewan (November YTD)

WEEKLY EARNINGS (OCT YTD)

**\$986**

▲ 0.5% Change from 2015

WHOLESALE TRADE

**\$21.47B**

▼ -11.4% Change from 2015

NEW CAR SALES

**\$2.01B**

▼ -2.0% Change from 2015

RETAIL SALES

**\$17.1B**

▲ 1.0% Change from 2015

Q4 2016

## SECTOR NEWS



### CONSTRUCTION

City saves \$29M on McOrmond Drive and Boychuk Drive interchanges compared to original cost estimate; drilling now underway on both projects

Regina bypass project 40% complete and on budget, as of December 13, 2016

Non-residential construction activity continues to power ahead with near record \$749M invested during 2016



### RETAIL AND WHOLESALE

Much-anticipated 2nd Costco store opens in Saskatoon

Saskatchewan government names owners of 50 private liquor stores

Cathedral Social Hall coming to Saskatoon this spring in location long held by Spadina Freehouse

Canada’s tourism spending hits 20-year high as weak dollar makes travel in Canada more attractive to foreigners and locals



### MANUFACTURING

Saskatchewan manufacturers shipped \$1.2B worth of products in November 2016, the highest monthly level since January 2015.

Pace of growth in Canadian manufacturing sector rose in December as orders for new work jumped, according to Markit Canada industry survey

CIBC Economist Benjamin Tal “very concerned about Trump’s impact on Canadian manufacturing



### SCIENCE AND TECHNOLOGY

Three U of S research centres - The Canadian Light Source, International Vaccine Centre and SuperDARN Canada, share award of \$69M in federal funding

Solido Design Automation and Vandasta Technologies recognized in Deloitte’s 2016 Technology Fast 50 program for innovation, leadership and rapid revenue growth

Just Eat PLC. agrees to acquire SkipTheDishes for an initial consideration of CAD\$110 million

Vendasta lands \$3.34M from federal government to boost its business by combining online marketing and sales technology with a cloud marketplace

Developers in short supply as city’s tech sector boom continues



### MINING

Cameco to cut 120 mining and milling jobs in Saskatchewan

Workers at Mosaic Colonsay mine return to work in December after being temporarily laid off in July; mine to resume production mid-January

Essel Group Middle East Announces MOU for 70% JV with Gensource Potash for development of selective solution mine

Encanto Potash Corp one step closer to financing mine after signing 20-year offtake agreements

PotashCorp no longer shutting down Lanigan mine in January for six weeks



### ENERGY

Oil soars to highest level of the year as OPEC, rivals reach deal to curtail production

Premier Brad Wall said Saskatchewan remains firmly against the Federal carbon tax plan

Saskatchewan will outpace Alberta in oil and gas drilling in 2017, according to PSAC

Husky Energy to spend \$1 billion on new heavy oil projects in Saskatchewan

Kinder Morgan Canada intends to break ground on the Trans Mountain pipeline next year

Carbon capture and storage plant hits target of capturing 800,000 tonnes of CO2 in one year



### AGRICULTURE

Saskatchewan farm cash receipts total just under \$10B through first three quarters of 2016 – just shy of all-time record high

Strong start to 2016 crop year leads to above average crop yields; however, wet summer and fall hampered quality

No quick end to bovine tuberculosis disaster as -26,000 cows have been quarantined and -10,000 are set to be slaughtered

Low Canadian dollar benefits Saskatchewan farmers, cushioning lower prices for primary grains

Q4 2016

## TOP NEWS

### SASKATOON REGION

Charlie Clark wins civic election to become Saskatoon Mayor

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Saskatoon has the most competitive business tax environment among the largest cities in Canada according to a new study from the C.D. Howe Institute

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105 suites of No. 1 River Landing condo development project sold out in 4 days despite higher condo inventories in the city

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Saskatoon's transit union members and the City have reached an agreement that ends a four year labour dispute

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Apartment vacancy rate in Saskatoon hits highest level on record

### SASKATCHEWAN

Saskatchewan's provincial government deficit is more than \$1 billion

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Saskatchewan lost 10,300 full-time jobs in 2016

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Saskatchewan government to consolidate 12 provincial health regions into one health authority

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Saskatchewan reaches 'equivalency deal' with federal government for coal-fired electricity regulation

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Saskatchewan government has announced the list of store locations and owners involved in the major privatization overhaul of its liquor system

### CANADA

Loonie suffers worst loss since Brexit vote as BoC keeps cut on the table (Jan 18)

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Ottawa gives green light to Trans Mountain, Line 3 pipeline projects

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CETA, EU-Canada trade deal clears legal hurdle in EU parliament

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CRTC deems high-speed Internet a basic service for Canadians

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Feds spending \$500M to expand high-speed internet access to remote communities

### INTERNATIONAL

Donald Trump wins U.S. election in astonishing victory

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Saudi Arabia takes 'big hit' as OPEC cuts output for first time in 8 years

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Ahead of Brexit, some banks quietly shift M&A bankers to Frankfurt

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China set for slower growth as government targets asset bubbles

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Italian Prime Minister's defeat plunges EU into uncertainty

"Although SREDA is maintaining its 'C' rating for Q4 2016, we are optimistic that 2017 will see economic improvement. The economic glass is half full for the Saskatoon Region with many opportunities for future growth. SREDA's upcoming Saskatoon Region Economic Outlook Forum 2017 will examine new drivers for growth in the Saskatoon Region and provide attendees with a detailed and insightful look at the year ahead."

Alex Fallon, President and CEO, SREDA



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