

SREDA'S ECONOMIC RATING

C+

FOR THE SASKATOON REGION

“The Saskatoon Region economy showed further signs of stability and modest growth in Q1 2017. Our headline indicator, GDP, posted a 0.3% quarterly increase, and a 0.8% year-over-year increase. Key leading indicators showed signs of strength with New Business Licenses and Building Permits increasing 34% and 55% respectively from the previous quarter. Provincial Retail Sales and Wholesale Trade numbers were also up from 2016. These indicators all point to an increasing level of confidence from business and consumers. Overall, Q1 2017 has been encouraging, and we remain optimistic for growth in the Saskatoon Region in the coming months. Based on these positive signs in Q1 2017, we have upgraded our rating from C to a C+.”

Alex Fallon, President & CEO, SREDA

GDP & POPULATION

GROSS DOMESTIC PRODUCT

\$17.2B

▲ 0.3% Change from Q4 2016

CMA POPULATION

303,000

▲ 0.9% Change from Q4 2016

SASKATCHEWAN POPULATION

1,127,710

▲ 1.0% Change from Q4 2016

“Based on the recently released 2016 Census data, Saskatoon CMA's population increased to 295,095 people, a 12.5% increase in 5-year period. This robust population growth, although lower than Conference Board of Canada estimates, bodes well for consumer spending and demand over the long term.”

Alex Fallon, President and CEO, SREDA



EMPLOYMENT

UNEMPLOYMENT RATE

7.3%

▼ -0.1% Change from Q4 2016

EMPLOYMENT RATE

65.1%

▼ -0.6% Change from Q4 2016

LABOUR FORCE

183,200

▼ -0.1% Change from Q4 2016

PARTICIPATION RATE

70.2%

▼ -0.5% Change from Q4 2016

“There has been promising economic activity, especially as it relates to investment in the region, in the first quarter of 2017. Significant investments in manufacturing – particularly in the industrial and agricultural sectors – seem to indicate that there is confidence in the region. This is significant because this confidence is evident in both the short-term, but even more so in the long term, which should breed even more investor confidence looking ahead.”

Keith Moen, Executive Director, North Saskatoon Business Association



HOUSING

HOUSING STARTS (YTD)

314

▼ -14.2% Change from 2016

BUILDING PERMITS (YTD)

\$140.4M

▲ 55.0% Change from 2016

EXISTING HOME SALES (YTD)

610

▲ 1.5% Change from 2016

AVERAGE HOME PRICE

\$340,295

▼ -1.2% Change from 2016

“Current inventory levels of just over 1,800 homes for sale in the Saskatoon market at the end of Q1 2017 is comparable to 2016. This elevated supply is resulting in a slightly downward pressure on pricing with a median price of \$320,000, 3% below the five year average. It also appears that mortgage rule changes late last year are moving more entry level buyers from single family to multi-family units. This will help to liquidate some of this market that has been oversupplied recently.”

Jason Yochim, CEO, Saskatoon Region Association of Realtors



OTHER INDICATORS - Saskatoon

NEW BUSINESS LICENCES (Q1)

373

▲ 49.2% Change from Q1 2016

YXE PASSENGER TRAFFIC (Q1 YTD)

0.379M

▼ -0.8% Change from Q1 2016

"After three consecutive years of rising vacancy, Saskatoon's industrial market began to exhibit signs of stabilization in 2016. Through Q1 2017 it appears this year may develop into a period of recovery. Leasing activity increased in early 2017 and the sale of the former Hitachi building to Brandt Group of Companies has had a significant impact on the market. 2017 is also shaping to be an encouraging year as the majority of landlords have acknowledged current market conditions and have reduced rates, which have historically been some of the highest in Canada, to attract or retain tenants."



Tom McClocklin, President and Managing Partner, Colliers International

Saskatchewan (February YTD)

WEEKLY EARNINGS (JAN YTD)

\$967

▼ -2.0% Change from 2016

WHOLESALE TRADE

\$4.35B

▲ 12.8% Change from 2016

NEW CAR SALES

\$0.32B

▲ 16.1% Change from 2016

RETAIL SALES

\$3.3B

▲ 7.6% Change from 2016

Q1 2017

SECTOR NEWS



CONSTRUCTION

In Saskatoon, construction started on 31 new multi-unit projects in the first two months of 2017, down 73% the same period last year.

Canada reduced anti-dumping duties on U.S. drywall imports being used in Western Canada.

Construction has begun on a pair of overpasses on Highway 11 near Warman and Highway 12 by Martensville (\$60.6 million project).



RETAIL AND WHOLESALE

SLGA decision to stop selling a popular gluten-free lager creates opportunity for small brewers.

Proposal with City Council to provide more flexibility to food truck operators.

Shuttle service offers new options for Martensville, Warman.

Saskatoon distillery's cask gin named 'world's best'. BlackFox's Barrel Aged Vapour Infused gin took first place in the "cask gin" category at the recent World Gin Awards.



MANUFACTURING

Brandt Group plans wind turbine factory in former Mitsubishi Hitachi plant, targets around 500 employees.

Canada manufacturing growth rises for sixth month in March.

Saskatchewan manufacturers posted \$1.21 billion in sales in January, a 2.5% month-over-month increase.



SCIENCE AND TECHNOLOGY

Saskatoon-based, Noodlecake Studios is the first Canadian firm featured in Apple Inc.'s new series on its App Store.

Vendasta has grown by at least 50% over each of the last 3 years and is on track to reach \$30 million in revenue and 300 employees by end of 2017.

Trump's revised travel ban creates potential for Canadian tech companies to recruit more employees.

International Road Dynamics Inc. (Saskatoon based Tech Company) was acquired by a Wi-Lan (Canadian patent licensing firm) for \$63.5 million.

Some of Canada's largest corporations are contributing to a \$5 million fund for artificial intelligence startups.

Sask. scientists start next phase in developing world's first bovine TB vaccine.

Federal and Provincial government announced a combined \$63-million investment in the Saskatchewan Centre for Patient-Oriented Research.



MINING

Gensource Potash and Essel Group ME announced they have formed Vanguard Potash Corp., and are planning on building a 250,000-tonnes-per-year mine in Saskatchewan.

Fraser Institute survey ranked Saskatchewan as the best place in the world to invest in mining.

TEPCO gave Cameco notice that it was terminating its uranium supply contract affecting 9.3 million pounds of uranium (\$1.3 billion in revenue) to be delivery through 2028.

Western Potash has come up with an innovative solution mine. They are easing into the new design with a pilot plant, in the RM of Lajord, that will produce 146,000 tonnes of potash per year.



ENERGY

Oil hits as high as US\$55 on tighter supplies.

Saskatchewan oil drilling numbers double in first quarter (856 wells).

U.S. issued a presidential permit for the construction of the Keystone XL Pipeline (Mar 24).

IEA warns of oil 'supply crunch' by 2020 with no capex renaissance.

Major oil companies caught in orphan wells crisis as tiny Lexin Resources goes solvent.

Saskatoon City and Tribal Council announce partnership on \$61.5 million hydro power project at weir.

Canada's oil industry ponders its fate as the threat of electric cars looms in the rearview mirror.

Canadian oilfield services companies are reporting higher prices, buoyant business activity and robust bookings for the remainder 2017.



AGRICULTURE

India requires pea and lentils to be treated for pests prior to entering India (Exception granted to June 30).

Canola is a \$12.2 billion industry now. About 92,000 jobs and \$3.9 billion in wages can now be traced back to the canola grown, processed and handled in Saskatchewan.

Murad Al-Katib has won the 2017 Oslo Business for Peace Award. Al-Katib is president and CEO of AGT Foods — one of the largest suppliers of pulse crops in the world.

Canola exports hit record \$845M

CanniMed is planning a \$10.5 million expansion at its facility southeast of Saskatoon, which it says could allow for the production of up to 720,000 litres of cannabinoid oil each year.

Q1 2017

TOP NEWS

SASKATOON REGION

City of Saskatoon and the Saskatoon Tribal Council announced a partnership to elevate the weir and build a power station. Project cost approximately \$61.5 million.

Canwest Commercial & Land Corporation announced plans to build a \$50-million office tower in downtown Saskatoon (World Trade Center Saskatoon)

Brandt Group plans wind turbine factory in old Mitsubishi Hitachi plant, targets around 500 employees

City Council votes to lower the amount businesses pay to \$1.59 from \$1.75 for every dollar paid by residential taxpayers

HLT Advisory Inc. and Conventional Wisdom Corp. chosen to study the options for the future of SaskTel Centre and TCU Place convention centre.

SASKATCHEWAN

Saskatchewan ranked as the best place in the world to invest in mining

Premier Brad Wall invites Calgary energy companies to relocate to Sask

Saskatchewan Budget 2017 dealing with \$685M deficit

Sask PST increases to 6%. Additional items to be taxed

Reductions to grants-in-lieu is capped at 30% of municipality revenue sharing

Province could save \$18M by trimming health region to a single board

Legislation to cut politicians' wages by 3.5% passes in Saskatchewan

Sask Employment insurance numbers for February show fourth straight month of decline

CANADA

New internal-trade deal expected to add \$25 billion a year to economy

The Bank of Canada held interest rates steady as it stays focused on the "significant uncertainties" facing the economy

Canada has become one of the fastest growing economies in the developed world, growing at an annualized pace of almost 4% in Q1, according to the BofC

The federal government ran a deficit of \$12.7 billion over the first eight months of fiscal year 2016-17

Government of Canada announces new \$1.26-billion fund for business innovation

Canadian producer prices rose in February for the sixth month in a row 9 (up by 0.1%)

Canada unexpectedly swings to \$972M trade deficit as exports tumbled

INTERNATIONAL

U.S. sets out demands for NAFTA talks with Canada and Mexico

Britain to formally trigger process to leave EU (Mar 29) and calls snap election (Apr 18) for June 8

The head of the IMF warns of political uncertainty in Europe and protectionism as hindrance to global trade

U.S. Vice-President Mike Pence, tells North Korea, "the era of strategic patience is over."



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Saskatoon Region Economic Statistics Quarter 1, 2017

Key Results

	Quarterly				Annual		
	2017Q1	2016Q4	Difference	% Change	2016Q1	Difference	% Change
Real GDP, Saskatoon CMA *(\$ millions)	17,210	17,153	57	0.3%	17,066	144	0.8%
Population, Saskatoon CMA (000s)	303.0	300.3	2.7	0.9%	293.6	9.4	3.2%
Working Age Population (000s)	260.4	259.2	1.2	0.5%	255.6	4.8	1.9%
Unemployment Rate	7.3%	7.4%	-0.1%	-	6.6%	0.7%	-
Building Permits - city (\$000s)	140,423	168,512	-28,089	-16.7%	90,611	49,812	55.0%
Existing Home Sales	610	890	-280	-31.5%	601	9	1.5%
Average Existing Home Price (\$)	340,295	344,803	-4,508	-1.3%	344,365	-4,070	-1.2%
New Business Licences	373	278	95	34.2%	250	123	49.2%

Gross Domestic Product (GDP) in Millions - Saskatoon CMA

	Quarterly				Annual		
	2017Q1	2016Q4	Difference	% Change	2016Q1	Difference	% Change
Primary and Utilities	3,408	3,372	37	1.1%	3,486	-78	-2.2%
Construction	1,882	1,892	-10	-0.5%	1,922	-41	-2.1%
Manufacturing	1,436	1,462	-26	-1.8%	1,413	23	1.6%
Goods Producing Industries	6,726	6,726	0	0.0%	6,822	-96	-1.4%
Transportation and Warehousing	1,011	995	16	1.6%	986	24	2.5%
Information and Cultural Industries	311	310	1	0.3%	309	2	0.7%
Wholesale and Retail Trade	1,913	1,907	5	0.3%	1,869	44	2.4%
Finance, Insurance and real Estate	2,599	2,574	25	1.0%	2,544	55	2.2%
Business Services	889	887	2	0.3%	877	13	1.5%
Personal Services	800	793	7	0.9%	784	16	2.0%
Public Administration and Defence	837	842	-5	-0.6%	805	32	4.0%
Non-Commercial Services	2,124	2,120	4	0.2%	2,070	54	2.6%
Service-Producing Industries	10,483	10,427	56	0.5%	10,244	239	2.3%
Total GDP (\$ millions)	17,210	17,153	57	0.3%	17,066	144	0.8%

Source: Conference Board of Canada (CBoFC)

Labour Force Statistics - Saskatoon CMA

	Quarterly				Annual		
	2017Q1	2016Q4	Difference	% Change	2016Q1	Difference	% Change
Employment (000s) <i>(Stats Canada - Table 282-0135)</i>	169.8	170.3	-0.57	-0.3%	166.0	3.8	2.3%
Unemployment (000s)	13.4	13.2	0.3	2.0%	11.7	1.7	14.8%
Labour Force (000s)	183.2	183.5	-0.2	-0.1%	177.7	5.6	3.1%
Not in Labour Force (000s)	77.2	75.8	1.4	1.8%	77.9	-0.8	-1.0%
Working Age Population (000s)	260.4	259.2	1.2	0.5%	255.6	4.8	1.9%
Unemployment Rate (%)	7.3%	7.2%	0.2%	-	6.6%	0.7%	-
Participation Rate (%)	70.2%	70.8%	-0.5%	-	69.5%	0.7%	-
Employment Rate (%)	65.1%	65.7%	-0.6%	-	64.9%	0.1%	-
Employment by Industry (000s) (CBoFC Estimates)							
Primary and Utilities	8.9	8.8	0.1	1.0%	9.6	-0.7	-7.0%
Construction	18.2	18.2	0.0	0.0%	18.4	-0.2	-1.3%
Manufacturing	9.6	9.5	0.0	0.2%	8.6	1.0	11.1%
Goods Producing Industries	36.7	36.6	0.1	0.3%	36.6	0.0	0.1%
Transportation and Warehousing	7.5	7.4	0.1	1.0%	9.6	-2.1	-21.7%
Information and Cultural Industries	2.6	2.6	0.0	0.1%	3.3	-0.7	-21.8%
Wholesale and Retail Trade	29.2	29.3	-0.1	-0.5%	25.4	3.8	15.0%
Finance, Insurance and real Estate	6.0	5.9	0.1	2.0%	8.7	-2.7	-30.8%
Business Services	17.1	17.2	-0.0	-0.1%	14.7	2.4	16.4%
Personal Services	21.7	21.5	0.2	1.0%	23.5	-1.8	-7.6%
Public Administration and Defence	7.7	7.7	0.0	0.1%	7.4	0.3	4.2%
Non-Commercial Services	41.9	42.0	-0.0	-0.1%	38.7	3.2	8.2%
Service-Producing Industries	133.7	133.5	0.2	0.2%	131.2	2.5	1.9%
Employment by Industry (000s) CBoFC	170.4	170.1	0.3	0.2%	167.9	2.5	1.5%

Source: Statistics Canada - Table 282-0116: 3-month moving average, unadjusted; Conference Board of Canada (CBoFC)

Building Permits (\$000)- City of Saskatoon - Quarterly

	Quarterly				Annual		
	2017Q1	2016Q4	Difference	% Change	2016Q1	Difference	% Change
Commercial	38,767	65,136	-26,369	-40.5%	12,888	25,879	200.8%
Institutional	68	1,917	-1,849	-96.5%	771	-703	-91.2%
Industrial	4,598	10,389	-5,791	-55.7%	11,428	-6,830	-59.8%
Assembly	12,199	8,139	4,060	49.9%	6,952	5,247	75.5%
Misc./Temp	110	10,400	-10,290	-98.9%	148	-38	-25.7%
Subtotal Non-Residential	55,742	95,981	-40,239	-41.9%	32,187	23,555	73.2%
Subtotal Residential	84,681	72,531	12,150	16.8%	58,424	26,257	44.9%
Total Building Permits Quarterly (\$000)	140,423	168,512	-28,089	-16.7%	90,611	49,812	55.0%

Source: City of Saskatoon

Building Permits (\$000)- City of Saskatoon - Year to Date

	Annual				Two Year		
	2017Q1	2016Q1	Difference	% Change	2015Q1	Difference	% Change
Commercial	38,767	12,888	25,879	200.8%	38,251	516	1.3%
Institutional	68	771	-703	-91.2%	0	68	#DIV/0!
Industrial	4,598	11,428	-6,830	-59.8%	22,230	-17,632	-79.3%
Assembly	12,199	6,952	5,247	75.5%	3,542	8,657	244.4%
Misc./Temp	110	148	-38	-25.7%	300	-190	-63.3%
Subtotal Non-Residential	55,742	32,187	23,555	73.2%	64,323	-8,581	-13.3%
Subtotal Residential	84,681	58,424	26,257	44.9%	130,043	-45,362	-34.9%
Total Building Permits Year -to-Date (\$000)	140,423	90,611	49,812	55.0%	194,366	-53,943	-27.8%

Source: City of Saskatoon

Housing Starts - Year to Date

	Annual				Two Year		
	2017Q1	2016Q1	Difference	% Change	2015Q1	Difference	% Change
City of Saskatoon							
Single Detached	162	113	49	43.4%	119	43	36.1%
Multiple Family	84	155	-71	-45.8%	394	-310	-78.7%
Surrounding Areas							
Single Detached	28	88	-60	-68.2%	56	-28	-50.0%
Multiple Family	40	10	30	300.0%	10	30	300.0%
Saskatoon CMA							
Single Detached	190	201	-11	-5.5%	175	15	8.6%
Multiple Family	124	165	-41	-24.8%	404	-280	-69.3%
Total Housing Starts	314	366	-52	-14.2%	579	-265	-45.8%

Source: CMHC

MLS Statistics - City of Saskatoon

	Quarterly				Annual		
	2017Q1	2016Q4	Difference	% Change	2016Q1	Difference	% Change
Sales	610	890	-280	-31.5%	601	9	1.5%
New Listings	1,752	2,234	-482	-21.6%	1,816	-64	-3.5%
Average Sale Price	\$340,295	\$344,803	-\$4,508	-1.3%	\$344,365	-\$4,070	-1.2%

Source: Saskatoon Region Association of Realtors

New Business Licenses

	Quarterly				Annual		
	2017Q1	2016Q4	Difference	% Change	2016Q1	Difference	% Change
Commercial	116	104	12	11.5%	87	29	33.3%
Home Based Business	257	174	83	47.7%	163	94	57.7%
Total New business Licenses	373	278	95	34.2%	250	123	49.2%

Source: City of Saskatoon

YXE Airport Statistics - Year to Date

	Annual				Two Year		
	2017Q1	2016Q1	Difference	% Change	2015Q1	Difference	% Change
Total Passenger Traffic	379,321	382,441	-3,120	-0.8%	387,806	-8,485	-2.2%