

SREDA'S ECONOMIC RATING

B-

FOR THE SASKATOON REGION

“The most recent economic indicators for Q2 2018 showed some signs of stability in the local economy. However, the recent cutbacks in the mining sector have caused increased uncertainty in growth projections, therefore we are maintaining a B- grade for the Saskatoon Region economy. On a positive note, despite recent and significant job losses in the uranium sector, the overall labour market is showing signs of improvement with 4,100 net jobs created so far this year.”

Alex Fallon, President & CEO, SREDA



REAL GDP (2007 \$) AND POPULATION PROJECTIONS

CMA GDP: 2018 FORECAST

\$18.2B

▲ 2.0% Change from 2017

CMA POPULATION: Q2 2018

330,111

▲ 0.4% Change from Q1 2018

SK POPULATION: Q2 2018

1,173,443

▲ 0.3% Change from Q1 2018

“Saskatoon continues to grow in economic times where we see interest rate increases and potential fallout from NAFTA negotiations. The recent announcement of Nutrien’s relocation to River Landing means Saskatchewan’s tallest office building will be built. Eighteen (18) stories of new office at this site coupled with the World Trade Centre announcement of another 125,000sq.ft. and the revamped police station of 60,000sq.ft. (now River Quarry) prove developers and investors’ confidence in the long term viability of the market in Saskatoon. It’s also a signal that employers see the City as a long term head office location as the recent Nutrien merger did not move a lot of employees to the former Agrium head office in Calgary, as per the CEO they are in fact growing.”

Josh Walchuk; Partner, Senior Sales Associate, ICR Commercial Real Estate



LABOUR MARKET - SASKATOON CMA (Q2 2018)

UNEMPLOYMENT RATE

6.8%

▼ -0.1 PP Change from Q1 2018

EMPLOYMENT LEVEL

173,233

▲ 1.4% Change from Q1 2018

LABOUR FORCE

185,933

▲ 1.3% Change from Q1 2018

PARTICIPATION RATE

69.3%

▲ 1.3 PP Change from Q1 2018

“While American tariffs continue to provide some economic hardship and uncertainty, Saskatchewan is quietly on pace for above-average growth across the economy. This growth is attributable to a strengthening natural resources sector backed up by a correction in agricultural markets, including a re-opening of the Japanese wheat market. These growth numbers are great news for local supply chains and have potential for marginal employment growth as well.”

Keith Moen, Executive Director, North Saskatoon Business Association (NSBA)

HOUSING MARKET, YTD (JAN - JUN, 2018)

CMA HOUSING STARTS

616

▼ -17.3% Change from 2017

BUILDING PERMITS (SASKATOON)

\$345.5M

▼ -8.3% Change from 2017

EXISTING HOME SALES (SASKATOON)

1,675

▼ -7.6% Change from 2017

AVERAGE HOME PRICE (SASKATOON)

\$335,046

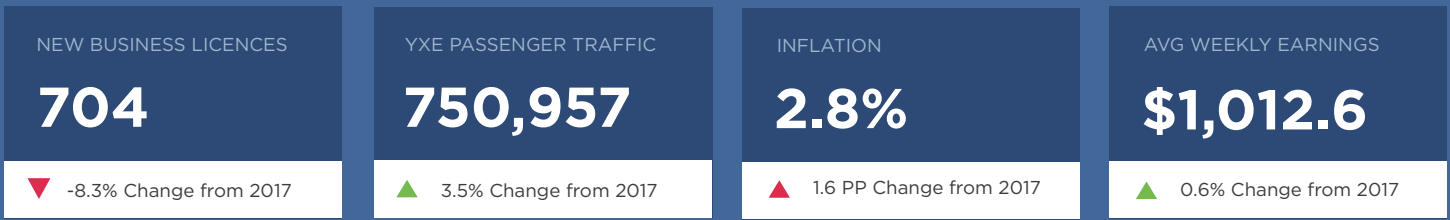
▼ -4.2% Change from 2017

“The real estate market in Saskatoon continues to favor buyers. Elevated levels of inventory and a reduction of year-over-year sales of 8.0% are also placing a slight downward pressure on pricing. The average sale price is down 5% from a year ago while the median price of \$316,500 is down from \$330,000 at the start of 2018. Having said that, homes that are properly priced to reflect current conditions are selling very close to list and at times over list price.”

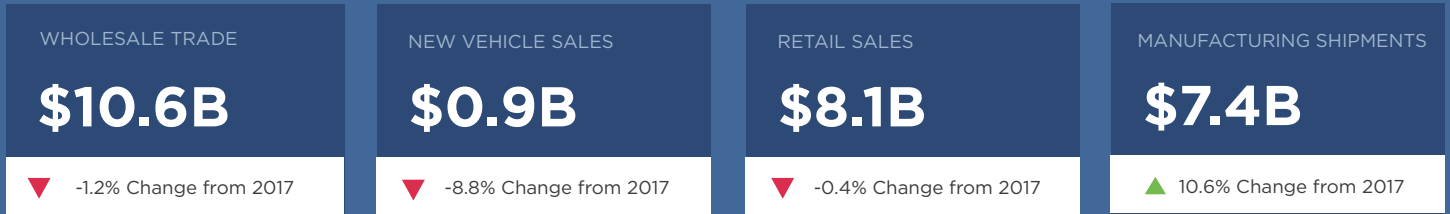
Jason Yochim, CEO, Saskatoon Region Association of Realtors



OTHER INDICATORS - SASKATOON, YTD (JAN - JUN, 2018)



SASKATCHEWAN, YTD (JAN - MAY, 2018)



Q1 2018 SECTOR NEWS



ENERGY

Canada buys Trans Mountain pipeline for \$4.5B, ending political feud between BC and Alberta/Sask

Canadian oil producers enjoying higher crude prices as pipeline congestion eases

Deal struck between SaskPower and FNPA to use flare gas to produce electricity

SaskPower announces 10MW solar project, first in Sask.

Sask announces first proposed geothermal power plant in Canada

Sask rig count climbs as Crescent Point gets into the game

OPEC reaches deal to hike output by 1.0M barrels a day



MANUFACTURING

Federal investment helps bring vaccine manufacturing facility to Saskatoon

Crestline Coach wines \$4.5M contract to supply specialized ambulances for the Military

Alberta ordered to pay Great Western Brewing Co \$1.9M for unfair markup

Saskatoon's Superior Cabinets acquired by the Buller Family

Government of Canada invests more than \$11M to advance innovation and growth in Canada's wine sector

Sask. manufacturing sales on the rise



SCIENCE AND TECH

Saskatoon oil & gas tech firm, Quickthree Solutions, acquired by Texas-based Smart Sand for US\$42 million

Canada's most modern weather radar station opens near Saskatoon

Saskatoon-based Ag-West Bio gets \$8.5M to support development of the agricultural biotechnology sector

Saskatoon-based Rivercity Technology Services develops property tracking technology to tackle rural crime

SaskTel to invest \$301M into network and infrastructure

Canada earns 'precarious' C grade in innovation as investment levels slump



CONSTRUCTION

Nutrien announces construction of Sask's tallest tower at River Landing

Major Idylwyld Drive construction starts

Government to introduce prompt payment legislation this fall

Construction of downtown hotel ahead of schedule

New housing construction investment in Sask down 14.5% y/y to \$7.4M in March

\$2M donated to build 6,200 sq. ft. sport injury research centre at the new Merlis Belsher sports facility

Ground broken on \$2M Optimist Hill project



MINING

Cameco posts surprise profit on higher uranium prices

Canpotex Opens Sales Office in Brazil

Nutrien's Q1-2018 impacted by delayed spring season, expect strong Q2 results

Lithium is exploding but Canada's distance from China has miners at a disadvantage



AGRICULTURE

UK-based agriculture technology company, PBD Biotech, expands to Saskatoon

Sask farm land values on the rise

Less canola and peas, more wheat seeded in Sask.

Value-Added Agriculture Incentive introduced by Sask government

CP announces plans for half billion dollar investment in future of grain supply chain with railcar order

\$9M for new integrated agronomy cluster



RETAIL AND WHOLESALE

Sask selects 51 retailers for post-legalization sales, 7 in Saskatoon

Council approves \$20K cannabis business license fee

Save-On-Foods plans two more outlets in the Saskatoon

Home renovation spending drops to 5-year low in Canada

Canadian landlords struggle to fill anchor vacancies

New vehicle sales on the rise in Sask

SASKATOON

Remai Modern attracts 189,000 visits in first 6 months, exceeding target by 55%

City endorses 5-year tax break for \$80M Midtown Plaza reno

Sunwing returns to Saskatoon, offering flight services to 12 most popular sun destinations

Home sales in Saskatoon continue downward trend, reaching a 10-year low in June

Saskatoon apartment vacancy remains high at 14% as rental rates fall

Saskatoon's economy continues to create jobs but the unemployment rate remains sticky

Willows being transformed into 18-hole world-class course, as part of the third residential development phase

Federal judge approves \$875M '60s Scoop settlement after hearings

SASKATOON REGION

Organic waste recycling plant proposed near Northern Landfill site

Government breaks ground on new group home for persons with disability in Aberdeen

Martensville-Warman overpass project about 60% complete

Innovative rural crime app released

Dundurn area gains new facility for processing flax seed

Martensville nearly doubles its total land area

AGT Foods building rail consolidation centre in Delisle

Ag in Motion breaks record attendance, an 18% increase in visitors from the last year

Sunnyside Dairy becomes the second dairy farm in Canada with its own milk vending machine

SASKATCHEWAN

Sask's economy grew 2.9% in 2017, stronger than earlier thought; expected to slow this year

CN announces plans to invest \$210M in Sask. rail infrastructure as part of its \$3.4B capital program for 2018

SaskTel announces plans to invest \$301M into network & infrastructure across the province

Enbridge announces plans to invest \$1.35M in Sask and Manitoba in support of locally driven projects and initiatives

Sask economy adds 8,300 new jobs in June, unemployment drops to 6.3%

Sask. passes act to welcome ridesharing companies to the province

Sask minimum wage, currently Canada's lowest, to rise 10 cents/hr to \$11.06 on Oct. 1

Water Security Agency unveils \$43.6M in Sask water infrastructure projects

CANADA

IMF expects Canada's GDP growth to slow to 2.1% in 2018, flagged housing and tax competitiveness as risks

Bank of Canada raises rates to 1.5%, keeps hiking path amid trade rows

Mortgage borrowing drops by \$2.0B to lowest level since 2014, reflecting effects of new mortgage rules and higher interest rates

Bill C-45 Passed, making recreational use of Marijuana legal on Oct. 17

Greyhound ends service in Prairies and most of BC on Oct. 31

Doug Ford wins Ontario election, supports Sask in fight against carbon tax

Canada added 32,000 jobs in June but more seekers pushed up jobless rate to 6.0%

Home sales hit 5-year low in May, prices down 6.4% y/y

INTERNATIONAL

IMF maintains global growth forecast at 3.9% for this year, warns of escalating trade tensions

Trump's steel (25%) and aluminum (10%) tariffs set in; Canada, Mexico & EU hit back

Italy refuses to ratify EU-Canada free trade deal

China hits back after US imposed \$34B tariffs on Chinese technology imports; vows to retaliate against proposed new tariffs

Japan and South Korea resume purchase of Canadian wheat after temporary suspension over GMO

U.S. and Japan decline to sign G7 agreement to reduce plastic waste in oceans

Kim Jong-un pledges 'complete denuclearization' as Trump suspends war games

Tax cuts boosting U.S. economy