

SREDA'S ECONOMIC RATING

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FOR THE SASKATOON REGION

“ Q4 2015 confirmed that the Saskatoon Region has entered a new era of more moderate and steady growth, especially when compared to the recent years of extraordinary growth (2010-2014). Looking forward to 2016, there are plenty of reasons for cautious optimism for the region’s economy as we continue along this path of sustainable growth of around 2% by 2016 year end.”

Alex Fallon, President & CEO, SREDA

GROSS DOMESTIC PRODUCT

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\$17.7 B

▲ 0.6% Change from Q3 2015

CMA POPULATION

310,000

▲ 0.4% Change from Q3 2015

WORKING AGE POPULATION

254,333

▲ 0.6% Change from Q3 2015

“SREDA is forecasting GDP growth of approximately 2% in 2016, with the majority of the growth happening in the second half of the year.” - Alex Fallon, President & CEO, SREDA


EMPLOYMENT

UNEMPLOYMENT RATE

6.2%

▲ 0.4% Change from Q3 2015

EMPLOYMENT GROWTH

2.0%

▼ -1.6% Change from Q4 2014

LABOUR FORCE

183,667

▲ 3.1% Change from Q3 2015

PARTICIPATION RATE

72.2%

▲ 2.4% Change from Q3 2015

“The growth drivers for the Saskatoon economy are changing quickly as sources of growth are in a race to supplant areas of our economy being hit by dropping commodity prices. 2015 Employment growth was positive, albeit at a much slower pace than the previous 5 years. We expect a similar slow growth result for 2016 as businesses selling into the U.S. regain their footing after a number of years of slow growth in the states. This investment and employment growth base will continue to push our population numbers higher, which will in turn help stabilize the elements of our economy that have scaled down their business to the slower activity level..” - Kent Smith-Windsor, Executive Director


HOUSING

HOUSING STARTS (YTD)

2,293

▼ -35.1% Change from Q4 2014

BUILDING PERMITS (Q4)

324.9M

▲ 122.9% Change from Q4 2014

EXISTING HOME SALES (YTD)

1,059

▼ -11.1% Change from Q4 2014

AVERAGE HOME PRICE

\$355,631

▼ -.2% Change from Q4 2014

“At year-end, overall inventory was down 22% from its June peak of 2,081 units. Although the 2015 sales activity was down 13% from 2014, it was comparable to the five year average. Saskatoon’s diverse economy has been essential in weathering recent economic challenges and cushioning the impact on the real estate market.” - Jason Yochim, Chief Executive Officer



Saskatoon

Saskatchewan (October YTD)

BUSINESS LICENSES (Q4) 279 ▲ 11.2% Change from Q4 2014	YXE PASSENGERS (YTD) 1.443M ▼ -2.8% Change from Q4 2014	WHOLESALE TRADE \$23.4B ▲ 10.1% Year-Over-Year	NEW CAR SALES \$1.88B ▼ -4.7% Year-Over-Year	RETAIL SALES \$15.5B ▼ -3.4% Year-Over-Year
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“Room supply jumped 13.3 % in 2015, with two new properties opening in the fall. This, coupled with decreased business travel, resulted in important declines in occupancies and room revenues in Q4. Overall tourism volumes and expenditures are still growing, a trend that we expect to continue through 2016.” - Todd Brandt, President and CEO



Q3 2015

SECTOR OVERVIEW



CONSTRUCTION

2015 Saskatoon Housing Starts down 1,238 (35%).

Construction industry shifting focus from residential to non-residential.

Federal Government Infrastructure spending expected for Saskatchewan.



MANUFACTURING

Sask manufacturing sales were down by 12% year-over-year at the end of October from \$13.4 billion in 2014 to 11.8 billion in 2015.

The decline in 2015 was mainly due to declines in chemical, fabricated metal product and machinery manufacturing.

Manufacturing 2025 Action Plan released November 2015.



WHOLESALE AND RETAIL TRADE

Saskatchewan October wholesale trade up 10% year-year-over; highest monthly percentage increases in farm product wholesale; declines in personal & household goods and building material & supplies.

Saskatchewan October retail sales down 3.4% year-over-year; biggest decline (17%) in gasoline retail.

“We believe Saskatoon’s diverse economy, continued demand for our natural resources, ongoing and new infrastructure projects and a growing entrepreneurial spirit leave use well positioned for growth in 2016 and into the future.” - Alex Fallon, President & CEO, SREDA



ENERGY

WCS (US\$13.25) trading at a 50% discount to WTI (US\$27.00); lowest price since 2004.

Disappointing news regarding Canadian pipelines: U.S. President Barack Obama rejected Keystone XL pipeline. B.C. rejected the proposed Trans Mountain pipeline expansion.

Sector Consolidation begins with Suncor’s takeover of Canadian Oil Sands in a \$6.6 Billion all-stock deal.



MINING

Low potash price leads to layoffs.

Vale Potash puts its Kronau mine project on hold.

Fussion and Denison called off a \$483-million merger agreement.

China’s CGN Mining Co. Ltd. buys 20% stake (\$82.2 million) in Fission Uranium Corp.

Claude Resources set a new gold production record in 2015 of 75,748 ounces.



AGRICULTURE

2015 Sask wheat production declined 7.9%; canola increased 10.4%.

U.S. COOL repealed in late December.

South Korea reopened its borders to Canadian beef exports.

Q4 2015

TOP NEWS

SASKATOON

Saskatoon residential construction experienced a significant slowdown in 2015 with housing starts down and inventory up compared to 2014.

The city reached a deal with Graham Commuter Partners to replace the downtown Traffic Bridge and build a new north commuter bridge for \$497.7 million. Price includes 30 year maintenance.

The city is exploring the feasibility of a 22nd street underpass. Costs are expected to be between \$30 and \$50 million, depending on requirement to move underground utilities.

SASKATCHEWAN

Saskatchewan energy to be 50 per cent renewable by 2030.

Saskatchewan projecting \$262M deficit as lower oil prices hit revenue.

The Saskatchewan government introduced Bill 188, The Best Value in Procurement Act 2015. This will change the governments procurement decision making to be based on best value.

CANADA

Canada's 'value-added' exports present a good-news story for 2016.

Canadian dollar weakens to 12-year low as global uncertainty mounts, oil prices continue to drop and expectations increase for further divergence between Fed and BoFC monetary policy.

Canada's annual inflation rate rose to 1.4% as costs for food and shelter increased.

INTERNATIONAL

U.S. repealed its country of origin labelling (COOL) for cattle and hogs. (Dec 18)




China scraps one-child policy. (Oct 29)

OECD warns of global trade slowdown and trims growth outlook to 2.9%, 3.3% and 3.6% for 2015, 2016 and 2017 respectively. (Nov9)



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