



SREDA INSIGHTS

▶ MAKING THE MOST OUT OF A FIXER-UPPER

While the slowdown in new housing construction (i.e. housing starts) in Saskatchewan has been well broadcast, what has been less publicized is the strong level of renovation activity that has continued unabated.

LATEST FIGURES

Saskatchewan homeowners invested \$415M renovating their homes in Q1 2016, up an impressive 34% from \$309M in Q1 2015. By contrast, investment in new dwellings fell to \$280M, down 25%.

CONTEXT

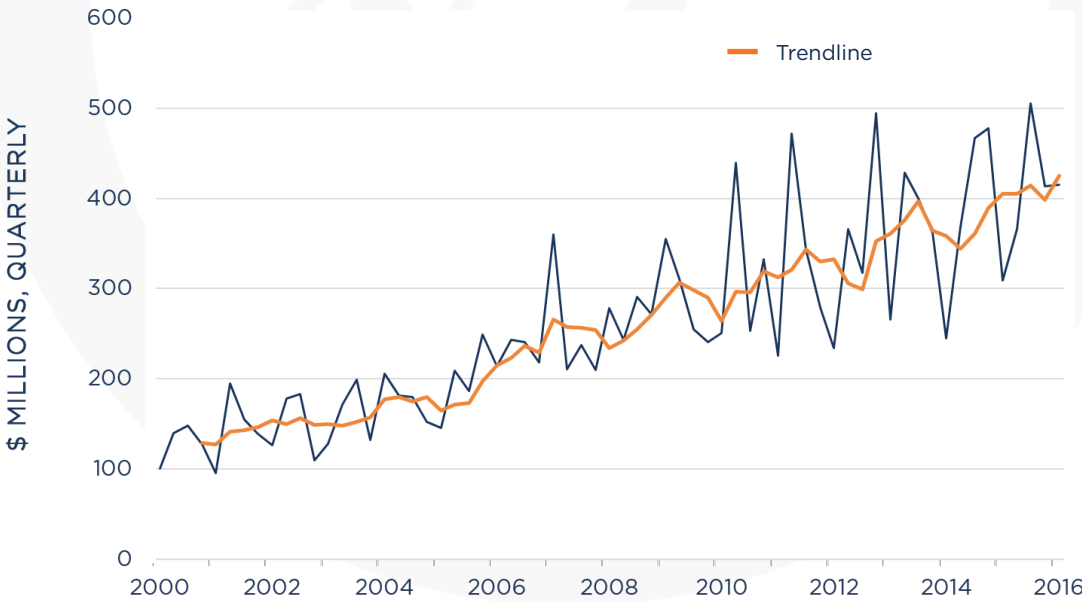
Like housing starts, residential renovation activity is highly seasonal (see grey line in graph). However, the trend is clear - homeowners continue to invest an increasing amount of money improving their homes.

The data is an excellent example of economic trade-off decisions. With the Saskatchewan economy cooling down and job prospects not as plentiful as a few years ago, fewer first time buyers are making the (sometimes daunting) leap into homeownership and fewer established households are buying second houses. Instead, people are taking the less risky option of satisfying their needs by fixing up their current digs. Homeowners are still investing, but they are doing it differently.

THE OUTLOOK

With the Saskatchewan economy widely expected to remain subdued in 2016, homeowners may stick to opting for renovations over new homes. This growth in renovation spending will also be welcomed by contractors and builders, who have seen demand for new homes fall.

SASKATCHEWAN RESIDENTIAL INVESTMENT - RENOVATIONS



Source: Statistics Canada

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.