

## SREDA'S ECONOMIC RATING

# C+

FOR THE SASKATOON REGION

“Stabilized consumer and business confidence define the past quarter, demonstrated by consistent year-to-date increases in provincial wholesale trade, new car sales, and retail sales. While Saskatoon Region growth continues to be moderate, some ongoing uncertainty in the housing and construction sectors limited greater improvements. Key indicators display signs of economic security, with GDP exhibiting a higher growth rate than in Q1. Overall, recovery has evolved into stability in Q2, and we expect the Saskatoon Region economy to gain continued balance throughout the remainder of 2017.”

**Alex Fallon, President & CEO, SREDA**

## GDP & POPULATION

GROSS DOMESTIC PRODUCT

# \$17.3B

▲ 0.4% Change from Q1 2017

CMA POPULATION

# 305,700

▲ 0.9% Change from Q1 2017

SASKATCHEWAN POPULATION

# 1,137,670

▲ 1.0% Change from Q1 2017

“Economic indicators show that growth, investment and optimism have superseded an underlying theme of concern among business in the region during the commodity down cycle. Saskatchewan merchandise exports, year over year from May 2016 to May 2017 were up \$2.6B. Employment is up by 4,600 year over year in June, and new car sales are up 15% year to date from last year as well. Perhaps most importantly, investor confidence in the region continues with the announcement of a \$50-million Class A office space development for the expansion of the World Trade Center network into Saskatoon.”

Keith Moen, Executive Director, North Saskatoon Business Association



## EMPLOYMENT

UNEMPLOYMENT RATE

# 8.2%

▲ 0.8% Change from Q1 2017

EMPLOYMENT RATE

# 64.6%

▼ -0.5% Change from Q1 2017

LABOUR FORCE

# 184,300

▲ 0.6% Change from Q1 2017

PARTICIPATION RATE

# 70.3%

▲ 0.1% Change from Q1 2017

“The Chamber’s recent “Health Vision 20/20 Conference” demonstrated a lot of business growth in the innovation and the technology sectors in Saskatoon. The commitment from the provincial government to fostering innovation indicates that these sectors continue to play an important role in the city’s economy. We are looking forward to supporting continued growth and new business startups in these sectors in the near future.”

Darla Lindbjerg, President and CEO, The Greater Saskatoon Chamber of Commerce



## HOUSING

HOUSING STARTS (YTD)

# 745

▼ -18.3% Change from 2016

BUILDING PERMITS (YTD)

# \$291.9M

▼ -24.2% Change from 2016

EXISTING HOME SALES (YTD)

# 1,055

▼ -3.3% Change from 2016

AVERAGE HOME PRICE

# \$355,313

▲ 1.4% Change from 2016

“Rather than taking reports of housing starts being up or down overall at face value, it’s important to look at the differences between dwelling types to properly understand the current landscape. We continue to see increases in the permits pulled for single family homes, and those increases should be reflected in new housing starts in the coming months. We can also see an important change in the quantity of renovation permits being pulled in Saskatoon, with an increase year over year of 43% in Saskatoon as of the end of May 2017. Homeowners are still very much investing in their homes; the future challenge as a region will be how to maintain housing affordability.”

Chris Guerette, CEO, Saskatoon & Region Home Builders’ Association





## OTHER INDICATORS - Saskatoon

NEW BUSINESS LICENCES (Q2)

**385**

▲ 10.3% Change from Q2 2016

YXE PASSENGER TRAFFIC  
(Q2 YTD)

**0.723M**

▲ 0.2% Change from Q2 2016

"We now have three consecutive quarters within the industrial and office sectors to illustrate vacancy rates have either stabilized or decreased. Retail vacancy as of Q2 2017 sits at only 3% and demand remains strong. Repurposing of the Saskatoon Police Station to office use, commencement of the River Landing project and the announcement that construction will begin on World Trade Centre this fall illustrates confidence that the Saskatoon office market has turned the corner. Although the sale of industrial and residential townhouse land remains anemic, there is a healthy demand for investment in other sectors of commercial real estate from both owner occupants and investors."



Barry Stuart, Managing Partner Senior Sales Associate, ICR

## Saskatchewan (May YTD)

WEEKLY EARNINGS (APR YTD)

**\$1,007**

▲ 2.0% Change from 2016

WHOLESALE TRADE

**\$11.02B**

▲ 8.9% Change from 2016

NEW CAR SALES

**\$1.00B**

▲ 17.8% Change from 2016

RETAIL SALES

**\$8.4B**

▲ 5.0% Change from 2016

Q2 2017

## SECTOR NEWS



### CONSTRUCTION

Announcement of \$896 million over 11 years from federal government for Sask infrastructure.

Canwest forging ahead with \$50-million 'World Trade Center' in downtown Saskatoon.

\$85M hotel-and-condo duo to start rising at Saskatoon's River Landing.

Meridian Development is proposing to build a 7-storey condo building in Nutana.

Residential construction in Saskatoon down sharply in 2017.



### SCIENCE AND TECHNOLOGY

Ottawa offers \$950 million for 'superclusters' to create jobs

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.

Solido lands \$1.8M federal grant to develop machine-learning technology.

UofS unveils first robot ultrasound device in N. America.

UofS project awarded \$16.6 million for research to improve women's health in Mozambique.

CLS to collaborate with 1st synchrotron in Middle East.

UofS opens water research facility to study climate change.



### ENERGY

Ground shifts under \$7.4B Trans Mountain pipeline amid NDP-Green alliance in B.C.; Trans Mountain project on track to begin construction in September.

SaskPower issued a request for proposals for a 200-megawatt wind power project.

Husky Energy is increasing its investment in CCS technology, to make its heavy oil operations in Sask more environmentally friendly.

OPEC predicts lower demand for its oil in 2018.

Natural gas production boom has pipeline demand exceeding supply.

IEA reports electricity investment surpasses oil and gas for the first time ever.

Encana and Centrica sell natural gas assets in deal worth \$1.7 billion.

Husky Oil to proceed with \$2.2-billion West White Rose project off Newfoundland.



### RETAIL AND WHOLESALE

Retail sales jump; signal best start to year since 1991.

Auto sales in Sask are in the middle of a record-breaking year; up 15% compared to 2016.

Sask wholesale trade numbers on the rise.

Province sells off first 3 liquor stores in Sask. as part of privatization process.

Canada 150 means big business for Saskatoon retailers.



### MINING

Cameco enters \$2B deal with Ontario's Bruce Power

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

Nutrien Ltd. will be the name of the company formed when Potash Corp. and Agrium merge.

Shore Gold signed an option agreement with Rio Tinto worth up to \$75 million over the next 7.5 years related to the Star-Orion South diamond project east of PA.

Vanguard Potash Corp., a JV between Gensource Potash Corp. and Essel Group ME Ltd. says it could have a mine operating near Tugaskie by 2019.

Bethune K+S potash mine has produced its first tonnes of marketable potash.

New technology under development in Saskatoon could make it profitable for Saskatchewan-based mining companies to extract "significant" quantities of rare earth elements from uranium tailings solution.



### AGRICULTURE

Murad Al-Katib of AGT Food and Ingredients Inc. named EY World Entrepreneur Of The Year 2017.

Driverless tractor designed by Sask. man unveiled at Ag in Motion farm technology show.

4 tech companies traveled to Saskatoon to showcase their agriculture innovations as part of SREDA's first annual Agriculture Technology Harvest Program.

Canada has overtaken top spot from the U.S. as the top North American supplier of pork to China.

Number of women farming in Sask increasing according to StatsCan.

Increasing number of farms switching to solar power.



### MANUFACTURING

New manufacturing lab coming to Sask Polytech.

Canadian first-quarter industrial capacity rises to 83.3%, highest since 2007.

Canadian auto sales surge to record high in May.

Canadian manufacturing sales jump 1.1% in May, posting the 3rd straight month of gains.

National Energy Board plans new rules for pipeline parts.

Q2 2017

## TOP NEWS

### SASKATOON REGION

Canwest forging ahead with \$50-million 'World Trade Center' in downtown Saskatoon.

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Saskatoon rents drop for 1st time in 27 years.

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Saskatoon skyline to be altered by Parcel Y office tower (\$55M). Hotel and condo duo (\$85M) at River Landing expected to begin construction this summer.

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A new solar project at the Solar Photovoltaic Demonstration Site is pushing the city closer to its renewable energy target.

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City invests \$61 million for residential road improvements in 2017.

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Announcement that Remai Modern art gallery opening will be Oct. 21.

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Saskatoon city hall proposes \$3M contract to plan bus rapid transit.

### SASKATCHEWAN

K+S opens new potash mine; first in Sask in > 40 years.

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Premier Wall not on board with feds' proposed carbon plan. Fed Government unveiled \$2 billion Low Carbon Economy Fund which would leave out Sask and Manitoba.

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Announcement of \$896 million over 11 years from federal government for Sask. infrastructure.

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Murad Al-Katib of AGT Food and Ingredients Inc. named EY World Entrepreneur Of The Year 2017.

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A Conference Board report suggests Saskatchewan economy to bounce back in 2017.

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The Children's Hospital of Sask has a new name following a \$50-million donation from the Jim Pattison Foundation.

### CANADA

On July 12th the Bank of Canada raised rates for the first time since 2010.

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Ottawa offers \$950 million for 'superclusters' to create jobs.

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Green Party holds the balance of power in B.C.'s first minority government in 65 years; B.C.'s NDP return to power for the first time in 16 years.

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Federal carbon tax plan to follow Alberta plan; include individual rebates.

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B.C.'s New Democrats will return to power for the first time in 16 years; the Green Party holds the balance of power in B.C.'s first minority government in 65 years.

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Toronto named headquarters for Canada's infrastructure bank.

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Moody's downgrades Canada's Big 6 banks on consumers' debt burden.

### INTERNATIONAL

Trump pulls U.S. from Paris climate accord.

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U.S. Government officially gave notice to renegotiate NAFTA with Canada and Mexico. This formally launches a 90-day countdown before talks can begin.

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Canada and 10 other countries agreed to re-evaluate the TPP trade deal that was assumed to be dead after the U.S. pulled out in January.

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Japan, EU press ahead on free trade pact to counter U.S. protectionism.

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Canada and 10 other countries agreed to re-evaluate the TPP trade deal that was assumed to be dead after the U.S. pulled out in January.

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Moody's just downgraded China's credit rating for the first time in nearly 30 years.



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## Saskatoon Region Economic Statistics Quarter 2, 2017

### Key Results

	Quarterly				Annual		
	2017Q2	2017Q1	Difference	% Change	2016Q2	Difference	% Change
Real GDP, Saskatoon CMA *(\$ millions)	17,285	17,210	76	0.4%	16,992	293	1.7%
Population, Saskatoon CMA (000s)	305.7	303.0	2.7	0.9%	293.6	12.0	4.1%
Working Age Population (000s)	262.1	260.4	1.7	0.6%	256.8	5.3	2.1%
Unemployment Rate	8.2%	7.3%	0.8%	-	7.0%	1.2%	-
Building Permits - city (\$000s)	236,162	140,423	95,739	68.2%	295,308	-59,146	-20.0%
Existing Home Sales	1,055	610	445	73.0%	1,091	-36	-3.3%
Average Existing Home Price (\$)	355,313	340,295	15,018	4.4%	350,397	4,916	1.4%
New Business Licences	385	373	12	3.2%	349	36	10.3%

### Gross Domestic Product (GDP) in Millions - Saskatoon CMA

	Quarterly				Annual		
	2017Q2	2017Q1	Difference	% Change	2016Q2	Difference	% Change
Primary and Utilities	3,417	3,408	9	0.3%	3,408	9	0.3%
Construction	1,882	1,882	0	0.0%	1,904	-22	-1.1%
Manufacturing	1,444	1,436	7	0.5%	1,377	67	4.9%
Goods Producing Industries	6,743	6,726	17	0.2%	6,688	54	0.8%
Transportation and Warehousing	1,018	1,011	7	0.7%	985	33	3.3%
Information and Cultural Industries	311	311	0	0.2%	309	2	0.7%
Wholesale and Retail Trade	1,922	1,913	9	0.5%	1,886	36	1.9%
Finance, Insurance and real Estate	2,615	2,599	16	0.6%	2,553	61	2.4%
Business Services	894	889	4	0.5%	880	14	1.6%
Personal Services	806	800	6	0.7%	782	24	3.1%
Public Administration and Defence	841	837	4	0.5%	821	20	2.5%
Non-Commercial Services	2,136	2,124	12	0.5%	2,087	49	2.3%
Service-Producing Industries	10,542	10,483	59	0.6%	10,304	239	2.3%
<b>Total GDP (\$ millions)</b>	<b>17,285</b>	<b>17,210</b>	<b>76</b>	<b>0.4%</b>	<b>16,992</b>	<b>293</b>	<b>1.7%</b>

Source: Conference Board of Canada (CBoFC)

### Labour Force Statistics - Saskatoon CMA

	Quarterly				Annual		
	2017Q2	2017Q1	Difference	% Change	2016Q2	Difference	% Change
Employment (000s) <i>(Stats Canada - Table 282-0135)</i>	169.3	169.8	-0.50	-0.3%	165.4	3.8	2.3%
Unemployment (000s)	15.1	13.4	1.6	12.2%	12.3	2.7	22.2%
Labour Force (000s)	184.3	183.2	1.1	0.6%	177.8	6.6	3.7%
Not in Labour Force (000s)	77.7	77.2	0.6	0.7%	79.0	-1.2	-1.6%
Working Age Population (000s)	262.1	260.4	1.7	0.6%	256.8	5.3	2.1%
Unemployment Rate (%)	8.2%	7.3%	0.8%	-	7.0%	1.2%	-
Participation Rate (%)	70.3%	70.2%	0.1%	-	69.2%	1.1%	-
Employment Rate (%)	64.6%	65.1%	-0.5%	-	64.4%	0.2%	-
<b>Employment by Industry (000s) (CBoFC Estimates)</b>							
Primary and Utilities	9.0	8.9	0.1	0.6%	9.4	-0.4	-4.6%
Construction	18.5	18.2	0.3	1.9%	17.4	1.2	6.7%
Manufacturing	9.5	9.6	-0.0	-0.4%	8.6	0.9	10.7%
Goods Producing Industries	37.0	36.7	0.4	1.0%	35.4	1.7	4.7%
Transportation and Warehousing	7.6	7.5	0.1	1.7%	8.9	-1.3	-14.4%
Information and Cultural Industries	2.6	2.6	-0.0	-1.0%	1.8	0.8	43.3%
Wholesale and Retail Trade	29.1	29.2	-0.0	-0.1%	25.1	4.0	15.9%
Finance, Insurance and real Estate	6.2	6.0	0.2	2.6%	9.4	-3.2	-34.3%
Business Services	17.1	17.1	-0.1	-0.4%	15.5	1.6	10.2%
Personal Services	22.1	21.7	0.4	1.6%	25.2	-3.1	-12.3%
Public Administration and Defence	7.8	7.7	0.1	1.1%	8.0	-0.3	-3.2%
Non-Commercial Services	41.8	41.9	-0.1	-0.3%	37.4	4.4	11.8%
Service-Producing Industries	134.2	133.7	0.5	0.4%	131.3	2.9	2.2%
<b>Employment by Industry (000s) cBoFC</b>	<b>171.2</b>	<b>170.4</b>	<b>0.9</b>	<b>0.5%</b>	<b>166.7</b>	<b>4.6</b>	<b>2.7%</b>

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

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

	Quarterly				Annual		
	2017Q2	2017Q1	Difference	% Change	2016Q2	Difference	% Change
Commercial	47,375	38,767	8,608	22.2%	50,843	-3,468	-6.8%
Institutional	10,144	68	10,076	14817.6%	1,002	9,142	912.4%
Industrial	9,871	4,598	5,273	114.7%	19,344	-9,473	-49.0%
Assembly	13,547	12,199	1,348	11.1%	109,786	-96,239	-87.7%
Misc./Temp	1,500	110	1,390	1263.6%	37	1,463	3954.1%
Subtotal Non-Residential	82,437	55,742	26,695	47.9%	181,012	-98,575	-54.5%
Subtotal Residential	153,725	84,681	69,044	81.5%	114,296	39,429	34.5%
<b>Total Building Permits Quarterly (\$000)</b>	<b>236,162</b>	<b>140,423</b>	<b>95,739</b>	<b>68.2%</b>	<b>295,308</b>	<b>-59,146</b>	<b>-20.0%</b>

Source: City of Saskatoon

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

	Annual				Two Year		
	2017Q2	2016Q2	Difference	% Change	2015Q2	Difference	% Change
Commercial	86,142	63,731	22,411	35.2%	60,823	25,319	41.6%
Institutional	10,212	1,773	8,439	476.0%	33,864	-23,652	-69.8%
Industrial	14,469	30,772	-16,303	-53.0%	54,532	-40,063	-73.5%
Assembly	25,746	116,738	-90,992	-77.9%	10,398	15,348	147.6%
Misc./Temp	1,610	185	1,425	770.3%	9,921	-8,311	-83.8%
Subtotal Non-Residential	138,179	213,199	-75,020	-35.2%	169,538	-31,359	-18.5%
Subtotal Residential	153,725	171,906	-18,181	-10.6%	272,337	-118,612	-43.6%
<b>Total Building Permits Year -to-Date (\$000)</b>	<b>291,904</b>	<b>385,105</b>	<b>-93,201</b>	<b>-24.2%</b>	<b>441,875</b>	<b>-149,971</b>	<b>-33.9%</b>

Source: City of Saskatoon

### Housing Starts - Year to Date

	Annual				Two Year		
	2017Q2	2016Q2	Difference	% Change	2015Q2	Difference	% Change
<b>City of Saskatoon</b>							
Single Detached	410	321	89	27.7%	335	75	22.4%
Multiple Family	179	403	-224	-55.6%	620	-441	-71.1%
<b>Surrounding Areas</b>							
Single Detached	97	158	-61	-38.6%	163	-66	-40.5%
Multiple Family	59	30	29	96.7%	46	13	28.3%
<b>Saskatoon CMA</b>							
Single Detached	507	479	28	5.8%	498	9	1.8%
Multiple Family	238	433	-195	-45.0%	666	-428	-64.3%
<b>Total Housing Starts</b>	<b>745</b>	<b>912</b>	<b>-167</b>	<b>-18.3%</b>	<b>1,164</b>	<b>-419</b>	<b>-36.0%</b>

Source: CMHC

### MLS Statistics - City of Saskatoon

	Quarterly				Annual		
	2017Q2	2017Q1	Difference	% Change	2016Q2	Difference	% Change
Sales	1,055	610	445	73.0%	1,091	-36	-3.3%
New Listings	2,761	1,752	1,009	57.6%	2,773	-12	-0.4%
Average Sale Price	\$355,313	\$340,295	\$15,018	4.4%	\$350,397	\$4,916	1.4%

Source: Saskatoon Region Association of Realtors

### New Business Licenses

	Quarterly				Annual		
	2017Q2	2017Q1	Difference	% Change	2016Q2	Difference	% Change
Commercial	146	116	30	25.9%	118	28	23.7%
Home Based Business	239	257	-18	-7.0%	231	8	3.5%
<b>Total New business Licenses</b>	<b>385</b>	<b>373</b>	<b>12</b>	<b>3.2%</b>	<b>349</b>	<b>36</b>	<b>10.3%</b>

Source: City of Saskatoon

### YXE Airport Statistics - Year to Date

	Annual				Two Year		
	2017Q2	2016Q2	Difference	% Change	2015Q2	Difference	% Change
<b>Total Passenger Traffic</b>	<b>722,685</b>	<b>721,343</b>	<b>1,342</b>	<b>0.2%</b>	<b>731,629</b>	<b>-8,944</b>	<b>-1.2%</b>

Source: Saskatoon Airport Authority