

SREDA'S ECONOMIC RATING

C+

FOR THE SASKATOON REGION

“The Saskatoon labour market has performed well with over 2,300 jobs created so far this year. Cautious optimism in the business sector continues to drive up new business start-ups and building permit applications. Overall, the Region’s economy has gained enough traction to grow 1.6% this year. For these reasons we’re maintaining the C+ rating for the local economy and continue to forecast modest growth for the economy by year end.”

Alex Fallon, President & CEO, SREDA

GDP & POPULATION PROJECTIONS (Q3)

CMA GROSS DOMESTIC PRODUCT

\$17.8B

▲ 0.6% Change from Q2 2017

CMA POPULATION

324,033

▲ 0.4% Change from Q2 2017

SASKATCHEWAN POPULATION

1,164,807

▲ 0.3% Change from Q2 2017

“The third quarter of 2017 has brought with it a mixed bag of opportunity and uncertainty. Opportunity stems from the Conference Board of Canada’s forecast that Saskatoon’s economy is on pace for a 3.6% increase in growth, fueled primarily through rising commodity prices. The uncertainty, however, has been spurred by proposed federal tax policy changes that, although softened, remain uncertain which has business leaders on edge.”

Keith Moen, Executive Director, North Saskatoon Business Association



LABOUR MARKET - SASKATOON CMA (Q3)

UNEMPLOYMENT RATE

8.2%

■ 0.0 PP Change from Q2 2017

JOB GROWTH

2,033

▲ 1.2% Change from Q2 2017

LABOUR FORCE

186,567

▲ 1.2% Change from Q2 2017

PARTICIPATION RATE

70.7%

▲ 0.4 PP Change from Q2 2017

“Our commercial real estate industry remains a strong long term destination for investors and businesses. The retail sector has performed well, posting a 3rd consecutive quarter of positive absorption for a city wide vacancy rate of 4.1%. The industrial landscape by an outside view would seem slow, but the recent City of Saskatoon land tender saw developers snap up prime corners to land bank for future development. Although the office sector has a high vacancy rate (15.8%), there are positive longer term signs with the announcement of two major office towers (River Landing and The World Trade Centre) and a substantial renovation of the former police station. The activity around new and redeveloped office spaces proves tenants still require higher class office and developers are responding. Overall statistics may indicate a slow market, but activity in all sectors proves that developers and tenants still view Saskatoon as a strong long term market to take stake in.”

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



HOUSING MARKET, YTD (JAN-SEP)

HOUSING STARTS

1,307

▼ -12.9% Change from 2016

BUILDING PERMITS

\$559.2M

▼ -0.2% Change from 2016

EXISTING HOME SALES

2,667

▼ -5.0% Change from 2016

AVERAGE HOME PRICE

\$346,120

▼ -1.5% Change from 2016

“A YTD decline in home sales combined with high inventory levels continues to soften home pricing. Recent changes to mortgage rules, which come into effect in January, may spike yearend sales, however, it will no doubt have a negative effect in the market in 2018 and beyond. These changes are primarily aimed at the larger overheated Canadian markets but their impact can be compounded in an already challenged local market such as Saskatoon and Region.”

Jason Yochim, CEO, Saskatoon Region Association of Realtors



OTHER INDICATORS - Saskatoon, YTD (JAN-SEP)

NEW BUSINESS LICENCES

1,132

▲ 27.0% Change from 2016

YXE PASSENGER TRAFFIC

1.1M

▼ -0.1% Change from 2016

"Our 2017 Visitor Survey, conducted by Fast Consulting, shows 96% positive rating of Saskatoon as a destination, (47% very positive), with strong majority agreeing or strongly agreeing that Saskatoon is a safe city (75%), provides good value (78%) and has friendly and helpful residents (84%). These attributes are fundamental to the growth of our tourism economy."

Todd Brandt, President and CEO, Tourism Saskatoon



Saskatchewan, YTD (JAN-AUG)

WEEKLY EARNINGS

\$1,007

▲ 2.1% Change from 2016

WHOLESALE TRADE

\$17.9B

▲ 8.5% Change from 2016

NEW CAR SALES

\$1.7B

▲ 14.3% Change from 2016

RETAIL SALES

\$13.3B

▲ 4.3% Change from 2016

Q3 2017

SECTOR NEWS



CONSTRUCTION

Pace of home construction in Saskatchewan picks up in July.

Ground broken on 26-unit rental-housing project in Pleasant Hill neighbourhood.

Saskatoon building permits took a big leap in August after two consecutive months of decline.

Work on Martensville and Warman overpasses 40 per cent finished.

Saskatchewan announces \$220 million in road tenders.



RETAIL AND WHOLESALE

Saskatchewan restaurants and bars suffering from PST: Saskatchewan was the lone province to see decline in food service sales in July.

Growth in Saskatchewan retail sales decelerates as building and garden centre sales take a big fall.

Canada July wholesale trade up 1.5% on food, building supplies.

Downtown needs more people to attract grocery.

UFA Co-operative closing 12-store Wholesale Sports chain in Western Canada, including Saskatoon.

Atch & Co., a staple for suits in Saskatoon, closing its doors.



MANUFACTURING

Airbus snaps up Bombardier jet in new challenge to Boeing after the US imposed 300% countervailing and anti-dumping duties on the Montreal-based manufacturer's C-Series plane.

Canada August manufacturing sales gain most in 8 months due to higher sales of vehicles and parts, as well as petroleum and coal products.

Queen Elizabeth II presented with rare Canadian sapphire brooch designed in Regina by local jeweler, Hillberg & Berk.



SCIENCE AND TECHNOLOGY

Saskatoon mobile game developer acquired by Chinese firm for \$6.3M.

Saskatoon's tech sector growing: There are currently 65 tech businesses operating in the city, employing around 8,000 people.

7Shifts lands major investment as tech sector pushes for expanded computer science programs.

Two Saskatoon tech firms selected for Laurier University tech accelerator, to make them more competitive on a global scale.

Saskatoon company, Crestline Couch, makes Canada's first hybrid ambulance.

U.S. officials visit Saskatchewan to learn about SaskPower's carbon capture and storage, the first of its kind in the world.



MINING

PotashCorp temporarily cutting production at potash mines to balance output.

BHP Billiton puts brakes on the \$12B Jansen potash mine project; waiting for better market conditions.

Western Potash Corp enters project agreement with Rural Municipality of Lajord.

K+S opens west coast terminal to ship potash from its \$4.1B Legacy mine to Asia and South America.

Agrium and PotashCorp merger will be delayed by trade negotiations.



ENERGY

TransCanada won't proceed with Energy East Pipeline.

Petronas scrapped the \$11.4B Pacific Northwest LNG megaproject, ending speculation on the fate of what would have been one of Canada's largest private infrastructure investments.

Enbridge pipeline replacement has begun construction in Saskatchewan.

SaskPower puts brakes on \$630M hydro project in northern Saskatchewan.

'Endless sunny days': Solar power proponents push SaskPower to 'huge' potential.

Canadian oil and gas companies are disappointed at being left off the shortlist from Ottawa's \$950-million "supercluster" program.

Canada aligning with U.K. to fight global growth in coal-fired electricity.

SaskPower launches pilot project to test commercial and industrial smart meters as part of its modernization program.



AGRICULTURE

Saskatchewan farmers remain ahead of schedule for 2017 harvest with 94% of the crop now in the bin.

Saskatchewan signs on to new Canadian Agriculture Partnership, a five-year, \$388 million investment aimed at ensuring continued innovation and growth in the industry.

Saskatchewan farmers beat drought with new wheat varieties.

Proposed federal tax changes anticipated to hit Saskatchewan farmers hard.

Breaking ground: Market gardens in northern Saskatchewan growing prosperity from 'sand'.

TOP NEWS

SASKATOON REGION

Saskatoon's economy is expected to turn the corner this year and continue growing next year, but unemployment rate is projected to remain high.

Economic fundamentals of Saskatoon project a favorable outlook for future and current real estate investors.

Saskatoon labour market continues to improve with over 2,300 new positions added in the first nine months of the year.

Saskatoon tenants catching a break as rents continue to fall.

Saskatoon city council backs regional growth partnership (P4G).

Rimai Modern Art Gallery, which nets one of the largest donations in Canadian art history, finally opens to the public on October 21.

'Not a very sexy budget': 4.96% property tax increase in Saskatoon proposed for 2018.

SASKATCHEWAN

Premier Brad Wall resigns as leader of Saskatchewan Party.

Saskatchewan economy remains slow despite some promising signs in the agricultural and construction industries.

PST is now being applied to insurance premiums, adding a 6% charge to everyone's bill.

Saskatchewan's minimum wage rises 24 cents to \$10.96.

Number of Saskatchewan EI beneficiaries declines in June, another sign the labour market conditions are improving

The province is continuing to shed its SLGA properties as it moves ahead with the privatization of about half its stores.

The sale of STC assets has closed, but it will be some time before the province can answer how much money has been made.

SaskPower is requesting a 5% rate increase.

CANADA

IMF sees Canada as top G7 economy: The economy is forecast to grow 3.0% in 2017, up significantly from the 2.5% projection made in July 2017, before moderating to 2.1% in 2018.

The bank of Canada surprised markets by raised its benchmark interest rate to 1.0%, the second 25-basis-point hike in two months, as it sees the economy's powerful performance pointing to broader self-sustaining growth.

Canadian job gains continue to beat expectations with 305,100 new positions created as of September, and the unemployment rate down to a nine-year low of 6.2%.

Canada-EU trade deal (CETA) enters into force, offering Canadian companies greater access to one of the world's largest market.

Canada's trade deficit unexpectedly widened in August as exports fell for the third month in a row and imports remained flat.

INTERNATIONAL

IMF has upgraded its global economic growth forecast for this year (3.6%) and next (3.7%), citing pickup in trade, investment, and consumer confidence.

Heightened geopolitical tensions between the U.S. and North Korea continue to weigh on equities and stock markets and pose downside risk to the global economy.

China urges Washington against 'trade war'.

U.S. demands end to Canada's supply management as part of NAFTA negotiations.

Standard & Poor's cuts China credit rating, citing debt.

Hurricanes Harvey, Irma and Maria devastated many communities, killing hundreds, destroying or damaging homes, businesses and public infrastructure, and paralyzing normal economic activity.

U.K. economy picked up speed in Q3, putting Bank of England rate hike firmly on track.



Suite 103, 202 Fourth Avenue North
Saskatoon, Saskatchewan
S7K 0K1

Phone: 306.664.0720
Toll-free: 1.800.706.1977
Fax: 306.244.5033

 SREDA.com
 SREDA_SK
 SREDASask