

SREDA'S ECONOMIC RATING

B-

FOR THE SASKATOON REGION

2018 has started well with economic indicators pointing to stability and some growth momentum in the local economy. Many forecasts continue to expect 2.0%+ growth for Saskatchewan, and the first quarter economic performance definitely supports this positive outlook. At the same time, business and consumer confidence in the local economy seems to be increasing, which bodes well for steady growth in many sectors. As always, there is some uncertainty in the longer term rate of growth, but the local economy seems to be shifting from a state of cautiously optimistic to confidently growing. The Saskatoon I know will find ways to capitalize on this new momentum.

Alex Fallon, President & CEO, SREDA



REAL GDP (2007 \$) AND POPULATION PROJECTIONS

CMA GDP: 2018 FORECAST

\$18.2B

▲ 2.0% Change from 2017

CMA POPULATION: Q1 2018

328,651

▲ 0.5% Change from Q4 2017

SK POPULATION: Q1 2018

1,169,081

▲ 0.1% Change from Q4 2017

"With the recent provincial budget holding the line on taxes, and new infrastructure planned for Saskatoon, the government is creating positive outlook for growth in Saskatoon. There are definite risks on the horizon from external factors including challenges with international trade and delays in completion of the Trans Mountain Pipeline. Overall, with an expected Real GDP of 2.1% and expected small increase in new jobs, the upcoming quarter should offer some stability for business."

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



LABOUR MARKET - SASKATOON CMA (Q1 2018)

UNEMPLOYMENT RATE

6.9%

▼ -0.8 PP Change from Q4 2017

EMPLOYMENT LEVEL

170,800

▼ -0.2% Change from Q4 2017

LABOUR FORCE

183,500

▼ -1.0% Change from Q4 2017

PARTICIPATION RATE

68.8%

▼ -1.1 PP Change from Q4 2017

"There are indications of growing confidence across all our business lines. We feel that after several very challenging years the economy is gradually showing signs of sustained, albeit gradual, growth. However, these positive indications are tempered somewhat by concerns about regulatory and jurisdictional uncertainties. We believe that these uncertainties need to be resolved quickly in order to create the conditions necessary to innovate and implement the new ideas necessary to ensure the success of our business and our communities over the long term."

Scott Banda, CEO, Federated Co-operatives Limited (FCL)



Federated Co-operatives Limited

HOUSING MARKET, YTD (JAN - MAR, 2018)

CMA HOUSING STARTS

212

▼ -32.5% Change from 2017

BUILDING PERMITS (SASKATOON)

\$145.6M

▲ 3.7% Change from 2017

EXISTING HOME SALES (SASKATOON)

637

▼ -10.0% Change from 2017

AVERAGE HOME PRICE (SASKATOON)

\$335,653

▼ -2.4% Change from 2017

"The first quarter sales for 2018 reflected a year-over-year decline of 10% with 637 sales in Saskatoon. This is partially attributed to the new stress test on conventional borrowers. Inventory levels are down as well with 1,670 active residential listings at the end of March. Although the average price of \$335,653 has been steadily declining for the past couple of years, the Composite Home Price Index is indicating a slowing of this trend. According to the current sales-to-listing ratio, the market still favours the buyers meaning that sellers need to be strategic in selecting their listing price if they hope to sell in the average time of 64 days."

Jason Yochim, CEO, Saskatoon Region Association of Realtors



OTHER INDICATORS - Saskatoon, YTD (Jan - Mar, 2018)

NEW BUSINESS LICENCES

311

▼ -17.5% Change from 2017

YXE PASSENGER TRAFFIC

390,049

▲ 2.8% Change from 2017

"Q1 indicators are strong for Saskatoon's tourism industry. Booking for future conventions and events are pacing at a record level. The Airport had the busiest March on record at 5.7% above previous highs and overall Q1 passenger volumes are exceeding the record set in 2014."

Todd Brandt, President & CEO, Tourism Saskatoon



SASKATCHEWAN, YTD (Jan - Feb, 2018)

WEEKLY EARNINGS

\$1,015.87

▲ 1.1% Change from 2017

WHOLESALE TRADE

\$4.3B

▲ 0.7% Change from 2017

NEW VEHICLE SALES

\$0.3B

▼ -9.6% Change from 2017

RETAIL SALES

\$3.3B

▲ 1.2% Change from 2017

Q1 2018 SECTOR NEWS



RETAIL AND WHOLESALE

Luxury car sales on the rise in Saskatoon, new dealerships expanding

Saskatchewan adds PST to used vehicles in 2018-19 budget

Sask. restaurant sales down 4.5 per cent since PST introduced

SLGA receives 'hundreds' of applications for pot retail permits

Saskatoon retail vacancy remains stable despite increase in available space

New community grocery store to open this summer in Riversdale

Aurora Cannabis and Liquor Stores N.A. Complete Strategic Investment to Develop Western Canadian Retail Cannabis Business



AGRICULTURE

Sask. agriculture group wins piece of \$950M federal 'supercluster' money

Governments invest \$6.3M in livestock and forage research

Declines in rail service continue to impact grain shipments

Sask. producers pleased with PST pullback on agriculture

New grain bag recycling program launching in Sask.

Canadian Agriculture Partnership (CAP) to invest \$388M into strategic ag. Initiatives in Sask.

Canadian Dairy Commission announces \$5M in funding for dairy sector training

Value-Added Agriculture Incentive introduced by Sask. government to improve investment attraction and retention



MINING

Saskatchewan ranked second-best place for mining investment in the world

Star Diamond Corp. shaves \$510M from cost of building mine near Prince Albert, boosting potential for a world-class diamond mine in central Sask.

Cameco shuts down Key Lake and McArthur River mines, leaving 845 people out of work

Nutrien cuts 33 office positions in Sask., moving others into province

Cameco profit beats estimates on higher prices

Japan has found a 'semi-infinite' deposit of rare earth minerals, enough to supply the world for centuries to come



CONSTRUCTION

3,500 new construction workers needed in Sask. in next decade: BuildForce Canada

Construction of the \$42.9-million multi-sport facility at the University of Saskatchewan has hit the midway mark

North Prairie planning a \$10-million, five-storey condo building at City Park

Parcel Y condo developer planning big Broadway project

Developer looking to buy and re-develop Saskatoon city yards industrial area for a mix of grocery, residential and office space

Condos at Saskatoon's Market Mall not going ahead under new ownership

Construction set to start on winter hill in Diefenbaker Park

Saskatoon on track to build \$23.4-million Recovery Park

Construction of new Saskatchewan hospital delayed, but couple donate \$1 million



ENERGY

Heightened political feud over Tran Mountain pipeline expansion as BC continue to obstruct construction - Alberta and Saskatchewan threaten to cut off oil export to BC

'Mission accomplished': OPEC has succeeded in shrinking oil stocks, IEA says

Vermilion Energy bulks up in Saskatchewan with \$1.23B takeover of Spartan Energy

Saskatchewan gets zero applicants for oil investment incentive introduced last year



MANUFACTURING

New \$17.5M Agri-Food Innovation Centre opens in Saskatoon, a major boost to the manufacturing industry

Crestline awarded \$22M contract for Calgary transit community fleet

Bold Growth Inc. breaks ground on 56,018 sq.ft. medical marijuana cultivation and processing facility on the outskirts of Saskatoon

Pot producer Aurora gets final regulatory nod for CanniMed purchase

Canada manufacturing growth firms in March as output accelerates

Canadian company Creepex building special seats for Elon Musk's SpaceX



SCIENCE AND TECHNOLOGY

World's first 3D printed camper trailer printed in Saskatoon

Saskatoon tech company, Solido Design Automation, growing after global giant Siemens gobbles it up

Saskatoon scientist developing Middle East Respiratory Syndrome vaccine for use on camels

Canadian governments partner with global tech companies to prepare for 5G future

SASKATOON

Saskatoon retains AAA credit rating, thanks to robust economy and prudent financial management

Skyxe Airport sees second busiest year ever in 2017, with over 1.6 million customers coming through its doors

Cineplex plans to open Saskatoon's first IMAX cinema in May

Support for a downtown arena and convention centre gaining traction

City hall backs focus on rail relocation to address delays that cost an estimated \$2.5M in lost productivity

Saskatoon sees modest decrease in home prices in first quarter of 2018

Ultra-low-cost Flair Airlines announced plans for a direct flight between Saskatoon and Edmonton beginning June 15

Saskatoon Transit adding new routes, including high frequency route to northeast

SASKATOON REGION

Saskatoon Region fastest growing metropolitan area in Canada; population up 2.8% in 2016/17

Province establishes route for Saskatoon Freeway

RM of Corman Park approves seed-cleaning industrial plant

Martensville group, MCRP, donates \$150,000 toward new recreation facility

Whitecap Dakota First Nation signs framework agreement for treaty with Canada

Axiom Collage, Aberdeen's private post-secondary school, growing rapidly

RM of Corman Park approves study to mitigate flood damage in south

Warman welcomes third medical clinic; second in less than 6 months

New Dalmeny Industrial Park ready for businesses

SASKATCHEWAN

Scott Moe replaces Brad Wall as leader of the Sask. Party

More than \$900 million to maintain and improve highways in 2018-19

Sask. exports jumped 8.0% in 2017

Forestry industry generated sales of nearly \$1.2B in 2017

Median after-tax incomes fell 2.3% in 2016

Sask's new psychiatric rehabilitation hospital receives \$1M donation

New funding brings \$7.5M for Indigenous businesses in Sask.

Sask. now has lowest minimum wage in Canada after Nova Scotia increased its minimum wage by 15 cents

Province adding \$10.2 million in revenue by hiking deposit on beverage containers

Scott Moe announced \$7.5M top-up in education funding

CANADA

IMF expects Canadian economic growth to moderate to 2.1% in 2018

Bank of Canada holds rates steady at 1.25%, cites weakness in housing, trade and investment

Heightened political feud over Tran Mountain pipeline expansion as BC continue to obstruct construction - Alberta and Saskatchewan threaten to cut off oil export to BC

Household debt-to-income ratio edges lower: Canadians now owe \$1.70 for every \$1 earned

Ottawa bolsters rules to prevent dumping of cheap metals after exemption from stiff U.S. steel and aluminum tariffs

U.S. hits Canadian forestry industry with more duties

Canada's unemployment rate falls to a record low of 5.8% as the economy delivered 32,300 net new jobs in March

Rail crunch leaves oil, wheat stranded out on Canada's Prairies

INTERNATIONAL

IMF keeps global forecasts steady at 3.9%, sees growth bump fading quickly

Optimism returns to NAFTA talks as U.S. softens key demand and signals desire to secure new trade deals

Trump pushes forward with tariffs on steel (25%) and aluminum (10%); Canada, Mexico, EU and four other countries exempted

11 nations, excluding U.S., signed Trans-Pacific trade deal

Markets edgy as US-China trade war escalates

Trump prepares to meet Kim Jong Un after North Korea expressed commitment to complete denuclearization

U.S. Fed raises rates, as Powell signals confidence in economy

Facebook broadens estimate of data misuse to 87 million people, including more than 600,000 Canadians

"Having outgrown the perennial label of next-year country (implying this year isn't so hot), there's nothing quite like spring in Saskatchewan to ratchet up the optimism for the season and year ahead. Indeed, economically things are looking good after Q1 2018. In fact, RBC's economic forecast has Saskatchewan pegged to lead the nation at 2.9% growth. No news is good news in terms of the provincial budget, as fears over anticipated tax increases were unfounded. And finally, good winter moisture means the province is well-positioned to provide another robust year of crop production."

Keith Moen, Executive Director, NSBA



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

SREDA.com