

SREDA'S Q4 2018 ECONOMIC RATING

B-

FOR THE SASKATOON REGION

While the Saskatoon Region has not avoided the effects of a sharp decline in oil prices and challenges in the uranium sector, the local economy continues to show signs of stability and levelling out at a 'new normal'. This is evidenced (is that proper English!?) by most key economic indicators remaining stable, with unemployment even dropping from 7.2% to 6.2% in Q4. As such, SREDA maintains the economic rating at a B- for Q4 2018. Qualitatively, Saskatoon continues to put itself on the map being cited as a top place to visit in 2019 in both USA Today and Architectural Digest. As we enter 2019, and with more positive forecasts for the potash and agriculture sector, we continue to forecast moderate growth for the local economy.



Alex Fallon, President and CEO, SREDA

REAL GDP (2007 \$) AND POPULATION PROJECTIONS

CMA GDP: 2018 FORECAST

\$18.33B

▲ 2.1% Change from 2017

CMA POPULATION: Q4 2018

332,804

▲ 0.4% Change from Q3 2018

SK POPULATION: Q4 2018

1,181,400

▲ 0.3% Change from Q3 2018

"Looking back at Saskatoon in 2018, retail vacancy declined to 3.4%, industrial vacancy declined to 6.8% and office vacancy increased to 18.9%. The office sector is witnessing a flight to quality as tenants migrate towards the new 400,000sq.ft. of office at River Landing. Being it will take 2-3 years for this space to be available it will provide time for existing inventory to hopefully be absorbed. Looking forward into 2019 more positive absorption is expected with current activity and economic forecasts for growth."

Josh Walchuk, Partner & Senior Sales Associate, ICR Commercial

LABOUR MARKET - SASKATOON CMA (Q4 2018)

UNEMPLOYMENT RATE

6.2%

▼ 1 PP Change from Q3 2018

EMPLOYMENT LEVEL

177,900

▲ 1.4% Change from Q3 2018

LABOUR FORCE

189,633

▲ 0.3% Change from Q3 2018

PARTICIPATION RATE

69.9%

▼ 0.1 PP Change from Q3 2018

"Despite lingering market challenges like low commodity prices, high tariffs, pipelines and the carbon tax, I believe our local business community will continue to remain resilient and prosper in a moderate growth environment. Saskatoon is currently one of the fastest growing and youngest metropolitan areas in Canada. Ongoing efforts to promote economic diversity, access to markets and local competitiveness will ensure Saskatoon remains a top location to do business."

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

HOUSING MARKET, YTD (JAN-DEC, 2018)

CMA HOUSING STARTS

1,626

▼ -15.9% Change from 2017

BUILDING PERMITS (YXE)

\$647.1M

▼ -15.0% Change from 2017

EXISTING HOME SALES (YXE)

2,482

▼ -7.8% Change from 2017

AVERAGE HOME PRICE (YXE)

\$308,393

▼ -7.6% Change from 2017

"The total number of residential home sales in Saskatoon for 2018 was down 5% from the previous year. In 2018 home buyers saw fewer active properties for sale on the MLS® system with 1,487 residential properties available at the end of the year. Much of the decline in activity was due to a slower economy and significant changes to mortgage rules a year ago."

Jason Yochim, CEO, Saskatoon Region Association of Realtors





OTHER INDICATORS, YTD (JAN-DEC, 2018)

NEW BUSINESS LICENCES

1,351

▼ -5.5% Change from 2017

PASSENGER TRAFFIC

1,391,011*

▲ 4.7% Change from 2017

INFLATION

2.3%

▲ 0.5 PP Change from 2017

*Airport traffic excluding December

Q4 2018

TOP NEWS

SASKATOON

Saskatoon Co-op workers strike, unresolved after almost 3 months

City council votes 'yes' on downtown arena & convention centre

Remai Modern has one year anniversary: surpasses targets for visitors

Yellow Quill First Nations gets ok for second urban reserve in downtown Saskatoon

City council reverses decision on waste utility

SASKATOON REGION

\$38M cattle research centre opens near Clavet

Whitecap Dakota First Nation receives funding for Indigenous tourism corridor

Martensville's cannabis first shop to open in Saskatoon Region

Warman and Martensville overpass projects finish a year early

RM of Dundurn suing Canadian government for \$100M over road closure

SASKATCHEWAN

Province reviews \$500k bus service subsidy for private companies at GTH

Bobby Cameron re-elected Chief of Federation of Sovereign Indigenous

Sixties Scoop sharing circles wrap up, apology from government expected in January

Sask to enforce training standard for semi drivers

Ride sharing legislation approved by province and City of Saskatoon

CANADA

Canada Post on strike, workers mandated back to work by Feds

Bank of Canada raises rates to 1.75

Calgarians vote 'no' on 2026 Olympics bid

Yellow Vest protestors dispute carbon tax and immigration

Canada, China relations strained as Canadian sentenced to death

INTERNATIONAL

Brexit vote: No deal; May wins confidence vote

Canada signs on to UN migration pact with 150+ other countries

US Midterm elections: Democrats to control house, Republicans control senate

Huawei executive arrested in Canada, tensions with China increase

Amazon plans to split headquarters between Washington, DC and New York City

SECTOR NEWS



ENERGY

Keystone XL blocked by federal judge in Montana

Western Canadian Crude hits all time low amid transportation backlog

Federal government releases notice that it will apply carbon tax to all provinces in 2019



AGRICULTURE

Harvest delayed due to wet & cold, wraps up early November

CN Rail sets new grain shipping record out of Saskatchewan

Dairy farmers critical of USMCA trade deals opening market to US



SCIENCE AND TECH

Cannabis treatment for dementia to be studied at U of S

'Time's up at Google': employees stage a walkout against sexual harassment and discrimination

NASA wants Canada to build AI robots for next moon mission



CONSTRUCTION

Committee being formed to plan Saskatoon freeway

Next River Landing parcel could hit market next year at \$10.5 million

City hall seeks input on development of U of S lands



MINING

Concerns arise over Nutrien execs residing outside of Saskatchewan

Government grants approval for PA diamond mine

Cameco swings to a profit in third quarter



MANUFACTURING

GM to shut down plant in Oshwa, ON

Steelworkers call for increased enforcement after Agrium hit with \$490k fine

Bombardier slashes 5,000 jobs, selling assets for US\$900 million



RETAIL AND WHOLESALE

City tenders lease for Saskatoon Farmers' Market building

Cannabis is now legal in Canada, supply shortages delay opening of many stores

MEC to open first store in Saskatoon, 2020