

For Q1 2019, SREDA is giving the Saskatoon rating a B-

“Q1 showed signs of continued stability in the Saskatoon Region economy. Employment indicators have turned positive with unemployment dropping to 6%, as both the labour force and employment levels increased during the quarter. We continue to see population estimates increasing, which bodes well for future work force engagement. Ongoing weaker commodity prices in Q1 and concerns related to international trade barriers on key exports remain to be important challenges for our local economy. GDP estimates continue to forecast ‘modest growth’ (1.9%) for 2019. Weighing all these factors we have decided to maintain our B- ranking (‘modest growth’) for Saskatoon Region economy.”

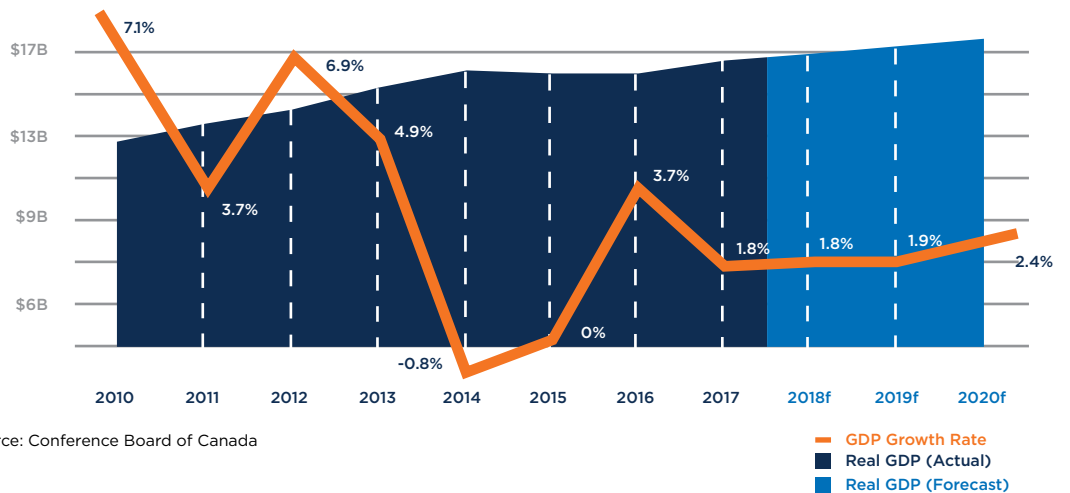


**Q1 Economic Rating
for the Saskatoon Region**

- Alex Fallon, SREDA President & CEO

REAL GDP FORECASTS | \$18.11B for Q1

The Conference Board of Canada revised their 2018 GDP forecast growth for the Saskatoon CMA down to 1.8% and 2019 growth to 1.9%. An overall forecast of conservative growth for the Saskatoon CMA is expected for the short term. The CMA is performing better than the province overall, with many banks revising their Saskatchewan 2019 forecast down closer to 1.3%.



Source: Conference Board of Canada

POPULATION | 333,606 (CMA Population)

Saskatchewan’s total population in Q1 2019 is 1,167,466



This is a 0.2% increase from Q4 2018

Of that amount, 333,606 live in Saskatoon.

An increase of 0.4% from Q4 2018

Source: Conference Board of Canada

One of the biggest drivers for Saskatoon’s population growth is from outside of the country. Census data shows the percentage of the population made up of newcomers grew from 12% in 2011 to 19% in 2016.

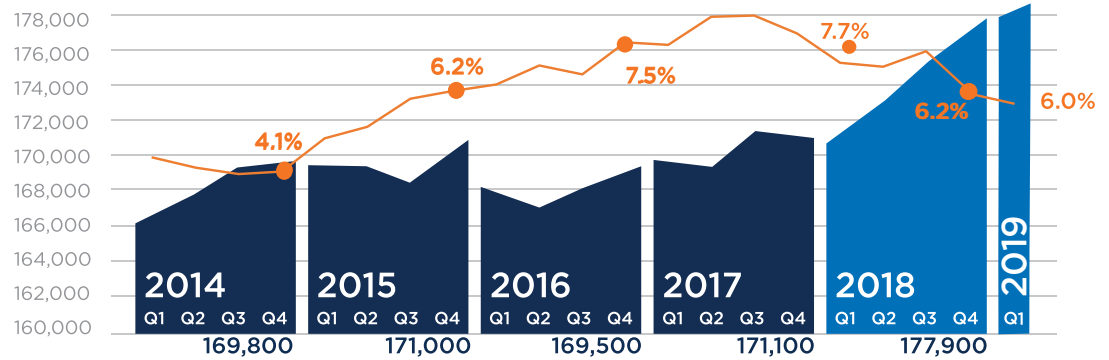
This data illustrates a continued trend and while more current numbers aren’t available, it is likely that percentage is even higher now.

According to Statistics Canada, Saskatoon is the eighth fastest growing city in the country.

JOBS | Employment Level (178,633) & Unemployment Rate (6.0%)

We are seeing unemployment rates slowly return to pre-commodity price slowdown. An average unemployment rate of 6% for a quarter hasn't been seen since mid-2015.

Likewise, we are seeing net job growth at levels we haven't seen since 2013. Year-over-year job growth from Q1 2018 to Q1 2019 was 7,833.



Source: Statistics Canada Table 14-10-0294-01

— Unemployment Rate
■ Employment level (Actual)
■ Employment level (Forecast)

Headlines

Uber comes to Saskatoon.

Ride sharing laws were passed in the province and city in Q4 2018, and Uber became the first ride sharing company to jump into the Saskatoon market this quarter. It is so far unknown the number of jobs this has created in Saskatoon or the effect it has had on the taxi industry.

Tech companies going global for new hires

Companies like 7Shifts, Vendasta, Skip the Dishes and more are looking overseas for skilled employees. Talent attraction continues to be a challenge for tech companies in Saskatoon.

INFRASTRUCTURE

Condo towers approved by city hall

The \$60 million infill Varsity View condo tower with 171 units and condo/retail Broadway condo tower with 112 condos were both approved by city council this quarter, adding new residential capacity to neighborhoods surrounding the downtown core.

Downtown infrastructure growth

Q1 included continued progress at River Landing with the opening of the Alt Hotel, residents looking forward to moving into condos and the east tower nearing completion. Other downtown news includes the bike lane expansion was passed at city hall.

Optimist Hill grand opening

In February, Optimist Hill had its grand opening in Saskatoon after six years in the making. The \$3-million facility in Diefenbaker Park is a multi-space recreation area for the Saskatoon community.

Martensville wastewater project gets funding

The joint project with the City of Saskatoon received funding of about \$20 million at the end of March. The funding and related upgrades will allow the municipality to increase capacity for expected future growth.

COMMODITIES

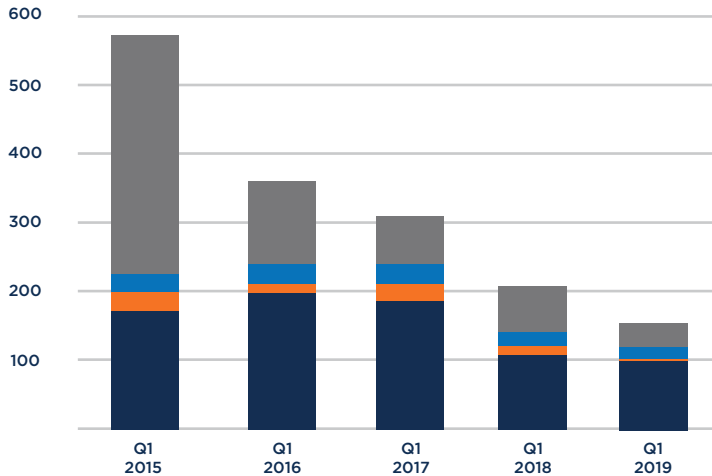
Canola shipments banned from China

Citing concerns with pests, China has rejected shipments from Richardson International, Viterra Inc. and a third unnamed Canadian canola exporter. Last year, China imported \$2.7 billion worth of Canadian canola seeds. If this continues, it will have an impact on our regional economy.

Carbon Tax comes to Saskatchewan

With the court challenge between the provincial and federal governments unresolved, the carbon tax was implemented in Saskatchewan April 1. The most noticeable impacts so far are higher gas prices (4.4 cents/L), higher monthly utility bills (average of \$2 more for power and \$9 more for natural gas) and a tax rebate.

RESIDENTIAL AND COMMERCIAL



Housing Starts (158)

This quarter showed a continued downward trend for both building permits and housing starts in Saskatoon. Building permits were down 23% compared to Q1 2018 and housing starts are down 25%. This is likely in response to lower demand, some continued oversupply in the market and a continued decline in the number of borrowers.

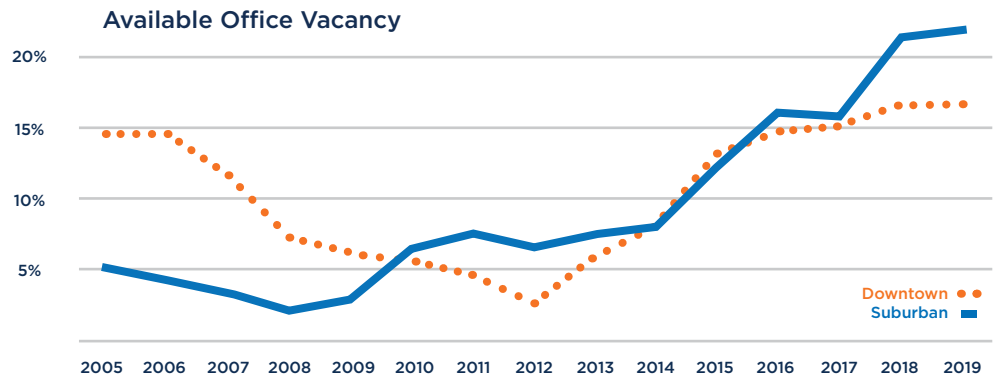
Types of housing starts



Source: CMHC Starts and Completions Survey

Office Vacancy (19.2%)

Continued progress on River Landing developments brings about the question of office space. With limited new demand for office space in the city, what will happen to the newly vacant space when tenants move to completed River Landing inventory? This will likely result in some redevelopments of space or decreased rates downtown.



Source: ICR Office Survey

LEISURE

2019 FIBA 3x3 basketball returning

For a 3rd year in a row the FIBA 3x3 World Tour is stopping in Saskatoon. It will bring teams from around the world to play in a 3 on 3 tournament in the downtown core.

2021 Tim Hortons roar of the rings curling

Saskatchewan will be hosting the Canadian Curling Trials for the second time - this time at Saskatoon's Sasktel Center. The winners of the event will be the men's and women's Olympic teams for Canada.

Juno awards coming to Saskatoon 2020

SaskTel Center will be hosting the 49th annual Juno awards in March of next year. The event will be preceded with a week of festivities in the city, costing the city ~\$2.5 million.

Air Canada ends Saskatoon-Winnipeg flights

The Saskatoon airport continued to see year over year traffic gains with 2% growth in Q1 2019. However, Air Canada canceled their Saskatoon to Winnipeg flight noting demand and profitability as reasons why. WestJet continues to operate their Winnipeg flights.

