Saskatchewan

HOUSING NOW

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Canada Mortgage and Housing Corporation

SECOND QUARTER 2002

2nd quarter housing starts up

Single-family starts lead the way

Saskatchewan housing starts clawed their way back from a weak second quarter in 2001. Single-family home construction saw the biggest increase in starts with 606 units started during the second quarter of 2002, 155 more than the previous year. Meanwhile, there were 154 multiple units started compared to 110 multis in the second quarter of 2001.

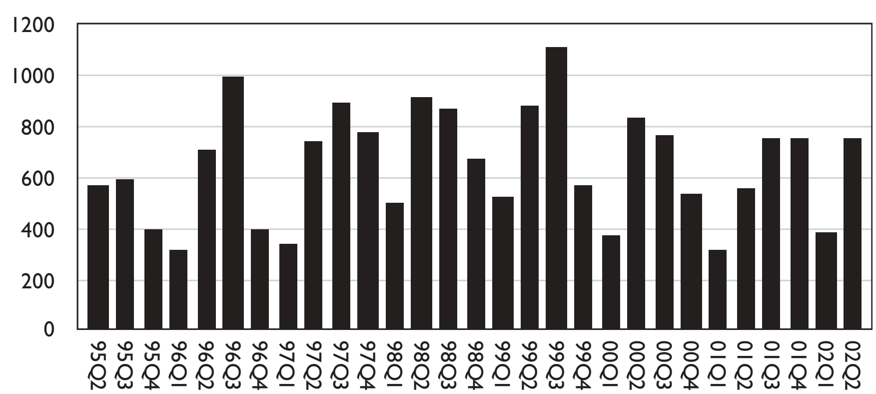
Notwithstanding the increase in second quarter 2002 housing starts compared to the same quarter in 2001, housing activity was feeble when compared to recent years. This quarter's performance is the lowest number of second quarter housing starts seen since 1997, largely due to weak single-family housing construction. The main contributor to the slowdown was urban singles activity, which was almost 13 per cent behind that seen in the same quarter of 2000.

Significant increase in year-to-date housing starts

To the end of June, total urban starts are 34 per cent above the previous year, while rural activity is about 18 per cent ahead of last year at this time. Total single-family housing construction is now almost 26 per cent ahead of where it was at mid-year 2001, while multiple-unit building is 46 per cent above last year's standing. This leaves total year-to-date housing starts of 1,145 units, 30 per cent above last year's figure.

Turning to the supply situation, there has been an increase of almost 28 per cent in the total number of complete and unabsorbed units and those in various stages of construction. The total

Saskatchewan Total Housing Starts



Source: CMHC

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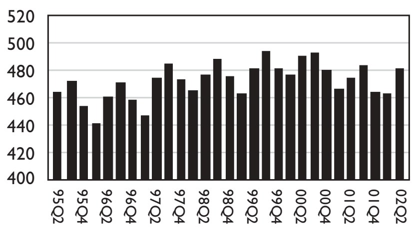
CMHC SCHL

HOME TO CANADIANS

Canada

Saskatchewan Average Employment



Source: Statistics Canada

supply of single-family dwellings is up almost 17 per cent while the row condominium supply stands at 172 units compared to 66 units at mid-year last year. The supply of condominium apartments has increased 43 per cent from 207 units to 296.

Although supply has increased significantly in most categories, the increases are warranted in light of robust demand. Total absorptions are up more than 15 per cent. Both row and apartment multiple absorptions are up significantly.

Single-family absorptions restricted by available supply

Interestingly, single-family dwelling absorptions are down. However, our research suggests that absorptions have been restricted by available supply rather than lack of demand. The number of complete and not occupied single-family homes is down more than 65 per cent in Regina and almost 23 per cent in Saskatoon compared to June 2001 (see Table 4b).

The increase in the number of single-family houses under construction - from 456 units at this time in 2001 to 571 more recently- would further support the premise that absorptions have been restricted by shortages. This is evidence that builders have hastened to respond to the surge in demand by building more homes. One Regina builder tells us that attempts to build an inventory of show and "spec" homes have been difficult due to strong sales prior to completion.

Regina sees large share of homes in affordable price ranges

The distribution of sales by price range for the cities of Regina and Saskatoon differ. Regina has had a significant share of sales priced between $110,000 to $129,999, while Saskatoon has seen a large share of activity in the $150,000 to $169,999 and $190,000 price ranges.

Slow economic recovery continues

Year-to date, job gains of 1.9 per cent have been recorded suggesting a slow economic recovery from the 2001 recession. Provincially, gains have been restricted to part-time employment only. Evidently, employers are reacting tentatively as the economy improves.

Looking at employment by industry, the goods sector is in the doldrums while the service sector has been responsible for most of the gains. Of note are employment gains in utilities, trade, health and social assistance and public administration sectors.

Construction employment, averaging 23,000 employed, is up more than six per cent year-to-date.

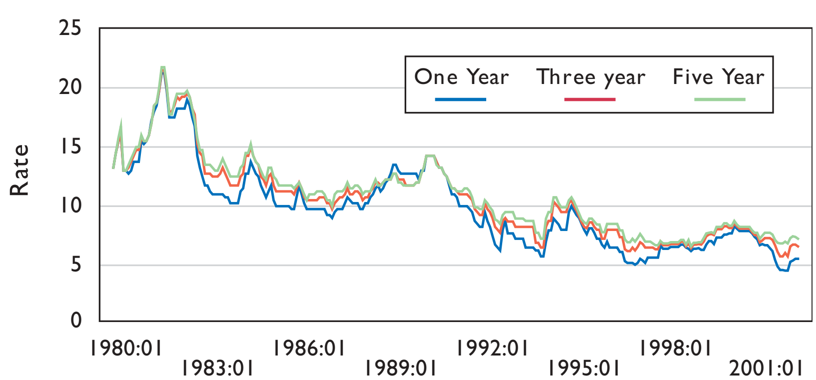
Regional employment, outside the cities of Regina and Saskatoon, has been weak. Employment is down in all regions except Yorkton-Melville where minimal growth of 0.7 per cent has been recorded.

Mortgage rates rise but remain below historic levels

While open and variable rate mortgages generally track lenders' prime rates, fixed rate mortgages move in tandem with the bond market. As the prime rate, money market, and short term bond yields are expected to increase in 2002, so should short-term mortgage rates. Given the economic growth and the concern on the part of financial markets with regard to inflation and the monetary tightening to come, bond and mortgage interest rates wil also present and upward trend.

In 2002, the one-year mortgage rate will be in the 4.55 to 6.71 per cent range, while the three-year and five- year mortgage rates will remain in the 5.88 to 7.64 and 6.80 to 8.23 per cent ranges, respectively.

Typical Mortgage Rates Chartered Banks



Source: Statistics Canada

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Table 1
PROVINCE OF SASKATCHEWAN
STARTS ACTIVITY BY AREA - 2ND QUARTER 2002

AREA	Single 2002	Single 2001	Multiple Semi	Multiple Row	Multiple Apt	Total 2002	Total 2001	Chg 2002/2001
REGINA CMA	**153**	**125**	**0**	**3**	**30**	**186**	**137**	**35.8**
REGINA CITY	118	90	0	3	30	151	102	48.0
SASKATOON CMA	**214**	**156**	**16**	**85**	**0**	**315**	**216**	**45.8**
SASKATOON CITY	156	104	10	72	0	238	160	48.8
ESTEVAN CA	3	0	0	0	0	3	0	***
LLOYDMINSTER CA (SK)	9	4	0	0	0	9	4	***
MOOSE JAW CA	9	13	0	0	0	9	13	-30.8
BATTLEFORDS CA	5	7	0	0	0	5	7	-28.6
PRINCE ALBERT CA	27	24	0	3	0	30	34	-11.8
SWIFT CURRENT CA	4	2	0	0	0	4	6	-33.3
YORKTON CA	14	11	4	0	0	18	22	-18.2
TOTAL URBAN	**438**	**342**	**20**	**91**	**30**	**579**	**439**	**31.9**
TOTAL RURAL	**168**	**109**	**3**	**4**	**6**	**181**	**122**	**48.4**

Table 1b
PROVINCE OF SASKATCHEWAN
STARTS ACTIVITY BY AREA - YEAR TO DATE 2002

AREA	Single 2002	Single 2001	Multiple Semi	Multiple Row	Multiple Apt	Total 2002	Total 2001	Chg 2002/2001
REGINA CMA	**225**	**190**	**0**	**3**	**60**	**288**	**214**	**34.58**
REGINA CITY	180	142	0	3	60	243	166	46.39
SASKATOON CMA	**330**	**270**	**42**	**163**	**4**	**539**	**364**	**48.08**
SASKATOON CITY	256	198	34	150	4	444	288	54.17
ESTEVAN CA	3	0	0	0	0	3	0	ERR
LLOYDMINSTER CA (SK)	11	6	0	0	0	11	6	83.33
MOOSE JAW CA	10	14	0	0	0	10	14	-28.57
BATTLEFORDS CA	5	8	0	0	0	5	8	-37.50
PRINCE ALBERT CA	27	31	0	3	0	30	41	-26.83
SWIFT CURRENT CA	5	4	0	0	0	5	8	-37.50
YORKTON CA	15	13	4	0	0	19	24	-20.83
TOTAL URBAN	**631**	**536**	**46**	**169**	**64**	**910**	**679**	**34.02**
TOTAL RURAL	**222**	**142**	**3**	**4**	**6**	**235**	**199**	**18.09**

Table 2

SASKATCHEWAN HOUSING COMPLETIONS BY AREA
2ND QUARTER 2002

AREA	Single 2002	Single 2001	Multiple Semi	Multiple Row	Multiple Apt	Total 2002	Total 2001	Chg 2002/2001
REGINA CMA	**89**	**116**	**4**	**15**	**90**	**198**	**176**	**12.50**
REGINA CITY	70	102	4	15	90	179	150	19.33
SASKATOON CMA	**113**	**110**	**12**	**24**	**56**	**205**	**222**	**-7.66**
SASKATOON CITY	94	77	12	24	56	186	183	1.64
ESTEVAN CA	3	2	0	0	0	3	2	50.00
LLOYDMINSTER CA (SK)	3	4	0	0	0	3	4	-25.00
MOOSE JAW CA	3	7	0	0	0	3	7	-57.14
BATTLEFORDS CA	2	2	0	0	0	2	20	-90.00
PRINCE ALBERT CA	7	14	0	3	0	10	30	-66.67
SWIFT CURRENT CA	3	1	0	0	0	3	9	-66.67
YORKTON CA	1	4	0	0	50	51	6	750.00
TOTAL URBAN	**224**	**260**	**16**	**42**	**196**	**478**	**476**	**0.42**
TOTAL RURAL	**143**	**64**	**3**	**0**	**0**	**146**	**64**	**128.13**

Table 2b

SASKATCHEWAN HOUSING COMPLETIONS BY AREA
YEAR TO DATE 2002

AREA	Single 2002	Single 2001	Multiple Semi	Multiple Row	Multiple Apt	Total 2002	Total 2001	Chg 2002/2001
REGINA CMA	**166**	**178**	**4**	**15**	**90**	**275**	**276**	**-0.36**
REGINA CITY	132	144	4	15	90	241	230	4.78
SASKATOON CMA	**205**	**210**	**24**	**91**	**64**	**384**	**428**	**-10.28**
SASKATOON CITY	156	152	24	91	64	335	352	-4.83
ESTEVAN CA	4	3	0	0	0	4	3	33.33
LLOYDMINSTER CA (SK)	8	7	0	0	0	8	7	14.29
MOOSE JAW CA	8	20	0	0	0	8	20	-60.00
BATTLEFORDS CA	6	4	0	0	0	6	22	-72.73
PRINCE ALBERT CA	23	41	0	7	0	30	57	-47.37
SWIFT CURRENT CA	5	4	2	0	0	7	12	-41.67
YORKTON CA	12	35	2	3	50	67	39	71.79
TOTAL URBAN	**437**	**502**	**32**	**116**	**204**	**789**	**864**	**-8.68**
TOTAL RURAL	**262**	**183**	**6**	**0**	**0**	**268**	**200**	**34.00**

Table 3 **PROVINCE OF SASKATCHEWAN** **SINGLE DETACHED ABSORPTIONS BY PRICE**								
	< $90,000	$90,000 -109,999	$110,000 -129,999	$130,000 -149,999	$150,000 -169,999	$170,000 -189,999	$190,000 +	Total
2nd QUARTER 2002								
REGINA CMA	**1**	**6**	**14**	**26**	**29**	**18**	**24**	**118**
REGINA CITY	0	6	13	24	24	16	16	99
SASKATOON CMA	**1**	**4**	**3**	**28**	**38**	**11**	**32**	**117**
SASKATOON CITY	0	2	2	24	38	10	23	99
TOTAL	**2**	**10**	**17**	**54**	**67**	**29**	**56**	**235**
PREVIOUS YEAR								
REGINA CMA	**0**	**4**	**13**	**30**	**36**	**20**	**26**	**129**
REGINA CITY	0	4	11	29	32	20	19	115
SASKATOON CMA	**6**	**6**	**10**	**22**	**29**	**14**	**32**	**119**
SASKATOON CITY	3	1	6	16	29	14	20	89
TOTAL	**6**	**10**	**23**	**52**	**65**	**34**	**58**	

Table 3b **PROVINCE OF SASKATCHEWAN** **AVERAGE SINGLE DETACHED PRICE BY QUARTER - 2002 (DOLLARS)**					
AREA	Q1	Q2	Q3	Q4	Annual Average
REGINA CMA	**181,591**	**166,495**	**0**	**0**	**174,043**
REGINA CITY	178,914	162,770	0	0	170,842
SASKATOON CMA	**167,990**	**179,051**	**0**	**0**	**173,521**
SASKATOON CITY	166,023	171,748	0	0	168,886

Table 4 **PROVINCE OF SASKATCHEWAN** **UNDER CONSTRUCTION - JUNE 2002**								
	Single		**Multiple**			**Total**		**Chg**
AREA	2002	2001	Semi	Row	Apt	2002	2001	2002/2001
REGINA CMA	**194**	**144**	**0**	**3**	**146**	**343**	**168**	**104.17**
REGINA CITY	115	65	0	3	146	264	89	196.63
SASKATOON CMA	**306**	**229**	**40**	**158**	**56**	**560**	**375**	**49.33**
SASKATOON CITY	237	170	32	138	56	463	312	48.40
ESTEVAN CA	2	0	0	0	0	2	0	ERR
LLOYDMINSTER CA (SK)	8	6	0	0	0	8	6	33.33
MOOSE JAW CA	8	14	0	0	0	8	16	-50.00
BATTLEFORDS CA	5	7	0	0	0	5	7	-28.57
PRINCE ALBERT CA	25	35	0	6	0	31	45	-31.11
SWIFT CURRENT CA	4	9	2	0	0	6	15	-60.00
YORKTON CA	19	12	6	0	0	25	25	0.00
TOTAL URBAN	**571**	**456**	**48**	**167**	**202**	**988**	**657**	**50.38**
TOTAL RURAL	**288**	**171**	**3**	**4**	**6**	**301**	**270**	**11.48**

Table 4b **PROVINCE OF SASKATCHEWAN** **COMPLETE NOT OCCUPIED - JUNE 2002**								
	Single		**Multiple**			**Total**		**Chg**
AREA	2002	2001	Semi	Row	Apt	2002	2001	2002/2001
Regina	**30**	**88**	**3**	**2**	**29**	**64**	**146**	**-56.16**
City Only	30	88	3	2	23	58	138	-57.97
Saskatoon	**40**	**52**	**10**	**10**	**69**	**129**	**183**	**-29.51**
City Only	37	49	10	10	69	126	178	-29.21
TOTAL CMA'S	**70**	**140**	**13**	**12**	**98**	**193**	**329**	**-41.34**

Table 5
SASKATCHEWAN
HOUSING ACTIVITY SUMMARY

Activity	Ownership					Rental				Total
	Freehold			Condominium		Private		Assisted		
	Single[1]	Semi[1]	Row	Row	Apt	Row	Apt	Row	Apt	
STARTS										
Current Quarter	438	20	0	88	30	3	0	0	0	579
Previous Year	342	24	0	37	12	0	24	0	0	439
Year-To-Date 2002	631	46	0	166	64	3	0	0	0	910
Year-To-Date 2001	536	42	0	37	40	0	24	0	0	679
UNDER CONSTRUCTION										
2002	571	48	0	160	201	7	1	0	0	988
2001	456	46	0	41	90	0	24	0	0	657
COMPLETIONS										
Current Quarter	224	16	0	42	196	0	0	0	0	478
Previous Year	260	34	0	52	110	4	16	0	0	476
Year-To-Date 2002	437	32	0	116	204	0	0	0	0	789
Year-To-Date 2001	502	76	0	78	182	4	22	0	0	864
COMPLETED & NOT ABSORBED[2]										
2002	70	13	0	12	95	0	3	0	0	193
2001	92	25	0	25	117	0	12	0	0	271
TOTAL SUPPLY[3]										
2002	641	61	0	172	296	7	4	0	0	1181
2001	548	71	0	66	207	0	36	0	0	928
ABSORPTIONS										
Current Quarter	235	22	0	59	152	0	3	0	0	471
Previous Year	249	35	0	38	83	4	0	0	0	409
12-month Average	77	7	0	15	21	0	3	0	0	123

[1] May include units intended for condominium.
[2] Centres of 50,000 population and over.
[3] Sum of units under construction, complete and unoccupied

DEFINITIONS AND BACKGROUND NOTES

Starts and Completions Survey

The purpose of this survey is to measure new residential construction activity. The common unit of measurement is the "dwelling unit" (as opposed to value).

The Starts and Completion Survey enumerates dwelling units in new structures only; such units being designed for non-transient and year-round occupancy. Thus, excluded from the survey are conversions, vacation homes, cottages and collective type dwellings.

Starts - refer to units where construction has advanced to the footing or foundation stage and in the case of multiples, a start applies to the individual unit.

Under Construction - refers to units that have started but are not complete (i.e. units under construction from the previous month plus starts for the current month minus completions during the current month plus/minus any adjustments to units under construction which may include cancellations of projects, re-initiations of projects and/or changes in tenure status).

Completions - refer to units where all proposed construction work has been performed or in some cases where ninety percent of all construction work is completed and the structure is fit for occupancy.

Completed and Unoccupied - refers to completed units of new construction which have never been occupied or sold (i.e. completed and unoccupied units from the previous month plus completions during the current month minus absorptions for the current month).

Total Supply - refers to the total supply of new units and includes, units under construction and units that are completed but not occupied (i.e. under construction plus completed and unoccupied for the current month).

Absorptions - refers to newly completed units which have been sold or rented. The number of absorptions is obtained from a survey initiated when the structure is completed. Units pre-sold or pre-leased are not included until the completion stage (i.e. completed and unoccupied units from the previous month plus completions for the current month minus completed and unoccupied units for the current month).

Dwelling units have been divided into four categories:

The definition of types of dwellings used are in accordance with those used in the Census.

Single-Detached - This type is commonly called a "single-house". It comprises only one-dwelling unit which is completely separate on all sides from any other dwelling or structure including linked homes which are attached below ground.

Semi-Detached - In this category each one of two dwellings are located side-by-side in a building and are separated by a common wall extending from ground to roof or by a garage.

Row - This category comprises a one-family dwelling unit in a row of three or more dwellings separated by common or party walls extending from ground to roof.

Apartment and Other - This category includes all dwelling units other than those described above. It includes structures such as: duplexes, double-duplexes, triplexes, row-duplexes, apartments proper and dwellings over or behind a store or other nonresidential structure. In accordance with the definition, single-detached units with legal secondary suites are included in this category.

Geographical coverage of the survey includes all metropolitan areas, census agglomerations and urban centres of 10,000 population and over, as defined by the Census. These areas are enumerated completely each month. The remainder of the province is covered on a sample basis four times a year in March, June, September and December.

Market Absorption Survey

The purpose of this survey is to provide an indication of the short-term demand for home ownership and rental dwellings. The survey is designed to measure the rate at which units are sold or rented after they are completed.

The geographical coverage of the Market Absorption Survey is all metropolitan areas and all urban centres of 50,000 population and over.

In the Market Absorption Survey, certain dwellings are excluded for various reasons. These are: dwellings financed by CMHC or NHA Section 6, Non-profit Public and Private initiated housing, which are not subject to normal market criteria and dwellings constructed for model purposes.

Absorption in this report is defined as take up monitored at completions plus those from inventory. For the short term, absorptions are a function of actual completions and inventory levels.

1996 Census Definitions

A **Census Metropolitan Area** refers to the main labour market area of an urbanized core having 100,000 or more population. The Regina CMA consists of 16 towns, villages and rural municipalities. The Saskatoon CMA consists of 23 towns, villages, rural municipalities and 1 Indian Reserve.

A Census Agglomeration refers to the region labour market area of an urbanized core housing between 10,000 and 99,999 population. CMA's and CA's are created by Statistics Canada and are usually known by the name of the urban area forming their urbanized core. They contain whole municipalities (or census subdivisions) and are comprised of:

1. Municipalities if (a) at least 40% of the employed labour force living in the municipalities work in the urbanized core or (b) at 25% of the employed labour force working in the municipality live in the urbanized core.
2. Other municipalities if (a) at least 40% of the employed labour force living in the municipality work in the urbanized core or (b) at 25% of the employed labour force working in the municipality live in the urbanized core.