

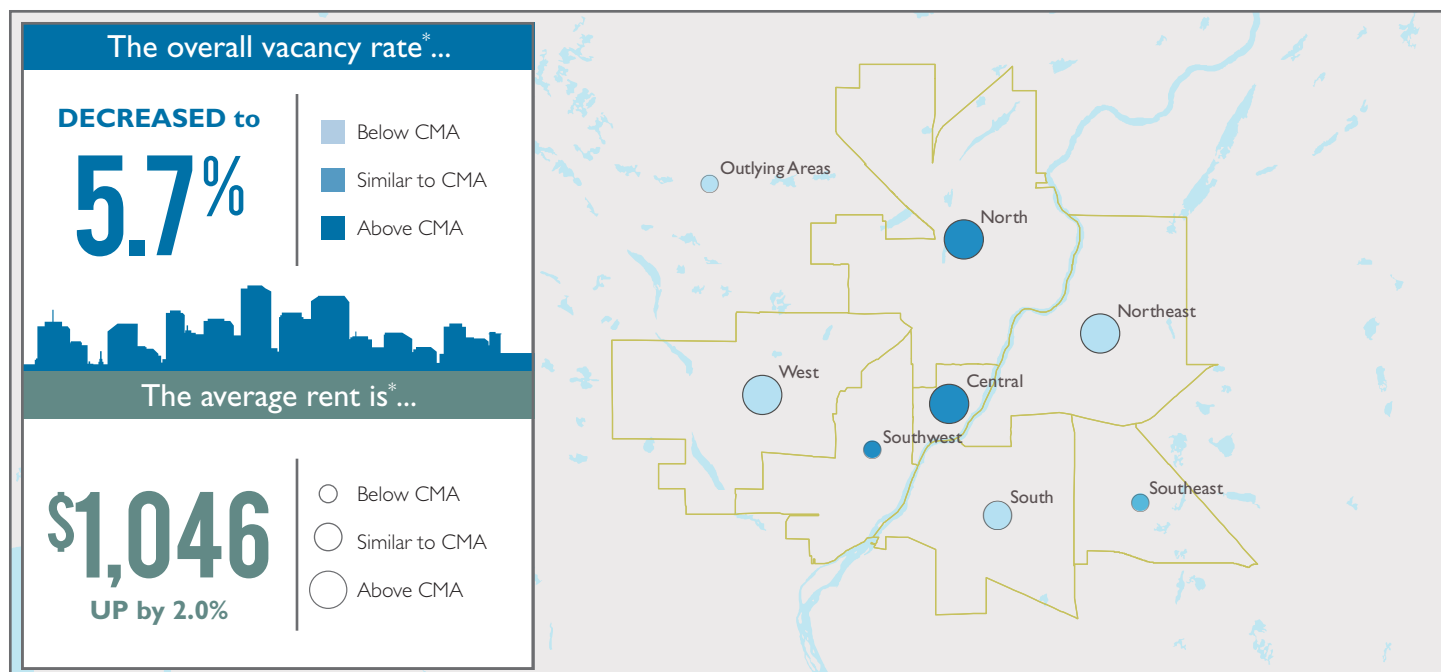
RENTAL MARKET REPORT

Saskatoon CMA



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: 2020



PRIMARY RENTAL MARKET (by bedroom type)			
Bachelor	One bedroom	Two bedroom	Three or more bedrooms
5.8%	5.4%	5.9%	6.2%
Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate
\$722 Avg. Rent	\$930 Avg. Rent	\$1,129 Avg. Rent	\$1,280 Avg. Rent

“Strengthening demand relative to supply put downward pressure on rental vacancies in 2019.”

Goodson Mwale
Senior Analyst, Economics

*CMHC collects data on the primary and secondary rental market annually, in the fall. These data refer to the primary rental market, which only includes rental units in privately-initiated apartment structures containing at least three rental units. The secondary rental market covers rental dwellings that were not originally purpose-built for the rental market, including rental condominiums. The primary vacancy rate and rent level is based on all surveyed structures, while the rent increase is based only on structures common to the survey sample in both the current and previous year.

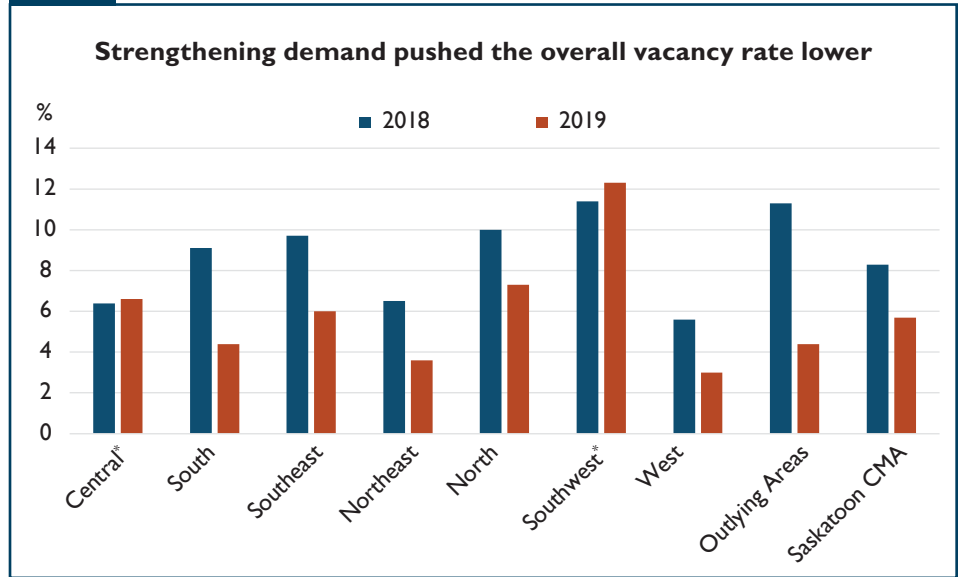
Highlights

- The apartment vacancy rate declined as growth in occupancy was stronger than the expansion in rental supply.
- Same-sample¹ rents increased for the second consecutive year.
- The condominium rental market tightened despite the increase in supply in 2019.

Higher demand for rentals pushes vacancy rate lower

According to CMHC's Rental Market Survey (RMS) results, the apartment vacancy rate² in the Saskatoon Census Metropolitan Area (CMA) declined to 5.7% in October 2019 from 8.3% in October 2018. This signifies the third consecutive year that the vacancy rate has moved lower. Among the different rental zones, the South reported a significant decrease in the vacancy rate from 9.1% to 4.4% despite having experienced the largest increase in its rental universe in October 2019. This reflects strong demand for rental units in this part of the city, particularly in the two-bedroom category. Across the Saskatoon CMA, a strengthening labour market and rising costs in the ownership market supported growth in rental occupancy in 2019. By comparison, the expansion in rental supply was modest.

Figure 1



Source: CMHC Rental Market Survey

*The change in the vacancy rate in between the two surveys was statistically insignificant.

Growth in occupancy outpaced the expansion in supply

The number of occupied apartment rental suites rose by 441 units in October 2019 from October 2018. This follows an increase of 477 units between the 2018 and 2017 surveys. A number of factors contributed to stronger rental demand in 2019. From January through September, Saskatoon's economy added 5,600 jobs, an increase of 3.2% over the same period in 2018. The majority of the jobs created were in full-time roles. In addition, affordability challenges due to rising interest rates and stricter mortgage qualification rules resulted in some households turning to the rental market for their accommodation needs or postponing their entry into the ownership market. Combined with continued population growth, in large part due to positive

international migration to the region, these factors supported firmer demand for rental units in 2019.

On the other hand, the increase in rental supply in October 2019 was modest. While builders completed 307 rental apartments in the Saskatoon CMA between Q3 2018 and Q2 2019, the purpose-built rental universe only increased by 79 units to 14,202 in the October 2019 survey. The difference between completions and changes to the rental universe can be explained by temporary and permanent removals of units from the survey sample due to renovations, demolitions or repurposing. Nonetheless, there were more than 500 purpose-built rental apartments in the Saskatoon CMA at various stages of construction in October 2019. Once completed, these units will increase supply in Saskatoon's rental market over the coming months.

¹ When comparing year-over-year average rents, the age of the building needs to be taken into consideration because rents in newly built structures tend to be higher than in existing buildings. By comparing rents for units that are common to both 2018 and 2019 October Rental Market Surveys, we can get a better indication of actual rent increases paid by most tenants.

² Based on privately initiated rental apartment structures of three or more units.

Turnover rate³

Based on the October 2019 survey results, just over a third (34.5%) of rental apartment units in the Saskatoon CMA had a new tenant within the previous 12 months. This signifies a decrease from the turnover rate of 39% reported in the October 2018 survey. Both one-bedroom and two-bedroom suites reported declines in their turnover rates to 31.7% and 36.6% in October 2019 from 35.6% and 42.2% in October 2018, respectively.

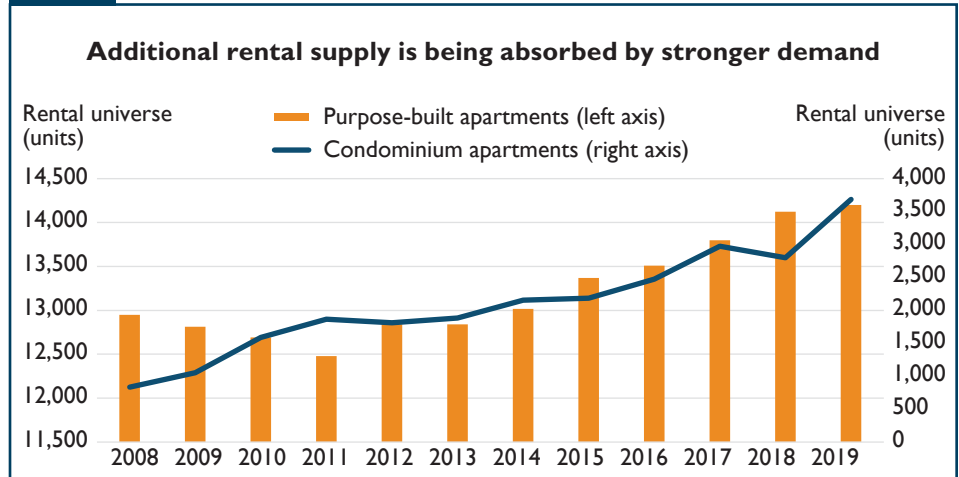
Rents stabilize as vacancies trends lower

After a modest increase in the previous survey, total same-sample rents in the Saskatoon CMA rose by 2.0% in October 2019 from October 2018. In new and existing structures, the average monthly rent⁴ for a two-bedroom apartment in Saskatoon was \$1,129 in October 2019, compared to \$1,110 in October 2018. Nonetheless, the 2019 survey results also indicated lower average asking rents for vacant units than in occupied units. This was the case for all bedroom types across the Saskatoon CMA, which seems to suggest that average rents were still in a stabilizing phase despite the gains reported in the October 2019 survey.

Conditions in Saskatoon's rental condominium market tightened

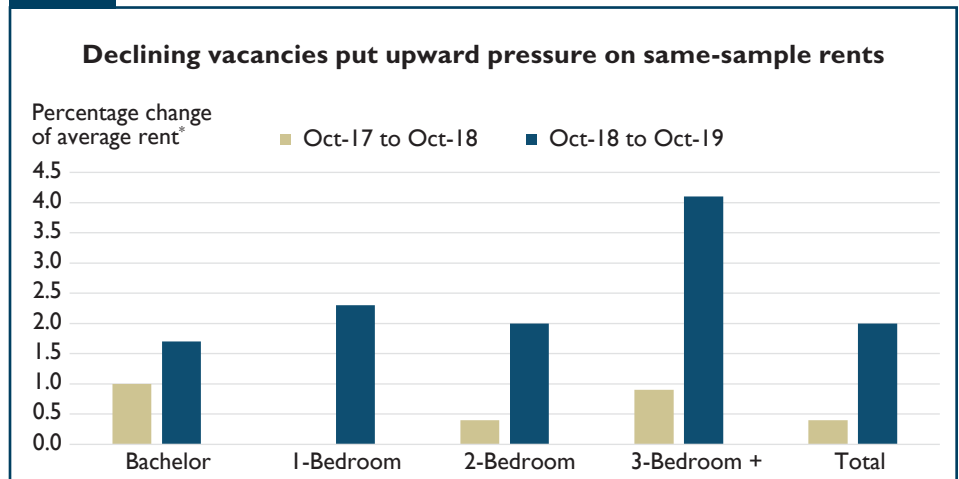
According to CMHC's Condominium Apartment Survey (CAS) results, the vacancy rate for condominium apartments in Saskatoon's secondary rental market declined to 1.7% in October 2019 from 4.7% in October 2018. By comparison, the

Figure 2



Source: CMHC Rental Market Survey

Figure 3



Source: CMHC Rental Market Survey

*The percentage change of average rent is based on those structure that were common to the survey sample in both October 2018 and October 2019.

condominium universe rose by 4.4% to 12,126 units over this period. In addition, the proportion of investor-owned condominium apartments identified as rental increased to 30.4% in 2019 from 24.1% in 2018. Given that supply increased, the vacancy rate moving lower highlights strengthening demand for rental condominiums in 2019 as an alternative to

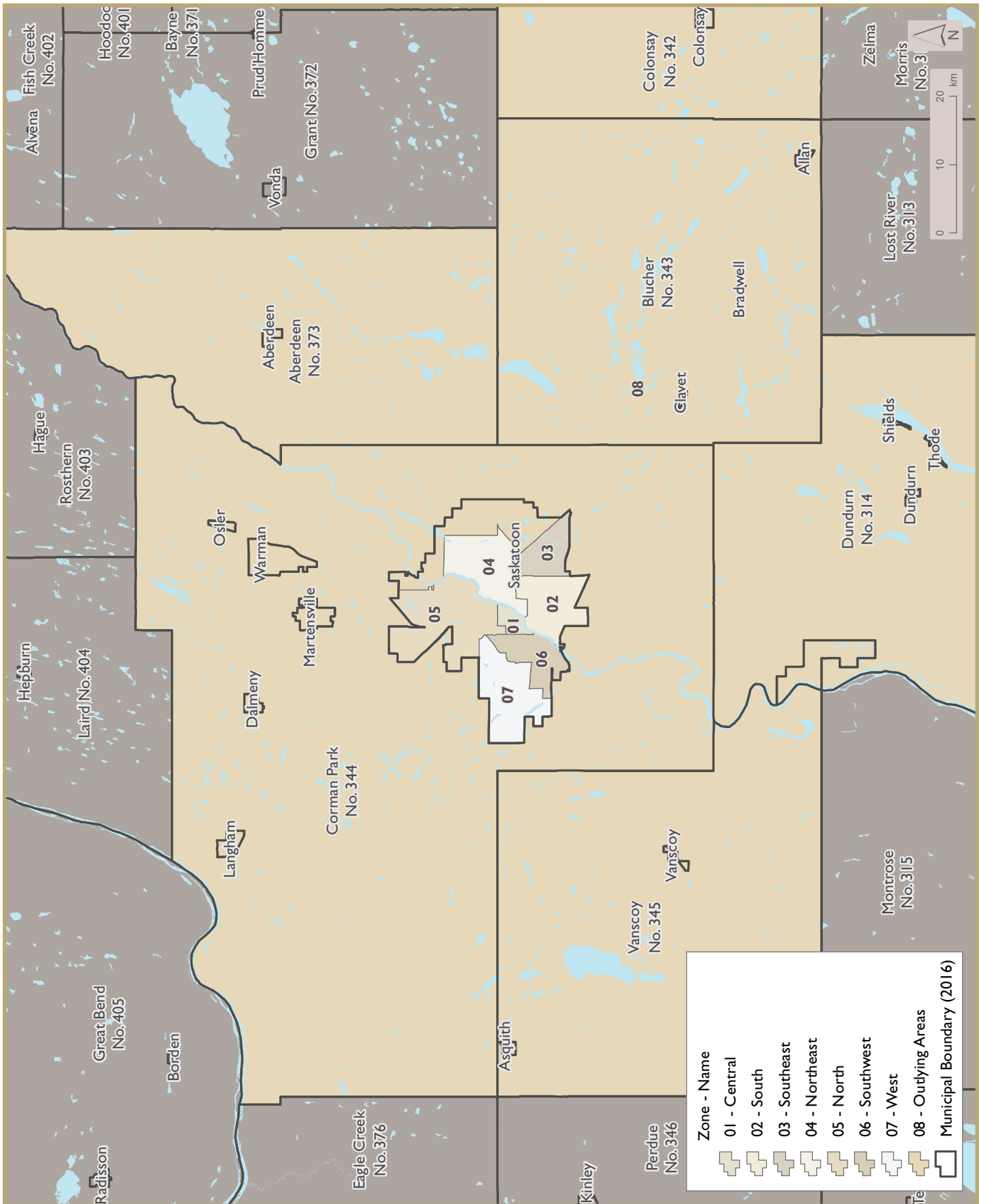
homeownership. Meanwhile, the average rent for a two-bedroom condominium apartment in Saskatoon was \$1,179, compared to \$1,129 in the purpose-built rental market in October 2019. Typically, condominium apartments command higher rents as they tend to be newer units and often include various amenities.

RESOURCES

You can find this data – and data for all provinces and census metropolitan areas (CMAs) in Canada – at cmhc.ca/rental-market-report-data.

³ A unit is counted as being turned over if a new tenant occupied it in the preceding 12 months. A unit can be counted as being turned over more than once in a 12-month period. This includes tenants who move into a different unit in the same building during this period.

⁴ Rents may not include utilities such as heating and electricity.



RMS ZONE DESCRIPTIONS - SASKATOON CMA	
Zone 1	Central - North: 33rd St E; East: South Saskatchewan River; West: Idylwyld Dr, Avenue H N; South: South Saskatchewan River.
Zone 2	South - North: College Dr, 12th St E; East: Circle Dr E; West: South Saskatchewan River; South: Cartwright St.
Zone 3	Southeast - North: College Dr; East: Railroad; West: Circle Dr E; South: Hwy 16.
Zone 4	Northeast - North: North of Agra Rd; East: Range Rd 3045; West: South Saskatchewan River; South: College Dr & Hwy 5.
Zone 5	North - North : Hwy 11; East: South Saskatchewan River; West: Hwy 16, Range Rd 3061; South: 29 St W, 33rd St E.
Zone 6	Southwest - North: Railroad; East: Avenue H; West: Range Rd 3062; South: South Saskatchewan River.
Zone 7	West - North: North of Henick Cres; East: Railroad; West: Hwy 7; South: Railroad.
Zones 1-7	Saskatoon City
Zone 8	Outlying Areas
Zones 1-8	Saskatoon CMA

TECHNICAL NOTE:

Difference between Percentage Change of Average Rents (Existing and New Structures) AND Percentage Change of Average Rents from Fixed Sample (Existing Structures Only):

Percentage Change of Average Rents (New and Existing Structures): The increase/decrease obtained from the calculation of percentage change of average rents between two years (example: \$500 in the previous year vs. \$550 in current survey represents an increase of 10 percent) is impacted by changes in the composition of the rental universe (e.g. the inclusion of newly built luxury rental buildings in the survey, rental units renovated/upgraded or changing tenants could put upward pressure on average rents in comparison to the previous year) as well as by the rent level movement (e.g. increase/decrease in the level of rents that landlords charge their tenants).

Percentage Change of Average Rents from Fixed Sample (Existing Structures Only): This is a measure that estimates the rent level movement. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. However, some composition effects still remain e.g. rental units renovated/upgraded or changing tenants because the survey does not collect data to such level of details.

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated rental structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent levels, turnover and vacancy unit data for all sampled structures.

The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the month of October, and the results reflect market conditions at that time.

CMHC is constantly reviewing the Universe of rental structures in the rental market Universe to ensure that it is as complete as possible. Every year, any newly completed rental structures with at least 3 rental units are added to the Universe. In addition to this, CMHC undertakes comprehensive reviews by comparing the Universe listing to other sources of data to ensure that the list of structures is as complete as possible.

CMHC's Rental Market Survey provides a snapshot of vacancy and turnover rates and average rents in both new and existing structures. There also exists a measure for the change in rent that is calculated based on existing structures only. The estimate is based on structures that were common to the survey sample for both the previous and the current Rental Market Surveys. The change in rent in existing structures is an estimate of the change in rent that the landlords charge and removes compositional effects on the rent level movement due to new buildings, conversions, and survey sample rotation. The estimate of percent change in rent is available in all Canada and Provincial Highlights publications, and also in the CMA reports. The rent levels in new and existing structures are also published. While the percent change in rents in existing structures published in the reports are statistically significant, changes in rents that one might calculate based on rent levels in new and existing structures may or may not be statistically significant.

METHODOLOGY FOR CONDOMINIUM APARTMENT SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the Condominium Apartment Survey (CAS) in September to estimate the relative strengths in the condo apartment rental market. The CAS collects the number of units being rented out and the vacancy and rent levels of these units in the following CMAs: Calgary, Edmonton, Gatineau, Halifax, Hamilton, Kelowna, Kitchener, London, Montréal, Ottawa, Québec, Regina, Saskatoon, Toronto, Vancouver, Victoria and Winnipeg. The CAS is a census of all apartment condos with 3 units and over, with the exception of Montréal, where a sample of structures is surveyed. The CAS is conducted by telephone interviews and information is obtained from the property management company, condominium (strata) board, or building superintendent. If necessary, this data can be supplemented by site visits if no telephone contact is made.

RENTAL MARKET SURVEY (RMS) AND CONDOMINIUM APARTMENT SURVEY (CAS) DATA RELIABILITY

CMHC does not publish an estimate (e.g. Vacancy Rates and Average Rents) if the reliability of the estimate is too low or the confidentiality rules are violated. The ability to publish an estimate is generally determined by its statistical reliability, which is measured using the coefficient of variation (CV). CV of an estimate is defined as the ratio of the standard deviation to the estimate and CV is generally expressed a percentage. For example, let the average rent for one bedroom apartments in a given CMA be \bar{x} and its standard deviation be $\sigma_{\bar{x}}$. Then the Coefficient of Variation is given by $CV = \frac{\sigma_{\bar{x}}}{\bar{x}}$.

Reliability Codes for Proportions

CMHC uses CV, sampling fraction and universe size to determine the ability to publish proportions such as vacancy rates, availability rates and turnover rates. The following letter codes are used to indicate the level of reliability of proportions:

- a — Excellent
- b — Very good
- c — Good
- d — Fair (Use with Caution)
- ** — Poor — Suppressed
- ++ — Change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0).
- — No units exist in the universe for this category
- n/a — Not applicable

The following two tables indicate the level of reliability of proportions:

If the proportion is Zero (0) and sampling fraction is less than 100% then the following levels are assigned:

Sampling Fraction (%) range

Structures in Universe	(0,20]*	(20,40]	(40,60]	(60,80]	(80,100)
3 – 10	Poor	Poor	Poor	Poor	Poor
11 – 20	Poor	Fair	Fair	Fair	Good
21 – 40	Poor	Fair	Fair	Good	Very Good
41 – 80	Poor	Fair	Good	Good	Very Good
81+	Poor	Good	Good	Very Good	Very Good

*(0, 20] means sampling fraction is greater than 0% but less than or equal to 20%; others are similar.

Otherwise, the following table is used to determine the reliability level of proportions:

Coefficient of Variation (CV) %

Vacancy Rate	0	(0,5]	(5,10]	(10,16.5]	(16.5,33.3]	(33.3,50]	50+
(0,0.75]	Excellent	Excellent	Excellent	Excellent	Excellent	V. Good	V. Good
(0.75,1.5]	Excellent	Excellent	Excellent	Excellent	Excellent	Fair	Poor
(1.5,3]	Excellent	Excellent	Excellent	V. Good	Good	Poor	Poor
(3,6]	Excellent	Excellent	V. Good	Good	Fair	Poor	Poor
(6,10]	Excellent	Excellent	V. Good	Good	Poor	Poor	Poor
(10,15]	Excellent	Excellent	Good	Fair	Poor	Poor	Poor
(15,30]	Excellent	Excellent	Fair	Poor	Poor	Poor	Poor
(30,100]	Excellent	Excellent	Poor	Poor	Poor	Poor	Poor

Reliability Codes for Averages and Totals

CMHC uses the CV to determine the reliability level of the estimates of average rents and a CV cut-off of 10% for publication of totals and averages. It is felt that this level of reliability best balances the need for high quality data and not publishing unreliable data. CMHC assigns a level of reliability as follows (CV's are given in percentages):

- a — If the CV is greater than 0 and less than or equal to 2.5 then the level of reliability is **Excellent**.
- b — If the CV is greater than 2.5 and less than or equal to 5 then the level of reliability is **Very Good**.
- c — If the CV is greater than 5 and less than or equal to 7.5 then the level of reliability is **Good**.
- d — If the CV is greater than 7.5 and less than or equal to 10 then the level of reliability is **Fair**.
- ** — If the CV is greater than 10 then the level of reliability is **Poor**. (Do Not Publish)

Arrows indicate Statistically Significant Changes

Use caution when comparing statistics from one year to the next. Even if there is a year over year change, it is not necessarily a statistically significant change. When applicable, tables in this report include indicators to help interpret changes:

- ↑ indicates the year-over-year change is a statistically significant increase.
- ↓ indicates the year-over-year change is a statistically significant decrease.
- indicates that the effective sample does not allow one to interpret any year-over-year change as being statistically significant.
- △ indicates that the change is statistically significant

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Turnover: A unit is counted as being turned over if it was occupied by a new tenant moved in during the past 12 months. A unit can be counted as being turned over more than once in a 12 month period.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 50,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

October 2017 and October 2018 data is based on Statistics Canada's 2016 Census area definitions.

Acknowledgement

The Rental Market Survey and the Condominium Apartment Survey could not have been conducted without the cooperation of the rental property owners, managers, building superintendents and household members throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution CMHC is able to provide information that benefits the entire housing industry.

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