

City's housing starts continue to increase CMHC not cutting forecast back for 2009

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Construction has started on nearly 600 housing units in Saskatoon in the first three months of 2008 and the pace is expected to continue through the spring, according to a new report.

The Canada Mortgage and Housing Corporation's (CMHC) residential construction survey for March shows total housing starts for the year are 85 per cent higher than those recorded in the first three months of 2007 -- up to 590 units this year from 319.

Paul Caton, CMHC's market analyst for Saskatchewan, said the corporation isn't cutting back its housing forecast for Saskatoon until 2009. Most of the growth this year will come in the first two quarters, he added.

"The momentum continues," Caton said about the housing starts. "We're seeing a 37 per cent increase in housing starts in Saskatchewan's urban areas. (Provincially) on the single-detached side, we're seeing a 27 per cent increase in the first quarter in housing starts and on the multifamily side, there's more than a 53 per cent increase in the number of housing starts."

The last time Saskatoon recorded March numbers as high as last month's single-detached housing starts, at 128 units, was in 1983, according to the report. Multi-family housing starts, which include condominiums and apartments, are also up over last year to 86 starts last month from four in March 2007.

"The multies are very strong, especially in Saskatoon, which has always been sort of the condominium capital of the province. As a matter of fact we've got 900 to 1,000 multi-family units now under construction in Saskatoon, so we're forecasting that those types of housing starts should start to slow down mid-year or toward the end of the year," he explained.

With more than 1,000 single-family homes under construction in and around the city, Caton believes more rental units and resale homes will be available once homeowners move into the new units. Most of the multi-family construction is being done on condos, he said, adding the few apartments included in the count are meant for families with limited income.

"Rents are increasing on the rental housing side such as they've never increased before; we have extremely low vacancies; there's a very low inventory on the re-sale side . . . and that pushed people into the new housing side whereas they usually would have stayed in the re-sale or residential housing," Caton said.

"If we get those other two sectors loosened up, that is the rental housing and re-sale housing, that will probably cause people to drop back from new housing and get into the existing stuff again."

Industry members, according to the Saskatoon and Region Home Builders' Association, want to see an increase in the amount of multi-family housing in the city. While the ratio of single-detached and multi-family housing is nearly even, builders and developers would prefer to see a split of 40 per cent single-detached to 60 per cent multi-family.

"The market is showing continued strength. However, if we are intent on meeting demand and retaining youth and young families in our communities we need to ensure that the appropriate housing product is

affordable and available," explained Alan Thomarat, CEO of the association.

Stakeholders in the city's housing market must continue to work together to provide homes for Saskatoon's growing population, he added.

"The industry, developers and the city must work together on issues of capacity for land servicing and construction in order to control costs, shorten build times and increase housing supply while addressing issues of housing affordability," he said.

The CMHC report indicated Saskatchewan cities with populations of more than 10,000 all saw increases in housing starts in March with the exception of Estevan and Lloydminster, which dropped by 20 per cent and 85 per cent, respectively. Regina's total housing starts at the end of March rose 16.5 per cent from the first quarter 2007, to 127 from 109.

Nationally, housing starts are down slightly from February, with 254,700 units in March from 255,600.

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