

Economic forecaster gives city second look

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There are signs at construction projects all over Saskatoon that announce contractors are hiring right on site -- and the latest Statistics Canada figures on non-residential construction help explain why.

The agency reported Monday Saskatoon had the second-best quarterly improvement in the value of non-residential construction among Canadian cities, trailing only Hamilton.

At the same time, the Conference Board of Canada has updated its 2007 final report on Saskatoon and now forecasts the city's housing starts in 2008 will at least match 2007 numbers. The board is also predicting employment in construction in Saskatoon will rise six per cent this year.

While non-residential building investment across Canada rose 1.6 per cent in the first quarter of 2008 from the final quarter of 2007, Saskatoon's activity jumped 21 per cent between quarters. Statistics Canada tracked \$111 million in non-residential building permits for the first quarter of the year, up from \$92 million in the last three months of 2007. A year ago, first-quarter activity came in at \$97 million.

Regina saw an eight per cent decline between quarters with first quarter 2008 building permits hitting \$80 million compared to \$87 million in the last quarter of 2007. The first quarter 2007 total in Regina was \$60 million.

Provincially, Saskatchewan came in with a positive increase between quarters with total non-residential construction pegged at \$258 million, 1.4 per cent ahead of the \$255 million total for the last quarter of 2007.

Meanwhile, the usually conservative Conference Board of Canada has revised its outlook for Saskatoon for the rest of 2008.

According to the Saskatoon Regional Economic Development Authority, which pays for the conference board reports and has access to them before the general media release, the spring update by the conference board has raised its expectations for city GDP growth in 2008.

As well, the independent Ottawa forecasting agency is now saying housing starts in Saskatoon will match the 2,400 starts recorded in 2007.

In January, the conference board was predicting that Saskatoon's GDP growth would fall back to 2.8 per cent this year and that housing starts would retreat all the way to 1,500. However, the agency Monday revised its final GDP number for 2007, saying Saskatoon's city economy had expanded 5.5 per cent in 2007 and would rise another 3.5 per cent this year.

SREDA's CEO Alan Migneault says he expects the GDP number for this year will also be higher.

"It is expected that the city region will outperform the current 2008 forecast given continued strength from sectors that performed well in 2007 and the actual results achieved in the first quarter of 2008," Migneault said in a statement.

One driver for the economy in 2008 is expected to be the manufacturing sector, which saw output stall in 2007. The turnaround in that sector is expected to come from the metal fabricating sub-component which

is being driven by the machinery construction and repair needs of the mining industry, plus strong demand for agricultural implements.

While employment growth was pegged at 5.9 per cent for 2007, which was five times the growth rate of 2006, the conference board is expecting Saskatoon area employment growth will slow to 2.5 per cent in 2008, although the construction industry could grow its work force by six per cent.

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