

Saskatoon new house price jump leads nation

Braden Husdal

Saskatchewan News Network; with StarPhoenix files

Tuesday, May 13, 2008

For the 11th consecutive month, Saskatoon has led the nation in new housing price growth, rising 46 per cent from last year, Statistics Canada says.

The figure, which measured price increases over a one-year period from March 2007 to March 2008, is slightly lower than the year-to-year growth recorded in February at 58.3 per cent, according to the federal agency's new housing price index report released Monday.

Still, Saskatoon housing prices rose 2.1 per cent -- the highest increase in the country -- from February to March this year.

In Regina, the price of new houses grew 27.8 per cent from March 2007 to March 2008, and 1.7 per cent from February to March.

House prices are rising due to higher material and labour costs as well as strong markets and a demand for new housing, the report states.

"It's a recurring issue that we've had in Saskatchewan for a few years," said Dwight Bouchard, president of the Regina and Region Home Builders' Association. "Most trades have a shortage of personnel available for every stage of building a home and the cost is going up to help attract those personnel.

"As the price of fuel rises, so does the cost of every other raw material because they have to be shipped into the city somehow."

The increased cost percentages of homes in Regina and Saskatoon for the past year were by far the highest throughout Canada. The third-highest price increase was in Winnipeg, which increased 15 per cent from March 2007 to March 2008.

The average increase of new houses throughout Canada from February to March was 0.2 per cent. For the year, it was 6.1 per cent.

"In Regina and Saskatoon there is a large demand for new houses that has builders saying that they might not have the homes finished until late 2009," said Bouchard. "Saskatchewan has become the hottest housing market in the country and it looks like it will stay that way for the near future.

"It's inevitable that prices will continue to climb simply because the demand is so high right now. Price increases probably won't be as dramatic anymore but they certainly won't fall."

Housing prices in Edmonton and Calgary, which have been the standard for price increases during the past decade, barely moved from February to March. Calgary's house prices rose by 0.6 per cent while Edmonton's dropped by 1.1 per cent.

Copyright © 2008 CanWest Interactive, a division of CanWest MediaWorks Publications, Inc. . All rights reserved.
CanWest Interactive, a division of CanWest MediaWorks Publications, Inc. . All rights reserved.