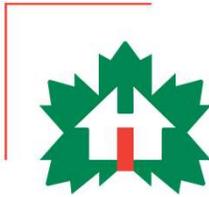




Q3 2020

REGINA NEW HOUSING MARKET OVERVIEW

August 2020



New Housing Construction YTD ending July

390 Building Permits YTD

79 Single Detached YTD

94 Semi Attached YTD

164 Town House YTD

53 Apart/Planned Group YTD

Source: Regina & Region Home Builders'
Association & City of Regina Building Standards

379 Starts YTD

344 Completions YTD

227 Absorptions YTD

\$628,893 Absorbed Single-
Detached Unit Price (July)

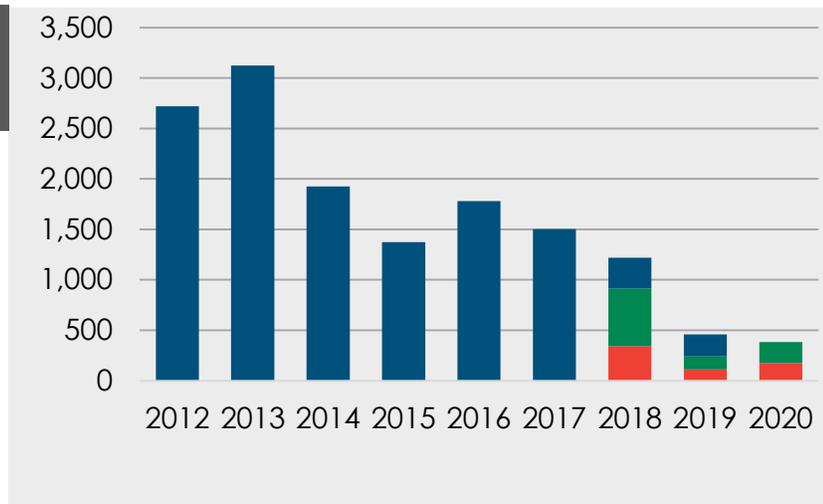
638 Trend

Source: Canada Mortgage and Housing Corporation

Much like the rest of the country, Regina faced unprecedented uncertainty in the second quarter of 2020. Sales were expected to decline during this period as potential buyers stayed home to prevent the spread of COVID-19. Although June transactions posted a rebound compared to April and May numbers, overall sales continue to be well below 2019 figures for the same period. The area saw 107 new home sales in Q2 2020, representing a 36% decline compared to Q2 2019.

FIGURE 1: REGINA'S
HISTORICAL BUILDING
PERMITS

Q1
Q2
Rest of Year

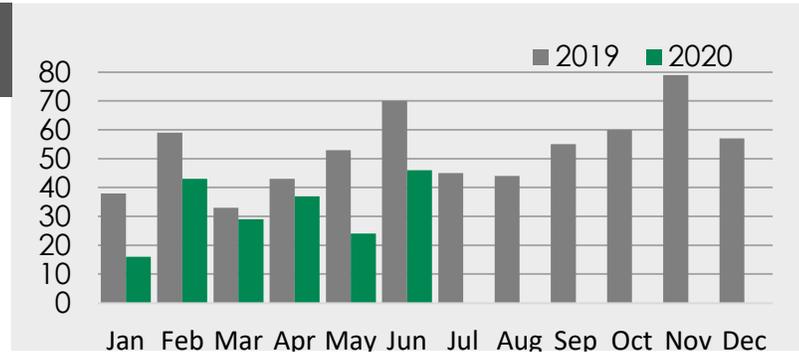


Source: Regina & Region Home Builders' Association





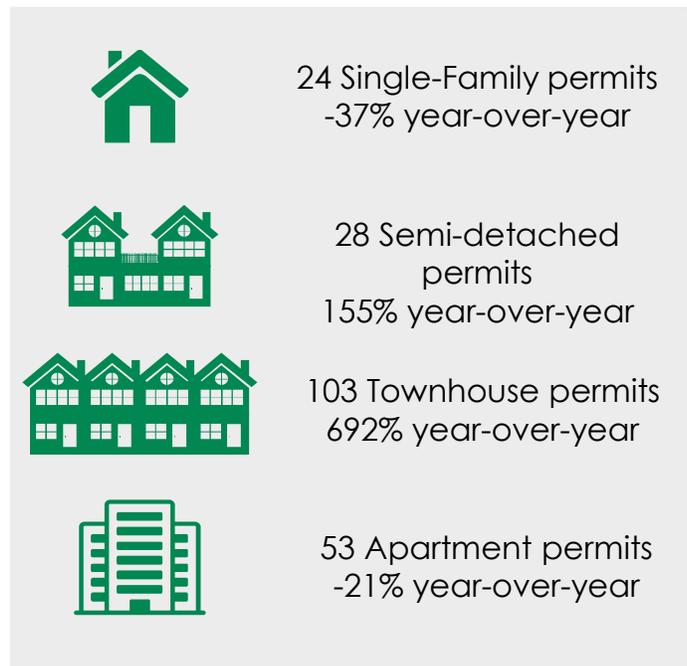
FIGURE 2: MONTHLY
NEW HOME SALES



Source: Canada Mortgage and Housing Corporation

The number of building permits in the first half of 2020 already surpassed last year's totals, however this reflects the poor state of the market in 2019 rather than the strength of the current year.

There were 208 building permits issued in Q2 2020. This represents a 61% increase compared to the same period last year, yet there are notable differences across property types. Single-family and apartment building applications declined 21% and 37% respectively in Q2 2020 compared to Q2 2019. On the other hand, permits for semi-detached and townhomes increased 155% and 692% respectively during the same period.



The pandemic, coupled with the rise of remote workers, is likely to accelerate the trend of families re-evaluating their lifestyles and moving away from highly dense areas. Working from home for months has made some realize a desire for bigger and better. Additionally, the effect of self-isolating has been particularly hard on those in purpose built-rentals. With the new global awareness of the dangers of viruses and living in close quarters comes a strong desire for space. Some households in the rental market are likely to reconsider their housing situation and this could be another source of demand in the near future.

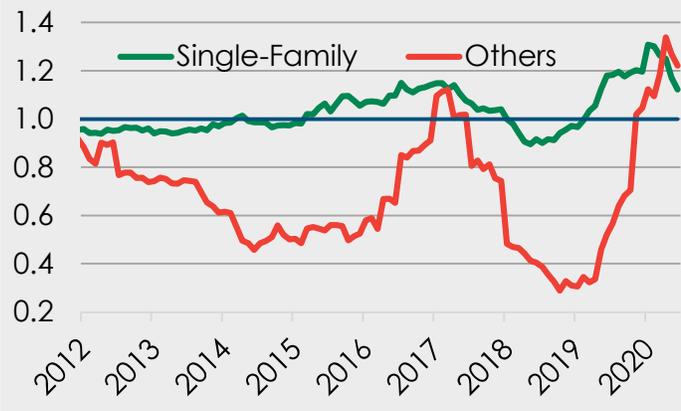
Source: Regina & Region Home Builders' Association





Despite mistaken overbuilding concerns in some camps, multiple indicators suggest that Regina is starting to experience shortages in the new home market. The new sales to deliveries ratio has been above 1 for every dwelling type since late 2019. This implies that for every home built more than one sells. Regina's population growth is slowing down from previous years. However, the city is expected to continue to attract people thanks to its stable economy.

FIGURE 4: SALES TO NEW DELIVERIES RATIO
12 month moving average



Source: Regina & Region Home Builders' Association and Canada Mortgage and Housing Corporation

The Conference Board of Canada expects an average annual population growth of 1.45% in the region between 2020 and 2024. Excluding replacement units, Regina requires approximately 1,558 new housing units per year to accommodate this growth. The current housing developments in the region will not come close to accommodate the influx of people that will be looking for places to live and work in the region soon.

FIGURE 5: REGINA'S HOUSING STOCK
2019 Estimates

Single Family	69,045
Semi-Detached	2,423
Row	6,452
Apartment	26,213
Other	3,324
Housing Stock	107,457
Forecasted Annual Population Growth	1.45%

Required Units (excluding replacement) 1,558

Source: Environics Analytics, Conference Board of Canada - Regina & Region Home Builders' Association

The inventory of completed but unsold homes continues to decline and is now in line with historical averages. As of June 2020, there were 157 unsold properties in the market. This represents a 46.8% decline compared to the same month in 2019. The number of unabsorbed apartment units, which made the bulk of the stock, has receded to more manageable levels as buyers slowly absorbed some long-standing projects. Builders have successfully adapted to the new reality and have decreased the number of units under construction. As of June 2020, there were 483 homes under construction, a 9.7% decline compared to the same period last year and a 63.5% compared to the same month in 2018.



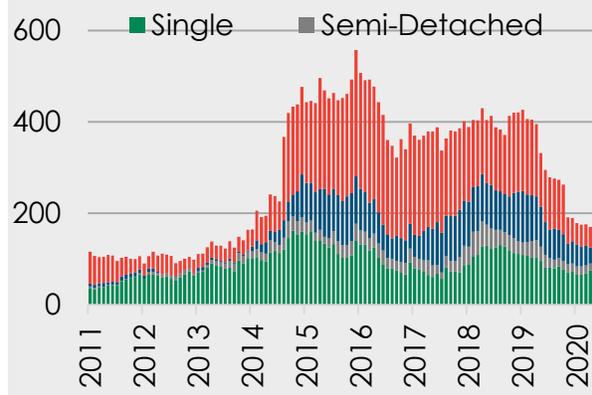


The landscape of Regina's population has changed dramatically in the last decade and is more generationally diverse than ever before. This is reflected in the composition of building permits. Household stated preferences show that individuals prefer to live in street-oriented developments, particularly single-family homes. However, household's in Regina tend to move away from the core into the suburbs in search for affordable housing, such as semi-detached and row housing, rather than settle for higher density dwellings.

While there could be some downward pressure in prices due to the COVID-19 recession, housing prices on comparable dwellings are unlikely to plummet. Builders' profit margins have been punished for several years due to weak economic conditions, so there is very little room for declines. Although counterintuitive to a recession environment, housing prices could rise in the medium to long run because of shortages in supply. If average home prices post declines in the near term, this could be misleading and more likely reflects changes to home specs (smaller lots and buildings, greenfield developments, different dwelling types).

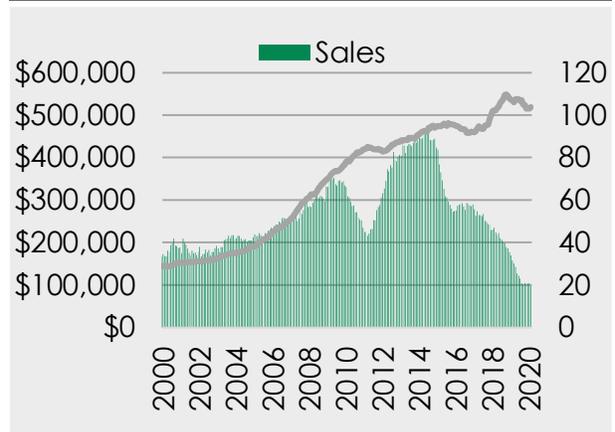
While there are reasons to be cautiously optimistic, there remains a considerable amount of uncertainty going forward. Household incomes have held up reasonably well as governments have injected billions into the economy and financial institutions have allowed for payment deferrals. Yet, these stimuli are expected to be temporary. Furthermore, a potential second wave of the virus could impact the pace of the economic recovery, further weakening the housing market.

FIGURE 6: MONTHLY UNABOSRBED INVENTORY - Regina CMA



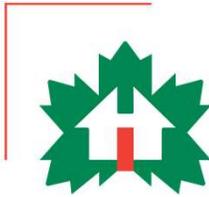
Source: Canada Mortgage and Housing Corporation

FIGURE 7: SINGLE FAMILY SALES 12 month moving average



Source: Canada Mortgage and Housing Corporation





New Housing Market Summary

It is promising to see that home sales began to rebound in the second quarter of 2020, even if the recent surge in sales activity may be partially attributed to the “pent-up” demand that resulted from lower sales in April and May. The housing market in Regina is now working to keep up its momentum headed into autumn.

As the new housing market softened over the last few years, new home builders have quietly been slowing production and are building very close to demand. This is in response to slowing immigration levels, and potential first-time home buyers being forced into rental units and barred from homeownership opportunities by federal government policies.

The Provincial Government should be applauded for introducing a new PST Rebate program in the 2020 Spring Budget. The new program provides some relief to the local residential construction industry as it increases the opportunity for some Saskatchewan and Regina citizens to attain a quality home and reap the benefits of homeownership.

The recent surge in demand in the market in June may have been boosted by first-time homebuyers taking advantage of reduced pricing in during the downturn. This diminishes the number of new listings in the market, since first-time owners don't have a home to sell. This effectively pushes housing inventory to even lower levels. Increasing homebuyers with decreasing listings available will add upward pressure to prices. We know that buyers are on the hunt for new homes in Regina, but the options are increasingly limited in the market. As COVID restrictions have begun to ease, people are getting more comfortable going out to look at homes, but the housing inventory in Regina must now work to keep up with a surge in demand.

It is nevertheless encouraging to see that home sales, home prices and housing starts have effectively regained a significant amount of the ground lost during the lockdown.

What will now be key for the Regina housing market is for the City and the Province to continue to implement policies that will attract investment and create jobs to keep our great City and Province growing.





Residential Construction Sector

Home Builders and Community Developers are essential to provide safe, affordable housing that citizens can call home. In doing so, thousands of jobs are created, and our economy is bolstered to keep Regina growing.

Since 1955 the Regina & Region Home Builders' Association has connected consumers with Certified Professional Home Builders and RenoMark Renovators to provide housing options for changing lifestyles that are modern, and energy efficient. Many of which are in the Greater Regina Area's newest, amenity-rich neighbourhoods.

We are the Association that represents residential construction – through all stages of building, from land development, to new construction, and even renovations.

Our Association serves businesses involved in the housing sector and provides the only professional certifications available for home builders.

The Regina & Region Home Builders' Association is a resource you can build on, we bring you home! Home is where it all begins - memories develop and dreams take shape.

Visit reginahomebuilders.com for trusted building and renovating information.



The Regina & Region Home Builders' Association is invested in bringing insight to public policy decision makers on matters that effect the residential construction industry, while connecting our members with opportunities.

Go to www.reginahomebuilder.com the Greater Regina' Area's

- Newest Homes
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