

# Saskatoon's apartment vacancy rate well above last year's historic high



ALEX MACPHERSON, SASKATOON STARPHOENIX

More from Alex MacPherson, Saskatoon StarPhoenix ([HTTP://THESTARPHOENIX.COM/AUTHOR/ALEX-MACPHERSON-SASKATOON-STARPHOENIX](http://thestarphoenix.com/author/alex-macpherson-saskatoon-starphoenix))

Published on: February 24, 2017 | Last Updated: February 24, 2017 6:00 AM CST



Apartment owner Grant Spurdle is concerned about rising apartment vacancy in Saskatoon. *MATT SMITH /*

Four years ago, Grant Spurdle's apartment building in Varsity View was filled to capacity, with 63 tenants paying good money for a suite within easy walking distance of Broadway Avenue, the University of Saskatchewan and Saskatoon's downtown core.

Now a combination of widespread economic weakness, private residential rentals and a glut of new apartments and condominiums has driven the family-owned building's vacancy rate up to 12.5 per cent. And that's not the only problem, Spurdle said.

"This (rate) isn't too uncommon this time of year," said the landlord, whose family has run the Temperance Street building since 1965. "But what's really uncommon is we're not getting a single phone call for rentals. Nothing. The phone's just not ringing."

Spurdle, who figures his building has a geographic advantage over many other complexes in the city, knows that while he's not the only landlord in Saskatoon struggling to fill empty suites, he is likely faring better than most as vacancy rates rise.

Last November, the Canada Mortgage and Housing Corp. reported that Saskatoon's vacancy rate had reached a historic high of 10.3 per cent (<http://thestarphoenix.com/business/real-estate/apartment-vacancy-rate-in-saskatoon-hits-highest-level-on-record-cmhc>) — up from the 6.5 per cent recorded 12 months earlier. Around five per cent is considered ideal.



**Let's find the answers  
that fit your retirement.**

**Find out more >**



That meant almost 1,400 of the roughly 13,500 apartments in Saskatoon were sitting empty late last year — and at least one rental market expert believes the vacancy rate has climbed even higher since October, to somewhere between 16 and 18 per cent.

Rising unemployment, lower international immigration and hundreds of new apartments and condos available for rent have all contributed to the sky-high rate, said Tom McClocklin, managing director of Colliers International in Saskatoon.

“If our economy kept running at the same rate, it probably would have been fine, (but now) you’ve got decreasing demand and a significant increase in supply,” McClocklin said, noting there is “significant pressure” on rates for the first time in two decades.

According to PadMapper, a new service that tracks average rental rates across the country, a two-bedroom apartment in Saskatoon can now be rented for \$990, well below the \$1,100 price point the San Francisco-

based company reported in June.

Because landlords are typically reluctant to slash rates — McClocklin said the cost of a two-bedroom is falling faster than that of a single, which PadMapper says costs an average of \$840 — the high vacancy rate has instead resulted in landlord offering incentives for potential tenants.

While the city's rental market could get worse before it gets better, the vacancy rate will likely start to decline over the next few years, largely due to developers displaying an abundance of caution as the city continues to grow, McClocklin said.

Meanwhile, landlords must work to reduce their costs and attract new tenants. Spurdle said while he knows the high vacancy rate is temporary and has plans in place to manage it, the reality is that the next few years won't be easy.

"It's totally temporary," he said. "But when you're talking temporary, these business cycles are, like, seven to 14 years. Hungry for seven years is a long time, right?"

[amacpherson@postmedia.com](mailto:amacpherson@postmedia.com) (<mailto:amacpherson@postmedia.com>)

[twitter.com/macphersona](http://www.twitter.com/macphersona) (<http://www.twitter.com/macphersona>)

## RELATED

**Apartment vacancy rate in Saskatoon hits highest level on record: CMHC**  
(<http://thestarphoenix.com/business/real-estate/apartment-vacancy-rate-in-saskatoon-hits-highest-level-on-record-cmhc>)