



Rents on the rise

Apartment dwellers in Saskatoon who have experienced rent increases this year aren't being singled out, as a new survey of the rental market by Canada's national housing agency confirms rent hikes are common throughout the city.

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Apartment dwellers in Saskatoon who have experienced rent increases this year aren't being singled out, as a new survey of the rental market by Canada's national housing agency confirms rent hikes are common throughout the city.

While some people may find the survey's findings of a \$626 average cost in April for a two-bedroom apartment as vastly understating the rents they see advertised, Canada Mortgage and Housing Corp. (CMHC) says some older, less desirable blocks bring down the average price for the whole city.

According to CMHC, the average two-bedroom apartment in Saskatoon rented for \$608 last October.

One piece of good news for tenants is that despite the rent increases during the past six months, Saskatoon is a rental bargain compared to Edmonton and Calgary. People coming back to Saskatchewan from those markets should notice the difference, says Richard Corriveau, CMHC's Prairie region economist.

Calgary's average cost of a two-bedroom apartment in April was \$1,033, a \$411 bump over what people pay in Saskatoon, Corriveau notes. Last October, the spread in rents between the two cities was \$352 a month.

Dhillon's Mainstreet Equity Corp., a TSX-listed real estate company that specializes in owning residential rental buildings, is charging \$734 to \$759 per month for the renovated two-bedroom apartments in the company's first investment property in Saskatoon, a walk-up apartment block on Pandygrasse Road in Fairhaven.

The company has currently contracted work crews to renovate other buildings it has purchased in the vicinity. On average, Dhillon says the company is spending \$10,000 per unit in improvements. He says that spending has raised a few eyebrows in the market.

"You can quote me on this: Everybody in Saskatoon thinks I'm nuts to be on the west side of town," he

said.

Dhillon says Saskatoon real estate agents think his moves are unusual in that they have never seen west-side apartment block valuations so high. They also tell him nobody spends money on west-side apartment renovations the way Mainstreet Equities is.

"They just have no faith in residents of Saskatoon, it seems to me," he said. "We have faith in Saskatoon and that the people will reward us for quality of service.

"Not everybody wants to live in a dump."

Dhillon says his company's past investments in apartments in older core neighbourhoods in Calgary, Edmonton and Surrey, B.C., paid off, even though people said the same thing about his investment strategy seven years ago. The Calgary real estate mogul says tenants will pay more for a building no matter the neighbourhood if they get a quality apartment and a high level of service.

"We transform neighbourhoods, reposition buildings (to higher market rents), improve security and provide service that is non-existent," he said. "The market considers us the Holiday Inn Express of the multi-family accommodation business. We're not trying to be the Four Seasons.

"We just try to provide a service that is non-existent, especially on the west side of Saskatoon."

While Mainstreet is getting \$750 for a two-bedroom in Fairhaven, another Calgary company, Boardwalk Equities Income Fund, which has apartments downtown and on the east side, is now charging \$840 a month for a two-bedroom in Nutana.

Corriveau says the much lower average rent number of \$626 comes from surveying the entire city.

"These averages are including everything on 22nd Street between Avenue B and Avenue Q," Corriveau said. "All of that stuff will result in some downward bias for the average."

CMHC found the actual vacancy rates in April fell to three per cent in Saskatoon, from 3.2 per cent in the fall survey. Corriveau says the dropping vacancy rate may mean university students are going to have to think about holding onto their apartments through the summer as students do in other cities.

mlyons@sp.canwest.com

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