



PRESS RELEASE



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Scotiabank Forum Offers Outlook for Quebec's Real Estate Market

MONTREAL, Quebec, May 04, 2011 — The state of Quebec's real estate market was examined earlier today in presentations moderated by Scotiabank's Senior Vice President of Quebec and Eastern Ontario, Diane Giard. Scotiabank Economist Alex Koustas and Scotia Capital's Director of Portfolio Strategy, Vincent Delisle were joined by Dominic St-Pierre, Director, Network Development, Royal LePage Real Estate Services to share their views on the economy and markets, as well as the outlook and trends for the Quebec real estate market.

During the forum, held in Montreal, keynote speaker Mr. St-Pierre discussed some significant differences between the Quebec and Canadian real estate markets: "While there are several global factors influencing both markets, each has its own unique features and behaves differently in terms of both real estate brokerage practice and the performance of the market itself." During his presentation, Mr. St-Pierre also expounded on:

- How the Quebec real estate market outperformed the Canadian market during the recent economic crisis;
- How the increase in inventory, resulting mainly from the tightening of the mortgage lending rules and expected rise in interest rates, should restore balance in the housing market; and
- How the changing demographic trends will play a role in the future of Quebec's real estate market.

Mr. Koustas provided an overview of the Canadian and Quebec economies as well as the outlook for the Quebec residential real estate market in 2011, and discussed the key economic, industry and demographic trends that will shape the year ahead. Mr. Koustas observed, "Quebec's spring real estate market is off to a reasonably healthy start, with demand underpinned by low borrowing costs, steady employment gains and rising immigration," said Mr. Koustas. "However a number of factors point to somewhat lower sales volumes this year, including rising interest rates, reduced affordability and a lack of pent-up demand."

Mr. Koustas pointed to several factors shaping Quebec's real estate market this year:

- Conditions are expected to remain fairly balanced, moderating price increases going forward. Quebec's economy and housing market have not been subjected to the same degree of volatility as other Canadian regions;
- High home prices, rising mortgage rates and tighter mortgage lending rules will pinch affordability, especially for first-time buyers; and
- More affordable property segments, including condominiums, will likely be more active than the high end of the market.

The forum also included a presentation by Mr. Delisle who provided a mid-year review of events impacting global financial markets and discussed what to expect for equities in coming months.

"April equity performance was influenced by this year's two dominating themes: a weaker U.S. dollar and the Fed's diverging monetary policy," said Mr. Delisle. "With risk-currencies hitting record levels and commodity movements

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disconnecting, global equity performance was uneven in April. Europe and the U.S. easily outpaced the rest of the world based on local currency returns."

Highlights of Mr. Delisle's presentation include:

- Earnings growth offers strong support, with global earnings showing double-digit growth in all regions in 2011;
- Canada and Mexico have been amongst the best performers in the last 12 months (in USD) as proximity to the U.S. recovery and neutral monetary policy gave North American benchmarks an edge over emerging powerhouses like Brazil, India, and China; and
- From an asset mix and global equities perspective, strategically (next 12 months), we prefer equities to bonds, but our near-term tactical view remains more cautious.

Today's presentation will be made available until June 1, 2011 at:

http://www.snwebcastcenter.com/custom_events/scotiabank-20110414-en/site/