

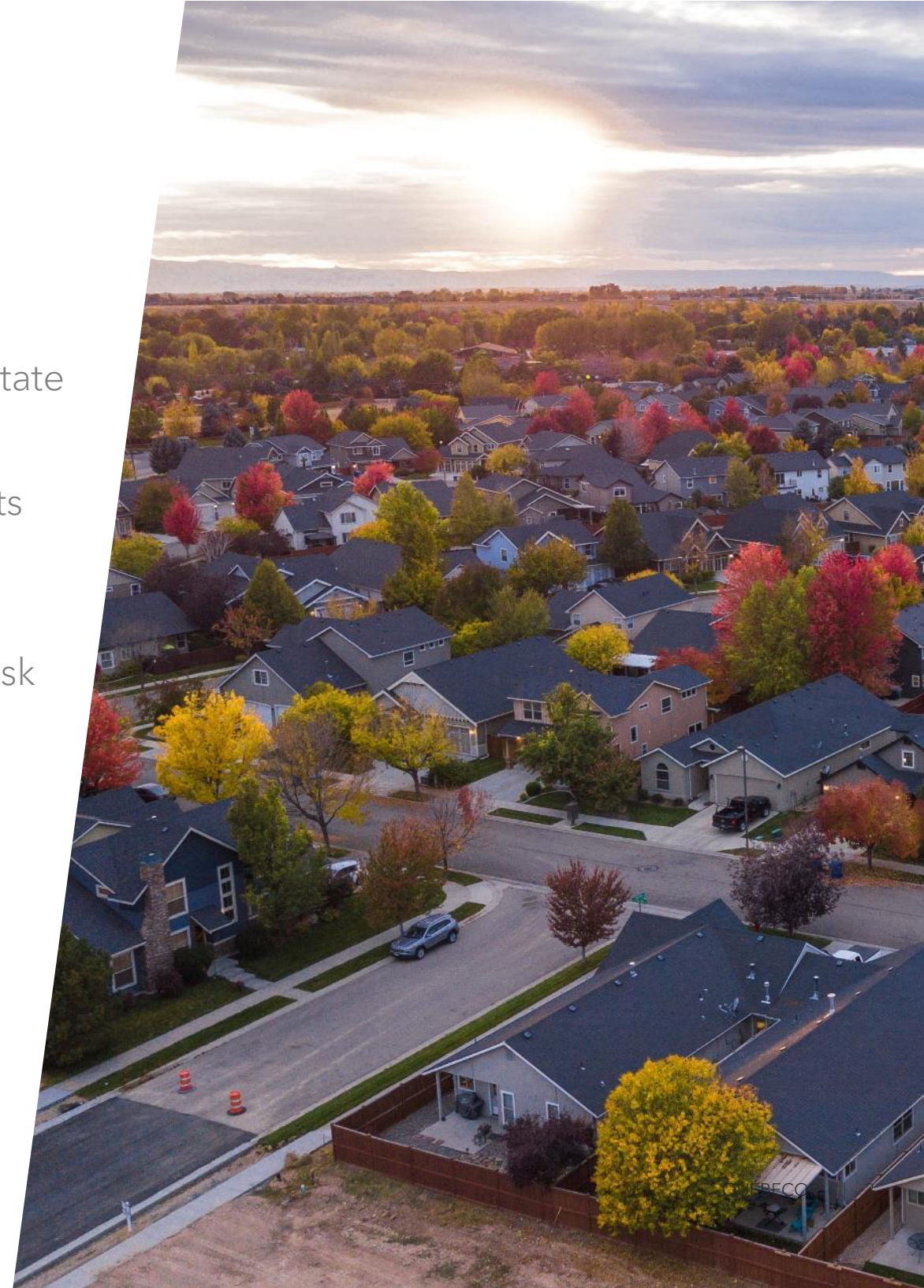


INDUSTRY TRENDS – REAL ESTATE & RENOVATIONS

/ APRIL 2021

highlights

1. Against all odds, the crisis has led to increased interest in real estate
2. Record performances for the resell and new construction markets in 2020. The pace is expected to slow down in 2021
3. Given the soaring prices, access to property is limited, and the risk of overheating and overevaluation is reinforced
4. Quebecers are looking for space: regions, outskirts, and single family homes are popular
5. Renovation sector: nice growth perspectives in 2021, especially for the landscaping market



Residential property sales

/ A steaming hot market



2021: market growth still very strong:
+19%: home prices expected to grow in 2021 (according to Desjardins)

The real estate sector was hotter than ever in 2020, boosted by favourable underlying trends and factors linked to the COVID crisis

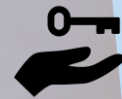
UNDERLYING TRENDS

- Mortgage rates very low
- Increase in Quebecers' disposable income
- Millennials wanting to be homeowners



COVID CONTEXT

- 4X more savings (3 quarters 2020 vs. 2019), government assistance for households
- Generalized teleworking: new housing needs
- In a context of uncertainty, real estate = safe investment



RECORD SALES IN 2020

112,476 houses sold

+17% vs. 2019

Sales volume (\$): **+32%**



PRICES REACH NEW HEIGHTS

(March 2021)



Single family homes

\$355k

+27%
(vs March 2020)



Co-properties

\$315k

+25%



Plexes

\$415k

-1%



LOWER INVENTORY AND OVERBIDDING

(1st quarter of 2021)

-49% active listings

House inventory duration: down by **60%**

Single family homes and co-properties are selling at prices **30%** and **27%** above evaluation

Focus on regions

/ Renewed interest in less populated areas

Whereas the Montreal CMA was driving Quebec's real estate market these past several years, in 2020, Quebecers rediscovered the appeal of life in the outskirts. This is reflected in the increased sales volume and average prices across the province.



GROWING POPULARITY OF REGIONS

42% of Montrealers would consider leaving the island



Lots of interest from young adults (25-34 years old):

57% would prefer living in the outskirts or the country

36% would like to move to a less densely populated area!

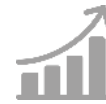
FACTORS EXPLAINING THIS APPEAL:

Generalization of telework

Quality and stability of life

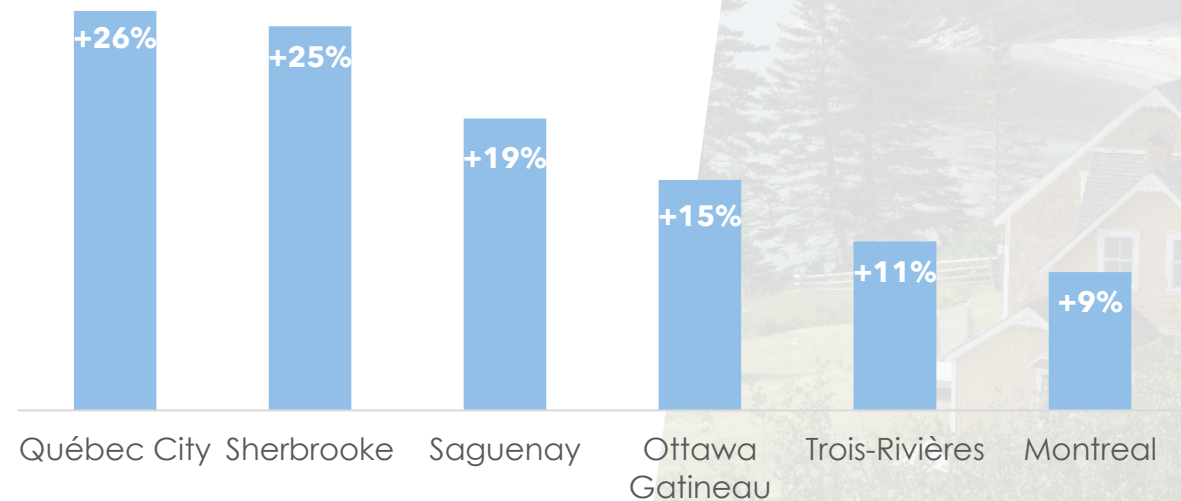
Search for a single-family home

Unaffordability of housing in Montreal, etc.



SALES INCREASE FOR ALL CMA

(1^e trim. 2021, cumulative 12 months, single-family homes)



A trend to put into perspective

“Teleworking will allow some households to leave big urban areas, but we are a long way from an exodus.”

PAUL CARDINAL
Director of Economy at the APCHQ.

Quebec vs. Canada

/ Catching up to the Canadian market?



Quebec stands out from the rest of the country due to its low ownership rate: **60%** Quebecers are property owners, vs. 68% of Canadians!



ACCESS TO PROPERTY IS GETTING HARDER

-10 points for the access to property index in Quebec (March 2021):

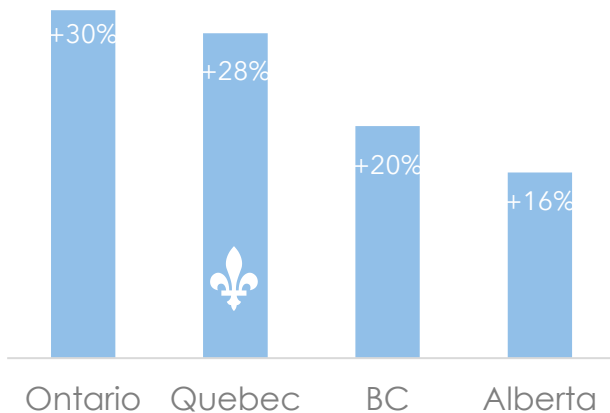
salary increases and low interest rates have not made up for increasing prices...



SOME OF THE STRONGEST PRICE INCREASES

PRICE INCREASE BY PROVINCE

(March 2021, Year on year change)



THE RISK OF VULNERABILITY IS REINFORCED

The main urban centres in the country are at risk: in Montreal, expect the market to **overheat** and for prices to ramp up.

LEVEL OF VULNERABILITY (March 2020)

Toronto	☹️
Montreal	☹️
Vancouver	☹️
Calgary	☹️
Ottawa	☹️
Québec City	😊

LEVEL OF VULNERABILITY:



Weak



Moderate



High

New real estate

/ Record construction volume in 2020

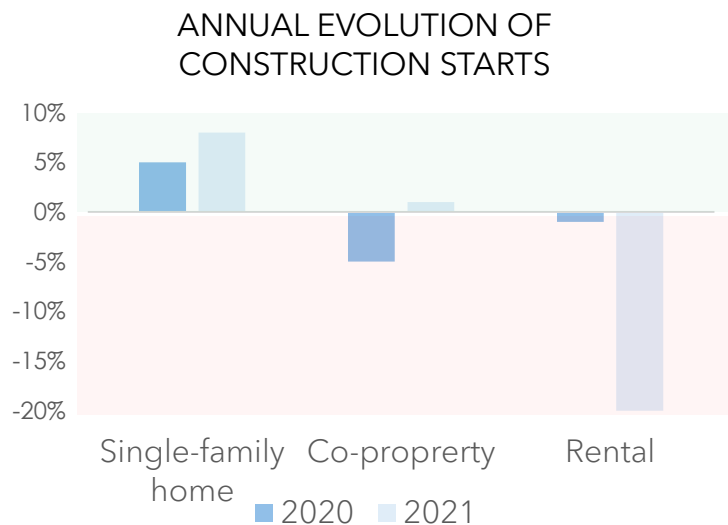
Despite the closure of construction sites last spring, the residential construction sector had its best performance in 10 years, with 48,500 construction starts in 2020.



SINGLE-FAMILY HOMES IN HIGH DEMAND

Success factors:

- Popularity of regions near Montreal
- Increased intentions to buy secondary homes

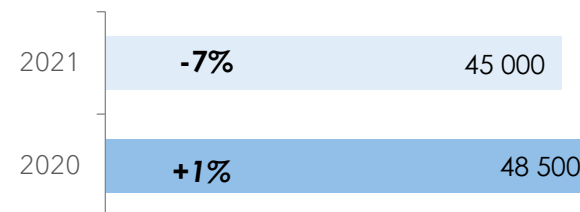


SLOW-DOWN EXPECTED IN 2021

Several potential reasons:

- A decline in rental sites (which represent more than half of projects)
- Lumber price hike, making new builds less attractive pricewise

CONSTRUCTION STARTS IN QUEBEC



Large regions with the highest growths (2020):

- Estrie: **+28%**
- Chaudière-Appalaches: **+25%**
- Laval: **+22%**

TOP PROMOTERS IN TERMS OF ADVERTISING INVESTMENTS (PQ fr 2020)

- #1 DEVIMCO
- #2 COGIR
- #3 GROUPE HUOT



2020: RENTAL CONSTRUCTION IS HEATING UP IN:

Sherbrooke CMA: +61%
Saguenay CMA: +105%!

Rental sector

/ The easing of the market hides some disparities



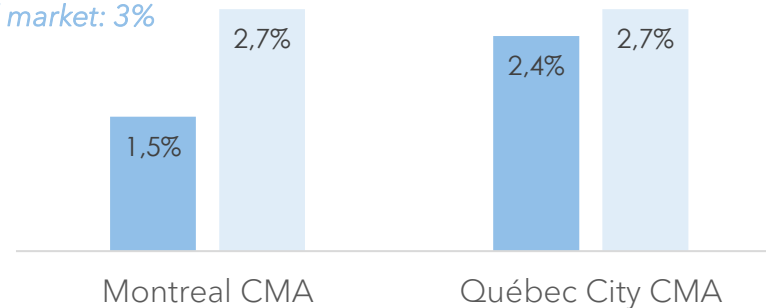
AN EASING OF APARTMENT SHORTAGES

Whereas the shortage of rental apartments was in full swing in 2019, the situation somewhat improved in 2020. However, the vacancy rate remains lower than the balanced market point.

VACANCY RATE

■ 2019 ■ 2020

Balanced market: 3%



... BUT AN EXPLOSION IN RENT PRICES!

Explosion **in rent prices** in Montreal: **+4.2%** in 2020, the highest increase since the early 2000s!

AVERAGE RENT

(2020)

Montreal CMA

Québec City CMA

\$891

\$874

+4.2%

+2.7%

TWO DISTINCTIVE DYNAMICS



Easing of the market in **urban centres**, and for **studios with 1 bedroom**, as a result of the decrease in new arrivals, the lack of students, etc.



Very **low inventory** for apartments **in outskirts** with **2 or more bedrooms**.

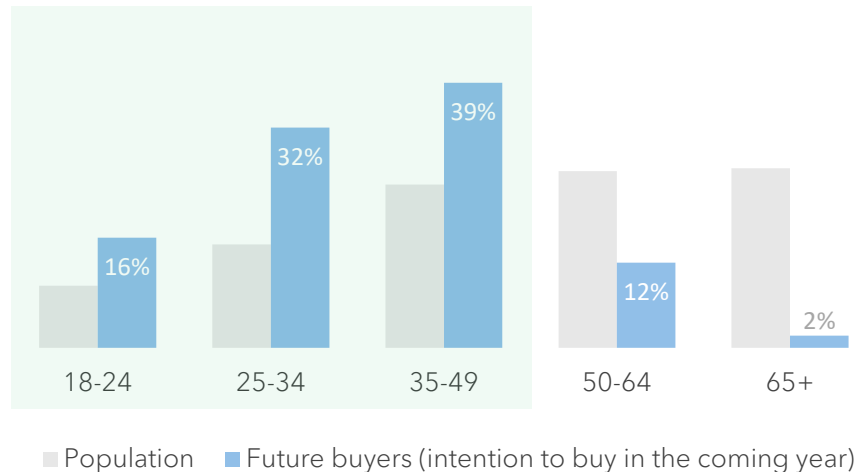
Consumer profile

/ Who are the future buyers and what are they looking for?



YOUNG ADULTS MAKE UP THE MAJORITY OF FUTURE BUYERS

COMPOSITION - BY AGE



SINGLE-FAMILY HOMES AND EXISTING PROPERTIES ARE THE MOST IN DEMAND

2/3 want to buy a detached single-family home

16% would opt for a co-property

68% plan to buy an existing property

17% would turn to a new construction

TARGET GROUPS



Children <18 years
Index 157



Household income 50k-100k
Index 137



Business people
Index 147



15% of Quebecers would be willing to live in an intergenerational home. This lifestyle is regaining in popularity!



2020: RENOVATIONS ON THE RISE IN:

Gaspésie- Iles de la Madeleine: 19%
Estrie: +18%
Saguenay-Lac-Saint-Jean: +9%!

Renovation market

/ Strong activity on the horizon

2020: DECREASE IN RESIDENTIAL RENOVATION EXPENSES

\$13.6 B for renovation expenses (Quebec, 2020)

-8% vs. the previous year

Despite Quebecers' excitement toward DIY, residential renovations expenses ironically dropped in 2020.

Why?

Large-scale projects and self-renovation were postponed by landlords

2021: SOLID INCREASE IN RENOVATIONS

\$15.8 B of expected renovation expenses (Quebec, 2021)

+16% vs. last year

Growth factors in 2021:



Dynamics of the resell market:

6/10 future buyers plan to renovate their new apartment



Expected increase in the average reno budget:

\$11,300 in 2021, that is, **+32%** vs. last year



Hobby and vacation budgets carried over to renovation projects instead



Setting up an office space



Government subsidies for energy-efficient renovations

STRONG GROWTH FOR RENOVATION RETAILERS

+17% for construction materials and gardening supplies: lower-scale projects were popular!



Landscaping market

/ Unprecedented interest for exterior projects

Since summer 2020, landscaping products and services are in high demand (from construction wood for patios or vegetable gardens, to spa and pergola installations). Confined at home and with increased disposable incomes, Quebecers are investing in landscaping projects for their backyard and garden.



LANDSCAPING BUSINESSES REPORT RECORD SALES

+51 % for swimming pools sales in 2020 in Canada

+240 % in sales for some pool retailers
in Quebec in Spring 2021! (vs pre-COVID period)

+17 % for construction materials and gardening
supplies retailers in 2020 in Quebec



GARDENING IS MORE POPULAR THAN EVER

The growing popularity of gardening was an underlying trend even before the COVID crisis. In 2020, gardening has become one of Quebecers' favourite hobbies :

70 % of them intend to garden in 2021

+91 % in sales in nurseries in Quebec
in 2020, the strongest performance in all Canada!



Consumers are looking
for inspiration

X 5 for web searches
for backyard project ideas!
(start of 2021 vs 2020, Canada)

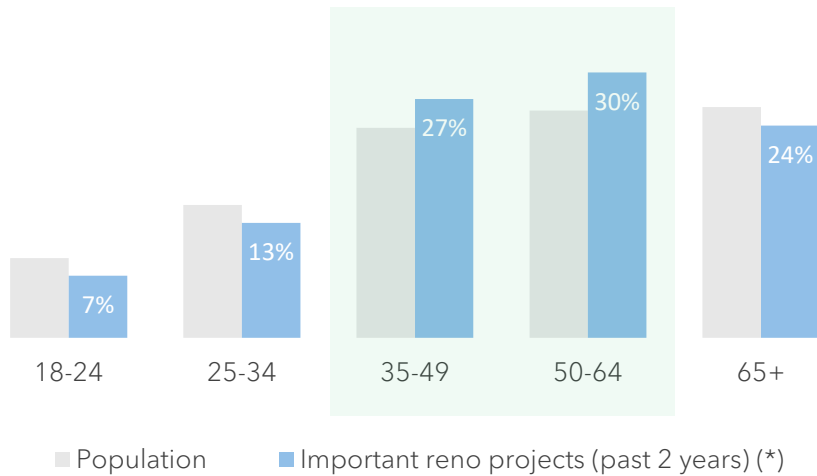
Consumer profile

/ Who are the Quebecers renovating?



RENOVATIONS ATTRACT MORE MATURE PROFILES

COMPOSITION - BY AGE



MOST POPULAR TYPES OF PROJECTS

Renovation projects carried out in the past 2 years (% of Quebecers having carried out these projects):

- #1 Renovation (29%)
- #2 Decoration (28%)
- #3 Landscaping (16%)
- #4 Doors, windows, insulation (13%)
- #5 Flooring (11%)



HH with children <18 years
Index 123

TARGET GROUPS



HH income 100k+
Index 134



Owners
Index 135