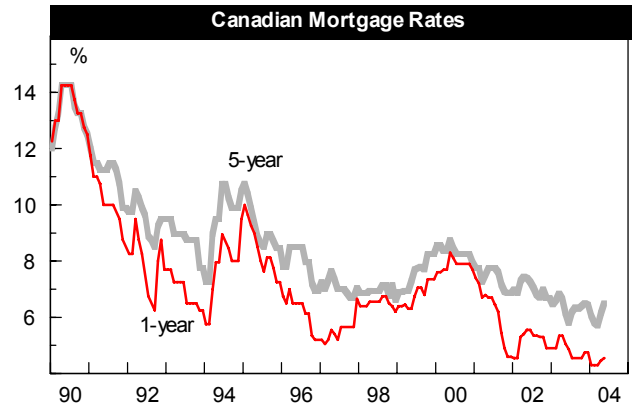


Canadian Real Estate Overview

May 31, 2004

The outlook for higher interest rates has helped push housing markets higher this spring. MLS unit sales were up 21% y/y in April, on top of a 29% y/y growth rate in the prior month. Price appreciation has picked up since the winter, led by British Columbia, Quebec and Manitoba. Listings have also swelled in the past two months as potential sellers capitalize on the strength of price gains. Transactions should slow in the second half of 2004, but with so much strength already built into the year, unit sales should easily top last year's record pace by about 5%. Residential construction has also gained strength, with the three-month trailing average of starts at a 17-year high in April. Unsold inventories of new homes are holding steady overall, at about half the level of the late 1980s.



Industrial real estate markets remained tighter than office markets through the recent slowdown, with the national industrial vacancy rate holding below 5%; the vacancy rate held steady in 2004/Q1 at 4.5%. Absorption was positive for the sixth consecutive quarter. The clouded manufacturing outlook for Canada—with the global industrial recovery partly offset by a stronger Canadian dollar and a lagging productivity performance—is overhanging construction. Building permits for industrial space in Q1 were down 20% y/y. Vancouver continues to enjoy the strongest industrial market, with a vacancy rate of only 1.8%, but a shortage of land is holding back further development.

MLS® HOME SALES

	Atlantic Provinces		Quebec		Ontario		Manitoba		Saskatchewan		Alberta		British Columbia		CANADA	
	Avg. Price	Units	Avg. Price	Units	Avg. Price	Units	Avg. Price	Units	Avg. Price	Units	Avg. Price	Units	Avg. Price	Units	Avg. Price	Units
1990-99	89,296	13,741	102,362	36,079	163,815	119,987	83,299	10,515	76,771	7,608	120,700	37,187	203,636	70,182	151,728	295,606
2000	101,457	16,900	111,260	53,755	183,841	147,158	87,884	10,612	94,047	7,552	146,258	43,311	221,371	54,179	164,050	333,970
2001	106,786	18,262	115,865	61,620	193,357	162,318	93,192	11,440	98,310	7,971	153,737	48,989	222,822	69,554	171,858	380,753
2002	115,704	19,567	129,508	71,071	210,699	177,406	96,531	11,108	101,297	7,933	170,253	51,042	238,877	82,737	188,100	421,415
2003	123,174	18,498	149,912	71,880	226,823	184,459	106,788	11,523	104,995	7,698	182,845	51,334	259,990	93,095	206,393	438,968
2003 Q4	121,343	3,931	161,567	15,555	234,105	38,215	107,629	2,268	103,167	1,594	186,387	10,688	275,289	21,320	215,913	93,629
2004 Q1	128,931	3,514	162,877	20,037	238,926	44,081	114,414	2,387	105,622	1,700	191,852	12,784	282,929	23,130	220,141	107,718
March 2004	130,881	1,536	167,125	8,770	241,021	20,538	120,801	1,122	103,053	819	192,891	5,876	286,860	10,614	223,483	49,322
April 2004	132,715	1,898	172,389	7,749	248,228	21,346	121,944	1,226	112,652	811	192,478	5,745	291,515	10,325	228,931	49,134
2003 % chg.	6.5	-5.5	15.8	1.1	7.7	4.0	10.6	3.7	3.7	-3.0	7.4	0.6	8.8	12.5	9.7	4.2
2004 YTD % chg.	4.3	12.8	14.5	8.0	7.8	15.9	12.7	2.5	3.2	8.1	6.8	15.2	13.9	21.3	10.9	14.8

	St. John's		Halifax		Montreal		Ottawa		Toronto		Calgary		Edmonton		Vancouver	
	Avg. Price	Units	Avg. Price	Units	Avg. Price	Units	Avg. Price	Units	Avg. Price	Units	Avg. Price	Units	Avg. Price	Units	Avg. Price	Units
1990-99	92,239	1,898	106,062	4,774	112,623	23,457	144,486	8,707	216,022	45,722	139,854	17,793	110,983	11,664	270,369	27,785
2000	100,763	2,453	128,003	5,610	124,064	34,427	159,511	12,692	243,249	58,349	176,305	19,828	124,203	14,189	295,978	21,244
2001	105,237	2,675	134,106	6,212	128,562	39,875	175,972	12,240	251,508	67,612	182,090	22,512	133,441	16,079	285,910	28,732
2002	114,626	2,893	148,737	6,687	143,589	46,931	200,711	12,894	275,975	74,107	198,350	24,706	150,165	15,923	301,473	34,909
2003	121,292	3,119	162,486	5,813	167,047	47,787	219,713	12,877	293,308	79,366	211,155	24,359	165,541	16,277	329,447	39,022
2003 Q4	123,241	902	168,586	886	177,858	11,235	221,267	2,575	298,919	17,268	215,249	5,043	169,073	3,316	345,132	9,500
2004 Q1	132,974	415	170,845	1,145	178,859	14,391	233,170	3,026	305,653	19,392	220,449	6,242	174,950	3,830	356,891	9,721
March 2004	132,615	176	173,772	485	184,327	6,358	237,326	1,407	307,155	9,076	221,725	2,824	177,470	1,806	362,797	4,514
April 2004	124,613	250	172,064	638	191,122	5,496	240,848	1,511	321,131	9,168	220,245	2,597	178,777	1,805	377,628	4,215
2003 % chg.	5.8	7.8	9.2	-13.1	16.3	1.8	9.5	-0.1	6.3	7.1	6.5	-1.4	10.2	2.2	9.3	11.8
2004 YTD % chg.	9.2	11.0	6.6	-4.1	15.1	8.5	9.4	13.1	7.0	15.8	6.2	10.5	9.9	10.9	14.0	21.2

Source: Multiple Listing Service, The Canadian Real Estate Association.

This Report is prepared by Scotia Economics as a resource for the clients of Scotiabank and Scotia Capital. While the information is from sources believed reliable, neither the information nor the forecast shall be taken as a representation for which The Bank of Nova Scotia or Scotia Capital Inc. or any of their employees incur any responsibility.

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CANADIAN HOUSING STARTS*

	Atlantic Provinces	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Canada
	(000s units, annualized)							
1990-99	10.0	31.9	51.7	2.6	2.1	19.1	31.2	149
2000	9.7	24.7	71.5	2.6	2.5	26.3	14.4	152
2001	10.0	27.7	73.3	3.0	2.4	29.2	17.2	163
2002	12.0	42.5	83.6	3.6	3.0	38.8	21.6	205
2003	13.1	50.3	85.2	4.2	3.3	36.2	26.2	218
2003 Q4	9.5	44.0	81.9	3.4	2.3	30.5	27.0	226.3
2004 Q1	9.8	46.6	73.3	2.3	2.2	31.9	28.0	225.5
March 2004	13.7	55.4	86.5	2.4	2.7	32.1	28.7	252.9
April 2004	8.1	48.4	80.6	2.8	3.1	27.8	40.0	241.6
2003 % chg.	8.9	18.5	1.9	16.3	11.9	-6.7	21.0	6.5
2004 YTD % chg.	-19.7	35.0	-8.1	24.4	-21.1	-8.2	42.9	5.7

	St. John's	Halifax	Montreal	Ottawa-Hull	Toronto	Calgary	Edmonton	Vancouver
	(units, actual)							
1990-99	1,014	2,285	12,910	5,978	21,410	7,940	5,298	16,015
2000	935	2,661	12,766	7,010	38,982	11,093	6,228	8,203
2001	1,029	2,340	13,300	7,910	41,017	11,349	7,855	10,862
2002	1,350	3,310	20,554	10,349	43,805	14,339	12,581	13,197
2003	1,604	3,066	24,321	9,182	45,475	13,642	12,380	15,626
2003 Q4	505	961	7,024	2,569	12,109	2,990	2,825	4,152
2004 Q1	192	428	5,492	1,946	6,831	3,253	2,221	3,698
March 2004	40	246	2,692	634	3,499	1,197	576	1,025
April 2004	129	156	3,713	210	4,186	1,057	878	2,479
2003 % chg.	18.8	-7.4	18.3	-11.3	3.8	-4.9	-1.6	18.4
2004 YTD % chg.	61.3	-15.5	39.2	-6.8	-16.5	-17.3	-0.6	56.8

CANADIAN CENTRAL OFFICE VACANCY RATES (per cent)**

	Halifax	Montreal	Ottawa	Toronto	Calgary	Vancouver	Canada
2002 Q1	4.8	9.3	1.9	7.3	8.2	9.3	8.0
2002 Q2	5.7	9.4	3.8	8.0	9.6	10.0	8.7
2002 Q3	6.9	9.5	3.4	9.0	10.3	11.2	9.4
2002 Q4	6.6	10.9	3.3	9.8	11.0	11.8	10.2
2003 Q1	6.5	11.9	3.2	10.1	11.8	12.1	10.7
2003 Q2	10.1	11.5	2.8	11.1	12.4	11.6	11.0
2003 Q3	10.8	12.1	3.6	11.5	12.1	11.8	11.2
2003 Q4	8.8	12.1	3.7	11.1	11.0	12.2	10.8
2004 Q1	NA	10.5	4.0	10.7	10.9	12.0	10.5

*National and annual provincial data include urban and rural areas, monthly provincial data are major urban centres only.

Source: Canada Housing and Mortgage Corporation.

** Source: Royal LePage Strategic Advisory Service.

