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## **LAURENTIAN BANK A PART OF THE REAL ESTATE MARKET FOR THE PAST 165 YEARS**

**Montréal, June 30, 2011** – During the course of its history, Laurentian Bank has played a central role within Montréal, Québec and Canadian society. The Bank's presence in Québec has grown incessantly over the years in the real estate sector. Since its foundation in 1846, the institution and its employees have witnessed the evolution of the residential market and all the activity that has surrounded it, particularly the *Moving Day*, this unique phenomenon in Québec. Under the banner of its 165th anniversary celebrations, the Bank has prepared a historical portrait of this real estate market and of the origin of what is collectively known as *Moving Day* in Québec.

### **July 1: *Moving Day* in Québec**

By virtue of an edict brought down by Intendant Bigot in 1750, May 1 had long been the date reserved for moving in Québec, subsequently becoming the uniform expiry date for residential leases as prescribed in the province's Civil Code. In 1974, a bill was passed repealing this provision and giving landlords and tenants the right to agree on the end date of leases.

This modification was welcomed by many families on the move, who had previously been obliged to register their children in new schools just a few weeks from the end of the academic year. The Québec population quickly adopted the period around July 1 to make their move, which, today, has become one of the most universally hectic periods in the province.<sup>1</sup>

### **Moving Fever — From the Mid-19th Century to Today**

At the time Laurentian Bank was founded in 1846, Montréal had a population of some 48,000. In the city's modest districts, workers were faced with particularly difficult living conditions. Housing had sprung up quickly in response to the demand, with units juxtaposed one on top of the other. They offered neither bathtubs, nor any hot water. In fact, few had toilets or even electricity yet. Moreover, accommodations were dark and lacked proper air circulation.<sup>2</sup> As such, people's longing to move to more comfortable quarters was certainly not difficult to understand.

At the same time, however, the district known as the Square Mile was living its golden age. It was a period of prosperity for the bourgeoisie, who had left the overpopulated fortified old city in favour of the fresh air permeating the neighbourhoods bordering Mount Royal. This business aristocracy controlled two-thirds of the country's fortunes at that time. Within a quadrilateral of approximately one square mile, high society was enjoying a high life that matched their means.<sup>3</sup>

### **The Middle Class and Access to Ownership**

With time and the development of the middle class, the gap between social classes began to shrink, while access to property ownership started to grow. "In Montréal today," points out Marie-Claude Guillotte, Economist at Laurentian Bank Securities, "close to 55% of all residents are homeowners, which is slightly under the provincial average of 61%. Nevertheless, this represents a considerable increase when we note that only 42% of Montréalers were owners in 1981."

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<sup>1</sup> Source: Wikipedia

<sup>2</sup> Source: Forgotten Stories documentary series

<sup>3</sup> Source: Heritage Montréal



# Press release

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Similarly, the amount of residential mortgage credit awarded by chartered banks is 12 times higher than it was in 1981, with less restrictive access and declining interest rates having strongly stimulated credit application. In fact, the five-year fixed interest rate on residential mortgage loans dropped from 17.75% in 1981 to a historic low of 5.19% in 2010.

The rate of home ownership in Québec rose from 53.3% in 1981 to approximately 61% in 2010 — representing more rapid growth than on the national level. Nevertheless, the costs of ownership (including the payment of interest charges, taxes, maintenance costs, etc., and excluding capital payments) grew more rapidly than those of rental — 1.5 times more as compared to 1981 — due to the significant increase of insurance premiums, property taxes and replacement costs (i.e. notary fees and transfer taxes).

## 165 Years of Evolution and Innovation

This past May 26, Laurentian Bank celebrated its 165<sup>th</sup> anniversary. A pioneer in Québec's business world, and having established a solid presence in other parts of Canada as well, the Bank combines a rich history with the vitality of an organization that has enjoyed constant growth and renewal. Laurentian Bank is the third oldest private enterprise in Québec, where it serves the needs of individuals and businesses through its network of 156 branches and 27 commercial business centres. Elsewhere in Canada, it occupies a strong presence with 40% of its loans originating from other provinces and has also earned a privileged position, thanks in part to its B2B Trust subsidiary, which is a leader in the financial intermediary market, as well as to the services provided by its Real Estate and Commercial Financing segment, where it is present with about ten offices including Vancouver, Calgary and Toronto. Finally, as a full service broker, its Laurentian Bank Securities subsidiary offers a complete range of investment products to individuals, businesses and institutions.

## About Laurentian Bank

Laurentian Bank of Canada is a banking institution operating across Canada and offering its clients diversified financial services. Distinguishing itself through excellence in service, as well as through its simplicity and proximity, the Bank serves individual consumers and small and medium-sized businesses. The Bank also offers its products to a wide network of independent financial intermediaries through B2B Trust, as well as full-service brokerage solutions through Laurentian Bank Securities.

Laurentian Bank is well established in the Province of Quebec, operating the third-largest retail branch network. Elsewhere throughout Canada, it operates in specific market segments where it holds an enviable position. Laurentian Bank of Canada has more than \$23 billion in balance sheet assets and more than \$15 billion in assets under administration. Founded in 1846, the Bank employs more than 3,700 people.

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