



Genworth  
Financial  
Canada

# Economic Summit

## Real Estate & Mortgage Market Overview

January 31, 2008

*Company Confidential*

# Agenda

- **Ontario Housing Outlook**
- **Toronto Housing Outlook**
- **Mortgage Market**
- **Mortgage Insurance Overview**

# Ontario Outlook Highlights

- **Factors Affecting the Housing Market in 2008 ...**
  - Manufacturing and High Canadian Dollar
    - Impact on Windsor ... Oshawa ... St. Catharines
  - Employment Rates
  - Total Volume of Resale Housing Activity
    - Increased from \$55 billion in 2000 to \$155 billion in 2007
  - Interest Rates
  - Affordability
  - Consumer Confidence

**Housing Market Returning to Historical Norms**

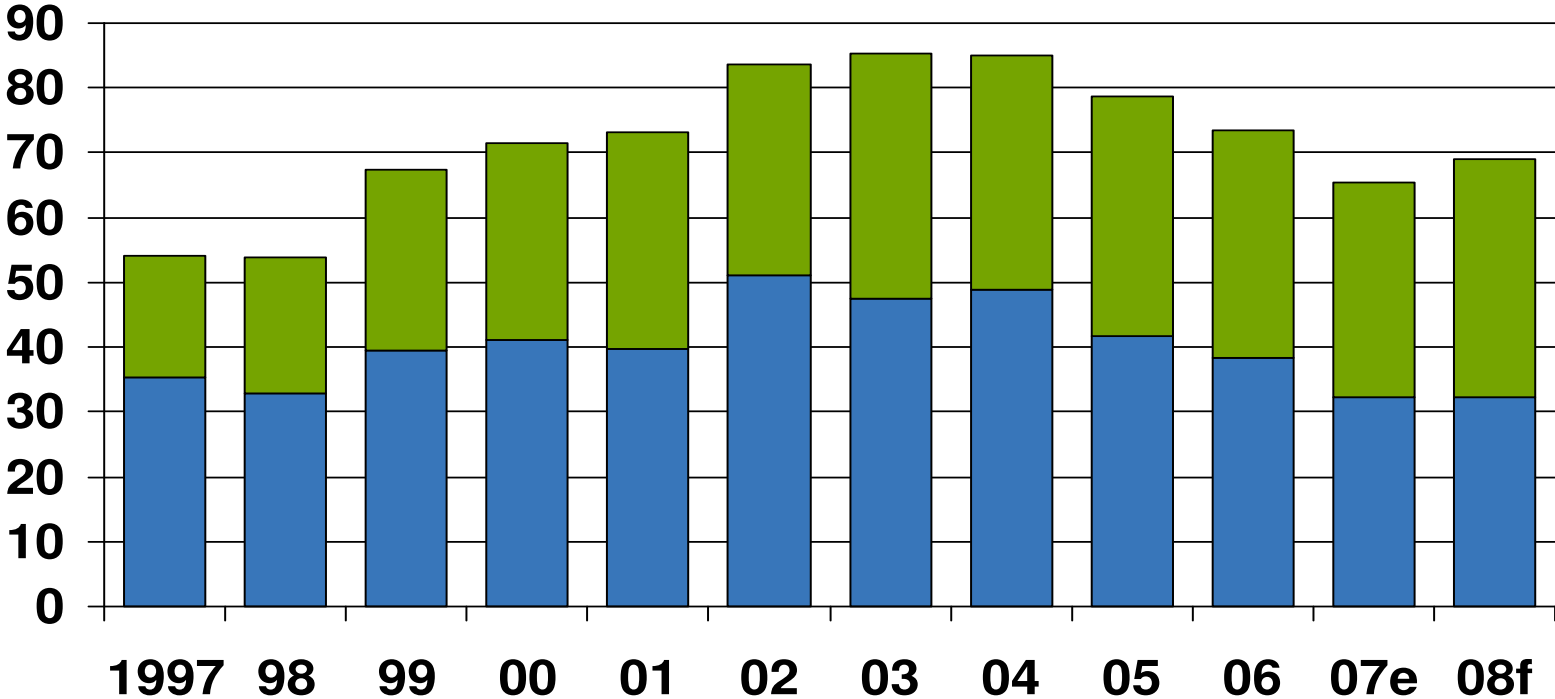
# Housing Starts

Ontario (1997-2008)

('000 Units)

■ Singles

■ Multiples

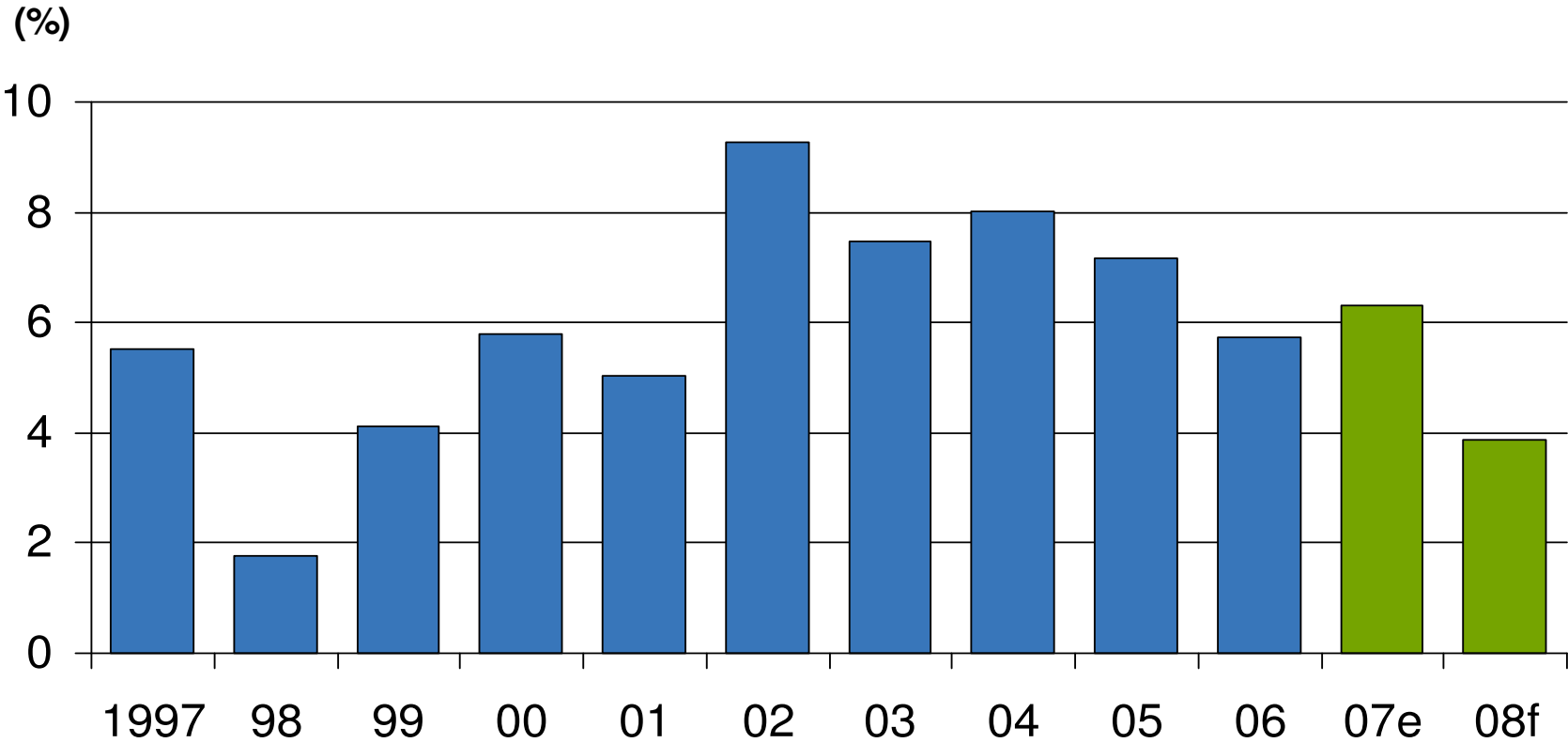


**Stronger Starts in 2008 ... Driven by Multiples Sector**

Sources: The Conference Board of Canada; CMHC

# Existing House Price Growth

Ontario (1997-2008)



**House Prices Will Increase ... Lower Rate Than Last Six Years**

Sources: The Conference Board of Canada; Statistics Canada; CREA

# Toronto Outlook Highlights

- **Existing Home Sales Increase in 2007**
  - Expected to be Slightly Lower in 2008
- **Average Resale Price Growth Higher Than Inflation Rate**
- **Multiples Will Lift Housing Starts in 2008**
- **Population Continues to Age**
- **New Land Transfer Tax in GTA**
  - Effective February 1, 2008

**Condominium Construction Driving Starts**

# Resale Market

Toronto (1997-2008)

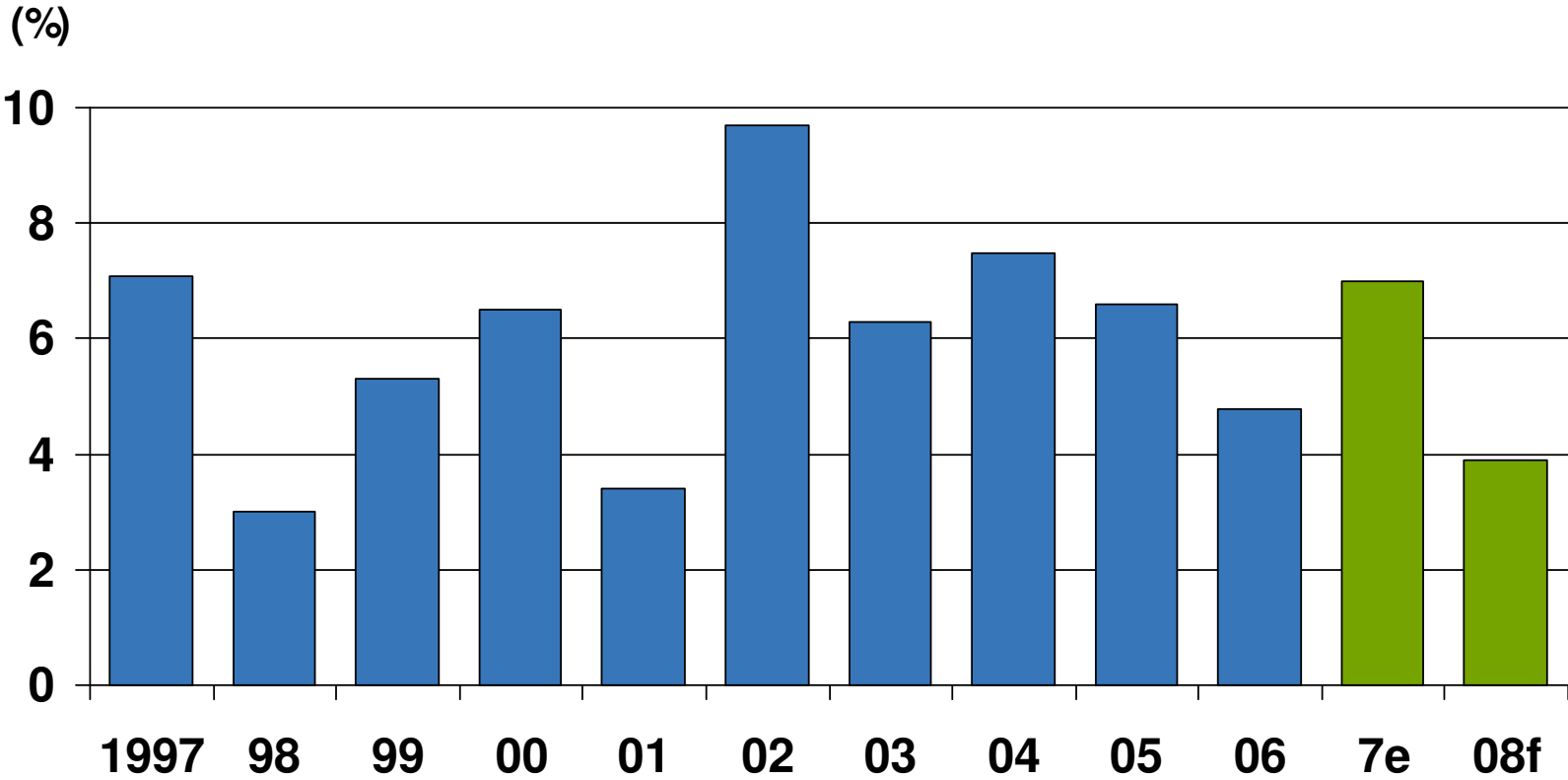


**Supply Increasing ... Demand Moderating**

Sources: The Conference Board of Canada; CREA

# Existing House Price Growth

Toronto (1997-2008)

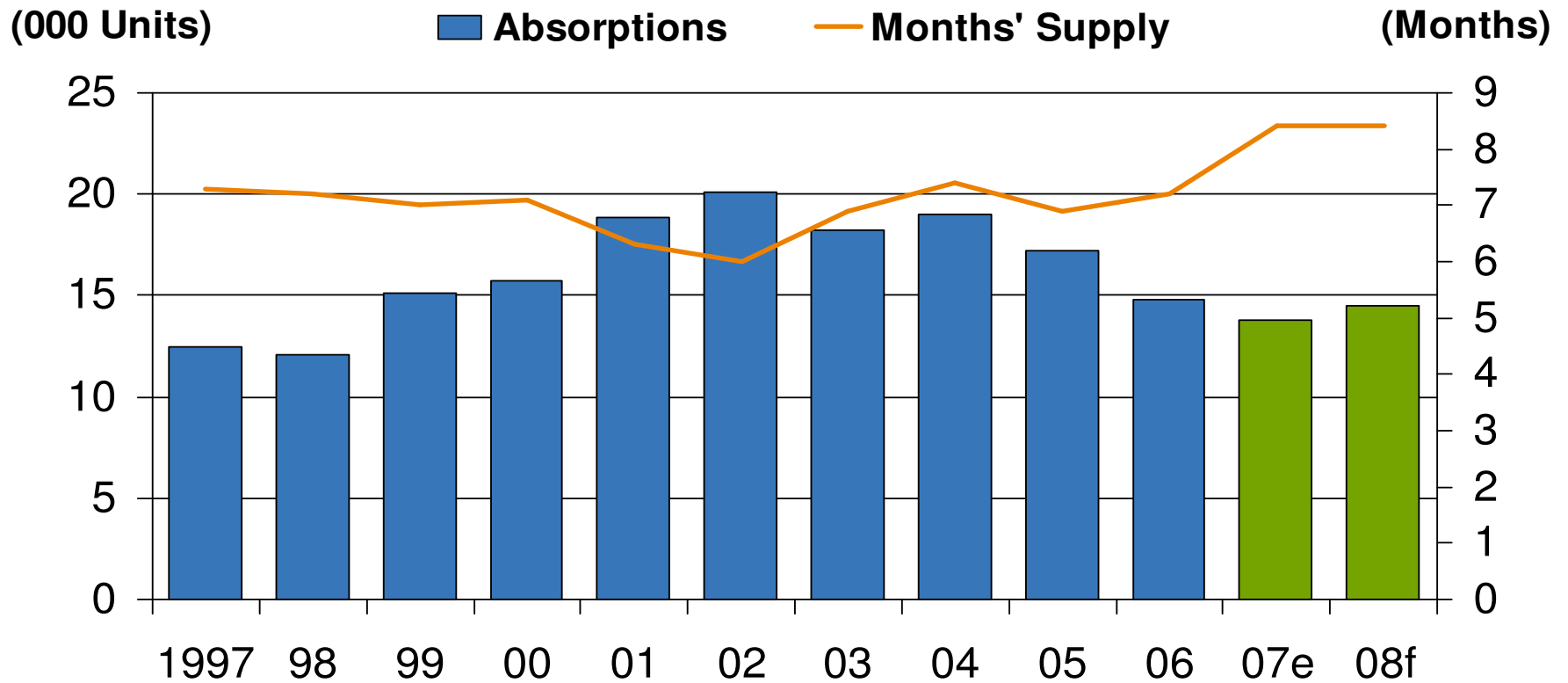


**Similar to Ontario ... Price Growth is Moderating**

Sources: The Conference Board of Canada; Statistics Canada; CREA

# New Market

## Toronto Single Detached Units (1997-2008)

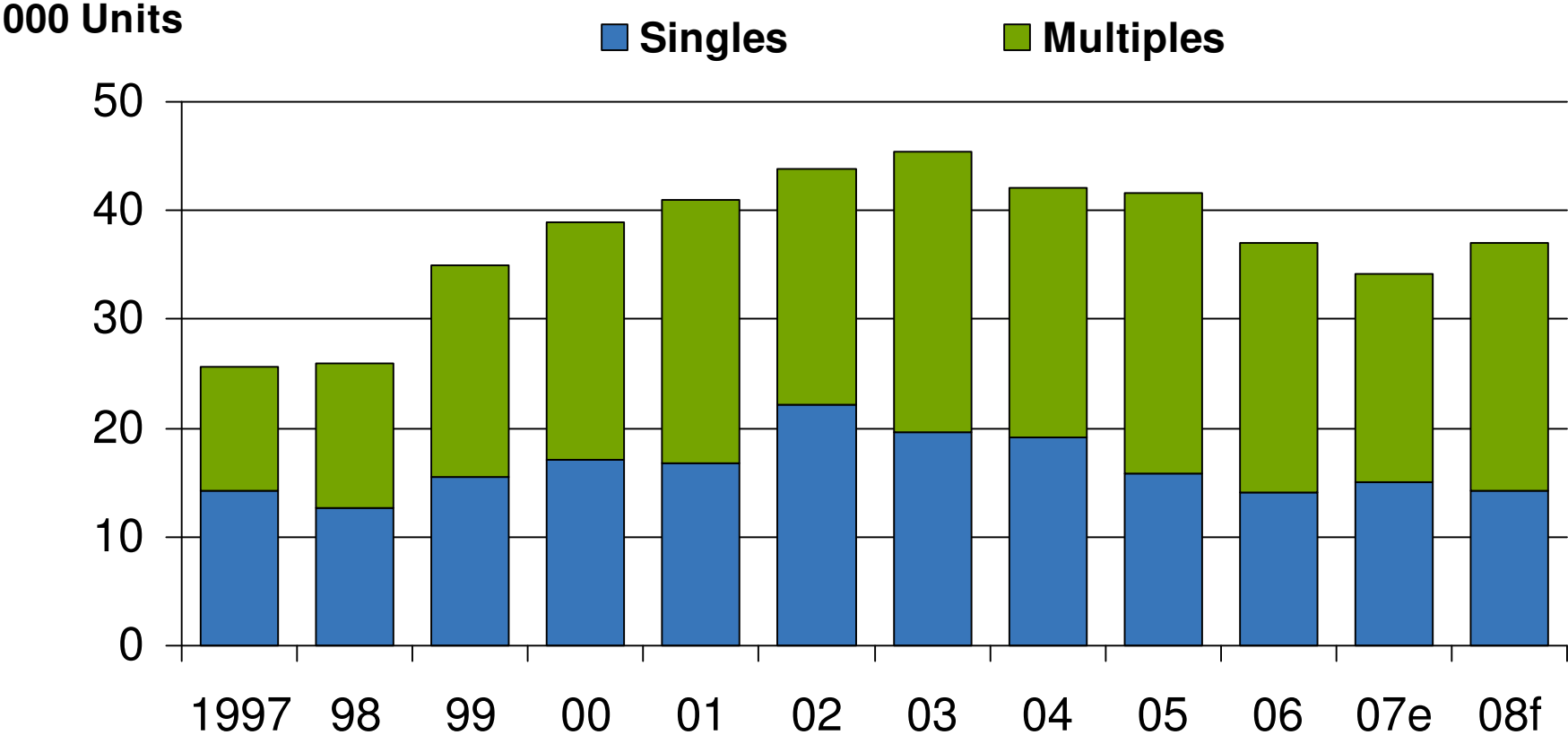


**Housing Demand is Being Met ... Supply is Increasing**

Sources: The Conference Board of Canada; CMHC

# Housing Starts

Toronto (1997-2008)

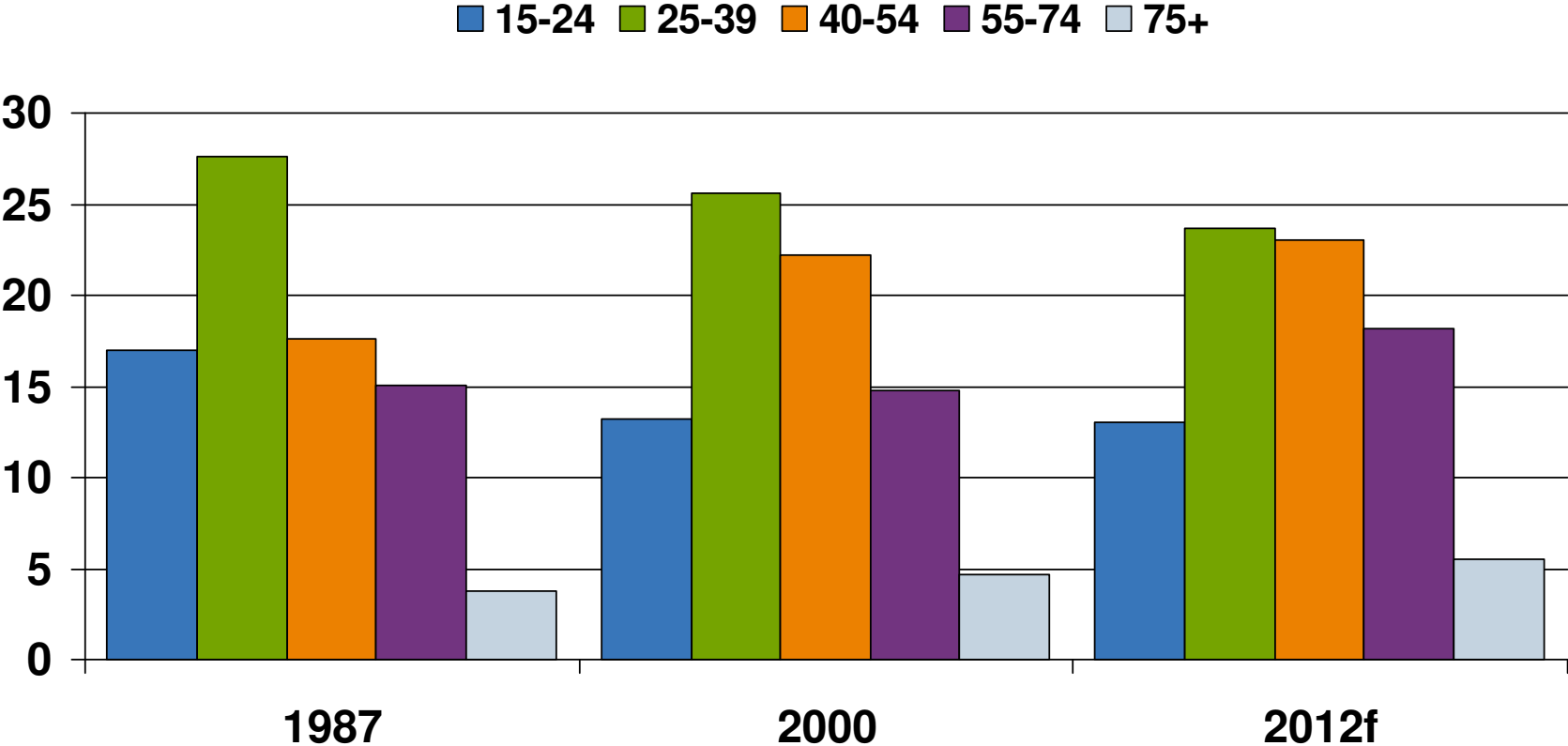


**Significant Shift to Multiples**

Sources: The Conference Board of Canada; CMHC

# Population by Age Cohort

Toronto (as a percent of total population)



**As Population Ages ... Demand for Condominiums Increases**

Sources: The Conference Board of Canada; Statistics Canada

# GTA Versus Ontario Borrower Profile 2007

	GTA	Ontario
Income	\$91,692	\$88,032
Employment	5.3 years	6.2 years
GDS	37%	30%
Average Mortgage Amount	\$281,224	\$229,498
Credit Score > 660	74%	66%
Detached	50%	68%
Purchase	76%	70%
Age of Property	16 years	23 years
Average Sales Price	\$302,423	\$249,390
Borrower Age <= 35	44%	47%

**Affordability an Issue Effecting Purchases in the GTA**

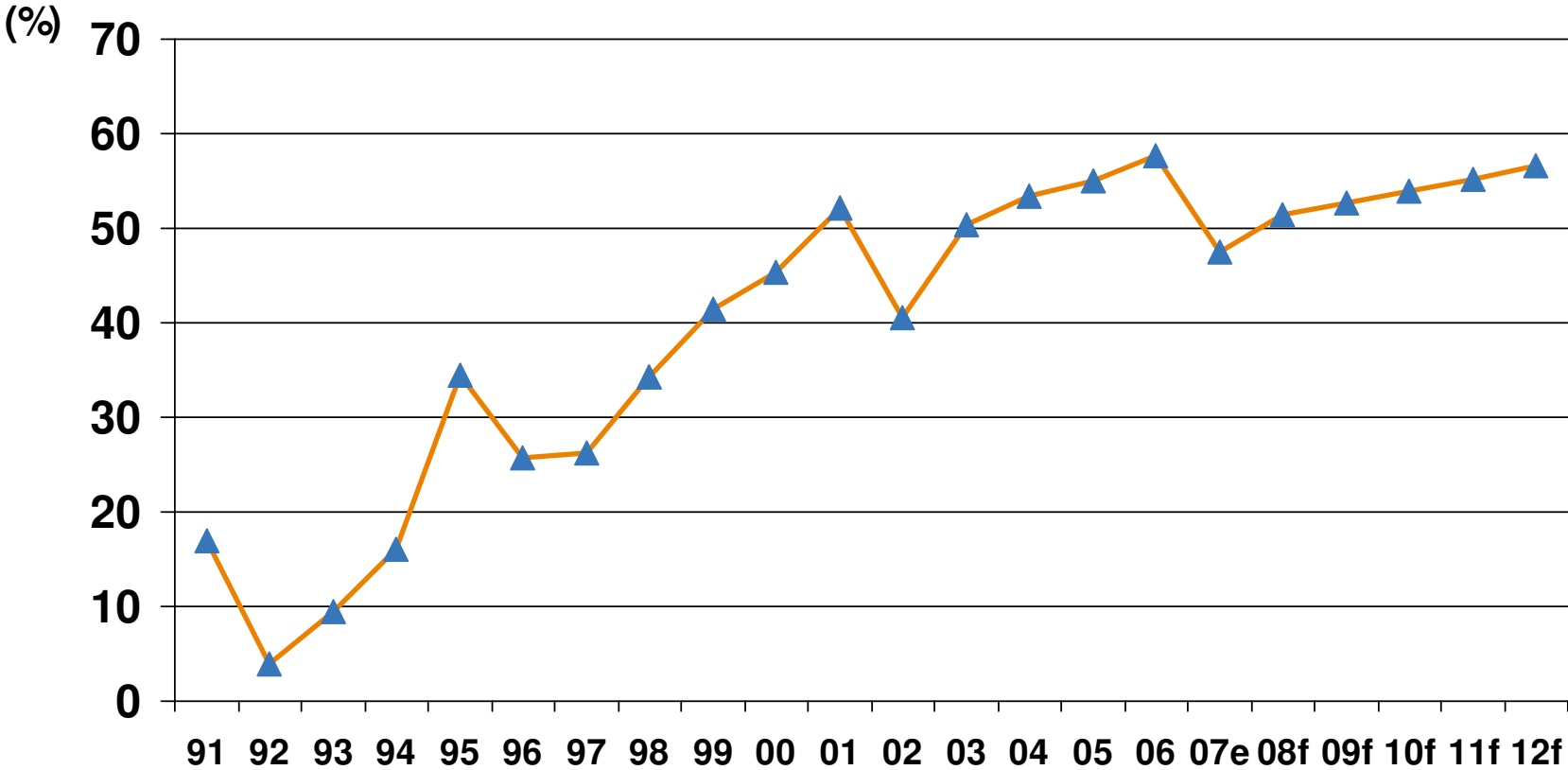
# Toronto Condo Outlook Highlights

- **Appeal Due to Affordability and Lifestyle**
- **Steady, Moderate Price Growth**
- **Average Increase of 7.7% from 1997 to 2002 and 5.2% from 2003 to 2007**
- **Active Listings Increased 7.8% in 2006 ... Fell by 11.5% in 2007**
- **New Starts Are Expected to Rise by 12.7% Per Year, on Average**
- **Condo Starts as a Share of Total Multiple Starts are Expected to Continue to Move Higher**

**Affordability ... Lifestyle Driving Condominium Market**

# Condo Starts

Toronto \*



\* as a percent of total starts

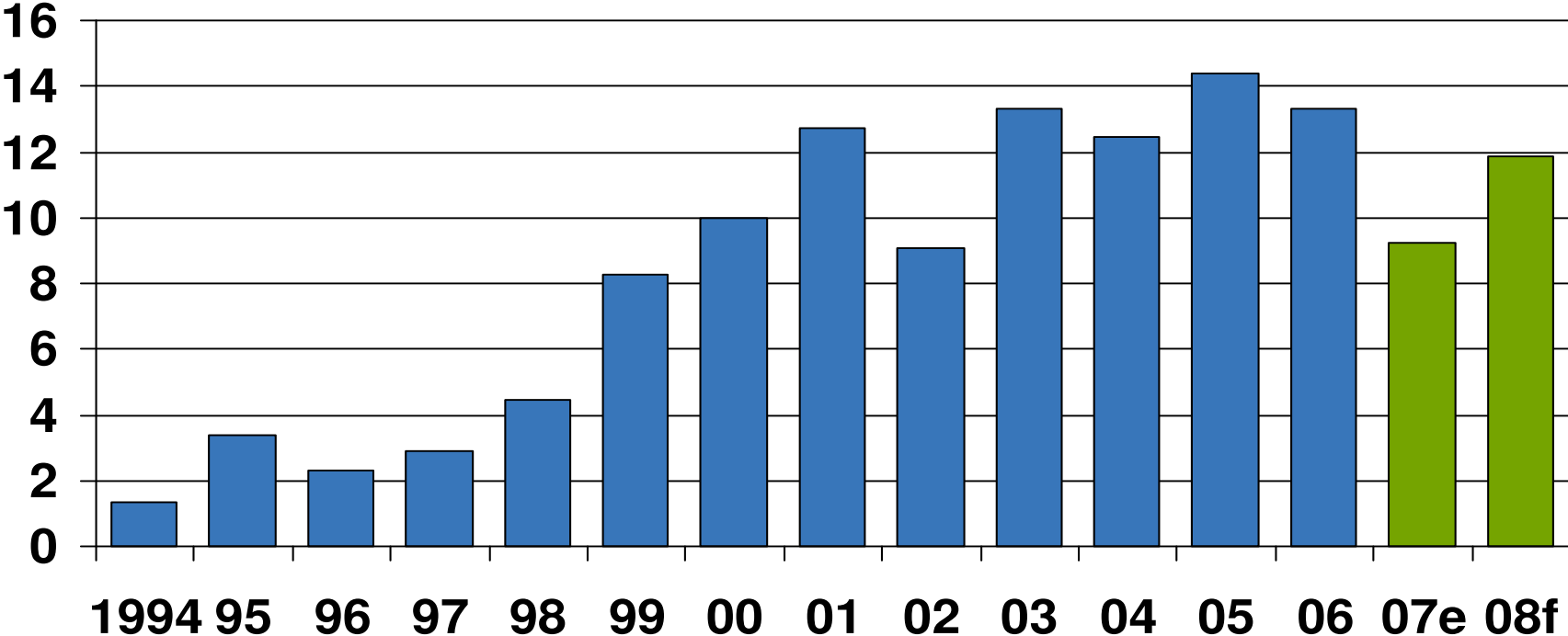
**Housing Stock in the GTA is Changing**

Sources: The Conference Board of Canada, CMHC, CREA

# Condo Starts

Toronto (1994-08)

000 Units



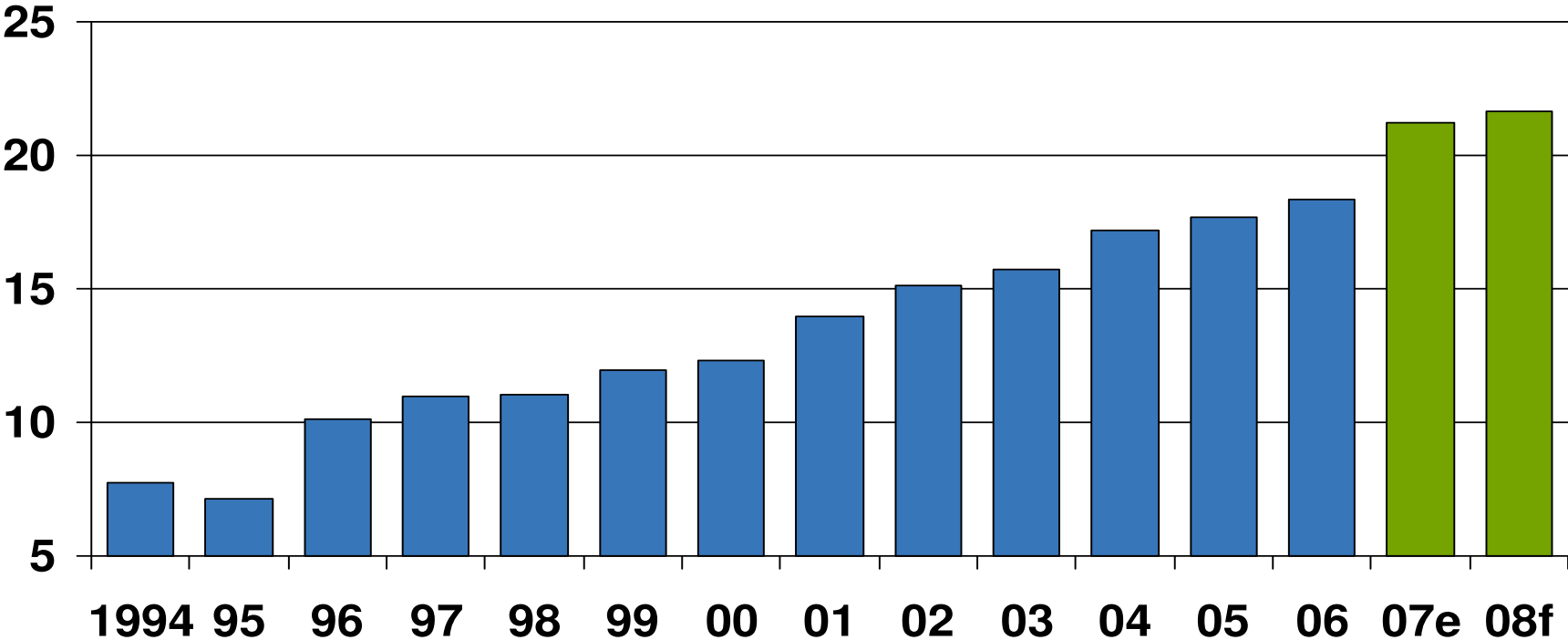
**Condominium Starts Have Tripled Over the Last 10 Years**

Sources: The Conference Board of Canada; CMHC; CREA

# Existing Condo Sales

Toronto (1994-08)

000 Units

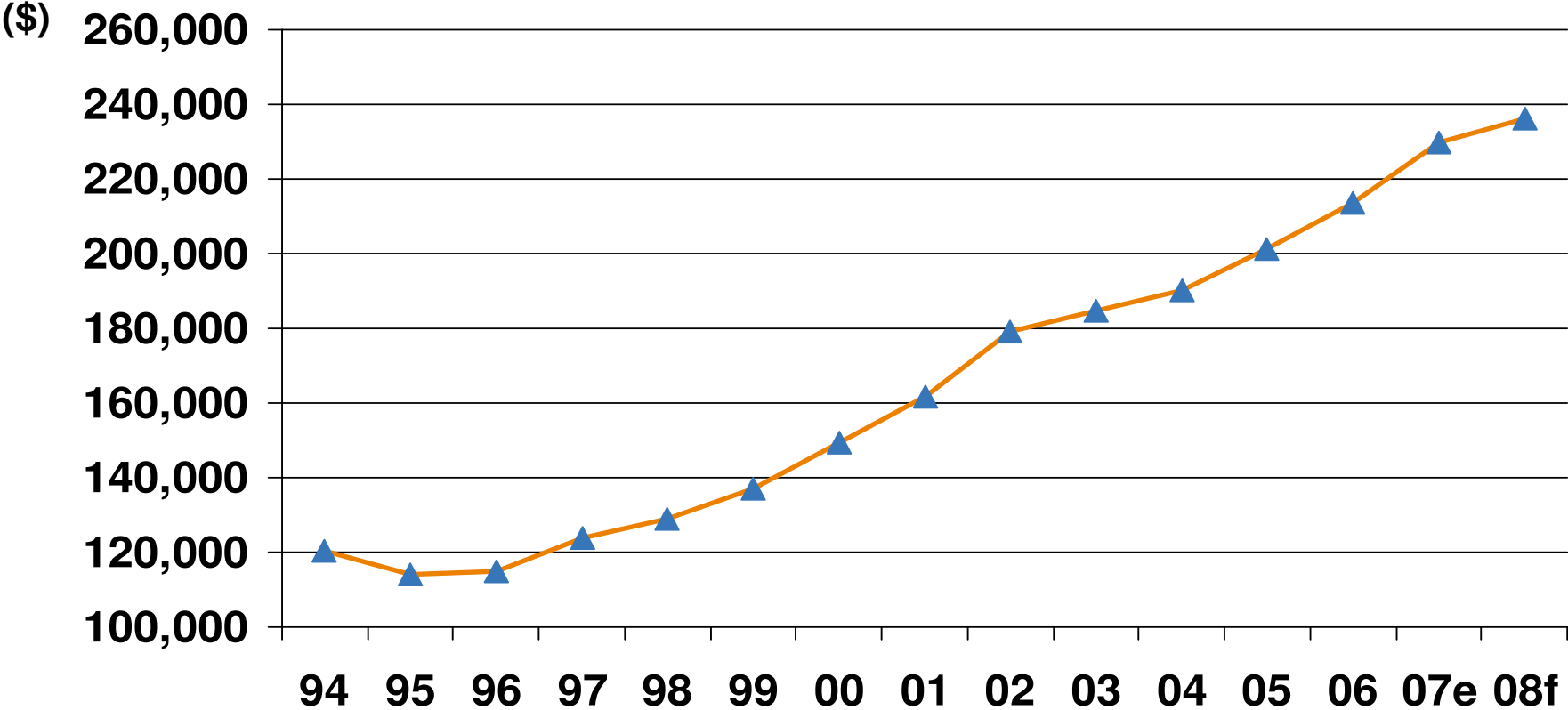


**Sales Have Kept Pace with Starts ... Unit Being Absorbed**

Sources: The Conference Board of Canada; CMHC; CREA

# Median Resale Condo Price

Toronto (1994-08)



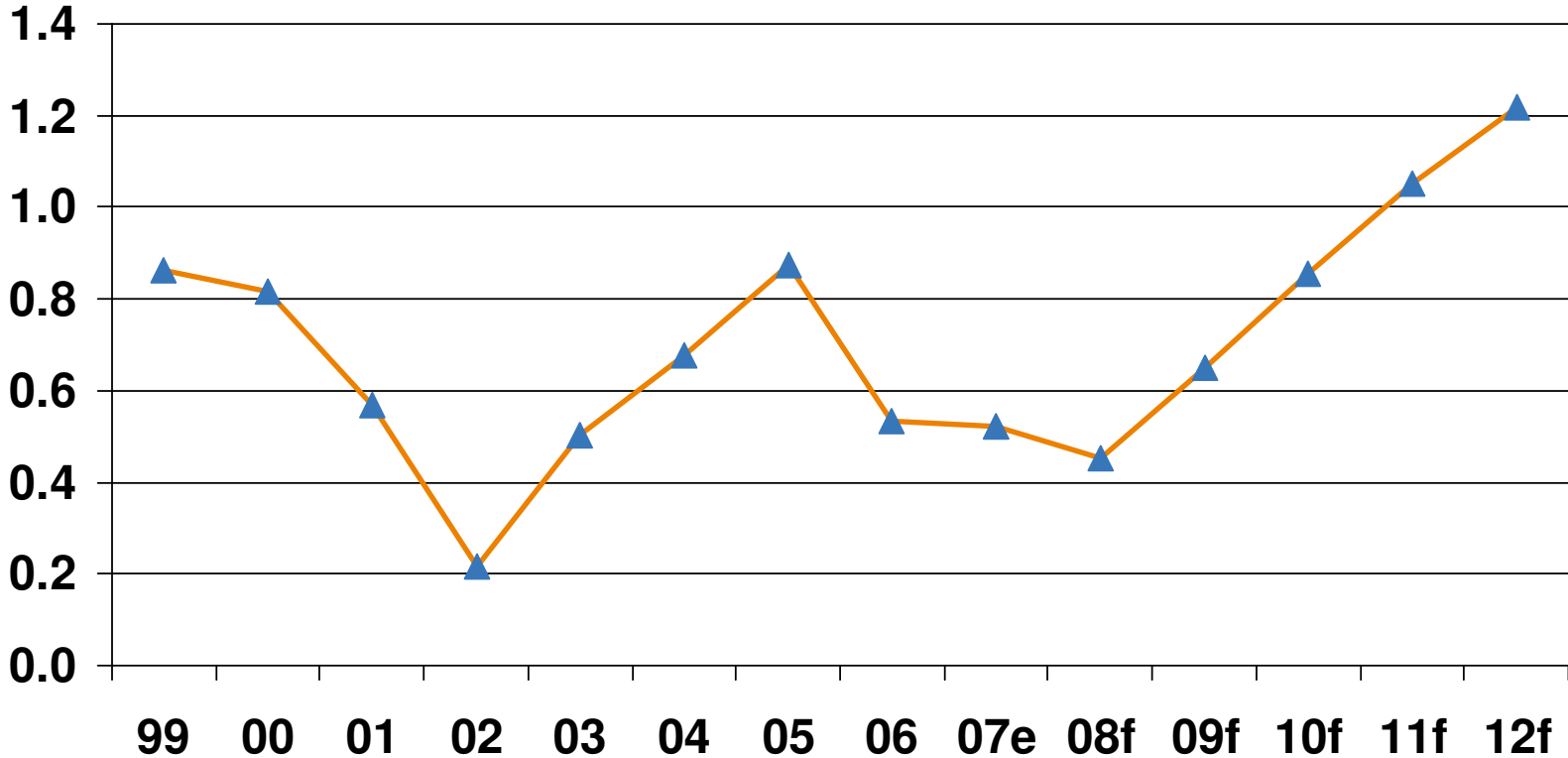
**Strong Demand is Driving Steady Price Growth**

Sources: The Conference Board of Canada; CMHC; CREA

# New Months' Condo Supply

Toronto (1999-12)

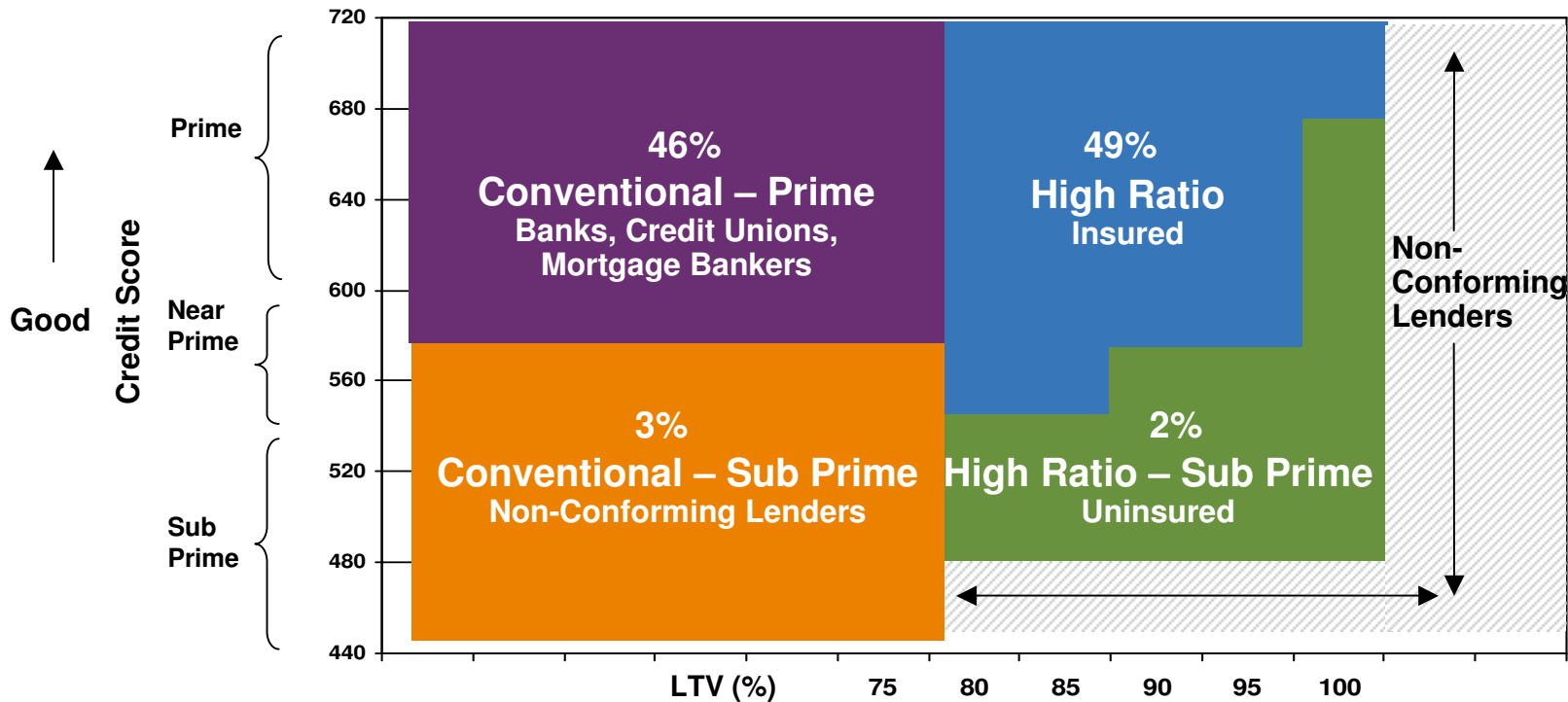
(months)



**While Sales are High ... Supply Limited Due to Construction Delays**

Sources: The Conference Board of Canada; CMHC; CREA

# Mortgage Market Segmentation

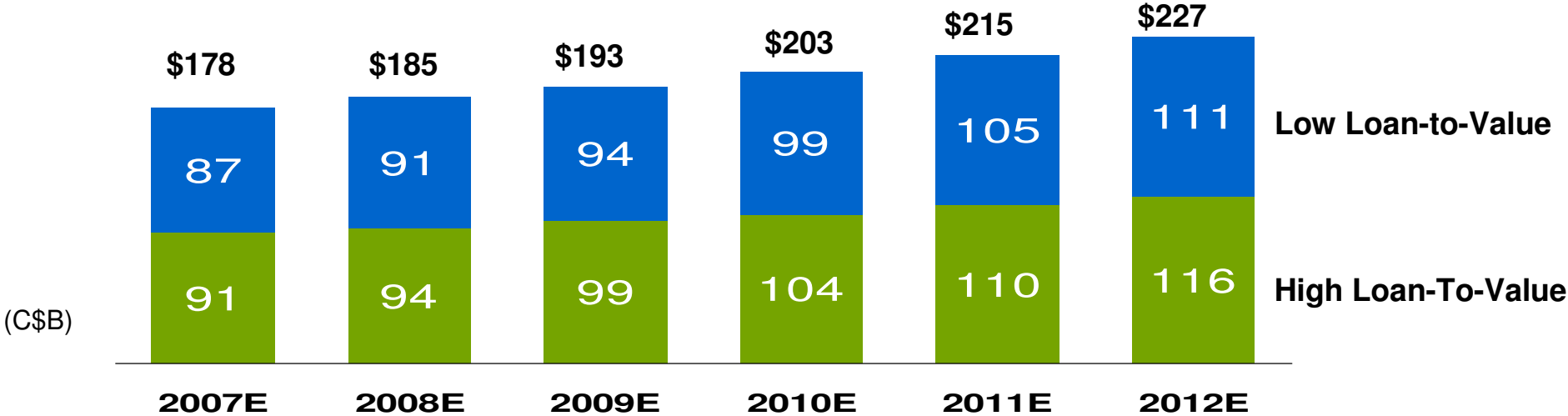


## Recent Developments

- Insured Products Expanding ... Extended Amortization ... 100% LTV
- Non-conforming Lenders Under Pressure
  - Funding Sources Drying Up ... Driving up Cost of Funds
  - Interest Rates to Borrowers Likely to Increase

Source: Genworth Financial Canada

# Mortgage Originations



- Forecasting Moderate Origination Growth
- Home Price Appreciation Returning to Sustainable Levels ... 4-5% Appreciation
- Non-Conforming Market Segment Currently 5% of Market

**Strong Market Fundamentals Continue**

Source: Conference Board of Canada

# The Value of Mortgage Insurance

## Barriers to Entry

- Downpayment
- Renovations
- Stated Income
- Damaged Credit
- Affordability
- New to Canada

## Solutions

- Product Innovation ... More Options
- Prudent and Consumer Friendly
- Expands Homeownership and Affordability
- Cheapest Access to Homeownership

**Mortgage Insurance Expands Homeownership**

# Genworth Financial Canada

- **Global Mortgage Insurance Leader**
- **Product and Service Innovator**
- **Delivering Value Beyond Mortgage Insurance**
  - Education
  - Partnerships
  - Community Service

**Global Knowledge and Experience ... Working Across the Market**

# Mortgage Default Insurance Products

## Insured Progress Advance Program

Insured progress advances during property construction

## Homebuyer 100

Qualified homebuyers with no down payment

## 30, 35 and 40 Year Amortizations

Qualified homebuyers seeking payment flexibility up to 40 years

## Home Equity Line of Credit

Flexible, convenient and cost-effective way to access equity

## CreditAssist Program

Canadians with less than perfect credit due to a life cycle event

## Expanded Product Suite to Address Affordability Issues

# Mortgage Default Insurance Products

## Business-For-Self Program (Alt A)

Self-employed Canadians who cannot provide income confirmation

## 3 & 4 Unit Owner Occupancy

Multi-unit, owner occupied properties

## Green Mortgage

Assist Canadians purchasing or renovating energy-efficient homes

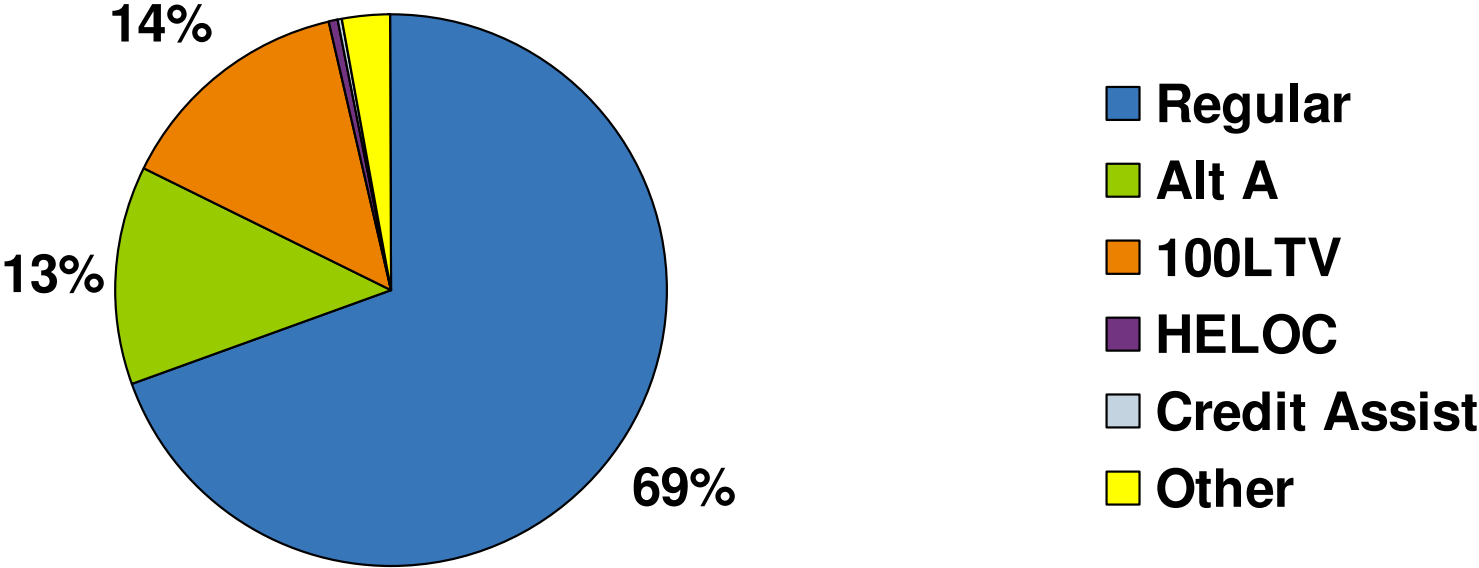
## Family Plan

Qualified buyers wishing to purchase a home for elderly parents or children attending post-secondary school

## Products that Extended Homeownership

# High Ratio Mortgage Market

## Percent of Business by Product

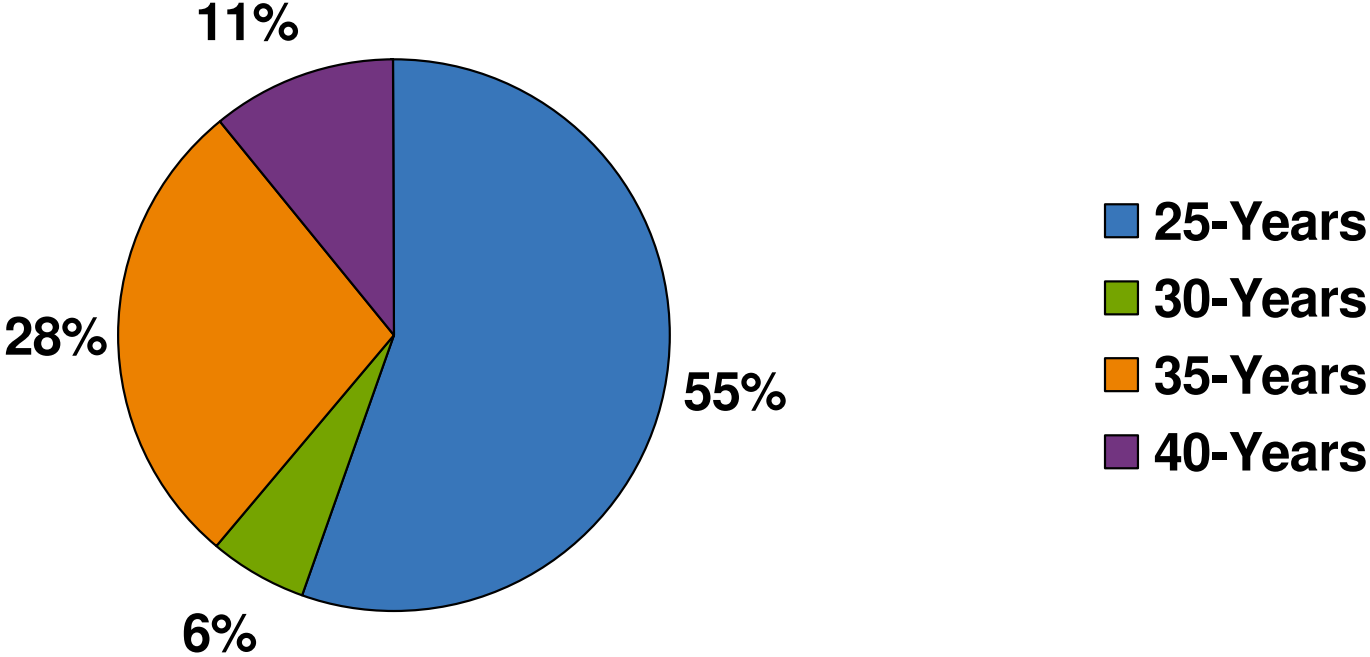


**Alt A and 100% LTV Products are Now Mainstream**

Sources: Genworth Financial Canada Q307 Fundings

# Genworth Financial Canada Portfolio

## Percent of Business by Amortization

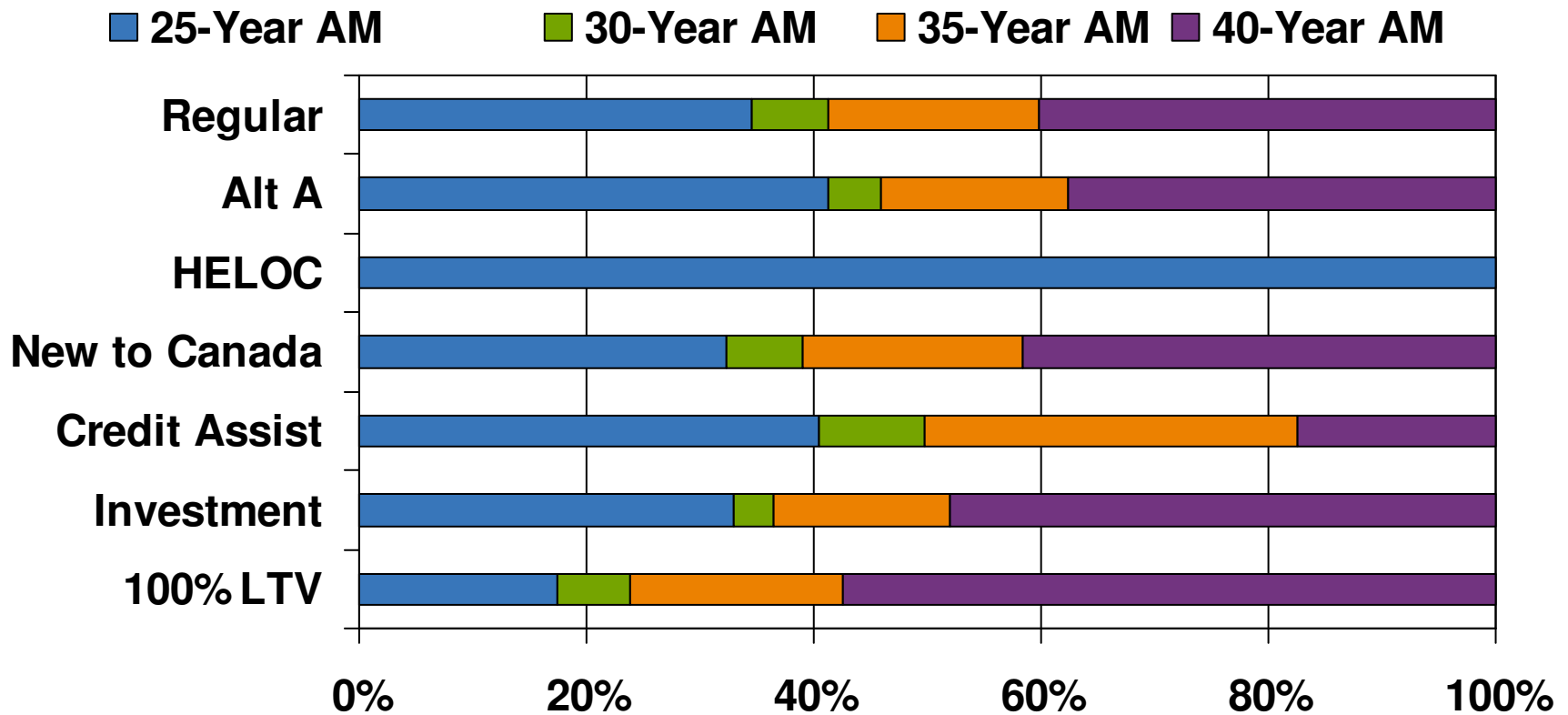


**Extended Amortization Growing ... Addressing Affordability**

Source: Genworth Financial Canada Q307 Fundings

# Extended Amortizations

## Amortization Distribution by Product

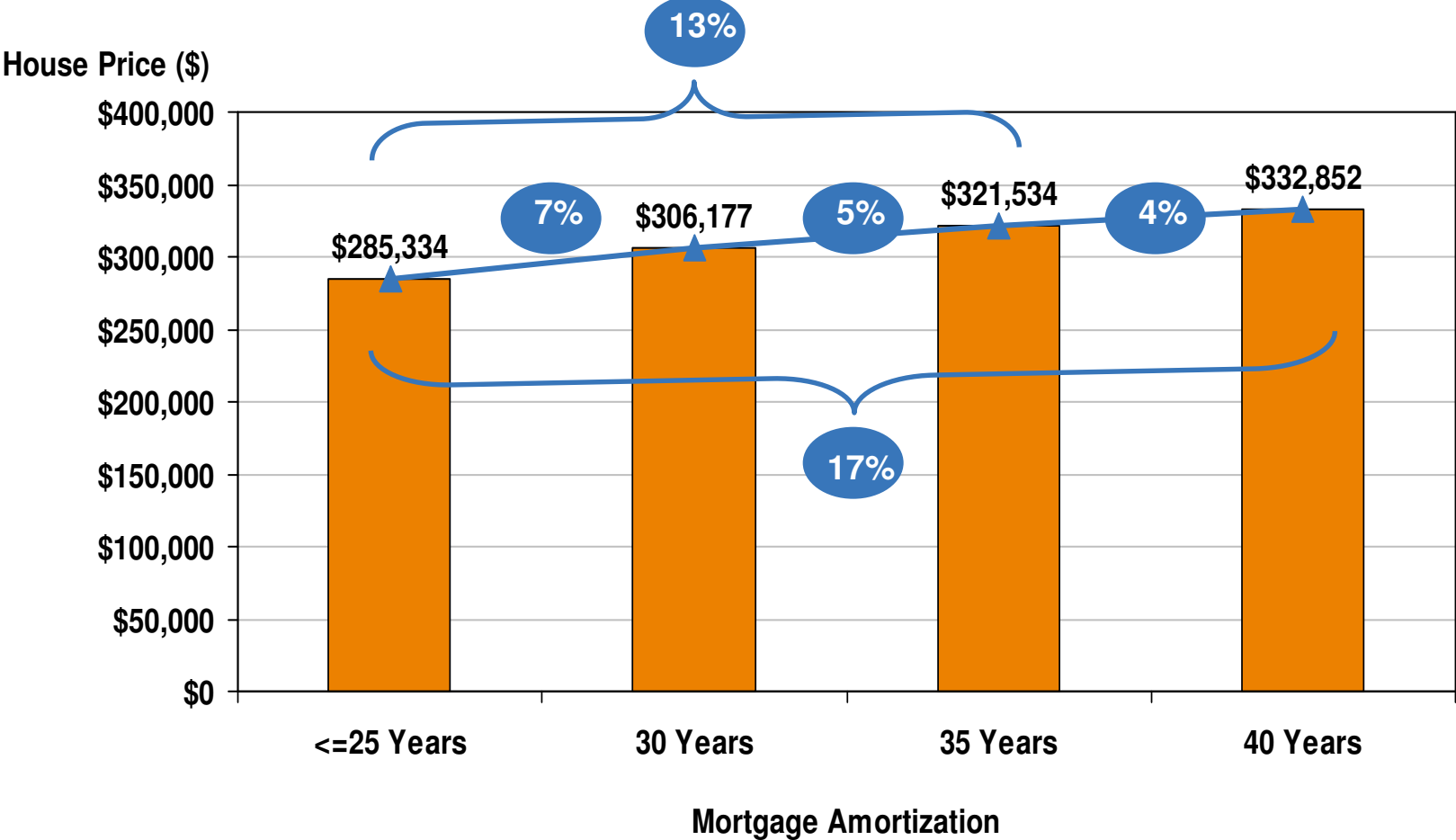


**Extended Amortization Popular Across All Products**

Source: Genworth Financial Canada Q307 Fundings

# House Price versus Amortization

## Impact of Extended Amortizations



**Expanded Options Increases Purchasing Power for Homebuyers**

Scenario based on annual family income of \$60,000, 6.20% interest rate, and monthly PIT payment of \$1,766

