

RENOVATION AND HOME PURCHASE REPORT



CANADA MORTGAGE AND HOUSING CORPORATION

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Over \$22.8 billion was spent on renovations in 2010 across ten major surveyed centres¹

Forty-two per cent of households in ten Canadian markets renovated their home in 2010

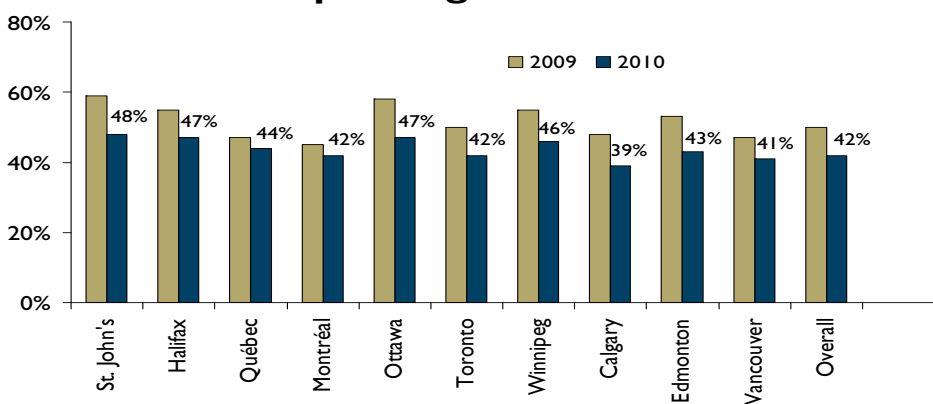
According to CMHC's Renovation and Home Purchase Survey, an estimated 1.9 million households in surveyed centres indicated they had completed some form of renovation in 2010. This represents a slight decrease from 2.1 million last year. Forty-two per cent of homeowner households across the surveyed centres completed renovations in 2010, down from 50 per cent in 2009.

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Figure 1

Share of homeowner households indicating actual spending on renovations



Source: CMHC Renovation and Home Purchase Survey

Major centres are based on Statistics Canada Census Metropolitan Areas (CMAs). The ten major centres covered are: St. John's, Halifax, Québec, Montréal, Toronto, Ottawa, Winnipeg, Calgary, Edmonton and Vancouver.

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Households who performed renovations in 2010

■ FORTY-TWO PERCENT OF HOMEOWNER HOUSEHOLDS RENOVATED THEIR HOME LAST YEAR

Across the ten surveyed centres, 42 per cent of homeowner households renovated their primary residence in 2010. This was down from 50 per cent in 2009.

■ REMODELLING OF ROOMS AND PAINTING AND WALLPAPERING POPULAR

A quarter of homeowner households who undertook renovations remodelled rooms, while another 25 per cent engaged in painting and wallpapering. Meanwhile, "Other" renovations accounted for 26 per cent.

■ SAVINGS WERE THE MAIN FORM OF PAYMENT BY RENOVATING HOUSEHOLDS

Overall, 66 per cent of the renovating households did not see their debt level increase as a result of the renovations in 2010. This is mostly unchanged from 2009.

The share of households who renovated last year was the largest in St. John's (48 per cent), followed by Halifax and Ottawa (47 per cent each) and Winnipeg (46 per cent). The lowest share was Calgary at 39 per cent. Actual households completing renovations in 2010 were 1.9 million, compared to the 2.1 million indicated in the 2009 survey.

Alterations and improvements accounted for the bulk of renovations in 2010

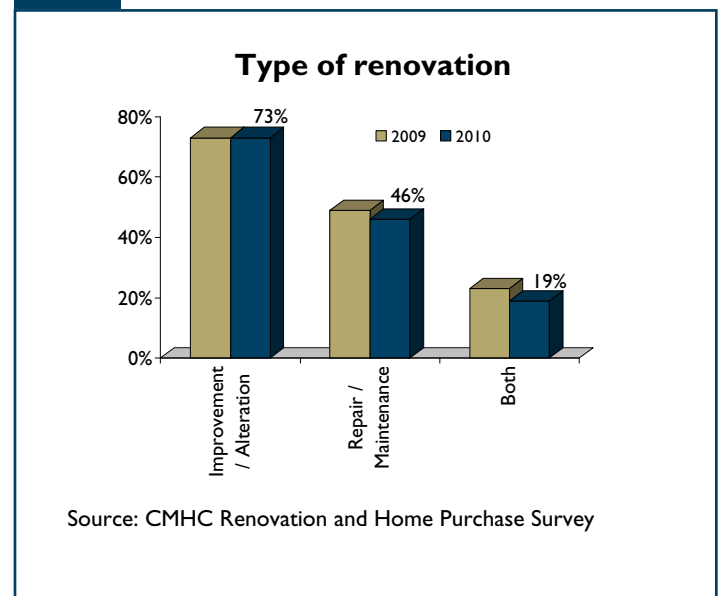
Renovations, as defined by Statistics Canada, are categorized into two subgroups: alterations and improvements, and maintenance and repairs. Alterations and improvements are defined as any work made to add value or extend the useful life of the property. Maintenance and repairs are defined as any work made to keep a property in working condition or maintain its appearance.

Among homeowner households that renovated in 2010, almost three quarters (73 per cent) completed some form of alteration and improvement of their home, while 46 per cent completed maintenance and repairs. Nineteen per cent of renovating households undertook both types of renovation.

Across the surveyed centres, the incidence of alterations and improvements was highest in Edmonton, with 79 per cent of renovating households undertaking this type of renovation. Québec and Montréal had the lowest share

of renovating homeowner households that undertook alterations and improvements (64 and 65 per cent, respectively). As for maintenance and repairs, Halifax and Winnipeg had the highest incidence of this type of renovation (48 per cent), followed by Québec and Montréal (both at 47 per cent). Edmonton and Vancouver had the lowest shares, 43 and 42 per cent, respectively, of survey respondents.

Figure 2



The majority of homeowner households renovated to update/add value or prepare to sell

The main reason reported by households across all ten centres for renovating in 2010 was that they wanted to update, add value, or to prepare to sell their home (52 per cent of renovating households). The second most popular reason for renovating was that the dwelling needed repairs (27 per cent). Seven per cent of renovating households said they wanted to make their home more energy efficient.

Popular types of renovations

Remodeling of rooms (25 per cent), painting or wallpapering (25 per cent) and hard surface flooring and wall-to-wall carpeting (24 per cent) were the most popular renovations in 2010. The least popular renovation projects in 2010 were structural editions or extensions (6 per cent) and exterior walls and built-in appliances (4 per cent each). Twenty-six per cent of homeowner households who undertook renovations chose to do some “Other” form of renovation not listed in the survey.

Most renovating homeowner households hired a contractor

Among households that renovated in 2010, 41 per cent contracted out all the work, 28 per cent did the work themselves or with friends and family, 25 per cent contracted out for some of the work as well as engaging in the work themselves, while 4 per cent bought the materials and contracted out the labour. Approximately 86 per cent of respondents were able to complete the needed major repairs. About 83 per cent of respondents had a written contract for the work, while 14 per cent did not.

Renovation by age of respondent

Of 1.9 million households in the survey, respondents aged 25-34 completed 9 per cent of all renovations, 35-44 completed 20 per cent, 45-54 completed 29 per cent, 55-64 completed 25 per cent and those 65+ accounted for 17 per cent.

Figure 3

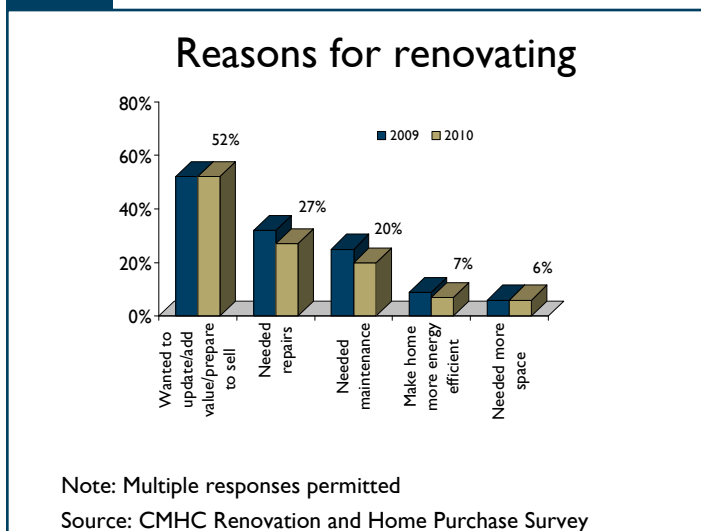
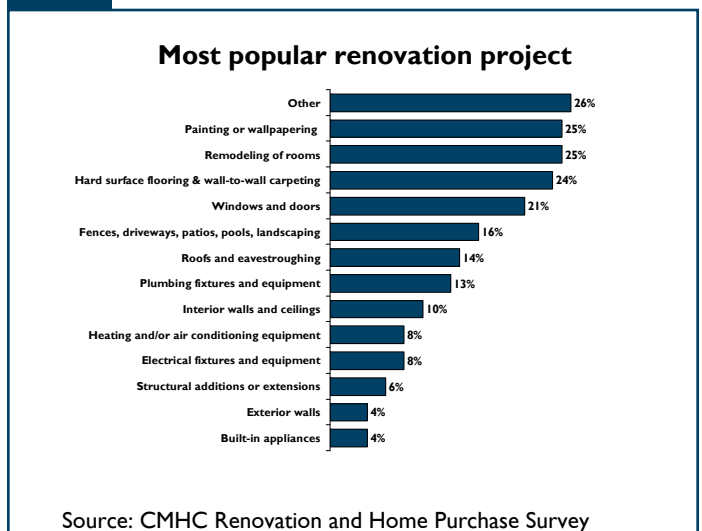


Figure 4



The Financial Picture

Homeowner households across the ten major centres surveyed spent an average of \$12,972 in 2010, up from \$12,100 in 2009. The highest average amount spent on renovations was in Vancouver at \$15,709, up from \$13,457 in 2009. The average amount spent on renovations was the lowest in Winnipeg at \$10,339, up from \$8,023 in 2009.

A total of \$22.8 billion was spent on renovations in 2010, down from \$25.4 billion in 2009². The largest share came from Toronto where close to \$7.9 billion was spent in 2010, followed by Montréal at about \$3.9 billion and Vancouver at \$3.5 billion. Calgary and Edmonton were both slightly over \$1.5 billion each. The lowest share came from St. John's at about \$300 million.

Savings were the main form of payment by homeowner households for their renovations

Across the surveyed centres, 74 per cent of households who undertook renovations in 2010 paid for the work from savings, this is down from 76 per cent in 2009. Meanwhile, 25 per cent chose to pay via line of credit or credit card, while just 4 per cent refinanced through a mortgage.

A significant majority of renovating households used only savings to accomplish their renovation work. Overall, 66 per cent of the renovating households did not see their debt level increase as a result of the renovations in 2010. This is mostly unchanged from 2009, where 65 per cent of renovating households did not finance their renovations by borrowing.

Half of homeowner households spent as planned on renovations

About 51 per cent of renovating households reported that the cost of their renovation project was as budgeted. On the other hand, more than a third (34 per cent) of households went over budget.

Average cost of renovations by household income

As income increases, so does the amount spent on renovation. The average cost of renovations for those earning \$40,000-\$59,999 was \$9,311, for those earning \$60,000-\$79,999 the average cost was \$9,342, for those earning \$80,000-\$99,999 the average cost was \$11,687, while for those earning over \$100,000 the average cost of a renovation was \$18,254.

Figure 5

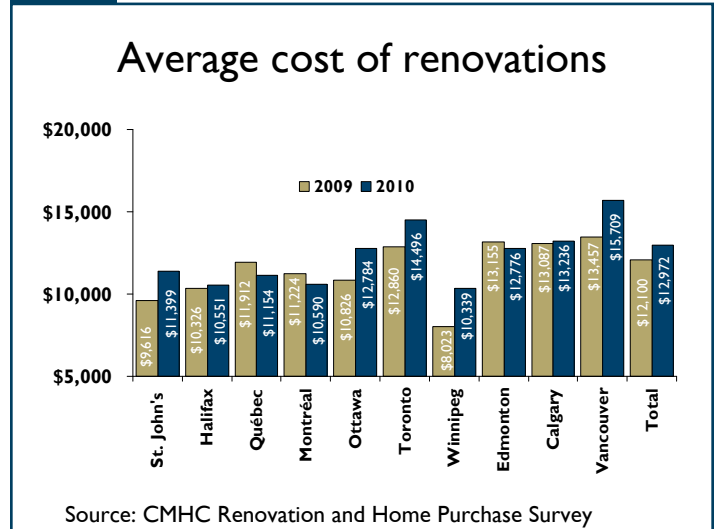
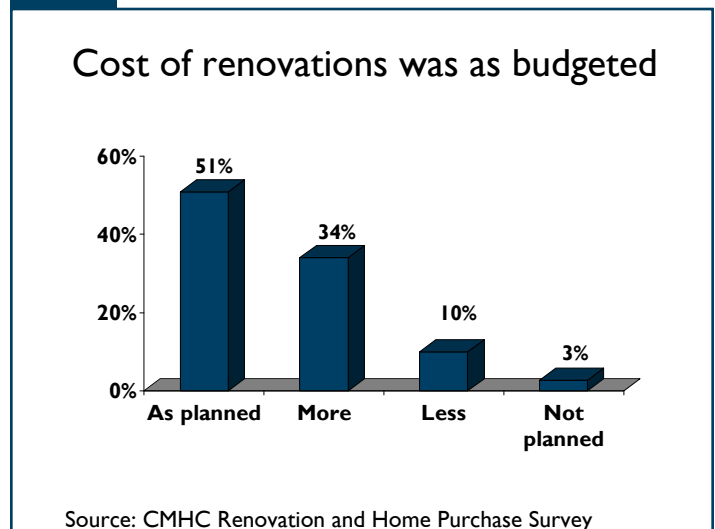


Figure 6



²The total is calculated by multiplying the average cost of renovations times the number of households who stated that they undertook a renovation.



Households who intend to renovate in 2011

■ THIRTY-NINE PER CENT OF HOMEOWNERS INTEND TO RENOVATE THIS YEAR

When Canadian homeowners across the 10 surveyed centres were asked about their renovation plans for this year, 39 per cent indicated that they intend to spend \$1,000 or more by the end of 2011. This is less than the share of households that actually undertook renovations in 2010 and spent \$1,000 or more (42 per cent). Last year's survey indicated 43 per cent of households intended to renovate in 2010. Renovation intentions for 2011 are strongest in St. John's, where 50 per cent of consumers indicated they plan to undertake renovations costing \$1,000 or more, followed by Halifax (44 per cent) and Ottawa and Winnipeg (43 per cent each). The proportion of potential renovators is lowest in Montréal (37 per cent) and Toronto and Québec City (both at 38 per cent).

In five of the ten markets surveyed, households were asked more detailed questions about their intended renovations. Thus, the analysis of the survey results for renovation intentions focus on these five centres: Halifax, Montréal, Toronto, Calgary and Vancouver.

A renovation intender is defined as a household that either commenced a renovation in 2011 or that intends to begin a renovation in 2011 and plans on spending more than \$1,000 on the renovation.

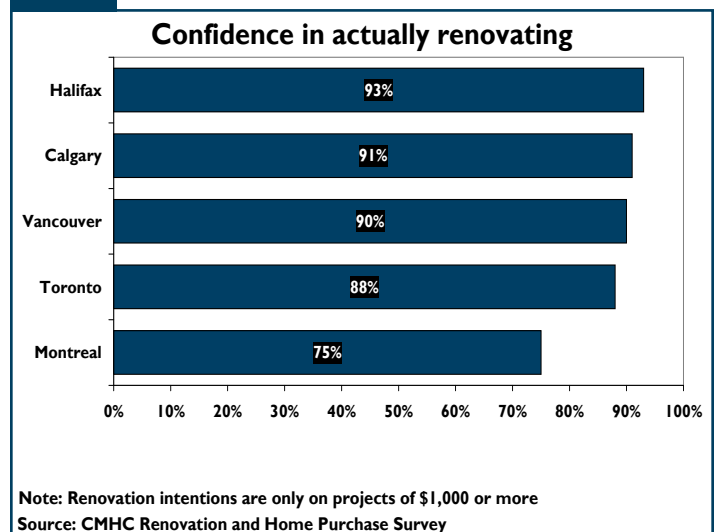
Renovation intentions are strong

Renovation intentions for 2011 are strongest in St. John's, where 50 per cent of consumers indicated they plan to undertake renovations costing \$1,000 or more, followed by Halifax (44 per cent) and Ottawa and Winnipeg (43 per cent each). The proportion of potential renovators is lowest in Vancouver (35 per cent), Montréal (37 per cent) and Toronto and Québec City (both at 38 per cent).

Confidence in renovation outcome

Of those households in the five major centres who have stated their intentions to renovate, there is high confidence in that the intention will turn into reality. The highest expectation of renovation was in Halifax at 93 per cent, followed by Calgary at 91 per cent and Vancouver at 90 per cent. Toronto is next at 88 per cent and then Montréal at 75 per cent.

Figure 7



Profile of households who intend to renovate

The proportion of households intending to perform maintenance or repairs generally increases with the age of the home. Of those living in homes built before 1920 and having a high or very high probability of undertaking renovations in 2011, 73 per cent intend to engage in alterations and improvements while 56 per cent expect to be involved in maintenance or repairs.

A large portion of households intend to renovate so as to update, add value, or prepare to sell their home

Across the five major centres, 61 per cent of households who intend to renovate this year, will do so to update, add value, or prepare to sell their home. Twenty-two per cent of households intend to renovate this year because their dwelling needs repairs, while 21 per cent say that it needs maintenance.

Renovation intenders in Vancouver plan to spend the most on renovations

When asked what the household expects to spend on their renovations, the average estimate across the five surveyed centres was \$11,624. Households in Vancouver expected to pay the most on average (\$13,112), while households in Montréal expected to pay the least on average (\$8,217).

Figure 8

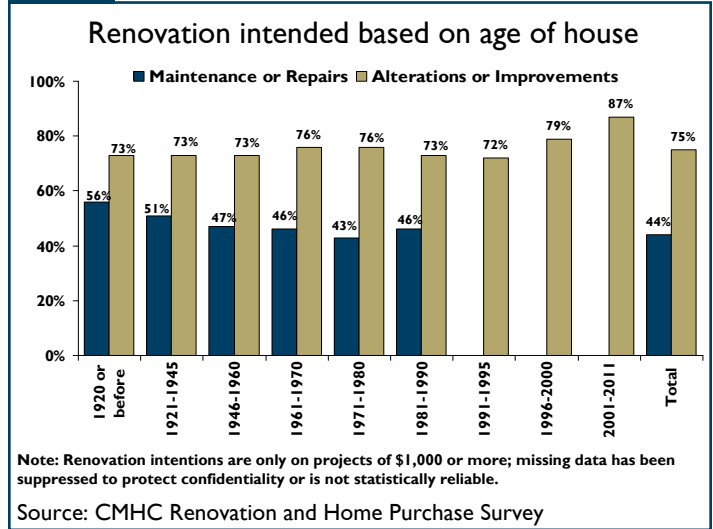


Figure 9

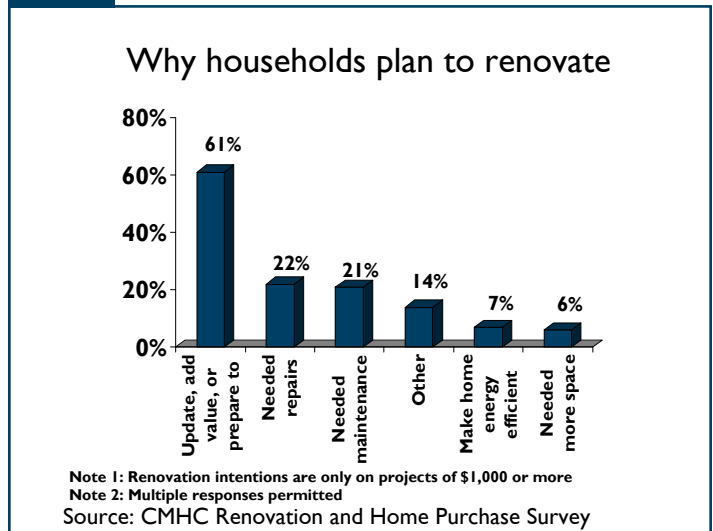
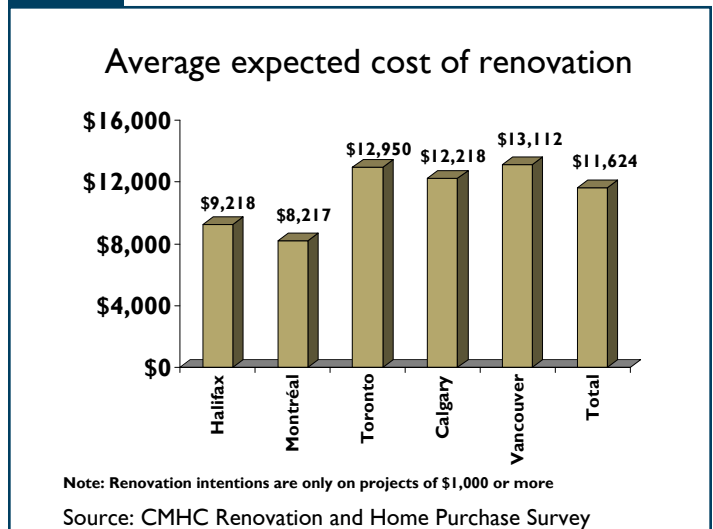


Figure 10





Households who purchased a home in 2010

■ SIX PER CENT OF HOUSEHOLDS PURCHASED A HOME LAST YEAR

Across the ten major surveyed centres, six per cent of all households indicated they bought a home in 2010, unchanged from 2009. The largest shares of homebuyers were in Winnipeg, Ottawa, Halifax and St. John's (all at 7 per cent). The lowest shares of homebuyers were in Vancouver, Toronto and Montréal (5 per cent each).

In five of the ten markets surveyed, households were asked further questions regarding home purchases last year. Thus, the remainder of household purchaser results cover only the five centres listed: Halifax, Montréal, Toronto, Calgary, and Vancouver.

Profile of households who purchased a home last year²

Of the valid responses across the five centres surveyed, 23 per cent of purchasers who bought a primary residence in 2010 were between 25-34, 26 per cent were between the ages of 35-44, 23 per cent were between 45 and 54 and 26 per cent were 55 and above.

About 38 per cent of households who purchased a residence in 2010 were first time buyers, down from 43 per cent in 2009.

In terms of main source of downpayment, 88 per cent opted for savings (including RRSPs and investments). In terms of size of down payment, 31 per cent were between a 5 to 19 per cent down payment, while 41 per cent of purchasers provided a 20 per cent or more down payment.

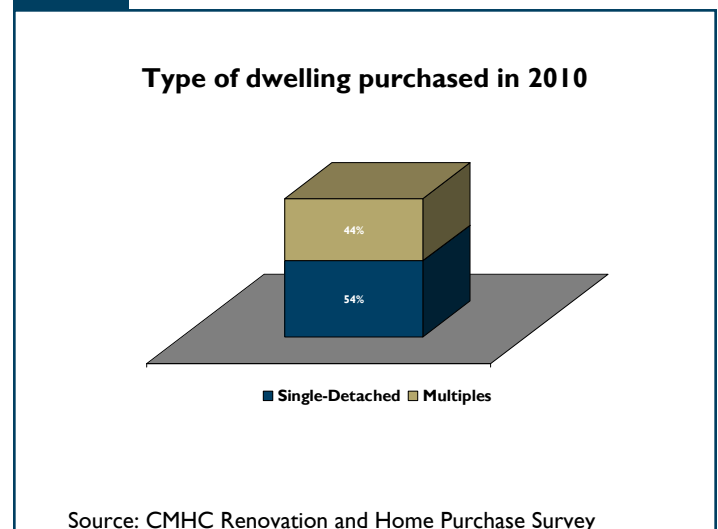
For those who previously owned a home, the majority of households (67 per cent) purchased a home worth more than their previous residence while 21 per cent purchased a lower priced home. As well, the majority (58 per cent) of those who previously owned a home upgraded to a larger home compared to their previous one, while 26 per cent downsized.

²For privacy reasons, some data is censored, thus percentages may not add to 100.

Type of Dwelling Purchased

Across the five major centres in the survey, 72 per cent opted for a pre-owned home while 24 per cent chose a brand new one. In addition, 54 per cent of those who purchased a home in 2010 chose a single-detached dwelling, while 44 per cent purchased a multiple unit home (rows, semis, apartments). Finally, 32 per cent of purchasers in the five major centres bought a condominium.

Figure 11





Households who intend to purchase a home in 2011

■ FOUR PER CENT OF HOUSEHOLDS INTEND TO PURCHASE A HOME IN 2011

In the ten major surveyed centres, the share of households that intend to buy a primary residence in 2011 is 4 per cent, compared to the 6 per cent that actually purchased in 2010. Last year's survey indicated that 5 per cent of respondents intended to buy a home in 2010. Home buying intentions are strongest in Vancouver, Calgary, Winnipeg and Ottawa (all at 5 per cent). All other areas are at 4 per cent.

■ PRE-OWNED HOMES ARE PREFERRED

In five of the ten markets surveyed, households were asked further questions regarding home purchases last year. Thus, the remainder of household purchaser results cover only the five centres listed: Halifax, Montréal, Toronto, Calgary, and Vancouver.

In the five major centres surveyed, 66 per cent of respondents indicated that they preferred a pre-owned home as a first choice in purchasing a residence for 2011.

Confidence in purchase outcome³

Of those intending to purchase a home, the Calgary centre has the highest confidence that the purchase will be carried out, at 87 per cent. Next is Vancouver at 85 per cent, then Halifax at 81 per cent, then Toronto at 80 per cent and finally Montréal at 78 per cent.

Homebuyer intention profile

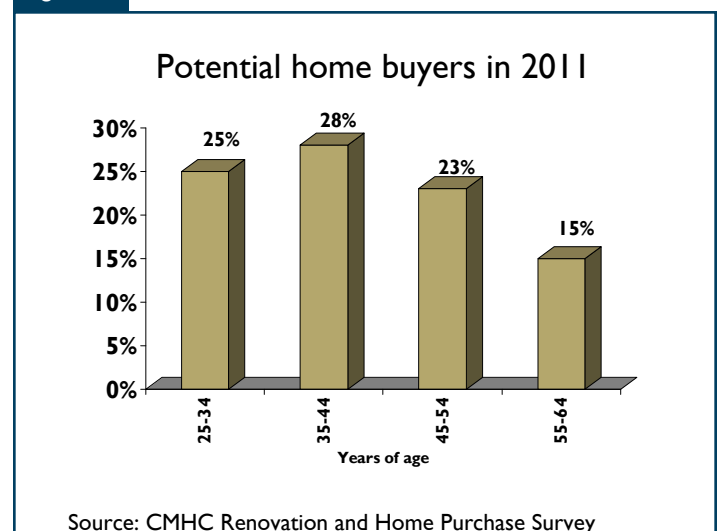
Of the valid responses across the five centres surveyed, buyers between 25 and 34 years of age make 25 per cent of households that intend to buy a home in 2011. In addition, 28 per cent of households that intend to buy are between 35 and 44 years of age, 23 per cent are between 45 and 54 years of age, while 15 per cent are between 55-64 years of age. The majority (58 per cent) of purchase intenders will be repeat buyers. About 50 per cent of buying intenders say that they need larger residence, while 56 per cent say they would prefer a single-detached dwelling. Only 31 per cent say they intend to purchase a condominium.

³For privacy reasons, some data is censored, thus percentages may not add to 100.

Forty-five per cent of intenders will put 20 per cent or more as down payment

Approximately, 45 per cent of households that intend to buy a home are planning to make a down payment of 20 per cent or more of the expected value of their purchase. About 35 per cent expect to make a down payment of 5 to 19 per cent for their purchase. Savings (95 per cent) is the main source of down payment for households intending to purchase a home in 2011.

Figure 12



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