

RENOVATION AND HOME PURCHASE REPORT



CANADA MORTGAGE AND HOUSING CORPORATION

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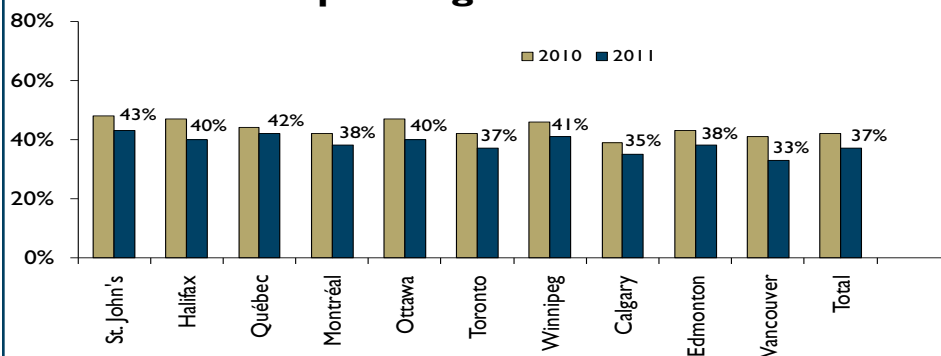
Renovation spending at 20.9 billion in 2011 across ten major surveyed centres¹

Thirty-seven per cent of households in ten Canadian markets renovated their home in 2011

According to CMHC's Renovation and Home Purchase Survey, an estimated 1.7 million households in surveyed centres performed some form of renovation in 2011. This represents a slight decrease from 1.9 million in 2010. Thirty-seven per cent of homeowner households across the surveyed centres completed renovations in 2011, down from 42 per cent in 2010.

Figure 1

Share of homeowner households indicating actual spending on renovations



Source: CMHC Renovation and Home Purchase Survey

¹Major 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.

Table of Contents

- 2 Households who performed renovations in 2011
- 5 Households who intend to renovate in 2012
- 7 Households who purchased a home in 2011
- 8 Households who intend to purchase a home in 2012



Households who performed renovations in 2011

- THIRTY-SEVEN PER CENT OF HOMEOWNER HOUSEHOLDS RENOVATED THEIR HOME LAST YEAR**

Across the ten surveyed centres, 37 per cent of homeowner households renovated their primary residence in 2011. This was down from 42 per cent in 2010².

- REMODELLING OF ROOMS AND PAINTING AND WALLPAPERING POPULAR**

Almost all homeowner households who undertook renovations remodeled rooms, while more than half engaged in painting or wallpapering. Plumbing fixtures and equipment accounted for 38 per cent³.

- MOST RENOVATIONS WERE PAID FOR USING HOUSEHOLD SAVINGS**

Overall, 68 per cent of the renovating households did not see their debt level increase as a result of the renovations in 2011. This is up slightly from 66 per cent in 2010.

The share of households who renovated last year was the largest in St. John's (43 per cent), followed by Québec (42 per cent) and Winnipeg (41 per cent). The lowest share was in Vancouver at 33 per cent. The actual number of households performing renovations in 2011 is estimated at 1.7 million, compared to the 1.9 million estimated households in 2010.

Alterations and improvements accounted for the bulk of renovations in 2011

Renovations are categorized into two groups: 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 2011, three quarters (75 per cent) undertook some form of alteration and improvement of their home, while 46 per cent performed maintenance and repairs. Twenty-one per cent of renovating households undertook both types of renovation⁴.

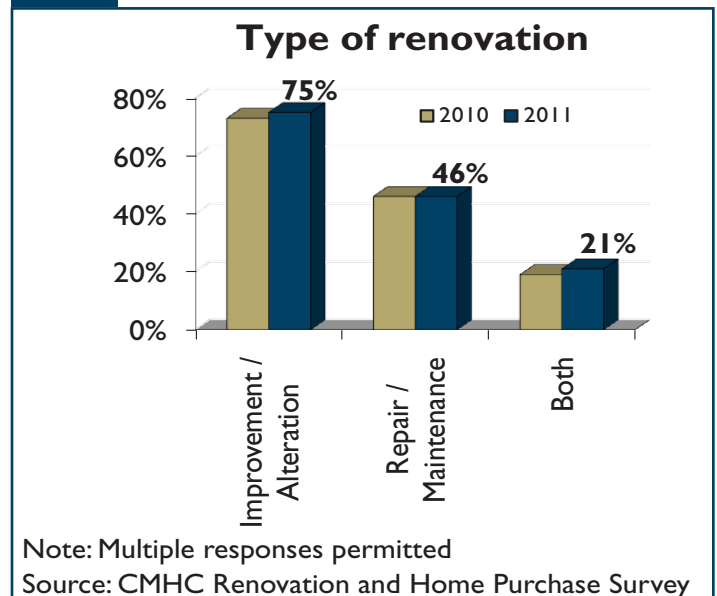
²For privacy reasons, some data is censored, thus some response percentages to survey questions are not reported.

³Multiple responses were permitted for this question. As a result, reported percentages may not add to 100.

⁴Multiple responses were permitted.

Among homeowner households that renovated in 2011, the incidence of alterations and improvements was highest in Toronto and Winnipeg (both at 78 per cent), while Montréal had the lowest share at 67 per cent. As for maintenance and repairs, Halifax had the highest incidence of this type of renovation (52 per cent), followed by St. John's (51 per cent), while Québec had the lowest share at 42 per cent.

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 2011 was that they wanted to update, add value, or to prepare to sell their home (74 per cent of renovating households), which was also the main reason reported for renovating in 2010. The second most popular reason for renovating was that the dwelling needed repairs (42 per cent). Twenty-nine per cent of renovating households said they wanted to make their home more energy efficient⁵.

Popular types of renovations⁶

Remodeling of rooms (95 per cent) was the most popular renovation in 2011, followed by painting or wallpapering (54 per cent) and renovations involving plumbing fixtures and equipment (38 per cent). The least popular renovation project in 2011 was installing built-in appliances (12 per cent), followed by exterior walls (16 per cent). Other forms of renovation not listed in the survey accounted for 9 per cent⁷

Most renovating homeowner households hired a contractor

Among households that renovated in 2011, 35 per cent contracted out all the work, 30 per cent contracted out some of the work as well as engaging in the work themselves, 29 per cent did all the work themselves or with friends and family, while 5 per cent bought the materials and contracted out the labour. Approximately 81 per cent of respondents were able to complete the needed major repairs. Eighty-three per cent of respondents had a written contract for the work, while 14 per cent did not.

Renovation by age of respondent

Survey respondents aged 25-34 performed 11 per cent of all renovations, 35-44 year-old respondents performed 21 per cent, the 45-54 group undertook 28 per cent, 55-64 year-olds undertook 23 per cent while those 65+ accounted for 15 per cent.

Figure 3

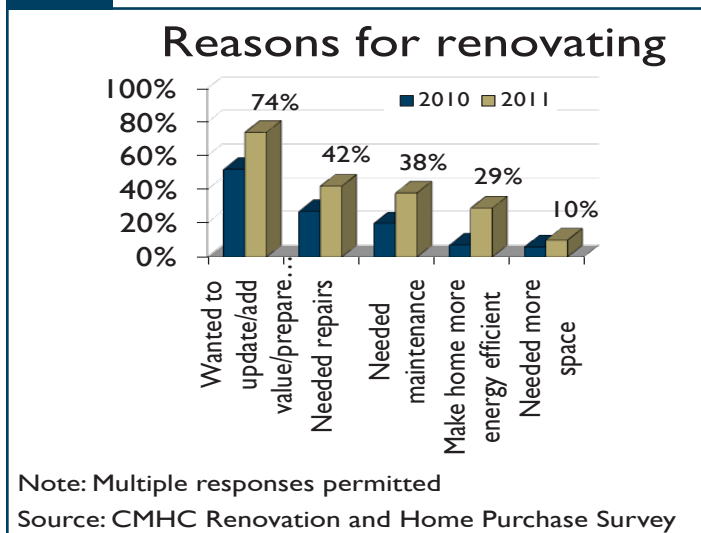
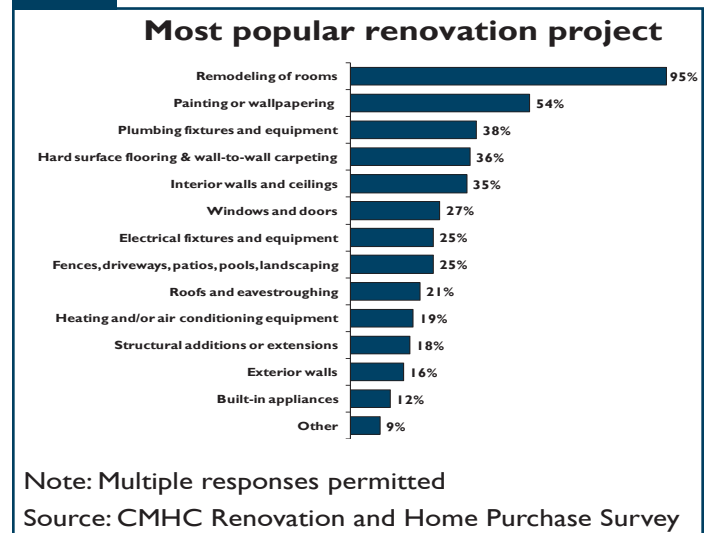


Figure 4



⁵Multiple responses were permitted.

⁶Multiple responses were permitted.

⁷As of 2012, CMHC introduced a change to the data collection methodology relating to the most popular renovation project. Prior to the 2012 survey, households were not provided with specific categories which they could use to classify their renovation projects. Their answers were categorized after the fact. This method was judged to be less statistically reliable than providing households with a specific list of categories and allowing them to choose from it. As a result of this move to greater standardization, the “Remodelling of Rooms” category emerged as the most popular renovation, replacing the “Other” category, which had been the most popular category last year.

The Financial Picture

Homeowner households across the ten major centres surveyed spent an average of \$13,709 in 2011, up from \$12,972 in 2010. Across CMAs, the highest average amount spent on renovations was in Vancouver at \$16,979, up from \$15,709 in 2010. The average amount spent on renovations was the lowest in Halifax at \$9,933, down from \$10,551 in 2010.

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

Across the surveyed centres, 81 per cent of households who undertook renovations in 2011 paid for part of the work from savings, up from 74 per cent in 2010. The next most common method was financing through a mortgage (15 per cent), while 11 per cent of renovating households chose to finance part of their renovation costs via line of credit or credit card⁹.

A significant majority of renovating households used only savings to pay for all their renovation work. Overall, 68 per cent of the renovating households did not see their debt level increase as a result of renovations in 2011.¹⁰ This is slightly up from 2010, when 66 per cent of renovating households did not finance their renovations by borrowing.

Half of homeowner households spent as planned on renovations

About 48 per cent of renovating households reported that the cost of their renovation project was as budgeted. On the other hand, 37 per cent of renovating households went over budget.

Average cost of renovations by household income

The average cost of renovations was highest among the highest income brackets, led by those earning over \$100,000 (at an average cost of \$18,604), followed by those earning \$80,000-\$99,999 (average cost of \$11,827).

Figure 5

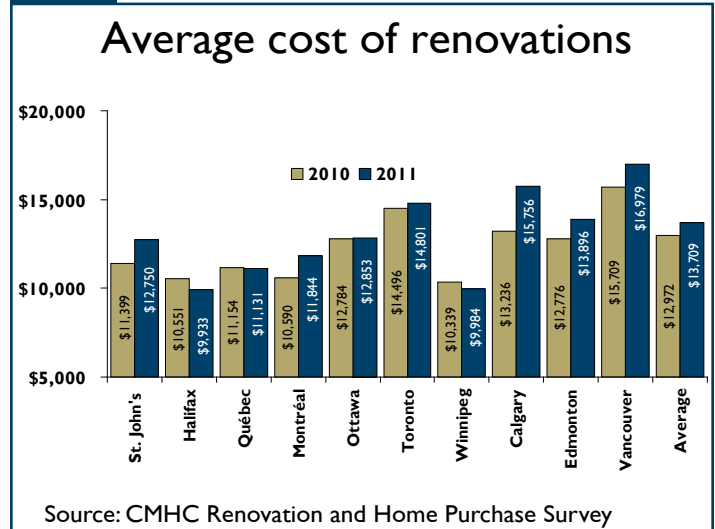
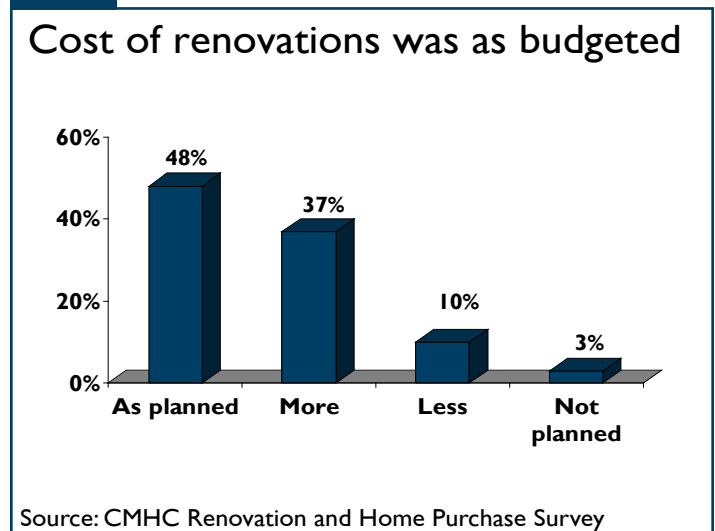


Figure 6



⁸The total is calculated by multiplying the average cost of renovations times the number of households who stated that they undertook a renovation of at least \$1,000 in 2011.

⁹Multiple responses were permitted.

¹⁰ Multiple responses were permitted. The 68 per cent of the renovating households that did not see their debt level increase as a result of renovations in 2011 indicated that the renovation funds came strictly from savings, while 81 per cent of households indicated savings to be part of the funding for the renovations, with or without another funding option.



Households who intend to renovate in 2012

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

When Canadian homeowners across the 10 surveyed centres were surveyed about their renovation plans for this year, 38 per cent indicated that they intended to spend \$1,000 or more by the end of 2012. This is slightly below the 39 per cent share of households from last year's survey that intended to renovate in 2011. The share of households that actually undertook renovations in 2011 and spent \$1,000 or more was 37 per cent. Renovation intentions for 2012 are strongest in St. John's, where 48 per cent of households indicated they plan to undertake renovations costing \$1,000 or more, followed by Winnipeg (44 per cent) and Halifax, Ottawa, and Edmonton (all at 42 per cent). The proportion of potential renovators is lowest in Vancouver (34 per cent), Montréal (37 per cent) and Toronto and Calgary (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.

Intentions to renovate are counted when a household either commenced a renovation in 2012 or intends to begin a renovation in 2012, and plans on spending more than \$1,000 on the renovation.

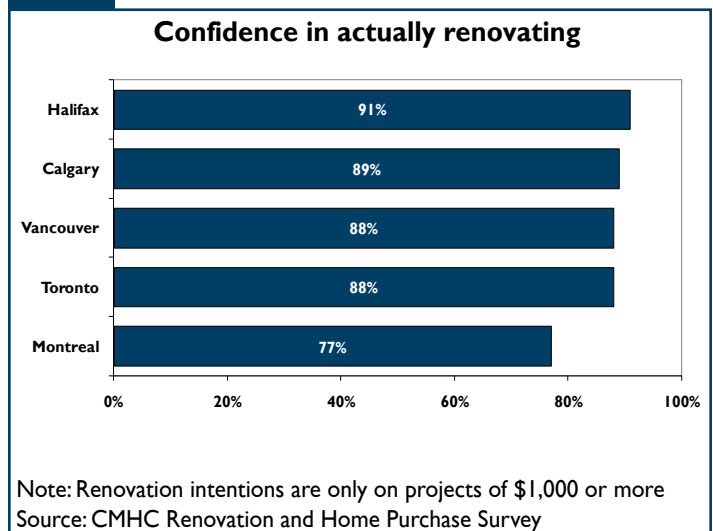
Renovation intentions by centres

Renovation intentions for 2012 are strongest in St. John's, where 48 per cent of consumers indicated they plan to undertake renovations costing \$1,000 or more, followed by Winnipeg (44 per cent) and Halifax, Ottawa, and Edmonton (all at 42 per cent). The proportion of potential renovators is lowest in Vancouver (34 per cent), Montréal (37 per cent) and Toronto and Calgary (both at 38 per cent).

Confidence in renovation outcome

Among those households in the five major centres who have stated their intentions to renovate, there is high confidence that the intention will turn into reality. The highest expectation of renovation was in Halifax at 91 per cent, followed by Calgary at 89 per cent, Vancouver and Toronto (both at 88 per cent) and Montréal at 77 per cent.

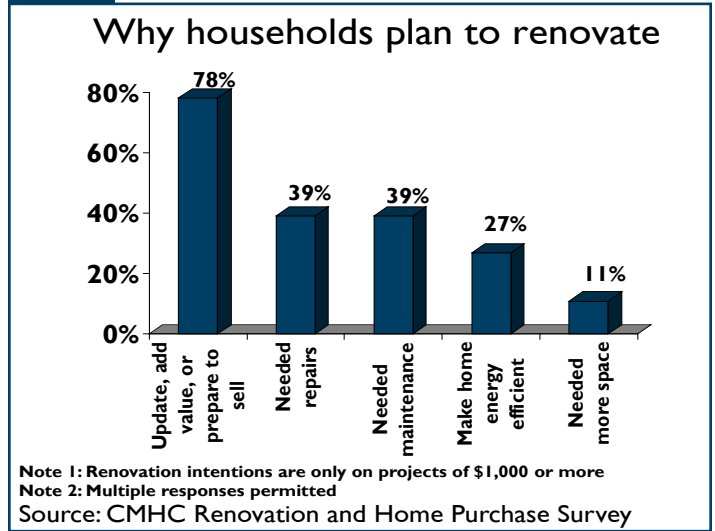
Figure 7



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, 78 per cent of households who intend to renovate this year, will do so to update, add value, or prepare to sell their home. Thirty-nine per cent of households intend to renovate this year because their dwelling needs repairs. Similarly, thirty-nine per cent of households intend to renovate this year because their dwelling needs maintenance¹¹.

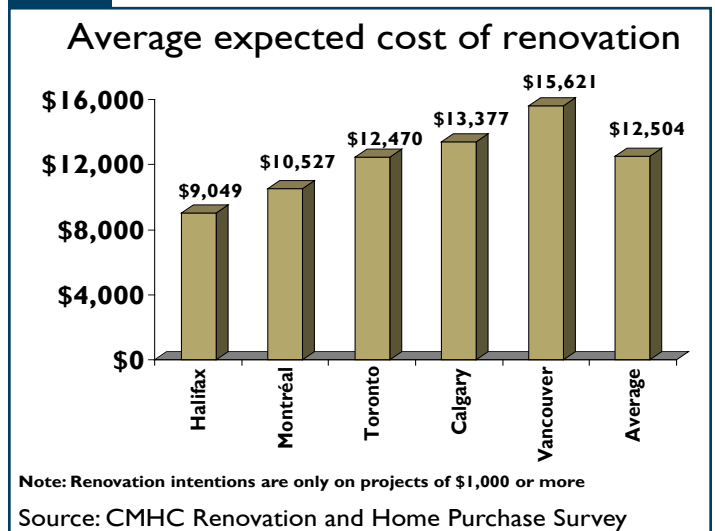
Figure 8



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 \$12,504. Households in Vancouver expected to pay the most, on average (\$15,621), while households in Halifax expected to pay the least, on average (\$9,049).¹

Figure 9



¹¹Multiple responses were permitted.



Households who purchased a home in 2011

■ 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 2011, unchanged from 2010. The largest share of homebuyers was in Québec (10 per cent), followed by Ottawa and St. John's (both at 7 per cent). Six per cent of households bought a home last year in Halifax, Montréal, Winnipeg, Calgary and Edmonton. The lowest share of homebuyers was in Toronto (4 per cent).

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 year

Across the five more intensively surveyed centres surveyed, an average of 25 per cent of purchasers who bought a primary residence in 2011 were between 25-34, 28 per cent were between the ages of 35-44, 19 per cent were between 45 and 54 and 24 per cent were 55 and above.

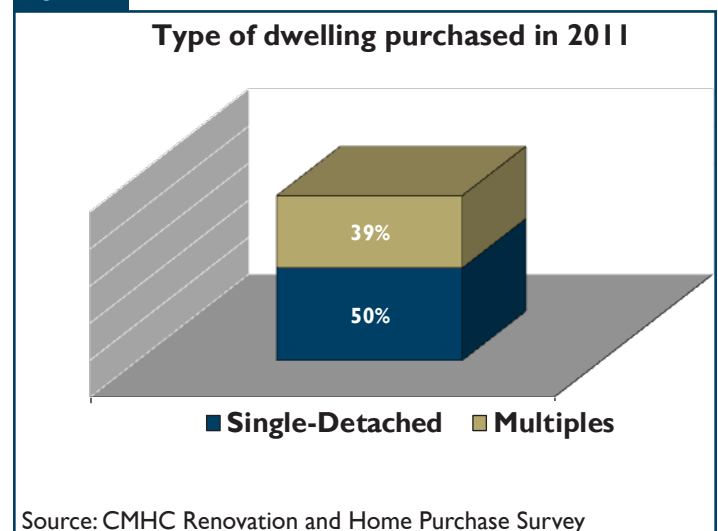
Thirty-five per cent of households who purchased a residence in 2011 were first time buyers, down from 38 per cent in 2010.

In terms of main source of downpayment, 84 per cent opted for savings (including RRSPs and investments). For those who previously owned a home, the majority of households (59 per cent) purchased a home worth more than their previous residence. As well, the majority (52 per cent) of those who previously owned a home upgraded to a larger home compared to their previous one.

Type of Dwelling Purchased

Across the five more intensively surveyed centres in the survey, 72 per cent opted for a pre-owned home. In addition, 50 per cent of those who purchased a home in 2011 chose a single-detached dwelling, while 27 per cent of those who purchased a home chose a condominium unit.

Figure 10





Households who intend to purchase a home in 2012

■ FIVE PER CENT OF HOUSEHOLDS INTEND TO PURCHASE A HOME IN 2012

Across the ten major surveyed centres, the share of households that intend to buy a primary residence in 2012 is 5 per cent, below the 6 per cent that actually purchased in 2011. Last year's survey indicated that 4 per cent of respondents intended to buy a home in 2011. Home buying intentions for 2012 are strongest in Edmonton (at 7 per cent), followed by Québec and Calgary (both at 6 per cent), St. John's and Montréal (at 5 per cent each). All remaining centres 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 more intensively surveyed centres, 66 per cent of respondents indicated that they preferred a pre-owned home as a first choice in purchasing a residence for 2012.

Homebuyer intention profile

Across the five more intensively surveyed centres, buyers between 25 and 34 years of age account for 24 per cent of households that intend to buy a home in 2012. Twenty-eight 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. Two-thirds (66 per cent) of purchase intenders will be repeat buyers, while 48 per cent of

repeat buyers are expecting to purchase a larger residence. Amongst households intending to purchase, 57 per cent say they would prefer a single-detached dwelling, while only 24 per cent say they intend to purchase a condominium.

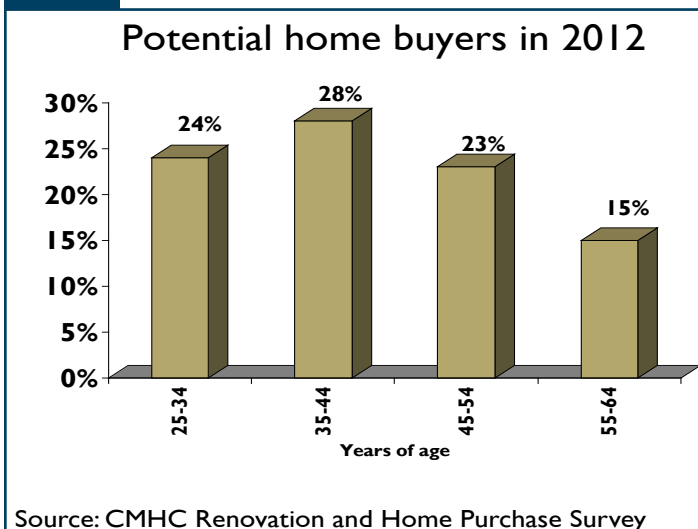
Confidence in purchase outcome

Of those intending to purchase a home, Montréal has the highest share expressing high confidence that the purchase will be carried out, at 85 per cent. The next highest share of highly confident potential purchasers is in Calgary (84 per cent), followed by Halifax and Vancouver (both at 82 per cent). The lowest share is in Toronto, at 80 per cent.

Savings expected to be the main source of payment

Savings are the main source of down payment for households intending to purchase a home in 2012, at 91 per cent.

Figure 11



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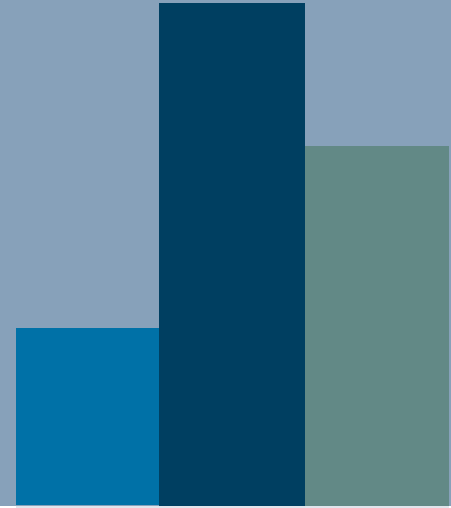
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