

# RENOVATION AND HOME PURCHASE REPORT



Canada Mortgage and Housing Corporation

Date Released: 2009

**Close to \$21.3 billion spent on renovations last year across ten major centres surveyed**

**Forty per cent of households in ten Canadian markets renovated their home in 2008.**

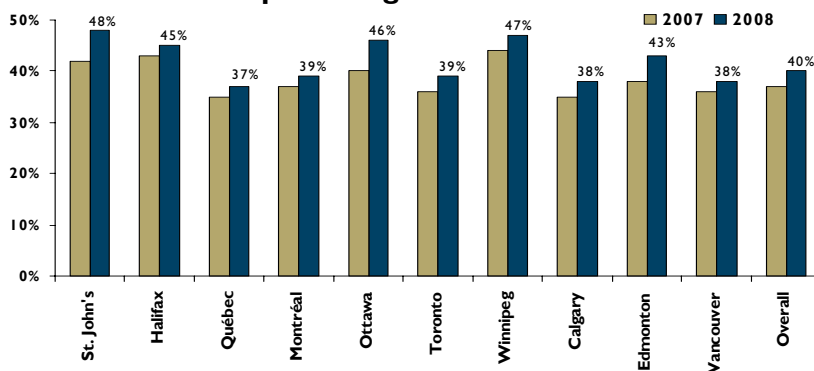
According to CMHC's Renovation and Home Purchase Survey, an estimated 1.7 million households in ten of Canada's major centres indicated they had completed some form of renovation in 2008. This represents 40 per cent of homeowner households across the ten major centres, up

slightly from 37 per cent in 2007. The share of homeowner households who renovated last year was the highest in St. John's (48 per cent), Winnipeg (47 per cent), and Ottawa (46 per cent), while Quebec had the lowest share with 37 per cent.

The share of households that intended to spend more than \$1,000 on renovations in 2008 (40 per cent) was higher than the share of households who actually undertook renovations of \$1,000 or more in 2008 (35 per cent)<sup>2</sup>. In last year's survey, households in Vancouver, Calgary, Toronto, Montréal, and Halifax indicated that they expected to spend, an average of \$12,880 on renovations in 2008 (close

Figure 1

## Share of homeowner households indicating actual spending on renovations



Source: CMHC Renovation and Home Purchase Survey

<sup>1</sup> The ten major centres covered are: St. John's, Halifax, Québec, Montréal, Toronto, Ottawa, Winnipeg, Calgary, Edmonton, and Vancouver

<sup>2</sup> Across the ten major centres surveyed, 40 per cent of homeowner households completed some form of renovation in 2008. Only 35 per cent of homeowner households spent \$1,000 or more on these renovations.

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## Household Renovators in 2008

### ■ TWO OUT OF FIVE HOMEOWNER HOUSEHOLDS RENOVATED THEIR HOME LAST YEAR

In the ten major Canadian cities surveyed, 40 per cent of homeowner households renovated their primary residence in 2008. This was up slightly from 37 per cent in 2007. The share of households who renovated last year was the largest in St. John's (48 per cent), Winnipeg (47 per cent), Ottawa (46 per cent), and Halifax (45 per cent), while Quebec (37 per cent) had the lowest share of households undertaking renovations in 2008.

### ■ OVER A QUARTER OF RENOVATING HOMEOWNER HOUSEHOLDS PAINTED OR WALLPAPERED A ROOM

Twenty-eight per cent of homeowner households who undertook renovations painted or wallpapered a room, making this the most popular type of renovation completed in 2008. Remodelling a room and installing hard surface flooring/wall-to-wall carpeting followed with 27 per cent of households undertaking this type of renovation last year.

to expectation) they spent an average of \$12,600.

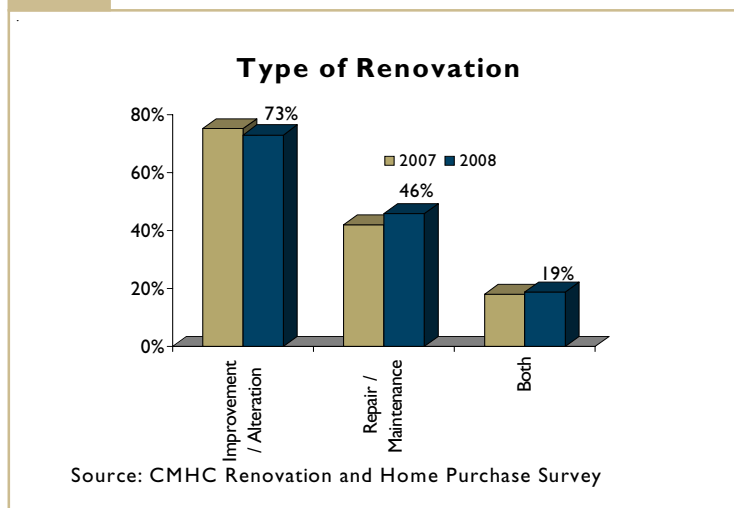
### Alterations and improvements lead the way in 2008

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

Among homeowner households that renovated in 2008, approximately three quarters did some form of alteration and improvement to their home, while 46 per cent did maintenance and repairs. Nineteen per cent of households who renovated in 2008 completed both maintenance and repairs and alterations and improvements to their home.

Across the ten major centres, the incidence of alterations and improvements was highest in Calgary and Edmonton with 81 and 78 per cent of renovators in 2008, respectively. On the other hand, Québec and Montréal had the lowest share of renovating homeowner households that undertook alterations and improvements. As for maintenance and repairs,

Figure 2



Montréal, Québec and Winnipeg had the highest incidence of this type of renovation (51, 47 and 47 per cent, respectively) while Calgary had the lowest share.

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

The main reason given by households across all ten centres for renovating in 2008 was that they wanted to update, add value, or to prepare to sell their home. The second most popular reason for renovating was that the dwelling needed repairs.

Renovations to increase the energy efficiency of homes remained popular in Halifax (12 per cent) and Ottawa (11 per cent) in 2008, up from the incidence in 2007. Approximately, one-in-seven households in Halifax and Ottawa stated that their home needed major repairs, the largest share across the ten centres.

**Over a quarter of renovating homeowner households painted or wallpapered a room**

Twenty-eight per cent of renovator households painted or wallpapered a room, making this the most popular type of renovation completed in 2008. Remodelling a room and installing hard surface flooring/wall-to-wall carpeting were undertaken by 27 per cent of renovator households last year.

There are some differences by centre in the proportion of renovations undertaken last year:

- Fences, driveways, patios, swimming pools or other major landscaping renovations were more popular in Edmonton (22 per cent), St. John's (22 per cent), and Winnipeg (22 per cent), than in Vancouver (16 per cent).
- Hard surface flooring and wall-to-wall carpeting were more popular in Edmonton (34 per cent), Calgary (33 per cent) and St. John's (33 per cent) than in Montréal (18 per cent).
- Door and window renovations were more popular in St. John's (32 per cent) than in Vancouver (19 per cent) and Montréal (19 per cent).

**The majority of homeowner households hired a contractor**

Figure 3

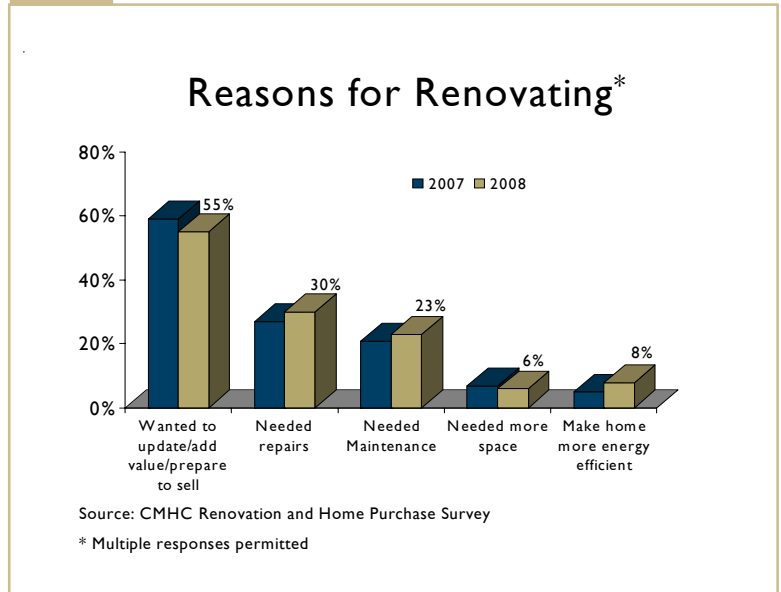
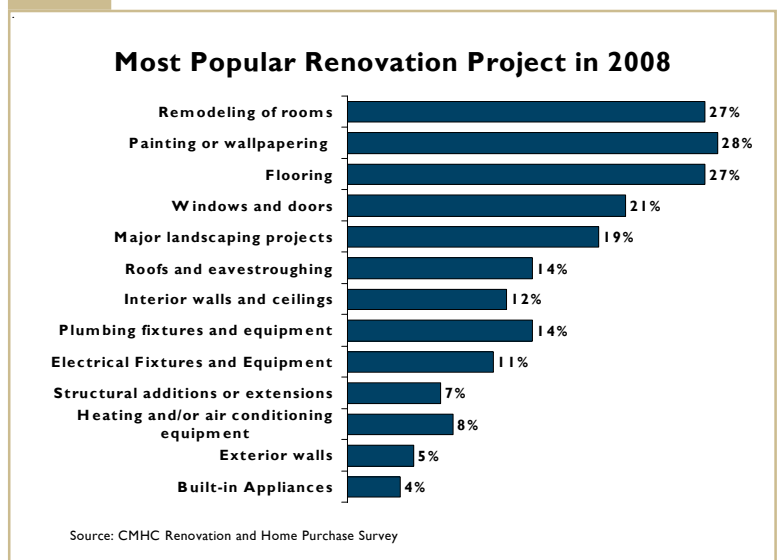


Figure 4



Among households that renovated in 2008, 39 per cent contracted out all the work, while 30 per cent did the work themselves or with the help of friends or family. About a quarter of households who renovated did a mix of both hiring a contractor and doing a portion of the work themselves. In 2008, compared to 2007, the share of households that decided to do the work themselves decreased, while a larger share of households contracted out all the work or contracted out part of the work and did some themselves.

The majority of renovator households in Québec (44 per cent) and Edmonton (38 per cent) did the work themselves rather than hire a contractor. On the other hand, the majority of renovator

households in Toronto (51 per cent), Ottawa (46 per cent), Montréal (44 per cent), and Halifax (42 per cent) hired a contractor to complete the work.

Of those households that hired a contractor in 2008, 79 per cent had a written agreement before the renovation work was started, up from 77 per cent in 2007.

### The Financial Picture

Homeowner households across the ten major centres surveyed spent an average of \$12,600 on renovations in 2008, a decrease of about \$200 compared to the average spent in 2007. The highest average amount spent on renovations was Calgary at \$16,300, an increase of \$700 compared to 2007. The average amount spent on renovations was the lowest in Winnipeg at \$8,300, up from an average of \$7,900 in 2007.

A total of \$21.3 billion was spent on renovations last year across the ten major centres, up from the estimated \$19.7 billion in 2007. The largest share came from Toronto where close to \$7.1 billion was spent in 2008. More than \$3.9 billion was spent on renovations in Montréal.

People living in older homes tend to spend more on renovations. In 2008, an average of more than \$20,000 was spent on renovations in homes built between 1921 and 1945, while homeowners in homes built between 2006 and 2008 spent on average about \$7,500.

### Close to half of homeowner households spent as planned on renovations

Close to half (46 per cent) of renovating households reported that the cost of their renovation project was as budgeted. On the other hand, more than a third (38 per cent) of households went over budget.

Figure 5

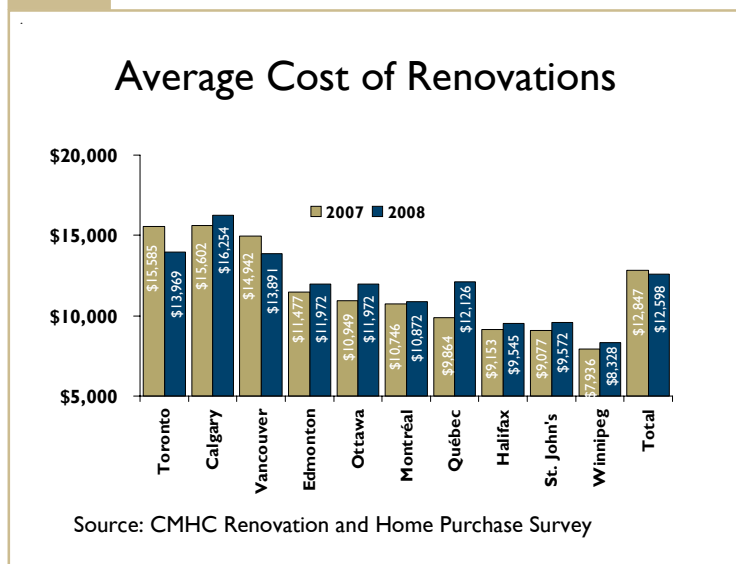
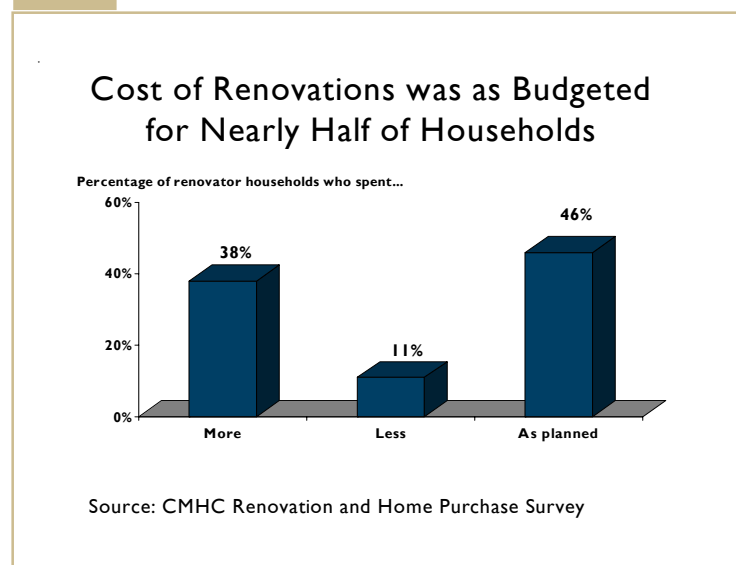


Figure 6





## Consumer Intentions to Renovate a Home

### ■ FORTY-SIX PER CENT OF HOMEOWNERS INTEND TO RENOVATE THIS YEAR

Across the ten markets surveyed, close to half of all homeowners reported having an intention to undertake home renovations valued at \$1,000 or more in 2009. The share of households that intend to renovate in 2009 is greater than the share of households that undertook renovations of \$1,000 or more in 2008 (35 per cent). The share of households that intend to renovate in 2009 is highest in St. John's and Ottawa at 56 and 54 per cent, respectively. Québec had the lowest share of households that intend to renovate in 2009 at 41 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 2009 or that intends to begin a renovation in 2009 and plans on spending more than \$1,000 on the renovation.

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

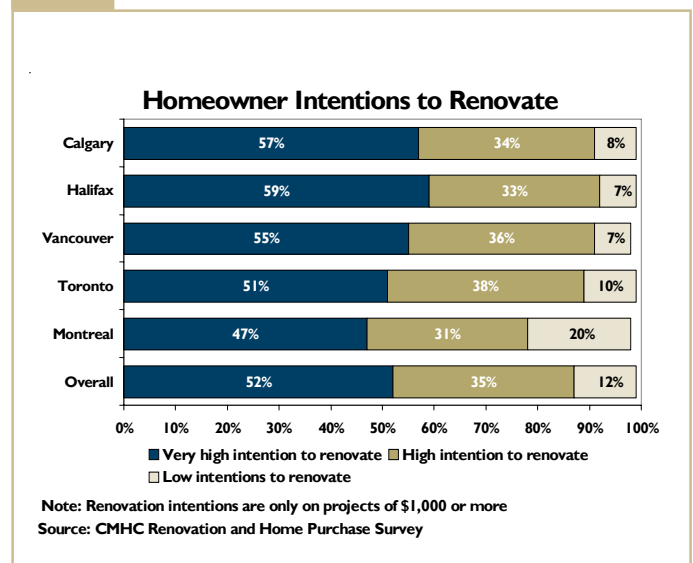
Across the 10 centres surveyed, three quarters of households who undertook renovations in 2008 paid for the work from savings, a similar share to 2007, while 26 per cent used credit cards or a line of credit.

### Renovation intentions are strong

#### Forty-six per cent of homeowners across the five major centres plan on renovating this year

Of those households who intend to renovate in 2009, more than half (52 per cent) had very high confidence that they would be renovating this year. Out of these households with high or very high probability of renovating this year, 43 per cent of households intend to do some form of maintenance and repairs, while 74 per cent will undertake alterations and improvements, similar

Figure 7



<sup>1</sup> In the previous section we reported that 40 per cent of households in the ten major centres surveyed undertook renovations in 2008. However, only 35 per cent of households in these centres spent \$1,000 or more on renovations in 2008.

proportions to actual renovations completed in 2008. Regionally, the share of households planning on undertaking maintenance and repairs was the highest in Halifax (48 per cent), while the share for alterations and improvements in Calgary was the highest at 80 per cent.

Only 12 per cent of households who intend to renovate had low confidence that they would start the work in 2009.

### Profile of households who intend to renovate

A profile of renovation intenders across the five major centres shows that half of intenders are between the ages of 45 and 54, while those who are between the ages of 18 and 24 have the lowest intentions to renovate this year at 34 per cent.

Renovation intentions are highest among owners of older homes. Forty-eight per cent of households living in homes built before 1920 intend to renovate in 2009. In fact, households living in homes built prior to 1945 had the highest incidence of actual renovations in 2008, with 48 per cent of households renovating. Of those who intend to renovate in 2009, the older the home the higher the proportion of households performing maintenance or repairs. On the other hand, the younger the home the higher the proportion of households performing alterations or improvements.

### 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, 59 per cent of households who intend to renovate this year, will do so to update, add value, or prepare to sell their home. Twenty-four per cent of households intend to renovate this year because their dwelling needs repairs, while 25 per cent say that it needs maintenance.

### Renovation intenders in Vancouver plan to spend the most on renovations

When asked what the household expected to spend on their renovations, the average estimate across the five centres was \$10,680. Households in Vancouver expected to pay the most on average (\$12,440), while households in Montréal expected to pay the least on average (\$8,670).

Figure 8

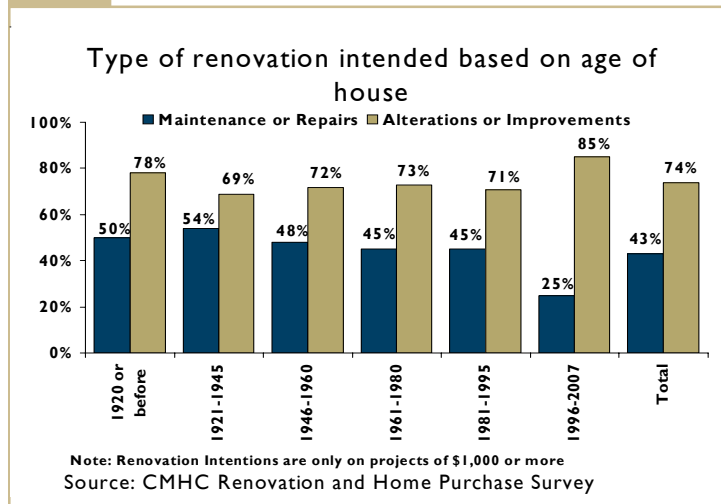


Figure 9

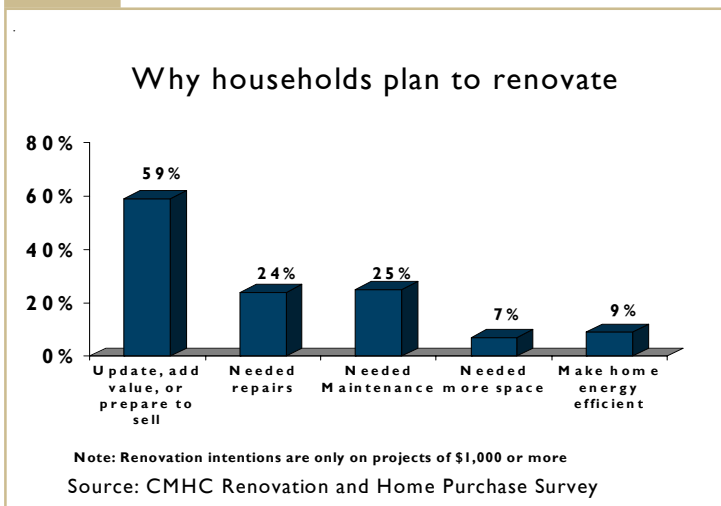
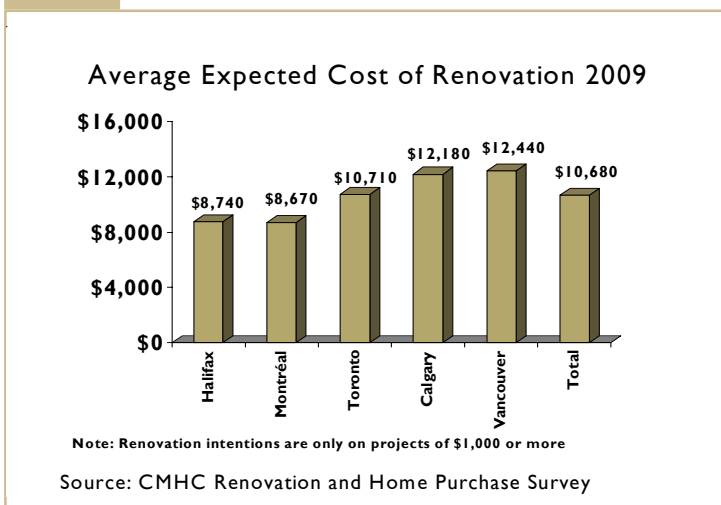


Figure 10





## Household Purchasers in 2008

### ■ SIX PER CENT OF HOUSEHOLDS PURCHASED A HOME LAST YEAR

Across the ten major centres surveyed, six per cent of all households indicated they bought a home last year, down from seven per cent reported in 2007. The largest share of homebuyers was in Edmonton (8 per cent), followed by Calgary and Winnipeg where seven per cent of households purchased a primary residence in 2008. On the other hand, six per cent of households in Montréal bought a primary residence last year, an increase from five per cent in 2007.

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.

Spending intentions on renovations were, on average, overestimated, in 2008 by \$220. Households surveyed in 2008 expected to spend an average of \$12,880, while in actuality spent an average of about \$12,600 on renovations for 2008.

Toronto homeowners overestimated their renovations, on average, by over \$950, while those in Vancouver were off by only \$170.

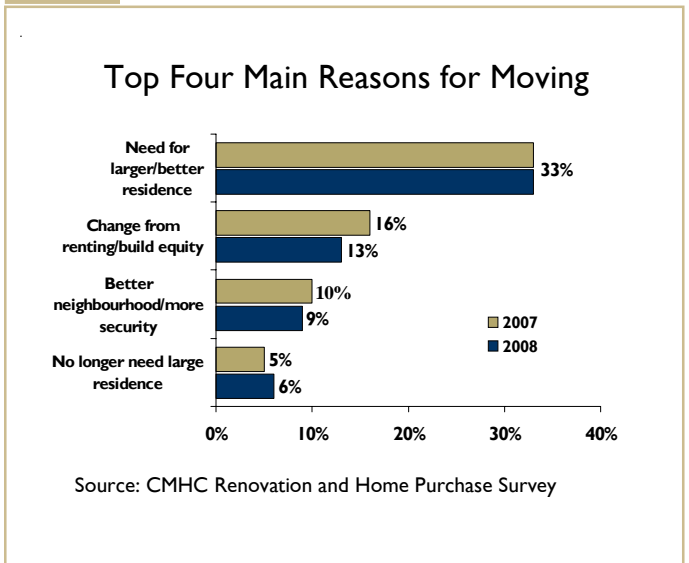
### Profile of households who purchased a home last year

Across the five centres surveyed, 17 per cent of purchasers who bought a primary residence in 2008 were between 18-24 years of age, 16 per cent falling between the ages of 25-34, and 8 per cent between the ages of 35-44.

Thirty-six per cent of households who purchased a residence in 2008, were first time buyers, down from 42 per cent in 2007.

For those who previously owned a home, the majority of households (70 per cent) purchased a home worth more than their previous residence while 19 per cent purchased

Figure 11



a lower priced home. As well, the majority (59 per cent) of those who previously owned a home upgraded to a larger home compared to their previous one while 25 per cent downsized.

This move-up corresponds with the large proportion of households (33 per cent) who stated that they needed a larger residence as their main motivation for moving. A smaller proportion of respondents in 2008 (13 per cent) compared to 2007 (16 per cent) wanted a change from renting and to have an opportunity to build some equity.

**The majority of homebuyers opted for existing homes**

Seventy-three per cent of households that bought a home in 2008 opted for an existing home. On the other hand, 23 per cent of respondents purchased a newly built home, a decrease from 27 per cent of respondents in 2007. More than half the households purchased a single-detached residence in 2008. The remaining homebuyers were split equally between purchasing semi-detached, row/townhouse, and apartment dwellings in 2008.

**Condominiums are a popular choice amongst households over 65 years of age**

The condominium lifestyle remains a popular choice amongst home purchasers, especially those over 65 years of age. A quarter of respondents surveyed bought a condominium last year. The majority of home purchasers aged 65 and older bought a condominium last year. The share of households between the ages 55 and 64 that purchased a condo fell from 43 per cent in 2007 to 37 per cent in 2008.

Across the five centres, the largest share of households purchasing a condominium was in Vancouver at 42 per

Figure 12

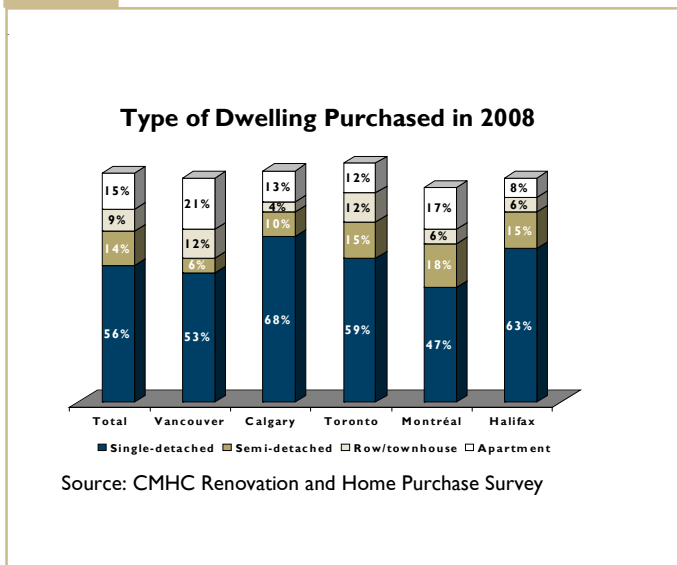
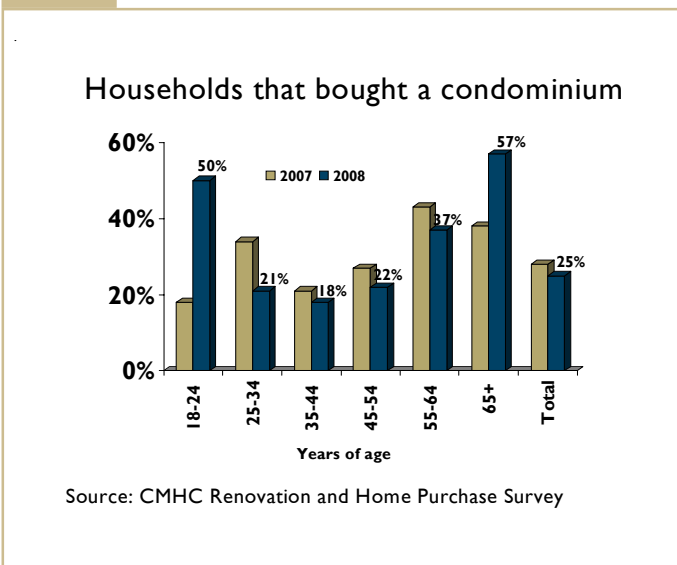


Figure 13





## Consumer Intentions to Buy a Home

### ■ FIVE PER CENT OF HOUSEHOLDS INTEND TO PURCHASE A HOME IN 2009

In the ten major Canadian centres surveyed, five per cent of households intend to buy a primary residence in 2009, down slightly from six per cent that actually purchased in 2008. The percentage of these households who intend to buy is the highest in Calgary and Edmonton at six per cent, while the percentage of households who intend to buy was the lowest in Halifax and Montréal at four per cent.

### ■ RENTERS MAKE UP THE MAJORITY OF HOUSEHOLDS THAT INTEND TO PURCHASE THIS YEAR

The gap between the proportion of renters and owners intending to purchase a home in 2009 has widened compared to intentions reported in 2008. The majority of purchase intenders (59 per cent) are renter households compared to 53 per cent in 2008. In Montreal, 61 per cent of households intending to purchase a home currently rent, while in Vancouver only 51 per cent of purchase intenders are renter households.

In five of the ten markets surveyed, households were asked more detailed questions regarding their purchasing intentions. Thus, the remainder of purchase intention results cover only the five centres listed: Halifax, Montréal, Toronto, Calgary, and Vancouver.

cent. Only 15 per cent of households in Halifax purchased a condominium last year.

### Savings and Equity from sale of a home were main source of down payment

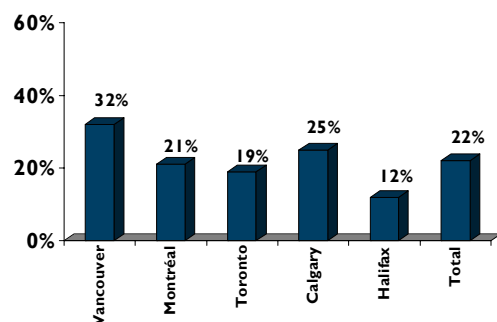
As for how households paid for their new home last year, 40 per cent used some form of savings (excluding RRSP and Investments) as their main source of down payment, while 32 per cent used the equity from their present/previous residence.

### A larger share of households intend to buy single-detached homes and the majority intend to purchase a larger residence

Among households who intend to buy a home in 2009, the largest share plan to buy a single-detached home (55 per cent). Also, a majority of intenders (68 per cent) plan to buy an existing home.

Figure 14

### Households Intending to Purchase a Condominium



Source: CMHC Renovation and Home Purchase Survey

Twenty-two per cent of households who intend to purchase a home plan to purchase a condominium unit. Of those who intend to purchase a condominium, the majority are ages 65 and older (70 per cent). Vancouver has the largest proportion of condominium purchase intenders at 32 per cent this year.

The majority of households who intend to purchase a home plan to purchase a larger home (50 per cent) compared to their current residence, 23 per cent of households intend to purchase a smaller home, and 25 per cent intend to purchase a similar sized home compared to their current residence.

**Homebuyer profile**

Buyers between 25 and 44 years of age make up the lion’s share (57 per cent) of households that intend to buy a home in 2009. More than one in five households that intend to buy are between 45 and 54 years of age, while only six per cent are over 65 years of age.

Likewise, the majority of renter households that intend to buy are between 25 and 44 years of age (61 per cent).

**A large share of intenders will be repeat buyers**

More than half (51 per cent) of purchase intenders will be repeat buyers. Twenty-four per cent of buying intenders say that the main motivation for purchasing a residence is to change from renting/build equity or have a residence of their own, while 21 per cent say they need larger/better residence.

**Thirty-eight per cent of intenders will put 20 per cent or more as down payment**

Approximately, 38 per cent of households that intend to buy a home are planning to make a down payment of more than 20 per cent of the expected value of their purchase. Savings (45 per cent) is the main source of down payment for households intending to purchase a home in 2009, while equity from the present/previous residence will be the source of down payment for 23 per cent of households who intend to buy a home in 2009.

Figure 15

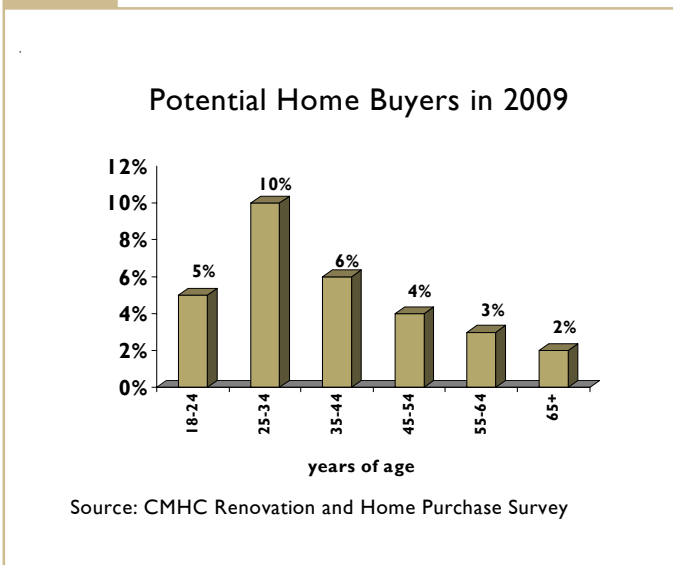
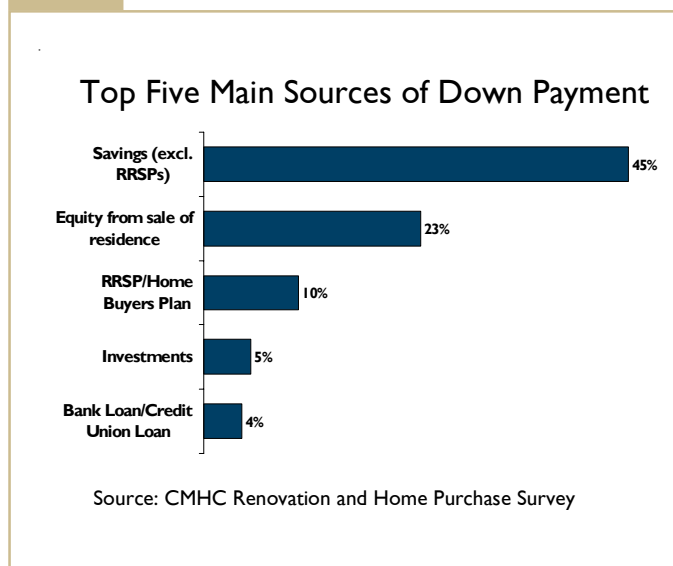


Figure 16



## Methodology

The Renovation and Home Purchase Survey was conducted in March of 2009.

### How do we define households who performed renovations in 2008?

Homeowner households who completed renovations on their primary residence in 2008, spending any amount, are deemed to have performed renovations last year.

### How do we define households who intend to renovate in 2009?

Homeowner households who identified that they had commenced renovations of \$1,000 or more in 2009 or plan to commence renovations of \$1,000 or more in 2009 are considered to be renovation intenders. Intenders are divided into three categories – those having very high confidence that they will renovate their home in 2009, those having high confidence that they will renovate their home in 2009, and those having low confidence that they will renovate their home in 2009. Those that have already started renovations are classified as having a very high intention of renovating. Characteristics are only gathered from those households that have a high or very high intention of renovating.

### How do we define households who purchased a home in 2008?

All households who signed a final purchase agreement in 2008 are classified as home purchasers.

### How do we define households who intend to purchase a home in 2009?

All households who signed a final purchase agreement in 2009 or indicated that they are intending to buy a home in 2009 are considered home purchase intenders. Intenders are asked if this intention is very high, high, or low. Households who have signed a final purchase agreement in 2009 are deemed to have a very high intention of purchasing a home. Characteristics are only gathered from those households that have a high or very high intention of purchasing a home.

### Sample and geographic coverage

The Renovation and Home Purchase Survey was conducted in the Census Metropolitan Areas of St. John's, Halifax, Québec, Montréal, Ottawa, Toronto, Winnipeg, Calgary, Edmonton and Vancouver. Households in these centres were classified as renovators, renovation intenders, home purchasers, and home purchase intenders. Profile characteristics were collected for renovators in all centres; however, profile characteristics for home purchasers, renovation intenders, and home purchase intenders were only collected for households in five major centres: Halifax, Montréal, Toronto, Calgary, and Vancouver.

The survey was conducted on a random sample of households in each CMA by using a list of geographically stratified telephone numbers. The actual number of households telephoned varied by centre. The sample size was set to get profile characteristics for 400 purchase intenders, 800 renovating households and 1,200 households who intend to

renovate. The actual sample size was determined based on the centre's expected response rate and the incidence rate of the four characteristics of interest.

The survey results were weighted according to the sampling scheme and adjusted for non-response. The weights were then adjusted to add up to the projected number of households in the CMA as of March 2009. The weights for households who were asked profile questions were adjusted to aggregate to the number of households expected to have that characteristic in the CMA based on the high level survey results.

### Detailed data by centre

To perform our analysis of the survey, we produce very detailed data tables. The tables provide much more information than what we can put in this report. If you are interested in detailed tables, they are available for free on CMHC's web site at [www.cmhc.ca](http://www.cmhc.ca).

Detailed tables are available for home buying intentions and home renovation intentions for each of the five centres. On renovation work completed in 2008, additional tables for all ten centres are available. Data tables are also available for the overall results. Data in the overall tables are weighted to be representative of the total population in the surveyed centres.

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