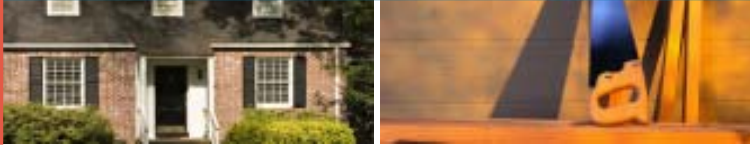


RENOVATION AND HOME PURCHASE REPORT



Canada Mortgage and Housing Corporation

Date Released: 2008

Close to \$19.7 billion spent on renovations last year across ten major centres¹ surveyed

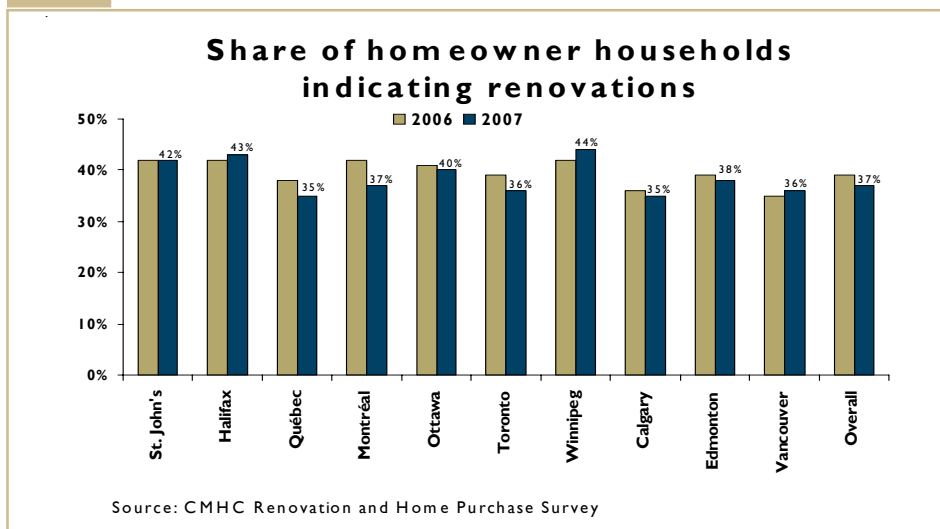
Thirty-seven per cent of households in ten Canadian markets renovated their home in 2007.

According to CMHC's Renovation and Home Purchase Survey, an estimated 1.5 million households in ten of Canada's major centres indicated they had completed some form of renovation in 2007. This represents 37 per cent of homeowner households across the ten major centres, down slightly from 39 per cent in 2006. The share of homeowner households who renovated last year was

the highest in Winnipeg (44 per cent), Halifax (43 per cent), and St. John's (42 per cent), while Calgary and Quebec had the lowest share with 35 per cent.

The share of households that intended to renovate in 2007 (46 per cent) was higher than the share of households who undertook renovations of \$1,000 or more in 2007 (31 per cent)². In last year's survey, households in Vancouver, Calgary, Toronto, Montréal, and Halifax indicated that they expected to spend, an average of \$11,200 on renovations in 2007, where in fact, they spent an average of \$13,200.

Figure 1



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

² Across the ten major centres surveyed, 37 per cent of homeowner households completed some form of renovation in 2007. Only 31 per cent of homeowner households spent \$1,000 or more on these renovations.

In this issue

- 2 Household Renovators in 2007
- 5 Consumer Intentions to Renovate a Home
- 7 Household Purchasers in 2007
- 9 Consumer Intentions to Buy a Home
- 10 Methodology

SUBSCRIBE NOW!

Access CMHC's Market Analysis Centre publications quickly and conveniently on the Order Desk at www.cmhc.ca/housingmarketinformation. View, print, download or subscribe to get market information e-mailed to you on the day it is released. CMHC's electronic suite of national standardized products is available for free.



Household Renovators in 2007

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

In the ten major Canadian cities surveyed, 37 per cent of homeowner households renovated their primary residence in 2007. This was down slightly from 39 per cent in 2006. The share of households who renovated last year was the largest in Winnipeg (44 per cent), Halifax (43 per cent), St. John's (42 per cent), and Ottawa (40 per cent), while Calgary and Quebec (35 per cent) had the lowest share of households undertaking renovations in 2007.

■ CLOSE TO A THIRD OF RENOVATING HOMEOWNER HOUSEHOLDS REMODELLED A ROOM

Thirty-one per cent of homeowner households who undertook renovations remodelled a room, making this the most popular type of renovation completed in 2007. Painting/wallpapering and installing hard surface flooring/wall-to-wall carpeting followed with 27 and 26 per cent of households last year undertaking this type of renovation, respectively.

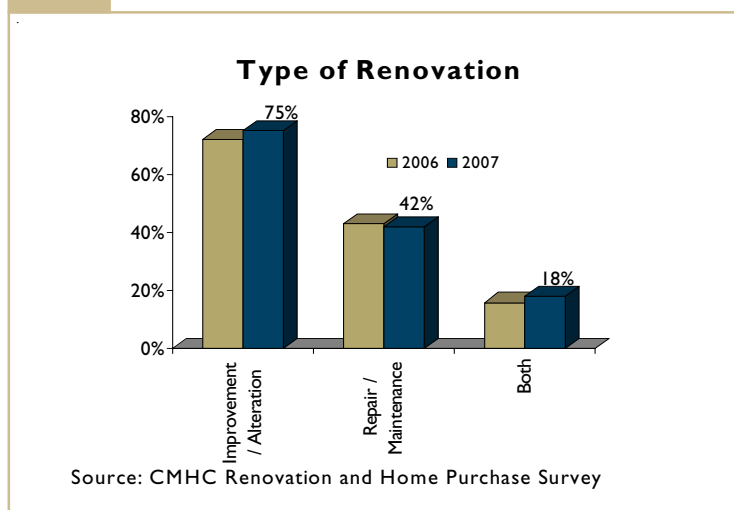
Alterations or improvements lead the way in 2007

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 good working condition or maintain its appearance, while alterations and improvements are defined as any work made to increase the enjoyment, value or useful life of the property.

Among homeowner households that renovated in 2007, three quarters did some form of alteration and improvement to their home, while 42 per cent did maintenance and repairs. Eighteen per cent of households who renovated in 2007 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 more than 80 per cent of renovators in 2007. 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, Québec and Montréal had the highest incidence of this type of renovation (48 and 45 per cent, respectively) while Edmonton had the lowest share.

Figure 2



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 2007 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 (10 per cent) and Winnipeg (8 per cent) in 2007 despite a decrease in the incidence compared to 2006. Close to a third of households in Ottawa stated that their home needed major repairs, the largest share across the ten centres.

Close to a third of homeowner households remodelled a room

Thirty-one per cent of renovator households remodelled a room, making this the most popular type of renovation completed in 2007. Painting/wallpapering and installing hard surface flooring/wall-to-wall carpeting were undertaken by 27 and 26 per cent of renovator households last year, respectively.

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 Ottawa (20 per cent) and Edmonton (20 per cent), than in Montréal (14 per cent).
- Hard surface flooring and wall-to-wall carpeting were more popular in Edmonton (36 per cent) and St. John's (35 per cent) than in Québec (16 per cent).
- Door and window renovations were more popular in St. John's (30 per cent) than in Vancouver (14 per cent).

The majority of homeowner households hired a contractor

Among households that renovated in 2007, 41 per cent contracted out all the work, while 31 per cent did the work themselves or with the help of friends or family. Over a quarter of households who renovated did a mix of both hiring a contractor and doing a portion of the work themselves. In 2007, compared to 2006, 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.

Figure 3

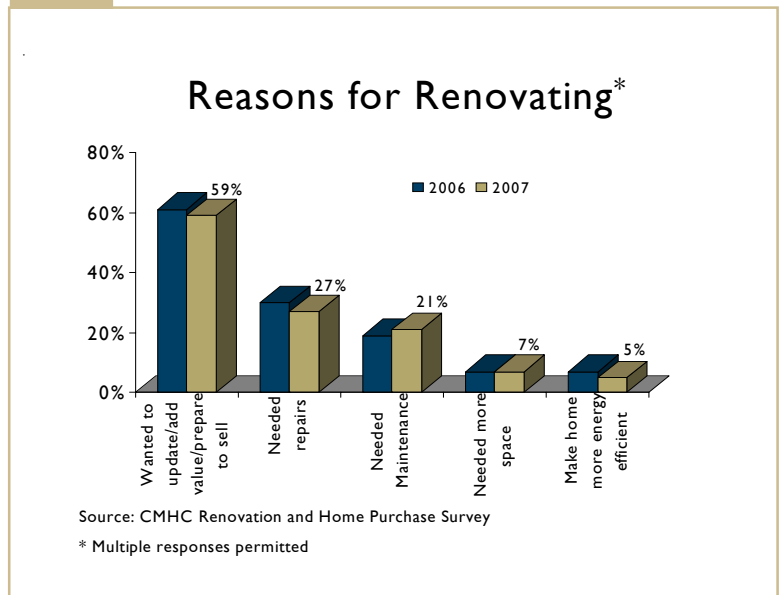
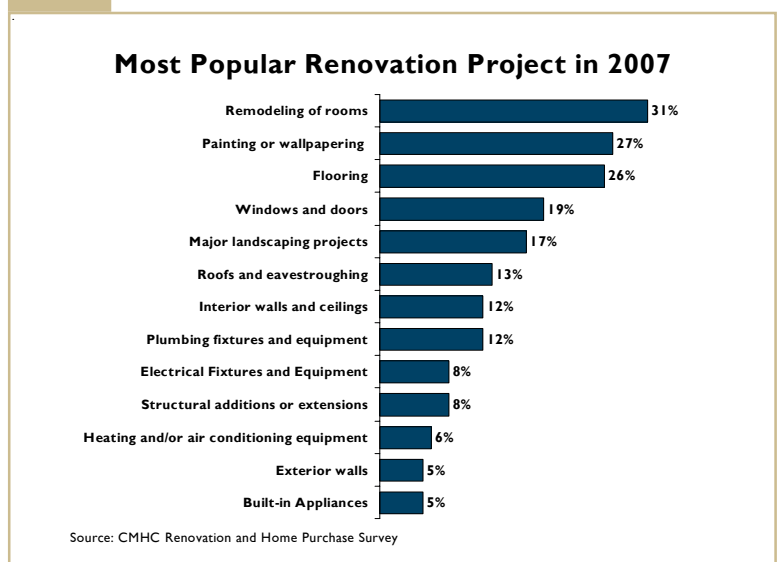


Figure 4



The majority of renovator households in Edmonton (44 per cent), Québec (43 per cent), and Halifax (39 per cent), did the work themselves rather than hire a contractor. On the other hand, the majority of renovator households in Toronto (47 per cent), Ottawa (45 per cent), and Montréal (44 per cent) hired a contractor to complete the work.

Of those households that contacted a contractor, 77 per cent of households in 2007 had a written agreement before the renovation work was started, down from 80 per cent in 2006.

The Financial Picture

Homeowner households across the ten major centres surveyed spent an average of \$12,800 on renovations in 2007, an increase of over \$1,000 compared to the average spent in 2006. The highest average amount spent on renovations was Calgary at \$15,600, an increase of \$3,000 compared to 2006. The average amount spent of renovations was the lowest in Winnipeg at \$7,900, down from an average of \$9,100 in 2006.

A total of \$19.7 billion was spent on renovations last year across the ten major centres, up from the estimated \$17.3 billion in 2006. The largest share came from Toronto where close to \$7.1 billion was spent in 2007. More than \$3.6 billion was spent on renovations in Montréal.

People living in older homes tend to spend more on renovations. In 2007, an average of more than \$17,000 was spent on renovations in homes built before 1920, while homeowners in homes built between 1971 and 1980 spent on average about \$10,500.

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.

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 2007 paid for the work from savings, a similar share to 2006, while 20 per cent used credit cards or a line of credit. Of the households that paid for the renovations from savings, on average, \$11,900 was spent on the renovation, while those that used a credit card or a line of credit spent, on average, \$13,500.

Figure 5

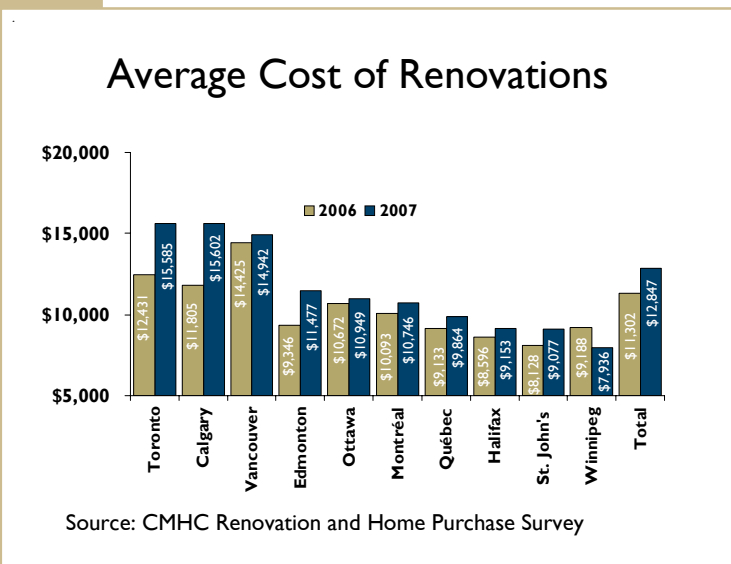
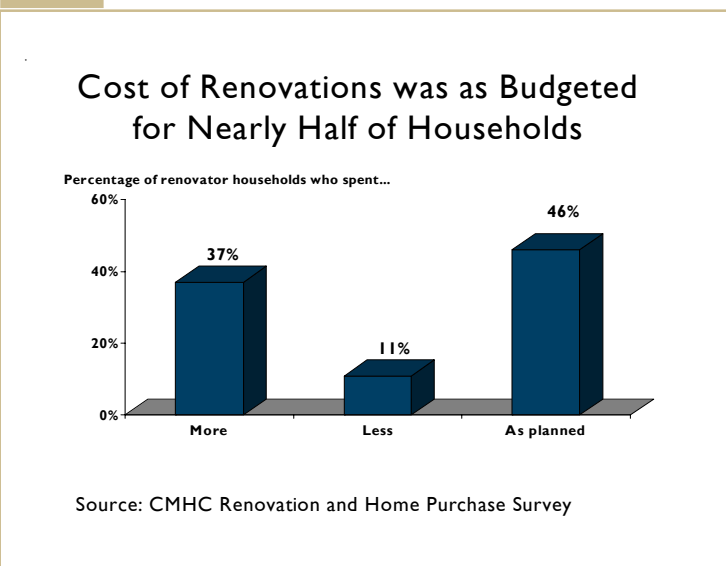


Figure 6





Consumer Intentions to Renovate a Home

40 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 2008. The share of households that intend to renovate in 2008 is greater than the share of households that undertook renovations of \$1,000 or more in 2007 (31 per cent¹). The share of households that intend to renovate in 2008 is highest in Winnipeg and St. John's at 50 and 48 per cent, respectively. Québec had the lowest share of households that intend to renovate in 2008 at 35 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 2008 or that intends to begin a renovation in 2008 and plans on spending more than \$1,000 on the renovation.

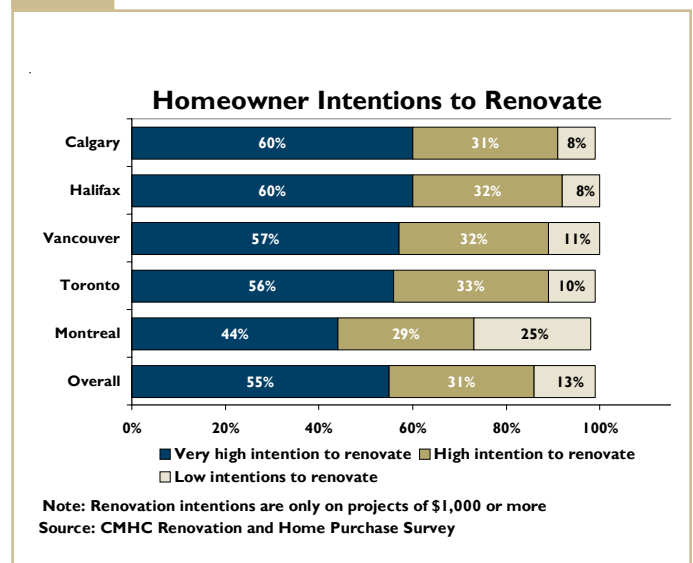
Renovation intentions are strong

40 per cent of homeowners across the five major centres plan on renovating this year

Of those households who intend to renovate in 2008, more than half (55 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, 2 out of 5 households intend to do some form of maintenance and repairs, while more than three quarters will undertake alterations and improvements, similar proportions to actual renovations completed in 2007. 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 85 per cent.

Only 13 per cent of households who intend to renovate felt that there was a low chance that they would start the work in 2008.

Figure 7



¹ In the previous section we reported that 37 per cent of households in the ten major centres surveyed undertook renovations in 2007. However, only 31 per cent of households in these centres spent \$1,000 or more on renovations in 2007.

Profile of households who intend to renovate

A profile of renovation intenders across the five major centres shows that the majority of intenders are between the ages of 25 to 44, while those who are 65 and over have the lowest intentions to renovate this year at 25 per cent.

Renovation intentions are highest among owners of older homes. Fifty-one per cent of households living in homes built before 1920 intend to renovate in 2008. In fact, households living in homes built prior to 1945 had the highest incidence of actual renovations in 2007, with 48 per cent of households renovating. Of those who intend to renovate in 2008, the older the home the higher the proportion of households performing maintenance and repairs. On the other hand, the younger the home the higher the proportion of households performing alterations and 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, 67 per cent of households who intend to renovate this year, will do so to update, add value, or prepare to sell their home. Twenty-one per cent of households intend to renovate this year because their dwelling needs repairs, while 19 per cent say that it needs maintenance.

Renovation intenders in Toronto 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 \$12,880. Households in Toronto expected to pay the most on average (\$14,920), while households in Halifax expected to pay the least on average (\$8,200).

Spending intentions on renovations were, on average, underestimated, in 2007 by \$1,000. Households surveyed in 2007 expected to spend an average of \$11,270, while in actuality spent an average of over \$12,800 on renovations for 2007.

Toronto homeowners underestimated their renovations, on average, by over \$4,000, while those in Vancouver were off by only \$800.

Figure 8

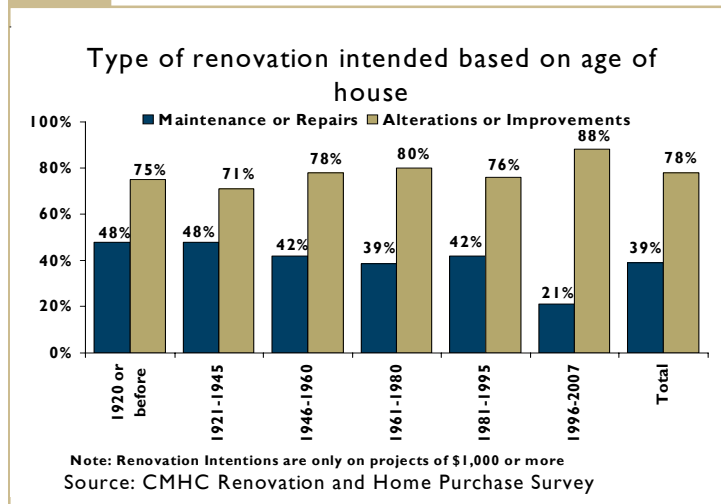


Figure 9

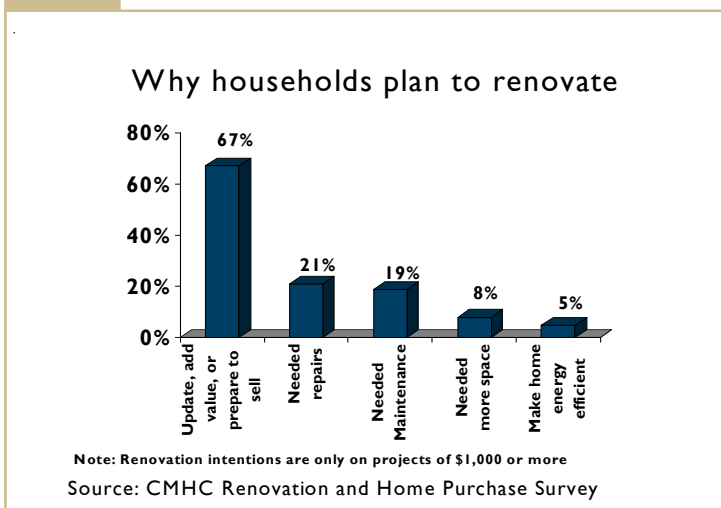
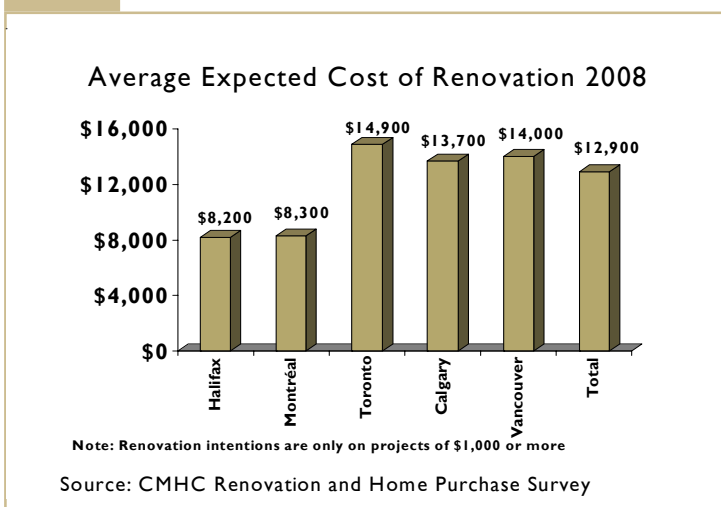


Figure 10





Household Purchasers in 2007

SEVEN PER CENT OF HOUSEHOLDS PURCHASED A HOME LAST YEAR

Across the ten major centres surveyed seven per cent of all households in those centres indicated they bought a home last year, up from 6 per cent reported in 2006. The largest share of homebuyers was in Edmonton, Calgary, and St. John's where 10 per cent of households purchased a primary residence in 2007. On the other hand, five per cent of households in Montréal bought a primary residence last year, an increase from four per cent in 2006.

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

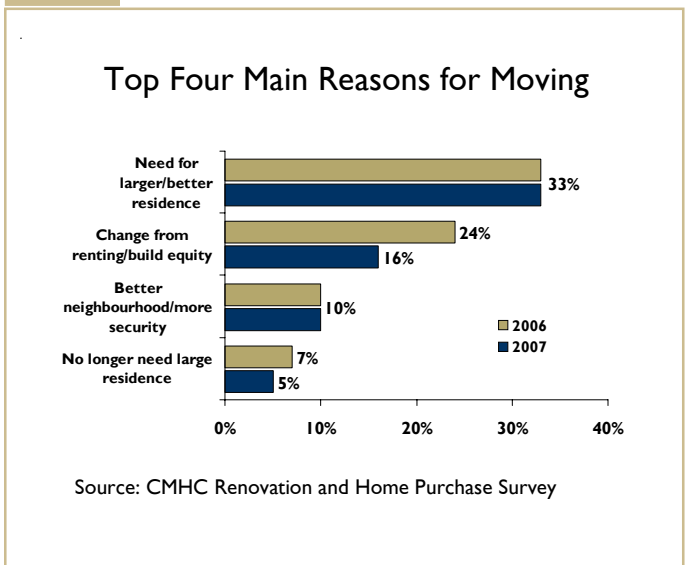
Across the five centres surveyed, 40 per cent of purchasers who bought a primary residence in 2007 were between 18 and 34 years of age with 23 per cent falling between the ages of 18 and 24 (up from 18 per cent in 2006) and 17 per cent between the ages of 25 and 34 (up from 15 per cent in 2006).

More than 40 per cent of households who purchased a residence in 2007, were first time buyers, the same proportion as 2006.

For those who previously owned a home, the majority of households (74 per cent) purchased a home worth more than their previous residence while 13 per cent purchased a lower priced home. As well, the majority (62 per cent) of those who previously owned a home upgraded to a larger home compared to their previous one while 20 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 2007 (16 per cent) compared to 2006 (24 per cent) wanted a change from renting and to have an opportunity to build some equity.

Figure 11



The majority of homebuyers opted for existing homes

Seven out of ten households that bought a home in 2007 opted for an existing home. On the other hand, 27 per cent of respondents purchased a newly built home, an increase from 23 per cent of respondents in 2006. More than half the households purchased a single-detached residence in 2007. The remaining homebuyers were split equally between purchasing semi-detached, row/townhouse, and apartment dwellings in 2007.

Condominiums are a popular choice amongst households between the ages of 55 and 64 years

The condominium lifestyle remains a popular choice amongst home purchasers, especially with households between 55 and 64 years of age. Over a quarter of respondents surveyed bought a condominium last year. The majority of home purchasers between the age of 55 to 64 bought a condominium last year. The share of households aged 65 and older that purchased a condo fell from 60 per cent in 2006 to 38 per cent in 2007.

Across the five centres, the largest share of households purchasing a condominium, was in Vancouver at 46 per cent. Only 12 per cent of households in Halifax purchased a condominium last year.

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

As for how households paid for their new home last year, 40 per cent used the equity from their present/previous residence as their main source of down payment, while 30 per cent used some form of savings (this excludes RRSP and investments).

Figure 12

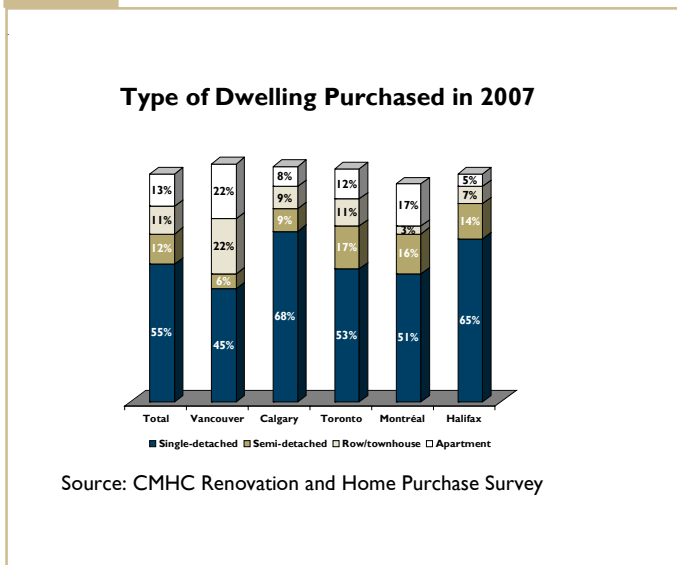
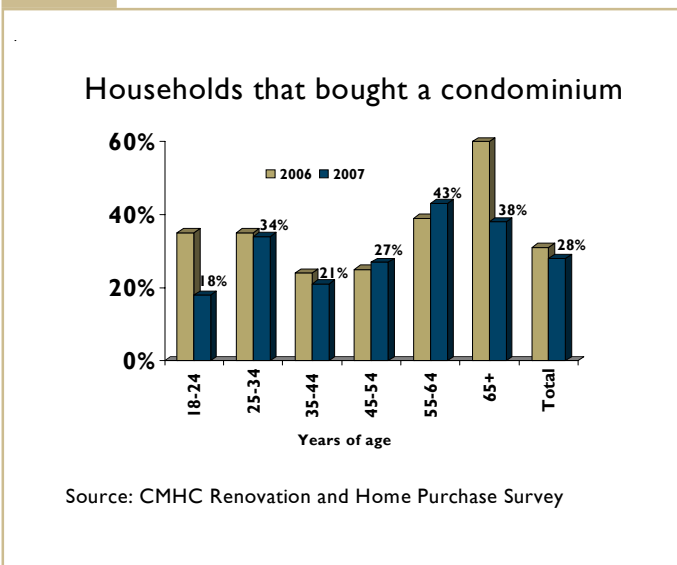


Figure 13





Consumer Intentions to Buy a Home

SIX PER CENT OF HOUSEHOLDS INTEND TO PURCHASE A HOME IN 2008

In the ten major Canadian centres surveyed, six per cent of households intend to buy a primary residence in 2008, down slightly from seven per cent that actually purchased in 2007. The percentage of these households who intend to buy is the highest in Calgary at eight per cent, while the percentage of households who intend to buy was the lowest in Québec 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 2008 has narrowed compared to intentions reported in 2007. The majority of purchase intenders (53 per cent) are renter households compared to 60 per cent in 2007. In Montreal, close to two-thirds of households intending to purchase a home currently rent, while in Vancouver only 44 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.

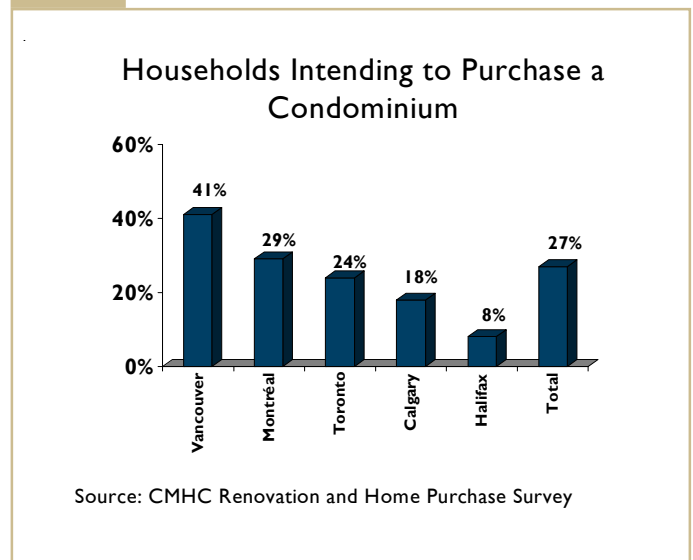
A larger share of households intend to buy single-detached homes and the majority intend to purchase a larger residence

Among households who intend to buy a home in 2008, the largest share plan to buy a single-detached home (55 per cent). Also, a majority of intenders (67 per cent) plan to buy an existing home.

Just over a quarter 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 between the ages of 18 and 24 years. Vancouver has the largest proportion of condominium purchase intenders at 41 per cent this year.

The majority of households who intend to purchase a home plan to purchase a larger home (57 per cent) compared to their current residence, 20 per cent of households intend to purchase a smaller home, and 20 per cent intend to purchase a similar sized home compared to their current residence.

Figure 14



Homebuyer profile

Buyers between 25 and 44 years of age make up the lion's share (59 per cent) of households that intend to buy a home in 2008. More than one in five households that intend to buy are between 45 and 54 years of age, while the same proportion are over 54 and below 25 years of age.

Likewise, the majority of renter households that intend to buy are between 25 and 44 years of age (46 per cent).

A large share of intenders will be repeat buyers

More than half (57 per cent) of purchase intenders will be repeat buyers. Indeed, buying intenders' main motivation for purchasing a residence was the need for a larger/better residence (33 per cent). The second most popular response was to change from renting/build equity or to have a residence of their own (26 per cent).

The majority of purchase intenders that are first time buyers are between the ages of 25 and 34, with a household income between \$40,000 to just under \$60,000. As for repeat buyers who intend to purchase a home in 2008, the majority are between the ages of 35 and 44, with a household income over \$100,000.

Close to half of intenders will plan to make a down payment of more than 20 per cent

Close to half 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. The main source of down payment funds are household savings for 40 per cent of potential home buyers, while equity from the present/previous residence is also a popular option with 30 per cent.

Figure 15

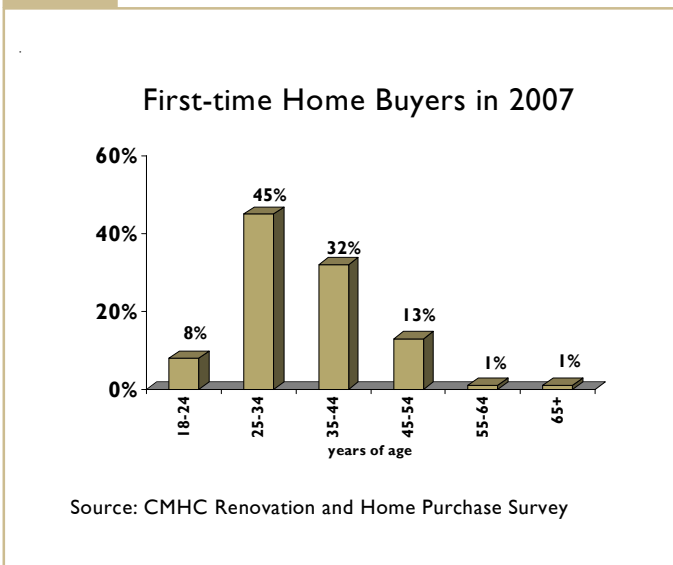
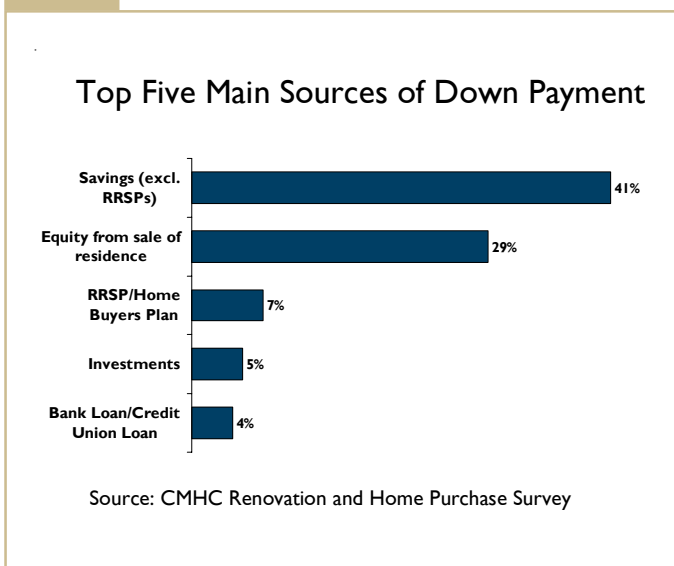


Figure 16



The Renovation and Home Purchase Survey was conducted in February of 2008.

How do we define households who performed renovations in 2007?

Homeowner households who completed renovations on their primary residence in 2007, spending any amount, are deemed to have performed renovations last year.

How do we define households who intend to renovate in 2008?

Homeowner households who identified that they had commenced renovations of \$1,000 or more in 2008 or plan to commence renovations of \$1,000 or more in 2008 are considered to be renovation intenders. Intenders are divided into three categories – those having very high confidence that they will renovate their home in 2008, those having high confidence that they will renovate their home in 2008, and those having low confidence that they will renovate their home in 2008. 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 2007?

All households who signed a final purchase agreement in 2007 are classified as home purchasers.

How do we define households who intend to purchase a home in 2008?

All households who signed a final purchase agreement in 2008 or indicated that they are intending to buy a home in 2008 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 2008 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 February 2008. 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.

Detailed tables are available for home buying intentions and home renovation intentions for each of the five centres. On renovation work completed in 2007, 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.

CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for more than 60 years.

Together with other housing stakeholders, we help ensure that Canada maintains one of the best housing systems in the world. We are committed to helping Canadians access a wide choice of quality, affordable homes, while making vibrant, healthy communities and cities a reality across the country.

For more information, visit our website at <http://www.cmhc.ca/>

You can also reach us by phone at 1-800-668-2642 or by fax at 1-800-245-9274.

Outside Canada call 613-748-2003 or fax to 613-748-2016.

Canada Mortgage and Housing Corporation supports the Government of Canada policy on access to information for people with disabilities. If you wish to obtain this publication in alternative formats, call 1-800-668-2642.

The Market Analysis Centre's (MAC) electronic suite of national standardized products is available for **free** on CMHC's website. You can view, print, download or subscribe to future editions and get market information e-mailed automatically to you the same day it is released. It's quick and convenient! Go to <http://www.cmhc.ca/housingmarketinformation>

For more information on MAC and the wealth of housing market information available to you, visit us today at <http://www.cmhc.ca/housingmarketinformation>

To subscribe to priced, printed editions of the national standardized product suite or regional specialty publications, call 1 800 668-2642.

©2008 Canada Mortgage and Housing Corporation. All rights reserved. CMHC grants reasonable rights of use of this publication's content solely for personal, corporate or public policy research, and educational purposes. This permission consists of the right to use the content for general reference purposes in written analyses and in the reporting of results, conclusions, and forecasts including the citation of limited amounts of supporting data extracted from this publication. Reasonable and limited rights of use are also permitted in commercial publications subject to the above criteria, and CMHC's right to request that such use be discontinued for any reason.

Any use of the publication's content must include the source of the information, including statistical data, acknowledged as follows:

Source: CMHC (or "Adapted from CMHC," if appropriate), name of product, year and date of publication issue.

Other than as outlined above, the content of the publication cannot be reproduced or transmitted to any person or, if acquired by an organization, to users outside the organization. Placing the publication, in whole or part, on a website accessible to the public or on any website accessible to persons not directly employed by the organization is not permitted. To use the content of any CMHC Market Analysis publication for any purpose other than the general reference purposes set out above or to request permission to reproduce large portions of, or entire CMHC Market Analysis publications, please contact: the Canadian Housing Information Centre (CHIC) at <mailto:chic@cmhc.gc.ca>; (613) 748-2367 or 1 800 668-2642

For permission, please provide CHIC with the following information:

Publication's name, year and date of issue.

Without limiting the generality of the foregoing, no portion of the content may be translated from English or French into any other language without the prior written permission of Canada Mortgage and Housing Corporation.

The information, analyses and opinions contained in this publication are based on various sources believed to be reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibility.



STAY ON TOP OF THE HOUSING MARKET

Enhance your decision-making with the latest information on Canadian housing trends and opportunities.

CMHC's Market Analysis Centre e-reports provide a wealth of detailed local, provincial, regional and national market information.

- **Forecasts and Analysis** – Future-oriented information about local, regional and national housing trends.
- **Statistics and Data** – Information on current housing market activities — starts, rents, vacancy rates and much more.

Free reports available on-line:

- Canadian Housing Statistics
- Housing Information Monthly
- Housing Market Outlook, Canada
- Housing Market Outlook, Highlight Reports - Canada and Regional
- Housing Market Outlook, Major Centres
- Housing Now, Canada
- Housing Now, Major Centres
- Housing Now, Regional
- Monthly Housing Statistics
- Northern Housing Outlook Report
- Preliminary Housing Start Data
- Renovation and Home Purchase
- Rental Market Highlight Reports
- Rental Market Reports, Major Centres
- Rental Market Statistics

Free regional reports also available:

- B.C. Seniors' Housing Market Survey
- Ontario Retirement Homes Report
- The Retirement Home Market Study, Quebec Centres
- Housing Market Tables: Selected South Central Ontario Centres
- Residential Construction Digest, Prairie Centres
- Analysis of the Resale Market, Quebec Centres

Get the market intelligence you need today!

Click www.cmhc.ca/housingmarketinformation to view, download or subscribe.

Sign up today and receive CMHC's Multi-Unit e-Update Newsletter

Our quarterly e-newsletter provides valuable information and expertise on a variety of topics relating to multi-unit residential housing including market insight, housing research and the latest news on our multi-unit mortgage loan insurance products.