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For immediate release

Renovation all the rage with Canadian homebuyers, says RE/MAX

Toronto, ON (April 11, 2005)—Canadians homebuyers are spending top dollar to purchase the “perfect” home, only to invest tens—sometimes hundreds—of thousands more to renovate, decorate and customize, says RE/MAX Ontario-Atlantic Canada, lead sponsor of the 2005 National Home Show.

“Today’s Canadian purchasers are more educated, more sophisticated and more demanding than their predecessors,” says Michael Polzler, Executive Vice President, RE/MAX Ontario-Atlantic Canada. “Their level of disposable income is also higher. They are making housing decisions that reflect their needs, while renovating to realize their dreams and desires. It is now commonplace to see contractors, engineers, or architects reviewing properties on behalf of a purchaser prior to sale or as a condition of sale. A home with ‘great bones’ in a good location is paramount—the rest is in the details. The possibilities are virtually limitless.”

Many RE/MAX sales representatives have been noting that the instance of home renovation is greater than ever, particularly in the Greater Toronto Area. In fact, realtors are now taking on the role of educator—helping clients understand which home improvements provide the best return on investment, especially when it comes to resale. Their experience often helps vendors realize maximum results. In many cases, realtors reported that renovated and update homes sold more quickly and for closer to the listed price than homes that required revitalization or repairs. Conversely, a growing number of homebuyers are willing to invest sweat equity—and considerable cash—if it means finding a good home in the right neighbourhood.

Strong sales of existing homes are the primary catalyst spurring renovation activity from coast to coast, as the majority of homeowners typically renovate within three years of purchasing a property. With the housing market consistently setting new benchmarks, renovation spending and intentions are also following suit.

The renovation phenomenon in Canada has become a multi-billion dollar industry, with spending expected to reach a record \$38 billion in 2005, climbing to over \$40 billion in 2006*. Canada Mortgage and Housing Corporation estimates that nearly 40 per cent of all homeowners plan to renovate this year, spending at least \$1,000. Yet the average household expenditure on home renovations is expected to reach over \$14,000. Ten per cent of homeowners plan on spending \$25,000 or more, up from just seven per cent in 2003.

“Equity gains have played a considerable role over the past several years,” notes Polzler. “They have provided homeowners with the financial means to undertake more upscale renovations, and that will eventually come full circle to the resale housing market. We are seeing average prices rise in response to the flurry of renovation activity in neighbourhoods across the GTA. It’s not simply limited to the city’s upper-end communities—where extensive renovations commonly raise the bar—but also in more modestly-priced areas. Bungalows, for example, are prime candidates for an addition or a second storey.”

Baby boomers have been a driving force behind the surge in home improvement spending. Bells and whistles have become requirements, not simply options. Inheritances, the total value of which is expected to reach \$550 billion nationally over the next 10 years**, have allowed many to revitalize their existing homes. Another factor driving renovation spending includes low inventory levels in key hot pocket areas that have many purchasers compromising on the condition of the home for location. In addition, the low cost of borrowing has allowed homeowners to get more for their renovation dollars.

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"In Canada, home repair and renovation is quickly emerging as one of the newest national pastimes," says Polzler. "Whether having just bought a home, preparing an existing dwelling for resale or simply breathing new life into the family homestead, today's savvy homeowners know that the right improvements not only enhance lifestyle, but can also add significantly to their bottom line. Yet, not all home improvements are created equal."

The most popular renovation projects that also provide a solid return on investment include bathrooms, kitchens, exterior projects such as a new roof, paint, windows and flooring. Well-planned landscaping and simple changes such as upgrading older fixtures can also add to a home's appeal and, as a result, its value.

"The growing trend suggests that there really is no such thing as the ideal home, per se," notes Polzler. "Even properties that are considered turn-key will often undergo minor or moderate renovation, as it has become customary for homeowners to put their own thumbprint on their home. Personal taste certainly factors in, but there's no doubt that today's homebuyers—and homeowners—are decidedly more vogueish than in days past. Who said change wasn't a welcome concept?"

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