



# Press Release

## Four in ten (43%) Homeowners Planning a Reno Will Use Some Debt to Pay for It

### Those Who Will Use Debt Say It'll Take 2.5 Years to Pay Off

**Toronto, ON, June 6, 2017** — Renovations are on the to-do list for many Canadian homeowners over the coming year and many will use debt to pay for at least some of it. Those who will anticipate taking 2.5 years on average to pay it off, according to a new Ipsos poll conducted on behalf of BDO.

Six in ten (57%) homeowners say that they're likely (22% very/35% somewhat) to renovate their home in the next year. Homeowners in Quebec (72%) and Ontario (61%) are most likely to consider a renovation, followed by those in BC (53%), Alberta (53%), Saskatchewan and Manitoba (44%), and Atlantic Canada (40%).

On average, Canadian homeowners plan to spend \$16,439 on their home renovations. While half (49%) plan to spend less than \$10,000, 22% plan to spend \$10K-<\$20K, 15% plan to spend \$20K-<\$30K, and 12% plan to spend \$30K or more. Albertans anticipate spending the most on their renovations (\$22,586 on average), while those in Saskatchewan and Manitoba anticipate spending the least (\$11,934).

Quebecers will finance the largest portion of their renovation with debt (31%) while those in Saskatchewan and Manitoba will use the least amount of debt (20% of the renovation cost).

With many relying on debt to help finance their renovations, it's little wonder than on average, homeowners relying on debt think it will take them a little more than two-and-half-years (30.6 months) on average to pay down the debt they'll rack up as a result of the renovation.

Home renovations are a serious commitment for homeowners, often requiring financial sacrifices to be made elsewhere. For one in four homeowners planning renovations (25%), their renovation plans mean that they aren't saving as much for emergencies as they feel they should. Nearly as many (24%) say they're not paying down their debt as fast as they should be, while others say their retirement will be impacted because they aren't saving as much as they should for retirement (21%).

Among those renovating, half (51%) have not yet set a budget for how much they're willing to spend. Four in ten (42%) say they haven't set a budget yet, but that they intend to, while 9% have no intention of budgeting. This leaves half (49%) who have already budgeted. Atlantic Canadians are most likely (19%) to say they haven't budgeted and won't, and they're also the most likely to use a credit card to pay for their renovations as 23% will do so, much higher than the national average of 13%.

As renovations get underway, unexpected extra work can sometimes be necessary, which can throw even the best-laid budgeting plans off course. This is the top financial fear for homeowners looking to renovate: one in three (33%) say their biggest fear is uncovering larger problems that will add to their total renovation cost. Other financial fears include a sudden change in homeowners' financial situation, like job loss, divorce or illness (18%), not getting their investment back when they sell (17%), a

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collapse in the housing market that will see their home's value decrease (15%), the possibility of taking on too much debt (14%), not paying it off as quickly as they'd like (13%), and a rise in interest rates that will increase their debt (9%).

And if the renovation plans go sideways and those who have a budget or anticipate having a budget end up overspending, more than four in ten homeowners (44%) say they'd spend more savings to complete the renovation, while 15% would take on more debt to complete it.

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*These are some of the findings of an Ipsos poll conducted between May 18 and May 24, 2017, on behalf of BDO. For this survey, a sample of 1,003 Canadian homeowners (who are planning a renovation) aged 18+ from Ipsos' online panel was interviewed online. Weighting was then employed to balance demographics to ensure that the sample's composition reflects that of the adult population according to Census data and to provide results intended to approximate the sample universe. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll is accurate to within  $\pm 3.5$  percentage points, 19 times out of 20, had all Canadian homeowners who are renovating been polled. The credibility interval will be wider among subsets of the population. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.*

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