

Home Renovation Tax Credit Fuels Renovation Projects in Canada

Majority of Canadians Opting to Pay for Most of Their Renovations With Cash, not Credit

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Toronto, ON –Among the two thirds (66%) of homeowners who intend to renovate over the next two years, a majority (61%) will make use of the tax credit, according to a new Ipsos Reid poll conducted on behalf RBC. It appears that the home-renovation tax credit has had its intended effect, with one half (47%) of those utilizing the credit claiming that they completed or will complete more renovations than they otherwise might have done without the credit.

Renovation intentions going forward over the next two years are down slightly this year (66%) from last year (70%), but this is likely explained by the fact that 65 percent of homeowners have already completed renovations over the past two years, up 2 points from a year ago. On average, renovators intend to spend \$11,272 on their renovations, an increase of four percent over last year.

Canadians appear to be shying away from credit to finance their renovations with most (76%) intending to pay for all (51%) or most (25%) of their renovations with cash. Conversely, just two in ten (21%) will pay for some (17%) or none (4%) of their renovations with cash. Among those who will not pay with cash for a portion of their renovations, just one quarter (24%) will use a credit card (down from 32% last year), while one in three (33%) will use a regular line of credit. Nonetheless, Canadians are becoming more likely, year over year, to use the equity in their home to finance their renovations (21%, up from 13% in 2006), or a line

of credit secured by another asset (11%, up from 6% in 2007). One in ten (10%) will borrow money through a personal loan.

Interestingly, 30% of past renovators indicate that their biggest renovation headache was going over budget. While seven in ten (70%) had a budget, a majority (51%) of these individuals went over budget by an average of 23%. While the proportion of Canadians who renovate with a budget has steadily been increasing since 2006, more of these individuals are going over budget every year. The good news is they're going over by less than they used to.

In terms of the types of renovations Canadians are undertaking, two in ten (19%) say the nature of their renovations was solely related to maintenance or repairs. Four in ten (35%) say that their renovations are aimed at making alternations or improvements, while one half (46%) indicate their renovations will contain a bit of both elements.

Renovations most likely include work on the exterior or the yard (67%), general repairs including carpet, floors and painting (64%), the kitchen (55%), the bathroom (41%) and the kitchen (36%).

Eco-Friendly Renovations...

Six in ten (61%) renovators say that they'll include environmentally-friendly home improvements in their plans, roughly the same proportion (60%) as last year. Two in three (64%) homeowners believe that green renovations would increase the value of their home, although this proportion has dropped significantly from last year (76%).

When considering whether to include environmentally-friendly renovations as part of their overall renovation plans, three quarters (75%) of homeowners would choose an environmentally-friendly friendly approach if it saved them money in the long run, even if it

costs more now. One in ten (8%) would choose the most environmentally-friendly approach even if it costs more and doesn't save them any money in the long run. But two in ten (17%) would choose the least expensive approach now and not worry about the environmental impact.

These are some of the findings of an Ipsos Reid poll conducted between September 8 and 16, 2009, on behalf of RBC. For this survey, a national sample of 3,120 homeowners (of which 2,050 plan to renovate in the next two years) from Ipsos' Canadian online panel was interviewed online. Weighting was then employed to balance demographics and 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. A survey with an unweighted probability sample of this size and a 100% response rate would have an estimated margin of error of +/-1.8 percentage points, 19 times out of 20, for the sample of homeowners, and +/- 2.2 percentage points, 19 times out of 20, for the sample of renovators, of what the results would have been had the entire population of homeowners and renovators in Canada been polled. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.

Regional Trends...

Differences exist from province to province when it comes to homeowners' attitudes towards renovating:

- Homeowners living in Saskatchewan and Manitoba (73%) are most likely to renovate over the next two years, followed by those living in Atlantic Canada (72%), Ontario (67%), Ontario (65%), British Columbia (65%) and Alberta (64%).
- Renovators in Saskatchewan and Manitoba intend to spend the most on their renovations (\$15,133), while those in Atlantic Canada (\$12,586), Ontario (\$12,428),



Alberta (\$12,374), British Columbia (\$10,129) and Quebec (\$7,734) will likely spend less.

- If forced with a decision to renovate or sell, Quebecers (78%) and Atlantic Canadians (78%) are most inclined to renovate as opposed to moving, while those in Saskatchewan and Manitoba (72%), Ontario (69%), Alberta (67%) or British Columbia (66%) would be less inclined to renovate.
- Past renovators in Quebec (74%) were most likely to have had a budget, while those living in Ontario (71%), British Columbia (69%), Atlantic Canada (67%), Saskatchewan and Manitoba (66%) and Alberta were slightly less likely to use a budget.
- Among those that had a budget, Ontarians (54%) were most likely to stick to the budget, while those in Atlantic Canada (50%), Quebec (50%), Saskatchewan and Manitoba (50%), British Columbia (49%) and Alberta (47%) were slightly less likely to follow their budget.

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