



# i communicate

*An Intelligent way to stay informed about the mortgage industry*

## *Renovation Nation: Canadians use their home equity to feather their nests*

More than a decade ago, trend spotters began to tell us about the future trend of “cocooning”. They predicted that decorating magazines, home renovation businesses and luxury home fashions and furnishings would see a big boom. But in 1991, we continued to look outside the home for our entertainment, and the idea of nesting at home seemed unlikely.

But the futurists were right, and Canadians have come home en masse: to work, to play, to socialize and to retreat. Not surprisingly, they are re-shaping their homes to accommodate their new passion for home life. Canada has become the renovation nation, with more than one-third of Canadian homeowners planning a significant renovation in the near future, according to CMHC. Sales in home improvement are expected to reach \$31.7 billion this year – up from \$24.6 billion in 1999. If you’ve tried to find a parking space at Home Depot on a Saturday morning, this information won’t come as a surprise.

So where’s the money going? The ever-popular kitchen renovation has been surpassed by exterior renovations (landscaping, roofing, decks, fencing, etc.), bathroom renovations, and carpets/flooring. Kitchens are the fourth most popular renovation project for Canadians, according to a CMHC survey. Do-it-yourself renovators are most likely to tackle rec room renovations or painting and wallpaper projects.

Before you embark on a renovation project, you should consider whether you are improving your home for your own comfort, or to increase the value of your home. Renovations are not created equal, and some will perform better than others when it comes to adding value to your home.

Most renovations will improve the value of your home, but you shouldn’t expect to fully recover your renovation cost. There are some exceptions, of course, and they often vary from one region to another. But CMHC does provide a general cost/value guideline. For example, you can expect to recoup 68% to 73% of your investment in a kitchen renovation – making it the smartest renovation investment. A bathroom reno is second, at 64% to 71%. A fresh coat of paint on your home’s exterior is likely to recover 62% of the cost to do the work, and a main-floor family room recoups 49% to 56% of the cost.

But there’s more to the renovation fever than a desire to practice Trading Spaces at home. The passion for home life is coinciding with the availability of attractive financing. Mortgage rates are at historic lows, and Canadians are leveraging the equity in their homes to finance the upgrades they’ve been dreaming of.

In addition to speaking to your Realtor for other real estate options available to you if you’re planning to spend a significant amount on a renovation, then you owe yourself a conversation with your Mortgage Consultant to look at your financing options. There are several options available depending on your situation. A secured line of credit could provide you with the funds you need. Or you may want to consider a variable-rate second mortgage of up to \$100,000 that is available at very competitive rates and terms and which can be paid off in a manner that meets your needs.

New fence, garden gazebo, rejuvenated kitchen or whatever your dream is, why not make it a reality?



MORTGAGE  
INTELLIGENCE INC.

For the Mortgage Professional  
nearest you, go to:  
[www.OntarioMortgageTeam.com](http://www.OntarioMortgageTeam.com)