

Home renovating now a national pastime

The entertainment industry has found a new spin on reality shows that has been surprisingly successful: home renovations. The toolbelted contractors on television are unlikely stars, but their home improvement message has helped fire up the imagination of a whole generation of Canadian homeowners!

According to Statistics Canada, Canadians spent almost \$30 billion for renovations in 2005. That represents more than 40% of the total dollars spent on residential construction. We're renovation-obsessed, and we show no signs of slowing down.

According to a recent survey by TD Canada Trust, more than a quarter of those surveyed had a plan for renovations in the coming year, and most were planning to strap on the toolbelts themselves.

So where are we spending our renovation dollars? A gourmet kitchen tops the list of "dream renovations" for most Canadians, and that's also where they tend to spend the most renovation dollars (with bathroom renos coming close behind in popularity). According to the Appraisal Institute of Canada (AIC), homeowners are probably making the right decisions on where to spend their money; kitchens and bathrooms are at the top of the list for renovations most likely to provide a return on the money invested (returning 75% to 100%).

Think that a renovation will increase the value of your home? It's a nice thought, but just not a sure thing. In fact, there are very few renovation projects that will return more than 100% and pay you back more than your costs.

Painting may be the exception. While it doesn't have the power-tool appeal of knocking down walls, it can be almost as impactful. In fact, the experts consistently agree that painting pays: money spent on a great paint job is almost always money well spent, whether it's inside or outside. In the grand scheme of renovations, painting is a low-cost activity, but it can have a big impact on the look of your home.

Still, it's good to know that not all renovations are created equal: some will provide you with some payback, and others are rather notorious as "money pits" for homeowners. The AIC says that the best renovation projects are kitchens, bathrooms and both interior and exterior painting. In the mid-range category (returning 50% to 80%) are more mundane projects like

re-shingling the roof or improving the heating system. Slightly further down on the list are recreation rooms, basement renos and adding a fireplace. New flooring also falls into this category (hardwood floors in kitchens are a big trend, according to the TD Canada Trust survey). At the bottom of the list for payback are skylights and swimming pools.

It's clear that renovating to add value to your home is a tricky business. It can work if you're a talented do-it-yourselfer, if you keep your costs down, and if you don't over-improve your home. The next buyer is less likely to see value in your honed granite countertops if all the other homes in the neighbourhood are sporting laminate. From the standpoint of investment, you actually may not want to have the nicest house on the block.

But playing your own version of Trading Spaces can be a great way to increase your enjoyment of your home. Though they might not be making their owners big bucks, certain home renovations are popular projects because they improve the quality of life of the families that live in the homes now – not because they might be attractive to the next buyer.

The popular television network HGTV (Home & Garden Television) recently released its list of top renovation trends. The list included projects that are unlikely to make the "top payback list" any time soon – including the family home theatre, the main-floor laundry room, whirlpool baths, built-in kitchen appliances and home offices. Sounds great, doesn't it? Just consider family movie time, a shorter hike to do laundry, your own relaxing spa experience and the chance to work from home.

No wonder we've become a nation of renovators – turning the houses we have into the homes we want. And why not? There's never been a better time. With a wide range of financing products available to homeowners right now, Canadians have the tools available to make their renovation dreams come true.

If you've built up some equity in your home, then you probably hold the key to unlock the financing to make your home renovation possible. In today's great interest rate environment, homeowners aren't renovating just because they want to... but also because they can.

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