

PREMIER COASTAL PROPERTIES

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## “Canadians Spent \$17.3 Billion In 10 Major Centres On Reno's in 2006!”

Vancouver & GVRD Averages \$14,425

Summer, 2007

Canadians spent an average of \$11,000 on home renovations last year -- or more than \$17.3 billion in total in 10 major centres -- and home buying intentions are strongest in Calgary, according to a report released Thursday by Canada Mortgage and Housing Corp.

The CMHC's new Renovation and Home Purchase Survey says the average cost of renovations in Calgary in 2006 was \$11,805 -- just above the national average of \$11,302 with Calgary and Alberta leading the way in home/property value increases across the board. Only Vancouver (\$14,425) and Toronto (\$12,431) were higher than Calgary in average renovation dollars spent per household.

The average expected cost of renovations this year is forecast to jump in Calgary to \$12,750, second only to Vancouver (\$14,150) in the country. The national average this year is expected to be \$11,270.



**"We're seeing a lot of additions," says Mark Heinemann of Manor Renovations. All over western Canada it's booming.**

In the 10 major cities surveyed, 39 per cent of homeowner households renovated their primary residence in 2006. In Calgary, it was 36 per cent.

Home buying intentions are strongest in Calgary where 14 per cent of households reported that they are considering buying a home this year.

Another research report, by Altus Clayton, says renovation spending is set to grow the fastest in Alberta in the next two years. The report says Albertans spent \$4.3 billion in renovations last year or 9.8 per cent of the \$44.2 billion spent across the country. The report is forecasting growth in spending in Alberta to be 11.2 per cent this year and 9.5 per cent in 2008 -- both leading the country -- as a result of strong economic growth and robust resale market activity.

Mark Heinemann, of Manor Renovations in Calgary, has experienced the renovation craze in the city.

"It's very steady. I'd have to say that in comparison to last year it's probably a little bit slower but a little bit slower compared to last year is still insanely busy," he said.

"We're seeing a lot of additions. We're seeing a lot of people in established communities who are just trying to bring their houses up to date . . . We're going into houses where we're staying within the existing footprint and we're just gutting the houses and starting again -- reconfiguring the rooms.

Kitchens in terms of payback are always No. 1 in terms of your immediate return on investment."

Heinemann said in the renovation market when dealing with older homes "typically there's an awful lot of deferred maintenance that gets rolled into the renovation costs."

*The Pindy Russell Team*

Lai Sing Louie, the CMHC's senior market analyst for Calgary, said the intentions to buy this year are stronger in the city than they were in 2006.

"They were about 10 per cent last year," said Louie. "It's the highest in the country this year. There's a lot of demand for housing here in Calgary."

Louie said that when resale markets are hitting record highs like in Calgary that has a spinoff effect in renovations.

"When people buy resale homes they usually intend to do something -- either paint it or do some sort of renovations to customize it to their particular tastes," said Louie.



The CMHC report says that about 1.5 million households in 10 major Canadian centres surveyed indicated they completed renovations last year and 46 per cent of homeowners in these centres indicated they intend to spend \$1,000 or more on renovations this year. That percentage was 47 per cent in Calgary.

The CMHC report also said 47 per cent of Canadian households reported that the cost of renovations was in line with what they had budgeted. More than a third of households went over their planned budget for the renovation. Twenty-four per cent of households that undertook a renovation project were do-it-yourselfers who hired a contractor for a portion of the work.

Slightly more households contracted out the renovation work (40 per cent of respondents) as opposed to doing the work themselves (34 per cent).

The main reason given by households for renovating in 2006 was to update, add value or to prepare to sell the residence (61 per cent). With home owners and investors all over western Canada buying and selling, boomers

buying recreational properties and up/downsizing, the average income increasing, even hikes in interest rates will do almost nothing at this point to dampen the spirit of western Canadians wise decision to invest in real estate.

It always seems that the media and certain “special interest” groups are the always the ones screaming that the sky is falling and bubbles are bursting. Keep in mind these are the same geniuses that have been screaming the same doom and gloom for the past 5 years!

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