

Downturn in home renovation spending leads to lack of accessible supplies, contractors

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The COVID-19 pandemic has inspired more people to renovate their living spaces to accommodate new activities like working from home and home schooling.

NANAWALL

In March, Cindy Windover's fridge leaked, leading to a kitchen renovation that would last five months instead of an anticipated six weeks.

Largely due to the COVID-19 pandemic, Canada has faced a significant downturn in home renovation spending, leading to a lack of accessible building supplies and contractors. The Windovers' Lakefield, Ont. renovation faced challenges as a result.

When it came to picking everything from paint to flooring, Cindy said, "Everything basically had to be done online. It was not easy."

These difficulties are echoed across the country. Altus Group, a Toronto-based commercial real estate company, reported in July that home renovation spending across the country is on the decline this year. In the Altus study, total renovation spending includes both capital and current expenditures – alterations, improvements, conversions and repairs.

According to Altus, while residential renovation spending in Canada reached almost \$80-billion last year – growing at a stronger pace than the overall economy – the pandemic has eroded consumer confidence and renovation intentions.

Dave Wilkes, president and CEO of the Building, Industry and Land Development Association (BILD), calls home renovation spending in Canada a "huge driver of our economy," providing more than 700,000 jobs in Canada and \$42.5-billion in wages. The investment value in those renovations is about \$82-billion, making it a bigger segment of the Canadian economy than new home building.

In an interview, Peter Norman, chief economist at Altus Group, said the report underscored renovation as a vital sector, despite seeming like a small, occasional expense to Canadians.

Construction and renovation sites were deemed essential by the Ontario government in May, but the industry has taken a hit across Canada regardless, impacting the building supply industry. Specifically, the economic shock is projected to hit hardest in Quebec, Ontario, Alberta, and Saskatchewan.

Liz Kovach, president of the Western Retail Lumber Association, has already seen region-specific effects on her industry. She points to the "trickle effect" of the area's economy: "When you look at the industry, it provides so many jobs to Canadians, and even just to those in Western Canada, that it gives them the ability to then spend on other things."

Conversely, the Altus study predicts that British Columbia will face the most muted decline in renovation spending – a trend matched in the experience of Thomas Foreman, president of the Building Supply Industry Association of B.C.

Mr. Foreman says the B.C. building supplies industry is "smoking hot" right now – but the issue is product shortages. Plants and mills cannot keep up with province-wide demand, which he says is partially due to a "booming" popularity of do-it-yourself renovations.

Gregg Evans, manager of Leathertown Lumber in Acton, Ont., called recent cross-country lumber shortages "a nightmare." Summer is usually the store's busiest time, but now, he says, staff are unable to supply three-quarters of the orders they normally could.

"It's incredibly frustrating," Mr. Evans said. "It's getting worse by the day."

Greg Drouillard of Target Building Materials in Windsor, Ont., is in a similar plight. His store sells 3,500-plus products, and supplies such as Plexiglass are hard to find. "Nobody was prepared for COVID. When it hit, manufacturers slowed down production – and bingo."

At Altus, Mr. Norman said while the study found a fall-off in major renovations, renovation plans still taking place have moved into do-it-yourself "fixing up around the house." About two-thirds of overall renovation spending is on contractor work, whereas the rest is the DIY sector.

Both Mr. Drouillard and Mr. Evans point to DIY business as a new phenomenon exacerbating the demand in products: "weekend warrior" customers have found an interest in home renovation work because it has been difficult to find professional contractors during the pandemic. Mr. Evans said he lost touch with his regular contractor customers in the spring because they were unable to work. "If they can't get materials to build a deck for somebody, then what do they do?"

Contractor Lorant Tapaszi said while building product supply has been a major concern in his industry, it's also hit employment. Many of his colleagues stopped working to collect CERB as it became more challenging to socially distance on jobs, he noted, whether to avoid risking infection or because of pandemic-related concerns like child care.

Homeowners are facing similar concerns in their renovation planning.

Zoe Nutten, a Toronto homeowner, had a renovation planned pre-pandemic that spanned two full floors of her house. However, in her executive position at work, she took a salary rollback and had to plan against receiving future bonuses. Coupled with what she said could be the "biggest recession we've ever seen," she had to adjust renovation plans accordingly.

With the pandemic's end nowhere in sight, she said, "we want to make sure we have a house that we want to be in, should this ever happen again."

Health concerns have also shaped the scope of her family's renovation plans. Ms. Nutten has had cancer since she was 27 years old, making her high-risk for COVID-19. As a result, Ms. Nutten said she is only dealing with contractors who have earned her trust. When one contractor showed up without a mask, she declined his services.

Despite country-wide changes to reno plans, Mr. Norman suspects contractors will bounce back after lockdown.

"There's still quite a bit of activity going on," he said. "But even if there's a little bit of makeup extending as we go into the latter part of the year, we still think it's going to be off by about 5 per cent in real terms this year."

While Altus predicts a home renovation spending recovery in 2021, the potential for another coronavirus wave has left contractors and building suppliers scrambling to regain footing while they can.

Mr. Foreman described the current environment in the building supplies sector as "flying in a plane while you're building it, and you're not too sure what's going to happen next."

As for renovators: "Oh God, I really hope it will get better," Mr. Tapaszi said. "I am confident it will. But when? And if there's a second wave, how will that affect it? I don't know."