

IDENTIFYING AND SUPPORTING ENHANCED OPPORTUNITIES IN THE RENOVATION SECTOR

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Prepared by:



53 Leary's Cove Road
East Dover NS B3Z 3W7
902.852.2151 fax.852.3193
www.ahbrsc.com

and

Gardner Pinfold and Collins Management



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1.0 Introduction

1.1 Background

The renovation sector presents a serious challenge with respect to standards, skills and awareness of new technological development. With renovation continuing to account for 55-80% of total residential construction activity in many Nova Scotia communities, updating the skills in this sector is vital.

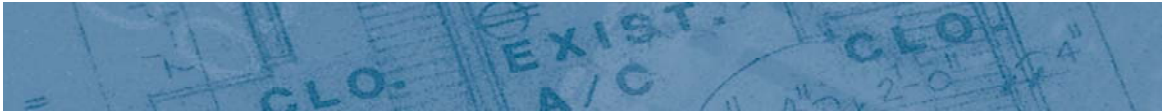
Despite the importance of the sector, skills specific to renovation are not typically addressed through trades training provided through public educational institutions. Quality training and certification programs do, however, exist in other parts of Canada. These need to be accessible to the sector in Nova Scotia and offered as part of the ongoing programming of the Nova Scotia Community College (NSCC) network and/or other industry training providers.

Because the renovation sector provides enhanced opportunities for year-round employment, it is an important part of a strategy to reduce seasonal dependency. The sector is also the focus for several new occupations in buildings and energy analysis, home inspection, mechanical ventilation installation, etc. These represent skills and services that should be provided on a local geographic basis throughout the province, and therefore have the capacity to support broader community economic development initiatives.

The renovation sector provides some of the most promising employment opportunities for individuals involved in construction in communities throughout the province. CMHC and industry research indicate that increased activity in this sector is a continuing trend. Growing concerns about CO2 emissions internationally, and high home-heating fuel prices locally, are leading to increased consumer interest in making their houses more energy-efficient through retrofit projects. Limited availability of land, and family ties to their local neighborhoods, are both contributing factors that influence homeowners' decisions to renovate their existing homes rather than build a new home elsewhere.

1.2 Objectives

The objectives of this project are:

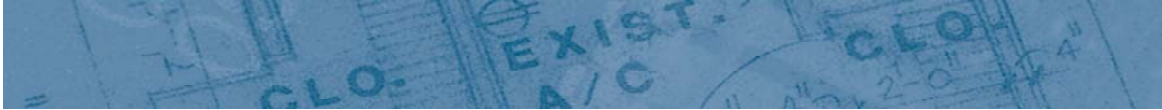


- ▲ To identify specific areas of renovation activity that offer the greatest growth potential and offer the greatest opportunities for future business and employment opportunities.
- ▲ To document the work activities and skills involved in each area of renovation activity and compare them with work activities and skills in the new home building sector.
- ▲ To identify trends and skills associated with new opportunities in the growing renovation sector and clarify the implications of emerging areas of specialization for skills investment programs and training.
- ▲ To document progressive training and certification programs that support the renovation sector in other provinces and assess their applicability to Nova Scotia.
- ▲ To increase awareness of new opportunities in the renovation sector, and renovation and retrofit issues in the sector.

1.3 Approach and Methodology

The project has two components:

1. Document trends in the five areas of renovation – (1) additions, (2) renovations and alterations, (3) replacement of equipment, (4) new installations, and (5) repairs and maintenance. The documentation will:
 - ▲ Identify growth areas;
 - ▲ Address issues associated with emerging technologies in each area; and
 - ▲ Examine relationships between the size and age of a housing stock and potential renovation-related expenditures.
2. Undertake the study of:
 - ▲ The trends in work activities and skills in the renovation and new home building sectors;



- ▲ The differences in work activities and skills between the renovation and new home building sectors;
- ▲ The implications of differences and trends for skills investment requirements; and
- ▲ Progressive approaches to skills and certification in other provinces, and their applicability to Nova Scotia.

1.4 Report

The report is structured as follows:

Chapter 1 – Introduction

Background
Objectives
Approach and Methodology
Report Format

Chapter 2 – Trends in The Demand for Renovation

This chapter examines key trends, underlying drivers of renovation demand and forecasted level of activity.

Chapter 3 –Nova Scotia Trends in Renovation

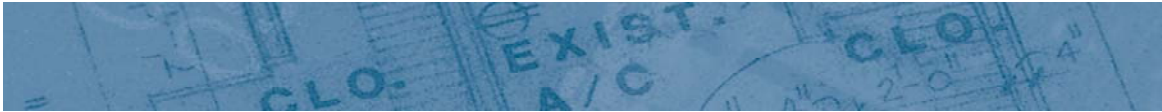
Trends in work activities and skills are examined for both individual trades as well as business management activities with respect to the renovation industry.

Chapter 4 – Renovation Skills in Nova Scotia

This chapter identifies trends in work activities in Nova Scotia and differences in work activities and skills.

Chapter 5 – Status of Renovation Industry across Canada.

In this chapter, interviews conducted with industry observers across Canada are summarized.



Chapter 6 – Conclusions and Opportunities for Nova Scotia Renovation Sector

In the final chapter, the opportunities for the renovation sector in Nova Scotia are identified.

Trends in the Demand for Renovation

2.0 Trends in the Demand for Renovation

2.1 Introduction

Although home renovation activities have existed as long as new home construction, renovation activity has been increasing in scope and intensity over the past few years throughout Canada and the United States. The resulting increase in renovation activity has important implications for labour demand, business development and factors related to skills development.

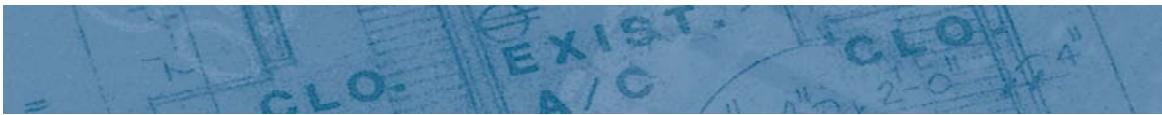
This chapter examines trends in home renovation from several different perspectives. It looks at underlying drivers of demand for renovating, based on broad industry trends identified through a review of national and international marketplaces. Specific sub-elements of these trends are identified in the discussion as well. Forecasts of renovation activity are also presented. Finally, the findings are analyzed with a view to determining the impacts of these trends on the Nova Scotia renovation market and the renovation industry in the province. Growth areas that offer the greatest potential for future business and employment opportunities are identified here as well.

The findings presented here are based on industry interviews, a literature review of documents and reports, and a review of the websites of government, research institutions and industry on the Internet.

2.2 Underlying Drivers of Demand for Renovation

Trends throughout North American clearly show that renovation work has become an important part of the economy. Since 1998, in Nova Scotia, expenditures in renovation have almost doubled from \$400 million to \$725 million in 2003. We believe that growth in the renovation sector will continue due to several underlying drivers of demand introduced below. The Harvard University Joint Center for Housing Studies has undertaken considerable research on these various underlying drivers. Their findings based on American market experience are also relevant to Nova Scotia and are integrated with the Nova Scotia situation in the following discussion. More detailed information specific to the Nova Scotia marketplace follows later in the chapter.

Increased Asset Value



Increased asset value in the North American marketplace has played an important role in increasing demand for home renovation.

In many urban markets, including the Halifax Regional Municipality (HRM), strong price appreciation has enabled many longer-term owners to accumulate substantial home equity, which is now typically accounting for a significant portion of their total wealth.

Owners who spend or invest in home improvements realize the greatest rate of price appreciation. For many renovation projects, homeowners can recover as much as 80-90 percent of the cost of home improvements in the form of higher home values.

In the HRM in particular, housing prices have increased significantly since 1998 when compared to the general consumer price index (CPI). Selling prices¹ in Bedford and Clayton Park have increased in the order of 40% as compared with a CPI increase of about 14%. The Sackville area has not risen as dramatically, about 18%.

The rural market in Nova Scotia has not experienced the same rate increase in home value. For instance, prices in Truro only increased about 9% during this same time period.

These price trends suggest it has been a sellers market in HRM and a buyers market in more rural parts of the province.

While many renovation projects are equated with fashion-oriented upgrades to upper-end suburban homes, families living in lower- and moderate-income neighborhoods are also active in the improvement market. By making modest investments in basic systems and structural elements, these households are preventing their older—and typically more affordable—homes from deteriorating and falling out of the housing stock.

Growth of High-Income Households

Over the past quarter century, the North American labour force has become increasingly divided between well-educated, higher-skilled workers who earn high incomes and less well-educated, lower-skilled

¹ Royal LePage Survey of Canadian House Prices.



workers.

In Nova Scotia, there has been a strong increase in the proportion of higher income households. According to Statistics Canada reports², the proportion of homeowner households with incomes of \$80,000 and over increased 82.1% between 1999 and 2002, inclusive, although the number of homeowner households only increased 4.3%. In Canada, the proportion of high-income homeowner households increased 22.4% over the same period. The proportion of homeowner households in the high-income category in Nova Scotia (15.3%) is well below the national proportion of 21.3%.

The rapid growth of higher-income households, together with historically low mortgage interest rates, has lifted home buying to all-time highs. Homeowners with high incomes spend considerably more than other households on renovation. With affluent households leading the way, the high end of the home improvement market has seen spectacular growth, as documented later in this chapter.

Home Buying as a Trigger for Improvements

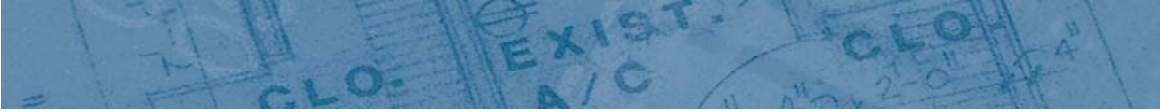
While most owners make some improvements to their homes every year, homebuyers are particularly likely to make major upgrades at the time of purchase. This phenomenon has been observed in HRM where due to tight market conditions, purchasers are buying homes and then undertaking significant upgrade and renovation projects to bring the house up to the quality they desire. Due to limited choices in the marketplace, many buyers cannot purchase the type or quality of home they desire or can afford.

It is generally understood that trade-up buyers who purchase existing homes spend substantially more on improvements than first-time buyers.

Purchasers of existing homes are likely to focus immediately on upgrading electrical, plumbing or heating equipment, replacing doors and windows, or remodeling a bathroom or kitchen. Buyers of existing homes anticipate these needs at the time of purchase, often completing the work before moving in.

Longer-term Owners

² Statistics Canada, Homeowner Repair and Renovation Expenditure, 2002 Catalogue 62-201, Table 2



Because the incomes, composition, and tastes of households are constantly changing, home improvement and renovation are ongoing. According to the Joint Center for Housing Studies in the US, longer-term owners make up an important share of the home improvement market as well.

While lower on a per household basis than those of recent movers, expenditures by longer-term owners make up more than 70 percent of total improvement spending.

Older homeowners typically spend less than younger homeowners on renovation. As a result, a home purchased from an older homeowner is unlikely to have been updated as recently as one purchased from a younger seller.

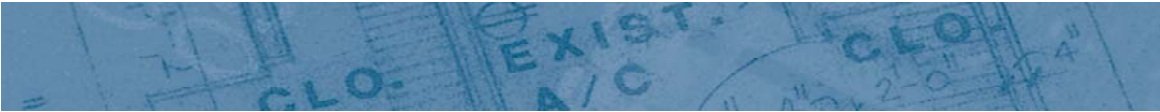
Changes in family composition provide another important explanation for this age-related pattern. Adding a child, an elderly parent, or a spouse to the household often creates the need for more living space, especially for bedrooms and bathrooms. While some of these growing households simply move to larger homes, others stay in their current homes and renovate. For stayers, the addition of another household member also leads to such remodeling projects as expanding the kitchen, adding a bathroom or other room, or finishing the basement or attic.

Even when the economy went into retreat in 2001-02, the number of high-income households held firm and sales of both new and existing homes set records. With the North American economy now poised for recovery, the growth of high-income—and of high spending—households should keep home renovation expenditures on the rise for the foreseeable future.

Financing Renovations with Equity

The sharp increase in home prices, together with record-low mortgage interest rates, has led to significant refinancing activity.

Homeowners are now increasingly drawing on their home equity—either at the time of sale or when refinancing their mortgages—to fund debt consolidation, home improvements, and other consumer expenditures. In the US a Federal Reserve Board survey indicates that 4.9 million households refinanced their homes between January 2001 and June 2002, cashing out \$131 billion of their equity. Bank officials in HRM confirm a similar scale of activity.



Forty-three percent of American households reported spending some share of their cashed in equity on home improvements.

The Harvard Joint Center analysis also suggests that the more equity they have, the more households spend on home improvement, even after controlling for income.

Returns on Home Improvements

Just as rising prices and growing equity stimulate spending on home renovation and repairs, home improvement and repair spending helps to increase home values.

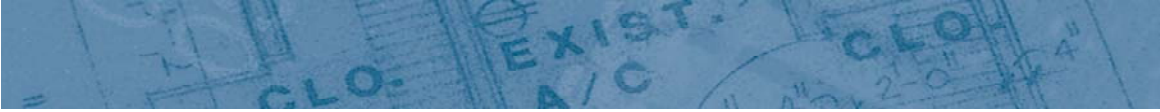
Owners are motivated to improve their homes for both their own enjoyment or lifestyle purposes, and investment reasons. On the enjoyment side, owners may make improvements when they add a new household member or when their income or wealth increase. On the investment side, owners living in hot housing markets may decide to make improvements to capture the potential gains in equity from rapidly rising prices.

Moreover, the downturn in financial markets has resulted in very low rates of return for investors over the past several years. Homeowners have turned to investing in their housing, through increased renovation activity, as a more rewarding alternative to traditional investing approaches. Rising house prices in HRM have exceeded the rate of return in financial markets.

Outlook for Home Values

Unless mortgage interest rates spike up sharply or the economy takes an unexpected dive, home sales and improvement spending should remain at near-record levels in 2004, according to CMHC. Indeed, even if economic growth were to falter in the near term, the outlook for renovation remains bright. After years of rapid price appreciation, owners have not only gained tremendous housing wealth but also greater awareness that maintaining and improving their homes pays off.

The Boost from Rising Homeownership



During the 1990s, strong economic growth and favorable mortgage interest rates enabled increasing numbers of households to buy homes.

Over the next decade, the average age of the existing housing stock will continue to drift upward. It is unclear how the current restriction or new sub-division development in HRM will impact the overall housing stock. Owners of older homes spend more on improvements (much of it on repair and maintenance) than owners of newer homes, regardless of their household characteristics. As a result, overall home improvement spending will continue to climb.

On the negative side for the home renovation industry, empty-nesters and single-person households usually have little need for additional space. On the plus side, though, these types of households have high homeownership rates and the income to afford professional renovation and repair services. Indeed, households aged 55 to 64—the fastest-growing group in the decade ahead, and in North America —,spend over 80% of their home renovation budgets on professional contractors.

The stock of homes built between 1946 and 1970—accounting for 22.6% of the Nova Scotia housing stock in 2002—will thus be a source of strong demand for both replacement and renovation spending since many lack such popular amenities as large kitchens, multiple bathrooms and expansive family rooms.

2.3 Trends in Renovation: The United States Situation

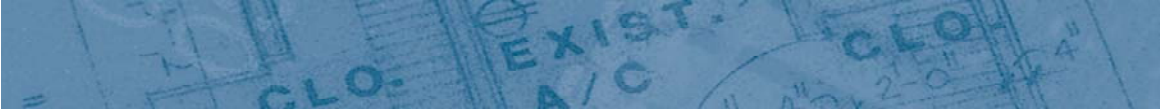
A number of recent research reports and sources served as sources for trends in renovation activity in the United States. This section presents organizes these trends according to the research sources.

CMHC Research on U.S. Renovation Activity

In 1999, CMHC commissioned the Starr Group Inc. to undertake an extensive examination of the home renovation market in the United States. These findings and related trends have important implications for the Canadian market as well as the Nova Scotia market in particular, as U.S. trends often serve as an indicator of activities that will be adopted in Canada within several years.



- ▲ Americans spend \$120-150 billion annually on upgrading, improving, and repairing their homes which almost equals what is spent on newly constructed homes. (1998)
- ▲ Remodelling expenditures have grown nearly 2% annually over the last few years, which is higher than the 0.5% growth rate of new home construction.
- ▲ In 1994-95, the range of money spent per renovating household was \$500 - \$2000.
- ▲ In 1995 over \$62 million was spent on replacements such as replacing equipment, built-in appliances, windows, doors, flooring, ceilings, roofs, paneling, and HVAC systems.
- ▲ Additionally, \$43 million was spent to improve properties, replacing or improving detached garages, swimming pools, driveways, fencing, patios, and decks.
- ▲ Demographic Characteristics: Over 62% of people between 45 – 64 years old (.76 million people.) make improvements annually. The younger of this group is more likely to remodel or renovate as they generally have families and must adapt their living space requirements. Those between 25 – 54 years old are most likely to buy homes and remodel within the first 18 months of purchasing the home.
- ▲ Most spending within the first two years goes into kitchen projects, bathroom projects, room additions, and other interior alterations.
- ▲ People between 25-34 years old are usually first time buyers; 35-54 years old are most often trade-up buyers and those over 55 years of age are most likely long-term owners.
- ▲ Features of the Home: Houses are being lived in longer and require more expenditures in order to prevent building deterioration.
- ▲ Homes are also larger than before and therefore would increase the dollar amount spent on repairs or remodelling.
- ▲ Single dwelling homes are more likely to have repairs done and are usually of higher value and owned by higher income households.



- ▲ Owners of manufactured housing (i.e., mobile homes) spend the least amount of home repair, which is consistent with lower incomes and either very young or old ages.

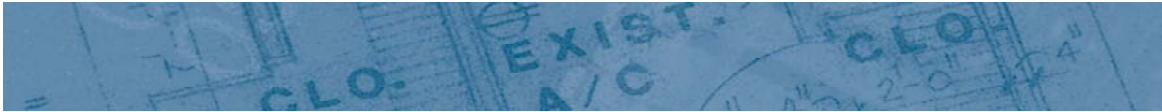
The Do-It-Yourself Market

The National Association of Homebuilders (NAHB) in the United States has studied the changing impacts of the Do-It-Yourself Marketplace on renovation activity.

- ▲ The NAHB reports that 1994-95 spending by Do-It-Yourselfers was \$40 billion, just over 40% of the total annual purchases of products used in remodelling.
- ▲ More than 20% of homeowners in the D-I-Y market in 1995 were 35 years or younger; 50% are under 45 years and homeowners over 65 are the least likely to do projects on their own.
- ▲ The D-I-Y market is shrinking due to the aging market. As people age they are less likely to take on projects themselves and hire the trades persons they need to undertake renovation projects on their homes. This trend points to increasing demand for renovation professionals.
- ▲ Professional contractors receive three-quarters of all remodelling dollars.
- ▲ Remodelling expenditures on rental, seasonal, and vacant units accounted for about \$33.3 billion in 1997.
- ▲ Rental owners remodel to maximize their economic returns and to protect their investments.
- ▲ The top three types of jobs done in owner occupied homes were painting and papering, roofing, and room additions. The top three types done in rental units were painting and papering, kitchens and bathrooms, and roofing.

Home Renovation Shows as a Driver of Renovation Demand

The past several years have witnessed a strong increase in both television shows and magazines that offer quick and modern solutions to home renovation. Canadian and American television programs such as *“Trading Spaces”*, *“While You Were Out”* and *“Facelift”*, as well as numerous design-focused



magazines such as “*Style at Home*” and “*Better Homes and Gardens*” specialized renovation/redesign magazines, offer homeowners creative, innovative approaches to remodeling and redecorating their homes — over a couple of days, for less than several thousand dollars. In contrast, “This Old House”, the ultimate and oldest of renovation programs, provides insights into major restoration, renovation and upgrading of older homes.

At first glance, these programs appear as a threat to the professionalization of home renovation industry by giving the impression that major or substantive changes can be done with limited budgets in a very short time period. However, the changes within homes that participate in programs such as “Trading Spaces” are typically decorative rather than structural. These programs and magazines typically employ professional designers to manage the makeover projects and ensure that the results are grounded in design principles.

These design programs do offer the renovation industry an opportunity for an increased role in redesign and renovation. In addition to their entertainment value, most programs and magazine articles function in an awareness-raising role — homeowners are exposed to new ideas and concepts that they may subsequently investigate with a view to implementation. The challenge for the industry is to be able to serve in a professional follow-on role to homeowners whose interest for more substantial renovation is tweaked by these programs.

The Home Depot 1997 Annual Report³

- ▲ Americans spent approximately \$100 billion in home improvement products in 1997, up more than 6% from the previous year.
- ▲ As the population ages, many of the D-I-Y will become a buy-it-yourselfers, where they select and purchase the products they put in their homes, but who prefer to hire someone else to complete the project.
- ▲ The Home Depot completed over 550 million customer transactions during fiscal 1997. The majority of these transactions were do-it- yourself customer sales.

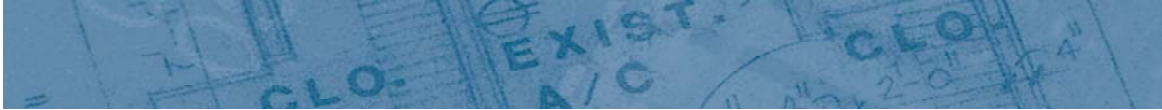
³ http://www.homedepot.com/HDUS/EN_US/compinfo/financial/annual/1997/diy.html



Summary

In summary, these sources on the American marketplace provide insights on a number of trends and issues that have emerged to make an impact on the remodelling industry and affect the future areas of growth. Some of these include:

- ▲ **A shift in the use of interior space within homes:** Home layouts are changing as kitchens become more multi-functional, master bedrooms become larger, dining rooms decrease in size and home offices are added.
- ▲ **A growth in the implementation of universal design products:** Estimates of population changes expected that by 2000 one-third of Americans would be disabled, over the age of 65, or chronically ill. As a result, renovations are being done to accommodate these people and give them greater freedom of movement in their homes.
- ▲ **The growth of pre-designed remodelling packages:** These packages save time and money and are predicted to revolutionize the industry. They offer consumers more choice and price range of products.
- ▲ **Contractors increasingly offering credit and financing to customers:** This allows consumers to undertake a project without having the income readily available. It benefits the contractor by increasing their customer base and professional image.
- ▲ **The growth of installed sales programs:** Manufacturers, lumberyards, and home centres have begun offering installed sales programs to better meet customer needs.
- ▲ **An increase of trust between manufactures and contractors:** As the pre-designed packages and sales programs become more popular, it is important for a strong relationship to develop among the manufacturers and contractors.
- ▲ **The changing nature of distribution:** As the large home centre giants dominate the industry, small companies, lumberyards, and manufacturers must develop their own program in order to survive.
- ▲ **The increased use of technology:** Contractors look more professional and can expand their



customer base with the knowledge of computers for proposals, designs, quotes, and for the use of marketing their company. Proper use of such technology can make these companies more efficient.

- ▲ **The development of “brand name” recognition of contractors by consumers:** The general public is heavily influenced by brand name recognition, therefore it is essential that contractors develop a brand name for themselves to help with competition.
- ▲ **The increased use of showrooms:** This is becoming more important as customers want to see a visual analysis of a project.

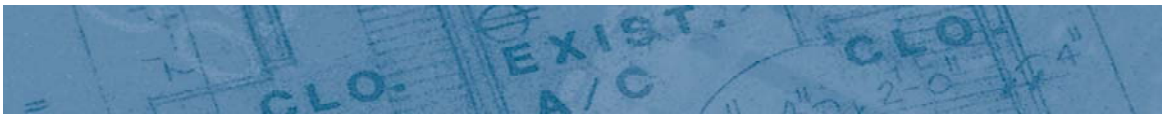
2.4 Trends in Renovation: The Canadian Situation

Sources of data on Canadian trends in renovation rely on the Canadian Home Builders and Canada Mortgage and Housing Corporation. This section summarizes major elements of Canadian trends.

Canadian Home Builders Association

The Canadian Home Builders Association identified the following home renovation trends in 2003:

- ▲ **Multi-generation housing:** Children are waiting longer to leave family homes and parents are moving into older children’s homes, making secondary suites or in-law suites a popular addition.
- ▲ **Accessible housing:** Retrofitting houses to accommodate elderly or people with disabilities.
- ▲ **The home office:** More and more Canadians are working from home; the home office is becoming a normal addition for a remodelling project.
- ▲ **Home entertainment centres:** Many homes are building rooms with acoustical insulation and sound barriers to provide the “real deal” kind of atmosphere in home entertainment.
- ▲ **Energy retrofitting:** Upgrading the energy performance of a home in order to cut costs is expected to increase as energy costs increase over the next decade.



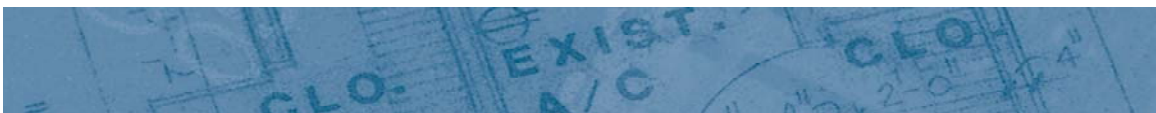
- ▲ **Home security:** Installing full security systems are more popular as people feel the need to take protective measures onto themselves.
- ▲ **Healthy indoor air:** More Canadians are experiencing environmental illness and having clean breathing air is becoming more important. Specialists come into the home and do an assessment of the air quality and how to improve it.

Pulse Survey of the Canadian Home Builders' Association

The 33rd semi-annual Pulse Survey of new home builders and renovators was conducted by the Canadian Home Builders' Association in December 2003 and January 2004 – with the assistance of Canada Mortgage and Housing Corporation and Natural Resources Canada. A total of 328 new homebuilders and renovators across Canada responded to the survey that was tabulated and analyzed on behalf of the CHBA by Clayton Research.

The main highlights of the national survey include:

- ▲ Renovation activity expected to increase. Renovators in most regions indicated that their renovation activity was generally up over a year ago, and expect further improvement over the next year. Few renovators in any region expect their renovation activity to be lower over the next 12 months. On average, Atlantic Canada renovators responding to the Pulse Survey reported higher renovation activity over the past year. Renovators in Atlantic Canada are optimistic about continued increases in renovation activity over the next 12 months – about one-third expects higher activity, less than 5% expect lower activity.
- ▲ The most often cited trades/labour shortages were for framers, drywallers, bricklayers and carpenters. For renovators, the underground economy was the critical problem cited most often, after their concerns about insurance coverage and rates.
- ▲ Employment in the home building industry has increased over the past year. Homebuilders in most regions reported higher employment for both full-time and part-time workers compared to a year ago.



- ▲ More new homebuilders plan to make move-down buyers their main target market. Some shift to targeting the move-down market over the coming year was offset by some decline in plans to target the first-time and move-up buyer market segments.
- ▲ There is a shift to larger renovations. Almost half of renovators responding to this year's Pulse Survey reported that the average size of their contracts was over \$50,000, up from about 1 in 3 last year. Renovators reported that requests are up the most from a year ago for room additions and complete interior/exterior renovations. The average size of contracts reported by Atlantic Canada renovators was about \$35,000, with an average duration of 6 weeks (this compares to \$50,000 and 8 weeks Canada-wide).
- ▲ Significant proportions of smaller renovations and repair work are being lost to the underground economy. Homebuilders estimate that cash deal arrangements are most common for small repair jobs and small renovations of less than \$5,000. Cash deals are believed to be less common for large renovations (over \$20,000) and in new home building. In addition, work in the underground economy is believed to be more prevalent in Atlantic Canada.

Statistics Canada

Statistics Canada prepares several reports on housing renovation, available at the national and provincial levels of aggregation. In its report, **The Economy – Repair and Renovation**⁴, Statistics Canada notes:

- ▲ 11.5 million homes populate Canadian neighbourhoods: 1.7 million built before 1946, 3.6 million built between 1946 and 1970, and 2.5 million built between 1971 and 1980.
- ▲ According to the 2001 Census, 65% of homes needed only regular maintenance, but 8% (950,000 homes) needed major renovation, repairing structural damage, wiring, and plumbing.
- ▲ In 2001, the average Canadian homeowner spent \$2,585 on repairs and renovations totaling \$20.4 billion.

⁴ http://142.206.72.67/03/03c/03c_003c_e.htm#supp01



- ▲ Homeowners in Newfoundland and Labrador were most likely to do home renovations themselves, where as owners in Ontario were more likely to hire contractors to do the work.
- ▲ In 2002, investment in residential construction accounted for just under \$58 billion, up from \$51 billion in 2001.

2.5 CMHC Renovation Forecast for Canada

“The economic growth of recent years and the strong performance of the housing market have enabled the renovation sector to progress at a steady rate since 1999. CMHC expects that renovation spending will continue to increase in 2003 and 2004. Total spending on renovations is expected to increase 7.6% to reach \$32.1 billion in 2003. As activity in the resale market cools in 2004, so will growth in renovation expenditures. Spending is expected to grow by 4.4%, reaching \$33.5 billion in 2004. http://142.206.72.67/03/03c/03c_003c_e.htm#supp01

The strong economic growth that Canada has experienced provides a solid underpinning for renovation expenditures. Record sales of existing homes over the past two years and historically low interest rates combined with the growth in mortgage refinancing activities have provided a strong stimulus for renovation activity.

Resales are a principal driving force behind renovation spending. The historical correlation between renovation and home resales is strong because households generally undertake renovations within the first three years after buying a house.

Even with the declines forecast in MLS sales for 2003 and 2004, growth in renovation spending is expected to increase in 2003. Record sales in 2002 and the continued high volume of activity in 2003 and 2004 will continue to provide a solid foundation for renovation activity, as many of these recently purchased homes will undergo renovations.”⁵

5 Source: CMHC

Nova Scotia Trends in Renovation

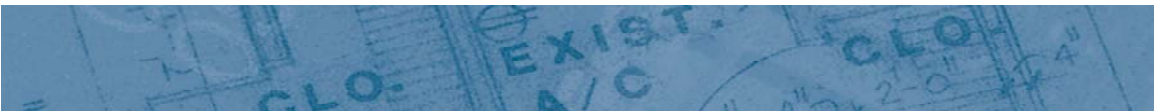
3.0 Nova Scotia Trends in Renovation

3.1 Overview of Trends

The renovation market in Nova Scotia mirrors the kinds of activities underway in other parts of the country and in the United States. However, the economic and demographic structures of our economy, as well as our settlement patterns, have an important influence on the demand for home renovation.

Some of the major trends in the housing market that affect the demand for renovation in Nova Scotia include:

- ▲ The growth in house prices in the HRM is well ahead of inflation, resulting in strong equity growth in owner-occupied housing;
- ▲ Low interest rates have supported the demand for both new and existing housing, but in the case of existing house sales, consumers have been able to negotiate mortgages that include the purchase price plus the cost of renovations and improvements;
- ▲ Low mortgage interest rates have also encouraged homeowners to refinance their homes to facilitate significant renovation and improvement activities.
- ▲ In the HRM, an acute and persistent shortage of homes on the resale market has affected potential move-up buyers who are opting for substantial renovations of their existing home.
- ▲ The investment potential of real estate, in contrast to the stock market or other more volatile investments, has increased the interest of homeowners in renovating their existing homes.
- ▲ Outside of the HRM, housing starts have declined over the past few years. In the absence of new homes, renovation activity has increased.
- ▲ The moratorium on new housing construction in the HRM will likely increase the demand for renovation, as homeowners and potential homeowners seek to improve existing properties in the absence of new construction.



In addition to these factors, both CMHC and the CHBA point to strong and growing demand for renovation in Nova Scotia (and Atlantic Canada).

In their review and forecast for Atlantic Canada, CMHC points to the importance of “exceptional MLS sales activity throughout Atlantic Canada in 2002” that occurred in the face of a strong shortage of active listings in the housing marketplace. While some of the reasons for low listings may relate to the dynamics of the marketplace and the reluctance of selling homeowners to list their properties with MLS in a strong market, there are important implications for renovation.

In particular, the shortage of listings means limited choice for those interested in buying a home. These potential buyers may either purchase a home that may not fit their needs, or decide to stay in their existing home. In both cases, renovation of the home to meet homeowner needs is a viable solution in a tight marketplace.

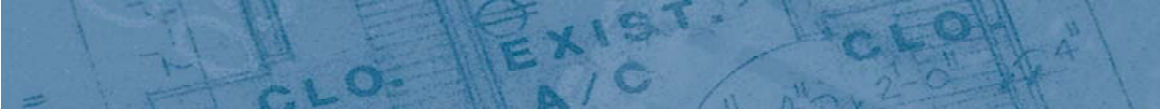
The following table prepared by CMHC early in 2004 compares estimates of renovation activity in Nova Scotia and Canada over a three-year period. Although growth in relative terms was expected to slow, the dollar volume of renovation activity was expected to continue to increase in both Nova Scotia and Canada. Informal evidence from interviews suggests that the pace of renovation in the province in 2004 has remained strong.

Forecast Renovation Expenditure

	RENOVATION		
NOVA SCOTIA	2002	2003	2004
\$ Millions	971	1,033	1,079
% Change	10.5	6.4	4.4
CANADA	2002	2003	2004
\$ Millions	29,791	32,056	33,461
% Change	7.1	7.6	4.4

3.2 Trends in Renovation Activity: Homeowner Data Analysis

Estimates of renovation activity in Canada rely on Statistics Canada, CMHC and the Canadian Home Builders Association. Data from Statistics Canada provide evidence of various components of homeowner behaviour with respect to renovation, while CMHC and CHBA generally focus on industry



activity. The most detailed source of Statistics Canada data results from its annual Homeowner Repair and Renovation Survey (HRRS). Some of the information from this survey was reported in the previous chapter of this report as part of the discussion of Canadian trends.

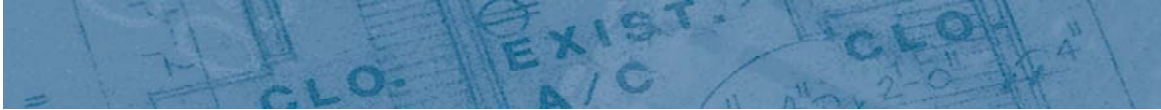
The HRRS is conducted one month a year as an addition to the labour Force Survey⁶. Only homeowners participate in the survey, providing information on home repair and renovation work — landlords are not included in the survey. It is important to note that the estimates of average expenditures on home repair and renovation are calculated for all homeowner households, not just those repairing or renovating their homes.

Consequently, the estimates presented in the tables and charts may seem low in light of the data on renovation costs in the United States and Canada trends section of the report.

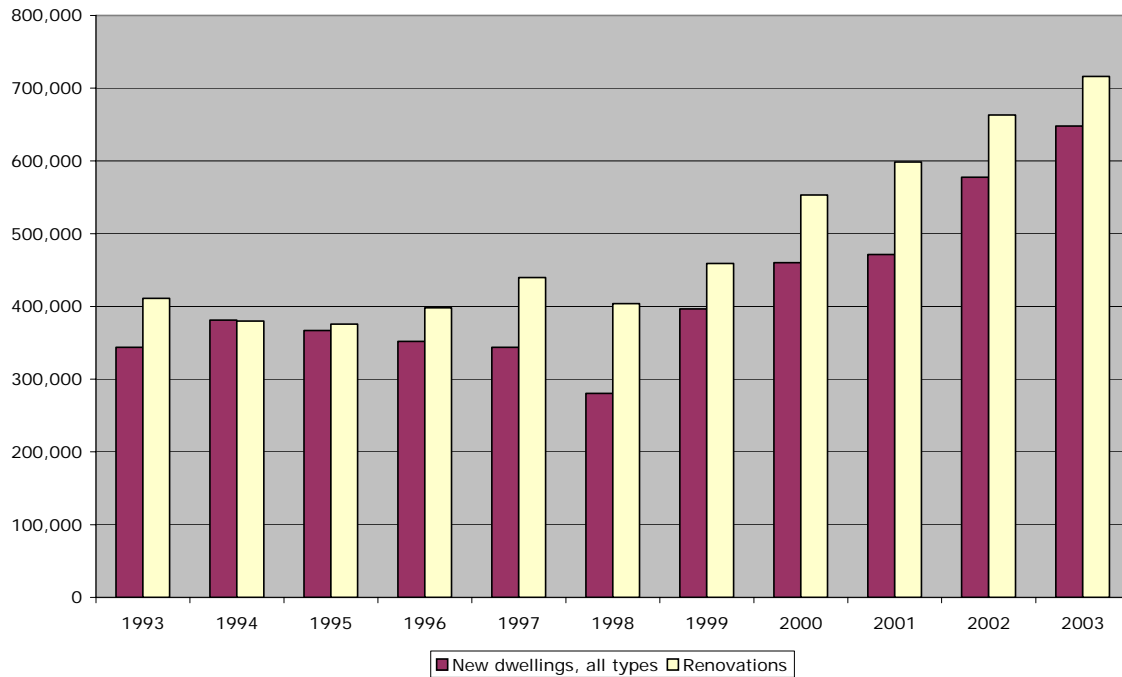
Historical Activity

Expenditures on renovation activity in Nova Scotia have exceeded the level of investment in new construction for some time. The following chart shows strong growth in both kinds of expenditures since the turn of the century, with renovation investment outpacing all forms of new construction.

⁶ Statistics Canada did not undertake the HRRS in 2000 due to operational reasons.



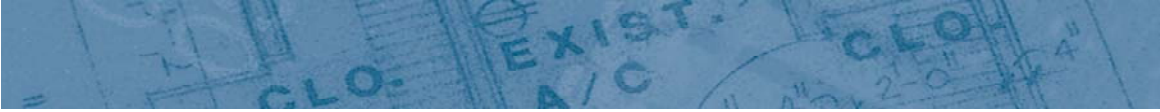
Total Annual Expenditures on New Construction and Renovation in NS (\$000)



The following table indicates the relative share of repair and renovation expenditures by homeowners since 1993 in Canada and Nova Scotia.

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Canada Average \$	\$2,210	\$2,101	\$1,893	\$1,846	\$1,894	\$1,837	\$1,946	\$2,313	\$2,680	\$2,910
NS Average \$	\$2,105	\$1,938	\$1,787	\$1,622	\$1,642	\$1,595	\$1,790	\$2,223	\$2,656	\$2,334
Canada Contract \$	\$1,484	\$1,305	\$1,140	\$1,193	\$1,171	\$1,185	\$1,305	\$1,513	\$1,721	\$1,850
NS Contract \$	\$1,392	\$1,148	\$1,054	\$950	\$969	\$878	\$1,208	\$1,408	\$1,608	\$1,259
Canada Material \$	\$727	\$797	\$753	\$653	\$722	\$652	\$642	\$801	\$959	\$1,060
NS Materials \$	\$713	\$790	\$732	\$672	\$673	\$717	\$582	\$815	\$1,048	\$1,075

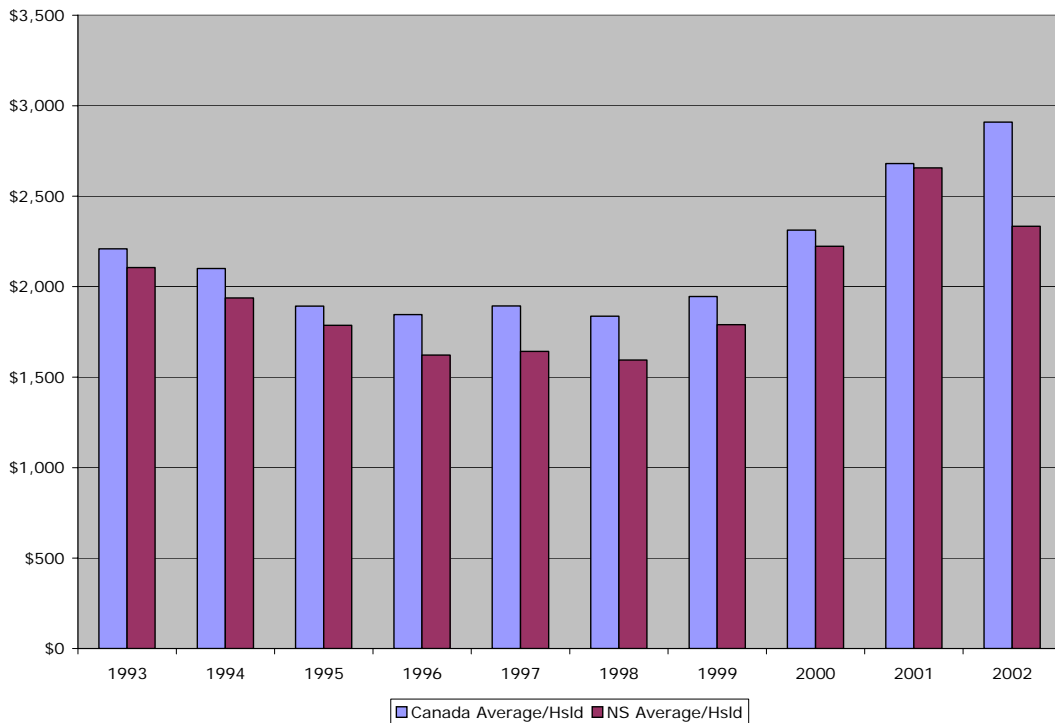
Several trends are evident from the table. First, Nova Scotia expenditures on repair and renovation tend to be below Canadian expenditures, on average, for all homeowner households and for expenditures on contracting labour and expenditures on materials. Second, in 2002, the gap between the province and Canada increased on average for contract labour, although expenditures on materials remained



historically close to the national average.

The following chart illustrates the historical average trend in repair and renovation activity at the national and provincial levels.

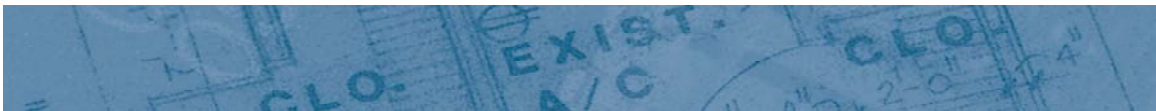
Historical Average Annual Expenditures on Repair & Renovation by Homeowners



Although the historical gap between national and provincial activity (excluding 2002) has averaged around \$150 per household, the gap increased fourfold to \$576 in 2002 as a result of a decrease in average expenditures in Nova Scotia. It should be noted, however, that this average includes all homeowner households as well as both regular repair, maintenance and renovation activity. The following discussion provides more details on the components of repair and renovation activity.

Kinds of Renovation Activities

Statistics Canada includes five categories in their estimates of homeowner repair and renovation



expenditures:

- ▲ **Repairs and maintenance:** Expenditures made on an existing structure or piece of equipment to keep it in good working condition and appearance so as to maintain it in “as new” condition.
- ▲ **Replacement of equipment:** Installation of equipment that replaces an existing unit; includes converting from one type of unit to another.
- ▲ **Additions:** Structural extensions or additions to the property.
- ▲ **Renovations and alterations:** Work intended to upgrade the property to acceptable building or living standards, rearrange the interior space, or modernize existing facilities to suit changing needs without changing the type of occupancy.
- ▲ **New installations:** The installation of equipment that did not previously exist on the property, or that was installed in addition to existing equipment.

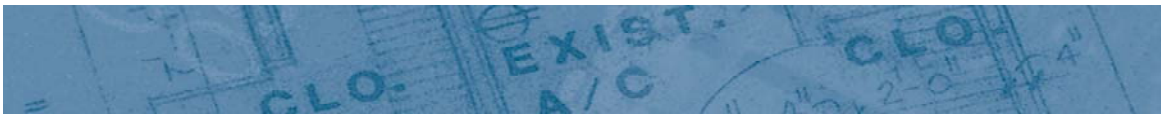
All of these categories have an impact on the renovation industry, however, additions, renovations and alterations tend to be generate the highest expenditure levels. As noted earlier in the report, expected renovation activity in the province related to natural gas conversions and other energy-related expenditures is expected to increase the level of renovation activity.

Average Homeowner Renovation by Kinds of Activity, Canada and Nova Scotia

CANADA	% RPT ⁷	1997	1998	1999	2001	2002
Repairs and maintenance	66.9	\$394	\$548	\$572	\$917	\$1,072
Replacement of equipment	25.2	\$215	\$201	\$217	\$302	\$340
Additions	16.9	\$359	\$348	\$366	\$485	\$569
Renovations and alterations	17.9	\$642	\$470	\$529	\$696	\$711
New installations	13.5	\$102	\$102	\$126	\$186	\$219
CANADA TOTAL	70.4	\$1,712	\$1,669	\$1,810	\$2,585	\$2,910

NOVA SCOTIA	% RPT	1997	1998	1999	2001	2002
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⁷ Percentage of all respondents reporting expenditures in this category in 2002



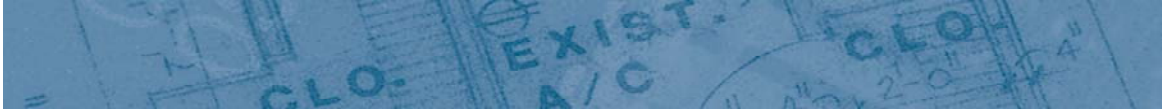
Repairs and Maintenance	72.2	\$356	\$541	\$590	\$939	\$807
Replacement of equipment	30.0	\$180	\$204	\$193	\$337	\$323
Additions	15.6	\$370	\$321	\$320	\$659	\$528
Renovations and alterations	20.7	\$539	\$292	\$444	\$463	\$563
New installations	12.2	\$82	\$74	\$108	\$171	\$113
TOTAL	76.3	\$1,527	\$1,433	\$1,654	\$2,570	\$2,334

According to the table, average expenditures for all types of renovation activity for Canada and Nova Scotia have generally trended upward over the 1997-2002 period, with expenditures per Nova Scotia homeowner household averaging about 89% of the Canadian estimates. In 2002, Nova Scotian homeowner households spent only about 80% of the average Canadian homeowner household.

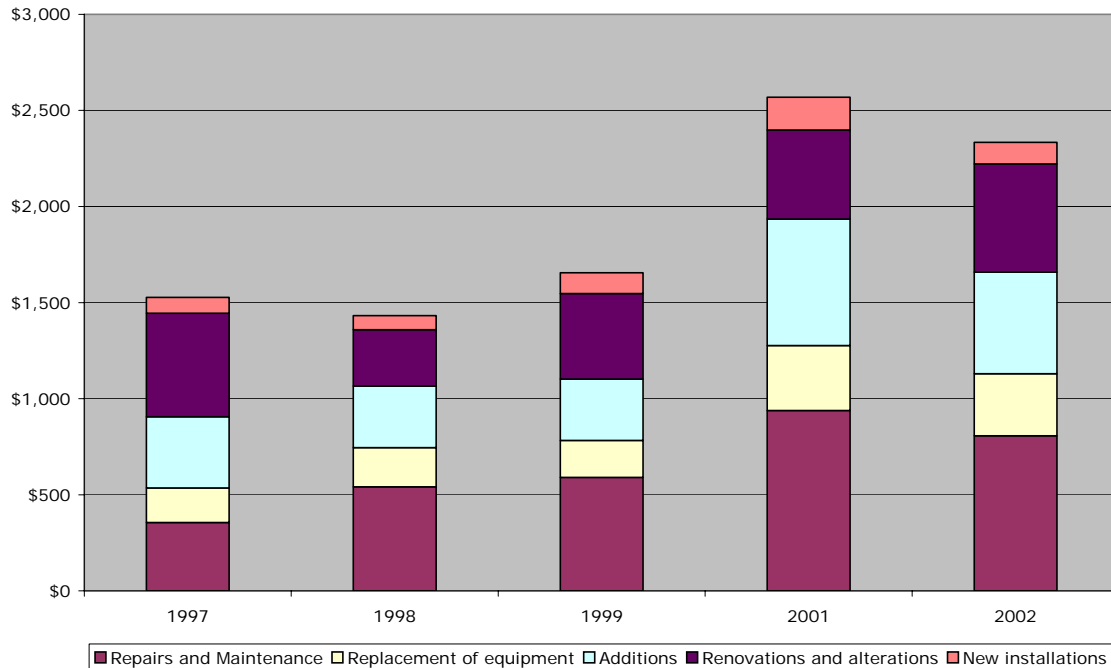
Over the 1997-2002 period, total expenditures in the province per homeowner household more than doubled. The greatest growth occurred in the Repairs and Maintenance category, which increased 127%. This growth is not too surprising, bearing in mind that more homeowners are likely to undertake this kind of activity—leading to higher average expenditures—than other more expensive and infrequent kinds of renovation work.

In 2002, Nova Scotian homeowners were slightly less likely than the average Canadian homeowner to undertake work involving additions and new installations, and slightly more likely to undertake renovations and alterations. The Nova Scotia situation in the latter category may be partly a reflection of the age of the provincial housing stock.

Analysis of the five years of Nova Scotia data presented in the following chart indicates some factors influencing the estimated decline in Nova Scotia activity in 2002. The main factor appears to be the strong performance of Nova Scotia in 2001, relative to previous years.

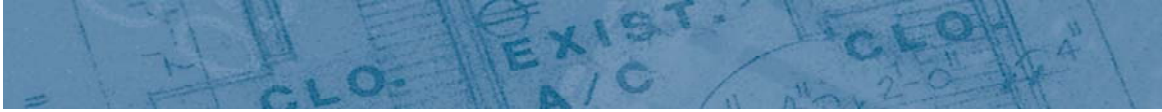


Types of Renovation Activity, NS



In 2001, Nova Scotia homeowners reported strong increases in activity for most categories from the previous survey in 1999 and this growth was not sustained in all categories in 2002. While the absence of results for 2000 may have affected the results, Nova Scotia’s performance relative to Canada indicates that other factors may be at work here. It is also important to note that these data include all homeowner households, not just those making repair and renovation expenditures. The following findings apply to the Nova Scotia situation.

- ▲ **Additions** more than doubled between 1999 and 2001, to \$659 per household, and declined 20% in the following year. Only 15.6% of all homeowners responding to the survey reported expenditures in this category and only 5.8% of Nova Scotian homeowners reported expenditures on contracts for this work.
- ▲ **Repairs and Maintenance** grew 59% between 1999 and 2001 to \$939 per household, but declined 14% between 2001 and 2002 to \$807.



- ▲ **New Installations** increased 58% between 1999 and 2001 to \$171 per household, but declined 34% between 2001 and 2002 to \$113; 12% of Nova Scotian homeowners reported expenditures on this kind of work, and only 4.3% reported expenditures on contracts.

In conclusion, data from Statistics Canada indicates that growth in repairs and renovation in the province is generally increasing. However, the sampling methodology likely results in considerable variations in the actual expenditure levels over time and within each category of repair and renovation activity.

Renovation Skills in Nova Scotia

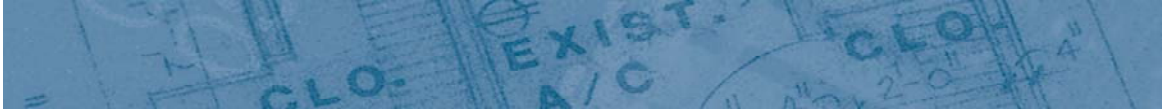
4.0 Renovation Skills in Nova Scotia

4.1 Trends in Work Activities and Skills in NS

Increasing interest and activity in home renovation throughout North America has been facilitated to an important degree by changes in building technologies and materials. In turn, these changes have redefined traditional approaches to work activities and skills in home renovation. While some of these trends are evident in the new home building marketplace, changes in work activities and skills have become more significant in the home renovation market as it moves from a do-it-yourself approach to a larger renovation projects requiring a broad range of skills and expertise.

- ▲ **Increased use of new materials and technologies:** higher-end materials and tools have simplified work activities and replaced the need for a number of specialized skills that were important in the past. These include, for example, carpentry, cabinet making skills and plumbing skills. At the same time, technology in the renovation workplace has increased, requiring higher literacy and numeracy skills.
- ▲ **Ongoing increases in the use of specialized trades:** the trend towards specialization in trades continues. Indications are that renovators are following their counterparts in new home construction and contracting a wider range of trades than in the past. This is particularly true on larger renovation projects where stonemasons may now be responsible for installing granite kitchen counters, for example, compared to this work being done by a carpenter or cabinetmaker in the past.
- ▲ **Growing emphasis on creative, problem-solving approaches:** skilled and successful renovators need the ability to think on the job, applying a wide range of home construction and renovation expertise, business planning, and creative problem-solving skills to address complicated renovation requirements. This means renovators need to be able to go beyond “doing it by the book”.

The central trends in home renovation skills and work activities point to increasing requirements for improved business management skills as well as skills in the application of technology to renovation projects. The following sections of the report provide information on the changes in requirements on both the management and work activities aspects of renovation.



4.2 Differences in Work Activities and Skills

Most contractors and building industry observers agree that there are major skill differences between new home building and home renovation. This section explores these differences from two perspectives: management skill differences, and trade specific skills and work activities.

Our initial approach in differentiating new home building and renovation focused on trade-related skills. The research and our interviews indicated that while there are different skills and activities, for the most part, trade-related skills are similar enough that differences can be accommodated in a relatively straightforward manner. Trade-related skills are not as significant as the management and business/work process skills described below.

Management Skills and Work Activity Differences

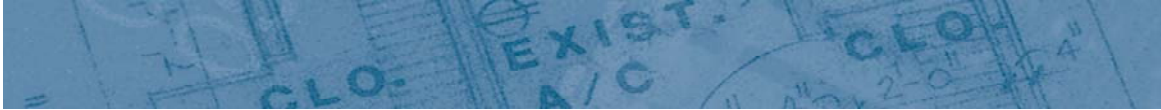
Without hesitation, builders will confirm that there are significant differences between new home building and renovation. One experienced contractor characterized the differences as “they are two different worlds”, and this opinion is in line with most of those we contacted. Some skills and work activity differences are obvious, arising directly from the differences in the product: new home construction starts from a set of plans and ends with an occupied house, and renovation typically starts and ends with alterations to an occupied house.

Skill and work activity differences between the two construction areas are set out in the following table. The table also includes a column that discusses the implications of these differences on skills investment requirements.

DESCRIPTION	NEW HOME CONSTRUCTION	RENOVATION SECTOR	IMPLICATIONS FOR RENOVATORS
Project management	The nature of “new” home building means that project management can be well defined and fairly uncomplicated.	Renovators need to be able to manage uncertainty: the many unanticipated or hidden problems of renovating that only become apparent once work has	Adaptability and flexibility in project management planning and delivery are essential for renovation. Skills in project management for renovation are essential for



DESCRIPTION	NEW HOME CONSTRUCTION	RENOVATION SECTOR	IMPLICATIONS FOR RENOVATORS
		<p>begun</p> <p>Renovators also need to be able to deal with job scheduling issues that inevitably arise as a result of renovation project time overruns.</p>	<p>integrating the wide range of requirements involved in renovation projects.</p>
<p>Familiarity with building construction standards and materials</p>	<p>New homes are built to current NBC standards.</p>	<ul style="list-style-type: none"> Renovators need to know current standards as well as historical construction methods and materials. 	<p>Renovations need a wide range of knowledge about historical construction methods and standards in order to plan and execute renovations.</p>
<p>Problem solving skills related to the project</p>	<p>Problem solving skills are not often required in new construction because of the “new” nature of the work.</p> <p>This is particularly true when the homebuilder has constructed more than one home with a similar design.</p>	<p>Problem solving is characteristic of home renovation.</p> <p>Problem solving means being able to address job-related issues such as sensitively fitting a renovation to an existing structure, dealing with potential structural problems in the existing home, and continually adjusting budgets as the project progresses.</p>	<p>Renovators need to be able to understand the nature of a renovation problem, analyze it and determine the most feasible solution.</p> <p>The solution must balance the homeowner’s needs and expectations, budget and timelines with the renovator’s own requirements for the job.</p>
<p>Client relationship management</p>	<p>Clients in new home construction are mainly either developers or homeowners who have contracted the builder.</p> <p>Often, new homebuilders may not have clients — potential buyers of the home — until the final project stage.</p> <p>Client relationship</p>	<p>Client relationship management is critically important in renovation.</p> <p>Homeowners are often living in the home during the project; renovators need to be sensitive to factors such as disruptions to daily routines, noise and construction debris, and so on.</p>	<p>Client relationship management is an important skill for renovators.</p> <p>Renovators need to be able to manage client expectations and needs concerning schedules, disruptions, budgets and other dimensions of the project.</p>

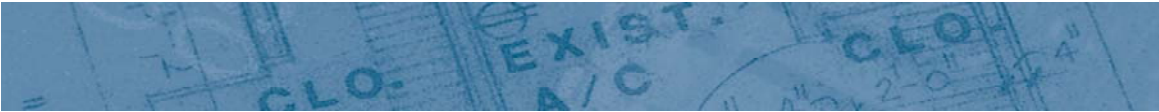


DESCRIPTION	NEW HOME CONSTRUCTION	RENOVATION SECTOR	IMPLICATIONS FOR RENOVATORS
	management is simple: the client is not often present at the job site and does not require any special considerations.		
Human resource management and scheduling	<p>Work teams on new home construction projects are often self-managed.</p> <p>Subcontracted trades and other skills are brought into the project by the contractor on a schedule that is clear to all parties at the start of the project</p>	<p>The problem-solving aspects of renovation can result in considerably more time spent in “thinking” rather than “doing” parts of a complicated project.</p> <p>Planned schedules involving subcontracted trades and other skills need to be flexible to accommodate renovation projects.</p>	<p>Downtime due to adjustments in a project affects time to complete a project, budgets and other factors. Managing human resources effectively on a renovation project requires strong project human resources management expertise.</p> <p>Ongoing adjustments to schedules means that trades may not be available on renovation projects when required, leading to delays. This is particularly true in active housing markets with trade skill shortages.</p>
Building site management	<p>Site management is important in new construction.</p> <p>Access to the building site for material delivery and storage, and other site management requirements are relatively straightforward.</p>	<p>Renovation work often exposes the interior of the home to the elements, requiring careful project planning.</p> <p>Storage of project materials on site may be an important part of the site management in larger projects.</p> <p>Access to the renovation project may require careful</p>	<p>Site management on renovation project includes elements of new construction as well as careful planning.</p>



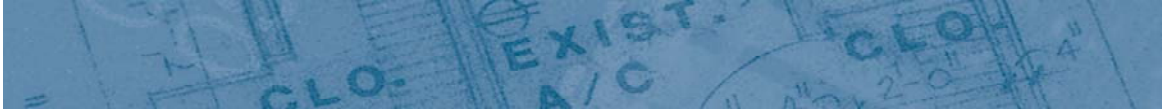
DESCRIPTION	NEW HOME CONSTRUCTION	RENOVATION SECTOR	IMPLICATIONS FOR RENOVATORS
		planning to avoid damage to existing property elements such as plantings, fences and other site features.	
Site security management	<p>Site security on new home construction projects mainly means controlling access to building materials and tools.</p> <p>Site security is relatively uncomplicated. At the end of each project day, steps can be taken to secure the site, including tools and materials.</p>	<p>Site security for renovation adds an extra level to the security required for new home construction.</p> <p>The renovator becomes responsible not only for tools and materials, but for the contents of the home being renovated.</p>	<p>Site security management is linked to other activities such as client relationship management.</p> <p>Sensitivity to client needs and requirements is paramount.</p>
Financial management	<p>Project budget management for new home construction is straightforward, particularly in cases where the builder has built to the same plans several times.</p>	<p>Renovation budgets are 'estimates'.</p> <p>The renovator is usually required to budget a project without complete information about the project.</p> <p>Unexpected building conditions, project scheduling challenges and undertaking the "extra" elements required to successfully complete a project all influence the budget.</p>	<p>Financial management is linked to client relationship management and other renovation skills.</p> <p>The ability to plan and manage a renovation project budget determines the longer-term success or failure for a renovator.</p>

The 2004 CMHC report “*Comparison and Analysis of Provincial Builder and Renovator Industry Programs*” documents existing training and certification programs for builders and renovators in Canadian provinces and regions. As part of the analysis, the report compares individual elements of current provincial training courses to the existing National Occupational Analysis for New Home Builder and Residential Renovation Contractor.



The following list identifies current provincial training and certification programs, and summarizes the core elements of each program. Details on the individual courses and their content are available in the CMHC report.

- ▲ **British Columbia:** There are two programs in BC: the Registered Housing Professional (RHP) based on six mandatory courses, and the Registered Renovation Professional (RRP), based on five mandatory courses. A Certified Residential Builder must employ an individual that is a RHP, and a Certified Residential Renovator must employ an individual that is a RRP.
- ▲ **Alberta:** The program offered by the Professional Home Builders Institute of Alberta (PHBIA) for the PHBIA Master Builder® includes nine mandatory and five optional courses. Ten courses are required to complete the PHBIA Accredited Master Renovator® program. In addition to the mandatory courses for the Master Builder, the National Renovators' Business Course is required, as well as one course from the Master Home Builder Certification or Professional Site Manager Certification, or any two courses from the Certified New Homes Sales Professional Certification.
- ▲ **Saskatchewan:** Seven courses must be completed for builders to qualify as a Certified Professional Home Builder. All courses are correspondence courses. There are no courses specifically designed to certify renovators.
- ▲ **Manitoba:** A company designated as a Certified Master Builder in Manitoba must employ an individual who has a current Certified Housing Professional Diploma. The diploma program has six required courses. To be a Certified Master Renovator, a company must employ an individual who has a current Certified Renovation Professional Diploma, obtained by successfully completing the National Renovators' Business Course.
- ▲ **Ontario:** Training in Ontario is provided through the Ontario Builder Forum and related training seminars, website and magazine. In addition, there are numerous programs provided at the local level of the Ontario Home Builders' Association (OHBA), at community colleges, by the Provincial Building Officials Association and through unions. Individual OHBA members may also provide training programs within their own companies. The OHBA-sponsored Ontario Builder Forum provides a training platform for all builders and renovators. A certification program for builders and renovators does not exist at present but this may be implemented through community colleges



in the province.

- ▲ **Quebec:** Builders and renovators operating in Quebec must have a Contractors' license. The Contractor Training Program consists of three courses; two of these contain sub-modules. Training is delivered through the APCHQ (the HBA equivalent in Quebec), the Association des Constructeurs d'Habitations du Québec (ACQ) and the Association Patronale des Entrepreneurs en Construction du Québec (APECQ). All training is approved by La Régie du Bâtiment du Québec.
- ▲ **Atlantic Canada:** The Atlantic Home Builders' Training Board (AHBTB) develops and delivers management, regulatory and technical courses to support skills development in the residential construction industry in Prince Edward Island, New Brunswick, Nova Scotia, and Newfoundland and Labrador. The AHBTB offers five core courses including the Atlantic Housing Professional Studies course. The Atlantic Home Building and Renovation Sector Council (AHRSC) coordinates the delivery of six courses focused on the general training needs of the industry in the Atlantic Region. The AHRSC offers the National Renovators' Business Course as part of its training programs.

The analysis of these provincial training and certification programs, as well as an assessment of international programming efforts, has resulted in the development of a draft harmonized, pan-Canadian training and certification model for homebuilders and renovators.

Trade-Based Skill and Work Activity Differences

This section examines the varying levels of skills and work activities in trades that are active in the home renovation market. The list of trades included in the following table relies a great deal on those trades for which formal training, including apprenticeship training, is available and in some cases required, in Nova Scotia.

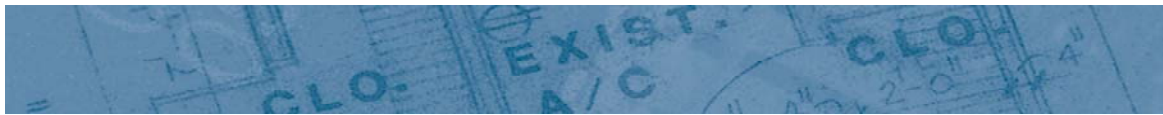
Although there are clear differences in the overall *processes* of home building and renovation, there is not much evidence to confirm major differences in skills and work activities between renovation and new home construction. Most interviewees agree there are differences, but when pressed, the differences come down to management and experience-based skills rather than specific work activities and skills.



This is not to say these differences do not exist, but that these trade-related skill differences are not critical to the success of a renovation project. To survive as a renovator, the skills required are developmental or experience-based, as well as business management based.

Based on our interviews, the following table lists the major trades involved in home renovation. It describes the main work activities of each trade and briefly states any differences in the trade between new home building and renovation work.

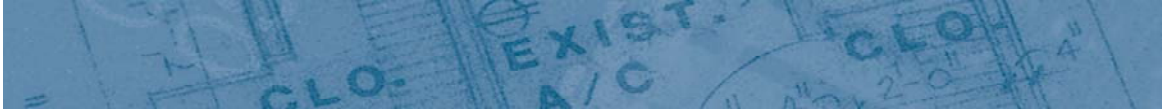
WORK ACTIVITY/ TRADE	NATURE OF THE WORK	SKILL DIFFERENCES
Contractor	Project management, estimating project costs, client relationships	Major differences; see above table
Bricklayers/Stone masons	Lay concrete blocks, bricks, stone and other similar materials to construct or repair walls and other structures according to blueprints and other specifications Build chimneys and fireplaces, line or reline furnaces, construct and install prefabricated masonry units, and build patios, garden walls, and other decorative structures	Minimal differences Main skill required is ability to match existing materials and systems to renovation project in a manner that meets client needs and project costs
Electrician	Licensed trade Plan, install, test and repair wiring, fixtures, control devices and related equipment Must be able to read and interpret drawings and electrical code specifications Requires good aptitude for mechanical and electrical work as well as strong background in math and science	Moderate Differences Must be up to date on code (same for both new construction and renovation) and be familiar with older materials and service entrances Main difference is ability to work on existing housing in a manner that is sensitive to existing materials and project costs (minimize disruption to existing walls, etc)



WORK ACTIVITY/ TRADE	NATURE OF THE WORK	SKILL DIFFERENCES
Plumbers	<p>Licensed trade</p> <p>Install, maintain and repair plumbing systems</p> <p>Must be able to read and interpret blueprints and specifications</p>	<p>Moderate differences</p> <p>Major skill is carefully and correctly fitting plumbing demands of renovation project to existing capacity in home</p> <p>Plumbers need to be up-to-date on new heating systems such as natural gas</p>
Concrete Foundations and Finisher	<p>Perform work required to frame and finish concrete foundations, walls and other surfaces</p> <p>Cement finisher is a designated apprenticeship trade in NS</p>	<p>No differences for finisher</p> <p>Minimal difference for foundation trade: must be able to secure new foundation to existing structure properly</p>
Rough Carpenters	<p>Carpenters learn skills through apprenticeship training and on-the-job</p> <p>Rough carpentry work generally experience-based</p>	<p>Moderate differences</p> <p>Must be able to properly fit any new construction to existing structure</p> <p>Must have knowledge of construction methods used on house and ability to match renovation to existing structure</p>
Framers	<p>Framers may have some training in carpentry</p> <p>Framers usually work in crews managed by a foreman or chief</p>	<p>Minimal differences although framing may be more complex for a renovation project</p> <p>“Framing is framing”</p>
Finish Carpentry/Cabinet Maker	<p>Cabinet maker is a designated trade in NS</p> <p>Skills acquired through training courses and on-the-job experience</p>	<p>Moderate differences</p> <p>Major skill is fitting existing fixtures, materials and other components (such as mouldings) to renovation project</p>
Drywall Installers and Finishers	<p>Includes number of specializations related to installing different surfaces</p>	<p>Minimal differences</p> <p>Drywall is a finishing job; technical skills</p>



WORK ACTIVITY/ TRADE	NATURE OF THE WORK	SKILL DIFFERENCES
	<p>Skills Include installation planning which may require blueprint reading skills</p> <p>Generally requires a Certificate of Qualification</p>	between new and renovation are not different
Painters	<p>Painters apply paint, wallpaper and related materials to interiors and exteriors of buildings.</p> <p>Skills include costing and estimation skills</p>	<p>Minimal differences</p> <p>Finishing job; technical skills between new and renovation are not different</p>
Heating and Ventilation	<p>Licensed trade in Canada</p> <p>Work builds on skills in plumbing, gas fitting, sheet metal work and refrigeration</p> <p>Training is compulsory</p>	<p>Moderate differences</p> <p>Must be able to incorporate any new heating/ventilation system to existing system</p> <p>Must ensure that existing system has capacity to handle any new components added through renovation</p>
Floor Covering	<p>Skills required dependent on the kind of flooring installed</p> <p>Hardwood flooring is apprenticeable trade in some provinces</p> <p>Most installers learn on the job; some learn skills through apprenticeship training (resilient floor laying)</p>	<p>Minimal differences</p> <p>Renovation projects may require some skill in matching new and existing flooring materials</p>
Siding Installers	<p>Skills required vary according to the materials installed</p> <p>With exception of bricklayers, most siding installers learn skills on the job</p>	<p>Major differences</p> <p>Renovation projects may require some skill in matching new and existing siding materials. New technology related to moisture barriers make renovation projects more demanding in working with the existing structure and new materials.</p>
Roofers	Roofers typically learn roofing skills	Major differences



WORK ACTIVITY/ TRADE	NATURE OF THE WORK	SKILL DIFFERENCES
	on the job Formal training is voluntary in most provinces Roofers generally work in the ICI sector of the industry	Renovation projects may require some skill in matching new and existing roofing materials Roofing for a renovation may be more complicated similar to the siding issues.

With regards to the technical elements of renovation, interviewees suggest that the greatest requirements for successful renovators are experience with building systems — both older systems and new systems. Renovators need to be up-to-date on changes in building codes, new materials and the use of new technology. Above all, those involved in renovation are more likely to be successful if they view renovation as a “craft” or project requiring creativity, innovation and “thinking” skills.

Status of Renovation Industry Across Canada

5.0 Status of Renovation Industry Across Canada

As part of the research for this report, we conducted interviews with various observers of the renovation industry in other provinces in Canada. A summary of the highlights of these discussions follows.

5.1 What are the key trends in your jurisdiction related to the renovation sector?

In a number of jurisdictions (Ontario, Saskatchewan, Alberta), kitchens and bathroom renovations are very popular. Most provinces are dominated by smaller companies. Depending on the age of the housing stock and the housing density in urban areas, complete guttings and large renovation projects can become alternatives to buying real estate outside the urban core (e.g., Toronto, Vancouver). Reno markets are slower in areas where there is a lot of land for new housing stock. Energy audits and upgrades to existing heating and insulation are popular across the country.

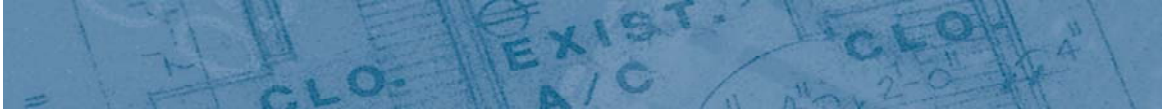
SPECIFIC OBSERVATIONS

Renovations are becoming more popular than new homes, with more contractor vans in the streets than ever before. Sometimes it is amazing. Areas are often high-end areas; high-cost projects; complete guttings taking place, and high-end kitchen projects are also common.

Renovation market is still dominated by very small companies, and trade companies (more so than general contractors.) Specialized companies are involved in kitchen, bathroom, and mechanical jobs, and, depending on which trade takes the lead, they have a regular network of people who will do other parts of the job. Certainly the new homebuilders will finish basements for customers they've already built for or take on additions to homes, but this is very limited.

Key trends are more expensive renovations. The renovation industry is an industry in Alberta that's doing very well. Can not be quantified, other than CMHC estimates. Very difficult to track. Would like to have some way of showing the strength of the industry. Renovators are saying that the larger renovations are taking place more at \$250K – \$300K, 40+ years old homes in the west end of Edmonton and in the river valley, and Groat Road Estates area through Glenora. Land prices are expensive. There have been more complete guttings when all that's left are the original walls. Always a shortage of renovators, sometimes picking and choosing their jobs – very strong business in home construction.

Key trends are in kitchens and bathrooms, whole house renovations rather than large renovations, people being



SPECIFIC OBSERVATIONS

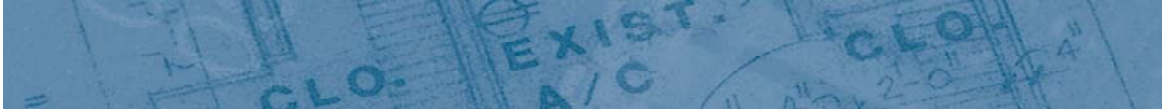
smarter with what they have. Insulation, windows doors

Being asked about door blower tests, etc.

Respondent indicated that EnerGuide tends to focus on two main things: Air sealing and Insulation. This is especially prevalent in older homes.

Key trends: just like new home construction, it's very busy. Good increase in retail housing: 10.8% year after year for the last 3 years. People are using newfound equity and leveraging it and reinvesting into their homes (additions & renovations.) There aren't any specific types of jobs noticeable. Definitely over last 3-4 years, the average value of the renovation has dramatically increased, from \$30-60K for an addition to \$90K on a renovation. Most of the renovations are post-war houses, box design, no closets, etc. People want what the new home market is offering. The square footage per person in a house is going up and up. Population grows at 3%, but the number of people in a home is down from 3.2 to 2.3 people. Number of new units to house those people is creating a demand.

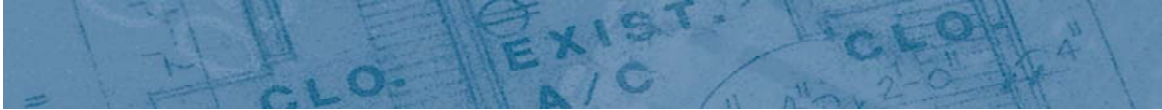
In Vancouver, there is a shortage of land, and people are staying in traditional homes and doing major renovations, adding on, building up, secondary suites, etc. There seem to be very few small renovations (e.g., Kitchen), more add-ons and build-ups. The commercial space is becoming mixed use. Outside the Vancouver market, circumstances are similar. Contractors are busy.



5.2 Is renovation growing or declining in proportion to new home construction? (How might this compare with the National Average?)

Most survey respondents were unaware of national average statistics, but indicated that the renovations are remaining popular and the market continues to grow. In Ontario, for example, they believe the renovation sector is growing at the same rate as the national (renovation) average. Respondents indicated that it is difficult to fully realize the size of the industry, as there is no mandatory participation in renovator registries or organizations. The value of renovations in some markets, however, is becoming increasingly large and due to volume, may exceed that spent on new housing.

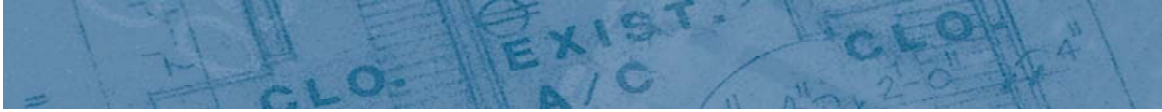
SPECIFIC OBSERVATIONS
Growing -- according to the stats they receive, they are probably on par with the markets right across the country.
In proportion to new home construction: the renovation market is growing, new home construction took a huge increase a year ago. Not growing that much against new home construction, due to low interest rates and people are wanting to invest in their properties. New homebuilders have never been as busy as they currently are. Renovation continues to grow every year. Federal renovation grant is thought to be generating some demand for renovation, (based on the EnerGuide ratings for houses.)
Respondent did not have reliable figures regarding the proportion of renovations compared to new home construction. Don't have a large reno representation within the association (8 true renovators in the renovation council, probably 15/16 in Calgary and really one other company in the province - in Red Deer - that's part of the community.)
Do inner city infill. Though there is a lot of industry activity, respondent does not feel like there is much competition for work. Is not sure how this compares to new housing market. Is anticipating another strong year in housing in Calgary.
Respondent believes they will see money spent on renovations exceed new home construction, and that the renovation market in Manitoba will outlast the housing boom (influenced by housing stock.) They find the marketplace very busy and there are other problems (skilled workers shortage, material costs increasing) but market does not seem to be slowing momentum.
The renovation industry is growing in general, but right now new home building is probably overtaking it. In lower mainland, still some pockets and some infills, some replacement double housing going on.



5.3 Are general contractors becoming more involved in the renovation sector? To what extent?

Though there were no clear indications that general contractors are becoming increasingly involved in the renovation sector, respondents noted that for the most part, new home construction contractors tend to stick to their market. Often, however, new home construction will be complemented by the renovation sector (e.g., basement finishing, etc). New home builders and their associated trades will prefer longer-term jobs and will be uninterested in the short-term renovation projects (guttings excluded). Where new home construction markets are recruiting renovators for large jobs, a new reno market is believed to be backfilling.

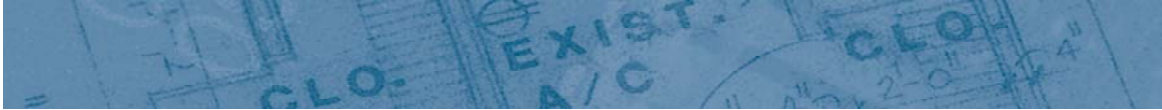
SPECIFIC OBSERVATIONS
Yes, they are becoming more active in the renovation sector, especially kitchen and bathroom specialization (plumbers, framers) and landscapers. Business has been taking off in the last year.
Respondent indicated that it does not make sense that there is an insurgence of new companies in the marketplace; due to trade shortages – not sure how some of the renovation work is getting done. The new homebuilders are stretching their trades to the limit, though some of them do some renovations. Has not heard from members that there is a lot of new competition. No general contractors active, because there are too many small guys that under price, and too many consumers that will act as their own general contractors.
Respondent’s sense is that, in the Toronto RenoQuality program, there are more general contractors doing renovations. Not seeing it within their membership, but general sense is that it’s out there.
Many general contractors are, for example, becoming basement developers (electricians, plumbers). Mostly going out on their own. Some start with housing contractors, some go out on their own.
When the market is really busy, people stay and do what they do best. If you are a new home builder that does some renovation when you are not busy, you’ll find those people not bothering with renovation market because they are busy with new homes. There are some companies that still do some new construction. Still, about 80% of their work is renovation work and 20% is new home construction.
General contractors getting involved? There are some general contractors who bring in renovation trades to facilitate large projects. The renovators that belong to the association are busy and are turning down small jobs because they are too busy, booked up one year in advance. Doing major “rebuilt”. There is probably a whole other culture emerging to “backfilling” (i.e.. filling in the gaps in the industry) the smaller renovation jobs.



5.4 Are more contractors specializing in renovation?

Depending on the jurisdiction and the size of the renovation market, general contractors will be seen advertising themselves as renovation specialists (e.g. contractors become “kitchen & bathroom specialists”). This is common in Ontario, Manitoba and Alberta, but less common in Saskatchewan, according to interviews. It was noted that there is a high degree of specialization required to do some renovations, and often, general contractors lack the type of trade-specific and renovation-specific training required to undertake certain jobs (i.e., upgrades to plumbing and electrical for older housing stock.)

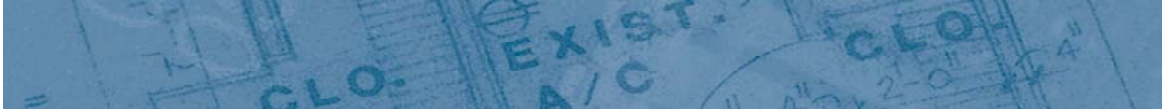
SPECIFIC OBSERVATIONS
Respondent indicated that there are more contractors specializing in renovations.
Not really. Respondent does not sense that at the moment.
The market has always has been specialized, but people do not realize it. Absolutely need experience and strong knowledge in building envelope, method of construction, need to understand what you are going into, e.g., roof stick frame, or engineered truss? Lath and plaster versus drywall? Cast iron plumbing vs. plastic? Galvanized water line vs. plastic? Tube and knob wiring? What is required to bring things to code?
There is no question that contractors are specializing in renovations. This is the way it has been for a number of years. If you want to get into the new home market, you need to build show homes, and there are a lot of builders/renovators out there who do not want to go that route. The Provincial Home Builders Council is divided into renovation/builders members and renovation members.



5.5 Is the renovation work becoming more specialized?

In most jurisdictions, it is understood that renovations are becoming more specialized, and that renovation specialists (not necessarily general contractors) are more willing to embark upon this work. Kitchen and bathroom renovations are becoming specialized in terms of design concept (in Ontario, for example). Heating, insulation, window replacement, rewiring, and other popular renovations require some specialized training, generally not offered in existing courses. One province reported that there is a push on improving the “professionalization” of the construction / renovation industry.

SPECIFIC OBSERVATIONS
They have companies (renovation council members) that used to advertise themselves as general contractors, now are advertising as kitchen and bathroom specialists, and in sales and marketing awards / design portions, they used to get 4-5 / year that were general renovations, and now the renovators are submitting with new home design for awards. Being seen on the same plane as new home construction.
There is more general updating, windows, exterior finishes— all handled by trade-oriented companies in those areas. Many roofing manufacturers have trades that they work with for installation, so they steer the consumers to that area.
Energy analysis is quite popular; ATCO gas is involved in doing audits for home energy, and the EnerGuide rebate program — something that created a lot of attention. A number of people had the audit done and then had a contractor do the renovations. One company is a fairly large renovator that is not part of the council and they use the EnerGuide program in their marketing. Generally speaking, the marketing done by renovators is not large; he believes there is an opportunity for someone to come in on a large scale and do some marketing.
Respondent does not think the renovation work itself is becoming more specialized. But, as with anything there can tend to be more expensive projects and more detailed finishes. Maybe more specialized with styled roofing and what people want to put into them. They get some clients that might have an open cheque. There are companies that say they specialize in doing additions and renovations. Easier to be a renovator and get into new home building than it is to go the other way. There has been a trend toward upgrading efficiencies, etc in the renovation market but that just becomes part of the overall job.
There is a real push for professionalization of the industry. Because of that, they are seeing an insistence by the whole to make the smaller participants comply. Lot more people joining the association who are renovators and sticking to the rules. Got to look at “building envelope”, which requires somebody that’s knowledgeable and compliant with rules and regulation, and with building science/envelope.



5.6 What trends or factors are contributing to this specialization?

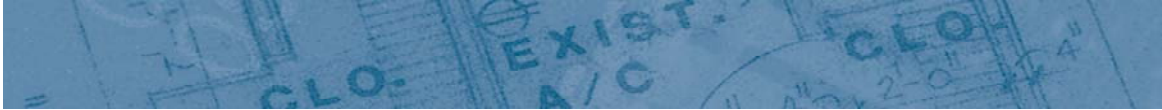
The country-wide trend towards upgrading for energy efficiency (sometimes driven by the EnerGuide program) is leading to specialization in heating, roofing and insulation trades (in the renovation sector.) A potential hurdle for the renovation industry is acquiring the proper training to satisfy both the client and the EnerGuide requirements for rebates, and making appropriate recommendations for upgrades (based on the building envelope.) This is a key training gap, and is a potential stumbling block for future renovators.

SPECIFIC OBSERVATIONS

Just starting to get into energy efficiency with the EnerGuide program. It has not taken off in a big way in Ontario yet. Home inspections not really growing at all. Size of the market causes some to specialize, and because there is a shortage of high quality housing that is available. It takes two years to get a custom built home, so what people are opting to do in the higher-end homes is renovating what they have (gutting, starting over).

Energy analysis is being done by fairly well-trained people with EnerGuide, and some of the same people do all the R-2000 work – trying to direct the consumer in the right direction. Consumers seem to be easily led in other directions, even though they have EnerGuide recommendations (by contractors who will do less than what's recommended). Windows are another thing: it's not a huge benefit to them on the energy side, but it's great on the maintenance side/updating of windows. Certainly gives an improved comfort level, but it's not a big change in energy level. Not really affecting how people specialize. It is a competitive market, well supplied. Does not see much in engineered wood products, unless you are into additions. The industry is such that in residential they are so specialized anyway, renovations just follow on that.

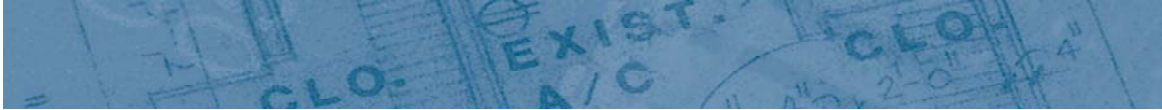
One trend is the general push for professionalization of the industry. Many builders are saying “you have to keep it up”. They want to be a part of it because it is being advertised and pushed widely. Also, the industry is teaching consumers to ask. Making the market demand the professionalization. Other trends: home inspections, hot real estate market, (not sure about EnerGuide uptake on new houses.) Their calls for R-2000 and EnerGuide programs have quadrupled over the last six months.



5.7 Are any of these trends creating specific requirements for training among the various building trades?

A general lack of skilled trades people in some jurisdictions (Ontario, for instance) is seen as a result of the busy renovation and new home construction market. Drywallers, as an example, will often favour longer-term projects in new home construction and leave the renovation market, sometimes permanently. Energy audits and efficiency upgrades are contributing to the need for specific training (e.g., R-2000 certification) in renovation markets (e.g., in Saskatchewan). Sub trade technician programs are starting to be implemented in some jurisdictions (e.g., BC).

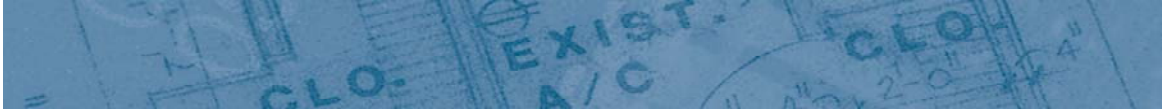
SPECIFIC OBSERVATIONS
The lack of skilled laborers is so critical that there is always a need for more skilled trades. Just do not have the training available. Need? Yes. Filled? No. One of the biggest problems for new homes and renovations alike is drywalling. Renovation market suffers because the drywallers are stuck on four month home building projects.
Feedback from the EnerGuide auditors is that there is a lot of work in new housing, but the trades are not doing consumers a lot of favours sometimes, e.g., mechanical guys are saying that a certain level of efficiency is good enough (rather than going to upper, high efficient furnaces); they do not show and prove that they can easily pay back on a high efficiency furnace. Trades are so busy that they are not taking training. Usually the association attacks the builders' side first, but the trades are the last ones to get to the training.
Training? Not hearing about training. Obviously for electrical and plumbing, they need someone with a ticket. Edmonton might be a bit different in that the housing stock is newer, so they're not seeing a lot of the issues that come up in Toronto, Québec, Maritimes.
Insulation is not bad as far as skill set; there are 3-4 guys who are high quality insulators doing good work. Lack of good information in air sealing and general building science. Not a lot of industry participants who are up on this. Still a lot of people with misconceptions on air sealing. This is where the education is lacking – upgrading skills. Can not just walk into a 140 year old house and blow cellulose into the walls. Overall still running into more resistance from the trades than guys who know how to do it. Hometite services, who really know what they're doing, and how to provide that service to the customer. These guys have worked in EnerGuide and worked with Natural Resources to learn it and put it to use.
They have had training for “house as a system”. They will recommend to potential customers that they have an energy audit through Manitoba Hydro, who will set out a road map. Depending on what you improve your number to, there could be some money back (EnerGuide). So, there is that specialization. There are other



SPECIFIC OBSERVATIONS

things: windows changing in the house, for example.

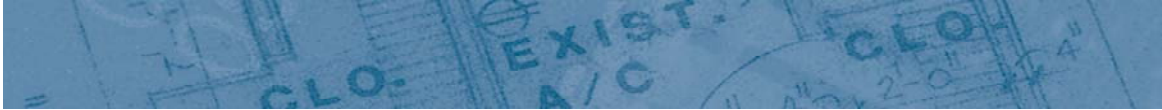
There has been specialization - Example: framing: just completed (currently in for credentialing) a framing technician program for homebuilder, includes framing, forming, interior and exterior finishing (which includes envelope and mechanics). Just now in the middle of the pilot project, and in for credentialing. Did two other pilots last year (one for specialty training – took five trades supplied areas that are difficult for services - cabinet, flooring and siding installation, and taught them as five separate programs, trained 70 people in five components). That one was geared towards underemployed persons – was a great program, and it's still in effect at the Mission school district. The other one is “HardHATS” which focused on unemployed and people on welfare, growing now to encapsulate those people plus others. Over 200 people went through that program, partnered with the construction association (mixed residential and construction field.) Included a brief overview of construction as a whole. Now working on a framing technician program geared towards aboriginal groups.



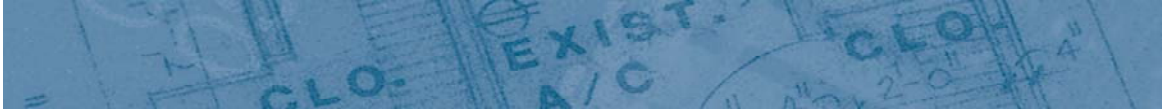
5.8 In your jurisdiction, how are these training requirements being met? If no action, are you planning action?

In most jurisdictions who commented, there were no well-advertised training courses for renovators. On-the-job training and skills-adaptation from the trades fulfilled the market where there was a need. Sometimes, however, there would be some training required for installation of special products (roofing, windows, etc). In these cases, training was often provided by the wholesaler/manufacturer. It should be noted that this training is offered to specialists only (special-product roofing companies, windows specialists), and not to the general contractor/renovator population. One jurisdiction (BC) is engaging in sub trade and specialty training (pilot stage) for construction and renovation, from the business operations angle, as well as skills. All jurisdictions feel that renovations training benefits the industry.

SPECIFIC OBSERVATIONS
The requirements really are not being met. The community colleges and the tech colleges are trying hard, and the unions have a training facility, but all in all, for renovators, it's very difficult. They were trying to get renovators licensed, if that happened, they would have needed training to become licensed. If courses were offered, they'd be too busy to come. Some guys won't look at a bid under \$10K, so they're getting fly-by-night and underground workers, unless you are willing to wait a year.
Training is a real concern. In Saskatchewan, they are busy in establishing the training, working with apprenticeship to do that. Working with mechanical contractors associations who have already identified that there is more training needed in trades (e.g. new ventilation), and where there's new renovation, mechanical guys aren't up to date on things. There are so many trades out there, so much new equipment. Places to get training: there's no real system for updating licensed trades. Pushing the industry, mechanical contractors association, and through R2000 they push their trades for additional training. Technology colleges are attending the R2000 training and starting to incorporate. Not easily to upgrade; no identified location for retraining/upgrading for most trades. Some of the mechanical trades have been bought out by the manufacturer (e.g., Lennox), and now they do centralized training on the products.
Respondent indicated that there are no great answers on training in that jurisdiction.
Training is from the "University of hard knocks" (get it from wherever they can, from trial and error). A lot of companies refuse to apprentice their guys because they do not want to lose them for two months. This is not beneficial to the industry.



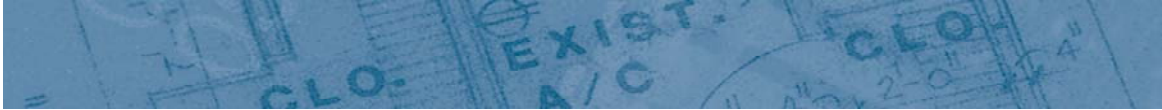
Partnered with post-secondary schools, 2 pilots were all with community colleges (framing technician – secondary school and University College of Fraser Valley.) They are hoping to get into other institutions in the future (all universities and colleges have received letters, aboriginal involvement is through private colleges.



5.9 Are these areas of concern?

Respondents indicated that the lack of training in renovation was indeed a concern, for reasons such as adapting to new technology, understanding building-envelope theory, and providing appropriate advice to homeowners (e.g., in energy efficiency upgrades.) It was also noted that skills-upgrade training, even if available, may only be an option for those who have the time to take the courses. This is echoed in Alberta, for instance, where some construction and renovation companies will not take on apprentices, as they cannot afford to have the workers off-the-job site for the required two months per year.

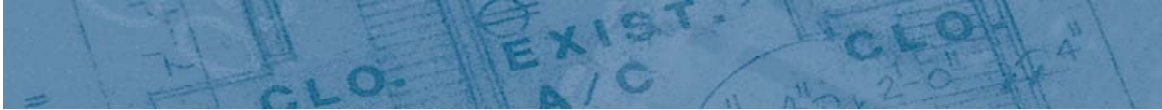
SPECIFIC OBSERVATIONS
They are! They are offered training courses, but people in the industry are too busy to come out to them.
Whether new or renovations, there is a risk to the company that is in business (liability), safety. Consumer will be left with the problem if the firm is not around. No warranty requirements. There is a reason it's a prescriptive standard in housing. But new technology areas are a concern, and in renovation or new, it's those manufacturers who have to partner with those who install, e.g., installed concrete forms (ICF), very do-it-yourself oriented, yet they need a high level of training to make sure it's done right. He is seeing a real need for training, whatever trade they're in, within current systems and new systems, and for upgrading for ticketed workers. All the manufacturers requirements for different products necessitate this; the "house as a whole" approach. If you move in as renovator to upgrade a house to make it energy efficient, you have to approach it as a whole, not just in pieces. This is possibly creating a problem.



5.10 Are the work activities skills required for renovation different than for new home construction?

In jurisdictions where the renovations market is focused on an older housing stock, it is understood that some specialized training in plumbing, heating, and electrical is beneficial to the marketplace. Remaining aware of changing building codes is especially important for the renovation sector (e.g., laying flooring, building additions, etc.)

SPECIFIC OBSERVATIONS
Respondent does not think that the skills are different. As they're becoming accredited, they're acquiring the skills they need to do old homes and renovations. Not much specializing in the reno market.
When you're working with 1906 houses it's a whole different ball game from the standpoint of what you might find or have to accommodate. It does add another dimension to the trade, so whether you're a general carpenter who's trying to reinsulate a home and bring it up to higher levels, it is always an unknown as to what you will find when you start opening walls up, you have to have a broader skill set. Where does the information come from? Respondent did not know. Unless you have learned it on your own, you don't get the training. Plumbing - respondent has personally learned from experience, sewer pipes and delivery systems that the old vs. patching into newer stuff. Laying sub floors, preparing the floors for new carpets or linoleum – it's hard enough to keep up with the new manufacturing (nailing patterns, types of glue, etc.) – these products for health reasons change in their makeup and most manufacturers recommend different types of glues for their products. Respondent thinks products and technologies will keep changing, and as an industry they have to find ways to keep people up to speed, and that's where most of them as organizations are scrambling to keep skills as high as possible. In some cases, and in a lot of bigger areas (with associations) – those who provide the materials provide the training.
Areas of concern are with trades, quality work, safety issues around small companies, cost of insurance, and the cash economy. Working on a public awareness program (“Get it In Writing” program) with the Renovator’s Council. Hazards and downfalls of the cash economy. Special skills that renovators require: R2000 training, renovators should be more aware of what they're potentially doing to a building when they are overhauling a structure. Respondent wish that years ago, there had been a simple course on how to run a business.



5.11 Is your jurisdiction undertaking any specific training programs aimed at skills required for renovation? (Are any treated as a “specialty?” How are they incorporated into the curriculum?)

Initial training at community colleges and trade schools is generally the extent to which trades people are prepared for the renovation market. Saskatchewan, however, there appears to be a trend towards sub-trade designation (complete with exam) in addition to a journeyman’s ticket. Manitoba and BC are promoting programs that include initial skills training, as well as offer annual courses and training to the renovation sector, and partnering with community colleges and other institutions. There is a general sense that specific training and certification would benefit the industry, but the pace of the industry can prevent some from engaging in training.

SPECIFIC OBSERVATIONS
At the moment, no. They’d like to see it, to improve the caliber of the fly-by-night types.
Only through the initial training – such as in community colleges and trade institutions. In new home, they’re heading to the apprenticeship area (e.g., carpentry as a designated trade) to say that we want a sub trade designation for concrete former, interior finisher, exterior finisher in those trades, but you have to do time in the trade to earn your ticket, and then you can write your exam for your sub trade status. Through their national education advisory committee, they see it as a needed direction. Identified 38 trades in housing. How do we ticket these people now and how to keep the skill level up? Under the Canadian homebuilders association and the national education training advisory committee.
Manitoba Home Builders’ Association has been offering the master renovator program (CMHC), predominantly a business course – the Renovator’s Council is planning a yearly upgrade for that course, mandatory credit hours upgrades per year, offering some more technical courses. So, at this point there’s not a lot of it out there.
Program: “The Master Renovator Program”. It is only worth what the public knows about the product. Challenge is to get the information out as to what a master renovator is, and what qualifications they have that others would not have. That’s something they will be promoting as an organization.
Training and certification in construction management, registered renovator and registered housing professional: sales and marketing, financial management, law, building codes. For builders: some R-2000 and some renovating. Also, there is assistance and training in some types of marketing.

Conclusions & Opportunities for Nova Scotia Renovation Sector

6.0 Conclusions & Opportunities for Nova Scotia Renovation Sector

The research findings presented in this report leads to the following set of conclusions concerning the home renovation industry in Nova Scotia and the demand for renovation skills.

6.1 Conclusion 1

The trend towards increased renovation activity is likely to continue and strengthen for the foreseeable future. The drivers of renovation identified in Chapter 2 show no signs of abating. Within urban areas of the province, the trend towards increased volume of activity and increased levels of homeowner knowledge and awareness point to the need for increased capabilities within the industry to respond to this growing sophistication.

Implications for the NS Industry

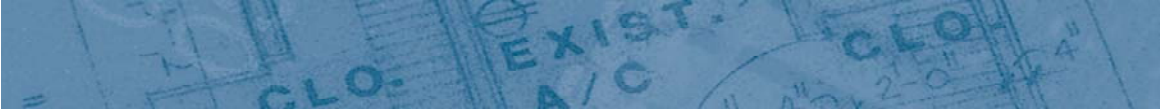
Increasing homeowner demand, coupled with increased sophistication, requires similar upgrading of expertise and knowledge by renovators in order to respond to the range of homeowner needs that are driving demand. Moreover, renovators need to be able to work on a professional level with designers, architects, and other housing professionals to guide homeowners in defining and managing their projects through to a successful implementation.

6.2 Conclusion 2

U.S. and Canadian data suggest a segmentation of the renovation market into two or more segments; this situation appears to be occurring in Nova Scotia as well. The lower end of the renovation market, the Do-It-Yourself homeowner, focuses on small renovation and repair projects. This market is shrinking for economic and demographic reasons. Higher end market segments are emerging that demand increased renovator skills and expertise in both managing projects and doing the required work.

Implications for the NS Industry

The higher end renovation market is growing, with the likelihood of sustainable opportunities for



renovation professionals into the foreseeable future.

To take advantage of these opportunities, renovators need to ensure that their business management and renovation skills are developed and up-to-date.

6.3 Conclusion 3

Across Canada, trade-related training currently is not incorporating any specific elements that differentiate between new home construction and renovation. The certification process underway in British Columbia focuses on the development of business management skills for renovators.

Implications for the NS Industry

Nova Scotia's interest in examining the functional differences in trades training for new home construction and renovation is leading edge. Although other Canadian jurisdictions are interested in ensuring that the renovation industry is able to meet the needs of homeowners in a growing renovation marketplace, steps to implement programs have generally not proceeded beyond the discussion stage.

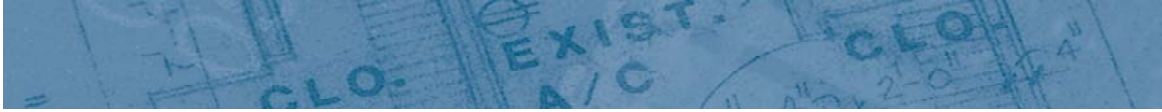
6.4 Conclusion 4

There is a tangible difference in the execution of a project to construct a new home and a renovation of an existing home. Interviewees concur that the primary differentiating factors are management and trades experience, and strong business management practices.

These practices are particularly necessary as the renovation industry moves into the higher end market segment. This segment requires considerable project and business management skills and expertise.

Implications for the NS Industry

Efforts to improve the professionalism and viability of the renovation sector in the province should concentrate now on improving the business management skills of professional renovators.



6.5 Potential Research Projects for the Sector Council

In Nova Scotia, there is a need to update and expand on work done in the early 1990's completing a Skills Inventory and Training Needs analysis for the renovation sector.

The large format building supply stores are influencing how renovation projects are undertaken. It is important for industry to understand how they are participating in the industry and how strategic alliances could be formed.

With the concern surrounding potential labour and skills shortages, the potential mobility of the workforce needs to be understood. Currently, urban-based contractors are reported to be travelling to rural-based job sites with the reverse being true as well. It will be important to understand over what range contractors and workers will commute for project work.