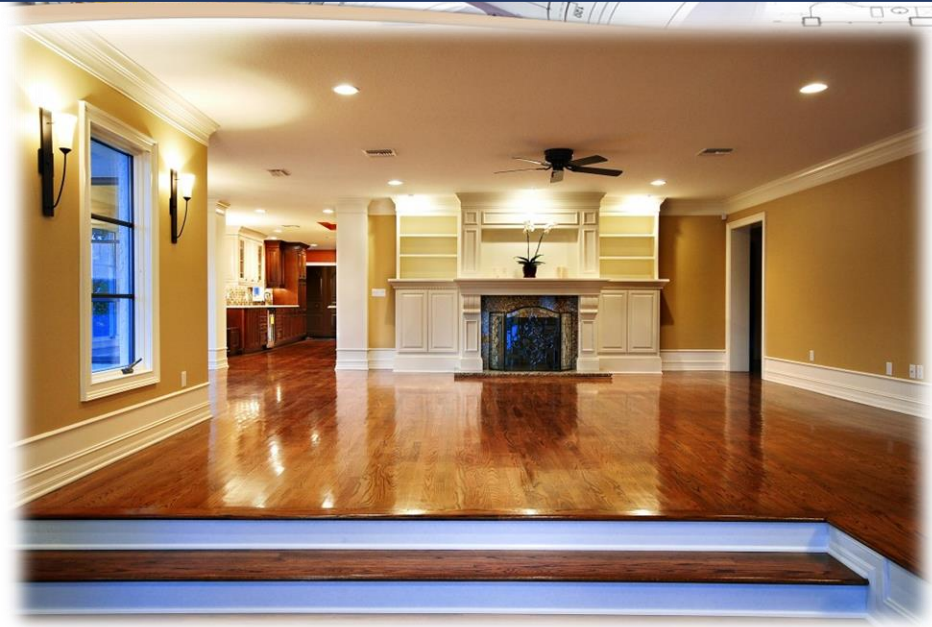




CANADIAN MARKET HOME RENOVATION INDUSTRY – TORONTO 'N' GTA



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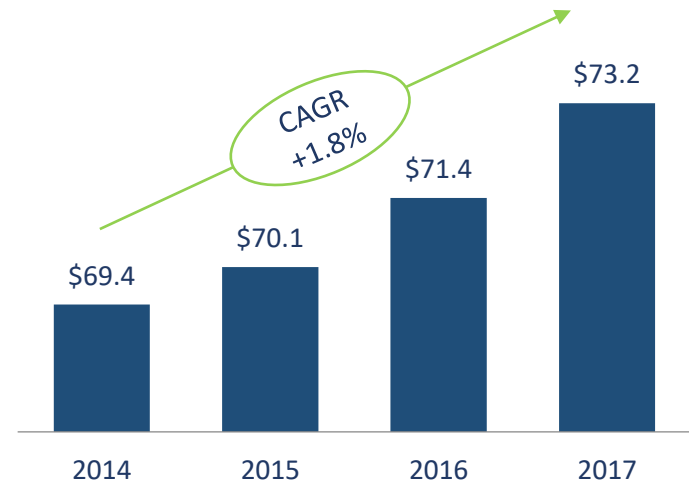
Market Overview and Trends

Home renovation is growing faster than the new home sector in Canada

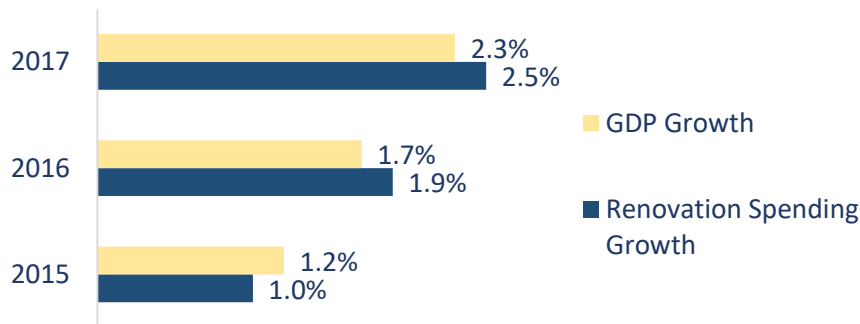
Market Overview

- Canada home renovation sector (defined as the sum of residential alterations, improvements, conversions and repairs) was estimated at \$70.1 billion 2015, almost \$20.0 billion more than the new home building segment.
- Home renovation market in Canada represented nearly 58% of the total residential construction spending in 2015
- Looking ahead, stronger growth in renovation spending is expected for 2016 and 2017, although it will be tempered by a still sluggish economy and elevated debt loads
- Ontario and Quebec represents nearly two-third of the home renovation spending in Canada

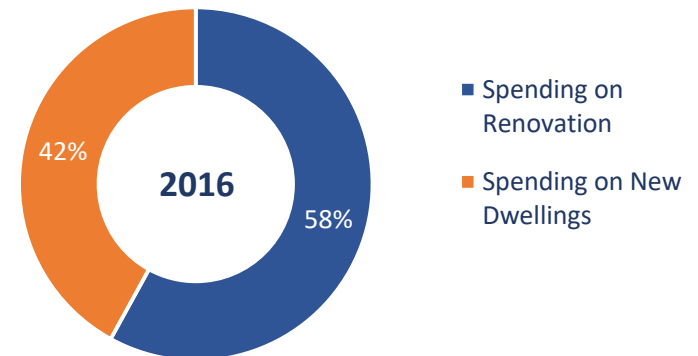
Canada Home Renovation Market (\$ billion)



Canada's Home Renovation Market growth is expected to outperform overall GDP growth



Home Renovation share of the Total Spending

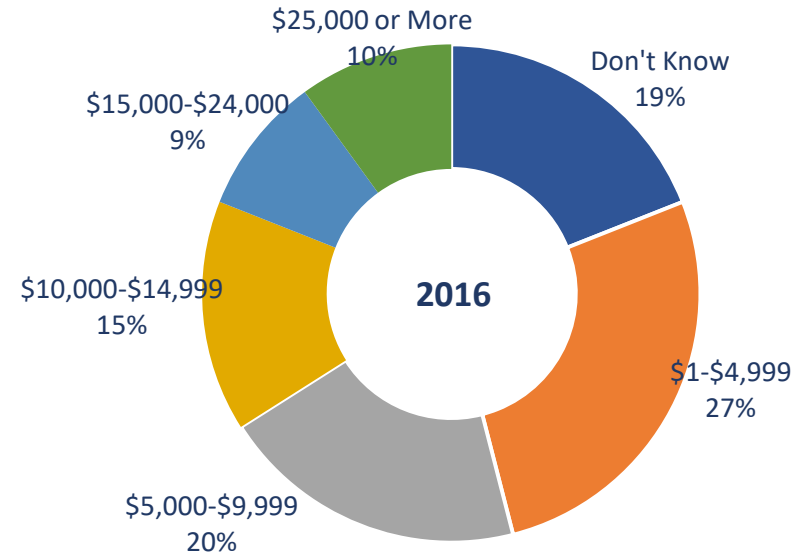
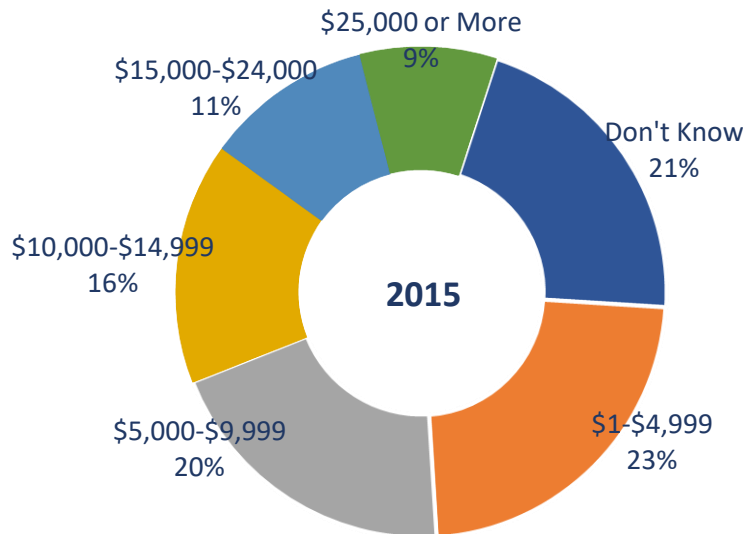
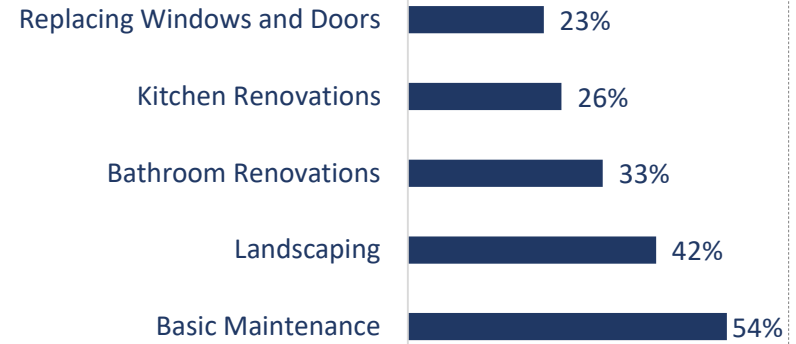


Canadian homeowners planned to spend average \$13,017 towards renovation in 2016

Market Overview

- According to a recent survey done by Canadian Imperial Bank of Commerce (CIBC), 37% of the homeowners planned a renovation in 2016
- Expected average spending on renovation is \$13,017 in 2016, as compared to \$12,293 in 2015
- The top project was basic maintenance, cited by 54% of respondents, down slightly from 55% in 2015. The big jump was in landscaping, with 42% of respondents planning some type of project, up from 25% a year ago.

Top 5 Planned Renovations 2016



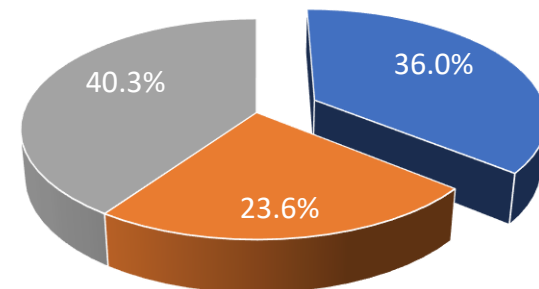
Sources: Canadian Imperial Bank of Commerce

Ontario renovation spending was approximately \$25 billion in 2015

Market Overview

- Ontario is the largest home renovation market in Canada. It represents more than one-third of home renovation market in Canada
- According to Canada Mortgage and Housing Corporation (CMHC)'s most recent Housing Market Insight briefing, Ontario's renovation market was estimated at roughly \$25 billion in 2015. This represents 36% of the total market
- BuildForce Canada projected that from 2015 to 2024, demand for new construction workers will rise to almost 110,000. That includes about 23,000 new workers, and close to 87,000 replacements for workers who will retire. **About 20,000 of those new hires will be in the GTA.**

Ontario – Share of the total Canada Market

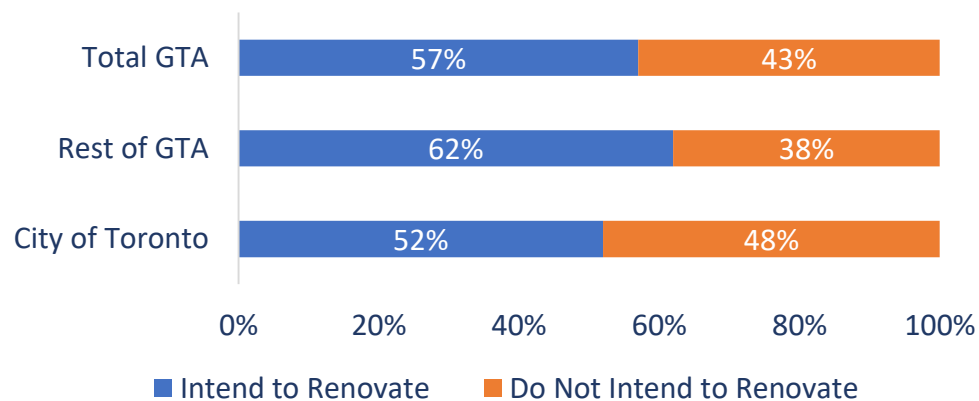


■ Ontario ■ Quebec ■ Others

Trends in Greater Toronto

- Soaring home prices in Toronto and other surrounding areas is the primarily driver for home renovation market in the Greater Toronto area.
- Moreover, Greater Toronto has a very aging housing stock. This is keeping renovation contractors in the area engaged on a multiple projects
- According to Ipsos Survey, nearly 57% of the Greater Toronto recent home buyers planned renovation of their property in 2016

% of Buyers Who Plan to Renovate Their Home Over the Next Year



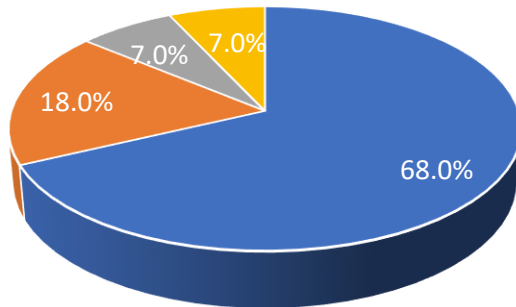
Greater Toronto homeowners planned average spending of \$21,625 towards renovation in 2016

Market Overview

- According to Ipsos, GTA home buyers planned to spend \$21,625 on their renovations in 2016.
- 11% homebuyers in the GTA planned to spend more than \$50,000.
- Planned renovation expenditures were higher outside of the City of Toronto. This was primary due to higher amount of low-rise homes sold in these areas in the recent years

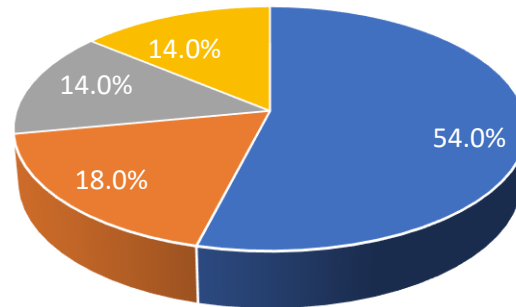
Planned Renovation Expenditure – City of Toronto, Other Parts of GTA and Total GTA

Toronto City



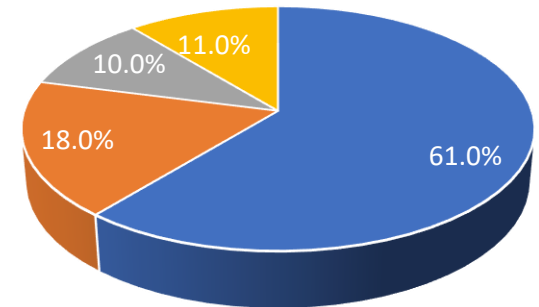
- Less than \$20 K
- \$20K to Less Than \$30K
- \$30K to Less than \$50K
- \$50K +

Rest of GTA



- Less than \$20 K
- \$20K to Less Than \$30K
- \$30K to Less than \$50K
- \$50K +

Overall GTA



- Less than \$20 K
- \$20K to Less Than \$30K
- \$30K to Less than \$50K
- \$50K +

Toronto City Renovators need City of Toronto License to Operate Business

Key Regulations

Primary Acts

Building Code Act, 1992

- The Building Code Act, 1992 is the legislative framework governing the construction, renovation and change-of-use of a building in the Province of Ontario. The Ontario Building Code is a regulation under the Act that establishes detailed technical and administrative requirements as well as minimum standards for building construction
- The Ontario Building Code is primary purpose is to promote public health and safety, fire protection, resource conservation, environmental integrity, and accessibility. It's primary purpose is the promotion of public safety through the application of appropriate uniform building standards

Ontario License Requirement and Certifications

- In Ontario, there are specific trades that require the appropriate certification in order for tradespeople to work in the province. These trades are called compulsory trades. Building renovation contractors also require specific licenses. The Ontario College of Trades is responsible for establishing apprenticeship/training programs, and issuing Certificates of Qualification, among other things
- **Compulsory trades require that a tradesperson must register as an apprentice, journeyman, or have journeyman certification in order to work in the field.**

A Certificate of Apprenticeship from Ontario

- A Certificate of Apprenticeship from Ontario means that the tradesperson has completed the necessary training for their skilled trade in the province under the regulatory body, according to provincial standards. If an individual meets all apprenticeship program requirements, they are able to write a Certificate of Qualification Exam.

Trade Equivalency Assessment (TEA)

- It helps renovation contractors from outside Ontario become qualified to work within the province.
- Compulsory trades require that journeymen or registered apprentices are legally certified to practice their trade professionally. The TEA certificate issues individuals to legally work in Ontario for a limited time

Additional Licensing

- Toronto bylaws stipulate that anyone who is a building renovator needs a city of Toronto license in order to work in the city
- Obtaining this licensing may require additional documentation, and further project examination by city examiners. Plumbing and heating journeymen would need Ontario College of Trades' certifications first, and then the additional municipal licensing

Home renovation demand is higher outside the Toronto City in the Greater Toronto area

1

Places Outside Toronto City in GTA Spending More on Renovation

- In the Greater Toronto Area, spending on renovation is expected to be more in the area outside Toronto City
- This is primarily due to a number of low-rise home sales in the region during the last five years
- Nearly 14% of the rest of GTA region homeowners planned to spend more than \$50,000 on renovation

2

GTA Renovation market is growing faster than the overall Canada home renovation market

- GTA Renovation market is growing faster than the rest of the country. This is primarily due to soaring price of real estate in the region
- Average spending on home renovation in GTA is the second highest in Canada after Alberta region

3

More than 20% of the homeowners spend more than \$30,000 on home renovation

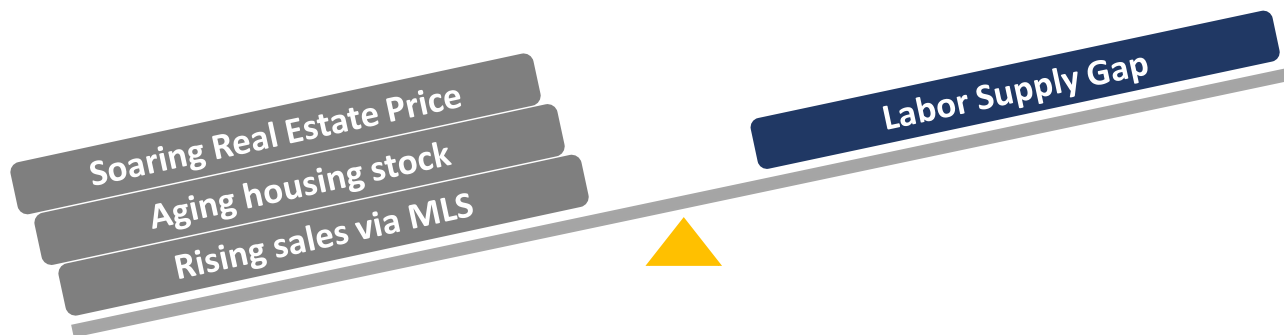
- Significant percentage of the GTA homeowners planned more than \$30,000 spend on home renovation
- Nearly 11% of the total homeowners planned to spend more than \$50,000

4

Most renovation is done on recently purchased properties

- According to CMHC Ontario households undertake renovation work typically within 12 months of an existing home purchase.
- Nearly 75% of all projects, have comprised alteration and improvements whose purpose is to add value to the home.

Home renovation market is primarily driven by soaring property prices in GTA



Market Overview

1

Soaring Real Estate Price

- Real estate price in GTA is increasing at a high rate, and this in turn pushing the homeowners to opt for renovation over new purchase

2

Aging housing stock

- Greater Toronto has a very aging housing stock. This is keeping renovation contractors in the area engaged on a multiple projects

3

Multiple properties sold via the Multiple Listing Service

- In the Toronto ER, housing unit sales via the Multiple Listing Service (MLS) are forecast to rise 6.4% in 2016 and 4.3 % in 2017 following estimated growth of 8.3% in 2015. This will generate renovation demands in next 12 months

Market Overview

1

Labor Supply Gap

- Over 100,000 new skilled workers are needed across Canada over the next decade. Most of the demand will arise from the Greater Toronto area.
- Renovation workforce is aging in Canada and GTA. Canada needs 114,000 of the retired workforce to be replaced during the next decade.
- For such huge demand of renovation workers and engineers, Canada has to depend on other countries. This is turn, a key challenge for the renovation contractors in the area

Competitive Landscape

Greater Toronto Area has a number of specialized as well as diversified home renovators

Market Overview

- Toronto home renovation market is highly competitive. It has more than 500 renovators including diversified renovators as well as specialized renovators working in particular areas of renovation
- There are all size of renovators in Toronto. Following are some of the renovators in GTA

Overall Home Renovation



Kitchen Renovation



Bathroom Renovation



Basement Renovation



Sources: Houzz,

Rivalry among existing competitors are high in Greater Toronto Area

Threat of New Entrants- LOW

- High cost of entry
- Difficult to identify skilled labours and create niche
- Requires high level of new technology adoption

Bargaining Power of Suppliers - MODERATE

- Plenty of home renovators in the region
- High range of services present in the market
- However, cost of shifting is high

Bargaining Power of Suppliers - LOW

- Many existing suppliers
- Suppliers with unique services and high level of experience is present in the market
- High Switching cost

Industry Rivalry - HIGH

- *Many existing players*
- *Number of new players have entered the market in last few years*
- *Competitive bidding*
- *Moderate customer loyalty*

Threat of Substitute - LOW

- Higher price of new dwellings
- Price trends is new housing sector expected to be rising in the near future

Company Profiles

Company Profile - *Ashton Renovations*

ASHTON

Business Overview

- Ashton Renovations is a Toronto-based home renovation contractor offering services such as kitchen renovation, bathroom renovation, basement renovation and whole house renovation
- The company have offices in Richmond Hill, and Toronto, and service the entire Greater Toronto Area. Its north location is situated in Black Bank, just 30 minutes south of Collingwood and west of Barrie
- The company has won a number of industry awards and recognitions. In 2016, it received NKBA award
- Ashton is licensed in the City of Toronto, registered and covered under the Workplace Safety and Insurance Board, and carries 5 Million Liability Insurance

Key Facts

Website	https://ashtonrenovations.com/
HQ Address	14 Black Willoway Toronto, Ontario M2J 2A8
Phone	(416) 803-3324
CEO	Mark Ashton
Services	Planning and Design. Project Management, kitchen renovation, bathroom renovation, basement renovation and whole house renovation

Renovation - Operations

- The company follows a six step process in its renovation projects. Following are the steps
 1. Free Assessment
 2. Firm Price Quotation / Planning & Design
 3. Project Planning
 4. Rough-In-Work Begins
 5. Finishing Work Begins
 6. Completion

Key Strengths

- Industry Recognitions
- Wide array of services
- Industry Experience
- Wide coverage in Greater Toronto

Key Highlights

- *The company primarily leverages its more than 20 years of experience and multiple industry recognitions*
- *Key emphasis is on process and design*

▪ Company Profile - *M-Squared Contracting*



Business Overview

- M-Squared Contracting is a Toronto-based renovator specialist offering services such as kitchen renovation, bathroom renovation, interior renovation, and custom home development
- The company was Co-founded by Mike Lawrence, a certified project management professional, and Mark Pelzl, a certified trade carpenter.
- Some of the company's key suppliers are PMF Plumbing Supplies, Ginger's Bath Centre, Stone Edge, Eurolite, and Brenlo among others

Key Facts

Website	https://m2contracting.com/
HQ Address	47 Scarlett Road Toronto, Ontario, M6N 4J8
Phone	(416) 231 5585
Co-Founders	Mike Lawrence & Mark Pelzl
Services	Kitchen renovation, bathroom renovation, interior renovation, custom homes

Renovation - Operations

- The company's primary focus is superior customer service. Most of the company's projects are high-end and primary popular for budget range of \$75,000-\$300,000
- The company's team has architects and certified carpenters and labourers

Key Strengths

- Skilled and experienced team
- Wide range of high-end services
- Industry recognitions

Key Highlights

- *The company was co-founded by two executives with complementary skills*
- *The company has executed number of high-end renovations, specially in the custom homes segment*

Company Profile - *Maple Reno*



Business Overview

- Maple Reno is a Concord-based renovation specialist offering services such as basement, bathroom, kitchen and Condo renovations
- The company promotes itself as a 'design and build' renovation specialist that manages entire process right from the initial design concepts through to the final handover
- The company serves customers in Greater Toronto region. It has office in Concord, ON.

Key Facts

Website	http://www.maplereno.com/
HQ Address	050 Steeles Ave W #5 Concord, ON L4K 2V1
Phone	(647) 982-8008
CEO	-
Services	Basement renovation, bathroom renovation, kitchen renovation and Condo renovation

Operational Focus

- The company primarily focuses on being organized and aligned with the client requirements.
- It aims to communicate with the client during the entire renovation process to avoid over spending
- It follows a three step process –
 1. Assessment and Quote
 2. Design
 3. Built

Key Strengths

- Robust process and continuous client communication
- Focus on creativity
- Skilled workforce

Key Highlights

- *Focuses on creativity while control unwanted spending*
- *Focuses on client service*
- *Leverage 10 years of experience*



Company - *The Reno Pros*

Business Overview

- The Reno Pros is a North York based renovation and installation company, offers renovation services on multi segments, such as bathroom, kitchen, residential and commercial areas
- The overall focus of the company lies on 3 major areas, Designing – the company has its own interior designers experienced in working on custom preferences; Maintenance – the experienced project management team has capacity to handle complex projects; and Installation – the skilful in-house team of professionals has highest standard of craftsmanship

Key Facts

Website	http://www.therenopros.ca/
HQ Address	4265 Weston Road unit 2, M9L 1W8 North York, Ontario
Phone	(416) 561-6144
CEO	-
Services	Basement renovation, bathroom renovation, kitchen renovation and Commercial renovation & installation

Operational Focus

- The company follows 6 major steps to complete a project cycle. These are:
 1. Consultation
 2. Price Quotation and Contract
 3. Project Planning
 4. Preparation Work
 5. Finishing Work
 6. Completion

Key Strengths

- More than 25 yrs. in renovation industry
- Wide range of service line
- Large customer base in GTA area

Key Highlights

- *The company has more than 25 years of experience in renovation industry*
- *Major focus area on Designing, Maintenance and Installation*

Company - *The Renovators of Canada*



Business Overview

- The Renovators of Canada is established in 2002 and is headquartered in Markham, Ontario. The company has other branch office in 3 more locations – Hamilton, Aurora and Oakville
- The company focuses on 3 major services – Residential and commercial renovation, heritage maintenance and new home building
- In 2012, the company relocated and expanded within Markham with more space and new expanded showroom offers clients to choose home improvement products

Key Facts

Website	http://www.trocanada.com/
HQ Address	15 Allstate Parkway, Suite 600, Markham, Ontario, L3R 5B4
Phone	(416) 915-4376
CEO	Perry Curiston
Services	Basement renovation, bathroom renovation, kitchen renovation and Heritage Homes

Operational Focus

- The company operates in multiple locations in Ontario. The overall focus is on residence, commercial and heritage segments
- The website has separate section for clients to check client's on-going project status and accessibility of 24/7 support service
- The company operate all-over Canada

Key Strengths

- Experienced team can handle multiple projects
- Launching 'Open House', will showcase of each completed project
- Friendly website have opportunity to estimate the cost of renovation

Key Highlights

- *Launching 'Open House'*
- *Major focus area on Residential, Commercial and Heritage*



Thank You