A panoramic view of the Montreal skyline at sunset, with the city lights reflecting on the water in the foreground. The sky is a mix of orange, yellow, and blue, and the buildings are silhouetted against the bright light of the setting sun.

The RenoRun Report: 2020 | Q1 | Montreal

Overview

Construction Costs

103.8

Material Cost Index

▲ 3.8% VS. LAST QUARTER

9.0%

Avg. project overages

Avg. actual costs vs. expected costs

- In Q1 of 2020, we saw a ~3.8% increase in material costs; Drywall prices increased most (7.2%) followed by insulation (3.8%); The COVID-19 crisis will increase costs, with disruption to global supply chains and increasing demand from China; lumber and drywall expected to increase most
- Project overages (actual vs. predicted costs) averaged around 9% for the residential contractors we surveyed in Montreal; builders averaged 4.7 material runs a week and net profit margins averaged around 16%

Building Permits (Supply Activity)

3,847

Building permits issued

▼ -32.5% VS. LAST YEAR

\$298 K

Avg. permit value

▲ 30.0% VS. LAST YEAR

- Permits issued indicate stable new builds (+1% growth), but significant dip in renovations (~40%); however, average permit value of both has increased notably (30%)
- The trends seem to be consistent across the island of Montreal, save for West Montreal, which saw notable increases in both new build and renovations
- Due to the COVID slow down, and challenges in getting permits, builder activity is anticipated to be slowed by a backlog in Q2, but quickly gain momentum moving into Q3

Real Estate Market (Demand Activity)

4,766

Real Estate Unit Sales

▲ 3.9% VS. LAST QUARTER

▲ 6.8% VS. LAST YEAR

57

Days to sell

▼ 11.2% VS. LAST QUARTER

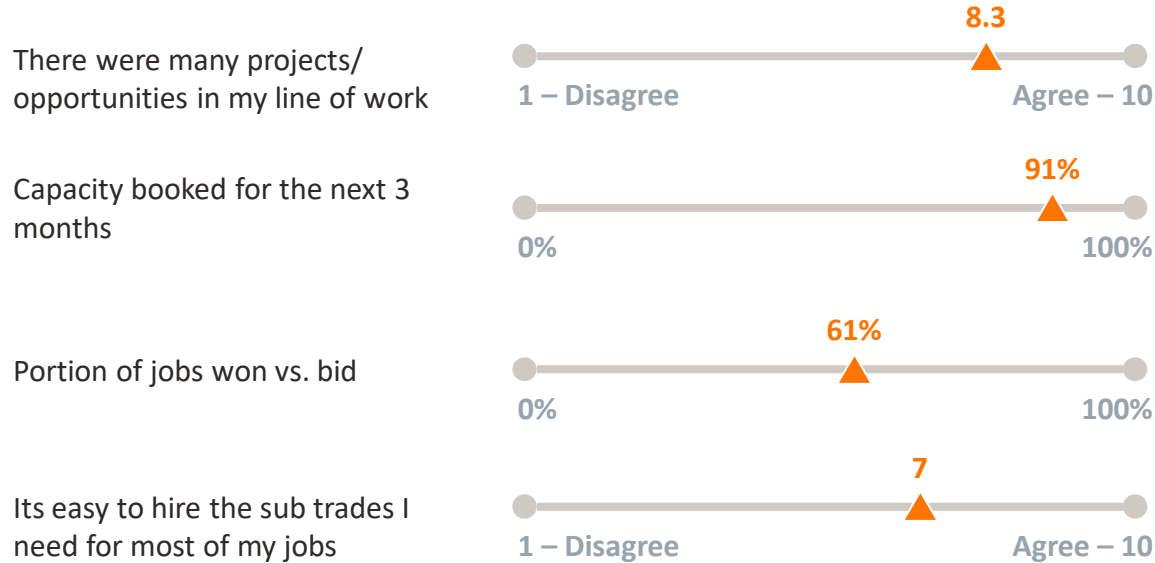
▼ 18.6% VS. LAST YEAR

- In Q1 2020, real estate sales were up significantly (~7% year-on-year) and prices rose a dramatic 17%, in spite of shelter-in-place policies put in place towards the end of March; however, declines in listing activity signal that the true impact of COVID-19 will occur in Q2 and Q3
- Montreal is currently in a “seller’s market”, where most notably, there was a decrease of about 19% in average days to sell (currently at 57); however, homebuyers will see the closing process take longer than usual due to COVID-19 safety precautions

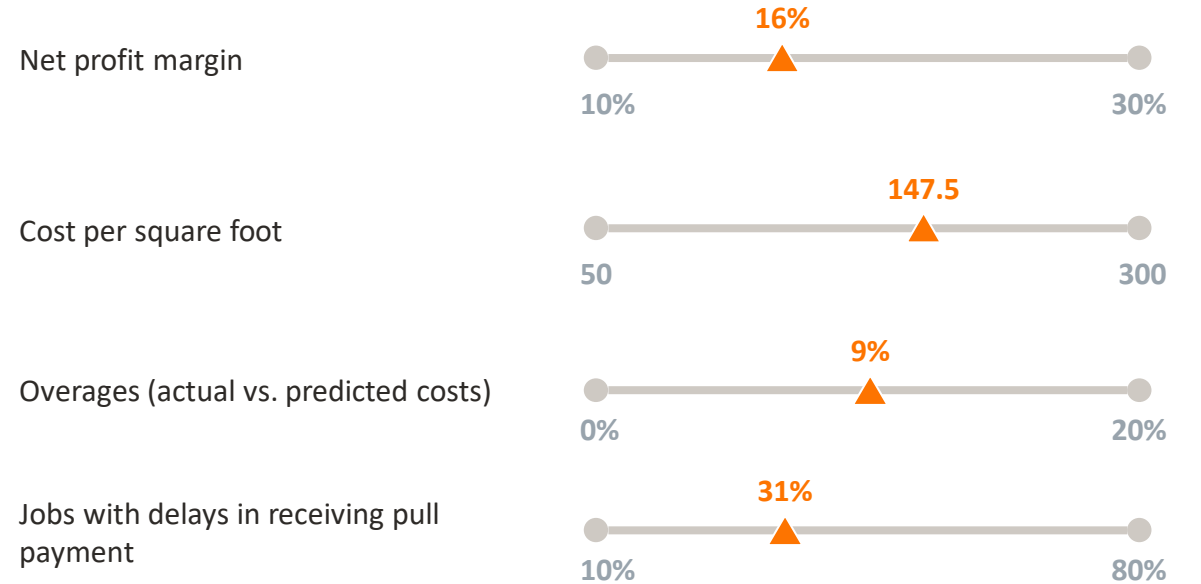
RenoRun Builder Survey



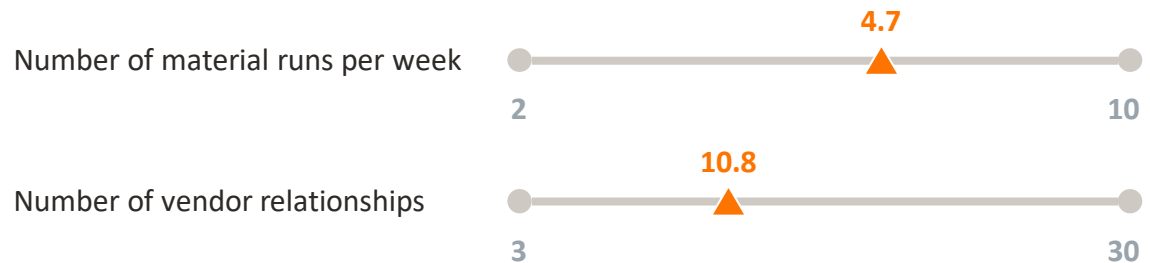
Builder Sentiment



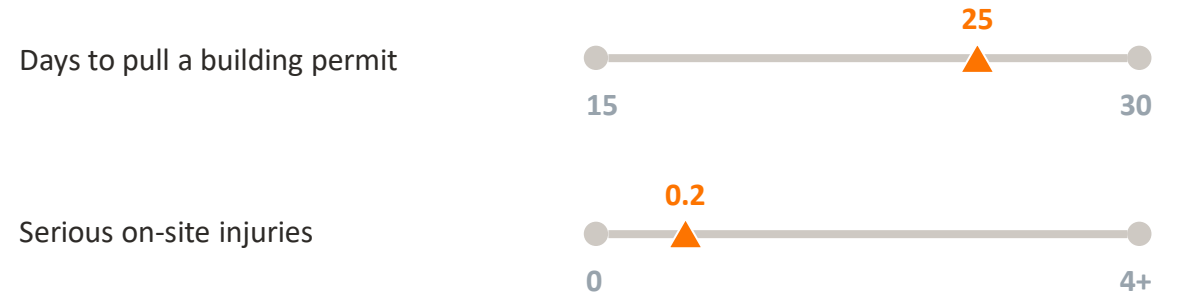
Profit and Loss



Suppliers



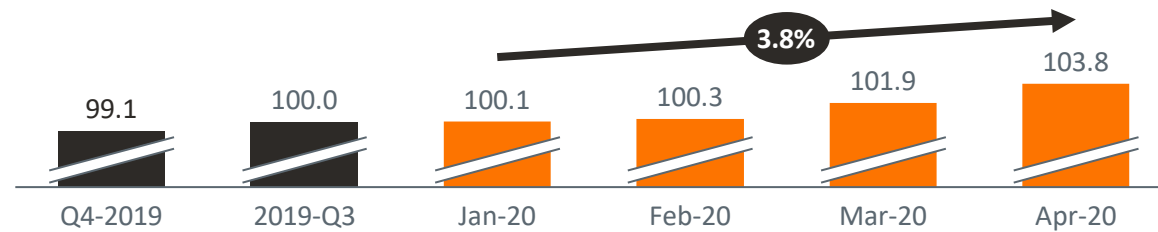
Permits and Safety



Construction Costs

Material Costs

RenoRun Material Cost Index, Base of Sept 2019



RenoRun Material Cost Index, by Component, Base of Sept 2019

Metric	Apr. 2020	Change in the last 3 months	Change in the last 9 months	Expected Change
RenoRun Material Cost Index	103.8	^ 3.8%	^ 4.8%	
Drywall	107.2	^ 7.2%	^ 5.5%	
Lumber	101.5	0.8%	^ 3.7%	^
Insulation	103.8	^ 3.8%	^ 5.9%	
Steel	100.1	0.0%	0.1%	
Plywood/OSB	101.2	1.2%	-1.4%	^
Hardware	96.0	✓ -4.0%	^ 6.3%	
Concrete	103.2	^ 3.2%	^ 3.2%	

- In Q1 of 2020, we saw a ~3.8% increase in material costs in Montreal. Drywall prices saw the biggest increase (7.2%) followed by insulation (3.8%).
- The COVID-19 crisis is likely to increase costs, with disruption to global supply chains; alongside increasing demand from China, we anticipate lumber and drywall prices to increase the most.

Labor Costs

RenoRun Labor Cost Index, by Sub-Trade

Sub-Trade	Metric	Low End	Average	High End
General Laborer	\$ per hour	\$20.3	\$24.7	\$29.2
Finishing Carpenter	\$ per hour	\$34.2	\$43.0	\$52.4
Framing Carpenter	\$ per hour	\$24.8	\$29.9	\$35.8
Painter	\$ per square ft.	\$1.9	\$2.4	\$2.9
Drywall Contractor	\$ per square ft.	\$1.0	\$1.7	\$2.6
Plasterer	\$ per square ft.	\$1.1	\$1.6	\$2.3
Tile-Installer	\$ per square ft.	\$7.0	\$10.2	\$13.4
Plumbers	\$ per fixture	\$174.2	\$216.5	\$258.8
Electricians	\$ per pot light	\$85.4	\$98.6	\$112.1

The above are average for the Montreal/Toronto markets from a representative mix of contractors. If you would like to be part of our regular labor cost updates, please email andrew@renorun.com to be added to the list.

Building Permits

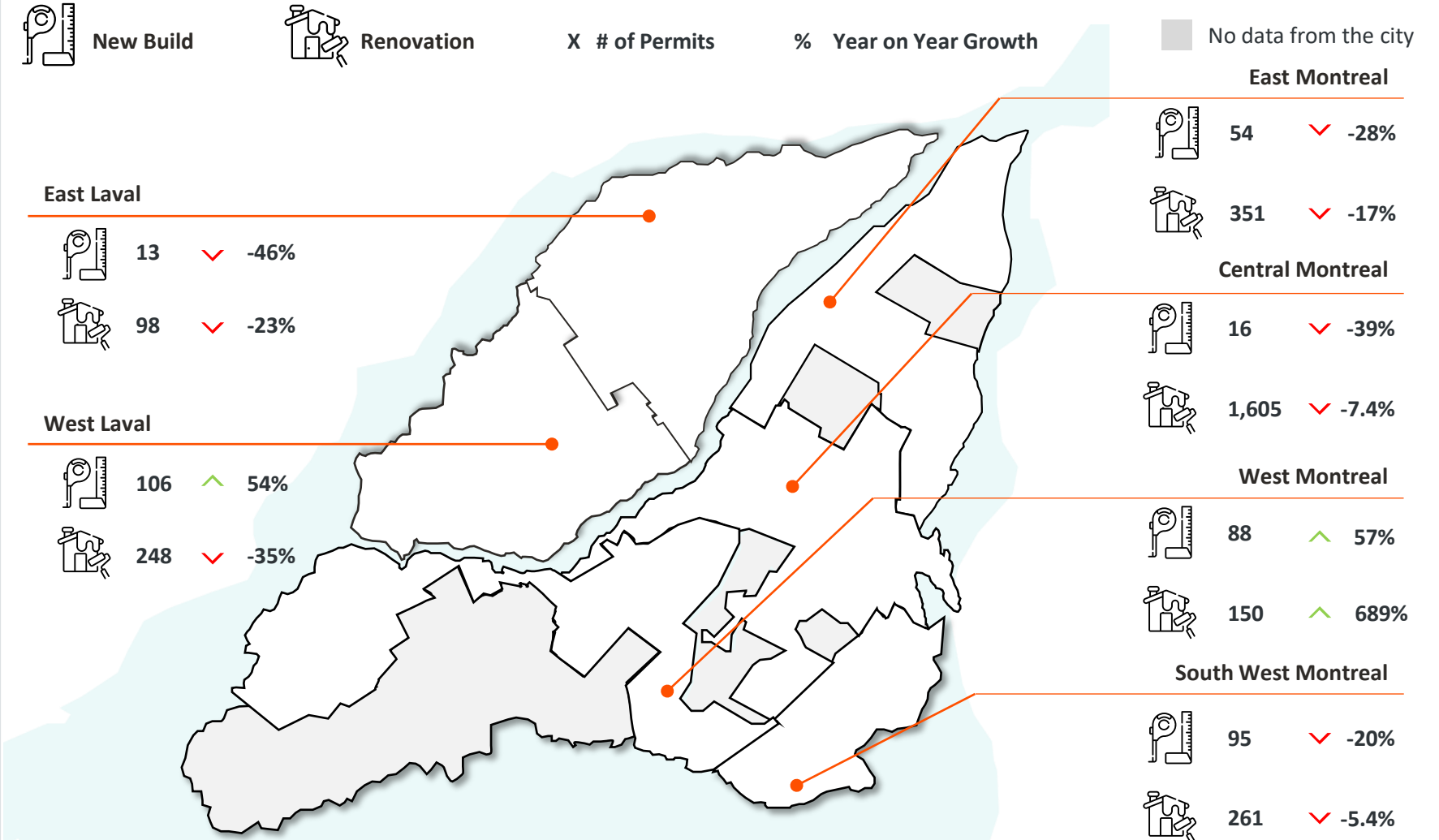
Montreal Metropolitan Area

Total Permits in Montreal Metropolitan Area

Permit Type	Q1 2020	Year on Year Growth
New build		
Permits issued	1,150	▲ 1.2%
Avg. permit value	845 K	▲ 18%
Renovation		
Permits Issued	2,697	▼ -41%
Avg. Permit Value	66 K	▲ 42%

- Across the Montreal Metropolitan Area, Q1 2020 permits issued indicate stable new builds (+1% growth), but a significant dip in renovations (~40%); however, average permit value of both has increased notably.
- Trends are consistent across the island of Montreal, except for the West Montreal, which saw notable increases in both new build and renovations.
- Due to the COVID-19 slow down, builder activity is anticipated to decrease in Q2 and Q3.

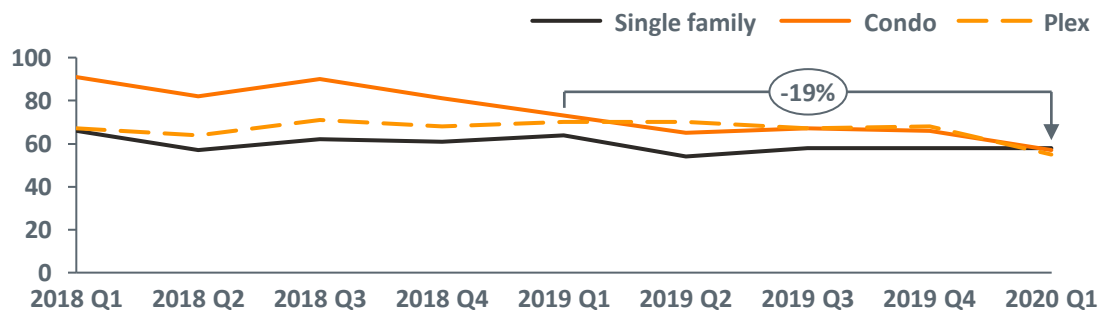
Montreal and Laval



Real Estate Market

- In 2020 Q1 in Montreal, real estate sales were significantly up (~7% year on year) and prices rose a dramatic 17%, in-spite of shelter-in-place policies put in place towards the end of March.
- Combined with a decrease in the average number of active listings, Montreal saw a real tightening in the real estate market. Montreal is currently in a “seller’s market” where most notably, there was a decrease of about 19% in average days to sell (currently at 57).
- Declines in listing activity signal that the true impact of COVID-19 on the housing market will occur in Q2 and Q3. Homebuyers could see the closing process take longer than usual due to COVID-19 safety precautions.
- As potential buying behaviour is impacted, we anticipate a notable decline in renovation work that isn’t already planned for, which might constrict demand for GC services over the next 6 months.

Average Selling Time, days



REAL ESTATE ACTIVITY, BY STRUCTURE

Metric	2020 Q1	Change from	
		Last quarter	Last year
Overall			
Total Units Sold	4,766	3.9%	6.8%
Median Price (\$)	474,191	2.8%	16.8%
Average Selling Time (days)	57	-11.2%	-18.6%
Single Family			
Total Units Sold	1,378	4.7%	8.4%
Median Price (\$)	542,000	2.3%	11.8%
Average Selling Time (days)	58	0.0%	-9.4%
Condo			
Total Units Sold	2,582	9.2%	3.6%
Median Price (\$)	380,000	5.6%	18.8%
Average Selling Time (days)	57	-13.6%	-21.9%
Plex			
Total Units Sold	806	-11.0%	15.3%
Median Price (\$)	660,000	5.6%	16.2%
Average Selling Time (days)	55	-19.1%	-21.4%

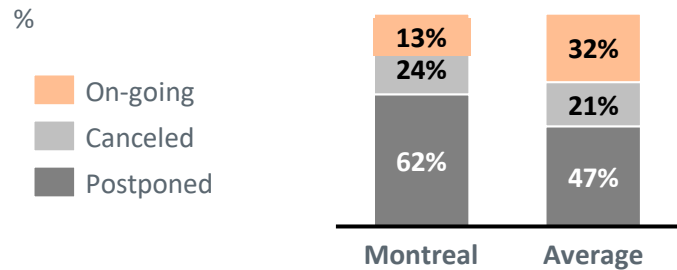
State of Construction During COVID-19

Impact on Your Business

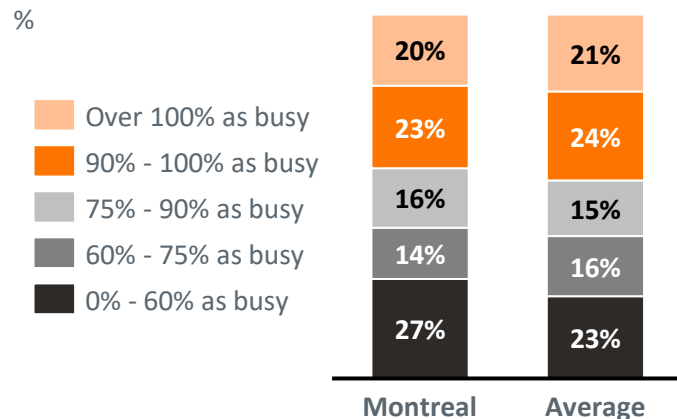
Montreal builders are faced with a challenge; **over 85% of projects are delayed or canceled.**

Still, most are expecting a recovery; **~60% are expecting to be 75% as busy or more** once restrictions are lifted.

Q1: Due to COVID-19, what portion of your projects were impacted?



Q2: Compared to last year, how busy do you expect to be after restrictions are lifted?

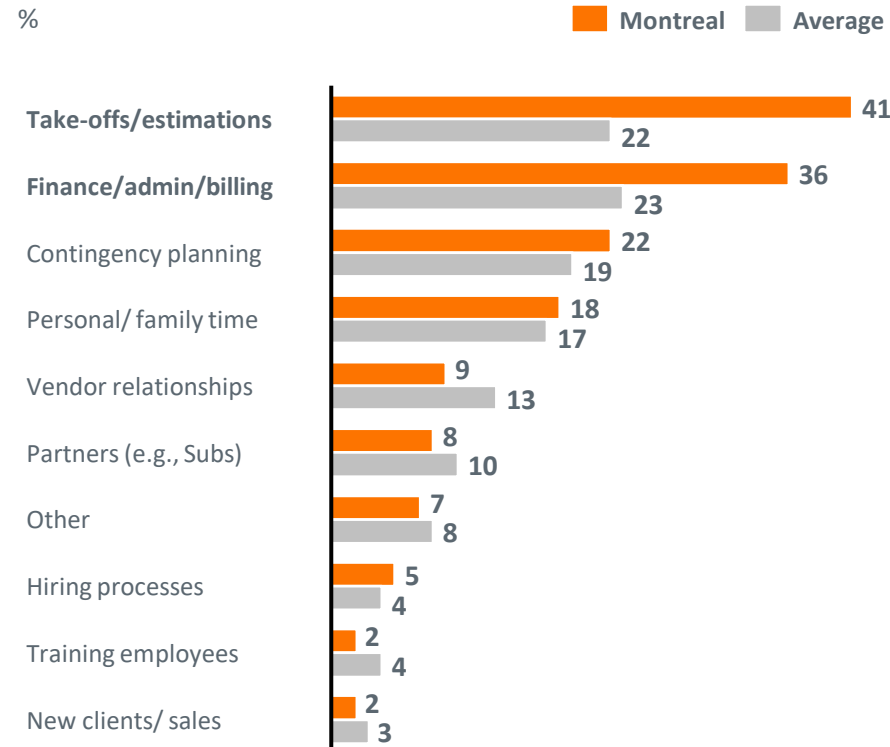


Preparing for the Re-Start

In uncertain times, Montreal contactors' first focus is ensuring that they are **financially able to manage different potential scenarios** over the next few months and **working on project take-offs.**

Builders are trying to **limit costs in the short-term**, while keeping up on projects they can operate safely and preparing the next ones

Q3: During the slow-down, what parts of your business will you most focus on improving?

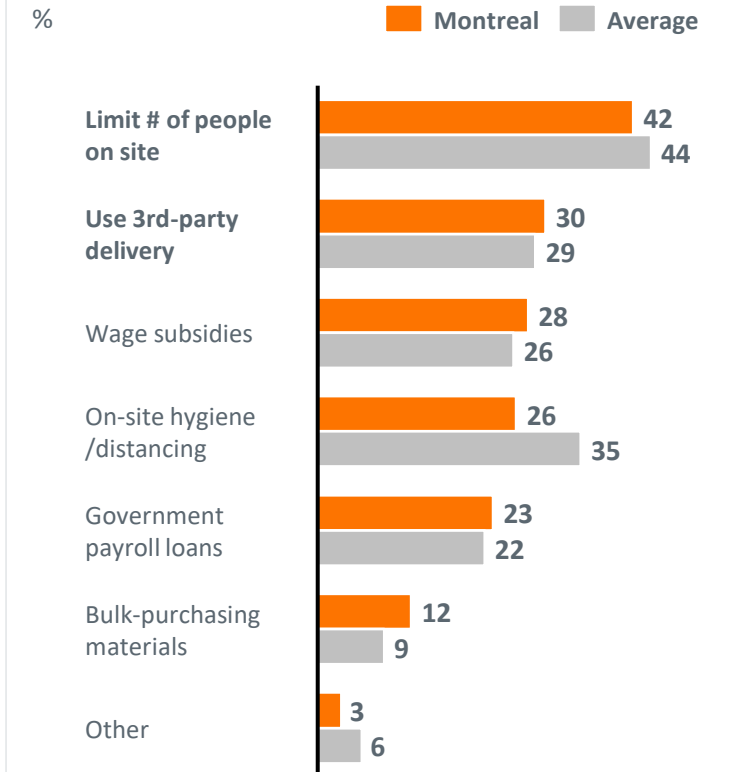


Focus During Slowdown

In Montreal, builders focused on **keeping people safe onsite** and using 3rd party support.

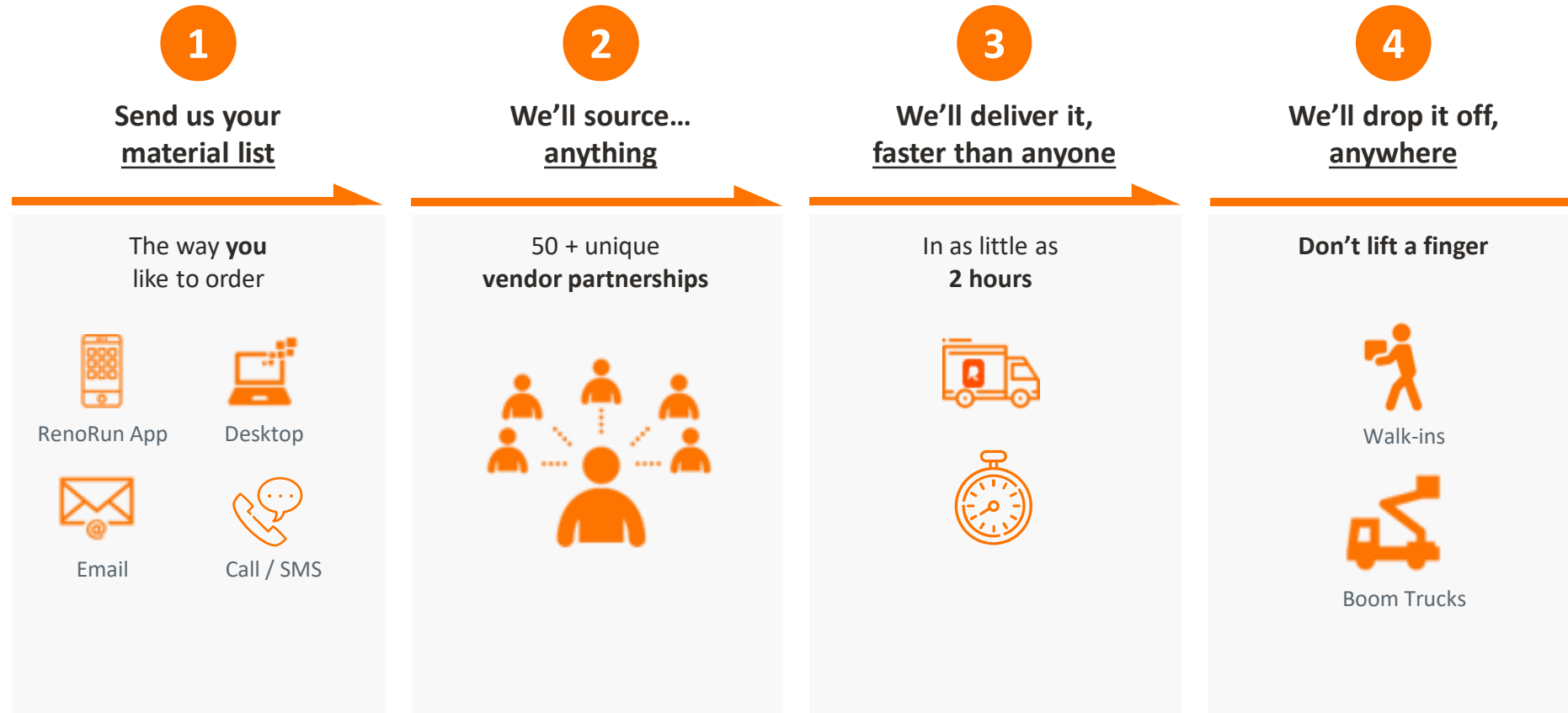
Even with all the efforts, both smaller and bigger projects are being delayed due to government regulation.

Q4: What major changes/resources will you use to help during the slowdown?



About RenoRun: Your Building Materials Partner

One-stop shop for high-quality materials delivered on-site within hours



Thank you for reading the inaugural RR Insiders Report, featuring Q1 trends localized to Montreal, Quebec builders. Stay tuned for the next quarterly report to be released in Summer 2020. You may also get a call from one of our experts asking for your input in our next Insiders Report!



Questions? Feedback?

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