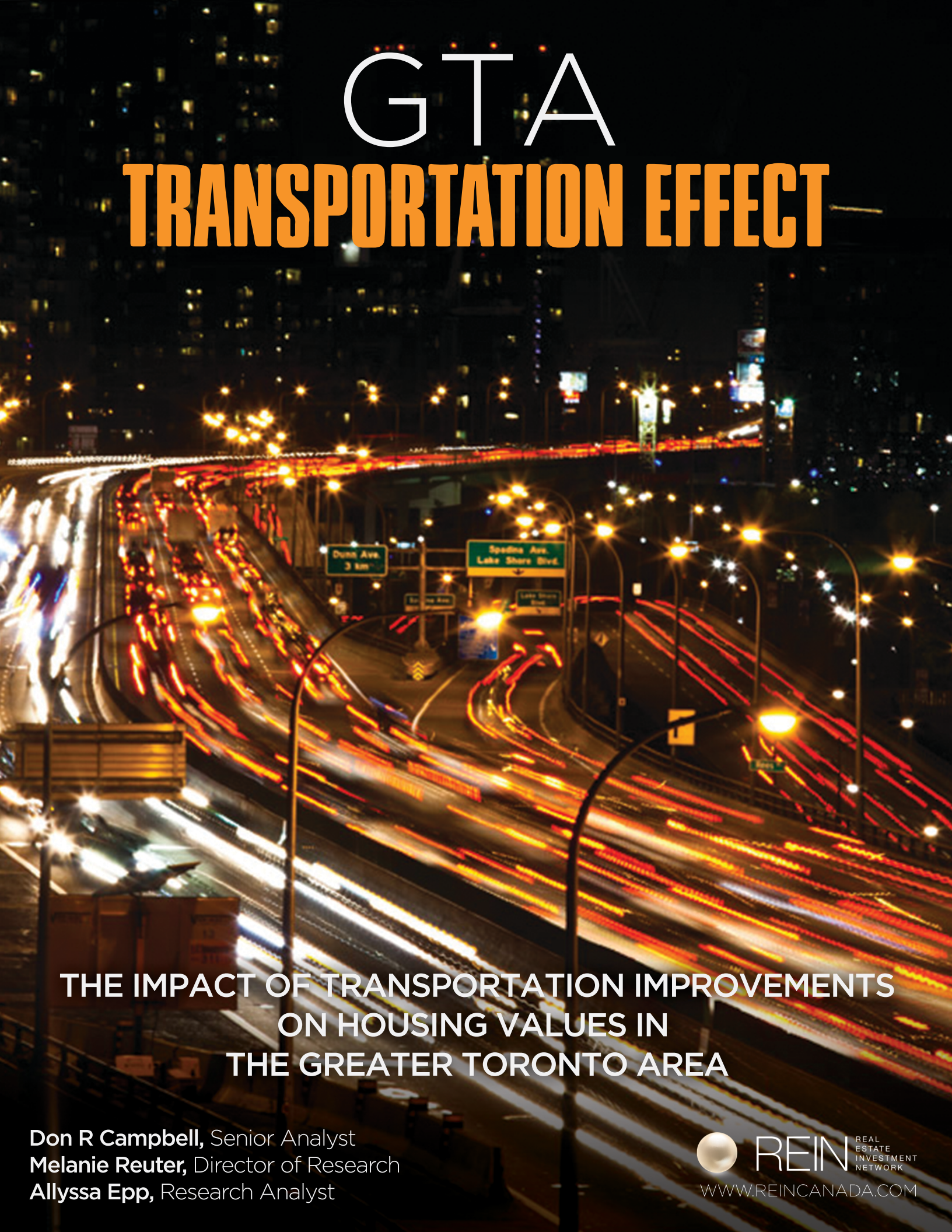


GTA TRANSPORTATION EFFECT

THE IMPACT OF TRANSPORTATION IMPROVEMENTS ON HOUSING VALUES IN THE GREATER TORONTO AREA

Don R Campbell, Senior Analyst
Melanie Reuter, Director of Research
Allyssa Epp, Research Analyst

REIN REAL ESTATE INVESTMENT NETWORK
WWW.REINCANADA.COM

AUTHORS

Don R. Campbell, Founding Partner, The Real Estate Investment Network Ltd. don@reincanada.com
Melanie Reuter, Direct of Research, The Real Estate Investment Network Ltd. melanie@reincanada.com
Allyssa Epp, Research Analyst, the Real Estate Investment Network Ltd. allyssa@reincanada.com

6 – 27250 58 Cr
Langley, BC V4W 3W7

4th Edition - April 2013

Tel 1-888-824-7346 or (604) 856-2825 Fax (604) 856-0091

E-Mail: info@reincanada.com
Web Page: www.realestateinvestingincanada.com
Follow : @reinresearch on Twitter

EXECUTIVE SUMMARY AND REPORT HIGHLIGHTS

- Greater Toronto Area (GTA) transportation projects will deliver a 10%–20% enhancement of real estate values in the regions most affected. In the future, these areas will outperform the rest. If the market goes up everywhere, these areas will increase by about 10%–20% more. If the values drop, these will drop by 10%–20% less.
- In studies of the effect of transportation improvements on real estate in other jurisdictions around the world, it was found that real estate value increases occur for properties located within 500-800 metres of stations on the new transportation lines. Several Toronto neighbourhoods will experience price increases when the new rapid transit stations are completed.
- Real estate prices in key neighbourhoods will increase more quickly than other regions due to the improved transportation linkages provided. Improved accessibility drives real estate demand. As with rapid transit, accessibility to major highway and highway improvements proved to be a major determinant for increased property values in all studies. Studies show that, as highway networks are created and existing corridors to the CBD (Central Business District) are improved, the value of real estate in the area increases.
- Values in older and more established neighbourhoods are impacted more significantly than in newer developments.

Investors should only focus on regions where they know the projects are moving ahead or are already completed. With that in mind, the key areas in these regions that will or have been positively affected are:

Primary Impact Regions, which will witness the most positive effects from several transportation improvements: Vaughan and Scarborough

Secondary Impact Regions, which will feel positive impacts from one transportation improvement in the Greater Toronto Area: North Brampton, Richmond Hill, Kitchener, Waterloo, and Geulph.

*Read the full report for specific neighbourhoods.

- There are negative effects (nuisance, property crime, noise, increased traffic, etc.) on properties located in the immediate vicinity of many stations.
- The decision of which particular investment properties to acquire within a region still requires extensive analysis of the fundamentals of the specific property.

ABOUT THE REAL ESTATE INVESTMENT NETWORK™

Founded in 1992, the Real Estate Investment Network™ (REIN™) has grown over the years to become Canada's leading real estate research, investment and education organization. It serves more than 2500+ member clients who own more than 32,440 properties (valued at over $3.9 billion) across the country. Members use the unbiased research and proven systems to invest in properties in economically strong regions across the country.

REIN™ does not sell or market real estate to its members or the general public, but instead conducts objective and unbiased research, analysis and investor education.

The foundation of REIN™'s work is the research and analysis of current real estate trends and patterns. This information is then disseminated to members through regular private seminars in Toronto, Vancouver, Calgary and Edmonton, and via research reports that detail current and emerging trends.

REIN™'s primary purpose is to provide expert assistance to its members and other Canadians to assist them in making sound decisions about purchasing principal residences and investment/recreational real estate. This Transportation Report is one such educational report, as are Don R. Campbell's best-selling books *Real Estate Investing in Canada (Version 2.0), 97 Tips for Canadian Real Estate Investors 2.0, 51 Success Stories for Canadian Real Estate Investors, 81 Financial and Tax Tips for the Canadian Real Estate Investor: Expert Money-Saving Advice on Accounting and Tax Planning, Secrets of The Canadian Real Estate Cycle, Buying US Real Estate: The Proven and Reliable Guide for Canadians,* and *The Little Book of Real Estate Investing in Canada.* One hundred per cent of all of Don Campbell's author Royalties are donated directly to Habitat for Humanity Edmonton and to date has raised over $900,000 for this worthy cause.

All research can be accessed at www.myreinspace.com.

TABLE OF CONTENTS

Contents

OVERVIEW TO THE GTA TRANSPORTATION EFFECT REPORT

As populations continue to grow in areas across Canada, governments and private sectors attempt to meet the infrastructure needs of its residents by providing road improvements and an increase in mass transit options. With these transportation improvements comes much discussion around the environmental, economic and social impacts of these projects; however, the effects of these changes on real estate is overlooked. The Real Estate Investment Network™ (REIN) first recognized the need to examine the impact of transportation changes on housing values with the BC Transportation Minister's announcement of new bridges and additional rapid transit lines in the Greater Vancouver Regional District. From the discoveries made in the original version of that report, the Real Estate Investment Network™ has completed detailed research into current and proposed transportation improvements in Edmonton, Calgary, the Kitchener-Waterloo-Cambridge region (KWC), Hamilton, and Ottawa.

Realizing the housing value impact for some communities over others, a study of the transportation effects in Greater Toronto Area was first undertaken in 2008. With frequent changes in the GTA region's transportation, a new edition was needed to update dilligent real estate investors. This report focuses on answers to two very important questions that will have a direct financial impact on tens of thousands of Toronto residents. These questions are as follows:

1. **How will the construction proposed rapid transit lines in the GTA affect residential real estate values in different communities?**

2. **How will the highway improvements affect property values in the GTA?**

For many Toronto residents, a vast majority of their personal net worth is tied to the value of their homes, so the answers to these questions are very important planning tools. As with our previous reports and books, the goal of this research is not only to assist investors and homeowners in gaining knowledge about how a project may affect their personal net worth, but to cut through the emotions and debate that surround transportation projects and answer these key questions from an objective, research-oriented point of view.

This will enable readers to see clearly how the new and proposed transportation projects will affect their personal real estate portfolio today and in the future, allowing them to plan long in advance of the programs' completions.

Peer-Reviewed Studies on Transportation and Real Estate Values

Our analysis is a summary of detailed studies conducted on transportation changes implemented in other regions across North America and Europe. These peer-reviewed journal articles provide us with a snapshot of what we can expect in terms of the impact on real estate prices in Toronto and the surrounding communities as projects are started and completed.

A synopsis of published works indicate that most studies showed commercial and residential property values generally rise the closer they are to light rail stations and major highway improvements. As accessibility increases, so do values. Other factors influence value such as: station design, quality of service, land market, socio-economic status of neighbourhood residents for example. Table 1 outlines a brief synopsis of some of the findings on the effects of light rail systems across the continent on property values.

Table 1 - Effects of Light Rail Systems on Commercial Property Values	
Light Rail System	Effect on Property Values
Dallas	
2003 Lyons & Hernandez	Value of properties rose 39% more than the control group not served by rail.
2002 Weinstein & Clower	Proximity to DART resulted in a 24.7% increase vs. 11.5% for non-DART properties for office buildings
2002 Weinstein & Clower	Median values of residential properties increased 32.1% near DART compared to 19.5% in the control group areas.
1999 Weinstein & Clower	There was a 5% penalty over time for units nearer stations, less than 1/4 mile.
1999 Weinstein & Clower	The value of offices less than 1.4 miles from a station increased by 10% & retail property increased by 30%
San Diego	
2002 Cevero & Duncan	A 72% premium resulted for parcels near stations in the Mission Valley
2002 Cevero & Duncan	17% and 10% premiums resulted respectfully for multi family homes near East Line and South Line stations.
2001 Cevero & Duncan	The value of condos and apartments from 1/4-1/2 mile from a station increased 2-18%; the value of single family homes decreased 0-4%.
1995 Landis & Huang	There were no significant premiums for property 1/4-1/2 mile from stations.
1995 Landis et al.	The typical home sold for $272 more for every 330 ft. closer it was to a light rail station.
1994 Landis et al.	For every 1, 000 ft. closer to a station, prices increased $337 or 1%, but decreased 4% for units closer than 900 ft. to a station.
Santa Clara/San Jose	
2000/01 Cevero & Duncan	Properties less than 1/4 mile from a station experienced a 23% premium
2001/2000 Weinberger	Rent for units within a 3/4 mile of a station increased 4-12%
Los Angeles	
2002 Cevero & Duncan	Values rose 103.5% for apartments and homes 1/4-1/2 mile from a station, but decreased 6% for condos.
Portland (Eastside)	
1999 Dueker & Bianco	Median house values rose at increasing rates the closer to the station. The largest change, $2, 300, was for homes up to 200 ft. from a station.
1998 Al-Mosaind et al.	A 10.6% premium for homes 500 meters from a station was observed.
1997 Lewis-Workman et al	Property values increased by $75 for every 100 ft. closer to the station (within 2,500 - 5,280 ft. radius).
1996 Knapp et al.	The value of parcels located 1/2 mile of the alignment rose the farther they were from the line; values rose the closer parcels are to stations.
1993 Al-Musaind et al.	The value of homes within 500 metres increased by 10.6% or $4, 324.
Sacramento	
1994/95 Landis et al.	There was no discernable positive or negative impact to property values (not statistically significant). Single family homes rose 0.4% for every 1, 000 ft. closer to a station, and 6.2% if very near a station.
Santa Clara/San Jose	
1994 Landis	The price of single family homes increased by 0.1% for every 1, 000 ft. closer to a station, but decreased 10.8% if closer than 900 ft.
Toronto	
1983 Bajic	There was a $2,237 premium for the average home.
Vancouver	
1998 Ferguson	A $4.90 premium per foot associate with proximity to station was found.
London	
2007 Savills	A one-minute reduction to commuter rail journey increaser the average home value by £1,000.

Source: Huang, H. (1996). "Land Use Impacts of Urban Rail Transit Systems" in Journal of Planning Literature, vol. 11, iss. 17.

BACKGROUND: GREATER TORONTO AREA (GTA)

In addition to the City of Toronto, the Greater Toronto Area (GTA) encompasses the Regional Municipalities of York, Halton, Peel and Durham. The GTA is the 6th largest metropolitan area on the continent with a population of over 5.5 million people. As of 2011, the population of the GTA accounted for 18.1% of Canada's total population[1]. With a population of over five million – larger than some of the provinces and territories in the country - it takes an enormous amount of transportation infrastructure to move people around.

And the population keeps rising. It is estimated that area's population is increasing by approximately 100,000 people each year. By 2031, there will be three million more people living in the GTA – and they will be bringing with them an additional 1.5 million vehicles[2].

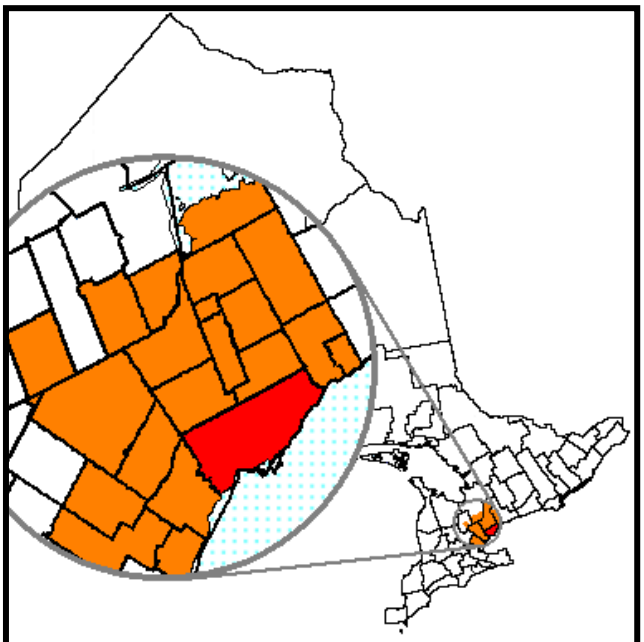


Figure 1. Map of Greater Toronto Area

The City of Toronto recognizes that the growth of the GTA has put a serious strain on the existing transportation[3]. In fact, the GTA is currently considered the fourth-most congested area in North America, trailing just behind Los Angeles, San Francisco, and Chicago[4]. The average daily commute time for a Toronto resident is 80 minutes. This is higher than residents who live in the far larger cities of London, New York, Berlin, and Los Angeles[5]. Commuting in the GTA currently takes 32 per cent longer than it would in free-flowing conditions. The economic cost of congestion in the GTA is around $2.2 billion per year. By 2031, without improvement, this cost will rise to nearly $4.1 billion[6].

Community and regional planners can and do use transportation to guide to inform growth. The Province's Places to Grow Act 2006[7] outlines a plan to accommodate population growth through increased efficiency and use of public transit and the creation of compact urban centres, wherein residents live and work within the same community.

---

[1] City of Toronto. (February 8, 2012). "2011 Census: Population and Dwelling Counts". http://www.toronto.ca/demographics/pdf/2011-census-backgrounder.pdf
[2] Government of Ontario. (June 15, 2007). "MoveOntario 2020". http://news.ontario.ca/opo/en/2007/06/moveontario-2020.html
3 Toronto City Summit Alliance (February 2007). Transit and Transportation Infrastructure: Backgrounder for Toronto Summit 2007. http://www.torontoalliance.ca/summit_2007/pdf/Transportation_Backgrounder.pdf.
[4] Government of Ontario. (June 15, 2007). "MoveOntario 2020". http://news.ontario.ca/opo/en/2007/06/moveontario-2020.html
[5] Globe and Mail. (March 25, 2011). "Compare Toronto's 80-minute commute with other major cities". http://www.theglobeandmail.com/news/national/toronto/compare-torontos-80-minute-commute-with-other-major-cities/article1944624/
6 Government of Ontario. (2007). http://www.premier.gov.on.ca/news/Product.asp?ProductID=1383&Lang=EN
7 Ministry of Public Infrastructure Renewal. (2006). Places to Grow Act 2006. http://www.placestogrow.ca/index.php?lang=eng

The Act also addresses the need to move not only people but also goods between communities and across the province. The Ministry of Transportation feels that the Places to Grow Act is not only supported by the increased efficiency of transit but also in the increased efficency of highways.

In 2007, the Ontario government outlined an extensive transportation program titled 'MoveOntario 2020' which is designed to provide long term planning and funding for transportation changes throughout the province.

Figure 2. Downtown Toronto

Part of the MoveOntario 2020 transportation plan was the introduction of more Light Rail Transit (LRT) to the GTA's transportation infrastructure. Metrolinx, the GTA's transit authority, has put together a plan for the construction of new transit routes in the Greater Toronto Area. In its 'The Big Move' report released in 2008, Metrolinx outlined new transportation projects that will cost $2 billion annually over the next 25 years[8]. There were four projects marked for funding by the Province of Ontario: 1) the expansion of the Sheppard LRT line east, 2) the creation of the Finch West LRT line, 3) the Eglinton Crosstown LRT line beginning at the Kennedy subway station in the east and ending at the Pearson International Airport, and 4) the Scarborough RT project which would redevelop the existing line into light rail technology and extend it to the Sheppard East Station[9].

Toronto Transit Commission has pushed for new initiatives to aid in public transit. The expansion of Toronto's Rapid Transit system is designed to offer additional means of traversing the vast city, reducing commute times and helping ease inner city congestion. The highway improvements, once complete, will provide a much neede d higher capacity road system with connections to major roadways leading into the heart of Toronto

[8] Metrolinx. (2008). "The Big Move – Message from the Chair". http://www.metrolinx.com/mx/thebigmove/en/index.aspx
[9] Toronto Transit Commission. (2010). "Current Projects". http://www3.ttc.ca/About_the_TTC/Projects_and_initiatives/Transit_city/Current_Projects/index.jsp

DIRECT EFFECTS OF TRANSPORTATION IMPROVEMENTS ON REAL ESTATE VALUES

Distance is Now Measured in Minutes, Not Kilometres

Over the past 20 years, our research has revealed that real estate values are driven both up and down by eight clear fundamentals, of which transportation change is one of the most dramatic catalysts[10]. The basic theory in real estate is that the more attractive the location, the higher the value of the home. As the demand for homes in that area expands, the result is higher housing values. This location theory is often misunderstood, as location is not just a subjective desire (e.g., to be close to the beach), but is actually a combination of all eight fundamentals, each of which contribute to desirability. The key fundamental we are studying in this report is ***transportation accessibility.***

Accessibility Drives Real Estate Prices

Generally, one of the attributes coveted by home buyers is nearness to the Central Business District (CBD). As saturation occurs and homes are no longer affordable, people begin to find locations outside the vicinity. Access to good highway systems, mass transit and commuter rail is sought in order to afford easy access to the CBD. Accessibility is a critical determinant of residential land values, and the improved access between urban centres and residential neighbourhoods greatly improves the value of homes[11].

As fuel prices continue to rise across the globe, commute times, commute costs and accessibility to job centres become key determinants for potential home buyers and commercial enterprises. Residents now measure their commute distances in minutes, not kilometres, a process that leads to higher demand for properties that are located farther from their jobs in distance, yet closer in terms of commute time.

Walkability

Further proving that minutes are becoming more important than kilometres is the growing popularity of walk scores. Launched in 2007, www.walkscore.com calculates an address's walkability by bestowing points for amenities located within a one mile (or 1.6 kilometre) radius. Such amenities include schools, nearby stores, restaurants, and parks.

Realtors are increasingly using walk scores as part of their MLS listings for homes for sale or as part of the advertising for homes for rent. Using an algorithm, the walk score provides a quantitative alternative to the traditional feature often found in ads of properties for sale or rent of "close to amenities". A high walkability score is a big draw for potential buyers. Current market turbulence means people are looking to save money any way they can. The option of saving gas by using mass transit such as bus and LRT adds allure to a property. Advertising nearness to transit and amenities is a huge draw and smart marketers are taking this free walking measure and running with it. Research indicates that a "walk and rider" living close to transit saves over $1,200 per year[12]. The research further posits that the group reaping the largest benefits are renters; wherein, the prices of real estate in areas with improved transit have not increased proportionately to the cost savings of using transit over car commuting and hence the premium has historically not been reflected in higher rents for these areas. Renters in these areas can save money in commuting and generally do not pay that difference in rent.

As demonstrated throughout this report, this focus on time and accessibility has been confirmed in other studies conducted in major urban regions, whether the access improvements have been new rail transit or new highway expansion.

---

10 Campbell, Don R. (2005) *Real Estate Investing in Canada* ISBN 0-470-83588-5 John Wiley & Sons Publishers: Toronto.

11 Smersh, G.T. & M.T. Smith. (2000). "Accessibility Changes and Urban House Price Appreciation: A Constrained Optimization Approach to Determining Distance Effects" in *Journal of Housing Economics, Vol. 9, No. 3*, pp. 187–196.

12 Baum-Snow, N. & M.E. Kahn. (2000). "The Effects of New Public Projects to expand Urban Rail Transit" in *Journal of Public Economics,* Vol. 77, pp. 241-263.

#1 LIGHT RAIL TRANSIT EXPANSION IMPACT ON RESIDENTIAL PROPERTY PRICES

The benefits of light transit expansions go beyond the expected decreased commute times and a reduction in carbon emissions. In studies conducted across North America, the values of homes in neighbourhoods close to mass transit had premiums ranging between 3% and 40%, depending on the different types of housing and socioeconomic positions of the real estate owners[13].

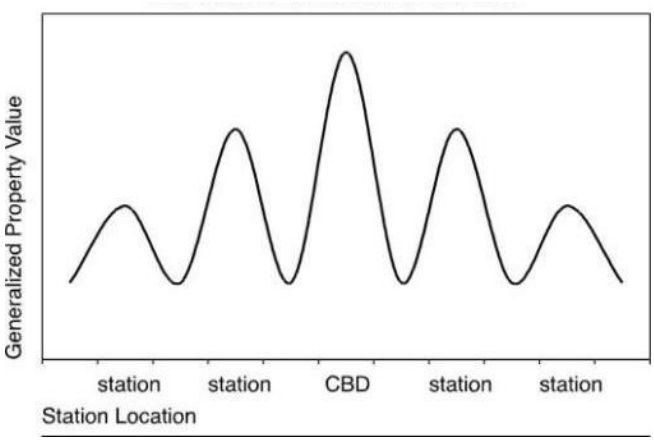


Figure 3. Peaks and Valleys of Property Values at Rail Stations in Relation to the CBD

Studies show that there appears to be a higher positive impact on property values located near commuter railway stations over light and heavy railway[14]. The positive effects of proximity to rail transit, however, were limited to homes located within a one-half mile radius of stations. Even announcements of improvements that will shorten and ease commutes have resulted, historically, in high-valued housing developments — in comparison to new developments located a distance from these opportunities. Additionally, development sites near rail stations have tended to draw a higher density of development, resulting in a higher value or rent for these homes.

Areas in which the average income of the residents was at or below the median incomes of the whole region received the largest percentage increase in property values. As the average income of an area increased above the median, rail links did not have as much effect. This is due generally to increased reliance on transit as a means of primary transportation for people with incomes at or below the median.

As detailed in Figure 1[15], the property values nearest to the stations had a dramatic increase in their average value. This effect was maximized in a zone of 500 metres surrounding each station. One study on the impact of the Los Angeles Metro Rail system revealed that properties located within one-quarter mile of a rail station enjoyed a value premium of $31 per square foot[16].

Proximity to Rail Transit and Housing Values and Rents

In areas in which the average incomes were at or below the median, the closer a dwelling was located to transit, the higher its resale value and rent. In San Francisco, for example, one-bedroom apartment units located within one-quarter mile of a suburban Bay Area Rapid Transit System (BART) rented for 10% more per square foot than other one-bedroom units in similar neighbourhoods[17]. The demand for two-bedroom units was even stronger, and they were renting for a 16% premium over similar two-bedrooms not directly associated with the BART station.

13 Diaz, R. (n.d.) *Impacts of Rail Transit on Property Values*. www.apta.com/research/info/briefings/documents/diaz.pdf.
14 Debrezion, G., E. Pels, & P. Rietveld. (2003). *The Impact of Railway Stations on Residential and Commercial Property Value.* Tinbergen Institute Discussion Paper.
15 Ibid.
16 Fejarang, R. A. (1994). *Impact on Property Values: A Study of the Los Angeles Metro Rail,* Transportation Research Board, 13th Annual Meeting, Washington, D.C.
17 Cervero, R. (1996). "Transit-Based Housing in the San Francisco Bay Area: market Profiles and Rent Premiums", in *Transportation Quarterly*, *Vol. 50, No. 3, pp. 33-47.*

Overall, studies have found that rent decreased by approximately 2.5% for every one-tenth of a mile distance from the station[18].

A study examining the long-term effects of the BART system on housing prices over a twenty-year period indicated that homes closer to the system were valued 38% higher than similar homes not located near any BART services[19]. In Alameda County, house prices rose by $2.29 for every metre a house was located closer to a rapid transit station.

New Jersey experienced similar positive effects. The median prices for homes located in census tracts immediately served by the rail line were 10% higher than those in other census tracts[20]. Similar effects were seen in Portland, where homes within 500 metres of light rail sold for 10.6% more than houses located 500 metres or more away.

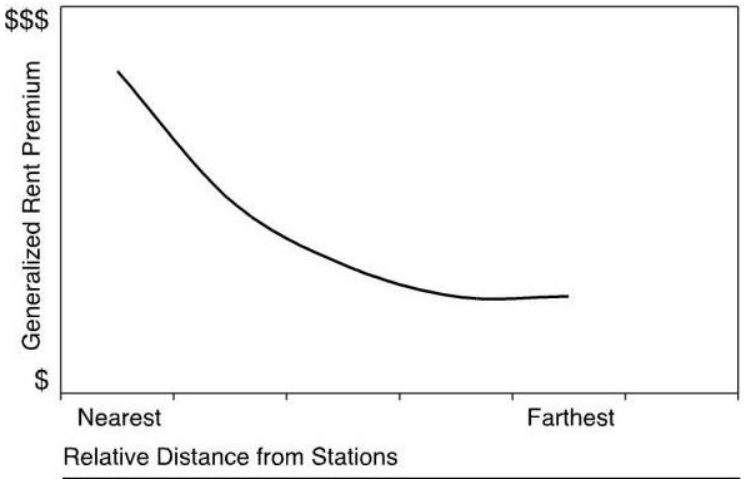


Figure 4. Residential Rental Premium versus Distance from Commuter Rail Station

A study conducted by the University of Buffalo's Architecture and Planning department found that proximity to a rail station in the Buffalo region was the fourth property characteristic that potential buyers considered in their housing purchases. Property value was assessed at premium in neighbourhoods close to most stations, even when the study factored in house size, number of bedrooms, nearby parks, and average crime rate in the area.[21]

In anticipation of the implementation of Chicago's Midway Line, one study found that the collective increase in the value of homes located near new transit stations was US$216 million more than properties located farther away[22]. A study conducted in the 1980s in Ontario found that, in Metropolitan Toronto, the savings realized from living in an area that afforded a shorter and easier commute using transit translated into a willingness to pay more for homes that delivered these time savings[23]. This is true even today, with a premium being placed on both rents and market values for properties located with walking distance (500 metres) of the subway and commuter train stations.

A report by Savills published in 2007 shows that a one-minute reduction in commuter rail journey in London increases the average value of a home by approximately £1,000. At the same time, the report noted that homes right next to a commuter rail station or a main road may experience a decrease in the average home price as buyers are less attracted to these areas. The Savill report shows a positive correlation between the precentage of commuters in the area and average house prices[24].

18 Benjamin J.D., Sirmans G. S. (1996). "Mass Transportation, Apartment Rent and Property Values" in *The Journal of Real Estate Research,* Vol. 12, Issue 1.
19 Landis, J. & R. Cervero. (1995). "BART at 20: Property Value and Rent Impacts." Transportation Research Board, 74th Annual Meeting, Washington, D.C.
20 Voith, R. (1991). "Transportation, Sorting and House Values" in *AREUEA Journal, Vol. 117, No. 19*.
21 Donovan, Patricia. (2007). "Housing Prices Higher Near Most Buffalo Metro Rail Stations". On University of Buffalo website: http://www.buffalo.edu/news/8669
22 McMillen, D. & McDonald, J. (2004). "Reaction of House Prices to a New Rapid Transit Line: Chicago's Midway Line, 1983-1999" in *Real Estate Economics, Vol. 32*, p. 463.
23 Bajic, V. (1983). "The Effects of a New Subway line on Housing Prices in Metropolitan Toronto" in *Urban Studies, Vol. 20, No. 2 May*, pp. 147-158.
16 Weinstein, B. & T. Clower. (1999). *The Initial Economic Impacts of the DART LRT System*. Prepared for Dallas Area Rapid Transit.
24 Cook, L., Barnes, Y., Ward, J., Hudson, N., Rose, L. (2007). "Commuter impact on property". Savills Research.

In the majority of the studies reviewed, commuter railway stations have had a significantly higher impact on property values than light or heavy railway stations. This allows us to analyze the impact of a city's proposed LRT lines with a significant degree of accuracy.

Negative Effects of Rail Transit on Property Values

There were some impacts from transit that negatively affected housing values as well. Noise, nuisance, associated crime and increased traffic combined to decrease property values in the *immediate* vicinity of stations. In two communities in Atlanta, there were two very different effects of rail on housing prices, based solely on the existing median incomes of the areas.

In a neighbourhood south of the tracks, whose population had a lower median income, residents put more value on access to rail transit. Therefore, home values increased by $1,045 for every 100 feet closer to a rail station. Conversely, in a neighbourhood north of the tracks with a higher median income, housing prices dropped by nearly the same amount the closer they were to the stations. This is likely explained by this group's reliance on personal vehicles versus mass transit, in addition to increased noise and associated crime. In the southern (lower median income) neighbourhood, these issues were mitigated by the ease of travel using mass transit.

In studies that found transit accessibility had little impact on home values — such as that conducted on the Dallas Area Rapid Transit system — it was determined that these cities had well-maintained, efficient highway networks already available to the residents[25].

Impact of Commuter Rail on Commercial Property

Studies indicate that the proximity to mass transit has even more impact on the values of commercial properties[26]. The movement of a large number of people is conducive to increased retail activities, expanding the attractiveness of the area to commercial investors and retailers. Whereas the value of homes located immediately adjacent transit stops is often less than areas beyond eyesight, the value of retail property is only higher when directly adjacent rail stations[27].

Free Transit Passes may now be used as a Selling Feature

Announced in Toronto in April 2010 as a new city policy, condo developers are now required to include a year's supply of Metropasses in each new unit sold[28]. The rule applies to condos in downtown locations near transit stations and is expected to increase ridership on Toronto's public transit lines. Units with these new requirements have just been completed. If the program does indeed increase ridership as expected, other cities may follow Toronto's lead.

[25] 25 Weinstein, B. & T. Clower. (1999). *The Initial Economic Impacts of the DART LRT System*. Prepared for Dallas Area Rapid Transit.
26 Debrezion, G., E. Pels, & P. Rietveld. (2003). *The Impact of Railway Stations on Residential and Commercial Property Value.* Tinbergen Institute Discussion Paper.
27 Ibid.
[28] Kalinowski, Tes.. (April 21, 2010). "Free Metropasses latest condo perk". Toronto Star. http://www.thestar.com/news/gta/article/798820--free-metropasses-latest-condo-perk?bn=1

RAPID TRANSIT SYSTEMS

Rapid Transit is becoming more and more attractive in the GTA as commute times increase due to a population explosion and subsequent auto congestion around the city and suburbs. The current Subway and RT, which consists of both underground and elevated rail lines, is operated by the Toronto Transit Commission (TTC). The system opened in 1954 on Yonge Street, with a total of 12 stations.

Since then, the system has expanded to become Canada's largest rapid transit rail network, and its busiest[29]. The system sees an average of 876,000 passengers each weekday, but has seen as many as 1,677,000 riders in a single day. The three busiest stations are Bloor (212,600), on the Yonge-University-Spadina line; Yonge (203,600), on the Bloor-Danforth line; and St George (138,800), on the Bloor-Danforth line[30]. The expansion of the system will make rapid transit even more popular and accessible to Greater Toronto residents.

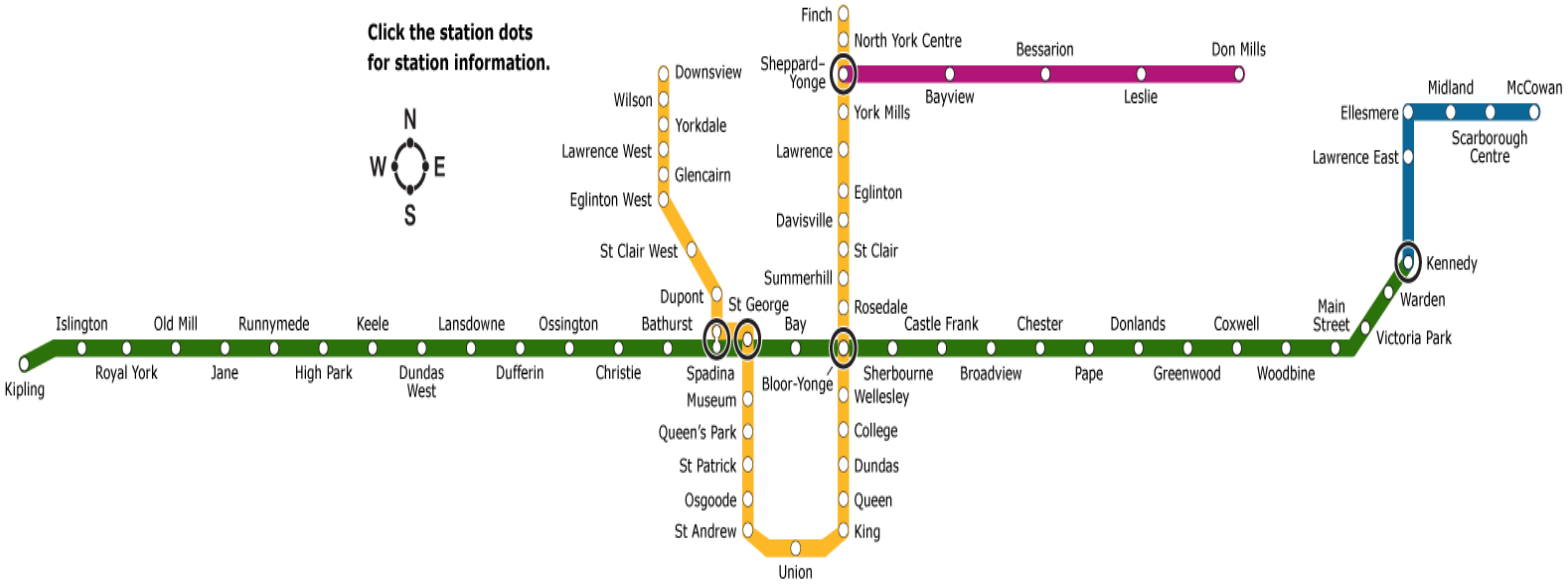


Figure 5. Map of the Current GTA Subway/RT Lines
Source: Toronto Transit Commission

On June 15, 2007, the Premier and Minister of Transportation announced "MoveOntario 2020", a 12 year plan to fund 52 transit projects to improve transit services provided in southern Ontario by GO Transit, the Toronto Transit Commission, and other regional transportation agencies.

[29] APTA. (2013). "APTA Public Transportation Ridership Report". http://www.apta.com/resources/statistics/Documents/Ridership/2012-q4-ridership-APTA.pdf
[30] Toronto Transit Commission. (2012). "System Quick Facts". http://www.ttc.ca/About_the_TTC/Operating_Statistics/2011.jsp

The project was anticipated to create 175,000 jobs during the construction phase with 60% of projects completed by 2014 and 95% by 2020. The Ontario government's highlights of the announcement are:

- The extension of the Yonge Street subway line to Highway 7
- Increasing speed and reducing emissions by electrifying the GO Lakeshore line and expanding capacity on all GO lines
- Light rail across the City of Toronto

Metrolinx, the Greater Toronto Area's transportation authority, put together a plan for the construction of new Light Rail Transit routes in the Greater Toronto Area. In its 'The Big Move' report released in 2008, Metrolinx outlined new transportation projects that would cost $2 billion annually over the next 25 years[31]. There were four projects marked for funding by the Province of Ontario[32]:

1) The expansion of the Sheppard LRT line east
2) The creation of the Finch West LRT line
3) The Eglinton Crosstown LRT line beginning at the Kennedy subway station in the east and ending at the Pearson International Airport
4) The Scarborough RT project which will redevelop the existing line into light rail technology and extend it to the Sheppard East Station.

Although these projects were approved and officially announced by both the province and city, civic elections got in the way. In this case, when Toronto Mayor Rob Ford was voted in during the City of Toronto's 2010 election, he stated that "On December 8th [2010], our new transit commission members will be appointed. Their first task will be to formally stop spending on a project we do not need anymore[33]".

Mayor Ford requested that the Toronto Transit Commission develop a new plan that is consistent with his platform. He would like to turn the 'transit city' plans into a 'transportation city,' gutting a majority of the planned LRT lines and building a Sheppard subway line instead[34]. What followed was two years of raging debates between council members over whether or not LRT should be included in the city's future plans – all of which Toronto Mayor Rob Ford fervently ended by stating he would not support LRT over subways. However, on March 22, 2012, Toronto City Council voted in favour of Light Rail transit for the City of Toronto, meaning all of Metrolinx's original plans are back in place[35]. However, the two year debate has put Metrolinx's transit plans far behind the original completion schedule and it won't be until 2020 that the City of Toronto reaps the benefits when the first of the transit projects, the Eglinton Crosstown RT, has been completed.

These projects show the prudence of waiting until the shovel hits the dirt before making any investment decisions, as governments and spending priorities change.

---

[31] Metrolinx. (2008). "The Big Move – Message from the Chair". http://www.metrolinx.com/mx/thebigmove/en/index.aspx
[32] Toronto Transit Commission. (2010). "Current Projects". http://www3.ttc.ca/About_the_TTC/Projects_and_initiatives/Transit_city/Current_Projects/index.jsp
[33] CBC News. (December 1, 2010). "Rob Ford: 'Transit City is over". http://www.cbc.ca/news/canada/toronto/story/2010/12/01/toronto-ford.html
[34] Lorinc, John & Morrow, Adrian. (2011). "Toronto Mayor Rob Ford's transit plan wins provincial approval". http://www.theglobeandmail.com/news/national/toronto/toronto-mayor-rob-fords-transit-plan-wins-provincial-approval/article1963854/
[35] Church, Elizabeth & Grant, Kelly. (March 23, 2012). "Toronto's Mayor Ford vows to 'lead the charge' in halting light-rail transit". http://www.theglobeandmail.com/news/national/toronto/torontos-mayor-ford-vows-to-lead-the-charge-in-halting-light-rail-transit/article2379209/?utm_medium=Feeds%3A%20RSS%2FAtom&utm_source=Home&utm_content=2379209

CURRENTLY UNDER CONSTRUCTION

Rapid Transit projects that are currently under construction in the Greater Toronto Area.

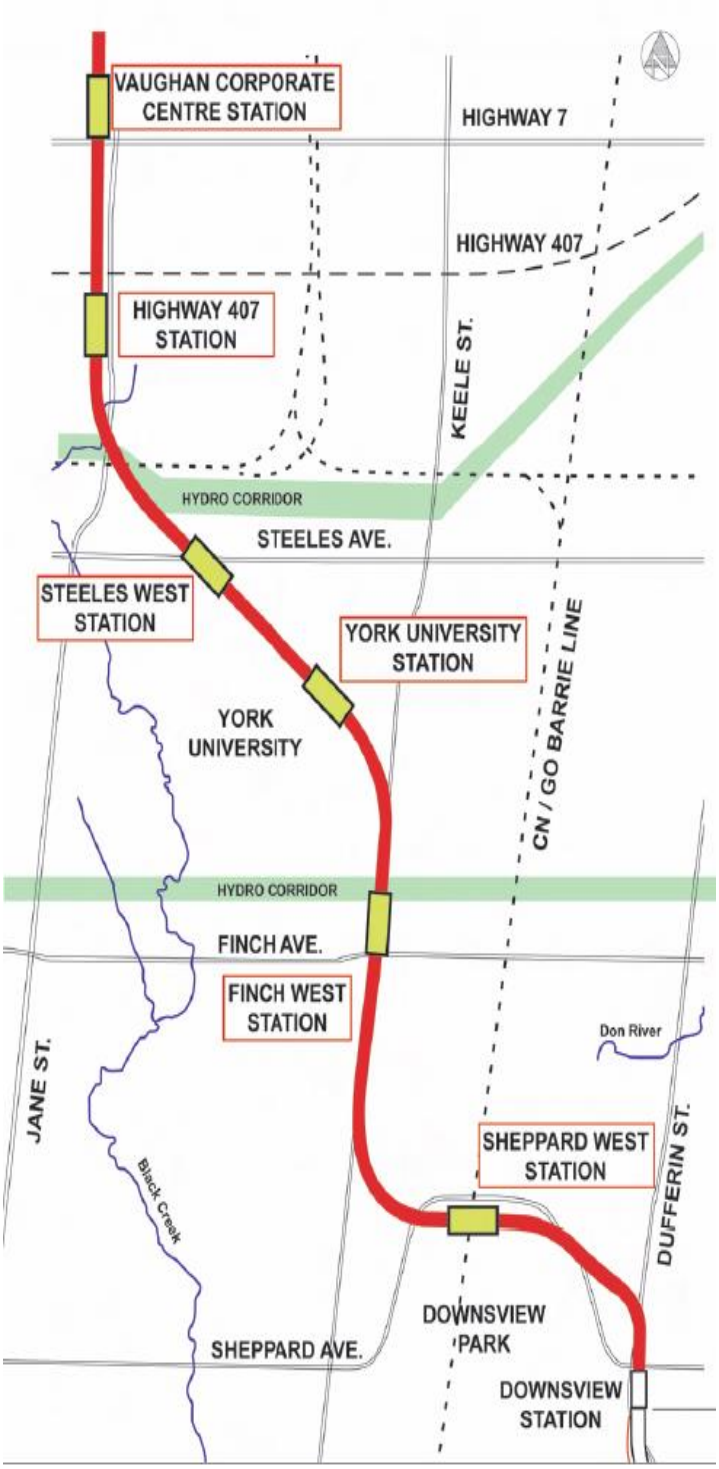


Figure 6. Map of the Spadina Line Extension
Source: Toronto Transit Commission

Spadina Subway Extension

The Toronto-York Spadina Subway extension project will provide a critical extension of the existing Spadina subway line from Toronto into the York Region. The 8.6 kilometre extension will begin at Downsview Station and travel northwest through York University and north to the Vaughan Metropolitan Centre. The six—station project will be the first TTC project to cross the City of Toronto boundary. Construction on the project has already begun and service is planned to begin in the fall of 2016[36]. The six new stations that will open along this line are:

Sheppard West

The station is located in Parc Downsview Park lands, adjacent to the Barrie GO Transit Line's Sheppard West station[37]. The Sheppard West region will enjoy one of the strongest increases in demand for property over the coming decade, as it will be serviced by two major transit systems, the GO Train and TTC system. Within two years of this new transit station's completion, commuters will begin to discover the

Figure 7. Sheppard West Station

36 Toronto Transit Commission. (2013). "Toronto-York Spadina Subway Extension Overview". Retrieved from http://www3.ttc.ca/Spadina/About_the_Project/Overview.jsp

37 Ibid.

Figure 8. Finch West Station

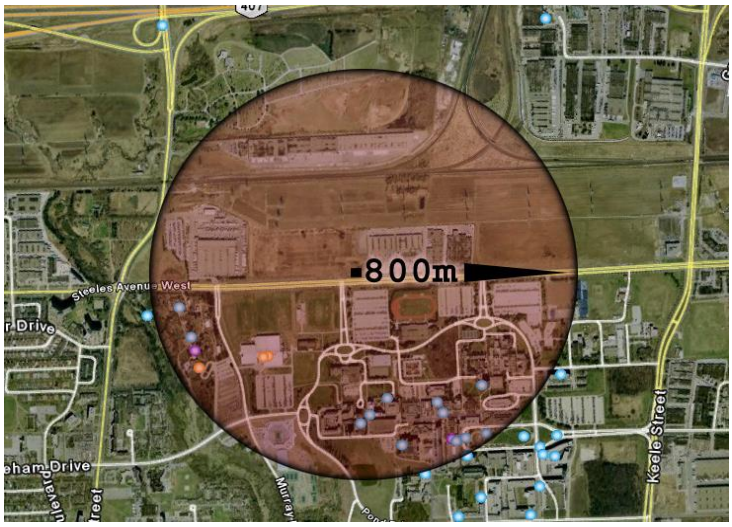


Figure 9. York University Station

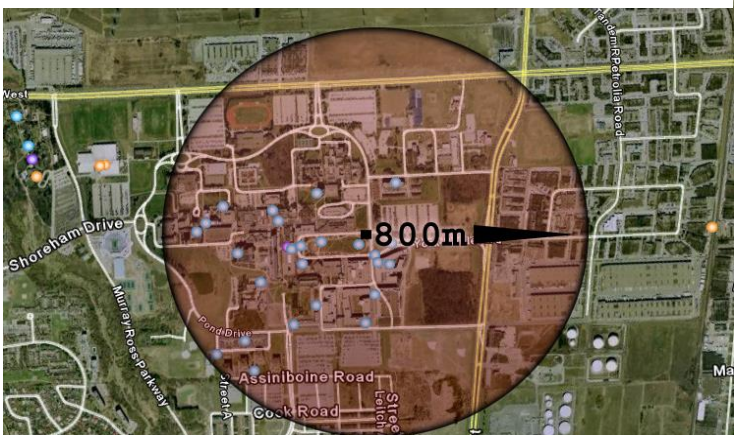


Figure 10. Steeles West Station

convenience of the area and therefore increase demand on properties in the region. The largest impact will be felt within 800 meters of the new station, however because of the combination of two transit systems; the area outside of this 800 meter radius will also feel the positive impact.

Finch West

Located at the corner of Keele Street and Finch Avenue, this station will also have a park and ride lot with 400 spaces to encourage commuters to use the subway system[38]. Homes in the vicinity of Bratty Park, Derrydowns Park, and York University Heights will experience price premiums.

York University

York University station will be located at the east end of the York University Common where nearly 2000 buses a day (from the TTC, GO, VIVA, and BT) currently serve transit users[39]. This station will benefit students traveling to the university from the communities surrounding Toronto.

Steeles West

The Steeles West station will be located at North West Gate and Steeles Avenue, east of Jane Street. This station will also have a park and ride lot with 1,900 spaces to accommodate commuters who live too far away to walk[40]. Houses in the Shoreham Park and Elm Park area should experience an increase in property values.

[38] Ibid.
[39] Urban Toronto. (2013). "York University Station." Retrieved from http://urbantoronto.ca/database/projects/york-university-station
[40] Ibid.

Highway 407

The Highway 407 Station will be adjacent to Highway 407 and Jane Street. This station will also have a park and ride lot with 600 spaces to accommodate commuters[41]. Price premiums will be experienced in the community of Edgeley.

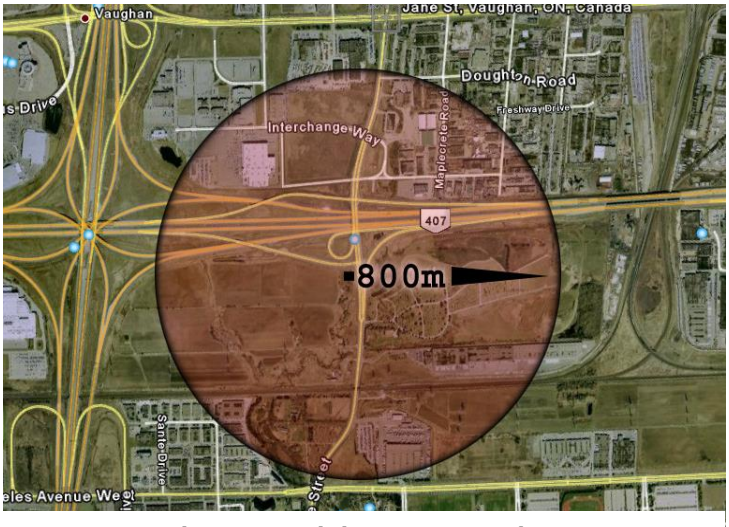


Figure 11. Highway 407 Station

Vaughan Metropolitan Centre

The terminus of the Spadina line will be located bear Highway 7, west of Jane Street – at the proposed Vaughan Metropolitan Centre. The centre will be spread out over 442 acres and will include movie theatres, hotels, offices, residences, and pedestrian shopping areas. The development will be situated along the Avenue 7 corridor, just east of Highway 400[42].

The growth of the Vaughan Metropolitan Centre, with its proposed residences and commercial space will change the face of the whole region. The addition of this station will be a catalyst for the growth and property demand, and although it is not slated to open until 2016, the announcement has already spurred enthusiasm for the completion of the project.

Figure 12. Vaughan Metropolitan Centre Station

Eglinton Crosstown LRT

The Eglinton-Scarborough Crosstown LRT is a 19 kilometre light rail transit line that will run along Eglinton Avenue from Jane Street in the west to Kennedy Road in the east. The line will be tunneled for ten kilometres between Keele Street and Laird Drive and will continue east at-grade on a right-of-way separated from traffic to Kennedy Station, at which point it will join with the converted Scarborough RT line. Construction on the $8.2 billion project began in 2011 and the line is expected to be in service by 2020[43].

The Crosstown line will significantly cut Toronto residents' travel time siand conveniently link to 54 local bus routes, three TTC interchange subway stations (two Yonge-University Spadina Subway line stations and the Scarborough RT) and GO Transit (the Georgetown Line, the Barrie Line, The Richmond Hill Line, and the Stouffville Line)[44].

[41] Ibid.
42 City of Vaughan. (2012). "Vaughan Metropolitan Centre." Retrieved from https://www.vaughan.ca/business/General%20Documents/Vaughan_Metropolitan_Centre_brochure_May_2012_FINAL.pdf
[43] Metrolinx. (2013). "Eglinton-Scarborough Crosstown". Retrieved from http://www.thecrosstown.ca/the-project/the-crosstown
[44] Ibid.

Properties in the Mount Dennis, York, Beechborough-Greenbrook, Keelesdale, Fairbank, Eglinton West, northern Oakwood, northern Cedarvale, Forest Hill, Chaplin Estates, Mount Pleasant West, Midtown, Davisville, Leaside, northern Thorncliff Park, Flemingdon Park, southern Victoria Park Village, the Golden Mile, and Ionview communities within the 800m radius of the station will experience price premiums. See Figure 13 for the list of proposed stations along the Eglinton route.

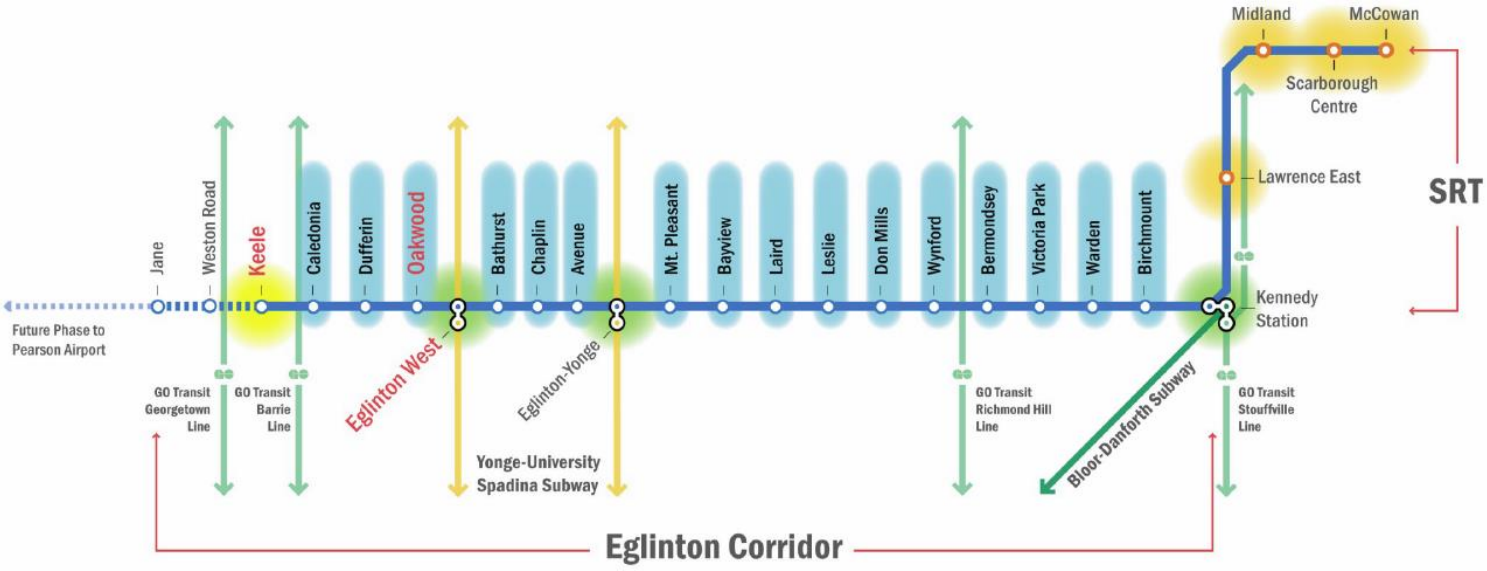


Figure 13. Map of the Eglinton-Scarborough Crosstown LRT
Source: Toronto Transit Commission

In January 2013, Metrolinx released a proposal to modify the eastern stretch of the Crosstown line. The proposal calls for the tunnelled section of the line to be extended from Keele Street across the city and under the Don River before emerging on the surface around Don Mills, instead of the current proposed end of the tunnel at Brentcliffe. However, the reconfiguration would cancel the Leslie Street station due to the increased cost, something Leslie residents are vehemently opposing. Metrolinx is currently collecting public input on the issue, so it will be several months before the issue is resolved[45]. Keep an eye on this development as it will determine which neighbourhoods receive positive benefits from the new transit line.

RAPID TRANSIT LINES SET TO BEGIN CONSTRUCTION IN THE NEXT 10 YEARS

The Greater Toronto Area will see transit access improve in the next decade after all of Metrolinx's Move 2020 lines finish construction.

Scarborough RT

The existing Scarborough Rapid Transit (RT) is a 6.5 kilometre line running from Kennedy Station to McCowan Road. In order to merge successfully with the Eglinton Scarborough Crosstown LRT line, the existing tracks

[45] Alcoba, N. (January 4, 2013). "Metrolinx proposal to extend Eglinton LRT underground comes under fire." *National Post*. Retrieved from http://news.nationalpost.com/2013/01/04/the-dumbest-way-to-do-it-metrolinx-proposal-to-extend-eglinton-lrt-underground-comes-under-fire/

and vehicles on the Scarborough RT line need to be upgraded to LRT[46]. The line will be extended from the current terminus at McCowan north-eastward along Progress Avenue to Centennial College and connect to the planned Sheppard East LRT line[47]. Metrolinx is planning to close the existing Scarborough line after the 2015 Pan American games in order to upgrade it to light rail. Unfortunately, this will leave residents in the Scarborough area without any local rapid transit options for up to five years as the line is not expected to be completed until 2020[48].

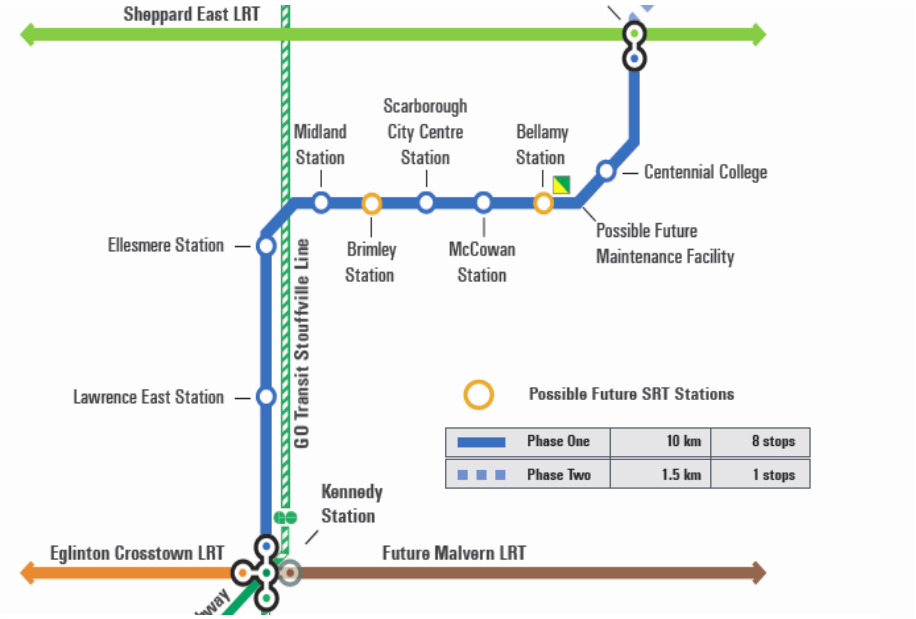


Figure 14. Map of the Scarborough LRT
Source: Toronto Transit Commission

As the majority of this line already exits and is just going through a conversion to LRT, very few new communities will receive an increase in real estate demand after construction has been completed. However, homes located 500-800 metres from the new stations in the communities of White Haven, Burrows Hall Park, and Rosebank Park will experience price premiums.

Finch West LRT

The Finch West LRT line will run from the Finch Station on the Yonge-University-Spadina line to Humber College. The 11 kilometre line will run west from Finch Station along Finch Avenue West, connecting with Finch West Station (also on the Yonge-University-Spadina line), to Highway 27 where it will then turn south to Humber College Boulevard, and terminate at Humber College. The LRT will replace an incredibly busy bus route, while providing fast and frequent service through North York and Etobicoke. The entire Finch West LRT is proposed to be aboveground, using reserved transit lanes in the centre of Finch Avenue[49].

When the shovel finally hits the dirt, several neighbourhoods stand to receive an increase in their average house prices. The communities of Bratty Park, Fountainhead Park, Derrydowns Park, Driftwood Park, southern Black Creek, Firgrove Park, Emery, Landyard Park, Bluehaven Park, Gracedale Park, Beaumonde Heights, Rowntree Mills Park, Highfield Park, Masseygrove Park, Rexdale, and Humber College will experience the highest property value increases.

[46] Toronto Transit Commission. (October 2010). "Notice of Completion of Environmental Project Report: Scarborough Rapid Transit Conversion and Extension". http://www.toronto.ca/involved/projects/scarborough_rapid_transit/epr/notice_of_completion_epr_srt.pdf
[47] Metrolinx. (2011). "Scarborough RT Extension." Retrieved from http://www.bigmove.ca/wp-content/uploads/2013/01/InProgress_ScarboroughRT.pdf
[48] O'Toole, M. (December 6, 2011). "Crosstown transit line may be delayed until 2022 as Scarborough RT set to close for four years beginning 2015." *National Post*. Retrieved from http://news.nationalpost.com/2011/12/06/crosstown-transit-line-delayed-until-2022-as-scarborough-rt-set-to-close-for-four-years-beginning-2015/
[49] Toronto Transit Commission. (March 2010). "Notice of Completion of Environmental Project Report: Etobicoke-Finch West Light Rail Transit". http://www.toronto.ca/involved/projects/etobicoke_finch_w_lrt/pdf/2010_03-11_notice_of_completion.pdf

Figure 15. Map of the Finch West LRT
Source: Toronto Transit Commission

Work on the Finch LRT line will begin in 2015 with the line in operation by 2020[50].

Sheppard East LRT

The existing Sheppard Line is a 5.5 kilometre subway running from Sheppard/Yonge Station on the Yonge-University-Spadina line to Don Mills station, near the intersection of Don Mills Road and Sheppard Avenue East. The Toronto Transit Commission has plans to extend the line east, from Don Mills station to a new terminus at Meadowvale Road in northeast Scarborough[51].

However, the Sheppard extension will not be a subway, but an LRT line. The LRT will run in reserved lanes down the middle of Sheppard Avenue between Consumers Road and Meadowvale road (this will require major road widening of Sheppard Avenue East between Pharmacy Road and Meadowvale Road). Further detailed design work needs to be completed to allow a final decision between two alternative LRT/subway connections to Don Mills Station:

1) An LRT tunnel under Highway 404 that will provide a direct connection at the subway platform level at Don Mills Station
2) An easterly extension of the Sheppard Subway line to Consumers Road with a connection to a surface LRT

Construction on the project is scheduled to begin in 2017 with the line up and running by 2021[52].

[50] Toronto Transit Commission. (2013). "LRT Plan for Toronto." Retrieved from http://www.ttc.ca/About_the_TTC/Projects_and_initiatives/Light_Rail_Projects/LRT_Plan_for_Toronto/index.jsp
[51] City of Toronto. (2011). "Sheppard Avenue East Light Rail Transit (LRT) – Background." Retrieved from http://www.toronto.ca/involved/projects/sheppard_east_lrt/background.htm
[52] Toronto Transit Commission. (2013). "LRT Plan for Toronto." Retrieved from http://www.ttc.ca/About_the_TTC/Projects_and_initiatives/Light_Rail_Projects/LRT_Plan_for_Toronto/index.jsp

Figure 16. Map of the Sheppard East LRT
Source: Toronto Transit Commission

Regardless of where the line transitions from subway into LRT, neighbourhoods around the line are guaranteed to experience a positive increase. Homes located in the areas of Parkway Forest, southern Pleasant View, Vradenburg Park, Bridlewood Park, Scarden Park, Tam O'Shanter, Inglewood Heights, Agincourt, Scarborough, Malvern West, Malvern, Murison Park, Dean Park, and Rouge will all enjoy not only quick access to the station, but also premiums above average home price increases thanks to this new transit access.

FUTURE RAPID TRANSIT PLANS

While the city will have its hands full for at least the next decade with the light rail transportation improvements already listed in this report, the TTC has outlined four additional LRT lines that are currently undergoing Environmental Assessments and could be built in the future to further alleviate traffic congestion.

Scarborough RT to Malvern Town Centre

Metrolinx is proposing to extend the Scarborough RT from the new terminus at the Sheppard East LRT line to Malvern Town Centre[54]. No construction start date has been given for this project.

Finch West LRT to Finch Station on Spadina

On February 8, 2012, Toronto City Council affirmed its support for the "Finch West LRT from Humber College to the future Finch West Station on the Spadina Subway Extension at Keele Street". This means that the line will most likely be built in two stages; with the LRT originating at Humber College and terminating at the Finch West LRT station on the Spadina Line to be completed by 2020 and Phase 2, from Finch West Station to Finch Station to be constructed several

Figure 17. Proposed Finch West LRT Extension
Source: Toronto Transit Commission

[54] City of Toronto. (2011). "Extension of the Scarborough Rapid Transit & Kennedy Station Improvements." Retrieved from http://www.toronto.ca/involved/projects/scarborough_rapid_transit/index.htm

years later.

Don Mills LRT

The Don Mills LRT line will begin at the Don Mills subway station and terminate at Steeles Avenue. Along the way, connections will be made with the Eglinton Crosstown LRT and the Sheppard East LRT[55].

Jane Street LRT

The Jane Street LRT will operate between the Bloor-Danforth subway line and Steeles Avenue. The line will make connections with the Eglinton Crosstown LRT line and Finch West LRT line and the new Steeles West station on the Spadina subway extension[56].

Waterfront West LRT

The Waterfront LRT line will be an extension of the existing Harbourfront streetcar and will provide service between Union Station, Exhibition Place, Parkdale, High Park and Long Branch Station in South Etobicoke[57].

[55] Toronto Transit Commission. (2011). "Future Projets". http://www3.ttc.ca/About_the_TTC/Projects_and_initiatives/Transit_city/Future_Projects/index.jsp
[56] Ibid.
[57] Ibid.

GO TRAIN

A division of Metrolinx, GO Transit is the regional bus and train public transit service for the Greater Toronto and Hamilton Area, with routes extending to serve other communities across the Greater Golden Horesehoe. GO Transit carries more than 65 million passengers a year[58]. The train system is a heavy rail commuter rail network that mainly operates only in peak rush-hour periods and then only in the primary direction of travel. The GO system map indicates the seven train routes (all departing from Toronto's Union Station).

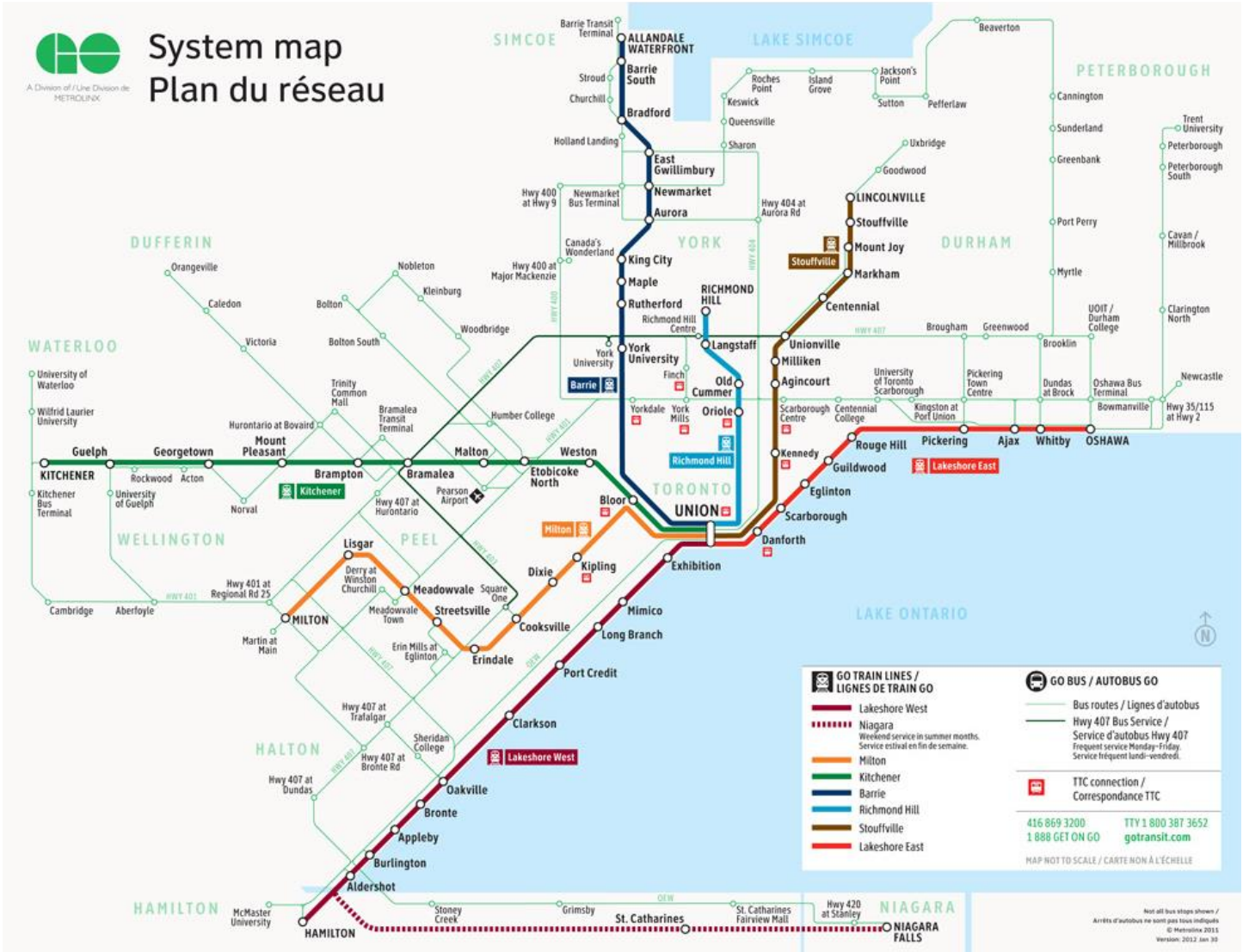


Figure 10. Map of the Current GO Train Lines
Source: GO Transit

[58] Go Transit. (2013). "What is GO?" Retrieved from http://www.gotransit.com/public/en/aboutus/whatisgo.aspx

RECENTLY COMPLTETED

GO Train projects that have been completed in the Greater Toronto Area in the last three years.

Kitchener Line

Formerly referred to as the Georgetown line, this line extends from Union Station in Toronto to Kitchener. Stations include: Kitchener, Guelph Central, Georgetown, Mount Pleasant, Brampton, Bramalea, Malton, Etobicoke North, Weston, Bloor, and Union Station.

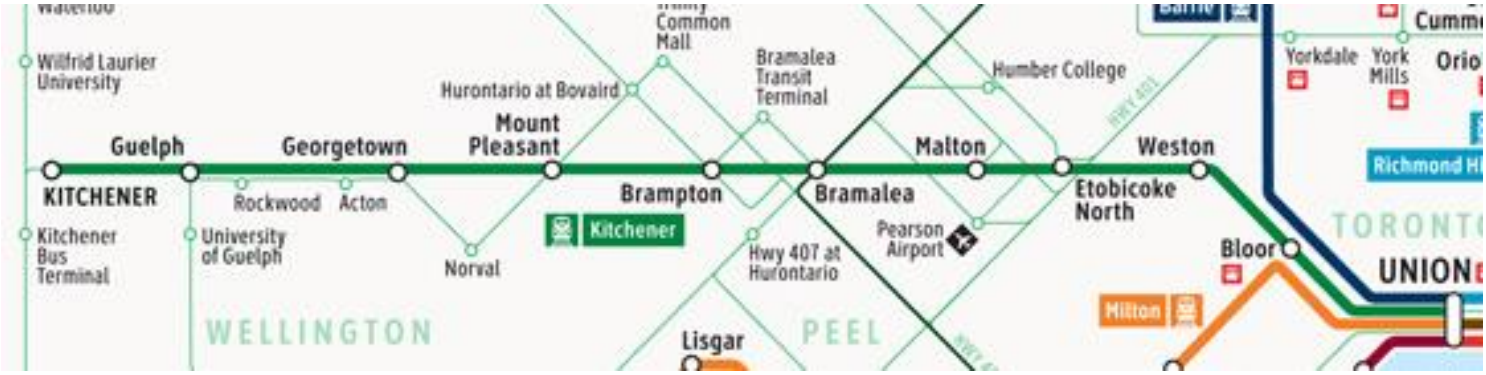


Figure 12. Map of the Kitchener GO Train Line
Source: GO Transit

Guelph Central GO Station

Located on Wyndham Street North and Carden Street, the Guelph Central GO station opened on December 19, 2011. Trains will run Mondays to Fridays during rush hours, providing Guelph residents with a ride in to Toronto in the morning and a ride out in the afternoons/early evening[59].

Kitchener GO Station

Located on Weber Street West, near the corner of Victoria Street, the Kitchener GO station opened on December 19, 2011. GO Trains will run Mondays to Fridays during rush hours, providing Kitchener residents with a ride in to Toronto in the morning and a ride out in the afternoons/early evening. The stations offers 120 free parking spaces for Kitchener commuters. The Region of Waterloo is planning to build an additional 130 parking spaces sometime in 2012[60].

CURRENTLY UNDER CONSTRUCTION

GO Train projects that are currently under construction in the Greater Toronto Area.

Lakeshore East Line

The Lakeshore East GO line extends from Union Station in Toronto to Oshawa. Stations include: Union, Danforth, Scarborough, Eglinton, Guildwood, Rouge Hill, Pickering, Ajax, Whitby, and Oshawa. Plans are underway to extend the Lakeshore East line to Bowmanville. On September 20, 2012, ground was officially broken to extend the Lakeshore East line from Oshawa to Bowmanville[61]. Four stations will be added to the

[59] Mackenzie, Robert. (November 25, 2011). "GO Trains head to Kitchener and Guelph". http://transit.toronto.on.ca/archives/weblog/2011/11/25-go_trains_.shtml
[60] Ibid.
[61] GO Transit. (2013). "Oshawa to Bowmanville GO East". http://www.gotransit.com/public/en/improve/projects.aspx

line: Oshawa West GO Station (at Thornton Road), Central Oshawa GO Station (at Ritson Road), Darlington GO Station (at Courtice Road), and Bowmanville GO Station (at Martin Road)[62]. Construction on the project began in September 2012 and is is scheduled to be in operation in early 2017[63].

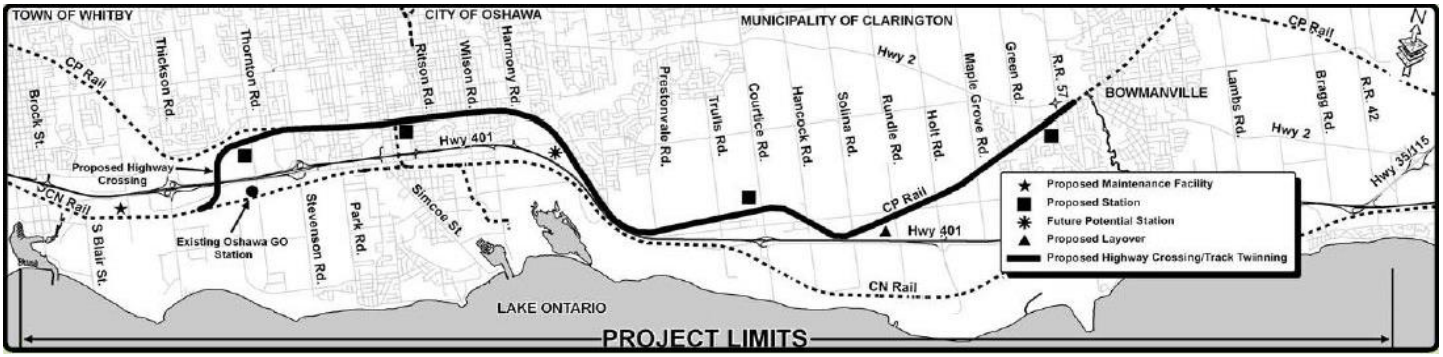


Figure 13. Map of the Lakeshore East Line Extension
Source: GO Transit

The communities of Whitby, Oshawa, Bowmanville, and Clarington will experience the highest property value increases.

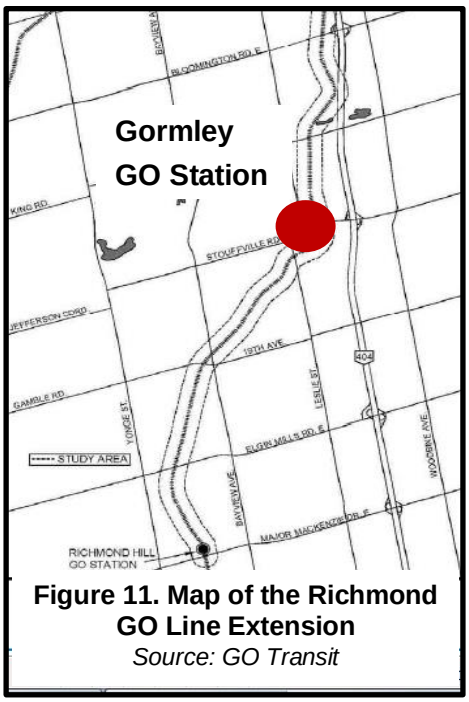


Figure 11. Map of the Richmond GO Line Extension
Source: GO Transit

Richmond Hill Line

The Richmond Hill GO Line runs from Union Station in downtown Toronto to Richmond Hill Station in the community of Richmond Hill. Stations along this line include: Union Station, Oriole, Old Cummer, Langstaff, and Richmond Hill. GO Transit completed an Environmental Assessment for the expansion of rail service on the Richmond Hill corridor in November 2009, with the intention of adding two new stations[64].

Gormley GO Station

The Gormley GO Station will be located just north of Stouffville Road and east of Leslie Street, near Highway 404. Construction on the project began in the summer of 2012 and the station is scheduled to be open to commuters by 2014[65]. The positive influence of this station will be felt not only in Gormley, but surrounding communities due to its proximity to Highway 404.

GO Transit plans to build a second station in Bloomington, but this portion of the project does not yet have funding.

[62] Jaworski, J. (April 29, 2012). "Lakeshore East GO train expansion to Bowmanville." Retrieved from http://durhamhomesavvy.com/blog/Lakeshore+East+GO+Train+expansion+to+Bowmanville
[63] GO Transit. (2012). "Oshawa to Bowmanville GO East". http://www.gotransit.com/public/en/improve/projects.aspx
[64] GO Transit. (2012). "Richmond Hill Rail Service Extension". http://www.gotransit.com/public/en/improve/projects.aspx
[65] Ibid

FUTURE GO TRAIN CONSTRUCTION

Proposed GO Train projects that have not yet begun construction in the Greater Toronto Area.

Richmond Hill Line - Bloomington GO Station

GO Transit plans to extend the Richmond Hill line east from Gormley Station. The Bloomington GO Station will be located on the south side of Bloomington Road, on the east side of the Canadian National Railway (CNR) Line. The station will include a bus loop, a "Kiss &Ride", and up to 700 parking spaces. Access to the Bloomington GO Station will be provided via grade separation over the Highway 404 on-ramp, which will need to be reclated approximately 550 metres[66]. A date has not yet been set for construction as the station has not yet met funding approval.

Kitchener Line - South

There are plans to extend the Kitchener Line south to the Pearson International Airport as part of the Georgetown South Project. The trains will run on the same tracks as the Kitchener Line GO Trains, but will be referred to as an Air Rail Link, only stopping at Bloor and Weston stations[67]. For more information, visit the Georgetown South Project website: http://www.gotransit.com/gts/en/project/default.aspx.

Niagara Peninsula

GO Transit has plans to create a new GO Train line, from Aldershot GO Station on the Lakeshore West Line in Burlington to the Niagara Falls region. Several potential routes were looked in to during the Environmental Assessment study, and GO Transit is currently reviewing its options[68]. The study proposes one of four possible scenarios for when the service starts[69]:

1) Trains between Union Station and east-end Hamilton;
2) Trains between Union Station and Grimsby;
3) Trains between Union Station and St. Catharines; or
4) Trains between Union Station and Niagara Falls.

A final route for the line has yet to be chosen, so it is impossible to say exactly which neighbourhoods will receive a positive price impact. Stay tuned for more information on this project in future additions of this report.

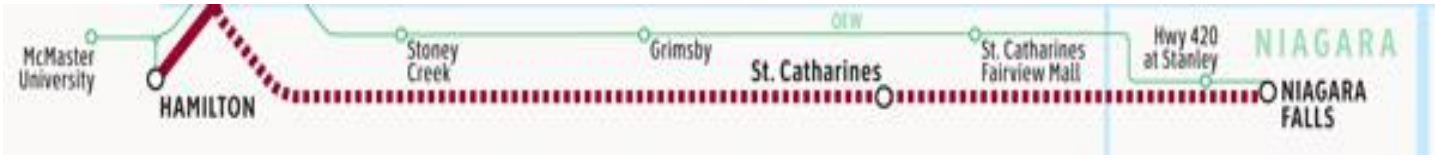


Figure 13. Map of the Niagara Peninsula Study Area
Source: GO Transit

[66] GO Transit. (August 2009). "Richmond Hill Layover Facility Environmental Assessment". http://www.gotransit.com/public/en/docs/ea/richmondhill/RichmondHill_EA.pdf
[67] GO Transit. (2012). "Georgetown South Project". http://www.gotransit.com/gts/en/project/default.aspx
[68] GO Transit. (2012). "Niagara Peninsula Rail Service Expansion". http://www.gotransit.com/public/en/improve/projects.aspx
[69] GO Transit. (March 2009). "Environmental Assessment and Preliminary Design". http://www.gotransit.com/public/en/improve/ea_niagara.aspx

#2 IMPACT OF HIGHWAY AND BRIDGE CONSTRUCTION ON PROPERTY PRICES

As with rapid transit, accessibility to major highways, and highway improvements proved to be major determinants for increased property values in all studies. Studies showed that, as highway networks are created and existing corridors to the central business district (CBD) and major employment centres are improved, the value of real estate in the area increased[70].

Under-priced Property

Classical economic theory posits that when a highway is initially built, large parcels of land that previously had poor accessibility — or none at all — are suddenly considered underpriced[71]. This results in a rapid correction in the market, driving up the value of the land. Development is usually quick and the impact significant. Additionally, improvements to existing highways showed a positive increase to land prices, although to a lesser degree.

However, during the construction phase of the improvements, prices of homes fell[72]. Noise, emissions, dust, and traffic delays negatively impact the sale price of land in areas immediately adjacent the construction; this price decrease ranges from $0.05 to $0.50 per square foot of land[73]. In fact, one study showed that values did not reach pre-construction levels until *five years* after construction was completed[74].

When studying four key residential areas being affected by new major highway expansion (using over 18,800 property sales as research data), a direct correlation was determined between the accessibility increases provided by the highway and the value of residential property. The results showed that when a highway increased accessibility to the region by providing new access or shorter commute times, residential property values rose by 12%–15% over similar properties not affected by the new highway[75]. This is a significant and permanent lift in values. In fact, according to one Texas study, of all types of land use, single-family residences showed one of the largest per-square-foot increases (approximately $35.00 per square foot)[76].

Difference Between Light-Rail Improvements & Highway Improvements

Surprisingly, the main difference between the rapid transit findings and the highway findings is the impact of the noise factor from operating highways. The increase in value of residential properties located closest to the highways were partially offset by up to a 1.2% reduction for every two-decibel increase in highway noise

70 ten Siethoff, B. & K. Kockelman. (2002). Property Values and Highway Expansions: An Investigation of Timing, Size, Locations, and Use Effects. Transportation Research Board, 81st Annual Meeting, Washington, D.C.
71 Giuliano, G. (1989). "New Directions for Understanding Transportation and Land Use" in *Environment and Planning* A21, pp. 145-159.
72 Mikelbank, B. (2001). "Spatial Analysis of the Relationship between Housing Values and Investments in Transportation Infrastructure." Western Regional Science Association, 40th Annual Meeting, Palm Springs, CA.
72 ten Siethoff, ibid.
73 ibid.
74 Downs. A. (1992). *Stuck in Traffic.* The Brookings Institution: Washington, D.C.
75 Palmquist, R. (1980). *Impact of Highway Improvements on Property Values in Washington*, US Department of Transportation, Federal Highway Administration.
76 Lewis, C.A., J. Buffington, & S. Vadali. (1997). "Land Value and Land Use Effects of Elevated, Depressed, and At-Grade Level Freeways in Texas." Texas Transportation Institute Research Report Number 1327-2. Texas A&M University: College Station, TX.

level[77]. However, counter-intuitively, houses with highway noise were not found to take any longer to sell than those farther removed.

This same study revealed that properties located in commercial–industrial areas serviced by these highway improvements experienced a 16.7% increase in value after the highway was opened. Research into the impacts of specific projects indicates some very pointed effects:

Design of the freeway is important:

- Depressed freeways contributed the most to residential property values, yet had limited impact on commercial property values, except for those located adjacent to exit and entrance ramps.
- At-grade designs had the most positive impact on commercial property values, while still providing a strong positive impact on residential values.
- Elevated highways had the least impact on all land values[78].

Commercial Property Values

Values of commercial properties located 800 metres or more from a freeway exit were valued at $50,000 per acre of land and $3 per square foot of structure less than properties located closer, proving once again that accessibility and visibility is key.

Overall, the completion or expansion of major arterial highways has a significant positive impact on accessibility and, therefore, property values. This ripples across all types of property from single-family and multi-family residential to commercial and industrial

77 Palmquist, R. (1980). Ibid.
78 Lewis, C.A., J. Buffington, & S. Vadali. (1997), ibid.

HIGHWAY CONSTRUCTION & EXPANSION IN THE GTA

RECENTLY COMPLTETED

Highway 410

The final phase of the four-lane extension on Highway 410 between Mayfield Road and Highway 10 in Brampton is was completed and opened to traffic on November 16, 2009. The northerly extension of Highway 410 (to Highway 10 just north of the Caledon/Brampton border) and the north- and southbound lanes between Bovaird Drive and Mayfield Road are open. This extension will ease traffic congestion and improve travel times for commuters.

The north Brampton neighbourhoods such as Heart Lake, Valley Woods and Sandringham will benefit from increase accessibility via the extended Highway 410.

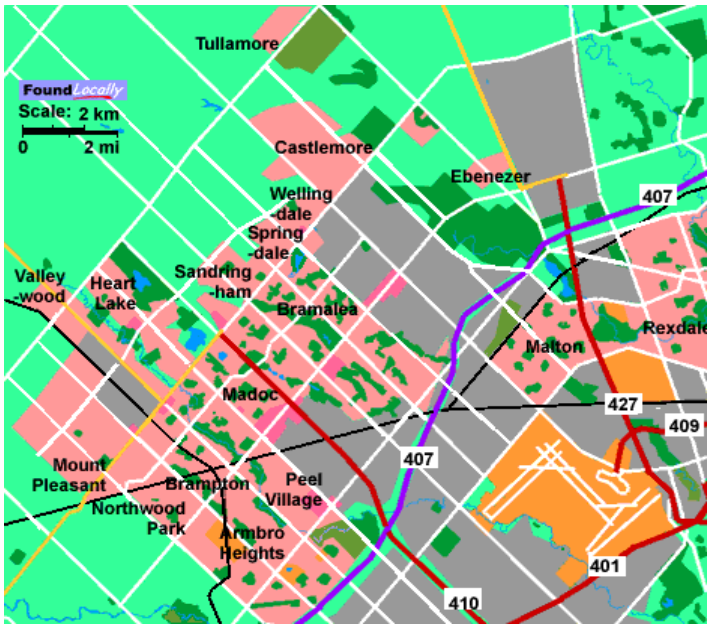


Figure 14. Map of the 410 Highway

CURRENTLY UNDER CONSTRUCTION

Highway 401

Highway 401 is recognized as a key economic corridor in the GTA. It provides access across Ontario and into the U.S.A. Continued traffic growth has resulted in frequent congestion on the corridor.

Highway 403/410 Interchange to Hurontario Street

As the population of Toronto continues to grow, it is expected that traffic volumes on the 401 will exceed capacity by 2021 and create significant delays eastbound from Hurontario Street to Highway 410[79].

In 2009, the city approved and began construction on Highway 401 improvements between the Highway 403/410 interchange to west of Hurontario Street. The construction includes:

- Widening of Highway 401 to a 12-lane core/collector system from west of Hurontario Street to the Credit River
- Construction of HOV lanes in both directions
- Full reconstruction of the Hurontario Street interchange
- Construction of a new carpool lot
- Upgrade of the illumination within the Highway 401/403/410 interchange

[79] Government of Ontario. (2012). "Highway 401 widening." Retrieved from http://www.401expansion-mississauga.ca/background.html

No traffic delays are expected during construction. Construction on the project is expected to be completed by August 2013[80].

Homes located in the communities of Hanlan, Britannia, and Derby West should experience an increase in property values.

Keele Street to Kipling Avenue

The Highway 401 collector lanes between Keele Street and Kipling Avenue will also be rehabilitated. The project's upgrades include highway widening to provide an additional lane between Highway 400 and Kipling Avenue, the rehabilitation of 14 bridges, and the installation and upgrading of roadway traffic signals and roadway illumination. The Islington interchange will see the most significant upgrades, with the E-S ramp set to be realigned[81]. Construction on the project began in March 2013 and should be completed by December 2013[82].

The communities of North Park, Downsview, Maple Leaf, Pelmo Park, Humberlea, and Kingsview Village should all witness price premiums due to these improvements.

FUTURE HIGHWAY CONSTRUCTION

Highway 427

Highway 427 runs from immediately south of the Queen Elizabeth Way/Gardiner Expressway interchange in Toronto to Highway 7 in Vaughan and is currently just over 21 kilometres. It is Ontario's second busiest freeway by volume, and has no fewer than 12 lanes between the QEW/Gardiner and Highway 401. It is a primary feeder route to the Pearson International Airport. It also serves the western portion of Etobicoke (Rexdale) and the northeastern portion of Mississauga (Malton).

Although there is nothing concrete, a proposed Highway 427 extension is in the works. Current plans will likely extend the highway to Major Mackenzie Drive. 2013 would be the earliest start date for the project, although since no time frame has been set for land acquisition or detailed design, it looks like it will be several years before the project begins[83].

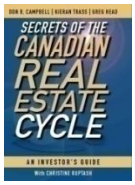
Highway 410 Extension to Collingwood

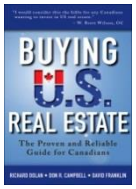
The extension of Highway 410 towards Collingwood is in its conceptual stages. There is speculation that long term plan for the highway includes continuing it on to Orangeville, Shelburne and Owen Sound.

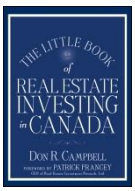
Please Note: Not ALL properties in these regions will make for great investments, so make sure you complete your due diligence on all properties before you purchase.

[80] Government of Ontario. (March 2013). "Contract #: 2009-203." Retrieved from http://www.mto.gov.on.ca/english/traveller/trip/construction_reports-central.shtml#Contract2009-2031
[81] Ontario Ministry of Transportation. (2013). "Rehabilitation of Highway 401 westbound collector lanes." Retrieved from http://www.my401.ca/html/projectbackground.html
[82] Ontario Ministry of Transportation. (2013). "Upcoming work." Retrieved from http://www.my401.ca/html/UpcomingWork.html
[83] Rea, Bill. (April 23, 2008). "MTO just looking north to Major Mack for 427 extension". The King Township Sentinel. http://www.kingsentinel.com/news/2008-04-23/news/003.html

ABOUT THE AUTHORS







Don R. Campbell

President, Cutting Edge Research Inc., Founding Partner, The Real Estate Investment Network Ltd.

Don R. Campbell is a Canadian-based real estate investor, researcher, author and educator. He is a Founding Partner of The Real Estate Investment Network Ltd. His experienced team's research and systems have been developed and continuously refined over the last twenty years and are based solely on proven Canadian strategies that work in today's market environment.

Don is the author of the best-selling Canadian real estate book *Real Estate Investing in Canada*. Published in May 2005, with a combined total of over 100,000 copies of all his books sold, *Real Estate Investing in Canada* is the all-time best-selling real estate book in Canadian history. *Real Estate Investing in Canada 2.0* was released in 2009 with an update on current market conditions and includes a section on property management to help investors better manage their portfolios. Don's second book, *97 Tips for Canadian Real Estate Investors* was released in 2006 and became a #1 best-seller with over 20,000 copies sold. His third book, titled *51 Success Stories of Canadian Real Estate Investors*, chronicles real estate investors' stories and follows with detailed analyses of their journeys so that all investors can mirror the successes and avoid the pitfalls. *81 Financial and Tax Tips for the Canadian Real Estate Investor*, released in February 2010, is a practical, compact, and easy-to-understand guide to accounting and tax-saving strategies. Published in 2011, *Secrets of the Canadian Real Estate Cycle* enables investors to assess local markets and decide the best investment tactics based on the key factors that drive cycles. Real *Estate Joint Ventures: The Canadian Investors Guide to Raising Money and Getting Deals Done* was released in November 2011. *Buying US Real Estate: The Proven and Reliable Guide for Canadians* was released in September 2012, followed soon after by *The Little Book of Real Estate Investing in Canada* in January 2013.

Melanie Reuter

Director of Research, The Real Estate Investment Network Ltd.

Melanie joined REIN™ in 2006 as a research analyst and has contributed in many areas including Top Investment Towns; the Impact of Transportation Improvements on the Lower Mainland, Calgary, Edmonton, Greater Toronto and the Hamilton region; grow-ops and methamphetamine labs in rental housing and crime prevention through environmental design. Melanie holds a Master's Degree in Criminal Justice from California State University, San Bernardino and a Bachelor's Degree in Criminology from Simon Fraser University. She has worked with law enforcement agencies in southern California on many projects including a methamphetamine task force and Community Oriented Policing initiatives. In Canada, Melanie consulted with local transit agencies to help reduce crime at rapid transit stations along the Millennium line and has helped develop crime prevention and safety projects with various law enforcement agencies around the Lower Mainland. Now, as the Director of Research, she is the driving force behind the monthly REIN™ e-newsletter for real estate investors, *The Real Estate Insider*, which can be accessed at http://blog.myreinspace.com

Allyssa Epp: **Research Analyst, The Real Estate Investment Network Ltd.**

Allyssa first joined the REIN™ team in 2008 as a research assistant. In the past four years, Allyssa has contributed to many of REIN's cutting edge research reports, including: the Top Investment Towns reports for Alberta, BC and Ontario, and the Transportation Effects reports for Vancouver, Calgary, Edmonton, Hamilton, the GTA and, most recently, Ottawa. Her work has been published in the *Canadian Real Estate Magazine* on more than one occasion. Allyssa is currently pursuing her Bachelor of Business Administration Degree with a Communications minor at the University of the Fraser Valley.