

The Gateway Effect

The Impact of Transportation Improvements on Housing Values in the Greater Vancouver Area



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EXECUTIVE SUMMARY AND REPORT HIGHLIGHTS

- The Gateway Program projects will deliver a 10%–20% enhancement of real estate values in the regions most affected. In the future, these Gateway 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. This will include property around: the new rapid transit stations on the Canada Line, as well as the UBC Line, the Evergreen Line, and Surrey's rapid transit system when these projects 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: Maple Ridge, Pitt Meadows, North Langley, Fort Langley, Abbotsford, Port Moody, Port Coquitlam, and Surrey.

Secondary Impact: Delta, New Westminster, Mission, Chilliwack, and Richmond.

- 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.



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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*, *The Canadian Real Estate Cycle and Buying U.S. Real Estate: The Proven and Reliable Guide for Canadians*, *Real Estate Joint Ventures*, and *The Little Book of Real Estate Investing in Canada*. One hundred per cent of Don Campbell's author royalties are donated directly to Habitat for Humanity Edmonton and to date has raised over \$1 million for this worthy cause.

All research can be accessed at www.myreinspace.com



OVERVIEW TO THE GATEWAY 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 Calgary, Edmonton, the Greater Toronto Area, the Kitchener-Waterloo-Cambridge region (KWC), Hamilton, and Ottawa. As several Gateway projects have now completed construction, it is time for an update of this report.

Realizing the housing value impact for some communities over others, a study of the transportation effects in the Lower Mainland was undertaken. Answers to two very important questions will have a direct financial impact on tens of thousands of Lower Mainland residents. These questions are as follows:

- 1. How will the proposed rapid transit lines in the Lower Mainland affect residential real estate values in different communities?**
- 2. How will the highway improvements affect property values in the Lower Mainland?**

For many Lower Mainland 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 Vancouver 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 Cervero & Duncan	A 72% premium resulted for parcels near stations in the Mission Valley
2002 Cervero & Duncan	17% and 10% premiums resulted respectfully for multi family homes near East Line and South Line stations.
2001 Cervero & 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 Cervero & 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 Cervero & 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 increase 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: LOWER MAINLAND



Map of the Lower Mainland

By 2031, the Lower Mainland is expected to be home to 3.5 million residents. And with the expected population growth comes an increasing number of automobiles. The number of vehicles on the road is actually rising faster than the population – 20,000 cars per year – putting tremendous pressure on existing transportation infrastructure. These increases have not been met by improvements to transportation infrastructure at the same rate; in fact, until the Gateway Program was introduced in 2005, there had been few significant improvements to the Lower Mainland's road infrastructure since EXPO '86.

As the population of the Metro Vancouver area continues to rise, one of the main problems it faces is keeping its infrastructure up to date with the amount of people moving into the region. A recent report by Get Moving BC cites bridge congestion as a large concern for Vancouver. The report compared the metropolitan areas of Vancouver, Portland, Edmonton, Winnipeg, Calgary, and Saskatoon and noted that 8 of the 10 most congested bridge crossings in the compared cities were in Vancouver. When compared to Calgary, Vancouver has 1.2 million more residents, but 74,194 commuters per bridge lane in comparison to Calgary's 14,667 commuters per bridge lane. In the report, the old Port Mann ranked as the most congested bridge, with a daily volume of 124,745. The Pitt River Bridge ranked ninth, with a daily volume of 80,000 people¹. While Vancouver has finally begun to improve the situation, the infrastructure deficit still exists.

The average price of a two-storey home in the city of Vancouver was sitting at \$836,200 in the third quarter of 2012². The demand and subsequent high real estate prices in Vancouver are due in part to the tremendous growth of population without the comparable growth of transportation infrastructure, making the outlying (and less expensive) areas a difficult commute and therefore less desirable. Yet, even given this difficult commuting situation, we continue to see growth in the more “affordable” housing areas outside the Central Business District (CBD) in downtown Vancouver. The major symptom of this outward move is dramatically expanding congestion on the current transportation networks throughout the Lower Mainland and Fraser Valley regions. Although we have seen a strong demand for real estate in these outlying regions, it continues to be

¹ Get Moving BC. (September 2008). *Bridging the Infrastructure Gap: A Comparison of Bridge Infrastructure Crossing the Fraser River to Bridge Infrastructure in Four Major Western Canadian Cities*. http://www.getmovingbc.com/press_release/BRIDGING%20THE%20INFRASTRUCTURE%20GAP.pdf

² RBC. (November 2012). “Housing Affordability Index.” Retrieved from <http://www.rbc.com/newsroom/pdf/HA-1122-2012.pdf>

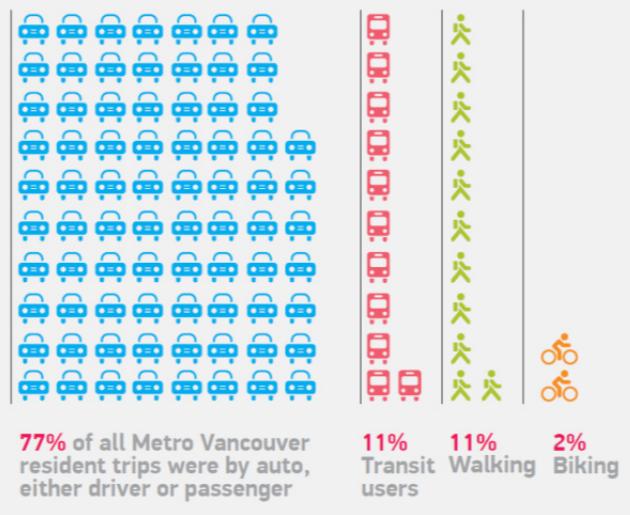
constrained by this constant congestion. People who work and play in Vancouver realize the isolation and the difficulty of traveling on the GVRD's outdated highway and transportation systems, and therefore choose their residences based on commute times.

The sheer mass of in-migration into the GVRD cannot be contained within the confines of the urban centre or even the Lower Mainland. High-density living is no longer a choice in Vancouver; it is the principal option, and residents who desire alternatives are restricted by the inability to commute any distance in a reasonable length of time. This increased traffic congestion has had negative impacts in several areas:

1. The ability of our economy to grow at peak potential, as our ports are constrained by the inability to move goods in a timely and consistent manner. This decreases our Gross Domestic Product (GDP) growth.
2. A deterioration of our local airshed due to the increase in idling vehicles.
3. Quality of life for residents of the region.
4. The desirability of the region for potential new major employers.
5. The demand for real estate, both residential and commercial, in key potential growth areas in the Lower Mainland and the Fraser Valley.

In this report, we will deal strictly with #5 – the demand for real estate.

Metro Vancouver 24 Hour Transportation Mode Share for 2004



Source: TransLink



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 clear fundamentals, of which transportation change is one of the most dramatic catalysts³. 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 homes⁴.

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 year⁵. 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

³ Campbell, Don R. (2005) *Real Estate Investing in Canada* ISBN 0-470-83588-5 John Wiley & Sons Publishers: Toronto.

⁴ 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.

⁵ 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.

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.

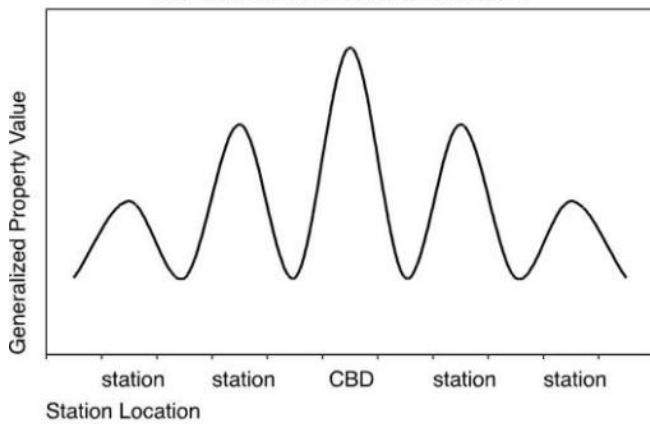
As demonstrated throughout this report, this focus on time and accessibility has been confirmed in other studies conducted in major urban regions, whether the access improvements have been new rail transit or new highway expansion.



#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 owners⁶.

Figure 1. 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 railway⁷. 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 1⁸, 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 foot⁹.

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 neighbourhoods¹⁰. 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.

6 Diaz, R. (n.d.) *Impacts of Rail Transit on Property Values*. www.apta.com/research/info/briefings/documents/diaz.pdf.

7 Debrezion, G., E. Pels, & P. Rietveld. (2003). *The Impact of Railway Stations on Residential and Commercial Property Value*. Tinbergen Institute Discussion Paper.

8 Ibid.

9 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.

10 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 station¹¹.

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 services¹². In Alameda County, house prices rose by \$2.29 for every metre a house was located closer to a rapid transit station.

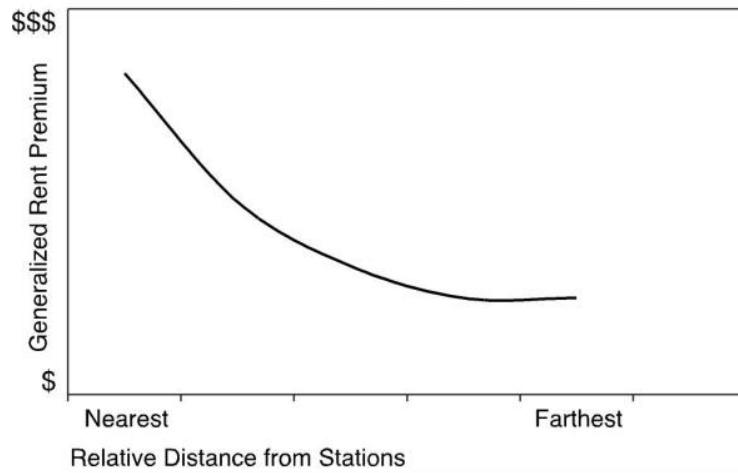
New Jersey experienced similar positive effects. The median prices for homes located in census tracts immediately served by the rail line were 10% higher than those in other census tracts¹³. Similar effects were seen in Portland, where homes within 500 metres of light rail sold for 10.6% more than houses located 500 metres or more away.

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.¹⁴

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 away¹⁵. 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 savings¹⁶. This is true even today, with a premium being placed on both rents and market values for properties located within 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 percentage of commuters in the area and average house prices¹⁷.

Figure 2. Residential Rental Premium versus Distance from Commuter Rail Station



¹¹ 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.

¹² Landis, J. & R. Cervero. (1995). "BART at 20: Property Value and Rent Impacts." Transportation Research Board, 74th Annual Meeting, Washington, D.C.

¹³ Voith, R. (1991). "Transportation, Sorting and House Values" in *AREUEA Journal*, Vol. 117, No. 19.

¹⁴ Donovan, Patricia. (2007). "Housing Prices Higher Near Most Buffalo Metro Rail Stations". On University of Buffalo website: <http://www.buffalo.edu/news/8669>

¹⁵ 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.

¹⁶ 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.

¹⁷ Weinstein, B. & T. Clower. (1999). *The Initial Economic Impacts of the DART LRT System*. Prepared for Dallas Area Rapid Transit.

¹⁷ 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 residents¹⁸.

Impact of Commuter Rail on Commercial Property

Studies indicate that the proximity to mass transit has even more impact on the values of commercial properties¹⁹. 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 stations²⁰.

¹⁸ 18 Weinstein, B. & T. Clower. (1999). *The Initial Economic Impacts of the DART LRT System*. Prepared for Dallas Area Rapid Transit.

¹⁹ Debrezion, G., E. Pels, & P. Rietveld. (2003). *The Impact of Railway Stations on Residential and Commercial Property Value*. Tinbergen Institute Discussion Paper.

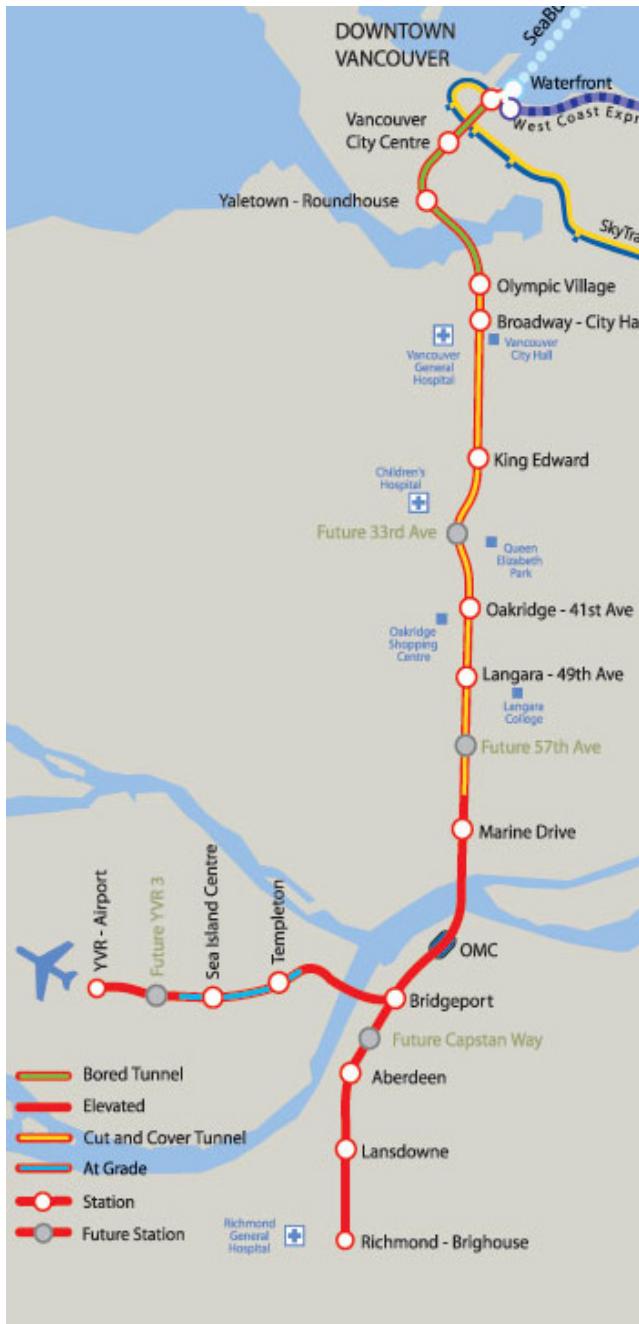
²⁰ Ibid.



METRO VANCOUVER RAPID TRANSIT SYSTEMS

RECENT COMPLETIONS

Metro Vancouver rapid transit projects that have been completed in the last five years.



Map of the Canada Line

Canada Line

The Canada Line was completed in August 2009, in preparation for the 2010 Vancouver Olympics. The first station is the Vancouver City Centre Station, which is linked to Pacific Centre Mall. The line leaves Vancouver at the Marine Drive station and enters Richmond at the Bridgeport Station where it splits west to the Vancouver International Airport and south to the Richmond-Brighouse Station.

Ridership on the line has been steadily growing, causing it to approach its capacity of 100,000 riders a day much sooner than originally anticipated²¹. Residents from South Surrey and White Rock have really taken advantage of the new public transit option. This demonstrates the ripple effect that transportation projects have on real estate values, as the transit line reduces the commute time and the convenience of getting to work for residents living in communities south of the line bringing their homes “closer” to their work.

Neighbourhoods that are experiencing a positive impact include: Yaletown, Olympic Village, West Broadway, Mt. Pleasant, Douglas Park, Queen Elizabeth Park, Oakridge, Langara, eastern Marpole, Aberdeen, homes near Lansdowne Centre, homes near Richmond Centre, and Burkeville.

However, don't expect a 20% price premium. As previous studies have shown, the positive impact will be felt on residential properties located within 500 - 800 metres of each station, with the largest increases being in regions where *the median income is lowest*.

²¹ Evans, David. (September 2010). Specifying Escalators for Transit Projects. Construction Canada. <http://www.us.schindler.com/constructioncanada0910.pdf>

CURRENTLY UNDER CONSTRUCTION

Metro Vancouver rapid transit projects that are currently under construction.

Evergreen Line

Following years of delays, construction is finally scheduled to begin on the Evergreen Line. The B.C. government recently reached a deal with Metro Vancouver mayors to temporarily hike gas taxes by two cents a litre to pay for the funding of the line²². Pre-construction activities have already begun to prepare for the major construction of the tunnel and guideway, including the installation of underground BC Hydro power lines.



Map of the Evergreen Line

Source: TransLink

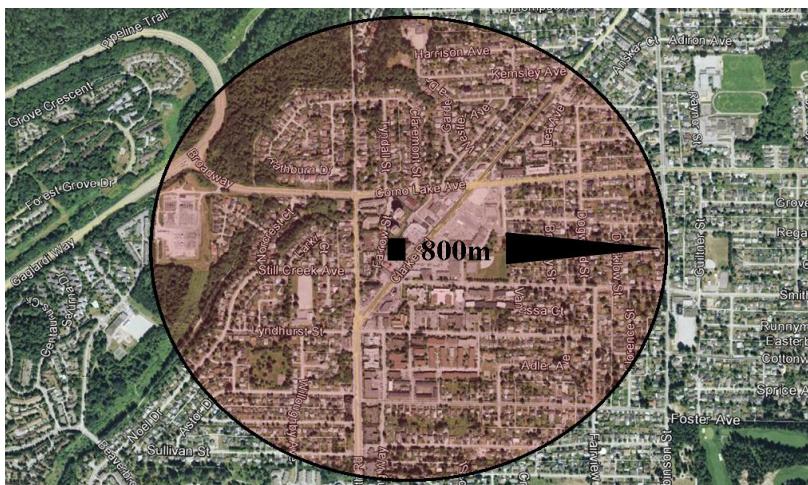
The 11 kilometre rapid transit line will service the municipalities of Coquitlam, Burnaby, Port Moody and Port Coquitlam; beginning at Lougheed Town Centre Station on the Millennium Line and terminating at Lafarge Lake-Douglas Station, near Douglas College. The line will have seven stations in total, two of which will connect to West Coast Express train stations (Port Moody Station and Coquitlam Central Station), providing residents with more transit options. It is estimated that the line will accommodate 70,000 commuters a day by 2021. The project is also expected to create 8,000 direct and indirect jobs through its construction²³.

²² CBC News. (January 25, 2012). \$1.4B Evergreen Line to open by 2016. <http://www.cbc.ca/news/canada/british-columbia/story/2012/01/25/bc-evergreen-line.html>

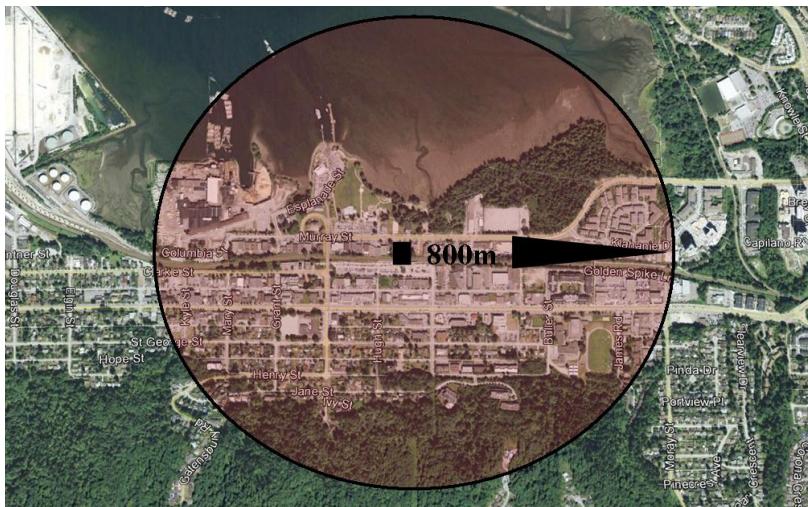
²³ Transport Canada. (2013). Facts about the Evergreen Line. <http://www.tc.gc.ca/eng/mediaroom/backgrounders-facts-evergreen-6805.htm>



Lougheed Town Centre Station 800m Radius



Burquitlam Station 800m Radius



Port Moody Station 800m Radius

Construction on the project has already begun, with the first guideway column installed in Coquitlam in the summer of 2013. The entire project is expected to be completed by the summer of 2016²⁴. Station locations have been released, and we are able to see which neighbourhoods will receive most of the benefits from this new transit option.

Lougheed Town Centre Station

The first station of the new line, the Lougheed Town Centre Station, will include an expansion of the existing station on the Millennium Line. The line will then run north from Lougheed Town Centre Station on an elevated guideway along the centre of North Road. Homes located in the areas of Sullivan Heights, Keswick Park, Caribou, and Brookmere Park will all enjoy not only quick access to the station, but also premiums above average home price increases, thanks to this new transit access.

Burquitlam Station

The Burquitlam Station will be located on the east side of Clarke Road, near the Burquitlam Plaza. The line will then cross to the west side of Clarke Road, before entering a tunnel towards Port Moody²⁵. The communities of Miller Park, Burquitlam Park, Lindhurst Park, and Stoney Creek will benefit most from this SkyTrain station.

Port Moody Station

The Evergreen Line will emerge from the tunnel just east of Barnet Highway. The tracks will then continue at ground level along the south side of the Canadian Pacific Rail (CPR) train tracks to Port Moody Station, located at the Port Moody transit exchange site²⁶.

²⁴ Government of British Columbia. (August 2013). "Evergreen line construction project takes shape: first column in place." <http://www.evergreenline.gov.bc.ca/documents/NewsReleases/2013TRAN0052-001237.pdf>

²⁵ Government of British Columbia. (November 2009). "Evergreen Line Rapid Transit Project." Retrieved from http://www.th.gov.bc.ca/evergreen_line/documents/Design/DiscussionGuide_final3.pdf

²⁶ Ibid.

The station will offer commuters transfers to both the West Coast Express commuter rail line and Port Moody city buses. Areas roughly 800 meters from the station which will enjoy increased real estate premiums (as well as access to the SkyTrain) include neighbourhoods surrounding the port such as Harbour Chines and northern Chineside.

Inlet Centre Station

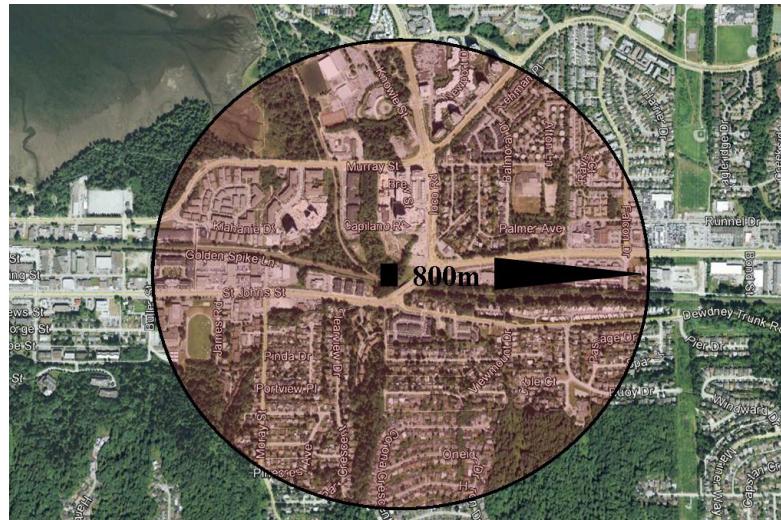
Continuing east, the Evergreen Line will cross the CPR tracks just before Inlet Station, located north of Barnet Highway and west of loco Road²⁷. This station was previously shown on maps as loco Station, but received the new name designation of Inlet Centre Station in March 2013. After Inlet Station, the line will continue along the north side of the CPR tracks towards Coquitlam. Price premiums will be experienced in the communities of Chineside, Cassin, and Eagle Ridge.

Coquitlam Central Station

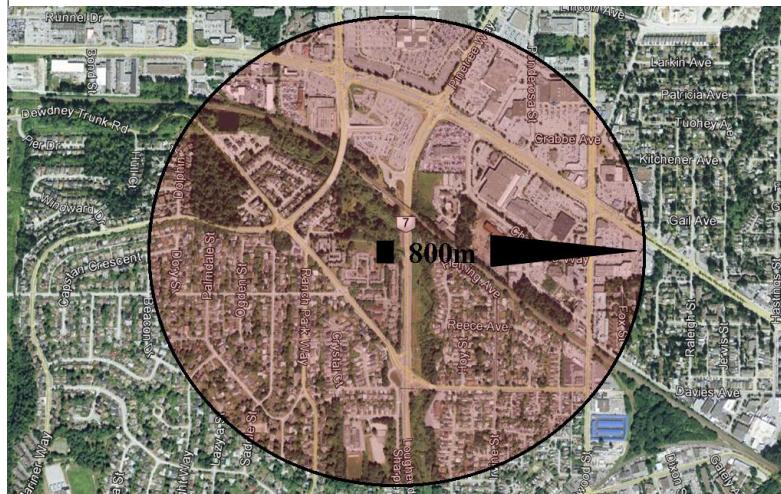
Coquitlam Central Station will be located at the existing transit exchange site on the north side of the CPR tracks²⁸. The station will offer commuters transfers to both the West Coast Express commuter rail line and Coquitlam city buses. Houses in the communities of Harbour Village and Meadowbrook should experience an increase in property values.

Lincoln Station

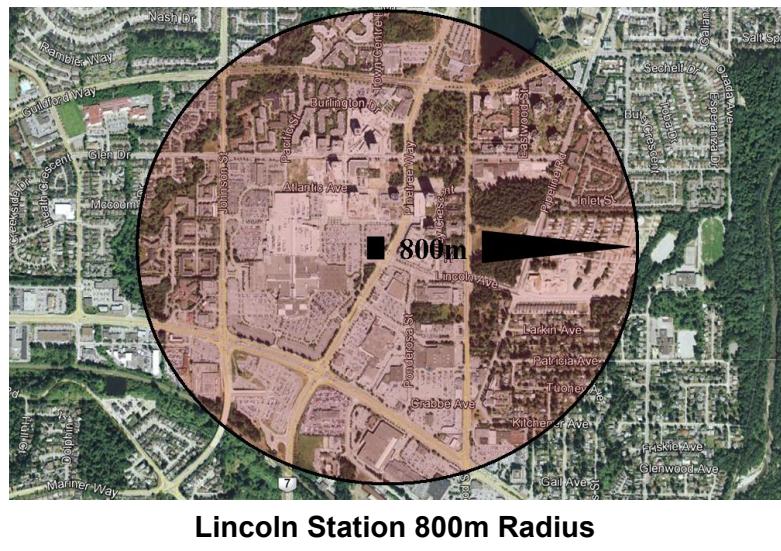
Lincoln Station will be an elevated station located on the west side of Pinetree Way and Lincoln Avenue. The station was not part of the original Evergreen Line design, but was added in 2012 to service the growing population of Coquitlam. In the heart of a bustling commercial and residential area, Lincoln Station will serve Coquitlam Centre Mall and over a dozen existing and planned



Inlet Centre Station 800m Radius



Coquitlam Central Station 800m Radius

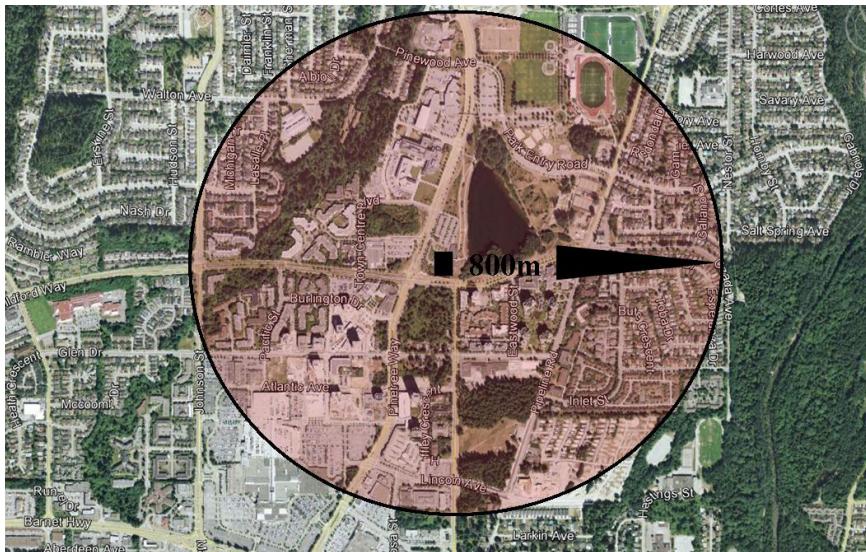


Lincoln Station 800m Radius

²⁷ Ibid.

²⁸ Ibid.

residential and retail developments that are within walking distance²⁹. Residents of Glen Park, Sheila Barrett Park, and Dacre Park will enjoy the close proximity to the SkyTrain and properties located within the 800 metre radius of the station can anticipate a 10% - 20% premium in their values.



Lafarge Lake-Douglas Station 800m Radius

Lafarge Lake-Douglas Station

The Lafarge Lake–Douglas Station will be the terminus of the Evergreen Line. It will be located just northeast of the Pinetree Way/Guildford Way intersection³⁰ and will serve the David Lam campus of Douglas College as well as Coquitlam Town Centre.

FUTURE RAPID TRANSIT PROJECTS

Metro Vancouver rapid transit projects that are scheduled for construction in the next two decades.

UBC Line

TransLink has also talked about running a rapid transit line from the Commercial-Broadway SkyTrain station to the University of British Columbia (UBC) campus. Broadway is an important corridor in Metro Vancouver. Currently, 100,000 trips are taken by bus every day and with 30% more jobs and people expected by 2041, demand will only continue to grow. UBC functions as one of the region's largest transit destinations, with over 60,000 students, faculty, and staff. Bus trips to the Vancouver campus have increased by 200% since 1997. TransLink reports the existing bus service on the Broadway Corridor has reached capacity, with approximately 2,000 people passed in the morning rush every day³¹. TransLink's UBC Line Study has identified a shortlist of three rapid transit options that would meet the long-term needs of the Broadway corridor³².

- 1) LRT from Commercial Drive to UBC via Broadway, West 10th Ave, and University Boulevard
- 2) A combination of LRT and Rapid Rail Transit (RRT) from the VCC-Clark SkyTrain Station on the Expo Line to Arbutus and LRT from the Main Street-Science World Skytrain Station on the Expo Line to UBC.

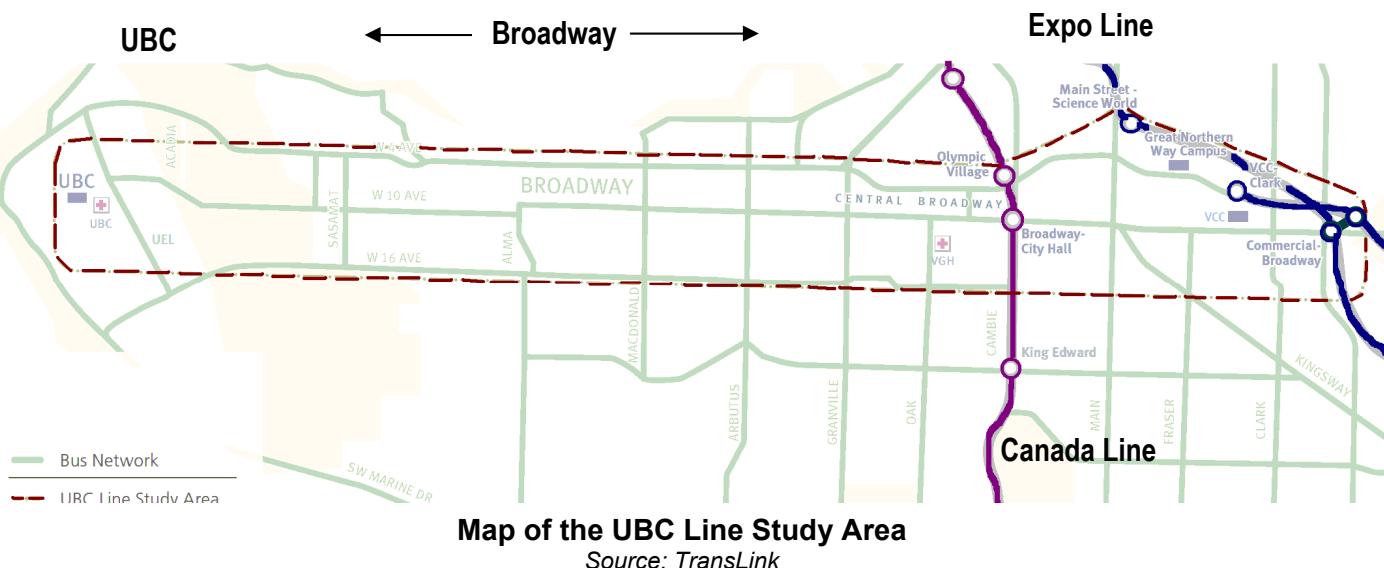
²⁹ Government of British Columbia. (July 2012). Government of Canada, Coquitlam, and Coquitlam Mall owners fund new Evergreen Line station." Retrieved from http://www.evergreenline.gov.bc.ca/documents/CommunityUpdates/120719_CommunityUpdate3.pdf

³⁰ Government of British Columbia. (November 2009). "Evergreen Line Rapid Transit Project." Retrieved from http://www.th.gov.bc.ca/evergreen_line/documents/Design/DiscussionGuide_final3.pdf

³¹ TransLink. (2011). *UBC Line Rapid Transit Study – About the Study*. <http://www.translink.ca/en/Be-Part-of-the-Plan/Public-Consultation/UBC-Line-Rapid-Transit-Study/About-the-Study.aspx>

³² TransLink. (2013). *UBC Line Rapid Transit Study*. Retrieved from <http://www.translink.ca/en/Plans-and-Projects/Rapid-Transit-Projects/UBC-Line-Rapid-Transit-Study.aspx>

3) An RRT/SkyTrain tunneled route from the VCC-Clark SkyTrain Station to UBC via Great Northern Way, Broadway, 10th Avenue, and University Boulevard.



As TransLink is currently focusing its energy on the Evergreen SkyTrain Line, it may be a few years before the UBC line gets the green light. We will be able to determine specific neighbourhoods that will be positively impacted when the rapid transit technology and stations are announced. For more information on the project, visit www.translink.ca/en/Plans-and-Projects/Rapid-Transit-Projects/UBC-Line-Rapid-Transit-Study.aspx.

Surrey Rapid Transit

Metro Vancouver's population is projected to grow by one million people over the next 30 years. Much of this growth will take place in Surrey and surrounding municipalities. Surrey's population will grow from 500,000 today to 750,000 in 2041³³. While providing the communities with many opportunities, the growth also means there will be many transportation challenges to overcome. It is estimated that 84% of trips made between Surrey and surrounding communities are currently by car³⁴, creating a significant strain on the city's road infrastructure. TransLink's goal is to add more public transit options, getting people off the road and minimizing pollution. The Surrey Rapid Transit Study identified a shortlist of four rapid transit options, all of which would meet the long-term needs of Surrey residents:

- 1) Bus Rapid Transit (BRT) on Fraser Highway, King George Boulevard, and 104th Avenue
- 2) LRT on Fraser Highway, and BRT on King George Boulevard and 104th Avenue
- 3) LRT on Fraser Highway, 104th Avenue, and King George Boulevard south to Newton BRT from Newton to White Rock
- 4) RRT (SkyTrain) on Fraser Highway and BRT on King George Boulevard and 104th Avenue

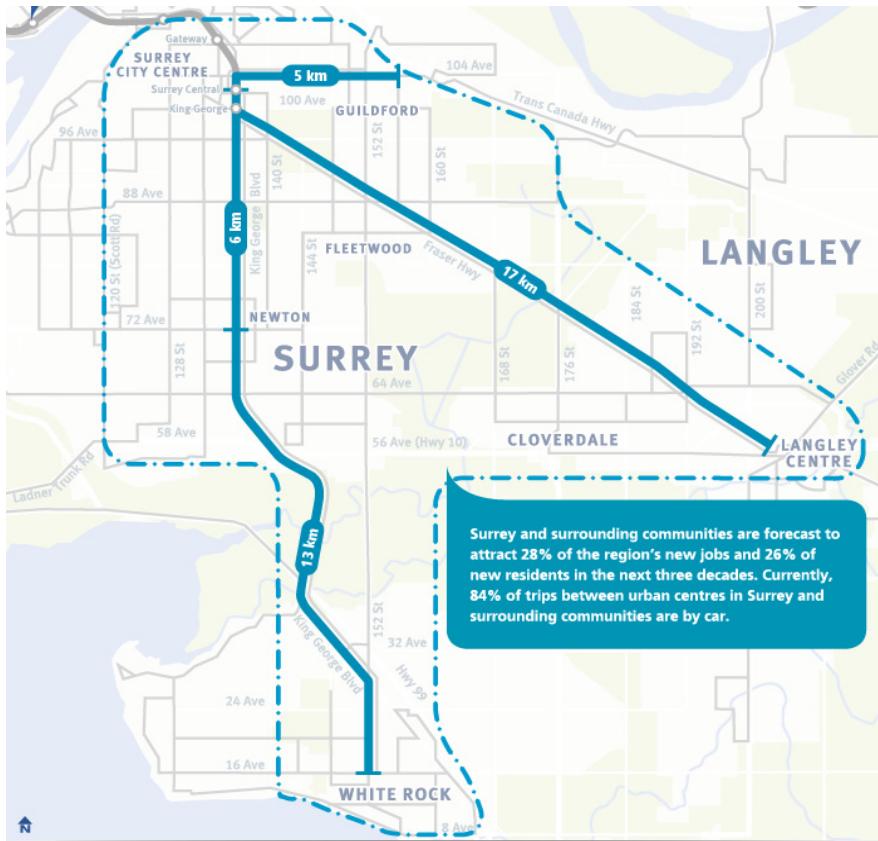
TransLink has yet to identify a preferred option. Factors that would affect the final decision include cost, impact, and affordability. Significant discussion between Metro Vancouver communities and public consultation still needs to occur before a final decision can be made.

³³ City of Surrey. (2013). "Rapid Transit Now." Retrieved from <https://www.surrey.ca/city-services/10797.aspx>

³⁴ TransLink (2013). *Surrey Rapid Transit Study – About the Study*. <http://www.translink.ca/en/Plans-and-Projects/Rapid-Transit-Projects/Surrey-Rapid-Transit-Study.aspx>

The City of Surrey is advocating for the Light Rail option and would like to see construction begin on the following three routes³⁵:

- 1) City Centre to Guildford, along 104 Avenue, with a connection to Highway 1
- 2) City Centre to Newton, along King George Boulevard, with the opportunity for extensions further south in the future
- 3) City Centre to Langley, passing through Fleetwood along Fraser Highway



Map of Proposed Surrey Transit Corridor

Source: TransLink. (2013). Surrey Rapid Transit Study.

Surrey residents argue that Light Rail is the most flexible and cost effective option, and would provide the greatest benefit for the community. However, the final decision will be made by the Metro Vancouver region as part of the Regional Transportation Strategy planning process. The timing and funding for the project will be decided during this planning process³⁶.

As the technology and routes for Surrey's Rapid Transit have not yet been decided, it is impossible to say which neighbourhoods will receive a positive impact. We will have to wait and see.

³⁵ City of Surrey. (2013). "Rapid Transit Now." Retrieved from <https://www.surrey.ca/city-services/10797.aspx>

³⁶ TransLink (2013). Surrey Rapid Transit Study – About the Study. <http://www.translink.ca/en/Plans-and-Projects/Rapid-Transit-Projects/Surrey-Rapid-Transit-Study.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 increased³⁷.

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 underpriced³⁸. 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 fell³⁹. 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 land⁴⁰. In fact, one study showed that values did not reach pre-construction levels until *five years* after construction was completed⁴¹.

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 highway⁴². 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)⁴³.

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 level⁴⁴. However, counter-intuitively, houses with highway noise were not found to take any longer to sell than those farther removed.

37 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.

38 Giuliano, G. (1989). "New Directions for Understanding Transportation and Land Use" in *Environment and Planning A* 21, pp. 145-159.

39 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.

39 ten Siethoff, *ibid*.

40 *ibid*.

41 Downs, A. (1992). *Stuck in Traffic*. The Brookings Institution: Washington, D.C.

42 Palmquist, R. (1980). *Impact of Highway Improvements on Property Values in Washington*, US Department of Transportation, Federal Highway Administration.

43 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.

44 Palmquist, R. (1980). *Ibid*.

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 values⁴⁵.

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

⁴⁵ Lewis, C.A., J. Buffington, & S. Vadali. (1997), *ibid*.



VANCOUVER HIGHWAY CONSTRUCTION & EXPANSION

THE GATEWAY PROGRAM

The Government of British Columbia developed the Gateway Program in 2003 in response to the growing congestion on the Lower Mainland's major road network, and to improve the movement of people and goods through better transportation connections⁴⁶. Future growth in the Metro Vancouver region is expected to occur primarily in Richmond, Surrey, and Langley, creating a serious crunch on the Lower Mainland's current road network, which up to this point, had not seen any significant upgrades since the 1980's⁴⁷. Over the next few years, Lower Mainland residents will continue to see their transportation network go through a major overhaul.



The Pitt River Bridge (behind the train bridge)

Source: www.flickr.com

Pitt River Bridge and Mary Hill Interchange

The Pitt River Bridge Mary Hill Interchange Project (completed in October 2009) is having the greatest impact on the community of Pitt Meadows. This Gateway project is a stand-alone component of the North Fraser Perimeter Road Project and will improve existing roads to provide an efficient, continuous route from New Westminster to Maple Ridge⁴⁸.

The Pitt River Bridge was constructed to replace previous swing bridges over the Fraser River. The new cable-stayed bridge accommodates three lanes of

westbound traffic and four lanes of eastbound traffic and provides 16 metres of marine clearance over the river. The bridge includes pedestrian and cycling access and was designed to accommodate future rapid transit⁴⁹.

The intersection at Lougheed Highway and the Mary Hill Bypass was replaced with a grade-separated interchange with on and off ramps allowing for free-flow traffic. This will provide future connection to the Fremont Extension, to support development in Port Coquitlam and Coquitlam⁵⁰.

⁴⁶ ---. (2011). *Gateway Program*. <http://www.th.gov.bc.ca/gateway/index.htm>

⁴⁷ Government of British Columbia. (2011). *Gateway Program: Why Now?*. http://www.th.gov.bc.ca/gateway/program/why_now.htm

⁴⁸ Government of British Columbia. (2009). *Gateway Program – Pitt River Bridge and Mary Hill Interchange Project*. <http://www.gatewayprogram.bc.ca/>

⁴⁹ Ibid.

⁵⁰ Ibid.

Port Mann Bridge

The Port Mann Bridge project was also part of the Gateway Program. Opened to traffic in December 2012, the new 10 lane bridge replaces the existing 49 year old structure. Eight of the ten lanes are currently open to traffic, with the remaining lanes scheduled to open by the end of 2013 after the old Port Mann bridge has been deconstructed. The new bridge includes RapidBus service which will allow commuters to travel from Langley to the SkyTrain in Burnaby in approximately 23 minutes⁵¹. Forward-thinking planners also constructed the bridge to accommodate the installation of a light rapid transit line at some point in the future.



The New Port Mann Bridge

Source: *Surrey Leader*. (December 2012).

As part of the \$3 billion Port Mann Bridge project, 37 kilometres of Highway 1 from McGill Street in Vancouver to 216th Street in Langley are being widened and have improved access and egress points. This will alleviate congestion for residents travelling both east to the Fraser Valley and into the city of Vancouver. The project also included HOV lanes, transit and commercial vehicle priority access to highway on-ramps, and cycling lanes⁵².

The bridge is currently a tolled crossing, in order to pay for its construction and maintenance. Commuters can expect to pay \$3 when driving a car over the bridge, while light trucks pay \$6 and heavy trucks up to \$9. A 25% discount is being offered to registered carpool vehicles. The system is designed to be compatible with TransLink's Golden Ears Bridge⁵³.

This new bridge will reduce commute times to and from Surrey, which will have a positive impact on real estate prices in the area.

South Fraser Perimeter Road

Another Gateway Program project is the South Fraser Perimeter Road (SFPR). The SFPR is a four-lane 80km/h passage on the south side of the Fraser River. Beginning at Deltaport Way in the southern end of Delta all the way to 176th Street (Highway 15), the SFPR will have connections to Highway 1, 15, 17, 91, 99, and the new Golden Ears Bridge connector⁵⁴.

⁵¹ CBC News. (February 4, 2009). *Single 10-lane bridge to replace Port Mann*. <http://www.cbc.ca/canada/british-columbia/story/2009/02/04/bc-new-port-mann-bridge.html>

⁵² BC Liberals. (April 17, 2009). *New Port Mann Bridge Will Open Full Year Early*. http://www.bcliberals.com/news/transportation/new_port_mann_bridge_will_open_full_year_early

⁵³ Government of British Columbia. (2011). Port Mann/Highway 1 Project – Project Description. <http://www.pmh1project.com/>

⁵⁴ Government of BC. (2010). *South Fraser Perimeter Road*. <http://www.gatewayprogram.bc.ca/>



Aerial Photo of the South Fraser Perimeter Road

Source: Government of BC. (2012). *South Fraser Perimeter Road Project*.

The SFPR is now open to traffic from 136 Street near King Road to 104 Avenue/176 Street in Surrey. The entire project is scheduled to be completed in December 2013⁵⁶.

Neighbourhoods in Delta and Surrey will experience value increases due to the improved transportation links provided by the SFPR.

North Fraser Perimeter Road

The North Fraser Perimeter Road (NFPR) was a proposed set of improvements to existing road networks along the north shore of the Fraser River. Once completed, the road would have provided a continuous route between the Queensborough Bridge in New Westminster and the Golden Ears Bridge in Maple Ridge.

The Gateway section of this route was to begin in the City of Coquitlam on United Boulevard and continue east through the cities of Port Coquitlam and Pitt Meadows, along the Mary Hill Bypass and Lougheed Highway before finally tying into the Golden Ears Bridge⁵⁷. The Pitt River Bridge and Mary Hill Interchange were treated as standalone projects of the NFPR and have already been completed.

In May 2011, the NFPR project was officially scrapped. The City of New Westminster and TransLink were unable to reach an agreement on an extension of United Boulevard to the Queensborough Bridge⁵⁸, putting plans for the entire project in jeopardy. In order to receive federal funding, the project needed to be completed by March 21, 2014⁵⁹, which did not leave enough time to draw out new plans to work around the rejected extension.

This project emphasizes the importance of waiting until the shovel has actually hit the dirt on a project before deciding to invest in the area.

⁵⁶ BC Liberals. (2010). *Transportation*. http://www.bcliberals.com/bc Liberal_record/transportation/

⁵⁶ Government of BC. (2011). *South Fraser Perimeter Road Project – Project Schedule*. http://www.sfrconstruction.ca/the_project/project_schedule.php

⁵⁷ Government of BC. (2011). *Gateway Program – North Fraser Perimeter Road*. <http://www.th.gov.bc.ca/gateway/NFPR/NFPR.htm>

⁵⁸ Eric Doherty. (May 20, 2011). *Gateway's United Boulevard extension cancelled to applause in New Westminster*. Georgia Straight. <http://www.straight.com/article-394189/vancouver/eric-doherty-gateways-united-boulevard-extension-cancelled-applause-new-westminster>

⁵⁹ McManus, Theresa. (April 11, 2011). *Deadline nearing for decision on North Fraser Perimeter Road*.

<http://communities.canada.com/vannet/blogs/onlynewwest/archive/2011/04/11/deadline-nearing-for-decision-on-north-fraser-perimeter-road.aspx>

It is estimated that the South Fraser Perimeter Road will create 7,000 jobs by 2021 and increase BC's access to Asia-Pacific and its many trade opportunities. The project will link current industrial areas, port facilities, and rail yards to Highways 91, 99, and most importantly, the Trans-Canada Highway. The \$1.26 billion project will greatly improve transportation links and ease congestion on existing roadways⁵⁵.

Construction on the SFPR began in 2008 and the first phase of the project was completed in December 2012.

OTHER ROAD CONSTRUCTION PROJECTS IN THE LOWER MAINLAND

The Lower Mainland also has several projects on the go that are *not* part of the Gateway Program. Neighbourhoods near these projects will also experience a positive value increase.



Golden Ears Bridge

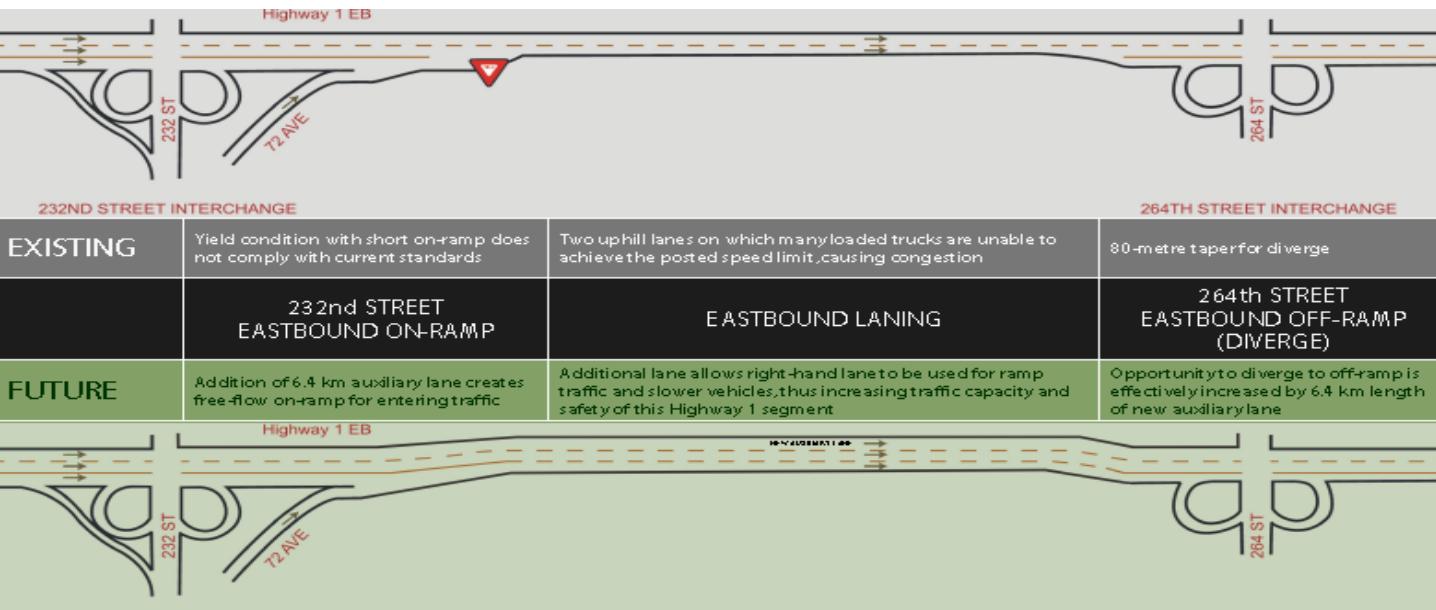
Source: Fieldstone Park

Golden Ears Bridge

On June 16, 2009, the new Golden Ears Bridge officially opened to traffic. The 6-lane toll bridge is the first direct route between the communities of Maple Ridge and Pitt Meadows to Langley and Surrey⁶⁰. This transportation improvement provides a direct link to Highway 1, ties into the new Port Mann Bridge, and has reduced the time it takes to travel to Vancouver and the surrounding region. It has also provided quicker access to the Fraser Valley and beyond. The 14-kilometre road network has reduced travel time across the Fraser River by at least 20 minutes and as we are acutely aware, travel is measured in time and not distance.

Langley Highway Construction

Construction has begun in Langley to add a new eastbound lane on Highway 1 between the 232nd Street interchange and the 264th Street interchange. When completed, the existing right lane of Highway 1 will be available for commercial trucks as a dedicated climbing lane⁶¹. The climbing lane portion of the project is scheduled to be completed by October 2013.



Artist's Rendering of the Highway 1 Langley Eastbound Climbing Lane

Source: Government of British Columbia

⁶⁰ Translink. (2010). *Golden Ears Bridge*. <http://www.translink.ca/en/Plans-and-Projects/Golden-Ears-Bridge.aspx>

⁶¹ Jakes Construction. (2013). "Highway 1 Eastbound Truck Climbing Lane." Retrieved from <http://www.jakesconstruction.ca/2013/02/08/highway-1-eastbound-truck-climbing-lane/>

The project also includes the replacement of the existing 248th overpass with a new seismically-upgraded bridge. The overpass will be completed in the spring of 2014⁶².

FUTURE PROJECTS



Traffic on the Pattullo Bridge

Source: Vancouver Sun. (August 1, 2008)

Pattullo Bridge

The Pattullo Bridge spans the Fraser River between New Westminster and Surrey. Opened in 1937, the bridge was designed and built to last 50 years. At 76 years of age, the bridge is one of the oldest in the Lower Mainland. More than 73,000 vehicles travel over the Pattullo every day, causing it to become severely congested during peak commute hours. The bridge has also been the site of many fatal collisions in recent years because it has no divider between opposing lanes of traffic⁶³.

TransLink recognizes the fatal risks the bridge poses to commuters and plans to construct a new bridge to replace the existing structure in the next decade. However, replacing the Pattullo will cost up to \$1 billion with another \$200 million dedicated to creating new road network connections. The new bridge would likely be a toll bridge if sources of funding cannot cover the cost⁶⁴.

An assessment is currently underway to determine whether or not the existing Patullo Bridge can be rehabilitated. If rehabilitation proves a viable option, construction work would begin in 2015. If rehabilitation does not prove viable, TransLink will look into other options, such as replacing the existing bridge with a new one, or as a last resort, closing the Patullo Bridge permanently⁶⁵.

If TransLink chooses to rehabilitate or replace the Patullo Bridge, the communities of New Westminster and Surrey can expect to see construction begin on this project in the next ten years, positively impacting real estate prices in the area.

George Massey Tunnel

The George Massey Tunnel was built in 1959 and carries Highway 99 traffic under the Fraser River, connecting Delta and Richmond to Vancouver. Metro Vancouver's exponential population growth over the last five decades has lead to severe traffic congestion on both sides of the tunnel daily during peak hours. In 1981, counterflow measures were introduced in the tunnel, using a reversible lane system to increase traffic flow during peak periods⁶⁶, but this has only helped so much.

Consultations on how to improve traffic flow through the tunnel were held throughout 2013, and it was determined that replacing the tunnel was the best option. B.C. Premier Christy Clark has announced that construction will begin in 2017 on a bridge to replace the George Massey Tunnel between Richmond and

⁶² Ibid.

⁶³ CBC News. (September 2, 2010). *New Pattullo Bridge slated for 2015*. <http://www.cbc.ca/news/canada/british-columbia/story/2010/09/02/bc-pattullo-bridge-replacement.html>

⁶⁴ Ibid.

⁶⁵ TransLink. (2013). "FAQs." Retrieved from <http://www.translink.ca/en/Plans-and-Projects/Roads-Bridges-and-Goods-Movement/New-Pattullo-Bridge-Project/FAQ.aspx>

⁶⁶ Government of British Columbia. (2013). "Tunnel History." Retrieved from <http://engage.gov.bc.ca/masseytunnel/about/tunnel-history/>

Delta, as well as improvements to the Highway 99 corridor. The Liberal government has yet to release a cost estimate for the project, and concedes that it is early to determine whether or not the bridge will be tolled⁶⁷.



Traffic in the George Massey Tunnel
Source: *Government of British Columbia. (2013).*

Consultations on the bridge will continue to be held throughout 2014 as the government looks to pinpoint commuter needs⁶⁸. Keep an eye on this project over the next few years as it will continue to develop.

⁶⁷ Bailey, I. (September 20, 2013). "New bridge will replace Massey Tunnel in Metro Vancouver, Clark declares." *The Globe & Mail*. Retrieved from <http://www.theglobeandmail.com/news/british-columbia/new-bridge-will-replace-massey-tunnel-in-metro-vancouver-clark-declares/article14439780/>

⁶⁸ Government of British Columbia. (2012). "Consultation." Retrieved from <http://engage.gov.bc.ca/masseytunnel/consultation/>



POSITIVE EFFECTS ON PROPERTY VALUES

PRIMARY IMPACT REGIONS

There will be some very clear winners and some potential losers in the property-value equation once the Gateway Projects are completed. As we analyze the region, we are currently witnessing a major boom in property values. As discussed at the beginning of this report, a real estate market's values are driven and supported by economic fundamentals, of which transportation is only one (albeit a very important one). Our focus in this report is solely on transportation. We will provide a long-term (10+ years) perspective on which region's property values will be most impacted by these major transportation projects.

Values across the region will go up and down as the Lower Mainland's fundamentals change over the coming decade. However, in some key regions of the Lower Mainland, these Gateway transportation projects will mute any potential property-value decreases and magnify any increases experienced by the rest of the region.

Based on our findings, we have ranked the following regions in order of expected impact on accessibility and property-value increases:

#1 Maple Ridge & Pitt Meadows

This region has been hampered by poor transportation infrastructure for decades. Thus, property values have been lower historically than other areas located the same distance from the CBD. Once all the Translink/Gateway Project components are completed, Maple Ridge and Pitt Meadows will be among the most accessible regions in the Lower Mainland; this will drive demand for both residential and commercial/industrial property as values rise. Impacting directly on the region will be a number of initiatives: the new Golden Ears Bridge; the new Pitt River Bridge; the South Fraser Perimeter Road; the expansion of Highway 1; and the new Port Mann Bridge. A decade from now, as the transition begins to take hold, this area will become known as "The Place To Live For Lifestyle."

#2 North Langley, Fort Langley & Abbotsford

Despite the obvious growth in the Lower Fraser Valley, the current Highway 1 and Port Mann Bridge congestion have held back the potential of this region. The widening of Highway 1 from McGill Street in Vancouver to 216th Street in Langley, the addition of a climbing lane between the 232nd and 264th interchanges in Langley, the construction of new highway interchanges in Abbotsford, the new Port Mann Bridge and the completion of the South Fraser Perimeter Road will relieve this congestion for both commuters and commercial vehicles. This will drive explosive growth to the region for commercial enterprises and residential units alike.

#3 Port Moody & Port Coquitlam

Although real estate prices in these regions are already higher than the first two on this list, this region will experience an increase in demand from commuters wishing to stay on the north side of the Fraser. The largest impact will come from Translink's Evergreen Rapid Transit Line and the improvements to the North Fraser Perimeter Road. The increase in property values due to these transportation upgrades will occur mostly on

residential properties in this region. The Evergreen Line will have seven stations linking Coquitlam, Port Moody, and Burnaby and is slated to begin construction later this year.

#4 Surrey

Surrey has already enjoyed an increase in demand from the extension of the SkyTrain light-rail system and the Alex Fraser Bridge; the new Gateway Project highway improvements will help maintain this momentum. Still constraining growth in this region will be the aging Pattullo Bridge and the George Massey Tunnel. However, the Pattullo Bridge is scheduled to be rehabilitated or replaced in less than ten years, which will help with traffic flow when the project is completed. Also on the horizon is the positive impact Surrey will see from an extension of the Expo SkyTrain line or the more preferred Light Rail option to key transit corridors in the city.

SECONDARY-IMPACT REGIONS

#5 Delta

The completion of the South Fraser Perimeter Road will greatly impact Delta, moving much of the commercial truck traffic off the city's arterial streets. Beginning at Deltaport Way in southwest Delta, the road will have direct connections to Highways 1, 15, 17, 91, 99 - alleviating the traffic issues now facing the region.

#6 New Westminster

The city has already experienced positive price increases in neighbourhoods located near the Columbia and New Westminster Expo Line SkyTrain station stops. However, the aging Pattullo Bridge is a source of serious traffic congestion for those leaving or entering the city. More than 79,000 vehicles travel over the Pattullo every day, causing it to become severely congested during peak commute hours. The bridge has also been the site of many fatal collisions in recent years because it has no divider between opposing lanes of traffic. TransLink's planned replacement or rehabilitation of the existing bridge or structure will help alleviate traffic congestion for New Westminster residents and open the city up to new economic opportunities as businesses begin to realize that it is no longer a hassle to get to the city.

#7 Mission & Chilliwack

Although quite far removed from the immediate Gateway Program components, these regions will feel the impact both in residential (Mission and Chilliwack) and commercial/industrial (Chilliwack). Reduced congestion on Highway 1 and access to the South Fraser Perimeter Road will make these outlying areas more desirable to both commuters and commercial enterprises. The extra lanes along Highway 1, the expansion of the Port Mann Bridge, and the Golden Ears Bridge will also bring these two cities closer to Metro Vancouver. Property values here are lower than in most regions in southwestern B.C., making this area a magnet for first-time home-buyers seeking ground-oriented properties instead of condominiums. The majority of the commuters living here will be traveling to other outlying regions such as Langley, Abbotsford or Surrey, rather than all the way into the downtown Vancouver CBD.

#8 Richmond

The reason for the lower ranking of regions around the Canada Line is due to the already very high values of the real estate around these stations. However, properties will still be affected in a long-term positive fashion by the SkyTrain. As previous studies have shown, the positive impact will be felt on residential properties

located within 500 - 800 metres of each station, with the largest demand increases being in regions where *the median income is lowest*.

Conclusion: 10%–20% enhancement in real estate values

Based on our research and experience observing the positive effects of transportation improvements elsewhere, we project the Gateway Project will deliver a 10%–20% increase in real estate values in the above areas over and above the rest of the Lower Mainland. In effect, this means these project areas will outperform the others. If the market goes up everywhere, these areas will rise by about 10%–20% more. If real estate values drop, they will drop by 10%–20% less.

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A best-selling author with an investing career spanning over four decades, Don R. Campbell brings a unique perspective to the Canadian real estate market. He has appeared on countless radio stations, national and international television news programs and is one of the nation's most sought after sources for real estate market research and education. With a portfolio nearing 200 properties, Don R. Campbell proves that real estate investing is a realistic option for creating financial certainty. For his latest insights, you can check him out on Twitter - www.twitter.com/DonRCampbell

