THE GATEWAY EFFECT

The Impact of Transportation Improvements on Housing Values in the Lower Mainland and Fraser Valley

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EXECUTIVE SUMMARY AND REPORT HIGHLIGHTS

- The Gateway project 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 Lower Mainland values drop, these will drop by 10%–20% less.
- With four new transportation arteries being constructed, real estate prices in the Maple Ridge/Pitt Meadows area will benefit the most from improved transportation linkages.
- Other regions expected to benefit significantly from transportation improvements are, in descending order, (2) North Langley/Fort Langley/Abbotsford and (3) Port Moody/Coquitlam.
- Secondary benefits will be delivered to (4) Surrey/Delta, (5) Mission/Chilliwack, and properties located along (6) the Canada Line Rapid Transit Line.
- 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 metres of stations on the new transportation lines.
- 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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OVERVIEW TO THE GATEWAY EFFECT REPORT

Since the release of the Gateway Project proposal, there continues to be much discussion around the environmental, economic and social impacts of this transportation project. Throughout, two very important questions have not been addressed, even though the answers will have a direct financial impact on tens of thousands of Lower Mainland residents. These questions are as follows:

1. How will this major transportation project affect residential property values in the Lower Mainland?

2. Which areas will be negatively impacted and which will see a positive effect?

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 as a planning tool. As with our previous reports and books, the goal of this research is not 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 a transportation project of this size, and answer these two key questions from an objective, research-oriented point of view. This will enable readers to see clearly how the proposed Gateway and Translink Projects will affect their personal real estate portfolio today and in the future, allowing them to plan long in advance of the program's completion.

For the purposes of this report, we will be considering the following component projects (both proposed and approved) as part of this Gateway Transportation Program and the South Coast B.C. Transportation Authority:

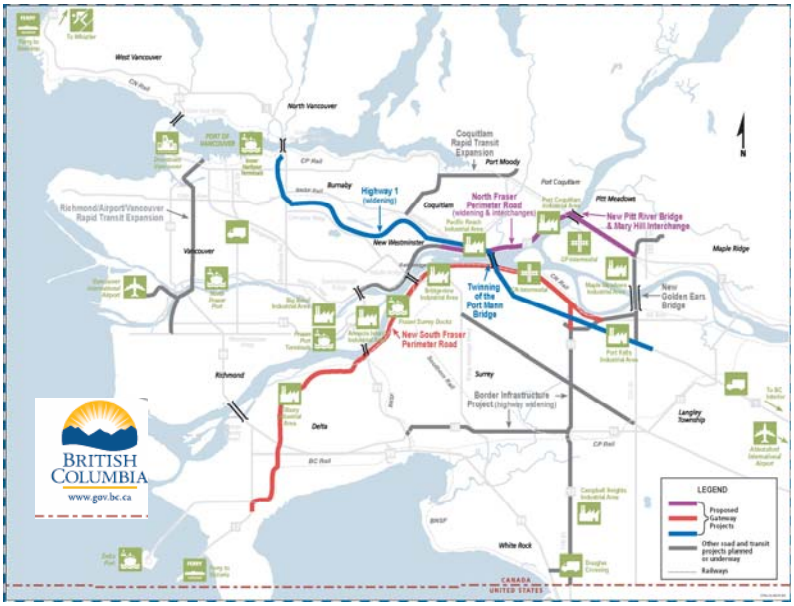
1. **Canada Line Rapid Transit**
   This rail-based rapid transit line is slated to open in November 2009. The 19.5 km line with 16 stations will link central Richmond, the Vancouver International Airport, and Vancouver along the Cambie corridor to central Broadway, the downtown business district and Waterfront Station.

2. **Evergreen Line Rapid Transit**
   Rail-based Rapid Transit Line will feature twelve stations spread over 11 kilometres, linking neighbourhoods between Coquitlam, Port Moody and Lougheed city centres, and connecting with buses, SkyTrain, West Coast Express and points beyond. Expected to be completed in 2014, it is anticipated to be "fast tracked" after recent infrastructure spending announcement by the Federal and Provincial Governments.

3. **UBC Rapid Transit**
   This recently announced transportation improvement project will run from the existing Broadway Station to the University of BC and is slated for completion by 2020. At time of press, station locations have yet to be determined.

4. **RapidBus**
   In the Lower Mainland there will be seven different lines of faster high efficiency buses with dedicated traffic lanes. Proposed areas for Metro Vancouver include: Highway 1 between Langley and Lougheed; Hastings Street between Simon Fraser University and downtown Vancouver; 41st to UBC; Highway 99 from White Rock to Richmond; King George Highway

from Surrey Centre to White Rock; Fraser Highway from Langley to the extension of the Expo line in Surrey; and Highway 7 in Coquitlam across the Golden Ears Bridge.



5. South Fraser Perimeter Rd

The South Fraser Perimeter Road Project is a $1 billion component that is part of British Columbia's Gateway Program and the Government of Canada's Asia-Pacific Gateway and Corridor Initiative. Construction has begun on this new, 40 km, four-lane, 80 km/h route along the south side of the Fraser River, extending from Deltaport Way in southwest Delta to 176th Street and the Golden Ears Bridge connector road in North Surrey/Langley. It will link current port facilities, rail yards and industrial areas to Highways 1, 91 and 99.

6. New North Fraser Perimeter Road

The North Fraser Perimeter Road is a set of proposed improvements to existing roads along the north shore of the Fraser River, designed to provide an efficient, continuous route between the Queensborough Bridge in New Westminster and the new Golden Ears Bridge in Maple Ridge/Pitt Meadows.

7. Port Mann Super Bridge

The original proposal was the twinning of the Port Mann Bridge. In 2009, the project has morphed into a single $3 billion dollar tolled, 10-lane span bridge with improvements to 37 km of Highway 1 on either side, with a completion date of 2013. The Project includes HOV lanes, transit and commercial vehicle priority access to highway on-ramps, and cycling lanes. As well, the proposed new Port Mann Bridge will be built to accommodate light rail transit in the future.

Artist's rendering Port Mann Bridge. Source: Province of BC

8. Expansion and widening of HOV lanes on Highway #1

As part of the Port Mann Bridge project, 37 kilometres of Highway 1 from McGill Street in Vancouver to 216th Street in Langley will be widened and have improved access and egress points.

9. **New Pitt River Bridge and Maryhill Bypass**
   The Pitt River Bridge and Maryhill Interchange Project includes a new bridge to replace the existing swing bridges and an interchange to replace the existing Lougheed Highway and Maryhill Bypass intersection. The project is a standalone component of the North Fraser Perimeter Road Project and is expected to complete in 2009. The existing swing bridge will be removed in 2010.

10. **Golden Ears Bridge Construction**
    This is a new Fraser River crossing between Maple Ridge and Langley, connecting to both the North Perimeter Road on the north shore with Highway 1 and the South Perimeter Road on the south shore. Anticpated completion is June 2009.

Golden Ears Bridge. Source: www.translink.bc.ca

Although these projects are in various states of completion and planning, we will assume for the purposes of this report that they will be completed as proposed. If the details of the Gateway Program or Translink Projects change, this report's findings will be updated to reflect the adjustments.

Peer-Reviewed Studies on Transportation and Real Estate Values

Underpinning our analysis is a synopsis 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 the Lower Mainland as the Gateway Project is initiated and completed.

BACKGROUND: Greater Vancouver and the Fraser Valley

According to the B.C. government, the population of the Lower Mainland has increased by 750,000 in the past twenty years and is anticipated to exceed three million by 2021. At the same time, the number of vehicles on the road is rising faster than the population - 20,000 cars a year. The volume of goods moving through the Port of Vancouver is expected to quadruple in fourteen years. These increases have not been met by improvements to transportation infrastructure at the same rate; in fact, there have been few significant improvements since EXPO '86. The average price of a home in Vancouver is now over $500,000. To qualify for this average price, a purchaser will require an annual income of over $100,000.

These high real estate prices are due 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 our current transportation infrastructure 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 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.

This is not an issue of urban sprawl. 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 continuing deterioration of our local airshed due to the increase in idling vehicles, both personal and commercial.
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.

This report deals strictly with #5: the demand for real estate.

DIRECT EFFECTS OF TRANSPORTATION IMPROVEMENTS ON REAL ESTATE VALUES

Distance is Now Measured in Minutes, Not Kilometres

Over the past sixteen 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[1].

Golden Ears Bridge Jan. 29, 2009. Source: www.translink.bc.ca

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; 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

South of the Fraser River. Source: http://www.gatewayprogram.bc.ca

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[2].

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.

This focus on time and accessibility has been confirmed in studies conducted in major urban regions, whether the access improvements have been new rail transit or new highway expansion. We'll deal with the light-rail portion of the Translink Project first.

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

2 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.

IMPACT OF LIGHT RAIL TRANSIT ON RESIDENTIAL PROPERTY PRICES

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[3].

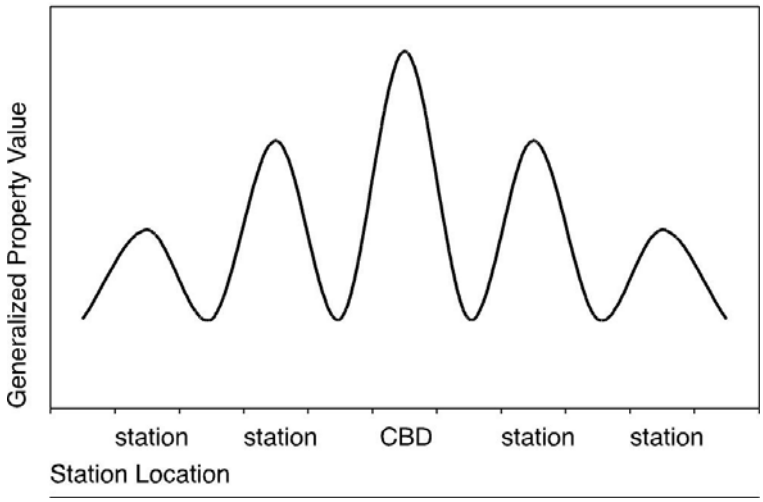
Studies show that there appears to be a higher positive impact on property values located near commuter railway stations over light and heavy railway. The positive effects of proximity to rail transit, however, were limited to homes located within a one-half mile radius of stations. Even announcements 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[4], 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[5].

Figure 1. Peaks and Valleys of Property Values at Rail Stations in relation to the CBD



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

3 Diaz, R. (n.d.) *Impacts of Rail Transit On Property Values*. Downloaded on April 10, 2006 from www.apta.com/research/info/briefings/documents/diaz.pdf.

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

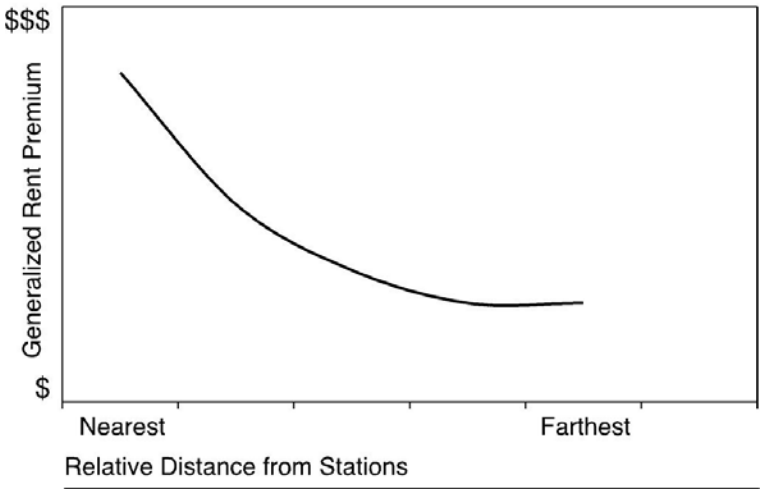
5 Fejarang, R. A. (1994). *Impact on Property Values: A Study of the Los Angeles Metro Rail,* Transportation Research Board, 13th Annual Meeting, Washington, D.C.

10% more per square foot than other one-bedroom units in similar neighbourhoods[6]. 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.

Overall, studies have found that rent decreased by approximately 2.5% for every one-tenth of a mile distance from the station[7].

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

Figure 2. Residential Rental Premium versus Distance from Commuter Rail 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[9]. 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.

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[10]. 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[11]. 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.

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 Greater Vancouver's Canada and Evergreen lines with a significant degree of accuracy.

6 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.*

7 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.

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

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

10 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.

11 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.

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[12].

The design of rail stations has an impact on crime, nuisance behaviour and fear of crime. Stations designed with these issues in mind can mitigate them using clear sightlines, proper lighting, appropriate landscaping and well designed pathways.

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[13]. 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[14].

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

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

14 Ibid.

IMPACT OF HIGHWAY/BRIDGE CONSTRUCTION, EXPANSION AND IMPROVEMENT ON PROPERTY PRICES

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 are improved, the value of real estate in the area increases[15].

North of the Fraser River. Source: http://www.gatewayprogram.bc.ca

The Gateway Project's main purpose is the expansion or creation of major highway arterial routes, and to ease the crossing of the Fraser River. These massive changes in traffic patterns will directly affect property demand and subsequent values across the Lower Mainland.

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[16]. 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[17]. 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[18]. In fact, one study showed that values did not reach pre-construction levels until *five years* after construction was completed[19].

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[20]. This is a significant and permanent lift in values. In fact,

15 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.

16 Giuliano, G. (1989). "New Directions for Understanding Transportation and Land Use" in *Environment and Planning* A21, pp. 145-159.

17 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.

17 ten Siethoff, ibid.

18 ibid.

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

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

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)[21].

Surprisingly, the main difference between the rapid transit findings and the highway findings is the impact of the noise factor from operating highways. The value increases on 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 level[22]. However, counter-intuitively, houses with highway noise were not found to take any longer to sell than those farther removed.

Artist's Rendering, South of the Fraser River. Source: http://www.gatewayprogram.bc.ca

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[23].
- 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 is key.

Overall, the completion or expansion of major arterial highways has a significant positive impact on accessibility and, therefore, property values.

21 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.

22 Palmquist, R. (1980). Ibid.

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

EFFECT ON PROPERTY VALUES: PRIMARY IMPACTS

Which Regions Will Experience a Positive Impact?

There will be some very clear winners and some potential losers in the property-value equation once the Gateway Project is completed. The impact will be felt across the Lower Mainland and into the Fraser Valley. 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 eight economic fundamentals, of which transportation is only one (albeit a very important one). Our focus in this report is to eliminate the other seven fundamentals and 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 and Fraser Valley, 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 competed, 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 expansion of the HOV lane on Highway 1, 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. RapidBus, with a direct route to the Guildford area in Surrey, will also make this a more attractive area in which to live.

#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 slated for completion in 2011 will encompass 12 stations over an 11 kilometre track that links Coquitlam, Port Moody and Burnaby.

SECONDARY-IMPACT REGIONS

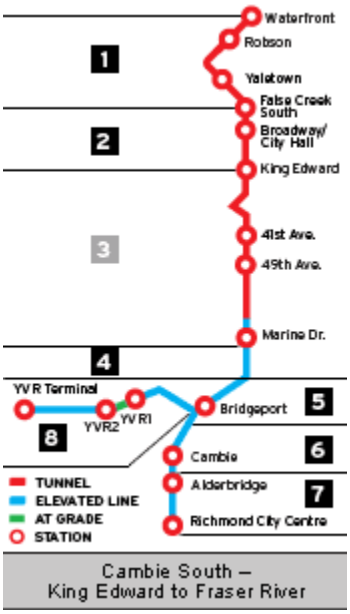
#4 Surrey & Delta

The completion of the South Fraser Perimeter Road and the new Port Mann Super Bridge will help to alleviate the traffic issues now facing the Surrey and Delta regions, moving much of the commercial truck traffic off the city's arterial streets. 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 Patullo Bridge and the George Massey Tunnel, both of which will continue to act as constraints on demand. The station locations have yet to be determined for the proposed six kilometre extension of the Expo Line along 104th Avenue. The new extention is slated to run down 152nd Street to Fraser Highway and terminate at 168th Street. The extension of the Expo Line will result in higher property values for homes located near the new stations. Commercial properties will also benefit from the increased accessibilty provided by the proposed RapidBus service between Langley, the future Guildford SkyTrain station and eventual stops beyond.

#5 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 RapidBus expansion out to Langley that will connect with the extension of the Expo Sky Train Line in Surrey will bring the Fraser Valley closer to the Lower Mainland by providing alternative and faster transportation options. 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.

#6 Canada Line Rapid Transit (Vancouver, Richmond)



Source : http://www.translink.bc.ca

Real estate prices are already at a premium in the areas around the Canada Line project. However, properties will still be affected in a long-term positive fashion by the implementation of 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. Three future stations have been announced, which investors and property owners should be aware of and watch for updated information. These stations are: 33rd Ave. station south of the King Edward station and near Queen Elizabeth Park; 57th Ave. station south of 49th Ave; Capstan Way between Bridgeport and Aberdeen stations; and a third YVR station located east of the terminal.

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 and Fraser Valley. In effect, this means these Gateway 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.

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

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Top BC Investment Towns

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Based on Key Economic Fundamentals

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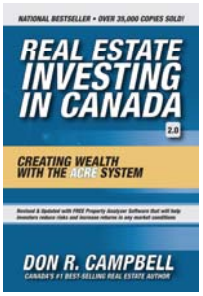

Don R. Campbell

President, Real Estate Investment Network

Don R. Campbell is a Vancouver-based national real estate educator, researcher, author and investor. He is president of the Real Estate Investment Network™, Canada's leading real estate education program, and is an authority on all aspects of Canadian real estate. Back in 1985, Don made his first investment into residential real estate and hasn't looked back since, amassing a significant portfolio of investment properties.

Don is also author of the best-selling Canadian real estate book *Real Estate Investing in Canada***.** Published in May 2005, *Real Estate Investing in Canada* has just been updated to "Version 2.0" and with over 50,000 copies sold, it is the all-time best-selling real estate book in Canadian history. He is also the author of *97 Tips for Canadian Real Estate Investors*, released in April 2006 and 51 Success Stories from Canadian Real Estate Investors, released in 2007. He is highly sought by national, regional and local media to provide expert opinions on current topics and trends in real estate.

Don shares his analyses and strategies through the Real Estate Investment Network (REIN) and entertaining and informative presentations have been attended by thousands of real estate investors across North America and in Australia and Ireland. Based on his continuing factual research and personal contact with investors in most Canadian markets, Don can speak in detail on any market across Canada and is not afraid to talk frankly about where the market is headed. His company's research and systems have been developed and continuously refined over the last seventeen years and are based solely on proven Canadian strategies that work in today's market environment.

Melanie Tennant

Research Analyst, Real Estate Investment Network

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 Calgary, Edmonton and Greater Toronto; 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.