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Landcor's database includes:

- BC Assessment data on 1.82 million properties;
- sales transactions data for BC, including prices updated weekly; and
- geographic location data used in custom reports.

## 2010 Olympics and transportation infrastructure

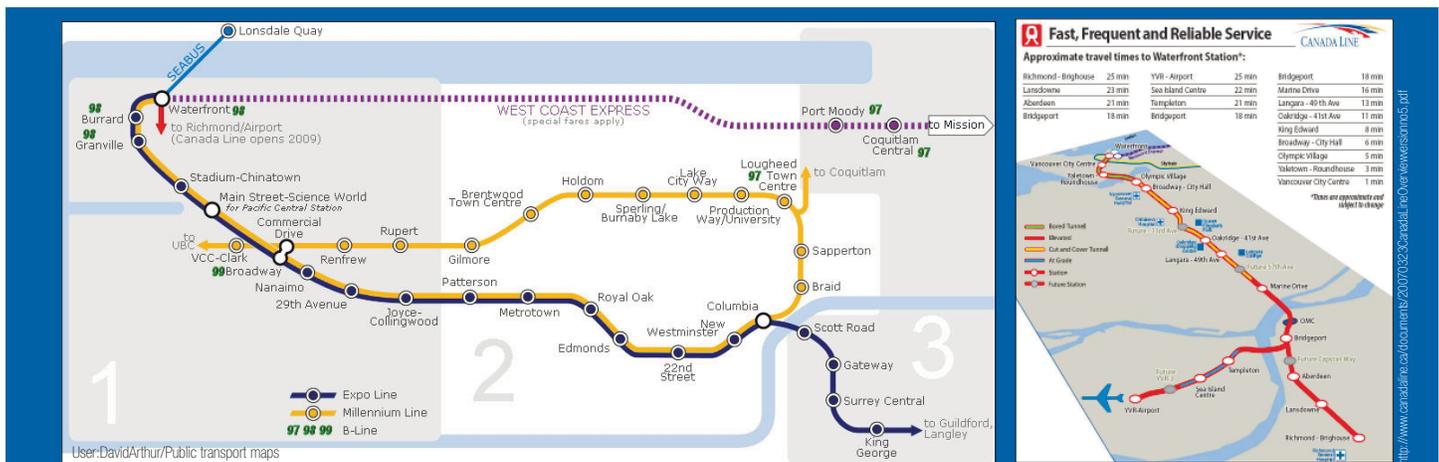
When Metro Vancouver and Whistler welcome the world to the 2010 Winter Games, how might new rapid transit infrastructure spur residential real estate activity when it comes to construction and prices?

In this report, Landcor Data Corporation shares its findings about residential real estate market activity that resulted from the expansion of rapid transit infrastructure from Expo 86. These findings can be applied to the

The Canada Line had been studied and debated for more than 30 years, but was specifically accelerated to be completed in time for the 2010 Winter Games. Its long term impact will be substantial. Expo 86, another international event held in Vancouver also involved new rapid transit infrastructure, the Expo Line, the first phase of the SkyTrain rapid transit system. This event provides a historical example to measure residential real estate market activity resulting from new transit infrastructure.

looked at the number of residential units – detached, attached and apartments – built within 500 metres of Expo Line stations between 1975 and 2007, based on the year built. We also examined residential and vacant land sales prices to see how development demand influenced the value of land in these station areas. We chose this time period to provide a sufficient historical snapshot from which to gauge activity.

Of the 20 Expo Line stations, we excluded the 4 downtown Vancouver stations from our analysis: Waterfront, Burrard, Granville,



infrastructure to be completed in time for the 2010 Winter Games to identify areas of opportunity and barriers to real estate growth.

Our primary focus is on the Canada Line, which runs from Vancouver to the Vancouver International Airport and Richmond. A secondary focus is on the impact the 2010 Winter Games announcement had on residential construction activity and sales prices in Squamish.<sup>1</sup>

The Expo Line initially ran from the Waterfront Station in downtown Vancouver to the Columbia Station in New Westminister. Three subsequent extensions expanded the route to the King George Station in Surrey, for a total of 20 stations by 1994.

### Centre stage: we have the data

To measure the performance of residential real estate market activity around Expo Line stations. We used Landcor's proprietary database. Specifically, we

and Stadium, because downtown residential real estate activity is typically driven by factors other than the presence of a rapid transit station. These include lifestyle decisions to live downtown and zoning policy changes to bring more residents downtown. For the purposes of this report we examined activity around the remaining 16 stations located in Vancouver, Burnaby, New Westminister and Surrey.

**Setting records? What did we find?**

We found that overall the Expo Line generated:

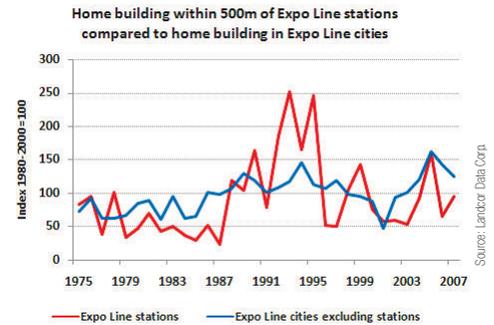
- more residential construction within 500 metres of Expo Line stations; and
- higher prices for vacant residential land in the same areas.

We also found that these housing market conditions were more likely to occur when supportive local land use planning decisions and favourable market conditions also existed.

When we examined the effect on Squamish of the announcement that Vancouver and Whistler had won the bid to host the 2010 Winter Games, we found that residential construction activity and home prices significantly increased.

**The data speaks – residential construction**

When we look at residential construction occurring around the Expo Line, noticeable phases are apparent. We began with a ten-year period, 1975-1985, as a comparison to show activity before the Expo Line, which was completed in 1985. We then reviewed real estate development within 500 meters of the Expo Line in the period 1986-1996. During this time, the rate of residential construction around Expo stations varied. Most stations saw an increase in residential market, although there were exceptions.



In the ten year period, 1997-2007, a second building resurgence occurred but at a reduced pace. This was likely the result of areas around stations being built out and achieving maximum density, as well as competition from newer Millennium Line stations, particularly around the Brentwood and Lougheed Mall areas.

**City performance – the spotlight**

**Burnaby - a great performance**

The Expo Line had a strong impact on Burnaby's Edmonds, Metrotown, and Patterson station areas during 1986-1996. Residential construction activity within 500 metres of stations was higher than for the rest of Burnaby, accounting for 25.2% of total Burnaby building activity, an increase from 13.2% in 1975-1985. Edmonds and Royal Oak stations dominated building activity in the 1997 to 2007 period.

**Residential Properties by Year Built Within 500m Radius of Burnaby Expo Line Stations**

Station	1975-1985		1986-1996		1997-2007	
	Number	% ch.	Number	% ch.	Number	% ch.
Edmonds	221		1,137	+414	1,196	+5
Metrotown	206		550	+167	223	-59
Patterson	738		1,232	+67	270	-78
Royal Oak	410		281	-31	507	+80
Share of City , %	13.2		25.2	+91	16.6	-34

Source: Landcor Data Corp.

**New Westminster - gaining momentum**

Residential construction activity around the Columbia and New Westminster stations outperformed the rest of the City. Expo Line station activity accounted for 33.7% of New Westminster's total new residential construction during 1986-1996, compared to 28.3% in 1975-1985.

**Residential Properties by Year Built Within 500m Radius of New Westminster Expo Line Stations**

Station	1975-85		1986-96		1997-07	
	Number	% ch.	Number	% ch.	Number	% ch.
22nd Street	25		37	+48	39	+5
Columbia	480		449	-6	234	-48
New Westminster	185		1,378	+644	510	-63
Share of City , %	28.3		33.7	+19	21.1	-37

Source: Landcor Data Corp.

**Surrey - mixed reviews**

The 1994 Expo Line extension to the King George Station prompted the beginning of the Gateway and Surrey Central station area developments in the Whalley area. Activity was low around stations in the 1997-2007 period. In the first half of that 10-year period, market conditions in Whalley were weak, with low construction levels, few sales, and until 2002, no price increases occurred. High density residential developments typically found around rapid transit stations were a new housing form for the Whalley area which was previously an established single family neighbourhood. Market acceptance was delayed as a result. Stations in this area also suffered from urban problems including higher crime rates and illegal street activities.

**Residential Properties by Year Built Within 500m Radius of Surrey Expo Line Stations**

Station	1975-1985		1986-1996		1997-2007	
	Number	% ch.	Number	% ch.	Number	% ch.
Gateway	41		293	+615	257	-12
King George	138		31	-78	24	-23
Scott Road	12		32	+167	3	-91
Surrey Central	233		129	-45	69	-46
Share of City , %	1.8		1.3	-28	1.2	-8

Source: Landcor Data Corp.

Activity in Surrey rebounded between 2002-2007 as a result of improving market conditions, including low interest rates and high employment and income growth.

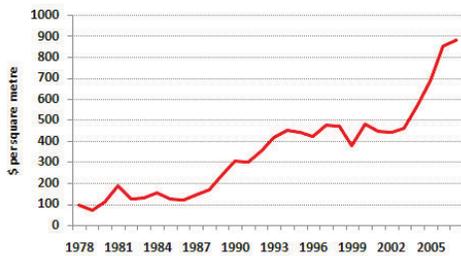
**Vancouver - some records set**

The Joyce station area has led residential construction activity and accounted for more than one-half of total residential construction activity among all Vancouver stations we studied. The Main station saw moderate gains, while the Broadway station saw declines. Little residential construction activity materialized around the 29th Avenue and the Nanaimo stations.

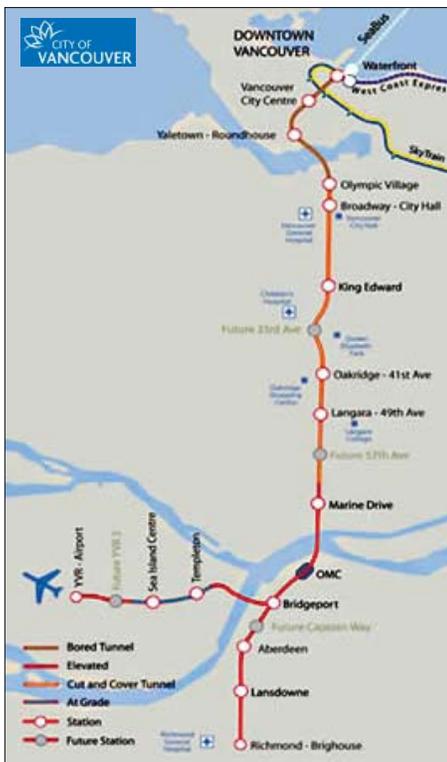
**The data speaks – prices**

In the 10 year period following the completion of the Expo Line, home prices increased at the same rate as the overall housing market. However, between 1986-1996 vacant land prices near Expo Line stations increased 251% compared to 133% for overall housing prices. Between 1986 and 2007, vacant land prices increased 628% compared to 352% for housing prices overall in Expo Line cities. This reflects the increasing scarcity of vacant land due to the accelerated construction activity.

**Vacant land prices within 500m of Expo Line stations**



Source: Landcor Data Corp.



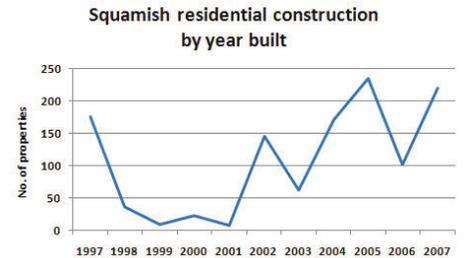
**Residential Properties by Year Built Within 500m Radius of Vancouver\* Expo Line Stations**

Station	1975-1985		1986-1996		1997-2007	
	Number		Number	% ch.	Number	% ch.
29th Avenue	139		224	+61	113	-50
Broadway	359		281	-22	170	-40
Joyce	120		1,211	+909	1,158	-4
Main	2		471	+23,000	356	-24
Nanaimo	141		134	-5	103	-23
Share of City, %	3.6		6.1	+69	4.7	-23

Source: Landcor Data Corp. \* Excludes downtown stations

**Ready, set Squamish & the announcement**

Following the July 2003 announcement that Vancouver and Whistler had won the bid to host the 2010 Winter Games, new residential construction investment took off, soaring 177% in 2004 to 172 units and another 37% in 2005 to 236 units.



Source: Landcor Data Corp.

Median sales prices of homes also accelerated. In May 2003, the median sales price for a home was \$177,000 and soared 63% to \$290,000 in September 2003 before falling back to \$215,000 by November 2003. Following this spike, prices climbed 14% higher in 2005 to \$312,300 and then again by 18% to \$369,500 in 2007.

**2010 Winter Games announcement effect on Squamish homes sales prices**



Source: Landcor Data Corp.

While favourable market conditions played a role, the bid win focused new attention on Squamish as a recipient of positive spin-offs from the 2010 Winter Games, as a more viable bedroom community of Vancouver, and as a year-round outdoor destination.

**Lessons learned**

Along the Expo Line, why did development occur around some stations and not around others?

Land use planning decisions play a key role in shaping neighbourhoods adjacent to transit stations. Where zoning allows for high density development, residential activity occurs at a brisk pace. We can see this at Vancouver's Joyce station, at Burnaby's Metrotown, Patterson and Edmonds stations, and at the New Westminster station.

A major factor affecting Vancouver's 29th Avenue station and the Nanaimo station is that the Expo Line followed the old Inter-urban line through the settled single family neighbourhoods making high density rezoning and redevelopment more difficult than in former industrial areas.

**Do market conditions play a role?**

The 1986 completion of the Expo Line coincided with the beginning of an upturn in the economy and the housing market. Interest rates began to decrease while job and population growth started an upswing. Market timing could not have been better for development activity around Expo Line stations. (See table on Page 4)

**2010 Winter Games – what can we expect?**

New transportation infrastructure becoming available:

- the Canada Line, linking Vancouver with the Vancouver International Airport and with the City of Richmond for a total of 9 stations in Vancouver; 5 in Richmond; and 4 at YVR with future station additions in Vancouver, Richmond and YVR; and
- major upgrades to the Sea-to-Sky highway connecting Vancouver and Whistler.

Based on our measurement of residential real estate market activity around Expo Line Stations, we can expect similar results for Canada Line Stations. Some stations will have significant residential activity while others will see more minimal levels. It will depend on local government land use planning decisions and market conditions.

The City of Vancouver is planning for higher density mixed-use, pedestrian friendly development surrounding Canada Line stations in what it calls “Transit-Oriented

Development”, or TOD. Detailed planning studies are underway with a goal of supporting higher density while respecting neighbourhood character. So far, the only zoning change has been at Pacific Centre involving retail use.<sup>2</sup> While Vancouver City Council has adopted the EcoDensity Charter, a document which proposes ways to achieve higher density, there have been no residential zoning changes around Canada Line stations. Planning is underway for future development possibilities including the area around the Marine Drive station, known as the Marpole Industrial and Station area.<sup>3</sup>

The City of Richmond sees the Canada Line as a long-term investment and has responded by planning for transit-oriented, high-density urban villages that are complete communities where residents will live, work and play at three of five stations – Capstan, Lansdowne, and Richmond-Brighouse.

For example, to maximize benefits, at one site adjacent to the Capstan Station, a redevelopment project will involve

approximately 14 acres and possibly 10 residential towers with multiple amenities. Another example, to the west of the Lansdowne Station will serve the nearby Oval Gateway Village which involves approximately 300 acres which is planned to be a complete community, green, economically viable and eventually home to more than 30,000 residents. The Casino (Bridgeport) station and the Aberdeen station are planned as industrial and commercial reserves and will not have residential because of airport noise considerations.

**Summary – the race is on**

Expectations are high that new infrastructure – the Canada Line – will have a positive impact on residential real estate market activity. Where there are supportive land use and zoning decisions, the winners circle will include new construction and prices increases along the transit corridor.

For an historical perspective, we used Landcor Data Corporation’s proprietary database to examine residential market activity along the Expo Line. We found there was increased development along this transit corridor, noting that supportive planning decisions played a significant role. We also found that market conditions played a role in determining the timing and amount of new residential investment. The announcement of the bid win combined with favourable market conditions has helped propel the Squamish residential real estate market.

The 2010 Winter Games present opportunities for local governments to see a substantial return on infrastructure investment by leveraging supportive planning decisions around Canada Line stations. If this occurs, the long-term impact will be significant.

**Selected Market Indicators**

	5-year mortgage rate	Prime lending rate	B.C. job growth rate	GVRD Population growth rate	Residential construction cost, % change
1980	14.5	14.3	6.6	3.0	n.a-
1981	18.4	19.3	4.2	1.6	n.a.-
1982	18.0	15.8	-5.0	1.5	-4.8
1983	13.2	11.2	-0.7	1.9	-0.4
1984	13.6	12.1	0.0	2.3	1.5
1985	12.1	10.6	2.3	2.0	-1.6
1986	11.2	10.5	4.2	2.1	3.4
1987	11.2	9.5	3.8	2.3	4.5
1988	11.6	10.8	4.1	2.9	7.0
1989	12.1	13.3	5.1	3.1	11.7
1990	13.4	14.1	3.4	2.7	1.6
1991	11.1	10.1	1.1	2.5	4.3
1992	9.5	7.5	2.5	3.2	5.9
1993	8.8	6.0	3.1	2.7	6.1
1994	9.5	6.8	4.5	3.0	2.4
1995	9.2	8.6	2.4	3.0	-2.0
1996	7.9	6.2	1.7	3.0	-3.0

Source: Bank of Canada, Statistics Canada, BC STATS.

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1 David Baxter has already authored an extensive CMHC report, The Impact of the 2010 Winter Olympic Games on the Vancouver and Sea-to-Sky Housing Markets. <http://www.cmhc-schl.gc.ca/odpub/pdf/65293.pdf>  
 2 Chris Robertson, Senior Planner, City of Vancouver Transit office, <http://vancouver.ca/engsvcs/transport/rto/canadalinestationplanning.htm>  
 3 City of Vancouver, Marpole Industrial and Station Area Planning, <http://vancouver.ca/commsvcs/planning/marpolegateway> and <http://www.canadalineline.ca/about/Overview.asp>