Proximity to a Commuter Train Station: What is the Impact on the Price of Nearby Single-Family Homes?

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HIGHLIGHTS:

- Single-family homes around Mont-Royal station topped the list of the most expensive properties with nearby train stations, with a median price of $1,120,000 from January 1, 2015, to October 31, 2018.

- In general, the price of properties near a commuter train station increases as the distance to the downtown core decreases.

- Saint-Jérôme station was the least expensive train station to live by among all commuter train lines, with a median price of $190,179 for single-family homes that changed hands between January 1, 2015, and October 31, 2018.

- Three of the stations in the top 10 stations with the lowest median price within a 0 to 1,500-metre radius were end-of-line stations (Saint-Jérôme, Mascouche and Deux-Montagnes).

In economics, the location rent represents the additional amount that individuals are willing to pay when purchasing a property, in order to be nearby certain services (schools, grocery stores, etc.). For example, in the specific context of public transit, many buyers are willing to pay an additional premium on the price of a home to be close to a commuter-train or metro station[1]. Moreover, in a previous JLR study, we found that the price of properties near metro stations was, on average, higher than those of more remote properties, all other things being equal. In the present study, the median prices of single-family homes near each of the commuter rail stations in the Montreal metropolitan area were compared, and a brief analysis of the impact of proximity was conducted.

Analyzing the impact of proximity to commuter rail stations is different than analyzing metro stations, due to the specific nature of some peripheral areas, as compared to more central areas of Montreal. Some travellers access the terminals on foot, but many take a bus or car to get to their train station, as demonstrated by the extensive parking lots at almost every station. In general, people who choose to move off the Island of Montreal (or far from central areas) are more dependent on cars, since they have fewer options in terms of public transit. Knowing that they are more likely to own a car, the benefit of being within walking distance to the train station may be less significant then.

This study was conducted on single-family homes (individual, semi-detached and row houses) sold between January 1, 2015, and October 31, 2018, that are located no farther than 7 km from the nearest train station[2]. To eliminate non-representative data, single-family homes were required to meet several criteria related to selling price, living space, and type of sale in order to be included in the sample (see appendix). All of the prices used were converted in 2018 dollars to reflect price changes resulting from inflation. Details on the methodology adopted are set out in the appendix.

To measure the impact of proximity to train stations, the median price of properties within a 1.5-km radius around the station (area of interest) was compared to that of homes outside this radius (1.5 km to 7 km), or the "control zone". The radius of interest represents a walking distance of approximately 20 minutes (maximum) between a property and the station associated with it. The control zone represents the area in which the station can influence price, but where means of transportation other than walking are required.

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TOP 10

When comparing the median prices of properties nearby various train stations, it comes as no surprise that the closer you get to the Island of Montreal, especially the centre of the Island, the higher the prices. Indeed, nine out of the ten most expensive stations to live nearby were on the Island of Montreal. The tenth position went to the station in Saint-Lambert, a city known for its high housing prices. At the top of the list were the Mont-Royal (1st place) and Canora (3rd place) stations, both located in one of the most affluent neighbourhoods on the Island of Montreal (the Canora Station is actually on the border of the municipality of Mont-Royal, but most of the nearby properties are in the Town of Mount-Royal). Vendôme Station (2nd place), is very close to Westmount and right next to the McGill University Health Centre. A complete list of the median prices within each of the two zones, for all stations in the network, is attached in the appendix.

Table 1 : Top 10 Stations with the highest median price in a radius of 0 to 1,500 metres in dollars 2018

Station	Median Price (0–1,500 m)	Median Price (1,500–7,000 m**)	Variation (interest control)
Mont-Royal*	$1,120,000	$605,475	+98%
Vendôme*	$1,113,107	$772,500	+44%
Canora*	$953,990	$1,117,350	-15%
Beaurepaire*	$574,713	$462,600	+24%
Bois-Franc*	$574,605	$683,620	-28%
Montreal West*	$565,683	$570,540	-16%
Baie-d'Urfé*	$565,000	$420,069	+35%
Bois-de-Boulogne*	$547,000	-	-
Parc*	$538,200	$575,680	-7%
Saint-Lambert	$517,500	$325,000	+59%

- There were not enough transactions in this area during the period analyzed to obtain significant statistics.

The last column in Table 1 shows the percentage difference between the median property prices within the area of interest (column 2) and the property prices within the control zone (column 3).

At the other end of the spectrum, none of the ten stations with the lowest median prices within the 0 to 1,500-metre radius were located on the Island of Montreal. In addition, three of the stations on this list were end-of-line stations (Saint-Jérôme, Mascouche and Deux-Montagnes).

Table 2: Top 10 stations with the lowest median price within 0 to 1,500 metres in dollars 2018

Station	Median Price (0–1,500 m)	Median Price (1,500–7,000 m**)	Variation (interest control)
Saint-Jérôme	$190,179	$234,914	-19%
Grand-Moulin	$206,948	$257,000	-19%
Sainte-Thérèse	$243,636	$307,384	-21%
Repentigny	$245,295	$267,030	-8%
Dorion	$246,417	$272,314	-10%
Delson	$249,900	$292,980	-15%
Pincourt-Terrasse-Vaudreuil	$250,000	$295,000	-15%
Mascouche	$251,352	$274,482	-8%
Deux-Montagnes	$253,538	$268,458	-6%
Ile-Perrot	$261,410	$307,317	-15%

ADDED VALUE ANALYSIS

First, the ordinary least squares method (statistical regression) was used to assess the added value attributable to proximity to a train station. Unfortunately, the results were not unequivocal, making it difficult to draw statistically significant conclusions regarding the effect that proximity to a station had on the prices of neighbouring homes. For example, when comparing properties within a 0-500-metre radius from stations to those 1,500 to 7,000 metres away, depending on the station, it was impossible to conclude that proximity had a statistically significant effect on property prices. On the other hand, the effect of proximity within a radius of 500–1,000 meters and 1,000–1,500 meters was significant and always appeared to be greater within those areas than in the first 500-metre zone. These results highlight the negative effects of being too close to a train station, especially due to the noise and reverberations caused by train traffic. All in all, the effects were more diffuse as distance increased, and this is most probably due to the fact that people often drive to stations. While having a train station near your home may be an advantage, the benefit of being able to walk there is probably less significant than for metro stations.

In that context, the price differentials between areas of interest and control zones are interesting because they provide some insight regarding the possible effect of proximity on house prices. However, caution must be exercised about the drawing conclusions from these ratios. The variations calculated sometimes overestimate or underestimate the unique effect of proximity on property prices, since no control variables were introduced to keep factors that could influence the price of a property constant such as the construction year, the area in which the property is located, its physical characteristics, nearby services, etc.

*Stations located on the Island of Montreal
**Maximum distance may vary from station to station depending on the proximity to another station. Stations that are very close to one another had smaller control zones to prevent them from overlapping.

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CONCLUSION

Based on the results presented above, the impact of proximity on the price of properties near train stations may differ significantly between stations. Proximity to a train stations can be broken down into several factors that may have an opposite effect on the price of nearby homes. For one, train traffic causes noise and environmental pollution (reverberations), which can negatively affect the price of homes that are located close to the train stations. Finally, the fact that many users depend on their cars for their daily activities, including driving to the station, makes the impact of proximity to a station on property prices more diffuse.

While the construction of the new Réseau Express Métropolitain (REM) will not interfere (extensively) with metro services, it is a different story for the commuter rail network, or at least for specific lines. Ultimately, the Deux-Montagnes line will be completely replaced by the REM. Until it is fully replaced, two sections of the Deux-Montagnes line will be successively closed (the Gare Central – Du Ruisseau section, from January 2020 until the end of 2021 and then the Du Ruisseau – Deux-Montagnes segment will be closed from 2022 until the REM becomes fully operational in 2023)[3]. In addition, several residents near stations that are slated to be replaced by REM stations are concerned that the substantial increase in the number of daily trips (from 60 trips with the commuter train to over 500 with the REM) will impact their quality of life[4]. If these fears persist or prove to be true, it could impact property prices near the stations in question.

As for the Mascouche line, starting in 2020, it will end at Ahuntsic station instead of ending at the Gare Centrale. Although alternative measures have already been suggested by public transit companies in the Greater Montreal, this work will result in several inconveniences for regular users of the line.

However, in spite of these concerns, the REM will ultimately become a synonym of new transportation options for residents of Brossard and surrounding cities on the South Shore of Montreal, as well as for several residents in Montreal's West Island and L'Île-des-Sœurs, who will benefit from the arrival of this light-rail transit line. Properties in the vicinity of these new stations will most likely see an increase in house's value due to proximity to the REM, once the system becomes operational. Similarly, it is possible that some of the effects of proximity may begin to be reflected in the price of these homes as soon as construction on these future stations gets underway or is announced. Once the REM is completed and in service, it will be interesting to see how the face of residential and even commercial real estate will have changed in the municipalities that will be served by this new system.

BIBLIOGRAPHY

[1] Dubé et al. (2009) "Measuring the Impact of Public Transit on Single-family Residential Values"

[2] In some cases, when the stations are close to one another, the maximum radius around each is less than seven kilometres. This is the case, for example, of the Vaudreuil-Hudson line's train station in Montréal's West Island, which is very closely interspersed.
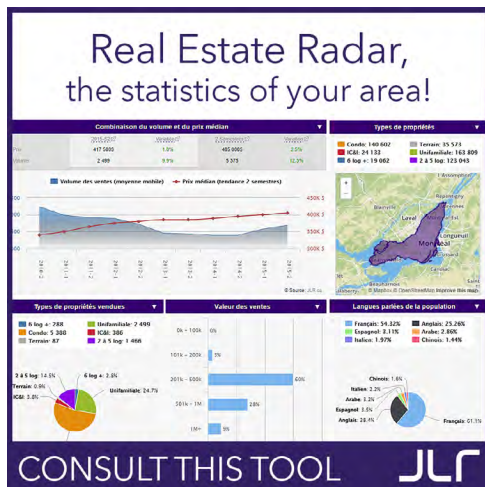
[3] Réseau express métropolitain, Calendrier des travaux. Consulted on 11/26/2018.

[4] Bisson B. "REM to Mont-Royal: l'impasse perdue (Stalemate Persists)," La Presse (online). Consulted on 11/27/2018

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Appendix

The Ahuntsic, Bois-de-Boulogne, Chabanel, Dorval, Pine Beach, Sainte-Anne-de-Bellevue and Saint-Bruno stations were excluded from this study because there were less than 30 observations in either of the two zones (area of interest or control zone). Stations were classified according to the respective routes for each line heading towards Montreal. All prices were stated in 2018 dollars. **Maximum distance (control zone) may vary from station to station depending on the proximity to other stations. Stations that are very close to one another had smaller control zones to prevent them from overlapping.

Source: http://local.fiatlux.tk/montreal/transports/plan-reseau-amt-2070x1080.jpg

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SAINT-JÉRÔME LINE

Station	Median Price (0–1,500 m)	Median Price (1,500–7,000 m)	Variation (interest control)
Saint-Jérôme	$190,179	$234,914	-19%
Blainville	$291,952	$330,525	-12%
Sainte-Thérèse	$243,636	$307,384	-21%
Rosemère	$382,950	$360,000	+6%
Sainte-Rose	$343,546	$306,025	+12%
Vimont	$325,440	$332,044	-2%
De la Concorde	$331,200	$313,540	+6%
Bois-de-Boulogne	$547,000	-	-
Chabanel	-	-	-
Parc	$538,200	$575,680	-7%
Montreal West	$565,683	$570,540	-1%
Vendôme*	$1,113,107	$772,500	+44%

VAUDREUIL-HUDSON LINE

Station	Median Price (0–1,500 m)	Median Price (1,500-7,000m)	Variation (interest control)
Hudson	$373,748	$420,000	-11%
Vaudreuil	$308,400	$319,390	-3%
Dorion	$246,417	$272,314	-10%
Pincourt-Terrasse-Vaudreuil	$250,000	$295,000	-15%
Ile-Perrot	$261,410	$307,317	-15%
Sainte-Anne de Bellevue	-	-	-
Baie-d'Urfé	$565,000	$420,069	+35%
Beaurepaire	$574,713	$462,600	+24%
Beaconsfield	$489,328	$422,000	+16%
Cedar Park	$447,300	$384,426	+16%
Pointe-Claire	$389,500	$377,307	+3%
Valois	$365,000	$378,152	-3%
Pine Beach	-	-	-
Dorval	-	-	-
Lachine	$450,225	$370,530	+22%
Montreal West*	$565,683	$570,540	-1%
Vendôme*	$1,113,107	$772,500	+44%

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MONT-SAINT-HILAIRE LINE

Station	Median Price (0–1,500 m)	Median Price (1,500–7,000 m)	Variation (interest control)
Mont-Saint-Hilaire	$351,383	$300,150	+17%
McMasterville	$261,998	$294,975	-11%
Saint-Basile-le-Grand	$351,729	$360,000	-2%
Saint-Bruno	-	-	-
Longueuil–Saint-Hubert	$279,051	$292,980	-5%
Saint-Lambert	$517,500	$325,000	+59%

CANDIAC LINE

Station	Median Price (0–1,500 m)	Median Price (1,500–7,000 m)	Variation (interest contrd)
Candiac	$400,000	$353,662	+13%
Delson	$249,900	$292,980	-15%
Saint-Constant	$280,000	$270,135	+4%
Sainte-Catherine	$315,433	$254,250	+24%
LaSalle	$405,000	$428,490	-5%
Du Canal	$300,015	$351,475	-15%
Montreal West*	$565,683	$570,540	-1%
Vendôme*	$1,113,107	$772,500	+44%

MASCOUCHE LINE

Station	Median Price (0-1,500m)	Median Price (1,500-7,000m)	Variation (interest control)
Mascouche	$251,352	$274,482	-8%
Terrebonne	$369,880	$315,690	+17%
Repentigny	$245,295	$267,030	-8%
Pointe-aux-Trembles	$272,778	$285,360	-4%
Rivière-des-Prairies	$349,520	$286,794	+22%
Anjou	$404,766	$359,800	+12%
Saint-Léonard–Montreal-Nord	$340,300	$364,005	-7%
Saint-Léonard–Montreal-Nord	$320,000	$342,810	-7%
Sauvé	$505,316	$516,465	-2%
Ahuntsic	-	-	-
Mont-Royal	$1,200,000	$605,475	+98%
Canora	$953,990	$1,117,350	-15%

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Station	Median Price (0-1,500m)	Median Price (1,500-7,000m)	Variation (interest control)
Deux-Montagnes	$253,538	$268,458	-6%
Grand-Moulin	$206,948	$257,000	-19%
Sainte-Dorothée	$395,780	$320,000	+24%
Ile-Bigras	$429,423	$326,457	+32%
Roxboro-Pierrefonds	$345,780	$438,956	-21%
Sunnybrooke	$346,725	$411,885	-16%
Bois-Franc	$574,605	$683,620	-16%
Du Ruisseau	$407,295	$456,300	-11%
Montpellier	$433,463	$470,925	-8%
Mont-Royal	$1,200,000	$605,475	+98%
Canora	$953,990	$1,117,350	-15%

METHODOLOGY

The analyses in this document were based on sales statistics from the acts compiled by JLR from the Quebec Land Register. The base sample included all single-family homes that changed hands between January 1, 2015, and October 31, 2018, and that were not classified as a tied selling, foreclosure, undivided, or multiple sales and were located a maximum of 7 km from the nearest identified train station (as the crow flies). Homes with sales prices below $80,000 or above $10,000,000, or with surface areas below 20 m^2 (215 sq. ft.) or above 700 m^2 (7,500 sq. ft.) were removed from the sample. Finally, only properties with a price-surface area ratio between $800/$m^2$ ($74/sq. ft.) and $20,000/$m^2$ ($1858/sq. ft.) were retained.

Prior to calculating the median prices within each zone for each station, the sales price of transactions that were recorded between 2015 and 2017 inclusively were all reported in 2018 dollars. These adjustments were made taking only total inflation into account (that is, the general and sustained rise in the price of goods and services over time) and not inflation specific to the real estate sector. However, in recent years, the variation in median house prices has followed inflation closely in the Montreal CMA.

Finally, the Gare Centrale and Lucien-l 'Allier stations were excluded from our analyses since they are terminal stations.

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