

Walkability and Property Values

Walkability can be defined as the measure of an address's accessibility and relative comfort, in terms of walking. On the Centris.ca website, a Walk Score® rating is provided for each property that is for sale, in order to provide a measure relating to car dependency.

The QFREB is interested in the link between Walk Score® ratings and the price of properties sold through the Centris® system in the Montréal, Québec City and Gatineau Census Metropolitan Areas (CMAs).

A hedonic model was used to isolate the effect of the Walk Score® rating from all other factors¹ that affect property values², including property size, land area, number of rooms, presence of a garage, views offered by the property, distance to downtown, etc.

About Walk Score®

Walk Score® is an organization that measures the walkability of any address, based on walking distances to several amenities that are divided into 13 categories, including supermarkets and food stores, coffee shops, movie theaters, parks, book stores, pharmacies, restaurants, bars, schools, libraries, gyms, hardware stores, as well as clothing and music stores.

The closer a property is to these amenities, the higher number of points it receives. The highest points are awarded when the destinations being considered are less than a five-minute walk (< 400 meters). In contrast, no points are awarded when the destination is more than a 30-minute walk (>2.5 km). A rating between 0 and 100 is therefore assigned to every address. The higher the rating, the less dependent residents are on their car. Here's how the company describes the different ratings:

Walk Score®	Description
90 to 100	Walker's Paradise Daily errands do not require a car
70 to 89	Very Walkable Most errands can be accomplished on foot
50 to 69	Somewhat walkable Some errands can be accomplished on foot
25 to 49	Car-Dependent Most errands require a car
0 to 25	Car-Dependent Almost all errands require a car

A rating between 0 and 100 is assigned to every address. The higher the rating, the less dependent residents are on their car.

¹ The concept of "all other things being equal" is applied to enable us to measure the impact of the variation of a single variable (in this case, the Walk Score® rating) on property prices, and disregard all other variations in features.

² Single-family homes and condominiums were analyzed independently.

The Walk Score® company also offers a Bike Score, which is a rating of cycling accessibility. It is mainly calculated by measuring access to bike paths, reserved bike lanes, hills and accessible destinations. However, this rating is not displayed in the Centris® system. Finally, the company also provides a Transit Score, which calculates a score for a specific point based on the usefulness of nearby public transit routes. Usefulness is defined as the distance to the nearest stop on the route, the frequency of the route and the type of route. In Québec, a Transit Score is only available for some areas of Montréal and Québec City for the time being.

In all three CMAs, the average Walk Score® rating is higher for condominiums than for single-family homes. This is not surprising since condos are usually located in areas of higher density and where zoning regulations allow for a mixed use of the territory.

Here is a summary of the Walk Score® ratings for the three CMAs we examined, by property category:

	Single-family homes			Condominiums		
	Montréal	Québec City	Gatineau	Montréal	Québec City	Gatineau
Median	43	32	32	70	58	45
Average	42	32	33	65	56	45

The descriptive statistics show that in all three CMAs, the average Walk Score® rating is higher for condominiums than for single-family homes. This is not surprising since condos are usually located in areas of higher density and where zoning regulations allow for a mixed use of the territory. The data also show that, geographically, properties sold in the Montréal CMA have the highest Walk Score® rating.

The impact of a Walk Score® rating on the price of single-family homes

A high Walk Score® rating has a positive and statistically significant impact on single-family home prices in the three CMAs we analyzed. In the Montréal CMA, each additional Walk Score® point increases a home's price by an average of 0.07 per cent, while in the Gatineau CMA, each additional point results in an average increase of 0.03 per cent. However, it is in the Québec City CMA that the Walk Score® rating has the biggest impact on property prices: every additional Walk Score® point increases a home's price by an average of 0.17 per cent.

The following diagram illustrates the value attributed to a difference of 50 Walk Score® points for a single-family home of \$250,000, with all other things being equal.

Montréal



• Walk Score® 25
• Price: \$250,000



• Walk Score® 75
• Price: \$258,714

Québec City



• Walk Score® 25
• Price: \$250,000



• Walk Score® 75
• Price: \$271,591

Gatineau



• Walk Score® 25
• Price: \$250,000



• Walk Score® 75
• Price: \$254,053

According to the model, a 50-point difference in Walk Score® rating on the price of two homes valued at \$250,000, which otherwise have identical features, resulted in an increase of \$8,714 in the Montréal CMA, \$21,591 in the Québec City CMA and \$4,053 in the Gatineau CMA.

Although the positive effect of a higher Walk Score® rating was consistent with our expectations, its rather small impact in the Montréal CMA was surprising. However, the smaller influence of the Walk Score® rating in the Montréal CMA may be explained by the fact that subway stations are not considered walking destinations by the Walk Score® company since, by definition, they would be included in the Transit Score. However, Montrealers value the ability to walk to a subway or commuter train station, and neighboring properties are generally more expensive. If subway stations were taken into consideration, the properties would have been allocated a higher Walk Score® rating. In the model used, the more expensive properties that are located on the outskirts of metro stations may have been incorrectly estimated, which explains the suspected downward bias.

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The impact of a Walk Score® rating on the price of condominiums

The impact of a high Walk Score® rating is greater in the Montréal area than in the Québec City area, with respective price increases of 0.21 per cent and 0.11 per cent per additional Walk Score® point. In the Gatineau CMA, the Walk Score® rating proved to have no significant impact on condominium prices.

The following diagram illustrates the value attributed to a difference of 50 Walk Score® points for a condominium of \$200,000, with *all other things being equal*, for the two CMAs where the impact was significant:

Montréal



•Walk Score® 25
•Price: \$200,000



•Walk Score® 75
•Price: \$220,558

Québec City



•Walk Score® 25
•Price: \$200,000



•Walk Score® 75
•Price: \$211,358

The model suggests that the 50-point difference on two condominiums valued at \$200,000 that would otherwise be identical is \$20,558 for the Montréal CMA and \$11,358 for the Québec City CMA.

The model suggests that the 50-point difference on two condominiums valued at \$200,000 that would otherwise be identical is \$20,558 for the Montréal CMA and \$11,358 for the Québec City CMA. The impact is therefore greater in the Montréal CMA, which can possibly be due to the more difficult access to a parking spot in the Montréal area. Despite this, the fact remains that proximity to a subway station is not taken into account in the Walk Score® rating, and this remains a gap.

Inhabitants may consider not owning a car

Although nearly 87 per cent³ of Québec households own at least one vehicle⁴, this proportion has remained stable since 2011 despite a growing population and a rather favorable economic context. The province's larger cities have urban development plans that, at the expense of the automobile, encourage inhabitants to use active transportation (walking and cycling) and public transportation. It is therefore plausible to believe that buyers will increasingly look for properties that allow them to reduce their dependence on cars, and that the value of a high Walk Score® rating will continue to have a positive impact on property prices.

³ Source: Statistics Canada, 2013 data.

⁴ Long-term rentals are included. A vehicle includes a car, small truck or van.

If you have any questions or comments about the content of this article, please contact us by email at: stats@fcic.ca.

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