

CUR'S GTHA Urban Digest

"Promoting Better Urban Policy through Economic Understanding"

Issue 2022-01

May 18, 2022

Most GTA Residents Preferred but Also Said They Lived in a Location Efficient Community: 2014 Pembina/RBC Survey

By: Frank Clayton, Ph.D.

A 2014 report from the Pembina Institute/RBC ("Pembina Report") examined homebuyers' preferences for home location attributes in the Greater Toronto Area ("GTA").¹ An oft-repeated finding is:

GTA homebuyers prefer walkable, transit-friendly neighbourhoods to car-dependent locations

When housing costs are not a factor, 81% of respondents would choose to live in an urban or suburban neighbourhood where they can walk to stores, restaurants, and other amenities, and where they can access frequent rapid transit. They would choose these neighbourhoods even if it meant trading a large house and yard for a modest house, townhouse or condo.

When released, the report generated widespread interest, and it still gets cited.²

Except for an appraisal in a 2016 CUR paper,³ there has been little critical examination of this finding and its implications.

The survey methodology

The report was based on 1,014 responses from a sample survey conducted by Environics Research Group:

- The respondents were adults 18 years of age and over;
- The respondents included individuals who are renting or owning a home or living with parents;
- The respondents were not actual or likely homebuyers though the report frequently refers to them as homebuyers; and
- The respondents were self-selected so not based on a probability sample – because of this, an estimate of sampling error could not be calculated.

-
1. Cherise Burda (2014). "2014 Home Location Preference Survey: Understanding Where GTA Residents Prefer to Live and Commute." The Pembina Institute and Royal Bank of Canada (RBC) [Online]. Available: <https://www.pembina.org/reports/2014-home-location-preference-survey.pdf>. 3. For brevity we call this the "Pembina Report".
 2. For example, Todd Litman (2021). "Where We Want to Be: Home Location Preferences and Their Implications for Smart Growth." Victoria Transport Policy Institute. [Online]. Available: <https://www.vtpi.org/sgcp.pdf>, 19.
 3. Frank Clayton (2016). "Will GTA Homebuyers Really Give Up Ground-Related Homes For Apartments?" Centre for Urban Research and Land Development. [Online] Available: https://www.ryerson.ca/content/dam/centre-urban-research-land-development/pdfs/Projects/CUR%20Report_Will%20GTA%20homebuyers%20give%20up%20ground-related%20houses%20for%20apartments.pdf, 19

This publication provides a commentary on what we are reading about the performance of economies and real estate markets. Feel free to pass this issue to your colleagues and let us know your reactions to our observations.

Here is the basis for the Pembina Report's conclusion that 81% of respondents would prefer a location-efficient community

The responses to question 8 of a survey conducted by Pembina provided the basis for the report’s conclusion that homebuyers would prefer a location-efficient community even if it meant trading a larger house for a modest house, townhouse, or condo. Question 8 gave the respondents the description of three communities and asked them, given equal affordability, to choose one.

8. Imagine for a moment that you are moving to another home. Of the following three options, please select the location where you would prefer to live if the cost of housing in each was equally affordable to you.

Option A		Option B		Option C	
2012	2014	2012	2014	2012	2014
18%	19%	39%	42%	42%	39%
Detached home on large private lot		Detached house on a modest lot, townhouse or condo		Condo, townhouse, or modest house on a smaller lot	
Far from the town or city centre; need car to get to most destinations		Suburban location where you can walk or bike to stores and amenities in the local town centre		In a city with easy access to stores and amenities	
Commute to work of more than 30 minutes, with no access to fast transit		Commute to work of more than 30 minutes, but with access to rapid transit such as the GO Train		Commute to work of less than 30 minutes and possible to get to work by bike, walking or transit	

Source: The Pembina Report (2014)

The Pembina Report regarded two community options as 'location-efficient' (Options B and C); 81% of respondents chose these communities over a car-dependent suburb with single-detached housing on large lots (Option A).

Results were almost identical to a more general question about what type of neighbourhood respondents would most like to live in

Respondents in question 6 of the Pembina survey were asked to choose between five possible neighbourhood options they would be most like to live in if the cost of housing was the same. The neighbourhood options were almost identical to those listed in question 8 of the survey.

6. In which of the following locations would you most like to live if the cost of housing was the same in all of them?

2012	2014	
20%	18%	City - downtown with a mix of offices, apartments and shops
30%	31%	City - a more residential neighbourhood
29%	31%	Suburban neighbourhood with a mix of houses, shops and businesses
13%	12%	Suburban neighbourhood with houses only
8%	7%	Rural area where a car is needed to get to amenities

Source: The Pembina Report (2014)

This publication provides a commentary on what we are reading about the performance of economies and real estate markets. Feel free to pass this issue to your colleagues and let us know your reactions to our observations.

Eighty percent of respondents to this question responded with a preference for a city neighbourhood (two options) or a suburban neighbourhood with a mix of houses, shops, and businesses. This combined percentage is almost the same as the number of respondents (81%) who expressed a preference to live in location-efficient communities.

This similarity is not a coincidence. The Pembina Report concluded from the responses to question 6 that: "respondents overwhelmingly prefer walkable, mixed-use neighbourhoods with access to frequent rapid transit, be they in the suburbs or urban residential areas".⁴

It is no big surprise that 81% of respondents not only preferred a location-friendly community but also said they already lived in a location-efficient neighbourhood

In question 5 of the survey, respondents were also asked to describe the type of neighbourhood they currently live in. (The same five types of neighbourhoods as in question 6 were used).

5. Which of the following best describes the location where you currently live?

2012	2014	
13%	12%	City - downtown, with a mix of offices, apartments and shops
28%	33%	City - a more residential neighbourhood
34%	36%	Suburban neighbourhood with a mix of houses, shops and businesses
22%	16%	Suburban neighbourhood with houses only
3%	3%	Rural area where a car is needed to get to amenities

Source: The Pembina Report (2014)

Coincidentally, 81% of the respondents said they already lived in location-efficient neighbourhoods - the two city neighbourhoods or the suburban neighbourhood with a mix of houses, shops, and businesses.

Bottom line

The Pembina Report fails to make the case a large proportion of residents are eagerly awaiting the development of modest houses, townhouses, and condos in location-efficient communities with a mix of uses and frequent rapid transit before moving from their large houses. The weak link in this finding is that most respondents believe they are already living in a location-efficient community.

Consumer surveys are just one tool for assessing the likelihood of residents of largely single-detached house neighbourhoods moving to transit-oriented communities. Meaningful results will require researchers to make clearer the differences between what planners regard as location-efficient communities from the communities that most single-detached housing occupants now live in and the types and sizes of housing in each scenario.

This publication provides a commentary on what we are reading about the performance of economies and real estate markets. Feel free to pass this issue to your colleagues and let us know your reactions to our observations.

It is also important to understand what kinds of housing households are buying or intend to buy since most housing in location-efficient communities are apartments. In this regard, a forthcoming CUR report shows that many homes being sold in the GTA (new and resales combined) and preferred by intended buyers are ground-related (singles, semis and townhouses), particularly single-detached houses.

An alternative to consumer surveys is to apply hedonic pricing analysis to housing sales data to determine the contribution different housing, neighbourhood, environmental and locational attributes make to the sales prices of housing. Applying this approach would allow researchers to statistically assess the value homebuyers place on the main attributes of location-efficient communities compared to attributes of other locations.

This publication provides a commentary on what we are reading about the performance of economies and real estate markets. Feel free to pass this issue to your colleagues and let us know your reactions to our observations.