

Realosophy Neighbourhood Analysis

Prepared for Kirsti and Steve

realosophy
Realty Inc Brokerage

Neighbourhood Analysis

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INTRODUCTION

This analysis focuses on five neighbourhoods with the aim of helping you decide which neighbourhood best suits your needs and has the greatest potential for future appreciation. The neighbourhoods analyzed include:

1. Don Mills
2. Graydon Hall
3. Parkwoods
4. Victoria Village
5. O'Connor Parkview

The neighbourhoods selected reflect the areas you are most interested in based on criteria that is important to you:

- Home prices under \$500,000
- Located in the east end of Toronto
- Feature large number of bungalows
- Good access to highways

In addition, you have indicated a preference for:

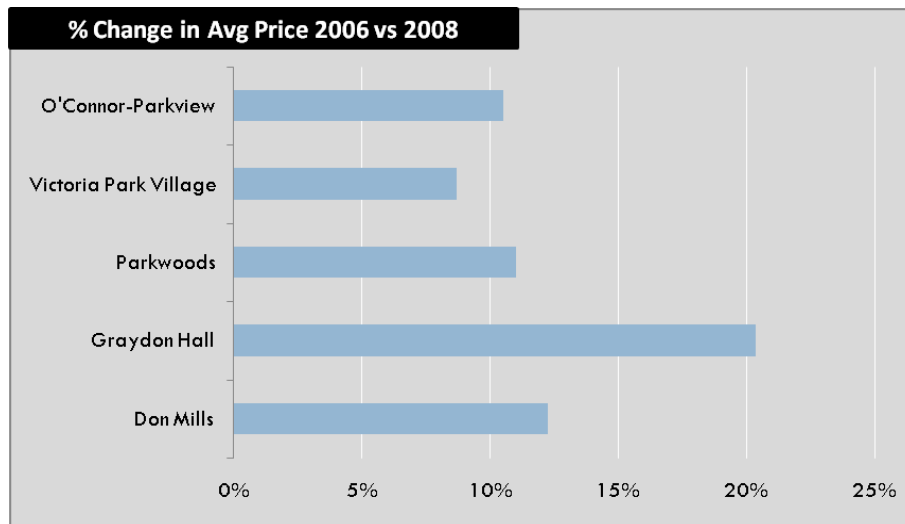
- 3 bedroom bungalows
- Area predominated by detached homes (not apartments or condominiums).

NEIGHBOURHOOD COMPARISON

We have limited this statistical analysis to detached bungalows, your preferred house style, in order to mitigate potential side effects from changes in the housing stock in the neighbourhood that would otherwise skew the change in average prices.

Price Appreciation

The following chart compares the recent appreciation in the value of detached bungalows in each of the five neighbourhoods over the past two years.

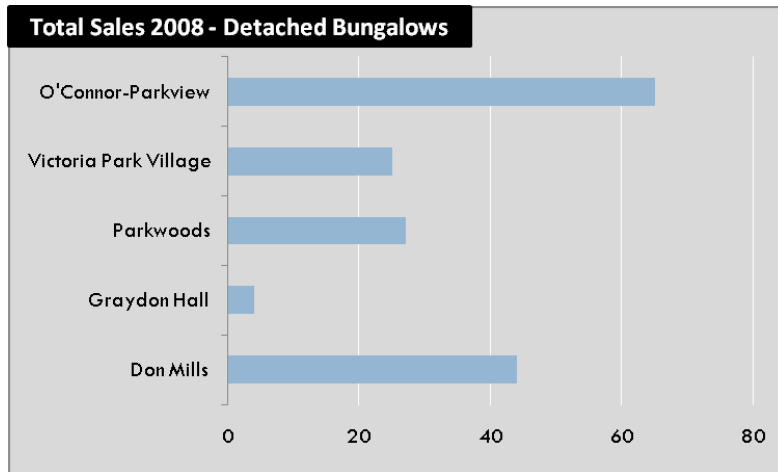


With the exception of Graydon Hall, all the neighbourhoods analyzed experienced roughly a 10% appreciation in value over this two year period. The figures for Graydon Hall are heavily skewed by the small sample size. In both years fewer than eight detached bungalows sold in the Graydon Hall neighbourhood. In the case of Graydon Hall, more high priced bungalows (as opposed to low price counterparts) sold in 2008 than did in 2006.

The price appreciation for all the neighbourhoods analyzed exceeded the Greater Toronto Area's two year price appreciation of 8%.

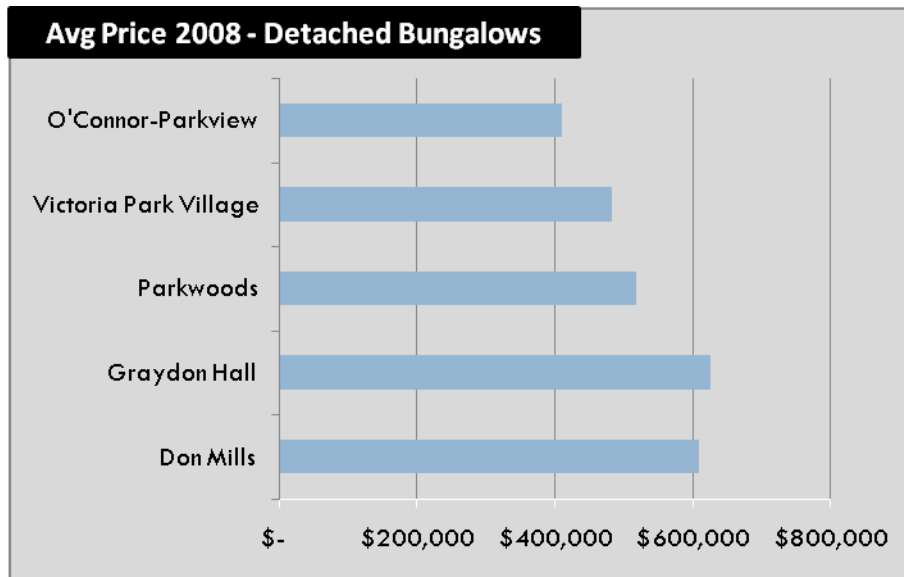
Total Sales

165 bungalows sold in these neighbourhoods in 2008. The following chart shows the total number of detached bungalows sold in each neighbourhood.



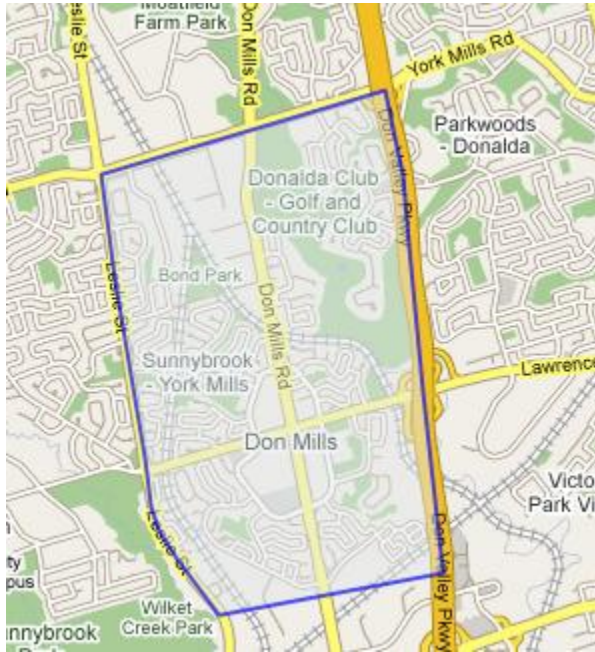
Average Price

The following chart shows the average price for a detached bungalow in each neighbourhood in 2008



NEIGHBOURHOODS

Don Mills



The Don Mills neighbourhood includes the houses that surround the Don Mills Centre at the corner of Don Mills and Lawrence along with the small pocket of homes next to the Donalda Golf and Country Club.

Positive Factors

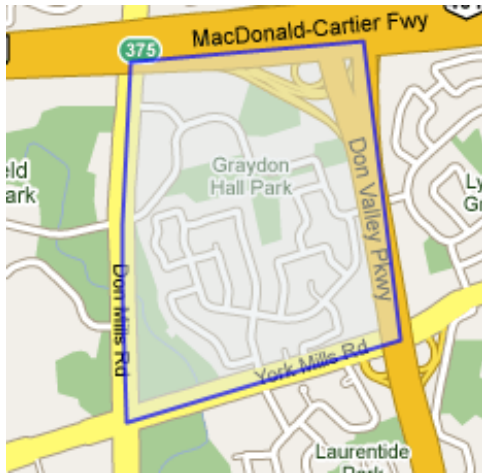
The neighbourhood's proximity to high end neighbourhoods like the Bridle Path and St. Andrew-Windfields make it a particularly attractive option. The redevelopment of high end Don Mills Centre is also a positive development for the neighbourhood.

Limitations

The average price for a detached bungalow in the area is \$607,622. In 2008 only six homes sold for less than \$500,000, your preferred budget. The limited availability of affordable homes may limit your options in this neighbourhood.

Affordable homes that do come on the market in this neighbourhood may have features that may make the houses less desirable to you. Specifically, due to the geographic layout of this neighbourhood, a high percentage of homes either front onto or back onto commercial establishments, industrial units, apartment buildings or train tracks.

Graydon Hall



Graydon Hall is located just north of York Mills road between the Don Valley Parkway and Don Mills road.

Positive Factors

Homes in this neighbourhood have larger frontages than the other areas reviewed. This area is tucked away with no through streets, limiting traffic.

The neighbourhood has great access to both the Don Valley Parkway and Highway 401. The detached bungalows in your price range are among the most affordable homes in the area. Buying the most affordable home in a higher end area generally has a positive impact on the future appreciation of the property.

Limitations

The average price for detached bungalows in the neighbourhood is \$624,500. Very few bungalows come on the market each year and the more affordable ones are usually located on Fenelon Drive or Lochinvar Crescent. Both streets are relatively close to York Mills and/or the Don Valley Parkway. The northern end of the neighbourhood consists of apartments and condominiums which you have indicated is not a desirable feature for you.

Parkwoods



The Parkwoods neighbourhood runs from Lawrence to the 401 and between the Don Valley Parkway to Victoria Park.

Positives

Homes are more affordable here than in the previous two neighbourhoods. As a result there are more homes available in your preferred price range.

The neighbourhood is very accessible to both the Don Valley Parkway and Highway 401.

The area between Cassandra and York Mills is an attractive option due to the pockets of higher priced homes, wooded areas, ravine lots and narrow streets.

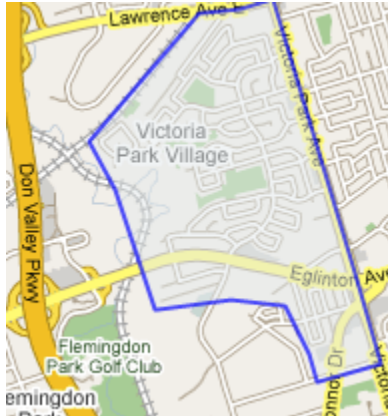
Limitations

The area north of York Mills may be less desirable to you due to the proximity to apartment buildings and the relatively high percentage of homes bordering either the 401 or the DVP.

Future infill development (adding a second storey/building new houses on old lots) in the area south of Cassandra and north of Lawrence will be limited by the fact that there is a high percentage of semi-detached houses in the area. Semi-detached homes are more difficult to develop given the constraint of the attached house. Most infill development occurs in areas with a high percentage of detached bungalows. These properties are affordable for builders to purchase and offer a higher return because they are able to build larger detached homes which often sell for a higher price.

Demographically the area has a higher percentage of empty nesters above the age of 55 who are less likely to invest money to update their homes which may negatively impact future appreciation prospects.

Victoria Park Village



Victoria Park Village is located just west of Victoria Park between Lawrence and Eglinton.

Positives

Houses in this neighbourhood have relatively wide frontages. Most homes are within your preferred price range. There are a high number of homes available for sale each year.

There are virtually no semi-detached homes or town homes, something you indicated is more desirable to you as you would prefer to be in an area predominated by detached houses and prefer bungalows yourself. The neighbourhood has good access to the Don Valley

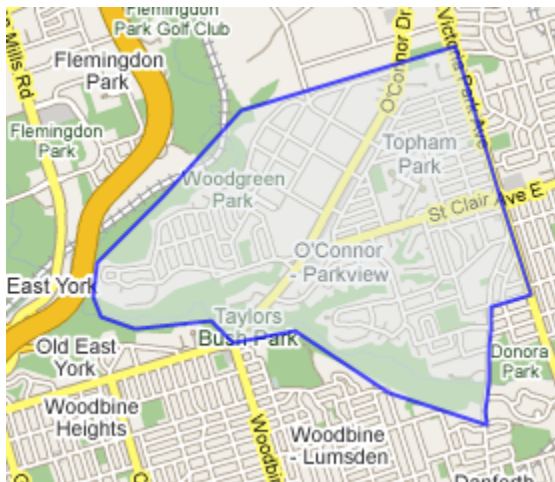
Parkway.

Demographically the neighbourhood is predominantly made up of younger households that are more likely to invest money in their homes, boosting prospects for appreciation.

Limitations

We expect to see little infill development in the near future because there are other more attractive areas in East York and the Don Mills area that still have plenty of inventory for future development. This means that any appreciation in value will likely be due to overall market conditions and minor improvements due to gentrification.

O'Connor Parkview



Based on our previous visits of this neighbourhood, the only area that may be of interest to you would be the smaller Parkview Hills neighbourhood just west of O'Connor.

Positives

This neighbourhood is established with many higher end homes. It is tucked away with no through streets which limits traffic in the neighbourhood. The area has good access to the Don Valley Parkway.

Limitations

The neighbourhood features narrower lots. Two bedroom bungalows are more common with a limited number of affordable three bedroom homes available for sale in Parkview Hills.

CONCLUSIONS

Based on our analysis and taking your personal criteria and preferences into consideration, we offer the following recommendations.

The Don Mills, Graydon Hall, Victoria Village and Parkview Hills neighbourhoods all offer good upside investment potential. The limited availability of homes in Don Mills and Graydon Hall in your price range may make Victoria Village and Parkview Hills (or other East York neighbourhoods) your most realistic options.

The pocket of homes in the Parkwoods neighbourhood between Cassandra and York Mills also offer good value and good upside potential. Outside of that small area in Parkwoods, the neighbourhood offers less upside potential than the other neighbourhoods you are considering making them a less desirable option.

Deciding which neighbourhood is best for you is ultimately a personal decision which will likely involve some compromise. If we compare Parkview Hills to Victoria Village, you may prefer the location and potential for appreciation in Parkview Hills but larger lot sizes may make the houses in Victoria Village a more attractive option.

When deciding which house and neighbourhood is right for you we always advise our clients to be prepared to stay in their home for at least five years. You want to stay in your home long enough to recover the fixed costs associated with buying and selling a home and to see an appreciation in the value of your investment (for more details see our Defensive Home Buying Action Plan).

Good planning will ensure better prospects for appreciation, but no level of appreciation is ever guaranteed and numbers are only half the story. Real estate is an investment unlike any other – while it may make the most financial sense to buy a home with a rental unit, you ultimately need to be comfortable sharing some of your space (and possibly your laundry detergent) with tenants. Whatever real estate investment strategy you choose, make sure you can live comfortably in it.