

Real Estate Counsellors,
Brokers & Valuers

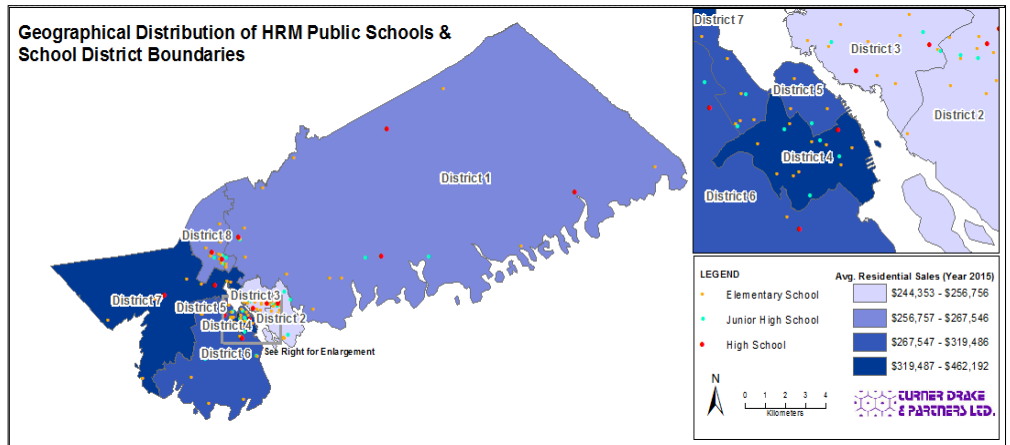
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TRENDS

Subject: Does School Quality Influence Home Values?

Comments: When people purchase a house, a number of factors influence their decisions. The Canadian Real Estate Association’s 2015 annual report found that “quality of school district” was the seventh most important factor influencing which neighbourhood home buyers chose. For parents of school-aged children (age group 35-49), the quality of the school district was the fourth most important factor in deciding where to buy.

In HRM, there is a strong correlation between school district performance and property values. A recent HRM Junior High and High Schools ranking by Yelp.com shows that more than 95% of the top 10 schools are located in the Halifax Peninsula area, which includes school Districts 4 and 5. Average residential property values in the same area also top the list when compared to the rest of the districts in HRM, with \$462,192 in District 4 and \$319,486 in District 5. Generally, it seems that the schools with the highest reviews are often located in higher-cost neighbourhoods, presenting an affordability challenge for many parents. The following map shows the geographical locations for public schools, school district boundaries and average residential sale prices in 2015.



Source: Turner Drake and Partners Ltd. & HRM Regional School Board

The table below shows historic and projected population of children (age < 15) for each HRM school district and the corresponding average residential sale prices for 2010 and 2015. The “best” school district (District 4) will enjoy a moderate population growth for children under age 15 of about 5.3% from 2015. Rural areas, such as Districts 1 and 2, are projected to face major drops in population aged <15 in the next five years, in the range of 8% to 9%. The statistics raise the question: are parents with kids willing to pay a premium to make sure they live in the “right” school districts? And, if so, why the projected decrease in children for District 5?

HRM School District	Population Under Age 15			Average Residential Sale Price	
	2010	2015	2020 (proj.)	2010 (Adjusted to 2015 \$)	2015
1	8,035	8,036	7,317	\$ 290,999	\$ 267,546
2	9,380	9,382	8,575	\$ 253,021	\$ 244,353
3	6,880	6,883	7,062	\$ 252,643	\$ 256,756
4	5,341	5,345	5,628	\$ 447,803	\$ 462,192
5	5,635	5,640	3,370	\$ 303,449	\$ 319,486
6	7,906	7,912	7,770	\$ 265,618	\$ 270,069
7	9,106	9,113	9,208	\$ 376,832	\$ 371,853
8	7,610	7,618	7,077	\$ 252,058	\$ 257,591
Sum	59,893	59,929	56,007	\$ 305,303	\$ 306,231

Source: Environics Analytics, Turner Drake and Partners Ltd.

Population aged 15 under in HRM overall is projected to decrease by 2020, but we expect there will still be a strong consumer demand for good schools, especially in District 4. Demand drives prices higher for limited products like real estate. Although it is difficult to quantify the influence of good schools on residential prices there is a positive correlation between the two.

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