

HOME WATCH

A SERIES ON TRENDS AND STYLES IN HOUSING

VALUE IN BUILDINGS—UNDERSTANDING THE LAYERS OF THE HOME YOU BUY

As a prudent buyer, it is crucial you understand how value is influenced by the six layers of a building. These six layers—Site, Structure, Skin, Services, Space Plan, and Stuff (the furnishings), as illustrated in the diagram below, all impact on value—both in the marketplace and as a real cost.

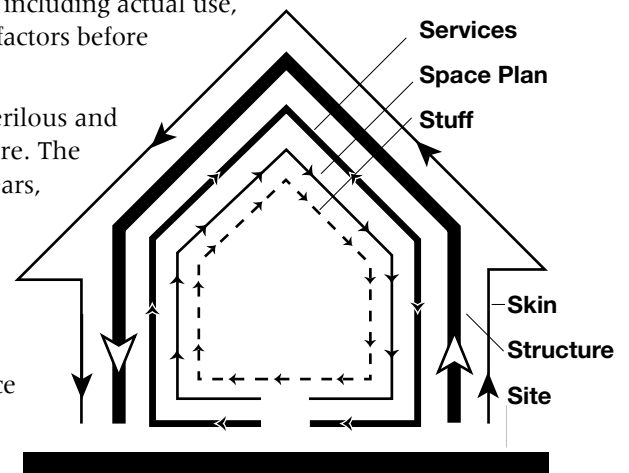
SITE—The site value of a given property is determined by both the physical setting (Location! Location! Location!) and the legal definition of tenure status. The site, whose boundaries and context will outlast the lifespan of a building, is eternal and frequently accounts for a significant portion of real estate cost. With respect to tenure (ownership) status, the values attributed to freehold detached, semi-detached and row dwellings can all vary as they can for condominium, co-operative and co-ownership properties. Furthermore, the market value of a property will vary according to the rights accorded the individual to modify the site's use. City zoning bylaws control what can be built including actual use, height, size, setback and design guidelines. One must weigh these factors before purchase.

STRUCTURE—The foundation and load-bearing elements are perilous and expensive to change, so people generally don't change the structure. The structural life of a building ranges from thirty to three hundred years, but few buildings make it past fifty years because, like other consumer goods, we tend to believe obsolescence is inevitable in our production-oriented, "disposable" economy. Consumers are also limited by cost, requiring building to have a threshold of affordability, and structures built to last longer than fifty years are cost-prohibitive to most buyers. With the evolution and resurgence of mass-produced housing in this century, our concept of shelter has been reduced to a manufacturing programme, far different than our European urban centres, where buildings which are centuries old still stand.

SKIN—This is the face or cover of a structure. With the dramatic changes in both technology and the fashion of housing, exterior surfaces now change every twenty years. Recent attention to the energy efficiency of our homes has led to re-engineered skins that are air-tight and better insulated, with enormous strides in window construction, exterior siding and roof membranes. At the same time, buyer beware, for the recently installed vinyl siding and aluminium fascia on that cute cottage you're looking at may be masking rotting wood underneath. Today, our quick fix approaches to prettying up our exteriors is also being compromised, resulting in a loss of character. Snap-in plastic gingerbread mouldings and e-z-to-install siding may be low-maintenance for awhile, but is no replacement for authentic architectural detail and can fade quickly, making what was once beautifully quaint obtrusively ugly.

SERVICES—These are the working components of a building—electrical and communications wiring, plumbing, sprinkler system, HVAC (heating, ventilating, and air conditioning) and moving parts like elevators. These items generally become obsolete every seven to twenty years. Changes in services in recent history continue to modify buildings, including the arrival of public water services at the turn of the century, public gas and electricity beginning around 1910, cable television in the 1970s and now fibre optic communications. Many buildings are demolished early if outdated systems are not easily accessible, such as embedded water lines in poured concrete slab construction, like those found in many 1960s and 1970s Toronto highrises.

SPACE PLAN—The interior layout, including the location of walls, ceilings and doors can change every ten years, and rarely last more than thirty. Changing lifestyles, household size and standards of living have influenced movements to larger bathrooms and kitchens, open concept living and dining areas, and the



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increasing integration of the home office, all dramatically changing the interior of our dwellings. In fact, demand for fewer large rooms in a less formal setting is influencing the market value of traditional family dwellings, such that I predict a radical shift in housing values as our demographics change (age and household size).

STUFF—Well, we all have possessions in our home that speak volumes about who we are. Sofas, tables, lighting, cabinets, books and clothing all shift around our home environment daily to monthly. And our decor also changes as frequently, since paint and paper are reasonably economical ways to change the home environment. Of course, the dwelling that is perfectly presented will ultimately attract the buyer and perhaps enhance the value of the property but, buyer beware: when the property sells and the furniture goes, the space will look somewhat bleak and show all evident flaws, requiring your own personal stamp. This is why vacant dwellings take longer to sell: it is difficult for buyers to imagine themselves at home with no furnishings to help them visualize how the space may function.

What this means. Each property has a value unique to these six layers. The value of a site, influenced by location and the zoning controls associated with the property and those around it, is critical. Take the time to approach the municipality to see what future growth is planned, since road-widening, parking restrictions or new proposed or pending developments may affect views or increase traffic congestion, all impacting on future value.

Look closely at the structure of the building. A weak structure, undermined by age, dry-rot or insect infestation, can require thousands of dollars to correct. A solid brick house with a slight slope incurred over its hundred-year life span may not seriously diminish value if it appears stable and the property has character qualities difficult to find or replicate. And wood-frame construction is not necessarily worth less than brick if in good shape, since its malleable construction can make certain renovations and additions more cost-effective, such as larger windows or space planning improvements like today's preferred open-concept styling.

When looking at the exterior and services of a dwelling, understand that all elements can have a limited life expectancy unless superior finishes have been used, such as slate roof tiles. Like all condominium Reserve Funds (an excellent hidden value to this housing form if substantial), it's an excellent idea to set aside a monthly allowance towards sudden repairs and future maintenance.

As for the space plan layout, the fashion of housing is constantly changing and, while good design and quality materials can be timeless, it is increasingly common for homeowners to prefer modifying their homes themselves as a means of self-expression. With this in mind, it is important to remember that, when renovating, you should either tailor the renovation to suit your own needs without concern over return on investment or keep it simple so that subsequent owners can adapt it to suit their needs. Frequently, the extent of renovations can depend on how long you plan on staying in your residence.

Why you should call us first!

At Urbaneer, our service includes illustrating how these six layers impact each property's value, ensuring you can make a rational, educated decision when buying your next home. We also encourage you to invest in the services of a reputable home inspection company that is trained to detect potential problems.

To prospective home buyers, we offer one of the most comprehensive understandings of Toronto's real estate market. Not only do we understand the changing dynamics of the Innovative Space market, we also offer expert guidance on the City's 42 "village" neighbourhoods, ranging from The Beach west to High park, and from Harbourfront north to Lawrence Park. With a multi-disciplinary education in the historical development of our City of Neighbourhoods and a Master's degree on Urban Planning, Residential Design and the Psychology of Home, I welcome the opportunity to help make your dream of home a reality.

Whether you seek a renovated or restored character dwelling, a low-maintenance living environment, revenue income-producing property or that unique one-of-a-kind Innovative Space, we are here to help!

Please call us at Urbaneer, A Division of W.H. Bosley & Co. Ltd., Realtor at (416) 322-8000.

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