

Comparison of Toronto Neighbourhoods as Rental Locations

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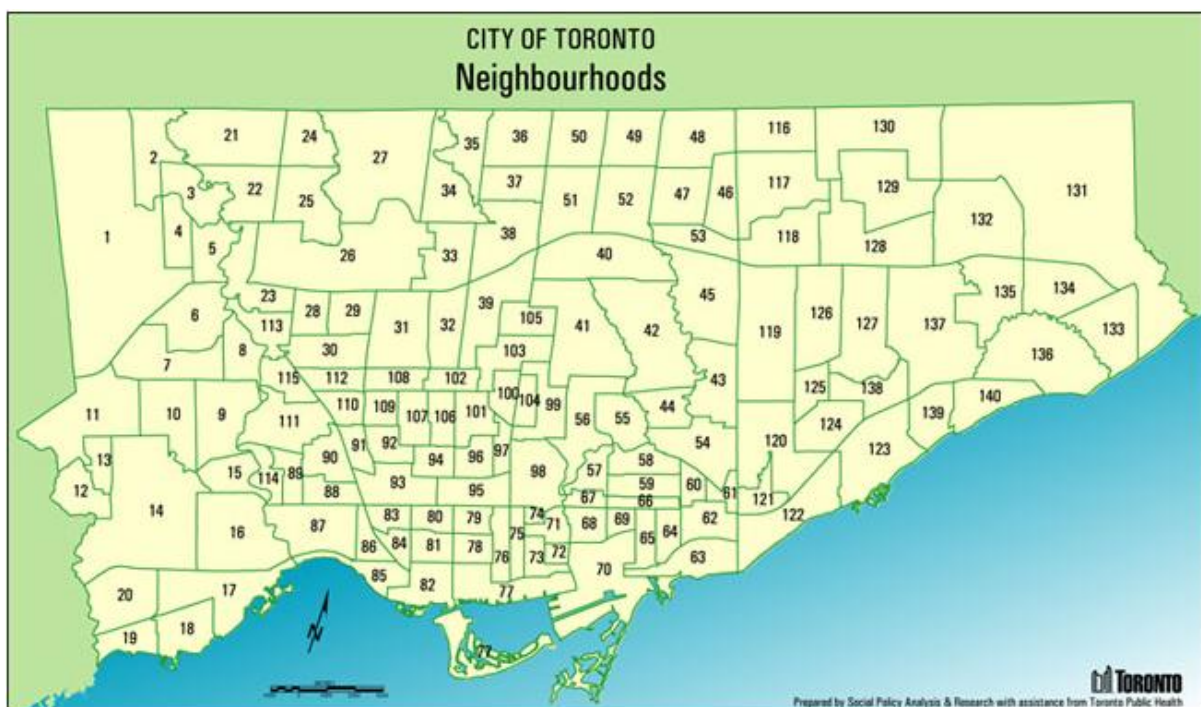
March 14, 2020

1. Introduction

1.1. Background

Toronto is the capital of the Ontario province in Canada and is the most populous city in Canada with a population of over three million residents. It is one of the world's most well-known cosmopolitan cities and is a global hotspot of commerce, finance and arts. Toronto's diverse population continues to boom with a steady influx of immigrants from all over the world. The Greater Toronto Area (GTA), which consists of the central city Toronto and its 25 surrounding suburbs, is the top choice for landing for newly arrived immigrants in Canada.

The cityscape of Toronto consists of 140 officially recognized neighbourhoods, each with its own distinct cultural, demographic and socio-economic profile. For a person or family recently arrived in Toronto, their choice of a neighbourhood to rent a residence in would depend upon several factors, including but not limited to – the distance to their work location, rent affordability, quality of life considerations like availability of good schools, recreational facilities, green spaces, etc., and ethnic and cultural affinities. A profile of each Toronto neighbourhood is available at the City of Toronto's website [here](#).



1.2. Problem

An analysis that a person new to Toronto would find helpful in deciding where to take up a rental apartment in the city might include data like average monthly rent per neighbourhood, the proximity of the apartment to the person's job location, availability of public transport for commuting to work, reasonably close supermarkets, schools, entertainment and recreational venues, the number of available rental properties in the neighbourhoods of interest, and so on. This project aims to present the user with Toronto neighbourhoods with residential apartments/condominiums, clustered on the basis of their distance from the user's work location, and the average monthly rent of a two bedroom apartment in these neighbourhoods.

1.3. Target Audience

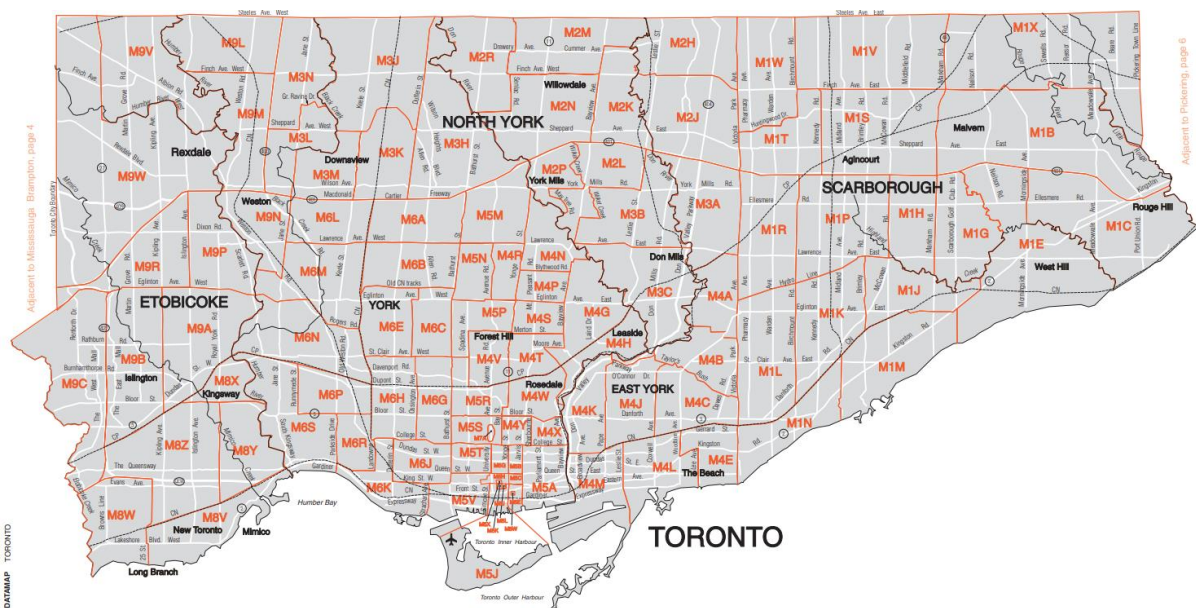
The analysis intends to be of use to people who have recently moved to Toronto for work, know their business/ job location and intend to look for suitable rental accommodation within a certain distance from their work location. The user will be able to find Toronto locations clustered on the basis of distance from work and average monthly rent.

2. Data Sources and Preparation

2.1. Sources

This problem needs to be addressed by using the [Foursquare](#) location database. An examination of the Foursquare documentation for their venues API reveals that venues near a location can be searched by name or by a category search, among other parameters. The details included in the results of an [‘explore’](#) query venue names and location details include street address, cross-street, city, state, country, postal code, latitude and longitude, and distance from search location. The results do not include neighbourhood data, so the project will henceforth use postal codes as a proxy for Toronto neighbourhoods.

Postal codes in Canada are a sequence of six alphanumeric characters, like M5V 1E5, where the first three letters denote the Forward Sortation Area ([FSA](#)) and the next three characters represent location data at a higher granularity like a postal office, street block, etc. All FSAs corresponding to the census sub-division of Toronto start with the letter M.



It's important to note that Toronto FSAs and official neighbourhoods are not the same and do not map one-on-one. Most city statistics available in the public domain are for Toronto's neighbourhoods while the location details available on Foursquare as well as OpenStreetMap (OSM) databases are aligned with postal codes. This presented a major data mapping challenge for this project.

1. A Wikipedia page ([link](#)) listing the 'M' series FSAs associated with Toronto serves as a useful starting point. An official csv download file for the FSAs is also available on this Stats Canada webpage [here](#). I scraped the Wikipedia page into a Python dataset consisting of 103 Toronto FSAs. Next, a file mapping each of these FSA to their location coordinates (latitude and longitude) is available [here](#).
2. The location coordinates for the user's work location can be retrieved from the Foursquare database using the '[search](#)' query. Ubisoft Toronto, a game development firm, was selected as the location for demonstration of the project. Using the latitude and longitude of the Ubisoft Toronto venue received from Foursquare, an explore query was run to retrieve venues of the category 'residential buildings' within a 12 km radius of the office location. The postal codes of 45 of the 100 venues retrieved were missing. Distance from search location was received for all venues.
3. To retrieve the missing postal codes, the nominatim API from Python's geopy package was used. The venue name, address and cross-street data for the residential buildings with missing postal codes were fed to Nominatim and the results received provided postal codes for a further 43 of the 45 venues. Postal codes were now available for 98 residential buildings.
4. The Canada Mortgage and Housing Corporation ([CMHC](#)) maintains the average rent prices for apartments of different configurations by Toronto neighbourhood. The latest relevant [data](#) available for Toronto from October 2019 was scraped into a Python data table.

2.2. Data Cleaning and Preparation

At a broad level, the analysis of neighbourhoods requires two data tables to be joined together:

- i. Table of residential properties within a 12km radius from the selected work location
- ii. Table of average monthly rent prices for a two-bedroom apartment in different parts of Toronto

Table (i) consists of a maximum of 100 results returned by Foursquare location database, with each property's name, address, distance from office, location coordinates and postal code. 45 of the 100 results lacked postal code tagging, so their names and address details were again fed to the Nominatim geocoder service of OpenStreetMap location database to try to plug the gap. With results from Foursquare and OpenStreetMap combined, 98 of the 100 properties had a Toronto FSA code mapped to them. Properties with no postal code mapping were dropped. The 98 remaining properties were tagged with 26 unique FSA codes.

Before feeding data for the 45 properties without postal code tagging to Nominatim, several data cleaning steps were required. While every property had name details, data in address and cross-street fields was often inadequate or missing. The following steps were taken to address this issue:

- Scan the name, address and cross-street fields
- Remove any non-alphanumeric characters from these fields – e.g. '/', '(', '&', etc.

- For each property, the search for an FSA is to be conducted in four passes: name, address, cross-street address, and combined address and cross-street address, in that specific order
- If property name is considered inadequate to return a unique location, e.g. names like '8G' or 'X2', use the street address instead to search for the associated FSA. Thus, '8G' was substituted by the street address '8 Gladstone Avenue' in the search query. The test for adequacy for the name field was that it should not be of a length less than 4 characters
- Where a street address is missing, search by the cross-street for the associated FSA
- If the postal code returned by name is different from that returned by address, retain the former. Similarly, if the postal code returned by address is different from that returned by cross-address, retain the former.

The 43 observations for which a postal code was found were consolidated with the 55 observations for which Foursquare had returned a postal code. All postal codes were trimmed to first 3 characters to yield the underlying FSA code. The 98 observations with postal codes were then joined with the table from Wikipedia mapping each postal code to its location coordinate.

Table (ii), scraped from the CMHC website, consisted of monthly rent information aligned with Toronto's neighbourhoods (not postal codes). This table was cleaned up of extraneous columns and rows and missing values. Thus columns related to bachelor, one-bedroom, three-plus bedroom and 'total' apartments were removed. Rows with missing average monthly rent were removed. A total of 125 observations with average monthly rent were obtained after these steps.

For the required target analysis to be possible, the neighbourhoods in table (ii) had to be tagged to the closest postal code match. The OpenStreetMap location database was used to fetch the postal codes against the neighbourhoods. Before feeding the neighbourhood names into Nominatim API, some cleaning was required. CMHC had in many cases combined adjacent neighbourhoods with a '/' symbol and in other cases, several names were hyphenated. For instance, one observation had the entry 'Woodbine Corridor/Greenwood-Coxwell' as the neighbourhood. Thus, for all neighbourhood entries, names separated by '/' and/or '-' characters were extracted in up to 4 columns and next, from each of these 4 columns, non-alphanumeric characters like '-' and others were removed. This is illustrated in the following image.

	Neighborhood	Average_Rent	Neigh_1	Neigh_2	Neigh_3	Neigh_4
120	Woburn	1375	Woburn	None	None	None
121	Woodbine Corridor/Greenwood-Coxwell	1427	Woodbine Corridor	Greenwood	Coxwell	None
122	Yonge-Eglinton	2035	Yonge	Eglinton	None	None
123	Yonge-St. Clair	2058	Yonge	St Clair	None	None
124	Yorkdale-Glen Park	1426	Yorkdale	Glen Park	None	None

In the next step, postal codes were retrieved for the neighbourhood names in columns Neigh_1 to Neigh_4. Since neighbourhoods don't map exactly to postal codes, it's possible for an observation with aggregated neighbourhood names against a single monthly rent value to be mapped to several postal codes, as shown below.

	Neighborhood	Average_Rent	Neigh_1	Neigh_2	Neigh_3	Neigh_4	Postal Code1	Postal Code2	Postal Code3
4	Banbury-Don Mills/York Mills	1432	Banbury	Don Mills	York Mills	None	Not found	M2J 5A7	M2P 2E3

A total of 168 mappings of FSA code to average rent were created. 3 duplicates of neighbourhood names but with different average rent values were renamed.

In the next step, the observations were grouped by FSA codes and for each FSA code with multiple average rent values arising from being present across multiple neighbourhoods as defined in the CMHC table, the mean average value was considered as representative.

	Postal Code	Average_rent	Neighborhood
0	L1S	1237.0	Ajax
1	L1V	1237.0	Pickering
2	L3Z	1313.0	Bradford,East Gwillimbury,West Gwillimbury

As can be seen in the preceding image, the neighbourhoods Ajax and Pickering which comprise a single aggregated observation in the CMHC table have been mapped to two FSA codes with same average monthly rent. FSA code L3Z has, however, been mapped to three neighbourhood names extracted from two different observations in the CMHC table. Bradford and West Gwillimbury comprise a single CMHC record with average rent CAD 1,268 and East Gwillimbury is from a separate record with average rent CAD 1,403. The final figure of CAD 1,313 seen in the previous image is the mean of the monthly rent values of the three neighbourhoods associated with FSA L3Z

Table (i) is then left-joined with table (ii) so that each of the 98 residential properties with an FSA code is now linked to the monthly average rent associated with the concerned FSA code. Properties which do not find a corresponding average rent figure in table (ii) are dropped. The merged table is grouped by FSA code and for each FSA code the average distance from the work location in Toronto is calculated based on the individual distances of properties linked with that FSA code.

The result of the preceding data preparation steps is a table which looks as follows. We have 21 unique FSA codes with average rent values available.

	Postal Code	Neigh_Latitude	Neigh_Longitude	Number of Properties	Average_rent	DistanceFromOffice_y
0	M6P	43.661608	-79.464763	2	2005.000000	1202.000000
1	M6K	43.636847	-79.428191	9	1509.428571	3754.444444
2	M5T	43.653206	-79.400049	2	2004.000000	3837.500000

The next step is to run a clustering algorithm on the FSAs based on the average monthly rent value and average distance from office. The rent and distance values are standardized using the 'StandardScaler' function in the scikit-learn preprocessing package. Weights can be assigned to these two attributes for apportioning relative importance in determining an FSA's attractiveness as a rent location.

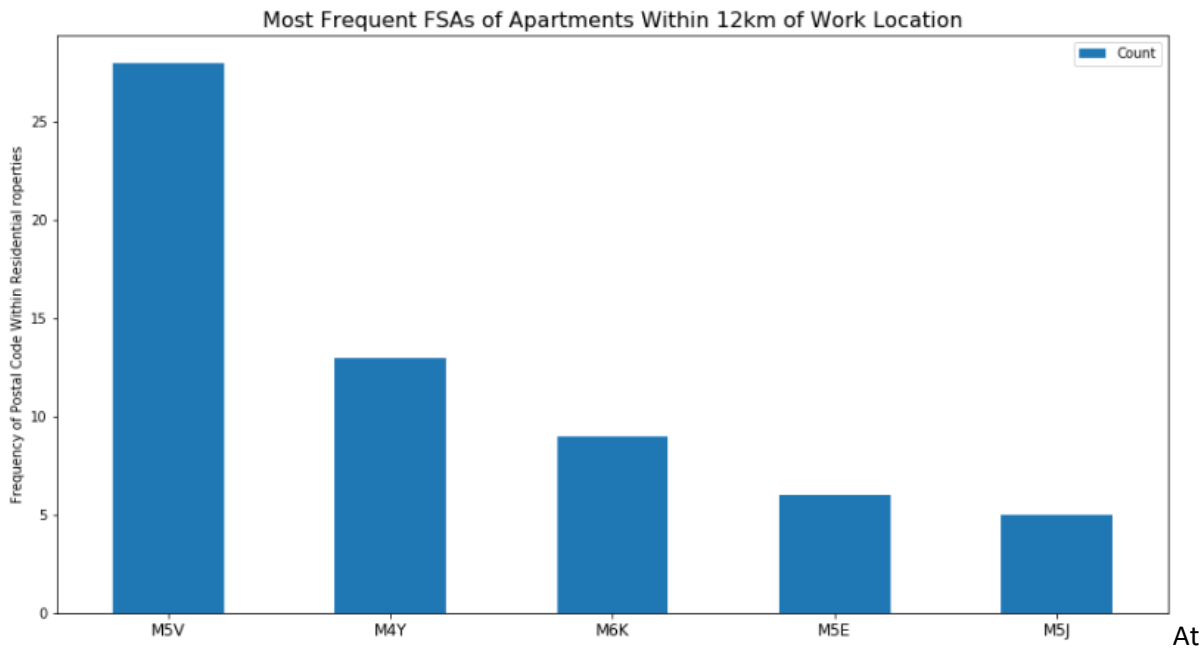
This completes the data preparation process for this project. After a first run of the k-means clustering algorithm, and visualization using a Folium map, it was found necessary to correct some FSA codes returned for CMHC neighbourhoods from the OpenStreetMap and Foursquare crowd-sourced databases. For instance, a few properties had been tagged to M1J and M2K FSAs which are clearly outside of a 12km radius from the chosen work location. These properties were re-assigned

correct FSAs based on some manual search using Google Maps application and then the clustering algorithm and map visualization were run again.

3. Methodology

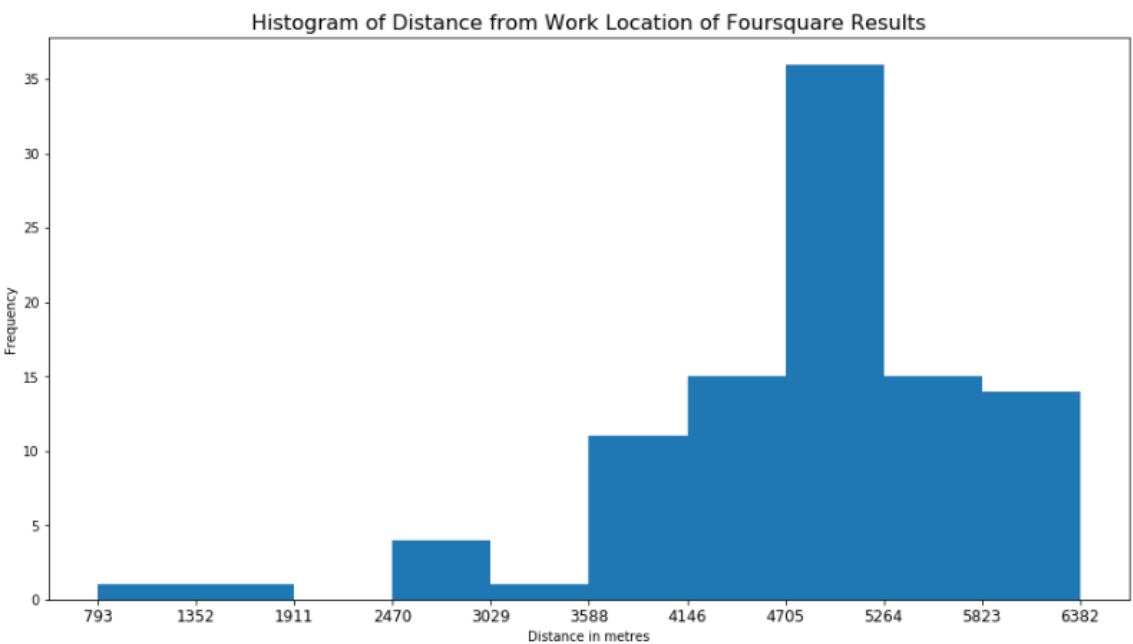
3.1. Exploratory Data Analysis

Of the 98 residential properties tagged with a postal code within 12km of the selected work location, downtown FSAs occurred the most frequently. M5V occurred 28 times, followed by M4Y at 13 times



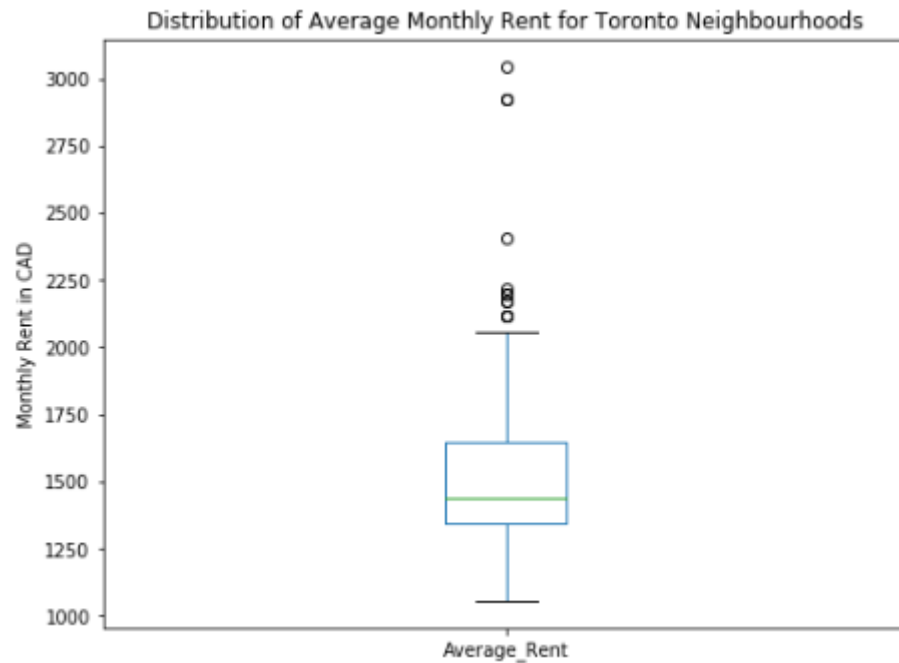
the lower end of the spectrum, ten FSAs occurred only once and eight occurred twice.

The Foursquare ‘explore’ query returns a maximum of 100 results, so the 98 residential properties with postal codes do not extend to the full radial distance.

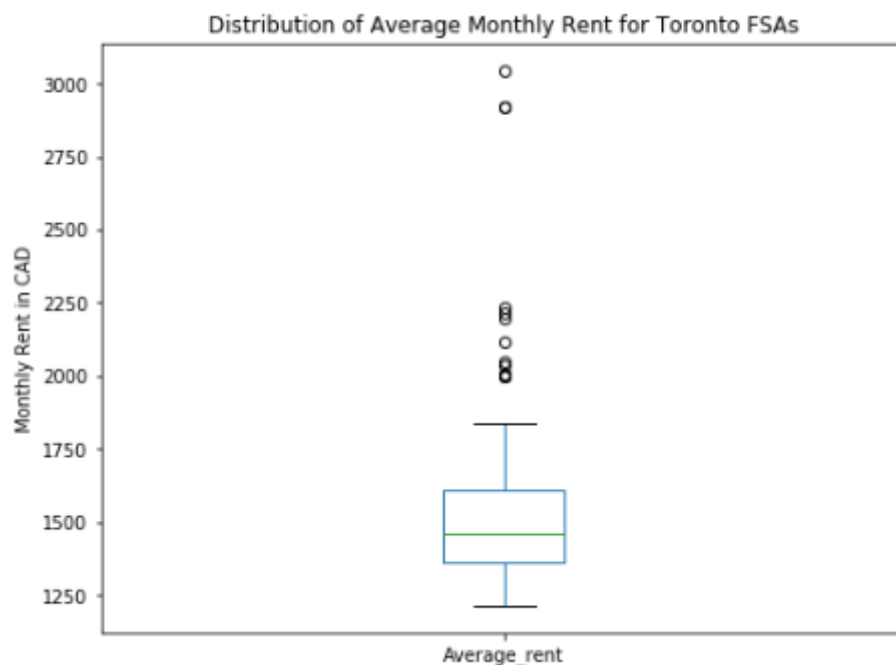


The range of the distance from work location for the 98 apartments is from 893 metres to 6382 metres.

The distribution of average monthly rent for Toronto neighbourhoods as given on the CMHC website is shown below.



The distribution of average monthly rent by FSAs changes when average rent values for all neighbourhoods that map to an FSA are averaged. The distribution looks as follows.



3.2. Unsupervised Machine Learning: Clustering of Similar FSAs

The aim of the project is to use existing location and rental prices data for Toronto and to determine which neighbourhoods (or their proxies: FSAs) are similar to one another and dissimilar from some others in two aspects:

- i. Average distance of residential apartments by FSA from the user's work location
- ii. Average monthly rent for a two-bedroom apartment by FSA

There is no response to be predicted for classification or measurement purposes. Unsupervised learning methods like clustering are often performed as an extension of exploratory data analysis (*Hastie, Tibshirani, James, Witten - An Introduction to Statistical Learning*). The intended audience of the project should find it useful to discover distinct clusters of neighbourhoods/ FSA based on average rent price within a reasonable distance from their work location.

The two features of FSAs to be used (rent and distance) are both continuous variables and suitable for clustering algorithms. Either k-means or hierarchical clustering methods can be used. I chose to go with k-means clustering approach as it's computationally very efficient. The variance in results can be controlled by setting the parameter which controls the number of random starts of the algorithm to a value to 20 or above. The optimum number of clusters can be determined by plotting a chart of inertia (sum of squared distances of samples to their closest cluster centre) vs. number of clusters and looking for the 'elbow point'.

It's worth noting that this project assigns a greater weight to average rent feature compared to the distance from work location. Toronto is an increasingly expensive city to rent in, and affordability is a very important consideration for most people looking to rent. The neighbourhoods/ FSAs under consideration were already limited to a maximum radius of 12 km from the work location, so distance to work is assigned a lower weight. To be specific, the ratio of weights for average rent and distance from work location is 80:20 or 4:1. Algorithmically, it's the same as multiplying the standardized average rent values by a factor of 4 while keeping standardized distance values as they are. Alternatively, a composite score for each FSA can also be calculated as:

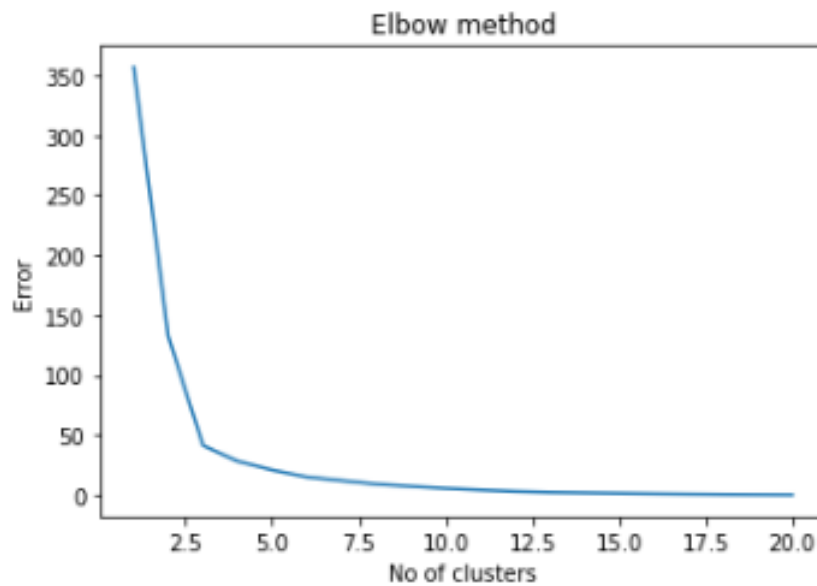
$$\text{Composite Score} = 0.8 * \text{Standardized Rent Value} + 0.2 * \text{Standardized Distance Value}$$

Then this composite score can be fed into a single-feature k-means algorithm which is the same as the [Jenks Optimization Method](#). [Kernel Density Estimation](#) is another algorithm that can be gainfully employed here.

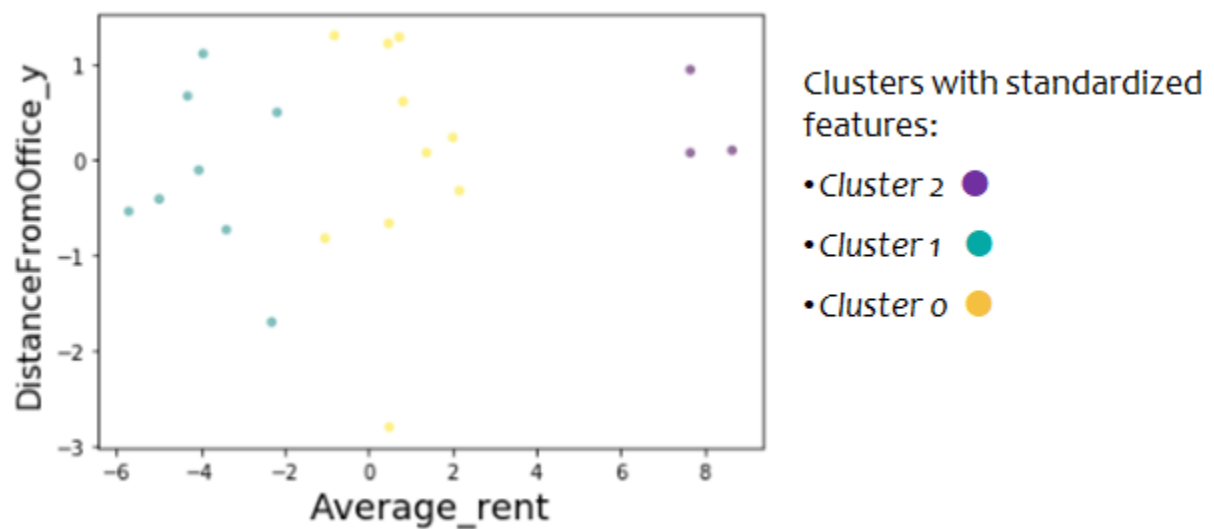
4. Results

The number of unique FSAs with their location coordinates, number of residential properties, average monthly rent for a two-bedroom apartment and the average distance from the Ubisoft Toronto work location was 21.

The results of the elbow chart for distortion versus 'k' are as shown below.



We can see the 'elbow' (sharp inflexion point) lies at a value of $k=3$. Feeding k as 3 into the k-means algorithm, we get three clusters as shown below in a scatter plot of the two features.



These clusters of FSAs can also be shown on a Folium map. Labels have been described as below to help the audience make sense of the clustering.

Cluster Description	Circle Marker Colour
'Downtown Experience at a Steep Price' (2)	
'Mid-priced Experience in Popular Neighbourhoods' (0)	
'Economical but at a distance' (1)	

	Postal Code	Average_rent	DistanceFromOffice_y	Cluster Labels
0	M6P	2005.000000	1202.000000	0
1	M6K	1509.428571	3754.444444	1
2	M5T	2004.000000	3837.500000	0
3	M5V	2920.000000	4749.392857	2
4	M4W	2118.000000	4751.000000	0
5	M5S	3047.000000	4782.000000	2
6	M4Y	1664.000000	5272.076923	1
7	M5G	2198.000000	4946.500000	0
8	M5B	2046.500000	5413.000000	0
9	M5J	2920.000000	5824.800000	2
10	M5E	1439.000000	6030.666667	1
11	M4S	2035.000000	6245.000000	0
12	M5A	1838.000000	6265.500000	0
13	M6R	1647.500000	2560.000000	1
14	M5P	1809.500000	3644.000000	0
15	M8V	1213.000000	3992.000000	1
16	M6L	1305.666667	4151.000000	1
17	M5R	2218.000000	4258.000000	0
18	M6A	1426.000000	4525.000000	1
19	M8Y	1391.666667	5483.000000	1
20	M4P	2001.000000	6163.000000	0

5. Discussion

Perhaps the single biggest challenge experienced while executing this project has been the lack of a clear, definitive mapping of officially listed Toronto neighbourhoods and FSAs, available in the public domain. Popular location-based databases like Foursquare and OpenStreetMap tag venues to postal codes in Canada, from which FSAs can be easily extracted. Most socio-economic data like average rent prices are associated with neighbourhoods, however, as maintained by the Canadian Mortgage and Housing Agency. This project proceeded to find a workaround by extracting FSAs from Foursquare and OpenStreetMap by feeding them neighbourhood names. This inevitably introduces some inaccuracies in the data as postal code tagging is crowd-sourced and prone to error. For instance, after one complete run of the model, it was observed through a map visualization that some FSAs lay significantly outside of the 12km radius from the Toronto work location which had been used to discover residential properties. This was an error in postal-code tagging of some of those 100 properties, while their latitude and longitude coordinates were still reasonably accurate. Once discovered, some of these taggings were manually corrected by assigning correct FSAs to those properties. Manual intervention is, however, not a scalable solution for large datasets.

Apart from the challenge posed by inaccurate address data like incorrect postal codes, missing data from Foursquare also posed a challenge. 45 of the 100 results returned by an 'explore query' had missing postal codes. Combinations of the names and street addresses of such properties were then provided to OpenStreetMap database to try to retrieve missing postal codes. This step, while often helpful in plugging missing data, can introduce another round of inaccuracies in finding FSAs because a search query based on name or address (e.g. 'St. Andrew') can be matched with several geographically separate entities and the returned result might not be the correct one. This was mitigated to some extent by trying to match FSAs for names separately from FSAs for the same property's street address, and trying to find a match between the two.

The utility and sophistication of the clustering model can be greatly enhanced by introducing more features mapped to Toronto neighbourhoods like the availability of public transport for commuting to work, reasonably close supermarkets, schools, entertainment and recreational venues, the number of available rental properties in the neighbourhoods of interest. Some of this data can be fetched from Foursquare database and the CMHC datasets, but due to the additional time and effort required to do so, it was not considered within the scope of this project.

Recommendation: For the data under consideration in this project, and by looking at the clustering results for Toronto neighbourhoods, the recommendation for a newly arrived person in Toronto looking to rent an apartment would be consider properties in cluster 0 'Mid-priced Experience in Popular Neighbourhoods' if she can afford the rent. Alternatively, she could look at properties available in cluster 1 'Economical but at a distance' if the commute time to work by car or public transport isn't too prohibitive

6. Conclusion

This project aims to analyse the neighbourhoods of metropolitan Toronto area for the average rental prices of a two bedroom apartment and for their distance to a person's work location in Toronto, to arrive at groups of neighbourhoods which can be recommended to that person based on differences between rent and distance values. Nearly 100 apartment buildings within 12 km from an assumed work location were discovered using Foursquare and OpenStreetMap tools, and the FSA codes these properties are located in were grouped into three clusters using the k-means algorithm. Clusters were labelled in an easy to understand manner for the user to decide which cluster of FSAs/neighbourhoods she would be interested into rent an apartment in.