

Light Rail Transit and Property Values

What does the research say about the effect of light rail transit on property values?

Several national studies indicate that commercial and residential property values generally rise the closer they are to light rail stations. The absolute effect depends principally on the overall economic climate. The primary factor in increasing property values is the relative increase in accessibility provided by the new transit investment. Other influences include station design, quality of service, land market, and policy and institutional factors.

For landowners and developers, proximity to light rail transit systems holds the promise of investment profits because parcels near transit stops offer better access and connectivity to activities in the region. For residents, improved access allows them to more easily reach jobs, shops, and other destinations.

Although not extensively reviewed, several studies suggest that nuisance variables associated with light rail can lessen property values. These studies suggest mitigation of these types of effects through effective design and engineering.

Dallas

2002 Weinstein & Clower: For office buildings, proximity to DART resulted in a 24.7% increase vs. 11.5% for non-DART properties. Median values of residential properties increased 32.1% near DART compared to 19.5% in control group areas.

1999 Weinstein & Clower: The value of offices less than 1/4 mile from a station increased by 10% and retail property increased by 30%. There was a 5% penalty over time for units nearer stations, less than 1/4 mile.

2003 Lyons & Hernandez: Value of properties rose 39% more than the control group not served by rail.

San Diego

2002 Cervero & Duncan: 17% and 10% premiums resulted respectfully for multi family homes near East Line and South Line stations.

2001 Cervero & Duncan: The value of condos and apartments from 1/4-1/2 mile from a station increased 2-18%; the value of single family homes decreased 0-4%.

1995 Landis et al.: The typical home sold for \$272 more for every 330 feet closer it was to a station.

1994 Landis et al.: For every 1,000 feet closer to a station, prices increased \$337 or 1%, but decreased 4% for units closer than 900 feet to a station.

Portland (Eastside)

1999 Dueker & Bianco: Median house values rose at increasing rates the closer to a station. The largest change, \$2,300,

was for homes up to 200 ft. from a station.

1998 Al-Mosaind et al.: A 10.6% premium for homes 500 meters from a station was observed.

1998 Chen: A premium increase for houses closer to the station was observed, highest at 700 feet distance.

Source:

All the previous information on this page came from a study called "Light Rail Systems and Property Values." The study was done for the "South Sacramento Corridor Phase II Project."

Other

Land value impacts of rail transit services in San Diego County. Robert Cervero & Michael Duncan, June 2002.

This study found appreciable land-value premiums for different land uses in different rail-transit corridors in San Diego County. The most appreciable benefits were: 46% premiums for condominiums and 17% for single-family housing near Coaster commuter rail stations in the north county; 17% and 10% premiums, respectively, for multifamily housing near East Line and South Line Trolley stations; and for commercial properties, 91% premiums for parcels near downtown Coaster stations and 72% for parcels near Trolley stations in the Mission Valley.

Source: www.apta.com/research/info/briefings/briefing_1.cfm

Impacts of Rail Transit on Property Values, 1999 Diaz (Booz Allen & Hamilton)

Recent studies of the impact of twelve rail projects (including both heavy rail and light rail) throughout North America are compared. In general, proximity to rail is shown to have positive impacts on property values. The effect of a new fixed guideway transit investment is two-fold. First, transit investments improve the convenience of accessing other parts of a region from station locations. Second, rail transit accessibility enhances the attractiveness of property, increasing the likelihood that the property can be developed or redeveloped to a more valuable and more intense use. Documentation of the impact of rail transit on property values primarily focuses on the first effect. Property value premiums due to increases in accessibility range between 3% and 40%. Property value premiums due to increases in the ability to develop or redevelop property depend on the land use and amount of development allowed on the property.