

Question:

What studies, if any, show a 25% increase in property value when such property is near an LRT Station?

Brief Answer:

There are three specific studies that show an increase in property values of more than 10% when next to a light rail station. A study in 2002 by Cervero and Duncan showed that commercial properties next to light rail stations not in business districts rose in value as much as 23% and commercial properties within business districts rose as much as 120%. In 1993 Al-Musaind performed a study showing that the value of homes within 500 meters (residential properties) increased by 10.6%. Finally, consecutive studies in 1998 and 2002 by Weinstein and Clower showed that median values of residential properties near light rail stations increased 25% more than those properties not near light rail stations between 1994 and 1998 and between 1998 and 2001 increased by 23.1% near light rail stations as compared to 19.5% in control group areas.

Studies:

There are many other studies and observations listed and referenced on the D-O LRT web site: <http://ourtransitfuture.com/realtors/> as well as those referenced by other transit agencies. The three main studies showing that increases in property value exceeded 5% are further explored below.

The Transportation Research Board published two of the studies discussed here, that of Cervero and Duncan, and Al-Musaind. Cervero and Duncan studies covered areas including Santa Clara/San Jose, San Diego, and Las Angeles. Linked in this memo is the study covering Santa Clara where commercial properties were shown to have increased in value by 23% in non business districts and by 120% in business districts.¹ Although this specific study was performed in regards to commercial properties, the question presented did not specify residential or commercial, simply property values. Al-Musaind's study in 1993 did however discuss residential property and discovered that some homes had premiums as high as 10.6% when within 500 meters to a light rail station.² This study was conducted in Portland, Oregon, and although not matching the 25% increase that was stated by Go Triangle, it is significantly higher than the average found by the member of the public raising the question.

The final studies, and most likely the most beneficial, were that of Weinstein & Clower in 1998 and 2002. These studies was conducted in Dallas in conjunction with the DART LRT and studied how residential properties next to Light Rail Station fared against properties not within close distance to stations. The 1998 study found that properties next to light rail lines increased in value by more than 25% as compared to those properties not near light rail stations. This study was further supported when 2002 it was shown that residential properties next to light rail stations increased by 32.1% as compared to 19% in control groups.³

¹ Cervero and Duncan, *Transportation Research Board*, Vol 1805. No. 02-2273, p. 8-15, "Transit's Value-Added Effects: Light and Commuter Rail Services and Commercial Land Values," 15. <http://trrjournalonline.trb.org/doi/abs/10.3141/1805-02>

² Al-Musaind et al, *Transportation Research Board*, Vol. 1400. p. 90-94, "Light-Rail Transit Stations and Property Values: A Hedonic Price Approach. <http://trid.trb.org/view.aspx?id=383269>

³ Weinstein and Clower, *An Assessment of the Dart LRT on Taxable Property Valuations and Transit Oriented Development*, I, September 2002.

http://www.valleymetro.org/images/uploads/lightrail_publications/2002_DART_LRT_Property_Values.pdf

Conclusion:

While most studies indicate that there is a slight increase in property value, there are some studies that show a more significant increase. These increases however are not solely caused by the proximity to the light rail station, but by many factors. The Weinstein study itself shows how property value was going up for both near and non-near LRT station properties. It would seem then that properties have the potential to increase in value to numbers above 10%, and in some cases, studies have shown property values near light rail stations go up 25% more than properties not near light rail stations.

The following tables are a list of studies that have been found online by various agencies and articles that are supportive of light rail. Some of the links that lead to these tables are as follows:

- a. <http://slp2.org/documents/propertyvalfs04.pdf>
- b. <http://www2.hamilton.ca/NR/rdonlyres/20F92BDC-D3A0-47AF-B33C-0590486CA293/0/CommunityandEconomicDevelopmentPotential.pdf>
- c. <http://d2dtl5nnlpfr0r.cloudfront.net/tti.tamu.edu/documents/0-5652-1.pdf>

Table 1: Affects of Light Rail Systems on Commercial Property Values

| Dallas | |
|-------------------------------|---------------------------------------------------------------------------------------------------------------|
| 2002 Weinstein & Clower | For office buildings, proximity to DART resulted in a 24.7% increase versus 11.5% for non-DART properties. |
| 1999 Weinstein & Clower | The value of offices less than 1/4 mile from a station increased by 10% and retail property increased by 30% |
| San Diego | |
| 2002 Cevero & Duncan | A 72% premium resulted for parcels near stations in the Mission Valley. |
| 1997 Ryan | There was no significant premium in 3 market areas; a penalty in 2; and a small premium for industrial areas. |
| 1995 Landis & Huang | There were no significant premiums for property 1/4-1/2 mile from stations. |
| Santa Clara/ San Jose | |
| 2001/2000 Cevero & Duncan | Properties less than 1/4 mile from a station experienced a 23% premium. |
| 2001/2000 Weinberger | Rent for units within a 3/4 mile of a station increased 4-12%. |

Table 2: Affects of Light Rail Systems on Residential Property Values

| | |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dallas | |
| 2003 Lyons & Hernandez | Value of properties rose 39% more than the control group not served by rail. |
| 2002 Weinstein & Clower | Median values of residential properties increased 32.1% near DART compared to 19.5% in the control group areas. |
| 1999 Weinstein & Clower | There was a 5% penalty over time for units nearer stations, less than 1/4 mile. |
| Los Angeles | |
| 2002 Cevero and Duncan | Values rose 1-3.5% for apartments and homes 1/4-1/2 mile from a station, but decreased 6% for condos. |
| 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. |
| 1997 Lewis-Workman et al. | On average, property values increased by \$75 for every 100 feet closer to the station (within 2,500 – 5,280 ft. radius). |
| 1996 Knapp et al. | The value of parcels located 1/2 mile of the alignment rose the farther they were from the line; values rose the closer parcels are to stations. |
| 1993 Al-Musaind et al. | The value of homes within 500 meters increased by 10.6% or \$4,324. |
| Sacramento | |
| 1994/95 Landis et al. | There was no discernible positive or negative impact to property values (not statistically significant). Single family homes rose .4% for every 1,000 feet closer to a station, and 6.2% if very near a station. |
| San Diego | |
| 2002 Cevero & Duncan | 17% and 10% premiums resulted respectfully for multifamily homes near East Line and South Line stations. |
| 2001 Cevero & 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 light rail 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. |
| Santa Clara/San Jose | |
| 1994 Landis | The price of single family homes increased by .1% for every 1,000 feet closer to a station, but decreased 10.8% if closer than 900 feet. |
| 1994 Landis et al. | There was a \$1.97 decrease in property values per meter closer to light rail (effect may be due to proximity to industrial/commercial uses). |
| Toronto | |
| 1983 Bajic | There was a \$2,237 premium for the average home. |
| Vancouver | |
| 1988 Ferguson | A \$4.90 premium per foot associate with proximity to station was found. |