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GENERAL PLANNING CONSULTANT:

TRANSIT STATION ECONOMIC IMPACTS
FROM CITIES THROUGHOUT NORTH AMERICA

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Prepared for:

Southern California Rapid Transit District

Prepared by:

Cordoba Corporation

in association with

Schimpeler-Corradino Associates

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TRANSIT STATION ECONOMIC IMPACTS FROM CITIES THROUGHOUT NORTH AMERICA

Data gathered on the economic and land use impacts of transit systems in the United States and Canada indicate that transit stations influence the location of growth and the level of economic activity in the station area. Consequently, the presence of the transit station exerts significant influence on the value of the properties located in the station area. Some cities such as Atlanta do extensive data collection on these economic impacts, others have done no data gathering but in quotes from developers and key officials and related reports have indicated a positive economic effect has occurred in station areas. The following is a collection of quotes and data concerning growth around station areas which could be attributed at least in part to the location of a rail station in the immediate vicinity.

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WASHINGTON, D.C. METRORAIL

Land Value

A U.S. House of Representatives subcommittee found that commercial land values in downtown Washington, D.C. station areas increased by \$1.6 billion during the first five years after the opening of Metrorail in 1976. Over \$36.2 million in increased commercial land values occurred in the suburban station areas of Silver Spring and Prince George's County between 1976 and 1981. These increases were over and above the rates of increase experienced by properties not served by the transit system. Local assessor's offices reported that the value of prime commercial office properties increased from \$100 to \$150 per square foot in the early 1970's to an excess of \$500 per square foot in the 1980's.¹

Impact on Existing Development

"(At the suburban Silver Spring station), a survey was taken of businesses and residents to obtain their perceptions on the total impact of Metro on their lives and businesses. Fifty-six percent of the businesses reported that their business has benefitted due to Metro. This is particularly notable since the survey took place only six months after Metro opened. One out of every four businesses reported that Metro benefitted them by bringing more people into the area. One business in six reported that they had been helped by easy access to other areas. When asked for an overall rating of Metro as far as business was concerned, businesses gave positive marks to Metro by a margin of 5:1."²

¹Walter Rybeck. Metrorail Impacts on Washington Area Land Values. Prepared for the Subcommittee on the City. Committee on Banking, Finance and Urban Affairs. U.S. House of Representatives. January, 1981.

²The First Four Years of Metro. Metrorail Changes. Metropolitan Washington Council of Governments, 1981.

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"At 14th and "I" Streets, Northwest, not far from the heart of the city's drug traffic center, office space that a few years ago went begging for \$5 or \$6 per square foot is now being snatched for \$25 to \$30. Near the once-dilapidated storefronts around 12th and G Streets, Northwest, tenants are lining up to lease soon-to-be-built offices within a few blocks of Metro Center. 'Because of the subway, these areas are being transformed from third-class locations into first class zones,' says J. Fernando Barueta, senior vice president of Braedon Property Management."³

"Woodward & Lothrop gambled \$6 million in a renovation plan that focused on the underground entrance leading to the Metro Center platform. Less than two years later, store officials reported that more than 25% of their customers were arriving by Metro. Sales in the refurbished departments went up by more than 40%. President William D. McDonald said, 'Every time a new section is added to the subway, we experience an increase in shoppers.'"⁴

"While it's taken time and promotion to draw shoppers underground to such eating places as the Cookie Connection and Taco Ole (in the Connecticut Connection office/retail project located above the Farragut North station), the office space above was completely leased from the start. In 1976, the Millers (owners of the building) sold out 140,000 square feet of work space, at \$7 to \$10 per square foot, the going rate for downtown office space then. Today, subleases range from \$25 to \$30...Now rentals for offices near downtown stations are skyrocketing. At one prime spot within two blocks of both Farragut stops, rates jumped from \$14 to \$19 within six months."⁵

New Development

Almost 1/2 of all commercial floor space constructed in the Washington region between 1979 and 1982 was located near existing or future Metro stations, representing an investment of \$2 billion. Two-thirds of all commercial development in the region between 1979 and 1982 was located in 60 development centers, 46 of which were near existing or future rail stations.⁶

³"The Boom Downtown." Michael J. Weiss, *The Washingtonian*, December, 1980.

⁴"How Close is Metro?" *The Washingtonian*. December, 1980.

⁵Ibid.

⁶David Cardwell. Commercial Development Trends 1972-1982. Metropolitan Washington Council of Governments. December, 1983.

At the suburban Bethesda Metro station, a development project consisting of a 17-story office building, 400 room hotel, 3-level retail arcade, 4 levels of underground parking, underground transit facilities and multi-use community space was completed shortly after station opening. The developer is paying approximately \$1.5 million annually to Washington Metropolitan Area Transportation Authority (WMATA) for this location.⁷

At the Van Ness-UDC station, ground rent of nearly \$300,000 per year is being paid by the developer of a 204,000 square foot office and retail project. The Van Ness-UDC station is located in an urban, non-CBD setting.⁸

In July, 1979, the Federal City Council, a business oriented civic organization, measured the private investment attributable to Metro. With only 30 percent of the subway built at the time, the Council found that Metro played a major role in the development of \$970 million worth of buildings, completed or under construction, near Metro stations. The Council identified an additional \$5 billion of pending investments, linked to presumed completion of the Metro system.⁹

"John Flavin, vice president for development with The Oliver Carr Company of Washington, said his company was no longer interested in building unless there could be a link to the Metro. The first question prospective tenants now asked was whether there was a Metro station in or near a building, and if not, they would start to look elsewhere for space. To attract tenants to one Carr Company building, the firm was forced to provide a shuttle bus to the nearest Metro station a few blocks away."¹⁰

⁷Houston Metro System Connector Alternatives Analysis -- Case Studies in Joint Development. Rice Center. March, 1987.

⁸Ibid.

⁹"How Close is Metro?" The Washingtonian, December, 1980.

¹⁰"Building Development Following the Tracks." City Transport. September/November, 1987.

Other

Three of the counties which are served by the Washington Metropolitan Area Transportation Authority (WMATA) subway have passed zoning regulations which allow for additional floor area (FAR) at Metro Stations. The following summarizes these regulations:

Arlington County has adopted a zone which encourages assemblage of fragmented parcels around stations for development. The highest permitted FAR in Arlington is allowed under this zone. The highest permitted FAR in Arlington County is 6. This zone is reserved for station areas.¹¹

Montgomery County has adopted a zone which is reserved for designated areas near Metro stations. This zone allows for an optional bonus which rewards developers who provide station amenities with increased FARs. The bonus awarded could as much as double the normally allowable FARs.¹²

Prince George County has a mixed use transportation zone which allows an FAR of 10 which is higher than that allowed in other areas. This zone is restricted to Metro stations and areas that have a high degree of access to transportation facilities.¹³

The combined effect of Metrorail on the bus system was that between 1975, prior to the opening of Metro, and 1979, average bus-only trips declined by 43,000 per day, an 11 percent decline. During the same period, rail ridership grew to 266,000 trips per day. The net gain of 223,000 trips represented a 56 percent increase in regional transit ridership in four years. Relative use of transit for commuting increased from 38 percent to 43 percent. Higher-income people who previously did not use buses were more likely to be drawn to transit after Metrorail opened than lower-income people. Rail users were much more likely to be choice riders, who had a car available for their travel, and more likely to be college graduates than were bus riders.¹⁴

¹¹Conversation with Richard Miller, Joint Development section of the Washington Metropolitan Area Transportation Authority, 1989.

¹²Ibid.

¹³Ibid.

¹⁴The First Four Years of Metrorail: Travel Changes. Interim Report. Metropolitan Washington Council of Governments. September, 1981.

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ATLANTA -- METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY (MARTA)

Impact on Existing Development

In a survey of businesses located near MARTA's Brookhaven station, 49% of the respondents expected their income/sales to increase as a direct result of the rail station due to increased access.¹⁵

In a survey of businesses located at the Omni station, 61% reported an increase in retail performance pre-and post-transit, 6% reported a decrease. Businesses felt that pedestrian traffic was increased by MARTA and that more people meant more business.¹⁶

Preliminary office lease rate data indicated that between 1975 and 1979 (when MARTA service commenced), average lease rates in the Atlanta Central Business District increased approximately 27 percent compared to an average 18 percent increase in two other Atlanta market areas not served by transit.¹⁷

The Pershing Point Plaza, a three building office complex totaling 500,000 square feet, is undergoing a multi-million dollar renovation program to provide additional Class A office space in the Arts Center Station area.¹⁸

¹⁵Jay M. Stein and Catherine Ross. Residential and Business Attitude Surveys: MARTA North Line (Brookhaven Station Area). Atlanta Regional Commission. October, 1982.

¹⁶A Preliminary Analysis of the Impact of MARTA's Omni Station. Atlanta Regional Commission. 1981.

¹⁷Transit Impact Monitoring Program - 1979 Annual Report. Atlanta Regional Commission. December, 1979.

¹⁸Ibid.

New Development

The MARTA North Line traverses an area similar in character to Metro Rail. It begins in downtown Atlanta and travels through urban, non-CBD areas before heading out to the suburbs. Stations along this line include the Arts Center, Midtown and Lenox stations. Development activity at the following station areas is indicative of the draw of the transit system:

Arts Center Station - (Station opened in 1982.) The IBM Tower, a 1.1 million square foot, 50-story building located in Atlantic Center, was developed on 3 1/2 acres of MARTA surplus land with ground lease payment in excess of \$500,000 per year. Other development projects in this area which occurred coincident with the development of the transit station included: AT&T Communications Headquarters, 100,000 square feet; and the Carter and Associates, Inc. headquarters building, 144,000 square feet.¹⁹

AT & T has proposed a multi-use expansion to the existing headquarters building. The AT & T complex will consist of an office building of 700,000 square feet, a 250 room hotel, and associated retail space. Since 1985, three new office buildings have opened -- the 1315 Peachtree, Lincoln-Pershing, and 2 Midtown Plaza. These office buildings plus the IBM Tower and the Campanile, a 450,000 square feet office building, increased the supply office space from 3.5 to 5.7 million square feet between 1985 and 1987.²⁰

Additional office space is also planned for this station area. The Atlantic Center project proposes three additional buildings totaling 1.4 million square feet. The project includes a 2 1/2 acre park with an amphitheater, associated retail facilities, and a 2,300 space parking garage. Another project, called the Peachtree at 1355 Peachtree Street, will be a 19-story, 325,000 square foot office tower. ²¹

¹⁹"Midtown Atlanta Riding MARTA Into Bright, New Era." The Atlanta Journal and Constitution, October 23, 1983.

²⁰Public and Private development Activities in Transit Station Areas Update. Atlanta Regional Commission. September, 1987.

²¹ibid.

Midtown Station - (Station was opened in 1982.) This is one of Atlanta's most active growth centers with almost 2.2 million square feet of office development completed since 1982. A major Atlanta developer (Hooker Barnes) assembled nearly 10 acres in this station area. The first phase of the \$400 million Tenth Street project, a 225,000 square foot office building (One Midtown Plaza), was completed in 1984.²²

Proposed developments include the construction of a 254 suite Marriott Hotel.²³ The 200 room Wyndham Hotel was constructed in this station area as part of a multi-use project called Peachtree Place which includes a 29-story, 650,000 square foot structure. Both structures were completed in July, 1987. Total development of the site is estimated to ultimately include three million square feet of high-rise office space.²⁴

Lenox Station - (Station opened in 1984.) Two large shopping centers have been built in this station area. Other developments include a \$90 million Atlanta Financial Center which is a 10 acre three building complex. The first building containing 305,000 square feet was completed in 1982, the second building containing 427,000 square feet was completed in 1987, and the third building with 210,000 square feet is under construction. The Monarch Plaza will contain a luxury hotel and three office towers. The first phase of Monarch Plaza office/hotel complex has been completed. An additional 13 acres have been acquired for expansion.²⁵ The second phase of the project will be a 700,000 square foot office building. The total Monarch Plaza is proposed to be a \$400 million project consisting of commercial and residential buildings, a hotel and 3 million square feet of offices. Resurgens Plaza, a 28 story, 380,000 square foot office complex was recently completed. MARTA receives ground lease payments of over \$100,000 per year from this project.²⁶ Capital City Plaza, a mixed use development project, with a 410,000 square foot office tower is being built. The project will ultimately contain five office buildings totaling 2 million square feet. Other developments in the area include a 300 room Days Inn hotel. Adjacent to and connected to the station is a five acre development, Atlantic Plaza, with a \$70 million first phase totaling approximately 1.5 million square feet of commercial floor space. The first structure in phase one, a 34-story, 600,000 square foot office tower with 14,000 square feet of retail space was completed in January, 1986. Other structures proposed for phase

²²Ibid.

²³"A Lot is Riding on Marta." The Atlanta Journal and Constitution. December 7, 1987.

²⁴ Public and Private Development Activities in Transit Station Areas Update. Atlanta Regional Commission. September, 1987.

²⁵Ibid.

²⁶Houston Metro System Connector Alternatives Analysis -- Case Studies in Joint Development. Rice Center. March, 1987.

one are a 400 room hotel, a 36-story, 800,000 square foot office tower; and a 200 unit condominium tower. Phase 2 of Atlanta Plaza will contain three buildings totaling 1.6 million square feet on approximately four additional acres northeast of the transit station. Lenox Square, a mixed use development consisting of a 19-story, 367,000 square foot office building and a 24-story, 375 room hotel called the Hotel Inter-Continental Atlanta, was recently completed. These buildings link with 35,000 square feet of additional retail space. A pedestrian bridge links the mall with the new office and hotel structures and extends to the transit station.²⁷

Initial site work has been completed for an office/hotel/residential complex in this station area. The project, Principal Place, will ultimately contain 4 million square feet, a total of 3.5 million square feet of office space and 100 residential units. The first phase will consist of a 300,000 square foot office building and a 400 room hotel. The Noble Center, a mixed use development, has been proposed which will consist of 1.15 square feet of office space, a 680 room hotel and a 700 unit residential tower. A \$400 million project is proposed on the former Standard Golf Club. The project is proposed to be 1.6 million square feet ²⁸

New development at other MARTA stations includes:

Five Points Station -- (Station opened in 1979.) This is the central station of the MARTA system. From 1978 to 1982, \$68 million in private monies were invested in the district, including \$19.5 million spent in the renovation of 31 buildings, 5 of which are on the National Register of Historic Places.²⁹ The Healey Building, an historic building, underwent a \$19.7 million rehabilitation and was completed in 1987. Public and private improvements have continued in this station area with the renovation of existing buildings and new commercial, office and governmental construction. Phase One of Fulton County's Government Center Complex, a \$57 million, 500,000 square foot Administration building, is nearing completion. Construction has begun on the first phases of the Underground Atlanta Redevelopment Project for which a \$140 million public/private financing package was assembled. This project includes a new retail market center, a theater, museum, an amphitheater, renovated office and retail space. This project began construction in 1987. Recently completed new construction includes Five Points Plaza, a 16,000 square foot commercial structure and 12,000 square feet of renovated commercial space. Public improvements include \$9.8 million for general improvements and conversion of the Post Office Annex to 242,000 square feet of office space. Private development activities include the renovation of the old Bass Furniture building for upgraded office and restaurant space and a \$3.9 million renovation of the Filler

²⁷Public and Private Development Activities in Transit Station Areas Update. Atlanta Regional Commission. September, 1987.

²⁸Public and Private Development Activities in Transit Station Areas Update. Atlanta Regional Commission. September, 1987.

²⁹Public and Private Development Activities in Transit Station Areas. Atlanta Regional Commission. March, 1984.

Building. A renovation of the multi-building hotel row is planned for this station area which will renovate and convert buildings to offices. Three buildings on "hotel row" have already undergone renovation. Two other buildings in the station area are being renovated and converted to office and commercial space. Rich's Department Store has undergone a major renovation of its building complex including the conversion of the structure into a mixed use facility offering 194,300 square feet of office space.³⁰

Civic Center Plaza -- (Station opened in 1981.) Commercial developments including 1,785,000 square feet of office space and more than 1200 hotel rooms.³¹ Recent development in this station area includes the renovation of a 33,000 square foot warehouse on Peachtree Street into general commercial office space. A new medical office building has been proposed one block northeast of the station. Revenue bonds and public and private contributions were used for the construction of a Science and Technology Museum. A multi-use development including 1,200 condominiums and apartments, retail facilities, and a 200 room hotel, is proposed on surplus MARTA property. MARTA has given a lease option to the City of Atlanta for another surplus site. This project is proposed to include a total of 2,000 housing units, 100,000 square feet of commercial and retail space, and a 1,000 space parking garage. Total project costs are estimated at \$163 million which includes assistance in the form of a \$12 million UDAG now under consideration. Another project proposes development of five office buildings totaling one million square feet, 700 residential units and a 300 room hotel.³²

North Avenue Station -- (Station opened in 1981.) Construction at this station includes 1.9 million square feet of office space in the station's air rights. This is a \$300 million, four building complex planned over a ten year period.³³ A 350,000 square foot office building was renovated and completed in 1986. One-half block east of the station, a 12-story, 65,000 square foot medical building has been proposed for construction at a cost of \$10 million. An office complex consisting of two office towers, each containing approximately 425,000 square feet is also proposed for the station area.³⁴

³⁰Public and Private Development Activities in Transit Station Areas Update. Atlanta Regional Commission. September, 1987.

³¹Public and Private Development Activities in Transit Station Areas. Atlanta Regional Commission. March, 1984.

³²Public and Private Development Activities in Transit Station Areas Update. Atlanta Regional Commission. September, 1987.

³³ibid.

³⁴Public and Private Development Activities in Transit Station Areas Update. Atlanta Regional Commission. September, 1987.

West End -- (Station opened in 1979.) A hospital and medical education complex including a hotel, office towers, retail and high-rise housing at a cost of \$150 million is proposed for this station.³⁵

Omni Station -- (Station opened in 1979.) The Georgia World Congress Center, a two building, state owned and operated 1.5 million square foot conference and exhibition center, the Omni Sports Coliseum and the CNN Center, an office, hotel and retail mega-structure are located adjacent to this station. The World Congress Center, which was opened in 1976, was expanded by the State in 1985. The 600,000 square feet of office space within the CNN Center and the 500 room Omni Hotel were renovated at that time. An additional 300,000 square feet of exhibition space is planned for the Congress Center. The 25,000 square feet Atlanta Chamber of Commerce Headquarters Building was constructed. The 66,000 square foot Glenn Office Building recently underwent major renovation.³⁶

Peachtree Center Station -- (Station opened in 1982.) In January, 1986, a 600,000 square foot addition to the Atlanta Merchandise Mart and the 428,700 square foot Marquis One Office Tower were completed. Construction of the 428,700 square foot Marriott Marquis Two Office Tower, a 1.2 million square foot addition to the Apparel Mart, and a 1.5 million square foot Information Technology Mart are under construction. Two new office towers totaling 1.8 million square of office space are proposed. The Marquis One and Two office towers connect to Peachtree Center's 195,000 square foot retail mall area which has been redesigned and is undergoing renovation at a cost of \$14 million. Completion of the Marquis Two, the seventh office building in the Peachtree Center complex, will bring the total amount of office space within the complex to 2.5 million square feet and raise the station area's office space total to 6.8 million square feet. A \$125 million information market center is now under construction two blocks northwest of the station. This project, which will cover a full city block, will contain six floors of showrooms, 44,600 square feet of conference facilities and a 100,000 square feet exhibit hall, and will be connected to the Apparel Mart by an aerial walkway. Two small scale renovation projects were completed. The J. P. Allen Building (the Cornerstone Building) was converted to 30,000 square feet of retail space and 50,000 square feet of general office space. The cost of the renovation was \$16.7 million. The other project is the Atlanta Union Mission Building undergoing a \$4.5 million conversion to office uses. Georgia Pacific has proposed a 800,000 square foot structure to be constructed on MARTA Surplus property. Another 48-story office building containing one million square feet has been proposed adjacent to the Ritz-Carlton Hotel. The former Winecoff Hotel (Peachtree on Peachtree Inn) has been proposed for conversion into a 65 suite luxury hotel.³⁷

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³⁵Ibid.

³⁶Public and Private Development Activities in Transit Station Areas Update. Atlanta Regional Commission. September, 1987.

³⁷Ibid.

Decatur Station -- (Station opened in 1979). Construction of an 85,000 square foot, four-story retail and office building was completed in 1985. Construction of a 185 room hotel and adjoining 20,000 square foot conference center began in July, 1987. Other recent developments near the station include several smaller office building and office condominium projects. Renovation activity completed within this station area include the conversion of the 15,000 square foot Bowen Press Building to a restaurant and offices, the conversion of a 17,000 square foot warehouse to a restaurant, retail and general office space, and a retail store renovation to a restaurant and bank.³⁸

East Point Station -- (Station opened in 1986.) An 1880's buggy factory was converted into a 76,000 square foot office/retail building. The renovation cost was \$5.5 million. A second major office/retail conversion project called the Wagon Works is being completed. The 132,500 square foot building will offer a mix of office and retail space. Another renovation project, the Prismo Paint Factory, is proposed which will offer 120,000 square feet of office and retail space.³⁹

Lindbergh Center Station -- (Station was opened in 1984.) A 200,000 square foot office building was constructed. Site preparation has been completed for construction of Lindbergh Crossing Shopping Center, a 200,000 square foot retail center. Lindbergh Plaza shopping center underwent a \$4.5 million renovation.⁴⁰

Garnett Station -- (Station opened in 1981.) Major public improvements are planned and/or under construction at this station. A Pre-Trial Detention Center, the first phase of planned development, has been built. The renovation and expansion of City Hall is planned for the second phase of the project. The third phase includes the construction of an 80,000 square foot, \$7.5 million municipal court building. Other phases include a \$1 million emergency operating center and a \$7.5 million public safety headquarters building. Total cost of the government complex is estimated to be \$50 million with \$21.9 million allocated for the City Hall and City Hall addition. A \$2.8 million renovation of the Toshiba Building, now Garnett Station Place has been completed. Renovation of a warehouse facility to serve as the headquarters office building of the Georgia Municipal Association was also completed in 1986.⁴¹

³⁸Ibid.

³⁹Ibid.

⁴⁰Ibid.

⁴¹Ibid.

Inman Park-Reynoldstown Station -- (Station was opened in 1979.) Construction has been completed on the Seaboard Atlanta Land Port, a rail/truck container transfer facility. An historic Inman Park Car Barn built in 1890, has received \$500,000 for renovation and conversion to a 200 seat convention center and auditorium.⁴²

Georgia State Station -- (Station opened in 1979.) The State of Georgia's twin office towers, completed in 1982, are located in the air rights above this station. South of the station, the State of Georgia recently proposed to expand its government complex with the construction of a \$22.5 million, 500,000 square foot office building at the corner of Washington Street and Martin Luther King, Jr. Drive.⁴³

Avondale Station -- (Station opened in 1979.) An 104,000 square foot, \$2.4 million farmers' market opened in the fall of 1986.⁴⁴

Other

In Atlanta, "Developers, eager to assure prospective tenants of ample transportation for office workers, have drafted plans for dense development along the system's north line. The city and the two counties through which MARTA passes, eager for those projects, have drawn special high-density districts around the stations." These districts offer unusually high densities in designated "public interest zones" in exchange for pedestrian walks and station access. Most of the high rises built in the Atlanta in the last 18 years have been near MARTA stations.⁴⁵

Lenox Square generated steady job growth in a 15-year study period which ended in 1985. Analysts attributed the magnitude of the change to the transit system.⁴⁶

⁴²Ibid.

⁴³Ibid.

⁴⁴Ibid.

⁴⁵"MARTA: So Far So Good." Planning, American Planning Association, April, 1989.

⁴⁶"A Lot is Riding on MARTA." The Atlanta Journal and Constitution. December 7, 1989.

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MIAMI -- METRORAIL

Land Value

Significant changes in property values which occurred in Metrorail station areas between 1980 and 1983 have been documented. During this time frame, land values rose approximately 35% overall in the station areas.⁴⁷

Between 1979 and 1982, the property values in the area south of the CBD, which is an older commercial area suitable for redevelopment and located on a Metrorail line, increased dramatically. This time period coincided with the construction of Metrorail. The attached graph illustrates a significant correlation between the value of the property and the time at which it was sold. Property values rose from approximately \$9 per square foot to \$40 per square foot during this time period.⁴⁸

Fred Stanton Smith, The Keyes Company, made the following statements concerning land values:

Government Center Station - "when Metrorail construction began, prices of undeveloped land were around \$35 per square foot. After the project actually started, prices increased to their current level of around \$112 per square foot."⁴⁹

Dadeland South Station - "prices before Metrorail started were \$10 per square foot. Today they are approaching \$50 (a square foot)"⁵⁰

Richard J. Katz, executive vice president of Clark Biondi, has stated "At South Miami, when Metrorail was first being discussed several years ago, land was being offered at \$3 to \$8 a square foot. During actual construction, prices bounced to between \$15 and \$30 a square foot, where they now remain."⁵¹

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⁴⁷ Data received from Metro-Dade Appraiser's Office, 1983.

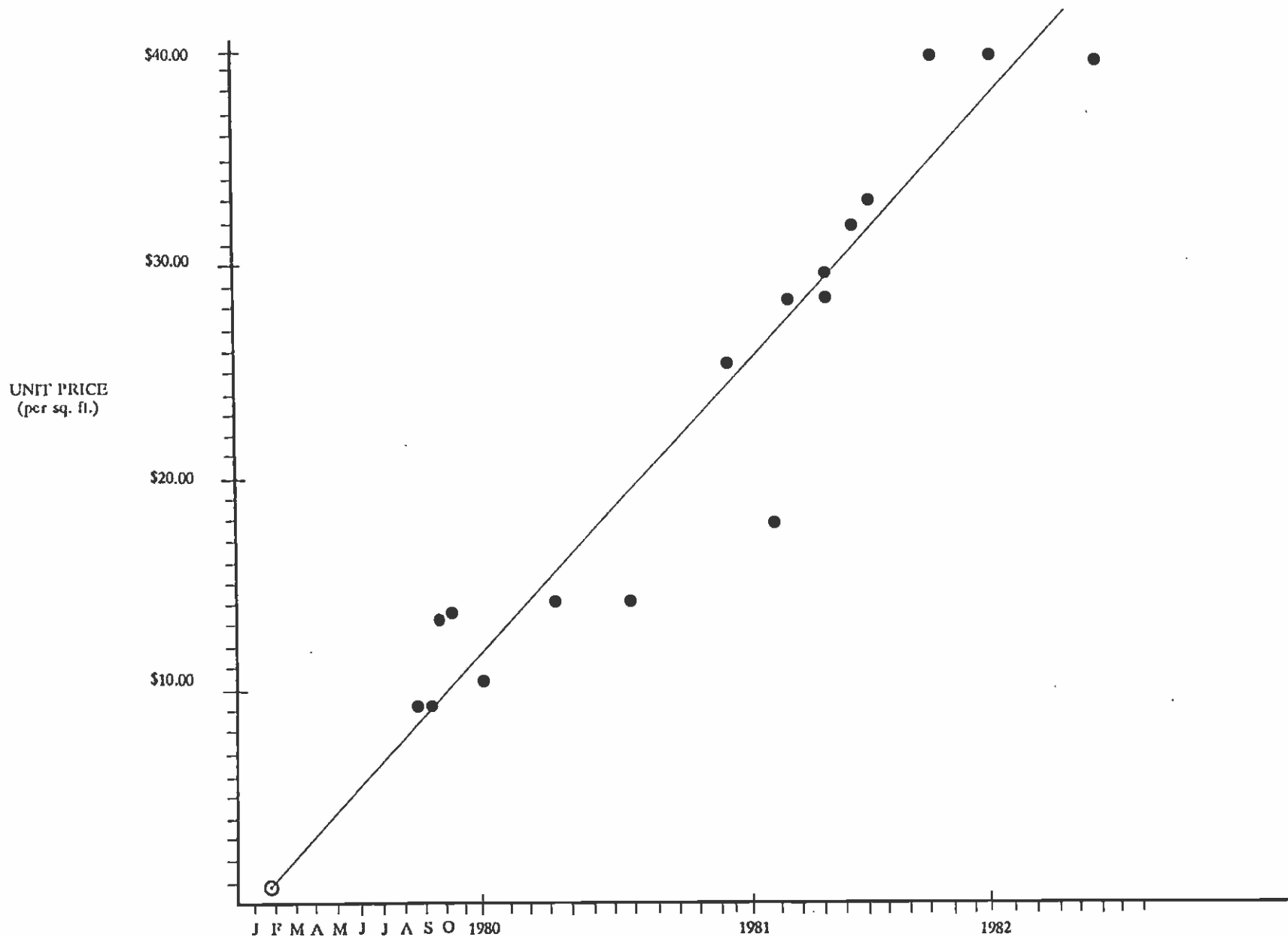
⁴⁸ Ibid.

⁴⁹ "Land Values Soaring at Metrorail Stations." Business Journal. May 7, 1984.

⁵⁰ Ibid.

⁵¹ Ibid.

LINEAR CORRELATION BETWEEN PROPERTY VALUES AND TIME OF SALE
SOUTH MIAMI METRO RAIL STATION AREAS



Source: Metro-Dade Assessor's Office, 1983.

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Impact on Existing Development

The projected economic benefits of the Omni and Brickell legs of the Metromover (people mover) system include:

- o \$6.3 million per year in building lease revenues;
- o \$850,000 per year in retail sales revenues;
- o \$370,000 per year in hotel/motel revenues;
- o \$600,000 per year in parking cost savings;
- o \$3.8 million per year in parking savings to developers.

Total annual private sector benefits included by completion of the Metromover are estimated to increase from \$11.65 million to \$22.8 million - an increase of 100%.⁵²

New Development

Dadeland South, a suburban station -- A \$100 million complex (Datran Center), including three office towers, one hotel, 75,000 square feet of retail space and 3,000 parking spaces is planned. One seventeen story, 200,000 square foot office building and parking garage containing 1,650 spaces is complete. Ground lease payments are currently \$200,000 to \$300,000 annually, expected to rise to \$1,000,000 annually when project is complete.⁵³ The success of this project has encouraged developers to consider building a similar project at the Dadeland North Station.⁵⁴

Overtown -- The site of recently completed Sports Arena, an additional \$155 million in residential and commercial projects are planned to be completed by the year 2000.⁵⁵ The first phase of this project has under construction.⁵⁶

⁵²"Mass Transit in Miami Advances Local Economy." Passenger Transport. June 20, 1988.

⁵³Houston Metro System Connector Alternatives Analysis -- Case Studies in Joint Development. Rice Center. March, 1987.

⁵⁴"Rail Is Catching On In Miami." Passenger Transport, June 5, 1989.

⁵⁵Ibid.

⁵⁶"Rail Is Catching On In Miami." Passenger Transport, June 5, 1989.

Other

"City officials point to the growth and revitalization of business already seen around the downtown loop. And both north and south of the center city, the Omni and Brickell business districts are expanding, partly in anticipation of Metromover extensions slated for these areas in Phase II of the program...Executives for some companies located in the central core have stated that they use the proximity of the (Metrorail) system as a recruiting tool."⁵⁷

"I have moved more than 100 employees back into the downtown area at 150 Flagler Street, which is the Museum Tower. Basically one of the reasons we decided to do this was the availability of a high-quality transportation system." (Charles Nelson, Operations Manager, Southern Bell Telephone Company for Dade County)⁵⁸

"Spokesmen for such Miami financial institutions as Southeast Bank and Barnett Bank point out that personnel recruitment is easier when parking hassles, including skyrocketing costs, are eliminated and it is easier to get to work and back home again."⁵⁹

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SAN FRANCISCO -- BART

Impact on Existing Development

In the suburban communities of San Francisco, BART had an impact on sales with an estimated value of \$15.4 million or about 3% of sales in cities having BART stations in the fall quarter of 1974. On a per passenger basis, this is nearly \$4 per exit. This study noted that the early period of BART's operation was plagued with frequent breakdown, and low patronage levels. As these difficulties were remedied in subsequent years, current impact should be higher. ⁶⁰

MTA LIBRARY

⁵⁷"Miami Builds for Growth." Railway Age. July, 1986.

⁵⁸"Mass Transit in Miami Advances Local Economy." Passenger Transport. June 20, 1988.

⁵⁹Ibid.

⁶⁰David C. Waters. "Use of Ensemble Averaging and Differential Comparison to Detect Retail Sales Increases by the Bay Area Rapid Transit System." Transportation Research, Part B, No. 1. February, 1987.

New Development

"Of the 22.5 million square feet of office space constructed in downtown San Francisco between 1965 and 1979, ninety percent was built within 1500 feet of BART stations." ⁶¹

"Developers are planning a 300 to 400 room hotel at the Concord station and a \$150 to \$200 million office/retail/hotel development at Pleasant Hill. Both stations are located in Contra Costa County where land values have risen along with suburban office development."⁶²

Other

Higher income riders--over 48% of riders had incomes over \$15,000 while this income category comprises only 28% of population.⁶³

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LOS ANGELES - METRO RAIL

Land Value

Properties located in proximity to the Metro Rail station located at Union Station were appreciating at a rate 10% to 20% higher than properties not located near Metro Rail, based on examination of comparable sales data in the area between 1984 and 1988. The properties located nearer to Union Station are commanding higher prices. Previously the land in this area had been fairly uniform. One is seeing a greater appreciation in land values in the later part of the 1980's as one moves towards Union Station. There is a significant turnover in property and there are three major land assemblages taking place. ⁶⁴

⁶¹Summary of Transit Impacts. U.S. Department of Transportation, University Research Program. January, 1985.

⁶²"Transit Stations Will Get Hotels." Hotel and Motel Management. March 3, 1987.

⁶³E.Garth Hoachlander. Bay Area Rapid Transit: Who Pays and Who Benefits? Institute of Urban and Regional Development. University of California, Berkeley. July, 1976.

⁶⁴Dr. William Whitney, real estate economist. Study Based on Comparable Sales of Properties in the Area. March, 1989.

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TORONTO

Land Value

The City of Toronto has experienced a significant, concentrated increase in urban land values. Between 1954 and 1984, over 90% of all new office space has occurred within walking distance of rail transit station areas. In the ten-year period between 1955 and 1965, the assessed value of properties located adjacent to the subway increased 60% while the overall base gained only 25% throughout the city. Since 1954, rapid transit has played an important role in determining the location of approximately \$30 billion in new buildings.⁶⁵

Between 1952 and 1962, tax assessments in districts paralleling the Yonge subway line increased by 45 percent in the downtown core and 107 percent in the Eglinton Avenue section of the city. The city averaged an increase of 25 percent during this same period.⁶⁶

Impact on Existing Development

Dr. Juri Pill, general manager planning, Toronto Transit Commission, said that the rapid transit system had clearly shaped the city, so much so that the line could be seen from the air.⁶⁷ Kenner Ames, of the Toronto real estate giant Trizac Corporation said that when his company's Yorkdale shopping centre was built, 99% of the shoppers came by car. Trizec encouraged bus and rapid transit links and the center now has a stop on the subway, bus stops and a station for regional and long distance buses. In 1985, 24% of the shoppers used transit to arrive at the center.⁶⁸

Frederick S. Eaton, President and CEO of Eaton's, has stated over seventy-five percent of the total customer base that visit Toronto Eaton Centre, located in Toronto's city core, arrive by public transit with the subway system alone accounting for 500,000 customer visits each week.⁶⁹

⁶⁵Metropolitan Toronto: The Transit/Development Connection. December, 1983.

⁶⁶Summary of Transit Impacts, U.S.Department of Transportation, University Research program. January, 1985.

⁶⁷"Building Development Follows the Tracks." City Transport. September/November, 1987.

⁶⁸Metropolitan Toronto: The Transit/Development Connection. 1987.

⁶⁹Metropolitan Toronto: The Transit/Development Connection. 1987.

New Development

J. Chris Davis, President of Royal LePage Commercial Real Estate Services, stated "The availability of rapid transit to the 740,000 square foot twin office towers of 'The Consilium' was a significant contributing factor to the development's success. The RT was opened to the public in March 1985. The first and second towers of The Consilium were completed in January 1984 and November 1984, respectively. By June 1985, these two towers were 91% and 75% leased."⁷⁰

Albert Reichmann, President of Olympia & York Developments Limited, states "Proximity to the subway continues to be a most important consideration to out determination of future development sites in the Metropolitan Toronto area."⁷¹

The Toronto Transit Commission estimates future growth related to rapid transit in Metropolitan Toronto to include 240,000 additional jobs to the year 1996 and a demand of 75 million square feet of new office space at an estimated \$10 billion in new office buildings alone. It is projected that another \$10 billion dollars of other types of development will be attributed to rapid transit related growth. The Toronto Transit Commission believes that real estate value is created by two fundamental factors -- people and accessibility and that property becomes more valuable as accessibility increases.⁷²

The City Centre complex was developed in conjunction with a new station which opened in 1987. The development includes a 250-room hotel, two office towers containing two million square feet, a retail mall and a new central library for North York.⁷³

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BUFFALO - METRO RAIL

Impact on Existing Development

U.S. Rep. Henry Nowalk (D-N.Y.) said, "The rail system should be credited for saving the commercial space downtown and creating a stabilizing effect for the entire Main Street area."...Arthur O. Eve, Deputy Speaker of the N.Y. State Assembly, said the system is the key to economic growth and employment for the entire corridor."⁷⁴

⁷⁰ibid.

⁷¹ibid.

⁷²Metropolitan Toronto: The Transit/Development Connection. 1987.

⁷³ibid.

⁷⁴"Buffalo Holds Festivities for Metro Rail Opening." Passenger Transport. Vol. 44, Number 49. December 8, 1986.



New Development

At the Huron Station alone, \$200 million in new construction was a direct result of the rail project. New development includes two new bank complexes and the Hyatt Regency Hotel. Metro Rail service is viewed as a major component of the success of the new baseball stadium which is located within a few hundred feet from Seneca Street Station. Marine Midland Bank announced firm plans for a major 1200-employee facility that will be adjacent to Mtro Rail's Auditorium station. Additional projects are under active consideration.⁷⁵

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CHICAGO

Impact on Existing Development

In Chicago, 75 percent of Central area shoppers, spending \$1 billion per year, used the Chicago Transit Authority rail lines to reach department stores and shops.⁷⁶

New Development

At the Geneva station on the Chicago and Northwestern Commuter Route, a private developer built the station which shares its site with a card shop, ice cream parlor, bakery, and video shop. Metra Rail Board Chairman Jeffrey R. Ladd said, "Geneva's new station is the anchor for this commercial development. Many of the more than 900 people who board Metra trains in Geneva already are customers in the new stores."⁷⁷

⁷⁵"Metro Rail in Buffalo Is a 'Resounding Success'." Passenger Transport. June 6, 1988.

⁷⁶"Building Development Follows the Tracks." City Transport. September/November, 1987.

⁷⁷"Metra Station, Shops Open." Passenger Transport. August 4, 1986.

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CLEVELAND

Impact on Existing Development

Cleveland's Union Terminal station is located in the hub of downtown and is the terminal of both light and heavy rail stations. Tower City Properties, owners of a complex of seven commercial structures connected by passageways to the station, recently completed a \$240 million rehabilitation of the Tower City area. This included rehabilitation of the former Post Office building for offices, construction of a new hotel and office tower, rehabilitation of a major department store, expansion of the retail and food court, and station and pedestrian improvements.⁷⁸

New Development

Cleveland has also recently completed a lease agreement to build a 140-room hotel at the Puritas Rapid Transit station.⁷⁹

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PHILADELPHIA

New Development

A large retail complex in Philadelphia, Gallery I, was developed in conjunction with a transit station providing access to several rail systems, including subway, Port Authority Transit Commission of Pennsylvania (PATCO) and the high-speed Lindenwold rail line to suburban New Jersey. A major retailer in the complex, Gimbel's, conducted surveys which showed that a majority of its patrons arrived by transit. In addition, after the complex opened in 1977, PATCO reported that weekend trips to the station serving the Gallery I complex had set new highs and that weekday trips were well above 1977 levels. This project was expanded in 1978 include an additional 330,000 square feet, called Gallery II. An 800,000 square foot office tower was also constructed during this phase. Further extensions known as Gallery III are planned.⁸⁰

⁷⁸Houston Metro System Connector Alternatives Analysis -- Case Studies in Joint Development. Rice Center. March, 1987.

⁷⁹"Cleveland Leases Rail Station Lot for Hotel Construction." *Passenger Transport*, August 8, 1988.

⁸⁰Houston Metro System Connector Alternatives Analysis -- Case Studies in Joint Development. Rice Center. March, 1987.

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BALTIMORE - MASS TRANSIT ADMINISTRATION OF MARYLAND (MTA)

New Development

Two joint development projects are located at the Charles Center station. One, a 30 story office building with 350,000 square feet, is projected to provide \$1 million in ground lease payments within five years. The second, a 300,000 square foot office building to be developed in the air rights above the station entrance, will net MTA \$178 per square foot on a percentage of the 2,000 square foot station entrance area.⁸¹

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PORTLAND - TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON

Impact on Existing Development

Tri-Met's Metropolitan Area Express (MAX), a light rail service, invigorated retail and commercial activity both in the suburban station areas and in downtown. Portland's Saturday Market, an open-air craft and food fair is a favorite destination for weekend MAX riders. Suburban Gresham retailers, traditionally closed on Sundays before MAX opened, now claim Sunday as their busiest retail day.⁸²

New Development

By the time MAX opened on September 5, 1986, private development had completed \$214 million worth of construction along the line. Another \$300 million is slated for, or under construction.⁸³

⁸¹Ibid.

⁸²"Portland's Transit Investment Nets 'MAX' Results." Passenger Transport. June 6, 1988.

⁸³Ibid.

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Overall, these findings indicate the degree to which transit stations provide a focal point for the concentration of economic activity and real estate development which leads to enhanced property values in the station areas. The data indicates that cities which have built a rail transportation system have experienced increased development and/or increased land value at some stations along the line. The amount and type of development is dependant on other economic conditions in the area, the development community and the support of the city for station area growth.