

LIGHT RAIL SYSTEMS AND PROPERTY VALUES

The construction of new light rail transit lines is sometimes met by concerns that such lines might decrease property values in neighborhoods. The following is a summary of nationwide studies on this subject.

Published Works

The following tables provide the key findings of 22 major studies carried out over the last 20 years of light rail's affect 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 as well as 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.

Based on the previous 22 major studies conducted over the last 20 years, including the study done on Sacramento light rail systems, the planned mitigation of nuisance variables, plus proximity of proposed stations near transit compatible uses, **there is no evidence that light rail would decrease property values in any of the proposed South Sacramento locations.**

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

Light Rail System	Affect On Property Values
Dallas	
2002 Weinstein & Clower	For office buildings, proximity to DART resulted in a 24.7% increase vs. 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%.

(OVER)

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

Light Rail System Affect On 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.
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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 discernable 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.
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San Diego

2002 Cevero & Duncan	17% and 10% premiums resulted respectfully for multi family 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.
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Vancouver

1988 Ferguson	A \$4.90 premium per foot associate with proximity to station was found.
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