



Transitway Impacts Research Program (TIRP) Research Brief

Transitway Investment: Higher GDP, Job Growth, and Accessibility

Why was the study needed?

Previous studies have found that transitway investment supports economic growth. Those studies, however, mostly looked at corridor-specific effects on nearby property values, businesses, and job opportunities, and they rarely examined economic gains at the regional aggregate level. This study explored the value of transitways to regional economies.

The study had two components:



A national analysis that assessed the relationship between the amount of transitway service and the overall economic strength of 100 US cities, as well as impacts on income inequality.



A comparative analysis of the Minneapolis–Saint Paul metro (under current and hypothetical future transit conditions) and five other regions. This analysis compared how well these regions provide transit accessibility to regional employment centers, higher educational institutions, and workforce development service providers.

Key Findings

National analysis of economic effects—100 major urban areas

- Transitway investment increases regional GDP and job growth.
- The higher the proportion of fixed-guideway transit* in a regional network, the higher the GDP and job growth.
- Transitway investment does not measurably change a region's median household income or socioeconomic inequality. While a whole region may see GDP and job growth, income distribution within it is unaffected.

Comparative analysis of accessibility—six regions

- More extensive fixed-guideway transit systems increase access overall to employment, education, and workforce development opportunities.
- These systems also provide more equitable access for people of color and residents of areas with concentrated poverty.

Accessibility analysis—Minneapolis–Saint Paul transitway expansion

- Overall accessibility gains, including those for whites, are modest.
- The greatest gains go to people of color: Access rates increase between 10 and 15 percent for African Americans and Hispanics.
- Residents of areas of concentrated poverty see larger access gains as well.

Overall

- Transitway investment adds considerable economic value to metro regions.
- Transitway investment in itself does not appear to alter socioeconomic inequality.
- Accessibility gains for low-income minorities do not necessarily translate to economic gains for these communities.

* **Fixed-guideway transit** is defined as any transit that runs on a dedicated right-of-way. It is a broad category that includes any rail transit as well as bus lines such as bus rapid transit (BRT) that run along dedicated lanes.

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“In transit, and especially transit-oriented development (TOD), we strive to increase economic growth and reduce economic disparity. This research shows success in regional growth and challenges us all to do better in helping disadvantaged communities. From the TOD perspective, this evidence supports continued focus on coordinating transit and land use along corridors of opportunity.”

—Lucy Galbraith, Director, Transit-Oriented Development, Metro Transit

Project Methodology

National analysis

The national analysis explored how increasing investment in transitways between 2008 and 2017 affected the regional economies of the 100 largest US Metropolitan Statistical Areas. Researchers used data from the Federal Transit Administration’s National Transit Database and the US Census Bureau’s American Community Survey.

Comparative analysis

The regional analysis looked at access—not economic effects—at a finer regional scale. Researchers analyzed accessibility to three types of destinations—significant employment centers; public colleges, universities, and community colleges; and workforce development service centers—in six U.S. metro regions:

- Fast-growth areas: Minneapolis–Saint Paul, Denver, Indianapolis
- Slow-growth areas: Memphis, Birmingham, New Orleans

Specifically, they identified census block groups from which people could reach at least one of the three destination types within a 45-minute walk-ride transit trip. The analysis was broken down by race and income. Ridership data were from 2018, transit system data were the most recent available for each agency, and demographic and economic data were from 2017.

In addition, the research team compared the access provided by four potential Minneapolis–Saint Paul transit scenarios: a full build-out of the regional

transitway system and three partial build-out scenarios. The scenarios are based on the 2040 Transportation Policy Plan included in the Thrive MSP Regional Development Framework. All four scenarios produced very similar results.

Recommendations

Transitway investments can be an effective strategy for promoting regional economic development. These investments, however, may not distribute economic gains equitably across all population groups. As regions continue to invest in their systems, they should be aware that the associated economic gains may not reduce inequality unless complemented with living-wage economic development and affordable housing policies.

Learn More

Final report: *Value of Transitways to Regional Economies: National and Twin Cities Perspectives* (CTS 20-08, Apr. 2020).

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