

CTS NEWS RELEASE

U of M Research: Locating employers near transitways yields the most economic benefits

Contact: Michael McCarthy, Center for Transportation Studies, mpmccarthy@umn.edu, (612) 624-3645

MINNEAPOLIS / ST. PAUL (11/27/2012) – A new transit-related research study finds that encouraging employers to locate near Minnesota’s new transitways is especially important for the region’s economic future.

“We have seen that transitways often attract development, but we were interested in learning what types of development are most beneficial from an accessibility standpoint,” said assistant professor Yingling Fan, who conducted the research in association with the University of Minnesota’s Center for Transportation Studies (CTS). “What we learned is that locating places of employment near transitways yields the most benefits for employers, employees, and the entire economy.”

With the arrival of several new light-rail and bus rapid transit routes, Minnesota government planning and economic development officials are playing a role in shaping the type of development that occurs near these transitways. Traditionally, Minnesota has seen a number of housing developments built near transitways as developers see that Minnesotans are attracted to the commuting convenience transit offers.

But Fan found that when it comes to enhancing Minnesotans’ accessibility to jobs, seeking employers for development near transitways produces larger increases in accessibility than seeking housing, with the caveat that the greatest accessibility benefits can only be realized by seeking both employers and housing.

“This research has revealed a significant opportunity for business,” said Jay Cowles, co-chair of The Itasca Project Transportation Initiative. “By locating jobs on or near transitways, businesses gain a significant competitive advantage in accessing the largest practical labor pool possible—an advantage that will only grow sharply as competition for employees increases due to demographic shifts.”

Fan indicated that all kinds of employment-related development are beneficial, but the most promising types of employers are those engaged in finance, insurance, management, and related activities. This is primarily because jobs in these sectors tend to concentrate in central cities and urban areas and already enjoy high levels of transit access. “These

sectors may be well-suited for incentives to attract and expand business opportunities within transitway corridors,” Fan said. “Sites targeted for redevelopment adjacent to transit could be marketed and prioritized to such employers.”

The analysis also measured the overall accessibility of the Twin Cities region, both now and in the future.

- **Current.** Though 80 percent of jobs are located within a half-mile of transit stops, only 27.4 percent of jobs are served by high-frequency transit. On average, a random Twin Cities resident can access a total of 117,611 job opportunities (8.4 percent of all metro jobs) within 30 minutes of transit travel.
- **Future.** The planned future transitway network is estimated to increase the number of jobs accessible within 30 minutes of transit travel by 7 percent—from 117,611 to 126,419 (8,808 jobs). Alternative land development scenarios targeting areas near transitways for housing and employment development could further improve job accessibility gains of the planned transitways by an additional 7 percent.

“This research confirms the value of a multimodal transportation system in maximizing access to jobs,” said Tim Henkel, assistant commissioner with the Minnesota Department of Transportation. “It further demonstrates the benefit of locating jobs and transitways in close proximity to improve the economic competitiveness of a region.”

“These findings have national significance,” CTS director Laurie McGinnis added. “Transportation shapes development patterns in profound ways, so this innovative new research has particularly important implications for developers, planners, engineers, and economic development officials around the country.”

Fan, an assistant professor with the University of Minnesota Humphrey School of Public Affairs, collaborates with the Center for Transportation Studies as a faculty scholar. CTS is nationally renowned for developing, fostering, and spreading innovation in transportation.

The study was sponsored by the Surdna Foundation, the McKnight Foundation, and the Jay and Rose Phillips Family Foundation of Minnesota.

More information

Maximizing the return on transitway investment:

www.cts.umn.edu/Research/featured/transitways/maximizing/