

Light-rail can turn into money train

Homes near light-rail lines tend to increase in value

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A light-rail train passes a neighborhood near the Louisiana and Pearl station. Housing that is within a half-mile of such stations shows the greatest appreciation relative to other homes in the area. (RJ Sangosti, The Denver Post)

Margarete Humphrey knows her bungalow near the Louisiana Station light-rail stop is in a hot neighborhood. But she was surprised to learn the value of her home has increased over the past two years as much of the metro Denver housing market has declined.

Homes near light-rail stations along the southeast line, which opened in November 2006, have increased by an average of nearly 4 percent over the past two years, according to an analysis by Your Castle Real Estate. But the rest of the Denver market declined an average of 7.5 percent.

"I know that it's always been a good neighborhood, but I didn't think it was like that," said Humphrey, who doesn't drive and frequently uses public transportation.

The closer a home is to the station, the more its value increases, according to the Your Castle analysis. Homes less than a half-mile from a station increased an average of 17.6 percent, while those 1 1/2 to 2 miles away increased just 0.1 percent on average. The data varied widely among stations, however.

Under its FasTracks program, the Regional Transportation District plans to create six new commuter-rail and light-rail corridors and extend three existing corridors by 2017, potentially creating other pockets where values are driven by proximity to rail.

In other markets with rail lines, single-family home values have increased anywhere from 2 percent in San Diego to 32 percent in St. Louis, according to data gathered by the Regional Transit District.

"Any time you do something to a neighborhood that makes it more desirable, prices are going to go up," said Brandon Neill, a broker with Your Castle. "Transit is definitely on people's minds when they're thinking about moving."

Transit is just one component pushing values up. The "places" developers create around the stations are a much bigger driver, said Marilee Utter, president of Citiventure Associates, a Denver real estate company specializing in transit-oriented developments, or TODs.



Margarete Humphrey stands outside her home at 1276 S. Sherman St. in Denver. While property values have declined in the past two years by an average of 7.5 percent in much of the metro area, Humphrey's home has risen in value. (RJ Sangosti, The Denver Post)

"Most of the value comes from placemaking, rather than the transit," she said. "But as transit gets bigger, it will account for more and more of that premium."

She said the city is just beginning to see the impact from TODs.

"Every project is different, but what we've seen historically is a 15 to 20 percent premium (near TODs)," Utter said. "Because of the desire for different kind of product and the movement toward sustainability, I think Denver will see 20 to 25 percent premium over what the other products are doing. This is just the tip of the iceberg."

Soaring gas prices also fueled the demand for housing near transit and drove prices.

"With the energy increase, it isn't too much of a surprise that people are saying, 'Gee, being close to public transportation is something that I value,' " said Byron Koste, director of the real estate center at the University of Colorado at Boulder.

Your Castle has not analyzed sales data for the west rail line, but Neill said he has seen a lot of competition for properties there as well.

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