Making the Transit Investment Case

Comparing Chicago and London

Urban Transportation Center Seminar
Feb 16, 2017
The Premise

- Transit investment needs a case beyond transportation

The Challenge

- Projects expensive and difficult
- Run through economic and political cycles

The Complete Case

- Real estate fiscal impact adds to fare-box case
- Major developments become viable
- Stations are a can opener for place-shaping
- 21st Century economic growth sectors are attracted
- Urban and community revitalization are advanced
- Multiple benefits to routes and whole city

Requires technical, value and vision proposition
Structure

1. Getting Oriented: London Snapshot
2. The Transit Investment Agenda
3. Key Projects and Case Studies
   - Crossrail 1
   - Crossrail 2
   - Euston High Speed Rail Station
4. Making a Complete Case for Transit Investment
   - Transport
   - Development and Growth
   - Place-shaping and Community Development
5. Maximising Investment Opportunities
6. Discussion – Key Chicago Projects
Getting Oriented: London Snapshot

• Form, Scale and Population

- London: 8.7m pop
- Travel to Work Area: 10m
- London + SE: 17m

- Cook: 5.2m, Chicago 2.8m
- Eight County: 7.8m
- PSMA: 9.4m Pop
Getting Oriented: London Snapshot

- Form and Scale

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- Travel to Work Area: 10m
- London + SE: 17m pop
- Cook County: 5.2 pop
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Getting Oriented: London Snapshot

• London’s Central Role
  – Capital city
  – Wall Street of Europe
  – Knowledge economy cluster
  – International Higher Education hub
  – Culture, media, sport center
  – UK’s predominant city
  – Fastest growing
  – Greatest social and economic disparities
Getting Oriented: London Snapshot

- Growing and Re-organising
  - Fast growth +100,000 per year
  - Central city job growth and diversification
  - Inner ring economic disparities
  - Inner suburban stability and stagnation
  - Rapid real estate value growth: +70% since 2010
  - Dispersing labor pool
Getting Oriented: Movement System

- Inter-city rail
- Commuter rail
- Tube (Subway)
- Overground local rail
- Light Rail and Tram
- Bus

3 million trips per day
Getting Oriented: London Snapshot

• Dynamic Demand Growth and Change
  – Ridership increase
  – Growing travel to work distances and time
  – Behavioural shift from car
  – Housing growth in new locations
Getting Oriented: London Snapshot

- Growth Agenda Context for Transit
  - Post Olympic Growth Zones
  - Downtowns
  - Urban Community Regeneration
  - Public Housing Redevelopment
  - Public Sector Land Portfolios
Transit Investment Agenda

• **Major Schemes**
  – Crossrail 1: East - West and Airport Link
  – Crossrail 2: North – South Link
  – High Speed 2: National Link

• **Tube Upgrades**
  – Signals, track, vehicles, stations

• **Line Integration and Connections**
  – Overground Line
Major Projects: Crossrail 1

- First complete rail link across London
- Connects suburbs, Heathrow Airport, CBD
- 40 stations – existing and new
- Major travel time reduction, +10% network capacity
- Existing Rights of Way, new central tunnel
- £14bn / $21bn project
Major Projects: Crossrail 1

- First direct rail link across London
- Connects suburbs, Heathrow Airport, CBD
- 40 stations – existing and new
- Major travel time reduction, +10% network capacity
- Existing Rights of Way, new central tunnel
- £14bn / $21bn project
- **2010-12 Recession and fiscal austerity government**
Major Projects: Crossrail 1

Crossrail Property Impact Study

• Valued existing residential and commercial stock
• Established baseline value forecast 2012-21
• Determined uplift impact factors and forecast
  – Station impact zones – Immediate and wider
  – Suburbs, inner urban and CBD
  – Residential and commercial (office)
  – Timing impact: Construction, Opening, Embedded

• Net additional value of £5.5bn / $7.7bn 2012 – 2021
• Development and renewal driver across region
• Place-making potential
Major Projects: Crossrail 1

Crossrail Property Impact Study

Line Sections and Zones of Influence

West Suburbs  West Boroughs  Central  East London  East Suburbs
Major Projects: Crossrail 1

Crossrail Property Impact Study

![Graph showing property value impact over time with stages for Construction, Opening, and Embedded.](image-url)
**Major Projects: Crossrail 1**

**Crossrail Property Impact Study**

- Impacts vary: by time, sector and place

<table>
<thead>
<tr>
<th>A: Crossrail Additional Annual Change to Baseline – 2012 to 2017</th>
<th>B: Crossrail Additional Annual Change to Baseline – 2018+</th>
<th>C: Crossrail Cumulative Change to Baseline – 2012 to 2022</th>
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</thead>
<tbody>
<tr>
<td><strong>Central</strong></td>
<td><strong>Capital Value</strong></td>
<td><strong>Rental Value</strong></td>
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<tr>
<td>Residential</td>
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<tr>
<td>Office</td>
<td>2.6%</td>
<td>1.0%</td>
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<tr>
<td>West</td>
<td><strong>Capital Value</strong></td>
<td><strong>Rental Level</strong></td>
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*Capital value data is drawn from Experian data, June 2012*
## Major Projects: Crossrail 1

### Crossrail Property Impact Study

- Impacts vary: transit isn’t destiny on its own

<table>
<thead>
<tr>
<th>Creating change</th>
<th>Central</th>
<th>East</th>
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<tbody>
<tr>
<td>Ealing Broadway</td>
<td>Custom House</td>
<td>Abbey Wood</td>
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<td>Slough</td>
<td>Woolwich</td>
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<td>Southall</td>
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<th>Reinforcing directions</th>
<th>Central</th>
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<tr>
<td>Maidenhead</td>
<td>Bond Street</td>
<td>Stratford</td>
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<tr>
<td>Hayes &amp; Harlington</td>
<td>Paddington</td>
<td>Romford</td>
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<tr>
<td>Heathrow Airport</td>
<td>Liverpool Street</td>
<td>Ilford</td>
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<td>West Ealing</td>
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<td>Acton Main Line</td>
<td>Forest Gate</td>
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<td>West Drayton</td>
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Major Projects: Crossrail 1

Crossrail Property Impact Study

• Transit isn’t destiny

• Greatest impacts where:
  – Change in travel time / frequency
  – Markets rising from moderate base
  – Edge of value growth zones
  – Signature stations and public realm
  – Master plans align public and private
  – Leveraged transit real estate
  – Wider revitalisation strategy
  – Political leadership for change
Major Projects: Crossrail 1

Crossrail Property Impact Study

• Development sources
  – Surface parking lots
  – Obsolete rail yards
  – Outdoor storage yards
  – Underused industrial
  – Single storey strip retail
  – Public sector land
  – Station air-rights
  – Highway air-rights
Major Projects: Crossrail 1

- Airport Link Impact – Heathrow to CBD
### Major Projects: Crossrail 1

- Airport Link Impact – Heathrow to CBD

#### London Airport to Central City Link Comparisons

**Business and Tourist Riders**

<table>
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<tr>
<th>Link and Mode</th>
<th>Primary Factors</th>
<th>Secondary Factors</th>
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<tr>
<td></td>
<td>AirportDest</td>
<td>System</td>
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<td>Heathrow</td>
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Various discounts for farecard, off peak and advance purchases
* at long term exchange rate average of $1.50 : £1.00
Evolving Role of Crossrail

- Airport Link Impact – Outer City Sites
Evolving Role of Crossrail

- Airport Link Impact – the Old Vinyl Factory Proposal
Major Projects: Crossrail 1

Crossrail Development **Pipeline Study**

- Positive Impact on Planning Consents
  - Additional transit changes density ‘zoning’
  - Equivalent to Planned Urban Development (PUD) system
- Addressed scale, number, location, land use
Planning Consents – Number Leveraged

- West
- Central
- East

Cities included: Maidenhead, Taplow, Burnham, Slough, Langley, Iver, West Drayton, Heathrow, Southall, Hanwell, West Ealing, Ealing Broadway, Acton Mainline, Paddington, Bond Street, Tottenham Court Road, Farringdon, Liverpool Street, Whitechapel, Custom House, Woolwich, Abbey Wood, Stratford, Maryland, Forest Gate, Manor Park, Ilford, Seven Kings, Gidea Park, Chadwell Heath, Romford Park, Harold Wood, Brentwood, Shenfield.