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Cost/Benefit Analysis of Walking?

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One of the most cited reasons for choosing to live in an urban environment is “walkability.” A walkable city gives residents the ability to get around on foot and provides places to walk to, like shopping areas, transit stops and schools. A compact, walkable neighborhood encourages healthier lifestyles, protects the environment and saves energy by reducing our dependence on cars. Furthermore, they create a sense of community and generate stakeholder involvement around community related initiatives. Not only does living in a walkable community make personal economic sense, but it makes economic sense on a larger scale as well. In the current housing slump, homes located in walkable communities are more likely to hold their value and may even appreciate once the recession ends. These benefits and economic indicators prompt the question, would you pay more for walkability? If so, do the costs justify the benefits?

A key principle of smart growth is the development of walkable communities, but another goal is to make homes in metropolitan regions affordable and accessible to jobs and essential services. Families in search of their piece of the American Dream increasingly must drive farther and farther into the exurbs to find homes with mortgages they can afford. A report released on August 18th shows that home buyers are paying more for homes in neighborhoods where you can get around without wheels. The study, conducted by CEOs for Cities, explores the connection between home values and walkability, as measured by the Walk Score algorithm. The report looked at 94,000 real-estate transactions in 15 markets across the country. Researchers found that in 13 of the markets, housing values were higher in more walkable neighborhoods. Data showed these “walkable” community houses commanded $4,000 to $34,000 more than those in communities with average walkability.

According to research from Walk Score’s Board Director Christopher Leinberger, each additional point on the Walkscore scale may translate to $1,000 to $3,000 more per square foot of housing value. To evaluate this “walkability” factor, researchers developed the Walk Score algorithm, which measures the number of typical consumer destinations within walking distance of a house, with scores ranging from 0 (car dependent) to 100 (most walkable). For home values, researchers used an economic technique called hedonic regression, which estimates how much market value home buyers implicitly attach to houses with higher Walk Scores. The study controlled for other factors that also influence housing value, like size and age of residence, income level and access to employment.

The findings of the study are important for many reasons. According to CEOs for Cities head Carol Coletta, “These findings…tell us that if urban leaders are intentional about developing and redeveloping their cities to make them more walkable, it will not only enhance the local tax base but will also contribute to individual wealth by increasing the value of what is, for most people, their biggest asset.” Other important benefits are also associated with improved walkability. Economically, walkable communities reduce transportation costs, increase local business activity, employment and improve accessibility. Socially, living in a walkable community increases exercise, helps preserve cultural resources and reduces external transportation costs like crash risk and pollution. Environmentally, a walkable community reduces the land needed for roads and parking, promotes preservation of open spaces and reduces energy consumption and pollution emissions.

Walkability is not the sole reason for picking a place to live and it doesn’t guarantee affordability or appreciation, but there is no doubt that gas prices, a recession and the housing crunch have slowed migration to the suburbs. The migration back to America’s largest cities is reversing a decade long trend. This study included data gathered from 2006 through 2008 and during this time, housing prices peaked and then declined. Further research would need to be conducted to fully assess how the collapse of the housing bubble affected the market value attached to walkability and housing prices between the end of 2008 and into 2009. There is no doubt that a better understanding and greater appreciation of the full benefits of walkability could change planning priorities for the better.