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**EMPLOYERS' PERSPECTIVES ON TRANSIT-ORIENTED ECONOMIC  
DEVELOPMENT**

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42 **ABSTRACT**

43 Achieving hoped-for accessibility gains from transit improvements depends on jobs in station  
44 areas. Current regional employment patterns are not conducive to effective transit access.  
45 Attracting living-wage jobs to transit station areas is important for maximizing the social benefits  
46 of transit improvements. Existing research on transit-oriented economic development pays little  
47 attention to how employers perceive transit access and their motivations for locating (or not) in  
48 transit-served areas. Understanding these perceptions and motivations is critical for attempts to  
49 attract jobs to station areas. This paper details the results of in-depth interviews with 16  
50 competitive-cluster employers and 3 commercial real estate brokers in the Twin Cities region.  
51 The authors employ word frequency and topic co-occurrence analysis, along with close readings  
52 to explore what participants see as their primary location factors, the importance of  
53 transportation and transit access to their business and what would make transit accessible sites  
54 more attractive. Transit is commonly seen as a desirable amenity by participants, especially firms  
55 that see quality transit access as an advantage in competing for talented employees or as allowing  
56 recruiting from a larger area. Other considerations, such as ties to specific areas of the region and  
57 a need to accommodate current employees' commutes can prevent companies from pursuing  
58 transit access. Tailoring station-area economic development efforts to nearby types of employers,  
59 leveraging interested employers as anchors of new employment centers and providing the types  
60 of regional transit service employers see as relevant to their business fortunes are proposed to  
61 help achieve robust station-area employment.

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## 68 INTRODUCTION

69 Improving employment accessibility is a common, important rationale for transit improvements.  
70 Accessibility gains, however, depend on station area employment. Transit has traditionally  
71 reached jobs by providing a high level of service to job-rich central business districts. Even in  
72 the case of newly implemented transit services such as light rail lines, CBD jobs can be served  
73 by bringing the transit to the jobs. For decades following the end of the streetcar era, most U. S.  
74 cities offered only basic bus service and sought to serve existing travel patterns, taking for  
75 granted that the age of transit driving urban form was passed. Increasing, however, regions  
76 across the country are turning back to rail and exploring Bus Rapid Transit as foci of regional  
77 growth, with the intent of creating new, more sustainable travel patterns.

78 Hopes of success are presently tempered, however, by common regional employment  
79 patterns. For decades, job growth has been strongest in suburbs planned around accommodating  
80 the automobile (1). This pattern yields a mismatch between the downtown business districts  
81 currently best served by transit and the suburbs where most people work—a mismatch felt  
82 especially keenly by the urban working poor, not to mention the poor who would like to be  
83 working (2). The problem is not the suburbanization of employment per se, it is the creation of  
84 suburban employment centers with built forms that are unsuited to quality (or effective) transit  
85 service. Put simply, an employment center designed solely for a well-functioning automotive  
86 system will be too dispersed and too unfriendly to the pedestrian to have a well-functioning  
87 transit system.

88 Transitways—premium service rail and bus transit corridors offering fast, frequent,  
89 reliable all-day service, offer a potential response to the problem. By offering an attractive,  
90 desirable service (and a refuge from freeway congestion), transitway stations can serve as centers  
91 of gravity for new, human-focused neighborhoods. The practice of Transit-Oriented  
92 Development (TOD) seeks to further and coordinate the development of such neighborhoods  
93 around transit stations. Housing, however, often becomes the primary focus of TOD projects as  
94 developers seek to take advantage of demand from well-heeled downtown commuters. Of  
95 course, transit-accessible housing is necessary to useful transit mobility, but it is by itself  
96 insufficient: a home with excellent transit service does little good if none of one's daily  
97 destinations are so served. In addition, workers tend to tolerate longer walks and bus connections  
98 better at the home ends of their commutes than at the work ends. Growing evidence suggests that  
99 promoting job growth in station areas may have greater benefits than promoting yet more  
100 apartments.

101 This paper explores how employers perceive transit access and their motivations for  
102 locating (or not) in transit-served areas. The research stems from in-depth interviews with 16  
103 business executives and 3 commercial real estate brokers in the Twin Cities region of  
104 Minneapolis-Saint Paul, Minnesota. Taking an interpretive approach, the research examines what  
105 employers themselves view as important (or not) about transit access and why. Understanding  
106 these perceptions and motivations is critical for attempts to attract jobs to station areas: knowing  
107 what employers view as important reasons to select transit-served sites will provide policy  
108 makers with valuable context for empirical research on station area employment.

## 109 LITERATURE REVIEW

110 Transit-accessible housing would offer few benefits to commuters without (3) transit-accessible  
111 workplaces. Transit, in general, and rail transit, in particular, offer a high level of service to  
112 dense, congested central business districts (4-6). However, the trend in employment growth in

113 recent decades has been one of increasing suburbanization and decentralization (1, 5). Such “job  
114 sprawl” often reduces options for commuting by transit and can have serious impacts on lower-  
115 skilled, transportation-disadvantaged workers hoping to improve their economic lot (7).

116 Most TOD research has focused on the development of transit-oriented housing.  
117 Individuals who desire transit access may self-select transit-oriented housing, but self-selection  
118 of transit-oriented workplaces is more difficult for an individual commuter. This fact underscores  
119 the importance of employment-focused TOD efforts (5).

120 Businesses in different industries prioritize different location factors in selecting sites  
121 within a region. An important site-selection factor is the consideration of commute sheds and  
122 labor supply, especially in cases of companies requiring large quantities of skilled labor.  
123 Laulajainen and Stafford state that employers in most regions cannot reasonably hope to recruit  
124 employees from an area beyond 45-60 minutes travel time. They also find that even the largest  
125 employers often seek to locate in an area where they will not employ more than 7-10 percent of  
126 their total labor force within the 45-60 minutes of travel time (8). This reasonable commute  
127 radius is defined by travel time, regardless of mode: a transportation mode offering regional  
128 travel-time savings can make sites it serves particularly attractive to major employers by  
129 allowing them to recruit from larger areas.

130 Not all businesses select sites in a perfectly informed, perfectly rational process. Elgar  
131 and Miller found that most small-to-medium-sized office firms surveyed in the Toronto area  
132 choose locations based on what they term “a satisficing rather than utility-maximizing” process.  
133 Many respondents selected the first location they found that met their most basic, indispensable  
134 criteria (9). In a series of interviews with businesses, Wardner concludes that employers often  
135 consider “sense of place” when selecting locations from a perspective of improving recruiting  
136 and retention of employees. She also found that sense of place is not often considered in a  
137 systematic way and is often overridden by other location factors (10).

### 138 **Employers’ Demand for Transit Access**

139 Kawamura finds relationships between companies’ location choices and transportation  
140 access in a broad-based study of the Chicago metropolitan area. Firms’ average distance to  
141 freeway interchanges decreased from 1981 to 1999; distances between firm locations in the  
142 central city and rail transit stations decreased as well over the same period. Suburban businesses  
143 have maintained similar distances to rail transit stations while at the same time moving closer to  
144 freeways (11). In Madrid, Mejia-Dorantes, et al., found that the opening of a new rail transit line  
145 connecting previously poorly served suburbs led businesses to quickly reorient their location  
146 choices toward the new transit stations, in spite of a previous non-transit-oriented built form (12).

147 Much of the existing research on the relationship between transitways and business  
148 location decisions has focused on analysis of commercial property values, taking relative market  
149 prices in transit-served and non-transit-served locations as proxies for their desirability. This  
150 practice may stem, in part, from readily available public data that can respond quickly to  
151 infrastructure improvements. Much research has found that premiums exist for commercial  
152 property in rail transit station areas: Cervero and Duncan found a \$25-per-square-foot premium  
153 for parcels within a quarter-mile of commuter rail stations and a \$4-per-square-foot premium for  
154 parcels within an equal distance of light-rail stations. They also found a \$2-per-square-foot  
155 *discount* for parcels within half a mile of freeway ramps in Santa Clara County, California (13).  
156 Weinberger found a commercial rent premium within half a mile of Santa Clara County light-rail  
157 stations, and no premium associated with freeway access (14). Cervero reaches a similar  
158 conclusion in a study of office rents in Atlanta and Washington, D.C. TOD projects, finding

159 significant gains in rents correlated with an 11-year trend of increasing rail ridership (15). Ryan  
160 breaks from the fold somewhat in reaching the opposite conclusion in a study of the San Diego  
161 area, finding no premium for light-rail access and a significant premium for highway access (16).  
162 Many other researchers (17-20) studying a wide variety of regions, however, echo the findings of  
163 Cervero & Duncan (13) and Weinberger (14). Looking specifically at the Twin Cities, Ko and  
164 Cao found significant property value premiums for commercial and industrial properties in  
165 Hiawatha light-rail station areas. These property value benefits extend 1,400 meters (nearly  
166 seven-eighths of a mile) from stations (21).

167         Employers appear to perceive at least some benefits from locating near high-quality  
168 regional transit options. Research that shows continuing job decentralization, however,  
169 highlights both the importance of improved suburban transit options and the challenges transit-  
170 oriented economic development efforts are likely to face. There is a need for research that  
171 engages with the business community and designs new and innovative strategies for enabling  
172 employers to take advantage of regional transit investments.

173

## 174 **METHODS**

175 The research revolves around a series of interviews with business executives and commercial  
176 real estate brokers. Interviews were semi-structured, lasting roughly 30-60 minutes each.  
177 Interview discussion guides revolved around four basic themes: 1) What the participant saw as  
178 crucial location factors; 2) Where transportation and transit access fit into that set of factors; 3)  
179 What makes transportation and transit access important (to whatever degree they are); 4) What  
180 actions the public sector could take to make transit-accessible sites more attractive as business  
181 locations.

## 182 **Participants**

183 Participants were recruited using a mix of random sampling from a list of businesses in each  
184 cluster and snowballing based on prior contacts. Participants included C-suite executives (a  
185 firm's most senior-level executives), human resources directors, and corporate real estate  
186 directors with companies ranging from start-ups to established Fortune 500 companies. In  
187 keeping with the project's objective of developing strategies for supporting living-wage job  
188 creation in transit-accessible areas, the research focuses on businesses in industries identified as  
189 belonging to competitive clusters in the Twin Cities region.

190         A competitive cluster is a group of industries in a region, anchored by an industry that  
191 drives that region's economy along with other industries having significant input-output trading  
192 relationships with the anchor. As net exporters, competitive clusters bring capital into the region.  
193 In addition, industries in competitive clusters create disproportionate numbers of stable, living-  
194 wage jobs as compared with service industry employers (22).

195         Recruiting focused on businesses in five competitive clusters identified as key to the  
196 Twin Cities regional economy: book publishing and printing; finance and insurance; lessors of  
197 nonfinancial intangible assets; management of companies and enterprises; and medical device  
198 manufacturing. In addition to categorizing the study population by industry cluster, the research  
199 team also divided businesses into three size and life-cycle stage categories: startups (businesses  
200 less than two years old), established firms (businesses of any age with at least 20 employees),  
201 and major employers (businesses in the Fortune 500 or the *StarTribune* 100 list of the largest  
202 Minnesota companies). shows the competitive clusters included, as well as numbers of  
203 businesses interviewed in each, broken down by life cycle stage.

204 **TABLE 1 Participating businesses by competitive cluster and lifecycle stage**

	Startups	Established firms	Major employers	Total
<b>Book publishing &amp; printing</b> <i>Publishers, printing presses, also includes electronic publishing.</i>	0	1	0	<b>1</b>
<b>Finance &amp; insurance</b> <i>Banks, insurance companies, insurance agents, investment services.</i>	2	4	2	<b>8</b>
<b>Lessors of nonfinancial intangible assets</b> <i>Franchisers (chain restaurants, etc.)</i>	0	1	0	<b>1</b>
<b>Management of companies &amp; enterprises</b> <i>Management firms, most large companies (managing various business lines).</i>	1	1	2	<b>4</b>
<b>Medical device manufacturing</b> <i>Medical device makers and their specialized suppliers.</i>	0	1	1	<b>2</b>
<b>Total</b>	<b>3</b>	<b>8</b>	<b>5</b>	<b>16</b>

205 The authors also interviewed three commercial real estate brokers. Commercial real  
 206 estate brokers deal with site-selection issues from the employers' perspectives much more  
 207 frequently and in more varied circumstances than individual employers do. Brokers can also play  
 208 a significant role in shaping employers' site-selection decisions. These three interviews offered  
 209 additional context and breadth to the employer portion of the study.

### 210 **Content Analysis**

211 Parallel to prior analysis concerning transit-oriented development, the authors employed two  
 212 methods of content analysis: word frequency and topic co-occurrence. These computerized  
 213 techniques combined with repeated close readings of the interview transcripts.

214 Concepts mentioned repeatedly by participants shed light on why participants see certain  
 215 location factors as important (or not), and also what motivates them to seek out transit-served  
 216 sites (or not). Content analysis software allows the authors to assign passages of text to  
 217 "nodes"—digital tags that identify concepts or topics. Nodes allow for the comprehensive  
 218 identification of concepts commonly mentioned together, an important indication of what  
 219 concepts participants see as significantly related (23).

220 These techniques combine with close, human readings of interview transcripts to identify  
 221 themes more formal analysis techniques might miss—a general perspective throughout an  
 222 interview may be plain to a reader, yet difficult to assign to specific topics. The human touch  
 223 also identifies novel perspectives from participants which are interesting not due to prevalence,  
 224 but because they offer an alternative point of view. Computer-based analysis directs reading by  
 225 showing intersections between important topics. The reverse is also true: an unexpected co-  
 226 occurrence of two or more topics might lead to a new coding query, which itself directs further  
 227 reading, etc. (24).

228

able access also anything area around back building bus  
 business campus certain cities city client clients close come coming  
 commute companies company cost day decision definitely  
 different downtown else employees even factor  
 factors far good great high important incentives issue jobs  
 know like line live located location  
 long look looking lot make many mean metro minneapolis  
 move near need new now obviously office parking part paul  
 people place play point process public  
 question rail see sense service site sort space specific sure system take talk  
 talking terms think time transit  
 transportation trying twin use want way work years yes

229

230 **FIGURE 1 Most commonly mentioned words**231 **RESULTS**

232 Figure 1 shows a tag cloud of the 100 most common words mentioned by participants. The most  
 233 prominent words—such as “people” and “like”—drive home the point that interview participants  
 234 were highly interested in site selection and transit access in a recruiting/retention context and in  
 235 terms of being viewed as desirable employers.

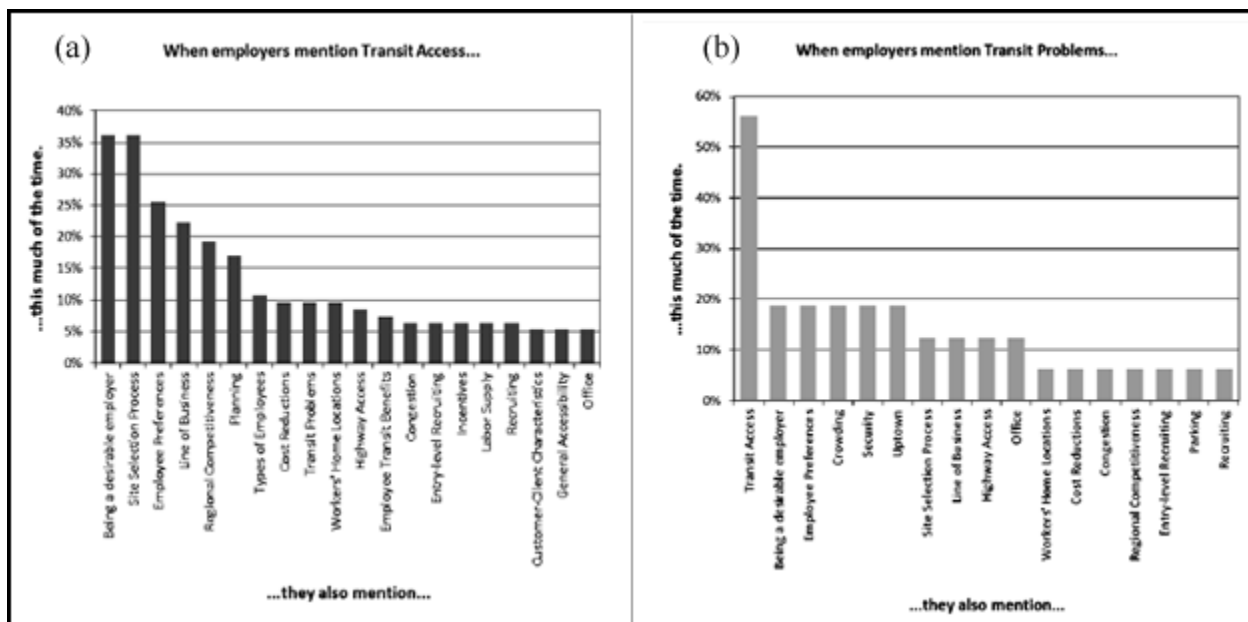
236 Words like “think” and “know” suggest a high level of importance for information in the  
 237 site-selection process and relating transit access to this process. The prominence of information-  
 238 related words is especially interesting given that only three brokers are included: though  
 239 individual companies might not have direct access to the same degree of real estate information  
 240 as brokers, they also appear to attach a high level of importance to it.

241 The most frequently mentioned transportation term is “transit.” Note that the discussion  
 242 guide mentions transit several times: the prominence of “transit” in the tag cloud cannot be taken  
 243 to mean transit access is the most important transportation issue for participants. One interesting  
 244 point is that “bus” is actually mentioned significantly more frequently than “rail”. Employers  
 245 almost unanimously report that they consider primarily current transportation access at a  
 246 particular location regardless of potential future options. (The word “now” is quite prominent in  
 247 the tag cloud as well.) In addition, “system” is also one of the most commonly mentioned words  
 248 in the employer interviews: Ten employers and two brokers believe improved regional transit is  
 249 desirable, but stated that the usefulness of individual lines would be limited until a more  
 250 comprehensive system is operating. “Parking” is actually one of the least prominent  
 251 transportation-related words in the tag cloud. This does not necessarily suggest participants  
 252 consider parking unimportant; parking might simply be so ubiquitous as to be unremarkable.

## 253 Coding Intersections

### 254 *Transit access*

255 Figure 2a shows the topics participants most commonly mention together with a desire for, or the  
 256 practical considerations of, obtaining a site with transit access. No topic node occurs together  
 257 with “transit access” more often than “being a desirable employer,” which does so 36 percent of  
 258 the time.



259  
 260 **FIGURE 2 Coding intersections**

261 The “site-selection process” node co-occurs with “transit access” equally often.  
 262 Businesses are most likely to consider moving to a site with better transit access when searching  
 263 for a new location anyway. Participants also frequently stated that transit would be most likely to  
 264 impact future site-selection decisions if and when improved transit service arrived in the area of  
 265 the metro they have traditionally operated, as below:

266 If I had to go and get additional space right now, we would want it as close  
 267 to our other facilities as possible. [...] I think it would definitely impact a



268 future site-selection decision. If this much mass transit were available, we  
269 would—I mean, we would definitely keep that—the sustainability factor is  
270 one, the younger generation, attracting those people—because we’re  
271 competing with [other large, corporate employers].

272 The “employee preferences” node occurs together with “transit access” roughly 26  
273 percent of the time. Employers that already have good transit access generally report that they  
274 would be reluctant to move to a location that did not offer a similar level of transit service, even  
275 if it were desirable based on other criteria, as in this example from a downtown startup:

276 There’s a lot of folks that do use the light rail and the bus. If we weren’t  
277 close to the light rail, I think it would be an adjustment. And I think any time  
278 there’s a change like that it can lead to other things. And not everybody likes  
279 change, and that’s something that affects people every day [...]. So it’s  
280 important for us to stay as easily connected as possible.

281 Current employee preferences can also serve as an impediment to employers without  
282 transit access relocating to a transit-accessible site if that site compromises automobile access.  
283 This fact can put forward-looking, suburban-based companies in a difficult position, as in the  
284 case of this high-tech manufacturing firm:

285 A lot of [our] employees have been here for decades, and they just have  
286 certain expectations. They just expect to be catered to, especially from a  
287 facility perspective. It’s unfortunate, because the world is changing, and  
288 they’re not. So that’s why, the things we’ve looked at, it’s like, unless that  
289 thing is going to drop them off at the front door, there’s a lot of people who  
290 just will never use it. But part of that is just generational.

291 The specific line of business an employer is in also shapes perceptions of transit as a  
292 desirable amenity, co-occurring with transit access roughly 22 percent of the time. Offices tend  
293 to value transit more than factories. Still, five participants identify call centers as able to benefit  
294 from transit access, due to employees with lower incomes than most office workers. Four also  
295 identify transit as beneficial to warehouses, due to low incomes of workers. Transit is seen as  
296 extending the area from which employers can reasonably recruit. In the words of a publishing  
297 house that relocated its warehousing operations from an urban, transit-served site to a suburban,  
298 automobile-dependent site:

299 [T]he bigger fear was losing those warehouse workers, because, obviously,  
300 that’s lower income to start with, and then you’re taking away their  
301 transportation option. [...] It’s a little more difficult [now] to get kind of  
302 lower-level, and by lower-level I mean lower-pay, that’s what I’m referring  
303 to. For those ones it’s harder to entice somebody to drive from even  
304 Minneapolis to our facility for, say, a starting wage of \$12.50 an hour.

305 Regional competitiveness is mentioned together with transit roughly 19 percent of the  
306 time. Planning for better future transit access (on the part of participants’ companies) or for a  
307 more transit-friendly future region also appear frequently, in about 17 percent of all mentions of  
308 “transit access.” Chief among these issues is the need for a line to be funded before it becomes  
309 relevant to site selection.

310 *Transit problems*

311 Most participants identified transit access as an amenity an *ideal* site would have, and identified  
312 practical reasons they believed finding a site that was both transit-accessible and otherwise  
313 suitable would be difficult. Figure 2b (above) shows the nodes that most frequently co-occur  
314 with “transit problems”. (“Transit problems” refers to problems with transit service or problems  
315 finding an acceptable, transit-served site.) The following quote comes from a suburban  
316 publishing company with many employees who want to take transit to work for lifestyle and/or  
317 environmental reasons but who are prevented by inconvenient reverse-commute service:

318           Transit, because of that we have, again, I call it kind of an earthy culture. A  
319           lot of them, they don’t like to drive, but they have no other option. So  
320           people, when we first moved here, they tried the limited transit that [our  
321           area] has. [...] But now they’ve just started carpooling with people. But I  
322           know at least five people who, if they did not ever have to set foot in a car,  
323           they would not.

324           “Being a desirable employer” and “employee preferences” each occur together with  
325           “transit problems” 19 percent of the time. Employers might desire better transit access to provide  
326           a more desirable place to work or to more closely suit their current employees’ preferences, but  
327           they do not feel they have reasonable options for obtaining better transit access.

328           The “crowding” and “security” nodes are the most common nodes having to do explicitly  
329           with service quality in terms of their co-occurrence with “transit problems”, mentioned by  
330           employers with many employees using the regular bus system. “Uptown,” the only neighborhood  
331           mentioned repeatedly by interview participants, also occurs together with 19 percent of  
332           occurrences of “transit problems.” Uptown Minneapolis is frequently cited as a popular area for  
333           highly skilled professionals to live—the location of choice for the talent many employers see  
334           their future fortunes tied to—but lacking premium transit options. In the words of one downtown  
335           employer:

336           I think just—you hear people complaining about, there’s a lot of people that  
337           ride the 6. Uptown is very busy, and there will be employees that say, from  
338           time to time, “I’m not comfortable riding the bus.” [...] So it’s more, just,  
339           trying to make sure that our employees are feeling safe.

340 *Regional competitiveness*

341 Eight of the 16 employers interviewed (including all of the Fortune 500 employers) and all three  
342 of the commercial real estate brokers believe a world-class regional transit system would  
343 strengthen the Twin Cities as a region. The defining feature of such employers, no matter their  
344 size, appears to be a need to recruit talented, in-demand professional employees at a national  
345 scale. In the words of a corporate real estate vice-president from one major Twin Cities  
346 employer:

347           And so, even forgetting where the train lines can go and everything else, the  
348           city of Minneapolis, is it attractive enough that I can get the best IT people,  
349           the best marketing people? Because they’re in New York and San Francisco,  
350           and they look at Minneapolis as being a wasteland in between.

351           Employers interested in the regional competitiveness benefits of transit do not necessarily  
352           see transit improvements as having significant, direct benefits for their own workforces at all—at

353 least in terms of daily commute use. These companies actually see regional competitiveness  
354 impacts alone as justifying public investment in transit infrastructure, as shown by this exchange  
355 between an interviewer and one small, suburban financial services firm:

356           As it helps the economy, it helps Minneapolis stay a city where people want  
357           to live because we can afford things. We have nice festivals, great parks. We  
358           built the Vikings stadium, put the money down, and that's a big deal to a lot  
359           of people. So that helps us.

360           For these companies, regional transit improvements are a tangible example of public  
361           commitment to continue improving the Twin Cities region's status as a desirable place to live  
362           and work. The level of business interest found in such improvements speaks to the power of the  
363           vision of a future region connected by a modern, efficient regional transit system.

### 364 **Changing Attitudes**

365 Seven employers and two brokers told the interview team that they see a fundamental change  
366 under way in terms of attitudes toward transit. All but one of the major regional employers  
367 mentioned this shift. They state transit options have not traditionally been required by most  
368 members of the labor force but are becoming more and more desired, even demanded, by today's  
369 young workers—particularly members of the millennial generation. Participants characterize this  
370 change as a historic shift, not simply a cyclical process or fashion, as in this example from a  
371 long-time Twin Cities real estate professional:

372           So transportation—there's no question that I'm seeing much more of a trend  
373           for public transportation. There's much more of a demand for that. I'm  
374           seeing the places that have access to public transportation are thriving better  
375           than the communities that don't. [...] So I think people are constantly  
376           thinking about their cost, their commute time, and most people, if they're  
377           not in the world of sales like I am, or whatever, they have a real desire to  
378           take public transportation if it's available. I'm seeing that as a trend that has  
379           definitely changed over the 23 years that I've been in the business.

### 380 **Balancing Present and Future**

381 In many ways, the more forward-looking employers in the region are caught in a balancing act of  
382 striving to compete efficiently in an automobile-dominated present while preparing for a transit-  
383 oriented future. The approaches they take and the degrees to which they succeed are instructive.  
384 As much as possible within the constraints of confidentiality, the authors now offer three brief  
385 case studies showing how a variety of Twin Cities employers are dealing with this balancing act.

#### 386 *Company A*

387 First is a large, high-tech employer located at a conventional campus in the suburbs. There is  
388 transit service in the general area, but only in the form of a basic, local bus route. Virtually all  
389 employees currently drive, most from suburban homes in the same general quadrant of the metro  
390 area as the company offices. However, Company A is facing a dramatic workforce turnover in  
391 the near future. In the words of the corporate real estate director we interviewed:

393           Forty-four percent of our workforce is eligible for retirement in the next—  
394           what is it, 15 years? So we could lose half our workforce in 15 years. In 15

395               years, the millennials are going to be between the ages of 25 and 45. That's  
396               going to be our new workforce.

397  
398               The company is tied to its suburban headquarters, due to other facilities in the same area,  
399               and major capital investments on the present site. Still, this employer looks ahead, and sees a  
400               need—somehow—to have transit access in the future:  
401

402               [T]he millennial generation is looking for something different than the baby  
403               boomers are, in an office. One of those factors is access to transportation. So  
404               I think, as we go forward, access to transportation is going to [make] a  
405               bigger impact on attracting talent. [...] I think the younger generation [...]   
406               transportation will be a bigger impact there. And the whole sustainability  
407               thing is more important to them. And it's becoming more important to  
408               companies—it's becoming more important to us.

409  
410               Relocating to a more transit-accessible site will not be a viable option for this company in  
411               the foreseeable future—though the executive we interviewed stated that a fully developed  
412               regional transit system would impact any future site selections the company might undertake.  
413               The company has expressed willingness to offer shuttle service to a nearby transit station, but has  
414               yet to move forward due to lack of interest from current employees.

415               *Company B*

416               Our second example is another large company with main offices in downtown Minneapolis and  
417               suburban locations for back-office functions. Due to rapid growth and downtown real-estate  
418               costs, this employer is in the process of relocating a number of high-skilled employees to one of  
419               its suburban locations—a location that does not currently have good transit service. The  
420               company acknowledges that transportation choices—including quality transit—and the option  
421               for an urban lifestyle are in high demand among many of the workers they need to recruit and  
422               retain for both their downtown and suburban locations. Rather than simply recognizing that this  
423               fact could present problems in the future, however, Company B is taking a more proactive  
424               approach. The company is working to attract improved transit service near its primary suburban  
425               site and making plans for technology employment-focused TOD on the surrounding company-  
426               owned land. The company sees these plans as allowing a more rational organization of its Twin  
427               Cities offices without the need to force its current and future employees to choose between a  
428               desirable job and a desired lifestyle:

429               We're under construction right now with another two buildings because  
430               we're taking our technology—making a technology campus. [...] [W]e're  
431               going to re-stack the [downtown offices] as we continue to grow, and we'll  
432               become more functionally aligned in our business as we were in the past, so  
433               it'll be more integrated. It might be merchandising [at headquarters], maybe  
434               it's more support down there, maybe it's more technology and finance there.

435               And subsets of [our primary location factors] are access to people, you  
436               know? The kind of people—if you really step back on a broad scale, one of  
437               the issues that corporations want to make sure [of] is, I think, does a city

438 have the attributes that will attract the creative class that you need for your  
439 corporation as it continues to grow in scale and size? So, you know, a big  
440 issue is, today, you guys are young people, want to work in an urban  
441 environment, perhaps. A more scalable, walkable, public transit, than when I  
442 grew up.

443  
444 Company B's strategy is one that is only available to an employer so large that even one  
445 of its satellite offices can serve as the center of gravity for a new employment center. However,  
446 in acting as that center of gravity, this company may create an opportunity for smaller suburban  
447 companies looking for access to quality transit to fall into a transit-oriented employment center's  
448 orbit, so to speak, and in doing so potentially create a new paradigm for the suburban campus.

449 *Company C*

450 Our third and final example is a small, innovative insurance company located in downtown  
451 Minneapolis. This employer offers its employees either a fully paid transit pass (which costs the  
452 company \$76/employee/month) or an \$85 parking subsidy. In this sense, transit is both an  
453 amenity for workers (desired by many and fully funded) and a cost-control measure (since it  
454 costs the company less than the partial parking subsidy). Company C values its downtown  
455 location due to business relationships and the work environment preferred by both executives  
456 and employees; transit offers it a way to compensate for downtown rents. In addition, the  
457 package of downtown location and first-rate transit access helps this firm compete for top talent  
458 as a small company:

459 I think that, mostly because we're offering the benefit of paying for it. I  
460 think that it's nice for people to—yep, I can get on the bus and go there—but  
461 the real plus is that [we are] providing the bus pass, or [we're] paying \$85  
462 toward parking. So I think that it's fun for people to say, "I work downtown.  
463 Where do you work?" And there's— it's a good social selling point. But I  
464 think that it wouldn't be as much so if we weren't contributing, because it's  
465 an expense.

466 Company C may be ahead of the curve somewhat in prioritizing a location in a vibrant,  
467 interesting area where people want to work, with easy access to vibrant, interesting residential  
468 areas where many of those same people want to live. They recognize, however, that the  
469 arrangement would create major cost issues for both employer and employees with conventional,  
470 automobile-dominated commuting.

471 **CONCLUSIONS**

472 Most participants value transit access, but transit access does not determine location decisions on  
473 its own. The interview results show that transit access is one of many desired and necessary  
474 characteristics of a location. In fact, transit tends more to fall into the desired category than the  
475 necessary category.

476 **Employers' Motivations Around Transit Access**

477 Good transit access increases property values. This fact can discourage cost-sensitive employers  
478 from selecting transit-served sites. Small employers are particularly likely to sacrifice transit  
479 access for lower-cost locations.

480           Employers looking to relocate have strong incentives to select new locations near their  
481 current locations to avoid employee turnover. As a result, a transit-accessible site is primarily  
482 able only to attract nearby employers. Others may desire better transit access, but could judge  
483 pursuing it unfeasible if high-quality transit is not available nearby. As a result, it will be  
484 important for station-area economic development efforts to suit plans for employment-focused  
485 TODs to the types of employers already present in the area when feasible.

486           When large corporate employers begin the search process for a new location, quality  
487 transit access is on their “wish list” of desired site characteristics. Transit is an attractive quality-  
488 of- life amenity for locating offices with large numbers of high-skilled professional employees.  
489 Large employers see a Twenty-First Century transit system as making the region more  
490 competitive nationally and easy access to it making them more competitive within the region.  
491 Large corporate offices could have an especially important role to play in transit-oriented job  
492 development by acting as anchors for transit-served employment centers.

493           Smaller, innovative companies and startups are also showing increasing interest in transit  
494 options as well. Smaller companies desiring quality transit access and/or vibrant urban locations  
495 see themselves as dependent on talented, highly-skilled workers. Such companies may highly  
496 value transit access and vibrant, urban locations if they see such amenities as helping them  
497 compete for top talent, or as providing cost savings by reducing the need for downtown parking  
498 benefits.

499           Transit service can be attractive from a labor supply perspective for back office functions  
500 such as call centers, and warehouses due to high rates of employee turnover and lower wage  
501 levels. These employers perceive transit as allowing them to hire from larger pools of candidates  
502 and reducing turnover among employees who would struggle with the costs of driving to work.

### 503 **Importance of Diverse, Regional Transit Service**

504 Most jobs in the metro area are located outside the downtowns. In addition, factors including  
505 continuing suburban employment growth, renewed interest in urban living, the decline of  
506 traditional, one-employer careers, and the rise of two-earner households mean that non-  
507 traditional commutes are more common now than ever before, and becoming more so. In  
508 addition, many large, competitive cluster employers with a need to recruit talented, younger-  
509 generation employees have suburban locations that , which are not conveniently served by the  
510 traditional, radial commute orientation of the transit system. Transitways providing rapid,  
511 regional mobility with frequent, all-day service and cross-town bus service directly connecting  
512 popular residential areas with employment centers can improve the attractiveness of transit-  
513 oriented sites for employers. Such service could connect a wider variety of suburban employers  
514 with the neighborhoods they see as favored by the employees they see their futures dependent on  
515 attracting and retaining.

516           There is a need to work on the image of local, urban transit image and rider experience—  
517 even in urban areas with relatively well-used, frequent service. Participating employers do not  
518 see local bus service as a particularly attractive amenity. Transit could be significantly more  
519 relevant to business location decisions if premium local services such as streetcars or rapid bus  
520 lines were implemented in popular urban neighborhoods.

521           Employers perceive proposed future transit corridors as potentially highly important to  
522 future location decisions, but are not comfortable make location decisions based on plans for  
523 those corridors until construction is certain. A more orderly planning and funding process, less  
524 vulnerable to legislate whims, could also offer developers and employers the feeling of certainty  
525 they need to make transit-oriented location decisions.

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