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The Economic Impact of the Proposed Multimodal Transportation Center in the City of Roanoke

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Background

The City of Roanoke is studying the development of a multimodal transportation center (MTC) in Downtown Roanoke. The MTC will be bordered by the streets of Roanoke Avenue, First Street, Jefferson Street, and Salem Avenue. The first function of the MTC is to serve as a train station for Amtrak, which plans to extend its passenger train service from Lynchburg to Roanoke. Across the street from Salem Avenue is the Campbell Court Transportation Facility. This facility currently houses both a Greyhound bus station and a transfer center for the Greater Roanoke Transit Company—known locally as Valley Metro. The plan is to move the bus station and transfer center to the new MTC as well. That will allow the Campbell Court facility to be available for redevelopment into retail or office space. With planned future developments such as taxi service and car and bike rentals, MTC will become a transportation hub for the region. The project is expected to have significant economic impact in the City of Roanoke.

This project is expected to be completed in 2017, and will provide the City of Roanoke with passenger rail service for the first time since 1979. Currently, the nearest Amtrak station is in Lynchburg, which has regular service to Washington, D.C. Due to the popularity of the Lynchburg-Washington connection, there is a SmartWay Connector bus service that transports passengers from Blacksburg and Roanoke to the Lynchburg Amtrak station. The new direct passenger rail service will link Roanoke to Washington (via Lynchburg), and other major cities in the Northeast, including Philadelphia, New York, and Boston.

This multimodal transportation center in Roanoke has potential for great success. The train service will attract students from multiple colleges and universities in the Roanoke Valley and Shenandoah Valley including Virginia Tech, Radford University, and Virginia Military Institute. It could also attract young professionals from the Northern Virginia/Washington region to spend a weekend or vacation in the area.

The City of Roanoke wishes to understand the economic impact of Roanoke MTC in the city. The economic impact of the MTC project can be realized in two phases: (1) initial capital investment, which provides a one-time impact during the construction period, and (2) MTC operations, which include the operations of Amtrak and bus services after the project is completed as well as commercial developments at the station. For both phases, the direct, indirect, and induced impacts¹ in spending and job creation were estimated. Chmura used the IMPLAN Pro[®] model² to simulate the economic impact of this project. Outside the economic impact of initial investment and MTC operations, Chmura also estimated the benefits of the project for future users of MTC. In addition, tax revenue from the project was estimated.

¹ The direct impact is defined as the primary economic activity generated by the project under consideration. The indirect impact is the secondary economic activity generated by the project via demand for products from suppliers. An example of indirect impact is a construction company purchasing construction materials. The induced impact is economic activity generated when the construction workers spend their income as consumers (such as at retail, restaurants, and doctor's offices) in the region.

² *IMPLAN Professional* was created in the 1970s by the Forestry Service and is widely used by economists to estimate the impact of specific events on regional economies. It is now owned by Minnesota IMPLAN Group.

Economic Impact of Roanoke MTC

Economic Impact of Initial Investment

Total capital cost for the Roanoke MTC is estimated to be \$11.0 million, which will be used to construct the station and for site development. Construction is expected to start in late 2016 and be completed by the end of 2017. The Roanoke Amtrak service is expected to begin in 2018.³

The initial investment will generate a sizable economic impact in the City of Roanoke. Table 1 presents the estimated economic impact from the initial investment in the MTC project. From 2016 to 2017, initial investment activities will generate a total economic impact (including direct, indirect, and induced impacts) of \$17.2 million that can support 114 cumulative jobs in the City of Roanoke. Among the total economic impact, \$10.9 million is derived from direct spending during the project development phase of MTC.⁴ This spending can directly support 59 cumulative jobs in the region from 2016 to 2017. The indirect impact in the region during the development phase is \$4.1 million and 37 cumulative jobs from other industry support of the initial investment, such as equipment rental or truck transportation. The induced impact during the development phase is expected to be \$2.2 million, which can support 17 cumulative jobs—these jobs are expected to be concentrated in consumer service-related industries such as restaurants, hospitals, and retail stores. The annual average economic impact (including direct, indirect, and induced impacts) of project development activities is estimated to be \$8.6 million, which can support 57 jobs per year in the city from 2016 to 2017.

Table 1: One-time Economic Impact from Roanoke MTC Development Activities

		Direct	Indirect	Induced	Total
Cumulative (2016-2017)	Spending (\$Million)	\$10.9	\$4.1	\$2.2	\$17.2
	Employment	59	37	17	114
Annual Average (2016-2017)	Spending (\$Million)	\$5.5	\$2.0	\$1.1	\$8.6
	Employment	30	18	9	57

Note: Numbers may not sum due to rounding

Source: Wendel and IMPLAN Pro 2013

The one-time economic impact is conservative. Not included in the above MTC development investment is the redevelopment cost for the Campbell Court facility. The redevelopment activities will generate additional economic impact for the City of Roanoke.

³ Source: Wendel Companies. Chmura assumes the impact of a full year of operation in 2018.

⁴ This number is smaller than the total project cost of \$11.0 million because not all required products and services will be available in the City of Roanoke. Chmura uses IMPLAN Pro to estimate the percentage of capital cost that will be spent within the locality.

Economic Impact of Roanoke Multimodal Transportation Center Operations

This analysis focuses on the operation of the Roanoke MTC.⁵ Located inside the center will be the following operations: Amtrak rail service, Greyhound intercity bus service, GRTC (Greater Roanoke Transit Company) Valley Metro service, taxi service, expanded parking, and MTC facility support service.

It is estimated that there will be 31 MTC employees providing facility support service. This includes parking attendants, security officers, and janitorial personnel.⁶ To be conservative, these numbers are assumed to remain the same in the future even though both train and bus services can be expanded significantly.

Wendel conducted an Amtrak ridership forecast (for both departures and arrivals) at the Roanoke MTC. Total rail customers would reach an estimated 65,534 per year. Among those, 26,210 will travel from Roanoke to destinations south of Washington, and 39,323 will travel to and through Washington. Based on current sample ticket price from Lynchburg's Amtrak station, the assumed average ticket price is \$105 in 2015.⁷ In addition, Blacksburg is the origin or destination of 17,248 passengers. These passengers will take the Valley Metro bus to Roanoke at the cost of \$4.00 per trip in 2015.⁸

The Roanoke MTC will also host a Greyhound bus terminal, which provides daily intercity bus service from Roanoke to cities around the country. Using a corporate-wide average, it is assumed that total passengers (departures and arrivals) will be 9,472 per year, with an average ticket price of \$52 per trip in 2015. For taxi services at the Roanoke MTC, it is assumed that 15% of rail and bus passengers will need a taxi, with an average fare of \$5 in 2015.⁹

Additionally, it is assumed that the MTC will host retail shops or foodservice venues, such as vending machines and a small coffee shop. In this study, based on average size and sales of coffee shops, Chmura assumed the coffee shop will be 1,000 square feet with average annual sales of \$450 per square foot in 2015.¹⁰ Some of these sales will come from passengers and visitors passing through the station, while the rest will come from individuals who live or work nearby.

The total annual operational impact (direct, indirect, and induced) of the Roanoke MTC is estimated to be \$14.3 million in 2018, which can support 59 jobs in the city.¹¹ Among those, direct revenues from the MTC facility operation, Amtrak operation, bus service, taxi service, and other retail and food establishments are estimated to be \$9.8 million, which can support 48 jobs. The indirect impact is estimated to be \$2.6 million and 6 jobs, benefiting other businesses within the city that support all businesses at MTC. The induced impact is estimated to be \$1.8 million and 5 jobs in the city, mostly

⁵ The Campbell Court redevelopment can also have a sizable economic impact. Due to lack of concrete data, the economic impact of this effort is not included in this analysis. However, this study includes a qualitative discussion of transit-oriented development that would be applicable for the city.

⁶ This is estimated based on similar downtown stations in other cities such as Richmond.

⁷ Chmura researched ticket prices from Lynchburg to Washington and New York on January 2015.

⁸ Source: Wendel Company, Roanoke Rail Patronage Report.

⁹ Source: This is estimated based on similar downtown stations in other cities such as Richmond.

¹⁰ Ibid.

¹¹ In this report, estimated jobs include both full-time and part-time. It does not include full-time-equivalent (FTE) jobs.

benefiting consumer-related businesses such as retail shops, healthcare facilities, and restaurants. The total annual economic impact of ongoing operations of MTC in Roanoke is summarized in Table 2.

Table 2: Annual Economic Impact of Roanoke MTC Operation (2018)

		Direct	Indirect	Induced	Total Impact
Amtrak Operation	Spending (\$Million)	\$7.3	\$1.9	\$1.3	\$10.5
	Employment	3	2	1	6
Bus Operation	Spending (\$Million)	\$0.6	\$0.2	\$0.1	\$0.9
	Employment	3	1	0	4
Taxi Service	Spending (\$Million)	\$0.0	\$0.0	\$0.0	\$0.1
	Employment	1	0	0	1
Facility Support	Spending (\$Million)	\$1.5	\$0.4	\$0.3	\$2.1
	Employment	31	3	2	37
Retail and Food Service (including VA for Lovers Store)	Spending (\$Million)	\$0.5	\$0.1	\$0.1	\$0.7
	Employment	10	1	1	11
Total	Spending (\$Million)	\$9.8	\$2.6	\$1.8	\$14.3
	Employment	48	6	5	59

Note: Numbers may not sum due to rounding

Source: IMPLAN Pro 2013 and Chmura

Roanoke Multimodal Transportation Center User Benefits

Outside the economic impact of MTC operations, the MTC multimodal transportation center can also result in other ongoing benefits for users of the center. Individuals impacted by the MTC will be passengers of Amtrak and Valley Metro.

There are three broad user benefits estimated in this study. The first is travel time savings from congestion mitigation. Though using bus or rail service may increase travel time for commuters or rail passengers, it reduces the number of vehicles on area roads which provides traffic congestion relief for many drivers. The second benefit is motor vehicle-related cost savings. Individuals using rail or bus services will reduce their usage of vehicles, thus saving money on operational costs. The third benefit is safety. Fewer vehicles on the road can reduce both accidents and accident-related injuries. The safety benefit also reduces inconveniences and costs involved with both minor and major car accidents. Though not quantified in this study, the resulting decrease in automobile usage can help reduce greenhouse gas emissions.

The estimated benefit for rail passengers will depend on reduced vehicle miles travelled (VMT) as users shift from using automobiles to buses or trains. Travel time savings, vehicle operation costs, and safety are

all based on reduced VMT.¹² The Roanoke MTC can reduce VMT by an estimated 22.1 million miles per year in 2018. The majority of VMT reduction comes from Amtrak operations.

The MTC project is expected to divert traffic from highways and streets. Less traffic will reduce congestion of regional roadways, thus providing travel time savings for motorists. The cost of traffic congestion is assumed to be 6.8 cents per VMT in 2018.¹³ Applying this to total diverted vehicle miles, the annual benefit of travel time savings is estimated to be \$1.5 million in 2018 (Table 3).

**Table 3: Estimated Annual User Benefits
(\$Million, 2018)**

Value of Travel Time Savings	\$1.5
Vehicle Operation Cost Savings, net	\$7.0
Safety Benefit	\$0.6
Total	\$9.1

Source: Chmura Economics & Analytics

Vehicle operation cost is reduced as travelers switch from cars to buses and trains. Those individuals incur additional costs to purchase bus or train tickets. As a result, bus or train ticket costs need to be excluded from the net benefit of the project. The annual cost of vehicle operation is assumed to be 65 cents per VMT in 2015.¹⁴ This figure includes fuel, maintenance, and repair costs. Total diverted vehicle miles are estimated to be 22.1 million per year. In 2015, the average bus fare from Roanoke to Lynchburg is assumed to be \$4.00 per trip, while the average train ticket from Roanoke to locations such as Charlottesville, Washington and beyond is assumed to be \$105 per trip. These numbers are inflated to 2018 values using the consumer price index before being subtracted from vehicle operation cost savings. As a result, the net benefit of vehicle cost savings is estimated to be \$7.0 million in 2018.

The Multimodal Transportation Center is expected to divert traffic from highways and streets. Less traffic will reduce the probability of crashes as well as property damage and injury costs associated with car accidents. In 2018, the cost of a car accident is assumed to be 2.9 cents per vehicle mile traveled.¹⁵ The annual safety benefits are estimated to be \$0.6 million in 2018.

In summary, total user benefits are estimated to be \$9.1 million per year if Amtrak services remain at the existing level in 2018.

¹² Chmura uses the same methodology as the 2013 study: Benefit/Cost Analysis of Main Street Station Multimodal Transportation Center, prepared by Chmura Economics & Analytics, December 2013.

¹³ Inflated from the 2007 value, which can be found in the following documentation: Corporate Average Fuel Economy for MY 2012-MY 2016 Passenger Cars and Light Trucks. US Department of Transportation, National Highway Traffic Safety Administration, August 2009.

¹⁴ The latest estimate from AAA indicated driving cost per mile was 50.2 cents in 2014. Chmura inflated this to 2018 values. Source: <http://publicaffairsresources.aaa.biz/wp-content/uploads/2014/05/Your-Driving-Costs-2014.pdf>.

¹⁵ Inflated from the 2007 value, which can be found in the following documentation: Corporate Average Fuel Economy for MY 2012-MY 2016 Passenger Cars and Light Trucks. US Department of Transportation, National Highway Traffic Safety Administration, August 2009.

Fiscal Impact for State and City Governments

Both the initial development activities and ongoing operation of the Roanoke MTC will generate tax revenue for local and state governments. In order to be conservative, only tax revenue from the direct impact was estimated.¹⁶

During the initial development phase (2016 to 2017), the business, professional, and occupational license (BPOL) tax can be collected for the city government while individual and corporate income tax will be collected for the state government. The city BPOL tax rate for contractors is 0.16%, which is applied to capital spending in the city. It is estimated that local governments can receive a total of \$17,487 in BPOL tax revenue from 2016 to 2017. The state government is expected to receive \$170,521 in individual income tax and \$1,592 in corporate income tax from the initial development activities of the project. To arrive at those figures, Chmura first used the IMPLAN Pro model to assess the percentages of total initial investment allocated to both labor cost and profit. Chmura then applied those percentages to direct capital spending, before applying an individual income tax rate of 5% and a corporate income tax rate of 6%.¹⁷

Table 4: Tax Revenue From Roanoke Station Multimodal Transportation Center Initial Investment

		Local Governments	State Government
Cumulative (2016-2017)	BPOL Tax	\$17,487	
	Individual Income Tax		\$170,521
	Corporate Income Tax		\$1,592
Annual Average (2016-2017)	BPOL Tax	\$8,744	
	Individual Income Tax		\$85,260
	Corporate Income Tax		\$796

Source: Chmura Economics & Analytics

The City of Roanoke and the state of Virginia can collect sales tax from the ongoing operation of retail and foodservice establishments located at MTC. Virginia has a 5.3% sales tax rate; 4.3% is allocated to the state government and 1% is returned to the local government where the sale occurs. It is estimated that the MTC operation can generate \$4,760 in sales tax for the City of Roanoke, and \$20,467 for the state in 2018.

¹⁶ This approach is recommended by Burchell and Listokin in *The Fiscal Impact Handbook*.

¹⁷ Source: Virginia Tax Department.

**Table 5: Annual Tax Revenue From Roanoke
Multimodal Transportation Center Operation (2018)**

	City of Roanoke	State of Virginia
Sales Tax	\$4,760	\$20,467
Meals Tax	\$23,799	
BPOL Tax	\$34,479	
Individual Income Tax		\$136,913
Corporate Income Tax		\$19,996
Total Annual Taxes	\$63,038	\$177,377

Source: Chmura Economics & Analytics

The City of Roanoke has a 5% meals tax. Applying this rate to estimated coffee shop sales, the total meals tax revenue for the city is projected to be \$23,799 per year in 2018. BPOL tax is estimated in a similar fashion. The city has a 0.2% BPOL tax rate for retail and food businesses, and 0.36% for personal businesses that will be applied to both taxi and facility services revenue.¹⁸ The BPOL tax revenue from the Multimodal Transportation Center is estimated to be \$34,479 per year in 2018.

The state government also benefits from individual and corporate income taxes from the ongoing operation of MTC. The state individual and corporate income tax revenues are estimated to be \$136,913 and \$19,996, respectively, in 2018.

In summary, the ongoing operation of the MTC multimodal transportation center can contribute \$63,068 in taxes per year to the City of Roanoke government, and \$177,377 in taxes to the state government in 2018.

¹⁸ Amtrak and Greyhound do not pay BPOL tax to the city.

Case Study: Transit-Oriented Development

After decades of suburbanization, when American families moved further away from central cities into remote suburbs or ex-burbs, urban living is making a comeback across America after the turn of the century. This is driven by strong demographic trends. As baby boomers reach retirement age, many of them remain healthy and active adults. They prefer living in urban areas to enjoy city amenities such as dining and arts and cultural experiences. In addition, many young professionals (millennials) who have entered the workforce after 2000 also have developed a preference for urban living.¹⁹ That leads to population increases and new residential development in many cities.

Among all urban revitalization economic development initiatives, transit-oriented development (TOD) has emerged in recent years as a key strategy. A TOD is a compact and integrated development of residential units, retail and service businesses, office buildings, public spaces, and other amenities that surround a public transit station. The station is usually within a comfortable 20-minute walk for any pedestrian in the development.²⁰

Success around the Country

There are many successful stories of TODs around the country. A 2013 study published by the Center for Transit-Oriented Development presented three such cases that have been in operation for multiple years:²¹

- Hiawatha Line in Twin Cities, Minnesota, opened in 2004
- Southeast Corridor in Denver, Colorado, opened in 2006
- Blue Line in Charlotte, North Carolina, opened in 2007

In the above three cases, areas around the transit lines experienced significant new growth, especially new residential development. For example, in the Twin Cities area, the transit station corridor accounted for only 0.2% of total land area of the region, yet attracted 4.6% of total new residential units. Similarly, in Denver and Charlotte, transit station areas accounted for 0.2% of total land area, yet attracted 2.2% and 2.6%, respectively, of total housing unit development in the metro areas. The area around transit stations has become a highly desirable place to live, thus heightening housing development.

¹⁹ Source: Amtrak Downeaster: Overview of Projected Economic Impacts, prepared for Northern New England Passenger Rail Authority (NNEPRA), by the Center for Neighborhood Technology. March, 2008.
<http://www.amtrakdowneaster.com/sites/default/files/AmtrakDowneasterOverviewofProjectedEconomicImpacts2.pdf>

²⁰ Ibid.

²¹ Source: Downtowns, Greenfields and Places in Between, Promoting Development New Transit, prepared by Center for Transit-Oriented Development, March 2013, available at:
http://www.ctod.org/pdfs/20130528_DntnsGreenfieldsEtc.FINAL.pdf

While the majority of development in the TOD zone in the Twin Cities area is residential, successful commercial development has occurred in both Denver and Charlotte. For example, in the South End district of Charlotte, a historic manufacturing area has been transformed into a mixed-use neighborhood.²² South End has become a hip arts and entertainment district, thanks to public transit and associated development.

All of the above three case studies focused on light-rail public transit lines located in major metropolitan areas. The transit lines pass through downtown and major employment centers, and are utilized primarily by local commuters and residents. For smaller cities such as Roanoke, the TOD potential will revolve around intercity stations and multi-modal transportation centers. As a result, commercial development will need to meet the needs of not only the residents and commuters, but also travelers.

One such example of TOD around an intercity transit station in a smaller city is Uptown Station in Normal, Illinois (population 54,000).²³ This transportation center brings together Amtrak, intercity bus lines, local transit, cars, taxis, bicycles, and pedestrians. In addition to the multi-modal transportation center, the Uptown Station area includes a children's museum, town hall, mixed-use buildings with shops and restaurants, and also hosts an art gallery for Illinois State University. In the post-World War II era, Normal's urban core faced many challenges such as suburban strip malls which drew retail and other businesses away from downtown. In 2010, the town won a Transportation Infrastructure Generating Economic Recovery (TIGER) grant to develop the Uptown Station project. While the total project funding of \$49 million comes from federal, state, and local governments, the transportation center has spurred \$220 million in local private development.

In the years after the project's completion in 2010, the multi-modal connectivity significantly increased ridership in bus and rail systems. For example, by 2014, ridership on city buses increased over 40%, while passenger volume in the Amtrak station rose much faster. In 2014, the Amtrak station in Normal was the second-busiest in Illinois and fourth-busiest in the entire Midwest—after Chicago, St. Louis, and Milwaukee. It accommodates more passengers than Amtrak stations in much larger cities such as Kansas City or Indianapolis.²⁴

Other notable developments occurred around the Uptown Station area as well; one example is the Uptown Circle hotel project. The first phase of this \$32 million project (a 114-room hotel) broke ground in 2014.²⁵ The area is already host to a Marriott Hotel and Convention Center. However, due to the

²² Source: Rail to Real Estate: Development Patterns along Three New Transit Lines, prepared by Center for Transit-Oriented Development, March 2011, available at: <http://ctod.org/pdfs/2011R2R.pdf>

²³ Source: Multimodal Station and Plan Spur Town's Revival, Better Cities and Towns, December 2014, available at: <http://bettercities.net/article/multimodal-station-and-plan-spur-town%E2%80%99s-revival-21378>

²⁴ Source: Work for All the Crafts, Building Normal's Multimodal Transit Hub into Illinois's Second Busiest Amtrak Station, by Good Jobs First, October, 2014. <http://www.goodjobsfirst.org/sites/default/files/docs/pdf/normal.pdf>.

²⁵ Source: <http://www.rejournals.com/2014/08/20/one-uptown-on-the-circle-mixed-use-hotel-begins-construction-in-normal-il/>

increased number of rail and intercity bus passengers, there is demand for additional local accommodations to complement the Marriott hotel.

To encourage private investment, many cities offer tax incentives associated with TODs. For example, Normal established a Tax Increment Financing (TIF) district surrounding the station. Property tax is used to construct public infrastructure such as roads, plazas, and utilities. In addition, some of the subsidies are offered to developers of hotel and apartment projects.²⁶

TOD Potential for Roanoke

Case studies of TODs in other medium- or small-sized cities elsewhere show that there is great potential for TOD development in Downtown Roanoke.

Roanoke already has a vibrant downtown core. It has a large farmer's market, many restaurants, and entertainment venues. In recent years, a number of the downtown storefronts and warehouses were converted into apartments or condos, attracting residents to the downtown area.²⁷ Downtown is home to several large banks and the Carilion Medical Center. Hotel Roanoke and Conference Center has long been the favorite location for conferences, events, and visitors. The 2008 opening of the futuristic Taubman Museum of Art makes Downtown Roanoke an art and cultural destination.

The addition of Amtrak passenger service and the development of Roanoke MTC could increase the appeal of downtown for residents and visitors alike. The existing businesses around the station area may see increased sales, as rail and bus passengers will purchase food, magazines, and other commodities before or after their trips. The MTC can potentially increase the access to those businesses.

Additionally, the MTC area can also benefit from additional residential and commercial developments. As the case study in Normal has indicated, TODs can attract private investment. In recent years, some of those empty storefronts in Roanoke have been redeveloped into condominiums. MTC could make the area attractive to residents, especially for those who aim to reduce their reliance on automobiles. They can easily utilize the city's bus system to get to work or schools. They can also easily utilize the taxi service in case they need to reach places inaccessible by the bus system. This could spur residential development in the downtown area.

Potential for a Downtown Hotel

One development potential of particular interest is hotel expansion in Downtown Roanoke. With increased passengers from Amtrak and intercity buses, the demand for downtown hotels may increase.

²⁶ Source: Work for All the Crafts, Building Normal's Multimodal Transit Hub into Illinois's Second Busiest Amtrak Station, by Good Jobs First, October, 2014. <http://www.goodjobsfirst.org/sites/default/files/docs/pdf/normal.pdf>.

²⁷ Source: <http://www.nytimes.com/2012/07/25/us/in-virginia-developer-is-on-a-mission-to-revive-his-town.html?smid=pl-share>

For visitors who prefer not to rent a car, a hotel within walking distance of the train or bus station can be appealing.

Unfortunately, there is only one existing hotel —Hotel Roanoke and Conference Center, and one new hotel under construction (Hampton Inn and Suites) in the downtown area.²⁸ There is a cluster of hotels on the north edge of downtown, at the intersection of I-581 and US-460—Holiday Inn Express, Days Inn, and Econo Lodge. But those are not within walking distance of downtown. There is another cluster of hotels further north around the airport and Valley View Mall, including middle-range hotels such as Sheraton, Courtyard, and Holiday Inn, as well as the budget chains Super 8 and Quality Inn.

With over 5,300 hotel rooms, the overall regional hotel occupancy rates are less than 60%,²⁹ which typically do not indicate a shortage of hotel room supply. But overall occupancy does not specify supply or demand for different classes of hotels. While budget hotels are in ample supply in the metro area, there is a need for an upscale, boutique-type hotel in the downtown area.

With many large businesses in the downtown area, hotel occupancy is on the rise. Many large area businesses are based in downtown, including Carilion Medical Center, Wells Fargo, SunTrust, and BB&T. Business travelers are obligated to stay in the airport area and drive to downtown districts for business. They also tend not to stay in budget-class hotels.

Leisure travelers are the other source of downtown visitors. Aside from the Taubman Museum, Downtown Roanoke is also home to the Virginia Museum of Transportation, Science Museum of Western Virginia, and Roanoke Civic Center—a regional premier sports and entertainment venue.

While many of those visitors are content to stay in motels and middle-range hotels outside the center of the city, some higher-income visitors may prefer to stay in the city where they can walk to attractions and dining or shopping opportunities. The only upscale hotel in the downtown area is Hotel Roanoke and Conference Center, with 296 guest rooms.³⁰ The conference center is often booked for large conferences, making it extremely difficult to reserve a room in that case.

The development of Roanoke MTC will increase the appeal of Downtown Roanoke to visitors. With easy trips from Northern Virginia and Washington D.C., the region can become a weekend getaway destination for residents in those metro areas. When taking a train to Roanoke, many travelers may prefer to stay in the city rather than renting a car. That would exacerbate the shortage of upscale accommodations.

The analysis indicates that there is potential for an upscale hotel in Downtown Roanoke. The downtown hotel will attract both business and leisure travelers. The additional passengers from the Roanoke MTC can increase its success. Additionally, the new hotel may acquire some customers who would otherwise stay in other Roanoke hotels.

²⁸ Source: http://www.roanoke.com/news/local/roanoke/hampton-inn-rises-on-the-downtown-roanoke-skyline/article_269758ea-bffd-501b-85fc-d79fef1f5a25.html.

²⁹ Source: <http://ww2.roanoke.com/business/wb/310477>

³⁰ Source: <http://www.hotelroanoke.com/accommodations/>.

Appendix: Impact Analysis Glossary

IMPLAN Professional—an economic impact assessment modeling system. It allows the user to build economic models to estimate the impacts of economic changes in states, counties, or communities. It was created in the 1970s by the Forestry Service and is widely used by economists to estimate the impact of specific events on the overall economy.

Input-Output Analysis—an examination of business-business and business-consumer economic relationships capturing all monetary transactions in a given period, allowing one to calculate the effects of a change in an economic activity on the entire economy (impact analysis).

Direct Impact—economic activity generated by a project or operation. For construction, this represents activity of the contractor; for operations, this represents activity by tenants of the property.

Overhead—construction inputs not provided by the contractor.

Indirect Impact—secondary economic activity that is generated by a project or operations. An example might be a new office building generating demand for parking garages.

Induced (Household) Impact—economic activity generated by household income resulting from direct and indirect impacts.

Ripple Effect—the sum of induced and indirect impacts. In some projects, it is more appropriate to report ripple effects than indirect and induced impacts separately.

Multiplier—the cumulative impacts of a unit change in economic activity on the entire economy.