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Office of Equitable Transit & Mobility (OETM)

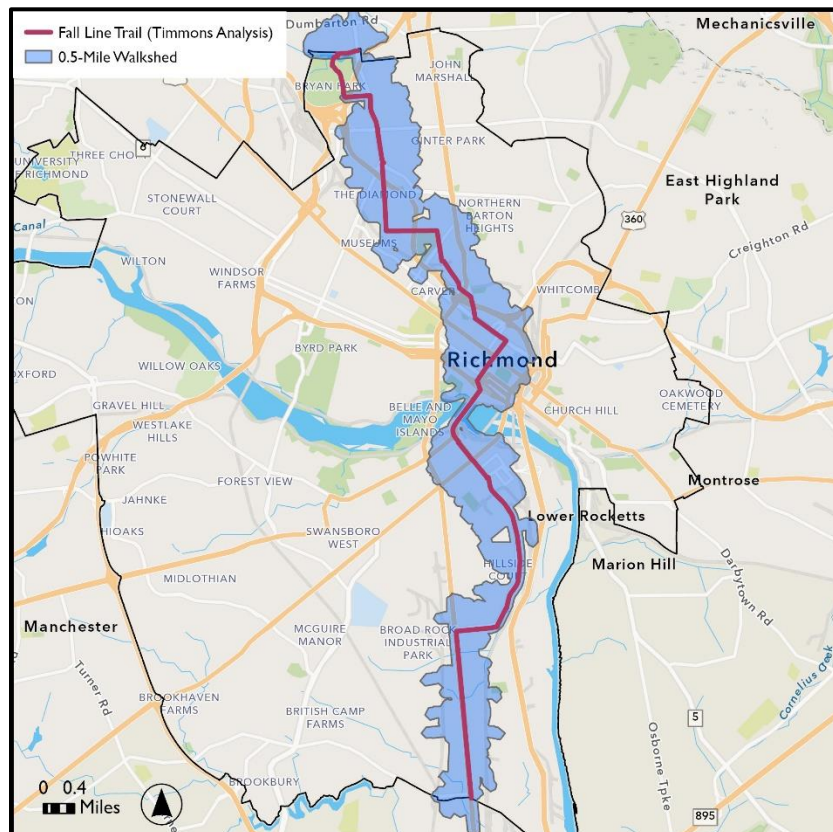
From: Thomas Ruff, PE, PTOE, AICP  
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RE: Fall Line Trail – Economic Impact Analysis

Date: April 17, 2025

Timmons Group, at the request of the City of Richmond, performed a planning-level economic impact analysis on the City of Richmond segments of the proposed Fall Line Trail (FLT). This analysis draws on methodologies and findings from two comparable trail systems—the Virginia Capital Trail (VCT) and the Elizabeth River Trail (ERT)—which used IMPLAN, a detailed economic modeling tool, to quantify impacts. While this assessment does not use IMPLAN or formal economic modeling, it applies comparable ratios and spending assumptions to local data in order to estimate potential impacts. Therefore, all figures should be interpreted as planning-level estimates rather than as a formal economic forecast.

In order to most directly calculate economic impact, one Fall Line Trail route was used for the analysis, although the final alignments have not yet been finalized. The alignment used in this analysis used Hermitage Rd to Overbrook Rd instead of Brookland Pkwy and Leigh St to 7<sup>th</sup> St in Downtown.



**Figure 1: Fall Line Trail Alignment Used in Analysis**

## **Increase in Property Values & Property Taxes**

We assume that parcels within a 0.5-mile walk of the trail will realize a property value increase. To calculate the parcels within this walkshed, a "Service Area" was calculated for points along the FLT using Network Analysis in ArcGIS. There are a total of 10,965 parcels that intersect with the 0.5-mile walkshed, with 1,127 parcels that are tax-exempt. The Coliseum parcel, which is currently tax-exempt, was included as non-tax-exempt as its sale to a private developer will likely occur before the construction of the FLT.

The total parcel values of all non-exempt parcels is \$5,455,404,000, which generate \$65,464,848 in property taxes annually (based on \$1.20 per \$100 tax rate).

The Virginia Capital Trail found that nearby parcels had a value increase of 3.7% after the Capital Trail was constructed.<sup>1</sup> Applying that value, the increase in property value across non-exempt parcels would be \$201,849,948, which would amount to an additional **\$2,422,199** in annual property taxes.



**Figure 2: Parcels Used in Analysis**

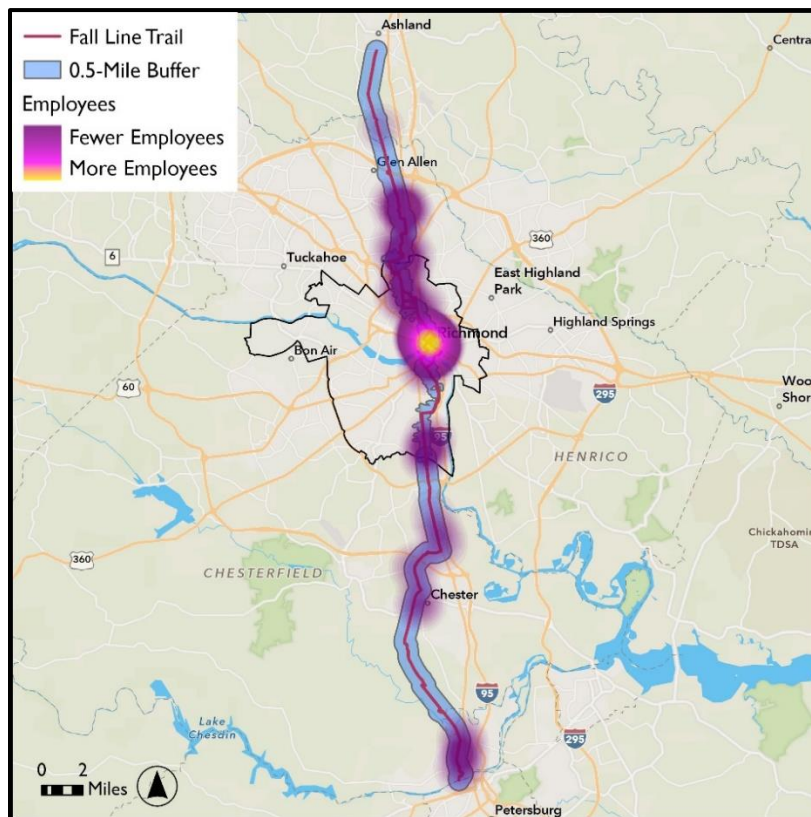
<sup>1</sup> Institute for Service Research. "The Economic and Fiscal Impacts of the Virginia Capital Trail: Fiscal Year 2018-2019." October 2019

### **Direct User Spending & State/Local Taxes**

Sports Backers/Bike Walk RVA has estimated that FLT will get around 3 million annual trips based on review of similar trails in Virginia, Maryland, and Georgia. It is assumed that the trips generated along the FLT will result in an increase in dollars spent in businesses located within walking distance of the trail.

The Virginia Capital Trail economic analysis found that the median amount spent at nearby businesses per user of the VCT was \$20 in 2018 [\$25.80 in 2025 \$] and the average amount was \$39.54 in 2018 [\$51.01 in 2025 \$].<sup>2</sup> Elizabeth River Trail economic analysis found that the average locally-spent amount per ERT user was \$35.45 in 2024 [\$36.76 in 2025 \$], which included users that reported no local spending.<sup>3</sup> The businesses along the entirety of the FLT are heavily concentrated in the City of Richmond. To calculate the number of businesses within 0.5-miles of the COR and non-COR sections, a 0.5-mile walkshed buffer was calculated using City of Richmond streets; for the other localities, a simple 0.5-mile buffer was calculated. LEHD OnTheMap 2022 data provided the number of jobs for blocks within the buffers. However, not all jobs are relevant to trail users, so the analysis only included jobs in Arts, Entertainment, and Recreation sector or Accommodation and Food Services sector. In 2022, within 0.5 miles of the FLT, there were a total of:

- 1,239 arts, entertainment, and recreation jobs
  - 1,154 of which are within COR (93%)
- 4,686 accommodation & food services jobs
  - 3,423 of which are within COR (73%)<sup>4</sup>



**Figure 3: Heat Map of Arts/Entertainment/Recreation/Accommodation/Food Services Employees Within 0.5 Miles of Fall Line Trail**

<sup>2</sup> The Economic and Fiscal Impacts of the Virginia Capital Trail

<sup>3</sup> Magnum Economics. "Elizabeth River Trail: Economic and Fiscal Contribution to the City of Norfolk, Virginia." April 2024.

<sup>4</sup> LEHD On the Map 2022 Data



Using those two sectors as average proxies for businesses people will visit while on the FLT, this means that around 83% of establishments people visit from the FLT are within the City of Richmond. Therefore, 83% of revenue generated via businesses along the FLT would be assumed to be at businesses within the City of Richmond. If each of the 3,000,000 FLT users spend somewhere between \$36.76 [ERT estimate] and \$51.01 [VCT estimate] at a local business within 0.5 mile of the trail, that would generate somewhere between \$110,280,000 and \$153,030,000 of revenue annually. Assuming 83% of revenue is spent at businesses within the City of Richmond, that is estimated to be between **\$91,532,400 and \$127,014,900** of user spending. According to a survey of Capital Trail users, the businesses that riders frequent are as follows:

- Hotel/AirBNB/Hostel: 10%
- Other Retail: 17%
- Gas station/convenience: 63%
- Restaurant: 78%
- Brewery: 42%<sup>5</sup>

These numbers lead to the assumption that 10% of revenue is spent on hotels/lodging/AirBNB (same percentage as survey respondents), 60% is spent at restaurants/breweries (average of restaurant and brewery visit percentages), and 30% is spent at other retail locations. All of these locations are also subject to 1.7% local sales tax and 4.3% state sales tax. Therefore, we can estimate that, of the \$91.5M-\$127M spent by FLT users at City of Richmond businesses, between **\$6.4M-\$8.9M of local revenue** would be generated (see tables below).

<b>\$36.76 per user (ERT)</b>	<b>Lodging</b>	<b>Restaurants &amp; Breweries</b>	<b>All Other Retail</b>	<b>Annual Total</b>
Percent of total spend in COR	10%	60%	30%	100%
Total spend in COR	\$9,153,240	\$54,919,440	\$27,459,720	\$91,532,400
Sales tax – local (1.7%)	\$155,605.08	\$933,630.48	\$466,815.24	\$1,556,050.80
Sales tax – state (4.3%)	\$393,589.32	\$2,361,535.92	\$1,180,767.96	\$3,935,893.20
Lodging tax (8%)	\$732,259.20	-	-	\$732,259.20
Meals tax (7.5%)	-	\$4,118,958.00	-	\$4,118,958.00
State taxes total	\$393,589.32	\$2,361,535.92	\$1,180,767.96	<b>\$3,935,893.20</b>
Local taxes total	\$887,864.28	\$5,052,588.48	\$466,815.24	<b>\$6,407,268.00</b>
<b>\$51.01 per user (VCT)</b>	<b>Lodging</b>	<b>Restaurants &amp; Breweries</b>	<b>All Other Retail</b>	<b>Annual Total</b>
Percent of total spend in COR	10%	60%	30%	100%
Total spend in COR	\$12,701,490.00	\$76,208,940.00	\$38,104,470.00	\$127,014,900.00
Sales tax – local (1.7%)	\$215,925.33	\$1,295,551.98	\$647,775.99	\$2,159,253.30
Sales tax – state (4.3%)	\$546,164.07	\$3,276,984.42	\$1,638,492.21	\$5,461,640.70
Lodging tax (8%)	\$1,016,119.20	-	-	\$1,016,119.20
Meals tax (7.5%)	-	\$5,715,670.50	-	\$5,715,670.50
State taxes total	\$546,164.07	\$3,276,984.42	\$1,638,492.21	<b>\$5,461,640.70</b>
Local taxes total	\$1,232,044.53	\$7,011,222.48	\$647,775.99	<b>\$8,891,043.00</b>

<sup>5</sup> The Economic and Fiscal Impacts of the Virginia Capital Trail

## **Labor/Wages Benefits**

The VCT and ERT reports included labor income as an economic output:

<b>Trail/Report</b>	<b>Total Economic Output</b>	<b>State &amp; Local Tax Revenue</b>	<b>Labor Income</b>	<b>Tax : Labor Ratio</b>	<b>Economic output : Labor ratio</b>
Elizabeth River Trail	\$18.7M	\$1.21M	\$5.8M	20.9%	31%
Virginia Capital Trail	\$8.9M	\$613K	\$3.6M	17.0%	40.4%

We can use the averages of the two economic output/labor ratio [35.7%] and state/local tax revenue to labor ratio [18.95%] to calculate the labor income/wages/benefits from the \$91,532,400 economic output and \$10,343,161.20 in state/local tax revenue in the City of Richmond:

- Using economic output/labor ratio: \$32,677,066.80
- Using tax revenue/labor ratio: \$54,581,325.59
- Average: \$43,629,196.20

## **Conclusion**

The Fall Line Trail is anticipated to generate significant economic and fiscal benefits for the City of Richmond. Based on estimates derived from comparable trail systems in Virginia, the **annual local tax benefit** to the City is projected to range from **\$8.8 million to \$11.3 million**, composed of:

- Approximately **\$2.4 million in new property tax revenue** from parcels located within a 0.5-mile walk of the trail
- Between **\$6.4 million and \$8.9 million in local sales, meals, and lodging tax revenue** generated by FLT users spending at Richmond businesses

In addition to the direct fiscal revenue, the **overall economic impact** for the City of Richmond is estimated at between **\$326 million and \$383 million annually**, including:

- A projected **\$201.8 million increase in assessed property value**
- Between **\$91.5 million and \$127 million in direct user spending**
- Between **\$32.7 million and \$54.6 million in annual wages and labor income** supported by trail-related economic activity

These estimates highlight the substantial economic value of the Fall Line Trail to the City, supporting not only public revenue generation but also sustained economic development through local business activity, wages, and increased land value.