

Economic Impacts Literature Review

Summary of Technical Memorandum

This memorandum was prepared for reference purposes as a part of the US-131 Improvement Study. The purpose is to present findings from an extensive literature review of the economic impacts of highway bypasses on communities of populations ranging from less than 500 to over 200,000. Studies and reports evaluated were primarily conducted by State Departments of Transportation or independent university researchers¹. The following summary does not reflect any views, positions, or opinions of the Michigan Department of Transportation or the US-131 Planning Team, nor does it reflect any specific impacts which may or may not occur in conjunction with any alternatives currently under consideration as part of the US-131 Improvement Study.

The economic impact case studies presented herein which were conducted by universities and state DOT's generally concur that while some traffic-sensitive businesses may be adversely impacted in the short run, the majority of local retailers feel no noticeable effect from a highway bypass. In some communities, resources and energy fueled by anxiety over the bypass have been used to spur downtown marketing, rehabilitation, and strategy programs to combat the threat of outlying shopping centers and address the long-term function of the downtown. Some general conclusions identified within the studies include:

- When examined at the community level, a bypass had no notable economic effect and in some cases generated economic growth.
- Highway-oriented establishments such as service stations, motels, and restaurants generally have a larger short-term impact because of their higher dependence on through traffic. Note, however, that these same businesses are some of those who can benefit most from short-term construction revenues being spent and re-spent within the community.
- There is no evidence that businesses targeting non-motorists or specialty markets are affected. In fact, when traffic whose origins and destinations lie outside the community

¹ Literature Reviewed:

Anderson, Connie J. & Otto, Prf. Daniel. *The Perceptions of Business Owners and Managers of the Impacts of the Rural Highway Bypass*, 1993. Iowa State University.

Anderson, Connie J. & Otto, Prf. Daniel. *The Economic Impact of Rural Highway Bypasses*, 1993. Iowa State University.

Anderson, S. et. al. *Economic Impact of Highway Bypasses*. 1993. University of Texas at Austin.

Thompson, Evelyn. *Highway Bypasses; Wisconsin Communities Share Their Experiences*, 1988. Wisconsin Department of Transportation.

Welch, Thomas M. *A Literature Review of Urban Bypass Studies*, 1992. Office of Project Planning, Iowa Department of Transportation.

Winfrey, R. *Economic Analysis of Highways*, 1969. International Textbook Company, Scranton, Pennsylvania.

is routed away from the business area, congestion and conflict are reduced. This can create a more inviting shopping atmosphere for local repeat shoppers, upon whom most businesses depend.

- The long-term growth potential of a bypass has generally been found to outweigh the short-term economic impacts.
- Sales from through travelers account for a much smaller portion of total receipts than is commonly expected.
- Any decline in business is typically much smaller than business owners had expected. Generally, business owners from all types of retail sales have tended to support bypasses following their completion.