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High-Speed Rail Will Spur Growth in Hub Cities, Says Mayors Report

By GAYATHRI VAIDYANATHAN of [Greenwire](#)

Billions of dollars of new business and tens of thousands of jobs will flow to four hub cities -- Los Angeles, Chicago, Orlando and Albany, N.Y. -- where plans for major high-speed rail networks are located, according to the U.S. Conference of Mayors.

Their report, released in Oklahoma City today, is the first attempt to put numbers on the widely held belief that high-speed rail can stimulate local economies and act as a driver of growth. The Obama administration has invested \$8 billion in federal stimulus money to create 13 high-speed rail corridors.

The benefits of traveling between 110 and 220 miles per hour will mean better connectivity, shorter travel times and new development around train stations, according to the report. The changes will create 150,000 new jobs and some \$19 billion in new businesses by 2035.

"In these difficult economic times, these economic development and jobs creation numbers are huge for central Florida," said Buddy Dyer, mayor of Orlando.

The rail network will spur tourism, give businesses a wider pool of workers to choose from and help grow technology clusters in cities, said Steve Fitzroy, director of operations for the Economic Development Research Group, which conducted the study, during a phone interview.

"It is a game changer with how people envision the city; people see the city in new ways," Fitzroy said.

Albany, which is a political center in New York but not well-connected to the metropolitan area, will be pulled into New York City's economic core, said Fitzroy. A high-speed rail link connecting Albany to New York City, Syracuse and places as far off as Montreal have been proposed at various points by state legislators.

If the network does go up, the report states that it would create \$2.5 billion in new business in Albany and would add 21,000 jobs. It would increase gross regional product, a measure of the size of the local economy, by \$1.4 billion. The train station would spur development, with new additions, hotels and other mixed-use projects coming up in the area, said Fitzroy.

But the Northeast network is furthest from being built, according to Oliver Hauck, CEO of Siemens AG, which sponsored the report. The Germany-based manufacturing giant is looking to expand its U.S. operations to include high-speed rail. It has already bought property adjacent to its current Sacramento plant to produce high-speed rail cars, according to Hauck.

"Our expectations are rather high," he said. "We are trying to do everything to support the departments of transportation in the states and we expect that Florida will be the first to go into operation."

The Florida high-speed rail system is closest to completion, with the first phase of construction connecting Orlando and Tampa at 168 miles per hour to be finished by 2015, Dyer said. The state received \$1.25 billion in stimulus money, which should help it pay the relatively small bill of \$3.5 billion for 86 miles of tracks.

Since the state had already secured the right of way to create a track network dedicated to passenger rail, the price tag of construction for phase 1 is relatively cheap. Phase 2 will require \$8 billion in comparison.

So far, Florida has received \$65 million, which is the largest amount of funding that has been actually dealt out in the country so far, said Dyer.

Hauck of Siemens Mobility said he expects orders for phase 1 to be placed in 15 months and completed in 36 months.

Completion of all phases of the hub, which would eventually connect to Miami, Fort Lauderdale, Palm Beach and other areas, would create \$2.9 billion per year in new business, a growth of \$1.7 billion per year in gross regional product and 27,500 new jobs, according to the report.

A Los Angeles high-speed rail system that connects the city to San Francisco, San Diego, Sacramento and other cities would create \$7.6 billion per year in new business, the report says. It would also increase gross regional product by \$4.3 billion and create 55,000 jobs.

A Chicago high-speed rail network connecting to Minneapolis, St. Louis and other areas would create \$6.1 billion per year in new business, according to the report. This includes a \$3.6-billion-per-year increase in gross regional product and 42,000 new jobs.

The numbers are comparable to the economic revitalization seen in Europe and Asia when they got their high-speed rail systems, Hauck said.

"We are planning for the future," said Fitzroy of the Economic Development Research Group. "We have to be competitive on a global scale and be able to move from city to city without relying on fossil fuels."

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