Most U.S. cities pursuing streetcars are doing so primarily for their purported development effects, as opposed to for their transportation role, yet there is little evidence about the nature or magnitude of these development effects due to a scarcity of rigorous, empirical research. This study examines the development effects of streetcar investments in two U.S. cities that implemented streetcar service between 2000 and 2010: Portland, Oregon, and Seattle, Washington.

**Study Methods**
The authors explore the development outcomes through a combination of statistical analysis of development activity in the streetcar corridor and interviews with key streetcar stakeholders.

**Findings**
The statistical results indicate that areas around Portland’s initial streetcar line experienced higher levels of development activity (more permits issued) than areas not served by the streetcar, although the differences in activity between served and not served areas since the opening of the second line have been insignificant. In Seattle, the areas around the streetcar line in the South Lake Union neighborhood experienced greater commercial development activity (commercial permits issued) but less residential activity than nearby unserved areas. The interviews provide important local context for the interpretation of the empirical results and highlight the continued importance of development as a rationale for streetcar investments, as well as to the limitations of the streetcar as a transportation service.
Policy Recommendations
The most important lesson from Portland’s experience is that the more effective a streetcar is as a transportation service, and the more widely used it is by patrons, the more likely it is to have development effects. Simultaneously, a streetcar alone is not a guarantee of positive outcomes, as other factors such as a healthy real estate market, available land, and development supportive zoning and other policies also need to be present. More cities that are operating streetcars or contemplating making a streetcar investment would be best served by keeping these issues in mind when making their own decisions.

The streetcar should always be treated as a legitimate transportation alternative as its transportation performance can have significant development implications.

About the Authors
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