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# Benefits of Trails and Greenways

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## Trails add value to new homes

*What community amenity gives the developer/builder the highest return on the investment in new homes for the real estate market?*

**By Randy Martin**  
[Trailscape.net](http://Trailscape.net)

IN THE LAST FEW YEARS, it has become clear that natural surface trails are the lowest-cost amenity for a developer to build and maintain. More importantly, however, is that in surveys across the nation, trails are the most popular amenity preferred by home buyers and usually consume very little residual (buildable) land.

Given those advantages, it is surprising how little serious consideration has been given to such a high-yielding amenity. In this challenging market, we believe it is time that trails are given the respect they deserve.

With the help of Merit Property Management and The Planning Center, we have compiled a

list of amenities with estimates of cost, and cost per unit for construction and maintenance. We have also indicated the results of an American Lives survey of the popularity of various amenities. Of course, — the actual costs will adjust depending on limitless variables, but what is most important is the comparison of one amenity to another, in both the cost category as well as desirability.



**A recent survey shows that 79% of home buyers want walking and biking paths**

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### Amenity Estimate (800 UNIT DEVELOPMENT SPRINGVILLE, CALIFORNIA)

AMENITY	SIZE	COST/UNIT	MAINTENANCE/UNIT /MONTH	2005 % DESIRED
Natural Surface Trails	8 miles	\$500	\$1	80%
Paved Trails	8 miles	\$625	\$4	80%
Ball Fields	2 acres	\$1.125	\$8	50%
Pool & Facilities	1 acre	\$1,750	\$21	45%
Four Parks	0.75 acre each	\$3,750	\$6	60%
Golf Course	18 Holes	\$11,250	\$52	20%

What is astounding is that for an initial cost well under \$1,000 per unit and a maintenance cost of less than \$1 per month per unit, a project can have the amenity that 80 percent of buyers want—natural surface trails.

Based on only a three percent increase in value to the homes by the addition of the most popular amenity, a \$520,000 investment would yield \$7,200,000 in value.

This represents a return of 14 times the investment! In most cases, this value would be realized during sellout, through higher sales rates rather than higher prices.

### Common concerns regarding natural surface trails

"We don't have enough land." Trails are best built on slopes where homes are not built, so little land is lost. You might also look outside your property. With some effort and a little cash, you may be able to get easements across the neighbor's property as long as you are willing to let them use your trails.

"What about liability?" Most liability is covered by the Recreational Use Statutes in your state. Whatever liability is left can be covered reasonably by insurance. See [Trailscape.net](http://Trailscape.net) for a link.

"Our land is flat." Natural surface trails are not a great option on flat land; however, if you have a way to generate excess dirt (such as by digging a lake) you can use the dirt to build a large enough berm to make natural surface trails.

"We only have a few lots." Natural surface trails start to make financial sense with as few as 10 home sites.

It has been our experience that developers often assume that existing farm or fire roads on adjacent land will suffice as trails. While any access to nature will be greatly appreciated, trails that have been designed and engineered to meet the needs of a wide variety of user groups will maximize the value to the customer.

<b>Cost/Benefit</b> (800 UNIT DEVELOPMENT SPRINGVILLE, CALIFORNIA)				
IMPROVEMENT	UNITS	PER	UNIT COST	TOTAL
Trail Construction	8	mile	\$40,000	\$320,000
100-foot Bridge	100	foot	\$1,000	\$100,000
Design				\$50,000
Contingency				\$50,000
<b>COST PER HOUSING UNIT \$650</b>				<b>\$520,000</b>
REVENUE	INCREASED UNIT VALUE		UNITS	TOTAL VALUE
3% increase in Base Price (\$300,000)	\$9,000		800	\$7,200,000
OTHER FINANCIAL BENEFITS				
<ul style="list-style-type: none"> <li>• A 15% Velocity increase would significantly effect IRR for the Builder which directly effects land value.</li> <li>• Helps answer the objection: are people really going to come to Springville?</li> </ul>				

If executed well, people will drive across town to experience the trails. Trails can also provide an alternative transportation network to schools, shopping, or visits with neighbors— that can address the concerns of the growing segment of the population that is eager to reduce car trips because of high gas prices and environmental issues.

Great trails require thoughtful design and construction by people who are specifically trained and experienced in the engineering of sustainable trail networks. In addition, having an experienced marketing company demonstrate the benefits of trails will help maximize the value. The bottom line is that there is no better low-cost/high-impact amenity than natural surface trails. Trailscape has developed experience and expertise implementing a sought-after trail system in several communities.

### About the Author

Randy, an avid cyclist and trail runner, is a development partner on two California projects on the edge of the Sierras where natural surface trails are a primary amenity. He can be reached at [Randy@trailscape.net](mailto:Randy@trailscape.net) or (530) 852-5155. The website is at [Trailscape.net](http://Trailscape.net). and several movies are available at [www.youtube.com/trailscape](http://www.youtube.com/trailscape).