

Measuring The Economic Impact of the North Carolina Railroad in North Carolina

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The North Carolina Railroad (NCRR) manages a 317 mile rail corridor spanning the state of North Carolina from Morehead City to Charlotte, over which about 60 Norfolk Southern freight trains and 10 Amtrak passenger trains travel each day. Since its creation, NCRR has been a driver for economic growth in the state. Over the past year, this focus has been articulated in a new vision statement.

Historically, NCRR led to the development of industries and towns along its corridor. North Carolina's traditional industries relied heavily on rail for materials and to transport their products to market. Before NCRR, businesses along its corridor served local markets. NCRR connected them to the rest of the country and the world, causing exponential growth in production and trade between 1850 and 1900.

To increase understanding about how rail contributes to the North Carolina economy today, RTI updated their 2007 study, and examined NCRR's economic impact on the state during 2013.

Measuring NCRR's economic impact in 2013

- To estimate the economic impact of this freight transport and spending, RTI compared actual North Carolina economic activity to a hypothetical North Carolina economy if NCRR did not exist, and all the freight were transported by highway.

- Particularly for heavy, bulky products, rail transport costs less than truck transport. The cost savings due to NCRR result in an estimated \$499 million in additional output by industries that rely on rail, which in turn provides a state-wide increase in economic activity estimated at \$794 million in sales, including supply chain and household income effects. This is approximately twice NCRR's estimated 2007 impact of \$338 million.

Freight cost savings due to NCRR added an estimated \$794 million to the NC economy in 2013.

- 159,000 carloads and 188,000 containers carried by Norfolk Southern across NCRR, either terminating or originating in NC, an estimated 11.4 million tons of freight.
- NCRR invested an estimated \$9.6 million in capital improvements along its corridor, including closing grade crossings and other safety improvements and double-tracking and other efficiency enhancements.

NCRR invested \$9.6 in capital improvements in 2013 to enhance efficiency and promote growth.

- Our study has not yet evaluated the impact of new firms locating in North Carolina due to NCRR investment in developing rail-served properties.

- Reduced highway traffic decreases congestion, traffic accidents, and air pollution valued at an estimated \$141 million.
- We have not yet quantified the economic impact of the rail industry state-wide, but it is a multiple of NCR's impact. NCR is a relatively small but important share of the total rail network. NCR's corridor is less than 10% of total freight rail mileage, but the freight carried over NCR that originates or terminates in North Carolina approaches 20% of total statewide carloads and tons. Eighteen rail-dependent industries employed more than 57,000 North Carolinians in 2013.
- Our study has not as yet quantified the value of passenger service over NCR within North Carolina.