News Release

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Freddie Mac Insight: The Effect of Proximity to Metro Stations on Local Home Prices

Premium Varies by Distance and House Price

MCLEAN, Va. (October 2, 2019) Freddie Mac (OTCQB: FMCC) released an Insight focusing on the expansion of the Washington Metro system, the second-busiest rapid transit system by ridership in the United States, and how it is impacting home prices in the area. The research showed that proximity to a Metro station in the DC Metro Area generally increases the prices of nearby houses.

“Proximity to a Metro train station is an amenity that is valued by homebuyers in the DC Metro Area, and it is reflected in increased house prices,” said Sam Khater, Chief Economist at Freddie Mac. “Homebuyers typically pay almost $9,000 more to be within a mile of a Metro station, and the premium rises to $40,000 to be within a quarter of a mile.”

“However, there’s a sweet spot when it comes to the value realized based on proximity and price segment,” continued Khater. “The highest price premium is for homes sold between $310,000 to $415,000 ($467,008 is the average home price in the DC Metro Area). Local residents that fall in this category tend to depend more on public transport and thus place a higher premium on proximity to a Metro station.”

Insight Highlights:

- For a typical house in the DC Metro Area that is located within a mile of a Metro station, the average price premium is approximately $8,640.

- The price premium is highest for houses within one-quarter mile of a Metro station (an 8.6 percent increase). That premium declines over increasing distance to the metro: to 7.5 percent within one-quarter to one-half mile and to 3.9 percent within half a mile to a mile.

- The price premium is the highest where prices range from $310,000 to $414,900: around 13-14 percent, which is equivalent to $41,850 to $55,597.

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