



The ROI on Infrastructure

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We've been hearing about how America has underinvested in its infrastructure for decades, and how the new Infrastructure Investment & Jobs Act is supposed to turn that around. Some of us have looked with envy at the amazing rapid-rail system that connects every part of the Chinese countryside, and Los Angeles residents are (or should be) envious of New York City's subway system.

But many taxpayers might be wondering: where would that infrastructure money best be spent?

According to Justin Marlowe, a research professor at the University of Chicago, there are three types of infrastructure investment that deliver the most pronounced economic benefits over the long run. The first is what has been defined as 'core public capital,' or 'core infrastructure.' That includes fixing crumbling roads and bridges. It also means expanding airports, and particularly putting money into telecommunications infrastructure, much of it aimed at increasing access to broadband internet communications. Broadband makes it possible for rural businesses to improve their marketing and management and brings more capacity to local hospitals and governments. Marlowe estimates that every dollar invested in these core infrastructure projects returns between \$3 and \$8 over the next 20-30 years.

Those are relatively certain returns on investment. Less certain, says Marlowe, are public transit projects like urban rail lines or subway systems. The reason these are somewhat speculative is that the project has to purchase the land along the route, which might mean the extremely costly prospect of blasting the rail line through urban (high-property-cost) neighborhoods. Marlowe adds that these projects often take longer to build.

Policymakers appear to have focused the initial infrastructure money to repair bridges and roads, and to bring broadband to rural parts of the country. Rapid rail projects criss-crossing the country, or a subway system in Los Angeles, may have to wait for private investment.

Sources:

<https://www.marketplace.org/2024/08/30/what-types-of-infrastructure-spending-have-the-best-long-term-economic-results/>

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:(215)325-1595) or you can [click here to schedule a meeting](#).

Please feel free to forward this article and offer to anyone you know who might have financial questions or need some unbiased advice. Most financial advice is sales advice. In stark contrast, we are fee-only (non-commissioned) fiduciary advisors. We just provide truthful, unbiased advice to our clients.



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