



When gigabit Internet comes to town, it could mean savings for consumers

Good news for consumers: the growth and competition in ultra-high speed broadband services in your area may mean more money in your pocket—and better services across the board!

This week, the Fiber to the Home Council is in Minneapolis with Broadband Communities for a conference focusing on how communities can reap the economic benefits of ultra-high speed services. We have a growing body of evidence that bringing ultra-high speed service to community supports economic development:

- Our research shows that having access to gigabit fiber-to-the-home connections can increase your home's valuation by up to 3.1%. That's roughly equivalent to adding a fireplace, just under half the value of a bathroom or a quarter of a swimming pool to your home. And our research out this summer shows that this finding extends to condos and apartment buildings.
- Not only does fiber increase the value of your home, it also increases the GDP of your community. A 2014 FTTH Council study found higher per capita GDP (1.1%) in communities where gigabit Internet was available. In dollar terms, the 14 gigabit communities analyzed by the FTTH Council enjoyed approximately \$1.4 billion in additional GDP over other similarly situated communities.
- In another real life application, look at Kansas City, Missouri. Google Fiber introduced its product to this midwestern city in 2012. Just one year later, ratings agency Fitch upgraded the city's bond ratings from "negative" to "stable." Why? The city's growing gigabit offerings had "already attract[ed] a number of smaller Internet and data companies," bringing in new businesses, creating jobs and boosting the economy.

Today, we're excited to preview some research that we will be releasing later this month that shows that when another provider offers a gigabit service in your area, prices for broadband go down and the speeds offered go up. Certainly, there are rural areas where the population and demand for broadband

cannot support multiple service providers, but in the largest 100 urban and suburban areas in the US, the results are in: competition puts money back in consumers' pockets, and drives a race to the top.

Using data on broadband plans—including upload and download speeds, standard and promotional monthly prices, and other information such as installation charges and plans bundled with other services, such as telephone or television—for the 100 largest Designated Market Areas (DMAs), our partners at [Analysis Group](#) have analyzed what happens when new firms enter a market offering a broadband service. Here's what they found:

- If a gigabit service is offered in your area, prices for high speed plans of 100 mbps or more are reduced by approximately \$27 dollars per month—about a 25% drop from the standard price.
- If you just look at gigabit speed plans, the effect is particularly significant—one gigabit provider to two providers reduces prices by approximately \$57–62 per month, or between 34% to 37%.
- Even when including plans with other speeds, there is a substantial effect. When looking across all broadband plans (with speeds of over 25 mbps), prices go down between \$13 and \$18 per month, or 14% and 19%.
- The more broadband providers you can choose from, the more prices drop. For example, an increase of one additional service provider is associated with approximately a \$1.50 decline in the monthly standard broadband price for internet plans with speeds ranging from 50 Mbps to less than 1 Gbps. So, for example, if an area went from having one broadband offering to having six competitors, the price would decline by approximately \$7.50. That's equal to a reduction of 8% in the monthly standard price.
- Finally, if high-speed broadband is offered in a market, that increases the likelihood that other providers will introduce higher-speed plans to match the speeds being offered by the competition. In particular, they found that each additional competitor will increase the probability that other broadband providers in the market will offer broadband at those higher speeds by 4% to 17% per year.

New investments in cities' broadband networks give consumers super-fast speeds and give the entire city new economic opportunities. And now we have clear evidence that it means more money in your pocket. Watch this space for the rest of the findings soon!