

Realtors: Western Massachusetts casino would hurt home values in host community

home for sale pending sign.JPG

Economists at the National Association of Realtors call the impact of casinos on a housing market "unambiguously negative." A casino would sap 1.1 to 2.3 percent of home values in the host community, they say in a study done for the Realtor Association of Pioneer Valley. *(Associated Press [file])*

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on July 02, 2013 at 5:18 PM, updated July 02, 2013 at 9:23 PM

SPRINGFIELD — Whichever Western Massachusetts community ends up getting a casino, sharing the town with a gambling mecca would cost homeowners from \$1,650 to \$3,300 in lost value, according to a study released Tuesday by the **Realtor Association of Pioneer Valley**.

The study, prepared by economists at the **National Association of Realtors** at the request of the Realtor Association of Pioneer Valley, calls the impact of casinos on a housing market "unambiguously negative." A casino would sap 1.1 to 2.3 percent of home values in the host community. In Palmer, Springfield and West Springfield, where casino compaines are vying for the lone Western Massachusetts license, that works out to \$64 million to \$128 million in lost home value.

The reason in plain words is nuisance value: traffic noise and the general bother created by living near an attraction expected to draw thousands of people.

"The further away you get from a casino, the less impact it would have," said Brian P. Sears, an owner of Sears Real Estate in Springfield and president of the Realtor Association of Pioneer Valley.

Sears said he'd noticed that casino proponents were making a number of claims about an improved local economy. He wanted there to be an independent voice, especially when it comes to home values.

"For most people, it is their single biggest asset," he said. "We don't have an opinion one way or the other.



Brian Sears, a partner at Sears Real Estate and president of the Realtor Association of Pioneer Valley, says local real estate agents are running out of homes to show potential buyers.
Mark M. Murray / The Republican file

The data is the data."

Carole Brennan, spokeswoman MGM Springfield, the proposed \$800 million project on the city's South End, said the Springfield proposal is unique because it would include 56 market-rate condominiums.

"MGM Springfield is an urban gaming-resort proposal designed to do quite the opposite of what this study suggests," Brennan wrote in an email. "In fact, its unique design includes residential housing and is expected to spur additional residential in the area, along with collateral business development."

In addition to a decrease in home values, the National Association of Realtors economists estimate personal bankruptcies would increase by 250 a year for the Springfield area and there would be 125 additional home foreclosures each year. Just the foreclosures alone would represent \$5 million in lost home value.

The National Association of Realtors also casts doubt on a casino's ability to draw patrons from afar to a destination casino. The market is already saturated with Foxwoods and Mohegan Sun in Connecticut, Twin Rivers in Rhode Island and other destinations in Massachusetts and New York yet to be built.

"Distances between casinos appear to be important," the report said. "Casinos that are close to one another tend to split the available business, reducing profitability."

Indian casinos in "very rural" areas sometimes have positive impacts due to the depressed condition of the economy, according to the report. The same is not true of urban casinos.

Sears said he wanted to get the report in the hands of voters prior to Springfield's July 16 casino vote. Votes in West Springfield and Palmer have not yet been scheduled.

It's not just casinos that impact home values. Any large infrastructure project can also have an impact on housing prices averaging about 5 percent, economists said in the report, citing recent case studies.

The presence of a Walmart or other big-box retailer tends to slow down home sales, but because some families are drawn to the convenience, overall values rise by 2 to 3 percent within half a mile. Cemeteries have mixed impacts – some people like the open space – while traffic around sports stadiums can drop home values 1.5 percent.

Rail transportation tends to help the economy so railroads help home values. Same with colleges. But office buildings and shopping centers have mixed effects.

Frontage on a golf course can mean an 8 percent increase in home values, but a home about a tenth of a mile away from a newly built set of links loses an average of 3.7 percent of its value.

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