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UMass Amherst researchers assess the early impacts of MGM Springfield on real estate conditions in Springfield

AMHERST - The Social and Economic Impacts of Gambling in Massachusetts ([SEIGMA](#)) research team at UMass Amherst examined the initial impacts of announcing the MGM Springfield casino license in February 2014 and its subsequent construction on housing and real estate conditions in Springfield, Massachusetts and its surrounding communities.

This [report](#) was recently released at an open public meeting of the Massachusetts Gaming Commission at the MassMutual Center in Springfield. These findings follow the [baseline report](#) that examined housing and real estate conditions in Springfield prior to the announcement of the MGM Springfield license.

In combination with quantitative data, SEIGMA researchers also interviewed key informants in Springfield to further understand concerns surrounding gentrification and displacement. Interviews were conducted with Geraldine McCafferty, Director of Housing, City of Springfield; Liz Bewsee, Housing and Economic Justice Organizer, Arise for Social Justice; Catherine Ratté, Principal Planner—environment and land use, Pioneer Valley Planning Commission; Rose Webster-Smith, Lead Community Organizer, Springfield No One Leaves; and Denise Jordan, Executive Director, Springfield Housing Authority.

Mark Melnik, who leads the SEIGMA economic team at the [UMass Donahue Institute](#), comments on the importance of understanding how casino developments and other aspects of economic development are impacting housing and real estate conditions in host and surrounding communities:

“Like other parts of Massachusetts, Greater Springfield is experiencing a strengthening real estate market associated with robust economic conditions in the state. These factors include economic growth and real estate investment corresponding to economic recovery, long-term community development initiatives, and of course, the establishment of major employers like MGM in the region. Our preliminary research shows some relationship between MGM and local real estate trends and we will continue to track these issues to fully understand the effect expanded gambling has on residents in the Greater Springfield community.”

The establishment of casinos in Massachusetts comes at a unique time in the economy and real estate market. The new legislation in 2011 allowing casino gambling in Massachusetts and the subsequent awarding of licenses occurred at the end of the Great Recession and during the economic recovery. The period since the awarding of licenses around the state has been a time of strong economic growth in

Massachusetts. This broader economic context is important to keep in mind when interpreting the results of the report since it is difficult to disentangle which real estate trends are attributable to the casino versus other economic trends.

What did the study find?

Sales of homes and condominiums

- Sales of single-family homes in Springfield, Massachusetts flattened in the wake of the Great Recession of 2009. However, home sales picked up in 2014, just before the license was awarded to MGM and continued through 2018 when MGM Springfield opened.
- Between 2009 and 2011, Springfield's single-family home sales saw decreasing growth rates. After 2011, Springfield's single-family home sales were below those of the surrounding communities and the rest of Hampshire and Hampden Counties. However, all three areas experienced steady growth after the license was awarded to MGM in 2014.
- Between licensing and opening of MGM Springfield, condominium sales in the rest of Hampshire and Hampden Counties experienced quicker growth rates than both Springfield and its surrounding communities.

Prices of homes and condominiums

- Inflation-adjusted median sales prices in Springfield have increased slightly or remained flat for single-family homes and condominiums between the casino's licensing and opening. Only multi-family home prices have increased dramatically during that time. Key informant interviews suggest that this phenomenon could be due to investors buying up multi-family homes.
- Median sales prices in Springfield's surrounding communities and the rest of Hampden and Hampshire Counties experienced very little change during that time for single-family homes and condominiums, but saw growth for multi-family homes.

Rents, vacancy rates, speculative buying, and displacement

- Median gross rents in Springfield, the surrounding communities, Hampden and Hampshire Counties, and the state as a whole increased in the period prior to and following the awarding of the MGM Springfield license. Increases in the study region appear to be following larger state trends.
- Springfield's share of vacant housing saw a 1.2% decrease following the awarding of the license while the combined surrounding communities increased at a rate of 0.4%. The rest of Hampden and Hampshire Counties saw their share of vacant housing increase by 1.4%.
- Key informants from Springfield noted the increasing pressure on the housing market and increasing rental costs. Key informants were unsure whether these trends could be attributed to the licensing and opening of MGM Springfield and teased out from larger market forces and other development projects.
- Springfield key informants raised concerns regarding the speculative buying of properties in Springfield. For instance, many of the key informants discussed investors buying multi-family buildings and raising rents and/or buying a property and leaving it vacant with the hope of selling higher. Key informants also discussed concerns regarding displacement and an increase in evictions.

Commercial and industrial real estate

- Springfield added new rentable commercial space at a slightly slower rate than the Commonwealth and lagged in terms of industrial buildings. That trend reversed at the end of 2018 with the addition of MGM Springfield and the CRRC MA rail car factory in East Springfield.
- Vacancy rates—or the share of rentable building area which is listed on the market—have fallen in Springfield over the last 11 years and were lower than the statewide rates at the end of 2018.
- Average lease rates for office and industrial properties were consistently much lower in Springfield and its surrounding communities than in the Commonwealth as a whole. Lease rates for non-office commercial properties in Springfield and its surrounding communities were more comparable to the state.
- The development and opening of MGM Springfield introduced a substantial amount of new commercial space to the Springfield real estate market and may have contributed to a fall in commercial vacancy rates. Otherwise, there were few obvious breaks from past trends that could plausibly be attributed to the casino.
- Springfield key informants discussed the increased patronage of downtown Springfield as a result of MGM Springfield. Key informants did note that increased foot traffic and spillover impacts onto businesses as a result of the casino are limited to businesses and restaurants adjacent to MGM Springfield.

The SEIGMA research team looks forward to continuing to monitor the real estate conditions in the casino host and surrounding communities across Massachusetts—Plainville, Springfield, and Everett—to understand the impacts of casino developments on housing and real estate.

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About MassGaming

The mission of the Massachusetts Gaming Commission is to create a fair, transparent, and participatory process for implementing the expanded gaming law passed by the Legislature and signed by the Governor in November 2011. In creating that process, the Commission will strive to ensure that its decision-making and regulatory systems engender the confidence of the public and participants, and that they provide the greatest possible economic development benefits and revenues to the people of the Commonwealth, reduce to the maximum extent possible the potentially negative or unintended consequences of the new legislation, and allow an appropriate return on investment for gaming providers that assures the operation of casino-resorts of the highest quality. For more information on MGC, please visit MassGaming.com or connect and share on Twitter ([@MassGamingComm](https://twitter.com/MassGamingComm)) or Facebook www.facebook.com/MAGamingComm.

About the Social and Economic Impacts of Gambling in Massachusetts (SEIGMA) research study

The University of Massachusetts Amherst School of Public Health & Health Sciences (SPHHS) has been engaged by the Massachusetts Gaming Commission (MGC) to carry out a comprehensive, multi-year research project, believed to be the first of its kind, on the economic and social impacts of introducing casino gambling in Massachusetts. The project fulfills Section 71 of the 2011 Expanded Gaming Act, which requires the MGC to establish “an annual research agenda” to assist in understanding the social and economic effects of the introduction of casino gambling in MA, and in making annual scientifically-based recommendations to the Legislature. For more information on the SEIGMA research study, please visit <http://www.umass.edu/seigma> or connect on Twitter ([@ImpactsMA](https://twitter.com/ImpactsMA)).

About the University of Massachusetts Donahue Institute

The University of Massachusetts Donahue Institute is an outreach and economic development arm of the University of Massachusetts President’s Office. Established in 1971, the Institute strives to connect its clients with the resources of the University, bridging theory and innovation with real world public and private sector applications. For more information: www.donahue.umassp.edu or visit [@UMASSDonahue](https://twitter.com/UMASSDonahue) on Twitter.

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