

Real Estate Impacts of MGM Springfield in Springfield and Surrounding Communities

Executive Summary

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Henry Renski, PhD
Associate Professor
UMass Center for Economic Development
University of Massachusetts Amherst

Thomas Peake
Senior Research Analyst
UMass Donahue Institute, Economic and Public Policy Research Group

Andrew L. Hall
Senior Research Analyst
UMass Donahue Institute, Economic and Public Policy Research Group

Denis McAuliffe
Research Assistant
UMass Donahue Institute, Economic and Public Policy Research Group

Jonathan Astor
Research Assistant
UMass Donahue Institute, Economic and Public Policy Research Group

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Greater Springfield is experiencing a strengthening real estate market associated with economic recovery and more robust economic conditions statewide. Springfield has slowly added new commercial buildings and rentable commercial and industrial space, including an uptick at the end of 2018 with the addition of the MGM Springfield casino and a very large industrial facility, the CRRC MA rail car factory. At the same time, the area has seen recovery in its housing market, exhibited by rising rents, higher home sales prices, and increased home sale volume. Growth also presents challenges, such as tighter housing market conditions that impact marginalized populations. Key informants from Springfield observed increased pressure in the housing market, rising rental costs, and more evictions; although they did not necessarily attribute all of the changes to MGM Springfield. The following findings touch on key points about the increasingly active real estate market in Springfield and the region.

Key Findings: Residential Real Estate Indicators

Home sales

- 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 Springfield and continued through 2018 when the casino opened. Since a similar upward trend was also found in the outlying areas of the region and the state—areas where it is unlikely that the casino had a noticeable impact—it is difficult to solely associate this observed increase with the casino.
- There was no noticeable effect of the license award on condominium sales in Springfield, where sales remained flat despite a recovery in the housing market at the regional and state level. There was a steady climb in condominium sales in Springfield’s surrounding communities, but this is more likely reflective of broader market trends.
- There has been a steady increase in the number of multi-family home sales in Springfield following the announcement of the license award. This coincides with key informants’ observations suggesting that outside interests have been investing in apartment buildings in the area since the casino license announcement.

Home prices

- The announcement of the awarding of the casino license to MGM Springfield seemed to have little impact on inflation-adjusted median sales prices of single-family homes and condominiums in Springfield. Median sales prices of both housing types increased slightly or remained relatively flat between the casino’s licensing and opening. In contrast, multi-family home prices increased dramatically during that time. Key informant interviews suggest that this phenomenon could be due to investors buying up multi-family homes.

Rents, vacancy rates, speculative buying, and displacement

- Median gross rents rose in Springfield following the license announcement. However, since rents increased in the surrounding communities, Hampden and Hampshire Counties, and the state as a whole in the same period, it is likely that increased median gross rents are following larger state trends. Springfield’s share of vacant housing saw a decrease in the most recent years of data following the license award, while the share of vacant housing in combined surrounding communities and rest of Hampden and Hampshire Counties increased in that same period.
- Key informants from Springfield noted the increasing pressure on the housing market and increasing rental costs. They were unsure whether these trends could be 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.

Key Findings: Commercial and Industrial Real Estate Indicators

- There has been slight growth in commercial and industrial building area in Springfield following the license announcement. For most of the study period (2008-2018), Springfield added new rentable commercial space at a slightly slower rate than the Commonwealth as a whole 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.
- 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 be plausibly attributed to the casino.
- Vacancy rates—the share of rentable commercial and industrial building area listed on the market—have fallen in Springfield over the last 11 years and were lower than statewide rates at the end of 2018. It is difficult to determine how much potentially rentable building area remains off the market in Springfield.
- There is little evidence of a sustained rise or drop in office lease rates in Springfield since the license was awarded. 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 in the same area were more comparable to the state for non-office commercial properties.
- Springfield key informants discussed the increased patronage of downtown Springfield as a result of MGM Springfield. They noted that increased foot traffic and spillover impacts onto businesses as a result of the casino were limited to businesses and restaurants adjacent to MGM Springfield.
- Key informants also noticed a few new restaurants as well as improvements to infrastructure (i.e., bike lanes, better signage, and sidewalks) downtown and in close proximity to the casino.