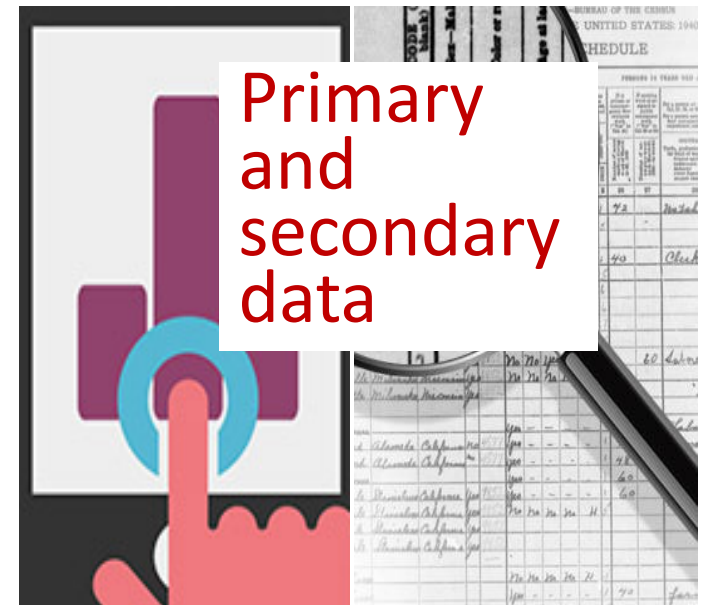


Economic and Fiscal Research Agenda: Major Activities and Recent Springfield Research

Dr. Mark Melnik, Director
Economic and Public Policy Research
UMass Donahue Institute

Goals of the Economic Research

- Measure and determine economic and fiscal impacts of casino facilities at the local, regional, and state level:
 - Business dynamics
 - Labor market conditions
 - Government finance
 - Real estate trends
 - Other issues



Analytical Framework

Economic and Fiscal Research



Analytical Framework Economic and Fiscal Research

Economic & Community Impacts

- Local Business Indicators
- Resident Indicators
- Labor Force Indicators
- Real Estate & Housing
- Community Comparisons



Analytical Framework

Economic and Fiscal Research



Casino Industry Impacts

- Casino Workforce
- Casino Operating & Construction Spending
- Patrons
- Government & Fiscal Impacts (GGR; HSC Payments)
- Lottery



Analytical Framework Economic and Fiscal Research



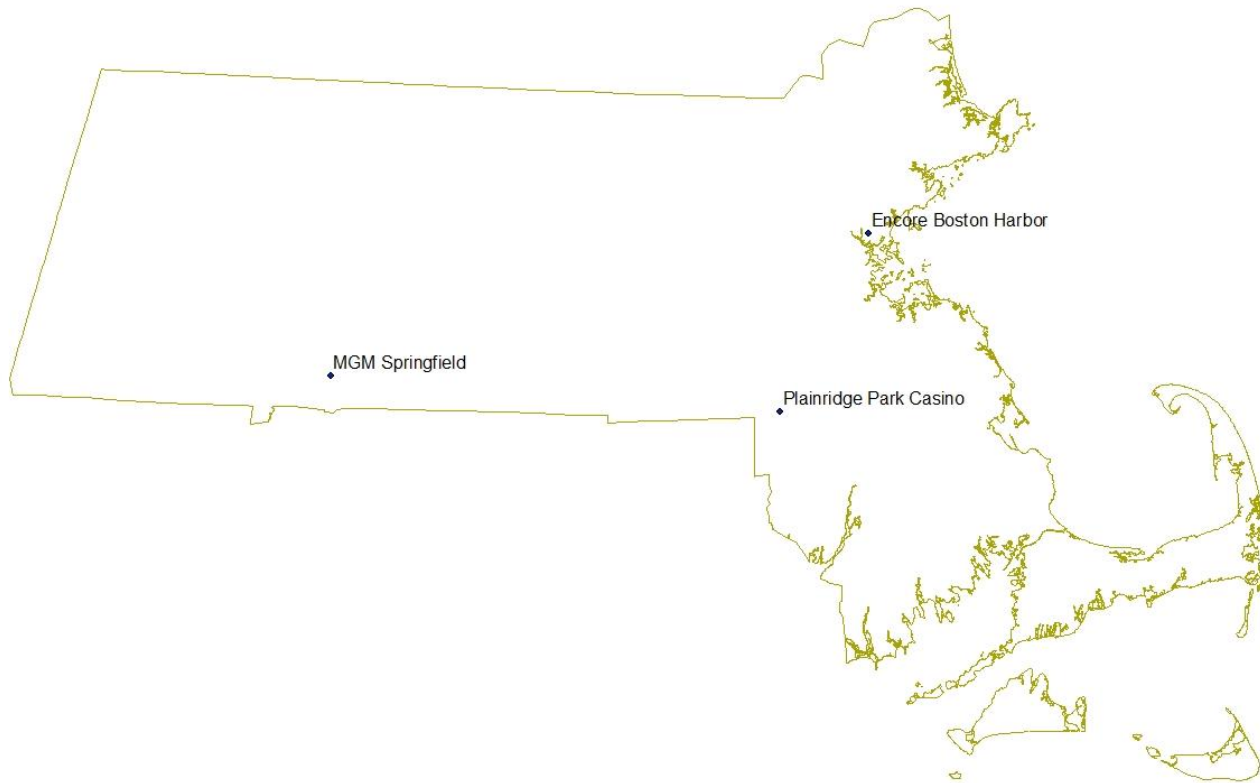
Special Topics

- Tourism & impacted live entertainment venues
- Impacts on small businesses
- Workforce development & job quality
- Sports betting

Phases of Economic Analysis

- Baseline analyses
 - Tracking economic and fiscal conditions before gaming facilities
- Development/Construction
 - Measuring impacts as construction occurs at each gaming facility
- Operations
 - Measuring and monitoring impacts from operations of gaming facilities

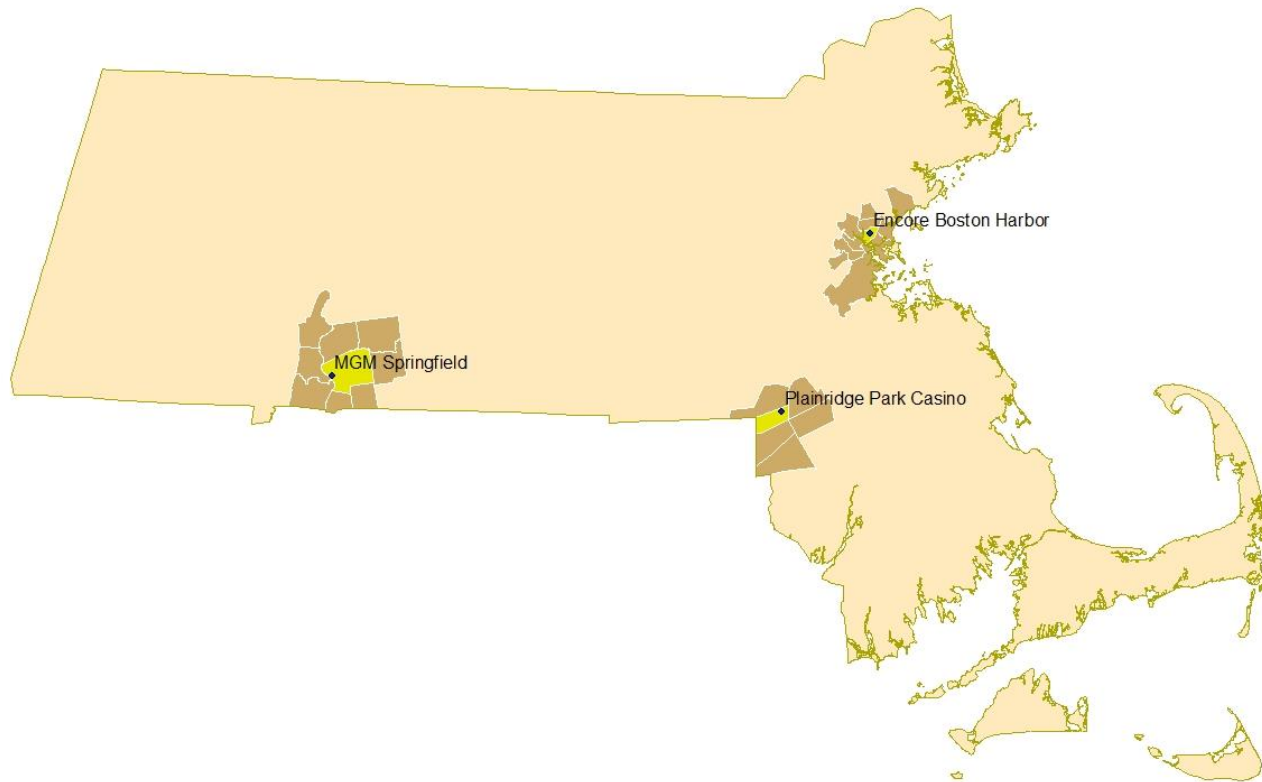
Measuring Impacts Geographically



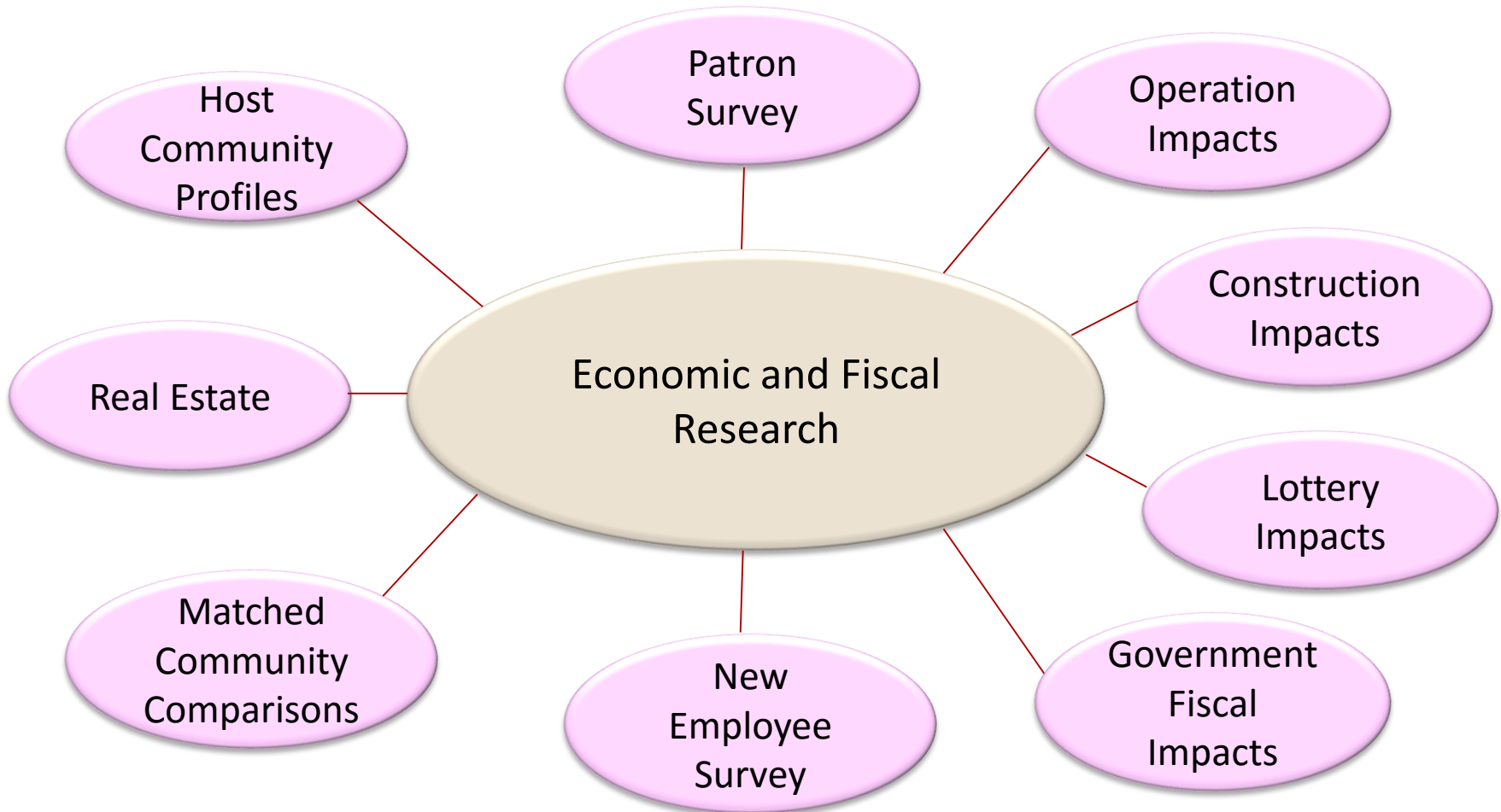
Measuring Impacts Geographically



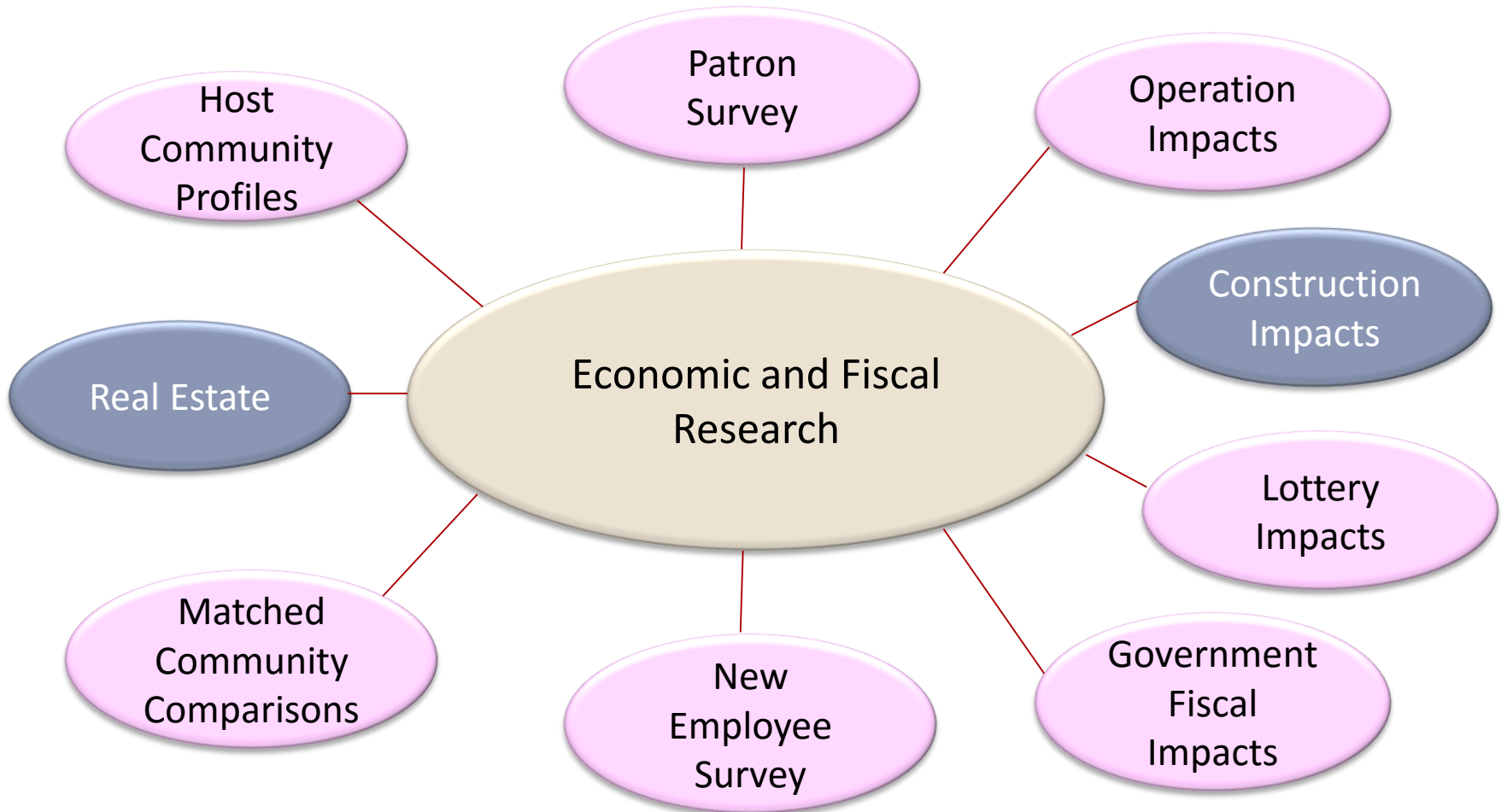
Measuring Impacts Geographically



Economic and Fiscal Research: Springfield



Economic and Fiscal Research: Springfield



ECONOMIC & FISCAL IMPACTS: RECENT SPRINGFIELD RESEARCH

Real Estate Impacts of the MGM Springfield Casino

Dr. Henry Renski

University of Massachusetts Amherst

Study Purpose & Scope

Document changes in real estate market following the licensing of MGM Springfield in 2014 through 2018

- Too soon to measure impacts post-opening for some measures

Two major components

1. Residential Properties (Number of sales, price, rents)
2. Commercial/Industrial Properties (Inventory, vacancy, lease rates)

Analysis of secondary data and stakeholder interviewers

- Springfield Housing, Regional Planning Authority, Community Advocates

Before-After / Comparative Approach

- Compare host and surrounding communities to rest of Hampden/Hampshire counties and the state as a whole

Caveats

Timing lag in key data sources

Casino opened relatively recently

Difficult to distinguish MGM impacts from other activities

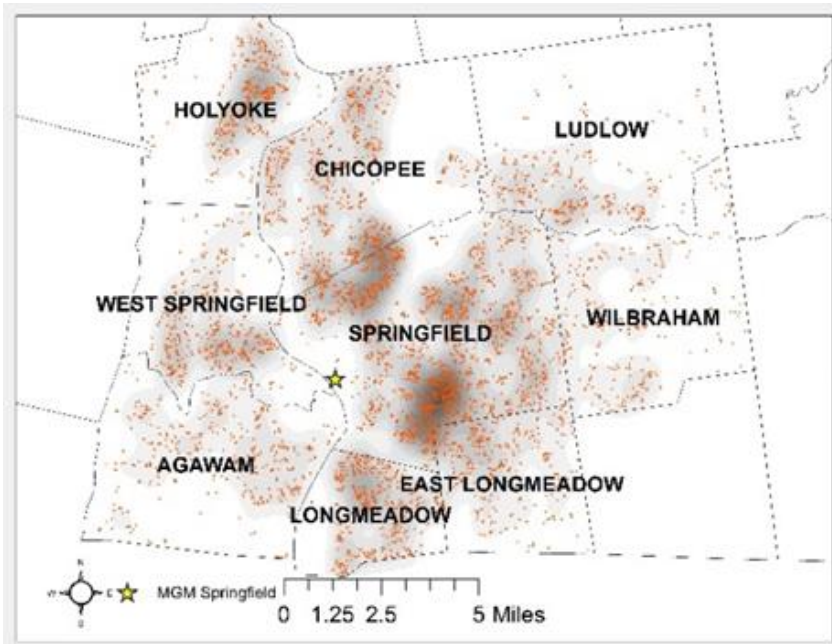


Real Estate Impacts in Context

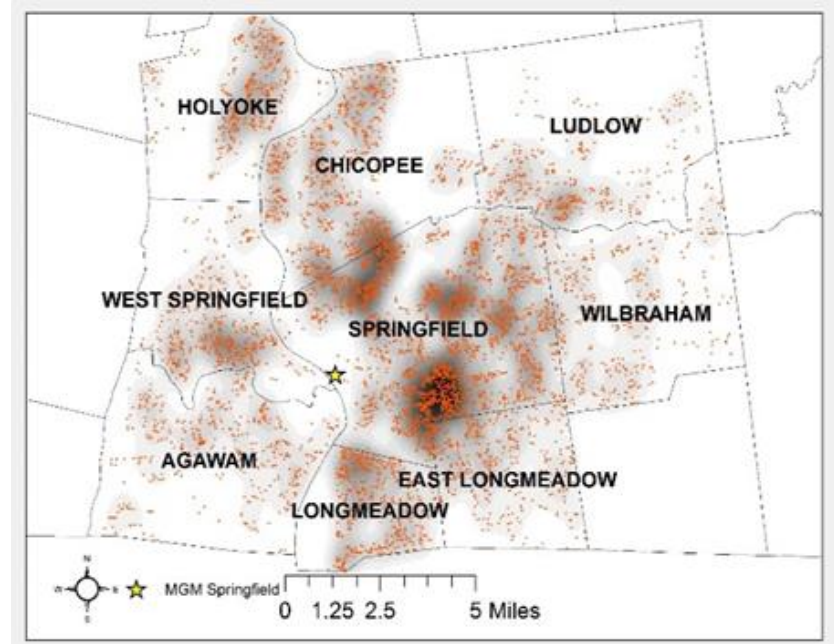
- Greater Springfield is experiencing a **strengthening real estate market** associated with economic recovery and more robust economic conditions in the state.
 - Rising rents, sales prices, increased sales, jobs growth
- Growth also creates challenges, such as tighter housing market conditions that impact vulnerable populations.
 - Key informants from Springfield are observing increased pressure in the housing market, rising rental costs, and more evictions
 - Although not attributing all the changes to the Casino
- We are noting these concerns and will continue to track these issues to fully understand the effect expanded gambling has on residents in the Greater Springfield community.

Single-Family Home Sales before and after license was awarded

2012 and 2013



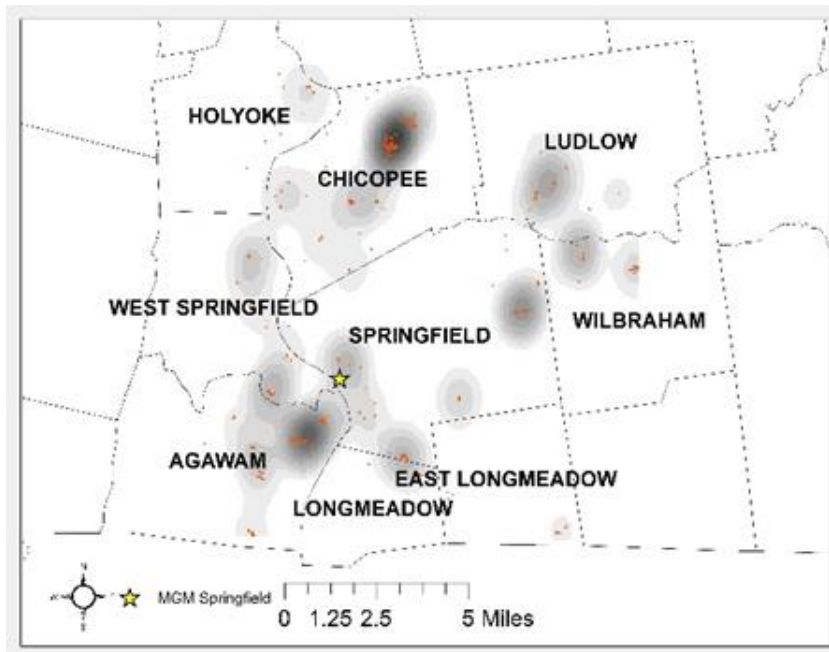
2017 and 2018



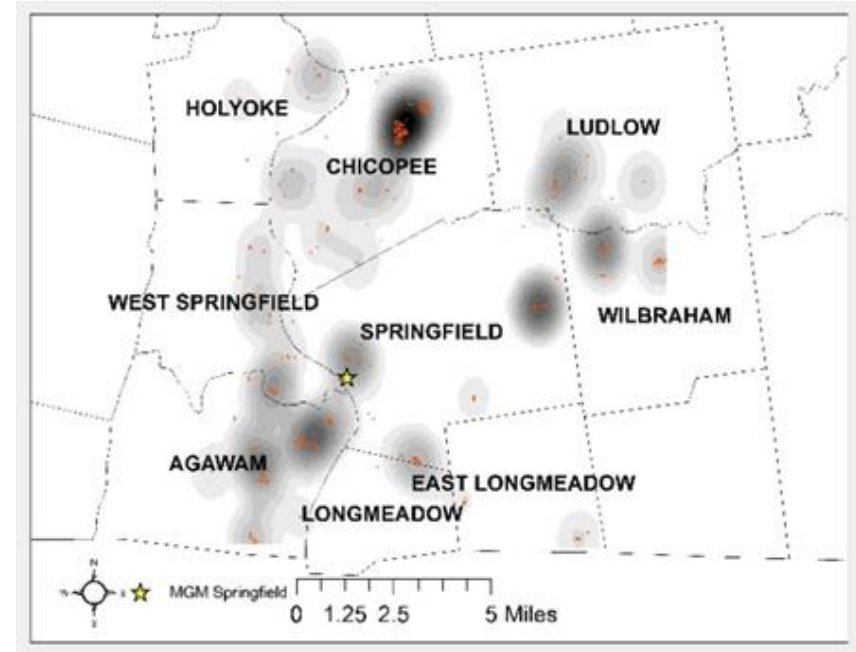
Source: MLS

Condominium Sales before and after license was awarded

2012 and 2013



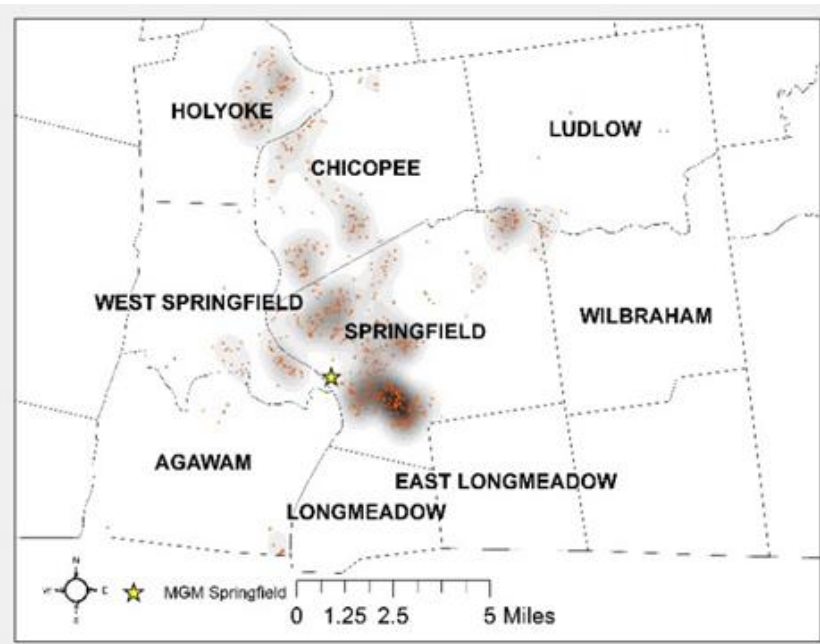
2017 and 2018



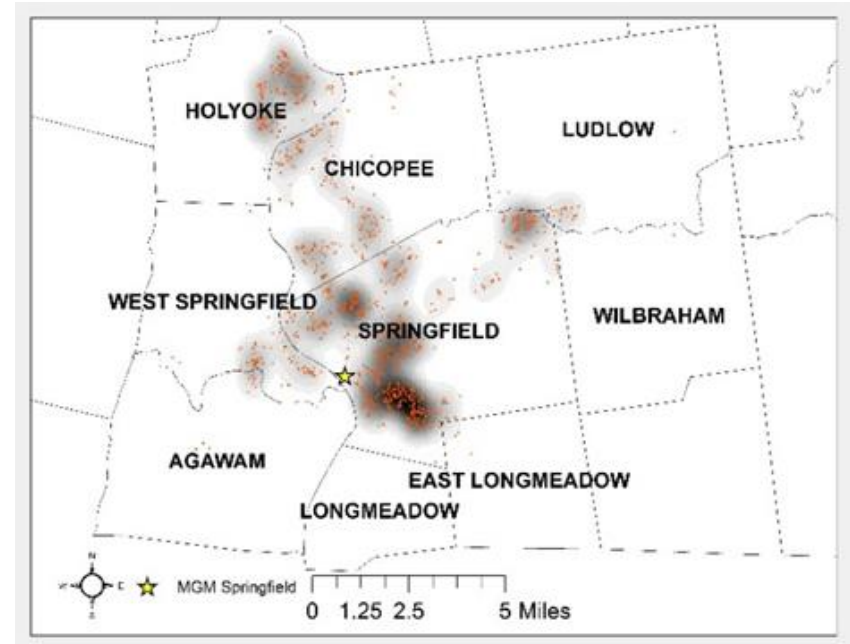
Source: MLS

Multi-Family Sales before and after license was awarded

2012 and 2013



2017 and 2018



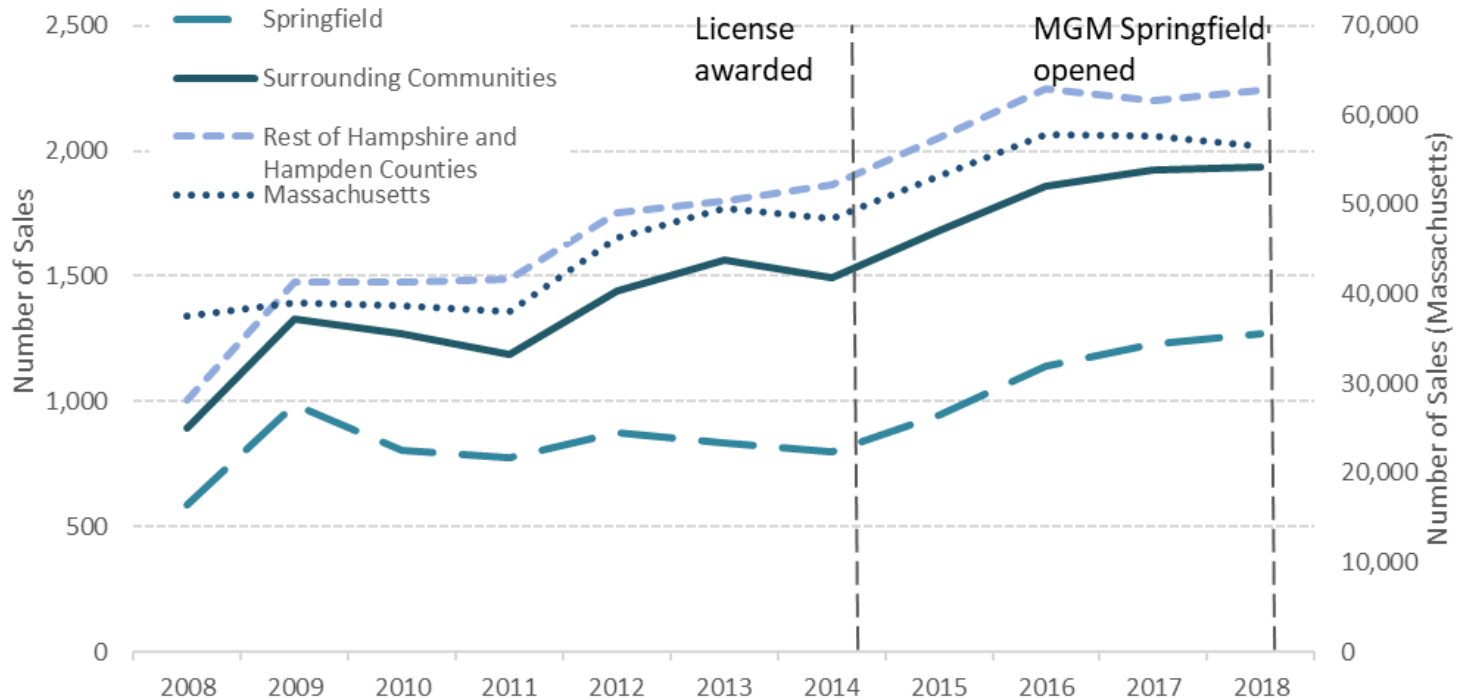
Source: MLS

Residential Impacts

Main Findings: Home Sales

Recent increase in single-family home sales, but consistent with broader trends

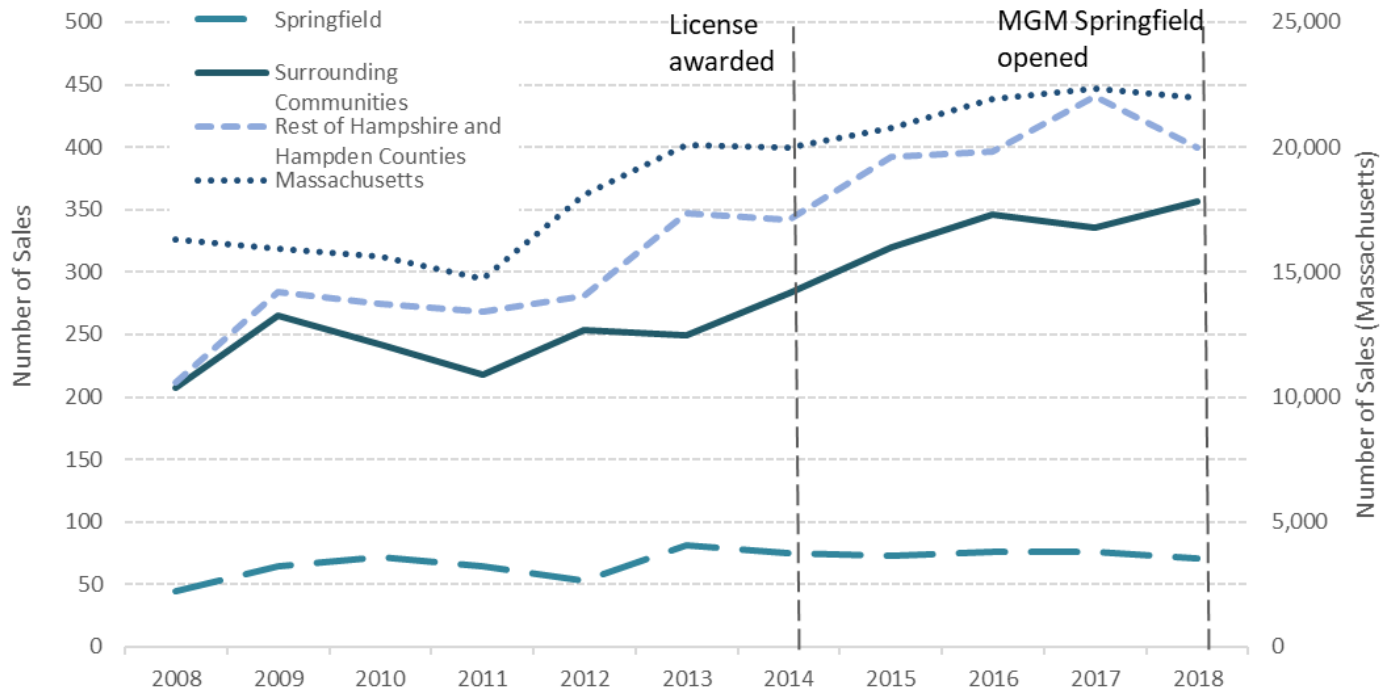
Single-Family Home Sales



Main Findings: Home Sales

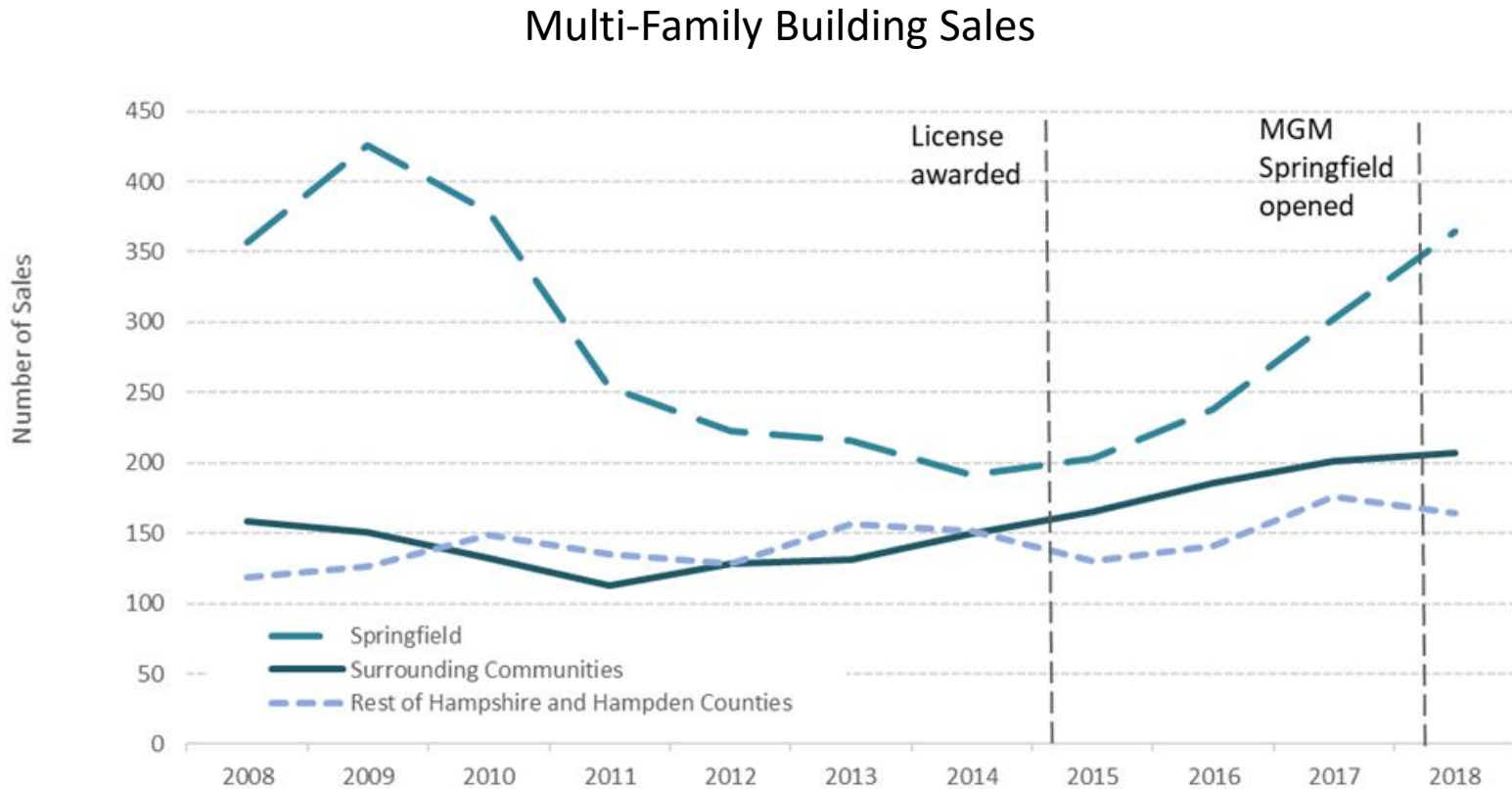
Condominium sales flat

Condominium Sales



Main Findings: Home Sales

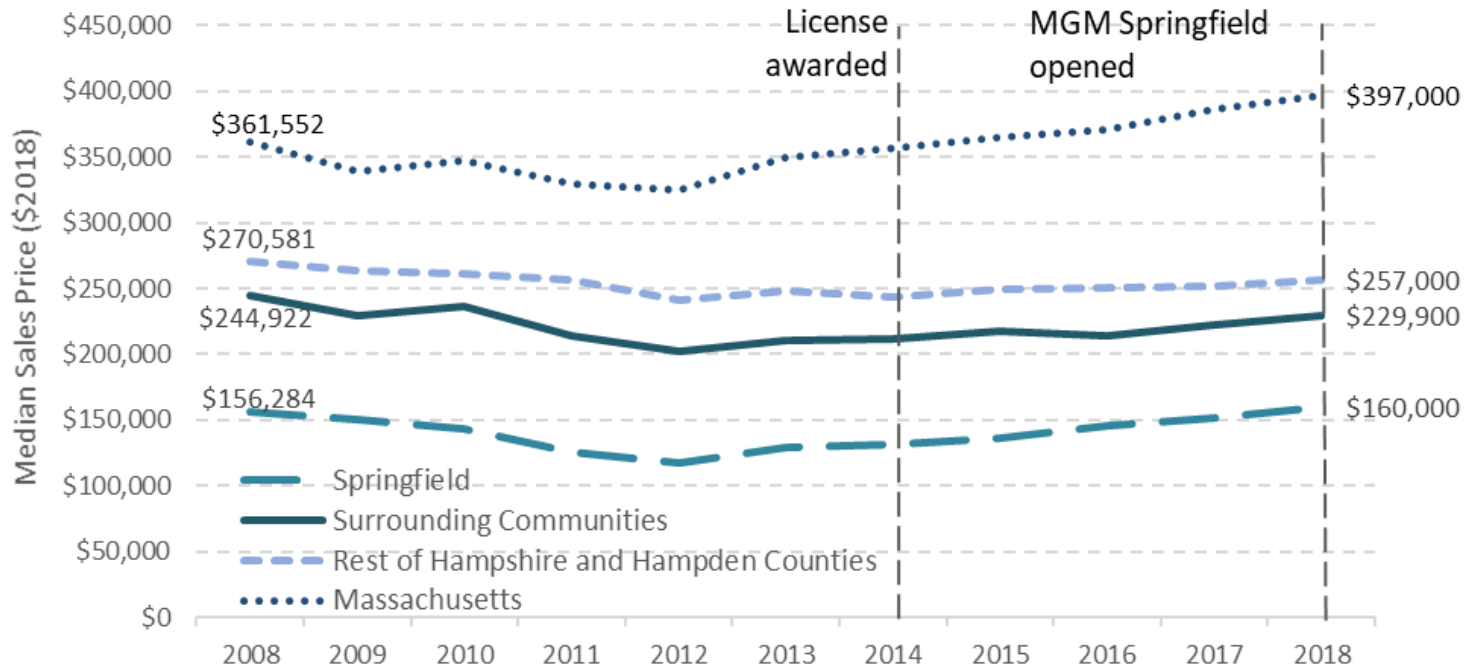
Notable increase in multi-family home sales



Main Findings: Home Sale Prices

MGM had little impact on single-family home sale prices

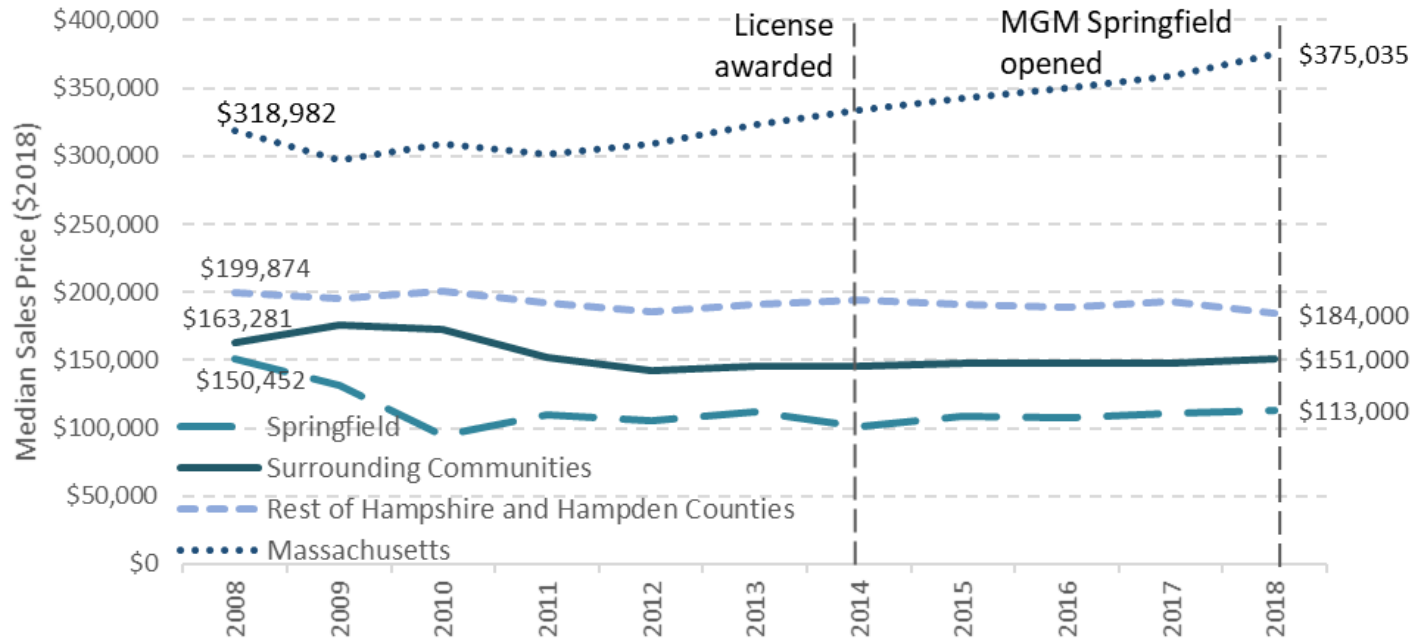
Single-Family Home Sale Prices



Main Findings: Home Sale Prices

MGM had little impact on condominium prices

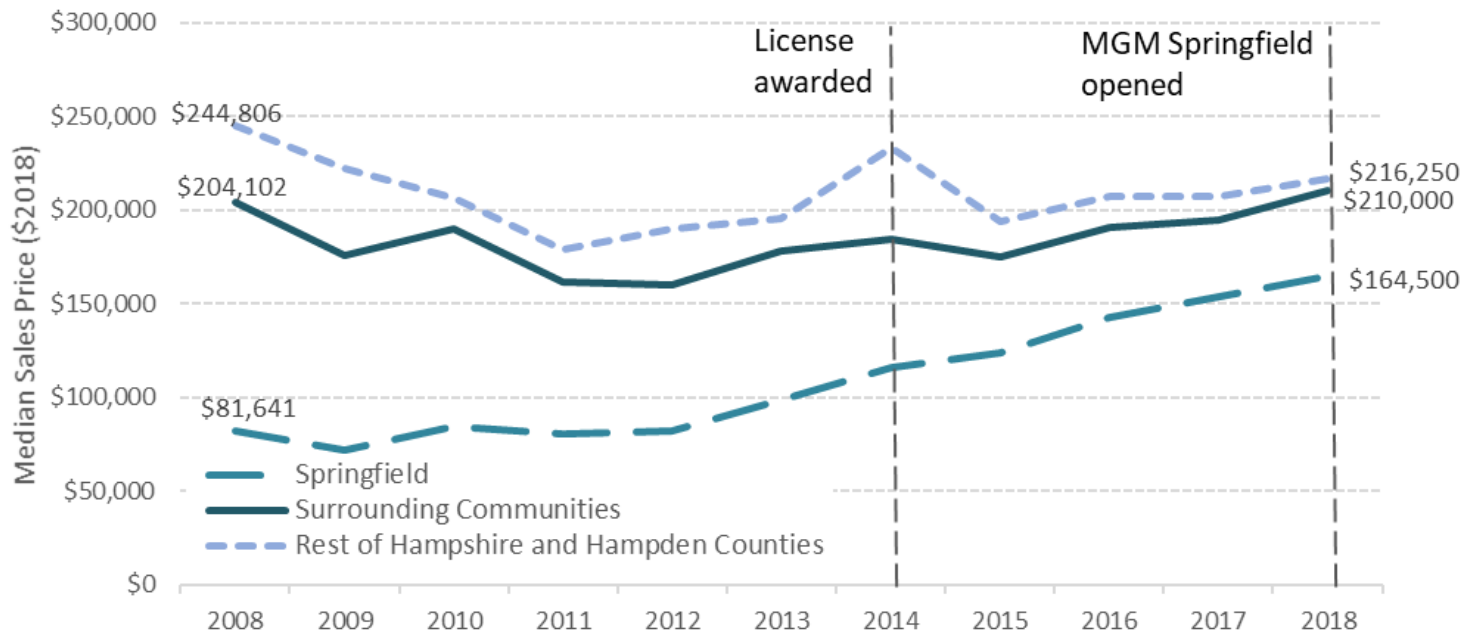
Condominium Sale Prices



Main Findings: Home Sales Prices

Prices for multi-family buildings rising, following pre-award and regional trends

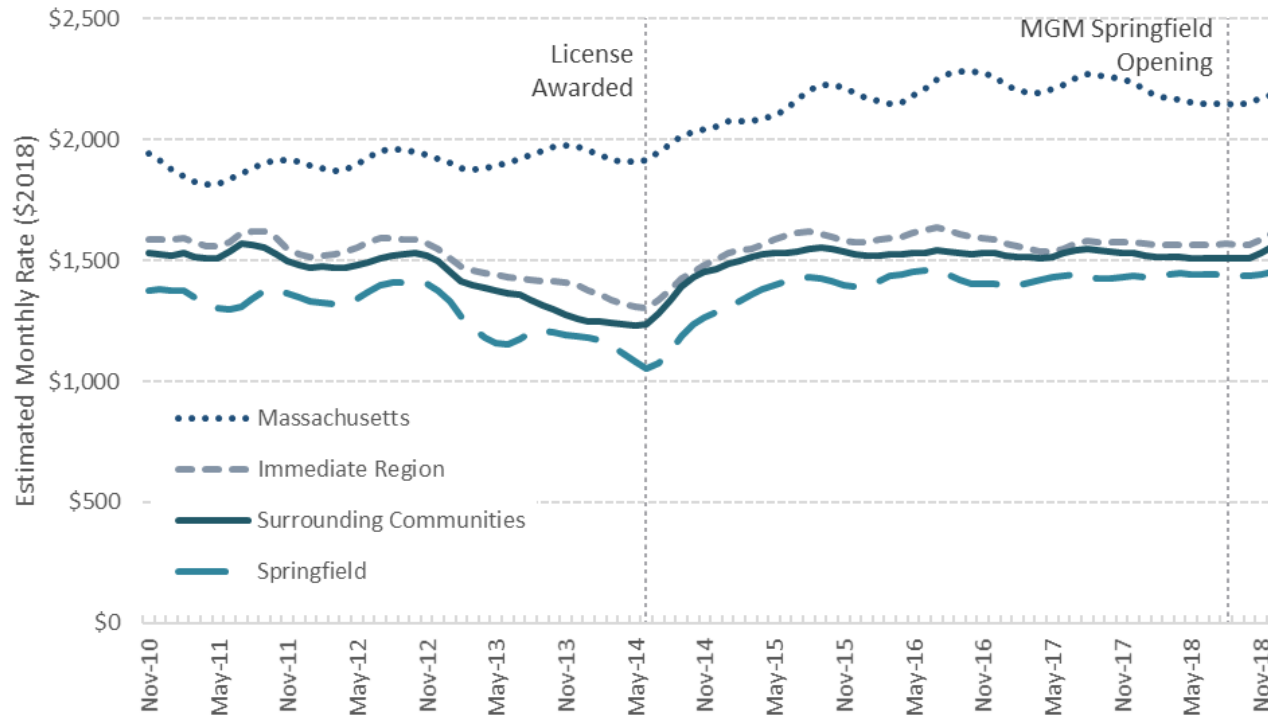
Multi-Family Building Sale Prices



Main Findings: Rental Rates

Rents rose following announcement, but consistent with area trends

Estimated Median Monthly Rents



Rising rents

“We have seen some upward pressure on the housing market [...] but it is impossible for me to say how much of that is attributable to the casino [...] there have been so many development projects going on here. The casino is one high profile one among several.”

—Geraldine McCafferty, Director of Housing, City of Springfield

“In 2013, you could get a 2-3 bedroom for \$950. Now you’re looking at \$1,400-\$1,600.”

—Rose Webster-Smith, Lead Community Organizer, Springfield No One Leaves

“You can still buy a house for really affordable prices, but rentals are really high.”

—Catherine Ratté, Principal Planner—environment and land use, Pioneer Valley Planning Commission

Speculation

“We’ve had some more outside investors coming in, buying a lot of multi-family housing and raising rents. And there is a feeling that it is speculative and is likely tied to the casino.”

—Geraldine McCafferty, Director of Housing, City of Springfield

“...there is a lot of speculative buying with the hope of getting high rents. But then they realize, they really can’t get those rents. [...] They are still holding, sitting on them and waiting to see if that is still to come...”

—Geraldine McCafferty, Director of Housing, City of Springfield

“I am aware of some speculation. You can see the block right across from MGM, there is a lot of waiting and hoping that ‘we are going to sell for more’[...] people are waiting thinking they are going to make a mint.”

—Catherine Ratté, Principal Planner—environment and land use, Pioneer Valley Planning Commission

Evictions and displacement

“It is difficult to say whether it’s the result of the casino or not but there has definitely been an uptick in evictions [...] I’ve been keeping track of the number of cases going to housing court versus district court in Springfield, and the number of cases overall is climbing.”

—Liz Bewsee, Housing and Economic Justice Organizer, Arise for Social Justice

“[...] there is a lot of concern on city council about displacement but there is not much they can do about it at this point because the market is coming in and renovating properties and they are not protected.”

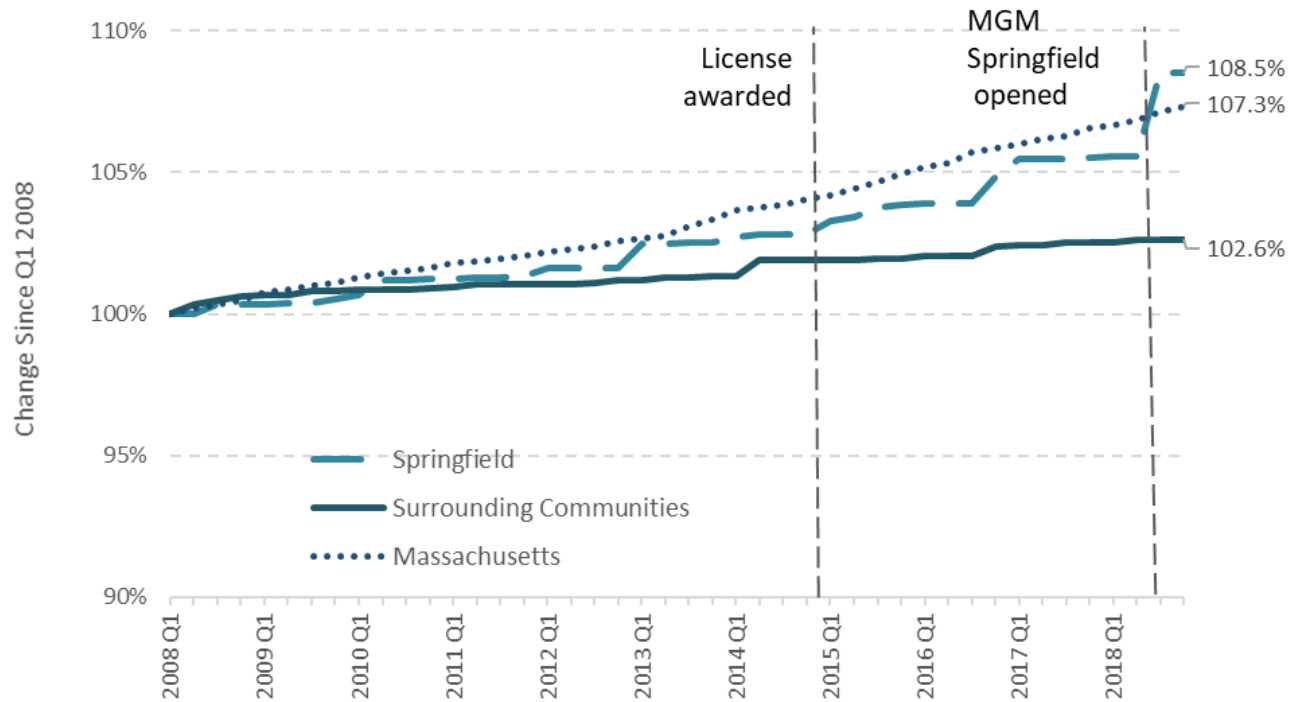
—Catherine Ratté, Principal Planner—environment and land use, Pioneer Valley Planning Commission

Commercial Impacts

Main Findings: Commercial and Industrial Buildings

Slight growth in the number and size of commercial and industrial buildings

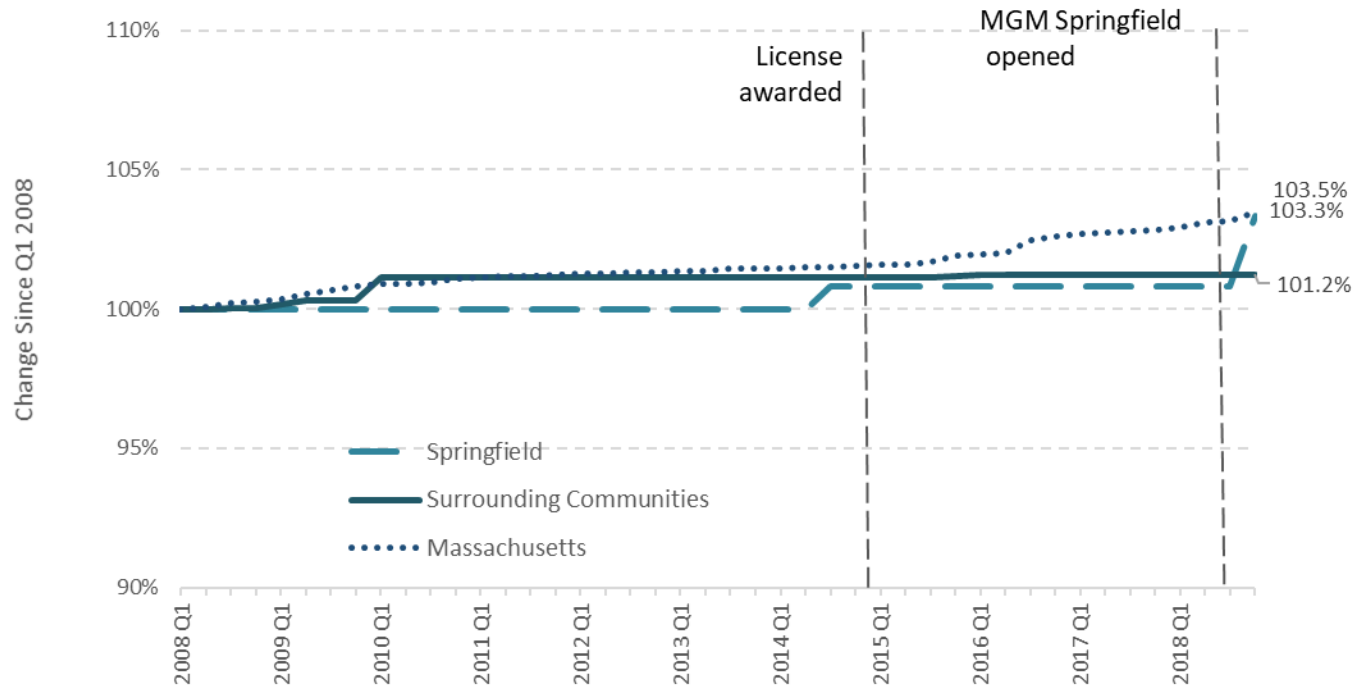
Change in Commercial Rentable Building Area since 2008



Main Findings: Commercial and Industrial

Slight growth in the number and size of commercial and industrial buildings

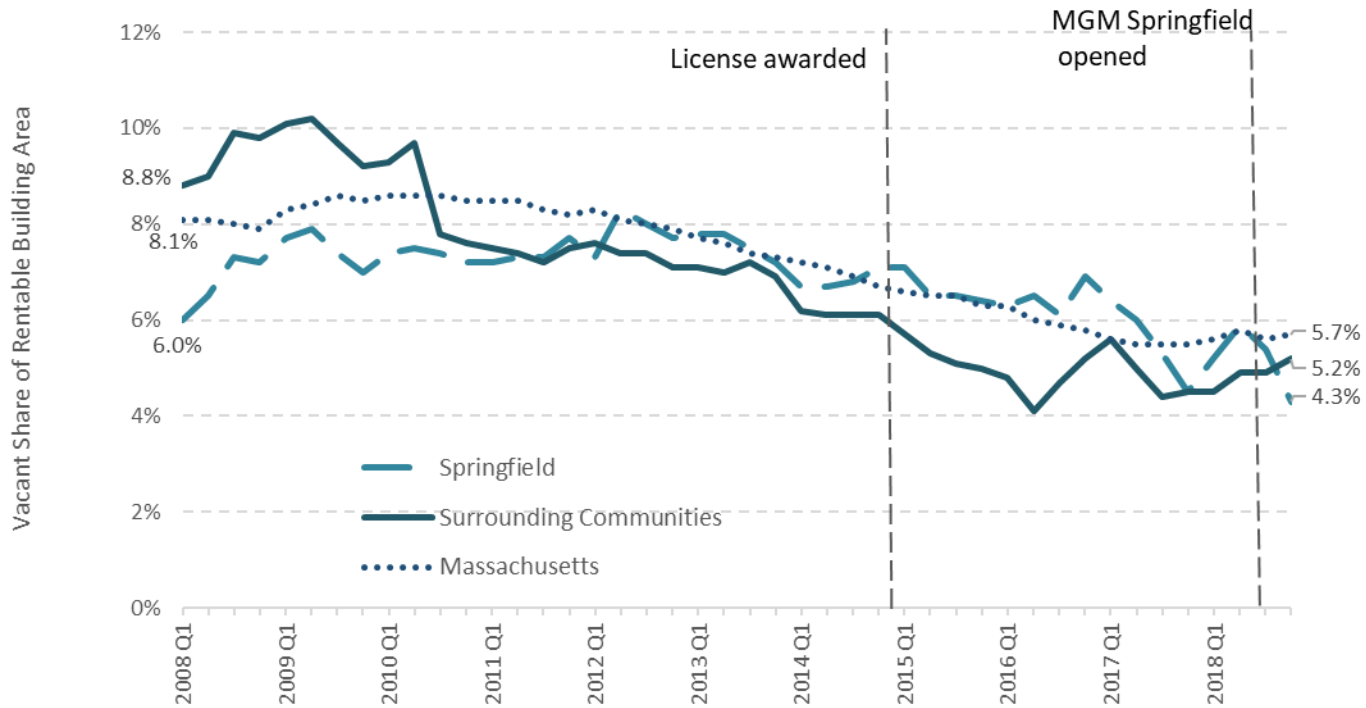
Change in Industrial Rentable Building Area since 2008



Main Findings: Commercial and Industrial

Commercial vacancy rates have fallen, in line with statewide and regional trends

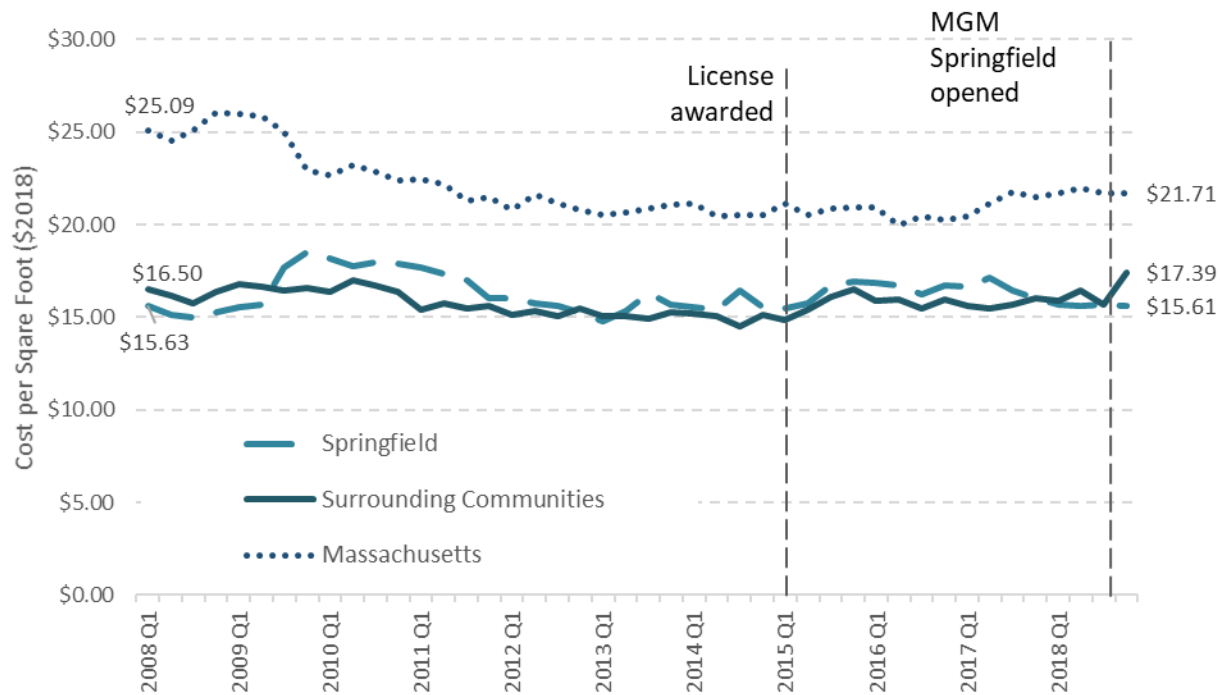
Commercial Vacancy Rates



Main Findings: Commercial and Industrial

Little evidence of a sustained rise or drop in office lease rates

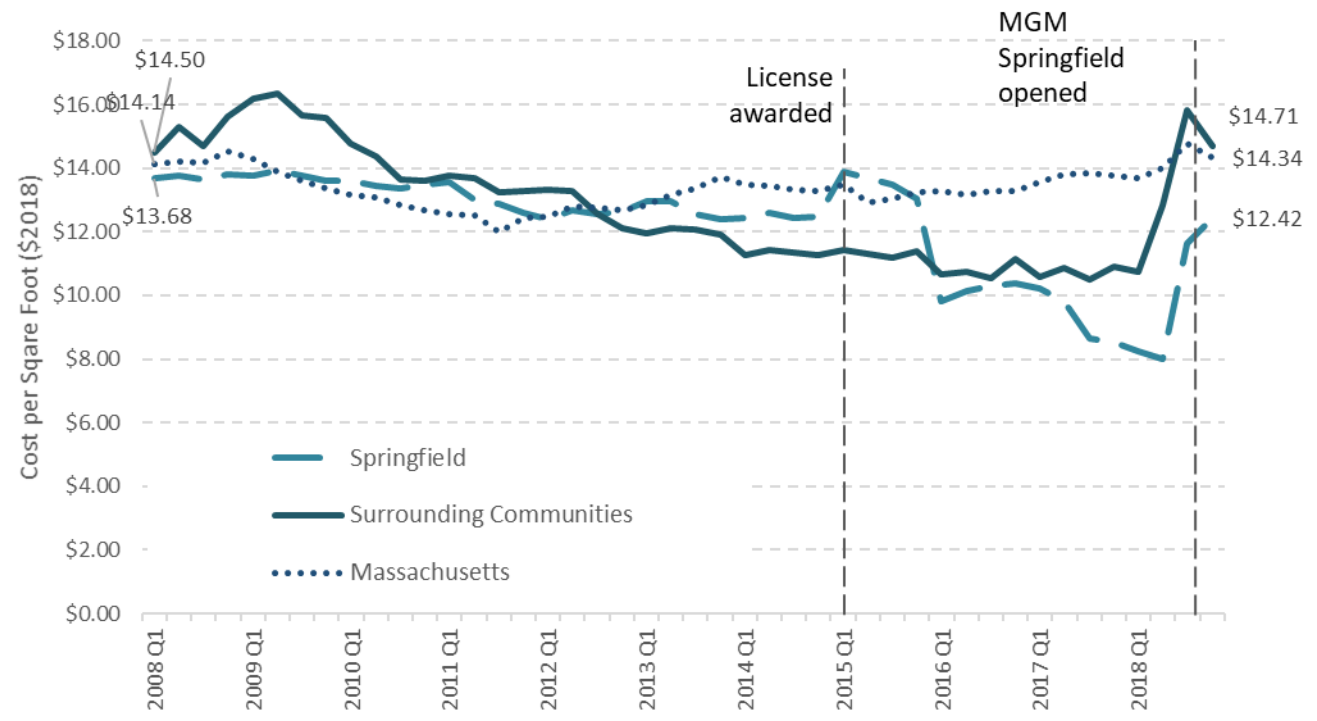
Average Lease Rates Office Commercial Space



Main Findings: Commercial and Industrial

Little evidence of a sustained rise or drop in non-office commercial lease rates

Average Lease Rates Non-Office Commercial Space



New businesses

“MGM has had some impact on retail... There are a couple of restaurants that relocated downtown waiting for the casino to open.”

“Businesses aren’t really thriving outside of that casino district [...] My guess is that maybe in the summer time they may start coming away from the casino more toward metro downtown to the entertainment district.”

—Denise Jordan, Executive Director, Springfield Housing Authority

Increased foot traffic

“I have seen increased foot traffic around the venue and it does seem that there is spillover into downtown. How far? I can’t say. [...] There are more [people] around on main street in the evenings.”

—Geraldine McCafferty, Director of Housing, City of Springfield

“We were making lunch plans with people [...] and they were saying, ‘Where can we go where there’s isn’t a line anymore? There never used to be lines in Springfield.’ And the downtown in the evenings is also much livelier.”

—Catherine Ratté, Principal Planner—environment and land use, Pioneer Valley Planning Commission

Vibrancy and quality of life

“MGM Springfield has absolutely had a direct effect in the city of Springfield as it has catalyzed [...] some major improvements—bike lanes, better signage, and sidewalks—in the downtown.”

—Catherine Ratté, Principal Planner—environment and land use, Pioneer Valley Planning Commission

Conclusions

Thus far, MGM has had a limited direct impact on the residential real estate market in Springfield and surrounding communities

- Only a few months of post-opening data available
- Key informants raised concerns of speculative buying as well as rising rents and sales - but difficult to discern from general recovery
- Expanded tax base, new jobs, and place branding may yet have a long-term impact on the real estate market

Conclusions

MGM Springfield has a major footprint in downtown Springfield, but spin-off commercial development remains limited

- New restaurants, area improvements, increased foot traffic
- Thus far, limited to area immediately adjacent to Casino

Thank you!

The UMass research team would like to extend a special thanks to the key informants from Springfield who agreed to take the time to speak with us about the impacts MGM Springfield has had on housing and real estate in the community.

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.

Additional questions or comments please email:

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