

# MGC Research Snapshot

## Commercial Real Estate around Massachusetts Casinos October 2021

### What you need to know

The presence of casinos in Massachusetts does not seem to have dramatically transformed local commercial real estate markets, either for better or for worse.

### What is this research about?

In November 2011, the new Expanded Gaming Act allowed for the creation of up to three commercial casinos in the Commonwealth and one slots parlor, all of which sought transformative economic revitalization to their host and surrounding communities.

Assessing the presence of an economic catalyst is a particularly elusive process, however, analysis begins with tracking important components of local economies, such as the commercial real estate market.

The purpose of this report was to track how real estate conditions have changed over time and, when possible, determine what share of that activity can plausibly be attributed to the casinos.

This report describes real estate conditions in the host and surrounding communities to the Commonwealth's three casinos: Plainridge Park Casino in Plainville, MGM Springfield in Springfield, and Encore Boston Harbor in Everett.

For this study, commercial real estate is considered all non-residential real estate activity, including the development, leasing, and sale of non-residential buildings and space.

### What did the researchers do?

This report analyzes the host and surrounding communities' commercial real estate inventory, the extent to which that space is utilized, and the sale or lease price of the space, and the relationship between geographic proximity to the nearest casino and price. Researchers focused on whether there have been any observable changes following the license award and opening of any of the three casinos.

For this, authors accessed The CoStar Group data, a commercial real estate information database, to analyze market trends in these areas.

Most of this report relies on the presentation and interpretation of descriptive statistics. A comparative approach was used to evaluate the impact. Authors considered changes in the host communities before and after the award of the casino's gaming license and the opening of the casino. It then compares these observed changes to the casino's designated surrounding communities, which are facing similar market conditions but whose own commercial real estate markets are unlikely to be impacted by the casino development, and the Commonwealth as a whole.

This analysis covers the 10-year period from the beginning of 2010 until the end of 2020.



## What did the researchers find?

When casino gambling was legalized, many expected the casinos to induce new real estate investment which would dramatically transform local commercial real estate landscapes. However, thus far findings indicate that the expansion of gambling in Massachusetts has not had a dramatic effect on the local commercial real estate markets. While commercial real estate conditions in the host and surrounding communities have shifted over time, many of these shifts are in line with changes observed regionally or statewide.

Other key findings:

- Everett's commercial real estate inventory and average lease rates have risen since the Encore Boston Harbor casino was announced. Casino-related real estate impacts are difficult to differentiate in the context of a booming regional real estate market, but many surrounding communities have seen higher rates of growth. Everett is a much more dense community than the other host communities, and land there is already much more intensively utilized.
- Data suggest that demand for commercial real estate in Springfield has risen, and the MGM Springfield casino may have played a role in that. Economic recovery from the Great Recession came a bit later in Springfield, and other important economic development projects likely played a role.
- Plainville's commercial real estate trends mirror those of the area in many respects, and the impact of the Plainridge Park casino is difficult to discern. Plainville's proximity to Boston, Worcester, and Providence makes it ideal for large consumer attractions, but the smaller communities in the area, with few commercial buildings, leads to volatile trends in the data.

## Citation

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## Key Words

Commercial Real Estate ; Casinos ; Economic Impact

## About the researchers

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