



UNIVERSITY OF MASSACHUSETTS SCHOOL OF PUBLIC HEALTH AND HEALTH SCIENCES

SEIGMA Commercial Real Estate Report

Prepared by the UMass Donahue Institute's
Economic & Public Policy Research Group

EXECUTIVE SUMMARY

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Executive Summary

The SEIGMA team used proprietary data from The CoStar Group to evaluate how commercial real estate conditions have changed in host and surrounding communities since the expansion of gambling in Massachusetts. Overall, our 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. Our study period corresponds with a period of strong economic growth in the Commonwealth in general, and in the Greater Boston region in particular, so while there are many indicators of growth in the commercial real estate market, it is difficult to attribute many of those to the casinos. In some cases, particularly in smaller communities, the relatively small number of properties in CoStar's database can lead to highly volatile data, where changes in the status of even a single building can lead to substantial shifts in community-wide averages. This can make it difficult to discern any clear trend, whether related to the casino or otherwise.

While it is probable, and even likely, that the development of the casinos affected local real estate conditions in the host communities, the conditions described above make it challenging to assess the magnitude of their impact with any statistical certainty. While this report assesses how real estate conditions have changed over time, we make no attempt to statistically isolate the precise impact of the casinos, or to speculate on what real estate conditions in the host or surrounding communities might look like without the casinos. Perhaps the most important finding of this study is that the presence of the casinos has not dramatically transformed local commercial real estate markets, either for better or for worse---positions that were argued by casino proponents and critics, respectively. That said, a few key findings do stand out, where market conditions have shifted in notable ways that could be related to the casinos. Those include the following:

- Within the context of a low commercial vacancy rate and a relatively slowly-growing commercial real estate inventory, inflation-adjusted sales price per-square foot for commercial buildings in Everett have steadily risen over the last decade. All the commercial inventory growth observed in Everett happened leading up to or shortly after the opening of the casino.
- Sales prices in Springfield were more stable than in Everett, but the number of commercial real estate sales per year increased substantially over the last decade, in the context of a property market where growth in commercial real estate inventory has outpaced both the Commonwealth and Springfield's surrounding communities as a whole.
- As a smaller community, trends in Plainville are harder to discern. While real estate conditions in Plainville have shifted over the last decade, they are perhaps better understood as part of a broader trend in a region whose proximity to Boston, Worcester, and Providence makes it attractive to certain types of development.