

## **Do marijuana dispensaries drive up home values? At least one study says yes**

Ally Marotti

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Illinois residents could see their home values increase if the state legalizes recreational marijuana, and the bump could come as soon as a law is passed.

A recent study from Clever Real Estate, a St. Louis-based platform that matches homebuyers with agents, found the prospect of new cannabis industry jobs brings residents to town, driving up home values in cities that allow recreational marijuana dispensaries.

Though some experts doubt the connection, Chicago-area real estate agents say buyers are starting to view dispensaries as a convenient amenity that could boost property values.

“If this thing goes through, you’re going to be throwing gasoline on a fire,” said Gary Hall, a real estate agent with RE/MAX Central in Roselle. “You’re going to improve the whole market in Chicagoland and throughout the state.”

Illinois lawmakers introduced a bill earlier this month that would legalize recreational use of cannabis. If the bill is passed by the end of May, as the sponsors hope, recreational weed could be for sale Jan. 1. However, the bill faces opposition, and it could undergo multiple changes before passing.

Not too long ago, a marijuana supplier was a drug dealer. Now it’s a ‘creditworthy tenant,’ as Chicago weed companies grow.

States that legalize recreational marijuana have seen an immediate uptick in home values even before dispensaries open, according to Clever’s report. The study analyzed housing data from Zillow and controlled for population and initial housing prices.

Cities with recreational dispensaries saw home values increase almost \$23,000 more over the past five years than cities where pot was illegal. Medical dispensaries did not have the same effect, the study found.

Hall, who focuses on the north and northwest parts of the city and suburbs, said his clients started inquiring about marijuana dispensaries a few years go.

Nowadays, homebuyers’ desires for their neighborhoods extend beyond good schools and restaurants within walking distance, Hall said. He has had people looking for nearby hookah lounges, Starbucks and spas, and increasingly, dispensaries.

“People are into convenience right now,” Hall said. “In our service-oriented, consumer-based society, this is going to be another widget they’re going to want to have conveniently located.”

A 2018 study from the libertarian think tank Cato Institute looked at the effect on housing prices when marijuana dispensaries in Denver converted from medical to recreational use. Homes within one-tenth of a mile of those converted dispensaries increased in value, according to the study. That could be because of increased housing demand driven by marijuana job growth, decreased crime rates or other amenities that located near the dispensaries, the study said.

But it also warned that the research was hyperlocal, and could not necessarily be applied to other cities.

Not everyone believes that dispensaries could boost housing prices. Sara McMurray, a real estate agent with Exp Realty who focuses on lakefront properties in several Chicago neighborhoods, said she’s never had a client ask about legal marijuana or dispensaries.

Even if recreational weed shops are linked to higher housing prices, Skylar Olsen, director of economic research at Zillow, said she doesn’t think the dispensaries are causing the increases.

“I have a hard time believing you’re really picking up an amenity value through these pot shops that’s not also just explained by something else that’s related, the economic health of cities or whatever else that made that selection bias happen,” Olsen said. Still, all the talk of recreational cannabis is giving some homebuyers hope that future marijuana revenues could one day help offset property tax increases, said Leigh Marcus, a real estate agent with @properties.

“That’s where the conversation sometimes turns to, well, maybe this is one of the things that could help,” he said.

Experts often warn that the money brought in through marijuana sales rarely ends up being the silver bullet for which people hope. As the bill is written, 35% of tax revenue generated from marijuana sales will go to the state’s general revenue fund; 25% for community reinvestment; 20% for mental health and substance abuse treatment; 10% for the state’s unpaid bills; 8% for law enforcement training grants; and 2% for public drug education.

The bill would initially give each of the state’s current 55 medical cannabis dispensaries the option to also sell recreational marijuana. It also would allow current dispensary operators to apply for a license to open a second dispensary. The state could then issue additional licenses as the program matures.

Municipalities will be able to ban retail stores for the first year of the program, and after that, any ban would have to come through voter referendum.

Clients who live near medical marijuana dispensaries say the retailers are good neighbors, said Nick Libert, CEO and owner of Chicago-based Exit Strategy Realty. He said having a legal marijuana industry could be a financial positive for the state, and help improve crime levels – both outcomes that can benefit property values.

“It is, in a lot of ways then, a no-brainer,” he said.