



Contact High? Recreational Cannabis Dispensaries Increase Nearby Housing Values According to Studies

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A recent study from Clever Real Estate indicates that residential property values increase when recreational cannabis dispensaries open up in close proximity. The key finding from the study is that “[o]n average, in states where recreational marijuana is legal, cities with retail dispensaries saw home values increase \$22,888 more than cities where marijuana is illegal from 2014 to 2019.” According to the study, the rise in property values actually begins immediately after adult-use cannabis is legalized, even without dispensaries actually being opened.

The results of the Clever Real Estate study align with prior studies. A study published in *Contemporary Economic Policy* in November 2018 found that a dispensary opening within a half-mile radius of a new home increases housing prices by approximately 7.7% on average. Housing prices were not affected by the opening of new dispensaries outside of the half-mile radius. Similarly, a 2018 study by the Cato Institute that focused on Denver specifically found that housing values increased an average of 8.4% following the opening of a dispensary within one-tenth of a mile.

Despite these studies, not everyone believes there is a direct cause-and-effect relationship. For example, Skylar Olsen, director of economic research at Zillow, told the Chicago Tribune that she has “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.”

The effect of dispensaries on neighboring property values is an important issue. As we wrote about recently, local municipalities often prohibit dispensaries from operating in their jurisdictions. Perhaps studies like the one recently conducted by Clever Real Estate could decrease the number of local governments banning retail cannabis shops in the future.