

Legal Marijuana Leading to “Higher” Home Values?

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It’s no secret that there is an ongoing trend across the country of states allowing marijuana sales for both medicinal and recreational means. We now have data on how legal marijuana sales can affect home values in those states and cities that allow it compared to those that don’t. The results may surprise you!

Marijuana may be Your New Friendly Neighbor

A recent study from Clever Real Estate analyzed the impact legalization has had on local housing markets. From 2014 to 2019, they found that, on average, cities with retail dispensaries saw home values increase \$22,888 more than cities where marijuana is illegal. Moreover, The CATO Institute found that single-family residences within 0.1 miles of a cannabis dispensary increased in value by approximately 8.4% relative to residences located further away.

Legal marijuana

In 2012, Colorado was one of the two first states to pass an initiative legalizing possession and sales of marijuana for recreational purposes. The legislation allowed municipalities in the state to permit or prohibit retail marijuana sales within their jurisdictions. Overall, a 2018 research paper posted in Economic Inquiry found that legalization increased housing values in Colorado by about 6% which translates to an average of \$15,600 per house. Specifically, homes in the jurisdictions permitting the retail sales had their values increase at a faster rate than jurisdictions prohibiting sales.

Why Home Values are Seeing Green

Many factors are believed to be involved in the noticeable increase in home values where marijuana has been legalized. One study found that areas where marijuana is legal attract not only users but entrepreneurs and job seekers which cause higher demand and a lower supply of residential housing. The scale of investment is striking as there are now more dispensaries in Colorado than Starbucks, McDonald’s and 7-Elevens combined. Similar to our article on how close proximity to grocery stores increase home values, people will pay more to live in areas with desirable amenities. Denver residents hosting their properties on Airbnb have even seen strong results from their advertising aimed at “pot tourism.”

Not an Issue of “If” but “When?”

Recent polls show that Americans, of all demographics, now decisively support legalizing marijuana use and sales. How much so? A CBS poll from April found that a record-high 65% of Americans support legalization and most even go a step further to say that legalization would be good for their local economy. Closer to home, a Quinnipiac University poll from June showed that Floridians also back legalizing possession and 61% would support the sale of legal marijuana in their community. With multiple bills in Congress ranging from decriminalization to outright legalization, it may just be a matter of time.

Let us know your thoughts about the legalization of marijuana and increased home values below!

From the trenches,

Roy Oppenheim