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Retail Marijuana Deregulation and Housing Prices

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Abstract

Despite federal law, twelve American states and Washington D.C. have legalized recreational marijuana since 2012. Using a national housing data set from the online real estate listing database Zillow.com, we identify the cross and inter-state effects of marijuana legalization on house prices in different points of the price distribution function. We find positive effects upwards of ten percent in the top half of the price distribution following successful legalization ballot initiatives, and between five and fifteen percent across the distribution after the state enacts the ballot initiative and the first legal sales take place. A spatial difference-in-differences model reveals that within Colorado and Washington, prices in neighborhoods with new dispensary openings nearby experience a seven percent price appreciation. To summarize, our results suggest that there are second order benefits to marijuana legalization.

Keywords: Retail Marijuana Legalization, Housing, Cross-State Analysis, Spatial Analysis, Urban Development**JEL Classification:** R21, R11, R12, R52, O18[Suggested Citation](#) >[Show Contact Information](#) >[Download This Paper \(Delivery.cfm/SSRN_ID3623575_code3302271.pdf?abstractid=3537860&mirid=1\)](https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=3836007)[Open PDF in Browser \(Delivery.cfm/SSRN_ID3623575_code3302271.pdf?abstractid=3537860&mirid=1&type=2\)](https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=3836007)

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