

No evidence of a post-Olympics boom or bust for host city real estate prices: study

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Cities that win Olympic bids experience neither boom nor bust in their real estate prices, but gain construction jobs as they prepare for the Games, according to researchers at the Sauder School of Business at the University of British Columbia.

The UBC study is the first to use real estate variables to test the Games' economic impact on host cities. Sauder School of Business researchers analyzed house prices and construction employment in the years leading up to and after the Olympics in Australian, Canadian and U.S. cities.

"We do not find support for the argument of host [city](#) backers that the Olympics delivers positive economic benefits, nor of the arguments made by opponents that there is some post-Olympic bust," says Tsur Somerville, lead author and Sauder's Real Estate Foundation of B.C. Professor in [Real Estate](#) Finance. The study's co-author is Sauder PhD student Jake Wetzel, a three-time Olympian and 2008 gold medalist as a member of the eight-man rowing team during the Summer Olympics in Beijing.

"Our results conclusively demonstrate that while construction employment dramatically increases in the period prior to the Games, house prices are the same as they would be in the absence of the Games," says Somerville.

"While findings suggest no economic gains," Wetzel says, "the Games still present a very real opportunity to celebrate excellence, athleticism

and human achievement. The societal impact of valuing the Olympic ideals goes far beyond economics and politics. Hosting the Games ultimately reflects pride in our athletes, city and country."

Somerville and Wetzel analyzed whether the rate of growth in house prices and construction employment is higher in an Olympic city than a non-Olympic one at the time of the announcement of the awarding of the Games. They also looked at the data during subsequent years leading up to the Games or for a six-year period afterwards.

The study includes the Summer Olympics cities of Atlanta (1996), Los Angeles (1984) and Sydney (2000), and Winter Olympic cities of Calgary (1988), Salt Lake City (2002) and Vancouver (2010). In total, the researchers analyzed quarterly data sets for 300 metropolitan areas in the U.S., nine major cities in Canada and eight state capitals in Australia.

Findings show that pre-Game construction employment grew by 1.7 per cent in Sydney, 4.3 per cent in Vancouver and 3.9 per cent in Atlanta and Salt Lake City.

Provided by University of British Columbia

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