

# PRESERVATION CHICAGO

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## HOW DOES LANDMARK DESIGNATION AFFECT PROPERTY VALUES?

The following 11 reports represent recent studies (1995-2003) examining the impact of landmark designation on residential property values. While the subject properties and methodologies vary, in general terms the studies indicate that local landmark districts do not have a negative impact on property—and in most cases property values increased at an equal, if not greater, value than the property values of buildings in comparable non-designated areas.

***The Impact of Historic Districts on Residential Property Values*** (Sept. '03) - prepared for the New York City Council by the New York City Independent Budget Office

“Conclusion:

IBO found clear evidence that after controlling for property and neighborhood characteristics, market values of properties in historic districts were higher than those outside historic districts for every year in our study. Although the results for price appreciation during particular sub-periods are mixed, for the entire 1975 through 2002 period properties in historic districts increased in price at a slightly greater rate than properties not in districts. Finally, there is not sufficient evidence to conclude that districting itself causes higher prices or greater appreciation.”

***The Economic Benefits of Historic Preservation in Michigan, Technical Report*** (Oct. '02) - prepared for the Michigan Historic Preservation Network

“Summary of Findings”

The property values debate—‘What effect does local historic district designation really have on property values?’—is a complex issue involving multiple variables that change widely by community. Our Michigan research supports the conclusion that local historic district designation does not decrease property values. This effect was not observed in any of the case studies researched for this study or in any similar national studies. On the contrary, property values in the designated areas experienced value increases that were either higher than, or similar to, nearby, non-designated areas.”

***The Economic Benefits of Historic Preservation in Colorado*** (Jan. '02) - prepared for the Colorado Historical Foundation by Clarion Associates of Colorado, BBC Research and Consulting and Place Economics

“Summary: Property Values

Historic designation does not decrease property values. Property values in the designated areas experienced value increases that were either higher than, or the same as, nearby, undesignated areas.”

***Historic Districts Are Good for Your Pocketbook: The Impact of Local Historic Districts on House Prices in South Carolina*** (Jan. '00) - prepared for the South Carolina Department of Archives and History by John Kilpatrick of the University of South Carolina's College of Business.

“A repeat sales methodology was used to measure the effect of local districts on house prices over time. The results show that local historic district designation had a definite positive impact. House prices increased faster in the protected neighborhoods than in the market as a whole. The annualized rate of return for houses in the two local districts was 7.3%, while for the entire Columbia market it was 5.8%. Therefore, the average homeowner in one of the local historic districts enjoyed a per year gain in house value 26% greater than homeowners outside the districts.”

***Profiting from the Past: The Economic Impact of Historic Preservation in Georgia*** ('99) – Prepared for Athens – Clarke County Unified Government and Historic Preservation Division of the Georgia Department of Natural Resources by Joni Lettle and Patrick Tigue

“Historic preservation activity enhances property values. Studies undertaken in various communities throughout the state show the positive net impact of preservation. Recent studies in four cities—Tifton, Rome, Athens, and Savannah—confirm that historic preservation enhances property values.”

***Historic Designation and Property Value – A Study of the Des Moines Local Historic Districts: Owl's Head and Sherman Hill*** ('99) - prepared for the State Historical Society of Iowa by Charles Masterson

“This study concludes that historic designation has a positive effect on property values in both Owl's Head and Sherman Hill.”

***Historic Preservation at Work for the Texas Economy*** ('99) - based on a report by The Center for Urban Policy Research at Rutgers University, Texas Perspectives and The LBJ School of Public Affairs at the University of Texas at Austin

“The study examined nine Texas cities. In all nine, historical designations stabilized property values. Seven of these showed significantly higher property values within designated historic districts when compared with similar but non-designated areas. In some cases, as much as a 20 percent difference existed between a designated area and a non-designated area. The remaining two cities could not establish a quantifiable increase or decrease in property values.”

**Preservation & Property Values in Indiana** (Sept. ‘97) - prepared for Historic Landmarks Foundation of Indianapolis, Indiana by Donovan D. Rypkema

“Historic Landmarks Foundation decided property values provided one concrete measure of the effect of local historic districts. To quantify the impact of local districts on property values, we commissioned Donovan Rypkema, a Washington, DC real estate expert. We collaboratively selected representative districts in Anderson, Elkhart, Evansville, Indianapolis, and Vincennes for the study. Rypkema’s study methodology, detailed on the next page, centered on Multiple Listing Service and U.S. census data.

I’m pleased to report that our instincts are solidly verified by the numbers. As this study shows, property values rise with local historic district designation, equaling if not outpacing similar, undesignated areas and often the performance of the city as a whole.”

**The Economic Benefits of Historic Designation, Knoxville, Tennessee** (‘96) – prepared for the Knoxville – Knox County Metropolitan Commission, Knoxville Tennessee by Ann Bennett

“All of the neighborhoods have experienced an increase in average sales price per square foot. Old Knoxville North, with a 157% increase from 1990 through 1994, has seen the most dramatic rise in value, with the other two study areas also experiencing an increase that far exceeds the average for Knox County as a whole. The greatest increases were in the two historic areas.”

**Assessing the Impact of Local Historic Districts on Property Values in Greensboro, North Carolina** (‘96) – prepared for Preservation Greensboro by Jo Ramsey Leimenstoll, University of North Carolina at Greensboro

“The study revealed that property values after designation increased more in the designated historic districts than in the non-designated comparison neighborhoods. While each pairing represented a different scenario, a statistically significant increase in property values over the comparison neighborhood during the post-designation periods was found across the board.”

**Virginia's Economy and Historic Preservation: The Impact of Preservation on Jobs, Business and Community** ('95) - prepared for Alliance Virginia by Donovan D. Rypkema

“Certainly not every historic district in every community can expect values to climb at these rates. But the claim that historic designation somehow reduces property values is simply a claim with no basis in fact whatsoever.”