

Potential Significant Economic Impacts of Proposed LPG Tank
Development in Searsport, Maine

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An initial review of documents describing the proposed development of a liquid propane gas terminal and tank facility in Searsport, Maine leads me to believe that there are potentially significant environmental and economic impacts of this development that could be reflected in property values and the natural resource-based tourism economy of the Penobscot Bay region.

Potentially significant impacts of this development would be reflected both in residential and commercial property value effects and in tourism industry effects. While an initial review of the literature suggests that LPG tank development of this type has not been studied elsewhere for such effects, there are numerous studies of analogous developments from which we may draw reasonable inferences. In both the real estate appraisal literature (Roddewig, 1996) and the spatial hedonics literature (Boxall et al., 2005; Boyle and Kiel, 2001) there is ample evidence of significant negative impacts on property values from developments of this type.

Impacts on property values in Searsport, neighboring communities to the North and South, and communities on the opposite shore of Penobscot Bay could come from at least three significant environmental quality effects generated by the development. First, the visual landscape could be substantially changed for residents and businesses Searsport, Stockton Springs (particularly Cape Jellison), Penobscot, Castine, and perhaps beyond. All of these communities have vacation homes, retirees, and tourism accommodations whose property valuation is driven in large part by amenity values of the region potentially threatened by this

development. Others in these communities, and perhaps beyond, could experience property value declines because of perceived accident risks associated with large petroleum product storage and transshipment facilities (risk and stigma effects). Finally, increased noise and other effects from increased truck and rail traffic from the facility will potentially reduce property values in the region.

In addition to potential adverse effects on property values, the tourism economy of an undetermined portion of the Penobscot Bay Region is also potentially degraded by this development. Again, while an initial review of the literature shows no research on the impact of large petroleum storage facilities on nature-based tourism economies, there is much research on this effect in other landscapes. (See, for example, Hunt, et al. 2000.) Many of the factors that contribute to potential adverse effects on property values also may cause a significant effect on the local tourism economy and not just in the immediate Searsport area. While much of the current industrial development in the Mack Point portion of Searsport is invisible from the tourism assets of the region, this project appears to give a much greater sense of industrial development. Since the offer of the Penobscot Bay region to visiting tourists is, in part, some sense of relief from the industrial landscapes dominating elsewhere in the Northeast, the tank facility could well represent some sort of tourism “tipping point.” That is to say, the development could not only preclude further capitalization on recreational assets, but also reduce the value of current recreation and tourism assets by environmental impacts generated by the tank facility.

Since there is little in the published literature on impacts from LPG facilities like these impacts described above, my professional judgment is that without further study we should assume that the impacts on property values and the tourism economy are adverse and significant.

References

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