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North Carolina's Coastal Real Estate and Oil Spills Do Not Mix

North Carolina's coast is known for its pristine beaches, charming seaside towns and access to abundant ocean life. North Carolina homeowners and residents benefit from the natural resources and productive waters along the coast. Property owners pay a premium for residences with an ocean view or coastal access.[1] The natural beauty, beaches and wildlife in coastal areas provide important economic value,[2] suggesting real estate prices and sales are closely tied to a healthy ocean environment and clean coast. Anything that could potentially spoil beaches and waterways could also greatly impact real estate prices.[3] The expansion of offshore drilling and the looming risk of an oil spill pose a threat to an ocean-driven economy and property values along the coast.

History shows – when oil companies drill, they spill. Past disasters like the BP *Deepwater Horizon*, which spilled millions of gallons of oil into the Gulf of Mexico in 2010, demonstrate how the real estate market suffers from polluted waters and oil-soaked beachfronts.[4] From 2007 to 2017, at least 6,500 oil spills occurred in federal waters.[5] These regular accidents and spills underscore the reality of offshore drilling; it remains dirty and dangerous nearly 10 years after the worst environmental disaster in our nation's history.[6] In addition, the federal government is actively working to weaken key safety standards currently required by the offshore oil industry.[7] When combined with proposals to expand offshore drilling to nearly all federal waters, the administration's actions threaten coastal communities and their economies.

The BP disaster impacted real estate values throughout the Gulf region.

Property prices and sales plummeted in many Gulf Coast communities following the BP disaster. The 2010 blowout killed 11 crew members and caused more than 200 million gallons of oil to gush into the Gulf of Mexico.[8] The spill continued for 87 days as engineers tried and failed to stop it,[9] releasing oil into the environment and impacting coastal communities.

- A recent study of housing markets across the Gulf Coast region found a decline in residential home prices between 4 and 8% that persisted for at least five years.[10]
- According to ClearCapital, 24% of real estate brokers reported a negative impact of the spill on their markets. Most brokers reported prices between 5 and 15% lower than the previous year.[11]
- Mobile, Alabama saw a 25% decrease in the number of sales in June 2010 compared to the year before.[12]
- Panama City, Florida experienced about a 32% decline in sale volume in June 2010 compared to the previous year. Before the blowout in April, Panama City had seen almost an 11% increase in year-over-year sales that month.[13]
- The volume of condominium sales across several cities along the Gulf coast of Alabama saw a 50% decline from July to December 2010.[14]


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- Even the perception of oiled beaches affected real estate values. St. Petersburg, Florida, where home sales had been climbing before the spill and where waters were clean, experienced more than an 8% reduction in year-over-year sales.[15]

Pipeline spills have caused property values to drop.

A variety of past spills have affected property value across the country.

- In 2000, an oil pipeline ruptured near the Patuxent River in Maryland and released over 120,000 gallons of oil – about half of which was eventually recovered.[16] Both waterfront homes and those near beach access were negatively affected by the spill. Properties with beach access experienced a reduction in value of nearly 11% for the first sales season following the spill.[17] The oil spill appeared to reduce the volume of home sales by 40% from the previous year – only three waterfront homes were sold in the sales season after the spill, and all at discount.[18]
- Heavy flooding in 1994 caused a natural gas pipeline to break and leak into Texas's San Jacinto River.[19] The leaking gasoline ignited, setting fire to the river as well as homes and boats along the banks. The net effect of the gas contamination was roughly a 10% drop in property value for the affected residential area.[20]
- A BP-operated oil pipeline in Ohio leaked several times between 1948 and 1962, contaminating the water supply in nearby houses.[21] In 1991, BP began investigating the contamination and subsequently bought 35 residential properties in the affected area.[22] Of the properties bought and resold by BP between 1991 and 1999, the average decrease in value was 20%.[23] When factoring in the time value of money (for the time BP held these properties), the overall value lost is actually over 40%.[24] This represents the direct loss associated with an oil pipeline leak and the resulting water contamination.

Expanding offshore drilling puts coastal real estate at risk.

Several studies show that lower water quality and a polluted environment can take a toll on real estate value.[25] If the administration expands offshore drilling to the Atlantic, it could impact property values along the coast of North Carolina.

The amenities that make for good real estate also support important industries like tourism, fishing and recreation. In North Carolina alone, these ocean-dependent industries support nearly 57,000 jobs and generate roughly $2.5 billion in GDP.[26]

Along with property value, these economic drivers thrive in the presence of a clean coast and healthy ocean ecosystems. It would be a short-sighted and irreversible decision to bring seismic airgun blasting and drilling off the coast of North Carolina.

Sources for this factsheet are available online at: www.stopthedrill.org under additional resources.

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