

REMEDICATION AND PROPERTY VALUES: THE COSTS OF CLANDESTINE METHAMPHETAMINE MANUFACTURING IN AUSTRALIA

Introduction

Clandestine methamphetamine laboratories pose a potential hazard to individuals, property and the environment. Contaminated sites often require remediation and the stigma of laboratories in a neighbourhood can negatively impact on house prices.

Aims

We sought to quantify the costs of remediating clandestine laboratory sites and to provide a preliminary estimate of the impact of residential-based laboratories on neighbouring house prices in Australia in the short-term.

Method

Costs of remediation were obtained from multiple contractors and environmental health officers. These were combined with data on the number of clandestine laboratories detected from 2012-13 until 2015-16.

Neighbouring houses were defined as being within 0.1 miles (0.16km; area 8.03 hectares): in metropolitan areas we used 12 houses per hectare and six per hectare elsewhere. Projecting from price reductions in the USA (6.4% and 10%), losses to vendors were estimated from mean state and territory house prices, based on an annual housing turnover of 5.5%.

Research Team

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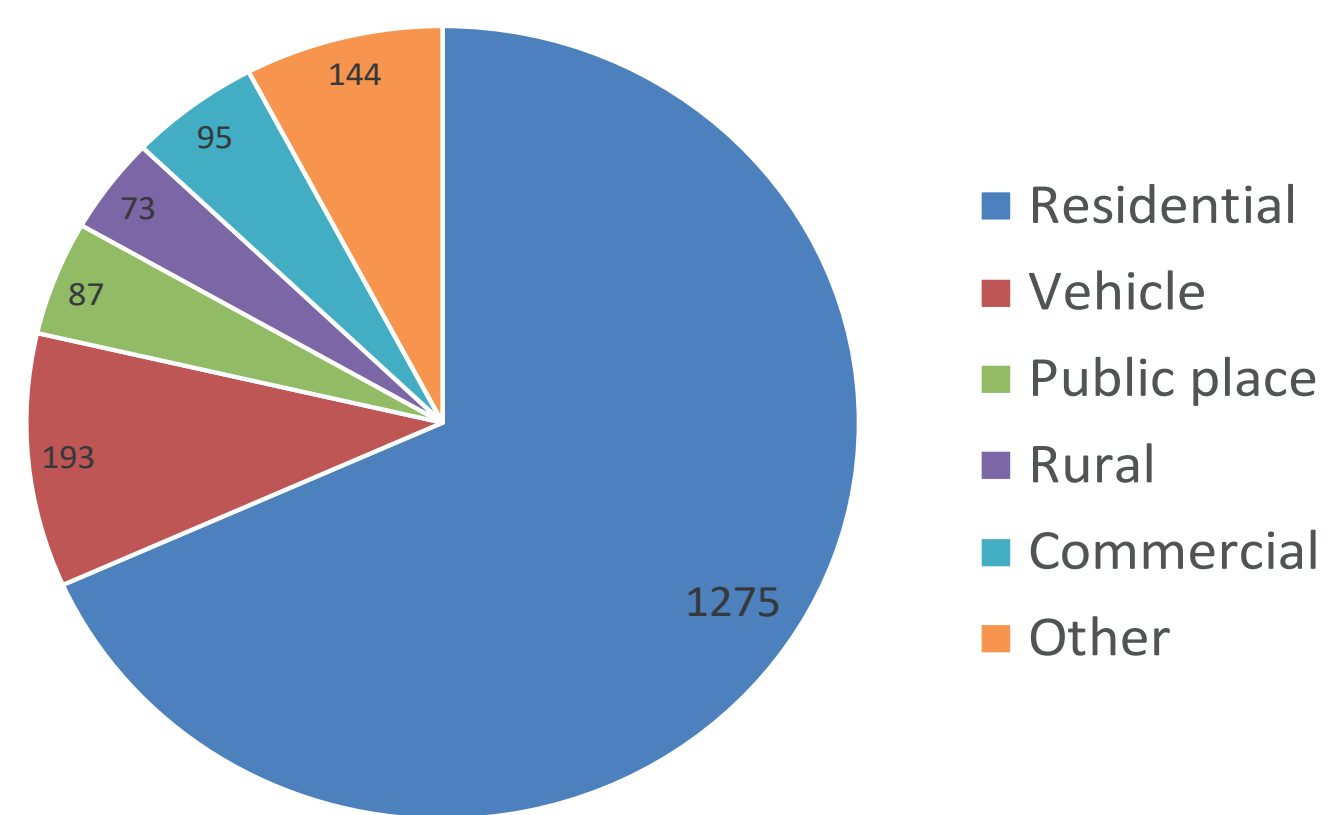
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Results

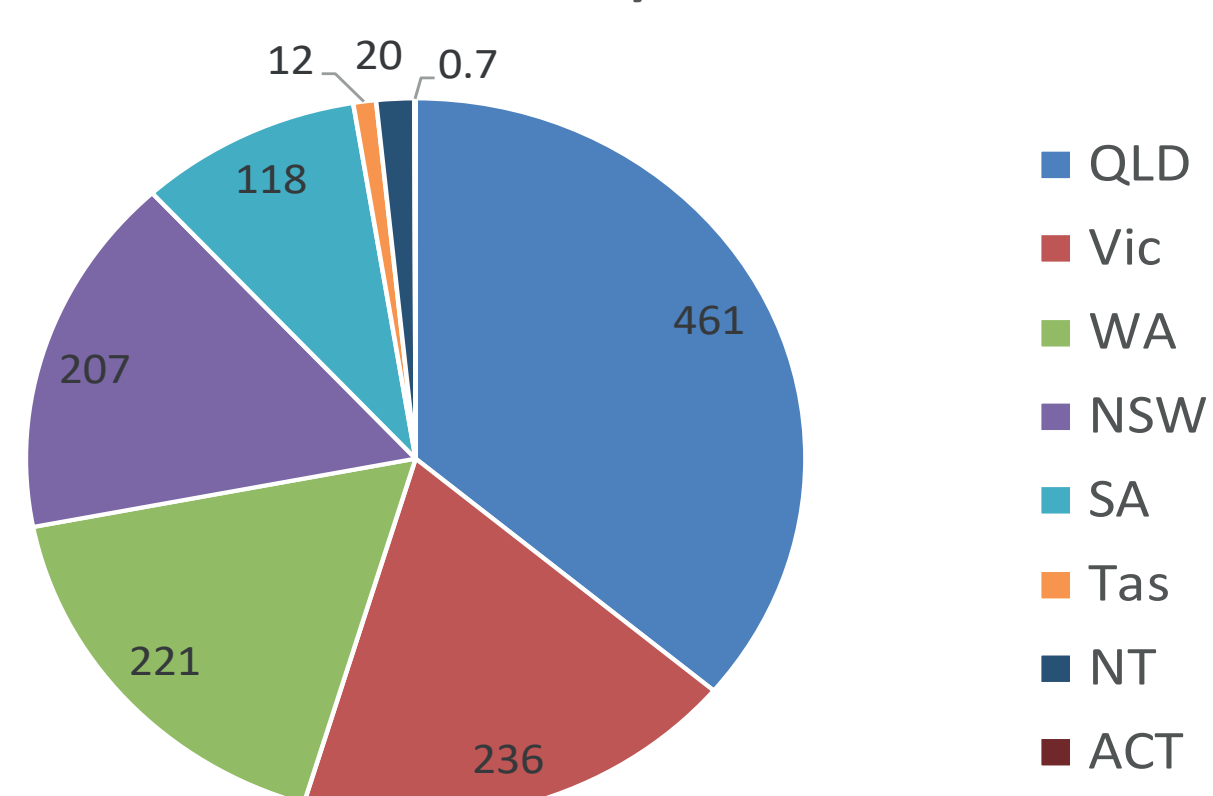
68% of laboratories were in residential properties.

Clandestine laboratory sites



Most (36%) of the residential properties were in Queensland.

Estimated number of residential-based clandestine laboratories by location



Remediation costs were estimated at \$9916, \$20,377 and \$66,959 for small, medium and 'industrial' laboratories. We calculated that the total cost of remediating 1,871 sites was \$29.5 million.

We projected that these laboratories impacted on 9,876 metropolitan and 2,712 other properties. Using an estimated 10% reduction in price, the lost value to vendors was AU\$37.6 million or AU\$54,315 for each of the projected 692 sales. At 6.4%, the total was AU\$24.4 million or AU\$35,196 per sale.

Discussion

While previous analyses on the costs of methamphetamine production have included remediation and injury. These initial estimates suggest that there are also potential significant short-term financial costs to property owners near clandestine laboratories through reduced house values.

Implications for Practice

These preliminary estimates were based on broad assumptions. Specific site locations would greatly strengthen their validity but require secure storage to prevent further harms to neighbouring householders.