

Executive Summary

Water is a major issue in the Western U.S. and especially within areas served by the Colorado River and its tributaries. Protect the Flows, a network of over 800 businesses in the seven Colorado River Basin states, sponsored this research to investigate the economic value that proximity to the Colorado River (and its tributaries) adds to private properties as well as how property values might be affected by changes in river flow. A Delphi survey was used to examine potential changes in property values at different long-term water levels in four targeted geographical areas along the Colorado River and its tributaries. In order to isolate the impact of the Colorado River on sales prices, a hypothetical property was defined and the placement of the house was varied across three different scenarios: 1) river frontage, 2) no river frontage but river view, and 3) no river frontage or river view.

Models produced by the U.S. Department of the Interior project that water flows in sections of the Colorado River system could decrease by an average twenty percent over the next fifty years. Based on the Delphi survey results, an average annual reduction in river flows of approximately 20% is estimated to decrease the sales price of riverfront properties by about 9.5%, while river view properties would see a 5.7% decrease in sales prices. To place these percentage reductions into context, the current selling price of \$574,000 for the hypothetical home in Grand County, CO, where the largest percentage reduction is estimated to occur, is projected to decrease by \$92,000. The current selling price of \$290,000 for the hypothetical home in Farmington, NM, where the smallest percentage reduction is estimated to occur, is projected to decrease by \$24,000. The impacts do vary considerably across the communities. Nevertheless, declines in value such as these across all riverfront and river view residential properties in the Colorado River system would likely result in a substantial aggregate loss.