



# Economic Impacts of Virginia's Housing Industry

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Economic Development Researchers

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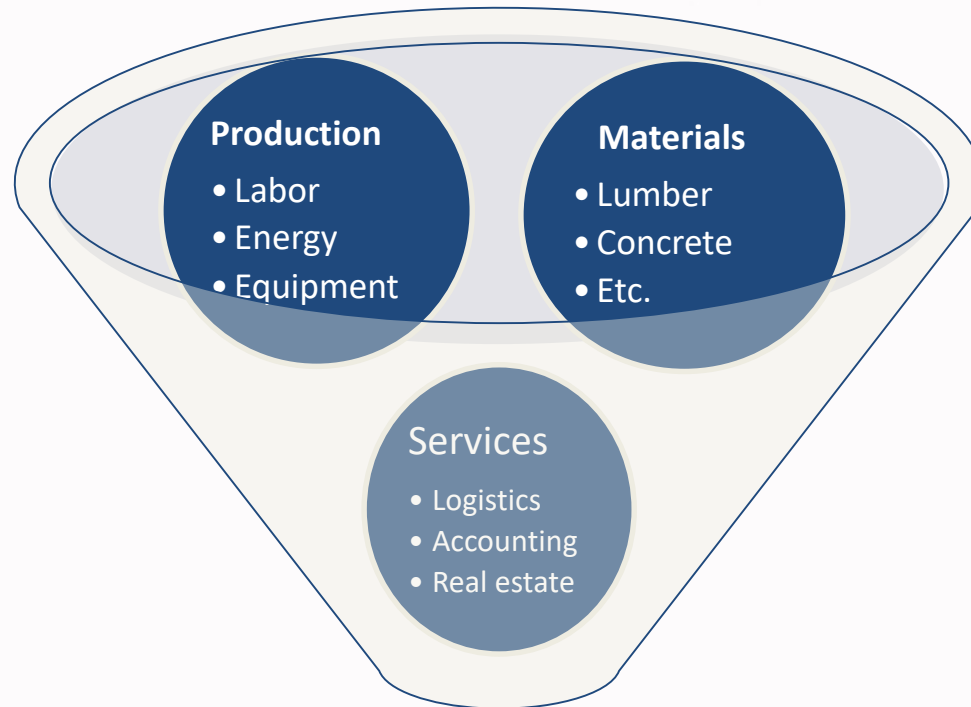


## Component 1: Economic Impact Analysis

- “Show how the industry’s strength or weakness affects state and regional economic vitality”
- Assess the impacts of the VA housing industry
  - Single family & multifamily
  - New construction and repair/remodeling
    - Materials, professional services (architects, engineers)
  - RE services (brokers, agents property mgmt, legal)
  - Household services
  - Comparisons with other key industries



# Production Function





## Input-Output Models

- Direct effects:
  - The direct activity(s) of the project in question
  - Define the direct effects in terms of output or employment.
- Indirect effects:
  - Capture the impacts on firms that (directly and indirectly) supply the activity defined in the direct effect(s).
- Induced effects:
  - Captures impacts of spending by households receiving income based on direct and indirect effects
- **Indirect & Induced Effects Adjusted to Prevent Double Counting**



## Impacts on...

- Output – measure of transactions
- Employment – headcount
- Labor income – wages, salaries, benefits
- Value added – Gross State Product equivalent
  - Proprietor's income
  - Property income
  - Gross operating surplus
  - Taxes on production and imports less subsidies



# What's Included

- Construction
  - Single Family New Construction
  - Multi-Family New Construction
  - Manufactured Housing
  - Residential Remodeling, Renovations
- Finance
  - Loan Brokers
  - Lenders: Savings Banks, Thrifts, Others
  - Loan Servicing
  - Freddie Mac
- Real Estate Services
  - Sales Brokerage
  - Residential Property Management
  - Apartment Rental
  - Property Appraisers/Inspectors
- Insurance
  - Property (carriers & brokers)
  - Title





# What's Included

- Legal
  - Title/Abstract Services
  - Real Estate Transactions
- Retail
  - Home Centers (DIY only)
  - Home furnishings
  - Appliances
  - Other household goods
- Organizations
  - VHDA
  - HOAs
- Other Services
  - Interior Design
  - Landscaping
  - Pest control
  - Cleaning
  - Waste Mgmt
  - Appliance & Furniture Repair
  - Junk removal
  - Domestic staff



## Economic Impacts of the Virginia Housing Industry 2015

| Description                              | Impact            |
|--|-------------------|
| Output (transactions)                    | \$ 47,814,092,000 |
| Value Added (GSP)                        | \$ 23,269,525,000 |
| Labor Income (salaries, wages, benefits) | \$ 14,197,085,000 |
| Jobs                                     | 314,299           |
| State and Local Taxes                    | \$ 1,665,701,000  |





## Comparison of Direct Spending, 2015

| Industry  | Direct Output          |
|---|------------------------|
| Federal Procurement (FY15) (ODU, 2015)                                  | \$ 100.4 billion       |
| Defense Spending (ODU, 2015)  | \$ 65.0 billion        |
| Healthcare Services   | \$ 44.3 billion        |
| Retail  | \$ 36.6 billion        |
| Wholesale   | \$ 30.3 billion        |
| Non-Residential Construction  | \$ 30.1 billion        |
| <b>Housing</b> (construction, real estate services, household services) | <b>\$ 28.1 billion</b> |
| Transportation & Warehousing  | \$ 24.6 billion        |
| Food & Beverage Product Manufacturing                                   | \$ 16.9 billion        |
| Tobacco   | \$ 11.7 billion        |



# Questions and Discussion

[www.virginiahousingpolicy.com](http://www.virginiahousingpolicy.com)