Economic Impacts of Virginia’s Housing Industry

Virginia Coalition of Housing and 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
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

<table>
<thead>
<tr>
<th>Description</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output (transactions)</td>
<td>$ 47,814,092,000</td>
</tr>
<tr>
<td>Value Added (GSP)</td>
<td>$ 23,269,525,000</td>
</tr>
<tr>
<td>Labor Income (salaries, wages, benefits)</td>
<td>$ 14,197,085,000</td>
</tr>
<tr>
<td>Jobs</td>
<td>314,299</td>
</tr>
<tr>
<td>State and Local Taxes</td>
<td>$ 1,665,701,000</td>
</tr>
</tbody>
</table>
## Comparison of Direct Spending, 2015

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

Source: IMPLAN, unless otherwise indicated
Questions and Discussion

www.virginiahousingpolicy.com