

Executive Summary

Economic Impacts of Virginia's Housing Industry 2015

The following summary reports economic impacts of Virginia's housing industry based on research conducted for the Governor's Housing Policy Advisory Council by the Center for Regional Analysis at George Mason University. This project is the first component of a larger research effort, *Assessing the Importance of Housing for Virginia's Economy*, being performed by the Virginia Coalition of Housing and Economic Development Researchers. The coalition includes faculty and graduate students from Virginia Tech, George Mason University, Virginia Commonwealth University, and the College of William and Mary.

Key considerations included:

- The Virginia housing industry is a diversified group of economic sectors representing construction and the housing components of finance, retail trade, transportation, and professional services, plus residential services, including:
 - Construction:* Single-family, multifamily, other residences, renovation & repair
 - Finance:* Banks, other lending institutions (real estate), mortgage brokers
 - Insurance:* Property insurance carriers and brokers, title insurance
 - Transport:* Household goods movers
 - Agencies:* Non-profit and other non-governmental organizations supporting housing
 - Real Estate:* Sales brokers, property management, appraisers, inspectors, conveyance services, title services, lawyers
 - Retail Trade:* Lumber yards, building materials, home centers (DIY only), household goods and furnishings, appliances
 - Services:* Interior design, home security, pest control, maid services, landscaping, waste collection, furniture and appliance repair, home owners' associations, household domestic staff.

Findings

In 2015, the Virginia housing industry generated \$47.8 billion in economic activity. This activity supported over 314,000 jobs paying more than \$14 billion in annual wages, salaries, and benefits (see Table 1). The housing industry is one the largest contributors to the Virginia economy. As shown in Table 2, using only direct output as a measure of industry performance, the housing industry is the 6th largest private sector industry and provides about 8 percent of Virginia's jobs (including agricultural and government employment).

Table 1: Economic Impacts of Virginia’s Housing Industry, 2015

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

Sources: GMU Center for Regional Analysis, Chmura Economics, IBIS World, industry sources, IMPLAN.

Table 2: Virginia’s Largest Private Sector Industries,*2015

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

* Based on direct output only Sources: IMPLAN, ODU (2015)

The analysis is based on the 2015 IMPLAN economic input-output model. Data for this analysis comes from the IMPLAN model, Chmura Economics, IBIS Worldwide, and industry sources. This analysis utilizes an economic input-output modeling approach to assess the direct, indirect, and induced economic impacts of housing related industries in Virginia. Direct effects capture the economic value of spending in the subject industry. Indirect effects represent upstream, supply chain spending by businesses. Induced effects estimate the impacts of employees of these businesses spending a portion of their earnings for goods and services in the state economy. The methodology used for this analysis adjusts the economic impacts to prevent the double counting of cross-sector business activities.

The full report of this study and other companion studies can be found at www.virginiahousingpolicy.com and www.cra.gmu.edu