

August 2021

District Work Period Talking Points

ECONOMIC IMPACT

When considering policies related to real estate, it is important to remember that real estate is one of the most significant drivers of the US economy and that home ownership is the largest source of personal wealth and economic stability for many Americans. Home ownership and the equity one builds with it allows families of all races and ethnicities to enhance their financial security and that of their children. Recent analysis suggests that over one sixth of economic activity is related to real estate and that, when you include construction jobs, about 19 million people are employed in the industry. Policies are needed that will encourage growth and the ability to meet demand, but caution should be taken when considering tax and regulatory changes that could hamper the ability of the real estate sector to perform to its potential.

- ✓ Consumer spending for housing, utilities, and household furnishings/equipment and private sector residential and commercial construction spending account for 17% of gross domestic product (2021 Q2, Bureau of Economic Analysis).
- ✓ Every \$1 that consumers and businesses spend on housing and residential and commercial construction generates an additional 50% of spending in other industries (NAR estimate based on 2012 Bureau of Economic Analysis Input-Output Table).
- ✓ 19 million workers are employed on payroll or self-employed in the construction (10 million) and real estate (9 million) industries, making up 9% of total employment (2019 Bureau of Economic Analysis).
- ✓ Every home sale supports nearly 2 full-time jobs (NAR estimate).
- ✓ For many households, homeownership is the primary source of wealth that is built up over the years as homeowners save and pay down the mortgage debt and from price gains. As of the end of 2020, a homeowner who purchased a home at the median purchase price 15 years ago would have typically built up \$150,000 in home equity (NAR estimate). The net worth of homeowners is 40x that of renters (2019 Federal Reserve Board Survey of Consumer Finances).

