



Homeownership: The Strength of the Nation

A Powerful Force in the Nation's Economy

Housing drives the nation's economy, creating millions of jobs and generating billions of dollars in wages and tax revenues each year. Single-family and multi-family construction plus remodeling generally account for about 4 percent of the nation's total economic activity, or more than \$327 billion annually.

During economic recoveries, housing's impact on the economy is even greater. As the economy moves out of recession, the residential construction sector is responsible for up to one-third of the change in Gross Domestic Product (GDP), making housing the sector that propels the economy back to health.

- The construction of 1,000 single-family homes generates 2,448 jobs in construction and construction-related industries, about \$79 million in wages and more than \$42 million in federal, state and local tax revenues and fees.
- The construction of 1,000 multifamily homes generates 1,030 jobs in construction and related industries, about \$34 million in wages and \$18 million in federal, state and local tax revenues and fees.

Housing's Contribution to Individual Wealth

In 1998, the nation's home builders will construct about 1.41 million new homes, providing the equivalent of more than 3 million full-time, year-round jobs and generating \$98 billion in wages and \$52 billion in federal, state and local tax revenues.

Housing's economic reach also extends far beyond the construction of new homes. In the first 12 months after purchasing a newly-built home, owners spend an average of \$6,500 to furnish, decorate and improve it. That spending and subsequent expenditures pour money into the economy, create jobs and stimulate economic development.

Owning a home provides more than shelter and a stable place to raise a family. For the majority of American households, homeownership is the stepping to a future of financial security.

Americans have nearly \$5 trillion in equity—the value of a home minus any mortgage debt—in the homes they own.

Home equity accounts for about half of the total net wealth of the typical homeownership family, making homeownership the primary source of a household's net worth and the fundamental first step toward accumulating personal wealth.

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Homeownership and Its Benefits

Moreover, homeownership strengthens the social fabric of the nation. By encouraging civic participation and involvement in schools and communities, and inspiring the upkeep and improvement of the home, homeownership fosters good citizenship.

Safe, decent and comfortable housing in general, and homeownership in particular, are also a positive influence in children's lives. Children of homeowners stay in school longer and are more likely to become productive citizens according to a study by the University of Chicago. The benefits of homeownership to children are even more pronounced among low-income households, the study found. The nation's homeownership rate has increased dramatically during the past 50 years. From about 44 percent at the end of World War II, it has grown to more than 65 percent. And although some other countries may have slightly higher homeownership rates, America's home owners live in houses that are larger, more comfortable and have more amenities than homes in any other major country.

America's Homes and its Housing Industry

Equally important, there are more than 100 million housing units in the United States, including about 64 million homes that are owned by their occupants.

The typical new home is a single-family detached, two-story house with about 2,100 square feet of space. It has three or four bedrooms, two and a half bathrooms, central air conditioning, gas heat and a two-car garage. The median new home price in 1997 was over \$140,000.

The typical new apartment has two or more bedrooms and one or more bathrooms. It is located in a garden apartment building and has about 1,040 square feet. The median rent for new apartments was over \$700 per month in the first half of 1997.

About three million people are directly involved in the construction or renovation of homes and apartments; an equal number are involved in providing materials and other construction resources. Additionally, millions of jobs in finance, transportation, government and other sectors are linked directly to the construction and sale of new homes.

"The strength of a nation lies in the homes of its people."

Spoken by Abraham Lincoln more than 140 years ago, those simple words eloquently convey a timeless truth. Homeownership and housing are essential to the strength and vitality of a nation; their value is virtually immeasurable.

Homeownership is the cornerstone of family security, stability and prosperity. It strengthens the nation's communities, encourages civic responsibility and provides a solid foundation from which Americans can work to support their families, enhance their communities and achieve their personal goals.

The National Association of Home Builders

The National Association of Home Builders (NAHB) is a 195,000-member trade association that was founded in 1942 to enhance the ability of its members to provide all Americans with safe, decent housing.

About one-third of NAHB's members build and/or remodel homes. The others are construction subcontractors and other associates in closely related fields such as sales and marketing, financing, product manufacturing and sales, building technology and design.

Equally important, housing is a crucial component in the nation's economy and in individual financial security. New home construction and remodeling provide millions of jobs and generate billions of dollars in wages and tax revenues each year. Furthermore, homeownership is a key to building personal wealth and financial security.

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Visit NAHB on the World Wide Web at <http://www.nahb.com>

The value of housing and homeownership to the nation and its people just cannot be overstated. America's strength truly does lie in the homes of its people.