



Housing's Economic Impact

With each hammered nail, a home builder strengthens a new home's foundation and increases the nation's wealth. The demand for goods and services created by the construction of new homes ripples through the economy. By generating wages and tax revenues, the housing construction industry uplifts local economies nationwide and accounts for about 4 cents of every dollar spent in the United States during a typical year.

Think about all the knowledge, skills and hands needed to construct one single-family home. The housing industry helps create jobs for architects, carpenters, plumbers, electricians and landscapers, to name a few. Collectively, the home building industry employs about three million people who actually construct or remodel homes and apartments. And an equal number of people work indirectly for the industry by providing materials and other construction resources. Additionally, the construction and sale of new homes creates many jobs in finance, transportation, government and other sectors.

Using surveys from the U.S. Bureau of Labor Statistics, the National Association of Home Builders estimated that the construction of 1,000 single-family homes generates the equivalent of 2,448 full-time jobs in construction and other industries. Approximately 1,125 of these employees work in construction, and 1,323 work in other industries (such as manufacturing, transportation, services and mining).

The construction of 1,000 multifamily homes creates 1,030 jobs in construction and other industries. Together, workers involved in the construction of single-family and multifamily housing units collect roughly \$79.4 million in wages and generate more than \$42.5 million in federal, state and local tax revenues and fees each year.

Consider the number of jobs connected with a single nail used to build a new home. First, workers mine the material used to make nails. Manufacturers process the material and shape it into nails. They transport the nails to wholesalers, whose employees sell them. And a carpenter hammers the nail into a piece of wood that will support the frame of a new home. So a home builder's need for a nail drives businesses to employ many individuals involved in mining, manufacturing, transporting and hammering the nail. In turn, these employees help fuel the economy.

The excitement of owning a brand new home entices its owner to spend significant amounts of money on furnishings and other decorative items. So, the housing industry brings homeowners' business to local malls and furniture stores to decorate houses. 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 also pours money into the economy, creates jobs, and stimulates economic development.

A strong housing industry can also attract other industry to an area. Businesses locate and relocate in communities that can accommodate their employees. They want their employees to live within commuting distance of their offices. More new houses can mean more new jobs in a variety of industries for any given area. Gainfully employed Americans spend more money, thus feeding the economy.

Altogether, single-family construction, multifamily construction, and remodeling, account for about 4 percent of the nation's total economic activity. That percentage equates more than \$328 billion annually. During economic crises, housing's impact on the economy is essential to recovery. As the economy moves out of recession, the residential construction sector is responsible for as much as one-third of the change in Gross Domestic Product (GDP), making the industry responsible for nursing the economy back to health. And a strong housing market helps keep America prosperous when the economy thrives.