

# THE ECONOMIC IMPACT OF A TYPICAL HOME SALE

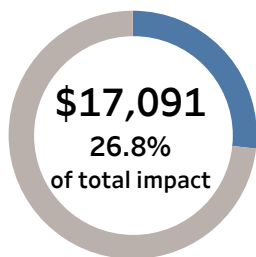
in Michigan

The real estate industry accounted for \$87.8 billion or 16.2% of the gross state product in 2019.

## TOTAL ECONOMIC IMPACT

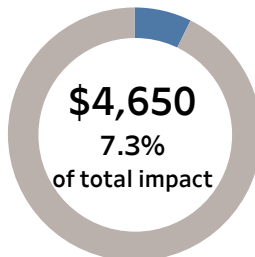
# \$63,827

Income generated from  
real estate industries



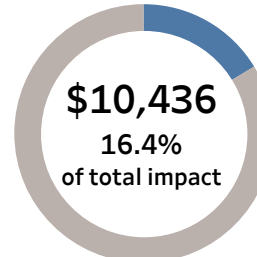
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Expenditures related  
to home purchase



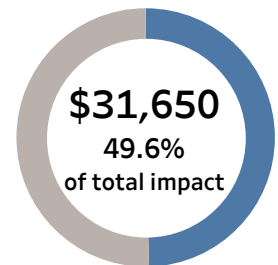
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Multiplier of housing  
related expenditures



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New home construction



**Real Estate Industries:** We assume that commissions, fees and moving expenses, or income to real estate industries, associated directly with the purchase are about 9% of the median home price.

**Expenditures related to home purchase:** Furniture and remodeling expenses are about \$4,650 based on the NAHB figure.

[http://www.nahbclassic.org/generic.aspx?sectionID=734&genericContentID=257993&channelID=311&\\_ga=2.174727074.1093549992.1499375907-912917446.1499375907](http://www.nahbclassic.org/generic.aspx?sectionID=734&genericContentID=257993&channelID=311&_ga=2.174727074.1093549992.1499375907-912917446.1499375907)

**Multiplier effect:** The multiplier effect accounts for the fact that income earned in other sectors of the economy as a result of a home sale is then re-circulated into the economy.

**New construction:** Additional home sales induce added home production. Typically, one new home is constructed for every six existing home sales. Thus, for every existing homes sale, 1/6 of a new home's value is added to the economy.

Sources: BEA, U.S. Census, NAHB, Macroeconomic Advisors, NAR

