

Economic Impact of Real Estate Activity: California



NAR Research
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Real Estate's Economic Contribution in California

The real estate industry accounted for \$501,164 million or 20.2% of the gross state product in 2015.

Source: BEA, NAR



Economic Contributions are derived from ...



- Home construction
- Real estate brokerage
- Mortgage lending
- Title insurance
- Rental and leasing
- Home appraisal
- Moving truck service
- Other related activities



When a Home is Sold in California

Income generated from
real estate related
industries is:

\$40,770

Additional expenditures on consumer
items such as furniture, appliances, and
remodeling are:

\$4,572

Source: BEA, Census, NAHB, NAR



When a Home is Sold in California

It generates an economic “multiplier” impact. There is greater spending at restaurants, sports games, and charity events. The size of this multiplier effect is estimated to be:

\$21,764

Additional home sales induce added home production. Typically, one new home is constructed for every eight existing home sales. Therefore, for each existing home sale, 1/8 of a new home’s value is added to the economy which is estimate in this state to be:



\$56,625

Source: BEA, Macroeconomic Advisors, NAR

The Total Economic Impact of a Typical Home Sale in California

Median home price:

\$453,000

Total income derived
from a home sale:

\$123,732

Source: BEA, NAR



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