

Economic Impact of Real Estate Activity: Minnesota



NAR Research
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Real Estate's Economic Contribution in Minnesota

The real estate industry accounted for \$51,997 million or 15.8% of the gross state product in 2015.

Source: BEA, NAR



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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 Minnesota

Income generated from
real estate related
industries is:

\$18,540

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

Source: BEA, Census, NAHB, NAR

\$4,572



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When a Home is Sold in Minnesota

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:

\$11,094

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:

\$25,750



Source: BEA, Macroeconomic Advisors, NAR

The Total Economic Impact of a Typical Home Sale in Minnesota

Median home price: **\$206,000**

Total income derived
from a home sale: **\$59,956**

Source: BEA, NAR



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