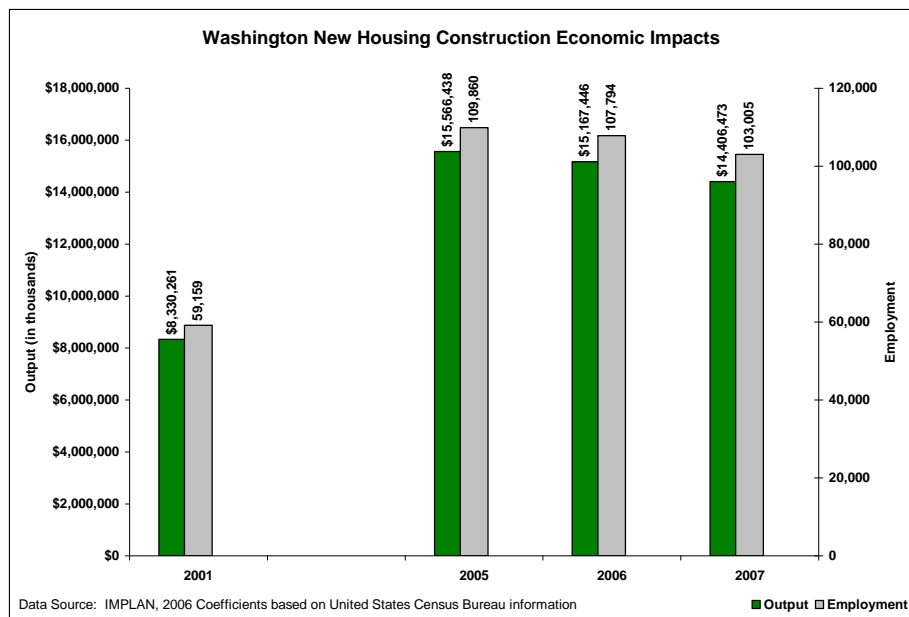


Executive Summary

Housing is one of the most visible and prominent industries in Washington. New housing construction creates a wide range of economic impacts in the state’s economy inclusive of the economic activity and job creation directly associated with building new housing units plus the linked suppliers of goods and services and employee spending. An even broader economic perspective of the entire housing industry captures not only new housing construction, but also residential real estate brokerage and management, maintenance and repair, additions and alterations, construction, home appraisal services, homeowner expenditures, and a number of other important aspects of the entire stock of owner- and renter-occupied housing. This study provides a deeper understanding of the housing industry’s contribution to Washington’s economy and reveals that the industry plays a critical role in the state.

Building new single- and multi-family housing units creates a ripple effect that spreads throughout the state’s economy. Accounting for the full range of economic impacts, new housing construction activity in 2007 generated over \$14 billion in output (total revenues from all sources of income), more than 103,000 jobs, and about \$428 million in state and local taxes. A little more than half of the total economic impact is a direct result of residential building activity. The other benefits are derived through construction’s demand on suppliers of goods and services (indirect effects) in addition to employee consumption activities (induced effects). New housing construction’s 2007 total impacts were lower than other recent years due to the economic downturn and housing market slump; however, building activities still made a tremendous contribution to the economy.

Monthly building permit estimates suggest that 2008 annual levels could be around those seen in 2001 and if 2009 continues at the same pace, the economic impacts associated with new housing construction could fall at or below levels seen in the most recent low year (2001).



EXECUTIVE SUMMARY

The Puget Sound, Spokane, and Vancouver areas all experienced notable economic impacts resulting from new housing construction.¹ The largest of the three areas, Puget Sound, accounted for about 63 percent of the state’s permitting activity in 2007 and realized a benefit of over \$8.9 billion in output and nearly 63,000 jobs from building the new housing units. The smaller Vancouver and Spokane areas also experienced considerable economic impacts from new housing construction with benefits totaling around \$595 million and \$662 million in output and 4,400 jobs and 5,200 jobs, respectively.

The broader economic perspective on the entire housing industry incorporates the wide array of activities related to both the new and existing housing stock. The larger picture shows that, in 2006, housing was a nearly \$55 billion industry, supporting more than 194,000 jobs and contributing about 11 percent of Washington’s total output. With this level of economic activity, housing ranks near the top of list of leading industries in the state, placing just behind the large and dominant Wholesale & Retail Trade industry (the state’s largest sector) and ahead of the important Information industry as well as other influential industries such as Aerospace; Entertainment & Tourism; and Professional, Scientific, & Technical Services. As the ongoing economic slowdown becomes more evident in the data, it can be expected that the contributions of the housing industry will decrease as related real estate activities taper off.

Economic Contributions of Washington's Housing Industry			
Industry	Output (\$B)	Employment	% WA Output
Wholesale & Retail Trade	\$57.9	544,574	11.4%
Housing	\$54.5	194,285	10.7%
Information	\$46.3	108,182	9.1%
Aerospace	\$37.1	72,784	7.3%
State & Local Government	\$34.7	440,412	6.8%
Finance & Insurance	\$33.1	145,027	6.5%
Prof., Sci., & Tech. Services	\$31.6	255,843	6.2%
Health Care & Soc. Assistance	\$30.8	355,055	6.1%
Non-Res. Const. & Real Estate	\$25.8	204,975	5.1%

Data Source: IMPLAN

The entire housing industry is also a major contributor to the Puget Sound, Spokane, and Vancouver area economies. Housing provided more than 9 percent of the total regional output in each of these three areas. The six-county Puget Sound area’s housing industry provided nearly \$39 billion of output and more than 138,000 jobs in 2006. The housing industry was around the same size in both the Spokane and Vancouver areas, generating about \$3 billion in output and supporting more than 10,000 jobs in each local economy.

¹ The Puget Sound area includes Snohomish, King, Pierce, Thurston, Mason, and Kitsap Counties; the Spokane area is limited to Spokane County; and the Vancouver area captures Skamania and Clark Counties.