



GROUP ESTES *realty*

Have you Ever Wondered Just How Housing Impacts the Economy?

Dear Client Advocates,

January 2016

Greetings and Happy New Year!!! I hope your year is rolling out beautifully...

Lots to share with you this month. Of course, our flyer topic. And the market update... always most interesting to us at this time of year because we are comparing annual results to see the real trends. And our highlighted vendors. We have a wine tasting fundraiser coming up in Woodinville on Friday, the 5th of February as well – please join us! To find out more, check us out at www.GroupEstes.com/wine.

On to our flyer! The information I am sending you this month delves into the positive impact of a healthy housing market on the national and local economies. Page one gives the scoop on the impression housing has on the local economy, specifically the impact of new homes. Page two goes into the influence of housing on the national economy and the country's gross domestic product (GDP). In short, buying and / or remodeling a home not only offers you potential benefits in your comfort as well as equity-building, it also positively impacts the local and national economies. There are lots and lots of people and professions involved and that all assists the economy!

Housing is sure to be a hot topic in the coming months, as the election takes center stage in the media. If you have any questions, need any resources, have someone in your life who would benefit from this information and our services, please call or text or write.

So now let's talk about our local market. It's not slowing down for Sellers yet! 2015 brought lower inventory for sale, faster sales and higher prices. Seattle Metro is clearly reflecting the influx of new buyers wanting urban life, showing double-digit average sale price appreciation at 10.5%. That is compared to about 7.5% appreciation for the Eastside and 8% appreciation for King County as a whole. Interestingly, Southwest Snohomish County is also reflecting double-digit appreciation at 11%, with Southeast Snohomish at not quite 8% and the county as a whole at 9%. And Yay Pierce County! Recovering its momentum with an 8.5% appreciation over 2014, so that even more homeowners see their values recovering after years of drastic losses.

It really all does come down to location, amenities, schools, commutes and trade-offs. Those double-digit growth areas? The average sale price in Seattle as of the year-end close is \$624K. And Southwest Snohomish is \$447K. Drive further, find well-rated schools, and look how much further the money goes. The converse of that is why the Eastside closed the year at an average sale price of \$783K... It's all about choices. And gratefully, there are choices!

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We will continue to highlight five of the vendors in our database each month. We appreciate your feedback when we do refer resources to you – we want to keep the database fresh and accurate. We also love it when you tell us about new resources that you have had a great experience with! This month's resources are:

Spotlight Vendors for January

Roy Hisler - Davey Tree Expert Company - info@davey.com - 425-462-8829
Arborist, Tree Service

Scott Wurtz - Wellness Restoration Arts - werestart@gmail.com - 206-524-5511
Bowenwork Care, Human Body Work

Juan Franco - donfranlua@hotmail.com - 206-300-6249
Cleaning

Dana Velkers - velkersd@comcast.net - 206-351-1181
Mobile Notary -- when you need someone to come to you

Protocol Plumbing and Sewer - service@protocolplumbing.com - 425-743-4940
Plumber

As always, we appreciate the opportunity to be of service. Your advocacy and your referrals keep us going! And together we are also serving the community. Let's see how much we can send to Northwest Harvest this year. Starting out at just under \$15,000 to date feels powerful.

Sincerely,



Always looking for more ways to be of service ... if you know of someone who would appreciate the consistent level of service I provide, please introduce us via email, or call / text me with their name and contact information, and I'll be happy to follow up and take great care of them.

Housing & The Economy

22: The number of subcontractors it takes to build the average single-family home.¹

Buying a home not only impacts the homeowner's financial situation, it also impacts the local and national economies. Since 2016 is an election year, there's no doubt the economy and housing's role within it will be a hot topic in the news. Let's take a look at the impact of housing on the local economy and on the larger national economy.



Housing's impact on the local economy

When you buy or sell a home, you not only build your financial portfolio, you benefit your local economy as well. Typically, there are 26 services involved in a single real estate transaction in the 30 days before and after a real estate transaction has closed. Buyers and sellers may use services such as movers, painters and contractors during and after a transaction has closed. Additionally, buyers may continue to use these services and more while they own the home.

The Impact of New Homes

While the true economic impact of new home building varies by community, the National Association of Home Builders calculated the figures for a typical metro area.

The Local Impact of Home Building²

(Estimated Local Impact of Building 100 Single-Family Homes in a Typical Metro Area)

	Private Local Income Earned	Government Revenue Generated	Local Jobs Required
One-year impact	\$28.7 million	\$3.6 million	394
Annual recurring impact	\$4.1 million	\$1.0 million	69

The Impact of Remodeling

Renovations contribute to the economy through the use of local labor and businesses, as well as permitting and other government-related fees. The National Association of Home Builders also conducted a study on the one-year impacts of residential renovations on the local economy. Spending one million in remodeling generates an estimated **\$841,000** in private income and an estimated **\$71,000** in government revenue.* It also creates an average of **11** local jobs.²



Housing's impact on the national economy

A nation's gross domestic product (GDP) measures the economic performance of the country and is defined as **"the monetary value of all the finished goods and services produced within a country's borders in a specific time period."**³ In short, GDP measures how well a country, state or region's economy is performing.

Housing has contributed to more than **15%** of GDP for the past 2 years.⁴

According to the NAHB, housing contributes to GDP through residential investment (e.g., home building and remodeling) and housing services (e.g., rent including utilities, the estimated cost of an owner renting their residence and utility payments). It also indirectly impacts consumer spending—when homeowners have more expendable income or increased access to credit, they may buy more goods and use more services, which benefits the overall economy.

Sources:

1. NAHB, HousingEconomics.com, September 1, 2015
2. NAHB, Local Impact of Home Building: Updated NAHB Estimates, April 1, 2015
3. Investopedia, <http://www.investopedia.com/terms/g/gdp.asp>
4. NAHB
5. NAHB Eye on Housing, June 24, 2015



Housing comprised **15.45%** of the nation's GDP at this same time last year. Home building and remodeling made up **3.14%** of this.⁵



Homeownership Benefits the Community

Homeownership bolsters a community's treasury through the collection of property taxes. The money collected from property taxes helps support infrastructure, police and fire protection, education and community programs.

Additionally, studies from the National Association of REALTORS® show that homeownership has many social benefits, including:

- Increased civic participation and charitable activity
- Better health for homeowners
- Less crime
- Higher student test scores and high school graduation rates
- Higher social capital