



“The Trillion Dollar Apartment Industry”

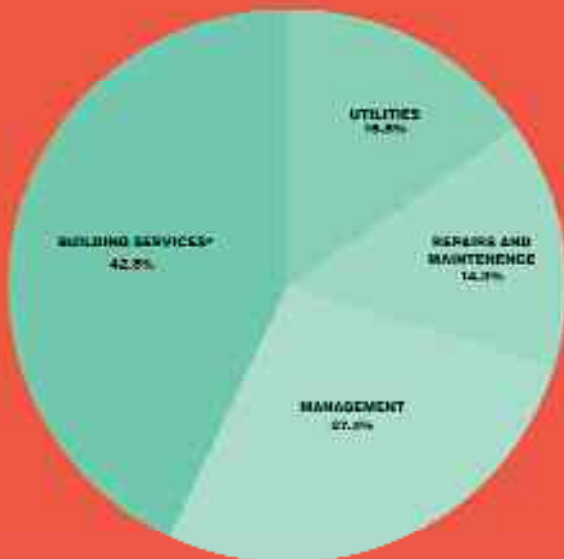
BY STEPHEN S. FULLER, Ph.D.

Despite the worst economy in a generation, the combined spending by the apartment industry and its residents generated \$1.1 trillion to the national economy and supported 25.7 million jobs in 2011.

Through economic highs and lows, the contributions of multifamily rental housing to national, state and local economies have remained a positive, lasting power.

I recently completed research to quantify apartments' important and sustained economic contributions; the results are featured in the report, “The Trillion Dollar Apartment Industry,” published by NAA

WHAT IT TAKES TO RUN A COMMUNITY



Apartment firms spent **\$67.9 billion** on operating, maintaining and improving their communities. Here's how they invested their money.

*Includes materials and labor costs.

and the National Multi Housing Council. Despite the worst economy in a generation, the combined spending by the apartment industry and its residents generated an economic contribution of \$1.1 trillion to the national economy and supported 25.7 million jobs in 2011, the most recent year for which data are available.

To put this number in perspective, that means that apartments and the people who live in them contribute, on average, more than \$3 billion a day to the economy.

In addition to covering the economic impact of new apartment construction, existing apartment operations and apartment resident spending activity on the national and state levels, the report also provides measures of the economic impact of apartment construction and operations in select metro areas. With this information, industry stakeholders and federal, state and local officials can better estimate the substantial, sustained contribution apartments make to their communities and the nation as a whole.

While apartment resident spending activity by far was the largest contributor to apartments' economic impact, operating, maintaining and improving the nation's apartment stock also was a significant factor.

In 2011 alone, the industry spent \$67.9 billion to operate, maintain and improve apartments. Apartment operations spending directly supported local employment and business activities

APARTMENT INDUSTRY CONTRIBUTIONS TO NATIONAL ECONOMY IN 2011

SPENDING (IN BILLIONS)

New Apartment Construction	\$ 14.8
Existing Apartment Operations	\$ 67.9
Apartment Resident Spending Activity	\$ 421.5
TOTAL	\$ 504.2

ECONOMIC CONTRIBUTION (IN BILLIONS)

New Apartment Construction	\$ 42.5
Existing Apartment Operations	\$ 182.6
Apartment Resident Spending Activity	\$ 885.2
TOTAL	\$ 1.1 Trillion

JOBS (IN MILLIONS)

New Apartment Construction	0.3
Existing Apartment Operations	2.3
Apartment Resident Spending Activity	22.8
TOTAL	25.4

across four main categories: building services, including materials and labor costs (42.8 percent); management (27.4 percent); utilities (15.5 percent); and repairs and maintenance (14.3 percent). When the indirect effects of that spending are included, operating, maintaining and improving the nation's existing apartment stock had a total economic contribution of \$182.6 billion.

Apartment operations spending also created \$56.8 billion in personal earnings and supported a total of 2.3 million jobs. Apartment firms directly employed workers in 686,000 onsite positions such as property managers, leasing agents and maintenance workers. Apartment operations also indirectly supported nearly 1.7 million more jobs from companies providing goods and services to apartment firms, as well as the people they employ.

APARTMENT OPERATIONS IMPACT

ECONOMIC CONTRIBUTION (IN BILLIONS)

Direct	\$ 67.9
Indirect	\$ 114.7
TOTAL	\$ 182.6

JOBS

Direct	686,000
Indirect	1,700,000
TOTAL	2,300,000

*Direct jobs include only on-site positions; off-site job data is unavailable.

Note: Totals may not add up due to rounding.

The report's data also show other key factors demonstrating apartment operations' importance:

- Compared with the economic activity generated by new apartment construction, ongoing apartment operations generated four times the dollars for the economy and supported seven times the jobs.
- Operating 100 apartment homes generates \$352,000 in direct spending and supports 8.5 jobs in operations.
- The total impact of just one of the nation's 17.1 million occupied apartments contributes, on average, \$64,327 to the national economy annually.

Boosting Goods and Services, Construction

Apartment residents produced a significant economic impact in 2011, beginning with their spending of \$421.5 billion on goods and services. Spending of those dollars, primarily in the local economy, strengthened metro area and state economies and supported job growth. As that spending cycled through the economy, it spurred additional spending for a total of \$885.2 billion to the national GDP, with an estimated \$648.8 billion spent locally. As the number of renters and renter households continues to grow—as many as 7 million new renter households could be created this decade—America's apartment residents will become an even more important player in economic development.

Apartment construction has made a significant contribution to the economy even at the below-normal construction levels over the past several years. During 2011, the industry spent \$14.8 billion on new apartment construction, generating a total of \$42.5 billion to the national economy, adding \$12.7 billion in

About This Research

Dr. Fuller's research utilizes a number of government sources, including the U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics and U.S. Census Bureau.

Additional data were provided by NAA's Survey of Income & Expenses in Rental Apartment Communities. For this report, apartments are defined as residential units in buildings with five or more units.



personal earnings and supporting nearly 324,000 jobs. Nearly two-thirds of those jobs were directly supported by apartment construction. As construction activity begins to catch up to demand, the apartment industry will make even greater contributions to the U.S. economy.

As construction rebounds and the number of Americans demanding apartments continues to grow, many states and metro areas will experience significant economic benefits from expanding markets for apartments. As a result, policymakers, community leaders and other industry stakeholders must educate themselves and their peers on the value of the apartment industry to their localities. To undervalue the contributions of the people who build, work and live in apartments is to ignore the opportunity for significant growth that will fuel their future economic growth. ■■

Stephen S. Fuller, Ph.D., is the Dwight Schar Faculty Chair, University Professor and Director of the Center for Regional Analysis at George Mason University.

New Interactive Website to Launch as Part of NAA/NMHC's PR Campaign

"THE TRILLION DOLLAR APARTMENT INDUSTRY:

how the apartment industry and its 35 million apartment residents drove a trillion dollar contribution to the national economy" will be available online in its entirety at www.naahq.org/government-affairs after Feb. 12.

In conjunction with the release of "The Trillion Dollar Apartment Industry," NAA and NMHC have created a new website to promote the industry: www.WeAreApartments.org. The site features an interactive map that allows you to view the economic impact of apartments in all 50 states plus the 12 metro areas in the report: Atlanta, Boston, Chicago, Dallas, Denver, Houston, Los Angeles, Miami, New York City, Philadelphia, Seattle and Washington, D.C.

The website, which goes live in mid-February, also allows you to download and print a PDF of the economic impact

of apartments by state or select metro areas that you can take with you to any meeting. Or, you can send people directly to their own state with a special link.

In addition, the website features ACE, the Apartment Community Estimator. This calculator allows users to enter the number of apartment homes of an existing or proposed community to determine the potential economic impact within a particular state. For example, if you have a proposed project in North Carolina, you can enter the number of units planned and ACE will calculate the potential economic impact and jobs from apartment construction, operations and resident spending that will stay within your state. You can also print a PDF of the calculation to take to your local planning meeting.

The second phase of the website, the "story portion," will launch in March. With the story portion, NAA and NMHC

are taking an innovative and unconventional approach to create

some "buzz" for the industry. In an almost video game format, the story portion will allow users to "walk" through a community and see all the ways the apartment industry makes it stronger. Stay tuned for much more this spring.

The economic impact report and joint website kick off NAA and NMHC's major public relations campaign. Its goal is to ease the legislative and regulatory environment for our industry by communicating apartments' many benefits to Americans and to the communities in which they live.

Questions: Contact NAA's Carole Roper at carole@naahq.org.

