



FACT SHEET: CHICAGOLAND AREA

“The Economic Impact of Residential Property Sales in Chicagoland MSA: 2010 Results”

Data shows the expenditures made by buyers and sellers in connection with a residential property transaction generate a significant economic impact to the Chicagoland area economy.

- The direct expenditure per real estate transaction in the Chicagoland area was \$33,426
- \$6.1 billion is the total amount of direct and indirect expenditures made as a result of existing residential home sales in the Chicagoland area annually
- Real estate transactions supported 63,674 jobs, and \$1.8 billion of wage and salary income were added to the Chicagoland area economy due to real estate transactions in 2010

Comparison: 2007 vs. 2010: A similar study was done in 2007 using the same methodology and same research firm.

- From 2007 to 2010, the number of residential real estate transactions dropped from 116,463 to 74,567
- The total expenditures changed from \$10.4 billion to \$6.1 billion
- Average home prices declined from \$327,493 to \$251,573
- Wage and salary income decreased from \$3.1 billion to \$1.8 billion, while jobs went down from 108,090 to 63,674

The decrease in total output, jobs and wages, is primarily due to a decline in the total number of home transactions, and further demonstrates the need to support the real estate industry in the interest of economic growth.

Direct expenditures from a home sale include:

- Expenditures to prepare a home for sale by the seller (e.g., repairs, home improvements).
- A buyer will spend money after they purchase a home on remodeling, new furnishings and household items
- Both parties in the home sale transaction may hire professional service providers such as attorneys and real estate professionals, as well as incur fees from home inspectors, appraisers and the title company and pay taxes to local, county and state government agencies

Indirect expenditures or a “ripple effect” is how money spent in one industry goes to other industries, which in turn is spent in various other industries, and so forth.

How can the federal government help the housing market?

- Preserve the mortgage interest deduction (MID), which has been in the federal tax code since 1913 and helps many families become homeowners by reducing the carrying costs of owning a home.
 - IRS data: deduction is claimed most often by taxpayers in the 35-45 age group and 65 percent of taxpayers who made less than \$100,000
 - In 2008, more than 1.7 million taxpayers in Illinois claimed a deduction for mortgage interest on their federal taxes at roughly \$11,593 for the average taxpayer who had a mortgage

For more information or to view the complete study, visit www.illinoisrealtor.org/economicimpact