



## THE ECONOMIC IMPACT OF REAL ESTATE DEVELOPMENT

In “The Economic Impact of Real Estate Development in Guilford County,” Dr. G. Donald Jud studied construction activity in 2004, a very normal year for development – neither depressed nor over-heated. It looked at economic impact (net of public services costs) during construction and for the first 10 years of occupancy of average single-family, condo/townhouse, apartment, office, retail and industrial projects. A copy of the study can be found on our website at [www.trebic.org](http://www.trebic.org). Highlights of the study are:

- In Guilford County in a normal economy, real estate development is responsible for:
  - √ over 1 billion dollars in economic output annually
  - √ the creation of 10,621 jobs, and
  - √ nearly \$51 million in annual local government income.

Typical Project	Annual additional economic output	Annual local tax revenues	New jobs	Average wage
100 Single Family Homes	\$12,247,005	\$748,973	108	\$30,001
260 units Condo/Townhouse	\$22,067,636	\$1,268,679	200	\$30,498
100 unit Apartments	\$5,941,990	\$284,526	51	\$30,533
80K Sq. Ft. Office	\$43,025,876	\$1,060,886	416	\$38,111
100K Sq. Ft. Retail	\$16,787,703	\$1,042,247	302	\$23,669
100K Sq. Ft. Industrial	\$21,044,272	\$557,973	128	\$42,850

- If a major employer contacted our economic development professionals seeking a location for a **10,000-job generator**, we'd would welcome them with open arms.
- **Of the 6 land uses studied, 5 more than cover their cost of local government services:** Office, industrial, retail, single-family and townhomes/condos. (This is the same kind of study done for major economic development projects such as Dell, Fed Ex and the Furniture Market, with one exception: Dr. Jud went the extra mile to calculate a *NET* benefit number *after* government services costs, because the question is frequently asked, "Does growth pay its way?")
- Apartments did not appear to cover their costs. However, **apartments are an important and major component of our affordable housing supply**, which we subsidize in many ways at every level of government in the US. Apartments also house highly-desirable population groups, such service workers and the 18-34 age group. The Urban Land Institute (ULI) suggests that such higher density development generates savings in environmental impacts and government costs that this study could not quantify.
- **Rather than growth not paying its way, the reality is that revenues from new real estate development subsidize existing development.** Two examples of this: Beginning in the early 1990s, Mecklenburg County did not have to raise its property tax for 18 straight years, while expenses rose steadily (for things like payroll, insurance, utilities, etc.) because revenue from new growth was making up the difference. In the mid and late 1990s, Cary deliberately instituted ordinances and fees designed to slow growth. Around 2003/2004, with the growth rate "successfully" ground to a halt, the town faced a 29% tax increase just to keep up with the normal rise in costs of living.
- While there may be incremental "lumps" in government spending to serve growth (such as water plant expansions), **over the long haul, new growth more than pays for itself.**

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