ECONOMIC INDICATOR COMPARISONS OF INTERNATIONAL REAL ESTATE SECTORS USING THE OECD INPUT-OUTPUT DATABASE

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Abstract
With its growing share in national economies, the real estate sector has been considered a vital contributor of economic development. Research efforts are needed in order to gain a better comprehension of the national specificities of the real estate sector and to identify its role in economic development. Due to limited comparable data, the economic indicators of real estate sectors are hard to compare between different countries. This paper aims to explore the quantitative interdependence amongst the real estate sector and other industries in developed economies using input-output analysis, and to investigate their significant linkages. Based on the recently published Organisation for Economic Co-operation and Development (OECD) input-output database at constant prices, the analysis focuses on the real estate’s escalating role in terms of shares in gross output, value added and gross national product. With emphasis on the relative role of manufacturing, construction and services inputs, this paper also highlights the strengths of the push and pull of the real estate sector.

Keywords
economic indicator, input-output analysis, national economy, OECD, real estate sector

INTRODUCTION

The real estate capital stock has formed a significant portion of the national wealth in most developed economies. According to Washington Research Council (2001), the real estate stock represents over 40% of Americans’ wealth, and 54.9% of total world wealth. On the other hand, the real estate service refers to the flow of services yielded during any period of time by real estate stock and also plays an important role in the entire economy as well as the growing influence in real estate capital stock (Tse, 1994). Improved country studies are needed in order to gain a better comprehension of the specificities of the real estate service and its role in economic development. The input-output analysis focuses on how inter-sector trading influences the overall demand for labour and capital within an economy (Leontief, 1966). By displaying all flows of goods and services within an economy, the input-output technology may describe the relationship between the real estate service sector and other industries, and reflect the importance of the real estate sector in the national economy.

Using an input-output approach, the role of the construction industry in national economies has been explored by several writers (e.g. Bon, 2000; Liu et al, 2003; Lopes, 2003). Bon (2000) focused on the research of input and output via applying the theory to the construction sector from the 1970s. More recently, Pietroforte and Gregori (2003) performed an input-