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A SAM (Social Accounting Matrix) - Based Approach for the Study of the Real Estate Market

Susana Santos

A matrix representation of the National Accounts is used to approach the economic activity of a country, with emphasis on real estate activities and services.

By adopting the nomenclatures and rules of the System of National Accounts, this study simultaneously researches production and institutions, using a top-down methodology. In the case of production, factors (of production), activities, and products are identified - with real estate activities being classified as part of activities, and real estate services being classified as part of products. In turn, institutions under study are financial and non-financial corporations, general government, households, and non-profit institutions serving households, to which are associated current, capital and financial accounts. The rest of the world account completes the representation of the economic activity of a country.

Taking advantage of both the matrix representation and the underlying network of linkages, from which multiplier effects can be captured, two versions of the matrix representation are considered to measure and model the activity of a country. A numerical version provides an empirical description of the reality under study, with an emphasis in this case on real estate activities and services. In addition, an algebraic version (or model) provides a theoretical description of the same reality and enables the construction of scenarios resulting from experiments of changes on specific aspects of this reality, with taxation on real estate activities and services being used for the study.

This study shows how more or less complex networks of the linkages of the flows measured by the National Accounts, organised in a SAM, can influence our knowledge of the importance of real estate activities and services, as well as the effects of changes in net taxes on the same for the economy as a whole.

The methodology proposed for this study is accompanied by an application to Portugal.