

The Economic Importance of Housing Sector in Tehran Province- Extraction Method Approach

Topic: Country case studies

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Tehran is the most important province of economic activities in Iran. More than one fourth of economic activities are located in Tehran province. There is the fact that financial resources are limited and huge investment are required in different economic sectors, policy makers and regional planners are looking for activities those can bring more growth or create more jobs. According to many studies housing sector is one of the main sectors, this paper study the relative importance of this sector. We apply Hypothetical Extraction Method (HEM). To do so, regional input-output table for Tehran is required. We used Tehran input-output table 2001 which has been provided by Bazzazan et. al (2007). Table has been aggregated into 18 main economic sectors of the province in which construction sector is considered separately.

The results demonstrate that housing sector cannot be deemed as the main key sector of the province, since the main productive portion of this sector has been absorbed by the final demand and has been excluded from the production cycle. As a result, the housing sector has a relatively low importance compared to other economic sectors of the province. The amount of reduction in total economic taken amounts of the province is very trivial in comparison with the past circumstances (less than one percent).

Keywords: Housing, Hypothetical Extraction Methods, key sector, inter-sectoral linkages, regional Input-Output table.