



Schaap Center Economic Impact Assessment

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Recipient:

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Subject: Economic Impact Analysis of the Schaap Center Construction Project

Executive Summary:

This report offers an analytical evaluation of the potential economic impact related to the construction of the Schaap Center. Following meticulous investigation, the findings highlight the profound economic influence of the project, emphasizing its vital role in driving regional growth and prosperity.

Context and Purpose:

In today's evolving socio-economic landscape, the construction and development of community-centric infrastructure, such as the Schaap Center, play a pivotal role in stimulating local economies and fostering societal enrichment. The proposed construction project holds promise not merely as a structural edifice but as a catalyst for economic rejuvenation. Recognizing the multifaceted importance of such undertakings, it becomes imperative to quantify their potential impact comprehensively.

This report is commissioned to provide stakeholders, policymakers, and the community at large with a detailed insight into the economic repercussions of the Schaap Center's construction. Our intention is not only to present data but to interpret it in a way that reveals the broader economic narrative — how will the investment translate into jobs, how will it cascade through related industries, and what is the potential multiplier effect on the regional economy?

Pursuant to your request, my team has performed extensive research to determine the economic impact of the construction of the Schaap Center. I am pleased to present the results of our research, and after seeing the data, am even more honored to be delivering such a wonderful project, that clearly will impact the lives of hundreds of people throughout our region.

Methodology:

To ensure precision, our team employed a multi-pronged approach:

- **Primary Analysis:** Leveraged the Associated General Contractors (AGC) Construction Impact Model, co-developed with Brian Lewandowski, Executive Director of the Business Research Division, University of Colorado Boulder.
- **Secondary Verification:** Utilized established models such as the Economic Policy Institute Employment Multipliers and the BEA RIMS II multipliers.



- Ground-truthing: Conducted subcontractor and vendor surveys to corroborate theoretical data with practical, on-ground metrics.

Framework of the Economic Impact Analysis:

Economic benefits refer to dollars generated and distributed throughout the economy. Benefits may be derived from a change in business activity, policy, government spending, or other activity. This model estimates the economic benefits from infrastructure spending using the IMPLAN input-output model. Results are disseminated in terms of direct, indirect, and induced impacts on employment, labor income, employee compensation, value added, and output. Note that this model only examines the economic benefits—but economic costs, which derive in large part from the sources of funding for infrastructure (e.g., taxes, personal income, prices, etc.), should also be included in the calculus of net economic impacts.

The sources of impacts that sum to economic benefits cover construction and operating expenditures, including the off-site spending by employees and the spending on goods and services within the supply chain. This model estimates in-state impacts only. The total impact on the state's economy and employment varies with the mix of goods and services required for a given project type and the mix of industries that exist in-state to supply those inputs.

The multiplier effect of spending within the supply chain, or the indirect impact, estimates the indirect employment and earnings generated in the study area due to the interindustry relationships between the facility and other industries. As an example, consider a construction company. The company employs architects, engineers, skilled construction workers, accountants, sales, and other staff for its direct construction operations. In addition, the company spends on goods and services to support its construction operations, leading to auxiliary jobs in the community in transportation, manufacturing, utilities, retail goods, and so on—the indirect impact. Furthermore, employees spend earnings on goods and services in the community, leading to jobs in retail, accounting, entertainment, and so on—the induced impact. Multipliers are static and do not account for major disruptions in the economy.

Key Definitions:

- **Employment:** Full-time and part-time jobs.
- **Job Years:** Cumulative number of full-time and part-time jobs (jobs x years).
- **Employee Compensation:** Salary and wages, benefits (healthcare, dental, sick, retirement), and payroll taxes.
- **Labor Income:** Total compensation of employees and sole proprietors' profits.
- **Value Added:** Total sales excluding purchased inputs from other industries (to avoid double-counting).
- **Gross Output:** The total value of production (i.e., sales).
- **Direct Impact:** Initial economic activity (e.g., sales, expenditures, employment, production, etc.) by a company or industry.
- **Indirect Impact:** The upstream economic activity impacted by purchases along a company or industry supply chain.
- **Induced Impact:** Economic activity derived from households spending their earnings on goods and services in the economy.



Results:

Impact Type	Employment (Job Years)	Employee Compensation	Labor Income	Value Added	Gross Output
Direct Effect	420	\$19,329,182	\$27,243,655	\$28,043,870	\$53,000,000
Indirect Effect	78	\$5,283,936	\$6,003,656	\$9,584,384	\$18,509,251
Induced Effect	166	\$8,403,883	\$9,373,387	\$16,400,774	\$29,037,396
Total Effect	665	\$33,017,000	\$42,620,698	\$54,029,028	\$100,546,647
<i>Average Per Year</i>	<i>332</i>	<i>\$16,508,500</i>	<i>\$21,310,349</i>	<i>\$27,014,514</i>	<i>\$50,273,324</i>

Sales (Total Output): Top 10 Industries Impacted		\$
1	Construction of new commercial structures, including farm structures	\$53,000,000
2	Owner-occupied dwellings	\$3,510,667
3	Other estate	\$2,166,693
4	Hospitals	\$2,102,934
5	Wholesale - Other durable goods merchant wholesalers	\$1,853,357
6	Truck transportation	\$1,432,484
7	Insurance carriers, except direct life	\$1,400,737
8	Management of companies and enterprises	\$1,047,863
9	Architectural, engineering, and related services	\$966,879
10	Monetary authorities and depository credit intermediation	\$905,028

Based on the presented data, it can be discerned that the development is projected to have a comprehensive economic effect amounting to **\$100,546,647**. Over the span of the project's two-year construction phase, it is anticipated to generate **665 job opportunities**. Notably, this economic influence is poised to bolster various local sectors, including housing, retail, medical institutions, among others.

Validation:

To fortify the primary analysis:

- The Economic Policy Institute model forecasts **826.8 Jobs (291 direct, 535 indirect)**.
- The BEA RIMS II model posits **597 jobs (389 direct, 208 indirect) with a \$106mm economic effect**.
- Direct vendor surveys estimate **398 direct jobs**.

Conclusion:

The construction of the Schaap Center is positioned to be a significant economic stimulant, as evidenced by our comprehensive analysis. The ripple effects of such a project, as elucidated by



the data, are substantial, offering not only direct employment prospects but also invigorating several ancillary industries, thereby amplifying its economic significance.

Limitations and Future Considerations:

It's imperative to note that the scope of this report exclusively encompasses the economic impact derived from the **construction phase** of the Schaap Center. The ongoing operations post-construction, which could include employment for facility management, event management, and other related roles, plus the potential indirect and induced impacts from continued operations and activities, are beyond the purview of this assessment. A separate, comprehensive analysis would be required to quantify the sustained economic influence of the Schaap Center's operational phase.

In summary, while the construction phase offers a pronounced immediate economic boost, the long-term operational phase might present further opportunities for local economic growth and development. Future studies addressing this dimension could offer a more rounded perspective on the center's holistic contribution to the region's socio-economic fabric.

Best Regards,

A handwritten signature in black ink, appearing to read "Kyle Knoll".

Kyle Knoll
Vice President