

**THE ECONOMIC IMPACT OF SELECTED PROJECTS
IN THE “NEWTOWN MACON” INITIATIVE**

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Executive Summary

NewTown Macon has set upon an aggressive agenda aimed at promoting the historical beauty and reputation of Macon. Through a host of initiatives, it has set out a cohesive plan that combines the many facets of Macon’s current infrastructure, tourism, and old town charm with a modern agenda of growth.

The total initial economic impact of the quantifiable NewTown initiatives is approximately \$149 million for Bibb County and near \$200 million for the Macon region*. These activities will create over 1,900 jobs (1229 direct, 346 indirect, 345 induced) in Bibb County and over 2,750 (1472 direct, 416 indirect, 881 induced) jobs in the Macon region. Among the largest indirect beneficiaries in Bibb County are banking (2.8M), architectural/engineering (9M), power generating (2.1M), and real estate (4.7M) firms.

These estimates reflect initial impacts in that they represent the single-time effects of activities such as construction and renovation. Many of the projects undertaken by NewTown Macon will have a sustained impact in that they also provide a stream of reoccurring benefits to the community. For example, the renovation of a vacant building into a retail facility will have both an initial impact associated with the renovation spending and the first year of retail activity as well as a reoccurring impact in the form of annual retail sales. For some of these projects it was possible to estimate the recurring impact of these projects. However, for other projects, there is insufficient information to estimate those effects.

As in any study of economic impacts, there are aspects of the NewTown initiative that cannot be quantified or are not quantifiable at this point. For example, the NewTown initiative is unfolding simultaneously with the “Middle Georgia Diversification Strategy and Action Plan.” Although we expect the two to be synergistic, the total impact of the two cannot be measured since they are both currently being implemented.

Further, where reoccurring impacts are estimated, they are referenced on a per year basis. To fully value this stream of impacts, one would need information on the expected useful life of each project as well as the “social discount rate” at which future impacts are reduce to “current day” or “present” values.

Finally, it should be noted that these estimates of economic impacts are based on the assumption that all projects are fully funded. Obviously, if some projects are not funded, then the aggregate impacts would be reduced.

* Macon region defined as Bibb, Crawford, Houston, Jones, Monroe, Peach and Twiggs counties.

Introduction and Methodology

The Concept of Economic Impact

When economists speak of economic impact, they are considering how the spending associated with an institution, activity, or industry affects output and employment in a region. In addition to the initial (or direct) spending associated with an activity, there are also additional impacts that follow from the subsequent spending derived from the initial activity. These additional impacts are known as the “multiplier effects” of the initial spending.

In accounting for “multiplier effects” one is recognizing that additional spending that occurs in related industries and throughout the regional economy augments the initial spending associated with a new project. Because of these “multiplier effects,” the initial spending on a project understates the total economic impact of the project.

For example, if a manufacturing facility that employed 100 workers moves to a community, there would be additional spending and employment that would result in a final employment impact of well over the 100 workers. In most cases, these multiplier effects will cause a project to have a final impact of 50% to 150% more than just the initial spending and employment.

These multiplier effects include the indirect and induced effects. The indirect effects consist of the expenditures and employment gains that occur in industries that are related to that in which the original spending occurred. For example, if an automotive plant relocates to a city, it will purchase supplies, material and energy from businesses in the surrounding area. These added expenditures are an indirect impact of original expenditure.

Further, the relocation of the automobile plant will increase the employment in the surrounding area. These employees will spend much of their income in the local community. This spending, and the associate employment gains, is known as the induced effect of the initial spending. Together, the initial, indirect, and induced spending comprise the total economic impact.

To calculate the magnitude of these multipliers, one must have data regarding how the resources flow among industries in a region, as well as how consumers will spend their income. The former information is the basis for a common approach to estimating impact multipliers known as input-output analysis.

Input-output analysis is a quantitative economic technique that measure how much of the outputs of each industry are used as inputs in other industries. Through this approach, one can estimate how changes in the demand for products in one industry will affect economic activity across the industries in a regional economy.

Methodology

Economic impacts for each specific investment/initiative (for which quantitative information was provided) were calculated using multipliers derived through the regional input-output model with IMPLAN Professional 2.0 Social Accounting & Impact Analysis Software. Impacts were estimated using IMPLAN's Social Accounting Matrices type multipliers. These multipliers were based on the North American Industrial Classification System (NAICS) classification for business. The NAICS classification replaced the SIC classification that was used in older economic impact studies.

The employment impact captures the change in total wage and salary employment and self-employment. It includes both full-time and part-time employment. Estimation of the employment effects draws upon county level data collected by the U.S. Department of Labor and the U.S. Department of Commerce.

The value-added component captures the increased output associated with converting materials and supplies into final products, and includes labor income, other property-type income and indirect business taxes. Labor income, which consists of employee compensation and proprietor's income, is also reported separately. The labor income impacts are of particular interest since they provide a basis for estimating the effects of the economic activity on income tax revenues.

For the NewTown initiative, impacts were derived for two core areas. First, we considered the impact directly on the immediate area, Bibb County. Realizing that the overall economic impact would be more heavily felt in a slightly wider geographic area, we measured impact for the Macon region. The Macon region is defined as Bibb, Crawford, Houston, Jones, Monroe, Peach, and Twiggs counties.

Data for this impact study were taken from a host of sources provided by Laura Makowski from the NewTown office. In contrast to the study performed by LDR International (March 2000), our study presents impact information on each individual component specified in these documents, rather than aggregating components into four main categories. This alternative approach has been taken for two reasons. First, our information is more detailed than that possessed by LDR since NewTown has progressed significantly since the time of LDR's study. Second, presentation of results prior to aggregation gives a deeper understanding of how NewTown's resources are being used and the benefits thereby derived. The totality of our findings can be found in the Summary of Results section below.

Other Considerations

Despite efforts to be comprehensive, all economic impact studies have shortcomings. All efforts have been made in this study to capture the impact of economic activities associated with each NewTown activity. However, numerous aspects of the initiatives provide benefits to the community not included in the analysis. Some examples of such benefits are listed below.

- (a) increased business in NewTown due to the trolley system.
- (b) benefits derived from NEW tourist visits.
- (c) increased sales due to Bragg Jam, First Friday, and First Night Macon.
- (d) benefits from the mostly qualitative 10-year plan.
- (e) benefits from the trans-loading and inland port initiatives.

In order to quantify the economic impact of the Trolley and tourism visits, we suggest that comprehensive surveys, targeted at measuring not only numbers of participants, but also spending habits and geographic residence be conducted. A similar study should be completed regarding Bragg Jam, First Friday, and First Night Macon.

In regards to the trans-loading and inland port initiatives, we note that simultaneity of the NewTown initiatives and the "Middle Georgia" initiatives do not allow for comprehensive results since success of trans-loading and the inland port project depend significantly on the success of the "Middle Georgia" initiative. Unfortunately, only a comprehensive study that engrosses both initiatives would make it possible to assess the impact of these initiatives. Nonetheless, although not quantifiable, the benefits of these activities should not be ignored.

Estimation of Individual Impacts

The following gives a written summary of the estimated total economic impacts of specific NewTown projects. These projects are categorized as in previous NewTown documents as (1) *Accomplishments* which identify initiatives already completed, (2) *Work In Progress*, which are initiatives for which funding has been committed, but not spent, and (3) *5-Year Plans*, for which plans have been made, but funding is either not secured or not detailed.

Phase 1: Accomplishments

This section examines the projected impacts of initiative portions that have already been achieved. These are the most measurable impacts as investments have been systematically documented.

Business Incentive Grants

NewTown Macon has used \$311,000 to entice private investment in downtown business. Examples include over 2.3M in private investment in facilities including Willow on 5th and TicToc. NewTown Macon has estimated that 151 jobs were added by new downtown business. Accounting for indirect and induced effects, the total economic impact (which includes spending to revitalize buildings as well as the spending generated by the business and customers) of the grant program is \$13.6M (200 jobs) for Bibb County and \$18.8M (264 jobs) for the Macon region. Beneficiaries of the indirect and induced impacts are the real estate and construction industries. Others that secure substantial indirect and induced gains from the grant program are the professional and medical industries.

Downtown Residential Living

There are currently 285 residential units in downtown. The Broadway Lofts represents a 9.2M investment by a private developer. Assuming that these lofts and apartments will generate rent similar to the current average of \$721/month and that the current 97% occupancy rate is in a steady state, yearly spending on loft/apartment rent will be \$2,979,315. Considering the multiplier effect, this results in a total economic impact (combined renovations and rent) for the first year of \$1.0M (21 jobs) in Bibb County and \$20.6M (215 jobs) in Macon region. The main beneficiaries of the indirect and induced impacts are real estate, architectural, and engineering firms.

In addition to the economic impact of renovations and rent in the first year, the ongoing rent expenditures will generate a recurring stream of economic benefit throughout the useful life of the structures. Using 2006 dollars, this impact would be \$3,071,369 (4 jobs) per year for Bibb County and \$3,554,834 (16 jobs) for the Macon region. However, the percentage of this rent that would be a “net contribution” to Bibb County or the Macon

region will depend on the percentage of renters that are drawn from outside each market area.

Ocmulgee Heritage Trail

As stated above, a complete analysis of the economic impact of the Trail depends on characteristics of the 75,000 visitors per year. The overall impact of the Trail on Bibb County and the Macon region depend on how many visitors come from outside of those areas. Without survey data to quantify those facts, the only assessment that can be made is for spending in the downtown/riverwalk area. Based on estimates by NewTown Macon that a typical visitor could spend \$10, visitors will spend \$750,000 per year. Combined with the multiplier effect this will produce a first yearly economic impact of \$1.0M (27 jobs) in Bibb County and \$1.5M (32 jobs) in the Macon region. The main beneficiary of the indirect and induced impacts is the real estate industry.

Capitol Theatre

A \$1.2M investment was made to renovate and reopen of the Capitol Theatre. The economic impact of this renovation on Bibb County and the Macon region was \$1.7M (22 jobs) and \$2.4M (32 jobs) respectively. The main beneficiary of the indirect and induced impacts is the food and drink industry.

The Capitol Theatre is projected to attract 30,000 patrons per year. Assuming a modest expenditure per patron of \$15, the ongoing operations will generate a recurring stream of economic benefit throughout the useful life of the project. Using 2006 dollars, this impact would be \$689,870 (16 jobs) per year for Bibb County and for \$842,498 (19 jobs) for the Macon region.

Tubman Museum

A 1.0 million investment of private funds was leveraged with an addition \$1.3 million in public funds for an expansion to the Tubman Museum. Construction related to the museum will generate a total economic of \$3.0 M (40 jobs) in Bibb County and \$4.0 M (56 jobs) in the Macon region. The main beneficiaries of the indirect and induced impacts are architectural, engineering, and food and beverage service firms.

Phase 2: Work In Progress

Terminal Station

It is planned to turn Terminal Station into office space and a drivers' license bureau occupying 89,250sf. There is an estimated total economic impact resulting from redevelopment in Bibb County of \$7.1M (74 jobs) and of \$11.4M (117 jobs) in the Macon region. These impacts are based on industry estimates of average construction costs for office space. The main beneficiaries of the indirect and induced impacts are real estate, telecommunications, and accounting firms.

Riverside Development Complex

Although a developer had been identified for the complex and planned to devote \$75M to a hotel/residential living/retail complex, NewTown has noted that the total investment may be reduced to 50% of the original plan with only 30% developed within the next five years. Assuming that the 30% is split between the initially planned commercial and residential endeavors, there is an estimated total economic impact of \$36.7M (489 jobs) for Bibb County and \$48.9M (682 jobs) for the Macon region. The main beneficiaries of the indirect and induced impacts are architectural, engineering, and power generating firms. Because the pace of development is uncertain, no figures regarding ongoing rental, occupancy, or sales expenditures were included in this impact.

Poplar Street Properties

The Poplar Street properties will be broken down into three components: 27,000sf for retail space, 35,000sf for residential development and 8350sf for a hotel. Collectively, the renovation, construction and first year retail and rent expenditures will result in a total economic impact of \$17.1M (189 jobs) for Bibb County and \$23.9M (379 jobs) for the Macon region. The main beneficiaries of the indirect and induced impacts are real estate and power generation and supply companies.

In addition to the economic impact of renovations and first year spending, the ongoing rent and sales expenditures will generate a yearly stream of economic benefit throughout the useful life of the structure. In 2006 dollars, this impact would be \$7,284,769 (98 jobs) in Bibb County and \$9,895,472 (174 jobs) in the Macon region.

Terrace and Chapman-Poe Apartments

The 6.5M construction investment in the Chapman-Poe apartments and rehabilitation of the Terrace apartments, combined with the first year rental on each (assuming \$550/month rent and 97% occupancy) generates a total economic impact of \$16.9M (219 jobs) in Bibb County and \$20.2M (277 jobs) in the Macon region. In addition, the ongoing annual stream of economic impact generated by the rental stream, over the useful life of the structures, will be \$686,445 (1 job) in Bibb County and of \$794,423 (4

jobs) in the Macon region. However, the percentage of this rent that would be a “net contribution” to Bibb County or the Macon region will depend on the percentage of renters that are drawn from outside each market area.

Phase 3: The 5-Year Plan

Silvers Building

The Silvers building requires a \$1.8M investment and will deliver 12,000sf of office space and 18 apartments. As previously, assuming that apartments rent for \$721 and 97% occupancy rate, the total economic benefit from rehabilitation of space and first year rent is \$5.0M (52 jobs) in Bibb County and \$6.0M (52 jobs) in the Macon region. In addition, the annual rent, in 2006 dollars, will generate a stream of economic impact each year of \$1,392,940 (2 jobs) in Bibb County and \$1,612,051 (7 jobs).

Danenburg Apartments

The Danenburg apartments require a 6.5M investment that will result in 60 units. Following the methodology above, we assume that the average unit will produce \$721 (in 2006 dollars) per month and that there will be 97% occupancy. The total economic impact from construction and first year’s rent will be \$10.0M (123 jobs) in Bibb County and \$13.2M (174 jobs) in the Macon region. The main beneficiaries of the indirect and induced impacts are the architectural, engineering, and real estate industries.

In addition to the economic impact of renovations and rent in the first year, the ongoing rent expenditures will generate a recurring stream of economic benefit throughout the useful life of the structures. Using 2006 dollars, this impact would be \$519,193 (1 job) per year for Bibb County and \$600,817 (3 jobs) for the Macon region. However, the percentage of this rent that would be a “net contribution” to Bibb County or the Macon region will depend on the percentage of renters that are drawn from outside each market area.

Cherry Street Parking Facility

The \$3.0 million investment for the 275 unit capacity parking deck with 5,000sf of retail shopping at the site will generate \$4.7M (75 jobs) economic impact for Bibb County and \$6.4M (104 jobs) for the Macon region. This impact reflects the spending associated with construction of the project. The main beneficiaries of the indirect and induced impacts are architectural and engineering firms.

Downtown Improvements

\$3.6 million has been earmarked for improvements downtown including upgrades to streetscapes, alleyways and facades, creation of trails and “greenspaces.” When combined with the \$340,000 slated for facade improvement and the \$275,000 slated for Mulberry Street improvements, the economic impact of these expenditures is \$6.4M (99

jobs) for Bibb County and \$8.6M (138 jobs) for the Macon region. The main beneficiaries of the indirect and induced impacts are architectural, engineering, and power generating firms.

Water Works

The \$5.3M committed and \$1.8M potential in matching funds earmarked for transition of the Water Works into a vibrant park should generate a total economic impact of \$9.4M (150 jobs) for Bibb County and \$12.7M (209 jobs) for the Macon region. While we cannot provide a quantitative estimate the impact of increased tourism at this time, we note that any increased tourism resulting from the water park will also increase the economic impact of this project. The main beneficiaries of the indirect and induced impacts are architectural and engineering firms.

APPENDIX A:

ECONOMIC IMPACTS FOR BIBB COUNTY (ACCOMPLISHMENTS)

INITIATIVE	INITIAL SPENDING (IN 2006 \$)	EMPLOYMENT IMPACT (JOBS CREATED)	LABOR INCOME IMPACT (IN 2006 \$)	VALUE-ADDED IMPACT (IN 2006 \$)	TOTAL OUTPUT IMPACT (IN 2006 \$)
BUSINESS INCENTIVE GRANTS	\$1,400,000	200	\$4,558,255	\$8,120,568	\$13,585,437
DOWNTOWN RESIDENTIAL LIVING	\$9,200,000	145	\$4,370,577	\$5,351,002	\$15,700,099
OCMULGEE HERITAGE TRAIL		27	\$445,083	\$659,023	\$1,028,659
CAPITOL THEATRE	\$1,200,000	38	\$989,558	\$1,156,212	\$2,438,063
TUBMAN MUSEUM	\$2,000,000	40	\$1,282,036	\$1,442,204	\$3,038,586
TOTALS	\$13,800,000	450	\$11,645,507	\$16,729,009	\$35,786,854

Summary and Conclusion

NewTown Macon has provided an aggressive agenda aimed at promoting the historical beauty and reputation of Macon. The analysis reported herein, estimates that the total initial economic impact of the quantifiable NewTown initiatives is approximately \$149 million for Bibb County and near \$200 million for Macon region. These activities will create over 1,900 jobs in Bibb County and over 2,750 jobs in Macon region. Among the largest indirect beneficiaries of the NewTown initiatives are the architectural, engineering, and real estate industries.

These estimates reflect initial impacts in that they represent the single-time effects of activities such as construction and renovation. However, many of the projects undertaken by NewTown Macon will have a sustained impact in that they also provide a stream of reoccurring benefits to the community.

As in any study of economic impacts, there are aspects of the NewTown initiative that can be quantified or are not quantifiable at this point. Further, it is acknowledged that the final impact of NewTown Macon activities on Bibb County and the Macon region will also depend on the degree to which expenditures in these market areas are incremental as opposed to merely substituting for spending that would have occurred in other locations within the market. While some offset should be considered for any economic project, it is likely much of the spending on NewTown Macon projects will be incremental and thus add to the economic vitality of the region.

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IMPLAN Pro (version 2.0) User Guide. MIG Inc.

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National Retail Federation, www.nrf.com.

U.S. Census Bureau, www.census.gov.

APPENDIX B:

ECONOMIC IMPACTS FOR BIBB COUNTY (WORK IN PROGRESS)

INITIATIVE	INITIAL SPENDING (IN 2006 \$)	EMPLOYMENT IMPACT (JOBS CREATED)	LABOR INCOME IMPACT (IN 2006 \$)	VALUE-ADDED IMPACT (IN 2006 \$)	TOTAL OUTPUT IMPACT (IN 2006 \$)
TERMINAL STATION	\$3,000,000	74	\$2,153,601	\$5,256,928	\$7,099,499
RIVERSIDE DEVELOPMENT	\$22,500,000	489	\$15,041,881	\$17,730,853	\$36,674,953
POPLAR STREET PROPERTIES	\$1,100,000	189	\$7,064,619	\$8,705,844	\$17,104,031
CHAPMAN-POE & TERRACE APTS.	\$6,500,000	219	\$6,977,471	\$7,932,000	\$16,907,333
TOTALS	\$33,100,000	971	\$31,237,572	\$39,625,623	\$77,786,816

APPENDIX C:

ECONOMIC IMPACTS FOR BIBB COUNTY (5-YEAR PLAN)

INITIATIVE	INITIAL SPENDING (IN 2006 \$)	EMPLOYMENT IMPACT (JOBS CREATED)	LABOR INCOME IMPACT (IN 2006 \$)	VALUE-ADDED IMPACT (IN 2006 \$)	TOTAL OUTPUT IMPACT (IN 2006 \$)
SILVERS BUILDING	\$1,800,000	52	\$1,633,786	\$1,888,648	\$5,050,327
DANENBURG APTS	\$6,500,000	123	\$3,884,509	\$4,437,372	\$9,976,095
CHEERY STREET PARKING FACILITY	\$3,000,000	75	\$2,446,175	\$2,635,458	\$4,727,697
DOWNTOWN IMPROVEMENTS	\$4,215,000	99	\$3,273,087	\$3,509,321	\$6,415,031
WATER WORKS	\$7,100,000	150	\$4,929,475	\$5,301,832	\$9,460,868
TOTALS	\$22,615,000	499	\$16,177,032	\$17,772,631	\$35,630,018

APPENDIX D:

ECONOMIC IMPACTS FOR MACON REGION (ACCOMPLISHMENTS)

INITIATIVE	INITIAL SPENDING (IN 2006 \$)	EMPLOYMENT IMPACT (JOBS CREATED)	LABOR INCOME IMPACT (IN 2006 \$)	VALUE-ADDED IMPACT (IN 2006 \$)	TOTAL OUTPUT IMPACT (IN 2006 \$)
BUSINESS INCENTIVE GRANTS	\$1,400,000	264	\$7,249,398	\$11,744,834	\$18,839,709
DOWNTOWN RESIDENTIAL LIVING	\$8,200,000	215	\$8,402,813	\$8,026,008	\$20,559,914
OCMULGEE HERITAGE TRAIL		32	\$700,274	\$996,133	\$1,513,788
CAPITOL THEATRE	\$1,200,000	51	\$1,376,499	\$1,642,954	\$3,244,857
TUBMAN MUSEUM	\$2,000,000	56	\$1,725,920	\$2,003,027	\$4,015,987
TOTALS	\$13,800,000	618	\$17,454,904	\$24,412,954	\$48,174,255

APPENDIX E:

ECONOMIC IMPACTS FOR MACON REGION (WORK IN PROGRESS)

INITIATIVE	INITIAL SPENDING (IN 2006 \$)	EMPLOYMENT IMPACT (JOBS CREATED)	LABOR INCOME IMPACT (IN 2006 \$)	VALUE-ADDED IMPACT (IN 2006 \$)	TOTAL OUTPUT IMPACT (IN 2006 \$)
TERMINAL STATION	\$3,000,000	117	\$4,091,095	\$8,152,019	\$11,353,590
RIVERSIDE DEVELOPMENT	\$22,500,000	682	\$20,810,924	\$24,834,878	\$48,939,639
POPLAR STREET PROPERTIES	\$1,100,000	379	\$10,045,369	\$12,542,284	\$24,887,840
CHAPMAN-POE & TERRACE APTS.	\$6,500,000	277	\$8,535,768	\$10,020,972	\$20,202,002
TOTALS	\$33,100,000	1,455	\$43,283,156	\$55,550,153	\$105,383,071

APPENDIX F:

ECONOMIC IMPACTS FOR MACON REGION (5-YEAR PLAN)

INITIATIVE	INITIAL SPENDING (IN 2006 \$)	EMPLOYMENT IMPACT (JOBS CREATED)	LABOR INCOME IMPACT (IN 2006 \$)	VALUE-ADDED IMPACT (IN 2006 \$)	TOTAL OUTPUT IMPACT (IN 2006 \$)
SILVERS BUILDING	\$1,800,000	70	\$2,149,916	\$2,575,527	\$6,014,678
DANENBURG APTS	\$6,500,000	174	\$5,321,410	\$6,283,981	\$13,212,781
CHEERY STREET PARKING FACILITY	\$3,000,000	104	\$3,258,082	\$3,635,921	\$6,357,235
DOWNTOWN IMPROVEMENTS	\$4,215,000	138	\$4,321,958	\$4,851,448	\$8,620,296
WATER WORKS	\$7,100,000	209	\$6,561,248	\$7,310,348	\$12,724,277
TOTALS	\$22,615,000	695	\$21,612,614	\$24,637,225	\$46,929,265