

Economic Impact Studies

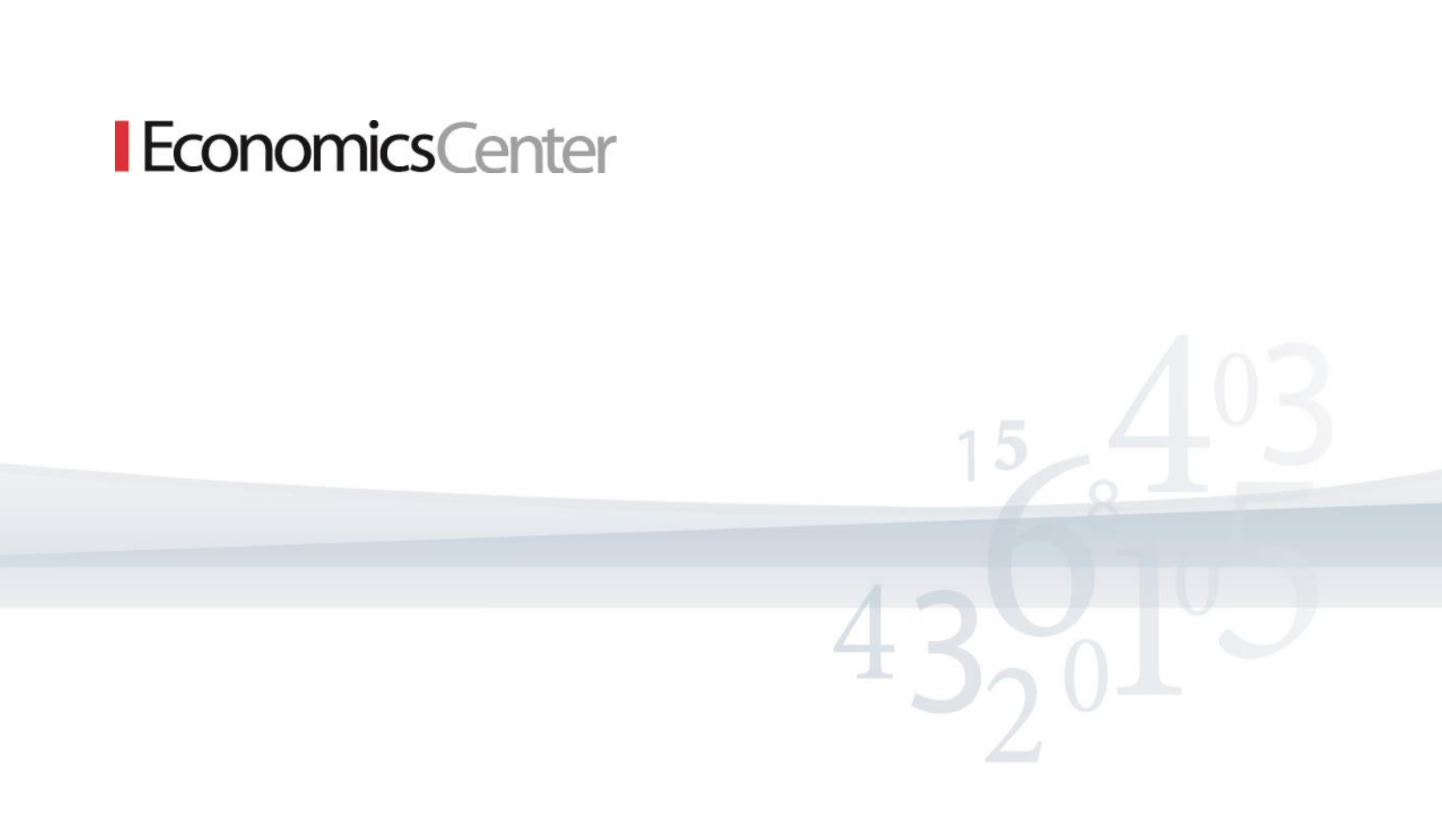


THE BANKS INTERMODAL TRANSIT FACILITY

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BUILD GRANT SUBMISSION OF JULY 19, 2018

2014 Economic Impact of GE Shared Services Center



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The Impact of GE's U.S. Shared Services Center at The Banks Cincinnati, Ohio

Prepared for

Hamilton County and the City of Cincinnati

Prepared by the

Economics Center

June 2014

INTRODUCTION

The decision by General Electric (GE) to locate its new U.S. Shared Services Center at The Banks, in Cincinnati, Hamilton County, Ohio, will spread economic benefits throughout the region, particularly in Hamilton County and the City of Cincinnati. The Economics Center has produced this brief analysis to assess and describe the magnitude of these benefits.

In 2012, the Economics Center reported on the economic impact that The Banks project was generating for the County and the City. The final section of that report noted that future phases of development would “contribute further to Cincinnati and Hamilton County’s economy.” This project will significantly enhance Cincinnati’s riverfront redevelopment and its economic impact.

Project Description

According to information provided for this analysis, GE will invest approximately \$90.3 million in their new offices at The Banks, with development anticipated to begin in the Fall of 2014, with occupancy taking place in spring or summer of 2016. The projected timeline for employment at the Shared Services Center will actually start in 2014, as GE begins to build its team in leased space in downtown Cincinnati.

Salaries for workers in the U.S. Shared Services Center will be at levels comparable to similar local professional business services firms. The following table shows the year-by-year projected employment levels for GE’s Cincinnati operations, as provided by company representatives.

GE's Projected Employment at The Banks		
	New to City of Cincinnati	New to Hamilton County
2014	100	90
2015	700	690
2016	1,400	1,375
2017	1,800	1,700

Published reports indicate that approximately 1,700 new jobs for the region will come from a combination of new hires and the consolidation of operations from across the country. States other than Ohio where GE currently has large numbers of employees include California, Texas, New York, and Connecticut.

Impact of Construction

The economic impact of spending \$90.3 million to construct GE's new offices will be concentrated in Cincinnati, which will receive nearly \$134 million in total economic activity. Additional spending that occurs in other portions of Hamilton County brings the County's total impact to almost \$157 million.

As shown in the table below, there will be an estimated 371 jobs directly associated with this construction project, as well as more than 200 indirect jobs in Cincinnati and another 100 elsewhere in the County. The total employment impact will be 676 jobs, averaging 12 months in duration, with total earnings of more than \$31 million.

Construction Impacts, 2014-2016			
	City of Cincinnati	Remainder of Hamilton County	Hamilton County Total
Direct			
Jobs	371		371
Earnings	\$18,562,000		\$18,562,000
All Spending	\$90,300,000		\$90,300,000
Indirect			
Jobs	207	98	305
Earnings	\$8,035,000	\$4,486,000	\$12,521,000
All Spending	\$43,651,000	\$22,610,000	\$66,261,000
Total			
Jobs	578	98	676
Earnings	\$26,597,000	\$4,486,000	\$31,083,000
All Spending	\$133,951,000	\$22,610,000	\$156,561,000

Impact of Operations

While the precise composition of GE's U.S. Shared Services Center is still being refined at this point, the potential business occupations are characteristic of similar management operations, and it is assumed to be typical of such business enterprises. Positions in information technology, finance, including procurement and accounting, business support operations, supply chain management, and human resources are all expected to be part of this Shared Services Center.

In this analysis, GE's Shared Services Center is assumed to reach the employment levels cited above by the end of each calendar year. Therefore, average employment in 2017 is 1,600 jobs, and full target employment of 1,800 is reached in 2018. For modeling purposes, this analysis also assumes a 2.48% annual wage increase, so the average salary in 2018, taking into account entry-level positions through executive leadership, is just under \$81,000. The tables on the following page display the economic impact of operations for both 2017 and 2018.

Operations Impacts, 2017			
	City of Cincinnati	Remainder of Hamilton County	Hamilton County Total ¹
Direct			
Jobs	1,800		1,700
Earnings	\$126,400,000		\$121,463,000
All Spending	\$514,550,000		\$494,450,000
Indirect			
Jobs	1,418	443	1,961
Earnings	\$61,256,000	\$19,510,000	\$85,703,000
All Spending	\$271,477,000	\$81,662,000	\$373,239,000
Total			
Jobs	3,218	443	3,661
Earnings	\$187,656,000	\$19,510,000	\$207,166,000
All Spending	\$786,027,000	\$81,662,000	\$867,689,000

Because the *average* employment level in 2017 is 1,600, the total impacts are not yet at their full levels. By 2018, the first complete year at full employment, the annual impact of GE's operations will exceed \$1 billion in Hamilton County, including over \$900 million in the City of Cincinnati.

The employment impact for Hamilton County is 4,237 jobs with earnings of nearly \$239 million, of which 3,710 jobs and \$216 million in earnings will be located in the City.¹

Operations Impacts, 2018			
	City of Cincinnati	Remainder of Hamilton County	Hamilton County Total ¹
Direct			
Jobs	1,800		1,700
Earnings	\$145,728,000		\$137,632,000
All Spending	\$593,231,000		\$560,274,000
Indirect			
Jobs	1,910	527	2,537
Earnings	\$70,623,000	\$22,494,000	\$101,213,000
All Spending	\$312,989,000	\$94,149,000	\$440,095,000
Total			
Jobs	3,710	527	4,237
Earnings	\$216,351,000	\$22,494,000	\$238,845,000
All Spending	\$906,220,000	\$94,149,000	\$1,000,369,000

¹ The differences in direct impacts between the City and the County are due to a limited number of existing jobs in the County being relocated to The Banks.

Other Economic Impacts

This report focuses on the economic impacts of GE's new facility on Hamilton County and the City of Cincinnati. Because of the limited scope of this analysis, other economic impacts are not quantified here, but there are additional important benefits to the broader Cincinnati USA region that should be noted. These include:

- **Residential Development:** According to a June 2014 analysis by the National Association of Realtors, there is "a strong relationship between new jobs and an increase in demand for housing," with one new residential unit constructed for every one and a half new jobs. The residential market for both new and existing homes is likely to see increased demand, especially in "hot" areas throughout the metropolitan area.
- **Higher Education:** Colleges and universities with programs that produce graduates qualified for in a range of business and IT occupations, particularly those with state-of-the-art technical skills, will benefit from the GE's anticipated hiring of people to fill 300 new positions. In addition, the operations center is likely to offer co-op and internship opportunities and additional demand for new employees as a result of natural turnover.
- **Skilled Workforce:** Other employers throughout the region will benefit from the immigration of talented, well-educated spouses and partners of the GE workers who will be transferred to Cincinnati from other parts of the country.

Notes about Fiscal Impacts

Given the large amount of economic activity described above, substantial tax revenues are anticipated for state and local governments. When major employers make substantial, long-term commitments to new business locations, communities frequently provide financial incentives as a part of economic development negotiations.

Based on information provided to the Economics Center, limited observations can be made about these four categories of local government revenues:

- **Property taxes:** Although a real estate tax exemption may be granted on the value of the building improvements made to The Banks location, this exemption will not apply to the portion of property taxes allocated to Cincinnati Public Schools, which will directly benefit from the capital investment. In addition, the indirect impact of GE's operations is likely to prompt major vendors to make new real estate investments that will, in turn, produce new property tax revenue.
- **Income taxes:** Between payroll taxes and corporate profits taxes, GE will potentially make considerable income tax payments to the City of Cincinnati. Although the City may grant GE a job creation tax credit in the form of a credit against these payments, it is likely that GE will still produce substantial new tax revenue for the City – an amount equal to the balance of the

employee payroll taxes plus the tax on corporate net profits from the Operations Center. In addition, GE's indirect impact on wages earned by Cincinnati employees is projected to produce more than a million dollars annually in income tax revenue.

- **Sales taxes:** Although consumer spending will take place throughout the region, a large share of it will occur in Hamilton County. Based on the total earnings impact of nearly \$239 million in 2018, the County can anticipate a consequent increase of \$475,000 in sales tax revenue.
- **Hamilton County parking revenue:** The County's parking operations in and adjacent to The Banks are currently about 60 percent leased on a monthly basis, indicating that the addition of 1,800 jobs has the potential to generate additional parking revenue for the County. Over the first 15 years of GE's presence at The Banks, this is expected to produce an average of more than \$1.78 million annually in new parking revenue.

Conclusion

The new GE U.S. Shared Services Center will have a major impact on Hamilton County and the City of Cincinnati. Construction will produce an immediate boost of 676 jobs and almost \$157 million. Once the Shared Services Center reaches full employment, its economic impact will exceed \$1 billion for Hamilton County, of which over \$900 million will occur within the City of Cincinnati.

The 1,800 jobs located in the Operations Center will be part of a larger employment impact totaling 4,237 jobs with earnings of nearly \$239 million in the County, of which 3,710 jobs and \$216 million in earnings will be located in the City.

In addition, there will be other positive economic impacts throughout the region and a range of local government revenues, particularly for Hamilton County, the City of Cincinnati, and Cincinnati Public Schools.

Methodological Note

To measure the impact of GE's U.S. Shared Services Center on Hamilton County and the City of Cincinnati, the Economics Center relied extensively on its previous analysis of the economic impact of The Banks and on information regarding capital expenditures and anticipated jobs that was supplied to the City and County through GE and the Master Developer. This information provided the basis for calculating the economic impact of operations and capital investment.

Expenditures for wages and salaries and for goods and services represent the GE's direct impact on the local economy, but it also has indirect impacts. Local businesses that supply products for construction and operations also purchase local goods and services to produce their products. These local expenditures – by suppliers and by employees who spend their wages – are termed indirect impacts. They are measured through an economic model (RIMS II) developed by the U.S. Department of Commerce. The use of this model is based on the expectation that business enterprises in the same industry and in the same region have similar purchasing patterns.

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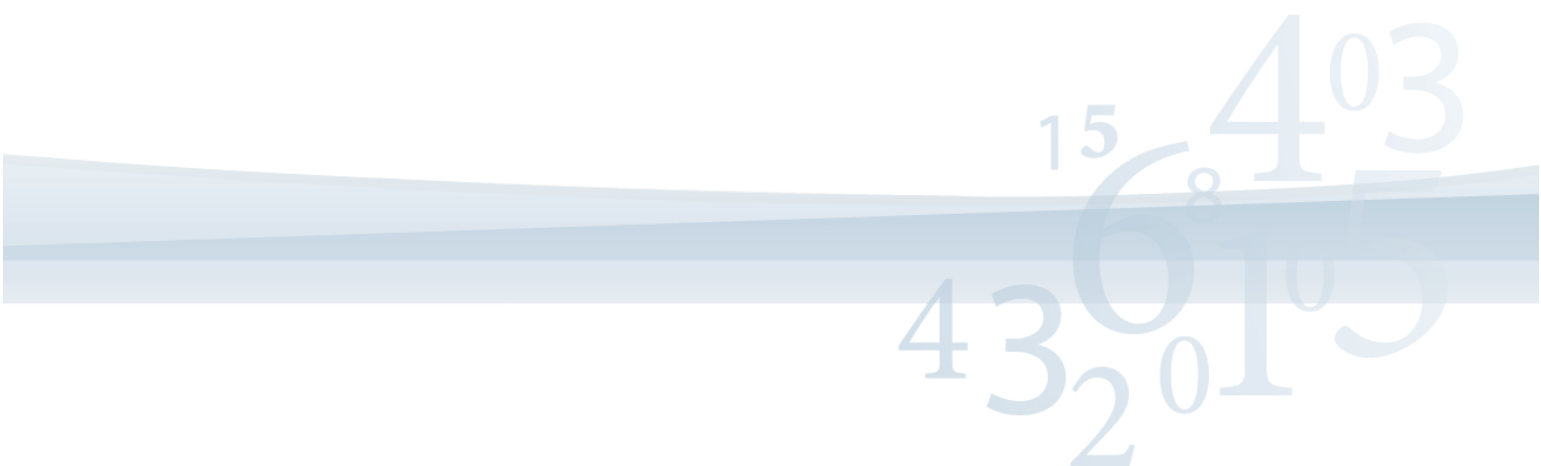
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About the Economics Center

The Research and Consulting division of the Economics Center provides the knowledge building blocks that help clients make better policy and economic development decisions. Our dynamic approach and critical data analysis empower leaders to respond to changing economic conditions, strengthen local economies and improve the quality of life for their communities.

The 2012 Banks Economic Impact Study





Economic Impact of The Banks Project In the Redevelopment of the Cincinnati Central Riverfront

Prepared for

Carter USA

Prepared by the

Economics Center
of the
University of Cincinnati

May 2012

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Economic Impact of The Banks Project

Introduction/Study Purpose

The purpose of this study is to measure the overall economic impact of The Banks development as it affects the City of Cincinnati and Hamilton County. This project has had a significant impact on the area due to the massive construction that has taken place. The ongoing impact of the operation of the businesses and residential establishments will have an even greater effect. This study also recognizes the important influence of previous efforts that included design, development, and construction along Cincinnati's riverfront. The Banks project is being developed in the context of the overall redevelopment of the riverfront, which has included two new sports stadium, a museum, restaurants, and major transportation improvements.

The Banks project commenced in April 2008 and will be completed in multiple phases. This report estimates the economic impact of Phase 1 and focuses on the economic impacts that occurred from 2008 through 2012 and the impact of the ongoing business and residential operations that will result from these development efforts. This study does *not* measure the economic impact stemming from previous and important riverfront enhancement projects, such as the Great American Ballpark, Fort Washington Way, or Paul Brown Stadium.



CINCINNATI CENTRAL RIVERFRONT - 1997

As more fully described below, The Banks project, including City, County, and Developer's investments, has yielded a \$556 million construction impact on Hamilton County's economy. The ongoing operations of these improvements will generate an additional economic impact of \$276 million on an annual basis.



I. Redevelopment of Cincinnati's Central Riverfront

The Banks project is occurring in the context of a major urban redevelopment effort that was initiated in 1998 by the City of Cincinnati and Hamilton County. Working through a public-private partnership conceived by the County and the City, The Banks is leveraging public dollars to achieve a \$2.5 billion total public-private investment that will transform the urban riverfront of downtown Cincinnati into a vibrant and sustainable urban center. It is scheduled to be completed in multiple phases over a period of ten to twelve years.



CINCINNATI CENTRAL RIVERFRONT - 2008

From 1998 through 2004, Hamilton County and the City of Cincinnati invested approximately \$1.3 billion in the redevelopment of Cincinnati's Central Riverfront. Projects completed included the re-alignment of Fort Washington Way, Paul Brown Stadium Complex, the Great American Ball Park, the National Underground Railroad Freedom Center and the Cincinnati Reds Hall of Fame. The City, County, State of Ohio and the Federal government invested in transportation-related improvements designed to

establish an integrated multi-modal transportation system serving the multi-state region.

In 2007, the City and County committed to complete additional public improvements, including additional segments of the Central Riverfront Intermodal Transit Facility (a two level parking facility extending over seven city blocks), a new two-way street grid network, utilities, and a new 40 acre Smale Riverfront Park. This additional investment is estimated to be approximately \$400 million and will be constructed concurrently in phases with the anticipated private improvements described in this report. These public improvements serve multiple purposes. They provide a foundation for The Banks project fostering adjacent development of both riverfront and downtown office, residential and retail space.



COMPLETED PHASES OF BANKS INTERMODAL TRANSIT FACILITY - 2012

To date, the City and the County, in conjunction with State and Federal funding agencies, have jointly invested \$127.7 million to complete the Intermodal Transit Facility, a new street grid and related infrastructure improvements. As a result of this investment, an additional 1,825 public parking spaces were added to the Intermodal Transit Facility, totaling over 8,600 parking spaces on the riverfront. The Intermodal

Transit Facility also serves as a platform for all of The Banks private commercial, retail and residential development. The new street grid includes the relocation of Mehring Way, a new Freedom Way from the Great American Ball Park to Paul Brown Stadium and an extension of Race Street. In addition, the City has invested \$30 million in the design and construction of Phase I of the Smale Riverfront Park, which also leveraged a private investment of approximately \$10 million in the design and construction of the Moerlein Lager House Restaurant located within the Smale Riverfront Park.

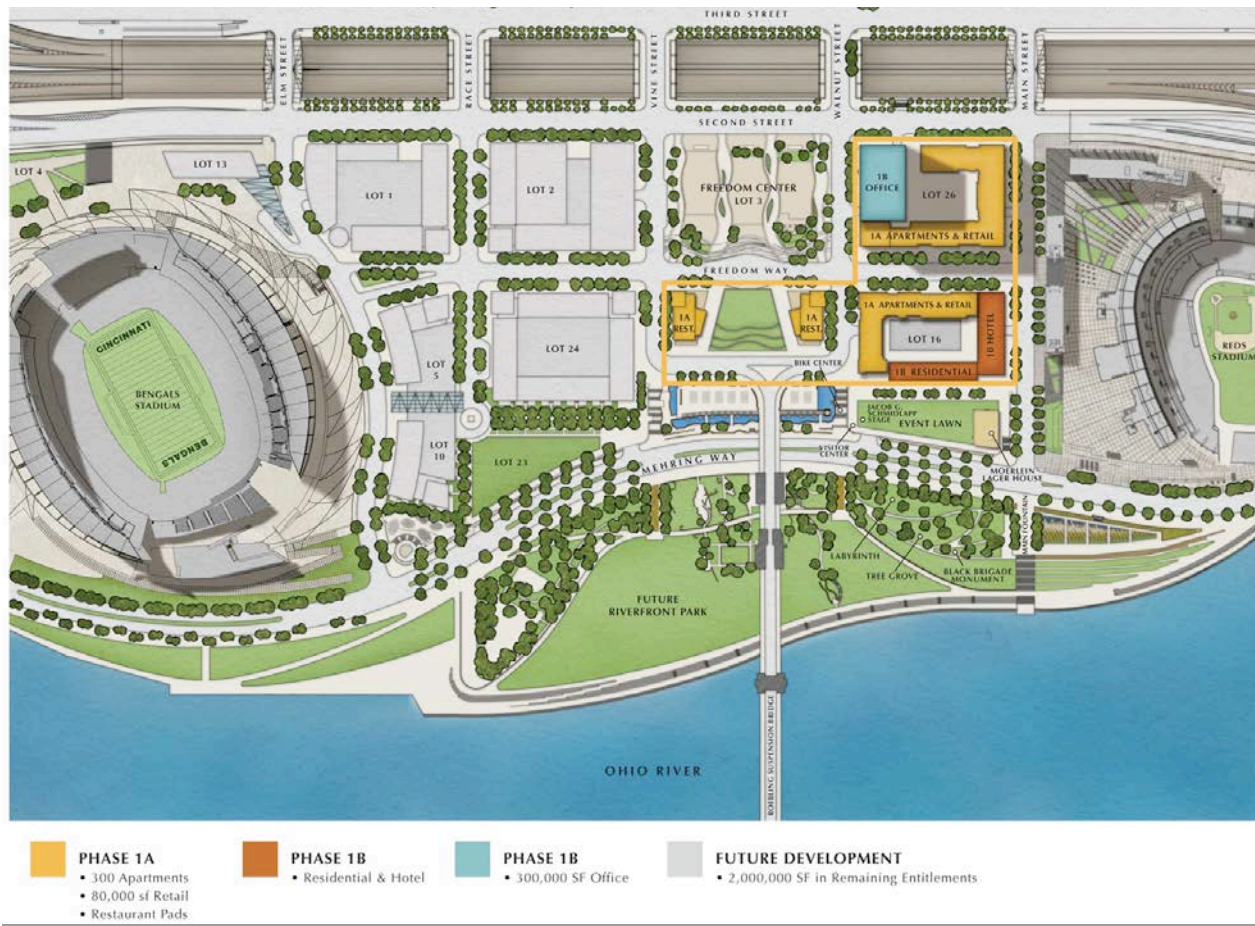
II. Development of The Banks Project – 2008 - Forward

The vision for The Banks is to create a place where thousands of people will live, work and enjoy themselves. The mixed-use development—consisting of retail, restaurants, entertainment, office, parking and hotel space—will be active 24 hours a day, seven days a week. The Banks is intended to be a gathering place for people across the region, providing a variety of attractions that promote public enjoyment and appreciation for Cincinnati's riverfront.



The Banks Master Plan, which will be completed in multiple phases over a ten to twelve year period, will include office, retail, hotel, and residential space.¹ Spurred by the overall redevelopment effort and the City-County investment in public improvements, the joint venture team of Carter and The Dawson Company, along with its capital partner, USAA Real Estate Company, has invested approximately \$85 million to date in Phase 1A of the development alone. Upon completion of the office and hotel components (Phases 1B and 1C) shown below, Carter's total private investment will exceed \$162 million.

¹ The Banks Master Plan, approved by the City and the County in 2007, allows for flexibility in future developments that calls for 200,000–1,000,000 square feet of office, 200,000–400,000 square feet of retail, 200,000–400,000 square feet of hotel, and 1,000,000–1,800,000 square feet of residential.



THE BANKS MASTER PLAN - 2008

The Atlanta-based developers brought new private dollars to the Cincinnati area through the hiring of local and regional workers and the purchase of local goods and services used for The Banks project. From architects to leasing agents, local firms have been responsible for a significant portion of the professional services required by the project. The Banks project has helped boost local and regional construction employment by maintaining, on a daily basis, an on-site crew of about 400 workers for the public and private portions of the development. In total, more than 2,000 construction workers have provided their skills to the Project since 2008.

The remainder of this report describes the various phases of The Banks project and their respective economic impacts. Further, the report includes the Economic Center's estimates of the economic

impact that The Banks project construction expenditures² have on the local economy and the impact of the ongoing operations at The Banks.³

A. Phase 1A– Residential and Retail Development

Currently, residential development at The Banks is attracting people to live on Cincinnati's central riverfront and is fully leased. The initial residential portion of Phase I, known as *Current at The Banks*, consists of 300 luxury apartments. Based on lease data from these units, nearly 70 percent of the new residents work in the City, 71 percent are under age 35 and 19 percent are age 35 to 54. The majority of these households are moving from outside the City of Cincinnati, including 20 percent who are coming from outside the 15-county metropolitan area. They have a median annual income of \$91,000.

Using national consumer spending patterns, we estimate that these 300 households are projected to spend a total of nearly \$22 million annually, including \$1.2 million on dining out, which will further contribute to the growing demand for food and retail businesses in the area.

Phase 1A of the Banks also includes approximately 100,000 square feet of new commercial space, which is being filled by tenants who will make The Banks an attractive new dining and entertainment destination. A number of these restaurants, bars and entertainment venues are new to the Cincinnati market, reflecting additional outside investment and strengthening Cincinnati's image as a strong market for new retailers. In support of all of these activities, Phase 1A also contains a police station/welcome center, which will promote safety and security for visitors.

All of these development elements, in concert with The Banks' riverfront location and proximity to stadia, and other downtown attractions, create the potential for a network of complementary activities, providing a convenient location for dining after work, after a game, or in conjunction with other activities.



PHASE I RESIDENTIAL COMPLETED SPRING 2011

² This analysis is based on a combination of data provided by Carter regarding actual and anticipated expenditures and tenants for Phase I of The Banks, together with public data about the structure of the local economy and economic models that integrate these data.

³ The total economic impact of any activity starts with the direct expenditures (economic output) and also includes the multiplier effects of this activity. These secondary (indirect) effects include the spending of businesses and employees engaged in supplying the goods and services required. The City and County also receive direct impact through increased real property tax dollars from The Banks improvements. The County will receive additional sales tax revenue from new retail businesses located within the formerly blighted area.

B. Phase IB – Office Development

Office development in Phase IB of The Banks is programmed to accommodate approximately 230,000 square feet of Class A space at *180 Walnut at The Banks*. This office tower will attract a mix of businesses. Some may come from throughout the nation. Others will be former central business district businesses while others will relocate from outside the CBD. The total impact is dependent on the actual tenant mix once the office tower is constructed.⁴

C. Phase IC – Hotel and Residential Development

Phase 1C consists of a planned 170-250 room hotel and potentially an additional 27,000 square feet of residential development. The residential development has the flexibility to be either multi-family or a for-sale or for-rent townhome type product. The mix of tenants is likely to be similar to those in Phase IA, which may result in an additional \$2 million in spending power within the Banks and Central Business District (CBD) area.

III. Economic Impact of Phase I of The Banks

The Banks project's substantial economic impact is based on the economic impacts from the public infrastructure construction and Phase I private development, as well as the ongoing economic impact of residents and visitors to The Banks.

A. Impact of Construction

The initial impact of the Project commenced in 2008 with the development of public and private infrastructure. While the impact of this development was significant during the construction process, it does not provide ongoing or annual operations impacts. The total impact of private development in Hamilton County is \$293.7 million, including \$75.6 million in earnings and 1,878 construction jobs.



PHASE I OF THE BANKS INFRASTRUCTURE - 2010

⁴ Given the potential for employee and business relocation from within the CBD, the economic impact due to operations is likely to be slightly less than the total impact calculations.

Private and public construction is expected to total approximately \$330 million from 2008 through 2012.⁵ This will produce nearly \$574 million in economic activity in Hamilton County, including \$490.8 million in the City of Cincinnati.

B. Operations and Ongoing Economic Impact

The ongoing impact of The Banks has commenced with retail establishments now operating and residents already living in *Current at The Banks*. Once Phase 1A achieves full-occupancy, the estimated annual economic impact is projected to reach \$91.6 million per year. When all elements of Phase IA-C of The Banks are projected to be substantially occupied and operational, the economic impact of operations is expected to increase to \$276 million a year, resulting in a total economic impact of over \$2.7 billion from 2011 through 2020.⁶

Ongoing employment at The Banks is comprised of retail, apartment, police, office, and hotel related jobs. A total of nearly 1,400 *direct* jobs will be created at businesses located at The Banks with combined earnings of \$56 million. Of these jobs, 1,231 will be new jobs to downtown.⁷ The economic activity at The Banks will create additional demand for other products and services in retail, restaurant supplies, and business services. This increased demand (commonly called the indirect or secondary effect) will create an additional 1,000 jobs increasing the annual ongoing impact of Phase I of The Banks to an estimated 2,400 jobs with nearly \$81 million in annual earnings in Hamilton County, of which 2,050 jobs with \$69 million in annual earnings are expected to be



FREEDOM WAY AND NUXHALL WAY - 2012

⁵ Public Private Investment 2008-2012: Intermodal Parking Facility, Streets, Infrastructure and Utilities - \$157,826,000. Developer Investment (2008-2012) - \$85,000,000. Moerlein Lager House investment - \$10,000,000. Total - \$252,826,000. Source: Hamilton County/City of Cincinnati. Additional investments of \$47,620,000 (Phase I B) and \$29,166,000 (Phase I C) bring the total to \$329,612,000.

⁶ Since the operating impact in 2011 will be smaller than in subsequent years, a ten-year projection was developed, and the first year of full occupancy and operation (the project's expected stabilization year, 2013) was determined to be a very close approximation of the annual average for 2011 through 2020.

⁷ The 50 Cincinnati police positions and 168 office jobs are not counted in this figure because they are relocated jobs. Out of the \$276 million annual economic impact, the relocated office jobs account for about \$70 million, including earnings of \$19 million and employment of 414.

located in Cincinnati. These economic impact calculations do not include spin-off effects, such as benefits to adjacent recreation and retail venues located along the perimeter of The Banks and the Central Business District. Nor do these calculations consider the additional spending power of new residents of The Banks, which likely will contribute to the success of businesses throughout downtown.

C. Public Benefits

The new businesses and residents located at The Banks will produce new jobs and generate increased spending in downtown Cincinnati, resulting in additional tax revenues for Cincinnati and Hamilton County. As a result, The Banks, which was previously vacant and underdeveloped land, is now producing jobs for the region and providing a combination of property taxes on new construction, sales taxes from new businesses, and earnings taxes from new jobs. As described above, the annual operating impact from Phase I alone is projected to exceed \$276 million per year.

D. Public Improvements – 2008-2013

Public spending for the development of parking, the park and public infrastructure associated with the initial phases of The Banks project, is estimated to total \$157.8 million between 2008 and 2012



NEW FREEDOM WAY LOOKING WEST - 2009

and a projected additional \$10 million through 2013.⁸ This will produce a total of \$280 million in economic activity in Hamilton County, including more than \$239.5 million in the City of Cincinnati alone.

The development of this public infrastructure also creates jobs and household earnings. Public construction *directly* accounts for 1,018 jobs⁹ and \$44.3 million in earnings. Averaged over the five-

⁸ The impacts due to construction are only experienced once. This is due to the eventual completion of the particular phase of the Project.

year core of the construction period, this amounts to about 203 jobs per year with average annual earnings of \$43,000, or a total of \$8.8 million a year. The indirect impact of the five-year construction project results in an additional 773 jobs and \$27.7 million in earnings.¹⁰

Table 1—Phase I A Public Improvement Construction Impacts, Hamilton County 2008-2012				
		City of Cincinnati	Remainder of Hamilton County	Hamilton County Total
Direct	Jobs	1,018		1,018
	Earnings	\$44,277,000		\$44,277,000
	All Spending	\$157,826,000		\$157,826,000
Indirect	Jobs	514	259	773
	Earnings	\$17,270,000	\$10,389,000	\$27,659,000
	All Spending	\$81,755,000	\$40,441,000	\$122,196,000
Total	Jobs	1,532	259	1,791
	Earnings	\$61,547,000	\$10,389,000	\$71,936,000
	All Spending	\$239,581,000	\$40,441,000	\$280,022,000

The total impact of the public improvement construction is 1,791 jobs with \$71.9 million in earnings in Hamilton County,¹¹ of which 1,532 jobs and \$61.5 million in earnings from jobs within Cincinnati. Taking into account the five-year construction period, this amounts to an average of 306 jobs at Cincinnati employers and another 52 jobs in balance of Hamilton County per year, with an average annual wage of \$40,000. Table 1 Public Improvements Economic Impact shows the total impact on employment and earnings.



CINCINNATI REDS OPENING DAY - 2012

⁹ The number of jobs is smaller than the total number of workers mentioned on page four because a number of workers only spend a short time on the project. The proportion of workers to jobs is approximately two workers per one job.

¹⁰ The average wage figure includes both hard cost employees such as laborers, contractors, and construction workers and soft cost employees such as engineers, architects, and planners.

¹¹ Total impact includes direct jobs and wages and subsequent indirect and induced jobs and spending.

IV. Phase 1A– Apartments and Retail

A. Phase 1A Construction Impact

The construction of Phase 1A has resulted in over 260,000 square feet of apartment and residential space and another 97,000 square feet of retail space.

Table 2–Phase I A, Private Construction Impacts Apartment and Retail, 2009-2012				
		City of Cincinnati	Remainder of Hamilton County	Hamilton County Total
Direct	Jobs	622		622
	Earnings	\$25,710,000		\$25,710,000
	All Spending	\$95,423,000		\$95,423,000
Indirect	Jobs	285	155	440
	Earnings	\$11,216,000	\$6,234,000	\$17,450,000
	All Spending	\$47,015,000	\$24,043,000	\$71,058,000
Total	Jobs	907	155	1,062
	Earnings	\$36,926,000	\$6,234,000	\$43,160,000
	All Spending	\$142,438,000	\$24,043,000	\$166,481,000

In addition to \$85.4 million private investment of Master Developer construction, another \$10 million of private funds were invested in the Moerlein Lager House project. More than 600 jobs are directly created by the two construction projects and another 440 jobs are created indirectly because of project construction spending. Take-home earnings generated within Hamilton County exceeded \$43 million.

B. Phase 1A Operations

Phase 1A operations will directly create 936 permanent restaurant and other retail jobs in the City of Cincinnati, paying a



MOERLEIN LAGER HOUSE AND WALNUT STREET FOUNTAIN AT THE SMALE RIVERFRONT PARK – UNDER CONSTRUCTION

median wage of \$21,000 annually.¹² Through the annual spending associated with the operation of the residential space and almost 100,000 square feet of retail space, the businesses in Phase 1A will support an additional 159 indirect jobs in the City of Cincinnati and 186 indirect jobs in the remainder of Hamilton County. The total number of ongoing jobs resulting from The Banks in Phase 1A is approximately 1,281.

Table 3—Phase I A, Apartment and Retail Annual Operating Impacts, 2013				
		City of Cincinnati	Remainder of Hamilton County	Hamilton County Total
Direct	Jobs	936		936
	Earnings	\$21,070,000		\$21,070,000
	All Spending	\$53,110,000		\$53,110,000
Indirect	Jobs	159	186	345
	Earnings	\$6,010,000	\$4,598,000	\$10,608,000
	All Spending	\$25,190,000	\$13,294,000	\$38,484,000
Total	Jobs	1,095	186	1,281
	Earnings	\$27,080,000	\$4,598,000	\$31,678,000
	All Spending	\$78,300,000	\$13,294,000	\$91,594,000



CINCINNATI REDS OPENING DAY 2012 – FREEDOM WAY

¹² This use of median wage reflects the high number of part-time service jobs in restaurants and retail, which generally receive lower wages than full-time office, financial, and legal services.

VI. Phase 1B – Office Tower

A. Phase 1B Construction

Phase 1B plans to include an office tower of approximately 230,000 square feet. The construction phase will directly create 311 jobs in Cincinnati with additional indirect jobs of 144 in Cincinnati and another 77 indirect jobs in the remainder of Hamilton County. The average earnings of the 532 new jobs is nearly \$40,000. Further, the initial \$47 million in construction spending will result in a total economic impact of \$81 million throughout Hamilton County.

Table 4–Phase I B, Private Construction Impacts, 2012-2013				
		City of Cincinnati	Remainder of Hamilton County	Hamilton County Total
Direct	Jobs	311		311
	Earnings	\$12,428,000		\$12,428,000
	All Spending	\$47,662,000		\$47,662,000
Indirect	Jobs	144	77	221
	Earnings	\$5,092,000	\$2,957,000	\$8,049,000
	All Spending	\$22,082,000	\$11,772,000	\$33,854,000
Total	Jobs	455	77	532
	Earnings	\$17,520,000	\$2,957,000	\$20,477,000
	All Spending	\$69,744,000	\$11,772,000	\$81,516,000

B. Phase 1B Operations

An estimated 426 jobs will be directly created in the City of Cincinnati from Phase 1B operations, with an additional 471 indirect Cincinnati jobs and 152 indirect jobs in the remainder of Hamilton County.¹³ Because of the large proportion of professional positions in this office development, annual earnings for direct jobs average nearly \$75,000, much higher than yearly earnings in jobs associated with Phase 1A.



VIEW FROM CURRENT @THE BANKS OVER OHIO RIVER

¹³ Assuming that 40% of jobs will be relocated jobs from elsewhere in the County, the adjusted figures would reflect stabilized operations of \$106 million in total spending, total earnings of \$28 million annually, and 629 total jobs.

Table 5–Phase I B, Annual Operating Impacts, Stabilization Year				
	City of Cincinnati	Remainder of Hamilton County	Hamilton County Total	
Direct				
Jobs	426		426	
Earnings	\$33,890,000		\$33,890,000	
All Spending	\$102,660,000		\$102,660,000	
Indirect				
Jobs	471	152	623	
Earnings	\$6,819,000	\$6,872,000	\$13,691,000	
All Spending	\$48,825,000	\$25,571,000	\$74,396,000	
Total				
Jobs	897	152	1,049	
Earnings	\$40,709,000	\$6,872,000	\$47,581,000	
All Spending	\$151,485,000	\$25,571,000	\$177,056,000	

VII. Phase 1C – Hotel and Additional Residential

A. Phase 1C Construction Impact

Phase 1C consists of 105,000 square feet of hotel space and an additional 27,000 square feet of residential development. The direct spending in Phase 1C is almost \$30 million and will result in a total economic impact of more than \$45 million in Hamilton County. Further, the direct construction impact will create 157 jobs and an additional 127 indirect jobs, totaling 284 jobs. Average earnings for the 284 new jobs exceed \$42,000 per year for the duration of the construction project.

Table 6–Phase I C, Private Construction Impacts, 2012-2015				
	City of Cincinnati	Remainder of Hamilton County	Hamilton County Total	
Direct				
Jobs	157		157	
Earnings	\$7,496,000		\$7,496,000	
All Spending	\$29,166,000		\$29,166,000	
Indirect				
Jobs	87	40	127	
Earnings	\$2,778,000	\$1,734,000	\$4,512,000	
All Spending	\$9,897,000	\$6,594,000	\$16,491,000	
Total				
Jobs	244	40	284	
Earnings	\$10,274,000	\$1,734,000	\$12,008,000	
All Spending	\$39,063,000	\$6,594,000	\$45,657,000	

B. Phase 1C Operations Impact

Phase 1C is scheduled to include a 170-250 room hotel and 27,000 square feet of additional residential apartments or for-sale or for-rent townhome units. The hotel and residential building operations will result *directly* in 48 direct, permanent full-time positions at approximately \$26,000 and will generate a total of over \$7 million per annum in economic impact from operation. Further, 19 additional jobs due to indirect and induced benefits will be created and maintained throughout Hamilton County.

Table 7—Phase I C, Annual Operating Impacts, Stabilization Year				
		City of Cincinnati	Remainder of Hamilton County	Hamilton County Total
Direct	Jobs	48		48
	Earnings	\$1,270,000		\$1,270,000
	All Spending	\$4,420,000		\$4,420,000
Indirect	Jobs	10	9	19
	Earnings	\$167,000	\$242,000	\$409,000
	All Spending	\$1,786,000	\$1,048,000	\$2,834,000
Total	Jobs	58	9	67
	Earnings	\$1,437,000	\$242,000	\$1,679,000
	All Spending	\$6,206,000	\$1,048,000	\$7,254,000

VIII. Public Improvements and Phase I Mixed Use Development

The combined economic impact from the construction of the public improvements and all elements of Phase I private development of The Banks is approximately \$573 million and 3,669 jobs.¹⁴ The initial public investments for utilities, parks, and roadways help to foster the private investments that are identified above. Table 9 summarizes part of the leverage from the initial public expenditures. Table 10 shows the economic impact—including almost \$276 million and 2,400 jobs¹⁵—of the ongoing

¹⁴ This Economic Impact Study measures the economic impact of a) Phase IA construction and public improvement construction from 2008-2012; and b) operations of Phase I related elements of the Banks project. It does not include the economic impact to the City and the County from increased property tax revenues from the construction of approximately \$253 million in public and private improvements from 2008-2012.

¹⁵ According to data contained in the 2010 Demographic Analysis prepared for the City of Cincinnati by the Economics Center, individuals who do not live within the City but commute to the City for work, hold approximately 1,435 of these jobs. Individuals who live and work in Cincinnati or live in Cincinnati and commute to these jobs elsewhere in Hamilton County hold the remaining 965 jobs.

operations from the businesses and residential establishments that are enabled because of these construction and development investments.¹⁶

Table 8—Total Construction Impacts Phase I A-C, 2008-2015			
	City of Cincinnati	Remainder of Hamilton County	Hamilton County Total
Direct			
Jobs	2,108		2,108
Earnings	\$89,911,000		\$89,911,000
All Spending	\$330,077,000		\$330,077,000
Indirect			
Jobs	1,030	531	1,561
Earnings	\$36,356,000	\$21,314,000	\$57,670,000
All Spending	\$160,749,000	\$82,850,000	\$243,599,000
Total			
Jobs	3,138	531	3,669
Earnings	\$126,267,000	\$21,314,000	\$147,581,000
All Spending	\$490,826,000	\$82,850,000	\$573,676,000

Table 9—Construction Impact of Public Investment on Private Development, 2008-2015			
	Public	Private	Total
Direct			
Jobs	1,018	1,090	2,108
Earnings	\$44,277,000	\$45,634,000	\$89,911,000
All Spending	\$157,826,000	\$172,251,000	\$330,077,000
Indirect			
Jobs	773	788	1,561
Earnings	\$27,659,000	\$30,011,000	\$57,670,000
All Spending	\$122,196,000	\$121,403,000	\$243,599,000
Total			
Jobs	1,791	1,878	3,669
Earnings	\$71,936,000	\$75,645,000	\$147,581,000
All Spending	\$280,022,000	\$293,654,000	\$573,676,000

¹⁶ Jobs in the annual operating impacts section of this table exclude the 50 Cincinnati police positions relocated from elsewhere downtown.

Table 10—Phase I A-C, Annual Operating Impacts, Stabilization Year				
		City of Cincinnati	Remainder of Hamilton County	Hamilton County Total
Direct				
	Jobs	1,410		1,410
	Earnings	\$56,230,000		\$56,230,000
	All Spending	\$160,190,000		\$160,190,000
Indirect				
	Jobs	640	347	987
	Earnings	\$12,996,000	\$11,712,000	\$24,708,000
	All Spending	\$75,801,000	\$39,913,000	\$115,714,000
Total				
	Jobs	2,050	347	2,397
	Earnings	\$69,226,000	\$11,712,000	\$80,938,000
	All Spending	\$235,991,000	\$39,913,000	\$275,904,000

IX. Future Development

Future phases at The Banks are projected to include an additional one and a half million square feet of development, including more than 1,200 residential units (averaging about 1,100 square feet) five-hundred thousand square feet of retail establishments, offices, and hotel space. The operations of future development phases of The Banks will contribute further to Cincinnati and Hamilton County's economy, providing 3,189 positions and \$100.8 million dollars in annual earnings. Due to the large number of residential units being added to the Banks, additional indirect and induced impacts are likely to occur in the immediate Banks area as well as within the CBD. Individuals locating in the Banks will be moving to the Banks from other cities, states, and countries as well as relocating from within the Cincinnati metro region. This will result in additional localized spending that will support new development along the Riverfront.



THE BANKS PROJECT UPON FULL BUILD-OUT – 2011 RENDERING

Table 11-Private Construction Impacts of Future Phases				
		City of Cincinnati	Remainder of Hamilton County	Hamilton County Total
Direct	Jobs	2,151		2,151
	Earnings	\$98,248,000		\$98,248,000
	All Spending	\$340,870,000		\$340,870,000
Indirect	Jobs	1,102	549	1,651
	Earnings	\$53,798,000	\$25,666,000	\$79,464,000
	All Spending	\$180,014,000	\$87,924,000	\$267,938,000
Total	Jobs	3,253	549	3,802
	Earnings	\$152,046,000	\$25,666,000	\$177,712,000
	All Spending	\$520,884,000	\$87,924,000	\$608,808,000

Table 12-Annual Operating Impacts of Future Phases, Stabilization Year				
		City of Cincinnati	Remainder of Hamilton County	Hamilton County Total
Direct	Jobs	1,949		1,949
	Earnings	\$68,590,000		\$68,590,000
	All Spending	\$194,710,000		\$194,710,000
Indirect	Jobs	778	462	1,240
	Earnings	\$17,579,000	\$14,587,000	\$32,166,000
	All Spending	\$92,248,000	\$48,558,000	\$140,806,000
Total	Jobs	2,727	462	3,189
	Earnings	\$86,169,000	\$14,587,000	\$100,756,000
	All Spending	\$286,958,000	\$48,558,000	\$335,516,000

X. Conclusion

Developing the Cincinnati riverfront has been an ongoing initiative for the better part of two decades. What was started in 1998 through substantial infrastructure and public goods reinvestments by means of two stadiums, multi-modal transit projects such as Fort Washington Way and the Riverfront Transit Center, and cultural amenities such as the Freedom Center, are transforming the area into a budding and vibrant part of Cincinnati's burgeoning downtown. Phase 1 of The Banks soon will add to the vibrancy of the riverfront. Construction of the project has or will generate 3,600 construction jobs and \$600 million in economic activity. The ongoing effects of the project will annually be associated with approximately 2,400 jobs and \$275 million in economic activity. The private-public partnerships that were formed to develop infrastructure, in addition to the previous ten-years of riverfront construction that preceded this development, have been a critical component of The Banks development. Together, these public and private investments in construction and the ongoing operations of businesses are projected to produce \$3 billion of economic impact for the City of Cincinnati and Hamilton County.



THE BANKS ON THE OHIO RIVER – ALL PHASES COMPLETE (2011 RENDERING)

APPENDIX

Any economic impact is comprised of two main components: the **direct impact** and then the **indirect** and **induced impact**. The direct impact consists of the purchase of goods and services, capital expenditures, and personnel payments by the businesses located in The Banks. The indirect and induced impacts are computed together, resulting in a single value. Theoretically, the indirect impacts consist of expenditures made by vendors that supply The Banks (e.g., vendors buying intermediate goods, providing services, etc.) whereas the induced impacts consist of the economic activity resulting from wage payments made by local businesses, which eventually are spent by households in a variety of ways.

Spending consists of all expenditures by the businesses located at The Banks in the City of Cincinnati and Hamilton County. For example, in Phase 1A, expenditures are made up of things such as leasing commissions, construction costs, site work and tenant finishes. Earnings in this context are the personnel expenditures of the businesses located in The Banks in the form of salary, wages, and benefits. The jobs figure represents the forecasted number of jobs due to the spending and earnings.

This report measures the economic impacts that expenditures associated with The Banks project have on the local economy (both Cincinnati and Hamilton County). The economic impacts are comprised of the direct expenditures as well as the resulting indirect and induced economic activity.

Definitions

Economic Impact: The economic impact of any business includes two elements, as defined here: the **direct impact** and then the **indirect** and **induced impact**.

The **direct impact** consists of the purchases by core firms (those engaged in the initial construction and operations) of local resources (labor, goods, and services).

The **indirect impact** is the purchases of local resources made by local businesses in order to produce the goods and services purchased by the core firms, along with consequent purchases by other businesses that supply the first group of businesses. The **induced impact** (a particular component of indirect impact) is the local household spending of the earnings of employees of the core firms and their suppliers.

Business Spending: The total business spending impact – also referred to as the total economic impact – includes all of the local spending on investment and payroll in addition to the indirect impact that this spending creates on business sales. The indirect impact represents the value of additional local business activity that is indirectly linked to the direct local spending.

Household Earnings: The economic impact is also represented in terms of household earnings. This reflects the additional business activity that is directly attributed to wages for local workers. Additional household earnings are generated from both the direct local spending and the indirect effects this has on other businesses and industries in the area.

Employment: The economic impact is reported in terms of the number of full and part-time jobs that the local spending will directly and indirectly support.

About the Economics Center

The Research and Consulting division of the Economics Center provides the knowledge building blocks that help clients make better policy and economic development decisions. Our dynamic approach and critical data analysis empower leaders to respond to changing economic conditions, strengthen local economies and improve the quality of life for their communities.

2013 Updated Economic Impact Study



Redeveloping Cincinnati's Central Riverfront: Economic Impact Update on The Banks Project

August 2013

Introduction / Overview [rough]

- What is *The Banks*?
 - Mixed-use development, attracting people to live, work, shop, and play on Cincinnati's riverfront
 - 2008 master plan started with retail and apartments
- What is being added?
 - Residential component contributes to an ongoing remake of the riverfront into a 24-hour community
 - Hotel component helps meet a growing demand from visitors to downtown businesses and recreation venues

(Project to Date)

Impact of The Banks 2008 Master Plan

- \$447 Million from Investment to Date
 - Public Infrastructure \$158 million
 - Parks, streets, parking
 - Private Construction \$95 million
 - Apartments, restaurants
 - Indirect Impact \$194 million

add graphic?

Highlights of Completed Development

- *Current at The Banks*
 - 300 apartments
 - First step in creating a residential community
- Commercial Activity
 - 97,000 sq ft of retail/restaurant
 - Complements surrounding land uses
- Park / *Lager House*

Planned New Development at The Banks

- Residential & Retail/Eating \$67,125,000
 - 305 new (luxury) apartments
 - 21,000 sq ft of (street level) retail/restaurant
 - Land acquisition for future development

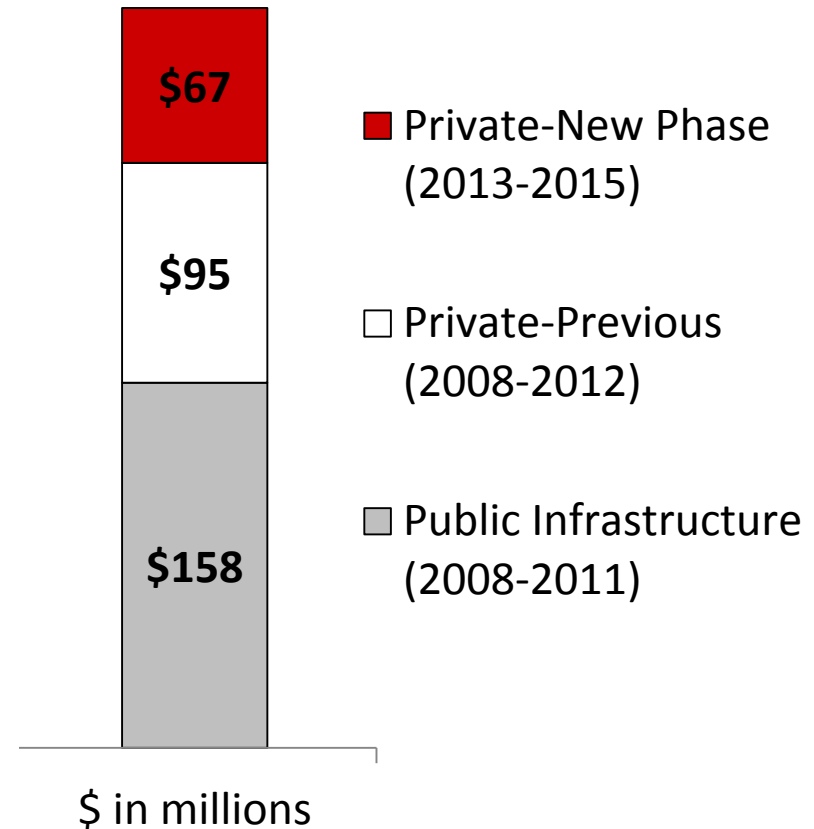
add graphic?

\$73.4 Million Development Greatly Increases Private Investment

- Total private investment will grow more than 70% from \$95 to \$162 million
- City / County return on investment will increase from 600% to 1020%



\$320 M Total



Impacts from New Investment

Cincinnati Impacts

■ Construction / Related Empl.	605 jobs *
■ Employee Wages	\$25.5 million
■ Total Economic Impact	\$99.0 million
■ Cincinnati Earnings Taxes	\$535,300

Hamilton County impacts are 17% higher

* Jobs have an average duration of 12 months.

New Development at The Banks

Annual Operating Impacts for Cincinnati (2017)

- Permanent Employment 295 jobs
- Annual Wages \$7.3 million
- New Annual Tax Revenues

	TIF payments	Sales	Earnings
Cincinnati	\$1,570,000		\$153,000
Hamilton Co		\$240,000	

(TIF: Payments in Lieu of Taxes)

New Development at The Banks

Construction Impacts, 2013-2015				
		City of Cincinnati	Remainder of Hamilton Co.	Hamilton County Total
Direct				
	Jobs	418		418
	Earnings	\$18,363,000		\$18,363,000
	All Spending	\$67,125,000		\$67,125,000
Indirect				
	Jobs	187	101	288
	Earnings	\$7,125,000	\$4,303,000	\$11,428,000
	All Spending	\$31,857,000	\$16,708,000	\$48,565,000
Total				
	Jobs	605	101	706
	Earnings	\$25,488,000	\$4,303,000	\$29,791,000
	All Spending	\$98,982,000	\$16,708,000	\$115,690,000

New Development at The Banks

Annual Operating Impacts, Stabilization Year (2017)				
		City of Cincinnati	Remainder of Hamilton Co.	Hamilton County Total
Direct				
	Jobs	215		215
	Earnings	\$4,944,000		\$4,944,000
	All Spending	\$17,474,000		\$17,474,000
Indirect				
	Jobs	80	50	130
	Earnings	\$2,337,000	\$1,236,000	\$3,573,000
	All Spending	\$3,402,000	\$3,540,000	\$6,942,000
Total				
	Jobs	295	50	345
	Earnings	\$7,281,000	\$1,236,000	\$8,517,000
	All Spending	\$20,876,000	\$3,540,000	\$24,416,000