



The Economic Contributions of Park Center to Durham County

RTI International

Prepared for the Research Triangle Foundation

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RTI Economic Development Practice

- RTI is an independent nonprofit global research institute founded in 1958 as the anchor tenant of Research Triangle Park.
- Our economic development practice has helped organizations in 20 states and 10 countries by providing data and best practice research to help governments, businesses, nonprofits, and foundations meet strategic planning and evaluation needs.
- We leverage skills from RTI's scientists, engineers, economists, and planners to assess global trends and localize them for economic development impact at local and state levels.

Expertise

- Impact and program evaluations
- Industry and cluster mapping
- Strategic planning
- Custom data dashboards and surveys
- Best practice research
- Workforce analysis
- Innovation ecosystem mapping

delivering **the promise of science**
for global good



Research Question

- RTI International conducted a study to estimate the **economic and tax contributions that the Park Center development will have within Durham County.**
- **Research Questions**
 - What will the economic contributions of Park Center be to gross domestic product (GDP) and jobs from 2018 through 2028 given the expected development timeline?
 - What will the tax contributions of Park Center be to Durham County property, sales, and income taxes from 2018 to 2028?

What is a contribution analysis?

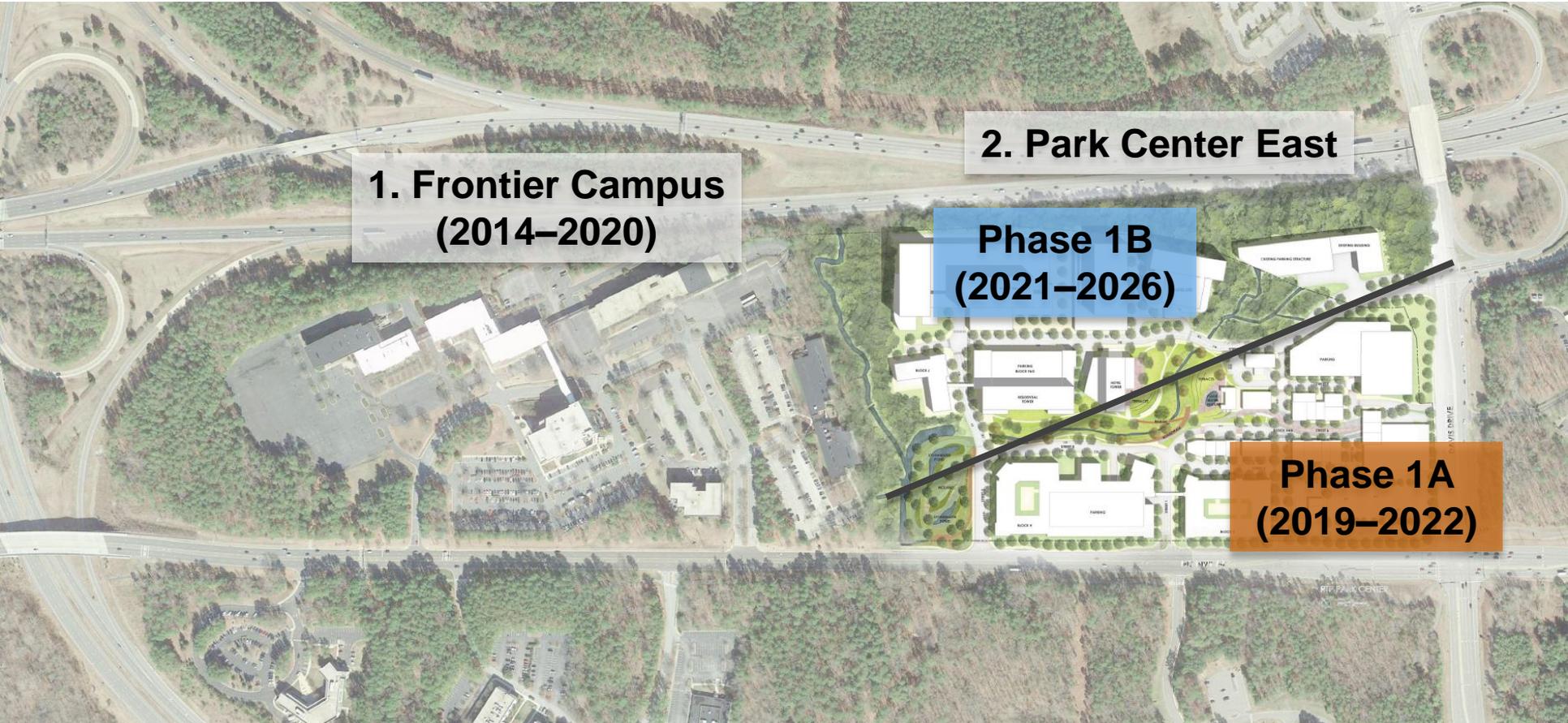
- A study of “gross” changes in Durham’s existing economy that can be attributed to the construction and ongoing economic activity of Park Center.
- A study that provides a general understanding of how economic activity cycles through the region’s existing economy and the magnitude of economic contributions.
- A contribution analysis does not estimate the net new activity of shifting activity in the region or compare the economic contributions to costs incurred by Durham County.

Approach

- **RTI examined**
 - **Frontier Campus:** Investments since 2014 and development plans through 2028.
 - **Park Center East:** Research Triangle Foundation's contractual timelines and expected development plans for 2018 through 2028.
- **Data sources**
 - This study is based on more than 100 documents (e.g., planning documents, proformas, budgets, proposals, and market studies) provided by the Research Triangle Foundation and its partners.
 - Assumptions were validated using national and regional market research.

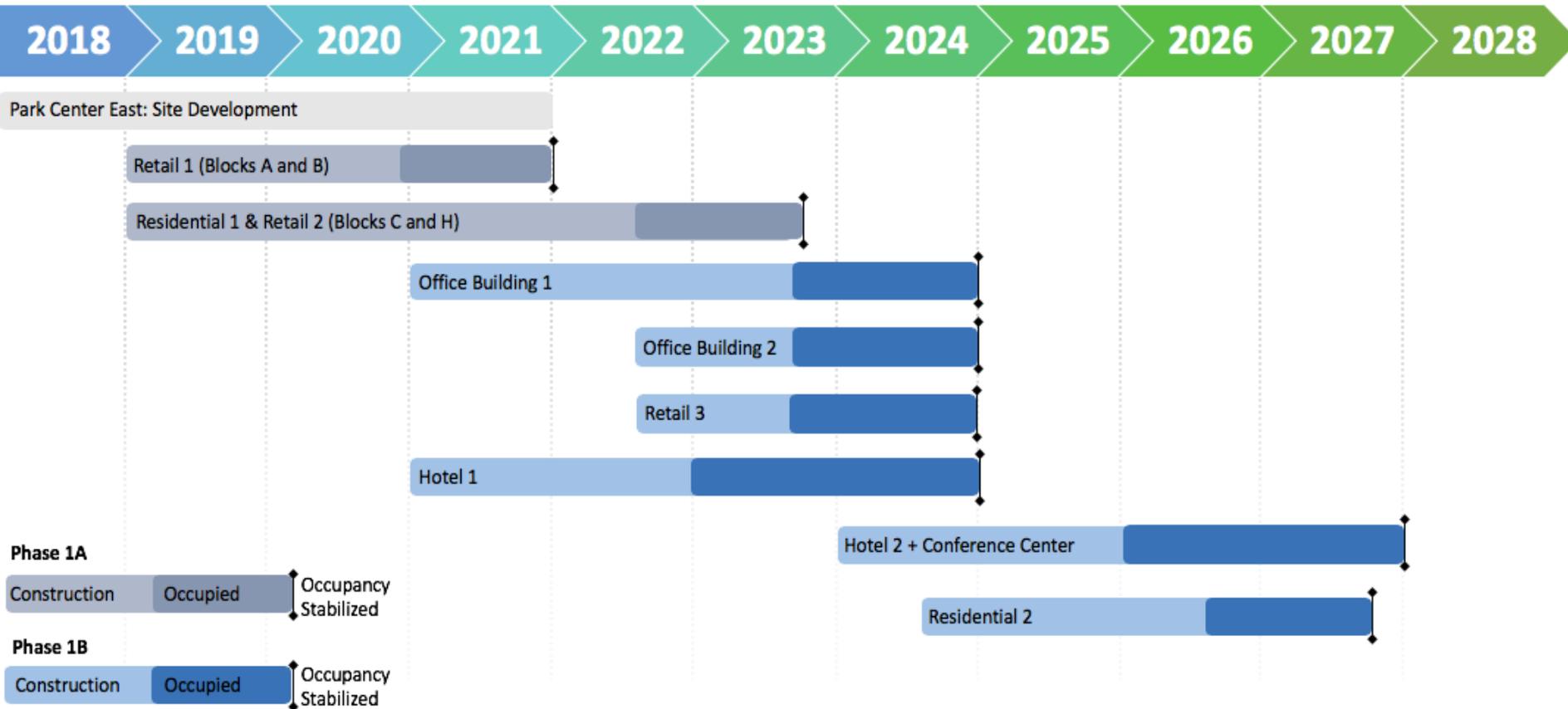
Park Center Development Plan

RTI analyzed two distinct but complementary phases of Park Center pictured below. The primary years of construction are listed for each phase.



Park Center East: Expected Development Timeline

This visual summarizes Park Center East construction and occupancy milestones.



Notes:

- (1) Frontier timeline not depicted. Frontier construction/renovation occurring now through 2020 with occupancy stabilizing in 2020.
- (2) Tenant improvement costs are not represented within this diagram; however, these costs are included in the economic estimates.

Summary of Economic Contributions, 2018–2028

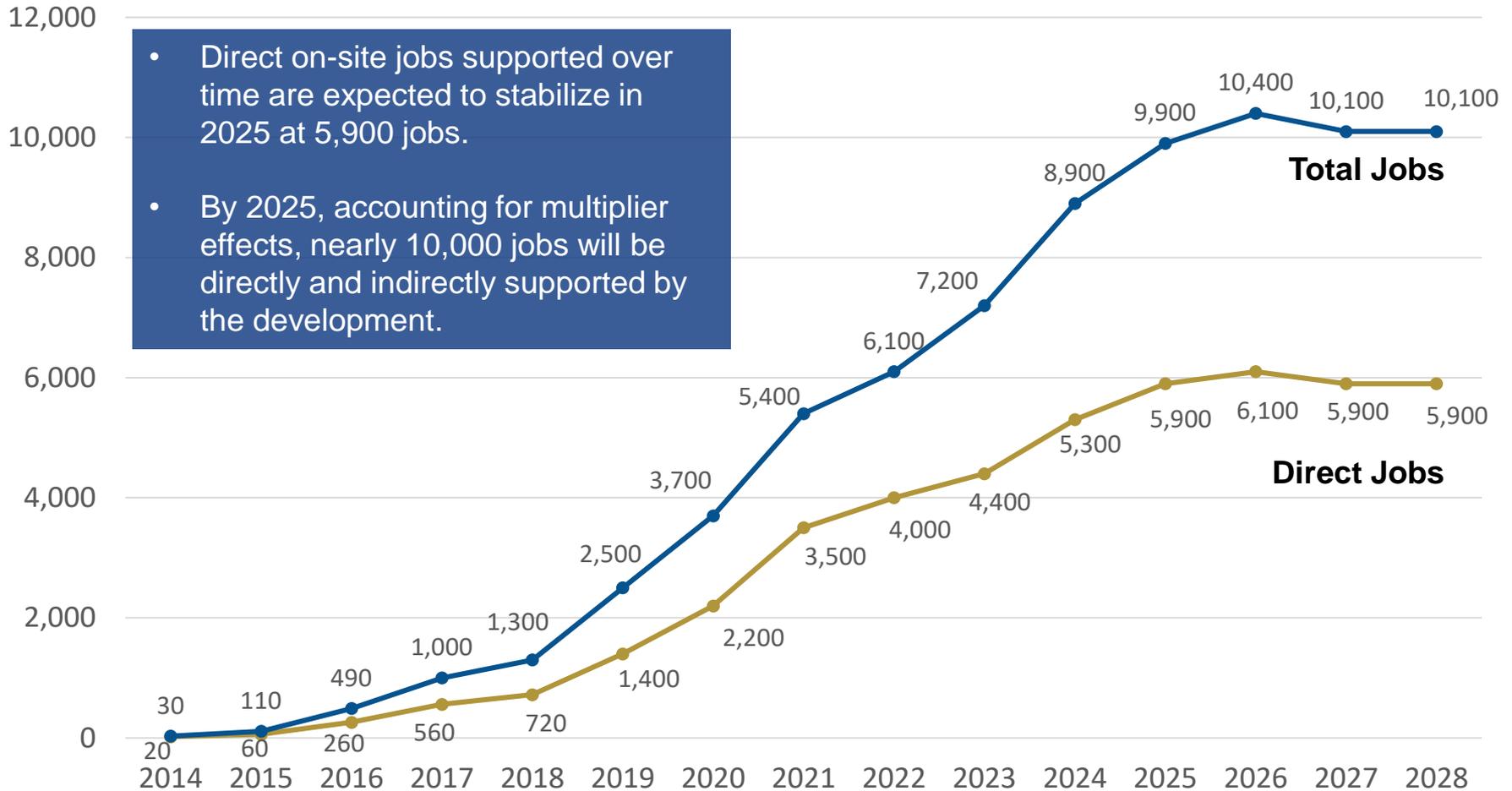
Direct Investment and Average Annual Economic Contributions

		Construction Results		Ongoing Annual Results (upon stabilization)		
	Direct Construction Investment	Avg. Annual Direct Contribution to Jobs	Avg. Annual Total Contribution to Jobs incl. Multiplier Effects	Direct On-Site Jobs (office, retail, F&B, etc.)	Total Contribution to Jobs incl. Multiplier Effects	Avg Contribution to Labor per Job incl. Multiplier Effects
Frontier	\$58 million	90	130	1,600	3,000	\$68,800
Park Center East	\$1.07 billion	1,200	1,700	4,200	7,100	\$73,600
Total	\$1.13 billion	1,300	1,800	5,900	10,100	\$72,200

Note: Numbers may not add to totals because of rounding.

Total Jobs Over Time

Direct Jobs and Total Jobs



Summary of Tax Contributions to Durham County, 2018–2028

- Tax results include
 - Property tax, sales tax, transit tax, and other taxes*
 - Construction and ongoing effects
 - Multiplier effects
 - Frontier and Park Center East
- The real value of tax contributions to Durham County from 2018–2028 is estimated at \$92 million.
- Drivers of economic contributions include:
 - Ongoing economic activities
 - Phase 1B

Total Real Tax Contributions to Durham County

	Real Value
Park Center East Total	\$69 million
Phase 1A	\$7 million
Phase 1B	\$62 million
Frontier	\$23 million
Total	\$92 million

Numbers may not add to totals because of rounding.

Study Comparison of One-Time Effects

Measure	Previous Estimates (2015)	RTI Study* (2019)
Direct investment	\$324 million direct investment	\$1.072 billion in total direct investment
Construction jobs	2,300 construction-related jobs	1,200 average annual direct jobs during core construction years
Construction income	\$130 million compensation	\$70 million average annual direct labor income during core construction years

Note: RTI does not have access to previous study details, so it is difficult to determine similarities and differences in definitions and methods.

*Values listed here only include Park Center East.

Study Comparison of Ongoing Effects and Taxes

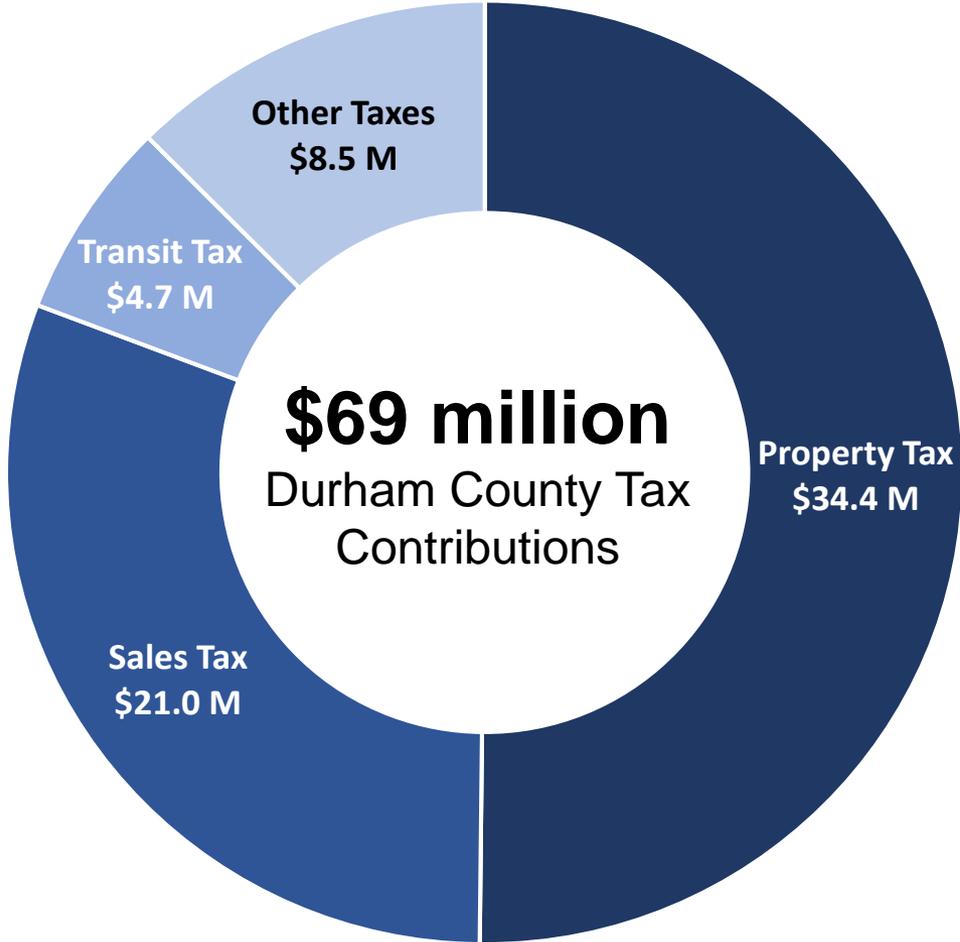
Measure	Previous Estimates (2015)	RTI Study (2019)
Ongoing jobs	5,900 on-site jobs	<ul style="list-style-type: none"> 3,000 annual jobs for Frontier including multiplier effects 7,100 annual jobs for Park Center East including multiplier effects
Ongoing income	\$248 million compensation	<ul style="list-style-type: none"> \$206 million annual labor income for Frontier including multiplier effects \$524 million annual labor income including multiplier effects for Park Center East

Measure	Previous Estimates (2015)	RTI Study (2019)
Cumulative taxes		\$69 million in total real tax contributions to Durham County for Park Center East from 2018–2028
Taxes, detail	<p>Construction</p> <ul style="list-style-type: none"> \$13.2 million in taxes (sales & income) <p>Annual economic returns</p> <ul style="list-style-type: none"> \$12.7 million in income & corporate taxes \$3.3 million in property taxes \$2.2 million in local sales taxes \$500,000 mass transit tax 	<p>\$10.1 million in annual taxes in 2028 (Park Center East):</p> <ul style="list-style-type: none"> \$5.1 million in property taxes \$3.1 million in sales taxes \$0.7 million in transit taxes \$1.2 million in other taxes

Note: Ongoing jobs and income are annual upon stabilization. RTI does not have access to previous study details, so it is difficult to determine similarities and differences in definitions and methods.

Total Real Tax Contributions for Park Center East, 2018-2028

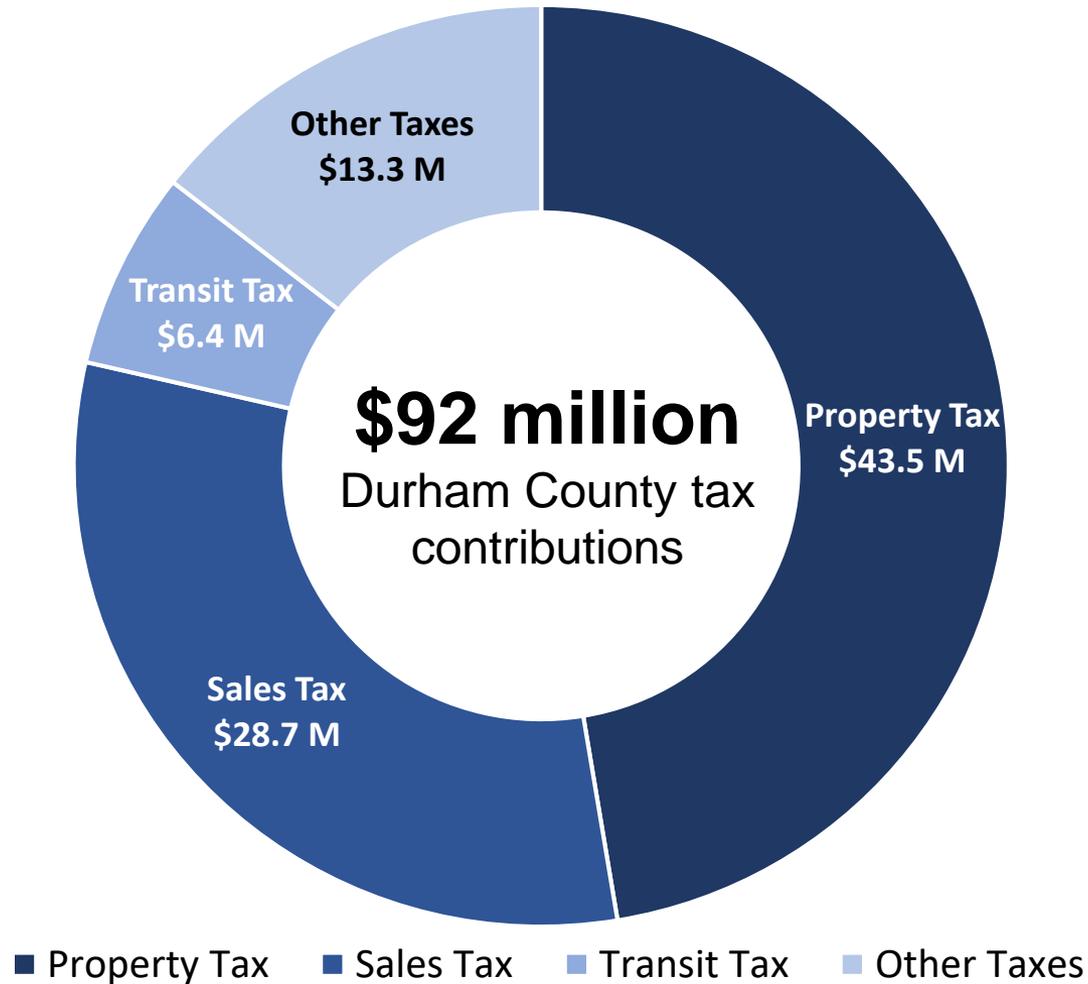
Total Real Tax Contributions to Durham County



■ Property Tax ■ Sales Tax ■ Transit Tax ■ Other Taxes

Total Real Tax Contributions, 2018–2028

Total Real Tax Contributions to Durham County



Park Center Total Economic Contributions Could Stabilize at 4–5% of Durham's Economy

Park Center directly and indirectly supports an estimated:



\$1.37B

IN ANNUAL GDP
BY 2026

\$35.5B

DURHAM COUNTY
ESTIMATED GDP



10K

JOB IN DURHAM
COUNTY BY 2026

205K

DURHAM COUNTY
EMPLOYMENT ACROSS ALL
INDUSTRIES AS OF Q2-2018

55K

APPROXIMATE
NUMBER OF JOBS
AT RTP