



# The Economic Contributions of Park Center to Durham County

*RTI International*

*Prepared for the Research Triangle Foundation*

*Presented to the Durham County Commissioners on January 7, 2019*



# RTI Economic Development Practice

- RTI is an independent non-profit global research institute.
- We actively partner with economic development related organizations in over 20 states and 10 countries providing data and best practice research to help government, business, non-profits, 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

- Industry and cluster mapping
- Impact and Program evaluations
- Strategic planning
- Custom data dashboards/tools/surveys
- Best practices 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 GDP and jobs from 2018 to 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?

- “Gross” changes in Durham’s existing economy that can be attributed to the construction and ongoing economic activity on Park Center.
- Provides a general understanding of the how economic activity cycles through the region’s existing economy and the magnitude of economic contributions.
- Does not estimate net new activity by considering shifting of activity in the region or compare to costs incurred by Durham County.



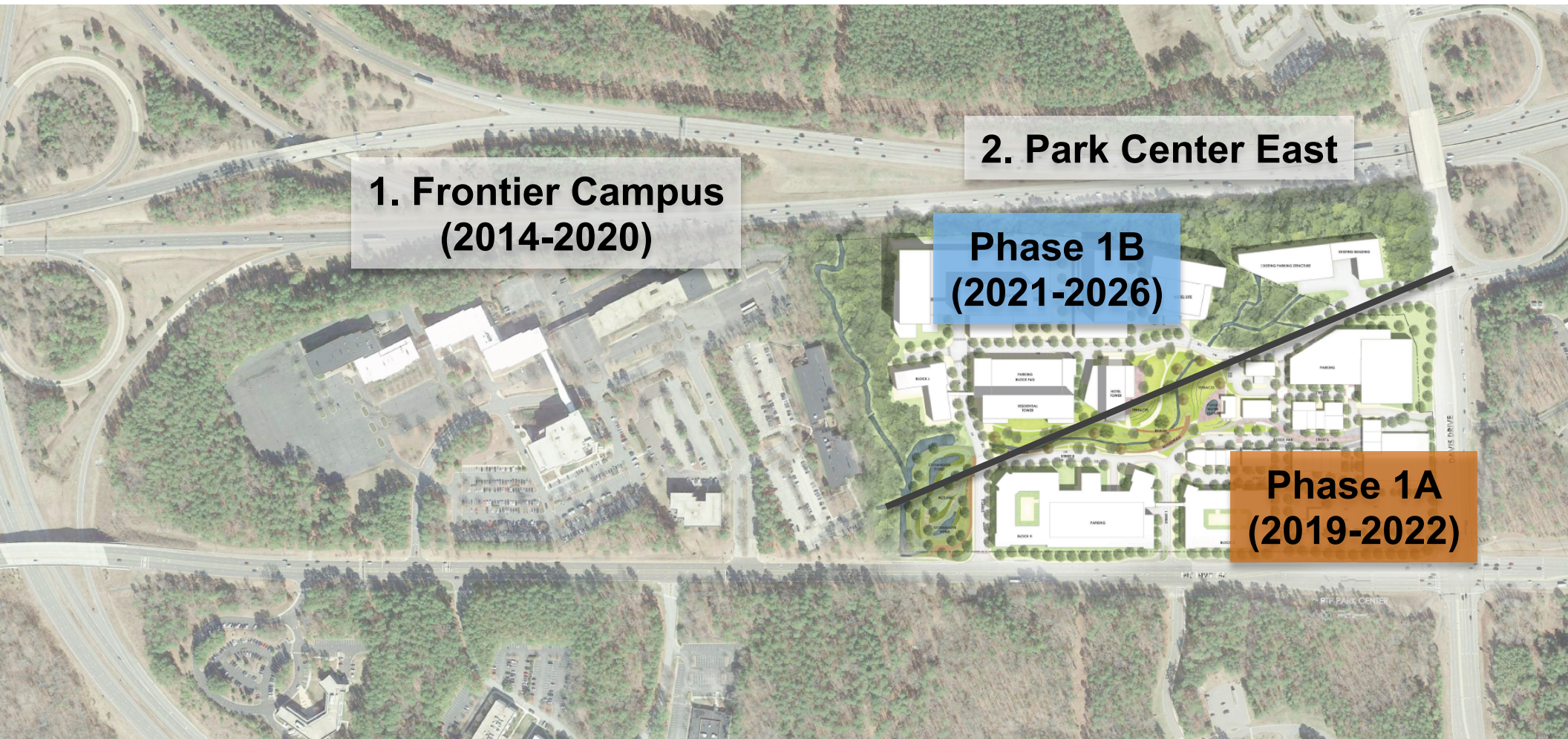
# Approach

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



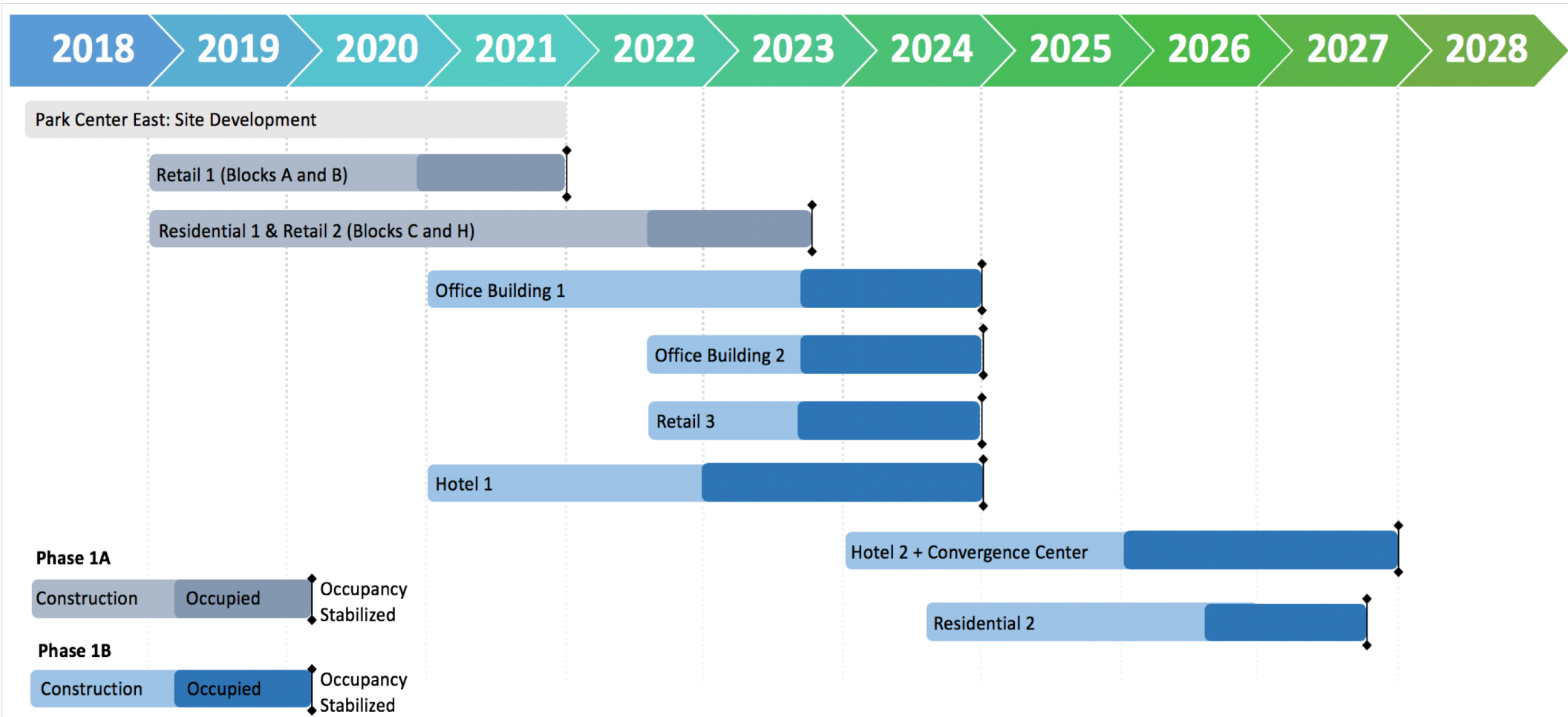
# Park Center Development Plan

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 due to rounding

# Summary of Tax Contributions, 2018-2028

- Tax results include
  - Property tax, sales tax, income tax, and other taxes
  - Construction and ongoing effects
  - Multiplier effects
  - Frontier and Park Center East
- The present value of tax contributions to Durham County from 2018-2028 is estimated at \$52 million to \$83 million.
- Drivers of economic contributions
  - Ongoing economic activities.
  - Phase 1B

## Present Value of Tax Contributions

	Present Value at 5% discount rate
Park Center East Total	\$47 million
Phase 1A	\$6 million
Phase 1B	\$41 million
Frontier	\$18 million
Total	\$65 million

Numbers may not add to totals due to rounding



# Comparison to PPP One-Time Effects

Measure	Previous Estimates	RTI Study
Direct Investment	\$324 million direct investment	\$1.072 billion in total direct investment
Construction jobs	2,300 construction-related jobs	1,300 average annual direct jobs during core construction years
Construction income	\$130 million compensation	\$76 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.

# Comparison to PPP Ongoing Effects and Taxes

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

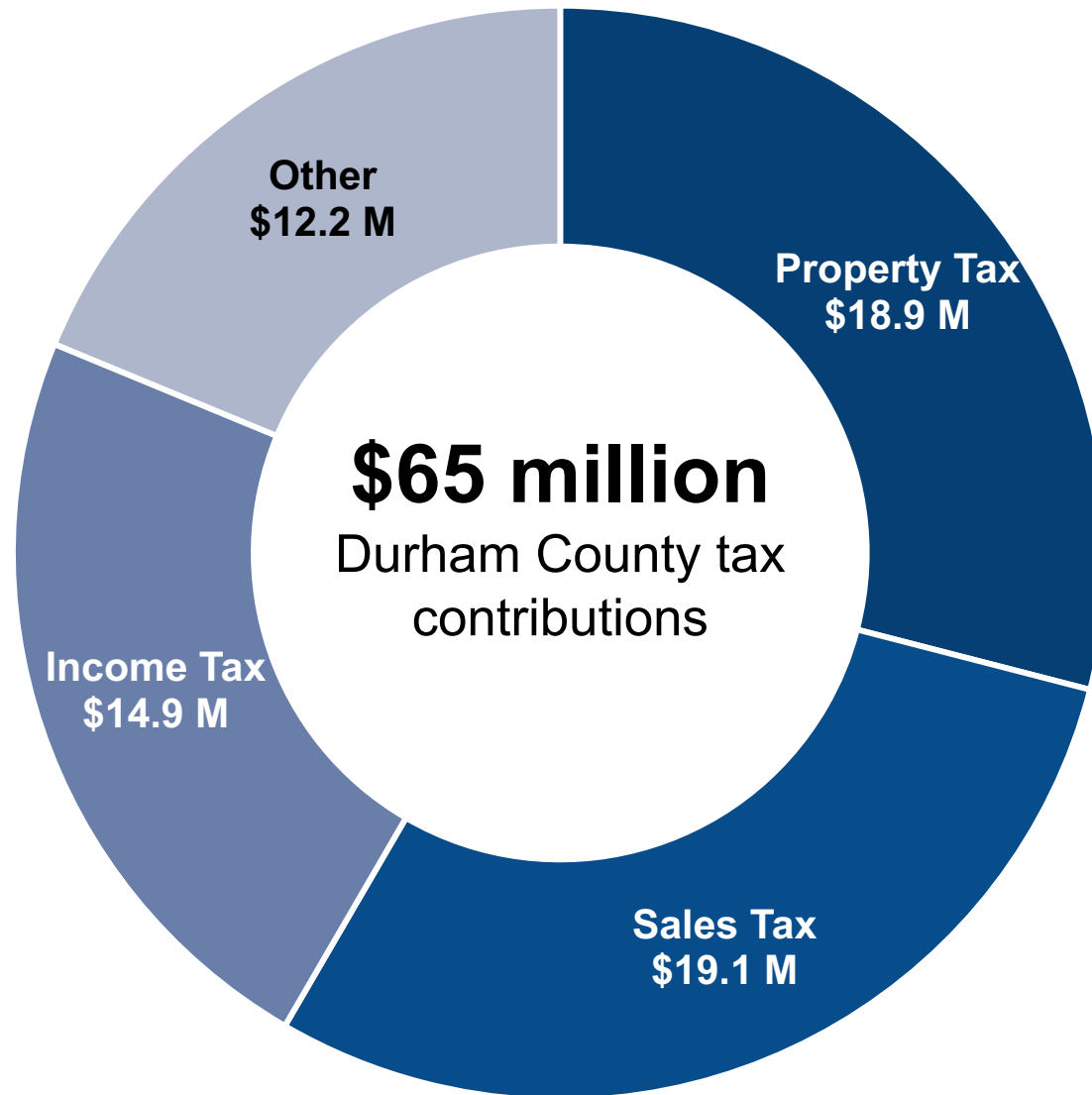
Measure	Previous Estimates	RTI Study
Cumulative taxes		\$65 million in present value of taxes at a 5% discount rate for entire development (Park Center East + Frontier) from 2018-2028
Taxes, detail	Construction <ul style="list-style-type: none"> <li>\$13.2 million in taxes (sales &amp; income)</li> </ul> Annual Economic Returns <ul style="list-style-type: none"> <li>\$12.7 million income &amp; corporate taxes</li> <li>\$3.3 million property taxes</li> <li>\$2.2 million in local sales taxes</li> <li>\$500,000 mass transit tax</li> </ul>	\$47 million present value for Park Center East: <ul style="list-style-type: none"> <li>\$8.3 million in income taxes</li> <li>\$15.9 million in property taxes</li> <li>\$16.1 million in sales taxes</li> <li>\$7.2 million in other taxes</li> </ul>

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.



# Present Value of Tax Contributions for Park Center, 2018-2028

## Present Value of Park Center (East + Frontier) Tax Contributions



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

**Park Center likely supports directly & indirectly**



**\$1.37B**

IN ANNUAL GDP  
BY 2026

**\$35.5B**

DURHAM COUNTY  
ESTIMATED GDP



**10K**

JOBS IN DURHAM  
COUNTY BY 2026

**205K**

DURHAM COUNTY  
EMPLOYMENT ACROSS ALL  
INDUSTRIES AS OF Q2-2018

**55K**

APPROXIMATE  
NUMBER OF JOBS  
AT RTP



# Thank you!

