

ECONOMIC IMPACT ANALYSIS

AMBASSADOR
TOWN CENTER

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INTRODUCTION

The purpose of this study is to identify and quantify the direct, indirect and induced economic impacts Ambassador Town Center, which is roughly 60-acres and over 430,000 square feet, has on Lafayette Parish. This report measures the economic effect of the Center's employment, household earning, and day-to-day operations. The impact analysis estimates direct employment by the Center, along with localized economic multipliers, to determine its indirect and induced effects on other industries and households in the area.

FINDINGS

In addition to direct impact, Ambassador Town Center creates added indirect and induced economic impacts within Lafayette Parish. The total impact of the Center can be separated into three different effects: output, earning, and employment. The economic impact of the Center is calculated by multiplying specific industry multipliers with the Center's total employment.

ECONOMIC IMPACT

It is estimated that Ambassador Town Center directly employs 1,334 employees in its 29 stores and restaurants. It is also estimated that the Center created \$30 million in direct wages and salaries in 2018. Last year, estimated total retail sales were more than \$117.4 million. Using RIMS II multipliers, the table below expresses the economic impact the Center has on Lafayette Parish.

Estimated Output	\$117,424,317	Output	Earnings	Employment
Direct Effect		\$117,424,317	\$30,087,959	1,334
Indirect/Induced Effect		\$64,826,050	\$14,720,752	377
TOTAL EFFECT		\$182,250,367	\$44,808,711	1,711

Note: To calculate employment impact, expenses have to be converted into 2015 dollars as to not overstate the impact	Dollars Spent	Deflation Figure	2016 Dollars	Total Employment Created
	\$117,424,317	\$5,401,519	\$112,022,798	1,711

To calculate the economic impact of Ambassador Town Center's expenditures using the RIMS II multipliers, the total employment estimates were converted into fiscal year 2016 dollars. If the conversion had not been done, the employment impact numbers would have been overstated in the final analysis. The Consumer Price Index data indicated a nearly 4.6% increase in economy-wide price levels between 2016 and 2018. This difference was used to deflate the expenditures to calculate the correct employment impact.

Based on the output multiplier, Ambassador Town Center had a total economic impact of \$182.2 million in 2018. The output multiplier indicates that for every dollar spent, the Center pumps an extra \$0.53 into Lafayette Parish.

The employment multiplier demonstrates the relationship between the Center's operation expenditures and employment creation in the study area. The Center supports a total of 1,711 jobs in Lafayette Parish, including the 1,334 staff directly employed at the Center.

The total impact of the earnings from the Center are estimated to be \$44.8 million. The earning multiplier indicates the level of Lafayette Parish income that is dependent on the Ambassador Town Center payroll.

- **Output Multiplier:** The output multiplier estimates the total change in local sales resulting from a \$1 increase in sales in the study area (final demand). In essence, the output multiplier is used to assess the interdependence of sectors in the local economy. For example, if the multiplier for retail trade is 2, then every \$1 spent to operate the Center would create \$2 in economic activity in the local community. This trail of money down the supply chain is measured by the output multiplier and shows the liquidity of the retail industry. Multiplying the total revenue of the Ambassador Town Center by the output multiplier provides an estimate of the total increase in output in Lafayette Parish.
- **Earnings Multiplier:** The income multiplier measures the income the Center generates, through payroll and the multiplier effect, for households employed by all industries within Lafayette Parish. Consequently, the earning multiplier represents the amount of dollars that aggregate households in Lafayette Parish will gain in income based on the dollars put into the community by the Center through sales revenue.
- **Employment Multiplier:** Communities often wish to know the number of jobs that are supported as a result of an existing business. The employment multiplier produces an estimate of the total number of new jobs that Lafayette Parish can support in all industries due to the dollars the Center injects into the economy. The "snowballing" of dollars expended by the Center, in essence, stimulates job growth. The jobs multiplier is expressed in terms of jobs per million dollars of spending.

Furthermore, each of the economic multipliers takes into account three impacts, defined below:

- **Direct Impact:** comprises the operating budget of the Center on resources such as labor, goods and services
- **Indirect Impact:** encompasses purchases of local resources made by local businesses to produce the goods and services purchased by the Center, along with consequent purchases by other businesses that supply the first group of businesses
- **Induced Impact:** includes the local household spending of the earnings of employees of the Center and its suppliers

	Direct Impact	Indirect Impact	Induced Impact
Output Multiplier	Center expenditures	Center supplier expenditures	Local retail and service expenditures attributed to the added income from the Center
Earnings Multiplier	Center employee income	Center supplier employee income	Local retail and service income attributed to the Center
Employment Multiplier	Center jobs	Center supplier jobs	Local retail and service jobs attributed to the Center

METHODOLOGY

LEDA supplemented data with RIMS II multipliers to calculate the total economic impact on the area. RIMS II is based on an accounting framework called an Input-Output (I-O) table. For each industry, an I-O table shows the distribution of the inputs purchased and the outputs sold. Data sources used to derive these tables come from the Bureau of Economic Analysis—their national I-O table, which shows the input and output structure of nearly 500 U.S. industries, and their regional economic accounts, which are used to adjust the national I-O table in order to reflect a specific region's industrial structure and trading patterns.

In order to use RIMS II, a study area must be defined. The Bureau of Economic Analysis supplies multipliers for a wide range of geographies. For the purpose of this study, Lafayette Parish multipliers are used for the area of geographic measure.

Figures are converted into fiscal year 2016 dollars in order to be compatible with RIMS II multipliers data. The conversion was done using the Consumer Price Index for all urban consumers from the Bureau of Labor Statistics. The only figure remaining in 2016 terms is the jobs impact because jobs are not expressed in monetary terms and cannot be projected forward using the Consumer Price Index. The job impact would be overstated if the inflation conversion was not done. For this report, algebraic conversions are used to manipulate the RIMS II multipliers to fit the “known” total Center employment gathered by LEDA.