

Economic Impact of the Searstown Mall Redevelopment



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ABOUT THE NORTH BREVARD ECONOMIC DEVELOPMENT ZONE

The North Brevard Economic Development Zone (NBEDZ) is a Special Dependent District created by the Brevard County Board of County Commissioners in the aftermath of the end of NASA's Space Shuttle program. The objective of the NBEDZ is to facilitate job growth and economic development within North Brevard county by accomplishing the following efforts:

- Market and fully maximize state incentive programs where available and appropriate
- Identify and participate in the development of infrastructure projects that are directly attributable to job creation and economic development
- Analyze opportunities to utilize state incentives not currently accessible
- Establish, promote, and market Brownfield areas within the North Brevard Area
- Improve communications infrastructure
- Workforce development

ABOUT THE EAST CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

The East Central Florida Regional Planning Council (ECFRPC) was established in 1962 as an area-wide association of local governments. It is one of Florida's ten regional planning councils and serves governments and organizations located within Brevard, Lake, Marion, Orange, Osceola, Seminole, Sumter and Volusia counties. Since 2003, The ECFRPC has been using the Regional Economic Models, Inc. Policy Insight (REMI PI+) model to calculate the economic effects of a variety of policies and investments. More detailed information about the model can be found at www.remi.com.

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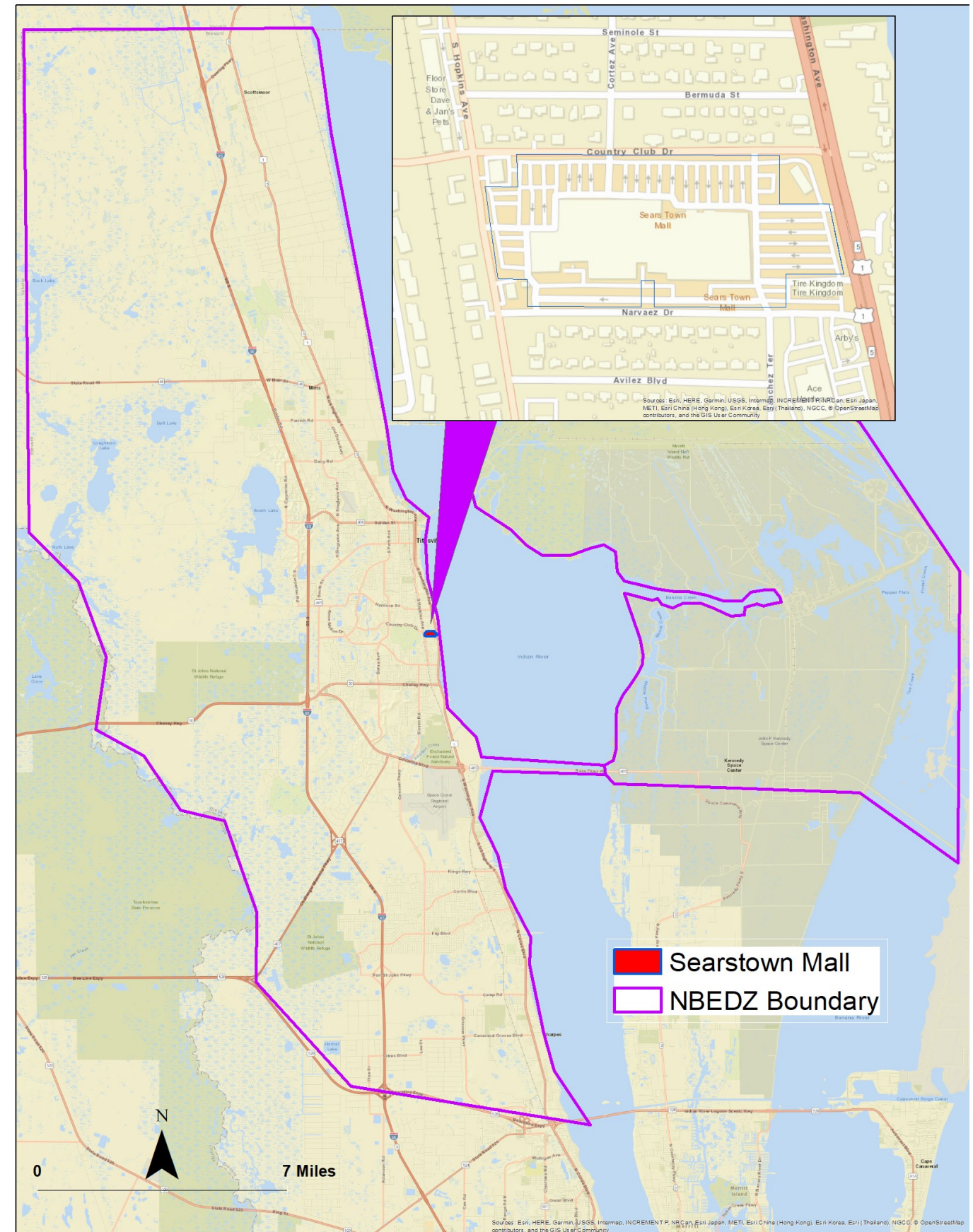
INTRODUCTION

Located in the northern part of the county, the geographic boundaries of the NBEDZ are contiguous with the County Commission's District One, excluding those areas south of State Road 528 and the boundaries of the City of Cocoa. In its role as an economic development district, the NBEDZ works to identify and participate in the development of infrastructure projects that could spur job creation and economic development.

One of the current projects is the redevelopment of the Titusville Mall (formerly know as the Searstown Mall) into an open-air lifestyle center containing a mixture of residential, retail, medical, and dining uses. As envisioned, the project will be completed in three phases:

- Phase 1A: Partial demolition of the existing mall structure, replacement of utilities, and the development of a new storm water detention system.
- Phase 1B: Development of senior living facility with 20,000 square feet of commercial space on the ground floor, a 153-room hotel, and one commercial outparcel with two pad sites.
- Phase 2: Development of a seven story apartment building with 240 units and 110,000 square feet of retail and offices uses.

California Properties is seeking \$2.4 million in financial assistance from the NBEDZ to support this project. The purpose of this study is to develop a model scenario that evaluates the cost of providing this incentive against the economic benefit of redeveloping the site.



MODEL INPUTS AND ASSUMPTIONS

To develop this simulation, the ECFRPC relied on three variables: construction investment, new employment, and government spending. According to information provided by the NBEDZ, California Properties will be investing \$160 million to redevelop the Titusville Mall. As previously discussed, these new investment will occur in three phases (Figure 1). To account for the project phasing, the ECFRPC assumed that construction would take place over a three-year period.

Based on the information provided by the NBEDZ staff, this new redevelopment would create a total of 280 positions with an average annual wage of \$46,622. The ECFRPC divided these jobs into five different industry categories (Figure 2). These were Accommodation (35), Food and Drinking Places (60), Nursing and Residential(55), Professional and Technical Services (75), and Retail Trade (55). In some instances, the ECFRPC used the software’s Wage Bill variable to adjust the average annual wages by industry based on state and federal information.

Finally, the ECFRPC entered the economic development assistance provided by the NBEDZ to reimburse the development team. These monies will be mainly coming from the NBEDZ’s Tax Increment Financing district, which is funded with local property taxes. Because of this, the ECFRPC entered the \$2.4 million as Local Government Spending.

For the purpose of this simulation, the construction and operation variables were evaluated separately. Government spending was entered as a one time expense, and as a negative number to reflect that the money could have been spent to pay for other services.

Figure 1. New Construction Investment

Project Phase	New Buildings	Investment (in millions)
Phase 1A	Demolition and Site Improvements	\$20
Phase 1B	Senior Living Facility	\$22
	Hotel	\$40
	Retail Spaces	\$8
Phase 2	Apartment Building	\$50
	Retail/Office Space	\$20
Total		\$160

Source: California Retail Properties

Figure 2. New Employment by Industry

Industry	Number of Positions	Average Annual Wages
Accommodation	35	\$27,071
Food and Drinking Places	60	\$47,320
Nursing and Residential	55	\$78,000
Professional, Scientific, and Technical Services	75	\$50,000
Retail Trade	55	\$30,721
Total	280	\$46,622

Sources: California Retail Properties, FL Department of Economic Opportunity, US Bureau of Labor Statistics, REMI

SUMMARY OF ECONOMIC RESULTS

The ECFRPC entered these three variables into the REMI PI+ model to estimate the economic impact of the proposed project. The results concentrate on four economic impact indicators: employment, output/sales, personal income, and gross domestic product (GDP). The reported numbers are the average annual increases of economic activity based on the current REMI forecast. All numbers are for Brevard County.

According to REMI, the redevelopment of this property will generate 365 jobs, \$43.6 million in output/sales, and \$27.6 million in personal income annually. It will also contribute \$26.8 million to Brevard County's Gross Domestic Product.

On the other hand, the operations of the new businesses will generate an additional 362 positions (280 direct and 82 indirect and induced jobs). The employment estimate includes full-time, part-time, and temporary positions, which the model gives equal weight. The operation of these businesses will generate jobs in other industries besides the ones that have been previously discussed. These include Construction, State and Local Government, and Administrative and Support Services, among others.

Often referred to as total sales volume, output measures the gross level of business revenue which includes both the costs of labor and materials (intermediate inputs) and value added activities (compensation and profits). Since business output is the broadest measure of economic activity, it tends to generate the largest numbers. The operation of these businesses will generate almost \$42.2 million annually. The industries expected to generate the most sales are Professional, Scientific, and Technical Services (23%), Retail Trade (20%), and Accommodations (13%).

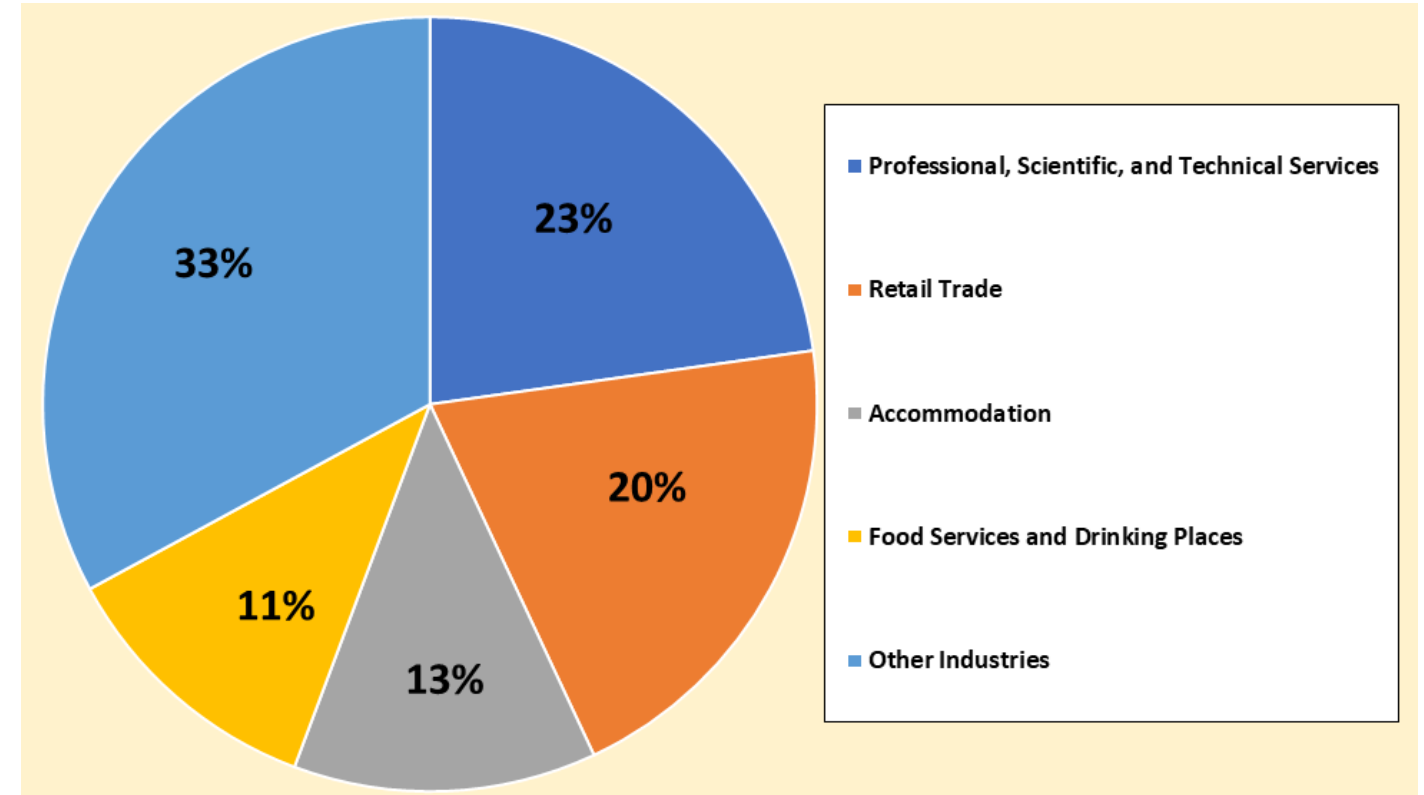
Figure 3. Summary of Economic Impact Results

Economic Indicators	Construction	Operations
Employment	365	362
Output/Sales	\$43,600,000	\$42,166,667
Personal Income	\$27,600,000	\$26,166,667
Gross Domestic Product	\$26,800,000	\$26,500,000

Results are annual averages

Source: REMI PI+ East Central Florida v.3.00

Figure 4. Output/Sales by Industry



Source: REMI PI+ East Central Florida v. 3.00

Personal income refers to total earnings from employee compensation, wage supplements, rents, transfer payments, and other business ventures. According to the REMI model the new businesses are expected to generate almost \$26.5 million in personal income annually. Over 75 percent of this income will be in the form of wages and salaries. The industries that will get most of these salaries are Construction (\$10.3 million), Accommodation (\$8.3 million), Retail Trade (\$2.1 million), and State and Local Government (\$2.1 million).

Finally, another important economic indicator is gross regional product. Sometimes referred to as gross domestic product (GDP), this figure represents the market value of all goods and services produced by labor and property, regardless of nationality. According to REMI, this new project will contribute \$48 million to Brevard's GDP annually.

CONCLUSIONS

Based on the results of this economic impact simulation, the economic activity that would be generated by the new developments overwhelmingly surpass the cost of providing this incentive. These economic effects are not only the direct result of the developer investments, but also include the indirect and induced effects that will be generated by this project.

