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Economic Impact Summary: OLF-8 Light Industry Compared to OLF-8 Residential, Retail and Restaurants

Methodology

Researchers at the UWF Haas Center modeled three economic scenarios using an input-output (I-O) model known as IMPLAN. This software application estimates the direct, indirect, and induced effects stemming from economic activities associated with construction investments and business operations. Price changes are not factored into the assessment. In using this model, the team assumes that consumer preferences, government policy, technology, and prices all remain constant.

Scenario One: 5-year Assessment of Light Industrial Capital Expenditures and Jobs

Scenario One Impact Model Inputs

Year 1: Capital Exp. $570M

Years 2-5: Net New Jobs 251

Years 2-5: Payroll: $15.6M

Light Industry 5-Year Impact			
Type	**Personal Income**	**Value Adde**	**Output**
Direct	$320.9M	$393.0M	$860.8M
Indirect	$61.8M	$105.7M	$211.4M
Induced	$62.7M	$122.1M	$206.3M
Total	**$445.4M**	**$620.8M**	**$1.3B**

The first scenario models construction and employment at three facilities: one for distribution, another for A/C manufacturing, and a third employer in medical device assembly. In total, researchers estimate the economic impact over 5-years will be **$1.3B**. Employment, including the first 12 months of construction, is estimated to include **1,550 jobs** over a five-year timeframe. Most of the employment activity occurs during the initial construction phase, however operations and new manufacturing as well as distribution jobs produce decades of personal income for residents in all parts of Escambia County, FL. In fact, personal income is estimated to increase in the region by **$445.4M**. The total **local tax revenue** generated would amount to **$10.8M**.

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Scenario Two: 5-year Assessment of Residential, Retail and Restaurant Construction and Employment

Scenario Two Impact Model Inputs	Residential/Retail/Hospitality 5-Year Impact			
Year 1: Construction—Utility Infrastructure, retail & restaurants, 200 single family residences, $88M **Years 2-5:** Net new retail & restaurant jobs: 40	**Type**	**Personal Income**	**Value Adde**	**Output**
	Direct	$36.3M	$59.4M	$105.6M
	Indirect	$8.6M	$16.1M	$29.5M
	Induced	$7.3M	$14.3M	$24.2M
	Total	**$52.2M**	**$89.8M**	**$159.3M**

The second scenario simulates the spending related to the construction of a utility infrastructure, 200 residences, retail, and restaurants as well as new jobs pertinent to operating restaurant and retail businesses. The total output associated with this development at OLF-8 in Escambia County, FL is estimated to be **$159.3M**. Researchers anticipate a total of **205 jobs** across 5-years and similar to the light industry scenario, many of those jobs are generated directly from short-term construction activity. The personal income generated would be approximately **$52.2M**. Using the same method to estimate tax revenue, the residential/retail scenario would generate **$2.4M**.

Comparisons and Conclusion

Under the light-industry scenario, the total local tax revenue generated amounts to an estimated **$10.8M**, compared with the **$2.4M** produced from the housing, retail and restaurant scenario. The difference between the two is **$8.4M** over 5 years. Personal income gains also represent a significant difference with light industry producing **$393.2M** more than housing, retail, and restaurants. The total difference in economic output over 5-years is **$1.1B**.

The OLF-8 master plan and zoning accommodates both scenarios—light industry, as well as retail, restaurants, and residences. Escambia County, FL has at least two examples of such economic diversity, one is found in Marcus Pointe, a master-planned, golf-course community and commerce park located about 9.5 miles from OLF-8. Businesses include the Lewis Bear Company, Folkers Windows, Rubber and Specialties, Inc. and Security Engineering.

Similar economic diversity is found a few miles south in Downtown Pensacola, where light manufacturing and distribution coexists with retail, restaurants and residential spaces. Examples of light industry in Downtown Pensacola include but are not limited to Mondelez International/Nabisco Biscuit Company, Snack Crate, Bergan Marine Systems, National Standard Parts, and Mercury Machining Company.

For questions about this economic impact model, please contact the executive director of the UWF Haas Center, Nicole Gislason (nicole@uwf.edu).