

Appendix III – Economic Impact Assessment

THE ECONOMIC IMPACT OF THE CAROLINA PANTHERS ON SOUTH CAROLINA

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EXECUTIVE SUMMARY

The Carolina Panthers are currently considering a proposed development of a 234-acre master planned community in Rock Hill, South Carolina. This development would include a practice facility, headquarters offices, and a sports/entertainment venue with emphasis on retail/entertainment/media production, sports medicine, hospitality, employment, research & development, residential dwellings, indoor & outdoor recreation, and open space uses – all connected via an integrated network of streets and pedestrian access. The purpose of this memo is to summarize the results of an analysis designed to specifically estimate the economic impact to South Carolina that would likely result from this new master planned community. All projections and assumptions related to construction spending, hiring, visitor attendance, and available commercial square footage were provided by the Carolina Panthers organization.

The key findings of this analysis are as follows:

- *If the project moves forward, the Carolina Panthers organization would invest an estimated \$450 million towards the construction of Phase I of the master planned community in Rock Hill between March 2020 and July 2022, which encompasses the building of an approximately 541,700 square foot training facility & headquarters. It is projected that roughly \$225 million (50%) would be spent in South Carolina, which would include the direct hiring of over 400 employees during the peak construction period.*
- *This \$225 million South Carolina investment would be expected to generate a total economic impact of approximately \$314 million for the state of South Carolina over the 29-month construction period. This figure reflects the dollar value representing all final goods and services produced in South Carolina that can be attributed (directly or indirectly) to this construction activity. This impact would also translate into an average of 527 temporary jobs that would be supported (directly or indirectly) during this timeframe that would pay a total of \$72 million in labor income.*
- *The temporary economic impacts that result from the aforementioned construction would be eventually followed by more permanent Phase I impacts associated with the ongoing operations of the training facility & headquarters. These operations would be projected to generate an annual economic impact of approximately \$75 million for the state of South Carolina along with approximately 371 jobs.*
- *The implementation of Phase II of the 234-acre master planned community would take place over a seven-year timeframe. Upon completion, it would consist of an additional approximately 1.4 million square feet that would be used for commercial business activities, including office space, multi-family housing development, and hotel development.*
- *This analysis estimates that the economic impact to South Carolina that would result from the additional approximately 1.4 million square feet of commercial space being occupied and in-use would total \$150 million annually. This impact would also generate 1,423 jobs for the state of South Carolina, which corresponds to \$65 million in labor income.*

INTRODUCTION

The Carolina Panthers are currently considering a proposed development of a 234-acre master planned community in Rock Hill, South Carolina. This development would include a practice facility, headquarters offices, and a sports/entertainment venue with emphasis on retail/entertainment/media production, sports medicine, hospitality, employment, research & development, residential dwellings, indoor & outdoor recreation, and open space uses – all connected via an integrated network of streets and pedestrian access.

The purpose of this analysis is to estimate the economic impact to South Carolina that would likely result from the first two phases associated with this new master planned community. Phase I includes the 29-month construction of the approximately 541,700 square foot headquarters and training facility as well as all ongoing associated business operations. Phase II includes any and all business operations associated with the additional approximately 1.4 million square feet of commercial space outlined in the master plan that is likely to be developed over the next seven years.

The economic impacts encompassing both phases are described in detail below, including a review of the primary results as well as the methodology and assumptions underlying these results. Note that all estimates in this analysis derive from raw data projections provided by the Carolina Panthers organization.

THE ECONOMIC IMPACT OF THE MASTER PLANNED COMMUNITY

Economic Impact: Phase I Site Construction

If the project moves forward, between March 2020 and July 2022 the Carolina Panthers would invest an estimated \$450 million to build Phase I of a master planned community. This would consist of an approximately 541,700 square foot headquarters & training facility. This construction activity would provide an injection of new dollars into the region that represents a net increase in demand – and thus a temporary increase in total economic activity for the 29-month time period – that would not exist otherwise. More specifically, of the estimated \$450 million total investment, the Panthers organization currently anticipates it would spend approximately \$225 million (50%) within the state of South Carolina, which would include the direct creation of 400 in-state jobs during the peak of the construction phase. Table 1 summarizes the Panthers organization's anticipated construction-related investment and hiring associated with the training facility between 2020 and 2022.

Table 1 – Anticipated Hiring and Spending Activity for Phase I Site Development

Note: Estimates listed are annual averages for South Carolina

Year	Total Direct Expenditures	Total Direct Employment
2020	\$65,371,429	271
2021	\$100,571,429	417
2022	\$59,057,142	245

Year	Total Direct Expenditures	Total Direct Employment
Totals	\$225,000,000	N/A

Although the employment estimates detailed in Table 1 reflect in-state job creation, it is important to note that the Carolina Panthers anticipate that *only 60 percent of this workforce would live in South Carolina*. The remaining 40 percent would likely live in North Carolina and commute daily to the Rock Hill area for work. As such, the total economic impact of these workers would be significantly less than those who both live and work in South Carolina. Specifically, the impact of these 40 percent were modeled under the assumption that the percentage of their wages that would be spent in South Carolina would be no higher than that of construction workers who both live and work in the Charlotte metropolitan region.

In order to determine the total economic impact on South Carolina arising from this new construction activity, a detailed structural model (known as an input-output model) of the South Carolina economy was utilized. This model contains specific information on economic linkages between different industries throughout the state. It provides the means to assess how an initial round of new spending activity (known as the *direct effect*) can lead to successive rounds of spending (known as the *multiplier effect*) resulting from both inter-industry linkages between local firms as well as increases in household spending. In order to ensure that the uniqueness of local economic dynamics is considered, the input-output modeling software *IMPLAN* is combined with other customized regional forecasting models that were developed. This allows for the inclusion of additional local data, industry knowledge, and ongoing economic growth trends. The total economic impacts arising from the construction of the training facility appear in Table 2.¹

Table 2 – Economic Impact of the Construction Associated with Phase I

Year	Description	Employment	Labor Income	Total Impact
2020	Direct Effect	271	\$12,769,074	\$65,371,427
	Multiplier Effect	168	\$8,118,703	\$25,873,946
	Total Impact	439	\$20,887,777	\$91,245,373

2021	Direct Effect	417	\$19,644,731	\$100,571,427
	Multiplier Effect	258	\$12,490,311	\$39,806,070
	Total Impact	675	\$32,135,042	\$140,377,497

2022	Direct Effect	245	\$11,535,698	\$59,057,142
	Multiplier Effect	152	\$7,334,509	\$23,374,757
	Total Impact	397	\$18,870,207	\$82,431,899

2020-2022	Total Impact	527²	\$71,893,026	\$314,054,769

¹ In this analysis, the construction sector was modeled using NAICS code 236220.

² This estimate represents the average number of jobs created per year during the construction phase.

Between March 2020 and July 2022, the construction associated with Phase I would generate a total economic impact of approximately \$314 million on the state of South Carolina. This total impact is estimated to create an average of approximately 527 temporary jobs during the 29-month construction phase that would pay a total of \$72 million in labor income. This employment figure would be highest during 2021 – the peak construction period – at which point the total number of jobs associated with all construction activity (including both direct employment and all additional employment resulting from the economic multiplier effect) would increase to 675.

Economic Impact: Permanent Operations Associated with Phase I and Phase II

The temporary economic impacts outlined above that result from the construction phase of the new master planned community would eventually be followed by more permanent impacts associated with the ongoing business operations within all of the new facilities that are built. Specifically, the operations associated with Phase I and Phase II of site development would generate regular economic activity that results from (1) the operations of the training facility & headquarters (Phase I) and (2) all ongoing business activities associated with the approximately 1.4 million additional square feet of commercial office space, multi-family housing units, and hotel space (Phase II). Table 3 breaks down the categories of business activity that would constitute the approximately 1.9 million square feet of commercial space along with the direct employment and payroll that is estimated to be generated from business activity that would take place once this real estate is occupied.

Table 3 – Direct Employment and Payroll Estimates Associated with Phases I and II

Development Phase	Business Category	SQFT	Direct FTE Employment	Direct Payroll
Phase I	Training Facility & Headquarters	541,700	120	\$87.7M
Phase II	R&D/Commerce Offices	1,093,519	1,686	\$82.3M
Phase II	Multi-Family Housing	131,211	10	\$0.2M
Phase II	Hotel	175,000	82	\$2.9M
Totals	N/A	1,941,430	1,898	\$173.1M

Phase I Operations: The Headquarters & Training Facility

The headquarters & training facility would generate an estimated 120 full-time equivalent (FTE) South Carolina jobs with a corresponding annual payroll of \$87.7 million. FTE refers to “full-time equivalent” employees. One FTE employee represents the equivalent of one employee working full-time in the region for a twelve-month period.

Data provided by the Carolina Panthers shows that the training facility and headquarters relocation would move 150 employees (including players, coaches, and management staff) with a combined annual payroll of \$161 million to Rock Hill. This includes a player roster of 60 that is projected to reside in South Carolina for a minimum of six months each year – which translates to 30 FTEs. Thus, the 120 FTE

jobs created derive from combining 90 employees working full-time year round (90 FTEs) with 60 players working full-time for six months each year (30 FTEs). The total payroll of these 60 players is also adjusted to reflect a six-month period of residence in South Carolina each year.

The economic impacts that would result from this potential new employment and payroll base specifically arise from the payroll dollars spent by employees in the South Carolina economy that generate an aggregate increase in demand, and thus, support additional rounds of job and income creation. In South Carolina, households in the highest income brackets spend an average of 43.9 percent of every dollar earned within the state.³ As such, approximately \$38.5 million in new spending would be expected to occur annually in South Carolina as a result of the relocation of the Carolina Panthers training facility and headquarters.

An additional component of the direct economic impact of Phase I operations that is not captured in Table 3 is the spending activity associated with attendees at various events at the training facility that are projected to occur each year. The subset of these attendees who would travel from outside of South Carolina to attend these events would introduce new spending to the region that would not exist otherwise, thus generating a net increase in economic activity. Table 4 highlights data provided by the Carolina Panthers detailing potential annual events that may occur at the training facility each year along with the estimated total number of maximum attendees based on current projections. In sum, the direct economic impact of new visitor spending in South Carolina associated with the training facility was estimated to be \$3.0 million annually, which is based on data collected from the Spartanburg Convention and Visitors Bureau and the South Carolina Department of Parks, Recreation, and Tourism on average travel patterns and spending habits of North and South Carolina residents.⁴

When combined, the total annual economic impact of the headquarters & training facility (including all impacts resulting from out-of-state visitors and accompanying economic multiplier effects) is estimated to be \$75.3 million. This is associated with 371 jobs and \$51.4 million in labor income, as shown below in Table 5 (next page).

Table 4 – Anticipated Events at Training Facility w/ Potential for Out-of-State Visitors

Event	Maximum Number of Attendees	Event Frequency
1 st Day of Training Camp	15,000	1 per year
Avg. Day of Training Camp	7,000	3 weeks per year
Level 1 Concert	2,000	4 per year
Level 2 Concert	5,000	2 per year

³ This percentage is derived from household spending patterns estimated within the South Carolina *IMPLAN* model.

⁴ This \$3 million impact is a subset of the total impact estimates for the training facility and headquarters as reported in Table 5.

Phase II Operations: Additional Commercial Real Estate Space

The employment and payroll figures associated with the approximately 1.4 million square feet intended for the R&D/Commercial Offices, Multi-Family Housing, and Hotel categories were generated in two steps. First, data were collected on Rock Hill average rental rates, average national vacancy rates, and typical sales volume per square foot for various commercial property uses. These data were then applied to the square footage values listed in Table 3 to impute the annual sales volume that would likely derive from businesses in each category. Second, the annual employment and payroll values in Table 3 were estimated from these sales figures using standard input-output models for South Carolina. For example, Table 3 implies that approximately 1.1 million square feet of R&D/commercial office space that houses professional service firms at national occupancy rates would support an average of 1,686 jobs each year in South Carolina along with \$82.3 million in total payroll.⁵

To date, there is no information on the specific businesses that would locate in the approximately 1.4 million square feet of available commercial space. As such, there is no way of knowing exactly how much of the business activity that would operate in this space would be new business activity recruited from outside of South Carolina as opposed to business activity that has simply relocated from elsewhere within the state. This is a critically important distinction to make because businesses relocating from outside of the state (such as from the Charlotte region) provide an unambiguous net gain to total economic activity in South Carolina, while businesses relocating from within the state would only generate a net gain for the Palmetto State if they expand operations as part of their move. The Carolina Panthers organization would target out-of-state businesses to fill the approximately 1.4 million square feet of commercial real estate and expects that a minimum of 50 percent of this real estate would be occupied by new businesses recruited from out-of-state.

The total economic impact estimates of all operations associated with Phase I and Phase II appear below in Table 5.

Table 5 – Economic Impact of the Operations Associated with Phases I and II

Development Phase	Description	Type	Employment	Labor Income	Total Impact
Phase I	Training Facility & Headquarters	Direct Effect	168	\$39,580,645	\$57,571,847
		Multiplier Effect	203	\$11,819,739	\$17,729,609
		Total Impact	371	\$51,400,384	\$75,301,456

Phase II	R&D/Commerce Offices	Direct Effect	843	\$41,157,854	\$76,450,651
		Multiplier Effect	508	\$21,579,401	\$64,682,559

⁵ All R&D and commercial office space was assumed to contain businesses evenly distributed across NAICS codes 54-56; all multi-family housing space was assumed to contain businesses categorized within NAICS code 531; all hotel space was assumed to contain businesses categorized within NAICS code 721.

Development Phase	Description	Type	Employment	Labor Income	Total Impact
		Total Impact	1,351	\$62,737,255	\$141,133,210

Phase II	Multi-Family Housing	Direct Effect	5	\$107,521	\$883,017
		Multiplier Effect	4	\$145,766	\$460,197
		Total Impact	9	\$253,287	\$1,343,214

Phase II	Hotels	Direct Effect	41	\$1,460,784	\$4,981,900
		Multiplier Effect	22	\$927,717	\$2,849,681
		Total Impact	63	\$2,388,501	\$7,831,581

Totals		N/A	1,794	\$116,779,427	\$225,609,461

In sum, it is estimated that – upon the completion of Phase I and Phase II – the total annual economic impact on the state of South Carolina resulting from all projected operations and events would be nearly \$226 million. This is associated with 1,794 jobs and over \$116 million in labor income.