

The Economic and Workforce Development Impacts of the Development of the Lutherville Station Project

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Executive Summary

Schwaber LS, LLC retained Richard Clinch, PhD, Director of the Jacob France Institute of the Merrick School of Business at the University of Baltimore to analyze the economic¹, fiscal and workforce development implications of the development of the Lutherville Station Project on the Baltimore County, Maryland economy. The findings of this analysis are as follows:

Direct Jobs

- The construction and operation of the Lutherville Station Project will directly create 2,161 construction-related jobs in total over the entire construction period for the project, and the increase in tenant activities once the building is complete and fully occupied will create or retain a total of 847 jobs inside of the development project;

Construction Impacts

- The \$228.5 million in construction expenditures associated with the construction of the Lutherville Station Project will generate \$324.5 million in economic activity in the Baltimore County, Maryland economy, create 2,738 jobs earning \$185.4 million in labor income, and generate an estimated \$12.1 million in State and local government revenues over the construction of the project, including \$4.5 million in estimated County government revenues;

Ongoing Tenant and Residential Impacts

- Under Scenario #1, the retail and office tenants and 400 market rate apartments are projected to retain or increase economic activity in the Baltimore County economy by an estimated \$249.3 million, support 1,497 jobs earning \$106.9 million in labor income, and generate an estimated \$11.4 million in State and local government revenues, including an estimated \$4.2 million in County government revenues;
- Under Scenario #2, the retail and office tenants and 380 market rate and 80 affordable apartments are projected to retain or increase economic activity in the Baltimore County economy by an estimated \$247.5 million, support 1,488 jobs earning \$106.4 million in labor income, and generate an estimated \$11.2 million in State and local government revenues, including an estimated \$4.2 million in County government revenues;

Job Quality Impacts

- The development of the Lutherville Station Project will create high quality jobs in Baltimore County, including:
 - 1,347 construction trades jobs during the construction of the project;
 - The office/commercial tenants and resident incomes will support 778 jobs in Management, business, science, and arts occupations (52% of the total - 775 in Scenario #2);
 - The average labor income per permanent jobs created is \$71,400 (wages, salaries, benefits and other income); and
 - 70 percent of the jobs created by the construction of the Lutherville Station Project offer access to retirement benefits and 76 percent offer access to medical benefits and 79 percent of the jobs created or supported by the tenant operations occurring in the Lutherville Station Project offer access to retirement benefits and 79 percent offer access to medical benefits.

¹ This analysis does not assess the extent to which the development of the Lutherville Station Project competes with or substitutes for other development activity or replaces activity currently occurring on the development site. Thus, this analysis measures the relationship between this redevelopment project and the larger Baltimore County, Maryland economy. Please note – totals may not sum throughout this report due to rounding.

Introduction and Project Inputs

The Lutherville Station Project is the redevelopment of the Lutherville Station shopping center located at 130 W. Ridgely Road into a mixed use development consisting of: 200,000 square feet of office space; 21,300 square feet of retail space and 400 apartments. Schwaber LS, LLC commissioned this study to provide data on the economic and jobs impacts of the project.

As described in the project description table below, the construction budget for the Lutherville Station Project is \$228.5 million and the project includes 221,300 square feet of retail and office space and 400 apartments. Once it is developed and fully occupied, the development project is projected to house 847 office, retail and restaurant jobs. The inputs to the economic impact analysis were based on the project description in Table 1 below, and included the following:

- For pre-development construction-related impacts, the input to the IMPLAN modeling was the planned construction budget for the Lutherville Station Project;
- For the operational impacts:
 - For apartment space, the input to the modeling was the level of resident income required to support the projected rent levels using the 30 percent of income devoted to rent determined to be affordable by the U.S. Department of Housing and Urban Development. The JFI also prepared a second scenario based on 20% of apartments developed as affordable housing, using 50% of median County household incomes²; and
 - For the operational impact of the Lutherville Station Project, the input to the IMPLAN modeling was the projected tenant employment to be located in the project, based on 1 job per 450 sq. ft. for retail space and 1 job per 250 sq. ft. for office space, all generally accepted relationships of employment to building size. The Lutherville Station Project is projected to house 847 office retail, and commercial jobs in the tenant locating in the development project and total tenant operational revenues are expected to total \$146.5 million once the development project is complete and fully occupied.

Table 1: Modeling Inputs for Lutherville Station

Construction Phase	
Total Construction Spending	<u>\$228,462,300</u>
Structured Parking Construction	\$20,560,000
Retail Space Construction	\$7,902,300
Commercial Space Construction	\$60,000,000
Apartment Buildings Construction	\$140,000,000
Operational Phase	
<u>Total Employment Space (sq. ft.)</u>	<u>221,300</u>
Retail Space	21,300
Office Space	200,000
Jobs Created ¹	847
Apartments	400

(1) Estimated at 1 job per 250 sq. ft. for office space and 1 job per 450 sq. ft. for retail space.

Source: Schwaber LS, LLC

² <https://dhcd.maryland.gov/HousingDevelopment/Documents/prhp/2020 MD Income Limits.pdf>.

Based on these inputs, Richard Clinch, PhD used the IMPLAN model to estimate the economic, employment and labor income impacts of the construction and operation of the Lutherville Station Project on the Baltimore County, Maryland economy. The IMPLAN model and methodology used in this analysis are described in the Methodology section at the end of this report.

Lutherville Station Construction Impact

As presented in Table 2, the \$228.5 million in construction expenditures associated with the construction of the Lutherville Station Project will generate \$324.5 million in economic activity in the Baltimore County, Maryland economy, create 2,738 jobs earning \$185.4 million in labor income, and generate an estimated \$12.1 million in State and local government revenues over the construction of the project, including \$4.5 million in estimated County government revenues. A total of 2,161 direct construction-related jobs are estimated to be created over the construction of the Lutherville Station Project.

Table 2: Economic Impacts of Construction Expenditures for Lutherville Station

	Output (Mil. \$s)	Labor Income (Mil. \$s)	Employment (Jobs)	State and Local Government Revenues (Mil. \$s)
Direct	\$228.5	\$153.7	2,161	\$5.2
Indirect	\$31.4	\$11.0	174	\$2.4
Induced	<u>\$64.7</u>	<u>\$20.7</u>	<u>403</u>	<u>\$4.5</u>
Total	\$324.5	\$185.4	2,738	\$12.1

Source: JFI and IMPLAN

Lutherville Station Operating Impact

The office and retail businesses tenants and apartment residents locating in the Lutherville Station project will also impact the community and County economy. The commercial and retail space will attract new businesses into the County that will create jobs and generate economic activity. Similarly, the new residents attracted to the 400 apartment units will spend money on local purchases of goods and services that will support County economic activity. The economic activity in the Baltimore County, Maryland economy supported by the business tenant operations and residential incomes associated with the development of the Lutherville Station development are presented in Table 3 and Table 4 under two scenarios – without and with 20% affordable housing units.

Scenario #1: Office/Commercial and All Market Rate Apartments

Under the first scenario, once the Lutherville Station Project is complete and fully occupied, the retail/commercial tenant employment on the site is estimated to total 847 jobs and these business operations are projected to directly generate \$146.5 million in revenues. This increase in business activity and the increase in County incomes attributed to the 400 market rate apartments are projected to retain or increase economic activity in the Baltimore County, Maryland economy by an estimated \$249.3 million, support 1,497 jobs earning \$106.9 million in labor income, and generate an estimated \$11.4 million in State and local government revenues, including an estimated \$4.2 million in County government revenues.

Table 3: Operational Impacts for Scenario 1: All Market Rate Apartments Lutherville Station

	Output (Mil. \$s)	Labor Income (Mil. \$s)	Employment (Jobs)	State and Local Government Revenues (Mil. \$s)
Direct	\$146.5	\$72.0	847	\$5.6
Indirect	\$44.5	\$16.4	290	\$1.7
Induced	<u>\$58.3</u>	<u>\$18.6</u>	<u>360</u>	<u>\$4.0</u>
Total	\$249.3	\$106.9	1,497	\$11.4

Source: JFI and IMPLAN

Scenario #2: Office/Commercial and 320 Market Rate and 80 Affordable Apartments

Under the second scenario, once the Lutherville Station Project is complete and fully occupied, the retail/commercial tenant employment on the site is estimated to total 847 jobs and these business operations are projected to directly generate \$146.5 million in revenues. This increase in business activity and the increase in County incomes attributed to the 320 market rate and 80 affordable apartments are projected to retain or increase economic activity in the Baltimore County, Maryland economy by an estimated \$247.5 million, support 1,488 jobs earning \$106.4 million in labor income, and generate an estimated \$11.2 million in State and local government revenues, including an estimated \$4.2 million in County government revenues.

Table 4: Operational Impacts for Scenario 2: 80% Market Rate and 20% Low Income Apartments Lutherville Station

	Output (Mil. \$s)	Labor Income (Mil. \$s)	Employment (Jobs)	State and Local Government Revenues (Mil. \$s)
Direct	\$146.5	\$72.0	847	\$5.6
Indirect	\$44.5	\$16.4	290	\$1.7
Induced	<u>\$56.6</u>	<u>\$18.0</u>	<u>351</u>	<u>\$3.9</u>
Total	\$247.5	\$106.4	1,488	\$11.2

Source: JFI and IMPLAN

Job Quality Impacts

The JFI also analyzed the quality of the jobs created during the construction and operational phases of the Lutherville Station Project, with the results as follows:

- During the construction phase of the project, the Lutherville Station Project will create 1,347 jobs in Construction and Extraction Occupations (Table 5) with 57% of jobs being low skill and requiring a high school diploma or less (Table 6);
- Under the Operational Phase of project (Scenario #1), more than half of jobs (778) created are jobs in management, business, sciences and arts occupations (Table 7) with 41% of jobs requiring a Bachelor's Degree or more and 35% requiring a high school diploma or less (Table 8);
- Under the Operational Phase of project (Scenario #2), more than half of jobs (775) created are jobs in management, business, sciences and arts occupations (Table 9) with 41% of jobs requiring a Bachelor's Degree or more and 35% requiring a high school diploma or less (Table 10);
- Based on the occupational employment analysis (above), the JFI estimated the access to benefits for the jobs created by the project, based on the BLS Employee Benefits in the U.S. Report, which

presents data on benefits by summary occupation and industry, which found that: 70 percent of the jobs created by the construction of the Lutherville Station Project offer access to retirement benefits and 76 percent offer access to medical benefits and 79 percent of the jobs created or supported by the tenant operations occurring in the Lutherville Station Project offer access to retirement benefits and 79 percent offer access to medical benefits.

Table 5: Construction Job Creation by Major Occupation for Lutherville Station

Occupation	Employment			Total
	Direct	Indirect	Induced	
Total	<u>2,161</u>	<u>174</u>	<u>403</u>	<u>2,738</u>
Management Occupations	145	10	17	171
Business and Financial Operations Occupations	82	9	14	106
Computer and Mathematical Occupations	5	5	5	15
Architecture and Engineering Occupations	27	7	1	36
Life, Physical, and Social Science Occupations	4	1	1	6
Community and Social Service Occupations	0	0	10	10
Legal Occupations	1	2	3	5
Educational Instruction and Library Occupations	0	0	12	13
Arts, Design, Entertainment, Sports, and Media Occupations	3	3	5	11
Healthcare Practitioners and Technical Occupations	0	1	43	44
Healthcare Support Occupations	0	0	35	36
Protective Service Occupations	2	3	5	9
Food Preparation and Serving Related Occupations	0	3	61	65
Building and Grounds Cleaning and Maintenance Occupations	11	8	14	32
Personal Care and Service Occupations	0	1	18	18
Sales and Related Occupations	49	44	54	147
Office and Administrative Support Occupations	198	26	50	275
Farming, Fishing, and Forestry Occupations	0	1	0	1
Construction and Extraction Occupations	1,340	4	3	1,347
Installation, Maintenance, and Repair Occupations	187	9	15	211
Production Occupations	38	7	7	52
Transportation and Material Moving Occupations	69	30	30	129
Military-only occupations	0	0	0	0

Source: JFI and IMPLAN

Table 6: Construction Job Creation by Education Level for Lutherville Station

Education/Skill Level	Employment			Total
	Direct	Indirect	Induced	
Total	<u>2,161</u>	<u>174</u>	<u>403</u>	<u>2,738</u>
Less than a High School Diploma	361	22	52	435
High school diploma or equivalent	883	78	158	1,119
Postsecondary non-degree award	390	12	37	438
Some college, no degree	124	12	28	163
Associate's degree	120	14	41	175
Bachelor's degree	233	29	58	320
Master's degree	40	5	18	63
Doctoral or professional degree	11	2	11	25

Source: JFI and IMPLAN

Table 7: Scenario #1 Operational Job Creation by Major Occupation for Lutherville Station

Occupation	Employment			Total
	Direct	Indirect	Induced	
Total	<u>847</u>	<u>290</u>	<u>360</u>	<u>1,497</u>
Management Occupations	85	18	15	118
Business and Financial Operations Occupations	132	27	13	172
Computer and Mathematical Occupations	143	15	5	163
Architecture and Engineering Occupations	90	9	1	100
Life, Physical, and Social Science Occupations	49	3	1	53
Community and Social Service Occupations	1	0	9	10
Legal Occupations	47	7	2	56
Educational Instruction and Library Occupations	2	1	10	13
Arts, Design, Entertainment, Sports, and Media Occupations	22	7	4	33
Healthcare Practitioners and Technical Occupations	17	4	40	60
Healthcare Support Occupations	7	3	33	43
Protective Service Occupations	2	10	4	16
Food Preparation and Serving Related Occupations	11	29	54	94
Building and Grounds Cleaning and Maintenance Occupations	3	14	12	29
Personal Care and Service Occupations	5	2	15	22
Sales and Related Occupations	59	17	49	125
Office and Administrative Support Occupations	132	54	45	230
Farming, Fishing, and Forestry Occupations	0	0	0	1
Construction and Extraction Occupations	7	6	3	15
Installation, Maintenance, and Repair Occupations	7	11	13	30
Production Occupations	11	18	6	35
Transportation and Material Moving Occupations	17	34	27	78
Military-only occupations	0	0	0	0

Source: JFI and IMPLAN

Table 8: Scenario #1 Operational Job Creation by Education Level for Lutherville Station

Education/Skill Level	Employment			Total
	Direct	Indirect	Induced	
Total	<u>847</u>	<u>290</u>	<u>360</u>	<u>1,497</u>
Less than a High School Diploma	34	32	46	112
High school diploma or equivalent	157	114	141	413
Postsecondary non-degree award	48	19	34	101
Some college, no degree	53	21	25	99
Associate's degree	92	23	37	153
Bachelor's degree	328	61	51	438
Master's degree	76	12	16	104
Doctoral or professional degree	58	7	10	75

Source: JFI and IMPLAN

Table 9: Scenario #2 Operational Job Creation by Major Occupation for Lutherville Station

Occupation	Employment			Total
	Direct	Indirect	Induced	
Total	<u>847</u>	<u>290</u>	<u>351</u>	<u>1,488</u>
Management Occupations	85	18	15	118
Business and Financial Operations Occupations	132	27	13	171
Computer and Mathematical Occupations	143	15	5	163
Architecture and Engineering Occupations	90	9	1	100
Life, Physical, and Social Science Occupations	49	3	1	53
Community and Social Service Occupations	1	0	9	10
Legal Occupations	47	7	2	56
Educational Instruction and Library Occupations	2	1	10	13
Arts, Design, Entertainment, Sports, and Media Occupations	22	7	4	33
Healthcare Practitioners and Technical Occupations	17	4	38	59
Healthcare Support Occupations	7	3	32	42
Protective Service Occupations	2	10	4	16
Food Preparation and Serving Related Occupations	11	29	53	93
Building and Grounds Cleaning and Maintenance Occupations	3	14	12	29
Personal Care and Service Occupations	5	2	15	22
Sales and Related Occupations	59	17	47	124
Office and Administrative Support Occupations	132	54	43	229
Farming, Fishing, and Forestry Occupations	0	0	0	1
Construction and Extraction Occupations	7	6	3	15
Installation, Maintenance, and Repair Occupations	7	11	13	30
Production Occupations	11	18	6	35
Transportation and Material Moving Occupations	17	34	26	77
Military-only occupations	0	0	0	0

Source: JFI and IMPLAN

Table 10: Scenario #1 Operational Job Creation by Education Level for Lutherville Station

Education/Skill Level	Employment			Total
	Direct	Indirect	Induced	
Total	<u>847</u>	<u>290</u>	<u>351</u>	<u>1,488</u>
Less than a High School Diploma	34	32	45	111
High school diploma or equivalent	157	114	138	410
Postsecondary non-degree award	48	19	33	101
Some college, no degree	53	21	25	98
Associate's degree	92	23	36	152
Bachelor's degree	328	61	50	437
Master's degree	76	12	15	104
Doctoral or professional degree	58	7	10	75

Source: JFI and IMPLAN

Methodology and Terms

The economic impact analysis of the development of the Lutherville Station Project used the IMPLAN input-output model for Baltimore County, Maryland. IMPLAN is one of the most widely used models in the nation, and can be used to analyze the impacts of companies, projects, or of entire industries. An input-output analysis examines the relationships among businesses and among businesses and final consumers. Input-output analysis is based on the use of multipliers, which describe the response of an economy to a change in demand or production. Multipliers measure the effects on an economy from a source of economic activity, in this case the, construction and operation of a mixed-use commercial, office, retail and apartment development project.

The economic activity generated in a city, county, region or state is greater than the simple total of spending associated with the event or activity being studied. This is because as this money is earned it is, in turn, spent, earned and re-spent by other businesses and workers in the state economy through successive cycles of spending, earning and spending. However, the spending in each successive cycle is less than in the preceding cycle because a certain portion of spending “leaks” out of the economy in each round of spending. Leakages occur through purchases of goods or services from outside of the region and federal taxation. The IMPLAN multipliers used in this analysis capture the effects of these multiple rounds of spending. This analysis focuses on four measures of economic impact:

- **Output.** The total value of production or sales in all industries;
- **Employment.** The total number of full and part time jobs in all industries;
- **Labor Income.** The wages and salaries, including benefits, and other labor income earned by the workers holding the jobs created; and
- **State and Local Government Revenues.** The revenues accruing to the State of Maryland, county, city and municipal governments.

Four measures of the economic activity and impact of the jobs supported by the construction and operation of Lutherville Station Project are included in this report:

- **Direct effects.** The change in economic activity being analyzed—in this case the construction of and tenant operations occurring in a new mixed use development project;
- **Indirect effects.** The changes in inter-industry purchases, for example the purchase of construction materials from a County supplier as part of the construction of the project, that occur in response to the change in demand from the directly affected industries;
- **Induced effects.** The changes in spending from households as income and population increase due to changes in production; and
- **Total effects.** The combined total of direct, indirect and induced effects.