

Prepared for:
**Town of
South Windsor**

**Executive Summary: Economic Impacts from a motion picture
studio and mixed use site in South Windsor Connecticut**

October, 2009

PREPARED BY:



Economic Impacts from a motion picture studio and mixed use site in South Windsor Connecticut

Executive Summary:

Connecticut Studios, LLC has proposed the development and operation of a motion picture studio and production facility in South Windsor's I-291 redevelopment area. Construction and initial set-up of the studio includes the building of the 4 studio buildings and associated office space utilizing 375,000 square feet in total, a 350,000 square foot retail facility, two 5,000 square foot restaurants and a 150 room hotel. In addition to this initial construction, these facilities will require purchases of additional equipment, inventory, and furnishings.¹

Impacts of construction and start-up expenses:

These one-time activities would directly impact the Connecticut economy through an estimated total expenditure of \$175 million in construction costs and start-up purchases.

These expenditures would be associated with:

- 880 jobs.
- Personal income of more than \$69 million (\$78,600 average earnings per worker.)
- \$88 million in state value added or gross state product (GSP).

¹ The data associated directly with the construction, start-up costs and daily operations was provided by Connecticut Studios, LLC which contracted the Connecticut Economic Resource Center (CERC) to provide a comprehensive economic impact analysis to evaluate the effects from this activity on Connecticut's economy.

Construction and start-up secondary effects:

This activity, associated with the construction and start-up purchases, will stimulate additional economic activity in the state. Using IMPLAN², an economic impact model specified for Connecticut's economy, the total secondary impacts related to this construction are estimated to:

- Increase total sales in Connecticut by nearly \$102 million in purchases of goods and services to support the construction and start-up expenses and from increased household spending associated with these activities.
- Create an additional 651 jobs.
- Increase personal income by an additional \$39 million.
- Provide an additional \$61 million in Connecticut's GSP.

Figure 1 shows the distribution of these impacts on jobs in the state of Connecticut by the specific components of the

impacts for one time

effects. The total impact is

the sum of the direct effect,

the number of jobs

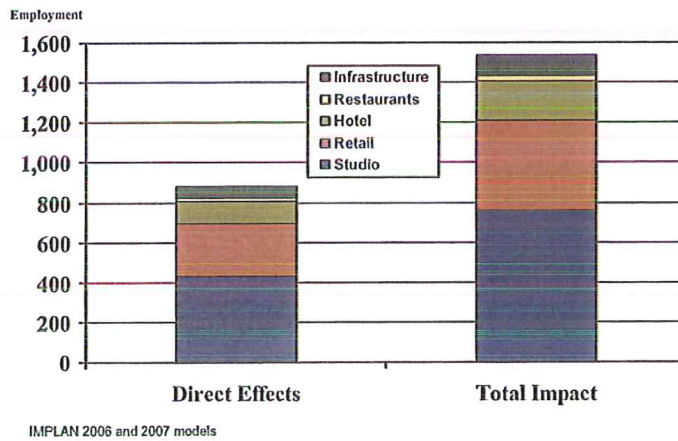
associated specifically with

the activity. The indirect

effect which is based on the

local (within Connecticut)

Figure 1: Jobs related to construction and start-up purchases



² IMPLAN ProTM is a software program that provides comprehensive economic impact analysis for a regional economy. IMPLAN stands for IMpact Analysis for PLANning.

purchases of commodities required to support the direct effects. And the induced effect which is based primarily on the increase in household consumption due to the increase in income from the direct and indirect effects.

Daily operations direct effects:

After construction, these facilities will continue to contribute to the state's economy through their daily operations. The operations associated with the studio would directly result in an estimated \$470 million in annual sales or output in the state³. These sales would be associated with:

- 2,535 Connecticut jobs
- personal earnings of \$154 million (nearly \$60,600 per job)
- \$262 million in Connecticut's GSP.

Daily operations secondary effects:

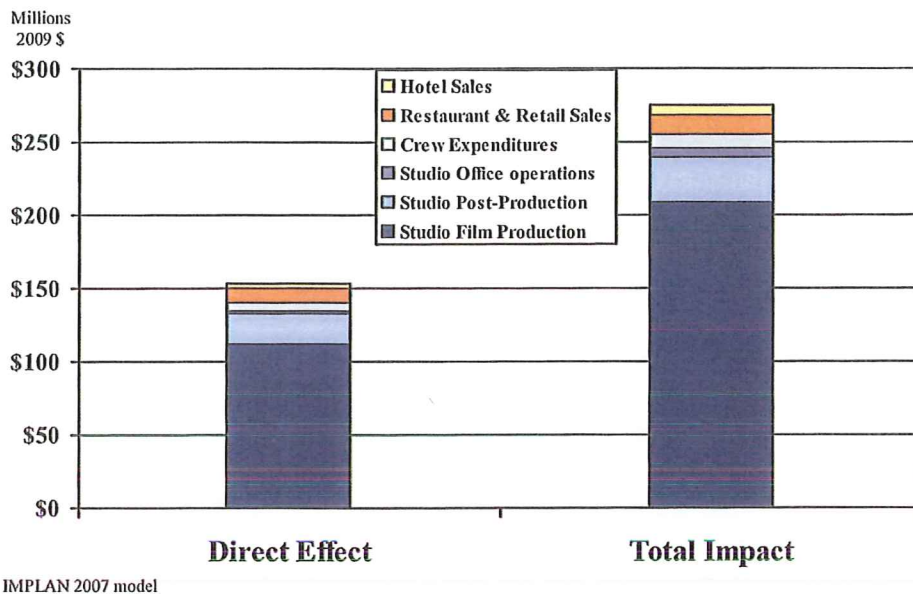
These daily operations would require an estimated \$316 million in additional sales of goods and services from state companies and individuals. The economic measures associated with these sales by the IMPLAN model include:

- The creation on an additional 2,058 annual jobs.
- \$121 million in personal income (nearly \$59,000 per job)
- An addition of \$191 million in Connecticut's GSP.

³ Adjustments to the IMPLAN model to reflect the specific activities engaged in by the Studio were developed through close consultation with George Norfleet, Mark Dixon, and Ellen Woolf of the Film Division of the Connecticut Commission on Culture and Tourism whom graciously shared their knowledge and insider perspectives on the industry and their time.

Figure 2 shows the direct and total impacts on personal income due to the ongoing operations of the studio and other activities as noted. Personal income for this study includes employee compensation and proprietor's income.

Figure 2: Annual increase in personal income from ongoing activities associated with multi-use development



The total value of the direct effect was \$153.6 million. The total impact value also includes \$67.2 million in indirect effects and \$53.8 million in induced effects.

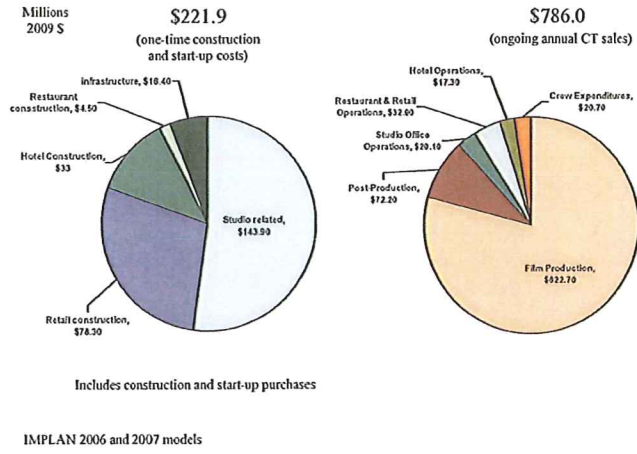
The specific activities noted include:

- \$112.5 million due to film production at the studios
- \$19.9 million in post production activities
- \$2.0 million related to office activities at the studios
- \$8.0 million for retail sales
- \$1.0 million for restaurant sales
- \$3.7 million for hotel sales
- \$6 million due to crew expenditures.

The distribution of total sales for construction and start-up costs and for the ongoing activities associated this multi-use development is shown in Figure 3.

As noted in this figure, total of all sales associated with the one-time events of this development would be nearly \$276 million while the annual sales from all

Figure 3: Distribution of sales in Connecticut's economy from one-time and ongoing development



ongoing activities associated with this development are estimated to be \$786 million.

Film Studio Specific Impacts

The impacts specifically associated with the annual studio operations are presented in Figure 4 to highlight the contributions to the state's economy directly attributed to the studio's activities.

Figure 4: Impacts from ongoing operations of film studio

	Employment	Total Earnings (millions 2009\$)	Value Added (millions 2009\$)	Output/Costs (millions 2009\$)
Direct Effects	2,129	\$142.2	\$244.6	\$442.5
Indirect Effects	952	\$64.2	\$94.8	\$159.9
Induced Effects	994	\$50.7	\$85.9	\$139.6
Total Effects	4,075	\$257.0	\$425.3	\$742.0

Conclusion

In summary, this is a significant development project that will positively impact the state's economy through construction and start-up purchases (estimated to have a total impact of more than one-quarter of a billion dollars in output) and have even larger impacts from daily operations (estimated to be more than three-quarters of a billion dollars in increased output.) These numbers suggest that development would contribute slightly more than eight billion real 2009 dollars in Connecticut's output over the next 10 years. In terms of jobs this development would initially create more than 1,500 jobs during the construction phase. Even more significantly, during the ongoing operations there would be nearly 4,600 annual Connecticut based jobs spread across all industry sectors.

Critically, it seems likely that the development of this type and size of film studio facility in Connecticut has the potential to enhance the competitive position of the existing film industry in the state. While this type of growth could potentially provide a valuable contribution to the state's economy, this is a hypothetical analysis beyond the scope of this report.