



Insights on Impact

*Analyzing Economic Activities for
Economic Development*

*NCEDA Raleigh Luncheon
December 5, 2024*



Agenda

- What is an EIA?
- Why Conduct an EIA?
- EIA Terms and Components
- Examples
- Final Tips & Takeaways
- Q&A



What is an Economic Impact Analysis?

- Examines effects of economic events or change on a specified geography
- Looks at how spending associated with a specific event or industry flows through an economy
- Quantifies the jobs, income, and spending that will result from an economic change

Why do an Economic Impact Analysis



Quantify potential benefits to:

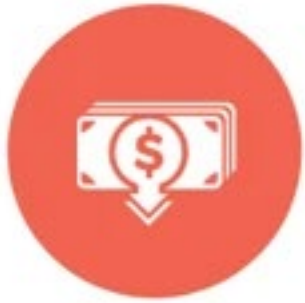
- Evaluate incentives or public investments
- Allocate resources to competing projects
- Understand impacts of change – gain or loss

Sell a project or vision to a community

- Make the hypothetical more real
- Engage stakeholders
- Get realistic numbers in the picture
- Plan for change

Key EIA Terms

- Direct Effects
- Indirect Effects
- Induced Effects
- Multiplier
- Jobs
- Labor Income
- Value Added
- Intermediate Inputs
- Output



1

Direct Effects

Direct effects are the set of expenditures applied to the I-O multipliers for an impact analysis.



2

Indirect Effects

Indirect effects are the business to business purchases in the supply chain taking place in the region that stem from the initial industry input purchases.



3

Induced Effects

Induced effects are the values stemming from household spending of Labor Income and spending of the employees within the business' supply chain.



1

Direct Effects



2

Indirect Effects



3

Induced Effects

- New Jobs Added
- Construction spending
- Visitor Spending
- Raw material purchases
- Transportation costs
- Real estate purchase
- Professional Services
- Utility costs
- Residential real estate
- Medical Services
- Personal retail spending
- Personal and professional services

Key EIA Terms

- **Jobs** – *total jobs associated with the project – not FTE*
- **Labor Income** – *all employee compensation + taxes*
- **Intermediate Inputs** - *goods and services used in the production process to produce final goods and services*
- **Value Added**- *output minus intermediate inputs*
- **Output** – *revenue or sales (minus net change to inventory)*

Case Studies / Examples

- New Manufacturing Activity
 - Mixed Use Re-Development
 - What examples do you have?
- Hotel
 - Brewery
 - Entire Downtown
 - Residential Development
 - Life Sciences Technology Park
 - Spec Building Program
 - School Construction
 - Medical Campus Expansion
 - Local Government & Library Facilities
 - Redevelopment of Transit Center
 - New IT employer
 - University

A Triad chemical manufacturer added **78 jobs** and invested **\$15.8 million** in new construction.

Total Economic Impact: Chemical Mfg. Expansion

Impact Type	Employment	Labor Income	Output
Direct Effects	206	\$17,168,343	\$135,138,939
Indirect Effects	20	\$1,378,500	\$4,469,462
Induced Effects	3	\$119,311	\$380,142
Total Effects	229	\$18,666,155	\$139,988,542

New Manufacturing Activity

A potential **1.3m sf** mixed-use redevelopment of a Triangle commercial property investing **\$556 million** in construction with **3,400 jobs**.

Total Economic Impact: Mixed-Use Redevelopment

Impact Type	Employment	Value Added	Output
Direct Effects	7,226	\$794,143,838	\$1,703,404,432
Indirect Effects	4,303	\$286,626,034	\$713,396,776
Induced Effects	4,729	\$263,398,466	\$663,960,973
Total Effects	16,258	\$1,344,168,337	\$3,080,762,180

Mixed-Use Redevelopment

What an EIA is NOT

- Not a fiscal analysis
- Not a risk-adjusted analysis
- Not a cost-benefit analysis
- Does not account for Opportunity Costs

Only estimates based on the current economy
...static model & fixed prices

What to look for in an EIA

- The activities bring new money into the economy
- The region of analysis is aligned with the stakeholders
- Cites the I/O model used: IMPLAN, Remi, etc.
- Detailed tables of effects are available

Final Tips & Takeaways



Communicating Economic Impact:

- Use high-level talking points
- Think through your audience's perspective
- Don't get lost in indirect and induced impacts
- Don't stretch beyond the credible numbers

Possible Disappointments:

- Geography is too small
- Economic activity is too new
- Too many unknowns – visitor spending

Questions?

&

NCEDA 2025 Salary Survey

Please take 7-9 minutes to complete the 2025 Salary Survey – share widely with economic development practitioners in your offices.





Thank you

Penny Whiteheart, Sr. Consultant

336.580.4295

pwhiteheart@CreativeEDC.com

www.CreativeEDC.com



*Don't
forget the
salary
survey!*