

**Economic Impact of the Construction and  
Operation of the Creative Arts Center on Rhode  
Island**

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**Prepared for Brown University**

**Appleseed**

## Creative Arts Center Project Summary

Brown University is constructing a new 35,000 square-foot Creative Arts Center at 154 Angell Street, alongside The Walk in the heart of Brown's campus. The new three-story facility will feature a 200 seat recital hall, 35mm film screening facility, recording studio, multimedia lab, gallery space and large multi-purpose production studios.

The construction project began in June 2009 and is scheduled to open in the spring of 2011. The project will include:

- 12,000 square feet of classrooms;
- 10,500 square feet of office space;
- 3,270 square feet of common space; and
- 10,000 square feet of performance, studio and production space.

The projects will contribute in several ways to the economy of Providence and the State of Rhode Island:

- Construction of the Creative Arts Center will create jobs and business opportunities in construction and related industries. Construction spending will also have a “multiplier effect,” generating additional activity in other sectors of the local economy.
- The Creative Arts Center will support and encourage new cross-disciplinary partnerships among the arts, sciences, and humanities at Brown, as well as new forms of collaboration with the Rhode Island School of Design and other partners. With a recital hall, screening facility and gallery space, the new venue will host events for the public showcasing student and faculty talent.
- Over time, the Creative Arts Center could create a new hub for artistic activity in Providence, and thus help sustain the continued growth of Rhode Island's already-vibrant creative and performing arts industries.

This report quantifies the one-time impact on Rhode Island's economy from an investment of \$40 million in the construction of the Creative Arts Center; and the ongoing annual impact of its operations.

We estimate that construction of the Creative Arts Center project will directly create nearly 310 temporary jobs in construction and related industries in Rhode Island. Through the multiplier effect, the project will generate another 180 temporary jobs in the state.

We estimate that the *net new* operations within the building will directly generate about 40 FTE jobs in Rhode Island, and an additional 34 FTE jobs through the multiplier effect.

# Impact of Creative Arts Center Construction

According to data provided by Brown University, the total cost of building the Creative Arts Center is approximately \$40 million. This includes nearly \$33 million in contract construction and \$7 million in soft costs, as shown below in Table 1.

**Table 1: Total construction costs for CAC**

<b>Hard costs</b>	\$	32,755,000
<b>Soft costs</b>		
Architecture/engineering	\$	3,750,000
Legal	\$	55,000
Project mgmt fee	\$	1,100,000
Furniture/equipment	\$	2,200,000
Other	\$	140,000
<b>Subtotal soft costs</b>	\$	7,245,000
<b>GRAND TOTAL</b>	<b>\$</b>	<b>40,000,000</b>

We estimate capital spending for the Creative Arts Center (CAC) will directly support more than 300 person-years of employment in Rhode Island in construction and related industries.

In addition to this direct economic impact, construction of the CAC would have a further impact through the multiplier effect – economic activity resulting from spending by those employed directly on the project, and by vendors, contractors and their employees. Through the multiplier effect, we estimate that construction spending will support an additional 200 person-years of employment and generate \$23.3 million of economic output in Rhode Island. The economic impact of construction of the Creative Arts Center is summarized in Table 2.

**Table 2: Economic impacts from the construction of the Creative Arts Center**

Direct		309
Indirect		63
Induced		119
Total		491
Output (\$)		
Direct	\$	40,000,000
Indirect	\$	9,044,200
Induced	\$	14,337,100
Total	\$	63,381,300
Compensation (\$)		
Direct	\$	16,888,700
Indirect	\$	3,320,800
Induced	\$	4,767,800
Total	\$	24,977,300
Average compensation		
Direct	\$	54,656
Indirect	\$	52,711
Induced	\$	40,066
Total	\$	50,870

## Impact of Creative Arts Center Operations

Once it is fully occupied, the Creative Arts Center will contribute to the economy of Rhode Island and the City of Providence in several ways:

- The additional academic space will allow the University to increase enrollment in the arts, sciences and humanities departments;
- The Center will support employment of additional faculty and support staff in the creative disciplines – both directly and by freeing up existing space elsewhere on campus; and
- The auditorium and seminar space could support additional meetings, conferences and lectures; as well as serve as a venue for cultural events that are open to the public;

Based on similar projects at peer higher education institutions in the northeast, we assume that the project will generate:

- About 1.4 FTEs per 1000 square feet of office and instructional space;
- About 0.65 FTEs per 1000 square feet of common space and performance, studio and production space.

Our direct job creation assumptions, along with the project's development program are shown in Table 3 below.

**Table 3: Creative Arts Center program and job creation assumptions**

<b>Creative Arts Center</b>	<b>Total SF</b>	<b>Net New SF</b>	<b>Job Creation / 1000sf</b>	<b>Net New Jobs</b>
Instructional/Office space (sf)	22,500	22,500	1.4	32
Common space / lobby (sf)	3,270	3,270	0.65	2
Gallery/Studio space (sf)	10,000	10,000	0.65	7
<b>TOTAL NET SQUARE FEET</b>	<b>35,770</b>	<b>35,770</b>		<b>40</b>

In total, we estimate that the building will directly support about 40 FTE jobs, and generate another 34 FTE jobs as a result of the multiplier effect. The impact of the operations within the building is summarized in Table 4 below.

**Table 4: Economic impact of Creative Arts Center operations**

Employment (FTEs)		
Direct		40
Indirect		17
Induced		17
Total		74
Output (\$)		
Direct	\$	6,170,442
Indirect	\$	1,895,243
Induced	\$	1,960,938
Total	\$	10,026,623
Compensation (\$)		
Direct	\$	2,520,000
Indirect	\$	551,826
Induced	\$	578,527
Total	\$	3,650,353
Average compensation		
Direct	\$	63,000
Indirect	\$	32,460
Induced	\$	34,031
Total	\$	49,329

## **Developing a Creative Arts Center in Rhode Island**

While the construction of the Creative Arts Center will generate temporary construction jobs and an ongoing economic impact through its operations, the establishment of a new artistic hub could also have a longer-term impact on the economy of the city and the state.

A unique architectural environment comprised of six glass levels, split at half-story intervals, the Center will include a recital hall, a screening room, a multimedia lab, studios and flexible production spaces. To maximize creative use of the new space, the University's Creative Arts Council will provide funding for:

- Grants to faculty members and students to support innovative projects, including the development of new courses that take advantage of the Center's capabilities;
- Visiting artists, lectures and symposia on the arts; and
- An artist-in-residence program.

The Center will be a resource not only for Brown but for RISD and other Rhode Island institutions, and for the community as well. It will help attract talented students, faculty and artists to Providence, and will add to the city's already-vibrant cultural life. In doing so, it will reinforce the city's reputation as an interesting and attractive place to live and work – and thus its ability to attract and retain the innovative, entrepreneurial people on whom Rhode Island's future depends.