Economic Impact of
The Bradley Center

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March 2012

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The purpose of this white paper is to estimate the economic impacts that the Bradley Center, a sports and entertainment venue in the City of Milwaukee, has on the metro Milwaukee area. These impacts include the gross impacts of the Bradley Center’s operations as well as net impacts generated by new dollars flowing into the area that otherwise would not have been generated.

GROSS ECONOMIC IMPACT
The Bradley Center hosted 169 events in its most recent fiscal year (2010-11) with ticket sales of nearly 1.6 million and actual attendance of over 1.2 million. When all the various spending activities attributable to Bradley Center events are aggregated, a gross impact measure is generated. Thus, for the context of this report, gross economic impacts estimate all economic activity that is supported by spending activity generated by the Bradley Center, be it local or non-local in origin.

The MMAC estimates the yearly direct revenue generated by the Bradley Center at $95.8 million. Many of these direct dollars spent as part of Bradley Center events are re-spent in the local economy supporting more localized economic activities (indirect impacts) and producing an even greater total impact on the metro region – the so called multiplier effect.

When U.S. Bureau of Economic Analysis multipliers are applied to relevant direct output measures, a picture of the Bradley Center’s impact on the metro area’s economy emerges. Using these multipliers, the gross dollar impact of the Center, both direct and indirect, on the metro area totals $204.5 million, with 2,350 jobs supported, generating $73.1 million in annual payroll (see Summary Table, page 2).

1 The metro Milwaukee area is made up of four counties – Milwaukee, Ozaukee, Washington and Waukesha counties.
2 Multipliers for metro Milwaukee generated by the U.S. Bureau of Economic Analysis for the appropriate industry sector were applied to direct output estimates to reach total impact estimates. Multipliers are used to account for the full impact of an economic stimulus. The initial impact (direct) is the output created initially by this stimulus. To the extent that these dollars are re-spent and re-circulated through the local economy, they end up having a multiplied effect. If you account for subsequent rounds of spending, you would reach the total multiplied effect of this stimulus.
NET ECONOMIC IMPACTS

The gross impact estimates certainly give an idea of local economic activity that is supported as a result of activities at the Bradley Center. Yet some of this regional activity would occur even without the Bradley Center’s presence in metro Milwaukee, providing little net economic gain to the area. Without the Bradley Center and the teams and events it supports, some related spending activity would shift to other local entertainment opportunities (e.g. movies or restaurants), in essence shifting the impact from one local spending activity to another (substitution effect). Thus, while the gross impact does suggest the economic footprint of the Bradley Center on the metro area, it does overstate the net impact or new money that the institution generates in the area.

The essential dynamic of regional economic growth is bringing new dollars into the region. Net new output through dollars spent as a result of Bradley Center activities flow into the metro area either through capturing dollars that otherwise would have leaked from the area or through spending that comes into metro Milwaukee from elsewhere. New dollars spent directly as a result of Bradley Center events are then re-spent in the local economy generating the multiplier effect. The difference between the gross impact and the net impact is that the net economic impact only looks at dollars and impacts that are new to the metro area.

Through a review of Bradley Center ticket sales, the MMAC estimates that approximately 70% of its attendees are local in origin (from the metro area). Conversely, 30% are estimated to come from outside the four-county metro Milwaukee area and with it new spending into the metro area. This gives an

The MMAC estimates annual new spending generated directly by the Bradley Center by non-local sources at $41.6 million.

SUMMARY TABLE: THE BRADLEY CENTER

<table>
<thead>
<tr>
<th></th>
<th>Spending/Output</th>
<th>Payroll</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GROSS ECONOMIC IMPACT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total direct spending</td>
<td>$95,812,955</td>
<td></td>
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</tr>
<tr>
<td>Total direct &amp; indirect</td>
<td>$204,536,496</td>
<td>$73,093,224</td>
<td>2,350</td>
</tr>
<tr>
<td><strong>NET ECONOMIC IMPACT (NEW DOLLARS)</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Total direct spending</td>
<td>$41,628,784</td>
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<tr>
<td>Total direct &amp; indirect</td>
<td>$86,634,418</td>
<td>$29,374,879</td>
<td>1,068</td>
</tr>
</tbody>
</table>

Source: MMAC estimates using U.S. Bureau of Economic Analysis multipliers.

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3 This effect is difficult to measure and is unmeasured in this white paper, but its inclusion would increase the estimated net economic impact of the Bradley Center on the metro area.
approximate estimate of base economic activity generated by the Bradley Center’s presence, or net new dollars pulled into the metro area. The MMAC estimates annual new spending generated directly by the Bradley Center by non-local sources at $41.6 million.

The application of appropriate BEA multipliers to related spending categories representing 30% of these initial direct impacts leads to a total net economic impact measure of $86.6 million (direct and indirect), generating a total of 1,068 jobs with worker earnings of $29.4 million (see Summary Table on previous page).

TAX IMPACTS
Figures from the U.S. Census Bureau and U.S. Bureau of Economic Analysis indicate that state and local tax revenue, as a percentage of economic output, equals 10.2% in Wisconsin. Applying this percentage to the estimated net new economic impact of the Bradley Center ($86.6 million in total), suggests that new state and local tax revenue generated, both directly and indirectly, would total $8.8 million per year.

LOCALIZED IMPACTS
For the most part, the impacts included in the above analysis relate to impacts occurring in the four-county metro Milwaukee area. But the MMAC also produced separate impact estimates for Milwaukee County, giving a more localized context. Given that Milwaukee County represents the largest part of the metro area, it stands to reason that a significant impact occurs within Milwaukee County from Bradley Center events.

For the metro area analysis, a 70% local – 30% non-local split was used in evaluating net new output resulting from Bradley Center activity. However, for Milwaukee County, a review of ticket sales figures suggest that a 50% local (from Milwaukee County) – 50% non-local split is more appropriate. Because of this split, a larger share of the direct money spent is new to Milwaukee County. This impact boost is mitigated in part by smaller individual multipliers as more indirect effect spending leaks out of the analyzed area (Milwaukee County).
The bottom line impact for Milwaukee County is a gross economic output measure of $180.3 million, including both direct and indirect impacts. More critically, net new impacts or new money brought into Milwaukee County totaled $106 million (direct and indirect), with a job impact of 1,063, payroll of $29.5 million and new state and local tax revenue of $10.8 million.

ECONOMIC DEVELOPMENT INTANGIBLES
The economic attractiveness of a metro area is in part determined by the variety of choices that residents have in the region in which they live. Among the 50 largest metro areas in the U.S., metro Milwaukee ranks No. 1 in major league seat availability per-capita. In addition, metro Milwaukee ranks fifth highest in the number of performing arts companies per-capita among 21 benchmark metro areas. The opportunity to choose among a variety of activities has value, not only economic development value but real dollar value. While it is beyond the scope of this white paper, there is a tangible value afforded in having the choice of going to a Milwaukee Bucks game or a Milwaukee Symphony Orchestra performance vs. a movie at the local theater. A significant group of residents will choose major league entertainment over other options, everything else equal; thus, there is value to that choice.

There also is a substantial public relations value to having major league sports franchises. There are only 30 NBA teams in the world and the daily reinforcement that Milwaukee is a significant location is of great value in supporting economic development in the Milwaukee region, not only nationally but also internationally as the NBA increasingly becomes an international brand.

METHODOLOGY
The starting point for this analysis was a review of revenues generated inside the Bradley Center (i.e., ticket, food, beverage and retail concession revenue) during its various events over the last fiscal year. These spending figures were supplemented by MMAC estimates for various spending activities occurring outside the Bradley Center (i.e. parking, food and beverage, and hotel revenue). Appropriate U.S. Bureau of Economic Analysis (BEA) multipliers, specific to the metro Milwaukee area, were applied to these direct spending categories to reach their respective total impacts (direct and indirect).
FOR MORE INFORMATION

Please contact Bret Mayborne, MMAC Economic Research Director,
414.287.4122.

DATA SOURCES

The Bradley Center, internal data on revenue,
ticket sales and employment.

U.S. Bureau of Economic Analysis, Gross Domestic Product by

U.S. Bureau of Economic Analysis, Regional Input-Output Modeling
System (RIMS II), internet site,
www.bea.gov/regional/rims/.

U.S. Census Bureau, State & Local Government Finances, 2007-08.