

ECONOMIC IMPACT ANALYSIS

BROWN RANCH DEVELOPMENT
STEAMBOAT SPRINGS, CO

Since 1967, RCLCO has been the “first call” for real estate developers, investors, the public sector, and non-real estate companies and organizations seeking strategic and tactical advice regarding property investment, planning, and development.

RCLCO leverages quantitative analytics and a strategic planning framework to provide end-to-end business planning and implementation solutions at an entity, portfolio, or project level. With the insights and experience gained over 50 years and thousands of projects—touching over \$5B of real estate activity each year—RCLCO brings success to all product types across the United States and around the world.

Learn more about RCLCO at www.RCLCO.com.

Report Authors

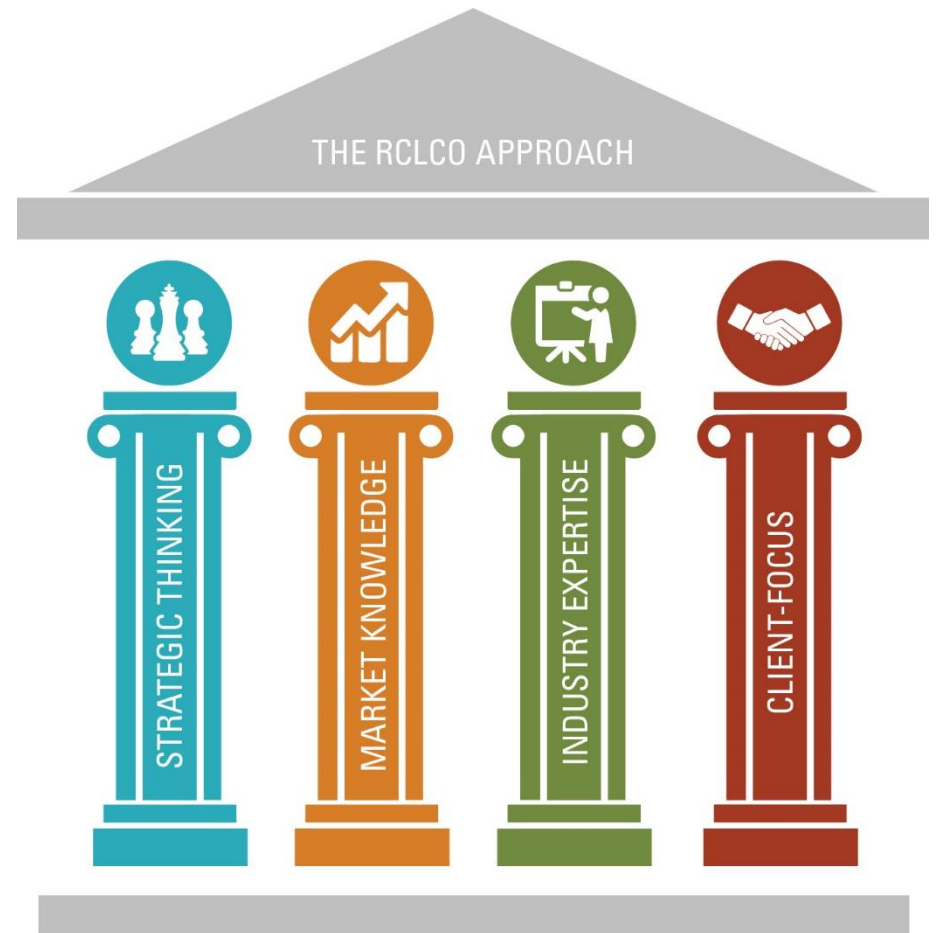
Project Director:

Dana Schoewe, Principal

► P: (310) 203-3035 | E: DSCHOEWE@RCLCO.COM

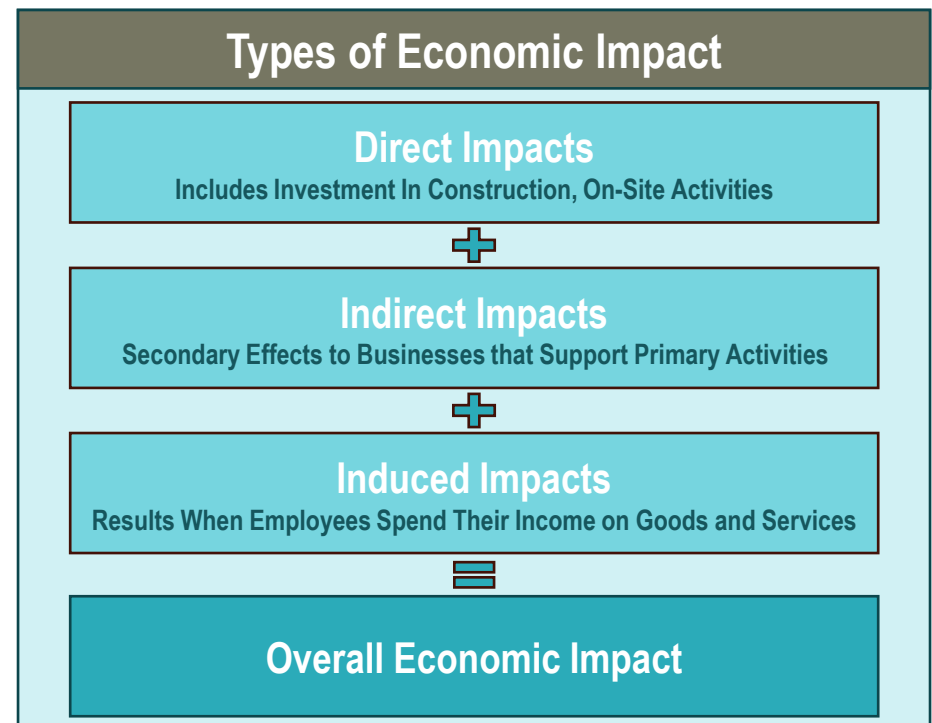
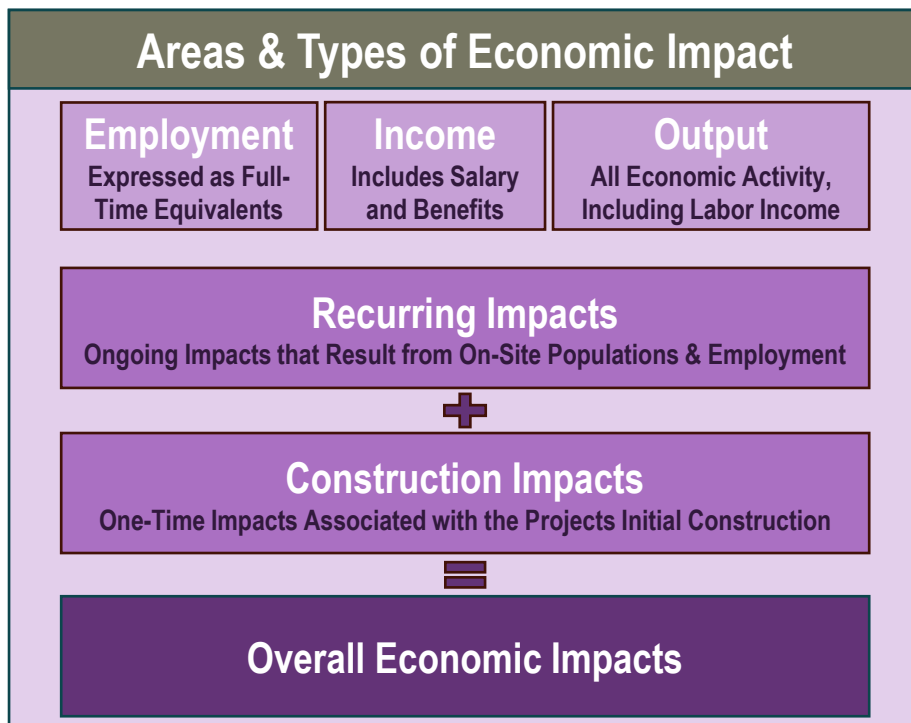
Additional Authors:

Mike Weaver, Associate



OVERVIEW OF ECONOMIC IMPACTS

- ▶ **Economic Impact** refers to the effects that a particular development has on the surrounding area. Economic impact analyses often consider a range of factors to assess how variables like **employment, income, and economic output** are influenced. The impacts are divided into several categories:
 - » **Direct Impact:** refers to the immediate economic effects generated by the development itself. For example, in the context of a mixed-use development, the direct impacts might include the construction jobs created during the building phase and the ongoing employment and revenue generated by the businesses within the development.
 - » **Indirect Impact:** Indirect impacts are the secondary effects that occur because of the direct impacts. These effects typically stem from the supply chain and include businesses that provide goods and services to support the primary activity. For the mixed-use development, indirect impacts could involve suppliers of construction materials, utilities, or maintenance services.
 - » **Induced Impact:** The induced impacts are the changes in economic activity resulting from the spending of income earned in the direct and indirect sectors. For example, employees working at the mixed-use development spend their salaries on various goods and services in the local economy, leading to induced impacts like increased sales for local businesses.
- ▶ Economic impact assessments can also be categorized by the frequency of the economic impact. **Construction Impacts** have a one-time effect on the nearby economy due to initial project build-out, while **Recurring Impacts** are enduring and refer to jobs and outputs created due to the ongoing operations associated with the development.



BROWN RANCH IMPACT SUMMARY

BROWN RANCH WILL HAVE A PROFOUND IMPACT ON ROUTT COUNTY'S EMPLOYMENT, INCOMES, AND OUTPUT, DUE TO BOTH PROJECT CONSTRUCTION AND ONGOING OPERATIONS

- ▶ The table below summarizes the economic impacts expected within Routt County as a result of the Brown Ranch Development, the majority of which will occur within the City of Steamboat Springs. The development will create significant employment and economic output, including over 1,120 new employees annually at full build-out, and an additional \$53 million dollars in recurring income earned annually (\$47,472 per employee).
- ▶ In addition to significant ongoing economic impacts, the development will employ an average 482 construction workers annually from now until 2039, for a total 8,199 construction workers employed and \$503 million earned in income for these workers, including \$393 million in direct income as a primary result of on-site construction.
 - » As a point of reference, estimated construction cost for the development is \$947,000,000, implying 41% of construction cost will go to construction workers.
- ▶ The **multiplier** below calculates the relative magnitude of indirect and induced impacts; a multiplier above 2 implies most of the economic impact realized comes from indirect or induced sources.

Summary of Direct, Indirect, and Induced Economic Impacts on Routt County;
Brown Ranch Development; 2023-2039

IMPACT TYPE	FROM CONSTRUCTION			RECURRING IMPACTS				
	EMPLOYMENT (TOTAL)	LABOR INCOME (TOTAL)	ECONOMIC OUTPUT (TOTAL)	EMPLOYMENT AT STABILIZATION (ANNUAL)	LABOR INCOME (TOTAL)	LABOR INCOME AT STABILIZATION (ANNUAL)	ECONOMIC OUTPUT (TOTAL)	ECONOMIC OUTPUT AT STABILIZATION (ANNUAL)
Direct	6,164	\$392,773,503	\$754,871,500	589	\$295,449,797	\$26,577,022	\$608,180,589	\$55,069,186
Indirect	882	\$53,965,464	\$164,480,148	89	\$53,812,016	\$4,895,696	\$181,496,865	\$16,502,886
Induced	1,154	\$56,265,225	\$191,892,835	451	\$192,863,569	\$22,110,073	\$663,180,876	\$76,069,494
Total Effect	8,199	\$503,004,192	\$1,111,244,483	1,129	\$542,125,381	\$53,582,791	\$1,452,858,330	\$147,641,567
Multiplier	1.33	1.28	1.47	1.92	1.83	2.02	2.39	2.68

All values reflect 2023 \$'s

Source: RCLCO; IMPLAN

YEAR BY YEAR IMPACT

BROWN RANCH WILL GENERATE OVER 1,120 JOBS, OVER \$53 MILLION IN INCOME, AND OVER \$147 MILLION IN ECONOMIC OUTPUT ANNUALLY AT STABILIZATION WITHIN ROUTT COUNTY

► In addition to the above stabilized economic output figures, Brown Ranch will generate an additional 8,199 jobs, \$503M in income, and \$1.1B in economic output from construction between now and 2039.

Table of Annual Direct, Indirect & Induced Economic Impacts;
Brown Ranch Development; 2023-2040

Year	TOTAL			DIRECT			INDIRECT & INDUCED		
	Employment (Annual)	Labor Income (Annual)	Economic Output (Annual)	Employment (Annual)	Labor Income (Annual)	Economic Output (Annual)	Employment (Annual)	Labor Income (Annual)	Economic Output (Annual)
2024	0	\$0	\$0	0	\$0	\$0	0	\$0	\$0
2025	0	\$0	\$0	0	\$0	\$0	0	\$0	\$0
2026	353	\$21,102,768	\$50,074,311	251	\$15,733,062	\$32,397,367	101	\$5,369,706	\$17,676,944
2027	888	\$50,631,030	\$114,593,786	651	\$38,299,117	\$73,273,766	237	\$12,331,913	\$41,320,020
2028	1,582	\$89,233,484	\$209,041,502	1,138	\$65,846,140	\$131,395,817	444	\$23,387,344	\$77,645,685
2029	1,706	\$94,058,178	\$218,912,341	1,209	\$68,068,239	\$132,375,459	497	\$25,989,939	\$86,536,882
2030	1,598	\$87,007,748	\$205,926,585	1,092	\$60,645,807	\$118,141,459	506	\$26,361,941	\$87,785,126
2031	1,501	\$80,624,041	\$192,397,988	997	\$54,594,055	\$105,254,584	504	\$26,029,986	\$87,143,404
2032	1,165	\$59,720,881	\$144,948,262	736	\$37,964,401	\$71,268,334	429	\$21,756,480	\$73,679,928
2033	1,628	\$85,692,495	\$210,886,818	1,060	\$56,550,848	\$112,453,186	568	\$29,141,647	\$98,433,632
2034	1,648	\$86,629,353	\$214,687,422	1,048	\$55,865,487	\$111,093,061	600	\$30,763,866	\$103,594,361
2035	1,264	\$62,875,912	\$162,913,603	752	\$36,949,462	\$74,733,061	512	\$25,926,450	\$88,180,542
2036	1,474	\$75,487,002	\$189,700,340	898	\$46,271,355	\$90,645,061	576	\$29,215,647	\$99,055,279
2037	1,470	\$75,015,152	\$192,403,955	874	\$44,774,466	\$89,881,186	596	\$30,240,685	\$102,522,769
2038	1,549	\$79,633,640	\$204,569,460	916	\$47,455,622	\$95,590,561	633	\$32,178,017	\$108,978,899
2039	1,843	\$97,417,890	\$253,046,440	1,101	\$59,205,238	\$124,549,186	743	\$38,212,652	\$128,497,254
2040*	1,129	\$53,582,791	\$147,641,567	589	\$26,577,022	\$55,069,186	540	\$27,005,769	\$92,572,381
Total		\$1,045,129,573	\$2,564,102,813	1,101	\$688,223,300	\$1,363,052,089	743	\$356,906,273	\$1,201,050,724

NOTE: 2040 is the first year of stabilization and only tracks recurring impacts – no construction impact is included

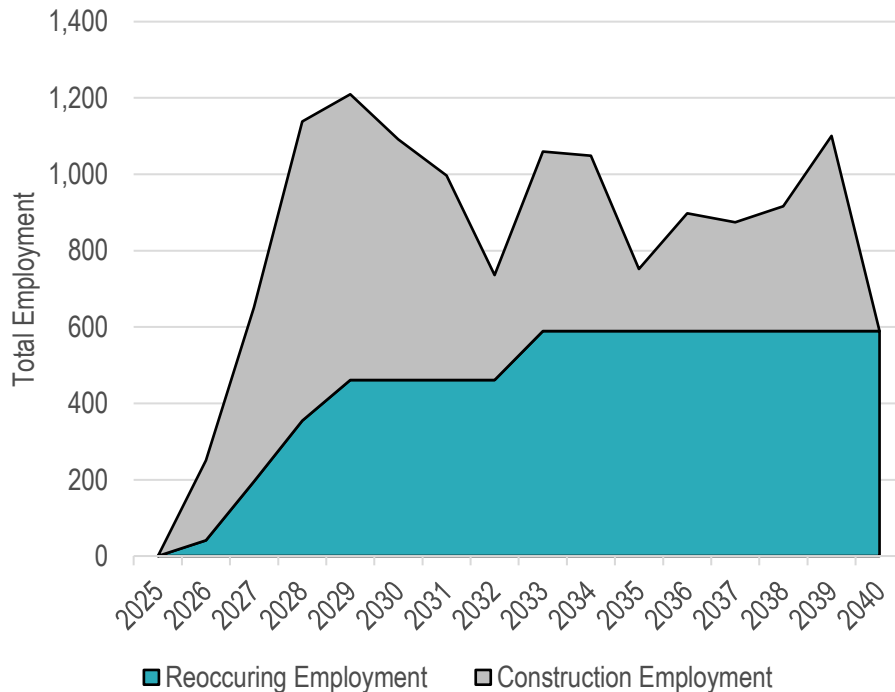
Source: RCLCO; IMPLAN

EMPLOYMENT IMPACTS

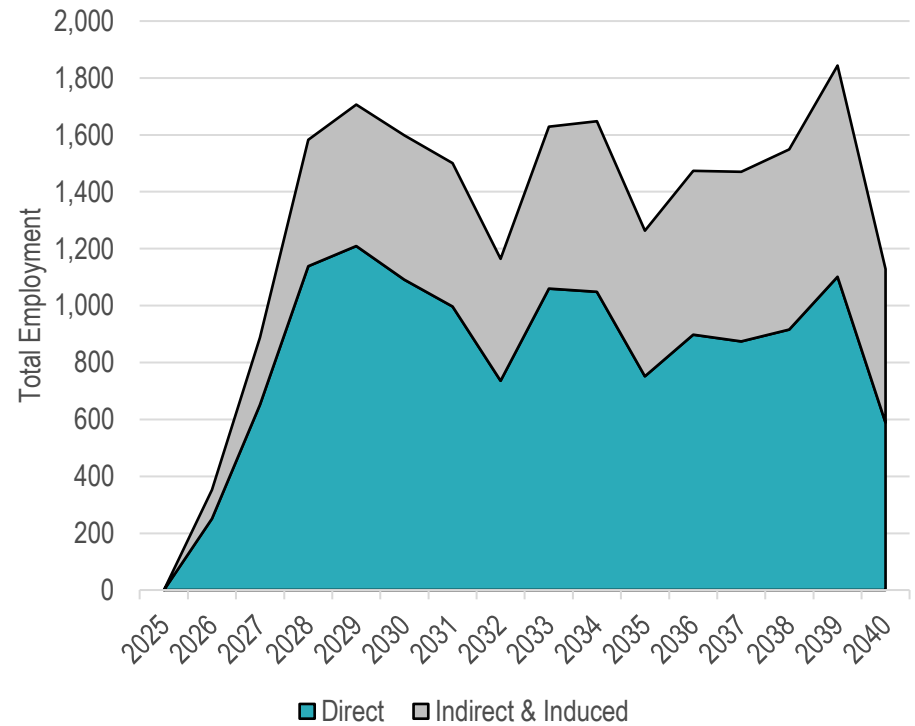
THE BROWN RANCH WILL RESULT IN STRONG JOB GROWTH – AN ESTIMATED INCREASE COUNTY-WIDE EMPLOYMENT BY 6.8% AT STABILIZATION

- In addition to an average annual 482 employed workers as a result of ongoing construction, Brown Ranch will employ an estimated 1,129 workers annually due to recurring operations, including 589 direct employees on-site. Given an existing workforce of under 20,000 employees in Routt County, the estimate implies **Brown Ranch will increase the counties workforce by 6.8% at stabilization.**

Total Direct Employment Generated by Brown Ranch;
Brown Ranch Development; 2025-2040



Total Direct, Indirect, and Induced Employment Generated by Brown Ranch;
Brown Ranch Development; 2025-2040



Source: RCLCO; IMPLAN; FRED Economic Data

IN ADDITION TO ALLEVIATING AFFORDABLE HOUSING ISSUES PRESENT WITHIN STEAMBOAT SPRINGS, THE BROWN RANCH DEVELOPMENT WILL ALSO DRIVE SIGNIFICANT ECONOMIC BENEFITS ON- AND OFF-SITE

Economic Impacts

- ▶ The development will result in 589 jobs on-site at stabilization
- ▶ The development will support an additional 540 jobs off-site at other businesses within Routt County
- ▶ Additionally, the development will generate over \$92,000,000 in economic spending off-site
- ▶ The development will produce over \$1.1 Billion in spending due to construction alone
- ▶ The development will create 8,199 jobs from construction alone

Takeaways for City of Steamboat Springs

- ▶ Brown Ranch will create a significant number of jobs within Routt County, as well as housing for those jobs
- ▶ Brown Ranch can mitigate risks associated with a lack of housing and a lack of employment
- ▶ Significant off-site spending (\$92,000,000 annually at buildout) as a result of Brown Ranch will help support existing local businesses
- ▶ Brown Ranch can be one of the largest economic drivers within the city and county (estimated 6.8% increase in workforce)
- ▶ Indirect and induced impacts (540 jobs at full-build-out) are, by design, not contemplated within the net fiscal impact; the fiscal deficit brought on by Brown Ranch may not be as significant as previously considered
 - » Assuming 50% of indirect economic output is taxed within city limits, **the development will indirectly generate an additional \$1.5 million in tax revenue annually** for Steamboat Springs at full stabilization (50% * 4% * \$76 Million).
 - » Likewise, construction will generate \$356 in economic output via indirect and induced impacts. Assuming 25% of this is realized through hard goods (not construction labor) taxed within Steamboat Springs, **the project will indirectly generate an additional \$3.5 million in one-time revenues due to construction.**

DISCLAIMERS

CRITICAL ASSUMPTIONS

Our conclusions are based on our analysis of the information available from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions periodically to ensure that they are reflective of changing market conditions.

We assume that the economy and real estate markets will experience a period of slower growth in the next 12 to 24 months, and then return to a stable and moderate rate in 2025 and beyond. However, stable and moderate growth patterns are historically not sustainable over extended periods of time, the economy is cyclical, and real estate markets are typically highly sensitive to business cycles. Further, it is very difficult to predict when inflection points in economic and real cycles will occur.

With the above in mind, we assume that the long-term average absorption rates and price changes will be as projected, realizing that most of the time performance will be either above or below said average rates.

Our analysis does not consider the potential impact of future economic shocks on the national and/or local economy, and does not consider the potential benefits from major "booms" that may occur. Similarly, the analysis does not reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology.

As such, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, the project and investment economics should be "stress tested" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

In addition, we assume that the following will occur in accordance with current expectations:

- ▶ Economic, employment, and household growth
- ▶ Other forecasts of trends and demographic and economic patterns, including consumer confidence levels
- ▶ The cost of development and construction
- ▶ Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth)
- ▶ Availability and cost of capital and mortgage financing for real estate developers, owners and buyers
- ▶ Competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand
- ▶ Major public works projects occur and are completed as planned

Should any of the above change, this analysis should be updated, with the conclusions reviewed accordingly (and possibly revised).

GENERAL LIMITING CONDITIONS

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.





AUSTIN

501 Congress Ave, Suite 150
Austin, TX 78701

LOS ANGELES

11601 Wilshire Boulevard, Suite 1650
Los Angeles, CA 90025

ORLANDO

964 Lake Baldwin Lane, Suite 100
Orlando, FL 32814

WASHINGTON, DC

7200 Wisconsin Avenue, Suite 1110
Bethesda, MD 20814