

An economic impact analysis of the proposed Maritime Center in Muskegon Michigan

By

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This is a “what if” analysis for the new Maritime Center in Muskegon, Michigan looking at the potential impact it will have on the community. The impact that the center will have is broad and could include:

- Annual operating spending
- Annual spending by visitors to the center
- Construction benefits
- Improved access to the Lake – which is highly valued by the community leading to higher property values
- Improved access to the potential exhibits
- Improved synergy with other events and attractions in Muskegon leading to more visits to other locations in the area
- An improved sense of place for people that live and work in the community.

For the purpose of this exercise, only the first two of these benefits will be quantified.

Basic Assumption for the “what if”

The design of this center is to target approximately 100,000 visitors. Therefore, the analysis will use 100,000 visitors.

Annual operating spending

Given the size and types of exhibits planned, there are two contemporary locations that would be of similar size and scope. These include the Chesapeake Bay Maritime Museum and the Philly Sea Port. Recent annual reports can be found at:

<https://cbmm.org/wp-content/uploads/Annual-Report-2023.pdf>

https://www.phillyseaport.org/wp-content/uploads/2024/02/ISM_FY2023-Annual-Report_Digital_Real-2.pdf

A center similar to these should have the same essential cost structure to support 100,000 visitors and the exhibits that can be used to draw these visitors. These venues operating expenses are \$5 million and \$5.2 million respectively. Given the larger scale of the proposed Maritime Center (roughly 3 - 4 times as large), approximately \$5.0 million in annual spending also aligns well with the Muskegon Art Museum with \$2 million in expenses. For the purposes of this analysis, the annual operating expenses will be estimated at \$5.0 million.

Annual visitor spending

Spending by visitors outside of the venue needs to be estimated. GVSU has extensively surveyed visitors to venues across West Michigan. These include 5 museums and zoos over the last few

years. Taking the average spending across these venues and adjusting for inflation the daily spend per visitor is \$62 which results in \$6.2 million in total spending for 100,000 visitors. We can also estimate the type of spending done. This amounts to

	Percent of Total Spending by Visitors
Meals	44%
Shopping	15%
Transportation	13%
Lodging	28%

Economic Impact

Effectively the direct spending anticipated for this facility would be the \$5.0 million in annual operating costs plus the \$6.2 million or a total of \$11.2 million in annual direct spending in the Muskegon community. However, this will lead to indirect and induced benefits. Indirect spending (spending by suppliers) and induced spending (spending which is an increase in household spending because of the incomes they receive).

Using IMPLAN to model the spending that results from the three types of spending being:

Employment	136
Income	\$4.6 million
Value Added Locally	\$7.1 million
Total Output	\$14.3 million

This economic activity will lead to taxes being generated. These taxes will depend on how and where the money is spent but it could lead up to \$126,000 in additional taxes to the city and county and up to \$688,000 for the State.

Conclusion

This analysis finds that just the annual spending by visitors and the venue will generate \$4.6 million in income for Muskegon County residents. Some of this income would be spent locally anyway as people who live in Muskegon County will spend money there with or without the venue. In addition, part of the purpose of the center is to collect exhibits that are already in Muskegon to one location. However, based on other locations such as this between 50% and 60% of the impact is from money new to the Muskegon Economy.

