

THE ECONOMIC IMPACT OF THE JACKSON MEDICAL MALL

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EXECUTIVE SUMMARY

Jackson Mall was founded in 1970 as the premier retail shopping mall in central Mississippi. With competition entering, Jackson Mall lost many of its retail tenants over time and the area suffered from economic decline. In 1996, the mall enjoyed a revitalization as Jackson Medical Mall focusing on providing health care and educational opportunities as well as stimulating economic development of the surrounding area. This economic impact report evaluates the Jackson Medical Mall's progress on the latter goal.

Key findings include:

- Jackson Medical Mall and its tenants supported \$254 million in output, \$47 million in new earnings, and 923 jobs in Hinds County in its most recent year.
- The economic impact on the Jackson Metropolitan area was \$340 million in output, \$128 million in earnings and 2,473 jobs.
- The Jackson Medical Mall and its tenants supported \$354 million of Mississippi output, \$134 million of earnings and 2,568 Mississippi jobs.
- In terms of local taxes, Hinds County received \$2.5 million in sales tax as a results of Jackson Medical Mall operations and the Metropolitan area received \$4.8 million.
- The State of Mississippi earned \$10.6 of additional sales taxes and \$2.6 million in income taxes because of Jackson Medical Mall operations.

I. INTRODUCTION

The Jackson Medical Mall was created in 1970 as the first and largest retail shopping center in Mississippi. The mall was the premier shopping center in the area until competitors opened beginning first with the Metrocenter Mall in 1978 and later Northpark Mall in 1985. Over time, competitors diverted retail traffic away from Jackson Mall and reduced the economic activity around the mall.

In 1995, Dr. Aaron Shirley shared a vision of revitalizing the Jackson Mall into a comprehensive healthcare complex. The Jackson Medical Mall was founded in 1996 and later renamed the Jackson Medical Mall Thad Cochran Center. The Mall's mission is to "promote access to cost-effective, high quality health care, provide educational opportunities, and to stimulate economic and community development in the area surrounding the mall."¹

The tenants of the Jackson Medical Mall over the years and today provide one measure of its success. The Jackson Medical Mall includes the University of Mississippi Medical Center, Hinds County Health Department, and Jackson State University School of Public Health in anchor locations. These tenants and others on the list of tenants provide the healthcare and education opportunities envisioned many years ago. The Jackson Medical Mall also includes venues commonly used for community activities.

This report focuses on the goal of "stimulating economic and community development in the area surrounding the mall." In particular, this report will estimate the jobs, earnings and output supported by Jackson Medical Mall in the areas around the mall. Our analysis seeks to provide a comprehensive analysis of the impact of the Jackson Medical Mall and its tenants ranging from sole proprietorships to the University of Mississippi Medical Center.

¹ Jackson Medical Mall Foundation vision statement, page 2.

The remainder of this report is organized as follows. The first section discusses the overall results on the methodology and economic impact of Jackson Medical Mall. The next section contains detailed economic impact results by Industry for Hinds County, the Jackson Metropolitan area, and the State of Mississippi. The next results focus on taxes generated by Jackson Medical Mall. The final section concludes.

II. RESULTS

This section summarizes the results of analyzing the economic impact of the Jackson Medical Mall and its tenants over the most recent year. The inputs for these computations were obtained from the financial records of Jackson Medical Mall, a survey of its tenants, and follow-up phone calls with tenants. Our surveys documented roughly 600 persons work onsite at the Jackson Medical Mall location.

Not surprisingly given the number of employees onsite, the Jackson Medical Mall has a large impact on Jackson, both Hinds County and the Jackson Metropolitan area, and the state of Mississippi. Like a rock dropped in a pond, spending at the Jackson Medical Mall ripples through the economy. A dollar spent by Jackson Medical Mall or its tenants on supplies becomes revenues to another merchant. That merchant then generates another round of spending by paying a portion of that revenue to other merchants and another portion to its employees. Likewise, Jackson Medical Mall and its tenants have a large payroll. The spending of those employees generates economic impact when they buy groceries, pay rent or make other expenditures.

We use the U.S. Bureau of Economic Analysis RIMS II tables to compute the impact including all rounds of spending we documented based on the Jackson Medical Mall financial data and surveys of tenants. The overall results are reported in Table 1.

As envisioned at its conception, the Jackson Medical Mall has a very large impact on its surrounding area. We report Hinds County as the lowest geographic area, but as with any business much of that impact occurs either directly at the mall or in Jackson near the mall.

Output is a measure like sales but differs in that some items such as wholesale transactions are included. Wholesale purchases and purchases by the State government are not subject to the standard sales tax. We estimate that the Jackson Medical Mall supports almost a quarter of a billion dollars in Hinds County sales (\$254 million). This is the figure most cited when someone mentions a single number for economic impact. In terms of earnings, Jackson Medical Mall and its tenants support just under \$50 million of earnings in Jackson and the rest of Hinds County. This translates into 923 jobs or 0.9% of County employment. This implies that Jackson Medical Mall supports almost 1 in every 100 Hinds County jobs.

Table 1
The Economic Impact of Jackson Medical Mall

| AREA | OUTPUT | EARNINGS | JOBS |
|-----------------------------|---------------|-----------------|-------------|
| HINDS COUNTY | \$254.1 | \$47.4 | 923 |
| JACKSON METRO AREA | \$340.0 | \$128.4 | 2,473 |
| STATE OF MISSISSIPPI | \$354.1 | \$133.6 | 2,568 |

Source: U.S. Bureau of Economic Analysis RIMS II and author's computations.

Note: Output and Earnings are measured in millions.

The Jackson Metropolitan area consists of Copiah, Hinds, Holmes, Madison, Rankin, Simpson, and Yazoo counties. Some employees live and shop outside Hinds County, some

purchases of businesses in the Jackson Medical Mall and its tenants come from other parts of the Jackson Metropolitan area. Thus, the impact of Jackson Medical Mall is not limited to the City of Jackson or Hinds County. The second row of Table 1 contains the estimated impact of Jackson Medical Mall on the Metropolitan area. The results suggest Jackson Medical Mall supports \$340 million of output in the Jackson Metropolitan area. In terms of jobs, an estimated 2,473 Metro area jobs are due to the Jackson Medical Mall and its tenants. In terms of earnings, the Jackson Metropolitan area receives \$128 million in earnings because of activities at the Jackson Medical Mall.

The third row of Table 1 focuses on Mississippi as a whole. Moving to a larger geographic area always generates a larger economic impact. Because most of the employees live in the Jackson Metropolitan area and most purchases by Jackson Medical Mall and its tenants occur in the Jackson Metropolitan area, the increase in economic impact when moving to the State is relatively small. However, the total economic impact of Jackson Medical Mall on the State is quite large at \$354 million of output, \$134 million of earnings, and 2,568 Mississippi jobs supported by operations at Jackson Medical Mall.

Tables 2-4 provide a breakout of which industries benefit from the Jackson Medical Mall and its tenants. The RIMS II tables break results into 22 industries. Only the top industries are reported in these tables for brevity. It should come as no surprise that we find Health care and Social Assistance at the top of every table. Health care and Social Assistance generate \$155 million of the total \$254 million of output, \$32 million of \$47 million in earnings and just over half of all jobs. While the tenants directly contribute significantly to this economic impact, the indirect impacts also add a great deal to the impact. The higher paying jobs in Health care and Social Assistance lead to a greater share of earnings than jobs in this sector.

Table 2
The Economic Impact of Jackson Medical Mall
On Hinds County Output by Industry

| Industry | Output |
|-------------------------------------------|---------------|
| Health care and social assistance | \$155.4 |
| Finance and insurance | \$14.1 |
| Real estate and rental and leasing | \$13.0 |
| Information | \$12.6 |
| Retail trade | \$11.1 |
| All Other Industries | \$47.9 |
| Total | \$254.1 |

Source: U.S. Bureau of Economic Analysis RIMS II and author's computations.

Note: Output and Earnings are measured in millions.

Table 3
The Economic Impact of Jackson Medical Mall
On Hinds County Earnings by Industry

| Industry | Earnings |
|---------------------------------------------------------|-----------------|
| Health care and social assistance | \$31.9 |
| Retail trade | \$2.5 |
| Educational services | \$1.9 |
| Professional, scientific, and technical services | \$1.5 |
| All Other Industries | \$9.6 |
| Total | \$47.4 |

Source: U.S. Bureau of Economic Analysis RIMS II and author's computations.

Note: Output and Earnings are measured in millions.

Table 4
The Economic Impact of Jackson Medical Mall
On Hinds County Employment by Industry

| Industry | Jobs |
|-------------------------------------------|-------------|
| Health care and social assistance | 495 |
| Retail trade | 78 |
| Real estate and rental and leasing | 60 |
| Educational services | 60 |
| Food services and drinking places | 53 |
| All Other Industries | 177 |
| Total | 923 |

Source: U.S. Bureau of Economic Analysis RIMS II and author's computations.

Note: Output and Earnings are measured in millions.

Tables 5-7 contain similar results for the Jackson Metropolitan area. Because Hinds County is a significant part of the Metro area, the order of the industry impacts in Tables 5-7 closely mirrors that of Tables 1-4. Though the pattern is similar, the numbers are magnified to reflect the larger geographics area.

Table 5
The Economic Impact of Jackson Medical Mall
On Jackson Metropolitan Area Output by Industry

| Industry | Output |
|---------------------------------------------------------|---------------|
| Health care and social assistance | \$167.9 |
| Finance and insurance | \$24.5 |
| Real estate and rental and leasing | \$24.0 |
| Retail trade | \$18.9 |
| Information | \$15.7 |
| Professional, scientific, and technical services | \$10.3 |
| All Other Industries | \$78.7 |
| Total | \$340.0 |

Source: U.S. Bureau of Economic Analysis RIMS II and author's computations.

Note: Output and Earnings are measured in millions.

Table 6
The Economic Impact of Jackson Medical Mall
On Jackson Metropolitan Area Earnings by Industry

| Industry | Earnings |
|---------------------------------------------------------|-----------------|
| Health care and social assistance | \$79.0 |
| Retail trade | \$6.8 |
| Finance and insurance | \$5.8 |
| Professional, scientific, and technical services | \$5.3 |
| Educational services | \$3.9 |
| Real estate and rental and leasing | \$3.8 |
| Management of companies and enterprises | \$3.1 |
| All Other Industries | \$20.7 |
| Total | \$128.4 |

Source: U.S. Bureau of Economic Analysis RIMS II and author's computations.

Note: Output and Earnings are measured in millions.

Table 7
The Economic Impact of Jackson Medical Mall
On Jackson Metropolitan Area Employment by Industry

| Industry | Jobs |
|-------------------------------------------|-------------|
| Health care and social assistance | 1,233 |
| Retail trade | 204 |
| Real estate and rental and leasing | 169 |
| Food services and drinking places | 132 |
| Educational services | 125 |
| All Other Industries | 610 |
| Total | 2,473 |

Source: U.S. Bureau of Economic Analysis RIMS II and author's computations.

Note: Output and Earnings are measured in millions.

The results for the State of Mississippi are very similar to those for the region though magnified slightly to account for the larger region. They are omitted from this document to avoid redundancy.

The next task consists of estimating the tax impact of Jackson Medical Mall and its tenants. We focus on sales taxes generated directly and indirectly for local governments and sales and income taxes for the State. Because a number of entities at Jackson Medical Mall are tax-exempt, we begin by sorting all tenants into those that are or are not tax-exempt. For each firm, we estimate sales based on the typical sales for a firm in their industry per employee using U.S. Bureau of Economic Analysis data. We then apply the local and state sales tax rates to estimated direct sales for each taxable firm. We multiply the ratio of tax collections in each area to personal income times the estimated earnings due to Jackson Medical Mall to estimate indirect taxes in each area.

Table 8 contains the estimated taxes attributable to the Jackson Medical Mall and its tenants. We estimate that the City of Jackson and Hinds receive \$2.5 million in additional sales taxes. Jackson Medical Mall and its tenants support \$4.8 million in sales taxes throughout the entire Metropolitan area. The State of Mississippi is estimated to earn \$10.6 million in additional sales tax and \$2.6 million in income tax.

Table 8
The Economic Impact of Jackson Medical Mall
On State and Local Tax Collections

| Item | Tax Dollars |
|--------------------------------------------|--------------------|
| Hinds County Sales Tax | \$2,464,163 |
| Jackson Metropolitan Area Sales Tax | \$4,755,946 |
| Mississippi State Sales Tax | \$10,638,967 |
| Mississippi State Income Tax | \$2,600,557 |

III. CONCLUSION

In the beginning, Jackson Medical Mall was founded with several goals in mind including “stimulating economic and community development in the area surrounding the mall.” This report provides evidence of the Jackson Medical Mall’s success in stimulating economic development. While there is always more work to be done, the Jackson Medical Mall supported over a quarter of a billion dollars in economic impact in its most recent year. This led to almost \$50 million in Hinds County earnings and over \$125 million of earnings in the Jackson Metropolitan area. Jackson Medical Mall supported 963 jobs in the county and 2,473 in the Metro area. Simply stated, this study provides compelling evidence of the economic impact the Jackson Medical Mall has in the area surrounding the mall.