

---

# Economic Impact of Manpower Headquarters Expansion

Prepared by:  
Economic Research Division  
Metropolitan Milwaukee Association of Commerce

January, 2006



## Manpower Headquarters Economic Impacts

RiverBend Place, south of the Schiltz Park office complex, has been proposed as the new location for the international headquarters of Manpower, Inc., a Fortune 500 company currently located in Glendale, a Milwaukee area suburb. The overall cost of the development is estimated at \$94 million and the project, once completed, is expected to initially house approximately 1,000 existing Manpower jobs with an addition of 300 jobs added over the next five years.

The purpose of this white paper is to estimate the potential economic impacts that the Manpower's new headquarters would have on the metro Milwaukee area. These impacts include the one-time construction impacts and the ongoing impacts driven by an anticipated expansion of Manpower Inc.'s local workforce in the future.

### Summary of One-Time Construction Impacts

Construction costs for RiverBend Place are estimated at \$63 million<sup>1</sup>. For Wisconsin, payroll costs are approximately 23% of the value of construction, placing total worker earnings for construction of the project at \$14.5 million. The average annual pay for workers in the construction industry in metro Milwaukee was \$45,690 in 2004, thus 317 construction jobs would be supported directly by the initial development of RiverBend Place.

**Using metro area multipliers<sup>2</sup> supplied to the MMAC by the U.S. Bureau of Economic Analysis (BEA), construction of RiverBend Place – accounting for both direct and indirect impacts – would support 767 jobs and generate \$30 million in worker earnings (see Summary Table, page 2) in the metro area.**

### On-Going Impacts

**Certainly the economic benefits of having Manpower's headquarters in the metro area are considerable. Its 1,000 jobs support an additional 694 jobs in the region indirectly, for a total of 1,694 jobs supported, with an estimated payroll of \$66.6 million.** Shifting its headquarters location from Glendale to Downtown Milwaukee does not change these dynamics but additional benefits would accrue through the future expansion of Manpower's headquarters staff.

Manpower Inc. has estimated that staffing at the new location will increase by up to an additional 300 employees in the next five years, which would represent entirely new impacts to the region. For estimation purposes, the metro area's 2004 average earnings per worker (\$39,315) for all

(continued)

---

<sup>1</sup> Project cost of \$94 million includes construction costs (\$63 million) plus other miscellaneous project costs, i.e. land costs, legal fees, etc.

<sup>2</sup> Multipliers for the metro Milwaukee area generated by the U.S. Bureau of Economic Analysis for the MMAC, were applied to these estimates to reach total impact estimates. Multipliers are used to try to account for the full impact of an economic stimulus. The initial impact (direct) is the payroll dollars and/or jobs created initially by this economic 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.

employees in the metro area was used to estimate new direct payroll (300 x \$39,315 = \$11,794,500).<sup>3</sup> **Applying BEA multipliers to these future additions to Manpower’s headquarters staff would support the addition of 508 jobs in total to the region (300 directly plus 208 indirectly) and generate \$19.2 million in total worker earnings annually (see Summary Table, page 2).**

**Summary Table: Manpower Expansion Economic Impacts**

	Direct impacts		Multipliers		Impact totals	
	Employment estimate	Earnings estimate	Employment	Earnings	Employment	Earnings
<b>One-time impacts</b>						
Construction	317	14,490,000	2.4190	2.0395	767	29,552,355
<b>On-going impacts</b>						
Employment expansion	300	11,794,500	1.6935	1.6321	508	19,249,800

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

**Tax Impacts**

Figures from the U.S. Census Bureau indicate that state and local tax revenue, as a percentage of personal income, equals 11.7% in Wisconsin. **Applying this percentage to the estimated new worker earnings figure generated by the expanded workforce (\$19.2 million), suggest that state and local tax revenue generated, both directly and indirectly, would total \$2.3 million per year.**

**Localized Impacts**

While overall spending by Manpower workers would largely be unchanged for the region as a whole, there would be a positive impact on the downtown area as localized worker spending patterns shift from the Glendale area to downtown. A quick survey of selected research for other downtown areas suggested a conservative estimate of approximately \$2,100 in downtown spending per worker per year, about 70% of which is spent in food and drinking establishments, and 30% in retail establishments.

Thus the current employment base of 1,000 workers might be expected to spend an estimated \$2.1 million annually in the downtown area (\$1.5 million in food and drinking establishments and \$630,000 in retail). At the expanded employment level of 1,300, estimated worker spending downtown would approach \$2.7 million annually.

(continued)

<sup>3</sup> The estimated payroll is likely underestimated in that headquarters operations are likely to pay considerably higher than the average annual payroll per worker.

Other localized impacts would also be applicable, particularly the possibility that new housing and visitor related spending in the downtown area would be enhanced by this development. But at this point information is lacking to make a credible estimate.

### **Economic Development Intangibles**

Placing a dollar value on the benefits of a development, while important, may not always tell the whole story. The benefits of having and supporting the headquarters of a major international company in a community go well beyond those that can be easily quantified.

Metro Milwaukee is home to eight Fortune 500 headquarters and 14 Fortune 1000 companies and has one of the highest rates of Fortune 500 companies' headquarters per capita of any metro region in the U.S. The region benefits significantly from having such firms based here. Annual worker earnings averages in the Management of Companies industry sector (in which most headquarters locations are classified) rank highest among all industry sectors (\$83,405 per worker). Support, both directly by these local corporations themselves, and by their well-compensated workers, goes a long way towards maintaining the quality of life that make our region so attractive.

Thus, from a strategic point of view, the Milwaukee region maintains a distinct advantage in the location of headquarters operations. Supporting growth and development of such enterprises, especially those that are home grown like Manpower Inc., would seem to be a central plank in any "smart growth" economic development strategy that the region might choose to undertake.

Further, the location of Manpower's proposed headquarters provides the potential of being a catalytic development in support of city and downtown initiatives in the immediate area, including the Riverwalk, Park East corridor, Beerline, Brewers Hill, Bronzeville, Harambee and Westtown areas.

Finally, a vibrant growing downtown as a place to live, work and play, has become vitally important in attracting and retaining young professionals to the Milwaukee region. The attraction of Rockwell Automation's and Roundy's headquarters staffs to the downtown area and the possible addition of Manpower Inc., as well as the substantial gains in housing, certainly provide evidence that Milwaukee's downtown is attractive and on the move.

The downtown's upward turn was in part confirmed by a recent Brookings Institution study<sup>4</sup> with characterized Milwaukee's downtown as "on the edge of takeoff". This study also ranked Milwaukee as having the sixth highest rate of downtown residents having a bachelor's degree or higher (46.3%) among 45 major city downtowns.

### **For more information**

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

---

<sup>4</sup> Birch, Eugenie L., "Who Lives Downtown," The Brookings Institution, Metropolitan Policy Program, November, 2005.

## Data Sources

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

U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QSEW), internet site, [www.bls.gov/cew/home.htm](http://www.bls.gov/cew/home.htm).

U.S. Census Bureau, 2002 Economic Census statistics.

U.S. Census Bureau, 2002 Census of Government.