

# IMPAKTS

Impact of the Albright-Knox Art Gallery  
and the AK360 Project  
*Part 2: The Futures*  
**2021**

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The Baseline report (2018) demonstrated that the Albright-Knox is an economic driver, generating impacts in a variety of ways. The museum impacts the economy, both locally and statewide, as a cultural anchor—one of the oldest in this country.

**The museum is a major visitor attraction**, an employer, a business, and tax generator for local and state governments. The Baseline report estimated that Albright-Knox’s annual operations prior to expansion generated \$24 million for NYS’s economy, with \$16 million benefiting the region and \$10 million impacting the City of Buffalo.

**The museum is an anchor for tourism**, one of several target industries that have been driving economic growth in WNY over the past decade while contributing to quality of life and vibrant, livable communities here in the region.

**Based in Buffalo, the Albright-Knox is proximate to some of the most populous cities in the United States and Canada.**



Cover and back cover rendering: Courtesy of OMA New York

# IMPACTS

The recurring and one-time impacts of AKG in a post-COVID-19 economy

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Recommended Citation: University at Buffalo Regional Institute, State University of New York at Buffalo, School of Architecture and Planning. 2021. "Impact of the Albright-Knox Art Gallery and the AK360 Project, *Part 2: The Futures.*"



# BACKGROUND

In 2014, the Albright-Knox embarked on the largest expansion project ever undertaken by a cultural institution in this region's history. At the time, AK360 was just a concept. It would be five years of planning and work with experts and consultants before construction began. The buildout would happen over a three-year period, through 2022, when the museum will reopen as the Buffalo AKG Art Museum (or Buffalo AKG for short). An expanded museum will draw new audiences for expanded purposes and greater economic impacts.

**This project has moved forward at a time when tourism has been hit harder than at any other period in recent history.** COVID-19 was declared a global pandemic on March 11, 2020, and a national emergency in the United States on March 13, just a few months after construction of the expanded museum began. Since then, COVID-19 has impeded travel, closed nonessential businesses, limited interactive services due to physical distancing guidelines, closed the US-Canadian border, tightened consumer spending, and heightened health and safety concerns. Across the nation, tourism industry revenues declined close to 40% in 2020. While the industry is expected to recover over the next 5 years, industry revenues are not projected to return to pre-COVID-19 levels until 2024.

The reopening of an expanded Albright-Knox is well positioned and well timed to support a rebound in tourism across the region and state, leveraging projected trends for tourism and travel such as:

**International travel is projected to become more affordable**, as the value of the US dollar declines through 2025. Located 10 miles from the US-Canada border, this factor could help attract Canadian visitors.

**Domestic tourism is expected to capture a larger portion of tourism spending** as more US citizens prefer to remain in the US and not travel abroad.

**Tourism from “drive markets” will rebound quicker**, so long as driving is perceived as a safer form of travel.

**More affordable destinations will offer greater visitor appeal** among consumers who have faced job losses, unemployment and debt.

## KEY MILESTONES

**2020-2022**  
Excavation, foundation and concrete  
laid, steel work, enclosures, interior



**2022**

Buffalo AKG Art Museum reopens

**March 2020**

COVID-19 pandemic begins

**NOV 2019**

Groundbreaking on construction

**2018**

Signature aspects of the campus design announced

Phase 1 baseline economic impact report completed

**2016**

OMA/Shohei Shigematsu selected  
as the architectural design partner

**2014**

Albright-Knox Board resolves to launch AK360  
Campus Development and Expansion Project

# ABOUT THE BUFFALO AKG ART MUSEUM

2022 will mark the opening of the new Buffalo AKG Art Museum. The campus transformation will create a museum with a larger footprint; a cultural institution that is more connected to the community; one that delivers an enhanced visitor experience; one with a sharper focus and wider vision for community engagement. The AK360 campus expansion and development initiative will impact the surrounding neighborhood, the City of Buffalo, the region and New York State. Here are some exciting new key features of the expansion and development project that shed light on future impacts.



Rendering: Courtesy of OMA New York

## A NEW ARCHITECTURALLY SIGNIFICANT BUILDING

A new, three-level building on the north corner of the campus will expand the campus footprint, incorporate visitor amenities and connect with the two existing buildings via a scenic wraparound bridge and walkway. It creates 30,000 additional square feet of exhibition space, allowing the museum to double the number of artworks on display and offering new space for special exhibitions.

## A New Art Truck

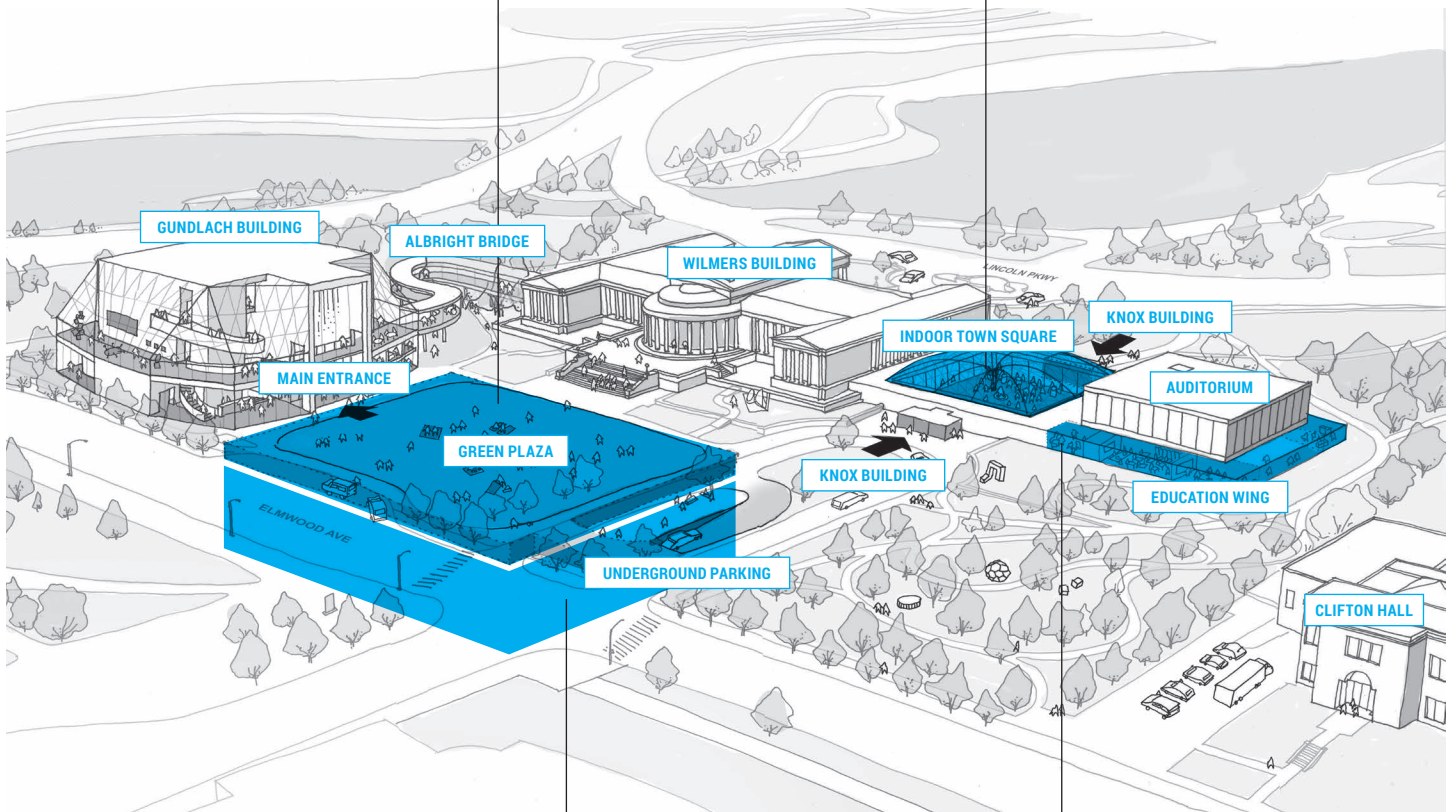
mobilizes activities that used to happen on campus bringing them to residents in communities across WNY.

## A More Accessible Campus

The museum's former parking lot will become a greenspace and gathering spot for neighborhood residents and visitors, contributing to neighborhood quality of life and the appeal of living nearby the museum. A new entryway and exit will expand accessibility of the museum.

## Indoor Town Square

This will transform the museum's former Sculpture Garden into a regional resource for community engagement beyond traditional museum goers. It will be accessible year round, free of charge, and offer various visitor amenities. The Town Square will be covered by *Common sky*, an engaging artwork that is reflective of the museum's geography.



## The Public Art Initiative

will continue to grow partnerships. 21 additional public art projects have been completed since January 2018.

## Visitor Parking

A new single-level underground parking lot will accommodate additional visitors—an important feature for out-of-town visitors from drive markets including Canada.

## A New Education Wing

This will expand educational programs at the museum, nurturing the pipeline of creative talent in the city and region.

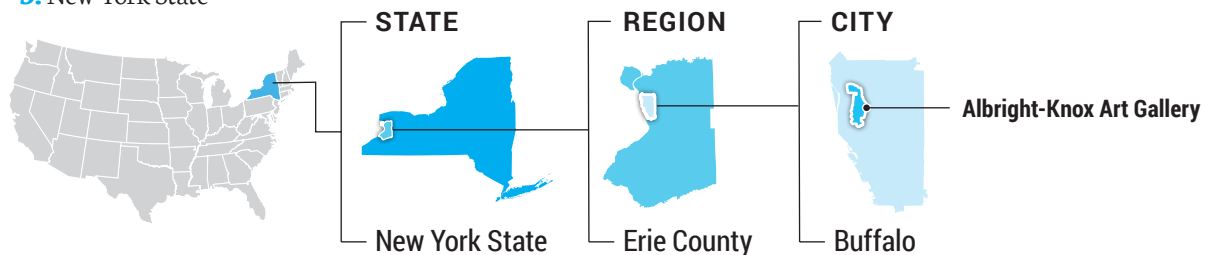
# ABOUT THE STUDY

This Phase 2 report estimates the future economic and fiscal impacts of the museum resulting from its campus expansion and development project. It also takes a look at impacts that go beyond the numbers, such as impacts on quality of life, workforce development and regional boosterism. One-time impacts associated with the campus buildout of the future Buffalo AKG are also assessed in this report.

## GEOGRAPHIES FOR EXPLORING IMPACTS

Similar to the Baseline report, impacts are estimated for three geographies:

1. City of Buffalo
2. Erie County
3. New York State



**Total impacts reported by this study reflect direct and secondary impacts on employment, labor income and output.** Direct impacts are based on spending and employment estimates supplied by Albright-Knox for its future operations and the hard and soft costs associated with the expansion project. Secondary impacts include indirect impacts and induced impacts, both calculated using IMPLAN. Indirect impacts reflect business-to-business spending, as direct impacts reverberate throughout the study region. Induced impacts are associated with household spending, as workers at affected businesses spend wage income in the study region. Fiscal impacts are calculated using IMPLAN and include state and local taxes.

**Because COVID-19 greatly changed the economic landscape and there is still uncertainty about how quickly the economy will recover, recurring impacts are calculated around two scenarios.**

The first scenario is aspirational. It assumes a quicker return to conditions that would exist in the absence of COVID-19 and with the realization of the museum’s most ambitious plans. The second scenario presents a more conservative case and baseline for future impacts, assuming travel, tourism, consumer activity, and revenue raising capacity take longer to bounce back.

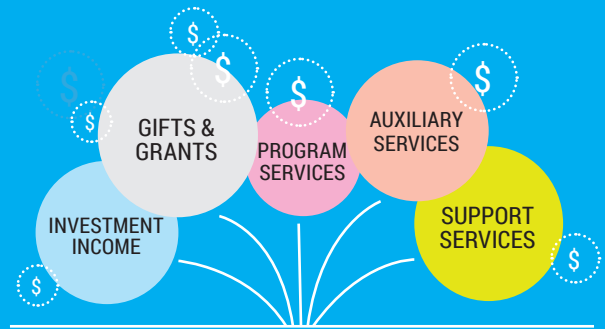


# HOW ECONOMIC IMPACTS HAPPEN

The cycle of economic impact begins with revenues – new dollars that come in annually to Buffalo AKG in a variety of ways.

Spending creates more spending, which creates more income, and so on.

Dollars spent by Buffalo AKG, its visitors and employees have a ripple effect, as those dollars travel across the community and create additional impacts.



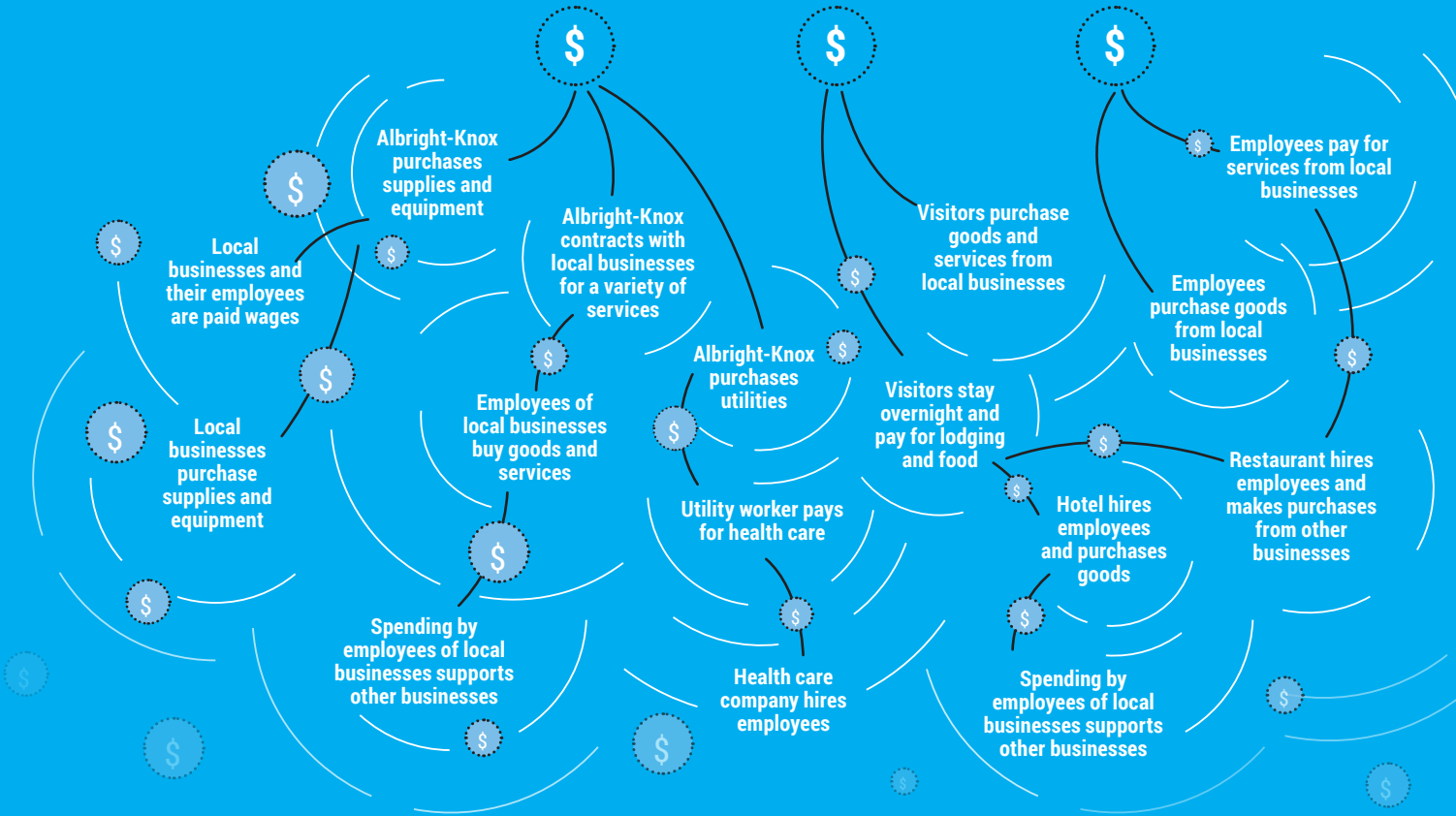
**BUFFALO AKG IS PROJECTED TO GENERATE \$12.5-\$15.4M IN REVENUE**

## DOLLARS ARE SPENT BY...

### ALBRIGHT-KNOX

### VISITORS

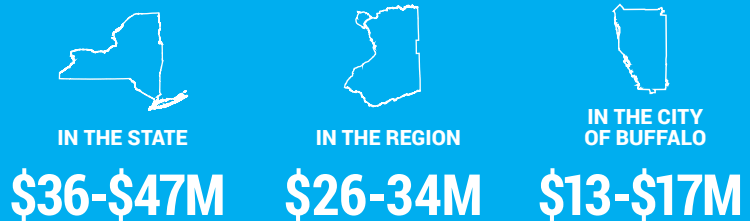
### EMPLOYEES



# BUFFALO AKG TOTAL IMPACTS

## ONE-TIME CONSTRUCTION IMPACTS

## ANNUAL RECURRING IMPACTS



# KEY FINDINGS

## BUFFALO AKG WILL:

...foster more activity and economic impacts for NYS, Erie County and Buffalo.

..support more jobs in the local, regional and statewide economies.

**Annual economic impacts of an expanded museum are projected to be anywhere from \$36 million to \$47 million a year**, generated through spending by the museum, its employees and the visitors it attracts. The museum will nearly double its impact over baseline levels if aspirational targets are achieved in terms of operations, visitor attraction and revenue growth. Three-quarters of the museum's economic impact in NYS will benefit businesses and households in Erie County. Annual economic impact in the City of Buffalo is projected to be at least \$12.7 million each year. One-time economic impact related to the campus buildout is \$281 million over three years across NYS. Erie County will capture three-quarters of the total.

**At least 134 full-time workers will be employed at the Buffalo AKG when it reopens in 2022. Buffalo AKG anticipates adding anywhere from 29 to 85 additional employees to support a much higher level of operations.** In addition to the workers directly employed by the museum, others in the community will hold jobs that exist only because of economic activity associated with the Buffalo AKG. Together, up to 315 full-time workers will be employed either directly or indirectly. Nine out of ten jobs will be held by a resident of Erie County and pay an annual average salary that is slightly higher than the median for all jobs across the region.

...draw a larger number of higher-spending visitors.

**With a doubling of its exhibition space and expanded access to the campus, Buffalo AKG anticipates that it could draw an additional 81,688 visitors a year.** Total visitation is anticipated to be between 185,000 and 205,000 visitors a year. As tourism rebounds, the Buffalo AKG expects that about 40% of total visitors will come from out of town, drawn to Buffalo from the many “drive markets” in close proximity. These visitors are more likely to spend money not only at the museum, but also within the region on hotels, meals, shopping and entertainment. Spending by museum visitors is anticipated to comprise about 60% of all spending associated with Buffalo AKG.

...generate more sales for business and industry.

**Businesses that support the tourism and hospitality industry, which has been hard hit by COVID-19, stand to benefit the most from higher levels of spending by the museum, its staff and visitors.** This spending will total about \$34 million annually across NYS if aspirational targets are achieved. More than 80% of this spending will directly or indirectly benefit businesses in Erie County.

...generate annual tax revenues for NYS, Erie County and Buffalo.

**Buffalo AKG will generate between \$3 and \$4 million in state and local tax revenues annually, both directly and indirectly.** Every dollar of spending associated with the museum will produce about 25 cents for New York State, Erie County, Buffalo and other local municipalities in Erie County. These revenues will come in the form of sales and hotel taxes, property taxes, income taxes and more. Even under conservative estimates for growth, these fiscal benefits to state and local governments far exceed the \$786,300 that the Albright-Knox received in governmental grant revenue at the time the baseline study was completed in 2018.

...spawn a variety of social impacts not captured by the numbers.

**Buffalo AKG is an expanded museum and campus with a new framework for community engagement. It’s not simply “more of the same” or “a ramping up of what was.”** Through this new framework, Buffalo AKG will contribute to impacts that extend beyond the numbers and the dollars presented in this study. These impacts will include inclusion of new audiences, community building, contributions to other investments and improvements happening nearby the museum in Buffalo and strengthening an anchor institution that can drive a rebound of tourism in Western New York in a post-COVID-19 economy.

AK360 EXPANSION PROJECT

# FUTURE IMPACTS

## TWO SCENARIOS

IMPACTS OF BUFFALO AKG AS A VISITOR ATTRACTION

IMPACTS OF BUFFALO AKG AS A REVENUE GENERATOR

IMPACTS OF BUFFALO AKG AS A BUSINESS

IMPACTS OF BUFFALO AKG AS AN EMPLOYER

ONE-TIME CONSTRUCTION IMPACTS

SUMMARY OF ECONOMIC IMPACTS

SUMMARY OF FISCAL IMPACTS

Background rendering: Courtesy of OMA New York

## TWO SCENARIOS

Two projected impact scenarios were developed using budget and employment projections provided by the Albright-Knox. These scenarios offer two levels of operations for when the museum reopens in 2022 and the years that follow. The scenarios are not based on plans set in stone but were developed for consideration of economic impacts of a newly expanded museum in the context of a tourism economy that is not expected to fully rebound from COVID-19 until 2024. Actual economic impacts will likely fall somewhere within the numbers described by these two scenarios, perhaps more like one than the other, depending on the year and other factors.

### ASPIRATIONAL SCENARIO ONE

**This scenario assumes the highest level of operations and implementation of strategic plan initiatives, with revenue generation that supports this ideal level of activity.** Revenues for this Aspirational Scenario are more than \$6 million higher than those reported in the baseline impact study, supported by an estimated 205,000 visitors annually and the earned revenue these visitors generate. The museum will be open six days a week, with an on-site gift store, a cafe and the staff needed to man these operations. The expanded museum will rely more on full-time dedicated staff, with total full-time equivalent employment just under 200.

### CONSERVATIVE SCENARIO TWO

**This scenario presents a level of operations and strategic plan implementation that is retrofitted to a more conservative estimate of projected revenues.** While projected revenues of \$12.5 million are more than 35% higher than in the baseline impact study, this is close to \$3 million a year short of aspirational estimates. Employment growth to support expanded operations at the larger museum will be limited. This scenario assumes the expanded museum will operate with 134 full-time equivalent employees, limiting the museum's operations to five days a week. Yet, with both scenarios, visitor activity will drive economic impacts over future years.

### IMPACT SCENARIO COMPARISON

	Aspirational Scenario	Conservative Scenario	Baseline for comparison
Revenues	\$15.4M	\$12.5M	\$9.2M
Operations (days per week)	6 days	5 days	6 days
Operational Budget (excludes wages)	\$7.6M	\$6.6M	\$4.8M
Employment	190 FTE	134 FTE	105 FTE
Employee Wages (excludes benefits)	\$7.8M	\$5.7M	\$4.1 M
Visitors	205,000	185,000	123,332
% out-of-town	45%	37%	31%

# IMPACTS OF BUFFALO AKG AS A VISITOR ATTRACTION

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An expanded Buffalo AKG Art Museum is expected to draw between 185,000 and 205,000 visitors annually on an ongoing basis after the museum reopens in 2022. This increase represents an additional 237 to 262 visitors per day, on average, compared to baseline museum attendance. This increase in visitor activity will drive higher economic impacts associated with the expanded museum.

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Buffalo AKG could welcome 205,000 visitors a year, with nearly half (45%) of these visitors coming from out-of-town and staying longer in the region.

Expanded offerings at the museum will motivate not only more frequent museum visitation but extended stays. So, too, could partnerships with other visitor attractions in the region and the museum's closer ties with the community through a growing number of public art sites and other initiatives.





The Conservative Scenario estimates that the museum will attract 185,000 visitors a year. While this number is 50% more than the baseline number of visitors, a shorter operating week (5 days versus 6) will enable the museum to limit operating costs while accommodating growth in visitors.

This scenario also assumes that visitor lengths of stay remain similar to baseline levels, an assumption that is still ambitious considering that tourism is not expected to fully rebound from COVID-19 until 2024.

**Economic impacts associated with visitor spending will increase exponentially as the museum is able to attract visitors from outside the local area, especially visitors who stay overnight in the region.** Those who stay in a hotel spend 8-10 times more than “day only” visitors, and the day-only visitors from drive markets such as Rochester, Cleveland and Canada spend at least twice as much as local visitors who visit the museum from the region.

**Spending by visitors outside of the museum on meals, accommodations, shopping, entertainment and travel is projected to total anywhere from \$17.9 million (the Conservative Scenario) to \$23.0 million (the Aspirational Scenario) annually.** Under an Aspirational Scenario, visitor spending is more than double baseline visitor spending. It's 70% higher for the more Conservative Scenario. Excitement about the reopening and the expanded museum are anticipated to grow impacts of visitor spending attributable to the Buffalo AKG at least 10 percentage points above baseline levels. Put another way, with both scenarios, we anticipate Buffalo AKG will be the primary reason more visitors travel to Buffalo and attend the museum.

## PROJECTED VISITOR NUMBERS AND VISITOR SPENDING BY VISITOR TYPE

VISITOR TYPE	VISITOR DESCRIPTION	ANNUAL NUMBER OF VISITORS			VISITOR SPENDING
		ASPIRATIONAL SCENARIO	CONSERVATIVE SCENARIO	BASELINE	PER PARTY VISIT (2021 Dollars)
<b>Overnight Hotel</b> 	Here from out-of-town and staying overnight in a hotel. The Baseline and Conservative Scenario assume a three-night stay, on average. An Aspirational Scenario assumes a longer, four-night stay.	33,210	24,642	13,758	<b>\$862-1,149</b>
<b>Overnight Other</b> 	Here from out-of-town but not staying in a hotel. Assume a 4.5 day stay, on average.	11,993	8,899	4,968	<b>\$534</b>
<b>Day Only</b> 	Here from out-of-town but not staying overnight. One in five will visit another attraction while here.	47,048	34,910	19,490	<b>\$109</b>
<b>Local</b> 	Visiting the museum from a local area. Assume an average travel party size of two.	112,750	116,550	85,116	<b>\$51</b>

## SUMMARY OF VISITOR NUMBERS AND SPENDING BASELINE AND FUTURE

	ASPIRATIONAL SCENARIO	CONSERVATIVE SCENARIO	BASELINE
<b>Total Visitors</b>	205,000	185,000	123,332
<b>Total Visitor Spending</b> 2021 Dollars	<b>\$23.0M</b>	<b>\$17.9M</b>	<b>\$10.5M</b>

## IMPACTS OF BUFFALO AKG AS **AN EMPLOYER**

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Operating a larger museum with more programs and thousands of additional visitors every year will require a larger museum team, with more art preparators, guest service representatives, security guards, cleaners and other critical staff. The museum anticipates having anywhere from 29 to 85 additional employees when it reopens in 2022 and in the years that follow.

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**Under an Aspirational Scenario, employment will increase by 85, from 105 full time equivalent employees to 190.** About one in three of these workers will play a role in maintaining the safety and facilities of the larger museum. Nearly the same proportion will support museum visitors and members. With the museum open six days a week, there will be greater need and reliance on full-time employees. Employment will grow in absolute numbers across all core functions under an Aspirational Scenario, with most additional employees in positions that support museum visitors and members or help maintain the expanded museum and its campus.

**A more Conservative Scenario projects that the expanded museum will operate five days a week with 134 full-time equivalent employees.** This number adds 29 workers from the baseline level, nearly all in roles relating to facilities and teaching/education. The proportion of staff in other roles would be on par with or slightly smaller than the baseline level. Outsourcing operations of the museum gift shop and cafe contributes to the smaller number of employees in Guest Services/Memberships in the Conservative Scenario.

**Total collective wages paid to museum workers will add \$5.7 million to \$7.8 million to the economy.** The average wage in both scenarios is slightly higher than the average median wage of \$39,950 across all occupations in WNY. With nine out of ten employees expected to reside in Erie County, spending on wages will largely benefit the local and regional economies through household spending on housing, food, shopping, entertainment and other goods and services.



Photo by Tom Loonan



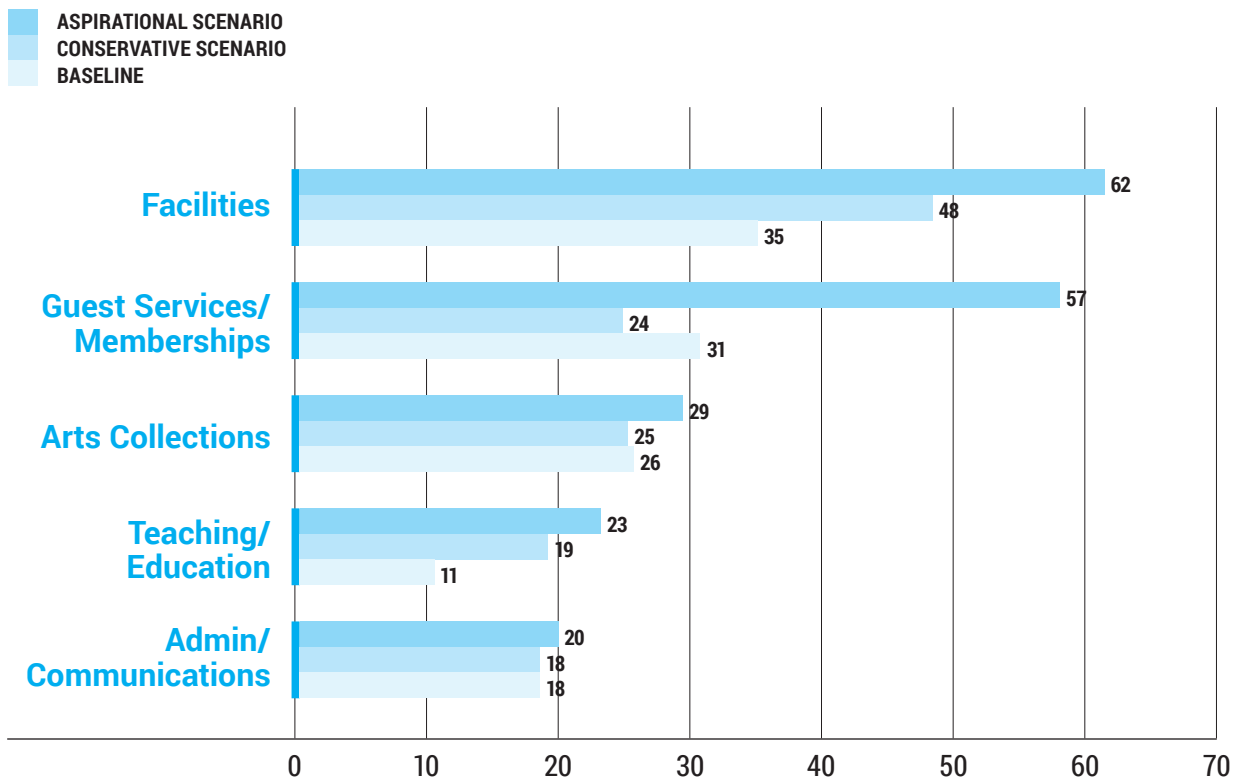
Photo by Tom Loonan



## EMPLOYMENT SCENARIO COMPARISON

	ASPIRATIONAL SCENARIO	CONSERVATIVE SCENARIO	BASELINE
<b>Employment</b>	190 FTE	134 FTE	105 FTE
<b>Employee Wages</b> excludes benefits	\$7.8M	\$5.7M	\$4.1M
<b>Average Wage</b>	\$41,053	\$42,537	\$39,048

## EMPLOYMENT BY FUNCTION AND SCENARIO



Baseline employment by category reflects the last count of FTEs (120) which is slightly different than the baseline study's 126 full- and part-time employees.

## IMPACTS OF BUFFALO AKG AS A BUSINESS

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Operational spending at the expanded Buffalo AKG is projected to contribute \$6.5 million to \$7.2 million to the economy. Purchasing from vendors and suppliers in the region, state and beyond will support programming, facility operations and maintenance, employee-related benefits, and other spending, which includes miscellaneous goods and services such as insurance, maintenance contracts, art installation, warehousing, travel, utilities, rental equipment and more.

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**The two scenarios differ from each other by \$700K.**

The majority of this difference is related to higher labor-related expenses associated with an aspirational scenario that assumes an additional 50+ employees. With more employees, the museum will pay more overall for health and life insurance, retirement contributions, NYS disability, workman's compensation, and more.

**Although the museum's projected operational budget will account for approximately half of its total direct spending in both scenarios, this purchasing will be a comparatively smaller driver of economic impacts, above and beyond what was calculated in the baseline study.**

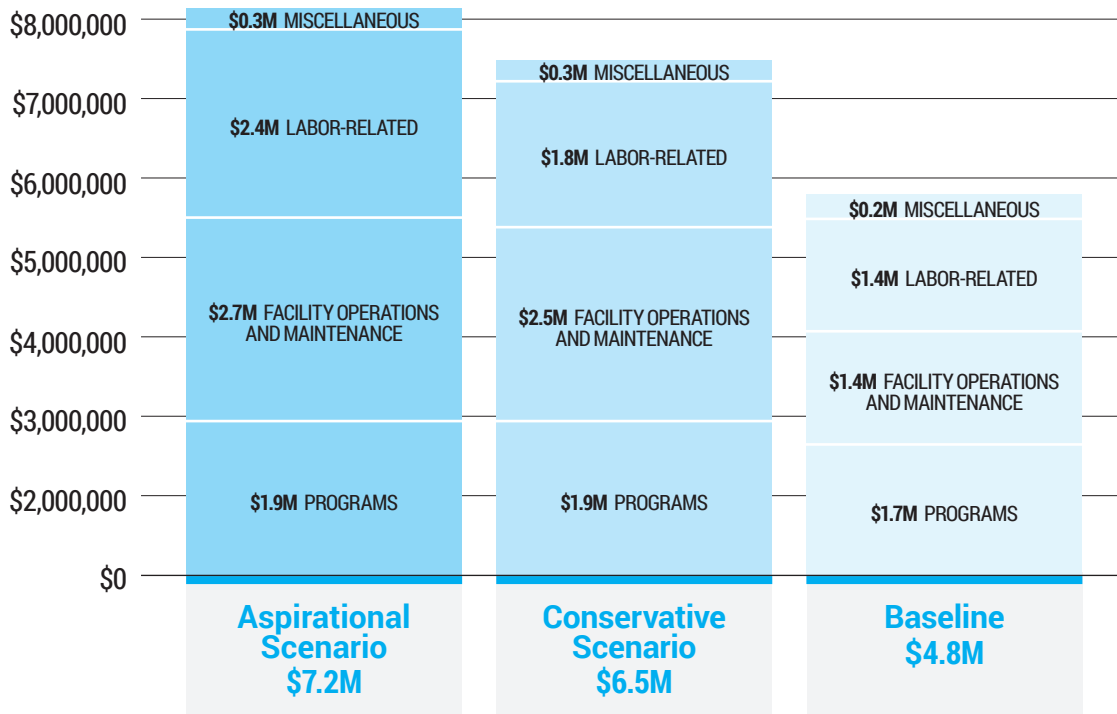
At most, projected purchasing by Buffalo AKG will be \$2.4M higher than in the baseline year, not including \$3M of art acquisitions included in the 2018 Baseline report. In both scenarios, Buffalo AKG spending on facility operations and labor-related expenses will account for approximately two-thirds of total non-wage purchases.

**The geography of future spending is anticipated to remain largely on par with the Baseline Scenario. Slight increases in purchasing from businesses located in Buffalo and Erie County will have modest but positive impacts on economic outcomes in these locales.**

In both scenarios, about a quarter of total vendor purchases will be with businesses in Buffalo, while more than 40% of purchases will benefit businesses in Erie County.

**In both scenarios, over half of total purchasing by the museum (55-56%) will support businesses and their employment in NYS.**

## NON-WAGE PURCHASES BY CATEGORY AND SCENARIO



### Description of Purchase Categories





**PROGRAMS:** Art installation, art truck, transportation, marketing, meals and catering, honoraria, etc.

**FACILITY OPERATIONS AND MAINTENANCE:** Occupancy, utilities, insurance, services, maintenance contracts, equipment

**LABOR-RELATED:** Health insurance, retirement, FICA, workman's comp, professional development

**MISCELLANEOUS:** Interest, bank charges, conservation

## GEOGRAPHY OF TOTAL PURCHASING BY SCENARIO

	ASPIRATIONAL SCENARIO	CONSERVATIVE SCENARIO	BASELINE
City of Buffalo 	26%	25%	24%
Erie County 	42%	43%	41%
New York State 	55%	56%	57%
Outside NYS 	45%	44%	43%

# IMPACTS OF BUFFALO AKG AS A REVENUE GENERATOR

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At the foundation of direct and secondary economic impacts generated by AKG is the revenue the museum raises from a variety of sources. Expanded streams of income will enable AKG to hire additional staff, implement new and expanded programs, attract more visitors and support visitor spending through admissions, educational programs, gift shop sales and spending at a museum café.

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**When Buffalo AKG reopens, the museum will need to raise between \$12.5 and \$15.4 million in annual revenues to support ongoing operations. This represents a minimum increase from the baseline of \$3.3 million annually or 36%.**

Under the more Conservative Scenario, earned revenues from visitor support services such as admissions, membership dues, parking lot fees, and facility usage will increase by 54%, as visitor activity increases. At the same time, under a Conservative Scenario, AKG is less optimistic about its capacity to generate higher levels of income from other sources such as auxiliary services, as some of these will likely be contracted out to local vendors.

Under the Conservative Scenario, the museum will be more reliant on gifts and grants. Contributions from government, corporations, foundations and individual donors could account for about half of total revenue generated.

While this marks a change from the baseline study, where 43% of total revenues were from gifts and grants, these projections under a Conservative Scenario actually bring Buffalo AKG closer in line with what's typical of museums across the country. A look at these museum revenue streams prior to COVID-19 shows that government support and private giving account for close to half (48%) of total revenues. (See Art Museums by the Numbers, 2018).

**Revenues under an Aspirational Scenario will total \$15.5 million, close to \$3 million more than a more conservative revenue picture.**

It assumes Buffalo AKG would raise an additional \$1.4 million annually in gifts and grants. About \$800,000 more each year would come from ticket sales, memberships and other support services. Buffalo AKG would also retain operations of its café and retail shop under an Aspirational Scenario, producing an additional \$650,000 per year from auxiliary services.

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## What's included in the revenue categories?

**GIFTS AND GRANTS:** Contributions raised from all levels of government (federal, state and local), corporations, foundations and individuals

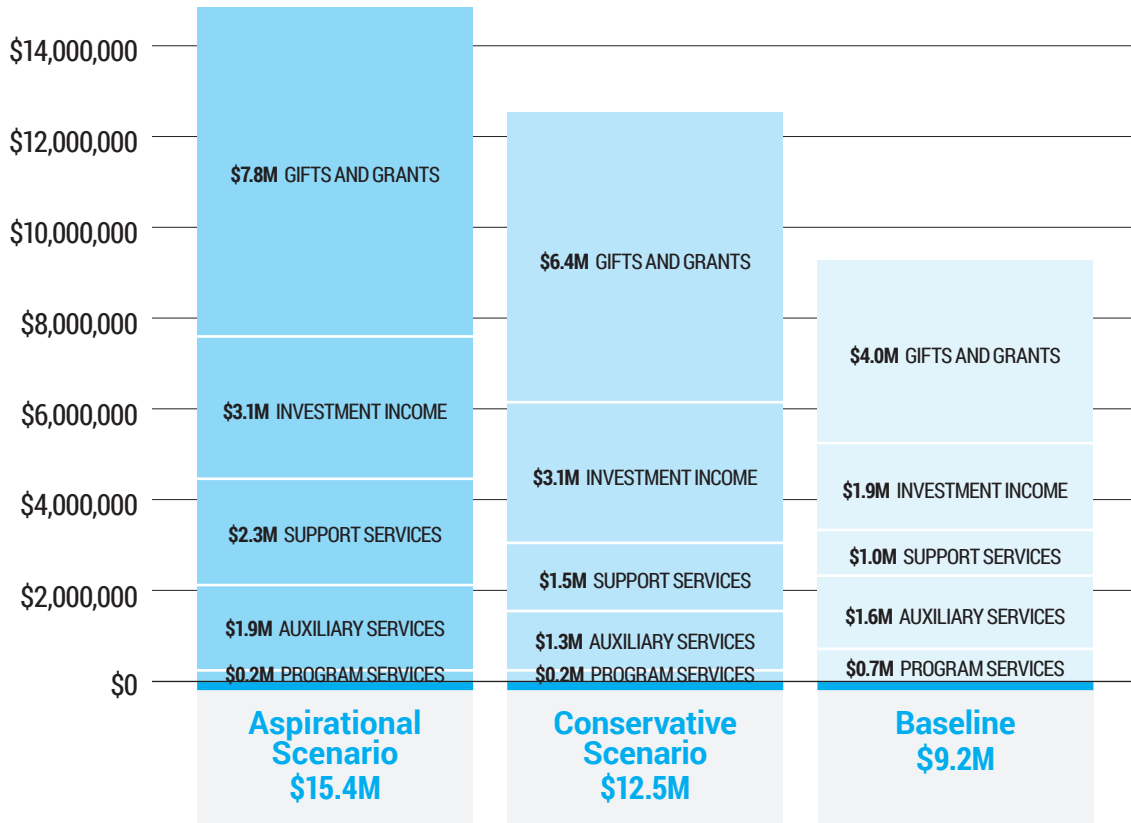
**INVESTMENT INCOME:** Earnings generated from endowments and other investments

**SUPPORT SERVICES:** Revenues from museum memberships, admissions, parking fees and facility usage

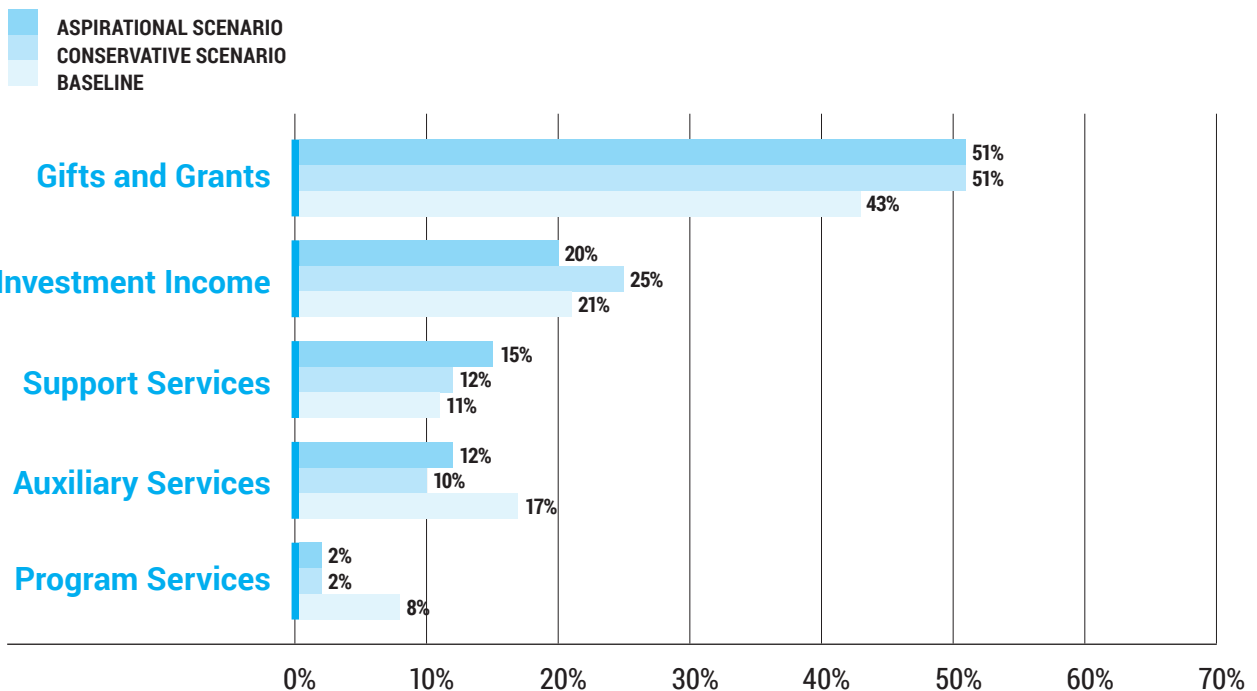
**AUXILIARY SERVICES:** Income produced from retail operations and fundraising activities

**PROGRAM SERVICES:** Revenues generated from educational programming, exhibitions, rentals and loan fees

## AKG REVENUES BY CATEGORY AND SCENARIO



## SOURCES BY REVENUE BASELINE AND FUTURE



# ONE-TIME CONSTRUCTION IMPACTS

When the Albright-Knox reopens in 2022, it will have spent \$168 million on its campus expansion and development project. Over a three quarters of this total covers the hard costs of construction such as building material, roofing, flooring, utilities, waterproofing, insurance and more. The remainder reflects “soft costs” such as design and architectural work, engineering and feasibility studies, land surveys, art work, attorney fees, and professional consultants.

**The buildout will have significant projected impacts on the state, regional and local economies.** Altogether, the project will generate an estimated \$281 million in one-time economic impacts for New York State’s economy. This includes direct and secondary impacts. Over half of this impact will be in Erie County, while one in seven dollars will benefit Buffalo.

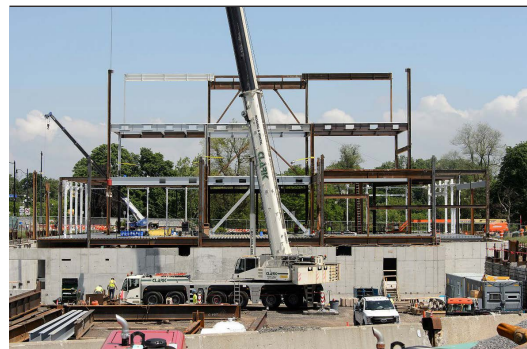
**Impacts are driven by purchases of goods and services from contractors located in the region and state.** Less than one in five dollars related to the expansion project will go to vendors outside of New York. When this happens, it’s generally to purchase or commission highly unique goods or services such as work from individual artists.

**Project-related spending and economic activity will support more than 1,800 jobs and \$152 million in labor income in NYS.** With construction activity peaking in 2021-22, the project will serendipitously support jobs as New York State and Western New York recover from the economic downturn created by the COVID-19 pandemic. Nearly three quarters of jobs supported by the project will be in Erie County and a fifth of these will be concentrated in Buffalo.

**There is a notable economic multiplier effect associated with the expansion project.** The multiplier of 2 on a statewide basis means that every dollar invested in the expansion project circulates through the economy to generate twice this amount in total economic impact for New York State.

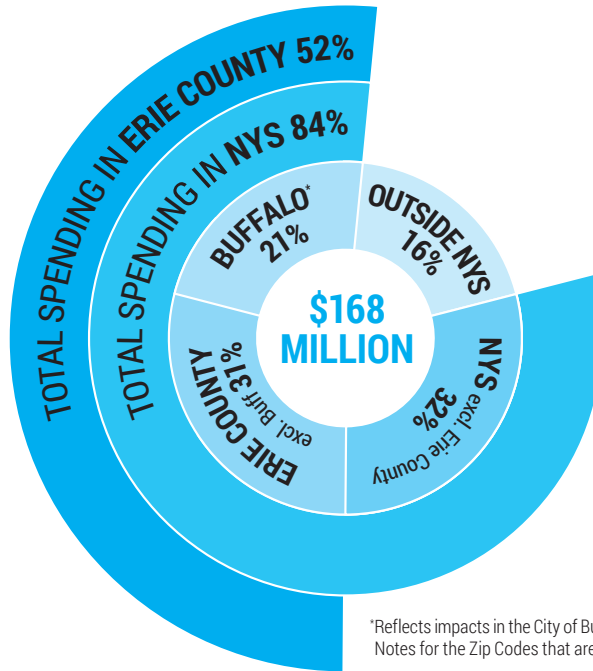


Photo by Joe Cascio



Construction of the steel frame of the new Gundlach Building.  
Photo by Tom Loonan

## GEOGRAPHY OF EXPANSION PROJECT SPENDING



\*Reflects impacts in the City of Buffalo. See Data Sources and Notes for the Zip Codes that are included in this geography.

	NEW YORK STATE	% OF TOTAL IN ERIE COUNTY	% OF TOTAL IN BUFFALO
<b>Total Employment</b>	<b>1827</b>	<b>71%</b>	<b>15%</b>
Direct	1136	<b>1294 jobs</b>	<b>268 jobs</b>
Secondary	691		
<b>Labor Income</b>	<b>\$152M</b>	<b>55%</b>	<b>11%</b>
Direct	\$97M	<b>\$83M</b>	<b>\$17M</b>
Secondary	\$55M		
<b>Output</b>	<b>\$281M</b>	<b>57%</b>	<b>13%</b>
Direct	\$140M	<b>\$162M</b>	<b>\$36M</b>
Secondary	\$141M		

All dollars reflect 2021 dollars.

## SUMMARY OF ECONOMIC IMPACTS

Buffalo AKG will generate up to \$46.5 million in economic activity across New York State if it achieves aspirational targets in terms of visitors, new hires, operational spending and revenue generation. This represents a doubling of the museum's economic impact on New York State from a baseline of \$23.7 million, reported in the phase 1 study completed in 2018. Even the more Conservative Scenario represents a 51% increase from the Baseline.

**A more Conservative Scenario estimates that Buffalo AKG will add \$35.9 million to the statewide economy—a \$10+ million per year increase over the museum's impact before the expansion,** but \$10 million less than aspirational estimates. The museum's actual economic impact will likely fall between these two numbers (\$35.9M and \$46.5M) depending on the timing and other factors such as revenue growth, visitor draw and the regional economy for tourism.

**Under both scenarios, close to three quarters of Buffalo AKG's spending impact will benefit Erie County's economy.** Approximately a third will benefit the City of Buffalo where the museum is located.

**An expanded museum could support wages for up to 315 jobs across New York State, under an Aspirational Scenario.** Nearly 230 will be employed because of spending associated with the Buffalo AKG using more conservative estimates. 90% of this employment will be concentrated in Erie County.

**Excitement about the expanded museum and its ability to more closely connect with the community and attract new audiences will contribute to these larger economic impacts when the museum reopens.** Under both scenarios, visitor spending contributes to about 60% of economic impacts, with the percentage being even higher in Erie County and in Buffalo.

**Every dollar spent by the museum, its workers, and visitors generates spin-off activity.** Each dollar of spending directly associated with Buffalo AKG boosts the economy by an additional 49 cents at the statewide level, resulting in a spending multiplier of 1.49.



Rendering: Courtesy of OMA New York



Photo by Tom Loonan



## SUMMARY OF FUTURE ANNUAL IMPACTS

	Aspirational Scenario			Conservative Scenario		
<b>Total Spending</b> Across All Geographies: By Buffalo AKG, its employees and visitors	<b>\$34.0 MILLION</b>			<b>\$26.7 MILLION</b>		
<b>Impacts on Spending and Output</b>	BUFFALO	ERIE COUNTY	NYS	BUFFALO	ERIE COUNTY	NYS
<b>Direct Spending</b> Purchasing by AKG, its employees and visitors	\$20.1M	\$25.8M	\$31.1M	\$15.4M	\$19.9M	\$24.1M
<b>Direct Economic Activity</b> Generated from direct spending by AKG, its employees and visitors	\$14.0M	\$16.3M	\$21.3M	\$10.7M	\$12.6M	\$16.7M
<b>Additional Economic Activity</b> Secondary economic activity spurred by direct spending	\$2.6M	\$17.8M	\$25.3M	\$2.0M	\$13.5M	\$19.3M
<b>Total Economic Impact</b> Sum of direct and secondary impacts on output	<b>\$16.6M</b>	<b>\$34.1M</b>	<b>\$46.5M</b>	<b>\$12.7M</b>	<b>\$26.1M</b>	<b>\$35.9M</b>
<b>Impacts on Employment</b>	BUFFALO	ERIE COUNTY	NYS	BUFFALO	ERIE COUNTY	NYS
<b>Employment at Buffalo AKG</b> Jobs at the museum	96	175	190	68	123	134
<b>Employment from Additional Economic Activity</b> Jobs associated with secondary impacts and the businesses that supply goods and services to Buffalo AKG, its employees and visitors	15	110	125	11	83	95
<b>Total Employment Impacts</b> Sum of direct and secondary impacts on employment	<b>111</b>	<b>285</b>	<b>315</b>	<b>79</b>	<b>207</b>	<b>229</b>
<b>Direct Spending Multiplier</b>	BUFFALO	ERIE COUNTY	NYS	BUFFALO	ERIE COUNTY	NYS
<b>Spending</b> Total economic activity associated with \$1 of direct spending	\$0.83	\$1.32	\$1.49	\$0.82	\$1.31	\$1.49

## SUMMARY OF FISCAL IMPACTS

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Buffalo AKG's future operations will generate between \$3 and \$4 million in state and local tax revenues on an annual basis. The higher estimate of \$3.9 million in tax receipts would be realized under an Aspirational Scenario. State tax collections account for nearly 40% of this total, or \$1.4 million. This includes the NYS portion of sales tax, personal income taxes, corporate profit taxes, license fees, and more. Tourism-related spending in the community by visitors attracted to the museum contributes more towards state tax receipts than spending by the museum itself or its employees. These findings underscore the contributions of tourism to the statewide economy, above and beyond the regional economic impacts of a larger museum.

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**Operations by Buffalo AKG would generate \$2.4 million annually in county and local government revenues under an Aspirational Scenario.**

These tax dollars will be realized through the county and local portion of sales tax, property taxes, school district taxes, hotel occupancy taxes, and more. Taxes generated by the AKG through visitor spending help to relieve the tax burden on local residents.

**When the fiscal benefits of Buffalo AKG are combined with economic impacts, the total recurring impact of Buffalo AKG is over \$54 million a year under an Aspirational Scenario.**

Combining fiscal and economic impacts is expected to generate close to \$42 million a year under a Conservative Scenario.

**Using more conservative assumptions for future growth, tax revenue for state and local governments would total \$6 million—23% less than under an Aspirational Scenario.**

Still, a larger museum in Buffalo will be a critical revenue generator for state and local governments. Every \$4 dollars in direct spending associated with Buffalo AKG generates about \$1 for state and local governments.

## FUTURE TAX REVENUE GENERATION BY BUFFALO AKG

	Aspirational Scenario		Conservative Scenario	
	TAX TOTAL	% TOTAL	TAX TOTAL	% TOTAL
<b>New York State Totals</b>	<b>\$1,483,773</b>	<b>38%</b>	<b>\$1,143,056</b>	<b>38%</b>
Sales	\$703,821		\$540,394	
Personal Income	\$557,589		\$432,125	
Corporate Income	\$75,015		\$57,038	
Other	\$147,348		\$113,499	
<b>Local Totals</b>	<b>\$2,425,762</b>	<b>62%</b>	<b>\$1,862,552</b>	<b>62%</b>
Sales (incl hotel tax)	\$502,910		\$386,135	
Property	\$1,566,300		\$1,202,606	
Other	\$356,551		\$273,811	
<b>Total State and Local Taxes</b>	<b>\$3,909,535</b>	<b>100%</b>	<b>\$3,005,608</b>	<b>100%</b>

Note: Figures are in 2021 dollars.

# BEYOND THE NUMBERS

An expanded Albright-Knox will have impacts that go beyond employment, spending, economic impact, multipliers, and tax revenue generation. It's increasingly understood that investments in cultural anchors can contribute substantially to community engagement, revitalization, and competitive regional strengths. In fact, community impacts oftentimes supersede economic impacts. The following are some of the ways Buffalo AKG Art Museum could impact Buffalo, Erie County, and New York State.



From left to right, top to bottom: © Amanda Browder; © Betsy Casañas. Photo by MK Photo; © John Baker, Julia Bottoms, Chuck Tingley, and Edreys Wajed; Photo by Visit Buffalo Niagara

# NEW FRAMEWORK FOR OUTREACH AND INCLUSION

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The Albright-Knox made it a priority in recent years to engage more diverse audiences beyond typical museum goers, through exhibitions, public art, partnerships and educational programming.

**Shortly after closing for construction in November 2019, the museum opened a satellite facility in Buffalo's Northland Corridor, a community of color on Buffalo's East Side.**

In a nearby neighborhood, public art celebrates the legacy of local black leaders. In 2019 an installation at the Albright-Knox raised awareness of human rights abuses in Myanmar and the plight of political prisoners, resonating with Burmese refugees in Buffalo. Another recent exhibit raised awareness of the Latin American immigrant experience, connecting with the many Latin Americans in Buffalo.

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*“Our goal is to deploy the resources of the museum to engage everyone across the region... Enriching people's lives impacts our community. Engaging different perspectives ensures impact is broad and inclusive.”*

- **WOODROW BROWN**  
Interim Director of Communications and Community Engagement, Albright-Knox Art Gallery

**Future programming will continue to elevate a mission focused on inclusion, diversity, equity and access (IDEA), as the museum creates an expanded campus that is reflective of the rich diversity of the Buffalo Niagara region's 1.1 million people.**

When the museum reopens in 2022, IDEA will pervade everything the museum does, from exhibitions to education, outreach and communications. There will be expanded programming for children, students, visitors with disabilities, and families of all races, ethnicities, and backgrounds.

On campus, an enclosed open courtyard covered by the artwork *Common sky* will provide a new public space where individuals can interact with art and one another, enjoy the café, use the internet, or simply pass through.

New partnerships will be forged to reach and invite new audiences from Buffalo and beyond by tapping into trusted sources such as pastors, community leaders, neighborhood institutions, and the rich tapestry of organizations serving the diverse communities of the region. The museum and its programming will be accessible and welcoming to all.

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# AKG:

**The museum's forward moving plan will be supported by a new brand.**

Both visually and with core messaging, this update aligns with the museum's mission to connect art and people through engagement, open ended conversation and relationships with multiple communities. The updated brand will support operations, the visitor experience, and the long-term success and impact of the museum.

# A STRONGER TOURISM ASSET AND LEVER FOR ECONOMIC REBOUND

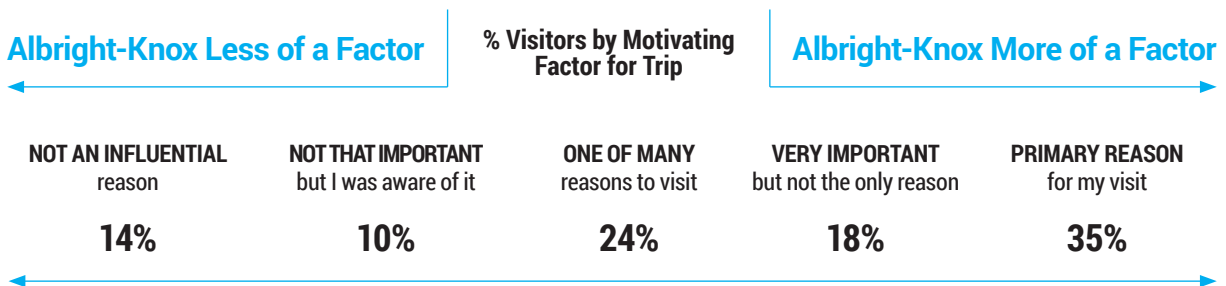
Prior to COVID-19, tourism sustained approximately 60,000 jobs in Western New York. About 4,000 businesses depended on tourism, including restaurants, shops, hotels, and visitor destinations like the Albright-Knox, other cultural institutions and entertainment venues. Western New York depends more on tourism than all but one other region in Upstate New York.

**A majority of Albright-Knox visitors surveyed for the Phase 1 impact study completed in 2018 said that the Albright-Knox was very important to their decision to visit Buffalo if not the primary reason. Even before its expansion, the museum was a magnet for people and a tourism generator.**

An expanded Albright-Knox, with double the exhibition space, new educational programs, and new spots for people gathering and engagement, will establish an even stronger force that generates interest and activity in Buffalo, the region and NYS. With approximately 200,000 visitors projected annually when the museum reopens, the Buffalo AKG Art Museum should be regarded as a resource and catalyst for the economic rebound of an entire sector. It can be leveraged for this greater impact through strategies such as branding, partnerships, packaging and enhancing capacities that contribute to the museum's sustainability and long-term success.

Sources: 2020 Recovery Report; 2018 WNY REDC Progress Report; 2018 Albright-Knox Baseline Study.

Over half of visitors surveyed said the Albright-Knox was a very important motivating factor for their trip here, if not the primary reason itself.



Source: University at Buffalo Regional Institute, State University of New York at Buffalo, School of Architecture and Planning. 2018. "Impacts of the Albright-Knox Art Gallery and its AK360 Expansion Plan, Part 1: Baseline."

## COMMUNITY BUILDING AND REGIONAL BOOSTERISM



Photograph by Elijah-Lovkoff

### BUFFALO IS WORTH INVESTING IN

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**About 256,500 residents live in Buffalo.**

This is 28% of Erie County's population.

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**Buffalo is NY's 2nd largest city.**

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**57% OF RESIDENTS IN BUFFALO ARE PEOPLE OF COLOR.**

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**23% of residents in Buffalo are children under age 18.**

This reflects close to 58,000 youth.

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**\$37,354 is the median household income in Buffalo.** Slightly over half of individuals in Buffalo live in or near poverty with incomes under 200% of the federal poverty level.

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Source: US Census, American Community Survey, 2019 (5-year estimates).

An expanded Buffalo AKG Art Museum will contribute to the momentum in Buffalo that is boosting quality of life, civic activity, economic revival, and new and improved amenities for all residents.

**On campus and in the surrounding neighborhood, residents will benefit from a more accessible campus with events for the community;** a new indoor plaza for public gathering; opportunities for free admission to the museum; community arts programming; a mobile Arts Truck with activities for all ages; and a continued public art initiative that makes the fabric of neighborhoods more dynamic.

**More broadly, investments in the Buffalo AKG are on the leading edge of impact investments at a catalytic moment in time for Buffalo. Driven by partnerships and capital investments by the public sector, private funders and foundations,** this activity is strengthening anchors and commercial corridors on Buffalo's east side, enhancing recreational assets such as LaSalle Park, improving economic conditions and creating jobs in neighborhoods and in downtown Buffalo. These investments are also positioning Buffalo for higher levels of visitor attraction. The success of Buffalo AKG will fuel positive impacts for these other initiatives, which will continue to drive momentum and investments, resulting in a transformation of Buffalo.

# DATA SOURCES AND NOTES

## Photo Credits

Unless otherwise stated, all photographs and renderings in this report were supplied with permission for usage by the Albright-Knox Art Gallery.

## Geographies for Exploring Impacts

IMPLAN provides economic data at the state, county and Zip Code levels. To assess impacts for the City of Buffalo, Zip Codes covering the City of Buffalo were combined to build the impact area. These include 14201, 14202, 14203, 14204, 14206, 14207, 14208, 14209, 14210, 14211, 14212, 14213, 14214, 14215, 14216, 14220, and 14222. While some of these Zip Codes have boundaries slightly beyond the city border, most of the Zip Code falls within the City of Buffalo. Only spending and economic impacts within these Zip Codes are counted as spending and economic impact in the City of Buffalo. Impacts occurring outside these Zip Codes in municipalities such as Kenmore, Tonawanda, Amherst, and Orchard Park are captured in numbers for Erie County but not the City of Buffalo.

## Background

ISIB World, Tourism in the US, Oct. 2020.

“Timeline of the 2020 Coronavirus Pandemic in the United States.” Wikipedia, Wikimedia Foundation, 24 Jan. 2021, [en.wikipedia.org/wiki/Timeline\\_of\\_the\\_2020\\_coronavirus\\_pandemic\\_in\\_the\\_United\\_States](https://en.wikipedia.org/wiki/Timeline_of_the_2020_coronavirus_pandemic_in_the_United_States).

McHugh, David. Airline industry doesn't expect to fully rebound from coronavirus until 2024. USA Today, July 24, 2020.

Cherney, Mike and Eric Sylvers. Travel's Covid-19 Blues Are Likely Here to Stay. The Wall Street Journal, Feb. 2, 2021.

## Key Milestones

“Press Releases: Albright-Knox.” Home, 30 Apr. 2021, [www.albrightknox.org/press-room/press-releases](http://www.albrightknox.org/press-room/press-releases).

“Building the Buffalo AKG Art Museum: Albright-Knox.” Home, [www.albrightknox.org/building-buffalo-akg-art-museum](http://www.albrightknox.org/building-buffalo-akg-art-museum).

University at Buffalo Regional Institute, State University of New York at Buffalo, School of Architecture and Planning. 2018, “Impacts of the Albright-Knox Art Gallery and its AK360 Expansion Plan, Part 1: Baseline,” <https://regional-institute.buffalo.edu/wp-content/uploads/sites/155/2021/01/AlbrightImpactBookFINAL.pdf>

## Two Scenarios

The Albright-Knox worked with UBRI to develop a set of assumptions for the two scenarios. Baseline numbers are from the 2018 Baseline study. They are provided here for comparison purposes.

University at Buffalo Regional Institute, State University of New York at Buffalo, School of Architecture and Planning. 2018, “Impacts of the Albright-Knox Art Gallery and its AK360 Expansion Plan, Part 1: Baseline,” <https://regional-institute.buffalo.edu/wp-content/uploads/sites/155/2021/01/AlbrightImpactBookFINAL>.

## Impacts of Buffalo AKG as a Visitor Attraction

For consistency and comparability, IMPLAN sectors used in the 2018 study were updated using a sector bridge supplied by IMPLAN.

Visitor spending reflects spending by category estimated in the 2018 study adjusted for inflation, using the US Department of Labor's Inflation Calculator for the period from July 2017 to January 2021.

The Aspirational Scenario assumes half of visitors who stay in a hotel, stay one extra night, on average, over the baseline average of 3 nights. This is equivalent to a longer stay for a fifth of all out of towners, factoring in those who stay with family and friends or who do not stay overnight in the region.

The proportion of total visitor spending in Buffalo, Erie County and NYS is similar to what was estimated for the 2018 Baseline Study, with 72% of total visitor spending in Buffalo, 80% in Erie County and 100% in NYS.

## Impacts of Buffalo AKG as an Employer

Employment estimates for both scenarios were provided by the Albright-Knox. Employment was categorized by job title by UBRI for purposes of this report. Below are representative job titles falling within the broader categories shown in this report:

Facilities: facility director, systems engineer, cleaner, IT, maintenance, and stationary engineer

Guest Services/Memberships: sponsorship associates, gift managers, memberships associates, events coordinators, shop associates, guest services representative, server, and kitchen assistant

Art Collections: art preparators, curators, registrar, librarians, archivists, digital managers, and public art coordinators

Teaching/Education: studio art teacher and teaching assistants, master teacher, adult programs coordinator, after school instructor, and docent

Admin/Communications: editor and editorial assistant, graphic designer, HR, content development, director and executive staff, and financial officer

Employment by category reflects the latest count of FTE employment provided by the Albright-Knox – a number (120) that is roughly on par with the baseline's 126 full- and part-time employees.

Average wage across all occupations in WNY: NYS Department of Labor, Occupational Employment Survey, 2020.

## Impacts of Buffalo AKG as a Business

Direct spending for each scenario was provided by the Albright-Knox. Spending was categorized by UBRI using the same category definitions and IMPLAN sectors used for the 2018 Baseline study.



## Economic Impacts

Total impacts reported by this study reflect direct and secondary impacts on employment, labor income and output. Direct impacts are based on spending and employment estimates supplied by Albright-Knox for its future operations and the hard and soft costs associated with the expansion project. Secondary impacts include indirect impacts and induced impacts, both calculated using IMPLAN. Indirect impacts reflect business-to-business spending, as direct impacts reverberate throughout the study region. Induced impacts are associated with household spending as workers at affected businesses spend their wage income in the study region.

Impacts in this report are reported in 2021 dollars, unless otherwise noted. Spending incurred prior to 2021 was adjusted for inflation, while future spending was discounted. Unless otherwise noted, impacts were calculated using economic data from IMPLAN for the year the spending incurred (or the latest available data from IMPLAN).

One-Time Economic Impacts: One-time hard costs related to the planning, construction, and expansion of the museum's campus were provided by Albright-Knox and Gilbane Building Company. Spending data included actual and estimated amounts by vendor. Estimated timing of expenditures by year for 2020 through 2022 were provided by Gilbane Building Company. The analysis assumes 15% of total spending in 2020, 40% in 2021 and 45% in 2022.

Spending data was categorized by sector using each vendor's primary NAICS and a crosswalk between NAICS and IMPLAN sectors. Company information from Data Axle, Inc. (formerly Reference USA) was used to identify company NAICS. IMPLAN was used to calculate direct, indirect and induced economic impacts. For spending in 2020, UBRI used annualized economic data prepared by IMPLAN for the second quarter of 2020. This data incorporates the impacts of COVID-19 on all sectors of the economy. For spending in 2021 and 2022, IMPLAN data for 2019 was used (the latest pre-COVID-19 data available from IMPLAN).

## Fiscal Impacts

Fiscal impacts were calculated using IMPLAN. They reflect tax generation associated with annual operations of Buffalo AKG under an "Aspirational Scenario" and "Conservative Scenario." Fiscal impacts reflect direct and secondary impacts of spending by Buffalo AKG, AKG staff and visitors. Spending by visitors directly contributes to state and local sales and hotel tax revenues. Spending by museum staff and workers at businesses indirectly supported by activity at the museum generate state and local sales, property and income taxes. Buffalo AKG pays taxes associated with its employment and fees on public services it receives, in addition to supporting tax generation of employees and visitors.

## Beyond the Numbers

New Framework for Outreach and Inclusion: Brown, Woodrow. Interview. By Sharon Ana Entress. 22 March 2021; US Census 2015-19 American Community Survey (5-year estimates), Profile for Buffalo Niagara-Cheektowaga NY Metro Area

AKG: Buffalo AKG Art Museum, AKG: Visual Identity Guidelines V1-2019. Albright-Knox Art Gallery. Correspondence. April 2021.

A Stronger Tourism Asset: Western New York Regional Economic Development Council, 2020 Economic Recovery Strategy Western New York; Western New York Regional Economic Development Council, A Strategy for Prosperity: 2018 Progress Report.

% Visitors by Motivating Factor for Trip: University at Buffalo Regional Institute, State University of New York at Buffalo, School of Architecture and Planning. 2018

"Impacts of the Albright-Knox Art Gallery and its AK360 Expansion Plan, Part I: Baseline," <https://regional-institute.buffalo.edu/wp-content/uploads/sites/155/2021/01/AlbrightImpactBookFINAL.pdf>

Buffalo is Worth Investing In: US Census 2015-19 American Community Survey (5-year estimates), City of Buffalo, Erie County and New York State.

Community Building and Regional Boosterism: "Providing Economic Benefits for Buffalo's East Side."

UB Regional Institute, East Side Avenues, eastsideavenues.org/. "Imagine LaSalle." UB Regional Institute, 1 Mar. 2021, [regional-institute.buffalo.edu/work/imagine-lasalle/](https://regional-institute.buffalo.edu/work/imagine-lasalle/). Queeneyes, "M&T Unveils Buffalo Tech Hub at Seneca One," Buffalo Rising, April 29, 2021; "Small Business and Nonprofit Relief, Buffalo and Rochester NY Regions." Open4, 1 Mar. 2021, [www.open4wny.org/](http://www.open4wny.org/).

