

THE ECONOMIC IMPACT OF THE HIGH POINT MARKET



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Duke

CENTER on GLOBALIZATION,
GOVERNANCE & COMPETITIVENESS
at the Social Science Research Institute

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The High Point Market sponsored the research for this report. Errors of fact or interpretation remain the exclusive responsibility of the authors. The opinions expressed or conclusions made in this study are not endorsed by the project sponsor. We welcome comments and suggestions. The corresponding author may be contacted at lukas.brun@duke.edu

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Table of Contents

Economic Impact of the High Point Market	4
1. Introduction	4
1.1. Previous Studies	4
1.2. Project Scope	5
2. Economic impact analysis methodology.....	6
2.1. Original Survey	8
2.2. High Level Survey Findings	9
2.3. Modeling Assumptions and Direct Input Calculations	12
3. Economic impact results.....	15
3.1. Overall Economic Impacts.....	15
3.2. Results by Major Activity	17
3.3. Fiscal Impacts	21
3.4. Conclusion	24

Figures

Figure 1: Business Enterprise Types Surveyed.....	9
Figure 2: Headquarter Locations of Companies Surveyed.....	9
Figure 3: Production Locations of Manufacturers Surveyed	10

Tables

Table 1: Summary of IMPLAN inputs and sources	8
Table 2: Annual Sales of Companies Surveyed	10
Table 3: Percent of Annual Sales Attributable to HPFM	11
Table 4: Company Spending on HPM by Category	11
Table 5: Summary of Visitor Days	12
Table 6: Average North Carolina Visitor Spending Pattern.....	13
Table 7: Direct Expenditures of the HPMA by Budget Category and IMPLAN Code	13
Table 8: Summary of Direct Vendor Expenditures by Category and Assigned IMPLAN Sector	14
Table 9: Estimated Direct Home Furnishing Sales Attributable to Market by Vendor Type.	14
Table 10: Direct Output by IMPLAN Sector for HP Market Sales.....	15
Table 11: High Point Furniture Market – Summary of Total Economic Impact.....	16
Table 12: High Point Furniture Market – Summary of Top Ten Affected Industries	16
Table 13: Visitor Spending – Summary of Total Economic Impact	17
Table 14: Visitor Spending – Summary of Top Ten Affected Industries	17
Table 15: Authority Spending – Summary of Total Economic Impact	18
Table 16: Authority Spending – Summary of Top Ten Affected Industries	18

Table 17: Vendor Spending – Summary of Total Economic Impact.....	19
Table 18: Vendor Spending – Summary of Top Ten Affected Industries.....	19
Table 19: Furniture Sales – Summary of Total Economic Impact	20
Table 20: Furniture Sales – Summary of Top Ten Affected Industries	20
Table 21: Vendor Spending (Rents) – Summary of Total Economic Impact	21
Table 22: Vendor Spending (Rents) – Summary of Top Ten Affected Industries	21
Table 23: Overall Fiscal Impact to Study Area: Federal, State and Local Governments	22
Table 24: State and Local-level Fiscal Impacts to North Carolina, Detailed Report	22
Table 25: State-level Fiscal Impact to North Carolina.....	23
Table 25: Guilford County Fiscal Impact	23

Economic Impact of the High Point Market

1. Introduction

The Center on Globalization, Governance & Competitiveness at Duke University was engaged by the High Point Market Authority (HPMA) to conduct a comprehensive economic and fiscal impact of the High Point Market located in High Point, NC. The Market, conducted bi-annually, is the largest home furnishings market in the world and attracts over 75,000 visitors each market session who descend on High Point and its environs to buy, sell and market a wide variety of furniture, accessories, and design services. Beyond attracting a large number of visitors from outside the state, the Market serves a critical function for the broader furnishings industry and is a key node in the overall furniture industry's value chain. In particular, it is widely known by local stakeholders that a large portion of the sales contacts and transactions for local manufacturing companies are initiated and negotiated at the Market. The furniture and home furnishings industry is one of North Carolina and South Central Virginia's traditional industrial strengths. The availability of abundant raw materials and access to a base of skilled craft workers led the furniture industry in the region to grow to be one of the largest and most competitive production clusters in the world. Despite all the restructuring and declining employment levels in the face of globalization, the industry cluster remains a critical source of jobs for local residents and tax revenue for state and local governments. In many ways the Market is the key gathering event and organizing node at the center of this local cluster, which includes a range of activities from manufacturing, to distribution, to design, marketing and professional services.

State and local economic developers, elected officials, and the general public have long recognized the importance of the market for the local and regional economy. However, in an era of limited public and private resources, it is important to clearly articulate the economic impact of the Market to local stakeholders and the general public. This report summarizes an economic impact study conducted during the summer of 2013. The analysis focuses on the impact of all the economic activity generated through the Market itself. In this way, it differs in a key way from previous impact studies. The logic used here is the following: "what amount of economic activity would not have occurred *'but-for'* the Market?" Specifically, this report analyzes the economic impact of five distinct categories of direct economic activity that can be explicitly tied to the bi-annual market events.

1.1. Previous Studies

This study reviewed the two major prior economic impact studies conducted on behalf of the High Point Market Authority (HPMA). These studies are: *The Economic Impact of the International Home Furnishings Market report of the Office of Business and Economic Research at the University of North Carolina at Greensboro* (UNC-Greensboro, 2004) and *The Economic Impact of the Home Furnishings Industry in the Triad Region of North Carolina* (High Point University, 2007).

The UNC-G study examined the economic impact of the High Point Furniture Market using a study area of eight surrounding counties: Alamance, Davidson, Davie, Forsyth, Guilford, Randolph, Stokes, and Yadkin. To determine economic impact of the market, the UNC-G study examined visitor spending,

exhibitor spending between markets, exhibitor spending during the market, tax payments, as well as HPMA spending on employees, transportation, and security. The UNC-G report did a careful job of not double counting sellers and buyers that came from within their defined region.

The High Point University (HPU) study attempted to determine the entire impact of the furniture industry on the economy in the High Point Region. The region for the HPU study consisted of the Triad Region Metropolitan Statistical Area (MSA), which includes Davidson, Forsyth, Guilford, and Randolph counties. The furniture manufacturing sector, furniture supporting sectors, design/marketing activities for the furniture industry, as well as the impact of the High Point Market (HPM) were the activities modeled for this study. The project scope of the HPU study is significantly different from our report in that they were attempting to capture the entire furniture cluster, not just the economic activity that is attributable to the HPM itself. The differences between the reports mean that readers should be extremely careful when comparing activities reported in both the current and previous reports to ensure that they are capturing the same activity. Oftentimes, activities simply will not be comparable across studies due to differences in the defined market area and initial inputs.

1.2. Project Scope

Geography

This report defines the study area as all the counties within a 75-mile radius from downtown High Point, including counties in Virginia. Specifically we built a model for the study region comprising 22 counties in North Carolina (Alamance, Anson, Cabarrus, Caswell, Chatham, Davidson, Davie, Forsyth, Guilford, Iredell, Lee, Montgomery, Moore, Orange, Randolph, Richmond, Rockingham, Rowan, Stanly, Stokes, Surry, and Yadkin) and 8 in Virginia (Carroll, Floyd, Franklin, Grayson, Halifax, Henry, Patrick, and Pittsylvania).

Activities modeled

Unlike the HPU study (2007), we did not count the entire furniture sector, and limited the analysis to the economic activity that is related to the market itself on an annual basis. Thus, we included activities similar to the UNC-G report, with updated figures and using a larger geography. What is unique about this study is that we also estimated the number of jobs created in manufacturing due to sales that occur at the Market (and the multiplier spending associated with this output). In addition, this report accounted for rental income to property owners who lease space to out of town exhibitors. Unlike previous reports we estimated the impact of rental payments by vendors (i.e., market exhibitors) to lessors of commercial real estate (i.e., showrooms) in the High Point area.

Data Sources

As described in the methodology section below, our data sources differ from previous studies in at least one critical way. In addition to using original and secondary data provided from the HPMA itself and the NC Department of Commerce, we conducted an original survey of market vendors. This web-based survey provided the critical inputs used to estimate sales made at the market, updated vendor spending figures and rental income. The next section describes the methodology used to conduct our economic impact analysis and the following section presents the results in detail, broken down by major activity type.

2. Economic impact analysis methodology

Our research team calculated the direct, indirect, and induced impacts of the biannual High Point Market (HPM) using IMPLAN 3.0 (IMpact Analysis for PLANners) software.¹ IMPLAN is an industry standard input-output modeling program that permits researchers to estimate the projected effects of an exogenous (“outside”) change in final demand that results from new economic activity within a study region. These types of analyses are typically used to study the impact of a proposed new business establishment coming to town or the expansion of a given plant. They typically assume that any new spending that results from this new economic activity in the region would not have otherwise occurred.

Since we are analyzing the impact of the Market—which is really a set of inter-related economic activities that occur each year—the logic used in this analysis is how much activity would be lost if the Market did not exist. In order for this logic to work, we need to focus *only* on the activities which are explicitly associated with the Market so that we can feel confident that they would not have occurred *but-for* the Market itself.

Thus, for this analysis we examine five distinct types of economic activity that result from the presence of the Market in High Point². These spending types, or activities, are:

- **Activity 1 - Spending by Market Visitors-** This category includes all the expenses incurred by any visitor to the market who attends from outside the study region (75 mile radius), and includes such items as lodging, meals, retail purchases, gasoline, car rentals, groceries & entertainment. We consider these types of expenses from both buyers and vendors (i.e., market exhibitors) under a single category.
- **Activity 2 - Spending by HPM Authority-** This is the direct budgeted expenses of the HPMA itself and includes activities like paying for local shuttle buses, marketing expenses, staff payroll and the like.
- **Activity 3 - Spending by Vendors-** This category captures all the expenses that a vendor business incurs to put on their displays at the Market. It includes construction, decoration, photography, marketing, and catering.
- **Activity 4 - Furniture Sales generated at the market-** The largest and most important impact, this category accounts for all the sales made at the Market or within 90 days of the Market that accrue to manufacturing companies or wholesalers who operate within the study region. Critically, we exclude sales that accrue to firms which manufacture overseas or elsewhere in the United States.
- **Activity 5 - Rents paid by vendors to building owners-** Finally we analyze the rental payments made by vendors to local owners and managers of commercial real-estate in the High Point area.

¹ IMPLAN models are static models that cannot adjust for future structural changes in a study region’s economy. Therefore, it is best to limit study periods to around three to four years. This analysis estimates impacts of construction and full operations in 2013 dollars and is useful for short term projections.

² It is important to note that whenever we use the term Market we include both the Fall and Spring events. Therefore all direct inputs and results are interpreted as occurring on an annual basis.

Each of these activities were modeled separately in IMPLAN, and taken together, represent the full range of economic impacts of the HPM.

The IMPLAN software is used to estimate the impact of both the first and subsequent rounds of spending -- in other words, the direct, indirect and induced impacts-- that result from the new economic event.³

- **Direct impacts** are the changes in spending in a given industry that result from the increase in final demand for the products of that industry. The direct impact of furniture sales for example includes individuals that work in a furniture manufacturing or sales.
- **Indirect impacts** include the impacts created by inter-industry spending. This accounts for the relationship between, for example, furniture manufacturers and timber production.
- **Induced impacts** are the increases in spending by household consumers resulting from increases in income and population due to the new direct and indirect economic activity.
- The **total economic impact** is found by summing the direct, indirect and induced effects.

IMPLAN is used to measure what is known as “backward linkages” between an industry and its suppliers. Forward linkages – between producers and consumers – are not measureable with the software.

Our results show the estimated change in demand (i.e., spending) that could result from the purchasing associated with the furniture market. The investment in the market stimulates activity that is captured in a **regional multiplier**. The basic concept of an economic multiplier is to predict how many additional jobs or dollars will be added to the economy as a result of the jobs or dollars created by the initial event. Note that multipliers do not indicate causation. Rather, the multiplier captures the magnitude of inter-industrial linkages. The multiplier, calculated from the average amount of local spending represents the ratio between total impacts and direct impacts. The multiplier will be different for each activity.

The modeling results include **employment** figures, **labor income** and **output** (the value of increased economic activity in one year).

To compute the direct economic impacts of each activity, we used a survey of market attendees, data from the High Point Market Authority, as well as data from NC Commerce. Table 1 below provides a summary of the input values for each activity and how they were determined.

³ Note that no public incentive for any project in any study region is assumed.

Table 1: Summary of IMPLAN inputs and sources

Activity	Value	Methodology/Source
Visitor Spending	\$450,879,688	Derived spending from NC Department of Commerce data on average overnight business expenditures. Type of spending was determined from average visitor spending in the Piedmont region. A GIS analysis was used to determine what proportion of the 150,000 visitors in 2012 were from outside the region. Used assumptions from studies conducted by the HPMA Board for average visitor days.
Authority Spending	\$4,648,565	Modeled direct annual spending of the HPMA. Categorized budget into transportation, parking, marketing and general organizational services. Only operating expenses were included.
Vendor Spending	\$348,305,335	Figures obtained directly from survey and inflated to cover the total number of unique vendors. Included construction/venue set-up, photography, printed materials, other marketing expenses, and catering.
Furniture Sales	\$2,700,000,000	Figures obtained directly from survey and inflated to cover the total number of unique vendors.
Vendor Spending (rents)	\$130,886,076	Original vendor survey resulted in a weighted average \$/sq.ft x total sq.ft. This figure was confirmed by expert opinion of HPMA.

Source: IMPLAN 3.0

2.1. Original Survey

As indicated in the introduction, one of the key aspects that distinguish this report from previous studies is the use of original data derived from a survey of vendors who attended the Market in previous years. Specifically, we developed a survey of vendors from the HPMA Vendor Contact list. We generated a web-based survey instrument (using SurveyMonkey.com) and contacted 1668 unique company representatives. We administered the survey via an initial email invitation and held the survey open from July 3rd - 16th, 2013. We ended up with a total of 199 responses (~12% response rate).

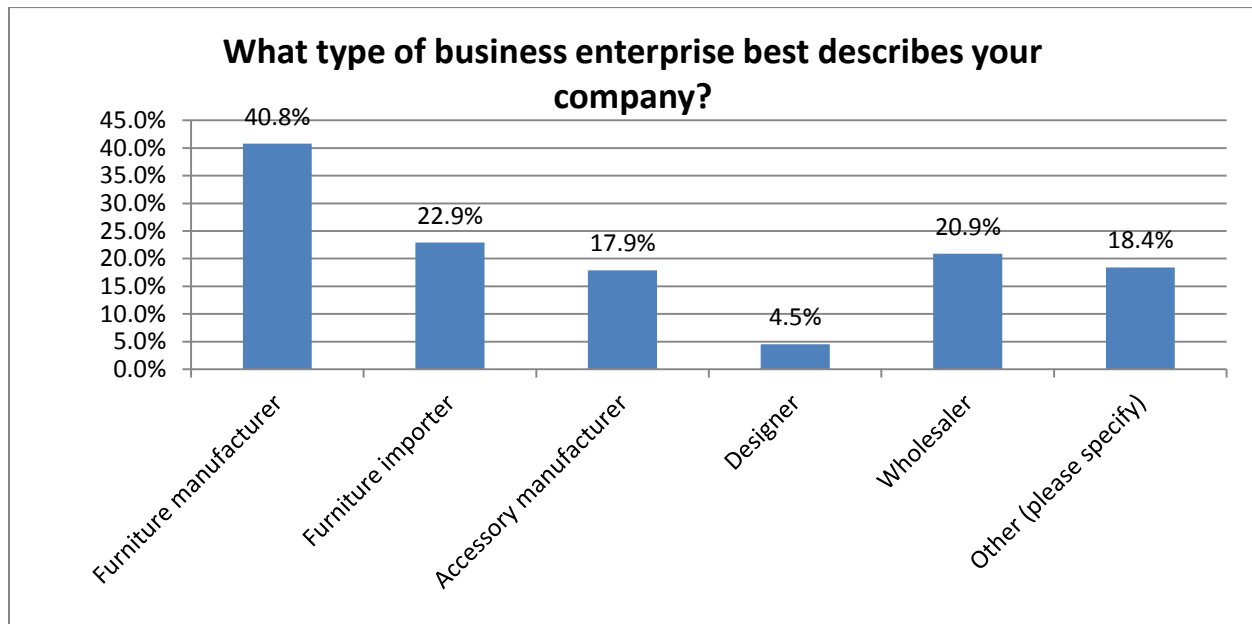
The key purpose of the survey was to estimate the sales figures generated at the Market and to develop more accurate measures of vendor spending figures by major category. Additionally we used the survey to estimate the approximate rental rates for showroom space at the Market.

To estimate the total sales attributable to the Market we asked a set of questions that allowed us to generate direct inputs that flow to the study region. Specifically, we asked all respondents their annual sales. Respondents were given the opportunity to enter an exact figure as well as to give a range of annual sales figures. Next, we needed to ascertain the share of annual sales attributable to transactions made at the Market event or within 90 days of the Market (i.e. stemming from contacts made at the Market). Again, respondents were given the opportunity to list an exact figure or to specify a range of percentages.

2.2. High Level Survey Findings

Approximately 40% of all respondents were furniture manufacturers. Furniture importers and wholesalers each represented about 20% of respondents. Less than 5% were designers and nearly 20% specified that they represented a category not mentioned. Many of those who selected “other” listed themselves as fabric or upholstery suppliers for the market. Please see Figure 1.

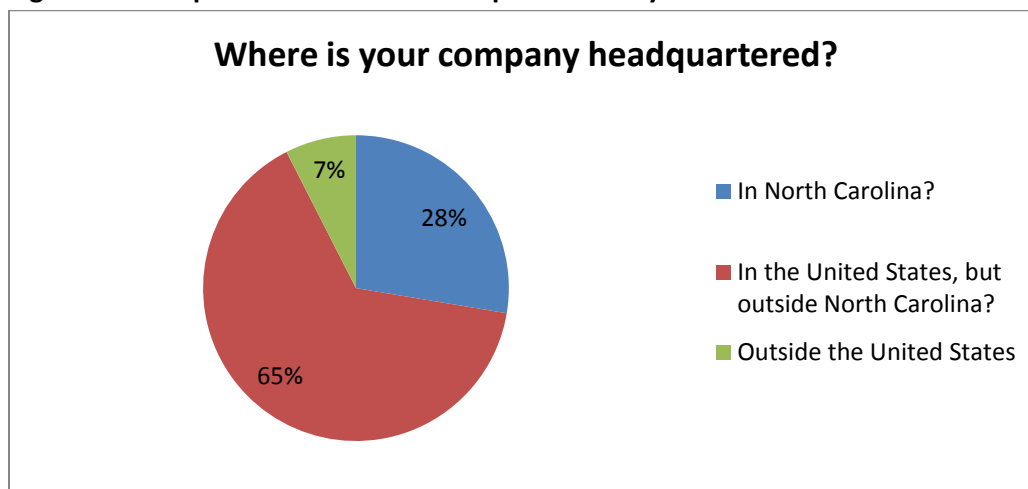
Figure 1: Business Enterprise Types Surveyed



Source: Duke CGGC Vendor Survey, July 3rd-16th, 2013.

Almost 65% of respondents worked for companies headquartered domestically, but outside of North Carolina. Please see Figure 2. Slightly less than one third of respondents worked for companies located within the state. Seven and one-half percent of respondents represented international companies.

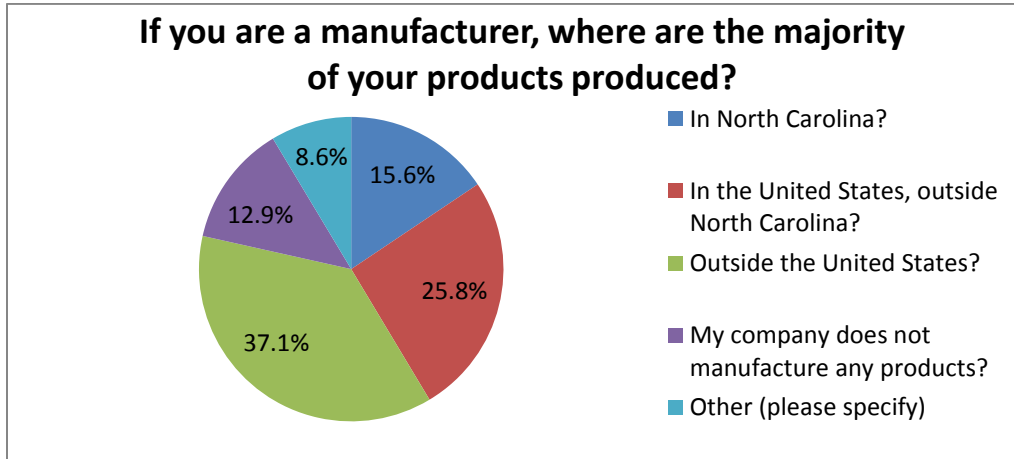
Figure 2: Headquarter Locations of Companies Surveyed



Source: Duke CGGC Vendor Survey, July 3rd-16th, 2013.

Figure 3 lists the manufacturing location of respondents. Of all survey respondents, only 15.6% manufacture the majority of their products within North Carolina. A quarter of respondents manufacture most of their products elsewhere in the United States. The plurality of respondents – 37.1% manufacture their products outside of the United States.

Figure 3: Production Locations of Manufacturers Surveyed



Source: Duke CGGC Vendor Survey, July 3rd-16th, 2013.

Table 2 lists the annual sales of survey respondents. Less than 20% of respondents reported an annual sales figure less than \$1 million. A quarter of respondents reported a sales figure between \$1 million and \$5 million. Approximately 10% of all respondents reported a sales figure greater than \$100 million. The remaining respondents were relatively equally distributed between \$10 and \$100 million. Note that nearly one third of survey takers did not respond to this question.

Table 2: Annual Sales of Companies Surveyed

Q: If you do not know, or choose not to specify the exact amount, please select from the following ranges of annual sales ranges.

Answer Options	Response Percent	Response Count
\$0 to \$1 million	17.60%	24
\$1 million to \$5 million	25.00%	34
\$5 million to \$10 million	8.80%	12
\$10 million to \$20 million	11.80%	16
\$20 million to \$40 million	10.30%	14
\$50 million to \$100 million	11.00%	15
\$100 million to \$250 million	7.40%	10
\$250 million to \$500 million	2.20%	3
\$500 million and up.	1.50%	2
Enter exact figure	4.40%	6
	answered question	136
	skipped question	65

Source: Duke CGGC Vendor Survey, July 3rd-16th, 2013

Table 3 lists the percent of annual sales attributable to the HPM. About 10% of respondents claimed that at least 70% of annual sales are attributable to the High Point Market. Just fewer than 40% of respondents claimed between 10 and 30% of sales come from the HPM. A quarter of respondents listed that less than 10% of sales are attributable to the HPM. The average percent of sales attributable to the HPM across respondents was approximately 30%.

Table 3: Percent of Annual Sales Attributable to HPM

<i>Q: What percent of your annual sales are attributable to sales or contacts made at the High Point Market?</i>		
Answer Options	Response Percent	Response Count
Less than 10%	24.60%	48
10 - 20%	19.50%	38
21 - 30%	17.90%	35
31 - 40%	8.20%	16
41 - 50%	3.10%	6
51 - 60%	5.60%	11
61 - 70%	4.60%	9
71 - 80%	5.10%	10
81 - 90%	2.10%	4
90% or more	3.60%	7
I don't know	5.60%	11
	<i>answered question</i>	195
	<i>skipped question</i>	6

Source: Duke CGGC Vendor Survey, July 3rd-16th, 2013.

Table 4 summarizes the average company spending on HPM for five major spending categories based off the 152 survey responses to this question. Construction/venue setup is by far the greatest expenditure of survey attendees at over \$63,000. Other marketing and catering related expenditures averaged to approximately \$42,000.

Table 4: Company Spending on HPM by Category

<i>Q: How much did your company spend on the most recent market in each category? (enter approximate value or best estimate in \$)</i>	
Answer Options	Mean of All Responses
Construction/venue set up	\$63,305.40
Photography	\$12,140.73
Printed materials	\$7,718.26
Other marketing expenses	\$14,417.51
Catering/Food and Beverages	\$7,196.09

Source: Duke CGGC Vendor Survey, July 3rd-16th, 2013.

Ultimately, based on the distribution of key firm characteristics such as sales, size of retail space rented, and business type (furniture manufacture, wholesaler, etc.) we believe that our sample of responses is

reasonably representative of the overall universe of vendors who typically attend the Market. In all of the calculations of direct inputs (described below) that utilize figures derived from the survey, we apply basic frequency rates assuming that we have a random sample of the overall universe of 1,668 vendors.

2.3. Modeling Assumptions and Direct Input Calculations

Below we discuss the key assumptions made, data sources used and calculations made to derive the direct inputs for each major activity in the study. In addition we indicate which IMPLAN industry or commodity sectors were chosen for analysis.

Activity 1 - Visitor Spending

To determine total spending of market attendees, we first calculated the number of visitors who attend the market each year. This data was provided by the HPMA in a database format which contained the zip code of each attendee. Next, we determined the share of all visitors who came from outside the study area based on a listing of the zip codes that comprise the study area. For total visitor days, we applied the 2012 HPM attendees figure to the number of visitor days.

Table 5: Summary of Visitor Days

Attendee Type	Visitor Days	Non Local Visitors	Total Visitor Days (per market)	Total Annual Visitor Days
Total	5.3	58,254	311,381	622,762

Source: Author's calculations of HPMA attendee data.

To determine visitor spending by category, we used the North Carolina Department of Commerce figure for average daily spending for overnight business visits to the state, which was \$724 in 2012. We then allocated this total across expenditure type using North Carolina Department of Commerce average figures for overnight visitors to the Piedmont region. Finally, as indicated in Table 6 below, we assigned each category listed in the Commerce Department report to the nearest matching IMPLAN commodity code. We analyzed visitor spending on a commodity basis, rather than an industry basis, since most transactions were made at the retail level. Thus, the only amount modeled in terms of the multiplier calculations for retail purchases of, for example, gasoline, are the retail mark-up, transportation costs and taxes (i.e. not the gasoline production itself). Margins were applied.

Table 6: Average North Carolina Visitor Spending Pattern

Expenditure Category (2012 avg.)	Share of Spending by Category	Estimated Spending	IMPLAN Commodity Code
Lodging	31%	\$140,103,858	3411-Hotels and motel services
Dining	19%	\$84,911,429	3413-Restaurant, bar, and drinking places
Gas	15%	\$68,778,257	3326-Retail Services - Gasoline stations
Transportation	14%	\$62,834,457	3362-Automotive equipment rental services
Souvenirs	8%	\$35,662,800	3329-Retail Services - General merchandise
Groceries	4%	\$19,529,629	3324-Retail Services - Food and beverage
Entertainment	4%	\$17,831,400	3413-Restaurant, bar, and drinking places
Gaming	1%	\$3,396,457	3409-Amusement parks, arcades, etc.
Golf, spa, etc.	2%	\$6,792,914	3410-Other amusements and recreation
Parking/tolls	1%	\$5,094,686	3422-Other personal services
Other	1%	\$5,943,800	3422-Other personal services
Total	100%	\$450,879,688	

Source: Visitor spending shares by category calculated from data published by the NC Department of Commerce. Average visitor spending for out of state overnight business travel (\$724) obtained from (<http://www.nccommerce.com/tourism/research/economic-impact/teim>); spending amounts determined by multiplying average spending amount by calculated visitor days annually. IMPLAN commodity codes assigned by authors.

Activity 2 - Authority Spending

To determine Authority spending impacts, we used the HPMAs 2012 actual operating expenditures as provided to the researchers in an annual budget. We then categorized each expenditure in the budget into transportation, parking, marketing and general organizational services in IMPLAN.

Table 7: Direct Expenditures of the HPMAs by Budget Category and IMPLAN Code

HPMA Budget Category	Amount	IMPLAN Industry
1) Executive Leadership & Admin	\$514,300	425-Civic organizations
2) Transportation	\$1,471,100	336-Ground passenger transportation
3) Parking	\$128,000	422-Other personal services
4) Centralized Registration	\$260,270	425-Civic organizations
5) Marketing	\$1,727,900	380-Miscellaneous professional services
6) Guest Services	\$546,995	425-Civic organizations
Total	\$4,648,565	

Source: Author's analysis of HPMAs Annual Budget.

Activity 3 - Vendor Spending

Figures for vendor spending were obtained directly from the survey and inflated proportionally to the full universe of 1,668 vendors. The survey asked specifically for average spending amounts per market event of five pre-set categories: construction/venue set up, photography, printed materials, other marketing expenses, and catering. In addition we asked respondents an open ended question about other spending not captured in the five listed categories. Since most of the respondents indicated travel related expenses, we did not include any other vendor expenses besides the categories and amounts

listed in Table 8 below. IMPLAN industry sectors that best approximated the expenditure category were chosen by the authors.

Table 8: Summary of Direct Vendor Expenditures by Category and Assigned IMPLAN Sector

Vendor Spending Category	Amount	IMPLAN Industry Sector
Construction/venue set up	\$211,186,800	39-Repair construction of nonresidential structures
Photography	\$39,858,581	405-Independent artists, writers, and performers
Printed materials	\$25,568,060	113-Printing
Other marketing expenses	\$47,685,725	380-All other miscellaneous professional services
Catering	\$24,006,169	413-Food services and drinking places

Source: Authors analysis of survey data. IMPLAN.

Activity 4 - Furniture Sales

We used our survey data to calculate the total sales garnered from the Market for each respondent based on questions on annual sales and the share of annual sales from the market. Sales figures were calculated separately for each major respondent type, including: furniture manufacturers, accessory manufacturers, wholesalers, and designers. We excluded all sales from respondents who reported that they were furniture importers. We then calculated the share of manufacturing activity based in the study area from the survey question on manufacturing location (these ranged from 17-19 percent). For smaller types (e.g. Accessories and Designers and Wholesale, we used the overall sample figure (17.5%) due to small sample bias). Total figures for the Market were extrapolated directly from the sample to the broader universe of attendees by assigning each respondent a frequency weight proportional to the response rate of the survey.

Table 9: Estimated Direct Home Furnishing Sales Attributable to Market by Vendor Type.

Vendor Type	Estimated Market Sales of Population by Type	Estimated Proportion of Sales that Flow to Study Area Firms	Estimated Sales Within Study Area
Accessory manufacturers	\$454,117,657	17.50%	\$79,659,028
Designers	\$483,465,990	17.50%	\$84,807,164
Furniture manufacturers	\$13,059,381,624	19.20%	\$2,511,313,706
Wholesalers	\$144,805,302	17.50%	\$25,401,015

Source: Duke CGGS Vendor Survey, July 3rd-16th, 2013.

Next we allocated each of the four resulting sales figures to IMPLAN industry sector codes and distributed across all sub-industries based on the share of sector output (sales) within the study area based on sector data provided by IMPLAN.

Table 10: Direct Output by IMPLAN Sector for HP Market Sales.

IMPLAN Industry Code	Direct Sales (Output)
<i>Furniture Manufacturing Codes</i>	
296-Upholstered household furniture manufacturing	\$746,002,284
297-Nonupholstered wood household furniture manufacturing	\$444,024,114
298-Metal and other household furniture (except wood) manufacturing	\$142,312,622
299-Institutional furniture manufacturing	\$51,034,643
300-Wood television, radio, and sewing machine cabinet manufacturing	\$214,257,719
301-Office furniture and custom architectural woodwork and millwork manufacturing	\$35,112,328
302-Showcase, partition, shelving, and locker manufacturing	\$294,792,540
303-Mattress manufacturing	\$583,777,456
<i>Accessory Manufacturing Codes</i>	
80-Textile and fabric finishing mills	\$44,621,019
82-Carpet and rug mills	\$24,959,427
83-Curtain and linen mills	\$6,278,263
260-Lighting fixture manufacturing	\$2,290,179
304-other	\$1,510,139
<i>Designers</i>	
370-Specialized design services	\$84,807,164
<i>Wholesalers (margins applied)</i>	
319-Wholesale trade businesses	\$25,401,015
Total	\$2,701,180,912

Source: Authors analysis of survey data and IMPLAN regional economic profile data for study area.

Activity 5 - Rental Income

Rental income was determined based on the survey response. We asked about average rental rates and total square footage rented and obtained a weighted average rental rate and applied this average to the total of 11 million square feet available in High Point. We assigned this direct spending to the IMPLAN industry sector called “Real Estate Establishments.” Since some portion of the local commercial real estate used for the Market is owned by firms or individuals located outside the region, we relied on IMPLAN’s estimate on the local purchasing percentage set by its internal social accounting matrix (SAM). Thus only 59.6% of estimated rental income was actually modeled.

3. Economic impact results

3.1. Overall Economic Impacts

The results indicate that the High Point Market as a whole directly employs 21,461 people each year. In addition to these jobs within the market itself, 7,413 jobs are supported in related industries and 8,742 additional jobs are supported due to the increased household spending resulting from the direct and

indirect jobs. The results is an employment multiplier of 1.75, indicating that for each job created directly in the market, 75% of an additional job is supported in the region. Please see Table 11.

In addition to outright employment impacts, the market contributes over **\$5.39 billion** in economic output to the overall regional economy, which includes \$1.51 billion of labor income. To put this figure in perspective, the total output of 5.39 billion is approximately equivalent to 1.3% of the total gross state product (GSP) of North Carolina.

Table 11: High Point Furniture Market – Summary of Total Economic Impact

Impact Type	Employment	Labor Income	Output
Direct Effect	21,461	\$849,265,859	\$3,389,355,640
Indirect Effect	7,413	\$342,473,653	\$1,026,422,055
Induced Effect	8,742	\$328,058,738	\$971,852,587
Total Effect	37,616	\$1,519,798,249	\$5,387,630,284

Source: IMPLAN 3.0. Note: All figures listed are yearly impacts in 2013 dollars. *Labor Income* is a portion of *Output*. Dividing *Employment* into *Labor Income* yields average annual total employee compensation including benefits and all costs to the employer.

Table 12 lists the top ten industries affected by the HPM activities. Taken together the top ten affected industries capture 56.2% of the market's total employment effect. The Mattress Manufacturing sector while it ranks sixth for the number of jobs supported (4.4% of the total) shows a disproportionately high impact from the market in terms of output, accounting for 10.9% of the total output effect of the market.

Table 12: High Point Market – Summary of Top Ten Affected Industries

IMPLAN Sector	Sector Description	Employment	Labor Income	Output
296	Upholstered household furniture mfg.	4,806	\$185,724,616	\$748,709,448
413	Food services and drinking places	3,559	\$71,473,425	\$207,277,840
297	Nonupholstered wood household furniture mfg.	2,696	\$123,811,148	\$445,107,598
39	Nonresidential maintenance & repair	2,200	\$84,143,642	\$224,987,837
302	Showcase, partition, mfg.	1,822	\$72,859,332	\$305,587,982
303	Mattress mfg.	1,724	\$103,717,127	\$601,697,070
360	Real estate establishments	1,517	\$16,444,023	\$172,129,521
411	Hotels and motels	1,405	\$39,431,172	\$141,080,333
319	Wholesale trade businesses	1,180	\$77,023,455	\$175,950,114
370	Specialized design services	840	\$37,637,009	\$92,366,841

Source: IMPLAN 3.0

3.2. Results by Major Activity

Following are the results and discussion of economic impacts broken out by the five major activities that makeup the market's overall impact described above. These activities include visitor spending, HPMA spending, vendor spending, furniture and related furnishing sales and vendor spending on rents.

Activity 1 – Visitor Spending

The High Point Market draws thousands of visitors into High Point each year that spend money during their stay on food, lodging, transportation and other services. Table 13 summarizes the impact of visitor spending at the bi-annual Market. The isolated impact of this activity shows 4,040 jobs are directly supported by visitor spending associated with the market. Adding in the indirect and induced effects, a total of 6,189 jobs are supported by this visitor activity each year. This gives an employment multiplier of 1.53. Of the five activities making up the market, visitor spending is the second most impactful activity, behind furniture sales (activity #4).

In terms of economic output overall, \$604.1 million of economic output is generated by visitor spending. \$354.8 million of this is due to the visitor spending directly while the remaining \$249.3 million is generated through secondary economic activities associated with the tourism sector and increased household spending resulting from the employment impacts (i.e. the indirect and induced impacts).

Table 13: Visitor Spending – Summary of Total Economic Impact

Impact Type	Employment	Labor Income	Output
Direct Effect	4,040	\$109,749,029	\$354,801,848
Indirect Effect	1,026	\$43,208,450	\$124,415,437
Induced Effect	1,124	\$42,165,380	\$124,927,343
Total Effect	6,189	\$195,122,859	\$604,144,628

Source: IMPLAN 3.0

Table 14 lists the top ten industries affected by visitor spending. Not surprisingly, the top two industries supported by visitor spending are Food Services and Hotels and Motels, since these are the leading expenses that visitors to the market incur when traveling to the market. These two industries account for 54.8% of the total employment impact of visitor spending and 42.4% of the overall economic output impact. It is important to note that we are not modeling the impact of the airfare purchased and any purchases made at RDU or CLT airports (since Durham and Mecklenburg counties are outside the study region.) Thus we feel that the estimates of visitor impacts are conservative.

Table 14: Visitor Spending – Summary of Top Ten Affected Industries

IMPLAN Sector	Sector Description	Employment	Labor Income	Output
413	Food services and drinking places	1,992	\$40,010,741	\$116,033,894
411	Hotels and motels	1,397	\$39,203,323	\$140,265,115
329	Retail Stores - General merchandise	233	\$6,491,252	\$11,865,903
360	Real estate establishments	148	\$1,608,357	\$16,835,642

IMPLAN Sector	Sector Description	Employment	Labor Income	Output
324	Retail Stores - Food and beverage	145	\$4,139,171	\$7,582,272
326	Retail Stores - Gasoline stations	131	\$6,401,724	\$12,079,276
355	Nondepository credit intermediation and related activities (financial services)	131	\$9,715,684	\$54,547,089
410	Other amusement and recreation industries	123	\$2,782,773	\$7,065,329
388	Services to buildings and dwellings	105	\$2,094,247	\$6,116,015
362	Automotive equipment rental and leasing	93	\$3,955,078	\$18,187,858

Source: IMPLAN 3.0

Activity 2 – High Point Market Authority Spending

The spending of the High Point Market Authority represents the smallest economic impact of the five activities modeled. HPMa spending directly supports 63 jobs with a multiplier of 1.42. The total economic output generated as a result of HPMa spending is \$7.66 million; 37.2% of this is labor income. Please see Table 15.

Table 15: Authority Spending – Summary of Total Economic Impact

Impact Type	Employment	Labor Income	Output
Direct Effect	63	\$1,826,935	\$4,648,565
Indirect Effect	10	\$405,625	\$1,179,450
Induced Effect	17	\$618,145	\$1,832,122
Total Effect	90	\$2,850,705	\$7,660,138

Source: IMPLAN 3.0

Table 16 lists the top ten industries affected by HPMa expenditures. The top sector supported by HPMa spending is Transit and Ground Passenger Transportation with 29 jobs (32.2% of the total employment effect) and \$1.47 million of total output.

Table 16: Authority Spending – Summary of Top Ten Affected Industries

IMPLAN Sector	Sector Description	Employment	Labor Income	Output
336	Transit and ground passenger transportation	29	\$684,629	\$1,474,542
425	Civic and social organizations	24	\$658,036	\$1,351,428
380	All other miscellaneous professional, scientific, and technical services	10	\$448,344	\$1,741,720
413	Food services and drinking places	3	\$49,991	\$144,978
382	Employment services	2	\$42,130	\$62,408
360	Real estate establishments	2	\$18,764	\$196,419
422	Other personal services	1	\$58,592	\$134,832
397	Private hospitals	1	\$51,859	\$122,767
388	Services to buildings and dwellings	1	\$15,898	\$46,429
394	Offices of health practitioners	1	\$68,950	\$121,680

Source: IMPLAN 3.0

Activity 3 – Vendor Spending

Vendor spending associated with the HPM directly supports 2,808 jobs, with a multiplier of 1.56. The total economic output impact of this activity is \$451.6 million, 35.8% of this is labor income. Please see Table 17.

Table 17: Vendor Spending – Summary of Total Economic Impact

Impact Type	Employment	Labor Income	Output
Direct Effect	2,808	\$100,098,361	\$278,256,098
Indirect Effect	632	\$26,534,879	\$69,652,303
Induced Effect	934	\$35,006,279	\$103,741,166
Total Effect	4,374	\$161,639,519	\$451,649,567

Source: IMPLAN 3.0

Table 18 lists the top ten industries affected by vendor spending. The primary sector supported by vendor spending is the Maintenance and Repair Construction of Nonresidential Structures. Firms in this sector see 46.6% of the employment impact with 2,038 jobs support by vendor spending, and 46.1% of the total economic impact at \$208.4 million.

Table 18: Vendor Spending – Summary of Top Ten Affected Industries

IMPLAN Sector	Sector Description	Employment	Labor Income	Output
39	Maintenance and repair construction of nonresidential structures	2,038	\$77,932,189	\$208,379,316
413	Food services and drinking places	525	\$10,546,525	\$30,585,648
380	All other miscellaneous professional, scientific, and technical services	194	\$8,421,640	\$32,716,290
405	Independent artists, writers, and performers	179	\$5,574,389	\$13,378,532
360	Real estate establishments	77	\$832,176	\$8,710,887
319	Wholesale trade businesses	64	\$4,193,124	\$9,578,649
369	Architectural, engineering, and related services	63	\$3,657,777	\$7,361,062
329	Retail Stores - General merchandise	58	\$1,604,537	\$2,933,067
382	Employment services	57	\$1,328,395	\$1,967,776
397	Private hospitals	49	\$2,944,412	\$6,970,401

Source: IMPLAN 3.0

Activity 4 – Furniture Sales

Furniture sales activity is by far the most impactful activity associated with the Market. Compared with the other four major activities, furniture sales accounts for 69.5% of the employment impact and 78.5% of the total economic output impact. Recall that the direct impacts for this scenario also capture

accessory manufacturing, design services, and wholesaling activity. Also, we modeled only the estimated sales that flow back to facilities located within the study area.

Table 19 lists the economic impact associated with furniture sales. Furniture sales at Market directly support 13,920 jobs with a multiplier of 1.88. The direct economic output impact is valued at \$2.68 billion, with an additional \$1.55 billion in indirect and induced impacts. The total labor income of \$1.15 billion accounts for 27.1% of the total economic output of \$4.23 billion

Table 19: Furniture Sales – Summary of Total Economic Impact

Impact Type	Employment	Labor Income	Output
Direct Effect	13,920	\$630,760,911	\$2,680,148,872
Indirect Effect	5,624	\$268,274,110	\$816,681,056
Induced Effect	6,587	\$247,255,774	\$732,421,143
Total Effect	26,131	\$1,146,290,795	\$4,229,251,072

Source: IMPLAN 3.0

The top ten industries supported by furniture sales account for 60.6% of the employment supported by this activity. Please see Table 20. The Upholstered Household Furniture Manufacturing sector is the top industry supported by furniture sales with 18.4% of the total employment effect and 17.7% of the total output effect.

Table 20: Furniture Sales – Summary of Top Ten Affected Industries

IMPLAN Sector	Sector Description	Employment	Labor Income	Output
296	Upholstered household furniture manufacturing	4,805	\$185,687,446	\$748,559,603
297	Nonupholstered wood household furniture manufacturing	2,696	\$123,781,460	\$445,000,866
302	Showcase, partition, shelving, and locker manufacturing	1,821	\$72,832,648	\$305,476,063
303	Mattress manufacturing	1,724	\$103,696,030	\$601,574,677
319	Wholesale trade businesses	1,031	\$67,342,723	\$153,835,733
413	Food services and drinking places	974	\$19,552,019	\$56,702,198
370	Specialized design services	834	\$37,370,179	\$91,711,999
300	Office Furniture	734	\$44,153,479	\$214,360,113
298	Metal and other household furniture manufacturing	608	\$29,385,112	\$142,649,509
360	Real estate establishments	607	\$6,583,060	\$68,908,868

Source: IMPLAN 3.0

Activity 5 – Rental Income

Vendor spending on rents was the final activity modeled and shows an impact of 630 direct jobs with a multiplier of 1.32. This is the lowest employment multiplier of the five activities, though the number of jobs created ranks fourth. The total economic output impact is \$94.9 million, with \$13.9 million in labor income or 14.6%. Please see Table 21.

Table 21: Vendor Spending (Rents) – Summary of Total Economic Impact

Impact Type	Employment	Labor Income	Output
Direct Effect	630	\$6,830,623	\$71,500,257
Indirect Effect	122	\$4,050,589	\$14,493,809
Induced Effect	80	\$3,013,160	\$8,930,813
Total Effect	832	\$13,894,371	\$94,924,879

Source: IMPLAN 3.0

Table 22 summarizes the top ten industries affected by vendor spending. Vendor spending on rents primarily affects real estate establishments; 79.7% of the employment impact is captured by this industry as well as 79.2% of the total output impact.

Table 22: Vendor Spending (Rents) – Summary of Top Ten Affected Industries

IMPLAN Sector	Sector Description	Employment	Labor Income	Output
360	Real estate establishments	663	\$7,182,783	\$75,186,526
388	Services to buildings and dwellings	19	\$372,770	\$1,088,633
413	Food services and drinking places	15	\$305,479	\$885,911
382	Employment services	13	\$299,331	\$443,405
390	Waste management and remediation services	5	\$258,258	\$914,664
39	Maintenance and repair construction of nonresidential structures	5	\$188,750	\$504,690
354	Monetary authorities and depository credit intermediation activities	5	\$309,339	\$1,259,021
397	Private hospitals	4	\$252,702	\$598,228
40	Maintenance and repair construction of residential structures	4	\$156,358	\$439,260
367	Legal services	4	\$196,948	\$472,942

Source: IMPLAN 3.0

3.3. Fiscal Impacts

Finally, we used the IMPLAN 3.0 modeling software to conduct a basic fiscal analysis of all five activities combined. We then made adjustments to the model and study area definitions to produce separate fiscal impacts for the North Carolina's state and local governments, for the State of North Carolina, and for Guilford County alone.

Ultimately, across the entire study region, the Market generated economic activities result in a positive fiscal impact of over \$538 million across all levels of government (Federal, State, and Local levels). Table

23 below breaks down this overall impact by level of government and by which type of economic actor pays the tax (i.e. workers through income taxes, sales taxes, or corporations). These fiscal impacts include the direct, indirect and induced impacts cumulatively.

Table 23: Overall Fiscal Impact to Study Area: Federal, State and Local Governments

Tax Type	Employee Compensation	Proprietor Income	Products & Imports Tax	Households	Corporations	Total
Total State & Local Tax	\$2,755,612	\$0	\$135,052,394	\$45,370,793	\$29,568,066	\$212,746,865
Total Federal Tax	\$179,908,338	\$8,343,205	\$32,082,901	\$67,955,140	\$38,576,640	\$326,866,224

Source: IMPLAN 3.0.

Table 24 presents a detailed breakdown of the state and local tax revenue by type of tax that flow to government bodies within North Carolina. To derive this estimate, we re-estimated the model for a new study region that comprised only the 22 counties in North Carolina. We also adjusted the furniture sales figures downward by the share of total industry output in the original study area that accounted for by the North Carolina counties (approximately 90% for most industries). We included the full direct amount for all other activities since the Market itself is held in North Carolina. Overall we estimate an impact of \$198 million for the State of North Carolina and the various county and local governments within the 22 county region.

Table 24: State and Local Fiscal Impacts to North Carolina, Detailed Report

Type of Tax	Amount (2013\$)
Dividends	\$19,537,895
Social Ins Tax- Employee Contribution	\$688,431
Social Ins Tax- Employer Contribution	\$1,709,975
Tax on Production and Imports: Sales Tax	\$62,571,660
Tax on Production and Imports: Property Tax	\$47,785,573
Tax on Production and Imports: Motor Vehicle License	\$1,733,736
Tax on Production and Imports: Severance Tax	\$6,630
Tax on Production and Imports: Other Taxes	\$6,497,516
Tax on Production and Imports: S/L NonTaxes	\$7,093,941
Corporate Profits Tax	\$7,616,622
Personal Tax: Income Tax	\$32,399,763
Personal Tax: NonTaxes (Fines- Fees)	\$7,573,070
Personal Tax: Motor Vehicle License	\$1,883,210
Personal Tax: Property Taxes	\$541,262
Personal Tax: Other Tax (Fish/Hunt)	\$231,534
Total State and Local Tax	\$197,870,819

Source: IMPLAN 3.0.

Based on the information provided in Table 24, we estimated the amount of tax revenue collected exclusively at the state level. While the tax categories provided by IMPLAN are generalized based on categories generated by the National Income and Product Accounts (NIPA) databases, and therefore do not take into account the specific profile of tax policies in each state, we estimated the state-only portion of the projected tax revenue based on our knowledge of the basic framework of the North Carolina fiscal environment. Specifically, we estimate that the State of North Carolina collects over \$123 million in revenue across all major revenue sources due to the economic activity generated by the Market each year. As described in Table 25 below, the largest two categories are sales taxes (state-portion only) and income taxes. Based on this analysis, other local and county governments throughout the 22 county region are expected to collect approximately \$74 million annually.

Table 25: State-level Fiscal Impact to North Carolina

Type of Tax	Amount (2013\$)
Sales Taxes	\$44,031,909
Income Taxes	\$32,399,763
Dividends	\$19,537,895
Other Taxes on Production and Imports	\$15,331,823
Corporate Profits Tax	\$7,616,622
Social Insurance Taxes	\$2,398,406
Motor Vehicle License Revenue	\$1,883,210
Total State Revenue	\$123,199,628

Source: Authors' analysis of IMPLAN 3.0 data. *Note:* Sales taxes were estimated by taking multiplying the \$62,571,660 figure listed in Table 13 by the ratio of the state portion of the sales tax rate (4.75%) to the general rate of 6.75% (i.e. 70.4%). All property taxes were assumed to be collected at the local level.

Lastly, we re-analyzed another IMPLAN model consisting of only Guilford County and analyzed all activities except for Activity 4 (Sales). We did this to generate a conservative estimate and because Guilford County only accounts for a relatively small share of manufacturing within the overall study region. Additionally, we reduced the visitor spending by 25% to approximate for the fact that some visitors stay outside Guilford County while attending the Market. Table 26 below lists the portion of taxes that flow to the County. Every attempt was made to exclude tax categories which are collected at the State level (i.e. income taxes). Note that only the 2% local share of sales taxes is included. Ultimately, we estimate that Guilford County collects approximately \$25 million annual due to economic activity generated by the Market.

Table 26: Guilford County Fiscal Impact

Type of Tax	Amount (2013\$)
Sales Taxes (local portion only)	\$6,649,286
Property Taxes	\$17,246,014
Fines and Fees	\$1,586,886
Other Personal Taxes/License revenue	\$49,923
Total Guilford County	\$25,532,109

Source: IMPLAN 3.0.

3.4.Conclusion

Overall, this report indicates that the High Point Market has a significant economic and fiscal impact on the 30 county study region of North Carolina and south central Virginia. Overall, the Market generates over \$5.39 billion in total economic output across all types of activities modeled here, including visitor spending, direct HPMA budget, vendor spending, sales of furnishings and rental income. The Market supports a total of 37,616 jobs across all the industry sectors stimulated. Of the total of 21,461 direct jobs created by Market related activities, the largest share accrues to manufacturing and related sectors (i.e. distribution, accessories). These are jobs supported due to sales of furniture and related accessories that can be directly tied to transactions made at the Market.

To recall the logic discussed in the introduction, this analysis shows that the jobs and economic activity documented here can be interpreted as not occurring *but-for* the Market itself. Thus, we are not counting every job in the wider furniture sector in the study region, but are isolating those dollars and jobs that are linked to Market based activities. Therefore, we can conservatively conclude that the Market events are critical not only to the owners of local commercial property in High Point or the hotels and restaurants that benefit when thousands of out-of-state visitors come to town. Rather, the Market is crucial for the health of the local manufacturing and distribution sectors of the wider furniture cluster in the state and the region.

The Market is a valuable economic asset that provides tangible economic benefits throughout the year and throughout the wider region. One of the additional impacts of the Market is the critical role it plays in generating tax revenue, estimated at \$539 million annually across all levels of government.

While the impacts of the Market are large, and we made every attempt to accurately account for all potential types of economic impacts associated with the event, it is also important to recall some limitations of the study which result in our figures being on the conservative side in terms of measuring the overall economic benefits of the Market. First, IMPLAN only captures backward economic linkages—those purchases from one industry to its suppliers and workforce—and does not account for any businesses that choose to move into the High Point region because of the agglomeration economies provided by the Market. For example, all the economic activity of furniture importers that we measured in our survey was completely discounted. However, it is likely that High Point would not be an attractive location for the warehousing and distribution and sales headquarters of international firms if the Market was not held there annually. Second, we do not account for spending that occurs at the Raleigh-Durham International airport (RDU) or Charlotte Douglas International airport (CLT) on the part of visitors, since they are located outside the study region.

Lastly, it is important to recall that this study differs in critical dimensions from previous economic impact reports of the Market. It uses a different geography, models a different set of economic activities, and uses an original vendor survey to derive the direct inputs. Therefore, it is not appropriate to make an “apples-to-apples” comparison of the high-level impact figures over time.