Economic Impact Analysis of the High Point Market in High Point, NC

January 2019

Prepared by:
T. William Lester
Global Value Chains Center

Prepared for:
The High Point Market Authority

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

INTRODUCTION

The Global Value Chains Center at Duke University was engaged by the High Point Market Authority (HPMA) to conduct a second 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 150,000 visitors each year 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. Building upon a base of skilled craft workers, the furniture industry in the region grew 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 coffers. 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 2018. This 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.

Project Scope

Purpose

This report reflects an updated analysis of the previous High Point Market economic impact study conducted by Duke University and the University of North Carolina at Chapel Hill in 2013. The goal of this study was to provide an updated assessment of the Market's impact on the region while maintaining consistency in methodology to facilitate comparison between the two years.

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

Our aim is to model all the economic activities that can be reasonably associated with the bi-annual High Point Market events. Therefore we did not assume that the entire furniture industry in the study region is in operation because of the Market. We aim to limit the analysis to the economic activity that is related to the Market itself on an annual basis. We model all visitor spending that occurs during the Market events twice a year, as well as the construction and other spending made by exhibitors during the Market. What is unique about this study, compared to other studies conducted prior to our 2013 report, is that we also make an estimate of the jobs created in manufacturing that are due to sales contacts that occur at the Market. In addition, we estimate the impact of rental payments by 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 exhibitors. This web-based survey provided the critical inputs used to estimate sales made at the market, updated exhibitor 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.

SECTION I: ECONOMIC IMPACT ANALYSIS METHODOLOGY

Our research team calculated the direct, indirect, and induced impacts of the bi-annual High Point Market using IMPLAN 3.1 (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 in the Market did not exist. This is how we measure the impact that the Market has on the regional economy each year. 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 Point[2]. 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 and entertainment. We consider these types of expenses from all attendees 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 Exhibitors-** This category captures all the expenses that exhibitor businesses incur to put on their displays at the market and 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 exhibitors to building owners-** Finally we analyze the rental payments made by exhibitors 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 2018 dollars and is useful for short term projections.

[2] It is important to note that whenever with use the term Market we include both the Fall and Spring events. Therefor 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 High Point Market.

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 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 Department of Commerce. The chart 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

Activity	Value	Methodology/Source
Visitor Spending	$506,156,333	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 2017 were from outside the region. Used assumptions from 2017 Visit North Carolina report for average visitor days.
Authority Spending	$6,414,014	Modeled direct annual spending of the HPMA. Categorized budget into transportation, parking, marketing and general organizational services. Only operating expenses were included.
Exhibitor Spending	$162,963,340	Figures obtained directly from survey and inflated to full universe. Included construction/venue set-up, photography, printed materials, other marketing expenses, and catering.
Furniture Sales	$3,524,862,586	Figures obtained directly from survey and inflated to full universe.
Exhibitor Spending (rents)	$156,840,000	Original exhibitor survey resulted in a weighted average figure of $13.07/sq. ft. x 12 Million sq. ft. This figure was also confirmed by expert opinion of HPMA.

Original Survey

This analysis, like the previous study conducted in 2013, relied on original data derived from a survey of exhibitors who attended the Market in previous years. Specifically, we developed a survey universe of exhibitors from the HPMA Exhibitor Contact list. We generated a web-based survey instrument (using Surveymonkey.com) and contacted 2,061 unique company representatives. We administered the survey via an initial email invitation and held the survey open from June 11 - 25, 2018. We ended up with a total of 428 responses (~21% response rate). This is higher than the 199 responses (~12% response rate) that the 2013 survey generated.

The key purpose of the survey was to estimate the sales figures generated at the Market and to develop more accurate measures of exhibitor 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.

Accounting for Differences between 2013 Study and 2018 Study Estimates

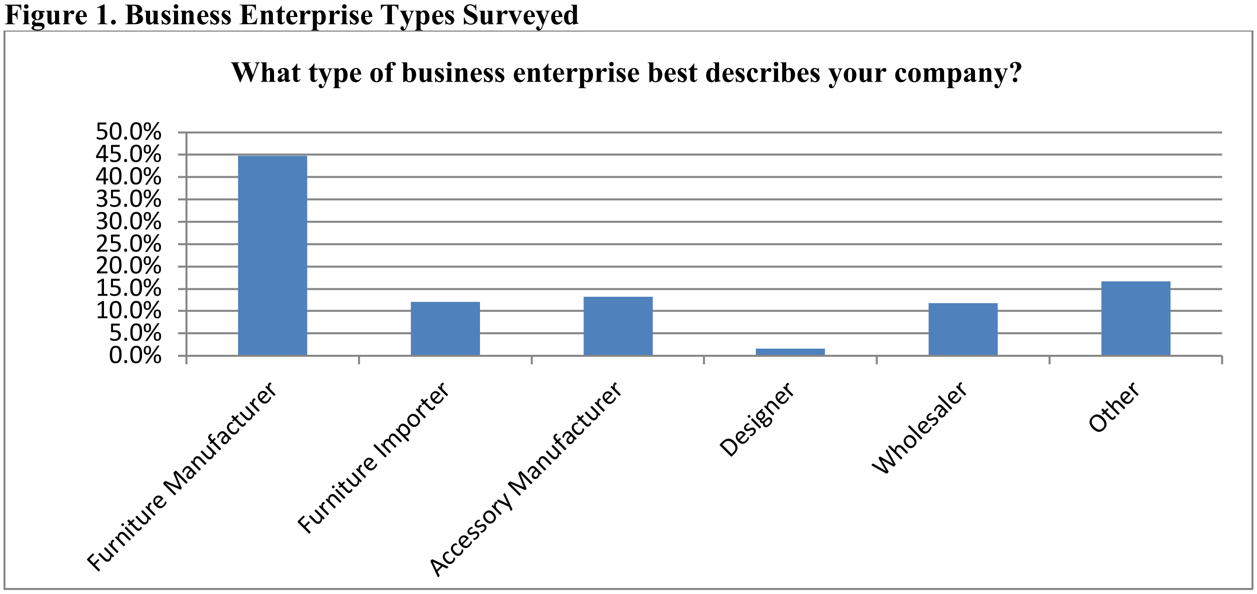
While the survey questions were the same in each survey year, these estimates vary between the 2013 survey and the 2018 survey based on differences in respondent answers and differences in the set of firms that responded. This is one of the key reasons why the sales figures are significantly higher in the study compared to the 2013 report. The set of respondents in our sample indicated that their sales were higher. It is important to note that we cannot say conclusively that furniture sales contracts made at the Market are higher, given that our two estimates are both based on a sample of firms, rather than a full count. The difference could be due to sampling error. Although for this reason we hesitate to make strong conclusions that sales have grown by a specific amount, it is reasonable to conclude that some true growth has occurred given that the country was just coming out of a recession in 2012-13 and we have experienced prolonged economic growth since then.

Dollar Figures

All of the dollar figures reported in this study are in 2018 dollars. To make comparisons to the 2013 report, one would need to inflate the 2013 figures using a price index such as the Consumer Price Index (CPI). The difference between dollar figures used in the two reports has no meaningful effect on the outcome. For context, $1 in 2013 has the same buying power as $1.09 in 2018.[4]

High Level Survey Findings

Figure 1. Business Enterprise Types Surveyed

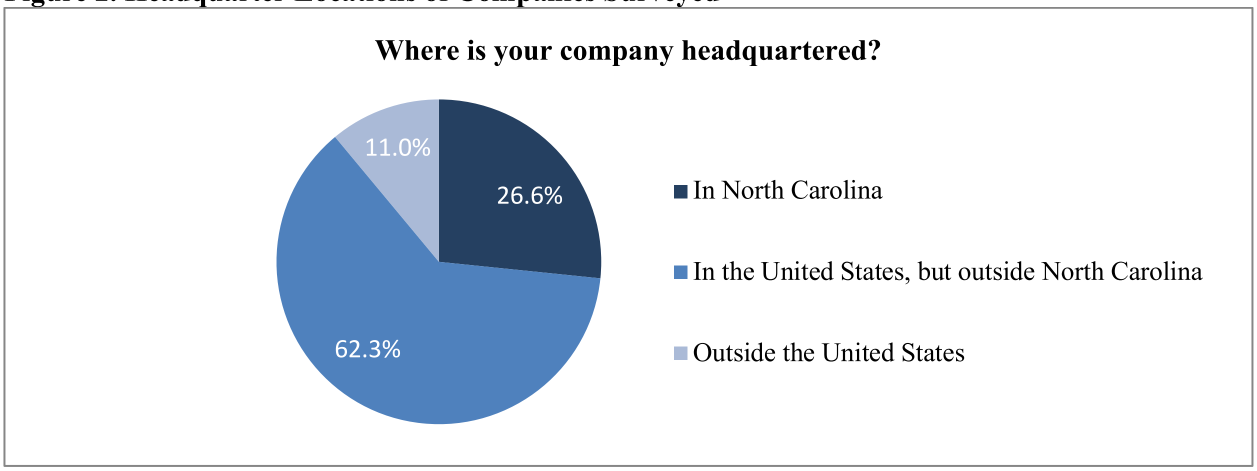


Source: Duke GVCC Exhibitor Survey, June 11 - 25, 2018.

[4] See US Bureau of Labor Statistics CPI Inflation Calculator. (https://data.bls.gov/cgi-bin/cpicalc.pl)

Approximately 45% of all respondents were Furniture Manufacturers. Furniture Importers, Accessory Manufacturers and Wholesalers each represented about 12% of respondents. Less than 2% were designers and nearly 17% specified that they represented a category not mentioned.

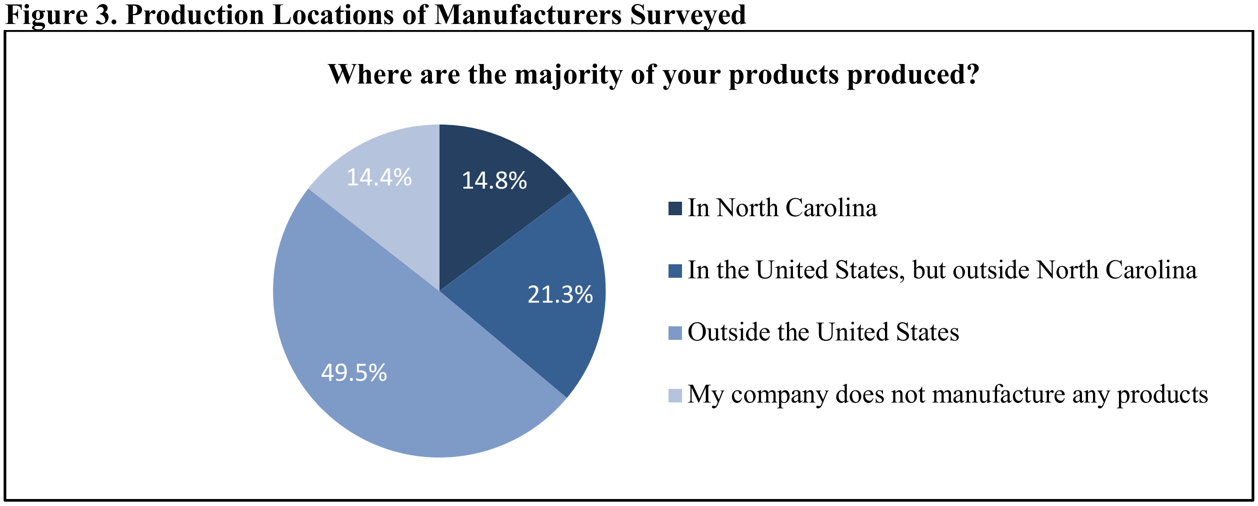
Figure 2. Headquarter Locations of Companies Surveyed



Source: Duke GVCC Exhibitor Survey, June 11 - 25, 2018.

Almost 63% of respondents worked for companies headquartered domestically, but outside of North Carolina. Slightly less than one third of respondents worked for companies located within the state. 11% of respondents represented international companies.

Figure 3. Production Locations of Manufacturers Surveyed



Source: Duke GVCC Exhibitor Survey, June 11 - 25, 2018.

Of all survey respondents, only 14.8% manufacture the majority of their products within North Carolina. A fifth of respondents manufacture most of their products elsewhere in the United States. 49.5% of respondents manufacture their products outside of the United States.

Table 2. Annual Sales of Companies Surveyed

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	25.0%	61
$1 million to $5 million	25.0%	61
$5 million to $10 million	13.5%	33
$10 million to $20 million	11.1%	27
$20 million to $50 million	11.9%	29
$50 million to $100 million	7.8%	19
$100 million to $250 million	3.7%	9
$250 million to $500 million	1.2%	3
$500 million and up.	0.8%	2
Enter exact figure	0.4%	1

Source: Duke GVCC Exhibitor Survey, June 11 - 25, 2018.

Half of respondents reported an annual sales figure less than $5 million. Approximately 6% of all respondents reported a sales figure greater than $100 million. The remaining respondents were relatively equally distributed between $5 and $100 million. Note that nearly 40% of survey takers did not respond to this question.

Table 3. Percent of Annual Sales Attributable to HPM

What percent of your annual sales are attributable to sales or contacts made at the High Point Market?		
Answer Options	**Response Percent**	**Response Count**
Less than 10%	30.0%	83
10 - 20%	19.9%	55
21 - 30%	15.9%	44
31 - 40%	11.6%	32
41 - 50%	4.0%	11
51 - 60%	6.9%	19
61 - 70%	3.6%	10
71 - 80%	4.0%	11
81 - 90%	1.4%	4
91% or more	2.9%	8

Source: Duke GVCC Exhibitor Survey, June 11 - 25, 2018.

About 4% of respondents claimed that at least 70% of annual sales are attributable to the High Point Market. 35% of respondents claimed between 10 and 30% of sales come from the HPM. 30% of respondents listed that less than 10% of sales are attributable to the HPM.

Table 4. Company Spending on HPM by Category

How much did your company spend on the most recent market in each category? (enter approximate value or best estimate in $)	
Answer Options	**Mean of Responses**
Construction/Venue Set Up	$19,109
Photography	$5,413
Printed Materials	$3,948
Other Marketing Expenses	$6,035
Catering/Food and Beverage	$5,030

Source: Duke GVCC Exhibitor Survey, June 11 - 25, 2018.

Table 4 summarizes the average company spending on HPM for five major spending categories based off the survey responses to this question. Construction/venue setup is by far the greatest expenditure of survey attendees at over $19,000. Other marketing, photography, and catering related expenditures together averaged to approximately $16,500.

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 exhibitors 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 2,061 exhibitors.

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 traveled to 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 2017 attendees' figure to the 2017 Visit North Carolina report assumptions on visitor days by attendee type.

Table 5. Summary of Visitor Days by Attendee Type

Attendee Type	Non Local Visitors	Total Visitor Days (per market)	Total Visitor Days (per year)
Buyers	64,797	126,354	252,708
Sellers	58,922	114,898	229,796
Others	20,006	39,012	78,023
Total	143,725	280,264	560,528

Source: Authors 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 out of state overnight business visits to the state, which was $903 in 2017. 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 3 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 Piedmont Region Visitor Spending Pattern

Expenditure Category	Share of Spending	Estimated Spending	IMPLAN Code	IMPLAN Industry
Lodging	26%	$130,373,601	499	Hotels and motels, including casino hotels
Gasoline/Transportation	36%	$179,796,273	402	Retail - Gasoline stores
Food/Beverage/Dining	19%	$96,288,999	503	All other food and drinking places
Groceries	4%	$21,302,876	400	Retail - Food and beverage stores
Shopping/Gifts/Souvenirs	6%	$30,676,141	405	Retail - General merchandise stores
Entertainment/Admissions	6%	$29,824,026	503	All other food and drinking places
Gaming	1%	$5,964,805	494	Amusement parks and arcades
Amenities	1%	$6,816,920	496	Other amusement and recreation industries
Other	1%	$5,112,690	512	Other personal services
Total	100%	$506,156,333		

Source: NC Department of Commerce. Spending amounts determined by multiplying average spending amount by calculated visitor days annually. IMPLAN commodity codes assigned by author.

Activity 2 – High Point Market Authority Spending

To determine Authority spending impacts, we used the HPMA's 2017 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 HPMA by Budget Category and IMPLAN Sector

HPMA Budget Category	Amount	IMPLAN Code	IMPLAN Industry
1) Executive Leadership & Admin	$754,400	516	Labor and civic organizations
2) Transportation	$1,504,500	412	Transit and ground passenger transportation
3) Parking	$127,000	512	Other personal services
4) Centralized Registration	$540,000	516	Labor and civic organizations
5) Marketing	$2,590,614	460	Marketing research and all other miscellaneous professional, scientific, and technical services
6) Guest Services	$897,500	516	Labor and civic organizations

Total	$6,414,014

Source: Author's analysis of HPMA Annual Budget.

Activity 3 - Exhibitor Spending

Figures for exhibitor spending were obtained directly from the survey and inflated proportionally to the full universe. 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 exhibitor expenses besides the categories and amounts listed in Table 7 below. IMPLAN industry sectors that best approximated the expenditure category were chosen by the author.

Table 8. Summary of Direct Exhibitor Expenditures by Category and Assigned IMPLAN Sector

Exhibitor Spending Category	Amount	IMPLAN Code	IMPLAN Industry
Construction/venue set up	$78,766,623	62	Maintenance and repair construction of nonresidential structures
Photography	$22,313,405	492	Independent artists, writers, and performers
Printed materials	$16,274,730	154	Printing
Other marketing expenses	$24,875,465	460	Marketing research and all other miscellaneous professional, scientific, and technical services
Catering	$20,733,118	503	All other food and drinking places

Source: Authors analysis of survey data. IMPLAN.

Activity 4 - Furniture Sales

As described above, 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 (i.e. two separate questions). 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 study area from the survey question on manufacturing location (these ranged from 14% to 22%). For smaller types (e.g. Accessories and Designers and Wholesale, we used the overall sample figure (14.4%) 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 Sales Attributable to Market by Exhibitor Type.

Exhibitor 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	$23,116,880	14.4%	$24,049,239
Designers	$2,155,000	14.4%	$2,241,916
Furniture manufacturers	$2,155,068,150	22.4%	$3,498,571,430
Wholesalers	$0	14.4%	$0

Source: Duke GVCC Exhibitor Survey, June 11 - 25, 2018; Note: There no exhibitors who identified themselves as wholesalers who responded to the specific survey question on market sales so we were unable to estimate their total sales.

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 High Point Market Sales.

IMPLAN Code	IMPLAN Industry	Direct Sales (Output)
Furniture Manufacturing Codes		
369	Upholstered household furniture manufacturing	$1,039,273,696
370	Nonupholstered wood household furniture manufacturing	$618,580,657
371	Other household nonupholstered furniture manufacturing	$198,259,131
372	Institutional furniture manufacturing	$71,097,587
373	Wood office furniture manufacturing	$298,487,573
375	Office furniture, except wood, manufacturing	$48,915,827
376	Showcase, partition, shelving, and locker manufacturing	$410,682,566
377	Mattress manufacturing	$813,274,393
117	Textile and fabric finishing mills	$13,471,186
119	Carpet and rug mills	$7,535,307
120	Curtain and linen mills	$1,895,422
326	Lighting fixture manufacturing	$691,410
378	Blind and shade manufacturing	$455,914
450	Specialized design services	$2,241,916
395	Wholesale trade	$0
369	Upholstered household furniture manufacturing	$1,039,273,696
370	Nonupholstered wood household furniture manufacturing	$618,580,657
371	Other household nonupholstered furniture manufacturing	$198,259,131
	Total	$3,524,862,586

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 figure per square foot and applied this average to the total of square feet of exhibitor space available in High Point. We assigned this direct spending to the IMPLAN industry sector called "Real Estate." 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).

SECTION II: ECONOMIC IMPACT RESULTS

Overall Economic Impacts

The results indicate that the economic activity generated by the High Point Market as a whole directly employs 25,014 people each year. In addition to these direct jobs, 8,929 jobs are indirectly supported in downstream industries and 8,484 additional jobs are supported due to the increased household spending resulting from the direct and indirect jobs (see Table 11). This results in an employment multiplier of 1.70 across all activity types. This means that each job created directly in the Market, 70% of an additional job is supported in the region.

In addition to outright employment impacts, the Market contributes **over $6.73 billion** in economic output to the overall regional economy, which includes $1.80 billion of labor income. To put this figure in perspective, the total output of $6.73 billion is approximately equivalent to 1.3% of the total gross state product (GSP) of North Carolina.

Not only is the economic activity generated by the Market critical in terms of providing jobs for residents and sales for local businesses, but the Market also generates significant amounts of government revenue. Overall, we estimate that the economic activity associated with the Market generates over $616 million in tax revenue across all scales of government from the local to federal level.

Table 11. High Point Market – Summary of Total Economic Impact[5]

Impact Type	Employment	Labor Income	Output
Direct Effect	25,014	$1,022,824,644	$4,162,794,706
Indirect Effect	8,929	$450,135,393	$1,499,313,979
Induced Effect	8,484	$325,951,084	$1,070,017,873
Total Effect	42,427	$1,798,911,121	$6,732,126,558

Source: IMPLAN 3.1.

Looking in more detail, the largest number of jobs stimulated by Market related activity are in the Upholstered Household Furniture Manufacturing sector with 5,145 jobs attributable to the Market. Taken together the top ten affected industries capture 57.3% of the market's total employment effect.

[5] All figures listed are yearly impacts in 2018 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. High Point Market – Summary of Top Ten Affected Industries

IMPLAN Code	IMPLAN Industry	Employment	Labor Income	Output
369	Upholstered household furniture manufacturing	5,145	$210,771,955	$1,041,008,413
370	Non-upholstered wood household furniture manufacturing	4,399	$211,306,188	$618,995,170
503	All other food and drinking places	3,880	$116,953,758	$156,252,798
376	Showcase, partition, shelving, and locker manufacturing	2,128	$101,210,829	$428,042,840
377	Mattress manufacturing	2,005	$111,347,465	$825,949,140
440	Real estate	1,731	$31,817,711	$284,474,012
395	Wholesale trade	1,564	$100,651,409	$320,489,874
373	Wood office furniture manufacturing	1,337	$82,096,369	$299,051,713
499	Hotels and motels, including casino hotels	1,263	$37,701,298	$128,719,552
492	Independent artists, writers, and performers	852	$11,175,981	$26,035,087

Source: IMPLAN 3.1. Note that there have been slight changes in the IMPLAN sector numbering system since the 2013 report. The changed numbers are due to IMPLAN adding more detail in the construction industry and defining some new industries. However, for most of the key furniture related manufacturing industries there have been no changes in the underlying NAICS codes which define them. While the changes in IMPLAN sector numbers are minor, we caution the reader from making direct comparisons from the 2013 report on a row-by-row basis.

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, exhibitor spending, furniture and related furnishing sales and exhibitor 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. The isolated impact of this activity shows 5,369 jobs are directly supported by visitor spending associated with the Market. Adding in the indirect and induced effects, a total of 7,139 jobs are supported by this visitor activity each year. This gives an employment multiplier of 1.33. 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, $543.0 million of economic output is generated by visitor spending. $311.7 million of this is due to the visitor spending directly while the remaining $231.3 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	5,369	$158,690,300	$311,714,766
Indirect Effect	683	$30,167,229	$94,233,340
Induced Effect	1,087	$41,762,880	$137,101,126
Total Effect	7,139	$230,620,408	$543,049,232

Source: IMPLAN 3.1.

Not surprisingly, the top two industries supported by visitor spending are Food Services and Hotels and Motels. These two industries account for 62.2% of the total employment impact of visitor spending and 47.2% 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 these counties are outside the study region.) Thus, we feel that the visitor impacts are conservative.

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

IMPLAN Code	IMPLAN Industry	Employment	Labor Income	Output
503	All other food and drinking places	3,185	$96,014,059	$128,276,899
499	Hotels and motels, including casino hotels	1,255	$37,459,193	$127,892,959
402	Retail - Gasoline stores	410	$14,284,624	$27,201,528
405	Retail - General merchandise stores	173	$4,727,590	$11,155,861
512	Other personal services	144	$3,992,837	$5,604,547
400	Retail - Food and beverage stores	132	$3,240,111	$7,788,983
440	Real estate	130	$2,385,643	$21,329,428
494	Amusement parks and arcades	122	$1,460,923	$6,032,062
496	Other amusement and recreation industries	117	$2,158,582	$6,562,147
464	Employment services	89	$2,735,642	$5,765,494

Source: IMPLAN 3.1.

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 106 jobs with a multiplier of 1.33. The total economic output generated as a result of HPMA spending is $10.8 million; 38.4% of this is labor income.

Table 15. Authority Spending – Summary of Total Economic Impact

Impact Type	Employment	Labor Income	Output
Direct Effect	106	$2,748,768	$6,414,014
Indirect Effect	16	$638,397	$1,912,749
Induced Effect	20	$746,394	$2,450,685
Total Effect	141	$4,133,558	$10,777,448

Source: IMPLAN 3.1.

The primary sector supported by HPMA spending is Marketing Research and Other Miscellaneous Professional, Scientific, and Technical Services with 41 jobs (29.2% of the total employment effect) and $2.6 million of total output.

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

IMPLAN Code	IMPLAN Industry	Employment	Labor Income	Output
460	Marketing research and all other miscellaneous professional, scientific, and technical services	41	$1,514,876	$2,615,884
516	Labor and civic organizations	33	$699,600	$2,198,161
412	Transit and ground passenger transportation	29	$462,942	$1,512,677
512	Other personal services	4	$97,723	$137,169
464	Employment services	2	$69,845	$147,201
440	Real estate	2	$38,784	$346,755
468	Services to buildings	1	$24,702	$51,099
501	Full-service restaurants	1	$26,635	$59,783
502	Limited-service restaurants	1	$22,717	$98,713
454	Management consulting services	1	$65,255	$125,419

Source: IMPLAN 3.1.

Activity 3 – Exhibitor Spending

Exhibitor spending associated with the High Point Market directly supports 2,315 jobs, with a multiplier of 1.41. The total economic output impact of this activity is $284.1 million, 38.3% of this is labor income.

Table 17. Exhibitor Spending – Summary of Total Economic Impact

Impact Type	Employment	Labor Income	Output
Direct Effect	2,315	$70,683,060	$162,963,341
Indirect Effect	446	$18,398,437	$56,657,471
Induced Effect	512	$19,653,721	$64,526,870
Total Effect	3,273	$108,735,218	$284,147,682

Source: IMPLAN 3.1.

The primary sector supported by exhibitor spending is Independent Artists, Writers, and Performers with 735 jobs (23.0% of the total employment effect) and $23.0 million of total output.

Table 18. Exhibitor Spending – Summary of Top Ten Affected Industries

IMPLAN Code	IMPLAN Industry	Employment	Labor Income	Output
492	Independent artists, writers, and performers	753	$9,877,172	$23,009,437
62	Maintenance and repair construction of nonresidential structures	591	$26,813,643	$79,750,481
503	All other food and drinking places	528	$15,903,865	$21,247,914

460	Marketing research and all other miscellaneous professional, scientific, and technical services	399	$14,668,675	$25,329,834
154	Printing	97	$4,807,516	$16,655,073
440	Real estate	51	$928,246	$8,299,211
464	Employment services	46	$1,424,947	$3,003,143
395	Wholesale trade	41	$2,609,972	$8,310,561
501	Full-service restaurants	35	$694,331	$1,558,418
502	Limited-service restaurants	34	$606,495	$2,635,420

Source: IMPLAN 3.1.

Activity 4 – Furniture Sales

Furniture sales activity is far and away the most impactful activity associated with the Market. Compared with the other four major activities, furniture sales accounts for 71.3% of the employment impact and 84.1% 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.

It is important to note that this figure is significantly higher than when we conducted a similar analysis in 2013. There are several reasons for the difference. First, from a research point of view, every time one surveys a sample of firms from a potential universe of all respondents, the estimated figures will differ based on who decides to answer the survey. This is called sampling error. So, while the estimated impacts are higher, one should be cautious in claiming that sales, or employment are up by an exact figure. That said, we are confident in the fact that sales likely have not declined since 2013, and it is likely that given recent economic growth in the state and the country that some increase is genuine.

Furniture sales directly supports 16,268 jobs with a multiplier of 1.86. The direct economic output impact is valued at $3.5 billion, with an additional $2.1 billion in indirect and induced impacts. The total labor income of $1.4 billion accounts for 25.0% of the total economic output of $5.7 billion.

Table 19. Furniture Sales – Summary of Total Economic Impact

Impact Type	Employment	Labor Income	Output
Direct Effect	16,268	$773,160,352	$3,524,862,585
Indirect Effect	7,325	$385,001,421	$1,294,828,205
Induced Effect	6,672	$256,403,807	$841,695,131
Total Effect	30,266	$1,414,565,581	$5,661,385,921

Source: IMPLAN 3.1.

The top ten industries supported by furniture sales account for 61.9% of the employment supported by this activity. The Upholstered Household Furniture Manufacturing sector is the top industry supported by furniture sales with 17.0% of the total employment effect and 18.4% of the total output effect.

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

IMPLAN Code	IMPLAN Industry	Employment	Labor Income	Output
369	Upholstered household furniture manufacturing	5,145	$210,755,050	$1,040,924,918
370	Non-upholstered wood household furniture manufacturing	4,399	$211,298,575	$618,972,868
376	Showcase, partition, shelving, and locker manufacturing	2,127	$101,193,218	$427,968,359
377	Mattress manufacturing	2,005	$111,339,822	$825,892,447
395	Wholesale trade	1,454	$93,590,516	$298,006,881
373	Wood office furniture manufacturing	1,337	$82,096,088	$299,050,689
371	Other household non-upholstered furniture manufacturing	732	$31,734,145	$198,492,037
440	Real estate	539	$9,895,231	$88,470,725
502	Limited-service restaurants	521	$9,309,112	$40,451,154
501	Full-service restaurants	483	$9,723,827	$21,825,007

Source: IMPLAN 3.1.

Activity 5 – Rental Income

Exhibitor spending on rents was the final activity modeled and shows an impact of 955 direct jobs with a multiplier of 1.68. The total economic output impact is $232.8 million, with $40.9 million in labor income or 17.6%.

Table 21. Exhibitor Spending (Rents) – Summary of Total Economic Impact

Impact Type	Employment	Labor Income	Output
Direct Effect	955	$17,542,164	$156,840,000
Indirect Effect	461	$15,929,910	$51,682,215
Induced Effect	193	$7,384,282	$24,244,061
Total Effect	1,608	$40,856,356	$232,766,275

Source: IMPLAN 3.1.

Exhibitor spending on rents primarily affects real estate; 62.8% of the employment impact is captured by this industry as well as 71.3% of the total output impact.

Table 22. Exhibitor Spending (Rents) – Summary of Top Ten Affected Industries

IMPLAN Code	IMPLAN Industry	Employment	Labor Income	Output
440	Real estate	1,011	$18,569,807	$166,027,894
464	Employment services	113	$3,485,534	$7,345,926
468	Services to buildings	69	$1,190,025	$2,461,687
62	Maintenance and repair construction of nonresidential structures	50	$2,242,710	$6,670,382
469	Landscape and horticultural services	28	$652,158	$1,401,619
467	Investigation and security services	23	$611,857	$1,072,114

501	Full-service restaurants	21	$419,147	$940,770
502	Limited-service restaurants	17	$300,097	$1,304,022
395	Wholesale trade	10	$649,641	$2,068,560
63	Maintenance and repair construction of residential structures	10	$452,111	$1,440,140

Source: IMPLAN 3.1.

Fiscal Impacts

Finally, we used the IMPLAN 3.1 modeling software to conduct a basic fiscal analysis of all five activities combined. Ultimately, across the entire study region, the Market generated economic activities result in a positive fiscal impact of over $616 million across all levels of government (Federal, State, and Local levels). Table 16 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 Study Area, Federal State and Local Governments.

	Employee Compensation	Proprietor Income	Tax on Products & Imports	Households	Corporations	Total
Total State & Local Tax	$870	$0	$146,568,272	$50,422,972	$5,216,504	$202,208,618
Total Federal Tax	$210,035,169	$7,556,661	$24,885,457	$116,719,298	$54,664,238	$413,860,823

Source: IMPLAN 3.1.

Table 24 presents a detailed breakdown of the state and local tax revenue by type of tax that flow to government bodies. Overall, we estimate an impact of $202 million for the various county and local governments within the region.

Table 24. Detailed Fiscal Impact- State and Local Governments

Type of Tax	Amount (2018$)
Dividends	$272,089
Social Ins Tax- Employee Contribution	$281
Social Ins Tax- Employer Contribution	$589
TOPI: Sales Tax	$78,594,743
TOPI: Property Tax	$58,083,621
TOPI: Motor Vehicle License fees	$1,882,719
TOPI: Other taxes	$8,007,160
Corporate Profits Tax	$4,944,415
Personal Tax: Income Tax	$40,161,798
Personal Tax: Non-Taxes (e.g. fines and fees)	$7,233,930
Personal Tax: Motor Vehicle License	$1,885,806

Personal Tax: Property Taxes	$570,389
Personal Tax: Other Taxes	$571,048
Total State and Local Tax	$202,208,618

Source: IMPLAN 3.1.

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 $6.73 billion in total economic output across all types of activities modeled here, including visitor spending, direct HPMA budget, exhibitor spending, sales of furnishings and rental income. The Market supports a total of 42,427 jobs across all the industry sectors stimulated. Of the total of 25,014 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 who 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.

High Point 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 of $616 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 or Charlotte airports on the part of visitors, since they are located outside the study region.