

# The Economic Impact of the High Point Market

*Executive Summary*



October 2013

**Duke**

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

# The 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 HPM 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.

- **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 under a single category.
- **Activity 2 - Spending by HPM Authority-** This is the direct budgeted expenses of the HPM 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 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 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.

### *Impacts modeled*

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. 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. 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.

- **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.

The modeling results include **employment** figures, **labor income** and **output** (the value of increased economic activity in one year). Our results show the estimated change in demand (i.e., spending) that 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.

### *Data sources*

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. Our data sources differ from previous studies in at least one critical way: we conducted an original survey of market vendors. Specifically, we generated a web-based survey instrument (using SurveyMonkey.com) and contacted 1,668 unique company representatives. We administered the survey via an initial email invitation and

held the survey open from July 3rd - 16<sup>th</sup>, 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. We supplemented data from the survey with data from the High Point Market Authority, as well as data from NC Commerce.

## 2. Economic impact results

### 2.1. 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.

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. Please see Table 1.

**Table 1: 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
<b>Total Effect</b>	<b>37,616</b>	<b>\$1,519,798,249</b>	<b>\$5,387,630,284</b>

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.

### 2.2. 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. 623,000 visitor-days annually are

generated by the more than 58,000 visitors attending each Market from outside the 75-mile radius of High Point. 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).

Table 2 lists the total economic impact to the study region derived from visitor spending. 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 2: 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
<b>Total Effect</b>	<b>6,189</b>	<b>\$195,122,859</b>	<b>\$604,144,628</b>

Source: IMPLAN 3.0

Table 3 lists the top five 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 3: Visitor Spending – Summary of Top Five 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
324	Retail Stores - Food and beverage	145	\$4,139,171	\$7,582,272

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 4.

**Table 4: 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
<b>Total Effect</b>	<b>90</b>	<b>\$2,850,705</b>	<b>\$7,660,138</b>

Source: IMPLAN 3.0

Table 5 lists the top five industries affected by HPMA spending. 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 5: Authority Spending – Summary of Top Five Affected Industries**

IMPLAN Sector	Sector Description	Employment	Labor Income	Output
336	Transit and ground passenger transportation	29	\$684,629	\$1,474,542
425	Civic, social & professional organizations	24	\$658,036	\$1,351,428
380	All other misc. professional 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

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 6.

**Table 6: 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
<b>Total Effect</b>	<b>4,374</b>	<b>\$161,639,519</b>	<b>\$451,649,567</b>

Source: IMPLAN 3.0

**Table 7** lists the top five industries affected by vendor spending. The primary sector supported by vendor spending is 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 7: Vendor Spending – Summary of Top Five Affected Industries**

IMPLAN Sector	Sector Description	Employment	Labor Income	Output
39	Nonresidential maintenance & repair	2,038	\$77,932,189	\$208,379,316
413	Food services and drinking places	525	\$10,546,525	\$30,585,648
380	All other misc. professional services	194	\$8,421,640	\$32,716,290
405	Independent artists, writers, & performers	179	\$5,574,389	\$13,378,532
360	Real estate establishments	77	\$832,176	\$8,710,887

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 8 lists the total economic impact resulting from furniture sales at Market. Furniture sales 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 8: 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
<b>Total Effect</b>	<b>26,131</b>	<b>\$1,146,290,795</b>	<b>\$4,229,251,072</b>

Source: IMPLAN 3.0

The top five industries supported by furniture sales account for 60.6% of the employment supported by this activity. 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. Please see Table 9.

**Table 9: Furniture Sales – Summary of Top Five Affected Industries**

IMPLAN Sector	Sector Description	Employment	Labor Income	Output
296	Upholstered household furniture mfg.	4,805	\$185,687,446	\$748,559,603
297	Nonupholstered wood household mfg.	2,696	\$123,781,460	\$445,000,866
302	Showcase & partition mfg.	1,821	\$72,832,648	\$305,476,063
303	Mattress mfg.	1,724	\$103,696,030	\$601,574,677
319	Wholesale trade businesses	1,031	\$67,342,723	\$153,835,733

Source: IMPLAN 3.0

**Activity 5 – Rental Income**

Table 10 lists the economic impact resulting from vendor spending. Please recall that vendors are the exhibitors at the HPM. 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%.

**Table 10: 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
<b>Total Effect</b>	<b>832</b>	<b>\$13,894,371</b>	<b>\$94,924,879</b>

Source: IMPLAN 3.0

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. Please see Table 11 for the top five industries affected by vendor spending.

**Table 11: Vendor Spending (Rents) – Summary of Top Five 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

Source: IMPLAN 3.0

**2.3. 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. Table 12 lists the overall impact by level of government and by type of economic actor paying the tax (i.e. workers through income taxes, sales taxes, or corporations). 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). These fiscal impacts include the direct, indirect and induced impacts cumulatively for the entire study region.

**Table 12: Total Fiscal Impact to Study Area: Federal, State and Local Governments**

Tax Type	Employee Compensation	Proprietor Income	Products & Import 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 13 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 13: 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
<b>Total State and Local Tax</b>	<b>\$197,870,819</b>

Source: IMPLAN 3.0.

Based on the information provided in Table 13, we estimated the amount of tax revenue collected exclusively at the state level. Table 14 lists the fiscal impact of HPM activities to the State of North Carolina. 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. The

largest two categories are sales taxes (state-portion only) and income taxes. 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. Based on this analysis, other local and county governments throughout the 22 county region are expected to collect approximately \$74 million annually.

**Table 14: 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
<b>Total State Revenue</b>	<b>\$123,199,628</b>

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 15 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 15: 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
<b>Total Guilford County</b>	<b>\$25,532,109</b>

Source: IMPLAN 3.0.

### 3. 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.

## About the Duke Center on Globalization, Governance & Competitiveness

The Center on Globalization, Governance & Competitiveness (CGGC), an affiliate of the Social Science Research Institute at Duke University, is built around the use of the Global Value Chain (GVC) methodology, developed by the Center’s Director, Gary Gereffi. The Center uses GVC analysis to study the effects of globalization on various topics of interest including: industrial upgrading, international competitiveness, the environment, global health, engineering and entrepreneurship, and innovation in the global knowledge economy. CGGC has a long history of applying the GVC framework to North Carolina and has a special website dedicated to better understanding the role of North Carolina in the global economy ([http://www.soc.duke.edu/NC\\_GlobalEconomy/index.shtml](http://www.soc.duke.edu/NC_GlobalEconomy/index.shtml)). More information about CGGC is available at <http://www.cggc.duke.edu>

## About the Authors\*

**Lukas Brun** is a Senior Research Analyst at Duke CGGC and project manager for the High Point Market study. His research at CGGC uses global value chain analysis to understand the competitiveness of firms and regions. Lukas holds master’s degrees with concentrations in economic development and international political economy from the University of North Carolina at Chapel Hill, and has more than 10 years of experience in economic analysis and economic development research.

**T. William Lester, Ph.D** is Assistant Professor at UNC-Chapel Hill’s Department of City and Regional Planning specializing in economic development. Dr. Lester employs quantitative and qualitative methods drawn from the fields of labor economics, political science and regional development. He has extensive experience in conducting IMPLAN analyses. He received his B.A. degree from the University of Pennsylvania, Master of Urban Planning and Policy from the University of Illinois at Chicago, and a Ph.D. from the University of California, Berkley.

*\* Authors are listed in alphabetical order*

*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](mailto:lukas.brun@duke.edu)*

© October 2013          Center on Globalization, Governance & Competitiveness, Duke University  
Released: October 18, 2013