



# Embassy Cultural Center Foundation: Economic Impact Study of McGregor Hall

2023



# Table of Contents

- Executive Summary..... 2
- Introduction ..... 3
  - Project Scope..... 3
- Economic and Non-Economic Benefits..... 4
- Data Sources ..... 6
- Activities Modeled ..... 7
  - Spending by Non-Resident Visitors..... 7
  - Ticket Sales and Concessions ..... 7
  - Restaurant Spending ..... 8
  - Hotel Spending ..... 10
  - Volunteerism and In-Kind Contributions ..... 12
  - Facility and Operation Expenses ..... 13
- Overall Economic Impacts..... 14
  - Fiscal Impacts ..... 15
- Conclusion..... 16
- Appendix ..... 17
  - Survey Questions..... 17

Prepared by:

**Bruce D. McDonald, III**  
 North Carolina State University  
 209A Caldwell Hall  
 Raleigh, NC 27695  
 bmcdona@ncsu.edu  
 (919) 515-5178

## Executive Summary

The Municipal Research Lab at NC State University was engaged by the Embassy Cultural Center Foundation to conduct a comprehensive economic impact study of McGregor Hall Performing Arts Center, which is located in the heart of downtown Henderson, NC. While the economic and non-economic benefits of McGregor Hall contribute to its value to the city of Henderson, this analysis focused on those directly observable economic benefits.

Based on the analysis, several notable economic benefits of the theater were found. While McGregor Hall serves as a draw for those within the community, it is also a destination for non-residents. From 2019 to 2022, non-residents introduced an estimated \$247,724 in concession and ticket sales into the Henderson economy. The impact of non-resident visitors is also visible throughout the local economy. Non-resident visitors to the theater have injected nearly \$9.29 million in revenue to the restaurant industry in Henderson and roughly \$11.7 million since it was first built. They have also added more than \$5.18 million into Henderson's hotel industry over the study period and nearly \$6.54 million since it was first built. In addition to the injection that non-resident visitors have made through McGregor Hall into the local economy, the theater's operation is also responsible for several direct injections into the local economy. The economic value of the volunteer hours worked at McGregor Hall totals \$250,113. McGregor Hall also spends an average of \$78,545 each year on goods and services in the local economy for the maintenance and operation of the facility.

Based on the direct and non-resident injections of McGregor Hall, it is estimated that the average economic contribution of the theater to the local economy during non-COVID years is equal to \$5.1 million annually. Between 2019 and 2022, this McGregor Hall Performing Arts Center had a total economic impact of \$15.59 million.

# Introduction

The Municipal Research Lab at NC State University was engaged by the Embassy Cultural Center Foundation to conduct a comprehensive economic impact study of McGregor Hall Performing Arts Center located in the heart of downtown Henderson, NC. McGregor Hall is a 1,000-seat state-of-the-art performing arts center and theater that has been outfitted with professional-grade equipment. Since opening in January 2016, McGregor Hall has emerged as a leader in the Eastern North Carolina and Southern Virginia region, annually hosting more than two dozen major performances, in addition to providing space for a wide variety of civic and cultural events and learning opportunities for the region. In many ways presence of the theater, along with its events and location, have made McGregor Hall a key gathering event and organizing node at the center of the local community.

Since opening its doors, the cultural impact of McGregor Hall on the City of Henderson and Vance County has been clear. Leadership within the Embassy Cultural Center Foundation, local economic developers, and elected officials have also recognized the importance of the theater 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 McGregor Hall Performing Arts Center to local stakeholders and the general public. This report summarizes an economic impact study conducted during the fall of 2023. The analysis focuses on the economic impact of the theater from its opening in 2019 through 2022 and centers on the impact of all the economic activity generated within the City of Henderson and Vance County as a result of theater activities and events.

## Project Scope

This study will estimate the benefits of McGregor Hall to the city of Henderson. While the benefits of McGregor Hall extend throughout the region and state, this analysis will limit the study area to the city of Henderson. As such, this study will distinguish, where possible, between residents and nonresident visitors to McGregor Hall. The term “resident” is reserved for those visitors who live within the city of Henderson. Benefits in this analysis will refer the new spending by nonresidents on days of the events held at McGregor Hall. Events hosted at the performing arts center vary in duration by type (e.g., concert, competition, stage production, etc.) and we will refer to each day that event activities take place as “event days.” It will also comprise expenditures by the facility to local businesses and service providers as well as in-kind contributions of local residents to the events held at McGregor Hall.

## Economic and Non-Economic Benefits

The benefits of McGregor Hall to the city of Henderson outlined below can be classified as being either economic or non-economic. Economic benefits refer to changes in market behavior that are linked to events at the performing arts center. These activities result in new revenues and expenditures in the city that are often, but not always, easy to observe. Those direct expenditures considered in this analysis include: ticket sales to non-residents, spending on food and lodging by non-resident visitors, and ongoing maintenance and operational costs at the facility.

By contrast, non-economic benefits are those observable and unobservable social benefits that can be difficult to precisely quantify and easily attribute to McGregor Hall. These benefits include, but are not limited to, the development of social and human capital and the improvement in the business climate and community welfare in the city of Henderson. Indeed, McGregor Hall likely promotes these benefits through several channels. First, it provides the residents of Henderson a place to convene and engage with the performing arts and an outlet for their creative talents. These experiences are particularly beneficial for children as research demonstrates that participation in the arts aids contributes to their social and emotional development.<sup>1</sup> This broad set of social skills are necessary for learning how to manage one's emotions and interact with others to solve problems and resolve conflicts.<sup>2</sup> A recent joint report from the Brookings Institution and the American Enterprise Institute concludes that efforts to promote social-emotional learning is one of the most effective ways to improve the academic performance of underprivileged populations.<sup>3</sup> Participation in the arts is also associated with several health benefits among the elderly including greater cognitive and physical functioning as well as lower rates of hypertension.<sup>4</sup>

Second, McGregor Hall helps define the collective identity of Henderson. The performing arts center is part of the city is and what it has to offer to prospective businesses and residents. Indeed, it is centrally featured in most of the materials the city and the surrounding area create to advertise the benefits of the area to these audiences. Perhaps more importantly, McGregor

---

<sup>1</sup> Menzer, M. (2015). *The Arts in Early Childhood: Social and Emotional Benefits of Arts Participation*. Washington DC, National Endowment for the Arts.

<sup>2</sup> Jones, S. M., & Doolittle, E. J. (2017). Social and emotional learning: Introducing the issue. *The Future of Children*, Vol. 27 (1), 3-11.

<sup>3</sup> American Enterprise Institute and Brookings Institution. (2015). *Opportunity, Responsibility, and Security: A Consensus Plan for Reducing Poverty and Restoring the American Dream*. Washington, DC: AEI/Brookings Working Group on Poverty and Opportunity.

<sup>4</sup> Rajan, K. and Rajan, R. (2017). *Staying Engaged: Health Patterns of Older Americans Who Participate in the Arts*. Washington, DC: The National Endowment for the Arts.

Hall is what visitors report liking the most about the area. When searching for Henderson, NC or Vance County online, McGregor Hall is foremost among the displayed results and is highest rated attraction on the list of “things to do” in the area. In short, McGregor Hall is a part of Henderson’s “brand” and what helps separate the area apart from peer cities in terms of business and residential opportunities.

While both the economic and non-economic benefits of McGregor Hall contribute to its value to the city of Henderson, this analysis will focus on those directly observable economic benefits. As such, the benefits calculated here represent a conservative estimate of the total benefit of performing arts center to the community.

## Data Sources

This analysis relies on two data sources to generate an estimate of the economic impact of McGregor Hall for the city of Henderson. The first data source is comprised of survey responses from local business owners and employees of firms located downtown, near McGregor Hall. Most of the ticketed events at the performing arts center bring non-residential visitors into Henderson for an evening while the larger non-ticketed events can bring non-resident visitors in for several days at a time. The most perceptible effect of these events on economic activity in Henderson occurs in the hospitality sector. Therefore, the sample of firms surveyed for this analysis was limited to restaurants and hotels located within the city. The survey asked the firms several about their business activity on non-event and event days and, if so, to approximate those changes.<sup>5</sup> The survey was administered by Saman Afshan, a doctoral fellow in the Municipal Research Lab, during the fall of 2023.

The second source of data is derived from the sales and expense reports from McGregor Hall that were graciously organized and provided to us by Mark Hopper. Importantly, these data allow us to distinguish between resident and non-residents visitors to events held at McGregor Hall. They also provide a detailed account of the facility's expenditures that are made to local firms and public utilities for ongoing operations and maintenance.

---

<sup>5</sup> A list of the survey questions can be found in the Appendix.

## Activities Modeled

### Spending by Non-Resident Visitors

Spending by nonresident visitors to McGregor Hall account for overwhelming majority of the economic benefits of the facility. Previous research on attendants of arts and cultural events indicates that nonresidents spend \$2.21 for every \$1 spent by local residents when attending arts and cultural events in North Carolina.<sup>6</sup> The dependence of non-residents on restaurants for food and hotels for lodging accounts for much of this difference. The number of nonresidents to McGregor Hall and the duration of their stay varies according to the type of event hosted at the facility. In this section, we will estimate the dollar amounts of ticket sales and restaurant and hotel expenditures of non-residents for three types of events: Major Non-Ticket Events, Major Ticket Events, and Smaller Events. Major Non-Ticketed Events include dance competitions and graduations; Major Ticketed Events refers to the high-attendance stage productions like Charlie and the Chocolate Factory, The Little Mermaid, and Beauty and the Beast. Smaller events refer to the comedic and musical performances that typically have smaller ticket sales.

### Ticket Sales and Concessions

More than 20,000 visitors have attended ticketed events at McGregor Hall between 2019 and 2022. The sale of tickets to these events has generated over \$448,876 in revenue. Almost 45 percent of this amount (\$201,639) comes from nonresident visitors. Concession sales to all visitors attending these events totaled \$102,592. Due to data limitations, we ascribe the same proportion of resident-to-non-resident ticket purchases to the concession sales. Based on this assumption, nonresident visitors accounted for \$46,085 of concession sales made during events held at McGregor Hall. Taken together, concession and ticket sales to non-residents introduced \$247,724 into the local economy and nearly \$7,432 in local tax revenue.

Of course, performances and events at McGregor Hall may also help retain local entertainment dollars that would likely be spent elsewhere. Local residents have accounted for roughly \$247,237 of the Center's total ticket sales and, based on our assumptions, \$46,085 in concession sales. Some of this amount represents diverted entertainment spending that residents would

---

<sup>6</sup> Americans for the Arts. (2017). Arts and Economic Prosperity 5 in the State of North Carolina: The Economic Impact of Nonprofit Arts and Cultural Organization and their Audiences. Washington, DC: Americans for the Arts.



**Table 1. Ticket Sales and Concessions, 2019-2022**

	Ticket Sales	Sales Tax on Tickets	Concession Sales	Sales Tax on Concession Sales	Monthly Sales Totals	Monthly Tax Totals
Total	\$448,876	\$13,466	\$102,592	\$3,078	\$45,956	\$1,379
Resident	\$247,237	\$7,417	\$46,085	\$1,383	\$24,443	\$733
Non-Resident	\$201,639	\$6,049	\$56,507	\$1,695	\$21,512	\$645

Notes: We assumed that non-resident visitors account for 44.9 percent of all concession sales, the same observed proportion as ticket sales to non-residents.

have otherwise spent attending other local events or establishments like movie theatres or restaurants. The remainder represents “new” spending that local residents would have spent outside of the community to attend events and performances like those hosted in McGregor Hall. Still, these expenditures are generally excluded from economic impact studies as it is assumed that local residents would have spent these funds on the next best alternative activity. A more in-depth analysis of residents’ entertainment expenditures is necessary to relax that assumption.

## Restaurant Spending

The impact of events held at McGregor Hall on local restaurants depends on the type of event. Dance competitions and graduations held at the performing arts center impact the number of people eating at local establishments. To meet the spike in demand that accompanies these events, restaurant owners often increase hours of operation and the number of staff on hand. These additional hours result in more revenue for owners and more wages and tips for wages and tips for the staff.

The impact of these events varies by restaurant type (smaller, locally-owned, or larger chain) and its proximity to McGregor Hall. Our interviews indicate that smaller locally-owned restaurants experience a 30 to 100 percent increase in the number of customers. The average increase in the number of customers is 125 per day of the event. The crowds are so large during dance competitions and graduations that restaurant owners reported having to turn customers away due to limited seating and, on occasion, running out of food.

Chain restaurants in the area experience a similar boost in the number of customers, but the increase appears smaller percentage-wise (an increase of 0 to 20 percent) because these restaurants are larger and tend to serve more customers on a given weekend. These establishments typically serve 100 more customers each day of the event. Like their smaller

**Table 2. Benefits to Restaurants in Sample**

	Total Event Days	Total Event Days, 2019-2022	Increase in Customers per Event Day	Avg. Meal Expenses	Lifetime Benefits	Benefits, 2019-2022
Major Non-Ticketed	213	167	900	\$20.37	\$3,904,929	\$3,061,611
Major Ticketed Events	123	112	180	\$20.37	\$450,992	\$410,659
Smaller Events	207	148	36	\$20.37	\$151,797	\$108,531
<b>Total</b>					<b>\$4,507,718</b>	<b>\$3,580,801</b>

Notes: Information on the total number of event days were extracted from the McGregor Hall calendar. Graduations are single day events, but dance competitions typically range from 2-3 days. Average price of a meal is based on the national average of a meal at a restaurant.

competitors, these establishments bring in extra staff to accommodate the increase in customer traffic.

To calculate the daily economic benefit of the increase in customers associated with large events, first, we take the national average price of a single meal (less taxes) at a restaurant and multiply it by the expected daily increase in the number of customers these restaurants experience single day of these events. Next, we sum these amounts for each restaurant to obtain the total expected increase in daily restaurant revenue during large events. Finally, we multiply this number by the number of event days.

Table 2 displays estimated benefits of events at McGregor Hall to local area restaurants.<sup>7</sup> The first row outlines the reported benefits that restaurants in the area experience during large events (i.e., dance competitions and graduations). The weighted average of the price of a meal for the restaurants in our sample was \$20.37, less taxes, and the average daily increase in number of customers per establishment was 150. The total number of event days major, non-ticketed events at McGregor Hall is 167. The total number of events days for these large events during the study period is 112.

The second and third rows of Table 2 report the estimated benefits of major ticket events and smaller events held at McGregor Hall. Based on our interviews, restaurant owners report major ticketed events have large impact on the number of customers they serve, but not as large an impact as dance competitions and graduations. They reported that the observed increase in the number of their customers was roughly half as large. After applying this adjustment to approximate the impact of Major Ticketed Events at McGregor Hall on local restaurants, we

<sup>7</sup> All of the data have been aggregated to protect the privacy of the firms that participated in our interview;

**Table 3. Total Benefits to All Restaurants in Henderson**

	Total Event Days	Total Event Days, 2019-2022	Increase in Customers per Event Day	Avg. Meal Expenses	Lifetime Benefits	Benefits, 2019-2022
Major Non-Ticketed	213	167	2975	\$16.00	\$10,138,800	\$7,949,200
Major Ticketed Events	123	112	595	\$16.00	\$1,170,960	\$1,066,240
Smaller Events	207	148	119	\$16.00	\$394,128	\$281,792
<b>Total</b>					<b>\$11,703,888</b>	<b>\$9,297,232</b>

reduced the estimated increase amount by another 44.9 percent to account for the expected but with a more conservative set of assumptions for the Smaller Events (e.g., local non-resident portion of this increase.<sup>8</sup> We then further reduced this followed a similar process productions/performers, comedy acts, etc.). We assumed any increase in restaurant traffic associated with these events would 20 percent as large as that observed for a Major Ticketed Event.

Of course, there are more restaurants in the city of Henderson than the six interviewed for this analysis and we can reasonably assume that these other restaurants experience a similar uptick in sales on event days. To estimate the total benefit of all restaurants in the city we extrapolate the results from surveyed restaurant to restaurants of similar size, type (e.g., fast food, fast casual, and casual dining), and price. For example, we will apply the observed changes in sales at Chick-fil-a to approximate the unobserved changes in sales at the nearby McDonald's and the Bojangles' located less than 0.5 miles away. In the interest of remaining conservative in our estimates of the benefits to the restaurants not surveyed, we assume that the cost of a meal at these establishments and the increase in customers served on event days is 75 percent as large as the reference restaurant. A list of the out-of-sample restaurants and their reference restaurant(s) that we use to extrapolate these results can be found in the Appendix.

The results from our analysis are displayed in Table 3. We estimate that from 2019 to 2022, McGregor Hall has injected \$9.29 million of revenue from non-resident visitors into the local restaurant industry.

## Hotel Spending

The second major way in which McGregor Hall impacts in the local economy is through the hotel and lodging industry. Our reports indicate that the number of visitors requiring overnight

<sup>8</sup> Recall that 44.9 percent of all ticket sales are made to non-resident visitors to McGregor Hall.

**Table 4. Total Benefits to Hotels in Sample**

	Total Event Days	Total Event Days, 2019-2022	Total Increase in Rented Rooms per Event Day	Avg. Room Rate	Lifetime Benefits	Benefits, 2019-2022
Major Non-Ticketed	213	167	180	\$115	\$4,409,100	\$3,456,900
Major Ticketed Events	123	112	28	\$115	\$396,060	\$360,640
<b>Total</b>					<b>\$4,805,160</b>	<b>\$3,817,540</b>

Notes: The average room rate reflects the weighted average of the sample.

accommodations and the duration of their stay varies by event type. The lodging establishments that participated in our interview reported that occupancy rates are highest during dance competitions which are often 2-3 day events. These businesses also report, however, a noticeable uptick in occupancy during more popular shows and musicals—The Wizard of Oz, Beauty and the Beast, and Hairspray—that draw attendees from greater distances and often require overnight accommodations. Our interviews also indicate that these productions tend to have larger casts and crews who stay overnight in these establishments. When estimating the impact of McGregor Hall on the lodging industry in Henderson, we limit the scope of our analysis to dance competitions and large production performances because these appear to be the most important events for the firms surveyed.

Table 4 reports the impact of these events on the lodging industry. Due to data limitations a few simplifying assumptions were necessary to calculate the number of nonresident visitors who require lodging for ticketed events. First, we assumed that 75 percent of all nonresident visitors traveling roughly 2 hours or more to attend a show would require overnight accommodations. We divided this number by the total number of nights on which large ticketed events took place. This was necessary because many stage productions take place over multiple nights. Therefore, the total number of non-resident visitors requiring overnight accommodations is 56. Assuming two persons per room, we estimate that large stage productions at McGregor Hall increase hotel occupancy by 28 rooms, or 7 rooms per hotel in the sample. The same calculation is straight forward for dance competitions as we have data on average occupancy levels on non-event days and event days for these competitions.

We extrapolated from these results to approximate the total benefits to all hotels and motels in Henderson. The maximum capacity and room rates of the out-of-sample establishments are lower than the hotels included in the sample. Therefore, we, again, assumed that the increase in rented rooms and room rates were 75 of the closest competitors (as determined by price) for

**Table 5. Total Benefits to All Hotels in Henderson**

	Total Event Days	Total Event Days, 2019-2022	Total Increase in Rented Rooms per Event Day	Avg. Room Rate	Lifetime Benefits	Benefits, 2019-2022
Major Non-Ticketed	213	167	251	\$115	\$6,148,245	\$4,820,455
Major Ticketed Events	123	112	28	\$115	\$396,060	\$360,640
<b>Total</b>					<b>\$6,544,305</b>	<b>\$5,181,092</b>

Notes: The average room rate declined because the proportion of lower cost hotel rooms in the sample increased. The two additional hotels not included in the sample were the Econo-lodge and the Travelodge. We used the Sleep Inn as the referent hotel for these establishments. Finally, because the nonresident visitors for major ticket events is fixed, all benefits for these events are accounted for in Table 4. Therefore, the benefit amounts change only for non-ticketed events as these involve unobserved transactions from non-ticketed events.

these establishments that is observed in the sample. The results from this analysis are presented in Table 5 below. We estimate that McGregor Hall has injected just over \$5.18 million into the local hotel industry from 2019 to 2022.

## Volunteerism and In-Kind Contributions

McGregor Hall also facilitates in-kind contributions like volunteer work that benefit the Performing Art Center, the community, and individuals alike. Volunteer work helps develop social capital and a sense community by bringing together to socialize around common interests. Individuals also benefit personally through the opportunity for volunteer work by gaining work experience and developing job skills. The volunteer opportunities at McGregor Hall range from box office operations to stagehand in large-scale productions. These volunteers contribute their time to McGregor Hall because they either enjoy the benefits of the facility to the community and/or would like foster those benefits for their fellow residents. The value of their time is a lower-bound estimate of the benefits of their contribution to the performing arts center and the city of Henderson.

Researchers have estimated that the dollar value of volunteer work provided to the recipient agency and the volunteers themselves ranges between \$8.65 and \$15 per hour.<sup>9</sup> Other studies

<sup>9</sup> Brown, E. (1999). Assessing the value of volunteer activity. *Nonprofit and Voluntary Sector Quarterly*, 28(1), 3-17. We adjusted the values from this article to account for inflation using the inflation tables produced by the Bureau of Labor Statistics.

**Table 6. Total Benefits of Operational Expenditures to Local Businesses**

	Utilities	Professional Services	Facility Maintenance	Total
2019	\$38,233	\$8,625	\$27,257	\$74,115
2020	\$36,437	\$15,563	\$20,336	\$79,652
2021	\$35,353	\$12,270	\$38,744	\$86,368
2022	\$36,326	\$9,450	\$28,271	\$74,047
Total	\$146,349	\$45,908	\$114,608	\$314,182

estimate that the dollar value of these services as high as \$25 per hour.<sup>10</sup> In this analysis, we follow the occupation employment and wage statistics established by the Bureau of Labor Statistics, which places the wage at \$22.26. This amount, we argue, more accurately reflects the prevailing wages in the community while recognizing both the tangible and intangible benefits of volunteer work at the Center. The approximate number of total volunteer hours worked at McGregor Hall from 2019 to 2022 was 11,236, which carries a total monetary value of \$250,113.

## Facility and Operation Expenses

McGregor Hall requires the ongoing services from many local firms to maintain the orderly operation of the facility. From 2020 to 2022, McGregor Hall spent an average of \$77,584 each year on utilities, professional services, and facility maintenance. These services include advertising, accounting, legal counsel, janitorial and cleaning services, lawn care, security, plumbing and electric, and printing services. These annualized expenditures represent a direct benefit of the facility to providers of these services in Henderson and spending that would otherwise not occur if McGregor Hall did not exist. From 2020 to 2022, this contribution totaled \$232,751.

<sup>10</sup> Independent Sector. (2019). Value of Volunteer Time. Washington DC, Independent Sector. Website: <https://independentsector.org/value-of-volunteer-time-2018/>. Accessed May 20<sup>th</sup>, 2019.

## Overall Economic Impacts

The total economic impact of McGregor Hall to the economy of Town of Henderson and Vance County from 2019 to 2022 is equal to roughly \$15.59 million. According to our estimates, the annualized contribution of the Center is \$3.89 million. Table 7 provides the calculations for the economic benefit across the entire time series, whereas Table 8 breaks the benefit down on to an year-by-year estimation. Based on the results, we see a decline in impact for 2020 and 2021, which is related to the decline of public events, such as those held at McGregor Hall, due to the COVID-19 pandemic. The economic impact, however, began to rebound in 2022 with an increase in the number of events being hosted. The growing number of regional dance competitions have chosen McGregor Hall to host their event accounts for the recent surge in economic activity directly related to the performing art center. This is a positive development as participation in these activities may be less sensitive to macroeconomic conditions than concerts or theatrical performances and, as a result, may provide a year-round revenue stream that is robust to negative economic shocks.<sup>11</sup>

**Table 7. Total Benefits of McGregor Hall to the Local Economy**

	Restaurants	Hotels	Operational Expenditures	Ticket/Concession Sales	Volunteer Work	Total
2019-2022	\$9,297,232	\$5,181,092	\$314,182	\$551,468	\$250,113	\$15,594,087
Annual Average	\$2,324,308	\$1,295,273	\$78,545	\$137,867	\$62,528	\$3,898,522

**Table 8. Total Benefits of McGregor Hall to the Local Economy, Annually**

	Restaurants	Hotels	Operational Expenditures	Ticket/Concession Sales	Volunteer Work	Total
2019	\$3,284,400	\$1,799,862	\$74,115	\$263,691	\$88,038	\$5,510,106
2020	\$1,892,576	\$1,090,660	\$79,652	\$28,508	\$55,049	\$3,146,445
2021	\$1,210,944	\$692,875	\$86,368	\$59,952	\$68,027	\$2,118,166
2022	\$2,909,312	\$1,597,695	\$74,047	\$199,317	\$38,999	\$4,819,370

<sup>11</sup> One possible reason for this is that expenditures by households on dance competitions are, in part, investments in the participating child. As such, they are less discretionary than expenditures on entertainment and should be more resilient to periods of economic contraction.

**Table 9. Vance County Gross County Product, 2019-2022**

Year	GCP
2019	\$1,277,680,000
2020	\$1,255,730,000
2021	\$1,367,113,000
2022	\$1,395,822,000

NOTE: The Gross County Product is from the Bureau of Economic Analysis. The 2022 GCP is estimated using the growth rate of the US for the respective year.

## Fiscal Impacts

When considering the economic impact of McGregor Hall on the City of Henderson and Vance County, one issue of consideration that must be considered is the economic impact relative to the overall economy of the region. The gross county product (GCP) for Vance County from 2019 through 2022 is shown in Table 9. During this period, the economy of Vance County has grown by \$118,142,000. Approximately 13.2% of this growth can be directly attributed to the theater, establishing the theater as a key component of the region's economic prosperity.

Research into economic growth has shown that there is a strong relationship between local economic growth and the financial capacity of local governments.<sup>12</sup> When the economy expands, economic activity within a community also expands. New sales and engagement within the community produce additional revenues from sales and use taxes; however, economic growth also impacts the property market. The impact on the property market can be seen in increased property values and a larger, stronger base on which property taxes can be levied. Ultimately, an improving tax base allows for the expansion of services and programs, improve the financial condition of public resources, or reduce the tax burden on the community. Given the size of the economic contribution of McGregor Hall in relation to the economy of Vance County, it can be concluded that the McGregor Hall Performing Arts Center is a central component and core contributor to the local economy.

<sup>12</sup> Wang, X., Dennis, L., & Tu, Y. S. (2007). Measuring financial condition: A study of U.S. states. *Public Budgeting and Finance*, 27(2), 1-21.



## Conclusion

McGregor Hall has significant impact on the economy of Henderson. Focusing on the operational costs and the impact of the facility on the hospitality sector, we conservatively estimate that the performing arts center has contributed roughly \$15.6 million dollars to the city's economy from 2019 to 2022. In 2020 and 2021, McGregor Hall experienced a decline in its economic impact. The economic impact of the Hall during non-COVID years averaged \$5.1 million per year. This amount represents "new" spending from non-resident visitors flowing into the local economy that would not have occurred without the events hosted at McGregor Hall. A majority of these funds are associated the emergence of Henderson as a destination for regional dance competitions. Each of these events bring thousands of visitors from states across the southeast to the city. In between these events, McGregor Hall plays host to a number of Broadway productions, musical and comedy acts, social events, as well as local performers and performances. In its short tenure, McGregor Hall has become one of the most identifiable and popular amenities in Henderson and the surrounding area as well as an important engine for jobs and economic growth. The evidence provided here clearly demonstrates that an investment in the arts, is an investment in economic development. In recognition of this fact, stakeholders should pursue an improved relationship between McGregor Hall Performing Arts Center, Vance County and the City of Henderson. This improved relationship should be one in which funding the theater is a key component of the county and city economic development, tourism, and cultural budgets. Indeed, if the city were to, for example, take over the full cost of the annual debt service payment of McGregor Hall, the return on each dollar paid by the city would be \$31:\$1.<sup>13</sup>

---

<sup>13</sup> To arrive at this estimate, we simply took the 12-month net benefit of the facility (\$3,898,522) and divided it by the annual debt service payment (\$124,620).

# Appendix

## Survey Questions

The numbered questions were asked of all firms. The unfolding sequence of follow-up questions depended on the responses given to the numbered questions.

1. How many customers would you say you serve on a typical day/weekend when there is not an event in town?
2. Do you have more customers on days/weekends when there is an event in town?
  - IF YES
    - About how many more customers would say you have on those days/weekends?
    - Do you bring in more employees for when anticipate these increases?
    - Okay, I'm going to ask a little more about those the increases you have observed. As you may know, McGregor Hall hosts a variety of events such as concerts, graduations and dance competitions.
    - Which event, if any, would you say brings the most customers to your establishment?
    - For sit-down restaurants: Do your employees make more on the weekends when events are in town?
      - If Yes: How much more, approximately, would you say your employees make on the weekends with events in town? How much would you say, approximately, your employees make on a typical weekend when no event is scheduled at McGregor Hall?
3. What is the average bill amount, including tips, for a customer at your establishment?

**Table A1. Referent Restaurants for Out-of-Sample Establishments**

Referent Restaurant(s)	Out-of-Sample Restaurants
Chick-Fil-A	Ichibar Japanese Restaurant
Cracker Barrel	Mayflower Seafood Restaurant
George's Restaurant	Ribeyes Steakhouse
Pino's Italian Restaurant	Next Door Bistro
Uncle Llew's Restaurant and Pub	Los Dos Amigos
Ruby Tuesday	Waffle House
	Denny's
	Pizza Inn
	Golden Corral
	Henderson Mexican Restaurant
	Bojangles
	Smithfields
	McDonald's
	Burger King
	Papa John's
	Dominos
	Arbys
	Kang Wangs

**Table A2. Referent Hotels for Out-of-Sample Establishments**

Referent Hotels(s)	Out-of-Sample Hotels
Red Roof Inn	None
Baymont by Wyndham	
Hampton Inn	
Sleep Inn	
Econo-Lodge	

McGregor  
Hall