

The Economic Impact of Secondary Residents of Door County, Wisconsin



Photo Credit: Dan Eggert



University of Wisconsin
Whitewater

College of Business and Economics
Fiscal and Economic Research Center

Executive Summary

The University of Wisconsin-Whitewater Fiscal and Economic Research Center (FERC) was tasked with conducting a study on the economic impact of secondary resident in Door County, Wisconsin.

There are **more than 9,570 seasonal units** in Door County where secondary residents stay for an **average of 110 days per year**. Compared to 10,718 primary homes, these secondary residents have a significant impact on the local economy during their stay (U.S. Census Bureau, 2020). The FERC uses the 9,570 units; about 1,000 non-primary homes are currently used as short term rentals and are not appropriately used to estimate the economic impact of seasonal units.

By calculating the daily expenses per household for these secondary residents, we can value the additional spending generated in the local economy. Using that information, we are able to estimate the number of direct and indirect jobs created in the area, additional tax revenue, and other economic factors relevant to Door County and other similar areas throughout the country.

Specific findings, which are detailed more thoroughly in the report, include:

- Stimulating the economy with **\$110 million in annual economic impact**.
- Creation of **1,000 full-time equivalent jobs in Door County, providing employees with \$40 million in labor income**.
- Generating **\$5.25 million in state and local taxes**.

Door County's housing market is characterized by a late proportion of seasonally owned properties. According to recent data, there are 11,595 homes in the county that are identified as seasonal residences 11,595 vacant units. These include seasonal, recreational, or occasional use housing.

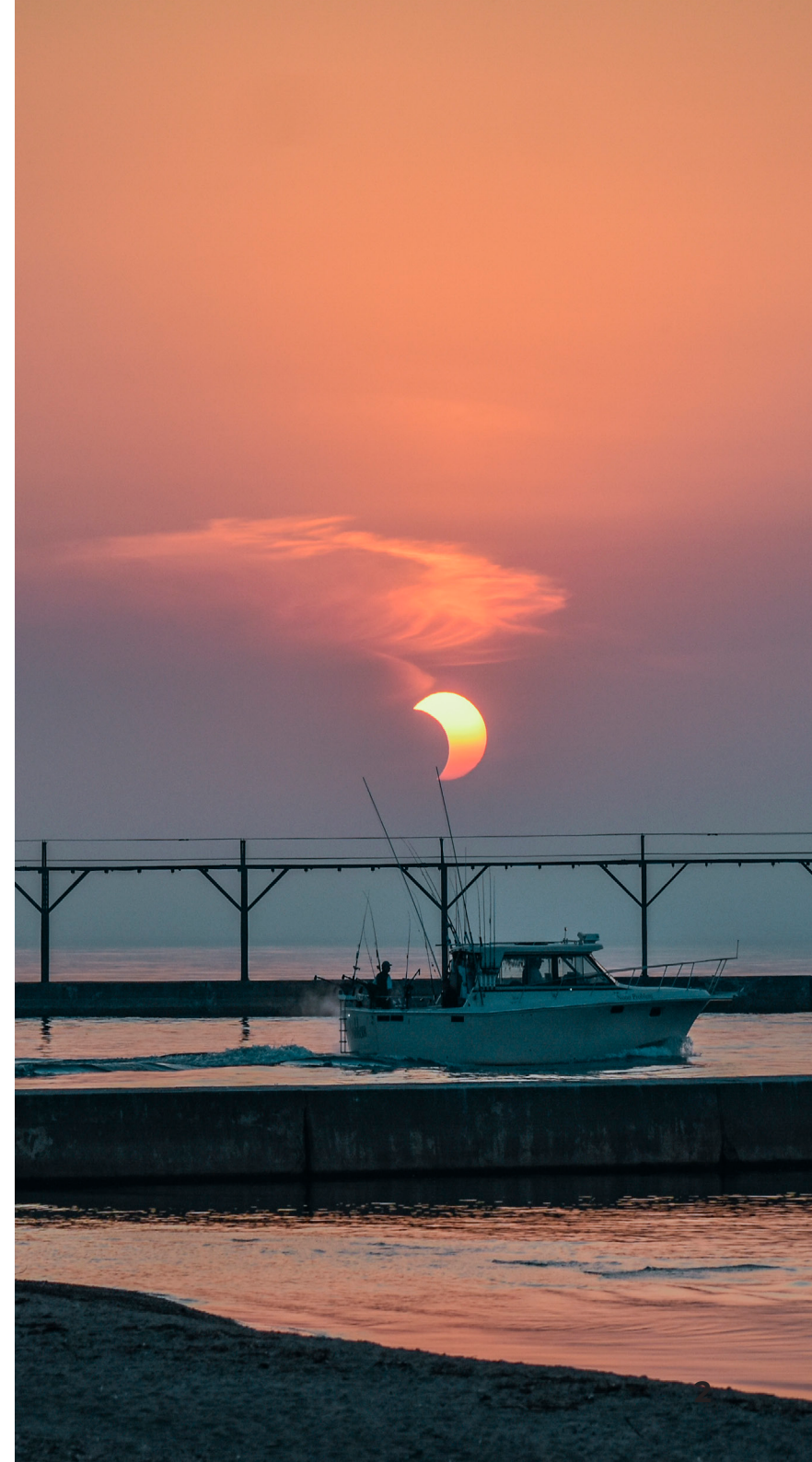
The FERC surveyed homeowners whose tax bills went to addresses outside of Door County. This survey found that 91% report residing in these properties on a part-time basis, with only 9% declaring them as their full-time residence. This data point underscores a seasonal nature of homeownership in Door County, where a large percentage of homeowners utilize their properties primarily for temporary stays.

Methodology

The FERC designed a survey and sent it to Door County secondary residents to gather information on the economic impact of their time in Door County. The survey was conducted to conclude the benefits of tourism in the region. Additionally, data on socioeconomic demographics of Door County secondary residents was collected to estimate the potential economic benefit of these homeowners staying longer in their seasonal units. Finally, to estimate the economic benefits of secondary residents in the area, we collected information on their daily spending in each major category.

In order to calculate the value of secondary residents' time in Door County, the FERC employed IMPLAN, an input-output method of analysis. By calculating the daily expenses per household for these secondary residents, we can evaluate the additional spending generated in the local economy. Using that information, we are able to estimate the number of direct and indirect jobs created in the area, additional tax revenue, and other economic factors relevant to Door County and other similar areas throughout the country.

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IMPLAN

The study's objectives are to estimate and to quantify the number of jobs, total wages, and total output generated because of Door County secondary residents.

The IMPLAN economic impact model (named for its attempt to analyze the impact for use in economic planning) is used to measure both direct and secondary impacts of additional spending by secondary residents in the area. For the economic impact of secondary residents, the input-output analysis model was used.

The input-output analysis methodology best measures both the relative sizes of sectors that make up the economy and the linkages among them. While this paper is unable to reveal the multiple economic iterations between the various economic players, the modeling available through IMPLAN produces a structural model that illuminates the interactions among sectors and measures impacts as they reverberate through the economy. By revealing these interactions, the policy makers can develop a strategy that most efficiently stimulates regional economic growth.

DOOR COUNTY SECONDARY RESIDENTS' IMPACT ON LOCAL ECONOMY

Door County secondary residents have a significant impact on the local economy on Door County, Wisconsin. These residents provide entertainment and culture to the local community while also bringing in a substantial amount of money through direct and indirect consumer spending. For this study, the UW-Whitewater Fiscal and Economic Research Center (FERC) utilized IMPLAN to calculate a quantitative assessment of secondary residents' days spent in Door County.

IMPLAN estimates are grouped into three categories that affect the local economy: the direct effect, indirect effect and induced effect.

DIRECT EFFECT

The direct effect refers to the production change associated with a change in demand for the good itself. In other words, the direct effect is the initial impact to the economy, which is exogenous to the model. Secondary residents' direct spending comes from daily purchases and expenses for groceries, dining out, recreation, shopping, etc. In addition, output is the value of production by industry in a calendar year. It can also be described as annual revenues plus net inventory change.

INDIRECT EFFECT

The indirect effect refers to the secondary impact caused by changing input needs of directly affected industries (e.g., additional input purchases to produce additional output). It concerns inter-industry transactions, as companies that witness increased business create a demand for locally sourced materials that are needed to produce said companies' products or services. Output represents all of the output generated because of the direct business to business spending. Secondary residents indirectly affect the local and state economies because the firms that provide direct goods and services to these residents must also purchase materials and supplies. These types of spending generate indirect impacts.

INDUCED EFFECT

The induced effect is caused by the changes in the household spending due to the additional employment generated by direct and indirect effects. The direct and indirect effects on employment and income affect overall purchasing power within the economy, thereby inducing further consumption spending. This cycle continues until the spending eventually leaks out of the economy as a result of taxes, savings or purchases of non-locally produced goods and services (imports).

	EMPLOYMENT	LABOR INCOME	OUTPUT
DIRECT EFFECT	 720 JOBS	 \$30.00M	 \$78.50M
INDIRECT EFFECT	 175 JOBS	 \$5.50M	 \$19.00M
INDUCED EFFECT	 105 JOBS	 \$4.50M	 \$12.50M
TOTAL EFFECT	 1,000 JOBS	 \$40.00M	 \$110.00M

STATE AND LOCAL TAX IMPACT

As a result of this time spent in Door County, the **secondary residents will generate an additional \$5,250,000 in state and local taxes**. This does not include property taxes. This total consists mainly of sales and other use taxes, reflecting the impact of heavily taxed tourism-related activities on the economic contribution of Door County residents.

Daily Spending Per Household



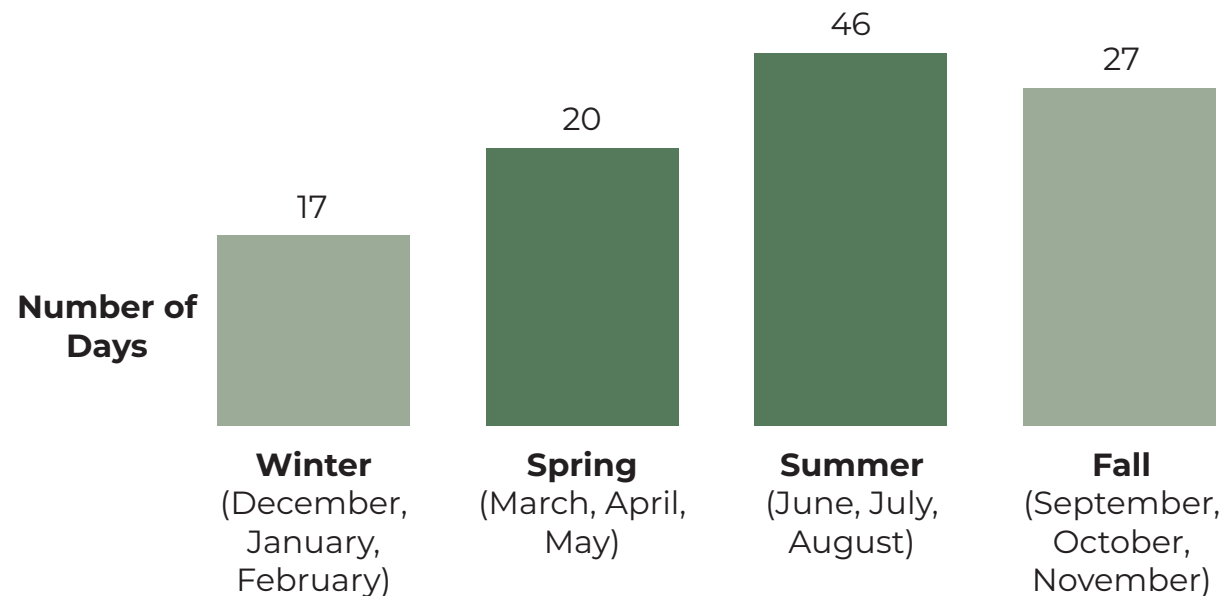
**Total Daily Spend
Without Construction: \$119.05**

CONSTRUCTION COST

Seasonal homeowners in Door County spend a median of \$1,000 annually on construction and remodeling. The \$1,000 median (as opposed to the average of \$54,663) serves as a conservative measure that limits the impact of outliers on the data set, providing a clearer picture of typical spending behavior that contributes to the local economy by supporting construction and remodeling businesses. The economic impact of the construction and remodeling is included in the economic impact analysis.

SEASONAL DEMAND

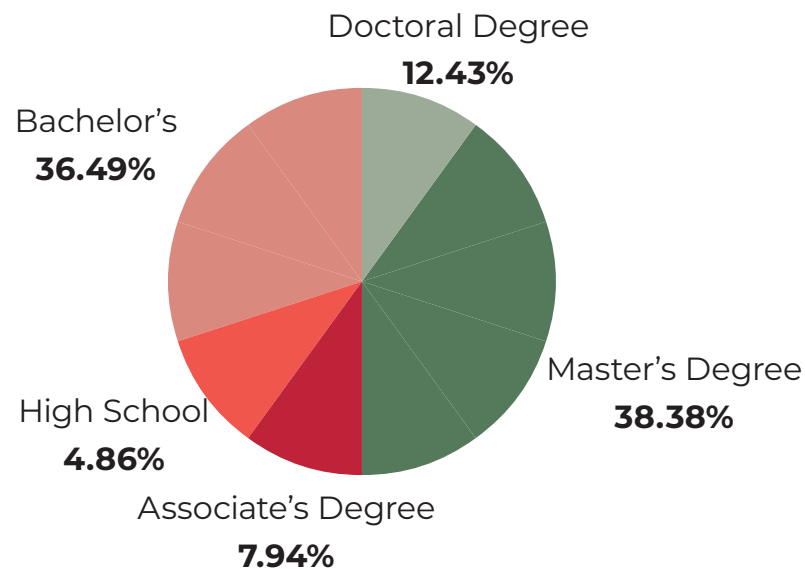
The data on seasonal property usage reveals a distinct pattern of economic engagement throughout the year. Seasonal homeowners report spending 46 days in Door County during the summer, with significantly fewer days in the spring (20 days) and fall (27 days). This variation suggests that economic activity driven by these homeowners is heavily concentrated in the summer, leaving spring and fall as underutilized periods. The transition of some seasonal homeowners to full-time residency could significantly boost economic activity during these off-peak seasons, providing a more stable and continuous contribution to the local economy throughout the year. This potential shift in residency patterns could be instrumental in sustaining local businesses and services during traditionally slower periods, enhancing the overall economic resilience of Door County.



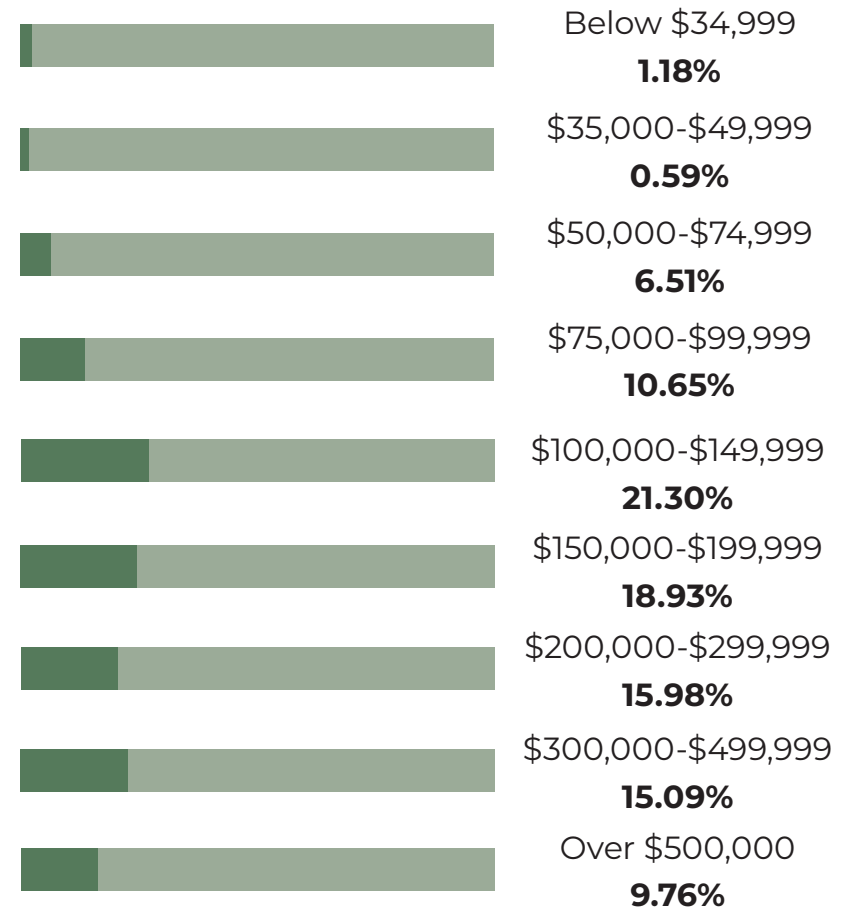
Demographics

EDUCATION LEVEL

When asked what level of education they have completed, most of the respondents indicated that they have a post-secondary degree. **36.49%, 38.38%, and 12.43% indicated that they have a Bachelor's, Master's, or Doctoral degree, respectively.** It should be noted that the respondents' level of formal education exceeds Door County's average. In Door County, **35.3% of adults 25 years or older have a Bachelor's degree or higher (in our survey, this was 87.3%).**

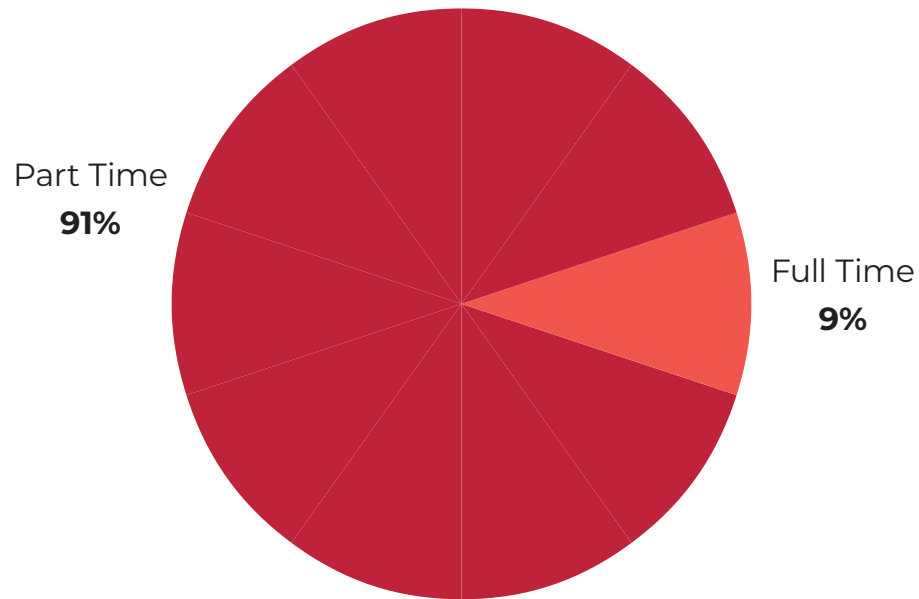


ANNUAL HOUSEHOLD INCOME



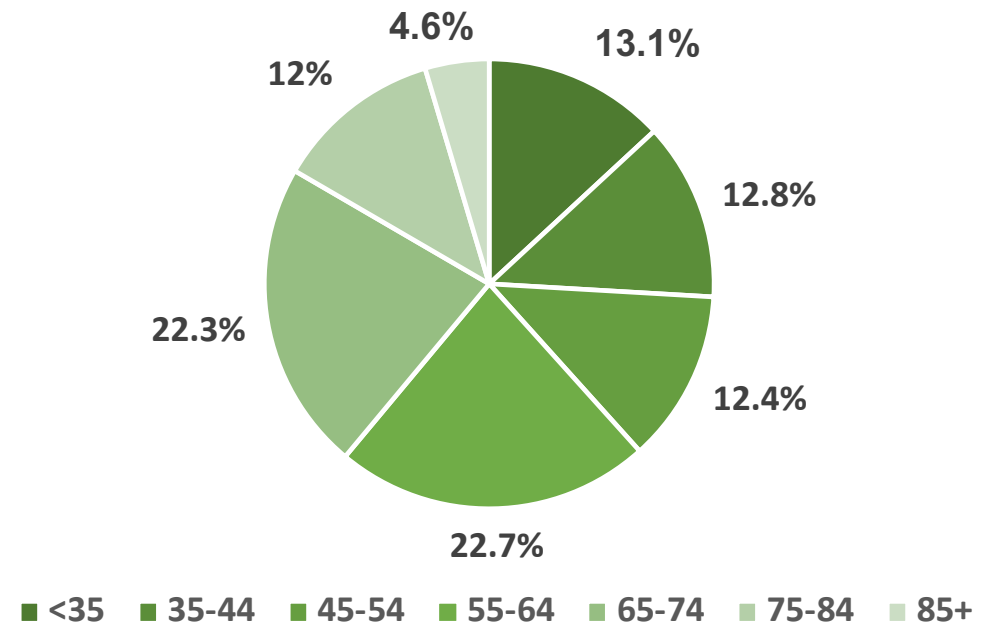
Based on the data collected by the U.S. Census Bureau, the median household income in Wisconsin was \$72,458 in 2022 (median household income in Door County was \$68,257). **Over 90% of respondents (who are secondary residents) have a household income that surpasses the median in the state.**

LIVING STATUS



The FERC surveyed homeowners whose tax bills went to addresses outside of Door County. This results found that 91% report residing in these properties on a part-time basis, with only 9% declaring them as their full-time residence. This data point underscores a seasonal nature of homeownership in Door County, where a large percentage of homeowners utilize their properties primarily for temporary stays.

AGE

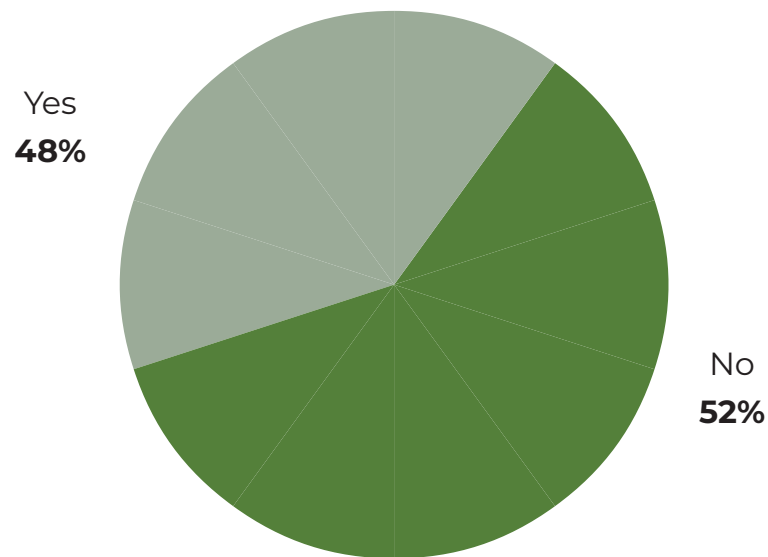


The age distribution of Door County residents provides further context to this potential shift. The county's population has, as its largest age cohorts, those individuals between 55-64 years (22.7%) and 65-74 years (22.3%). In contrast, younger age groups are less represented; for instance, only 13.1% of the population is under 35 years old. The distribution suggests that Door County is currently attractive to older adults, many of whom may already be part-time residents considering a full-time move.

Potential Influx of Permanent Residents

A dynamic emerges when examining the future intentions of these seasonal homeowners. Nearly half (48%) of the respondents expressed a desire to transition to full-time residency in Door County. This split in intentions suggests a potential opportunity for economic growth, if some of this 48% were to follow through with their plans to make Door County their permanent home.

IF YOU ARE NOT A FULL-TIME RESIDENT, DO YOU INTEND TO BECOME A FULL-TIME RESIDENT IN DOOR COUNTY AT SOME POINT?



The interplay between these data sets highlights the potential for Door County to see an influx of permanent residents, primarily from its existing pool of older, part-time homeowners. This potential migration could have profound implications for the county's economic planning, infrastructure needs, and social services, as an aging population often demands different resources compared to a younger demographic. Therefore, understanding these trends is crucial for local policymakers as they prepare for a possible demographic shift towards a more senior-dominated, full-time resident population.

These potential residents will ultimately impact the “off-season” economic impact for the Fall and Spring. The respondents stated that they spent an average of 46 days (out of a possible 90) summer days in Door County; the Spring and Fall visitations were 27 and 20. Permanent residents will ultimately provide more economic activity for the months that the seasonal residents are more consequential in the underutilized months. (Door County Comprehensive & Farmland Preservation Plan Volume II, Resource Report, 2024).



ABOUT THE FERC

The University of Wisconsin-Whitewater Fiscal and Economic Research Center provides research services for area businesses, not-for-profits organizations and government entities, including Economic analysis, Geographic Information Systems (GIS) analysis, market research, economic forecasting and business development, and much more.

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