



Networks
Northwest

Talent / Business / Community

Outdoor Recreation Economic Impact Study for Northwest Michigan





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Report by Fourth Economy

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Acknowledgments

ABOUT NETWORKS NORTHWEST

Founded in 1974, Networks Northwest facilitates and manages various programs and services for the 10 counties of northwest Michigan. Networks Northwest's mission is to build stronger communities and enhance the quality of life in northwest Michigan. The organization's primary service categories are: workforce development; business and economic development; and community development. Programs include Northwest Michigan Works!, Community Development, APEX Accelerator, various business services, and many different initiatives in response to our communities' requests and needs.

Networks Northwest's member counties are: Antrim, Benzie, Charlevoix, Emmet, Grand Traverse, Kalkaska, Leelanau, Manistee, Missaukee, and Wexford.

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Executive Summary

The 10-county region of northwest Michigan – comprising Antrim, Benzie, Charlevoix, Emmet, Grand Traverse, Kalkaska, Leelanau, Manistee, Missaukee, and Wexford counties – provides an incredible landscape of outdoor recreation and natural areas for locals and visitors to enjoy. The region’s water resources are one of its biggest attractions, from boating on Lake Michigan to fishing in its many rivers, streams, and ponds. Trails (both motorized and non-motorized), skiing, and events also drive outdoor recreation activity in the area.

Overall, economic data trends of the region indicate a good foundation for the Outdoor Economy. The region avoided population decline throughout the COVID-19 pandemic and is anticipated to experience steady population increase through 2027, largely driven by growth in retirement-aged individuals moving to the community. Demand for labor is expected to continue to increase over time to accommodate this growth, especially in the region’s top

industries. The region has almost double the concentration of agriculture, forestry, fishing, and hunting employment than national averages for regions of similar size, as well as higher than average concentrations in manufacturing, construction, retail, and arts, entertainment, & recreation, indicating a strong, blue-collar base and foundation for Outdoor Economy employment.

The Outdoor Economy employs 4,712 workers in the Networks Northwest region and contributed 1.15 billion to Gross Regional Product in 2022. Within the Outdoor Economy, the sectors of arts, entertainment, & recreation, real estate, and transportation experienced significant growth from 2001 to 2020, especially notable when benchmarking against growth nationwide.¹

3 1. Lightcast

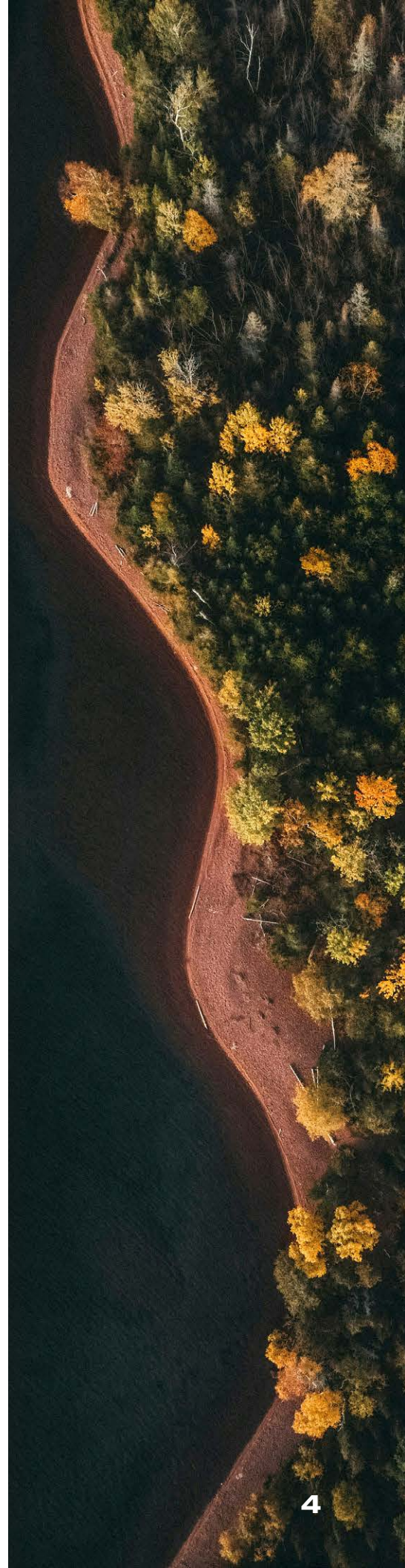
The Networks Northwest region is 32% above the national average for spending on Boats, Trailers, Campers, and Recreational Vehicles and surpasses the national average in Other Sports Equipment, Water Sports Equipment, and Recreational Vehicle spending.² Camping and Camping Equipment; Bicycles; Sports, Recreation, and Exercise Equipment; and Rental/Repair of Sports, Recreation, and Exercise Equipment present opportunities for business investment and development in the area.

In addition, stakeholder interviews revealed an opportunity for several areas of business development – from marine services and e-boats to new rental, retail, outfitters, and guides. The creation of an outdoor industry association should be explored to increase opportunities for business-to-business (“B2B”) connections and networking.

Survey responses of over 200 regional outdoor industry businesses revealed that the majority of outdoor recreation-based businesses in northwest Michigan are growing, and 96% reported their sales were increasing or stable. 72% reported they were planning on additional hiring in the next three years. By far, the biggest challenge experienced by these businesses is the lack of available talent and/or well-trained workforce.

As the region experiences the effects of climate change, the growth of shoulder seasons should be expected and planned for, as warmer-season outdoor recreational opportunities will start earlier and end later. The region can also benefit from intentional, long-range planning for its outdoor recreation assets – including outreach to welcome increased diversity and marketing that will develop and drive people to underutilized areas, education about conservation and responsible use, infrastructure development to spur enhanced activity, and impact studies and deliberate stewardship to maintain the region’s natural character.

Finally, though not an outdoor recreation issue in isolation, outdoor industry advocates should work with regional partners to ensure an adequate supply of workforce housing is available to support the local talent pool and the diverse businesses that make up the region’s Outdoor Economy.



Introduction

Networks Northwest partnered with Fourth Economy to create an Outdoor Recreation Business Inventory and Economic Impact Study of the 10-county northwest Michigan region that the organization serves.

This included listening to industry stakeholders, mapping businesses in the region that serve or support the outdoor recreation industry, identifying potential gaps and areas of opportunity, and quantifying the economic impacts of the sector overall.

This work was supported by the Michigan Office of Outdoor Recreation Industry (“the Office”), which was created by the State of Michigan in May 2019 and charged with supporting and growing the state’s outdoor recreation economy. In October 2022, the Office of Outdoor Recreation Industry moved to the Strategy and Economic Competitiveness division within the Michigan Economic Development Corporation (MEDC). Since its inception, the Office of Outdoor Recreation Industry has collaborated with programs and departments across MEDC, including the business development team, the Office of Future Mobility and Electrification (OFME), and the Entrepreneurship and Innovation (E&I) team.

Efforts of MEDC and the Office have included the Fresh Coast Maritime Challenge, announced by Governor Gretchen Whitmer in April 2023 to put Michigan at the forefront of sustainable maritime transportation, including recreational boating activities and marina innovation.

MEDC and the Office continue to explore opportunities and push forward initiatives to grow year-round jobs and attract new

manufacturing in the industry to the region. This report can serve as a guide for the state, regional stakeholders, and local business community to identify opportunities for growth and diversification of the outdoor industry in northwest Michigan.

DEFINING THE OUTDOOR ECONOMY

The parameters of the Outdoor Economy for purposes of this report build upon previous Fourth Economy analysis for the Pennsylvania Environmental Council and were refined by Networks Northwest and MEDC.

Outdoor Economy industries are defined using the North American Industry Classification System (NAICS) codes. The Outdoor Economy spans a variety of sectors, including manufacturing; transportation and warehousing; information; arts, entertainment, and recreation; accommodation and food service; construction; public service; real estate; and other services. We further consider each industry according to which type of outdoor activity they support (outdoor category) as well as their type of offering (goods, services, infrastructure, attractions, food and beverage).

See the complete list of Outdoor Economy industries by NAICS code in the appendix.

METHODOLOGY

ANALYSIS METHODOLOGY

The first phase of this work included a baseline analysis of demographic, economic, industry, and spending trends across the 10-county region using Lightcast, as well as Census ACS data to inform population, identity, and

economic indicators. Using the above definition of the Outdoor Economy, we investigated each outdoor industry in terms of employment and Gross Regional Product via Lightcast. We assessed spending across industries through Esri Business Analyst and Replica. Esri Business Analyst provides data on outdoor activity spending, while Replica provides spending and changes in spending across retail, food and beverage, entertainment & recreation, and airline, hospitality, and car rental.

INVENTORY AND SCRAPING

To create an outdoor industry business inventory for the Networks Northwest region, we combined Region 2 business inventory data, sourced and provided by MEDC, with Google Business Profile information. Scraping Google Business Profiles generated an API from which we collected information on businesses, organizations, and destinations based on keywords. This process allowed a compilation of all information listed on Google Map cards, such as addresses, business categories, phone numbers, latitude and longitude, and more. We keyword searched 'outdoor recreation' across all ten counties to compile the scraped list, which was then cleaned to remove "ghost businesses" (those that have a Google listing but are no longer in operation) and those outside the geography and defined parameters of Outdoor Economy. We then compared this list to the Region 2 business inventory list, cross-checking for duplicates and adding new findings to a combined file. This resulted in the addition of 93 businesses to the MEDC list for a total of 609 businesses.

INTERVIEWS

Twenty interviews were conducted with stakeholders and leaders in the outdoor recreation industry to understand the key strengths of the outdoor recreation business ecosystem, as well as critical gaps in the industry that may represent opportunities for future development. Interview subjects were identified by Networks Northwest as well as sourced from recommendations of the interviewees themselves. A list of interviewees is available in the appendix.

SURVEY

A business information survey was distributed to outdoor industry businesses in the region to self-report information like outdoor recreation category, business size, years in operation, and address. To distribute the survey to as many relevant businesses as possible, Networks Northwest shared it with its many partners across the 10-county region, including regional business development managers, local economic development organizations, chambers of commerce, and downtown development authorities. Business information results were combined with the business inventory database to make a complete Outdoor Economy business inventory. The survey received 201 responses.



Economic Impacts of the Outdoor Sector

This section of the report details basic economic and demographic trends that are anticipated to affect the outdoor industry in Antrim, Benzie, Charlevoix, Emmet, Grand Traverse, Kalkaska, Leelanau, Manistee, Missaukee, and Wexford counties. It also analyzes outdoor industry-specific data, including jobs, wages, and regional spending.

DEMOGRAPHICS

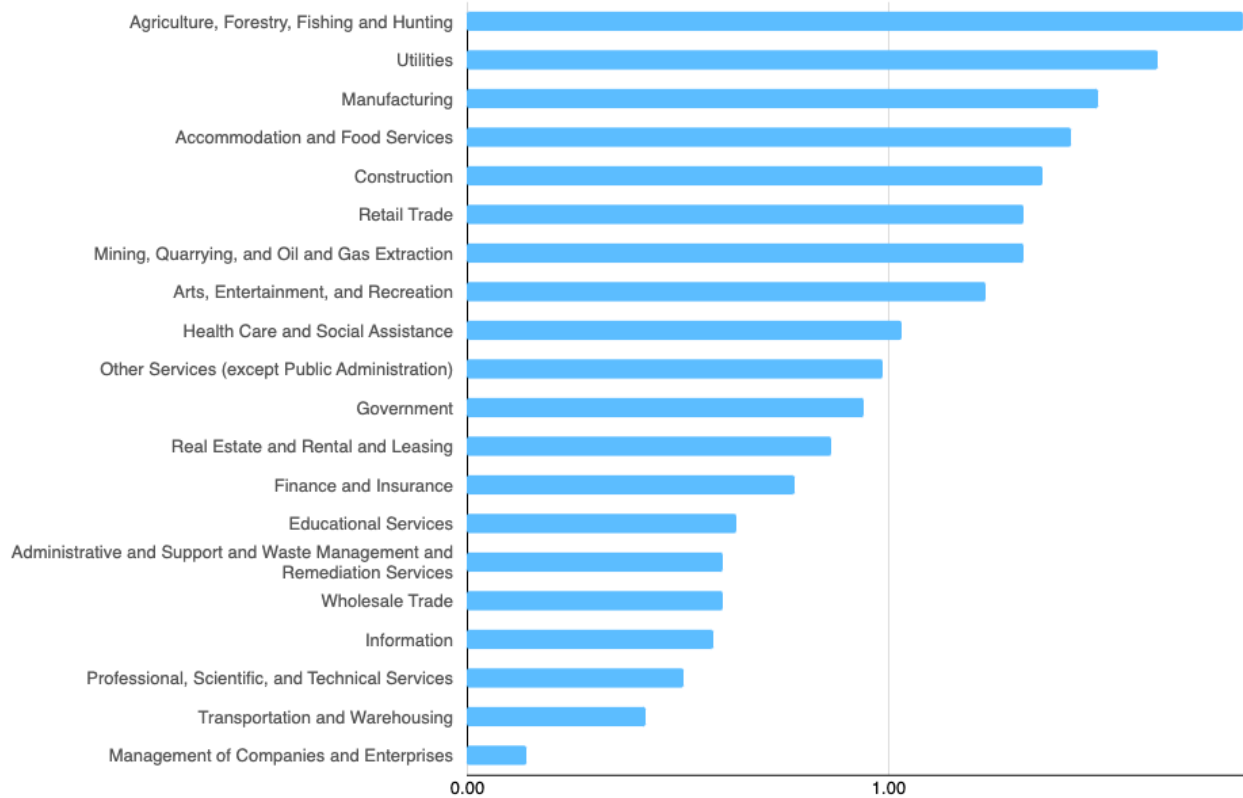
Networks Northwest's regional **population is growing**, avoiding the population decline that many areas of the country experienced during the COVID-19 pandemic. The region's population increased by 4.2%, or 12,873 people, from 2017 to 2022 and is expected to increase by 4.5%, or 14,125 people, between 2022 and 2027. Networks Northwest leaders note the growing popularity of the region for older, retirement-age adults in recent years. According to Lightcast data, the region experienced the largest share of growth in populations 60 to 74 years old from 2012 to 2022.

As of May 2023, the unemployment rate in the 10-county region was 4.5%. With increases in retirement age populations, the region may see a decrease in labor force participation. However, the **demand for labor is projected to continue to increase**. The region is home to a higher share of workers retiring soon (the national average for an area this size is 820 employees 55 or older, while the region has 947), and it is also home to a slightly smaller share of Millennials. The racial diversity in the region remains relatively low, especially when compared to national averages of regions of similar size. These groups are critical for creating inclusive outdoor economies.

INDUSTRY ANALYSIS

Employment Concentration, or location quotient measures the relative concentration of employment by industry, comparing the region to national averages. Considering concentrations can reveal regional specialization or industrial identity.

Top Industry Employment Concentration



Source: Lightcast

Service industries employ the most workers in the region. Among smaller employing industries, the region has almost double the concentration of Agriculture, Forestry, Fishing, and Hunting employment than national averages for regions of similar size. The region also has higher than average concentrations in Manufacturing; Construction; and Arts, Entertainment, and Recreation employment, **reflecting the significant size and influence of the region's Outdoor Economy.**

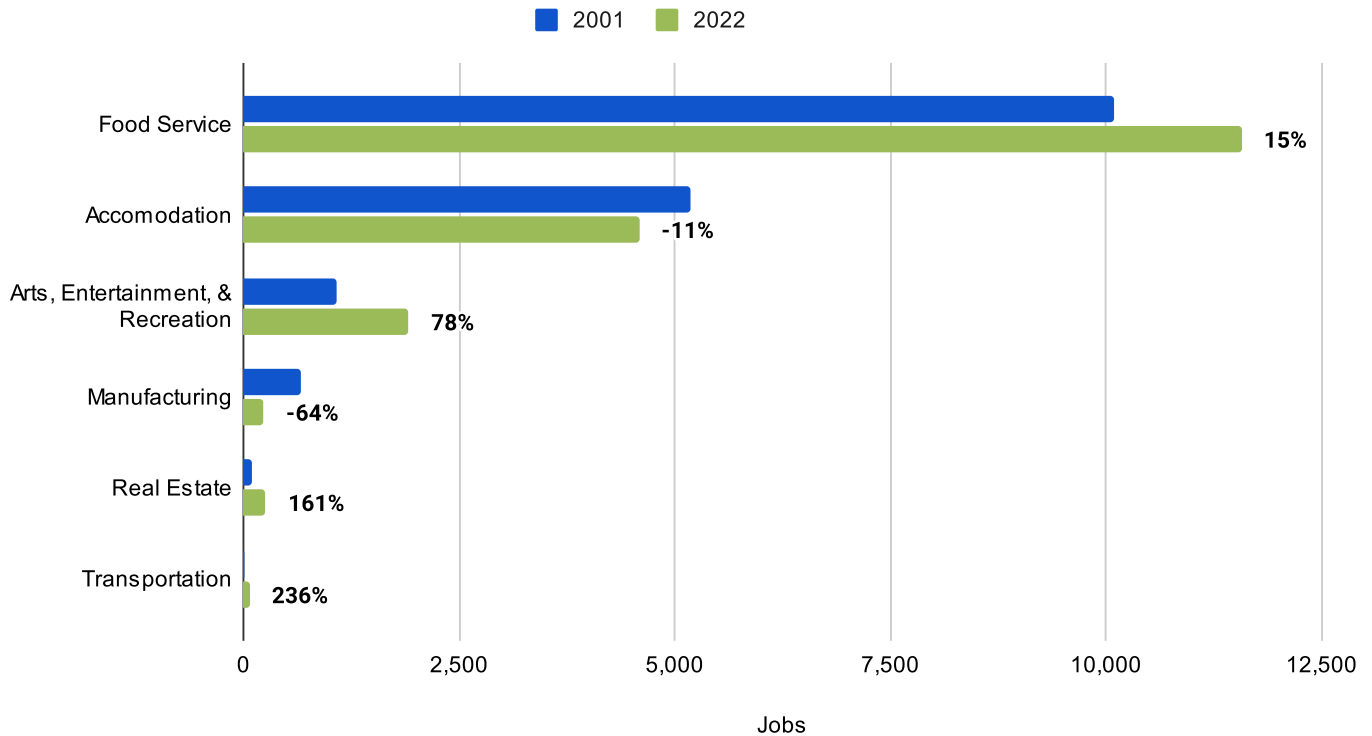
The Outdoor Economy employs 4,712 workers in the Network Northwest region, or 3% of the total regional labor force.

COMPARATIVE ANALYSIS OF OUTDOOR ECONOMY INDUSTRIES

In order to analyze the components of the Outdoor Economy, we consider industries by sector, including: Manufacturing; Transportation and Warehousing; Real Estate Rental and Leasing; Arts, Entertainment, and Recreation; Accommodation and Food Service.

The Real Estate, Transportation, Food Service, and Arts, Entertainment, & Recreation segment jobs all grew between 2001-2022. The average earnings within the region’s Outdoor Economy are \$44,627, compared to \$50,627 nationally for these industries in regions of similar size and \$60,500 average earnings for the region across all industries. Michigan livable wage are \$33,842 for individuals and \$105,914 for families with two children.

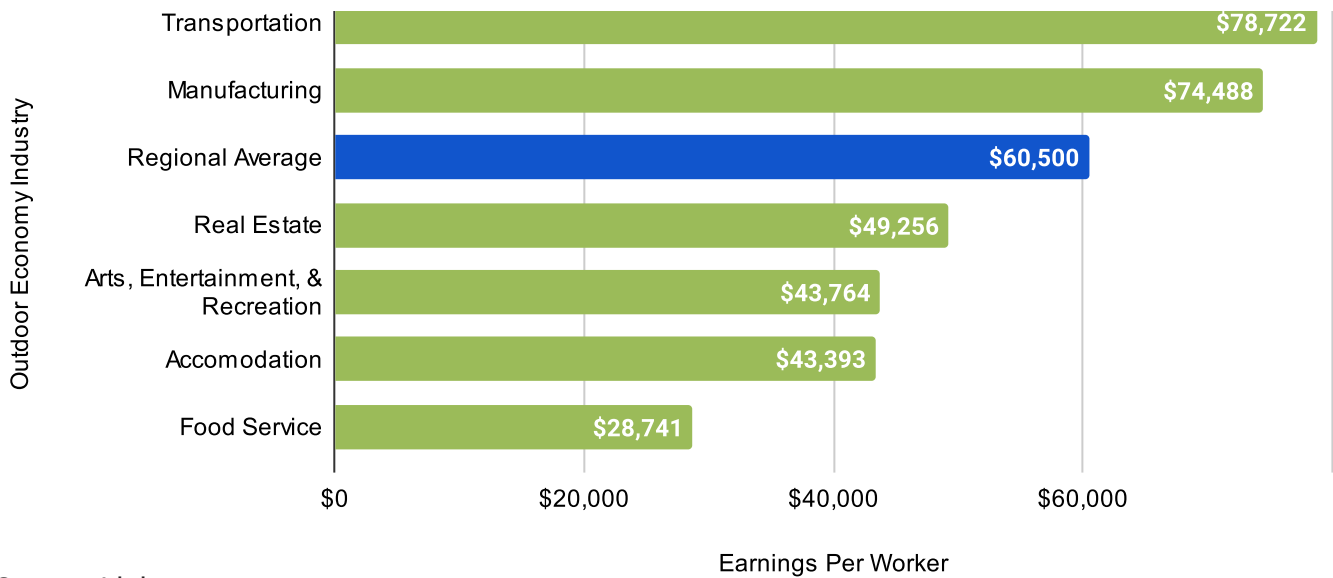
Change in Outdoor Economy Industry Jobs in 10-county Region 2001 - 2022



Source: Lightcast

The local Outdoor Economy consists of several small, higher-paying industries and several large lower-paying industries. Smaller employing Outdoor Economy industries are the highest paying. While food service provides the largest number of employees to the Outdoor Economy, this industry has the lowest earnings per worker. Manufacturing and Transportation provide the fewest jobs but the highest wages.

Earnings Per Worker in Outdoor Economy Industries



Source: Lightcast

Since 2001, there has been considerable growth in the concentration of Outdoor Economy employment. Outdoor jobs grew by 1,500, or 9%, from 2001 to 2022. Shift share analysis distinguishes if growth or decline is attributable to national or regional factors. While food services employ the most people within the Outdoor Economy, it is smaller than expected based on national trends, according to shift share analysis. Instead, **the region's economic competitiveness lies with arts, entertainment, & recreation, real estate, and transportation**, industries that have experienced job growth above and beyond what would be expected based on those same national trends.

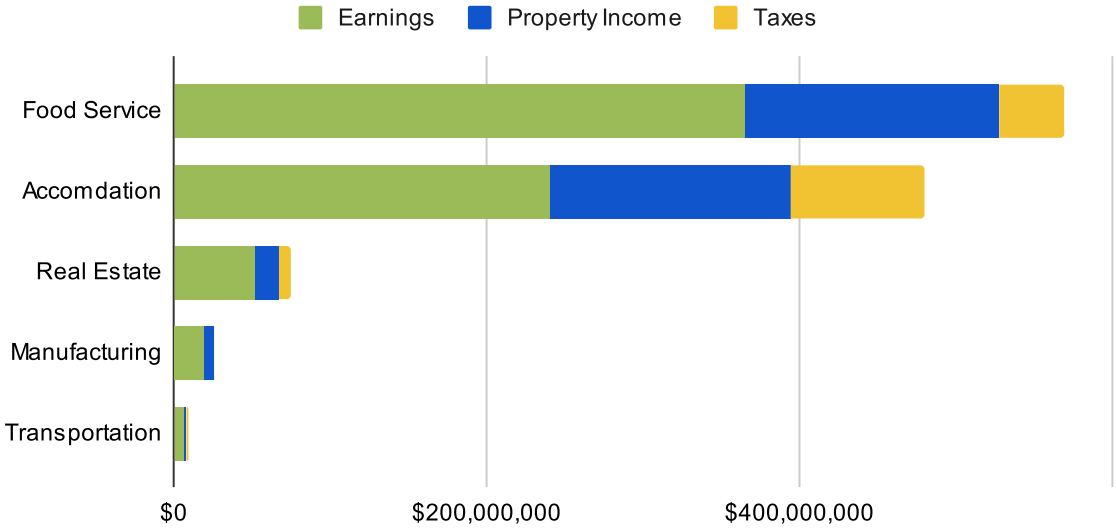
Outdoor Economy Shift Shared Analysis



Source: Lightcast

Major Outdoor Economy industries contributed \$1.15 Billion to Gross Regional Product (GRP), or nearly 10% of local GRP in 2022. Notably, Arts, Entertainment, & Recreation GRP jumped, almost doubling, since the onset of COVID to \$479.8M in 2022. Arts, Entertainment, & Recreation GRP in 2022 consisted of \$240.5M in earnings, \$154.4M in property income, and \$85M in taxes.

Gross Regional Product per Outdoor Economy Industry



Source: Lightcast

Gross Regional Product 2022

VISITOR PROFILES AND SPENDING ANALYSIS

Analysis of visitor spending identifies several critical hubs and assets that attract tourists as well as a large amount of local spending. In general, inland areas with higher spending correspond with existing ski resort areas, creating an arc across Northwest Michigan. These resort areas continue to adapt to current and anticipated changes in snowfall by offering increasingly diverse activities such as archery and axe throwing, hiking and mountain biking, and off-road vehicle (ORV) riding.

Cities along Lake Michigan, such as Traverse City, Manistee, and Charlevoix, with well-developed commercial centers, have **strong visitor spending as well**. The Outdoor Economy complements other tourism activities, and these destinations attract and capture that visitor spending.

Spending at merchant locations per square mile is most concentrated in population centers such as Traverse City, as well as destinations along Lake Michigan. Spending on entertainment and recreation, as well as airlines, hospitality, and car rental stand out in the northern portion of the region, driven by resorts, parks and beaches, golf courses, and complimentary infrastructure such as the Pellston Regional Airport. Retail spending is more concentrated in regional cities such as Traverse City, Cadillac, Petoskey, and Manistee.

Spending is trending up across many industries relevant to the Outdoor Economy. **Spending on entertainment and recreation across the 10 counties grew in 2022**, remaining high in 2023.

Retail, and restaurant & bar spending was strong in the first two quarters of 2023 but below the pace of spending peaks in the fall of 2022.

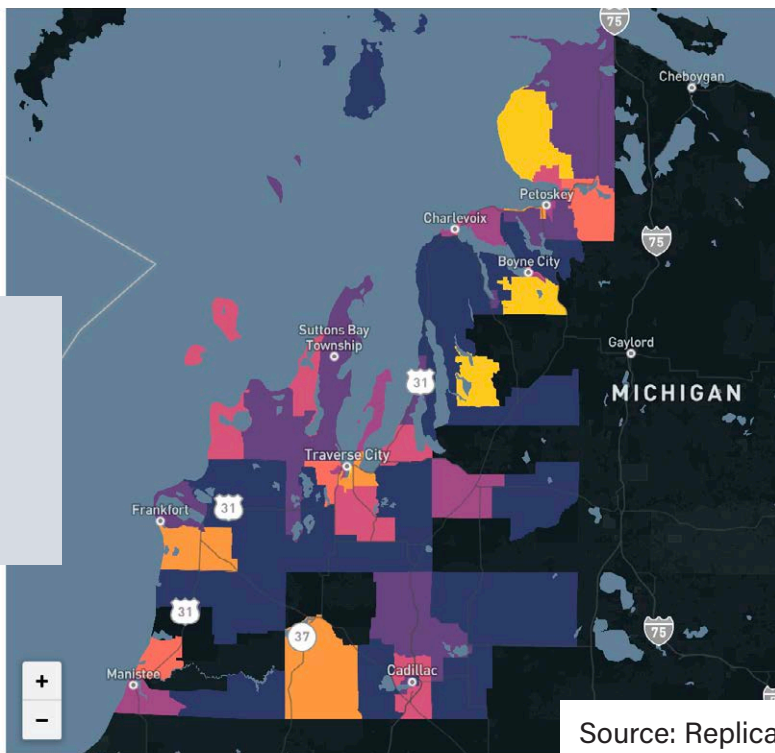
Map of Entertainment & Recreation Spending activity between July 22 and July 28, 2023. Additional maps are available in the Appendix.

Tracts In Antrim County, MI & 9 Other Areas

Entertainment & Recreation

Spend at merchant location in this geography, weekly total

Jul 22, 2023 to Jul 28, 2023



Source: Replica



Thriving outdoor economies provide for residents as well as visitors.

All but two regional counties have average disposable incomes above the national average of \$58,870, while Missaukee and Kalkaska incomes are on par with the national average.

2023 Average Disposable Income

Leelanau County, MI	\$85,782
Emmet County, MI	\$76,963
Charlevoix County, MI	\$76,363
Benzie County, MI	\$71,850
Antrim County, MI	\$70,610
Grand Traverse County, MI	\$69,569
Manistee County, MI	\$65,400
Wexford County, MI	\$60,084
Missaukee County, MI	\$58,763
Kalkaska County, MI	\$56,726

SPENDING BY INDUSTRY

Spending Potential Index (SPI) compares the average amount spent locally for a product to the average amount spent nationally. An index of 100 reflects the average. An SPI of 120 indicates that average spending by local consumers is 20% above the national average.

Networks Northwest is 32% above the national average for spending on Boats, Trailers, Campers, and RVs. The region also surpasses the national average in spending on Other Sports Equipment, Water Sports Equipment, and Recreational Vehicles. Docking and Landing fees, as well as rentals of Boats, Trailers, Campers, and RVs, have an SPI of 99, and Hunting and Fishing equipment have an SPI of 97, meaning they are just about at the national average.

Consumer Spending Across Recreation Outdoor Categories



Higher than national average spending indicates both popularity and potential saturation. For regions interested in a variety of outdoor recreation, business development is most opportune in areas where spending is currently below national averages, as well as in categories that reflect some existing traction and are complementary to existing activities. Camping (67); Exercise Equipment and Gear, Game Tables (72); and Camping Equipment (76) are all well below national averages. Bicycles (85); Sports, Recreation, and Exercise Equipment (86); and Rental/Repair of Sports, Recreation, and Exercise Equipment (89) present opportunities for business investment and development.





Key Strengths and Opportunities for the Outdoor Sector in Northwest Michigan

This section reflects insights from interviews with Outdoor Economy stakeholders and survey responses received from outdoor industry businesses to provide a high level overview of the strengths and opportunities for development that exist to grow the outdoor industry in the region.

STRENGTHS

Northwest Michigan provides incredibly diverse opportunities for outdoor recreation. **This is due in large part to Northwest Michigan's abundant access to water resources**, arguably the biggest driver of outdoor recreation activity in the region. These resources provide diverse opportunities for many different types of recreation. Beyond Lake Michigan, there are rivers, streams, smaller lakes, and dams that provide opportunities for recreation such as kayaking, fly-fishing, and swimming. **Since the pandemic there has been a high demand for services** as people have flocked to the outdoors as a form of recreation, from fishing guides, to harbor and marina services, to private campgrounds and equipment rentals.

Trail use of all kinds is also a large draw and presents varied opportunities for recreation, from paved linear trails to backwoods experiences. These trails can support activities such as walking, trail running, mountain biking, and hiking. More frequently, trails are being utilized by motorized use – both off-road vehicles (ORV) and snowmobiling. In 2021, the US Forest Service changed the designation of Forest Service roads within the Huron-Manistee National Forests to include Off-Highway Vehicles (OHVs) to allow for consistent use across the forests and other public lands statewide. The increasing popularity of OHV/ORVs has contributed to an “explosion” of users in this sector. Additionally, with shifts in seasonal weather and less snow reliability, OHV/ORV use may be replacing some previous

snowmobile usage. Trail-focused organizations noted that the Department of Natural Resources funds trail maintenance for snowmobiling, though there is a gap in maintenance and preparing dirt trails for OHV/ORV use.

Other notable activities include skiing, with northwest Michigan supporting seven ski resorts and winter sports areas, in addition to cross-country ski opportunities on public land trail systems. **Outdoor events**, including food and wine festivals, resort events, bike races, and others, are also a big draw to the area. For example, the Rusty Fish Bike Race, a mixed surface gravel grinder bicycle race, takes place each fall and continues to draw a crowd, seeing a 40% increase in attendance with up to 85 racers participating in 2021.




The Rusty Fish is put on by NOMI Racing with a specific mission of raising awareness of recreation opportunities in Manistee County and as a form of economic development to directly impact the maintenance and growth of trails in the region. It should be noted that popular winter festivals are on the decline because of unpredictable winter weather.

Due to the increasing demand, existing support for small businesses continues to grow with significant public and private funding and support available through the state and local investor networks.

OPPORTUNITIES

The increase in popularity of outdoor recreation and the resulting increase in outdoor industry spending is bolstering **small business growth**, particularly in rentals, retail, bike sales, and trip excursions. There are emerging opportunities for targeted resources to support industry growth in ORVs, agritourism, E-boats, and small manufacturing. To support the growth and diversification of businesses in northwest Michigan's outdoor sector, it will be critical to **connect new and existing businesses to existing financial and technical assistance resources** through the Michigan Department of Agriculture & Rural Development, US Department of Agriculture, and MEDC, which many outdoor-serving businesses may not currently use or be aware of.



With the industry continuing to grow and 72.2% of businesses surveyed reporting that they have plans to grow or expand their businesses in the next three years, by far the biggest challenge for these business owners is the lack of an available and well-trained workforce, which follows national labor shortage trends as well as general challenges in many states' outdoor industries.

This workforce challenge is exacerbated by the **lack of affordable workforce housing**, which may be acute in northwest Michigan due to the large size of the short-term rental home market. Many business owners, residents, and others note the attractive quality of life in northwest Michigan and that when they do find new employees, whether they are seasonal or full-time, most are attracted to the work because of the access to the incredible outdoor amenities. This suggests that there is a desire for workers to locate to northwest Michigan, but housing remains a barrier to them.

To better navigate this and other challenges, outdoor recreation businesses would be served by having more opportunities for **professional networking**. Resorts can participate as member organizations of the Michigan Restaurant & Lodging Association, but no similar entity exists for the smaller businesses in the outdoor industry, more generally at the statewide level. Such an agency, whether formal or informal, could facilitate additional business-to-business sales among complementary outdoor supply chain companies, for example.

With the average annual temperature warming, **shoulder season growth** represents an opportunity to provide services during lengthier, warmer seasons. For example, campgrounds can extend their dates by opening earlier than the typical Memorial Day weekend. **Industries dependent on winter weather and snow have the opportunity to expand their business model** to support non-weather-dependent sports or warmer season opportunities, such as re-purposing ski resort land for hiking and mountain biking, golf, and special events.

With a number of sectors dependent on the trail system to thrive, **trail expansions and connections** should be supported, and

additional key nodes should be identified. With many trail expansions currently happening now and in the near future, creating the opportunity for the deliberate development of complementary small businesses to support trail users can be undertaken by local and regional small business support groups.

Due to northwest Michigan's plentiful opportunities for outdoor recreation, **marketing** is key and should focus on making it easy to connect people to the region's abundant natural areas. While there are already efforts, such as those by Leave No Trace, to educate visitors about **responsible tourism**, there is an opportunity to invest in additional efforts to market outdoor recreation opportunities in northwest Michigan with a focus on underutilized areas. There is also a need for marketing efforts that include explicit strategies to welcome **racially and ethnically diverse visitors** to the area.

With so many areas of opportunity, **additional impact studies** are needed, as are thoughtful strategies for building infrastructure while maintaining stewardship over the character of the natural spaces of the region. As visitorship has rapidly increased during the COVID-19 pandemic, more well-known areas feel the impacts of this, and in most cases, infrastructure has not kept up with the increase in visitors. Additional studies to understand the impacts of increased usage on natural resource areas would help state and regional agencies identify strategies to prevent degradation and preserve natural resources for future use. This is also important because of the number of businesses that depend on these natural resources for their success.

AREAS OF DEVELOPMENT

Based on the data analysis findings as well as the key strengths and opportunities identified in this report, there are a number of recommendations for expanding the Outdoor Economy in northwest Michigan. While the region's large resorts, as well as hospitality and service-based businesses along the Lake Michigan coast, make up the largest percentage of visitor spending, the sector has seen significant growth in recent years due to increased visitor spending across several segments. This trend does not show signs of decreasing post-pandemic, indicating a number of areas where stakeholders can focus their resources to support and grow new segments of the industry and make intentional investments that will best preserve precious natural resources.

BUSINESS ATTRACTION AND SECTOR GROWTH

Marine services: There are a number of ways to capitalize on the economic strength of water-based activities and the inherent interest of residents and visitors alike in the region's water resources. Several areas of marine services could be invested in to provide additional options to consumers, make water-based sports more accessible, and reduce "bottle-necking" at marinas, beaches, dunes, and launches.

An increase in businesses that offer boat repair, rentals, and charters would help to fulfill demand and reduce overcrowding at marinas and other access points. Boat marinas are currently at capacity, and providing more boat rental options would help provide more access to people who do not have marina space or cannot afford to

purchase personal boats or water equipment. In addition, an increase in boat repair entrepreneurs could help rental companies and charters maintain their fleets while also serving recreational boat owners.

Bikes and e-bikes: Bike rental, sales, and repair shops were identified as a need in the Outdoor Economy sector, particularly in commercial districts or areas adjacent to trailheads.

E-bikes are a relatively new trend, and with limited existing offerings (only one e-bike rental shop was identified as operating in the region to date), traditional bike rental shops might consider adding e-bikes. Locating new e-bike businesses at or near campgrounds, parks, and other areas where they can be used onsite would cross promote these complimentary activities.

Given that the largest share of growth in northwest Michigan's population is among 60 to 74-year-olds, e-bikes would help provide continued trail access and outdoor opportunities to an aging population.

ORV and SXS rentals: Off-road vehicles (ORVs) are another fast-growing sector of the Outdoor Economy in northwest Michigan that presents a clear need for additional businesses to support the market.

Side by Sides (SXS), also known as Utility Task Vehicles (UTVs) are larger, more expensive options that are also more family-friendly. Though motorized options to explore the outdoors can be controversial, with noise and safety concerns cited by some communities, they present a way to increase exposure and appreciation of the outdoors for a new generation and type of recreationalist. Offering ORV and SXS rentals would increase access for residents and visitors to this sport at a reduced cost.

Outfitters, guide, and transportation/shuttle services:

With the increased demand seen in the region, there is a need for more outfitters, guides, and transportation services to assist people with accessing recreational opportunities, making these great opportunities for new entrepreneurs.

- **Outfitters:** There is a clear need for more rental or purchase options for equipment and clothing as well as specific recommendations for day and overnight trips.
- **Guides:** Those visiting the region would benefit from more guided opportunities that are paired with education about proper and safe ways to experience the outdoors, particularly with fishing, back country excursions, kayaking, backpacking, and cross-country skiing.
- **Transportation/Shuttle Services:** There are a number of "out-and-back" activities, such as trails and boating, where entrepreneurs could fill a gap by providing transportation services (for example, dropping off visitors and kayaks at a launch and picking them up at a designated time so they don't have to paddle back).

Developing the e-boating industry:

Infrastructure is currently being developed around the emerging e-boating industry in northwest Michigan. Traverse Connect, a nonprofit economic development and advocacy organization, helped launch the Fresh Coast Maritime Challenge, supported by the State of Michigan as well as MEDC. This state-backed program focused on the 10-county region and awarded more than half a million dollars to six companies with the goal of establishing an evolving network of shore-side charging facilities for clean-fueled marine vessels and electric passenger vehicles operating on the Great Lakes. Investments in this industry will continue to develop this growing network of shore-side charging facilities for clean-fueled marine vessels and electric passenger vehicles. Additionally, the presence of charging equipment at multiple sites will create natural testing environments for the electrification of vessels of all shapes and sizes.

Northwest Michigan is leading the front in this industry across North America, which presents a multitude of opportunities from outside business investors to venture capitalists interested in funding the clean tech market.

MARKETING OPPORTUNITIES TO ATTRACT NEW VISITORS AND HIGHLIGHT NEW AREAS

Marketing and planning of outdoor recreation-based events: Events pose an attractive opportunity to bring additional visitors into areas, though some residents and outdoor stewards express caution about the impacts these events can have on natural resources and communities. Events are an important part of exposing people to the outdoors, but need to

be planned mindfully with careful consideration of available infrastructure to support increased attendance. Feasibility studies can help by establishing “tipping points” for how large a crowd certain areas can support and how to specifically mitigate negative impacts on the surrounding areas.

Marketing of underutilized places: Marketing efforts could be focused on promoting visitation to underutilized places, highlighting the benefits of less crowded outdoor amenities, and lessening negative impacts on the region’s natural resources. Spreading people out through increased trail connections and marketing these routes would serve the region well. Even more so, this presents an opportunity to spur more entrepreneurship in rural areas, by connecting new business ventures, such as an e-bike rental and gear shop or cafe to underutilized trailheads. Overall, new trail connections should be established to help encourage the development of complimentary outdoor recreation amenities and small businesses.

CONNECTING OUTDOOR RECREATION BUSINESSES

Industry B2B connections and networking opportunities: All of the business opportunities in these sectors could be furthered through formal or informal encouragement of more networking between businesses themselves. This could occur at a statewide level through MEDC or a similar agency or department but start in the northwest Michigan region and be supported by Networks Northwest.

Conclusion

Northwest Michigan is ripe for the expansion of its Outdoor Economy, a sector that already employs 4,712 workers and generated \$1.15 Billion to GRP in 2022. By capitalizing on existing strengths, including its water resources, trail systems, regional events that draw in visitors, and promoting “off the beaten path” destinations, the region can see more diversification of users, business offerings, and spending.

This report details several areas where the Networks Northwest region is already economically competitive, including boating and marine services, water sports equipment, trailers, campers, and RVs, as well as where the region might reach toward new opportunities, in areas like camping equipment and gear, bicycles and e-bikes, e-boats, and increased outdoor services like outfitters, rental shops, and guides. The state and region have many tools to help accelerate business development and growth for entrepreneurs who are positioned to take advantage of these opportunities that can be applied to enterprises within the Outdoor Industry. Much of this could be facilitated through the formation of a formal or informal outdoor business professional association.

Finally, the 10-county region must be diligent as it prepares for growth in this sector – putting measures in place to ensure any negative impacts of visitation on infrastructure, the natural environment, and communities are minimized; educating visitors on responsible use and stewardship of the area’s natural resources; undertaking long-range planning and updated impact assessments for the region’s many parks, forests, and natural areas; and preparing for the effects of climate change, including adapting to shifting seasons and implementing alternate business models. To account for the increased labor an expanding Outdoor Economy requires, Networks Northwest and other local economic development organizations should collaborate with workforce partners on appropriate skills development for the local talent pool, and support housing advocates in the region who are pushing for the creation of more workforce housing in northwest Michigan.

All of this and more is outlined in this report, which local, regional, and state entities can reference to help grow northwest Michigan’s Outdoor Economy.



Appendix

OUTDOOR BUSINESS MAP

Following patterns of spending, outdoor recreation businesses are concentrated in population centers and along Lake Michigan, including Grand Traverse, Charlevoix, Petoskey, and Manistee.

The majority of businesses participating in the survey were in the accommodation and food service sectors. Other popular business categories included sports, transportation, water, and winter activities.

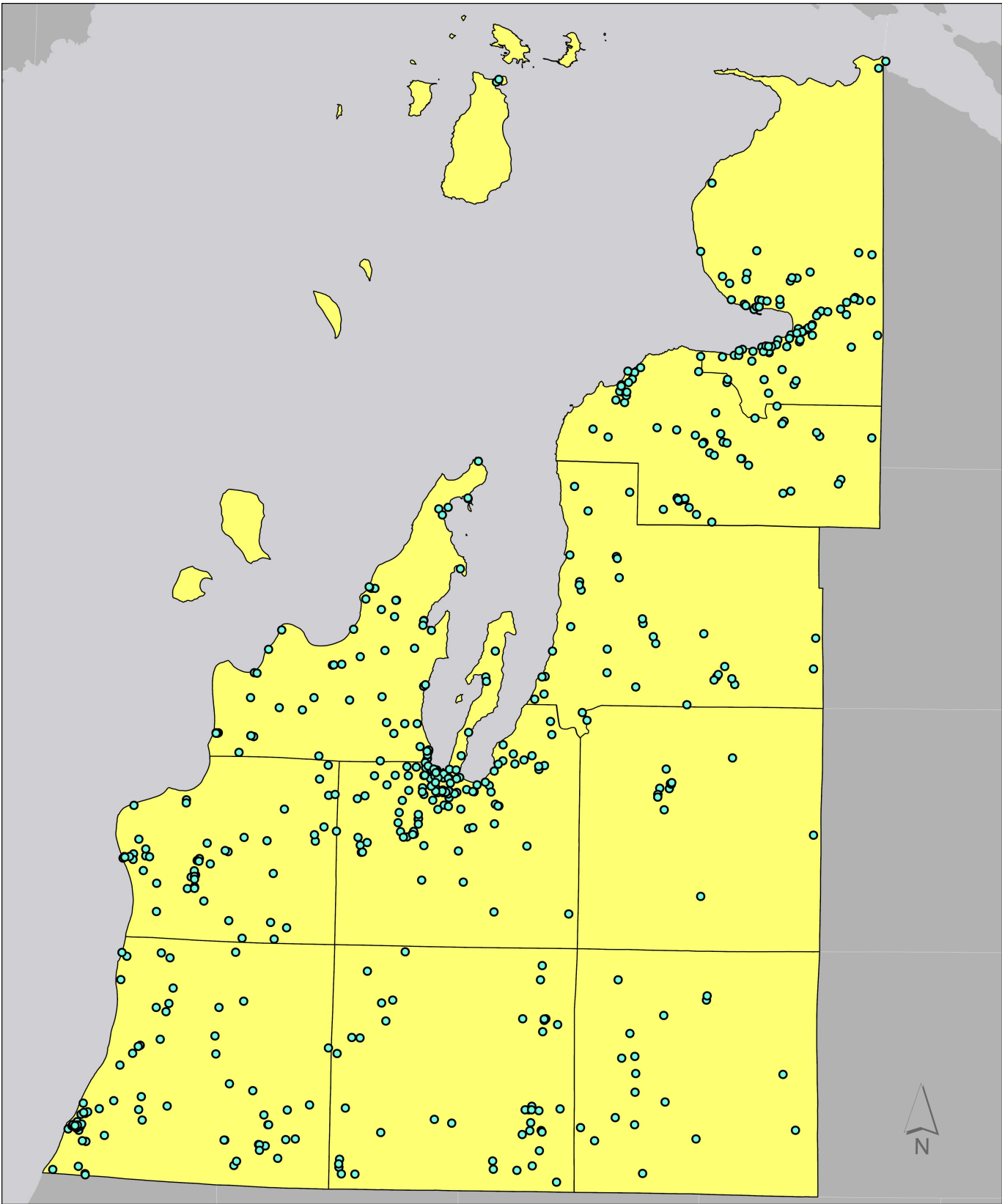
The businesses completing the survey employed an average of 21 full-time employees and 13 part-time (non-seasonal) employees each. Northwest Michigan businesses employ an average of 35 seasonal employees, with May, June, and July being the busiest months for hiring, with an average of 61% of businesses hiring in these months. August and September were also popular months for businesses to hire seasonal employees, with 41% hiring in September and 25% in October.

Of the businesses surveyed, 63% own their business space, and 32% have a leasing arrangement. 39.7% of businesses surveyed rely on Lake Michigan for recreational access for their business, and 24.7% of businesses rely on other lakes, rivers, and streams. 32.9% of Northwest Michigan businesses surveyed rely on trail access for their business, and 9.6% rely on wetlands. 12.3% of businesses relied on wildlife and fisheries for their business. Of the businesses surveyed, only 11% rely on private access for outdoor recreation.

Of the northwest Michigan businesses surveyed, 72.2% plan to expand their business in the next three years.

The map on the following page displays the 600 Recreation Businesses in the Northwest Michigan Region identified through this study.

Map of Outdoor Recreation Businesses



Source: Networks Northwest Community Development, Fourth Economy, MEDC

Outdoor Economy Industries

NAICS	Description	Sector	Outdoor Category	Type of Offering
336214	Travel trailers, recreational, manufacturing	Manufacturing	Transportation	Goods
336611	Ship Building and Repairing	Manufacturing	Water activities	Goods
336612	Boat Building	Manufacturing	Water activities	Goods
336991	Motorcycle, Bicycle, and Parts Manufacturing	Manufacturing	Biking	Goods
339920	Sporting and Athletic Goods Manufacturing	Manufacturing	Sports	Goods
487110	Scenic and Sightseeing Transportation, Land	Transportation and Warehousing	Transportation	Attractions
487210	Scenic and Sightseeing Transportation, Water	Transportation and Warehousing	Water Activities	Attractions
487990	Scenic and Sightseeing Transportation, Other	Transportation and Warehousing	Transportation	Attractions
481219	Nonscheduled Air Transportation	Transportation and Warehousing	Transportation	Attractions
561500	Travel Arrangement and Reservation Services	Information	Accommodations	Services
611620	Sports and Recreation Instruction, camps	Educational Services	Sports	Services
712100	Museums, Historical Sites, and Similar Institutions	Arts, Entertainment, and Recreation	Cultural	Attractions
713100	Amusement Parks and Arcades	Arts, Entertainment, and Recreation	Amusement	Attractions
713990	All Other Amusement and Recreation Industries*	Arts, Entertainment, and Recreation	Amusement	Attractions
713910	Golf Courses and Country Clubs	Arts, Entertainment, and Recreation	Sports	Infrastructure
713920	Skiing Facilities	Arts, Entertainment, and Recreation	Winter Activities	Infrastructure
713930	Marinas	Arts, Entertainment, and Recreation	Marinas	Infrastructure
721100	Traveler Accommodation	Accommodation and Food Services	Accommodations	Services
721211	Recreational vehicle parks, campgrounds	Accommodation and Food Services	Accommodations	Attractions
721214	Recreational camps with accommodation facilities (except campgrounds)	Accommodation and Food Services	Accommodations	Attractions

NAICS	Description	Sector	Outdoor Category	Type of Offering
813990	Other Similar Organizations (Amateur, semiprofessional, or professional athletic associations or leagues)	Other Services	Sports	Services
924120	Community recreation programs, government, Parks and recreation commission, Recreational programs administration,	Public Administration	Amusement	Services
236220	Recreational facility building construction	Construction	General	Infrastructure
238990	Swimming pool, outdoor, construction	Construction	Water Activities	Infrastructure
423110	Recreational vehicle merchant wholesalers	Transportation and Warehousing	Transportation	Goods
423910	Recreational equipment and supplies (except vehicles) merchant wholesalers	Transportation and Warehousing	General	Goods
441210	Camper dealers, recreational	Transportation and Warehousing	Accommodations	Goods
444230	Power equipment stores, outdoor	Transportation and Warehousing	General	Goods
459110	Outdoor sporting equipment stores	Transportation and Warehousing	Sports	Goods
512132	Theaters, outdoor motion picture	Real Estate Rental and Leasing	Amusement	Attractions
531190	Vacation and recreation land rental or leasing	Real Estate Rental and Leasing	Accommodations	Attractions
532120	RV (recreational vehicle) rental or leasing	Real Estate Rental and Leasing	Accommodations	Services
532120	Recreational trailer rental	Real Estate Rental and Leasing	Accommodations	Services
532120	Recreational vehicle (RV) rental or leasing	Real Estate Rental and Leasing	Accommodations	Services
532284	Recreational goods rental	Real Estate Rental and Leasing	General	Services
722300	Special Food Services	Accommodation and Food Services	Food and Beverage	Food and Beverage
722400	Drinking Places (Alcoholic Beverages)	Accommodation and Food Services	Food and Beverage	Food and Beverage
722500	Restaurants and Other Eating Places	Accommodation and Food Services	Food and Beverage	Food and Beverage
722515	Snack and Nonalcoholic Beverage Bars	Accommodation and Food Services	Food and Beverage	Food and Beverage

NAICS	Description	Sector	Outdoor Category	Type of Offering
312120	Breweries	Manufacturing	Food and Beverage	Breweries, Wineries, Distilleries
312130	Wineries	Manufacturing	Food and Beverage	Breweries, Wineries, Distilleries
312140	Distilleries	Manufacturing	Food and Beverage	Breweries, Wineries, Distilleries

Source: Fourth Economy

*All Other Amusement and Recreation Industries includes many relevant Outdoor Economy industries.

INTERVIEWEES

During the course of this project, the following stakeholders were interviewed:

Brent Bolin, Top of Michigan Trails

Amanda Bomers, Boyne Mountain Ski Resort

Reese Borlin, US Forest Service

Warren Call, Traverse Connect

Camille Hoisington, Traverse Connect

Julie Clark, Tart Trails

Nikki Devitt, Petoskey Chamber

Brad Garmon, Michigan Economic Development Corporation

Jessica Lovay, Northern Lakes Economic Alliance

Sam Bailey, Northern Lakes Economic Alliance

Sammie Lukaskiewicz, Manistee Visitors Bureau

Marcus Matthews, Crystal Mountain Ski Resort

Marc Miller, Manistee Economic Development

Kathy Morin, Cadillac Visitors Bureau

Travis Owens, US Forest Service

Niki Schultz, Alliance for Economic Success

Scott Slavin, Michigan Department of Natural Resources

Caitlyn Stark, Cadillac Chamber

Additional Maps

Spending by Category Across Region

Tracts In Antrim County, MI & 9 Other Areas

Entertainment & Recreation

Spend at merchant location in this geography, weekly total

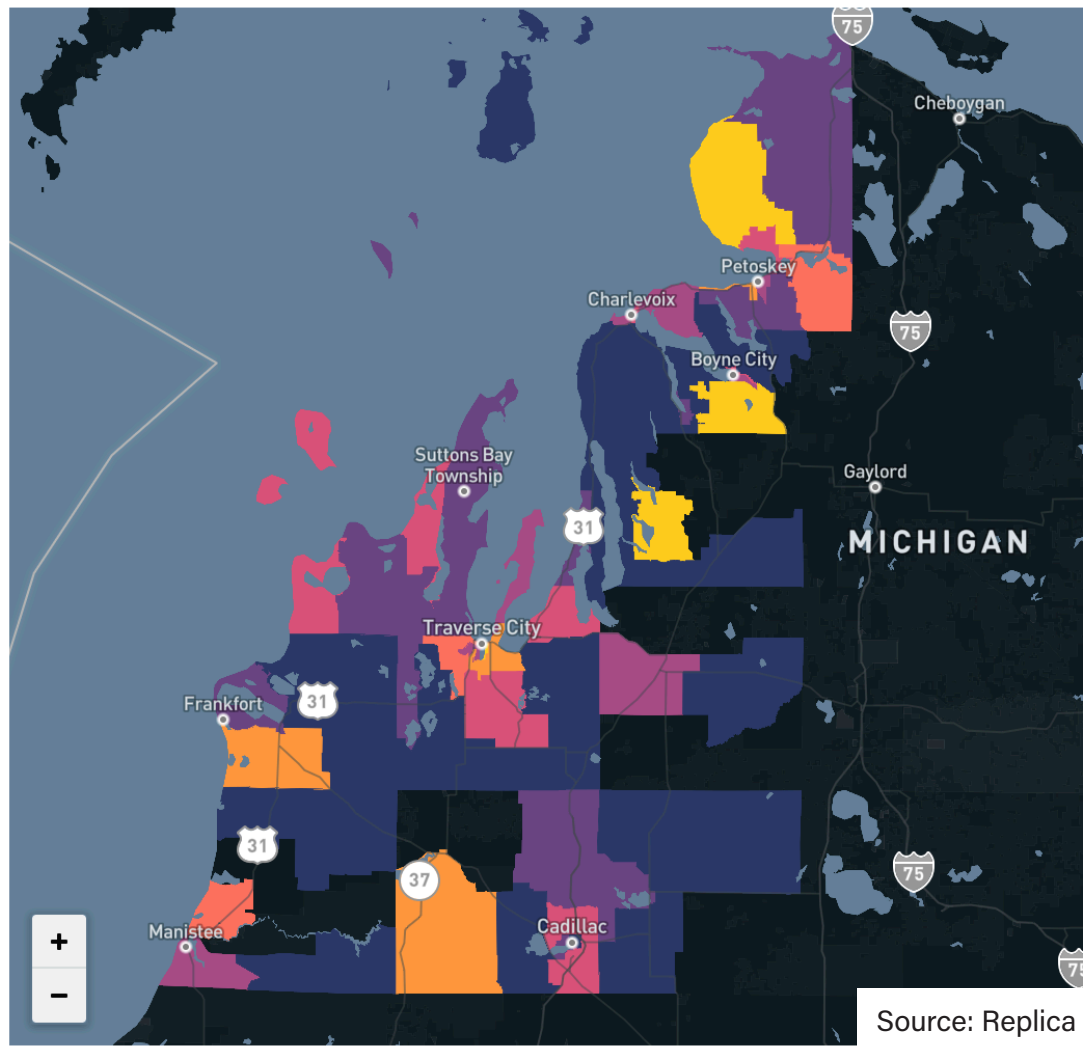
Jul 22, 2023 to Jul 28, 2023

Metric

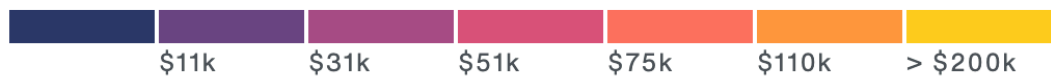
Entertainment & Recreation

View as

Spend per square mile



Spend



Tracts In Antrim County, MI & 9 Other Areas

Retail

Spend at merchant location per square mile in this geography, weekly total

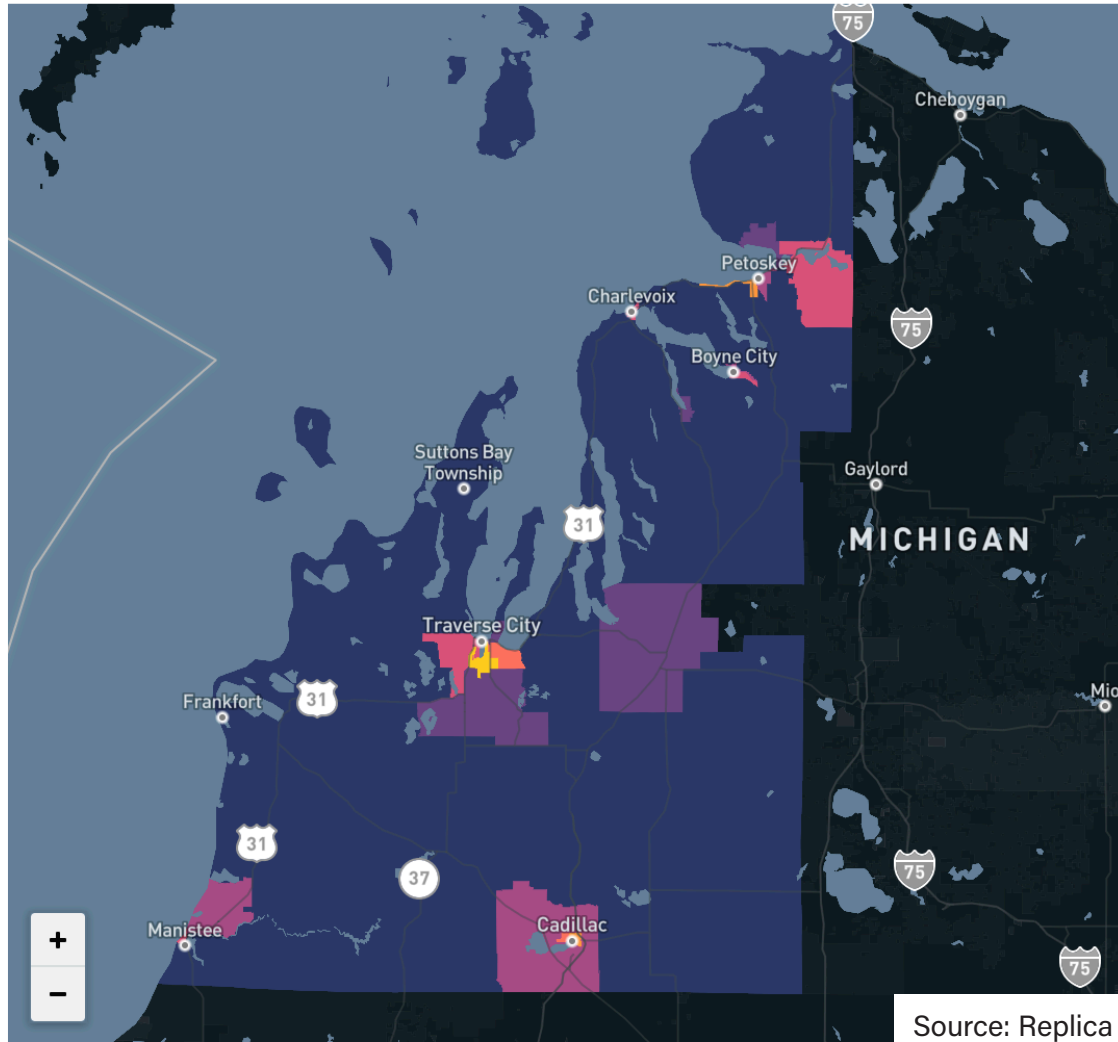
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Metric

View as

Retail

Spend per square mile



Spend per square mile



Tracts In Antrim County, MI & 9 Other Areas

Airline, Hospitality, & Car Rental

Spend at merchant location in this geography, weekly total

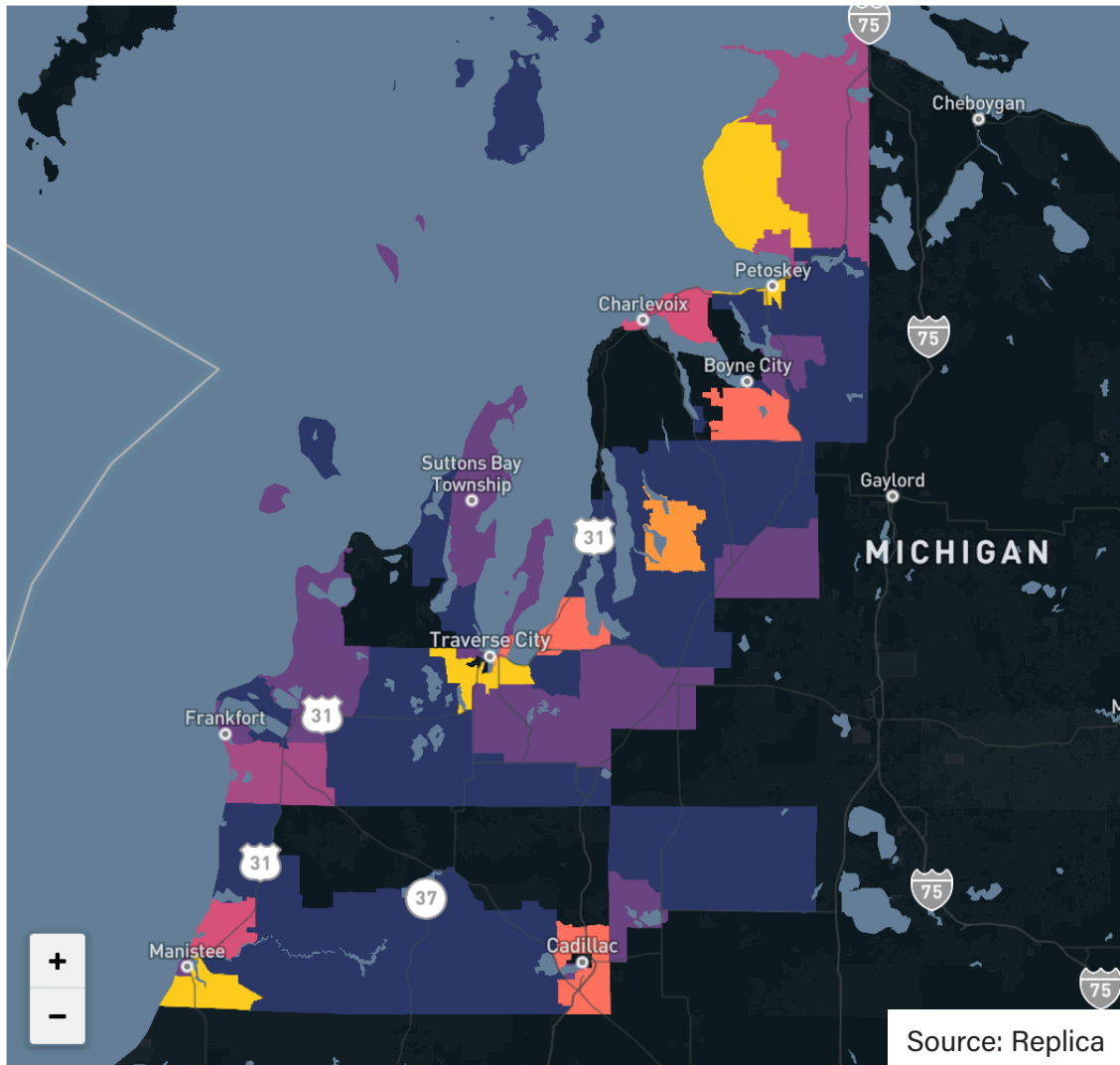
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Metric

Airline, Hospitality, & Car Rental

View as

Spend per square mile



Spend



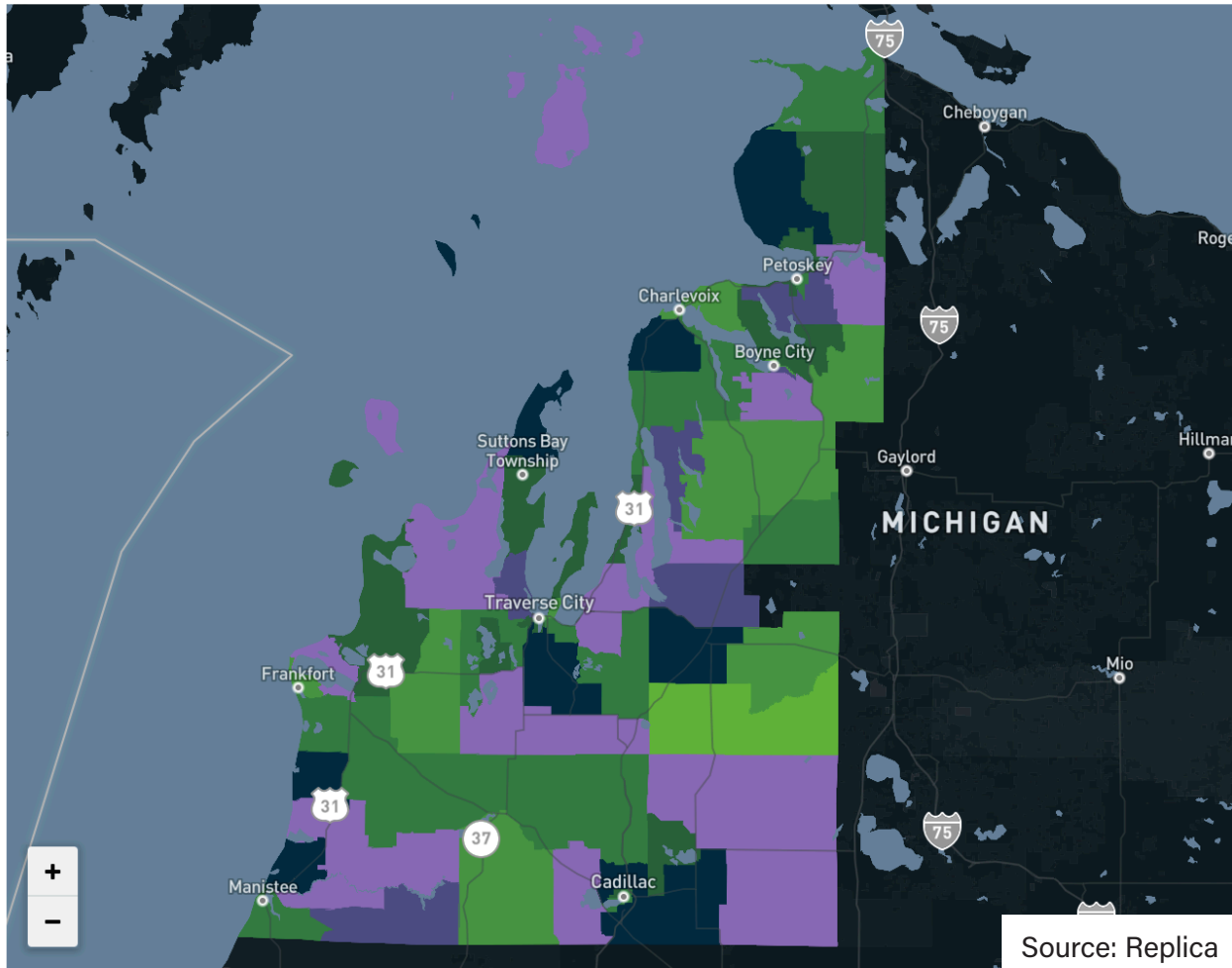
Change in Spending by Category Across Region

Tracts In Antrim County, MI & 9 Other Areas

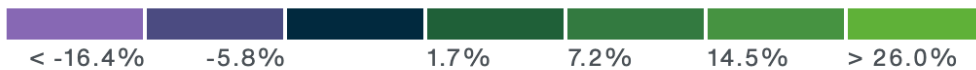
Change in Retail

Change over time period for spend at merchant location in this geography, weekly total

May 27, 2023 to Dec 2, 2023



Spend

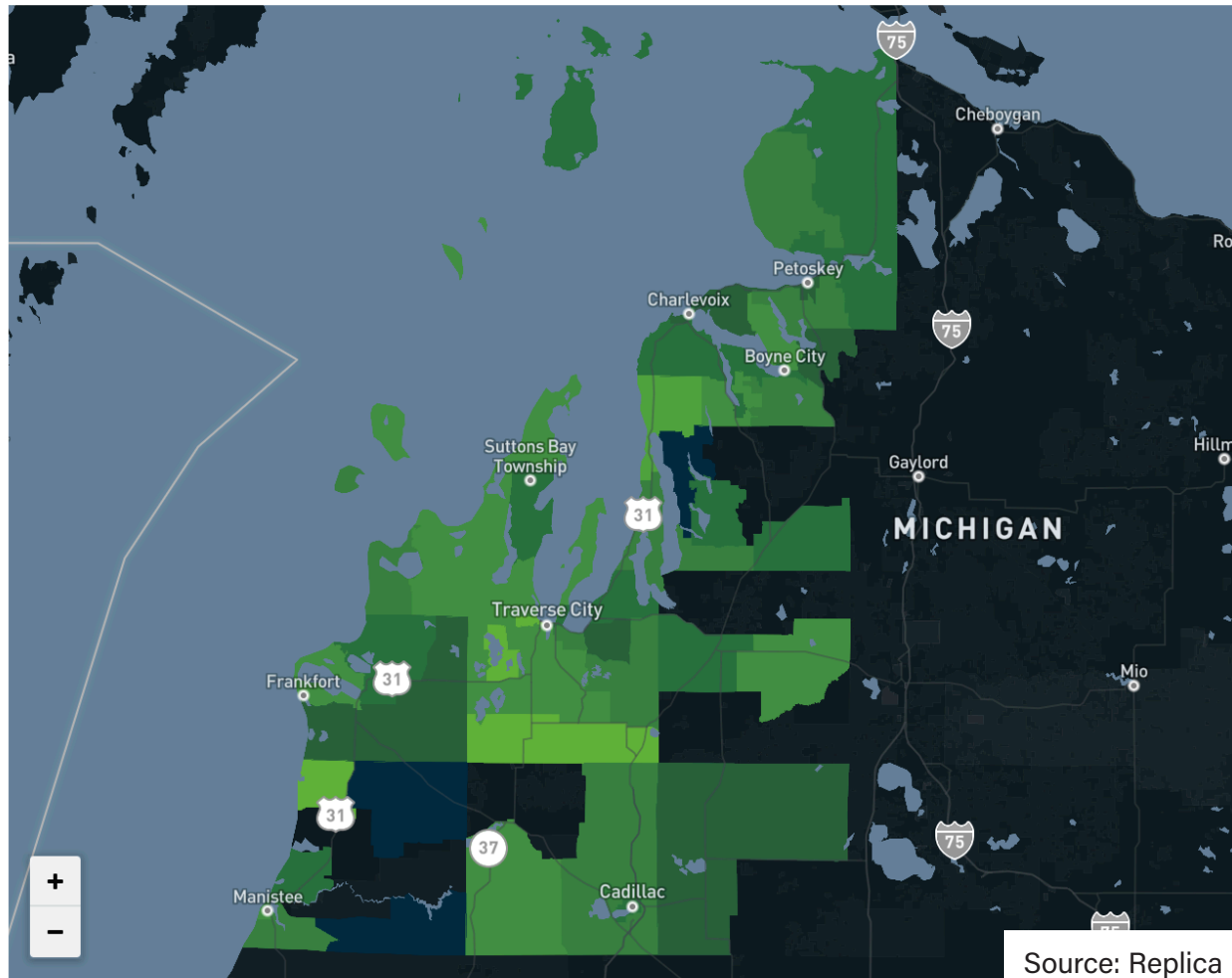


Tracts In Antrim County, MI & 9 Other Areas

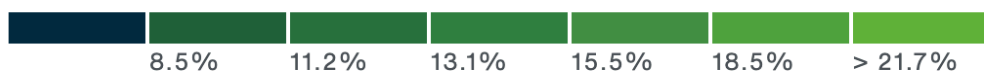
Change in Entertainment & Recreation

Change over time period for spend at merchant location in this geography, weekly total

May 27, 2023 to Dec 2, 2023



Spend

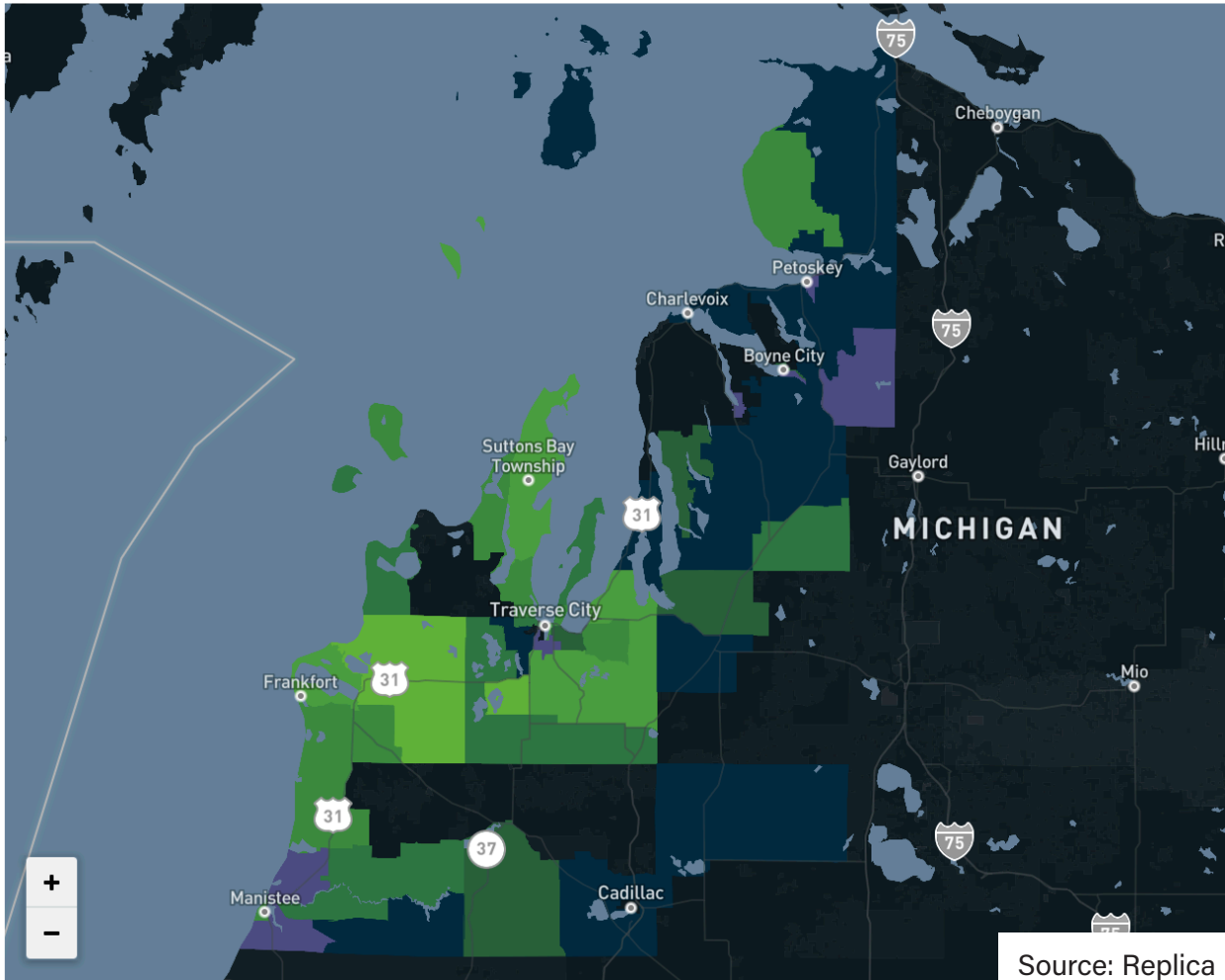


Tracts In Antrim County, MI & 9 Other Areas

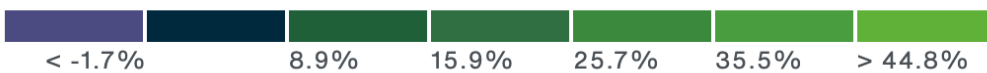
Change in Airline, Hospitality, & Car Rental

Change over time period for spend at merchant location in this geography, weekly total

May 27, 2023 to Dec 2, 2023



Spend





Networks Northwest

Talent / Business / Community

Founded in 1974, Networks Northwest facilitates and manages various programs and services for the 10 counties of Northwest Michigan. Our primary service categories are: workforce development; business & economic development; and community development. Our programs include Northwest Michigan Works!, Community Development, APEX Accelerator, various business services, and many different initiatives in response to our communities' requests and needs. You will see the broad spectrum of workforce, business and community services Networks Northwest offers as you look through our web site.

Networks Northwest's member counties are: Antrim, Benzie, Charlevoix, Emmet, Grand Traverse, Kalkaska, Leelanau, Manistee, Missaukee, and Wexford.

Learn more at networksnorthwest.org