

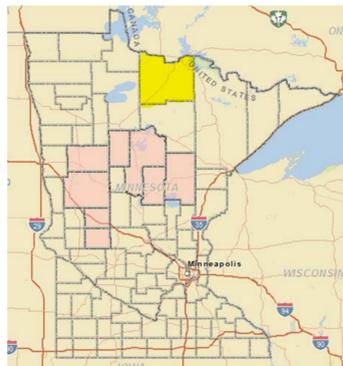
Second Homeowners:

Findings from Research in Two Areas of Minnesota

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Introduction and Purpose

The purpose of this research (conducted in 2013 in Central and West Central Minnesota and 2015 in Koochiching County) was to profile seasonal residents and measure their impacts on local communities, including their use of their second home, their plans for the future, and their local spending.



The Central MN and Koochiching study areas host a large number of second homes (30% and 22% of all housing units respectively). Seasonal residents impact local communities through their spending and involvement.

Central (Aitkin, Becker, Cass, Crow Wing, Douglas, Hubbard, Otter Tail, and Pope Counties) and Koochiching County Study Areas

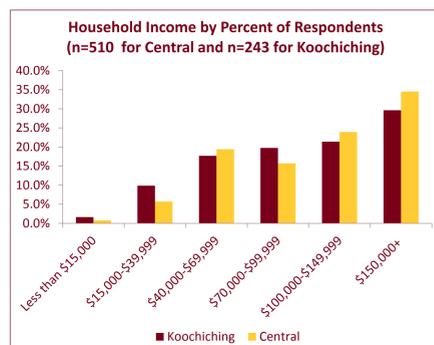
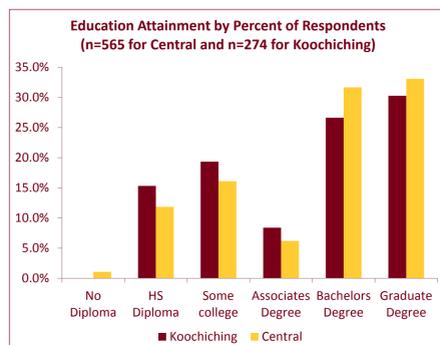
Methods

In Central Minnesota, the authors mailed a four-page survey instrument to a randomly selected sample of 1,200 seasonal-recreational property owners in proportion to the number of seasonal properties per county. We acquired mailing addresses from property tax records gained from each county's assessor and provided a \$5 gift card as an incentive to each participant. We received 573 responses for a 48% response rate.

In Koochiching County, the authors mailed all 1,066 seasonal households identified through property tax records without an incentive. We received 229 responses for a 21% response rate.

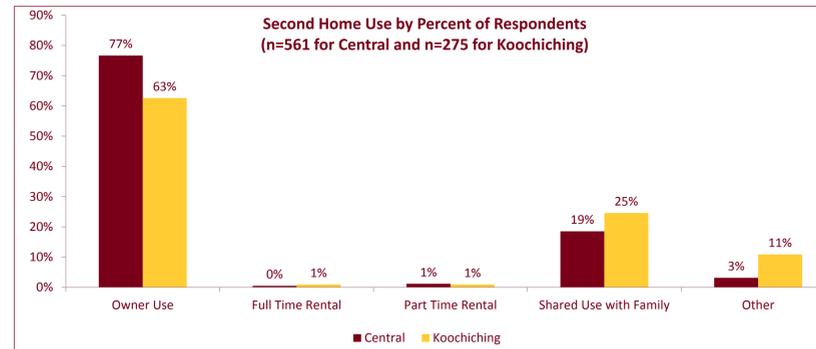
Seasonal Resident Demographics

Respondents in both study areas are predominately well-educated, middle-aged (in their 50s and 60s), and take home a healthy household income.



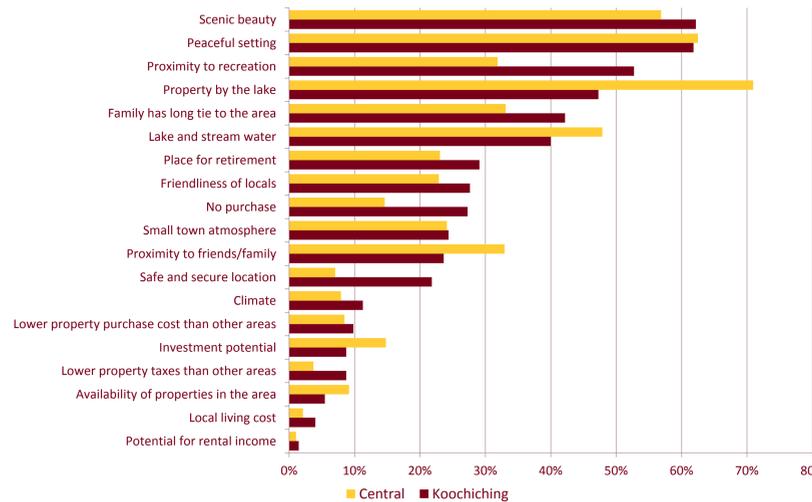
Second Home Use

Respondents in the Koochiching County project reported using their second home for 60 days per year on average, significantly less than in Central Minnesota (93 days per year on average).



Reasons for Second Home Purchase

Although seasonal residents purchased their second homes for a mix of reasons, the most important attractants relate to natural amenities in both study areas.



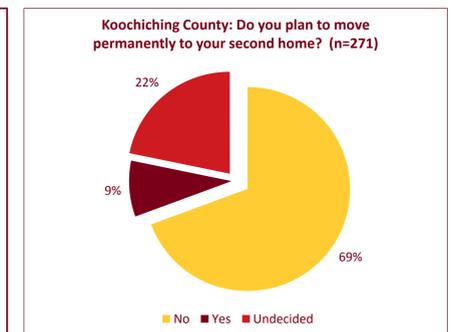
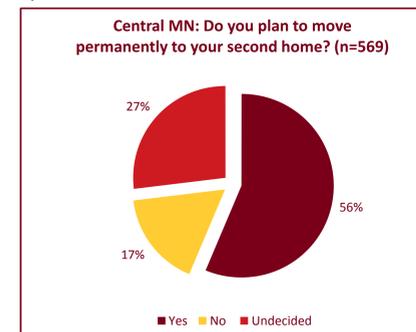
Seasonal Resident Spending

| Spending Category | Percent of Households Reporting Any Spending in 2nd Home County | |
|--------------------------|---|-------------|
| | Central MN | Koochiching |
| Grocery/Liquor | 89% | 91% |
| Dining/Bars | 85% | 91% |
| Gas/Auto Service | 84% | 93% |
| Pharmacy | 18% | 64% |
| Home Maintenance | 81% | 47% |
| Entertainment/Recreation | 81% | 67% |
| Construction/Remodeling | 59% | 55% |

The survey asked participants to estimate the proportion of their household spending in select categories in the county where their second home resides. For the Koochiching County research, the authors designed the spending questions to match the consumer expenditure dataset for more accurate modeling of spending. We found overall spending in Koochiching lower than Central MN (\$18,000 per year/HH vs. \$6,800).

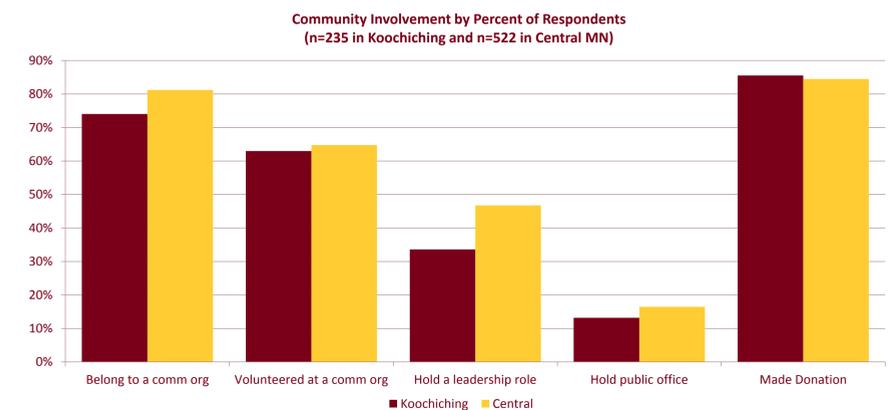
Plans for Second Homes

A bulk of seasonal residents from the Central Minnesota research (56%) plan to transition permanently to their second homes, but only small portion of Koochiching County respondents (9%). The types of seasonal homes, or the types of customers attracted to Koochiching County, may explain the difference. A greater proportion of seasonal housing units would be classified as "hunting property" in the Koochiching study area, and the distance from population centers may attract a certain type of seasonal resident interested in retaining their property as a "rustic haven" instead of as a permanent home.



Community Involvement of 2nd Homeowners

The survey asked participants about their attachment to their second home community, as well as their level of community involvement.



Application of Results

Communities in both study areas are using research results to learn about and better integrate seasonal residents:

- Main street merchants and entrepreneurs recognize the importance and types of seasonal resident spending.
- Second-home communities understand the opportunity to benefit from the talents and leadership of second homeowners.
- The transition from seasonal to permanent residence will have social and economic impacts on local communities that leaders recognize they need to prepare for.