SOUTHERN LAKE HURON ASSESSMENT




Charting the Course for the Bluewater Coast

2010-2012

Project Overview and Industry Trends

Included in this presentation:

- An overview of the Integrated Assessment
- Initial survey feedback
- Travel, tourism, and recreation (status and trends)
- Socioeconomic trends
- The U.S and Michigan's economy
- Resident perspectives on tourism development

For more information, contact Lynn Vaccaro
lvaccaro@umich.edu

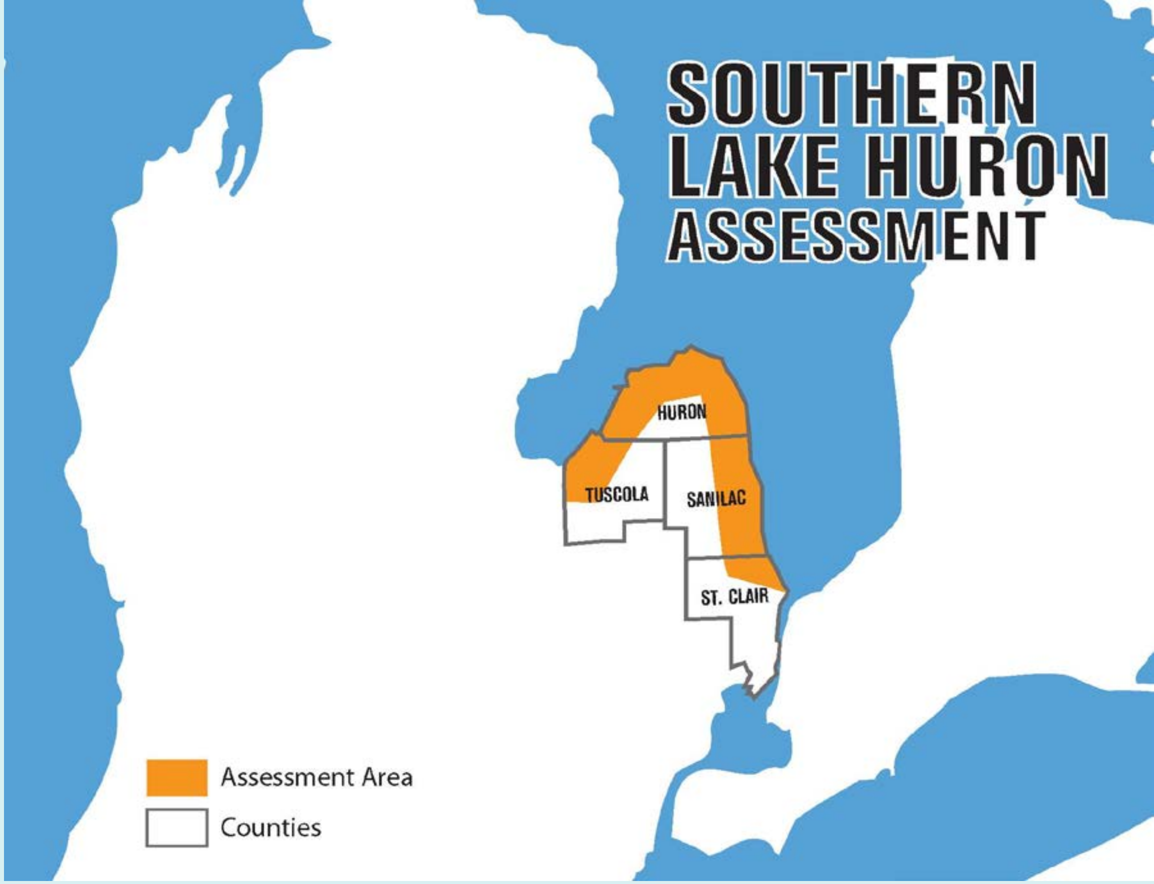
Integrated Assessment

Bringing together knowledge of ecosystems, people and policy to improve decision making.

Purpose:

- To clarify a particularly complicated problem
- To build consensus and new collaborations
- To develop tools and information that communities can use to address the issue

Study Area



The coastal region of Michigan's Thumb Area

From Port Huron and around to Quanicassee, including Tuscola, Huron, Sanilac and St. Clair Counties

Wicked Problem

- Series of changing systems (environment, economic, social) that may be intertwined or stand alone.
- No single answer to the problem.
- Generally not linear problem-answer resolve.
- Need many stakeholders and experts examining the trends, cause-effect evidence, and solution applications of what works, what doesn't.

Project Goals

- Bring together community and business leaders to guide an assessment of current conditions and possible opportunities for the coastal region.
- Identify and evaluate new strategies for the region, along side existing plans and projects underway.
- Provide practical information that can guide planning related to tourism, recreation, and natural resources.
- Promote collaboration and coordination at a regional scale.

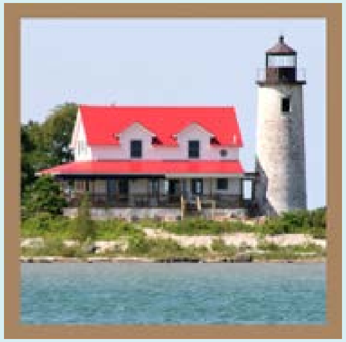
Focal Question

How can the natural and cultural resources of Lake Huron and its coast be enhanced and leveraged to benefit residents and visitors of the Thumb Area, support local economies, and maintain environmental quality?

Initial Assessment Topics

- Fishing on Lake Huron
- Socioeconomic Trends
- Travel, Tourism & Recreation
- Regional Coordination and Marketing



Roles Within Project

Technical Assessment Team

- Christine Vogt, Tourism Studies, MSU
- Dan McCole, Commercial Recreation, MSU
- Jim Diana, Fish Ecology, U-M
- Chi Ok-Oh, Natural Resource Economics, MSU
- Others as needed

Project Coordinator & First Point of Contact

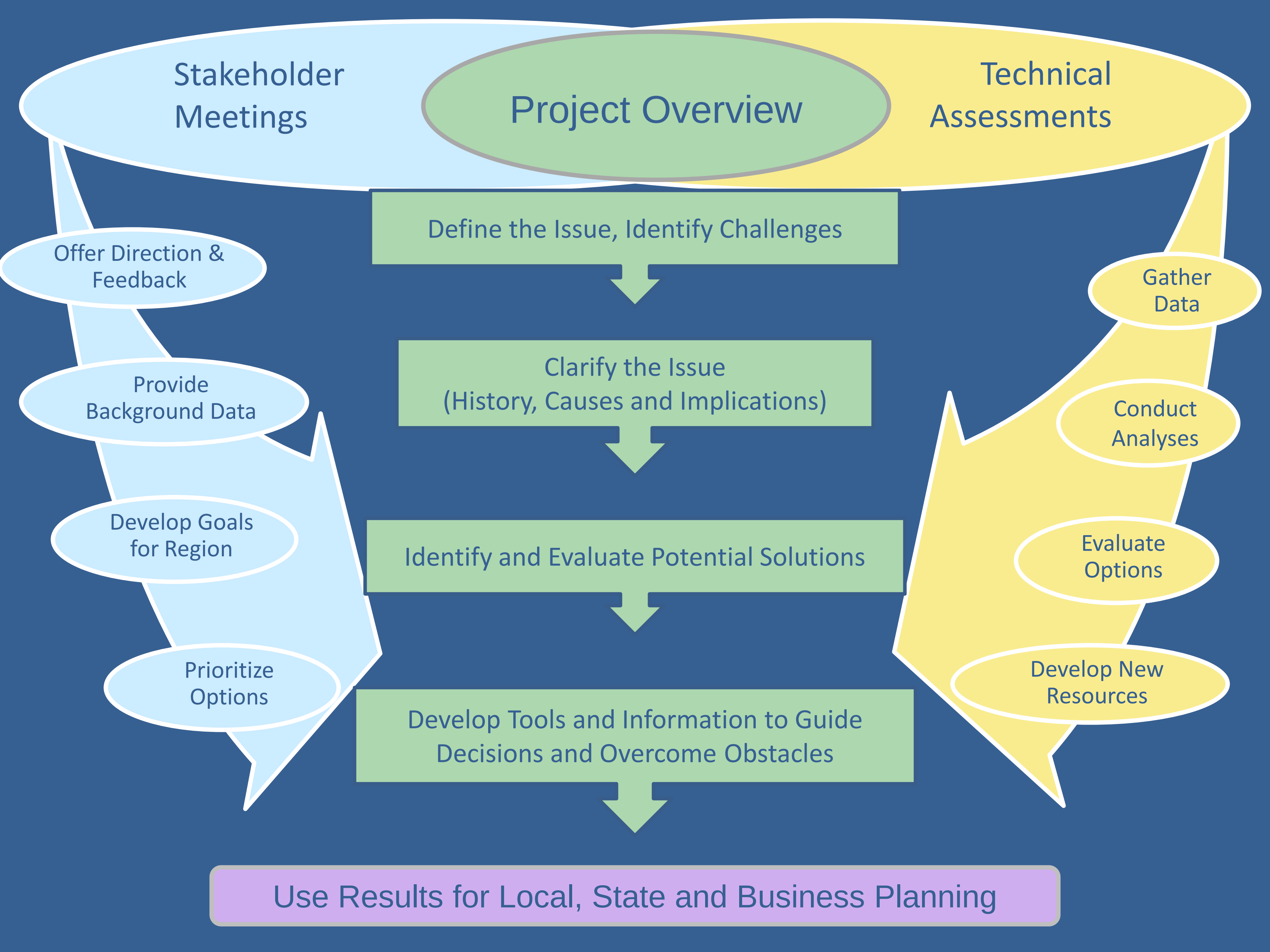
- Mary Bohling

Project Partners and Participants

- You and others
- MDNR
- Cooperative Extension

Project Support

- Lynn Vaccaro
- Jen Read



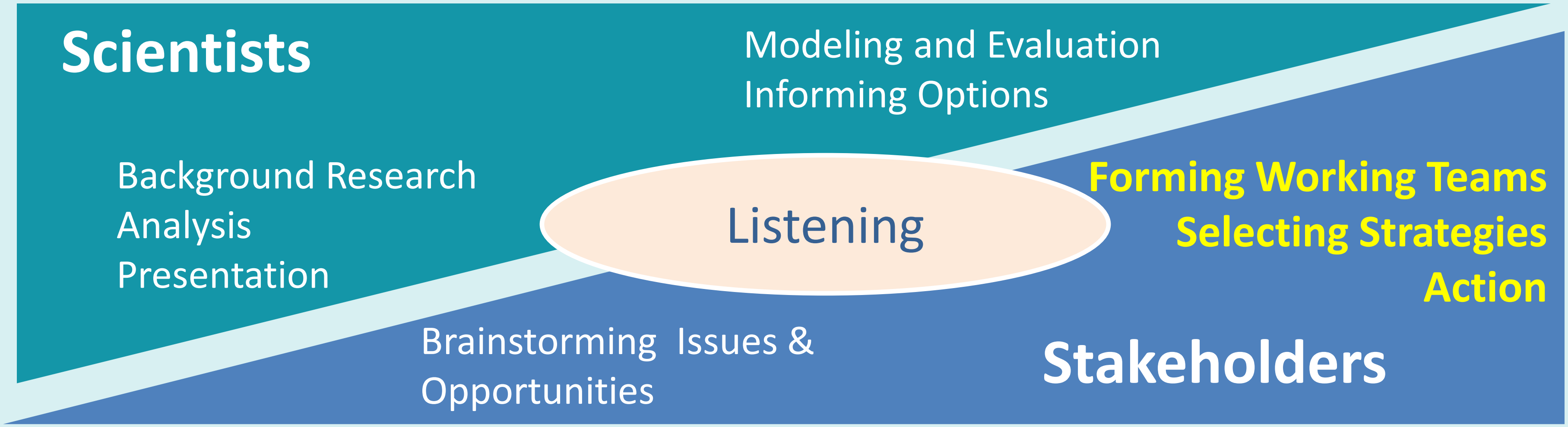
Stakeholder Meetings
Project Overview
Technical Assessments
Define the Issue, Identify Challenges
Clarify the Issue
(History, Causes and Implications)
Identify and Evaluate Potential Solutions
Develop Tools and Information to Guide Decisions and Overcome Obstacles
Offer Direction & Feedback
Provide Background Data
Develop Goals for Region
Prioritize Options
Gather Data
Conduct Analyses
Evaluate Options
Develop New Resources
Use Results for Local, State and Business Planning

Progression of the Project

Timeline

Recruit Partners	Explore Issues	Assess Trends	Identify Opportunities	Develop Vision	Evaluate Options	Provide Tools for Action
2009		2010		2011		2012

Roles



Complex Coastal Systems

Fisheries and Aquatic Ecosystems

- Trends
- Projects
- Strategies

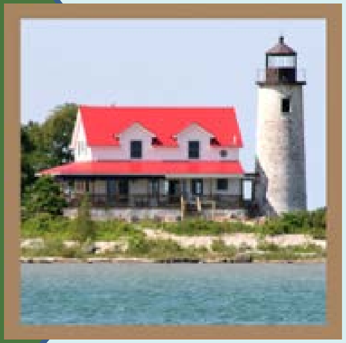
Communities and Economies

- Trends
- Projects
- Strategies

Tourism and Recreation

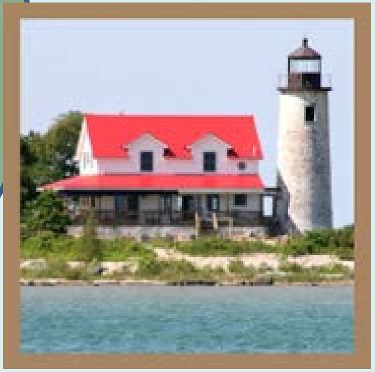
- Trends
- Projects
- Strategies

Place-making and Regional Collaboration



- Trends
- Projects
- Strategies

Complex Coastal Systems



Initial Survey Feedback

Concern for Chinook?

19/26 respondents believe that "Healthy Fisheries" are Extremely Important for the region

15/ 21 of respondents are very or extremely concerned about changing fish populations in Lake Huron

15/22 of respondents have noticed impacts on businesses, including:

- Rapid decrease in charter fishing
- Reduction in fishing effort and associated expenditures.
- loss of charters, loss of charter captains, marinas are not to capacity
- more recreational fishing

Fish are not the only environmental issue…

Survey: Concern about Environmental issues
(fixed choices)

Top four:

- Spread of invasive species (4.29)
- Quality of beaches or water (4.24)
- Health of coastal habitats (4.14)
- Changes in fish populations in Lake Huron (3.95)

5 = Extremely concerned

21 people responded

Economic issues are important….

Survey: Concern about Social and Economic
(fixed choices)

Top Four:

- Job availability (4.79)
- Number of young people in region (4.21)
- Changes in auto industry (4.08)
- Housing market (3.83)

5 = Extremely concerned

25 people responded

Biggest issue for businesses in the region

- Seasonality of the region (5)
- Population and job loss. Lack of jobs and employment to attract youth. More career training. (4)
- Survival. Survival during recession which has affected tourism. The world economy. (3)
- No leadership, no vision. Need to adapt to the future (2)
- More visitors. Not enough attention on local attractions and culture. Need to find a competitive niche, unique from west side. Lack of marketing (4)
- Walmart knocked out the mom and pop shops. Small businesses keep banker hours.
- Making enough to stay in business and pay reasonable wages, retain good help
- Switching from an industry/ag economy to a creative based economy
- Revaluating the natural resources for tourism, fishing, hunting
- Agriculture is threatened by beach residents that do not understand ag practices.

Biggest issue for the environment

- Sedimentation and water quality (6)
- CAFOs (concentrated animal facilities) (2)
- Contamination of Saginaw, Cass and Black River (2)
- Mining of Peat Bogs
- Farm run-off and liquid manure application, a single DEQ official for 18 counties
- Weak economy, difficult to be good stewards
- Development along shorelines
- Declining fish populations
- Invasive species

What do you see as unique or special about the Thumb?

- Close to metro areas (9)
- Undiscovered shoreline, beaches, marinas, access to Sag. Bay and Lake Huron (8)
- Rural, open space, uncrowded. Less traveled (2)
- Farming is the most important factor in life on the thumb
- Outdoor recreational activities, hunting, fishing, tournaments (3)
- Lots of potential. Good tourism in Lexington.
- No "through" traffic. The area has to be seen as a destination.
- Incredible amounts of greenspace.
- Rural nature, friendly people, safe environment, a great place to raise a family
- Festivals, fall chili tasting, corn mazes, Christmas lighting, musical events, B&B, Sanilac City Historical Museum
- Windmills

How important are the following natural and cultural resources for the area?

In order of importance:

Public access to Lake Huron (4.73)
Healthy fisheries (4.72)
Harbors and marinas (4.5)
Lake views (4.42)
Parks and natural areas (4.42)
Agriculture (4.33)
Annual festivals (Bay Port Fish Sandwich, Cheeseburger in Caseville) (4.08)
Regular events (farmer's market) (3.96)
Streams and lakes, other than Lake Huron (3.85)
Town centers (3.8)
Agricultural tourism (U-Pick fruit, tours) (3.43)

5 = Extremely Important
26 Respondents

What changes could be made to improve quality of life in the region?

- More jobs in the communities. Economic diversification. Small industries in the area…a few more permanent residents. (4)
- Coordinated Marketing. Tourism increased. Embracing visitors. (4)
- Improved downtowns, more shopping, access to healthcare, cool small towns. (3)
- Improved environment and water quality. Better sewer systems. (3)
- More fish on L. Huron to draw people. (3)
- Better leadership. (2)
- Expanded education opportunities. (2)
- More festivals, cheese, milk and meat processing plants, unique restaurants (2)
- Shoreline bike trail. More camping.
- Profitable farming operations are key to prosperity on the thumb.
- Windbreaks

What might help businesses adapt to the changing economy?

- Higher education and collaborative learning opportunities (4)
- Tourism packages, ports for cruise ships, marketing (4)
- More work on what role businesses play in the larger economy, new and changing trends, knowing what people want (2).
- Fewer Taxes! Tax free zones to ship directly to Europe, Cuba (2)
- Not sure (4)

Survey: What changes should be made to improve the natural environment in the Thumb?

- Reduced sewer over flows. (4)
- Improve CAFOs. (2)
- Improved quality of near shore fishery. Greater DNR committment. (2)
- More work needs to be focused on education and actually prototyping solutions.
- Windbreaks and riparian management for streams and ditches.
- Fewer windmills.
- Limit development in coastal areas.

Travel, Tourism and Recreation

Status and Trends

SOUTHERN LAKE HURON ASSESSMENT

Charting the Course

Traffic Volume Changes 2000 - 2008

% Change from 2000 - 2008	Huron	Sanilac	Tuscola	Region	Michigan	U.S.
Avg. Traffic Volume (on selected segments)	- 27.5%	- 10.0%	- 9.6%	- 17.9%		n/a
Population	- 7.9%	- 2.4%	- 2.8%	- 4%	+ 1.1%	+8.5%
Source: Michigan Department of Transportation; US Census Bureau						

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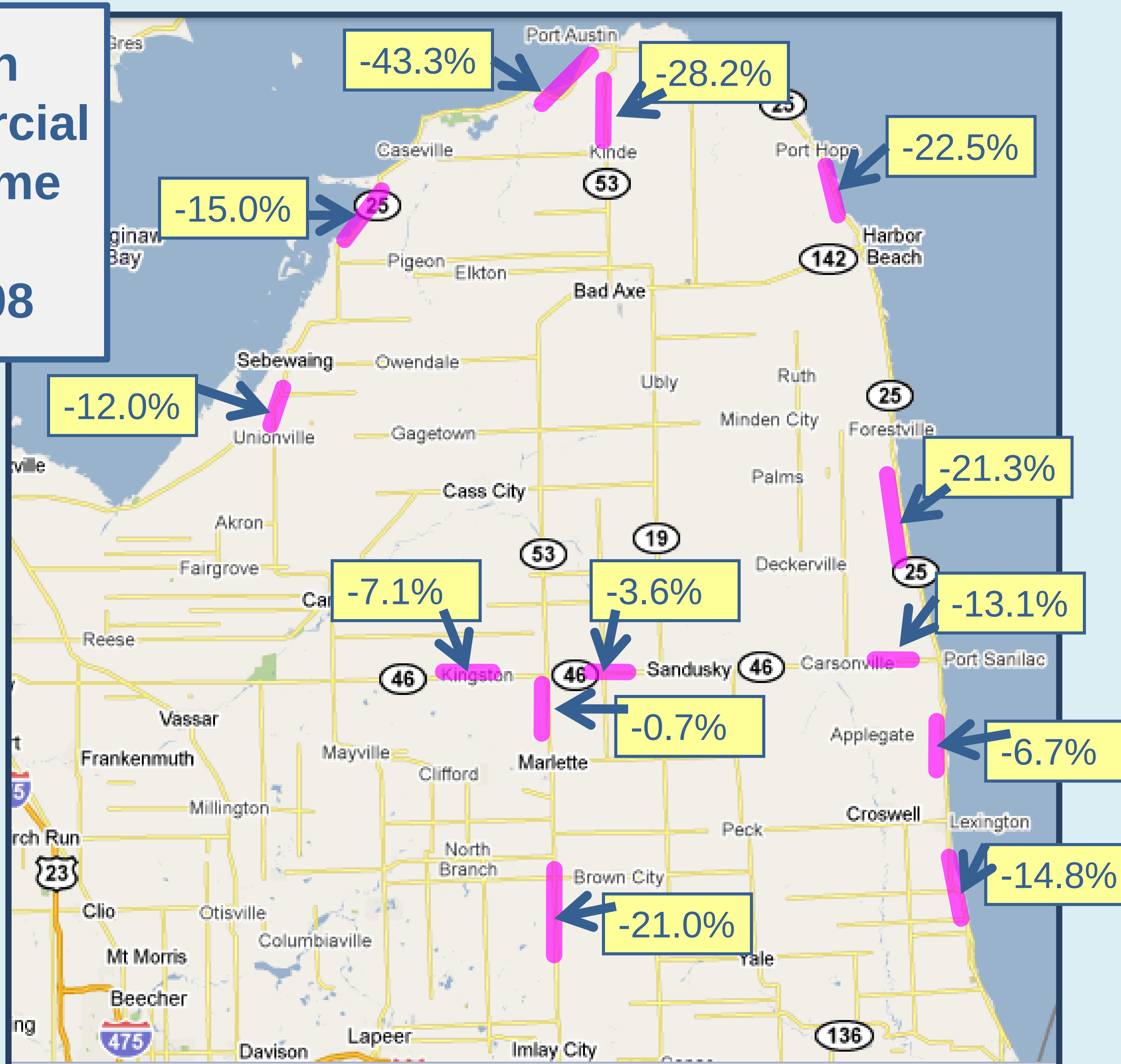
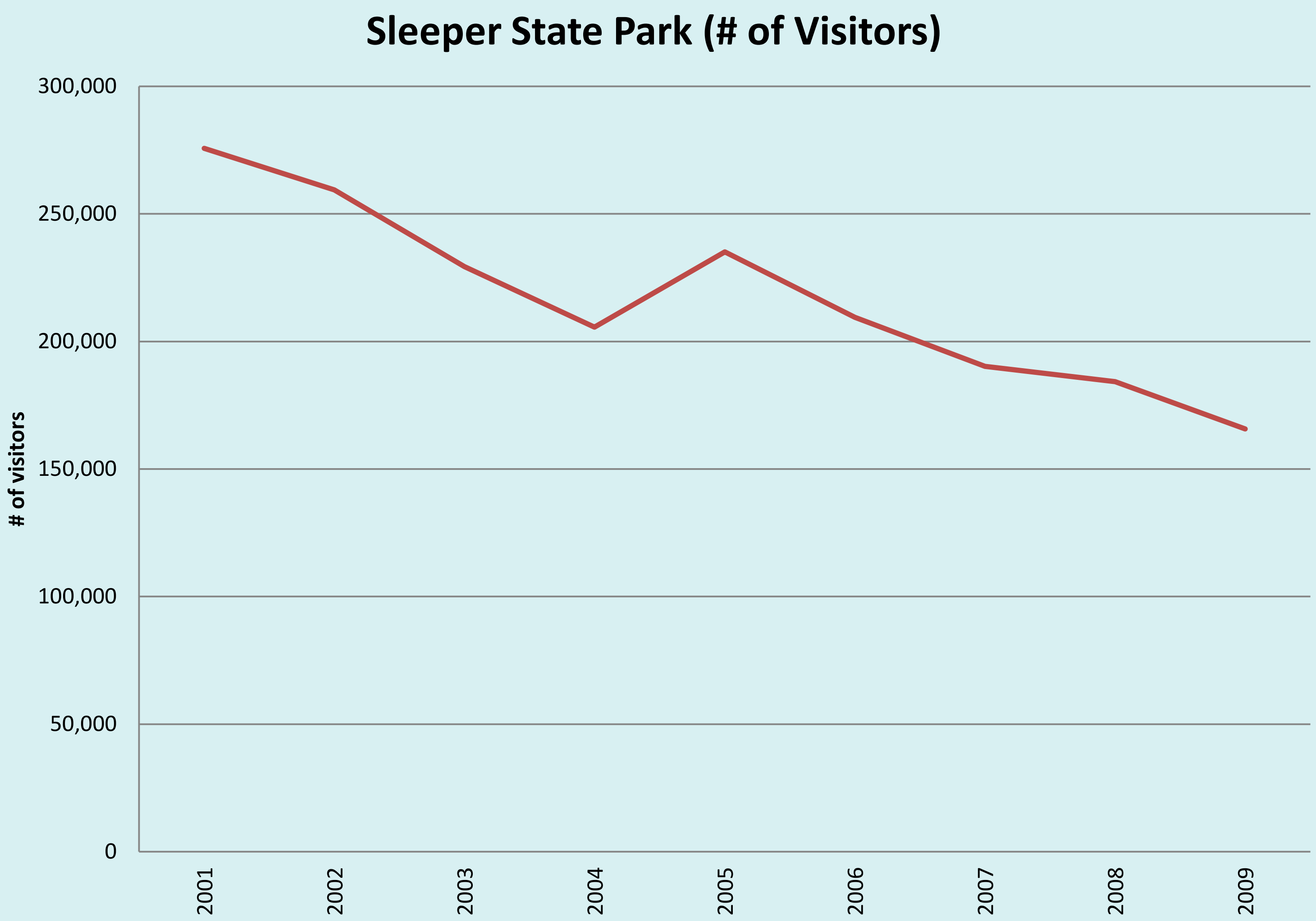
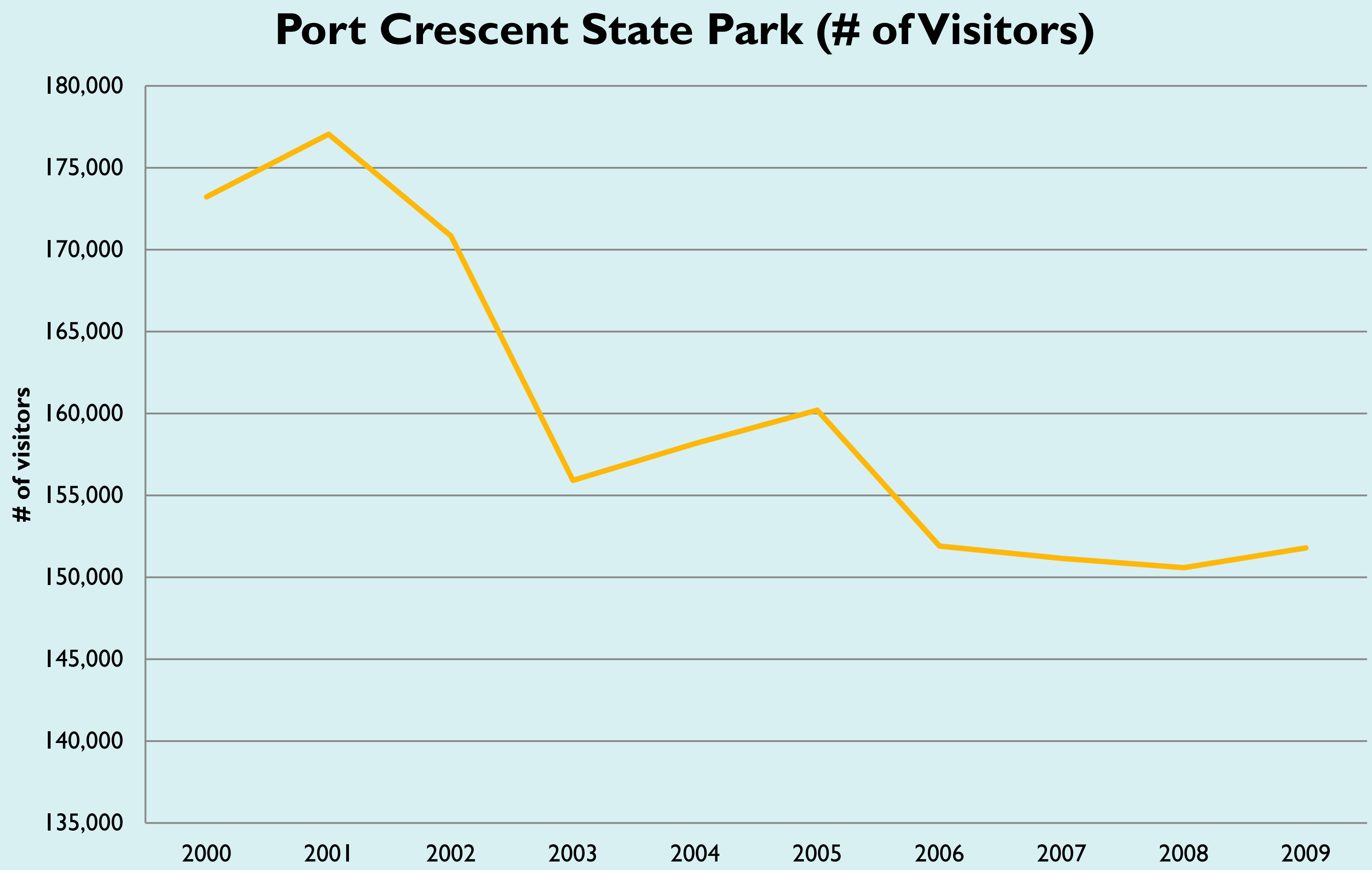
Changes in Non-Commercial Traffic Volume between 2000 & 2008



Source: Michigan Department of Transportation

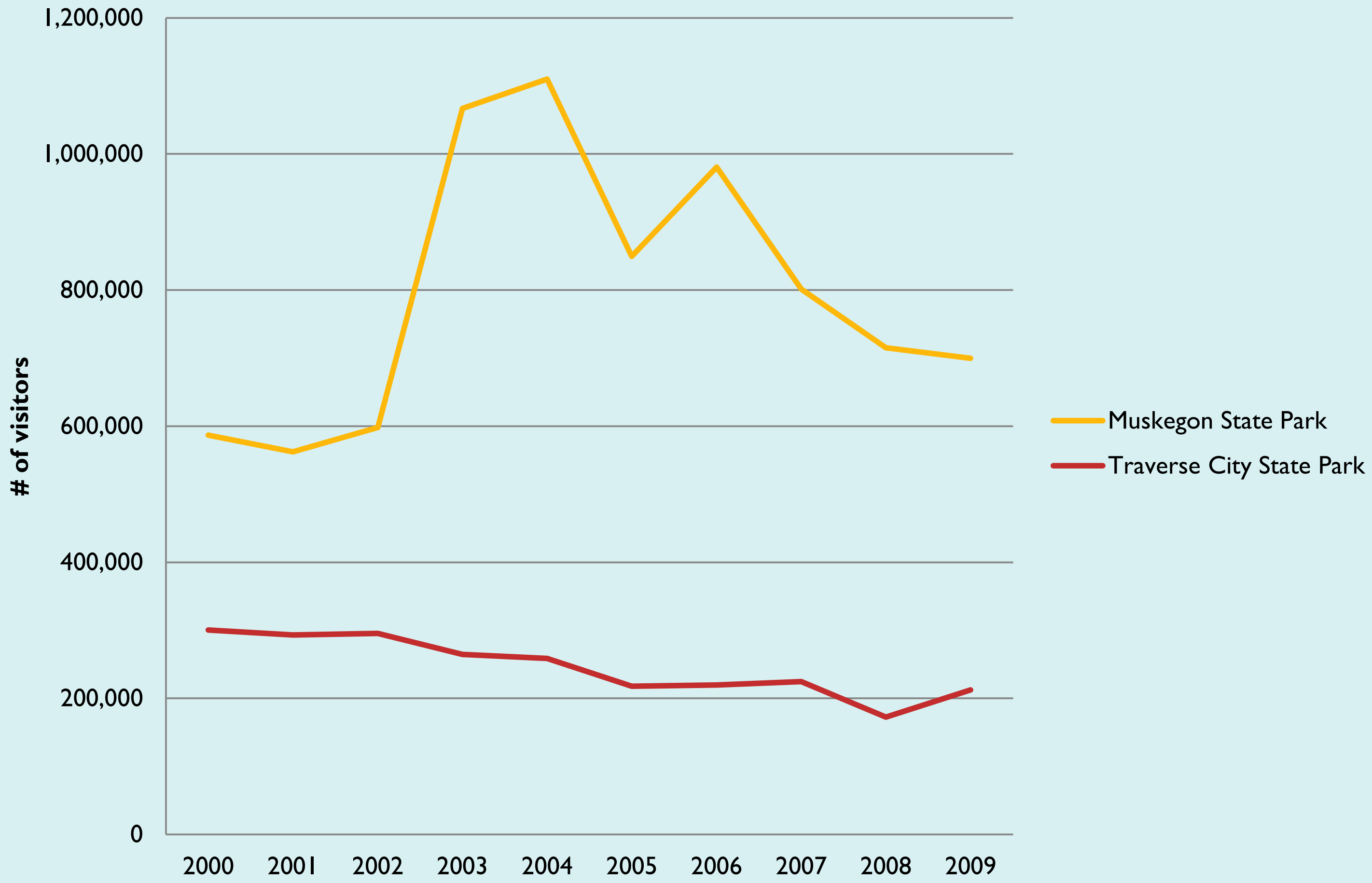


Source: Michigan DNR



Source: Michigan DNR

State Parks - Lake Michigan (# of Visitors)



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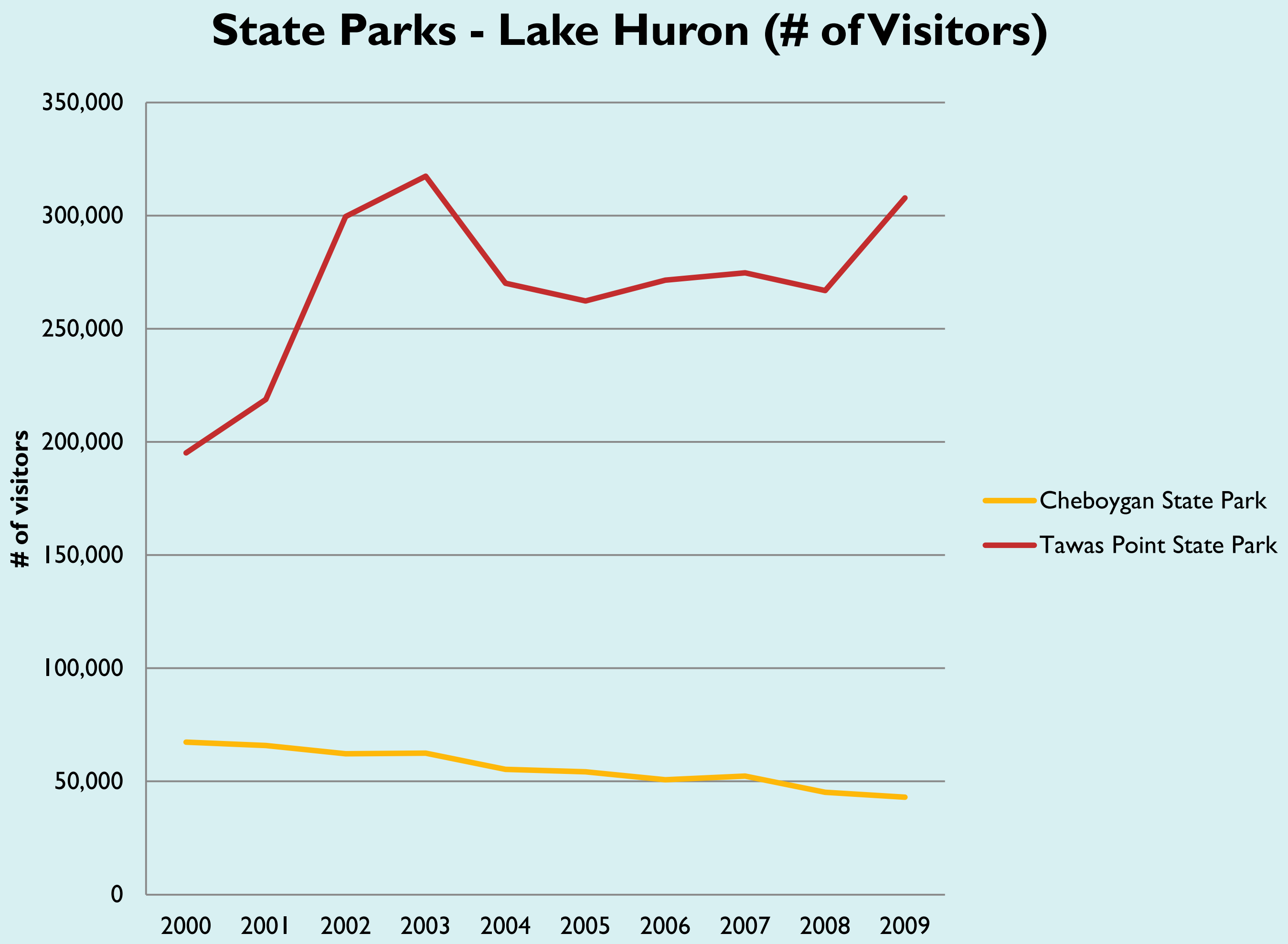


Source: Michigan DNR

State Park Visits

	Lake Huron State Parks		Lake Michigan State Parks	
	99/00-03/04	03/04-08/09	99/00-03/04	03/04-08/09
Campers	11% ⬆	-15% ⬇	6% ⬆	-5% ⬇
Day Visitors	8% ⬆	-22% ⬇	10% ⬆	-9% ⬇

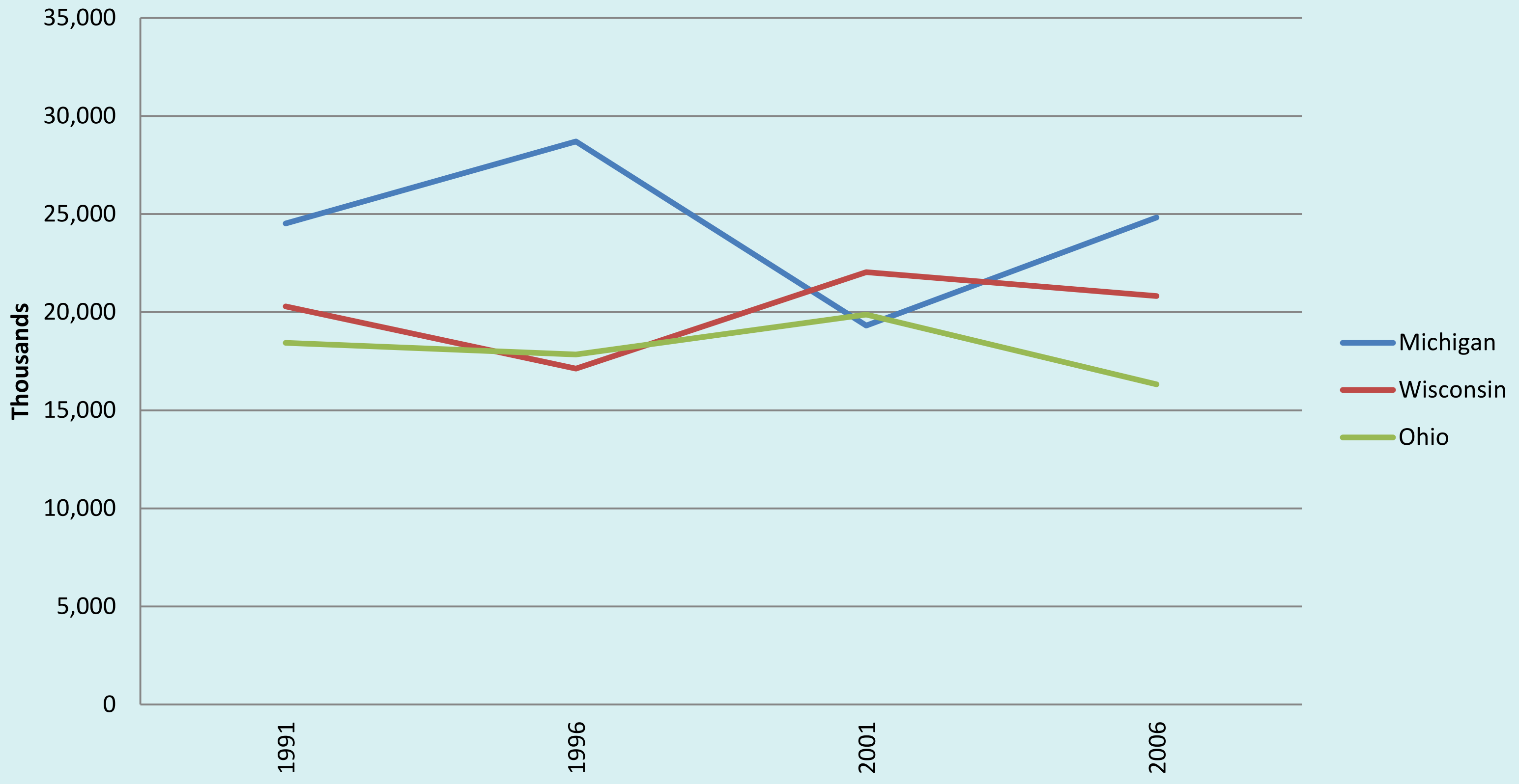
Source: Michigan DNRE

State Park Visits

	Lakeport		Albert Sleeper		Port Crescent		Lake Huron State Parks		Lake Michigan State Parks	
	99/00-03/04	03/04-08/09	99/00-03/04	03/04-08/09	99/00-03/04	03/04-08/09	99/00-03/04	03/04-08/09	99/00-03/04	03/04-08/09
Campers	24% ↑	-26% ↓	3% ↑	-6% ↓	-5% ↓	1% ↑	11% ↑	-15% ↓	6% ↑	-5% ↓
Day Visitors	93% ↑	-81% ↓	-7% ↓	-24% ↓	-11% ↓	-8% ↓	8% ↑	-22% ↓	10% ↑	-9% ↓

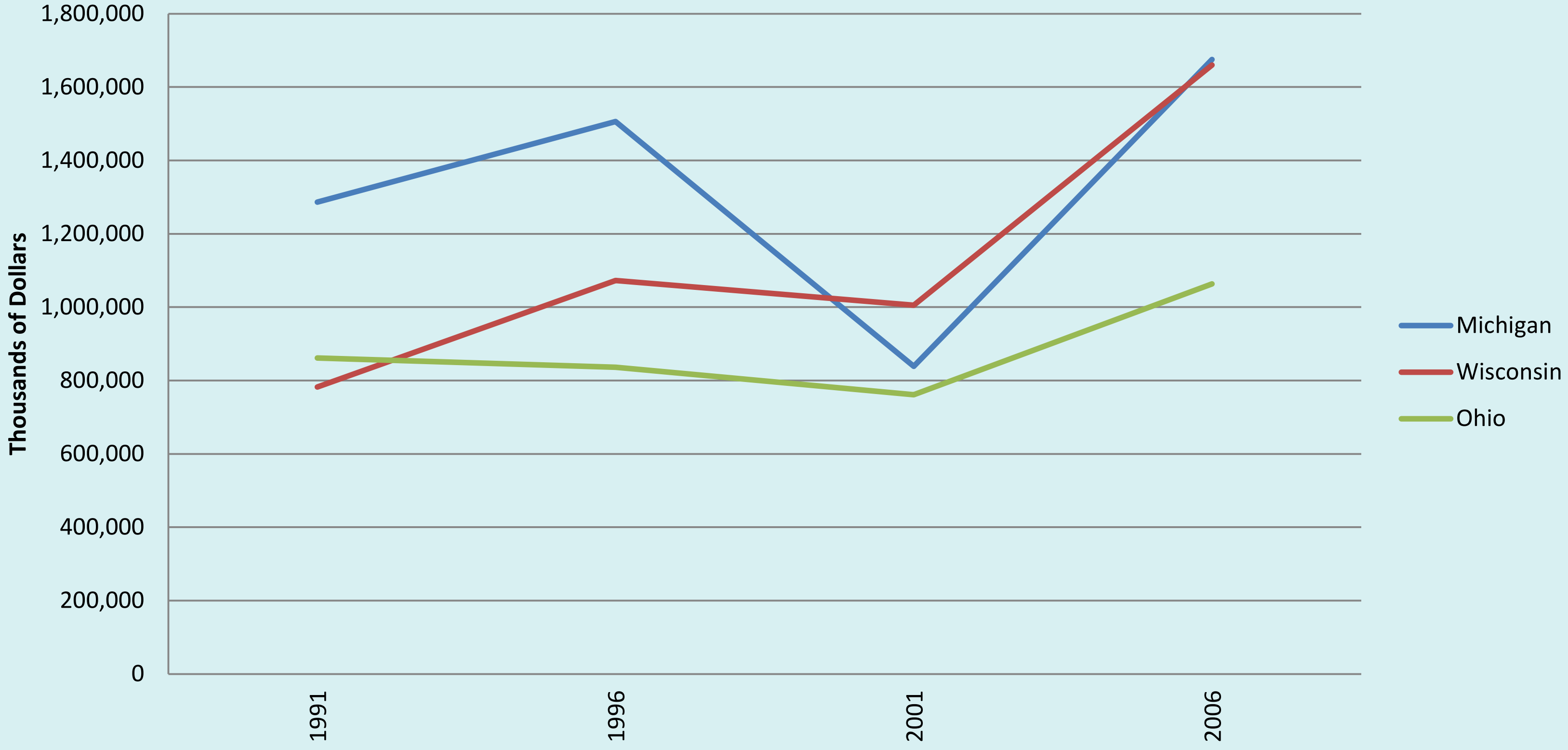
Source: Michigan DNRE

Total Person Fishing Days by State (MI, WI & OH)



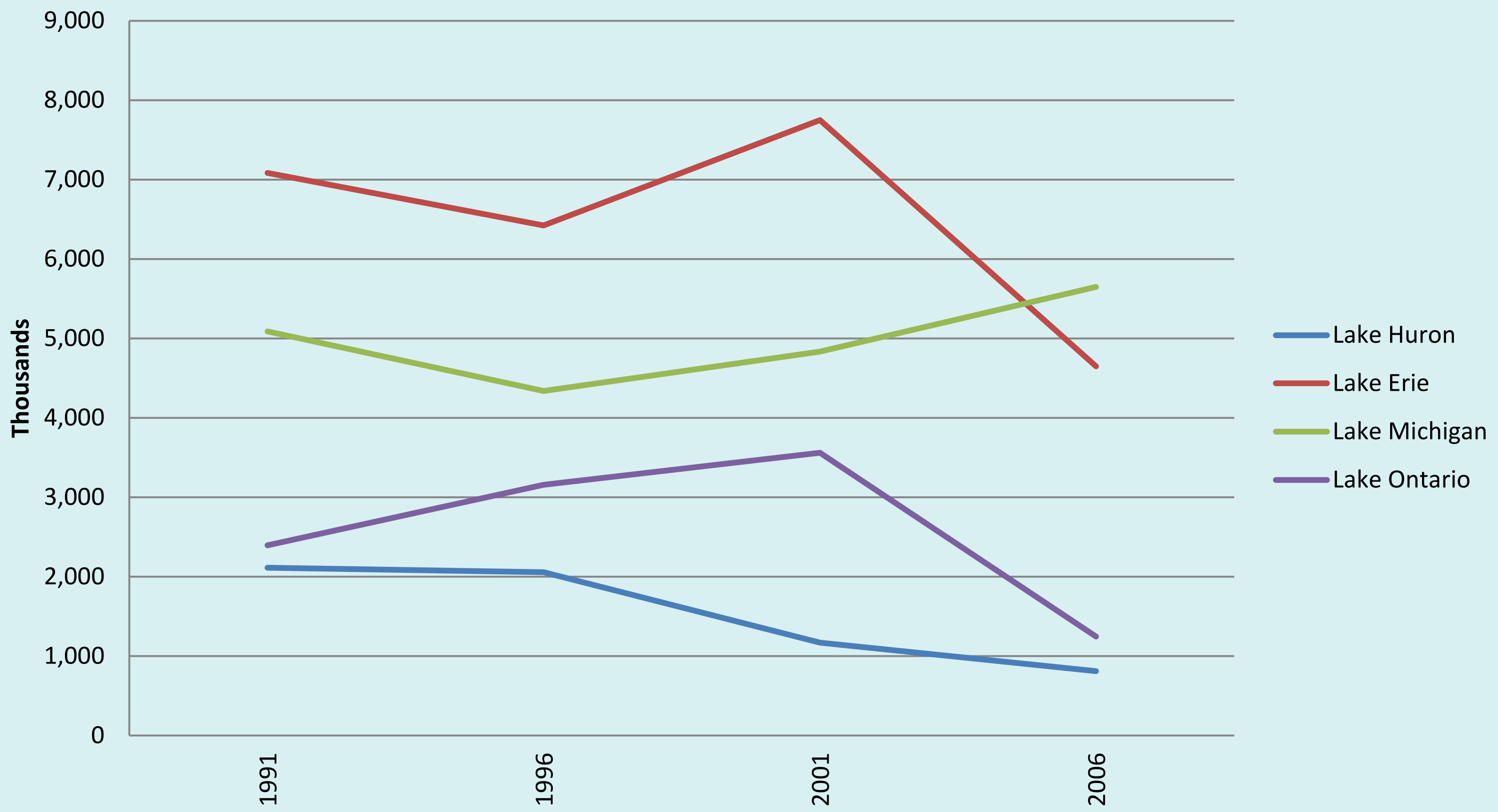
Source: National Survey of Fishing, Hunting and Wildlife-associated Recreation (1991, 1996, 2001, & 2006)

Fishing-related Expenditures (Inflation Unadjusted) – MI, WI & OH

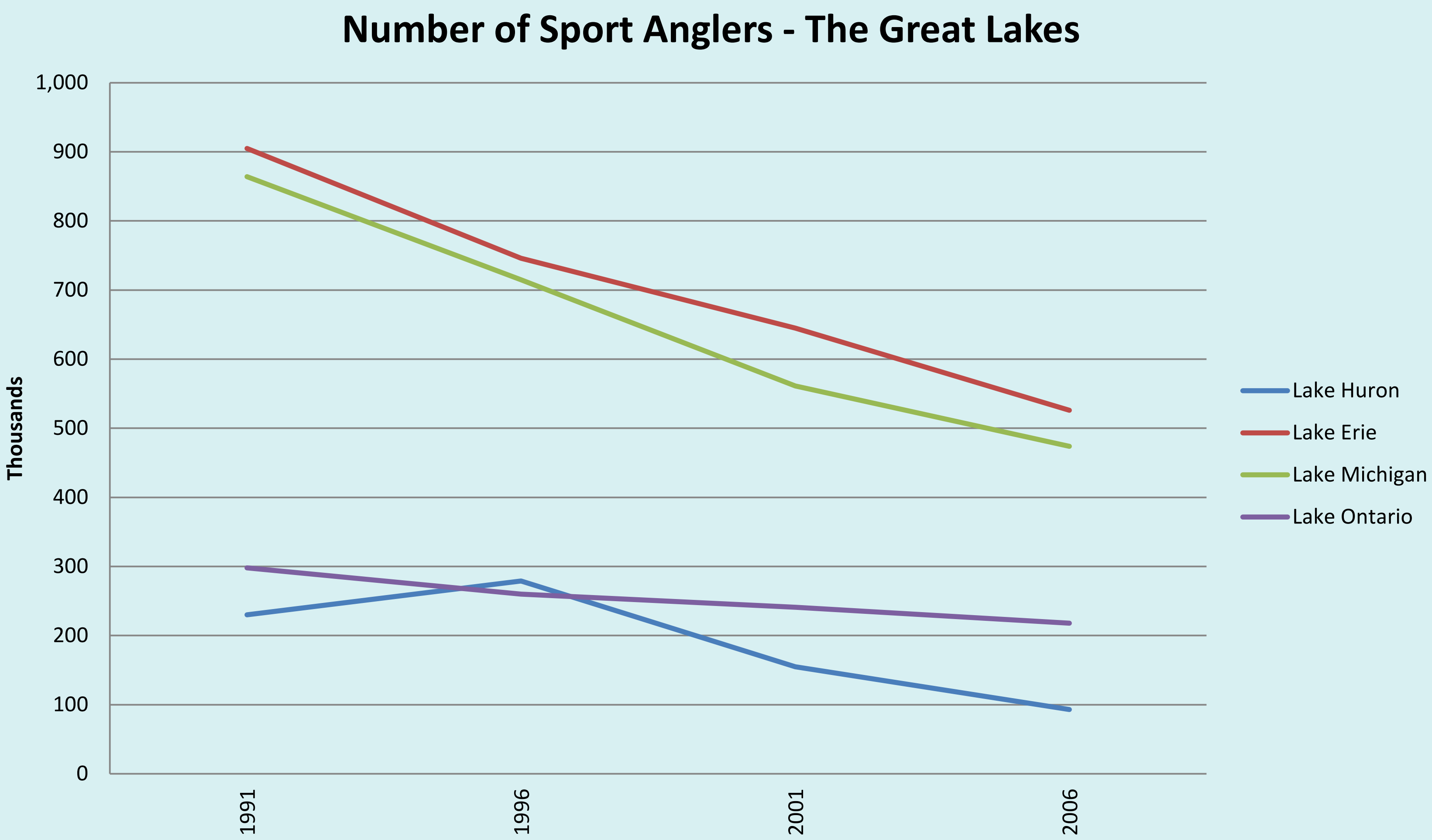


Source: National Survey of Fishing, Hunting and Wildlife-associated Recreation (1991, 1996, 2001, & 2006)

Total Person Fishing Days – The Great Lakes

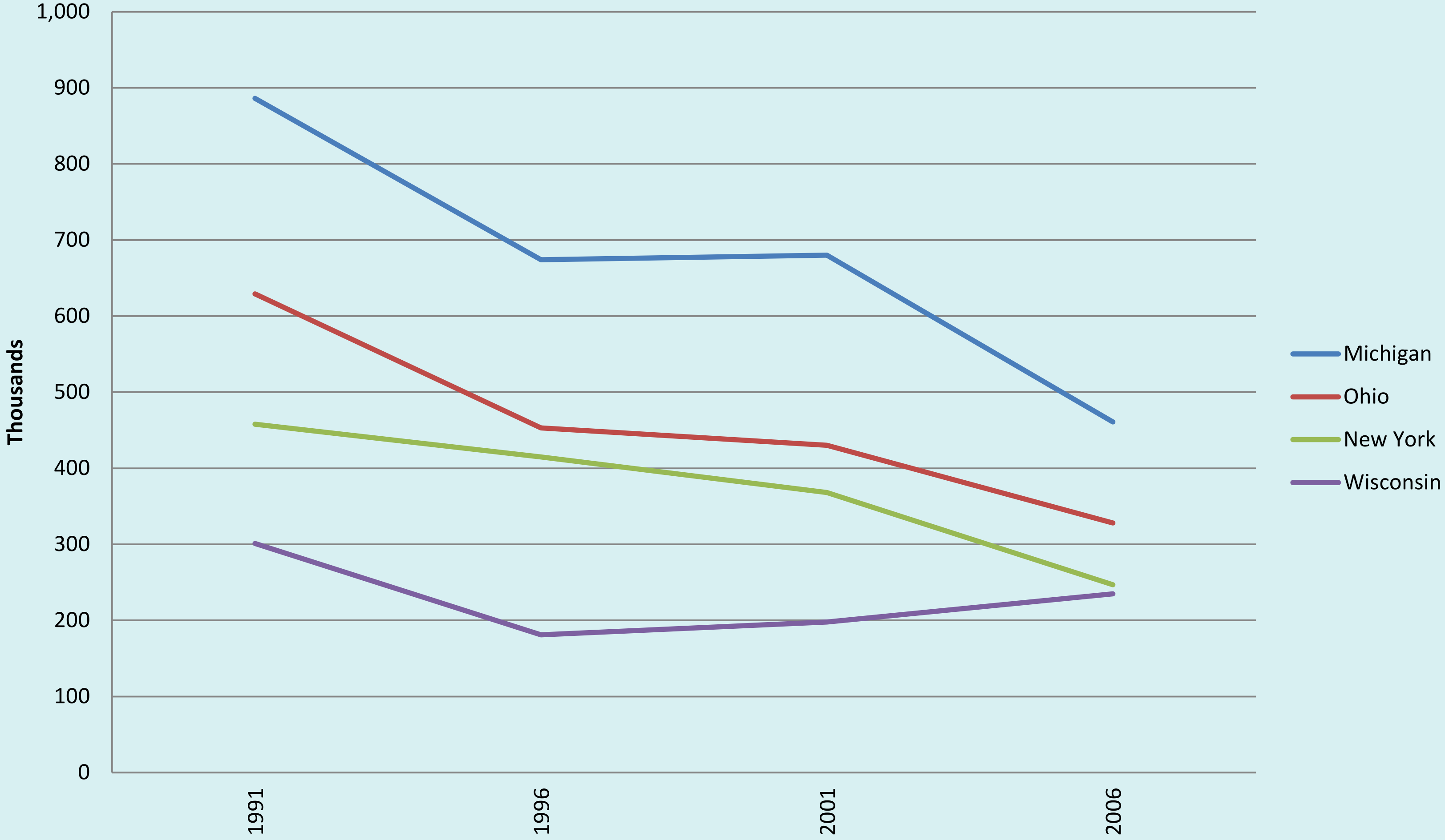


Source: National Survey of Fishing, Hunting and Wildlife-associated Recreation (1991, 1996, 2001, & 2006)



Source: National Survey of Fishing, Hunting and Wildlife-associated Recreation (1991, 1996, 2001, & 2006)

Number of The Great Lakes Anglers by State – MI, OH, NY & WI

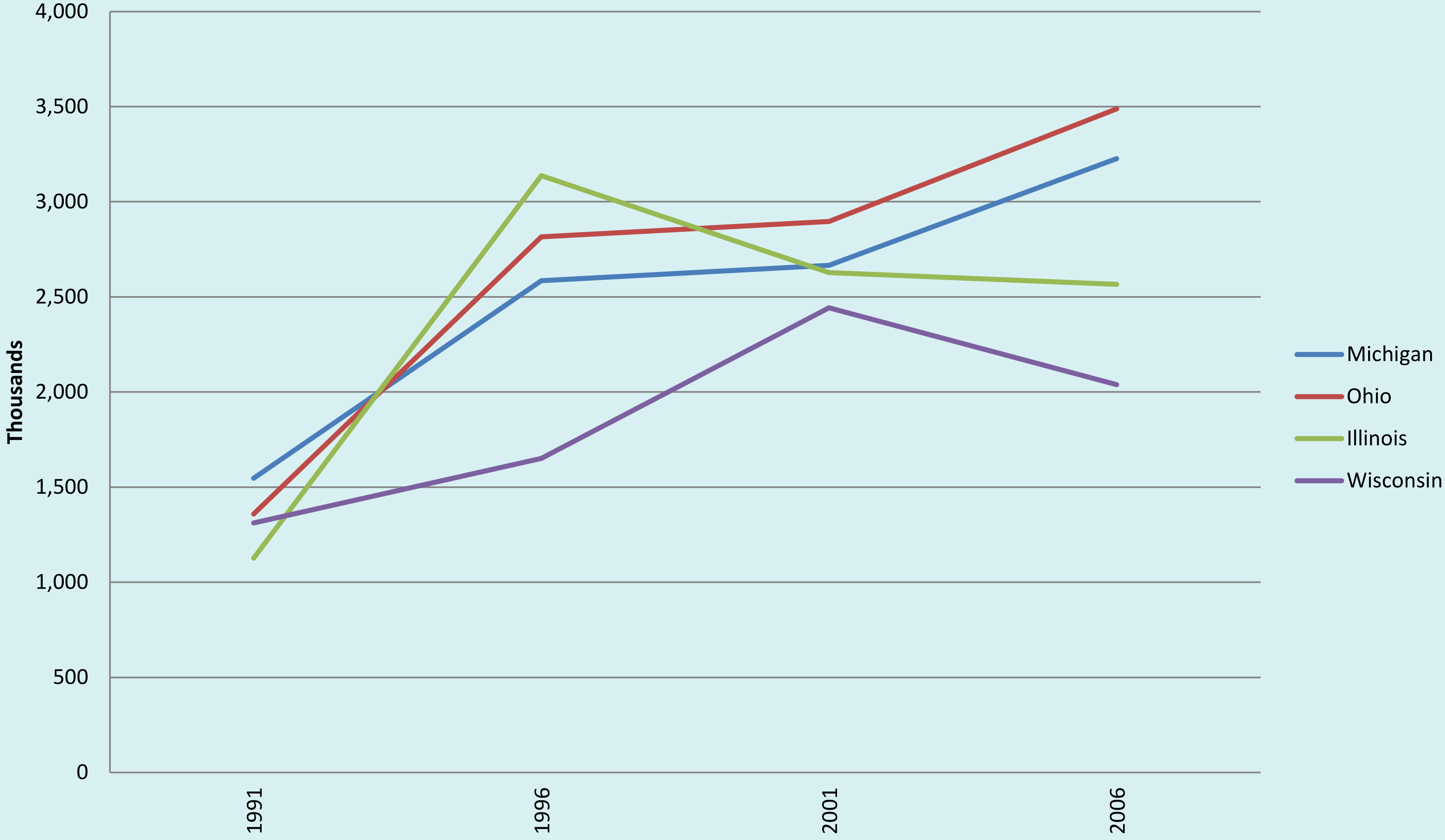


Source: National Survey of Fishing, Hunting and Wildlife-associated Recreation (1991, 1996, 2001, & 2006)

Number of Participants (US) – Fishing, Hunting & Wildlife-Watching

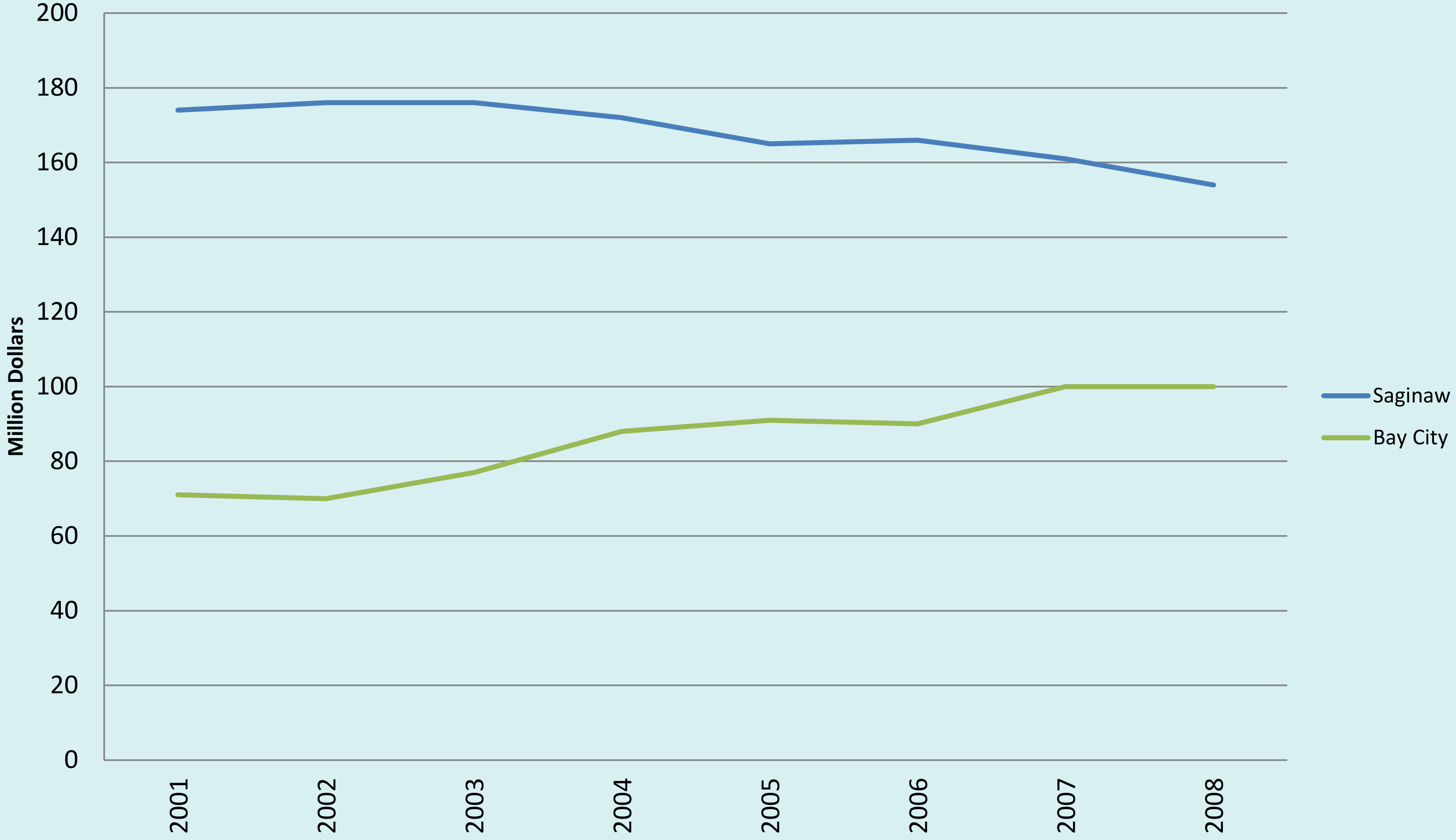
Source: National Survey of Fishing, Hunting and Wildlife-associated Recreation (1991, 1996, 2001, & 2006)

Participants in Wildlife-Watching by State – MI, OH, IL & WI



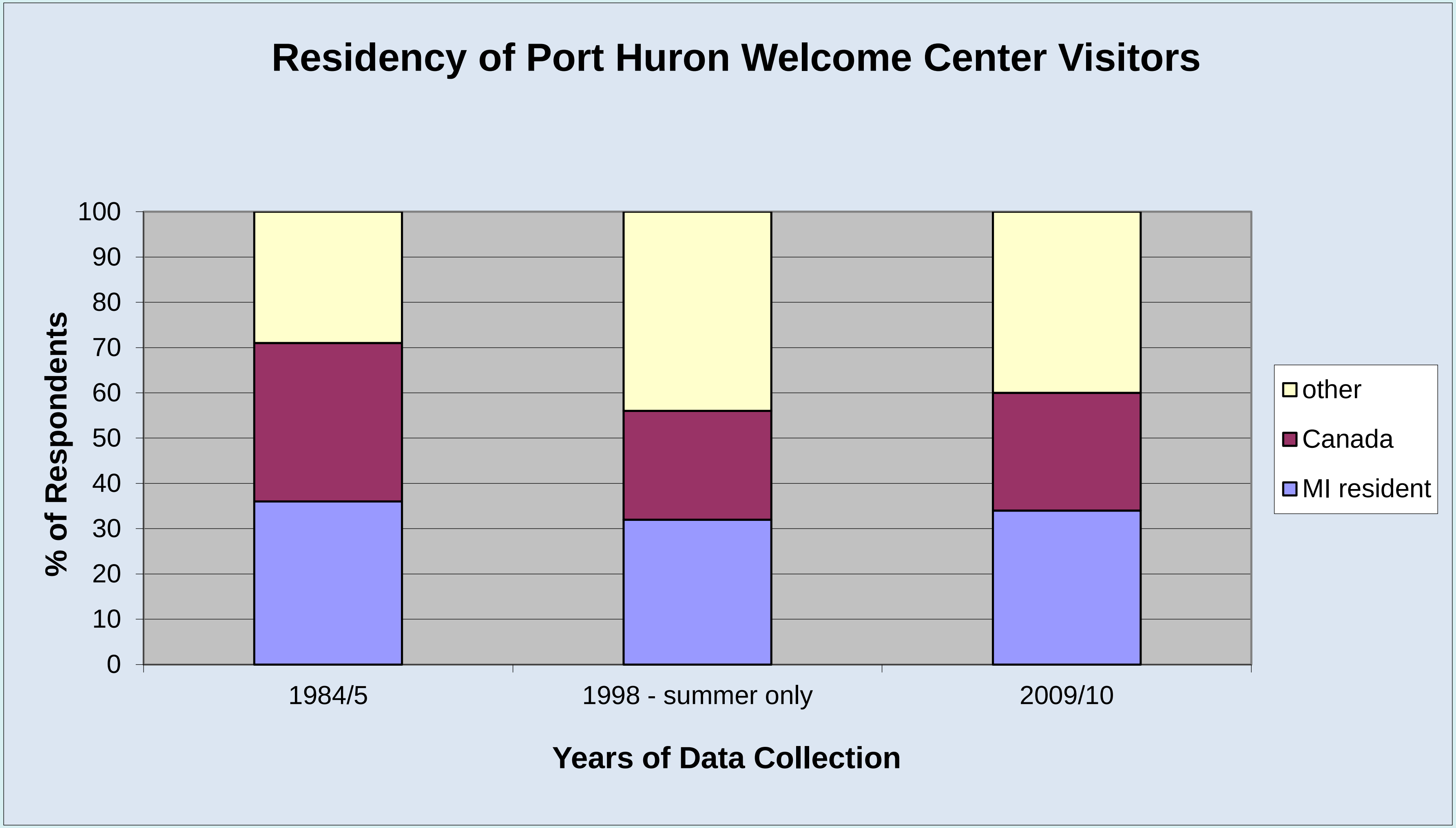
Source: National Survey of Fishing, Hunting and Wildlife-associated Recreation (1991, 1996, 2001, & 2006)

Real GDP of Accommodation & Food Services (2001 dollars/Saginaw & Bay City)



Source: Federal Reserve Economic Data, St. Louis

Welcome Center Data



Source: C. Vogt, MSU, collected for Travel Michigan

Note: Sampling in 2009/10 was conducted by Travel Counselors and may have biased information collection levels

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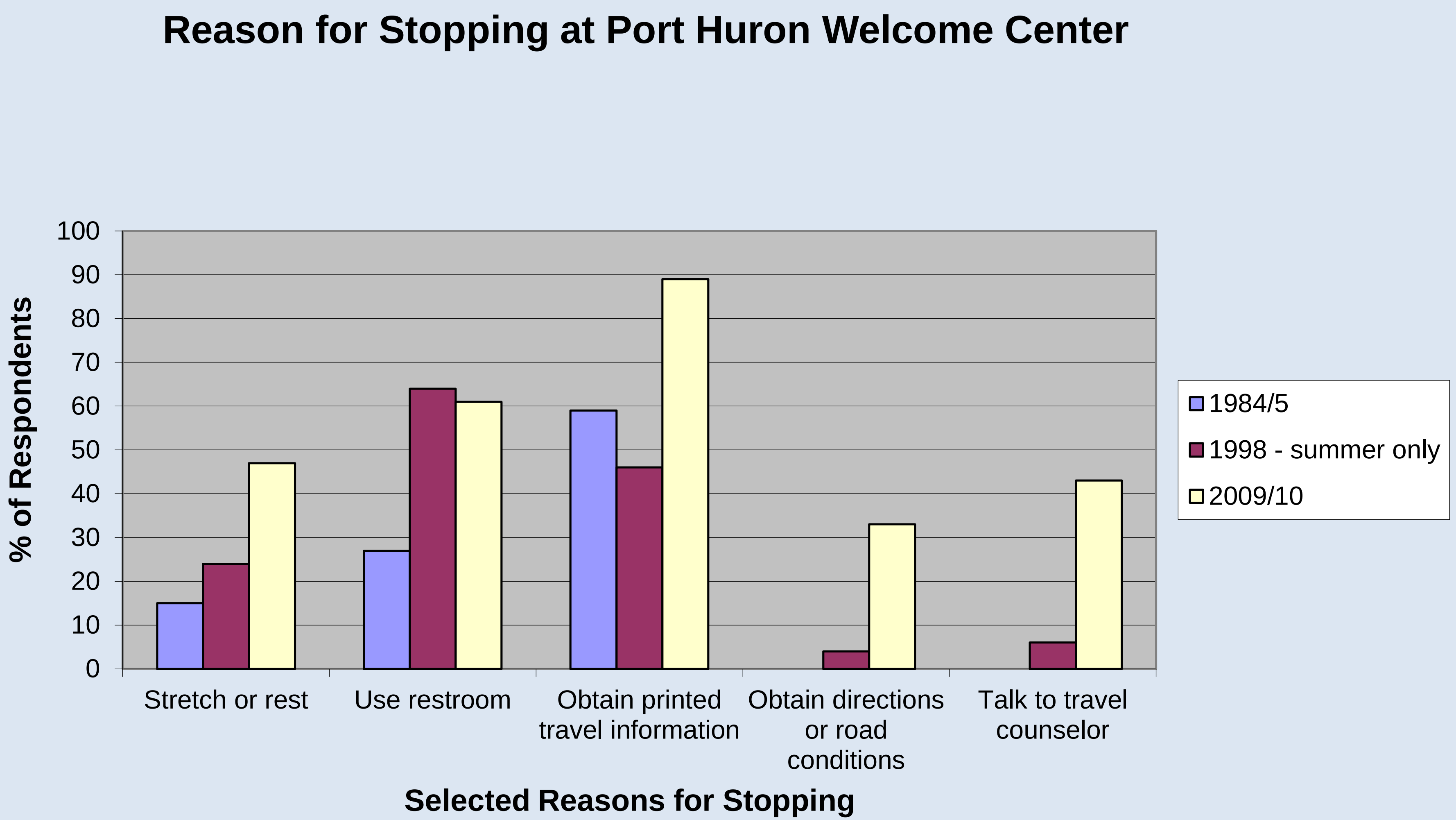

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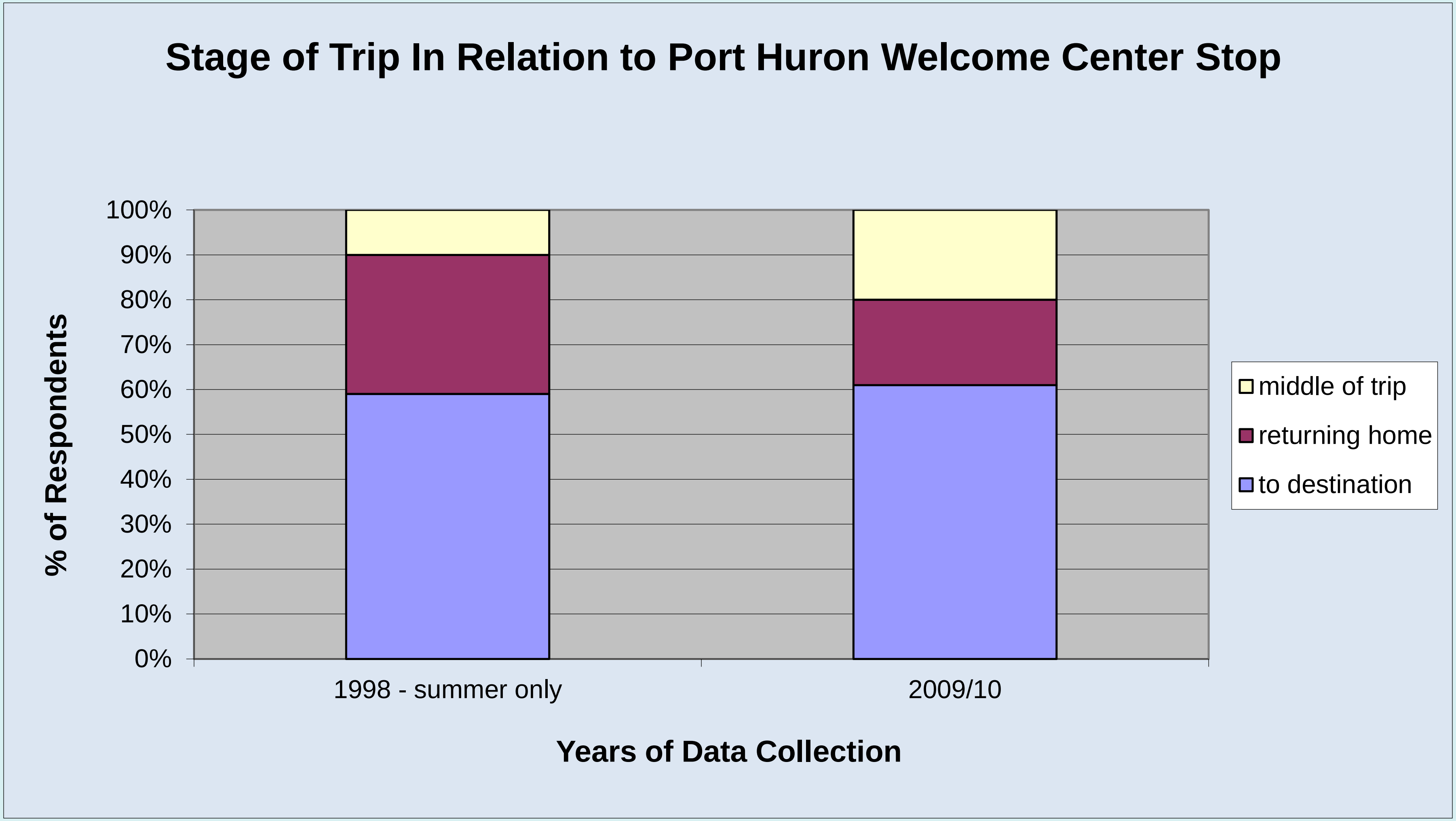

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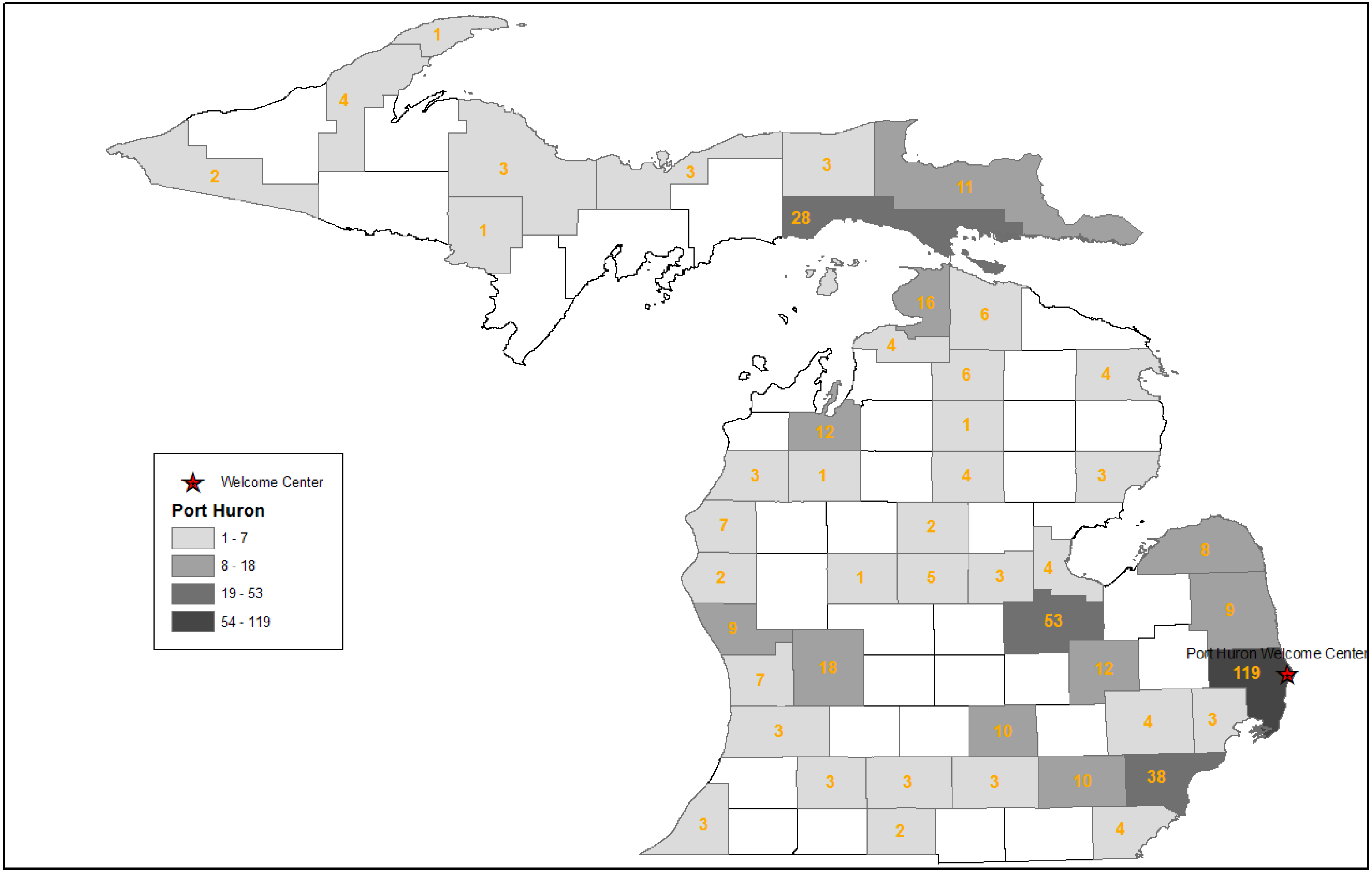
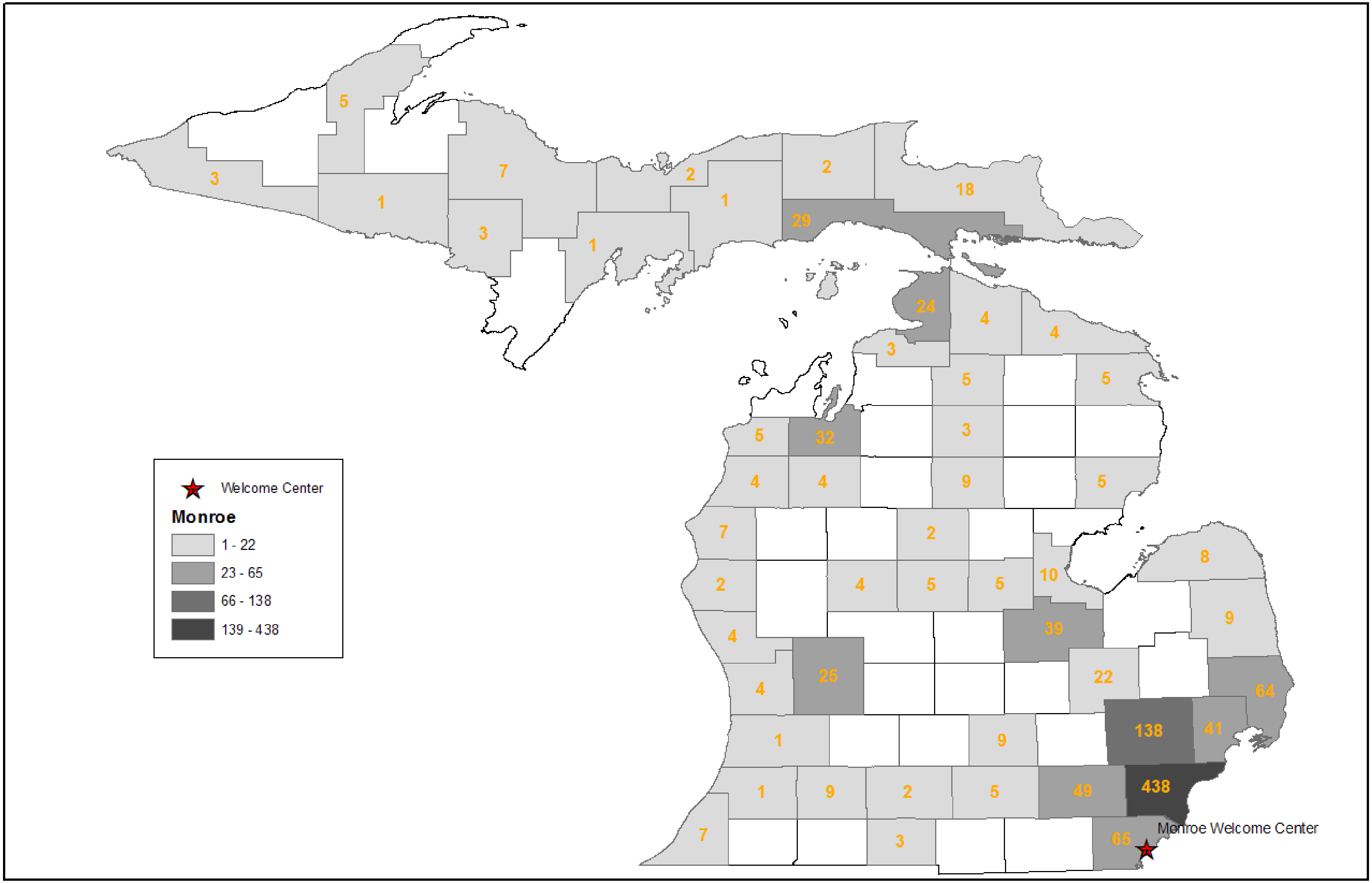


Primary Destination By Welcome Center



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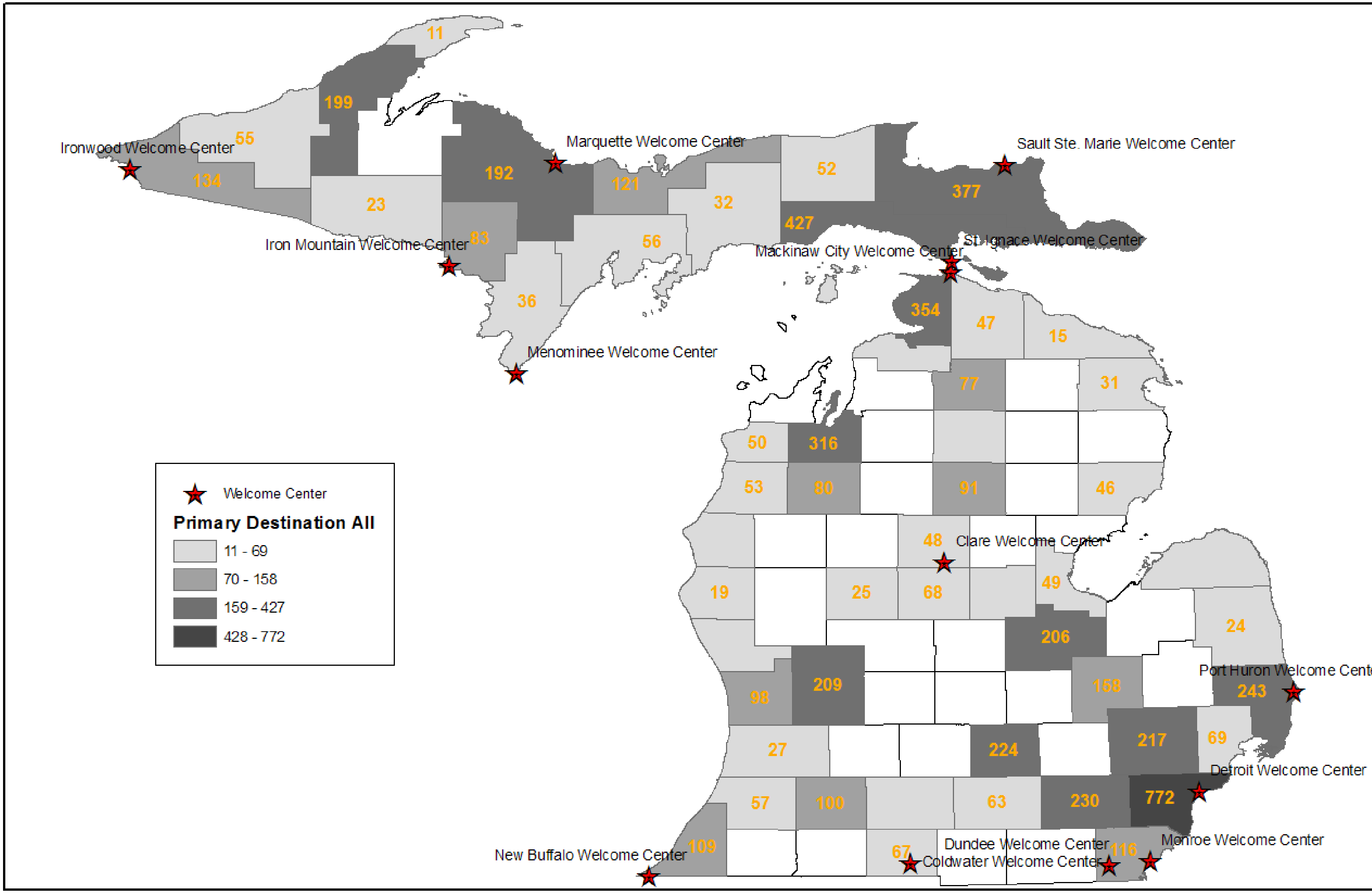
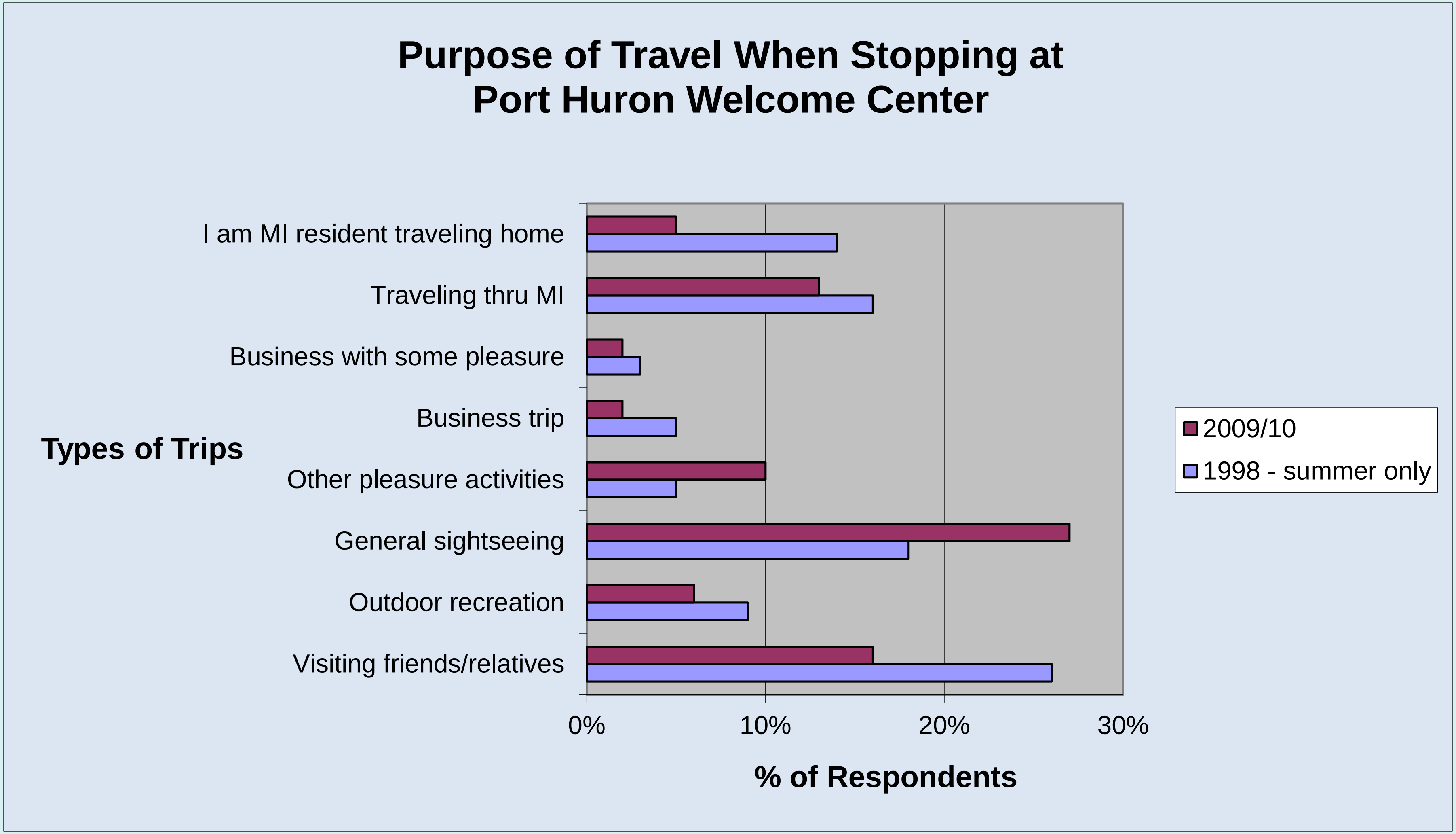


Primary Destination County Count

Welcome Center Data



Source: C. Vogt, MSU, collected for Travel Michigan

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Knowing the tourists

- Demographics
- Trip profile
  - Day compared to overnight
  - Spending
- Source of data
  - 2008-2010 all leisure trips to area
  - National study (excludes Canada)
  - Heavily used by Travel Michigan and other states

Tourist Profile - Demographics

Demographics	Three Counties	Three + St. Clair County	Compared to all Michigan Tourists
Children in household	39% with children	48% with children	38% with children
Currently married	65%	69%	72%
Profile of household (largest mkts):	Maturity & free 24% Young family 20% Young & free 15% Affluent mature 12%	Maturity & free 21% Young family 21% Moderate family 15% Young & free 12%	Maturity & free 20% Young & free 19% Young family 19% Affluent mature 14%
Profile of household (smallest mkts):	Affluent family 8% Moderate family 10%	Moderate mature 10%	Affluent family 9% Moderate family 9%

3 counties refers to Tuscola, Huron and Sanilac
Source of data: Travel Michigan, DK Shifflet. Leisure travel only; 2008-2010 trips.

Tourist Profile
Geographic Markets

Home/residency of tourists	Three County	Three + St. Clair County	Compared to all Michigan Tourists
MI	91%	89%	71%
Detroit	*58%* *Wayne and Oakland*	*63%* *Oakland and Macomb*	*27%*
Flint-Saginaw-Bay City	*30%*	*21%*	*11%*
GR-K-zoo-BC	*1%*	*1%*	*15%*
Lansing	*0%*	*1%*	*5%*
Ohio	1%	2%	5%
NY	0.5%	0.2%	0.9%
PA	1%	0.6%	0.8%

3 counties refers to Tuscola, Huron and Sanilac
Source of data: Travel Michigan, DK Shifflet. Leisure travel only; 2008-2010 trips.

Tourist Profile
Geographic Markets

Home/Residency of Tourists	Three County		Three + St. Clair County		Compared to All Michigan Tourists	
	Day Trip	Overnight Trip	Day Trip	Overnight Trip	Day Trip	Overnight Trip
MI	94%	91%	98%	79%	84%	55%
Flint-Saginaw-Bay City	*67%*	*9%*	*41%*	*6%*	--	--
Detroit area	*26%*	*79%*	*55%*	*67%*	--	--

3 counties refers to Tuscola, Huron and Sanilac
Source of data: Travel Michigan, DK Shifflet. Leisure travel only; 2008-2010 trips.

Trip Profile

	Three County	Three + St. Clair County	Compared to all Michigan Leisure Trips
Season - Winter	29% (Dec)	23% (Dec)	22%
Spring	20%	24%	22%
Summer	33% (June, Aug)	36% (Aug, July)	35%
Fall	18%	17%	21%
% day/overnight	38/62%	55/45%	52/48%
# of Nights in H/Motel	1.5 nights	1.5 nights	2.0 nights
Non H/Motel Paid *(Camping, weekly cabin rentals)*	5.9 nights	6.8 nights	3.6 nights
Non-Paid *(VFR or own cabin)*	2.4 nights	2.1 nights	3.1 nights

Trip Profile

Leisure Trip Main Purpose	Three County	Three + St. Clair County	Compared to all Michigan Leisure Trips
Getaway	19%	11%	13%
General Vacation	4	9	8
Visit Friend/Relative	35	33	40
Special Event	28	19	18
Other Personal	15	28	21
Main Interests *(top 3)*	Beach/Waterfront 54%	Beach/Waterfront 38%	Touring/Sightseeing 22%
	Touring/Sightseeing 14%	Boat/Sail 20%	Beach/Waterfront 18%
	Festival/Craft Fair 12%	Festival/Craft Fair 15%	Gamble 9%

Trip Profile

Leisure Trip Main Purpose	Three County		Three + St. Clair County		Compared to all Michigan Leisure Trips	
	Day Trip	Overnight Trip	Day Trip	Overnight Trip	Day Trip	Overnight Trip
Visit Friend/Relative	50%	27%	34%	32%	37%	42%
Other Personal	34	5	50	6	33	9
Getaway	9	24	3	19	6	21
Special Event	7	38	12	25	20	16
General Vacation	0	6	0	18	4	12
Main Interests *(top 3)*	n/a	Beach/ Waterfront 54%	n/a	Beach/ Waterfront 49%	n/a	Touring/ Sightseeing 23%
		Touring/ Sightseeing 14%		Festival/ Craft Fair 15%		Beach/ Waterfront 12%
		Festival/ Craft Fair 12%		Touring/ Sightseeing 12%		Gamble 8%

Trip Profile

Leisure Trip Activities *(most popular, multiple answers)*	**Three County**	**Three + St. Clair County**	**Compared to all Michigan Leisure Trips**
Beach	**14%**	**8%**	**6%**
Dining	**13**	**19**	**26**
Touring/Sightseeing	**9**	**7**	**11**
General Entertainment	**8**	**8**	**20**
Shopping	**8**	**19**	**22**
Nightlife	**6**	**7**	**4**
Few others – Parks	*5*	*2*	*3*
Camping	*4*	*3*	*3*
Hiking/Biking	*+3*	*2*	*<3*
Hunting/Fishing	*1*	*<1*	*3*
Looking at Real Estate	*+1*	*<1*	*+1*

Trip Profile

Leisure Trip Activities *(most popular, multiple answers)*	Three County		Three + St. Clair County		Compared to all Michigan Leisure Trips	
	Day Trip	Overnight Trip	Day Trip	Overnight Trip	Day Trip	Overnight Trip
Dining	**22%**	**9%**	**28%**	**9%**	**26%**	**27%**
Nightlife	**16**	**2**	**13**	**1**	**3**	**4**
Shopping	**15**	**4**	**28**	**11**	**23**	**21**
Beach	**9**	**16**	**4**	**12**	**5**	**7**
Festival, Craft Fair	**5**	**6**	**6**	**4**	**6**	**3**
General Entertainment	**4**	**10**	**9**	**8**	**17**	**23**
Touring/Sightseeing	**3**	**11**	**6**	**8**	**12**	**11**
Few others – Parks	*0*	*7*	*0*	*5*	*3*	*4*
Camping	*0*	*5*	*0*	*5*	*0*	*6*
Hiking/Biking	*1*	*4*	*0*	*4*	*1*	*4*
Hunting/Fishing	*1*	*1*	*0*	*0*	*2*	*3*
Looking at Real Estate	*1*	*2*	*1*	*1*	*1*	*1*

Trip Spending

Spending Category	Compared to Average Spending in MI as a Whole
Transportation	31% less
Food	46% less
Shopping	57% less
Entertainment & Recreation	62% less
Accommodations	71% less
Other	31% more
Total Spending	**45% less**

3 counties refers to Tuscola, Huron and Sanilac

Source of data: Travel Michigan, DK Shifflet. Leisure travel only; 2008-2010 trips.

Visiting Friends and Family

- The purpose for 50% of the day trips to the Thumb was to visit friends & family
  - *More than the MI average of 37%*
- Only 27% of overnight stays to the Thumb were to visit friends & family
  - *Less than the MI average of 42%*
- 57% of visitors with kids came to the Thumb to visit friends and relatives
  - *Only 21% of visitors without kids came for that reason*
  - *57% is more than the MI average of 36%*

Conclusion

Visiting grandparents (sometimes more obligation than pleasure) is done as a day trip

Special Events

Overnight Visitors:

•38% came to the Thumb for “special events”

– *More than MI average of 16%*

•Festival attendance is twice as common for Thumb visitors as the MI average

Day Visitors:

•Only 7% of day visitors to the Thumb came for “special events”

– *Lower than MI average of 20%*

Conclusions

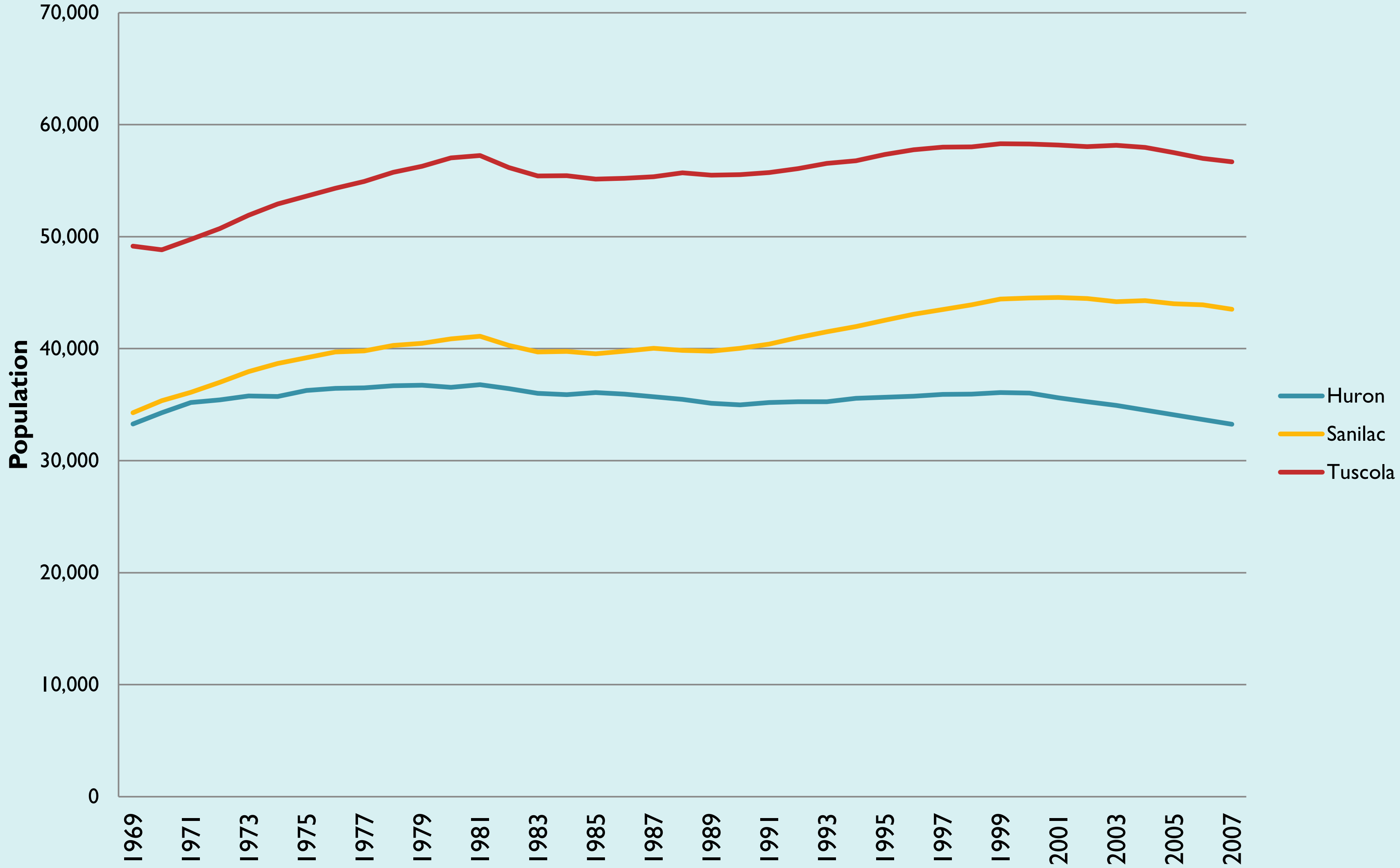
- If people come for special events, they’re more likely to spend the night
- This data suggests that if there’s something interesting to do, they’ll stay the night

Other Interesting Data

- 1/3 of trips to the Thumb were day trips
  - *Fewer than the MI average of 50% day trips*
- 81% of visitors to the Thumb did not have kids with them
  - *More than Mi average of 67%*
  - *Thumb is not currently as a destination for kids*
- Length of stay is 15% longer for Thumb overnights than MI average
  - *Less travel time means more time away*
- Beaches/waterfront is by far the most common activity done by overnight visitors

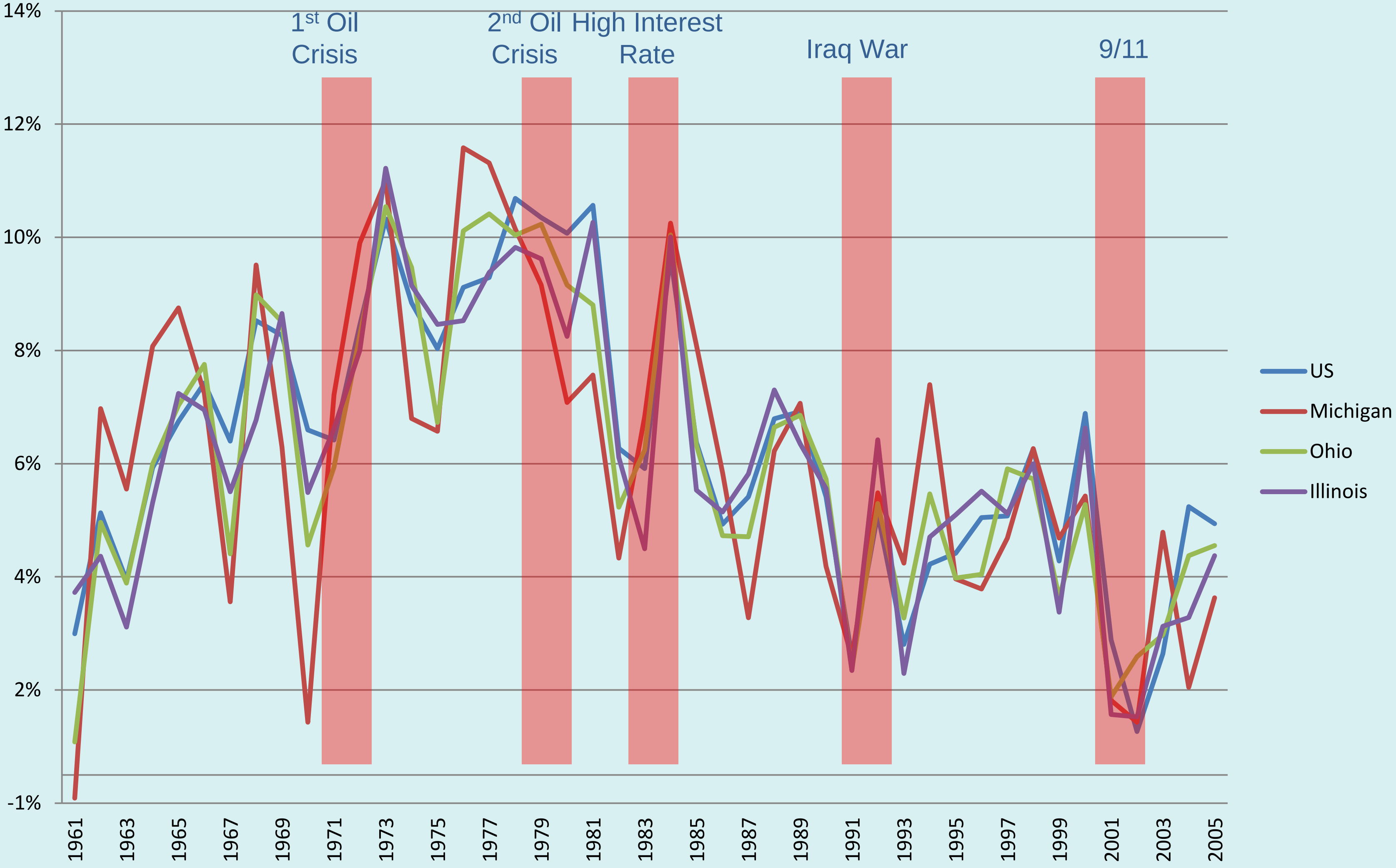
Socio-economic Trends

Population (Huron, Sanilac & Tuscola)



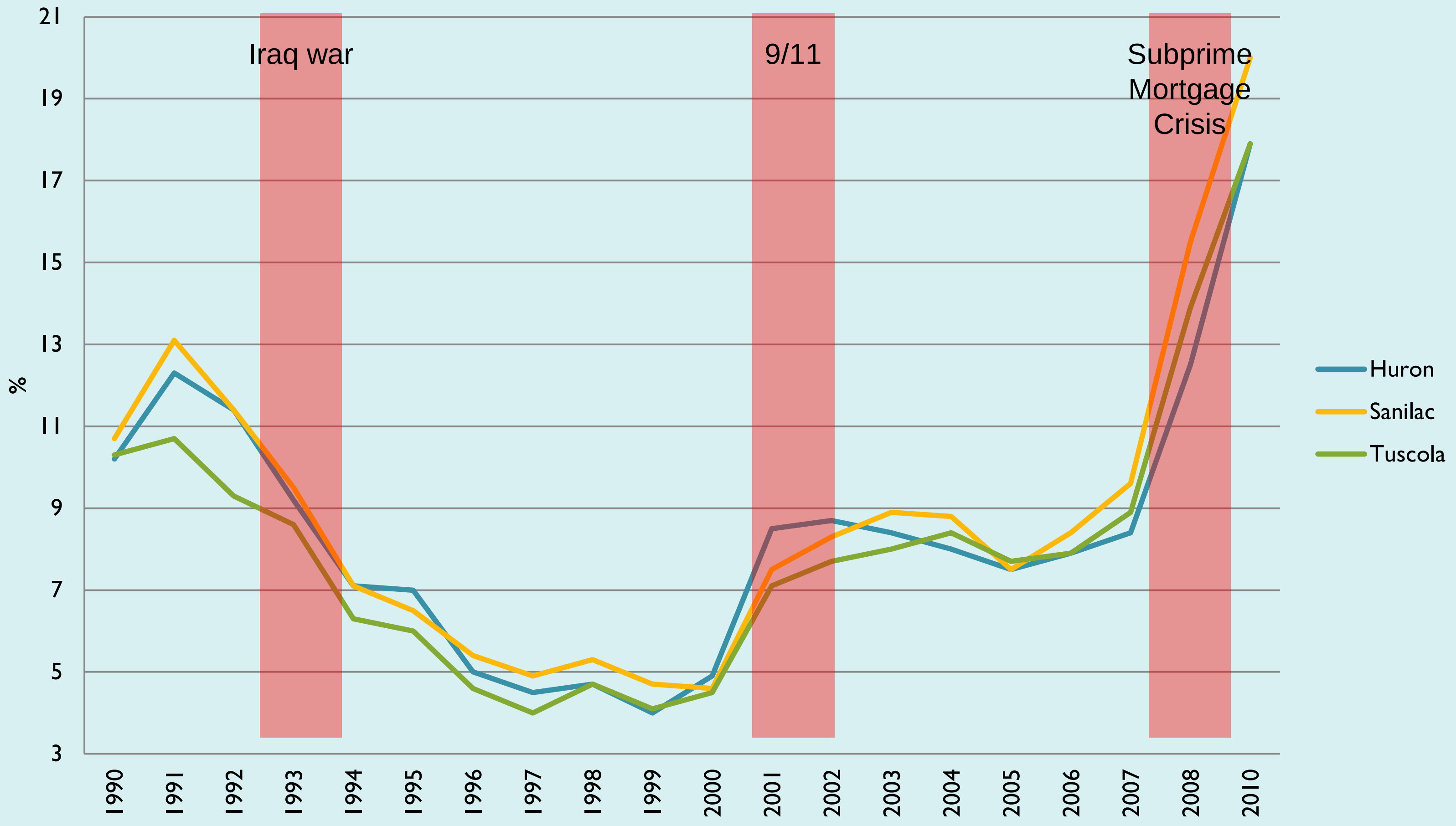
Source: Federal Reserve Economic Data, St. Louis

Personal Income Growth Rate (US, MI, OH & IL)



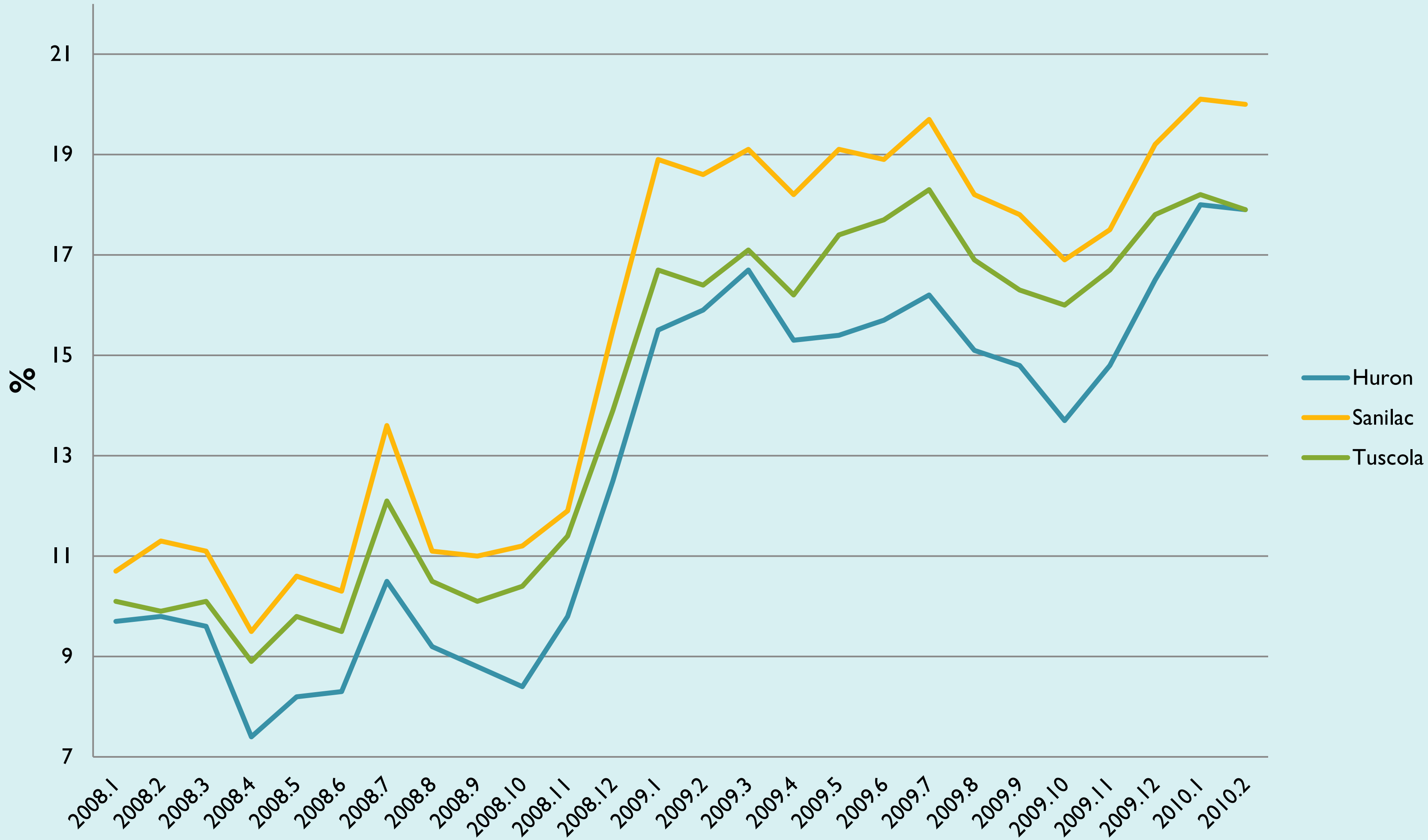
Source: Federal Reserve Economic Data, St. Louis

Unemployment Rate (Huron, Sanilac & Tuscola)



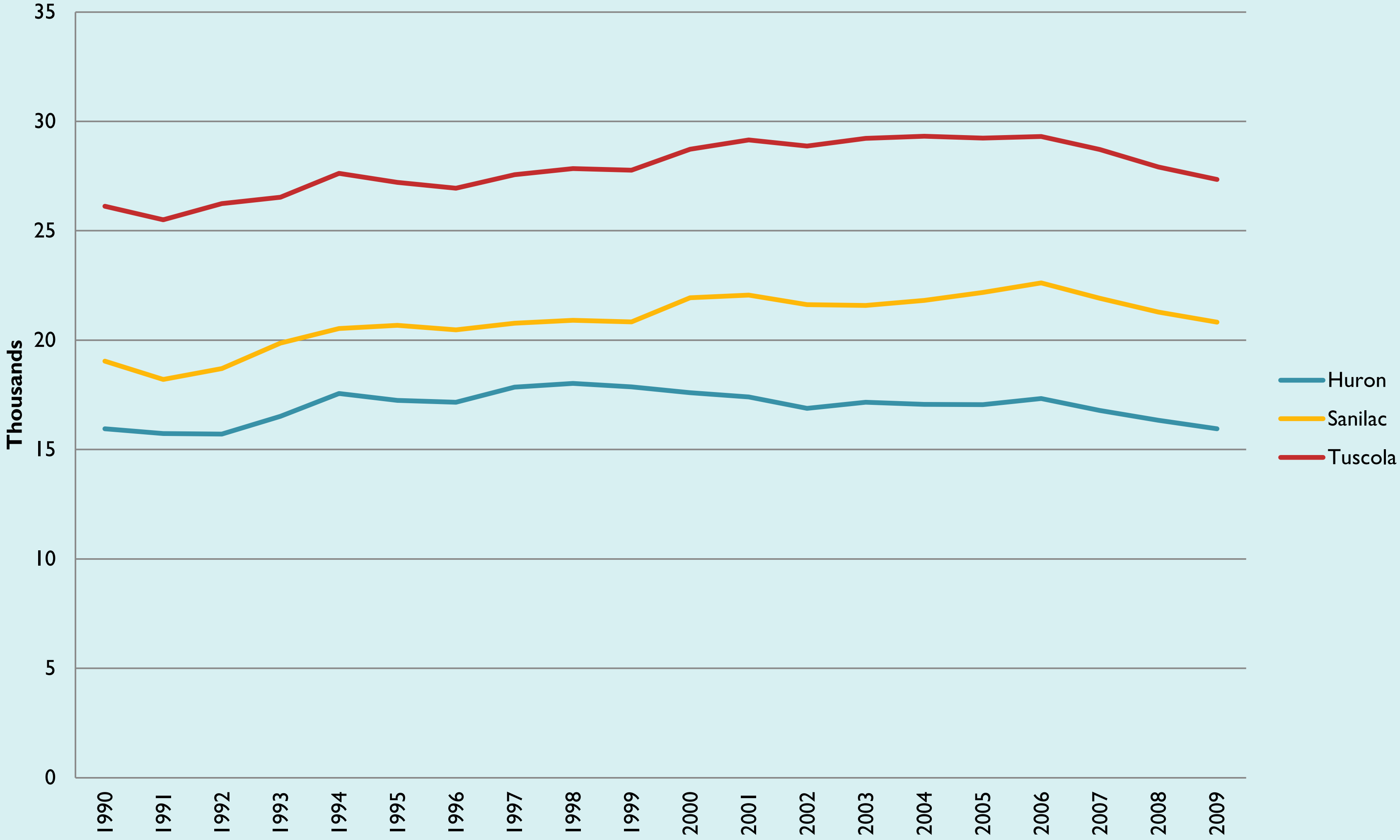
Source: Federal Reserve Economic Data, St. Louis

Unemployment Rate (08-10/Huron, Sanilac & Tuscola)

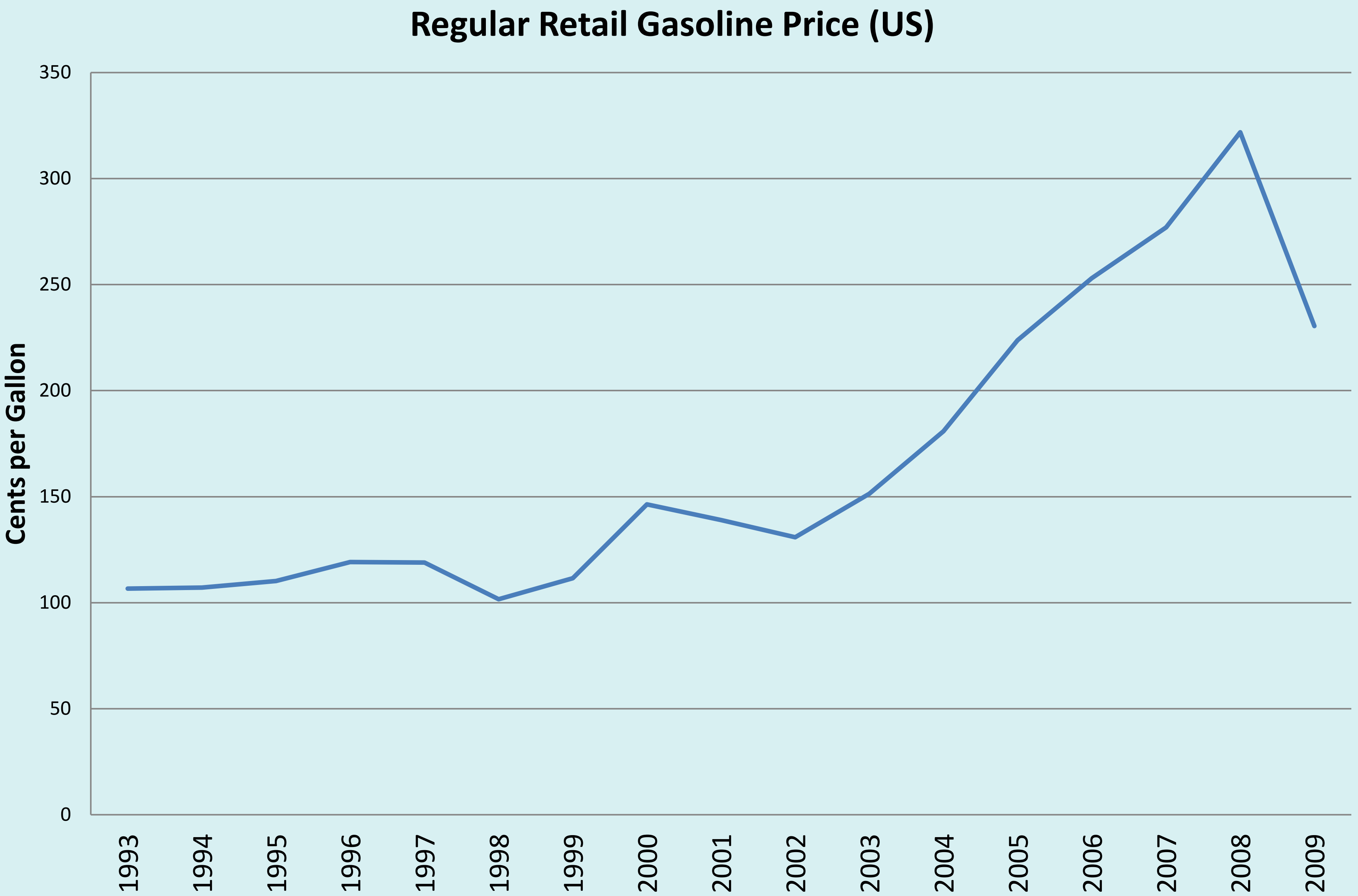


Source: Federal Reserve Economic Data, St. Louis

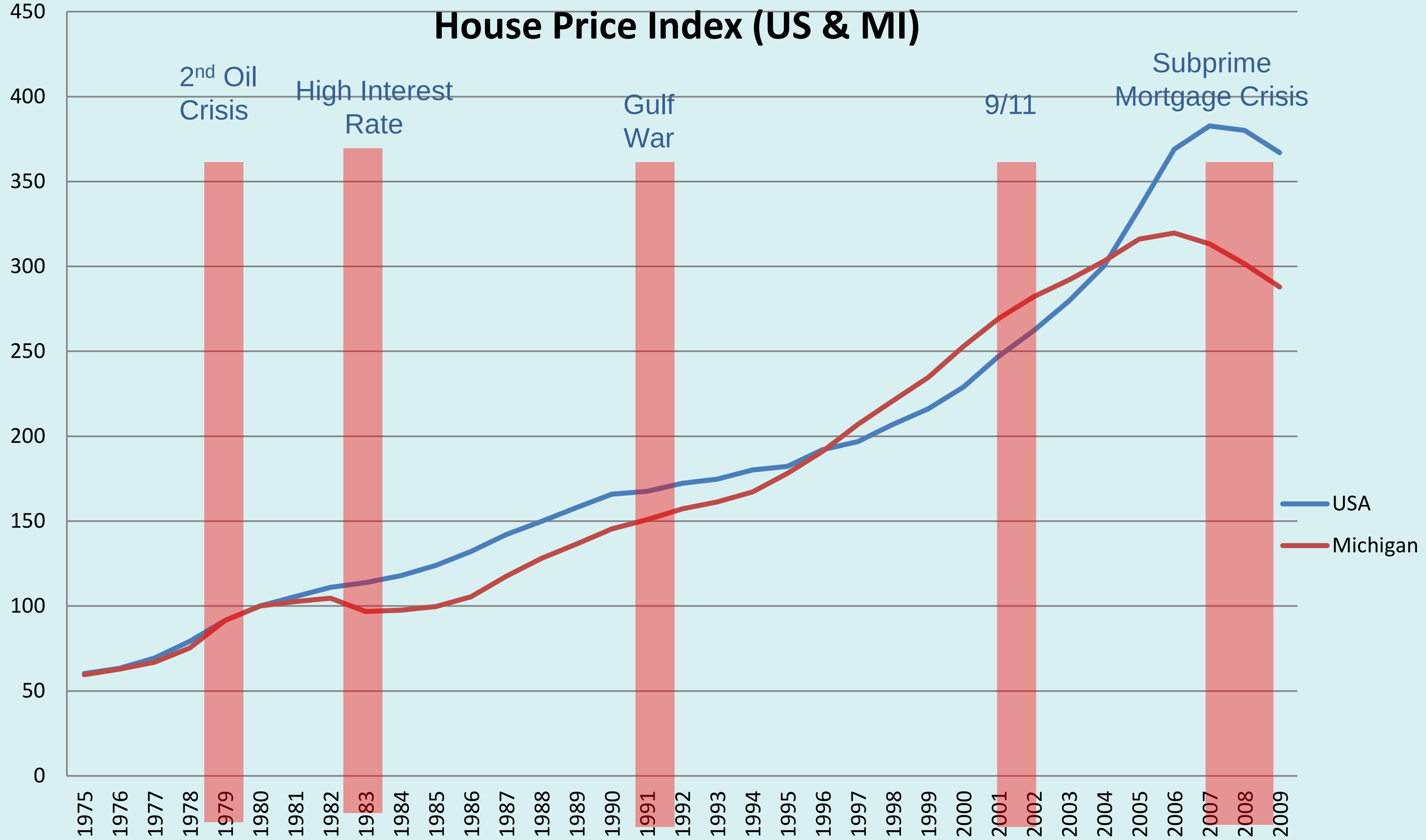
Labor Force (Huron, Sanilac & Tuscola)



Source: Federal Reserve Economic Data, St. Louis



Source: Department of Energy



Source: US Census Bureau

Socioeconomic Indicators

	Huron			Sanilac			Tuscola			Michigan		
	2000	2008	% Change	2000	2008	% Change	2000	2008	% Change	2000	2008	% Change
Demographics												
Population	36,079	32,805	**-9.1%**	44,547	43,024	**-3.4%**	58,266	56,187	**-3.6%**	9.9 mil.	10 mil.	**1.1%**
Unemployment Rate	3.8%	13.90%	**265.8%**	3.9%	16%	**310.3%**	4%	15%	**265.9%**	3.5%	12.8%	**266%**
Median Age	41.2	44.7	**8.5%**	37.8	39.5	**4.5%**	37	39.9	**7.8%**	35.6	37.7	**5.9%**

Business Changes 2000 - 2008

	Huron	Sanilac	Tuscola	Region Total
Employers				
Number of Employers	-6%	-7%	-11%	-8%
Number of Employees	-9%	-16%	-19%	-15%
Annual Payroll	3%	-8%	-1%	-2%
Number of Establishments With > 50 Employees	-13%	-15%	-23%	-17%
Nonemployers				
Businesses With No Employees	3%	12%	8%	8%
Nonemployer Receipts	22%	21%	10%	17%

Housing and Work Commute

	Huron			Sanilac			Tuscola		
	2000	2008	% Change	2000	2008	% Change	2000	2008	% Change
Occupied Homes	14,597	14,798	**1%**	16,871	16,985	**1%**	21,454	21,461	**<1%**
Vacant Homes	5,833	6,492	**11.3%**	4,443	5,134	**15.6%**	1,924	2,739	**42.4%**
Seasonal Homes	4,770	5,259	**10.3%**	3,244	3,380	**4.2%**	724	786	**8.6%**
Mean Commute Time	20.6	20.6	**0.0%**	28.1	29.7	**5.7%**	30.3	28.6	**-5.6%**
Long Commute > 30 min.	3,343	3,288	**-1.6%**	6,484	7,007	**8.1%**	10,179	8,817	**-13.4%**
Short Commute < 10 min.	5,209	4,135	**-20.6%**	5,316	4,193	**-21.1%**	5,157	4,494	**-12.9%**

Tourism Indicators Before and After Chinook Collapse

	Huron, Sanilac & Tuscola		Michigan Total	
	1998-2003	2004-2008	1998-2003	2004-2008
Golf Courses	-17%	-15%	2%	-6%
Marinas	0%	-50%	2%	-11%
Hotel/motel	-21%	-40%	1%	-7%
RV Park & Campground	-10%	-22%	-7%	-3%
Full Service Restaurants	-10%	3%	2%	7%

Source: US Census County Business Patterns; Google Earth; Survey of Marinas

The U.S and Michigan’s Economy

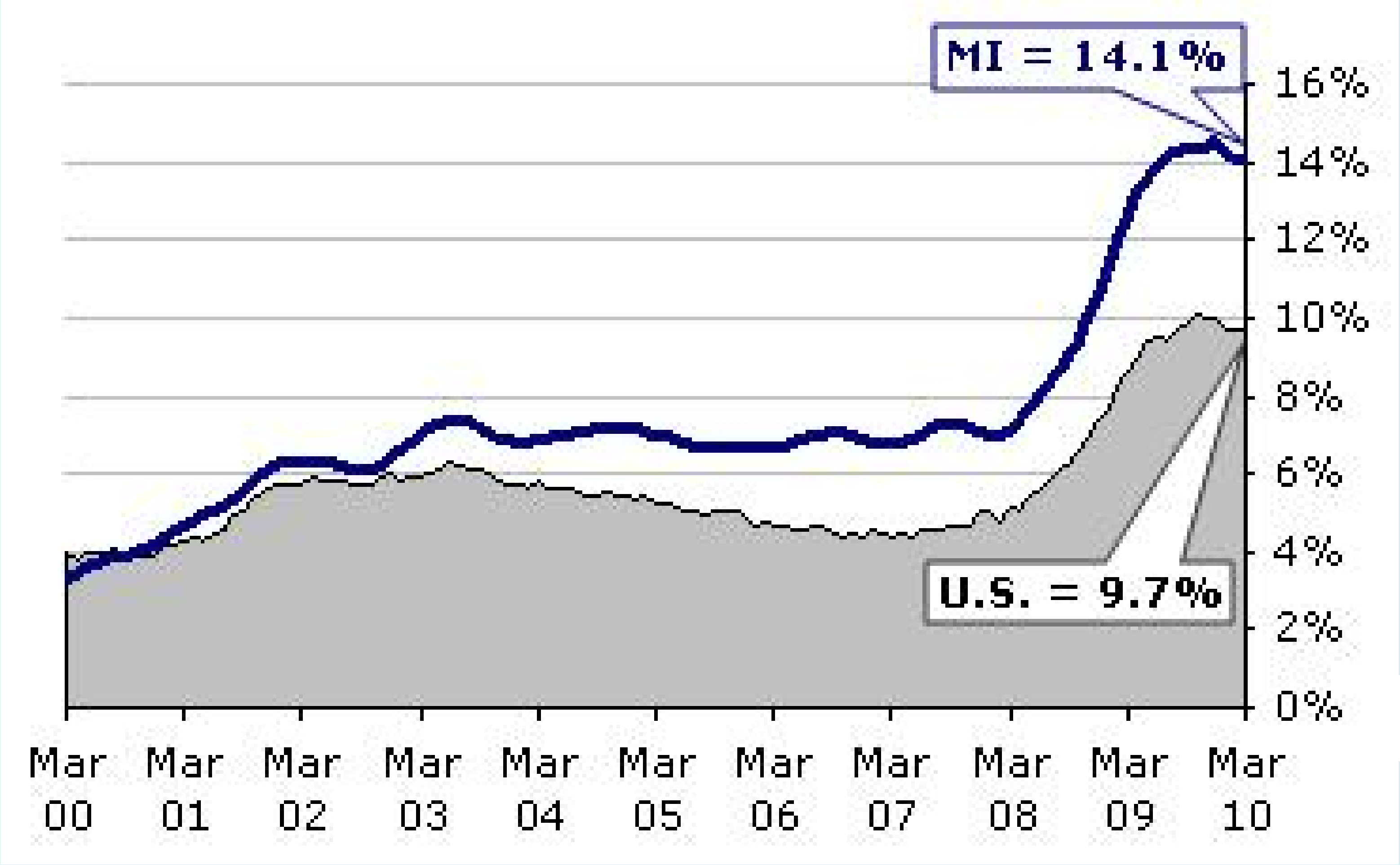
Summary – U.S. Economy

- Recession is over (GDP is up)
- Stocks have rebounded
- Corporate profits are up
- Manufacturing increasing
- Consumer spending is improving
- 162,000 new jobs in March
- But still too few jobs…
  - Over 8 million jobs lost in 2 years
  - Unemployment is still at 9.7%

U.S. Tourism Industry

- Business travel rebound has been slower than expected.
- People prioritizing experiences over consumer goods
  (assuming they get a deal)
- Certain areas (i.e., Luxury) rebounding faster than expected
- Technology: Online bookings and Social Media
- Affluent Gen X and Gen Y are leading the recovery
  (PricewaterhouseCoopers and Retail Forward)

UNEMPLOYMENT RATES



Source: Michigan Department of Labor & Economic Growth

Michigan Economy

- Industrial states tend to climb out of recessions faster, earlier
- Michigan lost over 855,500 jobs since 2000 (230,000+ in 2009) - *(RSQE, 2009)*
  - Unemployment still over 14%
  - Loss of high paying jobs (especially for low education workers)
- Population decrease 4 years in a row *(US Census)*

Michigan’s Economy

- In 2000:
  - Michigan’s manufacturing as a % of GDP: 22%
  - United States’ manufacturing as a % of GDP: 12%

Change in Private Employment 2001 - 2008

	Higher Education		Lower Education	
	US	MI	US	MI
Total private employment	7.8%	-0.5%	1.4%	-14.2%
High wage	3.3%	-8.2%	-3.7%	-28.3%
Middle wage	11.8%	7.0%	-4.3%	-22.7%
Low wage	21.2%	16.8%	5.0%	-5.1%

Source: RSQE - University of Michigan.

Michigan - Some Good News


Green

Poll: US Consumers Now Prefer American Cars


siness / Autos

Ford posts $2.1 billion profit on strong sales

Automaker benefits from a rebound in sales, higher quality rankings

- Auto industry rebounding
- Potential for green technologies
- Worst seems to be behind us


Greening of the Great Lakes »

Gov Granholm: Moving Michigan from rust belt to green belt

By Russ White
March 23, 2010, 12:09PM
Written by Lauren Talley

Michigan has a history of prosperity

THE "NEW NORMAL" FOR TOURISM

- Spend less
- Finding bargains is cool again (and technology lets them do it)
- Last minute travel decisions
- Business travel alternatives
- Increased role of technology and social media
- Is it a "New Normal" or temporary adjustment?

THE "NEW NORMAL" FOR MICHIGAN

- Population has decreased 4 straight years
- Jobs lost that won't come back
- Many fewer "high paying low education" jobs

- Forced to seek out of state markets

FORECAST FOR U.S. TRAVEL IN 2010

Travel volume

+ 2.5% Business travel

+1.9% Leisure travel

Travel volume - International

+ 2.8% Overall (includes Canada and Mexico)

+1.2% Overseas only

Travel spending

+ 4. 7%

Other

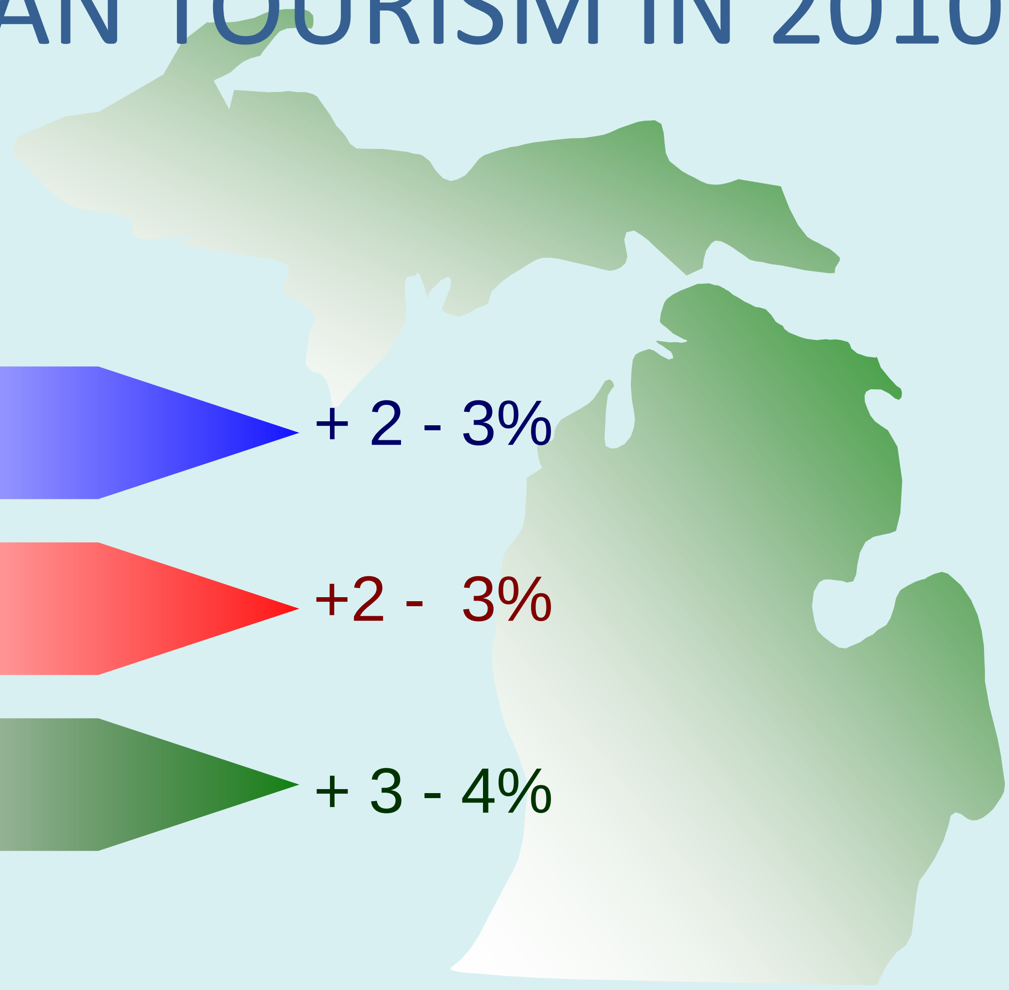
- 1.1% RevPAR *(2009: -17.1%)*

- 1.4% ADR

+1.9% Occupancy

Source: United States Travel Association (Annual Travel Forecast).; PKF – Hospitality Research; STR

MSU GROWTH PROJECTIONS FOR MICHIGAN TOURISM IN 2010



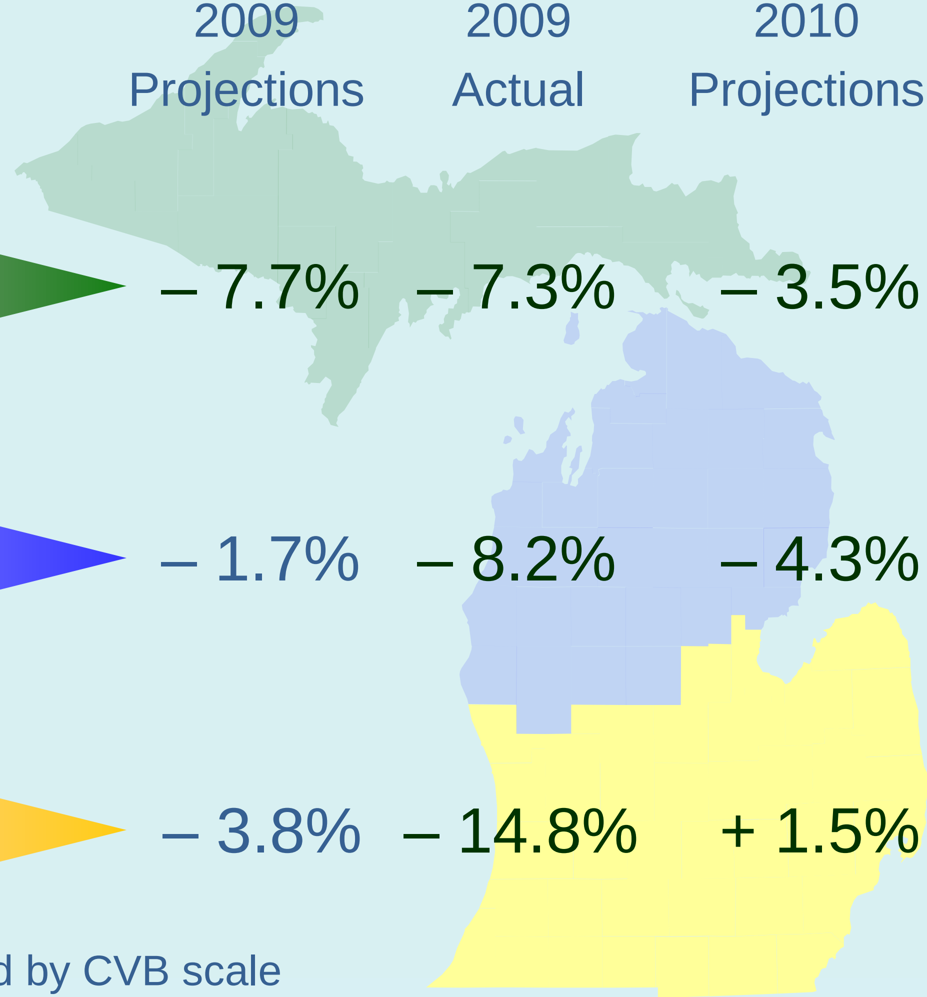
Travel volume — + 2 - 3%
Traffic counts

Travel prices — +2 - 3%
Lodging and restaurant price changes / 2

Travel spending — + 3 - 4%
Lodging sales and use tax collections

Regional Revenue Projections and Actual Assessments – (CVB Survey Results)*

	2009 Projections	2009 Actual	2010 Projections
Upper Peninsula	– 7.7%	– 7.3%	– 3.5%
Northern Lower P.	– 1.7%	– 8.2%	– 4.3%
Southern Lower P.	– 3.8%	– 14.8%	+ 1.5%



* Not all CVBs reported and results weighted by CVB scale

THE WILD CARDS

- The Economy
  - Housing (and continued foreclosures)
  - Energy prices
  - Inflation/deflation
  - New normal
- Disruption in fuel supply and/or gasoline prices back to the high $3 to $4 range
- Weather variability
- Terrorism

The Great Recession has brought a permanent shift to Michigan

Since 2000…

- Loss of nearly 1,000,000 jobs (nearly 20% of all jobs)
- Average Household Income is down over $12,000
- Michigan population has decreased while the rest of the U.S. grew 9%

Michigan’s Economy

- In 2000:
  - Ranked 34th in US for % of population with college degrees
  - Ranked 16th in US for Household Income

- In 2009:
  - Still ranked 34th for college degrees
  - Now ranked 34th for household income

Michigan’s future?

- “Green Economy”
  - Manufacturing
  - Wind
- “Knowledge Economy”
- Tourism
- Economic diversity

The "Old" Economy Model

- The "Old Economy" is a term that was coined to describe the prevailing economy of the U.S. in the 19th and 20th centuries (through the 1990's).
- The difference between Old and New Economy is so profound— that the New Economy presents a new model, in how places achieve prosperity.
- The industrial Old Economy started because communities were built around places with access to natural resources (e.g., minerals, waterways, ports).
- Soon they thrived by leveraging innovation to produce goods and developed skilled workers and managers.
- Early birthplaces for manufacturing were cradles of prosperity. Areas surrounding them automatically enjoyed the regional place effects of prosperity (and sprawl).

The “Old” Economy Model

- Prosperous places combined skilled workers with capital.
- Places were defined by what they produced.
- City-regions anchored prosperity (growth assured).
- Skilled production workers constituted an ever-growing middle class of consumers.
- Michigan was a major beneficiary.
- Separation between “communities of production” and “communities of place” began in the 1970s (sprawl).
- Globalization and Information/Communications Technology (IT) changed everything in the 1990s.

The New Economy is Different

Key Features of the *Old Economy*	**Key Features of the *New Economy***
Inexpensive place to do business was key	Being rich in talent and ideas is key
Attracting companies was key	Attracting educated people is key
A high-quality physical environment was a luxury, which stood in the way of attracting cost-conscious businesses	Physical and cultural amenities are key in attracting knowledge workers
Success = fixed competitive advantage in some resource or skill. The labor force was skills dependent	Success = organizations and individuals with the ability to learn and adapt
Economic development was government-led. Large government meant good services	Bold partnerships with business, government and nonprofit sector lead change

The New Economy is the Knowledge Economy

- In the New Economy, our competitiveness depends our brains, not just our hands.

- Concentration of knowledge workers is a critical asset, as are other assets that knowledge workers value (like green infrastructure and arts and culture).

Green Infrastructure Counts

- Green Infrastructure is attractive to various segments of the population including knowledge workers.
- People 65 years of age and older are strongly attracted by quiet landscapes with water, forest and open space amenities.
- People 36 to 64 years of age like walkable communities, with parks and recreation opportunities (e.g., golf).
- People 25 to 34 years of age enjoy dense communities with integrated green infrastructure and recreation opportunities, such as biking, boating and sports.
- Green infrastructure can become part of the *persona of a place.*

Tourism in Michigan

- Tourism in Michigan has always been regional
  (This was great when Michiganders were thriving)
- In down times: “Weather the storm”
- Now: “Michigan is different”

Opportunity has always been there, but now the ships are burning…

Talented Workers Want Quality Places

- Attracting and retaining talent is critical to success in the New Economy
- Knowledge workers are mobile. To attract and retain them, we must provide the types of places they want
- They seek a wide range of places they want to live
- Few places in Michigan are presently globally competitive
- It is not just our urban places that have to be attractive places to live

Knowledge workers look for Quality Places to Live, Work and Play!

- **Active/dynamic living environment** with lots of fun:
  - Recreation, cultural amenities, social interaction, diverse choices.
- **Amenities driven:**
  - Parks, outdoors, thriving farms, sports, hunting, fishing, waterways, greenery, etc.
- **Diverse lifestyle choices:**
  - Variety is key
- **Business and entrepreneurial opportunities:**
  - Creativity, risk taking, good market for innovation, high wage jobs.

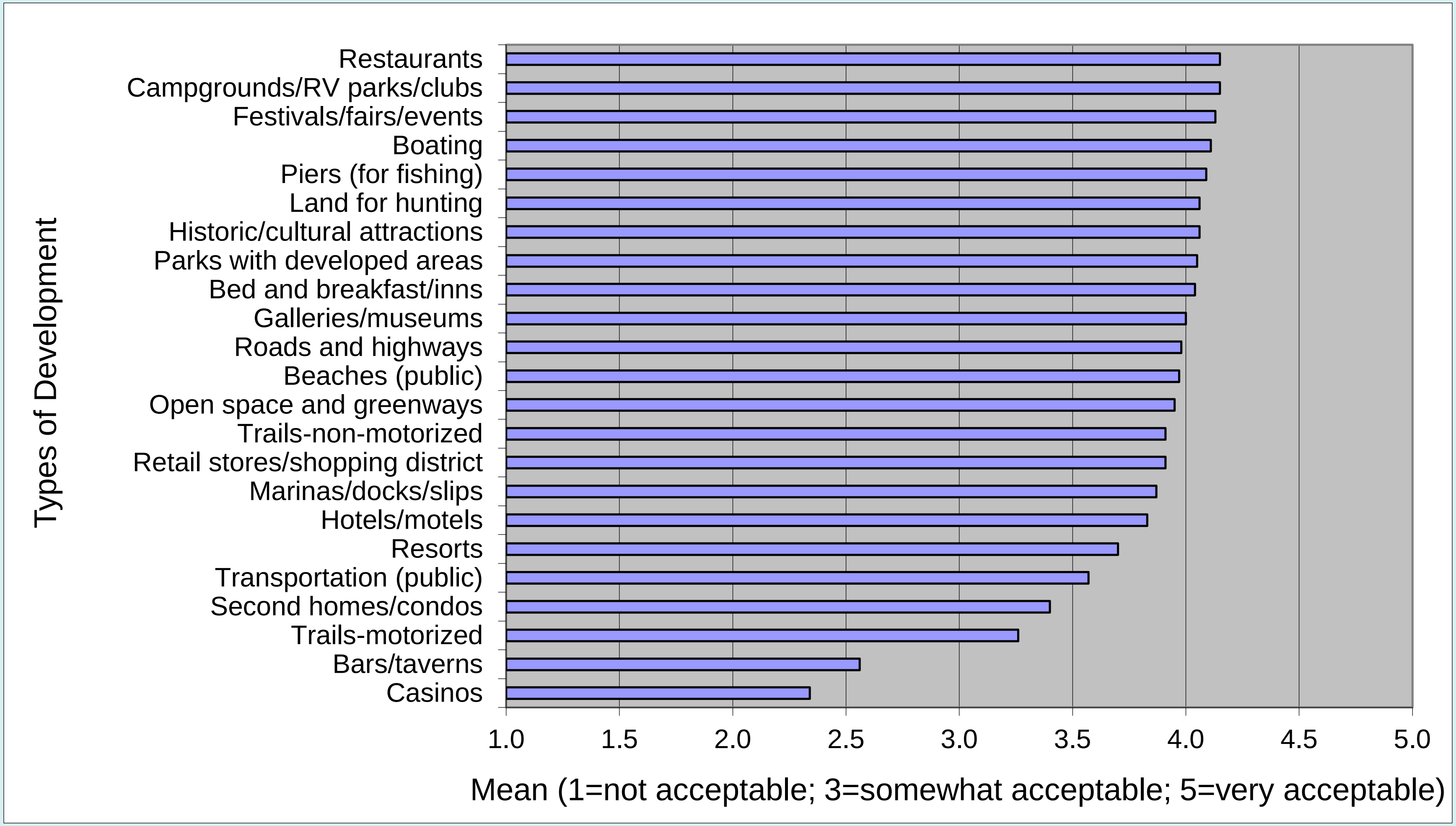
Source: MSU Land Policy Institute

In Summary

- Michigan was successful in the Old Economy
- The world changed and the economic consequences of not making the necessary adjustments will be painful.
- We need to understand the New Economy.
- The New Economy will create opportunities to grow the green economy.
- The green economy may well be the next major evolution of the U.S. economy.

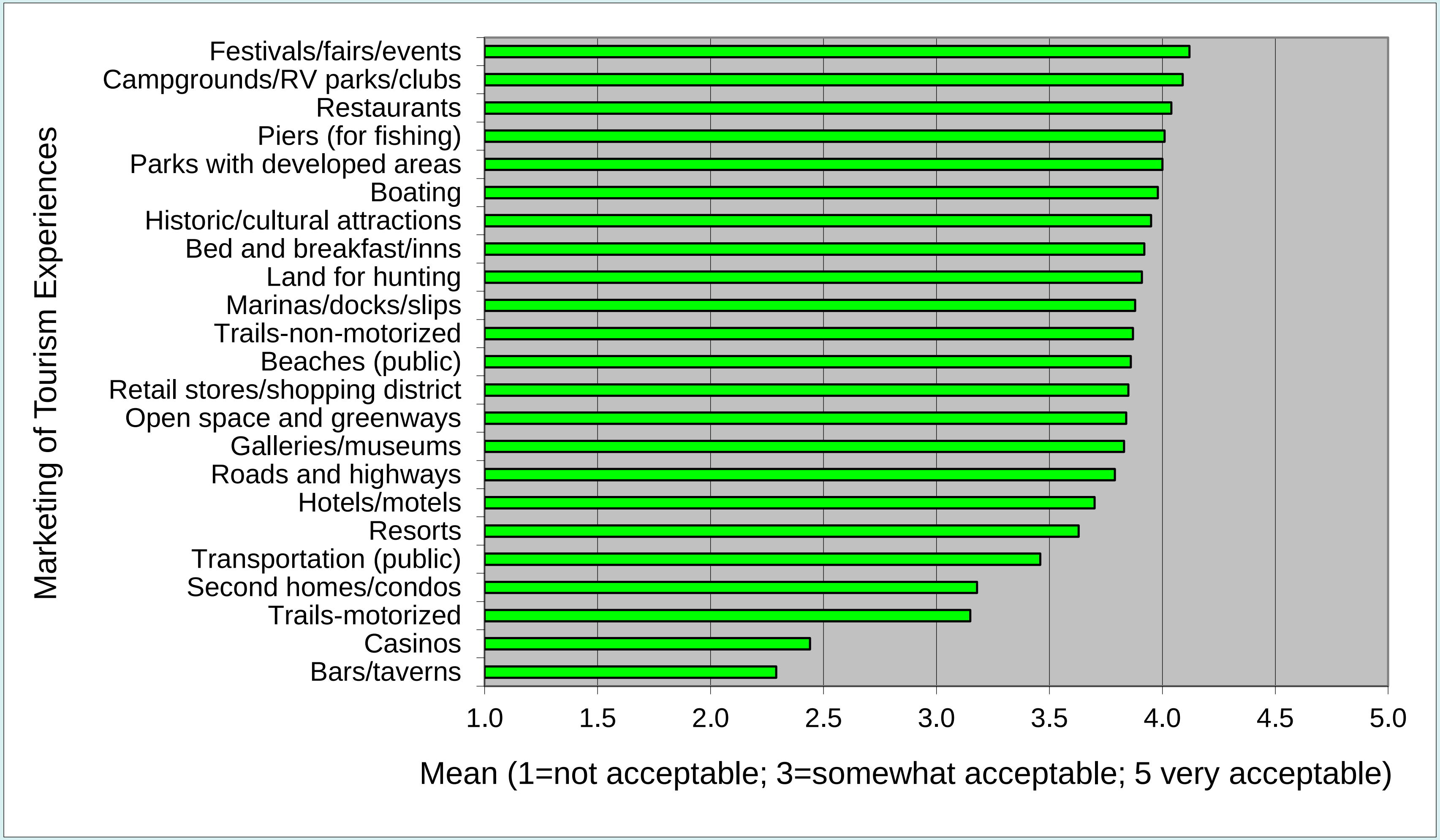
Resident Perspectives on Tourism Development (Tuscola Co.)

Acceptability of Development by Tuscola Cty. Homeowners



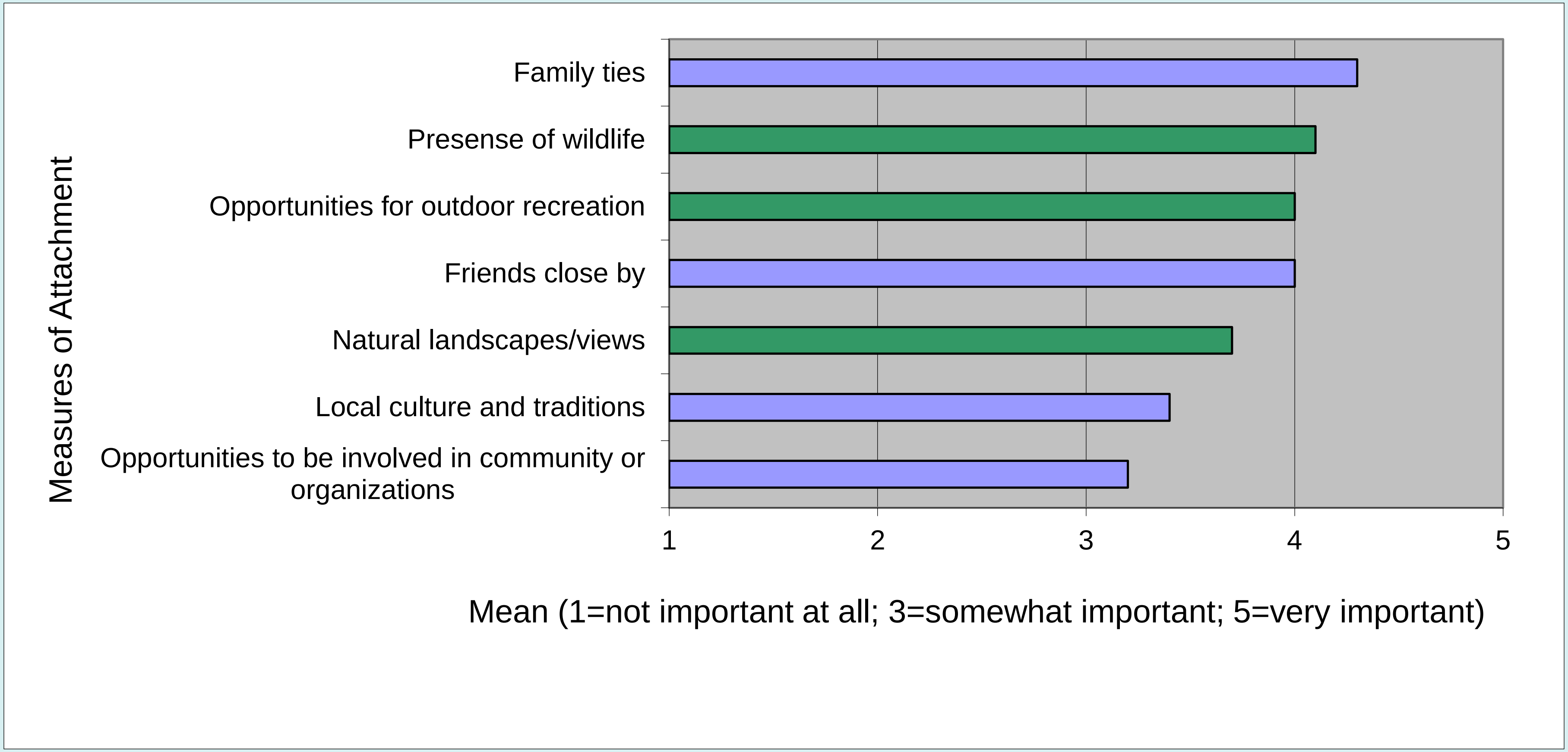
Source: 2007 data, collected by C. Vogt, MSU

Acceptability of Marketing of Tourism Experiences by Tuscola Cty. Homeowners



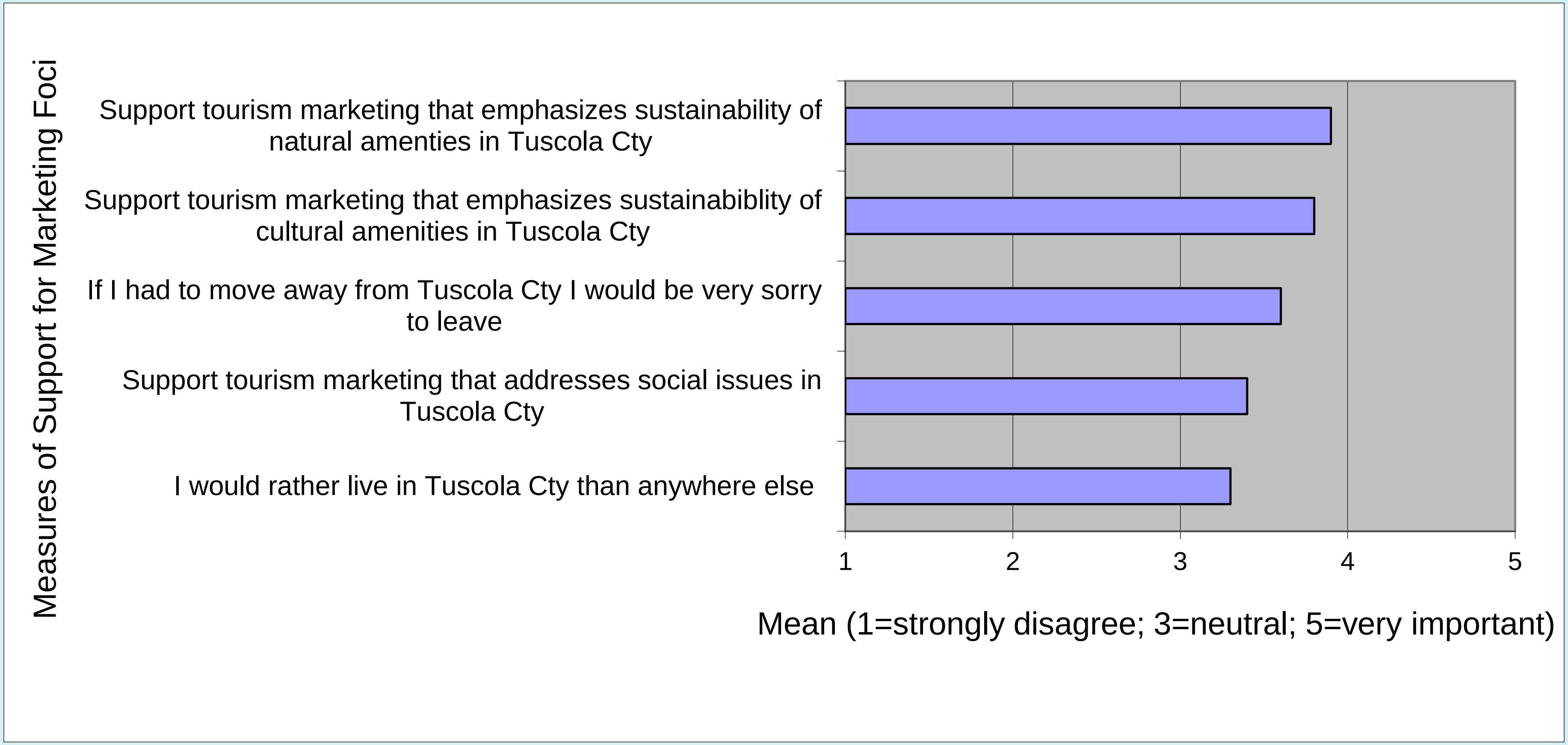
Source: 2007 data, collected by C. Vogt, MSU

Importance of Social and Natural Resource Attachment to County by Tuscola Cty.



Source: 2007 data, collected by C. Vogt, MSU

Agreement with Marketing Foci for Tuscola Cty. by Tuscola Homeowners



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