Impact of Tourism on Community Life in Dare County

Executive Summary

Study Team

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Places of natural beauty throughout the United States that provide an array of amenities frequently become highly desirable places to live, vacation, and own a second home. Often, the impacts of tourism and second home development, both positive and negative, dominate decisions regarding the destination’s economy, environment and community culture. At the forefront of such a tourism oriented economic structure can be issues relating to land use, real estate prices, cost of living, transportation, business diversification, workforce, housing, water and the environment, to name a few. Elected officials, public managers, developers and residents in such tourist-based communities are typically seeking information to understand, estimate, and manage the changes they are facing and thus contribute to the long-term sustainability of their communities.

Dare County, North Carolina, a significant part of the state’s Outer Banks tourism destination region, is just such a place. It is structured to support the tourist orientation and demand particularly as they relate to 1) construction, where homes and businesses have been built to meet the needs of the ever-growing visitor and retiree population; 2) retail trade, including souvenir shops to grocery stores; 3) real estate, rental and leasing, including the sale of second homes and rental of beach houses; and, 4) leisure and hospitality services, to meet the recreation, accommodations, and food service needs of both residents and visitors. With tourism being arguably the major economic driver of the county and with over 70% of the housing stock being second homes, the pluses and minuses of tourism are regularly being debated. The future health of Dare County is constantly being assessed by its many and varied stakeholder groups including the tourists who visit, public policy makers, business owners and operators, as well as resident property owners and second home property owners.

East Carolina University’s Center for Sustainable Tourism and its Bureau of Business Research are charged with linking data to economic and community decision-making and in helping North Carolina stay competitive. Working in cooperation with the Outer Banks Chamber of Commerce and with funding from ECU’s Office of Engagement, Innovation and Economic Development, these entities conducted a study during the fall of 2008 and winter of 2009 to assess the perceptions of resident and non-resident property owners of the impacts of tourism and second home development on Dare County. In addition, the study groups were asked to assess the importance of a set of sustainable actions to the future economic success of the county.
Objectives of the Study

This study was initiated to better understand the perceptions of resident property owners and second home owners regarding the impacts of tourism development on land use, the economy, service provision, cultural opportunities, infrastructure, the environment and the general quality of life within Dare County. In addition, the study was conducted to estimate the perceptions of these property owners’ about a set of sustainable actions and the contribution of such actions to the future success of the county’s tourism economy. All of this was intended to provide information for stakeholders in their efforts to maintain their community sense of place through thoughtful discussion and planning.

Methodology

Based upon a review of previous tourism impact studies conducted in other amenity-rich destinations a set of tourism impact indicators was created which in turn were presented to participants of four focus groups—residents, planners, business owners/operators and second home owners. Based upon their input and discussion, an understanding of the perceptions of the tourism industry was established and the primary issues and concerns regarding the impact of tourism on Dare County were identified. From this a questionnaire was developed and pilot tested and then refined for use in an online Internet format.

The GIS Tax Records of Dare County provided a list of the county’s housing stock from which a sample was selected of both resident and second home property owners. Members of this sample were then sent a cover letter inviting them to visit the study’s website, insert a participant code number and complete a questionnaire. Four thousand property owners were selected from each of the population groups which consisted of 7,715 permanent resident home owners and 18,912 second home owners (71% of all resident property owners). 858 useable questionnaires were completed for an 11% return rate which assured a 95% confidence level when comparing the two study groups of homeowners.

Background Information

The county’s GIS data base was also used to categorize the housing stock of Dare County by total number of housing units, their size (square footage), type (Single family, condo, multifamily…), year build, value and ownership. For example, of the 10,907 single family houses in the $200,000 to $300,000 price range, 58% are second homes; in the $1 million and over housing price range, 93% or 1914 units are second homes. Of the 14 apartment units in the $400,000 to $500,000, seven, or 50% are second homes.

Regarding land use, the County GIS data base reports a total of 22,952 acres of “Vacant Land”\(^1\) in Dare County, of which 21,147 acres (74%) is government and non-profit owned vacant land.

\(^1\) “Vacant Land” in the County GIS data base is described as that land owned by private property owners, Federal Government, North Carolina State Government, Dare County, municipalities in Dare County, non-profit organization, public utility, property owner association and for religious use and miscellaneous exempt.
Privately owned vacant land totals 1,742 acres or roughly 6%. Of the currently reported vacant land owned by government and non-profits, 32 acres (0.14%) are owned by non-profits and 20,480 acres (89.23%) are owned by the Federal government. There is approximately 21,000 acres of non-private vacant land remaining in the county.

Profile of Respondents

Of the 858 respondents the majority are in the 45-74 age range (89% of second home owners and 75% of full-time residents) with the largest number of respondents falling into the 55-64 age category (40% of second home owners and 33% of full-time residents). Over 92% of the comparison groups are Caucasian and over 60% of each group is male. Sixty-four percent of the resident home owners and 73% of the second home owners have at least a college degree. When annual household income level reaches $100,000 or above, second home owners show greater income at all levels. For instance, within the $200,000 to $300,000 income range, 19% of the respondents were second home owners compared to 4% resident home owners. Over 30% of both groups reported being retired while 51% of second home owners and 38% of residents reported they no longer had children in the home.

Full time residents indicated they chose to live in Dare County due to the scenery (61%), climate (61%) and small town atmosphere (49%); additional, 46% indicated they would retire or have retired to Dare County. Eighty-two percent (82%) indicated they would remain in Dare County with 13% indicating they were considering relocating due to the cost of living. Another 12% indicated they would consider relocating for “other” reasons, those being culture (9%) and shopping (9%). Forty-three percent said they shopped for household items within five miles while 39% indicated they shopped for household items within 15 miles; 9% indicated they drove more than 60 miles to shop.

Second home owners when asked “How do you use your Dare County Second Home” indicated most frequently “part-time rental” (43%) and “only used by family and friends” (42%); 13% of the respondents indicated they rent their second home property full time. When asked “Why did You Buy Your Second Home Property in Dare County”, second home owners most frequently indicated the beach (90%), investment value (60%) and recreational opportunities (51%). Thirty percent (30%) used their second home 22-49 days while 23% used their second home 10-21 days. When asked “How Do You Intend to Use Your Second Home Property Within the Next 3 to 5 Years?”, 57% said they would maintain current use while 13% said they would increase personal use; 6% said they would retire to it full time. Twenty-seven percent (27%) of second home owners reported most commonly using their property 1 week during the off season while 22% reported using their property 1 week during the peak season. About 8% reported using their property 13 weeks or more during peak season.

Relationship of Tourism to Community Life

Study participants were asked to indicate their level of satisfaction with the relationship of six dimensions of community life and tourism development. These six dimensions included land
use, the economy and jobs, government, cultural opportunities, infrastructure and quality of life. The response categories included a range of highly satisfied to not satisfied, along with a “don’t know” response option. The questions in these six categories were designed to determine if a difference existed between the two groups and the extent of the significance of any difference.

Although the specific reasons that might lead to any difference was beyond the scope of this study and would have been predictably unsuccessful due to the necessary length of such a questionnaire, this current information becomes the starting point for a more qualitative assessment and/or a follow-up with respondents.

1. Land Use and Tourism Development

In this series of questions, respondents were asked to indicate their level of satisfaction with land use as it relates to tourism development for their community. For two of the three questions in this category there was a statistically significant difference between the level of satisfaction expressed by full time resident property owners and that expressed by second home owners. Second home owners showed greater level of satisfaction at a statistically significant level than did full time residents regarding the amount of both non-tourism and tourism commercial development. The two groups were in agreement regarding tourism and the amount of residential development.

2 The term “statistically significant” will be used frequently throughout this document. Statistically significant means that 95 out of 100 times the results reported between fulltime resident property owners and second home owners are predictably different. Thus, .05 is the threshold used for the confidence level, a typical standard in scientific research.
2. Government and Tourism Development.

In this series of questions, respondents were asked to indicate their level of satisfaction with the relationship of government to tourism development for their community. For four of the five questions in this category there was a significant difference between the views expressed by resident property owners and those expressed by second home owners. On the questions relating to tourism and “cleanliness and upkeep of the community” and “crime prevention compared to other resort areas”, second home owners expressed greater satisfaction at a significant level with the relationship of tourism to local government than did full time resident property owners. On the questions “fire and emergency services” and “quality of the local educational system”, full time resident property owners expressed statistically greater satisfaction. There was no statistically significant difference among the two groups on the question of educational offerings for adults, which means their opinions on this item are in agreement.

**Government and Tourism Development (\* indicates a significant relationship at .05 level)**

![Graph showing satisfaction levels for various categories.](image)
3. The Economy and Jobs and Tourism Development

In this series of questions, respondents were asked to indicate their level of satisfaction with the economy and jobs as they relate to tourism development for their community. For seven of the nine questions in this category there was a statistically significant difference between the views expressed by resident property owners and those expressed by second home owners. Other than on the question regarding satisfaction with “availability of full time housing” and “property taxes compared to other coastal resort communities”, second home owners expressed greater satisfaction at a statistically significant level with the relationship of tourism to the local economy and jobs than did full time resident property owners on all questions.

Tourism and the Economy and Jobs (* indicates a significant relationship at .05 level)
4. Cultural Opportunities and Tourism

In this series of questions, respondents were asked to indicate their level of satisfaction with the relationship of cultural opportunities to tourism development for their community. For all six of the questions in this category there was a statistically significant difference between the views expressed by resident property owners and those expressed by second home owners. Second home owners expressed greater satisfaction with the relationship of tourism to cultural opportunities than did full time resident property owners, including current policies regarding driving on the beach, recreational opportunities for young people, entertainment opportunities, the relationship experienced with both foreign workers and visitors and on the number and mix of cultural offerings.

![Cultural Opportunities and Tourism Chart]

*Current policies regarding beach driving in your area
*Recreational opportunities for young people
*Entertainment opportunities compared to other coastal communities
*Relationship b/w international workers/visitors and local residents development and cultural opportunity
*Number of cultural offerings
*Mix of cultural offerings (art shows, museums, etc.)

Second Home  Full Time
Not satisfied  Highly satisfied
5. Community Infrastructure and Tourism

In this series of questions, respondents were asked to indicate their level of satisfaction with the relationship of the community infrastructure to tourism development for their community. For six of the seven questions in this category there was a statistically significant difference between the views expressed by resident property owners and those expressed by second home owners. Second home owners expressed greater satisfaction with the relationship of tourism to community infrastructure than did full time resident property owners other than on the question of “access to and from Dare County during tourist season” where the two groups are in agreement. Thus, second home owners expressed greater satisfaction with the management of tourist traffic, the proposal for new bridges, the adequacy of internet infrastructure to attract and support new business, the presence of parks, greenways, and bike lanes, and public transportation than did full time resident property owners.

Community Infrastructure and Tourism (* indicates a significant relationship at .05 level)

- The management of traffic generated by tourists
- The proposal for a new bridge over the Currituck Sound
- The proposal for the replacement of the Bonner Bridge
- Adequacy and cost-effectiveness of internet technology to attract and support a technologically dependent workforce
- The presence of parks, greenways, and bike lanes throughout Dare County
- Public transportation within Dare County for seasonal workers, visitors, and residents
- Access to and from Dare County during tourist season

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<tr>
<th>Question</th>
<th>Second Home</th>
<th>Full Time</th>
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<tr>
<td>The management of traffic generated by tourists</td>
<td>2.5</td>
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<td>The proposal for a new bridge over the Currituck Sound</td>
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<tr>
<td>Access to and from Dare County during tourist season</td>
<td>2</td>
<td>1.5</td>
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6. Tourism and Quality of Life

In this series of questions, respondents were asked to indicate their level of satisfaction with the relationship of the community’s quality of life and tourism development. For all seven of the questions in this category there was a statistically significant difference between the view expressed by resident property owners and that expressed by second home owners. Second home owners expressed greater satisfaction with the relationship of tourism to general quality of life than did full time resident property owners except for the question relating to “air quality”. Thus, full time resident property owners expressed less satisfaction with water quality, availability of child care and quality of healthcare services, on availability of healthcare facilities, amount of affordable housing options and on the range of housing styles, designs and affordability than did second home owners.

Tourism and Quality of Life (* indicates a significant relationship at .05 level)
Sustainable Tourism Actions and Their Importance to Future Economic Success

Knowing the rapidly growing importance of integrating sustainability within the tourism industry as well as the propensity of increasing numbers of individuals to do the same within everyday life, survey participants were asked their opinion of the importance of thirteen sustainable actions to the future economic success of the County’s tourism industry. Such sustainable actions are being implemented in many competing tourist destinations so are emerging in importance to a destination’s branding as being socially and environmentally responsible; in addition, such actions are providing savings on operating costs and protect the destination’s natural resources. Study participants were asked to indicate the level of importance with the relationship of 13 categories of sustainable actions to the future economic success of Dare County. The response categories included a range of not important to very important, along with a “don’t know” response option. Of the thirteen items, both groups were in strong agreement on four, including training and educating clients and employees, purchasing from companies with green certified practices, reducing noise, and reducing and managing greenhouse gas emissions but not at a statistically significant level.

Sustainable Tourism Actions and Future Economic Success
(Similar Views—Non Statistically Significant Differences)
On the nine other questions, there was a statistically significant difference between the views expressed by full time resident property owners and second home owners. On the issues of economic benefits to local communities, preserving local culture, being energy efficient, reducing consumption of freshwater, managing waste and management of waste water, full time resident home owners indicated a greater level of importance of such actions to future economic success. On the issues of protecting air quality, conserving the environment and use of public land for tourism, second home owners indicated a greater level of importance.

**Sustainable Tourism Actions and Future Economic Success**
(* indicates a significant relationship at .05 level)

![Bar Chart showing differences in sustainability actions between Second Home and Full Time homeowners.](chart.png)
Summary of Findings from Survey Respondents
(Comparison of Responses of Full Time Resident Property Owners and Second Home Owners)

Background and Demographics

- Tourism is a significant economic engine for Dare County in direct, indirect and induced spending.
- The presence of second homes in Dare County is substantial in both numbers and value.
- Second home owners have substantially higher annual household income at all income levels starting at $100,000 than do full-time residents.
- 70% of second home owners are 55 years of age or older.
- A substantial number of current residents intend to remain in Dare County.
- Six percent of second home owners suggest they will move full time to Dare County over the next 3-5 years.
- 82% of residents shop within 15 miles; 9% drive in excess of 60 miles to shop.
- 53% of second home owners use their property 49 days or less.
- 40% of second home owners compared to 24% of full-time residents have post-graduate education.
- Second home owners were substantially more inclined than full-time residents to be a couple with children no longer in the household.

Relationship of Tourism to Six Dimensions of Community Life (statistically significant)

- Second home owners were more satisfied with the amount of both non-commercial and commercial tourism development.
- On the questions relating to tourism and “cleanliness and upkeep of the community” and “crime prevention compared to other resort areas”, second home owners expressed greater satisfaction.
- On the questions “fire and emergency services” and “quality of the local educational system”, full time resident property owners expressed greater satisfaction.
- Other than for “availability of full time resident housing” and “property taxes compared to other coastal resort communities”, second home owners expressed greater satisfaction with the relationship of tourism to the remaining questions regarding local economy and jobs.
- Full time resident property owners expressed less satisfaction with the relationship of tourism to cultural opportunities including current policies regarding driving on the beach, recreational opportunities for young people, entertainment opportunities, the relationship experienced with both foreign workers and visitors, and on the number and mix of cultural offerings.
- Second home owners expressed greater satisfaction with the management of tourist traffic, the proposal for new bridges, the adequacy of internet infrastructure to attract and support new business, the presence of parks, greenways, and bike lanes, and public transportation.
- Full time resident property owners expressed less satisfaction with water quality, availability of child care and quality of healthcare services, on availability of healthcare facilities, amount of affordable housing options and on the range of housing styles, designs and affordability.
- Full time resident and second home property owners are in agreement regarding the relationship of tourism to the amount of residential development, property taxes compared to other coastal resort communities, availability of full time resident housing, educational offerings for adults, and access to and from Dare County during tourist season.
Importance of Sustainable Actions to Future Economic Success in Tourism

- Important to full time resident property owners to future economic success were economic benefits to local communities, preserving local culture, being energy efficient, reducing consumption of freshwater, managing waste and management of waste water.
- Important to second home owners were protecting air quality, conserving the environment and use of public land for tourism.
- Full time resident and second home property owners feel a similar level of importance on four of the sustainable action items, including training and educating clients and employees, purchasing from companies with green certified practices, reducing noise, and reducing and managing greenhouse gas emissions.

Some Concluding Thoughts

This study was undertaken by the faculty, staff and students of the Center for Sustainable Tourism and the Bureau of Business Research at East Carolina University, with financial support of the Office of Engagement, Innovation and Economic Development and in partnership with the Outer Banks Chamber of Commerce, as part of an on-going research effort to understand key issues facing tourism-based communities and to keep North Carolina competitive. Its purpose was to provide information to stakeholders of Dare County regarding the attitudes of home owners, both full time residents and second home owners, of the impacts of tourism and second home development as well as determine the importance of sustainable actions to the county’s long-term economic health. It was also undertaken to explore research questions that contribute to the broader understanding of how communities, rich in natural amenities, might adjust to the many changes and pressures brought about by tourism. The information contained in this report is being made available to all interested audiences with the intent to stimulate discussion, help identify and measure perspectives, and provide additional understanding of the complex nature of the interface of the tourism industry and a community’s quality of life. To access the accompanying PowerPoint presentation please link to:

http://www.ecu.edu/cs-acad/sustainabletourism/Community-Sense-of-Place-Initiative.cfm