FORESIGHT

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FORESIGHT is a monthly commentary on significant issues within the tourism sector. Each month 'Market Focus' discusses economic, social and political factors that underlie demand for tourism now and in the future. In addition, a spotlight is focused on a significant tourism issue. This month 'Market Focus' covers the USA and Canada, with Issue of the Month considering the role that second homes play in shaping tourism patterns.

Market Focus – USA and Canada

With provisional figures from the International Passenger Survey[1] now available through to October 2006 we can say with some certainty that the year just ended witnessed a modest improvement compared with 2005, but we still have some way to go before we are back to the halcyon days of four million inbound visits per annum from the USA to Britain. Indeed, it is likely that once full year figures are released they will show that Canada is in with a fighting chance of matching its 'best ever' performance, but that the number of visits from the USA will be 450,000 down on 2000, with US visitor spending more than £200m shy of its record level.

VisitBritain Market Profiles

'Market Profiles' are available for all markets in which VisitBritain operates, including the USA and Canada; they can be downloaded free from www.visitbritain.com/research. Below we focus on the very latest developments and take an in-depth look at some State level data for the USA.

Nationality

We can see from the table that over four-fifths of visitors (based on country of residence) from both the USA and Canada are nationals of those countries, but that one-in-ten and one-in-seven visitors respectively are in fact British nationals who are long-term residents of either the USA or Canada. Only a minority of USA or Canadian residents who visited Britain in 2005 had any other nationality.

		Country of Residence	
		USA	Canada
Nationality	UK	10%	14%
	Other Europe	3%	2%
	USA	83%	1%
	Canada	1%	81%
	Rest of World	3%	2%

The States

The table overleaf summarises a wealth of information about the individual States of the USA, covering the number of visits to the UK, resident population, median family income and the proportion of those aged over 5 years that speak Spanish at home. For each data series both absolute numbers and 'ranks' are shown, with States falling in the 'top 5' shown in bold. All figures relate to 2005.

	Visits to UK		Total Population		Median Family Income		5yrs+ who speak Spanish at home	
State	Number	Rank	Number	Rank	$s	Rank	%	Rank
Alabama	20,658	29	4,557,808	23	$46,086	45	2.4	39
Alaska	4,128	48	663,661	47	$67,084	6	2.7	37
Arizona	57,182	19	5,939,292	17	$51,458	34	21.4	4
Arkansas	<10,000	41	2,779,154	32	$43,134	49	4.3	27
California	574,047	1	36,132,147	1	$61,476	13	28.2	2
Colorado	74,741	13	4,665,177	22	$62,470	12	12.2	10
Connecticut	80,521	11	3,510,297	29	$75,541	1	9.2	12
Delaware	13,208	35	843,524	45	$63,863	11	6.2	20
District of Columbia	73,603	14	550,521	50	$51,411	35	8.8	14
Florida	190,513	3	17,789,864	4	$50,465	36	18.5	6
Georgia	74,815	12	9,072,576	9	$53,744	29	6.8	18
Hawaii	<10,000	42	1,275,194	42	$66,472	7	1.9	43
Idaho	<10,000	46	1,429,096	39	$48,775	40	7.3	16
Illinois	159,048	6	12,763,371	5	$61,174	14	12.6	9
Indiana	34,052	24	6,271,973	15	$54,077	27	4.1	28
Iowa	13,779	34	2,966,334	30	$54,971	24	3.4	33
Kansas	10,085	39	2,744,687	33	$53,998	28	6.1	21
Kentucky	16,593	33	4,173,405	26	$46,214	44	2.0	41
Louisiana	17,163	32	4,523,628	24	$45,730	47	2.7	37
Maine	11,934	36	1,321,505	40	$52,338	32	0.9	49
Maryland	87,272	10	5,600,388	19	$74,879	3	5.8	24
Massachusetts	156,975	7	6,398,743	13	$71,655	4	6.9	17
Michigan	69,429	17	10,120,860	8	$57,277	18	2.9	36
Minnesota	58,039	18	5,132,799	21	$63,998	10	3.4	33
Mississippi	<10,000	45	2,921,088	31	$40,917	51	1.7	46
Missouri	33,005	25	5,800,310	18	$51,477	33	2.4	39
Montana	<10,000	44	935,670	44	$47,959	42	1.3	48
Nebraska	<10,000	40	1,758,787	38	$55,073	23	6.1	21
Nevada	11,468	38	2,414,807	35	$57,079	20	18.9	5
New Hampshire	22,423	27	1,309,940	41	$67,354	5	1.9	43
New Jersey	162,339	5	8,717,925	10	$75,311	2	13.5	8
New Mexico	<10,000	43	1,928,384	36	$44,097	48	28.1	3
New York State	427,522	2	19,254,630	3	$59,686	16	14.0	7
North Carolina	71,426	16	8,683,242	11	$49,339	39	6.1	21
North Dakota	<10,000	50	636,677	48	$53,103	30	1.4	47
Ohio	73,094	15	11,464,042	7	$54,086	26	2.0	41
Oklahoma	17,905	30	3,547,884	28	$45,990	46	5.2	26
Oregon	34,830	23	3,641,056	27	$52,698	31	8.4	15
Pennsylvania	124,538	8	12,429,616	6	$55,904	21	3.5	32
Rhode Island	17,189	31	1,076,189	43	$64,657	9	9.5	11
South Carolina	21,664	28	4,255,083	25	$48,100	41	3.6	30
South Dakota	<10,000	47	775,933	46	$50,461	37	1.8	45
Tennessee	39,921	21	5,962,959	16	$47,950	43	3.1	35
Texas	166,626	4	22,859,968	2	$49,769	38	29.0	1
Utah	23,268	26	2,469,585	34	$54,595	25	8.9	13
Vermont	11,635	37	623,050	49	$57,170	19	0.7	51
Virginia	110,621	9	7,567,465	12	$65,174	8	5.7	25
Washington (State)	57,170	20	6,287,759	14	$60,077	15	6.7	19
West Virginia	<10,000	49	1,816,856	37	$42,821	50	0.9	49
Wisconsin	38,808	22	5,536,201	20	$58,647	17	4.1	28
Wyoming	<10,000	51	509,294	51	$55,343	22	3.6	30
Total	3,433,863		296,410,404		$55,832		12.0	

Sources: International Passenger Survey, US Census Bureau, American Community Survey

Insights emerging from the above table include the fact that in 2005 over half of visits to the UK from the USA were undertaken by residents of just six States; California, New York State, Florida, Texas, New Jersey and Illinois. Indeed, there were more visits to Britain from California last year than there were from Denmark.

The strongest correlation between series is for 'visits' and resident population of each State. One exception is Washington DC, which despite being the 50th State by population represents the 14th most important for generating visits to Britain, testimony no doubt to its 'capital city' status. Looking at the figures for median family income the richest families live in the North East. Families in Connecticut have an income almost twice that of those in Mississippi.

Figures on the proportion of those aged 5+ speaking Spanish at home indicate wide differences between States, ranging from less than 1% of the population in Vermont to three-in-ten Texas residents. Overall 12% of US citizens (aged 5+) speak Spanish at home, a figure that is entirely in line with other data suggesting that in 2005 41.87 million US citizens, or 14.5%, were Hispanic.

Hispanic

The table shows the top ten cities in the USA in terms of Hispanic population according to the 2000 population census (US Census Bureau). It is evident that New York and Los Angeles dominate, with nearly four million Hispanic residents in total. It is interesting to note that Britain does not have any direct air links with four of these cities; San Antonio, El Paso, San Diego and San Jose, with just six flights per week from Phoenix. Clearly Hispanic residents of New York enjoy excellent access to not just London but many other destinations across Britain on a daily basis.

New York	2,160,554
Los Angeles	1,719,073
Chicago	753,664
Houston	730,865
San Antonio	671,394
Phoenix	449,972
El Paso	431,875
Dallas	422,857
San Diego	310,752
San Jose	269,989

US citizens' ancestry

Findings from the 2005 American Community Survey reported by the US Census Bureau are a gold mine of information about US society. One of the topics covered is ancestry, and the table to the right shows the estimated number of US citizens from the top twenty 'European' ancestries.

German is the most commonly cited ancestry with nearly fifty million Americans claiming such ancestry. Adding together the figures for England, Scotland and Wales gives a total of nearly thirty-six million (equivalent to almost two-thirds the current population of England, Scotland and Wales).

Over five million Americans claim to have 'Scotch Irish' ancestry, but this figure is dwarfed by the near thirty-five million claiming Irish ancestry. Taking all component parts of the British Isles together gives a figure of over seventy-five million, roughly a quarter of the entire US population.

German	49,178,839
Irish	34,668,723
English	27,761,546
Italian	17,235,187
Polish	9,770,544
French (except Basque)	9,529,969
Scottish	5,858,678
Scotch-Irish	5,289,309
Dutch	5,079,268
Norwegian	4,601,154
Swedish	4,259,792
Russian	3,009,876
French Canadian	2,265,648
Welsh	1,928,031
Czech	1,555,767
Hungarian	1,521,762
Danish	1,434,060
Portuguese	1,378,995
Greek	1,291,381
Swiss	1,017,277

Top 'overseas' destinations for US citizens in 2005

US Department of Commerce figures taken from the 'In-Flight Survey' reveal that an estimated 28.9 million US citizens travelled 'overseas' in 2005 (this figure excludes trips to Canada and Mexico). The UK still enjoys 'top spot' for overseas visits, accounting for 13%, with France and Italy some way behind, capturing 8% and 7% of all US overseas trips respectively.

However, the Caribbean attracts 18% of all overseas trips, with Jamaica being the top island destination, accounting for 5% of all trips. Japan and China are the most visited destinations in Asia, with each having a 5% share of all US overseas trips in 2005.

Although representing median 'household' income, it is interesting to compare results from this survey with those on median 'family' income presented in the earlier table that revealed the median US family has an income of $56,000. By contrast the survey of US citizens travelling overseas by air found that this group had a median household income of $100,000 in 2005, highlighting the fact that US citizens opting to fly overseas tend to be wealthier than average.

Last month *Foresight* noted changes in US passport rules meaning US citizens travelling by air to Canada, Mexico or the Caribbean now require a passport. Looking at the latest figures it appears as though this change is leading to increased passport ownership in the US, with the number issued in the year ending 30 September 2006 standing at over 12 million, an annual increase of 20%, a trend that looks set to persist for some time to come.

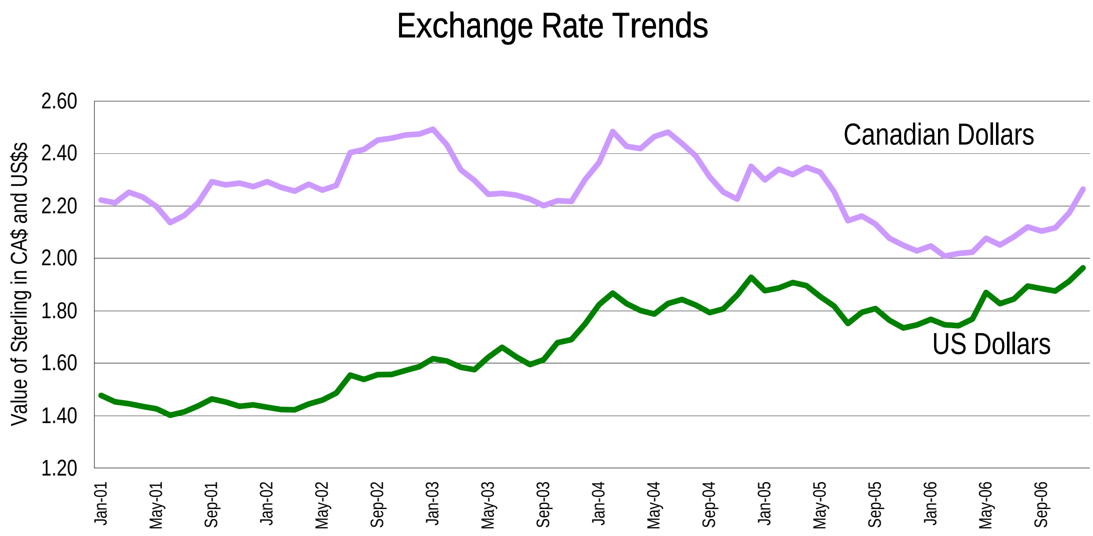
Economic overview

The word 'deficit' creeps into any discussion of the US economy, usually in relation to international trade and especially the deficit with China. The fact that the Chinese currency does not 'float' freely on international currency markets means that its value, according to many US businesses at least, is kept artificially low, thereby stimulating demand in the US for cheap Chinese imports, but making it tough work for US exporters to sell to China.

The US trade gap did narrow in September, to $64.3bn, but the deficit with China continued to grow, reaching $23bn. It is forecast that overall in 2006 the US will have a record trade deficit amounting to over $780bn. Other data released in recent months that has caused concern includes figures showing that there was no growth in US productivity in the three months to September, and that manufacturing grew at its slowest pace for more than three years in October.

Despite these woes the US continues to enjoy relatively low levels of unemployment, 4.4% in October, with job creation running at 1.9% per annum according to the US Department of Labor. Looking ahead the International Monetary Fund forecast that US GDP will grow at 2.9% in 2007, down from a predicted 3.4% in 2006.

The last time *Foresight* covered the USA (Issue 20) we discussed the weakness of the US Dollar against Sterling (see also Issue 15 for a detailed analysis of the background to the Dollar's weakness), and things have not changed for the better in the intervening eighteen months. We can see from the following chart that the US Dollar has been trading at around $1.97 against Sterling in recent weeks, so any unforeseen event that results in a drop in the Dollar's value could well lead us to an exchange rate of $2 to the pound.



Canada

Additionally the value of the Canadian Dollar is plotted in the chart, revealing that a prolonged period of strengthening against Sterling (during which time the cost of a visit to Britain would have been declining in relative terms for Canadian visitors) came to an end in the spring of 2006, since when there has been a weakening in the Canadian Dollar's value (currently trading at around CA$2.30). There was a change of government in Canada during 2006, but the new minority Conservative administration will put budget plans to a confidence vote, possibly leading to an early election. The recent slight slowdown in the US has already hit Canadian exports, but overall economic growth in 2007 is forecast to be close to 3%.

Recent air route development includes BA introducing a Calgary to Heathrow service and Flyglobespan introducing a weekly service from Toronto to Manchester. The last time that visitors from Canada were quizzed about where they lived as part of the IPS was 2004 and the results revealed that 50% of visitors from Canada lived in Ontario, 20% in British Columbia and around 10% living in each of Alberta and Quebec.

Prospects for 2007

If the US$ remains close to $2 to the pound for a sustained period then there can be little doubt it will be a challenging year for building the value of US visitor expenditure in the UK, but it is worth remembering that over recent months it is not just the pound that has become more expensive but the Euro too, meaning Europe as a destination, not just individual countries therein, has been losing competitive position vis-à-vis Asia and Latin America.

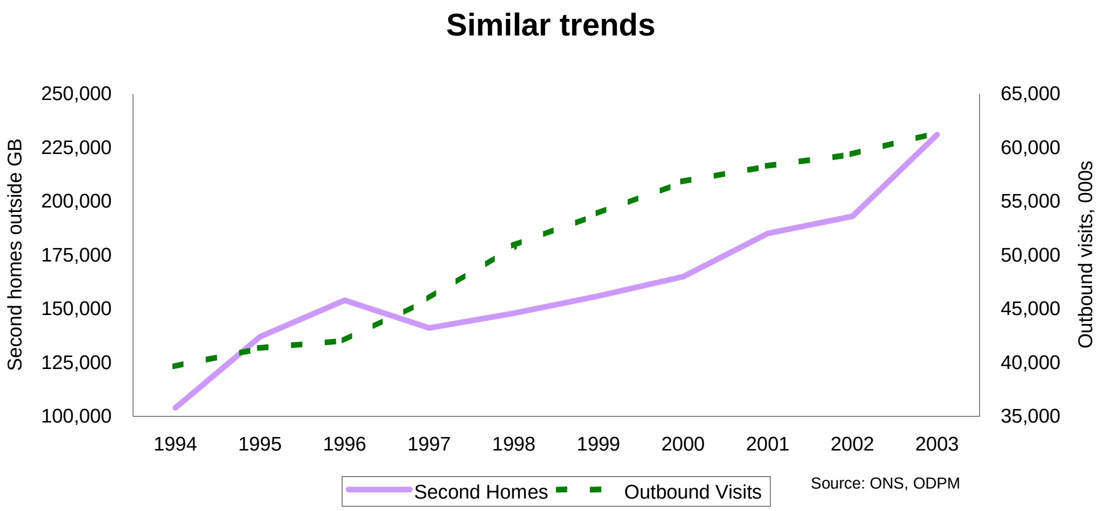
On a positive note VisitBritain plans to create a new excitement about Britain as a destination among Americans, highlighting everything that's a "little Brit different" about the culture and country, inspiring consumers to see Britain in a fresh way. Of particular note in Canada will be increased VisitBritain activity in Alberta, building on new airlinks from Calgary, the strength of the provincial economy and the fact that outbound overseas travel from Alberta is outpacing the Canadian average.

Issue of the Month – Second homes

There is not a great deal of 'black and white' about the topic of second homes in relation to tourism, with numerous arguments that can be said to demonstrate ownership of a second 'holiday' home benefits an area, and equally those that allegedly demonstrate holiday homes are no panacea to an area's economic prospects.

One major 'grey' area hindering analysis relates to lack of data, this is perhaps as much to do with definitions as paucity of data itself. Increasing numbers of British citizens have invested in 'second' properties over recent years, not simply as a 'holiday home' but in a speculative fashion on the back of buoyant property prices. Such properties might from time to time be used for leisure or holidays, even if the owner fails to perceive the property as a 'holiday home'.

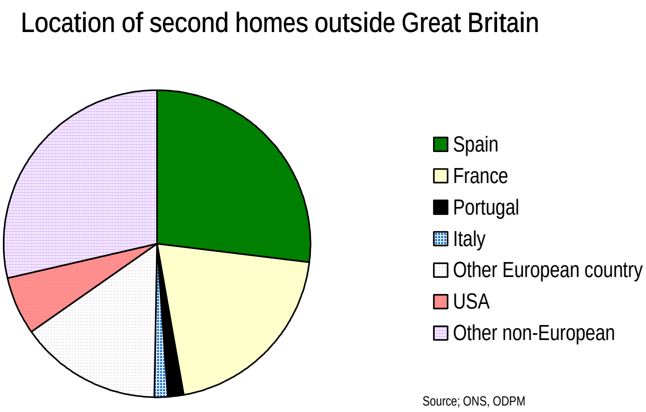
A trend showing little sign of losing momentum is for Britons to 'invest' in a second property overseas. The chart reveals that in the period 1993 to 2004 the number of second homes owned outside Great Britain by British residents jumped from 100,000 to over 230,000, and it is of interest to plot the growth in outbound visits by UK residents alongside. Clearly there are a broad range of factors underpinning the upswing in outbound tourism in the past decade, but visits abroad that make use of 'second homes' is likely to be an important contributory factor.



Location

The location breakdown shown in the chart indicates that Spain accounts for one-in-four overseas second homes with a further one-in-five to be found in France.

Turning to 'second homes' located in England and Wales our best (if imperfect) source of data is the 2001 Census showing that around 150,000 household spaces in England and Wales were a 'second residence or holiday home'.



Household spaces with no residents that were either a second residence or holiday accommodation*					
Government Office Region, County or Unitary Authority	Number	as % of household spaces with residents	Government Office Region, County or Unitary Authority	Number	as % of household spaces with residents
Gwynedd	4,437	9.0%	The Vale of Glamorgan	179	0.4%
Pembrokeshire	3,322	6.9%	East Midlands	6,176	0.4%
Cornwall and Isles of Scilly	10,787	5.0%	Surrey	1,503	0.3%
Isle of Anglesey	1,163	4.1%	Cambridgeshire	770	0.3%
Isle of Wight UA	2,357	4.1%	Bracknell Forest UA	146	0.3%
Devon	11,108	3.7%	Northamptonshire	859	0.3%
Cumbria	7,374	3.5%	Plymouth UA	336	0.3%
Ceredigion	964	3.1%	Buckinghamshire	593	0.3%
Dorset	4,939	2.9%	Cheshire	864	0.3%
North Yorkshire	6,492	2.7%	Redcar and Cleveland UA	168	0.3%
Conwy	1,143	2.4%	Southend-on-Sea UA	205	0.3%
Powys	1,256	2.3%	Peterborough UA	185	0.3%
Norfolk	7,908	2.3%	Derby UA	260	0.3%
Bournemouth UA	1,586	2.2%	Wokingham UA	154	0.3%
Torbay UA	1,234	2.1%	South Gloucestershire UA	264	0.3%
Poole UA	1,111	1.9%	Bridgend	142	0.3%
South West	38,381	1.8%	West Midlands	5,720	0.3%
Northumberland	2,389	1.8%	Milton Keynes UA	214	0.3%
Suffolk	4,432	1.6%	Bristol, City of UA	413	0.3%
East Sussex	2,961	1.4%	Southampton UA	227	0.2%
Rutland UA	156	1.2%	Bedfordshire	348	0.2%
West Sussex	3,378	1.1%	Wrexham	119	0.2%
Gloucestershire	2,303	1.0%	Staffordshire	726	0.2%
Somerset	2,023	1.0%	Hertfordshire	918	0.2%
Herefordshire, County of UA	709	1.0%	Cardiff	267	0.2%
Shropshire	1,098	0.9%	Flintshire	130	0.2%
Denbighshire	347	0.9%	Swindon UA	159	0.2%
East Riding of Yorkshire UA	1,111	0.8%	Leicestershire	510	0.2%
East	17,944	0.8%	Merthyr Tydfil	48	0.2%
Monmouthshire	280	0.8%	Darlington UA	83	0.2%
Brighton and Hove UA	903	0.8%	Telford and Wrekin UA	121	0.2%
Lincolnshire	2,056	0.8%	West Yorkshire (Met County)	1,606	0.2%
Kent	4,107	0.8%	Kingston upon Hull, City of UA	196	0.2%
Swansea	698	0.7%	Neath Port Talbot	108	0.2%
Windsor and Maidenhead UA	400	0.7%	Leicester UA	205	0.2%
Wiltshire	1,298	0.7%	Middlesbrough UA	94	0.2%
South East	23,030	0.7%	Rhondda, Cynon, Taff	160	0.2%
Carmarthenshire	510	0.7%	North Lincolnshire UA	108	0.2%
Oxfordshire	1,577	0.7%	Hartlepool UA	63	0.2%
Hampshire	3,167	0.6%	Nottinghamshire	501	0.2%
Bath and North East Somerset UA	404	0.6%	Newport/Casnewydd	90	0.2%
Essex	3,001	0.6%	Halton UA	74	0.2%
Blackpool UA	337	0.5%	Slough UA	69	0.2%
Yorkshire and The Humber	10,856	0.5%	Stockton-on-Tees UA	111	0.2%
North East Lincolnshire UA	347	0.5%	Greater Manchester (Met County)	1,523	0.1%
London	15,815	0.5%	Tyne and Wear (Met County)	675	0.1%
North Somerset UA	416	0.5%	Luton UA	98	0.1%
Derbyshire	1,480	0.5%	Thurrock UA	81	0.1%
Medway UA	467	0.5%	Nottingham UA	149	0.1%
North West	12,852	0.5%	Merseyside (Met County)	724	0.1%
York UA	349	0.5%	Blaenau Gwent	37	0.1%
West Berkshire UA	254	0.4%	South Yorkshire (Met County)	647	0.1%
Portsmouth UA	340	0.4%	West Midlands (Met County)	1,241	0.1%
North East	4,428	0.4%	Warrington UA	90	0.1%
Warwickshire	868	0.4%	Blackburn with Darwen UA	61	0.1%
Durham	845	0.4%	Caerphilly	79	0.1%
Worcestershire	893	0.4%	Torfaen	39	0.1%
Lancashire	1,803	0.4%	Stoke-on-Trent UA	64	0.1%
Reading UA	213	0.4%			

* households with no occupants not assessed as 'vacant', or where all occupants were 'visitors', Source: ONS 2001 Census, 2004 geographies

The order in which data is presented in the above table is based on the number of household spaces in an area assessed to be a 'second residence or holiday home' as a percentage of household spaces **with residents** in the area. So, at the in top spot is Gwynedd with 9%, followed by Pembrokeshire on 7% and Cornwall and the Isles of Scilly on 5%. The **region** with the highest relative share is the South West with the West Midlands being at the other end of the spectrum.

Although not presented here, Census figures on this topic can be analysed at much smaller geographies, for example Local Authority level. This enables us to uncover the fact that the Local Authority with the greatest number of household spaces that are assessed to be either a 'second residence or holiday home' is in fact Westminster, driving home the fact that not all 'second residences' are 'holiday homes', as the overwhelming majority of the 4,750 such household spaces in Westminster falling into this category are likely to be 'city pads' for Westminster based workers.

However, the rest of the Local Authorities the 'top five' hint at the predominant purpose of the property is as a 'holiday home' rather than a 'second residence' as they are South Hams (Devon), South Lakeland (Cumbria), North Norfolk and North Cornwall.

The 2007 'test' for the 2011 Population Census in England and Wales is to include a question asking not just about 'second addresses' in order to establish the number of people with a regular second address but additionally the 'purpose' of this address. Clearly if this questions makes it onto the final Census form it could help paint a much clearer picture as to the distribution and density of 'holiday homes' across the country.

Use of second homes

We have access to limited information on the extent to which inbound visitors use their 'own home' during a visit to Britain and domestic residents use a 'second home or timeshare', but limited sample sizes in the International Passenger Survey and United Kingdom Tourism Survey limit our scope for detailed analysis. However, the table summarises headline figures for 2005.

Inbound	
Visits	412,000
Nights	5,507,000
Spend, £m	357
Domestic	
Visits	1,680,000
Nights	8,400,000
Spend, £m	204

We can see that the volume of visits and nights spent in this type of accommodation by UK residents outstrips that by overseas residents, but inbound visitors spend considerably more when using their 'own home' for a visit to Britain than UK residents do when staying in a 'second home or timeshare'. Unfortunately the International Passenger Survey does not ask UK residents returning from outbound trips about the type of accommodation they stayed in.

Pros and cons

Due to the mix of purposes for which second homes are owned a perceived local 'problem' within the property market is often laid at the door of 'holiday' homes, but as a recent study into the topic by York University on behalf of Communities Scotland entitled "The impact of second and holiday homes on rural communities in Scotland" highlighted it is vital not to view the impact of holiday homes on an area in isolation – ownership of homes, especially in rural areas, by commuters, retirees or people simply wanting a lifestyle change can be equally, if not more influential on the supply of affordable properties within rural areas.

The research found that in 2001 there were 29,299 second and holiday homes in Scotland, with nearly half of these to be found in very remote areas. Clearly the more isolated an area the greater the likely impact a second home can have, be this on property prices, local services, economic vitality and so on. Its not he presence of a second home per se, that is crucial, it is the nature of usage of the second home that will determine the degree to which it contributes to the sustainability of the local community and economy.

A key finding was that even if the demand for second and holiday homes 'were removed from the equation, it is still doubtful that many households employed locally would be able to afford to buy a home'. Qualitative research in five case study areas found many respondents not only recognised the 'direct spend' benefits generated locally courtesy of owners of second or holiday homes, but acknowledged other benefits such as the generation of employment opportunities. For example, many owners of second homes undertake renovations to their property making use of local businesses to complete the work. In general, however, 'holiday lets' were perceived more positively than 'second homes' due to the greater propensity of the former to attract direct tourist spending to an area for a longer period of the year. A mix of responses emerged in relation to the social and cultural impact on the local community, with the area in which such properties were seen as having the most detrimental impact being 'school rolls and the viability of services and facilities'.

We saw earlier that Pembrokeshire has a high proportion of second homes, and in some coastal areas it is estimated that around half of all homes fall into this category. As in Scotland the overwhelming concern in this part of Wales relates to the availability of affordable housing within these areas, and the extent to which second homes distort the local property market.

Pembrokeshire Council acknowledge that in 2004 tourism was worth around £400m a year to the local economy and that more people work in tourism than in any other industry within Pembrokeshire. Nevertheless, it is looking at whether small-scale property developments could be allowed with a local lettings policy, meaning only those with local community connections, through employment or residential family links, will qualify to live in the new homes.

According to research by the Halifax Cornwall has seen the fastest increases in property prices over the past decade, with prices almost quadrupling. It is estimated that around 80,000 'second home' have been purchased in Cornwall over this period, but a large proportion are thought to have been purchased by retirees. Clearly retirees may spend a larger chunk of the year in the area, thereby contributing more to local businesses and helping to sustain local services such as Post Offices, however this group will not help to maintain the vitality of other community resources, for example schools.

Emerging markets

While we can debate the pluses and minuses of holiday homes within the UK we have already identified a growing trend for Britons to own properties overseas, either as investments, holiday homes, or indeed for a mixture of reasons. There is little sign that this trend is about to do a U-turn, with Brits spurred on by a rash of television programmes focussing on investing in overseas property and the increased availability of low-cost air routes facilitating regular 'commutes' between Britain and many districts of mainland Europe.

Bulgaria and Romania joined the European Union at the start of this year and one of the booming sectors in both nations is property development. A proportion of property currently under construction looks set to be purchased by non-nationals of these two nations courtesy of an anticipated property market boom in the years ahead.

However, properties may end up being used as a holiday retreat in a destination considered extremely affordable until such time as they are sold. Clearly ownership of a holiday home within the UK does at least increase the likelihood of UK residents taking trips within Britain rather than venturing abroad. Once a property is owned abroad the natural tendency will be to use it for holidays whenever possible, thereby adding to the UK's international tourism balance of payments deficit.

Evidence from overseas

It is by no means just Britons who own second homes primarily for leisure purposes, be the property here or abroad. The map shows the distribution of concentrations of weekend and holiday homes in Sweden (*Source:* Statistics Sweden), many of which are owned by Germans. We can see that ownership of such homes is extensive, especially in rural areas around Stockholm. It is estimated that in total there are 155,000 'weekend and holiday homes' in Sweden, accounting for up to 58% of all houses in some rural districts. Meanwhile in Finland increased ownership of second homes in rural areas has helped ensure the survival of many communities that have seen significant amounts of out-migration by locals over the past two decades.

Usage is crucial

It is understandable that in some rural communities the ownership of properties for use as holiday homes can prove highly controversial, but as if often the case polarised views can inhibit a true evaluation of both costs and benefits. However, the term 'second home' can cover an array of uses for a property, not just a traditional 'holiday home'. Clearly if there is a considerable imbalance in the local property market due to the proportion of homes that are unavailable to locals it is crucial that owners of second homes demonstrate the enormous value that they can offer to the community, both through the regularity with which the property is occupied (thereby benefiting local businesses directly), and by the level of commitment shown to the local area through a willingness to become involved in community based activities and projects.

A year ago *Foresight* highlighted the many benefits that could be delivered were progress to be made on building a robust Tourism Satellite Account at the national level, thereby making it easier for 'regional' TSAs to be developed within a national framework. One spin-off of building regional TSAs could be a better understanding of the true impact that second homes have on a regional economy. Unfortunately little progress has been made in this respect during 2006.

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Issue 1	November 2003	USA, Canada and Mexico	Implications of an ageing population in Britain
Issue 2	December 2003	France, Italy, Portugal and Spain	Airport capacity in Britain
Issue 3	January 2004	Poland, Russia, China and South Korea	Visits to Britain by British Nationals living overseas
Issue 4	February 2004	Britain	School holidays and their impact on seasonal spread
Issue 5	March 2004	Australia and New Zealand	West Nile Virus
Issue 6	April 2004	The EU Accession States	
Issue 7	May 2004	South Africa, Nigeria, Kenya and Ghana	The Internet Part 1: Consumers
Issue 8	June 2004	India and Pakistan	The Internet Part 2: Businesses
Issue 9	July 2004	Belgium, Netherlands, Luxembourg and Ireland	Trends in Cross-Channel Travel Behaviour
Issue 10	August 2004	Japan, Hong Kong, Philippines and Taiwan	Cost of visiting Britain compared with other destinations
Issue 11	September 2004	Brazil, Argentina, Chile and Venezuela	What might climate change mean for tourism in Britain
Issue 12	October 2004	Norway, Sweden, Denmark and Finland	London's Olympic Bid – implications for British Tourism
Issue 13	November 2004	Britain	Smoking in public places
Issue 14	December 2004	UAE, Saudi Arabia, Kuwait and Iran	Outlook for inbound tourism to Britain in 2005
Issue 15	January 2005	Germany, Austria and Switzerland	Inbound tourism and the value of Sterling
Issue 16	February 2005	Malaysia, Thailand and Singapore	Britain's ethnic diversity
Issue 17	March 2005	Greece, Romania, Bulgaria and Croatia	Britain's transport infrastructure
Issue 18	April 2005	Israel, Egypt and Turkey	Foreign Direct Investment & inbound business tourism
Issue 19	May 2005	Poland, Czech Republic and Hungary	Inbound study visits
Issue 20	June 2005	USA, Canada and Mexico	Low-cost Airlines
Issue 21	July 2005	France, Italy, Spain and Portugal	Weddings, Stag Weekends and Hen Weekends
Issue 22	August 2005	Latvia, Lithuania, Estonia, Ukraine and Belarus	The Day Visit Market
Issue 23	September 2005	Russia and China	Quality
Issue 24	October 2005	Australia, New Zealand and South Africa	Daylight Saving
Issue 25	November 2005	India, Sri Lanka and Bangladesh	Outlook for Inbound Tourism in 2006
Issue 26	December 2005	Twenty-five years of Inbound Tourism	
Issue 27	January 2006	Benelux and Ireland	Tourism Satellite Accounts
Issue 28	February 2006	Japan, South Korea and Hong Kong	Tourism and the Disability Discrimination Act
Issue 29	March 2006	Brazil, Argentina and the Caribbean	Tourism and the National Lottery
Issue 30	April 2006	Nordic region and Iceland	Next generation aircraft
Issue 31	May 2006	Central Europe	The cruise line boom
Issue 32	June 2006	UAE, Kuwait, Bahrain and Oman	The power of football
Issue 33	July 2006	North Africa, Malta and Cyprus	Wind Farms and the Visitor Economy
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Issue 35	September 2006	Singapore, Malaysia and Thailand	International tourism balance of payments deficit
Issue 36	October 2006	Greece, Turkey, Bulgaria and Romania	Inbound visitor decision lead times
Issue 37	November 2006	Inbound visits by the over 55's	Seasonality
Issue 38	December 2006	Outlook for Inbound Tourism in 2007