

## SECOND HOMES IN AUSTRALIA: AN EXPLORATION OF STATISTICAL SOURCES

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### Abstract

Second homes have been given little attention in the literature of Australian tourism. This is due to their sitting outside the traditional industry structure, ignored as they are not businesses or part of an industry sector. However, second homes are important in two ways. First, they are a major supplier of accommodation for domestic tourists and have a significant impact on the tourism economy. Second, they tend to be found in high concentrations in certain localities, particularly some beach resorts. At such high levels they may have major environmental and social impacts.

In order to understand second homes, their impacts and their place within Australian tourism, it is necessary to have reliable and accurate data. It may be thought that such data cannot exist due to the non-commercial nature of second homes. However, this paper presents details of three statistical collections which do provide important information about second homes. These data sources are available Australia-wide (though here my emphasis is on the Victorian coast) and are produced regularly, making it possible in time to identify trends.

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### INTRODUCTION

Some tourists take their holidays in accommodation which they own. This type of accommodation goes by many names throughout the world; in Australia we generally call them *holiday homes* or *houses*, in New Zealand they are *cribs* or *baches* and in Canada, *cottages*. A widely used and self-explanatory label is *second homes*. In Australia in 2000, nearly four million visits and 12 million nights by domestic holidaymakers were at second homes. At five per cent of visits and eight per cent of nights, this was the fifth largest category of accommodation for domestic holidaymakers (BTR, 2001: 17, 20).

However, despite the size of the second home sector, it has attracted little attention, either from academics or industry. Unfortunately, those authors who have not considered second homes have failed to discuss their lack of interest. It can only be speculated as to why this dearth of research occurs. It may be due to second homes sitting outside the conventional tourism industry sector. They are not commercial accommodation operations, their owners are not tourism businesses, they do not engage with tourism associations or destination marketing authorities and second homes seemingly do not generate direct employment. As such, it is easy to overlook them and their impact.

While second homes have been the subject of much research overseas, little attention has been paid to second homes in Australia. The seminal work edited by Coppock (1977) contains no chapters on Australia. A recent paper by Hall, Müller and Keen (2001) lists 58 academic studies of second homes and *residential tourism* (where tourists settle in a location they have previously regularly visited for holidays). Most of these studies are concerned with Britain, Scandinavia, USA, Canada, France, New Zealand and to a lesser extent: Spain, other Mediterranean countries and the Caribbean. Not one of the 58 focuses on Australia. Past research in Australia has tended to either focus on the history of second homes (Inglis, 1999: 6-10, 72-82; Frost, 2000; Davidson and Spearritt, 2000: 130), or the environmental damage caused by second homes (Branton, 1977; Victorian Public Interest Research Group, 1977: 122-4).

However, Australian researchers are just beginning to consider the implications of second home development, particularly in coastal areas. In recent years there have been a number of studies of Western Australia, including: Selwood, Curry & Koszberski (1995), Sanders (2000) and Curry, Koczberski and Selwood (2001). A forthcoming book edited by Hall and Müller (2003) will include two Australian chapters, on coastal second homes in Western Australia and Victoria (Selwood and Tonts, 2003 and Frost, 2003). One of the main issues identified in this growing literature is the lack of statistical data to measure the scale of second homes, their characteristics and trends and to make meaningful comparisons within Australia, or with overseas.

A good example of the problems arising from a lack of data is illustrated in a recent New Zealand study. All 86 local government councils in New Zealand were surveyed and 58 responded. Asked what records of second homes they kept, all of these councils replied that they kept no records or statistics. Asked why, 45% responded they saw no benefit in keeping records, 18% that it was not their responsibility and 16% that they lacked the resources or it was too difficult. Only 11% argued that they did not have enough second homes to justify keeping records (Hall and Keen, 2001). In Australia, local councils do not distinguish between first and second homes for rating purposes and similarly do not generally keep records. However, at least one council in 2002 (South Gippsland in Victoria) collected data on second homes as part of survey of rubbish collection needs.

Without data, it is difficult for governments and businesses to plan effectively. Three examples where data has been required but only vague estimates have been available are worth noting. First, the Victorian Government is currently developing a planning strategy for the Great Ocean Road Region. While noting that the Great Ocean Road Region lies inside a tourism region which 'has more visitors than any other tourist region in Victoria, outside Melbourne' it found that no tourism data was available for this specific region (Department of Infrastructure, 2001: 7). Furthermore, it identified 'dramatic implications for coastal towns, as former holiday houses become increasingly utilised by permanent residents' (Department of

Infrastructure, 2001: 10). However, there was no data available on numbers of holiday homes, their usage or the rate of growth of residential tourism. Instead the study authors had to make do with estimates. Second, the summer of 2001/2 saw reports of substantial price increases in second homes in coastal Victoria (Age, 2001). While detailed information on price changes was available, the reported numbers using second homes were just an educated guess by a real estate agent. Third, Parks Victoria recently released a draft management plan for the Cape Liptrap Coastal Park (which extends along Victoria's south-east coast). It notes that the park adjoins towns with many holiday homes, that the population of these towns rises significantly at holiday peaks and that there are potential problems with sewerage and development. However, it also notes that there is practically no data available to aid in considering these issues (Parks Victoria, 2001: 3).

In considering the literature it is easy to fall for the trap of believing that there are no statistical sources for second homes and that this is the reason behind the lack of research in Australia. However, relevant data sources do exist, it is just that they are not obviously or solely concerned with second homes. Three such sources are discussed in this paper and their implications examined in the context of coastal Victoria. The first source is data on unoccupied dwellings collected in the five yearly Census of Population and Housing. The second is the economic impact of second homes as calculated in the Tourism Satellite Account of the Australian National Accounts. The third source is the National Visitor Survey, which records domestic stays by type of accommodation, including second homes. In the past this has been published at the geographical levels of states and tourism regions. However, a new study of the individual record database now allows this data to be calculated at a local government area level.

## **CENSUS OF POPULATION AND HOUSING**

The Census collects data on unoccupied dwellings. In 1996 (the last Census for which all data is available), 10% of all dwellings in Victoria were unoccupied (calculated from ABS, 1998: note that the reason why a dwelling was unoccupied was not recorded, but could include occupants absent, dwelling vacant or unfinished, or second home of persons recorded elsewhere). The ABS aims to count as many people as possible where they normally live, setting its Census night in the middle of the week during winter in order to minimise the numbers absent travelling or on holidays. As such, it would be expected that the level of unoccupied dwellings would be highest in coastal resorts.

The dataset used here was for urban centres and localities (ABS, 1998). These are urban groupings (towns and cities) which have contiguous populations of more than 200 people. This level was chosen as the most appropriate for considering second homes, for in coastal Victoria most second homes are found clustered in post World War Two subdivisions rather than scattered across the countryside.

29 coastal urban centres were identified as being likely to contain high levels of second homes. For each the percentage of dwellings which were unoccupied was calculated. This ranged from 27% to 81% for these coastal centres, confirming the assumption that towns known to contain second homes would show up with a much higher than average level of unoccupied dwellings. Results for the 14 centres which had more than 50% of their dwellings unoccupied are shown in Table 1.

The data confirms the general observation that Melbourne is ringed by a belt of second home towns (Frost, 1993). In particular, 10 of the 14 urban centres are found within 110 and 145 kilometres of Melbourne. This suggests that under 110 kilometres there is increasing competition from suburbia and over 145 kilometres the greater distance reduces the attractiveness of a second home. The high levels of unoccupied dwellings suggest that these towns are dominated by concentrations of second homes (compare these to the lower levels of second homes in the problem areas of Europe listed in Roberts and Hall, 2001: 34).

## **TOURISM SATELLITE ACCOUNT**

The Australian Bureau of Statistics produced its Tourism Satellite Account in order to place, 'tourism activities within the national accounting framework so that a comprehensive set of economic data on tourism

can be complied' (ABS, 2000: v). Its main outputs included tourism's share of Gross Domestic Production and employment. Estimates of production and employment was calculated for a number of tourism and non-tourism sectors. As the Tourism Satellite Account conformed to an international standard it is possible to compare its results to those of other countries as they are published (at present New Zealand, Canada and the USA are available in a comparable format).

The first year that the Tourism Satellite Account was calculated was 1997-8. It was estimated that tourism had a Gross Value Added of \$25,174million, which was 4.5% of Australia's total GDP. Second homes (which were categorised as 'ownership of dwellings') produced a Gross Value Added of \$1,323million or 5.2% of the production generated by tourism in Australia (ABS, 2000: 27).

Relative to other sectors of tourism, second homes produced less than only air and water transport (\$3,235m), manufacturing (\$2,572m), accommodation (\$2,388m), cafes, restaurants and takeaways (\$2,207m) and retailing (\$2,124m). However, second homes contributed more to tourism production than libraries, museums, arts and other entertainment services (\$997m), travel agents and tour operators (\$835m), motor vehicle hiring (\$231m) or casinos and gambling (\$158m) (ABS, 2000: 27).

A second Tourism Satellite Account was calculated for 2000-1. It estimated the Gross Value Added of second homes as \$1,605 million or 5% of tourism's GDP (ABS, 2002: 14).

Valuing second home usage in the Tourism Satellite Account was a difficult and complex issue. A value was estimated even for non-commercial usage:

This imputation applies ... to dwellings used for tourism purposes (holiday houses) on own account, or provided free of charge to visitors. For a holiday house, a housing service has to be imputed, both as a production activity of the owner, and as a consumption activity of the visitor ... The services from holiday houses are part of tourism gross output and of tourism consumption (ABS, 2000: 14).

The value of the second home usage was included in the Tourism Satellite Account whether or not the home was used:

The house only has to be available to be occupied. Consequently, the housing services from holiday houses are classified as being produced and consumed for tourism purposes, regardless of whether the house is occupied. The international standards state: '... because the sole ownership of a second home for tourism purpose on own account generates a tourism service and an equivalent consumption: no visit by any individual to this housing unit is necessary to generate the service, because, as for any housing unit on own account, the flow of the service provided depends only on the existence of the housing unit and its inherent qualities, such as location, configuration, type of construction, size and equipment installed, and not on any quality of the visitor' (ABS, 2000: 14).

As such, if one had a second home which could be rented at an average of \$400 per week, it was valued at producing a service worth \$20,800 per year. That the home was not rented, but used just by the owner for say eight weeks of the year, did not alter that estimation.

It is open to argument that including second home usage on own account in the Tourism Satellite Account leads to an over-estimation of tourism production. This is especially so given that other forms of non-commercial tourism are excluded, for example accommodation in the first home provided to visiting friends or relatives. If second homes were excluded, it would decrease tourism production 5% and reduce tourism's share of GDP from 4.5% to 4.2%.

In calculating the Gross Value Added for second homes, the ABS faced the problem of measuring their numbers. Local councils and other authorities do not distinguish between first and second homes and accordingly generate no statistics. As noted above, the count of unoccupied dwellings from the Census may be used as an indicator, though it is only rough.

The ABS based their estimates of second homes on the 1986 Census of Population and Housing. That Census included a question as to whether unoccupied dwellings were holiday homes or not. For Australia, 24.7% of unoccupied dwellings were second homes, which translated to 2.5% of all dwellings. The latter percentage was applied to 1996 Census counts to provide the number of second homes used in the Tourism Satellite Accounts (personal communication, Luisa Ryan ABS). While a sound measure, it does not take account of any shifts in second home usage since 1986.

## **NATIONAL VISITOR SURVEY**

The National Visitor Survey is conducted annually by the Bureau of Tourism Research. Based on a sample of 80,000 Australians, it collects data for overnight visits, including type of accommodation and locations visited. Its most recent data is from 2000 and shows that 5% of all domestic nights and 8% of nights by holidaymakers were at second homes (BTR, 2001: 20).

Second homes were particularly favoured by intrastate rather than interstate visitors. Only 2% of interstate visitors used second homes, in contrast, 7% of intrastate visitors stayed at them (BTR, 2001: 16). The highest level of second home usage by intrastate visitors was in Victoria, where there were nearly 1.2 million visitors to second homes, or nearly 9% of all Victorian intrastate visitors (BTR, 2001: 16). Indeed for Victorian intrastate visitors second homes were the equal third most popular form of accommodation.

Second home usage is available for BTR regions. However, its usefulness is limited by the large size and diversity of some of these regions (Zanon and Frost, 2002; Frost and Foster, 2002). For example, there is a large concentration of second homes at the eastern end of the Great Ocean Road. This is included in the Western BTR Region, which is geographically very large extending from Melbourne to the South Australian border and including a large inland area as well as the coast. The sheer size of this region 'washes out' any useful data on second homes in a small section.

In 2001/2 Parks Victoria and Monash University conducted an analysis of the unit record data of the national Visitor Survey in order to produce data for smaller areas – the Regional Tourism Trends Project (Zanon and Frost, 2002). In the National Visitor Survey, the location stayed overnight is coded to a Statistical Local Area (SLA), of which there are 125 in regional Victoria. However, results are only published for the 21 BTR regions. By reprocessing the unit records it is possible in theory to produce visitor estimates for all 125 SLA's. In practice many of these would be statistically unreliable. Instead the Regional Tourism Trends Project amalgamated SLA data, generally into larger local government areas.

The aim was to identify major locations (or hubs) where visitors stayed overnight. This data could then be used to measure potential demand for Parks Victoria properties. Results were generated for 17 areas (which comprised 43 SLA's). The main objective was to produce estimates of overnight visits and visitor nights. The results provided a far better picture of where visitors stayed overnight. Two examples illustrate this. The vast Western Region attracted 1.5 million overnight visits, this analysis showed that 72% stayed in three small areas, the municipalities of Surf Coast, Warrnambool and the coastal half of the Colac-Otway Shire. The Geelong Region attracted one million visits, this was divided into 471,000 visits for the city of Geelong itself and 536,000 for the Bellarine Peninsula.

One by-product of this project was the production of accommodation statistics. These are shown in Table 2. Five areas show high levels of usage of second homes, these are Mornington Peninsula South (26%), Bass Coast (17%), Surf Coast (18%), South Gippsland (12%) and the Bellarine Peninsula (10%). Combined these five areas form a ring of second homes around Melbourne, between 80 and 170 kilometres. In addition, they attract between 70% and 90% of their visitor nights from Melbourne (Zanon and Frost, 2002: 10).

Further away from Melbourne, usage of second homes declines. Around Apollo Bay (190 kilometres) and Lakes Entrance (330 kilometres) it is only 6%. At Warrnambool, a popular coastal destination 270 kilometres from Melbourne, it is only 1%. At a range of popular inland tourist destinations, second home usage ranges from less than half a per cent to 2%.

## CONCLUSION

The purpose of this paper was twofold. First, to demonstrate some of the statistical sources for second homes in Australia. Second, to show how important second homes are, particularly in some areas, such as coastal Victoria.

For too long second homes have been regarded as unimportant. Overseas, particularly in Europe, they have gained a great deal of attention, primarily due to the social disruption they cause to established and traditional communities. In Australia, such social disruption has not occurred. Nonetheless, this is not a valid reason for dismissing second homes, for they are also important in economic and environmental terms. Economically, second homes cater for a large section of the domestic market. They also compete with commercial operators, indeed it is a feature of some of the towns covered in this paper that they attract large numbers of tourists, but have little commercial accommodation. Environmentally, second homes have an impact on large areas of typically fragile coastline.

The three sources explored provide data for numbers of second homes, their economic impact and their usage. While in this paper the focus was on coastal Victoria, these datasets could also be used to analyse second homes in other parts of Australia. Indeed, since the sources follow international statistical conventions there is scope for international as well as interstate comparisons. The sources also have the advantage of being collected on a regular basis, thus allowing scope for the development of a comparative time series.

Nonetheless, research in this field is still in its infancy. The identification of these sources does not necessarily mean that tourism researchers will wish to investigate it. Despite the evidence presented here that second homes have a major economic impact, the non-commercial nature of second homes will probably continue to discourage interest amongst academics and tourism authorities. In many ways second homes are in a similar position to the VFR market ten or so years ago.

Finally, this paper serves to highlight the potential for further research. This includes characteristics of second home usage (length, timing, socio-economic, psychographic and demographic characteristics of users, associated activities, motivations), environmental and social impacts, the indirect economic effects, competition with commercial tourism accommodation operators, regional variations and the development of residential tourism. Such research requires specialised studies, but these can be founded upon the general indicators outlined here.

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**Table 1: Unoccupied dwellings in urban centres of coastal Victoria, 1996**

<b>Urban centre or locality</b>	<b>General location</b>	<b>Kilometres by road from Melbourne</b>	<b>Population</b>	<b>Total private dwellings</b>	<b>Unoccupied private dwellings</b>	<b>Percentage of private dwellings unoccupied</b>
<b>Venus Bay</b>	East of Phillip Island	170	385	978	795	81
<b>Loch Sport</b>	East Gippsland	280	791	1,319	933	71
<b>Indented Heads</b>	Bellarine Peninsula	110	453	785	554	71
<b>Airys Inlet-Fairhaven</b>	Great Ocean Road	121	761	1,035	719	70
<b>Cape Paterson</b>	East of Phillip Island	141	593	755	502	67
<b>Cowes</b>	Phillip Island	142	3,060	3,941	2,665	67
<b>Newhaven</b>	Phillip Island	125	1,091	1,351	891	66
<b>Anglesea</b>	Great Ocean Road	111	1,995	2,340	1,520	65
<b>Coronet Bay</b>	Near Phillip Island	115	482	621	386	62
<b>Flinders</b>	Mornington Peninsula	87	501	583	354	61
<b>Lorne</b>	Great Ocean Road	142	1,082	1,417	936	60
<b>St Leonards</b>	Bellarine Peninsula	115	1,226	1,489	903	60
<b>Somers</b>	Mornington Peninsula	77	963	973	569	58
<b>Inverloch</b>	East of Phillip Island	145	2,448	2,540	1,377	54

Source: calculated from ABS, 1998: 28-37.

**Table 2: Domestic overnight visits, accommodation type for selected local government areas, 1999**

<b>Local government area</b>	<b>Towns and areas included</b>	<b>Domestic Overnight Visits '000s</b>	<b>Motels and hotels %</b>	<b>Caravan Parks &amp; Camping %</b>	<b>Friends and relatives %</b>	<b>Second Homes %</b>
<b>Mornington Peninsula – southern section</b>	Portsea, Rye, Flinders	936	9	13	41	<b>26</b>
<b>Surf Coast</b>	Lorne, Torquay Anglesea	529	16	17	34	<b>18</b>
<b>Bass Coast</b>	Phillip Island, Inverloch	698	14	21	32	<b>17</b>
<b>South Gippsland</b>	Venus Bay, Wilsons Promontory	189	14	28	29	<b>12</b>
<b>Greater Geelong –Bellarine section, Queenscliff</b>	Bellarine Peninsula, Barwon Heads	536	11	25	39	<b>10</b>
<b>Colac-Otways – southern section</b>	Apollo Bay	258	28	21	21	<b>6</b>
<b>East Gippsland – Western section</b>	Bairnsdale, Lakes Entrance	411	30	20	28	<b>6</b>
<b>Alpine</b>	Mt Hotham, Falls Creek	413	34	22	17	<b>6</b>
<b>Campaspe</b>	Echuca, Kyabram	454	37	27	24	<b>2</b>
<b>Albury - Wodonga</b>	Albury-Wodonga	611	55	6	34	<b>1</b>
<b>Greater Bendigo – Bendigo section</b>	Bendigo	500	31	13	50	<b>1</b>
<b>Warrnambool</b>	Warrnambool	329	46	20	21	<b>1</b>
<b>Greater Ballarat</b>	Ballarat	576	38	14	42	<b>0</b>

Source: Zanon and Frost, 2002: 8 &amp; 13