

A PLACE in the SUN

185,000 empty holiday homes

The 2001 Census recorded 185,000 unoccupied holiday homes and second residences in the UK. These properties are mostly found in rural areas, particularly around the National Parks. However, these areas are also more likely to contain larger than average numbers of households that are renting their home from a private landlord. It is probable that many of these tenants would be homeowners were they able to purchase rather than rent. The challenges to people wanting to buy their own home in these areas probably include lack of available, affordable properties, due in part to the growing prevalence of second homes. The Census counts of empty holiday and second residences may well be an underestimate.

Empty houses

The prevalence of second residences/holiday homes in some areas has been recognised as one contributing factor to the difficulties faced by people trying to take the first step onto the property ladder^{1,2}. A 2002 study of all local authority areas in England found that the areas with the least affordable 'entry-level' housing were, perhaps predictably, in central London, but also in the rural South West of England³.

Put simply, without large numbers of additional dwellings being built, the more people in areas of high demand who own second or third homes, the harder it will be for local people and people from outside the area to live and move there. Often second properties are empty for most of the year, although increasingly people rent out their second or third homes. In the long term it is currently financially advantageous in the UK to buy your property rather than to rent. Given this, an excess of people in middle age renting in an area may be an indicator of where property is too expensive and in too short a supply



Life in Britain

The latest Census reveals that within the UK people live in very different worlds. For some, resources and amenities abound; for others life is characterised by deprivation and difficulties, especially when their need for support is great.

The 2001 Census marked the bi-centenary of census taking in the UK. It is the most comprehensive social record of life in this country now available. Since 1801 successive governments have asked the population to assist in the taking of a Census.

This report is one of a series of 10 showing key patterns and inequalities in life in the UK revealed by the 2001 Census. These reports focus on geographical inequalities, highlighting where services and opportunities appear not to be available or accessible to those people and places that need them most.

to buy. In some areas there is a short supply of affordable homes because of the high demand to live there (such as London) but in other areas short supply is due to the demand to holiday there (often from London). The Censuses let us examine the geographies of both second homes and private renting.

The 2001 Census recorded not only information about people living in the UK, but also about houses and dwellings – even if they were empty at the time. Data from the Census includes counts of 'household spaces'⁴ that were unoccupied second residences or holiday homes (these are distinct from unoccupied, vacant dwellings). The Census authorities rely on a high degree of compliance from those filling in the forms and/or the abilities of their enumerators to identify such homes and so the figures are most probably an underestimate. The Census also obtains information on tenure from householders who are occupying each property – that is, whether they own their home outright, have a mortgage, or rent their home, and if they rent it, who they rent it from. This report investigates the possibility that people living in areas where there are many second residences and holiday homes might have a hard time making the move from renting property to owning their own home.

In this analysis, people who might want to buy their own home but who do not are considered to be those households where the 'Household Reference Person' (HRP) is aged 35-74 and the home is rented from a private landlord. The HRP is defined specially in the Census⁵, but can also be understood as the 'breadwinner'. In recent decades private renting by such age groups had been declining and was relatively rare. It has risen more recently as house prices have increased; the numbers of people in households with a mortgage has subsequently fallen. Younger age groups are excluded from this analysis in order to discount the student population, who are often private renters. Figures from the Census on these households and the prevalence of unoccupied second residences/holiday homes are compared across 142 areas: counties, unitary authorities and former metropolitan authorities (the same areas used for all reports in this series). The report therefore asks the question:

In areas where there are many households that might be having difficulty getting into the housing market, are there unusually large numbers of second residences/holiday homes?

Findings

The 2001 Census recorded 25.5 million household spaces in the UK, of which 185,000 (0.7%) were unoccupied second residences or holiday homes. There were 16.8 million households where the HRP was aged 35-74, and 1.3 million (8%) of these households rented their home from a private landlord⁶.

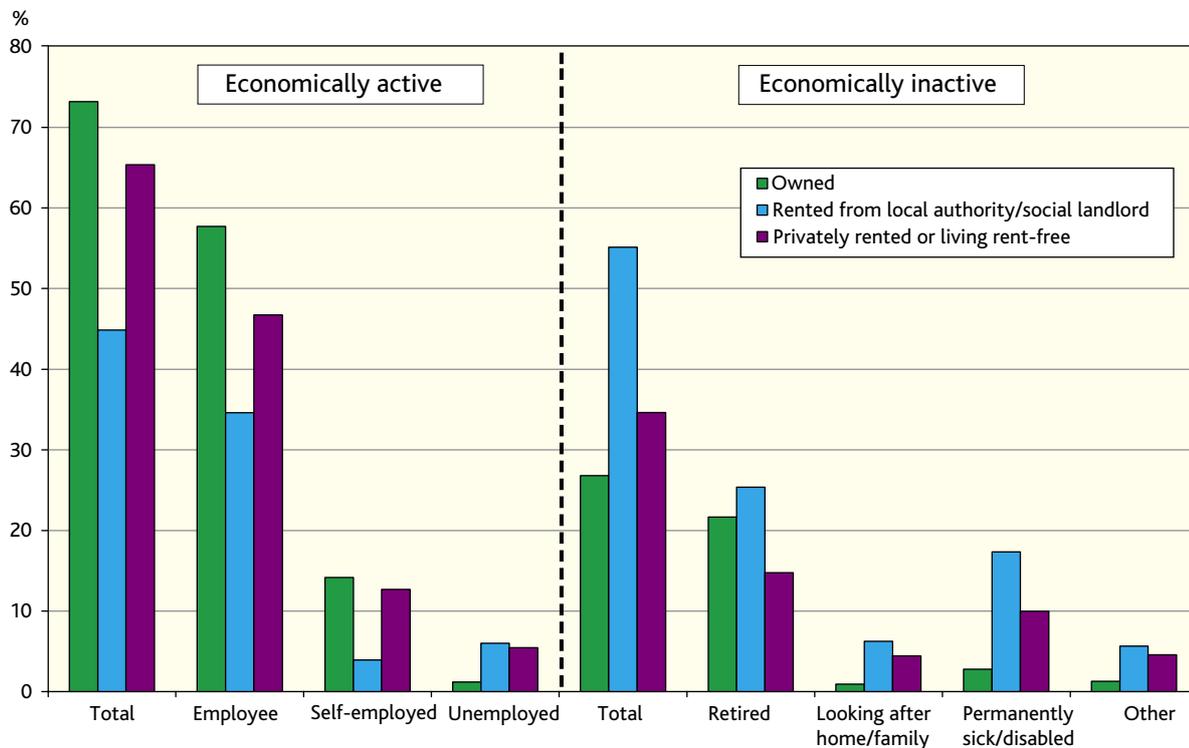
Figure 1 illustrates the economic activity of the HRP by housing tenure. Private renters have a similar pattern of economic activity to homeowners, although they are slightly more likely to be unemployed, looking after home/family or permanently sick/disabled than homeowners. These older private renters have a very different pattern of economic activity when compared to those renting from the social sector and so the Census would appear to suggest that at these ages the choice or constraint to rent privately rather than buy is not determined mainly by the economic position of the household. It is more likely to be the nature of the areas they are living in which most influences such decisions and constraints.

Comparing areas

Figure 2 shows the relationship between the two measures for the 142 areas across the UK. The association is not very clear to see, since most areas have a relatively low proportion of second/holiday homes – less than 1% in most cases. However, the association is positive^{TR}; areas with higher proportions of holiday homes and second residences tend to have higher percentages of households that may be unable to buy a home.

Table 1 highlights the five areas with the highest prevalence of the privately renting households measure. Note that all are found on the coast. Table 2 similarly lists the five areas with the highest prevalence of unoccupied

Figure 1: Economic activity of the Household Reference Person (HRP) aged 35-74 by tenure, UK (2001)



holiday homes/second residences. The geography of these measures is further illustrated in the maps in Figures 3 and 4. It can be seen that the highest percentages of the privately renting measure are generally found in coastal resort areas and the Scottish borders. Similarly, Figure 4 shows that the highest prevalence of second residences and holiday homes are to be found in coastal areas and the Scottish Highlands and Islands. Many of the areas with lots of second residences are in proximity to National Parks: Cairngorms National Park (Highland, Perth and Kinross); Loch Lomond and the Trossachs (Argyll and Bute); Lake District (Cumbria); Yorkshire Dales and North York Moors (North Yorkshire); Snowdonia (Gwynedd); Pembrokeshire Coast (Pembrokeshire); Exmoor; and Dartmoor (Devon).

Since 2001

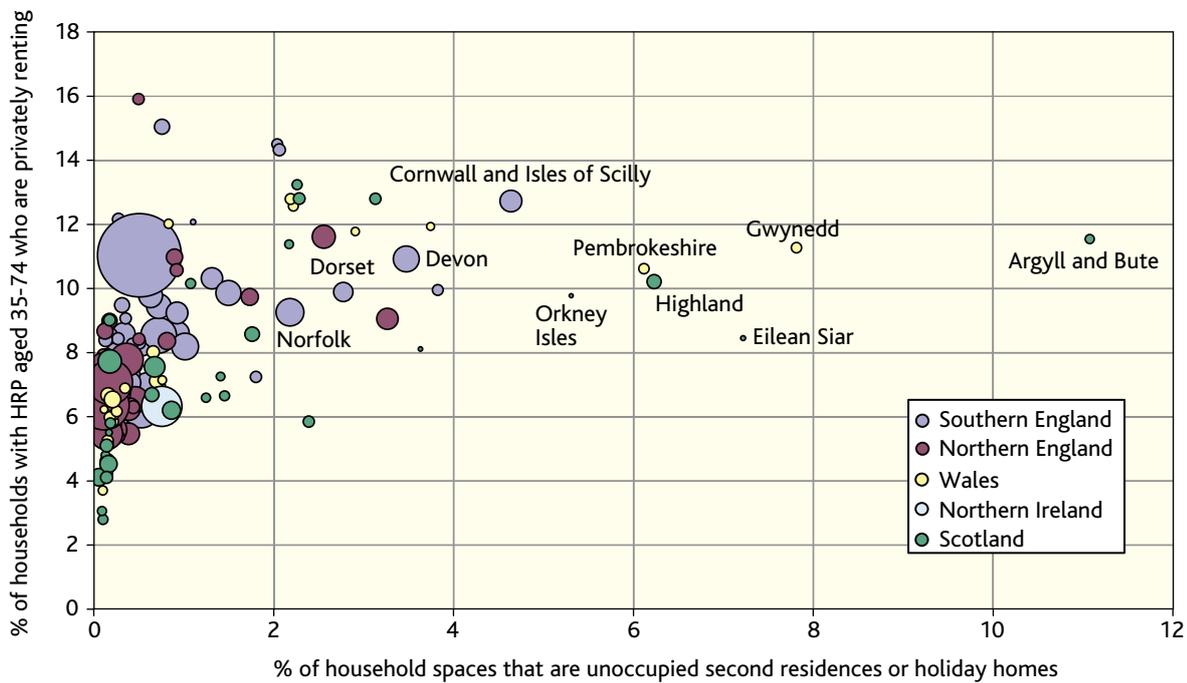
The 2003 Local Government Act allowed local authorities in England and Wales to reduce the 50% council tax discount on second homes to 10%, and many authorities have taken this opportunity⁷. Similarly, in August 2004, the Scottish Executive announced that it would also

100 years ago

Most people rented their home from private landlords in 1901. Mortgages were not widely available, and it was only in the last decade of the 19th century that legislation was passed allowing local authorities to buy land and build council housing. Poorer people tended to spend a greater proportion of their money on housing. A study by Maud Pember Reeves in Lambeth in 1913 found that while the wealthiest families would spend approximately one eighth of their income on rent, rates and taxes, these expenses could cost a working-class family up to one third of their income.

For more information see the National Archives (www.nationalarchives.gov.uk); Pember Reeves, M.S. (1913) *Round about a pound a week*, reprinted in 1988 by Virago Press, London.

Figure 2: The association between the prevalence of second homes and households who might be having difficulty buying a house



Note: Each circle is a county, unitary or former metropolitan authority, drawn with the area in proportion to the total population in 2001 (the largest circle represents London, with a population of just over 7 million). Areas in northern England are those that lie west or north of the counties of Gloucestershire, Warwickshire, Leicestershire and Lincolnshire (the Severn-Humber divide).

Table 1: The five areas of the UK with the highest percentage of privately renting households with Household Reference Person (HRP) aged 35-74 (2001)

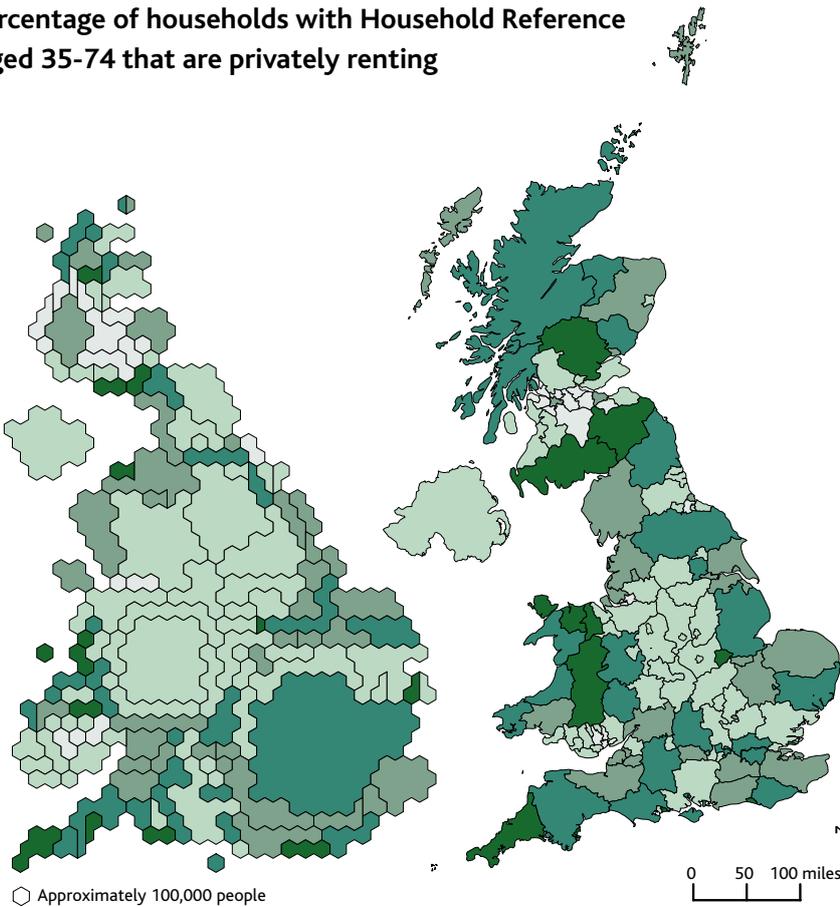
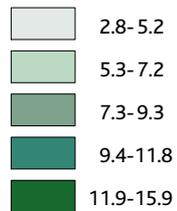
Area	% of households with HRP aged 35-74 that are privately renting	% of household spaces that are unoccupied second residences/holiday homes
Blackpool	15.9	0.5
Brighton and Hove	15.0	0.8
Torbay	14.5	2.0
Bournemouth	14.3	2.1
Scottish Borders	13.2	2.3
UK	8.0	0.7

Table 2: The five areas of the UK with highest rates of second residences and holiday homes (2001)

Area	% of households with HRP aged 35-74 that are privately renting	% of household spaces that are unoccupied second residences/holiday homes
Argyll and Bute	11.5	11.1
Gwynedd	11.3	7.8
Eilean Siar	8.5	7.2
Highland	10.2	6.2
Pembrokeshire	10.6	6.1
UK	8.0	0.7

Figure 3: The percentage of households with Household Reference Person (HRP) aged 35-74 that are privately renting

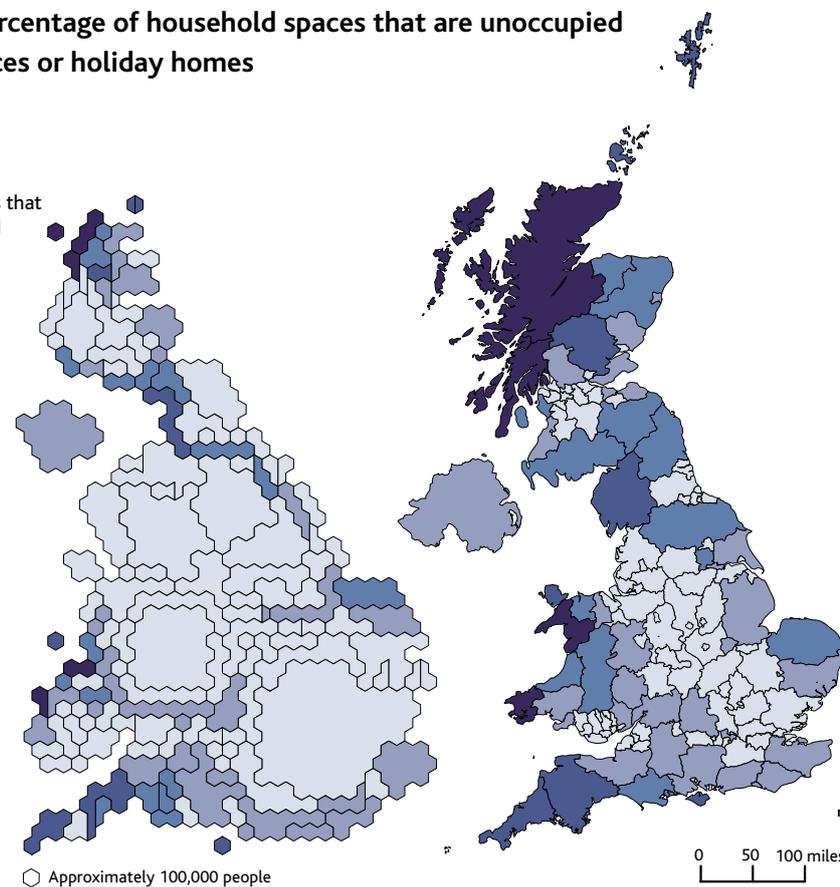
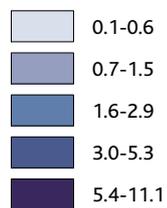
% of households with HRP aged 35-74 that are privately renting



Note: Both maps in each figure represent the same places, shaded identically. The map on the left is a cartogram – each area is shown in proportion to the size of its population in 2001. The largest area is London, since it has the highest population of any of the places^{TR}. The map on the right shows the actual boundaries of the areas.

Figure 4: The percentage of household spaces that are unoccupied second residences or holiday homes

% of household spaces that are unoccupied second residences or holiday homes



allow councils to reduce the discount to 10%, and that the extra revenue generated would be ring-fenced for new, affordable housing⁸. However, the housing market continued to boom between 2001 and the summer of 2004, latterly most strongly in more peripheral areas⁹. Simultaneously, inequalities in wealth rose with the richest tenth of the population holding a majority of all wealth in the country by the end of the period as opposed to just under half in the mid-1990s¹⁰. Thus there are now more people, mainly living in London and the Home Counties, who can afford holiday and second homes in remote areas. It is almost certainly the case that fewer local people there will be able to afford to buy a home – more will rent as tenure patterns begin to slowly move in the direction of those of the past.

Discussion

In the distant past private renting was the tenure of the majority of the population. As home ownership grew and as council homes were built private renting declined, rapidly becoming the minority tenure, often most associated with rural areas and tied properties for agricultural labourers. Then, as university student numbers rose, private renting rose most in the cities with growing universities; subsequently private renting became more popular among young professionals as well as being a necessity for increasing numbers of poorer people as the social rented sector contracted. Its rise now in rural areas is not a reflection of a revived agricultural sector in the UK. Rather it reflects the shortage of property available, the very high prices of that which is available, and the limited availability of social housing. Part of the reason for such lack of availability is the increased popularity of such areas and the lack of subsequent home building in such places where building is often strictly controlled to preserve the local environment. The increased popularity of such areas has, however, also led in many cases to people buying their holiday home or second home there.

Rising income inequalities in the UK have led to a growing number of more affluent people being in a position where they can now afford to buy two or three properties rather than one. Simultaneously it has increased the numbers who cannot afford to buy at

all and thus between the Censuses of 1991 and 2001 there was no increase in the numbers of people in owner-occupation (and a decline among younger owner-occupiers), a fall in the numbers housed by the state and a rise in private renting. Part of that rise was due to the continued expansion of the universities, but this is not the reason for the rise at ages over 35. Rather it is almost certainly older people and couples finding that they cannot afford to buy. This is particularly acute in rural areas, especially those where the number of second and holiday homes has increased – many of which may be rented out and so do not appear as such in the Census.

London is a notable exception to the rule, with a high prevalence of private renting in the older age group, but a low prevalence of second homes. However, London does contain many second homes belonging to people who spend their weekends in another home in the country, but may label the London abode as their primary residence.

This report has demonstrated clear patterns, and the results are not like many reported in the rest of this series; the key problematic areas highlighted are rural and it is unusual to find rural areas high up in a list of those that are losing out due to some kind of inequality. Areas with increasing prevalences of second homes are likely to become harder for full-time residents to live in, as the decline in demand for shops and services leads to reduction in their availability. Furthermore, as it becomes harder and harder to afford to live in the most popular rural areas, fewer poorer people are found there. Instead, more highly paid professionals such as doctors choose to live there, schools tend to perform better than average and so these areas improve rapidly in most league tables – not because the places have changed, but because the types of people living there – or simply holidaying there – are changing.

Notes

- ¹ Satsangi, M., Higgins, M., Pawson, H., Rosenberg, L., Hague, C., Bramley, G. and Storey, C. (2001) *Factors affecting land supply for affordable housing in rural areas*, Edinburgh: Scottish Executive Central Research Unit/The Stationery Office.
 - ² Gallent, N., Mace, A. and Tewdwr-Jones, M. (2003) 'Dispelling a myth? Second homes in rural Wales', *Area*, vol 35, no 3, pp 271-84.
 - ³ Wilcox, S. (2003) 'Affordability differences by area for working households buying their homes', Joseph Rowntree Foundation *Findings* No 573, May (www.jrf.org.uk).
 - ⁴ A 'household space' is the space a household might be expected to occupy within a dwelling – usually the whole dwelling.
 - ⁵ The 'Household Reference Person' (HRP) replaces the 'Head of Household' of previous Censuses. If the household includes more than one adult, the HRP is defined in terms of socio-economic activity and age. For example, if the household includes one adult in full-time employment and one adult in part-time employment, the person in full-time employment is the HRP. If both adults work part time, the older is the HRP. Further rules exist to designate the HRP in more complex situations.
 - ⁶ The Census tables used here aggregate households privately renting and those living rent-free. The totals that this includes for England, Wales and Scotland (separate figures for Northern Ireland are unavailable) were: privately renting: 2.29 million households, living rent-free: 0.52 million households.
 - ⁷ 'Second homes' large discount ends', BBC News, 1 April 2004 (<http://news.bbc.co.uk>).
 - ⁸ 'Councils given discretion on holiday home tax', Scottish Executive news release, 5 August 2004 (www.scotland.gov.uk).
 - ⁹ 'House prices: the boat comes in for homeowners in seaside towns', *The Independent*, 30 August 2004.
 - ¹⁰ Paxton, W. and Dixon, M. (2004) *State of the nation: An audit of injustice*, Interim report for the Institute for Public Policy Research (www.ippr.org/research/index.php?current=41).
- TR Further information on this point is available in the accompanying technical report.



What do we know?

- ▶ Large numbers of second homes and holiday residences in some areas appear to contribute to a restrictive housing market for local people.



What have we found?

- ▶ Areas of the UK with high numbers of holiday homes tend also to have much higher than usual numbers of older households (where the 'head of household' is aged 35+) that are renting from a private landlord.
- ▶ Most of these areas are in the more rural parts of the UK or by the coast.
- ▶ In every area where more than 4% of dwellings are second or holiday homes, the percentages of the older population now renting privately are among the highest in the country.

Other reports in the series

The companion report to this, *Changing rooms*, compares the prevalence of overcrowding and underoccupancy of homes across areas of the UK.

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| 2. <i>In sickness and in health</i> | 7. <i>The office</i> |
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| 4. <i>Sons and daughters</i> | 9. <i>Top gear</i> |
| 5. <i>Changing rooms</i> | 10. <i>Home front</i> |

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Photographs © Mary Shaw

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Project funder: Joseph Rowntree Foundation