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# Second home development in South Africa



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## Abstract

This thesis reflects the results of research on second home development in Yzerfontein and Riebeeck-Kasteel, South Africa. The research aims to make a contribution to the investigation on second home development in South Africa. It is furthermore looked upon the consequences of second home development for the local community. Yzerfontein is a small village with many second homes. The number of second homes in Riebeeck-Kasteel is less, but this town is expected to experience continued growth of second homes in the future. Impacts which are related to the second home phenomenon are both positive and negative. On the one hand it leads to an economic stimulant and to the generation of employment. Especially in Yzerfontein, where second home constitute an important share of the economy, second homes can be regarded as a positive influence for local development. However, there are signs that second home development leads to gentrification in the country side. It is therefore important, especially in Riebeeck-Kasteel, that the development of second homes is properly guided and well planned.

Keywords: Second home development, gentrification, South Africa

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## Introduction

### 1.1 Problem identification

Second homes are an integral part of contemporary tourism and migration. In many countries, second homes are an important segment of the tourism sector (Hall & Muller, 2004, p.3). This research field and its interrelated fields of retirement migration, residential tourism, expatriate residency, lifestyle migration and long term tourism are rapidly changing and growing (Koch-Schulte, 2008, p.2). Increasing mobility, leisure time and wealth has led to the growth of consumption-led migration flows. Accompanied with this, second homes are growing in numbers worldwide. Furthermore, due to variables such as increasing life expectancy the second home phenomenon is expected to increase further in the future.

The expansion of second homes has been an important feature of land use in amenity rich locations in many parts of the world. Since the publication of Coppock's '*Second homes; a curse or a blessing?*' the interest in second homes as an international research focus expanded notably. With the rapidly growing number of second homes in the Mediterranean, the southern United States, the United Kingdom and Scandinavia, these regions were locations where significant research on this topic took place (Visser, 2003, p.351). Second home development is however an increasingly important research feature in many other countries.

Numerous towns along the South African coast and in the rural interior have grown significantly over the past decades due to second home development. Even though this phenomenon is an ever more important feature of land use, it has not widely been explored in the South African context. Only a few local and regional case studies were carried out in relation to this topic and research on second home development in the national context is absent. There is a clear lack of solid scientific understanding of the development of second homes within the South African context. The South African Geographical Tourism discourses, as well as town and regional planning research discourses remain silent on field of study (Visser, 2003, p.379).

Since the demise of the Apartheid, South Africa has become an interesting country for foreign investors. Low property prices and a stabilizing political climate triggered foreigners to buy second homes in South Africa. This has led to several debates with regard to foreign land ownership. Some parties view the investment of oversea buyers as a positive factor. For instance, real estate agents mention that foreign investments in the South African real estate market will show the world that South Africa has a safe and stable investment climate. This will attract more Foreign Direct Investments (FDI) and it will therefore serve the country from an economical point of view (Lafraniere, 2005).

South Africa is however a land of many differences. Opposite the few fortunate who can afford a second home for leisure purposes there is a stunning majority amongst the South African population who cannot afford to own land, or any kind of property whatsoever. This factor has led to questions about the justifiability of foreign land ownership. Because foreign land ownership is not registered as such, no reliable data is available which reveals the extent of this phenomenon. The South African population and authorities are worried that foreigners



are slowly taking over prime tourism locations along the coast and more inlands and that the coast line will eventually turn out to be the playground of the Europeans (Lafraniere, 2005).

Several media statements show there is fear that the increasing acquisition of property by foreigners might interfere with the success of the land reform project, as the government will not likely be able to meet its constitutional duties to the citizens of all races of the country. Escalating property prices, which are in many instances in the media linked to foreign land ownership, have led to the perception that South Africans can no longer afford to own land in many areas (Cape immigration specialists, 2010).

Even though there is a media focus to foreign land ownership in South Africa, there are many wealthy South Africans who purchase a second home for mainly leisure purposes as well. This phenomenon is larger than the number of foreigners owning a second home in South Africa. Even though the acquisition of a second home by a South African citizen leads to similar increases of property prices, the media and government remain silent on this topic.

Second home development in South Africa stimulates several migration movements which can have far reaching effects on several communities in South Africa. However, second home development might be the only development possibility in some marginalized rural areas. There is a major lack of information available on this topic. The media has released several articles on foreign land ownership, but there is no notion about South African second home ownership. Information about domestic and foreign second home ownership is scarce because the South African government does not distinguish between first and second homes and foreign ownership is not registered as such. Furthermore, limited scientific research has been done in this field within the South African context. The purpose of this research therefore is to gain more insight in second home development in South Africa and the positive and negative effects that this phenomenon has on local communities. This leads to the following research question:

*'What are the consequences of second home development in Swartland for the local communities of Yzerfontein and Riebeek-Kasteel?'*

## **1.2 Research aim**

*'Although large numbers of towns and villages along the South African coastline, and increasingly in its interior, have grown significantly as a result of various forms of consumption-led migration, the South African Geographical, Tourism, as well as Town and Regional Planning research discourses, remain mute concerning second-home development'* (Visser, 2003, p.379). The shortage of scientific insights on second home development has led to a general lack of insight of the economic, social and spatial effects which this phenomenon has for local communities. Nevertheless second home development is a growing trend, over the past decades second homes have been increasingly purchased by foreigners, and South Africans. Several case studies were carried out to explore the significance of second home development in the South African context. One of the key conclusions of these investigations was that more empirical research on this topic has to be carried out in order to clarify the development of second homes and their impacts on host locations. Not only in the obvious second home locations along the coast, but also in the interior and metropolitan areas

(Hoogendoorn et al, 2005, p.113). Therefore, in line with the previous citation the main aim of this research is to contribute to the research on the development of second homes in South Africa.

Furthermore this research aims to investigate which effects second home development has on the local community. In order to reach this aim this research is conducted in the Swartland municipality, in two small amenity rich locations.

### **1.3 Outline of the thesis**

The outline of this thesis is threefold, an introductory section, the research findings and conclusions. In the introductory section is subdivided in the theoretical framework, methodological framework and geographical framework. The theoretical framework will present all relevant concepts which will be discussed from an international perspective using prominent literature. In the methodological framework a presentation is given of the aims and objectives of the research as well as the research questions. Furthermore this chapter presents an outline of the methods which are used to conduct the research. Finally the main restrictions and limitations which were expected beforehand and experienced during the research are presented. The geographical framework will focus on the demarcation and description of the research areas and the subject populations. Then, this section presents important elements within the South African context regarding second home development. There will for instance be a description of foreign land ownership in South Africa. Besides this, laws and regulations which are important in the debate surrounding second home development will be presented in this chapter.

The research findings represent the results which are gathered during the research. The research questions are answered in this section. First, a description of both towns is given to give an idea of the situation in Yzerfontein and Riebeeck-Kasteel. The research areas are placed within a stage of the second home lifecycle. Furthermore, the social and economic impacts of second home development in the research areas are discussed. Lastly it is discussed whether second home development in the research areas leads to gentrification and the lack of affordable and available land for the land reform program.

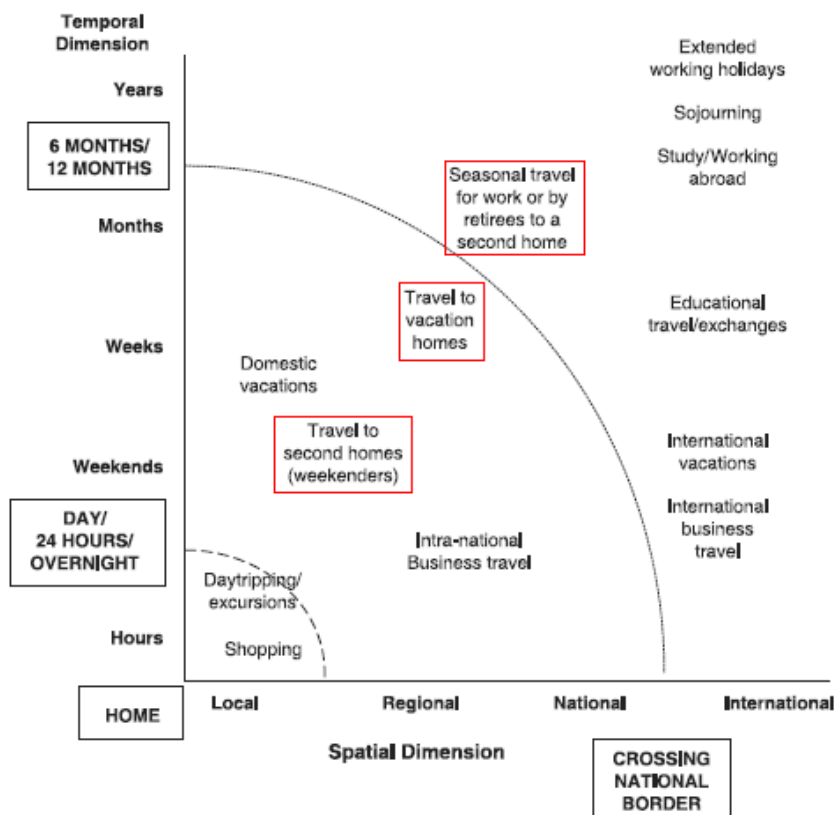
## Theoretical framework

Second home development and the impacts thereof on the local community is the focus of this research. The following chapter will give an overview of the theoretical foundations for the research presented in this thesis. International literature will be used to get an idea of the development of second homes worldwide. An introduction to the definition of second homes and the problems which occur in defining the second home phenomenon is provided. The geography of second homes is sketched and furthermore a discussion is presented regarding the motivations of potential owners to purchase a second home. Also, potential impacts of second homes, both positive and negative, on the local community are discussed.

### 2.1 Introduction

*'Second homes have been defined as an intersection between tourism and migration, and given as an example of the complexity of current mobility'* (Casado-Diaz, 2004, p. 215). Due to its relation to tourism and migration, second homes are of interest for both tourism and migration researchers. Figure 2.1 shows the interrelationship between day tripping, tourism and migration. The duration of a visit is critical for definitional purposes. The line between an overnight stay and 24 hours away from home is used to differentiate between day tripping and tourism. The difference between tourism and migration is usually six to twelve months, depending on the classification of a country (Hall, 2005, p.130).

Figure 2.1: The entanglement of second home in tourism and migration research



Source: Hall, 2005, p. 130

As can be seen in figure 2.1 second homes are both part of tourism and migration. There are various reasons for the importance of second homes, both from a tourism and migration point of view. The value of domestic second home ownership in many countries is shown by the fact that the number of beds available in second homes often exceeds the available number of beds in for instance hotels and bed & breakfasts. For instance, in case of Spain, Heute and others point out that '*second home based tourism has become the predominant model for a huge number of cities on the Spanish Mediterranean Coast*'. The number of beds available in second homes exceeds the number of beds available in hotels over four times (Huete et al, 2007, p.1). Especially the role of second homes in the domestic tourism sector is substantial in some cases. Furthermore, Gallent and others acknowledge that even though second homes don't reproduce the same enormous numbers in some countries as in the case of for instance Spain, they are still considerably interesting '*because of their tendency to concentrate in the most attractive areas*' (Gallent et al., 2004, p.290).

Besides the importance of second home in the tourism sector, they are also important in the migration sector. Various forms of consumption-led migration movements are interlinked with the occurrence of second homes. Whereas this phenomenon used to be exclusively accessible for the rich & famous and retirees, trends of increasing wealth and leisure time opened the market for a broader public. Contemporary consumption led migration movements, and accompanied with that, second home ownership is no longer exclusively available for the elderly upper classes in the society (O'Reilly, 2007, p.4). Migration research shows the growing importance of second homes in the international scene. Northern Europeans are for instance increasingly purchasing second homes in Spain, and Northern Americans in Mexico (O'Reilly, 2007, p.2). Rising disposable incomes and growing housing assets in the developed world enabled international development of second homes in countries and regions with lower cost housing markets. Over the past decades a trend of people moving from affluent regions to less affluent parts of the world became apparent (Paris, 2009, p.301). Due to the convergence to the time-space continuum second homes are purchased all over the world, including many developing countries.

Even though second homes are no longer exclusively available for rich and retired persons, retirees still constitute a very important part of the second home owners in many countries. Second home ownership is an important tourism link with retirement migration. It often provides a stepping stone for holiday visits to seasonal visits and eventually permanent migration (Koch-Schulte, 2008, p. 70).

Second homes constitute an important part in both tourism and migration studies. Second homes are furthermore, of growing importance in many countries. Not solely in developed countries, but in developing countries as well. Due to increasing wealth and the availability of a surplus of leisure time both domestic second homes and international second homes have grown significantly in the past decades. There is a close link between second home ownership and retirement. Further increase of the second home phenomenon is expected partly due to the graying of society and the retirement of the baby boom generation.

## 2.2 Second homes in international literature

In comparison to other areas of tourism and leisure mobility second homes have a relatively long history of scholarship. Ljungdahl (1938) reported on second homes in Stockholm. His work was followed up in the 1960's and early 1970's. In North America substantial research on second homes was carried out from the beginning of the 1950's till the end of the 1970's. Continental Europe also witnessed a significant amount of research on second homes in similar periods (Hall & Muller, 2004, p.3). Focus of research on second homes was on the construction of new cottage sites and issues such as the diffusion of second homes and the reasons for this practice were investigated (Pettersson, 1999, p.7). It was Coppock's book *second homes: Curse or a blessing?* (1977) which provided the benchmark for second home research. It reflected contemporary debates over the value of second homes, bearing in mind the substantial opposition to second homes in the United Kingdom. Ironically Coppock's book marked the beginning of the decline on second home research. The end of the 1970's and the beginning of the 1980's remained somewhat silent on second home development and research on this subject was stagnant. It wasn't till the 1990's when a substantial number of publications on second homes once again started to emerge. According to Hall and Muller there are several explanations for this.

1. *'The growth in inter-regional and international second home retirement migration'*
2. *'The increased recognition of the economic, environmental and social implications of tourism by the government'*
3. *'The deliberate use of second homes as a development tool; the re-emergence of conflict between second home development and permanent populations in some localities, making second homes a significant policy issue'* (Hall & Muller, 2004, p.4).

During the 1990s second homes were rediscovered as a research topic by several geographers. The focus of research made a shift to the relation between second home owners and the local inhabitants of the surrounding environment. The impacts of second home ownership on rural development were the leading subject on contemporary research on second homes (Pettersson, 1999, p.7)

Recent research on second home development basically has two different perspectives with regard to these effects. The first perspective is Marxists in nature. It has a focus on the more undesirable outcomes of second home development as a further expression of capital accumulation. Examples of this are uneven development, displacement of local communities, escalating property prices and housing shortages. The other perspective is more neo-liberal. It has a focus on the nexus between tourism and urban development and the more desirable aspects of second home development. Examples of this are the focus on economic advantages and its role in revitalizing the post production countryside (Hoogendoorn & Visser, 2010, p.55-56).

Publications on second homes are however often linked to particular national traditions. In some countries, second homes are covered relatively well in census data and national statistics. However, in many developing countries there remains a lack of information on second homes and the development thereof. This is also the case in the South African context. Nevertheless, second home development grew as a subject of interest in the Post-Apartheid era. Since 1994 a range of new research themes have aimed to address uneven

development. A growing body of exploratory research literature has been published by Visser and his scholars. This process has however been slowly. Due to the lack of information second homes and the absence of a second home database, identifications of such dwellings is a complicated and time consuming process (Pienaar & Visser, 2009, p.456).

One of the reasons for the lack of information on second homes is caused by definition difficulties. The difficulties in defining second homes furthermore lead to the lack of comparable data, or any data whatsoever (Hall & Muller, 2004, p.5). The following subchapter will provide an introduction to the definition of second homes. Difficulties in defining second homes are outlined as well as the problems which are caused by these difficulties.

### 2.3 Defining and identifying second homes

Second homes can be part of the production-led economy and the consumption-led economy. They often function as part of a consumption pattern. Households are purchasing second homes to live a better life, or a better lifestyle. These kinds of homes can be privately used for holidays, purchased for retirement, commercially used as holiday home or owned as an investment. Besides this, second homes can be located in bigger cities where they serve as apartments for, for instance businessmen, commercial travelers and for people who change their place of residence frequently. Furthermore second homes can be owned by employees of the tourism sector. Therefore, second home ownership can reinforce itself.

*'A second home is a place of residence owned or rented on the long lease, as the occasional residence of a household that usually lives elsewhere'* (Visser, 2006, p.354). Visser has pointed out that these homes can be categorized in as follows: (1) comprised a private home often visited at the weekend and on holidays by the family and non-paying guests; (2) intermittently served as commercial holiday homes, which were used as private holiday homes but were let at high season to defray costs; (3) intermittently comprised private holiday homes, often purchased for retirement but meanwhile let out as commercial holiday homes, apart from occasional family use; and (4) served as commercial holiday homes, owned as an investment and usually let and managed by an agent' (Visser, 2006, p.354). This particular categorization of second homes shows several things. The term *second home* refers more to how a dwelling is used, and not so much to the characteristics of a dwelling. And furthermore, a distinction can be made between recreational second homes and non-recreational second homes (Paris, 2009, p.294). Second homes are immobile, supplementary accommodations which can be sites of both tourism space production and tourism consumption (Visser, 2003, p.380-381). For the purposes of this research, the focus in this thesis will however lay on the second homes which are used for recreational and leisure purposes.

Even though there is some consensus on the broad definition of second homes, some difficulties remain. Coppock (1977) argued that second homes do not constitute discrete types of accommodation. They are, in many situations, not sharply distinguished from other kinds of accommodation and they are therefore a somewhat randomly identified group within a continuum. The term *'second home'* spans a range of accommodation types with differences in ownership, function and character (Coppock, 1977, p.2). Many different terms

are used to identify second homes, examples of these are; vacation homes, weekend cottages, recreational houses, leisure homes etc. Other types of accommodations which essentially fulfill the same types of functions as second homes include caravans, tents and boats. In table 2.1 three main types of second homes are identified; non-mobile, semi-mobile and mobile.

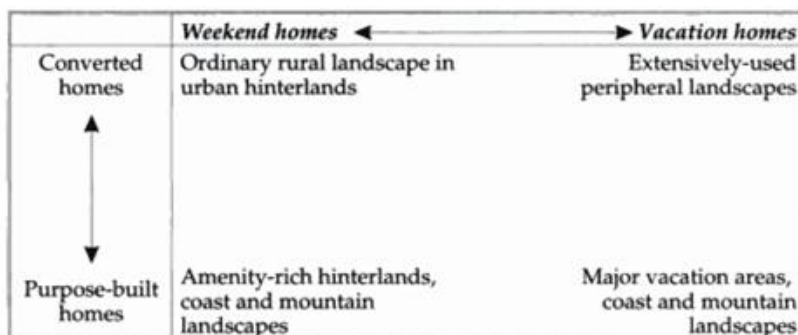
Table 2.1 Second home characteristics

<b>Type</b>	<b>Structure</b>	<b>Buildings/ Vehicles</b>
Non-mobile	Houses and apartments	Solitary houses and cottages Second home villages Apartment buildings
Semi-mobile	Camping	Trailers/ mobile homes Recreational vehicles Caravans
Mobile	Boats	Sailing boats

Source: Hall & Muller, 2004, p.5

Different types of second home settings occur in specific landscapes (Figure 2.2). The homes can be converted from permanent homes into second homes, or they can be newly built to serve as a second home. The conversion of permanent homes into second homes is usually caused by economic decline, and related with that, population decline. Due to the population decline in some marginal rural areas, some dwellings cease being first homes and fall empty. The surplus from the existing rural housing stock can be transformed into second homes (Gallent et al., 2005, p.21). The construction of new build second homes leads to an increasing population, and accompanied with that an intensified consumption of the environment and an increasing pressure on local resources. Whether a second home is a converted house, or a newly build second home leads to different impacts for the local community. This will further be discussed in chapter 2.6 concerning the impacts of second home development.

Figure 2.2: Second home types and their areas of occurrence



Source: Hall & Muller, 1993, p.16

Besides this, second homes can either be far away from the original home or close to it. The distance between the two locations often influences the length of a visit and number of times a second home is visited. Second homes which serve as a weekend home are often relatively close to the primary residence and frequently visited for shorter periods. Holiday

homes are located further away from the primary home. They are visited with a lower frequency, but for longer periods. The different areas where second homes occur will further be discussed in subchapter 2.4, the geography of second homes.

The impacts of converted homes in peripheral areas differ from the impacts of highly concentrated purpose-built second homes in the urban hinterlands, often located along the coast. Furthermore it should be taken into account that different rural settings have different capacities to respond to the impacts which are created by second homes (Hall & Muller, 1993, p.15). A further discussion on the potential impacts of second homes in different contexts will be given in subchapter 2.6, the impacts of second homes.

Second homes take on many different shapes and forms. Therefore they cannot be identified as a result of their physical appearance. Second homes are solely a 'second home' because they are used as such. It is solely dependent on the owners decision whether or not a residence serves as a second home or not. Factors such as local taxation rates and the order in which the residences are purchased can influence the home owners decision to label a property as a second home (Hall & Muller, 2004, p.6). Nevertheless the availability of data often makes it difficult to identify mobile and semi-mobile homes as a second home. Many researchers employ a pragmatic approach and the research focus often lies on non-mobile dwellings only (Hall & Muller, 2004, p.5).

In most western countries the second home phenomenon is relatively well covered in census data and national statistics. However, differences in national definitions regarding second homes hamper the attempts to count the number of second homes and to compare data (Marjavaara, 2008, p.7). Evidently, the definition which is adopted will influence the number of dwellings which are identified as second homes. In addition, the inclusion or exclusion of dwellings with particular characteristics in the identification process will influence the geography of second homes (Coppock, 1977, p.3). Another difficulty relates to the owners motivations to identify their property as primary or secondary residences.

Additional problems occur in most developing countries. Factors such as the prevalence of informal dwellings and traditional dwellings worsen the challenge to identify second homes. Moreover, large parts of the population in many developing countries occupy rural and urban dwellings on a seasonal basis, but not necessarily for leisure purposes. Further problems are caused because many residences do not have title deeds or metered electricity and water connections, which make them invisible for second home researchers. The most important challenge is that census records make no direct mention of second homes. The South African census records do not have any information on second homes either. It is therefore necessary for researchers to construct their own second home database (Pienaar & Visser, 2009, p.456-457).

Whether a second home is labeled as such can be important in multiple manners. The term 'second home' may for instance lead to the identification of second home owners as only partial members of the community. Consequently, certain rights and duties might not be acknowledged to them. Due to their marginal status in society second home owners are in some cases excluded from certain citizen's rights because they are not allowed to vote and they do not have access to public amenities and institutions. Properly identifying second



homes is not only significant for the owners, but also for the local society. In some jurisdiction second home owners are for instance obliged to pay taxes whereas in other jurisdictions the taxes income are linked to the number of permanent inhabitants (Hall & Muller, 2004, p. 7).

Problems in the identification of the number and location of second homes can lead to an underestimation of the phenomenon. Distinctions between first and second homes are vague and dynamic. Therefore it is often hard to estimate the scale and trends of second homes development, especially in developing countries. Furthermore comparison between countries over time is fruitless (Paris, 2009, p.295). It can therefore be hard to measure the impacts of second homes to the local community. Additional problems due to the underestimation of the second home phenomenon might be caused by a lack of services provision or a surplus thereof. Besides this, the impacts and effects which might be caused by the development of second homes are in all circumstances relative and related to their context. The potential effects and impacts of second home development on local communities will be discussed in chapter 2.6. This chapter will deal with both the positive and negative effects which might be triggered by the development of second home ownership.

## 2.4 Geography of second homes

Second homes are certainly not a new phenomenon. Gallent and others enumerate multiple cases of second home ownership in the ancient history. In pre-conquest Mexico, Cuernavaca served as a retreat for the Aztec upper classes. And in Europe, wealthy Romans owned multiple villas which served as a 'second home' (Gallent et al., 2005, p.18). In the early 18<sup>th</sup> century second homes were used by the elite to escape city life and spend some quality leisure time. The geography of second homes has often been influenced by the spirit of the times. *'Changing forms and geographical patterns of production were accompanied by new forms and patterns of consumption within industrialized societies. Second home tourism corresponds well to these recent trends of touristic consumption'* (Muller, 2004, abstract). The phenomenon for instance started to spread from the spa cities and coastal zones more inland, when the ideas regarding contact with nature and wilderness changed in the 20<sup>th</sup> century. In this era second home ownership was a privilege merely accessible for the highest stratum in society. Cultural and social impacts were limited to extreme differences in power and wealth (Gallent et al. 2005, p.18).

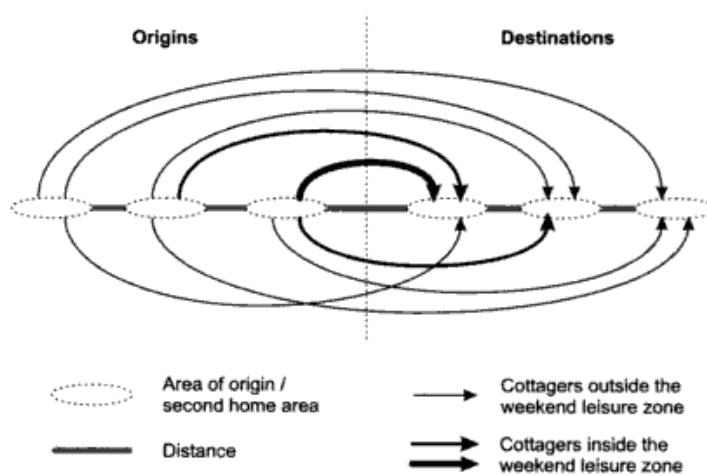
The growth of modern second home ownership is a relatively recent phenomenon. Increasing wealth and differences in the economic performance of regions made it possible that the second home market opened up for other groups besides the upper classes. Also, new transportation methods, such as the introduction of the steam boat made new second home sites accessible. The introduction of the passenger car in the 1960s caused the main increase in second home ownership. This caused an impressive growth in the number of second homes in the hinterlands of major cities in many countries (Hall & Muller, 2004, p. 7, 8).

Second home development can be conceptualized in an ideal-type life course. In the beginning, modern second homes were often converted by pioneer renovators. Abandoned

homes, which would otherwise have fallen into despair are converted into second homes and serve a new function. The next stage of second home development is revitalization of areas and purchase of existing homes from former lower-income residents. In this stage more second homes are purpose build and there is increasing competition on the local housing market due to the growing number of ‘outside’ buyers. The last stage of the second home life course is full commercial involvement. This is often accompanied by other forms of commercial tourism. This conceptual life course of second homes shows much resemblance with the process of neighborhood displacement, which is more commonly known as gentrification (Paris, 2009, p.299). Further elaboration on the link between gentrification and second home development will be given in chapter 2.6.3, second homes and displacement.

Hall and Muller (2004) conceptualized the geography of contemporary second home locations. International research has shown that the majority of second homes is used as weekend homes, frequently visited for relatively short periods, in contrast to vacation homes, which are visited occasionally but for longer periods. According to Hall and Muller major second home locations are determined predominantly by space-time distance. The further the distance to a major city, the less likely an area is suited to serve as a second home location. Second home demand decreases in a logistic curve when the weekend leisure zone is passed.

Figure 2.3: Origins-destinations relationships



Source: Hall & Muller, 2004, p. 9

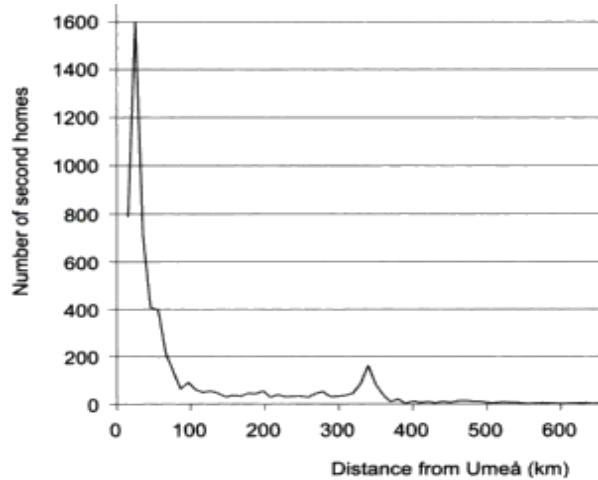
These are the second home which serve as a ‘holiday home’. They are often used on a less frequent basis, for longer periods of time.

Tourism is seen as an important factor influencing the decision of potential owners to purchase a second home. A matured tourism sector is often linked to the costs and ease of travel. Diminishing travel time and costs through the development of the tourism sector similarly simulates the growth in second homes. Furthermore, a mature tourism sector often increases the availability of services and the accessibility to the area (Gallent et al., 2005, p. 26).

The weekend leisure zone is represented in figure 2.3. Tourist generating and major second home locations are determined by the time and distance from the point of origin. Attractiveness of second home ownership diminishes when the weekend leisure zone is passed (Hall & Muller, 2004, p.9). Most of the second home within this leisure zone serve as ‘weekend home’. Second homes which appear outside the weekend leisure zone are independent of the location of the primary

Even though travel time and distance from the point of origin to the second home are important variables in determining a second home location, they are not the only one. There are multiple variables besides distance and travel time which determine second home locations. Other major influences which lead to purpose build and converted second homes are the location of amenity rich landscapes and real estate costs. Many purpose build and converted second homes do for instance concentrate in within coastal a mountainous regions (Hall & Muller, 2004, p.10). Figure 2.4 shows the ownership patterns of second homes in Umeå in Sweden. A clear trend is visible; most second homes tend to concentrate within a 100 kilometer radius from Umeå. A small disturbance in the pattern is visible around 350 kilometer distance from the city; this is a mountain area that attracts a great number of second home owners (Hall & Muller, 2004, p.10).

Figure 2.4: Distance decay for second home owners from a city in Sweden (Umea)



Source: Hall & Muller, 2004, p.10

Another factor which influences the geography of second home locations is the price of real estate. Variations in regional economic vitality have an impact on the prices of houses in different regions. Affluent, often urban, regions experience house price rises whilst poor (rural) regions experience falling housing prices. Economic advantages in urban regions make second homes attainable for the urban population. Meanwhile, rural disadvantages, such as falling property prices provides an ideal focus for the demand in second homes (Gallent et al., 2005, p.19). Differences in real estate prices play an important role on the international second home market in a similar way. Real estate costs are in general terms higher in developed countries, therefore it is relatively cheap for foreigners to buy a second home in a developing country.

The availability of land due to government land use policies is another important variable influencing the geography of second home locations (Hall & Muller, 2004, p.11). The availability of land is significant for the selection of second home locations. Governments therefore play an important role in the development of the second home phenomenon. Land use planning restrictions might influence the availability of land and housing stock. Chapter 4.1 will give more insight in planning restrictions, laws and government control in the context of the South African second home scene.

Besides national second home ownership, international second home ownership has grown in number and importance as well over the past decades. Driving factors for international second home ownership are largely comparable with the driving factors of national second home ownership. Important additional factors are however, the falling costs of air travel and the growth of destinations of budget airlines and the increasing value of

internet as a search capacity. The major differences in property prices and less restrictive planning controls are other motives for potential second home owners to purchase a second home abroad (Paris, 2009, p.302).

Hence, the main factors influencing the geography of second home locations are space-time functions, land-use patterns and the location of amenity-rich landscapes. Additional factors influencing the geography of second home location are the role of real estate agents and national and local government. Diminishing space-time functions, land-use patterns and the location of amenity-rich landscapes create the opportunity to development second home sites, nevertheless they do not explain why the growth of the second home phenomenon actually occurs. The distribution of second homes is determined by personal motivations of potential second home owners rather than by wider structures of social-economic change (Gallent et al., 2005, p. 29). The following subchapter will reveal the motivations for second home ownership which further explains the growth of the second home phenomenon.

## **2.5 Motivations for second home ownership**

First of all it has to be clear that whether a residence serves as a primary home or a second home is dependent on the owners' decision. This depends on a variety of factors such as local taxation rates and the order in which homes are purchased (Hall & Muller, 2004, p.6).

There are several motivations for economically active migrants to purchase a second home of which property rights and lifestyle choice are the most important. The desire of migrants to satisfy lifestyle choices is often related to recreation and leisure facilities. Households migrate to the country side to relax from their stress-full life in the city (O'Reilly, 2007, p.5). Besides economically active migrants, retirees are important players in the second home scene. Like the 'lifestylers' they are often trying to escape the busy city by purchasing property in rural areas. Because retirees are not dependent on employment opportunities, they almost literally have 'all the time in the world to their disposal'. This leads to varied forms of mobility in flexible situations which in turn leads to different commitments to the destination area (Visser, 2003, p. 384-386). Another pull factor is the near perfect weather conditions in many destinations. These pleasurable weather conditions allow a more attractive lifestyle, including the possibility to relax and undertake outdoor activities. Furthermore, climate is often linked to health issues. In some cases retirees suffer from certain health problems which can be diminished in a warmer climate. Gustafson mentions some other factors which can explain international retirement. These include increasing longevity, earlier retirement, higher incomes and assets among retirees, changes in attitudes and lifestyle preferences, and more widespread working-life experiences of travelling and living abroad (Gustafson, 2007, p.456).

Motivations for owners to purchase a second home are thus on the one hand very much linked to a nostalgic feeling for the country side, and the desire to escape the busy city life. In some cases the second home owners are literally trying to buy in to the rural way of

living. It is however important to note that second homes often serve both short term and long term objectives. Whereas ‘experiencing the rural experience’ and ‘escaping city life are short term objectives, the potential of the second home to serve as a retirement home in the future is a long term objective (Gallent et al., 2005, p. 19-20). This desire for the rural experience often leads to high proportions of second home in relatively small communities. The impacts of second homes are therefore potentially higher in small communities (Gallent et al., 2005, p. 27).

Another long term motive to purchase a second home which is well represented in the literature is the idea of owning a second home as an investment opportunity. Second homes are typically seen in terms of potential capital gains and not as an investment to generate income. Whereas the value of other leisure goods such as boats and other vehicles usually declines, the value of property usually appreciates. Second homes are therefore seen as an ideal opportunity to invest in leisure goods (Paris, 2009, p.296).

Second home ownership may further strongly be related to personal identity. Childhood relations with the property or location are for some potential second home owners a motive to purchase a second home in a particular region (Hall & Muller, 2004, p.13). Furthermore, general family ties with the region can encourage second home ownership. And last in the case of Europe, many second homes are past on through inheritance (Gallent et al., 2005, p. 25).

Motivations for potential owners to purchase a second home and other factors driving the second home phenomenon are often country specific or even location specific. Differences in these factors lead to differences in the characteristics of the second home owners, and likewise to differences within the second home location. Impacts of second homes for the local communities are context related and what might be good for one can be harmful for another. The following chapter will look at the impacts which can be caused by the development of the second home phenomenon.

## **2.6 Potential impacts of second homes**

Second home owners are tourists and therefore the impacts of second home tourism show much resemblance with other forms of tourism. Tourism and second home development can be seen as a vicious circle which stimulates each other. On the one hand second home tourists tend to purchase a second residence in those regions which they are familiar with. These are often regions which they got to know during their own previous holiday’s experiences, or through positive experiences of others. On the other hand residential tourists stimulate new waves of tourism their selves. New waves of tourism are stimulated because second home tourists attract new forms of tourism. Many family members and friends pay their relatives abroad visits during their stay in a foreign country. These patterns are even more fostered by cheaper travelling possibilities (Gustafson, 2007, p. 458). These additional tourists which are attracted by retirees can have the same positive and negative effects on local development as ‘normal’ tourism.

Differences between second home tourism and other forms of tourism are caused by the characteristics of second home owners. For instance, the long duration of the visits of

second home owners to the destination area imply that certain impacts are more prominent. Furthermore second home owners actually purchase a property in the destination area which leads to differences in social and economic relationships (Muller et al., 2004, p.15).

It is difficult to quantify the impacts of second home development. The impacts of second homes are always relative and context specific. For example, regarding the economic impact, second home ownership may be seen as a positive factor creating employment and generating income. However, it might also be described as holding back development due to its seasonality and thus limited income.

Likewise second home ownership can be blamed for occupying dwellings that would otherwise have been used as permanent homes. But on the other hand second homes can be viewed upon as giving at least seasonal life to a location that would otherwise have been empty (Marjavaara, 2008, p.20). The impacts of second homes is often contested and rarely the only factor influencing a community (Paris, 2009, p.297). While in some cases the growth of the second home phenomenon might be highly beneficial for some stakeholders, it might be causing harm to others.

Increasing second home development in rural areas is often linked to the modification of countryside. In this context the countryside is no longer merely seen as a production resource for agricultural and forest products. Instead the countryside is transforming in a post-production area which is consumed for its amenities, its housing environment and an imagined rural life style. This can lead to conflicts over resources between the local population and the newcomers (Muller et al., 2004, p. 15).

Furthermore, different types of second homes have different impacts for the local community. Research on second home development in Europe and America has shown that the phenomenon is very dynamic and changing over time. Whereas the growth in second homes was initially often linked to a stage of rural economic decline, many farmhouses fell empty and could be preserved by their change of use, eventually the phenomenon started to change and many purpose built second homes emerged. The change in the types of second homes over time has also changed the impacts thereof. Gallent and others refer to a quote of Downing and Dower in response to this trend: *'While second homes consist merely of properties no longer wanted as first homes they cause relatively few problems, but when they grow beyond this, political, social, economic and environmental problems arise'* (Downing and Dower). (In: Gallent et al. 2005, p.23).

Even though it is very difficult to pin down the effect of second home development in a model, the following chapter will provide an overview of the potential impacts which can be caused by the growth of second homes and addresses the issues related to the shift in countryside use. The chapter is subdivided in socio-economic impacts and environmental impacts. Furthermore, attention will be paid to second homes as a form of gentrification.

### 2.6.1 Socio-economic impacts

*'[...] see second homes as a flagrant inequality, as conspicuous consumption, or as a factor adversely affecting rural economies and communities; others see them as a natural and desirable form of recreation, and as stimulating the economy and vitality of rural areas'* (Shucksmith, 1983, p.174).

Harmful potential social impacts implied by second home ownership are often closely related to the potential negative economic effects related to this phenomenon. For instance the inflationary pressure on house prices, the displacement of permanent residents and the cessation of village services (Gallent et al., 2005, p. 36). Potential social and economic impacts related to second home ownership are therefore combined within the same chapter.

Chapter 2.4, geography of second homes, made it clear that the second home phenomenon is most prominent in the weekend leisure zone and amenity rich locations. These are likewise the locations with the highest impact potential. This is most evident in areas which are dominated by purpose built second homes in attractive coastal and mountain locations, where there is a shortage of land and houses. However, similar impacts are seen in weekend leisure zones with many converted second homes, but a high rate of competition between local buyers and second home buyers from outside the market (Marjavaara, 2008, p.12).

In his quotation at the beginning of this sub-chapter Shucksmith highlights the duality and the relativity of the impacts of second homes. On the one hand the development of the second home phenomenon is seen as desirable and an economic stimulant. To a certain degree it leads to a growth of 'service sector activities', creating employment for local solicitors, estate agents and surveyors. Besides that, the acquisition of a second home generates direct profit for the vendor of the property, which may be re-invested in the local area through further home purchasing. Also, the improvements which are often made create a source of employment and to a general upgrading of the housing stock.

Furthermore, the inflation pressure which might be caused by the growth of the number of second homes, can allow permanent home owners to establish a mortgage and invest in home improvements. This then again leads to even more employment opportunities for for instance local contractors. Second home ownership thus might lead to an injection in to the local economy, stimulating employment opportunities and creating a multiplier effect (Gallent et al., 2005, p. 51).

Another positive effect which is linked to the increasing number of second homes is the growing tax contribution. Because second home owners make little use of services compared to their rate contribution, they are in a way subsidizing local use of services (Gallent et al., 2005, p.58).

In some cases second home development is seen as the antidote to declining primary sector employment and depopulation of remote areas (Paris, 2009, 297). The main reason for destination areas to attract second home owners is the fact that it generates economic gains. In some cases the income derived from second home tourism might in fact be the only source of income (Visser, 2002, p. 422). In many developing countries the income derived from

foreign retirees and tourism compiles a large share of the national GDP. Second home owners may contribute significantly to local tax incomes. In some cases they contribute to the simulation of service provision in the area which they only use limited periods per year (Paris, 2009, p.297).

But on the other hand second home are seen as flagrant inequality. In Britain, some of the most remote areas are home to both households with a very high income who own a second home in the region and households with a very low income. This can lead to social exclusion and disadvantages for the low income groups (Paris, 2009, p.297). Second home development, when on sufficient scale leads to the distortion of land and property prices, as well as to the distortion of other prices in local markets. In an exclusively local market, first time buyers only have to compete with other local buyers. In an open, second home market, land and property prices are pushed up due to the additional number of competitors. Because of the inflated property prices and increased pressure on the housing market, the affordability and access to homes for those with the least income is threatened. First time buyers and low income buyers will inevitably be disadvantaged compared to households with greater income (Gallent et al., 2003, p. 272).

When second home owners are in fact replacing permanent residents many of the positive effects which can be attributed to second home ownership fade away. For instance, the increasing tax incomes are in fact not increased, seen that they would otherwise have been paid by the permanent residents. Furthermore, services which are 'subsidized' by second home owners will in many cases not be provided because they not used on a frequent basis (Gallent et al., 2005, p. 58).

Besides this, conflicts might arise between second home owners and local residents. Second home owners often have an idealized perception of rural reality which might conflict with every day practices, and values of local communities. These conflicts can stay small of proportion, but they might eventually lead to community wide conflicts over issues such as landscape management (Visser, 2003, p.385).

The development of the international second home phenomenon leads to similar impacts of domestic second homes. There are however some differences as well. When second home owners and their source of income bear no relationship with the destination area there might be larger cultural differences which might enhance potential clashes between second home owners and locals. Paris furthermore argues that the impacts of transnational second homes can be more severe because it brings greater differentials of incomes and wealth between locals and second home owners. Issues of equity come into sharper focus (Paris, 2009, p. 303).

Globalization processes in the world have created new and increasingly complex claims on natural resources in developing countries. The relationship between nature conservation, international retirement migration and local livelihoods is an example of competing over resources usages. The liberalization of the world markets, stimulated by governments of developing countries, often favors activities which might generate economic growth, like the tourist and retirement industry. Growth in these industries generates property



development on prime land, such as beaches and other amenity rich locations. This land is often privatized once it is acquired by developers. The effects of these activities on the livelihood of the local population are often neglected (Giller et al, 2008).

### **2.6.2 Environmental impacts**

The stage of second home development highly influences its environmental impacts. Second home development can potentially be environmentally positive when it concerns converted second homes. Houses which would otherwise have been fallen into disrepair can be preserved by second home owners. Seen that 'the rural experience', 'escaping city life' and the 'rural lifestyle' are important factors for potential owners to purchase a second property, many second home owners are actually highly involved in preserving the environment. There is a need to preserve the environment in order to maintain the rural feeling. Thus, second home development can be positive for the environment.

However, contemporary second homes are often purpose built because the surplus in the rural housing stock diminished. Newly built second homes have comparable impacts as other types of new development. They are therefore of higher environmental concern than converted second homes. In general terms it can be concluded that conversion into second homes is potentially good for the environment and newly built second homes are potentially bad for the environment (Koch-Schulte, 2008, p.72).

Another negative environmental impact of second homes is the increasing urban sprawl. Beach and farm land is taken away in order to make the development of second homes possible. Furthermore, diminishing travel time has led to an increasing second home sprawl farther away from cities, which has implications for land use and the environment (Koch-Schulte, 2008, p.73).

Similar to other forms of tourism the impacts of second home tourism have both positive and negative sides. On the one hand it creates employment and an economic advantage to a certain degree. Especially in marginalized, remote rural areas this might be the only development opportunity. However, there are some downsides as well. For instance, increasing property prices can lead to the incapability of local first time buyers to purchase a dwelling in their birth village. The impacts of second homes are highly influenced by the degree of separation between first and second home property markets. When second home demand is accommodated outside of the general housing stock the impact of house price inflation will be largely avoided (Gallent et al., 2005, p.61). There can be significant economic benefits without the displacement of local residents. Furthermore, the type of second homes influences the impacts thereof as well.

Environmental impacts regarding second home development are dualistic as well. On the one hand second home owners can convert dwellings which would otherwise have fallen into disrepair. Furthermore, second home owners can be highly involved in preserving the environment because it is important for them to maintain the 'rural lifestyle'. However, when second homes are purpose built they put more pressure on the environment.

In general the literature has shown that second home development is potentially good for the community when it is limited in size. Substantial growth in second homes, and

especially the increase in purpose build second home potentially brings along more negative impacts. This can lead to political, social, economical and environmental problems.

Another important negative effect which might under certain circumstance be caused by second home development is gentrification in the country side. Considering the South African history the following chapter will elaborate more upon rural gentrification which can be induced by the growth in the number of second homes. There are multiple definitions of this phenomenon and furthermore a distinction can be made between urban and rural gentrification. The following section will elaborate upon this.

### **2.6.3 Second home development and displacement**

As mentioned before in chapter 2.4, the geography of second homes, second home development can be conceptualized in an ideal-type life course. Starting with pioneer renovators, through revitalization of areas and purchase of existing homes from former low-income buyers and eventually full commercial involvement. In the beginning, deserted houses and farms in rural areas were converted into second homes by pioneer renovators. Then second homes were purchased from former low income buyers and converted into second homes. In the later stages of the second home life course, second homes are purpose built. This life course shows much resemblance with the process of neighborhood displacement, which is more commonly known as gentrification (Paris, 2009, p.299).

Gentrification is a complex phenomenon of which multiple definitions exists. Philips argues that there are three distinct ways of interpreting gentrification; the manifestation of the uneven circulation of capital, as a strategy to reduce reproductive labor, or as a strategy to buy into particular lifestyles (Philips, 1993, p. 138). Gentrification used to be seen as the displacement of a working-class populace by middle-class incomers. However, currently there is more attention given to gentrification as a process of capital investment or as a means to purchase particular lifestyles (Philips, 1993, p.123).

Research on gentrification processes is multiple. In the 1960's Pahl described this process as '*the bringing of urban people and income into what had been rural settlements*'. More recently geographers examined rural gentrification as a process of class colonization. These researchers make a distinction between urban and rural gentrification. The research focus of rural gentrification studies is often on permanent movement into the countryside. The development of second home hotspots in amenity rich location is however also mentioned in the studies (Paris, 2009, p.299).

Smith noted that whereas urban gentrification is often seen as a reversal of a process of sub-urbanization, understood as the movement of people away from inner city areas. Rural gentrification can be seen as a continuation of the flight of the middle class from such areas (Philips, 1993, p.125). Rural gentrification can thus be seen as part from a counter urbanization movement. Therefore, the two forms of gentrification cannot be seen as a whole. Nevertheless, regarding the impacts of rural and urban gentrification there are similarities.

Rural gentrification can be explained by several factors. First of all, residential migration movements are only established when residential preference is enabled. According

to the so called 'rent-gap theory' of Smith this can happen when there are important investment opportunities. If land and housing prices are low in a particular area more investors will come in when they expect that they can sell their property with high profits (Philips, 1993, p.125). This is directly linked to increasing land and property prices.

Other motivations for gentrification are minimizing the costs of household production and buying into a socially desired life-style. The purchase of lifestyle commodities can lead to the exclusion of others, leading to social segregation (Philips, 1993, p.126). Furthermore, such behavior can have significant impacts for the agricultural activities which may be in conflict with the idealized perception of rurality held by the second home owners. The price of agricultural land might for instance be inflated by the demand from the second home owners. This can lead to fragmented land ownership and the disturbance of local ecosystems (Williams & Hall, 2000, p.19).

Even though the focus of recent gentrification research is on permanent movement into the countryside, Smith suggested that retirement hotspots such as coastal resorts were worthy of consideration as cases of gentrification. Paris argues that this assumption enables us to make a relation between second home ownership and displacement activities which had originally been studied with regard to primary homes. He furthermore adds that second homes as a form of gentrification can add value to the debates within the gentrification literature (Paris, 2009, p.299).

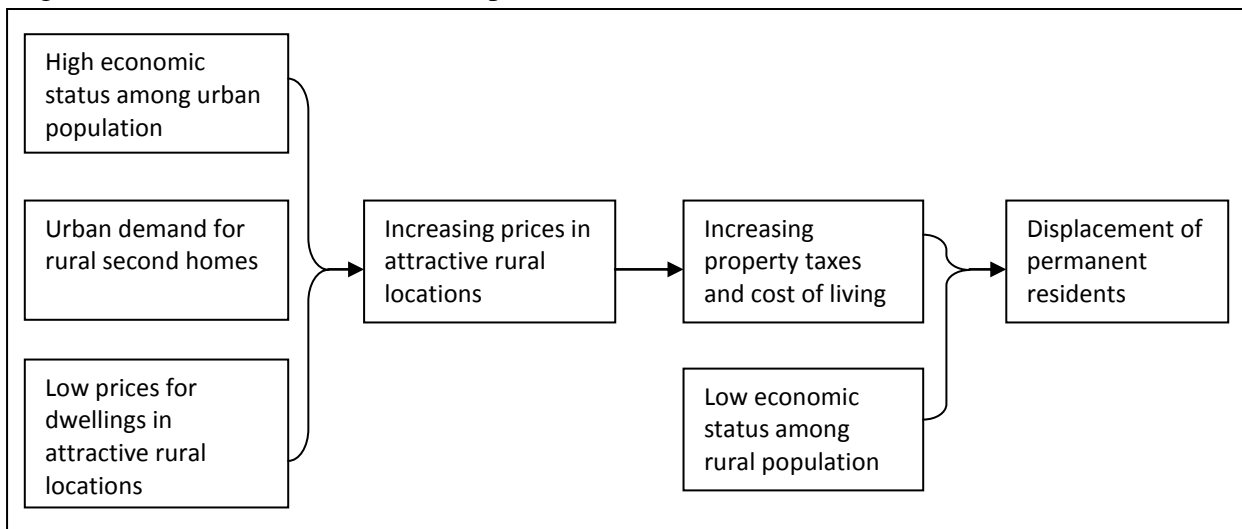
Rural gentrification can thus be seen as a form of displacement. In second home research with regard to displacement the differences between individuals who compete for dwellings in the same location are often central to the issue. It are often the permanent residents who occupy an inferior position which can result in displacement. As mentioned before, whereas in urban gentrification research the focus often lays on displacement by permanent in migration. The focus here lays on displacement induced by second home owners, thus by displacers who are seasonally attracted to a place. Therefore, displacement in this context can be defined as the process of permanent residents who leave their place of residence on an involuntary basis due to increased living costs, caused by external demand for second homes (Marjavaara, 2008, p. 21).

As has been outlined in the geography of second homes (chapter 2.4), the impacts of second homes are larger within the weekend leisure zones which are located close to larger settlements. Furthermore, amenity rich locations are often developed as second home hotspots. In such locations the competition for dwellings can be severe which increases the potential for displacement. In some countries, such as Sweden and Britain, second home demand is seen as the main threat for sustainable development. This view is however contested. Marjavaara has described the two main views regarding the negative development in attractive rural second home destinations which will be presented below.

On the one hand it is argued that the negative developments in attractive rural destinations are caused by the development of second home ownership. Figure 2.5 represents the chain of events which leads to displacement of permanent residents due to increasing second home ownership in a specific location. The combination of the high economic status

among the urban population, combined with the urban demand for rural second homes and the low prices for rural dwellings leads to increasing prices in attractive locations. It is argued that the socio-economic advantage which is often enjoyed by second home owners causes a situation where second home owners are creating a price rally of all dwellings in an area. This leads to increasing property prices in the destination areas. Due to this the property taxes, which are linked to the property prices in the area, will rise simultaneously. This will lead to a property tax burden and increasing costs of living for the permanent residents. Combined with the low economic status of the rural permanent population this situation leads to an unbearable situation for the permanent residents, and it might eventually even lead to the displacement of the weakest in the community.

Figure 2.5: Second home induced displacement

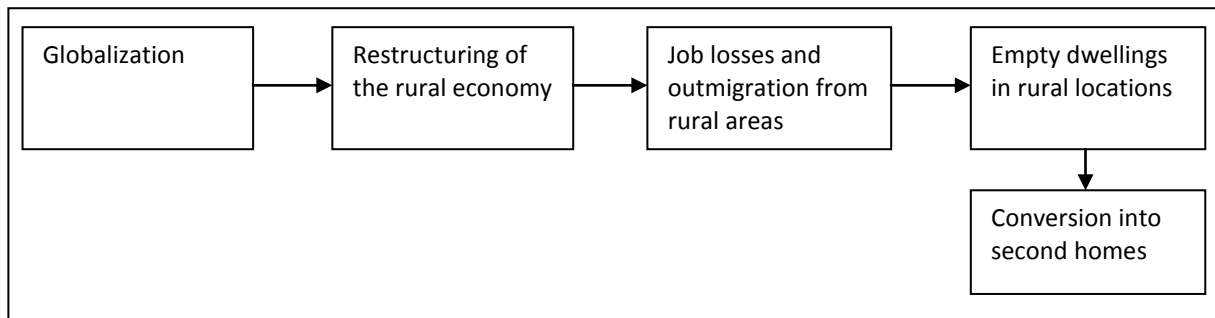


Source: Marjavaara, 2008, p. 24

The view that second homes are the main cause of the negative developments in rural areas is contested. Others argue that second home are not causing displacement of the permanent residents. They argue that the developments in rural areas are caused by rural restructuring and they consider second home development as a positive factor which creates new opportunities in marginalized rural areas. Figure 2.6 represents the process of rural restructuring and the role of second homes within that process.

Globalization processes and economic, political, social and technological change has resulted in a general trend towards rural economic decline and out migration in the rural areas. It is therefore argued that it is not second home development which leads to the displacement of the rural population, rather the outmigration in such areas is caused by the general economic decline. The change in the rural economy results in a decline of available jobs in the traditional sectors. This then again leads to the outmigration of the rural population to urban areas where more jobs are available. The dwellings which become available due to this process can potentially be converted into second homes.

Figure 2.6: Rural restructuring and second home development



Source: Marjavaara, 2008, p.26

In such situations second home owners merely replace the deserted dwellings which would otherwise have fallen into despair. This may help to stop declining property prices in marginalized areas. This inhibits the capacity of the permanent residents to move to other areas that offer employment opportunities in sectors other than the declining agricultural sector. Thus here it is argued that second home ownership does not lead to the displacement of the local population, but it gives the local population the opportunity to sell their property for a reasonable price which enhance their chances to establish their life elsewhere (Marjavaara, 2008, p. 27).

Once again it is clear that the impacts of second home ownership on rural communities are contested and context specific. The location of the destination area, as well as the type of second homes highly influences the impacts thereof. Whereas in some areas second home are seen as the root of displacement of permanent residents. In other areas second homes are regarded as beneficial, they generate income and employment opportunities and they create the opportunity for residents of marginalized rural areas to leave this area in order to start a new life in another location.

## Methodological framework

This thesis is based on fieldwork in Riebeek-Kasteel and Yzerfontein, Western Cape South Africa. The preparation of the work took place between February and June and the fieldwork was conducted between the end of June and the beginning of August 2010. The following chapter gives an outline of the research methodology and the methods which are used in this study. The main aim, objectives and research questions are displayed. Furthermore, the conceptual model is presented followed by the operationalization of the main concepts. Then the selection of the research area is discussed. This chapter is concluded with the main limitations and difficulties experienced during this study.

### 3.1 Research aim, objectives and questions

As mentioned before, there is a clear lack of available data on second homes in South Africa. The main aim of this research is therefore to make a contribution to research on the development of second homes in South Africa.

Second home development can have far reaching negative effects for local communities. However, it might be the most important source of income in marginalized areas. Therefore it is important to look at both the positive and negative effects of second home development on the local community. The objectives of this research are therefore multiple;

- The first objective of this study is to give second home towns and the research population a face. The research areas will be mapped to discover what these towns actually look like. Furthermore, a profile sketch of the second home owners is presented. The level of the impacts of second home development on a community is partially determined by the stage of second home development. The first objective is therefore to indicate in what stage of the *second home development cycle* Riebeek-Kasteel and Yzerfontein can be placed.
- The second objective of this study is to identify the socio-economic impacts of second homes in Riebeek-Kasteel and Yzerfontein.
- The third objective is to determine whether or not there is a connection between second home development and rural gentrification in Riebeek-Kasteel and Yzerfontein. And to determine whether or not second home development leads to the competition over land between higher classes and middle classes on the one hand and lower classes on the other hand. Or in other words; whether or not there is a competition between available and affordable land for second home development on the one hand and the land reform projects on the other hand.

The main research question;

*'What are the consequences of second home development in Swartland for the local community?'*

In order to be able to answer the main question there are several sub questions.

The first question is *'In what stage of the second home development cycle can Riebeek-Kasteel/ Yzerfontein be placed?'* The theoretical framework pointed out that second home locations go through a life-course. The stage of life course is a determining factor for the impacts of second home development. This question tries to find out where Yzerfontein and Riebeek-Kasteel can be placed in the *second home development cycle*.

Three stages can be distinguished; the pioneer stage where existing abandoned houses are converted into second homes. Continued by the stage wherein second homes are purchased from former low-income buyers. The final stage is full commercial involvement where many second homes are purpose built.

The second question is *'What are the socio-economic impacts of second home development in Riebeek-Kasteel/ Yzerfontein?'* This question attempts to discover the socio-economic impacts of second home development in the research areas. There is a focus on employment and income generating features on the one hand. And on the other hand the focus lies on aspects such as *class colonization* and segregation.

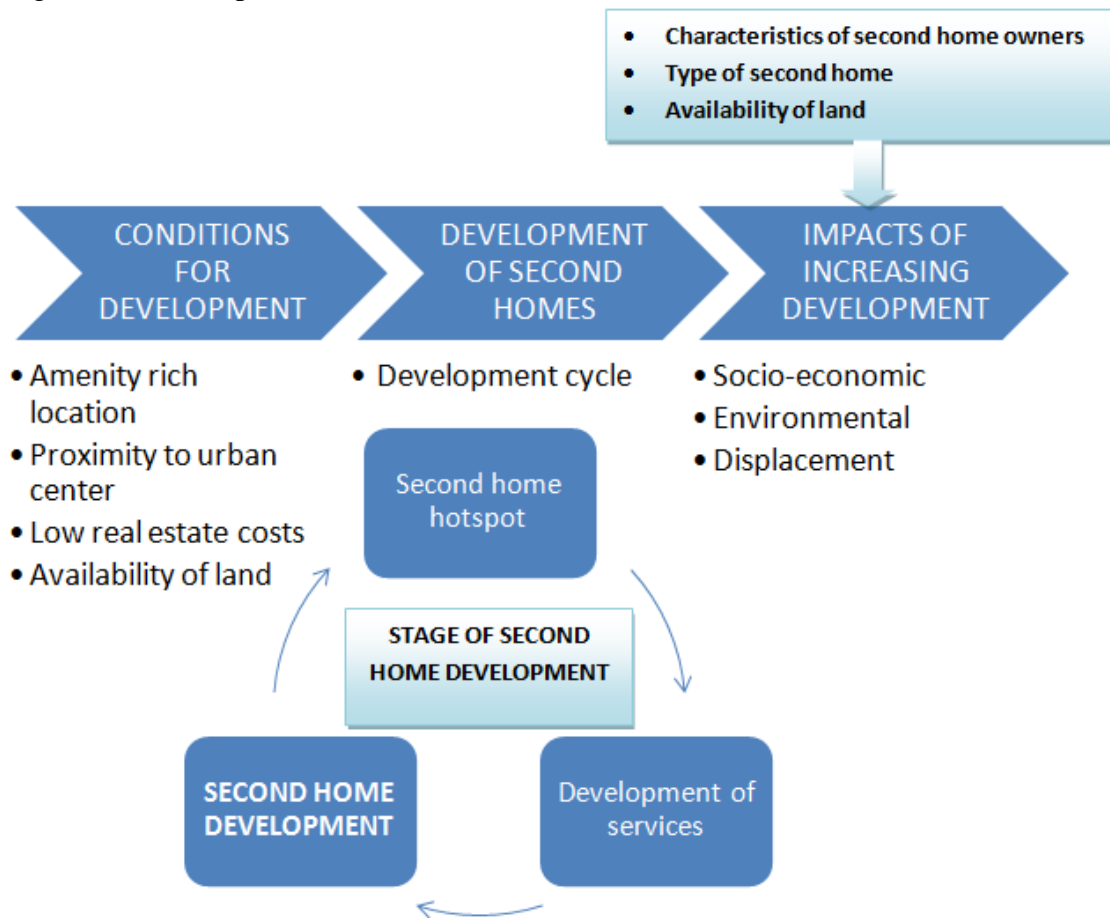
The third research question is *'To what extent does second home development lead to rural gentrification in the Swartland municipality and does this phenomenon impede with the land reform program?'* This question examines whether there is a link between second home development and the displacement permanent residents. In the South African context it is very interesting to see whether there is a link between the development of second homes and the lack of readily available and affordable land for land reform projects.

### **3.2 Conceptual model**

The conceptual model (figure 3.1), presented below, visualizes the main concepts which are central in this study. The model gives understanding of the relationships between the different concepts.

There are several conditions which are needed for the development of a second home hotspot. The most important conditions are the proximity to an urban center, low real estate costs, amenity rich surroundings and the availability of land. If these conditions are available a second home hotspot can be developed. The central element in the conceptual model is the *second home development cycle*. Second home owners will be attracted to a second home hotspot if the conditions for the development of such an area are in place. This will lead to the development of services which will attract more second home owners. The stage of second home development in its lifecycle will influence the impacts of second homes and their owners. The impacts of furthermore influenced by the characteristics of the second home owners, the type of second homes in the area and the availability of land. Socio-economic impacts, environmental impacts and the link between second home development and displacement of the local residents are central to this study.

Figure 3.1: Conceptual model



### 3.3 Operationalization of the main concepts

#### *Second homes*

In this thesis, a second home is described as an immobile, supplementary dwelling which is mainly used for leisure purposes. Second homes can serve either as *weekend homes* or *vacation homes*. Whereas weekend homes are frequently used for shorter visits, vacation homes are less frequently visited but for longer periods. Weekend homes are located relatively close to the first dwelling. The distance between vacation home and the first dwelling is relatively large. Second homes can be used for the owners own leisure purposes, but they can also be let out when they are in occupied. Furthermore, family and friends can occasionally visit the second home as well.

Second homes can either be converted into a second home or they can be purpose built. Whether second homes are converted or purpose built influences the potential impacts they have on their surroundings.

#### *Conditions for the development of second home hotspots*

There are several conditions which are required for an area to become a second home hotspot. Literature has shown that most second homes serve as weekend home. Space-time distance is the most important condition in determining a second home location. The distance to an urban center, in this case Cape Town, is used to determine potential second home hotspots. Other conditions are the presence of amenity values such as mountains and coastal



zones and the costs of real estate. The last condition for the development of second home hotspots is the availability of land.

#### *Stage of Second home development*

Second home development can be conceptualized in an ideal-type life course. Starting with pioneer renovators, through revitalization of areas and purchase of existing homes from former low-income buyers and eventually full commercial involvement. In the beginning, deserted houses and farms in rural areas were converted into second homes by pioneer renovators. Then second homes were purchased from former low income buyers and converted into second homes. In the later stages of the second home life course, second homes are purpose built. This life course shows much resemblance with the process of neighborhood displacement, which is more commonly known as gentrification.

The stage of second home development in this context is the percentage of second homes compared to permanent dwellings. Furthermore, it is investigated whether the second homes are converted or purpose built.

#### *Characteristics of second home owners*

Besides the position in the second home development cycle, characteristics of second home owners influence the impacts of second homes on the community. Because foreign land ownership is highly debated it is interesting to see whether the second home owners are South African or foreign and whether there is a difference in the impacts.

#### *Availability of land*

The available proportion of land also influences the impacts of second home development. When land is scarce, prices will for instance automatically be higher. Thus the availability of land is linked to social and economic impacts.

#### *Impacts of second homes*

The impacts of second homes are important features in this research. There are three main fields which are investigated in the research; socio-economic impacts, environmental impacts and the relation between second homes and the displacement of local residents.

The socio-economic impacts caused by the second home development focus on the one hand on employment and income generating features. On the other hand there is a focus on the influence of an increasing number of second homes on the land and property prices. Furthermore, it is examined if second home ownership leads to class colonization, or segregation in specific areas.

Environmental impacts caused by second homes and their owners focus on the one hand on the perseveration of the environment. And on the other hand on the pressure on the environment which is caused due to the increasing number of second homes.

Second homes and displacement is the last impact which is examined. Displacement in this context is also known as *rural gentrification*. Revitalized areas that attract individuals from the upper classes of society purchase a second home for leisure purposes and by doing so they force people who already live in the area away because they can no longer afford to

live there. It is looked upon whether the urban demand for rural second homes leads to increasing property prices, and accompanied with that, increasing property taxes. And if increasing costs of living and property taxes lead to the displacement of permanent residents or the incapability of first time local buyers to purchase a dwelling.

### 3.4 Selection of the research area and sampling method

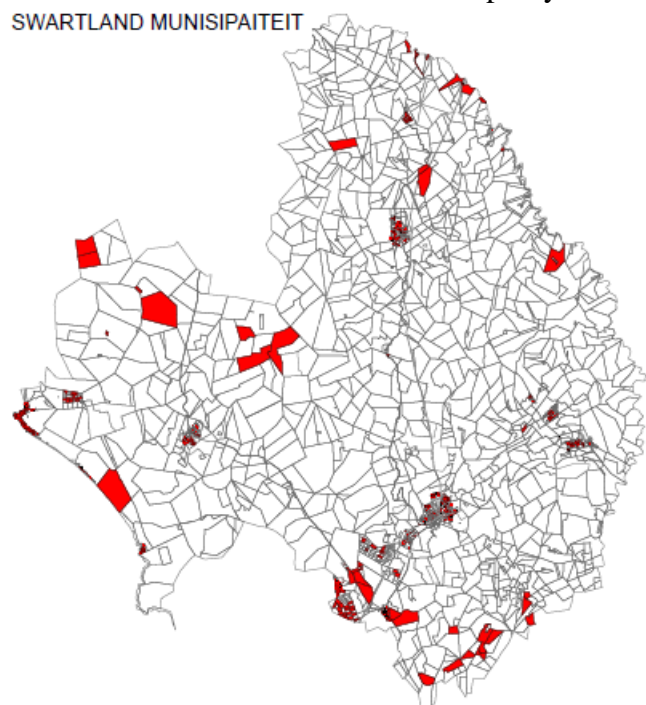
#### 3.4.1 Selection of the research area

In order to determine whether the outcomes of the research are indeed caused by second home development it was important to locate towns with a high percentage of second homes. Rates and taxes listings are used to identify potential second homes. These listings should be available in every municipality in South Africa and they should be accessible for the public. However, in reality it turned out to be difficult to access these listings. After a couple of months, only three municipalities cooperated. Due to financial constraints and time pressure I chose to work with the municipality which was located not far from Stellenbosch; the Swartland municipality.

Assuming that households are more likely to send their bills to the first home, properties are identified as a potential second home when the physical address of the property differs from the address where the bills are sent to. All the potential second homes are linked to GIS shape files in order to conduct a map of all potential second homes in the entire municipality (Map 3.1).

Potential second homes are situated in several towns in the municipality. Furthermore, there are several big plots, most likely farms, which are also potential second homes. One of the conditions for the development of a second home hotspot is the presents of amenity rich surroundings. Therefore, two towns with amenity rich surroundings and high number of potential second homes have been selected for this research.

Map 3.1: Municipal map representing all potential second homes in the Swartland municipality



Source: Derived from information of the Swartland municipality

Yzerfontein, a small hamlet situated on the West coast turned out to be an ideal location to research second home development. Over 50 percent of the village is owned by households who normally reside elsewhere.

The other research area is Riebeeck-Kasteel. Situated in a picturesque setting on the foot of the Kasteel berg and between vineyards the town managed to attract many tourists

over the past decade. The valley is mounting in popularity and an increasing number of households purchased a second home in this village.

### **3.4.2 Research population and Sampling methods**

The research population in this study is the potential second home owners in Yzerfontein and Riebeek-Kasteel. These research areas have been preselected on the basis of relatively high percentages of potential second home owners and the presence of high amenity values. Sampling has been done by a combination of probability and non-probability methods. First of all, a random sampling method has been used. I started by randomly selecting members within the research populations in both towns. Due to the high percentage of empty plots this method appeared to be ineffective. Therefore I decided to randomly select streets within the research areas and approach every potential second home owner in those streets.

The number of second home owners who were at their second home during the research time was however rare. The random sampling method is therefore combined with a non-probability sampling method. The snowball sampling method is used to increase the number of respondents. Furthermore a second home owner in Yzerfontein who knew some other second home owners and a hotel owner in Riebeek-Kasteel drove me around the towns and shared their knowledge on the second home owners and the location of their second home with me.

I returned to the potential second homes of which the owners were absent several times.

### **3.5 Methodological instruments**

The following sub chapter describes the methods which are used in this research. The methods are a combination of qualitative and quantitative methods and an analysis of literature. In preparation of this study, secondary research has been carried out on concepts related to this research.

Literature has been used to analyze laws and regulations concerning second home ownership and foreign property ownership and to give insight in contemporary debates regarding foreign land ownership and the land reform program in the South African context. An important document which has been used to give insight in the debates on foreign land ownership in South Africa is the report and recommendations by the Panel of Experts on Foreign Ownership of Land (PEFOL) on the development of policy regarding land ownership by foreigners in South Africa. Furthermore, the work of Visser and Hoogendoorn has been used to give an exploration of existing knowledge on second home ownership in South Africa.

Further data is gained by the observation of the research areas to give an idea of the extent of second home ownership in both villages and certain impacts.

A questionnaire is conducted amongst ten second home owners in Yzerfontein and eight second home owners in Riebeek-Kasteel. These questionnaires are used to discover characteristics, spending patterns and levels of integration within the community of second home owners.

Semi-structured interviews with key respondents are used to give an overall view of second home ownership in the Swartland municipality and the extent and impacts thereof. Amongst these respondents were several estate agents in Yzerfontein and Riebeeck-Kasteel, the director of the exclusive members club in Yzerfontein, a member of the Local ANC in Riebeeck-Kasteel, a town planner/ GIS official at the municipality of Swartland and the chief surveyor general of the Western Cape Province.

Because there is no information on second home ownership and thus no database exists, this chapter will first describe the process of identifying second homes in order to create a database. This is followed by a description of the other methods which are used in this research.

### **3.5.1 Identifying second homes in South Africa**

South African census records do not make a direct mention of second homes per se (Pienaar & Visser, 2009, p.457) Furthermore, town planning legislation does not distinguish between first and second homes, which makes the identification of second homes problematic (Campbell et al, 2008, p.1). Besides this, there is no policy on foreign land ownership and foreign land owners are not registered as such. The land register in the deeds office is unable to provide information on foreign land owners (Riba, 2010). Identification of second homes is therefore problematic and second home researchers had to be pragmatic towards the challenge of identifying second homes and construct their own databases to investigate second home development. In *The thorny issue of identifying second homes in South Africa (2009)* Pienaar and Visser describe the methods which are used to date to identify second homes in South Africa. Similar methods have been used in this study to identify second homes in the Swartland municipality.

Rates-base data of the local municipality is used in the identification potential second homes in Swartland. A key feature of rates-base data is that in most cases two addresses per property can be identified. The first address indicates the physical street address of the property. The second indicates the address where the taxes bill is send to. Assuming that households are more likely to send their bills to the first home, properties are identified as a potential second home when the physical address of the property differs from the address where the bills are send to. The second address on the list is therefore seen as indicating a potential second home.

The analysis of the rates-base listing of the Swartland municipality provided the possibility to identify potential second homes and eliminate all none-residential properties from the data set (Pienaar & Visser, 2009, p.458).

After the identification of the potential second homes the plot numbers (or erf numbers) were linked to GIS shape files in order to conduct a map visualizing the potential second homes in the Municipality.

### **3.5.2 Methods**

Combinations of qualitative and quantitative research methods have been used to be able to answer the main research question *'What are the consequences of second home*

*development in Swartland for the local community?*' The questionnaires have been gathered amongst second home owners in Yzerfontein and Riebeeck-Kasteel. The qualitative part of the research consisted of interviews with key informants who could provide an overall view of the development of second homes in the research areas.

The following sub chapter presents the used methods per sub question.

The first question is *'In what stage of the second home development cycle can Riebeeck-Kasteel/ Yzerfontein be placed?'* The theoretical framework pointed out that second home locations go through a life-course. The stage of life course is a determining factor for the impacts of second home development. This question tries to find out where Yzerfontein and Riebeeck-Kasteel can be placed in the *second home development cycle*. Three stages can be distinguished; the pioneer stage where existing abandoned houses are converted into second homes. Continued by the stage wherein second homes are purchased from former low-income buyers. The final stage is full commercial involvement where many second homes are purpose built.

First of all, both towns are given a 'face' by mapping the research areas. This gives a rough preliminary idea of the extent of second home ownership in Riebeeck-Kasteel and Yzerfontein. Besides this, the mapping of the areas also gives an idea of future residential development in the towns. Also, a profile sketch of the second home owners is presented to see who the owners actually are.

The rates and taxes listing delivered by the municipality is used to identify potential second homes. This information is used to identify the share of potential second homes in the research areas. The share of potential second homes gives an idea about the extent of second home ownership.

This is combined with information on the residential characteristics of the second home owners derived from the questionnaire. This information reveals whether the second home are converted or purposely build.

Secondary literature derived from the Swartland municipality is used to back up the results from the questionnaires and the map of the town.

The second question is *'What are the socio-economic impacts of second home development in Riebeeck-Kasteel/ Yzerfontein?'* There is a focus on employment and income generating features on the one hand. And on the other hand the focus lies on aspects such as *class colonization* and segregation.

To identify the economic impacts the results of the questionnaires with second home owners is used to identify their spending patterns on maintenance and operational costs of the property and on leisure related activities. The questionnaire is also used to identify the employment generating factor of second home owners.

The questionnaires are furthermore used to indicate the second home owners' level of integration into society. The 'map' of the research areas is used to discover certain trends in the community such as gated communities. One resident in both towns guided me through town. This enabled me to describe the research areas and the dwellings of second home owners who were not there.

Qualitative data gathered in restaurants, bars, membership clubs etc. located in the research areas is used to see whether second home development leads to class colonization or the creation of 'exclusive zones'.

The third research question is *'To what extent does second home development lead to rural gentrification in the Swartland municipality and does this phenomenon impede with the land reform program?'*

Quantitative data analysis of sold property in Yzerfontein in the period 2006-2008 has been used to discover the inflation of property prices. This is combined with results from the questionnaire with the second home owners identifying the acquisition price and an estimation of the current property value.

The literature has shown that there are several factors which are used to explain rural gentrification; the expectations of investment gains, minimizing the costs of the household and buying into a desired lifestyle. The results from the questionnaire have been used to see to what extent the second home owners consider these factors to be important when purchasing a second home.

The literature has also shown that the three staged life course of second home hotspot show much resemblance with gentrification processes. The position of the research areas within this life course is thus used to see what the probability of displacement of the local population is.

To see whether second home development impedes with land reform projects information derived from the Swartland municipality has been used to identify the availability of land for future residential purposes in Riebeeck-Kasteel and Yzerfontein. This information demarcates the new urban edges of both towns.

Furthermore, interviews with local representatives, municipal employees and estate agents are conducted.

### **3.6 Main limitations**

The biggest restraint, which applies to any kind of research in the tourism industry, is seasonal dependency. In combination with limited fieldwork time and the period in which the fieldwork took place only a meager number of respondents could be reached. This especially appeared to be a problem when it concerned vacation homes. When there are weekend homes involved there is a bigger chance to meet with potential respondents. This limitation has created a bias of 'weekend second home owners'. A limited number of second home owners who live far away from the research area was reached and foreign second home owners are completely absent in this research. An attempt to cover this restraint was made by sending out questionnaires to the email addresses of second home owners derived from local residents or other second home owners. There was however an extremely limited response rate.

Another limitation for this research is the lack of information on second homes. There is no distinction between first homes and second homes in South Africa. It is therefore difficult to locate second homes and their owners. This makes it very difficult to sketch an idea of the current situation and even harder to sketch an idea of the development of second

homes in the area. To discover certain trends this research was highly dependent on qualitative research which limits the possibility to generalize.

A difficulty is the nature of the respondents. To get an idea of second home development in the area it is necessary to get some information of the owners, either through semi-structured interviews or small questionnaires, or a combination of both. However, these household often live in expensive, big houses with high fences. It is not so easy to get access to them. It is therefore important to get in contact with some key persons and gate keepers whom might provide some first contacts with second home owners.

Another major limitation appeared to be the willingness and/or capability of the municipal government employees to cooperate. In order to create a data base of second homes, rates and taxes listings needed to be provided by the municipality. In some cases employees could not, or would not assist in the research. This caused a major declination of already scarce fieldwork time.

## Geographical Framework

*'Differences in politics, society, economy and geography run through local histories of second home ownership...'* (Paris, 2009, p.300).

All impacts of second homes are relative and bound to the specific context in which they occur. The geographical framework gives a representation of the national and local context. A national profile is outlined in this chapter using geographical and socio-economic features of South Africa. This chapter furthermore presents relevant national debates on second home development which are dealt with in this study. First of all some details on land reform processes in South Africa are presented. Seen that the government can play an important role in second home development, legislation, or the lack thereof, in respect of second homes is shown. Matters of foreign property ownership are highly debated in the contemporary South African media and population. Foreign second home ownership is therefore separately included within this section. The chapter is concluded with an exploration of existing knowledge on second home development in the South African context is reported.

### 4.1 National context

South Africa is known for its many interesting differences. It is a country described by its famous leader, Nelson Mandela, as the 'Rainbow Nation'. Eleven different population groups, eleven different languages, stunning landscapes and world religions. The country, its history and its population and culture are fascinating and versatile. *'The world in one country'* is a catching phrase to describe the country and its broad variety in all possible ways. However, South Africa is also known for its contrasts between rich and poor, and black and white (Dekker, 2009, p.9 en p.15).

#### 4.1.1 Profile

South Africa is located on the most southern point of the African continent (Map 4.1). The country borders Zimbabwe and Botswana in the north, Mozambique in the northeast, Swaziland in the east and the former colony Namibia in the northwest. Lesotho is landlocked within South Africa. There is furthermore a large coastal zone because the country borders both the Indian and the Atlantic Ocean. With a surface of approximately 1.2 million km<sup>2</sup> a broad range of

Map 4.1: South Africa



Source: Geology.com



diversity can be found in social, environmental and economical aspects.

The population counts approximately 49.3 million heads and there are eleven official languages. The country is divided into nine provinces, which each have their own distinctive landscapes, vegetation and climate. The main economic sectors are mining services and transport, energy, manufacturing, tourism and agriculture. Furthermore, over seven religions are practiced. The country has stunning beach sides and an alluring interior. The subtropical climate conditions make the country an appealing destination for foreign tourists. Due to its enormous surface there are many climate differences throughout the country (South African Government Information, 2010). Besides this, the differences in geographical circumstances and social aspects make South Africa an interesting location for domestic tourists as well. Many foreigners and South Africans are attracted by the appealing tourism features which the country has to offer. This has led to the increasing number of nationals and foreigners purchasing a second home in the country. The countless differences in South Africa reflect in the development of second homes.

South Africa has been a Dutch, and later an English colony. It became a republic in 1961 after a whites-only referendum. The policy of Apartheid was instituted in 1948 after the election of the National Party (CIA World FactBook, 2010). As in many former colonized nations the South African history has left its marks and the legacy of the Apartheids regime is still noticeable in many ways. The South African population was subdivided into four main categories during the Apartheids regime; blacks, whites, coloreds and Asian. The black community has always formed the largest part of the population. The division system, which was introduced and maintained by the white government, has however always put the black, colored and Asian communities in a disadvantaged position (Dekker, 2009, p.18).

Adebayo has pointed out that one of the main features of the Apartheids governments urban spatial policies was the *'racially motivated, segregatory residential development, which physically placed black South Africans in the peripheries of cities, where they were further marginalized by political, economic and educational policies of the day'* (Adebayo, 2009, p.1). South Africa is described on the CIA world factbook as *'a middle-income, emerging market with an abundant supply of natural resources; well developed financial, legal, communications, energy and transport sectors'* (CIA Factbook, 2010). Nevertheless, problems from the apartheid era remain and half of the population lives in severe poverty.

#### **4.1.2 Land Reform in Southern Africa**

Problems of unequal land ownership, poverty and unemployment have been the drive for land reform programs in many African countries. The following sub chapter presents an overview and comparison of the land reform programs in Zimbabwe and South Africa.

In the 1980's the Zimbabwean government engaged strongly in the land market, purchased good quality farms, restructured them to facilitate small scale farming and supported new farmers. This state-led approach was effective. However, the economic crisis in 2000 overlapped with a political crisis which propelled the government to engage in extreme forms of land seizure (Lahiff, 2010). Hostilities towards, and brutal evictions of

mainly white farmers were the result. As in other former colonial nations where dispossessions of indigenous land occurred, land is a sensitive issue in South Africa. After the incidents which occurred in Zimbabwe land academics, land activists and the South African press focused on the South African land reform questioning whether this might lead to similar hostilities against white farmers and foreigners (Sibanda, 2001, p.1).

The South African government has taken firm precautions to prevent escalation of the situation and similar scenarios as occurred in Zimbabwe. Since 1994 the government has been involved in developing and designing a land reform program. This program aims to *'bring about a fair and equitable land dispensation in South Africa in an orderly and planned way'* (Sibanda, 2001, p.1). Policies and legislation are developed in a transparent and participative manner.

It was stated by the African National Congress that land reform was to *'redress the injustices of forced removals and the historical denial of access to land. It was to ensure security of tenure for rural dwellers, eliminate overcrowding and to supply residential and productive land to the poorest section of the rural population'* (Sibanda, 2001, p.2). The policy framework for land reform was set out in White Paper on South African land policy (1997). Three broad categories of reform are identified in this paper;

The *land restitution program* is the main pillar which deals with the injustices of Apartheid. It entitles persons or communities who are dispossessed of property after 1913, based on racially discriminatory practices, to lodge a claim for restitution of that property or comparable redress. The *land redistribution program* is aimed to provide the previously disadvantaged and poor with land for productive and residential purposes. It is a discretionary program to redress the racial inequality in land ownership. A grant mechanism to a maximum of R 16.000 per household was used to purchase land from willing sellers. The last pillar of the land reform project is the *land tenure reform program* which aims to provide people with secure tenure where they live to prevent evictions and to fulfill the constitutional requirement that all South African citizens have access to land legally secure tenure in land (Sibanda, 2001, p. 2-3).

Both the tenure reform and the restitution program include an element of redistribution. But it is the redistribution program itself which is expected to make the most important contribution and benefit the majority of beneficiaries. The redistribution program is largely based on *willing-buyer willing-seller* arrangements. The government assists in the purchase of land, but they are in general not the buyer or owner (Lahiff, 2008, p. 1579-1580).

In contrary to the land reform program in Zimbabwe, South African land reform is market-led. Beneficiaries have to compete for available land on the open market, at market price. Landowners can actively avoid offering their land for sale for land reform purposes (Lahiff, 2005, p. 1). Grants are awarded by the government to black applicants to allow them to enter the market. These grants are however limited in value and many landowners have expressed opposition to seller their land to land reform beneficiaries. Applicant lacking funds to purchase land for its market value are often squeezed out of the market (Lahiff, 2010).

#### 4.1.3 Relevant legislation concerning second homes

The South African town planning legislation does not make a legal distinction between primary and second residences. Campbell and others have given an overview of Acts and legislative framework relevant to planning in order to establish whether second homes are mentioned or regarded as potential threats to sustainable development. They have furthermore elaborated on the policies and legislation that would or should have an effect on second home in terms of national, provincial and local planning. They zoom-in in the Constitution, the Housing Act and the Municipal Systems Act (Campbell et al., 2008, p.5). The following section will provide an overview of their findings.

The Constitution of the Republic of South Africa states that *'every resident of the country has the right to have access to adequate housing and that the state must take reasonable legislative and other measure within the available resources to achieve the progressive realization of this right'* (Campbell et al., 2008, p.6).

Furthermore, Campbell and others highlight that the Housing Act specifies that housing development should take place in a sustainable manner and that housing is a vital part of integrated and developmental planning. The Act specifies that *'any housing development should give priority to the needs of the poor while also providing a wide choice of housing and tenure options'* (Campbell et al., 2008, p.6).

Local governments play an important role in the transformation process of South Africa's distorted and inequitable settlement and development patterns. Integrated development planning has been introduced to assist local municipalities in moving towards sustainability (Department of environmental affairs and tourism, 2001, p.1). Integrated development planning is the process through which the local municipalities prepare a strategic integrated development plan (IDP) for a five year period. According to the Municipal Systems Act all municipalities have to produce IDPs which guides and informs all planning and development, and all decisions with regard to planning, management and development. The IDP is a legislated plan which supersedes all other plans that guide local development (Department of Environmental Affairs and Tourism, 2001, p.9). The IDP is the focus of South Africa's post-apartheid planning system and is also regarded as a key instrument in an evolving framework of intergovernmental planning and coordination.

The IDP should consist of a Spatial Development Framework (SDF) which includes guidelines for a land use management system. The basic purpose of this SDF is to indicate the spatial implications of the IDP. It is furthermore used to lay down strategies, proposals and guidelines for the future spatial development of the area to which it relates. Campbell and others mention that this includes *'integration, environmental planning, transport planning, infrastructure planning, and urban design so that the general well being of the particular community and order in the area are promoted in the most effective manner'* (Campbell et al., 2008, p.7).

Both the Constitution and the Housing Act are aimed at sustainability and the redistribution of wealth. Literature has shown that second homes can potentially pressurize local housing markets which can lead to situations where local residents are excluded from the property market. Therefore, Campbell and others regard second home development as a possible threat to sustainability which is in contradiction with the Constitution and the

Housing Act. They draw the conclusion that second home development can jeopardize the objectives of such legislation, because the phenomenon is underestimated in that it is not included as a priority in any of the planning legislation mentioned above (Campbell et al., 2008, p.7).

Even though some consider second home development as a threat to sustainability, no clear laws or legislations exist to regulate ownership. On the contrary, the Constitution protects property rights and provides comparable redress or compensation when the government considers expropriation of land. Legislation does not limit the number of properties owned and foreigners are furthermore not prevented from owning property in South Africa (Sibanda, 2001, p.1).

Purchasing second homes for leisure purposes can lead to increasing land and property prices. The South African land reform program is market-land and applicants have to compete on the local market. Landowners are not obliged to sell their land to a beneficiary, which leads to fear that there will be a lack of available and affordable land for the land reform program.

Foreign land ownership is however contested. The following sub chapter gives an overview of the debates on foreign land ownership in South Africa.

#### **4.1.4 Foreign land ownership in South Africa**

Foreign immigrants are disputed in many countries. Especially when they own property, resistance is triggered. One element of foreign ownership, especially in developing countries, can be the creation of exclusive zones that may be highly developed. The exclusion of others can lead to xenophobia and crimes against foreigners. Furthermore, research has pointed out that wealthy foreigners are likely to purchase property on the best land, with good soils and water or beautiful views in popular areas (NAFU SA, 2007, p. 3).

As many other former colonies, South Africa has a long history of foreign land ownership. The indigenous population has been expelled from their land for the benefit of white settlers during the colonial and apartheid era (NAFA SA, 2007, p. 9). The deliberate dispossession of land and property has put the majority of the South African population in a disadvantaged position. This has led to great inequalities between rich and poor, and the black and white population.

The Panel of Experts on Foreign Ownership of Land (PEFOL) argues that *'reasonable and equitable resolution of the land question is an essential component in the building and the sustainability of constitutional democracy in South Africa'* (PEFOL, 2006, p.5). However, despite efforts of the government to address the land question through restitution, tenure security, and facilitating access to land, a strong public opinion stands that more needs to be done. Furthermore, there is a strong public opinion that unregulated foreign land ownership contributes to the lack of readily available and affordable land for land reform projects (PEFOL, 2006, p.5).

Foreign land ownership in South Africa is highly debated. Due to a weakening Rand and the stabilizing democracy there was a huge increase in property sales since 2003. It is said that since then there were annual property price increases of sometimes over 30 percent. Fear amongst South African citizens and their government that foreign demand for properties will drive the property prices out of reach for local citizens has led to investigations into foreign land ownership in South Africa (Ertner, 2006, p.1). The PEFOL even argues that *'given the history of racially based exclusion of the majority of citizens from land ownership, development and use under the colonial and apartheid regimes, unregulated acquisition and disposal of land and landed property without some priority of access being given to those who were arbitrarily excluded can only lead to the perpetuating the status quo'* (PEFOL, 2006, p.5).

Within this background, investigations simulated by the government to identify the impacts of foreign land ownership were conducted. The Panel of Experts on Foreign Ownership of Land (PEFOL) has for instance delivered a report with its findings in 2006. Based on the findings of this research the South African government is currently in the process of designing a green paper. This will lead to regulation of foreign property ownership in the near future.

#### **4.1.5 An exploration of existing knowledge on second home development in South Africa**

Second home development is not a new phenomenon in South Africa. For decades elite groups who could afford it have owned second homes along the beautiful coast and the dazzling interior of South Africa. There is however still a clear lack of scientific information on second home ownership. Furthermore, town planning legislation does not distinguish between first and second homes, which make the identification of second homes problematic. It is therefore hard to make comments on the development of this phenomenon (Campbell et al, 2008, p.1). Besides this, there is no policy on foreign land ownership and as such the land register in the deeds office is unable to provide such information (Riba, 2010).

Even though there is a clear lack of information on both South African and foreign second home ownership, several attempts have been made to sketch an idea on this phenomenon using features reproduced in the media. Furthermore, a body of exploratory research has been conducted out to investigate the significance of second home development in the South African context. Even though this research body is still very limited, these academic investigations have marked the beginning of a general geography sketch of this phenomenon in the local context. The investigations have led to a number of articles which have been published by G.Visser and G. Hoogendoorn. It furthermore established a general outline of the dynamics and range of second home development and a number of case studies in the context of second home locations (Hoogendoorn et al. 2005, p.112-113).

This section will give an outline of the development and trends of the second home phenomenon in South Africa using the information derived from previous academic research projects.

Second home development in South Africa emerged from the metropolitan regions. The economic heartland of South Africa and Johannesburg were dominant in second home

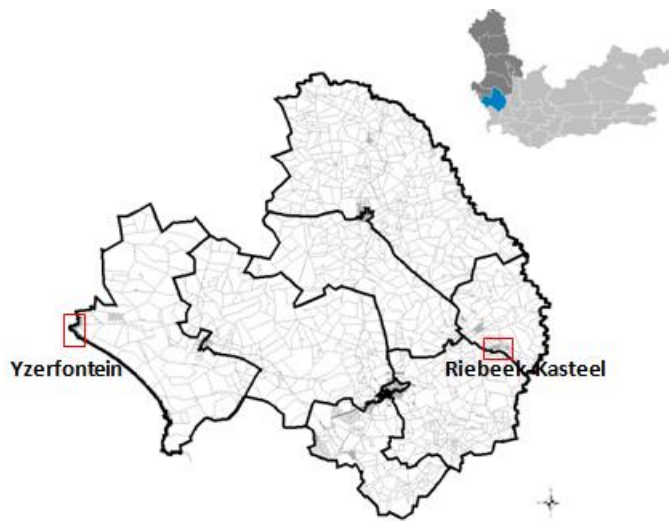
investments, which is not very surprising because wealth was clustered in these metropolitan areas. During the great economic boom, which South Africa experienced starting in the 1950s', larger scale second home development started to emerge along the South African coast line. This decade introduced second home ownership of the middle-classes. It led to further invasion of second homes in the country. During the 1970s'and 80s' the archetypal second home locations started to develop. An increase in second home developments along the coast started to emerge, but likewise second homes started to appear alongside the Garden Route. In these first years of second home development the phenomenon mainly comprised of vacation homes. These second homes were often far away from the original home and they were only visited a couple times per year. During the mid 1990s' second homes which served as weekend home started to appear. These weekend home were relatively close to the main metropolitan areas and they led to the invasions of the interiors. The increasing quantity of second homes due to the increasing participation of the middle-classes in this phenomenon has led to the overdevelopment of second homes in the prime locations. Other amenity locations were re-discovered and second home development slowly started to colonize new coastal areas and other prime locations (Visser, 2006, p.355-359).

A large number of towns and villages along the South African coastline, but also the interior have significantly grown over the past few decades. An increasing number of wealthy, mostly white, urbanites who are searching a better lifestyle are obtaining second homes in such towns and villages. In some cases, the in-migration of these households has severe impacts on local development. The increasing housing demand does for instance lead to the rise of land and property prices. The negative impacts of this are mostly felt on the lower levels of socio-economic ladder. Starting with the middle classes who cannot compete with second home buyers. Due to shortages of houses because of to increasing (international) investment in this segment they are forced to move into formerly less desirable neighborhoods. This process trickles down the ladder and might eventually even lead to the displacement of households (Visser, 2003, p.401).

A number of case studies on second home development in South Africa have been carried out in different settings, ranging from coastal areas to small rural towns in the countries interior. The different settings in which these case studies took place give an idea of the diversity of second home development in South Africa. There are however some commonalities which can be discovered as well. In their article Hoogendoorn, Mellett and Visser highlight that '*second home development in South Africa demonstrates similarities found internationally and that near-generic impacts of second homes found elsewhere are echoed in the South African context too*' (Hoogendoorn et al., 2005, p.113). The most important difference between second home development in South Africa and elsewhere in the world which they underline is the '*fact that limited residential property mobility in the South African context inadvertently leads to the maintenance of apartheid's racially segregated residential areas and division of labour*' (Hoogendoorn et al., 2005, p.113). Seen the South African history it is therefore of crucial importance the there will be more insight in the development of second homes and residential tourism.

## 4.2 Local context

Map 4.2: Swartland Municipality and the location of Yzerfontein and Riebeeck-Kasteel



Source: Swartland municipality, 2010, p.3

coastal zone.

Riebeeck-Kasteel, an originally agricultural village, and Yzerfontein, a village located along the West coast, are chosen to serve as research areas. Map 4.2 shows the location of both towns in the Swartland municipality and in the Western Cape Province.

The fieldwork location is situated in the Swartland municipality, a diverse municipality located in the Western Cape Province not far from Cape Town. The area comprises of eleven towns and 3700 km<sup>2</sup>. Within the municipality a diversity of towns can be found. On the one hand there are industrial towns such as Malmesbury and Moorreesburg. On the other hand a variety of smaller agricultural towns can be found in the Swartland municipality. Besides this, the municipality has a small

## Placing the research areas in the second home life cycle

The following chapter presents the first results of the questionnaires with second home owners in Yzerfontein and Riebeeek-Kasteel. Furthermore, the research areas are depicted to give a picture of both towns. What is the percentage of second homes in the areas? What kinds of facilities are present? What is the main economical function of the towns? A ‘walk through’ the areas is used to give a complete picture; this is combined with information obtained in secondary literature such as the IDP of the Swartland municipality.

Besides the overall sketch of the research areas and the second home owners this chapter will place both towns within a certain stage of the second home life cycle. The results from questionnaires are used to give an idea about the profile of the second home owners. In total 18 questionnaires were collected, respectively ten in Yzerfontein and eight in Riebeeek-Kasteel. This empirical information is combined with data obtained in secondary literature. The Swartland IDP 2007-2011, the annual plan for 2010-2011, and the ward plans for the financial year 2010-2011 of both towns are used to get proper insight in the background of both towns.

The information obtained in this chapter will be used to answer the first sub question; *‘In what stage of the second home life cycle can Riebeeek-Kasteel/ Yzerfontein be placed?’*

### 5.1 Profile of the second home owners in Riebeeek-Kasteel and Yzerfontein

This section presents a profile sketch of the characteristics of the owners is presented to see who the second home owners are, what their motivations were to purchase a second home in the research area, how frequent they visit their second home and what the distance is between their first and second home.

#### 5.1.1 Sketch of second home owners profile

All respondents in Yzerfontein and almost all respondents Riebeeek-Kasteel were citizens of the Republic of South Africa. This does however not mean that there are no foreign second home owners in both towns. This research was conducted in the South African winter. Many foreign second home owners enjoy the summer in their country of origin during this period. Characteristics of foreign second home owners are absent in this analysis, which is a pity considering the contemporary debates on foreign land ownership in South Africa.

Table 5.1 provides an overview of the socio-economic profile of the second home owners in Yzerfontein and Riebeeek-Kasteel. Demographic variables, as well as economic variables are presented in this table.

Table 5.1: Socio-economic profile of second home owners in Yzerfontein and Riebeeek-Kasteel

Variables	Yzerfontein (N=10) (%)	Riebeeek-Kasteel (N=8) (%)
<b>Gender</b>		
- Male	- 70	- 62,5
- Female	- 30	- 37,5



<b>Age of the respondent</b>		
- 31-40	- 10	- 12,5
- 41-50	- 20	- 0
- 51-60	- 20	- 75
- 61-70	- 50	- 12,5
<b>Ethnicity</b>		
- White	- 100	- 100
- Colored	- 0	- 0
- Black	- 0	- 0
- Asian	- 0	- 0
<b>Marital status</b>		
- Single	- 0	- 12,5
- Cohabiting	- 0	- 12,5
- Married	- 90	- 75
- Divorced	- 10	- 0
- Widowed	- 0	- 0
<b>Native language</b>		
- English	- 70	- 50
- Afrikaans	- 30	- 50
<b>Highest level of education</b>		
- Matric	- 30	- 50
- College	- 20	- 0
- Bachelor	- 20	- 12,5
- Honours	- 10	- 12,5
- Master	- 10	- 12,5
- PHD	- 10	- 12,5
<b>Retirement</b>		
- Yes	- 30	- 12,5
- No	- 50	- 87,5
- Semi	- 20	- 0
<b>Average annual household income</b>		
- < R100 000	- 10	- 12,5
- R100 001- R200 000	- 10	- 25
- R200 001- R300 000	- 10	- 0
- R300 001- R400 000	- 30	- 0
- R400 001- R600 000	- 10	- 37,5
- R600 001- R1 000 000	- 20	- 25
- R1 000 001- R2 000 000	- 10	- 0

Table 5.1 shows that the age of the respondents varies between 31 and 70. Noteworthy is that the majority of the respondents in Yzerfontein fall within the age category 61-70 whereas the majority of the respondents in Riebeeck-Kasteel fall within the age category 51-60. Furthermore, none of the respondents in Riebeeck-Kasteel were aged between 41 and 50 years, while 20 percent of the respondents in Yzerfontein can be ranged under this category.

Second home ownership in Riebeeck-Kasteel and Yzerfontein does not appear to be very multi cultural. In both towns all of the respondents were white. This is probably the result of the Apartheids history of the country. Historic disadvantages for the black, Asian and colored population lingers on throughout the county and are apparently also reflected in

the ownership of second home. However, the demise of the Apartheid resulted in the rise of new black and colored elite. In economic terms, this new elite is often more than capable to purchase a second home. Other possible explanations for the absence of colored, black and Asian second home owners are the process of natural segregation. It is natural for a human being to live in an environment in which he can identify himself with others of the same culture. Other second home destinations possibly have a larger percentage of black, colored and Asian second home owners.

Considering the native language of the households a difference between Yzerfontein and Riebeeck-Kasteel shows. While the main language of the second home owners in Riebeeck-Kasteel is balanced between Afrikaans and English, A clear majority of the second home owners in Yzerfontein speak English at home. Similar to the ethnic variable, language represents a variable with a high culture value. The main language in both Yzerfontein and Riebeeck-Kasteel is originally Afrikaans. Language is therefore an interesting cultural variable which can result in a changing ‘feeling’ and increasing cultural variety of the towns.

Surprisingly, a relatively large proportion (50 percent) of the respondents in Riebeeck-Kasteel only finished matric. This is surprising because literature on second homes shows that second home owners are often high educated. However, the remaining 50 percent of the respondents in Riebeeck-Kasteel finished a university degree. Likewise, 50 percent of the respondents in Yzerfontein finished a university degree as well.

The majority of the respondents in Riebeeck-Kasteel (87.5 percent) are not retired. In Yzerfontein, 50 percent of the respondents are either retired or semi-retired. This is however not unexpected considering the age of the respondents.

In the average annual income of the households a variety appears. On the one hand 62.5 percent of the respondents in Riebeeck-Kasteel can be scaled in the upper middle and higher income classes. This is in line with the literature; second home owners are generally high income earners. But on the other hand 37, 5 percent of the respondents in this town are scaled in the lower income categories. Yzerfontein shows a huge variety in the income categories of second home owners, with small peaks in the categories 300,001-400,000 Rand and 600,001- 1 million Rand.

### 5.1.2 Motivations for second home ownership

The following sub chapter presents the motivations of the second home owners to purchase a second home in the research areas. The respondents were asked to indicate how important they consider different variables when purchasing a second home ranging from one (very important) to seven (very unimportant). The variables are figured in table 5.2.

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Table 5.2: Motivations to purchase a second home

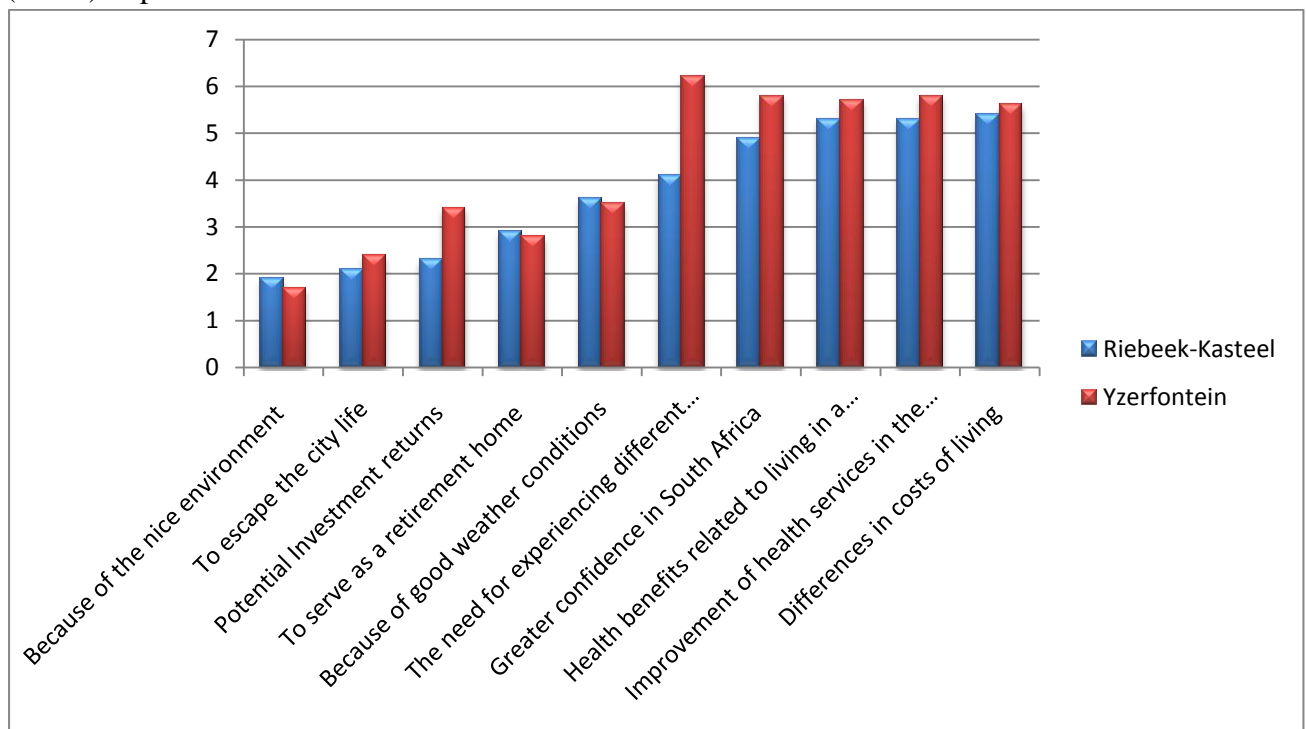
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1. Because of the nice environment
  2. To escape the city life
  3. Potential Investment returns
  4. To serve as a retirement home
  5. Because of good weather conditions
  6. The need for experiencing different places with
-

- different cultures
- 7. Greater confidence in South Africa
- 8. Health benefits related to living in a milder climate
- 9. Improvement of health services in the area
- 10. Differences in costs of living
- 11. Other

Figure 5.1 shows the motivations of the second home owners in Riebeeck-Kasteel and Yzerfontein to purchase a second home.

Figure 5.1: Motivations of second home owners in Riebeeck-Kasteel (N=8) and Yzerfontein (N=10) to purchase a second home



In the motivations for the acquisition of a second home in Riebeeck-Kasteel are relatively similar to the motivation of their fellow second home owners in Yzerfontein. The nice environment in both towns is seen as the most important variable to purchase a second home. To escape the city life, to serve as a (future) retirement home, potential investment returns and good weather conditions are also considered to be important variables to purchase a second home. Whereas respondents in Yzerfontein consider the need to experience different places with different cultures a very unimportant, the opinion of second home owners in Riebeeck-Kasteel is neutral on this variable. The difference might be sought in the supply of different cultures. Riebeeck-Kasteel is an artistic community which might attract second home owners. The variables; 'greater confidence in South Africa, health benefits related to living in a milder climate, improvement of health services in the areas and the differences in costs of living are in both towns regarded as unimportant variables in the choice to purchase a second home.

The literature has shown that there are multiple motivations for second home ownership of which property rights and lifestyle choice are the most important. Motivations for owners to purchase a second home are on the one hand linked to the nostalgic feeling of the country side, and the desire to escape the busy city life. Other motivations to purchase a second home are near perfect weather conditions and potential health benefits related to the better climate.

There are however short term and long term objectives related to the acquisition of second homes. Whereas ‘experiencing the rural experience’ and ‘escaping city life are short term objectives, the potential of the second home to serve as a retirement home in the future is a long term objective (Gallent et al., 2005, p. 19-20). Another long term motive to purchase a second home is the idea of owning a second home as an investment opportunity.

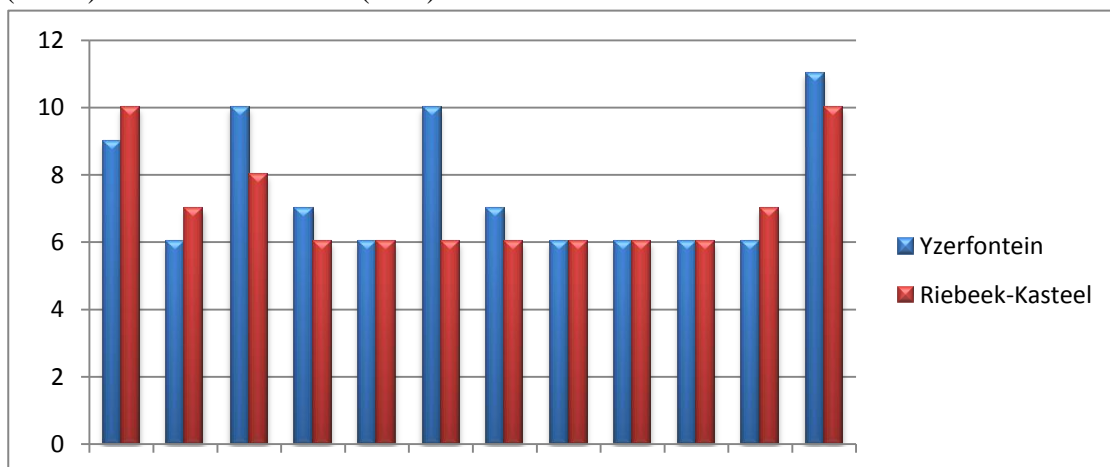
In resemblance with the literature property rights and life style choice are the most important motivations for second home owners in Riebeek-Kasteel and Yzerfontein to purchase a second home. The nice environment and the opportunity to escape the city life are short term objectives which appear to be very important in both towns. The long term objectives of potential investment returns and future retirement home are important.

Health related variable, confidence in the South African government, differences in costs of living and the need to experience different places and cultures are mentioned in the literature as potential motivations of second home owners to purchase a second home. However, in both research areas these variable where not seen as important. This can be explained by the distance between the first and second home of most respondents. They live relatively close by the second home, therefore there are no real differences in weather conditions and they can still use the health facilities at their first house.

### 5.1.3 Frequency of visits to the second home and location of first home

Figure 5.2 shows the monthly average numbers of days which are spend by the second home owners in their second home.

Figure 5.2: Average number of days which are spend in the second home, Yzerfontein (N=10) & Riebeek-Kasteel (N=8)



During the summer months December and January, the second homes are on average frequently visited. March and June show a peak in the attendance of the second homes as well. During the remaining months second homes owners are approximately six days present in their second home. This reveals a high level of weekend attendance. The number of day spend in the second home in Yzerfontein are slightly higher than in Riebeek-Kasteel. The overall trend of regular attendance outside of the vacation, and peaks of visits during the vacation months are rather similar in Yzerfontein and Riebeek-Kasteel. The second homes in both towns serve as a weekend home but are use during vacation months as well.

This shows resemblance with the average distance between the first and second home. Figure 5.3 shows the average distance between the first and second home of the respondents in kilometers. The figure shows two different average distances. Both in Yzerfontein and Riebeek-Kasteel one of the respondents live in Johannesburg. The blue graphs show the average distance including the respondents from Johannesburg, while the red graphs show the average distance without these respondents.

Figure 5.3: Average distance between primary home and second home, Yzerfontein and Riebeek-Kasteel

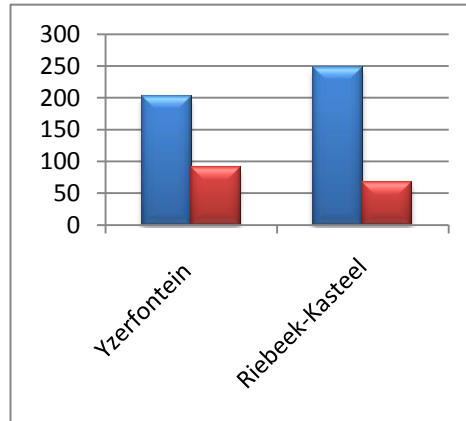


Table 5.3: Location of primary residence of the second home owners in Riebeek-Kasteel & Yzerfontein

	Riebeek-Kasteel	Yzerfontein
Cape Town	62,5 %	50 %
Riebeek-West	-	20 %
Malmesbury	-	10 %
Stellenbosch	-	10 %
Paarl	12,5 %	-
Johannesburg	12,5 %	10 %
Norway	12,5 %	-

Most respondents live, in South African terms, relatively nearby their second home. This makes it easier for the second home owners to visit their second home during the weekends. This explains the constant attendance in the winter months (figure 5.2).

Table 5.3 shows the location of the primary residence of the second home owners. Most of the respondents live in a suburb of Cape Town, respectively five in Riebeek-Kasteel and five in Yzerfontein. One of the respondents in each town lives in Johannesburg. Furthermore one of the respondents in Riebeek-Kasteel is foreign and lives in Norway. It is

worth mentioning that a remarkable number of respondents in Yzerfontein live within the Swartland municipality (Riebeek-West & Malmesbury). This might be caused by the history of

the town. Yzerfontein has long history as holiday destination for farmers in the Swartland region.

The high level of weekend homes in the research areas shows similarity with the literature. International research has shown that the majority of second homes is used as weekend homes, frequently visited for relatively short periods, in contrast to vacation homes, which are visited occasionally but for longer periods. Tourist generating and major second home locations are determined by the time and distance from the point of origin. Attractiveness of second home ownership diminishes when the weekend leisure zone is passed (Hall & Muller, 2004, p.9). Both Riebeeck-Kasteel and Yzerfontein are located about 90 kilometers from Cape Town and are reachable within a few hours by car. Both of the towns fall within a weekend leisure zone which explains the frequent weekend visits.

However, travel time and distance from the point of origin are not the only factor influencing a second home location. Another important variable is the presence of amenity rich surroundings such as coastal areas or mountainous regions. Yzerfontein is located on the shores of the West Coast and Riebeeck-Kasteel is to be found on the foot of the Kasteelberg. Both areas are thus located in amenity rich locations. Second homes which serve as vacation home are present in both areas. One of the respondents in each town originated from Johannesburg, and one of the respondents in Riebeeck-Kasteel lives in Norway. It is furthermore to be expected that there are many more vacation homes in both areas which would show up if the research was conducted during the vacations.

Thus, both Riebeeck-Kasteel and Yzerfontein clearly serve as a weekend destination on the one hand. The visits to the second home remain constant throughout the year and most of the respondents live nearby their second home. However, the areas are used as vacation destinations as well.

#### 5.1.4 Residential characteristics of the second home owners

Residential characteristics of the second homes are important measures to be able to position the research areas in the 'second home development cycle'. Table 5.4 figures the residential characteristics of the respondents. These include the purchase date of the property, whether the property is inherited, whether the respondent is the sole owners of the property, whether the previous property is replaced in order to build the new one and whether this current second home was newly built.

Other residential characteristics relate to the acquisition price and the estimated current value of the property. The distance between the first home and second home and frequency of visits to the second home are used to indicate whether the second home serves as a vacation house or a weekend house.

Table 5.4: Residential characteristics respondents

Variables	Yzerfontein (%) N=10	Riebeeck-Kasteel (%) N=8
<b>Purchase date</b>		
- <1990	- 30	- 0
- 1990-2000	- 10	- 12,5

- 2001-2003	- 10	- 12,5
- 2004-2006	- 30	- 50
- 2007-2010	- 20	- 25
<b>Inheritance of second home</b>		
- Yes	- 10	- 0
- No	- 90	- 100
<b>Sole owner</b>		
- Yes	- 70	- 50
- No	- 30	- 50
<b>Is the previous property replaced?</b>		
- Yes	- 20	- 12,5
- No	- 80	- 87,5
<b>Newly built second home?</b>		
- Yes	- 60	- 37,5
- No	- 40	- 62,5

Table 5.4 shows that a relatively large proportion of the second homes in Yzerfontein were purchased before 1990, whereas no second homes were purchased in Riebeeck-Kasteel in the same period. Yzerfontein has a long history of second home ownership. Many decades ago, farmers from towns in the Swartland municipality build a second home in Yzerfontein to enjoy the beaches and to celebrate their vacation. Because they often had to travel by foot or ox wagon it often took multiple days to arrive at their holiday destination. As a result of the long travel time, second homes started to appear in Yzerfontein many decades ago. Second home ownership in Riebeeck-Kasteel is a relatively new phenomenon. This might also explain why none of the second homes in Riebeeck-Kasteel were inherited.

The majority of the owners of second homes in Yzerfontein (70 percent) are sole owner of the property. This is more balanced in Riebeeck-Kasteel, where 50 percent of the owners are sole owners, and 50 percent is not.

In both towns it is not common to replace the previous (second) home in order to build a new one. However, in comparison to the second homes in Riebeeck-Kasteel, a relatively large share of the second homes in Yzerfontein (60 percent) was newly built. This indicates that more second homes in Yzerfontein were built on an empty plot.

## 5.2 Mapping the research areas

The research areas are ‘mapped’ to give a general idea of the feeling of both towns. A ‘walk through the village’ at variable times gives a first impression of the towns facilities etc. and the extent of second home ownership.

### 5.2.1 Yzerfontein

This beautiful little hamlet is located along the Western coast not too far from Cape Town. Photos of Yzerfontein, taken in the winter dusk give an idea about the towns feeling. Photo 5.1 shows Yzerfontein on shores of the Atlantic Ocean surrounded by protected nature. Even though Yzerfontein has exponentially grown over the past decades, mainly because of the growth in second homes, it can be expected that future growth of the town will be limited because it is surrounded by zones of protected nature.

Photo 5.1: View on Yzerfontein



Yzerfontein is an ‘unspoilt West Coast town’ which originated as a single farm and served as a vacation destination for farmers from the Swartland municipality. The town has a long history of second homes, and the growth of the town can currently still be attributed to the growth in second home ownership. Many second home owners are attracted by the charm of Yzerfontein resulting in a very high percentage of second home owners. Only 60 percent of the population were permanent residents in 2007. Furthermore, many commuters live in Yzerfontein as well.

According to the municipality, the community feels strongly about the concept of ‘contained development’ in order to retain the original feeling of the town (Swartland Municipality, 2007, p.17). It is however not further explained what the ‘community’ is. It is unclear whether the 40 percent of non permanent residents share this feeling.

The development second homes, both holiday homes and weekend homes, constitute an important economic development potential. Another development opportunity is the local tourism sector (Swartland Municipality, 2007, p.17). The small town has many restaurants and bars to serve the needs of the second home owners and tourists mainly during the summer holiday season. The town has two faces, whereas the winter months are still known for its tranquility, peace and quietness the population almost doubles in the summer months. On the one hand, the town managed to maintain its small town feeling, but occasionally the town transforms into a vibrant little city. Whereas in the winter months Yzerfontein is practically empty, the summer month show long queues in the liquor store, ‘super’ market, small shops and overbooked restaurants and bed & breakfasts.

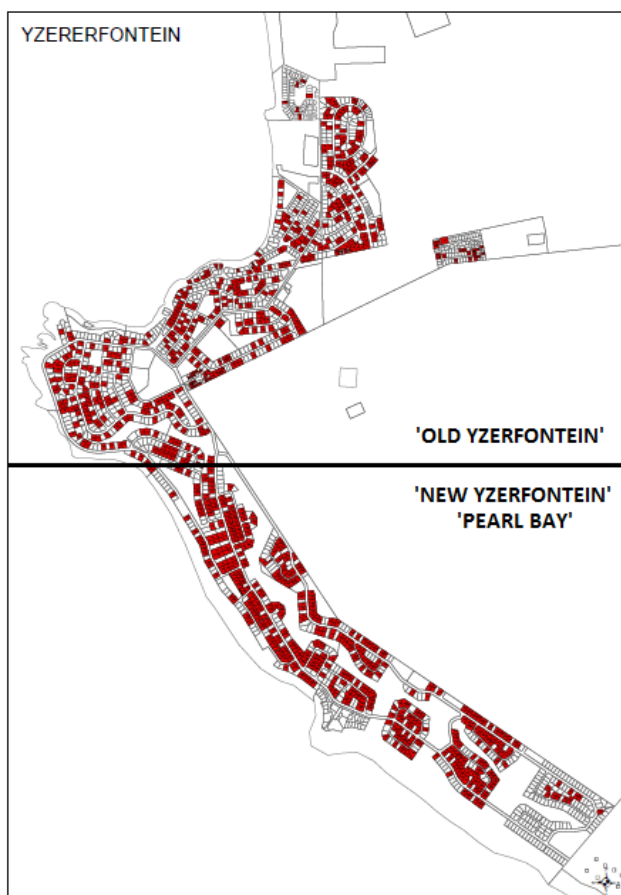
Most of the economic activity in the town is aimed at the tourism industry. There is however a small fishing industry in town as well. A small fishing community tries to make a living by fishing during the allowed seasons.



### *Second homes in Yzerfontein*

The winter months give Yzerfontein some characteristics of a ghost town. Many homes are empty during the week. Security gates remain closed and lights stay out at night. Shops without customers, the chairs in restaurants and beds in hotels are empty. The reason for all this is the high percentage of second homes which can be found in the town. Currently approximately 40 percent of the town's population is not permanent inhabitants. The growth of the town in the past decade can mainly be attributed to the rate at which Yzerfontein manages to attract retired people and holiday makers whom own second homes in the town (Swartland municipality, 2007, p.17).

Map 5.1: Cadastral map of Yzerfontein, in which the highlighted plots represent potential second homes



Source: Derived from information of the Municipality of Swartland

Map 5.1 presents the cadastral map of the town. All plots which are currently located in the town are figured on this map. The highlighted plots represent all potential second homes. These are all plots of which the owners' postal address differs from the physical address in the town. The town can basically be subdivided into two main parts; the 'old town' and the 'new town'. The northern part of the town constitutes of smaller plots, this is the oldest part of town. In the southern part of town bigger plots can be found. These are newer developments which are referred to by the estate agents as 'Pearl Bay'.

Even though many second homes can be found all over town, Pearl Bay shows an exceptionally large number of second homes. However, many of the plots in Pearl Bay are still empty. Infrastructure is already present; streets, lampposts are all there. But the houses are still absent and the plots are left undeveloped for the moment (Photo 5.2). Many plots are for sale, due to the economical crisis the explosive sales numbers of the previous decade of both

plots and homes tempered. Furthermore, many owners whom bought the plots in more prosperous times are currently forced to sell their property because they can't afford it anymore. This results in even more plots which are for sale (Photo 5.3).

Photo 5.2: Empty plots with infrastructure



Photo 5.3: Many plots for sale



Even though the number of empty plots is substantially lower in the older part of Yzerfontein, some empty plots can still be found in this part of town as well. Consequently, the number of actual second homes which are presented in map 5.1 is a bit lower than it appears. It is however not at all unlikely that these plots will be developed as second homes in the near future. Furthermore, just in a few exceptional cases the respondents were not the owners of the house.

### 5.2.2 Riebeek-Kasteel

The other research area is Riebeek-Kasteel, a rural village with a charming character. The small town is situated at the base of the Kasteelberg and surrounded by vineyards, olive trees and historical buildings. Due to these picturesque settings the area is popular as retirement and tourist destinations. Second homes which serve as weekend and holiday homes are important features in this area.

According to the municipality, *'property prices are escalating as a result of the growing residential demand'*. The unique

character of the town attracts many artists and meanwhile *'urbanites come to relax over the weekends enjoying the tranquil lifestyle'*. Besides second home owners, many commuters live in this village that travel on a daily basis to Cape Town (Swartland Municipality, 2007, p.16).

The housing market is varied and can basically be divided into two main segments. On the one hand there are many expensive homes in the town but on the other hand there are low cost and subsidized houses on the east side of town. The overall development potential of the town is ranked low, but the *'unique sense of place emphasizes the towns residential and tourism niche'* (Swartland Municipality, 2007, p.17). Residential developments are on the one hand causing an escalation of the property prices, but on the other hand the residential and tourism niche are seen as important development possibilities (Swartland municipality, 2007, p.16).

Photo 5.4: View on Riebeek-Kasteel



Tourism and agri-tourism in particular are of growing importance for the economy in Riebeek-Kasteel. Nevertheless, the original function of the town as a local agricultural service centre remains intact. The cement factory situated close to the town furthermore generates a mining and related commercial setting. However, the municipality acknowledges that the growth potential of the town is to be found in the tourism sector rather than in the mining industry. They are therefore striving to implement a *'well-planned contained growth model to fulfill the residential (retirement) and agri-tourism (wine and olives) functions of Riebeek-Kasteel'* (Swartland Municipality, 2010, p.10).

In contrary to Yzerfontein, the tourism sector and the second home scene in Riebeek-Kasteel are not the major economic activities in the town. This town still has a main function as agricultural service centre and agriculture remains the main economic function of the town. The tourism sector is however growing in importance and the agricultural sector is reacting upon that. Olive festivals and wine tours are heavily promoted in order to attract more tourists.

#### *Second homes in Riebeek-Kasteel*

The variety on the housing market is large; it presents very expensive and ever more wanted houses and plots on the one hand. And low cost housing on the other hand. Due to the relatively large low cost housing segment, second homes only represent a low percentage of the entire housing stock. This percentage would however be higher if solely the higher cost houses in the market are regarded.

In contrary to the situation in Yzerfontein, the numbers of second homes in Riebeek-Kasteel are not as abundant. The percentage of second homes in comparison to the local community is still relatively low. However, the residential market in Riebeek-Kasteel is aimed on multiple segments. Whereas low-cost and subsidized housing are absent in Yzerfontein, Riebeek-Kasteel has a large low-cost housing market. During Apartheid all colored inhabitants of the town where expelled from the city centre. On the East side of the town, a township was formed. Today, this township still exists.

Map 5.2 presents the cadastral map of Riebeek-Kasteel. Similar to the map of Yzerfontein this map represents all plots which are currently located in the town. The highlighted plots represent all potential second homes. These are all plots of which the owner's postal address differs from the physical address in the town.

Map 5.2: Cadastral map of Riebeek-Kasteel, in which the highlighted plots represent potential second homes



Source: Derived from information of the Municipality of Swartland

Map 5.2 shows a couple of interesting features. First of all, highlighted in green on the east side of the town is the township. The low cost housing segment is situated in this part of town. Furthermore, in comparison to Yzerfontein there are considerably less potential second homes. Furthermore, highlighted in blue is a remarkably high number of potential second home clustered together. This is an estate where most of the houses are owned by Norwegian second home owners.

The ‘Shiraz estate’ is fenced by a gate and therefore not accessible for unauthorized persons. (Photo 5.5). Other forms of gated communities were not found in Riebeek-Kasteel. Noteworthy is however that foreign second home owners appeared to live close to other second home owners with the same nationality. For instance, three Dutch second home owners owned property in the North-east part of town. The houses of the Dutch second home owners are figured in Photo 5.6. The low fence in front of both houses is the same fence, so these second home owners are basically sharing the same backyard. Furthermore, the left image shows a yellow house. The house right next to this house is exactly the same house and owned by Dutch second home owners as well. Possibly this points to a specific Dutch preference in architecture, but nevertheless Dutch second home owners are clustering together. And likewise, the Norwegian second home owners appear to do the same.

Photo 5.5: Shiraz estate, ‘gated community’



Photo 5.6: Second homes owned by Dutch second home owners



### 5.2.3 Migration patterns in the Swartland municipality

The following subchapter shows the migration flows in the Swartland municipality. Second home owners are not registered as such. In the national data they constitute part of the ‘normal migrants’ flow.

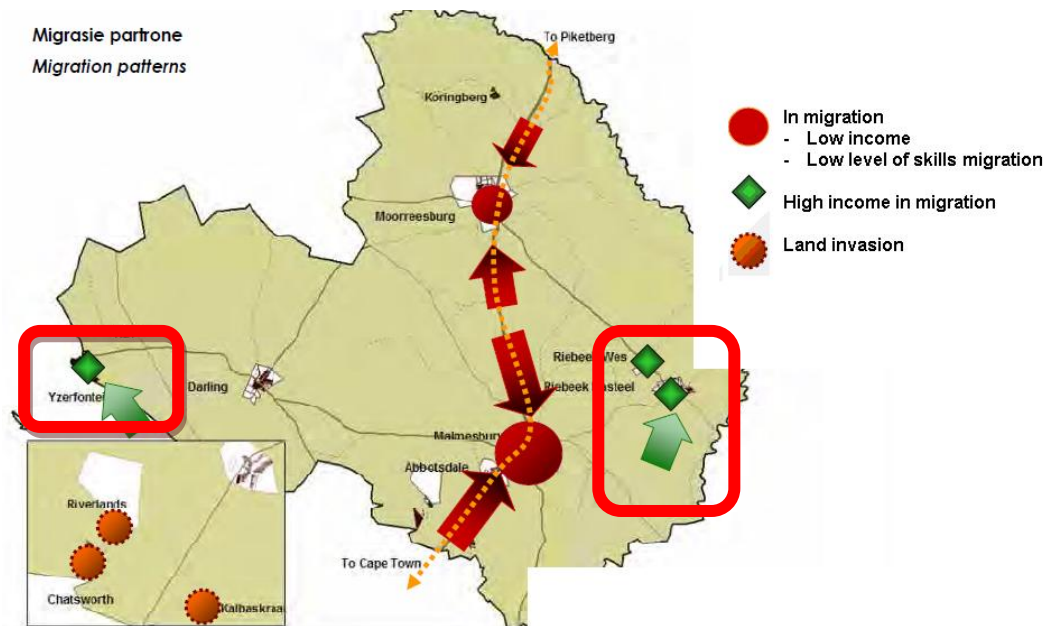
According to the IDP of the Swartland municipality, the municipality will experience a high influx of low skilled individuals and an exodus of high skilled individuals in the major

part of this region. Whereas the in-migration of higher income groups expands the income base for the municipality, the influx of low income groups depletes the income base for the municipality. This imbalance in growth of higher income and lower income groups in the population will therefore have socio-economic consequences for the municipality and it will increase the need for external funding (Swartland municipality, 2007, p.27).

Even though the major part of the municipality will experience a positive ratio of low-income in-migration there are exceptions in the municipality. In contrary to the rest of the municipality both Riebeek-Kasteel and Yzerfontein will likely experience an influx of high income and high educated households (Map 5.3). As can be seen in map 5.1 there is a focus of the low income migration flow in towns such as Malmesbury and Morreesburg. Migration flows of wealthy households are expected in the Yzerfontein and the Riebeek-Valley.

The differences in the migration flows will have various implications in the municipality. Whereas the areas with a netto influx of low income households will likely experience consequences for the extent and affordability of services, the areas with an influx higher income groups will likely experience consequences for the property market and for more sophisticated services (Swartland municipality, 2007, p.29).

Map 5.3: Migration patterns in Swartland municipality



Source: Swartland municipality, 2007, p.30.

The migration flows represented in map 5.3 show the expected influx of high- and low income households in different parts of the municipality. Because second home ownership is not registered as such it is likely that second home owners constitute a share of the population influx in Riebeek-Kasteel and Yzerfontein. The following sub chapter presents the contemporary population composition in Yzerfontein and Riebeek-Kasteel.

### 5.3 Chapter Conclusion

This chapter gave an overview of both research areas. ‘Maps’ of the areas are depicted to give an idea of the extent of second home ownership in both towns. Also, a presentation of the characteristics of the second home owners is given. This information is combined with the residential characteristics of the second home owners and a migration map of the Swartland municipality. The information obtained in this chapter is used to place the research areas within a stage of the second home life cycle and to answer the first research question; *‘In which stage of the second home life cycle can Riebeek-Kasteel/ Yzerfontein be placed?’*.

As is shown in the theoretical framework, second home development can be conceptualized in an ideal-type life course. Starting with pioneer renovators, through revitalization of areas and purchase of existing homes from former low-income buyers and eventually full commercial involvement. In the beginning, deserted houses and farms in rural areas were converted into second homes by pioneer renovators. Then second homes were purchased from former low income buyers and converted into second homes. In the later stages of the second home life course, second homes are purpose built. This life course shows much resemblance with the process of neighborhood displacement, which is more commonly known as gentrification. The impacts of second home development for the local community can be linked to the stage within the second home life cycle in which the research areas are placed. The information contained in this chapter is used to situate the research areas within a stage of the second home life cycle.

Even though the municipality marked the tourism sector and second homes in both towns as important development opportunities, there is a clear difference in the stage of second home development wherein the towns can be placed. Whereas Yzerfontein knows a long history of second homes, the phenomenon in Riebeek-Kasteel is relatively new. This is visible in the percentage of permanent residents versus non permanent residents, and the main economical function of the towns. Approximately 40 percent of the population in Yzerfontein is a non permanent resident, or; a second home owner. Tourism and second home owners are the driving force of the tourism economy. The percentage of second homes in Riebeek-Kasteel is noteworthy lower. However, the phenomenon in this town has grown significantly over the past decades. Furthermore, the questionnaires have shown that 30 percent of the second homes in Yzerfontein are purchased before 1990; none of the second homes in Riebeek-Kasteel were purchased before that decade. This indicates a longer history of second home ownership in Yzerfontein.

The stage within the second home life cycle is however not merely determined by the percentage of second homes and the historic presence of second homes in an area. In order to place the research areas within a certain stage of the second home development life cycle it is necessary to understand the type of second home. The second homes can be subdivided in three categories: 1. revitalized houses, deserted by former permanent residents; 2. converted houses, bought from former low income buyers; 3. commercial stage wherein many second homes are purpose built. In Riebeek-Kasteel 62.5 percent of the owners did not own a newly built second home. Furthermore, the vast majority of the owners in this town did not replace

the previous property (87.5%). This indicates that most second home owners in Riebeeck-Kasteel converted a house, previously owned by permanent residents, into their new second home. In Yzerfontein this image is slightly different a small majority of owners in this town does own a purpose built second home (60%). However, most of the respondents in Yzerfontein did not replace the previous property either (80%). This indicates that most newly built second homes were built on an empty plot.

The results of the questionnaire show that Riebeeck-Kasteel can either be placed in the first stage or in the second stage of the second home life cycle. Most of the second homes in Riebeeck-Kasteel are converted and not purposely built as a second home. Due to the rapid residential developments, and the increasing popularity of the town amongst urbanites it could be assumed that Riebeeck-Kasteel is leaning towards the second stage in the second home life cycle.

Yzerfontein is more likely to be placed within the third stage of the second home life cycle. This town does not only have more purposely built second homes, they are also more likely to be built on an empty plot. Furthermore, there are many real-estate agents active in the town which highlights the commercial aspect of the development of second homes in Yzerfontein.

Both Riebeeck-Kasteel and Yzerfontein serve as a weekend destination on the one hand. The visits to the second home remain constant throughout the year and most of the respondents live nearby their second home. However, the areas have high amenity features are used as vacation destinations as well. Thus, both areas attract weekend and vacation home owners. It can therefore be expected that the second home phenomenon in both town will continue to expand.

The advanced stages wherein the research areas can be placed and the expectation that the areas will continue to attract second home owners show resemblance with the migration maps from the municipality. The migration flow chart which is shown in map 5.3 indicates that the research areas are to be expecting an influx of high income households. Even though this map shows permanent migration movements it is expected that second home owners constitute a share within these movements. Both areas are apparently attractive for higher income groups. Yzerfontein is already a second home heaven and the tourism sector and second home development is also growing in importance in Riebeeck-Kasteel. Information gathered from the Swartland municipality confirms the picturesque appeal of both areas for higher income groups. The tranquility and beautiful landscapes which can be found in both towns are seen as pull factors for tourists and (retired) second home owners.

Seen the stages in which the research areas can be placed, it is likely that the impacts of second home developments in Yzerfontein are more severe than in Riebeeck-Kasteel. However, the composition of the population, the economic activities and the diversity in the housing market in both towns are very different. Whereas Yzerfontein's main economic function is situated around the second home scene and tourism sector, the main economic activity in Riebeeck-Kasteel is still agriculture. Furthermore, Riebeeck-Kasteel knows a more varied housing market and composition of the population. Impacts of second homes in Riebeeck-Kasteel can therefore be severe in this town as well.

## Economic and social impacts related to second home development

Second home development has several impacts on the development of local communities. The following chapter presents the social and economic impacts of second home ownership in Riebeek-Kasteel and Yzerfontein. The questionnaires are used to identify the contribution of second home owners to the local economy and their employment generating factor.

Also, the questionnaires are used to reveal the level of integration of the second home owners into the local society. Are they for instance involved in community meetings? And do they interact with the local community on a regular basis? Furthermore a link with chapter 5.2 *mapping the research areas* is made to see if second home development leads to gated communities, class colonization or the creation of exclusive zones.

This information is used to answer the second research question; *‘What are the social and economic impacts of second home development in Riebeek-Kasteel and Yzerfontein?’*

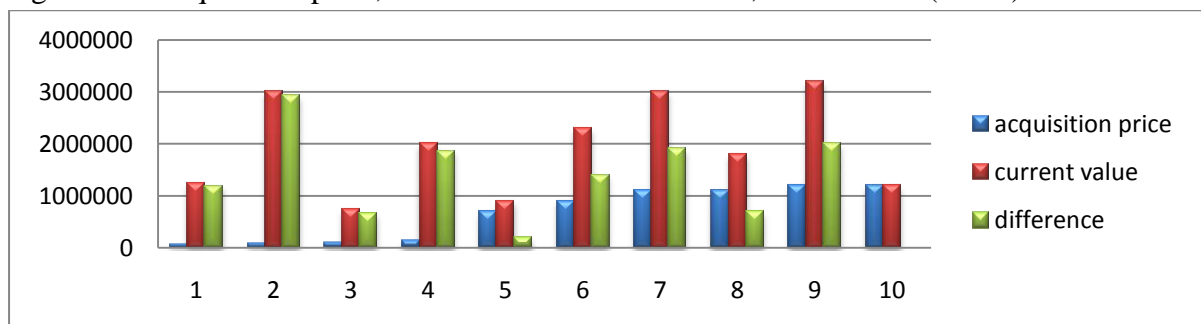
### 6.1 Economic impacts of second home owners in Riebeek-Kasteel and Yzerfontein

The following subchapter will show the economic impacts identified in the questionnaires. Acquisition price of the property, spending patterns of the second home owners on adaptation and renovation, maintenance and operational costs and spending patterns on leisure related activities and groceries give an idea of the contribution of the second home owners to the local and regional economy and the creation of employment.

#### *Acquisition price and current value of the second homes*

Figure 6.1 and 6.2 present an estimation of the acquisition price, the current value and the difference between those variables in Yzerfontein and Riebeek-Kasteel. Purchasing a property potentially delivers direct profits for the previous owner of the property. If this owner decides to spend this money to purchase a property in the same area this leads to investment in the local property market. Profits can further more be used to simulate the local economy.

Figure 6.1: Acquisition price, current value and difference, Yzerfontein (N=10)



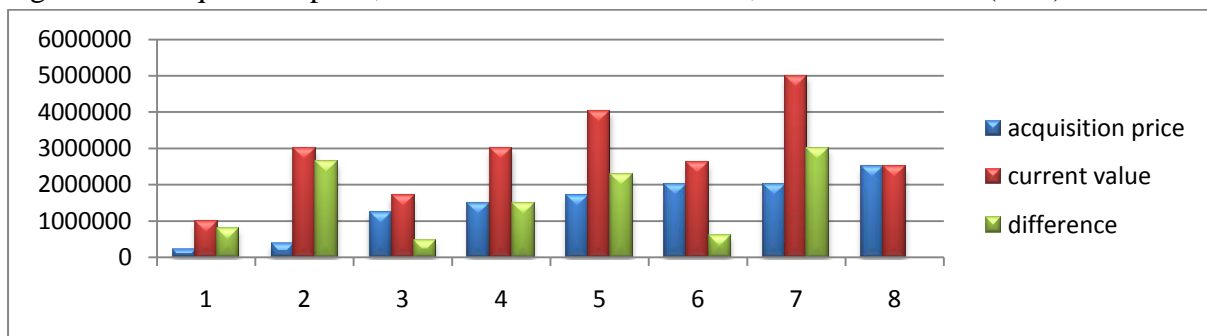
The acquisition prices of the second homes in Yzerfontein ranged from 64,000 Rand to 1.2 million Rand. The current value of the properties range from 75,000 Rand to 3.2 million Rand. Interesting is that the properties which were purchased for the lowest values



show enormous growth in the value of the second home over time. These were however also the oldest second homes. Property prices have grown massively over time. On the one hand because of normal market mechanisms but on the other hand because of the interest in the town amongst new second home owners.

The value of second homes in Riebeeck-Kasteel show similar patterns as in Yzerfontein (Figure 6.1). Acquisition prices range from 220,000 Rand to 2.5 million Rand. Current valuations range from one million Rand to five million Rand. The average difference between the acquisition price and the current value of the second home in Riebeeck-Kasteel is 1.4 million Rand. The average difference in Yzerfontein is 1.28 million Rand.

Figure 6.2: Acquisition price, current value and difference, Riebeeck-Kasteel (N=8)



The properties of the respondents in both towns appreciated much over time. The value of the property in Yzerfontein rose with more than 800 percent. The appreciation of the value of the property in Riebeeck-Kasteel was much lower compared to Yzerfontein, but still considerably high (almost 200 percent).

#### *Adaptations and renovations*

This sub chapter will continue with the outcomes of the spending patterns of second home owners in both towns. This includes information on adaptations and renovations of the property, wages paid to employees, spending patterns in restaurants etc., and taxes. The chapter furthermore reveals whether employees are locally or regionally hired. Five respondents (50%) in Yzerfontein and three respondents (37.5%) in Riebeeck-Kasteel have made adaptation or renovations on their property. These include adaptations or renovations on; kitchens, bathrooms, bedrooms, garages, paving's, decks, braai areas, swimming pools, patio's and gardens.

Figure 6.3: Amount spent (in Rand) on adaptations and renovations in Riebeeck-Kasteel (N=3) and Yzerfontein (N=5)

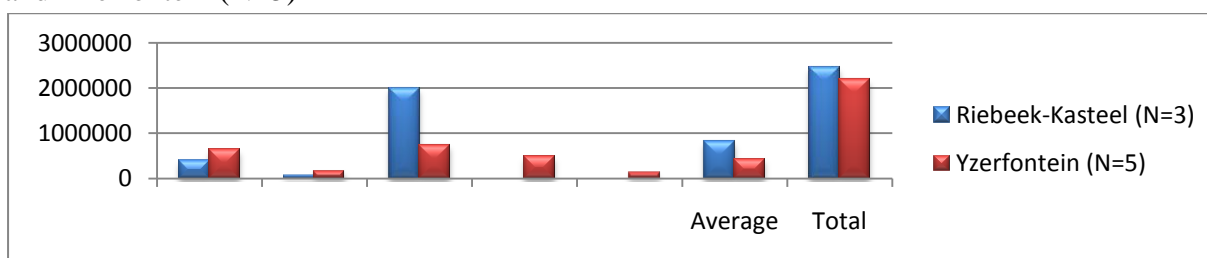


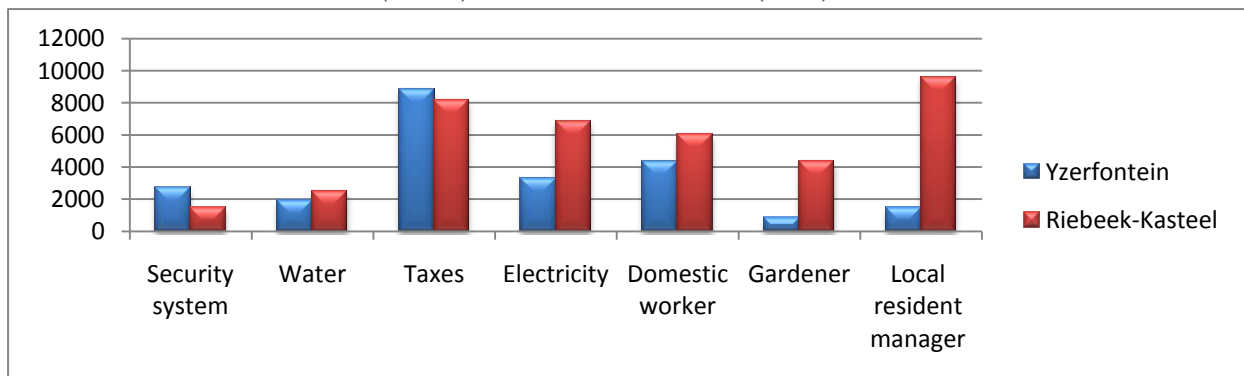
Figure 6.3 shows the amount of money which is spent on adaptations and renovations by second home owners in Riebeeck-Kasteel and Yzerfontein. The costs of the adjustments in Yzerfontein ranged from R750, 000 to R120, 000 and the average was R436, 000. In Riebeeck-Kasteel the range was between R 2,000,000 and R65, 000 and the average was R821, 666. Constructors and contractors which were hired to perform the adjustments on the property in Riebeeck-Kasteel were all locally hired. The contractors and constructors in Yzerfontein were in two cases both locally and regionally hired.

*Maintenance and operational expenditures & Employment generation*

Figure 6.4 shows the average maintenance and operational expenditures per year of the second home owners in Yzerfontein and Riebeeck-Kasteel. These include the costs of the security system, water, taxes, electricity and employees. Employees hired by second home owners can be domestic workers, gardeners, local residents who manage the property or security. 62.5 percent of the respondents in Riebeeck-Kasteel and 70 percent of the respondents in Yzerfontein employed personnel.

In Yzerfontein five domestic workers, three gardeners and one local manager were employed by seven second home owners. The total earnings of these employees per month are R5, 560. The owners in Riebeeck-Kasteel employed four domestic workers, five gardeners and two local managers. The total expenditures on personnel in Riebeeck-Kasteel are R19, 315 per month. The average yearly expenditures on employees of all respondents are shown in figure 5.12. The employees in Yzerfontein were all regionally hired, with an exception for the local manger that was locally hired. The employees reside in Darling, a village nearby. All of the employees in Riebeeck-Kasteel were locally hired.

Figure 6.4: Average yearly operational and maintenance expenditures (in Rand) of second home owners in Yzerfontein (N=10) and Riebeeck-Kasteel (N=8)



The results in figure 6.4 show that taxes constitute an important share of the expenditure of second home owners. More than R 8,000 on average is paid on taxes in both towns per year. The figure furthermore shows that most operational and maintenance costs are higher in Riebeeck-Kasteel than in Yzerfontein. Exceptionally high are wages paid to local managers who look after the property when the residents are not there.

On average each second home owner in Yzerfontein pays R2, 345 per year for maintenance and operational costs. This number is higher in Riebeek-Kasteel where the owners pay R4, 878 per year. Thus, the average yearly contribution to the local economy regarding the operational en maintenance costs of the property of all the respondents is R39, 024 in Riebeek-Kasteel and R23, 448 in Yzerfontein.

*Expenditures on leisure related activities and groceries*

Besides expenditures on maintenance and operational costs of the second home, second home owners can further contribute to the local economy trough expenditures on leisure related activities such as restaurants, bars and art and craft galleries. Other examples of variables trough which the owners can contribute to the economy are their expenditures on petrol, groceries, church and a local club membership. These products can be obtained locally or regionally. Figure 6.5 presents the average spending patterns of second home owners in Yzerfontein and Riebeek-Kasteel. The numbers show the average spending patterns of all respondents per town on a yearly basis.

Figure 6.5: Average spending patterns (in Rand) of second home owners in Riebeek-Kasteel (N=8) & Yzerfontein (N=10) on a yearly basis

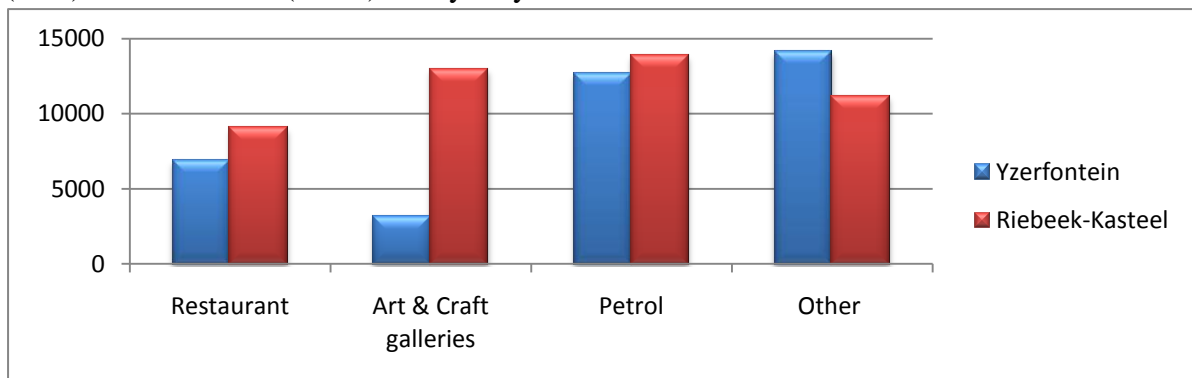


Figure 6.5 shows that second home owners in Riebeek-Kasteel spend a bit more on leisure related activities compared to their co-second home owners in Yzerfontein. On average the owners in Riebeek-Kasteel spend R9075 per year in restaurants. This is a bit more than in Yzerfontein, where they spend an average of R6889 per year in restaurants. A comparable difference can be seen in the purchase of petrol. A big difference can be seen in the spending patterns in Art & Craft galleries. Whereas second home owners in Riebeek-Kasteel spend a yearly average of R12967 in these facilities, only R3200 was spent in Yzerfontein. Riebeek-Kasteel is a known artistic society. Especially in the past decade the village managed to attract a lot of artists. This explains the relatively high spending patterns in the Art & Craft galleries. The category other contains groceries, local club memberships, contribution to the church and plants. The spending patterns in this category are slightly higher in Yzerfontein. This can partly be explained because the higher spending patterns in restaurants in Riebeek-Kasteel, which can lead to lower spending patterns on groceries.

The products obtained in the restaurants and art & craft galleries are obtained locally, thus this is a contribution to the local economy. Petrol and groceries are obtained either

locally or regionally. The spending patterns of second home owners do not only contribute to the local economy, they stimulate the regional economy as well.

The contribution of second home owners to the local economy and their employment generating factor are discussed above. The contribution to local economy starts with the acquisition of the property. If the previous owner stays in town the profits can directly be reinvested in the local economy and property market. The average difference between the acquisition price and the current value of the second home in Riebeeck-Kasteel is 1.4 million Rand. The average difference in Yzerfontein is 1.28 million Rand.

Other contribution to the local and regional economy is through adaptations and renovations. The average price paid on adaptations and renovations in Riebeeck-Kasteel was R821, 666 and the total spending added up to R2, 465,000. The average price in Yzerfontein was R436, 000, the total amount of money spent on adaptations and renovations was R2, 180,000. These adaptations and renovations are executed during the entire period in which the property served as a second home for the current owner. Adaptations and renovations contribute to the local and regional economy and the generation of employment. Most of the contractors were hired locally, with some exceptions.

Further employment is generated by second home owners because they hire employees to maintain their property. 62.5 percent of the respondents in Riebeeck-Kasteel and 70 percent of the respondents in Yzerfontein employed personnel. Five domestic workers, three gardeners and one local property manager are employed in Yzerfontein. The owners in Riebeeck-Kasteel employed four domestic workers, five gardeners and two local managers. The total earnings of these employees per month are R5, 560 in Yzerfontein and R19, 315 per month in Riebeeck-Kasteel.

Other maintenance and operational costs of the property are the expenditures on security systems, water, electricity and taxes. Taxes constitute an important share of the maintenance and operational expenditures. More than R 8,000 on average is paid on taxes in both towns per year. On average each second home owner in Yzerfontein pays R2, 345 per year for maintenance and operational costs. This number is higher in Riebeeck-Kasteel where the owners pay R4, 878 per year. Thus, the average yearly contribution to the local economy regarding the operational and maintenance costs of the property of all the respondents is R39, 024 in Riebeeck-Kasteel and R23, 448 in Yzerfontein.

The final contribution of second home owners to the local and regional economy is through their spending patterns on leisure related activities. This contains expenditures in restaurants, art & craft galleries, petrol and groceries. Second home owners in Riebeeck-Kasteel spend a bit more on leisure related activities compared to their co-second home owners in Yzerfontein. A big difference can be seen in the spending patterns in Art & Craft galleries. In total the second home owners in Riebeeck-Kasteel spend R47, 099 on average on leisure related activities per year. Second home owners in Yzerfontein spend an average yearly amount of R36, 906 on leisure related activities. The products obtained in the restaurants and art & craft galleries are obtained locally, thus this is a contribution to the local economy. Petrol and groceries are obtained either locally or regionally. The spending patterns

of second home owners do not only contribute to the local economy, they stimulate the regional economy as well.

## **6.2 Social impacts of second home owners in Riebeek-Kasteel and Yzerfontein**

The following sub chapter presents the social impacts of second home ownership in Riebeek-Kasteel and Yzerfontein. The results of the questionnaires are used to indicate the second home owner's level of integration into society. The 'map' of the research areas is used to discover certain trends in the community such as gated communities. Qualitative data gathered in restaurants, bars, membership clubs etc. located in the research areas is used to see whether second home development leads to class colonization or the creation of 'exclusive zones'.

### *Integration into the local community*

Almost all of the second home owners in Riebeek-Kasteel have contact with local residents in town. On the question if the respondents have frequent contact with the permanent local residents one of the respondents replied that he only greets the local residents. Two respondents visit permanent residents at home on an occasional basis, and five respondents visit permanent residents regularly. The respondents consider it important to have contact with neighbours and employees of restaurants and shops. One respondent reacted that they have made good friends amongst the permanent residents in Riebeek-Kasteel.

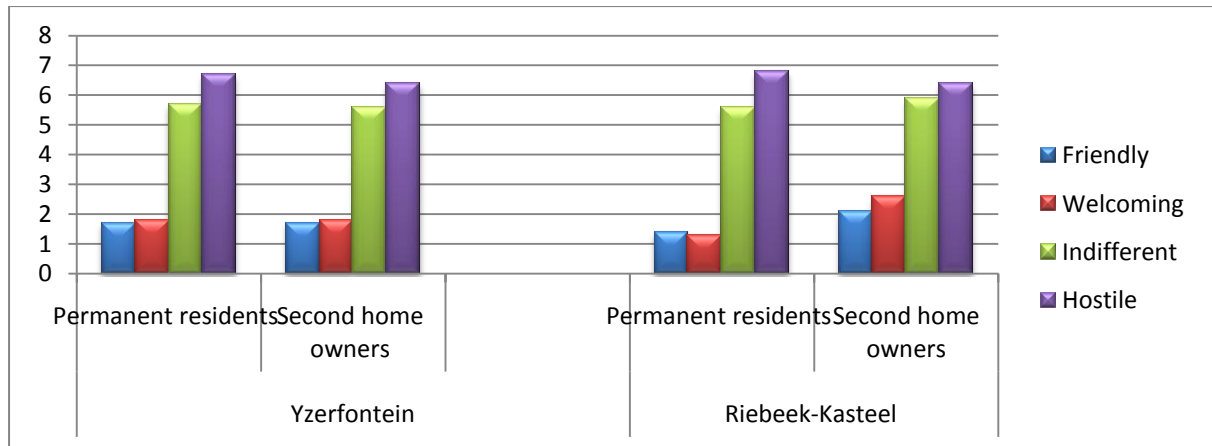
The respondents in Yzerfontein replied comparable on the similar question. One of the respondents does not have contact with local residents; this person does not know the local residents well because he does not spend enough time in Yzerfontein to get to know the local residents properly. Two of the respondent visit local residents on an occasional basis. Seven respondents visit local residents regularly. The respondents in Yzerfontein have comparable reasons for the contact with local residents. They consider it important to be a good neighbour, they visit local restaurant regularly and meet local resident there and they have made new friends amongst the permanent local population.

A related question was asked to discover the frequency of visits of the respondents to other second home owners. Three respondents in Riebeek-Kasteel do not have frequent contact with other second home owners. They either do not know any, or only greeted them while passing. Three respondents visit other second home owners occasionally and two respondents visit other second home owners on a regular basis. The Norwegian respondent has frequent contact with other Norwegian second home owners.

Respondents in Yzerfontein either visit other second home owners on a frequent basis, or not at all. Seven of the respondent say they visit other second home owners frequently, most of them react that they consider other second home owner as friends. Even though they can't always be in Yzerfontein at the same time, they do try to visit each when possible. Two of the respondents only greet other second home owners and one respondent does not know any other second home owners.

The respondents were asked to report their opinion about permanent local residents and other second home owners in the research areas. They were asked if they consider the local population and other second home owners to be friendly, welcoming, indifferent and hostile. Answers could be given on a scale from one ('strongly agree') to seven ('strongly disagree'). Figure 6.6 shows the opinion of the respondents about permanent local residents and other second home owners.

Figure 6.6: Opinion of second home owners about permanent residents and other second home owners in Yzerfontein (N=10) and Riebeek-Kasteel (N=8)



The respondents in Yzerfontein generally appreciate the local permanent population as much as they appreciate other second home owners. They strongly agree that both the permanent population and other second home owners are friendly and welcoming. They furthermore strongly disagree that these groups are hostile and they disagree that these groups are indifferent. There is not a real difference in the respondent's opinion about the local permanent population on the one hand, and other second home owners on the other hand.

Respondents in Riebeek-Kasteel regard the local permanent population even more friendly and welcoming than their fellow-respondents in Yzerfontein. They furthermore strongly disagree that this group is hostile and they disagree that this group is indifferent. Compared to their opinion about the local permanent population, they are however slightly less fond of other second home owners. They rank other second home owners a bit less friendly and welcoming.

In Yzerfontein, the respondents do not differentiate in their opinion between the local permanent population and other second home owners. In Riebeek-Kasteel a small difference can be seen. They regard other second home owners as a bit less friendly and welcoming than the local permanent population. However, more respondents in Riebeek-Kasteel did not know other second home owners. This shows that the knowledge and friendship with other influences the opinion.

To discover further integration into society the respondents were asked if they are involved in any community meetings or forums. They were furthermore asked if they

consider it important for second home owners to be actively involved in the development of the community.

Six of the respondents in Yzerfontein are involved in community forums or meetings. The home owners association, the rate payers association, urban consultancy were amongst the meetings and forums in which the second home owners were involved. Furthermore, many of the respondents in Yzerfontein are a member of the local exclusive member club. Three of the respondents in Riebeeck-Kasteel are involved in community meetings or forums. The 'PPC cement factory' expansion meetings, the church and the rate payers association are mentioned as community forums and meeting in which the second home owners take place.

Over 50 percent of the respondents in Yzerfontein are involved in community meetings or forums, in Riebeeck-Kasteel this percentage is 37.5 percent. Slightly more respondents in Yzerfontein want to be directly informed about the changes in their second home community. This percentage is lower in Riebeeck-Kasteel, but there are some second home owners who are curious about the changes in their second place of residence as well, for instance when it involves the expansion of the PPC cement factory which could influence the comfort of living in Riebeeck-Kasteel.

The respondents were asked to react upon the following statement: *'I think it is important for second home owners to be actively involved in the development of the community'*. Answers could be given on a range from one ('strongly agree') to seven ('strongly disagree').

Some of the respondents in Riebeeck-Kasteel believe it is important for second home owners to be actively involved in the development of the community. These respondents consider it important to help each other and that it is important to help build the community where you live in, especially when your second home will serve a retirement home in the future. However, other respondents in Riebeeck-Kasteel disagree with this point of view. They believe that community development activities require week time commitment while they only spend the weekends in the research area. On average the respondents regard their active involvement in the development of the community as important; they scored 2.1 on the scale from one to seven.

The opinion in Yzerfontein on the same statement is highly differentiated. On average the respondents in Yzerfontein regard their active involvement in the development of the community as less important compared to the respondents in Riebeeck-Kasteel; they scored 2.6 on the scale from one to seven. However, the opinion of the respondents in Yzerfontein was very diverse in this matter. Five respondents believe it is very important for second home owners to be actively involved in the development of the community. They think it is most important to maintain the current high standards and that in order to build a successful community participation of all, also second home owners, is needed. Safety, minimizing crime and the maintenance of the environment are often mentioned as reason for second home owners to be involved in the towns' development. Future retirement plans in the town are also mentioned as a reason to participate. On the other hand the rest of the respondents do not consider it to be very important for second home owners to be actively involved in the development of the community. They think that active involvement is merely possible if you visit on a consistent timetable.

### *Creation of exclusive zones*

The literature pointed out that second home development can potentially have negative social impacts. The differences in income between the local population and second home owners could for instance lead to the creation of exclusive zones, where only rich members read; second home owners, can participate. It could further more lead to the creation of gated communities in which the second home owners create a small society of their own. The following sub chapter discusses these matters using the ‘maps’ of the research areas created in chapter five and the results of semi-structured interviews with local residents.

In Riebeeck-Kasteel second home development has led to the creation of a gated community. The ‘Shiraz estate’ is fenced by a gate and therefore not accessible for unauthorized persons. Other forms of gated communities were not found in Riebeeck-Kasteel. Noteworthy is however that foreign second home owners appeared to live close to other second home owners with the same nationality. For instance, three Dutch second home owners owned property in the North-east part of town. Dutch second home owners are clustering together. And likewise, the Norwegian second home owners appear to do the same. Foreign second home owners in Riebeeck-Kasteel tend to cluster together, but the other second home owners are spread over town and do not cluster together.

Creation of exclusive zones in Riebeeck-Kasteel due to second home owners is not the case. However results from the semi-structured interview show that some local residents have the feeling that the towns ‘culture’ is shifting. Riebeeck-Kasteel is a farming community where the white population is predominantly Afrikaans speaking. Due to the influx of second home owners more white English speaking South Africans are joining community events. Some respondents regret this because they are not fond off or not familiar with this culture and they do not like the social and cultural changes in their society.

There is neither speaking of the creation of gated communities nor the creation of exclusive zone for second home owners in Yzerfontein. Second home owners are spread within the old center of town. A high concentration of second homes can be found in the new part of town, but permanent residents live here as well.

There is one exclusive club in Yzerfontein where many second home are a member. However, most of the permanent residents are a member in this club as well. Thus even though this is an exclusive member club, which can be regarded as an exclusive zone, it is not solely due to the second home owners.

Second home ownership does not lead to the creation of exclusive zones or gated communities in Yzerfontein. However, the seasonal characteristics of second home ownership drive up the prices of product during the summer months. In summer Yzerfontein transforms from a ghost town into a vibrant and crowded small city. Restaurants are fully booked and the bakery in the small supermarket is working over hours to keep up with the demand. Therefore, the prices of the products in the small shops and restaurants increase, which is inconvenient for the local residents.



Second home ownership in Riebeek-Kasteel has led to the creation of a gated community where many Norwegian second home owners reside. Foreign second home owners appear to cluster in the town. Like the Norwegian second home owners, some Dutch second home owners live in a cluster as well. There is no creation of exclusive zones in Riebeek-Kasteel. But local residents do regret that the towns 'culture' is shifting due to the influx of many English speaking second home owners.

In Yzerfontein second home ownership did not lead to the creation of gated communities or exclusive zones. The high number of second homes in town does however lead the increasing prices of products in restaurants and shops during the busy summer months.

### 6.3 Chapter conclusion

This chapter discussed the social and economic impacts of second home ownership in Riebeek-Kasteel and Yzerfontein. Information obtained in this chapter is used to answer the second research question; *'What are the social and economic impacts of second home development in Riebeek-Kasteel and Yzerfontein?'*

The contribution of second home owners to the local economy and their employment generating factor are considerable. Respondents contribute to the local and regional economy through the acquisition of the property, adaptations and renovations, other maintenance and operational costs and spending patterns on leisure related activities. They furthermore contribute to the local taxes payments. Besides the economic stimulant, second home owners are a direct source of employment for domestic workers, gardeners, local property managers and contractors. They are furthermore an indirect source of employment for employees in restaurants, shops and other leisure related activities.

Second home owners in both towns are relatively well integrated into the local society. Most respondents consider it important to have friends in the area and to be a good neighbor. Many respondents furthermore consider it important to be actively involved in the development of the community. Other second home owners believe that they are not frequently enough in their second community to participate in the development of the town.

It became clear in the literature that the impacts of second homes are always relative and context specific. Second home ownership may be seen as a positive factor creating employment and generating income. However, it might also be described as holding back development due to its seasonality and thus limited income. Likewise second home ownership can be blamed for occupying dwellings that would otherwise have been used as permanent homes. But on the other hand second homes can be viewed upon as giving at least seasonal life to a location that would otherwise have been empty (Marjavaara, 2008, p.20).

Due to the large number of second homes in Yzerfontein, this town clearly suffers from this seasonality. The town is almost empty during the winter, but a true transformation takes during the summer months. Whereas the high demand for products and services during the summer forces the prices up, there is almost no demand for products and services during the winter. However, second home owners in Yzerfontein cannot be blamed for occupying

dwellings that would otherwise have been used as permanent residence. There are so many second home owners in Yzerfontein that they can never all be replaced by permanent residents. Most of the second home owners are thus giving life to a location that would otherwise have been empty.

The seasonal influence of second home owners in Riebeek-Kasteel is less severe. There are clearly less second home owners in Riebeek-Kasteel compared to Yzerfontein. However, whereas Yzerfontein has a long history of second homes and its main economical drives are tourism and second homes, Riebeek-Kasteel originated as an agricultural village and still carries the function of agriculture service center. It is therefore likely that many second home owners replaced permanent residents. Thus, even though second home owners in Riebeek-Kasteel make a considerable contribution to the towns' economy and are a source of employment, the towns' income in fact declines because permanent residents are replaced by the second home owners.

The literature furthermore pointed out that increasing second home development in rural areas is often linked to the co modification of country side. In this context the countryside is no longer merely seen as a production resource for agricultural and forest products. Instead the countryside is transforming in a post-production area which is consumed for its amenities, its housing environment and an imagined rural life style. This can lead to conflicts over resources between the local population and the newcomers (Muller et al., 2004, p. 15).

Seen the history of Yzerfontein this is clearly not the case here. In contrary to Yzerfontein, Riebeek-Kasteel does have a farming history. The original function of the town as a local agricultural service centre remains intact, but tourism and agri-tourism in particular are growing in importance for the economy of Riebeek-Kasteel. Even though it is still in the beginning phase, a clear shift can be seen from an agricultural production economy to an economy which is more focused on tourism and second home ownership. This shift can be traced back in the aim of the municipality to implement a '*well-planned contained growth model to fulfill the residential (retirement) and agri-tourism (wine and olives) functions of Riebeek-Kasteel*' (Swartland Municipality, 2010, p.10). This shift is however still in its early stages and second homes are not as multiple yet. Therefore there are no conflicts over resources between the local population and the newcomers.

It is also shown in the literature that second home are seen as flagrant inequality. Some of the most remote areas are home to both households with a very high income who own a second home in the region and households with a very low income. This can lead to social exclusion and disadvantages for the low income groups (Paris, 2009, p.297).

Second home ownership in Riebeek-Kasteel has led to the creation of a gated community where many Norwegian second home owners reside. Foreign second home owners appear to cluster in the town. Like the Norwegian second home owners, some Dutch second home owners live in a cluster as well. There is no creation of exclusive zones in Riebeek-Kasteel. But local residents do regret that the towns 'culture' is shifting due to the influx of many English speaking second home owners. Existing disadvantages for the low income group in the township on the east side of the village cannot solely be appointed to the presence of second home owners in the town.

In Yzerfontein second home ownership did not lead to the creation of gated communities or exclusive zones. The high number of second homes in town does however lead the increasing prices of products in restaurants and shops during the busy summer months.

## Second home development and gentrification

The following chapter discusses the third research question; *'To what extent does second home development lead to rural gentrification in the Swartland municipality and does this phenomenon impede with the land reform program?'* This question examines whether there is a link between second home development and the displacement permanent residents. In the South African context it is very interesting to see whether there is a link between the development of second homes and the lack of readily available and affordable land for land reform projects.

To answer this question quantitative data analysis of sold property in Yzerfontein in the period 2006-2008 has been used to discover the inflation of property prices. This is combined with results from the questionnaire with the second home owners identifying the acquisition price and an estimation of the current property value. Results from the questionnaires are used to see to what extent the second home owners consider certain variables to be important when purchasing a second home. These factors are linked to several factors which are used to explain rural gentrification in the literature. Furthermore, the stages in the second home life cycle in which the research areas have been placed in chapter five are used to place the areas in the gentrification process. Information derived from the Swartland municipality has been used to identify the availability of land for future residential purposes in Riebeeck-Kasteel and Yzerfontein, this information is used to see whether second home development impedes with land reform projects. Besides this, interviews with local representatives, municipal employees and estate agents are conducted to see if second home development in the research areas leads to gentrification.

### 7.1 Property price appreciation

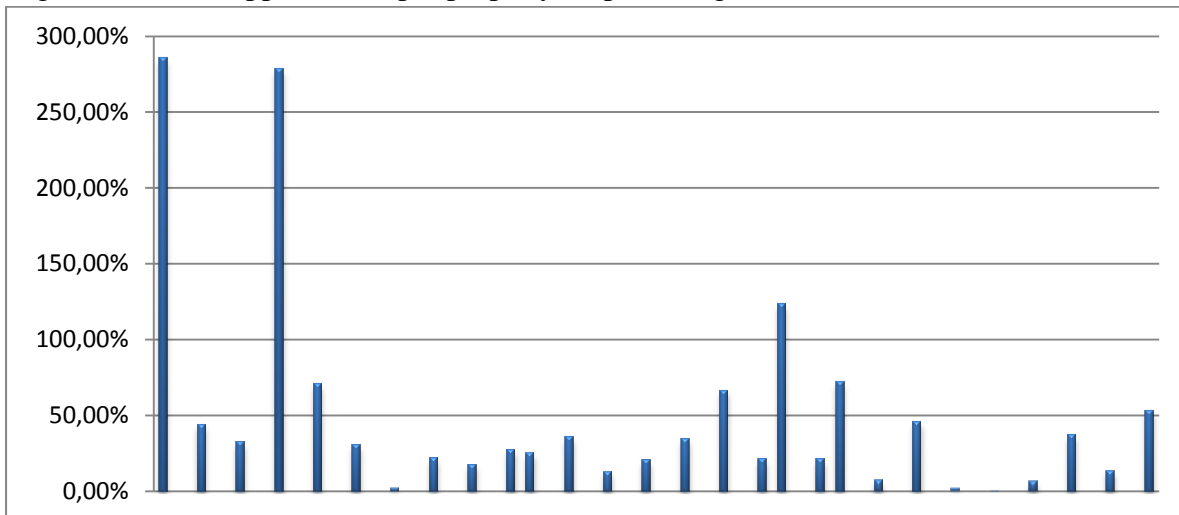
Supply and demand can cause the value of real estate to go up or down. The value of real estate can be influenced by supply and demand. Property prices will decline when there is an oversupply and they will appreciate when there is an undersupply on the property market (Advantage software LLC, 2010). This subchapter will take a closer look into the price appreciation of property in the research areas. Results of the questionnaires are used to discover the appreciation of the value of the second homes in the research areas. Furthermore, information about sold property in Yzerfontein is included to get a better idea of the property price appreciation in Yzerfontein between 2006 and 2008.

It has already been mentioned that the properties of the respondents in both towns appreciated much over time. The value of the property in Yzerfontein rose with more than 800 percent. The appreciation of the value of the property in Riebeeck-Kasteel was much lower compared to Yzerfontein, but still considerably high (almost 200 percent). Due to the different acquisition years of the properties, these numbers are however very distorted.

To get a better idea of the price appreciation a list of sold property in Yzerfontein between 2006 and 2008 is used (Private sale, 2010). This list contains information about all sold property in Yzerfontein with the transfer date and the property price. In total 378 properties were sold within this period. In order to calculate the property price appreciation the properties which were sold twice within this period are separated. In total 53 of the sells

included the same property at least twice. This means that 25 of the properties were sold at least twice between 2006 and 2008. Figure 7.1 shows the price appreciation of these properties in percentage.

Figure 7.1: Price appreciation per property, in percentage



Most of these properties appreciated with ten to fifty percent. There are however a couple of outliers. Two properties had returns of more than 250 percent. This might be explained by large renovations or even by the replacement of the previous property. The average price appreciation of property in Yzerfontein between 2006 and 2008 is 49.9 percent; the median appreciation value is 28.8 percent.

Even though the property appreciation value in Yzerfontein was very high during this period, it is not an exceptional number. South Africa had been experiencing a real estate bubble from 1997 to 2008 with a price rise of 389 percent (Monthly review, 2010). A peak in the bubble was experienced in 2007. Thus the high price appreciation of property in Yzerfontein between 2006 and 2008 fits into the national real estate time spirit.

Nevertheless, property price appreciation of 28.8 percent is still a high profit. Not only for the residents, but also for the municipality because property taxes are linked to the value of the property. Local residents of whom the income does not rise simultaneously with appreciation of the property prices and taxes suffer as a consequence of this. The elderly who do not have an income are amongst the groups who have to struggle to survive the increasing costs of living.

## 7.2 Gentrification in Riebeeck-Kasteel and Yzerfontein

The literature pointed out that rural gentrification can be explained by several factors. First of all, residential migration movements are only established when residential preference is enabled. If land and housing prices are low in a particular area more investors will come in when they expect that they can sell their property with high profits (Philips, 1993, p.125). This is directly linked to increasing land and property prices. Other motivations for

gentrification are minimizing the costs of household production and buying into a socially desired life-style (Philips, 1993, p.126).

Chapter five discussed the motivations of the respondents to purchase a second home. The nice environment and escaping city life are important motivations for the owners in both areas to purchase a second home. Whereas the respondents in Riebeek-Kasteel regard the potential investment returns as important, the respondents in Yzerfontein do not. None of the respondents see minimizing the costs of household production as an important factor.

The factors explaining rural gentrification which are mentioned in the literature are not comparable with the most important motivation of the second home owners to purchase a second home. Potential investments returns are seen as one of the most important explanations for rural gentrification. The respondents in Yzerfontein do not regard this variable important in their motivation to purchase a second home. In Riebeek-Kasteel the respondents were more enthusiasts about this variable. Low costs of living are regarded as very unimportant in both towns. The corresponding variable which is both seen as an important motivation to purchase a second home for the respondents and a variable which explains the motivations for rural gentrification are the desire to purchase a particular lifestyle.

The literature furthermore pointed out that the process of gentrification shows much resemblance with the second home life cycle. The stages in the second home lifecycle in which the research areas can be placed are discussed in chapter five.

The results of the questionnaire show that Riebeek-Kasteel can either be placed in the first stage or in the second stage of the second home life cycle. Most of the second homes in Riebeek-Kasteel are converted and not purposely built as a second home. Due to the rapid residential developments, and the increasing popularity of the town amongst urbanites it could be assumed that Riebeek-Kasteel is leaning towards the second stage in the second home life cycle. Yzerfontein is more likely to be placed within the third stage of the second home life cycle. This town does not only have more purposely built second homes, they are also more likely to be built on an empty plot. Furthermore, there are many real-estate agents active in the town which highlights the commercial aspect of the development of second homes in Yzerfontein.

The second home market in Yzerfontein is highly developed. A relatively high percentage of second homes can be found here, many second home are purposely built and there is much commercial involvement. The second home market in Riebeek-Kasteel is less developed. However, because of the different structure and background of the town the impacts are noticeable in this town as well.

Semi- structure interviews with several local residents and other key persons were conducted to see if gentrification is taking place in Yzerfontein and Riebeek-Kasteel. Riebeek-Kasteel experienced 'massive' growth in the past decade. Many people discovered this town and it is said to be the 'new Franshoek'. Franshoek is a very popular town which has grown excessively in the past decades. In the past Franshoek was a normal farming town in a picturesque setting. It is said that it is due to foreigners purchasing lifestyle farms that the property prices appreciated extremely. Franshoek grew out to be a town of the rich and

famous and it no longer accessible for the South African population with a middle income and some local residents were forced out because they could no longer afford to live in that area. Many second homes can be found here.

One respondent mentioned that Riebeeck-Kasteel seems to be in an early 'Franshoek stage'. Like Franshoek, Riebeeck-Kasteel is a very popular town as well because of its amenity values. An increasing number of foreigners and South Africans purchased a second home in this town. The town is furthermore popular amongst artists. As already mentioned, the town is increasing in popularity. Accompanied with this are increasing property prices. This leads to the situation where the town itself becomes an exclusive zone.

Another respondent in Riebeeck-Kasteel gave an example of gentrification. Property prices are linked to property taxes. Due to the increasing property prices in Riebeeck-Kasteel the property taxes rose simultaneously. Furthermore, due to the growth of the town, Riebeeck-Kasteel was recently connected to the sewage system. This also has increased municipal taxes. One of the interviewees in Riebeeck-Valley mentioned that some elderly who previously lived in the town were forced to move away because they could no longer afford the increasing taxes.

### **7.3 The availability of land in Yzerfontein and Riebeeck-Kasteel**

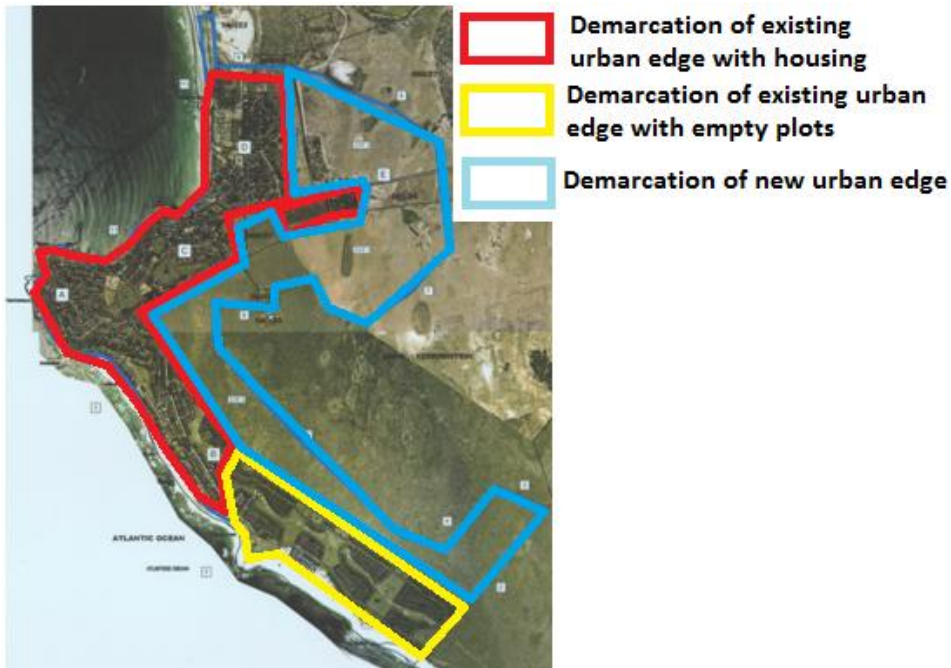
In order to see if the development of second homes in the research areas impedes with the implementation of the land reform program it is necessary to know how much land is available. The following subchapter shows the availability of land in Riebeeck-Kasteel and Yzerfontein.

Chapter 2.4, the geography of second home location revealed several factors which influence the location of second home areas. One of the factors which influence the geography of a second home location is the availability of land for second home development. Delineation of the new urban edges of both Yzerfontein (Map 5.3) and Riebeeck-Kasteel (Map 5.4) are used to give an indication of the land availability for development in the future. Seen that there is no distinction between first homes and second homes in South Africa these figures also present the availability of land for the development of second homes.

#### *Land availability in Yzerfontein*

Map 7.1 shows the demarcation of the existing and new urban edge in Yzerfontein. The existing urban edge is divided in two components. The red demarcation figures the contemporary developed urban edge. Residential dwellings are situated on most of the plots in the part of town. Land in the yellow part of town is already zoned for residential purposes. The plots here are either ready to be sold or already owned by someone. However, houses have not been built on most of these plots yet. The bleu demarcation represents the new urban edge. This land will be prepared for residential purposes in the future. Thus, approximately two third of the land surface within borders of the new urban edge is available for residential development purposes.

Map 7.1 Demarcation of the existing and new urban edge in Yzerfontein

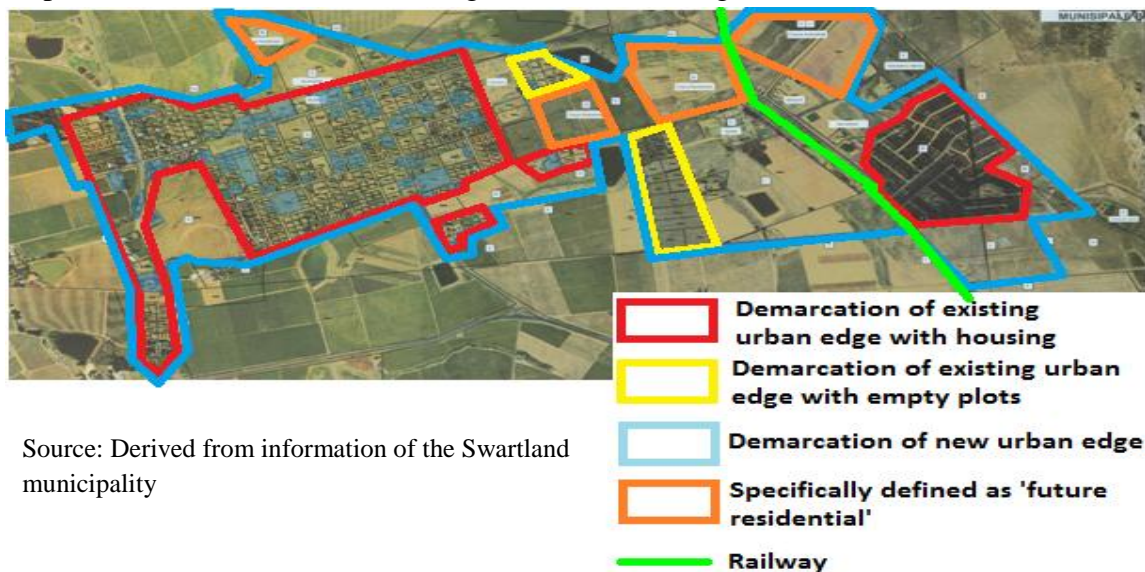


Source: Derived from information of the Swartland municipality

*Land availability in Riebeek-Kasteel*

Similar demarcation of the new urban edge in Riebeek-Kasteel is represented in map 7.2. This map shows resemblance with map 7.1, the red marked areas correspond to the existing urban edge. Yellow also figures the existing urban edge, but most plots are not developed yet. And the bleu demarcation shows the proposed new urban edge.

Map 7.2: Demarcation of the existing and new urban edge in Riebeek-Kasteel



Source: Derived from information of the Swartland municipality

There are however also differences between the new and existing urban edges in



Yzerfontein and Riebeek-Kasteel. First of all, the demarcation of the existing undeveloped urban edge in Riebeek-Kasteel is significantly smaller compared to Yzerfontein. Within the existing urban edge with housing there are however some empty plots which can be identified.

Furthermore, whereas the new urban edge in Yzerfontein does not indicate which specific areas are labeled as 'future residential', map 7.2 shows the areas within the new urban edge which have specifically been appointed as 'future residential' in Riebeek-Kasteel. Other areas within the new urban edge in this town are labeled for instance as 'school' or 'sport fields'. There are some areas within the new urban edge which have not been labeled. The destination of such areas remains unclear, but they can possibly serve as future residential areas as well. Map 7.2 shows that there is some land available for the development of residential plots in Riebeek-Kasteel as well. This proportion of available land is however considerably smaller compared to Yzerfontein.

Yzerfontein does furthermore not have a low cost housing segment. Thus no land needs to be appointed to land reform programs. Riebeek-Kasteel does have a low cost housing segment, situated on the east side of the railway. Map 7.2 does however not indicate whether land for future residential purposes is needed for the low cost housing segment or the higher cost housing segment. The railway, which currently divides the town, is likely to remain the border between the low cost housing and the higher cost housing segment.

The availability of land in Yzerfontein is relative large compared to the availability of land in Riebeek-Kasteel. Furthermore, there is no low cost housing segment in Yzerfontein. This is partly due to the fact that the local residents in Yzerfontein do not want a low cost housing segment and partly because the demand for low cost housing in Yzerfontein is very low, only seven households are on the waiting list for a subsidized property in this town (Swartland municipality, 2010). There is no overlap between land which is needed for land reform projects and second home development. Therefore second home development in Yzerfontein is not impeding with land reform programs.

Even though the availability of land in Riebeek-Kasteel is smaller and there is a relatively large low cost housing segment in this town the development of second homes in this area interview respondents react that the development of second homes does not impede with the implementation of the land reform program. The low cost housing market in Riebeek-Kasteel is situated on the east side of the town, clearly separated from the rest of the by the railroad. There is a clear division between both housing markets and the respondent claim that there is no overlap between the land which is needed for residential purposes on each side of town.

According to municipal data there are currently over 600 households are on the waiting list for subsidized houses in Riebeek-Kasteel. The plots on which these houses are local are however small. The new urban edge on the east side of the railroad is sufficiently large to carry residential developments for a couple of decades.

## 7.4 Chapter conclusion

This chapter discussed the third research question; *'To what extent does second home development lead to rural gentrification in the Swartland municipality and does this phenomenon impede with the land reform program?'* This question examined whether there is a link between second home development and the displacement permanent residents. The chapter furthermore discussed whether the development of second homes leads to the lack of readily available and affordable land for land reform projects.

The literature has shown that rural gentrification can be explained by several factors. First of all, residential migration movements are only established when residential preference is enabled. According to the so called 'rent-gap theory' of Smith this can happen when there are important investment opportunities. If land and housing prices are low in a particular area more investors will come in when they expect that they can sell their property with high profits (Philips, 1993, p.125). This is directly linked to increasing land and property prices. Other motivations for gentrification are minimizing the costs of household production and buying into a socially desired life-style (Philips, 1993, p.126).

Second home owners in both towns consider a specific life style as an important motivation to purchase a second home. In general they do however not regard potential investment returns as a motivation to buy a second home. None of the respondents see minimizing the costs of household production as an important choice in their decision to buy a second home. Thus the motivations of the respondents to purchase a second home are not similar to the factors which are used in the literature to explain gentrification processes.

The theoretical framework furthermore pointed out that second home development can be conceptualized in an ideal-type life course. Starting with pioneer renovators, through revitalization of areas and purchase of existing homes from former low-income buyers and eventually full commercial involvement. In the beginning, deserted houses and farms in rural areas were converted into second homes by pioneer renovators. Then second homes were purchased from former low income buyers and converted into second homes. In the later stages of the second home life course, second homes are purpose built. This life course shows much resemblance with the process of neighborhood displacement, which is more commonly known as gentrification (Paris, 2009, p.299).

The second home market in Yzerfontein is highly developed. A relatively high percentage of second homes can be found here, many second home are purposely built and there is much commercial involvement. Yzerfontein's property market can therefore be placed in the third stage of the second home life cycle. The second home market in Riebeeck-Kasteel is less developed. This market can be placed in the second stage of the second home life cycle. However, because of the different structure and background of the town the impacts are noticeable in this town as well.

Interview respondents mentioned that Riebeeck-Kasteel experienced 'massive' growth in the past decade. Many people discovered this town and it is said to be the 'new Franshoek'. In a short period of time Franshoek grew out to be a town of the rich and famous and it no longer accessible for the South African population with a middle income and some

local residents were forced out because they could no longer afford to live in that area. Many second homes can be found here. One respondent mentioned that Riebeek-Kasteel seems to be in an early 'Franshoek stage'. Like Franshoek, Riebeek-Kasteel is a very popular town as well because of its amenity values. An increasing number of foreigners and South Africans purchased a second home in this town. Accompanied with this are increasing property prices. This leads to the situation where the town itself becomes an exclusive zone.

Another respondent in Riebeek-Kasteel gave an example of gentrification. Property prices are linked to property taxes. The respondent mentioned that some elderly who previously lived in the town were forced to move away because they could no longer afford the increasing taxes.

The literature argues that the negative developments in attractive rural destinations are caused by the development of second home ownership. The combination of the high economic status among the urban population, combined with the urban demand for rural second homes and the low prices for rural dwellings leads to increasing prices in attractive locations. It is argued that the socio-economic advantage which is often enjoyed by second home owners causes a situation where second home owners are creating a price rally of all dwellings in an area. This leads to increasing property prices in the destination areas. Due to this the property taxes will rise simultaneously. It might eventually even lead to the displacement of the weakest in the community. Others argue that the development in rural areas is caused by rural restructuring and they consider second home development as a positive factor which creates new opportunities in marginalized rural areas.

Property prices in Yzerfontein appreciated with 28.8 percent between 2006 and 2008. Even though South Africa was experiencing a real estate bubble during this period this percentage is still a high profit. Not only for the residents, but also for the municipality because property taxes are linked to the value of the property. Local residents of whom the income does not rise simultaneously with appreciation of the property prices and taxes suffer as a consequence of this. The elderly who do not have an income are amongst the groups who have to struggle to survive the increasing costs of living.

Signs of gentrification have been mentioned by interview respondents. In Riebeek-Kasteel a respondent gave an example of forced displacement of a household who could no longer afford the increasing taxes. Riebeek-Kasteel is furthermore compared to Franshoek, a town where gentrification clearly takes place.

None the less, the local population is not solely moving out of the research areas due to forced evictions. Some residents simply prefer to live elsewhere. Therefore developments in research areas are partly caused by rural restructuring and voluntary out migration of households. There are however also signs that forced evictions of the local population in the research areas are caused by the development of second home ownership.

There is no clear connection between second home development and the lack of affordable and available land for land reform projects. A reasonable amount of land is available for future residential purposes in Yzerfontein and Riebeek-Kasteel. Furthermore, there is no low cost housing segment in Yzerfontein. There is no overlap between land which

is needed for land reform projects and second home development. Therefore second home development in Yzerfontein is not impeding with land reform programs.

Even though the availability of land in Riebeek-Kasteel is smaller and there is an relatively large low cost housing segment in this town the development of second homes in this area interview respondents react that the development of second homes does not impede with the implementation of the land reform program. There is a clear division between both housing markets and the respondent claims that there is no overlap between the land which is needed for residential purposes on each side of town. Over 600 households are on the waiting list for subsidized houses in Riebeek-Kasteel. The new urban edge on the east side of the railroad is sufficiently large to carry residential developments for a couple of decades.

## Conclusion

The purpose of this research therefore is to contribute to the research on the development of second homes in South Africa and to gain more insight in second home development in South Africa and the positive and negative effects that this phenomenon has on local communities. The main question is;

*‘What are the consequences of second home development in Swartland for the local communities of Yzerfontein and Riebeek-Kasteel?’*

Riebeek-Kasteel can either be placed in the first stage or in the second stage of the second home life cycle. Most of the second homes in Riebeek-Kasteel are converted and not purposely built as a second home. Due to the rapid residential developments, and the increasing popularity of the town amongst urbanites it could be assumed that Riebeek-Kasteel is leaning towards the second stage in the second home life cycle. Yzerfontein is more likely to be placed within the third stage of the second home life cycle. This town does not only have more purposely built second homes, they are also more likely to be built on an empty plot. Furthermore, there are many real-estate agents active in the town which highlights the commercial aspect of the development of second homes in Yzerfontein.

Both Riebeek-Kasteel and Yzerfontein serve as a weekend destination on the one hand. The visits to the second home remain constant throughout the year and most of the respondents live nearby their second home. However, the areas have high amenity features are used as vacation destinations as well. Thus, both areas attract weekend and vacation home owners. It can therefore be expected that the second home phenomenon in both town will continue to expand.

Seen the stages in which the research areas can be placed, the impacts of second home developments in Yzerfontein differ the impacts in Riebeek-Kasteel. The composition of the population, the economic activities and the diversity in the housing market in both towns are very different. Whereas Yzerfontein’s main economic function is situated around the second home scene and tourism sector, the main economic activity in Riebeek-Kasteel is still agriculture. Furthermore, Riebeek-Kasteel knows a more varied housing market and composition of the population. Impacts of second homes in Riebeek-Kasteel can therefore be severe in this town as well.

The contribution of second home owners to the local economy and their employment generating factor are considerable. Respondents contribute to the local and regional economy through the acquisition of the property, adaptations and renovations, other maintenance and operational costs and spending patterns on leisure related activities. They furthermore contribute to the local taxes payments. Besides the economic stimulant, second home owners are a direct source of employment for domestic workers, gardeners, local property managers and contractors. They are furthermore an indirect source of employment for employees in restaurants, shops and other leisure related activities.

Due to the large number of second homes in Yzerfontein, this town clearly suffers from this seasonality. The town is almost empty during the winter, but a true transformation

takes during the summer months. Whereas the high demand for products and services during the summer forces the prices up, there is almost no demand for products and services during the winter. However, second home owners in Yzerfontein cannot be blamed for occupying dwellings that would otherwise have been used as permanent residence. There are so many second home owners in Yzerfontein that they can never all be replaced by permanent residents. Most of the second home owners are thus giving life to a location that would otherwise have been empty.

The seasonal influence of second home owners in Riebeek-Kasteel is less severe. There are clearly less second home owners in Riebeek-Kasteel compared to Yzerfontein. However, whereas Yzerfontein has a long history of second homes and its main economical drives are tourism and second homes, Riebeek-Kasteel originated as an agricultural village and still carries the function of agriculture service center. It is therefore likely that many second home owners replaced permanent residents. Thus, even though second home owners in Riebeek-Kasteel make a considerable contribution to the towns' economy and are a source of employment, the towns' income in fact declines because permanent residents are replaced by the second home owners. Riebeek-Kasteel has a farming history. The original function of the town as a local agricultural service centre remains intact, but tourism and agri-tourism in particular are growing in importance for the economy of Riebeek-Kasteel. Even though it is still in the beginning phase, a clear shift can be seen from an agricultural production economy to an economy which is more focused on tourism and second home ownership. This shift can be traced back in the aim of the municipality to implement a *'well-planned contained growth model to fulfill the residential (retirement) and agri-tourism (wine and olives) functions of Riebeek-Kasteel'* (Swartland Municipality, 2010, p.10). This shift is however still in its early stages and second homes are not as multiple yet. Therefore there are no conflicts over resources between the local population and the newcomers.

Second home ownership in Riebeek-Kasteel has led to the creation of a gated community where many Norwegian second home owners reside. Foreign second home owners appear to cluster in the town. Like the Norwegian second home owners, some Dutch second home owners live in a cluster as well. There is no creation of exclusive zones in Riebeek-Kasteel. But local residents do regret that the towns 'culture' is shifting due to the influx of many English speaking second home owners. Existing disadvantages for the low income group in the township on the east side of the village cannot solely be appointed to the presence of second home owners in the town.

In Yzerfontein second home ownership did not lead to the creation of gated communities or exclusive zones. The high number of second homes in town does however lead the increasing prices of products in restaurants and shops during the busy summer months.

Second home owners in both towns are relatively well integrated into the local society. Most respondents consider it important to have friends in the area and to be a good neighbor. Many respondents furthermore consider it important to be actively involved in the development of the community. Other second home owners believe that they are not frequently enough in their second community to participate in the development of the town.

The economic and social impacts of second home development in Yzerfontein are large because of the high number of second homes in the area. However, this town has a long history of second homes and they constitute an important development opportunity in the town. The impacts in Riebeek-Kasteel are currently less severe, but this town originated as a farming community and the modification of the country side can have stern impacts on the development of the town. It is therefore important that second home ownership, especially in Riebeek-Kasteel, is well planned and properly guided.

Signs of gentrification have been mentioned by interview respondents. In Riebeek-Kasteel a respondents gave an example of forced displacement of a household who could no longer afford the increasing taxes. Riebeek-Kasteel is furthermore compared to Franshoek, a town where gentrification clearly takes place.

None the less, the local population is not solely moving out of the research areas due to forced evictions. Some residents simply prefer to live elsewhere. Therefore developments in research areas are partly caused by rural restructuring and voluntary out migration of households. There are also signs that forced evictions of the local population in the research areas are caused by the development of second home ownership.

There is no clear connection between second home development and the lack of affordable and available land for land reform projects. A reasonable amount of land is available for future residential purposes in Yzerfontein and Riebeek-Kasteel. Furthermore, there is no low cost housing segment in Yzerfontein. There is no overlap between land which is needed for land reform projects and second home development. Therefore second home development in Yzerfontein is not impeding with land reform programs.

Even though the availability of land in Riebeek-Kasteel is smaller and there is an relatively large low cost housing segment in this town the development of second homes in this area interview respondents react that the development of second homes does not impede with the implementation of the land reform program. There is a clear division between both housing markets and the respondent claims that there is no overlap between the land which is needed for residential purposes on each side of town. Over 600 households are on the waiting list for subsidized houses in Riebeek-Kasteel. The new urban edge on the east side of the railroad is sufficiently large to carry residential developments for a couple of decades.

Second home development in Yzerfontein and Riebeek-Kasteel has both positive and negative consequences for the development in the community. Especially in Yzerfontein, second homes can be regarded as an important development opportunity. However, there are also signs that second home development in the research areas leads to gentrification. It is therefore important that this phenomenon is well planned and properly guided.

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## ANNEX 1 - Questionnaire second home owners

### 1) Demographic profile:

1.1 Date of birth: DD/MM/YYYY

.....

1.2 Gender:

.....

1.3 Nationality:

.....

1.4 Where is your first home located? Please fill in the name of the town, province and country

.....

1.5 Where is your second home located? Please fill in the name of the town, province and country

.....

1.6 Ethnicity:

- Black
- Colored
- Asian
- White
- Other.....

1.7 What is your native language?

.....  
1.8 What is the highest education level you have finished?

- Matric (grade 12)
- College
- Bachelor
- Honours
- Masters
- Other .....

1.10 What is your marital status?

- Single
- Cohabiting
- Married
- Divorced
- Widowed

1.11 How many children do you have?  
.....

1.12 What is your current or latest profession?  
.....

1.13 Please indicate your annual income after taxes (values are indicated in RAND)

<100,000	100,001 – 200,000	200,001 – 300,000	300,001 – 400,000	400,001 – 600,000	600,001 – 1,000,000	1,000,001 – 2,000,000	> 2,000,000
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1.14 Are you retired?

- Yes
- No

## 2) Patterns of spending

2.1 In which year did you purchase your current second home?  
....

2.2a Are you the sole owner of the second home?

- Yes (continue with question 2.3a)
- No

2.2b If you are not the sole owner of the second home, with whom do you share the ownership of the property?

- Spouse
- Family
- Friends
- Other.....

2.3a Please report to what extent the following reasons to purchase a second home were important to you (Please circle the number which comes closest to your opinion)

Potential investment returns	Very important	1	2	3	4	5	6	7	Very unimportant
To serve as a retirement home (in the future)	Very important	1	2	3	4	5	6	7	Very unimportant
Because of the good weather conditions	Very important	1	2	3	4	5	6	7	Very unimportant
Because of the nice environment	Very important	1	2	3	4	5	6	7	Very unimportant
To escape the city life	Very important	1	2	3	4	5	6	7	Very unimportant
Greater confidence in South Africa	Very important	1	2	3	4	5	6	7	Very unimportant
Differences in costs of living	Very important	1	2	3	4	5	6	7	Very unimportant
The need for experiencing different places with different cultures	Very important	1	2	3	4	5	6	7	Very unimportant
Other (please specify)	Very important	1	2	3	4	5	6	7	Very unimportant

2.3b Do you have any other specific links with the area where you purchased your second home?

- Family lives in the area
- Return migration
- Visited the area as a tourist before purchasing the second home
- Other.....

2.3c Did you inherit the property??

- Yes
- No

2.4 Please give an indication of the acquisition price of your property

R .....

2.5a What was the property zoned as before you moved in?

- Residential
- Industrial
- Agriculture
- Other.....

2.5b Did you replace the previous property in order to build your new property?

- Yes
- no

2.5c Was your second home newly build?

- Yes

- No

2.6 Please give an indication of the current value of your property

R .....

2.7a Please give an indication of the number of times you have visited your second home over the past year

.....

2.8 Please indicate the number of days per month (on average) that you have personally spent in your second home during the past year

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Days												

2.9a Do others make use of your second home?

- Yes
- No (continue with question 2.10a)

2.9b To whom do you let your property out? Multiple answers are possible

- Family
- Friends
- Colleagues
- Other .....

2.9c How many days per month (on average) did you let your property out during the past year?

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Days												

2.10a Please indicate if you made any adaptations to and/ or renovated your second home since you have purchased the property?

- Yes
- No (continue with question 2.11)

2.10b Please give an indication of the adaptations and renovations which you made, including their costs. Furthermore, please also indicate where the construction companies, which have performed the adaptations and renovations on your second home, were located

Description of the adaptations/ renovations	Costs of the adaptations/ renovations	Origin of the construction company: locally-hired, regionally-hired, both, other (namely)


2.12a How many employees do you have and how much do you pay them?

	Number of employees	Per day (for all employees together )	Per month (for all employees together)
Domestic Worker		R	R
Gardener		R	R
Local resident(s) who manages second home property		R	R
Security		R	R
Other (please specify)		R	R

2.12b Are these employees locally-hired?

- Yes
- No (Please elaborate)

.....

2.13 What are the other operational costs of your property on a monthly or yearly basis?

	Per Month	Per Year
Security	R	R
Refuse Removal	R	R
Water	R	R
Rates/Taxes	R	R
Electricity	R	R
Other (please specify):	R	R

2.14a How much money did you spent (on average) on the following activities during your last visit?

Please indicate in the first column if the money was spent locally or regionally.

	Locally or regionally	Spending per week	Spending per month	Spending per year
Restaurants		R	R	R
Art & craft galleries		R	R	R



Petrol		R	R	R
Other (please specify):		R	R	R

**3) Integration**

3.1a Do you have frequent contact with the permanent local residents?

- Yes, I visit local residents on a regular basis
- Yes, I visit local resident on a occasionally basis
- No, I only greet residents
- No, I do not know local residents

3.1b Please explain your answer above?

.....  
 .....

3.1c What is your opinion of the local residents? (Please circle the number which comes closest to your opinion)

Friendly	Strongly Agree	1	2	3	4	5	6	7	Strongly disagree
Welcoming	Strongly Agree	1	2	3	4	5	6	7	Strongly disagree
Indifferent	Strongly Agree	1	2	3	4	5	6	7	Strongly disagree
Hostile	Strongly Agree	1	2	3	4	5	6	7	Strongly disagree

3.2a Do you have frequent contact with other second home owners?

- Yes, I visit other second home owners on a regular basis
- Yes, I visit other second home owners on a occasionally basis
- No, I only greet other second home owners
- No, I do not know other second home owners

3.2b Please explain your answer above?

.....  
 .....

3.2c What is your opinion of the other second home owners? (Please circle the number which comes closest to your opinion)

Friendly	Strongly Agree	1	2	3	4	5	6	7	Strongly disagree
Welcoming	Strongly Agree	1	2	3	4	5	6	7	Strongly disagree

	Agree								
Indifferent	Strongly Agree	1	2	3	4	5	6	7	Strongly disagree
Hostile	Strongly Agree	1	2	3	4	5	6	7	Strongly disagree

3.3a Are you involved in any community forums or meetings?

- Yes
- No (continue with question 3.5a)

3.3b Please elaborate on the activities of these forums or meetings?

.....  
 .....

3.4a Please react on the following statement: *'I think it is important for second home owners to be actively involved in the development of the community'* (Please circle the number which comes closest to your opinion)

Strongly Agree	1	2	3	4	5	6	7	Strongly disagree
----------------	---	---	---	---	---	---	---	-------------------

3.4b please explain your answer above?

.....  
 .....

3.5a Please react on the following statement: *'I believe it is important for the town to maintain its small town feel'* (Please circle the number which comes closest to your opinion)

Strongly Agree	1	2	3	4	5	6	7	Strongly disagree
----------------	---	---	---	---	---	---	---	-------------------

3.5b Please explain your answer above?

.....  
 .....

3.6a What are the effects of the increase in second home ownership on the local community? (Please circle the number which comes closest to your opinion)

Beneficial	Strongly Agree	1	2	3	4	5	6	7	Strongly disagree
Detrimental	Strongly Agree	1	2	3	4	5	6	7	Strongly disagree

3.6b Please explain your answer above?

.....  
 .....

3.7a Do you believe that the increase in second homeownership is changing the dynamics of the community?

- Yes

- No (continue with question 3.8)

3.7b Please explain your answer above?

.....  
.....

3.8a Has your property been a place of crime while you were not there?

- Yes
- No (continue with question 3.8)

3.8b What influence would, or does crime have on purchasing or selling your second home?

.....  
.....

3.9 If there is anything else you would like to add, please feel free to do so

.....  
.....

**You have now completed the questionnaire. If you have any questions feel free to contact me!**

[A.C.Lemmen@students.uu.nl](mailto:A.C.Lemmen@students.uu.nl)

**Thank you very much for your time and cooperation**

## ANNEX 2 – Semi structured interview

- 1) **There have been a lot of comments on foreign land ownership in South Africa in the last couple of years. Could you give me an idea of the development of foreign land ownership?**
  - IBN consulting (law firm in CT) reported that 2 % of all land sales in 2005 were foreign. The total % of transactions in foreign owned companies, close corporations and trusts has not been accounted for in that number.  
→ Focusing on leisure base consumption migration
  - Class colonization → creation of exclusive zones??
  - Gentrification??
  - Xenophobia??
  - Examples?
  - Positive effects?
- 2) IBN: “There is a very strong public perception that an unregulated ownership of land such as housing by foreigners contribute significantly to the lack of readily available and affordable land for land reform”. **Would you agree with that statement??**
  - If yes: could you give some concrete examples of that?
  - Differences between location of wealthy foreign housing and locations for land reform projects
- 3) **Could you give a general indication of the main characteristics of foreign home owners in SA?**
  - Increasing buys of foreign middle classes?? Or is it still mainly the very wealthy?
  - Differences between middle classes and very wealthy in location of second home?
- 4) **Are foreigners often involved in purchasing a small holding?**
  - Does that lead to a change in the use of the land?
    - Examples??
    - What kind of an effect does that have on employment generation?
  - Does it lead to fragmentation of the land?
- 5) **A lot of comments on foreign land ownership. Example: land price rise → possible displacement (NAFU). However, property prices also increased in areas which were not favorable amongst foreigners. Why is there such a strong focus on foreign home owners and not on second home owners in general??**
  - Would you say that the effect of SA people owning a second home is comparable to foreign home ownership??
  - What are the differences?
- 6) **Is the impact of the development of second homes on the local tax base positive? → will local land owners face lower property taxes with second home development in their community?**
- 7) **Has the quality of local public goods and services improved due to the development of second homes?**
  - Has this affected the property taxes paid by local land owners?
- 8) **Do you have an idea of villages where second home development is a big event?**
- 9) **Friction between locals and newcomers?**
- 10)