



Economic implications of second home development in South Africa

Case Study on Franschhoek



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I hereby declare that this thesis is entirely the work of Sanne van Laar. Any other contributors or sources have either been references in the prescribed manner or are listed in the acknowledgements together with the nature and scope of their contribution

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This report is the result of six months of research and analysing. It is written as my final graduation thesis in order to finalise my master in International Development Studies, University of Utrecht, The Netherlands.

The subject of this paper regards the economic implications of second home development in South Africa, focusing on the small and lovely town Franschhoek. Conducting the research and writing this thesis was a learning experience, a life experience but most important a great experience. Interesting but also challenging and at times frustrating, with mainly high ups, and sometimes a deep down. This period has contributed to a better understanding, more knowledge, and new perspectives, but above all it has enriched me as a person.

A great lesson learned during the 4 months of field work has been that between theory and practice there is a world of difference, and often things do not go according to the book. It challenged me to think outside the box by means of exploring new ways to come where I wanted to be.

Coming to the end of this process, I can say that I am glad that I took on the challenge and that I am satisfied with my accomplishments. Although a thesis is considered an individual work, it would not have been realised without the support of several people.

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EXECUTIVE SUMMARY

South Africa is facing increasing second home ownership. Numerous villages and towns along the South African coastline, and increasingly in its rural interior, have grown and been converted significantly as result of amenity migration. Franschhoek is one of many examples. Nevertheless, until now, with some exceptions, second home development as a topic of research, has been almost invisible to the South African academics.

Contrasting to the remained silence regarding second homes is the intensive interest and media attention for the topic; “foreign land and home ownership in the South African context”. Questions are raised whether foreign ownership is justifiable, as the majority of the South Africans is unable to afford own land or property, let alone a second home. Striking in this debate is, that until now there is hardly been given any attention to domestic second home ownership and questions regarding the sustained elitist nature of second homes in South Africa. Next to the international investors, the wealthy local urbanites are obtaining second homes in rural towns and villages.

However, as the South African Geographical, Tourism as well as Town and Planning research discourses remain rather mute on the topic of second home development, the question “what are the implications of foreigners and South Africans owning a second home?”, remains unanswered. As it is a place and context specific topic, the purpose of this research presented in this thesis is to find out what the effect of second home development is for the village Franschhoek, specifically. Therefore the aim of the research was identified as:

“To gain a deeper understanding of the economic implications of second homes in Franschhoek, by means of analysing and comparing spending behaviour of South African’s (domestic) second home owners and foreign second home owners in the local economy, in an attempt to investigate difference between the two groups in their contribution to the local economy” This objective is threefold, therefore three sub-objectives are identified and examined. The conclusions are discussed hereafter.

(1) *‘To identify the characteristics of the Franschhoek second homes and second home owners, to investigate whether there are differences between the characteristics of foreign and domestic second home ownership’*. This objective is examined in chapter 5 of thesis.

Franschhoek is an ideal second home node. Approximately 37%, indicating total number of properties, are regarded converted or purpose build second homes, placing Franschhoek between the second and the third phase of the second home development cycle. The second home owners are economically active and they can be categorised as upper –level income earners, indicating a high purchasing power. Differences between foreign and domestic second home owners mainly are based on their age and position in the family life cycle as well as the function of their second home in Franschhoek.

Due to the presence and influence of foreign second home owners, this research on Franschhoek is different from previous case studies conducted in the South African context. Previous researches were mainly focused on the domestic character of second home development at a certain destination. In Franschhoek, the active presence of foreign second home owners, in combination with the absence of many domestic second home owners due to having their second home only for investment purpose, makes that it is a case on its own, with only limited interfaces with second home development in South African context, discussed in academic literature until now.

(2) *‘To identify the spending behaviour (economic pattern) of foreign and domestic second home owners in the local economy and analyse the differences between the two groups, and by this means investigating the contribution of foreign and domestic second home owners to the local economy and its development’*. This objective is examined in chapter 6 of this thesis.

Second homes influence a variety of different components in Franschhoek local economy, ranging from direct and indirect employees’ wages to higher income for the local municipality in terms of rates and

taxes. In addition Franschhoek local economy experiences second home spending patterns which are continuously year round, such as the need for maintenance and memberships fees.

There are many differences noticeable between foreign and domestic second home owners' contribution to Franschhoek local economy, and on the related implications on Franschhoek local economy. In general the foreigners spend higher amounts more frequent and in different businesses, contributing to a higher economic differentiation on the one hand, and an increase in foreign currency in the local economy on the other hand. In many occasions the difference between domestic and foreign second home owners was limited. Furthermore it became clear, that dependency and seasonality were negative side effects of especially the foreign segment of second home owners in Franschhoek.

The potential influence that second home development can have on Franschhoek local economy and its development should not be underestimated.

(3) *'To investigate the perceptions of local community, local business owners and second home owners on (economic) implications of second home development'. This objective is examined in chapter 7 of this thesis.* The majority of the permanent residents like local business owner's respondents groups, do not perceive second home development affecting Franschhoek negatively. They are positive about the second home owner's interaction and involvement, arguing that there are several positive economic implications induced by second home development, such as job creation and diversification of the economic base, which are of high importance.

Interesting in this respect is, that both the positive and negative economic implications perceived by permanent residents and local business owners, are for the main part associated with the foreign second home owners. The influx of foreign currency is highlighted as one of the main economic benefits, whereas on the other hand, the general opinion among the permanent residents and local business owners is, that it are the foreigners who are the cause of the exacerbation of property prices, that Franschhoek has been witnessing over the past decade, triggering processes of displacement and segregation. However, the influence of domestic second home owners has not been touched upon.

Second home development in Franschhoek has both positive and negative implications for Franschhoek local economy as well as for its local community; however outweighing the two is difficult, as in the end the moral question remains whether positive economic implications weigh more, and therefore outbid the negative implications, and whether foreign ownership is justifiable as the majority of the South Africans is unable to afford to own land or property led alone a second home.

The research presented in this thesis, aims to compare negative and positive economic implications of second homes, and more important, to draw a comparison between domestic and foreign second home owners spending behaviour and impact on local economy. By these means striving for more in-depth understanding of the second home phenomenon in the South African context, with the aim to contribute to the current debate in South Africa on foreign ownership and the related second home phenomenon. It investigated the different sides of second home development and analysed the impacts accompanied by this phenomenon. Hopefully creating a wider interest to the topic of second home development in the South-African context, and offering new food for thought.

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1 INTRODUCTION

Having entered the 21st century, our world has become deeply interdependent. The processes and impacts of globalisation are intensely embedded into our every-day life. It is for this reason that the ways in which economic, social, cultural and environmental relationships have been stretched and interwoven across the globe; bring about fresh and interesting dynamics, creating new ‘food for thought’.

Although globalisation is not a new phenomenon, the current intensification of global transformation has led to the idea of living ‘together’ in a global village, facing new dynamics identified by Harvey as; financial deregulation, technological change and innovation, media and communications and the costs and time of moving not only commodities but also people (Harvey, 2000 in Hall, 2005). However these dynamics are not separate entities, they are interrelated. Together with important features such as production, consumption and place, ‘new’ forms of mobility are emerging throughout the globe (Hall, 2005: 33-34). As argued by Zoomers “*Thanks to the new communications and transport technology, it has indeed become possible to communicate and to travel more rapidly, and to own land and houses in distant, exotic destinations* (2008: 3).

Second homes are a recent manifestation of the confined impact of transnationalism and globalization in a neoliberal governance context (van Noorloos and Zoomers 2010). Second home tourism can be viewed as an expression of new types of hypermobility, and leisure appropriates of late postmodernism and globalisation (Aledo, 2008 in van Noorloos and Zoomers, 2010).

Although it is highly debatable whether second home tourism is really a new form of mobility, it can be stated that more and more emphasis has been put on the phenomenon due to the pace of which it is changing countries interiors by commoditizing amenity rich locations, such as coastal areas and attractive natural and cultural landscapes. This increase in human migration to areas of high quality recreational and tourism recourses is referred to as ‘amenity migration’ and includes both permanent and second home residents (Hall and Williams, 2002)

Next to globalization also major changes in European and American societal systems are seen by Müller (2004) causes for second home development. Economic prosperity, higher disposable incomes and longer periods of leisure time led to an enormous growth in tourism flows and especially second homes. As Hall and Müller argue, the extension of property rights across boundaries, space-time convergence changing approaches to work and leisure, and structural changes in economies and the demographic profiles of societies have led to the fact that currently second homes have become a critical part of the present day tourism-mobility nexus (2004b: 3).

Due to its consumption-led migration character, second homes have become an important part of many countries tourism industries. The ideal dream of purchasing a little piece of paradise is appealing more to people, and goes beyond the boundaries of the developed world, establishing more and more in the scenery places of the developing world. In the segment of second home development the emphasis is especially on sale and purchase of land and properties, and the consequent urbanization of areas, contrasting to the normal (mass) tourism industry which includes, services like hotels, travel agencies, tour operators and restaurants (van Noorloos and Zoomers, 2010).

The different scales at which the second home phenomenon is active (global, national, regional and local) and the combination of tourism and migration characteristics, makes second home tourism a difficult subject to grasp, let alone its implications and challenges. Invariably, different stakeholders hold differing views and new migrants introduce new power relations and political structures (Gill, n.d.) changing total fabric of place and community.

Already at the point of defining the phenomenon second home tourism, difficulties arise as under its umbrella, different features can be identified; residential tourism, expatriate residency, retirement migration and lifestyle migration bounded by the overall characteristic of amenity migration (Koch-Schulte, 2008: 2),

which due to different types and functions as well as different consuming patterns of their owners can have different implications for its host destinations and communities.

It is for this reason that second home tourism has no solid definition and is such an interesting and very much debated topic. It is a rapid growing phenomenon, and is certainly becoming an increasingly important feature in many countries, so also in South Africa.

1.1 PROBLEM IDENTIFICATION

South Africa is faced with increasing second home development and ownership. Numerous villages and towns along the South African coastline, and increasingly in its rural interior, have grown and been converted significantly as a result of amenity migration. Nevertheless, research discourse on tourism planning and development as well as tourism geography, have been silent concerning second-home development. With some exceptions, second-home development as a topic of investigation has been almost invisible to the South African academic literature (Visser, 2003: 379).

Contrasting to the remained silence regarding second homes is the intensive interest and media attention for the topic foreign land and home ownership in the South African context. The phenomenon of foreigners buying has been a fact since the demise of the Apartheid, as since that time South Africa has become an interesting country for foreign investors. Especially the low property prices and a stabilizing political climate triggered foreigners to buy second homes in South Africa. There are multiple voices favouring this phenomenon arguing that it markets South Africa as a favourable investment climate attracting even more foreign direct investment (Lafraniere, 2005).

However, especially during the past five years, in combination with the discontent regarding the slow pace of land reform and redistribution, the debate on foreign ownership is facing momentum in South Africa. Since 2005, the surge in local property prices have been the centre in this debate, in which parties argue that foreign buyers are to blame for driving up property prices, and pricing local permanent residents out the market (South Africa Information, 2004). Opposites however raise questions with these arguments as they identify the scarcity of certain areas as the main reason for the rise of prices (Property24, 2011).

Prominent in the context of this debate is the meaning of land with regard to redistribution of wealth and opportunities as well as economic growth of the South African population. Questions are raised whether foreign ownership is justifiable as the majority of the South Africans is unable to afford own land or property led alone a second home. From this viewpoint it has been argued that foreign ownership is witnessed as hampering the process of redistribution and negatively affecting local opportunities.

Striking in this debate is that until now there is hardly been given any attention to domestic second home ownership and questions regarding the sustained elitist nature of second homes in South Africa (Hoogendoorn and Visser, 2004: 15), next to the international investors it are also the wealthy South African urbanites which are obtaining second homes in rural towns and villages and by this means producing a gentrified landscape in which locals are pushed out the property market, leading to displacement and/or exclusion of a lower- by a higher class group (Visser and Kotze 2008: 2586).

As mentioned by Visser; *“Crucial, recognition of the impact that second homes, and the various cohorts of people involved in this complex system of production and consumption led migration, hold for host communities, and has recently started to draw attention at the highest levels of South African governance. In the light thereof, many questions are currently being asked about who owns what type of property, where and for what purpose”* (Visser, 2004: 256).

Nevertheless, this attention on government level has mainly lead to debates on measures regarding controlling foreign ownership whereas domestic second home ownership is hardly been touched upon.

Also interesting, in this debate is the narrow focus on economic prosperities related to land ownership, and the way foreignisation is hampering this process. This while, hardly any attention is given to the possible benefits second homes are producing for local communities and development. Economic implications deriving from the presence of second homes and second home owners, as well as their resulting tourism expenditure patterns and associated economic linkages, can be of utmost importance, especially in the light of current

debate of foreignisation of home and land. The aspect of ‘new’ money flowing in to the local economy can contribute to local economic development, and therefore must not be underestimated. In addition, elaborating on second home tourism as assisting (or not) in employment creation and broader economic development would contribute to a better understanding of the second home phenomenon.

Taking the ‘possible benefits of second home tourism for local economic development’ as a starting point, it is very interesting, especially in the light of the current debate, to investigate whether there is a difference between domestic second home owners and foreign second home owners spending behaviour and their contribution to the local economy, and by this means creating a better understanding of the economic benefits, second home development can bring along and as a result permeating the silence surrounding domestic second home ownership, in the South African context. Therefore, identified for this research as main objective:

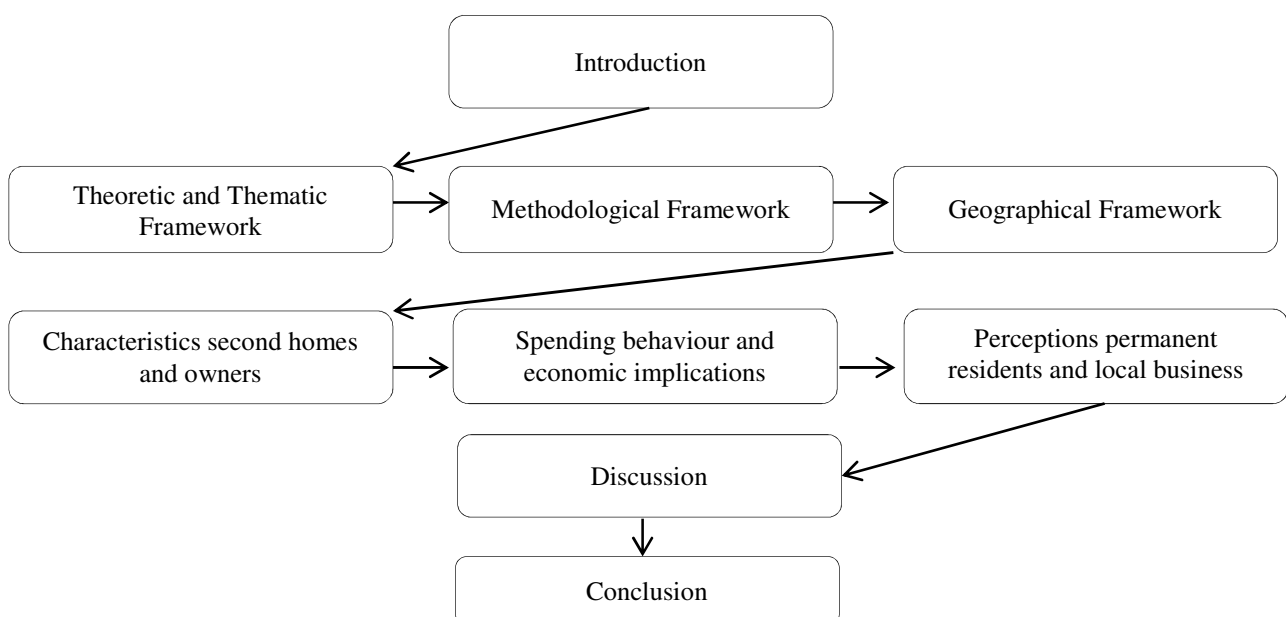
“To gain a deeper understanding of the economic implications of second homes in Franschhoek, by means of analysing and comparing spending behaviour of South African’s (domestic) second home owners and foreign second home owners in the local economy, in an attempt to investigate difference between the two groups in their contribution to local economy”

1.2 STRUCTURE OF THE THESIS

The following figure provides a visualization of the structure of this thesis. The scheme divides the nine chapters of this thesis and visualises the three different sections of this thesis; an introductory section, the research findings and a section with discussion and conclusions. The introductory section consists of the following chapters: Chapter 1, introduces the subject of second home development, identifies the problem and gives a justification of the subject. Chapter 2 provides the theoretic thematic framework in which the relevant concepts are discussed prominent in international and national literature. This chapter forms the basis of this subject. Followed is the methodological framework (chapter 3). This chapter presents the aims and objectives of the research presented in this thesis. In addition this chapter discusses the methods used and the acquisition of results. Also the limitations faced during this research are discussed. Chapter 4 is the geographical chapter in which the research area is demarked and described.

The research findings represent the results which are gathered during the research. Chapter 5, 6 and 7 are divided according to the three research objectives of the research, followed by the discussion and the conclusion.

Figure 1: Structure of the thesis



2 THEORETIC-THEMATIC FRAMEWORK

From the previous chapter it becomes clear that the different scales at which second home development is active (global, national, regional and local) and the combination of tourism and migration characteristics makes second home tourism a difficult subject to grasp, let alone its implications and challenges. Invariably, different stakeholders hold differing views and new migrants introduce new power relations and political structures (Gill, n.d.). Already at the point of defining the phenomenon second home tourism, difficulties arise as under its umbrella different features can be identified; residential tourism, expatriate residency, retirement migration and lifestyle migration bounded by the overall characteristic of amenity migration (Koch-Schulte, 2008: 2) which, due to different types and functions as well as different consuming patterns of their owners, can have different implications for its host destinations and communities.

Therefore, this chapter presents the theoretic-thematic foundation for the research presented in this thesis. Different aspects mentioned above will be discussed by means of reviewing both international and national (South African) literature related to the topic, as well as related fields. In addition, the link with tourism will be discussed, and similarities will be defined in order to bridge second home owners expenditures with tourism expenditures methodologies in order to create a framework, functioning as the base line used for comparative research in the field, in which domestic and foreign second home spending behaviour in local economy can be analysed.

2.1 GLOBALISATION, TOURISM AND MIGRATION: A RELATION?

The world has become deeply interdependent. The processes and impacts of globalization are embedded into our every-day life. Integration of different parts of the globe and the sense of coming together leads to the idea of living together in a 'global village'. People are increasingly thinking in terms of an era of global change and a globalising world (Potter et al. 2008: 129). This trend in which the world we live in, is being seen as ever more global in character and orientation, has manifested itself during the last 20 years (Potter et al. 2008: 129). Schech and Haggis (2000:58), for example, defined globalisation as the intensification of global interconnectedness, a process connected with the spread of the capitalistic system as a production and market system. However globalisation is much more than only an economic reoccurrence, it is also a social, cultural and political one.

In addition, globalisation is associated with shifting ideas and experiences of time and place, and with development of new communications technologies as well as enhancement of free movement of goods, services, capital, information as well as people. Making the global tendencies a highly spatially phenomenon (Potter et al, 2008: 128).

Currently, there is an on-going debate on the character of globalisation, whether it leads to homogenization or heterogenization of the relations between globalisation and patterns of development. In which homogenization is underlying the convergence of the world, arguing that the world becomes more and more 'the same'. Whereas divergence lingers to the observation that localities making up the world system are becoming increasingly different (Potter, 2008: 192).

Regardless of the nature of the debate, it becomes clear that interconnectedness, integration and intensification are reoccurring terms in definitions of globalisation. Furthermore the spatial character emphasises the diminishing of boundaries and the transcontinental linkages created by globalisation. Due to new communication and transportation means, new forms of mobility are connecting us to distant exotic new places.

The ease and pace of moving across the globe, has led to an increase in the number of people with the desire and capacity to move to other places (Annan, 2006: 963-965) captured in both migration and tourism flows, as well as a combination of the two.

A phenomenon which is closely linked to travelling to new destinations for the purpose of holiday and leisure is migrating to these places for a certain amount of time. Argued by Woods; global economic and political change has stimulated an explosion in tourism-led migration flows resulting in extraordinary

alteration of landscape and impacted communities (2006: 499-502). In addition, as argued by Bell and Ward (2000) human mobility is an essential part of activities in the contemporary world, and can be divided into two categories, permanent and temporary mobility, by length of stay and by the motive of mobility into two calls, consumption oriented and production oriented.

McWatters (2009: 8) makes however reference in his work to the two branches identified by Müller and Hoggart (1994) of labour oriented and consumption oriented migration. In which the consumption-oriented migration, as argued by McWatters, has several points of intersection with tourism.

Similar arguments can be found in the work of Hall and Williams (2002) in which they state that the increase in human migration is mainly to areas of high quality recreational and tourism remedy and can be referred to as consumption-led migration. They argue that consumption-led migration systems may develop symbolic relationships with tourism flows, as part of the redefinition of the practices of consumption, assuming several forms such as the duration of the migration, motivations and property relations. As example they give the investment in second homes, which implies a certain degree of commitment to the destination area (Williams and Hall, 2000).

2.2 TEMPORARY CONSUMPTION-LED MIGRATION IN THE FORM OF SECOND HOMES

Consumption-led migration, often referred to as amenity migration, is closely linked to tourism and its idea of pleasure and holiday as well as the need for a different 'touristic' lifestyle. Amenity refers to the tendency to concentrate in the most attractive areas (Gallent et al. 2003: 290). Buying your own 'second' home in paradise, happens typically in countries with lower economic development, where standard of living is low and acquisition of property and land are affordable, making it a very controversial debated topic.

In addition, argued by Casado-Díaz '*Second homes has been defined as an intersection between tourism and migration, and given as an example of the complexity of current mobility*' (2004; 215). This interrelationship between tourism and migration is an extensive researched phenomenon.

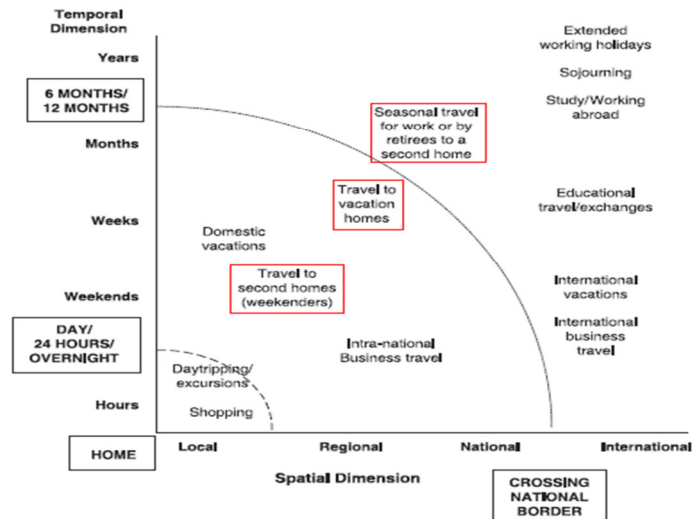
However, as stated by Hoogendoorn (2010) the flows towards these second homes and the related patterns of time space use are important phenomenon's that links tourism and migration, both falling under the umbrella of informed mobility. Williams and Hall (2000) tried to categorize these different types of informed mobility in to five distinctive flows, in which three are related to consumption-led migration namely;

1. Consumption- led: economically active migrants; income dependent type of mobility which is defined by the motivation of the migrants.
2. Consumption-led: retirement migration; part of the urban tendency. Retirement migration has a more seasonal character, and can be defined according to length of residence. It is often linked to a more permanent form of migration.
3. Visiting friends and relatives in consumption; in this case the migration is a precondition, and can only lead to further round of second home development.

Also Hall has made attempts to on the one hand distinct the aspects of tourism and migration, on the basis of duration of stay, whereas on the other hand showing their relationship (2005; 130) (Figure 2 next page). Striking of this model is on the one hand the temporal dimension as a crucial variable to distinguish between types of travels and tourism or migration, and on the other hand the spatial dimension. The temporal dimension ranges from hours to years, whereas the spatial dimension is defined from the perspective of different regional levels, varying from local to the international level (Kauppila, 2010: 162).

Figure 2: The entanglement of second home in tourism and migration research

The spatial dimension emphasizes the global aspect and the different scales (local, regional, national, international) in which the phenomenon takes place. However, on the other hand it shows that second home development does not always have an international dimension, and very well can be a domestic occurrence. As the model visualizes, Hall makes the distinction between weekend second homes, second homes for the purpose of vacation homes and seasonal travel by retirees to second homes, based on the characteristics of time and space.



Source: Hall, 2005:130
Enlargement figure Annex 2: 2.2

This indicates the diversity of the phenomenon of second homes, and the plural forms in which it takes place, as well as its transnational character. Already since the 1970s, there is quite some indistinctness regarding the definition of second homes (Hoogendoorn and Visser, 2004: 106). For the purpose of this research the following section will review literature on defining second homes as well as making a distinction between foreign second homes (also referred to as residential/retirement migration) and domestic second homes.

2.3 SECOND HOMES; DEFINING THE PHENOMENON

Second home research was prevalent up until the mid-eighties and has become more popular during the last decade with recent publications of both books and articles regarding the topic of second homes. However second home development is not a new phenomenon, already in 1938, Ljungdahl reported on this phenomenon occurring in the Scandinavian context. This research was pursued in the 1960s and 1970s addressing the phenomenon in both American and European context (Hall and Müller, 2004a: 3-4). However, it was the publication of 'Second Homes: Curse or Blessing' of Coppock in 1977, which provided a point of reference for second home research, reflecting the at that time current debates on the value of second homes (Coppock, 1977 in Hall and Müller, 2004a: 4).

Striking in this respect is that although Coppock was a pioneer, second home research between the late 1970s and early 1980s faced an impasse. It took until the early 1990s, before the second wave of research on second homes tourism was a fact. Hall and Müller (2004a: 4) have identified several reasons for this comeback:

- The growth in inter-regional and international second home related retirement migration
- Increase recognition of the economic, environmental a social implications of tourism by government
- The deliberate use of second homes as an economic development tool

Since the 1990s the body of literature on second homes has grown extensively, focusing not only on the impacts, but also on the different perspectives accompanied with second home development. Nevertheless, many publications are linked to geographical locations and national traditions, making comparing the studies difficult. For instance, the use of census data is a commonly used method in many of the western countries for identifying second homes. However in developing country this information is mainly absent, making it a difficult and time consuming process (Pienaar and Visser, 2009, p. 456). Partly due to this another issue arises, namely the difficulty of defining second homes and its related forms. This is merely an issue of terminology as current academic literature uses a range of definitions; residential tourism, seasonal migration, retirement migration and long-stay tourism, all to define second home development or parts of the phenomenon (Koch-Schulte, 2008: 34). For instance, a more general common used definition is:

Amenity migration; *“the movement of people for pleasure rather than economic reasons”* (Chipeniuk 2004: 327). However, although this expression captures a significant part of what second home entails, it remains a rather vague and broad definition.

Goodall, defined **second homes** as followed; *“A fixed property that is the occasional residence of a household normally living elsewhere, as well as one owned or rented on a long lease, usually located in a rural area where it is used for weekend, vacation and rented recreational purposes which is commonly known as a vacation home or weekend cottage”* (Goodall, 1987: 87).

However, when the international character of second home owners is discussed, often it is referred to residential tourism. This definition is deriving mainly from Spanish speaking countries (Koch-Schultz: 2008, 34).

Residential tourism is defined as followed: *“the economic activity dedicated to the urbanization, construction and sale of residential tourist homes that constitute the non-hotel sector* (Aledo and Mazon, 2004: 26). However has been refined by others. For instance McWatters identifies residential tourism as *“the enduring practices and lifestyles which result from a channelled flow or consumption-led, permanent or semi-permanent migration* (2009: 3). In which he identifies lifestyles oriented around the patterns of leisure and consumption, and that it takes place in a particular destination, outside the traditional social geographic environment

Nevertheless, a distinctive part of second home owners (both foreign as domestic) are retirees, it is for this reason that the term international retirement migration is a commonly used to refer to the phenomenon second homes (Koch-Schultz, 2008: 34). **International retirement migration;** *“Highly selective migration process which redistributes (retired) individuals – and their concomitant incomes, expenditures, health and care needs – across international boundaries”*(Williams et al, 1997: 20 from Koch-Schultz: 2008, 34).

International retirement migration however faces many similarities with residential tourism, this, as argued by MacWatters due to the fact that they are both “product and agent of the ubiquitous phenomenon of globalisation and modernization” (McWatters, 2009: 11).

Another often mentioned definition is lifestyle migration. *“Lifestyle migrants are relatively affluent individuals of all ages, moving either part-time or full-time to places that, for various reasons, signify, for the migrant, and a better quality of life”* (Benson and O’Reilly, 2009: 609). The basic idea is that the motivation of searching for a better lifestyle is the underlying motive for migration.

Although the definitions highlight different characteristics of second home phenomenon, the prominent idea is that the owners of a second home must have their primary residence somewhere else, where they spend the majority of their time.

Although, the difficulty of defining a second home, the term “second home” is a comprehensible term as it refers to dwellings that are not as used and not regarded as primary home (Marjavaara, 2008: 7-14).

However, when reading through the different definitions above it becomes clear that there are significant overlaps. Life-style, consumption led migration, are reoccurring terms, as well as movement of people, and occasional residence. The aspects which distinct the definitions is related to the specific focus on certain characteristics of the ‘owners/tourists’, as well as different types of dwellings.

Nevertheless, before trying to define the characteristics of second homes and second home owners, it should be noted that second homes characteristics and second home owners’ characteristics are interlinked. For example, the type of second home says something about the demands and needs of the (potential) owners. On the other hand, characteristics of owners (age, income, composition of household, purpose of stay e.g.) indicate the type of second home preferred, making it interdependent from each other. The following section will review literature written on the characteristics of second homes.

2.3.1 Characteristics second homes

Browsing through literature it becomes clear that second home comprises a range of accommodation types; vacation homes, weekend apartments, cottages, recreational houses, weekend-homes e.g. (Hall and Müller, 2004a: 5). Coppock grouped the main differences according to its ownership, function and character (Coppock, 1977: 2). The character, as mentioned by Coppock, has also been taken on by Newig (2000), who attempted to categorize second homes in three distinctive groups; stationary, semi-mobile and mobile (Table 1, in which stationary is defined in the table as non-mobile (cited in Hall and Müller, 2004b: 5).

However this includes also other types of accommodation fulfilling similar functions as second homes do, for instance; caravans, trailers, tents, yachts and other types of boats e.g. For the purpose of this research only temporary, non-mobile second homes will be taken on as research subject.

Table 1: Second Home characteristics

Type	Structure	Buildings/Vehicles
Non-mobile	Houses and Apartments	Solitary cottages and houses, Second home villages and Apartment Buildings
Semi-mobile	Camping	Trailers/mobile homes, Recreational vehicles, Tents and Caravans
Mobile	Boats	Sailing boats and Yachts

Source: Hall and Müller, 2004b: 5

Nevertheless, not only the character of second homes is of important, also its geography, which is related again to the function of second homes. Hall and Müller, identified that second home locations are predominately determined by space-time distance (2004a: 10). This has also been argued by Kauppila in his research on second home owners in Northern Finland. He identifies the space-time dimension as the most important factor for the site selection of a second home. However making a footnote, that in the case of peripheral resorts, the main reasons for a large number of second home is the attractiveness of the area associated with high level of tourist elements (Kauppila, 2010: 163).

In principle, the development of second homes can take place in two distinctive ways; converting the original purpose, or by purpose building. Converting the original purpose, indicates the transformation of a previous used property as permanent home, to a second home. Purpose-building, indicates that the property is built for the purpose of second home, this phenomenon often takes place in gated second home resorts (Kauppila, 2010: 164).

In addition, as argued by Kaupilla (2010, cited from Hall and Müller, 1993: 16), purpose-built second home development mainly takes place in amenity rich locations, whereas, converted second homes is more depending on the space-time dimension, giving it a weekend or vacation function. As Müller identifies, the converted properties can be found all over the country, as they are linked to childhood landscapes and family roots (Müller, 2002). In addition, Müller (2002); has identified several space-time characteristics of second homes (table 2). He states that the space-time dimension between second homes and permanent residences has an influence on the frequency of visit, the length of stay, the form of mobility and the location relative to primary residence.

Table 2: Space-time characteristics second homes

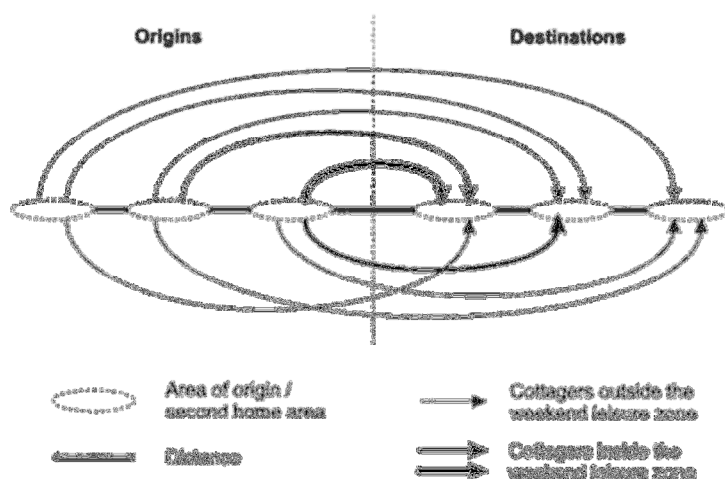
Second home function	Frequency of visit	Length of stay	Form of mobility	Location relative to primary Residence
Weekend	High	Short	Circulation	Dependent
Vacation	Low	Long	Seasonal	Independent
Future permanent home	Decreasing	Increasing	Migration	Independent

Source: Müller; 2002

The typology of second homes in weekend, vacation and future permanent homes is also identified in the model of Hall presented in section 2.2. In addition, both Müller (2000) as well as Hall (2005) identified a second dimension, next to space and time, to distinguish different forms of temporary mobility, namely the frequency of visits (Kauppila, 2010: 163). The hypothesis they make is that it is likely, that a second home

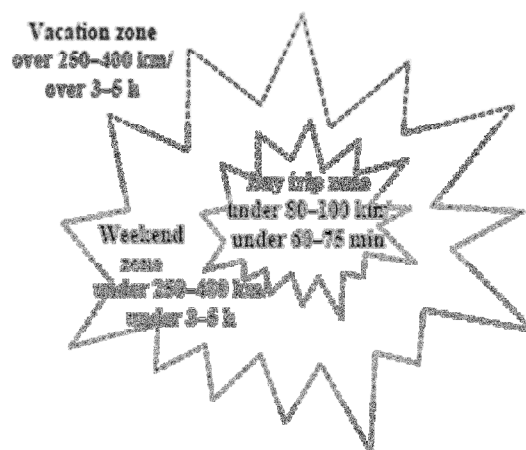
relatively close by, will be more frequently visited for shorter periods of times. Whereas second homes owners, owning a home at far distance, will visit less frequently, but length of stay will be more. Based on this assumption several models have been developed to grasp the space-time distance dimension (Figure 3 and Figure 4).

Figure 3: Origins-destinations relationships



Source: Hall and Muller, 2004: 9

Figure 4: Day trip, weekend and vacates zones absolute (km) and relative (time)



Source: Kaupilla 2010: 166

In Figure 3, the model of Hall and Müller is presented visualizing the weekend leisure zone. The model indicates that tourist generating destinations as well as main second home locations are determined by the time and distance dimension, from the point of origin (the permanent residence). The assumption of this model is that when the weekend leisure zone is passed, the attractiveness of second homes decreases (Hall and Müller, 2004b: 9). Most of the second homes within this leisure zone serve as a ‘weekend home’. Second homes which emerge outside this weekend leisure zone are not depending on the place of origin, the primary residence of the second owners. The category second homes which are located independently of place of origin are for the purpose of vacation, and therefore referred to as ‘holiday homes’. They are often used on a less frequent basis, for longer periods of time (see Table 1: Second Home characteristics).

In addition the second model presented of Kaupilla (Figure 4) visualises the distance from the second home resorts to the place of origin. The centre of the model is located in the centre of the resorts which he had been studying. His model shows both the absolute as the relative distance from the resorts to the place of origin of the second home owners. Thus, actually opposite thinking when comparing Kaupilla’s model with that model of Hall and Müller (Kaupilla, 2010: 166).

Furthermore, Kaupilla makes reference to the distinction between absolute and relative time, associated with Janelle’s notion of time-space convergence. This notion is based on the idea that due to communication and transport innovations, places are becoming more interlinked, and, the travel time, the relative distance, required between places decreases whereas the absolute distance declines in meaning (1969: 351).

Interesting is that the scholars mentioned above, identify second homes in threefold namely weekend, vacation, future permanent home. Marsden’s (1977) work has extended this three-fold assumption by formulating a four-part category, which is more specific, although showing similarities, and is regarded a more extended typology of second homes. He defined second homes as being immobile and subserviced supplementary accommodation which can be distinguished in:

- Comprised a private home often visited at the weekend and on holidays by the family and non-paying guests;

- Intermittently served as commercial holiday home, which were used as private holiday homes but were let for the main reason, to defray costs;
- Intermittently comprised private holiday homes, often purchased for retirement but meanwhile led out as commercial holiday homes, apart from occasional family use;
- Served as commercial holiday homes, owned as an investment and usually let and managed by an agent.

Research by Visser, on second home development in South African context, has identified significant types of second homes falling within the four-part category of Marsden. In the light of the research in this thesis, a similar typology was taken on, in order to be able to draw comparison on previous studies conducted in the South African context.

In addition, Visser also took on the space distance dimension in his work regarding second homes in the South African context. According to Visser (2006, 358) *the “last decade has seen an increase in the development of second homes purposed for weekend getaways in regions located near to prominent economic and urban hubs”*. These prominent economic and urban hubs are considered the exporting regions, which are the home of residents (often very wealthy) that seek out a property which can function as a second home and fulfil the needs of leisure time in more peaceful surroundings, away from the busy city life. The primary exporting regions (prominent economic and urban hubs) in South Africa are Johannesburg and Pretoria, generating about 50% of South Africa’s GDP (Visser, 2006: 358).

In addition belonging to the secondary generating regions are Cape Town and Durban (Visser 2006, 358). The need for seeking out own region for a more appropriate atmosphere to spend leisure time, mainly brings these type of second home owners to destination environments within ‘importing regions’ characterised by less wealth, tranquillity and country side aspects. In addition Hoogendoorn argues that these importing regions often witness less wealth, stagnation of economy as well as depopulation in the region (Hoogendoorn et al. 2009).

For the South African context, the importing regions are located within approximately three-hour drive from their primary home (Hoogendoorn et al. 2005: 120). Comparing this with international literature on space-distance dimension, the three hour drive is far less compared to the four to six hours identified many in other countries (Baker and Mearns, 2006: 6). However, this includes only the car as transportation means, without considering airplanes and trains.

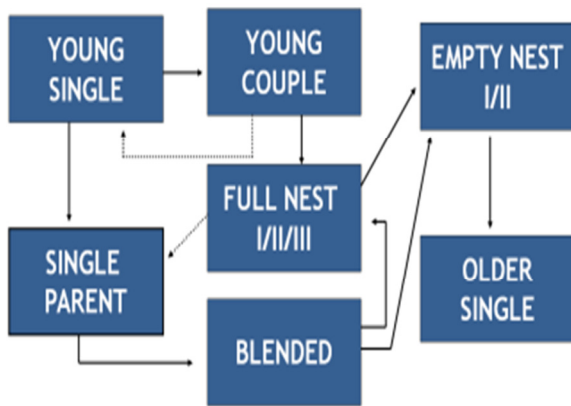
Even though travel time and distance from the point of origin to the second home are important variables in determining a second home location, they are not the sole indicators to distinguish types of second homes. It depends on owner’s decision whether a house is a second home or a primary residence (Hall and Müller, 2004b: 6). Therefore it is also important to investigate second home owner’s characteristics, as well as their motivations.

2.3.2 Second home owners motivations and characteristics

Until now, the main emphasis of literature review has been on the space-time dimension of second home development and demand. However space-time dimension is not the only motivation for second home development. There are several motivations second home owners purchase or own a second home and these have to be seen in the context of second home ownership (Hall and Müller, 2004b: 12). These motivations can range from lifestyle choices, to costs, to their stage in the life cycle.

The desire of migrants to satisfy lifestyle choices is often related to recreation and leisure facilities. According to O’Reilly, relaxations from their stress-full lives are main motivators for families to purchase a second home in the country side (2007: 5). This is also taken on by Chaplin (1999) who identifies the motivation ‘escape city life’, as well as a way to express own identity. Own identity can in this case refer to attachment to places due to emotional connections of childhood, family or lineage (Hall and Müller, 2004: 13).

Figure 5: Family Life Cycle



Source: University of Southern California, 2011

A tool in understanding second home owners is the life-cycle model. There have been quite some scholars identifying the purchase of second homes as an element in life course planning (Coppock 1977; Hall and Müller 2004b; Gallent et al. 2005). The life-cycle perspective is based on the idea that; families evolve through a certain life cycle, in which characteristics of the family at the various stages offer certain opportunities or apply a variety of pressures that affect purchase behaviour (Mill and Morrison, 2006: 264). Although criticised, as currently there are more and more double income no children families. The general idea is still very much used in current academic literature. An example of a family life cycle is shown in Figure 5.

The basic idea is that the presence of children has an impact on types of activities participated, and consumption is mainly based on role-related activities (for example family activities). Whereas young couple double incomes are more economically active and therefore consuming more (Mill and Morrison, 2006: 264). Relating this to second home consumption, it is more likely that these types of properties are owned by economically active migrations which is part of the five types of informed mobility categorisation of Williams and Hall. In which they state that consumption-led: economically active migrants, their mobility is mainly defined by their motivation. This type of mobility is income dependent and it has a tendency to purchase property in the destination region.

As William and Hall argue this type of informed mobility is the most interest in interface between tourism and migration because of the complex variation in the use of property. Lifestyle choice is the key motivation. In addition it is driving on the motivations of escaping busy city life and changing life-styles (Williams and Hall, 2000)

It has been indicated by Jansson and Müller that in general, the majority of the households possessing a second home are older than 35 years, who are well established, and have teenage children (2003 cited in Hall et al. 2004). Coupled to this type of owners, is the long term motivation of second home as investment opportunity for potential capital gain. Second homes are seen as an ideal opportunity to invest in leisure goods. This because other kind of leisure good (trailers, boats e.g.) depreciate over time, whereas the value of property usually appreciates (Paris, 2009: 296). McHugh (1990) identified another significant driver for second home ownership considering it being due to work rather than leisure that people in this demographic stage are aiming at dual residence.

In addition, another long term motivation is purchase of second homes for retirement purpose. Retirees are important players in the second home phenomenon and also part of the five types of informed mobility categorisation of Williams and Hall. The idea being that retirement migration is part of counter urban tendency. They can be typified by the length of residence, as this is mainly seasonal (a longer stay) whereas the economic active migrations are more short stay visitors. Furthermore their migration style is more characterised by a permanent migration (Williams and Hall, 2000)

In addition, also in the case of retirees (empty nesters), second home ownership can be approached with a life-cycle perspective (Hall and Müller, 2004: 13). As children leave home, it is likely that more money and time becomes available for leisure (Mill and Morrison, 2006: 265)

Compared with second home development, large scale international retirement migration research has emerged relatively recent, numbers becoming significant in the 1960s (Görer et al., 2006: 1). However, looked upon by Görer as an explicit foreign phenomenon, it can just as well be domestic retirees buying property for the purpose of retirement. This category is also identified by Hall as; seasonal travel for work or by retirees to second homes Figure 2.

Williams, et al (1997) has classified four main reasons for the overall increase of retirement migrants:

- Increase in longevity;
- Declining in the legal age of retirement and extended the duration of retirement;
- Increase in the lifetime flow of earnings and accumulation of wealth, making international migration an inviting retirement strategy;
- Changing patterns of lifetime mobility have provided more knowledge of, and experience of living in, foreign destinations.

In addition, as argued by Visser, retirees do not have to dependent on employment opportunities. Therefore they have almost 'all the time in the world to their disposal', leading to varied forms of mobility in flexible situations which in turn leads to different commitments to the destination area (Visser, 2003: 384-386).

Furthermore from research it shows that retirement destinations are often characterised by sunny weather allowing more attractive lifestyle. In addition migrating to warmer climates is often linked to health problems. In some cases retirees suffer from certain health problems which can be less of a burden when living in areas with warmer climate (Gustafson, 2001: 456).

Although, when comparing motivations, second home owners can be categorised with tourists, purpose being mainly leisure, it has been debated whether second homes and their owners are actually part of the tourism sector (Müller, 2007). This first of all, due to the length of stay, which is more extensive for second home owners compared with tourists and secondly the frequency of visits. In addition as argued by Müller and Hall (2004b) the most significant differences between 'normal' and second home tourism is the continuous financial assurance to a certain location by second home owners (Marjavaara, 2008: 9).

Nevertheless, second home tourists cannot be excluded from the tourism category as they often comprises an extensive amount of domestic travel and is therefore in many countries an important contributor to the tourism industry.

However, the motivations and characteristics of second home owners are for a great part linked to the location of second home dwellings. Therefore the following section will go into the characteristics of the location and the development of a second home destination.

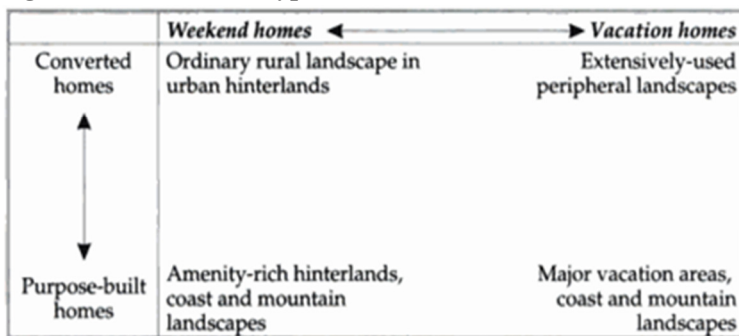
2.3.3 Characteristics of the location and the development of a second home destination

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. As already discussed in paragraph 2.3.1 second homes appear in different geographical landscape areas (Kaupilla, 2010: 165). For instance, many retirement destinations are characterised perfect weather conditions.

In addition, Hall and Müller (2004b) argue that the difference of function of second homes whether converted or purpose build depends on the location it is developed (urban or rural). Converted weekend homes mainly develop in ordinarily rural landscape in urban hinterlands, whereas converted vacation homes are extensively-used peripheral landscapes. This is interlinked with the space-distance dimensions explained in paragraph 2.3.1

In addition they state that purpose build weekend homes on the other hand occur in more amenity-rich hinterlands, coast and mountain landscapes. Whereas the purpose-build vacation homes, are situated in major vacation areas along the coast and in mountain landscapes (Hall and Müller, 1993: 16). In addition, destinations that face domination of second homes which are converted permanent homes have different conditions in terms of how the local community can respond to the impacts caused, compared to areas dominated by purpose-built second homes in attractive urban hinterlands (Marjaarva, 2008: 11) (Figure 6 next page).

Figure 6: Second home types and their areas of occurrence



Source: Hall and Müller, 1993:16

The vertical axis indicates the type of second home based on the original function of the property. The horizontal axis on the other hand shows the continuum of frequency of visits between vacation homes and weekend homes. In which it is argued that vacation homes are infrequently visited and weekend homes are frequently visited. As explained by Marjavaara, the “*extremes on each axis indicate a typical second home landscape based on its relative location to major urban settlements and its local features*” (Marjavaara, 2008:11).

In general it can be argued that destinations face second home development by means of a life-cycle idea. Starting off by means of individual forerunners who converted otherwise abandon empty properties into modern second homes and in this way changed the function of the properties. The second stage of second home development can be characterised by an influx of more people who identify the area as being potential for second home development. Due to these newcomers the area experiences revitalization. This phase is often characterised by the purchase of existing homes, used as primary residence, from lower-income residents of the newcomers build their own houses, leading to an increase of purpose build second homes. Furthermore, the destinations’ local housing market experiences higher competition, as next to the local population now also outsiders are increasingly buying into the destination. The third stage, and also the last stage, of the second home life cycle can be typified as commercial involvement. This stage is characterised by a commercialization of the second home concept, over development and often complemented by other forms of commercial tourism resembling mass tourism characteristics. This last stage goes hand in hand with outflow of permanent residents who cannot afford to live anymore in the destination, or cannot compete on the real estate market. In this sense, the destination life cycle of second home development shows many similarities with the process of neighbourhood displacement, known as gentrification (Paris, 2009: 299).

This is an important focus for South Africa, the influence of increasing numbers of second homes on the land and property process, accessibility and availability. Important is to consider in how fare second homes lead to class colonization or segregation in specific areas, as well as displacement effect. Second homes have a more elitist nature, as scenic or revitalised areas often attract wealthy upper class individuals leading to gentrification. Gentrification, which can take place both in rural as in urban areas, denotes to the change in classes in neighbourhoods in terms housing stock, whereby the locals of an area are replaced by a more wealthy upper class segment.

This second home development induced displacement, as Marjavaara (2008) defined it, means that people with different socio-economic background compete for properties in similar locations. “*Permanent residents leave their place of residence on an involuntary basis due to increased living costs and tax burdens cause by external demand for houses*” (Marjavaara 2008: 21). However it should be kept in mind that many of the properties previously owned by permanent residents are voluntarily sold and for a high price as a result of the surge in property prices.

The life cycle idea of second home development as explained above shows resemblance with Butler’s destination life cycle model, used by many tourism researchers to examine many destinations (Mill and Morrison, 2006: 121). It is based on the concept of a common pattern of development for tourist areas; Butler (1980) made a conceptual framework, analogous to the product adoption S curve, applicable to all resort

towns (Strapp, 1988: 505). Butler divided a tourist destination development into six stages including exploration, involvement, development, consolidation, stagnation and decline or rejuvenation.

In the first stage, only a small number of adventurous tourists are visiting attracted by natural and cultural attractions. There is hardly any infrastructure. The second stage, local investment, and supply in simple services to increasing number of visitors. The third stage, is characterised by a growing visitor numbers, in which fabricated attracts replace natural and cultural ones. Furthermore external investment is replacing local investment. In the fourth stage, growth in visitor numbers begins to slow down, tourism becomes a mass market. Advertising is mainly aimed at attracting new markets and correcting seasonality. The fifth stage is the stagnation stage, in which the destination area is no longer trendy as peak visitors have been reached. The carrying capacity limits on resources are reads and the occupancy rates low. Tourism business ownership is shifted frequently. The sixth stage the area can either undergo decline or rejuvenation. In which decline refers to the tourism infrastructure becoming run down as visitors number decrease, and external investment is withdrawing. Rejuvenation is referring to the development of new attractions or new natural resources to reverse the negative trends in tourist arrivals (Mill and Morrison, 2006:121).

Butler's model is used for mainly three purposes namely; (1) to understand the evolution of tourist destination, (2) as a planning or marketing tool and (3) as a predictive tool for a destination (Aledo and Mazon, 2004) In addition, Aledo and Mazon have identified two main reasons for applying the tourist cycle of evolution to second home tourism namely:

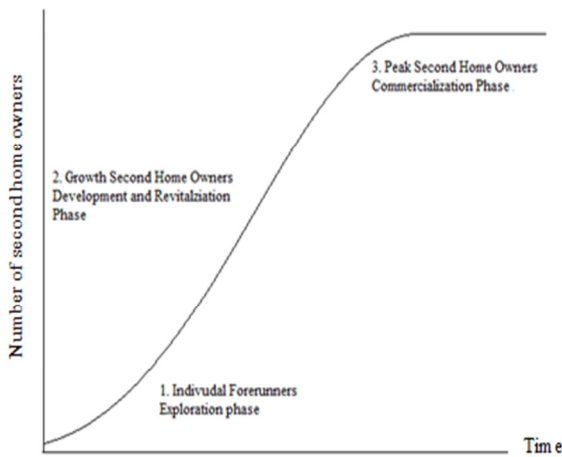
- The social and economic parallels to this model;
- (Foreign) Second home often occurs in the economic decline stages of the model.

However there is also much criticism on Butler's model, suggesting that there are potentially more stages that can occur after the stagnation stage (Strapp, 1988: 505), especially in the light of second home development. Strapp, indicates that the disturbing conclusion of Butler that without very cohesive and progressive planning, all tourist centres are destined for some form of decline, is in fact neglecting second home development. A decline of a tourist destination does not always mean a decline of the destination in terms of residence (Strapp, 1988: 505). Strapp argues that the length of stay, which increases when development boost and improvements in accessibility are made, have a positive effect on destinations. Second home development could be an interesting additional stage after the so-called stagnation stage of Bulter, as an increase of length of stay would imply an increase in spending behaviour in local community (Strapp, 1988: 513).

In addition, as Gustafson (2007) identified, second home development has again an effect on increasing numbers of other types of tourists. From literature review it became clear there are multiple cases in which tourism and second home development are very much influencing each other, and can be regarded interdependent. For instance, when a destination is confronted with second home development, new flows of tourism are stimulated. This can be due to visiting friends and relatives but also when the second home is rented out for economic gains. In addition second home development often stimulates new types of services and facilities, which could be a pull factor for other types of tourists. On the other hand, second home owners often by property in places they have familiarized with, due to holiday experiences or positive reflections of friends and family. This indicates that the process is continuously (Gustafson, 2007: 458).

Nevertheless, this again is depending on location, and not every destination experiences the same process. Therefore, when referring to Butler resort life cycle model, second home development could be an additional stage, but not for every destination and at all times.

Figure 7: Second home life cycle



For enlargement figure Annex 2: 2.2

Also in the context of South Africa different settings become present. Hoogendoorn and Visser (2010) have carried out research in different settings, ranging from coastal areas to towns in the rural interior. In his publication 'South Africa has second homes too' Visser (2006) identified, for instance, three different sides which can be distinguished and described as:

- Formerly agricultural based locations, converted in second homes resorts faced with economic decline and depopulation;
- Newly build Resorts with purpose-build second homes;
- Second home destination attracting other types of tourism.

These three distinctive sides show very much the debate on localisation and destination which is outlined above. Therefore, when discussing the impact of second homes, the context of the destination in terms of history, economic structure, and the role as tourist destination should be taken into account.

This also becomes visible in Strapp's elucidation on the absence of second homes in Butler's life cycle. Strapp indicates that certain measurements need to be taken in order to convert a stagnating tourism destination into a proper second home resort, however which measurements in what locations remains rather indistinctive. In addition, when comparing the 'normal' tourism industry with second home development the difference related to impact on destination can be linked to the length of stay (Strapp, 1988: 505). This is something where Butler's lifecycle fails to incorporate second home development, as a possible rejuvenation strategy in tourism resorts. However the implication then again depends on the purpose of the second home, for instance, whether it are weekend or vacation homes, the purpose of the homes, and who is owning these properties.

From this it becomes clear that the location whether urban or rural, touristic or not, determines for a great part second home development. However, also second home development has an influence on location. Hoogendoorn (2010) for instance explains that the development of second homes has played a significant role in the emergence of 'post-productivist countryside', transforming the function of certain rural areas in South Africa. This notion of the post-productivist country side in combination with second home development is also taken on by Müller et al. (2004) describing the 'post-productivist countryside' as areas of which the main function of primarily agricultural or forestry production has changed into area's "consumed for its amenities, its housing environments and an imagined rural lifestyle" (Müller et al. 2004: 15). The entry of tourists and the growth in second homes can result in the rejuvenation and preservation of the area and can create a way for the tourism industry to function, grow leading to a possible increase of employment, and diversification of the economy, which would otherwise, would not have existed in rural areas (Hoogendoorn et al. 2009).

However this again depends very much on the stage the destination is in. For example the research of Hoogendoorn et al. (2009), this research area was experiencing an economic decline. However not all destinations experiencing second home development are faced with the situation when second home development takes place. Therefore, although generalisations can be made, more in-depth specific impacts of second homes should be analysed in the context of specific destinations.

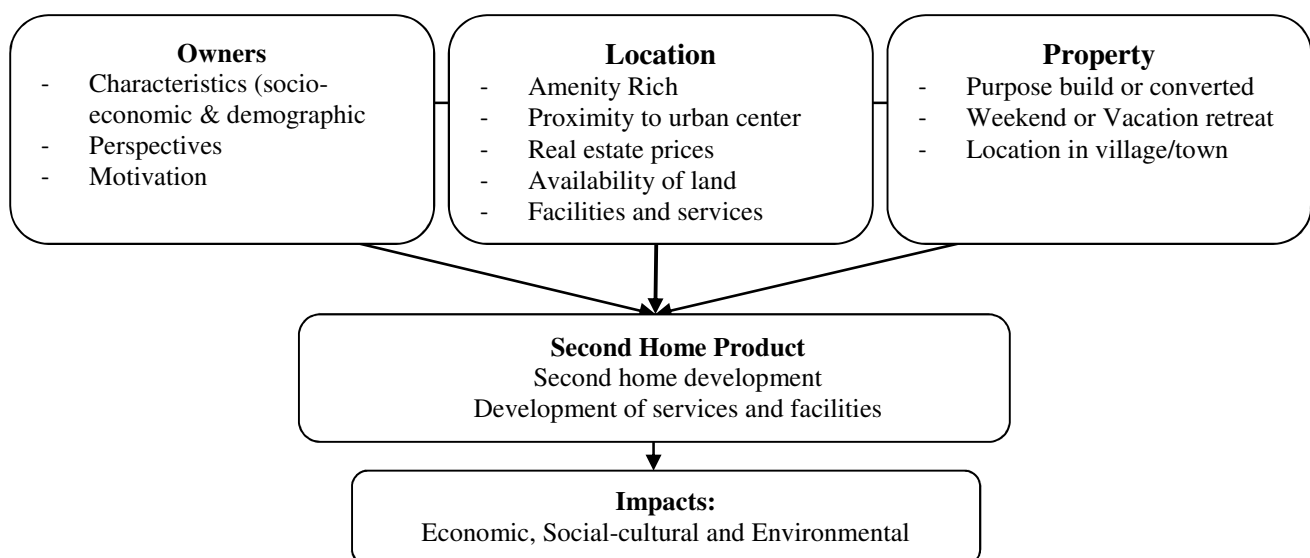
However combining Butler's idea of a resort life cycle, and Paris notion of different stages of second home development at a certain destination, a model can be acquired which enables the possibility to determine where a second home destination is located in terms of their development. And by this means enable town planners e.g. to respond adequately to the situation they are facing. Just as intended by Butler with his life cycle model.

Figure 7 shows an attempt in which second home development phases are placed in Butler's life cycle model.

This indicates that second home locations characteristics are important to analyse when researching second home development and ownership. As has been argued already (paragraph 2.3.1) one of the main factors for the site selection of second homes is the space-time dimension, with in the case of peripheral resorts, the main reason for a large number of second homes is the attractiveness of the location in association with high level of tourism attractions and facilities (Kauppila, 2010; 163). The space-time dimension and attractiveness of the location are together with the prices of real estate are identified by Hall and Müller as three primary economic factors influencing site selection of second homes (2004b, 10-11). Real estate prices are also taken on by Gallent and Tewdwr-Jones (2001) who point out that rural regions characterized by economic decline and depopulation have lower housing prices compared to urban regions, and can therefore be appealing for potential second home owners. Nevertheless this is again very location and context specific example of possible second home impacts.

To recapture, as mentioned the characteristics of second homes, the motivations for (potential) owners to purchase a second home and the location and destination second home developing, are often country or even location specific. Differentiation between these aspects leads to dissimilarities in the characteristics of the second home location as well as the second home owner. This again results in different types of impacts. However in general it can be stated that the three frames; second homes characteristics, second home owners characteristics and location/destination, determine for an extensive part the impacts on the place of shared residence. Figure 8 provides a summary of the international literature reviewed above, presenting the three main aspects of second home development which can lead to a number of impacts on place and local community.

Figure 8: Three main aspects of second home development causing the impacts on a certain destination



As second home owners often only represents a small percentage of the total population of a certain destination, the social, cultural, environmental and economic impacts of their presence can change the total context of a certain place (McWatters, 2009:3). It is also for this reason that impacts of second homes for local communities, business environment and economic base are context related. What might be benefitting the one, is harmful for the other and what happens at one place, does not necessarily mean that it would happen somewhere else as well.

The focus of the research presented in this thesis is on the economic implications of second home owners. Therefore, the following chapter will discuss the economic significance and impacts of second home development.

2.4 THE ECONOMIC SIGNIFICANCE AND IMPACTS OF SECOND HOME DEVELOPMENT

The impact of second homes on host destinations has been analysed from environmental, economic and social perspectives. As argued, next to migration second homes is also affiliated with tourism. As stated by Hall and Müller; “*second homes are the destination of a substantial proportion of domestic and international travellers, while the number of available bed nights in second homes often reveals or even exceeds that available in the formal accommodation sector. For many destinations, particularly in more peripheral area, second homes are a major contributor to regional economies*” (2004: 3).

This predominately neo-liberal approach has been one of two viewpoints characterizing recent research into economic impacts of second home development. The central idea of the neoliberal approach is focusing on “tourism urban development” and reflecting mainly on positive impacts of second home development, as for instance, “*economic benefits and rejuvenation of the post-productivist countryside*” (Hoogendoorn et al. 2009, 76). Economic advantages are at the core of the neoliberal approach. The other viewpoint has a more (Neo) Marxist origin, arguing that second home development causes for instance, escalating property prices and housing shortages (Hoogendoorn, 2010: 6).

In addition one of the most controversial issues raised by this Marxist perspective is that of displacement effect on the permanent residents. It has been argued that due to an increase in demand for second home properties, permanent residence have no choice then to involuntary migrate out of the destination (Marjavaara, 2008: 8). Especially the neo-Marxist approach makes second home tourism in some destinations an unwelcome phenomenon, even more due to its seasonal character in employment and economic demand (Hall and Müller, 2004: 4).

Visser identified similar impacts in regard to the South African context, stating that second home development in South Africa demonstrates similarities to second home development in the international context. He states that “*near generic impacts of second homes found elsewhere are echoed in South African context too*”, namely generation of employment and property price appreciation (Visser 2006: 353). In his publication ‘South Africa has Second Homes too!’ Visser identified positive and negative impacts, in accordance to international literature (Table 3).

Table 3: Positive and negative impacts second home development

Positive	Negative
- Foreign receipts (influx of capital)	- Unwittingly exploit the weaknesses of the rural economy (bargain properties), and do not ask why property commands such a low price in local markets as well as log-wage employment
- Employment creation	- Dependence on economic development through economic leakages
- Restoration of land values	- Lead to increased costs for municipalities (infrastructure and services)
- Creation new economic base	- Accelerating rural out-migration and preventing schemes for plot consolidation and farm enlargement that could possibly have benefited permanent residents
- Revitalization of the local construction industry	- Increase of land values to levels beyond the means of local residents
- Creation service industries	- Increases in the costs of local goods and services
- Increases in municipal revenue (rates collected)	
- Contribution towards maintaining existing local services (infrastructure)	
- Establishment of entrepreneurial start-ups	
- Creation of business networks and opportunities	
- Replacement intellectual capital (influx of new ideas)	

Source: Based on Hoogendoorn and Visser, 2010

In general, second home impact studies are mainly focused on the economic implications (Visser and Hoogendoorn, 2010). This mainly because of the economic advantages identified such as; employment creation, influx of (foreign) capital and the opportunity for diversification of the economy. Second home owners are considered repeating guests, which means more security and therefore a more sustainable base for economic development (Sievanen, Pautao and Neuvonen, 2007 in Hoogendoorn, 2010: 65). In addition, also the friends and relatives visiting the second home owners is a contribution which should not be

underestimated. It is believed that the influence of repeating guests is an opportunity to limit negative impacts on host community and environment (Müller, 2000 in Hoogendoorn 2010: 66).

This debate, Neo-Liberalism versus Marxism viewpoints, shows many similarities with the debate regarding other forms (mainly mass tourism) of the tourism industry. Also on impacts of tourism differences of opinion exists, which can be placed in the neo-liberal as well as in the Neo-Marxist paradigm, especially in the context of developing countries. Both governments as well as scholars have embraced tourism as a vehicle for development; as it can contribute to employment generation, foreign currency earnings, and diversification of the economy by this means integrate remote areas in the world economy.

In addition, due to its multiplier effects and intersectoral linkages, tourism can be seen as an engine for economic growth, implying significant beneficial trickle-down effects (Cooper et al., 2005:152). However this viewpoint is again contested by many. Brohman, for example, identifies several negative impacts which are accompanied with tourism -especially in the developing world- such as foreign domination and dependency, spatial economic polarization, environmental destruction, cultural alienation and loss of social control and identify among communities (1996; 48).

From this it becomes clear that both the second home phenomenon as the tourism industry as a whole is seen as desirable and economic stimulants but also as a pressuring burden for destinations

However, this does not mean that second home tourism and other forms of tourism are totally alike. Differences between second home tourism and other forms of tourism are caused by the differences in characteristics of the type of tourists involved. For instance, the long duration and related to that the frequency of the visits of second home owners to the destination area imply that certain impacts are more prominent. Brolin (1982), for instance, conducted a study regarding the consumption behaviour of second home owners with primary residence in Stockholm. He found that the longer the distance between secondary and primary residence, the more goods were purchased in the second home location (Kaupilla, 2010: 166).

In addition, Second home owners make a commitment to a destination by means of purchasing a property leading to distinctions in social and economic relationships (Müller et al., 2004, p.15). In addition, the receivers of money flows induced by second homes differ from those in the tourism sector. For example a research in the UK showed that initial acquisition of second homes may inject investment capital into the local economy through generating work for lawyers, estate agents, notaries and surveyors (Hoogendoorn, 2010: 67).

The Swedish Governmental Commission on Second Home Living argued that second home development should induce positive economic effects in the subsequent field of production as well as consumption of second homes; this due to the need for maintenance and reconstruction of the properties (gardening, cleaning, renovating etc.). In addition they mention indirect employment, for instance in the local stores and restaurants (Hoogendoorn 2010: 67).

Argued by Hoogendoorn and Visser, the economic impact of second homes depends for a great part on the *“characteristics of a locality and particularly on the types of dwellings used as second homes and how they are used”* (2010: 549). Identifying that South Africa, next to similarities with international second home development, experiences context specific impacts, for instance restricted residential property mobility in, leading (inadvertently) to the continuation of the legacies of the apartheid era, such as the racial segregation of residential areas and in division of labour (Hoogendoorn and Visser, 2010: 549)

Furthermore, an interesting comment made is that, next to the characteristics of locality, and types of dwellings used as second homes, in most cases expenditure by second home owners is too low to permit the economy to specialise only in the needs of this markets (Müller et al., 2004 cited from Hoogendoorn and Visser, 2010: 549). This comment is very interesting in the light of research presented in thesis.

In the context of South Africa, there is a small, but growing literature on the role of second homes in local economic development, and their economic impact. Hoogendoorn and Visser used in their evaluation two main categories in which they distinguished general economic impacts of second home, namely; (1)

Employment creation, municipalities' services and second home owners and (2) Expenditure on tourism related products by second home owners and tenants (Hoogendoorn 2010, Hoogendoorn and Visser 2010).

Employment creation, municipal services and second home owners refers to several economic implications. Firstly, the employment created by second home ownership. As argued by Hoogendoorn and Visser, the maintenance of property is an important part which generates new employment possibilities. Especially when second home owners live far away, the maintenance of property is mainly depending on locally hired assistance such as domestic workers and gardeners. Furthermore, the renovation and construction of homes can increase employment opportunities as local construction companies can be used to conduct the work (2010: 554). In addition, with a new influx of residents, it could be that there is a high need for additional facilities and services, generating a better business environment.

Second are the general economic implications due to municipal services. This is an important impact induced by the presence of second home owners, as they bring along an increase in taxes and spending flowing in the local economy (Müller et al. 2004 in Hoogendoorn and Visser, 2010) benefitting the overall stability of the municipality and increasing their budget. However the downside is that with an increase in residents, municipalities can witness increased costs for maintenance or development of new infrastructure as well as services and facilities required.

Expenditure on tourism related products by second home owners and tenants indicates the expenditure of second home owners in leisure activities at the destination and in the region, of where they own a second home. According to Visser and Hoogendoorn this impact is mainly seasonal, however influenced by the length of stay of the owners. Nevertheless, when the property is rented out, or when family and friends are visiting, similar leisure activities will be supported. Their spending behaviour is an important part of economic impacts of second home development and should therefore not be underestimated (2010).

In an attempt to create a more clear distinction between the economic implications induced by second home development, Baker and Mearns (2006) have extended the two part category of Hoogendoorn and Visser into a four-part category:

1. Employment generation;
2. Capital inflow into local economy;
3. Expenditure on local amenities;
4. Contribution to the local municipality.

The main focus of Baker and Mearns research was on the economic impacts of second home development in the Hartbeespoort Dam area, in the North West Province of South Africa (2006).

2.5 SECOND HOME TOURISTS EXPENDITURES AND SPENDING BEHAVIOUR

An extensive amount of international research is conducted examining expenditures of second home owners, in order to determine economic impacts (see Hoogendoorn 2010 and Hoogendoorn and Visser 2010). In addition a wide-range of literature indicated that daily expenditure of the second home population is often lower compared to tourists (Koch-Schulte, 2008: 35). Nevertheless, on the other hand there is also a body of literature suggesting that second home tourism can be considered a reliable option which can contribute to a more sustainable form of development, especially compared to the mass form of tourism (Müller, 2000 in Hoogendoorn and Visser: 2010; 549).

Therefore, expenditure patterns remain an efficient indicator for measuring economic impact of second homes in a certain destination. For the research presented the emphasis will be on investigating the economic impact associated with the owners expenditures, which is often analysed by means of making reference to multipliers. In general, when taking the tourism point of view, examination of tourists' expenditures and with this assessing the impact can be done when expenditures are divided in three categories; direct, indirect and induced effects (Cooper et al, 2005: 162)

Direct effects indicate the spending of money in front-line tourist establishments without the value of imports necessary to supply the front-line goods and services. For example on cost for accommodation or attraction fees (Cooper et al, 2005: 162). This initial tourist expenditure also leads to indirect effects, as these businesses require imported goods and services from other sectors of the local economy, meaning that money flows to entrepreneurs within local economy not directly working in the tourism industry. These indirect effects are the second category of economic impact. Induced effects, is defined as the third category which becomes visible when local residents receive part of the income of a business in the form of wages, salaries, distributed profit, rent and interest, which will partly be re-spent in the local economy on goods and services and will in this way generate further rounds of economic activity, so-called- multipliers (Cooper et al, 2005: 162). Only, when all three categories are taken into account and assessed, estimations can be produced regarding the full economic impact of tourism expenditure can be made. Naturally, the economic impact from tourism is most beneficial to the local community if most of the tourist expenditures stay within the destination area.

However this story changes slightly with regard to second home development. The direct, indirect and induced effects are defined above, do not account as such for this phenomenon. For example the direct effects, flowing to front-line tourist establishments such as hotels, do not occur as such when staying in second homes. Therefore, when defining direct effects of expenditure it may well mean those flowing into 'service sectors', such as local legal representatives, estate agents. However, also local vendors supplying second home owners with daily goods and services. In addition, direct expenditures are also money flows allocated to the acquisition of a second home generating direct profit for the vendor of the property.

Indirect effects can be identified in the form of tax contribution, the mortgage as well as the costs for water and electricity (Gallent et al., 2005: 51). The induced effects again brings along multiple other possibilities. Therefore, approaching second home tourists expenditures in a similar way using the same categories as tourist expenditures, is difficult.

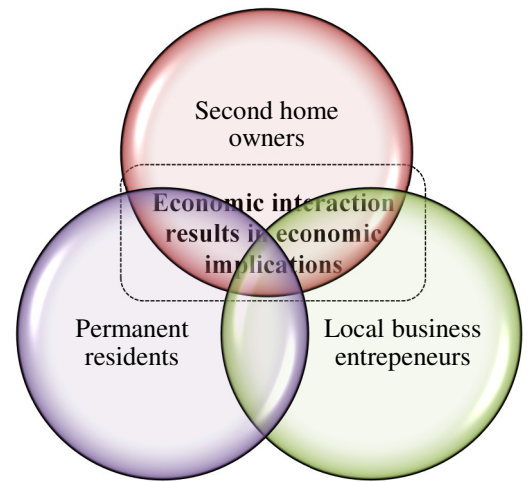
Nevertheless, by means of approaching second home consumer's behaviour, the possibility arises to get a better understanding of their spending behaviour and to measure it. In general the tourism industry is using theories on consumer behaviour to segment their target markets, this because at the personal level it is clear that the factors influencing demand for tourism are closely linked to models of consumer behaviour. In order to be able to segment tourists, five groups of variables are identified to be of importance investigate the market namely; geographic, demographic, socioeconomic, and psychographic and buyer behaviour (Witt and Moutinho, 1994: 305-316). In general it is stated that the combination of these five variables gives the most in-depth information on the group.

For second home owners a similar approach can be taken on. Also in order to understand this segment, the geographic, the demographic and the socioeconomic are of utmost important, as was also concluded in paragraph 2.3.2. However probably most important, especially in the light of this research, are the psychographic variables providing information on lifestyles and activities, interests and opinions. Psychographic variables attempt to provide detailed understanding of consumers in terms of their way of living. They take into account how people spend their time (daily activities hobbies and entertainment) and what they consider important (Witt and Moutinho, 1994: 316-321).

Therefore in the light of this research, it is important to gain a more in-depth view of their lifestyle, in order to be able to analyse their purchasing behaviour and how their money (wire expenditures) flows in the local economy. In addition, when discussing the economic impacts of second home development on local economy, through the expenditure patterns of second home owners, the perceptions of the local community and business entrepreneurs are important to take into account as what is perceived as positive by one can easily be regarded negative by someone else.

Baker and Mearns (2006) combined this in their research by not only look upon the expenditure behaviour of the second home tourists, but also investigated the perceptions of the local community members and business entrepreneurs. By doing this they were able to map the difference in opinions on how second home development contributed (or not) to economic development and related this to the overall debate between neoliberal and Marxist ideas on second home development. In addition as McWatters argues that by examining the experiences of both the local community as second home residents, the opportunity arises to investigate how second home tourism can change the fabric of places and how it impacts everyday life of communities at certain destinations (2009: 2).

Figure 9: Interaction different Stakeholders at second home destination



3 METHODOLOGICAL FRAMEWORK

This chapter presents the research framework that was developed for the fieldwork in the research area Franschhoek, located in the Western Cape Province, South Africa. The preparation of the work took place from November 2010 till beginning of March 2011. Of which part took place in the Netherlands and part in South Africa (14th February till 1st of March).

The actual fieldwork involving the data collection and was conducted between 1st of March and 20th of May. This chapter presents the outline of the research methodology as well as a clarification of the methods used to collect the necessary data in the field.

In addition the main objective and research questions are presented as well as the conceptual model followed by the operationalization of the main concepts. These function as a red wire throughout this report, and form the fundament of the analysis presented in the chapters to come.

3.1 RESEARCH OBJECTIVE AND QUESTIONS

As stated in the introductory chapter, information on the second homes and their development in South Africa is limited. In addition there are a lot of questions raised regarding the economic implications of second home development, and their contribution to local economy. Therefore the main objective of this research is:

“To gain a deeper understanding of the economic implications of second homes in Franschhoek, by means of analysing and comparing spending behaviour of South African’s (domestic) second home owners and foreign second home owners in the local economy, in an attempt to investigate difference between the two groups in their contribution to the local economy”

3.1.1 Sub-objectives

The main objective is a rather extensive one, which can be further divided into multiple sub-objectives with coupled to them relevant research questions:

The first objective of this research is *‘to identify the characteristics of the Franschhoek second homes and second home owners, to investigate whether there are differences between the characteristics of foreign and domestic second home ownership’*. Several sub questions are raised namely:

- What are demographic, socio-economic, geographical and residential characteristics of the second home owners?
- Are there differences between South African second home owners and foreign second home owners?
- What are the residential characteristics of second home development in the Franschhoek?
- What factors have contributed to the development of second homes in the context of Franschhoek?
- Where are the second homes located in town, and how many are there?

The second objective of this research is *‘to identify the spending behaviour (economic pattern) of foreign and domestic second home owners in the local economy and analyse the differences between the two groups, and by this means investigating the contribution of foreign and domestic second home owners to the local economy and its development’*. Several sub questions are raised namely:

- How can the spending behaviour and patterns of the research population be characterised?
- What types of money flows can be identified?
- Where are the second home owners spending their money?
- How much do they spend (weekly/monthly)?
- On what do they spend?
- Are there differences between the domestic second home owners and foreign second home owners in terms of spending behaviour?

- Are there differences between the domestic second home owners and foreign second home owners in terms of induced economic implications?
- Does it contribute to the local economy? If yes, in which way does this contribute to the local economy?

The third objective of this research is *‘to investigate the perceptions of local community, local business owners and second home owners on (economic) implications of second home development’*.

- What are permanent residents’ perceptions on second home development in general?
- What are permanent residents’ on second home development in relation to economic implications for local economy?
- What are local business perceptions on second home development in general?
- What are local business entrepreneurs’ perceptions on second home development in relation to economic implications for local economy?
- What are the social implications of second home development for Franschhoek community and local economy?
- What are the perceptions of the business entrepreneurs and permanent residents in Franschhoek on the contribution of second homes to the Franschhoek economy?
- How do second home owners perceive the implications associated their presence in Franschhoek?

3.1.2 Central research question

In order to deal with the overall scope and complexity of the research subject; the following overall research question is identified:

“What are the characteristics of second home ownership and are there economic implications associated with this phenomenon? Special attention will be paid to benefits in terms of spending behaviour and/or employment generation for Franschhoek”.

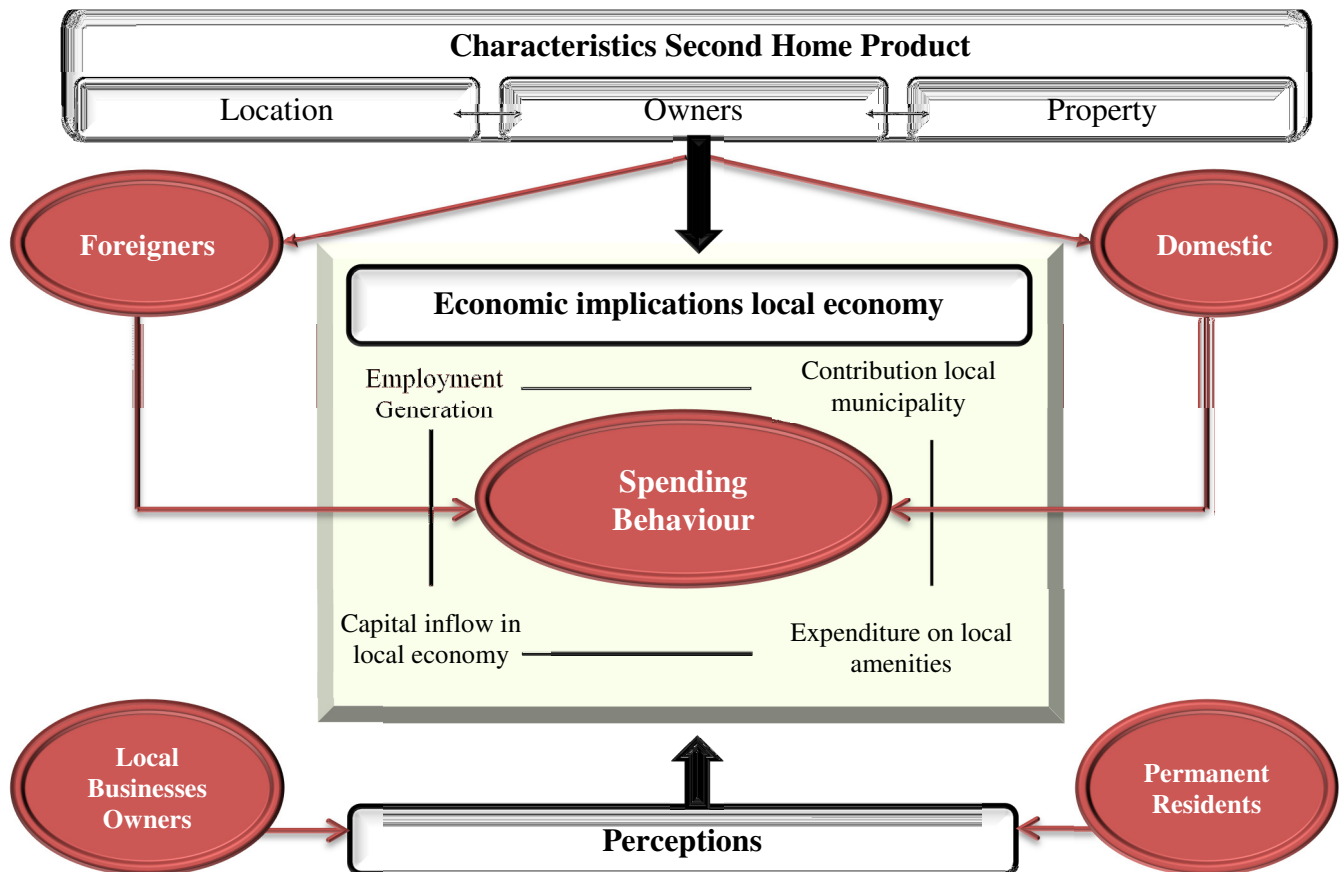
3.2 CONCEPTUAL MODEL

The conceptual model (Figure 10) presented on the following page visualizes the main concepts which are central to the research conducted. The model pictures the relationships between the different concepts, in order to create a better understanding of the research subject. The thick black arrows indicate the assumptions which are deducted from international literature and theory. The main hypothesis of this thesis is based on this namely: *Second home development brings benefits for the local economy as it induces economic upliftment and community development.*

The thick red arrows and shapes in the conceptual model present the other three hypotheses investigated in the research:

1. Domestic and foreign second home owners profiles differ (demographic, socio-economic)
2. Spending behaviour in local economy differs significantly between domestic and foreign second home owners.
3. The permanent residents and local business owner’s opinions determine for a great part how economic implications of second home development in Franschhoek are perceived.

Figure 10: Conceptual model research



3.2.1 Operationalization

From the five hypotheses and the conceptual model it becomes clear that there are different central concepts around which the research revolves. In order to be able to use these concepts, identification is necessary. In addition, the next step is operationalizing the different concepts, as then it is possible to measure and analyse the data.

3.2.1.1 Defining main concepts

Second homes

Second homes are properties owned, or rented on a long lease, as the occasional resident of a household that usually lives elsewhere (Goodall, 1987: 87). The impact of second homes, is determined by three distinctive aspects namely; (1) location, (2) owners and (3) property.

(1) The location: in this thesis is the site where second home development takes place. A location, to be an appealing for second home development, should have several characteristics. First of all it should be amenity rich meaning that it is an attractive and appealing area in terms of scenery and activities. In addition from theory it became clear that the proximity to urban centre (or airport) is important. According to literature the closer to primary residence, the more frequently the second home will be visited.

In addition the real estate prices at a certain location are important to take into consideration as, 'buying your own 'second' home in paradise, happens typically in countries with affordable acquisition of property, thus low real estate prices. In the affordability and availability of land is a characteristic as, when land is scarce prices will for instance automatically be higher. Thus the availability of land plays a crucial role in determining economic impacts. And the availability of land is again depending on location. Last, location is characterised by facilities and services according to the demand of second home owners.

(2) The owners: Besides the location, the characteristics of second home owners are determining the development of second homes. Their demographic profile, as well as their socio-economic profile determines for a great part their needs and wants regarding owning a second home. This can have a tremendous impact on the local economy and the local community. Especially also in the light of the current debate on foreign ownership, it is interesting to make a distinction between the profiles of domestic and of foreign second home owners, and in addition investigate whether there is a distinction in regard to the economic implications induced.

- *Domestic second home owners*: Natives owning or renting a property elsewhere from where they usually live.
- *Foreigner second home owners*: who live semi-permanently in a country different than their own, based on its touristic appeal (residential tourists, retirement, expats e.g.) (McWatters, 2009: 3).

(3) Property: The development of second homes is also determined by the type of properties available. For this thesis, only properties which are immobile, supplementary dwellings mainly used for leisure purpose, are taken in to account. In addition, also the function of the property is of importance as the property can be visited during weekends or serve as weekend homes or as vacation homes. The distinction between the two types depends on the frequency of visit on the one hand and the length of stay on the other. Weekend homes are frequently used for shorter visits, vacation homes are less frequently visited but for longer periods. Furthermore, the type of property is determined by its location. When it is a farm; it will probably be more far from a centre. Whereas cottages and villa, the chance is higher that it is for instance located in villages, nearby facilities and services such as shops and restaurants.

Taking together location, owners and type of property, Marsden (1977) has identified a four-part category for second homes, which is regarded a more extended typology of second homes. He defined second homes as being immobile and subserviced supplementary accommodation which can be distinguished in:

- Comprised a private home often visited at the weekend and on holidays by the family and non-paying guests;
- Intermittently served as commercial holiday home, which were used as private holiday homes but were let at high reason to defray costs;
- Intermittently comprised private holiday homes, often purchased for retirement but meanwhile led out as commercial holiday homes, apart from occasional family use;
- Served as commercial holiday homes, owned as an investment and usually let and managed by an agent.

Second Home Product

The types of second homes -determined by location, owners and function of property- make up the second home product. The second home product is the development of second homes at a certain destination and the supporting facilities and services. It determines for a great part the fabric of the place, and the implications it has on local economy and host community.

Implications of Second homes

Economic implications: This research is specifically focusing on the economic implications. The economic implications by second home development are mainly employment generation and income generating features, and can be categorised in four categories; (1) employment generation, (2) capital flow into local economy, (3) expenditures on local amenities and (4) contribution to the local municipality.

Leakages: Leakages in this thesis are defined in accordance with the definition of Sandbrook (2010), identifying the following sources of leakages: Financial outflow due to imported labour , financial outflow as a result of imported products and services and re-location of profits due to non-local ownership.

Leakages are important to consider as this can be a threat for the economic contribution of second homes to a certain destinations' local economy. When too much money is leaking out of the local economy, benefits and contributions from the second home phenomenon will decrease.

Spending behaviour

Spending behaviour is defined as “the total consumption expenditure made by a visitor on behalf of a visitor for and during his/her trip and stay at destination” (UNWTO 1994, 21). Spending behaviour is an important feature when analysing economic implications. For this thesis spending behaviour of second home owners is a central theme. By means of determining how much, what, why and where second home owners are spending, an economic pattern becomes visible which is needed in order to analyse the economic implications. Spending behaviour involves different types of money flows namely;

- *Day-to-Day spending*: The process of expending on tangible commodities on a daily basis
- *Investment spending*: The flow of spending that adds to the physical stock, and is durable.
- *Services spending*: The act of spending on intangible commodities (employees e.g.)

These types of spending can again be allocated to the 4 different categories of economic implications (employment generation, capital flow into local economy, expenditures on local amenities and contribution to the local municipality) explained above. Together these features form a solid framework used to examine whether second homes, and more important its owners, contribute to a destinations' local economy.

Local Economy

Local economies are distinguished by their geographical or similar types of interconnectedness. In this thesis the local economy is constituted of all businesses who are located within the Franschhoek valley, in a 7 km radius from the Franschhoek town.

Perceptions

A perception is a single unified awareness derived from sensory processes while a stimulus is present (Wehmeier, et al, 2005). In this case the stimulus is the presence of second homes and its owners in Franschhoek.

- *Permanent residents*: are the people who have their primary residence in Franschhoek, and from whom it is expected that they reside there throughout year.
- *Local business owners*: are the people who own a business in Franschhoek. For this research the business owners are target owning a business second home owners make use of. Thus, owners of supporting businesses, catering businesses and retail businesses.

3.2.1.2 Measuring the main concepts

Although there is now a clear identification of the concepts, the following step is to make these different concepts measurable, in such a way that it can be investigated and analysed. Therefore on the following page the main constructs as identified in the conceptual model are operationalized. Table 5 presents for each construct the indicator, the measurement of indicator, and to which section it relates in the questionnaires used to obtain the data (Annex 4)

Table 4: Types of questionnaires used including different sections

Number	Type	Sectional division
Questionnaire 1 (Q1)	Second home owners	Section A: General household characteristics, Section B: Second home characteristics and motivation, Section C: Investment and other properties, Section D: Daily living and spending characteristics, Section E: Perceptions on Franschhoek
Questionnaire 2 (Q2)	Business owners	Section A: General characteristics, Section B: Perceptions on Franschhoek and second home owners, Section C: Perceptions on tourism impacts
Questionnaire 3 (Q3)	Permanent residents	Section A: General characteristics, Section B: Perceptions on Franschhoek and second homes, Section C: Perceptions on tourism impacts.

Table 5: Operationalization Matrix

Indicator	Measurement of indicator	Section in questionnaire
Construct 1: Characteristic second home product		
Location	Geographical characteristics; relativity of location second home to primary residence motivation obtaining second home, form of mobility, frequency of visit and length of stay and second home function	(Q1): B
Owner	Demographic characteristics: gender, age, current occupational status, household composition and highest educational qualification.	(Q1): A
	Economic characteristics; Annual income and main source of income	(Q1): A
Property	Residential characteristics; membership body cooperate, status property, obtainment property	(Q1): B
Construct 2: Spending behaviour		
Day-to-Day	Spending in commercial businesses	(Q1): D
	Spending on leisure activities; (1) Restaurants and wine estates And (2) Sport and hobby related activities	(Q1): D
	Petrol	(Q1): D
Investment spending	Property	(Q1):B/C
	Renovations and adaptations	(Q1): C
	Mode of transport	(Q1):B
Service spending	Employment services	(Q1): B/C
	Rates Taxes and electricity	(Q1): D
Construct 3: Economic implications		
Employment generation	Direct employment creation	(Q1): D/B/E and construct 2
	Indirect employment creation	(Q1): D/B/E and construct 2
Capital injection in local economy	Average spending renovations	Construct 2: Investment spending
	Commissions real estate agents	Construct: Investment spending
Expenditures on local amenities	Food and consumer goods	Construct 2: Day-to-day spending
	Leisure activities	Construct 2: Day-to-day spending
Contribution to the local municipality	Rates and taxes	Construct 2: Service spending
Construct 4: Perceptions		
Perceptions on second home phenomenon	Interaction and involvement second home owners in local community	(Q1): D/E,(Q2): B/C, (Q3): B/C,
Perceptions economic implications	Positive economic implications induced by presence of second homes and its owners	(Q2) Section B/C, (Q3) B/C
	Negative economic implications induced by presence of second homes and its owners	Q2) Section B/C, (Q3) B/C

3.3 METHODOLOGY AND RESULTS

Different ways to collect the acquired knowledge and data were applied for the research presented in this thesis. The research methods used consist of both desk and field research. The account on the desk research is given by means of a literature review in the previous chapter, as well as a geographical overview in the following chapter. The desk research consisted of gathering and analysing secondary data in order to explore the body of international literature and theory on second homes and their implications. In addition, the desk research was needed for sketching the current situation and getting a deeper understanding of processes related to the topic second home development in South Africa. The desk research phase took place from the beginning of December till the first of March, starting off in The Netherlands, and continued in South Africa.

The phase that followed was the field research phase, consisting of a combination of quantitative and qualitative methods (Q-square) for data collection. This phase took place in the months March till end May.

The quantitative method was the main method, used for the research presented in this thesis. It was used to observe and obtain information on second home development in Franschhoek. Semi-structured questionnaires were used as methodological instrument during the process of quantitative data collection. These questionnaires were held among first of all second home owners in Franschhoek, this, to discover their characteristics as well as motivations and perceptions (Annex 4: 4.1). In addition, a significant part of the questionnaire focused on collecting data regarding second home owners' spending behaviour and related patterns. Furthermore, questionnaires were held among the permanent residents, in order to unravel perceptions on the second home development and the (economic) implications for Franschhoek, discovering whether the permanent residents are aware of the phenomenon measured. Same accounts for the business questionnaires. Also these were implemented in order to measure the local business owners' perceptions on the economic implications of second homes and its owners (Annex 4: 4.2 and 4.3)

The questionnaires were used to obtain statistical data collection, and it made the collection of responses easier as it is a time and cost efficient technique. In addition, it enabled the comparison of the responses as well as statistical analyse on all information gathered.

As triangulation of results is necessary to make sure that the information retrieved by the questionnaires is appropriate and accurate, qualitative methods were used as well. Before, during and after the process of quantitative data collection, in-depth interviews were held with key stakeholders such as; civil servants, businesses owners, permanent residents, second home owners, real estate agents e.g. to get a better understanding of the context as well as to create the ability to design and improve the quality semi-structured questionnaires. The length of the in-depth interviews varied, however all extended 30 minutes. TO create consistency in the in-depth interviews, usage was made of a prearranged topic lists. By this means similar questions were asked to the different stakeholders in order to try to achieve a common ground and a framework enabling comparison.

The third method used is the collection of observation data. Before, during and after the process of questionnaires and in-depth interviews, observation data was gathered. Observation techniques were used in order to create a better and more comprehensive picture of the research area. The observations were furthermore required to portray and describe Franschhoek and visualize the impacts of second home development.

Table 6: Results used methods and techniques

	Methodology	Respondents
Quantitative	Second Home Owners Questionnaire	61
	Permanent Residents Questionnaire	86
	Local Business Owners Questionnaire	20
	Total filled in questionnaires	167
Qualitative	In-depth Interviews	32
	Observation	Not applicable

The mix of methods and techniques during the desk and field research phases has resulted in the a triangulated data, entailing information of 61 semi-structured questionnaires among second home owners, 86 permanent residents' questionnaires and 20 business surveys. In addition a total of 32 in-depth interviews were held. All questionnaires were held in Franschhoek South, the reason for this will be explained in the following section.

3.3.1 Selection research area, sampling frame and sampling method

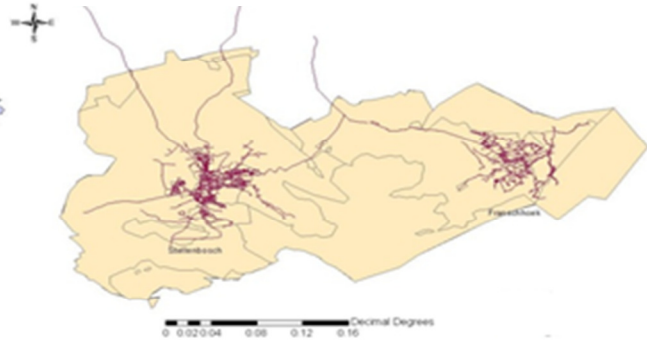
In order to determine whether the outcomes of the research are indeed caused by second home development it was important to locate a research area with a high percentage of second homes. After consolidation with supervisors and South African academics working on the subject, the town Franschhoek was chosen as research area.

Map 1: Location Stellenbosch Municipality in Western Cape Province, South Africa



Source: Stellenbosch University Department Geography and Environment, 2011
For enlargement map see Annex 2: 2.1

Map 2: Stellenbosch Municipality with Stellenbosch and Franschhoek



Source: Stellenbosch University Department Geography and Environment, 2011
For enlargement map see Annex 2: 2.1

Franschhoek is located in the Stellenbosch Municipality and situated at a 55 km from Cape Town and its international airport. This makes Franschhoek, according to literature, an ideal second home node. In addition, it is regarded as highly amenity rich, making it a perfect area for attracting second homes. Another reason for choosing this research area was largely pragmatic as the size of this town makes data collection manageable. This was very important as for Franschhoek there is a limited access to data because it belongs to the wider municipality of Stellenbosch. In addition administratively South Africa makes no distinction between primary and secondary properties, which means that pre-existing sample frames are non-existent.

Therefore, identification of the second home owners within the town of Franschhoek was done by means of address listings acquired from Stellenbosch municipality. The sample frame was drawn up based on experience of previous used methodologies, whereby postal codes have been used. The rationale behind this method is as followed; second home owners would probably prefer to have the utility bill sent to the primary residence for administrative purpose. Therefore when properties postal details which differ from the location the properties are sited, it is more likely that the properties are second homes (Pienaar & Visser: 2009). For Franschhoek this was definitely the case and after sorting out the postal listings, two databases were established one of potential foreign second home owners and one identifying the potential South African second home owners.

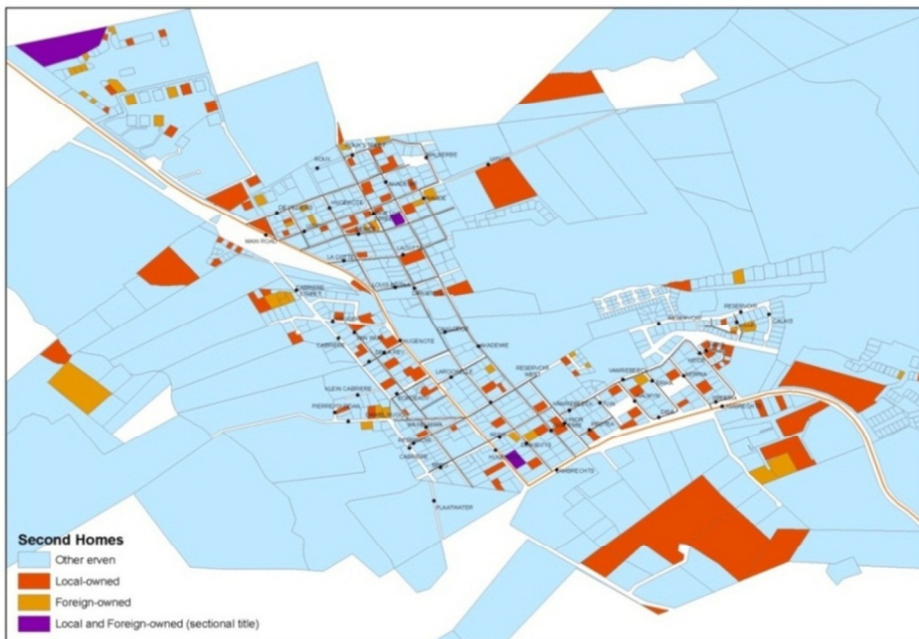
Table 7: Potential second home owners in Franschhoek identified

Potential Second Home Owners identified	
Foreign	82
Domestic	242

Source: Municipality Stellenbosch, 2011
(Personal communication group 3 person 2)

From the database it became clear that Franschhoek was an ideal destination for a second home research as around 37% of the properties in the town centre were identified as potential second home. This means that an impressive part of the village were people owning a property but residing most of the time somewhere else. The next step was field mapping, in which all potential second homes are linked to GIS shape files in order to conduct a map of all potential second homes in Franschhoek. Map 3, does not only identify potential foreign and South African second homes, it also makes a distinction between sectional titles and freehold titles.

Map 3: GIS map of potential second homes in Franschhoek identified according to plot numbers



Source: Based on information retrieved from municipality Stellenbosch, Financial Department, 2011.
 Enlargement of map Annex2 : 2.1

Nevertheless, this method was not waterproof, as during the research some more plots were identified as owned for second home purpose. Nevertheless, the postal code list does provide detailed information on plots; and it increased the chance of finding a second home on a certain place.

3.3.2 Research population and sampling methods

The main research population of this research are the second home owners in Franschhoek. The target population are the second home owners identified according to the postal method (as explained in the previous section). Next to this the permanent residents served as a target population for the questionnaires regarding their perceptions and motivations. Same accounts for the local business owners.

Sampling has been done by means of probability and non-probability sampling. First of all probability sampling has been done among the potential second home owners. As mentioned, from the sample frame it became clear that about 37% of the total population of Franschhoek are identified as potential second home owners. In order to be able to make generalisations, 25% of the potential second home owners needed to be reached.

Table 8: Response rate of potential second home owners, fieldwork Franschhoek, March 2011-May 2011

Potential Second Home Owners	Total	Response rate 25%	Response rate 10%
Foreign	82	21	Not applicable
Domestic	242	61	25

A stratified sampling method has been used, to reach the target population, in which the potential second homes and their proportion of the total population were identified (strata). In addition distinction was made between foreigner and domestic second home owners. Within the stratified sample, systematic random sampling was used as the starting point was chosen randomly but after that the list of potential second homes was followed, which indicates a systematic approach. The questionnaires were conducted face to face, by means of door-to-door surveying.

However during research it became clear that a lot of properties identified as potential domestic second homes were rented out on a long lease, in addition quite some properties were transferred in the meanwhile to permanent residence, therefore the 25% (61 respondents) which was set on beforehand was

reduced to 10%, as the number of domestic second home owners who were at their second home at time of the data collection was low. Transferring to a more random sampling method namely the snowball sampling, based on referral of second home owners, to other second home owners, became the alternative.

Moreover, the choice was made to make use of postal questionnaires. Questionnaires were sent both overseas as within South Africa. In total 66 questionnaires were sent overseas and 196 questionnaires were sent within South Africa. This not only because of the absence of the domestic second home owners but also the foreign second home owners, as during surveying it became clear that a lot of second home owners had already left Franschoek (especially the foreigners due to ending summer season).

Table 9: Outcome door-to-door and postal questionnaires fieldwork Franschoek, March 2011-May 2011

Second Home Owners	Total filled in	Door-to-Door questionnaires	Postal questionnaires	Postal Response Rate
Foreign	38	24	14	21%
Domestic (incl. foreigners living in SA)	23	8	15	8%

Non-probability sampling was used among the permanent residents and the local business owners. For the permanent residents the same list of addresses was used as for identifying second homes. However now the potential second homes were left out, which gave a list of permanent residents. From this list, respondents were approached randomly, by means of going door to door. A total of 86 permanent resident questionnaires were conducted. The local business owners were identified by means of an address book '*The Franschoek A to Z 2011*', business were selected randomly and were contacted by phone. A total of 20 business surveys were collected by means of this method.

From all respondents groups, only the group of foreign second home owners holds 25% of the total identified population. For this reason, the analysis of this research, as well as the conclusions drawn in this thesis cannot be generalised to the wider population, and are only applicable for the respondents.

3.4 MAIN LIMITATIONS

During the process of obtaining data and conducting the research some restraints were present and are worth mentioning. The biggest limitation, common for any research on tourism related topics, was the seasonality factor. The field research took place in a time span of only 3 months from the beginning of March 2011 till end of May 2011. This period was low season in Franschoek, which meant that only a small number of the respondents could be reached. Especially because the second homes in Franschoek are for the majority vacation homes, and therefore only occupied a few months a year. In order to avoid bias in the research, postal questionnaires were sent both overseas to the foreign second home owners, as in South Africa to reach the domestic second home owners. Although, especially amongst the domestic second home owners the response rate was not extensive, the postal surveys have been of help to increase the number of respondents.

Another restraint was the high number of gated estates in Franschoek. Many were protected by means of guards, booms or even only a number lock. This made reaching the respondents a challenge and it was very much depending on the willingness of gate keepers to gain access. Due to this the snowballing method used, was of high importance as referral became the key to gain contact to those who otherwise would be impossible to reach. However, not only the gated estates, also the houses in the village were often protected by high fences, alarm systems and dogs. This often in combination with intercoms made it difficult to reach respondents, and easier for respondents to express their unwillingness to participate.

Furthermore, due to absence of registers of second homes, it was more difficult to identify the second home owners. Identification by means of postal addresses was the alternative however this method appeared not to be totally waterproof, which makes it difficult to make an estimate of the total scope of the second home phenomenon in Franschoek. Nevertheless, the permanent residents' surveys which were conducted door by door gave the opportunity to filter out some of the second homes owners, who were not identified as such.

4 GEOGRAPHICAL FRAMEWORK

From the theoretical framework presented in chapter 2, it becomes clear that the impact of second homes are very much context specific. Although, international literature shows many overlapping elements with the South African context, case studies reveal differences. Therefore, when discussing the impact of second home owners for the economy and community, the context of the destination in terms of history, economic structure, and the role as tourist destination should be taken into account.

This chapter describes the national, regional and local context in which the research has taken place. Descriptions of geographical as well as social-economic and historical features, sketch the current picture of South Africa, including its prosperities and its struggles. Furthermore, attention has been devoted to the topic of second homes in South African context, and the processes of land reform and foreign land ownership fuelling current debates on the economic implications of second home development for South Africa.

4.1 NATIONAL CONTEXT; SOUTH AFRICA

South Africa, is portrayed by its famous leader Nelson Mandela as *'Each of us is as intimately attached to the soil of this beautiful country as are the famous jacaranda trees of Pretoria and the mimosa trees of the bushveld - a rainbow nation at peace with itself and the world'* (Manzo, 1996: 71). This is a reflection which truly characterizes the diversity and broad variety of the country in terms of geography, climatology and morphology as well as the variety of peoples, cultures, languages and religions. With eleven population groups, eleven official languages, a fascinating and stunning landscape, top one tourism destination and hosting many of world's religions, South Africa is a divers, fascinating and spectacular country.

4.1.1 South Africa

The Republic South Africa, located on the most southern tip of the African continent, covers a territory of 1,2 million square kilometres, making it the twenty-fifth largest country in the world. South Africa borders with six countries: Botswana and Zimbabwe in the north, Mozambique in the northeast, Namibia in the northwest, Swaziland in the east, finally Lesotho is landlocked within the country. However, by far, South Africa's biggest neighbour is the ocean. Bordering with both the Indian and the Atlantic Ocean, the South African coastal line stretches along 2,798 km (South African Government Information, 2011a).

The country has nine provinces, which vary considerably in size, landscape, population, economy and climate. The smallest is the highly crowded and urbanised province Gauteng. Northern Cape is by far the largest and most arid and empty province, accounting for almost a third of South Africa's total land surface (Map Annex 1: 1.1).

The remaining seven provinces are; The Eastern Cape, The Free State, KwaZulu-Natal, Limpopo, Mpumalanga, North West and the Western Cape. All nine provinces have their own legislature, premier and executive council (South African Government Information, 2011b).

In 2010 the nine South African provinces had a total population of approximately 49 million people, making it the twenty-fifth largest country in terms of population size. About 29 million people are urban residents, representing almost half of the South African population. Even though the population of South Africa has increased in the past decade (Department of statistics South Africa, 2001) the country had an

Map 4: Map South Africa



Source: Maps of South Africa (2011)

annual population growth rate of -0.051% in 2010 (Central Intelligence Agency, 2011). This contradiction is mainly due the immigration. It is estimated that around 5 million illegal immigrants (BBC, 2008), of which around 3 million Zimbabweans, are living in South Africa, which has led to extreme outbreaks of xenophobia in May 2008 (Bearak, 2008). In addition, the country is facing tremendous problems with HIV aids. It was estimated that in 2007 around 5.7 million people were living with aids, with an adult prevalence rate of 18.1% (Central Intelligence agency, 2011).

With eleven different population groups, eleven official different languages (English, Afrikaans, Ndebele, Xhosa, Zulu, Sepedi, Sotho, Tshivenda, Tswana, Swati and Xitsonga) and over seven of world's religions, South Africa can be portrayed as multi-cultural crucible (Bainbridge, 2009: 17). The population density in the country differs greatly, which correlates with the provinces' piece of South Africa's economy.

Johannesburg, the largest and most important city of South Africa, is the economic heartland of the country. Furthermore, South Africa has three capitals: Cape Town (the legislative capital), Bloemfontein (the judicial capital) and Pretoria (the administrative capital, and the ultimate capital of the country) (South African Government Information, 2011).

4.1.2 South Africa, an upper-middle income country

Today, South Africa is the most developed country on the African continent. The economy of South Africa is ranked as an upper-middle income economy by the World Bank (Worldbank, 2011). With respect to per capita income South Africa holds a mediocre position in international comparison: South Africa ranks 104th with a GDP per capita of \$10,700 (estimated 2010) (Central Intelligence Agency, 2011).

The South African economy is characterized as an emerging market with a rich supply of natural resources. It possesses a modern infrastructure connecting the urban centres of the country. In addition, the country has a well-developed financial, legal, communications, energy, and transport sector (Central Intelligence Agency, 2011). The main economic sectors are mining services, transport, energy, manufacturing, tourism and agriculture. However, South Africa relies heavily on the service sector, which is by far the most important sector for the South African economy. Sixty five percent of the 17 million counting labour force is employed by the services sector. At the same time, the service sector accounts for 65.8% of the gross domestic product (GDP) estimated in 2010 (Central Intelligence Agency, 2011).

4.1.2.1 South Africa's tourism Industry

The tourism industry is an important part of South Africa's service sector, as it contributes to a generation of foreign currency within the country. With its diverse landscape, stunning wildlife, beautiful local wine lands and the engaging people and culture, South Africa has positioned itself as a tourism destination, offering something for everyone. During the last twenty years a remarkably increase in travellers, both foreign as domestic, has been noticed, increasing to nearly 32 million in 2010 (Department of statistics South Africa, 2010)

A significant part of these travellers are foreign travellers visiting South Africa for tourism purposes. It has noticed that between 2001 and 2010, foreign arrivals grew annually by 7.0% on average (Annex 1: 1.2).

The year 2010 witnessed 11,5 million foreign arrivals, of which 8 million visitors could be categorised as overnight visitors. Compared to previous years the 2010 international arrival number increased significantly, about 15.1% higher compared to the volume of 2009 (7 million) . By far the leading country generating most overseas tourists for South Africa is the United Kingdom. Others are United States of America, Germany and The Netherlands (Department of statistics South Africa, 2010).

However, the South African tourism sector also holds a significant number of domestic tourists. It was estimated that 32,9 million domestic trips, constituted for 25,8 billion Rand on domestic trips receipts in 2008, compared to 9,6 million international arrivals in 2008.

On average it has been estimated that in 2008, South Africa's tourism industry contributed R194.5 billion to the GDP. A total of 438,500 direct employment, and a total of 603,200 indirect employment, was achieved.

Tourism as a development strategy

The promotion of tourism has been identified as a key strategy that can lead to economic prosperity and elevation, community development and poverty relief in the developing world (Binns and Nell, 2002). It is in line with this thinking that the World Tourism Organisation strongly advocates tourism as a tool for the alleviation of poverty in developing countries (van Egmond, 2005).

Tourism, as a development strategy for South Africa, gained notice in the mid-1990s. As explained by Rogerson and Visser "*Since the 1994 democratic transition tourism has become recognised as an increasingly important sector for South Africa's economy, and for achieving the government's goals for reconstruction and development*" (Rogerson and Visser, 2004). The economic importance of tourism in South Africa, and its characterisation as a labour intensive, industry increased the industries importance in overall developmental programmes (White Paper, 1996 in Rogerson and Visser, 2004).

Next to general economic development, employment generation caused by tourism is believed to builds cross-cultural relations allowing extensive value creation irrespective of ethnic background or societal class. Therefore, the key objectives, identified by the South African government, for the tourism industry are: Stimulating economic growth, reducing poverty, improving quality of life, alleviating inequality among ethnic groups, empowering historically neglected communities and fostering understanding and cooperation among cultural groups (White Paper, 1996 in Rogerson and Visser, 2004). To achieve those objectives, particular aspects are promoted and sought after, for example; tourism entrepreneurship, employment creation, foreign and domestic investments, and equity and ownership among disadvantaged individuals and communities (Rogerson and Visser, 2004).

Although South Africa has performed quite well in different economic, and being the most developed country on the African continent, it should be stated that after years of robust growth and macro-economic stability, the global economic crisis hit South Africa hard. During the first quarter of 2009, South Africa's annualised GDP fell by no less than 6.4%. In total the global financial crisis has led to a decline of annual growth (GDP) of -1.9% in 2009 (Worldbank, 2011).

In addition, although South Africa is characterised as an upper-middle income economy a significant percentage of the South African population is unemployed, with a striking 23.3%, almost a quarter of the total South African population, without a job in the formal sector (2010 est.) (Central Intelligence Agency, 2011).

A recent study by the University of Stellenbosch's Department of Economics analysed the data of two surveys conducted by Statistics South Africa namely; 'the Income and Expenditure Survey of Households (IES) 2005/06' and 'General Household Survey 2006'. The analysis revealed that 47% of South Africa's people consumed less than the poverty line (lower bound) as projected by Statistics South Africa in 2007. This means that 47% of South Africa's population had less than R322 (in 2000 prices) for crucial food and non-food consumer goods (Ngo Pulse, 2009).

Nevertheless, it has also been analysed that the real annual mean per capita analysis shows an improvement in the incomes of the poorest rising from R783 in 1993 to R1,041 in 2008. However at the same time, the income of the richest 10% of the South African population has increased at a faster rate, whereas it seems that the middle-income range experience the lowest rate of improvement. This also becomes prevalent when looking at the Gini index. Table 10 displays the development of the Gini coefficient between 1993 and 2008. From this table it can be distracted that the Gini coefficient has been, and still is above 0.5 indicating an inequality that is unacceptably high (The Presidency Republic of South Africa, 2009). South Africa ranks second on the international ranking of Gini index (est. 2005), making it one of the world's most unequal countries (Central Intelligence Agency, 2011).

Table 10: Gini Coefficient South Africa 1993-2008

Years	1993	1996	1999	2002	2005	2008
Gini Coefficient	0.672	0.678	0.685	0.670	0.683	0.666

Source: The Presidency Republic of South Africa, 2009

When the percentage income of the richest and poorest is compared, the deep structural nature of poverty, which has a clear racial underpinning, in South Africa becomes clear (The Presidency Republic of South Africa, 2009). Ngo pulse argues *“It is well known that South Africa’s apartheid past imparted a strong and stubborn racial character to the country’s poverty level and distributions of income and wealth. In 2005/06 - more than a decade after democratization - the incidence of poverty among black and coloured individuals remained dramatically higher than that among whites”* (NGO Pulse, 2009).

Socio-economic differentiation among different ethnic groups is still a predominant factor in South Africa’s society, and is a legacy of the Apartheid, discussed more in-depth in the following section.

4.1.3 History

The first indication of a human presence in South Africa, are the rock paintings dating back more than 2000 years ago. Portuguese and English explorers introduced the first European presence. However in 1652 it were the Dutch who first colonise the Cape of Good Hope, which became a settlement for trade under the Dutch East India Company (VOC). Nevertheless power shifted again 1795, and South Africa became in hands of the England.

With the abolition of slavery, the English deprived the Boers (Dutch settler’s decedents) from free labour, and with the increase of English language more and more frustrations made the Boers want to leave the Cape. It was in 1834, that the first Boer began their ‘Great Trek’, leading to the creation of the two Boer republics, Transvaal and the Orange Free State, with the idea to make a new society not depending on the English.

The discovery of gold and diamonds during the 1860s in the areas of the Boers, changed the situation, leading to the Anglo-Boer War (1899-1902), and ultimately to the defeat of the Boers. Transvaal and Oranje Vrijstaat became under English, control leading to the establishment of the Union of South Africa (1910), with a constitution in favour of the white minority population in the country. Most drastic was the Natives Land Act of 1913, which gradually took away the black African population’s right to own land. Also it forced them to remove to distant and infertile rural areas, the ‘homelands’, till over 80% of the population was restricted to 13% of the country’s land area (Klaveren et al, 2009: 8-9).

From 1948 on, when the Afrikaner whites elected the Nationalist Party to power, who intensified and formalised the authoritarian system of racial segregation under white domination. During the Apartheid the South African population was subdivided into four main categories: whites, coloureds, Asian and the black community. In which the Asian, coloured and black population were inferior to the white population and placed in a disadvantage position (Dekker, 2009: 18). Within short order after the implementation of apartheid, legislation was passed prohibiting mixed marriages, making interracial sex illegal, classifying every individual by race and establishing a classification board to rule in questionable cases. The noxious Group Areas Act of 1950 set aside desirable city properties for whites while banishing non-whites into townships. The separate amenities Act created, among other things, separated beaches, buses, hospitals, schools and even park benches (Bainbridge, 2009).

It took until 1994, before the first multi-racial elections brought an end to Apartheid and channelled in majority rule under an ANC-led government. Since then, South Africa, has struggled to address legacies of apartheid regarding inequities in health care, housing, education and land.

The realisation of democracy in 1994 brought the possibility for South Africa to tackle its problems concerning the extreme poverty levels and high inequality rates, as well as to restore the dignity of its citizens and make sure that South Africa belongs to all who live in it. In order to be able to accomplish this pursuit for free, equal and rights-based society new policies were put in place ensuring improvements of South Africa

people's quality of life. This means that a process was put in place in which systematically has been worked on dismantling the social and economic differentiation legacy of Apartheid, by means of different policy measures. Through a policy commitment to 'continuity of change', strategic responses have been produced to address these limitations to growth and development (PEFOL, 2006). One of these strategic responses is the South African land reform program explained more in depth in the following paragraph.

4.1.4 The question of land

Property and land rights are key issues for economic growth and combating poverty; policy makers hardly disagree on the fact that an absence of proper legal and administrative basis for land administration provides serious difficulties for long-term sustainable economic development (Deiniger, 2003: 1-4). This is also the case for South Africa, a solution of the land question is essential in order to realize the principal constitutional values of human dignity. In addition, resolving the land question is an important indicator for determining the way in which South Africa is establishing and spreading its democratic gains and building towards a sustainable constitutional democracy (PEFOL, 2006).

4.1.4.1 Land reform program

The abolishment of the apartheid regime in 1994 has led to implementations of different redistribution and restitution programs, to diminish inequality and empower the disadvantaged individuals and communities. The post-apartheid government regarded land reform as a key initiative to redress patterns of resource distribution (Thwala, 2003: 10 in Thwala 2010). In 1994, at the end of the apartheid, almost 90% of the land in South Africa was owned by the white population, which made up only 10% of the total population (Lahiff, 2010). Questions in South Africa were raised on how to approach the land issue and preventing escalations (Sibana, 2001: 1)

The answer came in the form of a land reform program, driven by the Department of Land Affairs (DLA). The complex package designed and implemented by the government since 1994 entailed different land reform measurements, which can be broadly categorised under three main pillars: (1) Land Restitution, (2) Land Redistribution Programme and (3) Approach to Land redistribution (Thwala, 2010).

The first pillar and also the main pillar addressing the injustices of Apartheid is that of land restitution. It entitles persons or communities who are dispossessed of property after 1912, to claim for restitution of that property or comparable amends. The second pillar is that of land redistribution. As mentioned with the end of the Apartheid, in 1994, almost 90% of the land in South Africa was owned by the white population, which made up only 10% of the total population. The land redistribution program is aiming to arrange land for productive or/and residential purposes, for the previously disadvantaged and poor communities. The last pillar, the land tenure reform program, has as main aim to provide people with secure tenure and prevent eviction. By these means the program aims to fulfil the constitution requirement of legal access to land (Sibana, 2001: 2-3). As stated by PEFOL "*Equitable access to land is a yard stick for measuring the worth of citizenships and how rights, freedoms and responsibilities are distributed in the New South Africa*".

Core at South Africa's approach to land reform is that, "*the South African government has adopted a market-based approach to redistribute land. The market-based approach utilizes the forces of the market to redistribute land and largely based on willing-buyer-willing seller principles*" (Lahiff, 2008).

This means that beneficiaries have to compete for available land on the open market, at market price. However this also means that the grants which are awarded by the government to black applicants need to compete with for example foreigners on the same market, with the result that applicants are often pushed out of the market.

4.1.4.2 Foreignisation of land

The fact that the South African government has adopted a market-based approach for redistributing land raised multiple questions in press and among politicians, whether the system of willing buyer willing seller is justifiable and fair. Beneficiaries, often, have to compete for available land on the open market, at an open market price, and by this way pushed out of the market. This is by far the result what the program is aiming for and for what this system is intended. In addition, why would land owners offer their land for reform purposes when they would be able to gain more through other channels (Lahiff, 2005 and 2010).

Therefore, the ministry of agriculture and land affaires constituted the PEFOL (panel of experts on foreign ownership of land) in 2004. This because, although the efforts of addressing the land question by means of the land reform program, there remains a strong public opinion that more needs to be done, and it needs to be done on a faster pace. As PEFOL has stated: *“There is a strong public opinion and perception that an unregulated ownership of land and landed property, such as housing, by foreigners contributes significantly to the lack of readily available and affordable land for land reform”* (PEFOL, 2006: 5). From this it becomes clear that prominent in the context of this debate, is the meaning of land with regard to redistribution of wealth and opportunities as well as economic growth benefitting the South African population. Questions are raised whether foreign ownership is justifiable as the majority of the South Africans are unable to afford own land or property led alone a second home. From this viewpoint it has been argued that foreign ownership is witnessed as hampering the process of redistribution and negatively affecting local opportunities.

Within the overall land question the land owned by foreigners is a sensitive topic in South Africa. Through its long history, due to colonialisation, South Africa has experienced years of foreign ownership, followed by forced removal during the Apartheid era. As argued by PEFOL: *“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 property of access being given to those who were arbitrary excluded can only lead to the perpetuation the status quo”* (PEFOL, 2006: 5).

It is therefore that the government considered starting a process of developing a comprehensive policy on foreign ownership and land. Which is a difficult issue, as attracting foreign direct investment is identified as being crucial for the upliftment of South Africa’s economy. The question remains, how to regulate foreign ownership without hampering foreign direct investment, free market, economic growth, trickle down effects and employment opportunities. The PEFOL in this sense has contributed to, collecting information regarding the phenomenon as until now there is little knowledge on the extent of foreign ownership of land in South Africa. What became apparent is that due to the period of sudden depreciation of the Rand in 2001, and its favourable position against other currency between 2001 and 2008, South Africa experienced an increase in property sales. A favourable investment climate and the increased stability of the country have led to an increase in popularity of South Africa as a destination. However, this had a tremendous impact on the property prices and land, hampering the overall land reform program.

Table 11: Different types of land owned by foreigners in South Africa

Preliminary findings of the percentage of different types of land owned by foreigners in South Africa.	
Erven	1%
Farmland	0,6%
Agricultural holdings	2%
Sectional titles 1	3%

Source: PEFOL, 2006

Preliminary findings, recorded in a report of PEFOL in 2006 have led to the opinion that the extent and nature of foreign ownership of land in South Africa was significant enough to require grounded policy, making sure that foreign ownership does not extend too much and is more regulated. By these means it does not form an

obstacle for South Africa’s land reform program, as well as its overall development. Since the published report with analysis of findings and recommendations, the South African government has been busy with designing a green paper with the intension to regulate foreign property ownership. However until today, no regulations and policies have been finalized, and foreign ownership is still prominent in South African context.

4.1.5 Second homes in South Africa

From the section above it became apparent that regulations regarding foreign ownership are not in place yet. This has led to an increase in property sales by foreigners, mainly due to a favourable Rand.

However, the development of the second homes in South Africa is by far a new phenomenon. Already during the Victoria era second homes, were common occurrences (Hoogendoorn et al. 2005: 117). In addition, it has been for decades after that, that South Africa's elite groups have established themselves in coastal towns and villages such as False Bay in Cape Town's periphery. The notion of second homes in periphery has been done by Visser, who identified a clear pattern concerning the development and developers of second homes. He identified that second home development emerged from outset of major urban areas, of which the most dominated by investment in second homes was the economic heartland of South Africa; the Johannesburg region where the wealthy were clustered (Visser, 2006: 355).

With the economic boom of the 1950s the consumer segment of second home development changed. Average higher disposable incomes enabled middle-class workers to purchase a second home, mainly happening along the coast.

Generally during the 1970s second home development in South Africa became an important topic of research (Hoogendoorn et al. 2009). During this period the typical second home location's, as they are still known today, developed. Destinations such as Plettenberg Bay, Knysna and Hermanus started to develop in the Western Cape Province, as the stunning environment and pristine landscape of the garden route was seen as the ideal place to obtain a second home (Visser, 2006: 355-359).

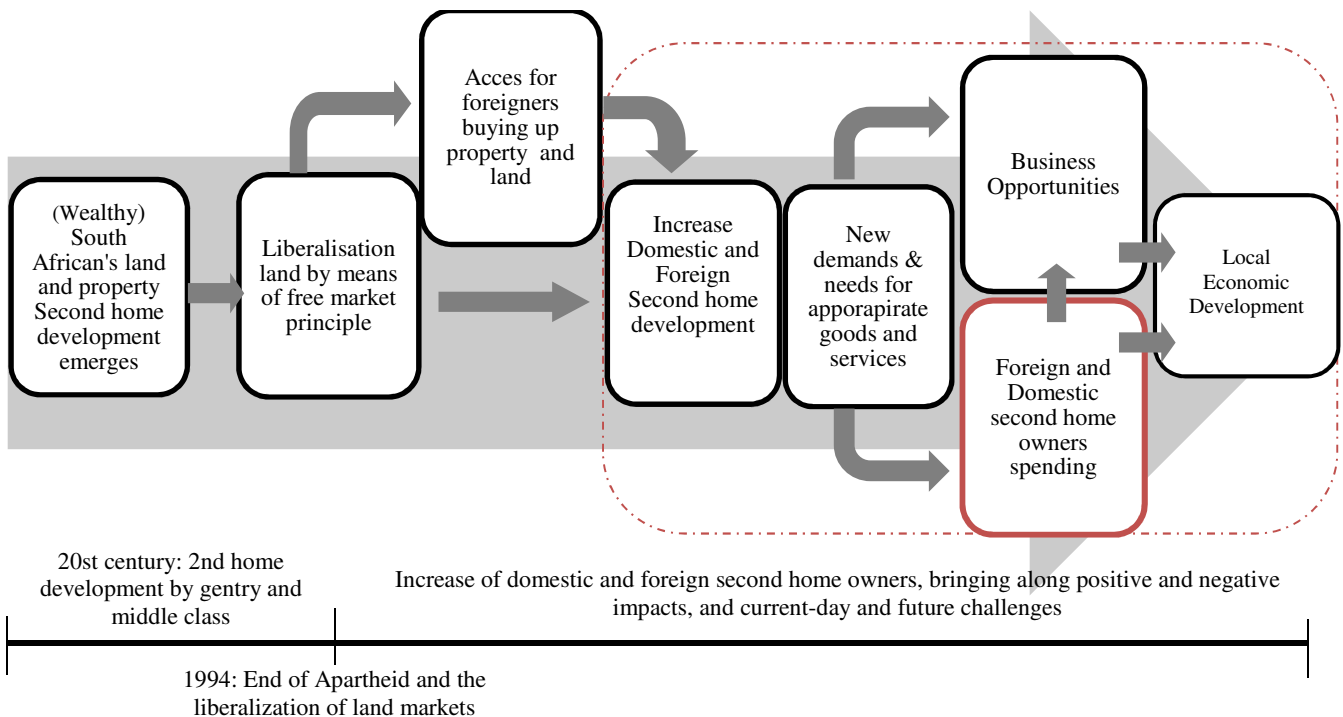
Until the 1990s the second homes had as main function holiday homes. As the owners were depending on the factor of distance and time, visits to these properties were characterised by seasonal mobility. However this gradually shifted and the phenomenon became less depending on time-space as second homes were established relatively close to the main metropolitan areas. This meant that since halfway 1990s more and more properties got a weekend function, leading to an invasion of the rural interiors and on overdevelopment of second homes on prime locations. Followed by the discovering of new and untouched locations, which slowly became new second home hotspots. These locations were mainly located at the coast (Visser, 2006: 355-359).

Next to the shift in function of domestic second homes, the 1990s is also characterised by a more allied occurrence namely: an increase in international second home participation, so foreigners buying property for second home purpose. This occurrence mainly happens in Cape Town and its peripheral regions and as argued by Visser "*not least because of the cities buoyant property market and perceived social stability*" (Visser, 2006: 364). The second homes obtained by foreigners are serving as holiday homes, with often in mind a fix return on investments.

Another interesting trend is the purchase of a property with the intention of making it a retirement home in the future. Resulting from this is that second home towns, characterised by this phenomenon, have experienced changing demographic structures in the destinations due to an aging population. This trend is accounted for both domestic as foreigners purchasing a second home in South Africa.

From this it becomes clear that second home development is mainly enabled by wealthy, mostly white, South African urbanites, and wealthy foreigners, who obtain second homes in their search for a better lifestyle. The process of second home development in the South African context, just explained, is visualised in Figure 11.

Figure 11: Process of second home development in South African context



The last stage of the process is the local economic development induced by second home ownership in South Africa. In a recent study conducted by Hoogendoorn and Visser (2010, 547) it was argued that “*there is evidence that a growing number of localities, from large cities to small towns, are beginning to undertake proactive interventions for local economic development (LED) using tourism [as] the lead economic sector*”. However as they argue, second home development phenomenon as such has not been considered as a possible LED strategy. While Hoogendoorn and Visser (2010) see clear potential for second home development to form a LED strategy.

In the study conducted in five small towns Hoogendoorn and Visser, argue that second home development “*generates vital capital flows through local government rates and taxes, employment creation and elevated levels of consumption, in otherwise economically marginal regions where such income is limited or non-existent*” and that “*tourism-related businesses, local and district municipalities should not underestimate the potential of LED impacts of second home ownership and development*” (Hoogendoorn and Visser: 2010, 560)

Nevertheless, as several case studies conducted in the South African context have indicated, the second home phenomenon can have severe negative impacts on local development. As already mentioned above, the change in demographic structures, bring about the need for the development of new facilities targeted to this segment. Also the increasing housing demand induced by second home owners has in some places led to a severe increase of land and property prices, which directly affects the lower levels of the socio-economic ladder. For instance, the middle-class South Africans are not able to compete with the wealthy second home owners on the real estate market. In addition with the increase of external demand, there is also still the case of increase of internal demand. Shortages in houses are common in South Africa. Due to increasing (international) investment in this segment, it is the internal demand that comes under pressure. In which multiple cases have shown that people have been forced to move into formerly less desirable residential areas, which eventually might lead to displacement (Visser, 2003: 401)

Another impact that has been a common occurrence is the establishment of exclusive residential spaces. This is a sensitive topic, as especially in the light of South Africa’s history, this occurrence can be considered as an extremely negative impact. In addition this is also identified as an important difference between the second home phenomena in South Africa compared to international context. Emphasised by

Hoogendoorn et al., 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” (2005: 1133).

Although, as became apparent, several case studies have been conducted on the topic of second home development in the South African context, still there is a lack of scientific information on second home ownership. There are two problems that play a crucial role in this sense. First is the fact that South Africa’s town planning legislation makes no distinction between primary homes and second home. It is because of this reason that it is very hard to comment on the development of this phenomenon in the South African context (Cambell et al, 2008: 1).

The second problem is the fact that there is hardly any information on the foreignisation of the second home phenomenon, let alone regulations on foreign ownership. The only information available based on estimations is published in the media (Hoogendoorn et al. 2005: 112-113).

It is for this reason important to contribute to the scientific debates of second home development phenomenon on the one hand, and foreign ownership on the other. Conducting research in specific second home destinations in South Africa can only be done with using a case study approach. Therefore in the following section information will be given on the specific regional context.

4.2 THE REGIONAL CONTEXT; WESTERN CAPE PROVINCE AND STELLENBOSCH MUNICIPALITY

In order to create a better understanding of the research area Franschhoek, it is important to contextualize it in the bigger Western Cape Province and locate it in the Stellenbosch municipality.

The Western Cape Province is located at the most southern tip of South Africa. This province, with Cape Town as capital city, attracts the lion's share of foreign tourists visiting South Africa on a yearly basis. The Western Cape is by far South Africa’s most developed tourism destination. According to statistical information, tourism currently has a 10% share of employment. And, whereas the economic crisis has had a huge influence on job loss in other sectors, new jobs are being created in this industry (Department of statistics South Africa, 2010).

Map 6: Western Cape Province, South Africa



Source: Maps of South Africa (2011)

Map 5: Locations Stellenbosch within Western Cape Province



Source: Stellenbosch University Department Geography and Environment, 2011
For Enlargement map see Annex 2: 2.1

Western Cape covers a surface of 129 370 square kilometres, and is the fourth-largest province of the country. Its population is a multicultural crumble adding to the province cosmopolitan flavour. Afrikaans is the most spoken language with Xhosa and English being the other main languages. Its stunning environment including wine yards, stunning mountain landscape, green valleys, semi desert areas as well as the long

stretched beaches makes Western Cape country's a very beautiful province, and a favourable tourism destination.

However, next to tourism, Western Cape is also popular, among both foreigners as domestics, for buying property. As stated by Visser: *“It is estimated that up to 10% of all property transactions by international investors in the Western Cape, and as many as 15% of all transactions in Cape Town itself are carried out by international retirees”* (Visser, 2003: 2010). Especially the coastal towns of Cape Town such as Greyton, Montagu, Bonnievale and McGregor, have been identified by Visser as being popular weekend retreats. In addition, Visser identified destinations such as Hermanus, Wilderness, George, Plettenburg Bay and Jeffrey’s Bay having experienced extensive retiree growth (Visser, 2006). However, also on the west coast of the province, coastal towns such as Paternoster and Dwars Kers Bosch have become typical second home retreats.

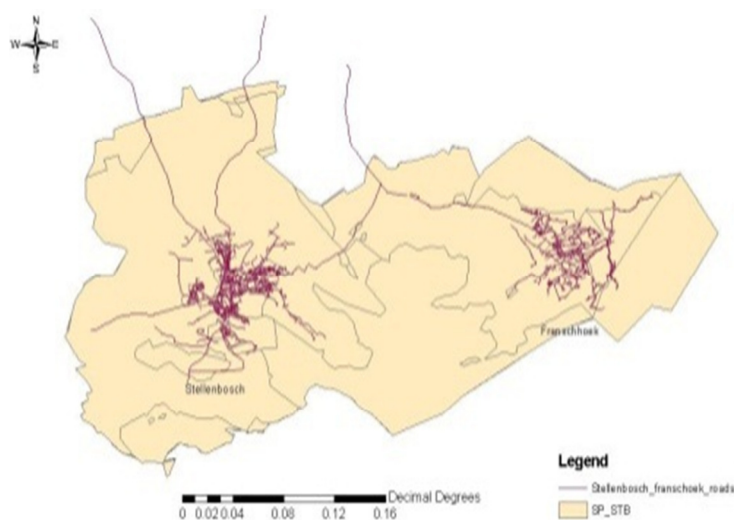
Striking however is that the towns mentioned above all are towns along the Western Cape coast. Interesting in this respect is to see what second home development means for a town situated in Western Capes’ rural interior. This is one of the reasons why Franschhoek has been selected as research area of this research.

The settlement Franschhoek is part of the wider Stellenbosch Municipality, and therefore part of the Cape Winelands District. The surface of Stellenbosch municipality is 831 square kilometres meters and is home to approximately 200,524 people in 36,413 households (estimated during census 2007) (Stellenbosch Municipality, 2011)

Due to its many attractions such as the wine farms with their quality wines, historical buildings, as well as the numerous cafes and restaurants, Stellenbosch municipality is regarded a real tourism destination, attracting different types of tourists throughout the year.

Nevertheless the majority of the area is utilised for agriculture, of which a significant amount is allocated to wine production. The biggest town of Stellenbosch municipality is Stellenbosch. Stellenbosch, is pre-eminently a student town, due to the presence of Stellenbosch University, accommodating around 25 000 students every year. Other settlements include in Stellenbosch are the villages such as Klapmuts, Koelenhof, Johannesdal, Pniel, Jamestown, Kylemore and Raithby, and the town Franschhoek (Stellenbosch municipality, 2010).

Map 7: Map Stellenbosch Municipality with Stellenbosch and Franschhoek



Source: Stellenbosch University Department Geography and Environment, 2011

For enlargement map see Annex 2: 2.1

4.3 THE LOCAL CONTEXT, FOCUS ON FRANSCHHOEK

In close proximity to the vibrant city Cape Town and its international airport, in-between towering mountains and in the beautiful Cape wine land, lays the magnificent Franschhoek Valley with situated at its centre Franschhoek village. Well known as the heart of food and wine of South Africa, this picturesque town has grown from an agricultural settlement in the late eighties early nineties to a cosmopolitan and vibrant town, with tourism as its economic base. The old cape colonial buildings, its rich history, the spectacular scenery and incredible wine lands make many simply fall in love with the place. Especially when having experienced the stunning view while driving over the mountain pass into the town. It is therefore far from strange that the ideal dream of purchasing a little piece of this paradise is appealing to many, and occurring in Franschhoek.

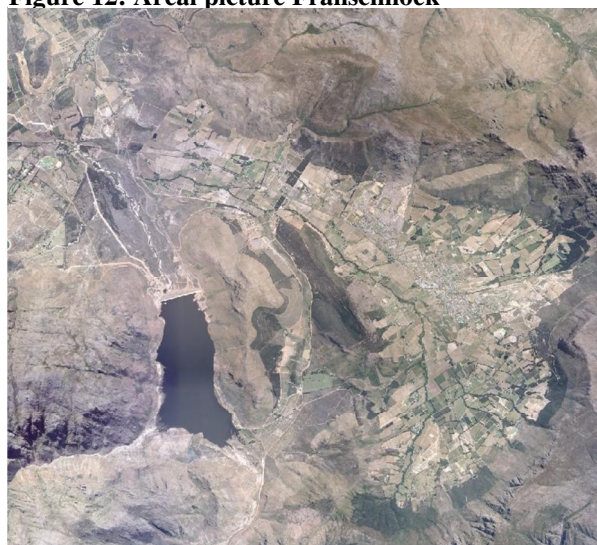
The town is famous for its wine and food character, which it obtained due to the settlement of Huguenots more than 300 years ago, bringing along with them the French wine and food culture. They settled in Franschhoek valley, originally known as “*Oliphantshoek*”, escaping from religious persecution in France in the late 17th century. The first Huguenots arrived in 1688. By 1700 the first wines were produced on farms established by the Huguenots and by 1713 the valley had become known as De France Hoek (the French Corner) because of its many French-speakers (Malherbe, 1996: 1-20).

Franschhoek was established as a service centre for the rural agricultural community of the valley (Stellenbosch municipality, 2000). By 1886, fruit cultivation started in the valley with as result that Franschhoek and Stellenbosch are the main plum producing areas of South Africa. Next to the famous grapes also other fruits such as pears, peaches, nectarines and apples are produced (Personal communication group 3 person 1).

The first motorcars were purchased in 1910, the acquirement of telephones was in 1911, and electricity was switched on in 1934. In 1938 the Huguenot Memorial was erected to commemorate the 250th anniversary of the arrival of the Huguenots. In 1992 the election of Mr Frank Arendse proclaimed the first non-white mayor in South Africa (Malherbe: 1996).

Today the region is home to around 30 wine farms, which include some of South Africa’s most famous names such as: Cabriere, La Motte and Boschendal. However, farming and wining are not the only dominating activities of the Franschhoek valley area. Today, Franschhoek is a prosperous town with numerous functions (Franschhoek tourism association, 2011).

Figure 12: Areal picture Franschhoek



Source: Stellenbosch University Department Geography and Environmental studies

The vision for the town Franschhoek by 2015 is described as follow: “*Franschhoek is a beautiful rural town with a vibrant economy. Its hospitality, rich diversity, history and character are making it a choice destination for tourists. It is also an exporter of quality products. Franschhoek is a harmonious, sharing and caring town, where every inhabitant feels at home and enjoys quality of life. The town’s vision is to ensure freedom and peace for its people, together with economic well-being and opportunity*” (Stellenbosch municipality 2000)

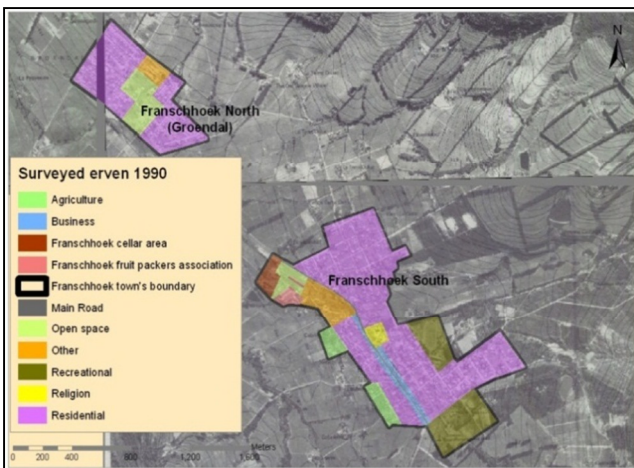
4.3.1 Franschhoek; the area

Franschhoek is situated on parts of the Huguenot farms ‘la Cotte’ and ‘Cabriere’. In 1881 the village developed into a municipality as it consisted of a chapel, and various houses. The main street was tarred in 1938 (Malherbe: 1996).

However the situation of the town changed under Apartheid: “*During apartheid, Franschhoek, like other towns, became a model apartheid town. The more affluent white population owned the prime agricultural land and businesses in town. The poorer coloured population lived on the outskirts. And a small group of black residents was sandwiched in between*” (Franschhoek Municipality 1999; cited from Willemse, 2008: 10)

The noxious Group Areas Act of 1950, part of the Apartheid era, set aside desirable city properties for whites while banishing non-whites into townships. During this period racial segregation was a fact in which two separate areas were distinguished one for the white population, Franschhoek South, and one for the coloured population, Franschhoek North (shown in Map 8).

Map 9: Boundaries and land cover types from Franschhoek North and South, 1990



Source: in Willemse, 2008: p 20 from Chief Directorate of Surveys and Mappings 2008
For enlargement map see Annex 2: 2.1

Map 8: The boundary and land cover types of Franschhoek 2008



Source: in Willemse, 2008: 25 from Urban Dynamics
For enlargement map see Annex 2: 2.1

Today, although the town has grown significantly, this artificial separation of the community into two physically separated areas is still noticeable. Franschhoek South comprises the high class expensive properties inhabited by the white population. The area includes the town centre and the bordering neighbourhoods. Groendal, also referred to as Franschhoek North, comprises of middle-income and low-income housing inhabited by the coloured population. During Apartheid Franschhoek did not have a black population, it is this population group which, currently, grows most rapidly in Franschhoek.

The increase in population and extensive immigration has led to a severe housing shortage, causing an increase in backyard structures and informal settlements. This mushrooming, is taking mainly place in Langrug. The township comprises of shacks and is the most rapidly extending area of Franschhoek, mainly on the outskirts of the town, on the foot of the surrounding mountains. Langrug is inhabited by the black population who are the poorest population group of Franschhoek (Stellenbosch Municipality, 2000).

Due to the economic inequality, integration of the three areas is non-existent and spatial segregation is still prominent in the town Franschhoek. Attempts have been made to integrate the North and South areas. As shown in Map 9, developments have taken place between the two areas. The ground between the two areas was sold in order to be able to finance social housing, as was agreed upon in the Social Accord of 1998. In which also land restitution, of forced removals during Apartheid were included. The Social Accord Agreement was put in place to work towards an integrated and non-segregated town. The Accord wanted to connect Franschhoek North (the poorer areas) to Franschhoek South (the wealthier areas) through cross-subsidisation of housing development (Willemse, 2008)

Unfortunately the land sold, between Franschhoek North and South, was characterised by developments comprising of gated estates creating an even bigger and more physical boundary between the Franschhoek North and South.

4.3.2 Franschhoek; permanent residents

In 1994, two population growth projection scenarios were proposed: one with a slow population growth of 2% and a bigger one of 4%. It was estimated that in the future the situation would probably lie between the two projections. However, already in 1997 these projections were out-dated, as the population of the town had already reached the 2025 year projection (at a slow growth scenario).

Table 12: Project growth population Franschhoek

Year	Latest scenario for IDP % growth / Annum	Population
1991	-	4350
1994	1.2	4500
1997	20.0	7239
2000	11.0	12 393
2005	4.0	15 075
2010	3.5	17 900
2015	3.0	20 750
2020	2.5	23 473
2025	2.0	25 914

Source: Stellenbosch municipality, 2000: 2.3

Franschhoek is one of the biggest growth nodes faced by Stellenbosch municipality (Municipality Stellenbosch, 2008).

The increase of inhabitants of Franschhoek through the years is mainly due to in migration of different population groups. First of all, the move of a more affluent white population to the town has increased the population number. The natural scenery, the proximity to Cape Town, the perceived safe living conditions but also the establishment of the well-respected Bridge House School situated just outside the urban edge of Franschhoek, have contributed to the fact that more wealthy urbanites have moved to Franschhoek town (South) (Personal communication group 4, person 5).

Furthermore, Franschhoek North has witnessed an increasing number of migrants, mainly from other South African provinces, but also from South Africa's surrounding countries, moving to the town with the hope to find employment opportunities in both tourism industry and the agricultural sector, trying to establish a more secure living.

Table 13: General characteristics inhabitants Franschhoek North (n=138) and South (n=68)

	Franschhoek			
	North N=138		South N=68	
	Abs	%	Abs	%
Ethnicity				
Black	60	44%	11	16%
White	0	0%	49	72%
Colored	77	56%	8	12%
Other	1	0%	0	0%
Highest level of education				
Primary School	20	15%	1	2%
High School	40	29%	6	10%
Matric	54	39%	8	13%
Diploma	18	13%	13	21%
Degree	6	4%	22	35%
Post Graduate	0	0%	13	21%
Monthly income				
0-5000	86	63%	11	16%
5000-15000	40	29%	18	27%
15000-30000	10	7%	19	28%
More than 30000	2	1%	19	29%
Type of property				
House	85	63%	51	75%
Informal Dwelling	50	37%	0	0%
Town House/Flat	1	0%	14	21%
Small Holding	0	0%	3	4%

Source: Pearce, Xu and Makaudze: 2011

Therefore the Stellenbosch municipality in 2000 again drew a different projection in which it was projected that in 2010 the total population of Franschhoek would be around 17,900 (Table 12) (Stellenbosch municipality, 2000)

To date, it is not totally clear how many people exactly inhabit Franschhoek. The last census was held in 2001, projected around 8,936 inhabitants living in Franschhoek. From interviews it has become apparent that the total population of Franschhoek is estimated at 15,500 (Stellenbosch Municipality, 2010a: 92). A similar number can be derived from the municipal evaluation list; these 15500 residents live in 887 households in Franschhoek South, 1944 in Groendal and 1700 informal dwellings in Langrug.

Another aspect that has contributed to the population growth is the increasing number of foreigners deciding to buy a property in Franschhoek for permanent use, or as a second home. These factors have led to an extensive growth rate of the town over the last ten years, but also to a widening of the gap regarding differences in socio-economic characteristics of the population groups.

From research conducted on determining the socio-economic value of groundwater in Franschhoek (Pearce, Xu and Makaudze, 2011), it became clear that there is an extensive difference between Franschhoek North and South in terms of socio-economic and residential characteristics.

First of all, as already mentioned, is the difference in ethnicity of the inhabitants of the two areas. Franschhoek South is primarily inhabited by the white population, whereas the coloured and black population live in Groendal. Furthermore, it became clear that on average the respondents of Franschhoek South (51 years old) are almost 10 years older compared to those of Franschhoek North (42 years old). This is also reflected in the household composition as four to five household members is common in Franschhoek North, 2 to 3 is common in Franschhoek South.

Furthermore especially in terms of education and monthly income there is a big discrepancy. The majority of the respondents living in Franschhoek North have not obtained a degree higher than matric, whereas the majority of Franschhoek South did. This is also reflected in the monthly income, as the average monthly income Franschhoek North respondents is R7,951 with the majority of the respondents not owning more than 5,000 Rand a month (63%). While, the average monthly income of Franschhoek South respondents is R2,364, of which the majority of the respondents owning more than R30,000 per month. This can be linked to the type of property the respondents reside in. Although of both groups the majority lives in a house, a striking 37% of the Franschhoek North respondents reside in an informal dwelling.

Langrug has not been included in these figures, it is estimated that Langrug accounts for an additional 1700 more informal dwellings, and that the circumstances under which the people live in combination with the economic characteristics, makes this residential area by far the poorest of Franschhoek.

Many of the inhabitants of Groendal and Langrug, find their employment in the Franschhoek tourism industry, which is an important economic contribution to the town. The following section will go into this topic more in depth.

4.3.3 Franschhoek; tourism destination

Tourism has become the most important complementary of the town's traditional role as (agricultural) service and commercial centre. It started off with some quality restaurants seeing the opportunity of exploiting Sunday lunch visitors, expanding to the point of Franschhoek being recognised as the culinary capital of the region. With this, the emergence of overnight accommodation in the form of large numbers of guesthouses became a fact. Followed by, the establishment of a considerable number of small arts, crafts and curio shops, selling rapidly to the increasing number of visitors (Stellenbosch Municipality, 2000).

For a long time, Franschhoek has been branded as a tiny bit of France in South Africa. Although the French language will only be heard from tourists visiting the town, the French roots are visible at almost every corner of the street and can be regarded the fabric of this extraordinary and picturesque little village. Streets, neighbourhoods, names of houses, restaurants and shops are referring to the place's French origin, and even the French flag is prominent in Franschhoek's streetscape. In addition, the vegetation of the town contributes to its French touch, as birches are planted along the main road through the city, and colourful French flowers such as the geraniums can be found in the well-kept gardens of the different cape colonial architectural buildings.

Today, the town is very much a touristic destination, not only targeting the domestic market, but more and more focusing on the overseas market. During high season many tourists are visiting Franschhoek, and with this Franschhoek has become a well-known tourist destination within South Africa. In addition, since the year 2000, Franschhoek belongs to the top five destinations in South Africa for day-tripping foreign tourists. Next to the day-trippers, Franschhoek witnesses a high number of tourists who stay overnight.

Although the town is very much a tourism town, actual numbers of visiting tourists are absent. Due to a brand audit conducted by the tourism office, some information about the type of tourists is available. From the brand audit it becomes clear that the majority fall in the age category of 26 till 45. Furthermore it can be stated that a significant percentage of the visitors are domestic tourists as 48% visits Franschhoek several times a year. The main motivations indicated by tourists to visit Franschhoek are the restaurants and wine estates. However, it has been indicated that the retail shops are frequently visited during the stay in Franschhoek (Franschhoek Tourism Association, 2010).

The dependency of Franschhoek's economy on their tourism industry is high. From interviews with different stakeholders it became clear that especially during low season businesses have trouble surviving. Franschhoek's tourism industry is characterised by severe seasonality. The summer months witnesses' high numbers of tourists, whereas during winter months the town seems abandoned. As the retail shops are highly reliant on tourists as their main consumer base, it is these businesses that struggle most during low-season, leading to a consecutive change in types of shops and ownership on the main street, and the surrounding streets.

4.3.4 Franschhoek; property and land

Franschhoek, once a sleepy country retreat, has developed rapidly since the 1990s into an ideal second home node, turning Franschhoek into one of South Africa's most sought after second home addresses. Fifteen years ago, Carola Koblitz stated: *“this was still pretty much ‘Sleepy Hollow’ territory; a real get-away-from-it-all where you could pick up a cottage at around R200 000 and enjoy a true country lifestyle within a 45 minute drive of Cape Town”* (Koblitz: 2006).

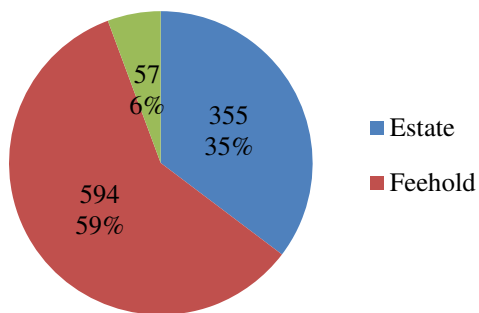
However, property began to escalate about thirteen years ago, at the same time that tourism started to take off in South Africa. The Rand was at an all-time low against foreign currencies, and Franschhoek had become a sought-after destination for both food and wine. So the visitors came, they saw, they ate, drank, fell in love and many bought a property (Koblitz: 2006).

It was during these days that upmarket residential housing sector saw the first great expansion; the town grew tremendously in this period, with the white population growing by 70% (Stellenbosch municipality, 2000: 2.1).

Today the sleepy hollow character has changed and Franschhoek has become more cosmopolitan and sought after. It has become a place to live rather than just for a holiday. The quality of property has improved markedly. However, this only accounts for Franschhoek South.

According to a suburb report of Lightstone regarding the property market of Franschhoek, the division of type of properties is as follows: estate, freehold and sectional titles. In addition, Franschhoek occupies (on national level) the 91st place of the in total 5,290 suburbs in terms of average freehold prices, with an average of R3,612,944. On municipal level Franschhoek is ranked 4th, both on freehold as on sectional title (Lightstone, 2010). Furthermore, the report reveals that 59% of the 1,006 properties (in Franschhoek South) are freehold properties, whereas only 6% is sectional scheme. These figures indicate that Franschhoek is an expensive town in terms or real estate.

Figure 13: Market Stock Franschhoek property 2010



Source: Lightstone, suburb report Franschhoek, 2010

In addition, 355 properties are established in an estate accounting for 35% of all properties. Gated estates are a common phenomenon in South Africa, and also in Franschhoek. The gated communities in Franschhoek are physical areas that are fenced or walled off from its surroundings. Outsiders are either prohibited or controlled when accessing. This is done by means of booms and gates. The fenced areas can be seen as neighbourhoods, where spaces, normally open to the public, are now privatised (such as streets and parks). Nevertheless, the gated estates in Franschhoek are not extreme big ones, and do not hold golf courses and buildings for commercial purpose such as grocery shops or offices. The reason why these areas place are fenced is, to increase safety of living environment, without cutting of ties with the surroundings, as the inhabitants of these estates do have to get out of the estate do their daily shopping and activities.

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In Franschhoek South there are multiple estates established ranging from very small ones only holding 36 properties, to bigger estates with number of properties counting up to 145 (Personal communication group 2, person 1).

Figure 16: Freehold title



Figure 15: Sectional Title



Figure 14: Residential estate



Franschhoek property has boomed significantly during the last years. The basic real estate price about 15 years ago was around R200.000. Today prices are of a whole different calibre. As Figure 17 shows, prices have surged significantly between 2004 and 2009.

Figure 17: Average price sectional titles and freehold titles over the period 2004 to 2010



Source: Lightstone, suburb report Franschhoek, 2010

Especially the average prices of freehold have almost tripled between 2004 and 2009. In addition, the graph shows a distinct decline in average prices after 2009. The former is a direct result of the global recession, hitting South African property prices. A reason why average property prices have risen can be due to the scarcity of land in Franschhoek South. From interviews with different real estate agents it became clear that especially in Franschhoek town vacant plots are scarce (personal communication group 2, person 1)

Furthermore, as Franschhoek surroundings are part of the biosphere plan, extension across the urban boundaries is impossible. It is for this reason that land prices are, just as property prices, extremely high. The table below shows the average land prices in Franschhoek per square metre, according to transfers between 2004 and 2010 (Table 14).

Table 14: Average price per sq. metre in Rand of Land transfers divided in Franschhoek South and North 2004 - 2010.

	Franschhoek		Franschhoek South (Groendal)		Franschhoek North	
	Total Land Transfers	Average price land transfer	Land Transfers	Average price land transfer	Land Transfers	Average price land transfer
		per sq. meter in R		per sq. meter in R		per sq. meter in R
2004	174	1882,50	158	3455,87	16	123,50
2005	125	1782,25	118	3610,90	7	89,43
2006	157	1849,64	153	1894,96	4	116,25
2007	244	1782,25	210	2061,97	34	54,59
2008	118	3616,93	109	3890,51	9	303,00
2009	84	4372,69	73	4976,01	11	368,82
2010	21	1462,95	12	2268,25	9	389,22

Source: Stellenbosch University Department Geography and Environmental studies

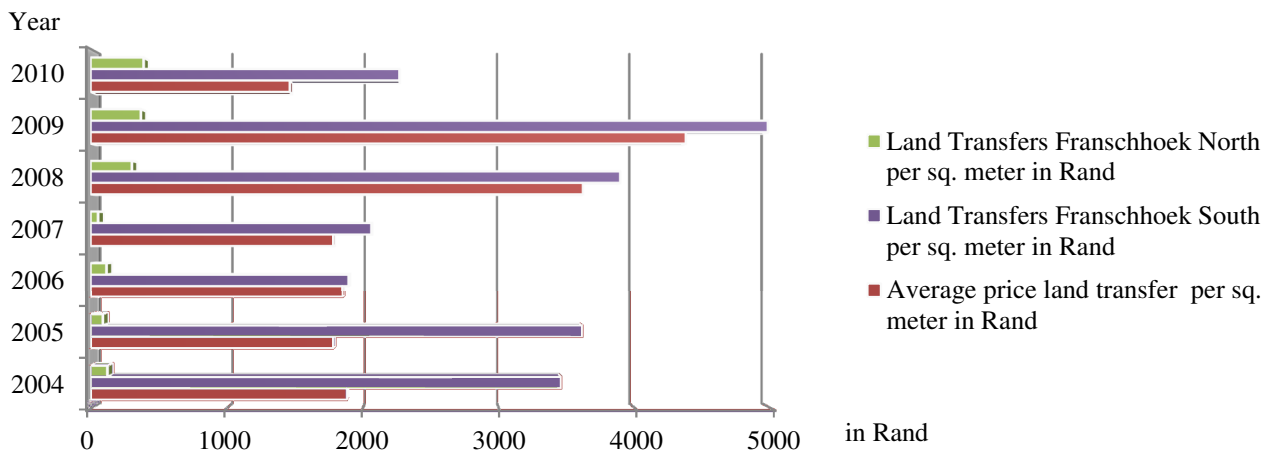
Table 14 shows how land prices vary across the two Franschhoek areas. Franschhoek North also referred to as Groendal, experiences drastically lower prices compared to the average land price per square metre in Franschhoek South.

In Franschhoek South the prices per square metre are sometimes more than tenfold. It is also for this reason that it is more difficult to obtain land in the central areas due to less space and higher prices per square metres. In addition, there are clear rules and regulations on where to build and what to build. This is because of Franschhoek surroundings being part of the biosphere, and because the municipality has clear zoning plans in order to prevent urban extension and trying to limit urban sprawl.

Figure 18 reveals that the total average price land transfer per square meter in Rand (including both Franschhoek North as Franschhoek South) is extremely high. This is the result of the high land transfer prices in Franschhoek South. It is also for this reason that Franschhoek ranks high on the national charts of most expensive real estate and land prices.

Nevertheless it should be mentioned that this is a very much skewed distribution, and a true reflection of the inequality taking place within the boundaries of Franschhoek.

Figure 18: Average price per square metre in Rand of Land transfers divided in Franschhoek South and North 2004 - 2010



(Source: Stellenbosch University Department Geography and Environmental studies)

A striking phenomenon is that there is an extreme housing shortage in Franschhoek North. It has been argued that the average waiting time for low to middle income housing is about twelve years (personal communication group 5, person 3).

At the same time, while walking through Franschhoek South, the ‘for sale’ signs are numerous. Many properties are for sale due to the economic crisis. In addition, there are also some plots which are still vacant; these are mainly situated in the gated estates. This is causing explosive sales numbers of the previous decade to temper.

In addition, due to the stronger Rand, more foreign owners whom bought the plots in more prosperous times are currently forced to sell their property as they cannot afford it anymore. Nevertheless although many houses are for sale, it has been argued that the prices are kept artificially high, and that the prices for which the properties are offered or sold, are not in accordance with the actual market value.

Figure 19: Vacant plot for sale Reservoir Street, Franschhoek



Noteworthy is that due to second home development, Franschhoek South counts numerous houses which are empty for more months a year. This causes mixed feelings when thinking of the extreme housing shortage Franschhoek North is faced with. In the following chapters this second home phenomenon Franschhoek is facing, will be examined more in depth.

4.4 CONCLUSION

Franschhoek location is ideal and breath-taking, close to the vibrant city Cape Town and its international airport, in-between towering mountains and located in beautiful Cape wine lands, the town has grown from an agricultural settlement in the late eighties early nineties to a cosmopolitan and vibrant town, with tourism as its economic base.

However Franschhoek, once established by the Huguenots, is facing many difficulties. First of all, Franschhoek is highly depending on their tourism industry in terms of income and job creation. Especially during low season businesses have trouble surviving as the tourism industry is characterised by severe seasonality.

In addition the economic inequality between the different population groups is extensive and spatial segregation is still prominent in the town. Although attempts have been made to integrate Franschhoek North and Franschhoek South, until now this artificial separation, put in place during Apartheid, is still noticeable.

Furthermore Franschhoek has witnessed, and is still witnessing, a high population growth rate. This mainly due to in migration of different population groups; on the one hand asylum seeking migrants moving to the town with the hope to find employment opportunities. These migrants are inhabiting the poorer areas; Groendal and Langrug. On the other hand there is a more affluent, wealthy white class, moving into the neighbourhoods of Franschhoek South. With the in migration of this upper class segment, during the last two decades, the upmarket residential housing sector expanded, causing property and land prices to surge. Currently Franschhoek is belonging to the most expensive areas, in terms of real estate, of South Africa. Resulting in even a bigger socio-economic gap reflected in the spatial segregation.

These aspects Franschhoek is facing show similarities with problems faced by second home towns in South Africa. Second home development in South Africa is not a new phenomenon and has always had a sustained elitist nature. Second home development is mainly enabled by wealthy, mostly white, South African urbanites, and wealthy foreigners, who obtain second homes in their search for a better lifestyle.

This is difficult to justify as the majority of the South Africans is unable to afford own land or property led alone a second home. Property and land rights are key issues identified by the South African government for economic growth and combating poverty, as well as to address the legacies of Apartheid. Although economically best performing on its continent, and identified as a middle-income county, South Africa's gap between rich and poor is widening.

A similar trend is noticeable in Franschhoek were inequality in terms of income, housing conditions and other socio-economic characteristics, causes great disparities between the population groups. Land is scarce and property and land prices are high. Whether and in how far, second homes have an influence on these current processes and problems Franschhoek is faced with will be discussed in the flowing chapters

5 PROFILE SECOND HOME OWNERS AND DEVELOPMENT FRANSCHHOEK

The following chapter examines the second objective of this research; *'to identify the characteristics of the Franschhoek second homes and second home owners, to investigate whether there are differences between the characteristics of foreign and domestic second home ownership. Several sub questions are raised namely'*.

The chapter starts with presenting a profile sketch of the characteristics of the second home owners of Franschhoek. A distinction has been made between South African (domestic) second home owners and foreign second home owners, in order to contribute to a better understanding of the second home owners, their demographic, socio-economic characteristics and geographical characteristics.

The second part of this chapter portrays the research area in order to create an image of Franschhoek as a second home town. In addition the residential characteristics of the second home owners, both domestic and foreign, are discussed.

Questions dealt with in this chapter are: What are demographic, socio-economic characteristics of the second home owners? Are there differences between domestic second home owners and foreign second home owners? What is the percentage of second homes in the area? What are the characteristics of second home development in the Franschhoek? What factors have contributed to the development of second home in the context of Franschhoek? And where are the second homes located in the village, and how many are there?

5.1 PROFILE SKETCH FRANSCHHOEK SECOND HOME OWNERS

The respondents of the second home questionnaire were both South Africans as well as foreigners. In total 61 questionnaires were filled in, 19 by South Africans and 42 by foreigners. The lower response rate of South Africans mainly has to do with the fact that many houses owned by South Africans and identified as potential second home properties were rented out on a long lease. Meaning that the presence of these owners was more sporadic especially compared with the foreign second home owners. Many of the potential domestic second home properties are purely an investment and not used for recreational or leisure purposes, but for economic gain.

Due to the fact that the questionnaires were conducted in March, April and May, also significant amount of the foreign second home owners were difficult to reach, as they had been overwintering and had gone home already.

Although, the lower response rate among the domestic second home owners and the absence of foreign second home owners, comparison of the characteristics between the two groups is still possible. The profile sketch consists of a socio-economic profile including demographic and economic variables. The geographic profile of the second home owners the relative and absolute distance from permanent home to second home is described.

5.1.1 Demographic and economic characteristics

In this section the demographic and economic characteristics, are presented, resulting from the 61 questionnaires conducted among the second home owners. The following demographic characteristics were collected: gender, age, highest educational qualification. Furthermore, the household composition and the current occupational status are important variables to take into account as it says something about which stage in the life-cycle the second home owners of Franschhoek are.

The economic characteristics that are taken into account are: main source of income and current annual income. These variables contribute to the overall picture of the second home owners. In addition it says something about their purchasing power which is of importance later on in this thesis, when the spending behaviour is analysed.

During the research it became clear that four respondents are of foreign nationality, however are living in South Africa.

From Table 15 it becomes clear that of both groups (foreign as domestic) the highest percentage of respondents is female. However, the difference between female and male respondents is not a significant one, in that it would form a bias in the research. In addition, the face-to-face questionnaires were often conducted while the partner of the respondents was also present.

Although not incorporated as question in the questionnaire, it became apparent that all second home owners spoken to, both foreign as domestic, are white.

Furthermore, the table shows that the age of the respondents varies between 31 and 70 years. Noteworthy is that the majority of the foreign respondents fall within the age category 61-80. Whereas the majority of the of the domestic respondents fall in the category 51-60. This would imply that a significant number of the domestic second home owners are not yet retired, as the average retirement age, in general, is between 60 and 65 years (Fisher-French, 2009).

In addition, there are hardly any foreign respondents with an age below 50, only 7% fall within this category, whereas for the domestic respondents, 32% can be located under this category; indicating that the foreign second home owners are in general from an older generation compared to the domestic second home owners. This can be confirmed as under the heading occupational status it becomes clear that 44% of the foreign respondents are retired whereas only 16% of the domestic second home owners are retired.

A significant percentage of the domestic respondents have a job namely 79%, of which 48% owns a business. Noteworthy is, that although a significant percentage of the foreign respondents are retired, a striking 56% of the respondents is still working; 23% has his own business.

The households of the second home owners in Franschoek seem to be in general not that large; two person's households are most common among the domestic group (68%) as among the foreign group (74%). This can be linked to the fact that a significant percentage of the foreign respondents are retirees, and can have grown up children, not living at home anymore and therefore not accounted for as part of the household.

This could also explain that still more than a quarter of the domestic second home respondents have a 3+ person's household. As the majority of the domestic respondents (74%) are below the age of 61, the chance of having children living at home is more present.

From Table 15 it becomes clear that of both groups the most respondents' highest educational qualification is bachelor level namely 42% of the domestic second home owners and 36% of the foreign second home owners have obtained a bachelor degree. Noteworthy is also that a master degree or higher is obtained by 32% of the total domestic second home owners, whereas 24% of the foreign respondents group. Therefore, it can be stated that the second home owners in Franschoek, participated in this research, have enjoyed a high level of education.

Table 15: Demographic characteristics second home owners Franschoek (domestic n= 19, foreign n=42)

	Domestic N=19		Foreigners N=42	
	Abs	%	Abs	%
Gender				
Female	11	58%	25	60%
Male	8	42%	17	40%
Total	19	100%	42	100%
Age				
31-50	6	32%	3	7%
51-60	8	42%	12	29%
61-80	5	26%	27	64%
Total	19	100%	42	100%
Current occupational Status				
Retired	3	16%	24	44%
Own business	9	48%	5	23%
Employed	6	31%	13	33%
Other	1	5%	0	0%
Total	19	100	42	100
Household composition				
1 person household	1	5%	3	7%
2 person household	13	68%	31	74%
3+ person household	5	27%	7	17%
Not answered	0	0%	1	2%
Total	19	100%	42	100%
Highest Educational Qualification				
< Bachelor	3	16%	9	31%
Bachelor	8	42%	15	36%
Honours	2	10%	3	7%
Masters ->	6	32%	10	24%
Not answered	0	0%	5	12%
Total	19	100	42	100%

Table 16: Economic characteristics second home owners Franschhoek (domestic n=19, foreign n=42)

	Domestic N= 19		Foreign N=42	
	Abs	%	Abs	%
Annual Income				
<500000	5	26%	9	23%
500000-1000000	2	11%	6	13%
1000001-5000001	8	42%	13	34%
5000000	4	21%	11	25%
Not Answered	0	0%	3	5%
Total	19	100%	42	100%
Main Source of Income				
Pension	1	5%	17	30%
Salary	6	32%	9	23%
Own business	7	37%	5	20%
Other	4	21%	10	22%
Not answered	1	5%	2	5%
Total	19	100%	42	100%

When linking the high level of education to their economic characteristics, it is not striking to see that the annual income of both respondents groups is quite high. Forty-two percent of the domestic and 34% of the foreign second home owners' annual income fall in the category 1 million till 5 million Rand.

In addition 21% of the domestic and 25% of the foreigners fall in the highest category; an annual income of more than 5 million Rand.

The main source of income of the domestic and the foreign second home owners however varies, this as 30% of the foreigners main source of income is their pension. This is not that extraordinary as from the previous table it was derived that 44% of the foreign second home owners in Franschhoek are retired. Only

5% of the domestic second home owners have indicated pension as their main source of income. According to the answers of the South African respondents, their main source of income is own business, a striking 37%. Which is again quite understandable as from the previous table (Table 15), it was already concluded that almost half of the domestic second home owners have their own business (48%).

As a result it can be stated that the second home owners in Franschhoek are a heterogeneous group, however when splitting the respondents group in domestic and foreign, it can be stated that the findings in data speak of very homogeneous respondents within the two groups.

When linking the findings to the theory it becomes clear that the majority of the foreign respondents can be characterised as empty nesters in which the children are no longer living in the same household or there have been no children at all. Furthermore, quite a high percentage can be categorised international retirement migrations.

The domestic second home owners are middle-aged, predominantly established in 2 person's household, with also a significant percentage falling in the category family units. Domestic second home owners are spread over the stages full nester and empty nester.

In addition, it can be stated that the second home owners, both domestic as foreign, are economically active, and notable is that they can be categorised as upper –level income earners, which presumably indicates a high purchasing power. Noteworthy is that the domestic second home owners spoken to, are all white, reflecting the socio-economic inequality South Africa is facing and the elitist nature of domestic second home ownership.

5.1.2 Geographical characteristics

Just as demographic and economic characteristics, geographical characteristics can give a more in-depth understanding of the profile of the second home owners in Franschhoek. It indicates where the second home owners originate from, and how far the distance from primary residence to their second home in Franschhoek is.

The literature has shown that there are different variables which can be linked to the geographical profile of the second home owners. Hall and Müller already identified time-space dimension as being one of the most important. In addition the time and space dimension, thus how long it takes to reach the location of the second home in question, and the distance to be bridged, has an influence on several aspects namely; location relative to primary residence, second home purpose, form of mobility, frequency of visit and length of stay (Müller,2002).

In this section the above mentioned variables will be looked upon and evaluated in order to see whether the results of this research, follow literature on this matter. From the 61 questionnaires conducted, 19 domestic second home owners and 42 foreigners participated.

5.1.2.1 Relativity of location second home to primary residence

Table 17 shows that from the 42 foreigners 93% hold a European nationality. The other 7% are from the United States of America. In addition, the foreign respondent group mainly consists of people with a British nationality. 33 of the 42 respondents hold British nationality, which is 79% of all foreign respondents.

When looking at the primary place of residence it becomes clear that nationality and country of primary residence are not always in accordance. For instance respondents indicated country of residence being Australia, Abu Dhabi and Finland.

Noteworthy is that of the foreign respondents, four are identified as holding foreign nationality, but living in South Africa. Three of the four hold British nationality and one holds the German nationality. These respondents are, in this research, accounted for as foreigners, as their profile shows more similarities with the foreign respondents group in terms of demographic and economic characteristics. However, for this section, geographical characteristics, the four foreigners living in South Africa are included within the domestic second home group. It makes a difference whether they live in South Africa when absolute distance is examined.

For most of the respondents, the nationality is in correspondence with their country of primary residence. This indicates that for the foreign respondents the average distance between first and second home is extensive and that all these respondents fall outside the weekend zone as indicated by Hall (Table 2), and in the vacation zone as indicated by Kaupilla (Figure 4) in which he states that second homes in the vacation zone are located over 250-400 km and the relative distance is more than 3-5 hours. This is definitely the case. Even by means of air transportation; Franschoek will not be reached within 3 to 5 hours from the primary place of residence of the foreign respondents.

For the domestic second home owners (including the 4 foreigners, living in South Africa), the geographical profile in terms of absolute distance has more meaning compared to the foreign respondents. Figure 20 presents the percentages of domestic second home owners falling in the five categories of absolute distance in kilometres between the respondent's primary residence and their second home in Franschoek.

Figure 20: Distance between primary home and second home Franschoek of the domestic second home owners N=22

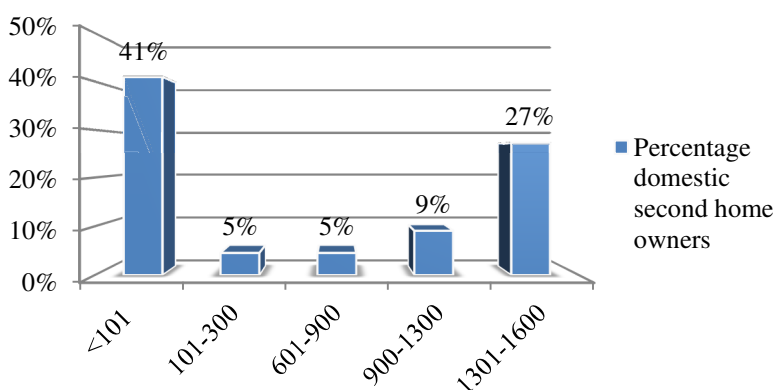


Table 17: Foreign second home owners by nationality, Franschoek (n=42)

Nationality	Abs.	%
American	3	7%
Belgium	1	2%
British	33	79%
Dutch	3	7%
German	2	5%
Total	42	100%

Most respondent's primary residence is within a radius of 101 km, namely 41% of the 22 respondents who answered the question. Striking is that the second highest percentage of respondents fall in the category absolute distance 1300-1600 km. 27% of all respondents live between 1300 and 1600 km of their second home in Franschoek.

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When categorizing the respondents according to province a comparable representation is shown. From Table 18 it becomes apparent that most of the domestic respondents, owning a second home in Franschhoek, have a primary residence in the Western Cape Province. The second biggest group has their first home in the Gauteng province.

When linking this to literature, this would mean that the respondents living closest to the second home property will use their house more frequently for shorter periods, as the location of the second home is dependent on the primary residence, due to the space-time dimension. This is evaluated in the next section.

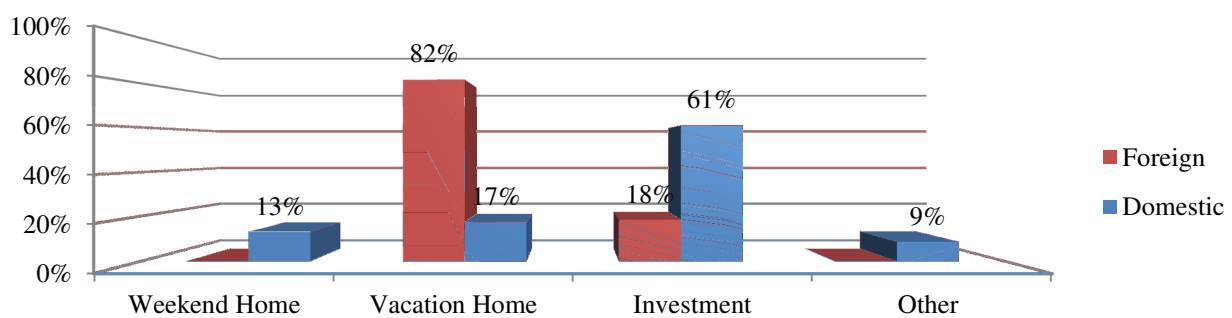
Table 18: Primary residence domestic second home owners Franschhoek categorised by province (N=23)

Province	Domestic N=23	
	Abs.	%
Western Cape	10	53%
Eastern Cape	1	5%
Mpumalanga	1	5%
Northern Cape	1	5%
Gauteng	5	27%
Free State	1	5%
Total	19	100%
*4 Respondents not answered		

5.1.2.2 Second home function

According to the literature, the closer the second home is to the primary residence, the more frequent it will be visited and the shorter the stay will be (Müller, 2002). However, the results of the questionnaires, shown in Figure 21, are deviant with literature. The main function of the second homes owned by people living in South Africa is investment (61%) instead of vacation or weekend home; indicating that second homes are not purely for recreational and leisure purposes. Another interesting result is that when cross referencing with the distance between first home to the second home in Franschhoek the following can be concluded; for domestic second home owners having their permanent residence less than 101 km from Franschhoek, there is no distinction between whether they use their property as weekend or as vacation home. This differs from what has been said in literature. As according to Hall (2005) the distance <101 km is characterised as weekenders travelling to second homes, backed up by the model of Hall and Müller (2004) who identified cottages located at such a distance as falling within the weekend zone. In addition, according to Kaupilla's model (Figure 4), a distance of less than 101 km from primary distance can be seen as a day trip distance. However for the domestic second home owners in Franschhoek, this seems not to be the case.

Figure 21: Comparison main purpose second homes, Franschhoek (foreign n= 38, domestic n= 23)



When looking at the answers of the foreign second home owners' respondents group (Figure 21) it can be derived that the results of the questionnaires are in accordance with the statements in literature. From the data it becomes apparent that the main function of the second home is vacation home (82%). This is in accordance with literature: the foreigners will use their house for vacation period, as the location of the second home is independent of the primary residence, this due to the space-time dimension. However also among the foreigners investment plays a role.

An interesting comment made by Visser (2006), which could be linked to the fact that investment as purpose is mentioned most frequent by the domestic second home owners, is that in South Africa it is common to buy a second home property for future retirement purposes, and until that day arrives the properties are rented out on long lease.

From the results it becomes clear that a small majority of the domestic second home owners have the intention to make their second home, their primary residence in the future, 39% (n=23). However the difference is very small as 35% has answered no on the question ‘Do you plan to make this your primary home in the future’. Noteworthy though is that 26% of the respondents has indicated that they do not know yet whether they will make their second home their primary residence in the future. When cross referencing those who answered investment as main purpose for their second home, with those who have the intention to make their second home their primary residence in the future, it becomes clear that only 29% of the respondents (n = 14) is planning on making it their future home, whereas the majority 43% is not making it their primary home.

For the case of Franschhoek it can therefore be stated that the domestic second home owners owning their second home for investment purpose, do not automatically also own it for retirement purpose but probably for economic gain..

In addition as investment is also mentioned by the foreign respondents group the same cross reference can be made. The majority of the foreign respondents indicated no, 66%. Only 5% have stated they are going to make it their primary residence after retirement. Also when cross referencing this with having a second home in Franschhoek for the purpose of investment (n = 7) the majority of the foreign respondents (57%) is not planning to make their second home in Franschhoek, primary residence in the future.

5.1.2.3 Form of mobility

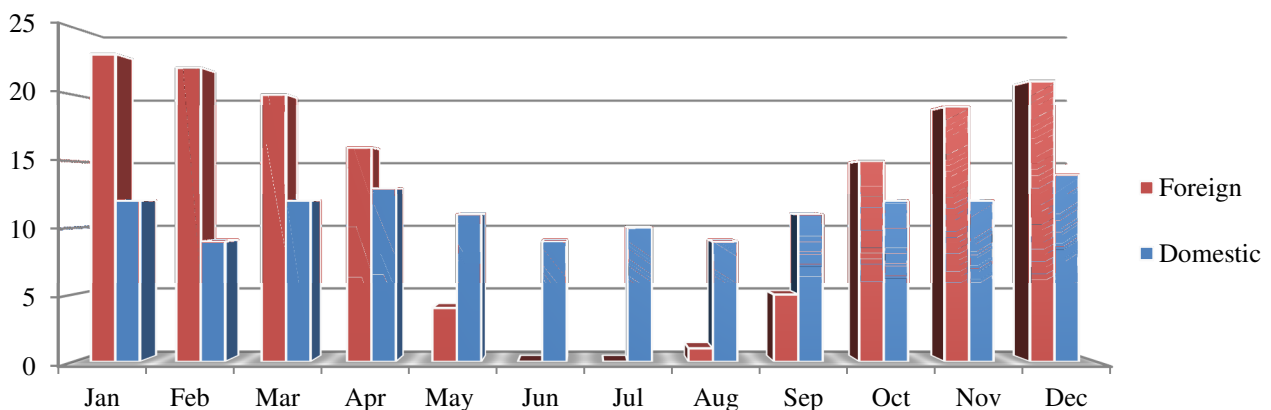
As mentioned Müller (2000: 38) argued, the form of mobility can be characterised as circulation when the second home function is weekend home and seasonal when the second home function is vacation home.

Figure 22 shows the monthly presence of the foreign second home owners in Franschhoek (indicated in red). It becomes apparent that there is a severe seasonality, and that the foreigners are mainly staying in South Africa during the summer months. This can be linked to the motivation of overwintering. The foreigners choose to alternate their cold winters back home for the warm summers in South Africa (personal communication group 5, person 1). The mobility pattern is just as Müller indicated a seasonal one, which can be directly linked to the vacation purpose of the second home.

During the months November, December, January, February, and March the second homes owned by the foreigners are most frequently visited, with the peak months being January, February and December. During the remaining months; May, June, July, August and September you see an almost total absence of the foreign second home owners, with some exceptions in May and September and a few in August.

This shows resemblance with what has been stated in literature. As Müller (2002) indicated, that the form of mobility can be characterised as seasonal when the second home function is a vacation home. This also becomes apparent from the results in Figure 22.

Figure 22: Frequency of months visited by second home owners, Franschhoek (foreign n= 38, domestic n= 23).



Furthermore, Figure 22 shows the monthly presence of the domestic second home owners in Franschhoek (in blue). From the figure it becomes apparent that a small seasonality can be detected in which the winter months are less frequently visited. However, the seasonality is by far not as severe compared to that

of the foreign second home owners. Actually there is quite an equal distribution of the months visited, with the peak months being the months December and April which can be linked to the school holidays in South Africa. Noteworthy are also the months January, March, October and November which also show similar peaks.

5.1.2.4 Frequency of visit and length of stay

Müller (2000) argued that circularity and seasonality can be directly linked to the frequency of visits to second homes by owners. When cross referencing this statement with the results of the questionnaires among the foreign second home owners a similar outcome is found. Seventy-nine percent of the foreign respondents (n=38) spend 2-6 months in South Africa and 13% of spends between 7 and 12 months (Annex 1: 1.3).

This is remarkable, as this would mean that some of the respondents spend more months in Franschhoek than at their primary residence. In this case the question can then be raised in how far a second home is a second home, and whether it has more to do with place attachment, than with the properties itself.

In addition, for the domestic second home owners however, it becomes clear that 46% of the respondents (n=23) visits theirs second home at least once a month, and 22% on a bi-weekly basis (Annex 1: 1.4). This indicates a clear circulation in the mobility pattern of domestic second home owners, and is in accordance with the assumptions made by Müller.

However, there are also some domestic respondents of which the mobility pattern is more seasonal instead of circular, 26% of the domestic respondents have indicated to be at their second home one month a year whereas another 26% visits their second home more months in a row. This differs from Müller statements on circularity, however is in accordance with what has been said earlier on the fact that houses are mainly for investment purpose, and there is no clear distinction between holiday and weekend homes in the category; location second home less than 101 km from primary residence.

The table below summarizes the main findings regarding geographical profile. The table is based on the table of Müller (Table 2, section 2.3.1) and adapted to the circumstances of the second homes and its owners in Franschhoek.

Table 19: Summary geographical characteristics second home owners

	Second home function	Frequency of visit	Length of stay	Form of mobility	Location relative to primary Residence
Domestic	Main function being investment, second main function is vacation home. In addition also for the respondents falling in the weekend zone, there is no clear distinction between holiday and vacation home.	For those who use the second home for leisure purpose the frequency is quite high. However for those owning a second home for investment purpose, frequency of visit is low.	For those who own a second home for leisure purpose, it is mainly a vacation home. It can be assumed that they stay longer than 3 days or for a weekend. However, compared to the foreign respondents the length of stay is much shorter.	Although for a significant percentage of domestic respondents the form of mobility is circular, this is not exclusively the case as also seasonal patterns became visible from the results.	On average the location relative to primary residence is independent. This becomes visible as even for the respondents falling in weekend zone, a significant percentage is using their second home as a holiday home.
Foreign	For the foreigners the main function of the second home is vacation home.	The frequency of visit is rather low; they mainly come once a year.	Although they visit often only once a year the length of stay is long. Most stay at least 2 to 6 months. In addition also quite a significant share stays even longer than 6 months.	By far the form of mobility of the foreign second home owners is seasonal.	Independent, which is in accordance with literature, and also quite obvious as the distances between primary residence and second home are both in absolute as in relative terms extensive.

Source: Based on Müller; 2002

When linking the findings to the theory it becomes clear that Franschhoek, is highly influenced by foreign presence in the form of international retirement migration; *“highly selective migration process which redistribute (retired) individuals – and their concomitant incomes, expenditures, health and care needs – across international boundaries”*(Williams et al, 1997: 20).

Previous case studies conducted in the South African context were mainly focusing on the domestic character of second homes. However in Franschhoek the active presence of foreign second home owners, in combination with the absence of many domestic second home owners, having their second home only for investment propose, makes that it is a case on its own. Only limited interfaces with second home development in South African context, discussed in academic literature until now, can be identified.

However also differences with international literature became apparent, as hypotheses made in literature on absolute and relative distance, for a part not hold truth for Franschhoek. For domestic second home owners living close to Franschhoek, there was no difference in the function of the second home being a weekend retreat or a holiday retreat. For the domestic second home owners it is difficult to determine the function of Franschhoek, as a second home destination, as there is more discrepancy within the group. Second home function has been indicated as being both vacation as weekend, which has a direct influence on the frequency of stay and the length. This means that Franschhoek in this sense is both a holiday resort as well as a weekend getaway retreat. For the foreign second home owners time and distance are crucial and Franschhoek as destination is characterised as a holiday resort, a real vacation destination is, where the frequency of visit is low, but the length of stay long.

5.2 FRANSCHHOEK A SECOND HOME TOWN

The types of second homes -determined by location, owners and function of property- constitutes the second home product. The second home product is the development of second homes, supporting facilities and services at a certain destination. It determines for a great part the fabric of the place, and the implications it has on local economy and host community. It is for this reason that analysing Franschhoek as second home town is of importance for the outcome of the research. In this section the research area is portrayed in order to create an image of the research area.

In addition the motivations of the second home owners are discussed in order to determine why Franschhoek witnesses second home development. In addition the residential characteristics of the second home owners are discussed.

5.2.1 Motivations second home ownership in Franschhoek

In order to be able *‘to identify and describe the phenomenon second home development in the research area Franschhoek’* it is important to get a better understanding of the motivations of second home owners to purchase a second home in Franschhoek. The questions being: *‘what were your main motivations for selecting Franschhoek as destination?’* The respondents were asked to rank the three most important motivations for selecting Franschhoek as a destination. Twelve motivations were identified (Table 20). These motivations were taken from literature.

The choice has been made to combine motivations specific for the Franschhoek area such as; tranquillity and ambiance of the area, developed facilities and services, perceived safe living environment and wine and dine In addition personal motivations, depending on second home owners personal lives, were added such as; escaping busy city life and family and friends close by. According to literature, life style choices are for a great part determining the motivations to buy second home properties in certain locations.

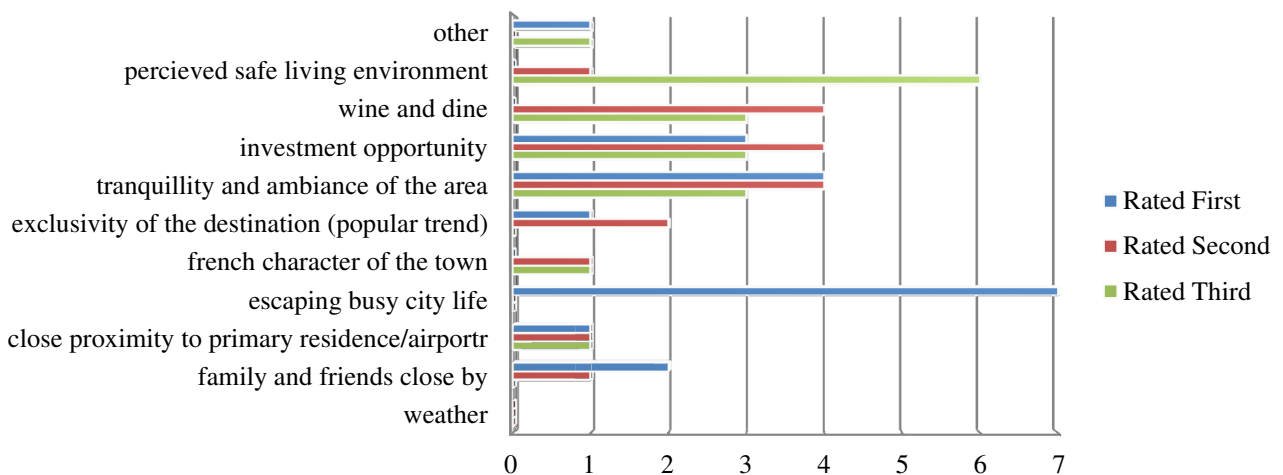
Table 20: Motivations to purchase a second home, based on international literature.

Main Motivations			
1	Weather	7	Tranquillity and ambiance of the area
2	Family and friends close by	8	Developed facilities and services
3	Close proximity to primary residence/airport	9	Investment opportunity
4	Escaping busy city life	10	Wine and dine
5	French character of the town	11	Perceived safe living environment
6	Exclusivity of the destination (popular trend)	12	Other_____

In addition, next to the division; personal motivations or motivations specific for Franschoek as destination, there is also a distinction between short term and long term motivations. For instance, escaping busy city life and wine and dine are short term motivations. Whereas, the motivation, investment opportunity can be identified as a more long term motivation.

Figure 23 shows that there are different main motivations for the domestic second home owners to obtain a property in Franschoek. The first main motivation by far is escaping busy city life. This is a motivation linked to the personal life, not specific for Franschoek as destination. Furthermore it is more a short term motivation related to the life style of the respondents.

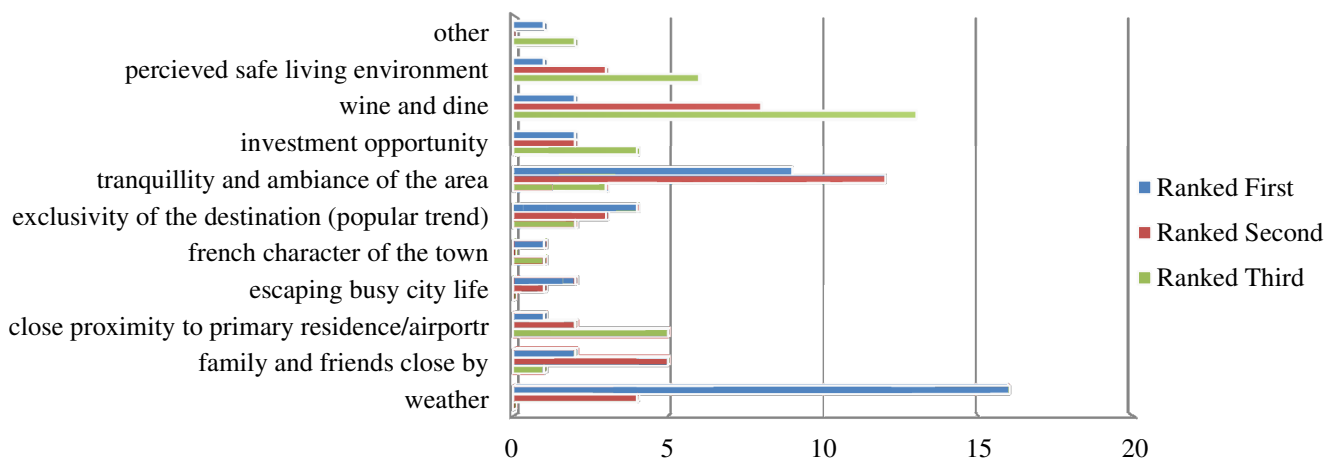
Figure 23: Motivations according to ranking domestic second home owners, Franschoek (n=19)



Ranked as second by the domestic second home owners, are three different motivations namely wine and dine, investment oppportunity and tranquillity and ambiance of the area. All three got the same frequency of answers. Interesting is that these three motivations can be directly linked to the Franschoek area, and are location specific. Tranquillity of the area can be directly linked to Franschoek and its surroundings and also wine and dine is characteristic for the Franschoek region. Investment oppportunity is a long term objective and can be interpreted in two ways; one being the potential of owning a second home to serve as a retirement home in the future (Gallent et al. 2005: 19-20). Whereas the other one is purchasing a second home for investment returns, this by means of renting out the property on long lease, or for the means of speculation. With the high average property price, Franschoek is a sought after investment destination. Therefore also the investment motivation can directly be linked to Franschoek. In addition, the investment oppportunity became also prevalent in section 5.1.2. Third is the motivation of percieved safe living environment, which is very distinctive motivation especially in the South African second home context, as safe living environment are warranted, and very much sought after.

Figure 24 shows the motivations as such ranked by the foreign second home owners. Striking, but not strange, is that the first main motivation of the foreign second home owners differs drastically with that of the domestic second home owners. The foreign second home owners mainly choose Franschoek as destination due to the weather conditions. This is supported by the fact that they are mainly staying in Franschoek during South Africa's summer months for the reason of overwintering (section 5.1.2.3 Figure 22). Weather is by far the most frequent ranked first motivation. In this sense weather is quite a striking aspect as it is more a regional related, than location specific. Franschoek is not the only second home node Western Cape Province. It is therefore even more stirring Franschoek, located in the rural interiors, is attracting those second home owners coming to South Africa for the weather.

Figure 24: Motivations according to ranking foreign second home owners, Franschoek (n=42)



The second motivation most ranked is 'tranquillity and ambiance of the area', Linking this to the first motivation being weather it is more logical that the foreigners obtained a property in Franschoek, being the rural interior, instead of in Western Cape's coastal regions.

The third main motivation ranked is the possibilities Franschoek offers for the wine and dine a clear example of a lifestyle motivation.

Comparing the motivations of domestic and foreign second home owners, the difference is mainly in the motivation ranked first. Weather is not mentioned by the domestic, whereas indicated as most important motivation by the foreigners. Weather as motivation is also identified as a key reason for retirement migrants (Gustafson, 2007), where the majority of foreign second home owners are part of.

Although, there is a difference between ranked first as main motivation by the respondents groups, both motivations ranked first fall under the umbrella amenity migration, in which people move for the reason of pleasure rather than economic reasons (Chipeniuk 2004: 327). The domestic second home owners indicated that escaping busy city life is by far the main motivation for obtaining a second home.

In addition all motivations can be linked directly to Franschoek as destination. This is in coherence with what has been argued in literature; also for Franschoek second home owners it seems that life style choices make up a very important part of why the respondents choose Franschoek as a second home destination. The ability to wine and dine, in a tranquil ambiance with stunning surroundings is identified as second and third most important for both groups and can be associated with the more rural and country side lifestyle. This has also been indicated by Müller (1999) and Hein (2000) who have put emphasis in their research on the 'rural idyll' as a motivational factor pursued by second home owners allowing them to interact with a more natural and layback rural living lifestyle (cited in Hoogendoorn,2010: 145).

5.2.2 Residential characteristics

Residential characteristics of the second homes are important to identify as it gives a more complete picture of second home development going on in the area, and can be linked to how second home development in Franschhoek happened, when it happened and what actually developed. With residential characteristics the following variables are meant: purchase date, ownership of property, the status of the property when obtained and from whom it was obtained. In addition, it has been looked upon what the price of the property was when purchased, and what the current price is of the property, in order to be able to identify second home development booms, and surge of second home properties its prices in the Franschhoek area.

As mentioned Franschhoek is definitely a second home town. From the sample frame, 37% properties are identified as potential second homes. These 37% are all located within Franschhoek South; the city centre and the bordering neighbourhoods.

Although from map 9 it does not seem that there is any cluster; a lot of second homes were found in the ‘older part’ of the city streets like Cabriere Street, Dirkie Uyks Street and Akademie Street. Striking was that a lot of the second homes are old historical houses in the cape colonial style, for which Franschhoek is famous.

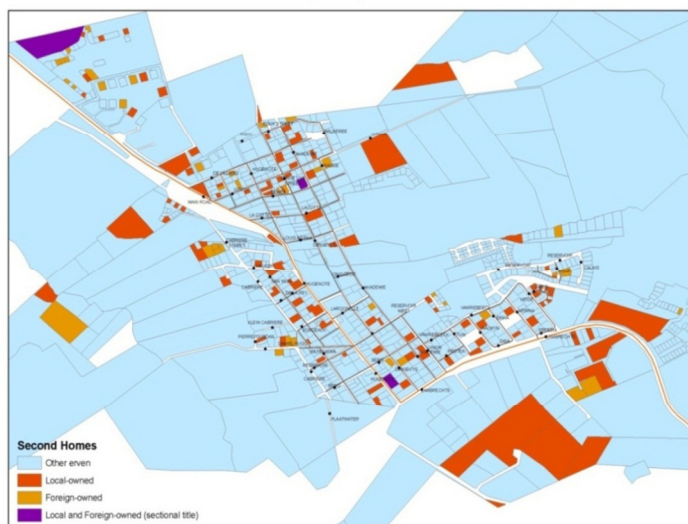
In addition, quite some second home properties were newly developed. Many of these were situated on the different gated estates in Franschhoek. Another thing which can be derived from the map was that the majority of the properties are freehold, indicating that most properties were free standing houses. This can also be concluded from Map 9. A far smaller amount, of the properties are sectional titles, these sectional titles are mainly situated in gated estates. Most of them are identified as lock up and go houses and apartments.

In the questionnaire a question was asked regarding membership of a body cooperate. Body cooperates, are often the case when the properties are located in a gated estate, or when they are sectional titles. Levy’s which have to be paid to body cooperates often entail maintenance of the area were the property is located such as public gardens, the gates, a shared swimming pool e.g. Estimating how many of the respondents of this research live on estate or own properties with sectional title, can be done by means of analysing the amount of respondents who are member of a body cooperate.

Table 21: Membership body cooperate, second home owners Franschhoek (domestic n=19, foreign n=42)

	Domestic		Foreign	
	Abs	%	Abs	%
Body Cooperate				
Yes	11	58%	27	64%
No	8	42%	15	36%
Total	19	100.0%	42	100.0%

Map 10: GIS map of potential second homes in Franschhoek identified according to plot numbers



Source: Based on information retrieved from municipality Stellenbosch, Financial Department, 2011. Enlargement of map Annex2 : 2.1

Table 21 shows that of both respondents groups, the majority is member of a body cooperate. 58% of the domestic second home owners are part of a body cooperate, and 64% of the foreign second home owners are part of a body cooperate. This indicates that a significant number of the respondents’ properties are located within an estate or/and hold sectional titles.

Franschhoek properties are for 35% estate property and 6% is freehold property. Therefore, it is quite understandable that such a significant percentage of the second home owners own a property falling in these two categories.

Other residential characteristic are presented the Table 22. Table 22 shows that a relative large proportion of second home owners bought their property between 2004 and 2006; 32% of the domestic and 31% of the foreign home owners obtained their property within this time span.

Noteworthy is that almost a similar percentage of domestic second home owners obtained their property between 2009 and 2011 (31%).

A striking difference between the two groups is shown in the following section. Domestic second home owners mainly bought vacant plots of land (36%), or already existing houses used as second homes (32%). Foreign second home owners mainly bought existing houses used as primary residence (31%). This has far more stretching implications as the foreign second home owners by this means replace Franschhoek its permanent residents.

Noteworthy however is that also a significant percentage of foreign second home owners have bought newly constructed properties (29%).

A striking majority of both respondents groups bought their property through local real estate agents. Meaning all real estate agents (franchise or not) with an office in Franschhoek.

Interesting in this respect is that none of the foreign second home owners have indicated that they obtained their property through a real estate agent in their own country, variable 'international real estate company'. It therefore can be stated that in terms of property sales, the majority of both respondents groups have hired local representatives to help them to find a suitable property as well as helping with the transfer. However several of these 'local representatives', are franchises of international real estate companies.

Table 22: Residential characteristics second home owners Franschhoek (domestic n=19, foreign n=42)

	Domestic N=19		Foreign N=42	
	Abs	%	Abs	%
Year of purchase				
1990-2000	2	11%	5	12%
2001-2003	3	16%	9	21%
2004-2006	6	32%	13	31%
2007-2008	2	10%	7	17%
2009-2011	6	31%	8	19%
Total	19	100,0%	42	100%
Status Property				
Newly constructed	4	21%	12	29%
Already existed; used as primary residence	2	11%	13	31%
Already existed; used as second home	6	32%	9	21%
Vacant plot of land	7	36%	8	19%
Total	19	100,0%	42	100,0%
Obtained through whom				
Local estate company	15	79%	32	76%
International real estate company	0	0%	0	0,0%
Directly with project developer	3	16%	9	21%
Individually	0	0,%	1	2%
I inherited this property	1	5%	0	0,0%
Total	19	100,0%	42	100,0%

Table 23: Residential characteristics (2) second home owners, Franschhoek (domestic n=19, foreign n=42)

	Domestic N=19		Foreign N=42	
	Abs	%	Abs	%
Sole Owner				
Yes	11	58%	26	62%
No	8	42%	16	38%
Total	19	100%	42	100,%
Shared Property				
Friends	0	0,0%	3	18,7%
Relatives	4	50,0%	10	62,5%
Time Share	0	0,0%	1	6,3%
Trust	4	50,0%	2	12,5%
Total	8	100,0%	16	100,0%

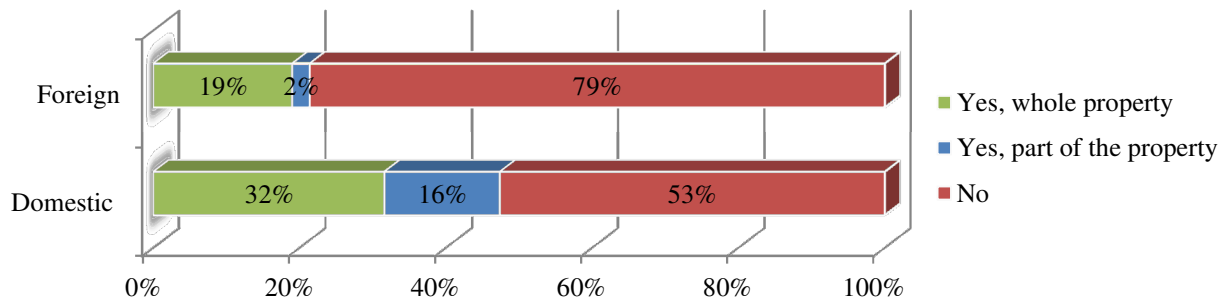
The majority of the foreign second home owners are sole owners 62%. Although, more in balance, also among the domestic owners, the highest percentage is sole owner, 58%, and 42% shares their property with others. The domestic owners mainly share their property with relatives, or by means of a trust. The foreigners who do share their property (38%) do this mainly with relatives and/or friends.

Although the majority of the second home owners are sole owners, this does not mean that they are the only ones using the property.

During the research, while composing the research sample, it became clear that a lot of the properties owned by potential domestic second home owners appeared to be rented out on long lease.

When looking at the findings in data presented in Figure 25, it becomes clear that from the second home owners who participated in the research, the majority does not rent out their property while not being in Franschhoek, foreign 79% and domestic 53%. However the difference within the domestic second home respondents group is small, as 48% does rent out their house. Thirty-two percent of the domestic second home owners rent out their whole property. This is also in line with the statement they made about the function of their second home, as investment was indicated most by the domestics as main function of the property.

Figure 25: Renting out the property, by second home owners Franschhoek (domestic n= 9 and foreign =9)

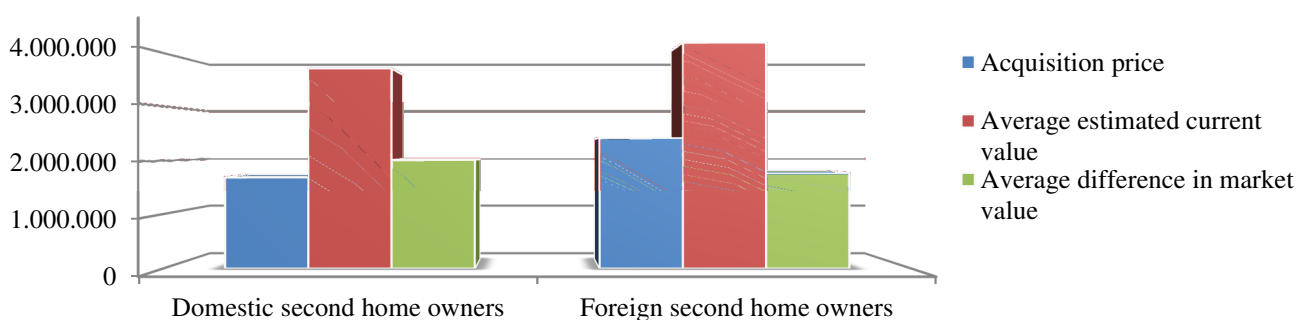


It has also been looked upon which months the properties are rented out. Figure 25 shows the comparison of the domestic properties (n=9) and the foreign properties (n=9) which are rented out during certain periods per year. It becomes clear that the properties of the domestic second homes are almost all rented out on a long lease, which means that they are hardly used by its owners as second home, and purely an investment. The foreigners on the other hand who rent out their property, do so mainly during the summer seasons Nov, Dec, Jan, Feb and March., the peak season being January. This is similar to the high season of the other foreign second home owners, as the tourists (Figure 22, section 5.1.2.3).

Another aspect which should not be forgotten is that while conducting the questionnaires many second home owners have indicated to have friends and family over while residing in Franschhoek. This accounted for both the domestic as the foreign second home owners. This means additional presence of second home owners' visitors, leading to a higher number of people making use of Franschhoek facilities and leisure activities.

As mentioned renting out the property as a return on investment or to carry the operational costs of the property is a good motive for second home owners. Interesting is to see how much the investment has cost the second home owners or whether they have earned on it just by change in market value. Figure 26 shows the estimated average acquisition price in Rand compared with the estimated average current value of the property, divided between the properties owned by foreigners and those owned by South Africans. From the graph it can be concluded that there is a significant difference between the average acquisition price and the estimated current value, with the conclusion that purchasing property would lead to an increase of the market value of the property. This would mean that when selling the property, the owner would obtain direct profits, due to increase market value.

Figure 26: Estimated average acquisition price, current value and difference, Franschhoek (domestic = 19, foreign n = 19)



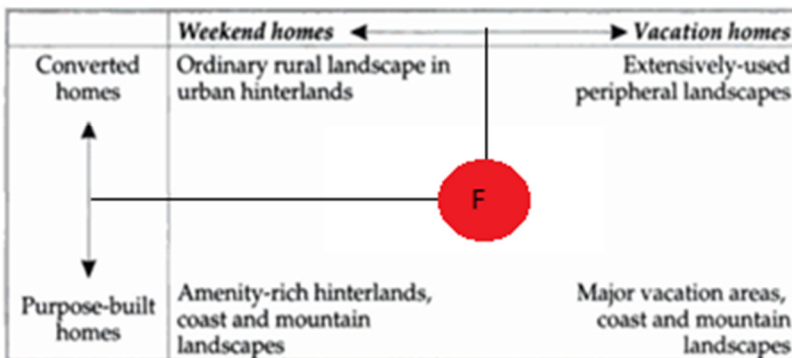
The average difference in market value for the domestic respondents group is around 2 million, and for the foreign respondents group 1.7 million. However, these numbers are a bit deceptive as it regards estimations made by the second home owners on the current market value of their property. There were several cases where the respondents indicated that the market value of their properties went down due to the global economic crisis which also had and still has a tremendous influence on the property market of Franschhoek (personal communication group 2, person 3)

Looking at the range of the estimated acquisition prices, it becomes apparent that for the domestic second home owners the acquisition price ranges from 50.300 Rand to 7 million Rand. For foreign second home owners the range of acquisition prices is even more extensive, ranging from 120.000 Rand to 13 million Rand. The range of the estimated current value also differs greatly, for both the domestic as the foreign group the difference between the lowest and highest estimated current value is between 9 million and 10 million Rand.

As shown in the theoretical framework Hall and Müller (1993) attempted to link the second home types and their areas of occurrence. They argue that the difference of function of second homes whether converted or purpose built depends on the location it is developed. Second homes can be located in ordinary rural landscape in urban hinterland or located in extensively used peripheral landscape.

Franschhoek as destination is located in ordinary rural landscape in urban hinterlands, being within an hour drive from Cape Town, however standing as town on its own (self-providing). Nevertheless linking this (as Hall and Müller do) to the function of second homes converted or purpose built it becomes clear that Franschhoek fall in the middle of the axis. From the findings in data it became apparent that the division of the status of the property whether newly constructed, already existing used as primary home, already existing used as second home, or vacant plot was equally spread. From the in total 61 respondents 25% obtained a newly constructed property, 25% bought it from a primary resident, 25% bought it from a second home owners and 25% bought a vacant plot of land. Indicating that there was no difference in purchase of a converted second home, or a purpose build property

Figure 27: Position Franschhoek, in model Second home types and their areas of occurrence



Source: Hall and Müller. 1993:16

Furthermore, as discussed Franschhoek as a destination is both experiencing weekend retreats as well as holiday homes. So also in this sense it can be placed in the middle of the axis. In addition, when looking at the different descriptions belonging to the extremes of the axis, Franschhoek relates to all of them.

As Marjaarva (2008:11) argued, destinations that face domination of second homes which are converted permanent homes have different conditions in terms of how the local community can respond to the impacts caused compared to areas dominated by purpose build homes in attractive urban hinterlands.

This means, as Franschhoek is experiencing both types of occurrences of second homes, in combination with the outcome of being both a weekend as a vacation second home destination. The impacts on local community can be regarded twofold.

5.3 CONCLUSION

This chapter gave an overview of the characteristics of the second home owners, both domestic and foreign, in Franschhoek. The demographic, economic, geographic and residential characteristics as well as motivations accompanied with the purchase of a property in Franschhoek combined, composes a profile of the second home owners involved, and the differences between domestic and foreign second home owners. In addition the research area is been evaluated in order to portray Franschhoek as a second home node.

The information obtained in this chapter is used to reach the first objective of this thesis; *to identify the characteristics of the Franschhoek second homes and second home owners, to investigate whether there are differences between the characteristics of foreign and domestic second home ownership.*

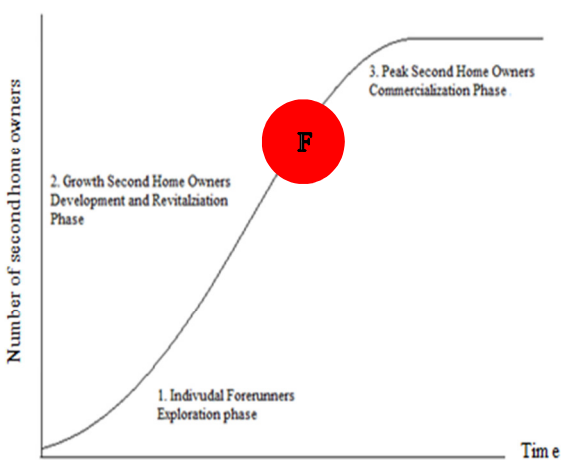
As explained in the theoretical framework Williams and Hall tried to categorize the different types of informed mobility in to five distinctive flows, in which three were related to consumption-led migration. Of these three consumption flows two are applicable for Franschhoek and actually can be categorised according to respondents group, in which domestic second home owners are mainly the consumption- led: economically active migrants: income dependent type of mobility which is defined by the motivation of the migrants. Whereas the foreign respondents group fall within the category consumption-led retirement migration; part of the urban tendency: retirement migration has a more seasonal character, and can be defined according to length of residence. It is often linked to a more permanent form of migration (Williams and Hall, 2000)

Furthermore, Marsden (1977) identified a four-part category for second homes. The first category he identified being ‘comprised a private home often visited at the weekend and on holidays by the family and non-paying guests’ is most applicable for the Franschhoek second home phenomenon. This as the majority of the respondents indicated to not rent out their second home.

The foreign respondents group who did rent out their property fall in the second category of Marsden namely: the properties are intermittently served as commercial holiday home, which were used as private holiday homes but were let at high reason to defray costs.

Whereas the properties of the domestic second home owners, who rent out, fall into the category intermittently comprised private holiday homes, often purchased for retirement but meanwhile led out as commercial holiday homes, apart from occasional family use. This as this respondents group mainly rented out their property on a long lease, however the majority did indicate wanting to make it a retirement home in the future.

Figure 28: Position Franschhoek in the Second home life cycle



In addition as became apparent from literature second home development can be conceptualised in a life cycle. From the findings it becomes clear that Franschhoek experiences second home development which shows both characteristics of phase 2 and phase 3. Franschhoek has experiencing second homed development since abolishment of Apartheid, at the same time tourism started to take off. With a first real estate boom in the 1990s, followed by a second real estate boom from 2004 to 2006, second homes have contributed to the growth of the town and an increase of second home development.

As estimated, approximately 37% of Franschhoek properties are identified as being second home, indicating that Franschhoek has quite a high percentage of second home owners on the total population. The start off phase

(exploration phase) Franschhoek already passed in the 1990s.

In addition from the findings in data it became apparent Franschhoek experiences both converted second homes as well as purpose build second homes and that the division of the two is equal. A significant

share of the foreigners hold ownership over old cape colonial buildings, previously owned by primary residents with lower-income compared to the foreigners. The establishment of the second home segment, a more wealthy class moved in Franschhoek, which had led to income disparities and to higher competition on the real estate market. Property price data has shown that that average market value of properties in Franschhoek has risen tremendously.

However as already mentioned, purpose build second homes are just as significant as converted second homes. Franschhoek has experienced quite a surge of purpose build second home development since 2003. Since this period the increase of purpose build second homes has been significant, different estates have been developed with diverse range of purpose-build second homes. Thus, many properties are merely developed for the purpose of second home usage. This is typical for the third phase of the second home development cycle. Nevertheless the third phase is also characterised by overdevelopment and over commercialization. As Franschhoek, did not reach this phase totally yet, it is argued that Franschhoek falls between phase 2 and phase 3.

Nevertheless the advanced stage were Franschhoek currently finds itself in, and the speed with how Franschhoek has developed and still is developing, it is expected that without considerable planning and regulation the number of second homes in the town will keep expanding, and with this rate, it will not take very long before Franschhoek is situated in the third phase of the second home life cycle.

6 ECONOMIC PATTERNS, CONTRIBUTION AND IMPLICATIONS SECOND HOMES

This chapter examines the second objective of this research; *‘to identify the spending behaviour (economic pattern) of foreign and domestic second home owners in the local economy and analyse the differences between the two groups, and by this means investigating the contribution of foreign and domestic second home owners to the local economy and its development’*

The chapter starts with presenting the characterisation of spending behaviour and patterns of the second home owners of Franschhoek. A distinction is made between South African (domestic) second home owners and foreign second home owners. By doing so, a better understanding of the types of money flows belonging to the respondent groups is enabled. Different questions are dealt with in this section for instance: How does the spending behaviour and patterns of the research population can be characterised? Which types of money flows can be identified? Where are the second home owners spending their money? How much do they spend (weekly/monthly)? And on what do they spend money?

Secondly, an analysis of Franschhoek’s economic base is presented. By means of the data received from the questionnaire conducted among business owners (Annex 4: 4.2); a better inside into the receiver of second homes money flows is enabled.

From here it is moved on to the economic implications. In order to determine the contribution of second home development to the Franschhoek’s local economy, findings in data of sections 6.1 and 6.2 are examined.

During the research several questions were raised as for instance: Which types of local businesses do second home owners make use of? Does it contribute to the local economy? And if yes, in what way does this contribute to the local economy?

6.1 ECONOMIC PATTERNS SECOND HOME OWNERS FRANSCHHOEK

This section examines the economic patterns of second home owners, by means of identifying and mapping out second home owners spending behaviour. Spending behaviour is defined as *“the total consumption expenditure made by a visitor on behalf of a visitor for and during his/her trip and stay at destination”* (UN/WTO 1994, 21).

Spending behaviour is an important feature for the research presented in this thesis as it enables the possibility to examine economic implications of second home development in Franschhoek. By determining how much, what and where second home owners spend their money, an economic pattern becomes visible which is required for further analysis on economic implications for the local economy. Spending behaviour involves different types of money flows namely;

- *Day-to-Day spending*: The process of expending on tangible commodities on a daily basis
- *Investment spending*: The flow of spending that adds to the physical stock, and is durable.
- *Services spending*: The act of spending on intangible commodities (employees e.g.)

6.1.1 Day to day spending pattern

With day to day spending is meant spending in commercial businesses such supermarkets, souvenirs shops, hairdresser and on petrol. Although, there is per time not that much money involved, adding up it becomes quite significant amount of money. This is also a very interesting segment as money is often more spread among different businesses. In addition, it is a more long-term repetitive contribution flowing into the local economy of Franschhoek. The focus in the questionnaires has been on the frequency of visit of second home owners to the different shop and on the amount they spend per time.

Furthermore, the participation of second home owners in leisure activities, divided by visit restaurants and wine estates and sport-hobby related activities such as tennis and golf is examined.

6.1.1.1 Commercial businesses

Franschhoek its economic base is mainly targeted towards tourism. Among the main street there are numerous souvenir, gift and clothing shops. In this section the frequency of visits of second to these shops, and the amounts they spend in the local shops is analysed.

Table 24 shows the frequency of visits of the second home owners to the different shops of Franschhoek. A distinction has been made between frequency of visits of the domestic second home owners and the frequency of visits of the foreign second home owners.

Table 24 shows that the majority of both respondents groups visit the grocery shop 2 to 4 times a week, a stunning 72% of the foreign second home owners and 37% of the domestic second home owners.

In general, foreign second home owners visit the grocery shop in Franschhoek more often compared to the domestic second home owners.

The frequency of visits to other shops; clothing, gift/souvenir and hairdresser is far less compared with that of the grocery shops. Striking is that according to the results of the questionnaires the majority of both respondent groups never visits these shops.

Furthermore it is looked upon how much on average is spend by the respondents groups in the different shops. From Table 25 it becomes clear that the foreign second home owners on average spend more in the grocery shop namely R955 per time, whereas the domestic second home owners spend R657 per visit. At the hairdresser and in the clothing shops, the domestic second home owner spends more compared to the foreigners. The average amount of money spend per visit is in the souvenir and gift shops is similar. Interesting is that when adding up the average spending per visit per shop, it becomes apparent that the domestic second home owners spends more R 2,207 than the foreign second home owners R 1,993

Table 24: Spending pattern second home owners Franschhoek in commercial businesses (domestic n =19, foreign n=42).

	Domestic N=19		Foreigners N=42	
	Abs	%	Abs	%
Frequency of visit to grocery shop				
5-6 times a week	2	10%	9	21%
2-4 times a week	7	37%	30	72%
Once a week	8	22%	1	2%
1-2 times a month	4	15%	0	0%
Never	3	16%	2	5%
Total	19	100%	42	100%
Frequency of visit clothing shops				
Weekly	3	16%	6	14%
1-2 times a month	3	16%	9	22%
Never	13	68%	27	64%
Total	19	100%	42	100%
Frequency of visit to gift/souvenir shops				
Weekly	2	10%	11	25%
1-2 times a month	2	11%	6	14%
Never	16	84%	28	68%
Total	19	100%	42	100%
Frequency of visit to hairdresser				
Weekly	1	5%	3	7%
1-2 times a month	2	11%	13	31%
Never	16	84%	26	62%
Total	19	100%	42	100%

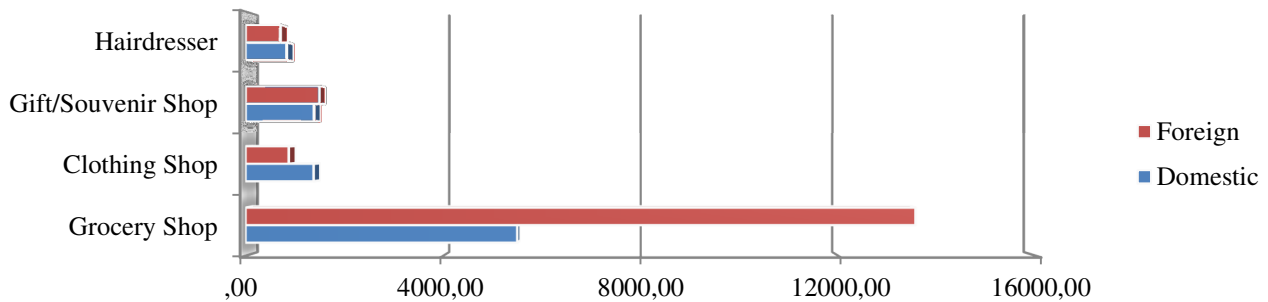
Table 25: Average spending in the commercial businesses by the second home owners, Franschhoek (domestic n=19 foreign n =42)

	Average frequency of visit per month		Average Spending per visit (SAR)		Average Spending per visit (SAR)	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
Grocery Shop	8.4	14.2	657	955	5,515	13561
Clothing Shop	2.7	3.5	517	247	1,395	866
Souvenir Shop	3.3	3.6	417	417	1,375	1500
Hairdresser	2.0	2.9	417	241	835	698
Total			2,207	1,993	9,121	16,625

It should be noted that the frequency of visits to the different shops also differs between the two groups. It could therefore be that for instance the amounts spend per visit by the foreigners is lower, but that the total amounts spend in a month is higher due to a higher frequency of visits. Therefore, the two last columns (Table 25) indicate the average total amount spent per month in which the average spending per visit in Rand is multiplied with the average frequency of visit per month. The results are visualised in the Figure 29.

Figure 29 shows that the average spending per month per respondents group in the different shops does not differ greatly, with the exception being the grocery shop. From the results it becomes apparent that the foreign second home owners spend more than twice the amount of money compared to what domestic second home owners spend on groceries. This is an important additional contribution to the grocery shop in the months the second home owners are present in Franschhoek.

Figure 29: Comparison between foreign and domestic second home owners on average spending per month in commercial businesses, Franschhoek (domestic n=19, foreign n=42)



For the other shops the contribution is significant less. Although not all amounts are of similar significance, they can be accounted for as an additional contribution to the different shops. With the main target market being tourists visiting Franschhoek, the second homes can be accounted for as diversification of their consumer group, and in addition their income basis. Therefore it can be stated that the spending behaviour of the second home owners does contribute to the commercial business sector of Franschhoek.

A less commercial happening is the farmers market in Franschhoek. Farmers markets are a common phenomenon in the Western Cape, and a weekly happening in Franschhoek. It is far more than just a market; it is a social gathering and a life style market. This market, which is held every Saturday 9am to 1pm, has fresh products and hand made goods. Interesting about this market is that a significant amount of the sellers are farmers, meaning that the money which is spent at the market contributes to a different group of Franschhoek businesses, often a less commercial group.

It is for this reason that special attention, in this research, is given to the Franschhoek Market. In general the market is well visited by a mixture of consumers consisting of permanent residents, tourists and second home owners. This means, that the farmers market does not only target tourists, but is appealing for a broader consumer segment.

Table 26: Frequency of visit farmers market by second home owners, Franschhoek (domestic n =19, foreign n=42)

	Domestic N=19		Foreigners N=42	
	Abs	%	Abs	%
Frequency of visit farmers Market				
Weekly	0	0%	2	5%
Bi-Weekly	1	5%	2	5%
Monthly	2	11%	16	38%
Never	16	84%	22	52%
Total	19	100%	22	100%

Table 26 shows that of both respondents groups the majority never visits the farmers market; domestic 84% and the foreign 52%. Noteworthy though is that the number of foreign respondents who never visit the farmers market is slightly higher than those who are visiting. 48% of the foreign respondents are visiting the market at least once a month. Regarding average spending the domestic second home owners spend on average slightly more per visit namely R200 compared with R133 spend by the foreign respondents (Annex 1: 1.5 and 1.6)

In addition, although the fact that percentage wise more foreigners visit the market than domestic, the monthly average spending is higher for the domestic second homes namely; R267 whereas the R179 Rand for the foreign second home owners. Nevertheless, some of the second home owners mentioned that they prefer the Stellenbosch farmers market more, and therefore visit it more frequently, indicating a small leakage out of Franschhoek local economy.

6.1.1.2 Leisure activities

Leisure activities in an umbrella term for visits to restaurants and wine estates and participation in sport and hobbies related activities. Indicated as an important contribution of second home owners spending behaviour in local economy is “*second home owners’ support of leisure activities in and around localities*” (Hoogendoorn, 2010: 153)

From section 5.2.1, which discussed the motivation of second home owners to choose Franschhoek as second home destination, it became apparent that wine and dine was mentioned by both respondents groups as an important motivation. Therefore, the spending behaviour of the second home owners on wine and dine cannot be excluded from the analysis of the total economic pattern.

Restaurants and Wine estates

Table 27 shows that for both the foreign as the domestic second home owners the frequency category of eating out in restaurants 2-4 times per week is most common.

The second most common frequency category, however, differs. The domestic respondents visit the restaurants less whereas for the foreign second home owners 5-6 times per week is the second most indicated category.

Franschhoek is known as the culinary and gourmet capital of South Africa, famous for its high class dinner possibilities. Walking down Franschhoek Main Street the amount of restaurants, brasseries and cafés is numerous. In addition of the thirty six restaurants established in Franschhoek of which four employ 5 star chefs, indicating that the establishments are ranging from more middle class to upper class. This became also clear when asking the second home owners about their most favourite restaurant, this in order to get a better idea of the type of restaurants they mainly visit. The French connection (a mid to high class range restaurant), was mentioned most frequent by both groups.

However from the question it became also clear that a lot of second home owners make use of restaurants on wine farms. Compared to the restaurants the wine estates are visited less frequently. Only 26% of the domestic respondents and 31% of the foreigners visits the wine estates 2-4 times a week. The remaining respondents visit the wine estates less than 2-4 times a week. Noteworthy is that 21% of the domestic second home owners have indicated that they never visit the wine estates, this while wine and dine did come forward as one of the main motivations of this group to choose Franschhoek as a second home destination. La Grand Provence was mentioned as the most frequent wine farm by the second home owners.

Sport and Hobbies related activities

Another expenditure which can be seen as a common (daily) expenditure is the expenditure on sport and hobby related activities, these activities are definitely part of the second home consumption patterns. Based on the survey data a few main sport and hobby related activities can be identified in which the second home owners of Franschhoek participate in namely; golf, the spa, horse riding, the gym and tennis. Especially participation in golf, the gym and tennis indicates membership to a certain club. This is a fixed monthly contribution, and therefore important to take into account.

In general the domestic second home owners do not extensively participate in sport and hobby related activities which require membership contribution. By far the majority of the domestic respondents indicated not participating in any of the sports-hobbies mentioned.

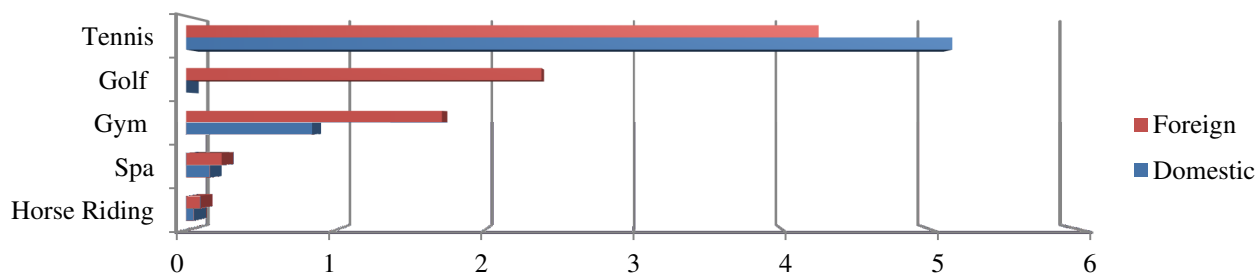
A significant percentage however stated that they undertake activities such as cycling and walking. This differs from the foreign second home owners. Quite a high percentage the foreign second home owners

Table 27: Frequency of visit by second home owners to restaurants and wine estates, Franschhoek (domestic n =19, foreign n=42)

	Domestic N=19		Foreigners N=42	
	Abs	%	Abs	%
Visits to Restaurants				
5-6 times a week	2	11%	11	22%
2-4 times a week	6	32%	18	43%
Once a week	4	21%	6	14%
1-2 times a month	6	32%	8	20%
Total	19	100%	42	100%
Visits to Wine Estates				
2-4 times a week	5	26%	13	31%
Weekly	4	21%	13	31%
1-2 times a month	5	27%	14	32%
Never	5	26%	2	4%
Total	19	100%	42	100%

participates in golf (38%). However as Franschhoek does not have a golf course the spending on membership does not flow into Franschhoek's economy. Another frequent mentioned hobby-sport activity by foreign second home owners is Tennis. 21% of the foreign second home owners play Tennis. Many of them are also affiliated with the Franschhoek Tennis Club.

Figure 30: Frequency of participation per month in sport-hobby activities by second home owners, Franschhoek



When looking at the frequency of participation of the domestic and foreign second home owners in the above mentioned activities it becomes clear that all activities are more frequently practiced on a monthly basis by the foreign second home owners. For both groups, tennis is the most frequent activity participating in per month. On average the foreign second home owners play tennis 5 times per month and the domestic about 4 times. Furthermore it becomes clear that visiting the Spa and horse riding occurs less than once a month.

6.1.1.3 Petrol

From the above sections it can be concluded that the second home owners participate in many different leisure activities, of which some are not taking place in Franschhoek. As South Africa has hardly any public transport, second home owners are relying heavily on own transportation and have to spend significantly on petrol. It is therefore important to take this contribution into account as part of the spending pattern of second home owners.

There is just one petrol station in Franschhoek town, namely the BP. Other petrol stations are about 20 to 30 kilometres out of town. The respondents have been asked how many kilometres they on average drive on a weekly basis while staying in Franschhoek. Resulting from the questionnaire the domestic second home owners drive on average 332.8 kilometres on a weekly basis. The foreign second home owners drive 374.3 kilometres on a weekly basis when residing in Franschhoek. The current petrol price in South Africa is R9.8 per litre (14 July 2011). In order to estimate how much the second home owners spend on petrol, it is therefore necessary to make an estimation how much km they are driving on one litre. In the questionnaires it was asked which car brand they are driving. The respondents indicated a wide variety of brands and models. When taking the different types of cars into account it can be assumed that on average they drive 12 kilometres on 1 litre, irrespectively of whether they are domestic second home owners or foreign second home owners.

Table 28: Price per month on petrol spend by second home owners, Franschhoek (domestic n=19, foreign n=42)

	Average km driving on a weekly basis	Average use litres on a weekly basis	Total price petrol on a weekly basis	Average total price of petrol per month
Domestic	332.8 km	27.7 litre	R270.92	R3251,1
Foreign	374.3 km	31.2 litre	R304.74	R3656.9
Total	707.1 km	85.9 litre	R575.66	R6909.0

From Table 28 it becomes apparent that foreigners spend R33.8 more on petrol per week compared with the domestic second home owners. The total contribution of the two respondents groups is R6909.0 per month.

To conclude daily spending patterns of second home owners are quite the sum of money, which is flowing into the local economy. On average foreign second home owners daily spending frequency is higher, compared to the domestic second home owners, presumable indicating also higher amounts of money

involved. Nevertheless, in all three categories distinguished, both foreigners as domestic second home owners spend a significant amount of money.

It can therefore be stated that daily spending is an important spending pattern, and contributes to local economy. When looking to the frequency and the presumable amounts involved it can be assumed that the implication of this spending pattern for local economy can only be regarded positive. However it should be reminded that these money flows only take place when second home owners are residing in Franschhoek (except those amounts paid on fixed membership fees), and therefore only taking place certain periods in a year, as the previous chapter (section 5.1.2) revealed that the second home phenomenon in Franschhoek is characterised by severe seasonality, which directly has an impact on the contribution second home owners make to Franschhoek's' local economy.

6.1.2 Investment spending pattern

With investment spending is meant the money flows of second home owners that adds to the physical stock, and is durable. In this section it has been looked upon three different categories. The purchase of the second home is a onetime investment. However linked to the purchase of a property are renovation and adaptations to the property after purchase, also this is an important category to analyse as different types of money flows are involved in this. The last category is mode of transport, used to reach Franschhoek as well as to get around when staying over in Franschhoek.

6.1.2.1 Property

In section 5.2.2, is already dealt with the acquisition of the property. It became clear that the market value of the properties of both domestic and second home owners increased significantly, as the average current value is higher compared to the average acquisition price. Furthermore, it became clear that 79% of the domestic second home owners and 76% of the foreign second home owners made use of a local real estate agent when purchasing the property. This is an important part of the investment spending on a property as this money flows directly to the intermediary, which in this case is part of the Franschhoek local economy. This means that the initial acquisition of second homes has injected investment capital into the local economy through generating work for the estate agents (Hoogendoorn, 2010: 67).

6.1.2.2 Renovation and adaptations

Related to the purchase of the property, is investment spending for renovation and adaption to the property. Table 29 shows that 47% of the domestic second home owners and 36% of the foreign second home owners renovated their property after purchase.

Furthermore, Table 29 shows that the approximate spending on renovation. Sixty-six percent of the domestic second home owners indicated that they have spent less than R500001. In addition, 22% of this group indicated to have spent R1000001 to R2000000 on renovation of their property after purchase. For the foreign respondents a similar trend can be noticed. Also among them 56% spend between 0-500000 on renovating their property. Furthermore 40 % indicated that they spend between R500001-200000.

From this it can be concluded that a higher percentage of the total foreign respondents group spend more on renovation compared to the domestic second home owners.

However, the question remains whether this money is spend in the local economy of Franschhoek, or whether constructors e.g. from outside Franschhoek are attracted for the work.

Table 29: Renovation and adaptations by second home owners, Franschhoek (domestic n=19, foreign n =42)

	Domestic N= 19		Foreign N=42	
	Abs	%	Abs	%
Renovation after purchase				
Yes	9	47%	15	36%
No	10	53%	27	64%
Total	19	100%	42	100%
Approximate spending on renovation				
0-500000	6	66%	7	56%
500001-2000000	2	23%	6	40%
2000001-4000000	1	11%	2	14%
Total	9	100%	15	100%

Figure 32 and Figure 31 are showing the percentages of respondents (divided in domestic and foreign) who made use of services when renovating their property. A distinction has been made between yes, service coming from Franschhoek and yes, service not coming from Franschhoek. From these figures it becomes clear that both respondents groups hardly make use of an interior designer. However when they did use one, the interior designers were originating always from Franschhoek. Similar can be stated regarded the landscape designer.

Figure 31: Percentage of the domestic second home owners making use of services related to renovation, Franschhoek (n=9)

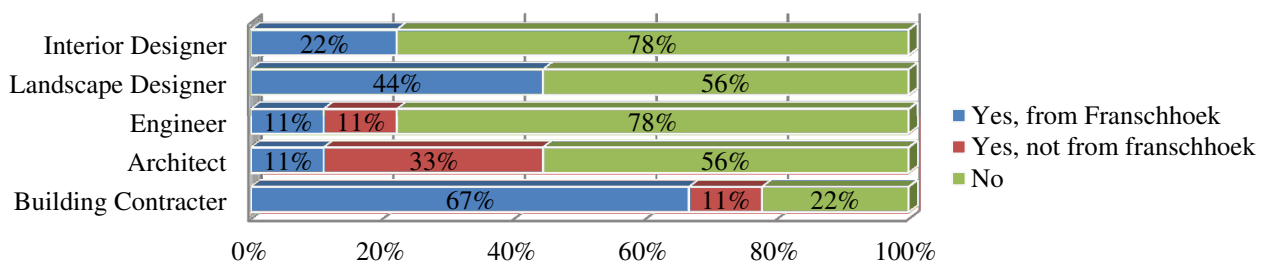
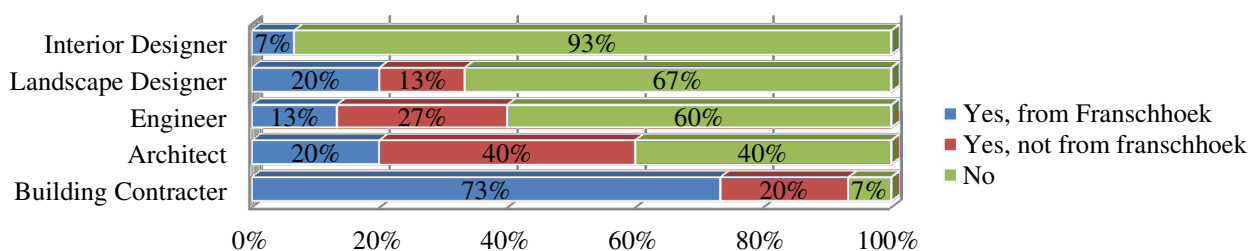


Figure 32: Percentage of the foreign second home owners making use of services related to renovation, Franschhoek (n=15)



Similar can also be said of the engineering service, the majority of both respondents group indicated not to have made use of an engineer, 78% of the domestic and 60% of the foreign second home owners. The percentage domestic respondents who did make use of an engineer from Franschhoek are similar to the percentage using an engineer not from Franschhoek. The foreigners using an engineer mainly attracted one from outside Franschhoek (27%).

A difference between the two respondents groups can be noticed when examining ‘hiring architectural services’. The majority of the domestic respondents did not make use of an architect when renovating (56%), whereas the majority of the foreigners did make use of one (60%). However, for the respondents of both groups who did make use of an architect, they mainly hired one from outside of town. The figures show that the majority of both respondents groups have made use of a building constructor. Noteworthy also is that 67% (of the total 78% domestic respondents who make use of a building constructor) has contracted a building constructor from Franschhoek.

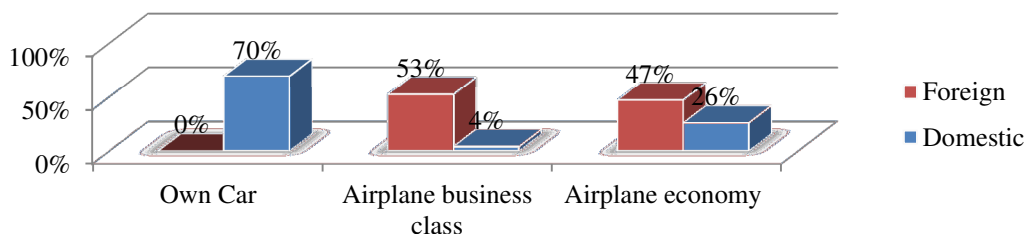
This means that the need for renovation and adaptations on the property is contributing directly to Franschhoek local community (Figure 31). Same accounts for the foreign respondents; 73% has indicated that he building constructor is coming from Franschhoek (Figure 32).

6.1.2.3 Mode of Transport

Spending on transportation to reach Franschhoek as the mode of transport used to get around when residing in Franschhoek is a category which should not be excluded when analysing the spending pattern of Franschhoek second home owners. Especially as a high percentage of the second home owners residing in Franschhoek are foreign, and use air transportation as the mode of transport to reach Franschhoek. From the

findings in data it became clear that the use air transportation was divided as such, 53% (a small majority) of the foreign second home owners flies business class, and the other 47% economy class. For the domestic the main mode of transport is own car, 70% reaches Franschoek by means of own car (Figure 33).

Figure 33: Mode of transport used by the second home owners to reach Franschoek (foreign n=38, domestic n = 19)



In addition it has also been investigated how the second home owners get around in Franschoek. When travelling second home owners mainly have to rely on own transportation as the public transportation of South Africa is unreliable and cannot be regarded a facility which is well developed. Therefore it was asked whether the second home owners own or rent a car while residing in Franschoek.

From Table 30 it becomes apparent that the majority of the domestic respondents own their own car (74%). For the foreign second home owners a slightly lower percentage owns a car (52%), however indicating a direct contribution South Africa's economy in the form of influx of foreign currency. Interesting is that 41% of the foreign second home owners hires a car. Although not directly an investment in tangible durable goods, it is a significant amount of money flowing towards the South African service industry.

Table 30: Second home owners; owning or hiring a car, Franschoek (domestic n=19, foreign n =42)

	Domestic N=19		Foreign N=42	
	Abs	%	Abs	%
Own or hire a car				
Own	14	74%	22	52%
Hire	3	16%	17	41%
No	2	10%	3	7%
Total	19	100%	42	100%

From these three categories it can be concluded that the contribution of second home owners in Franschoek by means of spending on investment related aspects is significant. In general it can be stated that the frequency and amounts of money involved are higher for the foreign second home owners compared to the domestic second home owners. However in general it can be stated that both groups contribute significantly and that the impact of these only flows can be very extensive due to the spread of it.

6.1.3 Services spending pattern

An interesting part of second home owner's economic pattern is the money spent on services. The previous section already elaborated on the service of hiring a car. However, there are multiple types of services second home owners spend money on. Therefore, in this research, the services have been subdivided into two different categories. The first category is spending on employees such as a domestic servant, or a gardener. The second category entails spending rates and taxes as well as electricity.

6.1.3.1 Employment services

This is an important category as it regards direct money flows from second home owner to employee, or through an intermediary. Furthermore, it often regards maintenance to the property, something which is required throughout the year, therefore less influenced by seasonality. Under the heading employment services are the domestic workers, gardeners, gardening services, pool maintenance services, security services and permanent residents that manages the property.

Table 31 shows that the majority of both respondents groups make use of employment services. 79% of the domestic second home owners have indicated to use employment services and a stunning 90% of the foreign second home owners have identified to make use of employment services.

Table 31: Hiring of employment services by second home owners, Franschhoek

	Domestic N=19		Foreign N= 42	
	Abs	%	Abs	%
Employment Services				
Yes	15	79%	38	90%
No	4	21%	4	10%
Total	19	100%	42	100%

Table 32: Hiring of employment services by second home owners (domestic n =15, foreign n =38)

	Domestic N=15	Foreign N=38
	%	%
Different employment services hired		
Security	53%	68%
Gardener	53%	55%
Domestic Worker	47%	68%
Pool maintenance	27%	61%
Gardening service	47%	58%
Permanent Resident	40%	37%

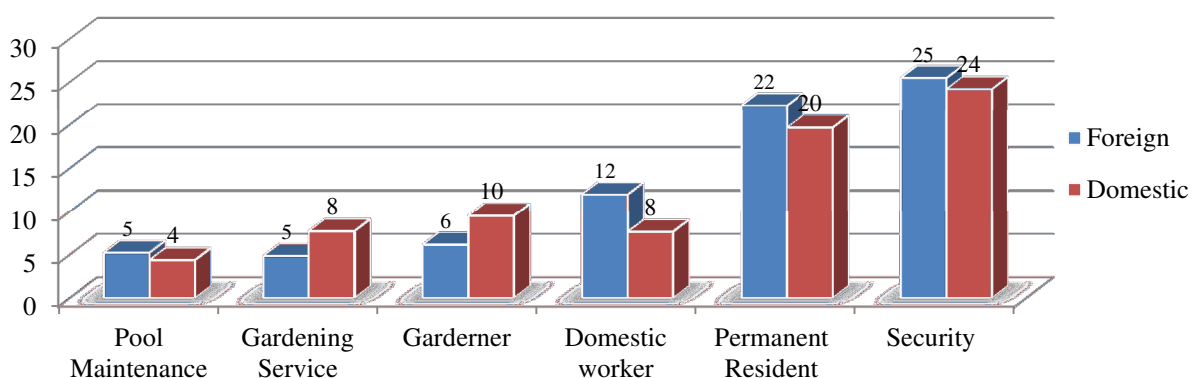
Table 32 visualises the percentage of the domestic and foreign respondents who have indicated that they make use of employment services. From this table it becomes clear that from the second home owners making use of the employment services listed.

The highest percentage of domestic second home owners mainly makes use of security (53%) and a gardener (53%). For the foreigners, the highest percentage makes use of security (68%) and a domestic worker (68%).

The domestic worker is less common among the domestic second home owners. Also the pool maintenance is not hired as much as by the domestic second home owners. However, the domestic make more use of driving services and permanent residents who manage the property while being away.

In order to be able to state something about the second home owners' contribution to local economy, it is important to get an understanding of the frequency usage of the employment services mentioned above. Figure 34 shows that security service per month is on average most frequently used by the second home owner, this is not that striking as almost all second home properties were secured by means of alarm. Furthermore, a permanent resident who is taking care of the property is also a common phenomenon for both groups.

Figure 34: Average times per month second home owners make use of employment services (Foreign n= 38, Domestic n=15)



From Figure 34 it becomes apparent that foreigners more frequently per month hire domestic workers, pool maintenance, permanent residents and security. The domestic second home owner on the other hand makes more frequent use of gardening services and gardeners per month. However, both groups make use of different types of services, so it can be stated that second home owners' money flows to various segments of the service businesses.

6.1.3.2 Rates, taxes and electricity

Rates and taxes part of second home owners operational costs. Rates and taxes is an umbrella term for the following taxes and rates; property tax, water and electricity rates and other services such as refuse removal (personal communication group 3, person 2).

Table 33: Average spending on rates and taxes per month by second home owners, Franschhoek (domestic n=19, foreign n=42)

	Average amount paid on rates and taxes per month	All second home owners spending on rates and taxes per month	All second home owners spending on rates and taxes per annum
Domestic	R1703.9	R32373.9	R388,486.8
Foreign	R2357.9	R99030.9	R1,188,370.8
Total	R4061.8	R131404.8	R1,576,857.6

Table 33 shows the average amount paid on rates and taxes per month by the second home owners to the local authorities. From the table it becomes apparent that R1,314,404.8 per month flows directly to the municipality Stellenbosch. As rates and taxes are paid on a monthly basis, independent of whether the second home owners are residing in Franschhoek, this is a sustainable, seasonality independent fixed contribution of R1,576,857.6 per year to the municipality.

From the answers of the respondents it becomes clear that for the domestic second home owners the minimum rates and taxes pad is R400 and the maximum is R5000. For the foreigners this is slightly more as the minimum rates and taxes paid is R500 and the maximum is R8000.

Electricity expenses have been partly covered in the rates and taxes in the section above. However electricity is for many households in South Africa available at the supermarket, in the form of prepaid. When this is the case it is an extra cost for the second home owners, and additional money flowing into the South African economy. Striking is that the domestic second home owners spend on average a bit more on electricity compared to the foreign second home owners; R672.9 against R641.7 by foreign second home owners

Table 34: Average amount spend on electricity per month by second home owners, Franschhoek (domestic n=19, foreign n=42)

Average amount spend on electricity per month	
Domestic	R672.9
Foreign	R641.7
Total	R1319.6

To conclude, from the above section it becomes clear that the contribution of second home owners in terms of service spending is extensive. The direct employment created due to the presence of second home owners is significant and is regarded as an important and very positive implication for Franschhoek's' local economy. However, the contribution by the second home owners to the local municipality is by far most impressive, the amounts which the municipality receives every month is a direct contribution to both Franschhoek's' local economy as Franschhoek's' community, and can be pointed as one of the most positive impacts of second home development.

However, it should be taken into account that not all money flows, flow directly to Franschhoek, leakages which are common in the tourism industry, can also become apparent when discussing money flows of second home owners. The identification of leakages as well as their impact will be discussed in-depth in the following section.

6.1.4 Leakages

Leakages are important to consider as this can be a threat for the economic contribution of second homes to a certain destination. When too much money is leaking out of the local economy, benefits and contributions from the second home phenomenon will decrease. This section is consecrated to identify whether there are possible leakages for identifiable

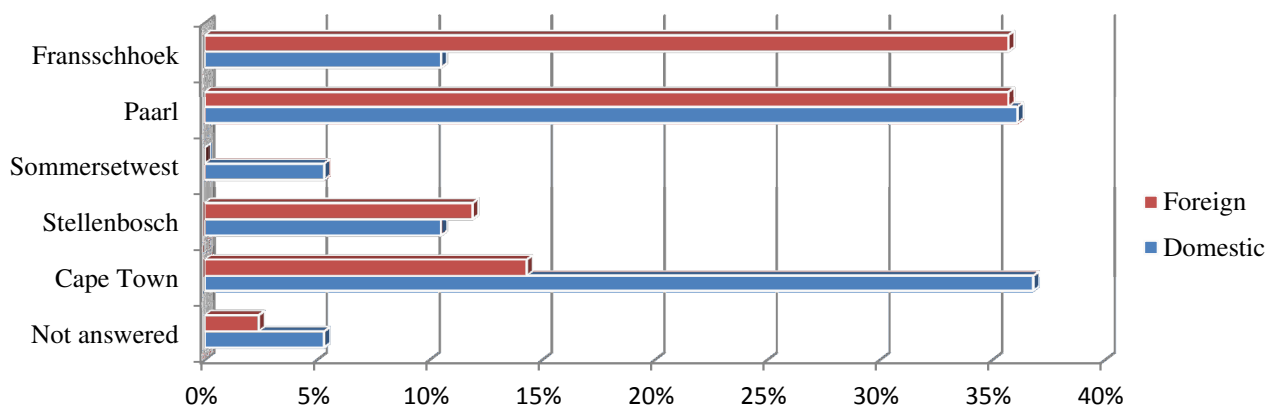
6.1.4.1 Commercial businesses

By means of the question ‘Which town do you prefer to do most of your shopping’, it was tried to estimate how many times money is flowing out the economy into other town in the region: Paarl, Franschhoek, Stellenbosch and Cape Town.

Figure 35 shows that a significant amount of the foreign and domestic second home owners are shopping outside Franschhoek.

Especially the domestic second home owners prefer driving up to Cape Town (37%) or Paarl (36%) to do their shopping. Only 11% of the domestic respondents indicated to do their shopping in Franschhoek. The main reasons given for not shopping in Franschhoek by the domestic second home respondents are first of all that Franschhoek is far more expensive compared with the surrounding towns.

Figure 35: Percentage of second home owners shopping outside Franschhoek (foreign n=42, domestic n =19).



Second they indicated that the variety of shops in Franschhoek is limited, and that they are mainly targeting mainly towards tourists, which is reflected in their prices. Compared to the domestic second home owners a far higher percentage of the foreigners do most of their shopping in Franschhoek namely 36%. However a similar percentage prefers Paarl for most of their shopping. Also Stellenbosch and Cape Town are highly preferred destinations among the foreign second home owners.

The main reasons indicated by the foreign second home owners why they prefer another town, instead of Franschhoek to do their shopping, are similar to the reasons given by the domestic second home owners being that other towns offer a wider variety, and that Franschhoek is too expensive compared with the surrounding towns.

From this it becomes clear that on general, Franschhoek loses 65% of the foreign second home money flows and a stunning 90% of the domestic second home owners’ spending, on only shopping. This means that a significant amount of the contribution which could be done by second home owners do not find their way in Franschhoek economy and leak out to the neighbouring towns

6.1.4.2 Leakages leisure activities

Leakages in terms of leisure activities also take place. As already mentioned, golf is played by a significant percentage of the foreign second home owners. However Franschhoek does not have a golf course, meaning that the contribution on golf by second home owners is not spent in Franschhoek’s local economy. Another way how money can flow out Franschhoek economy is when second home owners are staying over in other town in the region while they are residing in Franschhoek.

From the findings in data it became clear that the majority of the foreigners are staying over in other towns while residing in Franschhoek (55%). While only 16% of the domestic second home owners do so. The domestic second home owners indicated towns in the direct neighbourhood of Franschhoek as town which they stay over while residing in Franschhoek, with as reason friends and family.

Foreigners on the other hand indicated Cape Town as most frequent town stayed over while residing in Franschhoek, other towns mentioned often are Knysna and Hermanus. The main reasons given by foreigners to stay over in other towns while residing in Franschhoek were tourism related. For instance they indicated to do so for sightseeing, the seaside, and for shopping.

In terms of leakages the following can be argued, as the motivations among foreigners are tourism related, it is assumed that they will spend more money in towns where they stay over while residing in Franschhoek compared to the domestic second home owners. This as the domestic second home owners do so to visit friend and family in which they will have less tourism related expenditures (such as accommodation, tourists attractions e.g.). In addition, the proportion of foreigners staying over while residing is bigger than the domestic, meaning that both the absolute as the relative leakages will be more extensive.

6.1.4.3 Leakages employment related to renovation and adaptations to the property

Leakages can also be detected when looking at the employment hired for renovation and adaption to the property. From Figure 31 and Figure 32 on (page 76) it became clear that a significant amount of the employment hired were attracted from outside Franschhoek. Especially the foreigners made extensive use of this possibility. From both groups, the architect was most often hired from outside Franschhoek, 40% of the foreigners and 33% of the domestic attracted an architect from outside Franschhoek.

In terms of leakages the following can be argued that, due to the fact that quite a percentage of the employment used for renovation and adaption on the property after purchase, is from outside Franschhoek, leakages occur. This is both the case among the domestic as among the foreign second home owners. However, when comparing the two groups it becomes apparent that the foreign second home owners make use of employment hired from outside Franschhoek more extensively compared to the domestic. This means that 'new money', brought in by the foreigners flows directly to surrounding towns instead of Franschhoek. Although a leakage, it should be mentioned that it does contribute to the overall Gross National Product of South Africa, provided that the businesses are South African owned.

From this section it became apparent that money flows of the second home owners and the contribution to the local economy are influenced by severe leakages. The leakages identified are severe and should not be underestimated. They are a threat for the economic contribution of second homes owners to Franschhoek local economy, and they can hamper positive implications of second home development at the destination, and influence Franschhoek its economic base.

Table 36: Staying over while residing in Franschhoek (domestic n =19, foreign n=42)

	Domestic N=19		Foreign N=42	
	Abs	%	Abs	%
Staying over while residing in Franschhoek				
Yes	3	16%	23	55%
No	15	79%	19	45%
Not answered	1	5%	0	0%
Total	19	100%	42	100%

Table 37: Employment attracted from outside Franschhoek by second home owners (domestic n=9, foreign n=15)

	Domestic N=9	Foreign N=15
	%	%
Employment attracted from outside Franschhoek		
Landscape designer	0%	13%
Engineer	11%	27%
Architect	33%	40%
Building Contractor	11%	20%

6.2 THE ECONOMIC BASE OF FRANSCHHOEK

From the previous section it became apparent that a significant amount of second home owners' spending is flowing to surrounding towns' economies. However the question remains whether there are also leakages in which money flows in Franschhoek local businesses, but the owners for example are not Franschhoek locals. In how far are the contributions of second home owner's benefitting Franschhoek local economy?

Therefore in this section, the data obtained through the local business questionnaire is examined, in order to get a better understanding of the receiving end of the money flows of second home owners, flowing to the Franschhoek economy.

Table 38: Number of the different businesses participated in the questionnaire n=20

Businesses (N=20)	Abs.
Retail	7
Catering	6
Supporting	7
Total	20

As became apparent, second home owners spend quite some money in retail, catering and on supporting businesses providing services. Therefore 20 questionnaires were conducted among these three categories (Table 38). The businesses owners hold on average an age of 45 years old, however with a range between 20 and 62.

Furthermore 20% of the business owners interviewed had a foreign nationality; from these foreign businesses owners 50% hold a Dutch nationality. An interesting given was that none of the foreigners had a catering business, they had or a retail businesses or a supporting business.

Nevertheless, the majority of the business owners, 80%, hold a South African nationality. From this it is possible to conclude that most money is not flowing out of the economy by means of foreign ownership.

However it became clear that while all foreigners were living in Franschhoek, a significant percentage of the South African business owners are residing in surrounding towns. Leading to a smaller multiplier effect, as money earned in Franschhoek is most probably spend in the towns they live in.

When discussing the multiplier effect, not only the local businesses owners are of importance, also it has to be looked upon where their employees are living, as this indicates the induced effects of second home spending. As came apparent from theory, the induced effects becomes visible as income to local residents in form of wages, salaries, distributed profit, rent and interest, which will partly be re-spent in the local economy on goods and services and will in this way generate further rounds of economic activity, so-called- multipliers (Cooper et al , 2005: 162).

When looking into this matter, it becomes clear that the majority of all employees hired by the local businesses owners are residing in Franschhoek. On average 2 out of 3 employees' are residing in Franschhoek. Presumably, this means that quite a significant percentage of the employee's salary flows into Franschhoek's local economy, creating an important multiplier effect.

Although there is quite an equal spread amongst the different year categories in which the businesses were established, the period 2002-2006 holds most business start-ups, namely 40%. Noteworthy is that it was also during this time the second real estate boom took place in Franschhoek, as well as the fact that a lot of second home owners bought their properties in Franschhoek in this time span.

Many businesses owners indicated that when starting their business there was a clear need for the services they provided, many mentioned that there was a 'gap in the market', or as they stated 'there was an opportunity'. One business owner indicated that due to the changing character of the village, more life-style oriented, there became a specific demand for the services she provided.

Table 39: Start-up year businesses (n=20)

Start-up year (N=20)	Abs	%
>2002	5	25%
2002-2006	8	40%
2007-2011	7	35%
Total	20	100%

Table 40: Second home owners as a percentage of businesses total consumer base

Type of business	Foreign second home owners as % of total consumer base	Domestic second home owners as % of total consumer base
Supporting	35%	8%
Retail	20%	7%
Catering	31%	7%

The consumer base of the different businesses is an important indicator in order to understand how much the local economy is depending on second home owners. The average percentage of second home owners of the total customer base per type of business is shown in Table 40.

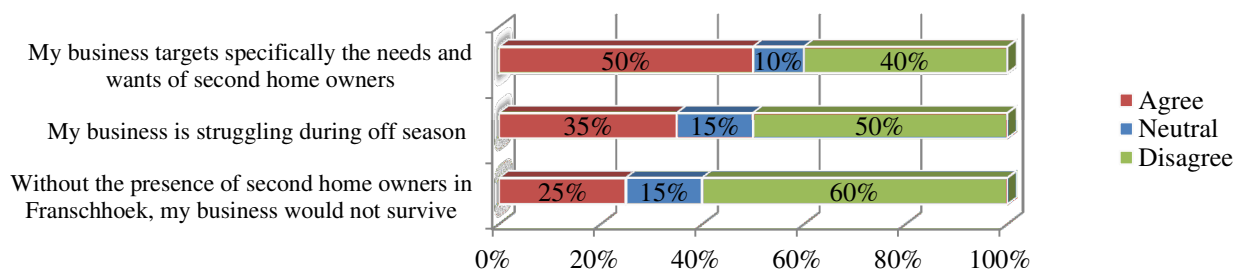
This table shows that in the supporting business sector the percentage of second home owners on total consumer base is highest. Another aspect which is striking is the difference between the foreign second home owners and the domestic second home owners. It becomes apparent that the domestic second home owners only consists of a very small percentage of the total consumer base, and is far less significant for the local businesses as the foreign second home owners. It was mentioned however that this scenario is only the case when the second home owners are staying in Franschhoek and that it is very much depending on seasonality.

The second home owners visiting or making use of the different businesses were also ranked by the business owners according to their primary place of residence (domestic) or their nationality (foreigners). According to the local business owners, most of the second home owners making use of their services are from the UK. Second place is occupied by The Netherlands and the United States of America is third ranked primary residence. Within South Africa it are the big cities which are ranked in the top three primary places of residence of the domestic second home owners, as perceived by the local business owners. Mostly mentioned is Johannesburg, followed by Cape Town and Durban is ranked third.

In order to get a better understanding of the purchasing power of second home owners, and the dependency of the businesses on the presence of second home owners in Franschhoek, Figure 36 shows the business owner's answers on three questions related to dependency.

From Figure 36 it becomes clear that half of the business owners indicated specifically targeting the needs and wants of second home owners. From findings in data it became apparent that from this 50% a significant proportion of the businesses were supporting businesses, providing services such as gardening and cleaning.

Figure 36: Dependency of local businesses on second home owners (n=20)



However looking to dependency, it can be stated that only 25% of the business owners indicated that without the presence of second home owners, their business would not survive in Franschhoek. The majority, 65%, stated that also without the presence of second home owners their business would yield enough to survive. This means that the dependency on second home development is moderate. Noteworthy though is that 35% of the business owners indicated that their businesses struggle during off season. With low season is meant low season of the tourism industry. As mentioned Franschhoek experiences severe seasonality when it comes to the tourism industry, as tourists are mainly visiting the town during the summer months (high

season). The fact that 35% of the business owners stated that they struggle during low season, can indicate that second home owners cannot be seen as substitute for when the tourists season is over.

Examining second home owners' contribution on the one hand and the economic base of Franschhoek and its dependency on second home development on the other, it can be stated that the picture drawn up is paradox. Both positive as negative aspects have been identified. In the following section these aspects are analysed and the economic implications of second home development.

6.3 ECONOMIC IMPLICATIONS SECOND HOME DEVELOPMENT FRANSCHHOEK

In the previous section the spending behaviour of second home owners in Franschhoek is explained. As became apparent, three types of money flows could be distinguished under the heading spending behaviour namely, day-today spending, investment-spending and services spending.

These types of spending can again be allocated to the four different categories of economic implications, which together form a solid framework to identify whether second homes, and more important its owners contribute to the local economy. International literature has revealed that there are numerous ways in which second home owners contribute to the local economy for instance; by means employment creation, expenditure on local amenities, maintenance as well as rates and taxes. Therefore the structure of this section is as followed: capital inflow into local economy, expenditure on local amenities, and employment generation and contribution to the local municipality

6.3.1 Capital inflow into local economy

With capital inflow is meant time-fixed capital injections in the local economy due to large investments in for instance property and cars. In this section selected capital injections into local economy throughout the years, are analysed.

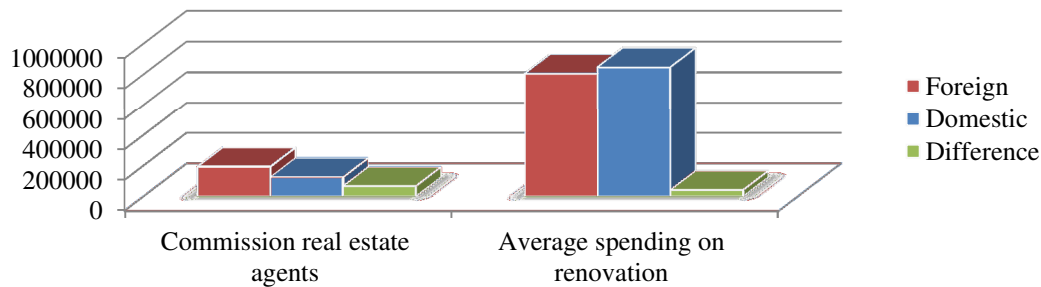
Probably the largest capital injection is the purchase of the property, the second home. However this investment flows for the majority direct to the seller of the property. Nevertheless part of this amount goes to the real estate agents as commission. This has also been the case in a research in the UK, this research showed that initial acquisition of second homes may inject investment capital into the local economy through generating work for lawyers, estate agents, notaries and surveys (Hoogendoorn, 2010: 67).

It became clear that 79% of the domestic second home owners and 76% of the foreign second home segment makes use of a local estate company established in Franschhoek. Therefore the commission is a direct contribution to the Franschhoek local economy. In South Africa estimated the real estate commission is about 5% to 10% of the acquisition price, depending on the size of the real estate company (Personal communication group 2, person 1)

Figure 37 shows commission and the average spending on renovation on average spend by second home owners. The average commission paid by domestic second home owner is R50,791 and R78,089 by the foreign second home owners. From this it becomes clear that the foreign second home owners inject by means of commission to real estate agents, more capital in the local economy. This in line with the average acquisition price dealt with in section 5.2.2, because there it also became clear that on average foreigners buy properties in a higher price class compared to the domestic second home owners, which is of direct influence on the commission for real estate agents.

The second selected investment made by the second home owners is on renovation and adaptations of the property after purchase. According to the Swedish Governmental Commission on Second Home Living (cited in Müller 2000) second home development should induce positive economic effects in the subsequent field of production as well as consumption of second homes; this due to the need for maintenance and reconstruction of the properties (gardening, cleaning, renovating etc.). In addition they mention indirect employment, for instance in the local stores and restaurants (Hoogendoorn 2010: 67).

Figure 37: Average capital inflow local economy and the difference between the second home owners, Franschhoek



From the respondents 47% of the domestic and 36% of the foreign second home owners have indicated that they have renovated or adapted the property after purchase. Regarding the average spending on renovation, the domestic second home owners spend on average R42,857 more. They spend on average R850,000 whereas foreigners spend R807,143.

Another investment which has not been taken into consideration in the Figure 37 is the purchase of a car. From findings in data it was derived that 74% of the domestic second home owners and 52% of the foreign second home owners, makes use of own car, which means an extensive capital injection in the economy. However this is difficult to measure due to the difference in cars owned by the second home owners. In addition the domestic owners have probably bought their car in their primary place of residence.

In addition, as Franschhoek has no car dealer, the capital injection for a car does not flow into the Franschhoek local economy. It is for this reason that the capital injection linked to the purchase of cars is not taken into consideration in this analysis, however is important and should be taken into account as especially the cars bought by foreign second home owners have a considerable impact contributing to the gross national product of South Africa.

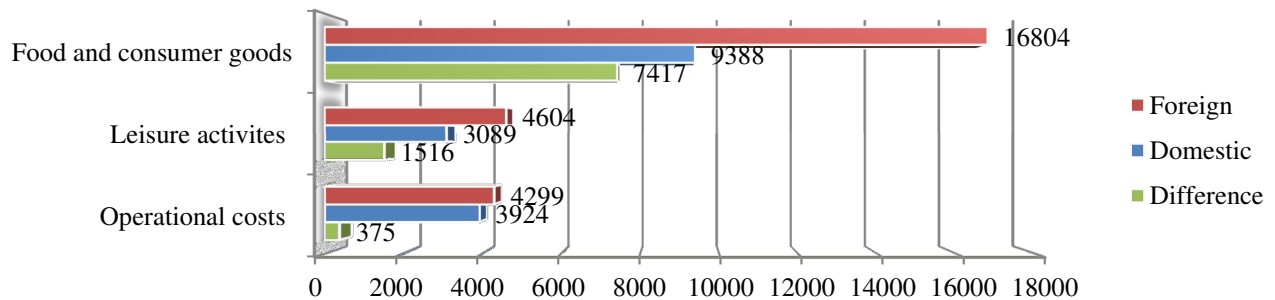
6.3.2 Expenditure on selected local amenities

An important economic impact of second home development is the second home owners' support in consumer food and goods, leisure activities and operational costs, thus their expenditure on local amenities. Local amenities are the facilities present in Franschhoek. As Franschhoek is very much depend on tourism on their main economic base, it is important to see what the impact of second home owners is on these different facilities.

Figure 38 shows a comparison of the different selected amenities on which foreign and domestic second home owners spend their money. From the findings in data it becomes apparent that in general in all categories the foreign second home owners spend on average more money per month compared to the domestic second home owners.

Furthermore it can be stated that businesses selling consumer goods are receiving most of the second home owners' money per month. In which the foreign second home owners on average per month spend excessive more than the domestic second home owners. The difference is R7,417. Included in the consumer food and goods are all average expenditures in the different commercial business per month.

Figure 38: Average money spend per month to local amenities by second home owners, Franschhoek



Although, most money is spend on consumer goods, it should be stated that it is the money flows of the second home owners to the different categories of local amenities which encourages an economic differentiation. As the economic base is very much depending on tourism, this diversification of the consumer base by second home owners, who assuming spend more money in the local economy of Franschhoek compared to tourists, is contributing to positive economic implications. This as it becomes apparent that the money does not flow to only one category of local amenities.

However, noteworthy though is that there are severe leakages detected, as Franschhoek loses 65% of the foreign second home money flows and a stunning 90% of the domestic money flows, on shopping facilities in surrounding towns. This as both respondents group indicated to do most of their shopping outside of Franschhoek. The potential for average money spend per month to food and consumer goods by second home owners could be even higher, when the Franschhoek finds a way to decrease the leakages currently taking place.

From the figure it can be assumed that currently on average in total per month R25,709 is spend by the foreign second home owners and R16,501 by the domestic second home owners on local amenities. This impact is excessive as it means that per month an additional R42,210 is flowing towards the local amenities of Franschhoek, induced by second home development in the town. Nevertheless, it should be mentioned that this impact is very much depending on the length of stay of the second home owners as they are not in Franschhoek all year round, meaning that their expenditures of domestic and foreign second home owners are influenced by their mobility patterns. As Brolin (1982), for instance, argued in this research that the longer the distance between secondary and primary residence, the more goods were purchased in the second home location (Kaupilla, 2010: 166).

From section 5.1.2.3, it became clear that the mobility form of foreigners is a more seasonal one where the frequency of visit is low, but the length of stay is longer. In addition the location relative to primary residence was independent. For the domestic second home owners the mobility pattern was less straightforward, due to the difference in location relative to primary residence within the group, however for the majority of the respondents the frequency of visit to Franschhoek was higher compared to the foreigners; however their length of stay was shorter. When linking this to Brolin arguments, it can be assumed that in the case of Franschhoek the foreigners have a higher economic impact due to their longer stay in Franschhoek in combination with on average higher spending amounts on local amenities, leading to a more positive implication to the local economy. Furthermore, foreigners bring new money into the economy, which is additional money flowing into the Franschhoek economy, and contributing to the gross national product of South Africa. A side note to this all is that although in general it can be stated that the foreigners have a more positive implication in regard to spending on local amenities, there is one specific aspect in which the domestic have a more positive implication. Because foreign second home owners' presence in Franschhoek is characterised by a severe seasonality, there are certain months, especially the winter months, in which no money is flowing to the local amenities. This seasonality is similar to that of the normal tourism industry, in which the winter months are the quiet months. This means that during these months local amenities miss the input of both tourists and foreign second home owners at the same time, whereas the domestic second home owners presence in Franschhoek is far less seasonal, thus more equally spread throughout the year.

6.3.3 Direct and indirect employment generation

From the findings in data it became clear that second home owners definitely contribute to employment generation as 53 of the 61 respondents make use of support services such as domestic workers, gardeners, gardening services, pool maintenance, security service and a permanent resident or agency watching their house, while being away. In general the foreign second home owners make more uses of service employment (90%) compared to the domestic second home owners (79%). In addition it became clear that the foreigners make more frequent use of the services (except for gardeners and gardening services, compared to the domestic second home owners).

During the research it became apparent that local assistance was hired throughout the year. Thus, also while the second home owners are not residing in Franschoek, second home development creates jobs for permanent local residents in Franschoek who are hired to manage the domestic workers and the gardeners and to watch the property. This indicates that direct employment through the means of services was generated by the second home owners throughout the year, creating certainty and a fixed income for the employees.

In addition also the employment hired for renovation and adaptations is direct employment generated by second home owners, and contributing to positive economic implications. However this is often only a one time occurrence for a certain period. This means that it is not a sustainable form of employment creation; however it is an important one.

Next to direct employment creation, the second home owners also contribute to indirect employment generation this by means of their expenditure in leisure activities and local amenities such as restaurants, wine estates as well as their shopping in the commercial businesses. The direct employment creation is an important category as it contributes to several multiplier effects, as money spend in shops and leisure activities is flowing towards employees in terms of wages, which again can be spend in the local economy.

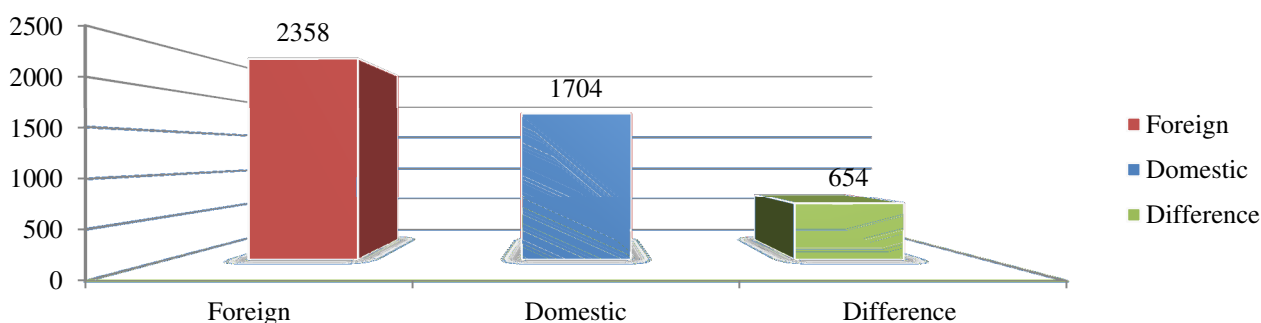
Noteworthy though is that indirect employment only takes place when the second home owners are actually present in Franschoek, indicating that especially the indirect employment induced by the foreigners is heavily influenced by the seasonality of second home development in Franschoek.

Another important feature which became apparent from this research was that the majority of local business owners 'staff are Franschoek locals, meaning that the induced effects due to second home owners employment creation is significant, and an important implication for Franschoek local economy as it increases the multiplier effects.

6.3.4 Contribution to the local municipality

Frost (2004) indicated in his research that second home development often leads to increased costs to municipalities as they have to provide additional infrastructure and services, which otherwise would not be necessary. This therefore can also lead to an increase of rates and taxes in a certain second home destination (in Hoogendoorn 2010). However, Visser has also argued that second home owners make a large financial contribution to the local authority through the rates and tax bill (2006). In which it is assumed that due to the contribution, the costs for additional infrastructure development is covered.

Figure 39: Average spending per month on rates and taxes per second home owner in Franschoek (domestic n =19, foreign n=42)



From Figure 39 it becomes clear that municipality Stellenbosch receives a significant amount of money through rates and taxes per second home owner in Franschhoek. On average a foreign second home owner pays R2,358 per month on rates and taxes whereas the domestic second home owner pays R1,704.

Interesting also is that this contribution is not a one-time investment nor depending on seasonality. Rates and taxes is a recurrent monthly expenditure of the second home owners, it can be stated that it is a very important contribution to the local economy. Especially as second home owners pay local authorities for water, electricity rates and refuse removal, while not making use of these facilities all year round. Thus, from this it can be concluded that second home owners definitely contribute to the local authorities and have a positive economic implication for Franschhoek.

Side note however is that the money is flowing to Stellenbosch municipality, meaning that not all expenditures flowing from Franschhoek in the form of rates and taxes will not all return to Franschhoek in investments in facilities and services. It becomes an income of the municipality which can be used in the all villages and towns belonging to the Stellenbosch municipality.

Interesting is that since 2004 the municipality works with a property evaluation list in which the current market value of the property is used as the baseline on which the rates and taxes are calculated. Meaning that there can be a significant difference between respondents on what they have to pay on rates and taxes depending on the estimated current price of the property.

Table 41 summarizes the positive implications induced by second home development in Franschhoek. Many of positive implications are at the core of the neoliberal approach, as explained in the theoretical framework. As argued by Visser, *“near generic impacts of second homes found elsewhere are echoed in South African context too”*, (Visser 2006: 353). Based on the positive economic implications identified by Visser, Table 41 discusses the analysis of the positive economic implications applicable to Franschhoek.

Of the nine implications identified by Visser, seven have been indicated as occurring in Franschhoek. The three implications not mentioned in the table, are implications focusing on the business networks induced by second home owners and the establishment of start-ups. This research focused on the contribution of second home owners in terms of spending behaviour; therefore these implications are taken into account.

Table 41 shows that for four of the seven positive implications, it is concluded that foreigners have a bigger influence than domestic second home owners. For the first implications this is logical, as domestic second home owners influx of capital is not a foreign currency, therefore not identified as new money flowing into the economy. This is probably the most distinctive difference in positive economic implication between domestic and foreign second home owners. Second, employment creation is induced by both respondents groups. Second home development for sure contributes to employment creation both direct and indirect. The additional jobs created in terms of maintenance to properties (gardeners, domestic workers, security e.g.) is extensive. In addition it became apparent that the business owners surveyed hire mainly locals. Comparing domestic and foreign second home owners in terms to contribution to job creation it can be stated that foreign second home owners create more job opportunity than domestic second home owners. They require more staff, and employees are hired more frequently compared to domestic second home owners.

Table 41: Comparison of the contribution of domestic and foreign second home owners Franschhoek’s’ local economy

	Domestic Second Home Owners	Foreign Second home owners
Foreign receipts (influx of capital)	Not applicable	Very applicable
Employment creation	Applicable	Very applicable
Creation new economic base	Applicable	Applicable
Revitalization of the local construction industry	Very applicable	Applicable
Creation service Industries	Very applicable	Very applicable
Increases in municipal revenue (rates collected)	Applicable	Very applicable
Contribution towards maintaining existing local services (infrastructure)	Through the means of paying rates and taxes	Through the means of paying rates and taxes

Source: Based on positive economic implications as identified by Visser (2003)

Third, 'the creation of a new economic base' is debatable. It can be stated that second home development create a new economic base as a percentage of the local business owners indicated to specifically target the needs and wants of the second home owners. However, this is only to a certain extent, and competition is one of the downsides mentioned of doing business in Franschhoek. Nevertheless, second home owners do contribute to the creation of a more stable economic base. Their expenditure on different local amenities such as consumer goods, leisure activities and operational costs, increased economic diversification and limits local business owners dependency on tourism.

Also the fourth implication 'revitalization of the local construction industry' is again debatable, as the current situation of the local construction industry in Franschhoek has not been investigated as such. However assuming that also this industry experiences the consequences of the economic crisis, it can be stated that second home development does contribute to an additional income. This as it became apparent that the domestic respondents group spend on average R850,000 and foreigners spend R807,143 on renovations and adaptations of the property. For this implication it are the domestic second home owners who have a bigger positive economic impact, as they spend more on renovation and adaptation of the property compared to the foreigners.

The fifth implication identified as 'increases in municipal revenue' has been thoroughly discussed in section 6.1.3.2 and has been identified as the most important positive economic implication in terms of the amount of money flowing to the local authorities. With as side note however that not all money flows to Franschhoek in terms services and facilities. This as Franschhoek belongs to the wider Stellenbosch municipality. Therefore the last economic implication as 'contribution towards maintaining existing local services (infrastructure', is most definitely applicable to Franschhoek, however to a certain extent

To conclude the positive economic implications standing at the core of the neoliberal approach are most definitely identifiable in the Franschhoek context. In addition, when comparing domestic and foreign second home owners' contribution to the local economy and its development, it can be stated that foreigners have in general a bigger impact. As the frequency of their spending, and the amounts they spend are on average higher compared to that of the domestic second home owners.

6.4 CONCLUSION

This chapter gave an overview of the spending behaviour, of both domestic and foreign, in Franschhoek. The day to day spending, investment spending and service spending of the two respondents groups were examined and discussed. In addition the economic base of Franschhoek is explained. Finally the economic implications; capital inflow into local economy, expenditure on selected local amenities, direct and indirect employment generation and contribution to the local municipality are analysed.

The information obtained in this chapter is used to reach the second objective of this thesis; *'to identify the spending behaviour (economic pattern) of foreign and domestic second home owners in the local economy and analyse the differences between the two groups, and by this means investigating the contribution of foreign and domestic second home owners to the local economy and its development'*

Derived from the belief that in the current debate the emphasis is more on the hampering of economic process due to foreign ownership, this chapter sought to analyse the economic implications of second home development, and the difference between domestic and foreign second home owners in terms of their contribution to Franschhoek local economy and its development. This as part of neoliberal idea that second home development at a certain destination and the general activities surrounding this phenomenon have a greater economic impact, neglected in the current debates on the topic in South Africa.

From theory it became clear that second homes influences a variety of different aspects in a local economy, ranging from job creation to increase in rates and taxes for local authorities. In addition the analysis demonstrated that some of second home spending patterns are continuously year round, as the need for maintenance and memberships fees. However that there are also spending patterns only occurring during the period the second home owners are residing in Franschhoek, resulting high dependency of local businesses due to the seasonal character.

In addition it became apparent that second homes have a regional influence through the activities in which their owners participate. These activities are stimulation for the region, but also a leakage out of Franschhoek.

Furthermore this chapter emphasised the difference between foreign and domestic second home contribution to local economy, and the related implications on Franschhoek local economy. It became clear that in general the foreigners spend higher amounts more frequent in different businesses contributing to a higher economic differentiation on the one hand and an increase in foreign currency in the local economy on the other hand.

Although the influence of domestic and foreign second home owners was in almost all aspect noticeable, it became clear that of the second home owners participated in this research; the foreigners have a bigger influence on employment creation, creation of service industries and on the increase in rates and taxes. This mainly as the mobility form of foreigners is a more seasonal one where the frequency of visit is low, but the length of stay is longer. In addition the location relative to primary residence was independent, which in accordance to theory would mean that, the foreign second home owners have a higher economic impact compared to the domestic second home owners. This due to their longer stay in Franschhoek in combination with on average higher spending amounts on local amenities, leading to a more positive implication for the local economy.

In a recent study conducted by Hoogendoorn and Visser (2010, 547) argue that there is clear potential for second home development to form a LED strategy. Also for Franschhoek it becomes clear that in general municipalities and policy makers as well as academics should not underestimate the potential influence of second home ownership for Franschhoek's economy. For Franschhoek the potential is in keeping more money flows in the destination, and avoid leakages. This by means of encouraging business entrepreneurs more to respond to needs and wants of the second home consumer.

Furthermore the seasonality could be reduced as more properties would be rented out while the second home owners are not residing in them. Until now only a small percentage of the second home owner's rents out their property, and especially with the foreign second home owners this has the implication that houses are empty most time of the year. By means of encouragement of local authorities, more second home owners would consider letting out their properties when they are not occupying them. Benefitting local economy as more stable consumer base is created for Franschhoek local economy. This would be a possible way to decrease the severe seasonality, caused by tourism, Franschhoek is coping with currently.

However until now only the positive economic implications have been discussed. Nevertheless from the theoretical framework it became apparent that there are also numerous negative impacts identified by Visser (2006) directly related to the presence of second home owners at a certain destination, and which can be linked to the second home owner's purchasing power and spending behaviour. This will be examined more in-depth in the next chapter.

7 PERCEPTIONS ON SECOND HOME DEVELOPMENT AND ITS ECONOMIC IMPLICATIONS

This chapter examines the third objective of this thesis; *‘to investigate the perceptions of permanent residents, local business owners and second home owners on (economic) implications of second home development’*.

When discussing the economic impact of second home development on local economy, through the expenditure patterns of second home owners, the perceptions of the local community and business entrepreneurs are important to take into account. This, as what is perceived as positive by one can easily be regarded negative by someone else.

Argued by McWatters is that, by examining the experiences of both the local community and second home residents, the opportunity arises to investigate how second home development can change the fabric of places and how it impacts everyday life of communities at certain destinations (McWatters, 2009: 2).

By means of analysing the different perceptions of permanent residents, local business entrepreneurs and second home owners, it is possible to map the differences in opinions on how second home development contributes (or not) to economic development (Baker and Mearns, 2006: 6-10) and relate this to the overall debate between neoliberal and Marxist ideas on second home development.

Part of this research sought to uncover whether or not local people and business owners perceive second home development as something positive, something they can benefit from. The previous chapter revealed that in terms of spending patterns second home owners definitely have a positive contribution to the local economy. However, also some negative aspects are identified such as high dependency and seasonality.

The question remains whether, although according to statistical information (frequency and amount of money flows), second home development is regarded positive; this is perceived as such by the three core groups involved. Rational thinking is often influenced by the emotions which people affiliate to the second home phenomenon.

7.1 PERCEPTIONS ON SECOND HOMES, ITS OWNERS AND THE DEVELOPMENT

The following section examines the perceptions of local business people and permanent residents on the phenomenon second homes and second home owners. Two types of questionnaires have been used in order to get a better understanding of the opinions of the local community on second homes in Franschhoek, and by this means getting a more in-depth understanding of implications which may not be visible at the surface.

‘Swallows’ is a term commonly used when permanent residents talk about the second home owners of Franschhoek. The term Swallows is mainly used to refer to foreign second home owners, used as a metaphor to emphasize the behavioural habit of foreign second home owners to reside in Franschhoek for the beautiful weather, and leaving back home with the incidence of winter. This indicates a limited place attachment, mainly influenced by climatological characteristics. Swallow’s, which at first sight seems like an innocent term commonly used by many of Franschhoek inhabitants, sometimes, has a hidden but definitely present accusatory undertone. Some of the second home owners feel offended when the term is used.

An interesting side note to this is that many of the permanent residents and some of the local business owner’s respondents, who participated in this research, were of foreign origin, and had sometimes even started off as second home owner before moving to Franschhoek permanently.

In addition, many of the permanent residents surveyed live in Franschhoek less than 5 years, meaning that they did not witness the process of second home development from the start.

These facts need to be considered when discussing perceptions of permanent residents and local business owners regarding second homes, its development and its owner. Cause in how far is an insider an

insider and an outsider an outsider. Some of the second home owners have been coming to Franschhoek already for more than 10 years; while a significant number of the permanent residents participated in this research live are more or less newcomers to Franschhoek. Therefore also the perceptions of second home owners are required for enabling a better insight into how second home development has or has not changed Franschhoek.

The permanent residents indicated that they know on average 50 couples which are second home owners. However the range was quite extensive as some indicated to know only 1 second home couple whereas another respondent indicated to know 250 couples. From this it can be assumed that there is quite a difference between how the presence of second home owners in Franschhoek is perceived by the permanent residents. But in general it seems that the majority of the respondents know of the presence second home owners, assuming contact between the two groups.

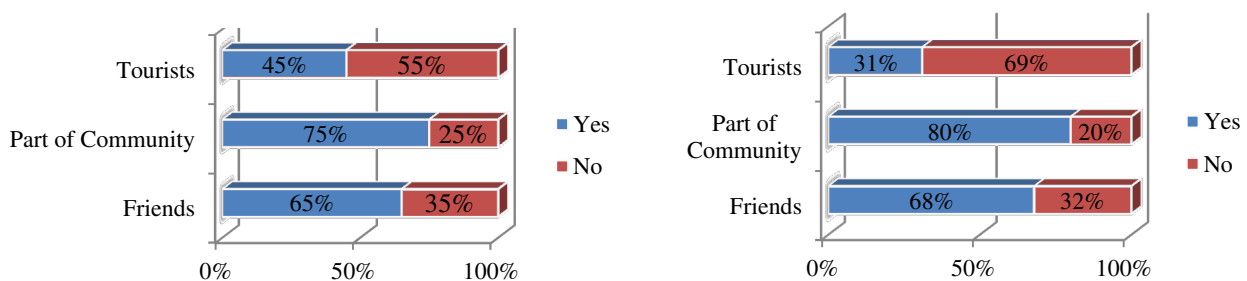
However, when asked how many of the second home owners the permanent residents know of, they know personally, it becomes clear that personal interaction between the two groups is less than expected. On average the permanent residents hold a personal relationship with only 5% of the second home owners they know about, which are 10 couples. Eleven respondents of the total respondents group (n=86) has indicated that they have no personal contact with second home owners at all. This is striking as 74% of the permanent residents have neighbours who are second home owners. This is in accordance with what foreign second home owners indicated as the biggest share of their friends; Franschhoek non-South African residents. This means that foreign second home owners socialize mainly with other foreigners while being in Franschhoek.

The local business owners indicated that they know on average 30 couples who are second home owners. With 20% of the 30 couples they hold a personal relationship. From this it can be assumed that in the case of local business owners, there is more personal contact however, with a limited number of second home couples.

The domestic second home owners indicated that the share of Franschhoek local residents composes the biggest part of their group of friends in Franschhoek. Domestic second home owners show higher involvement in local community than foreign second home owners.

Permanent residents and local business owners also gave their opinion on to what group they think second home owners belong to, in Franschhoek. Figure 40 and Figure 41 show the findings in data on the perceptions of the permanent residents and business owners. The majority of both groups perceive second home owners as part of the Franschhoek community (80% of the permanent residents and 75% of the business owners).

Figure 41: Perceptions local business owners (N=20) **Figure 40: Perceptions permanent residents (N=86)**



An interesting result is that there are still many permanent residents who reported that they perceive second home owners as tourists. The local business owners replied comparable, as 45% indicated that they consider second home owners to be tourists. This is an interesting outcome as it shows that second home owners are regarded insiders ‘part of the community’ on the one hand, and outsiders on the other hand, as a significant percentage of the respondents perceives them as tourists.

Furthermore it is shown that about one third of both groups do not see the second home owners as their friends, meaning that the majority of the respondents hold friendships with the second home owners.

To discover further integration into the society the respondents were asked if they believe that second home owners are involved in the local community and how they perceive the interaction between them and the local community in general.

On the statement ‘second home owners are involved in the local community’, the majority of both groups answered that they agree. One of the permanent residents argued *“I totally agree, the second home owners are involved, some read the kids, some volunteer at the elderly home. They are definitely involved.”* Another stated *“I agree rates and taxes are paid by them as well”*.

However not everybody is of the same opinion. Some stated that the involvement in terms of membership in associations is limited, *“they are not part of church community, and they are only in Franschhoek to spend their holidays”*.

Figure 43: Opinion permanent residents (N=86) and local business owners (N=20) on the involvement of second home owners in local community

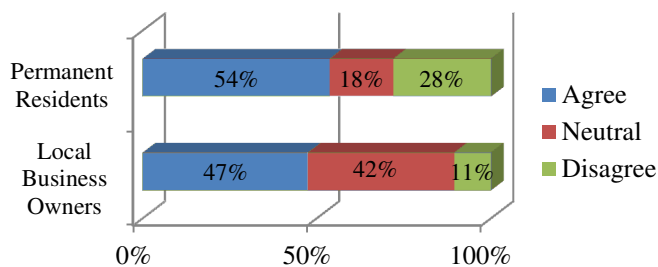
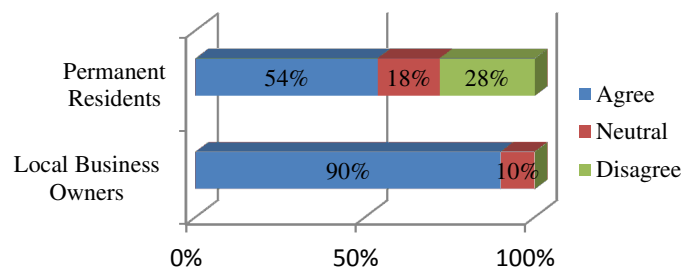


Figure 42: Opinion permanent residents (N=86) and local business owners (N=20) on interaction between second home owners and local community



A side note to this is the high percentage of local business owners that has a neutral opinion on the involvement of second home owners. One stated *“half of them are involved, while the other half goes to Paarl to do their shopping”*. From this it can be concluded that both the business owners and permanent residents have different connotations with the term involvement, whereas the one relates it to charity and membership to organisations, the other links involvement to whether they visit church, or whether they do their shopping in town.

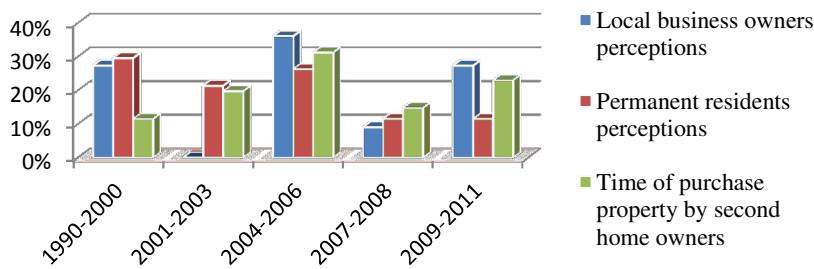
Regarding the interaction with the local community the opinion of both respondent groups on ‘the interaction between local residents and swallows is good’ is very positive. Ninety percent of the local business owners and 54% of the permanent residents indicated that they agree with the statement. One of the respondents stated that *“they mix at town functions and bring positive input”*.

In general it can be stated that the involvement in the local community and the interaction between second home owners and local community is perceived as positive by both respondents groups; permanent residents as well as local business owners. Although the interaction is mainly simplistic ‘greeting while passing’, the respondents seem to be satisfied with the current situation.

Another aspect which has been looked upon is the opinion of permanent resident and business owners on when second home development started in Franschhoek. Respondents were asked to report their opinion on the question whether second homes have increased during the past few years, and since when they experienced an increase in second homes. From the results it became clear that of both respondent groups the majority has experienced an increase in the past years in second homes in Franschhoek, 88% of the permanent residents (n = 86) and 55% of the business owners (n=20).

Noteworthy is that 45% of the business owners stated that there was no increase in second homes in the past few years. They identified the economic crisis as the main reason of the stagnation of the market.

Figure 44: Perceptions local business owners (n=20) and permanent residents (n=86) compared with actual purchase of second home owners (n=42)



According to the permanent residents, Franschhoek experienced two second home booms, the first during the 1990s and the second between 2004 and 2006.

In addition, also the local business owners perceive the time period 2004 to 2006, the time in which Franschhoek experienced a

tremendous increase in second homes. When comparing this with the actual year of purchase of the properties by the second home owners, it becomes clear that in 2004-2006 most of the second home owners purchased their second home. This means that the perceptions of the local business owners and permanent residents are accurate with reality. In addition, as discussed in the geographical framework, it became clear that in the same time period 2004-2006, Franschhoek experiences a surge in property prices. Between 2004-2006 properties prices in Franschhoek have risen with 42%.

This property price increase is identified by the permanent residents and local business owners as one of the negative impacts that second home development has on the town. Therefore this subject will be discussed more in depth in the next subchapter.

7.2 PERCEPTIONS ON ECONOMIC IMPLICATIONS

From the previous section it became apparent that in general the permanent residents and the local business owners are not hostile towards the second home phenomenon which has been establishing in Franschhoek since the 1990s. It became clear that the majority of both groups have the opinion that, there is a good interaction between second home owners and the local community. Second home owners are involved in the community. To their opinion second home owners are well integrated, they mingle with Franschhoek inhabitants and buy at the local shops.

Furthermore the previous chapter concluded that second home owners bring along positive economic implications, due to their spending behaviour and their demand for certain services, leading to increase of income for local authorities, a wider economic base and very important more job creation. However, although this is statistically maybe true, it can be that perceptions differ. Emotions influence people's opinion, and the affiliation people have with certain phenomenon influences their emotions and perceptions. Therefore in this section the positive and negative economic implications, as perceived by the permanent residents and the local business owners, are examined.

7.2.1 Perceptions on positive economic implications second home phenomenon

As discussed in the theoretical framework, Visser identified positive and negative economic impacts induced by second home development (Table 3), and which are occurring in the South African context.

The previous chapter showed in the contribution of domestic and foreign second home owners to positive economic implications as identified by Visser.

However the question remains, how do the permanent residents and business

Table 42: Positive economic implications second home development

Positive economic implications second home development
1. Foreign receipts (influx of capital)
2. Employment creation
3. Creation new economic base
4. Increases in municipal revenue (rates collected)

Source: Based on Hoogendoorn and Visser, 2010

owners perceive this? Are they of opinion that the implications as mentioned in the previous chapter are actually there, and do they benefit from this? Therefore, by means of the questionnaires in combination with in-depth interviews, the perceptions of the permanent residents and the local business owners regarding these implications are examined. Not all implications, as identified by Visser, are measured. In the previous chapter it became apparent that foreign receipts, employment creation, creation of economic base and increases in municipal revenue (rates collected), are the main positive economic implications. For this reason, this section will specifically examine the perceptions of permanent residents and local business owners regarding these four topics.

In general it can be stated that majority of permanent residents and local business owners do find the interaction and involvement of second home owners in local community positive, and are not hostile against this third group. In addition 80% of the permanent residents and 75% of the local business owners indicated that they disagree with the statement that 'The influx of affluent foreigners changes the character of the town negatively'. One of the respondents gave as explanation, *"I totally disagree as foreigners do have an income to spend here, whereas South Africans have not, it does not destroy, it contributes to the character of the town"*. Another respondents indicated *"I disagree, there are positive and negative effects yes, but they create employment and bring money in, this is most important"*

Job creation and second home owners' contribution to economic diversification were frequent mentioned by both respondents groups as positive economic implications induced by second home development. Especially, the business owners emphasize these two aspects as most important positive economic impacts.

The majority of the local business owners (n= 20) agrees with the statement 'Second home owners in Franschhoek provide many desirable employment opportunities for local residents', a striking 80% has indicated that second home development has led to job creation. One of the respondents stated *"Due to the presence of second home owners in Franschhoek, more money is brought in to the economy"*. Also references has been made to the influx of foreign money; *"foreign second home owners bring a lot, and are able to spend"*. The strong foreign currency against the weaker Rand between 2000 and 2008 was also mentioned by many real estate agents as the main reason why many foreigners bought property in Franschhoek.

Respondents also mentioned that they experience a wider range of services and goods provided. However, as they argue, this is only partly due to second home development, and more because of the fact that Franschhoek is a tourism town. Nevertheless as some of the business owners have argued, *"Second home owners demand new things, demand better services and because they can afford it they are willing to pay a higher price for it, this is why my business is successful, and why it can survive in Franschhoek"*.

Interesting is that the contribution by second home owners to the local authorities by means of rates and taxes is not mentioned as one of the positive implications second homes induce. Only during in-depth interviews with the representatives of the local municipality the importance of second home owner's contribution in the form of rates and taxes was emphasised. Actually in general most respondents were negative and quite sceptic about this topic. They argued that rates and taxes had increased significantly and that this was partly due to second home development. This will be discussed more in-depth in the following section.

7.2.2 Perceptions on negative economic implications second home phenomenon

Although permanent residents and local business owners in general are not hostile against the second home development and the second home owners in Franschhoek, many do perceive some negative economic impacts, induced by second home development.

As discussed in the theoretical framework Visser identified several negative economic impacts which can be induced by second home development (Table 43), occurring in the South African context. By means of the questionnaires in combination with in-depth interviews, the perceptions of the permanent residents and the local business owners regarding these implications were collected, however not all implications are measured (Table 43). The reason for this is that second home development has been taken place already for a while in Franschhoek, and, for example the implication ‘Unwittingly exploit the weaknesses of the rural economy (bargain properties), and do not ask why property commands such a low price in local markets as well as low-wage employment’, has most definitely been happening in the past, however due to Franschhoek’s current position in the second home life cycle, it is not the case anymore. Furthermore, the implication ‘accelerating rural out-migration and preventing schemes for plot consolidation and farm enlargement that could possibly have benefited permanent residents’, has also not taken in consideration, as the research focused on Franschhoek town and not the surrounding farms.

However the other implications as stated in Table 43, have been examined, and are discussed in the section below.

7.2.2.1 Property price exacerbation

This section examines the perceptions of permanent residents, local business owners and second home owners (both foreign as domestic) regarding property price inflations in Franschhoek. Data analysis (both quantitative as qualitative) is used, to determine the inflation of property prices. Real estate prices are influenced by the question of supply and demand. Supply and demand has a high influence on the fluctuation of real estate prices. Undersupply and high demands makes real estate prices to surge, whereas oversupply and low demand makes real estate prices to decline.

Franschhoek property has boomed significantly during the last years. The basic real estate price about 15 years ago was around R200.000. Today prices are of a whole different calibre. Prices have surged significantly between 2004 and 2009. During this period the average price for properties has more than doubled, a price rise of 154% was experienced. A similar trend can be noticed with the land prices which doubled between 2004 and 2009, a price rise of 145%.

This because Franschhoek has become a very much sought after destination. Due to high demand for property and limited possibilities to extend as town, property prices became artificially high (Personal communication group5, person 4).

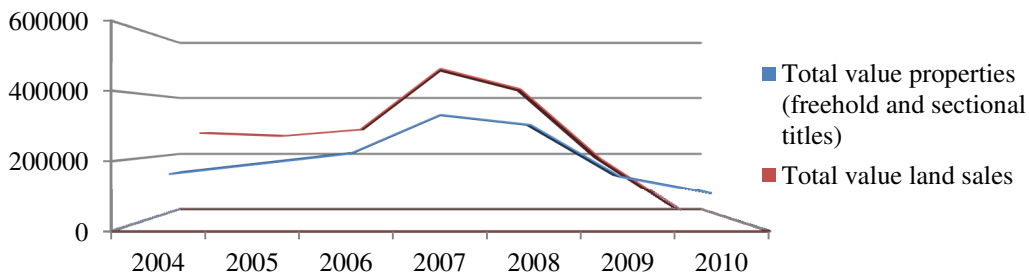
In addition, due to the weak Rand, many people from overseas had the ability to buy property for ‘in their eyes’ very low prices. For years, Franschhoek has experienced a favourable climate where property buyers paid prices, which before were beyond imagination of many permanent residents.

Table 43: Negative economic implications second home development

Negative economic implications second home development	
1.	Lead to increased costs for municipalities (infrastructure and services)
2.	Increase of land values to levels beyond the means of local residents
3.	Increases in the costs of local goods and services

Source: Based on Hoogendoorn and Visser, 2010

Figure 45: Total value annual sales (property and land) in Franschhoek, between 2000 and 2010



Source: Based on: Lightstone, suburb report Franschhoek, 2010 and Stellenbosch University Department Geography and Environmental studies

This changed in the beginning of 2009 (Figure 45) with the hit of the economic crisis. Both land and property prices fell in Franschhoek, and a demand for properties was absent. Between beginning 2009 and 2010 there has been an oversupply of real estate property and land, leading to numerous houses being offered for sale. Nevertheless, 2011 has shown some positive progress in which more houses are sold. Although this, there is a strong voice opting that the prices or real estate in Franschhoek are, despite of the economic crisis, still artificially high and are making Franschhoek for many unaffordable to live in (Personal communication group 5, person 3).

From this it becomes clear that Franschhoek witnessed a surge in property prices, and property prices are still artificially high. The question is, in how far the respondents perceive second home development the cause for this result.

From the surveys it becomes apparent that permanent residents are of the opinion that second home owners are partly to blame for the surge in property prices, more specifically the foreign second home owners. On the statement *‘Property values are exacerbated by foreigners’*, a stunning majority of 82% of the respondents (N=86) agrees with the statement. 54% is totally agreeing with the statement. Additional comments made by the respondents were for example *“I agree, foreigners can afford higher prices”*. Another respondent stated *“I totally agree, foreigners are to blame, the people who work here and who make the town successful cannot afford to live here anymore”*. Nevertheless, many of the respondents did argue that the foreign second home owners were not the only ones to blame, also real estate companies, and South African developers, in their eyes, have been contributing to the surge of real estate prices.

An interesting observation to this is that domestic second home owners are not mentioned once by any of the respondents as possible cause of the surge of property prices. However, they do agree on the statement that also speculation in general is the reason why properties in Franschhoek are expensive. 75% of this group agreed with the statement *‘Property values are exacerbated (increased) by property speculation in general’*.

Many of business owners also mentioned the high property prices as a cause of foreign ownership, and general speculation. They argue that due to the high prices of properties, and in addition high rent rates, there are unable to live in the area, just as their employees, which means they have to drive up every day which brings along more costs. One respondent stated *“I totally agree. All properties are overvalued and it is impossible to rent business premises for ordinary locals”* another business owner stated, *“as long as properties stay this high, no ordinary middle-income South African can afford to live in Franschhoek”*

Due to high property prices, and increase of market value of the properties, voices such as the examples above, argue that South Africans are unable to afford to live in Franschhoek, and therefore need to swerve to surrounding towns. This process will be dealt with more in-depth in the following section.

7.2.2.2 Gentrification and displacement

As explained in the theoretical framework (chapter 2), gentrification, which can be both urban as rural, denotes to the change in classes in neighbourhoods in terms housing stock, whereby the locals of an area are replaced by a more wealthy upper class segment.

This second home development induced displacement, as Marjavaara (2008) defined it, means that people with different socio-economic background compete for properties in similar locations. *“Permanent residents leave their place of residence on an involuntary basis due to increased living costs and tax burdens cause by external demand for houses”* (Marjavaara 2008: 21).

Second home owners are definitely the wealthier class in Franschoek. Comparing the income levels of permanent residents with the income levels of the second home owners, it can be concluded that there is an extensive difference. Whereas the highest percentage of both domestic and foreign second home owners have a monthly income between R84,000 and R42,000, the average monthly income of permanent residents is far less. The majority of the respondents in Franschoek North have an average monthly income of R2,364. For the Franschoek South residents this amount is higher. The majority has an income of R30,000 per month or more, but still a far lower amount compared with the second home owners (Pearce, Xu and Makaudze, 2011).

In addition it became clear, that many of the second home owners, especially foreign second home owners, have bought houses which were first people’s primary homes. This means that they converted the purpose of the houses and replaced permanent residents. These are examples of a gentrification process.

On the one hand the permanent residents see positive aspects of the wealthy class moving in. For instance one respondent argued; *“The foreign second home owners are able to renovate and maintain the old historical buildings”*. On the other hand, respondents see the more negative results from this process. It can be stated that gentrification has been taken place in Franschoek already for a while and this process is still going on.

From the previous section, it became clear that the majority of respondents blame foreign second home owners for the surge in property prices, as well as general speculation. It is argued that, due to this, Franschoek is unaffordable to live in for the ordinary locals.

In addition in coherence with was the position of Franschoek in the second home cycle model (explained in section 2.3.2), it became apparent that the establishment of a more wealthy segment in Franschoek has led to income disparities and to higher competition on the real estate market, with the result that local Franschoek population have moved out of the town, due to the fact that they were not able to compete with the second home owners, or due to the increasing costs of their property.

It becomes clear, that due to the high prices there are two features, closely linked to the gentrification process, which are stimulated; (1) displacement (the outmigration of people due to increased prices and property values) and (2) segregation (only wealthy people can afford to live in Franschoek). Especially young people, and those who work for a middle-income salary, cannot move into Franschoek due to high property prices.

(1) Displacement: From the in-depth interviews with several local residents and local authorities as well as other key persons, it becomes clear that many of the original Franschoek residents (the Afrikaans speaking, descendants from the Huguenots), have left Franschoek during the last decades. One of the main reasons identified by the interviewees is that local people are forced to leave Franschoek due to increasing costs of their property. They could no longer afford to live in the area. This is in line with the perception of the current permanent residents. On the statement ‘The increase in prices and property values makes it unaffordable for most people to live in the area’, 82% of the respondents agreed, of which again a stunning 61% stated they totally agree.

According to the respondents the increase in prices is twofold. The first identified is the increase of the rates and taxes. Since 2004 the municipality works with a property evaluation list in which the current market value of the property is used as the baseline on which the rates and taxes are calculated (personal

communication group³, 2) This means that there can be a significant difference between respondents on what they have to pay on rates and taxes depending on the estimated current price of the property. Thus, when a property get sold for a high price, the market value of the neighbouring properties, in for instance the same street, is more likely to increase as well. This is causing an increase in the amount of rates and taxes paid to the local authorities. One of the respondents indicated that, between 2004 and 2008, this amount 'tripled. Another respondent stated "*My rates alone already increased with 300% over the last ten year*". Although in a way this is forced displacement, it should be kept in mind that many of the properties previously owned by permanent residents are voluntarily sold and for a higher price they would otherwise get for their property. Interesting is, that the majority of the second home owners perceives the rates and taxes paid reasonable (56% n=61). This means that the opinion of second home owners differs from the opinion of permanent residents.

The raise of general living costs, for instance electricity, groceries e.g., is the second reason why permanent residents why they cannot afford to live in Franschhoek. Many of the permanent residents indicated prices of infrastructure, food and electricity have increased tremendously over the past years. Especially the prices in restaurants increased extensively. They state that this is partly due to the fact that more wealthy people with larger budgets moved to Franschhoek, and partly caused by normal inflation, which South Africa has been experiencing during the last years

The business owners however embrace the purchasing power of the second home owners, as they argue that it is their purchasing power which makes them able to do their business. On the statement 'What is your perception on the impact of second home development on the local economy of Franschhoek', one of the local business owners even responded with; "*Second home owners are good as they bring up prices, they have more purchasing power, which increases my profit*". 87% of the second home owners however have indicated that they perceive a tremendous increase of living costs during the last five years. In their opinion, consumer goods are more expensive in Franschhoek compared to surrounding towns.

To recap, the three different respondents groups have different perceptions regarding, the economic implications induced by second home development. It becomes clear that some see positive implications to the creation of a more wealthy class in Franschhoek, whereas others experience this as a negative impact of the second home phenomenon. Not only displacement is occurring, also segregation as part of the gentrification process has been perceived by the respondents.

(2) Segregation: Due to increasing property prices, Franschhoek is no longer accessible to move to for the South African population with a middle income. The popularity of the town in combination with the high property prices has made Franschhoek an exclusive zone, appealing to the wealthier class of both South Africans as well as foreigners.

Not only people from outside Franschhoek cannot afford living in Franschhoek, people living in the Franschhoek North do not see any opportunity to move to Franschhoek South as well. The goal of integration of the two areas, which has been set in 1998, seems to be even further away and has become very difficult to reach (personal communication, group 4, person 2). Due to the high property prices, there is no opportunity for local residents to purchase property, resulting in segregation. In addition in the light of the current strategies of South African government, to achieve reconstruction and development and equal rights and freedom, it becomes clear that segregation induced by second home development is not benefitting this process. The high property prices have caused a restricted residential property mobility in Franschhoek, which is leading (inadvertently) to the continuation of the legacies of the apartheid era, namely the racially segregation of residential areas (Hoogendoorn and Visser, 2010: 549).

This is an important negative economic implication, as the influence of increasing numbers of second homes puts pressure on the land and property process, accessibility and availability, identified by South Africa as crucial for restoring the dignity of its citizens and the feeling that South Africa belongs to all who live in it. In order to be able to accomplish this pursuit for a free, equal and rights-based society, the new policies, such as land reform program, driven by the Department of Land Affairs, need to work (PEFOL, 2006).

In addition the creation of exclusive zones by means of gated estates has made the segregation even worse. Especially the development of gated estates between Franschhoek North and Franschhoek South is perceived by residents of Franschhoek North as a physical boundary. One of the respondents stated “*I have the feeling they do everything in their power to keep us away from Franschhoek South*”. This causes tension within the village.

Second home buyers can outbid the competition from permanent residents as the socio-economic status gap between the second home owners and permanent residents is strengthening the spatial and social segregation in town.

7.2.2.3 Infrastructure

During the summer months of 2010 and 2011, water was a big problem in Franschhoek. On the 8th of January 2011 the Stellenbosch Municipality urged Franschhoek residents to cut their water consumption by half (Cape water solutions, 2011). The problems with scarcity of water intensified due to the by high droughts summer period of 2010- 2011.

For years Franschhoek has been developing, but limited attention was given to the development of the infrastructure. Numbers of additional buildings, both for residential as for retail purposes have been build, which now cause pressure on the current infrastructure. Although water is not only a local problem, as many cities and towns in South Africa face water scarcity, Franschhoek is also facing pressure on the sewage system, as well as on the road network, leading (inadvertently) to costs for local authorities.

Especially the pressure on the road network came forward as a point of irritation, not only for permanent residents, but for the second home owners as well. More traffic has resulted in busy streets, more accidents and a lack of parking places. Commercial developments taking place are not considered as a positive implication by everyone. As Franschhoek has become a sought after destination for many second home owners, it also induced a certain exclusivity which attracts (real estate) developers. The main street has been developed and reconstructed, which by some is seen as something positive, whereas others experience it as a negative impact. For example one of the respondents stated “*I am glad that Franschhoek has become more cosmopolitan*”. Others stated; “*Due to overdevelopment and the increase of the number of buildings, Franschhoek has lost its charm, the village atmosphere and character, which was typical for Franschhoek, this especially due to the changes on the main road*”. This resulted in the fact that the municipality put in place strict rules to regulate developments more.

7.3 CONCLUSION

This chapter examines the third research objective; *'To investigate the perceptions of the local community, local business owners and second home owners on (economic) implications of second home development'*.

In order to get a more in-depth understanding in how the three groups experience the impacts induced by second home development, first the general perceptions of local business owners and permanent residents on second homes and its owners and their level of involvement and interaction were analysed. After this, the perceptions of permanent residents and business owners regarding the most important economic implications as identified in chapter 6 are analysed.

In addition attention was given to the perceptions of permanent residents and local business owners on negative economic implications. Central in this was the question whether the business owners and residents perceive a link between second home development and segregation and displacement.

From the theoretical framework it became apparent that, by analysing the different perceptions of permanent residents, local business entrepreneurs and the second home owners, it is possible to map the different opinions on how second home development contributed (or not) to economic development (Baker and Mearns, 2006: 6-10) and relate this to the overall debate between neoliberal and Marxist ideas on second home development.

In general it can be stated, that the majority of both permanent residents as local business owner's respondents groups, do not perceive second home development negatively. They are positive about the second home owner's interaction and involvement, arguing that job creation and a diversification of the economic base, induced by second home development and identified as core elements of the neoliberal approach, are of high importance.

However with this been said, there are also negative economic impacts which are emphasised by the two respondents groups. The fact that second home buyers can outbid the competition from permanent residents, as the socio-economic status gap between the second home owners and permanent residents is strengthening the spatial and social segregation in town, is been perceived as a very big problem. In addition the fact that some cannot afford to live in Franschoek anymore, and due to this reason have to move to other places, is for quite some permanent residents an eyesore.

Interesting in this respect is that both the positive as the negative economic implications perceived by permanent residents and local business owners are for the biggest part associated with the foreign second home owners. The influx of foreign currency is highlighted as one of the main economic benefits. Whereas the general negative opinion among the respondents was, that it are the foreigners who are the cause of the exacerbation of property prices which Franschoek has witnessed over the past decade. This has led to the displacement- and segregation processes, the town is experiencing.

It is striking that the influence of domestic second home owner's in this matter has not been touched upon. This while the property appreciation has shown that also the prices of properties of domestic second home owners has risen tremendously, and that their properties even gained more value between purchase and current market price. This means that also this group has had an influence on the surge of property prices, and maybe even more compared to the foreigners.

8 THE PARADOX OF SECOND HOMES IN THE SOUTH AFRICAN CONTEXT

In this chapter the results so far and the dilemmas and paradoxes associated with second home development are discussed. In addition links with theory are analysed and examined. Throughout this chapter several questions are asked namely: can other researchers use this research? Can it deliver insights into other regions? Can it influence policy makers and should other studies be made to further explore the issue?

Second homes are a current expression of the localized impact of globalization and transnationalism in a neoliberal governance context (van Noorloos and Zoomers 2010). Second home tourism can be viewed as an expression of new forms of hypermobility, 'residentially' and leisure proper of late postmodernism and globalisation (Aledo, 2008 in van Noorloos and Zoomers 2010).

The processes and impacts of globalization are embedded into our every-day life. Integration of different parts of the globe and the sense of coming together lead to the idea of living together in a 'global village', and people are increasingly thinking in terms of an era of global change and a globalising world (Potter et al. 2008: 129).

Franschhoek in this sense can be seen as a global village. Its inhabitants are a mix of permanent residents and second home owners holding both South African as foreign nationality. The cosmopolitan atmosphere, mentioned by many respondents describing Franschhoek, emphasises the underlying dynamics of the influence of the different types of people living in this town and its international character.

The presence of foreign second home owners is probably the most visible expression of current influence of globalisation on localized space of Franschhoek. Their dual way of living, in which they live half a year in their own country and half a year in South Africa, is one of the most obvious expressions of globalisation witnessed in Franschhoek. However, as discussed in the previous chapters, the supposed (economic) impacts these foreigners bring along, is a thorny issue in the South African context.

Buying your own 'second' home in paradise, happens typically in countries with lower economic development, where standard of living is low and acquisition of property and land are affordable, making it an very much a controversial debated topic, also in South Africa. Whereas, before it was mainly a domestic phenomenon, since the demise of the Apartheid South Africa second home development has become very much influenced by foreigners. The low property prices and a stabilizing political climate triggered foreigners to buy second homes in South Africa. The question raised in the wider debate is whether foreign ownership is justifiable while the majority of the South Africans is unable to afford own land or property led alone a second home?

According to the neoliberal approach, the main advantage of second home development is the economic value for the destination and its community. Therefore this research aimed to compare negative and positive economic implications of the second homes, and more important, to draw a comparison between domestic and foreign second home owners spending behaviour and impact on local economy. In this way to the development debate in general and the foreign ownership debate in South Africa in specific. By means of investigating the different sides of second home development and analysing the impacts induced by this phenomenon a better understanding of its implications is strived for.

It became clear that, positive economic implications are associated with second home owners present in Franschhoek. Both respondents groups (domestic and foreign second home owners) contributed to capital inflow in the local economy, to expenditure on selected local amenities, to direct and indirect employment generation and last, but one of the most important ones, they contribute to the local municipality by means of paying rates and taxes.

Also the downsides of these economic implications were discussed namely the seasonal character and the dependency factor.

However these were not the only negative impacts identified. From the analysis on perceptions of local business owners and permanent owners, it became clear that they associate, especially the foreign second home owners, with certain gentrification processes experienced in Franschhoek.

This is striking, as when the second home owners are discussed, the perceptions of both respondents groups (permanent residents and business owners) are in general very positive. Second home owners are involved in the community and they interact with the local inhabitants. In addition, the majority of the permanent residents and local business owners indicated that they perceive second home owners are part of the community.

Interesting is that when the respondents talk about the individual persons, thus the second home owners, they are very positive. However when the process of second home development is discussed, opinions become more negative. The second home development induced by the foreigners is blamed by almost all respondents as the reason of the surge in property prices. Due to this surge in property prices, respondents argue that rates and taxes have raised tremendously, leading to forced displacement and segregation.

However, hold this truth? From the research became clear that, although the second home phenomenon has most definitely an impact on economics in Franschhoek, there are also other processes which contribute both to negative as positive economic implications. For instance, a major factor which influences price rises of goods in Franschhoek, are tourists. The difference in prices and the more high class products provided between the express supermarket in the town centre and the supermarket just outside town, cannot be blamed on only on second home development, but can be explained from the fact that the one targets permanent residents whether the other targets day visitors and tourists. Furthermore price rise in consumer goods is not solely happening in Franschhoek, but is, due to inflation, a phenomenon occurring in the whole of South Africa (personal communication group 2, person 3).

The same accounts for property price appreciation in Franschhoek. It cannot be blamed solely on foreigners and their demand for second homes, as South Africa has been experiencing a price rise of 389% between mid-1990s and beginning 2009 (Bond, 2010). Most definitely second home development has an influence in Franschhoek, but it is the combination with other parallel process which creates the current situation.

However this is where the paradox of second homes in South Africa comes in. Comparing positive and negative economic implications is difficult. Some perceive developments as positive whereas others perceive the same developments as negative. Next to that, especially the perceptions on negative implications induced by (foreign) second home ownership are blurred, and leave out important processes which have similar effects, making it a difficult to grasp the subject.

Stimulating foreign direct investments and influx of foreign currency are identified as the main economic strategies by the South African government, however against which price? Is it so important that the negative implications can be taken for granted? The moral question remains whether positive economic implications weigh more and therefore outbid the negative implications. Furthermore the question is, whether foreign ownership of land and property is justifiable taken into account that the majority of the South Africans is unable to afford own land or property, let alone a second home.

This research showed that it is hardly possible to give an answer to the question whether second home ownership has a more negative or positive impact on Franschhoek's economy and community. The only thing which can be done is to analyse the different processes involved, and by this means create a better understanding of the implications of second homes. A better understanding of the phenomenon enables academics to compare case studies and to create solid conclusions and recommendation.

In this way policy makers can act upon the processes of second home development. Active involvement and a good understanding can enable policy makers to limit the negative implications, while increasing the positive implications, making second home development a contributor to and a driving force for local economic development. Municipalities and policy makers as well as academics should not underestimate the potential influence of second home ownership at a destinations local economy.

9 CONCLUSIONS

The purpose of this research is to contribute to the debate regarding foreign ownership in the South African context with a specific focus on the phenomenon second home development as process within the umbrella term foreign ownership, this in order to gain a better insight in second home development in South Africa and by this contributing to a better understanding of this phenomenon on the one hand, and the implications on localities on the other.

The research area of this research was Franschhoek and a case study approach was used in order to identify issues which are not directly visible at the surface. The main research objective of this research is: *'To gain a deeper understanding of the economic implications of second homes in Franschhoek, by means of analysing and comparing spending behaviour of South African's (domestic) second home owners and foreign second home owners in the local economy, in an attempt to investigate difference between the two groups in their contribution to local economy'*

This objective is threefold, therefore three sub-objectives are identified, examined and the conclusions will be discussed below.

(1) *'To identify the characteristics of the Franschhoek second homes and second home owners, to investigate whether there are differences between the characteristics of foreign and domestic second home ownership'*.

Franschhoek, situated in close proximity to the vibrant city Cape Town and its international airport, nestled between towering mountains in the beautiful Cape wine lands and belonging to the magnificent Franschhoek Valley, is by far a second home node. Starting in the 1990s, Franschhoek developed into an ideal second home node, and is currently South Africa's most sought after second home address. The phenomenon has been occurring since the abolishment of Apartheid, at the same time tourism started to take off. With a first real estate boom in the 1990s, followed by a second real estate boom between 2004 and 2006, second homes have contributed to the growth of the town and increase in the number of properties for second home purpose, illustrated by a current prevalence percentage of approximately 37%, indicating a high occurrence of second homes on the total number of properties.

In addition Franschhoek has both converted second homes as well as purpose build second homes, which, together with the surge in property prices, puts Franschhoek between the second and the third phase of the second home development cycle, as the tipping point of overdevelopment and over commercialization has not been reached yet. Nevertheless the advanced stage where Franschhoek is situated in right now, and the speed with how Franschhoek is developing, it is expected that without considerable planning and regulation, the number of second homes in the town will keep expanding, and with this rate, it will not take very long before Franschhoek is situated in the third phase of the second home life cycle.

The second home owners participated in the research, belong to the wealthier segment in Franschhoek. They are economically active and they can be categorised as upper –level income earners, indicating a high purchasing power.

However the second home owners respondents of this research was by far a homogenous group. The foreign second home owners can be characterised as empty nesters, in which the children are no longer living in the same household or there have been no children at all. Furthermore, quite a high percentage can be categorised as retirement migration, especially international retirement migration, as a significant part of the foreigners are retirees.

The domestic second home owners are middle-aged, predominantly established in two person's households, although there is also a significant percentage which falls in the category family units. Therefore this group can be categorised as in between full nester and empty nester. In addition, it became apparent that these domestic second home owners purchase a property often for investment purposes, with the motivation of making this house their retirement home in the future.

Franschhoek, as a destination for foreign second home owners, is characterised as a holiday resort, a real vacation destination, where the frequency of visit is low and the length of stay long. Relative and absolute distances are interdependent of their place of primary residence. Whereas for the domestic second home owners it is more difficult to determine the function of Franschhoek as a second home destination, as there is more discrepancy within the group. Second home function has been indicated as being both vacation as weekend, which has a direct influence on the frequency and the length of stay, meaning that Franschhoek in this sense is both a holiday resort as well as a weekend getaway retreat.

Due to the presence and influence of foreign second home owners, this research on Franschhoek is different from previous case studies conducted in the South African context. Previous researches were mainly focused on the domestic character of second home development at a certain destination. With an active presence of foreign second home owners and an absence of many domestic second home owners, only having their properties for investment purpose, makes Franschhoek a case on its own, with only limited interfaces to other case studies on second home development in South African context.

(2) 'To identify the spending behaviour (economic pattern) of foreign and domestic second home owners in the local economy and analyse the differences between the two groups, and by this means investigating the contribution of foreign and domestic second home owners to the local economy and its development'.

Second homes influence a variety of different components in Franschhoek local economy, ranging from direct and indirect employees' wages to higher income for the local municipality in terms of rates and taxes. In addition Franschhoek's local economy experiences second home spending patterns which are continuously year round, such as the need for maintenance and memberships fees.

However there are many differences noticeable between foreign and domestic second home owners' contribution to Franschhoek local economy, and the related implications on Franschhoek local economy. In general the foreigners spend higher amounts more frequent in different businesses, contributing to a higher economic differentiation on the one hand, and an increase in foreign currency in the local economy on the other hand. It became apparent that for Franschhoek, the second homes distance from their owners' primary residences and the frequency of second home usage by owners, have a significant influence on the extent of the economic impact of second homes. The mobility form of foreigners is a more seasonal one where the frequency of visit is low, but the length of stay is longer. In addition, foreign second home owners have a higher economic impact compared to the domestic second home owners due to the seasonal character of their stay in Franschhoek, in combination with higher spending on local amenities, leading to a more positive implication to the local economy.

Nevertheless, only in a few categories the difference between the domestic and foreign second home owners was extensive, and in favour of foreign second home owners. In many occasions the difference between domestic and foreign second home owners was limited.

Furthermore the downside to foreign second home owners spending patterns is, that it is seasonal, only occurring during the period the second home owners are residing in Franschhoek, leading to economic dependency and seasonality, common for almost all tourism related topics of research.

Next to the impact second homes and its owners have on Franschhoek, they also have a significant regional influence through the activities in which second home owners participate in, such as leisure related activities. These activities are stimulating for the region, but also lead to extensive leakages out of Franschhoek. These leakages are currently negatively affecting Franschhoek, especially in terms of money flowing in to shopping and sport facilities surrounding towns.

Municipalities and policy makers, as well as academics should not underestimate the potential influence of second home ownership at a destinations local economy. For Franschhoek the potential is in keeping more money flows in the destination and avoid leakages. This by means of encouraging business entrepreneurs to respond to needs of the second home consumer. However, without creating higher levels of dependency.

Furthermore the seasonality could be reduced, as more properties could be rented out during periods that the second home owners are not residing in Franschhoek. Until now only a small percentage of the second home owner's rents out their properties, and especially with the foreign second home owners this has the implication that houses are empty most time of the year. By means of encouragement by local authorities, more second home owners would consider renting out their properties when they are not occupying them because. As argued by Hoogendoorn, "*Because doing so benefits the local economy as a whole though bringing more consumers to a destinations local economy*". This would be a possible way to decrease the severe seasonality Franschhoek is coping with currently.

(3) *'To investigate the perceptions of local community, local business owners and second home owners on (economic) implications of second home development'*.

By means of analysing the different perceptions of permanent residents, local business entrepreneurs and the second home owners, it is possible to map the difference in opinions on how second home development contributed (or not) to economic development (Baker and Mearns, 2006: 6-10) and can be related to the overall debate between neoliberal and Marxist ideas, on second home development.

In general it can be stated that the majority of the permanent residents as local business owner's respondents groups do not perceive second home development affecting negatively Franschhoek. They are positive about the second home owner's interaction and involvement, arguing that there are several positive economic implications induced by second home development, such as job creation and diversification of the economic base, which are of high importance.

Nevertheless negative economic impacts are also perceived by the two respondents groups. The fact that second home buyers can outbid the competition from permanent residents, as the socio-economic status gap between the second home owners and permanent residents is strengthening the spatial and social segregation in town, is been perceived as an very big problem. In addition some cannot afford to live in Franschhoek anymore and due to this have to move to other places, which is for quite some permanent residents an eyesore.

The influence of increasing numbers of second homes puts pressure on land and property prices, accessibility and availability, and is identified by South African as crucial for restoring the dignity of its citizens and to ensure that South Africa belongs to all who live in it. It seems to be that second home development in Franschhoek is restricting residential mobility and in this way causing a continuation of the legacies of apartheid.

Interesting in this respect is that both the positive as the negative economic implications perceived by permanent residents and local business owners are for the main part associated with the foreign second home owners. The influx of foreign currency is highlighted as one of the main economic benefits, whereas on the other hand, the general opinion among the respondents was that it is the foreigners who are the cause of the exacerbation of property prices, which Franschhoek has witnessed over the past decade. This again has led to the displacement and segregation processes the town is experiencing. The influence of domestic second home owners however has not been touched upon.

This research aimed to compare negative and positive economic implications of the second homes, and more important to draw a comparison between domestic and foreign second home owners spending behaviour and impact on local economy, and by this means contribute to the development debate in general and the foreign ownership debate in South Africa specifically. This by means of investigating the different sides of second home development and analysed the impacts accompanied by this phenomenon.

It can be stated, that there is a difference between foreign and domestic second home spending behaviour in Franschhoek local economy. The foreign second home respondents do spend higher amounts more frequent. Additionally the influx of new money is of high importance. However, in terms of job creation, and the fact that only in a few categories the difference between the domestic and foreign second home owners was extensive, there was not that much difference between the impact of domestic and foreign second home owners spending in local economy.

In terms of contribution to local economic development of the two respondents groups it can be concluded that negative economic impacts such as the exacerbation of property prices, which Franschhoek has witnessed over the past decade and the processes of displacement and segregation the town is experiencing, are perceived by the permanent residents as local business owners as a result of the in migration of the foreign second home owners. Second home development in Franschhoek has both positive and negative implications for Franschhoek local economy as well as for its local community. With a better administrative record and planning accompanied by strict rules and regulations, it could well be a very important development opportunity.

Nevertheless, there is still the paradox, as in the end the moral question remains whether positive economic implications weigh more, and therefore outbid the negative implications, and whether foreign ownership is justifiable, as the majority of the South Africans is unable to afford to own land or property led alone a second home.

This research strived for a more in-depth understanding of the second home phenomenon in the South African context with the aim to contribute to the current debate in South Africa on foreign ownership and the related second home phenomenon. It investigated the different sides of second home development and analysed the impacts accompanied by this phenomenon. Hopefully creating a wider interest to the topic of second home development in the South-African context, and offering new food for thought.

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ANNEXES

ANNEX 1: Tables, figures, and maps referred to in the thesis

ANNEX 2: Enlargement of maps and figures used in thesis

ANNEX 3: List of desk research

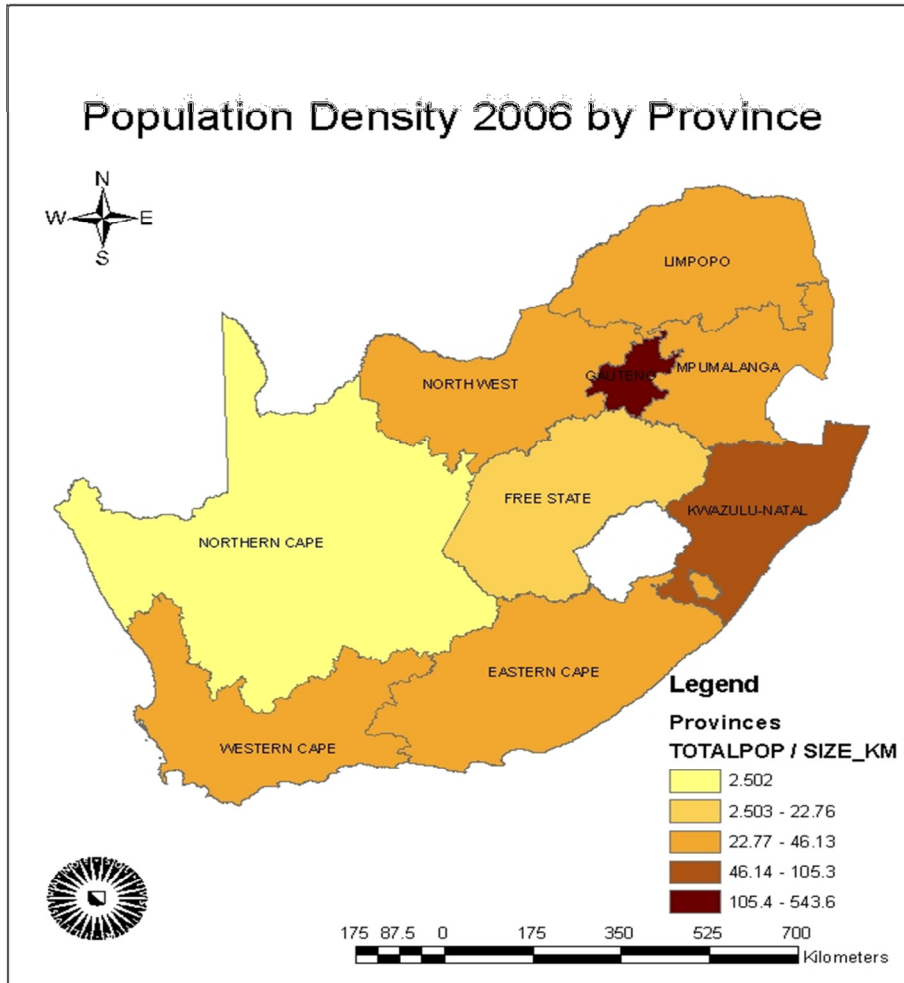
ANNEX 4: Questionnaires

ANNEX 5: List in-depth interviews

ANNEX 6: Topic list interviews real estate agents

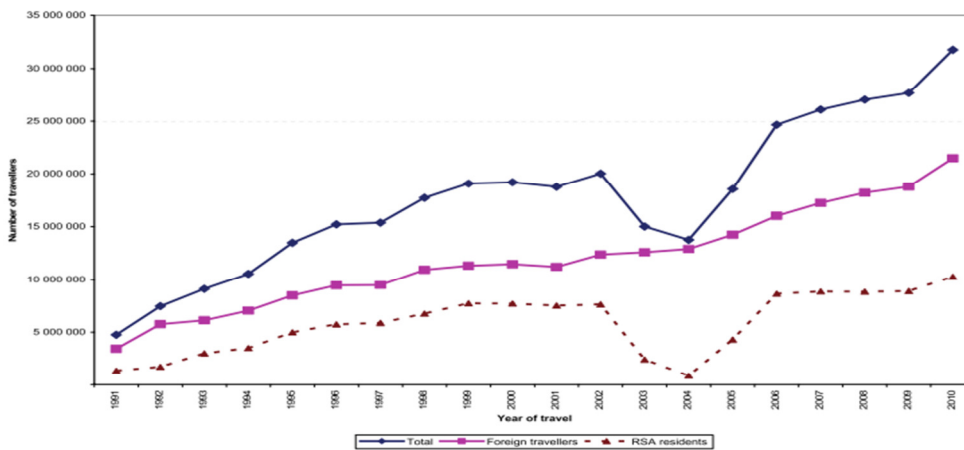
ANNEX 1: REFERENCES IN TEXT (TABLES , GRAPHS AND MAPS)

1.1 Map South Africa population density by province



Source: University of Utrecht, GIS Department (Course advanced M&T, December 2010)

1.2 Number of foreign and South African travellers by year of travel 1991-2010



Department of statistics South Africa, 2010: p. 8

1.3: Table: How often do foreign second home owners stay in Franschoek on an annual basis?

How often do you stay

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	weekly	1	2,6	2,6	2,6
	2-6 months	30	78,9	78,9	81,6
	7-12 months	5	13,2	13,2	94,7
	1 month a year	2	5,3	5,3	100,0
	Total	38	100,0	100,0	

1.4: Table: How often do domestic second home owners say in Franschoek on an annual basis?

How often do you stay

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	daily	1	4,3	4,3	4,3
	weekly	3	13,0	13,0	17,4
	bi-weekly	5	21,7	21,7	39,1
	monthly	2	8,7	8,7	47,8
	2-6 months	6	26,1	26,1	73,9
	1 month a year	6	26,1	26,1	100,0
	Total	23	100,0	100,0	

1.5 Table average frequency of visit of the second home owners to the farmers market

Descriptives

Type survey 2			Statistic	Std. Error
How frequent do you visit the farmers market categories	Foreigner	Mean	6,34	,132
		95% Confidence Interval for Mean	Lower Bound	6,07
			Upper Bound	6,61
		5% Trimmed Mean	6,44	
		Median	6,50	
		Variance	,664	
		Std. Deviation	,815	
		Minimum	4	
		Maximum	7	
		Range	3	
		Interquartile Range	1	
		Skewness	-1,357	,383
		Kurtosis	1,825	,750
	Living in South Africa		Mean	6,78
		95% Confidence Interval for Mean	Lower Bound	6,56
			Upper Bound	7,01
		5% Trimmed Mean	6,86	
		Median	7,00	
		Variance	,269	
		Std. Deviation	,518	
		Minimum	5	
		Maximum	7	
		Range	2	
		Interquartile Range	0	
		Skewness	-2,468	,481
		Kurtosis	5,859	,935

1.6: Table average spending per visit on the farmers market by the second home owners

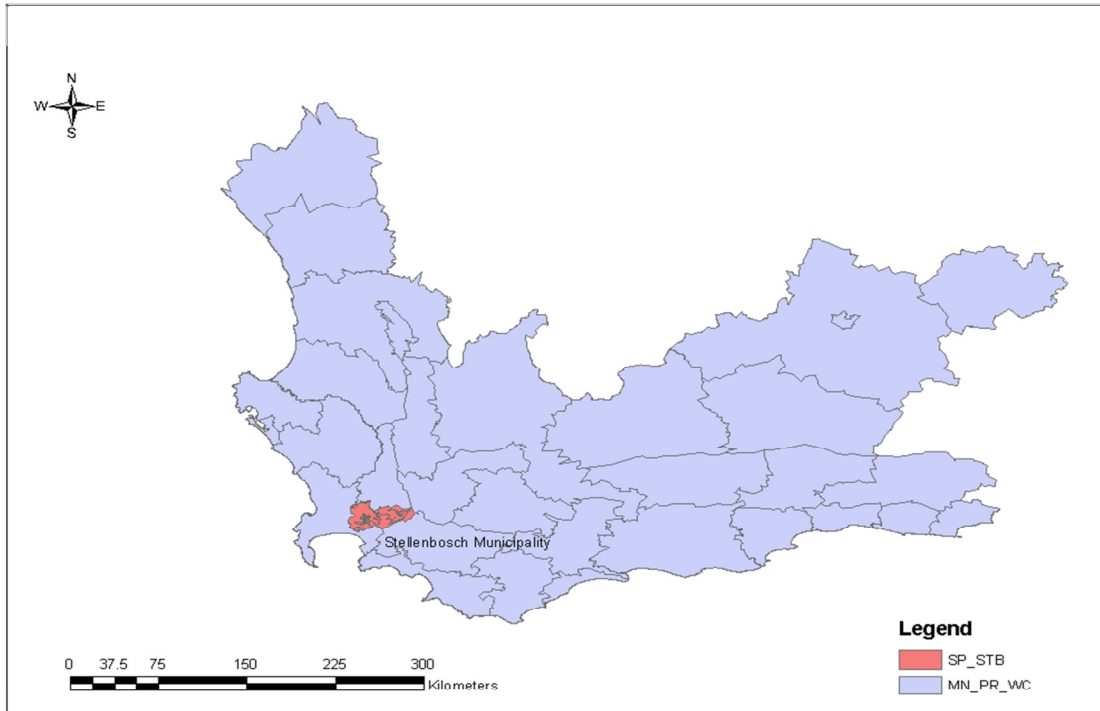
Descriptives

Type survey 2			Statistic	Std. Error
Average spending Foreigner per visit at the farmers market	Mean		42,16	12,001
	95% Confidence Interval for Mean	Lower Bound	17,82	
		Upper Bound	66,50	
	5% Trimmed Mean		32,73	
	Median		,00	
	Variance		5328,529	
	Std. Deviation		72,997	
	Minimum		0	
	Maximum		300	
	Range		300	
	Interquartile Range		75	
	Skewness		1,956	,388
	Kurtosis		3,641	,759
	Living in South Africa	Mean		39,13
95% Confidence Interval for Mean		Lower Bound	,04	
		Upper Bound	78,22	
5% Trimmed Mean			27,17	
Median			,00	
Variance			8171,937	
Std. Deviation			90,399	
Minimum			0	
Maximum			300	
Range			300	
Interquartile Range			0	
Skewness			2,124	,481
Kurtosis			3,229	,935

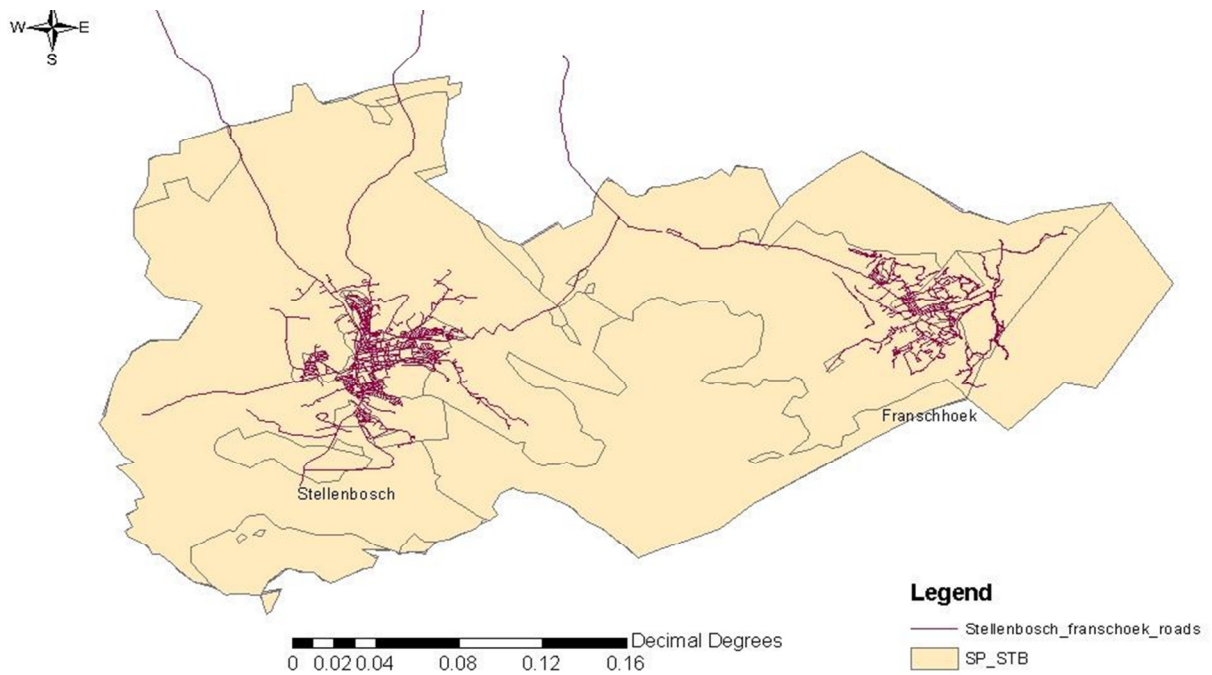
ANNEX 2: ENLARGEMENT MAPS AND FIGURES

2.1 ENLARGEMENT MAPS

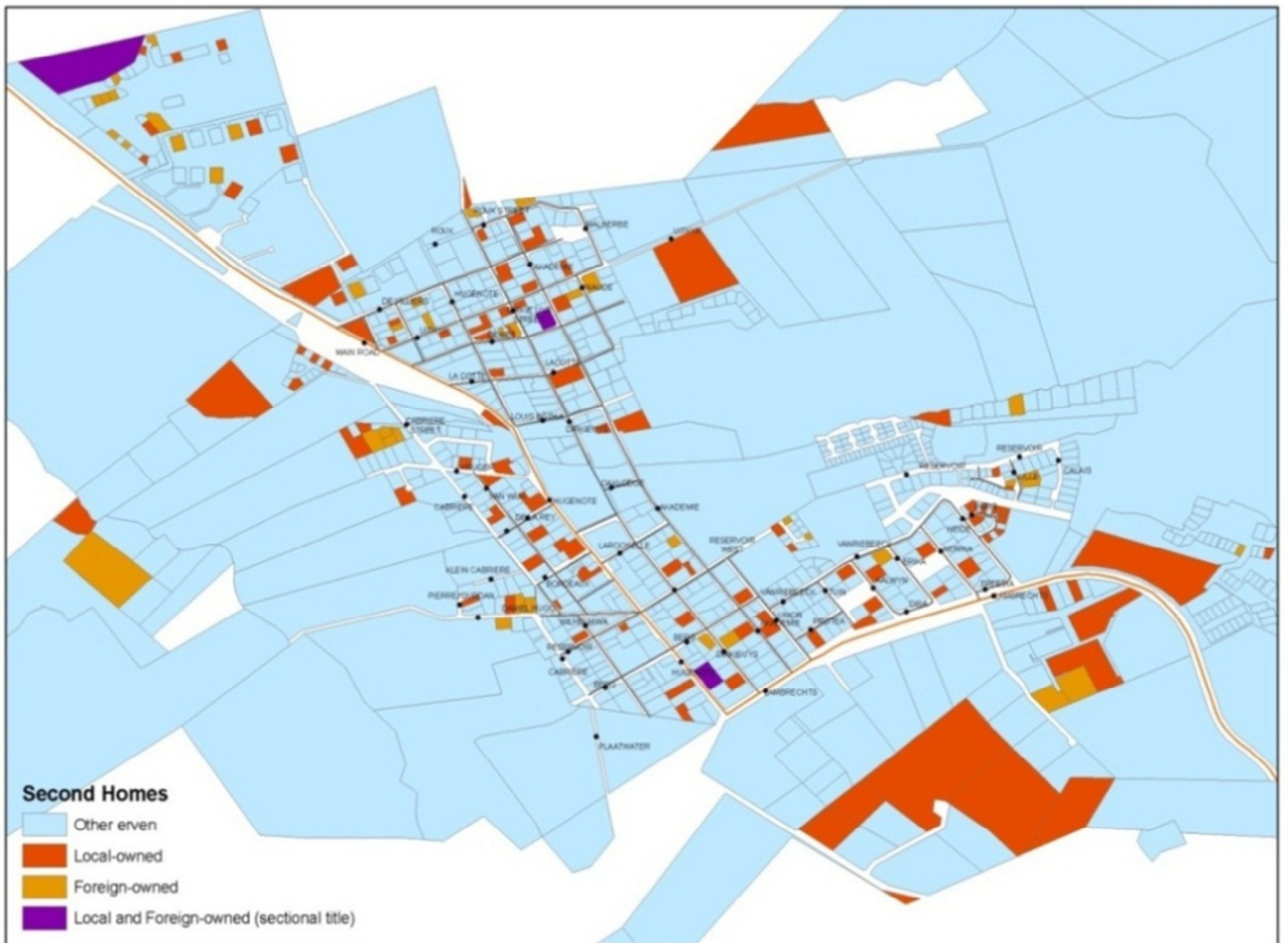
Map 11: Location Stellenbosch Municipality in Western Cape Province, South Africa



Map 12: Stellenbosch Municipality with Stellenbosch and Franschhoek

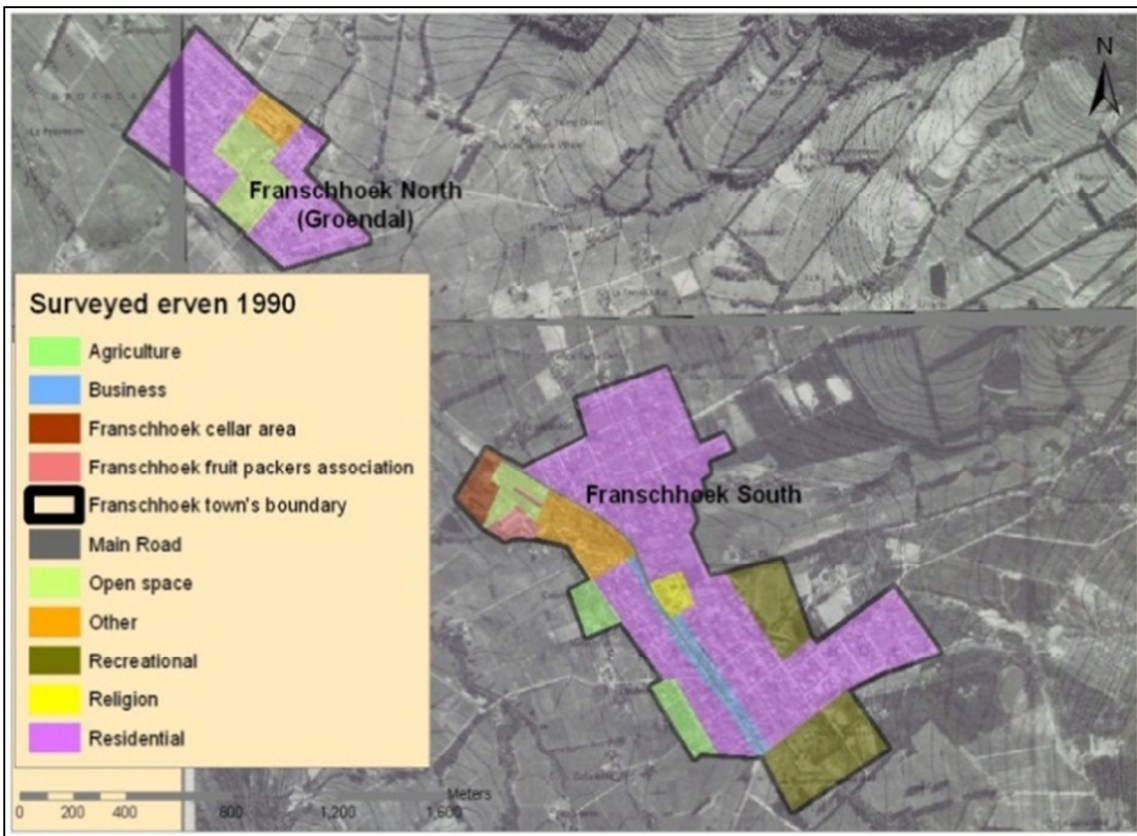


Map 13: GIS map of potential second homes in Franschhoek identified according to plot numbers



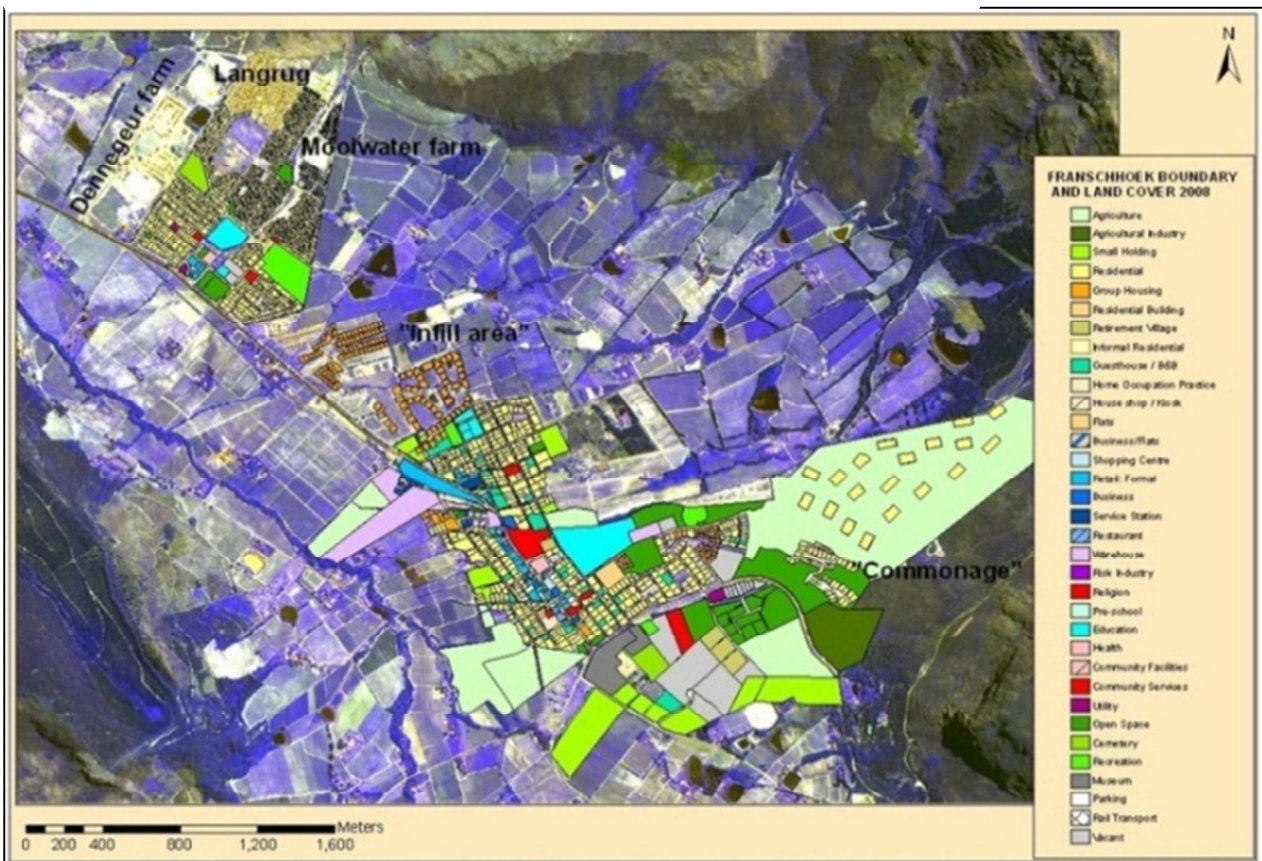
Source: Based on information retrieved from local government, 2011

Map 8: Franschhoek 1990



Source: in Willemse, 2008: p 20 from Chief Directorate of Surveys and Mappings 2008

Map 14: The boundary and land cover types of Franschhoek 2008



Source: in Willemse, 2008 p 25 from Urban Dynamics 2008

2.2 ENLARGEMENT FIGURES

Figure 47: The entanglement of second home in tourism and migration research

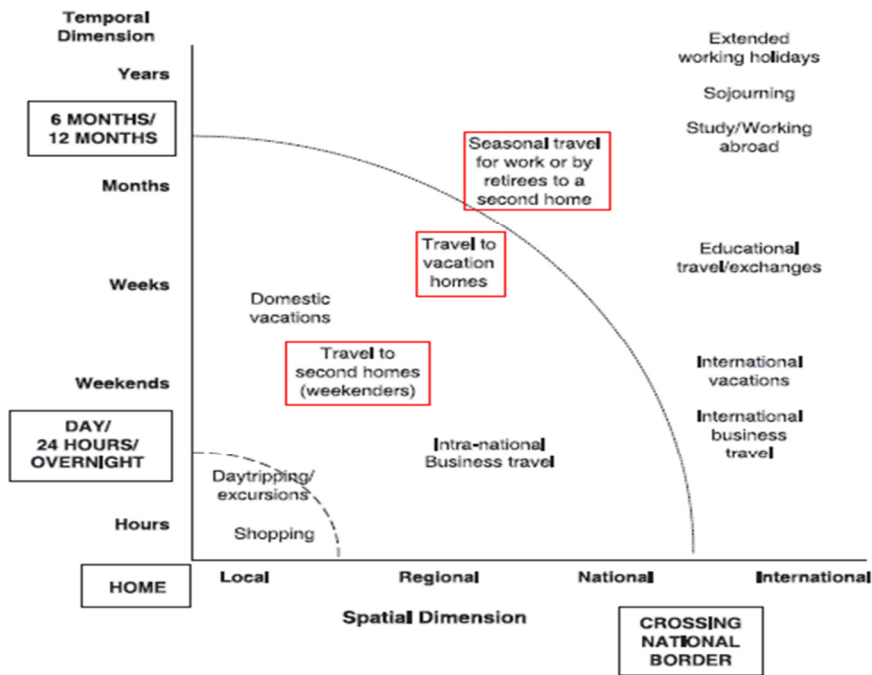
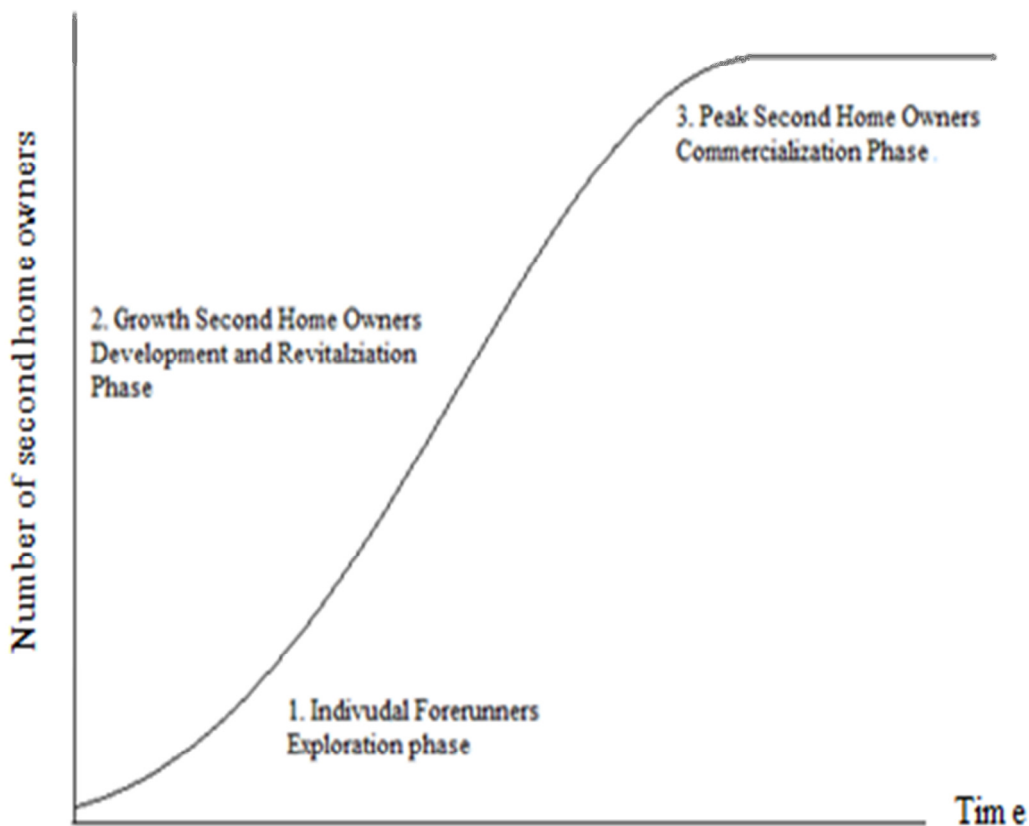


Figure 46: Second home life cycle



ANNEX 3: LIST SOURCES SECONDARY SOURCES RETRIEVED FROM PERSONAL COMMUNICATION

1. Franschhoeks' zoning plan and maps
2. Franschhoek Urban Edge Zone: Land Use Management Policy 2003
3. Franschhoek Land and Housing Development Policy Framework. Agreement 16 February 1998
4. Franschhoek Spatial Development Plan 2000
5. Cape Winelands District Spatial Development Framework 2009/2010
6. Stellenbosch Municipal Spatial Development Framework 2005 and 2010
7. Property evaluation lists of 2004 and 2008
8. Franschhoek real estate statistics 2010
9. Franschhoeks' demographics in a survey conducted by the University of the Western Cape (WRC Project K5-1974).
10. Franschhoeks' tourism survey from Franschhoek Wine Valley & Toursit Association
11. Franschhoek Guidelines for Conservation and Development. By The Franschhoek Trust 1989

ANNEX 4: QUESTIONNAIRES

4.1 SECOND HOME OWNERS FRANSCHHOEK

Dear Sir/Madam,

My name is Sanne van Laar and I am student at the University of Utrecht in the Netherlands. I am currently engaged in a research program on Second Homes, with the partnership of Stellenbosch University. The aim of this research project is to examine the role and distribution of Second Homes and its owners in Franschhoek specifically. It is hereby assured that the information will be regarded completely confidential and the results will only be used for academic purpose. Your kind co-operation in this venture is gratefully acknowledged and appreciated.

Kind Regards, Sanne van Laar

Date:

Section A. General household characteristics

1. Age: _____ 2. Nationality _____ 3. Gender:

1	Male	2	Female
---	------	---	--------

4. What is the highest educational qualification of the home owner(s)? _____

5. What is the current occupational status of the home owner(s)?

1	Retired	2	Own business	3	Employed Full-time	4	Employed Part-Time	5	Other, _____
---	---------	---	--------------	---	--------------------	---	--------------------	---	--------------

6. What is the main source of income of the homeowner(s)? _____

7. What is approximately the annual household income?

1	R < 500 000	2	R 500 000- 1 000 000	3	R 1 000 001 – 5 000 001	4	R > 5 000 000
---	-------------	---	----------------------	---	-------------------------	---	---------------

8. Could you please specify the members in your household and their ages? (*For example Adult, wife, age 45*)

		Age			Age
1	Adult, _____		5	Child	
2	Adult, _____		6	Child	
3	Child, _____		7	Other, _____	
4	Child		8	Other, _____	

Section B. Second Home characteristics and Motivation

1. What is your place of primary residence?

1	Country	2	Town/Village
---	---------	---	--------------

2. Type of transportation you use to reach

Franschhoek and to get around in Franschhoek? (*more answers possible*)

		To reach Franschhoek	Get around Franschhoek
1	Own Car		
2	Hired Car		
3	Airplane business class		
4	Airplane (economy class)		
5	Other, _____		

3. In what year did you purchase/obtain your property in Franschhoek? _____

4. What was the approximate price of your property when you purchased/obtained it? R _____

5. What do you estimate is the current value of your property? R _____

6. Through whom did you purchase/obtain this property?

1	Local Real Estate Company	3	Directly with project developer	5	I inherited this property
2	International Real Estate Company	4	Individually	6	Other, _____

7. What was the status of the Franschhoek property at moment of purchase?

1	Newly constructed	3	Already existing, used as secondary home	5	Other, _____
2	Already existing, used as primary home	4	Vacant plot of land		

8. Are you the sole owner of the Franschhoek property?

1	Yes (<i>continue question 9</i>)	2	No
---	------------------------------------	---	----

8 a. With whom do you share this property?

1	Business Associate (s)	3	Relative(s)	5	Trust
2	Friend(s)	4	Time Share	6	Other, _____

9. What is the main purpose for the property in Franschhoek? *More answers possible*

1	Weekend Home	2	Vacation Home	3	Investment	4	Other, please specify, _____
---	--------------	---	---------------	---	------------	---	------------------------------

10. What were your main motivations for selecting Franschhoek as destination? *Only rank 3 most important*

1	Weather	7	Tranquillity and ambiance of the area
2	Family and friends close by	8	Developed facilities and services
3	Close proximity to primary residence/ airport	9	Investment opportunity
4	Escaping busy city life	10	Wine and Dine
5	French character of the town	11	Perceived safe living environment
6	Exclusivity of the destination (popular trend)	12	Other, _____

11. Do you plan to make this your primary home in the future?

1	Yes	2	No	3	Do not know yet
---	-----	---	----	---	-----------------

12. On average, how often do you stay in the Franschhoek house?

1	Daily	2	Weekly	3	Bi-weekly	4	Monthly	5	2-6 months	6	7-12 months	7	Less than once a year
---	-------	---	--------	---	-----------	---	---------	---	------------	---	-------------	---	-----------------------

13. Please indicate the month(s) that you usually stay in the Franschhoek house.

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

14. Did you renovate the property after purchase?

1	Yes	2	No (continue question 15)
---	-----	---	---------------------------

14.a How much did you approximately spent on renovation?

1	Below 300 000	3	500 001 – 1 000 000	5	2 000 001- 4 000 000
2	300 000-500 000	4	1 000 001 – 2 000 000	6	More than 4 000 000

14.b When renovating, did you make use of the following services? *Please indicate which services and where they are from.*

		From Franschhoek and surroundings (25 km)	Elsewhere, <i>please specify</i>
1	Building contractor		
2	Architect		
3	Engineer		
4	Landscape Designer		
5	Interior Designer		
6	Other, _____		

15. Are you part of a body corporate/home owner's association/community organisation?

1	Yes	2	No
---	-----	---	----

16. What is your approximate monthly spending on rates and taxes? R_____

17. How much do you pay on average for electricity on a monthly basis? _____?

18. Do you make use of the following services? if yes, please indicate on average how many times you hire these services per week or month, **circle either week or month**

1	Domestic Worker	_____ times Week/Month
2	Gardener	_____ times Week/Month
3	Gardening Service	_____ times Week/Month
4	Pool Maintenance	_____ times

		Week/Month
5	Security Service	_____times Week/Month
6	Permanent resident that manages your property	_____times Week/Month
7	Butler services	_____times Week/Month
8	Driving services	_____times Week/Month
9	Other (please specify): _____	_____times Week/Month
10	Other (please specify): _____	_____times Week/Month

Section C: Investment and other properties

1. Do you rent out your property? Or parts thereof? (please specify which parts)

1	Yes, whole property	2	Yes, part of the property, _____	3	No, please continue question 2
---	---------------------	---	----------------------------------	---	--------------------------------

1.a. What is the rate you charge? (Please circle or day, or week, or month) R_____per day /week/month

1.b Approximately, how many days per month did you rent out your property during the past 12 months?

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

1.c Are the people you rent out to repeater guests?

1	Yes	2	No
---	-----	---	----

1.d Through what channel do you rent out your property?

1	Rental Company	2	Project developer's rental system	3	Privately	4	Other, _____
---	----------------	---	-----------------------------------	---	-----------	---	--------------

2. Do you own other vacation and recreation properties? Please indicate where.

1	Yes	2	No (continue question 1 section D)
---	-----	---	------------------------------------

1	_____
2	_____
3	_____

2.b Which property do you spent most time at? _____

2.c. When (which months) do you spent most time there? _____

Section D. Daily Living and Spending characteristics when being in Franschhoek.

1. When you are in Franschhoek do you own or hire car(s)?

1	Own	2	Hire	3	No (continue question 2)
---	-----	---	------	---	--------------------------

1.a What type of car(s) do you own or hire here in Franschhoek? (Put down most used brand) _____

1.b How many kilometres do you on average drive when being in Franschhoek (on a weekly basis), _____ km

2. Please indicate how frequently you visit restaurants and wine estates in Franschhoek, **circle either week or month**

1	Restaurants	_____times Week/Month	2	Wine Estates	_____times Week/Month
---	-------------	--------------------------	---	--------------	--------------------------

3. Please indicate the two names of the restaurants and wine estates you visit most in Franschhoek:

	Most frequent visited restaurants:		Most frequent visited wine estate:
1	_____	1	_____
2	_____	2	_____

4. Please indicate *how often* you visit the following shops in Franschhoek and *how much you on average spent* there per visit, **please circle either week or month**

		Frequency of visit	Average spending (per visit)
1	Grocery store	_____ times per week/month	R_____
2	Clothing store	_____ times per week/month	R_____
3	Gift/Souvenir store	_____ times per week/month	R_____
4	Hairdresser	_____ times per week/month	R_____
5	Farmers Market	_____ times per week/month	R_____

5. Which town do you prefer most to do your shopping?

5.1 If not Franschhoek, Why not?

1	Paarl	2	Franschhoek	3	Stellenbosch	4	Cape Town	
---	-------	---	-------------	---	--------------	---	-----------	--

6. Please specify which activities in Franschhoek you participate in, when you are here?

	Activities	Frequency of visit		Activities	Frequency of visit
1	Golf	_____ times per week/month	6	Water sports	_____ times per week/month
2	Fly fishing	_____ times per week/month	7	Other, _____	_____ times per week/month
3	Visits to wine estates	_____ times per week/month	8	Other, _____	_____ times per week/month
4	Spa	_____ times per week/month	9	Other, _____	_____ times per week/month
5	Horse riding	_____ times per week/month	10	Other, _____	_____ times per week/month

7. Which associations/clubs are you part of? _____

8. When in Franschhoek on average, how much do you spend?(**circle either per week or per month**)
R_____ week/month

9. What are the three most important places for you to meet and socialize with friends in Franschhoek?

1	2	3
---	---	---

10. Could you by means of percentages indicate the composition of your group of friends in Franschhoek? (*Add to 100%*)

Franschhoek local residents _____%	Franschhoek South-African residents _____%	Franschhoek Non South-African residents _____%	Non Franschhoek Residents _____%	Other, _____%
------------------------------------	--	--	----------------------------------	---------------

11. Are there other towns in the region you stay over while residing in Franschhoek?

1	Yes	2	No
---	-----	---	----

11.a Please name the three most important towns and indicate the reason for staying over.

Town/Village	Reason for Visit
1	
2	
3	

Section E: Perceptions on Franschhoek

1. How would you describe the town of Franschhoek today compared with when you purchased your property? (For example: the sense of place, the atmosphere e.g.)

--

2. Please indicate your opinion about the following statements. (++) **totally agree**, + **agree**, 0 **neutral**, - **disagree**, -- **totally disagree**)

		++	+		-	--	N/A
1	The amount of retail and shopping facilities are appropriate for the town	1.	2.	3.	4.	5.	
2	Entertainment facilities are according to the needs of all inhabitants of Franschoek	1.	2.	3.	4.	5.	
3	Property values are exacerbated by foreigners	1.	2.	3.	4.	5.	
4	Investment in Franschoek is better than investing in other small towns in the province	1.	2.	3.	4.	5.	
5	Costs of consumer goods are more expensive in Franschoek compared to surrounding towns	1.	2.	3.	4.	5.	
6	Living costs have risen tremendously during the last five years	1.	2.	3.	4.	5.	
7	The amount of rates and taxes paid is reasonable	1.	2.	3.	4.	5.	
8	Tourists determine Franschoek its street view	1.	2.	3.	4.	5.	
9	Traffic is not yet a problem in Franschoek	1.	2.	3.	4.	5.	
10	The growth of the town in terms of urban development is destroying the character of Franschoek	1.	2.	3.	4.	5.	

Thank you very much for your participation and have a good day! For any queries do not hesitate to contact me: by email sannevanlaar@hotmail.com or phone: 0767403260. If you are interested in the results, or if you want to participate in this research more in-depth please leave your personal details: -

4.2 Local business owners Franschhoek

Good day,

My name is Sanne van Laar and I am student at the University of Utrecht in the Netherlands and currently engaged in a research program on Second Homes, with the partnership of Stellenbosch University. The aim of this research project is to examine the role and distribution of Second Homes and its owners in Franschhoek specifically. It is hereby assured that the information will be regarded completely confidential and the results will only be used for academic purpose. Your kind co-operation in this venture is gratefully acknowledged and appreciated.

Kind Regards, Sanne van Laar

Section A. General Characteristics of the business owner

1. Gender: _____ 2. Age: _____ 3. Nationality _____
 4. In what **year** did you start this business in Franschhoek? _____
 5. **Why** did you start this business here in Franschhoek?

--

Section B. Perceptions on Franschhoek and second homes (Swallows)

Second home owners are foreigners or South-Africans owning a house in Franschhoek that they only use for short periods in a year. In addition to their house in Franschhoek they own a primary residence somewhere else in the country or overseas. In this questionnaire I will further refer to these people as 'swallows'

6. Could you by means of a percentage indicate how many of your customer group are Swallows (both foreign as South Africans)?

Foreign Swallows _____%	South-African Swallows _____%
-------------------------	-------------------------------

7. Where are the foreign 'swallows' mainly coming from? _____
 8. Where are the South African 'swallows' mainly coming from? _____
 9. Is there a difference between the needs and wants of South African 'swallows' compared to those of foreign 'swallows'?

Yes		No	
-----	--	----	--

10. If yes, please specify:

--

11. On a weekly basis **on average** how often do you work for foreign 'swallows', and how often for South African 'swallows'?

Foreign swallows _____ times a week	South-African swallows _____ times a week
-------------------------------------	---

12. How many employees do you have working for you?

Full-time		Part-time	
-----------	--	-----------	--

13. How many of your employees are Franschhoek locals? _____

14. Do you think there has been an increase of second homes in Franschhoek over the past few years?

Yes		No	
-----	--	----	--

15. If yes, when did you experience this increase?

Year:	
-------	--

16. Approximately how many 'swallows' do you know of in Franschhoek? _____

17. Approximately how many 'swallows' do you know personally in Franschhoek? _____

18. Do you consider them as your friends?

Yes		No	
-----	--	----	--

19. Do you consider the 'swallows' as part of Franschhoek's community?

Yes		No	
-----	--	----	--

20. Do you consider them as tourists?

Yes		No	
-----	--	----	--

21. What is your perception on the impact of second home development on the local economy of Franschhoek?

Section C. Perceptions on tourism impacts

Please indicate your opinion on the following statements. (++ totally agree; + agree; 0 neutral; -Disagree; - - totally disagree)

Statement	++	+	0	-	--	If your answer is agree or totally agree, please explain your answer here
The interaction between local residents and swallows is good	++	+	0	-	--	
The interaction between myself and swallows is good	++	+	0	-	--	
Swallows are involved in the local community	++	+	0	-	--	
Investing in Franschhoek is better than investing in other small towns in the province?	++	+	0	-	--	
Swallows in Franschhoek provide many desirable employment opportunities for local residents	++	+	0	-	--	
My business targets specifically the needs and wants of Swallows	++	+	0	-	--	
My business is struggling during off season	++	+	0	-	--	
The influx of affluent foreigners changes the character of the town negatively	++	+	0	-	--	
Where swallows have built new houses these are out of character to the town	++	+	0	-	--	
Without the presence of swallows in Franschhoek, my business would not survive.	++	+	0	-	--	

Franschhoek is a good place for business because _____

Franschhoek is not a good place for business because: _____

Thank you very much for your participation. For any queries do not hesitate to contact: Sanne van Laar, by e-mail: sannevanlaar@hotmail.com or by phone 0825444764

If you are interested in the results or want to participate in this research more in-depth, please leave your contact details: _____

4.3 Permanent residents Franschhoek

Good day,

My name is Ine Cottyn. I am a student at University Utrecht (Netherlands) and I am conducting research on Second Home Developments in Franschhoek.

I would appreciate your opinion on what you think about second home development in Franschhoek. The information will be used for academic purpose only and all information is considered confidential.

Below is a list of questions I would like you to answer. Please indicate what best describes your opinion on the following questions. There are no right or wrong answers

Section A. General Characteristics

2.

Male		Female	
------	--	--------	--

 1. Gender:
 Age: _____

3. What is your current occupation?

4. In which street or suburb of Franschhoek do you live? _____

5. How long have you been living in Franschhoek? _____

6. Where did you live before you came to Franschhoek? _____

7. How long do you expect/ plan to stay in Franschhoek? _____

8. How do you see/or experience Franschhoek? Please rank the most appropriate description of the town from 1(most appropriate) to 3(the 3rd most appropriate)

Agricultural service centre	Tourism town	Culinary capital of South-Africa
Investment town	Agricultural town	

9. Indicate the most 'liveable' months (according to how nice it is to live in the town; **not** according to the weather) in Franschhoek for you personally:

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

Section B. Perceptions on Franschhoek and second homes ('Swallows')

Second home owners are foreigners or South-Africans owning a house in Franschhoek that they only use for short periods annually. In addition to their house in Franschhoek they own a primary residence somewhere else in the country or overseas. In this questionnaire I will further refer to these people as 'swallows'.

Please encircle yes or no or write your answer in the box

Do you think there has been an increase of second homes in Franschhoek over the past few years?	Yes	No
If Yes: When did you experience this increase? Year:		
Approximately how many 'swallows' do you know of in Franschhoek?		
Approximately how many 'swallows' do you know personally in Franschhoek?		
Do you consider them as your friends?	Yes	No
Do you consider the 'swallows' as part of Franschhoek's community	Yes	No
Do you consider them as tourists	Yes	No

Section C. Perceptions on tourism impacts

Please indicate your opinion on the following statements. (++ totally agree; + agree; 0 neutral; -Disagree; - - totally disagree)

Statement	++	+	0	-	--	If your answer is agree or totally agree , please explain your answer here
Positive						
The interaction between local residents and swallows is good	Totally agree	Agree	Neutral	Disagree	Totally disagree	
The interaction between myself and swallows is good	Totally agree	Agree	Neutral	Disagree	Totally disagree	
Swallows are involved in the local community	Totally agree	Agree	Neutral	Disagree	Totally disagree	
Tourists provides an opportunity for cultural exchange	Totally agree	Agree	Neutral	Disagree	Totally disagree	
Tourism developments results in new residents in my community	Totally agree	Agree	Neutral	Disagree	Totally disagree	
Tourism facilities are accessible to all inhabitants of Franschhoek	Totally agree	Agree	Neutral	Disagree	Totally disagree	
There is an appropriate public participation process for residents to influence decision making regarding tourism in Franschhoek	Totally agree	Agree	Neutral	Disagree	Totally disagree	
Quality of public services has improved due to tourism development	Totally agree	Agree	Neutral	Disagree	Totally disagree	
Some of my neighbours' houses are empty for a long period (more than 1 month in a year)	Totally agree	Agree	Neutral	Disagree	Totally disagree	
The tourism sector in Franschhoek provides many desirable employment opportunities for local residents	Totally agree	Agree	Neutral	Disagree	Totally disagree	
Negative						
Property values are exacerbated (increased) by foreign ownership	Totally agree	Agree	Neutral	Disagree	Totally disagree	
Property values are exacerbated (increased) by property speculation in general	Totally agree	Agree	Neutral	Disagree	Totally disagree	
The increase in prices and property values makes it unaffordable for most people to live in the area	Totally agree	Agree	Neutral	Disagree	Totally disagree	
Living and service costs have risen enormously during the last few years and this can be blamed on tourism development	Totally agree	Agree	Neutral	Disagree	Totally disagree	

I am against new tourism facilities which will attract more tourists to Franschhoek	Totally agree	Agree	Neutral	Disagree	Totally disagree	
The influx of affluent foreigners changes the character of the town negatively	Totally agree	Agree	Neutral	Disagree	Totally disagree	
The conservation of historical buildings must have priority over new developments	Totally agree	Agree	Neutral	Disagree	Totally disagree	
Tourism increases the amount of crime in my community	Totally agree	Agree	Neutral	Disagree	Totally disagree	
Due to the current tourism developments I don't feel at home anymore in Franschhoek	Totally agree	Agree	Neutral	Disagree	Totally disagree	
Where swallows have build new houses these are out of character to the town	Totally agree	Agree	Neutral	Disagree	Totally disagree	

Please complete the following two sentences:

I LIKE living in Franshhoek because _____

I DISLIKE like living in Franshhoek because

Thank you very much for your participation. For any queries do not hesitate to contact:

Email: cottyn_ine@hotmail.com

Contact Number: 0825444764

If you are interested in the results or want to participate in this research more in-depth, please leave your contact details:

ANNEX 5: PERSONAL COMMUNICATIONS

5.1 Groups

Group 1	Second home owners
Group 2	Estate managers
Group 3	Representatives local authority
Group 4	Permanent residents
Group 5	Real estate agents

5.2 Persons within Groups

1. February 25, 2011: N. Ceasar, Franschoek
2. February 25, 2011: E. September, Financial Department
3. March 14, 2011: J.Roux, local inhabitant
4. March 10, 2010: J. Dance , Second Home Owner Franschoek
5. March 10, P. Joosten, Real Estate Agent Sotheby's
6. March 10 2011: M. Visser , Real Estate Agency Seeff
7. March 14, 2011: Estate Agency Jäger
8. March 14, 2011: Lew, Manager Café Benedict
9. March 17, 2011: L. Coetzee, Real estate Agency Engel & Völkers
10. March 17, 2010: Foreign Permanent Resident X
11. March 24, 2011: T. Steyn, Marketing Manager Franschoek Wine Valley (T.S.)
12. March 24,2011: S. Schäffer, Redactor Franschoek Tattler
13. April, 19, 2010 A.van Heerden, permanent resident, foreigner
14. April 25, 2011: P. Denecker, Franschoek Farmer (Fruit Farmers Association)
15. May 05, 2011: Manager Petite Provence
16. May 10, 2011 Loraine and Chris, Permanent residents managing second home properties, Tabeël Interiors
17. May 09, 2010 P. Haasbroek, Chair Rate Payers Association Franschoek
18. May 10, 2010 B. de la Bat, Head Economic Services Municipality Stellenbosch
19. May 10, 2010 M. Blauw Town Planning
20. May 11, 2011: The Kusasa Project
21. May 11, 2011: Real Estate Agency Rawson
22. 2011, Darian Pearce WRC Project K5-1974

23. 2011, P. Smit, Manager Property Management and Administration
24. 2011, Local Resident Mrs. Y – Groendal – Life Craft Market
25. 2011, Local Resident Mrs H. Franschoek South, Kurger house
26. 2011, Second Home owners Mrs and Mr. P.
27. 2011 R, Fooij, Department of Planning
28. 2011, Quinten, Cape Winelands Municipality
29. 2011, Manager Franschoek Estate
30. 2001, Manager Domaine des Anges
31. 2011, Owner Ottersbend
32. 2011, Real Estate company Fine and Country

Annex 6: Topic List Interviews Real Estate Agents

1. Real Estate market Franschhoek

- a. Current status of the real estate market
- b. Is the real estate market affected by the recession
- c. Are people still buying
- d. Is there a lot for sale at the moment?
- e. What is the average price for a property at the moment
- f. What is the average price for land?
- g. How much lands is approximately available in Franschhoek
- h. Are there developments taking place (retail e.g. in Franschhoek)
- i. What type of real estate developments are mainly taking place
- j. For what reason?
- k. I saw many residential estates how many does Franschhoek have?

2. Second Home Development Franschhoek

- a. Since when is Franschhoek experiencing second home development?
- b. What was the economic structure of Franschhoek before tourism and second home development
- c. Why do you think Franschhoek developed as a second home node
- d. Are there developments going on especially aiming for this segment
- e. Why are the people buying/how would you typify the market?
- f. How big is the demand?
- g. In which price range are they on average looking
- h. Is there a specific patten in needs and wants of this segment?
- i. Are second home owners mainly buying land or property?
- j. Are there differences between domestic and foreign buyers?
- k. What are the main motivations for these groups to buy in Franschhoek?
- l. Do Foreigners have to pay more taxes compared to South Africans?

3. Impact on Franschhoek

- a. Do you think that the influx of second home owners has a negative or positive impact on Franschhoek
- b. Why do you think this
- c. There is a counter voice saying that foreigners are pushing up real estate prices, what do you think about this?
- d. Do you think that the changes Franschhoek is facing during the last five years are good changes?
- e. Will Franschhoek face problems in the near future d