TRENDS IN THE MARKET FOR PRIVATELY OWNED SEASONAL RECREATIONAL HOUSING[1]

Richard L. Ragatz,[2] Ph.D.

Abstract. The market for privately owned seasonal recreational properties, such as vacation homes, recreational lots, and resort condominiums has encountered many peaks and declines during the past 15 years. While demand for traditional types of recreational property has recently fallen off due to inflation and lack of financing, other alternatives such as resort timesharing are again beginning to stimulate the market.

INTRODUCTION

Since the late 1960's this nation has encountered a great proliferation in the supply of and demand for privately owned property for seasonal-recreational purposes. Included in this market are the three traditional commodities of vacant recreational lots, single family detached vacation homes, and resort condominiums and more recent innovative commodities such as timeshare units, lots sold as camping and recreational vehicle sites, and undivided interests.

While the market has gone through a series of peaks and declines in the 1970's, recent events indicate interest is being created anew by both producers and consumers. New products are being created and it appears the market will continue to be part of the lifestyle of many Americans.

It is estimated that somewhere between 12 and 15 million recreational lots and about 3.5 million vacation homes currently exist in this country. The market for vacation homes is oriented toward a user product as owners purchase these secondary shelters to enjoy during weekends and vacation periods throughout the year. The larger market for recreational lots is more complex in nature, being created by two major causal factors. The first relates to those persons who buy such lots for the immediate or future siting of a vacation home. The second relates to those persons who buy such lots for speculative purposes in the hopes of realizing equity appreciation on their invested capital.

TRENDS IN MARKET FOR RECREATIONAL PROPERTIES

Early History

In order to set the market for seasonal-recreational properties in proper perspective, it is useful to back up and describe how this phenomenon has evolved in recent years.

Seasonal occupancy of land and housing can be traced through the history of the United States. During the early colonial period, the land-holding aristocracy in the South frequently maintained their primary residence on the plantation, but owned second and third homes in other communities or areas that provided recreational amenities. This multiple home ownership pattern existed in the Northern states, where wealthy families are known to have owned additional homes for recreation before the Revolutionary War (Fenton 1965).

During the late 19th and early 20th centuries, peaks in vacation home ownership corresponded with periods of affluence and improvements in transportation. Such occupancy patterns influenced the development of traditional recreational areas such as Newport Beach, Palm Beach, the Adirondack Mountains,

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[2]Richard L. Ragatz is President, Richard L. Ragatz Associates, Inc., Consultants in Vacation Housing and Recreational Communities and Professor of Urban and Regional Planning, University of Oregon, Eugene, Oregon.

and the mountains of North and South Carolina and Virginia.

Many factors have contributed to a tremendous expansion of the market for recreational properties during the past 2 decades. Although popular for generations, lack of both publicity and low-cost production methods seemed to maintain the traditional association between this type of property and affluence. Few marketing programs were directed at middle-income families until the early 1960's.

Historically, there have been 2 basic types of recreational land development occurring in this country. One was simply the scattered lot found in a rather secluded area not too far from a city. Favorite spots were around lakes, in mountains, and on the seashore. Typically purchase of the lot was made from an individual farmer or rancher who was selling off marginally productive or nonproductive land. Lots were usually small, density frequently high, with very few if any, public facilities being provided. Houses constructed on these lots often were small and usually were not built for permanent living quarters, e.g., the hunting cabin in the Maine woods or the lake cottage in the Adirondacks. Scattered lot development is still occurring today, but the mass market has shifted to a more organized type of sales promotion and land development.

A second type of historical development was a series of platted lots in scenically attractive areas. Again, lots were small (usually at urban densities) and public facilities and services were minimal. For the most part, locations were close to existing metropolitan areas in an attempt to tap the mass market. Many of these areas have evolved to the point where, today, they are communities of primary residences. Typical examples are found on Cape Cod, the Jersey Shore, and St. Petersburg, Florida.

Recreational land projects

During the late 1950's and early 1960's mass merchandising of recreational land began. As noted by one researcher (Burlingame 1973):

> Developers found that they could sell land by direct mail like soap. All that was required was to tie up the land by the purchase of options, make some minimal improvements, hire a sales force, launch an advertising campaign, and start selling. Many developers got rich on down payments alone. At first developers were selling retirement lots; later they switched from a retirement to an investment pitch, and the real abuses began. By 1970, this land merchandising business had become a gigantic industry selling between four and five million dollars worth of lots annually.

Probably nothing harmed the land development industry and created as negative an image in the public's eye as did these land merchandising projects. Land was prematurely subdivided, few amenities or services were provided, promises often were broken, consumers have been frequently dissatisfied, and buildout has remained extremely low.

The vacation home "subdivision" began to occur in the mid-1960's and has been described as follows (Burlingame 1973):

> Here, land is marketed more toward a user market within a certain distance of metropolitan areas. Often some recreational amenities were built such as man-made lakes, swimming pools, golf courses, etc. The general philosophy of developers was to construct the beginnings of a real community by making general site improvements, constructing some housing, and providing some developed recreational amenities. However, the business was still one of merchandising land. Every major metropolitan area in the United States has at least a few and often as many as 20 or more second-home communities nearby. This market was essentially a user market aimed at people who actually intended to use the property for leisure time pursuits, as opposed to those interested merely in speculative land investment.

The vacation home subdivision has a great range of quality as a large number of both good and poor projects exist throughout the country.

Recreational communities

A development frequently referred to as a recreational "community" began to occur in the late 1960's as is described as (Burlingame 1973):

> While developers are still making most of their money off of land sales, their time frame is greatly extended (5 to 20 years) and their plans for extensive development often include the construction of housing. The market is predominantly a user market of home buyers, rather than lot boyers. These developments are high amenity projects with developed recreational facilities such as golf courses, marinas, ski

slopes, and so on. Front end investments in recreational amenities and site improvements are high, and the companies either building or financing such projects are generally large corporate enterprises.

The market group is high income and often can afford to fly into their project from some considerable distance rather than get to their property via auto. Speculative investment still occurs, although often in housing rather than just land alone. These projects exhibit the greatest likelihood of financial success in terms of establishing a lasting and viable community or real worth.

Usually limited only to the very affluent consumer, community-type projects are fairly complete in almost every public service and facility aspect, in addition to offering a wide variety of recreational amenities. Many are advertised as "new towns," and while usually high in quality, they frequently still do not have the complete infrastructure associated with a well developed urban environment.

Resort condominiums

Resort condominiums started to become popular in the late 1960's. When compared with total acres devoted to recreational land use and the total number of vacation home units, the resort condominium market is still relatively small. However, in many parts of the country, (e.g., Lake Tahoe, the Florida coast, the Caribbean, and Hawaii) they have become extremely popular. For the most part, resort condominiums are found as part of a vacation home community-type of development, along with single-family detached vacation homes and individually owned recreational lots, though some have developed apart from these areas.

Timesharing

Other opportunities in recreational land also have become available to the consumer in the past few years including properties of shared ownership. It now is possible to buy a portion of a recreational shelter rather than the entire unit. Called "timesharing," this concept allows purchases to be made not only for units of space but also for units of time. Thus, a consumer can pay 1/52 of the total selling price of a condominium unit and be entitled to its use for 1 week of the year. This approach opens up the market to more persons of course since entry cost is considerably lower than for other types of recreational real estate.

The timeshare concept is described in more detail as follows (American Land Development Association 1978):

> Timesharing is a way for you to use or own resort accommodations when you want them, and forget about them when you don't. The term "timesharing" is pure American -- borrowed from the computer industry; but the concept is European -- and more than a decade old.
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> Thousands of Frenchmen, Germans, Italians, and Englishmen vacation in their places in the Alps, or along the Mediterranean coast for a week, two weeks, or more each year, then return home comfortable in the knowledge that when they come again next time, their condominiums, hotel units or villas will be clean, well cared for and ready for them to move into. Each owns the right to exclusive use of anything from 300 square foot efficiency apartment to a luxury villa for a certain period of time each year, for anywhere from 20 to 50 years.
>
> In the early 1970's, two things combined to open the gates in the United States to this European immigrant timesharing. Condominiums for sale at major resort areas threatened to become so expensive as to preclude purchase by any except the well heeled; Americans began to realize that one did not have to own a condominium or other lodging to be able to depend on having it available to use when they wanted it -- just what the Europeans, who had long been limited in their real estate purchases by scarcity and high cost, had known for years.
>
> In this realization lies the central element of the resort timeshare: it is a means for the guaranteed use of resort accommodations and facilities and not an investment in real estate.
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> Types of timesharing fall into two broad categories:
>
> Where you may buy an ownership interest in real estate (the building and common area)
>
> Where you may buy a right to

use the living space for a specified number of years but you do not have an ownership interest in real estate

As a timeshare owner, you would generally be free to sublease or allow friends or family to use your timeshare in your absence. Or you can trade use informally, or formally through trading networks or exchange programs.

Exchange programs are attractive for many reasons. Especially popular are the external exchange services, which offer maximum flexibility, and variety of choices, plus the help of an operating service in making arrangements.

As part of an exchange program, without selling your timeshare, you may spend time in various kinds of resorts from the seashore to the mountains to foreign countries. You could, conceivably, go to a new place each year.

Undivided interest

Another recent concept being employed in the recreational property industry is undivided interest which refers to a system of conveying usufructuary rights wherein all members share equally in the use and ownership of the entire property.

Closely related to timesharing, the use of undivided interest as a means of dividing property on a share-and-share-alike basis is not a new phenomenon. It has been utilized in intentional communities, collective agriculture endeavors, hunting and ski groups, and as a common basis for partnership arrangements. What is new, however, is the application of this form of ownership to the development and marketing of large-scale recreation properties. Unfortunately, the newness and uniqueness of the concept makes it practically impossible to undertake a productive analysis of the state-of-the-art. Several undivided interest projects directed to the RV camper were initiated in the early 1970's. For the most part they were unsuccessful due to an economic recession, gasoline shortage, and probably the newness of the concept. During the past two years, several such projects have been attempted with varying degrees of success.

The main difference between timesharing and undivided interest is that in the latter alternative, the buyer has unlimited access to the recreational property (whether it be actual shelter or a campsite) while the former alternative only allows access during a specific time period. Also, undivided interest always gives the consumer shared ownership of the whole (land and improvements) while the opportunity of ownership may or may not be applied to timesharing.

An example of a recent undivided interest project is being implemented in Idaho. Here, 500 buyers will share equally in the ownership of a 4,000 acre ranch, cattle, an extensive set of recreational amenities, and 40 cluster housing units. For $40,000 apiece they receive 1/500 ownership in addition to unlimited access to the housing units throughout the year, on a first-come-first-served basis.

Summary of market trends

As indicated by the wide variety of products brought onto the recreational land market in the late 1960's and early 1970's, it once appeared that the demand for such items was almost insatiable. Between 1967 and 1973, millions of properties were created and purchased.

However, in late 1973 the market for recreational properties encountered a plethora of problems and went into a severe downturn for several years. Causes included such items as extensive negative publicity about consumer ripoff, a national economic recession and the tightening of financial resources, the energy crisis, environmental concerns, and a mass of new public regulations imposed upon the private land development process.

During about the middle of 1976, the market began to again become more active due to:

1. more discretionary income;
2. more faith on the part of the buyer that the many new consumer and environmental regulations assured a safer and more usable product;
3. availability of additional alternatives such as timesharing and undivided interest; and
4. traditional motivational factors such as status, familism, desire to participate in outdoor recreation, desire for ownership of real property, the frontier fantasy with open space and scenic areas, desire to escape urban disamenities, opportunity for equity appreciation, and a variety of other reasons.

While demand for privately owned recreational properties (especially vacant lots) may never again reach comparable proportions as during the 1967 to 1973 period, the market will most certainly always exist in this country to some degree.

MAGNITUDE AND LOCATION OF EXISTING RECREATIONAL PROPERTIES

Recreational lots

Reliable figures for the number of recreational properties are not available. Fragmented estimates are found in several sources, however, and can be used to provide some approximate base figures.

Since 1968, all recreational land projects in the United States containing more than 50 lots and that are advertised outside of the state in which they are located, have to be registered with the Office of Interstate Land Sales Registration (OILSR), in the U.S. Department of Housing and Urban Development.

In reviewing the OILSR data, it is found that almost 5 million lots were registered in 4,388 projects during the 10 years from 1968 to June 1977. Contained in these projects are about 4.4 million acres of subdivided land. Table 1 shows the location of these registered projects on a state-by-state basis.

Table 1.--Distribution of Projects, Acres, and Lots Registered With OILSR, By State, 1968 to 1977

State	Projects	Acres	Lots
United States	4,388	4,363,620	4,862,478
Alabama	28	12,812	14,601
Alaska	11	2,789	2,494
Arizona	443	464,745	392,336
Arkansas	72	90,270	149,451
California	399	415,130	287,652
Colorado	256	399,679	190,929
Connecticut	5	2,747	2,079
Delaware	34	3,067	7,340
Florida	665	1,426,065	1,716,898
Georgia	59	30,862	32,859
Idaho	47	10,175	9,192
Illinois	31	22,657	37,325
Hawaii	57	26,668	27,552
Indiana	45	16,741	32,515
Iowa	20	8,429	12,357
Kansas	18	7,434	16,238
Kentucky	65	11,493	23,680
Louisiana	19	10,451	11,811
Maine	27	10,827	10,814
Maryland	40	12,992	23,680
Massachusetts	30	8,249	11,363
Michigan	86	41,341	51,090
Minnesota	17	9,634	11,978
Mississippi	55	28,372	52,067
Missouri	111	33,204	63,025
Montana	22	5,896	3,726
Nebraska	7	2,693	7,218
Nevada	39	70,527	45,339
New Hampshire	53	14,756	10,784
New Jersey	16	5,295	12,031
New Mexico	94	390,108	422,477
New York	17	9,150	17,321
North Carolina	153	69,409	87,301
Ohio	40	15,652	39,359
Oklahoma	13	3,983	8,603
Oregon	79	50,639	23,676
Pennsylvania	166	113,135	157,680
South Carolina	44	18,646	20,855
South Dakota	3	167	198
Tennessee	63	30,956	59,701
Texas	510	269,679	531,465
Utah	72	32,031	28,329
Vermont	26	12,250	8,319
Virginia	111	61,871	93,072
Washington	117	41,824	51,924
West Virginia	23	4,957	15,788
Wisconsin	64	29,806	23,284
Wyoming	16	3,357	3,070

Source: U.S. Department of Housing and Urban Development, Office of Interstate Land Sales Registration, Washington, D.C. Unpublished material obtained from the office.

It is found that a very significant concentration of projects occurs in a small number of states. Almost 1/2 (46.1 percent) of the 4,388 projects are located in only 4 states (Florida, Texas, Arizona, and California). Over 1/4 (26.8 percent) are located in Florida and Texas alone.

Table 1 also provides information on the distribution of lots and acres in these projects. The 6 states of Florida, New Mexico, Arizona, Texas, Colorado, and California contain 77.2 percent of all the acres and 73.1 percent of all the lots. In absolute figures, we find that in these 6 states alone, about 3.3 million acres and 3.5 million lots have been subdivided in the past 10 years for recreational use.

When analyzing the location of recreational land projects registered with OILSR on a county-by-county basis, it is found that 1,310 counties have such projects. This represents about 1/3 of all the counties (3,115) in the United States.

Some 682 counties contain either: (1) 5 or more recreational land projects registered with OILSR; (2) 1,000 or more lots in such projects; and/or (3) 1,000 or more acres in such projects. Most noticeable locations for recreational subdivision activity are counties either: (1) along the major coast lines

(Pacific, Atlantic, Gulf, and Great Lakes); (2) in mountain ranges (Poconos, Ozarks, Rockies, Cascades, and Sierras); (3) throughout the southwestern states of Colorado, Utah, New Mexico, Arizona, and Texas; (4) in traditional recreation-oriented states such as Florida, Vermont, New Hampshire, California, etc.; and (5) surrounding major metropolitan areas and containing some type of natural recreational amenity.

While the preceding discussion indicates that recreational land development was very rampant between 1968 and 1977 as measured by the large number of projects filed with OILSR, it is estimated that perhaps only 2/3 of all recreational land subdivisions in the country actually have been registered. If these non-registered projects were included, the totals would probably be closer to 6,000 projects, 7.5 million lots, and 6 million acres.

It also is known that only a portion of all recreational lots are found in subdivided recreational land projects. Many more are found as scattered lots sold off by individual land owners during the past many decades.

A national opinion survey by Opinion Research Corporation of Princeton, New Jersey, found that 8.5 percent of all households in 1973 owned a recreational lot. In absolute terms, this represents some 5.4 million lots. It is impossible to accurately estimate the total number of both sold and unsold recreational lots. However, some surveys indicate that only between 1/3 and 1/2 of all subdivided recreational lots have been sold. If this is true, it would mean that somewhere between 12 and 15 million recreational lots currently exist in this country, which is probably a conservative estimate.

Vacation homes

For vacation homes, the most reliable figures on existing stock are available from the 1970 United States Census of Housing. Frequent estimates have been made by other researchers, but they represent only fragmentary, educated guesses. Unfortunately, not even the Census has provided a well-defined count of vacation homes.

Within the vast array of information from the Census are 2 sets of data that relate directly to vacation housing. The first set is concerned with the vacation homes themselves.[1/] The second set is concerned with the number of households which own vacation homes.[2/] Thus, the second set of data shows numbers of households (i.e., families), while the first set shows a physical count of housing units.

In looking at the two Censuses, we find that the count for the physical units themselves is only 2,143,434 (U.S. Bureau of the Census 1972). On the other hand, the count of households owning vacation homes is 2,889,771 (U.S. Bureau of the Census 1972). It is the author's opinion that the latter number more closely approximated the true extent of the existing market in this country as of 1970 since it compares favorably with previous estimates from other surveys, including: (1) 1,897,882 "vacation" homes from the 1960 Census of Housing; (2) 2,350,000 households owning "second" homes from a 1964 Michigan Survey Research Center Study (Lansing 1964); and (3) 2,970,000 households owning "vacation" homes from an American Telephone and Telegraph Company Study in 1965. If assuming an approximate increase of 150,000 new homes during the past few years, it appears the total standing stock of vacation homes in the United States is now about 3.5 million. This would mean that slightly over 5 percent of all households own a vacation home, and that this type of unit accounts for slightly less than 5 percent of the total housing stock.

As shown in Table 2, over 50 percent of the vacation homes are found in only 10 states, with almost 1/3 being in the five states of Texas, Michigan, New York, Wisconsin, and California. For the most part, states with large numbers of vacation homes have some major recreational amenities, contain or are in close proximity to established metropolitan areas, or are very large in area.

Table 2.--Distribution of Vacation Homes, By State, 1970

State	Total Housing Units	Vacation Homes [a/]	Percent of Total Housing Units	Percent of Total Vacation Homes (% of 2,143,434)
U.S.	68,418,094	2,143,434	3.1	100.0
AL	1,120,219	32,663	2.9	1.5
AK	88,428	6,705	7.6	.3
AZ	584,116	16,380	2.8	.8
AR	675,593	27,658	4.1	1.3
CA	6,994,533	96,639	1.4	4.5
CO	757,053	35,467	4.7	1.7
CT	980,849	15,325	1.6	.7
DE	180,212	8,134	4.5	.4
FL	2,526,536	41,735	1.7	2.0
GA	1,471,132	33,683	2.3	1.6
HI	216,066	3,053	1.4	.1
ID	244,681	15,335	6.3	.7
IL	3,701,866	38,722	1.1	1.8

Table 2.--(Continued)

State	Total Housing Units	Vacation Homes a/	Percent of Total Housing Units	Percent of Total Vacation Homes (% of 2,143,434)
IN	1,730,020	45,367	2.6	2.1
IA	958,560	29,192	3.1	1.4
KS	791,022	20,724	2.6	1.0
KY	1,064,436	33,332	3.1	1.6
LA	1,150,313	30,833	2.7	1.4
ME	397,140	73,562	18.5	3.4
MD	1,248,747	28,014	2.2	1.3
MA	1,890,319	51,746	2.7	2.4
MI	2,954,451	188,864	6.4	8.8
MN	1,276,082	83,855	6.6	3.9
MS	699,168	28,364	4.1	1.3
MO	1,673,332	64,330	3.8	3.0
MT	246,603	16,225	6.6	.8
NE	514,617	18,521	3.6	.9
NV	172,558	4,277	2.5	.2
NH	280,962	43,908	15.6	2.1
NJ	2,387,535	61,033	2.6	2.9
NM	325,715	14,527	4.5	.7
NY	6,298,385	181,138	2.9	8.5
NC	1,641,131	66,811	4.1	3.1
ND	256,222	14,301	5.6	.7
OH	3,465,161	47,936	1.4	2.2
OK	925,238	27,758	3.0	1.3
OR	744,602	20,946	2.8	1.0
PA	3,924,503	92,813	2.4	4.3
RI	317,193	9,974	3.1	.5
SC	812,148	36,242	4.5	1.7
SD	225,183	15,000	6.7	.7
TN	1,300,183	32,680	2.5	1.5
TX	3,825,299	130,580	3.4	6.1
UT	315,734	7,979	2.5	.4
VT	165,068	27,291	16.5	1.3
VA	1,492,887	46,525	3.1	2.2
WA	1,220,447	45,010	3.7	2.1
WV	597,266	26,230	4.4	1.2
WI	1,472,257	100,336	6.8	4.7
WY	116,323	5,711	4.9	.3

a/ "Vacation Homes" are enumerated by combining the United States Bureau of the Census categories, "Rural Seasonal Vacant" and "Other Rural Vacant." This combination basically includes housing units which are intended for occupancy during only certain seasons of the year

Source: U.S. Department of Commerce, Bureau of the Census, U.S. Census of Housing, 1970, Detailed Housing Characterists, (Washington, D.C. U.S. Government Printing Office, 1972), Final Report HC(1)-B1-52, Table 32.

At the other end of the spectrum are 18 states which contain less than 10 percent of the total vacation homes. For the most part, these are either: (1) isolated in location or very sparsely populated (e.g., Montana, Idaho, Utah, Wyoming, etc.); (2) void of many outdoor recreational amenities (e.g., Kansas, Nebraska, Nevada, etc.); (3) small in land area and highly urbanized (e.g., Connecticut, Rhode Island, Delaware, etc.).

All of the top 20 states contain some outstanding attractions important for the location of vacation homes. Only Missouri and Colorado do not have frontage on an ocean, the Gulf of Mexico, or the Great Lakes. Eight have mountains to provide year-round recreation, and most have a good climate. Also, all top 20 states are located fairly close to large metropolitan areas. When combining these factors, it becomes apparent that population density is not the only location determinant. Of course, many of the same amenities which attract vacation home buyers also attract permanent residents. When considering this fact, it is interesting to note that most of the top 20 states in the absolute ranking increased considerably more in total population between 1960 and 1970 than did the lower 30 states.

Another way of analyzing the distribution of vacation homes is to calculate the percentage of total housing units comprised of vacation homes in each state. In looking at the relative comparisons between vacation homes and total housing units in Table 2, it is noted that only 3.1 percent of all housing units in the United States are classified in the 1970 Census as "vacation homes."

On an individual state basis, the three New England states of Maine, Vermont, and New Hampshire had rates more than twice as high as any other state. Here, year-round population density is low, and vacation homes have been accumulating for decades due to a combination of outdoor recreational amenities and close proximity to large metropolitan areas. In fact, except for Michigan, the top 20 states are generally rural and have relatively small populations.

The 1970 Census of Population included for the first time extensive data describing the owners of vacation homes. These data are "historical" in nature in that the 1970 Census count represents years of accumulation. In other words, the data describe persons already owning vacation homes instead of those who are currently buying or even, more importantly, those who plan to buy in the future. Thus, the count represents thousands of families who have owned vacation homes for many years. Significant variations most assuredly occur between the different sets of buyers, but it is not possible to determine these differences in any great detail.

The 1970 Census only asked questions about vacation home ownership and neglected to include anything on recreational lot ownership, so that few insights are available on ownership patterns for recreational lot owners.

The Census data show that the vast majority of owners (68.0 percent) reside within SMSAs, and that 31.0 percent reside within central cities. However, the rate of ownership (4.1 percent) is lower for central city residents than for any other area. This, of course, is due to the fact that central city populations are weighted by a great number of low-income families who are non-participants in the vacation home market. Some 33.3 percent of all households in the United States live in central cities, whereas only 31.4 percent of all vacation home owners do. However, if family income were cross-tabulated with location, it would probably show that the rate of ownership among higher-income families living in central cities is considerably higher than for comparable income families living elsewhere.

Rate of vacation home ownership is highest (4.8 percent) in the urban balance, which is caused by the high percent of affluent families living in suburbs in comparison with the overall population in those areas. The rate of vacation home ownership outside SMSAs (4.7 percent) also is higher than the national average. Here, the reason is not desire to escape the urban disamenities but, more importantly perhaps, the closer proximity and ease of travel between primary home and vacation home. In other words, families living outside SMSAs for the most part do not encounter congested weekend traffic and find it easier to get back and forth to the vacation home.

The concentration of vacation home owners within a few states is quite evident as shown in Table 3. The top five states (New York, California, Michigan, Texas, and Pennsylvania) contain over 1/3 (36.7 percent) of all households in the country who own vacation homes. The top 10 states (adding Florida, Massachusetts, Illinois, Ohio and New Jersey) contain over 1/2 (56.7 percent) of the vacation home households. On the other end of the spectrum, the bottom 5 states contain only 1.5 percent of the total and the bottom 10 states only 3.8 percent. For the most part, there is a direct relationship between population size and number of vacation home owners.

Table 3.--Distribution of Households Owning a Vacation Home, By State, United States, 1970

State	Total Households	Households Owning a Vacation Home[a/]	Percent of Total Households	Percent of Total Households Owning a Vacation Home (% of 2,889,771)[a/]
United States	63,446,641	2,889,771	4.6	100.0
Alabama	1,034,113	43,108	4.2	1.5
Alaska	79,059	8,389	10.6	.3
Arizona	539,157	36,674	6.8	1.3
Arkansas	615,424	19,863	3.2	.7
California	6,573,861	264,342	4.0	9.1
Colorado	690,928	34,775	5.0	1.2
Connecticut	933,269	45,777	4.9	1.6
Delaware	164,804	9,517	5.8	.3
District of Columbia	262,538	12,905	4.9	.4
Florida	2,284,786	146,020	6.4	5.1
Georgia	1,369,225	50,380	3.7	1.7
Hawaii	203,088	8,463	4.2	.3
Idaho	218,960	12,641	5.8	.4
Illinois	3,502,138	110,933	3.2	3.8
Indiana	1,609,494	59,506	3.7	2.1
Iowa	896,311	30,104	3.4	1.0
Kansas	727,364	22,925	3.2	.8
Kentucky	983,665	32,601	3.3	1.1

Table 3.--(Continued)

State	Total Households	Households Owning a Vacation Home[a/]	Percent of Total Households	Percent of Total Households Owning a Vacation Home (% of 2,889,771)[a/]
Louisiana	1,052,038	46,877	4.5	1.6
Maine	302,923	35,666	11.8	1.2
Maryland	1,175,073	42,990	3.7	1.5
Massachusetts	1,759,073	112,962	6.4	3.9
Michigan	2,653,059	185,778	7.0	6.4
Minnesota	1,153,946	77,099	6.7	2.7
Mississippi	636,724	20,154	3.2	.7
Missouri	1,520,567	55,750	3.7	1.9
Montana	217,304	15,983	7.4	.6
Nebraska	473,304	15,207	3.2	.5
Nevada	160,052	8,139	5.1	.3
New Hampshire	225,378	17,345	7.8	.6
New Jersey	2,218,182	101,680	4.6	3.6
New Mexico	289,389	18,671	6.5	.6
New York	5,913,861	289,164	4.9	10.1
North Carolina	1,509,564	56,265	3.7	1.9
North Dakota	181,613	10,562	5.8	.4
Ohio	3,289,432	105,129	3.2	3.6
Oklahoma	850,803	31,151	3.7	1.1
Oregon	691,631	30,032	4.3	1.0
Pennsylvania	3,702,304	153,311	4.1	5.4
Rhode Island	291,965	13,337	4.6	.5
South Carolina	734,373	34,829	4.7	1.2
South Dakota	200,807	9,410	4.7	.3
Tennessee	1,213,187	38,451	3.2	1.3
Texas	3,433,996	164,785	4.8	5.7
Utah	297,934	12,222	4.1	.4
Vermont	132,098	11,835	9.0	.4
Virginia	1,390,636	53,133	3.8	1.8
Washington	1,105,587	65,376	5.9	2.3
West Virginia	547,214	23,999	4.4	.8
Wisconsin	1,328,804	76,216	5.7	2.6
Wyoming	104,600	7,340	7.0	.3

[a/]"Vacation home" is considered synonymous with the United States Bureau of the Census category "second home," which is defined as, "...a single family house, vacation cottage, hunting cabin, ski lodge, etc., which is owned and held for use sometime during the year by the owners or members of his household."

Source: U.S. Department of Commerce, Bureau of the Census, U.S. Census of Housing, 1970, Detailed Housing Characteristics (Washington, D.C., U.S. Government Printing Office, 1972) Final Report HC(1)-B1-52, Table 37.

Of the top 10 states in terms of absolute number of vacation home owners, only Michigan remains in the top 10 for rate of vacation home ownership. Of the top 20 in terms of absolute number of vacation home owners, only 5 (Michigan, Massachusetts, Florida, Washington, and New York) reappear in the top 20.

The primary reason for this variation is quite simple. The most populous states have the greatest number of vacation home owners simply because there are more people to participate in the market. At the same time, however, these densely populated states usually contain several large urban centers. Due to population shifts and economic opportunities, most urban centers contain high proportions of low- to middle-income households that normally are eliminated from participation in the vacation home market. All of these households are included when calculating ownership rates and explain the lower ranking for most of the densely populated states.

States ranking highest in terms of vacation home ownership tend to be concentrated in a few regions of the country. Specifically, these regions are: (1) Northern New England, where vacation home ownership has traditionally been a cultural occurrence; (2) the Great Lakes states; and (3) the Rocky Mountain states. On the other end of the spectrum are many of the southern and mid-western states where average incomes are relatively low and few natural recreational amenities exist.

Other recreational properties

Due to either their recentness and/or smallness, it is almost impossible to estimate the existing magnitude of the markets for resort condominiums, timeshares, and undivided interest. According to most reliable estimates, as will be expanded upon in the following section, it is estimated that roughly 600,000 wholly owned resort condominium units exist in this country. At the same time, it is known that perhaps only a handfull of undivided interest projects exist; probably not involving more than 100,000 owners.

The timeshare market has burgeoned tremendously since its initiation in the late 1970's. Increased demand for timeshare is evidenced by the following gross estimates:

Year	Existing Timeshare Projects	Annual Dollar Volume	Existing Consumers
1977	175	$125 million	100,000
1978	275	$300 million	200,000
1979	350	$750 million	300,000

FUTURE DEMAND FOR RECREATIONAL PROPERTIES

Methodology

Any numerical projections for recreational properties are certainly subject to question. Since recreational property is not a basic necessity such as food, clothing, and primary lodging, it is open to major changes in demand. Most certainly, demand decreases during economic recessions and increases during periods of economic expansion.

As noted earlier, demand for new recreational property has decreased tremendously since 1973 due to negative publicity, market saturation, negative status, environmental concerns, public regulations, the energy crisis, etc. While it appears that demand has again increased since 1976, it seems unlikely that it will ever again reach the proportions realized between 1967 and 1973. At any rate, all numerical projections made in 1980 will be subject to many unforeseen parameters in the future. The reader is cautioned to remember these limitations in applying the following projections for the three major submarkets of recreational lots, detached vacation homes, and resort condominiums. No attempt is made to project demand for the timeshare and undivided interest projects, although it is quite possible that in future years, demand for these commodities will far outstrip the other three.

Steps involved in making the projections include the following:

1. The estimated number of households for the 4 Census regions in 1980 and 1985 were derived from the Bureau of the Census (U.S. Bureau of the Census, 1973).

2. Propensity for future ownership of recreational properties was obtained primarily from a nationwide opinion survey conducted by the Opinion Research Corporation of Princeton, New Jersey. The survey was conducted on a personal interview basis in the homes of the respondents. It involved a weighted sample of 7,190 households throughout the United States.

3. These numerical projections were then reconsidered in light of several other nationwide projections of future demand for recreational properties. These projections were less detailed in regard to type of property or future data and were used simply as benchmarks to ascertain whether the projections derived in (2) were reasonable.

4. The 4 sets of projections were then integrated with subjective interpretation based upon knowledge and insights gained from supporting research. Though the discrepancies between the various sets of projections were surprisingly small, the final projections are somewhat more conservative than those in the 4 mentioned sets of projections. It is felt that persons tend to be overly optimistic about their future plans for purchasing recreational properties. In many instances, such plans are never realized and the discretionary income is allocated to other household items. Recent literature published concerning the market also was reviewed.

Numerical projections

Table 4 presents demand in the United States for various types of recreational properties (as an aggregate), vacant recreational lots purchased for the purpose of building a future vacation home, recreational lots occupied by a single-family detached vacation home, and resort condominium units. Both absolute and relative figures are included in the table. Table 4 presents absolute projections for the four types of recreational properties on a regional basis, while Table 5 presents the same material with relative figures.

Table 4.--Demand for Recreational Properties By Type of Property, United States, Estimated for 1980 and Projected for 1985.

Type of Property	1980	1985
Number of Households	77,000,000	84,000,000
Number of Households Owning Recreational Properties	8,085,000	10,080,000
Percent of Total Households	10.5	12.0
Number of Households Owning Vacant Recreational Lot for Speculation/Investment	1,694,000	2,100,000
Percent of Total Households	2.2	2.5
Number of Households Owning Vacant Recreational Lot for Future Building	1,309,000	1,680,000
Percent of Total Households	1.7	2.0
Number of Households Owning Single Family Detached Vacation Home	4,466,000	5,376,000
Percent of Total Households	5.8	6.4
Number of Households Owning Resort Condominium Unit	616,000	924,000
Percent of Total Households	.8	1.7

For 1980, it is estimated that about 8,085,000 households (or about 10.5 percent of the total) in the United States own one of the 4 primary types of recreational property. Most of these properties (almost 4 million) represent a recreational lot occupied by a single-family detached vacation home. The type with the lowest frequency was the resort condominium (about 400,000).

It is projected that by 1985, the number of recreational properties will increase to over 10 million, which means that about 12 percent of all households will own such property. Significant increases will occur between 1980 and 1985 as the post World War II baby boom reaches the time in the family life cycle when propensity for purchase of recreational property is greatest.

In terms of the type of recreational properties to be demanded, it appears that least increase will be realized in the demand for vacant recreational lots, especially those purchased primarily for speculation or investment purposes. Most significant increases in demand will be for recreational shelter, both single-family detached vacation homes and resort condominiums. In absolute terms, the greatest increase will occur in the detached units, from about 4.5 million to about 5.4 million. In relative terms, the greatest increase will occur for resort condominiums, increasing from .8 percent to 1.7 percent of the households.

On a regional basis, as shown in Table 5, a wider dispersion will occur, partly due to regional shifts in population and household formation and partly due to changing regional propensities for purchase of recreational properties.

It is anticipated that relatively little increase in demand will occur in the Northeast for recreational lots purchased only for speculation or investment purposes. At the same time, the most significant growth for this commodity will occur in the West. Such conditions reflect availability of land, saturation of the market, etc. Similar regional trends are projected to occur for recreational lots purchased for future building of a vacation home, although the variations are less severe. For the latter type of recreational property, most significant increases in absolute terms are anticipated in the South and fewest increases in the Northeast.

For single-family detached vacation homes, the greatest absolute growth will occur in the South and West. The anticipated regional growth patterns for resort condominium units will be even more exaggerated, with very significant increases to occur in the South and West. Such patterns again reflect market saturation, availability of land, lack of consumer opportunity, etc.

Table 6 presents changes in the percent of total households in the region which will own the various types of recreational properties. These figures were derived from the previously mentioned surveys and were utilized in the preparation of Table 6.

Table 5.--Demand for Recreational Properties, By Type of Property, By Region, United States, Estimated for 1980 and Projected for 1985.

Region	A. Number of Households (Percent of Total in Parenthesis) 1980	1985
Northeast	16,600,000 (21.5)	17,500,000 (21.0)
North Central	20,500,000 (26.0)	22,000,000 (26.0)
South	25,000,000 (32.5)	28,000,000 (33.0)
West	16,500,000 (20.0)	17,000,000 (20.0)
United States	77,000,000 (100.0)	84,000,000 (100.0)

Region	B. Number of Households Owning Recreational Properties 1980	1985
Northeast	1,746,400 (21.6)	2,167,200 (21.5)
North Central	1,827,200 (22.6)	2,318,400 (23.0)
South	2,482,100 (30.7)	3,255,600 (32.0)
West	2,029,300 (25.1)	2,683,800 (23.5)
United States	8,085,300 (100.0)	10,080,800 (100.0)

Region	C. Number of Households Owning Vacant Recreational Lot for Speculation/Investment 1980	1985
Northeast	347,200 (20.5)	336,000 (16.0)
North Central	406,600 (24.0)	420,000 (20.0)
South	457,400 (27.0)	703,500 (33.5)
West	482,800 (28.5)	640,500 (30.5)
United States	1,694,000 (100.0)	2,100,000 (100.0)

Region	D. Number of Households Owning Vacant Recreational Lot for Future Building of Vacation Home 1980	1985
Northeast	255,600 (18.0)	285,000 (17.0)
North Central	274,900 (21.0)	369,600 (22.0)
South	432,000 (33.3)	571,200 (34.0)
West	366,500 (28.0)	453,600 (27.0)
United States	1,309,000 (100.0)	1,680,000 (100.0)

Region	E. Number of Households Owning Single Family Detached Vacation Home 1980	1985
Northwest	1,036,100 (23.2)	1,236,500 (23.0)
North Central	1,107,600 (24.8)	1,290,200 (24.0)
South	1,357,600 (30.4)	1,585,900 (29.5)
West	964,700 (21.6)	1,263,400 (23.5)
United States	4,466,000 (100.0)	5,376,000 (100.0)

Region	F. Number of Households Owning Resort Condominium Unit 1980	1985
Northeast	129,400 (21.0)	194,100 (21.0)
North Central	163,200 (26.5)	240,200 (26.0)
South	194,000 (31.5)	300,300 (32.5)
West	129,400 (21.0)	189,400 (20.5)
United States	616,000 (100.0)	924,000 (100.0)

Table 6.--Demand for Recreational Properties, By Type of Property, By Region, Unites States, Estimated for 1980 and Projected for 1985.

A. Percent That Househoulds Owning Recreational Properties Are of Total Households

Region	1980	1985
Northeast	10.5	12.4
North Central	8.9	10.5
South	9.9	11.5
West	12.3	13.9
United States	10.5	12.0

B. Percent That Households Owning Vacation Recreational Lot For Speculation/Investment Are of Total Households

Region	1980	1985
Northeast	2.0	1.9
North Central	1.9	1.9
South	1.8	2.5
West	2.9	3.8
United States	2.2	2.5

C. Percent That Households Owning Vacant Recreational Lots for Future Building of Vacation Home Are of Total Households

Region	1980	1985
Northeast	1.4	1.6
North Central	1.3	1.7
South	1.7	2.0
West	2.2	2.7
United States	1.7	2.0

D. Percent That Households Owning Single Family Detached Vacation Homes Are of Total Households

Region	1980	1985
Northeast	5.2	7.1
North Central	5.4	5.9
South	5.4	5.7
West	5.8	7.4
United States	5.8	6.4

E. Percent That Households Owning Resort Condominium Units Are of Total Households

Region	1980	1985
Northeast	.8	1.1
North Central	.8	1.1
South	.8	1.1
West	.8	1.1
United States	.8	1.1

Influencing Factors

Despite the preceding effort, it is difficult to derive any concrete conclusions about future demand for recreational properties. It appears that the realization of short-term demand will be definitely affected by a series of issues which may or may not be in evidence several years from now. Such current crises facing the recreational land and vacation housing industries as a bad public image, unavailability of financing both for the developer and consumer, the exorbitant costs of building supplies, etc., may continue to exist in the future. However, these items all appear rather inconsequential when assuming a long-range perspective of the markets. For instance, financing rates and availability have traditionally changed drastically within short periods of time; the negative image could be reversed if and when the industry begins to monitor its members; and costs of building supplies and labor have always fluctuated according to the economic climate of the country.

However, when stepping back and considering the long-range future of the markets for recreational properties, a somewhat more complicated picture is portrayed, basically because the influencing parameters become more hazy and confusing and simultaneously more critically influential.

Many long-range indicators portray an optimistic future for increased demand. For instance, it is anticipated that additional discretionary income will become available not only in greater amounts, but also for a larger proportion of the population. Leisure time also will increase and, most significantly, will be available in larger aggregations such as three-day weekends or for extended weeks or even months. Retirement will be possible earlier, and older people will live longer. They also will have more monetary resources available to them, be healthier, and more acquainted with recreational and travel experiences from past participation. The post-World War II baby boom will be reaching the age in the 1980's when propensity for purchase of recreational properties is highest. Interest in nature, ecology, the natural environment, and participation in so-called "healthy and youthful" outdoor recreational activities will continue to increase for wider segments of the population. Thus, most predictions for the so-called opportunity and facilitating factors portray a situation where more and more families will be able to purchase recreational properties.

While these variables are relatively easy to project into the future, at least in numerical terms based upon past trends, a series of other variables also will be very influential. For the most part, these variables are more subjective and thus more difficult to quantify. Their influences will be more subtle but perhaps more critical for long-range future demand for recreational properties.

For instance, the uncertainties of the international situation complicate projections for future personal income in the United States. If the less developed nations of the world begin to demand a more equitable distribution of wealth and resources, either through political or economic coercion, negative effects will most certainly be realized on the GNP of this country. An increasingly larger segment of the population in the United States may perceive the work ethic in a different light in the future and be less motivated toward higher incomes and associated availability of goods and services. Thus, fewer persons may actually have the anticipated discretionary income to buy a second home just for seasonal-recreational purposes, at least in the manner in which many leisure homes are being produced today.

The concern with ecology and preservation of a quality environment does not appear to be a passing fad, but rather one that will continue to increase in the future. More and more communities and states will consider no-growth or limited-growth policies. More and more decision-makers will become more sophisticated about the land development process and will use criteria to determine what type of new land development will prove beneficial to their community in the long-range future. No longer will the only criterion be the possibility of increased contribution to immediate return to the property tax base, but rather more subtle criteria will be used such as costs and benefits related to social, environmental and long-term economic impacts.

Quality land in appropriate proximity to population centers will become less available and much more expensive. More of this land will be maintained in the public domain or placed under much stricter and more rational public control. More land in marginal productivity might have to be used for the support of agriculture and other primary industry in order to satisfy world demands for a more equitable distribution of wealth and resources.

The energy crisis most certainly will effect the future of the market for recreational properties. In the foreseeable future, it seems likely that certain segments of society including legislators and the public at large will question the morality and rationality of allowing some persons to own and develop property simply for seasonal-recreational purposes. The question will most certainly be raised as to why should a select group of people be able to afford two relatively expensive homes when a much larger segment of society has never been able to realize the government's 30-year old goal of a "safe and decent" living environment.

Related to the inequitable distribution of wealth in this country are the current income tax practices which in some instances make owning a condominium or rental vacation home a very profitable venture. It would appear that public pressure will influence additional restrictions to be made in regard to these allowed tax benefits and write-offs.

A whole series of additional changes could occur in the cultural context of our society which might affect the future markets for recreational properties. It appears that a growing segment of the population is less motivated by status attainment and the fee simple ownership of real property. Although perhaps currently restricted to the youth, there are indications that such changes slowly are penetrating other age-groups. At the same time other subtle factors appear to be gaining in popularity. Included are such difficult to define items as sense of community, togetherness, sharing, family, concern with nature, etc. These factors do not necessarily imply changes in demand for recreational properties, but perhaps a change in the type of property which is of interest to the consumer.

Related to these comments, is the fact that our society seems to be ever-increasing in its demand for variety, flexibility, desire for new experiences, etc. More attractions are becoming available for the utilization of leisure time, and the public seems to be responding in terms of buying these new concepts and commodities. Travel clubs, camping clubs, new concepts in land ownership, etc., all appear to be increasing in popularity. The opportunity to experience a variety of recreational activities at relatively inexpensive costs has definite implications for the recreational land industry as we know it today. It would appear that the singular alternative of the fee-simple, single-family detached house on a half-acre lot in a location with one limited set of recreational activities will encounter more and more consumer competition in the future from other forms of recreational pursuits.

In sum, the future for recreational properties is complex. The continuation of past trends and the converging of time, money and attitude seem to suggest a growing market. However, certain unpredictable, long-range factors, such as redistribution of wealth and a heightened energy crisis, may dampen the possibility for an ever-expanding, high-volume market.

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Footnotes

1/According to the Bureau of the Census, a vacation home (called second home in the Census), "...may be a single-family house, vacation cottage, hunting cabin, ski lodge, etc., which is owned and held for use sometime during the year by the owner or members of his household." Second homes may also be owned in partnership with members of a different household. The figures indicate second homes which are sometimes rented or leased on a short-term basis to other persons but are principally held for the owner's occasional use during the year. The statistics refer to the number of households that own (one or more) second homes. The data therefore, do not reflect the number of owned second homes.

2/The count for vacation home households represents both an undercount and overcount due to: (1) the fact that while a household could own more than one vacation home, the actual number does not appear; and (2) the fact that while more than one household may jointly own the same vacation home, each family could claim it as their own for purposes of the Census count. It is impossible to determine from the data whether the undercount or overcount is more significant or whether, in fact they come close to balancing out one another.