The invisible hand of an invisible population: Dynamics and heterogeneity of second-home housing markets

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Abstract

The effects of second-home tourism on property markets has been one of the key debates in second-home research. This has been discussed in association with property speculation, financial vulnerability, gentrification, displacement, and rural development. This paper studies the market prices for all detached homes traded on the open market in Sweden during 1999–2017. It investigates how the market values of second homes have developed over time and how they vary spatially. Results show clear and growing spatial inequalities over the period. It emphasises the dynamic interplay between different forms of dwelling use and the close relationship to spatial context.

KEYWORDS
housing, housing policy, property market, second homes, Sweden, tourism

1 | INTRODUCTION

Second-home tourists are routinely overlooked by administrative systems based on census records. This has the potential to lead to, for example, a mismatch of public service provision, the distribution and collection of public funds, infrastructure and sewerage use, planning efforts, and housing provision (Back, 2020a; Müller & Hall, 2003; Paris, 2011; Persson, 2011). Based on this, second-home tourists have been dubbed an “invisible population” (Müller, 2007). Increasing second-home ownership from the mid-1900s onwards created a greater awareness of the potential impact of second-home-related mobility on rural communities (Aldskogius, 1969; Coppock, 1977; Persson, 2011). The recent literature, often applying tourism geographies perspectives, is concerned with the social implications of second-home tourism, while housing issues and planning implications remain neglected (Back, 2020a; Müller, 2014; Müller & Hoogendoorn, 2013).

Second homes’ relative locations with respect to urban and tourist areas influence use patterns and the second-home housing stock, which is comprised of converted former permanent homes and purpose-built second homes, respectively (Müller, 2006; Müller et al., 2004). This creates distinct geographical patterns, or second-home landscapes (Back & Marjavaara, 2017; Halseth, 1998; Mowl, Barke & King, 2020; Müller, 2004; Pitkänen, 2008), often with divergent development regarding demand and property values (Bourne, 2019; Gallent et al., 2016; Hiltunen & Rehunen, 2014; Hjalager et al., 2011; Marjavaara & Müller, 2007). Several impacts of this diverging development have previously been noted. Second homes can be an integrated or separate part of the housing market, depending on policies, spatial context, and distance from urban areas (Back, 2021; Barke, 2008; Gallent, 1997; Gallent et al., 2016; Lundgren, 1974; Müller & Marjavaara, 2012). In some localities, second-home tourism passes almost unnoticed (Back, 2020b, 2021). Müller (2004) has claimed that second homes can be a mark of economic decline and a lack of housing demand. On the other hand, there are also numerous studies investigating whether second-home tourism displaces or excludes local populations through inflated property values (Bourne, 2019; Gallent et al., 2003, 2004;
Hoogendoorn & Marjavaara, 2018; Marjavaara, 2007, 2009). In contrast to this, Back (2021) argues that second-home demand could boost housing markets enough to enable investments in primary homes, increasing the total supply of housing. Studies on the wider effects of second-home tourism on the housing market are however more uncommon (Paris, 2009, 2014).

Against this background, the present paper aims to analyse second homes as part of the housing market in Sweden. The paper is based on statistical data on every single purchase on the entire Swedish housing market for detached homes. While Sweden certainly has its own unique traits in this regard, the span and scope of the quantitative data used means that variations common to any housing market feature here. This in turn also means that the results of the paper are not unique to Sweden, but could also be useful elsewhere. The paper’s focus is transactions in the housing market; in other words, the Smithian invisible hand (Evansky, 1993) of the invisible population of second-home owners (Müller, 2007). While the actual pricing in housing markets are the results of a complex interplay relating to, for example, property qualities, location, access, amenities, market actors, regional employment, land-use and housing policies, such specifics are outside the scope of the present paper (e.g., Bourne, 2019; Cho et al., 1990; Glaeser et al., 2005; Oland & Thorsen, 2008; Potepan, 1996; Yuheng et al., 2021).

The contribution of the study is threefold. First, whereas several previous studies have focused exclusively on second homes (e.g., Hjalager et al., 2011; Marjavaara & Müller, 2007), this paper follows Barke (2008) and Bourne (2019) in including primary residences in an investigation of a national housing market. This is done in order to underline the market dynamics of second homes and primary residences as complementary forms of dwelling use. Second, whereas previous studies have been limited to assessed property values or local/regional cases (e.g., Gallent et al., 2016; Marjavaara & Müller, 2007), this paper adds detail and a national perspective by analysing 20 years of market prices for individual sales of second homes and primary residences. Third, the paper investigates the spatial heterogeneity of housing markets, emphasising the need for a nuanced view on differences in the demand for as well as the supply, use, and impacts of second-home tourism. To summarise, the paper contributes to the literature on the economic impacts of second homes in general and the relationship between second homes and regional property markets in particular.

2 | LITERATURE REVIEW

To date, the economic impacts of second homes have not been a prominent topic of research. Economic impact studies have primarily focused on direct impacts on private-sector businesses and estimated the additional income generated by second-home tourism (Bohlin, 1982; Czarnecki, 2018; Hoogendoorn, 2010; Jansson & Müller, 2003; Müller, 1999; Velvin et al., 2013). Other studies have investigated the impact of second-home tourism on public sector revenues (Deller et al., 1997; Fritz, 1982; Weichelt & Zeitler, 2021).

2.1 | Second homes and the property market

Research on how second-home tourism impacts housing markets has primarily focused on the effects on local housing provision (Coppock, 1977c; Gallent et al., 2016; Hoogendoorn & Marjavaara, 2018; Marjavaara, 2008; Paris, 2011). Studies on the wider effects on housing markets are more uncommon. For example, Marjavaara and Müller (2007) analysed the assessed property values of second homes in relation to second-home locations, Barke (2008) investigated the market relationship between second homes and primary residences, and Visser (2004) and R. Barnett (2007) discussed second-home property markets as arenas for investment and speculation. Gallent et al. (2016) attempted to systemise how second homes potentially affect local housing markets economically. In this, they mention competition, inflation, initial acquisition, property speculation, and housing stock improvements. These dimensions are obviously interrelated, and causal relations in their argument often point to the anticipated impacts of second-home tourism, usually assuming a displacement induced by second-home tourism (Coppock, 1977a; Shucksmith, 1983). Empirically, the argument is supported by increasing property values in second-home destinations in the UK (Paris, 2011). Norris and Winston (2010) showed that the interest in second homes is mainly driven by increasing affluence. In contrast, Müller (2004) and Marjavaara (2007, 2008) argue that rural change is a major driver of second-home development in Sweden. This implies a limited demand for housing in some locations owing to urbanisation trends, with second-home owners becoming scapegoats for an overall rural economic development that disqualifies rural dwellers from competing in the housing market (Barnett, 2013; Marjavaara, 2007). Gallent et al. (2003, p. 280) argue that “second home buyers unwittingly exploit the weaknesses of the rural economy.” Moreover, they note that the economic preconditions for second-home purchases differ over time. However, the particular impacts of second-home tourism are also contingent on different policy regimes, for example when it comes to land-use, taxes and legal definitions of second homes (Hall, 2015; Hall & Müller, 2018b; Rinne et al., 2014). These differences have not only affected the second-home literature (Hoogendoorn & Marjavaara, 2018; Paris, 2011), but also second-home tourists (e.g., Hannonen et al., 2015; Norris et al., 2010).

2.2 | Second-home landscapes

Just as any other building, second homes are neither supplied nor demanded equally across space (Marjavaara & Müller, 2007; Müller, 2006). Second-home owners want their second homes to be reasonably close to their primary residence, but proximity can be traded for longer distances if this enables access to desired amenities (Müller, 2006; Müller et al., 2004; Qviström et al., 2016; Strandell & Hall, 2015). The densest second-home areas tend to be located close to urban areas or tourism hotspots, such as mountains, coasts, or lakes, where the amenities have justified the construction of purpose-built second homes (Adamik et al., 2016; Coppock, 1977b; Gallent et al., 2016; Müller, 2005, 2006, 2007; Müller & Marjavaara, 2012; Overvåg, 2010; Yuheng et al., 2021). Other regions experience limited
demand, and the presence of second homes is mainly explained by a conversion of housing from permanent use or a regional demand (Müller, 2004).

Müller et al. (2004) offer a theoretical framework to grasp these variations and to assess spatial differences in the impacts of second-home tourism, for example on local housing markets. Continua along
two interrelated axes, one representing the distance between primary residence and second home and one the mix of converted and purpose-built homes, are used to characterise the variation. This results in four ideal second-home landscape types, dominated respectively by (1) converted weekend second homes, (2) converted vacation homes, (3) purpose-built weekend homes, and lastly (4) purpose-built vacation homes (Back & Marjavaara, 2017). Each of these types corresponds to certain geographical settings, meaning differences in frequency of second-home use (as a function of distance) and quality of amenities (see Figure 1 and Table 1).

Each type also corresponds to a certain set of property market characteristics that are the results of varying demand and supply. A limited demand for permanent and secondary housing often results in the conversion of permanent residences into second homes, implying limited competition for housing (Müller, 2004; Müller et al., 2004). This particularly applies in landscapes lacking major amenities, with ongoing out-migration and ageing populations. In contrast, purpose-built second homes indicate amenity-rich landscapes and a considerable demand for a limited resource (Müller, 2004, 2005). This is accentuated on the amenity-rich outskirts of metropolitan areas, where the demand for second homes and permanent homes, respectively, causes collision and competition over the same property (Müller & Marjavaara, 2012). New buildings can moderate demand, but the demand for primary residences often has displaced that for secondary purposes further out from the metropolis (Lundgren, 1974). In peripheral tourism destinations the demand is mainly for second homes, and hence, the local demand for primary residences is relocated to less attractive spots in the vicinity (Gallent et al., 2003). Furthermore, dynamism is added by urbanisation and an increasing affluence, leading to a polarisation of second-home landscapes (Müller, 2002; Paris, 2011).

Back and Marjavaara (2017) have applied the above framework to categorise the geography of second homes in Sweden. The results have then been used to assess public planners’ perceptions and understandings of the second-home situations in the different landscape types (Back, 2020b, 2021). In the following, the relationship between the respective demand for second homes and primary residences is analysed empirically for the four landscape types presented above.

### 3 DATA AND METHOD

This paper is based on official data from Statistics Sweden (2019) recording all sales of detached homes in Sweden between 1999 and 2017. The dataset covers about 1.4 million cases, with each case representing a sold property. Hence, many properties in the data material may have been put on the market several times during the course of the period covered. In such cases, each sale is counted separately. Properties with new houses are not included in the material, meaning that all cases represent a dwelling with a previous owner. All sales have been georeferenced by Statistics Sweden and aggregated to 250 × 250-metre squares in urban areas, and 1000 × 1000-metre squares in rural areas. Apart from location, other variables in the dataset are the price for each sale, the year and month of the deal, and whether the property was used as a second home or a primary residence at the date of sale. All prices have been adjusted for inflation using the official consumer price index (Statistics Sweden, 2019b).

The classification of properties in the dataset as primary or permanent residences has been done in two different ways. Until 2014 the classification was done by the Swedish Tax Agency (Swedish Tax Agency, 2014), based on property owners’ own reports on dwelling use for taxation purposes. If a property changed hands, the classification changed in the registry if the new owner reported a dwelling use different from that of the previous owner. For example, if a second home was sold and used as a primary residence, the classification changed if the new owner reported the conversion to the Tax Agency.

Table 1: Second homes and property market relationships for various geographical settings, based on Müller (2002, 2005); Müller et al. (2004)

<table>
<thead>
<tr>
<th>Converted second-home type</th>
<th>Geographical setting</th>
<th>Property market characteristics</th>
</tr>
</thead>
</table>
| Converted weekend second homes | Ordinary rural hinterlands of urban areas | • Moderate demand  
• Good availability  
• Moderate housing competition |
| Converted vacation homes | Peripheral areas lacking major touristic amenities | • Highly limited demand  
• Good and often increasing availability  
• Lack of competition |
| Purpose-built weekend homes | Amenity-rich rural hinterlands of urban areas, for example, sea- and lakeside locations | • High and often growing demand  
• Limited availability and potential new construction  
• Great competition created by demand for both secondary and permanent use |
| Purpose-built vacation homes | Amenity-rich peripheries, for example, coastal and mountain tourist destinations | • High demand  
• Limited availability and potential new construction  
• Competition created by secondary use |
If such a change was made, the sold property is registered as a primary residence in the data used here. From 2015 onwards, the classification has been done by Statistics Sweden using civil registry data from the Swedish Tax Agency. If the civil registry shows that there was no registered inhabitant in a given detached house during any of the three quarters before sale, or the quarter directly after sale, the house was classified as a second home (Statistics Sweden, 2019c). For example, if a house had registered inhabitants before sale but not afterwards, the property was still registered in the data as a primary residence. If a house was used as a second home prior to sale (no registered inhabitants) but as a primary residence directly afterwards, it was registered in the data as a primary residence.

This means that property sales resulting in changes of dwelling use might be erroneously registered in the data. On the other hand, there are minimal systemic financial benefits that could incentivise wrongful reports of dwelling use or civil registry, which means that the risk of data error on such grounds is deemed to be low. The categorisation of second homes made by the Swedish Tax Agency and Statistics Sweden are also in line with the view of second-home tourism as a particular form of dwelling use rather than a specific type of building (Paris, 2014). Furthermore, it should be noted that this paper’s definition of second homes as detached houses disregards other forms of second homes, such as urban flats and caravans (Caldicott et al., 2018; Hall & Müller, 2018a; Paris, 2011). There are currently no similar statistics singling out urban flats used as second homes in Sweden, which means that they have to be disregarded here. As for caravans, neither the caravans themselves nor their prices are fixed to a certain geography (Leivestad, 2018), which means that they are outside the scope of this paper.

The analysis of the data was performed using SPSS and GIS software. The data was combined with the second-home landscapes in Back and Marjavaara (2017). This way, each of the 1.4 million sales was assigned to one of the four landscapes. This was then analysed in SPSS based on the mean value of sales for each year in each second-home landscape. While the data analysis could have been complemented with other variables on, for example, the buyers and sellers, the properties themselves and the surroundings of each property, this was outside the scope of the study. However, the second-home landscapes incorporate some of those aspects, since they are based on, among other things, data on properties and the spatial variation of amenities (Back & Marjavaara, 2017).

4 | RESULTS

4.1 | Background

Investments in real estate have been beneficial for investors ever since the financial crisis in Sweden in the early 1990s. This is reflected in Figure 2, comparing the price changes in the housing market to the consumer price index. Although the reasons for this extraordinary development are outside the scope of this paper, some factors contributing to the situation are a general lack of housing and an increasing population (Hedin et al., 2012), increased disposable incomes (Frisell & Yazdi, 2010; Wimark et al., 2019), rising costs of land acquisition (Christophers, 2013), and the increased availability of credit (Frisell & Yazdi, 2010; Wimark et al., 2019). Furthermore, the previous property tax was abolished and replaced with a municipal property fee (Swedish Tax Agency, 2020b). This fee is calculated using the assessed property value, but is capped at an assessed property value that, as of 2019, is about the same as the national average for second homes and about half the national average for primary residences (Statistics Sweden, 2020; Swedish Tax Agency, 2020a). In effect, this means that property owners in the most attractive areas pay considerably lower property fees, in relation to their assessed property values, than do owners in less attractive locations.

As can be seen in Figure 3, prices have risen for both second homes and primary residences, although the price level is higher for the latter. The average price for a second home in Sweden has risen from about 550,000 SEK1 to some 1,500,000 SEK.2 Prices for all detached dwellings follow primary residences closely, meaning that primary residences are driving general prices for detached houses in Sweden. The economic crisis caused by the collapsing housing market in the US in 2008 only made a small dent in the increasing prices in Sweden during this period. Despite small differences, the developments of prices for primary residences and second homes follow each other rather closely. In relative terms, prices went up more for second homes than primary residences during 2005–2012; but other than that, the development is quite similar (Statistics Sweden, 2019a). The years since 2013 have been characterised by an acceleration in the price levels for detached houses in Sweden to a record high.

4.2 | Spatial variations

Although prices have generally increased during the period, for both second homes and primary residences, the development has not been spatially uniform. Rather, there are substantial differences depending upon the geographical context of the localities.

Looking at the absolute number of sales (Table 2), there are several differences between the second-home landscapes. The converted weekend landscape had by far the highest amount of sales, numbering more than the other landscapes combined. The converted vacation landscape had the fewest number of sales, but saw a noticeable increase for second homes during the period. The vacation landscapes had the highest average percentage of second-home sales. An average of 24% of all sales were second homes in the converted vacation landscape and 39% in the purpose-built vacation landscape. Apart from these differences, it is interesting to note that the total number of sales for each landscape have remained relatively stable throughout the period.

In Figure 4, mean prices for second homes have been divided along second-home landscapes according to definitions by Müller et al. (2004) and Back and Marjavaara (2017) (see also Table 1). There are clear differences between the second-home landscapes which are persistent and widening over time. The highest mean prices can be

found in the purpose-built vacation landscape. These are amenity-rich 
rural hotspots for tourism, such as resorts and attractive mountain, 
lake, and coastal areas. Unsurprisingly, second homes in the “periph-

eral” converted vacation landscape have the lowest mean prices and 
show a notably more moderate development over time than the other 
landscapes (Müller et al., 2004, p. 16). The mean prices for second- 

home landscapes closer to urban areas—converted weekend and 

purpose-built weekend—are between those for purpose-built vacation 
and converted vacation.

In 1999, the mean price difference between second homes in the 
purpose-built vacation and converted vacation landscapes was about 
SEK 350,000, but in 2017 this difference had increased to nearly 
SEK 1,300,000 (Statistics Sweden, 2019). In other terms, the average 
second home in the purpose-built vacation landscape had gone from 
being worth about twice as much as the average second home in the 
converted vacation landscape in 1999 to more than four times as 
much in 2017. This shows that the market for second homes has 
become more geographically uneven over time, as claimed earlier by 
Müller (2002) and Marjavaara and Müller (2007).

Interestingly, the mean prices in the converted weekend land-

scape are higher than in the purpose-built weekend landscape (Figure 4). Müller et al. (2004, p. 16) theorise that the purpose-built 
weekend landscape is amenity-rich, but this has not resulted in higher 
prices than in the “ordinary” urban hinterlands of the converted 
weekend landscape (see also Table 1). This means that, although 
access to amenities seems to be important, it is not the only factor 
affecting the price of second homes. Although it is outside the scope 
of this paper to investigate this discrepancy between our empirical 
data and the theoretical framework, possible explanations could be 
that older properties in the converted weekend landscape are located 
closer to urban centres due to having been built earlier. It could also 
be that these properties were built primarily for permanent residence 
and hence located within small villages and rural environments, 
which have not been reproduced to the same extent as have develop-
ments for purpose-built second homes (see Back, 2020b).

Although there are large and increasing differences in pricing on 
the second home housing market, Figure 5 shows that the actual price 
change is quite similar for three of four landscapes if the prices are 
converted to indices. The mean prices for second homes in the 
purpose-built vacation, converted weekend, and purpose-built week-
end landscapes all experienced well over a threefold increase. This is 
similar to the general development for permanent residences (See 
Figure 3). Second homes in the converted vacation landscape, how-

ever, only doubled their market value during the same time frame.

### TABLE 2

<table>
<thead>
<tr>
<th>Year</th>
<th>Converted weekend</th>
<th>Converted vacation</th>
<th>Purpose-built weekend</th>
<th>Purpose-built vacation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Second homes</td>
<td>Primary residences</td>
<td>Second homes</td>
<td>Primary residences</td>
</tr>
<tr>
<td>1999</td>
<td>6528</td>
<td>42,503</td>
<td>451</td>
<td>1617</td>
</tr>
<tr>
<td>2000</td>
<td>5955</td>
<td>44,816</td>
<td>412</td>
<td>1445</td>
</tr>
<tr>
<td>2001</td>
<td>5716</td>
<td>44,489</td>
<td>407</td>
<td>1428</td>
</tr>
<tr>
<td>2002</td>
<td>5633</td>
<td>39,407</td>
<td>419</td>
<td>1556</td>
</tr>
<tr>
<td>2003</td>
<td>5691</td>
<td>40,430</td>
<td>442</td>
<td>1575</td>
</tr>
<tr>
<td>2004</td>
<td>6106</td>
<td>43,187</td>
<td>408</td>
<td>1670</td>
</tr>
<tr>
<td>2005</td>
<td>6242</td>
<td>45,372</td>
<td>455</td>
<td>1746</td>
</tr>
<tr>
<td>2006</td>
<td>5988</td>
<td>44,567</td>
<td>441</td>
<td>1841</td>
</tr>
<tr>
<td>2007</td>
<td>6731</td>
<td>47,004</td>
<td>534</td>
<td>1997</td>
</tr>
<tr>
<td>2008</td>
<td>5233</td>
<td>42,305</td>
<td>455</td>
<td>1775</td>
</tr>
<tr>
<td>2009</td>
<td>4964</td>
<td>42,147</td>
<td>414</td>
<td>1675</td>
</tr>
<tr>
<td>2010</td>
<td>5295</td>
<td>40,141</td>
<td>413</td>
<td>1702</td>
</tr>
<tr>
<td>2011</td>
<td>5020</td>
<td>38,267</td>
<td>437</td>
<td>1636</td>
</tr>
<tr>
<td>2012</td>
<td>5012</td>
<td>38,393</td>
<td>459</td>
<td>1554</td>
</tr>
<tr>
<td>2013</td>
<td>5407</td>
<td>38,026</td>
<td>436</td>
<td>1534</td>
</tr>
<tr>
<td>2014</td>
<td>7545</td>
<td>38,682</td>
<td>608</td>
<td>1576</td>
</tr>
<tr>
<td>2015</td>
<td>6843</td>
<td>43,868</td>
<td>962</td>
<td>1607</td>
</tr>
<tr>
<td>2016</td>
<td>6085</td>
<td>39,321</td>
<td>887</td>
<td>1516</td>
</tr>
<tr>
<td>2017</td>
<td>6125</td>
<td>39,789</td>
<td>850</td>
<td>1557</td>
</tr>
<tr>
<td>Average</td>
<td>12%</td>
<td>88%</td>
<td>24%</td>
<td>76%</td>
</tr>
</tbody>
</table>
meaning that these localities are lagging behind in attractiveness and property values. This further stresses the polarisation of the market for detached houses in Sweden and highlights the importance of viewing second homes as a heterogeneous phenomenon, with different rationales and impacts depending on geographical context.

If we monitor differences between second homes and primary residences in the different landscapes, we can see more clearly how these two categories of dwellings interplay. First, as indicated in Figure 6 for converted vacation and purpose-built vacation landscapes (rural landscapes far from urban influence), we can clearly see how second homes and primary residences located in the purpose-built vacation zone are more or less equally valued for leisure purposes and permanent use. There are several different possible interpretations of this data. One explanation could be that a dual property market prevails in this second-home landscape, with internal and external demand raising the prices for properties. No (or limited) differences occur throughout the period. Another interpretation could be that demand for either primary residences or second homes also raise the prices for the other dwelling type. For example, this could be the case in places where the demand for second homes spills over onto the market for primary residences. Regarding the converted vacation landscape, the price levels are generally lower, and both property categories have developed rather equally except for the final three years, during which properties for primary residences have increased more rapidly. This indicates that there is mainly a demand for properties for permanent use in the area and that the demand is generally low.

Regarding the converted weekend and purpose-built weekend landscapes (close proximity to urban areas), the story is different. Compared to the vacation landscapes, prices for primary residences are generally higher than for second homes. This might be due to higher building standards and larger primary residences, and the fact that properties are more adapted to permanent residence requirements compared to second homes (Figure 7). The demand for primary residences dominates the market in these locations, presumably due to pressure from the urban clusters nearby (Back, 2021; Lundgren, 1974).

Prices are higher for second homes in the converted weekend landscape than in the purpose-built weekend landscape. This might be due to their having been built earlier and in closer proximity to the cities, with generally larger plots (Nyström, 1989). Again, the price development can be interpreted in different ways. The difference in pricing within landscapes can be seen as a sign that second homes function as a source of reserve housing, available when

**FIGURE 5** Indexed change in average prices for second homes in different second-home landscapes in Sweden during 1999–2017. Prices adjusted for inflation. *Source: Statistics Sweden (2019)*

there is a housing shortage (Lundgren, 1974; Müller & Marjavaara, 2012). On the other hand, the growing differences over time seem to indicate that the high demand for primary residences has not spilled over to similar relative increases for second homes. This can be seen as a sign that the markets for second homes and primary residences in the weekend landscapes have not merged into a single housing market.

5 | DISCUSSION

This paper set out to investigate the spatial differences in the housing market for second homes, viewed in relation to primary residences. As the results show, the invisible hand of second-home tourists has very different effects on the housing market depending on spatial context. Indeed, the second-home landscape framework suggested by Müller et al. (2004) and implemented for the Swedish case by Back and Marjavaara (2017) proved to be useful for this and underlined the latter’s claim that second-home research should be nuanced in relation to spatial context.

Although the period studied includes two economic downturns, in 2000 and 2008–2009, the overall trend is steadily increasing prices for both second homes and primary residences. There are some interesting differences, connected to both geography and market demand. Overall, the housing market for second homes and primary residences has grown considerably more spatially uneven over the period studied. This had been not detected in previous studies that purely focused second homes without acknowledging primary residences as potential previous or future second homes (Marjavaara & Müller, 2007; Müller, 2002, 2004). Prices have increased sharply in converted weekend, purpose-built weekend, and purpose-built vacation landscapes, while they have increased only modestly in converted vacation landscapes. In other words, this means that housing markets for detached houses are the strongest in urban, periurban, and tourism hotspot areas, while peripheral areas are lagging behind. While this is an unsurprising development, further analysis of price changes for second homes and primary residences separately for each landscape reveals marked spatial differences. In relation to urban and peri-urban areas the result supports previous findings on the role of second-homes as a housing reserve for growing metropolitan areas (Lundgren, 1974; Marjavaara & Müller, 2007). Interestingly, the properties in converted weekend landscapes have had the highest average prices after those of houses in purpose-built vacation landscapes. This goes partly against the theoretical framework presented above (see Table 1), in which the demand for second homes in converted weekend landscapes was assumed to be moderate, as compared to, for example, purpose-built weekend landscapes. An explanation for this could be that the converted weekend landscape in Back and Marjavaara (2017) (see Figure 1) covers urban areas that are not included in the theoretical basis for the second-home landscapes.
(Müller et al., 2004). Even the fact that a re-conversion from second home to primary residence in converted weekend landscapes is attractive for families looking for housing space rather than scenic location, may be part of the explanation (Marjavaara & Müller, 2007).

Hitherto unknown, the prices developed almost identically for second homes and primary residences in converted vacation and purpose-built vacation landscapes during the period studied, while they were clearly separated in the converted weekend and purpose-built weekend landscapes. The intertwined price relationship between second homes and primary residences in rural (vacation) landscapes could suggest that they co-exist based on identical market demand, meaning that the houses permit either dwelling use. While this is not a surprise in relation to mountain and coastal resorts featuring various recreational amenities (Müller, 2006), it is not self-evident in relation to less attractive peripheral areas. Still, this relation is reminiscent of, for example, the situation in Spain as described by Barke (2008) and a more recent study in the United Kingdom by Bourne (2019). It could also suggest that either type of dwelling use drives the price development of the other, for example through displacement effects, conversion to or from second-home use, or the strong demand for one dwelling use permitting the development of the other (Back, 2021; Gallent et al., 2016; Paris, 2011). In remote and peripheral rural areas containing converted second homes mainly, it could however, as previously suggested also indicate a lack of demand (Müller, 2004).

Nonetheless, the large and increasing difference in real prices between the two types of rural (vacation) second-home landscapes is likely based in the re-resourcing of rural lands as a tourism commodity in the purpose-built vacation landscape, documented not least for the Norwegian mountains (Flognfeldt & Tjørve, 2013; Overvåg, 2009, 2010).

As for the disparate housing prices in the converted weekend and purpose-built weekend landscapes, the difference between second homes and primary residences suggests that the property market in these peri-urban and urban areas is dominated by a demand for primary residences. In all likelihood, this is due to primary residences being closer to relatively more expensive urban cores, including those second homes that have been bought and converted to primary residences. This pattern has been observed elsewhere previously (e.g., Gallent et al., 2016; Lundgren, 1974; Müller & Marjavaara, 2012; Nyström, 1989). However, a full answer to the question regarding shifting dwelling use and the relationship between second homes and primary residences demands further longitudinal research into how individual properties shift dwelling use over time.

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To summarise, the data investigated here reveals a complex interplay between two forms of dwelling use, unfolding differently depending on context. Previously, studies on the effects of second-home tourism on housing markets have largely concentrated on the possible manifestation of displacement effects (Hoogendoorn & Marjavaara, 2018), typically in tourism hotspots or places with a limited supply of housing (Paris, 2011). The results in this paper highlight the need for this research to acknowledge a greater degree of spatial heterogeneity. Moreover, the implications of these findings should also be of interest to planning and policy formation regarding housing provision and housing markets connected to second-home tourism. The challenge is to consider the range of spatial disparities in second-home markets, in demand and supply, as well as in relation to the market for primary residences. This entails not only differences between rural and urban areas, but also between areas that are attractive and unattractive to (second-home) tourism. Different policies and planning measures are needed depending on the context.

The findings in this study indicate some future challenges for rural tourism destinations, too. Particularly rural vacation areas with purpose-built second homes featuring relatively high property prices and demand for both second homes and primary residences, are likely to face challenges in relation to housing provision for (seasonal) staff. Moreover, even though not actually displaced, residents and their family members aiming to get established on the local property market may increasingly feel excluded from such opportunity because of unappealing property prices. This is particularly so since many of these destinations mainly offer relatively low paid service jobs. Empirical evidence for this could ideally be scrutinised in future studies correlating development of property and labour markets. However, increasing prices may also stimulate new construction and a greater potential for even commercial guest nights considering the shift away from hotel-to-second-home based accommodation in Scandinavian mountain resorts observed by Flognfeldt and Tjørve (2013). Further, high prices for second homes gives the opportunity also to permanent residents to get credits from institutions in order to fund the construction or purchase of a dwelling. This also gives owners of permanent residents in these types of localities the opportunity to relocate and enter other property markets if needed, due to the fact that the property is attractive for multiple potential buyers (Flognfeldt & Tjørve, 2013).

While the data in this paper is from Sweden, the results have been connected to previous studies in other countries. Therefore, these findings should also be relevant to research and policy formation outside of the Swedish context. However, that is a question for future studies.

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ENDNOTES

1 53,983 EUR or 63,694 USD on 31 August 2021.
2 147,226 EUR or 173,711 USD on 31 August 2021.
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