Challenges to regional economic tourism measurement.
The case of the second home in Mexico

Requested comment

Armando Mújica Romo

Summary: The activity carried out by both domestic and international tourists involves a major challenge regarding monitoring and accounting of the tourism phenomenon. The efforts that international, national and sub-national authorities have made in the matter have not been equalled in the history of the tourist sector statistics. The UNWTM has played a central role in this issue.

In the case of Mexico, the placement of the Tourism Satellite Account (TSA) has fostered and moved other sectors, such as housing, apparently very monitored, to encourage the development of their own Accounts. The development of the Tourism Satellite Account in Mexico revealed important measurement challenges, among which we find second homes, a phenomenon which lacks the available information that allows us to assess, within the National Account System, estimations to get to know the dynamics of this housing sub-sector which is influential in the tourist activity and, according to data, has accounted for a fast increase during the last year.

The growing number of Second Homes brings about both positive and negative pressure factors on the territory where they are set, as well as the need to monitor their explosive behaviour. This is so because Mexico is one of the main tourist destinations considered by North American people, both active and near retirement, as their future residence, in spite of it being catalogued as tourist temporary residence nowadays. Demographic data shows that the retired population will be 70 million in 2020 and a relevant percentage, over 50%, will change their place of residence.

Because of the reason above, and in spite of the behaviour of the North American economy, the sale of Second Homes in Mexico increased from 3.6 billion $ in 2006 to 6.4 billion $ in 2007 with a rise of 77.7%.

The question that moved this paper lies on approaching how this phenomenon will affect the tourist sector and, especially, competitiveness in the municipalities and regions where it settles. Our aim with this paper is also to cover the present challenge of counting on flow measurement on second home tourism whose peculiarities can involve significant impacts on the competitiveness of destinations.

With this paper, we want to create awareness concerning the results on the most recent studies about the issue carried out in Mexico, as well as the challenge to face at a national level to efficiently structure a Tourist Statistics System at both local and regional level.

Following the territorial approach, the case of Benito Juárez Municipality (better known as Cancún) will be specifically dealt with. This is situated in the Mexican State of Quintana Roo and is catalogued as one of the municipalities with the highest demographic growth in the country, coming up to 8% annually.

Within this framework, there is an ongoing reflection exercise on how to start a strategy for promoting, developing and fostering the sustainable Second Home which contemplates its impact on the competitiveness of the town, as well as the estimated scenarios in terms of tourist flows in the region.

1 Consultant specialised in economic measurement of Tourism, Estrategia Corporation S.A of C.V Mexico
armandomujica@prodigy.net.mx

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COMMENTS ON THE DOCUMENT

Throughout the document “Developing tourism statistics at the sub-national level: The measurement of flows of trips and visitors” presented by Antonio Massieu, Chief of the UNWTO Department of Statistics, it is encouraging to find response to our old questions which we – who have been involved in this issue – tried to answer according to the circumstances and challenges that the tourist activity analysis gave us along our career.

From my viewpoint of an observer and an analyst of the tourism phenomenon, mainly from the economic perspective, the possibility of having a proposal which groups visitors together (tourists and excursionists, packages and trips) offers an analytic window which would be a platitude for anyone halfway involved in the tourist sector; in other words, the consumption made by a traveller at a trade establishment of a tourist destination is considered as tourism generated expenditure by the establishment, or at least, this would be the vision of the economic unit owner/manager, who is not interested in the type of visitor, their country of residence, nationality, purpose of trip, or the consumer’s specific characteristics. Therefore, having a conceptual frameworks integrating and giving methodological coherence to that transaction increases the possibilities of measurement of the tourism phenomenon, especially visitors’ consumption.

Once recognised that visitors are the observation centre of tourism, it is clear that any other measurement methodological framework is insufficient. Surely, it is the same perception as we have when we see an innovation turns real; one cannot understand how one could live without it before.

The possibility of situating the tourist consumer in a more delimited area, that is to say, in a local or municipal domain, provides a powerful tool and easier, in principle, to be checked due to its limited boundaries. Here we face some challenges concerning the quality of available tourism statistics, which, surely enough, will be an opportunity to gradually expand the margins of confidence on the contribution of tourism to sub-national and national economic development.

It is understandable and praiseworthy, as the document states, that the UNWTO gives preference to a statistical construction from a sub-national perspective. This is a step forward to making up a puzzle which tends to form a national map by adding up small sub-national pieces. Furthermore, we will need to be ready – and have the criteria – to admit that, where we thought there were huge masses of water, there only exist small puddles or vice versa.

In this way, the methodological proposal that has been approved by the United Nations Statistics Division lays the foundations for the creation of the Tourism Statistics System (TSS), which will prove more consistence and the possibility of comparing sub-national domains, even in an international context.

It is clear that the way to face the challenges of constructing local information systems will be the local and regional authorities’ active participation on the basis of their own sources, thus providing a robust estimation model for the required information.

Through the posing expressed in the document, it is necessary to think about the creation of a workplan aiming at offering at least one exercise validated by the UNWTO on a Tourism Statistics System.

I agree with the text in that the TSA is in fact the basis for the integration of the Tourism Statistics System.
It is surprising to see the high correlation between technological developments and the possibility of monitoring tourists’ behaviour on the basis of the electronic fingerprint that they leave on their way through the territory where they move. This comprises the use of mobile phones, GPS systems, credit card operation registry, amongst others.

The sound posing presented in the document invites us to think about the compilation, processing and analysis of databases whose dimensions may be virtually endless.

Institutional architecture in Mexico and the challenge of measurement in the tourism sector

Mexico keeps an administrative territorial division which is similar to those in the USA and Brazil, where the second territorial level is the State and the next level is the Municipality.

The case of Mexico in measuring the tourism phenomena at a sub-national level is additionally complex due, amongst other facts, to the trace of centralist government models, where state and municipal initiatives were under the directions of the Federal order. This inhibited, or at least delayed, the creation of local initiatives for the construction of statistics indicators at a state or municipal level. As regards measurement of the tourism phenomenon, lack is even bigger.

As having a methodological framework as the basis to the TSA was considered an unprecedented event for the construction of statistics indicators in terms of tourism, for the first time, there is an integrated framework for tourism statistics. This simple fact is actually an unprecedented step forward in the development of tourism statistics and it gives us the opportunity to get closer to the tourism phenomenon in more real conditions. At the same time, it offers a stronger link with other economic indicators. The main drawback, however, is that this conceptual framework does not contemplate a regional/local dimension.

As is mentioned in the document, “In fact, the TSA provides the conceptual framework and the organizational structure for the harmonization and reconciliation of most tourism statistics internally within the sector as well as with other economic statistics”. This is the guideline upon which we will be able to know the levels of development, the status of the statistics sources available at a sub-national level, and will allow us to recognise the lacks which can be covered.

In Mexico, we have seen the interest for local authorities and even investors to require the construction of comprehensive statistics schemes which provide elements for the design and implementation of policies which foster the development of this economic sector.

According to experience, most of the efforts for applying surveys carried out in a lot of States of the Mexican Republic are isolated and they mostly respond to market research based on questionnaires made to measure the visitors’ degree of satisfaction, leaving the assessment of the expenditure issues aside and in the background, thus wasting great opportunities which could enrich the databases of the sector.

The National Autonomous University of Mexico has recently run a study on the state of the art of research in terms of tourism in the country. The results prove that expenditure related to issues associated with marketing for promotional campaigns and satisfaction degree assessment accounted for near 60% of the research carried out at a national level and approximately 10% for economic topics. In we compare this data with Spain, where 60%
of the registered research issues, such as doctoral thesis, are related with economic topics, attention is drawn to the lack of concern from authorities of the three government orders, from the private initiative and even from academic institutions of the country.\(^3\)

In this line, the potential possibility of counting, for the first time, on the construction of a statistical system of information with a rigorous methodological basis will encourage a higher number of specialists in the topic to get deeper into the economic analysis of the sector, as well as into the issues of the development of new information sources. This opportunity will be more powerful at state and municipal levels as developments are made in the sub-national level.

The institutional architecture of the states of the Mexican Republic in terms of tourism is, in general, recent. Except for a few cases, the priority given to departments or professionals to be included in the economic measurement and the analysis of the activity is very low.

Nowadays, there are 28 State Tourism Secretariats in the country, of which at least 18 did not exist eight years ago. The other institutions have other figures which do not have the Ministry status. Not more than six of these make efforts to understand the tourism phenomenon as a factor for the economic development, based on measurements and estimations on the matter. However, analytical reflection on the matter is absent in these institutions.

It is clear that the federal link with the states has a bigger development than the relationships between the states and the municipalities. Coordination of the three orders of the government presents very few successful experiences in terms of statistical information.

Actually, in municipalities such as Cancún, a pioneer in systematising statistical information, it was the Hotel Association that counted on a group of professionals for the measurement of occupancy indicators.

In the case of Mexican institutions, certain surveys are made which, due to mistakes in specific adjustments of question phrasing, result in deficiencies in terms of economic measurement. In some municipalities, like Cancún, the University instances have taken responsibility for monitoring and following up local tourist variables, as they have the necessary infrastructure to analyse and interpret existing data. The same applies for the Federal District, where the monthly delivery of a survey which reveals the profile of the tourist visiting Mexico City does not virtually change; however, insight analysis into the topics of expenditure and average expenditure has not been undertaken. It is here that the creation of state tourism statistics could provide interesting solutions in terms of technical recommendations which help make the used resources more efficient or, in any case, the creation of the tourism economic measurement table in the framework of the state statistics committees which each institution keeps with the corresponding national body (INEGI).

It is necessary to point out that, so far, congress and state/local visitor offices which receive 2\% from the accommodation tax should be obliged to provide resources for the construction of these tourism activity statistical and measurement tools. Such is the case of the annual financing, which has channelled the Tourist promotion Mixed Fund since 2004 to deliver the monthly survey of the profile of the tourist visiting Mexico City. Its annual cost comes to, at least, 100,000\$ pursuant to the requirements of the Cooperation Agreement signed by this institution and the Metropolitan Autonomous University, specifically, the

\(^3\) “Estudio del estado del arte en la investigación turística en México”, Mujica, Pardo, Palomino y Rodríguez, Universidad Nacional de México, Instituto de Investigaciones Económicas, 2007.
Metropolitan Study Centre of the City. This allows the academic sector to be involved in this dynamics and to give the scholar students of the Centre the opportunity to apply the collection, processing and analysis of the information.

The author hits the nail on the head when he asserts that “Consequently, here the challenge will be greater, as it would be necessary to forge consensus between the regional authority and those of the local tourism destinations regarding which information should be obtained from own sources and which should be modelled based on a sufficient quantity of regional data”.

As the grounds are settled for the structure of the Tourism Statistics System, it is necessary for the national statistics administration to resolutely push a scheme where all the stakeholders participate, especially state authorities in the matter in order to carry out a comprehensive revision of the methodology, compilation and generation of tourism statistics. Only in this way will it be possible for significant institutions in national accounting and tourist arrivals or foreign currency generation to be able to align in the suggested framework of the System. Failure to do so will result in keeping the double entry accounting which will prevent articulated advance in the formation of planning strategies for the development of the sector.

In these moments, Mexico is going through a favourable situation due to the new enactment of the Geography and Statistics National System Law which poses the transformation of the National Institute of Statistics, Geography and Informatics into an autonomous body which tends to become independent from the executive power.

As the author states, orientation and guidance provided by the new recommendations for tourism statistics 2008 open the way to the comprehensive use of supplementary surveys, utilisation of administrative data, use of new technologies for the consolidation of traditional measurement and the application of modelling techniques.

Antonio Massieu documents and clarifies the dimension of challenges for such variables as expenditure and prices in the national domain, reinforcing the need to develop modelling as the only way out for facing information demands whose collection costs would be very high for the respective administrations.

I point out this fact because of the need to encourage local efforts tending to estimate the economic measurement issues and reconsider the federal efforts that have been promoted during the last 8 years, especially, efforts syndicated between the federal and the state orders, on issues related to the tourist’s satisfaction degree. Gaining awareness of the need to rigorously and consistently construct a tourism statistics system will make it easier for the different authorities to redirect their policy by going on in the matter.

In any way, coordination of the three government orders is necessary: Federal, State and Municipal, to be translated into annual budgets labelled for the development of local indicators, their standardisation and development, under the technical supervision of the Statistics Administration (National Institute of Statistics, Geography and Informatics); this will shortly have to make up a methodological notebook allowing the integration of the indicator module for the “Tourism Statistics System”, in which technical recommendations will be posed to estimate the main indicators according to the recommendations of the Tourism Statistics System, especially for the issues related to the estimation and measurement of the tourist’s average expenditure, price indexes, purpose of the trips, place of residence, etc.

For those countries like Mexico, the proposal is to create a working group, technically coordinated by INEGI, where the main tourist destinations in the country can participate and consensus on definitions tools to measure variables such as the aforementioned ones can be achieved, taking into account that the presence of 6 or 7 destinations would be
considered sufficient representation of more than 60% of the country’s tourism industry. This would facilitate the generation of a theoretical agreed framework which serves as an example for the rest of tourist destinations in the country.

Experience has shown the need to open these working groups to representatives of the private sector, local scholars, as well as experts in the topic so that they will add up their technical recommendations which are worth paying attention to.

For the case of Mexico, with the participation of such tourist destinations as Cancún, Los Cabos, Puerto Vallarta, Acapulco and Federal District, which have periodical statistical information available, it would be very useful to have the tourism economic contribution measurement for those local tourist destinations.

Concern is clear in Antonio Massieu’s text that this Conference in Malaga should produce elements to go more deeply into the definition of “local tourist destinations”; nevertheless, for the case of Mexico, a shift in the opinion of researchers and experts in the sector is fostering the change of the reference “tourist destinations” to “destination towns”, as is the case of Cancún and its bordering municipalities whose growing pace places them amongst the municipalities with the highest demographic growth in the world, as we will refer to below.

It is necessary to widely disseminate what means considering visitors as the main actors who can strengthen the economic activity of the destinations, especially the segment of cruise passengers who disembark and stay in the tourist destinations for a while.

For certain destinations, the presence of cruise passengers can represent a crucial factor for receiving higher incomes. For Mexican ports, the issue is very relevant owing to the investment announcements made by cruise companies to start operating on the coasts of Mexico and other ports in Latin America.

It is interesting to present what we have defined as the paradox of ignorance. It refers to not promoting investment in the sector because of the lack of enough information to identify the feasibility of the projects; and the creation of a local statistics system is not fostered because of not knowing the actual dimension of the tourist sector for the institution. This usually happens to institutions that are in their early stage of tourism development.

In the same way, there is the lack of interest and comprehension from the involved institution to visualise a database of this kind as a prime tool to give certainty to investors and consequently increase the knowledge of the sector as a differential value to improve competitiveness in the municipality.

Due to the need faced by the states of the Republic to increase their gross domestic product and tax collection in order to ensure a higher allocation of federal resources to them, several states have set their focus on the tourism activity. However, what we define as the paradox of ignorance becomes an obstacle to promote actions and projects which significantly foster the generation of aggregated value in the sub-national instances.

This is the reason why we suggest that this conference will transmit the corresponding tourist authorities a request or invitation to reduce expenses on issues like promotional campaigns, which are sometimes excessive due to lack of consolidations of the tourist products, and channel those savings toward the construction of Local Statistics Systems as an unavoidable need for the destinations to be subjects or candidates for high scope promotion strategies. In this way, I am sure that, in further stages, the same promotional campaigns will comprise more elements to assess their performance, providing benefits to the institutional architecture of the regions and tourist municipalities.
It seems a contradiction that budgets for tourist advertising promotional campaigns have increased in many tourist destinations, while they do not have the resources or specialised departments to generate reliable information to get to know the performance of the sector.

It is interesting to consider carrying out a comparative study of the budgets allocated to these two issues in order to stimulate local and national tourist administration to reinforce the issues related to knowledge as a differential value of tourist destinations.

SECOND HOME. THE CASES OF MEXICO AND CANCÚN

Amongst the indicators related to the tourist activity, the so-called second home phenomenon should be more seriously considered within the Tourism Statistics System, in its typology of rented or free accommodation.

For the case of Mexican destinations, measuring the phenomenon stands as a challenge if it is compared with monitoring procedures that have for a long time been observed in countries like Spain, where there are information databases which make it possible to clearly profile the dynamics of the sector and its contribution to tourist flows, to the expenditures of the tourist who stays in a private unit, and therefore there are elements to estimate the destination economic contribution more accurately.

Second homes in the world

Until the housing crisis suffered by the North American market, there was a strong tendency to buy second homes, especially by consumers from Europe and North America. The case of Spain, where the second home market grew a lot, had its demand from British, German and French citizens.

Available information reveals a constant growth in the acquisition of second homes all over the world; developed country consumers have become the most important demand for this type of housing. The cases of Great Britain, Germany and France stand out. Spain has changed from being an important reception area for second home tourists to becoming a relevant actor in terms of investment in housing tourist projects in the world, as is the case of Brazil, Argentina, Mexico and the Caribbean itself.

In the Caribbean region, we point out the presence and expansion of second home tourism in countries like Dominican Republic, Costa Rica, Panama, Honduras, Jamaica, Nicaragua and even Cuba.

There is an ongoing growth in the acquisition of second homes in South America. During the last few years, Argentina has lived a growth in its second home tourist activity, up to the point of having impact on the housing market.

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5 It should mention the promotion strategy of second homes in Spain promoted by the ICEX in 1999, which is supported by the implementation of the Holiday Dwelling Occupancy Survey that began in 2000. Both actions allow a comprehensive strategy to deepen the knowledge of the industry.
7 “Panorama del turismo de segundas residencias en Cancún y la Riviera Maya”. Alfonso Jiménez y Priscila Sosa, 2008.
In the same line, there is supply for second homes in the former socialist block countries, especially Poland, Russia and Rumania. There was also an incipient second home supply in countries like Morocco and Turkey.  

All this gives us a hint to believe that private accommodation options have been common practice all over the world, so it is a phenomenon which needs to be monitored in tourism statistics systems to determine the impacts generated more accurately.

**Second homes in Mexico: a municipal reference**

Over the last 10 years, the dynamics represented by the so-called “second home” in Mexico turns to be an ever increasingly important factor in the tourism system framework. This phenomenon has a very clear expression from the housing perspective, as it accounted for a total investment of 6.4 billion dollars at a national level in 2007, which exceeded the investment for 2006 in 2.8 billion dollars, representing an increase of 88.2% in incoming resources for the sale of this type of housing. Sold units went from 11,800 in 2006 to 18,000 in 2007, with an increase of 52.5%.

**MOST ATTRACTIVE DESTINATIONS IN THE MEXICAN REPUBLIC**

*The most attractive destinations for international clients who settle in the Lower Californian Peninsula are: Los Cabos, Ensenada-Rosarito, Puerto Peñasco, San Felipe, La Paz and Loreto. Chapala is situated in the State of Jalisco.*

*San Miguel de Allende, Vallarta, Cancún and Riviera Maya and Ixtapa are all attractive for both domestic and international clients.*

*A high demand of clients, mainly domestic, prefers Acapulco, Cuernavaca, Tequesquitengo, Cocoyoc, Valle de Bravo, Ixtapan de la Sal, Tequisquiapan and Queretaro.*

The Mexican housing market has grown significantly over the last few years, especially due the growth of primary housing and above all social houses aimed at giving a home to the lower income segments.

It was also observed that, out of the global housing market which accounted for 32.1 billion dollars in 2007, second homes contributed with its highest participation of 19.9% in the total market. This meant doubling its 2006 relative participation, which was 9.8%.

If we compare second home participation with the value market of hotel units, we notice that tourist second homes in 2007 is 5.3 times higher than the hotel sector market value. In addition, second home market value was slightly higher in 2006. We show the structure of housing market value in Mexico below:

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HOUSING MARKET 2006-2007

<table>
<thead>
<tr>
<th>MEASUREMENT UNIT 2006</th>
<th>UNITS 2006</th>
<th>UNIT VALUE (us$)</th>
<th>TOTAL (millions of us$)</th>
<th>TOTAL (millions of us$)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2006</td>
<td>2007</td>
<td></td>
</tr>
<tr>
<td>Housing - Units</td>
<td>538,700</td>
<td>50,000</td>
<td>27,000</td>
<td>29,600</td>
</tr>
<tr>
<td>Hotels - Rooms</td>
<td>24,000</td>
<td>130,000</td>
<td>3,120</td>
<td>1,215</td>
</tr>
<tr>
<td>Second home - Units</td>
<td>11,800</td>
<td>300,000</td>
<td>3,600</td>
<td>6,400</td>
</tr>
<tr>
<td>Offices - M2</td>
<td>119,084</td>
<td>1,200</td>
<td>143</td>
<td>143</td>
</tr>
<tr>
<td>Industrial Estate - M2</td>
<td>2,500,000</td>
<td>250</td>
<td>625</td>
<td>625</td>
</tr>
<tr>
<td>Commercial - M2</td>
<td>1,236,614</td>
<td>600</td>
<td>742</td>
<td>560</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>$ 36,630</td>
<td>$32,143</td>
</tr>
</tbody>
</table>

Source: SOFTEC

We should pinpoint here that direct foreign investment of 580 million dollars has been registered in 2006 for the case of second homes located on the coast and bordering areas of the Mexican Republic. This investment has come along with an important growth of housing trusts required for a foreign national to be usufructuary of a property within a 50-kilometre coastal strip or within 100 metres from the frontier, which makes us believe that around 3 billion dollars was invested by Mexicans in buying tourist second homes.

This shows the significant demand represented by the domestic consumer concerning this type of housing. However, the North American population group aged between 44 and 62, better known as ‘Baby Boomers’, is the population group that will potentially acquire large quantities of this housing type in the next few years. It is estimated that over 30 million North Americans will retire between 2000 and 2020, which would represent a significant potential demand for this activity.

Available surveys reveal that the reasons for buying second homes are:

![Reason for Buying Second Home Diagram]

- **Vacational**: 51%
- **Future Retirement**: 18%
- **Investment**: 16%
- **Income**: 15%
This typology of second home, as it is mainly developed at tourist destinations, becomes a variety which is part of the destination tourist system, where tourists who arrive at and stay in this type of residences, both as owners and as temporary lodgers, are increasingly older in spite of the fact that there are not any official statistics follow-up indicators.

The fact that virtually 51% of second home buying finds its purpose in vactional use reveals and gives a dimension to the real scope and potential of second home tourism in our country, at least from the demand side.

Tendency in terms of investment, adding to the stock measurement for vactional second homes for 2004, shows that the number of second home rooms for tourist use accounted for 66,8% at the time of research in the 15 major tourist destinations of the country. This means that second home room supply doubled the number for hotel rooms. According to the research carried out by the Tourism Secretariat, there were 107,421 hotel rooms while second homes had 216,489 rooms.

The following table shows the hotel and second home room supply in the analysed destinations:

<table>
<thead>
<tr>
<th>DESTINATION</th>
<th>HOTEL SUPPLY</th>
<th>SECOND HOME SUPPLY</th>
<th>PROPORTION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(rooms)</td>
<td>housing/total</td>
<td></td>
</tr>
<tr>
<td>Acapulco</td>
<td>16,587</td>
<td>40,000</td>
<td>70,2</td>
</tr>
<tr>
<td>Cancún y Riviera Maya</td>
<td>49,453</td>
<td>8,199</td>
<td>14,2</td>
</tr>
<tr>
<td>Chapala</td>
<td>1,413</td>
<td>9,345</td>
<td>86,9</td>
</tr>
<tr>
<td>Ixtapan</td>
<td>973</td>
<td>450</td>
<td>31,6</td>
</tr>
<tr>
<td>Malinalco</td>
<td>150</td>
<td>750</td>
<td>83,3</td>
</tr>
<tr>
<td>Manzanillo</td>
<td>3,861</td>
<td>6,462</td>
<td>62,6</td>
</tr>
<tr>
<td>Mazatlán</td>
<td>6,713</td>
<td>468</td>
<td>6,5</td>
</tr>
<tr>
<td>Morelos</td>
<td>7,506</td>
<td>100,000</td>
<td>93,0</td>
</tr>
<tr>
<td>Puerto Peñasco</td>
<td>2,000</td>
<td>5,058</td>
<td>71,7</td>
</tr>
<tr>
<td>Puerto Progreso</td>
<td>0</td>
<td>30</td>
<td>100,0</td>
</tr>
<tr>
<td>Puerto Vallarta</td>
<td>10,702</td>
<td>15,417</td>
<td>59,0</td>
</tr>
<tr>
<td>San Miguel de Allende</td>
<td>1,251</td>
<td>600</td>
<td>32,4</td>
</tr>
<tr>
<td>Tequisquiapan</td>
<td>727</td>
<td>2,500</td>
<td>77,5</td>
</tr>
<tr>
<td>Tijuana, Rosarito- Ensenada</td>
<td>5,672</td>
<td>9,710</td>
<td>63,1</td>
</tr>
<tr>
<td>Valle de Bravo</td>
<td>413</td>
<td>17,500</td>
<td>97,7</td>
</tr>
<tr>
<td>Total destinos estudiados</td>
<td>107,421</td>
<td>216,489</td>
<td>66,8</td>
</tr>
</tbody>
</table>

Sources: Data from SECTUR/CESTUR 2004

The figure below shows annual sales in the main national destinations, where it is represented that Cancún and Vallarta, which are not frontier destinations, overcome the Ensenada-Rosarito and Los Cabos strip, which are nearer the North American market.
The success of this tourist destination for almost 40 years after its creation has allowed it to irradiate its growth to the nearby municipalities. This tourist destination has been considered a Globally Planned Centre (Centro Integralmente Planeado CIP) by the Mexican Government. This is the case of the Municipality of Solidaridad, better known as Riviera Maya. As noted on the table below, second home sales have grown five times in the Riviera Maya during the last three years, going higher than registered sold units in Cancún in 2007.

### ANNUAL SALES BY MUNICIPALITY

<table>
<thead>
<tr>
<th>MUNICIPALITY</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cancún</td>
<td>935</td>
<td>1050</td>
<td>1074</td>
<td>3059</td>
</tr>
<tr>
<td>Riviera Maya</td>
<td>326</td>
<td>818</td>
<td>1699</td>
<td>2843</td>
</tr>
</tbody>
</table>

Source: SOFTEC

We should remark that second home housing supply in these two municipalities has grown quickly, and this tendency remained so until the first half of 2008.

Acapulco is the most traditional tourist destination in Mexico; it offers 16,587 hotel rooms and 40,000 second home rooms. This means that the second home supply accounts for 70% of the total supply of accommodation rooms at the destination.

Form these figures, we can get to the dimension of the rise of a never-seen-before phenomenon and whose economic impacts are still unknown; therefore, it represents a rich field worth following and studying.

The geographic situation of the country, neighbouring the United States of America, anticipates the massive arrival for buyers lured by the tourist attraction of the main destinations in the country, as is the case of the Corridor Tijuana-Ensenada, located at the border with the United States where the second home room supply accounts for 63,1% of the total.

Mention is deserved by the case of Puerto Vallarta, another destination where the second home accommodation supply comes up to 60%. However, tourist second homes hardly account for 3% of the total percentage of residential housing, while they come up to 32% in Spain, 26,9% in Portugal, 22,7% in Greece and 17,7% in Italy.
It is known that the United States of America will have 70 million retired people in 2020; between 5% and 10% of these, according to the National American Real Estate, would be ready to change their country of residence, Mexico and Canada being situated as the most suitable destinations for buying second homes. This shows the potential impact that this phenomenon will generate on the local level of the Mexican tourist destinations which attract the highest investment in terms of tourist housing.

In 2008, available statistics indicates that about 20% of attracted resources for second home sales come from international buyers, mainly North American. The remaining 80% is in the hands of domestic consumers, so domestic consumers account for four-fifth parts of the resource attraction toward this sector.

Polls carried out at the destination reveal that domestic buyers from Yucatán, Tabasco, Jalisco and Toluca preferred this destination for buying second homes, while second home demand by consumers from the United States has behaved “oddly”, since 2005, as they did not keep the same growing pace in housing acquisition at the destination.

The tourist destination creation phenomenon, nowadays a city, must add a workplan with priority issues due to the nature of its foundation and as well, due to its vital dependence on tourism. For that reason, while Cancún was founded almost forty years ago, the situation of its dependence on the activity allocates it as a firm candidate for an efficient monitoring process of the phenomenon.

Tourist flow to second homes

Tourist condominium supply in Cancún accounts for 15.2% as compared to total accommodation; however, if we compare it to the total condominium supply, it almost represents two-thirds (59.4%).

Researchers Jiménez and Sosa estimated that second home tourists (i.e. tourists who stay in their own homes and/or rent accommodation) who arrive in the region of Cancún-Riviera Maya hardly reach 1.4% of all visitors, a very low figure for a destination of that scope and importance.

Therefore, these researchers consider that these housing developments represent a high cost per unit in terms of public investment and infrastructure, while the impacts of this investment on employment generation are punctually unknown. This makes it essential to get deeply into knowing this type of tourists’ consumption and expenditure patterns for going forward in estimating the economic contribution to the local development.

The same applies to the issues related to local, state and federal rights and taxes as the resources provided to the municipal Treasury by this sector are unknown.

FINAL COMMENTS

This housing market slowdown, due to the financial crisis faced the world market and especially the United States market, becomes an opportunity to design and develop statistics indicators useful to carry out a rigorous monitoring process on the second home tourism phenomenon and its possible effects on the tourist flows to the destination.

Analysts pose different interpretations to the behaviour of international economy and its influence on potential buyers. While the world is going through an uncertain period, when this uncertainty vanishes, liquidity owners will have to decide what to do with their resources,
which can range from looking for safer investment in buying real estate to going back to pension funds. It is estimated that many investors will reduce their resources between 20% and 25% as average.

Consolidation as a city is an issue inherent in a complex big town whose feasibility will depend on solving the characteristic problems of a city, such as territorial zoning, lack of community social development, lack of tourist phenomenon (economic and social) impact measurement, global destination planning.

The truth is that, as revealed by data, the second home phenomenon came to stay in the main Latin American and Caribbean destinations and so, the different both public and private stakeholders should learn how to live together, measure and introduce this element in the tourist centres’ daily life.

As a result of the above, it is essential to start off a strategy for the promotion, development and support of sustainable second homes as a basis for planning a well arranged and comprehensive growth favouring competitiveness in the cities receiving this investment as the regional economic development is reinforced.