



# **Economic Impact of Residential and Short-Term Let Properties in North Berwick**

A Final Report

For

North Berwick Environment and Heritage Trust

By

MKA Economics

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## Executive Summary

### Introduction

MKA Economics was commissioned by North Berwick Environment and Heritage Trust (NBEHT) in May 2024 to present an independent economic impact assessment of various types of properties in North Berwick if used as a residential property as opposed to being used for short-term holiday lettings. The study was funded by North Berwick Trust and North Berwick Community Council.

### Background

Policy 30 (Tourism) of National Planning Framework 4 (NPF4) highlights a focus on encouraging, promoting, and facilitating sustainable tourism development that benefits local people, is consistent with the national tourism strategy, and inspires people to visit Scotland. It allows communities and places to enjoy economic, social and cultural benefits from tourism, supporting resilience and stimulating job creation. Policy 30e highlights two key considerations:

- The effect upon local amenity or character of the locality; or,
- the loss of residential accommodation where housing need is not outweighed by local economic benefits.

In terms of balancing the importance of local housing need and short term lets, East Lothian Council (ELC) has been utilising figures from research commissioned prior to the 2023 adoption of NPF4. This research was not designed to assess Policy 30e(ii) and had a narrow focus on the new short term let licensing legislation on the supply of short term let properties with shared access.

The findings of this research were crudely utilised in a broadbrush assessment at the micro level of a single non-serviced accommodation bedspace. A total estimated £14 million loss, was divided by 616 bedspaces, to provide a broad figure that each bedspace in non-serviced accommodation contributed £22,727 and supported 0.5 jobs within the local economy. ELC Economic Development has subsequently rounded these figures upwards to reflect a typical non-serviced accommodation unit sleeping four people, thereby generating £90k (increased to over £100k in the last year) and supporting two jobs in the local economy.

The ELC research was not based on actual, locally derived data from North Berwick and concludes with a crude logic jump that each non-serviced accommodation unit sleeping four people generates £90k or more for the East Lothian economy and supports two jobs. This is a broadbrush assessment which lacks the granularity required to make informed decisions as required by Policy 30e(ii).

It is the view of NBEHT, that without local data an informed position cannot be considered properly. Although there is no doubting the economic value and importance of tourism to East Lothian (reported as a £110 million sector and supporting 10% of all local jobs), there are concerns that past research is not tailored or able to address the requirements of NPF4 Policy 30e(ii). A county focus, and in the absence of locally derived data, does not provide the accuracy or sensitivity required to inform decisions at the North Berwick level. This report is intended to fill the gap with local evidence.

It is therefore the aim of this research to present a more detailed understanding of the effect of short term lets in a North Berwick setting, and to assess their economic value, by type and to measure this against the value of residential usage. This provides and presents accurate data to make and inform decision making when assessing future planning applications and future planning policy against NPF4 Policy 30e(ii).

## Results

The analysis shows that the gross valued added (GVA) effects are greater for residential uses than short-term lets across all property types. Although it is noted that the employment effects are greater for short-term lets in all cases, and although tourism jobs are valuable, they are not as valuable in GVA terms as other economic activity in the local area.

**Figure 1.1: Economic Impact of Residential Properties**

North Berwick - Residential			
Unit Size	Net Local Impact	Net Local FTE Jobs	Net Annual Local GVA Impact
1 bed	£ 29,840.50	0.29	£ 10,965
2 bed	£ 47,841.34	0.46	£ 17,580
3 bed	£ 75,110.29	0.72	£ 27,600
4 bed	£ 95,682.68	0.92	£ 35,160
5 bed	£ 118,826.63	1.14	£ 43,664

**Figure 1.2: Economic Impact of Short Term Let Properties**

North Berwick - Short Term Let			
Unit Size	Net Local Impact	Net Local FTE Jobs	Net Annual Local GVA Impact
1 bed	£ 30,459.10	0.42	£ 6,076
2 bed	£ 58,106.60	0.79	£ 11,592
3 bed	£ 87,159.90	1.19	£ 17,388
4 bed	£ 114,338.79	1.56	£ 22,810
5 bed	£ 124,179.42	1.70	£ 24,773

The above results suggest that although short term lets are valuable in supporting jobs, and facilitating tourism, their GVA effects are not as pronounced as those generated from residential uses, mainly because the economic value of tourism jobs is lower and more seasonal in nature than other economic sectors.

A further key finding from this work is that on average, each bedspace generates a net local impact of £14k and sustains 0.2 jobs. Both figures are much lower than the figures ELC relies on which suggests that each bedspace had a turnover effect of £22k and sustains 0.5 jobs. When grossing up to a property sleeping four people, this assessment presents a net local impact of £58k and 0.8 jobs, compared to the ELC finding of £90k and two jobs (ELC figures recently revised upwards).

Overall, it can be concluded that short term lets are an important and growing component of the visitor infrastructure in North Berwick and the wider area. They do support the local economy in enticing people to stay overnight. However, they are highly seasonal being vacant or underused for much of the year. The rising number of short term let properties in North Berwick appears to be a trend that will continue.

This continued growth is likely to place even greater pressure on housing supply if it continues at its current rate. The analysis indicates that many short term let properties lie empty or unused for noticeable periods of the year. The increased daily charges indicate short term lets in North Berwick generate sizable financial gains for their owners. However, **the wider economic return to the local area is significantly less than the figures ELC Economic Development relies upon. Perhaps more importantly, there is a strong case that short term lets are significantly less economically valuable than residential uses to the local economy of North Berwick and East Lothian.**

In fact, there is a growing body of evidence to suggest the social and environmental externalities of short term lets far outweigh any perceived, and loosely evidenced at present, local economic gains.

### **Recommendations**

That the findings of this research based on locally derived, accurate data are used to inform the North Berwick Local Place Plan.

That the findings of this report based upon locally derived, accurate data are shared with local Councillors and officers of ELC, with a view to informing the emerging Local Development Plan and policy making in respect of short terms lets in North Berwick and the coastal ward.

In addition, in coming to decisions through the development management process the findings of this economic report which balances the value of short term lets and residential occupation, should contribute to discussion and assessment of Policy NPF4 Policy 30e(ii).

The findings should be widely shared throughout the local community and beyond so that discussions and decisions about short term lets can be evidence based, founded on locally derived data.

# 1 Introduction

## Introduction

1.1 MKA Economics was commissioned by North Berwick Environment and Heritage Trust (NBEHT) in May 2024 to present an independent economic impact assessment of various types of properties in North Berwick if used as a residential property as opposed to being used for short-term holiday lettings. The study was funded by North Berwick Trust and North Berwick Community Council.

1.2 In recent years, there has been a trend of residential properties in North Berwick, East Lothian and Scotland being formally and informally repurposed as short-term holiday letting properties.

1.3 National Planning Framework 4<sup>1</sup> (NPF4) document sets out planning policies with respect to this. Policy 30e of NPF4 is as follows:

*‘Development proposals for the reuse of existing buildings for short term holiday letting will not be supported where the proposal will result in:*

- i. An unacceptable impact on local amenity or the character of a neighbourhood or area; or*
- ii. The loss of residential accommodation where such loss is not outweighed by demonstrable local economic benefits.’*

1.4 With regards to point ii, it is important that planning professionals have access to robust and reliable assessment on the local economic benefits of short-term holiday letting properties as opposed to residential properties. Without access to an independent analysis there is a risk that planning decisions are based on unbalanced judgements and overly optimistic assumptions supporting different economic sectors and activities.

1.5 The findings of this piece of work can be used to help inform the development of the North Berwick Local Place Plan which is currently being developed by Planning Aid Scotland. It can also play an important role in guiding the Local Development Plan, as well as providing further evidence for the planning decision making process, when planning professionals are seeking to test Policy 30e(ii) outline above.

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<sup>1</sup> National Planning Framework 4, Scottish Government, 2023

1.6 Ultimately this policy outlines that short term lets can only be supported where the loss of a residential property is outweighed by demonstrable local economic benefits. Therefore, the key requirement of this piece of work is to understand the economic benefits of residential properties, as well as the economic benefits of short term let properties in North Berwick.

## Background

1.7 Policy 30 (Tourism) of NPF4 highlights a focus on encouraging, promoting, and facilitating sustainable tourism development that benefits local people, is consistent with the national tourism strategy<sup>2</sup>, and inspires people to visit Scotland; and which allows communities and places to enjoy economic, social and cultural benefits from tourism, supporting resilience and stimulating job creation. Policy 30e addresses two key considerations; that of local amenity and the balance between the economic benefit of the activity and local housing need.

1.8 The national tourism strategy highlights the importance of sustainable tourism in its diverse aspects. However, East Lothian Council (ELC) does not have a sustainable tourism strategy. A local group 'Sustaining North Berwick' has been working with NBEHT to produce a Sustainable Tourism Policy for North Berwick.

1.9 In housing need terms, ELC commissioned housing research<sup>3</sup> in the private rented sector. The findings to help inform the 2024 – 2028 East Lothian Local Housing Strategy was that in North Berwick short term lets affect the private rented sector detrimentally, and it is stated *'it could be concluded that short term letting may be restricting the private rented sector residential market. This means reduced housing options.'*

1.10 In terms of balancing the importance of local housing need and the tourism demand of short term lets, East Lothian Council (ELC) has been utilising figures from research which was commissioned prior to publication of NPF4. The research<sup>4</sup> was not designed to assess Policy 30e(ii) and had a focus on assessing the new short term let licensing legislation on the supply of short term let properties with shared access. It found that the licensing and national planning policy potentially *'would have a substantial detrimental effect on the visitor economy of East Lothian, not only in terms of number of visitors, but importantly, on the local economy in terms of visitor expenditure and employment related to tourism.'* It also stated *'roughly speaking, while the loss to East Lothian's visitor economy for one year would be -£14m, in a decade would be -£140 million along with the subsequent year-on-year loss of 20,000 visitors staying in the area.'*

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<sup>2</sup> Scotland Outlook 2030, Scottish Tourism Alliance, 2020

<sup>3</sup> Research into the Private Rented Sector in East Lothian, East Lothian Council, 2023

<sup>4</sup> Impact of removing flats with shared access from accommodation bedstock related to the Short Term Lets (Scotland) licensing scheme, East Lothian Council / Global Tourism Solutions, 2023



1.11 The findings of the macro level research from Global Tourism Solutions was focussed on changes to licensing rather than NPF4. It found that a potential loss of 616 bedspaces within 89 properties with shared access, would potentially give rise to an overall loss to the East Lothian economy of £14 million annually. A crude extrapolation suggested that each non-serviced accommodation bedspace generated £22,727 and 0.5 full time equivalent jobs locally.

1.12 ELC Economic Development has subsequently rounded this figure upwards to reflect a typical non-serviced accommodation unit sleeping four people, thereby generating £90k and supporting two jobs. The figures ELC Economic Development provide in planning application responses are now greater than this.

1.13 The research was not based upon local data and does not provide the required level of detail at the North Berwick level. More worryingly there is a crude logic jump to suggest that each non-serviced accommodation unit sleeping four people generates £90k for the East Lothian economy and supports two jobs. This lacks the granularity required to make informed planning decisions on as required by the NPF4 Policy 30e(ii).

1.14 It is the view of the North Berwick Environment and Heritage Trust and others, that this approach is insensitive and unbalanced. There is no doubting the economic value and importance of tourism to East Lothian (reported as a £110 million sector and supporting 10% of all local jobs), but there are concerns that research was not based on local data and NPF4 Policy 30e(ii) was not assessed. By adopting a county focus the accuracy required to inform decisions in North Berwick is missing and the economic impact of alternative residential occupation was not considered.

1.15 It is therefore the aim of this new research to present a more detailed understanding of the short term lets in North Berwick, and to assess their economic value, by type and to measure this against the value of a comparable property for residential usage. Thereby presenting a more accurate position derived from local data upon which to make a judgement call when assessing future planning applications, as well as future planning policy against NPF4 Policy 30e(ii).

## Report Structure

1.16 **Section 1** sets out the introduction and background to the research brief and provides context to the assessment. **Section 2** provides the research methodology and assumptions used in the assessment. **Section 3** provides the results to the research. **Annex A** sets out more detail on short term lets market performance in North Berwick. **Annex B** presents the detailed economic tables underpinning the findings from this assessment.

## 2 Assessment Methodology

### Introduction

2.1 The scope of the work is to conduct an independent assessment that compares the local economic benefits of a residential property versus a short-term holiday let property for a range of property types in the North Berwick setting. The analysis sets out the expected economic impact for a single property if used for residential use and if used as a short-term holiday letting.

2.2 The assessment has been completed according to the availability of data for both residential households as well as information for short-term lets. The residential figures are sourced from a range of local and national publicly available datasets. The lettings information is sourced from AirDNA, which has a 'North Berwick' sub-region which is an accurate and up to date assessment of 445 active listings on various collaborative platforms, including AirBnB and Vrbo.

### Residential Use Methodology and Assumptions

2.3 The residential market was assessed according to the number of bedrooms, from one bedroom to five bedrooms. An interrogation of Council Tax banding by property size was undertaken to assess the expected Council Tax receipts. The analysis has utilised Council Tax Charges for East Lothian for the period 2024/25, these are presented in Figure 2.1.

**Figure 2.1: Council Tax Charges 2024/25**

Council Tax Band	Annual Council Charge	Assumption	Assumed Annual Council Charge
A	£1,321	One and Two Bed	£1,541
B	£1,541		
C	£1,761		
D	£1,982	Three Bed	£2,268
E	£2,554		
F	£3,122	Four Bed	£3,422
G	£3,722		
H	£4,610	Five Bed	£4,610

2.4 For the purposes of the assessment, and in the absence of any available statistics on the breakdown of dwellings by Council Tax band in North Berwick, and to allow a comparison with other statistics, it is assumed that one and two bed properties will pay an average of Council Tax Band A-C (£1,541), three bed properties will pay an average of Council Tax Band D and E (£2,268), four bed properties will pay an average of Council Tax Band F and G (£3,422) and five bed properties will pay the Council Tax Band H charge (£4,610).

2.5 In order to assess the number of adults, working adults and children in each home, the analysis has utilised figures from the Scottish Household Survey which found that the average number of bedrooms per household was 2.6 and the average household size was 2.2, so there was an average of 1.18 bedrooms per person in Scotland, or inversely 0.85 people per bedroom in Scotland.

2.6 On the basis that less than one person cannot reside in a house, the analysis has assumed one person for one bedroom homes, and then utilised the 0.85 proxy for each additional property size. A review of Office for National Statistics (ONS) figures on tenancy and occupation<sup>5</sup> also showed that the average number of children per household is 0.5 (in a typical household of 2.4), or 0.21 children per average house. The analysis has deployed this proxy per household size to calculate the number of adults per house. The working age numbers are converted to 'economically active' figures by deploying the economic activity rate for East Lothian (82.4%) from ONS Annual Population Survey.

**Figure 2.2: Tenure by Property Size**

Property Type	Average Number of Residents	Average Number of Adults	Average Number of Working Adults
One Bed	1.0	0.8	0.7
Two Bed	1.7	1.3	1.1
Three Bed	2.6	2.1	1.7
Four Bed	3.4	2.7	2.2
Five Bed	4.3	3.4	2.8

2.7 Annual salaries were drawn from the Annual Survey of Hours and Earnings (ASHE)<sup>6</sup>, these salaries were used to assess the value of workers earnings, and therefore also present the economic value of these jobs, and enable taxation impacts to be calculated. This suggests that the average salary in North Berwick was £40,607. This figure can be seen to be the economic value of the properties being occupied by working age residents, and would therefore have a beneficial impact on producing goods and services in other parts of the local economy.

2.8 Income tax assumptions are based upon the Scottish Government taxation rate, where there is a tax free threshold of around £12,500. There is a starter rate of 19% up to £15,000, a lower tax rate of 20% up to £25,000 and a 21% rate up to £44,000. For the purposes of this assessment we have assumed an income tax rate of 21%. In terms of National Insurance, we have adopted the same approach and assumed 12% of salaries over the national threshold of £12,500.

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<sup>5</sup> The Effects of Taxes and Benefits on Household Income, UK, 2021/22 - Reference Tables, ONS, 2022

<sup>6</sup> Annual Survey of Hours and Earnings, ONS, 2023

2.9 Family expenditure rates were drawn from the ONS 'Family Spending in the UK' in 2022<sup>7</sup>. The rate for Scotland was used as a baseline, and 'housing costs' in terms of heating and lighting were excluded as these are unlikely to be spent locally. The other items were all deemed to be potentially local benefits, e.g., food and drink, health, transport, and recreation. This provided an annual weekly expenditure per person of £192.43 and an annual figure of £10,006. Total family expenditure was then presented, and these figures were subjected to a VAT adjustment of 20%, to provide a net family expenditure impact.

2.10 In order to convert the net local impact to employment and GVA per job. A review of the latest Scottish Annual Business Statistics<sup>8</sup> was completed. This review found that one job is created for every £104,514 in East Lothian, and each job across the local economy has a GVA per head impact of £38,405.

2.11 This assessment was then used to populate the 'Overview' for the residential properties by property size.

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<sup>7</sup> Family Spending in the UK' in 2022, ONS, 2023

<sup>8</sup> Scottish Annual Business Statistics, Scottish Government, 2022

## Short-Term Letting Use Methodology and Assumptions

2.12 In terms of short-term lets, figures from AirDNA were used, as this is the largest and most up to date source of active and historic data for short term lets at the local level. AirDNA allows a detailed analysis of short term let businesses, and has an Edinburgh market overview, which is segmented in to 15 submarkets, including a North Berwick submarket.

2.13 The latest figures for North Berwick, as defined by AirDNA, was that there are 445 active listings in their North Berwick submarket, with almost half (45%) being two bed properties, around a quarter (23%) being one bed properties, a further quarter (22%) being three bed properties and the remaining 10% being split by four and five bed properties.

**Figure 2.3: Short-Term Lets – Total Listings (May 2024)**

	<b>Number</b>	<b>Percentage</b>
1 bed	100	23%
2 bed	200	45%
3 bed	99	22%
4 bed	18	4%
5 bed	28	6%
<b>Total</b>	<b>445</b>	<b>100%</b>

2.14 In terms of booking data, we obtained booking charges and occupancy rates from AirDNA for each area and by property size, this assumed full properties and not properties which were subletting individual rooms within a residential property.

2.15 The daily rate charged does not include the AirBNB service charge which is charged to the customer, and is set at 14%. The cleaning charge is included in the daily rate, and this was extrapolated as being around 5% of the daily rate, for illustrative purposes, although it is acknowledged that cleaning costs vary from property to property. The analysis of daily rates and occupancy levels is based on the most recent year (Jun 23 – May 24) figures from AirDNA.

2.16 A headline summary of these short-term let metrics is presented in Figure 2.4 below.

**Figure 2.4: Short-Term Lets – Tourism Assumptions**

	<b>Average Daily Rate</b>	<b>Occupancy</b>
1 bed	£138.70	65%
2 bed	£190.80	62%
3 bed	£279.40	62%
4 bed	£442.20	61%
5 bed	£597.60	53%

2.17 AirDNA figures outlined that, on average, two people stayed in a one bedroom property, four people in a two bedroom property, six people in a three bedroom property, eight people in a four bedroom property and ten people in a five bedroom property.

2.18 A more detailed analysis of the short term let sector in North Berwick is presented in Annex A, with some other headlines including:

#### **Short Term Lets Performance Overview**

- The number of active listings has been increasing year on year for the last three years, increasing from a peak of 303 active listings in September 2021, 325 in August 2022 and 339 in July 2023. At May 2024, there were 445 short term lets advertised in the North Berwick submarket of AirDNA. Not only has the peak number been increasing each year but the peak is being reached earlier each year. **This suggest the short term letting market remains strong and is strengthening.**
- Occupancy rates are getting higher each year and in each monthly period across all property types (bedroom numbers) and price tiers (luxury, upper, midscale, economy and budget). It is worth noting that the difference between occupancy rates in the off season and the high summer peaks is substantial, varying between 30% and 80%. **This suggests that many properties lie empty or unused in the off season.**
- Daily charges have generally been increasing in every price band and property type over the last three years. Although this is not wholly consistent across every time period and property type there is a general increase in revenues being achieved by owners. **Married with the higher occupancies, the average revenue generated by a short term let in North Berwick in the last 12 months is £41k, which is 12% higher than the previous 12 months. Once again conforming the strength of the market.**

The growing number of listings coupled with the growing occupancy rates and increasing daily charges, as well the figures in the Annex A which confirm guests are likely to be willing to pay more in future periods, suggests that North Berwick will continue to see growth in the short term let sector. It won't be long until short term let business properties will be averaging around £50k per property – acknowledging that three bed properties are already achieving this annual revenue figure. This is likely to be significantly higher than the revenue that would be achieved by a standard short assured resident based tenancy. **Two bedroom properties which make up the largest segment of the market have seen 17% increase in their total revenue over the last 12 months.**

2.19 In terms of property tax, we were unable to access the Scottish Government Non-Domestic Tax Rate calculator as it is under review. Furthermore, a recent review of Lothian Valuation Joint Board and District Valuers identified no self-catering properties and it was therefore assumed that the properties were likely to be zero rated in Non-Domestic Rate terms, and it is also known that short term let properties do not tend to pay Council Tax.

2.20 It is therefore assumed that there are no local taxation benefits from short terms lets, although it is acknowledged that this position is subject to ongoing legislative changes.

2.21 The daily expenditure by each overnight tourist staying in Edinburgh and Lothians was sourced from VisitScotland's 'Tourism in Edinburgh and Lothians' 2019<sup>9</sup>, which is the latest source, and it is acknowledged that 2023 was expected to be similar to 2019, on the basis that Covid-19 restrictions were largely lifted and anecdotal evidence and a review of a range of tourism barometers suggesting 2023 was a similar year as pre-pandemic figures from 2019. The overnight figures assumed £97 for international travellers and £93 for domestic travellers, therefore £95 was assumed. This has been inflated to £118 to reflect current (2024) prices.

2.22 Consultation with VisitScotland outlined that this included accommodation spend, and therefore this was subtracted from the spend rated, based on known accommodation costs in each areas and by property size. Therefore, a total per head accommodation spend could be calculated. This was then multiplied by 365 days and subjected to an occupancy rate which was reflective of statistics by area and property size from AirDNA.

2.23 In keeping with the residential assessment, a leakage rate was assessed. There are no statistics from VisitScotland which outline where tourists spent their time and money when visiting Edinburgh and Lothians. However, a review of the Great Britain Day Visits Survey<sup>10</sup> does provide an insight to expenditure by type, and concludes that around 32% of expenditure is accounted for by transport. It is expected that these costs will be borne outside the local area, with the vast majority of the other costs (eating and drinking, retail and admissions) will benefit local businesses. For the purposes of this research, we have assumed a leakage rate of 32%.

2.24 In order to convert the net local impact to employment and GVA per job. As presented by VisitBritain<sup>11</sup>, found that an additional £54,000 of tourism spending is associated with the creation of one job in the tourism sector. In 2024 prices this review has assumed that one job is created for every £73,160 and each tourism job in the East Lothian 'sustainable tourism' economy has a GVA per head impact of £14,595<sup>12</sup>.

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<sup>9</sup> Tourism in Edinburgh and Lothians, VisitScotland, 2019

<sup>10</sup> Great Britain Day Visits Survey, VisitBritain, 2023

<sup>11</sup> The economic contribution of the tourism economy in the UK, VisitBritain, 2013

<sup>12</sup> Scottish Annual Business Statistics, Scottish Government, 2022

### 3 Results

#### Introduction

3.1 The results of the assessment are presented in this concluding section.

#### Results

3.2 The analysis shows that the GVA effects are greater for residential uses than short-term lets across all property types. It is noted that the employment effects are greater for short-term lets in all cases. However, although tourism jobs are valuable, they are not as valuable in GVA terms as other economic activity in the local area.

**Figure 3.1: Economic Impact of Residential Properties**

North Berwick - Residential			
Unit Size	Net Local Impact	Net Local FTE Jobs	Net Annual Local GVA Impact
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3.3 The above results, which focus on jobs and GVA effects and exclude exchequer effects, suggest that although short term lets are valuable in supporting jobs, and facilitating tourism, their GVA effects are not as pronounced as those generated from residential uses, mainly because the economic value of tourism jobs is lower and more seasonal in nature than other economic sectors. There is growing evidence of staff shortages in North Berwick in the care sector, hospitality, and retail. This may be attributed at least in part to the cost and shortage of housing for rent and purchase.



3.4 A further key finding from this work is that this research suggests that on average, each bedspace generates a tourism turnover of £14k and sustains 0.2 jobs – which is lower than the figures ELC relies upon, which estimate each bedspace has a turnover effect of £22k and sustains 0.5 jobs.

3.5 Overall, it can be concluded that short term lets are a significant and increasing component of the visitor infrastructure in East Lothian and North Berwick. They do support the local area by enticing people to stay overnight. However, they are highly seasonal and their continued growth, and future growth expectations, are considerable.

3.6 The sustained continued growth has had impacts on housing supply and is likely to continue into the future. With significant variations in occupancy rates, it is apparent that many short term let properties are not let for noticeable periods of the year. The increased daily charge, however, has generated increased and sizable financial gains for owners. However, because properties are unused for tourism for many months the tourist spend in the local area is far less than suggested in ELC's assumptions.

3.7 More importantly, the evidence is that short term are less economically valuable than residential uses for the local economy. Furthermore, the contribution of short term lets to East Lothian Council in terms of revenue is restricted due to exemptions from Council Tax payments and the adoption of business rates which are often zero rated.

3.8 In fact, there is a growing body of evidence to suggest the social and environmental externalities far outweigh any perceived, and loosely evidenced at present, local economic gains.

## **Recommendations**

3.9 That the findings of this research based on locally derived, accurate data are used to inform the North Berwick Local Place Plan.

3.10 That the findings of this report based on locally derived, accurate data are shared with local Councillors and officers of ELC, with a view to informing the emerging Local Development Plan and policy making in respect of short terms lets in North Berwick and the coastal ward.

3.11 In addition, in coming to decisions through the development management process the findings of this economic report which balances the value of short term lets and residential occupation, should contribute to discussion and assessment of policy NPF4 Policy 30e(ii).

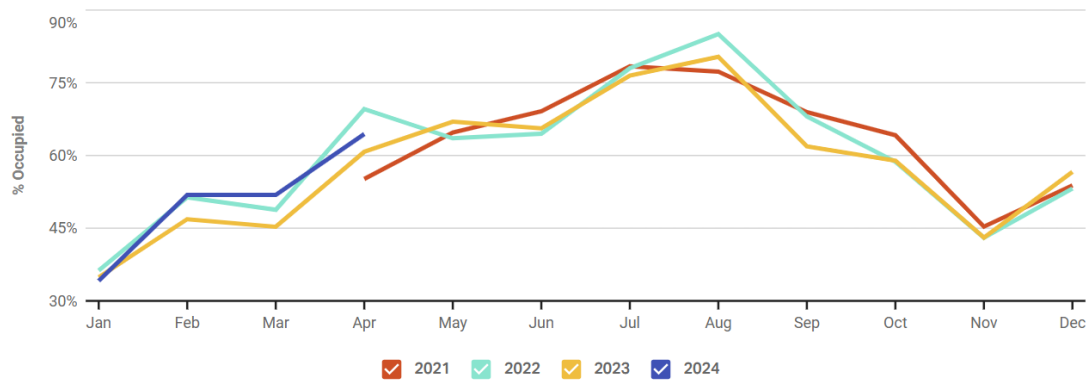
3.12 The findings should be widely shared throughout the local community and beyond so that discussions and decisions about short term lets can be evidence based, founded on locally derived data.

## Annex A: North Berwick Short Term Let Performance Metrics

### Occupancy

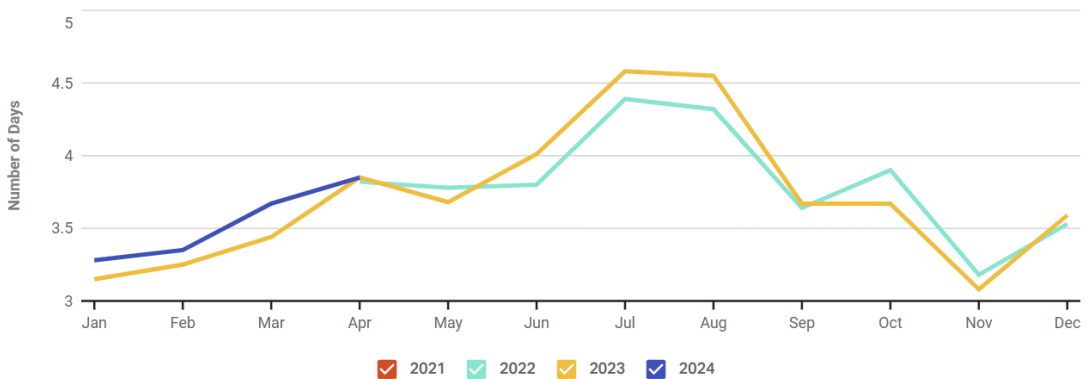
The figure below (A1) outlines that the peak occupancy month is traditionally August with occupancy rates above 80%, and the lower occupancies are around November and January, with a pick-up in December.

**A1: What percentage of the month was occupied?**



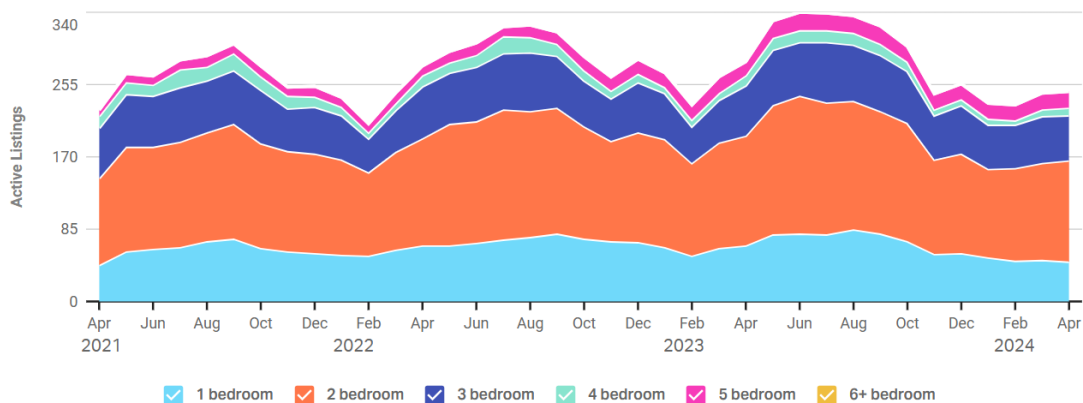
The average duration of stay ranges between 3 nights and 4.5 nights, with longer stays in the peak summer period than the off peak winter months (Figure A2).

**A2: How long were guests staying?**



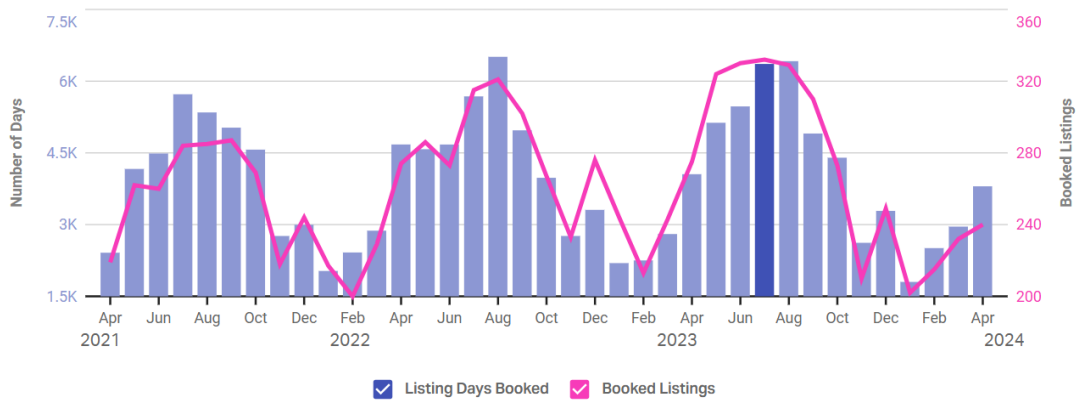
45% of the listings are two bed, with a quarter being one bed and a quarter being three bed (Figure A3).

**A3: How many bedrooms did listings have?**



The following figure (A4) again reflects occupancy and peak periods vis-à-vis quieter periods. It highlights the number of booked listings (pink) and the number of booked days (purple), this reiterates the highly seasonal nature of North Berwick short term lets.

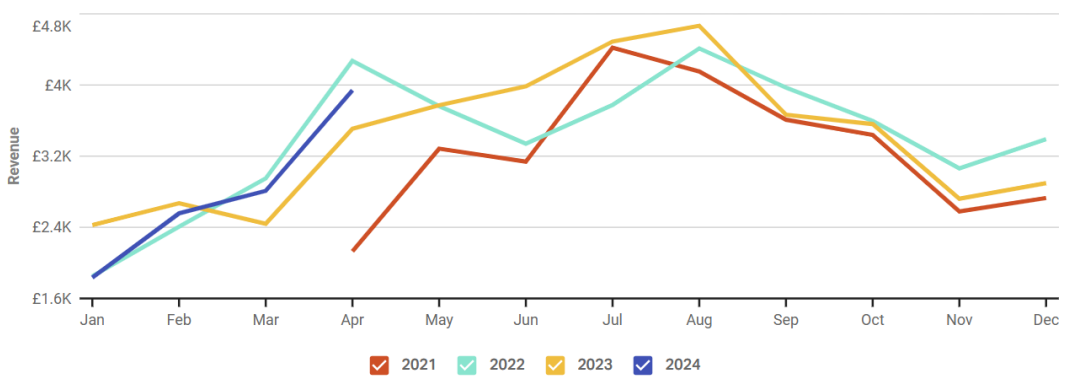
**A4: How does demand change over time?**



## Revenue

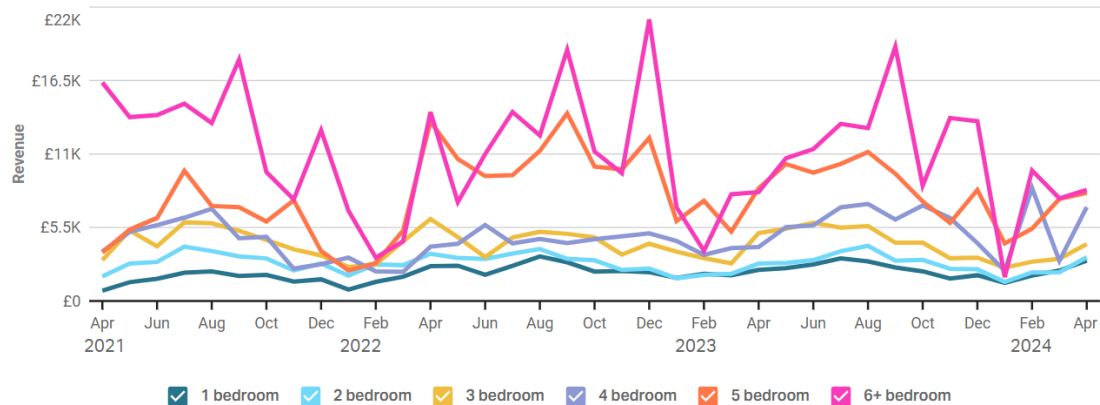
The following figure (A5) highlights how much each property makes per month, indicating an increase in the off season of around £2k a month to nearer £5k a month in July and August.

**A5: How much revenue did listings earn per month?**



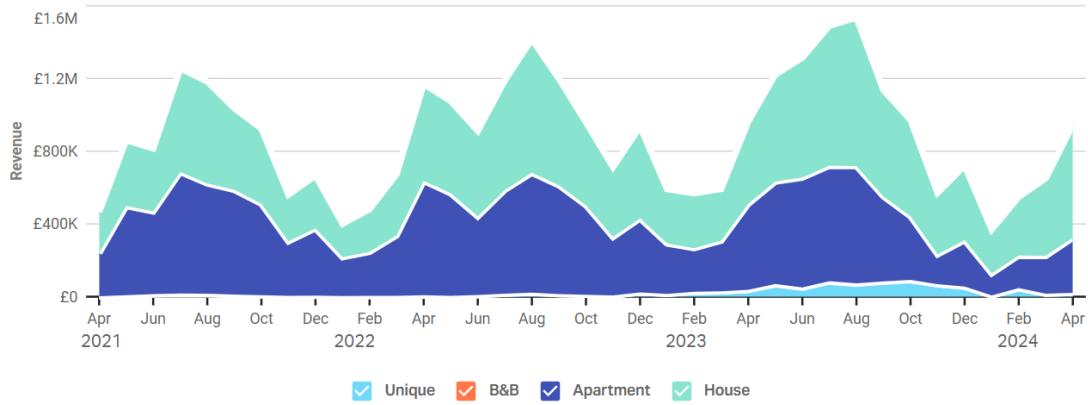
On a similar basis, the following figure (A6) indicates that revenue fluctuate rapidly.

**A6: How much revenue did listings earn by bedroom size?**



The following figure (A7) indicates that that the main income generators in North Berwick are houses then apartments, with total monthly income in North Berwick ranging between around £400k and £1.5 million in peak periods.

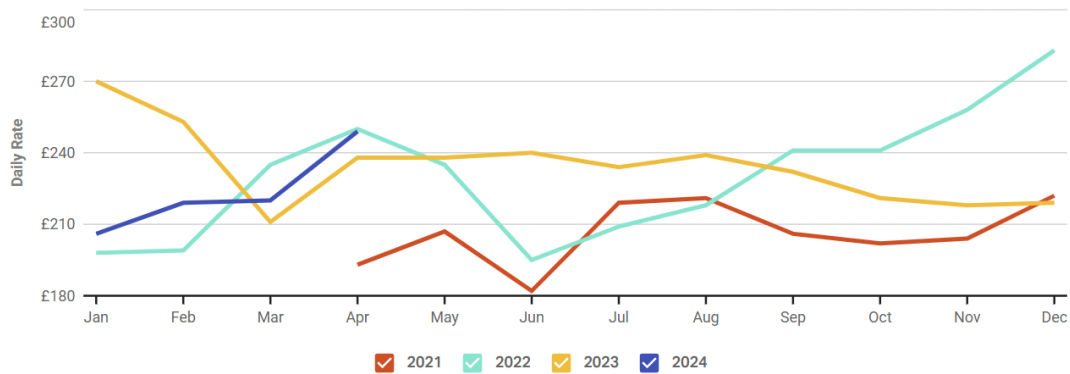
**A7: How much did each property type make in revenue?**



## Rates

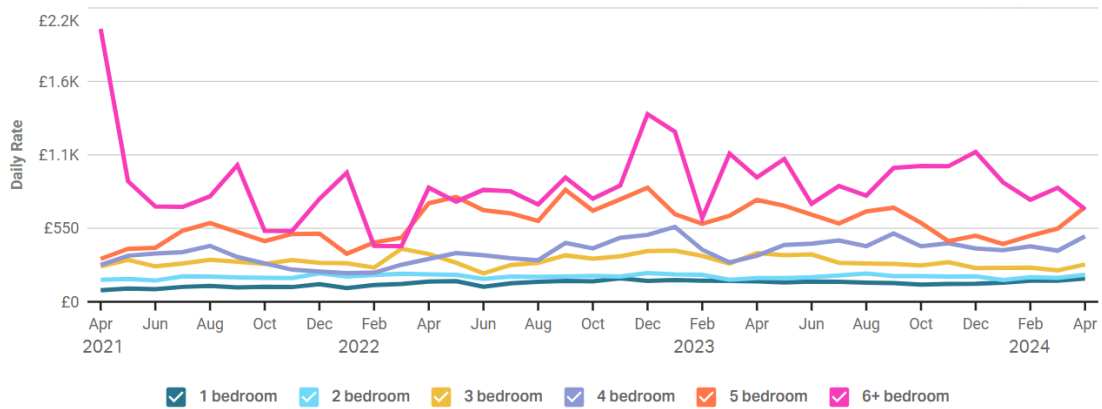
Average daily rates fluctuate by property size, and by month, with 2023 showing an uplift on 2022 and early indications that 2024 is already achieving higher daily rates (Figure A8).

**A8: What was the average daily rate?**



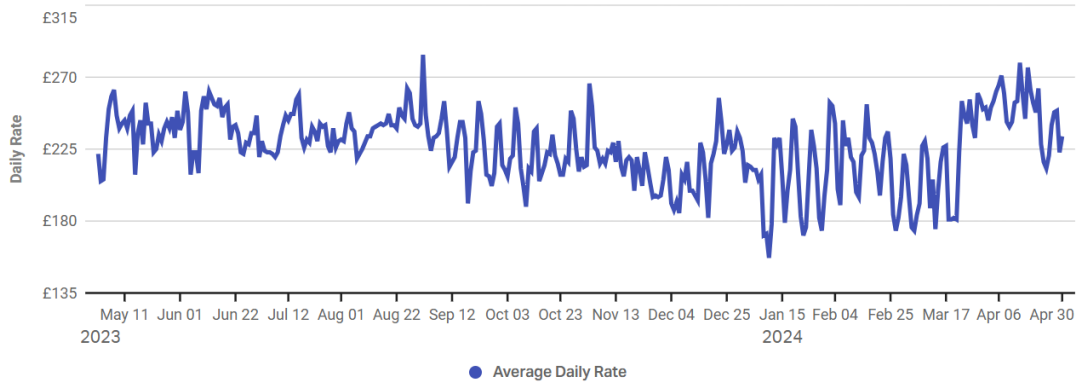
On a similar basis, the following figure (A9) indicates that average daily rates fluctuate rapidly.

**A9: What was the average daily rate by bedroom?**



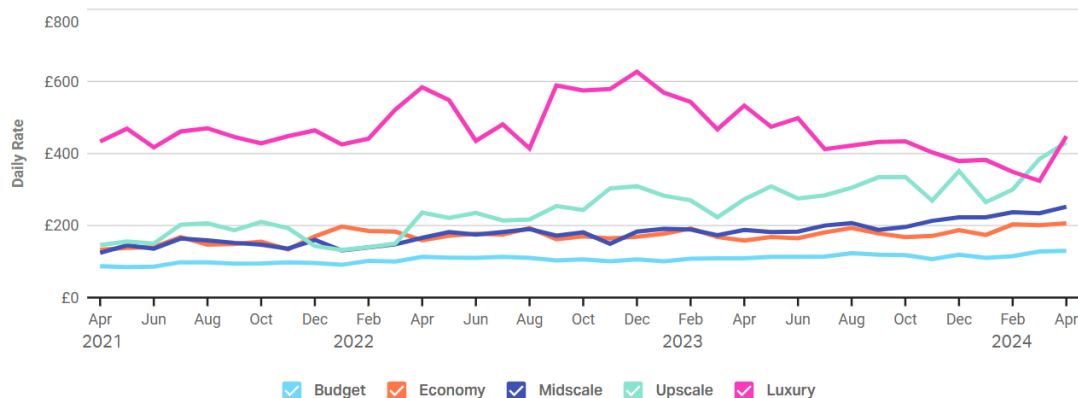
Likewise average daily rates by day fluctuate rapidly as shown in Figure A10.

**A10: What was the average daily rate by day?**



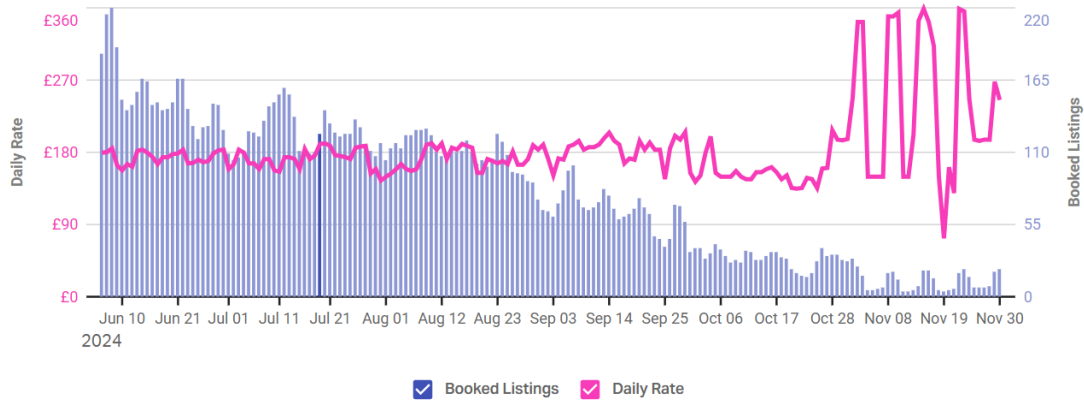
The following figure (A11) highlights that luxury properties command a significantly higher daily rate than other classifications, although it is noted that all classifications have been recording increasing daily rates.

**A11: What was the average daily rate by price tier?**



The following table (A12) suggest that even although guests are paying more each year, they are still willing to pay more in future periods, confirming there is strong demand and a possible perceived lack of supply in North Berwick in the peak summer period.

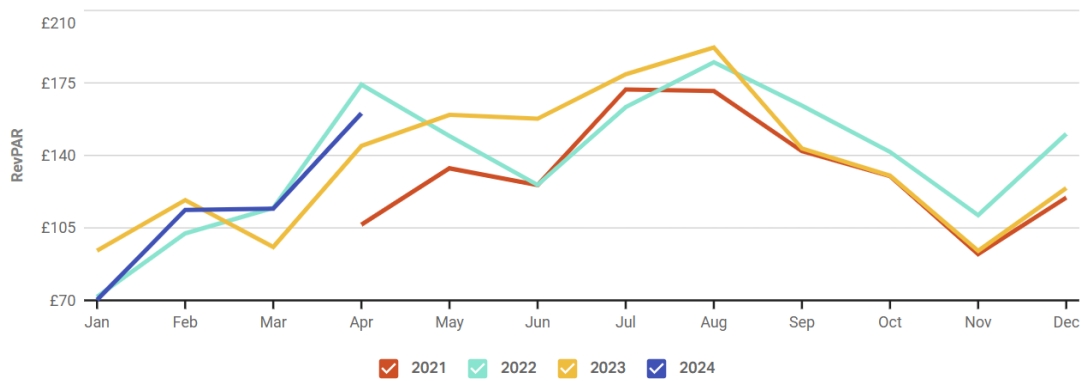
**A12: What are guests willing to pay for future days?**



## RevPAR

Revenue per available room (RevPAR) is calculated by multiplying the average daily room rate by occupancy, and again this indicates peak periods in July and August. This is presented in Figure A13 below.

**A13: What was RevPAR?**



Economic Impact of Residential and Short-Term Let Properties in North Berwick

**Annex B: Detailed Economic Impact Tables**

North Berwick - Residential																	
House type	Council Tax Band	Council Tax Charge	Number of Residents	Number of Adult Residents	Economically Active	Average Wage	Total Wage	Income Tax and NI	Net Wage	Family Expenditure Per Person	Total Family Spend	VAT	Net Family Spend	TOTAL	Net Local Impact	Impact:Job	GVA per Job
1 bed	A-C	£ 1,541.00	1.0	0.8	0.7	£ 40,607.00	£ 26,433.53	£ 4,598.07	£ 21,835.47	£ 10,006.29	£ 10,006.29	£ 2,001.26	£ 8,005.03	£ 29,840.50	£ 29,840.50	0.29	£ 10,965.27
2 bed	A-C	£ 1,541.00	1.7	1.3	1.1	£ 40,607.00	£ 44,937.01	£ 10,704.21	£ 34,232.79	£ 10,006.29	£ 17,010.69	£ 3,402.14	£ 13,608.55	£ 47,841.34	£ 47,841.34	0.46	£ 17,579.91
3 bed	D-E	£ 2,268.00	2.6	2.1	1.7	£ 40,607.00	£ 68,727.19	£ 14,429.97	£ 54,297.21	£ 10,006.29	£ 26,016.34	£ 5,203.27	£ 20,813.07	£ 75,110.29	£ 75,110.29	0.72	£ 27,600.23
4 bed	F-G	£ 3,422.00	3.4	2.7	2.2	£ 40,607.00	£ 89,874.01	£ 21,408.42	£ 68,465.59	£ 10,006.29	£ 34,021.37	£ 6,804.27	£ 27,217.10	£ 95,682.68	£ 95,682.68	0.92	£ 35,159.82
5 bed	H	£ 4,610.00	4.3	3.4	2.8	£ 40,607.00	£ 113,664.19	£ 29,259.18	£ 84,405.01	£ 10,006.29	£ 43,027.03	£ 8,605.41	£ 34,421.62	£ 118,826.63	£ 118,826.63	1.14	£ 43,664.36

North Berwick - Short Term Let																				
House Type	Sleeping	Daily Rate	AirBNB %	Cleaning Charge	Net Daily Rate	Average Spend per Person Per Day	Accommodation Spending	Other Spending	Total Other Spending	Other Spending + Rental	Days	Total Spend and Rental	Occupancy Rate	Total Gross Impact	VAT	Total Net Impact	Leakage	Net Local Impact	Impact:FTE	GVA per FTE
1 bed	2	£ 138.70	£ 19.42	£ 6.94	£ 151.18	£ 118.00	£ 75.59	£ 42.41	£ 84.82	£ 236.00	365	86,140	65%	55,991.00	11,198.20	44,792.80	32%	30,459.10	0.42	£ 6,076.42
2 bed	4	£ 190.80	£ 26.71	£ 9.54	£ 207.97	£ 118.00	£ 51.99	£ 66.01	£ 264.03	£ 472.00	365	172,280	62%	106,813.60	21,362.72	85,450.88	32%	58,106.60	0.79	£ 11,591.93
3 bed	6	£ 279.40	£ 39.12	£ 13.97	£ 304.55	£ 118.00	£ 50.76	£ 67.24	£ 403.45	£ 708.00	365	258,420	62%	160,220.40	32,044.08	128,176.32	32%	87,159.90	1.19	£ 17,387.90
4 bed	8	£ 442.20	£ 61.91	£ 22.11	£ 482.00	£ 118.00	£ 60.25	£ 57.75	£ 462.00	£ 944.00	365	344,560	61%	210,181.60	42,036.32	168,145.28	32%	114,338.79	1.56	£ 22,809.93
5 bed	10	£ 597.60	£ 83.66	£ 29.88	£ 651.38	£ 118.00	£ 65.14	£ 52.86	£ 528.62	£ 1,180.00	365	430,700	53%	228,271.00	45,654.20	182,616.80	32%	124,179.42	1.70	£ 24,773.08