Economic Value of Boating Tourism in Scotland

National Survey, 2022

Executive Summary

Research partners

With support from

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Key Findings

Evolving Contribution to Policy

The sector continues to demonstrate a strong fit with national and regional policy, including the NPF and NSET. There is now greater recognition and an evidence base that the sectors' contribution is more than just the economic value that it generates - and includes wider cross-cutting policy priorities such as net zero and wellbeing.

Berthing Capacity has Increased by +1,100 Berths Since 2016

Demand in Scotland remains buoyant and total capacity is now 16,800 berths. Areas with a previously less developed infrastructure offer such as the East Region have experienced the largest growth.

There is also a strong pipeline of planned development activity - increasing capacity by a further 1,280 berths by 2030.

Sailing/Boating is Estimated to Contribute £84m in GVA

Despite unprecedented challenges including Brexit and the Coivid-19 pandemic, the sector has shown resilience and since 2016 experienced real-term growth in GVA of +8%, compared to a contraction of -1.1% across the Scottish economy.

By 2030, the sector is forecast to contribute £92m in GVA to the Scottish economy per annum.

Sailing/Boating Supports 3,100 FTE jobs

The sector continues to be an important source of year-round employment in many rural and coastal communities.

By 2030, employment is forecast to increase to 3,340 FTE jobs.

Looking to the Future

Opportunities for Growth - The staycation market, integrating a mixed sport and activity offering, and enhancing the green credentials of the sector all offer an opportunity for the sector to grow.

New Approaches - We need to reframe the lens by which the sector considers future development opportunities:

- Sport First – integration with other rapidly growing areas of water-based tourism – SUPs, kayaks, coastal rowing.
- Community First – locally-led activity where revenues can be reinvested by, and for the betterment of the local community.
- Region First – driving regional change through economies of scale and positive spillovers.

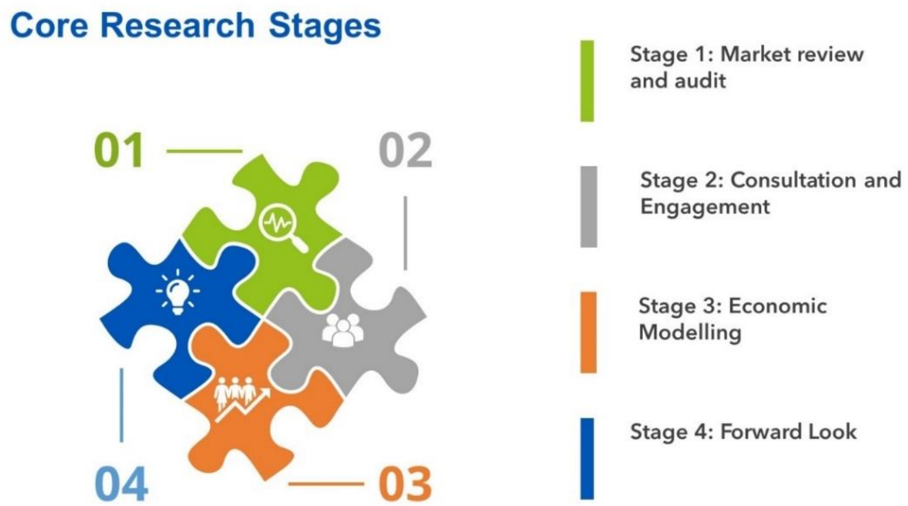
Executive Summary

The study represents the third report in a series (previous studies were prepared in 2009 and 2016) that measures the economic value and contribution of the boating/sailing tourism sector to the Scottish economy.

The study outputs will provide industry and partners/stakeholders with up-to-date, robust intelligence and data on recent performance and the current shape of the sector, with a forward-looking view to identify future challenges and opportunities.

Overarching Study Objective: To prepare an independent assessment of the current economic contribution that the sailing tourism sector (both sailing boats and motor cruisers) makes to the Scottish economy and to provide analysis of the potential that exists to grow the sector and its value[1].

To address the study objectives, the research was undertaken in four complementary and intersecting research stages.



Significant engagement, consultation and survey work was undertaken over a four-month period to gather the relevant data and qualitative insights to feed into the study. EKOS would like to record thanks to all those that contributed:

- Boaters and leisure cruisers – 297 responses.

[1] Study note: To ensure comparability and compatibility with the previous reports produced in 2009 and 2016, the data excludes the tourism elements of small craft watersports such as dinghy sailing, kayaking, rowing, and SUPs, etc.

- Operators – 37 responses.
- Charter organisations – 13 responses.
- Strategic stakeholders – 22 responses.

Context and Scene Setting

In the intervening period since the publication of the previous report in 2016 there has been significant change in the policy and external operating environment - which have presented both challenges and opportunities for the sector.

Policy Focus

Marine Tourism. In 2015 Scotland's first marine tourism strategy was published, Awakening the Giant (2015 – 2020) and has recently been succeeded with the launch of Giant Strides (2020 – 2025). Both strategies have played an important role in terms of promoting the valuable role that marine tourism and boating/sailing plays in Scotland's overall visitor offer and the wider contribution the sector makes to the regeneration of (often remote/rural) coastal communities.

Growth of the wellbeing economy. The recent publication of the National Strategy for Economic Transformation (2022) has highlighted a shift in economic development policy in Scotland. While economic prosperity remains a core objective, this needs to be balanced with considerations for social and environmental dimensions.

Net Zero and Natural Capital. With Scottish Government declaring a climate emergency in 2019, accelerating the transition to a net zero economy has become the over-arching priority that has been cascaded down across all areas of policy.

Fit with Policy

The boating/sailing sector continues to demonstrate a strong fit with, and contribution towards, relevant and emerging policy priorities. Nonetheless, it is important that the sector continues to work in collaboration to ensure that the messaging and narrative with regards to the specific role is clear and concise. There are three areas we believe are of relevance:

- Continued contribution to economic development and coastal regeneration – creating and sustaining jobs (directly and within the supply chains) and economic value added.
- The wider benefits to physical and mental wellbeing ("blue health") from being active in the outdoors, whether through competitive sports or leisure activity.
- The approach to promoting sustainability within the sector, including the transition to more sustainable fuel sources and repowering of vessels.

External Environment

Brexit. The direct effects and implications of the UK's exit from the EU are perhaps more nuanced, for example, anecdotally there has been some impact on the supply chains (for example, sourcing parts and fittings), and a short-term decline in the number of non-UK based visitors visiting the UK/Scotland due to uncertainty regarding travel and visa restrictions, etc.

However, the impact of Brexit can be most acutely seen within the downstream supply chains – notably the onshore visitor offer (accommodation, food and drink provision and attractions). Restrictions on the movement of labour/workforce, particularly in remote/rural areas that typically have had a greater reliance on seasonal migrant labour has proved challenging for many operators.

COVID-19 Pandemic. While the wider tourism sector has experienced a notable decline in activity in 2020 through to early 2022, the boating/sailing sector has shown resilience. In addition to the furlough and other support schemes, operators were able to generate revenue and income during the various lockdowns through berthing and storage fees (albeit the charterers experienced more hardship due to travel and social distancing restrictions). Further, recreational boating and sailing (as an outdoor activity and exercise) was one of the earlier sectors that was able to reopen when lockdown restrictions began to ease, albeit legislation/guidance relating to social distancing and 'support/household bubbles' remained. Evidence suggests that the sector was able to bounce back to pre-pandemic levels relatively quickly after restrictions were lifted/relaxed.

Inflation and Cost of Living Crisis. The instability and uncertainly within global financial markets that has led to soaring levels of inflation and interest rates has meant that in the short-term (at least) there will be challenges for individuals/households and businesses alike, with both being asked to absorb the increasing costs for goods and services. While the implications are not yet fully understood, at the very least this is expected to have some effect on levels of demand.

Marine Tourism Infrastructure -an Updated View

An updated audit has reviewed the current capacity in the sector - supply of resident and visitor berthing and mooring facilities in Scotland[2]. This has been assessed against the demand, which has been based on the average occupancy rates reported by operators.

[2] To ensure comparability with previous studies we have employed the following definitions: ·'resident' berth - contracted berth holders of more than one month, and 'visitor' berth - anything up to a one month stay.

In addition, the report has identified the pipeline development activity that either has planning permission secured (or is the process of applying) and/or has been included within Heads of Terms of a Regional Growth Deal.

Capacity and Supply

As shown in **Table 1**, the total berthing capacity in Scotland is c. 16,800 and has increased by 1,100 /+7% since 2016. Further detail is provided in the main body of the report regarding the split between 'resident' and 'visitor' berths.

Table 1: Berthing Capacity, 2016 - 2022

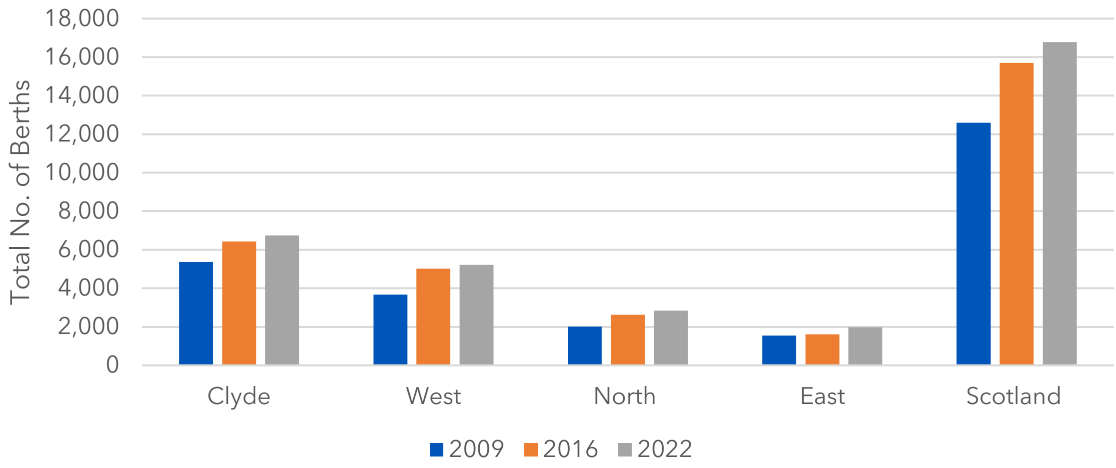
Region	2016	2022	Absolute Change	% Change
Clyde	6,437	6,742	305	5%
West	5,021	5,218	197	4%
North	2,618	2,836	218	8%
East	1,617	1,981	364	23%
Scotland	15,693	16,777	1,084	7%

The Clyde and West regions remain as Scotland's most popular destinations due to their reputation for accessible sailing waters (for all levels and abilities) and the well-established (shoreside and onshore) offer. Together, they account for 71% of Scotland's total capacity and growth in berthing capacity across these regions was, +5% and +4%, respectively.

While starting from a smaller base in terms of berthing capacity, positively, the North and East regions have seen the largest absolute and proportionate growth (+23% and +8%, respectively). Within the East region, the additional capacity has come within resident berths, principally at Eyemouth, North Berwick and Arbroath. In comparison, the North region has seen growth across berths at sites in Wick and across Orkney at Kirkwall, Stromness and Westray/Pierowall.

Taking a longer-term view, **Figure 1** presents the changes since 2009.

Figure 1: Total Berths 2009 - 2022



Occupancy and Demand

Across Scotland, the average occupancy rate for resident berths is 94%, and since 2016 demand has broadly kept pace with the increasing capacity/supply. Feedback from operators also identifies many have waiting lists and regular enquiries for 'resident' berthing space and/or have to turn away vessels during the peak season in July and August.

Table 2: Demand for Resident Berths, 2022

Region	Total supply	Total occupied	Occupancy (%)
Clyde	5,743	5,199	91%
West	4,386	4,278	98%
North	2,513	2,348	93%
East	1,820	1,729	95%
Scotland	14,462	13,554	94%

Scotland has experienced growing demand for 'transient' or 'visitor' berthing as shown in **Table 3**.

Table 3: Levels of Visiting Craft Demand

Region	Formal Stock*	Nights per Formal Stock	Formal Boat Nights	Drop the anchor**	Total Boat Nights	Share of Total Boat Nights
Clyde	999	49	48,677	36,568	85,244	32%
West	832	64	53,269	82,042	135,312	51%
North	448	38	16,805	8,553	25,358	10%
East	161	54	8,670	9,608	18,278	7%
Total	**2,440**	**52**	**127,422**	**136,771**	**264,192**	**100%**

*Formal stock refers to the total supply of visitor berths (including pontoon, mooring and quayside/ harbourside) at formal facilities. Therefore, formal boat nights refer to the number of nights spent at formal berthing facilities.
**Drop the anchor refers to the number of nights when a visiting boat anchors somewhere other than a formal facility (e.g. in a sheltered area close to shore).

The most popular destination for visiting craft are the West and Clyde regions – together accounting for 83% of all visiting boat nights, albeit this is down from 87% in 2016 - which shows increased demand across other regions.

Overall, total visitor boat nights have increased from 176,000 in 2016 to just over 264,000 in 2020, a 50% increase.

These results suggest that visitor demand has outpaced supply, for example, while some drop the anchor will be intentional or planned, many will be caused by lack of availability at formal berthing facilities.

Pipeline Activity

Over a seven-year period (up to 2030), it is estimated that there will be 17 projects that will either create new infrastructure provision or upgrade/extend existing provision, **Table 4**. Much of this proposed activity will be part funded through the public sector via Regional Growth Deals.

Table 4: Pipeline Projects

Region	Number of Pipeline Projects	Number of Proposed Berths	Current Berthing Supply (capacity)	% Change
Clyde	4	435	6,742	6%
West*	8	130	5,218	2%
North	3	147	2,961	5%
East	2	569	1,981	29%
Scotland	17	1,281	16,902	8%

*Note: the data presented for the west region does not include projects being developed through the Rural Growth Deal – with proposals still at an early stage.

If all the projects are delivered then this will increase berthing capacity by c. 1,280 berths, representing an uplift of +8% on the current (2022) baseline.

Economic Value and Benefits

Despite unprecedented geo-political and economic challenges, Scotland's boating and sailing tourism sector has continued to develop and it **achieved real term annual growth since 2016 (over and above inflation) of £13.5 million expenditure (+15%) and £6 million (+8%) Gross Valued Added** (GVA). In comparison, the Scottish economy contracted by -1.1% over the same period (based on annual GVA).

The sector is now estimated to **generate £84 million GVA per annum for the Scottish economy** and **support around 3,100 Full-Time Equivalent (FTE) jobs** – many in rural and fragile coastal communities.

In terms of future growth projections, based on the 17 pipeline development projects that would enhance the overall berthing capacity in Scotland by 1,280/ +8%, **GVA could increase to £90 million – £92 million per annum, and support 3,250 – 3,340 FTE jobs**.

Delivery Against Targets

Scotland's first marine tourism strategy, Awakening the Giant set out to drive "visitor expenditure from £101m to £145m". In 2022 the visitor expenditure (considered as economic output) was forecast at £160m and has now exceeded the targets set out in the strategy by £15m / + 10%.

In additon, British Marine estimate the total GVA contribution of the wider marine tourism sector is £450m. The boating and sailing sector alone, therefore accounts for almost 19% of the sectors' economic contribution.

Emerging Approaches to Measuring Value

While the study has intentionally focused on highlighting the economic benefits to ensure direct comparability with the 2009 and 2016 studies, we would note that there are alternative and complementary techniques and approaches which can help quantify and qualify the wider social value and benefit that can be attributed to the sector. These are:

- Immediate and longer-term benefits (for example, reputational) from hosting events, sporting competitions, and regattas.
- Catalytic effects - supporting regeneration activity and wider (place-making) amenity benefit.
- Physical and mental health and wellbeing benefits from natural capital - nature-based recreation and welfare value of outdoor recreation sites and the physical and mental health and wellbeing benefits from spending time in nature. The proposed mixed-activity centres at Kintyre and Stranraer would act as showcase to pilot this type of approach.

Forward Look

The forward look has set out a series of shared challenges and opportunities that will likely have some bearing or impact on the sector in the coming years. Partners and stakeholders within and aligned to the sector need to consider how best to work in collaboration to address these.

Challenges

Cost of living and inflationary pressures – we are likely to be operating within a constrained fiscal environment for at least a couple of years, and rising costs may affect levels of demand. For the operators, there is a threshold for the level of additional cost that they can pass on to consumers.

For visitors and recreational boaters, cost and affordability considerations are likely to be a key driver in their decision-making over the short-medium term.

Supply chains – external circumstances such as growing inflation, Brexit, and the war in Ukraine means that there are pressures on the supply chain in terms of importing goods and services, resulting in increasing costs and wating times.

In addition, a more systemic and closer to home challenge is with regards to the workforce and access to skilled labour within the boatbuilding/repair and maintenance sector. In spring 2022, British Marine Scotland (BMS) undertook a workforce, skills, and training survey to inform the development of a future action plan. Emerging findings have identified issues in terms of skills gaps in areas such as engineering (boat builders and electricians), boat handling (commercial skippers and crew), and management (marina managers and boatyard operatives), and skills shortages driven by an ageing workforce.

Ageing Assets

Over the medium term, much of Scotland's berthing and shoreside infrastructure assets will be 30+ years old, and in line with Scottish Government/Scottish Future Trust Infrastructure Investment Plan for Scotland 2021/22 to 2025/26 the focus will be on maximising the useful life of existing assets through maintenance, repair, and upgrades.

Feedback identified that while the overall offer in Scotland was felt to be good, in comparison to other destinations (particularly in mainland Europe and Scandinavia), the shoreside and onshore infrastructure and facilities were felt to be inconsistent.

Access to capital funding and investment will therefore be important to help ensure Scotland can deliver a consistent and good quality service offering.

Opportunities

Staycation and other market opportunities – there is a need for a collaborative and strategic approach across the sector (operators, charterers, shoreside and onshore provision). Adopting a 'Team Scotland' approach whereby the focus is on growing the scale and value of the sector at a national level first and foremost, will help ensure that operators are able to access their share of a larger market opportunity. One area for potential growth is within the charters sub-sector, in particular – opportunities to view marine wildlife. Survey feedback and wider intelligence shows that Scotland's standing as a destination that offers spectacular scenery and opportunities to watch wildlife is unrivalled and there is a growing charter market that offers group and custom tours. It is therefore important that the charter stock is of a good standard and has a diverse offer if this sector is to compete against the wider European offer, which is generally well regarded.

Mixed sports activities and promoting accessibility - one of the ways in which the sector can grow its contribution to the economic and social value it generates is through adopting a targeted approach to educating (for example – providing information on suitable/safe locations and safety advice, etc) and promoting access to the water/bluescape and encouraging participation in water sports and recreation more generally, for example, kayaks SUPs, dinghy sailing, coastal rowing, etc.

Enhancing the 'green credentials' of the sector – the sector can play a strong leadership role in identifying a phased pathway to achieving and delivering against the net zero agenda, acting as an early adopter of new technologies and processes to enhance sustainability and reduce the carbon footprint. The development of working/ technical partnerships could be a valuable mechanism in supporting the sector develop a consistent approach in terms of the 'product offer', seascape, and promotion/marketing.

New Approaches

As the sector looks to the future, in contrast to the 'string of pearls' approach which looks at gaps/opportunities based on a geographic mapping of available infrastructure, we have considered new approaches on which to assess strategic gaps and opportunities for new development and investment based on three criteria:

- Sport First – integration with other rapidly growing areas of water-based tourism – SUPs, kayaks, coastal rowing. Examples include the Kintyre Sea Sports development at Campbeltown.
- Community First – locally-led activity where revenues can be reinvested by, and for the betterment of, the local community. Examples include Lochaline Harbour led by the Morven Community Development Trust.
- Region First – driving regional change through economies of scale and positive spillovers. Examples include the Rural Growth Deal in Argyll and Bute.