

## EXTENDED ABSTRACT

# HOLIDAY HOMES FOR SHORT-TERM RENTAL IN LA PALMA (CANARY ISLANDS): EVOLUTION AND SPATIAL DISTRIBUTION (2015-2020)

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### 1. INTRODUCTION: HOUSING AND GLOBAL TOURISTIFICATION, KEY PLAYERS IN POST-CRISIS CAPITALIST ACCUMULATION

Large cities have been the focus of academic research on the short-term housing rental for tourist accommodation, which has experienced a remarkable growth since 2016, in parallel to the expansion of Airbnb and its wide spatial diffusion on a global scale (Guttentag, 2019). In these urban areas, not only was there a close relationship between this type of accommodation and the rise of tourism, but social tensions were also emerging as a result of the growing competition between tourist and residential rentals (Novy and Colomb, 2016). As a result, there is little work on the diffusion of short-term rentals beyond urban areas (Adamiak *et al.*, 2019), even though it is a phenomenon that no longer affects only large cities. Its role in intensifying the number of tourists arriving in traditionally tourist places, as well as in promoting a wide diffusion in areas that remained relatively marginalised from such flows, is increasingly evident (Bouquet *et al.*, 2019). In fact, small towns, traditional beach and mountain tourist resorts and rural areas are territories in which the Airbnb footprint is increasingly evident, as some recent studies have shown (Adamiak *et al.*, 2019; Domènech *et al.*, 2019). This constitutes an obvious gap that prevents us from knowing for the moment whether the operating logics of short-term holiday rentals identified in large cities are generalisable to all territories and whether the socio-spatial impacts are comparable.

In order to contribute to close that gap, this article estimates the diffusion of holiday dwellings on the island of La Palma (Canary Islands, Spain) (Figure 1). The island is a destination still far from the overcrowding observed in other areas. However, there is considerable political and business pressure to transform its current economic structure. Characterised by a notable balance between intensive export agriculture based on bananas and tourism (Rodríguez González *et al.*, 2016b), the aim is to opt for another structure that is much more dependent on tourism by increasing the supply of accommodation and strengthening international air connectivity (Ramos-Pérez, 2016). In this context, the implementation and dissemination of holiday homes could facilitate a rapid increase in

the number of available beds, in contrast to the difficulties in developing different hotel projects sponsored by local institutions (Martín Fernández, 2021).

## 2. METHODOLOGY AND SOURCES FOR THE ANALYSIS OF HOLIDAY DWELLINGS

Official records of tourist accommodation have never constituted a true census of establishments open to the public, due to the constant presence of informal supply. Since the end of the last decade, there has been a notable expansion of this unlicensed supply, linked to the growth of international tourism and the facilities for short-term housing rental introduced by P2P platforms such as Airbnb or Vrbo (formerly Homeaway), which may become the dominant form of tourist accommodation.

To overcome this difficulty and obtain reliable and up-to-date information on the number of dwellings for tourist use that actually exist, most academic studies have resorted to different databases constructed using web scraping techniques. This allows the extraction of the information contained in the web pages of P2P platforms. The database marketed by the US company Airbnb Data and Analytics (AirDNA) has gained relevance as a source of information for the study of tourist housing rentals due to the exhaustive and permanent nature of the data extraction process it carries out (Oskam, 2019). AirDNA's raw data requires a cleaning phase to avoid duplicates in the counting of advertisements. It is also necessary to discard those that correspond to other accommodation types that are increasingly present on P2P platforms, such as tourist apartments or rural tourism accommodation (Bouquet *et al.*, 2019). In large urban agglomerations, these modalities have a marginal presence, but in La Palma, they can distort any analysis.

Hence the relevance of the database cleaning process that we had to carry out in order to make the database consistent and reliable, the final result of which is a significant reduction of the original records (table 2). We then proceeded to merge the cleaned database with the data from the official holiday homes record of La Palma Island Council. To do so, we identified the dwellings present in the AirDNA database that had a licence number, which was verified in one third of the cases, highlighting the relevance of the unlicensed supply marketed through P2P platforms (table 3). As a result, we obtained that in March 2020 there was a stock of 2,451 dwellings dedicated to short-term rental in La Palma, which hosted a supply of 8,995 beds (Figure 2). Throughout this paper, we prefer to work with these data, although we make occasional use of estimates from a recently available INE experimental statistic also based on web scraping.

Methodologically, we opted for case-study research in order to carry out an in-depth exploration of various interrelated topics in a particular territorial context such as La Palma, without which it would be impossible to understand the current situation of holiday homes on the island. In addition to quantitative primary sources, contributions from previous research on the island, official planning documents, grey literature from La Palma Island Council and reports from the local press are essential to understand the context of tourism development on the island.

### 3. TOURISM IN LA PALMA: A SUITABLE SCENARIO FOR THE BLOSSOMING OF HOLIDAY HOMES?

Tourism development on La Palma began to move from an artisanal to a Fordist stage in November 1987 (Hernández Luis, 2009), when the arrival of the first weekly charter flight from Germany opened up the possibilities of copying on the island the dominant model in the rest of the archipelago and the Mediterranean basin (Ioannides and Debbage, 1997). The almost 65,000 beds included in the local planning in force at the time (Hernández Luis, 2000) show that this would have been to be expected. However, several circumstances converged to prevent these expectations from materialising (Hernández Luis, 2000), among which the following stand out: (i) a general stagnation of tourist activity since the 1991 Gulf War; (ii) the clearly speculative nature of the planned bed provision, as in the rest of the archipelago (Simancas Cruz, 2019); (iii) the continued profitability of banana plantations thanks to European subsidies, which, together with the fragmented nature of land ownership, made it difficult for potential developers to buy land; (iv) and the resistance that part of civil society on the island has shown to a tourist development that replicates the model of mass tourism that exists in the rest of the archipelago.

Despite this, tourism has not ceased to increase its relevance on the island. In fact, Rodríguez González *et al.* (2016b) pointed out that in 2014 it had become a key activity for the island's economy, similar in terms of income generated to export agriculture centred on bananas, with which it would form the island's productive base. However, a distinctive tourist model has spontaneously developed on La Palma, far from the intensive urbanisation of the coastline that characterises the vast majority of island destinations in the Mediterranean basin. A model based more on valuing the attractiveness of its natural landscapes than on the sea, sand and sun model dominant in the rest of the archipelago, as repeatedly shown by tourist surveys (ISTAC, 2020a). A model on which there also seems to be a notable social consensus (Rodríguez González *et al.*, 2016a).

This does not exclude the existence of two small seaside resorts dominated by hotels and apartments (Los Cancajos and Puerto Naos) or even an isolated 1,250-bed hotel enclave in Cerca Vieja (Figure 1). However, this offer coexists with a large number of beds scattered around the island in isolated dwellings on rural land, under different types of regulated accommodation or exploited illegally. In March 2015, before the approval of the regional regulation on holiday homes, the supply associated with these buildings accounted for 36% of the existing tourist beds, if non-regulated accommodation identified in 2004 is taken into account (table 5).

This environment was favourable for the emergence of tourist accommodation on the island when tourist demand increased, as it did between 2015 and 2020. Law 6/2002, which regulated the land use planning for tourism in La Palma, La Gomera and El Hierro, facilitated the conversion of dwellings on rural land into tourist accommodation. Moreover, this model was already the dominant one on the island before the specific regulation on holiday homes in the Canary Islands was passed. As a result, a high volume of second homes and empty dwellings on the island increased their possibilities of being converted

into tourist accommodation, as the previously existing legal restrictions were lifted and there was broad prior knowledge among island society of the economic potential of this type of accommodation.

#### **4. HOLIDAY HOMES IN LA PALMA: THE LEADING TOURIST ACCOMMODATION?**

Although the official record of La Palma Island Council (Cabildo) indicates that the island had 15,472 beds in May 2020, the real figure ranged from 18,373 to 19,889 beds, due to the high number of unlicensed holiday homes (table 6). This means that a non-negligible proportion of the supply of bedplaces, between 15.7% and 22.2% depending on the estimate considered (between 2,901 and 4,417 bedplaces), would be in an unlawful situation as they lack the corresponding licence. Any of the estimates confirms that accommodation associated with holiday dwellings has reached a dominant position in the island's supply as a whole in barely five years. The importance acquired by holiday homes on La Palma is such that it can be seen that this type of accommodation is responsible for 93% of the increase in the number of licensed bed places on the island since 2015 (table 8).

On the other hand, it is possible to carry out a comparative analysis with the other Spanish islands thanks to the existence of the experimental statistics on holiday dwellings produced by the INE. Looking only at the proportion of bedplaces in holiday dwellings out of the total supply of tourist accommodation, El Hierro, La Palma, Formentera and La Gomera have the highest values, far exceeding the average for all the islands analysed, especially in the first two cases (table 7, column y). Two characteristics concur in these four islands: they had a smaller supply of tourist beds in absolute terms before the irruption of tourist dwellings, and there has always been a more scattered supply of accommodation throughout the territory (table 7, column x).

#### **5. SPATIAL DISTRIBUTION PATTERNS OF HOLIDAY DWELLINGS**

The new supply of holiday dwellings on La Palma not only increases the pre-existing atomisation of the island's tourist accommodation supply, but also increases its spatial dispersion. Information available on the licensed and unlicensed supply in March 2020 attests to this, with a clear reinforcement of the concentration of accommodation in the "medianías" (areas located approximately between 300 and 1,000 metres above sea level), which come to form a true continuum articulated by the main roads that run through this area, only interrupted where the settlement disappears (Figure 5).

This pattern is quite logical if we take into account the changes introduced by the new Canary Islands land regulation, Law 4/2017 (BOC, 2017) and by the specific regulation of tourist activity approved for La Palma, La Gomera and El Hierro, Law 14/2019 (BOC, 2019). Both establish a true liberalisation of rural land, by eliminating the protection and restrictions that not only preserved it from urban development but also oriented its fundamental use towards primary activity (García Márquez, 2020). In this context, it was foreseeable that the rural land in the "medianías" would be the privileged setting for the establishment of holiday homes, either newly built or from previous residential use.

Regulation of holiday homes has led to a kind of liberalisation of the supply of tourist accommodation. Almost any property is now considered suitable for accommodating tourists, without any inspection of its facilities or imposition of requirements regarding its capacity beyond those derived from the habitability certificate and the first occupation licence obtained at the time. In practice, the entire island's housing stock constitutes a reserve of tourist accommodation that can be mobilised by owners according to their circumstantial interests.

The spatial distribution of holiday homes shows the existence of two deviations from the main pattern of concentration in the "medianías". On the one hand, its significant presence in the seaside resorts, particularly in Puerto Naos, where the supply was dominated by a hotel and apartment buildings. On the other hand, its appearance in the three most populated settlements on the island, those with the densest and most extensive urban fabric and with the greatest heritage value: Santa Cruz de La Palma, Los Llanos de Aridane and Tazacorte. As well as in another smaller locality, El Puerto, selected as an extreme example of the impact of holiday housing (figure 1). In March 2020, these four urban settlements accounted for 21.5% of the licensed and unlicensed supply of holiday dwelling places, while the seaside resorts accounted for 9.7% of the same (table 9).

We are facing a new supply that mainly mobilises second homes in tourist resorts and empty homes in urban centres. The emergence of holiday homes in the latter is closely related to the overall trend of accelerated growth of this supply in urban centres observed since 2010. The contraction of the supply of long-term residential rentals and the increase in their price are the main effects that some studies associate with the growing number of dwellings for holiday rentals in cities. Although there are no reliable figures for La Palma, the housing crisis resulting from the recent volcanic eruption in Cumbre Vieja has revealed the small size of this market. This would corroborate the previous hypothesis, as there is no shortage of empty and secondary dwellings on the island, accounting for 13.1% and 10.8% respectively of the total housing stock in 2011.

## 6. THE ECONOMIC IMPACT OF HOLIDAY HOMES

According to AirDNA, during the twelve months between 29 March 2019 and 30 March 2020, holiday homes located on La Palma and advertised on the Airbnb and Vrbo platforms would have generated, through the bookings made on these platforms, income in excess of 15.4 million euros. This figure allows an approximation of the economic impact of this type of accommodation on the island, since according to the Tourist Accommodation Survey of the ISTAC (2020b), hotels and apartments on La Palma received 42.5 million euros between April 2019 and March 2020 from the corresponding accommodation rates. Therefore, holiday homes would be generating a turnover of more than 36% of the income associated with the traditional supply of hotels and apartments. However, it is worrying that half of the revenue is associated with unlicensed holiday homes, as it is highly likely that they are evading tax payments for the activity they are carrying out.

On the other hand, the figures show that La Palma is dominated by listings with a clearly commercial orientation, with private or shared rooms being marginal on these platforms (Table 11), whose proportion is even lower than the 8% of listings that met these characteris-

tics in the worldwide Airbnb supply in September 2019 (Adamiak *et al.*, 2019). Furthermore, a close examination of the 1,451 properties listed on Airbnb and distributed among 922 hosts leads us away from the polarisation in the distribution of supply and associated revenues, as the large owners are in fact local, regional or international tourism intermediary companies that manage a variable portfolio of properties (Table 13). This allows us to deduce that although the supply of accommodation in private dwellings in La Palma is clearly commercially oriented, it is fundamentally aimed at supplementing income.

## 7. CONCLUSIONS

Holiday homes have become the dominant accommodation type in La Palma, accounting for at least 40% of the available beds available on the island by 2020. Although official sources lower this weight to 29.6%, the different estimates considered in this work demonstrate the inability of the official registers to capture the real dimension of this accommodation option, since a significant part of the dwellings destined for tourist short rental are not recorded in these registers. The fact that between 2015 and 2020, 93% of the new places registered in La Palma corresponded to this type of accommodation demonstrates its fast growth.

The rural land of the “medianías” of the Canary Islands has become the privileged setting for the widespread presence of houses dedicated to short term rentals. The new Canary Islands land legislation (Law 4/2017) and the specific regulations for the territorial planning of tourist activity affecting the three western islands (Law 14/2019) greatly facilitated the spread of this type of accommodation on rural land, which has been regulated since 2015. Likewise, the considerable population dispersion and the high presence of tourist accommodation on rural land on the island for decades served as amplifiers of this process.

However, the greatest novelty associated with this type of accommodation is its emergence in the island’s main urban areas, a dynamic that coincides with the global trend towards the concentration of this type of accommodation in urban centres. Despite their small size, the old towns of the three main urban centres have experienced a significant growth in the number of beds available, which have flourished thanks to their rich heritage, which is highly attractive to certain types of tourists. In the old town of Tazacorte, the indicators used show a similar or higher proportion of tourist accommodation than that found in urban centres suffering the consequences of touristification.

The boom in this type of tourist accommodation confirms that, contrary to what some politicians and business leaders on the island say, tourism is not only a key sector of activity in the economy of La Palma, but it has also continued to grow in importance since 2015. For this reason, when strategies for the future are proposed that include significant increases in the number of beds, the figures for the actual supply, which are far from coinciding with the official figures, should not be hidden. The commitment to the expansion of existing seaside resorts without halting the proliferation of holiday homes on rural land could end up generating such a volume of beds that the island ends up moving away from its current profile as a tourist destination with little overcrowding. In addition, in a context of environmental and energy crisis, breaking the balance between the different pillars of the island’s economy does not seem the wisest thing to do.