HOUSING, TOURISM AND THE REAL ESTATE SECTOR: THE SPANISH MEDITERRANEAN COAST

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Abstract:

Over the last years most of the Spanish Mediterranean Coast undergoes an enormous urban growth, mainly linked to the tourist and real estate sectors. Urbanization process is managed without any citizen participation and it's causing irreparable environmental damages. Economic globalisation has affected strongly the real estate investments. Housing sector growth in the Mediterranean tourist areas cannot be understood taking into account only the Spanish investments. People from Britain, Germany and other Western European countries acquire thousands of new built housing units each year, fuelling a speculative dynamic supported by the local and regional authorities. Town planning legislation has been reformed in order to make the work of developers easier.

The paper analyses the evolution of one of the most important Spanish tourist territories: the Alicante Coast (*Costa Blanca*). Located in the South East of the Iberian Peninsula, this region has undergone a dramatic demographic and economic growth, mainly based in the tourist and real estate industries. From a socio-spatial point of view, the resulting territory is severely segregated. Changes caused by this kind of urban development have affected deeply the local population: for instance, housing prices have risen spectacularly and, as a consequence, housing has become one of the most important problems for several social groups (young people, economic immigrants, etc)

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1. Neoliberal Urbanism and the Real Estate Markets.

The process of globalisation is carried forward, basically, with the expansion of neoliberal policies. Harvey (2005), in his historical analysis of neoliberalism, demonstrates how its generalisation over ever-increasing areas of the planet produces a profound restructuring, not only at the economic level but also social, political and territorial. Cities are outstanding protagonists in this period of change, playing a role far beyond that of support for neoliberal restructuring projects:

> "(…) cities have become increasingly central to the reproduction, mutation and continual reconstitution of neoliberalism itself during the last two decades. (…) Under these conditions cities have become the incubators for many of the major political and ideological strategies through which the dominance of neoliberalism is being maintained" (Brenner and Theodore, 2004: 28)

Thus, what some writers have called neoliberal urbanism (Smith, 2004: 88) has become a central aspect within the general reconfiguration we can observe at various levels. There is a specific approach to city building, entirely consistent with global processes of socio-economic restructuring. Various administrations favour and encourage this process by establishing the

conditions (legal, political, economic etc.) to permit the development of the model.

In this sense, a study of the globalisation of real property markets is especially revealing. Cross-border investment in housing has increased very significantly, aided by favourable international economic and political conditions. However, the impact is not evenly distributed; on the contrary, there are a number of areas that, due to their specific characteristics, attract a higher proportion of investment.

This is the case in many of the large resort areas on Spain's Mediterranean Coast. Foreign investment in housing, especially in second residences, is not a completely new phenomenon. However, its quantitative dimensions, economic impact, together with its social and environmental consequences, make the period from the second half of the nineties into a notable era of its historical development. The construction of hundreds of thousands of houses, the extension or creation of new high capacity transport infrastructures (motorways, airports, high speed trains etc.), and the development of every kind of leisure and sports facilities linked with tourism (golf courses, marinas, theme parks etc.) have profoundly transformed large parts of the coastline and, with increasing frequency, adjoining areas too.

This paper looks at recent developments in the *Costa Blanca*, this being the label applied by tourism authorities to the coastline of the province of Alicante (south-eastern Iberian Peninsula)[1]. The principal element of the enormous growth undergone over the last decade has been housing development, and within this, second residences occupy an outstanding place. The liberalisation of planning legislation favoured the appearance of conditions that have transformed this zone into an important destination for purchasers from the rest of Spain and other European countries. This has generated a huge demand that has yet to reach its limits, and the need to meet this demand has been used as a justification for several enormously controversial territorial interventions. The characteristics of the process here examined allow for its classification as yet another example of neoliberal style urbanism.

This paper is structured as follows:

First of all, the role of housing production in existing urban economies is examined, detailing some characteristics of the Spanish experience.

Next, before dealing specifically with the coastline of Alicante, is a review of one aspect that, from our analytical point of view, has most contributed to the development of the current real property boom: Valencia's regional legislation concerning urban planning.

[1] The province of Alicante is the southern of the three provinces comprising the Valencian Community, an autonomous community with the city of Valencia as its capital. The surface area of the province is 5,817 km^2, and the coastline is 160 kilometres long.

MAP 1:
PROVINCE OF ALICANTE

Source: http://209.15.138.224/inmonacional/m_p_alicante.htm

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This will establish the basis for the third part, identifying the keys to understanding the development of tourism and the property market on the *Costa Blanca*, from the sixties until now.

With these factors in mind, it is possible to question the way Alicante has been affected by globalisation of the real property markets. Agreement between property developers, with strong international connections, and local centres of political power is fundamental to understanding a boom increasingly fed by foreign demand. To the extent that the coastline has practically reached a degree of total saturation, new areas are being developed inland, reproducing growth formulas that are enormously aggressive to the environment and existing population centres.

Next to be examined is the clash between the working logic of real property development and the hotel sector. This conflictive relationship could lead to a slowdown in real property expansion.

Finally, the conclusions briefly examine the socio-territorial consequences of the process described, highlighting the rise in the price of housing that affects, in a special way, social groups such as young people and economic migrants. A deepening of processes of socio-spatial differentiation is also becoming increasingly apparent.

2. Real Property Development and Urban Growth: the Spanish Experience.

Gradually, real property development has turned into one of the pillars of urban economic growth. As pointed out by Smith (2004: 99), urban property markets are one of the main capital accumulation vehicles of neoliberal urbanism. Growth in this sector is regarded as fundamental to current economic dynamism, and therefore support is given to any measures taken to uphold and strengthen it. Entrepreneurs within the sector and politicians of every stripe highlight its contribution to job creation, higher tax returns and growth within the tourist industry.

In the European sphere, support for the real property sector, for its internationalisation and especially for its desirability as a form of land tenancy is evident. One example is that of the recommendations made in the so-called Kok Report[2] (http://europa.eu.int/growthandjobs/pdf/kok_report_es.pdf). As regards housing, the report recommends greater integration of European mortgage loan markets, by way of progressive reduction of costs. This would permit growth of ownership as a form of tenancy (Doling, 2005).

In Spain, the urge for home ownership was motored by 1950s policies implemented by Franco's dictatorship[3]. This orientation has not changed with the re-establishment of democracy, despite the alternation in government of political parties of different hues. In fact, in 2003 Spain was, together with Greece, the European country with the highest percentage of home ownership, at 83%[4]. Concentration of family savings in the home has turned real property assets into one of the main components of Spain's net economic patrimony (Naredo *et alt*., 2002).

Since 1997 there has been sustained growth in housing prices, well above inflation. This phenomenon has taken place in the context of a notable increase in demand for housing in Spain. The causes of this are as follows (Naredo *et alt*., 2002):

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[2] This report was prepared by a high level group headed by Wim Kok, and presented in November 2004. Its object was to assess the initial results achieved after the Lisbon Agreements of 2000, and to propose measures leading towards the targets of the so-called Lisbon Strategy for Growth and Employment.

[3] According to data from the *Instituto Nacional de Estadística (INE),* in 1950 rented homes still outnumbered homes in ownership: 51.5% of total housing stock, as against 46.9%.

[4] The European average of the 15 Member States is 64%, the lowest percentage being that of Germany at 41% (European Mortgage Federation, 2004)

a) Growth in employment and disposable income.

b) A reduction of interest rates and improvements made by financial entities in home financing, in the context of high rates of family saving.

c) An increase in the international demand for housing in Spanish resort areas, hand in hand with very favourable economic conditions.

d) The need to launder money obtained illegally.

e) An increase in the amount of cash available to invest in property, arising from disinvestments in the stock market and from tax reforms.

Thus, in 2005 the total number of new housing units approved in Spain (*Consejo Superior del Colegio de Arquitectos de España,* 2006) was 812,000, a historic record reflecting the dynamism and importance of the sector[5]. This figure exceeds the combined total number of new housing units approved in Germany, the United Kingdom and France. Although there has been a significant, and to some extent unexpected, growth in the population of Spain[6], this is not enough to justify a level of growth in housing stock of such an order of magnitude.

Another characteristic trait of the Spanish real property model is the high percentage of second homes and vacant dwellings[7]. According to information from the *Censo de Población y Vivienda* [Spanish National Population and Housing Census], second homes moved from 2.7% of the total in 1950 to 16.0% in 2001. The number of vacant dwellings has grown at a comparable rate, from 2.7% to 14.8% over the same period. These figures are evidence not only of the progressive consolidation of a second home "culture" amongst extensive sectors of the population[8], but also of a mentality that regards investment in real property as the safest and most profitable kind. It is thus worthwhile to acquire a residence and even to keep it empty, given that the maintenance costs involved are insignificant and profits accrue with the simple passage of time.

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[5] Between 1991 and 2001 (date of last Census) the total number of dwellings in Spain rose by 21.7%, from 17,220,399 to 20,958,000. However, these figures do not include data from the last five years, a period of spectacular growth. If current trends continue, the 2011 Census will show the greatest growth in history in the number of residences established in Spain in a decade.

[6] The population of Spain has been growing slowly for years, with stability predicted in the short term. However, immigration from abroad brought about a notable change in trends. Thus between 1996 and 2005, the total population increased by 11.11%, from 39,669,394 to 44,108,530 inhabitants (Censuses and Registers of Population, INE)

[7] These categories appear in the Population and Housing Censuses prepared every ten years. Although differentiating between the two categories can present some methodological problems, the information source is the most reliable available.

[8] Only between 1991 and 2001, the number of second homes grew by more than 400,000, from 2,923,615 to 3,360,631 (Censuses of Population and Housing, 1991 and 2001, INE). In the same period, the number of empty dwellings also increased dramatically, from 2,473,639 to 3,106,422.

As a result, in the last few years the real property market has been reshaping Spanish cities from the socio-spatial point of view in a very notable way. Referring to this process of spatial structuring, Roch (2003: 117) coined the notion of the "real property city":

> "(…) the real property city revolves around the management, development, extension and reshaping of a differentiated field of housing prices covering the whole city, and which must have certain characteristics and conditions in order to become in a truly safe and stable accumulation space. Accumulation of what? Basically, of family incomes that can be converted through this space and the dwellings built, into the family's real property patrimony"

In any case, although the scheme outlined generally reflects what has been happening all over Spain, caution is nonetheless required in referring to a single "Spanish model". This is not only because of differences due to higher or lower levels of economic development in each region or city, and specialisation in one or other economic sector. Even more influential is the fact that, with the introduction and evolution of the *Estado de las Autonomías* [Autonomous Communities State], a very profound process of decentralisation has taken place. This process, begun at the beginning of the 80s, has transferred a large proportion of authority and jurisdiction in matters of housing and urban planning to the Autonomous Communities. The result has been widely differing urban and territorial policies, based on specific legislation in each Autonomous Community.

This new reality is sometimes not taken sufficiently into account, and conclusions reached as a result of studies carried out in very specific areas of the country have been extrapolated for the whole of Spain. For this reason, the next section concentrates on Valencian urban planning legislation. In 1984, passage of the legislative Act called the *Ley Reguladora de la Actividad Urbanística (LRAU)* began a process that has turned the Valencian Community into a very special case, with specific characteristics *vis-à-vis* the reality in other Autonomous Communities. It is one of the most extreme examples of liberalisation.

3. Valencian Planning Legislation: the consequences of the LRAU.

Of the various real property laws passed by different Autonomous Communities, the Valencian legislation has had the greatest impact (Díaz Orueta and Lourés, 2004). The LRAU was voted through on the basis of several formal arguments, one of the most important being the need to avoid long-term holdings by landowners. The *Agente Urbanizador* [Developer Agent] was created for this reason. This person, irrespective of the wishes of the proprietors, can establish a planning interest focus group to propose urban development of land within a unit delimited according to very arbitrary criteria. Theoretically, the Act allows for the proprietors to propose their own alternative plan for implementation of the *Programa de Actuación Integrada* (PAI), [Integrated Action Plan], the formal name given to the operation.

It is clear that the lack of information provided to the landowners is virtually total, the lack of compliance with legal requirements widespread and, in most cases, there is previous agreement between local administrators and the planning and development officers to put through the PAI. In this way, many proprietors find out about the process when the bulldozers are literally about to enter onto their land, are required to pay for the costs of construction work they do not want and, in many cases, are expelled from the area in which they reside. In this way, many swathes of cultivated land, wilderness, or at least land of low-density occupation, are turned into estates of villas, bungalows or apartment blocks.

This has been the route taken to favour construction of thousands of housing units, ignoring the rights of smallholders, using no known planning criteria, causing irreparable damage to the environment and creating ever more unbalanced and chaotic territories.

Furthermore the application of the Act has favoured increasing concentration of real property holdings of building land in the hands of a small number of companies. In less than ten years, small promotion firms have turned into huge corporations with immense political lobbying power and new working strategies. These firms negotiate directly with municipal authorities to rezone land, thus directing urban growth without any democratic control. To quote Roch (2000: 24):

> "For the promoters, it's a paradise where they find the land they need at a bargain price, but where price of the "final product" always raises, as the price of the unit does not depend on the amount of land available for use".

Thus, the application of the Act has allowed the promoters to build a large number of the housing units sold to seekers of second residences over the last decade. Many local authorities have found the massive rezonings of land permitted by the LRAU to be a source of financing, and in more than a few instances there have been corruption scandals linked to the real property industry[9].

Since the start of the new century, those affected by these practices especially foreign smallholders, have become organised, creating a group called *Abusos Urbanísticos No (AUN).* In 2004 this association, supported with the signatures of over 15,000 affected individuals, protested formally to the European Parliament. The initiative was accompanied by multiple demonstrations held in Valencia, Alicante, Benissa, Jijona, Denia, etc., together with ecological groups and local platforms set up in opposition to various plans permitted under the LRAU. Finally, in December 2005, the European Parliament

[9] Gaja (2005) sums up the negative effects of the LRAU thus: a) abusive treatment of proprietors; b) concentration of real property holdings in few hands, with the creation of an oligopoly; c) excess of discretionary powers, facilitating the commission of illegalities and infractions of the law; d) loss of prominence, direction and control by the Public Administration; and e) the death of urban planning.

issued a resolution calling on the Valencian government to impose a moratorium on the rezoning of rural land and to amend certain essential aspects of the LRAU[10].

Despite the passing of a new Act (the *LUV: Ley Urbanística Valenciana*), which came into force in February 2006, many of the most problematic aspects of the previous law have not been resolved, so that as of today the situation remains basically the same.

Of course, the recent real property boom in Alicante cannot be understood as being merely due to this planning legislation. Nonetheless, without the opportunities created by the Act, such a vast real property expansion would not have taken place, or at least not with such intensity.

4. Tourism and Real Property Development on the Coastline of Alicante

In the decades following the end of the Second World War, a new fashion emerged that soon became massive in the Western world: sun worship (Urry, 2002). This led to the growth of sun and beach tourism in Spain from the sixties onwards, particularly on the Mediterranean coast of the Peninsula, the Balearics and the Canary Islands. Franco's regime converted the tourism sector into a central axis of the economic development movement that took wing in the sixties.

As a result, many coastal municipalities underwent profound socio-economic and territorial transformations over short periods of time. A growth model was then created that was to evolve in a way fundamentally linked to tourism development and construction. This occurred also along the coastline of Alicante (known in the world of tourism as the *Costa Blanca*[11]), where various coastal municipalities gradually became involved in the process. The result was the establishment of an increasingly built up zone, environmentally scarred, disjointed, with a deficit of facilities and services, and where serious corruption linked to real property development grew strong roots (Díaz Orueta, 2004)

The re-establishment of local democracy in 1979 and the implementation of Valencian autonomy at the beginning of the eighties saw no significant change in this situation.The economic crisis, and the fact that some isolated measures were taken to palliate the most negative effects of the developmental

[10] The Parliament considered that there had been numerous abusive expropriations as well as breaches of EU legislation regarding public contracts.

[11] From north to south, the municipalities with some portion of their territories touching the Mediterranean Sea are (Map 1): Denia, Javea, Benitachell, Teulada-Moraira, Benissa, Calpe, Altea, L'Alfaç del Pi, Benidorm, Finestrat, Villajoyosa, El Campello, Alicante, Elche, Santa Pola, Guardamar del Segura, Torrevieja, Orihuela and Pilar de la Horadada. It should be noted that this list contains some very different places: for example, Elche is a city that relies much more on industries other than tourism. Other localities such as Rojales, in the south of the province, lack direct access to the sea, but their economies nevertheless rely largely on the constant arrival of new European residents. Actually, more and more interior municipalities find themselves affected, one way or the other, by the impact of the tourism industry.

model, slowed down some of its most extreme manifestations. However, the absence of any criticism in depth that might have called for a reorientation of the model permitted the real property development machine to start up again after a few years on a larger scale, this time in the context of a new period of growth, and with neoliberal ideological justification of many of the old practices. This became increasingly apparent from the second half of the nineties onwards[12].

The magnitude of the phenomenon of accelerated development is borne out by the figures reported by the European Cartographic Study highlighted by Greenpeace (2005: 49):

> "(…) between 1990 and 2000, the built up surface of the Comunidad Valenciana grew by 49.98%, almost double the national average (25.4%). By province the biggest increase was in Alicante with 62.23%, followed by Castellón, with 58.72% and Valencia, with 34.75%. This growth has taken place at the expense of farms and forest land, many situated on the coast".

These figures would be even more dramatic if the data period were extended to 2006. The velocity of the process of physical occupation of land is without historical precedent, and works hand in hand with ever increasing economic speculation in tourism and construction in Alicante. In fact, according to the data from the *Encuesta de Población Activa (EPA)* [Active Population Survey], between the first quarter of 1998 and the same period in 2006 the percentage of the population engaged in the construction sector in the province of Alicante rose from 8.83% to 14.80%. In the same period the population employed in the industry decreased from 27.05% to 19.30%, evidence of a worrying loss of jobs in the industry and of the increasing importance of the construction and the unskilled services, putting the provincial economy in an increasingly vulnerable situation.

Territorially, this growth model is expressed in different ways. While the industrialised municipalities of the interior have tended to stagnate economically and demographically, those on the coast have undergone major growth. Thus, according to information from the INE (Population Censuses and Registers), between 1996 and 2003 the population of Alicante's coastal municipalities grew by 52.1%, more than 10% higher than growth in the rest of the province. Torrevieja, with an increase of 116.5%, was the city where growth occurred most quickly, from 35,998 to 77,943 inhabitants. But even the administrative capital of the province, Alicante, underwent a very significant acceleration of population growth: between 2001 and 2005 the population of the city rose from 284,580 to 325,797 people. This increase was due largely to the arrival of economic immigrants from abroad, who in 2005 formed 11% of the total population of the city.

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[12] *The Economist*'s issue of 17th September 2005 contained an article about Spain: "The Coast of Concrete". It reminded readers that Spain was Europe's prime consumer of cement. In 2004 alone, more than 180,000 second residences were built on its coasts.

In any case, the housing stock boom is only partly due to an increase in internal demand for new homes. Data from the last Housing Census of 2001 are revealing in this regard. That year, 16% of the housing units in the province were vacant, the percentage of housing units classified as second residences being 27.3%. In the larger coastal resorts, the figures were even more striking: for example, in Torrevieja 15.8% of the units were vacant and 61.6% were second residences; in Benidorm the percentages were 15.5% and 32.2% respectively. Of course, the rise in the number of housing units built was much faster than that of the population figures: in 2001 Torrevieja had almost double the number of housing units as inhabitants on its census (96,872 versus 50,953 respectively). Benidorm's figures were also remarkable: 51,427 housing units and 51,783 inhabitants (Díaz Orueta, 2004: 122-123).

5. Globalisation of Real Property Markets: Alicante, the Miami of the Mediterranean.

The real property market in Alicante has recently been and currently continues to be much affected by foreign investment in housing. Foreign demand, be it by purchasers who come to live permanently, sojourn seasonally or simply buy with an eye to profit, feeds the local market. This constant demand, added to the local demand for first homes and the Spanish demand for second residences, helps to explain the striking figures achieved for housing unit production in the province of Alicante (Table 1). Between 2000 and 2005, the number of housing units built was nearly half the total for the entire Valencian Community. Consideration of the most recent data shows that the number of housing units built in Alicante in 2005 (41,740) amounted to 49.1% of the total for the whole Autonomous Community (84,969), while the province's population (1,732,389 habitants) was 36.9% of the total Valencian population in January 2005 (Municipal Population Register, 2005).

TABLE 1:
NUMBER OF HOUSING UNITS COSTRUCTED BETWEEN 2000 AND 2005 (*)
PROVINCE OF ALICANTE, VALENCIAN COMMUNITY AND SPAIN

Territory	Year					
	2000	2001	2002	2003	2004	2005
Alicante Province	35,394	22,291	32,451	31,199	36,769	41,740
Valencian Community	59,787	48,940	58,257	61,998	72,853	84,969
Spain	366,776	365,663	416,683	458,683	496,785	524,479

(*) Dwellings finished.
Source: *Ministerio de Fomento. Boletín On Line nº45* (29th March 2006). Author's table.

Real property developers are increasingly orienting a greater part of their promotional activities towards foreign demand. Their co-ordination and organisation are becoming better, as shown by the creation of *Live in Spain*, an association founded in 2000 by 40 real property firms, which at the end of 2005 was promoting 350,000 holiday homes in Spain. *Live in Spain* has become an important pressure group to lobby local authorities and autonomous

communities in favour of Real Estate expansion. Specifically, in the Valencian Community they maintain a close relationship with the regional government, even openly supporting it against criticism of the LRAU by European Union bodies[13].

Residential tourism

Residential tourism is the term increasingly used to take account of this new niche in the real property market[14]. According to *Live in Spain*, between 800,000 and 1,700,000 European families would like to buy a house in Spain[15] (*Live in Spain*, nº14, September 2003). Another report, in this case by the consultants *Analistas Financieros Internacionales*, concludes that between 175,000 and 180,000 second residences will be sold annually over the next few years in Spain. Of these, 50% will be purchased by foreigners, mainly British (52% of the total) and Germans (22%) (*Información*, 18th April 2004).

[13] In 2003 the *I Edición de los Premios de Live in Spain*, organised in co-operation with Bancaja (one of the principal banking entities in the region), presented a prize to the *Patronato de Turismo de la Costa Blanca*, a public tourism promotion entity. In 2004 the prize went to the *Agencia Valenciana de Turismo* (a Valencian government body). In 2005 another prizewinner was the Andalusian municipality of Marbella, notorious for corruption scandals involving real estate development deals. In April 2006 several members of the local authority were jailed, including the lady Mayor, and a commission appointed to govern the municipality until the next elections in 2007.

[14] *Live in Spain* defines it as "purchase of houses in Spain by Europeans and foreigners who choose resorts as locations to establish their second residences. The trend is for periods of occupancy in these second residences to grow longer, and often these second residences turn into primary homes" (*Live in Spain*, 2006). Some researchers have pointed out the weakness of this term from the methodological point of view, given the difficulty of distinguishing so-called residential tourism from the phenomenon of second residences in general (Del Pino, 2003: 13)

[15] According to estimates by this group, nearly 50% of current investment in holiday homes in Spain arises from external demand.

TABLE 2: POPULATION OF ALICANTE PROVINCE BY NATIONALITY (*) (2001-2004)		
NATIONALITY	**2001**	**2004**
Spanish	1,335,768	1,366,754
Foreign:	126,157	290,286
United Kingdom	25,130	58,018
Germany	16,975	28,631
Ecuador	9,303	24,637
Morocco	8,559	20,570
Colombia	10,688	18,893
Argentina	3,261	15,226
France	4,794	14,217
Holland	5,698	9,624
Belgium	5,091	8,494
Romania	1,516	7,945
Algeria	3,149	7,810
Switzerland	4,000	6,798
Russia	2,284	5,812
Norway	2,802	5,756
Ukraine	2,301	5,704
Other nationalities	20,606	52,151
Provincial Total	1,461,925	1,657,040

(*) Spanish residents and the 15 most numerous nationalities in 2004.
Source: *Censo de Población de 2001 y Padrón de Habitantes de 2004*. Author's table.

From the official information available, it is not possible to ascertain exactly how many housing units sold become permanent residences or continue to be used as holiday homes. However, it can be affirmed that in Alicante, as elsewhere on the Spanish coast, an increasing number of western Europeans are settling. This is reflected in official population register figures.

As can be seen in Table 2, between 2001 and 2004 there was a major increase in the number of foreign residents in the province. This was 8.6% of the total (126,157 inhabitants) in 2001, increasing its number to 17.5% in 2004 (290,286 inhabitants). There are two ways of explaining this increase[16]:

a) On the one hand, the ever growing presence of people from Western European countries and particularly from the European Union. In this sense, the primary foreign community is British, with more than 58,000 nationals registered in 2004[17]. The Germans presence has also risen, to around 30.000 people. It should be noted that these figures reflect the situation of the most well established inhabitants, who decided to register locally. It goes almost without saying that

[16] The total population of Alicante province went up in 2004 to 1,657,040 inhabitants, almost 200,000 more than in 2001. The provincial municipality with the biggest percentage of foreign population that year was San Fulgencio, with 62.9%, followed by Rojales (59%), Llíber (58%), Teulada-Moraira (57%) and Calpe (56%)

[17] The British continue to be the foreign nationality making the most overnight stays in the province. In 2004, of a total of 6,112,896 registered overnight stays by foreigners, 4,884,367 were made by British tourists (*Cámara de Comercio de Alicante* [Alicante Chamber of Commerce], 2005).

there are also many other people who visit the province occasionally to enjoy their holiday homes, whose numbers are hard to determine.

b) On the other hand, while not a primary objective of this paper, it is important to highlight the dramatic growth in the number of economic immigrants arriving in the province in the last few years, attracted by its strong economic dynamism, especially in the sectors of construction, unskilled services and, to a lesser extent, industry and intensive agriculture[18]. This explains the increase in numbers of people from various Latin American countries (Ecuador, Colombia, Argentina), North Africa (Morocco and Algeria) and Eastern Europe (Romania, Ukraine, etc.). Despite successive regularisation processes, it is thought that there are still significant numbers of undocumented immigrants not appearing in any statistics.

Growing British interest in buying houses in Spain is also reflected in UK figures. The *Office for National Statistics* has calculated that British nationals owned 256,609 second homes outside the United Kingdom (Table 3) in 2003/2004. Acquisition of houses has grown continuously since 1999, with Spain being the primary investment target[19].

Table 3
UK: Ownership of second homes abroad by country[1]

Numbers

	1999/2000	2000/01	2001/02	2002/03	2003/04
Europe					
Spain	47,650	49,204	55,321	57,802	69,284
France	35,296	36,448	40,979	42,816	51,322
Portugal	3,530	3,645	4,098	4,282	5,132
Italy	1,765	1,822	2,049	2,141	2,566
Other European	26,472	27,336	30,734	32,112	38,491
All Europe	114,713	118,455	133,181	139,153	166,795
Non-Europe					
United States	10,589	10,934	12,294	12,845	15,397
Other non-European	51,180	52,849	59,419	62,084	74,417
All non-Europe	61,769	63,783	71,713	74,929	89,814
All countries	176,482	182,238	204,894	214,082	256,609

1 Ownership by UK households. See Appendix, Part 10: Ownership of second homes abroad.
Source: Office of the Deputy Prime Minister; Office for National Statistics

Source: http://www.statistics.gov.uk/downloads/theme_social/Social_Trends36/Social_Trends_36.pdf, page 151, Table 10.8.

[18] Alicante's black economy is amongst the biggest in Spain. A significant number of immigrants have very precarious employment linked to black economy.

[19] As the British statistics compilers themselves point out these figures notably underrepresent the magnitude of the phenomenon. For example, some headings such as shared ownership are not included. Likewise, the assumption that no British household has more than one residence abroad is unwarranted.

Powerful incentives to purchase a house in Spain are provided by the promotion campaigns organised abroad, with Public Administration support. The media also play an essential role, particularly the television programmes that constantly harp on about the advantages of acquiring such a home. A major British example is *A Place in the Sun*, which also publishes a regular magazine. A recent issue dealt with the Costa Blanca in the following terms[20]:

> "The Costa Blanca has seen a significant increase in capital appreciation over recent years. For example a two-bedroom apartment in the Southern Costa Blanca was purchased for 146,000€ in November 2003 and recently sold for 250,000€. That's an increase of over 70 per cent in 16 months!" (*A Place in the Sun. Everything Spain*, nº4, September 2005)

It is true that house prices have risen a lot in Spain, and this rise has been even more marked in resorts such as the Costa Blanca, which undoubtedly guarantees a good return for purchasers of houses as investments.

The Costa Blanca: a golf destination?

New real property developments frequently include golf courses, a controversial element in the context of the increasing water shortage[21]. The objective is to attract potential buyers within the particular market segment that regard the notion of practising this sport near their residences as an added attraction, or even just see the value of their investment increased by easy golf course accessibility. This approach has received support from the Valencian autonomous government, which in summer 2005 announced a bill to favour construction of new golf courses, even within the borders of protected natural spaces (*Información*, 23rd July 2005). Simultaneously, the environmental action group *Acció Ecologista-Agró* said that 97 proposals for new golf courses had been filed within the twelve months prior to the Generalitat initiative, 38 of them in the province of Alicante.

This Administration policy has received support from groups such as *Live in Spain,* who have coined the slogan "Spain, Golf Destination", holding up the experience of American states such as Florida, California and Arizona as the model to follow. In fact, Live in Spain (2006) claims that Spain has "only" 256 golf courses, compared to over 1,000 in Florida and California Their declared aim is to reach a figure of 1,000 golf courses as soon as possible.

The coastline having been destroyed, the promotion of golf (referred to as the second line of golf) has become the justification most used to develop municipalities in the interior of the province, not only those near the coast, but even many small mountain villages. In this way, and with the protection of the

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[20] The term *Miami of the Mediterranean* is used with increasing frequency by firms in the sector and numerous politicians to refer to this part of the coast.

[21] The southeast of the Iberian Peninsula has one of the lowest rainfall rates in all of Europe.

LRAU, great swathes of land have been rezoned, and new developments constructed in municipalities of enormous diversity: Castalla, Biar, Monóvar, Monforte del Cid, Algorfa, San Miguel de Salinas, Orxeta, Hondón de las Nieves, Benigembla, Benasau, la Vall de Gallinera, etc. Several of these projects involve more housing units than the total existing in the consolidated population centres. Unease is growing, and in many cities and towns in the province, social collectives have come out against this planning and development model[22].

Air transport

This great territorial transformation would be incomprehensible were it not for the expansion of the Alicante Airport (located within the municipal boundaries of Elche, some 10 kilometres from Alicante). It is estimated that more than 40% of the people who use this airport annually own a second home on the Costa Blanca. According to statistics from the Spanish airport authority, AENA (http://www.aena.es), the number of travellers using the airport has grown steadily in the last few years, reaching the figure of 8,766,873 in 2005[23]. Of these, only 1.726,629 were Spanish. Of the remainder (7,040,244), the vast majority came from the European Union (6,787,769).

This increase is due, for the most part, to the low-cost airline boom, without which it would be impossible to account for the growth in sales of houses to foreigners. The expansion of these airline companies has been constant over the last few years. In March 2006 (*Instituto de Estudios Turísticos* [Tourism Studies Institute], 2006) travellers to Spain on these companies numbered 1.2 millions[24] (31.2% of the total). The Valencian Community attracted 16% of them, and 74% of these landed in the Alicante Airport. The majority were, again, British, and most of them flew with Easyjet.

With the construction work taking place in the Alicante Airport, it is hoped to serve more than 20 million travellers annually. The very reliance on low-cost air travel is one of the weak points of the foreign expansion of the housing market in the province, not only because transport costs could rise in the medium term, but also because of the huge environmental impact involved in the intensification of air traffic, making it advisable to introduce immediate restrictions to the indefinite growth of the sector.

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[22] For example, on 12th March 2006 two thousand people demonstrated in Parcent, a small municipality of 960 inhabitants located in the north of the province of Alicante, against three PAIs involving the construction of 1,800 housing units and enormous ecological damage. Over 70% of the villagers signed a petition against these plans.

[23] Making it the sixth Spanish Airport in terms of travellers, after Madrid, Barcelona, Palma de Mallorca, Málaga and Gran Canaria.

[24] 532,000 of these passengers were British, travelling mainly with Easyjet (43.3%) and Ryanair (27.9%).

5. Residential Tourism and the Hotel Industry.

In summer 2005 the conclusions of a study carried out by Exceltur[25] (2005) added a new dimension to the debate concerning the planning and development model in the Spanish coasts. The study clearly reflected growing concern about the negative effects of tourism in general and the hotel industry in particular. Presenting the study, the vice president of Exceltur, José Luis Zoreda, said as follows (*El País*, 18th September 2005):

> "(...) the growth of development construction along the Spanish coast over the last ten years, and especially the last five (...), is taking the accommodation capacity available to disproportionate limits *vis-à-vis* demand, and is also altering the perception of these resort areas (...) This situation is a demotivation for anyone in search of rest and leisure, and also has a notable environmental impact and multiple implications for water consumption, as well as other public services such as police, fire, ambulance and health assistance, rubbish collection, street cleaning, etc."

It is clear that in the last few years there has been a growing perception of a number of symptoms, leading to a new scene as regards the evolution of the hotel industry on Spain's coastline[26]. The Exceltur study (2005) sums it up:

a) Loss of external market quota to other Mediterranean countries offering sun and beaches.

b) Changes in the behaviour patterns of tourist demand, involving a reduction in money spent by tourists.

c) Reduction in corporate profits in some subsectors and the socio-economic contribution of tourism.

d) Progressive diminution of price advantage as main competitive element.

Building levels reached in many parts of the Spanish coastal zone are so high, the congestion already so unsustainable, that even in the opinion of Exceltur (an organisation not traditionally sensitive to environmental concerns), it is necessary to put a brake to the growth of construction development. Once territorial capacity has been exceeded, a deterioration of the tourist experience begins, with very negative effects on the tourism industry[27]. The lowering of quality of facilities, ecological deterioration, raised prices, crime and public safety issues etc. erode the ever less attractive tourism offer.

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[25] Exceltur, *la Alianza para la Excelencia Turística* [the Alliance for Excellence in Tourism] is an organisation of large hotel companies in the Spanish tourism sector.

[26] The study also examines the area of unregulated accommodation, a significant percentage of the tourist offer, and a cause of concern for the hotel industry.

[27] As regards the Andalusian experience: Prats, 2005

The logical result of this reflection has been a call for an in depth reorientation of tourism policies. A fall in profits has encouraged the adoption of positions that, until recently, were criticised within the tourism industry. Exceltur (2005: 56-57) proposes four new working principles for the Mediterranean coastline and the islands (Balearics and Canaries):

a) Realise that developmental growth has limits.

b) Desist from growth strategies sustained exclusively in terms of tourist arrival volume. Change them for other oriented to maximise their socio-economic contribution.

c) In mature tourist destinations, instead of creating new accommodation, renovate existing building stock and town centres.

d) Progress towards tourist destination management models based on long term strategies, with broad social co-operation and new public-private collaboration schemes.

Intensification of this debate coincides with the appearance of new data on foreign investment in real property in Spain, reflecting a possible change in trends. Contrary to the most optimistic predictions of the real estate lobbyists, such investment descended by 16.7% in 2005 (*Banco de España*, 2006). The 6% fall detected in 2004 was interpreted as a minor hitch, rather than a major change. However, the publication of the information for 2005 and the unmistakability of the descent registered must provoke serious concern about the causes. In fact, foreign investment in real estate descended from 0.9% of GDP in 2003 to 0.6% in 2005 (*Servicio de Estudios Económicos BBVA,* 2006: 28)

Amongst the reasons that help to understand this descent are the problems brought about by the application of the LRAU. These have had a major impact in various European countries, especially in Alicante's main market: the United Kingdom. For example, the British consul said last year that the idea was growing in the UK that "it is no longer worthwhile investing in houses in the Valencian Coimmunity, due to the risk of expropriation and to the lack of security" (*El País*, 17th April 2005). The Banco de España also raised the alarm in relation to the high prices of housing after constant rises at annual rated involving two digits.

6. Conclusions

The growth of the real property sector, and particularly of foreign investment in real property on the Costa Blanca, has occurred in an international context favourable to expansion of cross-border operations. Intensive development on the coast and in new areas of the interior has been encouraged by European policies in favour of the free circulation of capital and supporting the notion of housing ownership as a form of capitalisation of family savings.

For their part, various levels of Spanish administration, and particularly that of the Valencian Community, have created optimum conditions for the promotion of real property sector growth. There exists a strategic coalition that is expressed in the total agreement to encourage growth, even at the expense of causing serious environmental problems and numerous episodes of urban planning corruption. In this sense, the history of the LRAU, and later the LUV, have been fundamental for real estate development promoters to intensify the rate of housing production, often contrary to the wishes of smallholders and social majorities within municipalities. Regional and town planning have basically fallen into the hands of the promoters, without the most minimum participative process. As Gaja remarks (2005), urban planning tends to disappear, leaving behind a situation of near-total liberalisation of urban planning.

The effects on the local economy have been dramatic. The province lives a process of de-industrializing and, parallel to this, has reinforced its dependence on tourism, in its various forms, and construction. The crises in the textile and footwear industrial sectors have been accompanied by increased availability of houses for European Union nationals. The Spanish Mediterranean coast, the islands, and Alicante in this case, are becoming like spas or sun and beach resorts for citizens of northern and central Europe.

But these are bathing resorts where contradictions emerge with increasing clarity. On the one hand are the environmental issues, which are not a principal objective of this paper, but undoubtedly constitute a structural handicap of the first order. On the other hand are the social issues. For example, the extra pressure on housing demand has made price rises here higher than in other parts of Spain. Proportionally, Alicante is one of the zones in the country with the highest number of houses in relation to its resident population but house prices continue to rise, and are now at levels beyond the reach of many social collectives.

Local youths are one such collective, facing major difficulty when it comes to finding a place to live. With an almost non-existent and expensive rental market, limited public housing policies and an extremely precarious job market, their possibilities are few. The impact on local young people of years of increasingly rising housing prices is something to be stated. But it's sure that their housing strategies must be strongly influenced by this process[28].

Paradoxically, what is a grave problem for the local population (the ever increasing prices of housing units) is an attractive factor for investors, Spanish or foreign, who see in coastal houses a great opportunity to make a fast profit.

The other foreigners, the economic immigrants, face very difficult conditions of housing access. Like local youths, they are subject to working conditions that make it very difficult to access the mortgage system. To a large extent, they have to rent, and have additional problems due to their condition of

[28] Regarding to young people's housing strategies: Pickvance and Pickvance, 1994.

immigrants. They tend to end up on the residual fringes of the city of real property[29]. In this way trends towards spatial segregation are reinforced.

As stated above, the intensification of European Union people settlement has coincided in time with the arrival of a significant number of economic immigrants, the vast majority from outside the European Union. As the Public Administration has not implemented any kind of housing policy to deal with this situation, the immigrants have settled in accordance with spatial patterns basically involving their greater or lesser solvency[30]. As such, if no important changes occur, ideal conditions exist for the apparition of exclusionary enclaves. And, as suggested by Marcuse and van Kempen (2000: 250), segregated space makes for an unequal society:

> "The divisions of space are not only the product of division in society; they help to create those divisions"

On the other hand, processes of spatial differentiation are very clear when the habitat of the European house purchasers is studied. Many of the new housing developments are situated in places clearly separated from the consolidated old centres, also displaying a closed morphology towards the exterior. In general, coexistence is not troubled, but spatially very diverse from where the autochthonous communities live, recreating a parallel world based on a wide ranging offer of services exclusively for them (shops, pubs, professionals, assistance of various kinds, press, etc).

The process examined in this paper can clearly be labelled as yet another experience of neoliberal urbanism. Its negative consequences (territorial destruction, environmental deterioration, crises of urban planning and local democracy, extension of an economic model weighted towards the construction and tourism sectors, increase in socio-spatial inequality, etc.) are evident. However, discussion of how to go beyond and substitute for other options is still at a very preliminary stage, although there are some hopeful signs of resistance to this model.

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