

URBAN TOURISM IMPACTS

When Tourists Displace Locals: Tourism Gentrification in Palma de Majorca's Old Town

How tourism has invaded the Old Town of Palma, Majorca, Spain.



Tourism Geographic Editor

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all over the world are familiar with this process, no matter their level of economic development (González-Pérez, 2015, 2017). If they have tourism, then tourism gentrification is an issue.

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Unlike other kinds of urban processes, such as environmental racism, gentrification is very visible. Residents easily notice it and any visitor can detect gentrified and

non-gentrified areas. By completely displacing the original residents of a neighbourhood, locals also suffer from gentrification.

This is why gentrification has been a popular subject of debate in the mass media. This popularization has, on the one hand, created greater social awareness of the negative impacts of gentrification. On the other hand, it has also led to some distortions of the concept and its meaning.



The city as a space for urban redevelopment — from slums to gentrification. Sa Gerreria neighbourhood.
By Jesús M. González-Pérez, author, © all rights reserved.



to areas with high heritage value. And it is mostly seen nowadays through luxury boutique hotels and short-stay holiday rentals.
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Since the 2008 global recession, city policies have encouraged tourism and real-estate interests under the pretense of hastening the island's economic recovery. Supporters argue that boutique hotels help to de-seasonalize tourism by attracting wealthy tourists, while Airbnb-type rentals help financially challenged property-owners in Palma's Old Town.

Most neighbourhoods in the Old Town managed to remain relatively unaffected by tourism development until the 1990s. They were able to preserve their residential identity. They also resisted (to varying degrees of success) the urban decline that afflicted many older historic cities in Spain in the 1970s and 1980s.

The boom and growth in the number of hotels really took off from the year 2000. By February 2018, Palma's Old Town (with a population of about 23,000) reached a record of 36 hotels and 2,473 hotel beds.

Most of the hotels are recently created:

- 27 (75%) opened after 2000
- 21 (59%) hotels were opened after 2002

— 16 (44%) opened after 2010

Most hotels are luxury boutique-type hotels (31 have four or five stars) with a limited number of rooms (29 hotels have under 100 beds). Of the 16 hotels that have opened since 2010, 11 are either four or five-star deluxe hotels.

The Geography of Palma's Old Town Hotels

The city's first hotels opened near its main thoroughfares and commercial hubs. Up to 2010, they were located in the west of the city, in the Llotja neighbourhood, which is known for its nightlife and proximity to port and marina-based activities.

In recent years, the new hotels have mainly opened in neighbourhoods of high historical and heritage value (Llotja) or recently renovations (Calatrava & Sindicat-Gerreria).

The island of Majorca is famous for its big hotel chains (Melià, Iberostar, Barceló, and Riu). In contrast, these smaller urban hotels are mainly run by foreigners, primarily Germans (Design Hotel) and Swedes (Palma Suites).



The city as a 'deluxe space' — Sant Jaume Luxury Design Hotel (a 5-star boutique hotel), Sant Jaume neighbourhood. By Margarita Novo-Malvárez, author, © all rights reserved.



The invisible city is inaccessible to residents. The Icon Rosetó by Petit Palace (a 4-star boutique hotel), Sant Jaume neighbourhood. By Margarita Novo-Malvárez, author, © all rights reserved.

The Airbnb Effect

Short-term rentals, led by Airbnb, are also a form of gentrification in older cities with large numbers of tourists, like Palma. This new arrangement turns homeowners and tourists into *gentrifiers*.

Short-term rentals of residential homes to tourists have become a widespread phenomenon since the mid-2010s.

The Old Town of Palma has the highest concentration of Airbnb rentals in the entire city, accounting for 7% of all homes there (March 2017).

— 141 properties listed on Airbnb are managed by specialist companies (29 by Priority Apartments, 25 by Weekend Away, 20 by Pepe Pisos & Villas, and 25 by others).

— 67 people, either directly or as brokers, offer accommodation in three or more dwellings (38.95%).

The geographical distribution of Airbnb rentals is more dispersed than the distribution of Palma's hotels. This is because they entail lower investment and they are linked to the private housing stock. Airbnb listings are found in all

neighbourhoods.

Airbnb's growth has had two knock-on effects: (1) a rise in house prices (sale and rental prices) and, (2) a rise in evictions.

The three neighbourhoods with the most expensive homes have the greatest percentage of their homes listed on Airbnb (compared to the total number of dwellings): *Puig de Sant Pere*, *Sant Nicolau*, and *Seu* (where the Cathedral stands).

Similarly, the three neighbourhoods with the highest rental prices (*Cort*, *Llotja-Born*, and *Sindicat-Gerreria*) are among the four with the largest number of properties on Airbnb. In addition, *Sindicat-Gerreria* has experienced Palma's second-highest increase in rental prices (up 44% from 2013 to 2016) and evictions (148 between 2003 and 2014).

Protesting Tourism Gentrification

Protest movements and social opposition to gentrification and related urban tourism policies have become widespread since 2016.

In the 1980s, the negative effects of tourism development led to the emergence of a conservationist movement to protect natural areas of the Balearic Islands. Later, in the 1990s and 2000s, social groups and conservationists came together to protect lands that could not be developed on the islands.

A third wave of objections and debate started in the mid-2010s. The new battle this time was to battle the *touristification* and *gentrification* of the Old Town of Palma. In 2017, this led to increased regulation of licenses for hotels in Palma, as well as regional tourism legislation to manage future growth.



The city as a space for social protests — Sa Gerreria neighbourhood. By Jesús M. González-Pérez, author, © all rights reserved.

Conclusions

The strongest political response was the Tourism Act (August 2017). It established guidelines for legal and illegal holiday rentals. It also created a tourism zoning system in Palma that placed a complete ban on holiday rentals in residential apartment blocks — the first city in Spain to opt for this solution. The political response to this urban decline was the approval of urban redevelopment plans (PERI).

In the last three decades, Palma has become an entrepreneurial city. Since the 21st century, the urban agenda has concentrated on tourism, including holiday rentals, urban hotels, cruise ships, and new commercial activities. With this scenario, solutions are not sought through urban planning (PERI), but through legislation to support and control economic sectors (such as tourism).

This study was based on data and analyses made during the years with the highest tourism pressure, between 2017 and 2019.

The huge impact of the COVID-19 pandemic on the city's tourism economy calls for new reflections in the coming years. Not only should debate focus on the luxury tourism sector's possible reactivation, with boutique hotels as one of its flagships but also on the possible dangers of relaxing controls by the public authorities to recover the tourist flows lost since 2020.



Photo by [L'odyssée Belle](#) on [Unsplash](#)

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