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**Gentrification without gentry?  
Tourism and Real Estate Investment  
in Lisbon**



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## **Abstract**

Tourism gentrification, first described by Gotham (2005), has become an expanding phenomenon in many cities during recent years. In particular Southern European cities, after years of austerity urbanism, are dealing with this processes (Annunziata and Lees, 2016). This is connected to the general expansion of tourism as one of the world's biggest industries, but, as already Gotham (2005) noted, real estate investment, utilizing tourism to extract rent, importantly contributes to finally generate conflict between the right to the city (Harvey, 2012) and an eventual right to tourism (Breakey and Breakey, 2013).

Lisbon, the case study of this thesis, is a perfect example for this interaction of touristic and financial flows (studied also by Mendes, 2013; 2016; 2017a; 2017b). The research is based on in-depth interviews conducted with observers of and actors in the process in Lisbon (researchers, activists, public officials, firms working in the tourism and the real estate industries), integrated by official documents, newspaper articles, statistics etc. and leads to a detailed description of the process, its origins, its actors, instruments and power, and its outcomes, referring methodologically to Flyvbjerg's (2002) approach of Phronesis.

The results reveal a complex picture of the interaction of long-term pre-conditions (the degradation of Lisbon's central neighbourhoods), new public policies in many fields (from housing to finance) and at different levels, introduced in the context of austerity and global flows of investment as much as tourism. All this finally causes the rapid transformation of Lisbon's historical centre from a physically degraded area with few and poor inhabitants to an extremely popular destination of tourism and real estate investment, provoking not only the expulsion of the area's original inhabitants, but also producing neighbourhoods without a consistent stable population – as the gentry in classical terms doesn't exist – making wonder if they can still be considered part of the "polis" or remain only as its disneyfied (Harvey, 2012; Mendes, 2016) remnants.

## **Riassunto**

La gentrificazione turistica, dapprima descritta da Gotham (2005), è un fenomeno in espansione in molte città in questi anni. Città dell'Europa del Sud in particolare, dopo anni di *austerity urbansim*, si vedono confrontati con questo fenomeno (Annunziata e Lees, 2016). Ciò è connesso alla generale crescita del turismo, una delle industrie più grandi del mondo, ma, come già notava Gotham (2005), l'investimento immobiliare, che utilizza il turismo per estrarre rendita, contribuisce fortemente a generare alla fine conflitto tra il diritto alla città (Harvey, 2012) e un possibile diritto al turismo (Breakey e Breakey, 2013).

Il caso studio di questo lavoro è Lisbona (studiato anche da Mendes, 2013; 2016; 2017a; 2017b), un perfetto esempio per questo tipo di interazione tra flussi turistici e finanziari. La ricerca si basa su interviste approfondite con osservatori e attori del processo a Lisbona (ricercatori, attivisti, amministratori pubblici, aziende dei campi del turismo e dell'immobiliare), integrate da documenti ufficiali, articoli da giornale, statistiche ecc.. Da queste fonti emerge una descrizione dettagliata del processo, delle sue origini, suoi attori e loro poteri e strumenti e delle sue conseguenze. Riferimento metodologico per questo è stato l'approccio della *Phronesis* proposto da Flyvbjerg (2002).

I risultati della ricerca rivelano un'immagine complessa di interazioni tra precondizioni di lungo termine (il degrado dei quartieri centrali di Lisbona), nuove politiche in molti campi (da quelle sulla casa a quelle finanziarie) e a diversi livelli, introdotte nel contesto delle politiche di austerità e flussi globali di investimenti da un lato e turistici dall'altro. Tutto ciò ha causato la rapida trasformazione del centro storico di Lisbona da un'area fisicamente degradata con pochi e poveri residenti a una destinazione molto popolare di turismo e investimento immobiliare, provocando non solo l'espulsione degli abitanti originali dalla città, ma anche la tendenza di trovarsi con quartieri senza una popolazione stabile consistente – non esistendo la *gentry* in termini classici – sollecitando la domanda se questi possono ancora essere considerati parte della *polis*, o solo resti “disneyficati” (Harvey, 2012; Mendes, 2016) di essa.



View of Lisbon in 2016, photo by the author

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## 1. Introduction

This research started with the startling personal experience of coming back to Lisbon in 2015 as an Erasmus student, after having visited it for the first time in 2010 as a tourist (below I will show that in fact between these two dates crucial changes occurred). The spontaneous impression was that of a radical transformation of the historical, central neighbourhoods of the city, expressed in the first place by a huge number of tourists filling the streets, many more than five years earlier (confirmed by the numbers: see paragraph 3.2.6.1) – and a great number of commerce and services catering for them.

To the impression of a sheer physically massive presence of tourists must be added the perception that on one hand the formerly degraded historical centre of Lisbon was being renovated, many beautiful buildings restructured and the quality of the public space improved but that, on the other hand, the city was becoming, at least in some parts, a mere place of touristic consumption, in search for something “authentic” and “typical”, destroying precisely the authenticity of a city filled with daily life. I had to think of the quote “der Tourist zerstört, was er sucht, indem er es findet” - “the tourist destroys, what he is looking for by finding it”, attributed to German writer Hans-Magnus Enzensberger<sup>1</sup>.

This first observation, combined with a second one of a visibly growing number of tourists also in my home town Turin, and the news of debates on tourism gentrification in other places (Barcelona especially, e.g. by the documentary *Bye, Bye Barcelona*), lead to the desire to understand what had happened (and still is happening) in Lisbon during these years that was able to produce such a strong and rapid transformation, perceived as, at least partly, problematic and undesirable.

The goal of investigating the process of the changes of Lisbon’s historical centre in recent years is therefore to understand both the specific local phenomenon in Lisbon and more generally the impact mass tourism can have on cities – producing potentially the paradoxical situation of a “gentrification without gentry”, expelling inhabitants from parts of a city, replacing them not with gentry, that is other, wealthier inhabitants, but with “non-inhabitants”: tourists. Seeing a global tendency of continuously more places focusing on tourism for their economic growth, e.g. my home town Turin, this understanding also has the wider scope to reflect critically this strategy and argue for alternative approaches.

While this preoccupation remains present in the background, the research is centred on the case study of the process of transformation I had observed in central Lisbon. Proceeding with the work, important concepts added to the problem, revealing that there was far more complexity involved than what can be perceived with the superficially visible growth of tourist presence.

In the literature review (Chapter 2) I focus on tying together literature on gentrification (2.1) and on urban tourism (2.2), also beyond the existing

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<sup>1</sup> [https://de.wikiquote.org/wiki/Diskussion:Hans\\_Magnus\\_Enzensberger](https://de.wikiquote.org/wiki/Diskussion:Hans_Magnus_Enzensberger) (last consulted on August 8, 2017)

literature on tourism gentrification (2.3). In particular this leads me to reflect on the conflict between the right to the city and the right to tourism advanced by some (2.4), which seems a useful tool of interpretation for the case study.

The case study (Chapter 3) has been conducted with a qualitative methodology stimulated by Bent Flyvbjerg's approach of Phronesis (3.1), based on in-depth interviews to observers of and actors in the transformation process (see the Box at the end of Chapter 3 for some excerpts), which have been integrated with a large number of other documentary and statistical sources.

The result of this work is the picture of a very complex transformation process with many different actors, instruments and outcomes (3.2), in which tourism is far from being the single determinant cause as I had first suspected. In particular there has been a precedent *abandonment of Lisbon's built heritage*, producing a large rent-gap (3.2.1). In a very short period (3.2.2) a series of legal reforms on *rent and urban rehabilitation* (3.2.3), related to neoliberal austerity policies, allowed to begin to close it – what is precisely the superficially visible process. In this, the attraction of *fluxes of global capital* in the *real estate market* (3.2.4) is crucial and the growing *tourism makes this investment profitable* (3.2.5). The outcomes and impacts (3.2.6) are *fast rising rents* and a decreasing availability of housing, leading to gentrification, largely, without gentry. There is also a revitalisation of the historical centre, but, at the same time, a process “*disneyfication*” can be identified.

Beyond this interpretation of the process as tourism gentrification, answering the research questions (3.3), I will also come back to the question of a potential conflict of rights between a more exclusive or rather more inclusive *right to the city* and a possible *right to tourism*, identifying thus not only a “*class conflict*”, typical for gentrification, but also a “*resource conflict*” about the use of scarce high quality urban space .

## 2. Literature review

### 2.1 Gentrification

Gentrification is frequently described as a process during which a central urban neighbourhood first experiences a period of loss of inhabitants and degradation (typically as people move to the suburbs); secondly attracts new inhabitants such as students and artists for the low rents and a certain atmosphere, who contribute to improvements in its urban quality; in a third step rents and land prices rise due to its newly gained attractiveness, which then, finally leads to the expulsion of the poor (usually the initial inhabitants, but possibly also part of the student and artist population), who become substituted by “gentry” (term designating originally English lower aristocracy, in this context simply referring to a more affluent, middle class population). Ruth Glass (2010 [1964]) was the first to coin the term gentrification for this process.

This popular story, often found in journalistic accounts of final phases of gentrifying/gentrified neighbourhoods, as much as it contains some of gentrification’s central elements, is not much more than a description. In particular it lacks reasoning about the causes of the process, or rather suggests gentrification as something occurring spontaneously, *driven by consumer demand* – consequently individual gentrifiers are easily seen as the central actors in the process, a view challenged in a lot of literature that sees gentrification as a spatial expression of class conflict and driven – at least to an important extent – by capital investment strategies and public policies (Smith, 1979; 2002; Lees et al., 2008; Slater, 2012).

Lees et al. (2008) propose in this sense the following succinct definition: “[Gentrification is] the transformation of a working-class or vacant area of a city into middle-class residential and/or commercial use” (xv), implying a *class difference* between original inhabitants and gentrifiers. To Slater (2012), following Peter Marcuse, it is central that gentrification, through physical improvement in the neighbourhood, leads to displacement and is thus a question of social justice. Furthermore he follows the *rent-gap theory*, which says that gentrification occurs when capital (in the form of housing) in a neighbourhood is devalued over time to a point that profitable redevelopment may be enacted by capital owners.

Since Glass has first described gentrification, there has been a huge production of research around the topic. Loretta Lees, Tom Slater and Elvin Wyly in their book “Gentrification” (2008), give a comprehensive account of the academic debate and its various arguments, theories and findings and I will follow their work, integrating it with other literature (especially more recent, geographically and thematically closer to my case study), for my short introduction to the topic.

### 2.1.1 Supply- or Production-side explanations

One of the classical debates in gentrification literature concerns the question if the supply side or rather the demand side is to be considered more decisive for gentrification to occur.

Neil Smith (1979), with his rent-gap thesis, one of the first systematic explanations of gentrification, is central to the supply- or production-side arguments of the debate (Hamnet, 1991; Lees et. al, 2008). He proposed his thesis in opposition to classical models of the land market, in which the market is determined simply by consumer evaluations of land price and accessibility.

Thus, before going into Smith's rent-gap theory it is useful to shortly enquire how land value may be defined. One classical model was developed by William Alonso (1965). He approaches the problem of urban land value in his book "Location and Land Use" from an abstractly economic point of view. He gives central importance to location and identifies furthermore the size of a site and transport costs as factors to define the value of a piece of land. His goal is the development of a mathematical model of the value of urban land based on these factors. While doing so he recognizes not taking into account all kinds of factors like comfort, cultural preferences etc. basing his work on the assumption of a "homo oeconomicus". The central result of his model is that wealthier people will not locate in city centres, but in the suburbs, valuing in the first place the possibility to acquire a large site, while the poor will settle as close as possible to the centre, not being able to afford high transport costs, producing densely populated neighbourhoods or "slums".

It is exactly this finding, that had become popular, that was contradicted in the following years (and already in 1964 by Glass) by literature on gentrification<sup>2</sup>, writing about a return to the city of wealthier people, or like Smith (1979) put it: "a back to the city movement by capital, not people". Precisely those "non-economic" factors Alonso had excluded, are what Smith wants to include in his approach when he speaks about the fact that land value is socially constructed (see below).

Moreover Alonso's approach is based on the assumption of a free market, an argument effectively countered by David Harvey (2012) when he explains that "[a]ll rent is based on the monopoly power of private owners over certain assets" (p.90). This is particularly relevant in the case of urban land, as no single place, for a whole series of characteristics, can be considered having exactly the same characteristics and therefore the same value. Consequently, at least to a certain degree, urban land corresponds to a monopoly. Harvey (2012) continues:

"Monopoly rent arises because social actors can realize an enhanced income stream over an extended time by virtue of their exclusive control over some directly or indirectly tradable item which is in some crucial respects unique and non-replicable. There are two situations in which the category of monopoly rent comes to the fore. The first arises because social actors control some special quality resource, commodity, or location which, in relation to a certain kind of activity, enables them to extract monopoly rents from those desiring to use it. (...) The locational version would be centrality (...) or proximity (...).

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2 It must be said that in the case of the USA, and Alonso referred to them, his theory has proved valid for many cases and certain time periods – but of course it could not explain gentrification.

These are the indirect cases of monopoly rent. It is not land, resource or location of unique qualities which is traded, but the commodity or service produced through their use.

In the second case, the land, resource or asset is directly traded upon (as when (...) prime real estate sites are sold to multinational capitalists and financiers for speculative purposes). Scarcity can be created by withholding the land, resource or asset from current uses and speculating on future values.” (pp.90-91)

At this point we can come back to the rent-gap theory. While Smith developed it explicitly, an earlier interesting description by Hawley anticipated it, connecting in a certain way to Alonso’s model: “The residential property on high priced land is usually in a deteriorated condition, for since it is close to business and industrial areas it is being held speculatively in anticipation of its acquisition by more intensive and therefore more remunerative land use.” (Hawley, 1950: p.280 in Alonso, 1965: p.10). This corresponds quite closely to Smith’s definition of an urban area with a high rent-gap.

The rent-gap (Smith, 1979), as summarized by Lees et.al (2008: 52) is “the shortfall between the actual economic return from a land parcel given its present land use (*capitalized ground rent*) and the potential return if it were put to its optimal, highest and best use (*potential ground rent*).” Smith’s proposal (as Harvey’s) is anchored in Marxist analysis of capitalism, linked to a Marxist theory explaining the creation of land value (see Lees et al., 2008: Chapter 2): a building’s value is given by the total labour invested in it. But its sales price or rent is heavily influenced by the land’s value it is placed on. Land has a low intrinsic value, and if, in a competitive market, land in a central urban location acquires a high value, this is socially constructed by two factors, “(1) [the fact that] centrality and accessibility are valued in the society, and (2) collective social investments over time produced a large, vibrant city” (Lees et al., 2008: p.51). Thus, if a private land owner extracts value from the fact that his building is located on a certain lot, it is not based on his work or investment, but on the social creation of the value of its location. Therefore this value extraction is called *ground rent*, “which is simply the charge that owners are able to demand for the rights to use their land” (ibid.). This can happen in the form of rent payments by a landlord’s tenants or enjoying the benefits of an own productive use of the land.

But there is another crucial aspect to the value of land and the constructions built on it: it is anchored in space, capital invested in a specific location remains there (Lees et al., 2008; Harvey, 2012). Of course when capitalists first invest in an urban location, building their factories, housing, commercial or other services, they will try to figure out what is in that moment the “highest and best use” for their piece of land and use the most recent and adequate building technologies, bringing in this way their *capitalized* ground rent to coincide grossly with the *potential* ground rent. But as the socially constructed context, conferring value to their land, and the building technologies, change, also the capitalized ground rent changes. And, per definition, it can only be lower than the potential ground rent, as, potentially, if one again had to build from scratch, one would use newer technologies and the highest and best use in that specific location might be different. Consequently a gap between capitalized an potential ground rent opens up: the rent-gap. This could happen in a few decades, as well

as never in centuries, depending on if and how the social context constructing the location's value changes.

Buildings of course need to be maintained, but if the present buildings do not correspond anymore to market expectations for best technologies, styles etc., the capitalized ground rent will fall, e.g. because it may be possible only to rent the building to poor people. Consequently, it does not make sense, from a capitalist viewpoint, to continue to, invest in the structure. Disinvestment occurs, buildings, blocks and whole neighbourhoods degrade and landlords seek to "milk" their properties letting their buildings to low-income people at relatively high rents leading to overcrowding. People who furthermore do not have the economic and/or political (when they are, for example, immigrants in irregular situations) possibilities to oppose a bad conservation status etc.

But, at a certain point, if the rent-gap becomes large enough, it becomes interesting for land-owners to effectively consider reinvestment or selling to others who want to reinvest, to bring the land again to its highest and best use. Thus, gentrification can occur, because logically the highest and best use will be oriented at economically stronger users and the poor inhabitants will be moved out.

On a more general level these cycles of investment/disinvestment/reinvestment can occur, in this view, all around the cities as capital flows from one place to another and back again (Lees et al., 2008: Chapter 2).

### 2.1.2 Demand- or consumption-side explanations

This other important approach tries to explain gentrification with the socio-economic changes in a post-industrial society that produce the *gentrifiers*, i.e. the people moving to a gentrifying neighbourhood (see Lees et al., 2008, Chapter 3; Hamnet, 1991). The question they attempt to answer to is "how come that middle-class people want to settle in inner-city locations [contradicting classical models as Alonso's (1965)], consequently becoming gentrifiers?". Central figures on this side of the debate have been David Ley, Chris Hamnet and Damaris Rose (Lees et al., 2008).

The post-industrial thesis, launched by Daniel Bell, on which Ley's work on gentrification in Canadian cities is based on, holds that there are four key factors that emerge in a post-industrial society:

- "a shift from a manufacturing to a service-based economy
- the centrality of new science-based industries with 'specialized knowledge' as a key resource, where universities replace factories as dominant institutions
- the rapid rise of managerial, professional, and technical occupations
- artistic avant-gardes lead consumer culture, rather than media, corporations, or government" (Bell, 1973 as cited in Lees et al., 2008: p.91)

Simplifying very much Lees et al.'s (2008) discussion of the theoretical debate, it can be concisely said, that this change lead to the creation of a "new middle class", with different tastes and cultural horizons than a former middle class who moved (and partly is still moving) to the suburbs. The components of this new middle class are those who become gentrifiers.

Why? Beyond some economic reasons, like shorter home-work distances, cultural and ideological motivations have been found in numerous case studies about gentrifiers (Lees et al., 2008). These could be summarized as follows: (early) gentrifiers were linked to countercultural identities, expressed a “highly critical middle-class reaction (...) to the city’s postwar modernist development” (ibid., p. 95), they had the desire to “escape the mundane, banal routines that characterized suburbia” (ibid., p. 95) and move to bustling historical neighbourhoods where it would be possible to meet the other and the different. So, it has been observed, many gentrifiers saw in the move to a central historical neighbourhood the possibility to lead a culturally freer life and this, at least for a series of North-American cases, Lees et al. refer to, is particularly true for specific groups who contributed to the process, like professionally active women, middle-class blacks and gay men.

Consequently, in gentrified areas left-wing/liberal political orientations have been frequently observed. This development can be seen as contradictory as people seeking difference, easily end up wanting to surround themselves with others thinking in the same way about differences, contributing in this way to eliminate specifically class differences and causing, with their new demand, real estate speculation and the rise of land prices, leading in the end to gentrification with the expulsion of lower-income people (Lees et al., 2008). In theory not precisely what to be “left” means.

In the same way gentrifiers also pave the way for the construction of certain aesthetics, which in the end is often standardized and commodified (ibid.; Zukin, 2009). Cultural change in a neighbourhood is a frequently discussed aspect of gentrification. Zukin (2009), refers to gentrification as a process in which capital flows may be fundamental, but which all the same needs an imaginary to bring individuals to finally act as gentrifiers. This imaginary in her view is that of the ‘urban village’, born between the 1950s and 1980s in contrast to suburbia and the ‘corporate city’. “The corporate city represents the high end of growth, the cultural hegemony of finance and the standardization of individual desire. It is what we understand to be the ultimate landscape of globalization. The urban vilage, on the other hand, represents the low-key and often low-income neighbourhood, the culture of ethnic and social class solidarity, and the dream of restoring a ruptured community. It is in many ways the local response to globalization.” (Zukin, 2009: p. 545-546). The building of the corporate city by rationalist urban planners, at least in New York and the US, brought the destruction of much of the original urban village, substituted for example by skyscrapers and highways. But paradoxically it was precisely who, like Jane Jacobs (1961) tried to defend the urban village (partly succesfully on a physical level), involuntarily, started the construction of an imaginary of the urban village as vibrant, diverse, mixed neighbourhoods where good life in the city is possible, which subsequently has become a hegemonic idea. It is this idea, says Zukin, that began to attract middle- and upper-class people to central neighbourhoods – displacing consequently the diversity they were seeking (Zukin, 2009).

This also connects to the observation that even more than rising land prices in some cases it may be the changing commercial structure that finally leads to displacement, because the inhabitants don’t have the possibility anymore to do their shopping at affordable prices, meet their neighbours, or they simply feel excluded by commercial activities using codes and communication tools referring not to them but a different clientele (Semi, 2004; Cocola Gant, 2015).

### 2.1.3 An integrated approach

Both Hamnet (1991) and Lees et al. (2008) argue that actually the two approaches of supply and demand are not contradictory but are partial and integrate each other.

“[T]he theoretical divisions between production and consumption explanations have been overdrawn and [...] most gentrification researchers now accept that production and consumption, supply and demand, economic and cultural, and structure and agency explanations are all a part of ‘the elephant of gentrification’ (Hamnet, 1991)” (Lees et al., 2008: xxii)

Because, of course, even if a rent-gap produces space available for gentrification it has to be explained why certain people become gentrifiers and others don’t and why not all areas with a huge rent-gap become immediately gentrified (Lees et al., 2008). On the other hand, it is clear that people can become gentrifiers only if the economic circumstances permit it.

Furthermore the consumption explanations are often linked to an idea that associates the (beginning of the) process to individual “pioneer” gentrifiers, who act for personal passion for a place and for whom the economic aspect rather gives the opportunity than the motivation for their choice, while the production-side explanations tend to be linked to a vision of more structured capitalist actors at work, supported by public institutions (Lees et al., 2008). In reality this is not necessarily a contradiction, for two important reasons:

(1) in several case studies (many are reported in Lees et al., 2008), individual gentrifiers effectively have been the first to buy run-down houses and restructure them with strong personal investment of time, energy and money (even in cases when banks didn’t give mortgages for certain neighbourhoods, as shown for Park Slope, New York), but later their work paved the way for bigger investors who then sold the idea of the gentrifying neighbourhood to buyers.

(2) gentrification has become a broad term used for many different processes in different economic and institutional contexts, with the common denominator of transforming poor in middle-class neighbourhoods, and as such a broad concept may well include situations that differ, in some aspects (Lees, et al., 2008; Semi, 2015), with at times more relevance of individual gentrifiers, at times of structured investors and at times of public actors.

In any case, it might seem quite obvious, but it is not always evidenced in literature, that gentrification is possible on the basis of socio-economic disparities in the (urban) population (Sampaio, 2007) – be these framed in terms of class or not. If neighbourhoods become more attractive, demand for its space rises, consequently its cost and therefore expulsion/displacement of original inhabitants starts when they can’t afford to pay as much for the space than more affluent people wanting to move in. For this reason gentrification in the end is a spatial expression of social inequalities in societies and this has important implications for the discussion about the possibility of avoiding displacement as a consequence of the improvement of the quality of urban space (Sampaio, 2007).

Obviously the second basic condition for gentrification is that there is a free market of land and rent and improvements in the quality and/or the image a neighbourhood can be capitalized in terms of increasing prices for housing (and commercial, cultural and other spaces).

The most problematic result of gentrification, and the main reason why it is considered negatively by most observers, be they academic or activist (often both, Lees et al., 2008), is the displacement of poor/working-class residents from their neighbourhoods. Keating et al. (1982) define displacement as follows: “The term describes what happens when forces outside the household make living there impossible, hazardous, or unaffordable” (p.3).

In some literature it has been questioned if gentrification actually leads to displacement (Slater, 2012), arguing basically that on one hand there has simply been an expansion of the middle-class (so working-class population who can't be found anymore in some neighbourhoods simply scaled up the social ladder) and on the other hand that following housing surveys the residential mobility of poor people is actually low in gentrifying areas. Slater (2012) quite effectively counters these arguments showing that they are based in a non-critical use of statistics. Regarding the first argument, it appears that Hamnet, when analysing with residential statistics that no displacement was occurring, simply ignores the inactive population (Watt, 2008 in Slater, 2012). Answering to the second argument Slater refers to Newman and Wyly (2006): “The NYCHVS [New York City Housing and Vacancy Survey] ... is ill-suited for an analysis of the full social complexity of individual and family circumstances. Renters who cannot compete in the city's red hot real estate market and who leave for New Jersey (or elsewhere) disappear from view. Displaced individuals and families who are forced to double-up cannot be identified. And the structure of the survey (allowing only one choice on the question for the householder's reason for moving) terribly simplifies the circumstances of renters who were pushed out of their homes in the midst of other crises, such as unexpected bills that made it more difficult to meet the rent, job loss, or a divorce.” I included this very specific point about New York, because it is a good example for the difficulty of using statistics to prove in detail displacement or the contrary which is quite frequent in gentrification research (and the problem will also come back in the case study), due to the lack of adequate data.

Importantly the concept of displacement has been widened as researchers realized that it may occur in different ways. Marcuse (1985, as cited in Slater, 2012: p.165-166) distinguishes between four types of displacement:

- “1. Direct last-resident displacement: this can be physical (e.g. when landlords cut off the heat in a building, forcing the occupants to move out) or economic (e.g. a rent increase).
2. Direct chain displacement: this looks beyond standard ‘last resident’ counting to include previous households that ‘may have been forced to move at an earlier stage in the physical decline of the building or an earlier rent increase’.
3. Exclusionary displacement: This refers to those residents who cannot access housing as it has been gentrified/abandoned:
  - when one household vacates a housing unit voluntarily and that unit is then gentrified or abandoned so that another similar household is prevented from moving in;
  - the number of units available to the second household in that housing market is reduced. The second household, therefore, is excluded from living where it would otherwise have lived.

4. Displacement pressure. This refers to the dispossession suffered by poor and working-class families during the transformation of the neighbourhoods where they live:

- when a family sees the neighbourhood around it changing dramatically;
- when their friends are leaving the neighbourhood;
- when the stores they patronise are liquidating and new stores for other clientele are taking their places;
- and when changes in public facilities, in transportation patterns, and in support services all clearly are making the area less and less livable, then the pressure of displacement already is severe. Its actuality is only a matter of time. Families living under these circumstances may move as soon as they can, rather than wait for the inevitable; nonetheless they are displaced.”

This wider conceptualization of displacement allows to go beyond the narrow dispute if after a gentrification process more or less people live in a neighbourhood, but taking into account the economic disparities between former, new and other potential inhabitants.

The majority and the most influential literature on gentrification, like most of what has been cited above, is related to North-American and North-European cases. Only recently specific attention has been dedicated to gentrification in South-European cities (e.g. Annunziata and Lees, 2016; Cocola Gant, 2015; 2016; Mendes, 2013; 2017a; 2017b; Semi, 2004; 2015; Vives Miró, 2011), that is important to consider because this literature, even though there are many continuities, also includes some analytical elements that differ from the classical gentrification literature, which appear to be in fact more adequate when studying Lisbon.

Annunziata and Lees (2016) in particular focus on the consequences of “austerity gentrification” in Madrid, Rome and Athens. According to the the authors, this new type of gentrification emerged during the last years in those cities as a consequence of the financial crisis, reducing on the one hand peoples’ incomes and therefore their possibilities to afford housing and on the other hand lead to cuts in public spending for housing. This occurs in a context, very similar to what we will see about Lisbon, of traditionally high rates of home ownership, a low availability of public housing and a tendency during the crisis to alienate part of the existing public housing. State incentives over decades lead to increased home ownership, but also to mortgage debt, which contributes to evictions when the rates are becoming unaffordable for some families. In Annunziata and Lees’ (2016) analysis eviction caused by the impossibility to pay for mortgages relates to the gentrification of neighbourhoods because (in the cases of Madrid and Rome), evictions become executed mainly in gentrifying areas, where house prices are rising and profit extraction consequently is possible. The second element they highlight about Southern European gentrification is the privatization of public housing (this has been a policy in earlier contexts, too, such as in the UK under Margret Thatcher (Disney and Luo, 2017)), also this being a factor present in Lisbon. Furthermore the “transformation of public space into a place of consumption and tourism” (p.2) is found to be an important element. Also Barcelona is a classical case of tourism gentrification (Cocola Gant, 2015; 2016).

On the level of opposition to gentrification, too, parallels can be found: “a new anti-displacement movement in Southern Europe, which uses discourses of anti-eviction, anti-speculation, anti-privatization and anti-auction and puts many strategic alternatives on the table” (p.7) is also forming in Lisbon (see paragraph 3.2.7).

On the other hand many elements are described for Southern Europe that closely remind the classical gentrification literature: the rent-gap theory has been applied both for Turin (Semi, 2004) and Lisbon (Mendes, 2017a; 2017b); Cocola Gant (2015) for Barcelona reports the expulsion of commercial activities and Semi (2004) has shown the importance of the consumer side and the concept of the urban village (he calls it ‘Quartier Latins’) in the case of the Quadrilatero Romano in Turin.

### 2.1.5 Urban regeneration, social mix, gentrification

Another much debated aspect is that if gentrification classically is led by private actors on the market, in many cases “state-led gentrification” has been observed, in particular as the result of urban rehabilitation programs and social-mix policies.

In response to physical degradation, the loss of population, problems with unemployment, drugs, etc. in post-industrial inner-city neighbourhoods in the second half of the 20th century, a set of national and local policies have been put in place in Europe and North America, designed as urban rehabilitation or regeneration. Frequently these policies, translated locally into projects with elements of physical renewal combined with social and cultural actions, have been identified as “softer” designations for state-led gentrification (Lees et al., 2008; Slater, 2012).

Probably this has not to be necessarily the case, especially outside the Anglo-Saxon context, e.g. when these projects, like in some cases in Italy are focused on areas of public housing, and this public housing is maintained, it seems difficult to speak about gentrification. But for sure urban regeneration can contribute to gentrification when public investment creates value, making a neighbourhood attractive, e.g. improving public space (as shown in chapter 3 also for Lisbon), but doesn’t support residents improving their economic situation and/or maintain their house, in a context of a free real estate market. The value created can therefore be captured privately, leading to increases in housing costs and finally displacement. In fact there are examples of urban regeneration projects contributing to improvements in public space and in the image of a neighbourhood that have paved the way for gentrification, e.g. in the case of the Quadrilatero Romano in Turin (Semi, 2004) : the social problems have not been resolved but moved elsewhere.

Often these policies are associated to the idea of creating social mix in a neighbourhood and that this social mix would help to the reduce so-called neighbourhood effects (the idea is that peoples’ reduced abilities are caused also by their social context → they are “trapped in their neighbourhood”) (Lees et al., 2008). This argument may be used as an excuse to justify the substitution of the poor population (ibid.). But even if social mix is achieved, from empirical work it seems that actually no real social interaction occurs and segregation is

maintained in the neighbourhood (ibid; Van Eijk, 2010). There may be spatial proximity but at the same time social distance between old residents and newcomers and, consequently, the prospected social learning that is supposed to help poor residents to improve their lives doesn't occur (Semi, 2004).

Still, a simple equation urban regeneration = gentrification should not be made, because public control of the real estate market (also in the form of public housing) is able to avoid or at least limit gentrification – otherwise this equation might lead to the paradoxical consequence to consider all improvements of urban quality negatively, as they might contribute to gentrification.

### 2.1.6 Gentrification changes - waves of gentrification

In more than fifty years since the term gentrification has been first coined by Glass (and there are arguments that the process in itself is actually much older: Semi, 2015), the phenomenon has been observed in many different ways in many changing social, economic, institutional and cultural contexts. Consequently, gentrification itself has changed through time and space. What is common to it, is the transformation of a low-income into a middle- or upper-class neighbourhood (Lees, et al., 2008; Semi, 2015). There have been of course attempts to systematize the process. One of this is the model of three waves of gentrification proposed by Hackworth and Smith (2001) and extended to four waves by Lees et al. (2008):

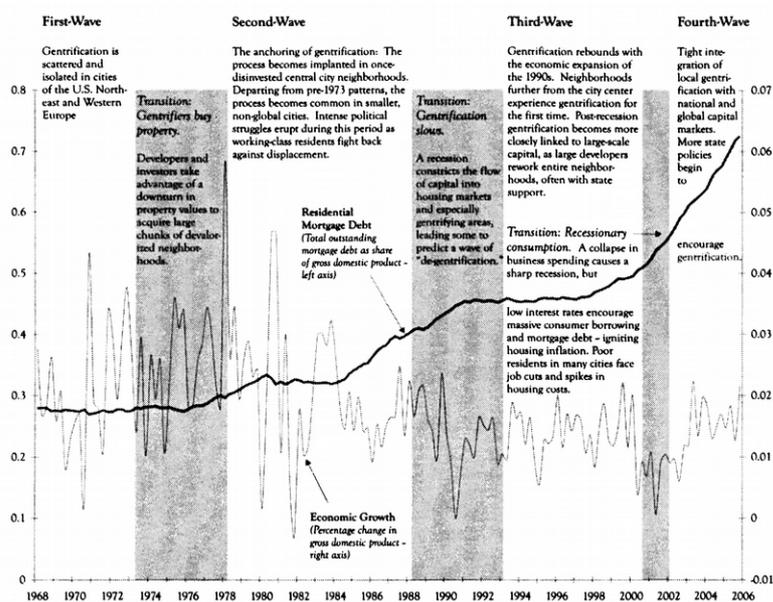


Figure 5.2 A Schematic History of Gentrification in the United States, including a Fourth Wave of Gentrification  
 Source: Adapted from Hackworth and Smith (2001) U.S. Federal Reserve, Flow-of-Funds Accounts, National Bureau of Economic Research.

Fig 1: Four waves of Gentrification. From: Lees et al (2008): p.180

Beyond the fact that the model has been build on observations in the US and specifically in New York, what is important is the general tendency observed through these waves: an expansion and generalization of the “model” of

gentrification as a universal recipe of global neoliberal urbanism (Smith, 2002), in which the process expands through cities and continents becoming more and more structured, with less importance of individual gentrifiers and greater relevance of corporate and public institutions<sup>3</sup> actions (ibid.).

In this global diffusion of the phenomenon, many variations of gentrification have been observed (Lees et al., 2008; Semi, 2015). These variations go from rural gentrification, studentification (where students play the role of the gentrifying population), new-build gentrification (instead of restructuring old buildings, new ones, oriented to middle- or upper-class buyers, are built in substitution or on empty lots in working-class neighbourhoods), commercial gentrification (when the transformation of commerce plays a central role; Cocola Gant, 2015), to tourism gentrification (Gotham, 2005), which I will analyse in more detail in paragraph 2.3. Common to all these processes again is the “upscaling” of an area in real estate value and cultural terms with a consequent displacement of original inhabitants, but driven by different actors and devices.

Following the idea of an integrated approach, I summarize here a series of typical causes, actors, devices and impacts of gentrification:

#### Causes:

- **Social and economic inequalities** or class difference as the necessary precondition (Glass (2010[1964])); Sampaio, 2007)
- **Free housing market/Monopoly rent** as a second necessary precondition (Harvey, 2012)
- **Rent-Gap:** leading to possibilities for capital to reinvest in degraded neighbourhoods (Smith, 1979; Hamnet, 1991; Lees et al., 2008; Slater, 2012)
- **Public policies:** deregulation of housing markets and public-private governance promoting urban renewal or regeneration locally, promoting tourism etc. (Lees et al., 2008; Vives Miró, 2011; Slater, 2012)
- **Demand for inner-city housing** close to their working places by middle-class people (Hamnet, 1991; Lees et al., 2008)
- **Search for authenticity and good urban life in the urban village** by the middle- and upper-class (Zukin, 2009)
- **Large-scale capital investment into real estate** offering high returns contribute to the increase of housing costs (PriceWaterhouseCoopers and Urban Land Institute, 2016; Hackworth and Smith, 2001; Smith, 2002; Mendes, 2017b)
- **Tourism** causing increasing demand for certain types of urban space (Gotham, 2005)

#### Actors promoting gentrification:

- **Public institutions:** the state by general planning and housing policies with few limits to the housing market (Glass 2010 [1964]), local institutions by urban renovation policies (Lees et al., 2008; Zukin, 2009)

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3 Public institutions, observes Smith, act increasingly in an entrepreneurial manner, through practices like urban regeneration, which in reality are gentrification (Lees et al., 2008)

- **Global or local capital**, specifically:
  - **real-estate operators** (Lees et al., 2008; Zukin, 2009; Slater, 2012)
  - **investment funds**
  - **commercial chains** (Montanari and Staniscia, 2010)
  - **tourism operators** (Montanari and Staniscia, 2010)
- **Individual gentrifiers**, middle-class people who may
  - move to the neighbourhood as **residents** (Hamnet, 1991; Semi, 2004; Lees et al., 2008; Zukin, 2009)
  - and/or start small-scale **commerce** oriented to a gentrified clientele (Semi, 2004; Cocola Gant, 2015)

Actors opposing gentrification:

- **Original residents** (Lees et al., 2008)
- **Associations and activists** (Montanari and Staniscia, 2010)
- **Gentrification researchers** (Lees et al., 2008)

Devices with which gentrification operates:

- **Renovation of housing** leading to higher housing costs (Lees et al., 2008; Zukin, 2009; Slater, 2012)
- **Renovation of public space** favouring different uses of it (Cocola Gant, 2015)
- **Urban mega-projects** (Vives Miró, 2011) and **-events** (Gotham, 2005)
- **Commercial transformation**, substituting neighbourhood oriented commerce with commerce oriented to visitors, and/or a new population (Cocola Gant, 2015; Semi, 2004)
- **Touristic promotion**, contributing to the substitution of neighbourhood commerce with tourist-oriented shops and of residential space with tourist accommodation (Montanari and Staniscia, 2010)
- **Cultural appropriation** of a neighbourhood by gentrifiers interpreting differently its spaces and using different codes of expression as a mean of distinction (Semi, 2004; Zukin, 2009)

Outcomes of gentrification:

- **Revitalization** of degraded neighbourhoods (Lees et al., 2008)
- **Displacement** of poor / working-class inhabitants (Glass, 1964; Lees et al., 2008; Zukin, 2009; Slater, 2012)
- **Standardization and commodification** of urban areas according to a globalized model of what makes a city attractive (Smith, 2002; Zukin, 2009; Montanari and Staniscia, 2010)

In most cases many of these aspects of gentrification will occur in a combined form. Case studies can identify how much importance they have in specific situations and how they are intertwined.

## 2.2 Urban tourism

“The tourism industry clearly needs the varied, flexible and accessible tourism products that cities provide: it is by no means so clear that cities need tourism.”  
(Ashworth and Page, 2011: p.2)

Research about urban tourism is relatively recent and lacks in consideration for other fields of urban studies (Ashworth and Page, 2011) – in fact much literature can be found assessing urban tourism from a marketing point of view, reflecting on how cities can be promoted as tourism products (see e.g. Moser, 2015 about Lisbon), while less has been written about tourism’s impacts on cities. It is therefore not easy to find as many contributions in this field directly relevant to the present work as for gentrification. But it is obviously possible to link together research on bordering fields.

Beginning with the demand side question “what brings people to travel to cities?”, not surprisingly multiple reasons can be identified: business, sightseeing, stopovers on trips to other destinations (Ashworth and Page, 2011). But what is particularly relevant for this research is a kind of tourism that is interested in the experience of a certain kind of atmosphere to be found in cities (Ashworth and Page, 2011) or certain neighbourhoods, e.g. “Quartier Latins” (Semi, 2004), as this travel motivation is specifically linked to a certain kind of imaginary of a place (like the ‘urban village’ I referred to above - Zukin, 2009). A travel motivation that can be created and sold (Semi, 2004).

Therefore this kind of “place experience product” can be precisely linked to neighbourhood transformations that can be defined as gentrification. Furthermore the idea of looking for certain atmospheres/experiences/urban landscapes while travelling and not just certain famous museums and monuments, may have permitted the expansion of mass tourism to neighbourhoods in many cities that hadn’t been considered worth visiting before.

This latter form of tourism (in which the limit between everyday life and tourism blurs), interested in the experience of “typical” everyday life of inhabitants in neighbourhoods off the beaten track, often gentrified ones, seems to be growing and is sometimes defined “new urban tourism” as distinct from a traditional urban tourism interested in monuments and other elements more exclusively linked to the tourist experience (Maitland, 2010; Dirksmeier and Helbrecht, 2015; Kagermeier and Gronau, 2017). The concept of new urban tourism is useful because it helps to explain why (some) tourists enter in residential neighbourhoods and are keen to explore “new” (new for tourism) areas of the city. In Maitland’s (2010) case study on non-touristy London neighbourhoods, precisely these factors, related very much to the desire for authenticity, attracted visitors. In interviews he found that the main motivations to visit those areas were: the areas being not touristy, quiet, with multicultural inhabitants; on the architectural level “comments focused on the vernacular, the everyday, and the ordinary buildings in the areas” (p.181); and tourists were very much interested in the everyday life; seeing locals was crucial for them – interestingly Maitland reports them making “accurate ad unromantic” (p.181) observations about the living conditions, acknowledging that only wealthy people could afford to live there.

“New urban tourists [are] experienced users of cities and want to move beyond traditional tourism precincts. Some are highly mobile and feel a sense of belonging to the place they visit – the cosmopolitan consuming class (Fainstein et al., 2003) and transnational élites (Rofe, 2003).” (Maitland, 2010: p.178). Might this group be compared to (pioneer) gentrifiers? “They relish those real places with their intricate built form, combination of old and new buildings, and their interesting shops, cafés and bars, where one can watch locals go about their everyday lives and enjoy a stimulating metropolitan buzz, along with the feel of an old place. In this respect, they are like the middle classes that inhabit such gentrified areas” (Maitland, 2010: p.182).

All the same, the phenomenon should not be overestimated as classical urban tourism in parallel continues (Maitland, 2010) and presumably still constitutes the majority.

Of course a central problem in studying the role of tourism in urban change is that cities are a complex context and for many aspects tourists don't behave much differently from other city users: “If tourists make use of almost all urban features, they make an exclusive use of almost none.” (Ashworth and Page, 2011). But for sure, at least if tourists are many, they compete with inhabitants for urban space and consequently can contribute to an increase in real estate values in a city or certain neighbourhoods in it (Montanari and Staniscia, 2010). Other relevant questions are how tourists use these urban features and if they



*Illustration 1: Bags around the world. Source: Elaboration of pictures from Ecosia Image research (14/03/2017)*

have to choose between different offers of the same urban feature, e.g. going to a restaurant, which one they choose – and how close or distant this choice is to/from the inhabitants' choice. Montanari and Staniscia (2010) affirm in this

sense that high tourist demand can lead to a standardization and commodification of urban space.

This is recognized by several other authors (Moser, 2015; Settis, 2014), too, but can also be instinctively observed going to an urban area strongly characterized by tourism, such as the areas around the *Arena* in Verona, *Piazza Navona* in Rome, *Piazza San Marco* in Venice or the *Baixa Pombalina* in Lisbon – while the historical urban landscapes are very distinct, what can be consumed in bars and shops is very much the same. An obvious expression of this paradoxical phenomenon are the bags with city and country names on it that can be bought in many places, with the same design worldwide (Illustration 1).

This process though does not regard only the micro-scale of souvenirs, but as well the way in which cities are physically transformed - Montanari and Staniscia (2010) suggest that also the diffusion of similar ideas of how to transform, for example, urban waterfronts or old industrial areas can be linked to tourism demand (see also Harvey, 2012). Settis (2014) for the extreme example of Venice tells us of the dozens of cases of reproductions of Venice all around the world (evidently, in Harvey's (2012) terms, Venice's symbolic capital is so high, that even building small and incomplete imitations is profitable), but especially how the original Venice itself begins to be "ever more similar to its clones" (Settis, 2014: p.77) and to Disneyland.

The bags and the waterfronts are examples for one of the big paradoxes of (urban) tourism: the search for authenticity and the exotic intrinsic in the imaginary of travel finally tends to destroy precisely what differentiates a place from another (similar to what Zukin (2009) observes speaking about gentrification).

Why? A possible explanation is that most people do not want to leave their comfort zone and prefer therefore to practically consume products and/or have experiences they are familiar with or which at least are not too different (Settis, 2014) – not so much that they get in conflict with their usual way of living. Consequently, (many) tourists buy similar souvenirs everywhere, enter into restaurants and bars that are not too different from what one is used to and correspond to what the expectations had been. Usually tourists basically seek to confirm what they already knew about the place before even getting there, e.g. thanks to a guide book (Aime and Pappotti, 2012).

If we parallel this discussion of urban tourism with that of gentrification, the lines above may be considered a "consumption-side" approach, one might also argue from the "supply side", that a place, considered as a tourism product (what tourism promoters frequently do, e.g. Moser (2015)), is more easy to be sold as a mass product if it is standardized – perhaps not as much as a product of Fordist industry, but with an individualization that often is superficial. Different guidebooks for example usually promote mainly the same sites and places of consumption (Aime and Papotti, 2012).

David Harvey (2012), based on his discussion of the importance of monopoly rent in capitalism I referred to above, argues that in the context of neoliberalism<sup>4</sup> also cities

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4 The concept of neoliberalism will appear several times in this work, but I will not give a detailed analysis of it. Just two short references: Rossi and Vanolo (2015) make a comprehensive review of urban neoliberalism, while Smith (2002) offers the following definition: "By neoliberalism, I mean something quite specific. Eighteenth-century liberalism, from John Locke to Adam Smith, pivoted on

behave like capitalist firms following the concept of urban entrepreneurialism<sup>5</sup> (p.100). In order to compete with other cities to attract capital, investment and contemporary tourism (“the most obvious example”, p.103) they have to use and increase their “collective symbolic capital” (p.103) in order to capture monopoly rents. If a city wants to attract tourists in a world where travel costs play an ever lower role, it needs to be considered unique, authentic, particular, special; showing “marks of distinction” (p.102, referring to Bourdieu) a tourist can benefit from. Illustrating the case of Barcelona, Harvey shows the contradiction this possibly produces. While the initial rise of this city as a tourist destination was strongly linked to the exploitation of its specific historical features (such as the Catalan history, Gaudi’s architecture) and some new “signature architectural embellishments<sup>6</sup>” (p.104), the consequential interest, stimulated by the Olympic Games and expressed in rising property prices, has led to “more and more homogenizing commodification. The later phases of waterfront development looks exactly like every other in the western world (...) gentrification removes long-term residential populations and destroys older urban fabric, and Barcelona loses some of its marks of distinction.” (p.105) This tendency, in its extreme cases he defines “Disneyfication”, referring to a comment one of his students once made: “At Disney World all the countries are much closer together, and they show you the best of each country. Europe is boring. People talk strange languages and things are dirty. Sometimes you don’t see anything interesting in Europe for days, but at Disney World something different happens all the time and people are happy. It’s much more fun. It’s well designed.”(p.92) Disneyfication is by now a concept quite frequently used also speaking about gentrification specifically, so by Salvatore Settis (2014), Giovanni Semì (2015), and also in the debate about Lisbon (Mendes, 2016).

But there might be another element that contributes to explain this paradox: not all tourists are alike, the desire of authenticity may be presumed to be stronger among the experienced new urban tourists Maitland (2010) refers to. Respondents to his survey also appear to be very conscious about the phenomenon; one explained the visit to a non typically tourist area like this: “it doesn’t feel artificial . . . you don’t feel like you’re in Disneyland” (p.182). Now, these tourists may be considered as being part of an elite of tourism (a similar one Enzensberger (1996 [1958]) referred to, see below), numerically probably a minority. The question is if they, when becoming a considerable number in a

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two crucial assumptions: that the free and democratic exercise of individual self-interest led to the optimal collective social good; and that the market knows best: that is, private property is the foundation of this self-interest, and free market exchange is its ideal vehicle. Twentieth-century American liberalism, from Woodrow Wilson to Franklin Roosevelt to John F Kennedy— emphasizing social compensation for the excesses of market and private property—is not so much a misnomer, therefore—it by no means abrogated these axioms of liberalism—but it is an outlier insofar as, in a co-optive response to the challenge of socialism, it sought to regulate their sway. The neoliberalism that carries the twentieth into the twentyfirst century therefore represents a significant return to the original axioms of liberalism, albeit one galvanized by an unprecedented mobilization not just of national state power but of state power organized and exercised at different geographical scales” (p.429).

5 Also on Urban Entrepreneurialism of course there is a whole set of literature, beginning with Harvey (1989), that could be usefully applied to interpret also this case study. For example the aspect of inter-urban competition and how Lisbon seeks to attract capital and tourism from outside operating with public-private partnerships. All the same I chose to focus on other aspects in this work.

6 e.g.: “Norman Foster’s radio communication tower and Meier’s gleaming white Museum of Modern Art” (p.104)

certain place, not produce effects similar to traditional mass tourism, simply by taking space from everyday life.

And, importantly, Maitland (2010) about his case study notes: “[N]otions of the real London, and the everyday city, are nonetheless elusive concepts. Whilst it is true that London residents live and work in both areas, and that everyday life of the city goes on there, they are the real city only in its middle class and gentrified guise. Visitors to Islington (like its middle class residents) evidently navigate the area to avoid its often unattractive social housing, which is never mentioned in interviews. If the real London is where most of its inhabitants live and work, then it is not to be found in Islington and Bankside, but in un-gentrified inner areas and in the suburbs and suburban centers of outer London. Yet visitation to outer town centers like Croydon and Bromley is limited” (p.182). It is thus a certain part of – pleasant – authenticity tourists are interested in. Only in more distant destinations, such as Brazil, where the concept of exotic creates a sufficient distance (Aime and Papotti, 2012), also “slum tourism” is possible, leading to other problems – in a more familiar context, such as London, visitors circumnavigate social housing.

Summarising, the process of standardization and commodification has two fundamental results:

- 1) It changes the very sense of a place from one to be lived to one to be consumed (Settis, 2014)
- 2) Interestingly, it potentially puts at risk its own cause – the homogenization produced by mass tourism leads to a loss of perception of authenticity and therefore to a loss of attractiveness. This is both observed by who generally has a critical perspective on neoliberalism/consumerism/commodification (Settis, 2014; Harvey, 2012) and by those involved in the tourism market and worried about an excessive development of the city as a “tourism product”, reducing in the end its attractiveness for tourists (Moser, 2015; TAP airlines vice-head in Moser, 2015: p.76). That the tourism industry in a marketing logic considers places as products to be sold to consumers (Montanari and Staniscia, 2010; Moser, 2015) is an important aspect for the present work as it suggests which interest it may have in the transformation of cities.

All these impacts put together, the contribution to an increase of real estate value and to the standardization and commodification of urban space that tourism may have, can explain how tourism can produce gentrification (Montanari and Staniscia, 2010).

### *2.3 Tourism Gentrification*

Only recently tourism has been explicitly identified as a possible driving force for gentrification. Gotham (2005) seems to have been the first using the term tourism gentrification in a case study about the Vieux Carré in New Orleans. He defines tourism gentrification as “the transformation of a middle-class neighbourhood into a relatively affluent and exclusive enclave marked by a proliferation of corporate entertainment and tourism venues” (p.1099). He also argues, coherently with what has been said above about gentrification in general and urban tourism, that if tourism demand and taste play an important role, they cannot be taken for granted and it has to be considered that tourists’ desire for gentrified spaces is created and marketed (see also Semi, 2004; Zukin, 2009 and Montanari and Staniscia, 2010).

Gotham (2005) traces the transformation of the Vieux Carré to an entertainment destination back to the 1960s “marketed vigorously by tourism promoters” (p.1100), driven by capital flows and with the City of New Orleans pointing on tourism as a strategy to increase its tax base. All the same, referring to the production-or-demand-side debate he refuses one-sided explanations, seeing the case of tourism gentrification as a good example of how they both are complementary. On the production side “tourism is about shifting patterns of capital investment (...), new forms of financing real estate development and the creation of spaces of consumption” (p.1103), on the demand side it corresponds to changing patterns of consumption in (and of) cities.

Cócola Gant (2015), in a case study about Barcelona, links tourism to commercial gentrification, which has been described above. Also Gotham (2005) and Montanari and Staniscia (2010) attribute an important role to the transformation of commercial activities towards tourist needs. Gotham (2005) in particular analyses a decline in the number in commerce such as grocery stores and a strong growth of souvenir shops and the like. Beyond that, he finds that in his case, tourism gentrification brought to a decline in the number of inhabitants in general, but specifically a reduction in the percentage of residents belonging to a “minority”, making the neighbourhood more homogeneous and according to him even ‘super-gentrification’ might occur, i.e. the entrance of even more affluent residents in an already gentrified context.

Vives Miró (2011), in a case study about Palma de Mallorca, sees tourism gentrification mainly as a device used in the city governance in order to put Palma high in the worldwide competition between cities. Thus, she analyses, the process has not been linked to an existing tourist demand, but to a public policy aimed at the city’s marketing. And the tourist development on the Balearic Islands is very strongly linked to investment in real-estate as financial assets, also by foreign capital, as she shows in figure 2.

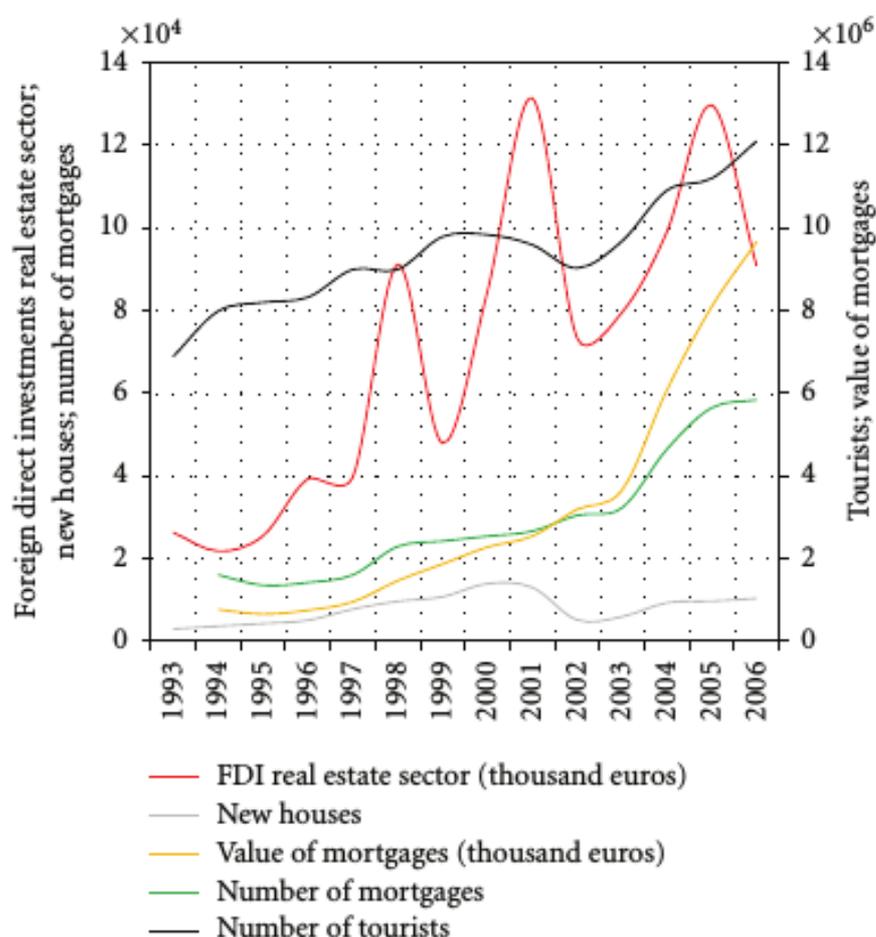


Fig 2: Third real estate and tourist boom in the Balearic Islands.  
 From: Vives Mirò (2011): p.6

Even though many of the newly built houses remained empty this led to a strong increase in prices for housing. Also large-scale urban projects, as the waterfront restoration and infrastructure improvements played an important role. Mega-events are cited by Gotham (2005).

A much debated factor in tourism gentrification in recent years is the impact of holiday rentals in general and Airbnb specifically. Cocola Gant (2016) shows its relevance for displacement in Barcelona, where in the central Gothic neighbourhood close to 17% of households are listed on Airbnb. There are many similarities in his account to what we will see about Lisbon later: holiday rentals have been introduced before the arrival of Airbnb, which accelerated it. Large-scale investment in tourist rentals plays a central role, displacement occurs not so much directly, but very much by exclusionary displacement and displacement pressure, leading finally to a situation the author defines as “collective displacement (...), a substitution of residential life by tourism” (p.7) – and this regards not only poor, but also middle-class residents (ibid.).

So what is specific about tourism gentrification?

In many ways tourism promotion can be a device like others in gentrification processes, it can be a target for capital reinvestment, tourists’ lodging demand

can be used as much as middle-class residential demand to renovate housing. And tourists' consumption demand can work analogue to new middle-class consumption demand regarding commercial transformation.

Also in the case of tourism it is of course true that this demand has to be actually present. But this precondition is quite easily fulfilled in the worldwide context of tourism as a strongly expanding and one of the world's biggest industries (Aime and Papotti, 2012; Moser, 2015).

On the other hand, the following aspects may be considered as specific for tourism as a gentrification device:

1) Tourists use urban space differently from residents. As argued above they may frequently use the same urban features, but in different ways (Ashworth and Page, 2011).

2) Moreover they use urban spaces only for short periods, displacing in strongly touristified places potentially the whole community that takes care of it (Cócola Gant, 2016). Venice is probably the most extreme case in this sense (Settis, 2014). Staying for short periods and looking in short periods for iconic places, products and experiences might also accentuate the phenomenon of standardization.

3) Tourism can foster gentrification even when tourists are not richer than the original inhabitants risking displacement, because the exceptionality of holidays permits them a higher daily budget. Both Gotham (2005) and Cocola Gant (2016) refer to the displacement also of middle-class residents.

4) For Gotham (2005) "tourism gentrification highlights the twin processes of globalisation and localisation that define modern urbanisation and redevelopment processes. On the one hand, tourism is a 'global' industry dominated by large international hotel chains, tour operators, car rental agencies and financial services companies (American Express, Visa and so on). In addition, tourism sustains many occupations, advertising campaigns, recognisable attractions and diverse forms of financial investment. On the other hand, tourism is a 'local' industry characterised by grassroots cultural production, spatial fixity of the tourism commodity and localised consumption of place" (p.1102).

Maitland (2010) about the consequences of the logic of new urban tourism states: "However, identifying the attraction of new tourism areas does raise new dilemmas. These issues revolve around the stability of the mix of characteristics that make them attractive. Promotion and marketing of cities is relentless, yet once areas are advertised and promoted as undiscovered and off the beaten track they are likely to lose much of their appeal for many visitors. Can tourism marketers restrain themselves and find new and subtler ways of making potential visitors aware of these places? And are we in any case seeing an evolution of areas, in which visitors most concerned with exploration will seek out less discovered parts of the city, in some version of Butler's famous tourism area lifecycle (Butler, 1980)?"

One might add that in many cases, the tourism lifecycle of urban neighborhoods, might be a lifecycle of tourism gentrification.

#### *2.4 Who's the city for? Cities as tourism destinations or lived spaces (Right to the city – Right to tourism?)*

The right to the city is a useful concept to explain why gentrification is problematic: displacing people from their neighbourhood means depriving them of their right to the city, their right to decide where to live and to shape their environment. The right has been first conceptualized by Henri Lefebvre, in 1967. “That right, he asserted, was both a cry and a demand. The cry was a response to the existential pain of a withering crisis of everyday life in the city. The demand was (...) to create an alternative urban life that is less alienated, more meaningful and playful, but (...) conflictual and dialectical, open to becoming, to encounters (both fearful and pleasurable), and to the perpetual pursuit of unknowable novelty.” (Harvey, 2012: p.x)

It is important that the right to the city in this sense is not something closely defined, but an open concept (or even an “empty signifier” as Harvey writes (p.xv)), not only a right in the defence of something past being destroyed, but most of all the recognition that who lives in a city has a right to decide about its destiny, how to change it - and to stay living there. One does not necessarily have to share Harvey’s revolutionary stance in order to share these ideas. But in any case it has important implications for urban governance: if the population has a right to (shape) the city, this puts forward important questions about the rights of landlords to decide upon their property, investors to use housing as a financial asset and so on.

While applying this sounds straightforward in theory (“Let’s stop investors from investing, landlords from rising rents!” etc.), there are of course obstacles in practice. We will see some in the case of Lisbon, such as the problem of bad living conditions in degraded housing before the investment cycle I am writing about began. At this point I only want to shortly refer to the difficulty of defining boundaries and communities in a globalising world (Massey, 1994) and in particular reflect about who actually is the population being entitled to claim a right to the (tourist) city.

“Is there a right to tourism?” is the title of a paper by Noreen Breakey and Hugh Breakey published in 2013. The answer they give is a clear “Yes, but”. Starting from the insertion of such a right in the Global Code of Ethics for Tourism by the UN World Tourism Organization, they examine the legal and ethical foundations, characteristics and implications of such a right. The Global Code of Ethics, as cited in their article, states that the “[r]ight to tourism [as the] prospect of direct and personal access to the discovery and enjoyment of the planet’s resources constitutes a right equally open to all the world’s inhabitants; the increasingly extensive participation in national and international tourism should be regarded as one of the best possible expressions of the sustained growth of free time, and obstacles should not be placed in its way. (Art. 7.1)”

They consider this right founded on the legally and philosophically established rights to rest and leisure, as part of the right to labour, and freedom of movement and, importantly, “the right to tourism has become an indispensable aspect of our current list of human rights because people have voted with their feet. Their choices to find fun, relaxation, and fulfillment in this activity are a perfect example of the restless human spirit and its quest for the good life – a quest that is protected by the right to the pursuit of happiness.” (p.746).

In this sense tourism has become a right, at least in the rich part of the world one might add, because it has become diffusely a “normal” part of life and consequently the exclusion from the possibility to enjoy tourism, is also a exclusion from what is socially defined as good life. Even more so as “many people use their tourism choices and experiences to help define and express their identity (...)” (p.744).

Hans-Magnus Enzensberger (1996 [1958]) already sixty years ago pointed out that tourism, from the moment it exists, should not be criticized for having become a mass phenomenon, as this, in his eyes, constitutes an elitist preoccupation of having lost the exclusive privilege to travel. All the same he sees the basic idea of tourism of escaping daily life and achieving as vain, as tourism by its massification reproduces the same characteristics of daily life elsewhere and turning the pristine places to be discovered into “unpristine” ones. But perhaps his vision of what the basic desires of a tourist are, maybe, a bit too idealistic, they may often be much more mundane, even though he is certainly right when he says that tourism marketing uses the ideas of freedom, escape from daily life and the discovery of something different and pristine.

Of course, the establishment of a right to tourism can lead to a conflict with other rights, especially with the right to the city, as far as regards the present work. Urban space, or more precisely space in popular tourist cities, is a limited resource and as such unlimited access to it cannot necessarily be guaranteed to everyone in the same way. This conflict becomes relevant because tourism very often pursues images of certain places and consequently, as much as for infrastructural reasons, concentrates very much in very few places (Aime and Papotti, 2012: pp.6, 64).

Breakey and Breakey (2013) do in fact consider that “it remains to remind the reader that, while rights to pursue tourism are important, they are not the only—nor even perhaps the most important—part of the tapestry of tourism ethics. Such rights must be situated within a framework that also protects local communities and individuals, the economic rights of the tourism operators, and the natural environment in which they work. Future research could consider the balance of all these rights within such a framework of tourism ethics” (p. 747).

Considering the balance between the right to tourism and the right to the city is a question that I will come back to in the final part of this research. In abstract terms it may be easy to close the discussion asserting that the right to the city should be the more fundamental right, as it has to do with people’s home, their daily life, their community and their possibility of political participation and furthermore regards everyone and not just who has the economic resources to travel. But there are two aspects that make the situation a bit more complicated.

The first is the idea of World Heritage, both in legal terms, regarding the sites certified by the UNESCO (and there are plans to make Lisbon’s historical centre become one) and in more general terms regarding our imaginary about places of universal value, “everybody should see”, as discussed by Settis (2014) for Venice and as propagandised by numerous publications about places to be seen “once in a lifetime”, perhaps most famously by the book “1,000 Places to See Before You Die” (Schulz, 2003).

The second is the more practical question of how to balance the two rights, because even if we give a prevalence to the right to the city, this for sure will not imply a complete negation of the right to tourism, even more so, coming back to

the first point, under the circumstances of globalisation – might not exist such a thing as a global right to the city?

Massey (1994) importantly shows that even though mobility is globally increasing, it is unequally distributed. Thus, a risk of a right to tourism is that it is a right in particular of the wealthier part of the population. All the same she advances the idea of a “global sense of place”, arguing that if local communities and their defence is something legitimate and important, this should not lead to an exclusiveness, in which a community closes itself to the outside, impeding the contact with the other and the diverse. She refers in her argument to migrants, but also for visitors it makes sense.

Individual rights should not be seen independently from their social context and power relations especially. Otherwise, “between equal rights force decides” writes Marx in *Capital* (quoted in Harvey, 2012: p.xv). In this sense Castañeda (2012) offers a useful critique of the right to tourism as introduced by the UNWTO Global Code of Ethics for Tourism. In his view “the UNWTO, in its effort to craft a code of ethics, has claimed an ultimate, global value for tourism that *validates and legitimates the creation and development of tourism projects.*” (p.48, my Italics). And “this universal tourist right [is turned] into a moral mandate for the wholesale governmental deregulation of tourism businesses (‘obstacles should not be placed in its way’). This is a signal for tourism makers to develop and commoditize any kind of cultural, social, natural, or environmental attraction into a destination for the experience of tourists. (...) In the twisted and awkward language of the Code itself, the Code is saying implicitly that tourism makers ‘use’ heritage to produce a commodity, which in turn is sold to consumer-doers who then ‘use’ the heritage-commodity in the course of their ‘doing’ tourism.” (p.49). Finally “[t]he right of the universal human tourist is rhetorically and textually created as the ultimate value of a laissez-faire vision of tourism development. The Code is essentially a ‘neo-liberal manifesto’ for unfettered tourism development. The grounding of the entire Code on this conceptualization of rights is an explicit *prescription for conflict and contestation in and around heritage*” (p.50, my Italics)

This is an interpretation that might be precisely applied to the process analysed for Lisbon in this research. Especially relevant, if confronted with Breakey and Breakey’s (2013) work, is the distinction between “tourism makers” and “consumer-doers” (=tourists). The problem Castañeda points out is that the right to tourism becomes a right to commodification by the tourism industry, which indeed is quite different from an individual right to visit a place.

Higgins-Desbiolles (2006) argues differently: “In the era of neoliberalism, we forget that tourism’s purpose is to serve human needs and not only to deliver profits to the business sector or economic growth for governmental accounts. Certainly tourism is not about economic development for its own sake, as seems to be the ideology of a tourism sector subject to the ‘growth fetish’.” (p.1200). But in fact the really existing tourism, and the one we encounter in Lisbon specifically, is much more a commodity (at least when analysed as a general phenomenon and not from the point of view of an individual tourist) than one might wish to see.

Finally, like Settis (2014) shows for Venice and Cocola Gant (2016) for Barcelona, what happens if tourism and commodification actually displaces the

whole community of a city? Does not the city then stop being a city, in particular when one has in mind the Greek concept of polis? And thus, in a certain way, everybody, also the tourists loose their right to the city, having lost the city itself?

### 3. Case study Lisbon

“In Lisbon, the flows of capital in the real estate market, combined with the shift to tourism, explain gentrification more fully than do alternative accounts that focus on consumer demand or cultural preferences of a new middle class for upscale neighbourhoods. Especially in the context of the post-financial crisis, the social and economic urban structure of Lisbon was profoundly transformed to embrace the growing demand of international tourism. Tourism in the inner city of Lisbon is perceived as a kind of “panacea” that can cure all of its diseases.

There has been some discussion lately about whether touristification is a kind of gentrification, since both processes often share common traits with one another (...).” (Mendes, 2017a)

The research started with a personal astonishment about the rapidity of the transformation of Lisbon’s historical centre, observed at a few years distance. I wanted to understand why and how this happened. Proceeding I found a framework that explains quite well for which reasons, and driven by whom, these changes occurred, and I also learned that, naturally, I wasn’t the first to show interest in this topic, so relevant for the city. Especially professor Luis Mendes (*Centro de Estudos Geograficos* at the University of Lisbon) has already been working on it for years (2016; 2017a; 2017b; Barata-Salgueiro, Mendes and Guimaraes, 2017). But also other sources, like a study of the market analyst firm JLL (2015), had already put together many of the elements that can be identified in the process of Lisbon’s transformation.

Therefore, what I will describe below is based as much on pre-existing works as on my own. The latter, building on existing sources and work and taking other paths at some points, basically confirms precedent findings and adds some new evidence and traces for the interpretation of the phenomenon.

#### *3.1 Research questions, area and methodology*

As anticipated in the introduction the basic research questions are:

***I. How is central Lisbon changing in recent years? Who are the actors, which the instruments, whose the power and what are the outcomes of the transformation?***

***II. What role does tourism play in this process: is it cause of the phenomenon or rather instrument to make real estate investment profitable?***

***III. Does it make sense to speak of a gentrification without gentry?***

***IV. If a right to tourism exists, is it in conflict with the right to city in Lisbon?***

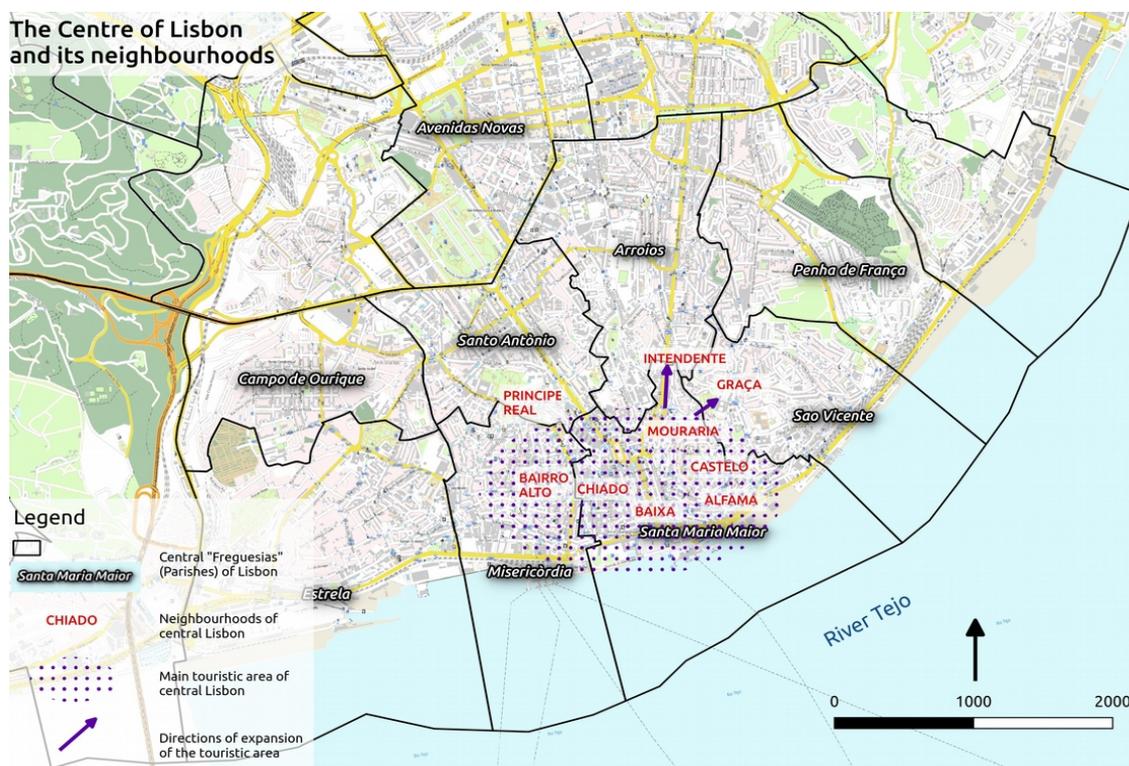
Research question no. I, at the basis of the other ones, will fundamentally structure the work. Number II will be largely answered during the reconstruction

of the transformation process, while questions III and IV require some more interpretative work. The synthetic answers can be found in paragraph 3.3.

The research was primarily interested in a process. Therefore time and space it regards couldn't be defined precisely *a priori*, but evolved in consequence of what has been revealed, step by step, proceeding with the work.

Now it can be said that the research regarded what happened during the last five to ten years (even though the development of necessary preconditions pre-dates this time span) in central Lisbon, meaning with central Lisbon roughly the parishes (*freguesias*, the lowest administrative level in Portugal, underneath the municipality) of *Santa Maria Maior* and *Misericórdia* and the adjacent parts of *Arroios*, *São Vicente* and *Santo António*, where most of the tourism dynamic is currently taking place, with focus on the neighbourhoods (not defined anymore as administrative units, but very relevant for the public perception and discussion of urban space) of *Alfama*, *Castelo*, *Bairro Alto*, *Bica*, *Cais do Sodré*, *Baixa*, *Chiado*, *Mouraria*, *Intendente*, *Príncipe Real* and *Graça*, where the hot spots of tourism, public debate and activism are centred (see Map 1). In this, *Baixa* and *Chiado* are particular, because these neighbourhoods traditionally host typically central functions: public institutions, offices and shopping streets; while the others are mainly residential neighbourhoods (but with the mixed-use character of European central city areas).

One aspect has to be underlined about this geographical choice: one of the most important tourism areas of Lisbon, the neighbourhood of Belém (see e.g. Brito-Henriques, 1996) has been excluded from the research – because it is not part of the city centre and because the logic of the tourism appears to be different there, it is where most of Lisbon's classical monument oriented tourism takes place. Also, most people don't stay there overnight.



Map 1: Research area

Lisbon is the capital of Portugal (ca. 10 Million inhabitants) and had around 550.000 inhabitants in 2011, decreasing to around 500.000 in 2016 (source: PORDATA), and is part of the metropolitan area of Lisbon (AML), which covers 18 municipalities with 2,8 Million inhabitants in 2011<sup>7</sup>.

The *freguesias* had the following number of inhabitants in 2011<sup>8</sup>:

|                   |          |
|-------------------|----------|
| Santa Maria Maior | - 12.765 |
| Misericórdia      | - 13.041 |
| Santo António     | - 11.855 |
| São Vicente       | - 15.399 |
| Arroios           | - 31.634 |

Thus, the area this work regards can be considered to have an approximate population of between 25.000 (considering only *Santa Maria Maior* and *Misericórdia*) and 84.000 people in 2011. 84000 is definitely too high an estimate, because, as evident from the map, the other *freguesias* extend well beyond the area of interest of this research. It could make sense to think of a population of around 30.000 inhabitants in Lisbon's central touristic area. Thus, while the relative demographic weight of the AML compared to Portugal (2,8 compared to 10 Million inhabitants) is very high, the relative weight of this central area of Lisbon compared to the AML (30.000 and 2,8 Million) is quite low). Unfortunately no more spatially detailed and no more recent data (that could show how the decrease of population in Lisbon during the last years is spatially distributed) on the population is available.

### 3.1.1 Methodology: Qualitative approach, inspired by Bent Flyvbjerg's Phronesis

As the goal of the research has been basically to understand how the process of the transformation of Lisbon's central neighbourhoods works, who is promoting it and by which means, Bent Flyvbjerg's Phronesis approach, oriented precisely towards this kind of understanding of social processes, seemed to be a useful guidance.

Phronesis, according to Bent Flyvbjerg (2002), is structured around asking four "value-rational" questions:

- (1) Where are we going
- (2) Who gains and who loses, and by which mechanisms of power?
- (3) Is this development desirable?
- (4) What, if anything, should we do about it?

For Flyvbjerg it is furthermore important to underline that "[p]hronetic researchers are highly aware of the importance of context and perspective, and see no neutral ground, no 'view from nowhere', for their work. [...] a main task of phronetic research is to provide in-depth narratives of how power works and with what consequences, and to suggest how power might be changed and work with other consequences"<sup>9</sup>.

7 Source: <http://www.aml.pt/> (last access on August 9, 2017)

8 Source: <http://www.cm-lisboa.pt/municipio/juntas-de-freguesia/> (last access on November 6, 2017)

9 <http://flyvbjerg.plan.aau.dk/whatisphronetic.php> (last access on June 21, 2017)

As we see, Flyvbjerg's approach is not a precise methodology, but rather a "meta-methodology". The idea is to not pursue an imitation of natural sciences in social sciences, defining a precise quantitative experimental methodology, but to follow a real social, political and economic process in its evolution, in order to reconstruct point by point how it works, using different methodologies as required by the single questions that appear as the research proceeds. In this, particular attention is given to the question of power and it is assumed that social science cannot be neutral (although rigorous), which is perfectly corresponding to my interest as described in the introduction.

In respect to power, Flyvbjerg builds in particular on the work of Michel Foucault (and Macchiavelli and Nietzsche). Three aspects of Foucault's (2007 [1976]) conception of power are specifically relevant for this study:

- 1) For him power is not just juridical, not only able to forbid something, but also constructive, able to positively build something. (Which is precisely the kind of power that can be observed in Lisbon.)
- 2) Foucault considers power as not only centred in the state, but as diffusely present. Everybody has some degree of power. In fact he prefers to speak of powers. (For this work this means to consider all kinds of actors as relevant in the process.)
- 3) Foucault says that power expresses itself through specific "technologies". (What these technologies are in the case of Lisbon, is central to this research.)

### 3.1.2 How Phronesis has been applied to this research

My research questions do not correspond literally to Flyvbjerg's, but contain them, adapting them to the specific case: research questions I and II refer to his (1) and (2), focusing especially on the aspect of the mechanisms that can be observed in action, research questions III and IV seek to answer his (3). There is no space here for systematic research on "(4) What, if anything, should we do about it?", as fundamental as it would be, but still the question of an alternative is touched in several points of the work.

Of course a research for a master's thesis cannot get to the same level of detail as Flyvbjerg's seminal work on Aalborg (1998) and it certainly is not comparable in this sense, also for lacking the access to certain types of internal, unofficial documents Flyvbjerg achieved. What I attempted to do is to combine different qualitative approaches with the scope of investigating the process of Lisbon's transformation as mentioned above.

Practically this consisted in:

- o) Field observations of Lisbon's transformation
  - 1) Review of existing research on the case
  - 2) Interviews to actors and observers in/of the process

- 3) Integration of the interviews with unofficial documents (newspapers, industry reports...)
- 4) Analysis of official documents such as plans and laws
- 5) Collection and interpretation of statistical data, where available

o) I define this as point o because my “field observations” have not been conducted in any systematic way, but occurred basically during walks through Lisbon I did for other reasons. All the same they have been fundamental in order to form a basic knowledge of the city and its transformation, thus permitting to formulate my research questions and interact with my interviewees.

1) The topic I investigate here is currently a “hot” topic in Lisbon, so naturally I am not the first one to do research on it, both on an academic and an activist level. The pre-existence of informed critical observers of the process was crucial for me to be able to understand such a complex process in the context of a master’s thesis. E.g. Luis Mendes’ (2016, 2017a, 2017b) and JLL (2015) provided me with a framework, on which I was able to work.

2) The central and most consistent part of the work were the interviews. These are 17 semi-structured in-depth interviews (30 minutes to 1 hour each) to privileged actors and observers.

The first selection of interviewees was based on the basic idea I had of the process thanks to steps o and 1 and consisted in 24 persons: researchers, activists, representatives of public institutions and enterprises operating in the tourism sector. They received an email explaining shortly the argument of the research and asking if they were available for a long interview.

I received positive answers in 13 cases, that led to 13 interviews in all areas, excluding the private sector, from which I didn’t get positive answers. All these interviews were conducted in April 2017.

In a second round I sought to fill the gap of the private sector, specifically investigating the real estate sector, which resulted to play an important role from the evaluation of the first round of interviews.

Still it was difficult to obtain positive answers and from about 15 enterprises I contacted, only 3 gave availability for an interview, and they were all conducted in July. These were integrated by a short interview to a manager of the public fund administration *Fundiestamo*.

This makes for a total of about 40 people and institutions contacted, which resulted in 17 interviews (see Table 1 below for a complete list of the interviews). The interviews were conducted in Portuguese, except the one to interviewee 16, conducted in English. All interviews have been recorded and transcribed as far as necessary.

**Table 1: Conducted interviews**

| <b>Nº</b> | <b>Category</b>                      | <b>Institution</b>   | <b>Website</b>   | <b>Name</b>   | <b>Date</b>    |
|-----------|--------------------------------------|--|--|---|----------------|
| 1         | Research                             | CEG – UL (Centre for Geographical Studies, University of Lisbon)           | <a href="http://ceg.ulisboa.pt/">http://ceg.ulisboa.pt/</a>  | Prof. Ana Estevens                                      | April 10, 2017 |
| 2         | Research / Activism (Gentrification) | CEG – UL (Centre for Geographical Studies, University of Lisbon)           | <a href="http://ceg.ulisboa.pt/">http://ceg.ulisboa.pt/</a>  | Prof. Luis Mendes                                       | April 10, 2017 |
| 3         | Research (Commerce)                  | CEG – UL (Centre for Geographical Studies, University of Lisbon)           | <a href="http://ceg.ulisboa.pt/">http://ceg.ulisboa.pt/</a>  | Prof. Herculano Cachinho                                | April 17, 2017 |
| 4         | Activism (neighbourhood association) | Associação de Moradores do Bairro Alto (Bairro Alto residents association) | <a href="http://www.facebook.com/AMBairroAlto/">www.facebook.com/AMBairroAlto/</a>   | Luis Paisana  | April 17, 2017 |
| 5         | Research (Tourism)                   | CEG – UL (Centre for Geographical Studies, University of Lisbon)           | <a href="http://ceg.ulisboa.pt/">http://ceg.ulisboa.pt/</a>  | Prof. Eduardo Brito-Henriques                           | April 17, 2017 |
| 6         | Public Administration (Parish)       | <i>Interviewee did not authorize me to publish his/her name</i>            |  |   | April 17, 2017 |
| 7         | Public Administration (Municipality) | Câmara Municipal de Lisboa   | <a href="http://www.cm-lisboa.pt/viver/urbanismo/reabilitacao-urbana">www.cm-lisboa.pt/viver/urbanismo/reabilitacao-urbana</a> | Teresa Duarte (Technician, Urban rehabilitation sector) | April 19, 2017 |
| 8         | Activism (neighbourhood association) | <i>Interviewee did not authorize me to publish his/her name</i>            |  |   | April 19, 2017 |
| 9         | Activism (neighbourhood association) | APPA – Associação do Património e População de Alfama                      | <a href="http://www.facebook.com/appalfama/">www.facebook.com/appalfama/</a>   | Maria de Lurdes Ribeiro                                 | April 19, 2017 |
| 10        | Tourism association (public/private) | ATL – Associação Turismo de Lisboa   | <a href="http://www.visitlisboa.com">www.visitlisboa.com</a>   | André Moura   | April 19, 2017 |

|    |   |   |  |  |                |
|----|---|---|--|--|----------------|
| 11 | Activism (Tenants' association)                 | <i>Interviewee did not authorize me to publish his/her name</i> |  |  | April 20, 2017 |
| 12 | Public Administration (Municipality)            | Câmara Municipal de Lisboa                                      | www.cm-lisboa.pt/viver/urbanismo/reabilitacao-urbana | Nuno Morais (Director Urban rehabilitation sector) | April 20, 2017 |
| 13 | Tourist Guide                                   | -   | -  | Luis Soares  | April 20, 2017 |
| 14 | Real Estate agent                               | <i>Interviewee did not authorize me to publish his/her name</i> |  |  | July 3, 2017   |
| 15 | Public Investment Fund for Urban Rehabilitation | Fundiestamo   | http://fundiestamo.pt/                               | Ana Pinho  | July 5, 2017   |
| 16 | Capital Investment firm                         | <i>Interviewee did not authorize me to publish his/her name</i> |  |  | July 5, 2017   |
| 17 | Tourist apartment management                    | Feels Like Home   | feelslikehome.pt                                     | Miguel Rodrigues                                   | July 5, 2017   |

The scope of the interviews was not to extract any representative or statistical information, but to get a complete as possible picture of the elements (actors and instruments) of the investigated process. Consequently, the questions differed from interview to interview, in function of the interviewee's role and the advancement of my understanding of the process. I formulated the questions beforehand, but adapted them also during the interview according to what I was told. Common to all interviews though, were questions asking for the interviewees' interpretation of the current transformation of the city, which reasons they identified for it, which actors and which instruments, how relevant they saw the role of tourism in this process and if they thought this process was positive and should continue or rather be regulated and transformed, and, if yes, in which ways (see Annex I for a typical list of questions used).

In a similar logic, beyond a summary of some of the most interesting interviews in the box at the end of this chapter, the evaluation of the interviews is not concentrated in one chapter of the case study, but pervades it in all parts; in two ways:

*Indirectly:* the interviews were the main way of identifying instruments and actors in the process that I then analysed also through official documents and statistics in the next steps;

*Directly:* I included quotations if they are useful to underline well a certain point or give an interpretation of some aspect.

3) As it proved difficult to conduct interviews especially in the private sector, I also consulted a series of newspaper articles and industry reports (e.g. JLL, 2015; PriceWaterhouseCoopers, 2014; PriceWaterhouseCoopers and Urban Land Institute, 2016) especially (but not only) for this side of the process.

4) As mentioned before, the interviews are the central step to identify the processes' elements. To understand these more deeply, I analysed the most relevant official documents, such as laws, plans and strategic programs which were cited as instruments relevant to the process.

5) Where possible, I also used statistical data to give an idea of the entity of certain aspects.

This "quantification" is very limited though, for two important reasons:

I. A complex social process cannot be reduced to a purely statistical problem

II. Even on points where they could give a useful contribution, the availability of statistical data is very limited (as also Luis Mendes and Nuno Morais<sup>10</sup> told me in our interviews) and when data exists, it is available often only on a geographical scale above the investigated one (at the municipal or even only on the national level) and/or refers to a time period before the process actually started. (A lot of data, for example, is from the last Portuguese census of 2011).

Nonetheless data gives some important contributions, especially regarding the comprehension of the general entity of the phenomenon (e.g. numbers of tourists and tourist apartments).

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10 From the interview with Nuno Morais:

KK: [Not having data] is one of the central problems.

NM: Exactly

KK: Why do you think there is no data?

NM: To begin with, the censuses are made every ten years, isn't it? And the last one has been made in 2011 (...)

KK: (...) Shouldn't the municipality try to produce more precise data, in order to understand (...)?

NM: Perhaps, perhaps...but I don't know if it would be very easy to realize.

### *3.2 Causes, actors and mechanisms of tourism gentrification in Lisbon*

The interviews have given me the basis for all the following work. In this short paragraph I will summarize the salient topics that emerged, which will be explored in detail in the rest of the chapter.

Although I interviewed 17 persons with quite different roles as well as political opinions, the picture that emerged from their statements was surprisingly coherent. Certainly, some gave more, others less complete accounts of the phenomenon, some stressed points others did not mention at all and the final evaluations of Lisbon's transformation varied widely – basically divided in who sees it positively for economic reasons (in particular interviewees working in real estate and tourism); who has a more unclear position (public officials in the first place); and who, while acknowledging positive aspects, values it negatively for its social outcomes (most researchers and obviously the activists) – but the discourses of all these actors about the causes, actors and mechanisms relevant to the process were to a large extent in line with each other.

In the box “Some answers by my interviewees” at the end of this chapter you can find excerpts from six of the most interesting interviews (representing the different positions and roles) that exemplify this point.

Going into what interviewees told me, first, everyone referred to the state of advanced degradation and abandonment of Lisbon's historical centre, caused by a very rigid rent legislation in the past, as the starting point of the process. I will show this in paragraph 3.2.1 interpreting it as the production of the rent-gap. This prior situation was depicted negatively by all of my interviewees and is one of the main reasons for positive evaluations of the current gentrification process. Secondly, more or less all interviewees gave an account of this transformation as a complex process in which tourism is not actually the cause, but an instrument to make capital investment, actively attracted directly and by neoliberal urban policies, profitable. The most important steps in this sense, that have been reported, occurred during the last ten years and can therefore be summarized in a Timeline 2007-2017 (see paragraph 3.2.2). Interviewees agreed that a few laws paved the way: the new law on rents in 2012 (3.2.3), the laws on Golden Visa in 2012 and the tax regime for non-habitual residents in 2009 to attract capital (3.2.4) and the law introducing Local Lodging (AL) in 2008 that, together with other instruments helped attracting tourism (3.2.5).

While these points were reported by all or close to all interviewees, other elements complete the picture that only a few reported, such as the change in urban rehabilitation policies with a local focus on symbolic interventions in public space (3.2.3), the growth of low-cost flights and strategic planning regarding tourism (3.2.5).

On the other hand, interviewees, according to their political positions, agreed much less on how to evaluate the impacts (3.2.6) and accordingly on what should eventually be done about it (3.2.7). Researchers and activists (and in tendency also public officials) agree, with little surprise, that gentrification in one or the other way is occurring and that this produces negative social consequences. Who works in real estate or tourism (also here not surprisingly) or doubts that gentrification is actually occurring or, if recognizing it, focuses on the positively seen revival of the city centre (which, to a certain point, also

critiques acknowledge). Thus, while the first actively promote political action to change the current dynamic, some of the latter consider it as unfair that rules are changing.

### 3.2.1 The production of the rent-gap (decades of population loss in the central city)

In the literature review I exposed different explanations for gentrification. One is Neil Smith's much discussed rent-gap model (1979). In Lisbon this actually seems to be a very valid model, especially to explain a central precondition for the process: the city in the second half of the twentieth century experienced a very strong loss of population, which led to the abandonment and consequent physical degradation of many buildings in the historical centre (Mendes, 2013; Abrantes, 2014). This helped to build precisely a gap between actual and potential ground rent like Smith theorized it (Mendes, 2017a).

This abandonment is usually explained by the combination of rent control and suburbanization during the second half of the twentieth century (an explanation model similarly used also in other, classical cases of gentrification).

In Portugal generally the majority of people lives in houses they own. Only in the centres of the big cities rented housing plays an important role, which is why the evolution of the rental market is so relevant to the process. Portugal had, since the beginning of the 20th century, a strictly regulated rental market, reinforced after the revolution of the 25th of April 1974. Rents for long periods could not be raised at all and, later, only following ministerial coefficients that remained below the inflation rate. This led to extremely low rents, far below market values (Da Silva, 2014). Furthermore landlords had to continue the contracts as long as the tenants desired it (ibid.).

Consequently, landlords were neither encouraged to rent their buildings, nor to maintain them in good shape, because they could not repay the related costs with the rents. As house ownership was also promoted through easy access to mortgages (Mendes, 2017b) this had the effect (combined with the global tendency to sprawl) of transferring much of Lisbon's population to the suburbs and leave the centre with many abandoned buildings, and with a smaller and relatively poor population that were not in the condition to buy a house, therefore remaining in rented housing, often in very bad conditions.

To give some numbers, the population of the municipality of Lisbon decreased from 808.786 in 1981 to 504.964 in 2016, while the population of the Metropolitan Area grew from 2.494.179 to 2.821.349 (source: PORDATA).

In 2011, in the *Freguesia* of *Santa Maria Maior* (the parish corresponding to most of Lisbon's historical centre) 50,3% of the buildings needed maintenance, 9,4% were severely damaged, 32,4% were empty. Furthermore, 23,5% of the rented apartments were occupied with a monthly rent below 50€. Resident population had diminished by 8,5% compared to 2001 (Centro de Estudos de Serviço Social e Sociologia, 2015).

It can therefore be affirmed that Lisbon's historical centre entered the 21st century with a high degree of abandonment, lack of population and a very low capitalized ground rent. A situation created in large part involuntarily by a

legislation that intended to protect tenants, but produced bad living conditions (many houses without maintenance, without bathroom) and consequently ended up being counterproductive. Even though, it should not be neglected that this legislation permitted to a poor population, both Portuguese and immigrated, to live in the city centre (and we will see below that for a long time urban rehabilitation policies tried to maintain this population in place). But obviously these central city areas actually provided a high potential ground rent, due to their accessibility and, as cultural values regarding the appreciation of historic cityscapes developed, high environmental qualities.

The rent-gap was a fundamental condition for later investment in Lisbon, as confirmed very clearly in an interview I conducted with a professional investor, who stated: “And it was just the discrepancy, you know the acquisition per square meter was very attractive compared with other cities and we anticipated that it will be a lot of people moving to Portugal for the reasons I just talked about. So it was a good combination of investing at the bottom of the market, combined with very strong demand and people moving here.” (Interviewee 16) How the demand was produced we will see in the paragraphs 3.2.4 and 3.2.5.

### 3.2.2 Timeline 2007-2017

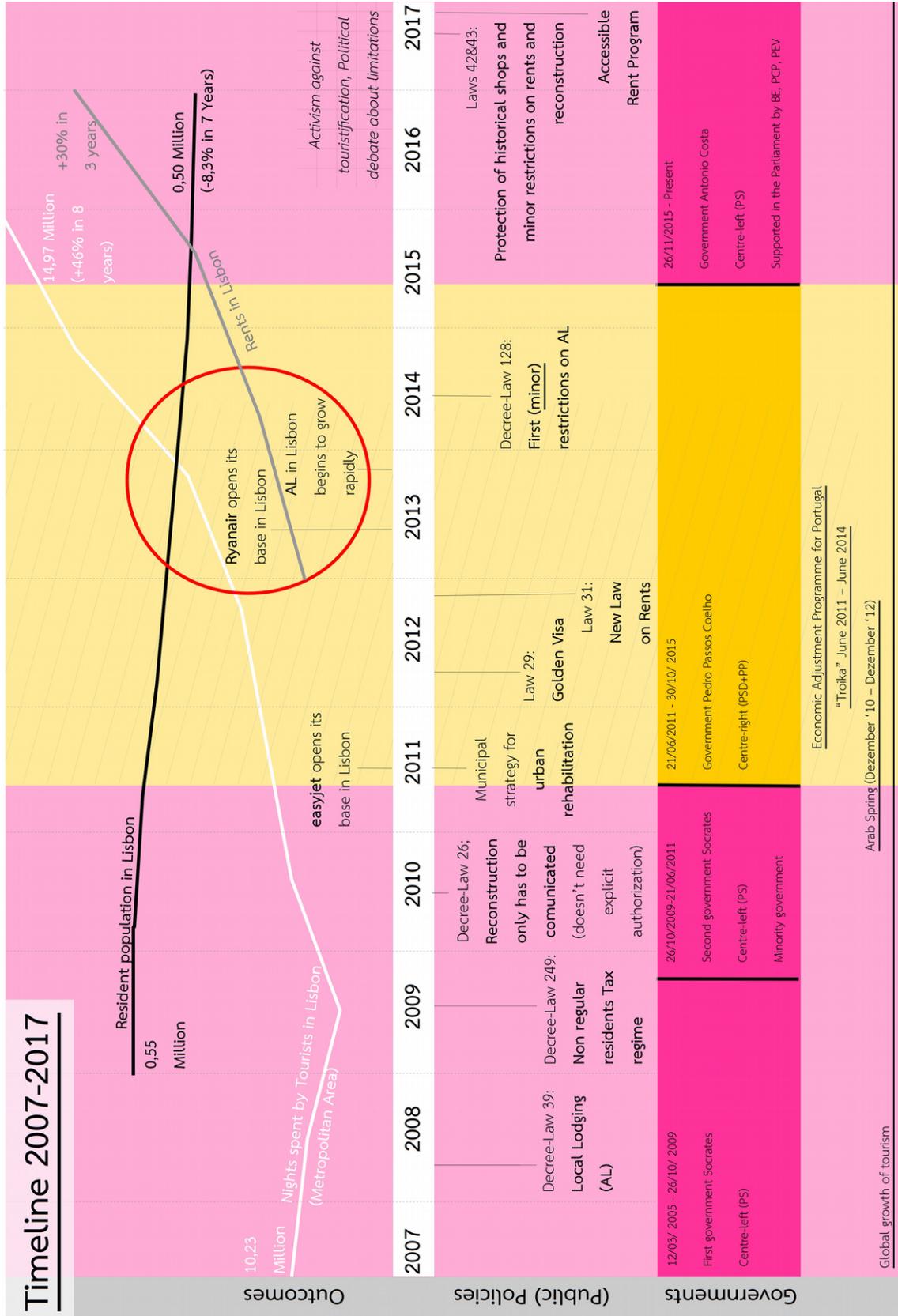


Fig 3: Timeline 2007-2017

The Timeline (fig 3) summarizes some of the principal elements of the analysed process that is closing the rent-gap, that will be shown in detail in the following paragraphs. At the bottom some outside conditions are listed, above the change of governments, their political colour and above the relevant laws they made. At the top an extreme synthesis of the outcomes is represented. An acceleration of the process, in terms of tourism numbers, can be identified from 2013 on, after the laws on Golden Visa and on Rents had been introduced, which in fact have been depicted as central factors by many interviewees.

### 3.2.3 Precondition to close the rent-gap: laws on rent and urban rehabilitation

I described above how the rent-gap was produced. Consequently, a necessary precondition to permit re-investment in Lisbon's (and other Portuguese cities') historical centre, was the unblocking of the rent-gap, through the reform of the legislation on rent, triggered initially by the desire to renovate the historical area in decay and improving living conditions, but later, specifically during the financial and sovereign debt crisis, strongly influenced by neoliberalism, both endogenous and exogenous, supported by the 'Troika' (the change of the rental law was explicitly required by one of the memorandums). A similar two-phase process can be described for the closely linked urban rehabilitation policies.

#### 3.2.3.1 Laws on rent

The first step of reform, in respect to the formerly blocked situation, is the Decreto-Lei 321-B of 1990, making the standard rental contract limited to an (extendable) duration of five years and introducing major possibilities to rise rents. But this did not affect existing contracts and so the effect on the historical city remained limited (Da Silva, 2014).

Similarly the law 6/2006 introduced several changes, including the possibility to change pre-existing contracts, but made this very complicated, creating in practice three different regimes of rental contracts and without reaching the goals of increasing the attractiveness of rent and incentivising the renovation of old buildings (ibid.). All the same it augmented substantially the landlord's possibilities to resolve the rental contract (see below).

The global financial and European debt crisis, which brought Portuguese politics for several years (June 2011 – June 2014) under the influence of the austerity policy required by the "Troika", has then determined a set of more effective measures.

Law 31/2012 put into practice the unblocking of the rental market in central Lisbon, as prescribed in the 2011 "Troika" Memorandum of Understanding. It made it easier to change existing contracts and rise the rents, reduced the standard contract duration from five to two years, eliminated the minimum contract duration and made it still easier for landlords to end contracts and evict inhabitants (De Silva, 2014).

While in the regime before law 6/2006 the landlord could end the contract unilaterally only if the inhabitant would not pay the rent or would in any way use the property improperly (article 64, Decree-Law 321-B/1990), now the resolution of the contract unilaterally by the landlord became possible if:

- the rent is not paid for two months or more or the rent is paid more than eight days late, more than four times in a 12 month period (art.1083 Codigo Civil)

→ the resolution of the contract can be immediate

Regarding contracts with unlimited duration (the majority of the old contracts):

- the landlord requires the property for his/her personal use or for his/her children (only possible if the landlord is the owner of the building for more than five years – *shortened to two years by law 31/2012* – and does not own another property adequate for the use in the same municipality) (art.1101)

→ the resolution requires minimum six months of notice

+ a compensation for the tenant corresponding to one year of rent

- the landlord plans to demolish or reconstruct the property (art.1101)

→ the resolution requires minimum six months of notice

+ a document proving the start of the control process of the urban project with the competent authority or, where not required, a description of the project programmed (*see below for a detailed discussion of this point*)

+ requires the landlord, alternatively, to:

a) pay a compensation to the tenant corresponding to two years of rent (*reduced to one year by law 31/2012*)

b) relodge the tenant in the same municipality in comparable conditions for at least five years (*shortened to two years by law 30/2012*) – relodging is obligatory if tenants are older than 65 years or have a grade of disability above 60% (*introduced by law 30/2012*)

c) relodge the tenant in the same property after the conclusion of the works under similar conditions (*eliminated by law 31/2012*)

- the landlord requires it without any reason (art.1101)

→ the resolution requires minimum five years of notice (*shortened to two years by law 31/2012*)

If the occupant will not leave the property after these terms, eviction can be required.

Law 31/2012 instituted a special eviction process without the necessity to go to court (before, eviction could only be ordered by court): if the above described conditions apply, the landlord can ask the *Balcão Nacional do Arrendamento*<sup>11</sup> (an office of the Ministry of Justice) to evict the tenant. Only if the tenant opposes to the decision within 15 days – and is able to pay a tax on justice (in certain cases there can be support from the social services), contract a lawyer and in certain cases pay a caution (art. 15-F) – a court will decide upon it<sup>12</sup>.

The introduction of the possibility to resolve rental contracts for the scope of reconstruction is a central point in the reform process, with the goal to solve the

11 <http://bna.mj.pt> (last access on August 15, 2017)

12 In all three versions of the law (1990, 2006, 2012) eviction is suspended if it's execution puts at risk the tenant's life.

problem of urban degradation and promote urban rehabilitation (Decree-Law 157/2006, Preamble).

The conditions to resolve a rental contract (see above for the aspects of relodging and compensation of the tenant) under the first regime (Law 6/2006 and Decree-Law 157/2006) required centrally that the landlord have the architectural project, he planned to realize, approved by the municipality (Decree-Law 157/2006, art.8, paragraph 2)<sup>13</sup>. In the new regime introduced by Laws 30 and 31/2012, it ceased to be necessary to have an approved architectural project, and it became sufficient to prove the start of the control process of the urban project with the competent authority or, where not required, a description of the project, this depending on the characteristics of the programmed works: e.g. a project of reconstruction, as long as it maintains the original façades (since DL 136/2014 it is even sufficient to just maintain the height and the number of floors), only has to be communicated to the municipality and is considered approved if it is not rejected in a period of 20 days (DL 555/1999, in this sense changed by DL 26/2010, articles 4, 35 and 36).

This is evidently a very strong facilitation for landlords and consistent reduction of power and control on urban transformations by the municipalities. Fundamentally, this reform made it possible to end rental contracts without actually having a project approved, leading to cases where this instrument has been used in order to evict tenants easily, waiting perhaps for speculative profit before actually starting works or sell the property.

Later, Law 79/2014, approved still under the centre-right government, required again more documentation in case of notice for reconstruction, making it necessary to prove that the process leading to the works is effectively under way and makes displacement necessary (art.2 and 3). Tenants' rights became applicable also to regular subtenants (art.3).

Notwithstanding this facilitation process, interviewee 16 said: “There really is a need at the City Hall to understand obviously that there are more and more players willing to invest in the property market, (...) this is really the bottle-neck of the sector in Lisbon. Where you've got the authorities, the municipality is not up to speed with the reality and the speed of the market and the speed of promoters willing to do projects.”

### 3.2.3.2 Urban rehabilitation

Starting in the 1970s in Portugal urban rehabilitation policies were set up by the state and the municipality to promote the renovation of the largely degraded historical housing stock. Initially these were publicly funded, operating mainly through subsidies, interest-free loans and tax exemptions for landlords willing to renovate and locally coordinated by local technical offices (*Gabinetes Tecnicos Locais*), located in the neighbourhood undergoing rehabilitation, with multidisciplinary teams organizing works in detail, with several social measures in order to maintain social links and not to disrupt lives when relocation became

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13 It furthermore gave the municipality the possibility to execute the works if the landlord wouldn't proceed and even the tenant might do the same if both the landlord and the municipality wouldn't do the reconstruction work (both possibilities seem to be rarely used for obvious economic reasons).

necessary. The aim was to keep the population in place, carefully organizing temporary housing, when strictly necessary, seeking their agreement, avoiding therefore expulsions (Mendes, 2013).

Their limit fundamentally was that these policies required very high public investment, which the municipality was not able to guarantee in a sufficient extent to renovate all the historical centre and which especially became problematic with the beginning of cuts in public spending, due to the financial crisis. Consequently, at the beginning of the 21st century, new approaches began to be put in place, which might be defined as neoliberal (e.g. by Luis Paisana and Luis Mendes in our interviews), in the sense that they tried to overcome the limits of public intervention stimulating private owners to renovate their own housing stock or, coming from outside, buy and invest in housing (Mendes, 2013) and also selling municipal housing stock to private actors.

### State laws

Following Mendes (2017b), the first step of reform in this area is Decree-Law 104/2004. In the preamble the rehabilitation of the country's historical urban areas is defined as a "national imperative", to be approached by the "exceptional juridical regime" created by this act, build on the following principles:

- the responsibility for urban rehabilitation is, in the first place, of the municipalities
- effective means have to be given to the municipalities – therefore the "entrepreneurial instrument" of "societies for urban rehabilitation" (SRU) (with entirely public capital) is created
- the control of all the process is of public institutions; control which can also be delegated to the SRU
- the weighting of rights and duties of landlords and the protection of the tenants' rights

Importantly, the definition of urban rehabilitation in the first article is a purely physical one, social and economic aspects are not even mentioned. This may be considered linked to a perception of an exceptionally strong physical degradation in historical centres, in Lisbon and Porto especially, but this degradation was not new at that time and this narrow definition constitutes a step backwards not only compared to the international debate, but also to the precedent Portuguese approach of the aforementioned *Gabinetes Tecnicos Locais*.

The acceleration of processes is a central objective of the decree-law: In order to accelerate the processing of permits, the times in which the authorities have to decide on requests by private actors are very short, between 10 and 20 days, according to their typology (art.10). In many cases the concept of tacit approval of requests for permits, e.g. by the municipality or the state institute responsible for the conservation of heritage, is introduced (art.11). This occurs also if the SRU proposes a detailed plan for an area – the municipality has to be consulted, but after 20 days of silence, it is considered tacitly approved (art.12).

The other important point of the act is the introduction of the SRU. The municipalities are not obliged to install them, but they are encouraged to do so by the law, because they have the possibility to concentrate powers and competences (art.6) and their capital can be co-participated by other public, specifically state bodies (art.2). In fact the municipality of Lisbon founded several SRUs.

Each SRU operates in relation to a specific part of the city. Being urban rehabilitation considered in this context a merely physical intervention on the urban soil (be it construction, reconstruction, extension works, demolition or conservation of buildings, art.1), their main task is to define unities of intervention (blocks, streets or single buildings) (art.14), in which, in first place, the landlords shall proceed to do works (art.13), following the indications of a strategic document, a sort of masterplan, elaborated by the SRU (art.15). Landlords can also propose this strategic document by their own initiative (art.15). In any case, the decree-law proposes a spirit of collaboration between SRU and landlord in the process, but also gives the SRU the force to proceed autonomously to execute works, if an agreement with the landlords proves to be impossible to achieve (art.20).

Regarding the rights of tenants living in the buildings object to rehabilitation, they can require to have their rental contracts maintained and move back to the rehabilitated building, if this still has a residential function (art.26). Their rents will be increased, following the market, but the resulting rent is limited to 10% of the monthly family income, in case of low income and 15% in case of medium-high income (art.27).

Similarly commercial tenants can ask to reoccupy their commercial space after its rehabilitation – if it exists in the new project – with a new rent calculated on the basis of market values (art.29).

The next reform, introduced by Decree-Law 307/2009, which abolishes Decree-Law 104/2004 (after the change from a centre-right to a centre-left government), gives, in its preamble, similar prominence to urban rehabilitation in urban policy, as in it “converge the objectives of requalification and revitalization of the cities (...) and the qualification of its housing stock, seeking a globally more harmonious and sustainable functioning of cities, *guaranteeing dignified housing to everyone*” (my Italics). It considers the current legislation (including Decree-law 104/2004) as having a “dispersed and a-systematic character”.

The concrete proposals of the act sound very similar though, and consist, basically in incentivising the collaboration with private actors, diversifying the instruments and facilitating the processes.

What the reform does, at least in the preamble, is giving a broader idea of urban rehabilitation, “[conferring] special relevance, not only to the property or heritage aspect of rehabilitation, but to the integration and coordination of the intervention, underlining the necessity of reaching coherent solutions for the functional, economic, social, cultural and environmental aspects of the area to be rehabilitated.”

All the same, the definition which is given in the actual legal text (art.2) is again very much on the physical side: “Urban rehabilitation’ [is] the form of integrated intervention in the existing urban tissue, in which urban and building heritage is maintained, partially or totally, and modernized by the realization of

restructuring works or the improvement of urban infrastructure, services and public and green spaces and the construction, reconstruction, extension, conservation or demolition of buildings”. The only substantial difference in this definition to the definition of Decree-law 104/2004 is the inclusion of public infrastructures, areas and services.

This difference between theoretical objectives and concrete measures is repeated in the law: while the objectives (art.3) are complex, in art.8 two types of operations are defined: a simple urban rehabilitation, which again consists substantially in the renovation of buildings (adopted in the case of Lisbon, see below), and a systematic operation, which combines intervention in the building stock with investment in public services and infrastructures.

Art.10 gives the possibility that the executing entity (“*entidade gestora*”) of the urban rehabilitation could be the municipality directly (like in the case of Lisbon) or a public enterprise, which may also be the SRUs introduced by Decree-Law 104/2004.

Like in the previous legislation, the single rehabilitation operations may be executed by private actors or the executing entity or in collaboration (art.11), and the executing entity may proceed autonomously, if the owner does not (art.55), recurring also to expropriation (art.61) or to forced sale (this being a newly introduced concept, art. 62).

A new instrument the law introduces, is the institution of areas of urban rehabilitation (ARU), which are proposed by the municipal administration and approved by the municipal assembly, after public discussion (art.12-14). The effects of the establishment of an ARU are (art.17):

- to oblige the executing entity to proceed with the urban rehabilitation
- to oblige the municipality to define tax reductions regarding the municipal taxes on real-estate (IMII) and their transactions (IMT)
- to give owners of properties in the ARU access to fiscal benefits and subsidies related to urban rehabilitation

Another new aspect is, that operations of urban rehabilitation have to be accompanied by a strategic document (if they are simple operations) or a strategic program (if they are systematic). These documents define the ARU, the executing entity, the fiscal benefits, the duration, the objectives and the general instruments of operation (art 30, 33).

This is a more systematic approach than in Decree-law 104/2004, which did not require any guiding instrument, but what is still not required is a comprehensive planning instrument based on a study of the current situation.

On the level of the facilitation of permits, urban operations promoted by the executing entity are not subject to control (art.49).

Tenants’ rights are reduced in comparison to the precedent regime: they still have a preferential right to move back to the renovated houses, but there are no more limits to future rents (art.73).

Law 32/2012 further modifies the regime, introducing the possibility to intervene also on buildings localized outside ARU, if they are older than 30 years and need intervention (art.1). It furthermore introduces a simplified regime of permits for certain operations of rehabilitation (see paragraph 3.2.3.1 above),

shortening the time in which a proposal of a reconstruction project has to be approved, from 20 to 15 days in the context of urban rehabilitation (art.3).

Finally, decree-law 53/2014, in which the strategic importance of urban rehabilitation for the government is once more stressed in the preamble, introduces a temporary (for seven years) (art.11) exceptional regime for renovation works of buildings located in ARUs or older than 30 years, dispensing them from the observation of a series of norms regarding their accessibility, minimum areas, energetic efficiency and so on, as long as the resulting works do not reduce the structural safety of the building (art.9.). First steps in this sense had been already made by decree-law 307/2009, but they are substantially widened by the present act.

Summarizing, it can be said that these reforms define an approach to urban rehabilitation centred on physical interventions, focused on the collaboration with private actors and the renovation of single buildings, promoted mainly by a mechanism of fiscal incentives for works and punishment if works are not executed by landlords. Consistently, legal acts are oriented at creating the conditions (facilitating permits especially) in order to bring private actors to operate.

They do not require to start operations with a period of study and analyses of the local conditions, problems and potentials. Coherently, it is never specified how the operations of urban rehabilitation shall interact with the basic instrument of public control of soil, the PDM (*Plano Director Municipal*), beyond the obvious fact that the PDM has to be respected.

Moreover, as much as with the reforms regarding the laws on rent, there is, beyond some statements in the laws' preambles a substantial continuity in policy between governments of different (nominal) political orientation: decree-law 104/2004 has been approved by a centre-right government, decree-law 307/2009 under a centre-left, law 32/2012 and decree-law 53/2014 again under a centre-right government. Specifically the tenants' protection has been weakened by a centre-left government, if compared to the precedent regime, established by a centre-right government (see also the Timeline, fig 3).

### The case of the City of Lisbon

At the municipal level, a municipal strategy for urban rehabilitation 2011-2024 (Câmara Municipal de Lisboa, s.d.) has been defined, corresponding to the operational model of a simple urban rehabilitation (art.8, Decree-law 307/2009), and oriented primarily at a physical intervention. It regards the vast majority of the municipal territory; the complete historical centre has been designed as an ARU<sup>14</sup>.

The strategy has as objectives both the attraction of young and middle-class residents to the city and the protection of poorer residents (p.7-8). There is no direct goal regarding the relation of urban rehabilitation to tourism, nor to

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14 See map published here: <http://www.cm-lisboa.pt/viver/urbanismo/reabilitacao-urbana> (last access on August 15, 2017)

increase, nor to limit it (p.7-8), even though the increase in the number of hotels has been object of reflection in the strategy's elaboration (p.7).

The document underlines several times that the situation of degradation of buildings in Lisbon is very important, that the public resources are insufficient to solve the problem and that, consequently, an increasing participation of private actors (specifically landlords), stimulated by public incentives and the simplification of bureaucracy, is essential. It is affirmed that the main necessity is "a new position of the municipality, incentivising all means of private investment" (p.10); private investment shall be stimulated independently from the use the renovated building will take (p.12-13). In this, the reduction of rental contracts with very low rents is seen positively as giving landlords the possibility/an incentive to invest.

Priority is given to boost private investments, while public investment in public space is (also) justified as a way to stimulate private investment around it.

This "symbolic" investment into public space actually seems to have succeeded and is the most-cited outcome of urban rehabilitation policies in Lisbon by my interviewees. For example, interviewee 14, identifies a starting point of investor's interest in the renovation process "(...) when Costa [the former mayor of Lisbon, currently the Portuguese prime minister] put his office at the *Intendente* (...)". The *Largo do Intendente* is a square in the *Mouraria/Intendente* neighbourhood, totally renovated by the urban rehabilitation program "aimouraria", where since then a hotel, serviced apartments and many fashionable bars opened and several further real estate projects are ongoing<sup>15</sup>. The Municipal strategy also affirms the objective to reduce building stock in public property (p.12-13), a measure several interviewees, such as Luis Paisana (AMBA), referred to, including in this also buildings dedicated to social housing. The only concrete measure to protect low-income tenants are social service subsidies introduced by state law (p.13) – in most of the interviews I conducted with activists and researchers, this has been described as insufficient for the officially stated goal of maintaining the existent population in the neighbourhoods.

### 3.2.4 Closing the rent-gap: Investment – the attraction of global capital

Obviously, capital is necessary to actually close the rent-gap. In the case of Lisbon a consistent part of this investment comes from an international elite. This capital on one side is largely available for investment in real estate on a global level (PriceWaterhouseCoopers and Urban Land Institute, 2016), on the other it had to be attracted to Lisbon. Partly, this is of course due to the conditions described above, but it has also been specifically stimulated by a series of laws providing an attractive tax regime and the possibility to access to residence permits, which I will describe in this paragraph.

A professional investor I interviewed gave me an astonishingly clear account (part of which I already quoted before) of Lisbon's transformation as the output of the closure of a rent-gap, putting it in Neil Smith's terms, and as the result of a move of capital from finance to real-estate:

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15 For more detailed accounts of the transformation of Mouraria and Intendente, see for example Bettencourt and Castro (2015) and Mendes et al. (2016). Some pictures of the new square on the website of the program of it's requalification: <http://www.aimouraria.cm-lisboa.pt/ha-vida-na-mouraria.html>. A short video can be seen here: <https://vimeo.com/215696300>

“I mean the background of [our investment firm], we’ve been a financial investor before...I mean personally I worked for 25 years in London and New York, running institutional funds and for us it was an opportunity – we looked at the market back in 2014 and we made our first investment in December 2014 and since we’ve been able just to – we’ve got now 15 projects and we’ve invested around 100 million Euros in the market. And it was just the discrepancy, you know the acquisition per square meter was very attractive compared with other cities and we anticipated that it will be a lot of people moving to Portugal for the reasons I just talked about. So it was a good combination of investing at the bottom of the market, combined with very strong demand and people moving here” (Interviewee 16).

#### 3.2.4.1 Tax regime for non-regular residents

“It is obligatory for them to stay half of the year in Portugal – but this often does not happen, so we have empty houses. (...) And we continue to have the neighbourhood empty, which was a problem we had before. We wanted to rehabilitate to not have an empty neighbourhood and now that we rehabilitate, we have an empty neighbourhood all the same.”

*Filipa Bolotinha (Renovar a Mouraria) in our interview*

“The Investment Tax Code, created by Decree-Law n. 249/2009<sup>16</sup>, approved on September 23rd, implemented a Personal Income tax system for the non-regular resident, with the purpose of attracting to Portugal non resident professionals qualified for activities with high added value intellectual or industrial propriety or know-how, as well as beneficiaries of pension schemes granted abroad”<sup>17</sup>. This regime is valid for European citizens.

The Decree-Law introducing the regime, explains this choice in the preamble with the necessity to attract foreign investment and entrepreneurial initiative to Portugal together with giving a new competitive spirit to the Portuguese economy.

It changes the code defining the personal income tax IRS, fundamentally attributing a special tax regime for a duration of 10 years (that may be interrupted) to whoever establishes fiscal residence in Portugal (which requires to pass at least 183 days a year there or to “dispose of a home in conditions that makes suppose the intention to maintain and occupy it as a regular residence”, (Art.16, Paragraph 1, letter b of Codigo IRS 2017), at the condition of not having resided in Portugal for at least five years before. This special tax regime is valid for people employed in activities with high added value, such as architects, doctors, scientists, artists, but also investors in management positions (if they work for projects subject to tax benefits for foreign productive investment) and consists in a flat income tax of 20%, independent from the height of income (far lower than regular Portuguese Income Tax, which, according to the height of income is between 14,5% to 48% (Article 68, Codigo IRS 2017)).

<sup>16</sup> irrelevant change by Law 20/2012

<sup>17</sup> Autoridade Tributaria e Aduaneira (2016) PERSONAL INCOME TAX. NON-REGULAR TAX REGIME FOR NON-REGULAR RESIDENTS: p.2

Furthermore income obtained abroad, in particular pensions, is generally tax exempt in Portugal – in theory these might be taxed in the state of origin, but with most European states agreements to avoid double taxation are in place, which are based on the idea that income is taxed in the state of residence. As Portugal under this regime does not tax the income, this easily leads to a total tax exemption<sup>18</sup>. Thus, many pensioners come to Portugal, especially from France, to take advantage of this regime. According to data from the Ministry of Finance published in an article on *Diario de Noticias*<sup>17</sup>, between 2009 and 2012 there were around hundred requests a year, in 2013 they grew to around 1000 (again 2013, the year in which many numbers analysed in this research begin to grow fast). In total, according to the same source, in 2015 there were 7414, in 2016 already 10684 people living in Portugal under this regime. Probably though, in 2018, the regime will be changed, introducing a small tax (between 5 and 10%) on these incomes – not due to the impact it has on the Portuguese real estate markets, but because Finland and Sweden protested against the tax exemption<sup>19</sup>. The Portuguese interest in introducing this regime was of course in the attraction of capital, also precisely to the real estate market and obtain income from other taxes: according to the *Observador*<sup>20</sup>, even though due to this regime 166 million € of income tax has not been paid, in total their presence made the tax income increase.

How is this linked to gentrification in Lisbon?

Of course a flat tax of 20% is much less than people with a relatively high income (as can be expected for people pursuing high added value activities) have to pay in most places. And for whom receives a pension in a country like France with higher living costs, it can be economically convenient to live in Portugal where those costs are lower, especially if they do not have to pay taxes for ten years.

Consequently, it became attractive for these categories to buy a house or flat in Portugal in order to establish a second residence there. Being this strategy oriented to people with medium-high income, it is no surprise that they are interested in a high standard of living when acquiring a house also in the centre of Lisbon, with the consequent impact on the property market. Many people moving to Lisbon also stay there only part of the year and rent their houses to tourists during the remaining period.

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18 <https://www.dinheirovivo.pt/economia/beneficios-no-irs-trazem-dez-mil-estrangeiros-para-portugal-mais-44/> (last access on December 7, 2017)

19 <https://www.dinheirovivo.pt/economia/governo-estuda-irs-minimo-para-futuros-reformados-estrangeiros-em-portugal/> (last access on December 7, 2017)

20 <http://observador.pt/2017/04/04/vantagens-fiscais-para-estrangeiros-residentes-triplicarem-em-tres-anos-e-valem-166-milhoes/> (last access on December 7, 2017)

### 3.2.4.2 Golden Visa

“A world without borders: Because in this Global world, we are all citizens of the world, and we are interested in this citizenship that gives us the possibility to live, study, work, love and negotiate where we want, this world citizenship from this humanist Portugal with more than 800 years of history, maturity, development and social peace, is the right country to invest in its European citizenship.”

[www.goldenvisaportugal.pt/en/](http://www.goldenvisaportugal.pt/en/) (last access on July 12, 2017)

The quote above is how the real estate investment firm EuroMiami promotes investment aimed at obtaining a “golden visa” in Portugal on their website. They are not the only ones.



**Become an Investor**                      **Increase Quality of Life**                      **Make a simulation**  
*Illustration 2: Golden Visa Portugal Home Page on July 12 2017*



The only other requirement is to pass at least seven days in Portugal in the first year and fourteen days in the subsequent two year periods.

Being Portugal member of the EU, the visa also entitles to free travel across the Schengen area, which evidently is a main attractive, as much as living and working in Portugal.

Main motivations of investors when choosing to apply for a golden residence programme are the desire to open new investment opportunities, save taxes, but also to have access to a free and safe country and the possibility to travel to many other countries without a visa<sup>22</sup>. Consequently countries with many restrictions on personal and economic freedom, such as China, are an important source of investors.

As real estate investment is quite convenient compared to other options offered by the law and less complicated than investing in the economy, it is no surprise that around 90% of investment went to this area.

Of course such programs build an evident discrimination between people trying to migrate to other countries according to their personal wealth and raise important questions: Is citizenship a commodity? Who has a right to live where? These questions cannot be answered in this thesis in general terms. But I will come back to this point when discussing the implications this has for the right to the city in paragraph 3.3.

### 3.2.4.3 How important are foreign investments in Lisbon?

Roughly calculated, in Portugal Golden Visa investment into real estate in 2016 corresponded to around 4% of the transactions in the real estate market<sup>23</sup>, while total foreign investment reached about 23%<sup>24</sup>. These numbers, even though not very precise, do not seem, at a first glance, to confirm the central importance of the Golden Visa program conferred to by many of my interviewees.

Lacking more detailed numbers, this gap might be explained in several ways:

a) the effect is actually overestimated

or:

b) even if small, Golden Visa investment served as a trigger (e.g. by pushing up market values – one theory exposed by an interviewee wants that Golden Visa investors are willing to pay higher prices in order to reach the

22 <http://www.bbc.com/capital/story/20170530-why-citizenship-is-now-a-commodity>, <http://nomadcapitalist.com/second-passport/> (last access on July 12, 2017)

23 Due to a lack in the availability of detailed official statistical data, the value is calculated on what has been published in these articles: <http://expresso.sapo.pt/economia/2016-12-23-Vendem-se-350-casas-por-dia-1> (total value of house sales in Portugal in the first nine months of 2016, source cited: INE, National Institute of Statistics) and <https://www.publico.pt/2017/07/03/economia/noticia/maior-ritmo-de-crescimento-de-vistos-gold-e-na-reabilitacao-urbana-1777389> (value of golden visa investment directed to real estate aggregated from 2012 to 2017 – source cited: SEF, Foreigners and Border Service) (last access on July 12, 2017) – referring the data to two different periods, the calculated values cannot give more than a rough idea of the entity of golden visa investment in the market.

24 <http://expresso.sapo.pt/economia/2016-12-23-Vendem-se-350-casas-por-dia-1> – source cited: estimate by APEMIP, Portuguese association of real estate agents (last consulted on July 12, 2017)

500.000€ minimum to obtain the residence permit, consequently pushing up the market

c) the proportion of Golden Visa investment is much larger in specific geographical areas (like central Lisbon) and market segments (high-end properties and properties dedicated to tourist lodging (at least several interviewees conferred it great relevance in that context).

The private investor I talked to, estimated for Lisbon: “(...) in terms of buyers of residential projects, a mix of 50% Portuguese, 50% foreigners – and in foreigners you’ve got again people who are moving here and they are buying to actually live in the flat. And then the rest is mostly investors, looking for a yield and we are talking about the Golden Visa and in the Golden Visa, at the current time, there is still some Chinese, but there are Turkish, Brazilian, South African and some former colonies, like Angola, for instance” (Interviewee 16).

On the other hand, Nuno Morais, public official of the municipal urban rehabilitation sector in our interview said: “I can only give you an impression, nothing factual. I have the impression that the current strong presence of international funds is recent and came *consequent* to a dynamic that already existed (...) that began to be public and internationally known. They didn’t provoke any kind of dynamic themselves (...).” This is not really in contradiction to who gives great importance to foreign investment, but it underlines that it arrived in large numbers only when the conditions had become adequate, at the legal level and with a basic growth of tourism already in place – a bit like the investment firm of interviewee 16, a company that arrived in 2014 in the midst of the dynamic, but, together with other investors contributed to its acceleration.

#### 3.2.4.4 New Tax regime for investment funds

Decree-Law 7/2015, given that “the current tax regime (...) doesn’t present itself as competitive, specifically on an international level, penalizing therefore the attraction of foreign capital” (Preamble), changes the tax regime for investment funds, meaning that the funds “will no longer be taxed on most of the income earned. The [funds’] typical income, especially real estate income and capital gains (that were until the passing of the law subject to the rates of 25% and 12.5%, respectively), shall no longer be subject to taxation“ (Mendes, 2017a).

Mendes was the only one nominating this new tax regime to me, which obviously has been a further element making investment in Portugal and in Lisbon's centre more attractive.

### 3.2.4.5 Promotional strategy



*Illustration 3: Living in Portugal Home Page on July 11, 2017*

The state actively promotes the possibility to buy a house and live in Portugal to (wealthy) foreigners, e.g. through the website <http://www.livinginportugal.com> (available in Portuguese, English, German, French, Russian, Chinese and Arabic). On the website Portugal (with a certain focus on central Lisbon, where several images are taken) is depicted as a great place to invest, make business and live, referring mainly to international rankings made by organisations close to the business world. Also climate, safety and hospitality are considered, of course along with low house prices and low taxation guaranteed by the Golden Visa and Non Habitual Residence Laws.

The marketing strategy reminds very much how a usual product is sold and gives the impression that living in Portugal may have become a commodity.

### 3.2.5 - Closing the rent-gap without a gentry: Tourism

“If you look to a lot of things in Lisbon almost all of them were presented as alternative tourism. So, we have the guy that does the Authentic Lisbon Tour, you have the guy that does the Wild Lisbon Tour, the guy that does (...) the Tuk-Tuk Tour. So everything, supposedly, because this is the market we have nowadays, has to be original and really alternative. But in fact, all this together, is massive tourism! (...) this is becoming a theme park (...).”

*Antonio Brito Guterres  
in the documentary “You’ll soon be here” (2016)*

“This massification, all these new businesses related to tourism – it is as if this was the only thing the city had.”

*Filipa Bolotinha (Renovar a Mouraria)  
in our interview*

Finally, following the idea of a combined production- and consumption-side approach to gentrification, as illustrated in the literature review, consumers are necessary for the newly renovated city. In the case of Lisbon instead of a regular gentry (investors or pensioners moving to Lisbon for fiscal reasons may be considered as such and are an important element, but appear to be a minority in this process), tourists largely play this role.

Of course it is difficult to say which came first – the chicken or the egg – there has been tourism before in Lisbon (there has been a precise policy to bring tourism to the centre of Lisbon (Abrantes, 2014)), as much as tourism is globally a growing business, but for sure, as I will show below, tourism in Lisbon plays the important role of making profitable large parts of the property investment.

#### 3.2.5.1 Growth in tourism demand

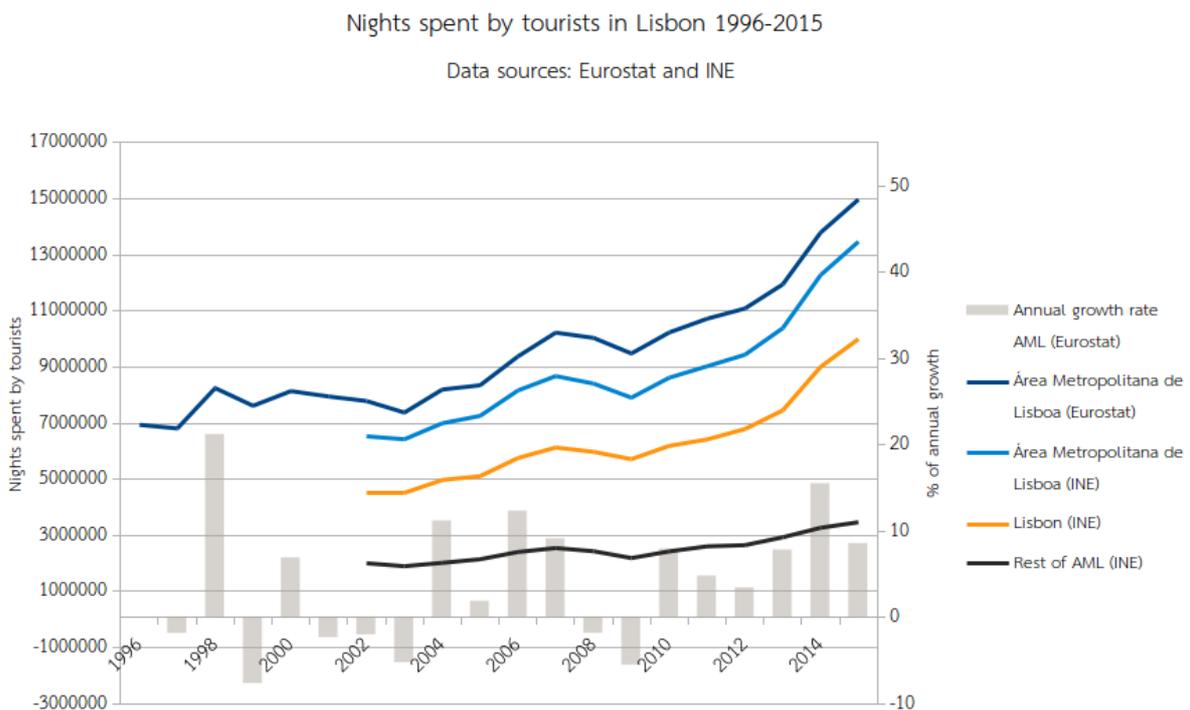


Fig 5: Nights spent by tourists in Lisbon 1996-2015

As a first step, a look at the growth of tourism presence is important, which is visible in the streets, but also clearly confirmed by the statistics.

Figure 5 gives the Eurostat and INE (Portuguese Institute for Statistics) numbers on nights spent by tourists in the metropolitan area of Lisbon (with a slight difference between the two sources) annually between 1996 and 2015 (the complete historical series available on Eurostat, from 2002 on INE). INE also provides numbers for the municipality of Lisbon (2002-2015). For comparison I included also the numbers for the rest of the metropolitan area and calculated the annual growth rate on the AML level.

A consistent growth begins in 2004 (excluding a one-time peak in 1998, presumably linked to the EXPO in that year), which is actually before many of the drivers I analysed here were put in place, but it interrupts between 2008 and 2009 (presumably due to the financial crisis), beginning again in 2010 and accelerating since 2013, to annual growth rates of around 10%. There is no data yet for 2016, but looking at the development of traffic at the airport (fig 9), it seems very plausible that growth is continuing at a similar pace.

To highlight the major importance of foreign tourism at the municipal level, it must be noted that in 2015 70% of the nights in the metropolitan area, and 80% in the city of Lisbon, were spent by foreign tourists.

Data shows clearly that the vast majority of tourism in the metropolitan area concentrates in the municipality of Lisbon, where also most of the growth occurred. Also 56% of the tourist establishments, (that is, basically, hotels), in the metropolitan area is localized in Lisbon, as much as 71% of the Local Lodgings (data source: Registo Nacional de Turismo).

In the *Freguesia Santa Maria Maior* alone, corresponding to large parts of the historical centre (neighbourhoods of *Alfama*, *Baixa*, *Castelo*), where in 2011 12765 people lived (2,4% of Lisbon's population), around 19% of the hotels was localized and 25% of the local lodging<sup>25</sup> units. Considering that also a consistent part of the tourist attractions (historical sites and neighbourhoods) and central nodes of public transport are located in this area, it seems to be a reasonably low estimate that something between a third and two thirds of tourists spent time there during 24 hours (considering also in what the majority of tourists is interested in, see Table 2 below).

It is therefore possible to assume (fig 6) that by now the number of tourists in average equals if not surpasses the number of inhabitants in Santa Maria Maior. If one takes in account that the tourist presence is not distributed equally throughout the year, it is quite evident that this definitely happens in high season. (It should also be considered that the numbers i use here do not include people staying in illegal Airbnb, cruise ship guests who don't stay overnight and other day trippers. )

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25 Data sources: Centro de Estudos de Serviço Social e Sociologia (2015) for population (original data from INE), National Tourism Register for hotels and Alojamento local (<https://rnt.turismodeportugal.pt/RNAL/ConsultaRegisto.aspx?Origem=CP&FiltroVisivel=True>, last consulted on July 14, 2017), georeferenced with batchgeo.com

### Tourists and residents in Santa Maria Maior

Data sources: Eurostat, Centro de Estudos de Serviço Social e Sociologia (2015)

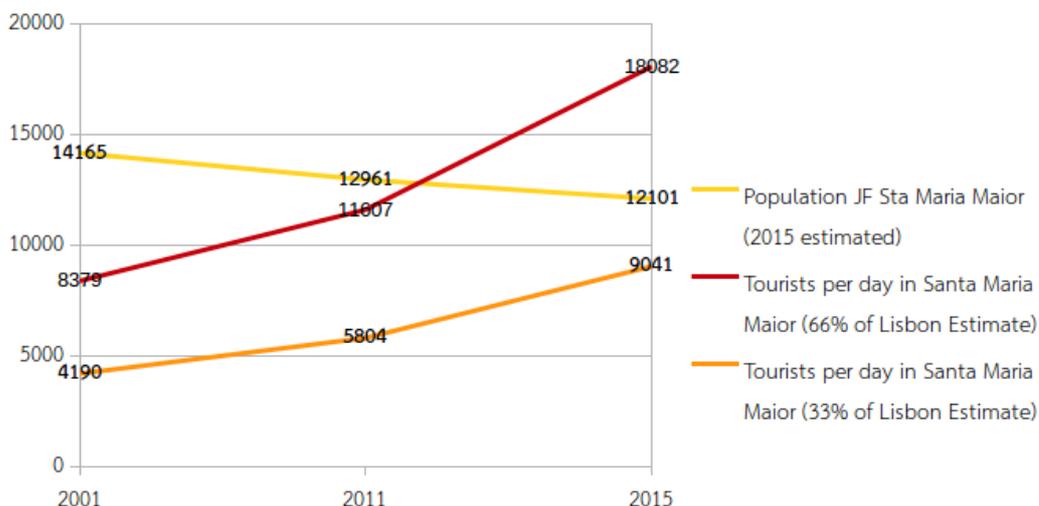


Fig 6: Evolution of tourists and residents in Santa Maria Maior (Estimated)

That these numbers exercise a high pressure on the neighbourhoods, influencing the commercial structure, the real estate market, and the use of public space and transport, is of little surprise.

A recent survey by the Observatorio Turismo de Lisboa (2016), gives some interesting information about the visitors. 86,5% of the interviewed tourists came to Lisbon for holidays, leisure and relax. 75,4% for a City&Short Break holiday, being this the most important market segment of tourism in Lisbon (followed by Sun&Sea with 7,3%).

More precisely tourists stated having the following objectives for their visit:

| Table 2: Foreign tourists' goals when visiting Lisbon |                                 |
|---|---------------------------------|
| Goal  | Foreign tourists with this goal |
| Visit monuments and museums                           | 85,1%                           |
| Taste Food and Wine                                   | 81,6%                           |
| <u>Get to know the Portuguese Culture</u>             | <u>80,7%</u>                    |
| <u>Get to know different costumes</u>                 | <u>75,6%</u>                    |
| Appreciate the atmosphere/landscape of the city       | 65,6%                           |
| Get to know the modern side of Lisbon                 | 63,2%                           |
| Have fun with friends                                 | 40,6%                           |
| Relax   | 23,1%                           |
| <u>Get in contact with the locals</u>                 | <u>14,8%</u>                    |
| Night life  | 10,7%                           |
| Work-related activities                               | 9,7%                            |
| Stay with the family                                  | 8,4%                            |

|                                |      |
|--------------------------------|------|
| Enjoy a pleasant climate       | 7,0% |
| Assist cultural events         | 5,1% |
| Got to recommended restaurants | 4,9% |
| Stay in a good hotel           | 2,3% |
| Assist sport events            | 1,0% |
| Do Sports                      | 1,0% |
| Health reasons                 | 0,3% |

It is interesting for later discussion that three frequently cited goals (underlined in the table) directly refer to qualities, at least presumably, dependent on the persistence of neighbourhood life. (And also the wishes to “Taste Food & Wine” and “Appreciate the atmosphere”, potentially are related to this.)

### 3.2.5.2 Local Lodging and Airbnb

Local lodging (AL - *Alojamento Local*) appears to be a central instrument in the effective transformation of the neighbourhoods, being very easy to establish both for the very simplified bureaucracy and the possibility to be installed in practically every residential building. It has been cited in most of the interviews I conducted as a central factor in the process.

AL has been first introduced by Decree-law 39/2008. Paradoxically, the law has the aim to generally regulate touristic enterprises (article 1), but immediately after it states that local lodging, as defined by article 3, is not considered to be a touristic enterprise (article 2) – and consequently is not object to the regulation defined by the rest of this law. AL are defined simply as “houses, flats and hospitality services that, having authorization, do offer temporary lodging, with remuneration, but do not correspond to the criteria to be considered an touristic enterprise.” (article 3, clause 1). Beyond this, AL just need to be registered at the municipality. They may advertise themselves only as AL, cannot be classified in any way (with stars or similar instruments) and need to correspond to minimum standards of safety and hygiene defined by a dedicated regulation (*Portaria 517/2008*). When an AL passes to be considered a touristic enterprise is not defined apart from this notion. The only clear criteria given by the other articles of the law is a minimum number of 10 lodging unities to be considered a hotel or tourist apartment enterprise, but the regulation speaks of AL with a capacity of 50 or more guests, implicitly legitimating these (article 3, clause 3). The regulation also states that the mere registration of the AL is sufficient to open it to the public (article 3, clause 4) and that the municipality afterwards, in a period of 60 days, *may* control if standards are respected and close the enterprise if they are not (article 3, clause 5) (Regulation 138/2012 *recommends* controls by the municipality, also beyond the first 60 days). Furthermore it defines some basic criteria for safety and hygiene.

Obviously this law and regulation made it very easy to establish an AL. Due to this lax legislation prof. Luis Mendes in our interview defined the law on AL a “non-law”.

The decree-law 128/2014, further changed by decree-law 63/2015, introduced some more precise regulation on the AL:

- they may not function under the regime of AL if they correspond to the criteria defining a touristic enterprise (article 2)
- they now *have to* be controlled, within 30 days after opening, by the competent authorities (article 8)
- their size is limited to maximum 9 rooms and 30 beds (limit explicitly not valid for hostels) and, if they are apartments, their number is limited to maximum nine *per owner in one building*, if nine apartments correspond to more than 75% of the building's divisions (article 11)
- a hostel is defined as an AL with the majority of beds organized in dormitories of at least four beds and needs to have common spaces (article 14)

Also clear penalties, in the form of fines or the suspension of the activity, are introduced and the authorities responsible for controls are enumerated. Still, the basic feature remains unchanged, that is that an AL can be opened simply communicating it to the municipality, without needing a specific license (like hotels and other traditional touristic lodging) and therefore without an instrument for the public sector to control and limit their number.

After many episodes of conflicts in buildings with AL with the other inhabitants, currently there is debate if the law should be changed requiring an authorization by the owners' assembly in a building in order to open an AL. AL evidently assumes a central role in the perceived impacts and the consequent discourse (nearly all interviewees referred to it, many newspaper articles appeared on the topic<sup>26</sup>). Looking at the evolution of the numbers of AL (fig 7), though, it can be seen how it took about five years since its introduction<sup>27</sup> for AL to become a widespread phenomenon.

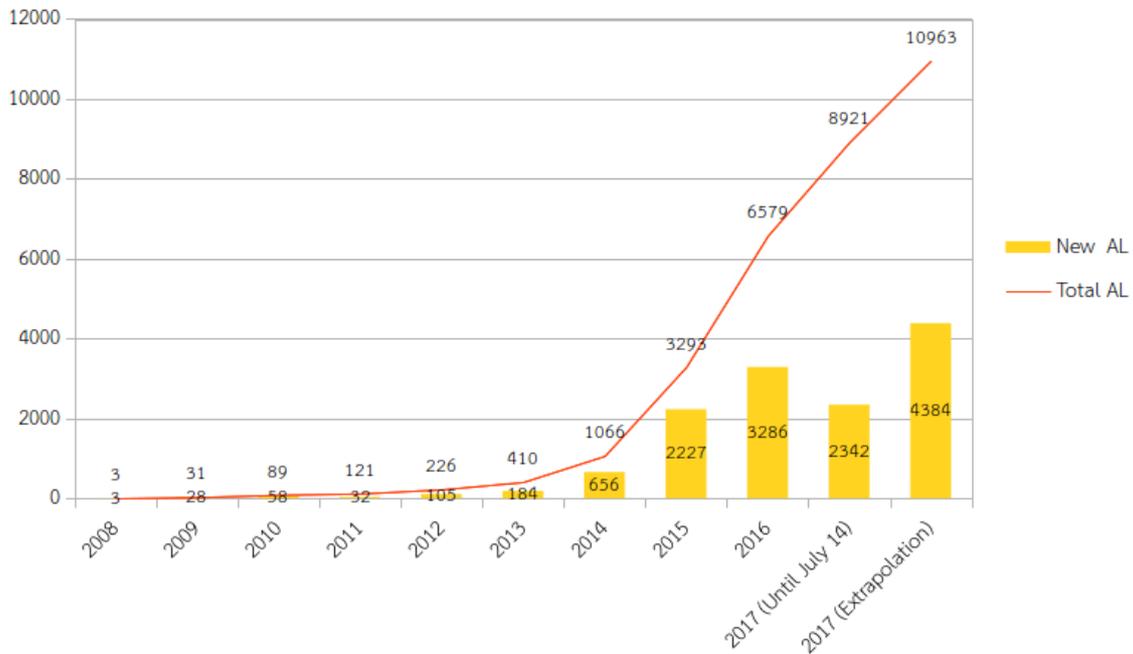
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26 See for example: <https://www.publico.pt/2017/05/25/politica/noticia/alojamento-local-ps-garante-que-lei-e-legal-e-que-nao-destroi-emprego-1773501>; <https://www.publico.pt/2017/05/25/economia/noticia/vizinhos-vaio-poder-proibir-arrendamento-a-turistas-ou-impor-condicoes-1773370>; <http://www.dn.pt/opiniao/opiniao-dn/fernanda-cancio/interior/alojamento-local-e-a-logica-estupidos-8514389.html>; <http://www.dn.pt/sociedade/interior/nao-ha-lisboeta-que-viva-do-marques-para-baixo-que-nao-se-sinta-acossado-8533222.html>  
(for all last access on July 23, 2017)

27 With the introduction of AL other old legal forms of tourist lodging have been abolished, but only 12 of these AL in Lisbon had existed before 2008 under other legal forms, according to the data of the National Register for Tourism.

### Evolution of Alojamento Local in Lisbon 2008-2017

Data source: Registo Nacional de Turismo, July 14, 2017

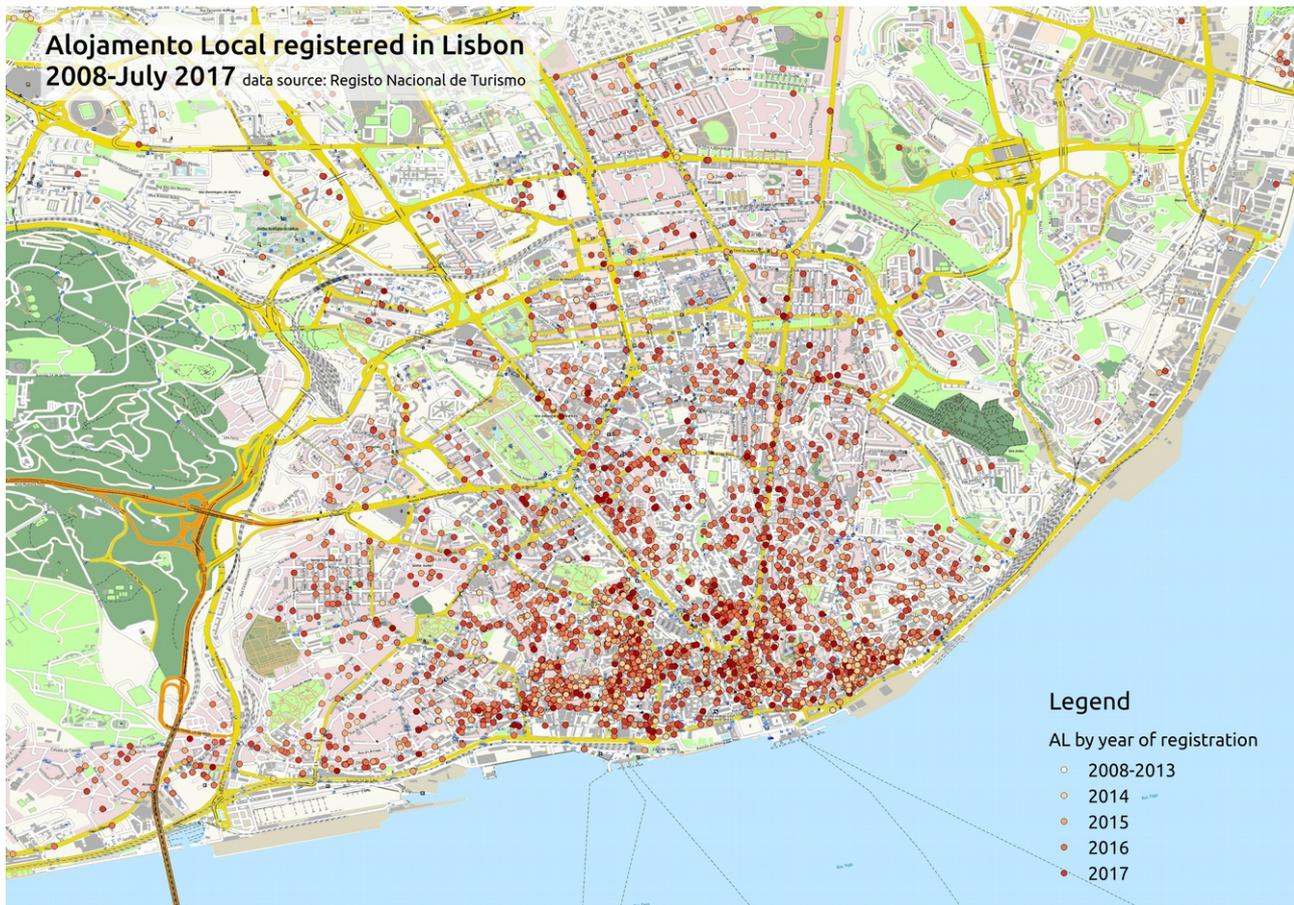


*Fig 7: Evolution of AL in Lisbon since its introduction*

Therefore it is evident how the AL law itself has not been the cause of the development, but rather a “valve” by which the closing of the rent-gap could later realize itself in Lisbon, after other conditions had come together. For corrective policies it may consequently be considered an important question if this development might have or might still find expression in another field, if this valve should be closed. This at least seems possible, which would indicate that corrective policies focusing exclusively on AL would not be sufficient.

Also the tax regime favoured investment in AL making it more profitable: “The tax regime discriminates between classic leasing and renting to tourists. The normal/classic lease has a tax rate on income of 28%, while the lease to tourists only has a tax rate of 15%” (Mendes, 2017a).

The strong growth of AL has furthermore been favoured by offering a possibility to Portuguese families to integrate their revenues affected by the financial crisis (Mendes, 2017b). This fact contributed to legitimate the process (ibid.).



Map 2: AL

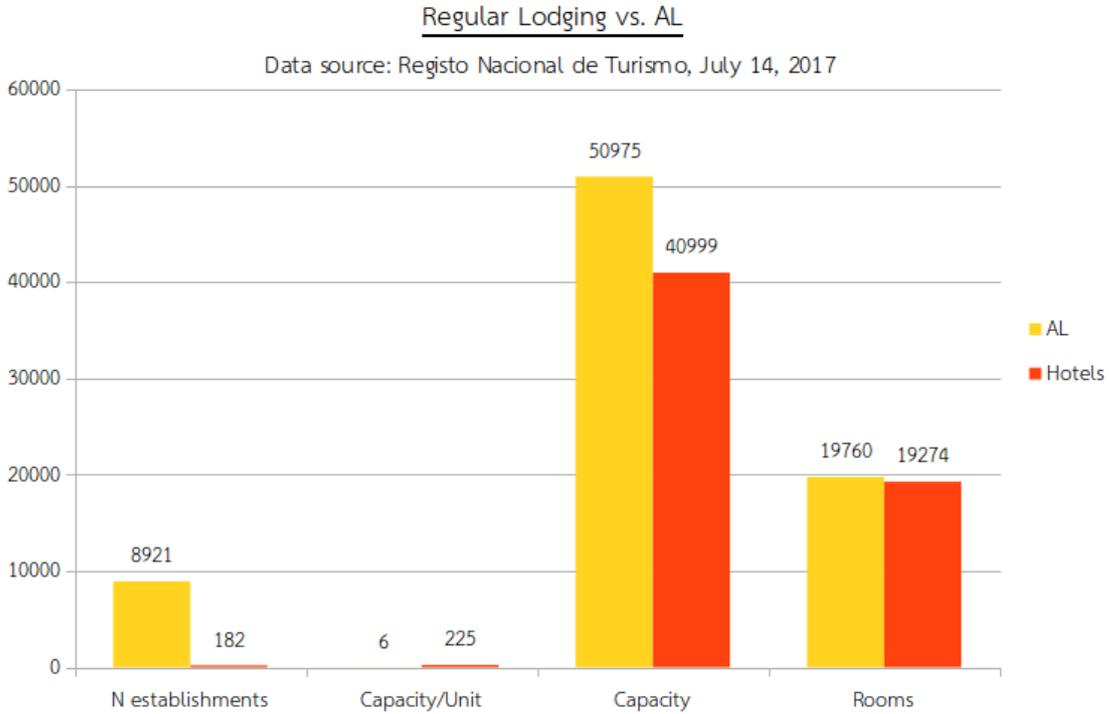
Map 2, that localizes the AL in Lisbon<sup>28</sup>, shows a significant concentration of the establishments in the historical centre of Lisbon (neighbourhoods of *Baixa, Alfama, Castelo, Mouraria, Bairro Alto, Principe Real, Bica*), with a tendency to expand towards north, to the east of *Avenida da Liberdade* and along *Avenida Almirante Reis*. In the parishes of *Santa Maria Maior* and *Misericórdia* (neighbourhoods of *Alfama, Baixa, Bairro Alto, Bica, Castelo, Chiado*), at least 15 to 16% of all housing units are used for AL<sup>29</sup>. This is a number similar to the 17% Cócola Gant (2016) reports for Airbnb in central Barcelona – but including Airbnb it would probably be higher (see below).

Looking at the year of establishment, there does not appear to be an evolution of the geographical distribution of the AL during the last years.

28 The addresses have been exported from the Registo Nacional de Turismo (<https://rnt.turismodeportugal.pt/RNAL/ConsultaRegisto.aspx?Origem=CP&FiltroVisivel=True>, last consulted on July 14, 2017) and localized automatically by [www.batchgeo.com](http://www.batchgeo.com). In this process about a fifth of the addresses have been lost and a few localized not correctly (because how they were written in the Registo, were not interpretable by Google Maps, on which batchgeo is based), but it seems sensible to assume that these errors are randomly distributed and don't affect significantly the result.

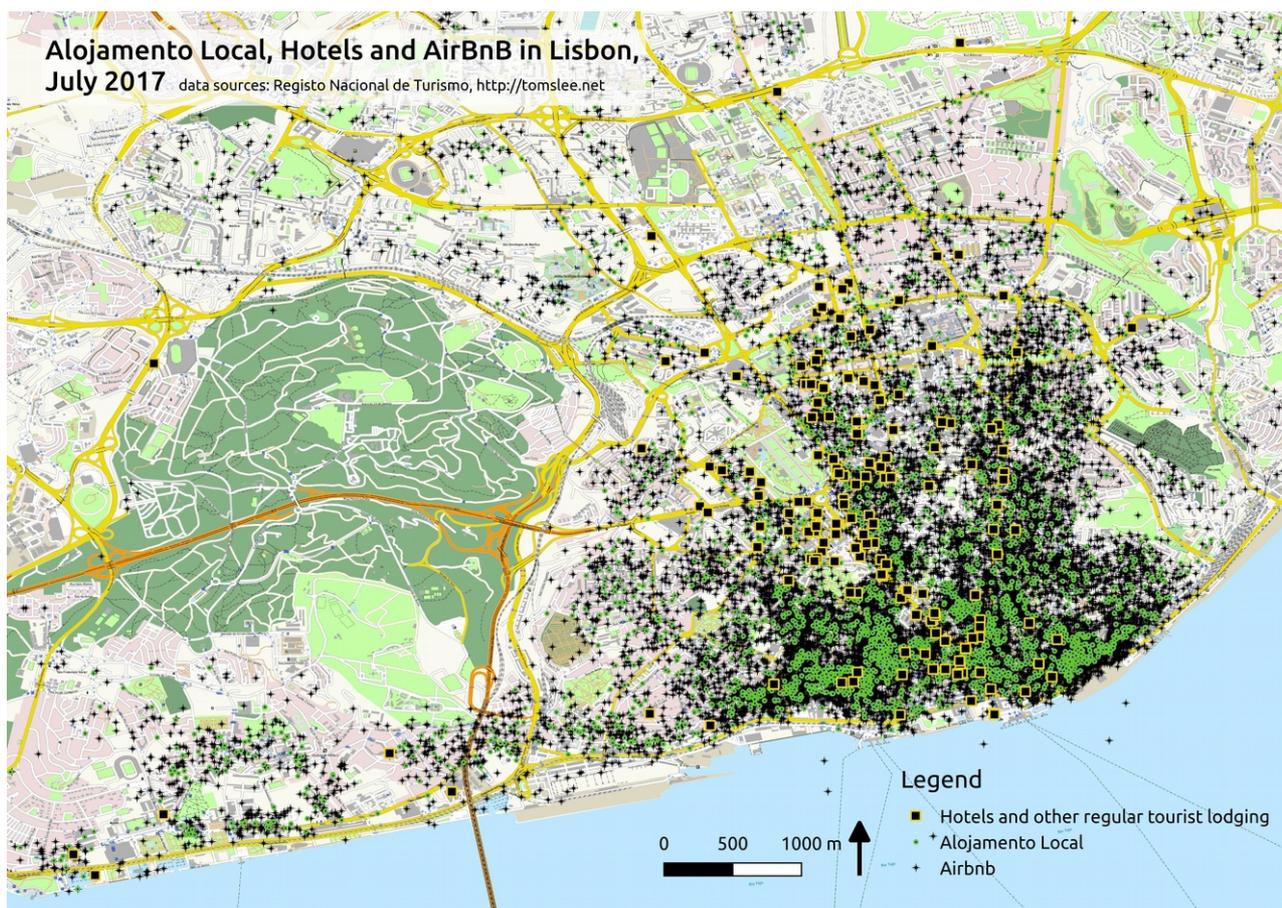
29 Number results of the part of AL localized in this area (which actually underestimates the entity of the phenomenon as about 20% couldn't be localized, see Footnote 22) divided by the number of housing units (source: <http://www.cm-lisboa.pt/municipio/juntas-de-freguesia/>, last consulted on August 9, 2017)

Figure 8 shows that by now AL has reached a higher capacity than regular tourist lodging establishments (mostly hotels).



*Fig 8: Regular Lodging vs. AL*

Looking at the geographical distribution of establishments (Map 3), it is evident that hotels follow a different logic than AL, being concentrated in the *Baixa*, along *Avenida da Liberdade* and in the business district of *Avenidas Novas*. The reduced presence of hotels in the historical centre, corresponding to a lack of lodging offer, is supposed to have helped the expansion of AL in these neighbourhoods (JLL, 2015; Mendes, 2017b).



Map 3: Hotels, AL and AirBnB

Also AirbnB listings are shown on the map. Their distribution is similar to that of AL – and in fact it may be assumed that most AL are listed on AirbnB, but their number (13232 in June 2017<sup>30</sup>) is substantially higher than that of registered AL (8921), putting in evidence that a consistent part of AirbnB listings is by no means publicly registered (and consequently operating in a semi-legal context). Also AirbnB has experienced a fast growth: from 5652 units in March 2015 to 13232 in June 2017, a growth of 134% in little more than two years. The data also tells that in 2017 approximately 74% of all AirbnB are entire housing units – not the spare room someone rents out to integrate his/her income.

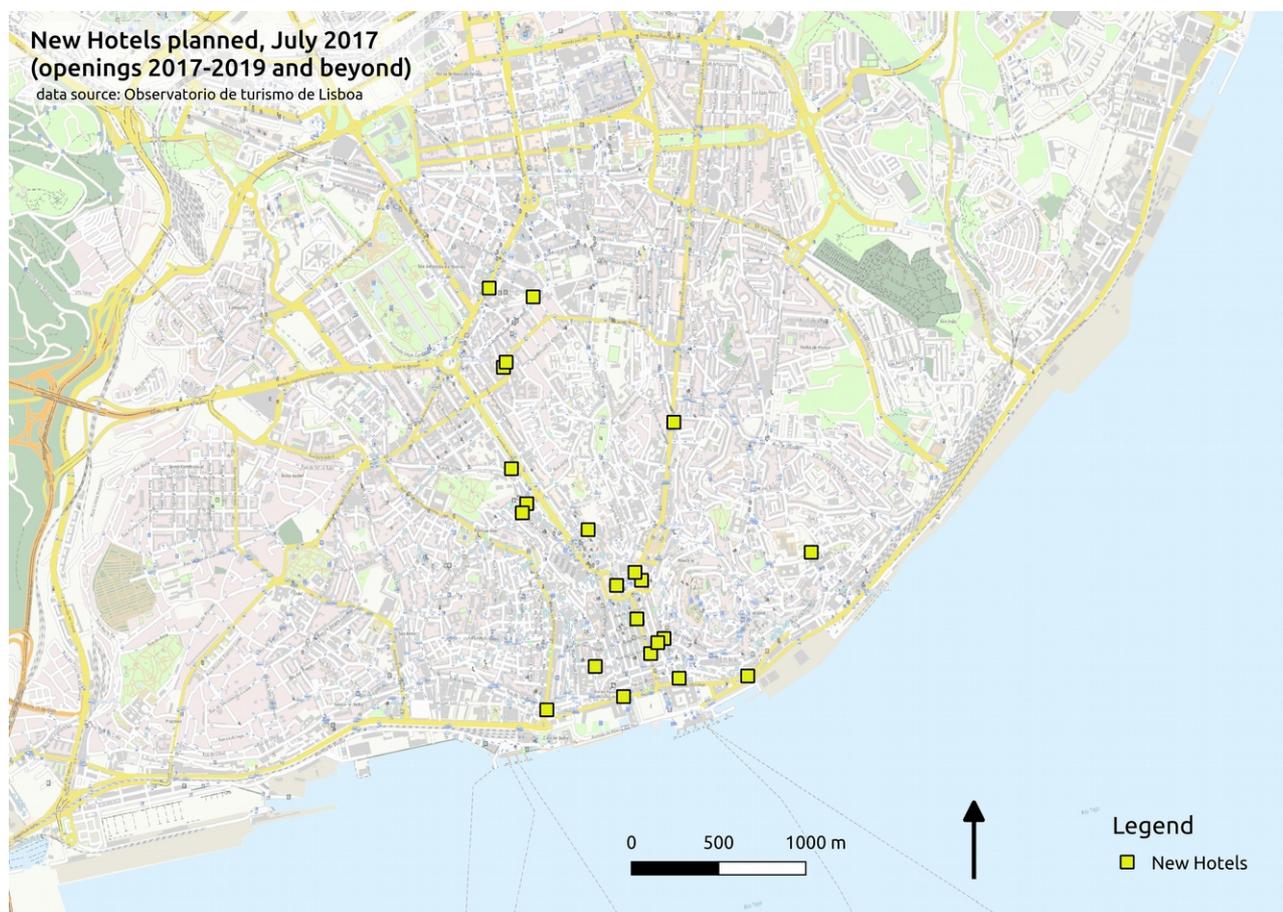
### 3.2.5.3 New Hotels

Even though AL and AirbnB appear to have gained a considerable part of the market, this does not preclude that many new hotels are being planned. According to a list published by the *Observatorio de turismo de Lisboa*<sup>31</sup>, 29

30 All data on AirbnB from tomslee.net (last access on July 14, 2017)

31 Available here: [www.visitlisboa.com/pt-pt/about-turismo-de-lisboa/observatório](http://www.visitlisboa.com/pt-pt/about-turismo-de-lisboa/observatório) (last access on August 9, 2017)

hotels are scheduled to open in Lisbon until 2019<sup>32</sup>, with 2772 rooms and a capacity of around 5900<sup>33</sup>. This will be an increase of 14,4% in hotel rooms.



Map 4: New Hotels

Their spatial distribution (see Map 4 – two of the hotels do not have a defined address yet), appears to be similar to that of the existing hotels (see Map 3), but with a major tendency to be located in the historical centre, instead of the business district, although the numbers are too small to prove this consistently. All the new hotels, excluding one 3 star project, are in the 4 and 5 star categories, indicating that or tourism in Lisbon is expected to become more upscale or that the lower budget market is mainly taken over by AL and Airbnb.

### 3.2.5.4 Low-cost air transport

The growth in the presence of low-cost airlines is a factor that is considered important for the growth of tourism by most of my interviewees. André Moura from ATL<sup>34</sup> particularly stressed the importance of this factor: “The evolution of air transport is fundamental to explain this. Lisbon was a destination relatively

32 7 of those don't have the year of opening defined yet

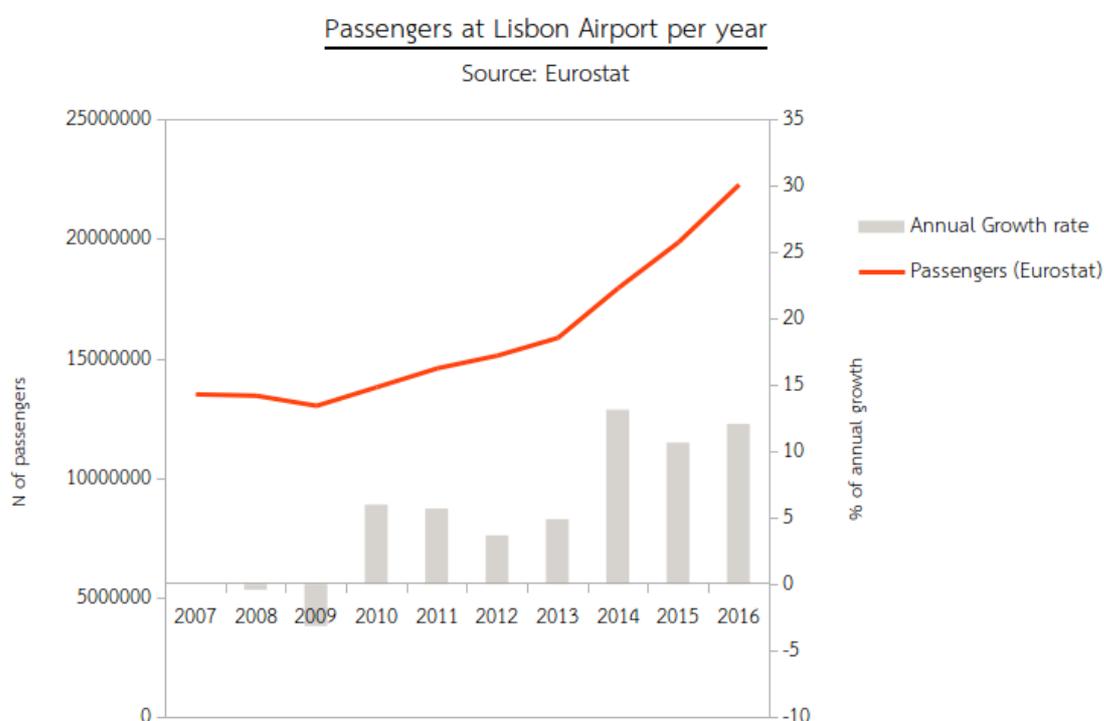
33 The capacity has not been published, I estimated it by applying the average capacity of 2,13 people by room of Lisbon's existing hotels.

34 Lisbon Tourism association: André Moura though, reports only his personal opinion.

far from its originating markets (...) not so much in terms of flight time, but prices were high and the prices fell significantly (...) this is the so-called “Low-Cost effect” of the Low-Cost carriers, (...) also the Flag Carriers had to react.”

In fact a 2005 study by Costa, Peres and Moital among London travel agents identified the lack of low-cost air transport (together with the lack of adequate accommodation) as a central competitive disadvantage of Lisbon compared to other city break destinations at the time. This has changed since then: The two main budget airlines active at Lisbon Airport are easyjet (which opened a base in Lisbon in 2012) and Ryanair (2013).

Air transport in general is central to tourism in Lisbon as 95% of foreign tourists (Observatorio Turismo de Lisboa, 2016) reach Lisbon by plane.



*Fig 9: Passengers at Lisbon Airport 2007-2016*

The general number of passengers at Lisbon Airport has been growing very fast in the last ten years – the total growth 2007-2016 is of +65% (Air transport in Europe generally has only grown by 19% in the same period (data source: EUROSTAT)).

Of course this includes all passengers, not only tourists coming to Lisbon using low-cost airlines, but considering that since 2011 low-cost carriers, starting from 0, gained a share of 25%<sup>35</sup> in flights from and to Lisbon (30% if only considering European destinations), it becomes evident how much they contributed to the growth. It can be roughly estimated that between 50% and 60% of the increase since 2011 goes on the account of low-cost airlines<sup>36</sup>.

<sup>35</sup> Value calculated from the list of flight connections from/to Lisbon available here: [www.visitlisboa.com/pt-pt/about-turismo-de-lisboa/observatório](http://www.visitlisboa.com/pt-pt/about-turismo-de-lisboa/observatório) (last access on August 13, 2017)

It is important to point out that the arrival of low-cost airlines has not been simply an effect of the “free market”, but consequent to a deliberate public policy of incentives and subsidies to attract them, after the recognition of the lack of low-cost flights to Lisbon not only at the academic (Costa, Peres and Moital, 2005) but also the political level of strategic planning for tourism (see Matos, 2015).

First subsidies to attract new flight routes to Portugal originated from the government’s program to reduce the impacts of the economic crises in 2008/2009, but there are more modest incentives, also in terms of marketing since 2003<sup>37</sup>.

When easyjet opened its base in Lisbon in 2012 this was after discussions with the Portuguese government<sup>38</sup>. Also since 2007 there has been in place a general program of incentives for airlines, based on the national strategic plan for tourism and paid for by the national and local tourism associations and the airport operating society, open to all airlines, but that gave benefits especially to low-cost operators<sup>39</sup>. This program has evolved, but indirectly continues to be in place also for Lisbon, even though, due to Lisbon’s strong growth, it should have been limited, in 2015, to the other Portuguese airports<sup>40</sup>. The goal of these incentives is to stimulate airlines to open new routes and/or augment their capacities and frequencies<sup>41</sup> and attract more tourists<sup>42</sup>. In this sense the incentives certainly have been a success.

### 3.2.5.5 Other aspects of tourism: Cruise ships and night life

Cruise ships have been repeatedly cited in the interviews, in particular with neighbourhood association of Alfama, where the new cruise ship terminal has been built. Zarrili and Brito (2013) report a 23% growth in cruise passengers in Lisbon from 2007 to 2011. Cruise tourists have the problematic characteristic of arriving in large numbers at the same time, having consequentially a very visible impact on public space and go away after a very short time, leaving relatively few money, too, as they sleep on the ship.

In the neighbourhood of Bairro Alto, as stressed by Luis Paisana from the local neighbourhood association, there is a specific problem with night life concentrated there (see also Pavel, 2015). This brings him to underline the negative impact of noise, waste and massive human presence in the streets at

36 Estimated assuming passenger growth = flight growth, retrieving in this way an approximate number of flights in 2011 and calculating the number of low-cost flights in 2017 as a proportion of the difference of flights in 2017-2011

37 <http://sergiopalmabrito.blogspot.it/2017/03/nota-pontual-sobre-apoio-do-turismo-de.html> (last access on November 24, 2017)

38 <https://www.publico.pt/2011/10/27/economia/noticia/easyjet-abre-base-aerea-na-capital-em-abril-e-lanca-cinco-novas-rotas-1518517> (last access on November 24, 2017)

39 <https://www.publico.pt/2011/08/25/economia/noticia/low-cost-receberam-maior-parte-dos-apoios-para-a-criacao-de-rotas-1509103> (last access on November 24, 2017)

40 <https://www.tsf.pt/portugal/interior/incentivos-as-companhias-aereas-pagam-taxa-de-entrada-em-lisboa-4485126.html> (last access on November 24, 2017)

41 <https://www.jn.pt/economia/interior/ana-vai-dar-incentivos-a-companhias-aereas-que-aumentem-passageiros-4431427.html> (last access on November 24, 2017)

42 <https://www.publico.pt/2017/03/04/economia/noticia/turismo-de-portugal-ja-distribuiu-oito-milhoes-de-euros-para-apoiar-abertura-de-novas-rotas-1763974> (last access on November 24, 2017)

night, and to make a distinction other interviewees did not make with the same strength: between “problematic” tourists coming to get drunk cheaply and “welcome” tourists who want to explore Lisbon.

### 3.2.5.6 Active tourism policies, not only marketing

As cited in the literature review, Gotham (2005) affirmed that if tourism demand and taste play an important role, they cannot be taken for granted and it has to be considered that tourists’ desire for gentrified spaces is created and marketed (see also Semi, 2004; Zukin, 2009 and Montanari and Staniscia, 2010).

To analyse in detail the promotion of Lisbon as a tourism destination would require a research on its own. I only want to have a short look at two elements that have been repeatedly underlined by my interviewees: the public strategy of promotion by the tourism associations of Lisbon and Portugal and the awards and praise Lisbon has received during the last years from the tourism industry.

Matos (2015: p.70-78) analyses the content of the strategic plans on tourism elaborated at different geographic levels. The description of Lisbon theses plans make is largely consistent with the external view showed below and my interviewees’ discourses. Elements pointed out are: museums and monuments, light and climate, security, tolerance and openness of the inhabitants and the historical neighbourhoods. More interestingly, some of the elements I analysed here, appear as proposals in the plans, such as the renovation of the waterfront, the promotion of low-cost flights and residential tourism (of course the plans’ aim is to make tourism grow). It remains thus an interesting open question how influential these plans have been regarding these points. They appeared, but were not central in my interviewees’ discourses – some explicitly said that active tourism policies were less important than factors as international investment. In paragraph 3.2.5.4 I showed that active policies (subsidies) certainly played a role in the growth of flights to Lisbon.

A recent newspaper article<sup>43</sup> shows effectively how the promotion strategy of Lisbon’s tourism association (ATL) has changed during the last years and how this helped in Lisbon’s touristic success. Centrally, all funds for promotion are now invested on the internet. Secondly, there has been a focus on bringing journalists to Lisbon making them tell their “authentic” story (also Miguel Rodrigues referred to this in our interview). This connects to the idea that tourists want “experiences” not products – an argument dear to many of my interviewees.

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43 [www.publico.pt/2017/03/04/sociedade/noticia/os-segredos-que-puseram-portugal-no-mapa-do-turismo-1763465](http://www.publico.pt/2017/03/04/sociedade/noticia/os-segredos-que-puseram-portugal-no-mapa-do-turismo-1763465) (last access on August 8, 2017)

### 3.2.5.7 Awards and Praise for Lisbon as a tourist destination

As noted by many of the people I talked to, Lisbon received many “awards” and appraisal as a tourism destination, in particular in the nowadays popular form of rankings.

I chose a few of these articles and summarized their content, which gives an idea of what are considered to be the main attractions of the city:

#### 1) “Why Lisbon is One of the Coolest Cities in Europe”

- Esquire Magazine, Oct 17, 2015<sup>44</sup>

The Esquire magazine depicts Lisbon as “underestimate”, the article’s first word, and praises the city for a series of aspects:

- “distinct districts”

- “the once-seedy and now achingly cool dockyard area of Cais do Sodré”

- “bacalao” - but as a negative example of food when compared to new “petiscos (tapas)”

- good nightlife, e.g. *Pensão Amor*

- “elegant town houses are being converted into chic hotels” (this reminds of Luis Mendes’ comment: “[T]he neighbourhood [Intendente], that in the meantime is gentrifying, for this very fact, becomes a touristic destination.”)

- Time Out Market / *Mercado da Ribeira*

- Street Art

- Beaches and Surf spots are close by

- Tinned fish

- Interestingly Fado is depicted as a fun killer and therefore to be avoided

“Why now? Because Lisbon is on. There might not be a cooler city in Europe at this precise moment, and these moments can be fleeting.”

#### 2) “Why Portugal's capital is the trendiest spot to travel for a weekend break in 2017” - The Mirror, July 14, 2017<sup>45</sup>

- seven hills, views

- “maze of pastel-washed streets”

- “The working city is bustling with life, yet still manages to have an uncrowded feel”

- Fado

- *Pasteis de Belém (=Pasteis de Nata)*

Top Ten Sights: *Torre de Belém, Rossio Square, Bairro Alto, Alfama, Elevador of Santa Justa, Rua Augusta Arch, São Jorge Castle*

#### 3) Number 9 of the “Top 10 best cities in Europe” - [www.ucityguides.com](http://www.ucityguides.com), s.d.<sup>46</sup>

- sunny

- “makes you feel like you're on the edge of the continent”

- age of Discoveries

44 <http://www.esquire.com/lifestyle/g2462/esquire-guide-lisbon/> (last access on August 7, 2017)

45 <http://www.mirror.co.uk/lifestyle/travel/city-breaks/lisbon-city-guide-portugals-capital-9768594?service=responsive> (last access on August 7, 2017)

46 <http://www.ucityguides.com/cities/top-10-best-cities-in-europe.html> (last access on August 7, 2017)

- Art and Monuments
- Tiles
- hills and views - “Europe's most scenic capital”
- contemporary architecture

4) Number 8 of “Best in Travel 2017: Top Cities – Magic metropolises rising to the top” - Lonely Planet, s.d.<sup>47</sup>

- cheap
- Museums

*In the detailed article<sup>48</sup>:*

- Fado (Mariza)
- “azulejo-splashed architecture”
- “wine-stained traditional tabernas”
- “crotchety back alleys”

*Top experiences:*

*Alfama, Sintra, Belém, Pastel de Nata, Azulejos, Wine Bars, Aldeia de Mata Pequena, Cascais*

*Top sights:*

*Mosteiro dos Jeronimos, Castelo de São Jorge, Museu Nacional de Arte Antiga, Museu Calouste Gulbenkian, Nucleo Arqueologico da Rua dos Correiros, Praça do Comercio, Basílica da Estrela, Igreja & Museu São Roque*

5) Number 9 in Top 25 Destinations – Europe 2017 Tripadvisor, s.d.<sup>49</sup>  
(based on travellers’ opinions)

- Museums
- Maritime Museum
- Casa-Museu Dr. Anastácio Gonçalves
- Padrao dos Descobrimentos
- Mosteiro dos Jeronimos
- Torre de Belém
- Lisbon Oceanarium
- Calouste Gulbenkian Museum
- National Tile Museum

6) 3rd place in the Best Erasmus City Award – Uniplaces<sup>50</sup>

- a lot of sun
- close beaches
- good food
- cheap drinks
- nightlife

47 <http://www.lonelyplanet.com/best-in-travel/cities> (last access on August 7, 2017)

48 <https://www.lonelyplanet.com/portugal/lisbon> (last access on August 7, 2017)

49 <https://www.tripadvisor.com/TravelersChoice-Destinations-cTop-g4> (last access on August 7, 2017)

50 <http://erasmuscity.uniplaces.com/en/lisbon> (last access on August 7, 2017)

In the first place a basic fact about this type of lists and appraisals is noteworthy: they are based on the idea that tourism destinations are basically exchangeable and it is consequently possible to put Kaohsiung, Matera and Detroit in the same list, assigning them a precise place of priority – as Lonely Planet does in its 2018 list of top cities<sup>51</sup> - in which, by the way, Lisbon is not present anymore (while in the 2017 list it was on place 8, see above), as if anything fundamental had changed about it during the last twelve months. This is not, of course, a specific problem of Lisbon, but it is an aspect referred to also by my interviewees, when expressing the preoccupation that the city's popularity might pass as fast as it has arrived.

Looking instead at what aspects of Lisbon are promoted by the cited articles, there appear to be many common elements among the different sources. Museums, typical food, views and the historical neighbourhoods with their “crotchety back alleys” are repeatedly named. Also Zarrili and Brito (2013) in their enquiry about tourism in Lisbon write: “[i]n Lisbon has always existed an individuality of its own, related to its Manueline and Baroque monuments, its original means of transport, its cafés and its mysterious atmosphere. But also the neighbourhoods contribute to build the image of the city, shaping its popular and historic character. The neighbourhoods symbolize the capital, together with other elements that give it a peculiar touch of cinematic and intense luminosity, such as its topography, the riverside location, and the fact it has always been the birthplace of famous singers and writers” (p.246).

This repetition of the same elements is no surprise and has to do with the general dynamics of tourism: there tends to be an interest in seeing what one already heard about before (see Aime and Papotti, 2012 and the discussion in the literature review), trying to confirm the expectations created by media and guidebooks. (This makes proposals to solve the problems of an excessive tourist presence spreading them over the territory, difficult to realise.)

### 3.2.5.8 Exogenous causes for tourism in Lisbon

Beyond local and national decisions there are three important exogenous factors for the growth of tourism in Lisbon, which I will not analyse in detail, but which need to be taken into account in order to fully understand the phenomenon.

#### 1) *Global growth of tourism*

The development in Lisbon cannot be seen independently from the importance tourism has assumed during the last decades on a global level. The UN World Tourism Organization's data (UNWTO, 2017) makes tourism's relevance very clear: it is responsible for 10% of the world's GDP, 7% of the world's exports, and so on.

If tourism actually is the world's largest industry as is sometimes said, is not important here (this has to do a lot with how elements are categorised); much more relevant is how tourism is developing: it has been growing faster than other sectors for years; international arrivals doubled between 2000 and 2016 and further growth is expected (even though the UNWTO's method of assuming

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51 <http://www.lonelyplanet.com/best-in-travel/cities> (last access on November 23, 2017)

simple linear growth is not very sophisticated, the indication of the direction is clear).

Obviously, this growth has to localise somewhere, and Portugal and Lisbon are just part of many other places (see also Urry, 2001). What is of interest here, is how this took place in Lisbon. Clearly, the choice to orient the economy towards tourism, in this global context, has been a quite obvious choice.

### 2) *Insecurity in North African and Middle Eastern tourism destinations*

A specific contribution to Portugal's success in recent years, underlined by many of my interviewees, has been the political crisis in Northern Africa and the Middle East, leading to insecurity in these destinations and making tourists and the tourist industry look for alternative destinations. Portugal in this has been a good option having a not too dissimilar price level and climate and thus, presumably, this fact contributed to the fast growth in Lisbon.

### 3) *New urban tourism*

I wrote about this concept in the literature review (paragraph 2.2), but it seems useful to remind here the development of this new type of tourism that is very much interested in "typical" and "authentic" neighbourhoods, like the ones of central Lisbon.

## 3.2.6 Impacts

The impacts of tourism and real estate investment in Lisbon are obviously central to the debate about the process and they can be classified as follows<sup>52</sup>:

### *Positive impacts:*

- a) Contribution to the economy, new jobs, especially in tourism
- b) Renovation of public space and built heritage - general improvement of the urban quality and image
- c) Revitalisation of the historical city

### *Negative impacts:*

- d) Displacement of inhabitants: direct and exclusionary displacement
- e) Displacement pressure
- f) Commodification, Standardization, "Disneyfication"

### *a) Contribution to the economy, new jobs, especially in tourism*

The strong growth of tourism, makes a substantial contribution to the economy. Numbers published by the *Associação Turismo de Lisboa* (ATL, 2016) show that the sector is growing fast also in terms of contribution to the GDP and employment. In 2015 it represented 6,4% of the national GDP, 15,3% of exports and by the end of 2016 8,2% of employment. In Lisbon specifically, employment in the sector grew by 8-10% only in 2016. In the same document, Jorge Ponce de Leao, Vice-President of the ATL, in the editorial uses these numbers to defend

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52 Obviously the division in "positive" and "negative" is arbitrary. It simply reflects how the single effects are commonly framed.

tourism against criticism, saying “against facts, there are no arguments” (p.4) (as if facts didn’t need interpretation).

Actually, all of the critical observers I interviewed, recognise tourism’s contribution to Lisbon's economic reprisal after the crisis and to employment; specifically also for young people who managed to create new activities and jobs in the sector.

What is criticised though, is the fact that much of this employment is precarious, short-term, seasonal and/or underpaid. This is shown very well also in the documentary “You’ll soon be here” (2016) with the example of Tuk-Tuk drivers.

#### *b) Renovation of public space and built heritage - general improvement of the urban quality and image*

Another outcome frequently cited in favour of the process, is the renovation and improvement of both public space and built heritage. In fact, as shown above, much of Lisbon’s historical buildings were degraded before tourism began to grow and massive real estate investment took place.

Also the public space in many cases was in bad conditions – the most famous examples being the waterfront<sup>53</sup> and Intendente square<sup>54</sup>. Both before were dedicated before to traffic and parking space and now are popular public spaces.

Also this point is widely recognized among critics, the main problem here is the question “for whom?” have these spaces been improved, who can afford to use them? As poor people are loosing space in the central city regarding housing and commerce (see points c) and d)) it makes sense to assume that they are also in a lesser degree users of these spaces. Regarding *Intendente* square a friend researching the place also speaks of social cleansing – before it was a place used by drug dealers, prostitutes and so on, now you can find fancy bars there. The problems of its marginal population have not been solved, they just have moved around the corner (see also Mendes et al., 2016).

#### *c) Revitalisation of the historical city*

Similarly, and in relation to the renovation of the public space, a point commonly identified as a positive consequence of the process, also by critical observers such as Barata-Salgueiro, Mendes and Guimaraes (2017), is the general revitalisation of the historical city (the cited article is a case study *Baixa* and *Chiado*), and its public space in particular, which had lost some of its vitality due to the creation of the new CBD around the *Avenidas Novas* (ibid.). Examples are new shops, side-walk cafés, the use of the new waterfront and the *Intendente* square.

All the same, and this would merit another research on its own, in some cases, e.g. *Alfama* and *Mouraria*, it appears from some statements interviewees made, that the change was not so much about an increase in the use of public spaces, but the change of the type of its use: e.g. in the case of *Intendente* the change from a marginal population of prostitutes, drug-addicts and migrants, to a new

53 Some official images can be found here: <http://www.cm-lisboa.pt/visitar/lazer-entretenimento/frente-ribeirinha>. The official renovation plans here: <http://www.cm-lisboa.pt/viver/urbanismo/planeamento-urbano/documentos-prospetivos/plano-geral-de-intervencoes-da-frente-ribeirinha-de-lisboa>

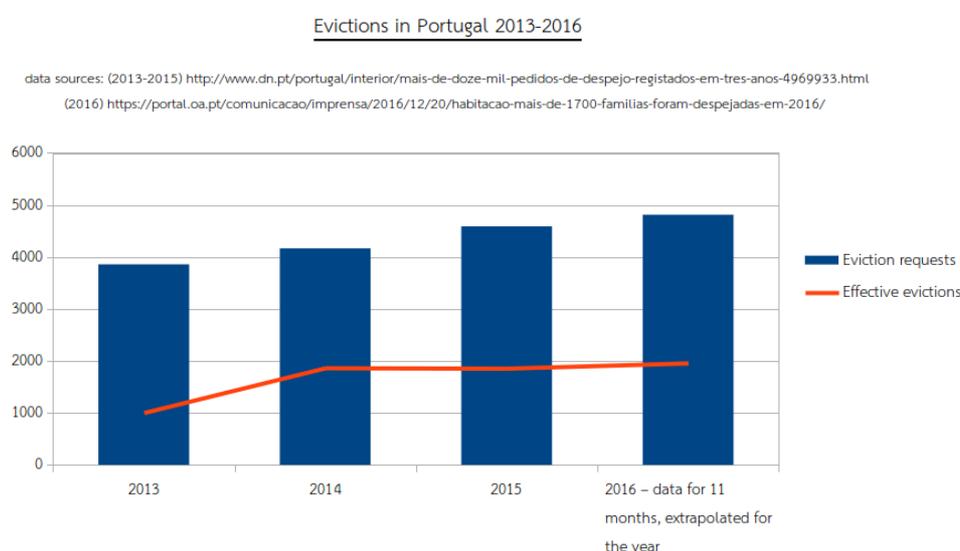
54 Some pictures of the new square on the website of the program of it’s requalification: <http://www.aimouraria.cm-lisboa.pt/ha-vida-na-mouraria.html>. A short video can be seen here: <https://vimeo.com/215696300>

population of middle-class Portuguese and foreigners, hipsters, artists and creatives. (See also Menezes' (2009) ethnography of the *Martim Moniz* square in *Mouraria*, depicting a vibrant life – but of socially marginal groups.)

*d) Displacement: direct and exclusionary displacement*

Is there actually direct displacement? It is difficult to measure this directly for a lack of coherent data. There are individual accounts about it, but it is hard to measure its extent. According to the data shown in figure 10 there is no strong rise observable in evictions during the last years. But it has to be considered that the data is for the whole of Portugal, it does not include years before the boom in Lisbon and it comes from unofficial and incoherent sources.

In any case, evictions reflect only a part of displacement. It can be assumed that many tenants move out when they receive notice, before an eviction process starts. Also, some real estate mobbing has been reported (by Luis Paisana in our interview), but I have no possibility to quantify its extent.

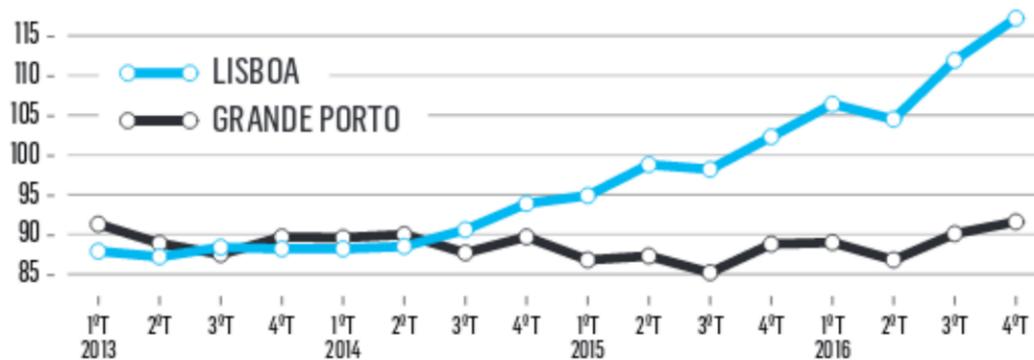


*Fig 10: Evictions in Portugal 2013-2016*

What probably is the main problem in central Lisbon, is exclusionary displacement: “According to data collected by newspaper *Jornal de Negócios* (2016), the number of houses for renting has decreased 75% in Lisbon and 85% in Oporto.” (Mendes, 2017a). Several interviewees (including interviewee 16, an investor) highlighted how it has become very difficult to find houses offered for long-term rental, even if one has the possibility to pay, because most of the housing is dedicated to tourism and short-rental.

There is no public statistical data on rents in Portugal and the main private source, usually used as a reference, *Confidencial Imobiliario*<sup>55</sup>, is accessible only after payment. All the same, some of its data is from time to time published by newspapers and allows to have an idea on the evolution of prices.

<sup>55</sup> [confidencialimobiliario.com](http://confidencialimobiliario.com) (last access on October 22, 2017)



FONTE Confidencial Imobiliário/SIR-Arendamento

INFOGRAFIA A4V15.10

Fig 11: Development of residential rents (index). From: <http://visao.sapo.pt/actualidade/economia/2017-07-01-As-rendas-loucas-de-Lisboa-e-do-Porto>

Figure 11 shows how between 2014 and 2016 rents in Lisbon have been growing by around 25%. And this is a medium for the whole municipality of Lisbon, while for central neighbourhoods increases between 30 and 40% have been reported<sup>56</sup>.

| LISBOA valores em €    | m <sup>2</sup> | T1 (70 m <sup>2</sup> ) | T2 (110m <sup>2</sup> ) | T3 (140m <sup>2</sup> ) |
|------------------------|----------------|-------------------------|-------------------------|-------------------------|
| Ajuda                  | 9,20           | 644                     | 1 012                   | 1 288                   |
| Alcântara              | 9,40           | 658                     | 1 034                   | 1 316                   |
| Alvalade               | 9,70           | 679                     | 1 067                   | 1 358                   |
| Areeiro                | 9,70           | 679                     | 1 067                   | 1 358                   |
| Arroios                | 10,00          | 700                     | 1 100                   | 1 400                   |
| Avenidas Novas         | 11,80          | 826                     | 1 298                   | 1 652                   |
| Beato                  | 8,50           | 595                     | 935                     | 1 190                   |
| Belém                  | 10,10          | 707                     | 1 111                   | 1 414                   |
| Benfica                | 9,00           | 630                     | 990                     | 1 260                   |
| Campo de Ourique       | 10,80          | 756                     | 1 188                   | 1 512                   |
| Campolide              | 10,10          | 707                     | 1 111                   | 1 414                   |
| Carnide                | 9,70           | 679                     | 1 067                   | 1 358                   |
| Estrela                | 10,60          | 742                     | 1 166                   | 1 484                   |
| Lumiar                 | 9,00           | 630                     | 990                     | 1 260                   |
| Marvila                | 7,10           | 497                     | 781                     | 994                     |
| Misericórdia           | 11,80          | 826                     | 1 298                   | 1 652                   |
| Olivais                | 8,60           | 602                     | 946                     | 1 204                   |
| Parque das Nações      | 11,90          | 833                     | 1 309                   | 1 666                   |
| Penha de França        | 8,80           | 616                     | 968                     | 1 232                   |
| S. Domingos de Benfica | 9,30           | 651                     | 1 023                   | 1 302                   |
| Santa Clara            | 7,50           | 525                     | 825                     | 1 050                   |
| Santa Maria Maior      | 14,20          | 994                     | 1 562                   | 1 988                   |
| Santo António          | 11,20          | 784                     | 1 232                   | 1 568                   |
| São Vicente            | 10,50          | 735                     | 1 155                   | 1 470                   |

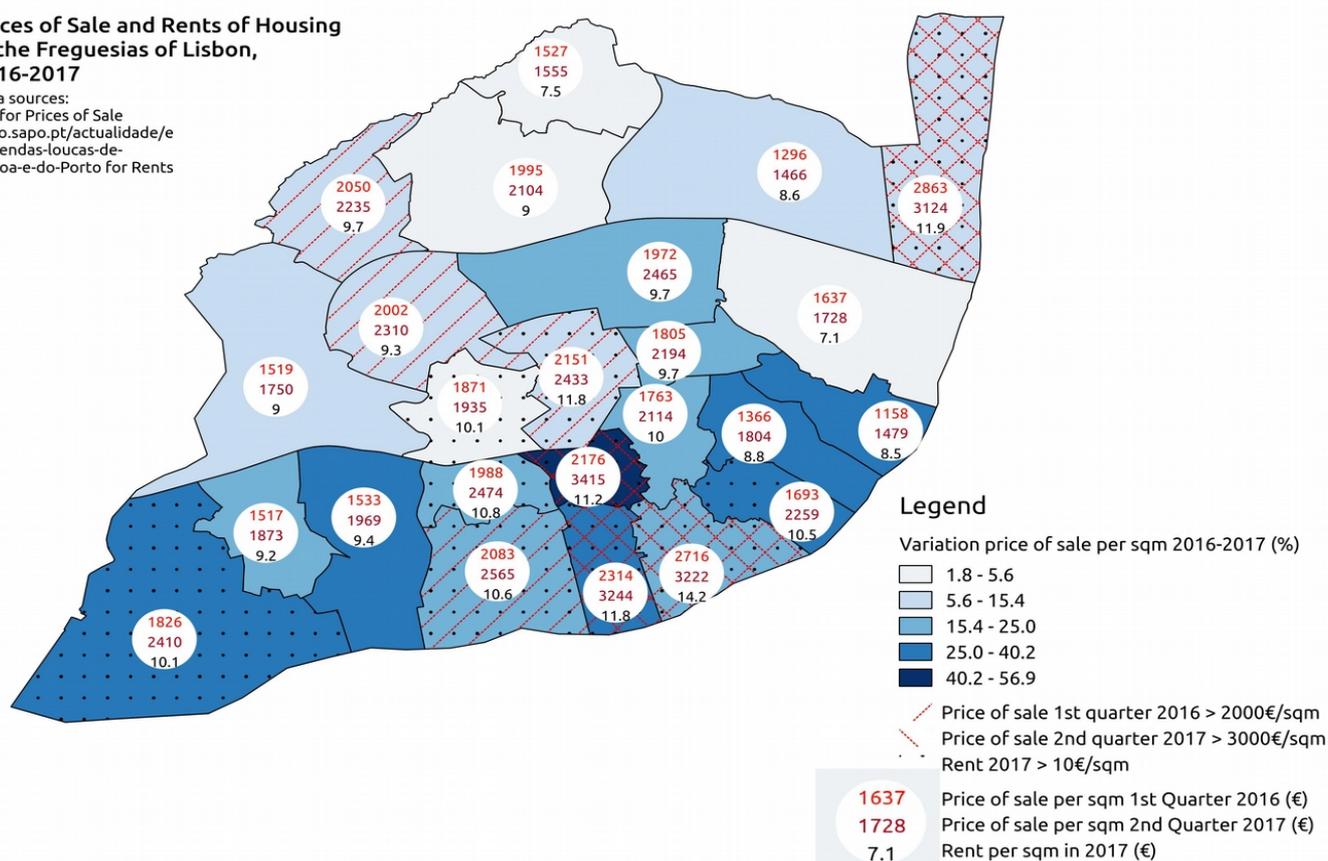
Table 3: Monthly rents in Lisbon's parishes. From: <http://visao.sapo.pt/actualidade/economia/2017-07-01-As-rendas-loucas-de-Lisboa-e-do-Porto>

<sup>56</sup> <https://www.publico.pt/2016/06/05/economia/noticia/oferta-de-casas-para-arrendar-caiu-33-em-cinco-anos-e-rendas-dispararam-1734086> (last access on October 22, 2017)

1.560,6€ has been the medium monthly income (before tax deductions) of a resident in Lisbon in 2014<sup>57</sup>, while the minimum salary in Portugal is of 557€ a month in 2017<sup>58</sup>. Comparing this to the medium rents in central Lisbon shown in table 3 above, it is clear how this makes it impossible for large parts of the population to rent a flat in central areas in Lisbon, such as the parish of *Santa Maria Maior*.

### Prices of Sale and Rents of Housing in the Freguesias of Lisbon, 2016-2017

Data sources:  
INE for Prices of Sale  
visao.sapo.pt/actualidade/e  
As-rendas-loucas-de-  
Lisboa-e-do-Porto for Rents



Map 5: Rents and Prices of Sale 2016-2017

Map 5 shows how the phenomenon is spatially distributed over the *Freguesias* of Lisbon, both in terms of rent and of prices of sale. It is immediately evident how the evolution of prices of sale has been especially strong in the historical centre and along the river – the main touristic axis already identified by Brito-Henriques (1996), with price increases of up to 56,9% in a bit more than a year, in the case of *Santo António* (where the very hip *Principe Real* area is located, subject to a huge upscale residential and commercial renovation project by the US American Eastbanc during the last years (Gato, 2016)), and above 25% in many other areas. These numbers show clearly the speed and intensity the transformation process has assumed.

57 Database PORDATA – <http://www.pordata.pt/Municipios/Ganho+m%c3%a9dio+mensal+dos+trabalhadores+por+conta+de+outrem+total+e+por+sexo-282>

58 Database PORDATA: <https://www.pordata.pt/Portugal/Sal%c3%a1rio+m%c3%adnimo+nacional-74> (last access on November 28, 2017)

Looking at the absolute values, it is of little surprise that areas of high rent and of high prices of sale coincide. Furthermore the most touristic areas in the *freguesias* of *Santa Maria Maior* and *Misericórdia* have among the highest rents and highest prices of sale. Especially *Santa Maria Maior*, *Misericórdia* and *Santo António* reached a per square metre price of sale of over 3000€ in the second quarter of 2017. Only *Parque das Nações* in the North-East, the neighbourhood built newly for the Expo 1998 oriented from the beginning at high standards, has comparable prices.

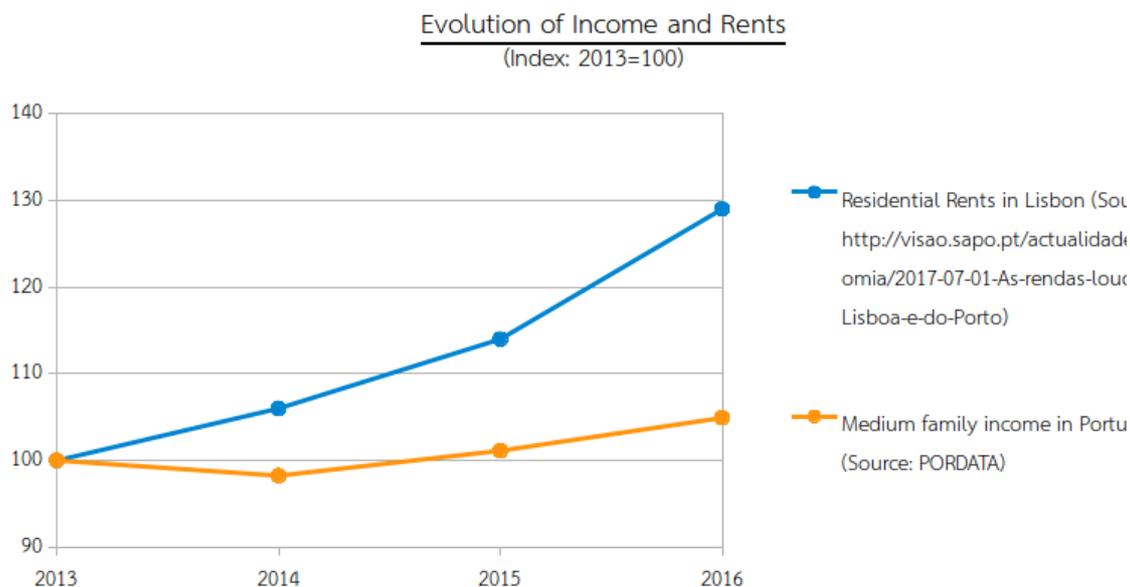


Fig 12: Evolution of income and rents

Also the trend of rents compared to the evolution of the medium family income in Portugal (on the municipal level data isn't available, but it seems plausible to assume that the trend is similar), shows a clear divergence, indicating that an always greater component of the family income has to be dedicated to housing in Lisbon.

The rise of rents (compared to medium income), the change in the commercial structure etc. make clear that the new, beautifully renovated central city is made for a certain type of people, not for the relatively poor and old and/or migrant population of Lisbon's central neighbourhoods and to a large extent not even for the Portuguese middle-class – in several interviews I was told that even for families with enough income available to pay high rents it is hard to actually find an apartment in central Lisbon, because there is just very few offer for long-term rental. A leader of real estate agents estimated a reduction of 33% of housing dedicated to long-term rental in Portugal between 2011 and 2016<sup>59</sup>.

59 <https://www.publico.pt/2016/06/05/economia/noticia/oferta-de-casas-para-arrendar-caiu-33-em-cinco-anos-e-rendas-dispararam-1734086> (last access on October 22, 2017)

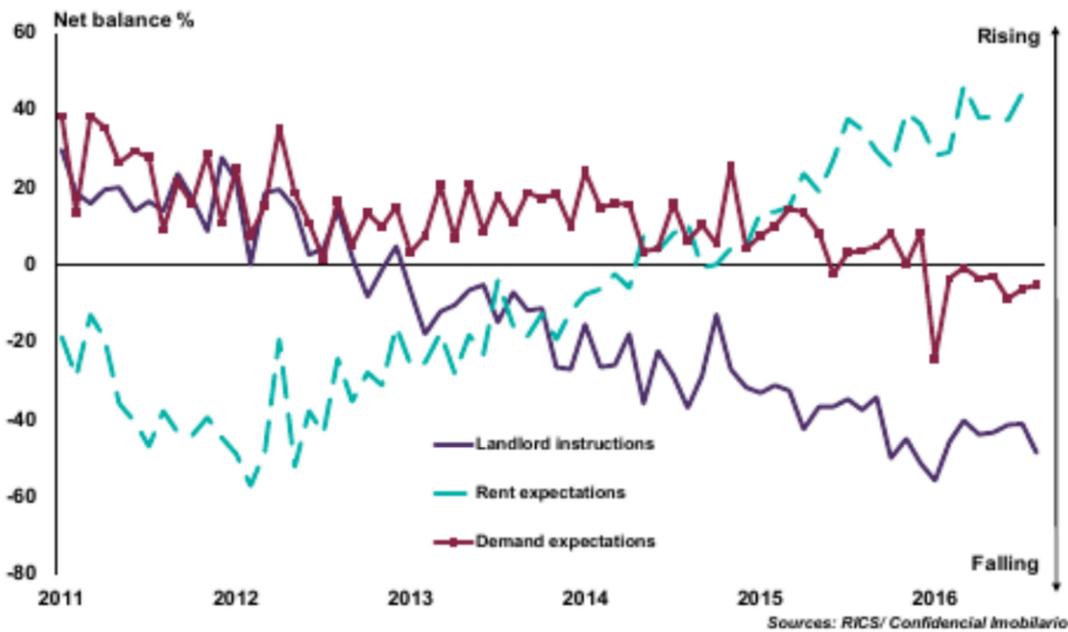


Fig 13: Lettings market indicators. From: RICS and Ci (2017)

Another graph (fig 13) shows how (in all Portugal – but Lisbon makes for an important part of it) the number of apartments destined by landlords to the rental market is continuously falling and especially from 2013 on diverging from the demand, contributing to the rise of rents and showing again how the offer is below the demand for rental apartments.

Consequently, housing in central Lisbon is a problem not only for the poor, but also the (lower) middle class.

#### e) Displacement pressure

Displacement pressure is defined by Marcuse (1985, as cited in Slater, 2012: p.165-166) as “the dispossession suffered by poor and working-class families during the transformation of the neighbourhoods where they live”, e.g. because of changes in public facilities and support services, “making the area less and less livable” and finally making them leave the neighbourhood “voluntarily”, i.e. without being evicted.

In Lisbon one could speak in a certain sense of displacement pressure before the transformation process started, referring to the degradation of the city centre that made many people leave. Now, while this aspect is improving, side effects of touristification are coming up creating a different form of displacement pressure. One aspect of displacement pressure is commercial gentrification: that many traditional commercial structures, catering for the inhabitants’ daily life, are disappearing and being substituted by more fashionable and expansive establishments is diffusely recognized and discussed both by my interviewees and newspaper articles. For sure, this change is framed in different ways: a positive aspect mentioned by several interviewees (e.g. André Moura) is a “new entrepreneurial capacity”, stimulated by tourism, the adaptation to new and modern tastes. But this is accompanied by a rise in prices and a change in the

communicative code, oriented at different targets. Also the type of products changes, making it harder, as observed by many of my interviewees, in some areas, such as *Alfama*, for long-term residents to shop for their daily needs, buy bread, find a butcher etc., in their neighbourhood<sup>60</sup> and consequently more difficult to live there, especially for elderly people, who cannot reach the next big supermarket, contributing to what Marcuse (1985) defined as displacement pressure.

Barata-Salgueiro, Mendes and Guimaraes (2017) illustrate with numbers they collected in the neighbourhoods of *Baixa* and *Chiado* clearly the substitution of traditional commerce by national and international chains and luxury oriented stores, as much as the increase of commercial establishments catering exclusively or in the first place tourists, such as souvenir shops and restaurants. This tendency has also been recognized by Law 42/2017, that has the goal to protect “shops with history” (see paragraph 3.2.8).

Other elements of displacement pressure are the problems of noise, waste and crowding linked to night life in Bairro Alto. Crowding is an effect also felt in Alfama due to cruise tourists and generally at touristic hot-spots, which often are or have been also commonly used public spaces, such as the *Rossio Square*, the viewpoints of *Graça*, *Santa Luzia/Porta do Sol*, *São Pedro de Alcântara* and now are often extremely overcrowded by tourists.

A specific aspect of crowding in Lisbon is that of historical means of public transit: especially tram line 28, but also number 12 and the elevators of *Santa Justa* and *Gloria*, famous among tourists and appearing in every guide book as must-sees for their historical wagons, their views and picturesque settings amidst old alleys, are also important means of transport for inhabitants of hilltop neighbourhoods (*Bairro Alto*, *Bica*, *Alfama*, *Castelo*, *Graça*), where they climb and few other public transport goes. Due to their strong use by tourists though, in particular during the day, they have become difficult to use by inhabitants because capacity is limited and they often have to wait long for several cars in order to find a place.

Another form of transport that lead to conflicts are the “Tuk-Tuks” introduced to carry tourists up the hills and criticised for creating a lot of noise and passing through small streets that had always been car free. By now they have been regulated so that they have to be electric and are allowed only to go on the main streets. Tuk-Tuks have also been protagonists of the touristic discovery of the city’s highest viewpoint, I experienced personally: *Nossa Senhora do Monte*, in the *Graça* neighbourhood in 2015 was a quiet place, with only few people and tourists (it was in the guidebooks, but probably too far uphill to become very popular), in 2017 it had become very busy with Tuk-Tuks and tourists; even some mobile stands selling lemonade had arrived. (In general there appears to be a progressive expansion of the touristic area during the years, in direction of *Graça* and *Mouraria*; reminding of the concept of spill over gentrification (Lees et al., 2008).)

Also AL creates nuisances beyond their direct effects on housing costs by people making noise on the stairways at night, ringing at the wrong doors etc. and the

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60 This is, for sure, also linked to the general tendency of a decrease of traditional small grocery stores etc., but appears to be accelerated by the analysed process.

sense of isolation, especially for elderly people, remaining the only inhabitant in houses full of tourist flats.

In general the disappearance of neighbourhood communities makes it harder also for people who remain, in particular in these places, where such ties are traditionally strong<sup>61</sup>.

#### *f) Commodification, Standardization, “Disneyfication”*

The tendency to a loss of identity and memory of Lisbon's central neighbourhoods has been clearly referred to by several interviewees. Some aspects commonly referred to is the commercial gentrification, substituting historical shops with new places following a global fashion of design, e.g. the naked light-bulb.

On the other hand there are traditional aspects of Portuguese culture that are becoming marketed in a clearly tourist-oriented way: A good example is the *Pastel de Nata*, a custard tart that has become a symbol of Portugal and Lisbon especially, cited in more or less every publication on the city. It is part of a group of sweets coming from the tradition of convents and was first sold by a pastry shop in the neighbourhood of *Belém*, but is available in more or less every Café around Portugal. In recent years though a considerable number of shops such as the *Manteigaria*, opened in 2014 on *Praça Camões* (between the neighbourhoods of *Bairro Alto* and *Chiado*), are popping up, selling with great success exclusively *Pasteis de Nata*. Between 2015 and 2017 at least 5-6 shops around the city centre, imitating this business model, inaugurated. Looking up *Pastel de Nata* places in Lisbon on the internet a whole bunch of ratings only dedicated to this product can be found. Also the municipality dedicated a page on its website and there is also an annual contest<sup>62</sup>.

Another aspect of standardization can be identified in how public spaces and buildings are renovated. The development of the waterfront, I already cited above as a positive example of revitalization may also be criticised for using a very standard global style (similar to what Harvey (2012) wrote about Barcelona). In the same manner, a great number buildings being renovated have only the façade left of the original construction, while the interior is completely reconstructed; a facadism also Luis Mendes spoke about in our interview.

Finally, “(...) the neighbourhoods are losing their life and you begin to have a disneyfication of the city, the historical neighbourhoods, many are saying, are becoming theme parks and the Portuguese, instead of being inhabitants, are becoming background actors in this play, in which the tourist is the protagonist” (Luis Mendes in our interview). In newspaper articles similar claims appear<sup>63</sup>.

A common preoccupation linked to these impacts is that they may contribute to a loss of interest by tourists themselves: “People want what is typical of a place. (...) I think the market itself will, at a certain point say ‘Attention that this normalization of touristic products (...)’” (André Moura in our interview); “(...) But of course some issues are coming up: when this all becomes too massive,

61 See e.g.: <https://www.publico.pt/2016/06/05/economia/reportagem/qualquer-dia-arranjamos-figurantes-para-fazer-de-portugueses-1734102> (last visited on november 23, 2017)

62 <http://www.cm-lisboa.pt/en/visit/flavours-of-lisboa/pasteis-de-nata-custard-tarts> (last visited on november 23, 2017)

63 [www.publico.pt/2016/06/05/local/noticia/alfama-nao-se-quer-ser-uma-disneyland-para-turista-ver-1734166](http://www.publico.pt/2016/06/05/local/noticia/alfama-nao-se-quer-ser-uma-disneyland-para-turista-ver-1734166) (last visited on november 23, 2017)

what implications will it have? In terms of loss of character of places. (...) There is an expression I heard various times lately: “nobody travels only to get to now him/herself and only to see other tourists”. No. People travel because they want to meet places and the people who live there (...) From the moment that people travel somewhere and only see other tourists and dedicated places, I think it’s going to loose (...).” (Nuno Morais in our interview).

There is also another phenomenon, that might be subsumed under the concept of disneyfication: the artificial reproduction of authenticity in a sophisticated way. The construction of places that appear to be diverse and spontaneous, but in fact are meticulously planned by a single economic actor. Nofre (2013) writes about *Pensão Amor*<sup>64</sup>, a night club in *Cais do Sodré*, located in a building that once had been frequented by sailors and prostitutes, but now targets upper middle-class consumers, using the aesthetics of bohemia, referring explicitly to its past as a brothel, but not allowing members of lower classes, blacks or migrants from former Portuguese colonies to enter. “The vintage nightlife has been de-politicized, socially sanitized, and morally controlled” (Nofre, 2013: p. 117). *Pensão Amor* has been developed and is owned by the real estate company *Mainside*<sup>65</sup> that also owns other clubs as well as hotels and *Lx Factory*<sup>66</sup> (ibid.), a place of cultural production in the *Alcântara* neighbourhood (at the margin of the historical city), that uses all kinds of signs of cultural diversity to appear being a place that popped up spontaneously from bottom-up.

Another example is the *Mercado de Fusão* on the *Martim Moniz* square in the neighbourhood of *Mouraria*: a “market” made of ten permanent kiosks selling food from around the world, in which “diversity can be consumed” (Mendes et al., 2016: p.123). It appears to be a multicultural market, but is actually managed by a single company, *NCS*<sup>67</sup>, which mainly sells audio systems, that by the way has its headquarters in *LxFactory*. Interestingly, this happens in a neighbourhood context which is indeed very multicultural – where this multiculturalism now is used to market it to tourists, which makes it enter the general gentrification process of Lisbon's centre (Mendes et al., 2016).

All these examples are connected by the fact that they do not produce banal copies of something, but actually creatively use and reassemble cultural elements in a sophisticated manner. The result is in the end an exclusive product (because expensive), but with a sufficiently authentic appearance to appeal to the tastes of new urban tourists (see Maitland, 2010).

### 3.2.7 Protest, Critical debate and first Counter-measures

Summarising the impacts, it can be said, plainly, that Lisbon is experiencing a complex process of transformation with complex consequences. If one sees them in total as positive or negative, depends very much on the social group or class one is part of, as there are clearly winners and losers.

Interesting in the discourse about the impacts is, that critical observers, at least those active as researchers and/or activists, tend to have a quite balanced

64 <http://www.pensaoamor.pt/PT/> (last access on november 28, 2017)

65 <http://mainside.pt> (last access on november 28, 2017)

66 <http://www.lxfactory.com/EN/welcome/> (last access on november 28, 2017)

67 <http://www.ncs.pt/mercadodefusao.php> (last access on november 28, 2017)

representation of the process, seeing it negatively in its social outcomes, but recognising the positive effects it also has. Consequently, they do not propose a total stop of it, but rather some kind of limitations (e.g. Luis Mendes, Luis Paisana, Maria Lurdes Ribeiro).

On the other hand, who is clearly in favour of it, in the real estate and the tourism sector, tends to evaluate the process as overwhelmingly positive, thus neglecting as irrelevant or not existent its negative consequences, brought up by the critics, thus refusing any regulation (e.g. interviewee 14).

This observation reminds Flyvbjerg's (1998) observation that power defines what counts as knowledge.

All the same, the critical discourse managed to enter the media and influence the political debate. Especially in the last two years it began to gain some strength, around the creation of the movement "Morar em Lisboa" ("Living in Lisbon")<sup>68</sup>, that connects a series of neighbourhood associations, city-wide NGOs<sup>69</sup> and academics. Popular protest, especially around specific cases of eviction, the question of night life in Bairro Alto, increased, numerous public meetings and debates have taken place, a petition<sup>70</sup> launched, documentaries<sup>71</sup> produced, an international masterclass<sup>72</sup> was organised etc.

This movement, with its focus on the right of housing, anti-eviction discourse (considering displacement a collective problem) and critique of neoliberalism (see also interviews with Luis Mendes and Luis Paisana, who are part of it) reminds closely the anti-displacement movement in Southern Europe Annunziata and Lees (2016) write about<sup>73</sup>.

Consequently, first steps for some regulating and limiting measures have been taken recently by the current left-wing government with the laws 42 and 43/2017.

Law 42 establishes a special regime of protection for "shops with history", "traditional commerce", "establishments of historical and local cultural or social interest" (e.g. commercial activities being a reference point in the neighbourhood) and "entities of historical and local cultural or social interest" (e.g. cultural associations) (art.2). If establishments fulfil a series of criteria (being active for at least 25 years and including some type of material or immaterial heritage (art. 4 and 6)), they can ask (or the parish council or heritage associations for them) to be inscribed in a municipal registry. Being inscribed there, they gain some protection in relation to the actualization of their rent (art.9) and in particular their eviction in case of reconstruction or demolition becomes far more difficult (art.10 and 11): Municipalities have to consider all possibilities to take adequate measures of protection for the

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68 <http://moraremlisboa.org/2017/02/18/associacoes-lisboa-pedem-nova-politica-controle-uso-da-habitacao-turismo/> (last access on november 23, 2017)

69 Such as the Citizenship Academy: [www.academiacidada.org](http://www.academiacidada.org)

70 <http://moraremlisboa.org/>

71 "You'll soon be here" (2016) <https://vimeo.com/182015533>, "Terramotourism" (2016) <https://vimeo.com/191797954>

72 <https://academiacidada.org/en/documentario-curta-livro-masterclass-turismo-gentrificacao/>

73 There is one important difference though, especially when comparing it to Spain and Italy: squatting is an instrument not used in Lisbon. This may have to do with a relatively low number of direct evictions but also with a different culture of protest, I assume.

establishment to allow it to continue to exist. Furthermore programs of fiscal incentives and subsidies at national and municipal levels are established.

That such reform may have some effect is perhaps best testified by interviewee 14's comment in our interview, lamenting that the rules of the game are changed in the midst of it and that this might make investment less attractive; interviewee 16 made similar claims.

Law 43/2017 introduces less structural changes. Basically it extends a series of terms in favour of tenants regarding the actualization of rents, the standard contract duration etc. and imposes higher compensation payments to tenants receiving notice due to reconstruction works and introduces a requirement that reconstruction works are a motive for notice only if their cost corresponds to minimum 25% the value of the building (art.3).

Apparently the intention is to make it a bit less convenient for real-estate investors to proceed as they did during the last years, slowing the process down a bit, but without arresting it.

On the municipal level, in autumn 2017 elections have taken place and the process of touristification and gentrification has become a debated topic<sup>74</sup>. The mayor remained Fernando Medina as before, but in a new coalition with the left-wing *Bloque de Esquerda*. Some measures in relation to tourism gentrification have been announced<sup>75</sup>: (1) an organism to control AL shall be established and, if the national law will be changed accordingly, after public discussion, maximum quota of AL per area will be defined; (2) a public "pillar" of 30% will be added to the Accessible Rent Program (see below) and generally more investment in social housing is announced.

The largest program launched by now, oriented not at changing the process, but at reducing its negative impacts on the housing market, is the *Programa Renda Acessível* (Accessible Rent Program) promoted by the municipality<sup>76</sup>. It aims at the construction of flats with accessible rents both by the renovation of existing building stock and by new construction, including 15 projects, that should lead to 5000 to 7000 apartments, from one to three rooms. According to the municipality this should cover more or less a fifth of the demand in the sector. The rent is supposed to be accessible for middle-class families, with an annual income before tax between 7500 and 40000€ (the medium annual income (before tax deductions) of a resident in Lisbon in 2014 was around 18700€<sup>77</sup>; the annual minimum salary in Portugal is of 7.798,0€ in 2017<sup>78</sup>).

The vast majority of the apartments will be located outside the historical centre. Only one is situated in Santa Maria Maior (see map<sup>79</sup>).

74 <http://moraremlisboa.org/2017/09/19/debate-os-candidatos-camara-municipal-lisboa/>

75 <http://observador.pt/2017/11/02/medina-fecha-acordo-com-bloco-de-esquerda-e-entrega-pelouro-da-educacao-e-areas-sociais/> (last access on December 7, 2017)

76 Official information from here: <http://www.cm-lisboa.pt/noticias/detalhe/articulo/programa-renda-acessivel> and here: <http://www.lisboarendaaccessivel.pt/inicio.html> (last access on November 18, 2017)

77 Database PORDATA: <http://www.pordata.pt/Municipios/Ganho+m%c3%a9dio+mensal+dos+trabalhadores+por+conta+de+outrem+total+e+por+sexo-282> (last access on November 18, 2017)

78 Database PORDATA: <https://www.pordata.pt/Portugal/Sal%c3%a1rio+m%c3%adnimo+nacional-74> (last access on November 28, 2017)

79 <http://www.lisboarendaaccessivel.pt/localizacoes.html> (last access on November 28, 2017)

The program is based on public-private partnerships. The municipality gives the land, the public services and urbanization works and supports the investors with procedural and fiscal facilitations. The investors build and manage the buildings. After 35 years the part destined to accessible rent becomes municipal property, while to the investor remains a part destined to the free market (its size is not specified).

The approach to use public-private partnerships in order to guarantee public services is described as a typical element of urban neoliberalism (Rossi and Vanolo, 2015). In this sense the Accessible Rent Program may certainly be a contribution to alleviate the housing problem, but it remains inside the same political logic. Critical points are also its orientation at the (low) middle-class, while no analogue program for poor parts of the population seems to be programmed and the fact that the vast majority of its projects are located outside the historical centre, thus without influencing directly the development in the city centre. Furthermore many projects shall be build on open land, a choice that seems dubious from a standpoint of environmental sustainability, considering also that Lisbon actually lost population during the last decades.

Or should there be even more tourism?

On the other hand there is also who argues for proceeding in the same direction. In several interviews (e.g. with ATL) I was told that tourism should be decongested by bringing it also to other areas in and around the city. A possible problem with this solution is, that some places in the centre are also important central transport hubs and some sites and areas are iconic and, therefore, in the logic of tourism, everyone wants to see them. Whence the potential for decreasing the impact in the old city may be limited.

The current mayor, Fernando Medina, in an interview to the newspaper *Observador*, cited in the documentary *Terramotourism* (2016), said that there were not too many tourists, instead Lisbon should prepare to receive more. This idea is shared by interviewee 14, who in our interview told me "there is space to grow"; a view also Miguel Rodrigues (Feels Like Home) expressed.

### *3.3 What are the answers to the research questions?*

#### ***1. How is central Lisbon changing in recent years? Who are the actors, which the instruments, whose the power and what are the outcomes of the transformation?***

The transformation of Lisbon's historical centre can succinctly be described as a complex process, as shown in figure 14.

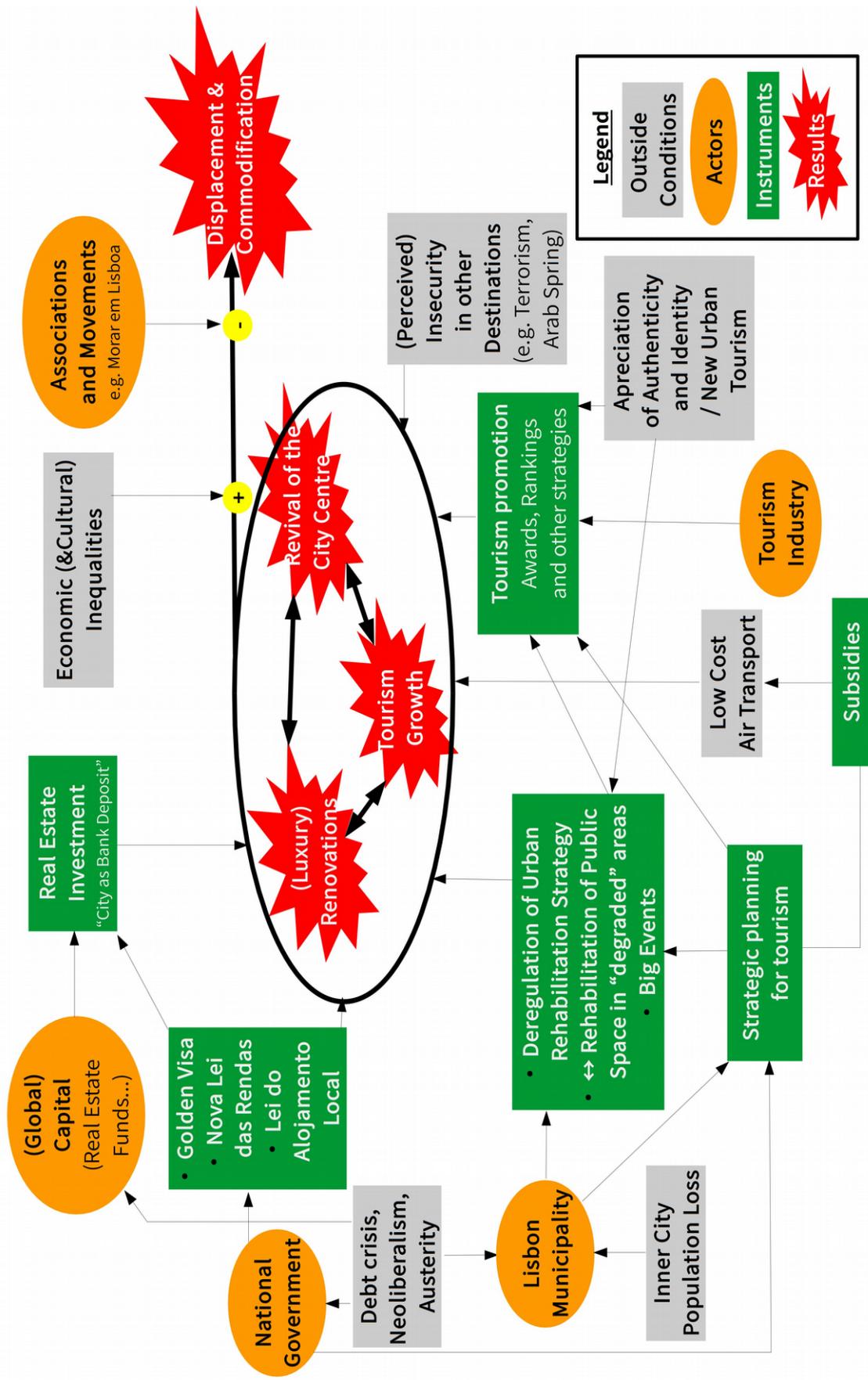
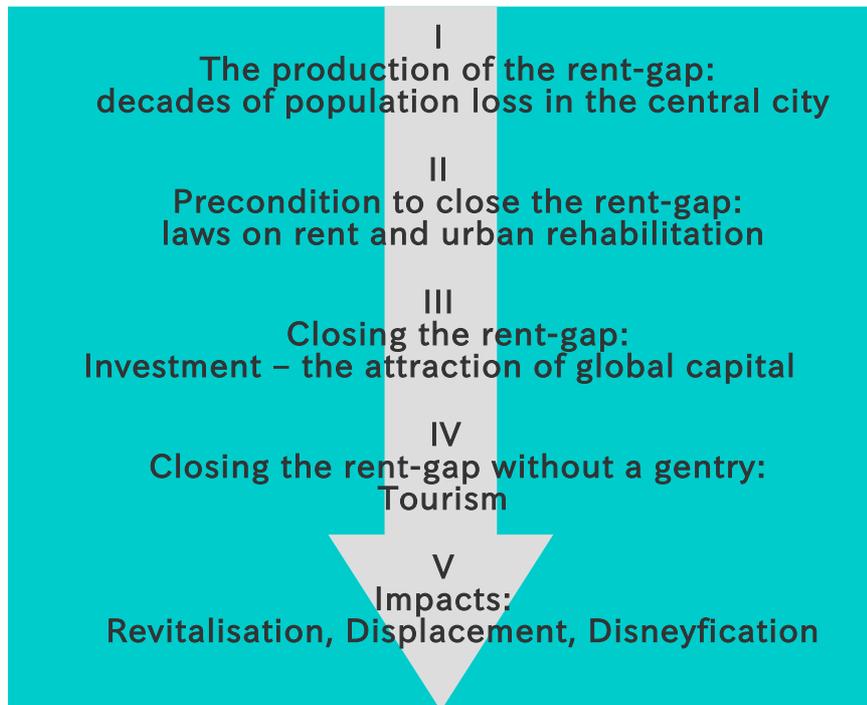


Fig 14: Scheme of the transformation of Lisbon's historical centre

While fig 14 gives quite a complete picture of the transformation, with the central actors and instruments of the process, the representation can also be simplified to a five step model (fig 15), which is the logic with which I structured this thesis.



*Fig 15: A simplified five step model*

In any case Lisbon is being transformed by a process, called a “perfect storm” by Luis Mendes (2017b), in which a local precondition of urban degradation meets global processes (neoliberalism, austerity policies, investment in real estate, tourism growth), intercepted by national and local policies (deregulation of the rental market, tourism promotion, neoliberal urban rehabilitation) and produces a very rapid revival of Lisbon’s city centre resulting in rising property prices, booming tourism and consequently, the direct, indirect and exclusionary displacement of former (and potentially, future) inhabitants and commerce.

The process in Lisbon is very much determined by public policies that favoured capitalist action, confirming the theory that neoliberalism is not so much about free market, but rather capital-friendly public policies (Mendes, 2017b). Certainly this had to do with pre-conditions (the Portuguese economic crisis in general, the degradation and abandonment of Lisbon's historical centre in particular) that needed to be tackled; letting things go like they were evolving before, might have been worse (many of my interviewees made such claims). The question is if the neoliberal approach was the right one – and for who.

To answer Flyvbjerg’s question, who has gained/gains is who has/had the possibility to invest in real estate, in tourism, and in commercial activities, and who can afford to use the pleasantly renovated Lisbon. Loses who cannot afford anymore to live there or maintain his/her former activity.

Putting the analysed elements in a chronological order (see Timeline, Fig 3) gives some further ideas on the complex interaction between them: it is when all

the factors came together, around 2013, that the growth of tourism began to accelerate.

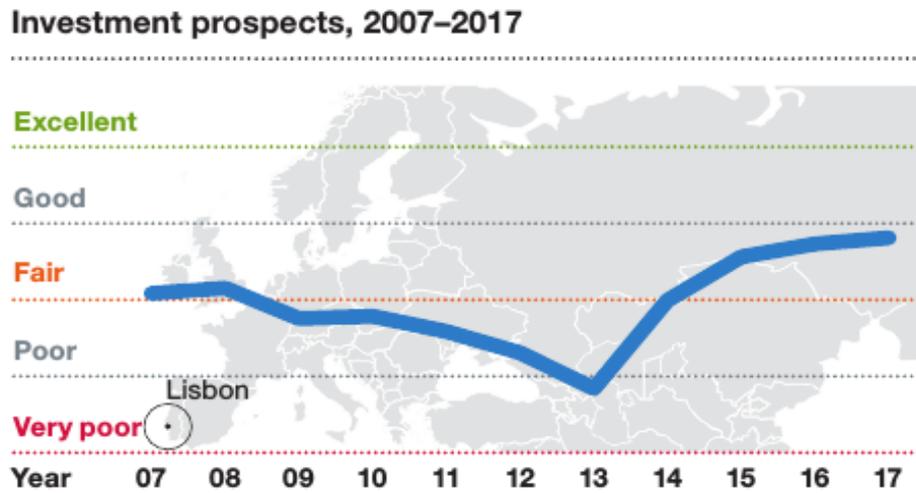


Fig 16: Investment prospects.

From: PriceWaterhouseCoopers and Urban Land Institute (2016)

And it is also in 2013 that the investment prospects in real estate (fig 16), given by the important analyst firm PriceWaterhouseCoopers, begin to rise again after the crisis.

Asking the question of power, reveals another important aspect. The powers driving the process are distant from those who suffer its negative consequences. Central causes, drivers, instruments and actors are on an international and national level, while the consequences (especially the negative ones) are primarily felt on a neighbourhood level.

In many interviews it appears that the municipality's actions are secondary to the process; thus the municipality's control about what happens in the city seems to be relatively limited – although it is the political level that is typically considered responsible for land use policies.

In fact, the most critical public actors are the parish councils (at least the one of *Santa Maria Maior*), which have even less power to do anything about it.

Central to the process has moreover been a discourse considering neoliberal/austerity policy without an alternative during the financial crisis, a period in which power went further away from the local level (considering the importance of the 'Troika' and the move of power away from democratically controlled structures to market forces). In this sense it is also interesting to consider that many of the legal acts were decree-laws and not regular laws and the continuity between governments of different political colour, which is coherent with the logic of urgency and emergency of austerity policies under the circumstances of the European sovereign debt crisis.

Power might be closer again to the inhabitants' interest in the recent debate on the introduction of more regulation – which in fact has gained force due to the bottom-up mobilisation of citizens claiming their right to the city, in the logic of Harvey (2012). This movement has achieved some political action and promises. The question will be if the consequent changes will be substantial or rather symbolic.

## ***II. What role does tourism play in this process: is it cause of the phenomenon or rather instrument to make real estate investment profitable?***

Tourism alone is not the cause of this process, but even though many of my interviewees see tourism mostly as an instrument to make real estate investment profitable, there are a few good reasons why the role of tourism should not be underestimated in the process.

In the first place tourism, in many ways (through promotion by local authorities and the tourism industry itself and by the effect of making many visitors talk positively about the place), actively promotes the city and contributes in creating a positive, attractive image of Lisbon. Secondly, yes, tourism is a mean to make the investment in real estate and urban rehabilitation profitable, but in this it is central to the process. It does not seem plausible that a new middle-class gentrifying population alone would be currently available to drive the process in the same way.

Moreover it can be observed (see literature review) how, globally, tourism takes increasingly an important role in gentrification processes, in completely different legal and urban contexts, appearing consequently to have the capacity to be an important driver of gentrification.

And finally, it characterizes strongly the impacts and the form of the process by the specific character of how tourism uses urban space – concentrating very much in iconic places and areas, using heavily the public space and favouring specific types of commercial activities.

Thus, I would argue that tourism, together with other elements, plays a crucial and necessary role in Lisbon's transformation.

## ***III. Does it make sense to speak of a gentrification without gentry?***

“I suggest that the growth of tourism and the consequent conversion of housing into accommodation for visitors results in a process of social change that I call 'collective displacement'. Collective displacement needs to be seen as the final consequence of a process in which all forms of displacement come together. First, the growth of tourism causes a progressive outmigration of residents via direct displacement. Second, it is at the origin of housing shortage and price increase, which excludes other residents from the possibility of moving into the area. Third, this exclusion is accelerated by the daily disruptions and economic pressures caused by vacation flats. Finally, such disruptions and the pressure of tourist investors 'force' residents to sell their flats. In such a context, the only buyers tend to be tourist investors, which further intensifies and reproduces the displacement process. In conclusion, the growth of the phenomenon results in a vicious circle that solely enables the reproduction of further accommodation for visitors rather than for long-term residential use. It is a snowball process in which the area loses residents and excludes potential ones from the possibility of moving in.

It leads to a form of collective displacement never seen in classical gentrification, that is to say, to a substitution of residential life by tourism.”

*(Cócola Gant, 2016: p.7)*

At least in part, yes.

Stating that this gentrification process is occurring totally without gentry would be oversimplifying for two reasons: some buildings are actually transformed for new Portuguese middle-class inhabitants and part of the international investors (in particular Europeans arriving through the non habitual residence status) actually live in Lisbon, at least for part of the year.

Also Barata-Salgueiro, Mendes and Guimaraes (2017) show that some “classical” gentrification has occurred, even before massive touristification began. This observation is based on census data showing an increase of young and well-educated residents in the historical city between 2001 and 2011 (while there was a general loss of population, with the exception of *Baixa* and *Chiado*). But this data refers to a period prior to the strong rise of tourism in Lisbon. The authors suggest that there is actually being built an excessive amount of tourist accommodation and that this will sooner or later be transformed for middle- and upper-class long-term renting. This alternative outcome appears likely in particular for an area like *Principe Real*, where already a large up-scale (but long-term residential) transformation has taken place (Gato, 2016). Certainly not all central Lisbon will completely lose its stable inhabitants.

But at the moment the numbers of tourism are continuing to grow and it still appears (although it has to be considered how limited the available data is on this point), that in considerable parts of the historical centre (especially the neighbourhoods of *Alfama*, *Castelo*, *Baixa*, *Chiado* and *Bairro Alto*) collective displacement like described by Cocola Gant (2016) for Barcelona is taking place: in fact, like shown in paragraph 3.2.6, very much like in Barcelona, all types of displacement are coming together. The stable population, it seems, is becoming a minority of the users of the spaces of these neighbourhoods, compared to temporary city users; tourists in the first place, but also international investors who spend some weeks (or months) per year in Lisbon and rent to tourists the rest of the time – and of course Portuguese who commute there to work, also in the tourism sector.

Future research could attempt to answer the following questions this brings up: What implications does it have for a neighbourhood if it loses its stable population? The community that is interested in it? Who has a right to decide on this place? Which is the democratic base to decide on how to govern its changes? Is a city still a city without stable population?

Lisbon’s touristification reminds of Smith’s (1979) “return to the city of capital, not people” in a peculiar way – as if, after a long period of displacement of the productive functions to the city’s margins, and after, particularly displacing them beyond national and continental borders, the productive function, came back to the city centre, using the urban space itself and its historical heritage, more massively than ever before, through tourism. Thus, it is not so much a problem of residential gentrification, but rather that the historical cityscape itself is becoming a mean of production (for tourism). The exploitative way of operating in Lisbon furthermore reminds the unsustainable exploitation of natural resources: by transforming the city eliminating a lot of historical heritage (leaving only the façades of many buildings, eliminating historical shops) and expelling the traditional life, they also reduce the amount of resources on which the tourism industry can work. Very much like the timber industry in the Amazonas is destroying its own future capital.

On the other hand, an element of “economic sustainability” in this process can be identified, the reinvention of authenticity: being tourists in a condition in which they easily take the imitation for truth (because focused on pleasure and not critical analysis), quite easily a place can be sold as typical and authentic, even if it is completely invented. In this sense the tourism industry is much less dependent on the reproduction of its basic resources than the timber industry is. *Pensão Amor*, *Lx Factory* and the *Mercado de Fusão* are good examples for this in Lisbon (see paragraph 3.2.7).

#### ***IV. If a right to tourism exists, is it in conflict with the right to city in Lisbon?***

“To the Portuguese: feel welcome, feel at home, this is yours.  
To the foreigner: feel welcome, don’t feel far from home, feel at  
home, this is yours.”

*Senhor Antonio, owner of Garagem Manique in Mouraria, about  
the neighbourhood in the documentary  
“You’ll soon be here” (2016)*

In the literature review I referred to the concept of a right to tourism and asserted that such a right might actually exist in a (wealthy part of the) world where tourism has become part of a “normal” life. All the same I hold the idea that the right to the city is more fundamental, being it the right to a place to live and participate in public life. At the moment in central Lisbon it is evidently the right to tourism that prevails – and not because it is a right, but because it is politically incentivised and economically more profitable.

Nonetheless the concept of a right to tourism provides a stimulating possibility to interpret Lisbon’s transformation. If it is true on one side that tourists are not players in the first line of this process, it is also true that their interest to come to Lisbon, as much as this interest may be influenced by discourse about the city, is a necessary component in it.

This paves the way for two ideas:

1) If it is true that tourists are interested in the authenticity of Lisbon (Observatorio Turismo de Lisboa, 2016) and want to immerse themselves in the daily life of the neighbourhoods, right to tourism and right to the city of who lives there, might, in theory, converge.

If tourists would evolve from being passive consumers, to be conscious visitors (maybe this would mean becoming more “travellers”, than “tourists” - and rather than a right to tourism, there should be a right to travel?), they might actually have quite a different impact on the city – if they really, and not just in a marketed, commodified way, did “live like locals” and also renounced at visiting altogether the same iconic places (not following in this sense two of the central precepts of tourism) they would not contribute to the transformation of public space and commercial structure in a theme park invented for the presumed visitor’s taste. Of course this would result in a strong loss of power for the tourism industry, losing many possibilities of selling “authentic” and “typical” products at high prices and it would presume a strong empowerment and greater

self-consciousness of travellers and consequently this ideal, which reminds of Higgins-Desbiolles (2006) ideas, seems very hard to achieve.

2) Gentrification is often seen as a class conflict. I suggest that in the case of Lisbon it is something more complex. Although I agree with Luis Mendes that the class struggle (if class is still a useful concept is another question) in Lisbon is between the inhabitants on one side and the tourism industry and real estate capital on the other, I think that there is also a conflict between inhabitants and tourists, who are interested in using the same scarce resource: urban space in central Lisbon.

When in my interviews I asked the question “do you think there is a difference in the impacts of different types of tourists or is it mainly a question of quantity?” most answered in the sense that it is mainly a question of the type of tourism (seeing for example positively the cultural tourist and negatively young people coming for the night life). That there is actually a difference in the impacts these different tourisms produce is quite obvious. All the same, it seems to be *also* a question of mere quantity – e.g. in the crowded iconic places and means of transport, in a neighbourhood like *Alfama*, where a very consistent part of the housing units is dedicated to tourism.

Being the tourists not necessarily wealthier than the inhabitants (there is no complete data which could prove or not this hypothesis, but the importance that low-cost airlines have in the process, combined with the assumption that people spend more during a day on vacation than normally, point in this direction), I would not define this part of the conflict a class conflict, but rather a resource conflict.

This also implies that, even if tourist empowerment, as it is proposed above, was feasible – or any other form of more sustainable tourism, it would have to deal with the problem of quantity. In fact a proposal is to define a touristic carrying capacity (e.g. by Luis Paisana).

Moreover, it means that, restricting the accessibility for tourists, in one way or the other, in the given economic system, could produce a new injustice if the cost to stay in Lisbon would rise and therefore the accessibility for poorer tourists decrease – and maybe bring the tourism industry to turn to another destination for low-cost clients, where a new process of touristification might begin. This reconnects to Hans-Magnus Enzensberger (1996 [1958]), who in his “theory of tourism” identifies the common critique of mass tourism as destructive of something “pristine” as an elitist desire of keeping tourism destinations exclusive and inaccessible to common people.

This is not to say that initiatives to limit tourism locally should not be considered, but to suggest that we should also reflect further on the global dynamics of growing tourism, which produces problematic consequences in many places.

### Box: Some answers by my interviewees

I report here some excerpts from my interviews. As written above I adapted my questions to the interviewees and interviews developed quite differently. So what I report here are not the complete and precise transcriptions (what interviewees said of course is transcribed and not reformulated, but it is reduced, putting here only the most relevant parts) of the dialogues I had, but a reassembled summary of the most relevant parts of six of the most interesting interviews. Two of them were with activists (one of a neighbourhood association, one also a university researcher) critical to the process, two with public officials (one from the tourism, one from the planning sector) and two with economic actors (one in the tourism, one in the real estate sector), involved in the process.

I reassembled the answers following the logic of Flyvbjerg's four "valuational" questions: (1) Where are we going (2) Who gains and who loses, and by which mechanisms of power? (3) Is this development desirable? (4) What, if anything, should we do about it?, linking them to the specific questions I asked. Interviewees of course made complex discourses not following this logical order. Thus, the division I made is not and could not be perfect.

*(1) Where are we going? - How is Lisbon's historical centre is changing? When did it begin? Which are the causes, who are the actors? What is the role of tourism, what the role of real estate investment?*

Luis Mendes (gentrification researcher and activist):

Lisbon has always been a touristic city. But it is in the last decade that we saw it peak as an international tourism destination. And an important strategy have been the marketing campaigns of the ATL and (...) Vitor Costa, its president.

(...) [T]he urban tourism in Lisbon has always been interested in the cultural heritage. This is the product we offer traditionally: the monuments, the convents, the churches. (...) Lately, because this is a political strategy, we are turning to a tourism of city-breaks, events and congresses. (...) We had the European football championship in 2004, the EXPO 1998 and the [European] Capital of Culture, a series of international events that promoted the city.

(...) The new rental law in 2012 permitted the actualization of rents and the expulsion of residents that lived in the city centre and used to pay very low rents, because in Portugal we had a policy of blocked rents since 1940. (...) the buildings began to be very degraded, because the landlords simply didn't have the money to invest (...) Thus in the city centre only elderly people, immigrants etc. remained. The most vulnerable groups (...).

(...) Other aspect is the law on AL [Local Lodging] (...), it's a "non-law", because it's very simplistic.

(...) If we look at the urban rehabilitation policies since 2004 (...) we experienced a neoliberal turn in these policies, very much pro-market, very much for the competitiveness between cities and places, very much for territorial marketing (...) and consequently the rights of the inhabitants decreased in favour of the advantages of concurrence of the rental and housing market.

(...) the law that exempts real estate investment funds from paying taxes that lead to a enormous caption of money directed towards the city centre.

(...) then you have the Golden Visa law

(...) the Non-Habitual Residence program

(...) [those programs] allow something that is even unconstitutional, that is being checked if it is, that is discriminating individuals in terms of (...) permit of residence by their economic capacity (...) [between an] investor investing millions and an African immigrant? Who is valued more? It's the money, that's what makes the difference.

(...) Seen of course from the point of view of actors such as foreign investors and real estate promoters, they benefit from this strategy.

(...) Yes, this interest [for the historical neighbourhoods] also has begun to grow in the last decade, but especially after the AL law in 2014. In this moment there is a strong demand from tourists (...); they recognize that the historical offers what is defined "urban authenticity", a certain identity and a memory of certain communities that are understood as genuine. (...) We have to consider the principle of social distinction that is part of this type of cultural and urban tourism. Like the gentry wants to live in the historical centre (...). For the visitor, the tourist it's the same thing. To stay in a historical environment gives some distinction.

(...) On the side of actors at a more local level we have the real estate developers. Here the interest of course is to make the market profitable, in the sense of putting it in tourist lodging. We have the common citizen and the AL business. We also have some associations, cultural especially, who see positively, or at least understand the positive capacity of the neighbourhoods' attractiveness. On the other side (...) a capitalist elite: Chinese, Germans, French, who see in the renovation of the historical centre and the possibility to manage tourist lodging a possibility to make their financial assets profitable.

Luis Paisana (neighbourhood association of Bairro Alto, AMBA):

There is a strategic plan, elaborated by the Portuguese Tourism Association, by the government, that has ten years [and has] gone beyond its objective: it wanted to place Lisbon as a relevant tourism destination.

[Reasons for Lisbon's touristic attractiveness:]

-secure [while Northern Africa and the Middle East have become insecure]

-excellent climate

-nice and pleasant people

-very good and cheap food

(...) Events have been attracted. (...) Lisbon won awards, like being "the coolest city" and as a city where at night you can do everything. This attracts a lot of young people.

(...) the offer of hotel rooms has been insufficient and has been developed a lot.

(...) other aspect that accelerated especially in the last four, five years is AL, the investment in real estate was very cheap and in the context of insecurity of investment in the financial markets, real estate investment is safe.

(...) The EXPO 98 renovated a part of the city (...) but didn't have impacts here in the historical centre of the city. The historical centre begins to be activated by the urban rehabilitation programs of the Municipality and, at the inhabitants' level, it was mainly the new rental law in 2012 that permits landlords to evict tenants far more easily. Renovation works – that often don't happen, but to say renovation works is a ground to evict tenants. [And then] investment is much more profitable [with] short-renting. (...) the historical centre was practically falling apart – and this is not related to tourism, but with urban policies during years that didn't give the opportunities to the residents' children to stay in the historical area. They had to go to the outskirts where you had modern and cheaper housing.

(...) The first wave was Low-Cost tourism (...) the arrival of Low-Cost Airlines, attractive for young people; the very low prices for alcohol. (...) There are the Erasmus students who invite their friends (...) In the meantime Lisbon was making promotion campaigns by organizing congresses to attract wealthier tourists (...) So these two types of tourism coexist and within the higher class tourism you also have the Cruise Ships. Last year there were 600 thousand people who stopped in Lisbon on Cruises and spend like 80/90€. They stay a few hours (...), invade the city and leave, like in Barcelona where it's very similar.

[The actors:]

-The government, through the Secretary of tourism

-The Portuguese Tourism Association [ATP]

-The municipality of Lisbon [CML]

-The Association of Hotels

(...) You have some conflicts with the AL, because those are clients who leave the hotels and go to the AL (...) I talked recently to some restaurants here in the neighbourhood [Bairro Alto] and they will have to fire people, because tourists who stay in AL don't eat in the restaurants, but buy in the supermarket.

(...) Neighbourhoods that have unique characteristics and thus tourists want to stay there.

(...) the [new] rental law allows evictions. Now it has been changed giving more transition time, because the government changed.

The Golden Visa law (...) the [Non-Habitual Residence Law] (...) AL (...) So these three laws are made by the government, not the Municipality. The municipality had a policy to rehabilitate fixing the population with the *gabinetes locais* that now disappeared and during that period the population remained (...). So now the municipality doesn't have any policy [to maintain population] and isn't open to suggestions.

André Moura (works for the ATL, but his answers do reflect only his personal opinion):

[Since the EXPO '98 (in this context the ATL has been founded)] tourism in Lisbon has been always growing, with the exception of 2002, after 9/11 and of 2008/2009 (...). Growth accelerated in 2014/2015 and has maintained relatively high growth rates.

There are a series of causes! (...) The evolution of air transport is fundamental to explain this. Lisbon was a destination relatively far from its originating markets (...) not so much in terms of flight time, but prices were high and the prices fell significantly (...) this is the so-called "Low-Cost effect" of the Low-Cost carriers, (...) also the Flag Carriers had to react.

It can also be explained by the [financial and sovereign debt] crisis, in 2008/2009 (...) in 2011 there is the "TROIKA" intervention, with austerity policies (...) that had complicated effects on the Portuguese economy (...). In a certain sense one can make the hypothesis that tourism worked as a shelter for people that had been employed in other sectors (...) especially by self-employment. (...) Those people brought variety to the [touristic] supply, new activities, where creativity is great, because most are young.

(...) an interesting point is the link of tourism to urban rehabilitation (...). Obviously here we can talk about the law on rents that was changed (...) allowing to change the rents (...). Obviously it also attracted hotels, the AL which is talked about a lot.

(...) there are policies to attract foreign investment, to pay the debt. [Regarding Airbnb] the fiscal benefits for French pensioners probably is the most evident example; the issue of Golden Visa (...).

(...) We, in the logic of promotion, the image we want to give of Lisbon, is that of a capital that is accessible (...), that has something for all levels of income (...), with urban quality (...), a destination to be explored at the open air, with a special light, a destination of sensations (some consider it romantic, some calm, some animated), for young people a dynamic destination (...), a destination that knew how to modernize itself (...), a destination with a human dimension [not too big, easy to interact with the inhabitants], then obviously the history, the heritage (...), and then the variety of motivations it is adapted for: It's a city for a City Break, for a normal visit to a city, for meetings, congresses, there are golf courses around, it's a cruise destination (...) the issue of authenticity (...).

(...) Ten years ago people used to say on the streets: "I don't go to the centre of the city, it's empty, there is nobody at night, it's insecure!". Seven/eight years ago the municipality began to do something in the sense to make tourism contribute to urban rehabilitation (...) at least facilitating the issue of permits etc. (...) And it is three, four, perhaps five years ago that private actors accepted this strategy and the issue of the rental law has been fundamental. The issue of tourism also has to do with the economic capacity the national public has and the foreign public has. (...) This is an analysis I make. Of course there is no official view of this. (...) Obviously there could be policies to develop other types of urban functions. In this case tourism was useful as a fast way to do things.

#### Interviewee 16:

The property marked has been pretty active through the last three years, especially the last two years.

I think it has been driven by several aspects. The first one is the fact that during the crisis around 19-20% of the city has been dilapidated. So there was new investment, families struggle to really keep their building in good shape and it was one reason why the government put in place or changed three laws.

The first one it's regarding tenants. Previously if you had tenants it was almost impossible to remove them and they were paying a very very low rent. So there was no incentive for a landlord to invest because they couldn't increase their rents (...).

The second one is a law they put in place five years ago and it took some time to take off, but over the last three years it's been pretty pretty good. It's the Golden Visa rules.

The third one is for EU citizens, you have the non habitual residence status (...).

So I think those three incentives really boost investment into the property, the real estate sector and also drive a big demand for apartments and the fact that over the last few years the market has increased almost 15-20% per year in value and the rents have increased very substantially, especially in the historical city centre.

[KK: And so these are basically also the reasons, why you chose to invest here? Because I understand from your site that actually you have been working on other areas...?]

I mean the background of [our investment firm], we've been a financial investor before...I mean personally I worked for 25 years in London and New York, running institutional funds and for us it was an opportunity – we

looked at the market back in 2014 and we made our first investment in December 2014 and since we've been able just to – we've got now 15 projects and we've invested around 100 million Euros in the market.

And it was just the discrepancy, you know the acquisition per square meter was very attractive compared with other cities and we anticipated that it will be a lot of people moving to Portugal for the reasons I just talked about. So it was a good combination of investing at the bottom of the market, combined with very strong demand and people moving here.

(...) if you capture the main players, either if you are a professional investor, what we are doing – and there are few players, local and international here – or you are an individual who wants to buy few apartments and rent them: so, at the current time there is very little supply for medium and long-term rent, but there is lots of supply for tourism and specially for short-term let for Airbnb. (...) And mainly because of the financial crisis, the fact that also there's been very few hotels. (...) there is a massive lack of supply and the main reason is, the geopolitical reasons of war in Syria, terrorism in Egypt and also in northern Africa meant that – you know Europeans used to go there on vacation and of course you know Turkey as well and Greece indirectly, immigrants meant that Europeans are incentivised to go to Italy and Spain and a lot in Portugal as well.

So this has been the driving force behind the huge number of tourists coming to Portugal during the last two years.

I mean if you look at the hotel side, you got, I think it's around 35 projects, 35 hotels which are going to be built over the next three years – of course it needs time to build them and to just have clients there. So, in the meantime you still have a lack of infrastructure, a lack of facilities which is, in one way has been fulfilled by Airbnb, but you know the danger about Airbnb I would say is that it has been very fashionable and everybody has been into it here, however last year the government decided to increase a tax on Airbnb lets – so if you are looking at what is happening now – it just passed in Paris, if you look at Barcelona, Berlin, Amsterdam, even New York, you've got very very strict rules regarding Airbnb letting. (...) So there is a risk here that the market is going to be at one stage more regulated than it is at the current time.

(...) There really is a need at the City Hall to understand obviously that there are more and more players willing to invest in the property market, both on professional basis or on individual basis. We had experience of some delays, but we've been able just to get it. But individuals, I've got friends personally, you know, who've been waiting two, three years to get their architectural permit being approved. And this is really the bottle-neck of the sector in Lisbon. Where you've got the authorities, the municipality is not up to speed with the reality and the speed of the market and the speed of promoters willing to do projects.

When you look at our projects, (...) the people who are investing – I mean we invest, personally, in all projects that we are doing, and it's a combination of local investors, combined with foreign investors and we are talking about high-net worth individuals and family offices. They are the bulk and you got some big institutions who have been moving into Portugal, but the large institutions have been focusing more on the commercial real-estate, more than on residential real-estate. And then you've got a couple of local players, like *Libertage* and *Corpogest*, who have been, you know, long-time players in the market here and they keep investing in the industry. I would say the bulk of the money is coming from abroad. Brazil, Turkey, France,

England, Middle East. And then, in terms of buyers of residential projects, a mix of 50% Portuguese, 50% foreigners – and in foreigners you've got again people who are moving here and they are buying to actually live in the flat. And then the rest is mostly investors, looking for a yield and we are talking about the Golden Visa (...).

Miguel Rodrigues (Feels Like Home, a tourist lodging enterprise):

Real estate market: What did reactivate the market after the crisis in Portugal? The Golden Visa program and Non-Habitual Residence Program, with the associated fiscal rules.

(...) Some of those buildings is destined to tourism. But it isn't the real estate market that induced tourism (...) as there is a dynamic in tourism, there are persons who come here and buy real estate.

Tourism: In think there are two reasons.

One: The Golden Visa program attracts many people and there is mouth to mouth propaganda. And the other was the marketing of Portugal that passed from some media to others and has been developed by the government of Passos Coelho (...).

(...) We have many investors for financial reasons.

(...) I think that [urban rehabilitation policies] don't have anything to do with tourism. Those are local policies; they support real estate development, not tourism.

Nuno Morais (Urban Rehabilitation sector of the Municipality of Lisbon):

I can only give you an impression, nothing factual. I have the impression that the current strong presence of international funds is recent and came *consequent* to a dynamic that already existed (...) that began to be public and internationally known. They didn't provoke any kind of dynamic themselves (...).

(...) there have been in fact by the Municipality a series of investments and interventions at the level of public space, at the level of creating public services (...) and with this investment in those areas has become attractive.

(...) both for the developer and the tourist.

(...) It's obvious that when a tourist travels to another city, he looks for places with a certain type of identity that makes them unique and therefore the historical centre was naturally a privileged place to attract this type of investments. But of course, when the municipality made this plan of investments, it didn't think only about tourism, but also the inhabitants, [commercial activities] (...), services. Thus, there is a territorial upgrading in its widest sense.

*(2) Who gains and who loses, and by which mechanisms of power? - Which are the impacts on the neighbourhoods and the inhabitants? Is there gentrification?*

Luis Mendes:

(...) [D]uring a lot of time we had a gentrification that I call embryonic, very modest, very soft. Why? Because we had a series of laws that protected the local population (...), even rehabilitated the neighbourhoods in some way, even though they didn't manage to stop the move of the population to the suburbs. At the same time you had a big number of abandoned buildings in the city centre. This in the '70, '80, '90, even until the beginning of this century.

(...) From the beginning of this century you start to have a gentrification in the Anglo-Saxon sense of the word, an aggressive process, due to the association to tourism. It is more aggressive because it is protected by law – gentrification can evict, can displace both shop-owners, both local population (...).

(...) the access to housing is diminishing both for whom lives and for whom wants to live in the neighbourhood. (...) this is by now a general phenomenon in the city, rents for a small apartment reach 700-800€ by month. This corresponds to a medium Portuguese salary and is 200 more than the minimum salary, which is around 500€. (...) [this happens] also regarding the acquisition of a flat to live in. I would say that the main impact of tourism, of tourist lodging is, without doubt, in the housing market. (...) Obviously there is [with tourist lodging] a higher profitability, as a landlord can obtain a rent of 2000-2500€. At the same time, the same apartment rented to an old person, brings 100-150€.

(...) The traditional neighbourhood commerce, with grocery stores, butchers, bakeries gives place to a more sophisticated and modern commerce. Souvenir shops, Gourmet Hamburger shops (...), exclusively for tourists. And this finally supports indirect displacement.

(...) Transit in the historical centre is overcrowded. People talk a lot about tram 28.

(...) There are also problems of waste and noise in the historical neighbourhoods.

(...) Obviously there are also positive impacts of tourism. Tourism is an industry and is a very important source of income for the city. It's one of the main motors of Lisbon's urban economy. It creates employment, directly and indirectly, it's the force to renovate buildings.

(...) It's a process that supports strongly the rent-gap thesis.

(...) [In *Largo do Intendente*] you have a strong link between tourism and gentrification. On the one hand, renovating a place, for touristic promotion, it becomes attractive for gentry. On the other hand the neighbourhood, that in the meantime is gentrifying, for this very fact, becomes a touristic destination. (...) I'm not able to identify what has come first, the chicken or the egg. (...) And being the centre very saturated, axes develop, *Avenida Almirante Reis* [*Largo do Intendente* is next to it] is one.

(...) It's an issue of quantity and it's also an issue in terms of type of tourist. Because in fact when it's mass tourism – and many actors, neighbourhood associations etc., criticize this (...), the city is sold cheap, e.g. in *Bairro Alto* a shot is cheaper than water.

(...) I think it's a struggle – tourists are only on the surface, they are not actors in the class struggle. The struggle is between the big financial investors, real estate actors and the transnational capitalist elite, the State and the inhabitants (...) associations and right-to-the-city-activists.

(...) the neighbourhoods are losing their life and you begin to have a disneyfication of the city, the historical neighbourhoods, many are saying, are becoming theme parks and the Portuguese, instead of being inhabitants, are becoming background actors in this play, in which the tourist is the protagonist. (...) there is a loss of character, identity, memory (...) that may even damage tourism, because what attracts tourists to the historical centres is precisely this local character.

(...) We know that urban regeneration needs both public and private forces. It's a fact. But there has to be balance, there has to be regulation and the municipality isn't doing it. The CML is giving up its role as the regulator of urban development.

(...) No, we are working on that, this [statistics on gentrification] doesn't exist. You will have it in the next census 2021 – but perhaps in that census you will see an increase of population. What we have here is the intervention of the market. What I ask is: *who* left and *who* arrived? The gentrification process hides the social substitution occurring at its base. (...) It's very difficult to prove empirically. A quantitative approach doesn't exist, not even on the side of public organisms, they have no knowledge about this. No, there isn't any data.

#### Luis Paisana:

All these processes, in the first place, lead to a loss of character of Lisbon. Secondly, there is a light rise in prices: a coffee passed from 50 cents to 1€ in some places.

(...) And then the loss of population which is what makes us worry most.

(...) I live in Bairro Alto, I don't sleep during the night, there is a lot of noise. I go out and there is trash everywhere, urine etc. There is no parking, it is difficult to drive. If I want to enter at home after midnight, I have to ask people to make space, there is no street, only people (...). My flat, that I bought some years ago, now is worth three times the price I paid. The temptation [to sell] is great. (...). I improve my quality of life and make money.

For who rents (...) there is Real Estate Mobbing (...) landlords who urge tenants every day to leave: "The building is falling apart, it's risky" (...) [Landlords] try to make agree on compensation payments to make tenants leave. And you have cases of people living in houses with many tourist apartments where people go up the stairs with suitcases at 4 a.m. Addresses often aren't given with precision and people at 4 a.m. ring at every door to know where to go. At 6 a.m. they leave to catch the train or the bus. Thus people, even if they have a contract say: I can't stand it anymore and will leave to look for an alternative.

(...) The Low-Cost tourism has the most devastating impact, because they make noise, drink alcohol in the streets, often they vandalize. (...) the other [type of tourism] has an impact in terms of housing. They pay the landlord much more [than long-term renting].

(...) in this square [Largo Camões] there are practically no inhabitants.

(...) This was a way to create employment – precarious employment, badly paid (...), temporary, often seasonal and normally without legal protections.

(...) Here we have very strong lobbies, the alcohol lobby, Sagres, SuperBock, Ricard, Vodka Absolut etc. (...) the phenomenon in *Cais do Sodré* of the "pink road". It's a project of the municipality together with Pernod Ricard, Vodka Absolut. And the municipality several times said it lost control (...).

Also, there are several and powerful lobbies: The bar&restaurants' lobby (...) the real estate lobby (...) the tourism lobby (...) the alcohol lobby and the drug lobby. These lobbies make pressure and take huge benefits.

There is real estate investment and they talk about I-don't-know-what profitability rates etc., but the people where are they? They don't matter.

(...) When there is another opportunity they [the investors] will go away (...) Istanbul used to be fashionable, then Prague and now they moved to Lisbon

(...). There is no doubt that when tourism will go down, and it certainly will, there will be a come-back of inhabitants, but of another social level. Who went away won't have the possibility to return. Gentrification then will appear in all its splendour.

It's a phenomenon not only of Lisbon. We are part of a European network fighting against this problem, *Reseau Vivre la Ville*.

(...) Traditional commerce is disappearing, because with the inhabitants leaving, they have no more clients (...) when they don't survive what will they be changed in? (...) – everything is turning into bars and restaurants.

[Is tourism cause or instrument of gentrification?]

I think it's more an instrument. Because the phenomenon of population loss had come before. And the CML uses to defend tourism saying that since 1960 the neighbourhoods' population is diminishing etc. And the CML's discourse is giving the impression that the CML didn't have anything to do with it. During these forty years the municipality didn't do anything to maintain population. (...) Tourism made things worse, it's not the cause, it's the acceleration of this process.

#### Nuno Morais:

In the first place it contributed to the renovation of these neighbourhoods and the built environment (...) Then it contributed to boost (...) a demand that surges consequently to a new type of supply (of services, gastronomy, commerce) that gives an answer to this [type of] tourism. (...) [this leads to] the creation of new establishments and the renovation of pre-existing ones. (...) it's obvious that finally all this transforms a bit the situation in these territories.

(...) in the *Baixa*, a number of buildings existed, that had been empty for a long time (...) and hotels came to occupy some of these buildings. (...) in *Alfama*, *Mouraria*, *Bairro Alto* what we've seen was the transformation of many buildings that were residential [and in bad conditions] (...) in residential units that finally (many times) are used for AL. (...) they are licensed as residential, but then they are registered as AL.

(...) we don't have any solid data about [gentrification]. (...) there hasn't been yet a census covering this period. (...) it's clear that there have been transformations in these areas (...) that allowed to attract new population and new users. It's obvious that this provoked some change and some gentrification. (...) Of course we know of cases in which due to the change of the rental law, (...) that is now being reviewed to create more protection (...), there have been some tenants leaving, given notice by the landlord (...).

#### André Moura:

Compared to other economic sectors, being tourism a sector of intensive labour, the benefits, in theory, should be more distributed (...) With real estate it's a bit different (...) And then there is another issue, those funds and capitals that are coming, are incredibly volatile. Once they're here because it's attractive, they also go away easily.

(...) If you talk to people they may lament about the many people around, but they never talk bad about tourism.

(...) Before [traditional shops] closed because they hadn't clients, now they are menaced by a normalization (which I think isn't reached yet) or a standardization or the idea that a certain type of shop is what is interesting for tourists. I think this also will change, because souvenir shops have their space, but one shouldn't think that it is that what the tourist wants. (...) People want what is typical of a place. (...) I think the market itself will, at a certain point say "Attention that this normalization of touristic products (...)" I think space is less than what people think. There has been a very fast change and not everything works out!

(...) Because the reason of the visit is lost this way. If this becomes a place where people come to pass their holidays and suddenly we are all the same, what is the interest in coming here? (...) When I speak about authenticity, I really mean authenticity (...) I understand your question, because "look, let's say we're authentic and let's say it so many times that people think it's true" and then they come here and it's not. (...) This is not positive, because people aren't ignorant or at least they make the error only once (...) Real authenticity has to be preserved and promoted (...). Also, authenticity is not something stable, out of time. It evolves, too.

(...) There is gentrification! (...) Here I will be evil, but people left voluntarily. (...) Not because they enjoyed it, but because there were no [adequate] conditions to remain. They left before for other reasons. Today it is the price, then it was the absence of [adequate] living standards. Things improved, but obviously the prices increased. (...) People were born there, but as youngsters they went away. With the promise of a credit to buy a house (...) outside the city. (...) In Portugal and in Lisbon especially there are very few rented houses and it is a phenomenon that came many years earlier. Far before tourism. Today it is expressed in a different form. There are no houses to rent available because perhaps the short-term rental is more profitable (...). I'm talking here frankly, I'm not giving any official thesis, also because it doesn't exist.

#### Interviewee 16:

Yes, of course, there's been some comments in the press, that, especially in *Alfama*, for instance, where local people cannot stay there, because they don't find places to live and the main reason is because people have been buying flats they are moving to Airbnb and they rent them on the short-term rent and so locals cannot. There is no supply for them to find a place and if they find one, than it's too expensive for them to live.

So, yes, there's been some lobby from local residents, regarding the property market and the fright that it is becoming more and more difficult for the Portuguese to live in their area.

*(3) Is this development desirable? - How do you evaluate the process?*

#### Luis Mendes:

(...) It's a perfect storm. (...) But excluding this political actor, the central state [the former neoliberal government], there isn't really a planned strategy for gentrification. There is, yes a strategy, by the ATL and the central state, tourism.

André Moura:

Not everything about the things we're seeing is positive. In tourism we don't like very much to talk about it, but in fact it's happening and there are problems that have to be analysed.

Problems at the level of the city! They aren't problems in tourism. They are problems linked to tourism obviously (...) Tourism often works as (...) a "scapegoat", because it's most visible, but the problems are others and have to do mainly with the rental law that passed from one extreme to the other. From not being possible anything to being possible practically everything.

(...) The issue of housing yes, that one in my opinion is a serious problem.

(...) And it can get worse.

Nuno Morais:

I think the city as a whole benefits, I think there is an economy that evolved around these topics that includes (...) architects, engineers, construction firms, employment that formed around the dynamic of commerce and services (...) that gave jobs especially to young parts of the society with difficulties to integrate themselves on the job market (...)

(...) But of course some issues are coming up: when this all becomes too massive, what implications will it have? In terms of loss of character of places.

(...) There is an expression I heard various times lately: "nobody travels only to get to now him/herself and only to see other tourists". No. People travel because they want to meet places and the people who live there (...) From the moment that people travel somewhere and only see other tourists and dedicated places, I think it's going to loose (...).

Miguel Rodrigues:

I can't identify negative impacts, even though the public opinion considers them negatively. Tourism – people usually stay in the historical and most dynamic areas. And the historical areas are those that were losing population and where the buildings were in very bad conditions. I think that this issue of the measures to attract foreign investment permitted to renovate these areas. (...) There are people who say that the old people aren't there anymore...I like to see new people. I think it's good.

Interviewee 16:

That is exactly what has been happening in Barcelona. In Barcelona happened something like this in quite a few districts of Barcelona, that they stopped professional investors and promoters to develop projects. So they gave some permits to do physically some development and now everything has been stopped because of the pressure of local residents to stop these projects. So it has already happened in Barcelona. I don't know what will happen here. But it is happening in some cities already.

(4) *What, if anything, should we do about it? - How do you think will things evolve? Will and should there be more regulation? Which?*

Luis Mendes:

I wouldn't like that mitigation measures would operate by discriminating tourists. Every tourist, independently from his socio-economic status, has the right to visit and stay in the city centre.

There has to be, in fact, a control of tourist lodging.

(...) The goal is not to maintain population, the goal is to have a social mix in the city centre, nor only poor, but neither only rich inhabitants.

Luis Paisana:

Now there is a regulation that establishments have to close at 2 a.m. and at 3 a.m. during weekends. They can move to the riverside, where they can stay open 24 hours. I already spoke to many bar owners, they say: "No, tourists want a certain type of entertainment inside the historical area. I won't invest there."

(...) We also hope that due to the noise who has an AL begins to have problems with clients (...). I think that in the medium term there will be changes, in the short term it doesn't seem so.

(...) We aren't against tourism (...), but there need to be rules and there were no rules [under the former neoliberal government]. (...) And now, very slowly, thanks to pressures by inhabitants and other lobbies, we begin to have rules: Tuk-Tuks have to be electric and are allowed only to do touristic tours (...).

(...) the municipality has buildings in the city that they are selling to make money – Many of them are empty. And we propose, that when those buildings are sold, to fix a percentage; 30-40% should only be for residents – this is not happening now, so many of the buildings that were municipal property now are tourist lodging.

(...) In France, for example, if there is AL, the landlord has to live in the same building, to be able to control what is going on, here not.

(...) In all our communication we use to to say: we don't have anything against tourism – tourism is good (...) - there is a lack of [balance]. So both things have to be done: make the population remain and attract new population to the city and maintain tourism working.

There is much debate today about the carrying capacity for tourism. I'll give an example: We went to the *Altamira* caves and they had to limit the number of tourists – if you want to visit, you have to reserve three years in advance (...). And in the cities it is more or less the same thing. Unlimited tourists will destroy them, because a very large quantity of tourists destroys the city and what it has of good that attracts tourists. Tourists could be separated in those we are interested in having and those we are not interested in. There are those who come for the heritage and want to see the clothes drying at the window, the *tascas* [traditional bars] where they can chat with the inhabitants, drink a coffee and eat a *pastel de nata* etc. And there are tourists that come to take pictures (and we are not very interested in them) and go to McDonald's and to pizzerias and international chains. That type of tourism (...) is not interested in any of the city's characteristics.

(...) we obviously propose to increase the city's touristic offer to relieve the pressure on the main sights. Because now Lisbon is only the historical neighbourhoods and *Belém* and nothing else, but there are other areas of much touristic interest. (...) Try to distribute the supply (...) And then have balance with the licences – I know that this is hard in liberal policy, but e.g. in *Bairro Alto* we have close to 300 bars and restaurants (...) there mustn't be more. (...) And in houses there should be an obligatory percentage of residents. There are stables with old single inhabitants that live on 150 square meters and don't need it. Why not make divisions and have, on a floor, 3, 4 inhabitants, not one (...).

But the problem is that there is no political will. The mayor already told us: "I have to exploit this moment, I have to make money and then we'll see" – that's bad, it's short sighted.

(...) we sent these proposals and are waiting for an answer. The interests and the money are a lot and it's very easy to say: Ah, the inhabitants are against tourism, they would like Lisbon poor and falling apart.

#### Nuno Morais:

Since the rules permit this operation [to transform housing in AL by simple registration] (...) there is no issue of a control of quantity [by the municipality]. This is something that might be discussed in future.

(...) There has been a big discussion about historical shops (...). And I think [it makes sense that measures have been taken in order to protect them (...)]

(...) there is being launched in this moment a program that can have a very significant impact, the Accessible Rent Program, that has the goal both to renovate buildings in the city centre and build new ones where this is still possible. (...) it will give access to a class that in this moment has difficulties to buy or rent a home in the city centre (...) and I think this will be an important additional supply that will contribute to regulate all this (...).

(...) There may be taken measures (...). Now, which? Because at the European level there are different strategies. (...) we have to understand that tourism here has given a fundamental contribution to the rehabilitation of our historical centres (...) and it's important that this investment doesn't disappear. So I think it's important to create the right balance, the right measure, in order that this doesn't create other problems, affecting the life and the quality of life of city dwellers, isn't it? But I think that this will now be discussed more seriously.

#### André Moura:

I think that sooner or later (...) something will be done, by whom is responsible to do it. The government and the municipalities in Lisbon and Porto especially. (...) My personal opinion is that there has to be a new regulatory system, because there is obviously a disequilibrium (...).

#### Interviewee 16:

I mean to be honest, I'm not a politician, so I'm not going to go into this. What I can see is what is happening in other cities and other countries and yes, there is more and more willingness from mayors and governments to try to regulate the market, especially for short-term renting, for Airbnb and I think that here it will happen at some stage, but I don't know when.

(...) The thing is, I mean there is still some strong demand. There are still people coming in Portugal and there is still a lack of supply, a lack of supply

for apartments to live in, but also a lack of supply on the medium and the long term let. So for instance you got large corporations who are moving here (...). And they are moving staff to Portugal and you know they got managers, employees who are looking for a place to live and it is difficult for them to find a medium to long term rent. (...) And in terms of property in pure development I think there is still a need for apartments, especially for people to buy and live here, there is still other people who are coming to Portugal for fiscal reasons and quality of life.

(...) The thing is, what is difficult, for instance, as I mentioned, there has been some change in Airbnb, tax issues... The government has passed a new law to protect commercial real-estate, especially shops in Portugal. So that you can apply for a special registration as a historic shop and if it's the case then, it's becoming, the tenant from the shop...which of course is a draw-back for a developer or for somebody to buy and renovate the building.

So this is the trade-off between being able just to try to deploy capital, but then laws can change rapidly without being announced or talked about and then you have to deal with it and sometimes of course it can affect quite negatively your investment or your project.

Miguel Rodrigues:

[Will growth continue or will there be limitations?] It will continue. (...) The market of residential tourism with the issue of all these apartments on the market will change. There will be new rules. There will be new rules, I don't know which (...) Now there are new legal proposals.

But there is a lot of market still available.

## 4. Conclusions

Studying the tourism gentrification (Gotham, 2005) occurring in Lisbon's historic centre, revealed a highly complex process in which many different levels of power, different actors, internal and external conditions and instruments intersected creating a “perfect storm” (Mendes, 2017b) with, especially since 2013, very rapid and strong outcomes, that changed many neighbourhoods in a very short time: renovating buildings and squares; establishing thousands of tourist apartments and fancy restaurants; making rents sky-rocket and displace shops and restaurants; finally provoking an ample public debate and critical movement.

In Lisbon, while Malheiros et al. In 2012 still identified a process of marginal gentrification (in this case referring to *Mouraria*), in the last years a rapid intensification of the process took place, that has turned gentrification into a generalized process in more or less all of Lisbon's historical centre – certainly with local diversities: a strong classical component of residential gentrification in *Príncipe Real* (Gato, 2016), night life gentrification in *Bairro Alto* (Pavel, 2015) and *Cais do Sodré* (Nofre, 2013) and gentrification linked to discourses of multicultural diversity and urban regeneration in *Mouraria* (Bettencourt and Castro, 2015 and Mendes et al., 2016), but as I hope having demonstrated with this work, these areas were linked all together during the last years by tourism and large-scale real estate investment, going beyond the neighbourhood level typically associated to gentrification and involving (some place more intensively than elsewhere) the whole historical city centre of Lisbon, leading to collective displacement (Cócola Gant, 2016) of large parts of population, substituted by temporary inhabitants (tourists): gentrification without gentry.

At its basis this process fits perfectly Smith's (1979) rent-gap model: old run-down neighbourhoods, a condition caused by a excessively restrictive rent-control policy (Mendes, 2013; Abrantes, 2014; Da Silva, 2014), brought again to their “highest and best use”. But this highest and best use (economically speaking of course) in Lisbon is tourism. Thus, an integrated approach on gentrification (Lees et al., 2008) is needed, looking also at demand side explanations. The demand side, though, in the case of Lisbon, can hardly be explained (only) with the classical approaches advanced by David Ley and others based on the idea of a new middle-class (Lees et al., 2008); this may marginally play a role, as some “classical” gentrification also is occurring (e.g. around *Intendente* square). But the central consumers of gentrified spaces in Lisbon are certainly tourists.

Beginning with Gotham (2005), a specific literature on tourism gentrification evolved, describing situations indeed similar to Lisbon's. Still, it appeared to be useful to look also at research on tourism and urban tourism in particular. Literature that makes a few important points for Lisbon.

The desire for authenticity evidently is an important aspect. Tourists look for it (Aime and Pappotti, 2012), even more “new urban tourists” (Maitland, 2010), as much as gentrifiers do (Zukin, 2009). It is no surprise therefore that tourists “become” gentry. But importantly, the economic inequalities (Sampaio, 2007) and the logic of monopoly rent (Harvey, 2012) that are the basis and the necessary pre-conditions for the whole phenomenon, in the end lead to an outcome in which authenticity at a certain point gets taken over by a mercantile reproduction of authenticity (Harvey, 2012) and it becomes exclusive, a sign of

distinction. This commodification of urban space and experience can be explained, at least for Lisbon, in the first place with the high financial investment at stake. Tourism, this is one of the central results (and different from what I had expected), did not simply arrive and cause everything. It has been attracted actively both by public policies with the goal of revitalising the city and the economy and as an instrument to make large-scale real estate investment (also this actively attracted by public policies) profitable. All this in a context of much capital globally available for real estate investment (PriceWaterhouseCoopers and Urban Land Institute, 2016) and a hegemonic idea of neoliberal (urban) policies (Rossi and Vanolo, 2015).

Looking at the levels of power is very interesting in this process. The logic appears to be typically neoliberal: the active figures, at least since things have become fast, have become private actors; the state on the other hand has prepared the legal conditions changing all kinds of laws (certainly in the difficult situation of the economic crisis). The municipality, interestingly, appears to have played a secondary role, following a coherent logic, but the most important policy changes apparently have occurred at the national level (laws on rent, AL, and to attract investment).

Thinking of Flyvbjerg's (2002) four value-rational questions, I described "where are we going" and the "dynamics of power". "Who gains and who loses" might be answered as follows: certainly benefits who successfully invested in real estate and tourism (not only, but also large international firms); who found work in these sectors (even though much of it is precarious) and who can afford to continue to live in a central city that certainly has increased its urban quality (even though at the cost of some standardization and frequent crowding). Who loses are in the first place displaced inhabitants and shopkeepers, secondly the city, understood as *polis*, that is losing its community.

"Is this development desirable?" for sure depends on one's perspective. I have the impression it is one that increases injustices, destroys communities and authentic places – it also renovates run-down buildings and frees public space from cars, but does this based on an unsustainable monosectorial economy and with local communities having little to say in it.

"What, if anything, should we do about it?"

Activists and politics in Lisbon are developing local solutions (and already began to apply some – a sign that the democratic process works), which certainly will try to limit tourism in some way, to be stricter on licences and to give an answer to the housing problem. We will see with what outcomes. Here, I want to shortly reflect on a global level.

Tourism gentrification with its sometimes contradictory consequences truly is a phenomenon not limited to Lisbon – in fact the whole complexity of the process reminds very closely case studies about such diverse places as New Orleans (Gotham, 2005), Barcelona (Cocola Gant, 2015; 2016) and Palma de Mallorca (Vives Mirò, 2011). But also in daily life signs can be detected: "Let's go somewhere else, this place is very touristic"<sup>80</sup>, is a sentence I overheard a few weeks ago in Munich (where I grew up) – it was pronounced among a Portuguese couple, that might well have been from Lisbon – referring to a

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80 My translation from: "Vamos para outro lugar, aqui é muito turístico."

traditional, good and cheap eatery where I was a client, located in a market area (the *Viktualienmarkt*) which is both “authentically” traditional and sold as such. This anecdote brings me to the, personal and subjective, experience of moving from Munich to Turin and consequently from a city where the centre for the inhabitants is a place to visit, to go to work, for shopping or a walk, but which for the vast majority is inaccessible to them as a space to be lived and inhabited<sup>81</sup>, to a city where the centre is far more accessible – more expensive than the peripheries, for sure, but not excessively so. For me the possibility to live in a central rather than a peripheral location, corresponded to an increase of my quality of life, even though according to many traditional parameters appearing in rankings, Munich is supposed to have a superior quality of life.

Of course this is just an individual experience, but it brings me to believe that as urban planners we should reflect for whom city centres are for. If they should only exist for some particular functions, economic, political, touristic, or also be lived spaces on a daily basis, which I am sure makes for the better centres, with a higher social value and which is precisely what is currently disappearing in Lisbon.

Tourism Gentrification therefore is a certainly complex phenomenon, who suffers from it in Lisbon may at the same time contribute to it in Munich. As I argued above I see this not only as a class, but also as a resource conflict – if there continues to be a strong growth of tourism worldwide, it should not be surprising if such conflicts in ever more places arise.

In this sense, I argue that the concept of degrowth (Latouche, 2006; Demaria et al., 2013), most frequently used in front of environmental concerns, perhaps should also be applied to the problems of tourism in cities, recognising that endless growth is neither possible nor desirable also in this context<sup>82</sup>.

Because what happens if neighbourhoods (or even cities) lose their stable inhabitants? New urban tourism studies refer to a blurring of the limit between the inhabitants’ (every day life) and the tourists’ experience of a city, tourists that momentarily live an every day life in other cities and inhabitants who from time to time act like tourists in their own cities (Dirksmeier and Helbrecht, 2015). So one might just answer: the inhabitants are not stable anymore, simply because of global human mobilities, the inhabitants themselves simply have become unstable. But there are two fundamental problems to this vision. First, it ignores socio-economic differences among people; as Massey (1994) points out, mobility is distributed very unequally. Secondly, there is a fundamental thing stable inhabitants can do, a global mobile class hardly will take over: taking care of the place they live in (Settis, 2014). Even if we imagine some kind of “global citizenship”, is it realistic that this permits the kind of closely tied relationships linked to the everyday care of a place, producing the authenticity all are so desperately looking for?

Degrowth is not only concerned with total numbers, but also with the unequal distribution of benefits and impacts. A problem that is present in this case, too. Not only in Lisbon many of the inhabitants suffering the negative impacts are relatively poor and excluded from the global tourist mobility, but similarly at a global level this mobility is distributed in a totally unequal fashion.

81 Tourism is not the central cause here

82 Beyond the environmental problems, linked especially to air transport, also tourism contributes too – but this is beyond the scope of this research.

Thus, if we want to achieve a global right to the city and a right to tourism, we have to find a limit to travel. But most of all some will have to travel less in order to allow others to travel and to preserve authentic neighbourhoods. Perhaps, though, travelling less we can travel better.

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## Annex I Typical interview questions

- When did Lisbon begin to be an important tourist destination? Which role did the Expo '98 play?
- Did the tourism change in recent years? Is there more interest in “typical” neighbourhoods now?
- Did the tourism in the/these neighbourhoods grow? When? How? Why? Which role did tourism marketing play?
- Who have been the actors making tourism grow? Local/International? Private/Public? How did they promote tourism (in the city/the neighbourhood)?
- How do you evaluate the recent development of Lisbon's historical centre?
- Did tourism change the city/neighbourhood? How?
- Or has the city/neighbourhood been changed *for* tourism?
- Are limits to the growth of tourism considered in public policies? Are there proposals how to avoid the excessive transformation of residents' space in tourist space?
- Is there gentrification in central Lisbon neighbourhoods? If yes: Why? How can it be identified? Is there displacement?
- Is tourism linked to gentrification? How? Does tourist lodging (alojamento local, AirBnB, Hostels, Hotels...) substitute normal residential space? Do commercial activities oriented to tourists replace traditional commercial activities? How does this precisely affect residents (displacement? Impossibility to shop or to meet people)?
- Is tourism cause or instrument of gentrification?
- Who loses and who benefits in the process?
- Do you think the process should be limited in any way? If yes, how?