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To cite this article: Javier Gil (2023): Not gentrification, not touristification: Short-term rentals as a housing assetization strategy, Journal of Urban Affairs, DOI: [10.1080/07352166.2023.2242532](https://doi.org/10.1080/07352166.2023.2242532)

To link to this article: <https://doi.org/10.1080/07352166.2023.2242532>



Published online: 13 Sep 2023.



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# Not gentrification, not touristification: Short-term rentals as a housing assetization strategy

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## ABSTRACT

The rapid growth of short-term rentals (STRs) is leading researchers to frame these urban transformations indifferently as gentrification, touristification or tourism gentrification. This paper proposes that these concepts, though closely related, are not best suited to explain the urban transformations created by STRs. Using a theoretical and empirical approach, it attempts to delve into this theoretical debate. Since housing assetization is what ultimately drives the process, STRs should be framed as a specific form of housing assetization. It is suggested that the term that best captures this urban accumulation strategy and has greater explanatory power is that of *STR housing assetization*. The aim of this paper is twofold. Firstly, to theoretically justify the suitability of the *STR housing assetization* concept and specify its particularities as an urban accumulation strategy. Secondly, this accumulation strategy can be empirically observed by analyzing how STR markets develop in particular cities. For this purpose, the Spanish city of Valencia has been chosen.



## KEYWORDS

Airbnb; short-term rentals; housing assetization; housing financialization; touristification; displacements

## Introduction

Over the last decade, the growth of urban tourism has pushed the issue of touristification to the forefront in many cities. Tourism functions as an urban accumulation strategy and different cities have increasingly specialized in tourist monoculture (Milano, 2018; Murray, 2015; Sequera & Nofre, 2018). This growth has become a major threat to livability and sustainability in cities “that are literally consumed by a level of human occupancy they weren’t designed or intended to host” (Antoci et al., 2021, p. 2). In this context, Airbnb and short-term rentals (STRs) are often accused of being one of the main drivers of touristification, to the point where it has been noted that the urban tourism accommodation sector presents a serious challenge for the governance of touristified cities (OECD, 2016).

The concept of touristification, its empirical observation and its description and analysis differ among scholars within the field of tourism studies (Freytag & Bauder, 2018). Some scholars have understood touristification as a form of gentrification (Cocola-Gant, 2018; Gotham, 2005; Gravari-Barbas & Guinand, 2017; Wachsmuth & Weisler, 2018). Others have established significant differences between gentrification and touristification, even though they can be complementary or even simultaneous processes (Jover & Díaz-Parra, 2020; Sequera & Nofre, 2018). In these contexts, the rapid growth and impacts of STRs—through platforms such as Airbnb—are leading researchers to frame STR-led urban and social transformations as indistinguishable from gentrification, touristification or tourism gentrification (Balampanidis et al., 2021; Bosma & van Doorn, 2022; Bugalski, 2020; Cheung & Yiu, 2022; Cocola-Gant, 2016, 2018; Freytag & Bauder, 2018; Gurran et al., 2020; Ioannides et al.,

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This article has been corrected with minor changes. These changes do not impact the academic content of the article.

2019; Katsinas, 2021; Mermet, 2017; Nieuwland & Van Melik, 2020; Robertson et al., 2020). Within this debate, López-Gay et al. (2021) have argued that “tourism does drive gentrification but a particular form of gentrification” (14); while Tulumello and Allegretti (2021) suggest that urban change can be the outcome of multiple processes, which include gentrification, touristification and financialization.

Using a theoretical and empirical approach, this paper attempts to delve into the theoretical debate on the realm of STRs, proposing a specific nomenclature that better describes the nature of STRs. The key issue is that the urban transformations promoted by STRs are interconnected with two broader phenomena. The first is a process of increasing value in the urban environment, linked to housing financialization. This is why the term gentrification is frequently used in the analysis of STRs. However, the process of increasing real estate value through STRs does not lead to the replacement of a lower-income population with one of higher status, but rather with tourists, so it cannot be considered gentrification (Sequera & Nofre, 2018). Secondly, the tourist demand for accommodation causes a higher amount of surplus value to be extracted from real estate. This is why the term *touristification* is frequently used to analyze the impact of STRs. However, the way tourism is articulated through STRs differs from that of the traditional tourist industry, as do the negative effects they produce (since the accommodation is supplied in homes and not in hotels).

This paper proposes that the use of the concepts of gentrification, touristification and tourism gentrification, though closely related, are not best suited to explain the particularities of the urban transformations promoted by STRs. Instead, I propose that STRs are ultimately a real estate instrument that promotes the financialization of housing by increasing the exchange value of housing, its liquidity and its function as an asset class in particular. This allows capital to be transferred en masse to residential properties that are transformed into STRs as the “best” accumulation strategy. Since housing assetization is what ultimately drives this process, STRs should be framed as a specific form of housing financialization that develops within a specific socioeconomic and historical context. It is therefore suggested that the term that best captures this urban accumulation strategy is *short-term rental housing assetization* (STR housing assetization). It is also relevant to consider that this process comes at the expense of local residents, who are displaced on a large scale and increasingly face unaffordable housing markets. This is a particular type of displacement and differs from that created by gentrification and touristification. The idiosyncrasy of STR displacements must be differentiated and specified in order to accurately frame the specific forms of urban dispossession produced by STRs.

The aim of this paper is twofold. Firstly, to theoretically justify the appropriateness of the concept of STR housing assetization to analyze the urban, political, economic and social transformations driven by STRs. To this end, the literature on housing financialization, professionalization of STRs, touristification and displacements will be briefly reviewed. This will allow us to specify the particular features of STR housing assetization as a strategy of urban accumulation by dispossession—one that has elements in common with those of gentrification and touristification, but simultaneously has its own idiosyncrasy that distinguishes it from both gentrification and touristification. Secondly, this accumulation strategy can be empirically observed by analyzing how STR markets develop in a particular city. The Spanish city of Valencia has been chosen for this purpose.

## **Contextualizing literature review**

### ***Short-term rentals as a housing assetization strategy***

There is no clear definition of housing financialization. Manuel Aalbers has defined financialization as the “increasing dominance of financial actors, markets, practices, measurements and narratives, at various scales, resulting in a structural transformation of economies, firms (including financial institutions), states and households” (Aalbers, 2016, p. 2). Former UN special rapporteur Leilani Farha defined the financialization of housing as the “structural changes in housing and financial markets and global investment whereby housing is treated as a commodity, a means of accumulating wealth and often as security for financial instruments that are traded and sold on global markets. It

refers to the way capital investment in housing increasingly disconnects housing from its social function of providing a place to live in security and dignity and hence undermines the provision of housing as a human right. It refers to the way housing and financial markets are oblivious to people and communities, and the role housing plays in their well-being” (Farha, 2017, p. 3).

The financialization of housing is a key concept in understanding the urban transformations that STRs produce. In order to explore how STRs contribute to housing financialization, it is necessary to analyze STRs in relation to the economic context in which STRs have emerged, since STRs are part of wider economic changes associated with the transformations of neoliberalism. In this sense, numerous authors have recently indicated the need to analyze STRs in relation to the real estate context this market has prompted (Clancy, 2022; Jover & Cocola-Gant, 2022).

Over the last few decades, housing has been increasingly restructured into a commodified asset, along with the development of financial instruments (Beswick et al., 2016; Byrne, 2016; Christophers, 2010; Gotham, 2009). In the housing financialization period between the 1990s and 2008, instruments such as mortgage securitization were crucial for this purpose and for the extension of homeownership among households (Aalbers, 2019; Forrest & Hirayama, 2015). Following the 2008 crisis, a huge amount of capital on a global scale was switched to the built environment as a response to the financial situation produced by the Great Financial Crisis (GFC, Fields, 2018; Gil & Martínez, 2023). This process reinforced the condition of housing as a safe-haven asset. The excess liquidity in capital markets produced by historically low negative interest rates and monetary policies such as “quantitative easing” created a “wall of money,” a global pool of liquid assets, ripe for investment opportunities (Fernandez & Aalbers, 2016). New instruments were deployed in order to facilitate the recovery of housing markets, such as the promotion of bad banks, the introduction of Real Estate Investment Trusts (REITs) or the creation of Golden Visas (Beswick et al., 2016; Byrne, 2016; Gabor & Kohl, 2022; Gil & Martínez, 2023; Jover & Cocola-Gant, 2022). The effects of the GFC on the “homeownership society” produced a shift in housing trajectories, expanding the “private rental sector” and its tenants’ social base (Fields, 2017; Forrest & Hirayama, 2015). Mass flows of housing investment were channeled into the private rental sector. This was a dual process: on the one hand, it was carried out by institutional investors acquiring large portfolios of housing and non-performing loans, and configuring themselves as “global corporate landlords” (Beswick et al., 2016). On the other, Buy-To-Let housing investment schemes attracted wealthy households and extended private landlordism, leading to the rise of “Generation Landlord” (Ronald & Kadi, 2018). This process has increasingly converted rental housing into a new asset class (Fields, 2017, 2018; Gabor & Kohl 2022), resulting in it becoming the new frontier of financialization (Fields, 2017). Recently, new lines of research on platform capitalism have demonstrated how digital platforms have pushed the financialization of housing even further (Dagkouli-Kyriakoglou et al., 2022; Fields, 2022; Fields & Rogers, 2021; Gil et al., 2023; Sadowski, 2020, Shaw, 2020). These studies demonstrate how digital platforms foster new mechanisms of rent extraction, reshape relationships between property owners and residents, create new opportunities for real estate investment and facilitate the circulation of capital through real estate, enhancing the exchange value of housing and reaffirming housing as a liquid asset. This is the economic, real estate and financial context in which STRs and platforms such as Airbnb have expanded on a large scale.

In this context, STRs contribute a new mechanism for the financialization of housing by reinforcing its role as an asset. This is due to two particularities of STRs. Firstly, they allow higher amounts of rent to be extracted from property. In other words, a property rented for short periods to tourists through Airbnb generates higher rents than a property rented in the residential market. Multiple researchers have used Smith’s (1996) “rent-gap theory” precisely to explain how STRs allow higher amounts of real estate surplus value to be appropriated (Amore et al., 2020; Bosma & van Doorn, 2022; Cheung & Yiu, 2022; Wachsmuth & Weisler, 2018; Yrigoy, 2018). STRs increase housing’s “potential rent” of housing since, under a more “efficient” use of housing that increases its yield, the owner capitalizes a higher rent. The difference between the dwelling’s “actual ground rent” in the residential market, and the “potential ground rent” that its owner could obtain by renting it as a STR determines the Airbnb-induced rent gap

(Wachsmuth & Weisler, 2018). Therefore, the larger the rent gap, the greater the motivation for property multi-owners to convert their homes into STRs and the greater the incentive for investors to direct capital flows into residential real estate (Amore et al., 2020; Wachsmuth & Weisler, 2018; Yrigoy, 2018).

Secondly, STRs increase the flexibility of housing as a tradeable asset (Dagkouli-Kyriakoglou et al., 2022; Sequera et al., 2022). STRs allow landlords to obtain rents without having to comply with tenancy laws that limit their financial opportunities, thanks to the uses they can make of their properties (Cocola-Gant & Gago, 2019; Dagkouli-Kyriakoglou et al., 2022; Gil & Martínez, 2023; Gil et al., 2023; Kemp, 2020). As Kemp puts it: “for landlords, rental housing is a much more ‘liquid’ investment where tenants have weak security of tenure than where they have strong tenancy protection” (Kemp, 2020, p. 145–146). Tulumello and Cocola-Gant (in Dagkouli-Kyriakoglou et al., 2022) argue that STRs have the potential to produce revenue for property owners without the need for tenants. At the same time, however, they give owners control to sell the property or abandon the market when they wish, without being constrained by tenancy laws. For the authors, this “hyper-flexible nature is key to understanding the success of STR digital platforms among property owners and investors” (Dagkouli-Kyriakoglou et al., 2022, p. 3). Gil et al. (2023) demonstrated how the pandemic fostered the emergence of digital polyplatform rentierism. Digital platforms are increasingly blurring the boundaries between short-, medium- and long-term rentals and between tourist and residential use. They are increasingly becoming platforms for the transformation of property use and the hybridization of rental markets, depending on the market’s opportunity for rent extraction. For property owners, it is “easier to extract housing from the residential market and put it to other uses to increase the rents they generate. This process amplifies the exchange value of housing and the owners’ future profit expectations, enhancing the opportunities and means for the financialization of housing” (Gil et al., 2023, p. 9).

Professional actors have seized the opportunities STRs create to increase real estate rents and manage properties with more flexibility as relative liquid assets. STR markets are mainly controlled by professional actors specialized in the STR business (Cocola-Gant & Gago, 2019; Cocola-Gant et al., 2021; Cox & Haar, 2020; Gil et al., 2023; Gil & Sequera, 2022; Katsinas, 2021). Their business consists of extracting housing units from the residential market, converting them into STRs and renting them throughout the year on platforms such as Airbnb (Cocola-Gant & Gago, 2019; Cox & Haar, 2020; Gil et al., 2023; Jover & Cocola-Gant, 2022; Sequera et al., 2022). In Greece, investors have outcompeted amateur hosts and contributed to the professionalization of STR, as well as the concentration of revenues (Katsinas, 2021). In Portugal, the expansion of the STR markets has also consolidated its transition from a sharing economy activity to a professional industry, with property management no longer carried out by individual hosts but by highly professionalized “corporate hosts” (Cocola-Gant et al., 2021). Recently, the concept of *platform-scale rent gaps* has been introduced to explain the economic logic that drives Airbnb to professionalize its hosts (Bosma & van Doorn, 2022). The result of all of these processes is an infrastructure that makes it easier for investors and capital to switch to real estate properties that are converted into STRs (Cocola-Gant et al., 2021; Dagkouli-Kyriakoglou et al., 2022; Gil et al., 2023; Sequera et al., 2022).

This paper argues that STRs are becoming a new strategy of urban accumulation, by fostering housing assetization in a very particular manner that produces specific urban configurations. This strategy has three main elements:

- (1) STR expansion occurs when STRs induce new rent gaps. In these cases, a business opportunity is created based on converting residential housing units into STRs. Rent gaps pressure landlords to switch their properties from the residential to the STR market. Areas with greater STR-induced rent gaps will also motivate real investments in properties that will be converted into STRs.
- (2) The business opportunities created by STRs lead to the emergence of professionalized agents who exploit these opportunities and make it easier for other landlords and investors to exploit

their properties as STRs. They set up an infrastructure that facilitates STR management, property market switching and the exploitation of STRs rent gaps.

- (3) The professionalization of STR markets creates an accommodation supply that primarily responds to the economic rationality of efficiency, profit maximization and economic performance. This leads professional actors to manage their STRs in the same way they would any other business. In order to increase their benefits and business yield, they tend to operate in certain areas of the city (touristic areas), specialize in renting specific types of housing (smaller apartments) and deploy certain practices (such as higher housing occupancy rates).

This process should be considered separately as a new strategy of urban accumulation by dispossession. STRs are ultimately a strategy to increase urban rents and capital accumulation through housing which reinforces the condition of housing as a safe-haven asset, by increasing the exchange value, flexibility and liquidity of housing as an asset. This process increases the rents extracted from housing, while simultaneously giving landlords greater flexibility in the management of their properties as financial assets. In a context where mass flows of capital were already being redirected toward the private rental sector (Aalbers et al., 2020; Beswick et al., 2016; Ronald & Kadi, 2018), STRs create opportunities to attract further capital and open new investment lines in properties that are not rented on a permanent basis but as STRs, thereby strengthening the link between housing and global capital markets. Under this model, tenants and the residential housing market become the least profitable form of rental, and therefore a market to be avoided. If rental housing had become the new frontier of financialization (Fields, 2017), STRs can now push this frontier even further (Gil et al., 2023). Simultaneously, however, the residential rental housing supply decreases and becomes less affordable, producing new urban configurations where life for local residents becomes arduous. Thus, STRs as an accumulation strategy increase the value of housing and its asset character for investors and capital, while increasing precarity, housing unaffordability and displacement for tenants and city dwellers. It is therefore a strategy of accumulation sustained by the dispossession of certain groups of residents.

Therefore, as will be seen throughout the paper: (i) STRs configure a specific strategy of urban accumulation by dispossession that generates particular forms of urban, political, economic and social transformations; (ii) this strategy has elements in common with those of gentrification and touristification, but at the same time has its own idiosyncrasy, differing from both gentrification and touristification; (iii) the strategy of accumulation by STR-driven dispossession can be traced by analyzing the STR supply in a given city.

### **Urban touristification**

Urban touristification is the complete transformation of the urban space into a tourist space, where tourism is transformed from a “cultural practice” into a new urban policy strategy in a multifaceted process of urban change, where both local and transnational actors intervene with the aim of attracting visitors and investors (Sequera & Nofre, 2018). Promoting tourism has also been a way of overcoming the 2008 crisis, as it has served to attract capital to the real estate sector in times of recession and crisis (Jover & Cocola-Gant, 2022; Sequera & Nofre, 2018). This is the environment in which Airbnb has grown, having increased the tourist load capacity in a rapid and uncontrolled way.

Transforming the urban space into a tourist space has the result of converting city areas into unlivable spaces for residents, both in a material and symbolic manner. The concept of *Disneyfication* refers to how cities are oriented toward touristic entertainment and consumption, just like in a theme park (Antoci et al., 2021; Drummond-Cole et al., 2012; Eeckhout, 2001; Harvey, 2001; Nofre & Martins, 2017; Souther, 2007). This results in constant noise, overcrowding of the streets and public transport, waste generation and practices such as the use of alcohol-fueled nightlife entertainment (Antoci et al., 2021; Milano, 2018; Nofre et al., 2017), preventing the local population from using urban public space in the way they had been doing in the past (Nofre et al., 2017). This creates tension between residents and tourists regarding the social use of city resources, puts pressure on community livability (Antoci et al.,



2021; Nofre et al., 2017), and forms ways of symbolic and material dispossession of residents (Janoschka & Sequera, 2016). The ultimate expression of a full Disneyfication of the city would be an “eventual extinction of all residents and its final transformation into a tourist theme park” (Antoci et al., 2021, p. 15). But touristification also affects the material livelihood of residents. Commercial touristification replaces the traditional retail landscape—featuring resident-oriented facilities, shops, services and restaurants, traditionally frequented by local residents—with tourist-oriented activities and businesses (Freytag & Bauder, 2018; Gravari-Barbas & Guinand, 2017; Milano, 2018; Nofre et al., 2017, 2017). Services catering for the needs of locals become rarer, more difficult to reach, more expensive and of poorer quality.

Touristification thus results in the displacement of the local population through economic, social, spatial, symbolic and cultural factors. The growth of STRs requires us to ask whether they are capable of driving these processes on their own, or if they only reinforce them in areas where the tourism industry has already produced them.

### **Displacements through short-term rentals**

Displacements are always the consequences of multiple urban transformations. This has led scholars to classify displacements into different types in order to understand how diverse urban processes lead to different forms of displacement. Marcuse’s well referenced typology described four types of displacement caused by the simultaneous forces of gentrification and abandonment: direct last-resident displacement, direct chain displacement, exclusionary displacement and displacement pressure (Marcuse, 1985). This typology has subsequently been adapted and reduced to three types in order to explain the effects of STRs on displacement (Cocola-Gant, 2016). These three types of displacement can be defined as follows:

- (1) *Direct displacement*: tenants who are displaced when their rental lease is not renewed, and the landlord converts the property into an STR.
- (2) *Exclusionary displacement*: converting rental properties into STRs reduces the supply of residential rental housing and increases rental prices. As a result, tenants in the area are displaced since they cannot pay the new rental price, even if their dwelling is not converted into an STR, and housing becomes increasingly unaffordable in this area.
- (3) *Displacement pressure*: displacement caused by the transformation of urban spaces into unlivable places for residents, where the coexistence of residents among tourists is increasingly impossible. These are the same displacement issues produced by traditional forms of touristification. In addition, STRs add more problems than the traditional tourist industry by deteriorating community life when residents coexist with STRs in the same building.

These displacement forces are also interrelated in specific ways. Generally, full-impact displacement occurs due to all forces of displacement operating simultaneously (Cocola-Gant, 2016; Marcuse, 1985). The approach adopted in this paper considers that a distinction should be made between them in relation to STRs. Every time a tenant’s lease is not renewed in order to convert the property into a STR, someone directly suffers displacement. On the contrary, for exclusionary displacement to occur, the process of converting properties into STRs has to materialize on a larger scale in order to gain enough power to aggregately affect housing supply and rental prices in the area. In the case of displacement pressure, the aggregate effect must be even greater for STRs to produce transformations in the neighborhood (in commerce, public space, community livability, etc.). STRs are not usually the sole cause of displacement pressure. In most cities, STRs are concentrated in already touristified areas (Ardura Urquiaga et al., 2020; Combs et al., 2019; Crommelin et al., 2018; Dudás et al., 2017; Eliasson & Ragnarsson, 2018; Gil & Sequera, 2022; Gurran & Phibbs, 2017; Lee, 2016; Schäfer & Braun, 2016; Wachsmuth & Weisler, 2018; Yrigoy, 2018), so STRs produce displacement pressure by adding additional pressure in areas where the traditional tourist industry is already producing it.

Can situations arise in which residents resist the forces of direct and exclusionary displacement but are displaced due to displacement pressure? In the case of STR housing assetization, the interrelation between different displacement forces varies according to whether the resident is a tenant or a homeowner. In the case of tenants, it is likely that direct and exclusionary displacement is the main force at play, rather than displacement pressure. Tenants are very vulnerable against the STR forces of economic displacement, particularly in those places with soft tenancy legislation that do not guarantee tenants the right to “stay put.” It is therefore likely that tenants will suffer the force of economic displacement sooner than displacement due to urban transformations in the neighborhood. The scenario differs in the case of homeowners, who as residents are unaffected by economic displacement. On the contrary, in economic terms they benefit from the expansion of STRs, since the latter normally increase the value of properties in a given area. In these cases, homeowners may decide to leave due to displacement pressure, but with their property revalued. This specific form of displacement therefore forces homeowners to leave with a financial compensation. In fact, they might move to another area and convert their property into an STR (Cocola-Gant & Gago, 2019), gaining financial benefits from being displaced. These differences are important, since they reflect that the effects of STRs on displacements vary in relation to whether residents are tenants or homeowners, which also influences whether STRs can be interpreted within a framework of class relations.

This leads to differentiation between gentrification, touristification and STR housing assetization, from a class perspective. Gentrification results in the replacement of lower-income populations with higher-status classes, while touristification results in a cross-class displacement (Sequera & Nofre, 2018). This is why the urban change caused by the expansion of urban tourism does “not necessarily mean class antagonism to upscale a certain neighbourhood of the city” (Sequera & Nofre, 2018, p. 9). On the contrary, this cannot be affirmed with respect to STR housing assetization. The latter primarily involves investors and landlords directly displacing tenants—normally a population with worse economic conditions than homeowners. Investors and landlords use housing as an asset to increase their capital, as opposed to tenants who use housing as a home in which to live. This conflictual relationship transcends the field of touristification, and should be framed as part of the new expressions of class antagonism around housing played out within contemporary societies due to the financialization of housing (Madden & Marcuse, 2016). The conflict exists between those actors that need housing for its exchange value and those that need it for its use value. Previous research on rental housing financialization has underlined “how the divergence between the exchange value of housing-backed financial assets and the use value of housing itself exposes the working poor to violence that contradicts their ability to carry out their everyday existence” (Fields, 2017, p. 589). STR housing assetization also reproduces these relationships, since tenants are displaced from their homes, face housing unaffordability and precarity, and certain areas of the city become unlivable for them. Meanwhile, investors and landlords profit and increase their wealth from this situation. From this perspective, the struggle against the negative effects of STRs should not be addressed by means of anti-touristification policies (such as zoning policies that limit the amount of STR in a certain area), but rather from the field of housing policies (such as guaranteeing the residential use of housing in areas affected by the affordable housing crisis).

## Methodology

Welcoming over 80 million international tourists each year, the country was in 2018 the world’s number two destination in terms of both tourism arrivals and receipts (UNWTO, 2020) and the most popular EU destination among EU residents (Eurostat, 2023). Outside the Balearic and Canary Islands, Valencia is Spain’s most specialized tourist region, with the tourism industry representing over 15% of the area’s GDP and employment rate (Exceltur, 2019). Since the middle of the 20th century, Spain has specialized in “sun and beach” tourism as the main driver of the economy (Murray, 2015). A model closely linked to construction and real estate development, politically universally promoted by successive administrations and



governments. Valencia is the maximum expression of this model, which has led to real estate speculation and unbridled tourism-led construction (with no respect for the environment or protected areas), in addition to political corruption linked to urban development operations (Naredo & Montiel, 2011).

The case of the Spanish city of Valencia has been chosen for the purposes of this research study. The urban configuration of Valencia presents an added value for this analysis. Previous research on STRs and urban transformation has pointed out that STRs are primarily concentrated in the touristic urban centers of the city (Ardura Urquiaga et al., 2020; Combs et al., 2019; Crommelin et al., 2018; Dudás et al., 2017; Eliasson & Ragnarsson, 2018; Gil & Sequera, 2022; Gurran & Phibbs, 2017; Lee, 2016; Schäfer & Braun, 2016; Wachsmuth & Weisler, 2018; Yrigoy, 2018). Valencia has two main tourist areas: the urban center and the beach area. This type of urban configuration will allow us to see if there are differences within tourist and non-tourist areas (which is relevant to the objectives of this study).

The Inside Airbnb databases have been used for analysis purposes. This platform is a reference for obtaining Airbnb data by web scraping, and its databases have been used in multiple research studies (for example, Barron et al., 2017; Dudás et al., 2017; Gil & Sequera, 2018, 2022; Yrigoy, 2018). The platform started to include data from the city of Valencia in February 2019. This research uses data from the scrape conducted on 31 July 2019,<sup>1</sup> comprising a database with a total of 7,654 listings. For this study, inactive listings have been eliminated (451 listings), as have listings that are not STRs—since they were rented for a minimum of 30 nights—but were listed on the platform (46 listings). Therefore, a total of 7,203 listings are going to be analyzed.

Data from AirDNA has also been used, as this study required the *occupancy rate* (days per year for which STRs are rented to guests), a variable that Inside Airbnb does not include. Therefore, the *occupancy rate per district* provided by AirDNA was taken and applied to the listings in the Inside Airbnb database. The housing stock data is the official data from the National Institute of Statistics (Instituto Nacional de Estadística) and was collected from the Valencia City Council website. Finally, the data for residential rental prices came from the real estate intermediary website, Idealista (the data for the year 2019 does not include the months of November and December; nor the districts of Poblats de l'Oest, Poblats del Nord and Poblats del Sud). Data on rental prices was also requested from the Valencian autonomous government (Generalitat Valenciana) and the real estate intermediary website Fotocasa, but these sources not respond to the request.

Lastly, the *rent gap* variable has been estimated alongside a series of other variables. The rent gap has been estimated by calculating the difference between the income generated by a property in the residential market and the income generated by a dwelling rented on Airbnb. To estimate the income produced by a dwelling in the residential market, the price per square meter per district has been used. For this analysis, it has been stipulated that, on average, dwellings have a surface area of 70 m<sup>2</sup>.<sup>2</sup> Therefore, the rent-gap difference will be lower for properties larger than 70 m<sup>2</sup> and higher for dwellings smaller than 70 m<sup>2</sup>. Consequently, these results are conservative given the size of the homes listed on Airbnb in Valencia: 91.09% have three or fewer bedrooms, 64.99% have two or fewer bedrooms, and 29.59% have one bedroom or less. The income generated by STRs was estimated by multiplying the *price per night* of each listing by the *occupancy rate* for the district (the occupancy rate is only given by district), then subtracting 15% for the commission charged by the platform. This stipulated that revenue for Airbnb is a conservative estimate. This is because the occupancy rate is calculated “by dividing the number of reserved days by the total number of available days in the month for a property.”<sup>3</sup> In many cases, the availability of a listing is underrepresented since hosts operate on multiple platforms simultaneously. The stated income was then reduced by 20% for each listing to represent management costs. In many cases, there are no such costs because these tasks are performed by the host themselves. In short, every decision has been made with the aim of ensuring the rent-gap result is as conservative as possible.

## Analysis

### Real estate factors promoting the expansion of short-term rentals

In Valencia, as in most cities, the supply of listings is dominated by the rental of entire homes throughout the year. 68.3% of the supply is for entire dwellings (4,920 properties) and only 31.25% of the supply is for bedroom rental (2,251 bedrooms). Of all the entire dwellings rented, 74.75% of them are rented for more than 60 days a year, making it unlikely that they are anyone’s primary residence. Both of these factors are symptoms that indicate that most of these properties are likely to have been extracted from the residential market and converted into STRs, as previous research indicates (Cocola-Gant & Gago, 2019; Cox & Haar, 2020; Gil et al., 2023; Jover & Cocola-Gant, 2022). The territorial distribution of the supply also varies in relation to the type of property rented. In the case of entire dwellings, 46.32% of the supply is concentrated in the tourist districts of Ciutat Vella and Poblats Marítims. On the other hand, this concentration is not relevant in the case of bedroom rentals, since the supply is much more evenly distributed throughout the city and only 26.12% of the supply is concentrated in the two tourist districts (20% lower than the supply of entire dwelling listings, see Figure 1).

Analyzing the profitability of switching a property from the residential to the tourist market helps to explain how STRs have developed in the city. On average, converting a property into an STR generates between €497 and €958 more in income per month than renting the same property in the residential market. In the four districts where the rent gap is greater, converting a residential rental to STR produces between €10,781 and €11,495 extra income a year. Two of these four districts are the tourist districts (Ciutat Vella and Poblats Marítims), where STRs generate over €30 million in rental income per year (51.8% of all rental income generated by STRs in the city). These districts are in a very unique situation: despite accounting for around half of all STR supply and STR-generated capital in the city, they still have a high rent gap. This means that the rent gap has not been closed, even though supply is very high. This is due to the fact that the tourist demand is so strong in these areas

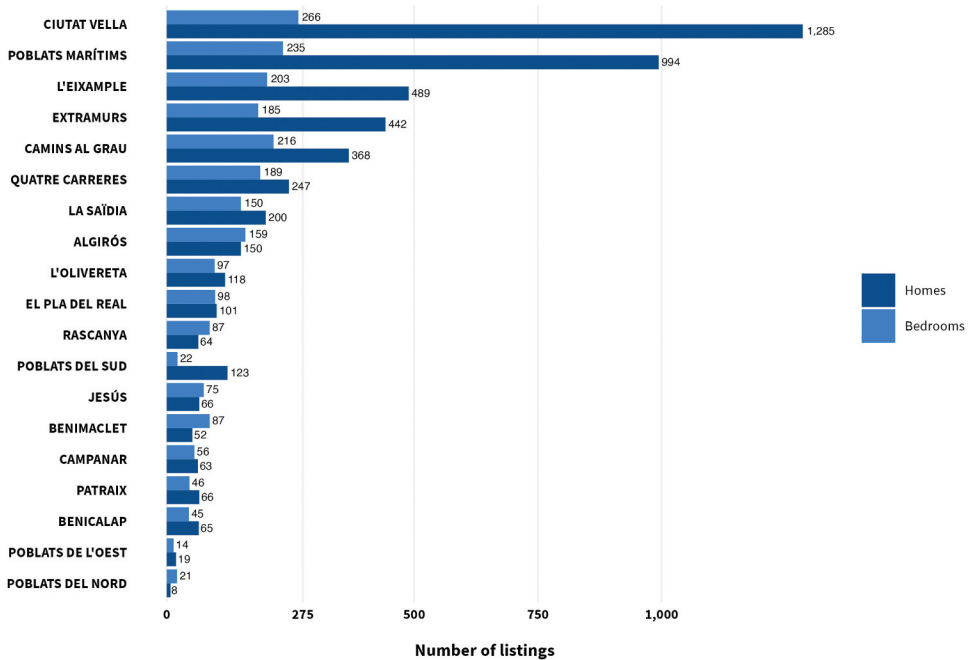
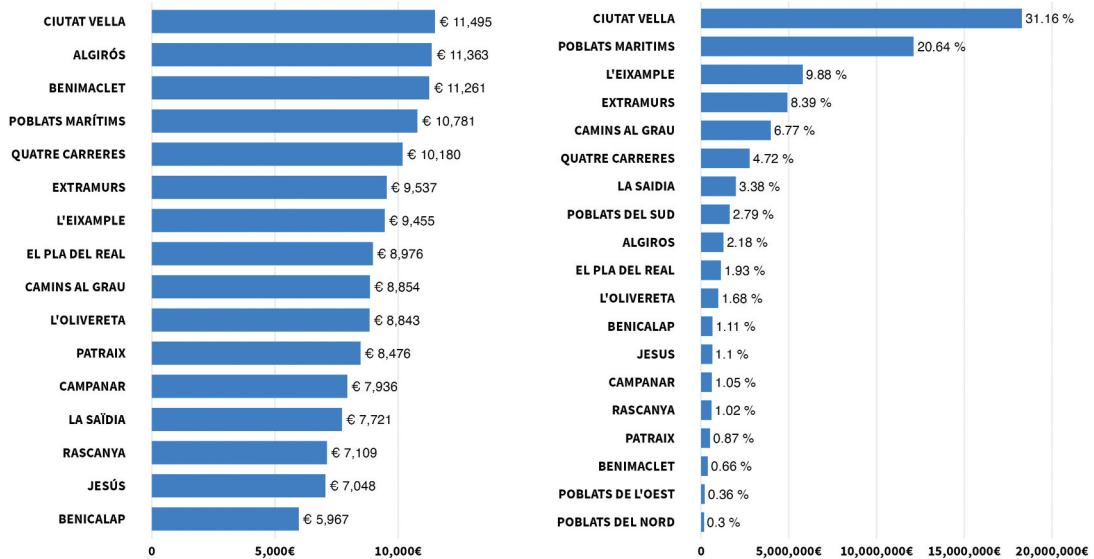


Figure 1. Territorial distribution of listings according to accommodation type. Author’s own work. Source: Inside Airbnb.



**Figure 2.** Left: Rent gap between short-term rentals and the residential rental market. Right: Total amount of rental income generated by short-term rentals. Author's own work. Source: Idealista, Inside Airbnb, Airdna and INE.

that it allows the supply of STRs to continue to grow while switching properties from one market to the other continues to be highly profitable. These are the areas of the city where it is more profitable on an aggregate basis to convert residential housing into tourist apartments and where this process is actually taking place and producing more capital (see Figure 2).

### **The drive for rent extraction through short-term rentals among professional actors**

This section examines how professional actors have embraced the opportunities that STRs offer to increase real estate rental income through STRs, and how they manage their properties and businesses in specific ways to maximize the benefits gained.

The distribution structure of Airbnb listings among hosts is completely vertical and unevenly distributed. Multi-listing hosts only represent 28.34% of all hosts but control 58.54% of all listings. We can observe that the accumulation of listings is stronger the more listings a host has. The following outlines the structure of how listings are accumulated by different types of hosts (see Table 1):

- (I) *Single-listing hosts*: There are 2,986 hosts who only have one listing. These hosts represent 71.91% of all hosts, but only control 41.45% of all listings.
- (II) *Hosts with two to five listings*: In this group, there are 1,048 hosts who together have a total of 2,534 listings (an average of 2.42 listings per host). These hosts represent 25.15% of all hosts and control 35.18% of all listings. The volume of this activity is significant, as some of these hosts are operating on the platform with as many as five listings.
- (III) *Hosts with six to 20 listings*: This group includes 118 hosts who control a total of 1,023 listings (an average of 8.67 listings per host). These hosts represent only 2.83% of all hosts but control 14.20% of all listings.
- (IV) *Hosts with more than 20 listings*: there are a total of 15 hosts that control 660 listings (an average of 44 listings per host). These only represent 0.36% of all hosts but control 9.14% of all listings. Their activity is completely commercial, and it is likely that they are mainly companies specialized in managing STRs.

**Table 1.** Listings accumulation by hosts, according to the number of listings hosts accumulate.

	Hosts		Listings		Ratio of listings per host
	Total	Percentage	Total	Percentage	
Single listing	2,986	71.91%	2,986	41.45%	1
2–5 listings	1,048	25.15%	2,534	35.18%	2.42
6–20 listings	118	2.83%	1,023	14.20%	8.67
Over 20 listings	15	0.36%	660	9.14%	44

Author's own work. Source: Inside Airbnb.

This demonstrates that this is not an equal market and that a small number of actors, who are highly specialized in the business of STR, control most of the supply.

The territorial distribution of listings also varies according to the number of listings accumulated by different hosts. We can observe that the more listings a multi-listing host accumulates, the greater the tendency for them to operate in the tourist areas of the city. Conversely, the listings distribution of hosts with fewer listings is highly proportional to the overall listing distribution.

The territorial distribution of listings has an almost perfect correlation with the listing distribution of single-listing hosts and those with two to five listings ( $r = 0.916$  and  $r = 0.9799$ , respectively). In contrast, in the case of hosts with six to 20 listings and those with over 20 listings, the correlation is lower but still significant ( $r = 0.8714$  and  $r = 0.7388$ , respectively). This is because there is an overspecialization of hosts with six or more listings operating in Ciutat Vella, the tourist urban district in the city center. In other words, the most professionalized hosts (those that accumulate more listings) mainly operate in the area of the city, where converting residential housing units into STRs generates higher profits.

Higher housing occupancy rates is another practice deployed by hosts to increase the rental income and yield of their STRs. However, higher STR occupancy rates foster displacement pressure, since they disproportionately increase noise and traffic in the building due to the higher number of people using it (Cocola-Gant, 2016). This is why cities like Vienna have approved laws where no more than 20% of the building can be used for STRs and managers must have permission from all neighbors (Cox & Haar, 2020). However, it also depends on what guests use the STR for, since a family is not the same as a group of young people partying at the apartment. In general, the higher the STR occupancy, the more negative externalities this activity will produce.

When looking at the price per bedroom in relation to the number of guests accommodated, results show that smaller STR listings have a lower price per stay but are more expensive in relative terms. This is because the price per guest is higher in smaller STRs and the price per bedroom is also significantly higher, but the overall price is cheaper due to the higher level of occupancy (see Table 2). As a result, guests who accept higher levels of occupancy pay lower prices, and hosts who accept higher occupancy rates for their STRs obtain a higher yield. Let us take the example of a group of four people traveling to the city. If they rent a four-bedroom apartment, they will pay over €110 per night. But they have the option of choosing a higher occupancy rate and staying in a two-bedroom STR, paying less than €80, saving €30 per night. Higher STR occupancy rates significantly reduce the price of the accommodation, even if the quality of the service is also downsized. As a result, these practices produce new forms of “low-cost” tourism, triggering displacement pressure but also increasing the profits raised through STRs.

**Table 2.** Listing characteristics according to the number of bedrooms in the property.

Number of bedrooms in the apartment	Number of possible guests	Price per night	Price per guest	Price per bedroom
0	2.77	€59.70	€24.82	€59.70
1	3.15	€65.22	€23.10	€65.22
2	4.52	€77.55	€17.74	€38.78
3	5.69	€85.55	€15.36	€28.52
4	7.15	€110.74	€15.49	€27.69

Author's own work. Source: Inside Airbnb.

In Valencia, the average household size is 2.47 people per home.<sup>4</sup> On Airbnb, the number of people staying in a property is higher, indicating higher occupancy rates. In particular, the occupancy rate by dwelling type is: 2.77 guests in studios, 3.15 guests in one-bedroom apartments, 4.52 guests in two-bedroom apartments, 5.69 in three-bedroom apartments, and 7.15 in four-bedroom apartments. The overall Airbnb market shows significantly higher occupancy rates: 40% of listings allow two guests per bedroom, 30% of listings allow three or more guests per bedroom, and only 20% of listings allow fewer than two guests per bedroom. But not all apartments have equal occupancy rates. Smaller-sized apartments have higher occupancy rates. On average, studios sleep 2.77 people, while one-bedroom apartments sleep 3.15, and two, three and four-bedroom apartments sleep 2.26, 1.9 and 1.79 people per bedroom, respectively.

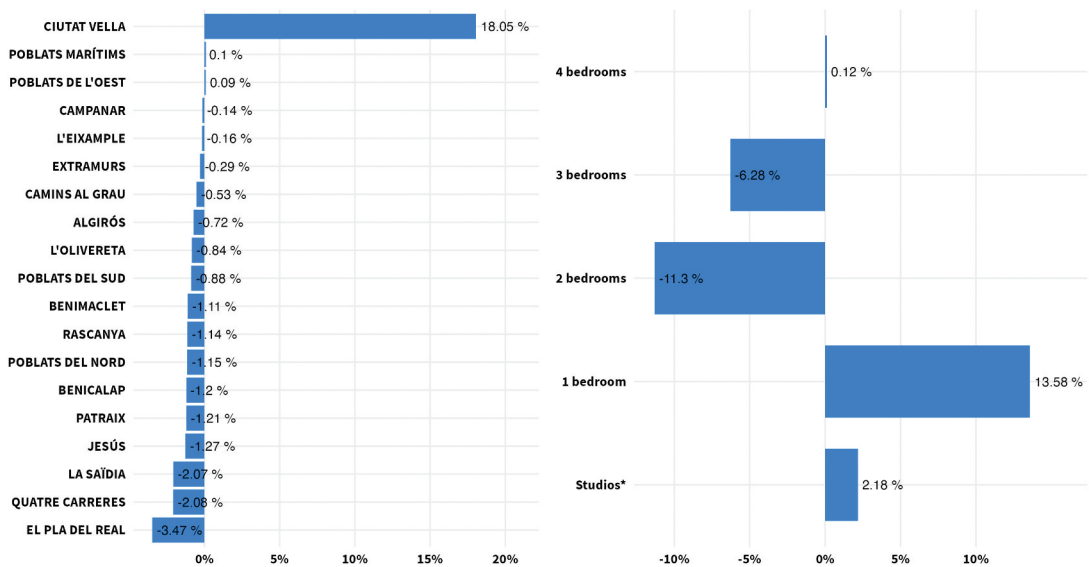
Two other factors also reflect the higher occupancy rates of professional hosts. Firstly, the results show that the higher the number of listings a host accumulates, the higher the tendency to accept higher STR occupancy rates. Hosts with a single listing have the lowest STR occupancy rates, allowing 2.05 guests per bedroom. Meanwhile, hosts with over 20 listings have higher STR occupancy rates, allowing 2.36 people per bedroom on average. This result allows us to estimate, that in a three-bedroom dwelling, single-listing hosts accept around six guests, while hosts with more than 20 listings accept around seven. Secondly, we can observe that hosts who rent homes on Airbnb for 60 days or fewer per year show a lower occupancy rate than the more professionalized hosts (those who rent homes for 60 days or more per year). Hosts who rent for 30 and 60 days accept a maximum of 2.1 guests per bedroom. In contrast, hosts whose listings are available to rent for more than 60 days a year accept between 2.23 and 2.34 guests per bedroom.

Our final observation is that multi-listing hosts have specialized in smaller STR properties, mainly studios, compared with single-listing hosts. Their listings are overrepresented by 21.66% in studios and 5.84% in one-bedroom dwellings, being underrepresented in two- and three-bedroom dwellings (−5.42% and −4.15% respectively). In other words, there is a tendency for multi-listing hosts to specialize in STRs that produce higher yields due to higher occupancy rates, but that also create displacement pressure.

This therefore demonstrates that higher STR occupancy rates are a way to increase the yield of the STR business. Results show that the occupancy rate is much higher in the STR market than in the residential market. However, differences are also observed in STR within the different host types: professional hosts have higher occupancy rates than nonprofessional hosts, and the occupancy rate is higher for smaller apartments (studios and one-bedroom apartments), which are also the listings that produce a higher yield and in which professional hosts have hyperspecialized. Overall, it is clear that the STR business is not only based on converting residential housing into STRs. Professionalized managers specialize in renting smaller homes since they produce higher returns because of the potential for higher occupancy rates. As a result, this type of activity not only has an impact on the real estate market but also increases touristification due to the effects of having properties with higher occupancy rates.

The effect of this model is that most of the revenue Airbnb generates in the city is concentrated in a relatively small group of professional hosts. In this case: (i) the top 10% of revenue-earning hosts earn 52.79% of all revenue; (ii) the top 20% of hosts earn 67.53% of all revenue; and (iii) the remaining 80% of the hosts, who are the hosts that earn the least income on the platform, earn 32.47% of all revenue.

Results also reflect that the 10% of hosts that earn the highest income have specialized in one location within the city and in renting one type of housing. These operate mainly in Ciutat Vella, the city's tourist district. 35.96% of their listings are located in this district and, compared with other hosts, their listings in this district are overrepresented by more than 14 points. These hosts have also specialized in renting a specific type of accommodation: small dwellings, as the highest-yielding type (studios and one-bedroom homes). In the case of studios, there is an overspecialization of 2.18% compared with other hosts. In the case of one-bedroom dwellings, the overspecialization is 13.57%. Therefore, hosts earning the most revenue on Airbnb are not just those that control a greater



**Figure 3.** Left: Territorial distribution of listings: top-earning hosts compared with other hosts. Right: Size of dwelling rented: top-earning hosts compared with other hosts. Author's own work. Source: Inside Airbnb and Airdna.

number of listings. They are also characterized by operating in tourist areas and renting smaller homes (which are also the most overcrowded). In this way, these are the actors whose activity has the most negative impact on the residential market, but also the one that contributes most to the processes of touristification (see Figure 3).

### The effects of short-term rentals on displacements

It is impossible to determine the number of direct displacements resulting from homes being converted into STRs. However, it is possible to estimate this figure. In general, a property that is advertised for more than 60 days a year on Airbnb is unlikely to be the host's primary residence—the property's single use is to be rented out throughout the year as an STR, and is highly likely to have been extracted from the residential market (Cocola-Gant & Gago, 2019; Eliasson & Ragnarsson, 2018; Gil et al., 2023; Lee, 2016). From this perspective, in Valencia a total of 3,663 homes are believed to have been extracted from the rental market and converted to STRs. If each household has an average of 2.47 residents, around 9,047 people are thought to have been displaced during the last decade due to STRs. In other words, this would mean that STRs have constituted a major force of direct displacement.

Direct displacement leads to exclusionary displacement when a significant supply of STRs accumulate in specific areas of the city. The city's two tourist districts—Ciutat Vella and Poblats Marítims—are the areas where the highest number of properties rented on Airbnb are concentrated, and where converting residential rentals into STRs generates higher profits (with Ciutat Vella the highest profiles in the city), with STRs representing 39.6% and 27.46% of the districts' residential rental housing stock, respectively. These are very high figures, much higher than in the rest of the city,<sup>5</sup> and they therefore exert significant pressure on the supply and price of residential rentals. If we consider that STRs rented by multi-listing hosts have a high probability of having been pulled from the residential market (Cocola-Gant & Gago, 2019; Eliasson & Ragnarsson, 2018; Lee, 2016), we can estimate that the residential rental supply in these two districts has been reduced by at least 27.89% and 14.09% respectively (see Figure 4). Between 2013 and 2019, which is when rental prices in the city started to rise after the 2008 housing crisis, rental prices in these two neighborhoods increased by 54.17% in Ciutat Vella (the fourth highest increase in the city, in the area that already had the highest rental prices) and 57.89% in Poblats Marítims (the highest



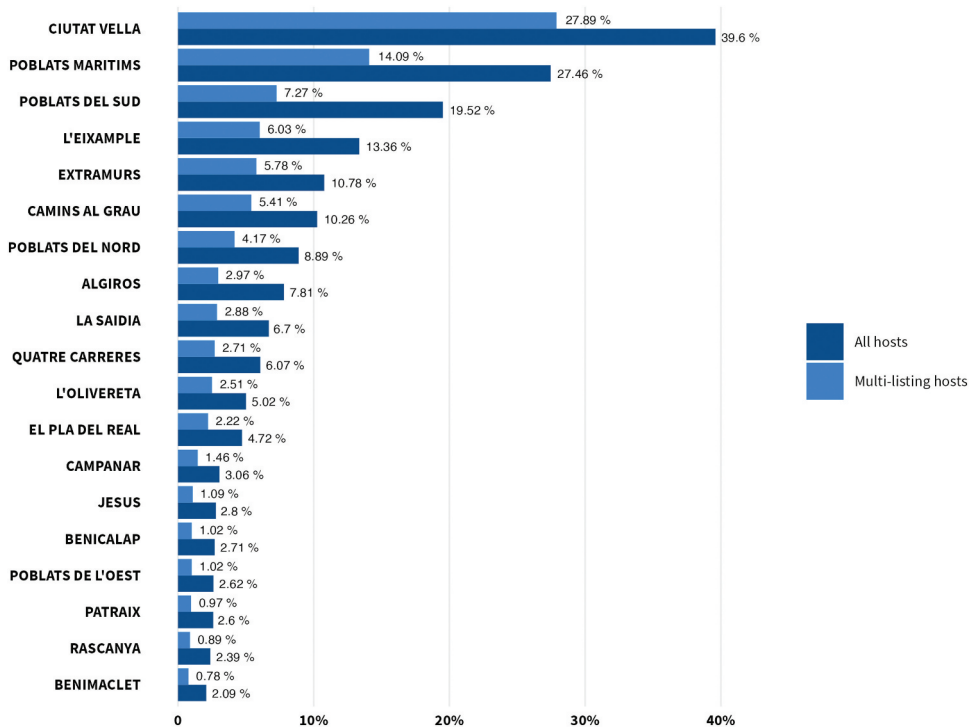


Figure 4. Short-term rentals compared with residential supply. Author's own work. Source: Inside Airbnb and INE.

increase in the whole city for this period, having advanced from eleventh to fifth position among the city's districts with the highest rental prices). Although these increases cannot be attributed exclusively to STRs, the strong presence of STRs in this area places significant pressure on prices. As a result, STRs both reduce residential housing supply and increase residential rental prices, both major causes of direct displacement and exclusionary displacement.

The touristification effects of STRs in Valencia are also concentrated in specific areas, as a result of the territorial concentration of listings. As in most cities (Ardura Urquiaga et al., 2020; Combs et al., 2019; Crommelin et al., 2018; Dudás et al., 2017; Eliasson & Ragnarsson, 2018; Gil & Sequera, 2022; Gurran & Phibbs, 2017; Lee, 2016; Schäfer & Braun, 2016; Wachsmuth & Weisler, 2018; Yrigoy, 2018), the majority of STR supply is concentrated in the city's tourist areas. While Airbnb claims that their activity distributes tourism throughout the city and outside the traditional tourist circuits, this is not happening to a significant extent.

In the tourist district of Ciutat Vella, STRs can accommodate up to 6,165 tourists. This means that, during periods when the occupancy rate on Airbnb is 100%, tourists represent 22.77% of local residents, adding huge tourist-led pressure on the area. In Poblats Maritims, the figure is smaller but very significant: 5,345 tourists, representing 9.59% of local residents (see Figure 5). These are very high rates of tourist concentration in relation to the local population, adding pressure in areas where the traditional tourist industry is already triggering significant urban transformations. In the rest of the city, there are not enough STR listings to create enough tourist pressure to drive urban transformations. In some districts—for example, in those where STRs can accommodate up to 5%–7.5% of tourists in relation to residents—STRs can function as a means to easily introduce tourism in non-tourist areas. In these cases, STRs might produce changes when they complement other urban transformation processes. However, by themselves, STRs do not exert enough force to drive urban changes nor create displacement pressure. In these areas, therefore, STRs do not exert sufficient force to produce material and symbolic dispossession of

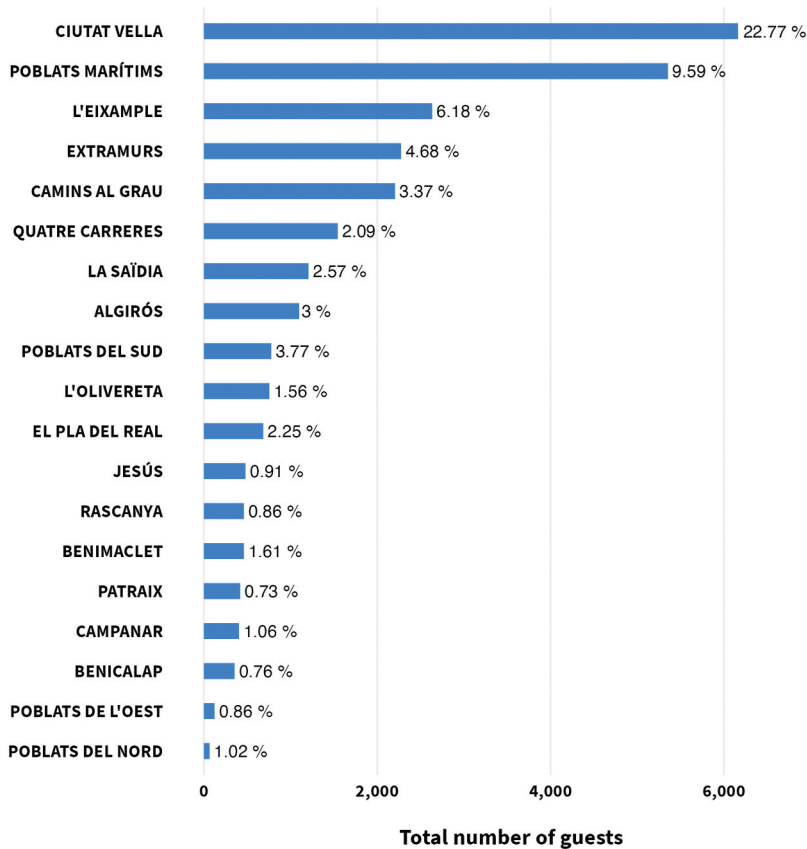


Figure 5. Guests in relation to the local population. Author's own work. Source: Inside Airbnb and INE.

residents and do not create coexistence problems between residents and tourists. This means that STR housing assetization does not transform these areas into unlivable spaces for residents, nor does it deteriorate community livability.

## Discussion

This paper has attempted to advance the theoretical debate around STRs, gentrification and touristification. During the last decade, a whole series of studies have indicated how STRs and platforms like Airbnb promote gentrification, touristification and tourism gentrification. Building upon the findings of this body of research, this study has aimed to go one step further by suggesting that STRs are a new urban strategy to increase the value of real estate and appropriate urban surplus, which ultimately depends on and constitutes a new form of housing assetization. This is because the growth of STRs is driven by increasing the exchange value of housing, its liquidity and its function as an asset class; they are therefore an ideal mechanism by which to transfer properties and capital and convert them to STRs as the “best” accumulation strategy. This is why I propose that the term that best captures this urban accumulation strategy is *STR housing assetization*.

STR housing assetization describes an urban accumulation-by-dispossession strategy that can be empirically observed. The Spanish city of Valencia has been chosen for this purpose. By analyzing multiple variables, we have observed how STR expansion is closely linked to the potential for increasing real estate rental income (the opening of rent gaps) and how this influences its territorial distribution. STRs induce rent gaps, which in turn create new forms of real estate business

opportunity, based on converting residential housing units into STRs. We have seen that in the cases where this situation arises, professional actors emerge in order to seize this opportunity, and to facilitate the switch of properties and capital. The professionalization of STRs thereby builds an accommodation supply that mainly responds to the economic rationality of efficiency, profit maximization and economic performance. This can be observed through the way in which the most professionalized actors operate: in order to increase their benefits and business yield, they tend to operate in certain areas of the city (tourist areas), specialize in renting specific types of housing (smaller apartments) and deploy certain practices (such as increasing the occupancy rate of their properties) with the goal of increasing their profits. The result is that a small group of highly professionalized actors, operating in a certain manner, accumulate most of the capital generated by STRs in the city.

The downside of STR housing assetization is that it constitutes an urban accumulation strategy based on the dispossession of residents. Thus, the STR expands at the expense of causing displacements. STR displacements take a particular form, differentiating them from those produced by other urban transformations such as gentrification or touristification. Direct displacements linked to STRs occur each time a tenant rental lease is not renewed and the landlord instead converts the property into an STR, even if this process is not occurring on a large scale in the neighborhood or if it is based in a non-tourist area. It was estimated that a minimum of 9,047 residents have suffered this form of displacement in Valencia. STR direct displacements can also lead to STR exclusionary displacements, when STRs materialize on a larger scale, producing enough power to aggregately affect the housing supply and rental prices in a given area. In Valencia, this mainly occurs in the two tourist districts of the city. Here, STRs represent 39.6% and 27.46% of the residential rental housing stock, respectively. These are very high figures, and therefore exert huge pressure on the supply and price of residential rentals. As a result, tenants in the area are displaced since they cannot pay the new rents, even if their dwelling is not converted into a STR. Over time, housing in this area becomes increasingly unaffordable. In four other districts (Poblats del Sud, L'Eixample and Extramurs and Camins al Grau), STRs represent over 10% of the districts' residential rental housing stock. While these figures are not as high as the case of Ciutat Vella and Poblats Marítims, this concentration of STRs is probably in the earlier phases of causing exclusionary displacement. In contrast, in the other areas of the city, the concentration of STRs is not high enough for STRs to aggregately affect the housing supply and rental prices, so STR exclusionary displacement does not occur.

Similarly, STRs are not strong enough to create displacement pressure on their own. STR displacement pressure only occurs in the city's tourist areas, where the traditional tourist industry already promotes this type of displacement. In the tourist district of Ciutat Vella, tourists represent 22.77% of local residents, adding a total pressure of around 6,165 tourists lodging in the area. These are very high rates of tourist concentration in relation to the local population, which adds to the pressure felt in areas where the traditional tourist industry is already generating important urban transformations. Outside the tourist areas, there are not enough STR listings to generate enough tourist pressure to drive neighborhood transformations, so the effects of STR pressure effects do not develop on an aggregate basis. In these areas, STRs can function as a means to easily introduce tourism in non-tourist areas or might trigger changes when they complement other urban transformation processes, but do not produce significant displacement pressure by themselves. In other words, STRs only create displacement in areas where the traditional tourism industry is already generating this type of displacement.

Therefore, STR displacements are primarily financial, due to the conversion of homes into STRs, and the displaced residents are mainly tenants (since homeowners do not suffer financial displacement). As an urban accumulation strategy, STR housing assetization results in a specific form of class antagonism around housing. On one side, investors and landlords use housing as an asset and find that STRs are an optimal means of increasing their capital. On the other, tenants use housing as a home in which to live and are being displaced due to STRs. From this perspective, the rise of STRs must be seen in the context of the rise of new

instruments, actors, policies and processes that are pushing the boundaries of financialization, such as Real Investment Trusts (REITs), Golden Visas, global corporate landlords or buy-to-let investments (Beswick et al., 2016; Byrne, 2016; Gabor & Kohl, 2022; Gil & Martínez, 2023; Jover & Cocola-Gant, 2022). It can be stated that, on the whole, urban conflicts sparked by STRs are not caused by tourism, but by housing financialization. Similarly, those parties responsible for displacing residents are not tourists, but real estate investors and landlords. However, housing battles against STRs are commonly framed as battles against touristification. To better grasp the causes and effects of these accumulation and dispossession strategies, they would be better framed as battles against the assetization and financialization of housing. This is a complicated issue, since in many cases even the discourses around the conflict are focused on touristification, and not around housing financialization (for example, when neighbors who are homeowners only complain about coexistence problems such as noise in the building, but not about the housing problems STRs create, such as tenant displacements).

This distinction has significant implications, for example, from a public policy approach. From the STR housing assetization perspective, the negative impacts of STRs should ultimately be addressed through housing policies, since policies that focus on tourism are insufficient. In fact, during the pandemic when the tourist markets ground to a halt due to travel restrictions and lockdowns, without an effective tourist demand to maintain the business, STRs did not return to the residential market (Gil et al., 2023). In this case, the displacement forces created by STRs were maintained even though tourism had been interrupted, which demonstrates the need to address it from a housing policy approach.

From this perspective, housing policies are the main barrier to STR development. These policies protect the social function of housing as a home and a place to live from its economic function as an asset. This makes it more difficult to change the use (from residential to tourist) and the market (from long-term to short-term rental), even when tourism finds itself in crisis. In turn, it hampers the strategy of investing in and moving capital to residential properties and converting them to STRs. It is therefore impossible for STR-induced rent gaps to emerge under a strict housing regulation, meaning that STRs no longer create opportunities to convert properties or switch capital to STRs. Without this business opportunity, there is no market within which professional actors can emerge, and therefore the urban transformations observed in this study will not occur. On the other hand, as long as tourist demand continues to grow and regulations allow for the development of STR-induced rent gaps, investors and landlords will convert large numbers of properties and switch capital to STRs, leading to the dispossession and displacement of the most vulnerable residents.

## Notes

1. During the pandemic, STR activity in Spain came to a complete halt. It has recovered since then, but STRs have not yet reached pre-pandemic level. In order to ensure that the occasional changes introduced by the pandemic do not disrupt the results, the last pre-pandemic scrape has been used to conduct the research.
2. Generally, it is stipulated that a studio has 30 m<sup>2</sup>, to which 12 m<sup>2</sup> per bedroom plus 15% of common spaces are added. Thus, a three-bedroom apartment would have about 76 m<sup>2</sup>.
3. <https://help.airdna.co/hc/en-us/articles/6581405525773-How-Does-AirDNA-Calculate-Occupancy-Rate-#how-does-airdna-calculate-occupancy-rate-0-0>.
4. [http://pegv.gva.es/es/noticias/-/asset\\_publisher/CWK0IEKbs79H/content/estimaciones-de-hogares-a-nivel-subprovincial-2019#:~:text=El%20tama%C3%B1o%20medio%20de%20los,6.500%20durante%20el%20a%C3%B1o%202018](http://pegv.gva.es/es/noticias/-/asset_publisher/CWK0IEKbs79H/content/estimaciones-de-hogares-a-nivel-subprovincial-2019#:~:text=El%20tama%C3%B1o%20medio%20de%20los,6.500%20durante%20el%20a%C3%B1o%202018).
5. In four other districts (Poblats del Sud, L'Eixample, Extramurs and Camins al Grau), STR represent over 10% of the districts' residential rental housing stock. Although these figures are not as high as in the case of Ciutat Vella and Poblats Maritims, this concentration of STRs is probably in the earlier phases of producing exclusionary displacement.

## Acknowledgments

I am grateful to the anonymous reviewers and to professors Miguel A. Martínez and Jorge Sequera for their valuable comments on previous versions of the paper.

## Disclosure statement

No potential conflict of interest was reported by the author(s).

## Funding

This work was supported by the Ministry of Universities.

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