

HOUSING IN SPAIN WITHIN A NEW ECONOMIC MODEL. THE ROLE AND LIMITS OF THE TOURIST SECTOR – TOWARDS THE DECLINE OF A CYCLE?

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Up until a few years ago, the economic model followed for many decades in Spain achieved many favourable results within the international context. But everything seems to indicate that we are before a deep change of cycle in which a system of production based on productivity and efficiency will be imposed. New technologies gives rise to many options, many of which are only being suggested now. The current situation is complicated because the borders are mixed. The world market is an everyday reality becoming more and more present each time, while at the same time the marked regional planetary differences remain. This affects the differences in salaries and the other costs of production, energy and taxes. Likewise, the levels of social protection between some countries and others are very heterogeneous. The competition situation in the market is clearly different. It is growing and impossible to balance. For the majority of the currently developed countries it will require a lot of effort to maintain their situation in the future if they are not capable of adapting to this new reality. For that reason, they need to carry out deep and costly structural reforms. This states that, otherwise, such countries could slip towards a productive decrease and an increasing impoverishment. They will experience a spiral of decline; as opposed to their previous stage of ascent.

In that context, the reality of the situation in Spain is furthermore delicate and problematic. Within the almost un-interrupted increase of its economy, the construction sector, in the wider sense and the construction of buildings more specifically has stood out as the main character throughout this process. The development of a huge tourist offer, linked to the so called tourism of the sun and the beach, has contributed in a way that it stands out in the model of growth.

The method of work followed combines both the analysis and the synthesis; one usually looks at the study of different spatial scales and one also dedicates attention to the temporary evolution of events. Therefore, one tries to get familiar with the current size of the problem and in this case, from some conclusions, one presents certain contributions and suggestions.

Between 1960 and 2009, the number of buildings in Spain has quadrupled. There has been an increase of 18.7 million new buildings. It is a spectacular transformation. It's

absolute and relative size is quite astonishing. The rest of the non-residential buildings show results even more extensive. With one piece of information one can calibrate that change, the body of artificial surfaces (surfaces with buildings), increased between 1987 and 2010 from 0.81 hectares to 1.29, that is to say a net increase of 424.909, which is almost 50% more.

On asking oneself about the main reasons which have lead to such transformations, we find, basically the following results: The rise in population increase clearly stands out. It has increased from 30.7 million people in 1960 to 46.9 million in 2010; a total increase of 16.1 million habitants which represents an increase of 52% of the initial value. Due to interior migratory movements, millions of people moved house, both of which have contributed to the process of rapid urbanization. In recent years, the massive arrival of immigrants has only added to this process, from 0.5 to almost 6 million foreign residents. The gradual rise in wealth, for a good number of the population has allowed the purchase of new homes with the objective of serving as a first or second residency. The huge participation of tourism is another reason as to why there has been a large scale construction of dwellings.

At present and after some years of intensity as regards the construction of buildings one can only warn of a significant imbalance between offer and demand. The structure of the market now turns out to be atypical. The facts from the Department point out that in 2008, there was a total number of 25.12 buildings constructed. Of these, they were distributed in the following manner: 16.74 million of first residency, 4.49 of second residency and 3.89 were empty. This corresponds with respective percentages of 66.74, 17.86 and 15.48. All this highlights the huge importance for buildings classified as second homes and their relations and implications with tourist activities. Unoccupied buildings also stand out. From a methodological field, their accounts are complicated. It is even more complicated when they are occupied by foreigners. Often, it is difficult to differentiate between tourist movements and residential migrations, for leisure motives. In order to avoid a rise in the polysemy of the term, there are those who try to annotate its significance. Thus, one talks of residential tourism, of second residency tourism and even of time-share. For some, the tourist of second residency is he who occupies the house for 1 to 6 months and the residential tourist is he who occupies it for more than 6 months. Certainly, those who try to conceptualize this mode of tourism are not few and they conclude pointing out the existing intersection between this mode and migration.

During the years 1996 and 2007, benefiting from a series of favourable circumstances, housing construction grew strongly. The general economic crisis, triggered since 2007, hit Spain with a force. The construction sector was one of the most affected sectors of all. This has increased the effects arising from the new economic reality. The rise in unemployment is one of the consequences that stands out the most.

On the other hand, the construction sector, which up until now has been an element of significant importance, shows some worrying features. A drastic decrease in public works occurred due to a reduction in investment and a slump in housing (in a few years, it decreased from its starting point of 700.000 to 100.000). In addition, a large quantity of houses that have already been constructed are awaiting funding and are being offered in a market with not enough demand.

In the midst of this complex and worrying picture it is necessary to analyze what possible outcomes one could advise with greater hope and possibilities. It is not about finding closed, definitive conclusions. But the story line of this brief contribution focuses on the following idea. After an analysis of the different housing sectors, it appears to indicate that the sector which offers more opportunities in the short to medium term, with better success, is that which is linked to a housing sector offering second residence homes, especially if the foreign market can absorb it.

The number of secondary houses required will depend on the rise in the standard of living of future costumers and of their personal finances. It will grow or shrink in accordance with these basic elements. This issue is a central starting point. Like the Spanish clientèle, apart from the internal one, which is essentially European, the territorial level of analysis of Europe is that which should be applied. All this is framed generically in the evolution of the so-called «welfare state». What is often called the public good is an achievement of the twentieth century. As much as possible it ought to be incorporated into the «constitution» of people's rights. However, the dilemma is knowing which rights are inaccessible and, in solidarity, we must all finance those which are not. However, the number of social rights that we can vote for clearly depends on our wealth. Thus, it becomes the historical debate of surplus property. If the State, as an intermediate agent, uses the surplus part of proceeds to cover non-basic rights, we are losing some of the wealth that can be used to generate more wealth, for this amount is not going to pay for activities which have produced an added direct value, but to pay for activities or expenses of a single use. It is therefore necessary to find a meeting place halfway between the extreme positions of states covering many «social» fields and states which cover few.

The developed countries only have one option to maintain their «welfare state», which is simply to achieve very high efficiency and competency levels, so as to maintain a large surplus. It's possible that many will not see or will not bring it up with sufficient clarity. If Europe fails to advance its economic integration while attempting to clean, fix and improve everything that keeps preventing the production system from progressing, we will encounter a devastating reality. Wealth will shift to those countries that have worked longer and better. Otherwise, one will not be able to maintain, in essence, the plan of the «welfare state» that allows, among other things, the massive consumption of these goods i.e houses of second residency. Consequently, the future is open in one direction or another.

Until now, the number of second homes bought by Spaniards, represents the most substantial proportion. All indications are that there may still be certain demands, with higher purchases made by national residents. This will increase to the extent in which global conditions, social objectives and internal economic situations become more favourable. Thus, the acquisition of housing in that direction will increase. However, the potential for further expansion of demand corresponds to the clientele of the rest of the European Union, simply, for demographic and income potential. In the event that this becomes a reality, the Spanish supply of second homes should compete with those which come from neighbouring countries. In short, it can provide relief to the existing oversupply in Spain now.

