

# Determinants of land use conversion from tourist to residential

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## Abstract

This paper analyzes the forces that drive the conversion of tourist complexes into residential lodgings. The existence of an increasing offer of residential tourist homes converted from tourist to private use affect the area in the following way: (a) Since the residential tourist is characterized by keeping a high seasonal behavior, during the low season residential resorts and their surroundings look abandoned and bleak; (b) The residential tourist's expenditure is lower than the traditional tourist and consequently the substitution of the tourist by the resident profile is negative for the economy of the zone (restaurants, shops, etc.); (c) In many occasions, these lodgings are rented, competing unfairly with the official tourist beds, which have to pay taxes and are required to offer a standard of quality and services.

The phenomenon is framed into the literature based on land use change, which has applied mainly to the change from agricultural to urban land. To our knowledge, there are no antecedents from previous studies concerning tourist to residential land use conversion. In our study, a probit model is applied to a sample of 60 non-hotel complexes (apartments or bungalows) which operated as official tourist offer in 2005, located in the Municipality of San Bartolomé de Tirajana, Gran Canaria, Spain. This area has suffered a relevant closure of the non-hotel resorts in the last decade. Specifically, approximately 30% of non-hotel resorts (apartments and bungalows) have turned into residential housing in the last 10 years. Their status (whether they remain opened or they have closed their activity) has been studied in the time interval 2005-2012. Their probability of closing during that time period has been

estimated, finding that bungalows have higher probability of closing than apartments, higher categories reduces the probability of closing and there are spillover effects since the higher the number of complexes closed within a buffer, the higher the probability of closing.

It is remarkable the fact that distance to shopping centers does not affect the probability of closing of a non-hotel accommodation. This result implies that building new shopping centers does not seem to be an adequate policy of encouraging a non-hotel tourist area, at least in the tourist area analyzed.

Some recommendations to local authorities and private entrepreneurs are extracted from these empirical results.