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Gentrification in Porto: problems and opportunities in the past and in the future of an internationally open city

**Gentrificação no Porto: problemas e oportunidades no presente e no futuro de uma cidade
aberta internacionalmente**

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ABSTRACT

The speed and scale of urban tourism growth raises new challenges to understand contemporary gentrification processes, namely for internationally open, heritage-rich medium-sized cities. Based on the case of Porto (Portugal), we explore two of such challenges. First, we claim that the concept is becoming rather diffuse and that there's a need to consider different types of rapid urban change, namely social (of residents) and/or economic (related with activities). Second, we defend a better appreciation of history by arguing that leisure-led gentrification processes have been taking place for centuries in Porto. Third we compare 19th century British-driven gentrification processes in the city with contemporary urban change in its central district, in order to highlight the unprecedented functional change imposed by international visitors and "floating city users", as well as a number of associated challenges in keeping diversity having in mind what local development should be about.

Keywords: Gentrification; Tourism; Urban Historical Geography; Retail; City Users

RESUMO

O ritmo e escala de crescimento do turismo urbano colocam novos desafios à compreensão dos processos contemporâneos de gentrificação, designadamente em cidades médias internacionalmente abertas e com um valor patrimonial muito importante. Baseados no caso do Porto (Portugal), exploramos dois destes desafios. Primeiro, defendemos que o conceito está a tornar-se bastante difuso e que há uma necessidade evidente de considerar diferentes tipos de transformação urbana acelerada, nomeadamente social (de residentes) e/ou económica (relacionada com atividades). Em segundo lugar, defendemos uma melhor apreciação do contexto histórico, argumentando que os processos de gentrificação orientados pelo lazer acontecem há vários séculos no Porto. Em terceiro lugar, comparamos os processos de gentrificação promovidos pelos britânicos no século XXI na cidade com as transformações urbanas contemporâneas no centro da cidade, destacando a alteração funcional sem precedentes imposta pelos visitantes internacionais e pelos “utilizadores flutuantes da cidade”, bem como o número de desafios que se colocam à manutenção da diversidade, considerando as bases que deveriam sustentar o desenvolvimento local.

Palavras-chave: Gentrificação; Turismo; Geografia Urbana Histórica; Comércio; Utilizadores da Cidade.

1. Introduction

On January 2018, in an interview to a Spanish newspaper, the Mayor of Porto – Portugal’s second largest city – said that

“All the drama about tourism is a very boring talk. Porto has always been gentrified by the British, the Germans and the French. (...) Gentrification is a boring idea of a reactionary Left speaking about something that does not exist” (Rui Moreira, in *La Voz de Galicia*, 21 January 2018, authors’ translation).

This statement may have multiple interpretations but it certainly shows that the gentrification debate has gained a relevant place in city politics, related with intense growth in urban tourism. Yet, not so long ago, and for at least two decades, the local political debate was centred on fighting urban decay. Porto was seen as a classic example of a “donut”-like situation (Fernandes, 2005), victim of an intense suburbanization process and of the proliferation of shopping centres and retail parks in its fringes, bound to leave nothing behind but decadent buildings, old and poor people and stagnant shops (fig. 1).

This switch of fate reflects the dramatic changes occurring in the city over the last years. In fact, during the last decade the number passengers arriving in the city’s airport grew by 140 percent (2007-16), exceeding 5 million in 2017 (INE, 2017). High-quality hotels and local accommodation beds grew markedly; and during the last five years (2012-17), about 4 in 10 downtown retail units went through functional and/or ownership change (Fernandes and

Chamusca, 2018) while housing prices almost doubled in the city overall (Confidencial Imobiliário, 2018).

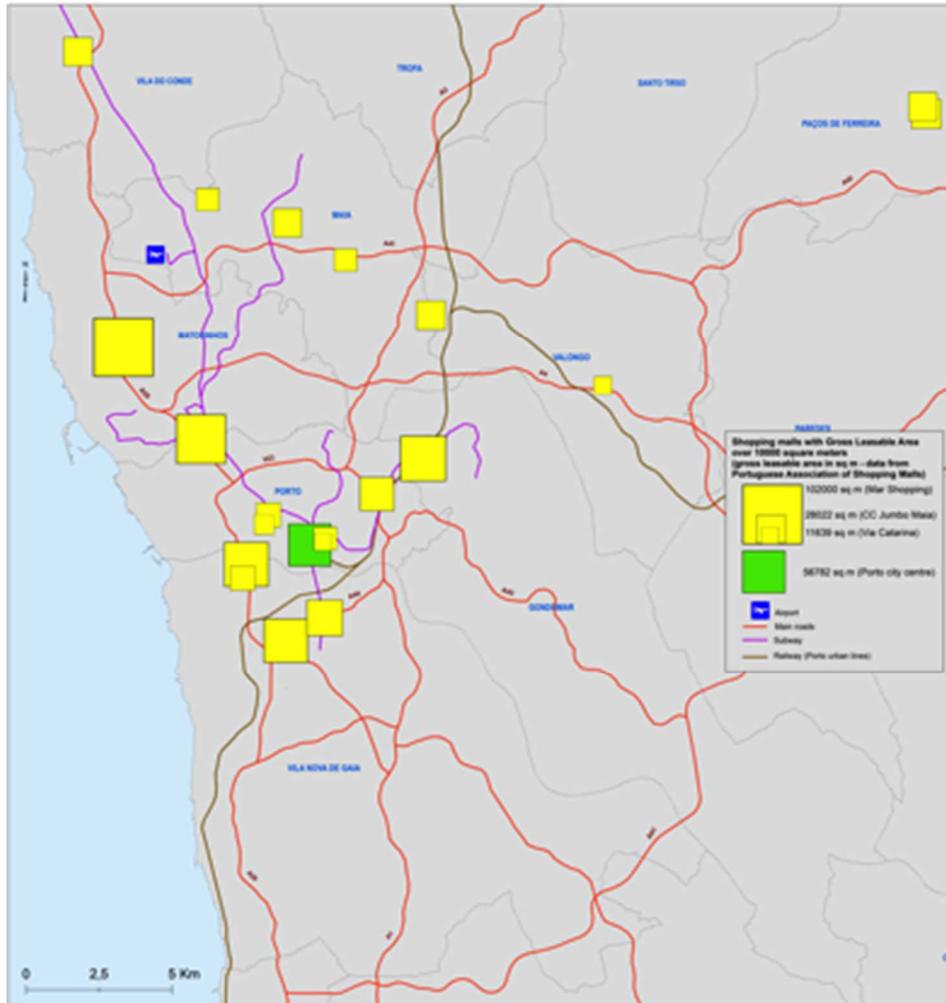


Fig. 1 – Shopping malls with gross leasable area over 10000 square meters in and around the municipality of Porto (in yellow), and total retail area of Porto city centre (in green).

Source: Own elaboration, based on functional surveys, conducted by the authors; Portuguese Association of Shopping Malls

After decades of stagnation and decay, these changes triggered fast-paced, private-led building rehabilitation and new businesses into the city, which went hand-in-hand with new types of social, economic and physical pressures in a city of about 230.000 inhabitants (INE, 2011) in its administrative limit, in the centre of circle with a 10Km radius and almost 1M people. As city users and urban functions changed – notably in the city centre –, they brought the contested notion of gentrification, broadly defined as a process of urban change through the influx of more affluent residents and/or users (Glass, 1964), to the core of local political debate. To be sure, the links between tourism, leisure and gentrification have been studied before (e.g. Gotham, 2005), as well as the impacts of tourism in heritage-

rich cities (Russo, 2002). Yet, the intensity, the character and the speed of change make Porto a relevant case to understand the contemporary processes of fast-paced gentrification and urban change in newly attractive, medium-sized European heritage cities. We use the case of Porto to explore two dimensions of gentrification, which we argue, are still little appreciated in contemporary academic and policy debates. First, moving beyond the snapshot and inflamed political discourse, we propose a longer-term historical appreciation of the process. Based on urban historical geography perspectives (e.g. Fernandes, 1985; Pinto, 2014), we argue that gentrification is far from new in the city, as it has been taking place for centuries in Porto in a somehow cyclical fashion. In fact, the city's current physical and social composition may be seen as the result of several waves of (foreign-led) gentrification, in which economic uses and users changed substantially in some neighbourhoods. Making a comparison with contemporary processes of tourism-driven gentrification, we illustrate this point with the heightened attractiveness of the western part of the suburban late 19th century ring and of (by then) distant *São João da Foz*, an ancient fisherman's village replaced – and expanded – by more affluent residents and their leisure activities.

Second, we argue that the contemporary drivers of gentrification may not only be linked with textbook residential change patterns along the urban cycle (van den Berg, 1987) or the attraction of creative workers and industries (Florida, 2002; 2017) seeking urban amenities – even if that also applies. In fact, it is clear that the process of gentrification in Porto (as in other similar cities) may be essentially driven by the growing openness and attractiveness of the city to international users (tourists, students and all types of visitors), now occurring on a much stronger volume than in the 19th century (although not necessarily being relatively more intense). This gives rise to new types of economic activities, urban rhythms and unprecedented quantities of “floating” city users, which more than simply leaving a footprint to be solved with taxation, may endanger city diversity and identity, raising several implications for urban development policy.

The remainder of the paper is organized as follows. In section 2 we briefly discuss the evolving and contested notion of gentrification, in an attempt to highlight a number of relevant dimensions of a foggy concept to frame our analysis. Sections 3 and 4 deal with time and discusses urban change in Porto during the 19th century in order to frame what is

actually new (and not so new) in the process of rapid social change witnessed today. Section 5 concludes with a number of reflexions and policy challenges when dealing with contemporary gentrification in internationally open medium-sized cities.

2. Gentrification: the word and the concept

Since the seminal work of Ruth Glass in 1964, the word gentrification entered the urban lexicon, gaining a strong yet frequently contested meaning. In its simplest formulation, gentrification refers to a process of neighbourhood change driven by influxes of more affluent residents or city users. Some authors defend the idea of a segmentation (Benediktsson et al, 2015) or provincial gentrification (Lees, 2012), in line with the idea of a chaotic concept (Rose, 1984) that takes different forms at different locations. Being Anglo-American in its scientific appropriation it is not clear if it may correspond to a “global urban strategy” (Smith, 2002), as structuralist and Marxist scholars tend to see it (Shin and López-Morales, 2018), in face of evidence of a reinforcement of inequality and a relation of the process with city marketing and neoliberal political approaches. That being said, gentrification includes the general idea of a change of residents in a delimited urban area; yet it may also be seen both as i) a cyclical process and as ii) a complex articulation process between residential and economic or functional change.

The cyclical approach for contemporary gentrification processes stresses the return of residents to previously declining neighbourhoods in search of accessibility (to goods and services) and quality of life (van den Berg, 1987) or, in Richard Florida’s formulation, seeking urban amenities like shops, restaurants and cafes, culture, vibrancy and identity or, simply, cheaper places to run their activities (Florida, 2002; 2017). Pioneer groups of artists and bohemians move first, improving the neighbourhood and signalling change; those are typically followed by wealthier residents, young families (e.g. DINKS – “double income and no kids”) and “creative” workers, bringing prices up – whether by means of renting refurbished prestige buildings, triggering new amenities or, on a later stage, through the acquisition by real estate companies and other (international) funds.

During the process, residential gentrification often goes hand-in-hand with functional change, i.e. the modification in the structure of commercial activity in a neighbourhood

(Helbrecht, 2017; Sykora, 1993). New users signal market demand for new sorts of urban services vis-à-vis previous ones (e.g. “boutiquing” – Zukin, 2010), eventually leading to functional polarization and market-driven disappearance of traditional shops and restaurants (e.g. Burnett, 2016), the latter being replaced by post-modern and hybrid solutions, or, in the case of tourism-led variants, “just another” guesthouse, coffee-shop or souvenir boutique. In fact, retail is going under numerous changes, associated not only with the characteristics of shops and its relation with clients, but mainly by the functional substitution of more local and traditional shops for a more modern and stylized retail (Ferreira, 2018; Guimarães, 2018), despite some protection measures introduced by NRAU (new rental law from 2012) and by the Law 42/2017 (heritage retail and institutions).

Clearly, assessing and evaluating gentrification processes is a difficult task, and a serious case of time and scale identification. Do we have gentrification if the residents’ socio-economic status in a neighbourhood changes slowly along several decades (or centuries)? Or if only a few new “gentlemen” are coming? How many new more affluent residents does it take, and for how long the change has to occur to be considered gentrification? Do the new incomers have to locate permanently, or just temporarily? As stated by many authors (e.g. Zuk et al., 2015, for a review), gentrification does not rely on single causes and binaries. Yet, three conditions must in general be fulfilled: a supply of vacant or undervalued buildings in a neighbourhood, preferences for urban living and a potential pool of gentrifiers (Hammett, 2001).

In relation to the former feature, although most of the literature focuses on more-or-less permanent residential moves, recent studies have been also looking into temporary or “floating” pools of gentrifiers, notably tourists and students (e.g. Gotham, 2005; Smith, 2005). For example, Gladstone and Préau (2008) argue that inflows of tourists can be linked to large gentrification processes, neighbourhood rehabilitation and a fast surge in land uses prices, replacing permanent residents and the creative occupations more closely associated with the phenomena. In a similar fashion, international (e.g. exchange) students also take part in – and benefit from – gentrification processes in the neighbourhoods they settle at, transforming them in physical, cultural and functional ways (Malet Calvo, 2017). As stressed by Smith (2005), international students increasingly embody the status of a transnational group of urban consumers, driving not only residential but also functional gentrification in

cities with important universities. Notably, both tourists and exchange students epitomize, on average, a limited spatial and temporal attachment to the locales they “use”, but contribute significantly to permanently shape them and drive gentrification-like urban change processes.

The sheer scale of these users and the speed of change is taken as unprecedented and brings fundamental social, economic and political challenges, namely for some medium-sized, heritage-rich European cities like Porto. Yet, let alone scale and speed, internationally driven gentrification is far from new, and a better understanding of those processes may benefit from longer-term, longitudinal historical analyses. These dimensions are explored in the following sections for the case of Porto, both during the 18th-19th century (Section 3) and nowadays (Section 4).

3. Gentrification in Porto: past and present

A harbour town since remote times and commercial hub linking its regional hinterland to the world, Porto grew at a safe distance from the sea. During the second half of the 18th century, it went through a demographic and economic surge, sustained by the provision of gold from Brazil and the wine trade with northern Europe, notably England (Oliveira, 1973). It led to the arrival of a new and large British community to Porto, bringing new social practices and a whole new (more cosmopolitan) identity to the city. A second wave of intense growth occurred after the 1840s and was very much related with industrialization and further internationalization of the economy, strengthening the role of the city as regional central city whose accessibility increased sharply with the arrival of the railroad (Pinto, 2014).

By this time, urban growth led to the filling of a first expansion ring, beyond the medieval walls that encapsulated the ancient core of the city. The arrival of people coming from the hinterland was the main cause behind physical expansion; new suburbs were created while the old ones became incorporated in the central city of a conurbation that now included many small villages situated at the outskirts of the city (fig. 2).



Fig. 2 – The urban structure of Porto in 1892. The old city had expanded to the fringes developing new suburbs and the old fisherman's' village of São João da Foz too, along the Atlantic coast.

Source: Ferreira, A. (1992).

Unlike other European cities, Porto did not enlarge its 14th century walled perimeter, which explains a much less dense and compact urban expansion, with urbanization producing long lots (in some cases with almost 100 meters long) (Teixeira, 1996). At the same time, there was a transition from a pedestrian to a railway city, together with the emergence of a more complex patchwork of socio-functional areas vis-à-vis the classic simplified model for preindustrial cities, with the elite in the centre and the poorest in the surrounding (Sjoberg, 1960). At the same time, Porto suffered changes similar to those which had occurred or were occurring in many other industrializing European cities of similar size, with a significant increase in factories and industrial jobs, namely the development of transport (in particular intra-urban, regional, national and international rail links), and the growing relevance of the private initiative in urban economic growth and in shaping the urban form.

The centrifugal movement associated to these changes led, on the one hand, to the departure of (financial and cultural) elites from the old nucleus to the northern and western expansion of the city; on the other hand, it drove the residential installation of a good part of those that arrived to Porto from rural areas in Northern Portugal to the eastern part of the city, where Porto main railway station was located and trains arriving since 1875 (Pinto,

2014)¹. These two movements will lead to the creation of a complex socio-spatial pattern along three main sectors on the expansion city area. First, the eastern side, where working class hinterland migrants largely settled, next to tobacco and weaving factories, extending the area's pre-industrial tradition but on a much larger scale. Second, the central area of the city, associated with landowners, business managers and entrepreneurs, close to the most notable political and religious organizations. Third, the west end of the city hosted Porto's bourgeoisie, with a family "pedigree" and academic background (lawyers, doctors, university professors) that mingled with a growing foreign (mainly English) bourgeoisie in an area where pre-existing suburban recreational estates could be found, as well as, since 1788, the British Cemetery and Porto's "Crystal Palace", inaugurated in 1865 for the Universal Exhibition (Pinto, 2014).

The developments in this area represent, we argue, a 19th century version of contemporary gentrification. Originally, the western side of the city (as it was considered before the annexation of São João da Foz in 1834) was a settlement for very low-income residents, where industrialization and working-class neighbourhoods proliferated (Pinto, 2014). The exit of part of the elite from the old city centre – then congested with retail and other services and new residents coming from rural areas – also catalysed this socio-spatial change, especially in the area near Crystal Palace and the British Cemetery (completed with the Saint James Church). That is evident in the last decades of the 19th century and in the beginning of the 20th century. Apart from the study of the land prices and religious references of the residents (Teixeira, 1996) this is confirmed by the replacement of houses and their refurbishment.

At the time, gentrification was driven not only by new affluent residents (moving from other city areas), but also by (proto) tourism and new leisure activities, which promoted significant land use changes in the city, with clear similarities to contemporary processes of functional gentrification. Change in leisure preferences by new affluent elites in Porto can be associated to the 1750 publication by Richard Russell of "De Tabae Glandulari" (translated two years later into English), which for the first time recommended the use of sea water for

¹ In the first half of the nineteenth century, there were already several small weaving and dyeing factories in the eastern part of the city, thanks to the abundant presence of water and the existence of the main road to the interior of the country facilitating transport (Pinto, 2007).

treating health problems (e.g. lymph glands)². Such a recommendation, made in a period of Romanticism, triggered the search for maritime bathing in the British Isles, particularly in the coastal regions of Kent and Sussex, which later expanded to other territories of British influence (Williams, 2002; Berry, 2005). The presence of a relevant number of British in the city, linked with wine trade – several of them members (or in contact with members of) the Britain's elite –, explains the early arrival of these practices in Porto, with the beach gradually replacing previous thermal and mountain-related leisure activities. The beach (and the associated resorts and facilities) will become a fashionable place at first on seasonal basis and, later on, through the construction of new housing estates for secondary residence.

In the late 18th century, new beach-related leisure activities emerged and proliferated in the small fishing village of São João da Foz, situated at the mouth of Douro River, mainly composed by small houses and alleys facing the river where fishermen anchored their boats³. Located not too far away from the core businesses and residential premises of the British community in Porto⁴, groups of families went regularly for bathing there (Basto, 1942; Carvalho 1997), and official documents prove that several British bought land there in the early 19th century (Carvalho, 1997). For these reasons, São João da Foz became one of the first seaside resorts outside the United Kingdom and turned rapidly into the favourite leisure space of Porto's bourgeoisie.

On the one hand, these developments drove a social upgrading process of the old fishing settlement (Foz Velha); on the other hand, they led to a new urban expansion process along the coast line to the north, mainly targeting the upper classes that, in most cases, had their primary house in central/western Porto and a second residence at Foz. Those were, occasionally, buildings with "gable roofs", villas or chalets that were more adapted to the mountain climate than to the sea, clearly not attuned to the area's "identity". In other instances, buildings of a medieval character emerged such as Domingos de Oliveira Maya's

² It is a curious coincidence that Dr. Richard Russell was a sort of gentrifier himself as he moved to Brighton, supposedly to be nearer to the many who adopted his recommendations.

³ As said before, the city of Porto emerged and consolidated near the mouth of the river Douro, but still at a distance of about seven kilometres from the sea, ensuring the capacity to react in the event of an attack, assuring low influence from the tide and easier crossing between closer river banks.

⁴ This community was organized in a triangular structure between Porto (centre), where its members had their main residence and the headquarters of their companies; Gaia, on the left bank of the Douro river, where the wine warehouses were; and the Upper Douro, region of the rural estates of wine production.

neo-gothic mansion, a rich owner of a palace at the centre of Porto (at Flores' Street) whose romantic façade (reminiscent of a castle of the middle ages) facing the mouth of the river was inspired by his journeys to Northern Europe. A new waterfront was thus formed with these and several other houses, "hiding" the old fishing village which, at the same time, witnessed a slow process of replacement of lower income residents by richer newcomers (Fernandes, 1985) fuelled by the new rail transport connecting Foz to the city centre (since 1872) and a new and elegant public garden where the cultural elite wandered regularly (inaugurated in 1888).

This process of neighbourhood change driven by affluent demand was accompanied by the multiplication of hotels and "inns", from the pioneers "Boavista" and "Mary Castro", to many others that made up the fabric of São João da Foz's hostelry at the end of the 19th century. Also, a diversified new array of services emerged, such as warm baths with seawater, available in small houses (at São Bartolomeu street), or the elegant "Swiss Chalet", a coffee and teahouse situated in "Passeio Alegre", the elegant garden inaugurated in 1888.

In light of the above, and all things considered, in about a century, the old fishing village underwent through what would be called nowadays a gentrification process, driven by new affluent users and their eclectic demand. In the past as nowadays, that went hand-in-hand with the increase of land value, real estate prices, higher cultural and economic capacity of newcomers, new economic activities and an increased occupation by tourists.

4. Contemporary urban dynamics in Porto

4.1. Functional gentrification and urban change

Current gentrification-like urban change in Porto has several resemblances vis-à-vis 19th century dynamics. Functional change in the city centre is one of them, though it has been taking place at a much more dramatic pace, with renewed interest on street shopping creating spatially and temporally-specialized streets and new elitist spaces coexistent with popular stores that resist, void spaces that persist, and hybrid situations and recent neo-traditional ("pseudo-typical") establishments.

The analysis of retail and service units in July 2017 (Fernandes and Chamusca, 2018) shows a strong incidence of shops selling products of personal use such as clothing and shoes (61 establishments)⁵, although it is also possible to identify an important number of shops dedicated to leisure, culture and sport articles (39 establishments), non-specialized (21) and home-product shops (21), as well as a large number of cafes and restaurants (97) and accommodation units (30). On a 5-year period, practically 4 out of 10 retail and service units suffered some kind of transformation (Table 1).

Variaton of retail/service units (%) + type of change (nr./%)									
Type of retail/service units	Jul12-Jul14	Jul14-Jan15	Jan15-Jul15	Jul15-Jan16	Jan16-Jul16	Jul16-Jan17	Jan17-Jul17	Jul12-Jul17	Jul15-Jul17
Personal products	-4,4	1,5	-4,5	1,6	3,1	-4,5	-3,2	-10,3	-3,2
Home products	-4,5	4,8	9,1	0,0	-8,3	-4,5	0,0	-4,5	-12,5
Leisure, culture and sport products	15,6	-7,7	2,1	-18,4	0,0	-2,5	0,0	-13,3	-20,4
Unspecialized retail	-19,2	-4,8	0,0	0,0	5,0	-4,8	5,0	-19,2	5,0
Hybrids	n/a	33,3	25,0	-20,0	50,0	0,0	0,0	n/a	20,0
Other retail	-15,9	5,7	-1,8	-3,6	0,0	3,8	n/a	-11,1	1,8
Total retail	-4,0	0,5	0,0	-5,1	1,5	-1,9	0,0	-8,9	-5,6
Coffees and restaurants	9,0	10,6	-2,1	4,3	-1,0	0,0	2,1	24,4	5,4
Accommodation	11,1	5,0	9,5	8,7	8,0	0,0	11,1	66,7	30,4
Total CRA	9,4	9,5	0,0	5,2	0,8	0,0	4,1	32,3	10,4
Other services	1,4	4,3	-1,4	0,0	-2,8	7,1	-4,0	4,3	0,0
Total retail + services	0,3	3,6	-0,2	-1,2	0,5	0,3	0,5	3,6	0,0
Vacant	-0,7	-9,9	0,8	-0,8	-3,1	-0,8	-2,5	-16,2	-7,0
Total	0,0	0,0	0,0	-1,1	-0,4	0,0	-0,2	-1,7	-1,7
No changes	444	479	505	482	481	472	475	314	403
Opening of new shops	33	29	10	10	17	19	18	78	40
Change (changing the type of activity)	22	7	2	7	2	1	3	46	18
Change (maintaining the same type of activity)	1	1	3	5	6	12	10	12	11
Closing of shops	31	15	11	15	15	19	15	63	41
Demolished / no longer exists	0	0	0	6	2	0	1	9	9
Total changes	87	52	26	43	42	51	47	208	119
% changes	16,4	9,8	4,9	8,1	8,0	9,8	9,0	39,8	22,8

Table 1 – Changes on the retail/service structure in Porto city centre (2012-2017)
 Source: Own elaboration, based on functional surveys, conducted by the authors.

A distinctive feature and sign of functional gentrification is the fast growth of neo-traditional shops and hybridization of commercial activities. Between 2012-2017, most changes happened on professional equipment shops, accommodation, food and cafe and restaurants, with a growth in the number of more fashionable, “neo-traditional” and hybrid shops, which seem to be especially targeted to temporary city-users rather than to residents. In this context, it has been particularly noted the growing number of establishments where more than one activity coexist – e.g. personal product shops which are also art galleries and bars/restaurants; cafe/clothing shops; shops that sell bijou and diverse ecological products, or hairdressers who also sell personal items.

⁵ With strong concentrations along Santa Catarina Street, 31 de Janeiro Street and Clérigos Street.

These developments are taking place hand-in-hand with growing real estate prices. The cost of buying/renting a commercial shop steadily increased over the last decade, with prices in the city centre almost doubling between 2011 and 2016 (Confidencial Imobiliário, 2018). This relates with the growing appetite of “anonymous” and globalized investment funds to invest in prime areas of cities with perceived growth potential beyond the major capitals (Theurillat et al., 2016). With small-medium investors moving away or being outcompeted, several owners have been selling their property to real estate funds, leading to dumping indigenous retailers to provide space for more tourist accommodation, medium-high class housing or fashionable shops and restaurants.

4.2 Residential change or floating city users?

The presence of on-going functional gentrification processes in Porto, is driven by different types of more affluent city users. Yet, before acknowledging, denying, favouring or criticizing gentrification, an important question is what is actually driving it. As previously analysed (Section 2), a key driver relates to the return of residents and/or new creative professions to the previously declining city centre in search of quality of life and urban amenities, not only by replacement but also with rehabilitation of old buildings previously void; these early influxes contribute to improve neighbourhoods and subsequently attract new users, pushing for new services that may iteratively lead to functional change and price increases, that expand to the peripheries, including adjacent municipalities. Yet, Porto shows a number of nuances in this respect.

There is no data readily available to quantify the role of “pioneer” city users and the “creative class” igniting functional gentrification in the city centre. Yet, since the mid-late 2000s, several studies do point to the rise of new economic-cultural activity, driven by a number of pioneers that stimulated the attraction of related activities, such as early-mover art galleries (Dias, 2009), new co-working spaces (e.g. for free lancers in the creative industries) and the emergence of new bars, clubs and nightlife atmospheres in the city centre (Pinto, 2012). These activities gradually attracted other similar ones and those atmospheres contributed to pull new incoming businesses such as technology start-ups and transnational technology companies (e.g. InvestPorto, 2018). Multiple references suggest that these businesses and their “creative” workers (from the region) infused new demands

for cafes, bars, restaurants and other services in their proximity, feeding incumbent cafes and grocery stores, but also more sophisticated concepts.

Yet, there is no evidence of a significant return of residents to the city centre over the last years. On the contrary, the number of residents in the city, in general, and in the city centre, in particular, kept declining as in the previous decades (Alves, 2017), showing little signs of residential gentrification. Actually, and within the metropolitan area, Porto is still the municipality losing inhabitants at the fastest pace over the last decade (Pordata, 2017)⁶; moreover, population decline in Porto has been primarily driven by (outward) migratory flows, not natural population change (births-deaths relation), the latter being rather stable over the decade (Fig. 3).

It is true that the recent years show an inversion, with the city as a whole gaining “net” migrating inhabitants for the first time in many years (388 inhabitants from 2015 to 2016). Yet, the scale of change certainly does not seem to be strong enough to explain the current on-going change in the city. Hence, a more complete explanation for the current gentrification processes requires a closer look into the sheer number of international and “floating” city users that accrue to the city over the last decade.

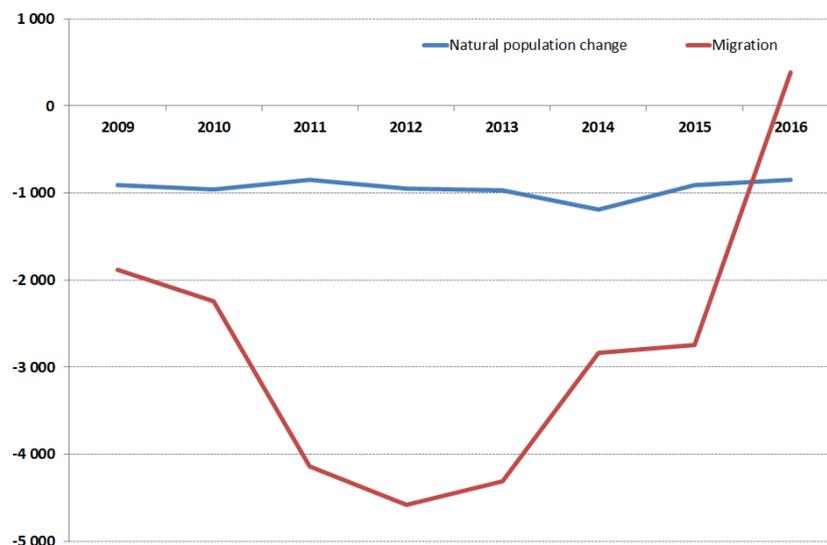


Fig. 3: Natural and migratory population change in Porto (2009-2016)
Source: Own elaboration, based on Pordata (2017)

Tourism can be seen as the essential reason for rapid functional change in the city centre. During 2007-17, there was an 88% increase in the number of hotel establishments, with the

⁶ Yet now with the nuance that population growth within the metropolitan area has largely stalled (and even slightly declined during the years of the economic crisis, particularly 2010-13) (Pordata, 2017).

lodging capacity⁷ increasing 69% and a 126% increase in the number of overnight stays with the number of registered hotel guests was higher than 1.6 million in 2016, out of which 72% were foreigners (INE, 2017). This led to a 21.8% growth in the number of coffee shops and restaurants during 2012-16 in the city centre (Table 1), as well as to its diversification and increase of the quality of service and its price (Fernandes and Chamusca, 2018). Another clear indicator of the weight of tourism in city's gentrification is the rise of local accommodation listings in digital platforms. In less than one year (September 2016-June 2017), the number of AirBnB listings in Porto increased 30%, with more than 5500 active addresses in June 2017 strongly concentrated in the city centre (fig. 5) and closely correlated with the building rehabilitation and renovation projects and the increase on rental prices in this area (Confidencial Imobiliário, 2018).

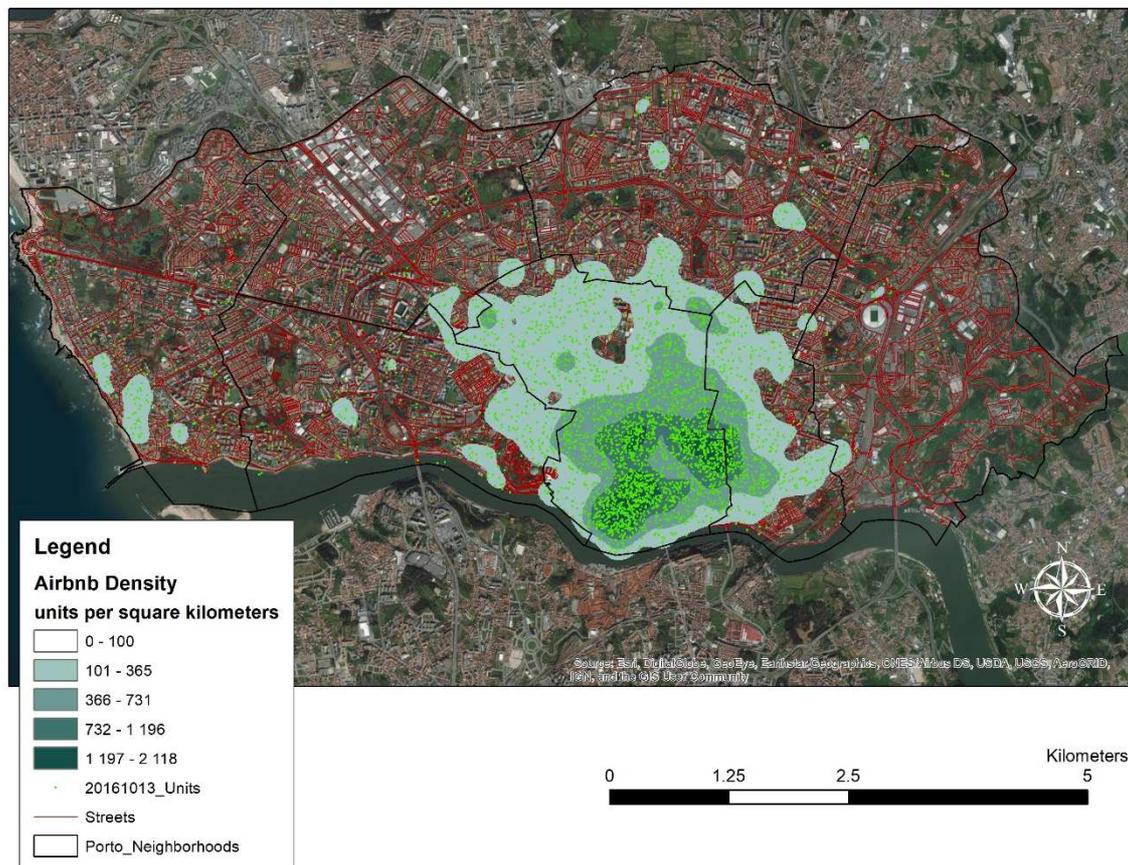


Figure 4: Airbnb listings in Porto, density analysis

Source: Own elaboration, with data from Slee, 2017 – <http://tomslee.net/airbnb-data-collection-get-the-data> [Accessed 10.12.2017]

⁷ Defined by INE (National Institute of Statistics) as the maximum number of individuals that hotel establishments can accommodate in a given time or period, which is determined by the number of existing beds and two double beds.

Likewise, the influx of post-secondary students has been having an impact as well. With the diffusion of international exchange programmes (especially Erasmus) and the homogenisation of graduate and post-graduate education in Europe (linked to the Bologna higher education reform of the last decade), inward student flows increased substantially in the city. Over the last decade-and-a-half, and only within the University of Porto (the biggest of the five largest higher education institutions of the city), the number of enrolled international students more than tripled, while the number of students in temporary exchange programmes increasing five times (Fig. 5). These temporary residents contributed to a sharp increase of demand for temporary housing, leading to a 40% price increase in this segment during 2015-17 only (Uniplaces, 2017), together with demand for new types of services, bars, cafes, nightlife, culture and trendy concepts (see Section 4.1). This is more so as the impacts of international students are disproportionately felt in the city centre and adjacent districts, which concentrate the lion's share of temporary student housing demand (Uniplaces, 2017) and an important part of their expenses.

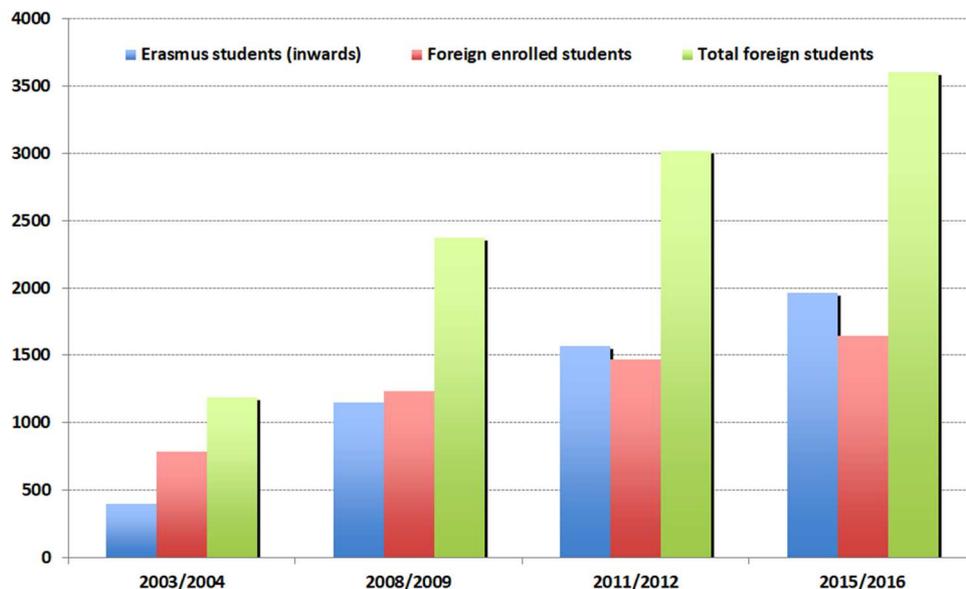


Figure 5: Number of international students at the University of Porto
Source: Own elaboration, based on University of Porto (2017) UP

Floating city users have been the prime drivers behind gentrification and urban change in the city centre of Porto, closely linked to the emergence of new types of tourist, temporary user-oriented businesses and associated pressures among incumbent businesses and residents. Tourism and the massive inflow of more affluent city users over the last years is obviously not related with the population exodus of the last decades; yet they are clearly

driving on-going fundamental changes in the physical, social and economic life in Porto's city centre, threatening the emergence of a tourist monoculture (Russo, 2002) and accelerating further residential exodus of former (resisting) inhabitants, and evictions and the disappearance of traditional businesses (Alves, 2017; Branco and Alves, 2015)

5. Gentrification: what to do with it?

Today as in the past, Porto's openness and the international inflows of new people, businesses, practices and preferences are largely shaping the city's urban landscape and overall identity. In this sense, Porto's Mayor is right to say that the city has always been cosmopolitan and "gentrified" by the British, Germans and French, among others (see Introduction, Section 1). In fact, for European medium-sized heritage rich cities with a good university like Porto, internationalization, gentrification and urban change often go hand-in-hand, and increasingly so.

Yet, by suggesting that gentrification does not exist in the city, the Mayor's statement seems to underestimate functional gentrification and its interplays and dynamic influence with tourist and student accommodation and consequences on local residence. When shops and restaurants become too expensive and targeting non-local audiences, or when rampant rents threaten to push the remaining residents away from city areas (e.g. linked to recent rent "unfreezing" and liberalization laws at the national level), this can hardly be seen as a sign of cosmopolitanism. Moreover, and contrarily to the 19th century situation (Section 3), the challenges of an ever-increasing floating population and the dramatic speed of change threatens the city capacity to absorb and mingle the new with the old in the built environment and the practices, which has significant consequences in the city's overall diversity, sense of place and identity and is leading to a tourist-driven monoculture that endangers the overall attractiveness as well as the well-being of residents.

We would argue, as many others, that a certain degree of gentrification is unavoidable, and change is desirable. On the one hand, as shown for the case of Porto, many places considered authentic today have been the result of former gentrification processes, led by foreign (e.g. British) gentry businessman and their families, associated with economic,

tourism and leisure-led activity⁸. On the other hand, it is clear that unlocking the potential of formally abandoned and run-down city centre buildings would always require new higher income types of city users or residents. Yet, and contrarily to other European cities in which similar changes occurred gradually during the last decades, what is more problematic today in Porto is the sheer scale and the speed of change in city centre neighbourhoods.

As suggested by the Mayor of Porto's statement, it is possible to look into gentrification as a normal city transformation process, with urban places being cultural "palimpsests" reflecting different power balances, inviting us to understand the value of each time period on a never-ending result called city. Seen in this way, gentrification is a process bringing new social and economic value to decaying city areas, renewed buildings and preferences, gains in home selling, tourism rentals and all sorts of tax and related job creation benefits. From this perspective, many national and local governments – Porto included – have been encouraging gentrification by making the "visible hand of the State guid[ing] the invisible hand of the market" (Benediktsson et al, 2016), namely through tax exceptions for owning building and apartments in the (formerly derelict) city centre; international city marketing and investment attraction campaigns, topped up with public-funded infrastructural improvements in the most attractive areas for real estate investment; and business-friendly rehabilitation policies that encourage city beautification operations for tourist and high-end segments.

However, from a different (more critical) perspective, gentrification-driven transformations increasingly threaten social cohesion and the whole notion of "city", bringing to the fore notions of segregation, displacement and reinforced geographic injustice, with the most fragile able to live only in places not seen as attractive. From this perspective, the State is seen as having the mission to deal with the market tendency to expand and reinforce space-based injustice.

In fact, after decades of overall enthusiasm with riverfront regeneration, city centre revitalization, building rehabilitation and with growing urban tourism outside major cities, policies are more and more directed to prevent gentrification, imposing limits on its

⁸ Yet, nostalgia and opposition to 19th century urban change in Porto are also well documented, namely by local novelists arguing that "when [industrial] progress made its ways towards the Campanhã [rail] station, it wiped out the culinary poetry of Reimão's bucolic tavern and the calm shadow at Barros Lima's Gardens" (Pimentel, 1894: 105-106)..

intensity and scale. Those include recent actions to regulate (and even ban) AirBnB in a number of major European cities; rent freezing regulations, like Porto (and Lisbon) during most of the 20th century (yet with adverse consequences⁹); tax incentives to mingle middle classes in social housing complexes (e.g. in London); and several local protests leading to the election of street leaders as Mayors (as in Barcelona).

In Porto, the speed of the phenomena and the markedly different perspectives about what it means and implies (with most opinions views having references from deep liberalism or radical socialism) gave rise to a sort of “missing middle”, making policy dialogue and reformist and gentrification management policies more difficult to be accepted. Nevertheless, a number of actions to tame gentrification have been discussed at the national level, namely by the current centre-left government (supported by left-wing parties), including measures to promote middle class residence; tax cuts for landlords renting below market prices; and the impossibility to increase rent to residents older than 65. In 2017, a new national law (42/2017) also gave municipalities the capacity to protect and support retail establishments and other entities of historical, cultural or social interest, including the right to preference in case of transfer and frozen rents for 5 years (with Porto, after Lisbon, being the second city to approve a list of retail and service units) in order to promote the city’s identity, cohesion and competitiveness.

To conclude, and beyond the need to extend the scope of the discussion and policy action overall, the case of Porto shows the contemporary relevance of floating city users as drivers of urban development raising new, perhaps more fundamental questions about what local development looks like and for whom it is conceived (Pike et al., 2007), namely as it brings to the fore democracy issues in a context of hollowing out of the “voting city” by temporary users. Moreover, the speed of change calls for new and more proactive ways of monitoring change beyond regular census and urban statistics (e.g. Zuk et al., 2015).

⁹ Despite the advantages, this freezing of rents has also led to problems for homeowners with consequences for the buildings, including their significant deterioration due to lack of maintenance. Thus, the owner had no financial means to keep the building in good condition and the tenant did not repair the building for not being obliged to do so.

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