

TOURISM GENTRIFICATION IN THE CITY OF ZAGREB: TIME FOR A DEBATE?

Oliver KESAR, Ph.D.

Faculty of Economics & Business, University of Zagreb

okesar@efzg.hr

Renata DEŽELJIN, M.SC.

Croatian National Tourist Board

renata.dezeljin@htz.hr

Martina BIENENFELD, M.Sc.

Zagreb Tourist Board

mbienenfeld@zagreb-touristinfo.hr

Abstract

With its strong opening to the tourist market and subsequent to becoming one of the 28 capital cities in the European Union, Zagreb has become a fast growing tourist destination according to the usual key standards applied to tourist growth. With its rich heritage and attractive events, Zagreb has become a very interesting destination for tourists whose consumption habits may present the local real property owners and investors with an opportunity to invest in tourist accommodation or other tourist facilities in the city. This process will also bring inevitable societal changes to the inner city, the areas in Zagreb from which local residents depart and their homes are transformed into tourist accommodation facilities. This process is known as tourist gentrification and its consequences cannot be reversed. The objective of this paper is to analyze the present status of tourist development in the city of Zagreb as well as to try and anticipate the impact of tourism on the spatial and social transformation of the inner city of Zagreb.

Key words: tourism, urban revitalization, tourism gentrification, accommodation facilities, Zagreb

JEL Classification: L83, O1, O15

INTRODUCTION

In any region, tourist development irreversibly changes the space where it has emerged, and brings a significant and radical transformation to the local community. If we look at large urban communities, those in particular that are just emerging as popular tourist destinations on the global tourist market, the manifest degree of transformation is even more radical and made more complex by the many intricate particularities of life in large urban settings. Some of the obvious evidence of this change is a fast-paced revitalization of urban areas propelled by tourist development that continues to transform the looks but also the social structure of the city, and especially the inner city. In addition to transforming the space in ways that are easy to spot and recognize as change, tourist development has another subtle effect in that it inevitably alters the structure of the population inhabiting those areas of the city where tourist venues tend to concentrate. This is a two-tiered process of gentrification, or rather tourist gentrification of the city, which may be explored as a series of positive and negative effects of tourist development on the transformation of city areas that are brought about by an increasing number of tourists, tourist consumption and business interest of investors who perceive tourism as an opportunity to make profit. Zagreb seems to have become one of the most gentrified cities in Croatia by virtue of its status, economy, a rapid growth of tourism and the many manifest changes to the city that inevitably follow a rapid growth of tourist industry. In this context, the objective of this paper is twofold. Firstly, our objective is to examine and assess the impact of tourist development on the transformation of the inner city space, which also includes the transformation of housing to privately owned (commercial) accommodation for tourists visiting Zagreb. Secondly, we would attempt to construe the consequences this transformation may imply for the local community, and in particular the cultural identity of Zagreb.

THEORETICAL BACKGROUND AND LITERATURE REVIEW

The process of urban regeneration is generally part of a natural and continuing evolution of cities connected with the growth of consumption and local public sector, local economy and local community. On the other hand, urban regeneration may occur rather suddenly in the aftermath of a natural disaster (such as floods or earthquakes), or as a consequence of a changed sociopolitical system

(for example, the shift from socialism to capitalism) and sometimes as a result of the sudden growth of certain vital industries (for instance, tourist development). Čaldarović & Šarinić (2008: 372) describe the urban regeneration as a process of deep structural and functional transformation of an urban area empowered by individual (corporate) or government initiatives, or a combination of both. Different concepts of urban regeneration, urban restoration, urban rehabilitation, urban reconstruction and other concepts denoting similar or identical ideas can be found in research literature, but it is not the goal of this author to define the meaning and scope of the processes identified by these various concepts but rather to indicate the type of transformation that is involved in the process.

According to Svirčić Gotovac (2010: 198), the process of urban regeneration primarily begins with a strategy of renovating certain neighbourhoods or areas in the city (residential or not residential) that are old or derelict. Urban regeneration is a broader concept than gentrification, which for the most part implies a process of improving inner city areas in a way that would make them look more beautiful and attractive. The intended renovation or reconstruction of specific areas of a city however may often metamorphose into a process of urban gentrification.

Historically, many scholars would agree (e.g. Phillips; 2005: 478) that Glass was the first author to use the concept of gentrification (1964: 33). Over fifty years ago, Glass examined and described spatial and demographic changes that occurred in some areas of London in the sixties. The changes included a displacement of low-income working class population from their humble run-down Victorian homes (built in the second half of the nineteenth century), followed by the demolition of their dwellings to accommodate for the construction of upscale residential housing for the new middle class or upper class residents. As early as fifty years ago, Glass recognized that gentrification was a process that spread quickly and would not cease before every member of the working class moved out and the city areas where they used to live were totally transformed into attractive looking and high-priced areas (sometimes also exclusive or elite) of the city.

In comparison, the process of tourist gentrification is a rather new concept. The first studies that referred to an impact of tourist development as part of a more general gentrification process on spatial and demographic changes in city areas were published only twenty years ago (e.g. Sanford; 1987, Mullins; 1991).

However, it was only after 2000 that researchers began to focus their analysis on the transformation of cities by a process of tourist gentrification. One of the first authors to explore the interconnectedness of tourism and gentrification was LeVine (2001: 254) who explored and analysed how Tel Aviv annexed Arab-populated Jaffa, a historical town envisaged for restoration in the city planning records that came to include an extensive construction of tourist venues, hotels and elite residential areas. One of the early seminal works on the subject was Gotham's study (2005: 1099) of tourist gentrification of New Orleans' Vieux Carre or French quarter; Gotham described the process as a "transformation of a middle-class neighbourhood into a relatively affluent and exclusive enclave marked by a proliferation of corporate entertainment and tourism venues". Another seminal study of the process can be found in Zhao et al. (2006), where the authors described the concept, type and mechanism of tourist gentrification using Shanghai as a case study and followed the process in other historical cities in China. Since the publication of these papers, the dynamics of tourist gentrification has become a subject of a world-wide scientific interest, with researches examining the history of transformation of individual cities and describing the ramifications of the gentrification process. In Garciá Herrera et al. (2007) the process of tourist gentrification is explored in the town of Santa Cruz de Tenerife; in Lin (2008) in Los Angeles Chinatown; in Zhao et al. the study is based on the development of Nanjing in China (2009); in Donaldson (2009) the case study is Greyton in South Africa, in Vives Miró (2011) Palma de Majorca in Spain; in Füller & Michel (2014) it was Berlin, etc.

In Croatia, few researchers have undertaken to examine the subject of gentrification or apply the concept in the context of Croatian cities. A limited number of papers are available in Croatian public libraries that refer to a concept of gentrification in the context of the city of Zagreb (Svirčić, 2002; Svirčić Gotovac & Zlatar, 2008; Čaldarović & Šarinić, 2009; Svirčić Gotovac, 2009; Svirčić Gotovac, 2010; Svirčić Gotovac, 2012; Poljanec-Borić, 2012), while Bjelajac (2008) and Majetić (2014) discuss the gentrification itself. Reference to a process of gentrification within the context of tourist development can be found in Skorup Juračić (2010) and Kunst (2014) who refer to the concept as they examine the case of Dubrovnik. It may be concluded therefore that no scientific paper dealing directly with the subject of tourist gentrification is available in electronic form from the public database of scientific research and study. In that sense, this paper may be considered the first to explore the subject and is therefore necessarily limited in the scope and results of the research involved.

RESEARCH METHODOLOGY AND DATA SOURCE

In keeping with the subject matter of this paper, the research methodology is based on a descriptive approach attempting to describe the phenomena and perceived trends that may be relevant to the topics examined. However, since published scientific papers on the subject are scarce in Croatia, this research may be considered explorative in the sense that it attempts to provide a wide insight into the issue of tourist gentrification and an understanding of the transformation that has already occurred, as well as anticipate future transformation. Quantitative method has been used to interpret the research data, as well as methods of compilation, analysis and synthesis. A simple descriptive statistical method was used to process, analyse and present the data on trends perceived in the tourist development of the city of Zagreb.

The research is based on secondary statistical data available from the official websites of the Croatian Bureau of Statistics, the City of Zagreb and Zagreb Tourist Board. The author has consulted research and other papers published in scientific and other reviews, as well as other publications that helped the author define and present a number of conclusions pertinent for the future tourist development in the city of Zagreb.

In terms of scope, this paper focuses on the administrative city of Zagreb as a whole because the available statistics on tourist arrivals, accommodation and other facilities, and other spatial, demographic and economic aspects of tourism concerned the administrative city of Zagreb. As statistics on tourists and accommodation did not discern among particular city areas in any way that would be helpful for a more detailed analysis, this imposed a certain limitation to the depth of this research. The time scope is defined as the period between 2001 and 2014, to encompass two population censuses. Some data series are unfortunately of a more limited scope due to the availability of data.

RESEARCH RESULTS

With a view of establishing a statistical basis for the analysis of the potential impact of tourism on the spatial and demographic changes in the city or rather those areas of the city that represent a zone of interest for tourists, statistical data on the population, households and dwellings registered during the two population censuses were analysed (Table 1).

Table 1: Population households and dwellings in Zagreb, 2001 and 2011

	Census 2001	Census 2011	Index 11/01
City of Zagreb			
Total population	779,145	781,272	100.3
Total households	275,464	303,441	110.2
Total dwellings	312,902	384,333	122.8
Dwellings temporarily unoccupied	31,284	69,870	223.3
Dwellings for vacation and recreation	4,843	4,878	100.7
Private (tourist) accommodation units	-	59	-
Dwellings for other business activities	3,795	5,624	148.2
Zagreb Inner City Area			
Total population	81,492	66,100	80.1
Total households	32,262	29,520	91.5
Total dwellings	37,985	40,485	106.6
Dwellings temporarily unoccupied	4,126	8,460	205.0
Dwellings for vacation and recreation	15	4	26.7
Private (tourist) accommodation units	-	22	-
Dwellings for other business activities	1,635	2,329	142.5

* Note: The entire City of Zagreb area consists of 17 municipalities.

** Note: Zagreb's Inner City Area consists of 2 municipalities: 1) Donji Grad (Lower Town) and 2) Gornji Grad – Medveščak (Upper Town- Medveščak).

Source: Adapted according to data from Croatian Bureau of Statistics (2001 & 2011), Census of Population, Households and Dwellings, CBS, Zagreb.

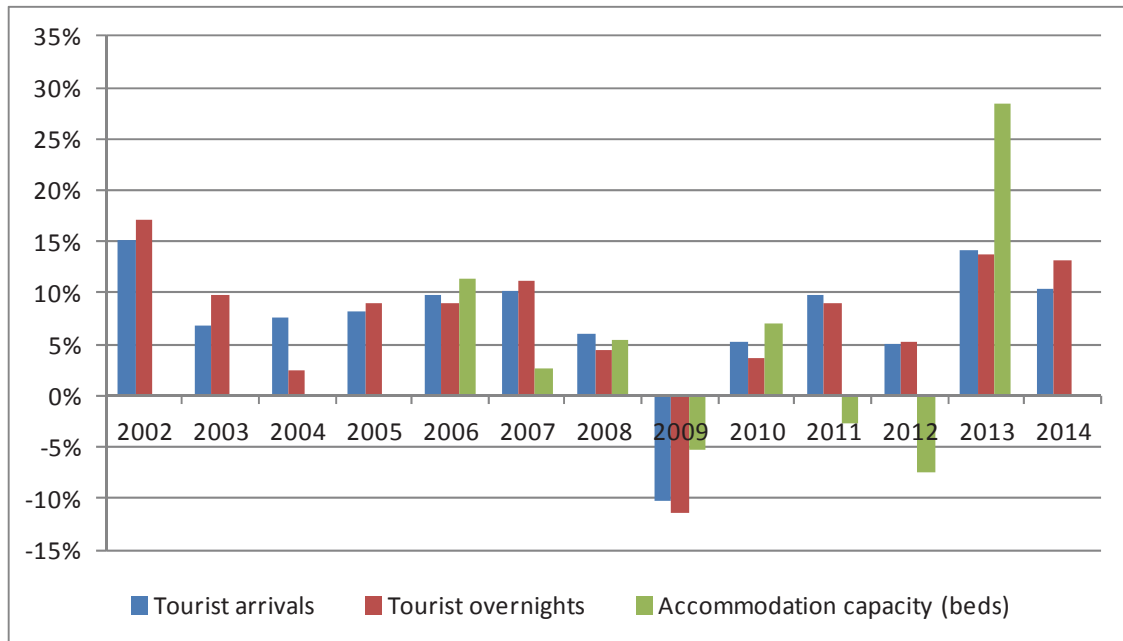
The analysis of data concerning all the 17 municipalities that make up the administrative city of Zagreb shows growth in all represented groups of data, and implies that as a whole, Zagreb is still an attractive and a pleasant town to live in. Between the two censuses, the number of dwellings grew by as much as 22.8%; of particular interest however are the data showing an increase in the number of 'temporarily unoccupied' dwellings. It is these unoccupied (or vacated) dwellings that their owners have begun to transform into business venues used for different business activities, including providing accommodation to tourists as an interesting and lucrative form of business. As Zagreb is a large and complex urban conglomerate, the control of the process of transforming this space into tourist venues is difficult and may leave room for the growth of grey economy. The case in point is the statistics referring to two municipalities,

the Lower Town and Upper Town – Medveščak, that make up the historical city centre and the zone most frequented by tourists. If we look at the statistics of the two municipalities, it shows a notable decrease in the number of households from 2,742 or 8.5% during the period between the two censuses, as well as a significant decrease in the number of residents of 18.9% or 15,392 residents. All of the remaining 15 municipalities showed a marked growth of households, with only 7 showing an average decrease of 4.4% in the number of residents per municipality. In contrast to the smaller number of households and residents, the two municipalities showed a growing trend in the number of dwellings, with 2,500 additional dwellings or 6.6% more dwellings included in the period between 2001 and 2011. It is interesting to note that these two municipalities had as many as 4,334 ‘temporarily unoccupied’ dwellings in 2011, or 105% more ‘temporarily unoccupied’ dwellings than in 2001. On the basis of this data, it may be concluded that during the ten years, a rather large and for official purposes ‘unoccupied’ number of residential facilities have been created for short-term or long-term renting purposes. Even though specific data are not available, one may expect that part of these ‘unoccupied’ facilities are used as tourist rentals as part of the lucrative grey economy that shows much better returns than business space rentals.

According to the official statistics of the City of Zagreb (2004-2014), during the period between 2003 and 2013, the registered commercial accommodation grew from 30 rooms and 81 beds to 385 rooms and 1,160 beds, showing a mean annual growth of 29.1% for rooms and 30.5% for beds. On the other hand, the register of tourist tax payers maintained by the Tourist Board of the City of Zagreb (2015) shows that in March 2015, Zagreb had 757 rental apartments, rooms or houses (with a total of 2,593 beds) and 44 hostels (with a total of 2,129 beds). The disparity between the two groups of figures primarily results from the methodology of maintaining a register of accommodation facilities, and the time span involved. According to the information on accommodation facilities available in Zagreb featured on Booking.com, in March 2015, Zagreb had a total of 497 registered tourist accommodation facilities, including 420 apartments, rooms or houses in private accommodation, 41 hotel facilities, and 36 hostel facilities. Over 60% of all the registered accommodation facilities were located in the two municipalities that make up the inner city of Zagreb.

Further research included an analysis of the registered tourist visits to Zagreb that showed an almost continuing growth in tourist interest during the period between 2001 and 2014 (Figure 1).

Figure1: Growth rates of tourist arrivals, overnights and beds in Zagreb, 2002-2014



Source: Croatian Bureau of Statistics (2002-2015), Statistical Reports – Tourism 2001-2014, CBS, Zagreb and City of Zagreb (2004-2014), Statistical Yearbook of Zagreb, Available on-line: <http://www.zagreb.hr/default.aspx?id=1044>.

Tourist growth was stalled in 2009 with a 10% decrease in arrivals and a 11% in overnights compared to the previous year, but the overall growth trend in tourism before and after 2009 showed impressive annual growth rates of 7.4% for arrivals and 7.2% for overnights, with significant oscillation in the number of beds in tourist accommodation facilities (especially pronounced in the year of Croatian accession to EU). Should one compare the large growth rates in the registered tourist arrivals with a lack of similar growth in the commercially available tourist accommodation facilities, the disparity may indicate that the statistics failed to represent the totality of growth in tourism and suggest that there may be room here for the development of a grey economy in the area of providing tourist accommodation in Zagreb. It may also be noted here that Croatia has a system whereby owners of private accommodation facilities pay a flat rate for tourist tax, and that the purpose of this system is to reduce the

grey economy. Another point of interest is that in the statistics, individual visitors represent 70% of all arrivals and overnights in registered accommodation facilities in the city of Zagreb, while only 30% represent tourist packages that mostly use registered hotels and hotels for tourist accommodation.

DISCUSSION

At a time of shortages in public funding earmarked for the building and maintaining the public infrastructure, city authorities were compelled to look for private investment and non-resident consumption to ensure the continuation of the process of urban regeneration. The strategy of tourist development has certainly been embraced as a way of alleviating the difficulties faced by the community, especially the strategy of promoting specific forms of tourism that recognize the important role of the cultural and historical heritage and the many events featured in Croatian towns in shaping the country tourist identity as an attractive and competitive tourist destination. The research mentioned above and other scientific research have shown the strong impact of tourism on the modified use of space, and real property in particular, and the change in the demographics of the large cities that follow this transformation.

In the context of the city of Zagreb, the available statistical data show a growth in the number of inhabitants, households and dwellings between the two population censuses, as well as a manifest strong growth of tourist arrivals, overnights and accommodation facilities. The two municipalities that make up the inner city and the main tourist area have shown a significant increase in the number of inhabitants and households, and an increase in the number of dwellings, in particular temporarily unoccupied dwellings and dwellings used for business activities. The juxtaposition of these two factors may indicate that tourism as an affluent industry slowly but steadily encourages local residents to move out of the inner city areas, and that in turn causes a lasting shift in the demographics of the two city areas examined in this paper. A reduction of the number of local population in the two city areas examined makes questionable the future existence of local public institutions such as schools or libraries and other locally oriented activities, such as repair shops or services that cannot focus on the unpredictable ebb and flow of tourist needs in terms of space and finance.

As the City of Zagreb has not introduced a systemic control of the unoccupied dwellings in the city, it may be expected that a minor part of the tourism shall remain in the grey economy zone and encourage unfair competition or animosity among the individuals providing tourist accommodation in the city of Zagreb. Another potential threat is the sharing economy that implies the creation of a parallel market (i.e. informal and untaxed) of accommodation, transportation, catering, and other services. In this sense, the public sector and the industry will have to pay more attention to the uncontrolled growth of the grey and sharing economy in tourist services to help mitigate the negative consequences of tourist gentrification that may endanger the standards of catering to tourists and reflect negatively on the perception of Zagreb as a tourist destination.

CONCLUSION

The city of Zagreb has become one of the most popular tourist destinations in Croatia, which is an overall positive development that necessarily indicates certain dangers that pertain to such a status. The inner city of Zagreb, the main zone of tourist attraction in the city, has begun a process of general and also tourist gentrification. This much may be ascertained on the basis of the statistical data available on the population, dwellings, accommodation facilities and registered tourist arrivals in the city, as well as gathered from the perceived processes that have manifestly transformed the inner city. At this point, it may be difficult to gauge the scope of the change to the city or define the role tourism has played in its transformation, but one should be aware of their ramifications. The change of property ownership, the drift of population from the inner city, a general growth in dwellings and the transformation of some of these dwellings into tourist apartments or rooms will certainly change the demographics of the inner city community and subsequently its values that initially motivated tourists to visit the city of Zagreb. The danger implied in the undisclosed trends of tourism growth in the city of Zagreb would make the introduction of an efficient monitoring system of tourist growth a priority in order for the city to keep in check the spatial, societal and economic transformation that usually follows tourist growth. Finally, one should hope that this paper has met the research goals set by its author in presenting relevant indications of tourist growth and gentrification that justify its purpose.

REFERENCES

- Bjelajac, S. (2008), Rezidencijalna segregacija i nejednakosti u uvjetima življenja, Zbornik radova Filozofskog fakulteta u Splitu, 1, 101-114. ISSN 1846-9426
- City of Zagreb (2004-2014), Statistical Yearbook of Zagreb, Available on-line: <http://www.zagreb.hr/default.aspx?id=1044> Accessed: (12-03-2015)
- Croatian Bureau of Statistics (2002-2015), Statistical Reports – Tourism 2001-2014, CBS, Zagreb.
- Croatian Bureau of Statistics (2001, 2011), Census of Population, Households and Dwellings, CBS, Zagreb.
- Čaldarović, O., Šarinić, J. (2008), First signs of gentrification? Urban regeneration in the transitional society: The case of Croatia, Sociologija i prostor, 46 (3/4), 369-381. ISSN 1849-0387
- Donaldson, R. (2009), The making of a tourism-gentrified town: Greyton, South Africa, Geography, 94 (2), 88-99. ISSN 0016-7487
- Füller, H., Michel, B. (2014), 'Stop Being a Tourist!' New Dynamics of Urban Tourism in Berlin-Kreuzberg, International Journal of Urban and Regional Research, 38 (4), 1304-1318. ISSN 1468-2427
- García Herrera, L.M., Smith, N., Mejías Vera, M.A. (2007), Gentrification, Displacement, and Tourism in Santa Cruz De Tenerife, Urban Geography, 28 (3), 276-298. ISSN 0272-3638
- Glass, R. (1964), London: Aspects of Change, MacGibbon and Kee, ISBN DLC66050428, London.
- Gotham, K.F. (2005), Tourism Gentrification: The Case of New Orleans' Vieux Carre (French Quarter), Urban Studies, 40 (7), 1099-1121. ISSN 1360-063X
- Kunst, I. (2014), Utjecaj promjene autentičnog kulturnog krajobraza Grada Dubrovnika kao važnog elementa identitetskog sustava na brand i imidž Grada te na uspješnost turističke destinacije, Zavod za prostorno uređenje Dubrovačko-neretvanske županije, Dubrovnik. Available on-line: <http://zzpudnz.hr/LinkClick.aspx?fileticket=kv4VXJiOro4%3D&tabid=488> Accessed: (10-03-2015)
- LeVine, M. (2001), The 'New-Old Jaffa': Tourism, Gentrification, and the Battle for Tel Aviv's Arab Neighbourhood, in AlSayyad, N. (ed.), Consuming Tradition, Manufacturing Heritage: Global Norms and Urban Forms in the Age of Tourism, London: Routledge, pp. 240-272, ISBN 0-415-23941-9
- Lin, J. (2008), Los Angeles Chinatown: Tourism, Gentrification, and the Rise of an Ethnic Growth Machine, Amerasia Journal, 34 (3), 110-125. ISSN 0044-7471
- Majetić, F. (2014), Grad u postindustrijsko doba: Važnija ekonomska obilježja suvremenog grada, Socijalna ekologija, 23 (1), 57-76, ISSN 1849-0360
- Mullins, P. (1991), Tourism Urbanization, International Journal of Urban and Regional Research, 15 (3), 326-342. ISSN 1468-2427
- Phillips, M. (2005), Differential productions of rural gentrification: Illustrations from North and South Norfolk, Geoforum, 36 (4), 477-494. ISSN 0016-7185

- Poljanec-Borić, S. (2012), Društvena dioba prostora u tranziciji: tipologija negativnih smjerova i moguće društvene posljedice, in: Svirčić Gotovac, A., Zlata, J. (eds.), Akteri društvenih promjena u prostoru; Transformacija prostora i kvalitete života u Hrvatskoj, Institut za društvena istraživanja, 11-28. ISBN 978-953-6218-48-6
- Sanford, M.R. (1987), Tourism in Harlem: Between Negative Sightseeing and Gentrification, *Journal of American Culture*, 10 (2), 99-105. ISSN 1542-734X
- Skorup Juračić, J. (2010), Revitalizacija Pustijerne u Dubrovniku: prijedlog modela 'raspršenog' hotela, *Prostor*, 18 (2), 398-411. ISSN 1333-9117
- Svirčić, A. (2002), Javni prostori u Zagrebu: primjer dvaju središnjih trgova, *Sociologija sela*, 40 (1/2), 117-135. ISSN 0038-0326
- Svirčić Gotovac, A. (2009), Utjecaj društvenih aktera na procese gentrifikacije i pauperizacije: primjer Zagreba, Doktorska disertacija, Filozofski fakultet Zagreb.
- Svirčić Gotovac, A. (2010), Aktualni revitalizacijski i gentrifikacijski procesi na primjeru Zagreba, *Sociologija i prostor*, 48 (2), 197-221. ISSN 1849-0387
- Svirčić Gotovac, A. (2012), Akteri društvenih promjena u prostoru (2007-2011), in: Svirčić Gotovac, A., Zlata, J. (eds.), Akteri društvenih promjena u prostoru; Transformacija prostora i kvalitete života u Hrvatskoj, Institut za društvena istraživanja, 11-28. ISBN 978-953-6218-48-6
- Svirčić Gotovac, A., Zlata, J. (2008), Akteri rekonstrukcije Cvjetnog trga u Zagrebu, *Sociologija i prostor*, 46 (1), 53-76. ISSN 1849-0387
- Vives Miró, S. (2011), Producing a "Successful City": Neoliberal Urbanism and Gentrification in the Tourist City—The Case of Palma (Majorca), *Urban Studies Research*, 2011, 1-13. ISSN 2090-4185
- Zagreb Tourist Board (2015), Internal registry of private accommodation facilities and hotels in Zagreb, ZTB, Zagreb.
- Zhao, Y., Gu, C., Li, D., Huang M. (2006), Tourism Gentrification: Concept, Type and Mechanism, *Tourism Tribune*, 11, 70-74. ISSN 1002-5006
- Zhao, Y., Kou, M., Lu, S., Li, D. (2009), The Characteristics and Causes of Urban Tourism Gentrification: A Case of Study in Nanjing, *Economic Geography*, 8, 1391-1396. ISSN 1000-8462