Second homes in Tyrol
Growth despite regulation

Axel Borsdorf
Five years ago, the German newspaper *Die Welt* ran a piece with the title, “Germans are heading for trouble with second homes in Tyrol”. It reported that the government of the Austrian federal province of Tyrol planned compulsory auctions of secondary residences in cases where owners had violated the province’s law against non-permanent residences (*Die Welt*, 29.6.2007). In 2012, Austrian state broadcaster ORF reported that in South Tyrol, Italy, more and more people were clamouring for measures against the “sell-out of our homeland”.

How come foreign real estate owners are falling foul of this law? What does it entail and what are the motives for the restrictive stance of the Tyrolean provincial government? What is the rate of second homes in Tyrol? Why should secondary residences be a problem in the Alps? Are second homes indeed a danger for regional development or do they also have positive aspects? These are the questions addressed by the present paper.

**State of the art**

Various authors and institutions have investigated the issue of secondary residences in the Alps. This is partly a consequence of the increase in second homes since the late 1960s. At that time, investment schemes, so-called “Bauherrenmodelle”, encouraged potential buyers and, at least in Germany, offered tax incentives. This was also the period when many people from the large cities, bothered by smog and noise, started longing for fresh air and pristine landscapes. The greater prosperity and progress in mobility achieved by then made even more distant locations attractive and affordable as places for second homes. Muhar et al. (2006) analysed the share of second home bed nights in Austrian summer mountain tourism and found that 10.3% of overnight stays took place in the second home of the relevant tourists themselves or a second home of their friends. Bender (2005) investigated the situation for Austria and mapped the result. Bender &
Kanitscheider (2012) recently studied the impact of immigration in the Alps and included second homes in their analysis.

4 CIPRA (2008) points out ways of restricting uncontrolled proliferation. This publication also flags the special situation of Tyrol. Nowhere else within the Alpine Space do the law and spatial planning treat second homes as restrictively as in Tyrol. Policy in ex-Yugoslavia took the opposite route (Gosar, 1989). In 2009, Sonderegger published a comprehensive disposition for his planned doctoral thesis on secondary residences in the entire Alpine Space. For Switzerland the phenomenon is well researched (Fuhrer, 1994; Credit Suisse, 2005; Hilti 2009). It seems that the problem is so urgent there that in 2012 a popular initiative on restricting secondary residences sprang up. It is not surprising that in the literature on the topic critical voices (e.g. Beck 1997) have dominated since Krippendorf (1986). Rolshoven (2006) has approached the phenomenon from a cultural science perspective. Weichhart (2009) discussed the theoretical framework.

5 The *Journal of Alpine Research | Revue de géographie alpine* published in 2011 a thematic issue on migratory processes in mountain regions with specific emphasis on the Alps. Messerli et al. (2011) dealt with alpine mobility as a whole, the demographic change was addressed by Provo and Jones (2011), Camenisch and Debarbieux (2011) analysed inter-communal migrations, and Perlik (2011) studied the alpine gentrification. All these articles give a good background to the second-home development in alpine regions and are a reference to the situation in Tyrol.

6 In this paper I want to give a balanced overview of the second homes situation in Tyrol. It is surprising how few studies exist about this Austrian federal province, even though the local policies are often praised in the literature. This paper aims to assess whether such judgements are correct.

**Second homes as a form of multi-local living**

7 Secondary residences are a form of multi-local living, i.e. of organizing one’s everyday life across more than one residential location. Reasons for this may be job or family but can also relate to leisure activities, holiday requirements or simply the joy of changing one’s environment. Multi-local living is not new, just think of boarding school pupils, students, sailors, transhumance farming, Tyrolean 19th century arrangements of sending out children to work in the German footlands, or traders’ journeys. The homeless, too, have always practised forms of multi-local living.

8 In the 1950s and 1960s, the “weekend retreat” found its way into Tyrol. Ever since, the second home has taken on a new dimension in terms of size and quality. Today, multi-local living has become mainstream (Hilti, 2009). Increased economic activity of women necessitates two residences in many families, one at the woman’s place of work and one at the man’s. For many upper- and middle-class people, a second home on the sea or in the mountains has become a status symbol. Houseboats are attractive leisure residences for some. Many retired people afford themselves a “retirement retreat” in addition to their main residence. Allotment huts are lived in for shorter or longer periods. Permanent pitches on camp sites often make up the bulk of the grounds and owners of mobile homes like to spend the winter in the warmer regions of the Mediterranean. Time-sharing schemes allow joint use of holiday homes, apartments in hotels are rented out permanently or for certain periods, sometimes on instruction by the permanent.
tenant to offer private holiday flats to rent. Let us not forget inherited real estate that is not used permanently by the heirs, but nor is it rented out permanently or sold.

This description clearly shows the problems of capturing second homes in statistics. Not all such homes must be registered, often the actual use made of a residence differs from its registration. Hilti (2009, p. 78) reports estimates that every 9th residence in Switzerland is only used some of the time. Reliable figures for people actually practising multi-local living are thus impossible to obtain and this is also true for the specific form of multi-local living that involves second homes.

Sonderegger (2009) has developed a typology. He distinguishes jointly owned, commercially used residential units, privately owned, commercially used residential units and privately owned, not commercially used units. He takes into account the diminishing added value in the above listing and the number of so-called “cold beds”, which increases in the same sequence, i.e. residential units left empty for most of the year.

With more sophisticated transport systems and the opportunities afforded by the increased mobility, new distances between several residences have become possible. This has opened up the option of escaping from the cold season in Europe to a second home in the southern hemisphere. Teleworking also encourages multi-local behaviour, as long as all locations offer internet access. Today it is possible to join in decision-making processes from practically any place on earth via telephone and internet conferencing.

Method

Sonderegger's typology (2009) is not applicable to what follows because it is based on statistical data. These would of necessity make the analysis imprecise, as many forms of multi-local living, particularly in jointly owned, commercially used residential units and privately owned, not commercially used residential units cannot be captured. There are no figures on time-sharing models or permanent pitches for Tyrol, the only available data are those on registered secondary residences.

My analysis does go beyond the data from the official statistics. Admittedly, qualitative social research would have yielded a denser investigation, but this must be left to future research. I shall present the legal framework and will try to evaluate the pros and cons of secondary residences.

Secondary residences in Tyrol

In 1990, numbers of inhabitants were derived for the first time from municipal registration records. This included people with secondary residences. Data quality for the first years left something to be desired but has improved since. According to the statistics, the number of second home owners stagnated until the year 2000 at approx. 83,000 people and has since shown a growing trend (table 1). Despite the restrictive Tyrolean policy of checking if registered foreign nationals have the right to establish a secondary residence in Tyrol, the share of foreigners with a second home in Tyrol has risen since the turn of the millennium to almost half of the total figure.
It must be stressed that the statistics tell us nothing about the type of ownership or dwelling and contain no data on sublets, lets, ownership or whether the second home is used for job-related or leisure reasons.

Foreign nationals working in Tyrol must register their main residence here. Secondary residences as defined by the official statistics can only be leisure homes or residences used by people in seasonal jobs (e.g. in tourism) or in education (e.g. students). Let us look briefly at two years: from 1999 to 2001, foreign EU nationals declined minimally by 57 persons or 0.2%. A breakdown reveals fewer Dutch (-3.8%) and Germans (0.8%) but a clear increase in Italians of 6.7%.

Another diverse development can be found for nationals of the post-Yugoslav states (+1.8%) and for Turkish nationals (-8.4%). Two municipalities (Gramais, pop. 60, and Abfaltersbach, pop. 621) reported no secondary residences in 2000. Of the remaining Tyrolean municipalities, 189 or 68% had fewer than ten secondary residence inhabitants per 100 main residence inhabitants, another 81 municipalities (29%) reported between 10 and 50. In the remaining seven municipalities, secondary residences were 50 or more for every 100 main residences. This highest category includes Walchsee (76/100), St. Anton a. A. (60), Kitzbühel (54), Westendorf (53), Ischgl, Steinberg am Rofan (51 each) and Reith bei Kitzbühel (50).

In 2010, the situation was quite a different one. In that year, 102,837 people were registered in Tyrol as their secondary or non-main residence, i.e. 1,957 or 1.9% more than the year before. Austrian non-main residences increased by 166 or 0.3%, foreign non-main residences by 1,791 or 3.9%. Disproportional increases vis-à-vis 2009 were recorded for Schwaz (+3.9%) and Lienz (+3.6%), slight decreases in secondary residences for the districts of Kufstein (-0.5%) and Landeck (-0.3%).

The tiny community of Gramais, in a peripheral location above the valley of the River Lech, is a particularly interesting case. It has been threatened by abandonment and in the year 2000 no secondary residences were registered there; in 2009, there were three, and by 2010, the figure had risen to eight.

Foreign nationals from the EU-27 states make up 91% (43,355 people) of all foreign nationals registered with a secondary residence. Unlike the previous year, their numbers increased from 2009 to 2010 by 1,403 persons or 3.3%. The 4,276 non-EU nationals increased by 388 persons or nearly 10%.
Table 1. Persons with a secondary residence in Tyrol 1992-2010

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<td>Persons with a</td>
<td>83,568</td>
<td>83,937</td>
<td>82,004</td>
<td>81,451</td>
<td>81,773</td>
<td>76,371</td>
<td>91,092</td>
<td>96,434</td>
<td>99,972</td>
<td>102,837</td>
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<td>secondary</td>
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<td>Foreigners (%)</td>
<td>45.2</td>
<td>44.2</td>
<td>38.1</td>
<td>36.6</td>
<td>37.3</td>
<td>40.7</td>
<td>41.3</td>
<td>43.3</td>
<td>45.2</td>
<td>46.3</td>
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<td>Rate of</td>
<td>13.0</td>
<td>12.9</td>
<td>12.5</td>
<td>12.2</td>
<td>12.0</td>
<td>11.5</td>
<td>13.7</td>
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<td>secondary</td>
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21 The rate of second homes (the proportion of people registered with a secondary residence vis-à-vis those registered with a main residence) varies greatly across individual municipalities (figure 1). At the end of 2010, 176 Tyrolean municipalities or 63% reported a share of less than 10 secondary residences per 100 main residences. Another 93 municipalities (33%) reported a rate between 10% and 50%.

22 The remaining 10 municipalities, all of them key tourist centres (except for Jochberg, Reith bei Kitzbühel and Biberwier), registered more than 50 non-main residences per 100 main residences. This highest category includes Ischgl (96/100), Serfaus (75), Walchsee (70), Biberwier (66), Gerlos, Brixen im Thale (61 each), Westendorf (59), Kitzbühel (58), Jochberg (57) and Reith bei Kitzbühel (56).
The purchase of secondary homes is regulated by the Tyrolean Spatial Planning Act 2006 and its amendments (recently amended in 2010 and 2011) (§§ 13-17). Its provisions are exclusively aimed at holiday homes. The Act restricts the use of such residences to leisure purposes as defined by the regulations in force from 1994 to 1998 and registered then or later as holiday homes. New holiday homes can only be created if the municipal zoning plan provides for it, which also has to define a maximum permitted number. This is only allowed if the controlled development of the municipality along the objectives of the local zoning plan will not be impaired. Criteria to bear in mind are settlement trends, available building land for locals, the real estate situation and potential impact on it, and the infrastructure (transport routes, provision of water and energy, waste disposal, etc.).

The Act also defines a maximum for holiday homes. They must not exceed 8% of the total housing stock of the municipality. Special permissions may be granted in cases of inheritance or changed personal circumstances (changes in the job or family situation) (Amt der Tiroler Landesregierung, 2001).

The Tyrolean Spatial Planning Act is complemented by the Tyrolean Land Transactions Act 1996, last amended in 2012 (Amt der Tiroler Landesregierung, 1996, 2012). It contains restrictive provisions for the purchase of second homes by foreign nationals and for the purchase of agricultural and forestry land and buildings. The use of agricultural or forestry real estate must not be changed to leisure purposes after purchase, even if the
previous owner had already abandoned the agrarian or forestry activity on that real estate. Purchasers must prove that they will use the purchased object as an agricultural or forestry business, either themselves or by renting it out to someone who will use it in that way, and that no holiday home will be created on that plot.

26 Holiday homes may be created on condition that the future owners will have had a main residence in Austria for at least five years, that the home has been declared unsuitable for year-round occupation or that no purchaser could be found who would use the planned holiday home for year-round occupation.

27 The Act is particularly restrictive for foreign buyers of real estate. It demands a check on whether the purchase by a foreign national is in line with Austrian national policies or public interests, esp. economic, cultural or social interests.

28 This special clause has attracted particularly vehement criticism. The European Union criticizes the discrimination of EU nationals for purchases of land in Tyrol and objected to the Act, but the Austrian Constitutional Court has also repeatedly criticized the Act and repealed sections of it, albeit without having any effect on legal practice in Tyrol. The Tyrolean Chamber of Commerce also demands a liberalization of real estate transactions.

29 The figures given above on the rate of secondary homes demonstrate that the legal framework of Tyrol did not work sufficiently. This is due to many exceptions and interventions made by the responsible persons and politicians in the municipalities, the federal state or even the national state.

30 This is the base of other critics. Particularly the Tyrolean political party “Liste Fritz”, point out that there are many loopholes for rich foreign nationals and that non-farmers still cannot purchase plots of land, farmhouses or high-mountain pasture land. Empty farmsteads are already a problem, increasingly villages dissolve and occasionally are abandoned altogether, while high-mountain huts become desolate because of the restrictive legal framework. In the centre of Silz, more than 20 farmhouses stand empty. On the terraces above the valley of the River Lech, villages are being abandoned. The valley of Bschlabs has all of 120 inhabitants left; in 2030, there will be only 83, 48 of them older than 65, and only eight younger than 25. Of 100 farmhouses, 40 are empty today (Die Presse, 23.6.2012). 20 farmhouses have been rented out on longer-term contracts to Germans. In Gramais this was the case with eight farmhouses way back in 2010. The new inhabitants are amenity migrants. The are looking for a healthy natural environment, impressive scenery, peace and quiet, and local culture and have found it in the valley of Bschlabs.

31 This does not go against the Land Transaction Act and at least opens up a possibility of maintaining valuable buildings from rental earnings. This won’t be enough to finance comprehensive renovations, though, something only wealthy buyers could achieve. There is plenty of interest but the law does not permit the transaction.

Discussion

32 Criticism of second homes is nothing new. In 1986 I wrote about it, taking the hamlet of Oberjoch (municipality of Hindelang) as my case in point. Secondary residences are left empty for much of the year, their shutters are closed, they make the village look ‘dead’ to visitors. Expensive infrastructure (water, energy, waste disposal, snow clearance of roads, public safety, public health, etc.) must be maintained even if the municipal earnings from
Second homes are low, leading to low occupation and high infrastructure costs. Social conflict within the community may arise. Land prices rise and may often become unaffordable for locals. This encourages emigration and the displacement of the local population. Social tensions may emerge. Hotels suffer from competition with second homes that are casually shared or rented out.

Building new second homes takes up land resources and changes the look of a village. Often, new buildings sit uneasily with the typical landscape and the overall appearance of the place becomes inharmonious. Newly added settlement areas increase traffic volume and lower the appeal of tourist destinations.

These aspects motivated the federal province of Tyrol to devise its restrictive policy on secondary residences.

And yet: social trends, whether initiated by globalization (Beck 1997) or increased wealth, improved mobility or new needs, cannot be sufficiently controlled by regulatory provisions, as demonstrated by the high secondary residence rates of some Tyrolean municipalities shown in figure 1.

Delaying resistance comes from many of the mayors. The sale of real estate fills the municipal coffers and allows the implementation of necessary infrastructural measures. Secondary residences also bring in money for the municipality on a regular basis in the form of taxes, duties and charges. Gurtner (2007, p. 8) estimates for Switzerland that tax revenue might be as high as a third of municipal earnings. Farmers are quite keen on having their land reclassified as building plots. Business people hope for higher turnover and are supported by the chamber of commerce. Jobs may be created in trade and services. More value is created, esp. in the building trade and in retail. The preservation of historic buildings may also benefit from wealthy buyers. The cultural landscape improves if abandoned farmsteads and high-mountain huts are lived in again. Owners of second homes usually are quite loyal and emotionally attached customers of tourist destinations and contribute to the basic occupancy rate of these places (Gurtner 2007, p 7).

The argument that second homes remain empty for most of the year can be countered with the fact that in Tyrol 55% of hotel beds remain empty on average. It is precisely this situation that has led some hotel owners to turn some of their suites into flats for rent or sale. The Austrian Hotels Association ÖHV has found that funding for large hotel projects could only be secured through the sale of luxury apartments.

We can conclude that existing mitigation policies of the Tyrolean provincial government not only run counter to EU objectives and the Austrian constitution but have also had only limited effect. The time has come to develop a measured strategy of adaptation to the general social trends that reflects the needs of a multi-local population, of the municipalities, the business world and of spatial planning.
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Second homes are quite popular in the Alps. Many people living in urban agglomerations endeavor to spend part of their time in fresh nature and a beautiful landscape and to participate in local culture. The drawbacks for alpine communities are obvious: free space is overbuilt, costs for infrastructure are rising, the second homes with their over long periods closed window shutters transmit the image of “dead villages”. The hotels suffer by the completion of the sublease of second homes. On the other hand alpine municipalities attain financial means by selling lots, which can be invested in infrastructure and for the maintenance of touristic competitiveness. Second homes sustain the construction industry and the retail trade. The disadvantages of second homes led to restrictive measures in the Austrian Federal State of Tyrol. They partly disagree to European laws and even to the constitution of Austria. In spite of these restrictions the percentage of people living part of their time in second homes has remarkably increased in Tyrolean communities during the last years. This demonstrates that regulation measurements are not as effective as they intended to be. This article illustrates the development of the second home sector in Tyrol, its connection to the phenomenon of multilocality, documents the legal conditions and tries to give an evaluation.

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AUTHOR

AXEL BORSドルF
University of Innsbruck