Second Homes Tourism, Land Market and Social Inequalities in the Brazilian Northeastern Coast

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Abstract: The Brazilian Northeast, yet the poorest region in the country, is endowed with a very attractive coast. Governments have historically tried to develop tourism in this region as a means to minimize the economic regional disparities that characterize Brazil. This article intends to deconstruct the discourse of socioeconomic development through governmental incentives to second homes tourism, by describing the cases of Touros and Tibau do Sul, located in the eastern coast of the state of Rio Grande do Norte. Specifically, it employs a twofold method: the conduction of a survey, followed by a discourse analysis approach to assess primary and secondary data from the last decade. The analysis shows that in Tibau do Sul, the tourism activity did not absorb the local communities, leading to spatial segregation between the original communities and the newcomers. In Touros, little has happened in terms of economic growth, while the land market had its prices inflated and became an attractive investment. As a result, land ownership has moved from the original population to outsider investors, generating social exclusion and more inequalities. This article concludes that the tourism actions that follow the hegemonic modernization discourses of development – focused only on the expansion of wealth and income – undermine the possibilities of tourism as a transformative social force.

1. Introduction

Second homes tourism has grown considerably in the in the world in the recent decades, reaching continental distances, as a result of low price flights and financial market interests in real estate investments with its safe and high returns (Hall and Muller, 2004; Hiernaux-Nicolas, 2005). Followed by the ‘overflow’ of the investments in the construction of second homes tourist projects from the Iberian peninsula to the Northeastern coast of Brazil (Silva,

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the region has recently attracted large international investments on second homes mega projects aiming principally to fulfill the European demand, which brought remarkable social and environmental impacts (Demajorovic et al., 2011). However, the nature and the impacts of second homes tourism is under researched, leading to a shallow understanding of the phenomena by both governments and the academy (Hall and Muller, 2004; Williams and Hall, 2010). More specifically, further research is necessary to understand what happens with the land market where second homes tourism has been developed under hegemonic modernization discourses of development (Silva and Fonseca, 2010). This article intends to contribute to this agenda by studying the oriental coast of the state of Rio Grande do Norte, in Brazil, where large foreign investments on second homes have been made in the last decades, after governmental incentives. Aledo (2008) demonstrated that in Spain the second home complexes have become enclaves that do not dialogue with the surroundings, generating obstacles to local development. It follows a standard process of commodification of land that is neither concerned with the attractiveness of that land nor with the context in which the land is inserted, becoming simply a real estate negotiation (Jimenez and Sosa, 2011). We argue that in Brazil this process is not different, but due to the poverty that characterizes the northeast region and the 2008 world economic crisis (Demajorovic et al., 2011), the results have been particularly harmful to the local communities.

This research analyses data from two municipalities in the eastern coast of Rio Grande do Norte (see Map 1). Tibau do Sul and Touros were chosen by the government to receive investments in second homes tourism in the recent decade, with a focus on second homes, following the above mentioned European demand. Natal is the capital city of Rio Grande do Norte and hosts the main airport of the region, which is the closest Brazilian airport to Europe (about six-hour flight to Lisbon). As a result, the eastern coast of Rio Grande do Norte has become very attractive to investments in second homes tourist projects.
The Brazilian government, following the foreign interest in the region, launched incentive programs to tourism development, which had targeted second homes tourism in both Touros and Tibau do Sul municipalities. The main objective of this article is to unveil the governmental discourses hidden behind the actions of incentive of second homes tourism in the region and to describe the results of this kind of incentive in the local tourism development. The municipalities were chosen because they present different – but comparable – situations: while Tibau do Sul has developed to become one of the main tourist destinations in the Brazilian coast, Touros has not had a considerable increase in the tourist flow, and views Tibau do Sul as its goal, as a desired future scenario, despite the problems that came with the tourism growth there. The methodology employed to address this objective is described in the next section.
2. Research Methodology

The methodology adopted in this research targeted the complementarity between the analysis of what is measurable and what is not in the phenomena studied, with a focus on qualitative research. A strategy of case studies was employed as an attempt to generalize the production of contextualized research (Flyvbjerg, 2001, 1998; Flyvbjerg et al., 2012; Lincoln and Guba, 2000). Discourse analysis was adopted to unveil aspects of the governmental discourses that are often ignored or taken for granted by the positivist forms of knowledge production in social sciences (Hajer, 1995; Rydin, 2003; Santos, 2004, 2002). A more traditional research was employed to describe the socioeconomic profile of the population and the tourism economy.

The research involved a first documentary review of official documents, master plans and environment impact studies in order to develop an updated background for the study. Public policies and programmes as well as newspaper articles were also reviewed in order to unveil the governmental discourses of the tourism development option for the region. The objective was to avoid structures of analysis so that the narratives could speak for themselves (Flyvbjerg, 1998; Hewitt, 2009). The official discourses emerged from the contradictions between the development rhetoric that appear to be quite demagogic (green talk, sustainable talk, social development talk) and the stated objectives and goals which actually gather the political efforts to materialize in terms of policy outcomes. Then, the revealed governmental discourses were classified within broader development discourses and planning procedures identified in the literature.

We also collected and analysed secondary data about population, original communities\(^3\), local people employed in the tourism sector and the tourism business from the databases of the Brazilian Institute of Geography and Statistics (IBGE/CNAE) and Ministry of Labour.

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\(^3\) As a high number of recent residents were identified in both municipalities, we have separated them from the ‘original communities’ (residents for at least 20 years in Touros and 30 years in Tibau do Sul).
and the Census 1991, 2000 and 2010. This secondary data underpinned the sampling process of the targeted people to answer a survey on tourism development and second homes. Questionnaires were distributed to four different groups of people in both municipalities: original communities, inhabitants in general, employees in the tourism sector and tourism business owners.

182 questionnaires were completed in Touros by both original communities and inhabitants in general, following a statistical calculation based on the IBGE data. For the tourism business owner and employees, 13 questionnaires were responded. The numbers are low due to the reduced number of commercial and service tourism businesses registered in the databases, which was a first evidence of the poor results of the governmental investments in the tourism economy. Six fieldwork trips were conducted from May to November 2013, when the questionnaires were completed and maps and images were developed. The findings were pointing to the land market as the most impacted element by the tourism second homes development programme. Research turned, then, to land transactions, to land prices evolution and the profile of land owners and buyers, with a focus on the land that were subject to second homes projects investments. Data was collected from the Touros Registries Office with the following parameters: land transactions that have taken place since 2000, which were larger than 50,000 m\(^2\). Data was also triangulated with the environmental impact assessment of second-homes projects submitted to the State Institute of Environment and Sustainable Development for licensing purposes in order to clarify the use of the transferred lands.

Fieldwork in Tibau do Sul focused on the district of Pipa, which is an international tourism destination, and took place Between April and September 2011. The census 2010 have registered 900 residential units, however many of them are not of permanent use. 309

\(^4\) IBGE/CNAE is the National Cadastre of Economic Activities, developed by the Brazilian Institute of Geography and Statistics; RAIS/CAGED are the Annual Registration of Social Information/General Cadastre of the Employed and Unemployed People.

\(^5\) 50,000m\(^2\) is the average minimum size of second homes projects in Touros. There were a few exceptions – land with less than 50,000 m\(^2\) that hosted second homes enterprises – which were also incorporated into the data collection.
questionnaires were distributed, being 190 to original communities and inhabitants in general, 83 to employees in the tourism sector, and 36 to tourism business owners. The numbers overcame the statistical sampling recommendations, and lead to a reliability of 95%. Results in Tibau do Sul led to a different situation in comparison with Touros. The tourism sector did not absorb the local communities, leading to spatial segregation between the original communities and the newcomers.

Next section explores the governmental discourse of tourism development. The results for Touros and Tibau do Sul are described in the following sections. This article is finished with a comparison between governmental rhetoric and the realities of tourism development in the oriental coast of the state of Rio Grande do Norte.

3. The Official Discourse of Tourism Development for the Oriental Coast of Rio Grande do Norte

Hall (2008) draws on the work of Donald Getz four procedures of tourism development that were identified in governmental actions all over the world: boosterism (tourism is inherently good and causes no negative impacts on destinations), industry-led (although tourism causes some negative impacts, its economic benefits are important enough to make it a worth investment), physical/spatial approach (scientific indicators must guide tourism development), and community-oriented approach (the coordination of actions for tourism development must follow the local communities’ wills and wishes). Hall adds sustainable tourism as a fifth procedure, which aims at the mediation between economic growth, social development and environmental conservation, but he acknowledges that there are only a few examples of sustainable tourism successfully implemented.

The dominant perception of governs and other conductors of tourism development are still influenced by the two first procedures, namely boosterism and industry-led. For instance, the indicators adopted by the World Tourism Organization (2009) are all turned to the size of tourist flow and tourist expenditures. This is the result of the influence of the hegemonic
modernization discourses of development, which create a dichotomy between what is traditional (considered backwards, underdeveloped) and what is modern (considered advanced, developed) and which has as its main focus a high consumption society (Porter and Sheppard, 1998; Rostow, 1960; Telfer and Sharpley, 2007). The tourism modernization, which focuses on the dialectic pair production/consumption and perceive tourism development as simply an expansion of wealth and income, represents the hegemonic discourse of tourism development (Fazito, 2015). It has guided the widely adopted concepts of tourism used in the academy (Panosso Netto, 2009) as well as the dominant tourism research methods (Ateljevic et al., 2007; Franklin and Crang, 2001).

The official discourses of tourism development in Rio Grande do Norte are not different, and mirror the perception of tourism in both Touros and Tibau do Sul. According to a local newspaper, the Brazilian minister of tourism in 2012 celebrated a possible billionaire private investment in Touros, involving five theme parks and seven hotels, for which he offered institutional support and tax exemption (Tribuna do Norte, 2012). An entrepreneur is naturally motivated by investments and profit return, however, the governmental full support to undertakings like this one should be questioned, since concepts of development purely oriented towards the expansion of wealth and income – a legacy of modernization – have caused the destruction of natural resources (Furtado, 1974; Meadows et al., 1972), have generated discursive and material violence (Escobar, 1995) and unprecedented inequalities (Sen, 1999). The specific literature on tourism also explored negative impacts of tourism growth on people and places (Noronha, 1999; Parizzi et al., 2001; Rao, 1999). These are the reasons why the allegedly benefits of the modernization discourses of development should not be taken for granted, as championed by the advocates of boosterism and tourism-led procedures of tourism planning.
Becker (2001) argues that tourism has been one of the most important elements that have occupied the Brazilian northeastern coast in the recent decades and the coast of Rio Grande do Norte is perhaps the most clear example of this occupation nowadays. She argued⁶:

“A question emerges to us, if tourism can be transformed in a development vector that is capable of leading the move towards a new sustainable mode of production, guided by parameters that overcome the blind view of a fast, accelerated, environmentally perverse and at-any-cost type of development. More specifically, will that be – or not – a national tourism policy guided by such perspective?” (Becker, 2001, p. 5)

The answer to this question is yes and no. Yes, because since the 1990s the Brazilian tourism public administration has aimed at decentralization, firstly setting the municipalities as the tourism administration unity, which has left a legacy of decentralization to the next public policies, focused on regions (Beni, 2006; Dias, 2008). The adoption of aspects of governance to the tourism public administration is positive to criticize the unique focus on economic growth, as it pursue the incorporation of new actors and new visions into the decision-making process for tourism development. However, the tourism councils are dominated by entrepreneurial leaderships and therefore, rather than criticize the process, they have a tendency to reinforce the hegemonic tourism modernization discourses. The passage below was taken from the referential document of tourism in Brazil 2011-2014 (Brasil, 2010) to illustrate the dominance of private investors and business interests in the Brazilian tourism councils.

“This is a document that synthesizes the thought of the most important leaders of tourism in Brazil. It is, therefore, a basic and fundamental reference to the debates about the perspectives of development of the activity, to the public policies formulation and to the private investments and entrepreneurial actions”

The recent tourism policies and plans also imply a modernization discourse and a focus on the expansion of the GDP, which is a widely criticized indicator, mainly by the advocates of

⁶ Author’s translation of the original in Portuguese.
the capability approach (Nussbaum, 2000; Robeyns, 2005; Sen, 1999). The National Tourism Plan 2003-2007 has the general objective of

“Develop the Brazilian tourism product with quality, incorporating our regional, natural and cultural diversities; and stimulate and facilitate the consumption of the Brazilian tourism product in the national and international markets” (Brasil, 2003).

The plan 2007-2010 (Brasil, 2007) has as it goals: to increase the number of domestic trips to 217 million just in the domestic market, create 1.7 million new jobs, provide 65 destinations with a structure of international quality patterns and generate US$ 7.7 billion in foreign exchange (Brasil, 2007).

The modernization discourse with its economic talk underpins the Brazilian tourism policies because they are guided by the “most important leaders of tourism in Brazil”, who are in fact the entrepreneurial leaders of tourism in the country. It undermines the Brazilian tourism management to transcend the hegemonic development paradigms to more sustainable forms of development, or to something more beneficial to the people.

The Sustainable Tourism Integrated Development Plan of the Costa das Dunas Pole (Rio Grande do Norte, 2001) describes the creation of the tourism council with its objectives. “In 1999 the Tourism Council of the Costa das Dunas Pole was formed with the objective of boosting the pole’s development under the view of entrepreneurship…” The same document foresees the attraction of private investments to the construction of “second homes projects in larger and richer areas of the region” (Rio Grande do Norte, 2001, p. 40). In fact, there are giant efforts to attract public investments and generate private investments on second homes tourism in the region. Every measure has been taken in the name of the economic expansion at any cost. The Prodetur-NE – the most important programme of incentives to tourism development in the northeast – has been criticized precisely for neglecting the

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7 Costa das Dunas can be translated as Coast of Dunes, which is the commercial name chosen to the oriental coast of Rio Grande do Norte, involving the two municipalities studied here.
strategic development of the poorest region of Brazil and to be guided exclusively by market interests (Costa, 2006).

4. Social-Spatial Segregation in Tibau do Sul

In the last decades, Pipa beach has become one of the most important international tourism destinations in the northeastern coast of Brazil. Located in Tibau do Sul, it is endowed with attractive landscapes of beaches, dunes and traditional fishing communities (see Image 1). Tourism is viewed as a means to achieve economic development, to fight poverty and to improve communities’ life standards, following the dominant modernization discourses of development, boosterism and industry-led procedures of tourism. However, this research demonstrates that, despite the increased number of tourism business, the original communities of Pipa were not absorbed by the tourism sector. Their main activities before the tourism growth were agriculture and fishing, and now they are mostly engaged in informal activities linked to tourism, as the formal jobs are mostly occupied by new residents.

We asked 14 questions to describe the socio-economic profile of the residents and the labour market. Our data shows also that the majority of the original families have left the district of Pipa and moved to the countryside, to the ‘bush’, as they call.

Image 1: Pipa Beach

Source: Locatel (2012)
Firstly, what calls attention is the relationship between the literacy profile of the original communities, with 76% of illiterate (Chart 1), and the origin of the formal workers in the tourism sector, with 66% formed by new residents (Chart 2). The tourism market demands people capable of dealing with documents, people who can speak more than one language, people who are comfortable to receive foreigners, to deal with tourists. These people are expected to have had some formal education and/or some preparation to be absorbed by the tourism market. Our data shows that among the workers in the tourism sector, 60% hold at least a high school degree. In Pipa, as the members of the original communities are mostly illiterate, the vacancies are occupied by the new residents.

![Chart 1: Literacy in the original communities](chart1.png) ![Chart 2: Origin of the workers in the tourism sector](chart2.png)

The original communities remain underemployed while new people has come to Tibau do Sul to fulfil the tourism vacancies. Chart 3 describes the job profile of the original communities. It shows that over one fourth of the original communities became street vendors and almost 40% of their members are underemployed as kitchen assistants, mason assistants and waiters.

As a result, the tourism growth has generated difficulties to the original communities, such as inflation of the prices of basic living assets, such as land and food. As they were not absorbed by the tourism market, which could increase their income, most families of the original communities left the main district of Pipa to live somewhere cheaper. Our data shows that 57% of the Pipa district is now formed by new residents, while only one family of the original community still dwells in the main street of Pipa.
A meeting conducted with the involved stakeholders discussed the socio-environmental impacts of tourism in the town. They stressed a few positive impacts related to increased income, economic growth, new jobs, cultural exchange and governmental support, but out of 32 listed impacts, 20 were negative. Among them, issues related to inflation of the land market prices, banalization of the tourism destination, unequal competition, environmental degradation, visual pollution, uncontrolled urbanization, etc. Image 2 shows the waste destination in Pipa.

From what was exposed, the tourism development modality chosen to Pipa, being second homes / sun and beach has proved to be a fallacy. Rather than improving the living conditions of the residents, it has created spatial segregation among other negative impacts on the environment and culture, which are not fully discussed in this paper. The next section explores the results of the imposition of the same modernization discourses of tourism development on the municipality of Touros.
5. Inflation and Land Ownership in Touros

If Tibau do Sul has seen impacts caused by high tourist flows and increasing tourist expenditures in the last decades, Touros has experienced something completely different. Despite the strong words of the municipal tourism secretary, who mentioned ‘enormous benefits’ to the economy of Touros, we demonstrate that it does not reflect the governmental goals, incentives and public investments in tourism. Tourism indicators, such as tourist flow and number of tourism business do not show any remarkable increase in the last decade. Initial analysis pointed to an imperceptible impact of tourism on the local economy in the last decade, in spite of the large investments. For instance, in 2006 only four hotels were established in the city and in 2012, this number fell down to three.

To the question ‘What has changed in your life after tourism development?’ 3% of the interviewees responded that they have been absorbed by tourism businesses, while 88% answered either that they got unemployed, do not know or ‘other situation’. When asked ‘who benefited from tourism in Touros’, again the ‘do not know’ predominated among the responses. Tourism did not seem to be an important issue to the local population.
In order to interview the tourism business owners and employees, the sampling quantification was left out, as there were only a few businesses and among those existent, some of them have other main activities, such as gas station. We have interviewed all of those which were available. A lodge owner stated:

“There are no coordinated efforts to manage the tourism development in Touros. All the achievements of this enterprise were the result of our individual work... There has not been any difference in the tourist flow to Touros in the last decade” (Int. 6th Nov/2013).

Although all evidences pointed toward a lack of tourism growth, large public investments have been made on roads, airports, incentives to second homes undertakings, marketing. So a question emerged: what were the results of these investments in Touros? A closer look to IBGE-CNAE data shows an increase in the number of retail establishments (Chart 4).

![Chart 4: Evolution of the general businesses in Touros, between 2002 and 2012](source.png)

When the retail data is disaggregated, there is a predominance of activities related to construction, such as painting material, electric material, glass, hardware, wood, furniture, bedding and lighting. Moreover, the evolution of the number of civil construction establishments, which seemed not important in Chart 4, must be clarified to show that this
sector of the Touros’ economy has experienced an important increase. Table 2 shows these numbers.

Table 1: Evolution of the number of civil construction businesses

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Source: IBGE - CNAE

It is not a coincidence that civil construction has increased after second homes tourism was selected as the mainstream tourism policy to the municipality. Activities related to the construction of condos and houses had more influence in the local economy than those activities directly related to tourism. In this sense, our attention turned to land transactions in order to identify and analyse the undertakings related to second homes.

Primary data on land transferences were collected in the registries office of Touros. The data was compared to secondary data about the environmental licensing process of ventures related to second homes, collected in the State Institute of Environment and Sustainable Development. Fifteen land transferences that targeted the construction of second home complexes were identified. The following analysis derives from these data.

The process of construction of second homes tourism undertakings in Touros can be generally described with the following steps: low price land is acquired from local residents mainly in the early 2000s; its ownership is transferred to real estate entrepreneurs for low prices still; the undertaking receive environmental licenses; and finally the land is transferred to the companies that will operate the second home enterprises for very high prices, or residential units are sold directly to consumers. Some cases exemplify this process:

- Case 1
  - Acquisition of an area of 62,373.46 m² in 23rd December 2004, from a local resident by R$ 105,000.00⁸;

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⁸ Currency: US$ 1.00 = ~ R$ 3.10
• Incorporation of other 14,316.54 m² to the land, forming 76,690 m² in 6th March 2007;

• Licensing process started in 2005 and, according to the State Institute of Environment and Sustainable Development, it is now fully licensed;

• In 16th May 2008, the land is transferred to the operating company for R$ 4,400,000.00, which received the construction permit in the next month.

• Case 2

  • An area of 56,074.91 m² is acquired by an outsider investor in 12th August 2004 for R$ 110,000.00, from a local family;

  • In 2005, initial actions are taken with regards to the environmental licensing process;

  • In 20th June 2008, the land is acquired by the operating company for R$ 4,100,000.00, and the construction permit is released in October of the same year.

• Case 3

  • In 2006, an European investor acquires 68,400.00 m² of land from a local resident for R$ 365,000.00 to the construction of a second home complex;

  • A simplified license is released in 2006 and altered in 2007;

  • A real estate company acquires the land in 2010 for R$ 2,246,400.00.

The cases described above show the modus operandi of almost all cases studied in this research. They also demonstrate an unprecedented inflation pressure on the land market that took place throughout the last decades and that land ownership has moved from the hands of members of the original communities of Touros to outsider investors. Moreover, it also points towards a new way of real estate speculation, which is related to the acquisition of environmental licenses to the construction of second homes undertakings. Sometimes, the undertakings are not really constructed, principally as a result of the 2008 European economic crisis. Nevertheless land has its prices increased. In short, this research shows
that the public investments and incentives to the attraction of second homes undertakings to Touros, rather than creating jobs and expanding wealth, ended up producing more inequality and social exclusion via land prices inflation and land ownership transference from local residents to outsider investors.

6. Conclusion

This article explored the results of the public investments on tourism and incentives to second homes tourism in the eastern coast of the state of Rio Grande do Norte, through the study of two municipalities: Tibau do Sul and Touros. It demonstrates that the governmental discourse of tourism follows the hegemonic modernization discourses of development, focused on the expansion of wealth and income, and it employs procedures of boosterism and industry-led to tourism development, despite being widely criticized in the literature. This article has shown the disparity between the governmental objectives and the reality. In Tibau do Sul, rather than improving the life conditions of the local communities of the tourist district of Pipa, tourism has caused social and spatial segregation, since local communities were not absorbed by the tourism sector. It happened due to the educational patterns of these communities, that were different from what was required by the tourism market. As a result, tourism, and its following high prices, has expelled the communities from the main district of Pipa to the countryside. In turn, Touros have not experienced considerable tourism growth. Our research has shown that the public investments on tourism and incentives to second homes generated impacts of the land market. We described a modus operandi of the construction of second home complexes as a process in which land is acquired for low prices from the local residents by outsider investors, an environmental licensing process is started with the objective of constructing second home complexes and the licensed land is sold for very high prices to operating companies. Land ownership, then, has moved from the local communities to outsiders.

Further research is required to deepen our knowledge on how harmful an imposed diffusion of tourism modernization can be to local communities and how alternative discourses of
tourism development can really contribute to human development and more sustainable life conditions. Specifically, the tourism literature as well as the tourism development conductors would benefit from more holistic understandings of the often fragile realities of the places targeted by real estate speculators to develop second homes modalities of tourism, frequently with governmental support.

7. Acknowledgements

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