MASTERS IN MANAGEMENT (MIM)

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DISSERTATION

BEYOND TOURISM:
STRATEGIC PATHWAYS FOR SUSTAINABLE
URBAN GROWTH IN LISBON

FILIPPO NATALUCCI

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GLOSSARY

CML – Camara Municipal de Lisboa

CSR – Corporate Social Responsability

EEC – European Economic Community

ICT – Information and Communication Technologies

IGTO – Instituto de Geografia e Ordenamento do Território

ISEG – Instituto Superior de Economia e Gestão

ITU – International telecommunication Union

LMA – Lisbon Metropolitan Area

MiM – Master in Management

PAMUS – Plano de Ação de Mobilidade Urbana Sustentável da AML

PER – Program Especial de Realojamento (Special Rehousing Program)

P2P – Peer-to-Peer

SDG – Sustainable Development Goals

SRT – Short Term Rental

T0 – studio apartment

T1 – one-bedroom apartment

T2 – two-bedroom apartment

T3 – three-bedroom apartment

T4 – four-bedroom apartment

UNECE – United Nations Economic Commission for Europe

Beyond Tourism: Strategic Pathways for Sustainable Urban Growth in Lisbon

ABSTRACT

The research reported here explores strategies to better manage Lisbon's sustainable growth, investigates the solutions that are available, and assesses their potential. Lisbon's rapid tourism growth has brought significant economic benefits but also substantial challenges. Among these, housing abandonment stands out, with approximately 134,000 vacant properties contributing to urban inefficiency and social strain. These issues demand strategic solutions to ensure sustainable urban development.

This study is significant because it helps create a more sustainable and manageable city, which consequently advances some of the 17 SDGs. In addition, by encouraging innovation, improved connectivity, and sustainable urban development, it directly supports *SDGs 8*, *9*, and *11*. The main objective of this dissertation is to analyze what strategies can be applied in Lisbon, to repurpose abandoned housing by ensuring sustainable urban development with constant tourism growing. Drawing on scientific papers, the literature review examines over-tourism and urban challenges. These studies provide insights to answer the research question. Specific attention is given to housing management strategies, including the revitalization of abandoned properties, as a crucial element of urban sustainability. After reviewing the literature review, a qualitative approach is used to evaluate the challenge. The qualitative methodology involved interviews with policymakers, and business professionals to connect numerical data with real-world experiences. This methodology ensures a clarifying and dynamic understanding of the aspect.

The results obtained from interviews emphasize the importance of innovative management practices and stakeholder collaboration to repurpose vacant properties effectively by integrating tourism into urban planning. The study concludes by proposing management-driven strategies for sustainable urban growth. It wants to demonstrate how Lisbon can address these challenges while serving as a model for other cities facing similar issues.

Keywords: SDG Goals, Housing Rehabilitation, Sustainable Pathways, Sustainable Growth, Overtourism, Urban Change

JEL Codes: E41, H41, M11, Q01, R11, R58

Beyond Tourism: Strategic Pathways for Sustainable Urban Growth in Lisbon

RESUMO

A investigação reportada aqui explora estratégias para gerir melhor o crescimento sustentável de Lisboa, investiga as soluções disponíveis e avalia o seu potencial. O rápido crescimento do turismo em Lisboa trouxe benefícios económicos significativos, mas também desafios substanciais. Entre estes, destaca-se o abandono habitacional, com cerca de 134.000 imóveis devolutos a contribuírem para a ineficiência urbana e tensões sociais. Estas questões exigem soluções estratégicas que garantam um desenvolvimento urbano sustentável.

Este estudo é relevante porque contribui para a criação de uma cidade mais sustentável e gerível, promovendo simultaneamente alguns dos 17 Objetivos de Desenvolvimento Sustentável (ODS). Para além disso, ao incentivar a inovação, a melhoria da conectividade e o desenvolvimento urbano sustentável, apoia diretamente os ODS 8, 9 e 11. O principal objetivo desta dissertação é analisar que estratégias podem ser aplicadas em Lisboa para reutilizar habitações abandonadas, assegurando um desenvolvimento urbano sustentável perante o crescimento contínuo do turismo.

Com base em investigação anterior publicadas em artigos científicos, a revisão da literatura examina o fenómeno do turismo excessivo e os desafios urbanos. Estes estudos fornecem perspetivas úteis para responder à pergunta de investigação. Dá-se especial atenção às estratégias de gestão habitacional, incluindo a revitalização de imóveis devolutos, enquanto elemento crucial para a sustentabilidade urbana. Após a revisão da literatura, é adotada uma abordagem qualitativa para avaliar o problema. A metodologia qualitativa incluiu entrevistas com decisores políticos e profissionais do setor, de modo a ligar dados numéricos a experiências reais. Esta metodologia permite uma compreensão esclarecedora e dinâmica da questão.

Os resultados obtidos nas entrevistas sublinham a importância de práticas de gestão inovadoras e da colaboração entre partes interessadas, de forma a reutilizar eficazmente os imóveis devolutos, integrando o turismo no planeamento urbano. O estudo conclui propondo estratégias de gestão orientadas para o crescimento urbano sustentável. Pretende demonstrar como Lisboa pode enfrentar estes desafios, servindo de modelo para outras cidades com problemáticas semelhantes.

.**Palavras Chave**: ODS, Rehabilitação urbana, Crescimento Sustentaável, Turismo Excessivo, Alteração urbana.

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PREFACE

The choice of this thesis topic is closely tied to my experience in the city of Lisbon. Since September 2, 2023, the day I first landed in Portugal, the city has immediately transmitted positive vibes, aligning with my greatest personal and professional interests. The city's growth is visible to everyone, and I hope this thesis serves as a good omen for the Portuguese and beyond, encouraging investment and continued belief in this city's transformation project. The choice of this thesis was born from my desire to delve deeper into the reasons that drive millions of people to choose Lisbon as their home. My objective is to propose strategies that not only address current challenges but also anticipate future ones. Writing and conducting the research behind these pages has given me the opportunity to discover unique and characteristic aspects of the city and its functioning. I must also acknowledge that without the help of the interviewees, I would not have been able to complete this work. I would like to pay tribute to my Team Leader at *Accenture*, Carla Niebus, who has always supported me and allowed me to find the time and space to study, despite my professional commitments. I would also like to extend a heartfelt thank you to my professor and research supervisor, Carlos Costa, who guided me through this process with his expertise and professionalism.

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Dopo quasi 2 anni, eccoci di nuovo qui. Il percorso questa volta è stato diverso, intenso sì, ma anche più completo e formativo. Nonostante la distanza di circa 3 mila km da casa, l'affetto e la vicinanza non sono mai venuti meno, né da parte della famiglia, tantomeno dagli amici di sempre. Questa esperienza mi ha dato modo di conoscere e stringere importanti amicizie, e non solo, anche qui in Portogallo. Ci terrei dunque a ringraziare per tutti i tipi di impegni, sia finanziario che affettivo, in primis la mia famiglia: Mamma, Papà, Rebecca e Iacopo. Non da meno, sono inclusi nei ringraziamenti anche i nonni, Vincia, Marina, Orlando e Mimmo, anche se sfortunatamente qualcuno non sarà in grado leggere neanche questi ringraziamenti. Fortunamente la nostra famiglia è gigante, pertanto questo augurio e ringraziamento viene esteso a tutti zii, zie, cugini e cugine, anche i piccolini.

Ci terrei inoltre a ringraziare quegli amici che non sono mai mancati e quelli con la quale si è formata una nuova forma di amicizia qui a Lisbona. Riferimento va specialmente a Francesco, amico di sempre, Ripa, Palpa e Zaga.

Non sono solito scrivere cose del genere e, di certo, non è con queste poche righe che posso esprimere tutta la mia gratitudine per tutto ciò che abbiamo vissuto e affrontato. Desidero, tuttavia, continuare ogni avventura – sia professionale che personale – insieme a tutti voi menzionati, nel migliore dei modi possibili.

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1. INTRODUCTION

The analysis and research proposed in this work are closely interconnected, sharing the common goal of sustainability. The research primarily focuses on studying the influx of tourists visiting Lisbon and their continuous increase (INE, 2023). Lisbon is one of the most popular destinations in Portugal. This is confirmed by the fact that over the past two decades, tourism has experienced a very significant increase, as shown by its evolution (Estratégia Nacional de Lisboa, 2020).

In 2024, Portugal saw a record number of tourists. There were 80.3 million overnight stays across the country, a 4% rise from the year before. Lisbon was the top destination, with around 19.2 million overnight stays. This means that nearly one in four nights spent by tourists in Portugal happened in the capital.

In December alone, 1.9 million visitors stayed in Lisbon. This confirms that the city is popular in every season, not just in summer. But the growing number of visitors also brings challenges. Lisbon has about 540,000 residents, according to the 2021 Census. With 19.2 million tourist-nights, that's a ratio of 35 overnight stays per resident each year.

This shows a strong imbalance. public transport, roads, and waste systems face constant pressure. Housing is also affected. Many apartments are used for short-term rentals, making it harder for locals to find affordable homes. Tourism is important for Lisbon's economy, but these numbers show that the growth needs to be managed. The city must find a balance between welcoming visitors and protecting the quality of life for people who live there.

As reported by INE, the resident population is defined as:

> Todas as pessoas residentes num alojamento, incluindo crianças, mesmo que se encontrem temporariamente ausentes ou que não residam nesse alojamento a maior parte do ano, como por exemplo, familiares deslocados por motivos de trabalho, estudo, etc.

In: INE (2011)

The disproportionate increase in tourism in Portugal, especially in Lisbon, over recent years has led to the development of a phenomenon known as overtourism (Capocchi et al., 2019; Barata-Salgueiro, 2020). Since the 1970s, the role and function of tourism have been a topic of intense debate, as various theories have emerged, starting with George Young's 1973

publication *"Tourism: Blessing or Blight."* Challenging Young's theories, Kaspar introduced *"Tourism Ecology"* in 1973, followed by Cohen's *"Responsible Tourism"* in 1988. In 1991, *Edward Inskeep* combined tourism-related concepts with sustainability to examine the positive and negative aspects of this phenomenon.

This theory was later adopted by the UNWTO, which, building on Inskeep's studies (Mihalic, 2020), defined sustainable tourism as a combination of elements involving economic and socio-cultural aspects. Drawing on the historical study of tourism, carried out over decades by authors such *as Kaspar* (1973)*, Young* (1973), and *Cohen* (1988), we can now analyze tourism not just for its direct purpose but also for its related elements, such as sustainability, the natural transformation of cities, and population redistribution (Mihalic, 2020).
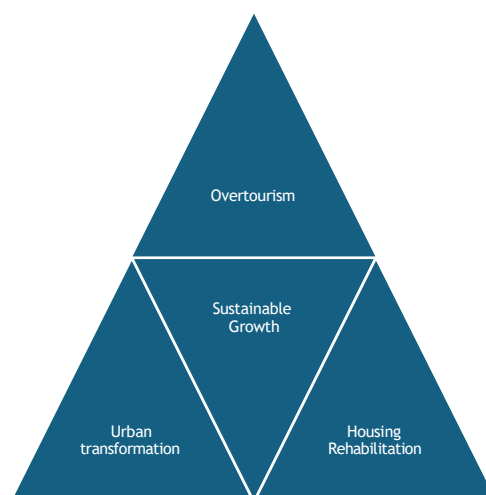
Figure 2 – Interconnections Between Overtourism, Housing Rehabilitation, Urban Transformation, and Sustainable Growth

1.1. Motivation

The 2008 financial crisis had a strong effect on Europe, especially in Southern countries like Portugal. After that, tourism became an important tool for economic recovery. It helped bring in money and jobs quickly (Alexandri & Janoschka, 2020; Estevans et al., 2023). Lisbon followed this strategy. In 2024, tourism made up 9.7% of Portugal's GDP. Including indirect effects, it reached 12.7% in 2023—above pre-pandemic levels (INE, 2024).

Tourist numbers reached record highs. In 2024, Portugal had 80.3 million overnight stays. Lisbon alone had 19.2 million, or 24% of the total. In December, 1.9 million visitors stayed in the city. This shows Lisbon is busy all year, not just in summer. Lisbon has around 540,000 residents (INE Census, 2021). That means there were 35 tourist-nights per resident in one year. This creates pressure on the city's housing, services, and everyday life.

Housing prices have gone up sharply. In mid-2024, the average asking price in Lisbon was €4,203 per m². In five central areas, it was more than €5,000 per m². This is 2.6 times more than the national average and 40% more than in 2018 (Idealista, 2024). A person earning the average net salary of €1,100 per month would need over 23 years of income to buy a 70 m² flat (Lorga et al., 2022; Silva Lopes & Marat-Mendes, 2023). Many locals can no longer afford to buy a home in the city.

Short-term rentals have made things worse. In 2025, Lisbon had around 18,000 Airbnb listings. Most of them—86%—were entire homes (InsideAirbnb, 2025). These are no longer part of the long-term rental market. This drives prices up and encourages speculative buying (Paccoud, 2017).

At the same time, many homes are empty. In 2021, the Lisbon Metropolitan Area had about 134,000 vacant houses. Around 47,000 were inside the city (INE, 2021). If brought back to use, they could help reduce housing pressure.Tourism is also changing how public spaces are used. After COVID, tourism started to recover. By 2023, Portugal had reached 90% of pre-pandemic visitor numbers. Full recovery was expected in 2024 (World Economic Forum, 2024). But tourist preferences have changed. Many now look for parks, nature, and open-air places to avoid health risks (Hardt & Glückstad, 2024). Lisbon's 2030 strategy includes more green areas and sustainable projects. These plans aim to serve both visitors and local people (Ramneantu & Marat-Mendes, 2024; Viebrantz & Fernandes-Jesus, 2021).

But the rise in visitors has created new problems. Lisbon is now facing overtourism. This means too many tourists in the same places, causing crowding and discomfort (Capocchi et al., 2019). It affects locals but also the tourists themselves (Pasma, 2022). Online search trends show growing concern, with more interest in the term "overtourism" (Google Trends, 2024).

Figure 3. Google Trends: Use of Term "Overtourism"
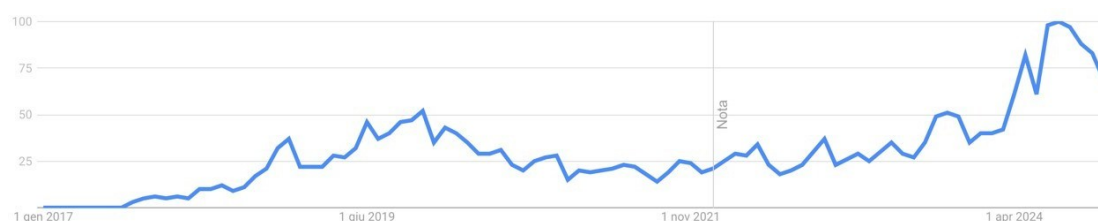
Source: (trends.google.com, 2025)

Tourism investments have had mixed effects. Some areas have improved, with better infrastructure and services (Santos & Ramalhete, 2024). But in many cases, these changes focus only on buildings. They forget the social life of the city (Barata-Salgueiro, 2020). As a result, Lisbon faces problems like speculation, gentrification, and people being pushed out of their neighborhoods.

Lisbon is now at a turning point. The challenge is to keep tourism and investment, while also protecting the city's social fabric. It must stay affordable, fair, and resilient. This thesis looks at that issue. It uses data and interviews with residents, city officials, and business people. Their voices help us understand what a more balanced and inclusive city might look like.

1.1.1 SDG Goals as Motivation

A major driving force behind my research was my decision to focus on promoting the Sustainable Development Goals (SDGs). The topics related to sustainability and the study of the SDGs represent a cornerstone of my course of study (MiM) at ISEG. SDGs 8, 9, and 11 play a key role in understanding sustainable growth in cities by emphasizing the importance of creating jobs, enhancing innovation and infrastructure, and encouraging sustainable urban planning (United Nations, 2015).

SDG 8: Promote inclusive and sustainable economic growth by supporting tourism and economic activities in a balanced way;

SDG 9: Foster the development of resilient and sustainable infrastructure, which is essential to support urban growth and tourism flows;

SDG 11: Create inclusive, safe, and sustainable cities by managing the impact of overtourism affects residents' quality of life and the environment.

1.2. Research Objective

This thesis aims to analyze potential pathways to achieve sustainable growth in the city of Lisbon by examining three key factors: overtourism, urban transformation, and housing rehabilitation. To maintain a clear and cohesive connection between all elements while focusing on sustainability, I formulated this research question:

> *"What possible scenarios could shape Lisbon's sustainable growth amid tourism pressures, urban change, and housing challenges?"*

As previously explained, this thesis will focus on a sustainability-related topic, using the city of Lisbon as a case study. Several considerations arise in this context, as the discussion will involve both local and European policies. The subsequent interviews, driven by the research question, aim to propose possible solutions to manage the situation in the most sustainable way. It will, therefore, not be sufficient to rely solely on the analysis of an industry expert; the voices of Lisbon's citizens, who experience this issue daily, will also be essential.

1.3. Scope

The topic of sustainability has increasingly gained attention, especially since 2015, with the global climate conference held in Paris (UNWTO, 2015). Sustainability, which serves as the central theme of this thesis, can be linked to various daily challenges and opportunities.

The general aspects of sustainable growth in Lisbon will be the main focus of this thesis. It will explore urban transformation initiatives aimed at managing high tourist flows, analyze the challenges of overtourism and its impact on sustainability, and investigate how the rehabilitation of abandoned housing can address both social and environmental issues.

As previously mentioned, the primary focus is on Lisbon's sustainable growth, a broad topic encompassing many facets. This thesis narrows its scope to three interconnected subtopics: overtourism, urban transformation, and housing rehabilitation. The research and analysis are structured hierarchically to demonstrate the links between these subtopics, providing a comprehensive view of sustainable growth in Lisbon.

The decision to address this topic stems from the city's objective of adapting to the significant influx of migrants while staying aligned with sustainability commitments made in partnership with the European Union. The EU itself has allocated funds and projects to support Portugal, particularly Lisbon, in pursuing sustainable initiatives. While the research might initially appear to focus on improving policy-making, the true objective is different. The aim is to establish cohesion among diverse stakeholders, whose perspectives will be gathered through interviews. The inclusion of individuals with varied social and political roles will provide a broader understanding of the topic.

The research faces several limitations. First, the concept of overtourism, one of the key aspects of sustainable growth, lacks a long-standing history due to its relatively recent emergence. Another limitation is tied to cultural dynamics: Lisbon, as the capital of Portugal, is undergoing rapid transformation, risking the loss of its identity. This raises the challenge of whether the city's evolving landscape can retain its cultural values in the future.

1.4. Dissertation Structure

The dissertation follows a structured scheme, divided into 4 chapters: Introduction, Literature Review, Result and Analysis, Discussion, and Conclusion. The first chapter provides a general contextualization of the theme, along with an explanation of the research question. This section establishes the background and significance of the study, including the explanation and definition of the objectives. The second chapter reviews the main, with a

deeper analysis of the sub-themes, fully addressed by scientific papers. It connects key aspects already explored in the existing literature, providing a foundation for further development. The third chapter outlines a qualitative approach. To develop insights analyzed in the literature review, it will be using a qualitative approach in which consists in interviews with business professionals and policymakers. At the end of the dissertation, the fourth chapter presents the final discussion and conclusion related to the research. Additionally, it includes the limitations and suggestions for future research on the same topic of investigation. The aim is to establish significant relevance to the research question. While this study gives useful insights, it emphasizes that more research is needed to fully comprehend the issues discussed.

2. LITERATURE REVIEW

This section will focus on two main areas related to the management of the city, national and local policies. The literature review will explore the key arguments from both perspectives, using relevant research to improve understanding. This will be crucial in answering the research questions, as it will examine the challenges of overtourism and its impact on the city's urban transformation. The review will analyze how housing is managed and rehabilitated. From the user perspective, the literature review will emphasize the need for coordination among locals, stakeholders, and policymakers to find more effective solutions.

2.1. Sustainable Growth

Urban sustainability, which seeks to balance social well-being and economic growth, has become a top goal for cities around the world (UNWTO, 2019). The concept of a smart, sustainable city has been defined as:

> A smart, sustainable city is an innovative city that uses information and communication technologies (ICTs) and other means to improve quality of life, efficiency of urban operation and services, and competitiveness while ensuring that it meets the needs of present and future generations with respect to economic, social, environmental as well as cultural aspects.

In: UNECE (2015)

The framework uses metrics jointly developed by the UNECE and the International Telecommunications Union (ITU) to rank the capital cities of Europe based on their degree of sustainability. Analyzing SDG 11, it becomes evident that a comprehensive intervention is necessary to achieve sustainable development as soon as possible (Küfeoğlu, 2022). The difficulties of global sustainability cannot be successfully managed without a strong emphasis on urban sustainability (Küfeoğlu, 2022). A study conducted by Akande et al. (2019) positions Lisbon second among South European cities in this ranking, just behind Madrid, based on three key themes: Economy, Environment, and Society (Eurostat, 2017). Given the disparities in GDP per capita and incomes when compared to the top-ranked Northern European countries, this result is especially striking. (Akandea et al., 2019; Lorga et al. 2022). However, when compared to the socio-economic changes that started in the wake of the 2008 financial crisis, Lisbon's sustainability initiatives confront some obstacles. In order to draw in foreign investment and boost economic growth, the Portuguese government implemented two strategies, as mentioned by *Soeiro, Falanga, Martins, Reis Silva,* and *Pomesano*: selling state-owned real estate and promoting tourism. These strategies led to a significant increase

in tourism in order to address the financial crisis (Soeiro et al., 2022).

2.2. Overtourism

This significant growth in tourism provided, on one hand, an opportunity to overcome the 2008 financial crisis, but on the other, it marked the beginning of a phenomenon known as overtourism (Alexandri & Janoschka, 2020). While the concept of overtourism has existed for some time, the term itself and its definition have emerged only recently. Different definitions in literature and media make it hard to use the term correctly (Pasma, 2022). The *European Parlament* describes the term as:

> Overtourism describes the situation in which the impact of tourism, at certain times and in
>
> certain locations, exceeds physical, ecological, social, economic, psychological, and/or
>
> political capacity thresholds.

In: European Parlament (2018), pp. 15

SDG 8 promotes economic growth by creating jobs and opportunities. SDG 9 focuses on building resilient infrastructure, encouraging innovation, and supporting sustainable industrialization (Küfeoğlu, 2022). Tourism contributes to these objectives by investing in infrastructure, enhancing sustainability, and driving innovation (Damnjanović, 2021). Capocchi et al. (2019) highlight three main aspects of overtourism: tourism growth, tourism concentration, and tourism governance. These aspects can either amplify or reduce the effects of overtourism, but the concept itself goes beyond just these factors. In Lisbon, the issue of overtourism was brought to light by citizens in 2017 through an open letter written by the association *Morar em Lisboa* (European Parlament, 2018). Two main factors drive this phenomenon: easier travel and P2P platforms (Goodwin, 2017). Since the 1990s, low-cost airlines have broadened their networks, making travel across Europe more accessible and affordable. At the same time, online tools such as Google Flights, Kiwi, and Skyscanner have made booking flights much easier (Fuellhart, 2015). These advancements have improved connections between countries. At the same time, P2P platforms like Airbnb and Booking.com help users find affordable accommodations (Goodwin, 2017). howeverFurthermore, sharing platforms such as Instagram, YouTube, and Facebook, combined with the two previously mentioned factors, have enabled millions of people to discover new destinations and explore them at a low cost (AlonsoAlmeida et al., 2019). Social media, in particular, have played a critical role in this process (Dodds & Butler, 2019), as they allow users to share real-time experiences, which become a source of reassurance for consumers (Živković et al., 2014). The low cost of living, the environment, and the tax breaks

are the major reasons for the influx of tourists to Lisbon: these features mostly attract retirees and those who work remotely (Lorga et al., 2022). This combination of tools has turned the city into a major attraction for millions of tourists (European Parlament, 2018). The changes occurring in Lisbon are not only related to real estate but also to behavior. With the arrival of new tourists and the city's modernization and internationalization, people with different lifestyles are beginning to settle there (Sequera & Nofre, 2019). This may lead to the loss of Lisbon's true essence.

2.2.1   Managing Overtourism: Policies

Policies to tackle overtourism exist at both European and local levels. The European Union has proposed several policies to regulate this phenomenon, aiming to increase the acceptance threshold of overtourism (European Parlament, 2018). Since it is a relatively new issue, it is challenging for the EU to establish clear indicators. As outlined in the TRAN case study (p. 105), the goal is to provide guidelines that could be useful, without emphasizing "when" they should be applied. Based on the general principles outlined in the Tourism Sustainability Group report (Levy & Hawinks, 2010), some of these principles are particularly relevant for regulating this phenomenon: «*achieving an appropriate pace and rhythm of development, setting and respecting limits*». While the EU offers general guidelines, the Lusitania country has developed its own policies. Both the Portuguese government and Lisbon's City Council have introduced various policies to address urban challenges, including overtourism (Estevens et al., 2023). At the national level, measures such as tax incentives, urban rehabilitation programs, and the Golden Visa scheme aimed to attract investment and promote regeneration (Estevans et al., 2023). Lisbon's City Council focused on local actions, including the Urban Rehabilitation Strategy (2011-2024) and the "Rehabilitate First, Pay Later" program to encourage private investment (CML, 2010). In recent years, stricter regulations, such as limiting short-term rentals (STRs) and the Secure Income Program, targeted overtourism and housing affordability.

2.3.   Urban Transformation

In response to the pressures of overtourism and urbanization, Lisbon has launched ambitious urban transformation plans, such as "*Estratégia de reabilitação urbana de Lisboa – 2011 / 2024"* and "*Estratégia regional de Lisboa 2030*". However, going beyond the policies and strategies adopted by the government, this section analyzes the sociospatial change in the city (Cocola-Gant & Gago, 2021). The analysis conducted by Cocola-Gant & Gago (2021) shows that this change is highlighted by events caused by overtourism. Many Portuguese families are unable to afford homes in central locations due to

overtourism and the characteristics of Lisbon's real estate market, making the desire to live in the city center a futile dream (Logar et al., 2022). STRs are creating social disparities and displacement issues within the city (Marcuse, 1985; Slater, 2009). Those occupying the properties are mostly foreign students and tourists (Logar et al., 2022). The 2021 INE census shows a 37% increase in the foreign population residing in Portugal compared to 2011 (INE, 2021). As shown in *Table 1*, the use of buildings in Lisbon in 2022 is predominantly residential. However, what stands out is the high percentage of buildings that could be used for residential purposes but remain vacant.

Table 1 – Buildings' status and function in 2022

Building's Status	Building's Function	Number	%
Occupied	Residential	511	31
	Residential and Commercial or Service-oriented	117	7
	Residential and Tourism	96	6
	Residential and Commercial or Service-oriented and Tourism	50	3
	Commercial or Service-oriented	108	6
	Tourism (Short-term rental or Hotel)	102	6
	Commercial or Service-oriented and Tourism	15	1
Vacant	Residential	279	17
	Residential and Commercial or Service-oriented	46	3
	Residential and Tourism	0	0
	Residential and Commercial or Service-oriented and Tourism	0	0
	Commercial or Service-oriented	76	5
	Tourism	0	0
	Commercial or Service-oriented and Tourism	1	0
No function	Under construction	84	5
	Empty lot	158	9
	No function perceptible *	31	1
Total		1674	

Source: (Santos & Ramalhete, 2022), pp. 8

Another relevant piece of data for our study is shown in Table 2, which presents the *Buildings' type of touristic use in 2022*. Here, Short-Term Rentals (STR) dominate.

Table 2 – Buildings' type of touristic use in 2022

Touristic Use in 2022	Occupied Buildings	
	Number	%
Short-term rental accommodation	225	23
Hotel	38	4
Total	263	

Source: (Santos & Ramalhete, 2022), pp. 9

Given this increase in STRs, the social structure is also changing, highlighting how the market no longer allows for long-term rentals (Cocola-Gant & Gago, 2021). Locals face difficulties finding long-term accommodations and are forced to move away from their hometowns (Marcuse, 1985).

The transformation of the city, not only physically but also socio-economically, has led to a significant demographic shift, marked by a decline in the city's population. Table 3 provides a comparison of the population between 2011 and 2021, showing a decrease of 1.25%.

Table 3 – Population Variation, Census 2011–2021

	Population 2011	Population 2021	Variation (Number)	Variation (%)
Lisbon	547,733	540,071	7662	-1.25

Source: Adapted from INE/Statistics Portugal, INE/Statistics Portugal, Preliminary data, Census 2021,

available at https://censos.ine.pt/

2.3.1 Balancing Tourism Growth

After introducing the main causes behind the city's transformation, we can now identify the positions of the municipal council in addressing this phenomenon. The state plays a key role in this rapid and sudden change (Estevans et al., 2023). As examined by Aalbers, the impact of neoliberal urbanism creates a new identity for a market focused on urban growth (Lorga et al., 2022). The neoliberal government shapes the market to attract more private capital by reducing taxes, making the real estate market more appealing to investors (Harvey, 1989). This type of approach, known as "state-led neoliberalism," has historically been a crucial factor in transforming urban areas (Aalbers, 2016). Once again, this highlights one of the main causes that have triggered overtourism. Lisbon is a great illustration of how tourism and neoliberal policies can transform a city. The administration

was instrumental in bringing in foreign investors after the city had been neglected for years (Estevans et al., 2023). This change was partly fueled by the adoption of laws that encouraged real estate development, relaxed rental laws, and provided short-term renting possibilities (Janoschka, 2020). Neighborhoods in the city center consequently underwent a rapid renovation process, drawing both locals and tourists worldwide (Santos & Ramalhete, 2022). But this quick expansion has also brought up a number of problems, such as the eviction of locals and a lack of reasonably priced homes (Estevans et al., 2023). The population is increasingly struggling to find adequate accomodations due to the escalation of the housing market (Mendes, 2017). These difficulties are due to the enormous wage disparity between the inhabitants of the Lusitanian capital, the stakeholders, and the tourists (Silva Lopes & Marat-Mendes, 2023). The research conducted by Marat-Mendes (2023) shows how a portion of the population, to date, cannot afford a private home due to financial reasons. Given the rise in housing prices, families are experiencing a housing shortage, forcing them to move to the outskirts, thus causing a social exclusion dynamic (Resolução do Conselho de Ministros n.º 56/2018). Domestic buyers face challenges in affording homes because the real estate market has become disconnected from local income levels (Sanam & Costa, 2021) . This is largely due to the difference in purchasing power between international and local buyers (Lorga et al., 2022).

2.4.   Housing Rehabilitation

The city's transformation, driven by the significant rise in overtourism, is eroding its authenticity on the one hand and displacing locals from their hometowns on the other (Gravari-Barbas & Guinand, 2017). The combination of these two factors brings another issue to light: abandoned houses (Santos & Ramalhete, 2024). It would be appropriate to understand the origins of this issue by providing a brief historical background in order to fully assess and comprehend the connection between overtourism, the changes in the city caused by overtourism, and how to use abandoned houses to overcome this problem.

Following the end of Salazar's dictatorship, housing conditions for low-income groups improved little, forcing many to build their own homes or rely on illegal housing, which

led to the expansion of slums (Logar et al., 2022). To address this issue, the government introduced programs like the PER, which created 50,000 housing units near cities such as Lisbon and Porto (Alves & Andersen, 2015). Portugal's entry into the EEC in 1986 brought about banking liberalization, promoting homeownership through financial incentives like subsidies and tax benefits (Azevedo, 2020). At that time, citizens were able to take advantage of these funds provided by the banks, enjoying a discount on purchasing a home. (Azevedo, 2020). Many residents have left the city due to the unstainable cost of living, while new stakeholders have turned Lisbon into one of the largest hubs for STRs (Lorga et al., 2022). Research conducted by Teresa Santos (2024) highlights a 60% increase in the reoccupation rate of abandoned buildings between 2009 and 2022. Out of this 60%, 27% are now used to promote short-term rental activities. This is part of a process known as urban rehabilitation, defined by the Portuguese General Directorate of Territory as: «*Urban rehabilitation is a comprehensive strategy that requires coordinated intervention across all elements of the urban fabric*». Urban transformation promotes growth and supports the development of modern buildings by attracting new residents, contributing to the city's sustainable development (Santos & Ramalhete, 2024).

2.4.1   *Government-Led Urban Planning*

The goal of the Estratégia de reabilitação urbana de LISBOA – 2011 / 2024, which was created by the Lisbon council, is to encourage private developer investment. This plan is defined as the 3 R plan: reuse of vacant buildings, rehabilitation of deteriorated structures, and requalification of existing urban áreas (Barata-Salgueiro & Guimarães, 2020). This redevelopment plan has been extended due to the significant surge in demand in the real estate market. The combination of rising demand, attractive investment opportunities, and supportive policies marked a turning point for private building renovations in Lisbon (Santos & Ramalhete). Vacant or abandoned buildings are identified based on specific criteria outlined in Portuguese law (Decree-Law No. 159/2006). According to research conducted by Santos & Ramalhete (2024), 58% of vacant buildings are residential, meaning that most of these properties are currently empty and are not even being used for tourismrelated activities. From a long-term perspective, it is possible to explore how vacant and abandoned buildings can be leveraged to promote sustainable growth.

This strategy supports sustainability by making the best use of existing structures while lowering the demand for new development and its accompanying environmental effect.

2.4.2   Heritage Building

As previously explained, Lisbon has an immense number of abandoned buildings. The focus is no longer on the quantity of these buildings or houses. Now, attention is on how these houses can be utilized and rehabilitated to create a more sustainable city. The case study on Lisbon, analyzed by Alba-Rodriguez et al. (2021), provides a clear and concrete perspective on addressing this issue. Rehabilitation is both essential and advantageous for attaining sustainable urban growth, as has been frequently discussed. The data presented in *Table 2* highlights that there is still a significant number of abandoned and mostly vacant buildings in Lisbon. This raises the question: *is it better to demolish or rebuild a building from scratch?* The study conducted by Alba-Rodriguez et al. (2021) clarifies this question by providing data-driven insights. The main focus remains on creating an increasingly sustainable city with the lowest possible environmental impact, whether through new construction or demolition (Alba-Rodriguez et al., 2021). The study assumes that new buildings will not occupy additional land area. It also considers factors such as manpower, construction materials, machinery, and the consumption of electricity and water. Ultimately, the researchers conclude that rehabilitation is both more sustainable and less costly, with costs being 2% to 15% lower compared to new construction processes.

2.4.3   Business-Driven Sustainable Tourism

Businesses are promoting sustainable practices in response to the economic expansion of tourism, taking into account the interests of stakeholders other than investors, such as customers, staff, and local communities. (Levy et al., 2010). The increase in tourism in recent years, based on INE data (2023), shows a 19.2% rise in tourist arrivals compared to the previous year. Many more people can now afford to travel due to tourism's growing global appeal. The increase in tourism has several effects, both good and bad. Positively, tourism can support sustainable development through corporate social responsibility (CSR), as Levy et al. (2010) point out. By incorporating responsible management techniques, this strategy guarantees that companies optimize their beneficial effects on society. Additionally, through encouraging openness, economic prosperity, cross-cultural

interaction, and education, tourism can contribute to the development of a framework for peace. This viewpoint promotes peace on a local, regional, national, and international scale and provides a new paradigm for sustainable tourism. The negative impacts of tourism are becoming increasingly prominent (Streimikiene et al., 2021). This concern has grown to the point that the UNWTO (2017) has urged people worldwide to travel responsibly, following common principles of sustainable tourism to mitigate its negative effects. Globally, the repercussions of the last economic crisis are still being felt. Investing in technology advancement and tackling social sustainability concerns are receiving more attention (Streimikiene et al., 2021). One of the main goals of sustainable development is quality of life, which has a bearing on the travel and tourism industry (UNWTO, 2017). This entails offering tourists high-quality services while taking into account the welfare of locals in popular tourist locations (Streimikiene et al., 2021). As explained by Streimikiene et al. (2021), promoting a sustainable pathway requires direct communication, primarily between tourists and the local community's needs. Many authors agree that a sustainable approach involves the implementation of innovations within the sector itself (Streimikiene et al., 2021). Once this requirement is fulfilled, a competitive advantage arises through the innovation of products and services (Streimikiene et al. 2021). The goal for Streimikiene et al. (2021) is to capitalize on these resources, creating a contemporary and innovative market.

3. METHOD

This chapter presents the research methodology, which is mainly based on a qualitative approach. The main method used is a set of semi-structured interviews. This choice was made to explore complex topics such as tourism, housing, and urban change in Lisbon. A qualitative method allows for open answers and more detailed insights that are not always possible with numerical data (Patton, 2014 Aparicio et al. 2023). It was also possible to propose several scenarios (Costa et al, 2024, Costa & Aparicio, 2025).

The interviews were divided into two groups: policymakers and business professionals. This division was designed to bring different perspectives together. Policymakers included people working in public administration and urban planning. This group featured representatives from the Câmara Municipal de Lisboa, professors from the University of Lisbon, and members of civil society organizations. Their input helped explain how institutions deal with issues like overtourism, housing shortages, and city development.

The second group, business professionals, included experts working in sustainability, consulting, and urban design. They brought knowledge from the private sector and gave useful views on how companies and professionals approach urban growth. Some of them also work in architecture and focus on how cities are shaped through physical design and planning. (Patton, 2014)

All participants were chosen based on their experience and role in Lisbon's urban context. Their selection followed the logic of diversity in position and expertise. This method helped to create a balanced view of the situation. To protect their privacy, all interviews were anonymized. A list of questions asked is included in the appendix, together with a table that summarizes the background of each interviewee. (Patton, 2014)

While the core of the research remains qualitative, quantitative data was also used to support the analysis. This included official statistics that helped explain the scale of tourism flows, housing prices, and changes in population. These numbers help connect individual experiences with larger urban trends. The combination of interview findings and data allows for a more grounded and complete interpretation of Lisbon's challenges. (Patton, 2014).

Using both qualitative and quantitative elements gives more strength to the research. Interviews provide personal insight and professional views. At the same time, data helps confirm or question those views through measurable facts. This way, the study is better able to explain what is happening in the city and why. (Costa & Aparicio, 2020).

In conclusion, the research uses a qualitative method based on expert interviews, supported

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by quantitative data where relevant. This balanced approach offers a deeper understanding of Lisbon's urban evolution, showing how people's views and lived realities are linked to wider structural changes. The methodology was designed to keep the analysis both focused and flexible, while staying connected to real facts and voices on the ground.

Table 4 – Presentation of Interviewed

No. #	Organization	Role	Duration of the Interview	Date of the Interview
1	Accenture	Quality & Support, Senior Analyst	48:32	31-01-2025
2	Studio JV	Senior Project leader	55:10	01-02-2025
3	Architects Office	Senior Project leader	55:10	01-02-2025
4	PWC	Senior Business Consultant	48:31	03-02-2025
5	Auren	Senior Business Consultant	43:39	11-02-2025
6	CML, Direção Municipal de Urbanismo	Geógrafa e Urbanista, Departamento de Planeamento Urbano	88:00	14-02-2025
7	Ulisboa IGOT Professor	Geographer – Guest Lecturer at the School of Architecture of the Technical	65:02	14-02-2025
8	Ulisboa IST Professor	Architech – Department of Civil Engineering and Architecture	51:06	17-02-2025

3.1.   Result and Analysis

After providing a brief introduction to the subjects involved in the research, the collected data from the interviews can now be presented. A dual perspective, capturing the insights of experts from both sides, is now presented to offer a balanced view of the theme.

3.2.   Perspective from the Policymakers

After providing a brief introduction to the subjects involved in the research, the collected data from the interviews can now be presented. The experts include members of the Câmara Municipal de Lisboa, as well as associations that collaborate with it, such as *Nos Portugueses*. Supporting these efforts are the Department of Geography and Spatial Planning and the Department of Architecture and Engineering Civil at Ulisboa. They have been grouped under this category with the goal of obtaining a perspective and collecting data related to the public sector, handled by individuals from public administrations. On the one hand, the representative from the Department of Urban Planning holds a privileged position in accessing data concerning urban space organization, land management, and sustainable development policies. On the other hand, *Nos Portugueses* and Ulisboa professors and researchers complement this by providing data and perspectives on social impact, residents' perceptions, and strategies for integrating tourism with the local community. On the other hand, the representative from the Department of Urban Planning holds a privileged position in accessing data concerning urban space organization, land management, and sustainable development policies. On the other hand, Nos Portugueses and Ulisboa professors and researchers complement this view by providing data and perspectives on social impact, residents' perceptions, and strategies for integrating tourism with the local community.

The data analysis follows a framework based on describing convergences and divergences, as well as risks and opportunities for each sub-theme. The 19aim is19 to obtain a complete picture in order to propose possible pathways for the sustainable growth of Lisbon later. All the interviewees in this group agree that there has been a drastic increase in the number of tourists. This increase directly leads to the issue of overtourism. At the beginning of the interviews with both the IGOT and IST professors, the meaning of overtourism—or rather, gentrification—was clarified. The definitions coincide with what is reported in the Literature Review chapter. Although it is difficult to pinpoint the exact moment when this phenomenon exploded, there are several views on the matter. On the one hand, some believe that gentrification occurred with the 1998 Expo "Os oceanos: um património para o futuro" and the 2004 European Football Championship. On the other hand, the 2008 crisis

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was the spark that ignited the fire, causing the entire country to almost entirely turn to the tourism market. In line with previously reported INE data, the interviewees mention an annual tourism increase of 6.5% until the 2020 pandemic. The Câmara Municipal de Lisboa identifies five main "*freguesias*" as being most affected by this factor: Santa Maria Maior, Misericórdia, São Vicente, Santo António, and São João. It is highlighted that the city is undergoing a transformation due to overtourism, as traditional local commerce is being replaced by tourist-oriented services. This leads to a loss of the city's authenticity. In order to limit this problem and ensure that Portuguese citizens are not surrounded only by bakeries and cafés, a decentralization of tourist flows is necessary. It is essential to expand and spread overnight stays throughout the entire metropolitan area of Lisbon, including zones such as Sintra and Amadora, in the first instance. To make this operation sustainable, the interviewees emphasized the need to improve communication and transport hubs. The decentralization theory, equally supported, analyzes two key factors: the multi-pass system for travelers and a reduction in car use within the city. On the one hand, the use of the €40/month multi-pass that connects peripheral zones, such as Amadora, Sintra, and Cascais, is strongly encouraged. On the other hand, promoting the use of public transportation has become fundamental since the Câmara Municipal itself aims to limit car use. It is noted that this phase of promoting public transport highlights a deep-rooted cultural problem: not only young people, but especially older generations, are still strongly inclined to use cars when traveling in the city center. Despite this, the Câmara Municipal de Lisboa has provided large parking areas adjacent to train stations, although these are often empty. Another incentive provided by the municipality in order to discourage car use is the promotion of *soft mobility* options. These options include the construction of bike lanes that also accommodate the use of scooters and bicycles. All of this is implemented alongside the continuous improvement of metro stations, such as Alcântara. Returning to the discussion on urban transformation, the interviewees agree that local Portuguese families are being forced to leave the city, favoring migration towards nearby areas such as Loures and Vila Franca de Xira. This leads to a true displacement of local communities. These factors heavily influence the housing market due to rising property prices. It is highlighted that from 2011 to 2021, about one-third of the inner-city buildings became degraded or vacant. The recorded number is around 47,000 empty houses, which is approximately 13% of Lisbon's housing stock. When considering the LMA, the number rises to between 134,000 and 140,000, while at the national level it reaches up to 700,000. Naturally, both sides express concern when looking at these figures. The warning is not to build more, as the 21ta s21os21 not a "lack" of buildings but rather their rehabilitation. A

thorough and well-analyzed rehabilitation, in collaboration with private companies, could address the housing crisis. Cooperation between the public and private sectors is necessary. It is specified that the government should intervene in this matter. The representative from the Department of Urban Planning, being a technical figure, calls for greater action from governmental entities. Although bureaucracy may slow down the process, that does not mean the issues cannot be resolved. Therefore, practical measures are requested, such as limiting tourist housing licenses to 25% in high-pressure zones. It is extensively explained that the gentrification process today no longer only affects the city center but indirectly impacts the entire Lisbon area. So far, the data analysis shows that the policymakers agree on the topics discussed. Now, the focus shifts to the points of divergence among them. Listening to the experts' opinions, a different stance on the type of approaches to be used is noted. The differences in vision are accentuated by the fact that the Câmara Municipal de Lisboa relies on a more institutional perspective. The operational focus is on practical initiatives aimed at preserving heritage through the involvement of young people. This is because the administration has failed to foster or establish the conditions necessary for this way of doing things—this art of doing things—to endure over time. In addition, the CML calls for a simpler licensing procedure by streamlining licensing processes. The academic critique, on the other hand, provides a broader and more critical view by framing over-tourism in terms of touristification. Greater transparency regarding regulatory measures is therefore demanded. In this regard, the CML highlights important initiatives, such as PAMUS, to keep urban transformation and housing issues under control. The academic critique focuses more on market regulation and market-driven processes. It criticizes the Golden Visa program by advocating for fiscal incentives or mandatory affordable housing quotas in new developments. This argument will be further analyzed in the conclusions section. However, the market will continue to favor high-end investments without harming the local social environment.

3.3.   Perspective from the Business Professional

The participants hold different professional roles, allowing for a broader perspective on the topics discussed. Given their expertise in specific fields, they offer a more targeted focus, particularly on the sub-themes overtourism, urban transformation, and house rehabilitation. On the one hand, architects contributed their knowledge primarily in the areas of house rehabilitation and urban transformation. On the other hand, corporate sustainability experts provided insights into tourism, offering a more managerial perspective on the management of overtourism and its consequences. The data gathered from the different interviews highlight the ongoing evolution within big firms regarding sustainability. A corporate

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consultant who is currently involved in a sustainable project within his company explains how the company's general approach is more focused on developing marketing strategies, leaving the responsibility for policy development to public authorities. The interviews show that large firms are evolving their approach to sustainability. One corporate consultant involved in a sustainability project explains that his company focuses mainly on marketing strategy, leaving policy development to public authorities. In big companies, sustainability is primarily focused on communication and strategic planning. The interviews reveal that these firms have committed to generating 20% of their profits from sustainable projects. This commitment signals a shift in their overall vision. These findings are important for the research, as sustainability projects are closely connected to the local context. After demonstrating how businesses are reconsidering sustainability by emphasizing communication and strategic marketing, the next stage is to investigate the relationship between these internal changes and Lisbon's urban development. The next section presents data on the dramatic changes occurring in Lisbon, largely attributed to overtourism. By analyzing this sub-theme through interviews, the research seeks to determine if Lisbon can continue its path toward a more sustainable future. Overtourism has greatly changed the city's urban landscape. As tourist numbers rise, Lisbon's cultural identity and public spaces are noticeably altered. Interviewees noted that these effects are not limited to hotspots like Baixa-Chiado and Alfama; they extend throughout the city. This trend is driven by a growing focus on commercial tourism, which has led to the decline of traditional local businesses that once defined Lisbon's character. An expert in the architecture field points out that the housing supply in Lisbon's "noble" areas, such as Chiado, Estrela, Príncipe Real, Lapa, and Restelo, is inelastic. This means that these areas simply cannot be expanded or replicated: the supply is fixed and unchangeable. On the other hand, the overall demand for housing in Portugal is very elastic, coming from a much larger pool of potential buyers. This clear contrast between the fixed supply in central Lisbon and the highly flexible demand from a vast international market explains why property prices in these key areas remain consistently high. One expert recalled that around 2013–2014, the streets began to show far fewer locals and a significant increase in foreigners, including Erasmus students and high-income remote workers. This influx has boosted tourist visits and gradually transformed the city's cultural landscape, replacing traditional Portuguese elements with tourist-oriented businesses. This tourism focus also affects housing. More properties become short-term rentals, which drives prices and rents higher. This makes it harder for locals to afford accommodations. Among the interviewed experts, especially the architects experts, provided a detailed analysis of housing market dynamics. As noted in the literature

review, high demand coupled with a drop in construction has sent prices skyhigh. The experts support a free market, yet they stress that local families are being pushed out because they simply cannot afford the rising costs. This trend is causing a demographic shift with long-term effects on the city's social fabric. One expert mentioned the Abitado Lisboa program as a measure to counter this trend. Under this program, the municipality pays landlords upfront for several years' rent. In return, properties are offered to locals at a capped rate. However, many architects note that the influx of foreign investors—especially American buyers—has pushed property prices even higher. These investors often buy properties for short-term rentals or upscale hotels without even visiting Lisbon, making affordable housing scarce. An architectural expert criticizes the public spaces in newer urban areas. He noted that since the 1970s, much of the city's recent development has been of very low quality. He points out that the public spaces created in these new neighborhoods are often unattractive and unsafe. This stands in sharp contrast to older, well-established areas, where quality public spaces help create a pleasant urban environment. The poor quality of public spaces is a major reason why people choose to move away from certain areas. For example, even if housing is cheap in areas like Chelas. This lack of decent public spaces and proper infrastructure makes these areas less attractive for long-term living. Rising rental costs are a major concern. Even modest apartments (T0 or T1) now cost over €1,000 per month, forcing many residents to move to the suburbs.It is also pointed out that most new projects target the tourism market. Design trends favor small, marketable units (T0, T1, T2) rather than larger configurations. While larger units (T4) could offer more affordable living if shared, they are rare. These findings illustrate how overtourism and market forces are reshaping Lisbon's urban fabric and worsening housing affordability for local residents. All business professionals agree that overtourism is a major challenge for Lisbon. They note that more tourists drive up property prices and change the city's appearance. Housing is becoming too expensive for locals, and current government measures do not seem to be enough. Many worry that Lisbon's cultural identity is at risk as traditional businesses are replaced by touristoriented ones. An expert in the field of architecture finds the idea of turning Lisbon into a 15-minute city extremely useful for several reasons. According to this expert, such an approach allows for a more detailed and analytical assessment of certain neighborhoods. This method points in the ideal direction for urban development by ensuring that essential services are accessible within a 15-minute walk or bike ride. However, it is crucial to establish clear criteria for continuing to use this model. This method acts as a roadmap for development. The aim of urban development is an ongoing process. There are also differences in opinion. Some consultants are hopeful

about new sustainability rules, while others rarely mention corporate strategies. One expert stresses the need to diversify the economy beyond tourism, into areas like technology and industry. Others focus mainly on the housing crisis and urban change. Architects point out that most new projects favor small, marketable units (T0, T1, T2) for short-term rentals. In contrast, some believe that larger, shared units (T4) could improve affordability, although these are rare.

Finally, opinions differ on public intervention. Some experts call for strong government regulation to control speculation, while others prefer a mix of public and private efforts for balanced urban renewal.

3.4.   Points of Convergence and Divergence between the Groups

Both groups agree that overtourism and rising housing costs pose serious challenges. Another topic on which they agree is the need for cooperation between the public and private sectors. The purpose of this cooperation becomes crucial for achieving balanced growth. Policymakers repeatedly explain that the state on its own is not able to solve housing issues, for example. In this case, cooperation happens more decisively with big firms, since they have a primary interest in providing better services for their employees. The need to involve a pool of different stakeholders is fundamental, in order not to be dominated by a single stakeholder linking the public and private sectors. On the other hand, there are several points of disagreement. Primarily, the experts do not share the same views on three issues. The first concerns quality tourism. On one side, business professionals believe that raising the bar for tourism would lead to a more regulated flow of visitors. Currently, according to some experts, the city is seen as a "theme park." Moving from mass and low-cost tourism to higher-quality tourism could preserve local cultures and make the city more livable for residents. In contrast, policymakers believe that the city should offer democratic and affordable tourism, giving everyone the chance to visit and experience Lisbon's environment. The second point of divergence relates to seasonality. Business professionals tend to express a more emotional view, noting that there is a constant, uninterrupted flow of people throughout the year. Policymakers, on the other hand, with access to more data, explain that the large influx of people tends to slow down significantly during the winter months—January, February, and the first few weeks of March—which results in a noticeable slowdown in the city's dynamics. The third and final point of disagreement partly concerns the proposal to improve the quality of the visitor flow in the city. Business professionals, in an analysis leaning towards continuous economic market

development, believe that an increase in property prices is necessary. Policymakers counter this by proposing a cap on short-term rentals, especially in the most crowded areas.

Although this may seem like a clear divergence between the two groups, it should be noted that strong and targeted collaboration between these perspectives could lead to a well-adjusted solution.

3.5.   *Possible Scenario*

Drawing on the similarities and differences identified between the views of business professionals and policymakers, this section presents possible scenarios for Lisbon's sustainable development. Both optimistic and less favorable outcomes are included in the analysis. The integrated perspective considers the potential benefits of coordinated publicprivate initiatives, cultural preservation, and improved mobility, as well as the risks of uncontrolled overtourism and rising housing costs. The aim is to offer a clear framework for understanding the potential directions Lisbon's urban development may take.

The approach used here aligns with what has been done so far, a dual approach that compares the two visions. In the view of corporate sustainability experts, there are more optimistic scenarios than less favorable ones. The analysis begins once again with the first sub-theme: the importance and effectiveness of tourism. A steady and robust increase in tourism is expected over the years, and this positive momentum must be harnessed while preserving local heritage. The private sector always needs support from the public side through financial initiatives such as meaningful housing credits, progressive tax reforms, and substantial subsidies. This would help stabilize the real estate market, leading to a greater availability of affordable houses. Combining these elements could help prevent the displacement of local residents, as short-term rental platforms might coexist with longterm residential options and needs. From a strictly economic perspective, growth can continue if robust, sustainable initiatives are adopted. Today, companies are not just following environmental rules or trying to boost their image; many now see sustainability as a way to generate real profit. In fact, eco-friendly initiatives are viewed as smart investments that reduce costs, spark innovation, and provide a competitive edge, all of which improve their bottom line. Sustainable growth also depends on diversifying the city's economy. Lisbon's economy isn't only about tourism: the city has grown in technology, industrial sectors, and creative industries. This mix helps create a local economy that can handle changes in tourist numbers while still providing steady job opportunities for residents.

Table 5 – Strategic Dimensions

	Policymakers	Business Professionals
Overtourism	Optimistic: - Effective decentralization of tourist flow; - Preservation of local heritage; Concern - Over-reliance on tourism may erode local culture; - Economic vulnerability if mass tourism overwhelms infrastructure.	Optimistic: - Anticipated robust tourism growth to boost the economy; - Support for coordinated public-private initiatives; Concern: - The mass tourism model could dilute authentic local identity.
Urban Transformation	Optimistic: - Coordinated planning among municipality, metropolitan, and central authorities; Implementation of innovative mobility initiatives (PAMUS); Concern: Inefficient decentralization may worsen traffic and environmental issues. -	Optimistic: - Urban transformation is seen as a pathway to profitable sustainability; - Economic diversification into tech and industry sectors; Concern: - Tourist-centric designs might neglect residents' needs and long-term processes.-
Housing Rehabilitation	Optimistic: - Housing rehabilitation is jey to preventing local displacement; - Revised Golden Visa programs tied to affordable housing;	Optimistic: - Fiscal incentives (tax breaks, subsidies) to promote energy-efficient renovations; - Calls for integrated public funding to convert vacant properties into affordable homes.

The scenarios that worry corporate sustainability experts are as follows. First, regarding tourism, there is a risk that the city may fail to innovate. In that case, Lisbon could become locked into a mass tourism model where low-cost services and high visitor volumes overwhelm its infrastructure. This, in turn, might erode the authentic local culture. In such

a scenario, local identity would weaken as public spaces and services are designed mainly for temporary visitors rather than for those who live in Lisbon. When a city is shaped primarily for tourists, it starts a cycle where everything is tailored only for visitors. This not only pushes locals away but also slows down long-term social and economic progress, ultimately leading to growing social inequality. From an economic point of view, there is also a need to change how European funds are allocated. The previous criticism of an excessive focus on marketing could, in the future, lead to a failure in generating real value. On both local and state levels, the lack of clear financial incentives for sustainability projects means that business investments in green technology may remain minimal, limiting long-term environmental benefits. On the policymakers' side, the possible future scenarios are analyzed as follows. One optimistic scenario envisions urban integration that goes hand in hand with metropolitan planning: a successful coordination between municipal, metropolitan, and central government authorities. This could lead to the effective decentralization of tourist flows and an improved public transport system. Initiatives like PAMUS would help citizens and tourists move more easily within the Lisbon Metropolitan Area, especially since the Câmara Municipal emphasizes that the city is primarily for its people. Another aspect involves the implementation of robust fiscal incentives. For example, property owners who invest in fixing up empty or run-down buildings could receive valuable tax breaks. Lowering annual property taxes (such as IMI) for those who carry out energy-efficient renovations and convert these properties into affordable homes would help revive the roughly 47,000 empty houses in Lisbon. This measure would not only increase the number of homes available for local residents but also help reduce the negative effects of gentrification. Similarly, a revised Golden Visa program could require foreign investors to commit a minimum of €500,000 to projects that build or renovate affordable housing. By linking the Golden Visa benefits to a clear commitment to address the housing crisis, this policy could help lower property prices and ensure that foreign capital is used directly to improve housing for local residents.

The final optimistic scenario concerns urban renewal programs, such as those supported by the PRR and local initiatives (like the Revive program in Sintra). The aim here is to prevent the displacement of local residents. On the less optimistic side, policymakers express concerns about several issues. One major risk in the coming years is that the market may continue to favor high-end investments, fueled by programs such as Golden Visa, without implementing measures to convert vacant buildings into affordable housing. Another risk concerns how economic revenues, mostly derived from tourism, are diversified and managed. Considering the recent pandemic and ongoing conflicts, which have created

significant socio-economic uncertainty, there is worry that an over-reliance on tourism could make the city vulnerable to various risks, ultimately putting Lisbon's overall economic stability at stake. Two additional factors that shape the less optimistic scenarios involve transportation and the lack of effective decentralization regulations. In simpler terms, experts fear that inefficient decentralization policies will result in further environmental deterioration, greater CO2 emissions, and persistent traffic congestion. Public transportation's ongoing inefficiencies make this problem worse by forcing locals to depend on private vehicles, which exacerbates traffic. The data gathered from the interviews align closely with what the literature review shows. Both sources confirm that overtourism, urban transformation, and housing challenges are critical issues for Lisbon. On one hand, the literature review emphasizes how rapid tourism growth, along with market dynamics such as inelastic housing supply in central areas versus elastic demand from international buyers. This trend pushes up property prices, a point that is clearly echoed in the interviews. Similarly, it is concerns about the quality of public spaces and the potential benefits of models. The 15-minute city appears in both the academic research and the real-world experiences shared by the interviewees. Overall, the consistency between the interview data and the literature review underlines the significance of these challenges. The duality suggests that the problems identified are not only relevant but also urgent.

Table 6 – Overview Through Different Topics

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Overtourism	No Action	High-quality Tourism	Decentralization	Seasonality
Urban Transformation	No Action	Economic Diversification	Urban Planning (PAMUS)	Innovative Mobility
Housing Rehabilitation	No Action	Fiscal Incentives	Golden Visa Utilizator as Stakeholder	15-minutes city

4. DISCUSSION

Both the literature review and the interview results point to the significant impact of overtourism on Lisbon's urban development and the need for sustainable growth. The literature emphasizes that urban sustainability requires a careful balance between economic growth, social well-being, and environmental protection (UNWTO, 2019; Küfeoğlu, 2022). This idea is supported by the interviews, where both policymakers and business professionals highlight that the rapid increase in tourism has led to rising property prices and a loss of local identity. In terms of housing affordability and availability, the studies reveal that rising property values have made long-term housing inaccessible for locals. Interviewees showed how many central neighborhoods are facing significant vacancies and degradation. This confirmes the literature's concerns about gentrification and the displacement of residents. When looking at urban mobility and decentralization, both groups agree that the city's infrastructure is under pressure. The literature defines overtourism as a condition where tourism exceeds a location's capacity to manage its physical and environmental impacts (Alexandri & Janoschka, 2020; European Parliament, 2018). The interviews highlighted the need for improved public transportation and decentralization measures. These measures are in reference to multipass systems and the promotion of soft mobility. By applying that activity, it is possible to facilitate congestion and distribute tourist flows more equally across Lisbon and its periphery. Regarding economic strategy and diversification, according to the literature, the dependence made only on tourism can be dangerous. Interviews with business professionals revealed that there is a growing recognition of the need to diversify the local economy by investing in technology, industrial sectors, and creative industries. This diversification is seen as a way to stabilize the economy and reduce overdependence on tourism. Policymakers and business professionals agree that effective regulation is essential for public policy and sustainability incentives. The literature and interviews alike stress the importance of coordinated policies. These policies regard capping short-term rentals, offering tax incentives for urban rehabilitation, and implementing sustainabilitydriven urban planning. The aim is to guide Lisbon toward balanced and sustainable growth. While business professionals lean more towards market-driven solutions, policymakers call for stronger public regulation. However, is important to understand that both groups see the need for closer collaboration between the public and private sectors. In conclusion, Lisbon faces pressing issues with overtourism and urban development, as evidenced by the coherence of the literature and the interview results. A comprehensive strategy that: addresses housing affordability, enhances urban mobility, and grows the economic base. By putting together

efficient public policies and sustainability incentives it may address these problems with a strategical solution. By following these strategies, Lisbon maintains economic growth without sacrificing its cultural character and standard of living. A well-rounded approach is essential.

4.1.   Conclusion

What emerges from the analysis is that large companies should work closely with policymakers to develop new accommodation solutions. The focus needs to be especially in areas such as Amadora, which benefits from proximity to major business hubs such as Miraflores. This collaboration would bridge the two perspectives we gathered from our interviews by ensuring that both public and private interests are addressed.

Regarding overtourism, the research highlights seasonality as a key factor. Tourist flows spike during peak seasons and slow down in the winter months, affecting urban dynamics and resource management. A sustainable solution for the city to be more organized happens when most residents use public transport rather than relying on private cars. Excessive car use frequently indicates bad urban planning, which results in traffic jams, environmental damage, and urban sprawl. The notion that a well-structured city must have bike lanes, walkable streets, and effective public transportation is supported by urban planning ideas. In contrast, a car-centric approach usually suggests a lack of attention to intelligent land-use planning and sustainable transportation.

In conclusion, maintaining and growing green spaces should be the main goal of Lisbon's urban renewal. This will contribute to the development of a sustainable, creative, and well-balanced urban environment that satisfies the needs of both locals and visitors.

4.1.1   Limitations of the Research

The research limitations are mainly theoretical, while practical limitations tend to be the opposite of the theoretical ones. By theoretical limitations, I mean the decisions made by the relevant administrative bodies. Although local administrations are continuously improving, there is still a need for a stronger commitment from the government. This issue has been raised by business professionals and some representatives from the Câmara Municipal de Lisboa (CML).

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APPENDICES

Appendix 1: Interview questions

First Round of Experts (Business Professional):

1) From a managerial perspective and based on your professional experience, how do you perceive overtourism in Lisbon? Would you define 39ta s a positive or negative phenomenon for the city?

2) In what ways do you think overtourism is changing Lisbon's urban and economic landscape? Are there emerging trends that businesses should be aware of?

3) Can overtourism create long-term economic opportunities, or do you believe it poses more structural risks for the city?

4) Have you observed any industries or business models that are particularly benefiting from this phenomenon? Conversely, are there sectors that are suffering the most?

5) If we consider potential future scenarios, what key variables do you think will define whether overtourism leads to sustainable urban growth or a crisis in Lisbon?

6) Do you believe the private sector has a role in mitigating the negative effects of overtourism? If so, what strategies or collaborations could be effective?

7) Regarding housing, how do you think the growing tourist demand is affecting local businesses beyond real estate? Are there spillover effects that could reshape the city's economic fabric?

8) If you had to envision a *optimistic* and *more cautious* scenario for Lisbon in the next 10 years in relation to overtourism, what would they look like?

Second Round of Experts (Policymakers):

1) How do you see overtourism shaping Lisbon's future in the next decade? What are the major risks and opportunities that policymakers need to anticipate?

2) In your opinion, what are the most critical factors contributing to the current situation of overtourism in Lisbon, and how do you see the relationship between tourism growth, urban policies, and social inequality?

3) Do you think Lisbon has the right governance model to handle the long-term impacts of overtourism, or are there gaps that need to be addressed?

4) What role does public-private collaboration play in managing tourism-related urban challenges, and are there any successful examples of cooperation between the municipality and businesses?

5) Could Lisbon benefit from new regulatory frameworks or incentives to encourage a more sustainable tourism model? If so, what type of initiatives would be most effective?

6) In terms of urban infrastructure, do you see a limit to Lisbon's capacity to handle growing tourist flows? If so, what solutions could be considered to prevent future saturation?

7) How do financial incentives (such as EU "directive" funds) interact with urban planning policies in shaping the future of Lisbon's tourism and housing sectors?

8) How do you see Lisbon's future in the next 10-15 years in terms of balancing tourism, urban growth, and sustainability?