ESPON

EUROPEAN UNION

Co-financed by the European Regional Development Fund

Inspire Policy Making with Territorial Evidence

FINAL REPORT //

# Cross-border housing markets in Europe

## The Basque border region

Annex No. 5: Case Study // July 2022

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# 1 Spain – France Border Region

## 1.1 Narrative & Territorial Scope

The Spanish-French border region was selected as a case study as its represents a region where smaller cities located near the border are influenced by bigger cities within a wider urban corridor. In this case, we are examining the towns of Irun, Hendaye and Hondarribia within the San Sebastián – Bayonne Eurocity corridor. As Irun, Hendaye and Hondarribia act as a functionally integrated city, their agglomeration has consequently formed the Bidasoa-Txingudi Eurodistrict as an independent consortium within the San-Sebastian-Bayonne Eurocity (Czapiewski, et al., 2013). Moreover, the Irun-Hendaye-Hondarribia agglomeration sits at a critical border crossing point between Spain and France as the Pyrenees Mountain range funnels most western cross-border traffic through this Eurocity corridor (La MOT, 2007). Hence, this case study region represents an insightful example of how wider regional activities can influence, impact and spur more intensive territorial development at important border junctions.

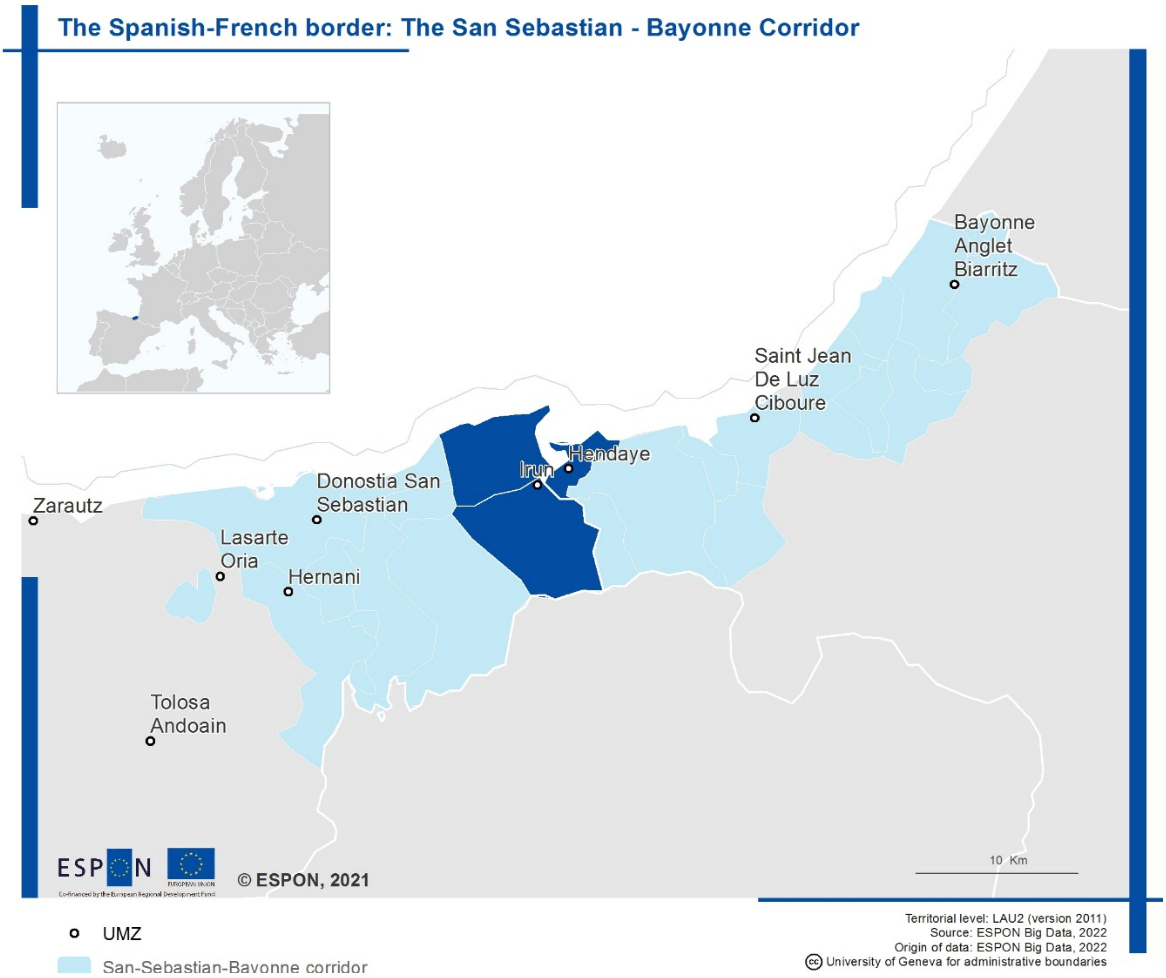



**Figure 1: Case Study Area San Sebastian – Bayonne Corridor**

**Box 1: Bidasoa-Txingudi Household Scenario**

Iker has recently separated from his partner and is in the process of filing for divorce. While Iker is originally from the Basque region of Spain, his ex-partner is French, and they previously lived together with their two children in Hendaye in a single-family home. Given the predominance of Euskara in Hendaye, Iker was comfortable raising his children in France, but since his separation, he wishes to return to Spain without being too far from his children. Iker works in the tourism industry as a tour guide organising bus tours of Basque country for visitors to the region every summer. During the winter, he was a stay-at-home dad and mostly took care of his two children while taking on the occasional odd job around his community. With the onset of Covid, his situation changed as the tourism industry suffered from lockdown measures forcing Iker into unemployment. At home, his family life deteriorated as his partner worked from home and their family life balance grew to be unbearable for both parents.

Consequently, Iker is now searching to rent or buy a two-bedroom apartment in Irun. With less disposable income at hand as a consequence of the separation, Iker understands he will need to downsize his home, but he still wishes to have enough space to house his two children when a co-parenting agreement is reached in their divorce. Given Irun's proximity to Hendaye, he believes having a place in Irun will allow his children to continue at their same schools on the weeks they stay with him and ultimately minimise as much disruption as possible to their daily lives. While Iker would prefer to purchase an apartment in Spain as this is the most common method of tenure in Spain, he is concerned that his depleted savings as a consequence of Covid and being on unemployment will prevent him from accessing finance to mortgage a home. Likewise, he recognises that growing unaffordability in the private rental sector has priced him out of many suitable properties for his family. Hence, Iker is hoping that new Spanish housing policies will allow him to either secure a long-term affordable tenancy in the private rental sector or take advantage of new housing with public protection (VPP) to secure homeownership.

## 1.2 Administrative Systems

### 1.2.1 Spanish Administrative Structure

Since 1978 constitutional reform, competencies for both spatial planning and housing development in Spain have been devolved to seventeen autonomous regions which function independently from the central government according to the Local Autonomy Act (MLIT, 2010). Hence, Spain's central government plays a minimal role in spatial planning; the national government does legislate for a general standardised spatial planning framework through the Land Act which covers Spain's entire territory (OECD, 2017). The central government also coordinates fiscal housing policy to align with general economic planning (Czapiewski, et al., 2013). Hence, due to decentralising efforts, autonomous regional authorities are responsible for administering and guiding Spain's spatial planning framework according to the Land Act principles (MLIT, 2010).

At the regional level, autonomous regional authorities such as the Basque Autonomous Community are responsible for regional planning, housing regulations, public housing programmes and the overall management of housing policy (Czapiewski, et al., 2013). Beneath the autonomous regions, provinces and municipalities function as local levels of governance (OECD, 2017). At the sub-regional level, provincial governments steer and coordinate development across its municipalities through publishing Provincial Subsidiary Regulations which guides development across the territory (OECD, 2017). At the local level, municipalities are responsible for preparing and enacting local master plans, controlling local land use guidelines, permitting housing construction and collecting local property taxes (Czapiewski, et al., 2013).

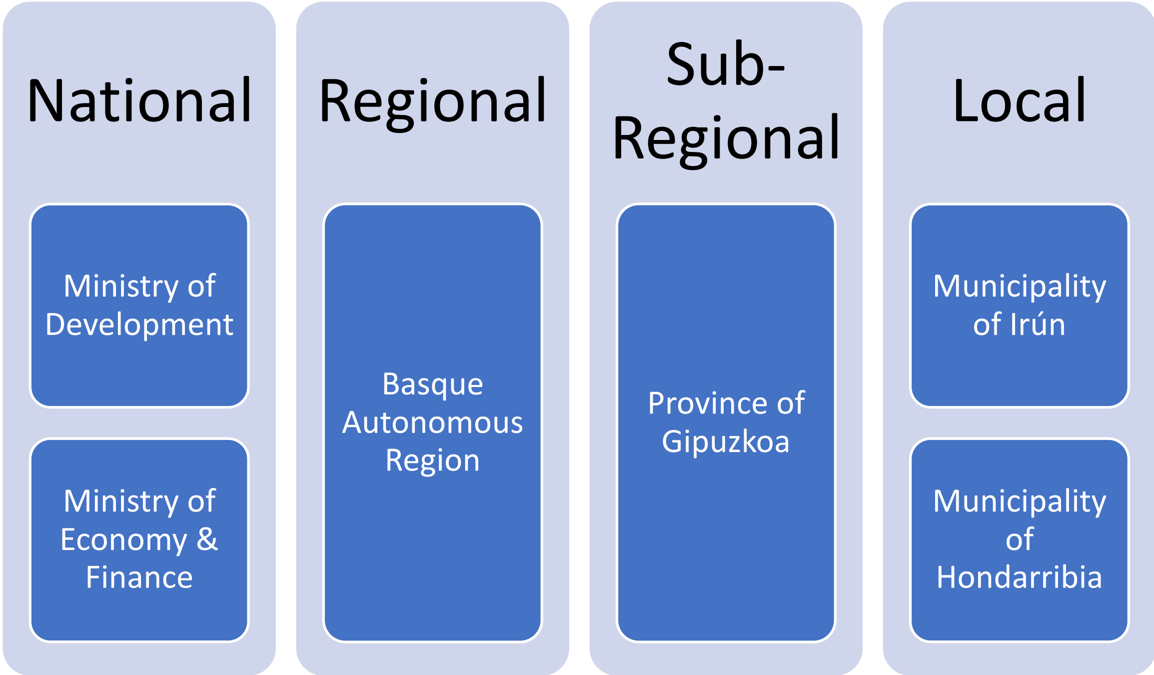



**Figure 2: Administrative Schematic of Spain**

### 1.2.2 French Administrative Structure

In France, the administrative system is complex and split across four different levels of governance. At the national level, the central government provides a legal framework setting out policy in relation to general housing, land use, environment and planning issues (OECD, 2017). Below the central government, 18 regions play an important role in administering the republic; while the regions have no legislative authority to write their own laws, they do have the ability to levy taxes, and extensive regional budgets are run by elected regional representatives (OECD, 2017). Hence, regions play a critical role in financing regional development projects. Underneath the regions, departments act as an intermediary between the regional and local level of governance. Departments are furthered subdivided into arrondissements and cantons, and the departmental councils are democratically elected every six years (INSEE, 2021). Departments have responsibility over welfare allocation, school construction, road maintenance and improving municipal infrastructure (OECD, 2017). Communes represent the lowest rung of governance in France, and they have extensive autonomy to administer national policy within their geographic area as they see best fit. Communes' administrative structure consist of a democratically elected municipal council and mayor, and these administrations are given their rights and statutory powers through the 'Code général des collectivités territoriales (CGCT)' (INSEE, 2021).

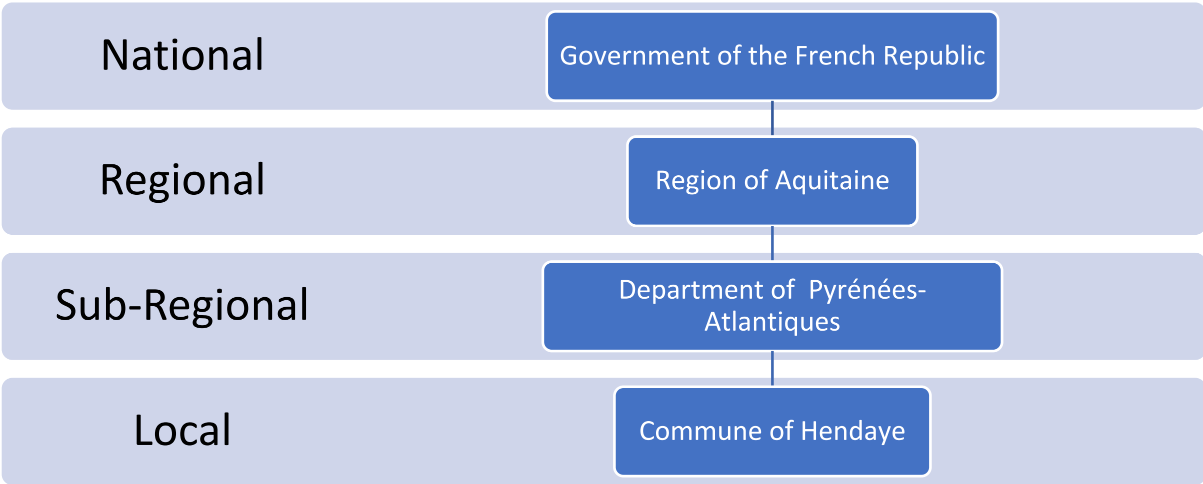



**Figure 3: Administrative Schematic of Spain**

## 1.3 Facts & Background

The San Sebastian-Bayonne Eurocity encompasses over 650,000 inhabitants and shares the Basque culture as a common unifying identity (Managing Authority , 2004). At the Spanish-French border, Irun, Hendaye and Hondarribia are situated around the Bay of Txingudi and the Bidasoa River.

In 1998, the three municipalities signed an inter-administrative agreement for cross-border cooperation thus forming the Bidasoa-Txingudi Cross-Border Consortium (Bidasoa Txingudi Consortium , 2021). Irun sits as the largest city within this consortium with a population of over 63,000 inhabitants. Hendaye sits on the French side of the border with a population of almost 17,000 (which swells during the summer months). The city of Hondarribia also has a population of almost 17,000 people and is a part of the Basque Autonomous Community in Spain. Overall, the district is home to nearly 90,000, but the population swells during summer months as people from other regions migrate to their second holiday home in the district (Bidasoa Txingudi Consortium , 2021).

Given the formal agreement between Irun, Hendaye and Hondarribia, the consortium council has joint competencies over tourism, culture, social welfare and economic development. Moreover, the consortium has agreed to formulate strategies for cross-border cooperation in order to ensure social cohesion and balanced economic development (Santano Clavero, 2021).

While the consortium does not have explicit material competencies over housing, it has put in place a Local Trans-Frontier Habitat Plan called the PLH (La MOT, 2007). This plan emphasised the economic and social regeneration of the three cities primarily through funding new housing construction (La MOT, 2007). Since its original iteration across the consortium in 2004, the PLH has been expanded to encompass the greater Basque Country community across the border region.

## 1.4 Factors & Drivers

### 1.4.1 Tourism & Short-term Rentals

The tourism industry constitutes one of the primary employers across the region. Particularly in Hendaye, tourism generated from its beach acts as a major driver of economic activity and has consequently resulted in a proliferation of hotel accommodation and short-term rentals for holiday goers (Bidasoa Txingudi Consortium , 2021). In terms of the housing market, the extensive tourism industry is having an impact on its dynamics. Many property owners who used to rent to long term tenants have taken their property off the market and now cater to the growing tourism sector needs. Online platforms such as AirBnB allow property owners to rent out their properties for short-term lets which generates larger revenue than long-term rentals (La MOT, 2021). Consequently, the private rental sector is struggling to maintain supply as property owners remove their houses from the market and re-let them as short-term rentals.

Beyond the impact that AirBnB and the proliferation of short-term rentals have had on the rental market, a longstanding tradition of constructing holiday homes as second homes for households from other regions also has a distinct impact on the market (Czapiewski, et al., 2013). As developers cater to the demands of this transient population, new housing tends to meet their needs over the local yearlong population. Moreover, as the market caters to a larger demographic than just the local region, housing prices reflect this dynamic. Hence, local households struggle to gain a foothold in the housing market and are unable to become homeowners as housing prices are set to the income levels of outsiders seeking a second home.

### 1.4.2 Commuting Distance to Larger Employment Centres

Another strong influence on the housing market is the region's accessibility to larger employment centres. Situated at the centre of the Bayonne-San Sebastian Eurocity corridor, housesholds can live in Bidasoa-Txingudi district and commute to larger nearby cities (Czapiewski, et al., 2013). Hence proximity to AP-8/A63 motorway or local train stations connecting to San-Sebastian and Bayonne offers people the opportunity to live in Bidasoa-Txingudi and work elsewhere.

### 1.4.3 Land Use Challenges & Sprawl

Another primary challenge facing the housing sector in this region are differences in land-use and issues pertaining to urban sprawl. In terms of land use, housing development styles differ on separate sides of the border (Czapiewski, et al., 2013). In Spain, housing construction tends to reflect dense, urban settings and most people live in communal apartment blocks instead of single-family housing (Czapiewski, et al., 2013). Conversely in France, the housing pattern reflects a different preference where households live in small dwellings surrounded by private gardens instead of large, urban blocks. Hence this cultural difference in housing styles reflected across the border can impact a household's ultimate decision as to where to settle as more space and privacy is available on the French side of the market (Czapiewski, et al., 2013).

Beyond differences in housing style, the region also struggles with a high level of urban sprawl as a consequence of developers building large holiday home estates in rural areas with easy proximity to the motorway (La MOT, 2007). As more holiday homes estates proliferated across the countryside and economic integration across the San Sebastian-Bayonne Eurocity increased development pressures along the coastal corridor, urban sprawl has become a negative externality generated from the intensification of land use across the greater region (La MOT, 2007).

### 1.4.4 Accessibility Across the Border

A central aspect to this research is how the formation of a cross-border housing market is integrated with the level of accessibility present across the border region. Hence, accessibility can act as either a driver or an impediment to promoting opportunities for further housing integration across border regions.

This region is characterised by an extensive urban corridor connecting both large urban agglomerations with smaller towns and coastal villages. Despite mountainous geographic features limiting infrastructural links over the border to a few accessible places, this region has high connectivity due to investments and collaborations between governments enabling numerous and frequent transport links which effectively integrate the functional cross-border area. As a result, inhabitants are more easily able to traverse across the entirety of the Basque region due to its strong infrastructure links and high connectivity. As a consequence, we can characterise this functional cross-border area as a well-integrated accessible region due to its focus on encouraging cross-border movements.

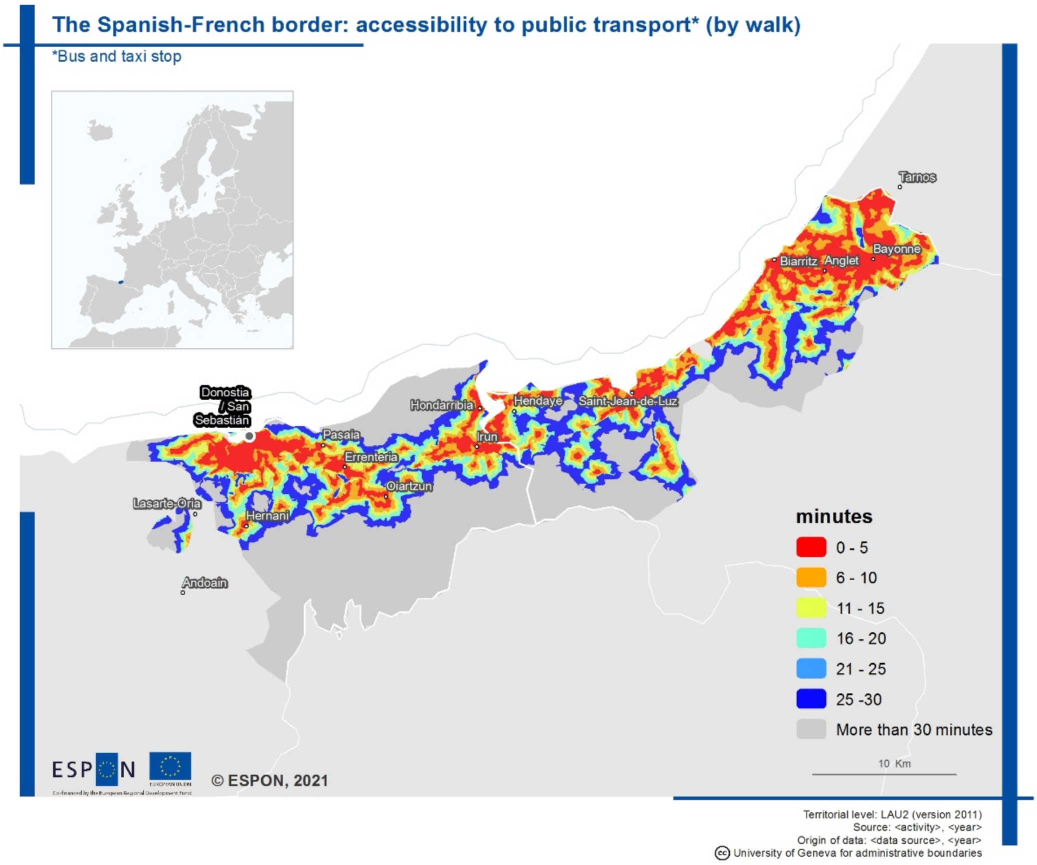



**Figure 4: Accessibility to Public Transport**

This map shows the accessibility to public transport bus and taxi stops, measured as the required walking time from any point in the analysed area to the nearest stop. Results are delivered as isochrones with a 5-minute interval.

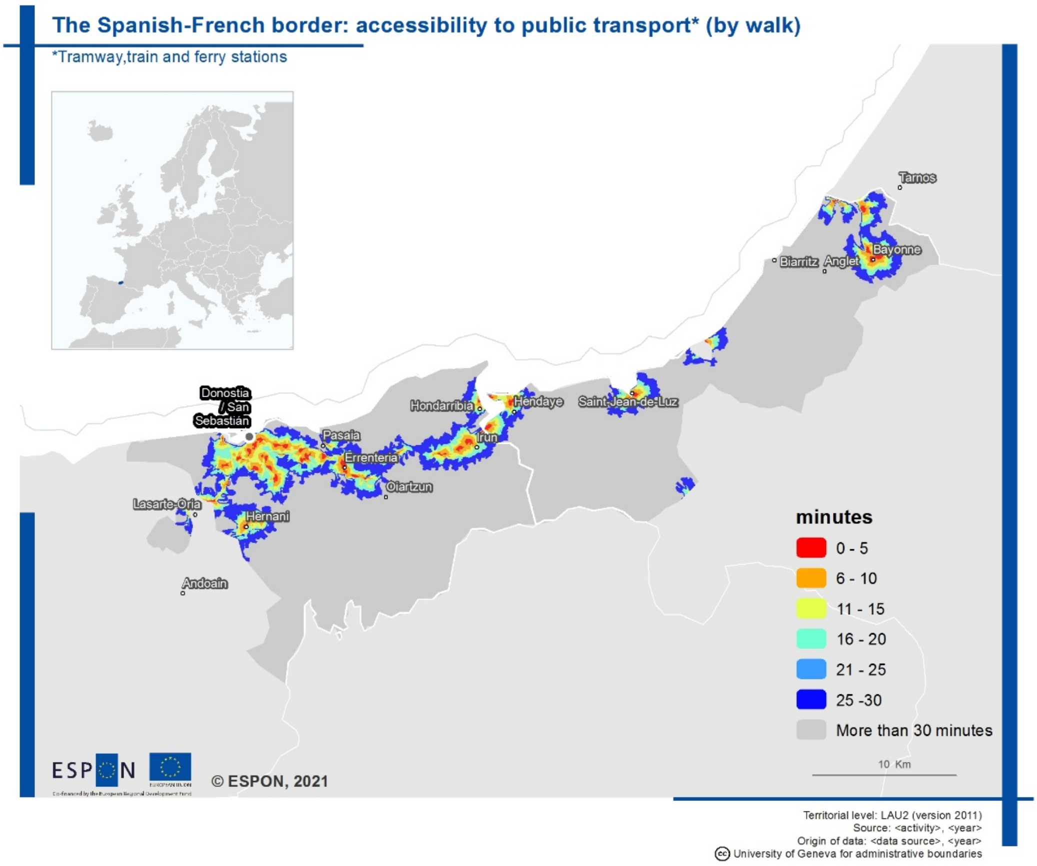



**Figure 5: Accessibility to Public Transport (Rail)**

This map shows the accessibility to public transport tramway, train and ferry stations, measured as the required walking time from any point in the analysed area to the nearest station. Results are delivered as isochrones with a 5-minute interval.

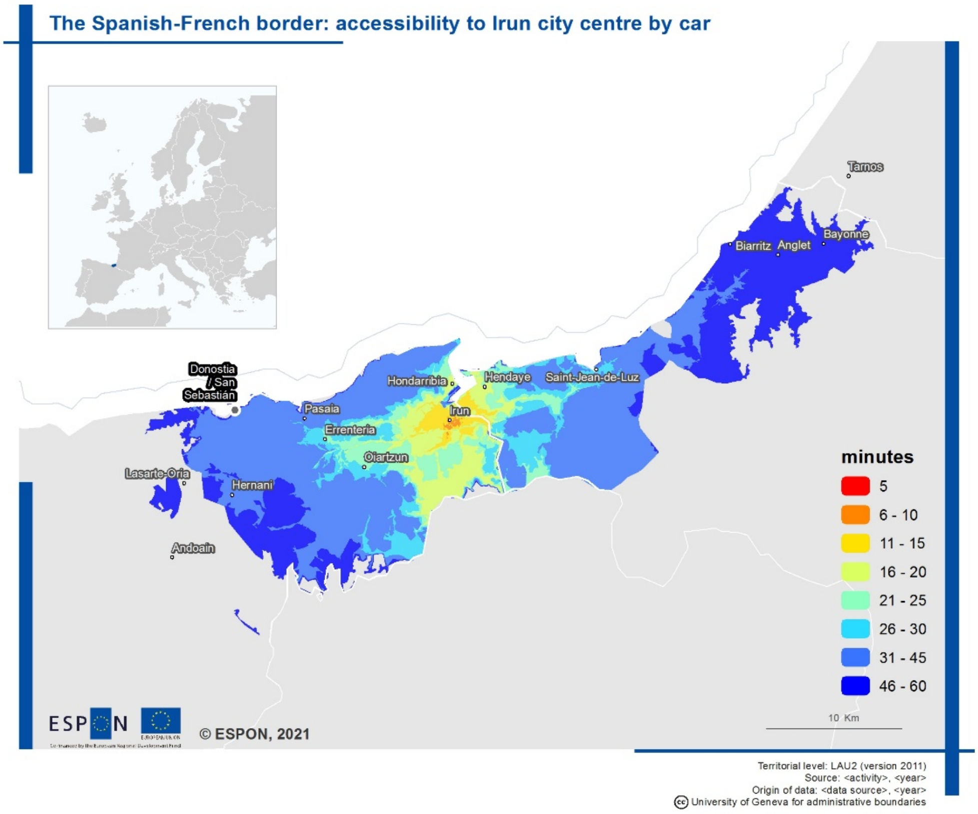



**Figure 6: Accessibility to Employment Centres – Spanish side**

This map shows the accessibility to retail shops, measured as the required driving time by car from any point in the analysed area to the city centre in Irun. Results are delivered as isochrones with a 5-minute interval.

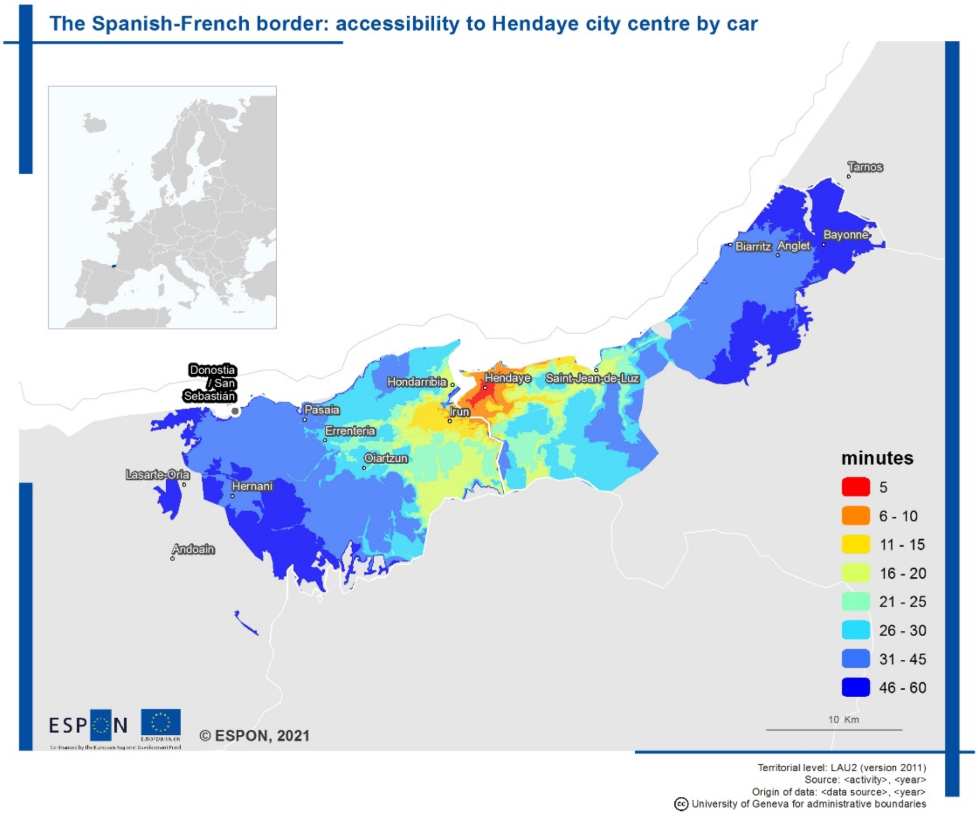



**Figure 7: Accessibility to Employment Centres – French side**

This map shows the accessibility to retail shops, measured as the required driving time by car from any point in the analysed area to the city centre in Hendaye. Results are delivered as isochrones with a 5-minute interval.

## 1.5 Policy Analysis

### 1.5.1 Spatial Planning Strategies

As stated, Spain's national government plays a minimal role in the spatial planning of the country in a national context (OECD, 2017). Instead, it has devolved most planning matters to regional and local levels of governance. As previously stated, the Land Act of 2007 sets out the spatial planning framework which the seventeen autonomous regions must abide by (MLIT, 2010). In addition to the general principles from the Land Act, the national government can also publish sectoral plans which can coordinate national priorities in areas such as infrastructure, the environment, hydrology and solid wastes (OECD, 2017).

At the regional level, the Department of Spatial Planning, Housing and Transport for the Basque Autonomous Region is responsible for regional spatial planning matters covering spatial planning/urban agendas, housing, transport and transversal policies (Leturiondo Aranzamendi, et al., 2021). This department legislates for plans covering a wide range of issue; recently, it has enacted plans covering Sustainable Mobility, Strategic Housing & Urban Renewal, Housing Regulation, Natural Heritage Conservation, Biodiversity Protection, Housing Master Plans and Environmental Regulation (Leturiondo Aranzamendi, et al., 2021). Additionally, the Directrices de Ordenación Territorial (DOT) is a regional spatial plan which coordinates development across all Basque territory.

Sub-regionally, the Gipuzkoa Provincial Council has competency over finance, economic development, roads and social policies. The Gipuzkoa Department of Mobility and Spatial Planning has specific interest in provincial territorial administration. It publishes Strategic Management Plans which are funded through local provincial budgets and outline the economic development for the province (Gipuzkoako Foru Aldundia , 2022). The department also maintains an urban planning register for all development within the Gipuzkoa Province (Gipuzkoako Foru Aldundia , 2022).

At the local level, the municipalities of Irún and Hondarribia oversee local planning matters. In Irún, the Hiri Antolamenduko Plan Orokorra (General Urban Planning Plan) defines how land will be utilised through zoning delineations of urban, urbanizable or undeveloped areas. It also specifies areas for renewal through local development plans which are implemented through 'Definitely approved urban planning' projects. In Hondarribia, a separate Hiri-antolamenduko Plan Orokorra (HAPO) defines land-use through a similar set of instruments. Hondarribia also implements subsidiary rules specific to its municipality, local special plans and a legislative plan which prepare and control local development matters.

In France, the central government has decentralised spatial planning matters to the regional and local levels of governance (MLIT, 2012). There is no overall national plan driving a cohesive development strategy although the state does play a role in administering interregional projects of national significance (OECD, 2017). Additionally, the state can outline spatial planning frameworks and priorities which regions and communes must adhere to (OECD, 2017).

At the regional level, each region is responsible for developing a 'Schéma Régional d'Aménagement de Développement Durable et d'Égalité des Territoires' (SRADDET) (OECD, 2017). The SRADDET for Nouvelle Aquitaine sets the regional goals for the French territory within the French section of the San Sebastian-Biarritz Corridor. Regional strategies focus on a number of themes relating to the economic, social and environmental objectives of the territory. Moreover, local planning matters must adhere to and be compatible with the components of the SRADDET to ensure regional cohesiveness (OECD, 2017).

As Nouvelle Aquitaine is a large territory, a 'Schéma de Cohérence Territoriale' (SCOTs) have been implemented for the Basque Country and Seignanx at the sub-regional level of govenance within the prefecture of the Pyrenees-Atlantiques. The SCOT Basque Country and Seignanx serves as a reference framework for various sectoral policies relating to issues of spatial organization and town planning, housing, mobility, commercial development, the environment, including that of biodiversity, energy and climate. The SCOT is integrated with principles of sustainable development and applies to the entire French side of the case study region (OECD, 2017).

Additionally, the commune of Hendaye controls local development through its 'Plan Local D'Urbanism' (PLU) which adheres to guidelines set in both the SCoT and SRADDET. Hendaye also coordinates its PLU with the PLUi of La Communauté d'Agglo of Pays Basque (an intercommunal organisation of 158 communes which make up Basque Country in France). Included within Hendaye's PLU are sustainable development principles, development guidelines and local rules and regulations.

Given the historic cross-border connections across the Spanish and French Basque Country, a number of cross-border spatial strategies are in place. The Basque Eurocity Collaboration Agreement which includes the municipalities of the Bidasoa-Txingundi metro region coordinates development through cooperation projects which seeks to organise infrastructure, urban services and government instruments through jointly designed instruments of public service (Wassenberg & Reitel, 2015). Nouvelle-Aquitaine, Euskadi and Navarre are three European regions which have formed a cross-border Euroregion. This Euroregion seeks to develop a common area of cooperation which jointly builds projects that contribute to the economic, social and cultural development of the Euroregion at cross-border, interregional and European levels (Euroregion Nouvelle-Aquitaine Euskadi Navarra, 2014). The Strategic Plan 2021-2027 is a cross-border regional strategy which sets out cross-border integration across five priority areas: 1) Euroregional Citizenship, 2) Smart, Competitive, Inclusive, Sustainable Development, 3) Sustainable Development and Territorial Cohesion, 4) Cross-Border Governance and 5) Innovative Management of the Euroregion (Euroregion Nouvelle-Aquitaine Euskadi Navarra, 2014). At a local level, the Bidasoa-Txigundi Consortium collaborates regularly between municipal governments and has even published a intermunicipal 'Plan Local D'Habitation' (Local Housing Plan) which coordinates and integrates housing policies across the border to develop a single cohesive housing market (Bidasoa Txingudi Consortium , 2021).

### 1.5.2 Housing Policy

Since 2015, this Spanish – French cross-border region has experienced an influx of new policymaking with respect to the housing market in Spain. In 2015, the Basque Autonomous Community announced a new housing law which codified an individual's right to housing while also implementing a new blanket of measures which seeks to control rental prices, protect affordable owner-occupation and mandate for developer contributions to social housing stock (Dol, et al., 2017). Subsequently in 2021, the Spanish national government announced a similar housing law which provides for similar measures in relation to rental caps, tenancy protections, low-income subsidisation and landlord regulation at a nation-wide scale (Heller, 2021). As Spain has a high level of owner occupation due to a public housing programme which enables low-income households to access affordable homeownership, its current housing policies are mostly focused at protecting households within the housing market through controlling price and regulating new affordable development (Larraín Nesbitt, 2021). Additionally, while its private rental sector (PRS) is small, Spanish housing policy is focusing on increasing the private rental sector through the provision of new supply stimulated by grants and subsidies for private rental sector developers (Larraín Nesbitt, 2021). Conversely, it seeks to protect its growing private rental sector from large investment funds through regulating rental prices on units owned by investment funds in housing pressure zones while encouraging young and elderly households to enter secure private rental tenancy through grants and public incentives (Larraín Nesbitt, 2021).

Comparatively, France has a much more diversified housing sector with a larger segment of its population living in the private rental sector. Hence, its housing policymaking reflects this greater balance between owner-occupation and rental sectors as its policies already have a legacy of protecting and helping tenants within the private rental sector. Moreover, homeownership is encouraged from the state through government-supported schemes which help households access finance a home loan (Govt of France, 2017). Another significant difference is within the public affordable housing sector where French social housing is rented through public agencies whereas Spanish social housing is often owned through affordable housing programmes. Hence, the policies which reinforce and support these housing systems are markedly different as the two systems rely on different avenues of tenures to ensure access to affordable housing.

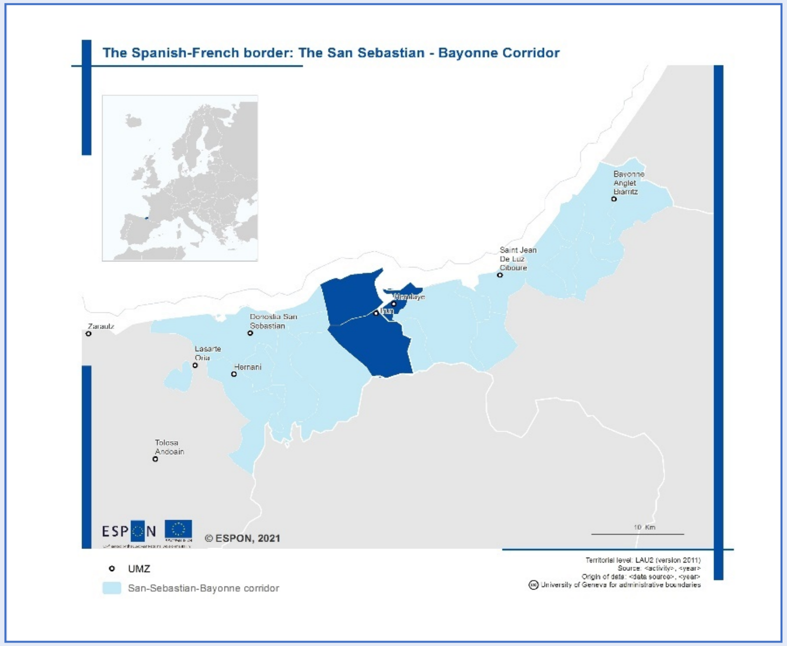
| ***Typology*** | ***Spain*** | ***France*** |
|---|---|---|
| *Statutory* | • Ley de Vivienda 2015 (ETA) (Housing)<br>• Ley de Vivienda 2021 (ES) (Housing)<br>• Reserves 30% of land for public housing<br>• Ley del Suelo 2007 (Land)<br>• Ley de Ordenacion de la Edificación 1999 (Planning)<br>• DOTs (Regional plans)<br>• HAPO/PGOU (Local Urban Plans)<br>• State Housing Plan 2018-2021<br>• Increasing PRS supply | • DATAR (Délégation interministérielle à l'aménagement du territoire et à l'attractivité régionale) – national spatial planning legislation setting out frameworks<br>• Le Schéma de cohérence territorial (SCOT) & PLU (plan local d'urbanisme) – locally enforced spatial planning strategies<br>• SRU (Solidarité et Renouvellement Urbain) – stipulates that 25% of housing in urban communes are reserved for HLM stock<br>• ALUR (officielle de loi n°2014-366 du 24 mars 2014 pour l'accès au logement et un urbanisme rénové) – places penalties on communes missing 25% HLM residential stock<br>• ELAN (loi pour l'évolution du logement, de l'aménagement et du numérique) – housing reform legislation modernising planning system |
| *Fiscal* | • Zona Tensionada –housing stress zones with 10-year rent freeze placed on large landlords and new rental caps<br>• New tenancy protections for PRS tenants encouraging long-term secure tenure through extended leases<br>• Tax break on large scale renovations<br>• Vacancy tax on landlords<br>• Housing stock and urban regeneration grants | • Caisse des Depots et Consignations – public investment banks providing low-cost loans<br>• Tax exemptions/reductions for landlords commanding lowered rental rates<br>• Rent controlled zones<br>• Housing Savings Plans (Compte Epargne Logement)<br>• Regulated Loans for Owner-Occupied ownership<br>• PTZ (Prêt à Taux Zéro) – 0% subsidised loans from<br>• Tax rebate for new private rental sector construction<br>• ANAH (Agence nationale de l'habitat) Grants – for landlords upgrading property |
| *Public* | • Vivienda de Proteccion Publica (VPP) – publicly protected owner-occupied housing<br>• Fondo Social de Vivienda – provides low-income households facing eviction<br>• Alokabide – Basque social rental agency<br>• Ban on sale of public housing to investment funds | • HLM (habitation à loyer modéré) – low-income socialised housing owned by public companies or municipalities<br>• Subsidised affordable housing |

| Typology | Spain | France |
|---|---|---|
| *Universal* | • Complemento de Vivienda – housing assistance payments for PRS households requiring aid<br>• Housing Benefit Payment for 18 to 35-year-olds on low incomes<br>• Tax breaks on landlords renting to the 18 to 35-year-old age groups<br>• Rent subsidies for young and elderly low-income households in PRS<br>• Recompra de vivienda libre – Basque policy of buying out owner-occupier in arrears and renting back to owner<br>• Housing assistance for elderly households encouraging moves to shared facilities | • APL (l'aide personnalisée au logement) – universal rental assistance payment<br>• PAH ('amélioration de l'habitat) – home improvement subsidy for low-income owner occupiers |

**Figure 8: Table of Housing Policies Overview**

The housing policies of Spain and France across the Bayonne-San Sebastian Eurocity corridor reflect the significant differences across the countries' forms of tenure. In Spain, 88% of society lives within the owner-occupied sector due to historic affordable housing programmes which provided pathways to protected homeownership for low-income households (Dol, et al., 2017). Hence, housing policies in Spain reflect the need to protect its extensive owner-occupied sector while also bolstering and growing its private rental sector to accommodate more households through secure, affordable tenancies (Larraín Nesbitt, 2021). In France, a greater percentage of society lives within the private rental sector, so its national policies for sometime have reflected this dynamic where rental protections and secured tenancy are more common to ensure affordable housing. Similarities do exist in policymaking where both countries seek developer contributions to affordable housing through a percentage of units requirement in new developments. Moreover, subsidies and grants are common instruments in both countries to encourage and support access to affordable housing for low- and middle-income households. Hence, while the housing systems differ across the Spanish-French border, new housing policy is targeted at ensuring affordable housing through a combination of regulation, price control and market incentivisation.

# 2 Regional Fiche: Spain – France (Bidasoa-Txingundi Eurodistrict)




## Section 1: Housing

| | Region-wide | Local-areas |
|---|---|---|
| Legislation | DATAR – *France National Planning Laws* | Programme d'Amélioration de l'Habitat – *CA Pays Basque* |
| | SRU – *France National Affordable Housing Law* | Le de Vivienda – *Basque Housing Law 2015* |
| | ALUR – *France National Social Housing Law places* | |
| | ELAN – *France Housing Reform 2017* | |
| | Ley de Vivienda – *Spanish Housing Law 2021* | |

# 2 Regional Fiche: Spain – France (Bidasoa-Txingundi Eurodistrict)

| | | |
|---|---|---|
| Strategies | 2017 Housing Strategy – *Govt Housing Policies for FR* | Plan Local d'Urbanisme – *CA Pays Basque & Hendaye* |
| | State Housing Plan 2018-2021 – *Govt Housing Policies for ES* | Charte d'Aménagement et de Développement Durables Du Pays Basque – *CA Pays Basque* |
| Administrations | Ministry of Transport, Mobility & Urban Agenda – *Spain* | Le Service de l'urbanisme – *Hendaye* |
| | Ministry of Ecological Transition & Solidarity – *France* | Urban Planning & Sustainable Development Department – *Irun* |
| | Communauté d'Agglo – *Pays Basque (FR)* | Urbanism & Heritage Department – *Hondarribia* |
| Tenure | 75.1% – *Homeownership Rate in ES* | 85% – *Homeownership Rate in Basque Country* |
| | 62.8% – *Homeownership Rate in FR* | 62% – *Homeownership Rate in Nouvelle Aquitaine* |
| Affordability | ~ €160,000– *Avg Price of House in FR* | €3,848 – *Avg Price of House per SQM Hondarribia* |
| | €150,750 – *Avg Price of House in ES* | €2,461 – *Avg Price of House per SQM Irun* |
| | | €4,943 – *Avg Price of House per SQM Hendaye Apartment* |
| | | €4,260 – *Avg Price of House per SQM Hendaye House* |

**Section 2: Cross-Border Dynamics**

| | Region-wide | Local-areas |
|---|---|---|
| Inhabitants | 620,000 – *Population of Bayonne-San Sebastian Eurocity* | 97,662 – *Population of Bidasoa-Txingudi Eurodistrict* |
| Net Migration | 3,212 daily – *Cross-border workers from FR to ES* | |
| Border Crossings | 5 – *Physical Bridge Crossings Between FR & ES in Basque Country* | 1 – *Ferry Crossing Between Hendaye & Hondarribia* |
| | | 1 – *Local Rail Connection* |
| | | 3 – *Cross-border local bus services* |
| | | 6 – *Interregional Rail Connections* |
| | | 1 – *Pedestrian/Cyclist Bridge Crossing* |
| | | 2 – *Local Road Crossings* |
| | | 1 – *Motorway Crossing* |
| Purchasing Power | €37,440 – *GDP per Capita in FR* | €36,600 – *Basque Country GDP per Capita* |
| | €26,692 – *GDP per Capita in ES* | €29,500 – *Aquitaine GDP per Capita* |
| Inflation | 1.96% – *Inflation rate in FR 2021* | |
| | 2.24% – *Inflation rate in ES 2021* | |

# 2 Regional Fiche: Spain – France (Bidasoa-Txingundi Eurodistrict)

| | | |
|---|---|---|
| Unemployment | 8.1% – *Unemployment rate in FR*<br>14.4% – *Unemployment rate in ES* | 12.6% – *Unemployment rate in Euskadi*<br>9.5% – *Unemployment rate in Aquitaine* |
| Mortgage Interest Rates | 1.14% – *Average Mortgage Interest Rate in FR*<br>2.48% – *Avergage Mortgage Interest Rate in ES* | *A particularity of the Spanish property sector is that debt transfers with the property placing higher liability on new property owners.* |
| Language Barriers | French – *Official language of FR*<br>Spanish – *Official language of ES* | Euskara – *Regional Language of Basque Country* |

**Section 3: Spatial Planning Frameworks**

| | Region-wide | Local-areas |
|---|---|---|
| Regional Plans | *No cohesive cross border plan exists for this region* | Plan Local D'Habitation Bidasoa-Txingudi – *Local plan for housing development* |
| EU/Cross-Border Programmes | Interreg Atlantic Area – *EU Interreg Region* | Interreg POCTEFA – *EU Interreg Region*<br>Interreg SUDOE – *EU Interreg Region* |
| Cooperative Agreements | Plan Stratégique 2021-2027 – *Euroregion* | |
| Governance | Euroregion Nouvelle-Aquitaine Euskadi Navarra – *EGTC Grouping*<br>Eurocité Basque – *European Economic Interest Grouping* | Cross-Border Consortium Bidasoa-Txingudi – *Eurodistrict* |
| Local Initiatives | Regional Cross-Border Agreement – *Districts of Bayonne/Anglet/Biarritz & Gipuzkoa* | Twin City Agreement – *prior to Eurodistrict Irun, Hendaye & Hondarribia* |
| Legal Frameworks | *EU Directives act as legal frameworks overarching and coordinating spatial activity throughout the region.* | |

# 3 Indicators for Spanish-French Case Study

This chapter reviews and analyses both the updated and new indicators in a cohesive fashion in order to arrive at some interim conclusions which provide us further detail on the activity of the cross-border housing market along with an understanding of general wellbeing in relation to the affordability of housing.

## 3.1 Offerings and Prices

This subchapter details information pertaining to the offerings and prices found in the web scraping process through a number of different indicators.

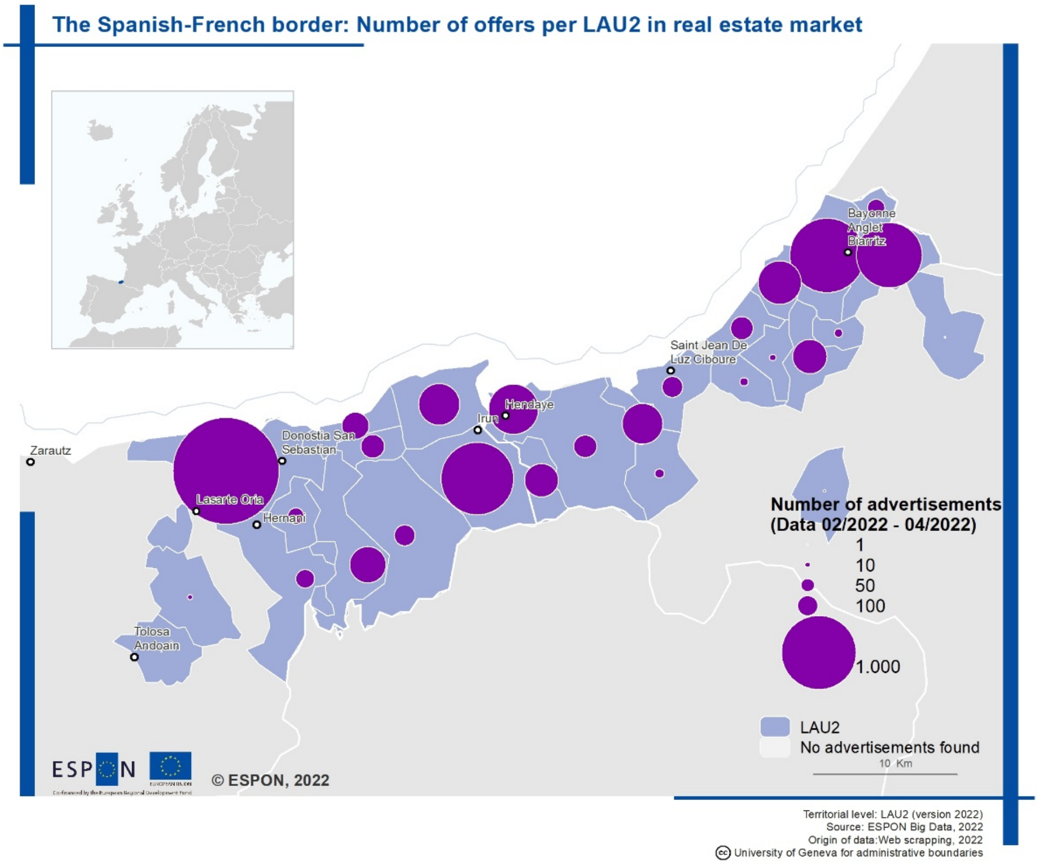



**Figure 9: Number of Offers on Advertised Dwellings per Municipality across Real Estate Market**

*Indicator and data*

This map displays the number of advertisements for buying dwellings scraped from web portals in the period of February to April 2022. The advertisements are aggregated at LAU2 level, and they are unique and avoid counting multiple instances of the same advertisement across time.

The collected advertisements are cleaned according to the methodology explained in the technical annex. For some LAU2 units, no valid advertisements are found. The list of valid advertisements is used in all subsequent indicators.

*Trends and patterns*

We observe a higher amount of offers in the bigger cities with an almost equal amount for Irún, Hendaye, Hondarribia, San Sebastián, Biarritz and Bayonne whereas more rural areas have a much lower number of active offers. The Spanish side is more active with about 50% more listings than the French side when we consider the whole corridor.

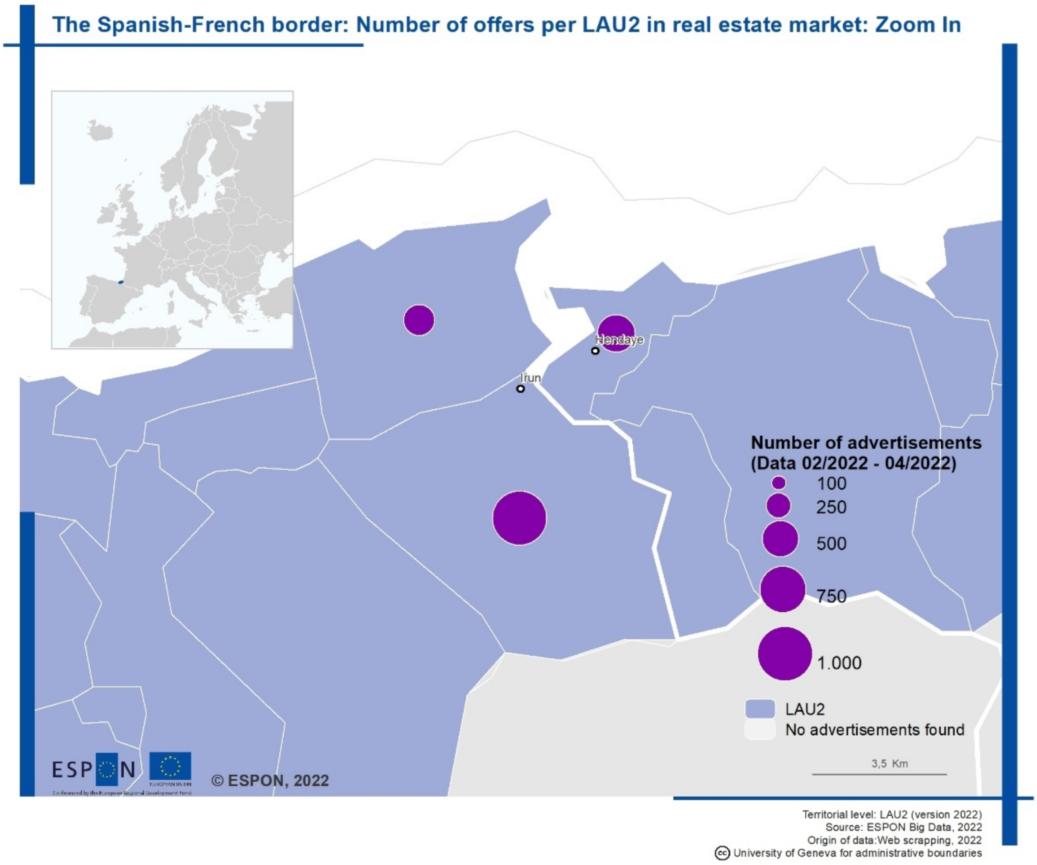



**Figure 10: Border Zoom In: Offerings for Sale**

*Indicator and data*

This map displays the number of advertisements for buying dwellings scraped from web portals in the period of February to April 2022. The advertisements are aggregated at LAU2 level, and they are unique and avoid counting multiple instances of the same advertisement across time.

The collected advertisements are cleaned according to the methodology explained in the technical annex. For some LAU2 units, no valid advertisements are found. The list of valid advertisements is used in all subsequent indicators.

*Trends and Patterns*

The border region has considerable amounts of offers, with both regions having numbers in the same ball park.

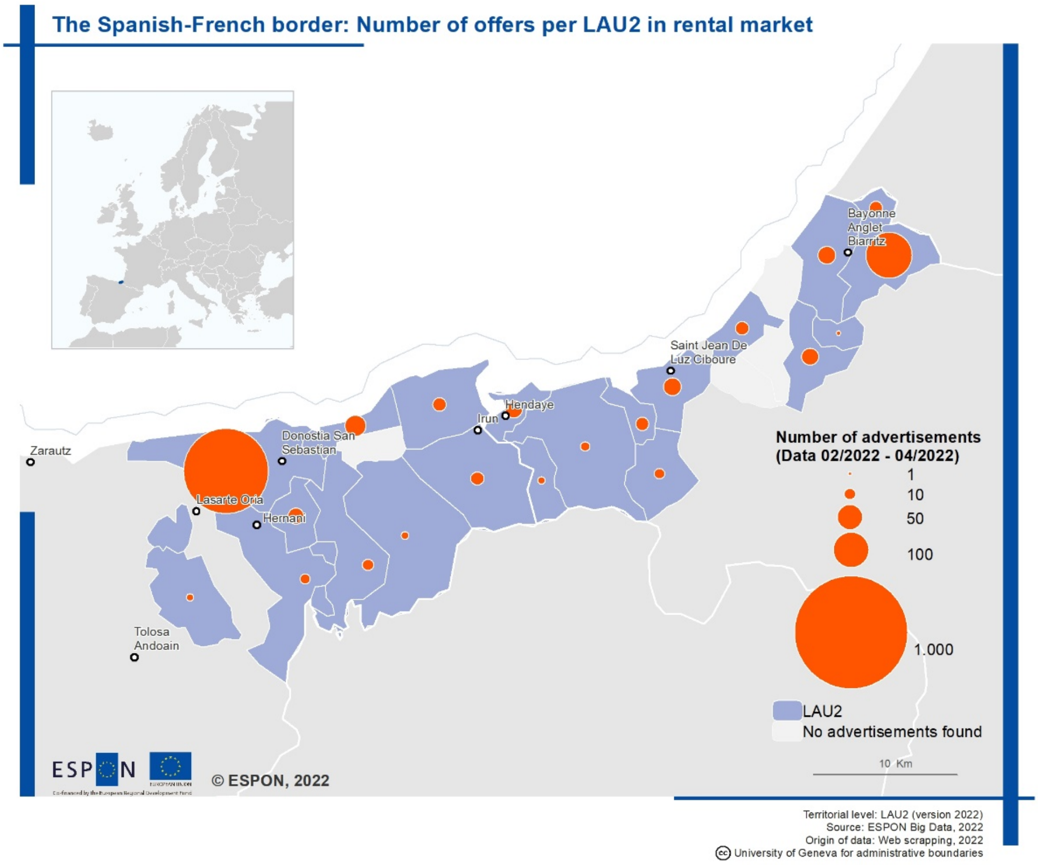



**Figure 11: Number of Offers on Advertised Dwellings per Municipality across rental market**

*Indicator and data*

This map displays the number of advertisements for renting dwellings scraped from web portals in the period of February to April 2022. The advertisements are aggregated at LAU2 level, and they are unique and avoid counting multiple instances of the same advertisement across time.

The collected advertisements are cleaned according to the methodology explained in the technical annex. For some LAU2 units, no valid advertisements are found. The list of valid advertisements is used in all subsequent indicators.

*Trends and patterns*

For rental advertisements, the same pattern of a higher number of offers in cities and fewer in rural areas holds true, but in this case, the difference is not as extreme as in the real estate market.

The amount of valid listings for rental is much smaller in general than the real estate advertisements, and the number for the Spanish side is much higher than the French one (+177%).

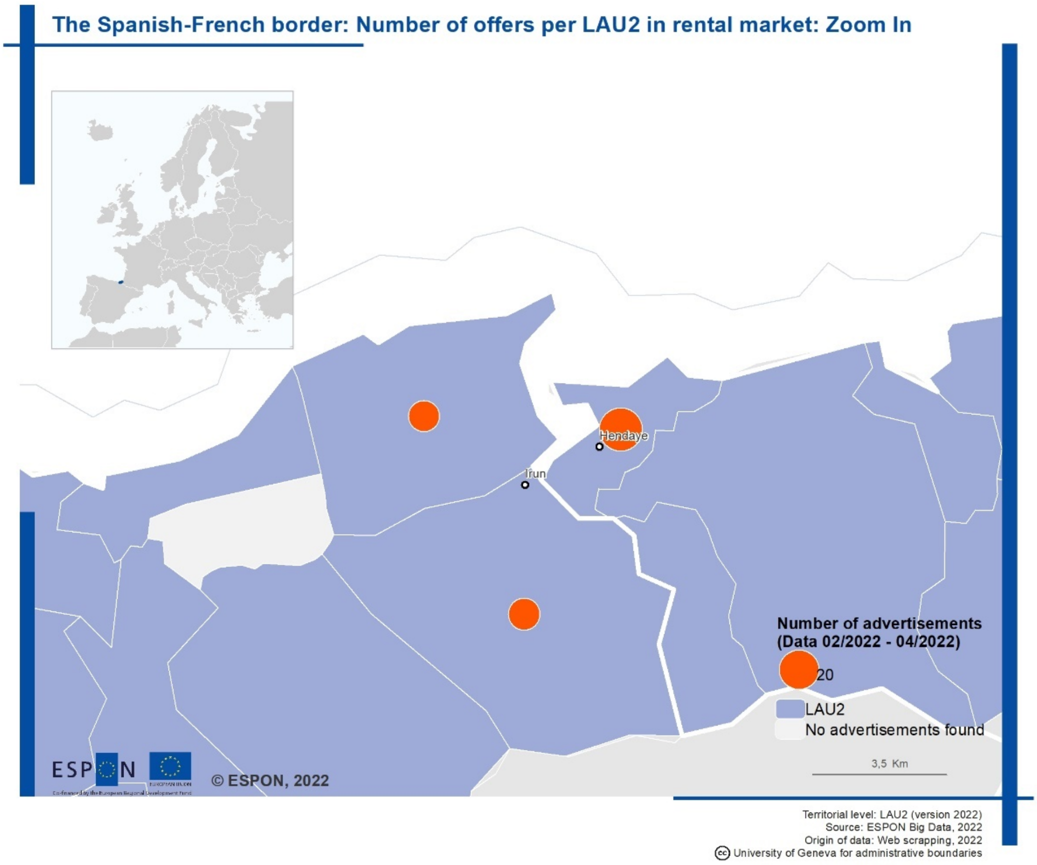



**Figure 12: Border Zoom In - Rental Offerings**

*Indicator and data*

This map displays the number of advertisements for renting dwellings scraped from web portals in the period of February to April 2022. The advertisements are aggregated at LAU2 level, and they are unique and avoid counting multiple instances of the same advertisement across time.

The collected advertisements are cleaned according to the methodology explained in the technical annex. For some LAU2 units, no valid advertisements are found. The list of valid advertisements is used in all subsequent indicators.

*Trends and patterns*

The border regions is in comparison to other case studies presented relatively homogenous, with very few offers in both regions. Overall, the offerings are very small.

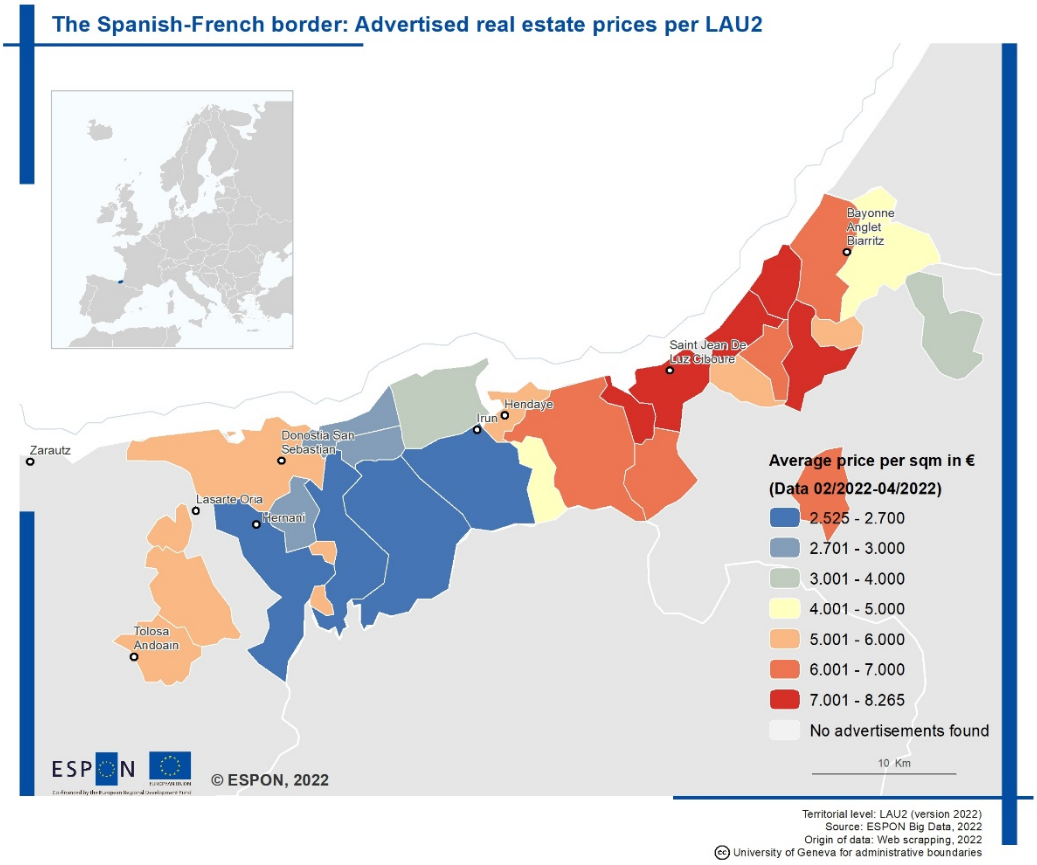



**Figure 13 : Advertised Price of Residential Property for Sale**

*Indicator and data*

This visualization shows the advertised price of real estate. The data shown is the average price of buying a property in €/sqm per LAU2 unit computed from web scraped data obtained from online portals. All typologies are included (multifamily / single family, new / old) Data availability within the scraped period limits the calculation of the indicator, thus whenever no adds exist for a given LAU2, the indicator is empty.

*Trends and patterns*

The spatial pattern indicates a trend of increasing prices the further we move away from the cross-border area of Irún-Hendaye with the top prices located in the French Atlantic coast (Gethary, Biarritz and Saint Jean de Luz) where we can see the influence of the tourism on the market. Here, prices reach between €6901 and €8182 per sqm, almost twice that of the cross-border area and even higher than those of the city of San Sebastián.

In the border, we observe that prices are significantly cheaper on the Spanish side with the more industrial city of Irún at the lowest end of the scale (2525-2600€/sqm) whereas Hendaye is much more expensive on average at 3501-5000€/sqm.

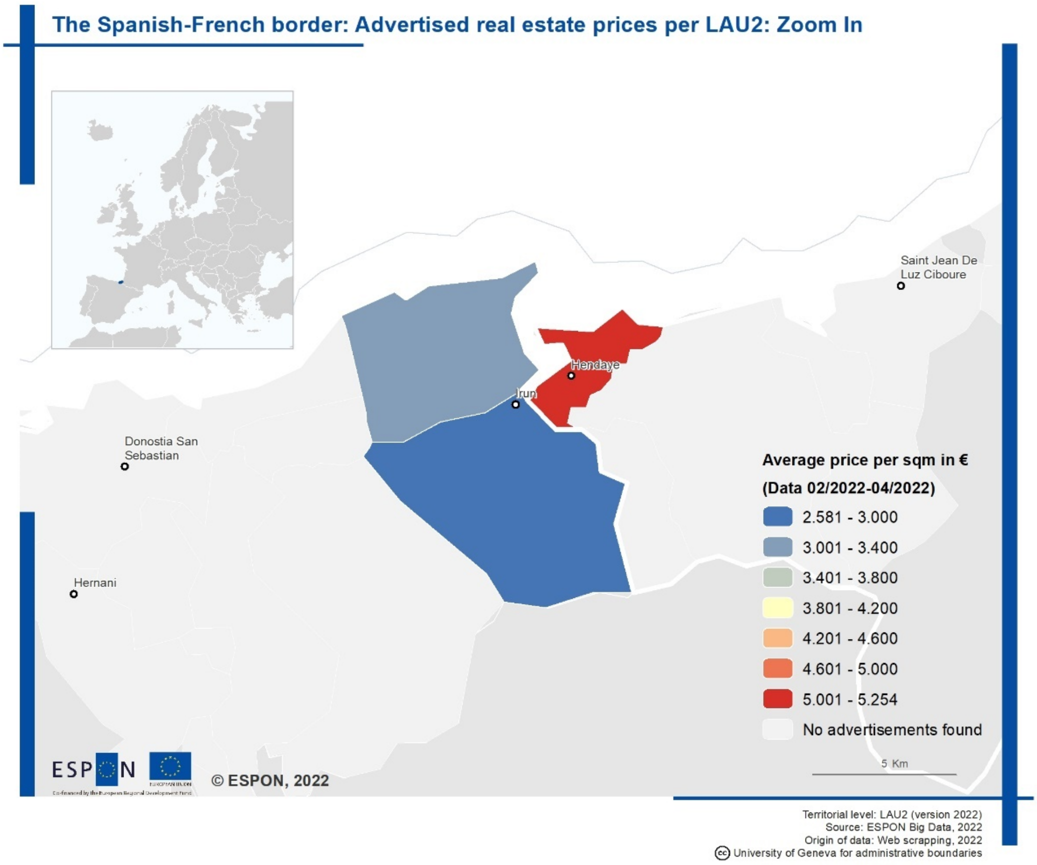



**Figure 14: Border Zoom In - Advertised Prices for Sale**

*Indicator and data*

This visualization shows the advertised price of real estate. The data shown is the average price of buying a property in €/sqm per LAU2 unit computed from web scraped data obtained from online portals. All typologies are included (multifamily / single family, new / old) Data availability within the scraped period limits the calculation of the indicator, thus whenever no adds exist for a given LAU2, the indicator is empty.

*Trends and patterns*

The zoom-in shows the price difference across the border more clearly as the whole case study region. As a result, the average price per sqm has a difference of minimum 2000 Euro per sqm, indicating a substantially higher priced housing market in Hendaye.

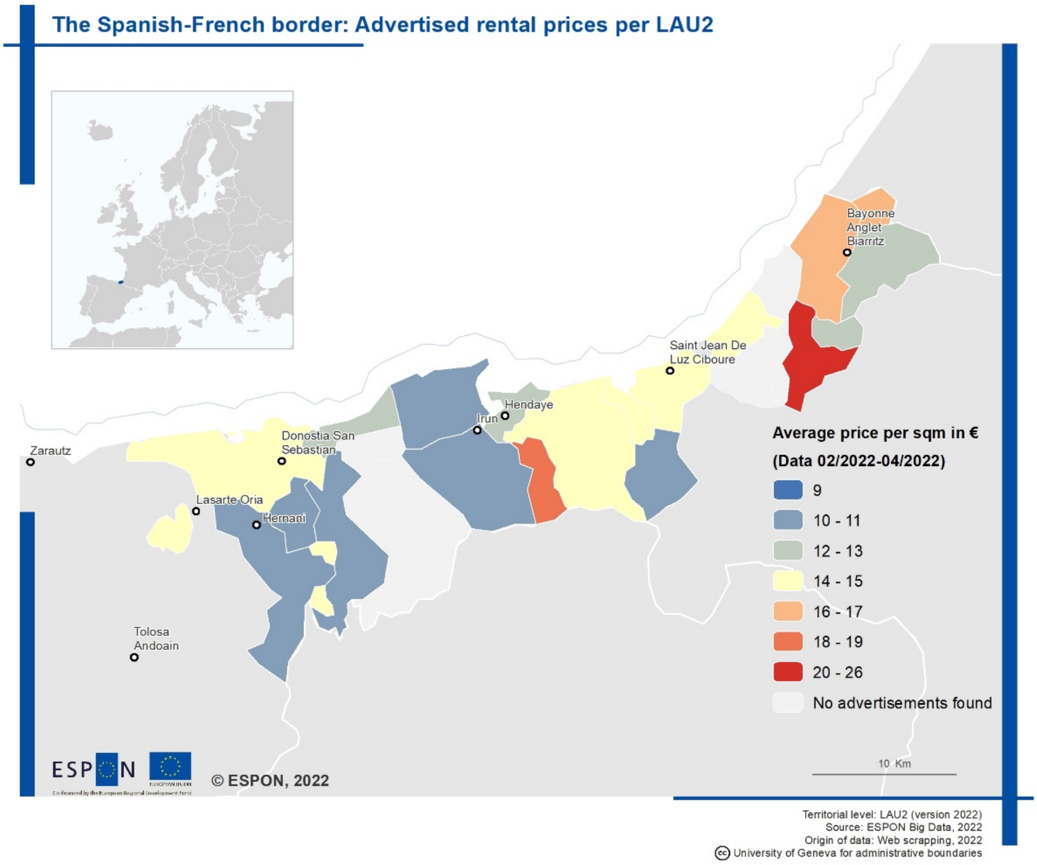


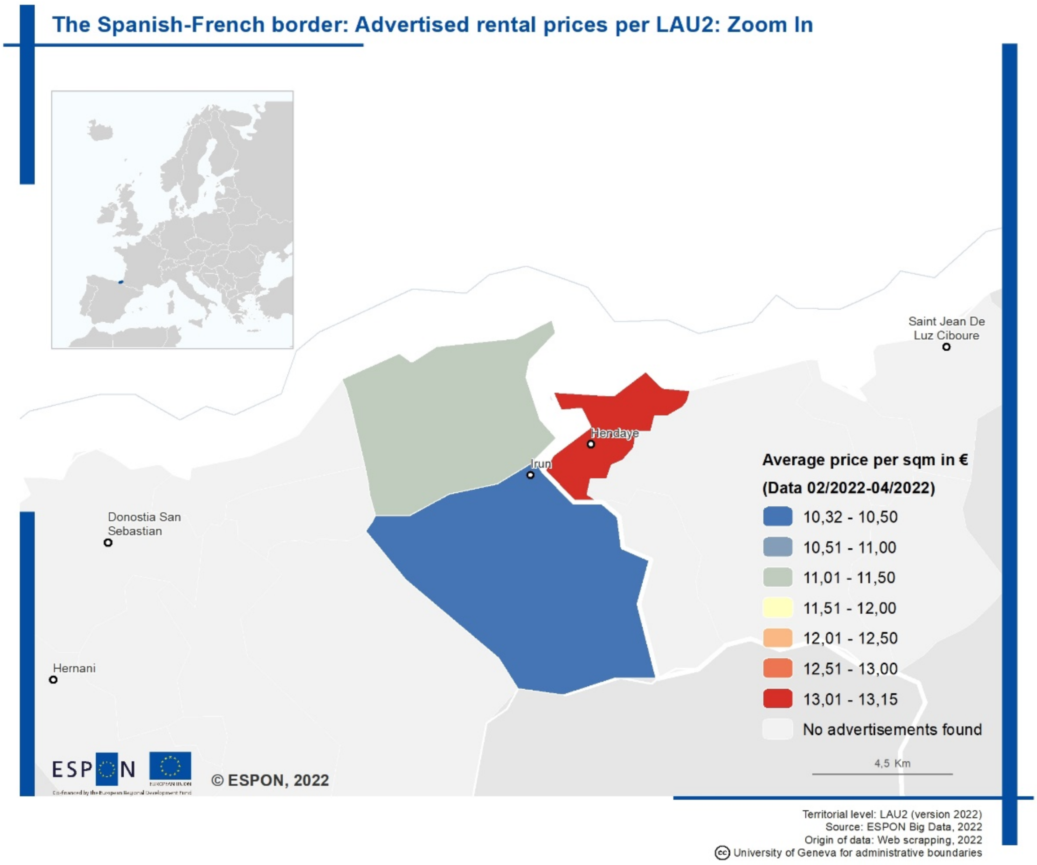

**Figure 15: Advertised Price of Residential Property for Rent**

*Indicator and data*

This visualization shows the advertised price of rental. The data shown is the average price of renting a property in €/sqm per LAU2 unit computed from scraped data obtained from online portals. All typologies are included (multifamily / single family, new / old) Data availability within the scraped period limits the calculation of the indicator, thus whenever no adds exist for a given LAU2, the indicator is empty.

*Trends and patterns*

When looking at the rental prices, we observe a dispersion of price ranges although all of them are quite close to one another. The highest values with 20€/sqm occur in Biarritz and the lowest ones in Hondarribia although the number of advertisements is relatively low there.




## Figure 16: Border Zoom In - Advertised Rental Prices

*Indicator and data*

This visualization shows the advertised price of rental. The data shown is the average price of renting a property in €/sqm per LAU2 unit computed from scraped data obtained from online portals. All typologies are included (multifamily / single family, new / old) Data availability within the scraped period limits the calculation of the indicator, thus whenever no adds exist for a given LAU2, the indicator is empty.

*Trends and patterns*

The zoom-in shows the price difference across the border more clearly as the whole case study region. As a result, the average price per sqm has a difference of minimum 2000 Euro per sqm, indicating a substantially higher priced housing market in Hendaye.

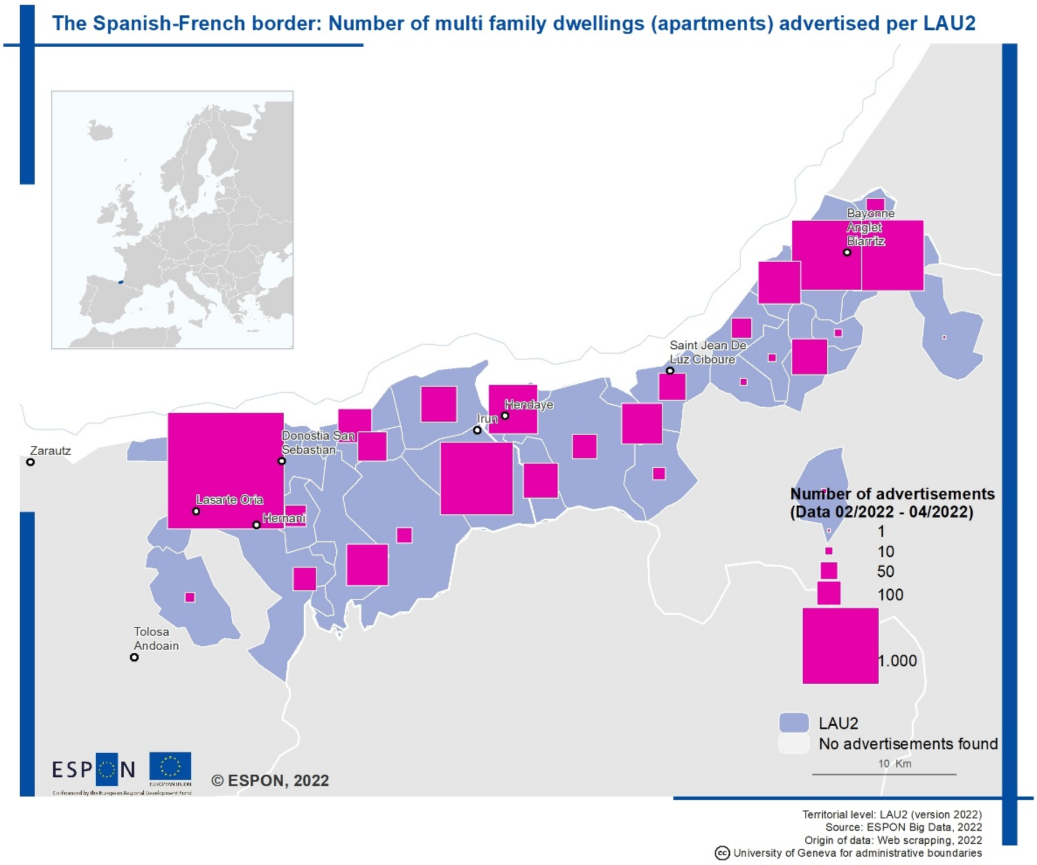



**Figure 17: Multifamily Housing Type**

*Indicator and data*

The indicator shows the number of valid scraped advertisements for multifamily dwellings (apartments) aggregated at LAU2 level. It includes both rental and buying advertisements and requires homogenising the housing typologies, which are slightly different in each country.

*Trends and patterns*

During the timeframe of the web scraping, a total of 2479 advertisements for multifamily housing types have been advertised in Spain and 1368 in France. However, when analysing this data against the number of total valid advertisements scraped, we observe that on the Spanish side the proportion of multifamily dwellings offered is higher (90%) than on the French side (78%).

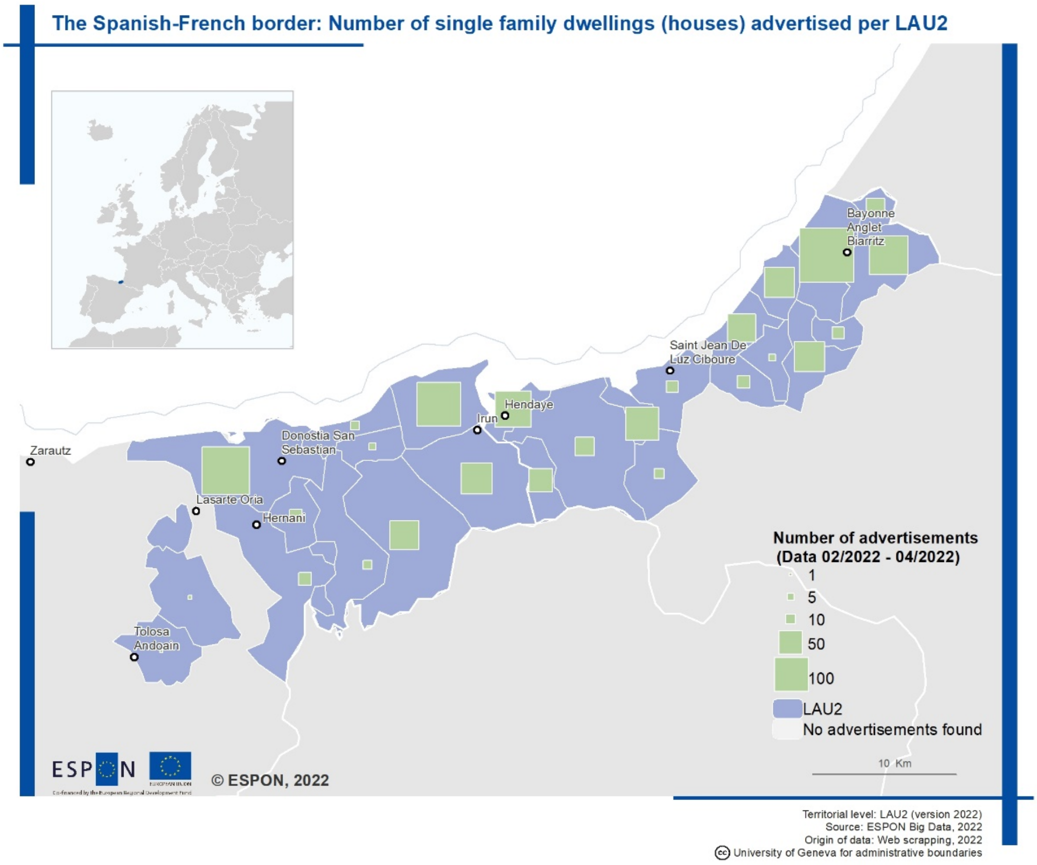



**Figure 18: Single-family Housing Type**

*Indicator and data*

The indicator shows the number of valid scraped advertisements for single family dwellings (single houses) aggregated at LAU2 level. It includes both rental and buying advertisements and requires homogenising the housing typologies, which are slightly different in each country.

*Trends and patterns*

There are far fewer advertisements for single family houses compared to the multifamily segment. In Spain just 265 advertisements were published in the scraped timeframe whereas in the French side, the number raises to 365.

In the map we can observe a relatively higher proportion of single-family houses in the regions that are more rural corresponding with issues pertaining to urban sprawl and suburbanisation.

### 3.1.1 Interim Conclusions: Offerings and Prices

The Basque Eurocity corridor presents an interesting case study as we can observe a clear border difference between housing prices (both rental and sales) in France and Spain, but this difference in housing price is not necessarily correlated to cross-border dynamics. Instead, we believe we are witnessing the influence of capital from outside of the cross-border region influencing the market dynamics within France. This is to say that we believe households from either other French regions or foreign places are choosing to purchase second homes or rent housing along this coastal corridor which in turn raises prices due to demand from outside the region. What we do acknowledge is that it is unlikely that Spanish migrants are choosing to relocate in France causing the housing prices to spiral due to cross-border demand. Instead, we expected to see prices equalise at the border given the contiguous nature and strong forms of cross-border governances in the Txigundi-Bidasoa Eurodistrict. Instead, we see that Hendaye is also incorporated into the higher real estate prices of the French coastal corridor while Irun and Hondarribia have lower rental and sales prices.

In terms of offerings, we observe that the Spanish side collected more data from the web scraping process while the French side also collected a sizeable amount of data (albeit not as much as the Spanish websites). With regard to the offerings, we find the most offerings in the larger cities of San Sebastian, Bayonne and Biarritz while our zoom-in area of Hendaye, Irun and Hondarribia collected less offerings given the smaller size of these towns.

With regard to the housing types across the region, we do observe a border effect where there are significantly more multifamily dwellings listed in Spain than in France. Likewise, France has more single-family dwellings on offer. These findings correspond with desktop research which reveal that Spanish urbanism emphasises apartment-style living while French urbanism is more permissive of single-family homes with private gardens. While we were unsure if this dynamic would play out in a border region with many similar cultural ties, it is interesting to see how housing type plays a part in developing a regional difference in housing preference.

## 3.2 Affordability and Profitability

This subchapter details information pertaining to the affordability and profitability of the cross-border housing market found in the web scraping process through the incorporation of several different indicators.

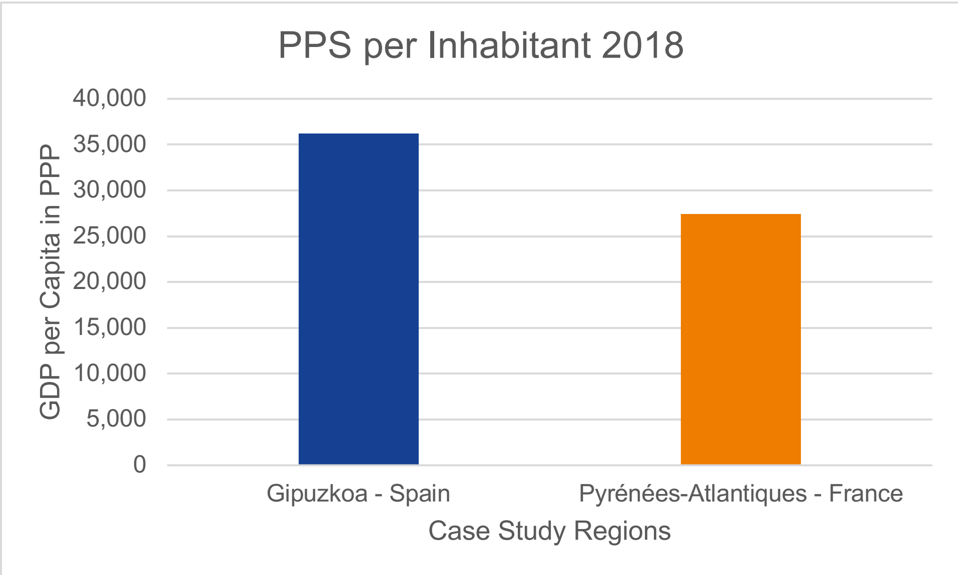



**Figure 19: PPP (at NUTS3)**

*Indicator and data*

This chart displays an indicator measuring income differences on either side of the border for each case study. Data is available as PPP per capita at NUTS3 level for the case studies with the most recent year of complete information being 2018.

*Trends and patterns*

The GDP per capita in PPP is some 30% higher in the Spanish side of the border which is not surprisingly as the Basque Country is one of the strongest economic regions of Spain. This does not mean though that all the people on the French side of the border have lower income as the region of Pyrénées-Atlantiques is a place of retirement for many French inhabitants. In fact, this touristic/retirement characteristic of the French coast in the region pushes the prices up as we see in Figure 13 and so GDP per capita in PPP does not correlate well with prices.

### 3.2.1 Sales Price Affordability

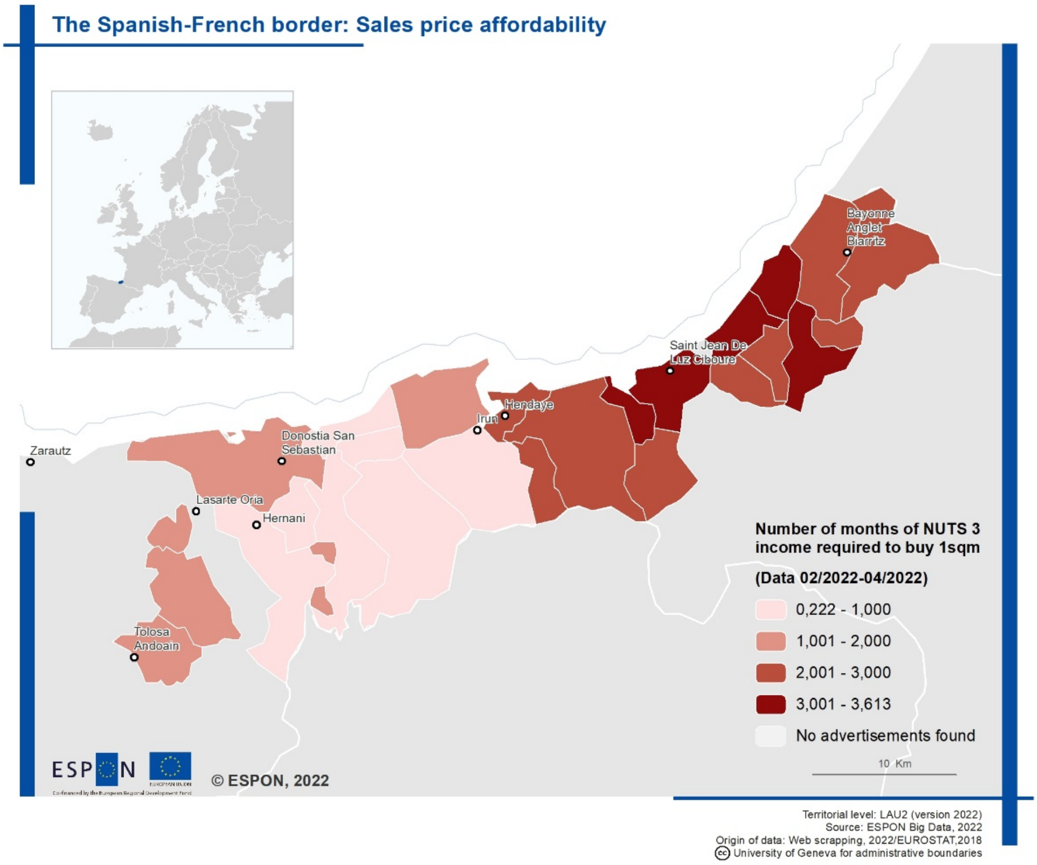



**Figure 20: Sales Price Affordability**

*Indicator and data*

This map displays a composite indicator on affordability of buying real estate. The indicator is calculated as the average price per sqm in each LAU2 over the monthly income measured as PPP in the NUTS3 region in which the advertisement is located. The resulting figure is the number of months of income required to buy a sqm of property.

*Trends and patterns*

The measure of number of months of NUTS3 income required to buy 1sqm, discussed as sales price affordability for the case study regions, indicates a clear border effect. On average, most of the French border regions are in the category of 2-4 months whereas the Spanish side shows many LAU2 within the category under 1 month. For the cross-border areas, results are an in-between these two sides.

This picture indicates that the prices are more affordable for the Spanish inhabitants than for the French, although we have seen in the GDP per capita figure that the real purchasing power of the people buying properties in the French side is higher in fact than the average of the region.

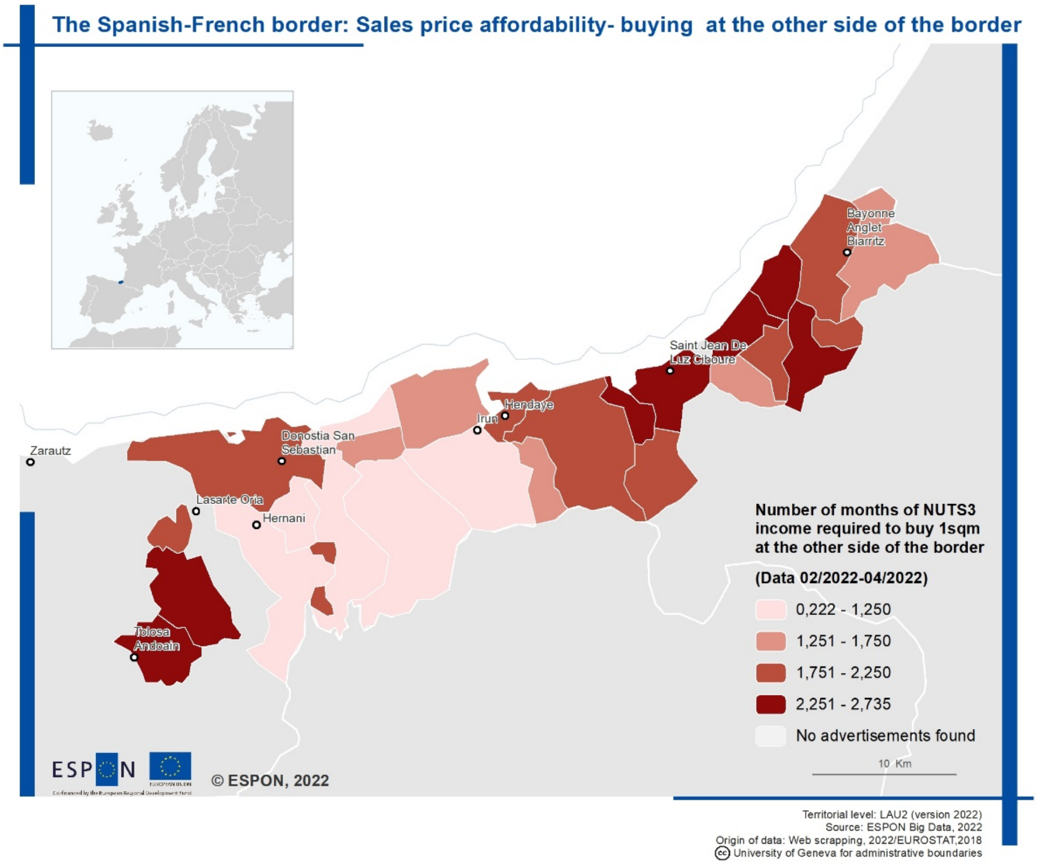



**Figure 21: Sales price affordability-buying at the other side of the border**

*Indicator and data*

This map displays a composite indicator on affordability of buying a dwelling. The indicator is calculated as the average price per sqm in each LAU2 over the monthly income measured as PPP in the NUTS3 region opposite to that in which the advertisement is located. The resulting figure is the number of months of income required to buy a sqm of dwelling on the other side of the border. So here we simultaneously see for example how many months of income from Basque Country (ES21) would be needed to buy 1 sqm in France and how many months of income from France (FRI15) would be needed to buy 1 sqm in Basque Country. This map needs to be seen in conjunction with Figure 20.

*Trends and patterns*

In view of the mean difference in Income Affordability to Purchase 1sqm we can see a border effect. While for a French citizen buying in San Sebastián would require working 2-4 months, it would take 1-1,5 months in the border regions. This means that for the French, the border regions are relatively affordable. For Spanish citizens living in the border region, it would require 2-4 months to buy on the French side. So, overall, one can say that there is in average not a huge difference for the need of incomes required to buy a sqm on the other side of the border. However, at the border region itself for the French, less months are needed to buy across the border.

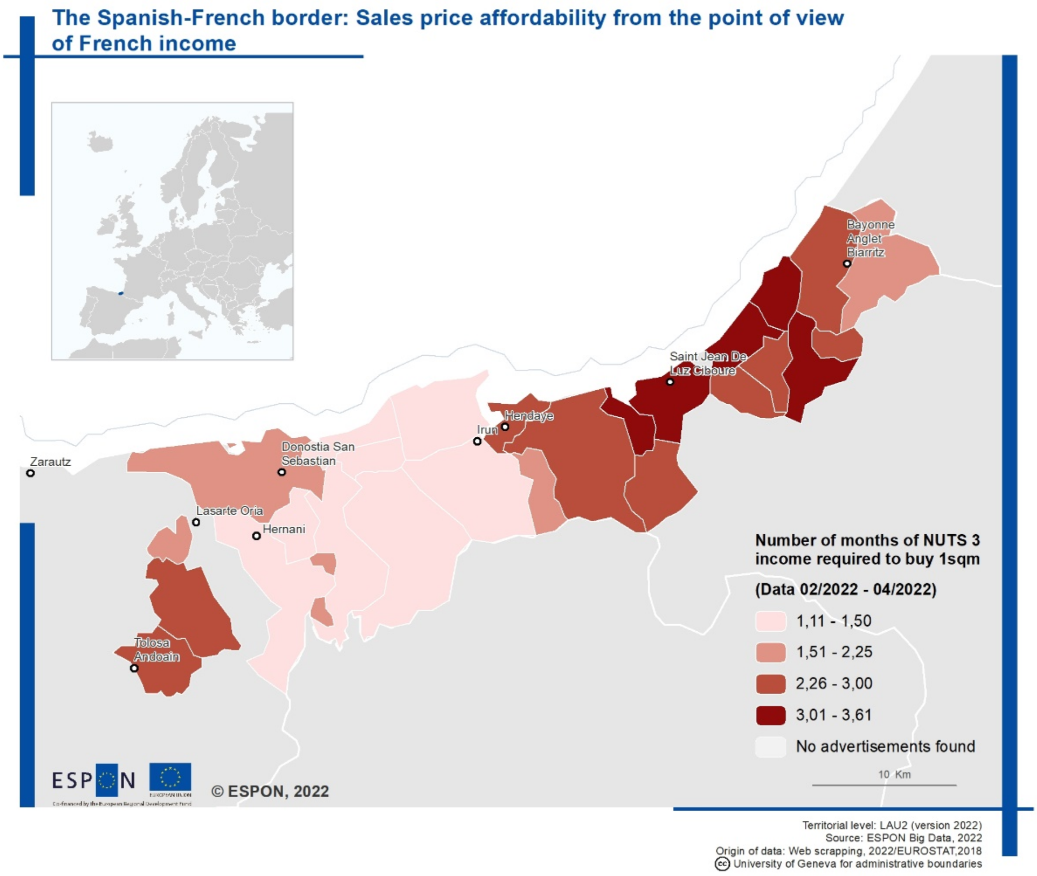



**Figure 22: Sales Price Affordability from French worker's perspective**

*Indicator and data*

This map displays a composite indicator on affordability of buying a dwelling. The indicator is calculated as the average price per sqm in each LAU2 over the monthly income measured as PPP in the NUTS3 region of Pyrénées-Atlantiques (FRI15). The resulting figure is the number of months of income required to buy a sqm of dwelling in any municipality of the analysed area. This tells us how expensive it is for a person working in the French side to live in the cross-border area.

*Trends and patterns*

This map reveals that housing in France is relatively unaffordable for the average French worker of this region. In Ch 3.1.1, we have already referenced how influences from capital outside of the functional cross-border region are having a negative impact on raising prices for houses in France. Across the border, we note that French workers are much more equipped at affording Spanish housing prices. Comparatively though, French workers make less income than their Spanish counterparts, so French households seeking more affordable housing in Spain would still be outcompeted by local households.

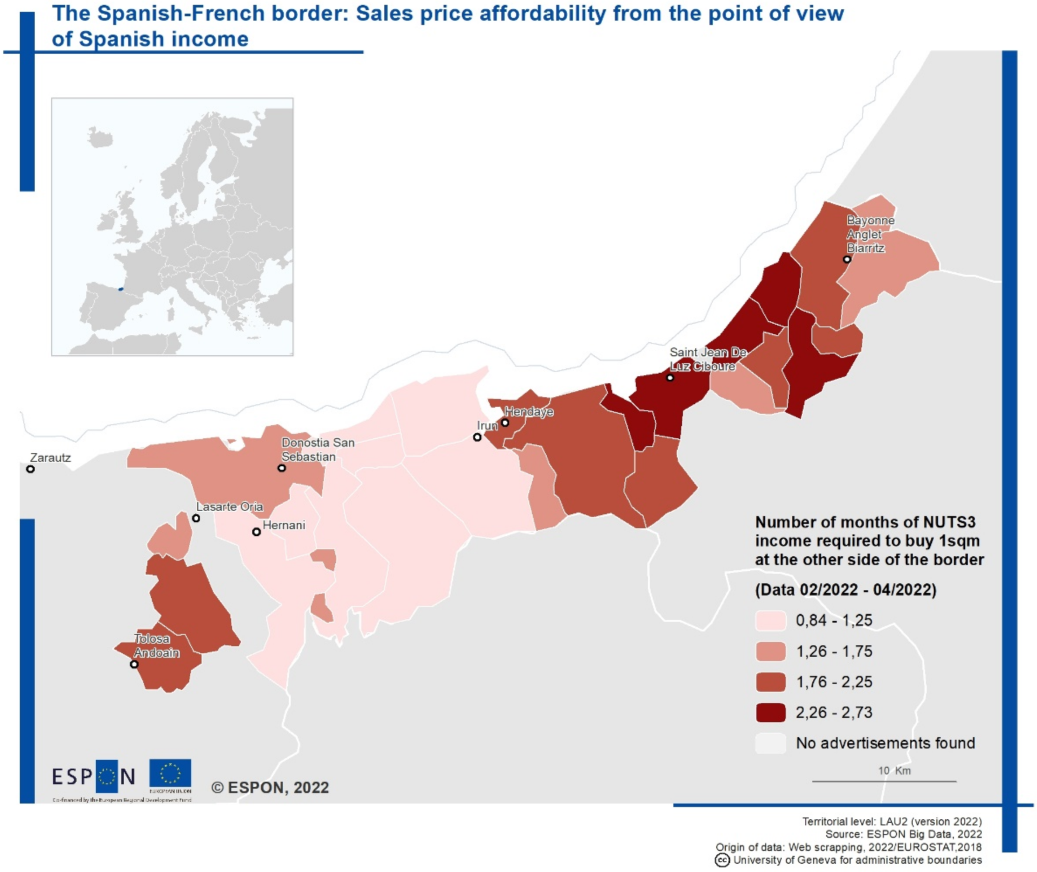



**Figure 23: Sales Price Affordability from Spanish Worker's Perspective**

*Indicator and data*

This map displays a composite indicator on affordability of buying a dwelling. The indicator is calculated as the average price per sqm in each LAU2 over the monthly income measured as PPP in the NUTS3 region of Spanish Basque Community (ES21). The resulting figure is the number of months of income required to buy a sqm of dwelling in any municipality of the analysed area. This tells us how expensive it is for a person working in the Spanish side to live in the cross-border area.

*Trends and patterns*

Within this mapping, we observe that housing is relatively affordable within Spain. For a Spanish worker, there is no incentive to migrate across the border and spend more money on housing in France as housing is much more affordable in their home region.

| *Months to buy 1 sqm* | French income | Spanish income |
|---|---|---|
| French LAU | 2,36 | 1,79 |
| Spanish LAU | 1,31 | 0,99 |

- Prices are 24% more affordable on average with a Spanish salary
- Prices are 45% more affordable on average in the Spanish side

**Figure 24: Mean Difference in Sales Affordability**

*Indicator and data*

This indicator is built using the affordability per LAU2 unit considering the income of either sides of the border. In this case, we restrict ourselves to actual cross border LAU2 units (the dark blue area appearing in the case study definition map)

We calculate the average affordability measured as number of months of salary needed to buy 1 sqm of property (or 1 room in the case of Ireland-Northern Ireland). Given that we do not have the real average salary figures, we use the GDP per capita PPP as a proxy.

The indicator provides 4 figures with the affordability of property at either country, with the perspective of a person working at either side of the border. In addition, we calculate the affordability variation depending on the country and depending on the income.

*Trends and patterns*

The mean difference in sales affordability verifies our findings that a cross-border dynamic is not the cause of high housing prices in the French part of this case study region as not only is housing more affordable in Spain, but incomes are higher in Spain. Hence, Spain has an advantage in both making higher income and accessing more affordable housing, so there is no motivating incentive to migrate across the border given the better cost of living and quality of life households can attain in Spain.

### 3.2.2 Rental Price Affordability

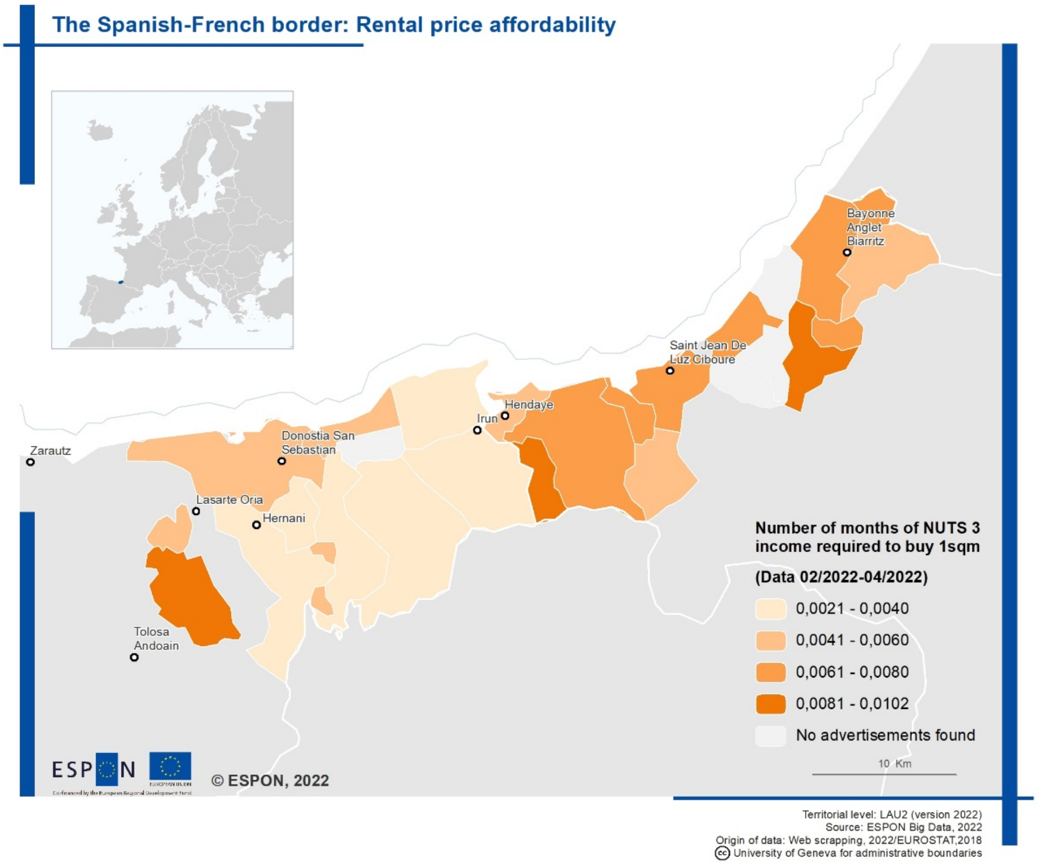



**Figure 25: Rental Price Affordability**

*Indicator and data*

This map displays a composite indicator on affordability of renting a dwelling. The indicator is calculated as the average price per sqm in each LAU2 over the monthly income measured as PPP in the NUTS3 region in which the advertisement is located. The resulting figure is the number of months of income required to rent a sqm of dwelling.

*Trends and patterns*

The measure of number of months of NUTS3 income required to rent 1sqm, discussed as rental price affordability for the case study regions shows a clear border effect. On average, most of the French border regions have higher values within the two top ranges whereas the Spanish side falls within the two lowest ranges.

This picture indicates that the prices are more affordable for the Spanish inhabitants than for the French although we have seen in the GDP per capita figure that the real purchasing power of the people renting properties in the French side is higher in fact than the average of the region.

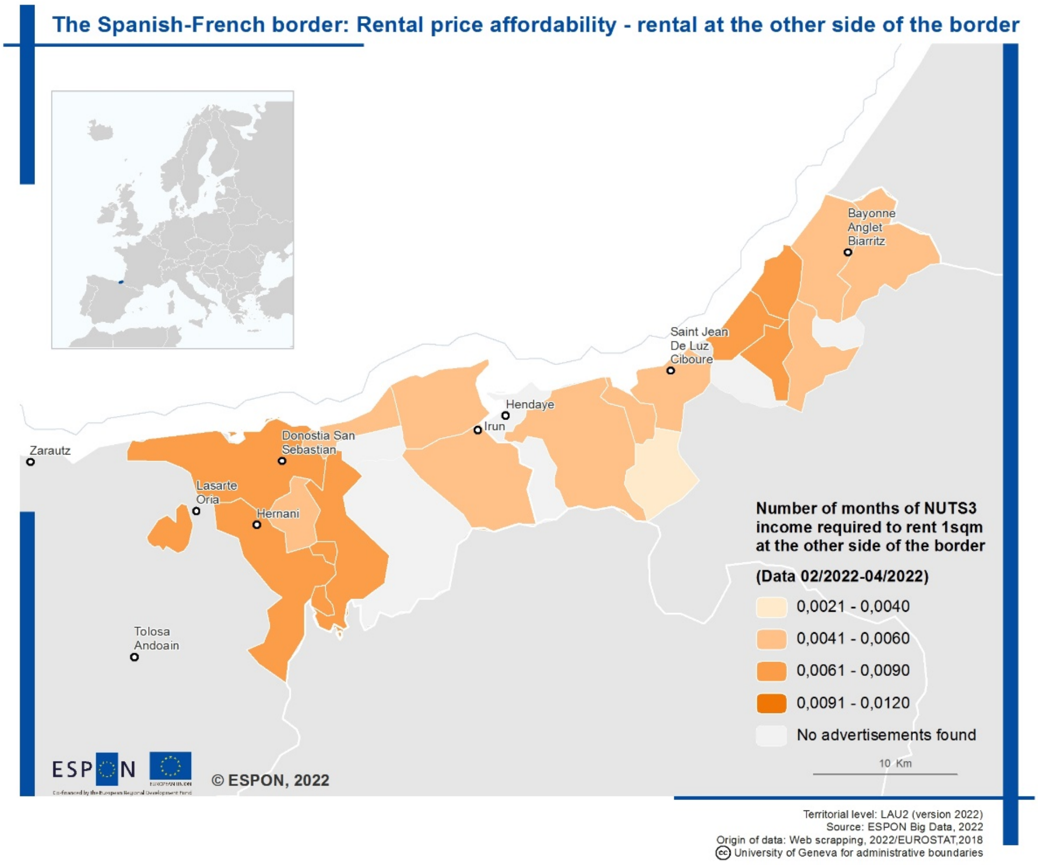



**Figure 26: Rental price affordability- rental at the other side of the border**

*Indicator and data*

This map displays a composite indicator on affordability of renting a dwelling. The indicator is calculated as the average price per sqm in each LAU2 over the monthly income measured as PPP in the NUTS3 region opposite to that in which the advertisement is located. The resulting figure is the number of months of income required to rent a sqm of dwelling on the other side of the border. So here we simultaneously see for example how many months of income from Basque Country (ES21) would be needed to rent 1 sqm in France and how many months of income from France (FRI15) would be needed to rent 1 sqm in Basque Country. This map needs to be seen in conjunction with Figure 25.

*Trends and patterns*

The rental price affordability shows that values are within the same range at the border regions. This means that the market is equally affordable for the Spanish renting in France than it is for the French renting in Spain. We observe a consistent increase in unaffordability the more we move closer to Biarritz and San Sebastián.

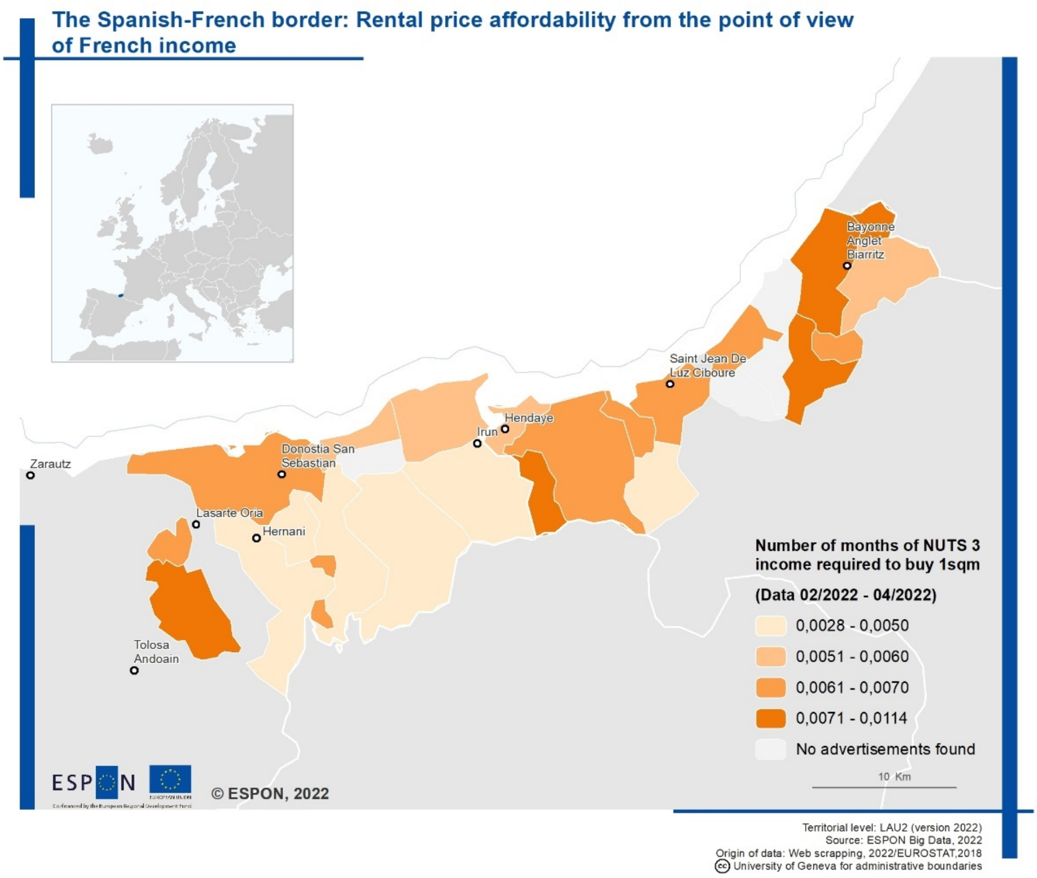



**Figure 27: Rental Affordability from French worker's perspective**

*Data and indicator*

This map displays a composite indicator on affordability of renting a dwelling. The indicator is calculated as the average rent per sqm in each LAU2 over the monthly income measured as PPP in the NUTS3 region of Spanish Basque Community (ES21). The resulting figure is the number of months of income required to rent a sqm of dwelling in any municipality of the analysed area. This tells us how expensive it is for a person working in the French side to live in the cross-border area.

*Trends and patterns*

Similar to what we observed in Figure 22, French workers are at a strong disadvantage in terms of affording rental accommodation throughout the region as rental is relatively more expensive and less affordable in France due to factors from outside the region while French workers can be outcompeted by Spanish workers if they choose to migrate and find accommodation within the more affordable Spanish rental sector.

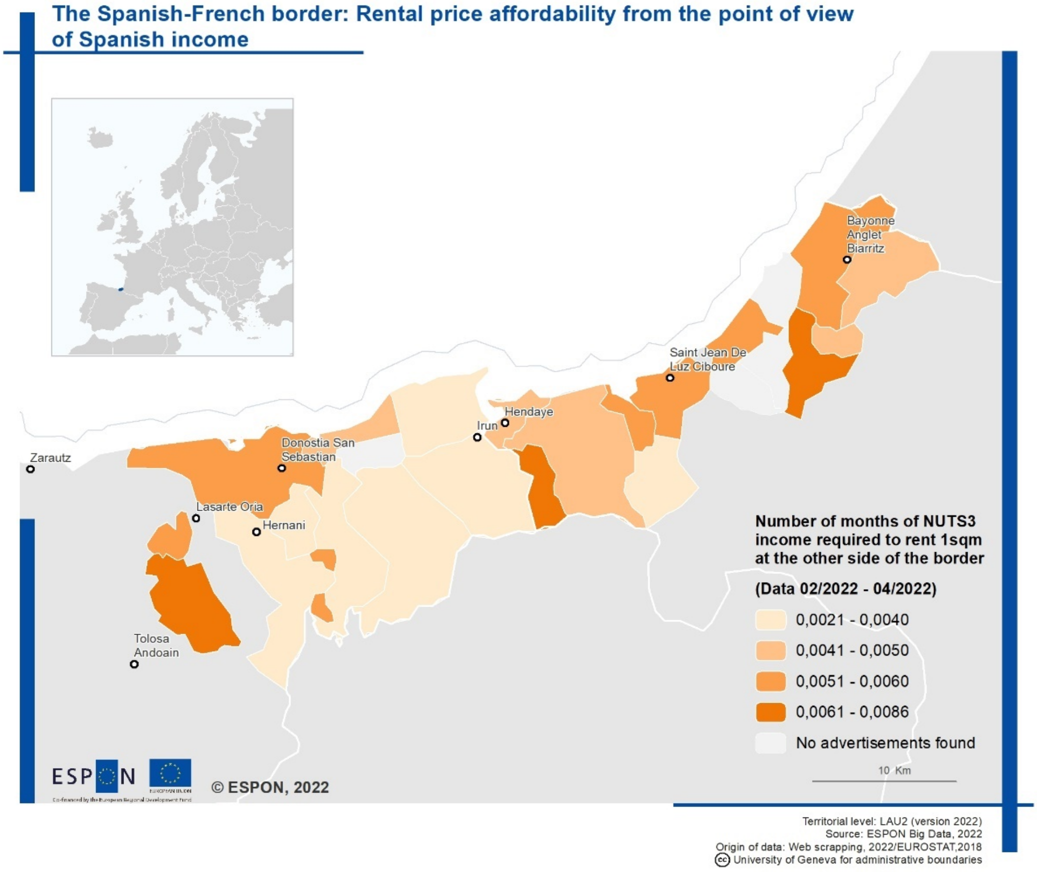



**Figure 28: Rental Affordability from Spanish worker's perspective**

*Data and indicator*

This map displays a composite indicator on affordability of renting a dwelling. The indicator is calculated as the average price per sqm in each LAU2 over the monthly income measured as PPP in the NUTS3 region of Spanish Basque Community (ES21). The resulting figure is the number of months of income required to rent a sqm of dwelling in any municipality of the analysed area. This tells us how expensive it is for a person working in the Spanish side to live in the cross-border area.

*Trends and patterns*

For Spanish workers, we find most of the Spanish section of the cross-border corridor has affordable rental prices except near San Sebastian where demand is higher. Conversely, the French section of the cross-border corridor has less affordable rentals than the Spanish section, so there is no economic incentive to rent accommodation from across the border.

| *Months to rent 1 sqm* | French income | Spanish income |
|---|---|---|
| French LAU | 0,0058 | 0,0044 |
| Spanish LAU | 0,0048 | 0,0036 |

- Prices are 24% more affordable on average with a Spanish salary
- Prices are 17% more affordable on average in the Spanish side

**Figure 29: Mean Difference in Rental Affordability**

*Indicator and data*

This indicator is built using the affordability per LAU2 unit considering the income of either sides of the border.

We calculate the average affordability measured as number of months of salary needed to rent 1 sqm of property (or 1 room in the case of Ireland-Northern Ireland). Given that we do not have the real average salary figures, we use the GDP per capita PPP as a proxy.

The indicator provides 4 figures with the affordability of property at either country, with the perspective of a person working at either side of the border. In addition, we calculate the affordability variation depending on the country and depending on the income.

*Trends and patterns*

The mean difference in rental affordability verifies our findings that a cross-border dynamic is not the cause of high rental prices in the French part of this case study region as not only is renting more affordable in Spain, but incomes are higher in Spain too. Hence, Spain has an advantage in both making higher income and accessing more affordable rental housing, so there is no motivating incentive to migrate across the border given the better cost of living and quality of life households can attain in Spain.

### 3.2.3 Profitability

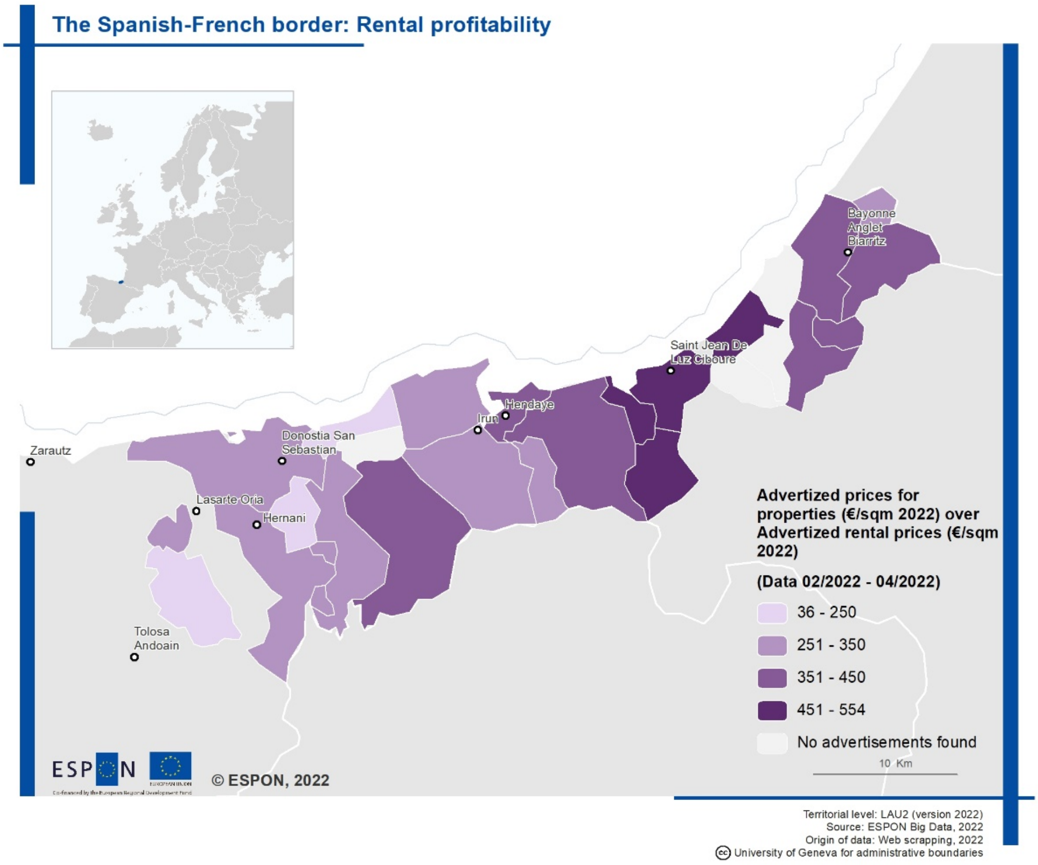



**Figure 30: Rental Profitability**

*Indicator and data*

This indicator is a quotient between the average buying price over the average rental price in each LAU2 unit, both prices are calculated in previous indicators. It is available only in LAU2 units where both valid buying and renting advertisements exist.

Given that buying price is much higher than renting (per square meter), this quotient is always a big number and so it is never even (equal to one). To interpret the map, we need to compare values across the different LAU2 units: higher values indicate that buying is proportionally more expensive that renting; thus, renting might be a better option. Lower values indicate the opposite.

*Trends and patterns*

The rental profitability is consistently better throughout the area of study and only in certain more rural areas of Spain it becomes lower indicating that buying might be a better option there.

In the border itself, we observe that the profitability in Irún is lower than that of the French side meaning that buying is a relatively better option on the Spanish side of the border. This corresponds with findings from the desk research where the Spanish have a higher propensity to buy than the French.

### 3.2.4 Interim Conclusions: Affordability and Profitability

Unlike in many of other case studies where the affordability indicator provided clear evidence that a cross-border housing market was functioning, the Basque Eurocity case study provides us with evidence that differences in housing affordability are not always connected to regional imbalances in income and housing price. Instead, we observe how one market can become squeezed as outside influences such as the tourism industry and the proliferation of owning a second home can adversely impact housing affordability for local populations in these tourism-driven communities.

Also of interest is that despite having a higher income, the Spanish Basque community has managed to maintain reasonable housing affordability across their region. Hence, despite a growing economy and improving PPP, households are still able to afford to live near their work. Nevertheless, we note from desktop research that housing affordability has been decreasing in previous years and that more Spanish households are facing rising housing prices potentially driving them out of their community. Hence, the comprehensive housing policies implemented by both the local Basque government and the central government in Madrid need to be effective in order to ensure housing affordability as it currently stands is maintained.

When viewing the profitability measurements, we note how it is more cost-effective to rent a house on the French side of the border where the owner-occupied market is subject to undue pressure from foreign households purchasing a second home. Likewise, it is more cost-effective to buy a house in most of the Spanish side which corresponds with Spanish housing policy which purposefully subsidises homeownership to ensure over 80% of the population lives in owner-occupied housing.

## 3.3 Advertisement Duration

This subchapter details information pertaining to duration of how long the advertisements were posted and adds a temporal dimension to the indicators and analysis.

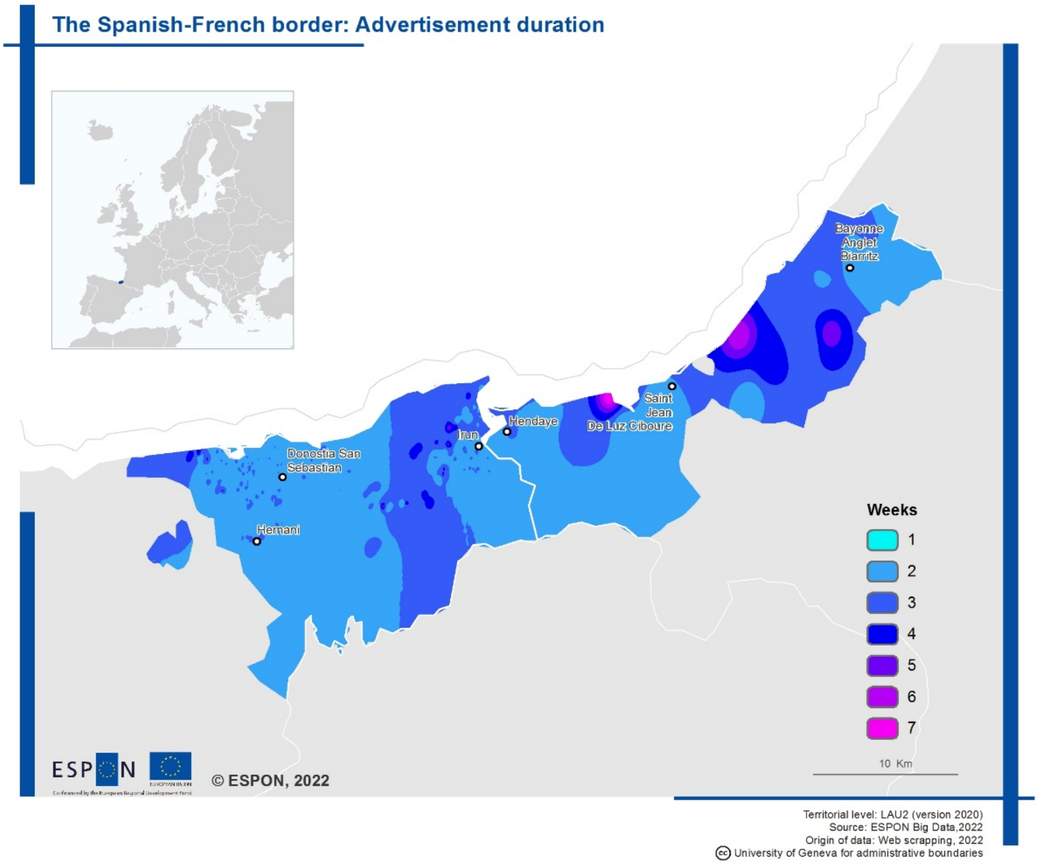



**Figure 31: Length of Advertisement Posting**

*Indicator and data*

This map shows average length of the scraped advertisements. It is computed by counting how many times each advertisement appears during the 7 weeks we have scraped data (so it takes a value from 1 to 7). Afterwards, we apply the Inverse Distance Weight (IDW) methodology from ArcGIS toolbox to compute a surface grid to extrapolate the advertisement length in the whole region analysed.

*Trends and patterns*

The analysis of the duration of advertisements reveals that overall, the duration of offers staying online in the cross-border areas is around 2-3 weeks at either side of the border.

The market in Spain seems to be more dynamic in general than the French one with advertisements lasting less than 3 weeks and 4 in some rural areas. On the French side, we see places where the advertisements appear for at least 7 consecutive weeks, meaning that the offers might be unappealing due to high prices or to low demand in the region.

### 3.3.1 Interim Conclusions: Advertisement Duration

Overall, the Basque Eurocity has a relatively active market with advert turnarounds of on average of 2-3 weeks across both sides of the corridor. While certain parts of the French region are subject to slower advert durations, for the most part, we observe a heathy and active housing market for this case study.

# 4 Discussions & Conclusions

This case study has had broad scope encompassing the region from San Sebastian to Dublin to Bayonne (the Basque Eurocity). Given the breadth of this functional cross-border region, we choose to specifically focus in on the border cities of Irun, Hendaye and Hondarribia (the Txigundi-Bidasoa Eurodistrict). Based on initial research, we expected to witness a minimal border effect due to the high level of integration and coordination between neighbouring governments. Moreover, while there is a regional imbalance in household income, the difference in PPP across the region was considerably less than other regions we studied. Hence, we thought that economic advantages may not manifest in a similar way within this unique case study region.

**Overall, we did find evidence of a border effect but were not convinced the effect was driven by the dynamics of a cross-border housing market.** Instead, we found evidence that **influences from outside the functional cross-border region** were factors in developing a border effect. Overall, there was **no economic incentive to migrate for housing** as Spanish households held a higher income but also had more affordable housing. Likewise, French workers would not be able to outcompete Spanish incomes to take advantage of the lower priced housing found across the border.

The accessibility mapping along with the desktop research revealed a high level of functional integration within the cross-border region and there is strong potential for cross-border commuting given this high level of accessibility. However**, we did not find evidence of a large cross-border movement due to housing choice** within this region**.**

The French market depicts an altogether different situation though. While we do not witness a border effect due to cross-border movements, we do observe **the unaffordability of living on the French side of the border**. As previously stated, we suspect the high housing prices on the French side of the border are a consequent of the tourism industry and people searching for holiday homes or investing in second homes as a primary reason as to the unaffordability of that region.

**Box 2: Household Scenario Conclusion**

As the economy is beginning to pick up and the tourism sector is performing extremely strong after the pandemic, Iker was able to find an affordable apartment to purchase in Irun. He also made use to the government's VPP programme to access homeownership despite his depleted savings. The close proximity of Irun to Hendaye will suit his needs without upsetting his children's daily routines significantly. Given the affordability of purchasing in Irun, Iker was able to find an apartment that suited all of the needs for his new life as a divorcee with two children. With new accommodation secured for the long term, Iker is ready to move into a new stage of his life with an open mind and is even considering switching career to find a more stable and profitable job in San Sebastian.

Overall, **the cross-border housing market that we expected to find did not necessarily materialise.** Across the indicators despite the difference in regional incomes and cost of living across the cross-border area, cross-border movement as a consequence of housing choice is limited. While desktop research indicated that this region was beginning to merge into one collective region, **we still found many signs that cross-border dynamics had not fully integrated the region as of yet.**

We may find that a cross-border housing market is in existence with further research and study since this functional cross-border region contains many of the components required of such a market and is rapidly changing. For instance, **there are imbalances in household purchasing power across the territory, a growing economy is causing land speculation on one side of the border and economic asymmetries may begin to present itself which households can profit and take advantage of.** Hence, further research and investigation into this case study region could prove to be an insightful venture within the exploration of cross-border housing markets.

Another key determinant affecting the results of this research has been **the impact of Covid-19** on the case study region. Given the unpredictability of the pandemic, all of our results must be considered with regard to its major impact. While research on how Covid-19 has impacted housing trends is still forthcoming, we understand that demand for more rural, single-family houses with greater access to greenspace has been in high demand since the second half of the pandemic as households acclimatised to teleworking and mandatory public health guidelines regarding social distancing. Coastal regions such as the Basque Eurocity look to especially profit from these changing trends as households leaving urban centres seek to be near the beach and fresh air. For much of our case study, this will have meant that housing is in high demand in atypical, more rural and remote locals as households leave the cities for more spacious environs. As our research takes place in Q1 of 2022, when many of the pandemic's restrictions were coming to an end, we must caution that our results will have been skewed by the disproportionate effect the pandemic has had on changing housing trends and demands.

While a border effect on housing prices between Spain and France were observed further data scraping and research can provide more detail as to how and if a cross-border housing market functions across the Basque border. It is important to also critically consider how Covid may potentially impact this region as its overall economy is heavily dependent of the tourism sector which has suffered greatly during the pandemic. The growth of teleworking may have a substantial impact on housing dynamics in the future as more households can move to coastal region and work from home. This may have substantial knock-on effects from a market already heavily impacted by tourism.

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