

The mid-term rental turn: Between regulatory evasion, asset liquidity and new tenant profiles[☆]

Javier Gil^{a,*}, Lorenzo Vidal^b, Ismael Yrigoy^c

^a Spanish National Research Council (CSIC), C. de Albasanz, 26, San Blas-Canillejas, 28037 Madrid, Spain

^b Universidad Autònoma de Barcelona, Edifí B2, Avinguda de l'Eix Central, 08193 Cerdanyola del Vallès, Barcelona, Spain

^c University of the Balearic Islands, Campus UIBCra Valldemossa, km 7.5. 07122 Palma, Spain

ARTICLE INFO

Keywords:

Platform rentals
Housing financialization
Mid-term rentals
Rent gap
Digital nomads

ABSTRACT

Mid-term rentals (MTRs) have recently become a significant housing segment in today's contested residential landscapes. They occupy a growing market niche for landlords seeking to avoid new regulations in the long-term and short-term rental sectors while catering to mobile urban populations, including digital nomads, expats and students. The intermediation of digital rental platforms has enabled this rapid development. Using a dataset from Idealista, Spain's largest digital rental platform, we map how this process has unfolded in the cities of Barcelona, Malaga and Madrid and situate it in its broader political economy. Rather than a uniform dynamic, we find that MTR proliferation responds to a complex interplay of economic incentives, regulatory blind spots, and demand from transnationally mobile populations. This study contributes to a growing critical literature on housing financialization and platform rentierism by offering the first multi-city empirical analyses of mid-term rentals in Europe. We argue that regulatory avoidance is the primary driver for MTRs blossoming in Barcelona, while market dynamics and asset valorisation play a more decisive role in Madrid and Málaga. These findings carry important implications for housing policy and the regulation of platform-mediated rental markets.

1. Introduction

Urban housing markets have been profoundly reshaped in recent years by the intensification of housing-based rentierism, the consolidation of residential property as a financial asset, and the adaptive strategies of landlords in response to shifting urban entrepreneurial agendas, changing regulatory frameworks, and the growing platformisation of rental intermediation. Much attention has been devoted to the emergence and impacts of short-term rental (STR) platforms such as Airbnb, which, in the context of mass urban tourism, have enabled the large-scale conversion of housing into tourist accommodation and intensified pressures on residents' access to housing (e.g. Cocola-Gant, 2016; Wachsmuth & Weisler, 2018; Yrigoy, 2019). In response, governments have begun, albeit unevenly and often timidly, to tighten controls over STRs and, in some contexts, over the residential rental market more broadly (Aguilera, Artioli, & Colomb, 2021; Bei & Celata, 2023; Vidal, Gil, & Martínez, 2024). Yet these regulatory shifts have not simply curtailed housing-based rent extraction. Rather, alongside growing regulatory pushback and the increasing transnational mobility

of urban "creative classes" and other temporary residents, a new rental segment has emerged: the mid-term rental (MTR) market.

Positioned between long-term residential contracts and short-term tourist accommodation, MTRs are becoming increasingly central to contemporary urban political economies. They allow landlords to move into contractual and legal grey zones that preserve both profitability and flexibility, while catering to mobile populations whose housing needs do not fit conventional long-term tenancies. Despite their growing significance, geographers and political economists have only recently begun to analyse MTRs as a key research frontier necessary to understand both how current forms of housing assetization are evolving, and how tenants' rights are being challenged (e.g. Saccuman, 2025; Wachsmuth & Buglioni, 2024). Various authors have detected the emergence of MTRs in digital rental platforms in cities such as Toronto, Montreal and Vancouver (Wachsmuth & Buglioni, 2024), Athens (Dagkouli-Kyriakoglou et al., 2022), Lisbon (Cocola-Gant & Malet Calvo, 2023) and Madrid (Gil, Martínez, & Sequera, 2023). These studies sketch out a preliminary geography of MTRs that demands further empirical research and theoretical conceptualisation.

[☆] This article is part of a Special issue entitled: 'The Emergence of Digital Platforms in Urban Space' published in Digital Geography and Society.

* Corresponding author.

E-mail address: javier.gil@csic.es (J. Gil).

In this paper, we examine the factors driving the emergence of MTRs and map their deployment in three Spanish cities through an analysis of rental listings on Idealista, the largest rental platform in the country. To interpret our findings, we bridge emergent conceptualizations of how urban temporary residents are characterised (Brollo & Celata, 2023; Sequera, 2025) with landlords' regulatory avoidance strategies (Greif, 2018). We also emphasize how pursuing the “highest and best use” (Clark, Larsen, & Hansen, 2015) for properties involves not only maximising rental income, but also preserving asset liquidity.

More specifically, we argue that the expansion of MTRs is best understood through the interaction of three factors: Hypothesis 1 -Regulatory blind spots: MTR growth is primarily driven by landlords exploiting legal and contractual grey zones that exempt seasonal contracts from price controls and tenure protections; Hypothesis 2 -Market navigation: In the absence of strong regulatory incentives, landlords shift to MTRs in response to broader market appreciation dynamics, seeking greater asset flexibility in rising markets; and Hypothesis 3 -Transnational demand: The expansion of MTRs is associated with growing demand from internationally mobile populations — digital nomads, expatriates and international students — who seek flexible, medium-duration housing arrangements. Digital intermediation is considered here an enabling background condition that provides the infrastructure through which listings circulate, markets are monitored and mobile tenants are reached.

Subsequently, we reflect on the relative explanatory power of these factors based on case studies of Barcelona, Madrid and Málaga. All three cities have been experiencing a rise in MTRs and have pursued urban entrepreneurial strategies oriented toward attracting qualified mobile populations. They also share common regulatory frameworks in the housing sector that are set at the Spanish and EU levels. Notably, the legal figure of the seasonal rental contract, which is meant for stays between 1 and 11 months and not as an habitual residence and is exempt from rent price controls. In terms of digital intermediation, digital management tools for MTRs have been widely adopted by local real estate agencies, while the real estate platform *Idealista* is also dominant in all three cities.

Each city presents a different combination of key explanatory variables, enabling a productive exploratory comparative analysis. Barcelona has been highly successful in positioning itself within the circuits of qualified mobile populations, while its residential market has been subject to significant new regulations. Madrid has achieved similar success yet has maintained a relatively deregulated environment. Málaga, in turn, shares a similar regulatory context to Madrid but is a smaller player in inter-city competition for attracting global “talent”. It offers a contrasting case of a smaller, secondary city that has recently emerged as a new node in the circuits of transnational mobility. This variation across city size, market maturity, and regulatory regimes enables us to assess how different urban contexts mediate the development of MTR markets and to test the relative explanatory power of each of the three hypotheses.

Our findings suggest that all three factors are relevant, although regulatory evasion (H1) stands out as a particularly important driver in Barcelona. Market dynamics (H2) prove more decisive in Madrid and Málaga. Notably, transnational demand (H3), while consistently present in descriptive terms, does not emerge as a statistically significant driver of MTR supply growth in any of the three cities. The uneven expansion of MTRs across the three cities confirms that their growth responds not to a single logic, but to the diverse ways in which landlords adapt to distinct local conditions. The remainder of the paper is organised as follows. The next conceptual section examines how the literature has addressed housing-based rent extraction in platformised rental markets. This is followed by a contextualisation section outlining the regulatory and policy framework in the three cities. We then present and analyse the empirical findings based on the *Idealista* database. The conclusion summarises the main findings, reflects on the limitations of the transnational demand hypothesis, and discusses the broader policy

implications of the study.

2. The emergence of MTRs in digitally intermediated rental markets: regulatory blind spots, navigating appreciating housing markets and new demand niches

As digital platforms have reshaped the social fabric of cities (Sadowski, 2020; Sequera, 2024; Srnicek, 2017), growing attention has been paid to how they enable new forms of housing-based rent extraction (Fields, 2022; Sadowski, 2020; Srnicek, 2017). Data generated by digital platforms have been conceptualised as raw material for commodity production, or even as commodities (Sadowski, 2020; Srnicek, 2017). The role of digital platforms in shaping housing markets is increasingly being explored, particularly through the lenses of digital intermediation (Fields, 2022; Nethercote, 2023). Particularly, it has been claimed that digital platforms have smoothed intermediation by opening new demand niches that go beyond the purely residential use of housing, as exemplified by the emergence of Airbnb (Gil et al., 2023; Sciua, 2025; White, 2024).

These new demand niches are closely associated with lifestyle migrants and transnational gentrifiers (Cocola-Gant & Lopez-Gay, 2020). While lifestyle migration—understood as the partial or full relocation to places offering lower living costs and alternative lifestyles—predates digital platforms (Benson & O'Reilly, 2009), its contemporary forms have evolved significantly. In Spain, it has historically been expressed through second-home ownership, particularly among retirees (Benson & O'Reilly, 2009; Valenzuela, 1991). However, in the immediate aftermath of the 2008 crisis, transnational wealthy elites and middle classes started to acquire properties to keep their money safely invested, triggering processes of transnational gentrification (Ho & Atkinson, 2018; Montezuma & McGarrigle, 2019). Furthermore, post-2008 housing devaluation was often more intense in peripheral countries (e.g. Southern Europe, Latin America) than in other North American or core Western countries. Such depreciation reinforced property acquisition by relatively wealthy transnational individuals across the Iberian countries since the early 2010s (Cocola-Gant & Lopez-Gay, 2020; Jover & Díaz-Parra, 2020; Sequera & Nofre, 2020).

More recently, the emergence of so-called “digital nomads”—a highly heterogeneous group ranging from high-income professionals to more precarious workers—has generated a new form of housing demand structured around mobility and remote work (Yrigoy, Lidmark, & Bergman, 2024). Unlike earlier forms of lifestyle migration, this group relies predominantly on rental housing. Their mobility patterns, often involving relocation every few months, have increased demand for mid-term rentals (MTRs). In this context, digital platforms play a crucial intermediary role by connecting landlords to these emerging demand niches and facilitating rent-maximisation strategies (Gil et al., 2023; Sciua, 2025).

This increased capacity for rent extraction through digitally mediated daily or monthly payment structures has broader conceptual implications. Echoing Marxian formulations on the theory of value, Smith (1979) argued that increasing the potential rents that can be extracted from housing requires a previous labor-intensive process of revaluation based on refurbishing the dwelling itself. Yet the digitally mediated maximisation of rent extraction through Airbnb shows that rent gaps can be opened through the action of digital platforms without necessarily requiring a labor-intensive process of revaluation (Wachsmuth & Weisler, 2018; Yrigoy, 2019). In this regard, regulatory pushbacks are increasingly being mentioned as a potential limit for rent maximisation (e.g. Bei & Celata, 2023; Dimitrakou, 2025).

Exploring the role of regulations in shaping rent-seeking strategies by short-term suppliers is thus becoming a key empirical and conceptual field of inquiry. On the one hand, Ferreri and Sanyal (2018) have argued that platforms encourage governments to adopt forms of regulatory ‘flattening’ that end up de facto giving such platforms greater freedom to maximize their rent-seeking behaviour. Similarly, it has been claimed

that there is an active legal engineering which deliberately manipulates regulations to boost rentierism (Kusiak, 2019a, 2019b). On the other hand, other authors have proved how there is a decrease in short-term rental supply following the implementation of regulations such as the enforcement of quality requirements (Bei & Celata, 2023; Koster, van Ommeren, & Volkhausen, 2021).

However, Dimitrakou (2025) has heralded a third approach in the debate about how regulations shape digitally-mediated housing rentierism which is the conceptual basis for this paper: that the existing legal tools can be creatively used in favour of rentierism even if those legal tools have not been ad-hoc manipulated to fulfil such purposes. Dimitrakou (2025:4) argues that we are witnessing a “process by which actors in the housing market use legal tools- originally designed to secure the functioning of a system- to achieve profit-driven outcomes and interests” (Dimitrakou, 2025:4). More specifically, she argues that there are “regulatory blind spots through which intermediaries exploit existing legal tools to circumvent or substitute laws governing rent relations and transactions in the housing market. In doing so, they promote tenure flexibilisation, shaping new pathways to rent extraction” (2025:1). As Dimitrakou (2025) points out, there is a need to enlarge these discussions by dissecting the mechanisms by which landlords find the loopholes in these regulations to maximize their rent-seeking behaviour.

Beyond rent maximisation, increasing the liquidity of housing assets is a related aspiration for landlords. Gil (2024) highlights this dimension of liquidity as part of the “housing assetisations strategies” pursued by landlords when entering the less regulated short-term rental market. In a similar vein, Dagkouli-Kyriakoglou et al. (2022, p. 3) suggest that the “hyper-flexible nature is key to understanding the success of STR digital platforms among property owners and investors”. As Kemp puts it: “for landlords, rental housing is a much more ‘liquid’ investment where tenants have weak security of tenure than where they have strong tenancy protection” (Kemp, 2020, p. 145–146). Flexibility grants landlords more financial options and opportunities and gives them more control over the timing of market transactions. As with STRs, MTRs in the current conjuncture can provide more flexibility to landlords and boost asset liquidity.

MTRs have become especially important in this context because they condense the three dynamics discussed above. They rely on legal and contractual ambiguities that can function as regulatory blind spots; they offer landlords a tenure form that can reconcile rent extraction with flexibility and asset liquidity in appreciating housing markets; and they are particularly well suited to the housing needs of transnationally mobile populations. Yet the emerging literature has tended to focus above all on regulation. Wachsmuth and Buglioni (2024) advance a key argument that runs across this literature: regardless of geographical context, MTRs remain largely unregulated. Complementing this, Llaneza et al. (2023) and Sciuvà (2025) argue that MTRs have blossomed precisely because landlords have sought alternative avenues for rent extraction in contexts where STR-based strategies have become more contested and, in some cases, more constrained. Within Spain, this regulatory reading has been developed most clearly in relation to Barcelona. Orozco Martínez and Gil-Alonso (2024) describe the emergence of MTRs in the city, showing a spectacular increase in this form of letting from 2022 onwards. Similarly, Daviu (2024) attributes the emergence of MTRs in Barcelona to regulatory avoidance.

Our paper adopts a comparative approach to test the relative explanatory power of regulation against other mechanisms that the literature has addressed less systematically. More specifically, it explores how the growth of MTRs across Barcelona, Madrid and Málaga is shaped by the interaction between regulatory blind spots, landlords' strategies for navigating appreciating housing markets, and the expansion of new demand niches linked to transnational mobility. In this way, the paper moves from an MTR literature largely centred on regulation to a comparative account of why MTRs have emerged so significantly, and unevenly, across contemporary Spanish cities. This comparative

perspective also makes it possible to assess whether the regulation-centred interpretation that has so far dominated the literature is sufficient to explain the broader geography of MTR expansion.

3. The policy and regulatory context in Barcelona, Málaga and Madrid

In recent years, Spain has been regulating its rental market in a piecemeal and uneven manner. The Autonomous Regions (*Comunidades Autónomas*) exercise full devolved powers in the field of housing. Nevertheless, the Spanish government is responsible for the civil and mercantile law that regulates the contracts linked to the access to housing, including the Law on Urban Leases (*Ley de Arrendamientos Urbanos*). During the timeframe of our study, the Spanish government passed legislation that improved tenure security for tenants and enabled the Autonomous Regions to implement rent controls (Vidal et al., 2024). In 2019, the minimum duration of lease contracts was extended, from three to five years for landlords with natural personhood and to seven years for landlords with legal personhood (Royal decree-law 7/2019). In 2023, a Right to Housing Law (Law 12/2023) was passed, establishing a maximum price index in “stressed rental areas”. However, only the Autonomous Communities have the authority to declare these areas. Crucially, both tourist rentals and seasonal rental contracts (meant for stays between 1 and 11 months and not as an habitual residence) are exempt from these new regulations. As such, the loss of flexibility and rent-setting power in the long term residential rental market has made short and mid-term rentals relatively more attractive for landlords.

Within this common regulatory framework, only the Catalan government and the Municipality of Barcelona have significantly used their powers to further regulate the private rental market. In 2020, Catalonia passed its own rent control law (Law 11/2020), which was revoked by the Spanish Constitutional Court a year and a half after its introduction for exceeding its powers. It was then the only Autonomous Community to enact the rent control measures permitted by the Spanish Right to Housing Law. As for tourist rental regulations, in 2023 a decree (3/2023) placed tourist rental licence limitations in stressed rental areas and areas with a high density of tourist accommodation. These licences, moreover, have a maximum duration of 5 years, after which they must be renewed. The municipality of Barcelona had already a Special Urban Plan for Tourist Accommodation (PEUAT) in place since 2017 that mandated licences and strongly limited their growth (Gyódi, Mazur, & Cocola-Gant, 2025). In 2024, the city's mayor further announced that licences would not be renewed when they expired in 2028. Seasonal rental contracts, however, were left untouched. MTRs thus effectively became the last unregulated market niche left standing (Orozco Martínez & Gil-Alonso, 2024).

In this context, real estate agencies and digital platforms have adapted to the particular dynamics of MTRs. In line with broader processes of “platformisation” of the private rental sector (Rogers, Maalsen, Wolifson, & Fields, 2024), many real estate agencies expanded digital intermediation functions, including remote viewings and online transaction services, facilitating access to transnationally mobile populations using seasonal contracts. These agencies advertise their flats on their own websites and/or on large digital rental platforms such as *Idealista*. Madrid was also the birthplace of *Spotahome* in 2014, a digital platform specialised in MTRs that now operates across multiple countries (Moi & Cabiddu, 2020; Sciuvà, 2025). As such, MTRs in Spain are supported by both a relatively favourable regulatory environment as well as by commercial and digital infrastructures.

Public authorities have also put in place policies to attract highly skilled and high-income mobile foreign populations as a component of economic development strategies (Sánchez-Vergara, Orel, & Capdevila, 2023). The most significant piece of legislation in this regard is the “Start-up Law” (Law 28/2022), passed in 2022. This law provides a unified legislative strategy aimed at making Spain a hub for “global talent”. It introduced a Digital Nomad Visa, which allows non-EU

citizens to reside in Spain for up to 5 years while working remotely for non-Spanish companies. It also grants a special fiscal regime with significant tax benefits for certain expatriates, including digital nomads, technological professionals, company directives and entrepreneurs. Spain has also been active in promoting the country as a destination for international students through the Spanish Service for the Internationalisation of Education (SEPIE) and the EU Erasmus+ programme. Mid-term rentals are particularly suited to accommodating these types of populations, either for the duration of their temporary stay or as an initial landing pad.

These national policy orientations intersect with longer trajectories of inter-urban competition for attracting “global talent”, which have shaped development strategies in Barcelona, Madrid and Málaga in line with broader logics of urban entrepreneurialism and place-based competitiveness (Sequera, 2025). Barcelona is a pioneering case in this respect, a central element of its post-industrial restructuring strategy has pivoted around creating the 22@ district, a hub for technological companies and workers (Charnock, Mansilla, & Ribera-Fumaz, 2025). Policies successfully promoting the city as a tourist destination have also contributed to the attraction of lifestyle migrants (Cocola-Gant & Lopez-Gay, 2020). The city's universities and research centres are furthermore the most internationalised in the country. More recent policies include the International Welcome Desk, which since 2021 provides a centralised integral service of administrative support to international students, researchers, professionals and entrepreneurs (see also Sánchez-Vergara & Orel, 2026).

Madrid in turn, offers the centrality that accompanies its capital city status and a particularly business-friendly fiscal and regulatory environment. It has been successful in attracting corporate headquarters and leveraged resources for a top-down approach to stimulating knowledge and cultural sectors (Pareja-Eastaway & Miquel, 2015). The city leads nationally in the attraction of skilled workers and foreign direct investment, particularly in electronics, telecommunications and a diversity of service sectors (Rodríguez-Pose & Hardy, 2021). It has also developed a high density of business schools and private universities catering to a transnational student body.

Málaga is a smaller player in this inter-urban competition but has more recently pursued a strategy of place branding and service provision oriented toward digital nomads and expatriate professionals, in a symbiotic relation with second home-based lifestyle migration in the nearby Costa del Sol. In the aftermath of the Covid-19 pandemic, the Municipality's strategic planning documents intensified their discourse of technology and remote workers' attraction (Díaz-Parra, España, & Jover, 2026). In 2021, the Municipality set up “Málaga WorkBay”, a service that provides services facilitating administrative, residential and labour market integration tailored to the needs of digital nomads, students and expatriates. This orientation builds on a longer trajectory of efforts in internationalising its university and its own “Málaga TechPark” (ibid). In all, the three cities have been active in attracting highly skilled populations through variegated strategies as part of their economic development strategy. Despite contextual differences, the three cities converge in positioning housing and residential mobility as components of urban competitiveness, generating conditions that are favourable to the expansion of MTRs.

4. Data and methods

This study draws on proprietary data provided by Idealista, Spain's leading real estate platform, which dominates the rental listing market in the country. The dataset covers three of the largest Spanish metropolitan areas—Madrid, Barcelona, and Málaga—and spans from 31 March 2019 (when Idealista began distinguishing seasonal rentals as a separate category) to 31 December 2024, comprising 24 quarterly observations per city.

4.1. Data structure and variables

The dataset is organised at two geographic levels: city-wide aggregates and intra-urban zones. While these territorial units do not correspond exactly to official census boundaries, they represent Idealista's internal geographic divisions, which approximate neighbourhood-level analysis and enable the examination of intra-urban variation in rental market dynamics. The dataset includes several categories of indicators. Supply indicators comprise total rental listings disaggregated by rental type: residential (long-term), seasonal (mid-term, typically 1–11 months), and short-term (tourist rentals). Short-term rental listings were excluded from the analysis due to their minimal presence on the Idealista platform, which specialises in long-term and now also mid-term rentals. Price indicators include median asking rent in absolute terms (€/month) and median asking rent per square metre (€/m²) for each rental type. Demand indicators capture the number of leads—email contacts from potential tenants to advertisers—for each rental type. Finally, origin and language indicators measure the proportion of listing searches conducted from within Spain versus abroad, as well as the proportion of searches conducted in Spanish (or Catalan, in Barcelona) versus other languages.

4.2. Analytical approach

The analysis proceeds in four stages. First, we conduct descriptive trend analysis examining the evolution of supply, prices, and demand across the three cities, calculating cumulative changes, proportions, and rent gaps, defined as the percentage difference between mid-term and residential asking prices per square metre.

To operationalise the concept of the rent gap, we calculate the percentage difference between the median asking price per square metre of mid-term rentals and that of residential rentals. We fully acknowledge that this indicator does not constitute a direct measurement of the rent gap. In political economy approaches, rent extraction depends not only on price levels but also on occupancy rates, taxes, management costs and transaction costs. Shorter contract durations are typically associated with higher turnover, vacancy periods and administrative costs, which may partially or entirely offset price differentials. Consequently, a price premium does not necessarily translate into higher realised rental income.

However, the available dataset does not provide reliable information on occupancy, effective contract duration, maintenance costs or fiscal burdens. In the absence of such variables, asking prices constitute the only consistent and comparable indicator across cities and rental modalities. Our measure should therefore be interpreted as a proxy approximation rather than a direct measure of realised rent extraction.

Importantly, we do not treat the indicator as capturing the realised rent gap, but rather the *expected profitability* associated with mid-term rentals. Landlords' decisions are based on anticipated returns under conditions of uncertainty and incomplete information, and platform-listed prices constitute the main market signal available to them. The price differential thus reflects an expected or perceived rent gap that may motivate conversion from residential to mid-term rentals, even if realised profitability is later reduced by vacancy or higher operating costs.

Our understanding of the idea of “rent gap” does not measure the full accounting rent produced by a property, but it approximates the incentive structure facing landlords and allows us to empirically examine whether relative price incentives are associated with the expansion of the mid-term rental sector.

Second, we analyse geographic variation at the neighbourhood level, identifying spatial concentration patterns of mid-term rental listings, foreign-origin searches, and foreign-language searches. This intra-urban analysis reveals the uneven geography of rental market internationalisation.

Third, we employ simple linear regression models to test specific

hypotheses: (a) whether mid-term rental listings growth is associated with foreign-origin searches at the city level, and (b) whether foreign-origin and foreign-language searches are spatially correlated at the neighbourhood level.

Fourth, we estimate multiple regression models to identify factors explaining mid-term rental growth. We adopt a parsimonious specification with four independent variables: i. Rent gap: the percentage difference between mid-term and residential asking prices, capturing the relative profitability incentive for rental conversion; ii. Residential listings: the number of long-term rental listings actively advertised on Idealista. We acknowledge that this indicator captures only the share of the residential market intermediated through this platform, and therefore does not represent the total housing listings. Nevertheless, given Idealista's dominant position in the Spanish rental market, we consider it a reasonable approximation of market-level supply dynamics; iii. Price per square metre (residential): the median asking rent per square metre in the residential segment, reflecting overall market pressure and asset valorisation dynamics; and iv. *Foreign searches*: the proportion of rental searches originating from abroad, used as a proxy for international housing demand pressure and its potential role in driving mid-term rental supply.

5. Outlining the geography of the mid-term rental sector through the *Idealista* database

5.1. The evolution of rental supply

Since 2019, the rental housing supply in major Spanish cities has undergone significant structural transformations, driven by factors such as the COVID-19 pandemic, new regulatory frameworks, and shifts in market profitability dynamics. A combined analysis of monthly and annual data series for Madrid, Barcelona, and Málaga reveals not only an overall reconfiguration of the rental market but also divergent trajectories between residential and mid-term rental segments.

The year 2020 marked a common turning point. In response to the collapse of tourism and mobility restrictions, both residential and mid-term rental supply increased simultaneously across the three cities — the result of a defensive reconversion strategy whereby many properties previously used for short-term tourist rentals were temporarily redirected to residential or mid-term segments (Gil et al., 2023).

From that point onward, trajectories began to diverge. In all three cities, mid-term rentals experienced a sustained increase, gaining relative weight within the overall rental market (see Fig. 1). However, the intensity and characteristics of this trend vary considerably across cities.

Barcelona represents the most extreme case of market transformation. Mid-term rentals have expanded steadily, accounting for 75.45% of residential listings by end-2024. Their share stood at 4.76% in 2019 and rose to 8.59% in 2020. In mid-2020, immediately prior to the approval of the regional rent control law, the proportion increased to 15.96%, subsequently continued to grow at a moderate pace, fluctuating around 24%. When the law ceased to be in force in April 2022, this did not produce a decline. Following the enactment of the national Housing Law in April 2023 — although rent controls were not implemented immediately, the legislation enabled the regional government to introduce them — the share of mid-term rentals rose sharply from 24% to 46% within a single year. Once rent controls were effectively implemented, the proportion climbed from 46.28% to 74.26% in the first quarter of regulation, reached 89.02% in the subsequent quarter, and then stabilised at 75.45% by end-2024. Between 2019 and 2024, the cumulative number of mid-term rental listings increased by 268.88%, while long-term residential listings fell by 76.73%. Overall, total rental listings contracted by 61.02%.

Madrid displays a more moderate pattern. By 2024, mid-term rentals represented 17.97% of total listings, having grown by 73.89% since 2019, while residential listings declined by 58.58%. Overall, listings of all rental types fell by 53.15%. As in Barcelona, the most substantial mid-term growth occurred in the most recent year.

Málaga presents a different dynamic. Although residential rentals

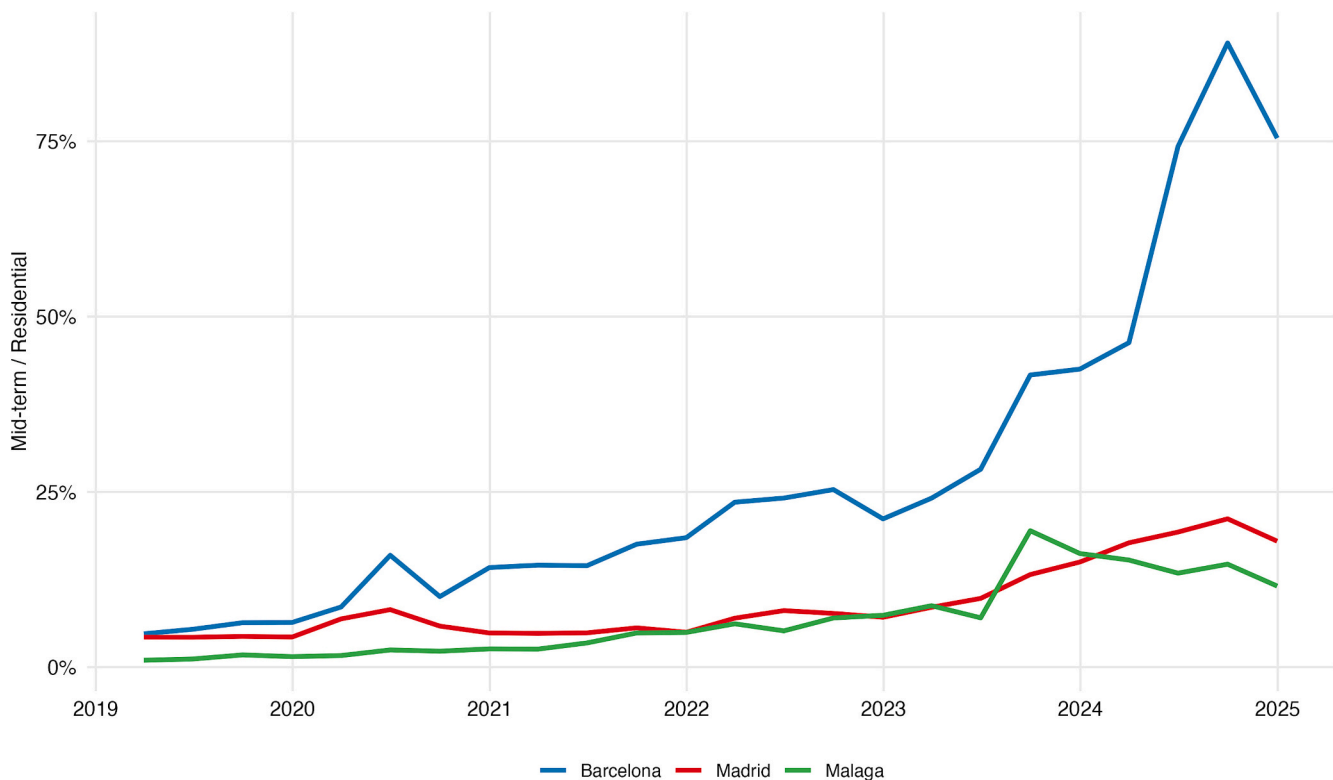


Fig. 1. Mid-term rentals as a share of residential rental listings. (Source: Own calculation based on Idealista)

also decreased (-22.93%), the surge in mid-term listings has been even more pronounced in relative terms, with cumulative growth of 798.04% since 2019 (from 51 to 458 listings), increasing the relative weight of mid-term rentals to 11.57% of residential listings. In this respect, Málaga stands out not for the current proportion of mid-term rentals, but for the intensity of recent change.

The distribution of mid-term rental listings is far from uniform across urban areas, showing marked spatial concentration in central neighbourhoods (see Table 1). In Barcelona, the areas with the highest mid-term presence each account for around 10% of total listings; in some neighbourhoods, mid-term rentals even exceed the listings of residential rentals (e.g. Sant Pere–Santa Caterina i la Ribera at 124.75% and El Raval at 118.58%). In Málaga, listings are mainly concentrated in the Historic Centre (15.07% of mid-term rentals, representing 18.45% of the district's residential listings). In Madrid, although no single district exceeds 7% of city-wide mid-term supply, concentrations reach 30–43% of local residential listings in the most affected areas. By contrast, many districts across the three cities show either no presence of this type of rental or only a residual listings.

Taken together, these data confirm a significant reconfiguration of the urban rental market, particularly in Barcelona, where mid-term listings are shifting at the expense of the residential sector. Although Málaga displays the most dramatic cumulative change, Barcelona shows the most intense structural displacement of new residential supply.

5.2. Evolution of price per square metre

Price per square metre is one of the most sensitive indicators for understanding developments in the real estate market. An analysis of this indicator in Madrid, Barcelona and Málaga between 2019 and 2024 reveals how market reconfiguration has affected both rental modalities and, in many cases, has favoured the rise of the mid-term rental segment.

The year 2020 marked a widespread decline in price per square metre across all three cities, affecting both residential and mid-term rentals. The subsequent recovery unfolded unevenly.

In Madrid, mid-term rental prices consistently remained above residential prices throughout the period, reflecting a structural premium associated with this more flexible and lucrative segment (see Fig. 2). By December 2024, mid-term rentals reached €32.37/m², compared to

€22.43/m² for residential rentals — a difference of €9.94/m². Over the entire period, mid-term prices increased by 40.37% and residential prices by 38.29%, suggesting that Madrid is consolidating a structural price differential between the two segments, with potential implications for access to stable housing.

In Barcelona, price trends have followed a distinct pattern characterised by convergence (see Fig. 3). In 2019, mid-term rentals stood at €23.01/m² versus €17.18/m² for residential. By December 2024, mid-term rentals reached €28.85/m² and residential €24.72/m² — a difference of just €4.13/m². Residential prices increased substantially faster than mid-term prices over the period (+43.89% versus +25.38%), reflecting a progressive narrowing of the price differential.

In Málaga, both rental types exhibited relatively similar values in 2019 (mid-term at €12.59/m², residential at €10.47/m², see Fig. 4). The period between 2021 and 2022 witnessed extraordinary volatility in mid-term prices, with values spiking sharply before declining. By December 2024, residential rentals reached €16.86/m² (+61.03% since 2019), while mid-term rentals rose to €18.55/m² (+47.34%). The notably faster growth of residential prices reflects progressive convergence between the two segments — the most pronounced among the three cities analysed.

5.3. Rent gap and the restructuring of the rental market: Insights from three cities

The rent gap, defined as the percentage difference between mid-term and residential rental prices per square metre — is a key indicator for understanding the shifting incentive structure across rental market segments. Data from Madrid, Barcelona and Málaga between 2019 and 2024 reveal three distinct trajectories (see Fig. 5). By December 2024, the rent gap varied significantly: Madrid registered 44.32%, Barcelona 16.71% and Málaga 10.02%. While all three cities maintain positive rent gaps—indicating that mid-term rentals remain more profitable per square metre than residential ones — the magnitude of these gaps and their evolution over time differ substantially, suggesting that the expansion of MTRs cannot be explained solely through profitability dynamics.

Fig. 5 illustrates the evolution of the rent gap across the three cities. The data reveal highly differentiated patterns that evolved significantly over the study period. In Madrid, the rent gap has remained consistently high, starting at 42.17% in 2019 and ending at 44.32% in December 2024. This apparent stability masks considerable volatility: the rent gap peaked at an extraordinary 89.27% in December 2021—meaning mid-term rentals temporarily commanded nearly double the price per square metre of residential ones—before moderating to current levels. Throughout 2022, the rent gap averaged above 73%, suggesting that landlords could extract substantially more revenue from mid-term contracts than from equivalent residential leases. This sustained premium of over 40% provides a clear and persistent economic incentive for landlords to convert residential units to mid-term rentals. Although management costs associated with higher tenant rotation are not captured in our data, a gap of this magnitude likely exceeds such additional expenses, making conversion economically rational in Madrid.

Málaga displays the most volatile trajectory, with extreme rent gap fluctuations that complicate straightforward interpretation. Starting from a modest 20.25% in 2019, the rent gap exploded to an extraordinary 243.74% in March 2022—meaning mid-term rentals temporarily commanded nearly 3.5 times the price per square metre of residential ones. This extraordinary peak, unprecedented in our dataset, likely reflects a combination of post-pandemic tourism recovery, the city's emergence as a digital nomad destination, and speculative pricing in a market with limited mid-term listings. However, this surge proved unsustainable: the rent gap declined sharply throughout 2023–2024, falling to just 10.02% by December 2024—the lowest among the three cities. This remarkable compression—from the highest rent gap to the lowest—reflects the rapid catch-up of residential prices (+61.03% since

Table 1
Areas with the highest concentration of mid-term rental listings.

City	Location	Mid-term units	Share of city's mid-term listings (%)	Mid-term as % of residential listings (%)
Madrid	Malasaña-Universidad	285	6.90	30.65
	Lavapiés-Embajadores	253	6.13	31.20
	Chueca-Justicia	250	6.05	43.33
	Recoletos	184	4.46	30.16
	Palacio	174	4.21	33.92
	La Dreta de l'Eixample	648	10.82	91.40
Barcelona	Sant Pere - Santa Caterina i la Ribera	615	10.27	124.75
	El Raval	568	9.49	118.58
	El Gòtic	413	6.90	86.76
	L'Antiga Esquerra de l'Eixample	319	5.33	94.38
	Centro Histórico	69	15.07	18.45
	La Victoria – Conde de Ureña - Gibralfaro	36	7.86	21.95
Málaga	El Ejido - La Merced	33	7.21	21.85
	Perchel norte - La Trinidad	31	6.77	14.62
	El Palo	18	3.93	18.95

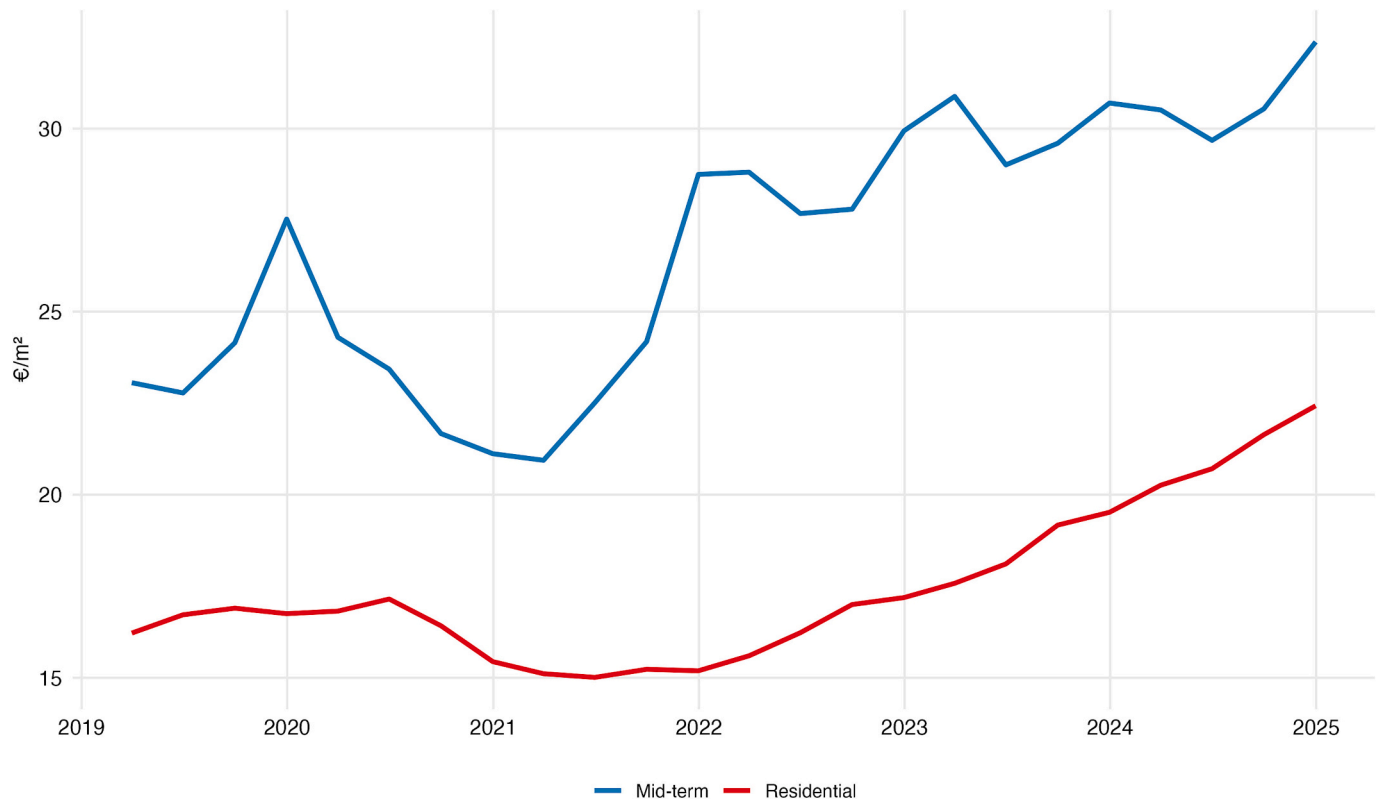


Fig. 2. Comparative evolution of mid-term and residential rental prices in Madrid.
(Source: Own calculation based on Idealista)

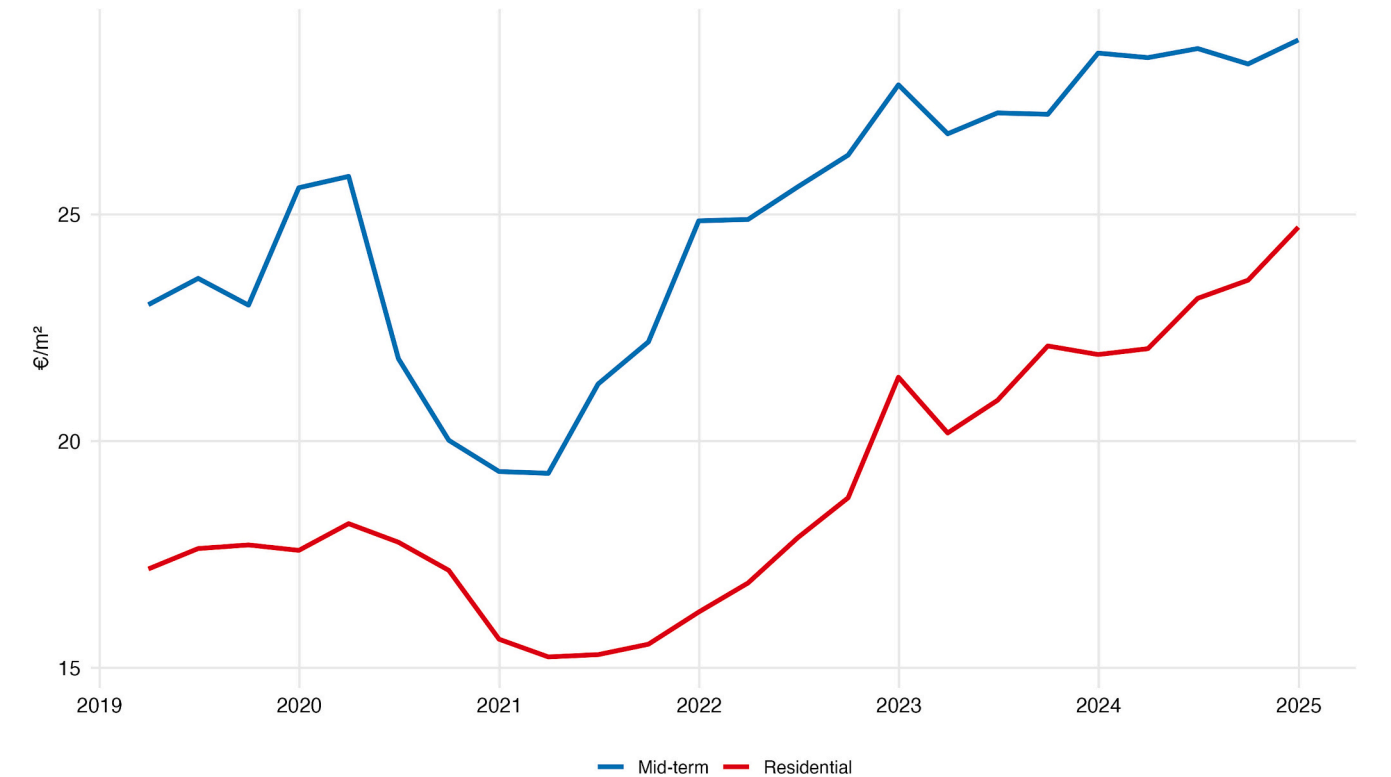


Fig. 3. Comparative evolution of mid-term and residential rental prices in Barcelona.
(Source: Own calculation based on Idealista)

2019) compared to mid-term prices (+47.34%). The continued expansion of mid-term rentals despite this diminishing rent gap

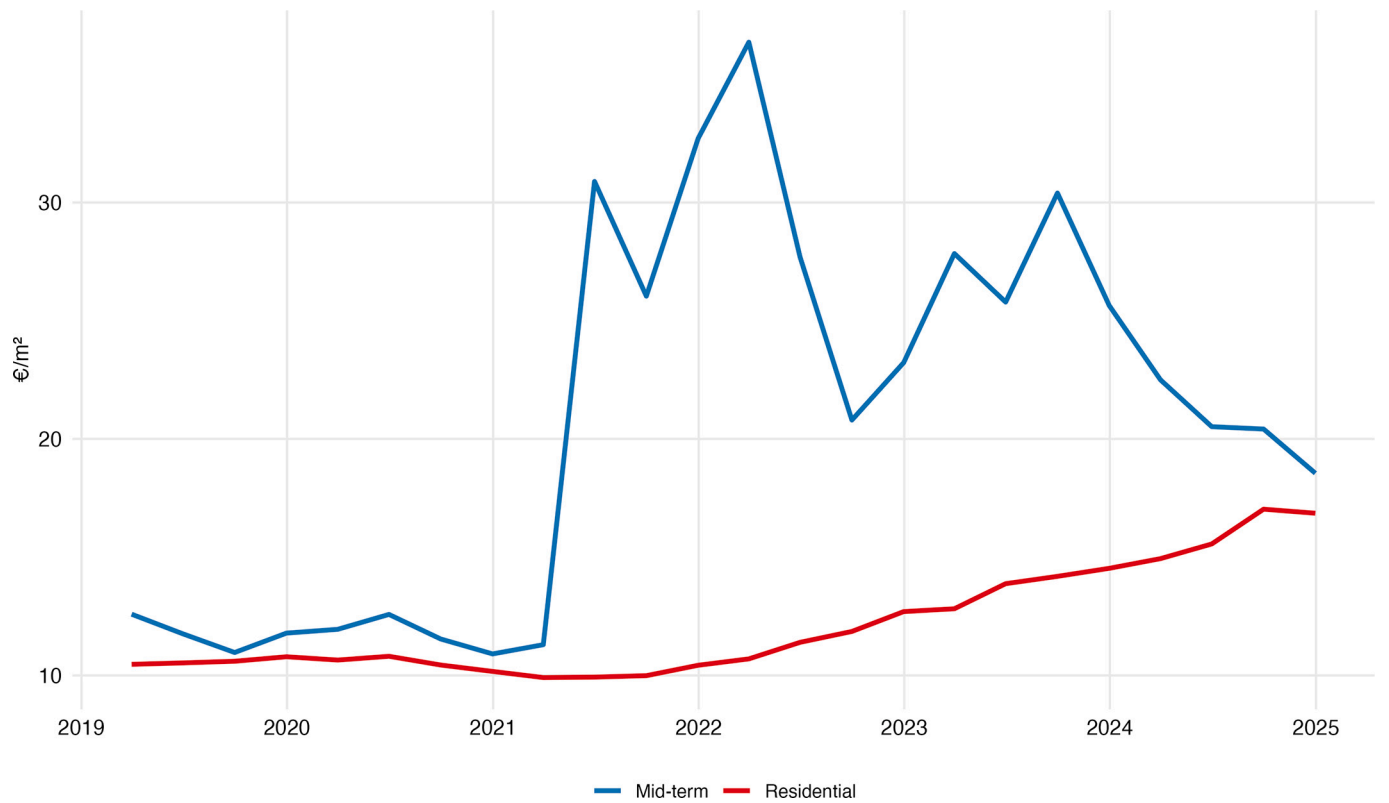


Fig. 4. Comparative evolution of mid-term and residential rental prices in Málaga.
(Source: Own calculation based on Idealista)

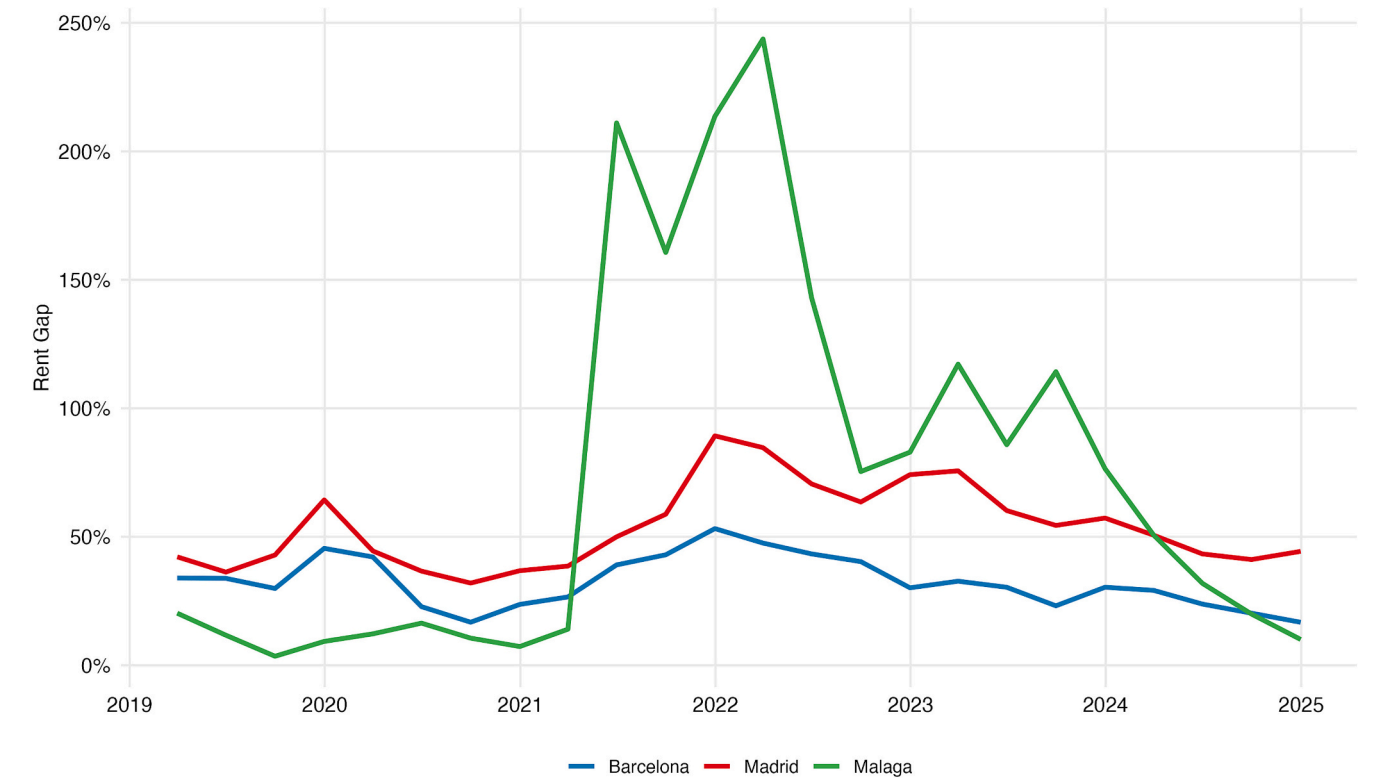


Fig. 5. Temporal evolution of the rent gap: mid-term vs. residential.
(Source: Own calculation based on Idealista)

indicates that factors beyond immediate profitability — contractual flexibility, regulatory avoidance and catering to international demand

— are increasingly driving landlord decisions in Málaga.

In Barcelona, the rent gap followed a clear downward trajectory that supports our regulatory avoidance hypothesis. Starting from 33.93% in 2019, it peaked at 53.17% in December 2021 before declining to 16.71% by December 2024—a compression of 17 percentage points in three years. Notably, this convergence accelerated precisely as rent control measures were strengthened: the average rent gap fell from 40.44% in 2021 to 40.32% in 2022, then dropped sharply to 29.13% in 2023 and 22.47% in 2024. This sustained decline reflects the faster growth of residential prices (+43.89%) compared to mid-term prices (+25.38%) over the study period. Yet despite this significant compression of the price premium, mid-term rentals continued to expand dramatically, reaching 75.45% of residential listings. This apparent paradox — growing MTR listings amid a shrinking rent gap—strongly suggests that Barcelona's landlords are shifting to seasonal contracts not primarily to capture higher rents, but to circumvent rent control regulations. The diminishing but still positive rent gap indicates that mid-term contracts offer some price advantage, but one insufficient to explain the scale of the shift; regulatory evasion emerges as the dominant driver, supporting H1.

To empirically test this, we conducted simple linear regression analyses for each city, using the quarterly rent gap as the independent variable and quarterly mid-term listing levels as the dependent variable ($N = 23$ per city). The results are striking: in none of the three cities does a higher rent gap predict greater mid-term rental listings. In Madrid ($R^2 = 0.04$, $p = 0.346$) and Málaga ($R^2 = 0.005$, $p = 0.745$), the linear relationship is not statistically significant. Most remarkably, Barcelona shows a statistically significant but negative linear relationship ($R^2 = 0.19$, $\beta = -0.94$, $p = 0.036$): periods of higher rent gap are associated with lower mid-term rental listing levels. This counterintuitive finding reinforces H1 — landlords in Barcelona are not primarily responding to price incentives when shifting to seasonal contracts. The expansion of MTRs proceeds regardless of, and even contrary to, rent gap dynamics, pointing to regulatory circumvention as the primary motivation.

6. Rental demand in Madrid, Barcelona, and Málaga: Between housing pressure and market internationalisation

User contacts with advertisers—commonly referred to as leads—serve as a key indicator of real estate market dynamics. A higher number of contacts per listing reflects more intense competition among potential tenants and, consequently, greater barriers to accessing housing. In this sense, lead volume functions as an indirect measure of residential accessibility and market pressure.

In all three cities analysed, there has been a dramatic increase in the number of leads for both residential and mid-term rental listings, signalling an intensification of housing market competition unprecedented in the study period. Barcelona experienced the most extreme surge: residential leads grew by 693.76%, nearly eight times their 2019 level, while mid-term leads increased by 375.93%. By December 2024, residential listings in Barcelona received an average of 71.4 contacts per advertisement—compared to just 9 in 2019—indicating extraordinary pressure on the shrinking long-term rental offer. Madrid followed a similar pattern, with residential leads rising by 373.99% and mid-term leads by 424.79%, reaching 45.9 and 19.6 contacts per listing respectively. Notably, Madrid is the only city where mid-term lead growth outpaced residential growth. Málaga registered more moderate but still substantial increases: +260.99% for residential and +219.28% for mid-term leads. The lower absolute values in Málaga (23.9 residential leads per listing) compared to Barcelona and Madrid reflect its smaller market size, though the upward trend remains consistent with the broader pattern of intensifying housing competition across Spanish cities.

The volume of leads thus captures the intensity of competition for housing among all potential tenants, but does not reveal who those tenants are or where they come from. To explore the internationalisation of rental demand — and its potential connection to the expansion of

mid-term rentals — we turn to two complementary indicators: the geographic origin of searches and the language in which they are conducted. By December 2024, international searches accounted for 12.22% of total queries in Madrid, 20.71% in Barcelona, and 20.25% in Málaga. While Barcelona and Málaga already exhibited high levels of international searches in 2019 (18.89% and 17.56% respectively), showing only modest increases since then, Madrid has experienced a more notable rise—from 9.62% to 12.22%, a 27% relative increase—indicating a gradual internationalisation of its rental market.

The evolution of foreign-origin searches shows clearly differentiated patterns across the three cities (see Fig. 6). Madrid displays the lowest levels but a notable upward trend: after fluctuating between 6.7% and 10% during 2019–2022, international searches rose to 10.88% in 2023 and reached 13.23% in 2024—a clear acceleration that suggests Madrid is increasingly attracting international housing demand. Barcelona maintains the highest absolute levels, with international searches averaging 18.9% over the period. After dropping to 15.3% during the pandemic (2021), the share recovered to 19.2% in 2022 and has continued rising, reaching 22.4% in 2024. This sustained international interest—with roughly one in five searches originating abroad—underscores Barcelona's consolidated position in transnational housing circuits. Málaga, by contrast, demonstrates the most dynamic recent trajectory. Starting from levels similar to Barcelona (17.6% in 2019), international searches dipped during the pandemic but have since accelerated sharply, rising from 16.25% in 2021 to 21.28% in 2024. This 5-percentage-point increase in three years positions Málaga as the city with the fastest-growing international rental demand, consistent with its strategic positioning as a hub for digital nomads and remote workers.

However, significant intra-urban inequalities exist in the distribution of foreign demand. Table 2 reveals striking spatial polarisation, with international searches heavily concentrated in central and tourist-oriented neighbourhoods while peripheral residential areas remain largely disconnected from transnational housing circuits.

Madrid exhibits the most extreme internal disparity among the three cities. In Sol—the city's historic and commercial heart—34.02% of rental searches originate from abroad, a figure ten times higher than in Pavones (3.39%), a working-class neighbourhood in the southeastern periphery. The top five neighbourhoods for international searches (Sol, Recoletos, Malasaña-Universidad, Chueca-Justicia, and Huertas-Cortes) average 29.47% foreign demand, compared to just 3.96% in the bottom five (Pavones, Vinateros, Portazgo, Águilas, and Fontarrón). This 30.63-percentage-point gap between the two extremes—the largest observed—maps onto Madrid's traditional centre-periphery divide, with international demand concentrated in areas that combine tourist appeal, cultural amenities, and proximity to business districts, while outer neighbourhoods with predominantly local, working-class populations attract virtually no foreign interest.

Barcelona shows a similarly polarised but slightly less extreme pattern. The Gothic Quarter (El Gòtic) leads with 33.97% international searches, followed closely by La Barceloneta (33.14%) and Sant Pere-Santa Caterina (32.31%)—all located in or adjacent to the historic centre and waterfront. The top five neighbourhoods average 31.55% foreign searches, nearly five times higher than the bottom five (8.34%), which include industrial and peripheral areas such as Zona Franca-Port (6.64%), Horta (8.49%), and La Guineueta (8.65%). Notably, even Barcelona's lowest-ranked neighbourhoods receive more international attention than Madrid's (6.64% vs 3.39% minimum). The 27.33-percentage-point gap between top and bottom neighbourhoods underscores how foreign demand reinforces the city's existing tourist geography, concentrating in areas already under pressure from short-term rentals and touristification.

Málaga presents a distinctive pattern with the highest peak but a more compressed distribution. The Centro Histórico attracts 36.97% international searches—the single highest value across all three cities—followed by the adjacent Ensanche Centro-Soho (33.32%), an

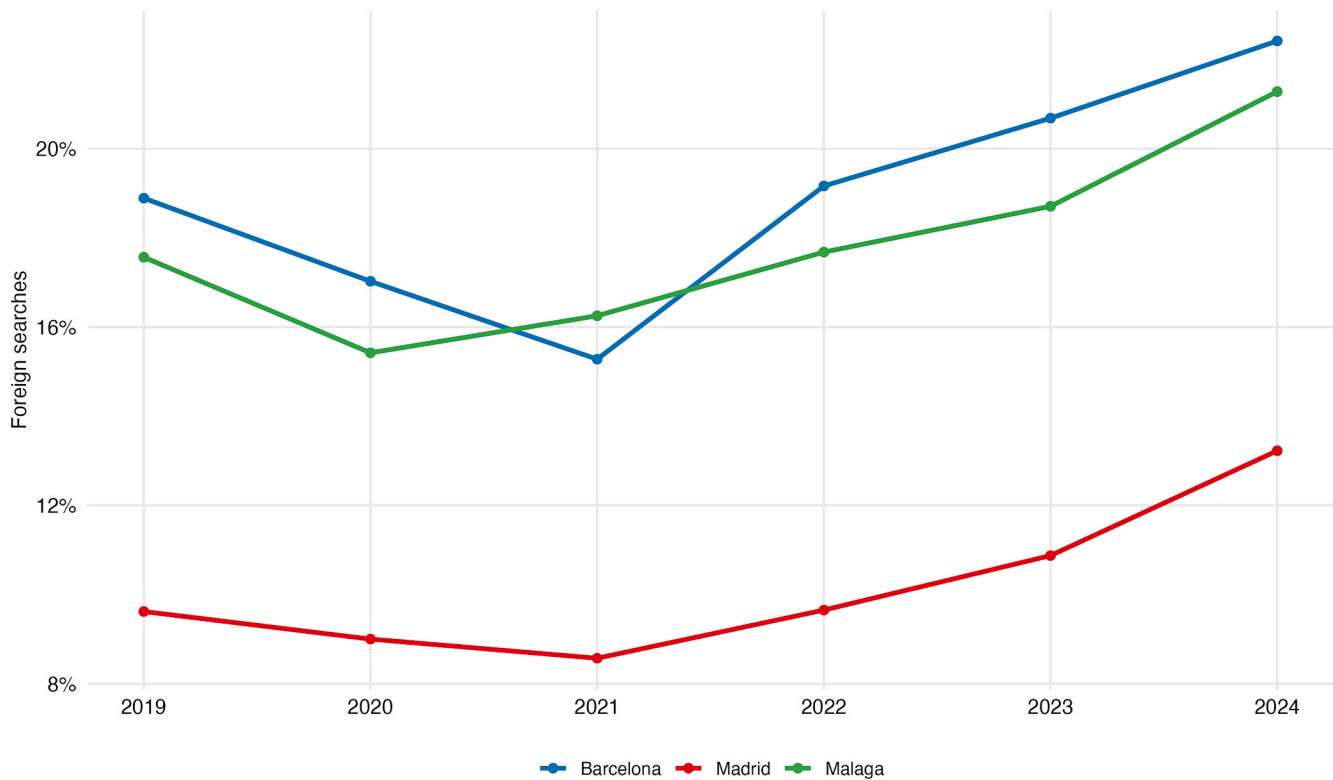


Fig. 6. Trends in foreign-origin searches for mid-term and residential rental listings.
Source: Own calculation based on Idealista.

area that has undergone rapid gentrification as a creative and digital nomad hub. However, even Málaga's lowest-ranked neighbourhoods (Nuevo San Andrés-Dos Hermanas at 10.93%, Campanillas at 11.88%) receive substantially more international attention than their equivalents in Madrid or Barcelona. The 26.04-percentage-point gap and $3.4\times$ ratio between extremes suggest that while foreign demand concentrates in the historic centre, it has begun diffusing more broadly across the urban fabric—possibly reflecting Málaga's recent emergence as a destination for remote workers seeking more affordable alternatives to established tourist areas.

These intra-urban disparities have significant implications for housing accessibility. The neighbourhoods with the highest international searches—averaging 29–32% across the three cities—are precisely those with the greatest mid-term rental density (see Table 1). This spatial coincidence suggests a reinforcing dynamic: foreign demand concentrates in central areas, landlords respond by shifting properties to mid-term contracts, which in turn further attracts internationally mobile tenants seeking flexible arrangements. Meanwhile, peripheral neighbourhoods with minimal foreign interest remain predominantly in the residential market—but face indirect pressure as local residents displaced from central areas compete for housing in outer districts.

It is also worth considering whether the growth in mid-term rental listings is being driven by demand from foreign visitors seeking to reside in the country. To explore this hypothesis, we analysed the quarterly evolution of both variables using simple linear regression models for each city. In these models, the dependent variable is the number of mid-term rental listings, while the independent variable is the share of property searches originating from abroad, used as a proxy for prospective international tenants planning to relocate to the city.

The results reveal divergent patterns across the three cities. In Madrid ($p = 0.002$, $R^2 = 0.37$) and Málaga ($p = 0.007$, $R^2 = 0.29$), the linear relationship between foreign searches and mid-term listings is statistically significant, suggesting that international demand may contribute to the expansion of seasonal rentals in these cities. By

contrast, in Barcelona ($p = 0.59$, $R^2 = 0.01$), the analysis does not provide statistical evidence of a linear association between these variables. This does not imply that foreign demand plays no role, but rather that, with the available data, we cannot identify a systematic linear relationship between both variables.

This finding is consistent with — though does not by itself demonstrate — our broader interpretation. In Madrid and Málaga, where rental regulations are less restrictive, mid-term rentals appear responsive to international demand linked to mobile populations such as students, expatriates and remote workers. In Barcelona, however, the absence of detectable association suggests that additional mechanisms may be more decisive. We therefore interpret the expansion of mid-term rentals as primarily shaped by regulatory incentives, while acknowledging that international demand may still operate in combination with these institutional factors.

The language in which users conduct housing searches on the platform provides an additional —and arguably more revealing— indicator of user profile than geographic origin alone. We acknowledge, however, that this proxy has limitations in the Spanish context. A substantial share of international demand in Spanish cities originates from Latin American countries where Spanish is the primary language. Consequently, foreign-language searches capture only part of international demand and are more indicative of certain segments of transnational mobility (such as expatriate professionals, international students and digital nomads) than of international migration more broadly. While searches from abroad capture only those conducted outside Spain, language preferences reflect the broader population of non-local speakers seeking housing, including expatriates, international students, and foreign residents already living in the country.

By December 2024, Barcelona stands out dramatically: 41.38% of all rental searches are conducted in a language other than Spanish or Catalan—nearly half of all platform activity. This figure is 2 times higher than the share of searches originating from abroad (20.71%), suggesting that a substantial population of non-local speakers already residing in

Table 2

Geographic distribution of foreign-origin rental searches by neighbourhood: top 5 and bottom 5 areas per city (December 2024).

City	Location name	Group	Foreign-origin searches (% of total searchers)
Madrid	Sol	Highest volume	34.02
	Recoletos	Highest volume	30.30
	Malasaña-Universidad	Highest volume	28.58
	Chueca-Justicia	Highest volume	27.92
	Huertas-Cortes	Highest volume	26.51
	Pavones	Lowest volume	3.39
	Vinateros	Lowest volume	3.95
	Portazgo	Lowest volume	4.10
	Águilas	Lowest volume	4.17
	Fontarrón	Lowest volume	4.19
Barcelona	El Gòtic	Highest volume	33.97
	La Barceloneta	Highest volume	33.14
	Sant Pere - Santa Caterina i la Ribera	Highest volume	32.31
	La Dreta de l'Eixample	Highest volume	29.43
	Diagonal Mar i el Front Marítim del Poblenou	Highest volume	28.89
	Zona Franca - Port	Lowest volume	6.64
	Horta	Lowest volume	8.49
	La Guineueta	Lowest volume	8.65
	La Trinitat Vella	Lowest volume	8.96
	Sant Andreu	Lowest volume	8.97
Malaga	Centro Histórico	Highest volume	36.97
	Ensanche Centro - Soho	Highest volume	33.32
	La Goleta - San Felipe Neri	Highest volume	29.32
	El Candado	Highest volume	29.21
	Martiricos - La Roca	Highest volume	28.68
	Nuevo San Andrés - Dos Hermanas	Lowest volume	10.93
	Campanillas	Lowest volume	11.88
	La Luz - El Torcal	Lowest volume	12.21
	Suárez	Lowest volume	12.45
	Ciudad Jardín	Lowest volume	12.85

Spain is actively searching for housing in the city. Málaga follows with 31.76% of searches in foreign languages (1.57 times its foreign-origin search rate of 20.25%), while Madrid registers 19.88% (1.63 times its 12.22% foreign-origin rate). This gap between language-based and location-based indicators reveals that the internationalisation of rental markets extends well beyond new arrivals: established foreign residents represent a significant and often overlooked component of housing demand.

However, the most striking finding is the extreme intra-city variation

revealed in Table 3. Madrid exhibits the sharpest polarisation: in Sol, the historic centre, 43.24% of searches are conducted in languages other than Spanish, compared to just 7.63% in Pavones—a 5.7-fold difference and a gap of 35.61 percentage points. The top five neighbourhoods (Sol, Recoletos, Malasaña-Universidad, Chueca-Justicia, and Huertas-Cortes) average 39.60% foreign-language searches, while the bottom five (Pavones, Santa Eugenia, Pau de Carabanchel, Rosas, and Valdebernardo-Valderribas) average only 8.44%. This 31.16-percentage-point divide—the largest relative contrast among the three

Table 3

Geographic distribution of foreign-language rental searches by neighbourhood: top 5 and bottom 5 areas per city (December 2024).

City	Location name	Searches volume	Foreign language (%)
Madrid	Sol	Highest volume	43.24
	Recoletos	Highest volume	39.49
	Malasaña-Universidad	Highest volume	39.40
	Chueca-Justicia	Highest volume	38.86
	Huertas-Cortes	Highest volume	37.03
	Pavones	Lowest volume	7.63
	Santa Eugenia	Lowest volume	8.34
	Pau de Carabanchel	Lowest volume	8.42
	Rosas	Lowest volume	8.86
	Valdebernardo - Valderribas	Lowest volume	8.97
Barcelona	Sant Pere - Santa Caterina i la Ribera	Highest volume	60.37
	El Gòtic	Highest volume	59.22
	Diagonal Mar i el Front Marítim del Poblenou	Highest volume	58.44
	La Barceloneta	Highest volume	58.44
	La Dreta de l'Eixample	Highest volume	55.96
	Zona Franca - Port	Lowest volume	16.62
	La Guineueta	Lowest volume	21.94
	Horta	Lowest volume	22.17
	Sant Andreu	Lowest volume	22.41
	La Trinitat Nova	Lowest volume	24.44
Malaga	Centro Histórico	Highest volume	50.81
	Ensanche Centro - Soho	Highest volume	49.21
	Martiricos - La Roca	Highest volume	47.95
	La Goleta - San Felipe Neri	Highest volume	44.87
	El Ejido - La Merced	Highest volume	43.51
	Campanillas	Lowest volume	19.13
	El Consul - El Romeral	Lowest volume	23.29
	Polígonos - Recinto Ferial	Lowest volume	23.78
	Suárez	Lowest volume	23.92
	Ciudad Jardín	Lowest volume	24.24

cities—maps closely onto Madrid's socioeconomic geography, with internationalised demand concentrated in affluent central districts while peripheral working-class neighbourhoods remain overwhelmingly Spanish-speaking.

Barcelona shows similarly dramatic disparities, but with substantially higher baseline levels across all neighbourhoods. Four central districts approach or exceed 60% of searches in foreign languages: Sant Pere-Santa Caterina i la Ribera leads at 60.37%, followed by El Gòtic (59.22%), Diagonal Mar i el Front Marítim del Poblenou (58.44%), and La Barceloneta (58.44%). In these areas, searches conducted in Spanish or Catalan account for slightly above 40% of total activity, highlighting the extraordinary degree of internationalisation of Barcelona's central rental market. Even the lowest-ranked neighbourhood, Zona Franca-Port (16.62%), registers substantially higher foreign-language activity than Madrid's least internationalised areas. The 43.75-percentage-point gap between top and bottom neighbourhoods is the widest among the three cities, underscoring how strongly international demand concentrates in tourist-oriented and waterfront districts.

Málaga presents an intermediate pattern with distinctive characteristics. Centro Histórico leads at 50.81%—meaning that searches in foreign languages roughly equal those conducted in Spanish—followed by Ensanche Centro-Soho (49.21%), an area increasingly associated with digital nomads and international professionals. Martiricos-La Roca (47.95%), La Goleta-San Felipe Neri (44.87%), and El Ejido-La Merced (43.51%) also display exceptionally high levels of international demand. Notably, even peripheral neighbourhoods maintain comparatively elevated foreign-language activity: Campanillas, the lowest-ranked area, still records 19.13%, well above Madrid's bottom five. The 31.68-percentage-point gap between the most and least internationalised neighbourhoods is smaller than in Barcelona and Madrid, suggesting that Málaga's internationalisation, while still centred on the historic core, has diffused more broadly across the urban area.

These patterns have profound implications for housing accessibility. In neighbourhoods where 40–60% of rental searches occur in foreign languages, local residents increasingly compete with a transnational pool of potential tenants, many of whom may possess greater purchasing power or more flexible housing strategies. The strong spatial overlap between high foreign-language search intensity and concentrations of mid-term rentals (see Tables 1–3) suggests a reinforcing dynamic: landlords in highly internationalised areas shift toward temporary or seasonal contracts to capture mobile international demand, which in turn attracts even more foreign-language searchers, progressively displacing local residents from central housing markets.

To further explore the relationship between geographic origin and linguistic profile of housing demand, we conducted regression analyses at the neighbourhood level, using foreign-origin searches as the independent variable and foreign-language searches as the dependent variable.

The results reveal an exceptionally strong and consistent pattern. In Madrid, Barcelona, and Málaga, R^2 values exceed 0.91 (0.9484, 0.9333, and 0.9194 respectively), with p -values below 0.001 in all cases. This means that foreign-origin searches and foreign-language searches are almost perfectly proportional at the neighbourhood level: areas that attract searches from abroad are, with over 90% accuracy, the same areas where searches are conducted in languages other than Spanish (or Catalan, in Barcelona's case).

This finding suggests that international housing demand—whether from prospective tenants searching from abroad before relocating, or from expatriates and foreign residents already living in the city—concentrates in the same neighbourhoods. In other words, expats, digital nomads, international students, and mobile professionals share similar residential preferences regardless of whether they are already in Spain or planning to arrive. Both groups gravitate toward the same central, well-connected, and internationally-oriented areas, reinforcing the spatial concentration of transnational housing demand in specific urban enclaves. This convergence of preferences intensifies competition

for housing in these neighbourhoods, contributing to the displacement pressures experienced by local residents in central areas. Fig. 7 illustrates this relationship graphically for the three cities, showing the near-perfect linear association between both variables across neighbourhoods.

7. Explaining the growth of mid-term rental listings: A multiple regression analysis

The rise of mid-term rentals in the cities under study has reconfigured urban housing markets, partially displacing traditional long-term residential leases. In light of this transformation, it becomes essential to identify the factors that explain the expansion of this rental modality. To that end, multiple linear regression models were estimated for Madrid, Barcelona, and Málaga, analysing how four key variables influence the growth of mid-term rental listings: the rent gap (relative price difference between mid-term versus residential rentals), residential listings (stock available for potential conversion), price per square metre in the residential market (indicator of market pressure and asset valorisation), and the proportion of searches originating from abroad (indicator of international demand pressure).

The results reveal strikingly divergent patterns across the three cities, underscoring that the expansion of mid-term rentals does not follow a single trajectory but is shaped by structural and institutional conditions specific to each urban context (See Table 4).

Málaga presents the clearest market-driven pattern, with the model showing high explanatory power (adjusted $R^2 = 0.761$). Three of the four variables are statistically significant: the rent gap ($\beta = 1.05$, $p < 0.001$), residential listings ($\beta = 0.039$, $p < 0.01$) and price per square metre ($\beta = 79.11$, $p < 0.001$). Foreign searches, however, do not reach statistical significance. In Málaga, mid-term rental listings respond systematically to market signals: higher rent gaps incentivise conversion and rising prices per square metre reflect asset valorisation dynamics that favour flexible rental formats. Each percentage point increase in the rent gap is associated with approximately 1 additional mid-term unit, while each euro increase in price per square metre corresponds to 79 additional units. Málaga thus exemplifies a market where MTR expansion follows relatively predictable economic logic, supporting H2.

Madrid shows moderate explanatory power (adjusted $R^2 = 0.544$). Price per square metre is a significant predictor ($\beta = 447.10$, $p < 0.05$), and residential listings also shows a significant positive linear relationship ($\beta = 0.042$, $p < 0.05$). However, neither the rent gap nor foreign searches reach statistical significance. This suggests that in Madrid, MTR growth is driven more by structural market pressures — rising residential prices and available stock for conversion — than by relative profitability differentials between rental segments or by international demand. The lack of rent gap significance may indicate that landlords in Madrid are responding to general market appreciation and housing pressure rather than strategically calculating cross-segment returns. These findings also provide partial support for H2.

Barcelona presents the most revealing findings. The model shows modest explanatory power (adjusted $R^2 = 0.228$), with a striking result: the rent gap is statistically significant but negative ($\beta = -140.82$, $p < 0.05$). This means that in Barcelona, higher rent gaps are associated with lower mid-term listing levels — a counterintuitive finding that strongly reinforces H1. Landlords are not shifting to seasonal contracts to capture higher returns; on the contrary, the expansion of MTRs proceeds regardless of, and even contrary to, price incentives. Neither residential listings, price per square metre nor foreign searches reach statistical significance. This pattern suggests that in Barcelona, the shift to mid-term rentals is fundamentally a response to rent control policies rather than a market-driven phenomenon. The negative rent gap coefficient indicates that landlords convert properties to seasonal contracts even when price premiums are declining, pointing to regulatory circumvention as the primary motivation.

In sum, the comparative analysis reveals three distinct logics

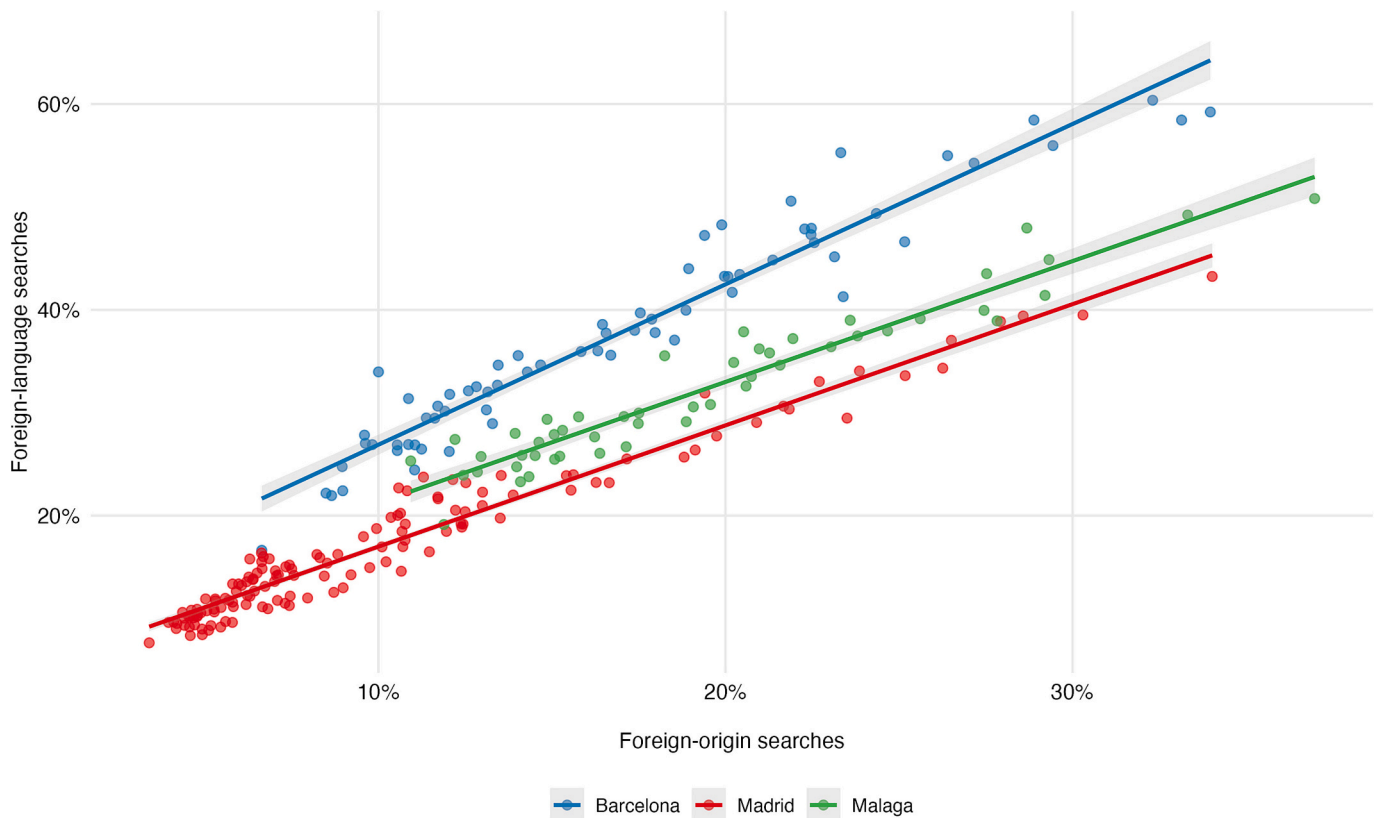


Fig. 7. Relationship between foreign-origin and foreign-language rental searches at the neighbourhood level. (Source: Own calculation based on Idealista)

Table 4
Multiple regression analysis explaining the growth of mid-term rentals.

Variable	Madrid	Barcelona	Málaga
(Intercept)	-7413.487+	16,613.016+	-1057.799***
Rent gap	4.04	-140.819*	1.05***
Residential listings	0.042*	-0.063	0.039**
Price/m ² (residential)	447.097*	-322.143	79.111***
Foreign searches (%)	82.124	-16.222	5.08
N	24	24	24
R ²	0.623	0.362	0.803
R ² adjusted	0.544	0.228	0.761

+ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$ Note: Given the small sample size ($N = 24$ per city), results should be interpreted with caution.

underlying mid-term rental growth across Spanish cities. In Málaga, expansion follows classic market dynamics (H2): rent gap, asset prices and available stock all matter in predictable ways. In Madrid, structural market pressure drives conversion, though without clear rent gap or international demand effects (partial H2). In Barcelona, market variables operate in unexpected directions: the significant negative relationship between the rent gap and mid-term listing levels definitively rules out profit maximisation as the primary driver, pointing instead to regulatory evasion as the dominant mechanism (H1). Notably, foreign searches do not significantly explain MTR listing levels in any of the three cities, suggesting that international demand pressure — while consistently present in descriptive terms — is not a primary driver of supply-side decisions by landlords (limited support for H3).

8. Conclusions

This study contributes to the growing body of critical urban scholarship interrogating the evolving dynamics of housing commodification

and the digitalisation of real estate markets. By foregrounding the rise of mid-term rentals (MTRs) in three major Spanish cities — Barcelona, Madrid and Málaga — we have explored how this emergent rental modality has grown amid landlord asset-oriented strategies, appreciating housing markets, regulatory blind spots and new demand from internationally mobile tenant populations. The emergent geography we outline provides a comparative lens to an embryonic MTR literature that has thus far focused primarily on single case studies (Cocola-Gant & Malet Calvo, 2023; Dagkouli-Kyriakoglou et al., 2022; Gil et al., 2023; Orozco Martinez & Gil-Alonso, 2024), with the exception of Wachsmuth and Buglioni's (2024) study on Toronto, Montreal and Vancouver.

Our findings suggest that the three hypotheses guiding this study are unevenly supported across cities. H1 (regulatory blind spots as the primary driver) finds its strongest support in Barcelona, where the significant negative relationship between the inter-segment rent gap and mid-term listing levels, combined with the dramatic growth in MTR supply following successive rent control measures, points clearly to regulatory evasion as the dominant mechanism. H2 (market navigation strategies) receives the strongest support in Málaga and, to a lesser extent, in Madrid, where rising residential prices and available residential stock are significantly associated with MTR listing growth. The extension of minimum residential lease durations in 2019 further contributed to making seasonal contracts relatively more attractive for landlords in a context of escalating rental prices. Our interpretation is that MTRs provide landlords with more flexibility to navigate rising markets and to capitalise on opportunities at a juncture of their choosing. In this sense, even where MTR growth appears primarily driven by market-navigation strategies, the 2019 regulatory change suggests that these strategies remain embedded in the broader regulatory context.

H3 (transnational demand) presents a more nuanced picture. The descriptive analysis consistently documents high and growing levels of international housing search activity, spatially concentrated in the same

central neighbourhoods where MTR density is highest. This spatial coincidence, together with the significant city-level regression results in Madrid and Málaga, is broadly consistent with H3 in those cities. However, the transnational demand variable is not significant in any of the multivariable models, and in Barcelona there is no detectable city-level association. These findings suggest that international demand operates primarily as a *contextual enabler* — providing a demand pool that makes MTRs viable — rather than as a direct driver of supply-side decision-making by landlords. The primary impetus for conversion appears to come from regulatory and market incentives rather than from demand pressure per se. Future research with data on tenant profiles would be needed to more directly test H3 and to establish whether the populations using MTRs — likely to include students, expatriates and professionals based on the wider literature (Sequera, 2025; Yrigoy et al., 2024), though not directly measured in this study — are themselves driving conversion decisions.

From a policy perspective, our findings suggest that housing regulations can curb housing-based rent extraction, but are often one step behind landlords' adaptive strategies in response to new market conditions and regulatory blind spots. The policy implication is that regulations must be extended to cover the seasonal rental contracts that underpin MTRs in the Spanish context, while also being designed to anticipate new forms of regulatory avoidance. The centrality of regulation in explaining our findings corroborates the regulatory focus of much of the academic literature on MTRs and STRs (Aguilera et al., 2021; Bei & Celata, 2023; Dimitrakou, 2025; Ferreri & Sanyal, 2018). At the same time, the market-driven dynamics evident in Madrid and Málaga suggest that in less regulated contexts, broader housing affordability policies may be necessary to address the structural incentives that push landlords toward more flexible rental formats.

Finally, this study does face certain limitations related to the characteristics of the *Idealista* database. While *Idealista* is the dominant rental platform in Spain and offers extensive coverage across the three cities, it does not capture the entire listings of rental housing. Furthermore, the asking prices listed in advertisements may differ from the final contracted rents, which are often slightly lower. Nonetheless, the evolution of the variables provided by the database does provide valuable information reflecting current trends. However, the effects of regulatory changes are only partially captured within the study's timeframe. The analysis does not fully account for conditions prior to the 2019 lease duration extension or for the most recent rent control measures introduced in Catalonia. Yet, the data do span the central period during which the MTR phenomenon emerged and consolidated. Overall, the paper provides key empirical insights that help advance our understanding of how contemporary rental markets function amid a global housing affordability crisis.

CRedit authorship contribution statement

Javier Gil: Writing – review & editing, Writing – original draft, Investigation, Formal analysis, Conceptualization. **Lorenzo Vidal:** Writing – review & editing, Writing – original draft, Investigation, Formal analysis, Conceptualization. **Ismael Yrigoy:** Writing – review & editing, Writing – original draft, Investigation, Formal analysis, Conceptualization.

Declaration of competing interest

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Acknowledgements

The author(s) disclosed receipt of the following financial support for the research, authorship, and/or publication of this article: Grants RYC2023-045822-I, RYC2022-037362-I, and RYC2021-033668-I

funded by MICIU/AEI/10.13039/501100011033 and by ESF+. This work was also supported by the Ministry of Science, Innovation and Universities, Government of Spain, through the research project grants “Capitalismo de plataforma, trabajadores digitales y techificación de la vida cotidiana. ONDEMANDCITY” (PID2021-122482OB-I00), and by Horizon Europe through the MSCA Staff Exchange project “Nomad Movements and Digital Impacts in Cities. NOMADIC” (grant number 101183165).

References

- Aguilera, T., Artioli, F., & Colomb, C. (2021). Explaining the diversity of policy responses to platform-mediated short-term rentals in European cities: A comparison of Barcelona, Paris and Milan. *Environment and Planning A: Economy and Space*, 53(7), 1689–1712.
- Bei, G., & Celata, F. (2023). Challenges and effects of short-term rentals regulation: A counterfactual assessment of European cities. *Annals of Tourism Research*, 101, Article 103605.
- Benson, M., & O'Reilly, K. (2009). Migration and the search for a better way of life: A critical exploration of lifestyle migration. *The Sociological Review*, 57(4), 608–625.
- Brollo, B., & Celata, F. (2023). Temporary populations and sociospatial polarisation in the short-term city. *Urban Studies*, 60(10), 1815–1832.
- Charnock, G., Mansilla, J., & Ribera-Fumaz, R. (2025). *The politics of late urban entrepreneurialism: The innovation district*. Taylor and Francis.
- Clark, E., Larsen, H. G., & Hansen, A. L. (2015). *Financialisation of built environments: A literature review. Working paper series no. 114, FESSUD (Financialisation, Economy, Society and Sustainable Development)*.
- Cócola-Gant, A. (2016). Holiday rentals: The new gentrification battlefield. *Sociological Research Online*, 21(3), 112–120.
- Cócola-Gant, A., & Lopez-Gay, A. (2020). Transnational gentrification, tourism and the formation of ‘foreign only’ enclaves in Barcelona. *Urban Studies*, 57(15), 3025–3043.
- Cócola-Gant, A., & Malet Calvo, D. (2023). The platformization of student housing and the rise of mid-term rentals: The case of Uniplaces in Lisbon. *Tijdschrift voor Economische en Sociale Geografie*, 114(5), 431–445.
- Dagkouli-Kyriakoglou, M., et al. (2022). *Reference details to be confirmed by authors. Athens MTR study cited in text*.
- Daviu, O. (2024). *El 40% de la oferta de alquiler en Barcelona ya es de temporada para burlar la regulación de precios*. El Salto Diario. Retrieved from <https://www.elsaltdiario.com/vivienda/40-ciento-alquiler-barcelona-es-temporada-burlar-regulacion-precios>.
- Díaz-Parra, I., España, K., & Jover, J. (2026). When it rains, it pours: Digital nomads, platform real estate, and the housing crisis in Málaga. *Digital Geography and Society*, Article 100156.
- Dimitrakou, I. (2025). Gaming the system through temporary housing: Real estate intermediaries and the law in short-term rental markets. *Transactions of the Institute of British Geographers*, 51(1).
- Ferreri, M., & Sanyal, R. (2018). Platform economies and urban planning: Airbnb and regulated deregulation in London. *Urban Studies*, 55(15), 3353–3368.
- Fields, D. (2022). Automated landlord: Digital technologies and post-crisis financial accumulation. *Environment and Planning A: Economy and Space*, 54(1), 160–181.
- Gil, J. (2024). Not gentrification, not touristification: Short-term rentals as a housing assetization strategy. [full reference details to be confirmed]. *Journal of Urban Affairs*, 46(6), 1125–1145.
- Gil, J., Martínez, P., & Sequera, J. (2023). The neoliberal tenant dystopia: Digital polyplatform rentierism, the hybridization of platform-based rental markets and financialization of housing. *Cities*, 137, Article 104245.
- Greif, M. (2018). Regulating landlords: Unintended consequences for poor tenants. *City and Community*, 17(3), 658–674.
- Gyódi, K., Mazur, J., & Cocola-Gant, A. (2025). Barcelona as a case study for the effectiveness of short-term rental market regulations. *Cities*, 162, Article 105915.
- Ho, H. K., & Atkinson, R. (2018). Looking for big “fry”: The motives and methods of middle-class international property investors. *Urban Studies*, 55(9), 2040–2056.
- Jover, J., & Díaz-Parra, I. (2020). Gentrification, transnational gentrification and touristification in Seville, Spain. *Urban Studies*, 57(15), 3044–3059.
- Kemp, P. A. (2020). Private renting: Current trends and future prospects. In T. Crook, & P. A. Kemp (Eds.), *Private rental housing* (pp. 131–158). Edward Elgar.
- Koster, H. R. A., van Ommeren, J., & Volkhausen, N. (2021). Short-term rentals and the housing market: Quasi-experimental evidence from Airbnb in Los Angeles. *Journal of Urban Economics*, 124, Article 103356.
- Kusiak, J. (2019a). The cunning of legal assemblages: On the legal economy of investors in Warsaw. *Law & Social Inquiry*, 44(1), 56–80.
- Kusiak, J. (2019b). Legal technologies of primitive accumulation. *International Journal of Law in the Built Environment*, 11(1), 49–66.
- Llaneza, M., et al. (2023). *Reference details to be confirmed by authors*.
- Moi, L., & Cabiddu, F. (2020). Leading digital transformation through an agile marketing capability: The case of Spotahome. *Journal of Management and Governance*, 25(4), 1145–1177.
- Montezuma, J., & McGarrigle, J. (2019). What motivates international homebuyers? Investor to lifestyle ‘migrants’ in a tourist city. *Tourism Geographies*, 21(2), 214–234.
- Nethercote, M. (2023). Platform landlords: Renters, personal data and new digital footholds of urban control. *Digital Geography and Society*, 5, Article 100060.
- Orozco Martínez, C., & Gil-Alonso, F. (2024). The recent rise in mid-term rentals in Barcelona: Causes and implications. *Critical Housing Analysis*, 11(2), 148–160.

- Pareja-Eastaway, M., & Miquel, M. P.i. (2015). Towards the creative and knowledge economies: Analysing diverse pathways in Spanish cities. *European Planning Studies*, 23(12), 2404–2422.
- Rodríguez-Pose, A., & Hardy, D. (2021). Reversal of economic fortunes: Institutions and the changing ascendancy of Barcelona and Madrid as economic hubs. *Growth Change*, 52(1), 48–70.
- Rogers, D., Maalsen, S., Wolifson, P., & Fields, D. (2024). Proptech and the private rental sector: New forms of extraction at the intersection of rental properties and platform rentierisation. *Urban Studies*, 61(14), 2778–2794.
- Saccuman, D. (2025). The new rental frontier: Mid-term rentals and housing market transformation. Retrieved from: <https://lup.lub.lu.se/student-papers/search/publication/9193445> [Last accessed 21/05/2026].
- Sadowski, J. (2020). *Too smart: How digital capitalism is extracting data, controlling our lives, and taking over the world*. MIT Press.
- Sánchez-Vergara, J. I., & Orel, M. (2026). The touristification of work: Coworking spaces and digital nomads in Barcelona. *City, Culture and Society*, 44, Article 100687.
- Sánchez-Vergara, J. I., Orel, M., & Capdevila, I. (2023). “Home office is the here and now”: Digital nomad visa systems and remote work-focused leisure policies. *World Leisure Journal*, 65(2), 236–255.
- Sciuvia, E. (2025). (other) temporary populations and the rise of platform-mediated medium-term rentals. *Regional Studies*, 59(1).
- Sequera, J. (2024). *Struggling with the Digital Nomad: Transnational Teleworkers as the New ‘Creative Class’ in the Urban Marketplace?* [full reference details to be confirmed].
- Sequera, J. (2025). Struggling with the digital nomad: Transnational teleworkers as the new ‘creative class’ in the urban marketplace? *International Journal of Urban and Regional Research*, 49(1), 204–213.
- Sequera, J., & Nofre, J. (2020). Touristification, transnational gentrification and urban change in Lisbon: The neighbourhood of Alfama. *Urban Studies*, 57(15), 3169–3189.
- Smith, N. (1979). Toward a theory of gentrification: A back to the city movement by capital, not people. *Journal of the American Planning Association*, 45(4), 538–548.
- Srnicek, N. (2017). *Platform capitalism*. Polity Press.
- Valenzuela, M. (1991). Spain: The phenomenon of mass tourism. In A. M. Williams, & G. Shaw (Eds.), *Tourism and economic development: Western European experiences* (pp. 40–60). Belhaven Press.
- Vidal, L., Gil, J., & Martínez, M. A. (2024). Accommodating “generation rent”: Unsettling dominant discourses on rental housing reform in Catalonia and Spain. *Urban Studies*, 61(11), 2060–2079.
- Wachsmuth, D., & Buglioni, B. (2024). Neither housing nor hotel: The emergence of “medium-term rentals” in post-Covid Canadian cities. *Canadian Planning and Policy*, 2024(1), 68–89.
- Wachsmuth, D., & Weisler, A. (2018). Airbnb and the rent gap: Gentrification through the sharing economy. *Environment and Planning A: Economy and Space*, 50(6), 1147–1170.
- White, E. (2024). *Platform Intermediation and Housing Market Segmentation* [full reference details to be confirmed].
- Yrigoy, I. (2019). Rent gap reloaded: Airbnb and the shift from residential to touristic rental housing in the Palma old quarter in Mallorca, Spain. *Urban Studies*, 56(13), 2709–2726.
- Yrigoy, I., Lidmark, H., & Bergman, A. (2024). Unpacking the unequal privileges within transnational lifestyle relocation: Swedish lifestyle migrants’ advantages and challenges in the Spanish housing market. *Population, Space and Place*, 30(1), Article e2726.