

Articles - Tourism Management

Second homes: employment, taxes, and cost analysis in high-rise buildings in Punta del Este, Uruguay

Segundas residências: emprego, impostos e análise de custos em altos edifícios em Punta del Este, Uruguai

Segundas residencias: empleo, impuestos y análisis de costes en edificios de gran altura en Punta del Este, Uruguay

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Abstract

This article examines the economic, labour, and fiscal implications of high-rise buildings hosting second homes in Punta del Este, Uruguay. Using a mixed-methods exploratory case study approach, the analysis combines administrative cost records, tax data, and semi-structured interviews to investigate ownership profiles, occupancy dynamics, employment generation, and fiscal impacts associated with second-home tourism. The findings suggest that personnel expenses constitute the main component of building operating costs, reflecting the labour intensive nature of high-rise management. Employment linked to second homes appears to differ significantly from traditional hotel tourism, both in occupational structure and wage levels. The results also indicate that ownership patterns are strongly associated with building characteristics and that the COVID-19 pandemic contributed to important changes in occupancy and residential use, including increased year-round residence and remote work practices. Finally, the study provides evidence of the significant fiscal contribution of second homes to local government revenues through property taxation. By integrating economic, labour, and fiscal dimensions, the article contributes to the growing literature on second-home tourism and highlights the need to further incorporate this phenomenon into tourism economic analysis.

Resumo

Este artigo examina as implicações econômicas, laborais e fiscais dos edifícios de grande altura que albergam segundas residências em Punta del Este, no Uruguai. Utilizando uma abordagem de estudo de caso exploratório com métodos mistos, a análise combina registros de custos administrativos, dados fiscais e entrevistas semiestruturadas para investigar os perfis de propriedade, a dinâmica de ocupação, a geração de emprego e os impactos fiscais associados ao turismo de segundas residências. Os resultados sugerem que as despesas com pessoal constituem a principal componente dos custos operacionais dos edifícios, refletindo a natureza intensiva em mão de obra da gestão de arranha-céus. O emprego associado às segundas residências parece diferir significativamente do turismo hoteleiro tradicional, tanto na estrutura ocupacional como nos níveis salariais. Os resultados indicam também que os padrões de propriedade estão fortemente associados às características dos edifícios e que a pandemia da COVID-19 contribuiu para mudanças importantes na ocupação e na utilização residencial, incluindo o aumento da residência durante todo o ano e das práticas de trabalho remoto. Por fim, o estudo fornece evidências da contribuição fiscal significativa das segundas residências para as receitas do governo local através da tributação imobiliária. Ao integrar as dimensões econômica, laboral e fiscal, o artigo contribui para a crescente literatura sobre o turismo de segundas residências e destaca a necessidade de incorporar ainda mais este fenômeno na análise econômica do turismo.

Palabras clave:

Desarrollo económico;
Gestión turística;
Empleo turístico;
Oferta turística.

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Resumen

Este artículo examina las implicaciones económicas, laborales y fiscales de los edificios de gran altura que albergan segundas residencias en Punta del Este, Uruguay. Mediante un enfoque de estudio de caso exploratorio con métodos mixtos, el análisis combina registros administrativos de gastos, datos fiscales y entrevistas semiestructuradas para investigar los perfiles de propiedad, la dinámica de ocupación, la generación de empleo y los impactos fiscales asociados al turismo de segundas residencias. Los resultados sugieren que los gastos de personal constituyen el principal componente de los costes operativos de los edificios, lo que refleja la naturaleza intensiva en mano de obra de la gestión de los rascacielos. El empleo vinculado a las segundas residencias parece diferir significativamente del turismo hotelero tradicional, tanto en la estructura ocupacional como en los niveles salariales. Los resultados también indican que los patrones de propiedad están fuertemente asociados a las características de los edificios y que la pandemia de COVID-19 contribuyó a cambios importantes en la ocupación y el uso residencial, incluyendo un aumento de la residencia durante todo el año y de las prácticas de teletrabajo. Por último, el estudio aporta pruebas de la importante contribución fiscal de las segundas residencias a los ingresos de las administraciones locales a través del impuesto sobre bienes inmuebles. Al integrar las dimensiones económica, laboral y fiscal, el artículo contribuye a la creciente bibliografía sobre el turismo de segundas residencias y destaca la necesidad de incorporar aún más este fenómeno al análisis económico del turismo.



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1 INTRODUCTION

This study examines the economic and labor impact of second homes in Punta del Este, Uruguay, focusing on high-rise residential towers. Using administrative cost records, property managers and fiscal experts conducted semi-structured interviews, and local government tax data. The research analyzes the profile of second home owners, the impact on employment, taxes, and the costs of high-rise towers, where most of the second homes in the destination are located. It also examines the impact that the COVID-19 crisis had on the use of this type of second home. According to the literature review conducted by Alonsopérez et al. (2022) reveals an extensive body of academic work on the phenomenon of second homes, addressing various dimensions such as visitors' motivations, planning, and public policies (McLeod & Busser, 2012), as well as environmental, community, and social impacts (Pitkänen, 2008; Williams et al., 2000; Hiltunen, 2007; Adamiak, 2016). This chapter contributes to the sense expressed by Müller (2021), who warns that second home tourism economic aspects have been insufficiently analyzed, particularly regarding the impact on real estate markets and national economies.

Tourism is a relevant economic activity at the international, national, and regional levels, with positive effects on the balance of payments, employment, and economic growth. Moreover, it is an expanding activity. In Uruguay, tourism accounted for around 5.4% of Gross Domestic Product (GDP) in 2024 (CERES, 2024), a figure that suggests the economic importance of the sector. Although it remains below pre-pandemic levels, tourism is a strategic component of the country's economy, especially in coastal regions. Among the various forms of tourist accommodation, second homes occupy a prominent place. These are defined as privately-owned dwellings, distinct from the primary residence, that are used for purposes such as leisure and recreation, retirement investment, or income generation through short-term rentals (Alonsopérez et al, 2022).

The presence or absence of second homes in a tourist destination has significant implications for employment opportunities, tourist spending, investment, and consequently, regional economic growth. It is important to note that the employment generated by this type of tourism presents characteristics that differ from those of traditional hotel-based tourism (Alonsoperez et al., 2023; Back et al., 2024; Boto-García & Baños Pino, 2024; Frent, 2009; Miletic et al., 2018; Perles-Ribes et al., 2018). While hotels and resorts typically create direct jobs in areas such as reception or housekeeping, second homes generate both direct employment and a wide range of indirect jobs. These are mainly linked to small businesses, often with lower levels of formalization and social security coverage, in sectors such as building maintenance, landscaping, and domestic services. Despite these specificities, most academic studies on tourism employment—especially in relation to international tourism—have focused almost exclusively on hotels and resorts. Despite the growing literature on second home tourism, there remains a lack of integrated approaches that simultaneously analyse its economic, employment and fiscal impacts, particularly in contexts characterised by high-density housing developments

Punta del Este is an international seaside resort located in Maldonado, the south-east of Uruguay, where tourism generates more than 40% of the local GDP. Maldonado is Uruguay's third-largest department in terms of population

and contribution to GDP. The latest information provided by the Office of Planning and Budget indicates that Maldonado accounts for 5.7% of the national GDP, with the tertiary sector representing 67.3% of the department's gross value added in 2014. It is also Uruguay's department with the lowest volume of goods exports, accounting for just 0.1% of total exports and having only 12 exporting companies in 2023, with wine accounting for 33% of total exports (Uruguay XXI, (s.f.)). The total population of the department, estimated in 2023, stands at 212,954 inhabitants, of whom 96.9% live in urban areas. 81.2% of the total population is of working age. The departmental labour force participation rate stood at 69.8%, the employment rate at 65.8% and the unemployment rate at 5.7% in January 2025. The total number of employees was 110,000, and the rate of non-registration with social security was 25.5% during the quarter from November 2024 to January 2025 (INE, 2025). Maldonado is a department with high levels of immigration. According to preliminary data from the latest National Census, it is one of the few departments where the population has grown. This is primarily due to two factors: labour migration and residential migration. The profile of labour migrants in Maldonado explains why the department has one of the highest labour force participation rates in the country. This labour migration is driven by the dynamism of the construction and services sectors, both of which are labour-intensive and account for the majority of the department's labour market. It can be inferred from the data that in Maldonado, labour demand stands at approximately 67% due to the current boom in the construction industry, with small fluctuations in the range of 64%–70%, driven by the summer season and temporary events. The unemployment rate has fluctuated between 2.8% and 7.7%, with a rolling quarterly average of 5.7% from November 2024 to January 2025. The significant weight of the sectors mentioned above in the labour market means that this rate exhibits cyclical behaviour, driven in the short term by the summer season's boom, fuelled by the services sector, and in the medium term by economic cycles in the construction sector. As for the employment rate, it has fluctuated between 62.7% and 67%, with a rolling quarter average of 65.8% from November 2024 to January 2025. Regarding the labour supply indicator, it hits a low in August and September, rises to its peak during the summer months, and falls again once the season ends. About informality and underemployment, although Maldonado is in a situation far removed from those departments where this figure is a major cause for concern, it is clearly the indicator that reflects the greatest weakness in the labour market. For the November 2024–January 2025 quarter, 25.5% of those in employment were not registered with social security.

On the other hand, during the summer of 2024, Uruguay received 1.135.000 tourists, of whom 35% visited Punta del Este. This means some 300.000 international tourists, with an estimated population of 200.000 inhabitants, and an estimated 22.000 hotel rooms. This allows us to affirm that Punta del Este is a tourist destination with a prevalence of second homes, whether owned or rented, as a form of tourist accommodation. Furthermore, according to 2011 census data conducted by Uruguay's National Institute of Statistics, there were 41.825 temporary dwellings (INE, 2011), and in 2023, there were 50.084 (INE, 2023). The majority of foreign owners or users of second homes are Argentine.

The study areas are shown in the following maps, which include the main cities in Maldonado department, where Punta del Este is located, and the seasonality index based on data from the 2011 Census at the maximum available level of aggregation (Figures 1 & 2). The seasonality index is calculated as follows:

$$\text{Seasonality Index} = \frac{\text{Vacant Housing}}{\text{Total Housing}} * 100$$

This index allows evaluation of the degree of housing seasonality across the different study areas.

The starting point of this study is the observation that most second homes in Punta del Este are located in high-rise buildings with lifts, as evidenced by the 2011 and 2023 national censuses. For this reason, individual dwellings are excluded from this study.

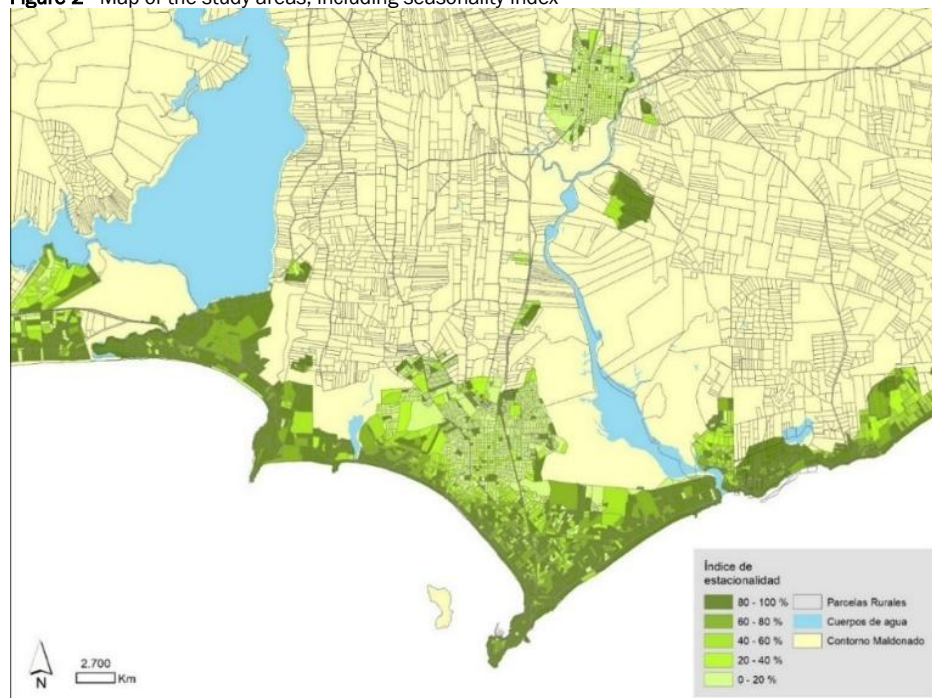
The chapter presents an empirical analysis of the case of Punta del Este that combines new data sources with administrative evidence. This methodological design enables more indicative estimation of the economic linkages and occupational effects associated with the operation and maintenance of high-density buildings, providing inputs for differentiated governance of second homes within broader strategies for tourism and regional development.

Figure 1 - Map of the study areas



Source: Maldonado Provincial Council.

Figure 2 - Map of the study areas, including seasonality index



Source: Department of Territory and Landscape, CURE.

The main objective is to provide a first approximation to the associated costs, employment generated, wage levels, and tax contributions of these buildings, as well as to identify the main characteristics of second-home owners, their consumption patterns, and the effects of the COVID-19 pandemic on the use of this type of accommodation.

This study applies a conceptual framework that links second-home tourism to three key components: the economic structure of the destination, through patterns of investment and consumption; job creation, including both direct and indirect effects; and territorial and fiscal dynamics, particularly concerning local government revenue and expenditure.

The chapter is organized as follows: Section 2 presents the review of relevant academic literature; Section 3 describes the data sources and methodology employed; Section 4 outlines the empirical results obtained; and finally,

Section 5 provides the conclusions, discusses the main limitations of the study, and suggests possible future research.

2 LITERATURE REVIEW

2.1. Second-home tourism

The literature review conducted by Alonsopérez et al. (2022) reveals an extensive body of academic work on the phenomenon of second homes, addressing diverse dimensions such as visitor motivations, planning, and public policies (McLeod & Busser, 2012), as well as environmental, housing, construction, community, and social impacts (Pitkänen, 2008; Williams et al., 2000; Hiltunen, 2007; Adamiak, 2016). Economic repercussions have also been examined (Velvin et al., 2013; Müller, 2004b; Hoogendoorn & Visser, 2010), as well as the effects of unexpected events, such as natural hazards or pandemics. Regarding economic aspects, Müller (2021) warns that these have been insufficiently analyzed, particularly with respect to the impact of second-home tourism on real estate markets and national economies. He also notes a lack of studies on the relationship between demographic development and second homes, suggesting that macrodata on mobility, consumption, and owner experiences could open new avenues for research. In addition, commercial uses and new forms of occupancy, such as home exchange, remain scarcely explored. To the best of our knowledge, there are no studies analysing the maintenance costs of second homes, nor is there a theoretical framework comparing the costs faced by owners of second homes located in high-rise towers with those located in individual dwellings.

The literature on second homes and residential tourism has increasingly emphasized their economic relevance within tourist destinations, challenging the traditional assumption that hotel- and resort-based tourism necessarily generates superior economic outcomes. Comparative analyses show that residential tourism based on second homes can produce economic effects similar to those associated with conventional vacation tourism, challenging the assumption that vacation destinations are more profitable (Perles Ribes et al., 2018). A central theme in the literature concerns the economic mechanisms through which second homes affect local economies, particularly through property acquisition, renovation expenditures, and ongoing local spending. Empirical evidence suggests that visitor satisfaction often translates into property purchases or long-term rentals, generating sustained demand for renovation services and local tax contributions (Özyurt et al., 2018). Complementary studies highlight how accessibility, availability of local goods, and activity patterns shape consumption behaviors associated with second-home use, including spending on local food and services (Czarnecki et al., 2021). These findings underscore the role of second homes in fostering continuous economic linkages beyond short-term tourist stays. Another strand of the literature focuses on real estate markets, land use, and socioeconomic impacts. Hedonic pricing analyses of tourist apartments reveal the importance of competitiveness and reputation in determining prices (Perles Ribes et al., 2018), while spatial and socioeconomic studies raise concerns about income stratification and the transfer of inequalities into residential and tourist landscapes (Back & Marjavaara, 2017). Related research documents how foreign demand can drive housing price increases, potentially displacing local residents (Scaglione, 2008), while cross-country evidence suggests a positive association between second-home density and indicators of local socioeconomic development (Miletić et al., 2018).

From a theoretical perspective, some models analyze the trade-offs between hotels and second homes in land-use decisions. These contributions highlight the possibility of inefficient equilibria favoring one form of accommodation over another due to market failures or political incentives (Brida & Boffa, 2010; Candela et al., 2007). Other studies argue that a mixed accommodation structure may be socially optimal, as second homes can mitigate seasonality by maintaining year-round occupancy and stabilizing local demand (Posadas et al., 2023). The importance of properly accounting for opportunity costs in individual investment decisions has also been emphasized, with some authors suggesting that competitive vacation housing markets can enhance overall welfare (Brida et al., 2007).

The literature further addresses fiscal and infrastructural implications of second homes. While several studies suggest that second-home owners tend to contribute more in local taxes than they consume in public services—potentially representing a net fiscal benefit for host communities (Smith, 1989; England & Zhao, 2005; Torres & Domínguez-Menchero, 2006)—others caution that seasonal peaks can exert significant pressure on infrastructure, waste management, traffic, and public services (Gartner, 1987; Johnson & Beale, 1994). These contrasting findings point to the importance of occupancy patterns and local capacity constraints in shaping net fiscal outcomes.

Despite extensive research on the territorial, demographic, and social transformations associated with second homes (Müller, 2004a; Hall & Müller, 2004), their direct economic impacts—particularly on employment—remain

relatively underexplored. Much of the tourism economics literature continues to prioritize conventional accommodation sectors, relegating second homes to socio-geographical or land-use analyses (Paris, 2009; Gallent et al., 2005). Nevertheless, emerging studies highlight their role in generating employment in services such as cleaning, maintenance, and retail, while pointing to a persistent gap in understanding their links with the construction sector, despite sustained investment activity (Farstad, 2013).

Finally, recent contributions stress both the measurement challenges and the heterogeneity of impacts associated with second-home tourism. Limited statistical visibility constrains its integration into national accounting and planning frameworks (Hall & Müller, 2004a), while empirical evidence suggests that employment effects vary according to owner profiles, usage patterns, and local conditions (Back et al., 2024). Consistent with this, Guisan and Aguayo (2010) show that second-home stays exceed hotel overnight stays in Spain and are positively correlated with regional employment, although this relationship is shaped by broader economic dynamics beyond tourism alone. Together, these studies highlight the need for integrated and interdisciplinary approaches to better capture the economic role of second homes within tourist destinations.

3 DATA AND METHODOLOGY

In Uruguay, there is an important limitation in terms of information regarding second homes. The exact number and characteristics of second homes remain unclear, as do the profiles of their owners (e.g., length of stay, seasonality). Administrative records often omit utility consumption in the units and have uneven coverage of maintenance payments and local tax contributions.

This study follows an exploratory case study design using a combined approach, combining quantitative data (tax and administrative records) with qualitative information obtained through semi-structured interviews.

The empirical analysis is based on data from multiple sources and time periods, including tourism statistics, administrative records, and semi-structured interviews. Each set of data corresponds to a specific time frame, which is explicitly specified to ensure transparency. Such temporal heterogeneity could limit comparability, as the data reflect different economic and institutional circumstances. Nevertheless, given the scarcity of integrated datasets on second-home tourism, this approach provides a more comprehensive overview of the phenomenon. The administrative records were provided by the Punta del Este–Maldonado Real Estate Chamber (CIPEM) and correspond to towers whose management allowed access to their internal data. Despite not having information on the exact number of high-rise buildings in Punta del Este, which would allow us to estimate the population under study, we did obtain a valuable first approximation for analysis. Examination of these records allowed us to gather information on the cost and expenditure structures of the towers and the evolution of each of their components throughout the year.

In parallel, semi-structured interviews were conducted with stakeholders involved in property management, as well as in local public administration and finance in Punta del Este, Maldonado.

The interviews with property management administrators included the following set of topics:

1. Structure of common expenses in buildings.
2. Employment generated by the building, including the number of jobs, job categories, and nominal wages.
3. Characteristics of property owners, such as place of residence and frequency of visits.
4. Consumption behavior of property owners, expenditure patterns, and differences compared to tourists staying in hotels.
5. Impact of COVID-19 on second homes use.

The selection of the buildings was based on criteria such as location, size, and typology of construction, aiming to capture the heterogeneity of high-rise second-home developments in the destination. Interviewees were selected through purposive sampling, focusing on key informants with direct knowledge of building management and local fiscal dynamics. And following the criterion of prioritizing those with the largest number of towers under their management. Tower management companies were classified into three categories: large administrations (managing more than 50 towers), medium administrations (between 20 and 50 towers), and small administrations (fewer than 20 towers). Meanwhile, for the cost and expenditure analysis, a classification of towers was defined based on the

number of apartments. Towers with fewer than 50 apartments were classified as small towers, while those with more than 50 apartments were classified as large towers. This distinction helps administrators better understand the particularities of each category, facilitating planning, resource allocation, cost optimization, maintenance strategies, and improvements to residents' quality of life.

Semi-structured interviews were conducted with the participants' informed consent, ensuring the confidentiality and anonymity of the information. Participants were informed in advance of the study's objectives and its voluntary nature. The study adhered to the ethical principles applicable to research involving human subjects.

In total, ten interviews were conducted: two with large administrations, seven with medium-sized ones, and one with a small administration. In this way, information was collected on approximately four hundred towers. In addition, two interviews were conducted with key informants specializing in local economics and public finance, which allowed us to approximate the level of taxes paid on second homes at the departmental level.

The interviews were analysed through a thematic analysis approach, combining inductive and deductive coding. The first stage involved identifying emerging categories by reading the transcripts, whilst the second stage involved organising the codes into themes and sub-themes based on their frequency, coherence, and analytical relevance. The results were then interpreted in relation to the existing literature, allowing the findings to be structured without restricting the identification of emerging categories.

4 MAIN FINDINGS

This section presents the results in a structured sequence that highlights the interconnections between owner profiles, occupancy patterns, spending structures, and employment effects associated with high-rise towers, where most second homes in Punta del Este are located. The results should be interpreted as indicative of long-term structural trends rather than as precise measurements at a specific point in time. It begins by examining the owners' origins and characteristics, as well as recent changes in their profiles, since these factors are closely associated with occupancy patterns across seasons and over time. From this characterisation, the analysis goes on to break down the costs associated with the occupancy of the buildings, including construction costs and operating expenses, which are directly influenced by the intensity and timing of use. These initial findings naturally lead to an assessment of the employment benefits generated by second home buildings, as labour demand arises from both occupancy levels and spending dynamics. Finally, consumption patterns are analysed separately to provide a broader perspective on the local economic effects of second home tourism and highlight key differences from hotel tourism.

4.1. Interviews analysis

This section presents the findings from the semi-structured interviews using a thematic, content-based approach. The analysis focuses on identifying recurring patterns, shared perceptions, and key mechanisms that emerge across buildings and respondent profiles. Quantitative figures mentioned during interviews are interpreted as informed estimates that illustrate broader dynamics related to ownership structure, occupancy, and consumption, and are used analytically rather than as indicative approximations.

4.1.1. Origin of property owners

The information collected from the interviews suggests that the characteristics of apartment owners vary depending on building type—for example, tower size, year of construction, and the presence of amenities. In small towers, the majority of owners are Uruguayan, many of whom reside there year-round, so are not second-home owners. These buildings have a mixed composition of permanent residents and second-home owners. The remaining is composed of Argentinians and Brazilians. In large towers, year-round Uruguayan residents account for half, while the other half are Argentinians, who typically rent either for the summer or on an annual basis. In this category, owners are predominantly foreign, while Uruguayan's are the minority.

When considering the building category, older and simpler towers—built in the 1980s and 1990s—are primarily owned by Uruguayans from Montevideo and the country's interior, along with some Argentinians. In contrast, in modern towers with amenities such as indoor pools, jacuzzis, saunas, or barbecue facilities, foreign owners are predominant. Many Uruguayan retirees also choose to relocate permanently to such buildings.

This reflects a segmentation of the second-home market, in which the characteristics of the properties and the services they offer are strongly linked to the socio-economic profile of the owners, as has been highlighted in previous studies (Müller, 2021; Adamiak, 2018).

Another notable trend is that increasing numbers of owners now spend weekends at their properties. In winter, for example, Friday occupancy levels in buildings can reach fifty percent, while during the week, occupancy stands at lower levels. Some towers maintain year-round near full occupancy rates, and this trend is growing. Occupancy levels also vary by location. In central areas such as the peninsula, early coastal stops, and Roosevelt Avenue, many residents live year-round due to nearby services. In contrast, areas further east—such as Manantiales and José Ignacio—are favored mainly by summer visitors.

During the summer season, its full capacity level. In large towers, among the apartments used only in peak season, most are rented, and the rest are used by their owners. However, in the smaller towers, the proportions are divided into similar parts.

Interviewees also identified a set of shared motivations underlying investment and relocation decisions. Economic considerations, quality of life, and perceptions of legal and physical security were repeatedly mentioned, alongside the availability of reliable building services. Trust in building staff—such as doormen and housekeepers who prepare apartments in advance of owners' arrival—was highlighted as a distinctive feature that differentiates Punta del Este from other urban contexts, including Montevideo.

In addition, several administrators emphasized the growing demand for full-service arrangements and the rise of remote work, which has increased the intensity of building use and generated new operational challenges, such as higher demand for internet services. Punta del Este was frequently compared to international second-home destinations, particularly Miami, although distance was cited as a limiting factor in this comparison.

4.1.2. Consumption patterns and interaction with the local economy

When asked about the main differences in consumption behavior between second-home owners and tourists staying in hotels, administrators emphasized that owners typically maintain personal accounts separate from the building's common expense account. These personal accounts are used to pay for utilities such as electricity, telephone, and property taxes, and often owners request that the building doorman handle supermarket purchases and have everything ready in the apartment before their arrival. It was noted that, in general, owners consume locally. By contrast, the hotel clientele tends to belong to a segment with lower purchasing power. The emergence of new restaurants has also influenced local consumption habits, with Uruguayans increasingly dining out more frequently than in the past. Credit card discounts were also mentioned as a factor that has encouraged restaurant spending. Even during weekdays or in winter, more restaurants remain open, which previously was not the case.

Interviewees also pointed out that the consumption behavior of owners differs significantly from that of hotel guests or short-term renters. Owners maintain and care for their residences, which entails different expectations. Their interactions with employees are also different. In contrast, short-term rentals through platforms such as Airbnb tend to disrupt building operations—for example, housekeepers have less certainty about occupancy levels. This dynamic also affects shared expenses, such as water consumption. Hotel tourists, by comparison, generally limit their consumption to breakfast, while owners purchase groceries and cook at home. Long-term tenants (e.g., one-month rentals) tend to behave similarly to second home owners.

Differences in consumption behavior suggest that second-home tourism generates a different form of local economic development than that of hotel-based tourism, with more direct links to the local trade and service sectors.

It was further noted that there are two types of owners: those who reside year-round and are not second-home owners, and those who come only for vacations and are second-home owners. Year-round residents usually dine out only on weekends, while vacationers tend to eat out daily, similar to hotel tourists. However, summer visitors who stay for a full month behave more like permanent residents, increasing their supermarket spending.

In summary, gastronomy is more frequently consumed by hotel tourists, while second-home owners tend to spend more on groceries and local services. Moreover, Uruguayan owners are generally more conservative in their consumption habits, whereas Argentinian owners are perceived as more inclined to enjoy leisure and dining out.

Based on the interview data, an exploratory typology of buildings used as second homes is proposed, identifying different patterns of use, ownership and service provision.

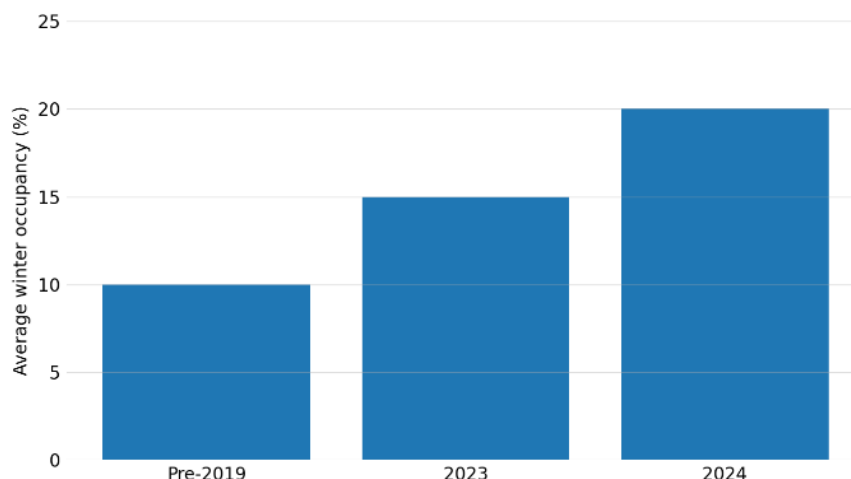
Table 1 – Typology of buildings

Type	Characteristics	Use	Impacts
High-End Residential Units	premium amenities (pools, gyms, concierge services), high construction quality	low occupancy rates	high fiscal contribution (property taxes), relatively low pressure on local services
Family-Oriented Units	medium-sized apartments, fewer amenities, more standardized design	seasonal use (summer, weekends, holidays)	moderate contribution to local consumption and service demand
Investment-Oriented Units	properties acquired primarily for rental purposes	high turnover of occupants, frequent use throughout the year	higher pressure on local services, relatively lower direct fiscal contribution at the local level

Even though this typology is exploratory, it provides a useful framework for understanding the different effects that second-home tourism has on local economies, labour markets, and tax systems.

4.1.3. Impact of COVID-19

Finally, interviewees unanimously emphasized the transformative impact of COVID-19 on residential use and occupancy patterns. The pandemic acted as a catalyst for permanent and semi-permanent relocation, particularly among foreign second home owners, leading to a sustained increase in winter occupancy rates even after mobility restrictions were lifted. While the specific figures reported—such as increases in average winter occupancy from around 10% before 2019 to approximately 20% by 2024 (Figure 2)—are based on administrators' estimates, they are remarkably consistent across interviews and align with observed changes in service demand and building operations. Although the figures provided by interviewees cannot always be independently verified at the building level, they are used here to identify orders of magnitude and qualitative trends rather than indicative quantitative outcomes. Wherever possible, consistency across interviews and coherence with observed occupancy dynamics support their analytical relevance. Overall, the thematic analysis of interview material complements the quantitative evidence by clarifying the mechanisms through which ownership profiles, occupancy patterns, and consumption behaviors translate into broader economic effects at the local level.

Figure 3 - Winter occupancy in Punta del Este second-home towers

Source: Author's elaboration based on interview data.

The interviews also highlight how rising permanent occupancy has translated into higher operational costs at the building level. As more residents make year-round use of their apartments, shared resources and services—originally designed for highly seasonal use—are now under greater and more continuous pressure. Interviewees emphasized that this increase in expenditures is not driven by changes in building size or infrastructure, but rather by intensified use linked to permanent residence. The COVID-19 pandemic is widely described as a turning point in this process, accelerating trends such as weekend stays, extended visits, and full-time residence facilitated by remote work arrangements. A further pattern concerns the intensification of weekend and winter use of second homes. Administrators reported that a growing number of owners now travel to Punta del Este on weekends, with winter occupancy on Fridays frequently reaching levels well above those observed before the pandemic. In parallel, many owners rent their apartments on a long-term basis or use them as a primary workplace, reinforcing the shift toward continuous

occupancy. One operational consequence repeatedly mentioned in the interviews is the strain placed on digital infrastructure, as increased demand for high-quality internet services has outpaced the original design capacity of many buildings. Although the specific occupancy percentages cited by interviewees should be interpreted as approximate estimates, their consistency across respondents suggests a structural transformation in patterns of use rather than temporary or isolated changes.

This change can be understood as a structural transformation in the use of second homes, consistent with the general trends observed in the literature on remote working and residential mobility.

4.1.4. Structure of Costs and Expenditures

The interviews revealed that high-rise towers in Punta del Este display the following cost and expenditure structure: a. 65–70% is allocated to personnel, including wages and social security contributions, b. 6–7% corresponds to water payments (OSE). c. 4–5% to electricity consumption (UTE). d. 5–6% to administration e. 2.5% to elevator maintenance. f. 2.5% to general expenses (photocopies, banking, stationery) and g. 3.5% to maintenance and repairs. This cost structure reflects the labour-intensive nature of building management, where fixed personnel costs dominate regardless of occupancy levels, although seasonal peaks amplify labour demand.

4.1.5. Employment

Regarding employment, the main job categories include: building manager or concierge, receptionists, housekeepers, maintenance managers and operators, cleaning staff for common areas, pool attendants, garage staff, kindergarten teachers, gardeners, glaziers, and beach service staff, among others. Some services are outsourced, and during the summer high season, the number of jobs may double or even triple. Results suggest that second-home tourism could help to mitigate the strong seasonal fluctuations that typically characterise employment in the tourism sector, generating a need for more year-round labour.

4.1.6. Wages

The salary figures shown correspond to the approximate nominal monthly salaries for the different professional categories related to high-rise buildings. Monthly salaries range from around US\$700 to US\$1,000 for delivery staff, US\$900 to US\$1,100 for pool attendants, window cleaners and gardeners, and US\$1,000–1,200 for receptionists and garage attendants, to higher levels for more specialised or supervisory positions, such as maintenance workers (US\$1,200–1,500), maintenance supervisors (US\$1,500–2,000) and building managers (US\$1,700–3,600). Domestic workers' salaries range from US\$1,000 to US\$2,000, depending on seniority, while positions such as kindergarten teachers earn around US\$1,200 per month. Compared to the national minimum monthly wage in Uruguay (approximately US\$590), all occupations considered exceed the minimum threshold by a considerable margin.

This comparison, together with the relatively stable occupancy observed in winter in recent years, suggests that employment is linked to a second home located in high-rise towers, which offers comparatively favourable and more stable working conditions, contributing to year-round demand for building management, maintenance, and support services and partly mitigating the strong seasonality often associated with tourism-related employment. In addition, during the summer, towers often provide outsourced beach services, at an approximate cost of USD 10.000 per season (three months).

Concerning building maintenance, every five years on average, towers undergo exterior painting, with costs estimated between USD 200.000 and 400.000. Roof maintenance and painting are carried out every 10–15 years, while elevator modernization occurs every 10–15 years for USD 40.000–50.000 per elevator.

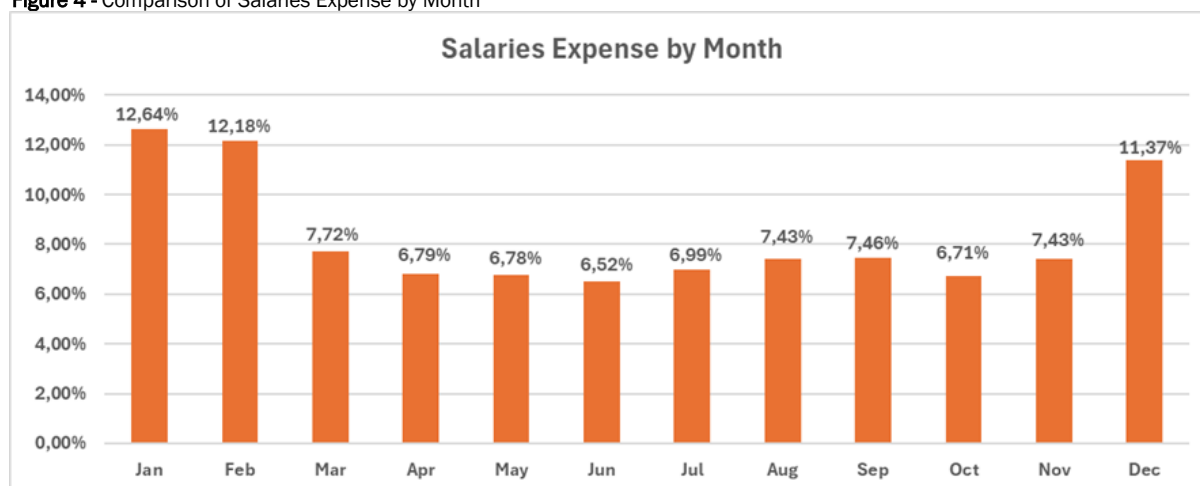
4.2. Costs and expenditures analysis

Having detailed knowledge of the cost and expenditure structure is crucial for enhancing the financial and economic management of high-rise towers. Based on the analyzed data, in large towers, the main cost component corresponds to personnel expenses, which account for 64% of the total. The second-largest item is maintenance and repairs, representing 18.5% of the budget, which are fundamental for ensuring the optimal functioning of facilities and maintaining preventive upkeep. The third component is public services (including water, electricity, and fixed-line/internet), accounting for 12% of total costs and expenditures. Finally, professional fees and minor expenses represent 3% and 2.5%, respectively. Understanding the distribution of these costs is crucial for achieving effective

administration, balanced resource allocation, and the prioritization of factors that differentiate long-term operability and sustainability in tower management. Both large and small towers display cost structures primarily associated with personnel payments, maintenance, and public services. On average, personnel expenses represent 63% of total costs, with a marked increase during the high season. Specifically, in peak months, personnel expenses rise by 64%, reflecting a nearly 98% increase in staff levels.

The category of maintenance and repairs accounts for 11 between 12% and 18% of costs, though this figure varies depending on specific building characteristics. Notably, expenditures in this category tend to rise in the months preceding the high season. Regarding public services, they represent, on average, 13% of expenditures, with an increase of about 35% during the high season.

Figure 4 - Comparison of Salaries Expense by Month



Source: Author's elaboration based on data from CIPEM.

In the large towers category in Punta del Este, the monthly distribution of annual salary expenditure shows a seasonal pattern, as can be seen in Figure 4. In the high season, from December to February, 36.19% of annual salary expenditure is concentrated in just three months (11.37%, 12.64%, and 12.18% respectively), with a monthly average of 12.06%. In contrast, during the low season, from March to November, expenditure is distributed more evenly, totaling 63.83% of the year, with monthly values ranging from 6.52% in June to 7.72% in March, and an average of 7.09%. In comparative terms, the monthly average for the high season exceeds that of the low season by 4.97 percentage points, approximately more than 70%, which is consistent with greater operational activity associated with increased occupancy and use of services in summer, which requires additional staff in different areas.

4.2.1. Evolution of employment generated

In large towers, the high season spans December, January, and February, and is characterized by a significant increase in service demand due to the larger influx of residents. To meet this demand, staff levels almost double, with personnel increasing by nearly 100% compared to the regular workforce. This expansion mainly involves the hiring of housekeepers, whose role is essential to maintaining cleaning and service standards in both common areas and individual apartments.

In small towers, a similar pattern is observed: staff levels increase by approximately 86% during the high season. This temporary adjustment in the workforce allows administrators of both large and small towers to effectively manage the higher workload and maintain high levels of resident satisfaction.

On the one hand, large towers, with a greater number of apartments, require more complex management structures and higher levels of resources to ensure proper functioning, quality accommodation, and services for owners. On the other hand, small towers, with fewer units, benefit from more flexible and straightforward management, allowing them to adapt more easily to operational and maintenance needs.

4.3. Comparative analysis between tower costs and interview results

When comparing the information obtained from administrative records with that collected through interviews, there is a clear consistency in the distribution of the main cost and expenditure components of high-rise towers in Punta del Este. The interviews largely confirmed the primary data provided by the administrative records.

The cost and expenditure structure can be summarized as follows: a. 65–70% allocated to personnel, including wages and social security contributions b. 6–7% corresponding to water payments (OSE) c. 4–5% to electricity consumption (UTE). d. 5–6% to administration e. 2.5% to elevators f. 2.5% to general expenses g. 7% to maintenance and repairs (although responses varied, ranging from 7% to 18%).

This comparative exercise highlights the robustness of the findings, showing that both sources point to a cost structure heavily concentrated in personnel expenses, with secondary shares assigned to utilities, administration, and building upkeep.

4.4. Taxes analysis

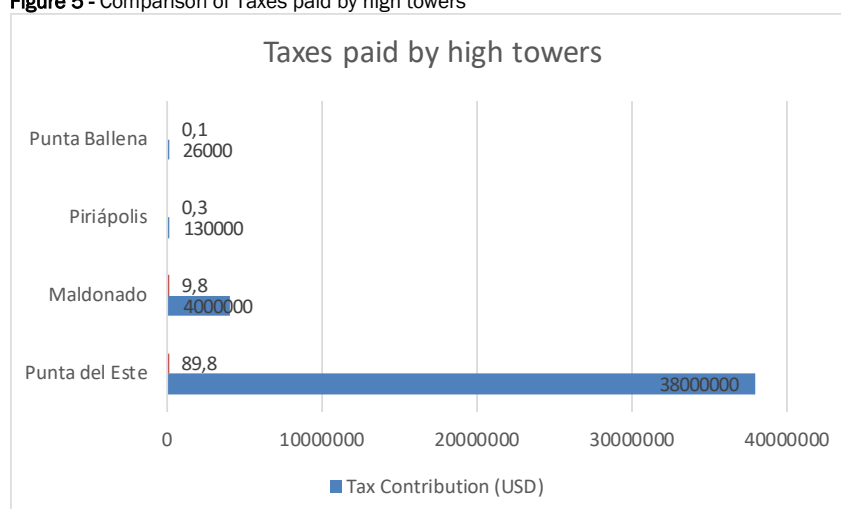
In terms of per capita fiscal disparity, calculated as the difference between the national average per capita departmental expenditure and each department's total per capita revenue, Maldonado exhibits an extraordinary situation. The department shows a negative value (-10.933.28), meaning that its own revenues exceed the national average expenditure executed by departmental governments (CINVE, 2022). This outcome is strongly influenced by the prevalence of second homes in Maldonado, since these indicators do not incorporate key factors such as part-time residents, foreign property owners, seasonal tourists, and residents from other departments working locally. Consequently, the standard fiscal indicators fail to adequately reflect these particularities, which heavily affect both departmental revenues and spending structures.

Per capita expenditure in Maldonado is 163.2% of the national average. Additionally, the fiscal pressure indicator shows that Maldonado faces the highest tax burden in the country, with departmental revenues accounting for 5.22% of departmental GDP.

Furthermore, two interviews with experts in local public finance in Maldonado provided additional insight. Taxes associated with tourism include: property tax, vehicle registration, sanitary permits (for restaurants, hotels, etc.), elevator taxes, entertainment ticket levies, food safety fees on goods entering the department, construction permits (per square meter), and surplus value tax (though this was exempted starting in 2012). A high percentage of departmental revenues derives from property taxes and vehicle registration fees.

According to CINVE (2023), the structure of tax revenues in Maldonado is presented in Figure 5.

Figure 5 - Comparison of Taxes paid by high towers



Source: Author's elaboration based on data from the Maldonado Government.

Distribution of tax revenues in Maldonado is as follows: vehicle registration 19.96%, urban property tax 27.50%, rural property tax 1.00%, and other revenues 51.54%. Regarding property tax, differences across geographic zones were noted. The taxable base is established according to cadastral values, which depend on the time of property

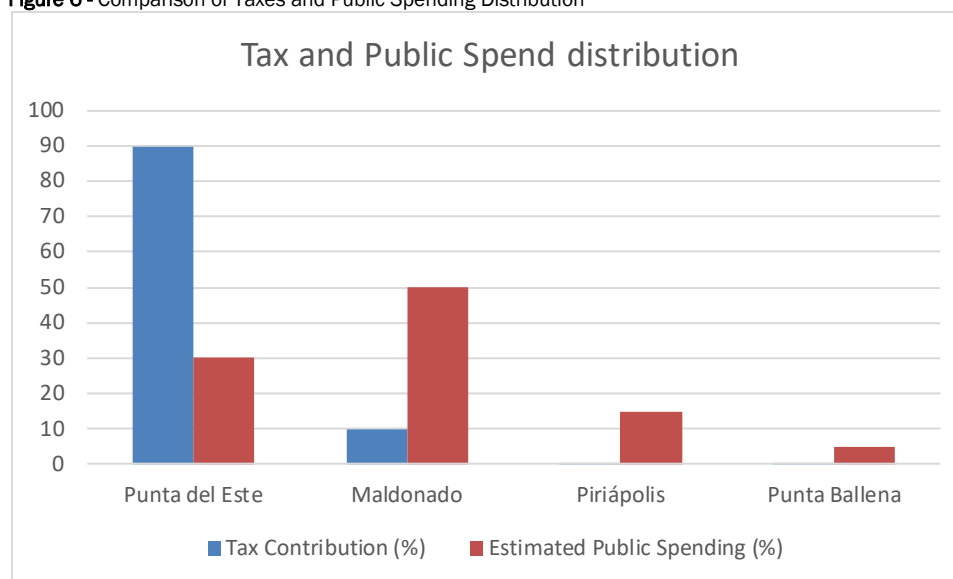
registration and construction costs in USD. Each budget cycle determines the applicable tax percentage on cadastral values. Higher-value zones generally include Punta del Este, José Ignacio, and La Barra, though higher-value properties do not always translate into higher tax amounts. For example, an apartment in Punta del Este typically pays around USD 3.600 in property tax, while a property in San Rafael pays approximately USD 12.000. Units along the Rambla or Roosevelt Avenue usually pay about USD 2.000.

Interviewees agreed that departmental government expenditures to support tourism, including second home tourism, are relatively low. For example, Punta del Este's maintenance is concentrated in the three summer months, while in the rest of Maldonado, maintenance takes place year-round. More resources are allocated to rural road maintenance than to urban asphalt in Punta del Este. Cleaning in Punta del Este, being concentrated in time and space, is also cheaper. In the case of José Ignacio, considered a luxury destination, very little annual maintenance is required. The largest share of departmental spending is on human resources, but only a small portion of this is directed to tourism. Similarly, the percentage of the budget allocated to tourism is small, with most resources going to infrastructure works.

There was consensus among interviewees that second-home owners, through property tax payments, largely finance the services provided to year-round residents. In contrast, hotel guests and short-term renters (e.g., Airbnb) do not make significant tax contributions, despite requiring relatively more services. Unlike other international destinations, Punta del Este does not charge a tourist tax. Hotel and resort guests only pay VAT (Value Added Tax), which is waived for foreign visitors during the summer months. Furthermore, as there are far fewer of these types of tourists compared to second home owners, tax revenue is much lower. It highlights a structural gap between tax revenue and demand for services, a trend that has been highlighted in studies on second-home tourism and local public finances.

Finally, data from Maldonado Departmental Government indicate that approximately 194 high-rise buildings (with more than six floors) contributed nearly USD 43 million in taxes in 2024. The spatial distribution of this contribution is highly concentrated, as shown in Figure 6.

Figure 6 - Comparison of Taxes and Public Spending Distribution



Source: Author's elaboration based on data from the Maldonado Government.

These results reinforce the key role of second homes in the fiscal structure and support the relevance of the case study.

5 CONCLUSIONS

This study has shown that monitoring the evolution of operating costs in high-rise towers provides an informative perspective on the economic and labour dynamics associated with the concentration of second homes in Punta del Este. By highlighting the economic and labour consequences of the concentration of second homes and presents a triangulated use of administrative cost accounts, tax records, and interviews with leading experts.

During the high season in Punta del Este, the expansion of the workforce increases salary expenses and direct employment, while also boosting contracts with local companies for building maintenance. These links ensure that

properties are in optimal condition precisely when owners intensify their use. Cost and expense structures are dominated by personnel costs (salaries and social security contributions), followed by water and electricity consumption, administration, lift maintenance, overheads, and maintenance/repairs. Although the composition is relatively stable, maintenance expenses vary depending on the age and condition of the building, including exterior painting (every five years), roof work (every 10-15 years), and lift modernization in similar cycles.

High-rise towers generate many different types of jobs: managers, receptionists, cleaning staff, maintenance and cleaning of common areas, lifeguards, garage staff, childcare workers/nurseries, gardeners, window cleaners, and beach service, complemented by outsourced services; during the busiest months, employment levels often double or triple. Reported wages exceed the national minimum, suggesting that these activities may provide relatively favourable and stable employment conditions within the local economy.

Ownership and occupation are mixed. Many of the smaller, older buildings are owned by Uruguayans, who often live there year-round, while the larger, newer towers with amenities are more attractive to foreign owners, a trend that has been reinforced since COVID-19; however, many retired Uruguayans have also taken up permanent residence in these fully serviced buildings. Occupancy has increased on weekends and in winter compared to pre-pandemic levels, with near-full occupancy in summer.

The central areas are more popular with year-round residents, while the eastern areas (e.g., José Ignacio, Manantiales) remain predominantly seasonal. Remote working and improved digital infrastructure have encouraged permanent or semi-permanent stays, along with changes in consumer habits. The reasons for investment combine quality of life with legal and physical security. In the high-income segment, Punta del Este competes with Miami, although distance is a limiting factor.

Second home owners exhibit different spending patterns than hotel guests. While hotel visitors spend more at restaurants, owners combine restaurant meals with supermarket shopping and home cooking; credit card promotions and a dynamic dining scene have prolonged meals away from home even during winter. Owners often keep personal accounts (utilities, property taxes) separate from common expenses and delegate tasks (e.g., supermarket orders before arrival) to housekeeping/concierge staff. Short-term rental platforms (e.g., Airbnb) complicate building management by obscuring occupancy information, increasing uncertainty and shared costs, while long-term tenants behave more like owners, in terms of consumption patterns. Interview evidence suggests that the pandemic substantially increased average occupancy levels, led to permanent relocations, especially among Argentinians, and increased winter demand, with teleworking and digital connectivity appearing as central drivers of these changes; side effects include pressure on building internet capacity and changes to local schools due to the arrival of new families.

Additionally, the fiscal structure of the departmental government matters. Standard per capita indicators used for intergovernmental transfers underestimate the service and infrastructure burdens associated with floating populations and multi-local living. Departmental data indicate that high-rise towers, analysed in this chapter, make a very significant contribution through property taxes, with most of the revenue concentrated in Punta del Este, providing consistent evidence of the fiscal relevance of second homes in the destination.

Furthermore, as mentioned above, this type of accommodation has an impact on seasonal employment during the high season, as well as on the income of local businesses. Although this can be considered a positive economic impact, it also creates difficulties by preventing access to stable year-round employment and business income. As a result, local economic activity and services in Maldonado face difficulties in accessing working capital investment that would allow them to adequately meet the increase in demand that occurs during the high season. Furthermore, emerging processes associated with gentrification and increasing tourism intensity may generate tensions affecting permanent residents.

Finally, by contextualising the results in relation to the academic literature reviewed, the chapter presents an initial approach to the economic impact of second homes in terms of the maintenance costs of the high-rise buildings in which they are located, the employment opportunities generated and the taxes paid by their owners in the destination, to contribute to what Muller, 2021, pointed out as the need to deepen the economic analysis of second homes and their impact on the property market. The findings suggest important differences with the conclusions of Perles Ribes et al. (2018), who found no significant differences in the economic effects generated by hotel and resort tourism and second home tourism. However, the results are consistent with those obtained by Ozyurt et al. (2018) in terms of the economic effects generated by second homes in housing maintenance and tax payments. The results obtained in relation to the origin of the owners and consumption patterns are consistent with those found by Back

and Marjavaara (2017). The results also seem to agree with or point in the same direction as the findings of the authors (Scaglione, 2018; Posadas, 2023; Farstad, 2013). In terms of tax contribution, the results reinforce the conclusions of (Smith, 1989; England and Zhao, 2005; Torres & Domínguez-Menchero, 2006), that owners contribute more to local tax revenues than their consumption of public services, suggesting the possibility of a net fiscal contribution benefiting resident communities. In relation to job creation, the results appear to be consistent with the findings of Back et al. (2024) regarding the impact on the construction and maintenance sector.

6 LIMITATIONS AND FUTURE RESEARCH

While this study focuses primarily on the economic, employment, and fiscal impacts of second home tourism, it is important to recognise that this form of tourism can also generate negative externalities. Previously published research has highlighted its potential to place additional pressure on local property markets, contribute to socio-spatial inequalities, and create seasonal burdens on public infrastructure and services (e.g., Müller, 2021; Adamiak, 2018; Cocola-Gant, 2020). These impacts are particularly relevant in destinations characterised by a high concentration of second homes, where the coexistence of permanent residents, temporary users and tourists can create challenging spatial and social dynamics.

A primary limitation in Uruguay is informational. The exact number and attributes of second homes remain uncertain, as do owner profiles (e.g., length of stay, seasonality) and their specific requirements to increase visit frequency. Administrative records typically miss in-unit utility consumption and have uneven coverage of maintenance payments and local tax contributions. Addressing these gaps calls for integrated registers linking property records, condominium accounts, and fiscal data, complemented by privacy-preserving use of smart-meter readings, payment-card data, and high-frequency connectivity proxies to map occupancy cycles and spending with finer temporal and spatial resolution.

Future research should first advance a specific theoretical framework for second-home tourism that links household strategies, governance arrangements, and urban-services economies to labour-market and fiscal outcomes. Second, destinations such as Punta del Este would benefit from include categories specifically related to this type of accommodation in both the balance of payments and the country's national accounts. On the other hand, according to the results found in the study, future research could include an analysis of the distribution of income in the main source markets of the owners and its impact on the distribution of income in Maldonado, Punta del Este. It would also be important to carry out a comparative study between the costs, jobs and taxes paid by other forms of accommodation such as hotels, condominiums, campsites and hostels, among others.

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Data Availability Statement

All relevant data are available in the text.

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