Digital nomads: A benefit or burden for local communities?

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Many criticize digital nomads for fueling gentrification and pricing out locals. Social, economic, spatial and cultural [segregation](#) between nomads and local communities has already stirred controversy from Canada to the [Canary Islands](#).

However, states across the globe have rushed to [attract](#) young, skilled and mobile professionals, many of them working remotely. From a government's point of view, their thick wallets can boost local economies through spending and investment, and their entrepreneurial spirit can help [catalyze innovation](#). As a result, "remote work [visa](#)" or ["digital nomad visa"](#) programs have been springing up around the world, especially since the COVID-19 lockdowns.

While poorly planned visa schemes can [cause a world of problems](#) in destination countries, a carefully designed program can serve the interests of locals, governments and nomads alike.

How to make a successful digital nomad visa

My research, based on an overview of [digital nomad visas in 36 countries](#), has identified at least three key ingredients of a well-designed policy.

The first is good marketing. In their forward thinking 1997 book [Digital Nomad](#), Makimoto and Manners said, "Just as we are already seeing governments competing with each other to attract industrial investment, we may see governments competing with each other for citizens."

Alluring promotional websites showing what is on offer to digital nomads (be it sun, sand, nightlife, infrastructure or a thriving start-up scene) are a [go-to strategy of many destinations](#). Offering targeted

services can also make a place stand out. These can range from accommodation and co-working hubs to adventure tourism packages—anything that holds a promise of a "better life."

The second ingredient is a simple online application process. Many visa schemes are little more than updates to immigration law that create a new category of visitor somewhere between tourist and immigrant. They follow the usual visa application rules, often requiring an in person visit to a consulate and weeks of waiting for a decision.

It is hard to picture many well heeled digital nomads penciling in immigration forms and queuing up to fulfill their bureaucratic duties. Such obstacles may not prevent people from coming altogether, but they will cause many remote workers to exploit loopholes—such as visa runs or paying taxes elsewhere— that undermine any potential benefits for local communities.

The final—most important—ingredient is ensuring that local populations benefit from an influx of remote workers. Digital nomad visas should prioritize the development of local communities, and not simply enhance the privileges of the new traveling elite.

This can be achieved by making it easy for nomads to pay local taxes, as well as taking steps to mitigate their gentrifying effects on neighborhoods and housing markets. Measures could include incentivizing off season visits, encouraging long term settlement, or promoting housing options outside over-populated urban areas.

A properly planned visa scheme can bring huge benefits to local communities. We can explore these by looking at three different areas, with examples from around the world.

Boosting tourism

Digital nomads can diversify [tourism industries](#) by providing a steady, year-round stream of relatively long-term, well-off visitors. This provides more sustainable fuel for local economies than seasonal tourist flows.

A [study](#) on the Greek digital nomad visa estimates that attracting 100,000 digital nomads annually (staying 6 months on average) would generate revenues equivalent to 2.5 million week-long tourist stays.

In the first ten months of its Welcome Stamp program, Barbados claims to have taken a massive US$6 million in fees, and generated at least $100 million worth of [tourism revenue](#) from just 2,500 applicants.

Driving innovation

Given their reputation (whether accurate or not) as tech-savvy high-skilled workers, digital nomads are often seen as a resource that can strengthen entrepreneurial ecosystems and tech industries. They are unlikely to do so in the "in-fun-out" cases of Greece and Barbados, but targeted approaches can attract more engaged digital nomads and promote their involvement in local labor markets.

Estonia is the clearest example of this—its digital nomad visa is a spin-off from its [e-Residency program](#), a legal toolkit for establishing and running a digital business. It promotes and complements this legislation by encouraging and facilitating nomads' engagement with the local startup scene.

Malaysia's [Nomad Pass](#) goes even further, as it is limited to [nomads](#) in "digital professions." It gives access to co-working hubs, designed to connect local digital businesses with foreign talent.

Opening the door to long term immigration

Long-term relocation of wealthy individuals to countries with lower costs of living is not a new idea—just ask one of the more than 100,000 British pensioners in Spain. Nomads are, in many ways, simply a newer, more desirable version of this expat crowd, which some countries try to attract to boost domestic investment and spending.

Malta has introduced its Nomad Residence Permit as an addition to its long established residency-by-investment program. The Thai Long-Term Residents visa takes a similar route, offering tax incentives for high-earning remote workers who relocate to Thailand for up to ten years.

The bottom line

There is no single, perfect formula for a digital nomad visa. Each country's program should be dictated by what it stands to gain, and what it can offer in exchange.

Attractive tourist destinations are already well placed to provide perfect conditions for short-term visitors seeking sun and adventure. Aspiring tech hubs, on the other hand, can draw in remote IT talent and digital entrepreneurs to soak in the local innovation ecosystem, and countries with high quality of life and affordable housing are a natural option for permanent relocation. Digital nomad visas can and should capitalize on these pre-existing strengths.

We all should keep in mind that the end goal is not pleasing the digital nomad, or entrenching inequality. When planned and executed well, digital nomad visas can leverage the normalization of remote work for the benefit of local communities.

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