



## **Transformation of Istanbul's Urban Structure and its Impact on Real Estate Prices**

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Urban structure of Istanbul has been constantly transformed, restored and adjusted to the current needs of the society due to population increase, economic development and its strategic location under the influence of the changing global forces. After 1980s, the growth of service sector, economic development, development of telecommunication technology and construction of Bosphorus bridges and highways stimulated multi-center development of the city. As a result of suburbanization, middle and upper income families took place around these new sub-centers. The purpose of this study is to investigate the impact of these sub-centers with respect to office rent, retail rent and housing prices.

For the analysis, first the spatial distribution of population density is investigated. It is shown that the population is declining in the central locations, mainly due to a transformation from housing to business and changing family structure and life styles, but growing very rapidly in the peripheral districts in parallel to the growth of jobs in the sub-centers and in the industrial sites. Rising incomes and car ownership can be given as other reasons for decentralization of population. In addition, the location of larger portions of the population, jobs and wealth on the periphery illustrates that Istanbul by passed the typical developing country city stage where most of the lower income people lived in the periphery.

The spatial distribution of office rents is investigated as a representative of the development of multi-center development of the city and their impact on the real estate prices. The run-down urban structure of the old CBD could not provide appropriate space for the increasing demand for modern office buildings. In addition, the development of transportation and telecommunication technology eroded the importance of accessibility to the old CBD and stimulated the decentralization of office space and the development of sub-centers on the periphery.

The spatial distribution of housing prices is investigated also to illustrate the impact of new sub-centers. Istanbul's long history, world famous natural beauty and varying socio-economic structure caused large discrepancies with respect to the spatial distribution of housing prices. While some of the modern districts have become comparatively more attractive, the historic districts have lost wealthy population elements due to changes in life styles, deterioration of their neighborhoods and the settlement of low income migrants. These changes have created locational advantages and disadvantages, which are reflected in the real estate market and intra-urban migration, which in turn have affected demand for housing and housing prices.

The spatial distribution of retail rent is also investigated in order to show its impact on the other real estate prices. The analysis illustrates that the larger shopping centers within the vicinity of new sub-centers have higher retail rent prices and they have higher impacts on the real estate prices in their environments.

Thus, the results of the study can be useful for the urban planners, real estate investors and policy makers.

**KEY WORDS:** Istanbul, transformation, multi centered development, sub-centers, spatial analysis, real estate price.