Effects of Revitalization in Historical City Center of Istanbul

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This study investigates the effects of revitalization process in Beyoğlu, Istanbul. Since the 1980s, spatial impacts of transformation have become apparent on Istanbul and these impacts have taken their most intense forms in the historic city centres, as Beyoğlu. While Istanbul has grown through the restructuring of the urban economy, social and spatial reconstruction, and innovative transportation and communication technologies, Beyoğlu has begun to regain its characteristics. Projects and investments to reconstruct Beyoğlu have been successful in changing this process and have achieved their targets particularly in Beyoğlu's residential areas and the region has started to develop. In order to analyse the development process, this paper focused on the three revitalized neighbourhoods in Beyoğlu, which have been popular residential areas in Istanbul. We use social, economic, and spatial indicators, such as population, property prices, and functional transformation. The revitalization process has significant effects on social, economic, and spatial structure of Beyoğlu. For further studies, it will be useful to repeat this study in other historical residential areas of Istanbul in order to make comparative studies.

Keywords
Revitalization; Istanbul; Beyoğlu; historical city center; residential area
Introduction

Istanbul is the largest city of Turkey with a population of more than 10 millions (SIS, 2000), and also it is the country’s most important socio-economic and cultural center. Istanbul’s tremendous growth after 1950s can be attributed to both natural increase and the flood of rural migration, which affected socio-economic and cultural conditions, as well as the physical structure of the city. The continuous expansion of the city, the development of a multi-center urban structure, the decaying inner city and changes in population density have affected the spatial distribution of needs and demand for residential areas (Dokmeci and Berkoz, 1994).

During the polycentric development process of Istanbul, not only structural characteristics of historical city center, but also motives such as the increasing accessibility all around the city through freeways, the opportunity to provide large and cheap land in the urban periphery and the development of the communication technology have caused the historical city center to lose its function of being the central business district (Tekeli, 1998). Many members of the middle and high-income groups that had previously worked and lived in the central areas of the city moved to the business centers and private neighbourhoods, newly constructed outside the city. These new sites were constructed in rural areas the protection and infrastructure of which were usually provided by private companies (Ergun, 2004). Thus, old city center were losing population and employment due to their deteriorating urban structure. Therefore, housing demand and potential rates of returning decreased. Revitalization projects were successful to improve life quality in the old center and this paper investigates the impacts of these projects in Beyoğlu.

A number of earlier studies have examined the effects of revitalization process by using different indicators. It is a common conclusion of these studies that the renovation or reconstruction of decaying buildings and the restoration works in historical buildings increase the home ownership, decrease the stagnation in the area, change the physical structure, and provide rises in property prices (Ding et al, 2000; Abraham, 2001; Criekingen and Decroly, 2003; Fang and Zhang, 2003). The fact that the rehabilitation and gentrification works, alongside with the modifications in the physical structure, cause important changes in the social structure (Milanovich, 2001; Dutton, 2003; Atkinson, 2000; Levine, 2004).

Empirical studies show that residential investments such as new construction and rehabilitation have positive effect on nearby property values (Scribner, 1976; Rackham, 1977; Hamilton, 1979; Rabiega et al, 1984; Simons et al,1998; Ding et al, 2000). Thus, properties located near the sites of
neighbourhood investments are expected to have higher values than those far away do. The growing use of historic preservation in heritage tourism, neighbourhood redevelopment and downtown revitalization play role in promoting community development and urban economic development (Sohmer and Lang, 1998).

Groves and Niner (1998) found that renewal investment has had the effect of sustaining the market and improving conditions for residents, without the side effects of gentrification and price inflation. Another study is designated to quantify the economic benefits of historical preservation in the state of Georgia (Morgan et al, 1997). They found that historical preservation does have a quantifiable economic and fiscal impact upon local communities. Construction activities, such as rehabilitation projects and revitalization programs, contribute to the local economy through job creation, local sales tax revenues and a strengthened tax base. Thus, the review of the literature illustrates that most of the studies on this subject was done for development countries only with few exceptions for developing countries (Uzun, 2003; Ergun and Dundar, 2004).

This paper focused on effects of revitalization process on three residential areas in Beşiktaş (an old district of Istanbul), by using social and economic indicators such as population, development index, residential/commercial property prices and functional transformation. The organization of the paper is as follows. The next section of the paper provides brief information about historical development of Beşiktaş that has an important role on the revitalization process. The third section presents the research area and the fourth section discusses the effects of revitalization in Beşiktaş. The final section is devoted to a conclusion and suggestions for further research.

**Development of the Historical City Center, Beşiktaş**

Beşiktaş, one of the historical quarters of Istanbul, is situated in the northern part of the CBD, on the elevated ridge of a high promontory between the Golden Horn and the Bosphorus (See Figure 1). Beşiktaş has a reigning position over the Bosphorus, Marmara Sea and the Golden Horn. Beşiktaş is developed by the impact of the European culture and mainly occupied by Europeans and other minority groups. Alongside with its central position in the city and the fact that it possesses the traces of different cultures, Beşiktaş is also an important example because of the social, structural and functional transformation process that it has been through (Dokmeci and Çiraci, 1988).
While, in the middle of the 16th century, Beyoğlu was developed as a suburb of Galata which was an international trade center (Dokmeci and Çiraci, 1990). The embassies established in Beyoğlu in the 16th and 17th centuries have played an important role in making the district gain a European identity. In the 18th century, the European influence has gradually increased, and with its luxurious shops where European luxury goods were easily disposed, its artisans, and its social life, Beyoğlu has continued with its impression of a European city in the Ottoman land (Dokmeci and Çiraci, 1990).

The major development of Beyoğlu was in the 19th century. Beyoğlu, which has become an international trade center as a result of the great growth of the Ottoman foreign trade in 19th century, development of the transportation system, and integration of the country with the world capitalist system, has chiefly continued to develop under an even more dense influence of Western culture in the century. Many traditions have been taken from the Western world, including laws and regulations related to the city planning issues, city designing principles aiming to create a monotone urban pattern, new building types and new architectural idioms (Çelik, 1998). Urban reforms was exclusively concentrated in Beyoğlu where most of the upper-class people lived. The success of these projects became an example for the rest of the city (Dokmeci and Çiraci, 1988).

As Beyoğlu gained the quality of being the “entertainment center” of Istanbul with its posh shops, restaurants, and cafes, Beyoğlu has also become the “trade center” of Istanbul with its trading houses and bureaus in this century. While some foreign enterprises such as foreign mail services, schools, stock exchange building, and research institutes have settled at the vicinity of the
embassies; banks, translation agencies, printing houses, and blocks of offices have gathered in the Galata area.

A modern municipality has been established in order to bring modern life into Beyoğlu, thus letting municipal services such as communication, health and fire department develop firstly in this district. While Beyoğlu was said to be an unhealthy and badly structured area with narrow and tangled roads in the first half of the century, it has been rebuilt more orderly and acquired wider roads, with the new applications after the fires (Akın, 1994). A rapid change stands out in the Beyoğlu residential areas in the 19th century. Instead of mansion-type houses, attached stone and brick houses, which could bring income, were built, and the first buildings which can be considered as apartment building have risen in Beyoğlu (Akın, 2002). By the destruction of the city walls and the construction of modern stone houses instead of traditional wooden ones, Beyoğlu has started to visually resemble more the modern European cities.

In the process to follow, the abolition of the capitulations by the Lausanne Peace Treaty has ended the activity of the foreign capital, therefore foreign firms, merchants, insurance companies, banks, and mail offices have left Beyoğlu. As Ankara was established as the capital (1923), the embassies moved there, the minorities which worked with privilege in their vicinity also quitted Beyoğlu (Dokmeci and Çiraci, 1990).

After the 1950’s, interest in Beyoğlu declined largely due to the rapid expansion of Istanbul by the rural exodus and speedy urbanization. During the development process of Istanbul, Beyoğlu could not attract developers because of its old urban structure. The increasing use of private automobiles was clearly incompatible with the economic, cultural and physical fabric of the city center of Istanbul, which were oriented towards pedestrians and public transport. Consequently, narrow streets were clogged with motor vecihles, noise and air pollution were approaching intolerable levels, walking was becoming unpleasant and the general character of the old city centre was in great peril. In addition, land plots were too small to receive modern office buildings for the new large companies seeking a location in the CBD (Dokmeci and Çiraci, 1988).

Beyoğlu has become less attractive for residential purpose through the years because of deterioration of neighbourhoods and lack of sufficient rehabilitation plans and projects. The development of new residential areas, movement of the trade, relocation of high-income group, new developing sub-centers, and the cultural metamorphosis also caused the deterioration of

\[1\] There is no available data about residential and commercial prices between 1950s to today.
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Beyoğlu and some neighbourhoods turned into blighted zones. As a result, from the 1950 to 1960, the population of Beyoğlu decreased rapidly and it has not changed significantly since 1960s (See Figure 2). Beyoğlu, which once was the reflection of the Western culture, has begun to answer the need of cheap residence of the rural people who immigrated to Istanbul, therefore important changes have been witnessed both in the social structure and the spatial structure (Dokmeci and Çiraci, 1990).

**Figure 2: Population of Beyoğlu (1950-2000)**

![Population of Beyoğlu (1950-2000)](image)


Various measures have been taken in order to revive the decaying neighbourhoods of the historical center. Among these measures, especially the works and the investment done in Beyoğlu, such as establishment of the Association of Beautification and Preservation of Beyoğlu in 1985, the organization of socio-cultural activities, the preparation of the preservation plan in 1986, the widening of Tarlabası Avenue in 1988, the pedestrianization of İstiklal Avenue in 1990 (See Figure 3) and etc., have been perceived to play an important role in the increase of the attractiveness of the area. Then some publishing houses have moved from Çağaloğlu to Beyoğlu. Cafes, restaurants, hotels, cultural buildings, art galleries, bookstores, theaters opened. Various activities and festivals have also played an effective role in this revitalization process.

By the impact of the revitalizing works made in historical residential areas, old apartment buildings and residences have been bought and renovated especially by intellectuals and artists. Artists in particular settled in the historical residences of Beyoğlu, then authors, journalists, and architects began to purchase and renovate many of the old apartments. They think that these historical structures reflect their life style. In this process, while the low-income group in the city center have been replaced by high-income groups, great rises were witnessed in the house prices in the historical residential areas because of lack of land, increasing demand, and limited
supply. Nowadays, housing prices in Beyoğlu are quite increasing as well as income groups are improving. As Figure 4 shows, housing prices in Beyoğlu are higher than the other parts of Istanbul.

Figure 3: View of İstiklal Street

Source: Emlak Pazarı, 2005

Figure 4: Housing prices in districts of Istanbul (2005)

Source: Emlak Pazarı, 2005

Beyoğlu’s acquiring new functions and in the overall revitalization of the area, the projects which have been realized or have been put on the agenda, together with the arousing of interest of the business circles and intellectuals
around these projects, have been effective in the rise of the values of the residential and commercial properties. Although Beyoğlu has lost some of its commercial and social characteristics of the previous centuries, it is still the center of Istanbul, especially with its multi-colored cultural dimension.

**Research Area**

Although several neighbourhoods of Beyoğlu have successful results for revitalization, three of them are chosen for the investigation. Before presenting the indicators that reflect the impacts of revitalization process in residential areas, the structural and physical characteristics of research area is addressed in this section.

The first one is Cihangir. It locates on a hill with a panoramic view of the entrance to Bosphorus, with the historic peninsula and Üsküdar on the opposite shore, one of the best view in Istanbul (Figure 5).

**Figure 5: View of Cihangir**

Cihangir is special neighbourhood with rich historical background and the Bosphorus view. Settlement of Cihangir dates back to the fifteenth century. Before 1960s Cihangir was a residential area where Christians and Jews lived. Until mid-twentieth most inhabitants of Cihangir was non-Muslim. After pedestrianization and organization of İstiklal Street it gained importance again because of its attractive location. After 1990s, artists purchased apartments there and they renovated them without compromising their unique characteristics. Cihangir became popular again with the settlement of the artists and the popularity increased with the interest of media (Ergun, 2004). Nowadays, Cihangir is one of the popular residential area in Istanbul and the
property values so high comparing the other parts of Istanbul.

The revitalization process in Cihangir became an example for the Gumussuyu and Omer Avni. Following the popularity of Cihangir, these neighborhoods have been attractive for academics and artists. These neighborhoods also have view of Bosphorus and buildings have historical value. Social and spatial structure of Gumussuyu and Omer Avni are different from Cihangir, its predominantly function is residential and other uses are offices and commercial. Buildings in Gumussuyu did not deteriorate as Cihangir because of original inhabitants were Muslims last centuries. Therefore, they did not leave after 1960s, and Gumussuyu did not lose population as Cihangir. Omer Avni has same social process with Gumussuyu.

The information on the neighbourhoods is based on a detailed survey that was conducted in the October-November 2004. The study examined the structural characteristics of buildings (number of floors, number of units, occupancy rate of building, density of around the building, construction type, condition of building, age of building, size, number of rooms, baths, balconies, size of garden and view) and technical characteristics (type of heating system, isolation, fireplace, elevator) of the 211 buildings in the area. In addition, revitalization projects in the research area (number of restored buildings, type of transformation of building) were also observed. The data set - about the residential and commercial prices - used in this paper was generated through interview of real estate agencies in research area performed at the same period with survey.

A majority of the buildings in the area (93%) are apartment and the average number of floors is 5. The occupancy rate of these buildings is also high (95%). 85% of the buildings are concrete, and the rest of them are wooden and masonry. Almost 90% of the buildings use natural gas for heating and less than 10% of the sample has elevator, generator, isolation and storage tank.

More than a half of the buildings in the area are in average conditions. The buildings in bad condition generally have historical value. Approximately one third of the housing units have historical importance and have been designated as architectural heritage sites. 17% of the units are older than 100 years. The age of housing units is generally between 20-60 years.

Nearly, half of the units have a view and garden, but only 7% of them have

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2 The evaluations of prices are a more accurate measure of the market value in research area than the contract prices, because contract figures almost always are underreported to reduce tax liability.
garage. All units closed to facilities, recreational areas, and public services. All of them have restored buildings around them. Functional transformation is seen around the buildings and research area, and it is generally from retailing to housing.

**Revitalization in the Research Area**

The impacts of revitalization in Beşiktaş can be investigated in different context. Social, economic, and spatial indicators that reflect the revitalization process in Beşiktaş are chosen for the study. Population, property prices, and dominant function in Beşiktaş have been changed in revitalization process.

*Population of neighbourhoods*

Population of Beşiktaş increased 1.24% from 1990 to 2000 and the population is 231,846 according to the 2000 data (SIS, 2000). The population of research area decreased by 19% from 1990 to 2000 (as shown in Figure 6), which shows the demographic structure of the neighborhoods is different from Beşiktaş. The population decreased 9% in Gümüşsuyu, 30% in Cihangir, and 25% in Omer Avni from 1990 to 2000. Although demand is high as it is obtained from real estate agencies in the residential areas, population is decreasing as a result of decrease in family size.

*Figure 6: Population in research area (1990-2000)*

Before 1990s, low- and middle-income group of traditional families lived in Cihangir, Gümüşsuyu, and Omer Avni. The neighborhoods have become popular places in the beginning of the 1990’s. Between 1990 and 2000, the social group who prefers to live in these neighborhoods consists of generally young couples, nuclear families, and singles.
Social and demographic structure of the area has been changed in the revitalization process. Family size and type are different from that before 1990s. Changing in population and social structure effects the life quality in research area, so all the neighborhoods are high developed according to the development index data from SIS in 2000.

Functional change in neighborhoods

The residential property market displays the effects of revitalization on Beyoğlu. Before the revitalization and restoration projects, manufacturing and storage were important functions for the neighbourhoods. After understanding the historical value of this quarter of the city, functional transformation has been seen in Beyoğlu. Manufacturing and commercial activities moved from Beyoğlu, except eating and drinking. The rental and sale prices of flats increased, so commercial rent/sale prices went down in Beyoğlu.

Average sale prices for commercial buildings in Cihangir is $900/m², while it is $1200/m² for residences. Commercial sale prices are $340/m², and residential prices are $900/m² in Omer Avni. Gumussuyu property market also has the same indicator about the differences between the sale prices, when commercial sale prices are $940/m², while $1550/m² for residential units. As Figure 7 shows, residential sale prices are higher than the commercial ones.

Figure 7: Difference between residential and commercial property prices (2004)

Source: Interpretation of interview by real estate agencies (2004)

Changing in land use of ground and upper floors as a residence in research area between 1999-2005 can be seen in Figure 8. The records of registered
buildings were taken from Beyoğlu Municipality. Building which are used for residential purpose increased in this term. However, the number of residence units decreased in Cihangir, especially in ground floors that are used as restaurants, cafes, galleries etc. Nowadays, the commercial stock in research area has been slowly depleted, and as a result, the number of residences in the area increased.

**Figure 8: Distribution of residential units in research area (1999-2005)**

![Distribution of residential units in research area (1999-2005)](image)

**Source: Beyoğlu Municipality**

**Property Market and Residential Prices**

As a consequence of this revitalization process, Beyoğlu has become the area of preference of middle and high social groups to reflect their lifestyle and the buildings, which were decaying as a result of the process. The process, which the residential areas of Beyoğlu have undergone, shows similarities with many examples observed in the literature, influenced by the socio-economic structure of the first users and their leaving the area afterwards, by the group which arrives at the area to renovate it and its characteristics, and finally by the house market activities, tendencies, and actors. Thus, dramatic increases have been observed in the sale prices of the houses at the historical housing areas.

Residential sale prices have increased from $540/m² to $1210/m² and increased 124% between 2001-2004 in Cihangir. In Omer Avni prices increased 66% from 2000 to 2004. The sales prices have increased from a range of $1000/m²-$1200/m² in 2000 up to $1900/m²-$2050/m² in 2004. During the period of 2001-2004, prices increased 59% in Gumussuyu. Average sale prices in Gumussuyu are $1500/m² in 2001 and $2500/m² in 2004. Nowadays property market is the most popular sector in Turkey because of preparing the mortgage draft bill. Recovery in the economic
situation in the last two years also played roles in increasing the demand and prices increase more than 100% in 2005. Changing in residential prices in research area between 2001-2004 can be seen in Figure 9.

**Figure 9: Residential prices in research area (2001-2004)**

![Residential prices graph](source: Interpretation of interview by real estate agencies (2004))

**Conclusion**

The effects of revitalization process were investigated in Beyoğlu, which has borne the feature of being an “example of a European city” in Istanbul over centuries. It has preserved its central position within the broad urban system of Istanbul that has expanded since the 1950s in different directions, as a result of rural migration. In this time, interest in Beyoğlu declined because of its old urban structure.

After 1990s, the establishment of the Association of Beautification and Preservation of Beyoğlu, the preparation of the conservation plan, the pedestrianization of İstiklal Avenue, and the widening of Tarlabası Avenue have revitalized the area and Beyoğlu has again acquired the quality of being the center of cultural activities. Projects and investments that were prepared and made to regenerate Beyoğlu region have taken a significantly important role in increasing the attractiveness of the region.

While the demand for residences in the Beyoğlu has been increased by the influence of factors such as proximity to the sea and the view, because of its ancient buildings and nostalgic form, Beyoğlu has obtained the area quality for the intellectuals. The occupancy rate of these buildings is also high. Being any empty parcel left, by the way impossibility to begin a new construction, and continuously increasing in housing demand have increased occupancy
rate and prices in the zone, therefore Beyoğlu has become an important real estate market in Istanbul.

Active house market, increasing demand, high occupancy rate, high house prices, the increasing number of postponed/waiting sales of residence, and the densification of profit-aimed investment firms are economic reflections of the revitalization process in Beyoğlu historical residential areas. Spatial decomposition, density observed in the restoration works, increase in renovation works based on organization and project, rise in the number of companies which choose a place for their cultural units to obtain prestige are the physical reflections of revitalization.

Change in the habitants, decreasing population, rise in voluntary associations and foundings, project-based applications, and increasing tendency to preserve of the local population who have grown an affection for the area are the social impacts of revitalization in Beyoğlu. The last impact is functional changes in the area, such as increasing importance of the function of residence as a result of the differentiation in the rate of return, the separation of commercial activities from residential areas. This study finds that the population in Beyoğlu is decreasing even the demand is so high. Residential prices have been rising, whereas it is not same for commercial properties. Consequently, revitalization process caused social, economic, and spatial transformation in Beyoğlu.

As a further study, periodical fluctuations of the sale prices can be compared by the house sale prices for different periods. In addition, it will also be useful to repeat this study in other historical housing areas that experience a structural and functional revitalization process to make comparative studies with respect to spatial, structural, and location attributes and to generalise the findings of this study.

References


