

THE SPATIAL DISTRIBUTION OF SERVICE FIRMS IN ISTANBUL METROPOLITAN AREA

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Abstract

Istanbul was a vigorous, core-dominated metropolis until well into the 1950s, with a very limited suburban development in the periphery with this expanded use of the automobile and construction of bridges over the Bosphorus, however, the suburbs, in typical fashion, were pushed farther out. In the 1990s, a new era has been launched: instead of cautiously following the decentralizing population, retail traders began to leapfrog ahead of the peripheral frontier and to locate strategically in the pace-setting new mega-malls at highly accessible sites in new highway corridors near the metropolitan fringes.

In some cases, the new centers of the periphery took the form of suburban highway corridors, dominated by linear belts of high-rise office structures and residential buildings. Related with these developments this study considers the spatial development and distribution of service firms by the years in the Istanbul Metropolitan Area.

This study investigates the location of service firms and discusses the new macroform of Istanbul Metropolitan Area with respect to business zones, old-new CBD and subcenters and spatial distribution of producer services.

1. INTRODUCTION

In 1965-85 periods the nucleus of the urban form, the CBD was patterned under the joint impact of different forces. On the one hand, it experienced a process of expansion and differentiation as the metropolitan population increased and the city spread out. On the other hand, the opening of the Bosphorus Bridge and its belt-ways and their influence on inner city distances determined the direction of the expansion of the city, specialization and functional differentiation. Planning efforts were undertaken to decentralize the main traffic generators in the CBD, and so contributed to the transformation of the CBD. The locational choice for these functions was influenced by the new alternatives created through the Bosphorus Bridge and its belt-ways (Tekeli, 1994).

While the service employment distribution ratio in the traditional CBD decreased from 54% to 33.1% between 1970 and 1985, it increased from 32.5 to 51.4% in the

surroundings areas of CBD and from 13.5 to 15.5% in the peripheral areas. Thus, the transformation from traditional market to a international one required more space, resulting in the decentralization of Istanbul's CBD. During this process, external pressures exceeded internal growth pressures. The multi-centre development of the city is reflected in the increasing number of office buildings, retail facilities in the subcentres. (Dökmeci, Berköz, 1994).

When we look at distribution of commercial activities today, it is observed that the importance of CBD has increased, its boundaries have expanded and subcenters have gained importance.

In Western countries it's seen that telecommunications technology has effected location of firms and lead to decentralization with the help of restructuring. Yet, it has been proved that in developing countries telecommunications technology is not sufficient for decentralization. Since it is not on the level of developed countries, many firms in Istanbul cannot get out of the Şişli-Mecidiyeköy-Levent direction although they use telecommunication technology. Supportive connections between these firms gain weight in location and advantages of concentrating in the modern center transcend disadvantages of decentralization (Dökmeci, et.al., 1997)

There are three types of centers in the Istanbul Metropolitan Area: First is the Central Business District, constituting from the Historical Peninsula Beyoğlu, Şişli, Beşiktaş and Kadıköy districts. This area can be called as the heart of the metropolis. Second one is sub-centers like Bakırköy, Kağıthane, Avcılar, Üsküdar, Ümraniye, Küçükçekmece, Maltepe, Kartal and Pendik, that have strong connections with the CBD and that are serving for their own hinterlands. Third type of centers is local centers.

In the following paper the business services in Istanbul Metropolitan Area is evaluated in section 2. The development and spatial distribution of service firms is evaluated in section 3 and 4. The business zones are discussed with respect to spatial development of service firms in Istanbul Metropolitan Area in section 5 and the final section concludes with some comments.

2. BUSINESS SERVICES IN ISTANBUL METROPOLITAN AREA

Istanbul, which is the leader SPO (State Planning Organization) socio-economic development index for provinces of Turkey, also has the highest number of employees in the service and industrial sectors and creates highest amount of value added in the

Marmara region. Although there is a decrease in the share of Istanbul since 1980, in this 25 year period Marmara region continues to be the largest service center of the country. When compared to other world metropolitan cities 59% share of the services sector in the employment in Istanbul is expected to rise to 80% in 2020s. The change in the developed European countries where service sector is the dominant sector in the economy occurred with the structural change of the manufacturing industry. In this context it is impossible to evaluate development of services without evaluating development of manufacturing industry (IMP, 2005).

It is known that most of the municipalities within the Istanbul Metropolitan Area want to preserve their manufacture units. Only with development of alternative service employment these manufacturing units can be relocated in new places out of the city center. Additionally, since service sector is also serving the manufacturing sector transfer of manufacturing units would affect some services negatively.

Centers in the Istanbul Metropolitan Area serve both people and service and manufacturing firms, in terms of commerce and other services. There are functional connections between manufactory in all scales and services operating in these centers or in their close vicinity. Main criteria used to differentiate between local centers serving residential population and centers serving the business sector are high order services. Istanbul CBD is the business center not only for Istanbul Metropolitan Area but also of the Metropolitan Region. Manufactory firms located in this area take business services like computer software, advertisement, legal counseling, and real estate investment counseling etc. from the CBD (IMP, 2005).

Central Business Districts are places where business services called as high order services are intensified and local economy is integrated with the global economy in metropolitan economies. Hierarchy between CBD and other sub centers that existed until 1990 seemed to be disturbed especially after extra development of producer services in the CBD between years 1992 and 2002. Domination of Istanbul Metropolitan Area in the regional level is continuing with the dominance of Istanbul CBD (inner city).

3. DEVELOPMENT OF SERVICE FIRMS

Traditionally office spaces within the Istanbul Metropolitan Area are concentrated in areas like Eminönü and Karaköy, where different transportation modes like train, tramway, bus and sea transportation are connected. This situation continued up until

1960s. While 55% of all firms are located in Eminönü and Karaköy by 1960, this high concentration in the center created various problems. These problems are; narrow roads of the traditional center, old mass transportation in rush hours, growing distance between office and residential areas, increasing value of the real estate, increasing needs of growing firms with economic development, lack of spaces in the traditional center for big and luxurious offices (Dökmeci, Ciraci,1990). For these reasons well-established firms and newly founded firms that could not find office space in the center begin to be located in the periphery and get use of advantages like cheap land, low traffic density, parking opportunities and free lands for modern buildings. Beginning from 1970s modern office demand of some firms that has reached international levels has increased and low standard buildings in the traditional center could not meet the standards of these requests. Following this trend, percentage of employees working in Eminönü and Beyoğlu fell from 69% in 1970 to 30% in 1990. On the other hand, number of firms increased especially in Şişli and Kadıköy, Bakırköy, Beşiktaş, Kartal (IMP, 2005).

Most important development in this respect has started with construction of new office buildings near İTÜ campus, in Maslak. Office developments around big investments like universities and airports have also been planned in European countries.

Traditional centers of the city Fatih, Eminönü and Beyoğlu continued to play their role as the traditional centers of the city. In the 1980s Eminönü continued its function as the main center where wholesale and retail commerce, small scale production and other services operate. Together with this population residing in Eminönü is very small. Depending on commercial development of Eminönü, Fatih developed as a residential area. Today, commercial functions of Eminönü have expanded towards Fatih. Historical Peninsula stands out as an area where there is a high concentration of commerce (IMP, 2005).

With the construction of Bosphorous Bridge and highways central functions started to be formed in the Taksim, Şişli, Zincirlikuyu direction and Beşiktaş-Barbaros Boulevard. Traffic flows in Taksim, Şişli, Mecidiyeköy and Büyükdere Avenue has increased and residences in Rumeli, Halaskargazi, Valikonağı Avenues and Teşvikiye began to be transformed into office and shopping spaces. Beyoğlu and Taksim have an important place in the urban development of Istanbul as a CBD by both being a part of the old city center and having office spaces. Taksim has become an area which has been used as

a business center by advertisement agencies, consulates and consulting firms as well as a center of recreational and shopping activities. Although these different districts are spatially connected they have different service and firm characteristics (IMP, 2005).

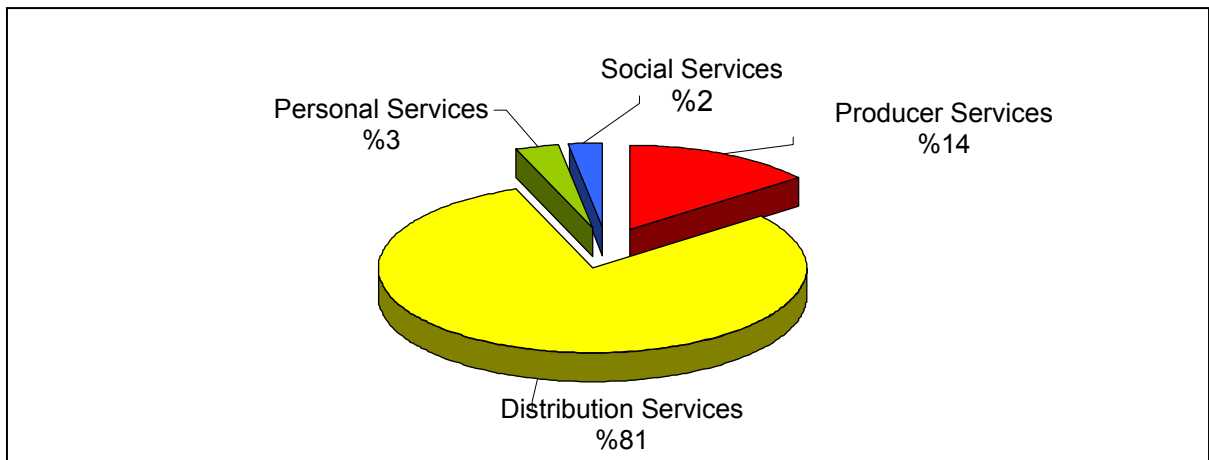
Büyükdere Avenue up to Maslak is filled with multi storey business and shopping centers at the end of 1980s and in the beginning of 1990s. It is observed that at the end of 1990s banks mostly located in Maslak and Büyükdere Avenue (Özdemir, 2000). Commercial functions has developed rapidly in Levent Etiler region and it has been become a part of the Central Business District, preferred by international and local firms, thanks to its metro connection and its proximity to two main transportation routes (TEM and D-100) and to places like Maslak, Mecidiyeköy and Zincirlikuyu where finance sector is heavily located (IMP, 2005).

Today Kozyatağı within the boundaries of Kadıköy district, which is a part of CBD, became one of the most important business areas of the Anatolian Side (IMP, 2005). The end of 1990s Üsküdar and Altunizade, again both in the Anatolian Side, became areas where insurance firms are located (Özdemir, 2000).

4. SPATIAL DISTRUBUTION OF SERVICE FIRMS

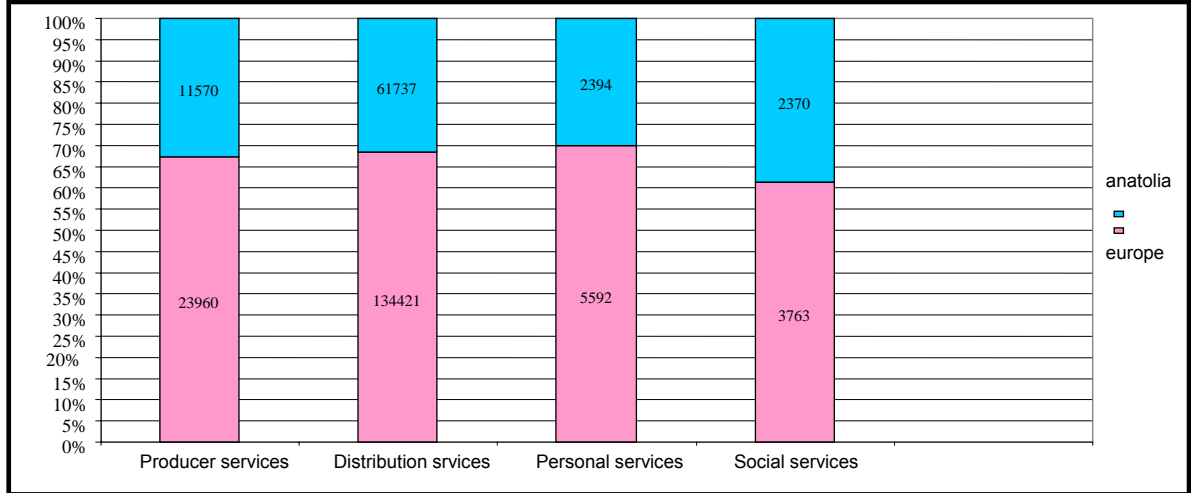
When we look at distribution of service firms according to sectors within the Istanbul Metropolitan Area we see that number of firms working in the distribution services are far more than firms working in other services with a ratio of 81% (Figure 1). Also it is observed that number of firms in the European Side is greater than number of firms in the Anatolian Side (Figure 2).

Figure 1: Distribution of subsectors of services in Istanbul Metropolitan Area by Firms



ITO, 2004-2005

Figure 2: The distribution of service firms by European and Anatolian Side of Istanbul

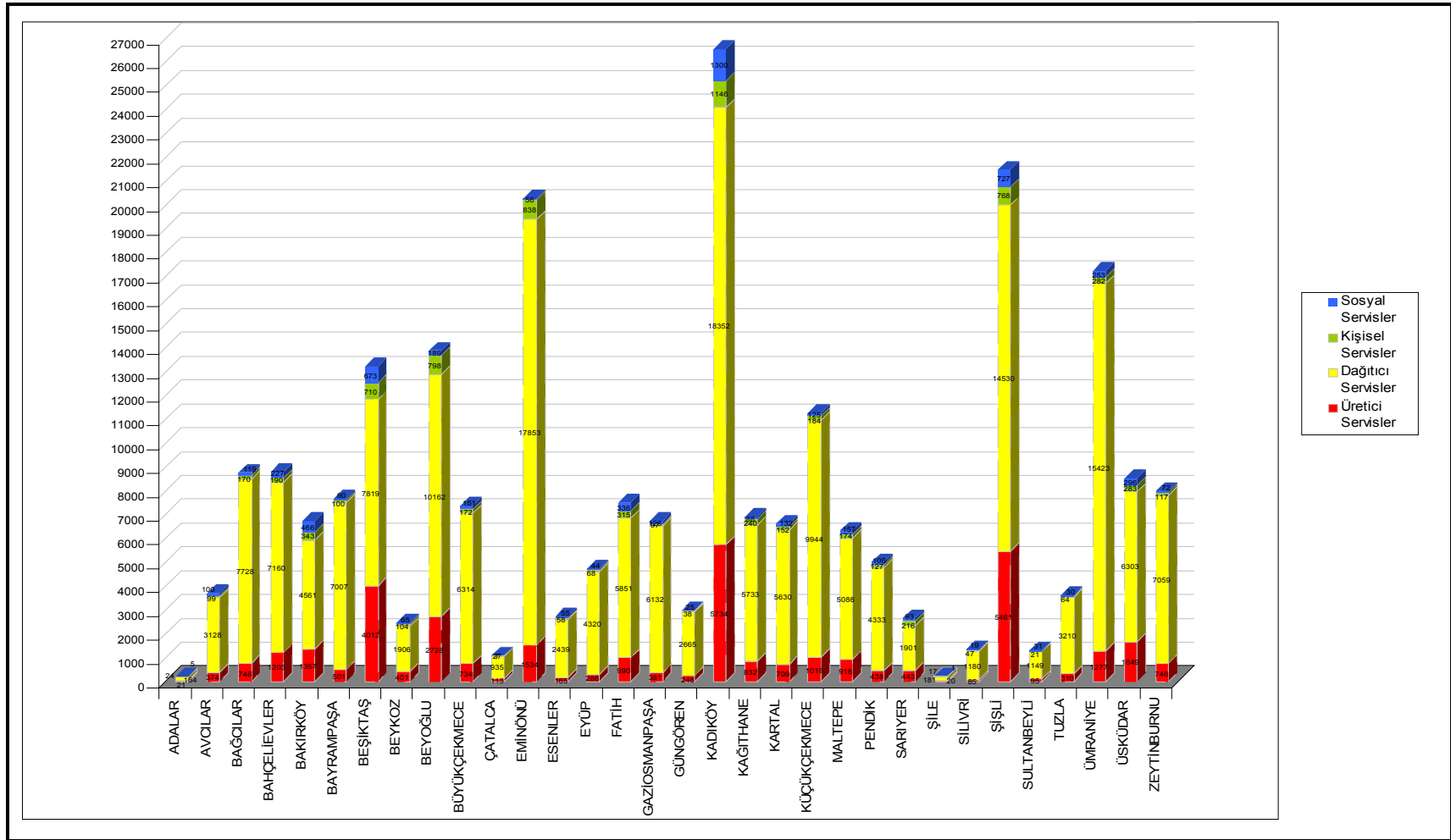


ITO, 2004-2005

In general Kadıköy stands out in distribution of producer, distribution, personal and social service firms within the Istanbul Metropolitan Area. 67% of producer service firms are located in the European Side. It can be argued that for Istanbul Metropolitan Area in general producer services prefer Central Business District. Kadıköy, Şişli, Beşiktaş and Beyoğlu which occupy the first four place according to number of producer service firms together have a share of 50% within Istanbul Metropolitan Area (ITO, 2004-2005).

When we examine general distribution of producer services within Istanbul Metropolitan Area, Kadıköy (5734 firms) and Şişli (5461 firms) stand out with a share of 15% in terms of producer services. Bakırköy (1357 firms), Bahçelievler (1203 firms) and Küçükçekmece (1019 firms) in the European Side and Üsküdar (1649 firms) and Ümraniye (1277 firms) in the Anatolian Side appear as centers out of the CBD for producer services (ITO, 2004-2005) (Figure 4).

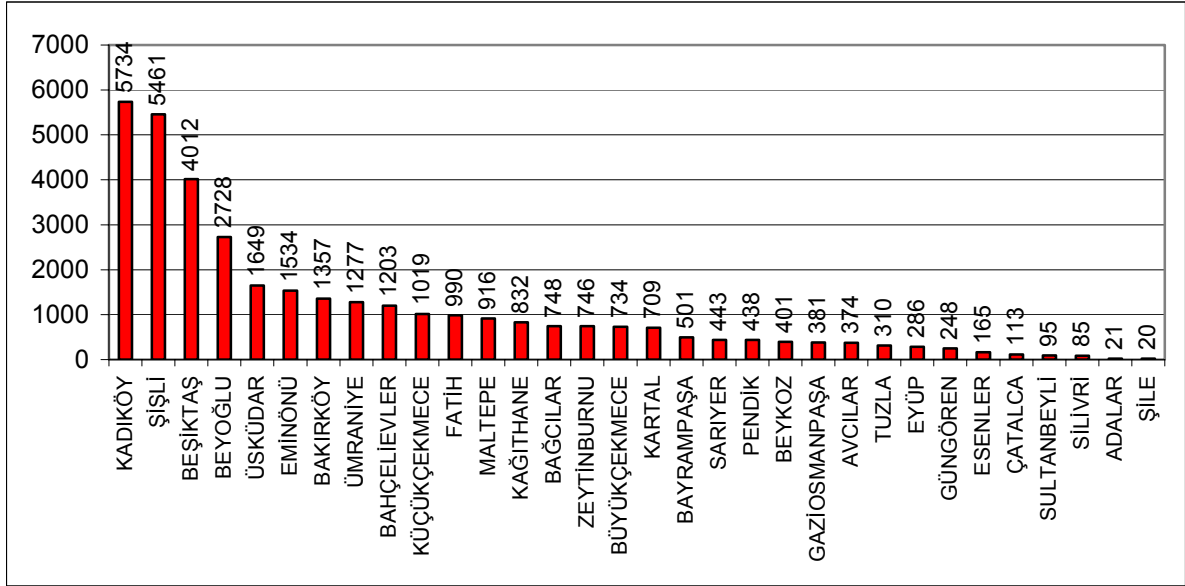
Figure 3: Distribution of subsectors of services by districts



ITO, 2004-2005

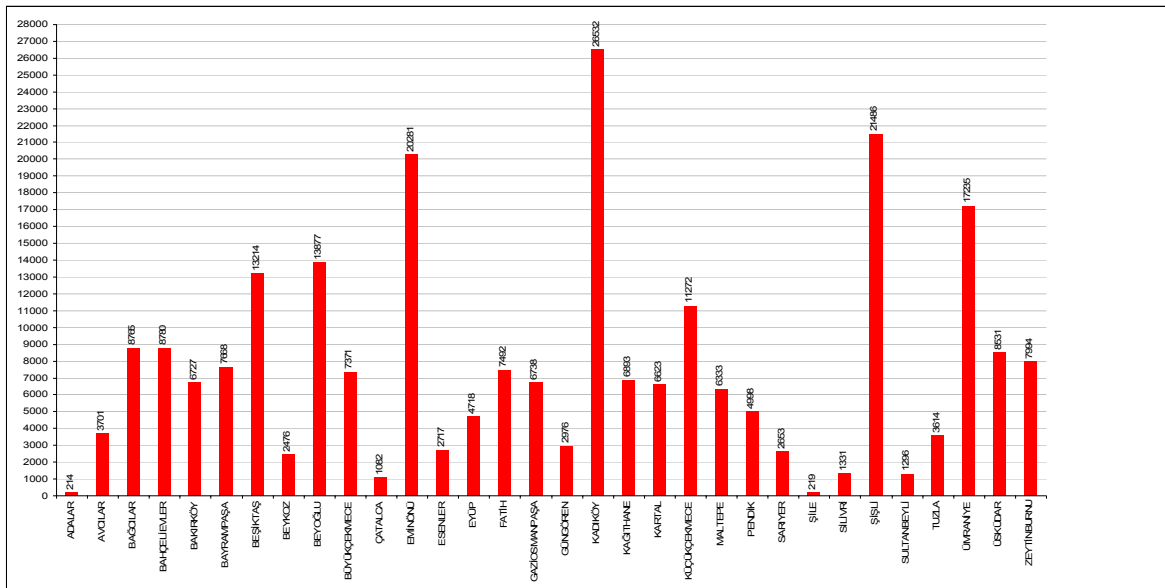
Of the service firms within the Istanbul Metropolitan Area, 26532 of them are located in Kadıköy. On the European Side it is observed that Eminönü and Şişli inhabit more than 20000 firms while there are 10000-20000 firms in Beşiktaş, Beyoğlu and Küçükçekmece (ITO, 2004-2005) (Figure 5).

Figure 4: Distribution of producer service firms by districts



ITO, 2004-2005

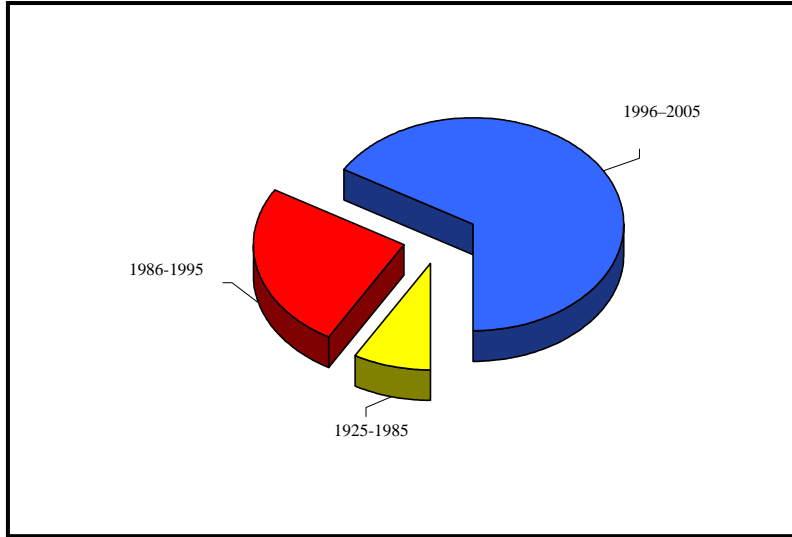
Figure 5: Distribution of service firms by districts



ITO, 2004-2005

It is remarkable that the number of firms established in the Istanbul Metropolitan Area in the last ten years is nearly two times more than the number of firms established before (ITO, 2004-2005) (Figure 6).

Figure 6. Distribution of service firms by the year of



ITO, 2004-2005

Between 1985 and 2005 producer service firms mostly preferred to locate in Şişli. In the same period number of producer service firms located in Beyoğlu and Eminönü decreased whereas there is a sharp increase in the number of firms located in Beşiktaş, especially after 1995. In the Anatolian side producer service firms in Kadıköy increased more than 50% in the period 1985-2005 (ITO, 2004-2005).

In parallel with the historical development of the city Eminönü, Beyoğlu, Şişli have priority in location for firms before 1985. After 1985 Kadıköy and Ümraniye came to the fore together with the CBD. There are also significant concentrations in Ümraniye, Küçükçekmece, Bahçelievler and Bağcılar. Together with this it is observed that firms that are not located in the periphery before 1985 change this attitude and begins to opt for these areas (ITO, 2004-2005).

5. EVALUATION OF BUSINESS ZONES WITH RESPECT TO SPATIAL DEVELOPMENT OF SERVICE FIRMS

Beyoğlu, Şişli, Beşiktaş, Eminönü and Fatih in the European Side and Kadıköy in the Anatolian Side come to the fore as business zones within the Istanbul Metropolitan Area. Except for Beyoğlu it can be argued that Fatih - Eminönü and Beşiktaş – Şişli pairs are related within themselves.

Residential population in Eminönü is very small. Depending on commercial development of Eminönü, Fatih developed as a residential area. Today commercial functions of Eminönü have expanded towards Fatih. Similarly Şişli and Beşiktaş is seen as a single integrated center (IMP, 2005).

Bakırköy is one of the business zones serving the European Side in terms of producer services. The central axis defining the center continues along with Bağcılar after Bakırköy. Even though Bağcılar and Bahçelievler seem to have a local character, it can be argued that Küçükçekmece, Bağcılar and Bahçelievler together carry a central character. There are both manufacturing industry and office areas in Küçükçekmece, Bağcılar and Bahçelievler. Yet manufacture units are showing a tendency of transformation into service offices.

Kağıthane, which appear as one of the squatter settlements between years 1950-1960, is in a position of sub-center under the influence of Şişli. Kağıthane is also an expansion area for Şişli. Together with this there are lands used for manufacturing industry in the district.

Zeytinburnu, which appeared as one of the squatter settlements in years between 1950-1960 like Kağıthane, is a prestigious center today where urban transformation projects are intensified.

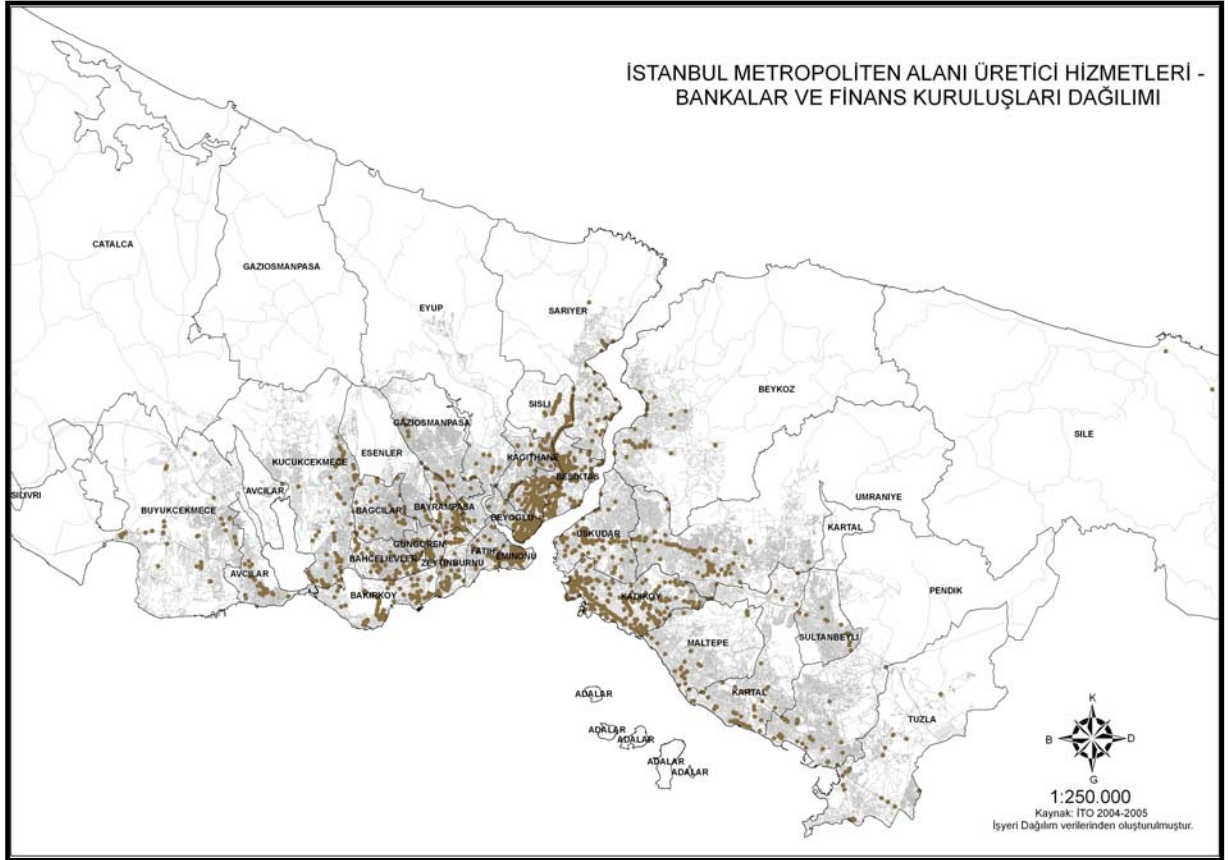
Avcılar in the European Side and Ümraniye, Pendik, Kartal, Maltepe and Üsküdar in the Anatolian Side are seen as other business zones.

Modern office developments have started in Altunizade on the ridges of Üsküdar, just in the exit of The Bosphorus Bridge. By the end of 1990s Üsküdar and Altunizade become places where insurance firms are located. At this point we can talk about a dual central structure in Üsküdar in which there is a traditional center in the shore with commercial-service activities and a center with modern office activities up in Altunizade. Easy access

from Anatolian and European Sides and proximity to the main road TEM highway are advantages for Ümraniye.

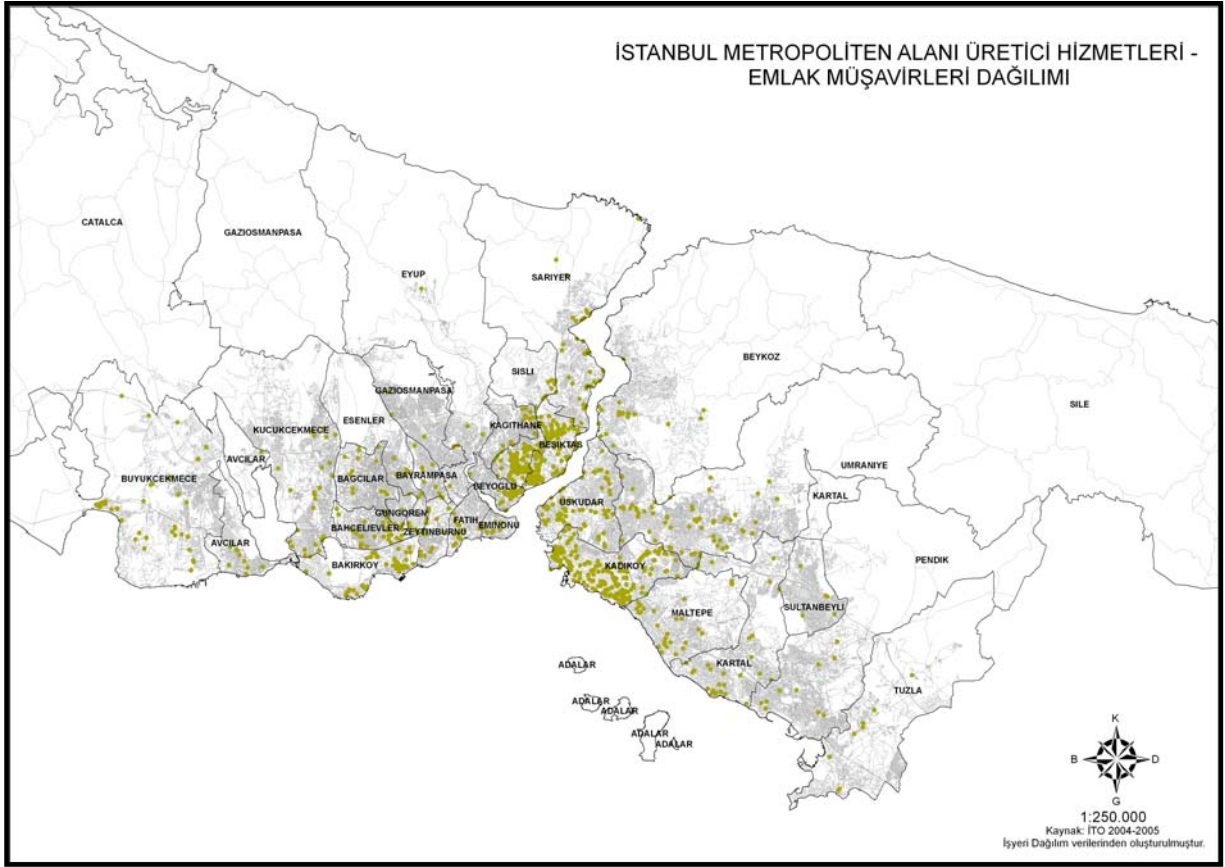
Although Tuzla does not count as a center, it is a manufacturing intense district. Kavacık, which lies within the boundaries of Beykoz, attracts attention as an alternative office area for the Anatolian Side in the last years. Easy transportation to the European Side with the help of Fatih Sultan Mehmet Bridge and low costs make Kavacık area an attractive option for office development. Yet, lack of infrastructure, residential areas and social facilities prevent multinational corporations to locate here (IMP, 2005).

Map 2. Spatial distribution of banks and finance firms

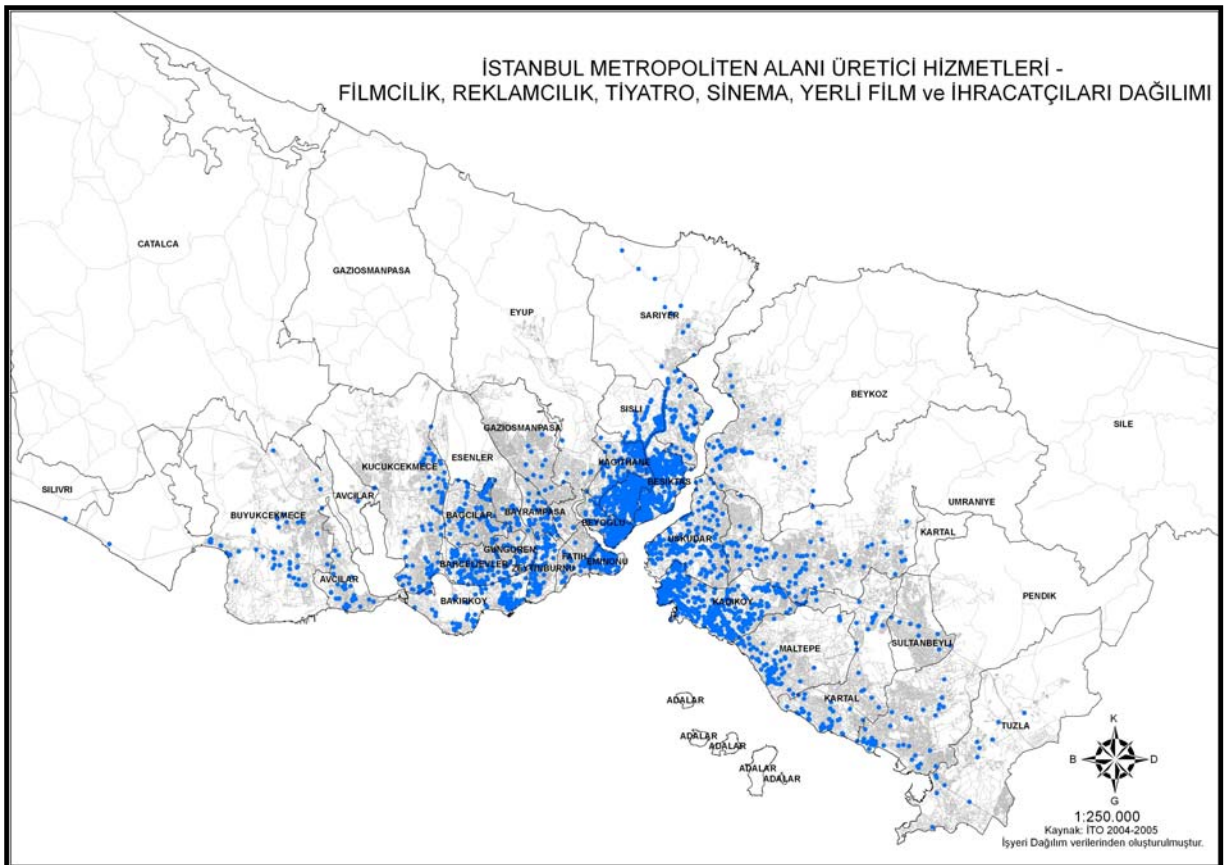


İTO, 2004-2005

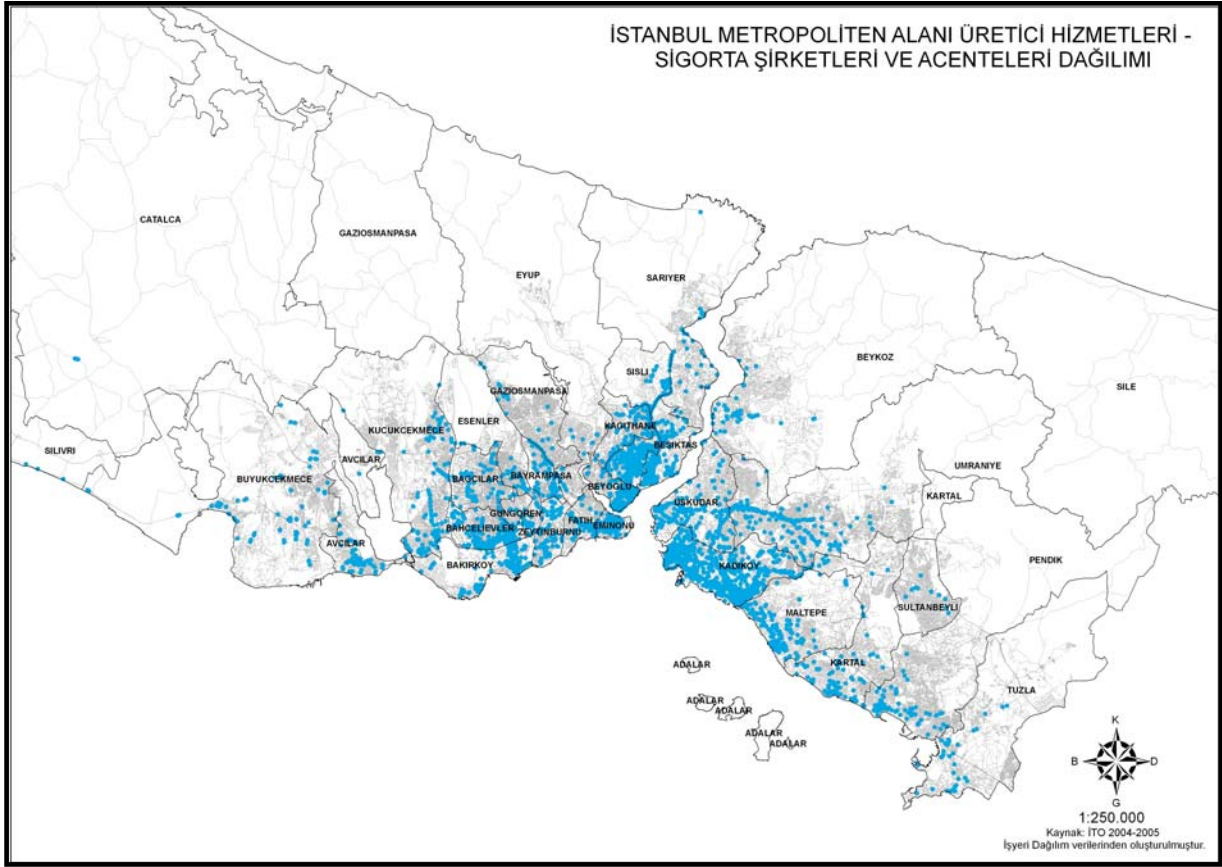
Map 3. Spatial distribution of real estate firms



Map 4. Spatial distribution of advertising etc. firms



Map 5. Spatial distribution of insurance firms



İTO, 2004-2005

In response to the Yenibosna direction developing in the European Side, a new center is developing in Kozyatağı in the Anatolian Side. Levent-Maslak direction in the European Side, which has developed as a continuation of CBD and inhabit important business zones and finance sector firms like banks and insurance firms, is countervailed by a development tendency in Kavacık in the Anatolian Side.

6. COCLUSION

In the Metropolitan Region Istanbul is the only dominant center. There are not any different centers specialized in services that they can cooperate.

There is a multi centered development in the Metropolitan Area. Yet in the last 15 years producer services are clustered in the CBD. This concentration changed the hierarchy of centers and brought CBD to a very dominant position. Importance of Istanbul Metropolitan Area in the regional level is continuing with the dominance of Istanbul CBD.

Şişli, Beşiktaş and Fatih are the districts mostly preferred by firms to locate. Relocation tendencies of firms' show that intensity of CBD would not be lighten up in the near future.

It can be said that lack of business spaces for the service sector in the Central Business Districts as a problem will be severed and even if all vacant places can be spared for this sector there would not be sufficient places taking growing tendency of the service sector into account. Accordingly different spatial strategies in the development of central areas and implementation of planned encouragement strategies appear as a necessity.

Small, medium and large scale manufacturing firms are existent in CBD and other centers. Local administrations prefer the manufacturing industries not to relocate themselves due to employment opportunities they provide.

Central Business District of the Istanbul Metropolitan Area is an area where transportation connections like bridges, highways and sea connections are very strong. Kadıköy, Şişli, Beşiktaş and Beyoğlu which occupy the first four place according to number of producer service firms together have a share of 50% within Istanbul Metropolitan Area.

The head offices of finance, insurance, real estate and consulting firms and professional technical consulting firms are heavily located in Beşiktaş and Şişli, whereas traditional small and medium sized firms are dominantly locate in Eminönü. Transportation and communication, international management, control and coordination activities, finance firms, professional service and commercial activities are concentrated in Kadıköy.

According to the location of firms Istanbul Central Business District has expanded and consequently especially high order service firms locate in this expanded Central Business District. This is a result of a mutual interaction.

After the opening of the Bosphorous Bridge (1973) transportation between two sides becomes easier and this helped Kadıköy in the Anatolian Side to develop rapidly. Kadıköy today is a center with a large hinterland and affects all districts on the Anatolian Side.

In the 1990s offices are constructed around Atatürk International Airport. Additionally, increased rent created by mass housing investments and newly built shopping malls encouraged office construction. There are lots of offices constructed along E-5 highway.

In general for the Metropolitan Area there are sub center developments at the ends of the linear and multi centered structure of the city where effect of CBD is diminished.

Kartal of the Anatolian Side and Avcılar of the European Side are prominent centers in this respect.

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