SERVICES SECTOR
IN ISTANBUL METROPOLITAN AREA

The structural changes that Istanbul will undergo to the period 2025 will be driven by the service sector. With this in mind, the key strategies for future structural change are that:

- Istanbul transforms into a services metropolis instead of an industrial city,
- A poly-centric and balanced urban macro form is developed in which the services sector can operate efficiently,
- 'Advanced Centres' are developed for improving the position of Istanbul in the ranking of global metropoleis and achieving the status of a regional strategic metropolis,
- Quality of societal services and spatial standards are drawn to contemporary and modern levels for a higher quality of life,
- The service sector will play a primary role in the structural transformation of Istanbul both spatially and by sector.

İSTANBUL BÜYÜKŞEHİR BELEDİYESİ

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İSTANBUL BÜYÜKŞEHİR BELEDİYE BAŞKANLIĞI
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1. Present Position

The State Institute for Statistics (SIS) states that there are 10,018,735 people living in the Istanbul province according to the general census carried out in the year 2000. The total number of the workforce is 3,471,400 equating to an activity rate of 0.34. Approximately 2,066,955 persons (59% of the workforce) are employed in the services sector. By the year 2025, it is projected that the activity rate in Istanbul will rise to 40% with the services sector accounting for 80% of workforce activity. An additional source of statistics, the 2002 workplace census which too was carried out by SIS, reflects employment in services sector as 1,090,985 for the year 2002. The workplace census does not take into account unregistered employment, thus explaining the disparity between the two censuses.

In terms of National Gross Domestic Product (GDP), in the year 2000, Istanbul accounted for 22.1% GDP. In the same year, the province achieved a development ratio of 62.9%. The services sector together with the construction sector constituted a very high portion of the provincial GDP in 2000, that is to say 71.5%.

Specifications of the Sector

With reference to the services offered to individuals and to companies, service activities can be categorized in two groups, namely the Societal and the Business Services:

Societal Services - Refer to social infrastructure comprising of education, health, recreation and sports, culture and administration, etc., serving the general public directly and other sectors indirectly. Its sufficiency, quality and accessibility have a strong influence on quality of life. Studies on districts of Istanbul have shown that the provision of social services in residential areas is insufficient with respect to person-per-square-meter standards.

Business Services – Refer to advanced services (Finance and Management / Decision Units) and advanced production services serving also the former, such as property investment consulting, legal consulting, accounting, software development, advertisement, engineering, architecture, research and development activities are key issues in the formation of the central business district (CBD) and play a significant role in the emergence of the inter-national and inter-metropolitan network at a global scale. Therefore, the fields of activities outlined in this section have been identified for further spatial analyses.

Surveys carried out in 6180 advanced services companies and management sections of companies in the production industry have illustrated that 1/3 of the companies in the business services were planning to increase employment in the near future.

Only 2% of the companies with their production and management units at the same location were planning to move either one unit to some other location.

Spatial Tendencies: Employment and Current Centres Distribution

The Imbalance between European and Anatolian Sides - The analysis of the services sector in the Istanbul Metropolitan Area by districts and changes in the period 1992–2002 show that there is an uneven distribution of the services sector between the European and Anatolian Sides. Although there has been an increase on the Anatolian Side within the stated period, employment in services sector however could rate as much as 1/3 (Figure 1). It should also be noted that the increase rate in employment was higher than in the European Side.

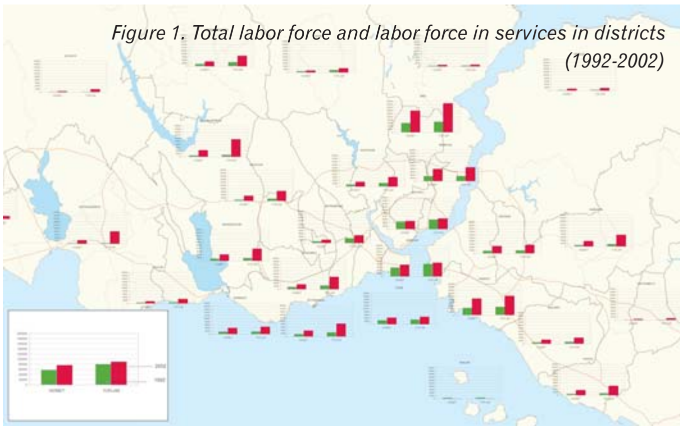


Figure 1. Total labor force and labor force in services in districts (1992-2002)

Continuing dominance of the Central Business District - Data from 2002 suggests that districts covering the CBD have been employing 1/3 of the total of the services sector. The Şişli district has the highest services employee ratios. In addition, the districts of Kadıköy, Beşiktaş, Eminönü and Beyoğlu support high numbers of services employees (Figure 2).

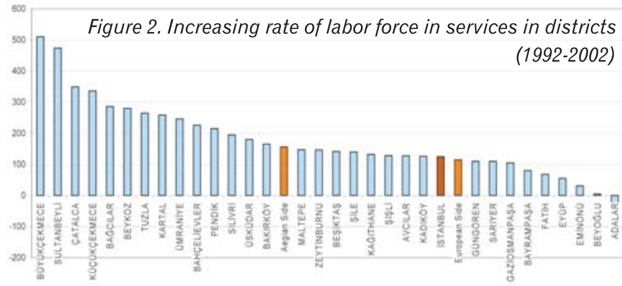
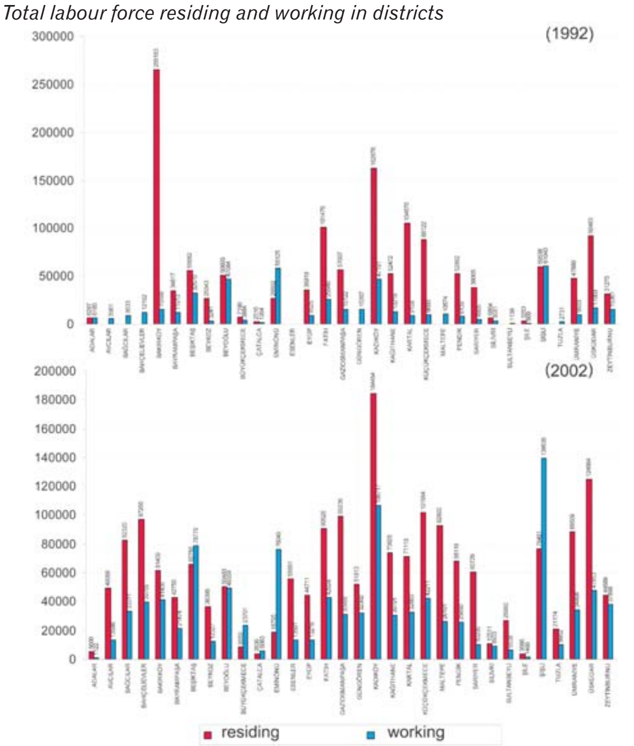


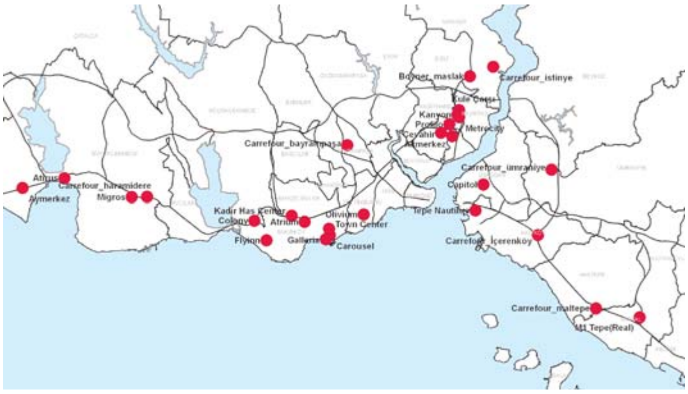
Figure 2. Increasing rate of labor force in services in districts (1992-2002)

All districts apart from the Adalar (Prince Islands) have registered an increase in services employment in the period of 1992–2002. Whilst employment rates in the periphery have been lower than the central areas, they have none the less witnessed significant increases in services sector employment. The districts of Büyükçekmece, Küçükçekmece and Bağcılar districts in the West and Sultanbeyli, Beykoz, Kartal, Ümraniye and Pendik in the East are all credible examples in this respect. The increasing rate of employment in the Historical Peninsula and Beyoğlu is below the centre average for Istanbul whilst Şişli, Beşiktaş and Kadıköy have witnessed increases in excess of the centres average. Although it is evident that there has been a significant increase in the rate of employment in the periphery for the period 1992-2002, it is not possible to confirm a decentralization trend associated with the CBD.

Total labour force residing and working in districts



According to the results of the 2006 Land Use Survey, the surface area of services is 15,565,934 m2 and the number of firms in this area is 115,072. Yet the shopping malls have spread in the Metropolitan Area during the last 10 years, the distribution of these can be seen below.



Area (thousand m²)	Number	%
1–50	8	31
51–100	13	50
101–200	4	15
201+	1	4
Total	**26**	**100**

2. Structural Transformation of Istanbul

In order to efficiently manage the future structural transformation of Istanbul and to maximize outputs, a number of strategies have been identified as follows:

· In transforming Istanbul from an industrial city to a metropolis with a weight on services sector, employment in industry should be kept constant while opportunities in the services sector should be promoted in order to raise international competitiveness. It has been projected that the activity rate will rise to 40% and the employment ratio of the services sector within total employment will be 80% by the year 2025.

· Efficient functionality of the services sector in the spatial organization of the metropolitan area is crucial. Therefore, poly-centric urban development is necessary. Principally, development should be dispersed throughout the metropolitan area through centres, sub-centres and focal points.

· Advanced Centres should be developed for improving the position of Istanbul in the ranking of global metropoleis and achieving the status of a regional strategic metropolis. 'Advanced' stands for being in close relation with the dynamics of international activities and linking to economic global urban networks. Attractive centres with advanced services should be built for European and other global finance and management services. These centres should dispose of fast communications and transportation infrastructure for international access.

· Development of information economies should be supported. R&D opportunities of the universities in Istanbul with the participation of the private sector should be increased. Thus new opportunities for application of the scientific knowledge should be created. Emerging sectors from these activities should be utilized as nuclei for the establishment of new centres. In this context health sector and techno parks are being considered.

· Sustainability parameters and quality of life define modern service standards and spatial standards. In this framework, accessibility to societal standards should be increased, nature should be protected and healthy living environments should be created.

Services Employment and its Distribution into Districts by the Year 2025

Scenarios have been developed for three different annual growth rates for the projection period of 2000 – 2025. While the first scenario predicts a 4% growth rate and disruption of the EU-Membership process already in progress, the other two scenarios predict 5% and 6% growth rates with continued EU-Membership processes, being normal and optimistic respectively.

In addition, possible increases in public services employment resulting from a possible increased demand arising from the progress in GDP per capita have also been calculated and results have been calibrated accordingly.

In the worst-case scenario, the total increase in the services sector would be 40.5% and total employment of 2,58,530 persons. On the other hand, the best-case scenario predicts a rise of 52.1% and employment of 3,208,361 persons. Normal scenario expectations would result in a 46.6% increase and 2,879,344 employees, respectively (Figure 3).

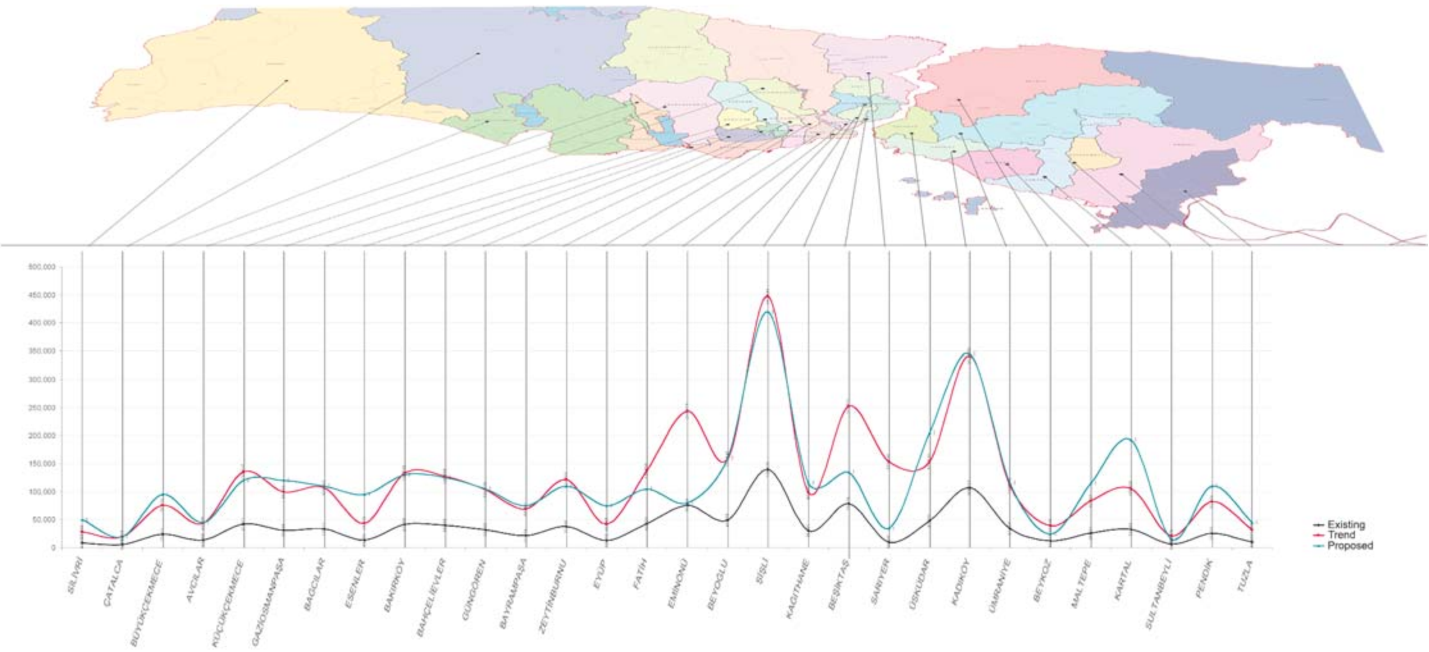
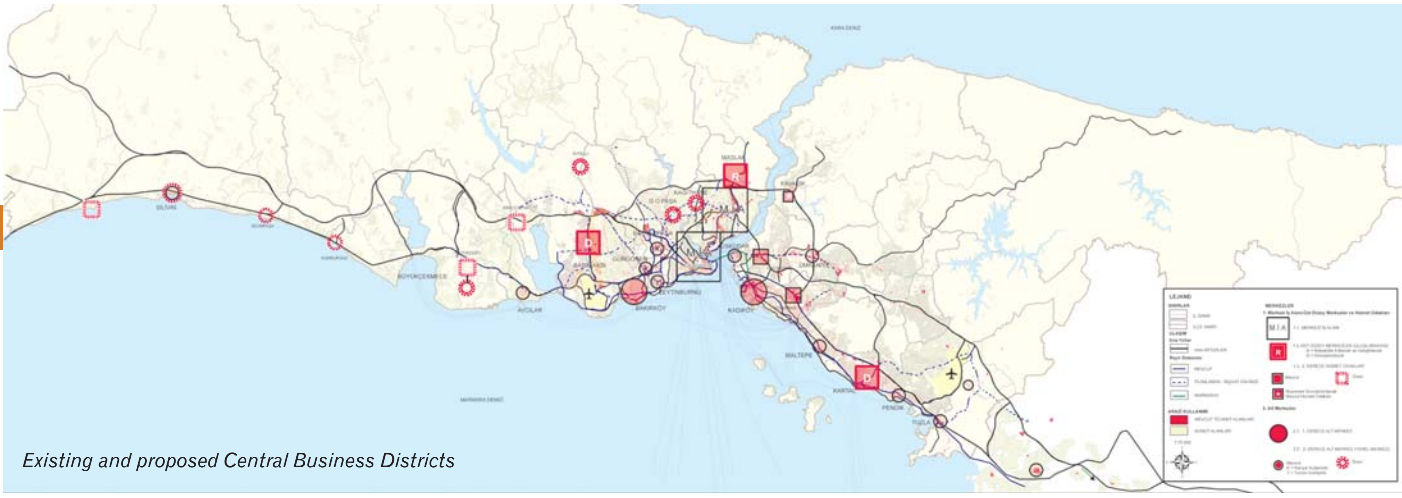


Figure 3. Projection of labor force in services in districts



Existing and proposed Central Business Districts

Proposed Hierarchy of Centres

A hierarchy of centres in Istanbul is proposed with a remit of providing support in establishing the foundations and development of a poly-centric urban structure on the basis of projections and predictions. The proposed hierarchy is dependent on a number of influences of the services on national, regional and metropolitan scales. In addition, the tendency of constituting new centres, which is becoming more important in the globalization process, is considered as a major criterion. In this respect, the proposed hierarchy of centres in Istanbul comes under three ranks of *'Advanced Centres'*, *'Sub Centres'*, and *'Pull Centres'*.

1. Advanced Centres (*Centres of High Order Services)*

These are the linkages of Istanbul to the global metropolitan networks. They claim to be attraction centres for EU and global finance, management and other advanced services. There are different advanced services under consideration for the new centres.

Central Business District (CBD) and Surroundings

The CBD extends from the Historical peninsula to Maslak along the Büyükdere axis. Although it is commonly considered as a uni-polar centre, it is structurally divided into two:

Historical Centre - The Historical Peninsula-Beyoğlu-Şişli-Beşiktaş axis is developed as the spine of the conventional urban pattern. It harbours finance, management and advanced services starting with the Beyoğlu Peninsula. Historical Centres play the 'locomotive' role in the economic attraction of the metropolis, as can be seen in the comparative studies on metropoleis in the EU. Thus, without disturbing residential use and being sensitive to the surroundings, the allocation of advanced services and functional diversity should be encouraged in the Historical Centre.

Büyükdere- Maslak -This area has different peculiarities as part of the CBD. It has developed virtually spontaneously in an 'unplanned / planned' manner as a 'prestige' centre. This is a central area where advanced services are concentrated. However the continuing growth is characterized by oil stain type of development. Therefore, this developing centre needs '*to be spatially rehabilitated*''. Büyükdere- Maslak and Kağıthane should be considered together in a network for orienting the CBD development. This would be the approach for preventing uncontrolled development to the North, where natural resources are located, and for diminishing the pressure on the Bosporus.

Advanced Centres for decentralization of the CBD in the East and the West

Kartal in the East - This area has the potential for becoming an advanced centre, due to an industrial base already undergoing transformation, new transportation projects, high connectivity with the European Side via sea-transport, proximity to the Anatolian Airport of Istanbul (SabihaGökçen) and proximity to the Gebze Organized Industrial Zone.

Yenibosna Basin Yolu in the West - *This* area is proposed as an advanced centre depending on its connectivity with the European Airport (Atatürk) and similar specifications.

Service Nodes

These are specialized or mixed used economical development nodes (Zeytinburnu, Bayrampaşa Wholesale Market and surroundings, Giyimkent, Tekstilkent); or office and trade nodes placed outside the existing centres (Altunizade, Kozyatağı, Kavacık).

2. Sub-centres

These are trade and services centres serving the population in the vicinity. There are two grades of sub-centres:

First Grade Sub-Centres - These are regional sub-centres on both sides of the Bosporus (Bakırköy-Bahçelievler, Kadıköy).

Second Grade Sub-Centres - These are district centres based in lower grade quarter centres. Proposals to establish centres at this level are only made when there is no established sub-centre in the given quarter.

3. Pull Centres

New pull-centres and development areas are proposed on the European and Anatolian Sides for the development of a poly-centric metropolitan region. The utilization of clusters and accumulation economies for innovative sectors is proposed.

Development of the service sector should be restricted in forest areas and in locations posing a threat to water-basins. For this reason, development of office areas for example at Kavacık located at the Anatolian Foot of the FSM Bridge, as in Maslak, should be prevented because of its proximity to the forest areas. Furthermore, the centre of Ümraniye is located adjacent to a boundary of 'protected natural resources'. Sultanbeyli and Samandıra are located within forest areas and therefore development of trade and services in these settlements should be restricted. ■

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Bimtaş