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R O U N D T A B L E 2 0 0 9

INFRASTRUCTURE AND HOUSING IN TOMORROW'S ISTANBUL

Turkey's urban centers and Istanbul in particular are growing rapidly, with Istanbul's registered population expected to expand to 14.5 million people by 2015. The need for new housing to support this brisk growth and replace ageing homes not up to earthquake safety standards will require an estimated 600,000 new residential units constructed each year in Turkey, with 250,000 in Istanbul alone. The current infrastructure in Istanbul is already overwhelmed at today's population levels, and with per capita income rising steadily, the number of vehicles per household is set to rise as well, exacerbating the mega-city's legendary rush-hour gridlock. Major projects are underway and in the pipeline to address the pressing housing and infrastructure needs. But are they sufficient? And how is the global financial crunch impacting these projects? Is sustainability being adequately taken into account? And will Istanbul continue to develop as a mono-centered city, or can it be efficiently divided into multiple centers? Real Estate Publishers asked a panel of local experts for their insight on tomorrow's Istanbul.

By Bernd Struben

PARTICIPANTS:



Participants of the 'Roundtable on Infrastructure and Housing 2009' from left to right:

- **Faruk Gosku**, Founding Member and Partner of Urban Strategy Ltd. Co.
- **Murat Ergin**, Managing Director of Kuzeypati Worldwide Real Estate Services
- **Prof. Dr. Ibrahim Baz**, CEO of IMP (Metropolitan Planning and Urban Design Center)
- **Haluk Sur**, Chairman of ULI Turkey
- **Levent Eyüboğlu**, Managing Director of Multi Turkmall
- **Erdoğan Bayraktar**, Chief of Turkey's Mass Housing Administration (TOKİ)
- **Anthony Khoi**, President of Cenor Group

< Turkey's urban centers are growing rapidly.



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In Istanbul many residential and office developments are constructed without any financing.

How has the international financial crisis impacted Istanbul's ability to move forward with planned projects and those already under construction? Has it affected the progress of the earthquake program?

Faruk Gosku: "Istanbul is termed as 'The Bicontinental Mega City' with its population extending over two continents. The latest international financial crisis inevitably did have important effects on the ongoing investments throughout the metropolis. The city generates 27% of national GDP, 38% of total industrial output, 50% of services and 40% of Turkey's tax revenues, and the global financial crisis had its effects on all the sectors. One of the most effected sectors is private construction in housing. Many new

large-scale technology investments nearly came to a halt because of the sharp decrease in demand and the inability to service housing loans. On the contrary, public sector investments – especially underground, like the metro and other urban transport investments by the Metropolitan Municipality – are continuing with the same speed as before. The earthquake program is also continuing, though with some delays, and funding from both national and international sources such as the IBRD, EU and others is continuing."

Murat Ergin: "Those projects where financing was secured before the financial turmoil are already under development. This remark can be made for all commercial and housing projects as well as infrastructure projects, including earthquake relief or

related programs. However, the financial crisis showed its effects deeply on those projects where bank finance is still required. Since all foreign/international developers and investors look towards high leverages, their projects have been the most radically effected compared to local developers and investors. Local developers historically depend more on equity finance and hence their projects are making far more progress compared to international developers."

Erdoğan Bayraktar: "The international financial crisis has had an impact on the ongoing projects and planned projects in Istanbul but this effect has been relatively small in comparison to other big cities worldwide. There are some delays in the multi-billion dollar projects and in some luxury housing projects but there is still

increasing attention on the residential and commercial property market in Istanbul. The progress of the earthquake program, and other programs operated by the central and local government authorities, have not been affected very much."

Anthony Khol: "The Turkish market has a very specific character. In many international markets land and property values dropped up to 50%, like in Romania and Poland. The big problem in the market today is finance. In many countries people have an obligation to get out of their property and they have to sell. In Turkey, most owners are not under obligation to sell. You see this because there are not any quality office buildings for sale, and this is overall the case in commercial property, especially in Istanbul. We can consider this crisis as a real opportunity for Turkey. Now is the time to extend and do renovations, to clean the projects and make them ready for tomorrow. Today is not the last day; we are looking for the next day. Many of the local shopping centers and many of the residential and office developments are constructed without any financing. The land and a lot of property are owned by the national government, by the cities, by institutional players or by the big families. These players do not need to sell the land; the country is not for sale. This means the stabilization of the price, which is related to people's ability to keep the land for a longer time. If all the banks needed to sell property right away because they are in difficulty, then the price will fall steeply. But in Turkey today there is not this sentiment of everyone wants to sell something. There is no large debt burden."

Ibrahim Baz: "The international crisis in the finance sector influenced the financing of large-scale projects all over the world. Istanbul's ability to move forward planned projects was in fact not affected negatively, because the crisis occurred as international real estate finance actors were considering the city. From one perspective, it is not a good sign during the adaptation period when actors fail one by one. From another perspective, this period can be used for local and international learning, capacity building for a more sustainable business environment that depends on a strong fiscal system, like the structural reforms in Turkey's banking sector following the local financial crisis in the 1990s."

Haluk Sur: "According to figures released by the Turkish Statistics Institute, the Turkish construction sector dropped by more than 4.3% in the third quarter of 2008, representing an overall drop of 1.1% in the first three quarters of the year. Sector growth was 20% on average in 2005 and 2006 before dropping to 5.7% in 2007. It is estimated that the housing market will turn around in the second half of 2009 and emerge from the recession. The dynamics of the Turkish real estate market remain the same and will continue to offer many opportunities. The planned projects and those already under construction have been through a hard period, however, the strong and well-planned projects will always continue to perform in the following period. As one of the world's most earthquake vulnerable cities, Istanbul has undertaken a series of earthquake programs as well as urban regeneration projects."

Levent Eyüboğlu: "Istanbul ranks among the world cities where the real estate sector is growing at a rapid pace. There are hundreds of projects in existence, some in the planning stage while work has started on others. The international finance crisis has taken Turkey into its grip as well. Yet the sectors affected by the crisis are quite diverse. As far as the construction sector is concerned the effects can not be said to be very severe. It is particularly impossible to speak of large-and medium-scale projects left unfinished due to the crisis. Quite the reverse, the construction sector sustains its role as the leader, despite some difficulties. The government itself is investing in the housing production sector through the Housing Development Administration of Turkey (TOKİ), endeavoring to break the effect of the crisis beginning from this sector. While some projects have been postponed or cancelled, many projects exist that have been rapidly completed or recently begun. Particularly firms engaging in strong, correct planning and investments have not been overly affected by the crisis. >>>



Faruk Gosku,
Founding Member and Partner
of Urban Strategy Ltd. Co.



Prof. Dr. Ibrahim Baz,
CEO of IMP (Metropolitan Planning
and Urban Design Center)

For instance we, as Multi Turkmall, are going to open the Forum Istanbul Shopping and Life Center, which is our largest project in Turkey, by the end of this year. And we won't stop there; we're laying the foundation of our second project in Istanbul in May. The earthquake program of Istanbul is not a short-term program. The minimum period foreseen of preparing the existing building stock in Istanbul for an earthquake is 10 years. And there is no indication of a hitch in this program."

Ibrahim Baz: "Another issue with housing project financing is the mortgage system itself, which was only introduced to the Turkish housing market recently. In the early period, this global crisis emerged as the result of mortgage problems in the USA. Therefore, there are similar patterns in the sequence of meeting international actors and a mortgage system that are the core aspects of the crisis. In Istanbul the public investments for transportation, including Marmaray, metro, metro-bus, and other transportation projects, carry on. Although almost half of the budget of Metropolitan Municipal (MM)

has been allocated for transportation investments capturing rail transport, new legislation changed this situation regarding metropolitan municipalities in 2009. The railways, including metro systems, were transferred to the Ministry of Transportation and they will finance the already started projects and new ones for a five-year period. MM has almost completed the locations and context of the projects for future investments. Those major infrastructures are also being taken into account for the Istanbul Finance Center project and the newborn Istanbul Development Agency agenda. Apart from that, MM is involved in renewable energy, generating electricity from solid waste, and the operation and maintenance of natural gas and drinking water. Earthquake mitigation projects are also carrying on in spite of the financial crisis, especially infrastructural strengthening for bridges, viaducts, energy lines, and public buildings. MM has carried out an extensive survey in existing housing areas in the districts that are under risk. The outputs of those surveys showed the relevance of science-led urban regeneration that is expected to be in the agenda of the newly-elected local government. According to the master planning studies existing since 2005, the new urban centers that will be built are in the project development and partnership modeling phases. For instance, the construction of Kartal's large new metropolitan center development is being shaped by its own partnership model that suits local conditions and dynamics, a PPP based on domestic/landlord financing, but open for new partners together with MM."

Will the new infrastructure projects adequately cope with Istanbul's growing population?

Murat Ergin: "Istanbul has an exciting and remarkable list of infrastructure projects such as the underwater railway crossing, Marmaray and new metro lines as well as the new terminals of Sabiha Gokcen airport. Compared with the last decade, the transportation is at a much better standard while pollution is mostly under control. Provided that the local municipalities as well as the central government do not cut spending, we expect to see further improvement in the quality of life in Istanbul."

Faruk Gorku: "Both the central and local government give priority to infrastructural projects in

Istanbul and in other major regions. Large water supply projects for urban areas, investments in intra-and inter-urban transport, and extending the use of natural gas and environmental projects are all underway. It is very difficult to cope with the needs of the rapidly increasing urban population but the public sector and BOT models with the private sector are aiming to cope with this challenging issue."

Levent Eyyüboğlu: "Istanbul is on its way to becoming one of the most important financial, tourist, cultural and commercial centers of the world. With powerful foreign investors from around the globe, shopping centers, hotels, and congress and business centers are opening one after the other, or are in the

project development stage, and along with new residential real estate projects, culture-art, and sports activities, change is rapidly taking place. This city, which has been host to the most important civilizations in the world throughout the centuries, will be the bright face of Turkey, and it will undertake a significant role in national development through the economic power, employment and added value it generates. In this spectrum, that ranges from tourism to real estate, from construction to food, from entertainment to the service sector, almost the whole world of business wants to make a place for itself in this future. Istanbul's municipal administration, its investors, its scientists and most important of all its residents are



Levent Eyyüboğlu,
Managing Director of Multi Turkmall

very much aware of the necessity of having an infrastructure that is fit for this vision and ambition."

Haluk Sur: "Real estate demand is being supplemented by publicly-tendered infrastructure projects that range from the expansion of the electricity grid in terms of thermal, hydro and nuclear power plant projects, to transport upgrades such as third Bosphorus Bridge and the Istanbul Marmaray Tunnel."

Ibrahim Baz: "The adequacy of new infrastructure projects should be tested according to population growth; therefore, master plan proposals for limiting the urban development and encouraging linear development with an emphasis on urban regeneration are the key elements of the adequacy and efficiency of infrastructure. Our major argument with 16 million inhabitants in one city is the maximum limit for sustainable development and quality of life. So if the density continues to concentrate on particular areas, the infrastructure would not be enough for those citizens. As we make investment on big infrastructure, at the same time, we must encourage a physical >>



Istanbul has a remarkable list of infrastructure projects, like the Marmaray rail tunnel beneath the Bosphorus river.

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Erdoğan Bayraktar,
Chief of Turkey's Mass Housing
Administration (TOKI)

decentralization policy for distribution of efficient investment within the city. Integration of countrywide economic policies and regional development policies are crucial because we are still providing significant input from Istanbul to the State Planning Organization as well as ministries about how investment preferences should shape according to a balanced spatial development."

Erdoğan Bayraktar: "It is not easy to say yes to this question. Istanbul and Turkey are still trying to catch up with the



Anthony Khoi,
President of Cenor Group

demand and need that arose decades ago. Istanbul is the largest and one of the densest cities of Turkey. It has more than 12 million residents and is still pulling migration. It hosts 15% of Turkey's population and 21% of Turkey's housing stock. Therefore, there are still many things to be done in terms of infrastructure. However, the ongoing and planned projects of the Government and Istanbul Metropolitan Municipality will meet most of the need when they are completed."

Are housing needs being met in Istanbul and other cities? Could more be done?

Haluk Sur: "It is estimated that there is an annual need for 400,000 new family residences in Turkey. However, current construction is only meeting part of this demand and there is a shortfall of around 100,000 units. There are important opportunities for both local and international real estate developers to be able to supply this demand."

Anthony Khoi: "Many projects have stopped and the market has come to a slowdown because the public is not buying as fast as before, but this has nothing to do with a local bank crisis. With the residential market in Turkey it's not necessary, in most cases, to have bank financing; people pay in cash. After 2001, the Turkish banking sector was heavily regulated, particularly with real estate. It's one of the safest banking sectors in Europe."

Erdoğan Bayraktar: "There are 1.5 million buildings in Istanbul and approximately half of them can hardly meet adequate living standards, and some of them are illegal squatter settlements. Moreover, the existing housing

stock should be rehabilitated as a precaution to earthquake risks. The situation is similar in many cities of Turkey. TOKI and the local authorities are trying to meet this demand, but definitely more can be done, particularly in the social housing segment."

Faruk Gökten: "In Istanbul the housing supply is extending from pure privately financed single units, through cooperative housing, to publicly initiated large-scale residential complexes. The same situation is more or less true for other cities also. Given that Turkey ranks first amongst the OECD countries in terms of average annual population growth in urban areas in the last 20 years, over 3.3%, and the fact that Istanbul rates first among OECD metro regions in terms of annual population growth during the last 15 years – with Izmir and Ankara coming in second and third – the need for adequate urban housing is evident. Though large sections of the residential areas of these cities are still low-income, sub-standard housing, urban regeneration projects are underway to transform these areas into higher quality residential districts."

İbrahim Baz: "In Istanbul, there are more houses and dwellings than households purely in terms of quantity. From that side there is no need for new housing. On the other hand, there is a strong need for new quality houses. Our challenge here is to mitigate the earthquake risk and enable quality of life in the metropolis. For that reason, our priority focus is on the quality of housing in already settled areas, in other words urban regeneration. The free market players have a good performance in new development sites, and public sector actors like TOKI and the Municipal



PHOTO: REAL ESTATE PUBLISHERS/AJICE DE CROOT
Luxury homes along the Bosphorus; private companies shrink from building affordable houses due to high land values.

Housing Corporation, KIPTAS, are also actively producing houses. In Istanbul there is always more to be done. Introducing new instruments to ease the process of urban regeneration – which we are learning and assessing from recently experienced projects in Tarlabasi, Zeytinburnu, Fatih, Kucuk Cekmece, Haydarpaşa – is an important one. The complexity of the legal framework was also an important challenge to shift to a flexible, but grounded framework. IMP is also providing input for the process of Urban Regeneration Law. By its experimental nature, IMP uses advanced and integrated ICT applications, and we used 3-D city-modeling techniques as a decision-support tool in Haydarpaşa, which will increase the quality of project develop-

ment. Here we observed that local and international actors' capacity should be built up. This need was also observed in other projects we experienced."

Murat Ergin: "To begin with, nobody lives on the streets in Turkey. Turkey's housing stock may be somewhat less than international standards but everyone is either a tenant or a house owner. Most of the need arises from urban regeneration projects and as soon as mortgage finance becomes available at affordable rates, the new housing boom will start happening."

Levent Eyiiboğlu: "According to reports from GYODER, 8 million houses will be required throughout Turkey through 2015. The main factor creating this demand is the high number of houses that remain vulnerable to earthquakes. Furthermore, the population

increase of around 1.5% and the 2.5% rate of urbanization support the increase in the demand for housing. The major part of the demand in the housing sector comes from the middle-and lower-middle income groups who want to reside in recently constructed and safe housing developments with social facilities. And private companies shrink from building affordable houses due to the increasing construction costs and high land values. In the future, whether this great demand is met will depend on the decrease in the housing prices following an incentive for lowering land values. In the last few years, developers who are aware of the housing deficit for the middle income group in particular have begun constructing houses for this group in the areas where land costs are relatively low." >>



Murat Ergin
Managing Director of Kuzeybatı
Worldwide Real Estate Services

The residential sector, particularly for lower- and middle-income families, is largely provided for by domestic companies; is there a role for international investors and developers in this market?

Erdoğan Bayraktar: "Domestic companies are highly competitive in the housing construction sector in Turkey. But this does not mean that there is no place for foreign players. Now is the best time for international investors and developers to enter into the market. The Turkish Government is trying to ease the processes for foreign developers."

Ibrahim Baz: "There are some international players already engaged in shopping mall, office and hotel development, but for the residential sector they prefer to be in long-term leasing and management. W Hotels chain is running a recently renovated historical residential area but in the project development phase local players were involved. We are welcoming new players into the housing markets, such as a mid-income residential project investment company from Mexico, researching and understanding

the dynamics of the housing and finance markets. Investors do not want uncertainty and look for stable market conditions. We can say that our housing market is in transition and not so easy an arena for international players that do not want risk. Our dynamic is just like our unique location; both European and Asian but more importantly the bridging function itself that captures both ways of doing business."

Murat Ergin: "Unless they bring along finance at better terms than is available locally or they bring along lower cost construction techniques, I do not see how they can be competitive in one of Europe's already very price competitive and quality conscious markets."

Faruk Gaskar: "I think there is a market for international investors and developers in the housing sector, especially in Istanbul, Ankara, Izmir, Bursa and Adana with their growing population and increasing domestic output. Currently, foreign funds and companies do search for investments in middle-income housing-besides their existing investments in shopping malls and mixed-use developments.

Turkey, and Istanbul especially, is a growing real estate market supported with new instruments such as REITs and the mortgage system."

Levent Eyüboğlu: "According to 2007 figures, foreign capital entering the Turkish real estate sector has reached US \$900 million. The economic development and sustainable growth registered by Turkey over the last few years have led to a significant increase in interest by foreign investors in the real estate sector. However, investments have concentrated on shopping centers and offices that

have shown a rapid increase over the last years. I do not think international investors will show interest in the field of housing to be developed for low- and medium-income families, particularly not during the crisis. These houses are being developed by local construction firms as well as TOKI. And TOKI is fulfilling a significant need in this area."

Haluk Sur: "TOKI has been the single public authority responsible for providing social housing to low- and middle-income groups for 25 years. It currently operates directly under the Prime Ministry and has a special law framing its activities. For the private sector and international investors and developers, lower- and middle-income family housing can only be profitable if the land is acquired cheaper because the current land prices are around 40-50% of total costs. Sales to foreigners were suspended in April 2008 while new regulations were formulated and foreign investors unfortunately have been put off by the property law uncertainty. Some investors are slightly worried and are waiting until autumn 2009. We believe that essential steps will be taken to attract international investors and developers in the following period. The investment potential of property in Istanbul is still immense, and anyone with the foresight to buy property now is bound to reap rewards both from price increases and in the rental market."

How much of a factor is sustainable development in Turkish real estate?

Murat Ergin: "Turkey is definitely behind Europe in terms of sustainable development stan-

dards. However, there is a growing trend towards environmentally friendly developments. This is enacted by both state measures as well as a growing consciousness towards sustainable urbanism. It is very interesting to note for example that Turkey will be the 13th state in the world to ban smoking at all public spaces effective in summer 2009."

Levent Eyüboğlu: "One of the most significant factors cultivating the interest of international investors in the Turkish real estate sector was sustainable economic growth and favorable market conditions. The demand for eligible office buildings and eligible residences particularly in the city center continues. One of the most important factors contributing to the advancement of the sector is the importance attached to the concept of quality. Real estate firms and suppliers who have embraced the principle of total quality within their corporate structure will achieve productivity in their work and continuity in customer satisfaction. In tandem with the rising number of firms who arrange their management systems, work processes and service structure within quality standards, the improvements in the construction sector will gain speed as well. Providing the firms incentives within the scope of production support will have a positive influence on the process as well."

Ibrahim Baz: "There is a growing trend on sustainable development in different sectors related to real estate. We as IMP put sustainable development as a main principle in our planning studies, and also at the project development level. For instance we are playing a crucial role in

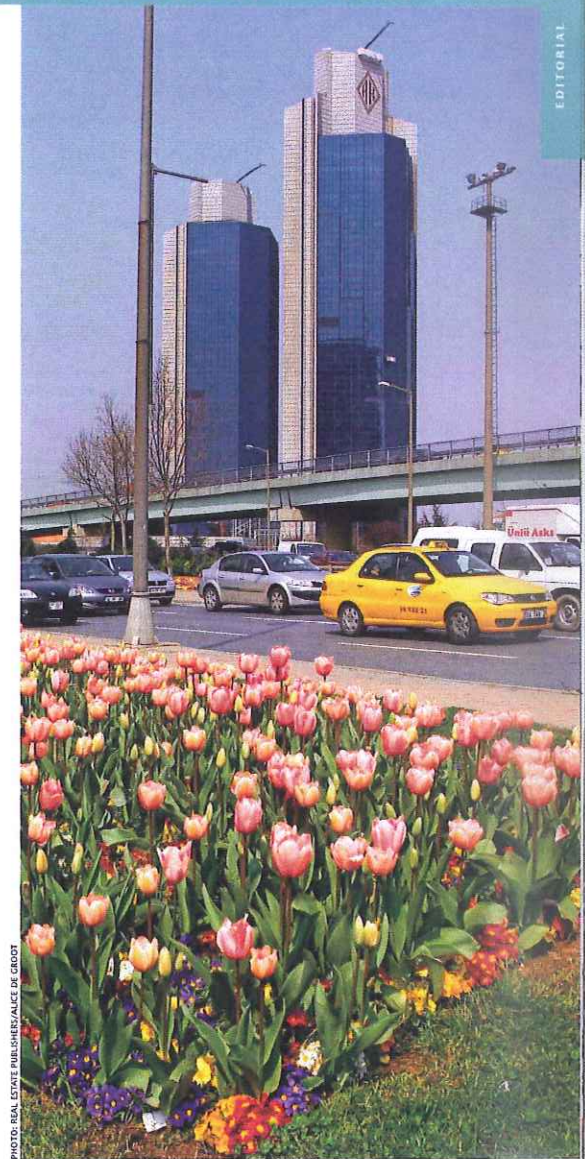


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>> There is a growing trend towards environmentally-friendly developments in Turkey.



PHOTO: REAL ESTATE PUBLISHERS/ALICE DE GREGO

Istanbul is an ancient city; today 15 million people are trying to live in a space built to hold a fraction of that number:

creating awareness for different actors in the public and private sectors. While focusing on urban regeneration, we are trying to reflect sustainability in terms of economic, social and environmental dimensions at the project level. International fairs for renewable energy, and the World Water Forum have been good opportunities for emphasizing sustainable development. Climate change is coming onto the agenda for urban planning, and MM is already involved in various research projects with both local partners and EU projects.”

Faruk Gosku: “Turkey is continually developing and enhancing its administrative, legal and financial framework in the real estate sector. New instruments such as REITs, modern laws and regulations, internationally funded real estate research &

studies, and the Real Estate Appraisal System monitored by the Capital Markets Board, all contribute towards sustainable development in the Turkish real estate sector. Coupled with these new arrangements for a more transparent and a more efficient market, like the emerging secondary markets in the mortgage sector, foreign real estate funds are showing continuing interest in Turkish real estate. The present international comparative figures include Istanbul as one of the cities with the highest returns on investment in the real estate sector.”

Erdoğan Bayraktar: “Sustainable development is becoming a popular trend in the Turkish real estate market in parallel to what we are seeing in the developed countries. Many steps are being taken in this regard at the national government level, with

local authorities, in the private sector, and with NGOs.”

Haluk Sur: “Sustainable development has become one of the major issues in the Turkish real estate market, as elsewhere. However, sustainability is not possible only through politics but also requires making people who use the resources gain environmental awareness. Individuals should fulfill their duties as responsible citizens in order to achieve sustainable development with regards to environmental protection. The environmental dimension of sustainable development is necessary for the continuation of life on earth. In this respect, most reputable and prominent development companies are focusing on sustainable development and some necessary law amendments have taken place in the recent years.”

Anthony Khoi: “This issue is not first in line in Turkey. It’s typically a question of the progress of a society. We are coming to that. When it comes to questions of the environment and natural energy, I think that Turkey will go in this direction very fast; most centers are looking at getting their costs down. But there are other priorities at the moment, so we need to go step by step. We need pioneers from the service companies who can provide these sustainability services, and there will be demand for that. Most of the big shopping centers are managed by international companies, who already have sustainability policies in place.”

What is your vision for Istanbul – will it continue to develop as one large city or divide into a central city and suburbs?

Ibrahim Baz: “Istanbul must have a multi-center structure or it cannot sustain the goals and objectives of being a regional finance, culture, and ICT center. The simple but hard strategy is a strong and sustainable CBD with



Haluk Sur,
Chairman of ULI Turkey

two major sub-centers, which are planned to serve almost like mid-sized European cities.”

Erdoğan Bayraktar: “Istanbul has a hinterland extending from Kocaeli on the east to Tekirdağ on the west, also including Bursa and Yalova in the southeast. In the current situation Istanbul is big enough to be a very large city. However, it is probable that the new developments will be in the form of satellite townships and suburbs. Moreover, in order to slow down the heavy burden on Istanbul created by other neighboring cities, those cities should be planned as self-sufficient. This is one way of decentralizing Istanbul.”

Murat Ergin: “As is true for all metropolitan areas such as London and New York, Istanbul is one single entity and will continue that way.”

Haluk Sur: “Istanbul is an ancient and historic city and today, 15 million people are trying to live in a space built to hold a fraction of that number. The government has instituted enormous plans to revolutionize the way people live in and move around the city. The key to this is the creation of two major new overflow suburbs, one built to the west around Bahcesehir, the second to the south around the Kurtkoy/Pendik area. Major new transport routes are joining these outlying suburbs to the rest of the city and it is these areas that the government foresees as becoming the future residential heartlands of Istanbul. Plans also include increasing the number of water taxis up the Bosphorus to the city. Whole sectors of society are now moving out of the crowded city center to these well planned satellite districts that offer a far more comfortable lifestyle with well-organized streets,

parcs and leisure facilities. These are inspirational areas highly desired by the wealthy middle class masses.”

Faruk Gosku: “The current strategic and master plans for Istanbul reflect three major central areas or CBDs that are already under development. There is the existing central area extending from the old-city northwards along the financial and commercial axis; a new European hub near the airport serving internationally-operating companies and specialized industries, such as the media; and a commercial center on the Asian side extending from Kadiköy to Kartal. The city is already developing its suburbs on the north, northeast, and south along the coast of the Marmara Sea. Our vision of Istanbul is that it will be the tourism and culture center as well as the provider of regional financial services, and a logistics hub.”

Levent Eyiiboğlu: “The most important development in Istanbul over the last years is the diversification of urban centers. This enables the construction of eligible houses and the meeting of the housing demand as well as helping to allay the city’s infrastructure problems. While the living habits and physical structure of Istanbul makes it impossible to speak of suburbs in the European sense, it is possible to speak of historical urban centers, new centers consisting of satellite towns, and a periphery that develops around them. Upon considering the current development dynamics of Istanbul, we can say that satellite towns are showing a trend of development around the centers.”