

# "Historical Urban Centre and Changing Housing Market: Fener-Balat"

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## **Abstract:**

Fener-Balat districts, being located in the Historical Peninsula, are among the most prominent historical and cultural sites in Istanbul. They are rich in their architectural and cultural heritage and hosted the variety of community groups living on the site throughout their history. The rapid growth of the city since the 1950's, due to rural migration, has affected the quality of life in various sections of the city including in Fener and Balat leaving them almost completely derelict.

Rehabilitation Programme of Fener- Balat Districts is a joint programme of European Union and Fatih Municipality (sub-municipality of Istanbul Metropolitan Municipality), and it has been carried out during the period between January 2003 and June 2007. Revitalization and rehabilitation of historical urban centres which have become degraded and dilapidated due to sub-urbanization has become successful in most cases. The resulting socio-economic revitalization and transformation process has also been paralleled by the gentrification process. Gentrification encompasses a number of processes of change in demographics, land uses and building conditions in an area, accompanied by rapid increase in a neighborhood's property, influx of investment, and physical remodeling and renovation. In many cases, the lower-income residents who originally lived in the neighborhood have to move out of the neighborhood because they can no longer afford to live there, as it is the present case for Fener and Balat districts.

Therefore, the purpose of this study is to investigate the rehabilitation process and its results in these districts, with special emphasis on the gentrification occurred as a result of this process. The resulting gentrification phase is more important than the preceding phases of revitalization and renovation, because it influences the housing market the most.

**Keywords:** historical urban centre, revitalization, gentrification, changing housing market, transformation

## **Introduction**

Located in the conjunction of two continents along the Bosphorus, Istanbul has a population of more than 10 million people, constituting 15% of Turkey's total population. The census results between 1950 and 2000 indicate an immense growth in the population of Istanbul; from 1 million to 10 million in 50 years' time (Turkstat, 2007).

The main reason of this rapid growth is migration from rural areas, which inevitably led to a decrease in the quality of life as a result of uncontrolled and fast urbanization. In the last 3 decades, the urban structure of Istanbul has been undergoing a remarkable transformation due to a number of reasons including gentrification of historical and poorer areas and

geographical expansion. Such rapid and huge changes have brought about a series of problems in the newly formed neighborhoods, both physically and socially.

The new polycentric urban pattern has rendered some districts more appealing to the inhabitants, while some historical districts have lost their attraction and deteriorated, particularly with the settlement of low-income immigrants (Onder et. al., 2004). The historical city center of Istanbul fell short of meeting the inhabitants' needs such as land and high quality communication facilities. As a result, local inhabitants started migrating from the city center (Ozus, Dökmeçi et al, 2007). This process triggered rapid urbanization in the peripheries of Istanbul, and these areas replaced the historical city center as the new business districts. Istanbul has thus fully become a multi-centered metropolitan area (Tekeli, 1998). Therefore various measures had to be taken to revive the decaying neighborhoods of the historical center mostly by the local authorities.

Within the scope of various revitalizing projects in the historical districts, old deteriorating buildings have been restored and sold to new users, which has created another urban transformation in the area. This time, the low-income immigrant groups have been replaced by the high socio-economic groups, leading to an abrupt increase in the housing prices in the historical districts. Therefore, considering the above process, the purpose of this study is to investigate the whole transformation process aiming at the rehabilitation of Fener-Balat districts; and focus on especially the gentrification phase at present. This phase is more important than the preceding phases of revitalization and renovation, because it influences the housing market the most.

In the following sections changing housing market dynamics, its effects to the gentrification process and factors such as physical, functional, socio-economic, environmental, locational and neighborhood quality will be examined.

## **Urban Transformation and Changing Housing Market Dynamics**

The main purpose of large-scale urban renewal projects is to create new attraction centers in historical districts as well as deserted industrial areas. These projects are implemented as part of "urban management" policies marked by the recent trends of "public and private sector partnership". Naturally, the renewal projects are accompanied by great land speculations, which divert the original aim of these projects on behalf of the private sector usually supported by local municipalities. The historical districts are changing into areas of prestigious office and housing areas. As a result, the original intention of renewal of these areas to meet the needs of local people has turned into solely a financial gain: obtaining a good share from the urban land speculation.

According to Smith (2002), the difference between increasing land values and deteriorating buildings determines the restructuring of city centers. All actors involved in this process pursue this value difference.

All these urban changes have caused both advantages and disadvantages for these areas, reflected housing demands and prices. The 2000 census results reveal that 68% of households in Turkey are owners, while 24% tenants. On the other hand, In Istanbul, 58% of the households are privately owned, whereas 35% are tenants (Turkstat, 2007). The lower rate of house ownership in Istanbul compared to Turkey is a clear indication that housing prices in Istanbul are higher.

Theoretical approaches to housing dynamics include models of neighborhood change, filtering, search, equity effects, urban growth, and housing chains. The dynamics of housing markets have been described using a variety of approaches: like filtering and urban growth models, these highlighting the long run impact of policy changes on the stationary state of

house prices and quantities, and models of neighborhood change and succession by Ho and his colleagues' work (Ho, L.S., Haurin, R.D., Wong, G., 2003).

Sweeney's model (1974a, 1974b) predicts the long run equilibrium distributions of the quality of housing units and prices. This model can evaluate the effectiveness of public policies by looking at new constructions, the price and quality distributions, and household welfare. Following a time of crisis, equilibrium is achieved with a balance between supply and demand at each quality level, eliminating the need to move to better housing.

Coulson and Bond (1990) found little support for the claim that households' demand for new dwellings is affected by their income. Coulson and Bond suggest that there is a positive, but not random, correlation between the level of income and the newness of a dwelling. New housings are generally larger than older ones, and the demand for more space increases with income level.

The housing market operates on a continuum of prices, with a housing of one quality level substituting another housing of the next quality level. In this system, not only does the increase in income levels trigger the demand for better housings, but also leads to a rise in housing prices of one quality level. Any change, though small, in the prices of a certain quality level should lead to immediate rearrangement of housing prices in lower or upper quality levels. Thus the continuum is highly dynamic.

The literature on residential succession and neighborhood change is related to both filtering models and house price dynamics. The substitutability of housing in different locations is key to the model's predictions. Summarizing Grigsby's (1963, 1987) contributions to models of neighborhood change, Megbolugbe, Hoek-Smit, and Linneman (1996) point out that for Grigsby, urban areas were similar to aggregations of submarkets linked with each other through changing supply and demand dynamics. However, they note that Grigsby's research did not include price dynamics extensively enough, with only occasional price estimates based on the changes in a neighborhood.

In Stein's (1995) model equity effects are incorporated into the housing market. Stein specifically intended to explain large price swings in housing markets, as well as the positive correlation between transactions volume and changes in house price. In this sense, his model is extensive. Even though his formal predictions are based on a static process, the extensions to a dynamic setting are fairly transparent. His predictions about the dynamic consequences of equity constraints include: 1) a positive correlation between the trading volume of residential properties and changes in house prices, 2) a negative correlation between the time-on-market for houses and house price changes, and 3) house prices being more sensitive to crisis, which constrain more homeowners in the area.

The recent studies show that contrary to the original purpose, the construction of new residences has increased the prices of other residences in their immediate surrounding (Ding & Knaap, 2003). Almost all studies reach a common conclusion that renovation or reconstruction of old buildings will, in the long run, increase home ownership, decrease the stagnation in the area, change the physical structure, and increase property prices (Ding et al, 2000; Abraham, 2001; Criekingen & Decroly, 2003; Fang & Zhang, 2003).

All these changes in historical districts, which have accelerated with renewal projects, required more research focusing on the variation of housing prices in these areas and a thorough analysis of the effect of conservation decrees on house prices. The research findings reveal that there is a direct relationship between the historical quality of zones and the rise of house prices (Cooper & Morpeth, 1998; Leichenko et al, 2001).

The combination of various factors play an important role in determining the housing prices in historical areas including the interior structure of the housing unit and building, the structure of the neighborhood that the housing is located, market conditions, and overall housing policies. The exterior factors that determine housing prices are the physical characteristics, socio-economic and cultural conditions, and accessibility to central business districts, job locations and urban facilities (Keskin 2008). The factors leading to the increase in land and house prices such as physical, functional, socio-economic, environmental, locational and neighborhood qualities are also the main issues triggering a phase of gentrification. Obviously, there have been different implications of these gentrification and rehabilitation processes. For one thing, the physical characteristics of historical surroundings have transformed rapidly. Secondly, the social structure in these areas has undergone a sharp change. Finally, more academic research has been conducted to analyze the residential characteristics in the gentrification processes, and especially to investigate the social impacts of these processes on the socio-economic structure (Atkinson, 2000; Milanovich, 2001; Dutton, 2003; Levine, 2004). The transformation of historical centers constitutes special case within the gentrification studies.

### **Transformation of Historical Centre and Gentrification Process**

Urban transformation projects generally aim to improve quality of life, balance the rapid increase of global pressure and economic inequalities, as well as to prevent housing shortage. However, the current urban renewal projects have been far from realizing this target in the long run. In other words, these projects have not been able to address the needs of local residents, who are generally from low-income groups. Instead, these areas are now inhabited by middle and high-income groups. Therefore, while urban transformation projects reshape the physical environment in order to reach contemporary living standards, they generate an irreversible social change called gentrification.

Gentrification (Glass, 1963) is the process of changing the socio-economic status of a neighborhood populated mostly by lower-income households by replacing them with higher-income households with renewed interests and investments. Once the general characteristics of a neighborhood alter tremendously, socio-economic changes are inevitable in a short time. Gentrification encompasses a number of processes of change in demographics, land uses and building conditions in an area, accompanied by rapid increase in a neighborhood's property, influx of investment, and physical remodeling and renovation. In many cases, the lower-income residents who originally lived in the neighborhood have to move out of the neighborhood because they can no longer afford to live there.

Higher-income households, including house investors, renters, and commercial investors from outside the neighborhood change the general characteristics of a neighborhood, resulting with the widespread displacement of lower-income local as well local businesses. In this regard, a broader definition of gentrification is necessary, which places social change as a central variable in the process to incorporate redevelopment (Cybriwsky, Ley and Western 1986) as well as renovation of both commercial (Jones and Varley 1999; Kloosterman and Leun 1999) and residential units in both rural (Thrift, 1987) and inner-city areas.

Following the replacement of low-income inhabitants by the high-income households, the socio-economic structure has lost its original quality, leading to huge changes in neighborhood relationships, the businesses, and the education level. Under these circumstances, property prices increase unexpectedly in a short period of time.

It has been determined that two major factors lead to gentrification: the rise of property prices and rents, and the erosion in socio-economic quality. The growth in higher-income population

in these areas increases the education level unevenly, creating a huge social gap between the better educated new-comers and the locals. As a result of this polarization, social problems will arise.

The 1980s witnessed tremendous global changes in politics and economy, which were reflected in the development of foreign trade in Turkey. The social and economic implications of this development were immediately seen in the urban areas of the country, most notably in the residential areas of Istanbul. While middle and high-income groups started moving to the peripheries of the city, the residents in the historical centers frequently changed hands as a direct consequence of renewal and restoration projects in these areas. This is what we mean by gentrification.

As well educated intellectuals move into a historically valued and important district such as Cihangir, Galata, Fener, and Balat in İstanbul extraordinary increase the property prices and the deformation in social structure. The local inhabitants are forced to leave the area as the property prices they own increase the tax values increase. The markets, stores, shops and neighborhood relations get affected negatively from this instantaneous change.

We may clarify gentrification in İstanbul in three stages. The first stage was seen in 1980's in bosphorus villages like Kuzguncuk, Arnavutköy and Ortaköy. Than in 1990's we can see the upper class moving into districts like Beyoğlu, Cihangir, Galata, and Asmalımescit. Last process was seen in Fener Balat district by the end of 1990's as the European Commission declares that in supports a rehabilitation project in the district. Tarlabası and Tophane are two other areas that are expected to face this problem.

### **Fener-Balat as Two Neighboring Historical Urban Centres**

Fener-Balat districts are among the most prominent historical and cultural sites in Istanbul due to their location in the Historical Peninsula. Creating a rich architectural and cultural heritage various ethnic groups lived in the site throughout its history. These residential districts with exceptional Bosphorus view possess both Ottoman and European architectural characteristics. Among which it is possible to mention the grid pattern with narrow streets, historical city walls and entrance gates to the Golden Horn region.

During the Ottoman period, an important segment of Greeks who lived in Fener, and who were well-educated and fluent in several languages, held high government positions as interpreters or diplomats. Greek habitants living in Fener lived out their lives by translating, by involving in the Ottoman Empire's governmental frame or by dealing with trading. Fenerian habitants got rich and had an important place in İstanbul's socio-economic frame by dealing with money changing, trading, navigation and commission brokerage. In the 17th century, Fener became the residence of upper classes and the bourgeoisie with its hewn stone buildings and richly ornamented house facades. Habitants of Fener also take place in various external affairs by the high level of foreign language and high level of culture and education. Urban Plan made for the district in 1930 by the urban planner H.Prost the dwelling settlement in the shore line was replaced by the industrial buildings, chandleries, and factories which changed the socio-economic structure of the district completely.

This historical quarter is located in the southern coast of Golden Horn, which consists of housings built during the 19<sup>th</sup> century, and inhabited by minority groups at the time. As the minorities left the neighborhood, the resident type changed drastically and new immigrant families with lower-income started to take over the place after the 1950's. And, in a relatively short period of time, there was a sharp fall in the socio-economic status of the quarter. As a result, single-family houses were divided into smaller units, where more than one family began to live with lower rents under inadequate conditions. The already poor social and

economic conditions worsened when trade activity was cued by the relocation of the industry in the Golden Horn during the 1980's.

Fener and Balat districts with their deteriorating building quality were about to transform into ruins. Some buildings were completely demolished and the %20 of the rest was not in good conditions either. According to the statistics at the beginning of the renewal project among the 1401 lots included 102 (%7) were empty; 68 buildings (%5.4) completely and 124 buildings (%9.7) were partially empty. One of the reasons for the physical and social poverty was the move of the dockland of the Golden Horn to Tuzla.

Balat was declared as a “historical urban site” according to 1973 and 1974 national laws describing historic protection process. It was listed as a World Heritage site by UNESCO in 1990. Therefore legal authorities had to be included in the urban transformation process. The main impulse for an urban transformation in the 1990's was the special Rehabilitation Programme for Fener and Balat (IBB, 1998).

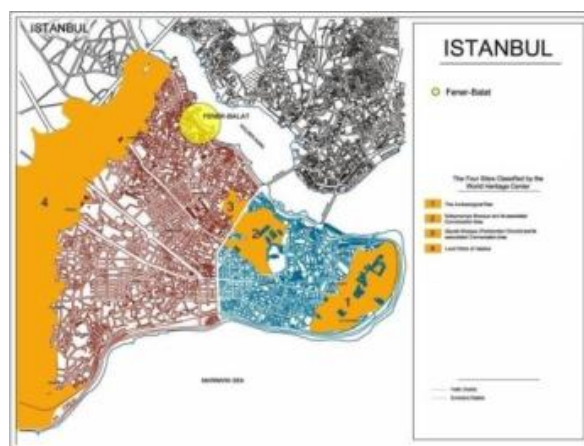


Figure 1. Four Sites Classified by the World Heritage Center (Res: <http://www.fenerbalat.org/>)

## Fener-Balat Districts Rehabilitation Programme

With the anti-pollution activities of the city of İstanbul on the shores of the Golden Horn began to produce several results for these districts. For example, bad smell on the shores of the Golden Horn disappeared towards the end of the 1990's following the transfer of industrial uses and cleaning projects in the waters of Golden Horn in the later part of the 1980's. It seems that the municipality played a significant role at the beginning of gentrification, and newly provided green lands by the side of the water encouraged the residents to use the shore line exclusively.



Figure 2. Green Spaces along the Golden Horn (Res: The Greater Municipality of Istanbul Archive)

The rehabilitation of Fener-Balat was also included in the 7<sup>th</sup> Five-Year Development Plan by the National Assembly in 1995 and the process was designed to protect the cultural heritage and aimed at socio-economic redevelopment.

European Commission, Fatih Municipality, French Institute for Anatolian Research and UNESCO carried out a feasibility research with the support of local NGO's Fener and Balat in 1997-1998. This research targeted the social rehabilitation as well as the rehabilitation of buildings, thus the improvement of the living and environmental conditions of the locals by providing housing solutions which can be applied inside the historical districts. This was designed as a pilot project which included active participation of the local residents. As a result of this project a report titled "Balat and Fener Districts Rehabilitation" was produced (IBB, 1998).

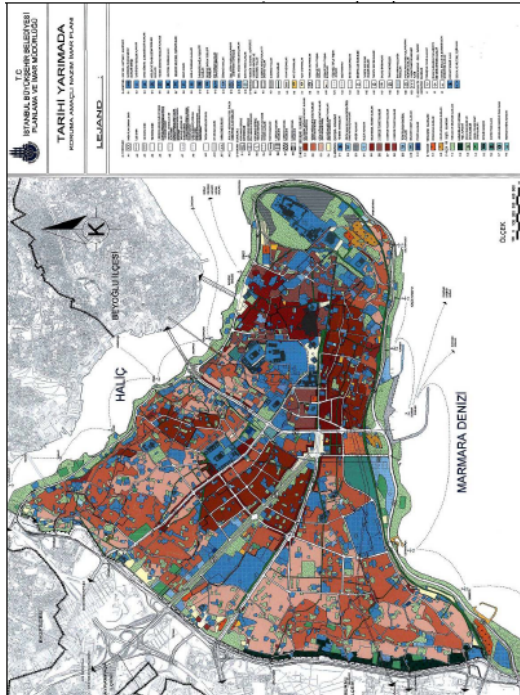


Figure 3. Historical Peninsula Zone Plan for protection (Resource: IBB, 2003)

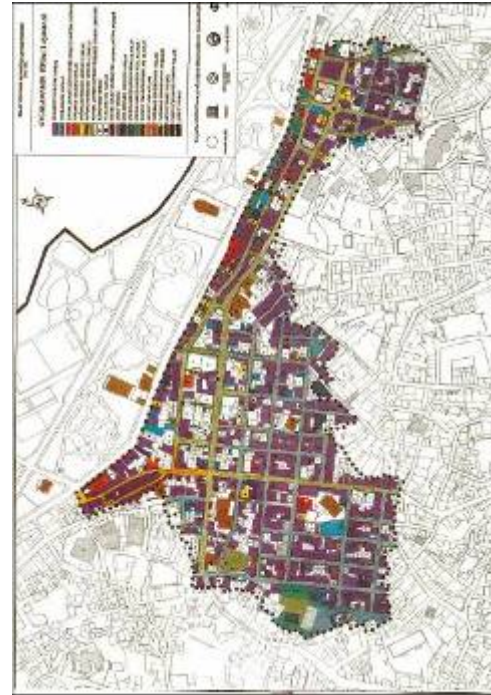


Figure 4. Fener Balat Rehabilitation Project, 1998 (Res: Rehabilitation of Fener Balat districts)

The Unesco Project, which aimed at the preservation of the local architecture by rehabilitating it, eased the adverse effects of the above mentioned features of the quarter, and has provided an attractive incentive to the gentrifiers who plan to buy and restore residential buildings.

The rehabilitation of the historical area of Fener Balat reinforces Istanbul's position as one of Europe's great historical cities, and is also a significant contribution to Istanbul's role as European City of Culture in 2010.

Out of 1401 parcels, 750 have houses in the historical districts (IBB, 1998). The Rehabilitation of Fener and Balat Districts Programme is a 7 million-euro investment funded by the European Union and implemented in partnership with Fatih Municipality. The programme aims to rehabilitate about 200 houses selected in advance (which constitute one-seventh of the total housing stock in the two neighborhoods) between 2003 and 2007. It was originally planned that loans would only be given to the existing home owners, who had bought their properties before 1997. However in time, this multi-million-euro investment served as a catalyst for gentrification without any outside interference (Islam, 2005).



Figure 5. Restoration Samples from the Fener Balat Districts Rehabilitation Programme (Res: <http://www.fenerbalat.org>)

The Programme continued to work under four titles: restoration of houses, social rehabilitation, renovation of the historical Balat Market and establishment of a waste management strategy. It encourages education of local artisans and creation new job opportunities for them; like inclusion of local artisans in restoration processes, providing support for small scale investments by the locals under the social schemes and support of the trade in historical Balat Market. Some buildings received structural support against the earthquake risk.

An important phase of the programme was the establishment of a social centre for youth and women of the districts. Being a meeting point of the residents, the social centre provides courses for literacy, basic profession education, nutrition and child care, as well as serving as a health clinic and nursery.

One of the main improvements in the physical environment is the restoration and renewal of the Historical Balat Market which is consisted of little shops with characteristics vaulted ceilings, and placed in Lapçinler and Leblebiciler streets. All together 33 shops, 28 shops interiors, roofs and facades were restored; streets lamps and pavements were renewed.

By tackling with the above mentioned issues, the Programme:

- realized socio-economic regeneration and sustainable rehabilitation of the Fener and Balat Districts,
- created economic activity for the members of the community,
- strengthened the Technical capacity of Fatih Municipality,
- created a replicable, successful model of urban rehabilitation.

## Methodology

Based on the observations that, the increase in housing prices in historical residential Fener and Balat districts, which is caused by the replacement of low income groups with high-income groups after the rehabilitation programme, affected the social structure and this process resulted in undesired gentrification; a pilot site study was realized. At this stage, a more comprehensive site study and a report on these districts' rehabilitation programme has been organized.

In order to realize this pilot study, first of all, two main official publications; *Fener-Balat Districts Survey Report* (2004), prepared by Foundation for the Support of Women's Work, Rehabilitation Programme that supported by European Commission, and *Rehabilitation of Balat and Fener, Analysis and New Proposals* (1998) prepared by IBB- Fatih Municipality, EU, UNESCO World Heritage Center, French Institute of Anatolian Research were examined.



Secondly, interviews face to face were carried out with a number of stakeholders involved in the Fener-Balat Project and with the inhabitants. Then, the data as a result of the pilot study realized in 2008 were compared with the data taken from “Fener-Balat Districts Survey Report” made in 2004, highlighting social and economical aspects considering the sub-issues educational background in the districts, immigration to the districts, the change of the neighborhood, income level of the families living in the districts, the property prices and rents in the Fener-Balat.

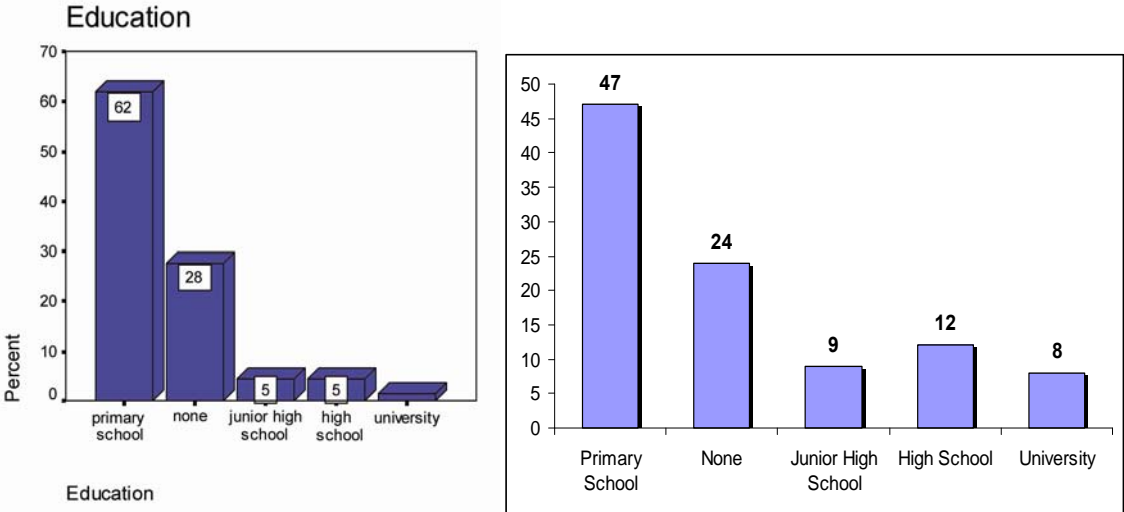
Resulting from these comparisons, the critical role of housing market dynamics on gentrification was once more proved its importance. Therefore, the main aim of this paper has been explaining, Fener Balat Rehabilitation Programme and its results in terms of preventing gentrification, and once more highlighting the critical effects of housing market.

**Social and Economical Aspects of Fener-Balat Rehabilitation Programme in Relation to Gentrification**

**Social Aspects of the District**

*Educational Background in the Districts*

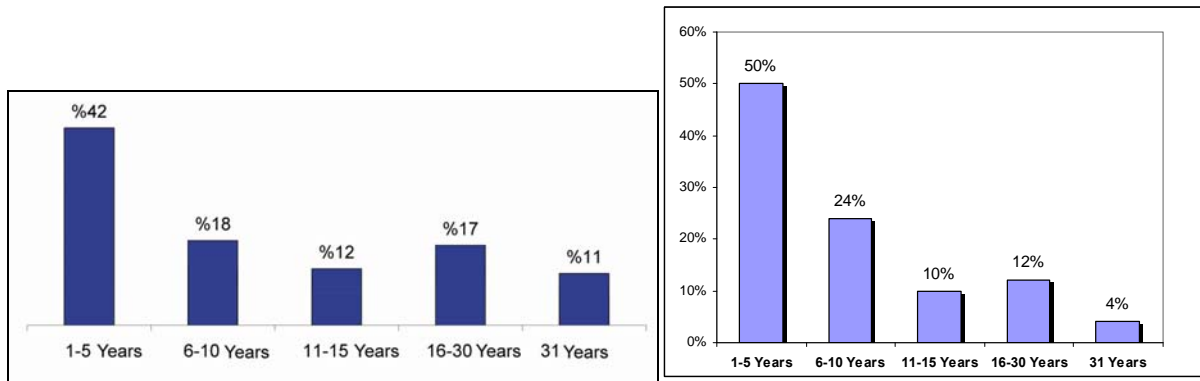
The generality of the Fener-Balat district’s population has a low level of education. According to a survey report made in 1997, 10% of the household heads were illiterate; 14% were not illiterate although they did not go to school; 63% graduated from primary school; 11% continued to secondary school and only 2% could graduate from a university. The education level of women living in the district was worse than that of men. 21% of women in the district had never been to school and were illiterate; 9% of them had never been to school although they are literate; and finally 70% of them had been to school (Foundation for the Support of Women’s Work, 2004).



Figures 6, 7. Education level in the district. (Res: Foundation for the Support of Women’s Work, 2004; pilot study, 2008)

The data received in 2004 and 2008 gives as an idea that the education level has increased slightly (fig. 6,7). University level was %1 now is %8. In a short period of time the education level of university grads increased %7 which is possible only as an affect of immigration. So it can be said that as a result of change in occupation level, gentrification is formed. It is clear that these immigrants who moved to the area in the past 4 years are well educated.

## Immigration to the Districts



Figures 8, 9. Duration of living of the locals in the neighborhood (Res: Foundation for the Support of Women's Work, 2004, pilot study, 2008)

It is clearly seen that there is an increase in the number of people who lived in the area for a short period of time. This shows us people moved to the area in the past few years.

## The Change of the Neighborhood in the Districts

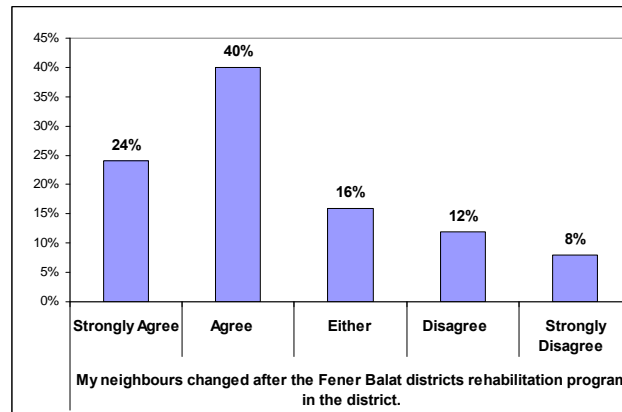


Figure 10. The change of the neighborhood after the Fener Balat districts rehabilitation (Res: pilot study, 2008)

As can be seen in the figure 10, %40 of the users agrees, %24 strongly agrees, on the change of their neighborhood after the Fener- Balat Rehabilitation Programme. This means that immigration to the district is cause of gentrification.

## Economical Aspects of the District

### Income Level of the Families Living in the Districts

The inhabitants of the Fener-Balat districts were socially and economically poor. While the poverty border of a four member family was 261.59 Euro15 per month in Turkey, in 2004 (T.R. Prime Ministry, Turkey Statistics Institution, 2006), 46% of the families earned less than 243.90 Euro/month (Table 1).

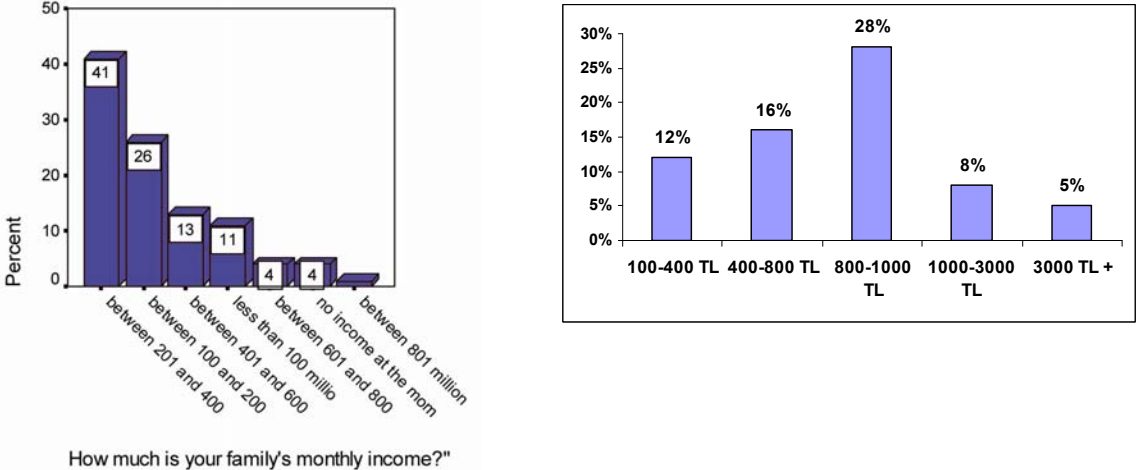
Monthly income	% of families within the total population
60.97-121.95 Euro (100-200 YTL)	10
121.95-243.90 Euro (200-400 YTL)	36
243.90-365.86 Euro (400-600 YTL)	38
365.86-487.80 Euro (600-800 YTL)	6
487.80-609.75 Euro (801 -1000 YTL)	8
609.75 Euro and above (1000 YTL and above)	2

Table 1. Monthly income of the families living in the Fener-Balat districts (Res: Foundation for the Support of Women's Work, 2004)

38% of the families earned between 243.90–365.86 Euro/month, 14% of the families earned between 365.86–609.75 Euro/month, and 2% of those earned above 609.75 Euro/month. The majority of the participants (92%) stated that they spent almost all of their income for the home and 78% of the women complained that they could not find money for their personal expenditure (Foundation for the Support of Women’s Work, 2004: 27). All these figures revealed the poverty problem in the district.

As an economic activity there are two main businesses that take part in the district. The first one is craftsmanship which is the most important feature. The second type of economic activity is oven, glass and shoe manufacturers, hardware sellers and other kinds of craftsman work in the quarter. Another important facility centre beyond the district is automobile mechanics, turners, plants, hardware sellers.

When people were asked about their income level in 2004 41% of them stated that it is between 201-400 YTL while 26% stated that it is between 100-200 YTL which is a lot lower than the lowest income level that government states every year.



Figures 11,12. Income level of the family. (Res: Foundation for the Support of Women’s Work, 2004, pilot study, 2008)

It is seen in figures 11,12 that the income level of the families has increased in the districts in 4 years extraordinarily. This unbalanced increase in income level is a result of immigration of high income level of intellectuals to the district.

*Property Prices and Rents in the Districts*

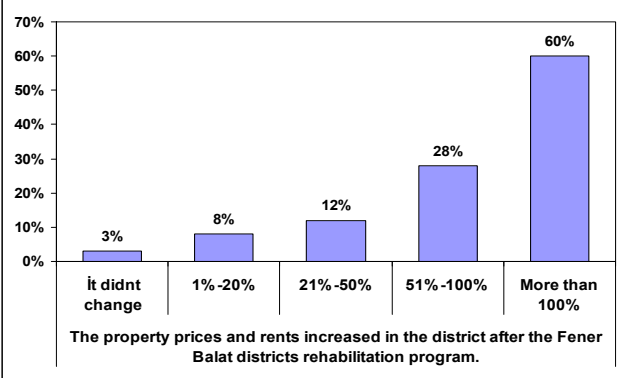


Figure 13. The increase of property prices and rents in the districts after the Fener Balat districts rehabilitation programme (Res: pilot study, 2008)

The data obtained from the figure 13 clearly state that the property prices increased in the district after the Fener Balat Rehabilitation Programme. The increase in the property prices is the main effect of gentrification as it is mentioned before.

### **Assesment of Fener-Balat Districts Rehabilitation Programme in terms of Preventing Gentrification**

Fener Balat Rehabilitation Programme aims to regenerate the socio-economic structure and has taken some precautions in order to prevent gentrification and control housing market. There are two major precautions that have been taken in order to prevent gentrification;

1. The strategy to not to choose the buildings which changed hands after 1997 for the restoration work in order to prevent speculation was the first precaution.
2. There was an agreement (signed between Fatih Municipality and property owners before the restoration work started) stipulating the property owners not to sell their houses for a five-year period and not to increase the rents over inflation rate during this period (<http://www.fenerbalat.org/>).

These precautions sounded good in theory, but were not adequate in real life due to the lack of legal sanctions. It was observed that before the local elections the legislations were not applied as forcefully as they should, and speculations couldn't be prevented. Many houses changed owners through the notary public agreements without a real ownership document which should actually be a title deed. There was a pressure on tenants that the rents would increase during the Fener Balat districts rehabilitation programme. Despite all the precautions, the increase in the property prices and rents in these districts could not be prevented. There was a social change after the programme resulted. Immigrants, well educated intellectuals affected the social life in the district.

Unfortunately Fener Balat Rehabilitation Programme does not have any provisions about what could happen in the region after the first five years. Only 200 of the houses among 1400 in these districts were chosen for the rehabilitation. Therefore, only 200 buildings were under precautions against speculations, but there were no restrictions for the remaining 1200 buildings.

There was a lack of concrete precautions to prevent gentrification in the districts after the programme is completed. The short period of time, through which an unbalanced increase in property prices occurred, triggered a social gap between the locals and new residents. In this content, Fener Balat Rehabilitation Programme can not be accepted as successful in terms of keeping the local community in the site preventing gentrification.

### **General Evaluation and Conclusion**

Balat is an example of institutional gentrification. Expectations of the implementation of an internationally supported project which promised investment in the neighborhood induced the prospective gentrifiers to stay in the quarter. This process was also enhanced by putting into force of the rehabilitation and beautification projects concerning the shores of the Golden Horn. It is expected that existing investment trends, coupled with opening of universities, hotels, art galleries and a miniature park, and a planned International Center of Congresses and Cultural Activities will also contribute greatly to the regeneration and revitalization of the neighborhood. The potential of religious tourism is not negligible in the neighborhood where not only numerous churches and old tombs but also the Greek Orthodox Patriarchy is located.

During the visits to the sites, it was observed that old and new residents in Fener and Balat have not yet created an interacting neighborhood. Considering the rising housing market and the interaction problems, it is generally observed that at the final stage of gentrification the old residents generally move out taking their own traditions and elements of existing social structure. The data collected with the site visits supported this general expectation, as well; even though the existing property owners have not yet moved out, most of the tenants had to move to other districts. Nevertheless, it was surprising that the interviewed present users have not yet realized that they might have to move out in future.

As a general observation, people living in Fener and Balat all agree that this transformation process would be beneficial for them. Especially the property owners are quite content with the rising property market. It was recorded that some academics from the universities around these districts and some mediatic characters started to buy some of the properties in these districts. Even though, the local shop owners are not satisfied with the present trade conditions, they are optimistic that it would turn to a better situation in the near future. However, spaces which are commonly shared and used by the first new comers as well as the existing users have not been created yet; both parties expressed their contentment from each other.

Among the socio-economic characteristics, the length of time the inhabitants have lived in Istanbul, average income of the household and neighbour satisfaction, as a variable in the behaviour characteristics, have positive impacts on housing value, as expected, earthquake risk as a locational variable with a negative impact. While restoring a district, the territory should be preserved and kept alive not only physically, but also socially and culturally. The hardest part, which a rehabilitation programme faces, is to keep the social life alive in urban renewal projects. The social life in Fener Balat district is formed through many years should not be changed in 5-10 years period of time.

Istanbul being one of the oldest cities in the world it is about to reach its expansion limits. As well as trying to protect natural water basins and forests around the city in order to protect ecological balance authorities faces with a huge problem of urban transformation within the historical parts. Considering the huge population growth and immigration housing has always been one of the key issues. Therefore, projects like Fener– Balat Rehabilitation Programme have vital importance in both contributing to prevention of unplanned expansions at the outskirts of the city and regaining the existing the building stock.

It seems that in Istanbul, gentrification has mostly been the result of the rehabilitation of old inner-city housing, and when it comes to the Istanbulite gentrifiers, they are the products of the same occupational, cultural, and demographic restructuring processes that have taken place across the globalising cities of the 1980's.

Ideally, after the application of urban transformation project it is desired that the districts' existing users could still get the most benefit from the project. However the transformation process experienced in Istanbul has been forcing the existing low-income groups to move out. Even though Fener-Balat Rehabilitation Programme has several unplanned results, it should also be emphasized that it can be regarded as an example of a comprehensive approach, not only considering the façade quality and physical aspects, but also dealing with socio-economic aspects of change.

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