

**THE EFFECTS OF RESTRUCTURING IN THE PROPERTY  
DEVELOPMENT SECTOR ON URBAN PROCESSES:  
A CASE STUDY ON ERZURUM AND KAYSERİ**

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Approval of the Graduate School of Social Sciences

---

Prof. Dr. Meliha ALTUNIŐIK  
Director

I certify that this thesis satisfies all the requirements as a thesis for the degree of Doctor of Philosophy.

---

Assoc. Prof. Dr. Mustafa K. BAYIRBAĐ  
Head of Department

This is to certify that we have read this thesis and that in our opinion it is fully adequate, in scope and quality, as a thesis for the degree of Doctor of Philosophy.

---

Prof. Dr. Melih ERSOY  
Supervisor

**Examining Committee Members**

Prof. Dr. H. ađatay KESKİNOK	(METU, CRP)	_____
Prof. Dr. Melih ERSOY	(METU, CRP)	_____
Prof. Dr. H. Alper GÜZEL	(OMU, ECON)	_____
Assoc. Prof. Dr. Osman BALABAN	(METU, CRP)	_____
Assoc. Prof. Dr. Mustafa K. BAYIRBAĐ	(METU, ADM)	_____



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Name, Last name : Defne, Dursun

Signature :

## **ABSTRACT**

### **THE EFFECTS OF RESTRUCTURING IN THE PROPERTY DEVELOPMENT SECTOR ON URBAN PROCESSES: A CASE STUDY ON ERZURUM AND KAYSERİ**

Dursun, Defne

Ph.D., Department of Urban Public Policy and Local Governments

Supervisor: Prof. Dr. Melih ERSOY

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Urban processes are affected by the relation between capital accumulation processes and the production of built environment. Capital-switching approach assumes that the capital flows into the built environment to overcome its overaccumulation problems. Besides, the investments made on built environment are accepted as the locomotive of the economic development through their backward and forward linkages. These economically reductionist mainstream approaches fail to explain the Turkish experience.

This thesis discusses the effects of the construction-oriented development strategy of Turkey on localities through building sector and urban processes; starting from the end of 2002, through a comparative analysis of smaller sized regional centres instead of metropolitan ones. After a comparative analysis made between the provinces to observe the geographical effects of this strategy, Erzurum and Kayseri were selected according to their different features such as the composition of local economic

structures, the size of construction investments, and the profiles of local building markets.

Their local planning histories and plan implementation tools, the main determining factors of urban processes, revealed that the state had developed different relations with each of the cities regarding their strategies on the production of urban space. The thesis concluded that the construction-oriented development strategies do not provide economic development as it was assumed. The intervention of central government to local urban processes through varying methods provided the inclusion of the national developers to the local markets increasingly; and hindered the development of local developers. Therefore, despite the determination of the strength and aspect of the intervention of central government by local factors, the increasing volume of construction investments do not positively affect the local development.

Keywords: Property development sector, State intervention, Erzurum and Kayseri

## ÖZ

### EMLAK GELİŞTİRME SEKTÖRÜNDEKİ YENİDEN YAPILANMANIN KENTSEL SÜREÇLERE ETKİSİ: ERZURUM VE KAYSERİ ÖRNEKLERİ

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Kentsel süreçler sermaye birikim süreçleri ile yapılı çevrenin üretimi arasındaki ilişkiden önemli ölçüde etkilenmektedir. Sermaye aktarımı yaklaşımı sermayenin aşırı birikim sorununu çözebilmek için devletin kolaylaştırıcılığı ile geçici bir süreliğine yapılı çevreye aktığını belirtmektedir. Ayrıca yapılı çevreye yapılan yatırımların ileri ve geri bağlantılar sayesinde ekonomik kalkınmanın lokomotifi olarak işleyeceği varsayılmaktadır. Ancak, bu süreci ekonomik belirlemci bir çerçeveden anlatmaya çalışan ana akım yaklaşımlar Türkiye deneyimini açıklamakta yetersiz kalmaktadır.

Bu tez, 2002 sonrası Türkiye'sinin inşaat odaklı kalkınma stratejisinin yerelliklerdeki etkisini yapım sektöründeki gelişmeler ve kentsel süreçler üzerinden tartışmaktadır. Ancak bu tartışma söz konusu makro düzey indirgemeci yaklaşımların tersine metropoliten kentlerde değil, daha küçük ölçekli bölgesel merkezler arasında yapılan karşılaştırmalı bir analiz üzerinden yürütülmüştür. İnşaat odaklı kalkınma modelinin ülke coğrafyasındaki farklılaşan etkilerini gözlemlemek amacıyla yapılan



iller arası bir karşılaştırmanın ardından, alan çalışması için, yerel iktisadi yapılarının kompozisyonları, inşaat sektöründeki yatırımların ölçekleri arasındaki farklılıklar ve yerel yapı pazarının değişen profilleri açısından farklılaşan Erzurum ve Kayseri kentleri seçilmiştir.

Kentsel süreçlerin temel belirleyicisi olan yerel planlama tarihleri ve plan uygulama araçlarının incelenmesi devletin her iki kentle kentsel mekân üretim stratejileri kapsamında oldukça farklı ilişkiler geliştirdiğini göstermiştir. Yapılan tez çalışması inşaat odaklı kalkınma stratejilerinin varsayılanın tersine yerelde ekonomik kalkınmayı sağlamadığını göstermektedir. Merkezi yönetimin yerel yönetimlerle kurduğu ilişkilerin farklılığı bağlamında değişen yöntemlerle, merkezi hükümetin yerel kentsel süreçlere direkt olarak müdahalesi sonucunda giderek daha fazla ulusal geliştiricinin yerel pazara dahil sağlanmış ve sağlanmakta; bu durum da yerel aktörlerin pazar alanlarını giderek daha fazla daraltarak gelişmeleri yönünde önemli bir engel oluşturmaktadır. Her ne kadar bu sürece devlet müdahalesinin etkisi ve yönü yerel faktörlerce belirleniyor olsa da, yerelde artan inşaat yatırımları yerelin kalkınmasında iddia edildiği gibi olumlu bir etki sağlamamaktadır.

Anahtar Kelimeler: Emlak geliştirme sektörü, Devlet müdahalesi, Erzurum ve Kayseri

To my little miracle, Yaprak

*for the great patience she showed  
in the very first years of her life*

**&**

To my beloved husband, Dođan

*for his peerless presence in my life*

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# CHAPTER 1

## INTRODUCTION

As with the other thesis in the fields of urban studies, this thesis is built upon the investigation of the dynamics of change in urban space. Such an investigation necessitates the analysis of the processes determined by the reciprocal relations between many institutions and actors. These urban processes are mainly affected by the relation between capital accumulation processes and the production of urban built environment. This relation is generally explained by the mainstream approaches developed through the analysis of the urban processes in developed capitalist countries. However, these mainstream approaches fail to explain the experiences of the countries having different dynamics of urbanization processes regarding the relation between capital and urban space; such as Turkey.

This thesis starts with questioning the effects of increased capital flow on urban built environment in relation to the construction-oriented development model of the period after 2002. The main aim of this thesis is to investigate the effects of this construction-oriented development strategy on different localities through the developments in building sector and urban processes in order to find out the distinctive dynamics of the relations between capital and urban space in Turkey.

The reason of the selection of such a strategy is justified by the effect of construction investments on economic development through its intense backward and forward linkages, as it was assumed by some mainstream approaches. Despite, the literature emphasizes that the effects of construction investments changes through time and geographies, the analysis searching for the geographic variances focused on the leading cities of different countries, not to the different localities of the same country. This thesis aims to fill this gap of the literature by performing a comparative and supplementary analysis through two different cities of Turkey. Besides, as the analysis

in the literature mainly focused on the leading cities of the countries in question, this thesis aims to analyse the geographical effects of the construction investments through mid-sized cities (with population between 500.000 and 750.000), which are accepted as the potential development centres of the countries. The selection of these case cities (Erzurum and Kayseri) is made through their varying local features such as the composition of their local economic structures, the size of construction investments, and the profiles of local building markets. By comparing the dynamics of the effect of construction-oriented development strategy via focusing on two different cities, it is aimed to research how do these dynamics are geographically determined by the distinct local intervening factors.

Approaching the urbanization processes through the relations between space and different types of capital accumulation processes provides an understanding of the competing powers on urban spatial change. These historically and locally specific social relations, i.e. ‘the structure of the building provision’ (Ball, 1983a), in the creation of urban built environment is directly affected by the general economic and political context. The dominant economically reductionist approaches in urban studies mainly neglects the actors of the building process and the relations between them. However, the development process is determined by different power relations between these actors, of which operations are mainly determined by the character of the market. Thus, in order to enlighten the effects of the actors and the relations between them to the determination of the local development processes within the general structural context, this thesis tries to associate the structural changes of local building provisions to the general economic structure, the capital accumulation processes and the production of local urban spatial strategies. Such an investigation necessitates focusing on not just one agency but overall social relations between a variety of development actors.

These social relations of varying actors and institutions within the urban processes are mainly organized into development networks, which have to operate within the institutional environment limited by the formal rules and relationships determined by the planning regulations. These urban plans; the formal rules of development, are both the technical documents; which determines what will be built to where; and also the

political ones which reflects and regulates the power struggles on urban land and forms the changing rules of the game regarding the production of built environment. That is why the urban physical environment does not generally reflect these plans but the consequences of the competing powers of state, planning mechanisms and market forces (development networks) through them. The local planning histories reflect the changes of institutional structures regarding these struggles mainly managed through the local plan implementation tools. This thesis aims to analyse the effect of this locally varied institutional structures to the dynamics of the implementation of construction-oriented development strategies mainly through the relations between the governmental actors of development determining these formal rules in question.

This chapter attempts to clarify how this investigation will be managed through the whole thesis. The following part of the chapter focuses on the hypothesis, research questions and the research design that will guide the analysis.

### **1.1 Statements and Initial Arguments of the Thesis**

The discussions on the significant role of construction industry in economic development is started by D. A. Turin in 1960 (Giang & Sui Pheng, 2011). The investments made in built environment effects the economy in various ways; serving an appropriate ground for production and capitalist relation, providing the spatial organization, etc. The further attempts on the relation between construction sector and economic development emphasize the importance of intersectoral linkages between construction and other sectors. Therefore, development of construction sector is believed to effect the development of other sectors through backward and forward linkages with them, as a result of the demand created by increasing construction investments. However, it is not the only way the construction investments to influence the economic growth. The investments made on physical capital stock increase the efficiency of the economy and lead economic growth. Owing to this key position of construction sector in national development strategy, the governments tend to use construction investments to stabilize the economy. According to the literature regarding the effect of construction on economic development, the construction industry needs to grow faster than the economy as a whole during the periods of accelerating economy (Giang & Sui Pheng, 2011). In this process, the capital

accumulated starts to be transferred to the built environment rapidly. The literature searched for the resource of the capital transferred to the built environment with a focus on the changing effects of this resource on both the formation of the built environment, the relations within the sector, the economic development, etc. However, some researchers states that the relations within the social agents have more impact on both the organization of the building provision and its effects on the economic development. However, there is also growing concern about the impact of development of property development sector to the economic development; i.e. the longevity and the aspect of its impact (positive/negative) or the effects on the environmental stress etc.

Since 1950s the literature has developed enormous knowledge on lots of aspects of the production of built environment via the studies made by different disciplines such as economics, politics, geographies, urban planning and sociology, and so on. However, after all those works, there is still an important deficit in the literature. There are very few studies on smaller localities. Nearly all research had the national data or the data of the leading cities of the countries. The ones claiming to make the comparison of the local variances also use these national data comparing the process of different countries. There are a few researches like Coiacetto (2006; 2000, 2001, 2005, 2007c) who focus on smaller localities, but the numbers of them is very limited. The nature of the construction sector may not allow analysing every different scales of localities, however, especially at the times of increasing importance assigned to localities and their economic development it seem s to be a little weird not to attach importance to the effects of increasing construction investments to them.

The situation is not different for Turkey. The condition of construction sector has been changed through each new economic and political periods Turkey experienced. These changes in the sector realized together with the changes in the urban processes of Turkey practised through history. All these changes had been realized via the political interventions of Turkish state directly or indirectly to the construction sector. At last, the 58<sup>th</sup> government of Turkey, which came in power after an economic and political crisis period, aimed to use the construction sector as the locomotive of the economy, and started Construction Move in 2004 all over the country. This move did not only

resulted with the expansion of required infrastructure and other productive facilities for economic growth, but also other physical structures which mainly aim the creation and enhancing the demand on consumption through shopping malls, luxurious houses etc.

The rapidly growing investments on property development sector in Turkey motivated the researchers to make analysis on the effect of construction sector. The analyses mainly focuses on the effect of these investments on the economic development of Turkey. By time, the increase on the disruptive effects of new construction investments motivated the researchers also to the social effects of these investments, too. However, all these researches are mainly made through the national economic data or focused especially on Istanbul. However, the resources transferred to property development sector do not only flow to Istanbul. The policies of government provide the increase of the investments not only in Istanbul, but also all over the country. Despite the emphasize in the literature on the historically and geographically changing effects of construction investments, the analysis claiming to search these varieties are mainly focus to the leading cities of different countries. Thus, in order to distinguish the real effect of the increasing construction investments, we need to analyse different sized cities, which are not metropolitan, within the same country limited by the same legal and institutional framework. This thesis aims to fill the gap in the literature regarding the analysis on smaller sized localities by performing a comparative and supplementary analysis on two distinct cities of Turkey, in order to find out the distinct local features determining these geographical variances.

Urban theorists interested in the rise of urban built environment as the target of capital investments and its effects quite a lot. One of the biggest discussion on literature is on the source of the capital transferred to build environment. Harvey's analysis gains importance as he stresses the temporal and spatial variation in the way capital flows into and out of property development and searches for the dynamics driving these variations. Harvey (1975, 1985, 1989) states that the capital accumulated in the primary circuit; which is the one industrial production is made; is transferred in to the second circuit; refers to the built environment; when an overaccumulation crisis exist. Thus, in this much-debated theory of Harvey it is assumed that the capital transferred

to built environment mainly accumulated through the industrial production. He emphasises the complexity of relations between production, finance capital and state “in ‘driving’ investments, disinvestments, development and abandonment of the built fabric”. Harvey states that the capital is transferred to build environment temporarily until it solves its crisis, and when the demand created in industrial sector is enough (backward and forward linkages), capital turns back to the first circuit, manufactural industry; which effects the development of economies through the value added produced.

In order to test these assumptions, not only the size of the cities, but also the economic structures of them becomes important. Thus, for this test on the impact of the increase in the construction sector on local economies, the analysis should be made through cities having different characteristics; not in a comparative way, but a supplementary way. After the provincial analysis on the construction sector after 2002, two mid-sized cities are selected for the further analysis on the sector; Kayseri and Erzurum. The case cities selected from mid-sized cities, as they are assumed to provide test-beds for the policies which aims to promote economic development and to develop local growth agenda (Bolton & Hildreth, 2013).

These cities comes forward according to both their value of production in construction sector after 2002 and their varied economies within other seven mid-sized cities. Kayseri, which takes the leading position in construction values, has a developed and multi-sectoral industrial structure as well as a developed commercial sector. However, Erzurum, which had the least volume of production in construction, does not have a developed industry. Moreover, the incentives made since the first years of the Republican period did not helped Erzurum to develop its industry and overall economy throughout the years.

Whatever the reason for above-mentioned increase in investments made in built environment, state comes forward as one of the most important actors of (re)development of urban space. Thus, understanding the role of the state in this process is prerequisite for understanding the urban process in question (Şengül, 2000). However, space is produced by central and local state simultaneously. Whenever capital tries to flow into space, it needs to find a space previously developed by state;



and there it needs to deal with both the central and the local state's policies, strategies and norms; which results with the continuing restructuring in the property development sector. From the first occurrence to the most professionalized, the recurring restructuring in the building sector is initiated by the state intervention in terms of policies, institutional and legal regulations, big-scaled projects, etc. The problem is that the results of this simultaneity changes over time and space. This thesis aims to find out how do the dynamics of urban built environment change when the policies of central and local government on the production of built environment come across. It should be reminded that any investigation on urban built environment should involve the processes of production of it (the actors/structures and the relations between them); and the dynamics of this process; i.e. mainly economic (both the change in economic development, capital accumulation process and its internal organization) and political (rules and regulations).

Thus, this thesis is formulated around the following objectives:

- To explore the geographical and historical variations of the effects of macro processes; such as economic and political structures.
- To explore the change and transformation of the structure of building sector through its relationship to wider economic and political forces within a historical context.
- To ascertain the distinct features of the development and change for Turkish building industry, especially the local ones.
- To explore the effect of the relation between central and local governments on this restructuring process, as well the urban built environment.

In the light of the related theoretical discussions and the objectives of the thesis, the hypothesis of this study is formulated as follows:

**Main Hypothesis:** The strength and aspect of the effect of state's intervention on urban space is determined by local factors.

**Hypothesis 1:** The nature of interventions of central government varies according to the scale of the localities. While central government directly intervenes to the urban

built environment of metropolitan cities, its regulations and policies indirectly effects the smaller sized localities.

**Hypothesis 2:** While the continuity of the local urban spatial strategies provides the local state autonomy on the struggles related to the urban land, the lack of continuity left the localities powerless against the contingencies in urban processes.

The last decade of Turkish property development sector clearly proves the extreme restructuring effects of state interventions. However, the existing research generally focuses on the physical (on built environment) and social (on society) results of these effects, neglecting the processes and actors that create it. This thesis tries to fill the gap in the literature and aims to find out the peculiarities on Turkish experiences regarding the relation between capital and urban space through a comparative analysis on different localities (Erzurum and Kayseri) having different peculiarities using an historical institutionalist approach. Before passing into the details of this research design, i.e. what kind of materials will be used, and with what methods will the related data will be gathered, a summary of the scope and structure of the thesis will be made.

## **1.2 Scope and Structure of the Thesis**

The body of the thesis will be formed by six chapters comprising methodological and theoretical framework that will lead the analysis, the evaluation of the context determining the geographically varying impact of the construction-oriented development strategy of Turkey (in general and in case cities), and at last an extended analysis of the local structures of building provision in the case cities.

Following the introduction, the *second chapter* lays out the methodology and research design of the thesis. The methodological framework of the thesis is organized through new institutionalist methodology with a focus on historical institutionalism combining qualitative and quantitative research methods. Besides, the thesis has been developed using the deductive and inductive research strategies together. The selection of the cases made through a strategy informed by the theory, and then the cases themselves helped the selection of the most relevant theories to be used during the analysis.

*Third chapter* will present the existing literature on property development sector to provide a theoretical background for the upcoming analysis. This chapter will include not only the different models offered to study the property development sector on the basis of varied approaches, but also the discussions on the effects of state policies and political processes on capital flows as well as the effects of building sector to economic development, etc. Moreover, according to the main hypothesis indication, to understand the divergences experienced on space and time the theoretical discussions on spatio-temporalities will also be presented in this chapter.

The discussions on *chapter four* will provide a framework for the analysis of the case cities in the following chapters. The brief discussion of the new capital accumulation regime experienced since 2002 via the start of the implementation of the construction-oriented development strategy aims at finding out the structural dynamics relating the change and transformation of the building sector, and which also determines the context of the strategies produced by different localities. The following analysis in this chapter tries to find out the impacts of increasing construction investments on the redistribution of population and capital on regional basis at first. This analysis led us to conclude that the impact of increasing investments in built environment is changing according to the size and existing development levels of the localities; and that they do not always provide positive effects on economic development as expected. This chapter also aims to analyse the geographical differences between provinces of Turkey. According to these analyses, the relation between the investments made in construction sector and the manufactural industry varies through provinces and their share in the redistribution of capital and population.

The analysis in *chapter five* led to the selection of the case cities for further analysis; i.e. Erzurum and Kayseri. The difference between their production capacities (on property development) is a clue on the differences of the characteristics and structures of their building sector. Moreover, their diverse economic and social structures as well as the cities' own histories is thought to offer varied determining factors on the restructuring of the building sector within time. The selection of Kayseri and Erzurum provides to study two distinct cities having very different economic characteristics. While Kayseri's economy is based on the sectoral diversity of its industrial production

with many active sub-sectors, Erzurum does not have a powerful industrial structure but a growing service sector mainly based on education and tourism (health and winter tourism).

**Chapter six** reveals the change in the structure(s) of building provision through the analysis of the sector and its actors in Erzurum and Kayseri. This chapter includes a detailed examination of the property development sectors of case cities using both quantitative and qualitative data with a focus on the period after 2002. The quantitative data is used to analyse the change in the structure through the volume and type of production, distribution of market shares, the geographic origins of the developers, concentration/centralization in the sector etc. These analyses indicate that local property development sectors are mainly based on residential investments and after 2002, an apparent change realized in the type of housing provision from co-operatives to build-sell. Owing to the alterations in the economic and political context not only the private sector, but also the public contractors changed their ways of doing business. Thus, the period after 2002, witnessed a profound change for all the related structures of building provision and the relations between them, which had been triggered by the central government. This chapter indicates that there are continuities regarding these changes owing to the path-dependent character of the property sector; as well as differences resulted due to the distinct characters of localities. The discussion on dynamics and features of this process will provide the thesis to put forward the determinants of restructuring throughout time and space and thus provide a basis for the related policy proposals.

The effect of the continuity and stability of local government's spatial strategies are mainly analysed through **chapter seven**. The histories about the development of urban space in Erzurum and Kayseri provided to understand the nature of urban processes in those localities. The planning histories revealed the effects of formal rules to the development of built environment; which were generated through the continuity of the implementations of local government. This chapter analysis striking projects of each case city to better understand the effects of local government's strategies on urban land together with the changing conditions realized by the change in the spatial strategies of central government. The analyses put forward that the stability on the strategies of

local government provides them to formulate distinct norms, rules and also tools for the development of urban built environment; which in turn provide them to be the most effective actors of the local urban processes. However, when the local government has trouble to formulate stable strategies for the development of urban space through years, it becomes open to the power struggles on urban space; which results with unfavourable conditions for development of built environment. Besides, when the local government gains power due to its strong links with the existing central government, the local government itself may be one of the actors of corruption through development of built environment. The analysis in this chapter also puts forward that the central government does not only directly intervenes the production of urban built environment of metropolitan cities, but also to the smaller sized ones in order to provide the capital flow to these local markets, too.

## CHAPTER 2

### METHODOLOGY AND RESEARCH DESIGN

In this part of the thesis, I will try to present the details about the data that will be used for the analysis; i.e. the content, the sources where the data gathered from, the method of data gathering and the way to analyse the related data. However, before passing into these details on research design, it will be appropriate to make a discussion on the methodology that will guide these analyses.

The main argument of this thesis, in which a discussion will be made of how did the structure of property development industry changed through time and space owing to different strategies the actors (from different localities) produced regarding the regulations and policies of state, is expected to lead to the methodology. When we talk about the structure of something, it is the institutions and the relations within these institutions that make it up. However, it is not easy to make a clear definition of what an institution is.

Ball (1998) especially emphasize that “what constitutes an institution varies from theory to theory”. While an institution is obvious as a firm, public body or other agencies, for others it is formal as the rights, laws, procedures etc. and for some others the norms and routines constitutes the institutions. In urban literature, no distinction has been made for what an institution is (Ball, 1998). Besides how to describe an institution, the methodology that will be used should help on understanding the relationships between these institutions and clarifying the processes they emerge and/or change/transform. Thus, *new institutionalism* comes forward as the most appropriate approach for the thesis.

There exists three schools of thought each of which place themselves in “new institutionalism” despite their different analytical approaches: historical

institutionalism, rational choice and sociological institutionalism/organization theory (Hall & Taylor, 1996; E. M. Immergut, 1998). Institutional scholar attach importance to “analysing the effects of rules and procedures for aggregating individual wishes into collective decisions –whether these rules and procedures are those of formal political institutions, voluntary associations, firms, or even cognitive interpretive frameworks” (Ellen M. Immergut, 1998).

All of these approaches try to understand the role of institutions on political and social outcomes. However, each of them focus on different dimensions of institutions, different aspects of political life, on different factors and strategies (Ellen M. Immergut, 1998; March & Olsen, 2005). Thus, the insights of each approach may be used to supplement those of another. Hall and Taylor (1996) emphasize the pivotal position of historical institutionalism as this approach somewhat integrates them all as in the given example by them: “..by showing how historical actors select new institutions for instrumental purposes, much as a rational choice analysis would predict, but draw them from a menu of alternatives that is made historically available through the mechanisms specified by sociological institutionalism”.

Historical institutionalists define institutions as “the formal and informal procedures, routines, norms and conventions embedded in the organizational structure of the polity and political economy” (Hall & Taylor, 1996). As Immergut (1998) states, these “institutions do not determine behaviour, they simply provide a context for action that helps us to understand why actors make the choices that they do”, and by tracing definitions of interests through time and across cultures, historical institutionalism provides to study the impacts of institutions on the construction of interests. Thus, before making any suggestions, it is inevitable to understand the context, and its effects on the relations of actors.

This thesis tries to find out what does the institutional change mean for public policy and offer some implications and suggestions on formulating local policies, which can overcome the dilemmas of economically determined models. Historical institutionalism provides a fruitful perspective on the nature of public policy acknowledging that political decisions are not the efficient outcomes of related factors,

but they emerge from their complex combinations including the “accidents of struggle of power”.

## **2.1. Research Method and Materials Used**

This thesis comprises of different types of analysis regarding the varying issues questioned. After the discussion on the general context of Turkey regarding the construction-oriented development model experienced after 2002, the changing geography of construction sector in this period will be analysed by the comparison of construction data for 81 provinces. At last, the primary data of the research reveals the changing structure of construction sector through the analysis of two different case cities. However, the analysis of the quantitative data does not give clues regarding the social relations and its effects on the development of the sector. So, for the institutional analysis of building sector a few striking projects and other cases at these cities will be analysed deeply. These diversified analyses are aimed to help understanding the determination of the structures of property development industry, the changing relations between them; and the dynamics of these alterations. However, each new analysis will be organized to evaluate a different part of the process.

The changing geography of construction sector after 2002 will be analysed by the comparison of construction data for 81 provinces. This analysis aims to test the validity of the assumptions, which triggered the construction move in Turkey after 2002, trying to find out the effects of this construction move on regional and provincial basis. They are mainly based on *quantitative data*, which involves both the related statistical data on economy, population, etc. The use of this kind of data aims to the existing situation in population and economy, the change and the relations between the changes of each data; i.e. the relations between the related variables.

The necessitated *statistical data* is gathered from TÜİK, SGK or other related state institutions and tried to be reformulated according to the related problems. Especially for the analysis regarding historical periods, these statistics were used in a comparative way in order to analyse the change within different historical periods. However, especially for the detailed analysis regarding the period after 2002, the statistics on national scale were not enough. However, before passing to the upcoming analysis, it



is important to tell about the changing natures of the statistical data gathered and produced by TÜİK as the change of data gathering and analysing methods of TÜİK had limited the analysis of this dissertation. Through the adjustment process to EU, TÜİK started to collaborate with Eurostat (European Union Statistical Office). As a result of these adjustment efforts, the program named “Development of Turkish Statistical System” had prepared and started to be executed by 2003 with the technical and administrative support of Eurostat. However, using a very system in both gathering, analysing and presentation of data started to prevent comparative analysis. Now, nearly all data gathered from TÜİK involves a footnote describing the availability of the data to compare with previous years; which in fact describes which year did that data started to be produced using this new system. Another problem with this new system is the scale of the data. Eurostat does not prefer to produce data for sub geographical areas due to requirement of high sampling sizes and infrastructure facilities and cost limits (especially countries having excessive populations within their large areas and scattered settlements like Turkey). That is why for many data it had been nearly impossible to make analysis on NUTS3 scale; i.e. provinces. However, by time, the need for province based indicators increased not just for academic studies, but also for the projects and plans that are to be realized by public authorities. Thus, as many other countries, Turkey started to produce estimates for sub geographical areas by using administrative registers and different data sources besides the results obtained from the studies based on sampling. That is why, some of the data started to be produced for provinces; which makes some analysis possible for this dissertation. However, these data always have some time limits to make historical comparisons. Thus, to make comparative analysis possible, TÜİK made revisions regarding this new system for much of the data. Even so, most of the data is published with notes explaining the year that is possible to make such comparisons. The researchers and policy makers are pushed to make analysis for the years after 2003. (www.tuik.gov.tr<sup>1</sup>)

There is still data regarding the years before the execution of this new system, but as they are produced in different systems, and thus represent the reality in very different

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<sup>1</sup> The Information regarding this process is explained at the web pages of TÜİK ([http://www.tuik.gov.tr/arastirmaveprojeler/uluslararasi/ab/ab\\_tuikurostat.html](http://www.tuik.gov.tr/arastirmaveprojeler/uluslararasi/ab/ab_tuikurostat.html)). Besides in the metadata of each statistical data, the process and the limits of data is explained in details.

ways, the analyst need to find new ways to make the needed analysis. The severity of the situation demonstrate itself obviously for the data on population and GDP. With the declaration of population, regarding the new system called ADNKS (Adrese Dayali Nüfus Kayıt Sistemi - Address Based Population Registration System) by 2007, the populations of the cities are less than that of last general population census. And it became ascertain that population of Turkey in 2007 is 3.7 million person less than the projections made based on general population census; which not only effected the comparisons that will be made regarding population, but also the production of some data that uses the population projections. Moreover, GDP data is produced only for Turkey in general because of that system change. After increasing needs coming from provinces, i.e.. governorships, both to make new plans and projects for the cities they are responsible and also to analyse and present the development of them pushed TÜİK to produce a new data regarding the ones they had produced; which called Gross Value-Added after 2004. However, the last publication of this data was at 2011. Moreover, TÜİK did not produced it for provinces, but for NUTS2 regions, and this data did not include the details GDP data had once, such as sectoral contributions to the production of GVA. Thus, the researchers lack the very basic data that are used to analyse the development of the provinces; such as population (before 2007) and GDP.

The data on *construction permits* allow analysing the changes in the building sector through time and space. According to the literature construction permits represents the supply, while occupancy permits represents the demand. However, in Turkey, the ratio of occupancy permits taken is nearly the half of the construction permits. Most of the houses in Turkey is used without taken an occupancy permit. Therefore, occupancy permits is not a reliable data for the analysis of building sector. Despite the existence of constructions started without even getting a construction permit, the ratio of them does not ruin the reliability of the data. That is why, in this thesis for the analysis of the production in building sector, “construction permits” data is used as the basic variable.

The economic and social impact of construction-oriented development strategy is evaluated through the redistribution of population and capital in the country after 2002 to determine a framework to discuss the reasons and dynamics of the change of the

positions of the localities within this process. This redistribution analysis has been made using two main indicators; i.e. population and GDP. This is followed by the investigation of geographic differences between the construction investments in Turkey after 2002. All these analysis were used to select the case cities for the following micro-level analysis. However, before passing into the deeper analysis of the case cities related to the property development sector, the effect of construction move on the socio-economic structures of these cities will be analysed; through both the redistribution of capital and population and also the dynamics regarding this redistribution processes. For the selection of the variables which would put forward the altering development levels of localities in a comparative way that would help to analyse the effects of different variables the analysis called “Socio-Economic Development Ordering (Sosyo-Ekonomik Gelişmişlik Sıralaması – SEGE)” will be used as a starting point.

Since 1996, State Development Organization<sup>2</sup> (Devlet Planlama Teşkilatı-DPT) makes SEGE analysis in order to analyse the geographical development differences. By measuring the development levels of both provinces and regions in a comparative way provides a basis for the spatial aspects of the efficient use of resources in order to provide a balanced growth. Especially the last SEGE analysis, SEGE-2011, used as the spatial basis of the new incentive system started at 2012. Thus, it is used to provide an analytic foundation for the implementation of this system, which aims to trigger the local resources of regional development. (Kalkınma Bakanlığı, 2013)

SEGE analysis involves so many economic, social, financial and cultural variables all of which are at the level of provinces (NUTS3) for all 81 province of Turkey.. Some of these variables reflect the general situation of provinces while some others reflect the situations of individuals (such as per capita values). SEGE-2011 used 61 different indicators classified under eight different groups. For the selection of these indicators “the economic weight of the provinces in the country, socio-economic development levels, individual level of wealth and prosperity, the balance between the levels of economic and social development with that of welfare level at the scale of provinces, and the continuity on data obtaining” are looked out for. Moreover, this analysis uses

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<sup>2</sup> T.R. Ministry of Development since 29 June 2011.

“*basic components analysis*” in order to provide fewer and hypothetic independent variables from lots of variable related to each other. Thus, it becomes possible to provide a scientific and noncommittal ordering, for a determined time, through the operations such as indexation, standardization and centralization this method allows. (Kalkınma Bakanlığı, 2013)

This thesis does not aim to make an analysis on the ordering regarding socio-economic developments of the provinces; but aims to understand the dynamics effecting the social and economic changes regarding the change in the redistribution of population and capital; and provide a context for the discussion of the structural changes of local building provisions. Thus, a selection should be made within these 61 indicators.

Table 1 shows the indicators selected from the list of SEGE-2011 analysis with a few added ones regarding the thesis focus on the development of building industry. This new list consists of 22 variables under 4 headings; i.e. Population, Employment, Finance and Welfare/Quality of Life. These indicators reflect both the effects of the development and redistribution process experienced after 2002 and the new potentials of the provinces regarding the future development.

This thesis searches for the change of the provinces regarding the variables chosen within the period after 2002. As it does not aim an ordering but the change for each variable, the method of SEGE analysis did not used in this thesis. However, for a scientific and noncommittal analysis, the variables should have been standardized. It was impossible to reach each variable for the same starting and end years. So, for the standardization, the analysis aimed at finding the annual percentage change for each of the variables for each provinces.

At last, the changing structure of construction sector will be analysed at two different cities; Erzurum and Kayseri. However, the thesis does not aim to make an unconditional comparison between two cities; but try to reveal the structural determinants of change through a supplementary analysis of these two cities. Thus, they were chosen especially based on their diverse economies and production of built environments.

This micro level analysis involves both historical methods and case study methods. To study the background, the actual status and related interactions, the thesis will refer to the **case study method**, which also involves a historical perspective too. Case studies take a broad approach and explore nearly every facet that has any influence on the subject in question, “from a detailed history to an exhaustive analysis of the environment or context” (Smith, 2012). The historical approach necessitates a repetitive analysis for each historical period defined; as it is aimed to put forward the main characteristics of each period and trace the continuities as well the differences between each period.

After the analysis of the local structures of building provision, the planning histories of case cities will be analysed in order to test the effects of formal rules of development on both the built environment and the structures of building provision in these cities. This historical analysis will be followed by the analysis of striking projects at the case cities in order to understand the impact of local structural differences on the relations within the property sector; which effects these structures in turn. For the analysis of projects, qualitative data had been used; i.e. newspaper archives, the interviews made with the people related with these projects, reports of some experts, etc.

The analysis of structures of building provision in case cities aims to understand the changes within the local property sectors of them; the change in the production volumes and provision types, change in the market shares (size and concentration), and the dynamics effecting these changes. However, standard statistical data on construction permits given by TUIK is not adequate to find out the changes at the level of developers. The records of construction permits taken from “national address database” (UAVT) of ‘General Directorate of Civil Registration and Nationality’ include a variety of details that are not accessible through TUIK statistics. The most important of these details are the ones related with the developers of the buildings these permits were taken for.

**Table 1. The variables used for the analysis on the development process of case cities**

Name and the Source of the Data		Definition (what it shows)	Effect	
<b>POPULATION (6)</b>	Population Density	<b>TUIK</b>	<i>Economic potential:</i> the greater the ratio the bigger the potential The <i>change</i> in this ratio refers to the change in the demand to the building works	+
	Urbanization Ratio	<b>TUIK</b>	<i>Economic Potential:</i> as the ratio refers to the ratio of the people living in cities; magnitude of this ratio shows that the facilities within the industrial and service sector producing bigger value added are more dense in that city rather than the agricultural sector producing less value added The <i>change</i> in this ratio refers to the change in the demand to the building works	+
	Rate of net migration	<b>TUIK</b>	<i>Socio-cultural and Economic Welfare:</i> the bigger the ratio means that the province takes migrates from other provinces; which refers to the relative wellness of the conditions regarding employment, education, social life, etc.	+
	Average Household Size	<b>TUIK</b>	<i>Socio-cultural and Economic Potential:</i> the increase in the ratio refers to a return to traditional lifestyle. <i>Housing Need:</i> the change in this demographic variable shows the change in demand to housing; both in number and style..	-
	Age Specific Fertility Rate (15-49)	<b>TUIK</b>	<i>Socio-cultural and Economic Potential:</i> the greater the ratio the lower the potential	-
	Dependency Ratio for 0-14 age	<b>TUIK</b>	<i>Economic potential:</i> Bigger the ratio, greater the ratio of the young population; which means the greater the population is not active in economic life.	-
	<hr/>			
<b>EMPLOYMENT(7)</b>	Unemployment Ratio (%)	<b>TUIK</b>	The bigger the ratio, the lower the efficiency of economic potential of the province on labour market	-
	Employment Participation Rate (%)	<b>TUIK</b>	As the ratio increase, the will to produce also increase; which shows the growth in the economic activities	+
	Employment Ratio	<b>TUIK</b>	The greatness of the variable shows that the extensity of declared work in the province, activity of the labour market, and the greatness of production power and economic potential of the province	+
	Ratio of Economically Active Population (15-64) (%)	<b>TUIK</b>	The bigger the ratio, the bigger the employment potential of the province.	+
	Ratio of Employment for Manufacturing Industry (%)	SGK	Refers to the production power of the province. The contribution of industry to the value-added is important for the economic development of the province	+
	Ratio of Employment for Construction Sector (%)	SGK	The positive change in the ratio shows the increasing effect of construction sector in the province.	+
	Average Daily Earning (TL)	SGK	The greatness of the variable shows that the employment at the sectors producing higher value-added is widespread, and that the quality of labour force is high.	+
	Data on employment are based on "household labour force survey". However, in order to produce regional estimations to guide regional policies, the sample size of this survey had increased on Statistical Region Units level 2, which corresponds with NUTS2 regions. The production of this data for provinces goes back to 2008 only, available to compare with 2012 variables.			

**Table 1. (Continued) The variables used for the analysis on the development process of case cities**

	Name and the Source of the Data		Definition (what it shows)	Effect
<b>FINANCE (4)</b>	Ratio of Bank Credits to that of Turkey (%)	<b>TBB</b>	Shows the financial potential of the province	+
	Ratio of Saving Deposits to that of Turkey (%)	<b>TBB</b>	Shows the financial situation of the province, which also reflects the situation of the capital accumulation and economic potential	+
	Average Saving Deposits per capita (TL) (change in %)*	<b>TBB</b>	Shows the economic potential of the province through the saving potential of the individuals and thus the power of making investments and transacting business, and also the accessibility of the province to the financial system	+
	Share of Total Tax Revenues in Turkey (%)**	<b>GİB</b>	Show the size of declared economy in the province and the capacity of the province to produce value-added.	+
	* The oldest variable in TL goes back to 2000. However, the change in savings after 2000 exceeds %1000s. So, as the labour force indicators used in the dissertation starts by 2008, for the sake of paralel data, 2008 variables used here too. ** The sum of personal and corporate income taxes realized in the provinces are summed up. TBB: Türkiye Bankalar Birliği GİB: Gelir İdaresi Başkanlığı			
<b>WELFARE and QUALITY OF LIFE (5)</b>	Ownership of automobile (#/10.000person)	<b>TUİK</b>	Shows the level of both the individual and social welfare.	+
	Housing Electric Consumption Per Capita (KWh)	<b>TUİK</b>	Shows the level of usage of durable consumer goods.	+
	Housing Ownership (%)	<b>TUİK</b>	Shows the level of both the individual and social welfare	+
	Net Schooling Ratio at Secondary Education (%)	<b>TUİK</b>	Shows the level of formal education in the city; which positively effects the development level	+
	Number of Mobile Telephony Subscriptions Per Capita	<b>BTK</b>	the density of the usage of mobile communication reflects the level of communication opportunities as well as the situation of the related infrastructure in the city	+
	BTK: Bilgi teknolojileri Kurumu			

Source: (Kalkınma Bakanlığı, 2013)

The data set consists of the records of construction permits taken in the study area between July 2007 and May 2014. These records are used to construe the structure of the local property market, both through putting forward the real players (developers who lodged development applications), and the developments on the building environment itself. The data set included information about the usage of the buildings, the type of development, its size, value, location, the developer, landowner and date the related permit has taken for each county of the cities. The details about developer includes their tax number and the tax offices they are subject to, which provides to generate data about the locality of the developers and thus the geographic distribution of the value-added through the production of built environment. The details on the

landowners reflects the institutional structure of them; whether they are private landowners, cooperatives or one of the public institutions. In relation with the details about developers, this helps to figure out the dynamics of the change in the structure of property market.

After the new regulations on metropolitan municipalities, the area under the authority of metropolitan municipality has widened so much making an appropriate analysis difficult. By the way, studying a compact city region is much more applicable for tracing the progress of the urban development. So, the case has limited to the three central county at Erzurum (i.e. Aziziye, Yakutiye and Palandöken) and two central counties at Kayseri (i.e. Melikgazi and Kocasinan).

As it can be seen from the Table A.3 and A.4, the data includes 6850 records for Erzurum; and 16838 records for Kayseri in total. However, some of the records does not include the date the permit has taken, and the records of 2007 and 2014 does not cover the whole year. According to the records' distribution by counties, the majority of the construction permits are taken from the central counties; i.e. %63,43 for Erzurum (4345 records from a total of 6850) and %63,36 (10670 records from a total of 16838) for Kayseri.

**Table 2. Overview of the Selection of Construction Permits Records to use in the Analysis**

Provinces	Total number of records	Number of Records at the Central Districts		Records after the processing of the data		
		#	% of total records	#	% of total records	% of total records at the central districts
Erzurum	6850	4345	%63,43	2296	%33,51	%52,84
Kayseri	16838	10670	%63,36	5771	%34,27	%54,08

*Source: National Address Database, General Directorate of Civil Registration and Nationality, Ministry of Interior*

However, the data involved a range of problems such as missing important entries, inconsistent usage of some terminology and duplications. These problems overcome through a processing, which includes interpolation and crosschecking the values relating size, costs and other entries; and also some consultation taken from the staff of county municipalities to understand some of the details given in the records. At the end of this process, the number of construction permits to use in the analysis fell to 2296 (%52,84) for Erzurum; and 5771 (%54,08) for Kayseri.



Despite the difference of the scale of the markets, the sample that will be used to analyse the structure of the property markets has nearly the same representation power according to the percentages.

The quantitative data is used to analyse the change in the volume of production, market shares, and the geographic origins of the developers. However, this data is not sufficient to analyse the dynamics and features regarding the decision taking processes, the origins of the capital transferred into the sector and/or the relations between the structures of building provision, etc.

The **qualitative data** aimed to reach a variety of players acting or affecting the development process by any means. As the developers are the key players in the organization and generation of the related development act, the first stage of the in-depth interviews started with them. In the second phase of the gathering the qualitative data, it was tried to reach the representatives of different institutions such as different municipalities and chamber of commerce.

The method of **Semi-Structured In-depth Interviews** is used for the collection of information for this study. Before going to the case area, I had prepared very structured and open-ended questions that will lead me through the interviews. I had thought to ask the first questions about the general character of the interviewees and their businesses from the list and use the other parts just as a reminder for me. However, just in the first two interviews I had realized that asking questions to get some precise answers; even if they are about the interviewees age, origin or etc; was hindered the formation of the desired environment that will provide me to get more frank answers about more important issues. After this *trial and error method*, I gave up asking the identity questions about both themselves and their business at the beginning and let the conversation lead the process on its own. But I kept the question list with me as a reminder during the interviews. This also allowed me to see the fundamental differences about the developers; both their own personal characters and their varying opinions about the same problems/issues.

It was aimed to select the interviewees according to the construction permits records. However, it was impossible to reach the developers just from their taxpayer identification numbers given in the records. Not all of the records included this

number, but it was impossible to reach the names of the actively working developers through this data. Thus, it was necessary to find another way to select the interviewees.

The interviewees are selected from the developers who are actively working in the city. The big players of the local property markets were known and chosen to be starting point for the interviews. However, it was again impossible to take an appointment from them without a well-known mediator. The Chamber of Commerces of the cities had been a good starting point for the start. They helped to get in touch with one or two developers at the city and then it was possible to reach a variety of developers with different sizes and types of production through *snowball sampling method*. After each interview, the interviewee asked whether he could provide contact with others. In this stage, every developer was willing to help and gave the telephone number of at least one other developer. In Erzurum, sometimes, they called and get an appointment for me themselves. All the interviewees are tried to be purposefully selected asking the interviewee for the contact of developers having specific characters; making cooperatives, new to the sector, a big player, old cooperatives, public contractors, etc. This technique also provided to overcome the trust problem to some extent in order to accept the developers to make the interview and to record it. It was possible to make interviews lasting nearly one-hour. Despite the facilitators mentioned above, it was not possible to make interviews at an adequate number; but the depth of the interviews and the variety of the interviewees provided to get the picture of the general structure. Interestingly, despite all the facilitator effects of the snowball technique, the developers were unwilling to allocate some time for such an interview at first; but when it started, it was sometimes very hard to make them stay in the focus, as they were very satisfied to talk about their own experiences in detail. The interviews were recorded after getting the permissions of the interviewees. Many of them allowed recording the conversation, but they asked to stop recording when talking about some delicate issues.

**Life History approach** was used through in-depth interviews. At the beginning of each meeting, the interviewees asked to tell their own stories in business from start. This provided a more frankly environment; and thus I could asked questions about the related issues. I observed that the interviewees were losing their hesitations about me

within a few minutes and starting to give more sincere answers. This also provided me to ask their opinions about some very delicate issues. They all answered these questions, but just two of them wanted to talk about these issues off-the-record (both were in Erzurum).

These semi-structured in-depth interviews were tried to be flexible and interactive. Thus, the interviewees, even the ones who were doubtful at the beginning, started to carry on the interview with very little direction after a little time, and often, they all raised the pertinent issues themselves. The interviewed were all started by the personal histories of the developers and carried on with the relating issues:

- how and why they became involved in the development process,
- their operations and decision making strategies on important issues such as timing, location and type of development, target group
- the changes in the market; observations about both the national and local markets; and their own experiences
- the effects of legal and institutional changes to the market,
- the effects of special features of development sector for the period after 2002 such as TOKİ projects, urban regeneration, etc
- their opinions about the developers coming from other cities
- their relations with related sub sectors of the economy
- their experiences with the local bureaucracy and local planning systems.

In Erzurum, a sample of 11 developers from different sub-sectors, 1 representatives of material supplier to the industry, and one staff from one of the relating county ministry, Palandöken, had been interviewed. The time of the second fieldwork in Erzurum had overlapped with Ramadan. Most of the developers asked for an interview used this as an excuse and did not accepted. Moreover, I could not take an appointment from anyone authorized about the construction sector from the Chamber of Commerce in Erzurum. Besides, it was not possible to make an interview with DE\_11 (Karadayı) within the period of the fieldwork, because of the problems aroused about the project of the firm. However, there was a nearly two-hour long record<sup>3</sup> of another interview made with him. As he is an important actor in the local market, the details about him is seen to be very important. Thus, not only this record, but also a few other interviews

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<sup>3</sup> The interview was made for a TV program named “SORU-YORUM” program of a local TV channel named “Kardelen TV” at 2 March 2013; the record downloaded from [www.karadayigroup.com.tr](http://www.karadayigroup.com.tr) at May2014.

given to local media by the owner of the company, and some other TV programs on the related project had been used for this thesis.

In Kayseri, it was possible to interview with just 6 developers. Compared to the scale of the property market of Erzurum, the representation is thought to be very limited. However, in Kayseri, it was possible to make interviews with important representatives of the sector. Besides a developer actively working at the Chamber of commerce, an expert at the ORAN Development Agency who is responsible to analyse the construction sector of Kayseri accepted to meet me. At these long lasting interviews (more than one hour), I had the chance to discuss a variety of issues related the development sector, the economy of the city and also about other determining factors special to Kayseri.

I had to visit Kayseri two times. I made my first visit at the end of October. However, I could make only two interviews; which I made the appointments before. The timing was very bad; because the Prime Minister of Turkey would visit Kayseri and everyone was preparing to that visit. The sampling method did not worked that time. However, I did not have the mediator at the Chamber of Commerce yet. In November, it was impossible for me to visit Kayseri again, and for December, I learned that I could not arrange a meeting as the firms were busy with the works of the end of the year, etc. At last, when I could establish a relation with a business representative working at the Chamber of Commerce, the problems had finished at a vast scale. With the help of her, I made the above interviews and entered an important meeting focused on the problems experienced by the actors of building sector. It was coordinated by the Chamber of Commerce with the attendance of the mayor of one of the central districts, Melikgazi Municipality, and many firms in the building sector. And when I was in Kayseri, I also tried to negotiate about the development plans and the relations with developers with the municipalities. It was again hard to arrange a meeting, but at the last day of my visit, I managed to talk with a planner in the planning office of the Metropolitan Municipality and also with the secretary-general.

These interviews made with developers differs the thesis from others in the literature. With this small purposeful sample of developers interviewed, it was aimed to provide representativeness of developers from all different kinds acting in the city.

## CHAPTER 3

### THEORETICAL FRAMEWORK

Property development sector is an economic sector of which product is the physical environment of the cities we live in. Once the basic needs of the cities had met that we can call that settlement as a “city”, property development sector starts to create the building environment generally in order to facilitate the circulation of capital in various forms. Boddy (1981) suggests that property development sector bases on commercial, administrative, governmental and financial functions while providing the exchange of information and facilitating the physical and legal transactions via the changes in physical structures.

This research tries to develop an understanding of structural dynamics of property development process which includes a complex network relationship with a variety of actors/agencies, activities and events. Property research focused on these issues show that the physical results of complex urban processes could not be managed and analysed regarding the property development market as one of the other economic sectors. That is why they have been utilized some methodologies, theories, methods and techniques from economics, geography, planning, sociology and politics. MacLaran (2003) supports this idea pointing that the different types of capital, interests and functions comprised in the property sector are affected by legal processes, market and non-market mechanisms within a complex structure of network relations.

As Guy and Henneberry (2002) states that this complex process entails the orchestration of finance, materials, labour and expertise by many actors within a wider social, economic and political environment and emphasizes that the physical environment is just the “tip of an iceberg with much that is hidden beneath the surface”. This chapter tries to find a way to search for what is hidden beneath the surface consulting the existing literature.

### **3.1. Conceptualization of Property (Development) Sector**

Property includes “a network of rules, conventions and relationships which collectively represent the system through which property used and traded” (Keogh & D’Arcy, 1999). These characters of property sector are the very basic features differentiating it through different geographies and time. Since 1950s, property development is studied by many researches from a variety of different professions and from different geographies who left us with so many different models. As expected, all of the models have varying approaches both to the nature of the industry and its relations with other realms. Even so, despite the biased views inherited in each definition of property development and the sector, it would be a pathfinder to start from the basics and put forward the factors and dynamics of the sector before the discussion of related theories and models.

It is defined as a high-risk activity as it generally involves large sums of money for a product, which is relatively indivisible and unchangeable, and which is affected directly from the performance of economy at all levels. However, the requirements of urban economic activity for land and property are met by either the existing stocks of building or new developments, both of which are mediated through property market process that is in charge of development and redevelopment (MacLaran, 2003).

#### **3.1.1. Property Development Process: Event Sequence and the Dynamics Underneath**

Cadman and Topping (1995) state that the process of property development is a very complex one and emphasize the product is unique in terms of both its physical characteristics and its locations. Property development is a process that involves both changing and intensifying the use of land to produce buildings for the aim of occupation; so land is only one of the raw materials used together with building materials, infrastructure, labour, finance and professional services (Cadman & Topping, 1995).

They use eight stages in order to make an examination of this complex and risky process: (1)Initiation, (2)Evaluation, (3)Acquisition, (4)Design and Costing, (5)Permissions, (6)Commitment, (7)Implementation, (8)Let-manage-dispose. The

researcher should not banish that these stages may not always follow this sequence and generally overlap or repeat due to the unique properties of each development. As there is no enough space for discussing all of these stages, only five of them, which are selected through their importance for the targeted analysis, will be discussed.

The *evaluation* is a constant stage of whole development process through which uncertainty and risk are assessed. That is why it must be carried out not only prior to the acquisition, but all through the development process with the re-appraisals of the profitability of the scheme. These evaluations should be done considering economy, property market, general market analysis and changing assumptions on the project, all of which affects the processes differently. (Cadman & Topping, 1995)

Preparations needed before the *acquisition* of the site involves three different investigations; legal, ground and finance. Cadman and Topping (1995) summarizes the pre-conditions of development process that should be answered through land acquisition as: (1) the landowner's willingness to sell the land on terms and at a price to enable a viable development to proceed, (2) planning permission for the proposed development or allocation of the proposed use within the relevant development plan, (3) the existence of infrastructure and services to support the proposed development, (4) the existence of suitable ground conditions to support the development, (5) the necessary development finance, and (6) a known end-user or occupier demand for the proposed development. They state that the lack of any of them represents a considerable risk to the developer; especially knowing about the requirements of occupiers. It is important to have information about the existing owners, their rights to the site, and whether the public sector will involve in the acquisition stage or not. And generally there are two different finance system used during the development process which the developer should decide which sources to use in each period. Short-term finance is used to cover the costs during the development process while long-term finance is used for the cost needed after the completion of the development. Cadman and Topping (1995) states the importance of developing funding and valuation techniques to improve the attractiveness of property as an investment; because the financier wants assurance on the capability of competing with other forms of investments.

Getting hold of the planning *permissions* from local planning authorities requires some detailed knowledge of related legislation and policies together with the knowledge of operations of particular planning authorities. Coiacetto (2009) explains how the entry barriers to any sub-market can change due to different operations in each planning authority; with the difference between approval rates of non-local developers by the planning authorities in Ballina and Byron Shires in Australia between 1988 and 1993. The developer should also be careful about all the legal consents determining the limits of development work before commitment; such as right to alter or demolish a protected building, diversion / closure of a right-of-way, etc. Some developers employ in-house experts while the others use consultants in this stage in order to reduce the risk as much as possible, and decide on the cost-effective strategies, before commitment to development in a particular area (Cadman & Topping, 1995).

All the stages before *implementation* should be taken seriously; taking careful examinations and maintaining flexibility as long as possible; as lots of the flexibility has been lost in this stage. Cadman and Topping (1995) specially expresses the importance of monitoring the market constantly and that the developer must take much interest in the running of the project as in the other stages.

In the last stage (*let-manage-dispose*) the developer is generally heavily influenced by other actors such as financiers or the landowner, or in general, the economic conditions. The location, specification, financial strengths of tenants as well as the changing economic conditions is critical to decide on the price and timing of letting or selling. The employment of an agent at the very beginning of the project (may be within the design stage) becomes important to secure the sale of property. (Cadman & Topping, 1995)

### **3.1.2. Actors of Property Development Sector**

Such an investigation on development process puts forward the variation of actors each of whom contributes to the outcome of the process with varying perspectives and expectations. These actors of the development process in the order they appear (approximately) are: landowners, developers, public sector and government agencies, planners, financial institutions, building contractors, agents, professional teams (including planning consultants, economic consultants, architects, quantity surveyors,



engineers, project managers, solicitors and accountants), objectors and occupiers (Cadman & Topping, 1995). As there is not enough space to discuss all actors here, it is thought to be useful to inform only some of the key actors of the property development process, as they will be referred many times while discussing the dynamics of the sector throughout the research.

Agency models (will be discussed later); which focus on actors and their relationships take the *developers* as the key actors of the process being responsible for putting the whole scheme together (MacLaran, 2003). They are differentiated in a variety of forms and sizes from one-man-bands to multinationals; which makes it hard to decide on the characteristics for evaluating them. Some relatively small developers have to trade (sell) their completed properties as they do not have the necessitated capital resources, while others generally use the properties they developed as investments. These trader-developers operate in order to evolve into investor-developers.

However, the operations of developers generally determined by the character of the market. For example, as residential market is biased on owner occupation, residential developers operate as traders. Some development companies specialize in particular type of development; such as residential, office or retail developments; or in particular locations. These specializations are chosen by the companies in order to spread the risk across different types and locations. However, it is a common procedure in development sector to formulate the policies of the firms according to interests and expertise of their directors. This generally restricts the applications of them within the limits of perceptions of directors about the related markets. (Cadman & Topping, 1995)

The distinction between developers and contractors are generally confusing because of the sizes and actions of the firms. Sometimes *building contractors* may reach efficient sizes to make development projects. However, building is only a part of the property development process. Developers are the ones changing the use of land from the very first stages of design of land until selling of the finished property; either at the end of project or after a decided time for investment. However, building contractors are employed by developers and their prime objective is direct financial gain (Cadman & Topping, 1995). Development companies may keep their construction departments

at 'arm's length' as an entirely separate profit-making centre, which can contract on independent building projects. A builder taking the role of a developer takes on the additional risk associated the development process; while its risk is determined by the building costs and length of contract when employed by a developer as a contractor. However, these contracts generally transfer the risks of uncertainties affecting the building costs and time of the project to the shoulders of builders. Cadman and Topping (1995) have examined the types of contracts and find out that within all three main types of building contracts (traditional contract, design and build; and management contracting), the contractors have to accept a high degree of risk in order to obtain work from the developers.

As developers sometimes use some other financial sources apart from their own capital for the whole process or the part of the process of development, *financial institutions* can sometimes act as developer or investor itself. Financial institutions have a very important role in the development process. They all tend to seek a balanced portfolio of different types of properties and spread their investments geographically. The research shows that residential developers only require short-term development finance; which is generally provided by the banks. The financial sources are generally similar for the public sector developments. Cadman and Topping (1995) states that some local authorities may obtain funding generally for urban regeneration projects through grants from central government sources or European funds. However, they add that the use of these sources is generally under tight control of central governments; especially for the finance gathered through public sector borrowing. The impressive feature of such kind of funding is that it is always subject to high competition, and such kind of development schemes are generally carried out in partnerships with private sector and the community (Cadman & Topping, 1995).

The *public sector and the government agencies* are other key actors of property development. Their effect on the operation of process differs according to the general structures of each state and varying power relations between local authorities and central governments. These effects are always subject of changing legal structures within the government systems. However, local authorities are generally constrained by their financial resources and limited by their legal powers. Cadman and Topping

(1995) state that the involvement of local authorities in the development processes in UK depend on their goal to encourage economic development of their area or to control development in order to maintain standards; generally by supplying land/buildings and with planning decisions. In general, central government policy affects public sector undertaking little direct development. However, the other responsibilities of central governments to their citizens may force them to commit for property development sector; either changing legal arrangements and institutions or giving direct responsibilities to public sector institutions. As one of the aims of this research is to examine how and why such undertakings realized, and the effects of such participations to the development sector; it will be discussed in detail later within Turkish case.

### **3.1.3. Factors of the Property Development Sector**

Property development sector is unique owing to its varying networks of factors. The classification of Coiacetto (2006) on the factors affecting the development industry is very useful in terms of demonstrating the complex relations in the sector; such as market structure (oligopoly/monopoly), firm sizes, entry barriers, or policies applied; etc.

The exogenous and endogenous *entry barriers* which characterize development are affected by a range of factors such as planning, different planning regimes, different submarkets -and operations within them-, and other related economic sectors, etc. local and regional development industries can be reshaped or dominated by the new firms entered. However, existing firms within a sub-market are also able to influence entry conditions to their advantage. They control land resources, influence regulation policies and standards (via their negotiations powers on local governments), etc. Larger firms try to reduce the risks -especially associated with land acquisition, markets and submarkets, borrowing and planning- on them in order to expand or integrate vertically or horizontally.

Coiacetto (2006) states that the *local nature of property development* offers a degree of monopoly power on firms, which is generally created by *market segmentation* (into sub-markets) and *product differentiation*. However, this tendency to monopoly is both countered by the limited potential of industry and tempered by factors like

technological change and planning procedures. He also attracts attention to the *concentration and de-concentration tendencies* of the sector, which is affected from the volatility of the industry. As identified by Ball (1983) too, there are risks for small firms to expand their production during a boom period while large firms keep some advantages to spread their activities across several different development cycles.

As with the urban *policies*, non-urban policies too can change the relationships between the actors and can create a shift in types of both financial opportunities and firms that can get funding. Such kind of non-urban policies can be exemplified as labour laws that aim to make employment secure and prohibit subcontracting (Ball, 2003), regulation to enable land to be sold off the plan before its completion, etc.

These above-mentioned factors generally focus on the market relations of property development sector pointing out the entry barriers, power relations in the markets and the structure of it. They also refer to the policies affecting the relationships and elements within the sector. The analysis of the changing structure, nature and relations within the Turkish property sector will be analysed deeply through these factors. Thus, the relevant characteristics of each factor described above will be discussed in detail at the appropriate places in following chapters together with the cases.

### **3.2. A General Look at the Contemporary Literature on Property Development Sector**

Most of the phenomenon subject to an analysis are very complex, which makes them very complicated to comprehend. Thus, the researchers are generally in need of simplified or abstracted versions of reality, which is called a *model* ( look at Mylopoulos, 1992 and Ritchey, 2012 for a more detailed view of a model and modelling). However, nearly all of the models are biased by the perspective of the researchers one way or another. As the model chosen not only describes the researcher's point of view but also the way he/she would study the phenomenon in question. However, every model is set up to help the model maker's purpose and thus contain only the features that are of primary importance for that purpose<sup>4</sup>. This nature of modelling/models ends up with the fallacy of the researcher who tries to make a

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<sup>4</sup> <http://www.businessdictionary.com/definition/model.html>

model containing all elements of the object/phenomenon (and the relations between them) he tries to comprehend; makes it necessary to examine a variety of them in order to form a new and suitable one for the related research.

*Table 3. Theoretical Stance of the Models of Property Development 1954-2012*

Theoretical Perspective	History/Theoretical Stance 1954-2012						
	1950's	1960's	1970's	1980's	1990's	2000's	2010's
<b>Neo-Classical</b>		Drewett (1969) Donnelly (1964)	Kaiser (1970) Markusen (1978) Cadman (1978)	Ball (1986a)	Adair (1991) Scott (1996)	Bulan (2009)	
<b>Neo-Marxist</b>			Massey (1978)	Boddy (1981) Harvey (1985)			
<b>Political Economy</b>	Lichfield (1956)	Craven (1969)	Chapman (1978)	McNamara (1988) Ambrose (1986)	Ball (1983a, 1998) Adams (1994)	Guy (2000, 2002) Adams (2009)	Adams (2012)
<b>Institutional</b>			Barrett (1978) Bather (1976)	Bryant (1982) McNamara (1983)	Healey (1990; 1991, 1992a) Gore (1991)	Ball (2001)	Fainstein (2001)
<b>Praxis</b>			Drewett (1973)	Goodchild (1985)	Fisher (1999)	Coiacetto (2000, 2001, 2009) Schiller (2001)	
<b>Sociological</b>	Form (1954)				Diaz (1999)	Beauregard (2005)	

Source: (Drane, 2012)

Property research has drawn heavily on the research approaches of many related disciplines like economics, geographies, planning sociology and politics; with changing methods and theories by time. Drane's (2012) historical map of models on property development appeared between 1954 and 2012, basically, shows the complexity of the phenomenon. Since 1950s property development have been analysed within varying perspectives, which led many models. Within such a full pool of researchers, it becomes very hard to identify the gaps or limitations in the literature related to the property development theory. While some of the researchers see property development as a state of transition and try to find out the mechanisms behind this transition (Drane, 2012, 2013), some focus on the circulation of capital through development activities (Harvey, 1985), and some others approach it just as a system

of which rules, conventions and relationships to be expressed (Keogh & D’Arcy, 1999). Besides those different approaches, property development has its own subsectors (industrial, commercial, residential, etc.) all of which have distinct natures and processes, and this makes it hard to agree upon a generalized theory to study the phenomenon.

Drane (2013) suggests that theoretical perspectives of neo-classical and neo-marxist are fading away while giving way to the ones based on political economy and institutional analysis. However, the evaluation of the models puts forward that there is no real breakaway from the former ones. Instead, the models generated within the perspective of political economy, institutional analysis and the ones focused on the praxis based upon the former ones as with the works of Healey, McNamara, Barret and Coiacetto in the area of structure, agency and institutional versions of the models.

**Table 4. Patsy Healey’s (1991) summary of theoretical assumptions and model categories**

	<b>Models</b>	<b>Economic Processes (Equilibrium/Structure)</b>	<b>Event Sequence</b>	<b>Agency</b>
Theoretical Assumptions	Neo- Classical	<b>Equilibrium</b> Fraser (1984) Harvey, J. (1981)	Cadman&Austin-Crowe (1978) Munton&Goodchild (1985)	Craven (1968) Kaiser&Weiss (1970) Drewett (1973) Bryant,et al (1982) Barrett et al (1978) McNamara (1983, 1988)
	Neo- Marxist	<b>Structure</b> Harvey, D.	Boddy (1981)	Ambrose (1986) Ball (1983)

Besides the complexity of property development together with the ways and lenses through which it can be viewed, the inevitable limitations coming from the structures of each individual disciplines makes it hard to figure out a comprehensive evaluation. However, the classification made by Healey (1991) is very supportive to study the related models. She classified the most important approaches used by property researches to that date into four categories; i.e. *equilibrium*, *event sequence*, *agency* and *structure* models. The dual classification of Neo-Classical and Neo-Marxist assumptions states the framework and limitations of traditions of conceptualizations (theoretical perspectives) they are generated.

The first three models (*equilibrium, event sequence, agency models*) provide different ways of analysis of actors and institutions operating in markets structured by demand and supply of commodities; while the fourth one (*structure model*) is generally based on the structure and dynamics of commodity production and exchange. The peculiarity of this fourth model lies in its taking emphasis on each of the first three models (Healey, 1991). These models, each of which refers to incorporate sets of theory and methods, reflect the complex processes related to the development of built environment. However, there is a consensus on the deficiencies of these four models (Guy & Henneberry, 2002; Healey, 1991; Hooper, 1992): 1. The assumptions of these models are found to be utilitarian. Criticisms state that they do not include social relations between alliances involved making the mistake of giving much more importance of economics instead of inter-organizational relations<sup>5</sup>. 2. They cannot cope with dynamic systems such as property market as they are not sensitive to initial conditions, not accommodating non-linear relationships and not having adaptive or evolutionary characters. 3. They ignore contingency. However, Hooper (1992) criticises Healey's reviews on first three models for following Weberian tradition as she focus upon the conceptualization of the economic and non-economic realms deployed by respective actors in order to generate her institutional model. With these criticisms in mind, the following fifth model –institutional model- tries to provide a more comprehensive approach using elements from both agency models and structure models. The institutional models suggested by Healey (1992b) and Ball (1998) try to overcome these problems with broader approaches, incorporating many of the elements of the development process. As Guy & Henneberry (2002) reflects this new model covers institutional treatments from mainstream economics; considerations of power such as those included in behavioural institutionalism; the structure-agency institutionalism of Healey (1992b); and Balls' 'structures of building provision' (Ball, 1983b, 1986b, 1998).

### **3.2.1. Equilibrium Models**

This model, derived from the neo-classical tradition in economics, assumes that development activity is basically structured by economic signals about effective

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<sup>5</sup> However, structures of provision approach is based on these relations between the agents of the sector.

demand (Healey, 1991). Equilibrium models; such as business and building cycles; start from the assumption that development process is driven by the demand for new property; i.e. they focus on demand and supply; and the development activity is seen as unproblematic. In most developing countries, nearly half of the investments in Gross Fixed Capital Formation<sup>6</sup> (GFCF) comes from construction, which clarifies the dominant role of construction in the rates of GFCF.

The increasing interest in the property development sector starts with the discovery of its relation to economy; i.e. economic development. D.A Turin had started the discussions on the role of construction sector in economic development in 1960 (Giang & Sui Pheng, 2011). Being the main sector supplying these physical infrastructures required by the economic facilities, construction has a significant effect on economic development. The researchers emphasize the causal linkages between the infrastructural investments and the economic development as these investments improve the capacity and the efficiency of the economy. Thus, the construction industry needs to grow faster than the overall economy especially during the acceleration periods of economic growth.

Owing to the demand created by the investments in construction sector, it is believed that all these other sectors having linkages with it will grow; which will provide the overall economic growth. Thus, this static view on the relation between construction activity and the economic growth suggests that the development of construction sector will stimulate economic growth through its strong linkages with other economic sectors. These linkages exist on the sides of both inputs to construction and the outputs of it; i.e. respectively backward and forward linkages (Gürkan & Keçeli, 2009). Riedel and Schultz (1978, cited in Giang & Sui Pheng, 2011) revealed that the construction sector is one of the top four economic sectors (out of twenty) in terms of its inter-sectoral, backward and forward linkages.

The discussions on building cycles of property development become crucial as an alternative neo-classical theorization on the structural explanations regarding the relations and dynamics of property development. Property market is subject to several

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<sup>6</sup> A component of the expenditure on Gross Domestic Product showing how much of the new value added in the economy is invested rather than consumed.



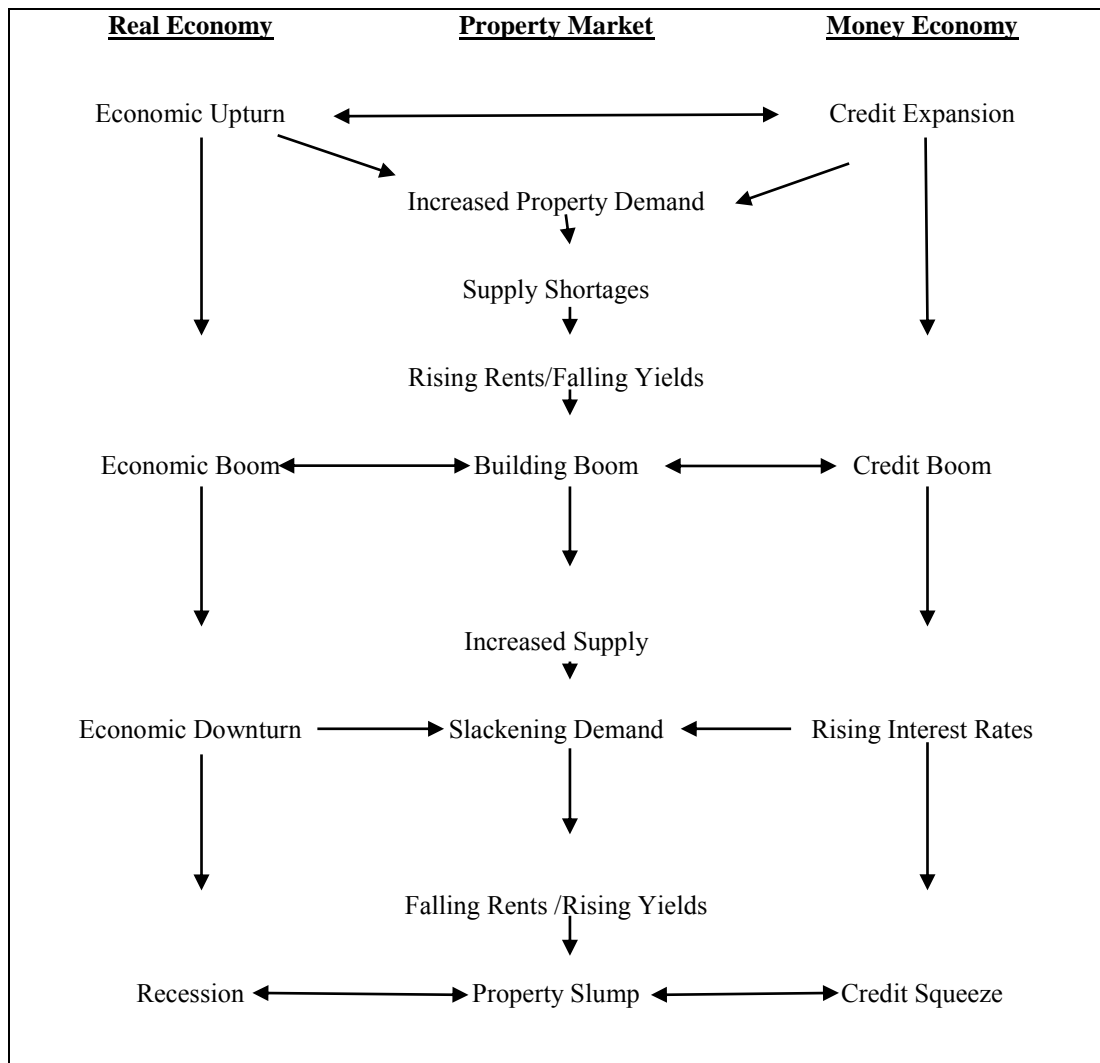
cyclical influences (Barras, 1994). The involved explanations on boom and slump periods especially forms an alternative to the relationship between primary and secondary circuits (Balaban, 2008).

In his analysis of property markets, Ball (1994) distinguishes two types of processes regarding these building cycles. While *short-term processes* which were mainly driven by some policy changes have basic and persistent effects in generally local markets, *long-term processes* can have macro-economic impact on the wider economies (such as it was generally seen in the various world economic crises). These long-term, bigger scale processes are generally the consequences of technological changes, rising real incomes and the growing service industry. These developments not only affected the development industry or property market but also had impacts on occupier market – with changing types and volumes of demands- too. (Ball, 1994; Barras, 1994)

It is not enough to define different building cycles to understand the underlying dynamics of the property market. Ball et.al (Ball, Lizieri, & Macgregor, 1998) describes the patterns of this idealized property cycle with five consecutive stages; i.e. *business upturn and development, business downturn and overbuilding, adjustment, slump and the next cycle*. The model generated by Barras (1994) helps to identify the dynamics of these patterns illustrating “the interaction of the business cycle in the real economy, credit cycle in the money economy and the long cycle of development in the property market”. According to Barras (1994) and Ball et al (Ball et al., 1998), this process starts with a rise in economic growth, which in turn produces a rise in user demand. However, in this first stage the level of investment in property markets and construction activities is very low. The relative shortage in the supply of property and the optimistic investment atmosphere (expected lower risk and higher profitability for new development activity) leads to a strong *business cycle upturn*. Developers and investors respond positively to the improvement in the potential profitability of development and initiate new developments, which starts the first wave. The banks enter the process with their funds and this second wave of construction boom evolves into a more speculative development activity. Here Barras (1994) states that this upturn in the business cycle can lead to a full-scale economic boom if credit expansion in the economy accompanies the process. However, building practices has its own lags

between the construction starts and finishes. Thus, after a major building boom has started, rents and values continue to rise generally until the new buildings reach completion. The *business downturn*, characterized with a decline in economic activity and tightening in money supply and increase in interest rates, begins. The decline in the demand for property leads to the increase in vacancy rates and to the fall of rents and values. This moment can be characterized as the peak of building boom with oversupply in in property markets, which can be observed as the growing stock of new but vacant floor space. The sharpness of the first two stages show its results in the *adjustment* stage. As the economy moves into recession and the vacancy rates continues to rise above the equilibrium level, the fall in rents and values accelerates. Ball et al (1998) emphasize that the impact of this stage is clearly observed on developers. They began to face difficulties to generate income for their interest payments. The risk in the sector rises so much that developers stop investing in the market at best, or they go bankruptcies. Property *slump* begins. It is characterized with depressed values, high levels of vacancy and widespread bankruptcies in the property sector. As this process is defined as a cycle which repeats itself, the effects of this slump continues until *the next business cycle*. Following the period of low development activity the relative shortage in the available supply of property coincides with a rise in economic activity leads to the next business upturn.

The case studies on the relation between construction sector and the economy reveal interesting results. The case of China puts forward the bi-directional causal relationship in which construction investments had a short-run effect on economic growth while the economic growth had a long-run effect on construction. The case of Trinidad and Tobago reveals the changing relations between construction and economy over time; i.e. construction drove the economy during the economic downturn while the economy led construction during the economic upturn. (Giang & Sui Pheng, 2011)



*Figure 1. How the property cycle works (Barras (1994))*

Despite the general approach within this model accepts the development process as unproblematic, the subsequent research put forward some concerns on the longevity of the performance of construction sector to stimulate the economic growth. Giang & Sui Pheng (2011) puts forward the complicated relation with the infrastructural investments and the economic development that they do not permanently raise the economic growth in their article, which summarizes the 40 years of literature on the relation between economic development and construction sector. When the volume of the investments reached to a sufficient level to raise the productive capacity, the new investments may not result with ongoing development. Moreover, the oversupply of infrastructure relative to the economic scale may have negative impacts on economic

growth. The arriving of a national economy to middle-income stage may also result with the decline of the stimulation effect of construction sector (Strassman, 1970).

Some other researches focus on the effects of (sometimes uncontrolled) expansion of construction industry; which are generally negative. The misallocation of resources as a result of this expansion negatively effects the costs of inputs (labour, material, etc), the availability of financial capital for other investments, intensification of environmental stress, and so on. Giang & Sui Pheng (2011) summarizes this situation as “the overexpansion of construction activities may affect macroeconomic stability by generating inflationary pressures, wasting resources and misallocation; which may offset the real growth of the economy”.

These models searches for the role of state on the development of construction sector. Owing to the key position of construction investments to stabilize the economy, the governments generally tend to use them in their national development strategies as a tool to stabilize the economy.

The role of governments to expand the capacity of the construction sector demonstrated by the policies used by them to influence its activities directly or indirectly with the aim to stimulate the economic growth. These policies are generally focused on the removal of the constraints of the industry’ production factors such as labour, materials, capital and technology. Thus, construction is expected to drive the economic growth by providing the required domestic capacity. Government policies also aims to create an institutional environment and appropriate fiscal policies for facilitating a competitive business environment and encourage employment to stabilize the construction activity. (Giang & Sui Pheng, 2011)

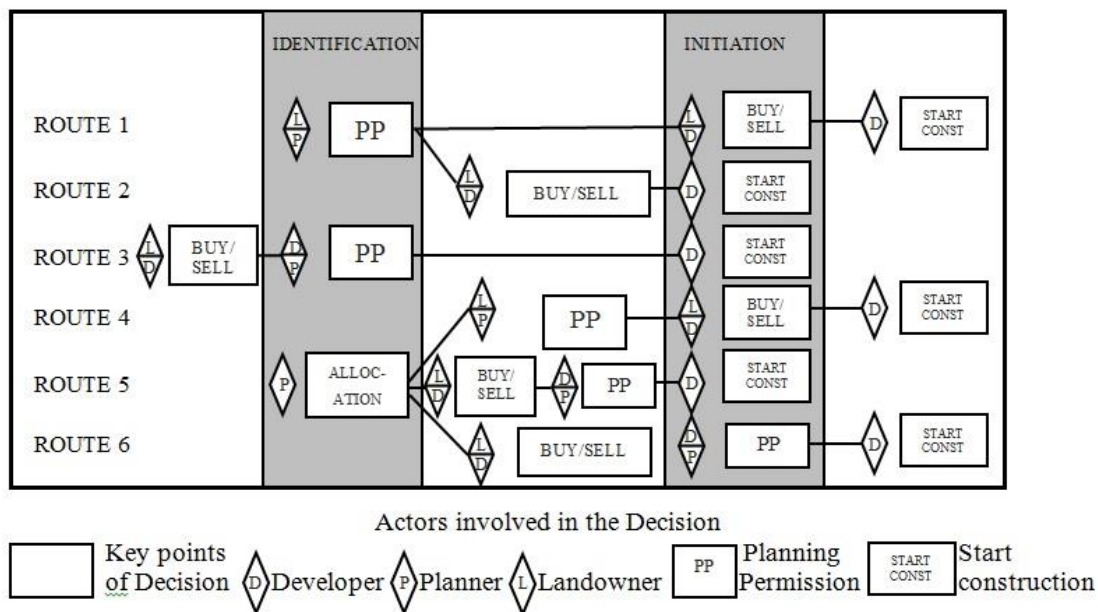
Healey (1991) summarizes the insufficiencies of the model in five clauses. According to her analysis, the model; 1. fails to take account of different demands of diverse actors; which respond to different signals, 2. cannot describe the effects of non-economic interests involved; i.e. landowners decision to sell, public landowners need to take account of the environmental, social and economic objectives on a bigger scale to decide, 3. does not provide to assess future gain taking into account of the uncertainties of process, 4. fails to take account the distortions produced by valuation and appraisal methods used to assess risk and reward, and 5. cannot help to unravel

the complexity of the process. However, these models are useful to show the overall picture of the property development sector. They also come to the fore as they relate qualitative measures of dependent variables to quantitative independent measures, and provide to see the effects of the dynamics; which Healey (1991) stated that they do not evaluate.

### **3.2.2. Event-Sequence Models**

This model focuses on the management of stages in the development process (Healey, 1991). Event-sequence model provides a deeper look at the complexity of the property development process within the property development stages mentioned earlier in this paper. They can be repeated briefly as: 1. maturing of circumstances relating the change in the use of land, 2. exchange of land to a person prepared to develop it, 3. preparation of land for development; physical preparation and abstract operations, 4. preparation of the development scheme-planning permission, etc, 5. arrangement of finance, 6. construction, and 7. letting or selling for occupation. This model takes us closer to the complexities of the process varying at each stage, at any time. However, it does not say anything about the macro patterns of the property development process, and does not tell about the initial conditions or anything about demand and supply relation in the process. Adding all these, it lacks to highlight the effects of some important actors and the relations between them. Thus, these models still lack the opportunity to define the differences of each particular development stage in any particular case.

The model shown in Figure 2 shows the extent to which transactions, interactions of developers to other actors, the contingencies, and the strategic decisions taken just before the construction starts through a process diagram. Goodchild and Munton (1985, in Healey, 1991) describes six possible routes for a development project via the actors and the key decisions taken by them. This schema indicates the possibility of the existence of numerous routes as the complexity of the project or the number of related actors increase. Thus, event sequence models may help developers in their strategic decision taking processes, and policy makers about where to intervene and when.



*Figure 2. A descriptive model of the land development process (Goodchild and Munton, 1985 in Healey, 1991)*

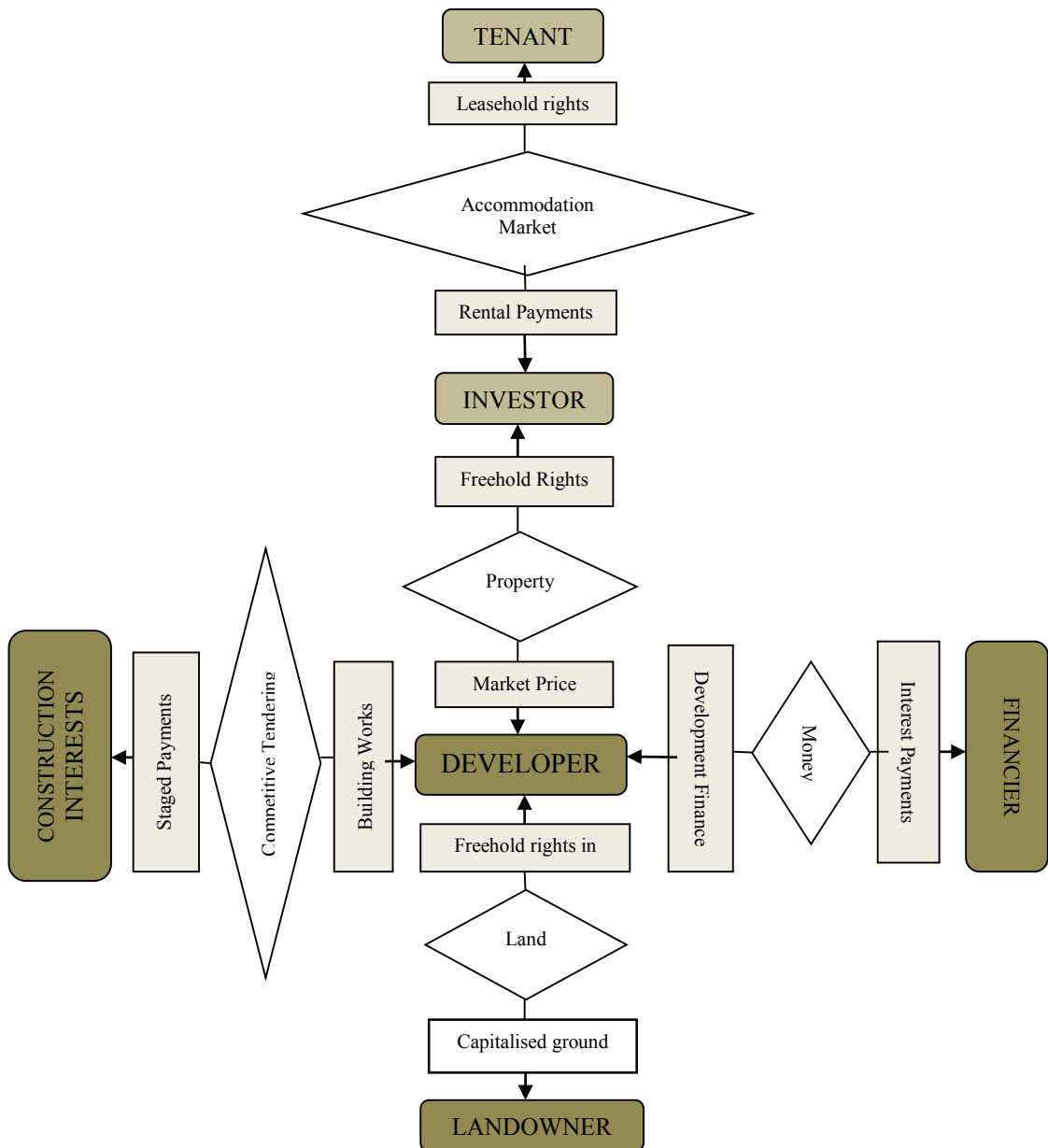
### 3.2.3. Agency Models

Agency models focus on actors and their relationships in the development process. These models have the advantage of highlighting different power relations dominating the development process. However, as each different approach regarding this model tries to explain another aspect of the process, each has some deficiencies; i.e. not including time dimension, lacking some actors or failing to show varying roles of each actor. (Healey, 1991)

MacLaran (2003) indicates two important approaches within agency models. The first one of these models comes into prominence as it focuses on archetypal roles, which are associated with each function and relationships, which characterise private-sector property development (see Figure 3) (Malone,1985; cited in MacLaran 2003).

This model points out only archetypal roles, which are all in competition with each other for shares in the profit of development process. That is why; it excludes much of the actors in the process (described earlier) as they do not compete for these development profits. The importance of this model is that it shows the developers as the very key actors who are responsible for putting the whole scheme together. The

second model (Barrett, Steward, & Underwood, 1978) comes to the fore as it shows that events in the development process may occur in parallel as well as in sequence. It distinguishes roles from the institutions within a wider context of demographic, economic and political change. However, these agency models fail to define how all these actors can affect the development process, even if they highlight varying actors and their relations in the development process.



**Figure 3 An Agency Model: Major archetypal private sector roles and relationships in the property sector (Malone, 1985 cited in MacLaran, 2003)**

### 3.2.4. Structure Models

The focal point of structure models, which derive primarily from Marxist sources, is the forces organizing the relationships of the development process and forces driving the dynamics of this process. Here, the focus shifts to the way markets are structured through the power relations of capital, labour and landowner (Healey, 1991).

Ball (1983b) generates a new kind of approach, *structure of building provision*, to the production dynamics of development activity emphasizing the organizational structure and behaviour of different types of firms. Harvey (1982, 1985) and Boddy (1981) have similar approaches for property development sector through '*circuits of capital*' developed according to Marx's analysis. Harvey (1982; 1985) defines these three circuits as *primary, secondary and tertiary circuits*; and suggests that capital switches from the primary circuit to the other under the conditions of crisis. However, Boddy (1981) uses the labels of *industrial, commercial and interest bearing capital*.

Industrial capital is related with production of commodities, while commercial capital is about the capital flows into fixed assets and generally the consumption of the commodities. The third one, interest-bearing capital is related with the purchase and sale of money capital and then the flow of that capital into science, technology and social investments.

Before passing into another type of models used to analyse the property development sector, two most relevant approaches of structure models will be evaluated in more detail owing to the enlightening discussions involved: approaches of structure of building provision by Ball (1983b, 1986a, 1994, 2003) and capital switch by Harvey (1975, 1985, 1989, 2001).

#### 3.2.4.1. Capital Switch Theory of Harvey

David Harvey provides a theory of capital accumulation, which considers space as an increasingly important factor affecting capitalist profitability. He questions the role of built environment under capitalism; within the overall process of capital accumulation, overaccumulation crisis and investments in the built environment to overcome this crisis.



It is one of the most influential arguments on urban processes under capitalism; i.e. under capitalist mode of production using the concepts of class struggle and capital accumulation (Harvey, 1985). The urban space is significant for Harvey as a spatial configuration; which facilitates and accelerates the process of capital accumulation. His analysis is based on two contradictory themes; i.e. accumulation and class struggle; which determines his conceptualization of urban space. For him, the production of urban space has two different roles in continuity of capital accumulation: serving a ground for capitalist relations and its functional role for the (re)production of capital accumulation (Balaban, 2008). First, as a physical layout, it provides the ground for production, exchange and circulation of capital. Thus, the production of urban space helps the spatial organization of capitalist relations. The circulation of capital is a profit-seeking process, in which money used to gain more money through production and commodification. However, class struggle may endanger the continuity of this circulation and cause an overaccumulation problem; which is solved via the production of urban space. Thus, the second dimension of urban space for Harvey should be evaluated as a context maintaining the continuity of capital accumulation especially in times of capital's overaccumulation crisis, providing a channel into which profit-oriented investments could be switched. Any investment in the built environment is seen as a sustainer of ongoing demand. This dimension provides him to analyse the switching of capital in and out of the built environment within the context of temporal sequence of booms and slumps in accumulation as a whole.

Harvey (1985) extends his arguments on capital switching distinguishing three different circuits of capital accumulation, where capital switches from one to the other through a cyclical model. He describes the *circuits of capital* as the system through which capital overcome the crises, temporarily. These three circuits are the primary, secondary and the tertiary circuits of capital. The process of capitalist production and thus the value creation are performed within the primary circuit of capital. The secondary circuit, comprising the focus of this thesis, is related with the production of built environment for both production and consumption purposes. This secondary circuit involves the production of fixed capital and consumption fund. The investments in science and technology as well as the social expenditures (such as education, health, etc.) are made in tertiary circuit.

These three circuits provide different channels of investments under capitalism; fixed capital or consumption fund formation, investments in science and technology as well as human capital. However, the inner contradictions of capitalist system; i.e. the tendency of the capitalist to accumulate (accumulation for accumulation's sake) threaten the continuation of capital accumulation problem. The capitalist, who transfers all his savings to production go into the crisis of overaccumulation when the accumulated capital cannot be converted to investments as the market fulfilled its capacity. Harvey states that this overaccumulation problem is solved through the capital switch made from the primary circuit to the second and the tertiary circuits; which provide profitable investment opportunities. The switch of investment is described depending on whether the primary circuit of productive capital is booming or stagnating (Harvey, 1978). He does not reject the business and building cycles approach of neo-classical economy. However, he does not get it as a rule, but questions the dynamics of the relations of different structures and the effect of these relations to the built environment, thus, the meaning of these relations for the urban process.

State is seen as a mediator providing and facilitating the flow of capital between different circuits of capital to overcome crisis. According to Harvey, state focuses on the processes regarding the accumulation of capital and other sources, and re-evaluation of all them. State uses taxation in order to pull capital outside the primary circuit and support demand side through social funds; i.e. to encourage consumption. In this system, state starts to make what the market could not. In this perspective, the local state, as an extension of central state at the local scale, performs the decision taking mechanisms on the redistribution of the resources; and strongly influenced by societal pressures while redistributing them. The overaccumulation problem arises in the primary circuit; generally as the result of class struggles within the contradictions of capital and labour. However, the struggle between the capitalist and the labourer in the primary circuit, evolved to be between the citizen and the state in the secondary and the tertiary circuits; as the social expenses in these circuits are organized by state.

Harvey accepts the limits of capital switches from primary to secondary circuit of capital accumulation to provide productive investments. The solution created for overaccumulation through a capital switch between the circuits could only be a

temporal solution. The crisis can only be overcome temporarily; however, capitalism is obliged to crisis just because of the inner contradictions of the capital. The production of built environment means to create spatially immobile and generally large-scale structures, which are the commodities having the longest physical and economic lives. The difficulty in changing them diminishes their productive capacities. However, the capitalist economy finds its way and tries to create appropriate conditions for continuous investments in urban built environment targeting the exchange values of them instead of use values. Especially after the start of suburbanization or the increase in the urban sprawl, the city centres start to downfall. In this process, the space itself is no more a factor of production, but a commodity; which is evaluated not by the use value but the exchange value. Thus, the diminishing of values of the old by the new ones provides a continuous productivity in the real estate sector.

According to Harvey, the investments in secondary circuits are dependent upon the excess capital that is overaccumulated in the primary circuit; i.e. the main financial source of built investments. Besides, the investments made in the secondary circuit create demand for production in the primary circuit. Thus, the overaccumulated capital in the primary cycle flows to the secondary circuit in order to overcome its crisis, and then turns back to its original location to supply the new demands created by the investments in this secondary circuit.

Beauregard (1994) states that the secondary circuit is not the “safety valve” of the primary circuit as Harvey treats it. After the evaluation of his case studies as well as a few other empirical analyses testing the capital switch approach, he states that primary circuit capital seeks outlets to increase its gains and this might not be the secondary circuit. Moreover, the analysis of Feagin (1987) which focuses on the construction boom in Houston reports that the source of capital flowing into the built environment was not the oil industry (which was at crisis) but finance capital. He emphasized that the capital in the oil industries of Houston was not directly moving into construction; but the secondary circuit had been a major channel of investment for all types of surplus capital.

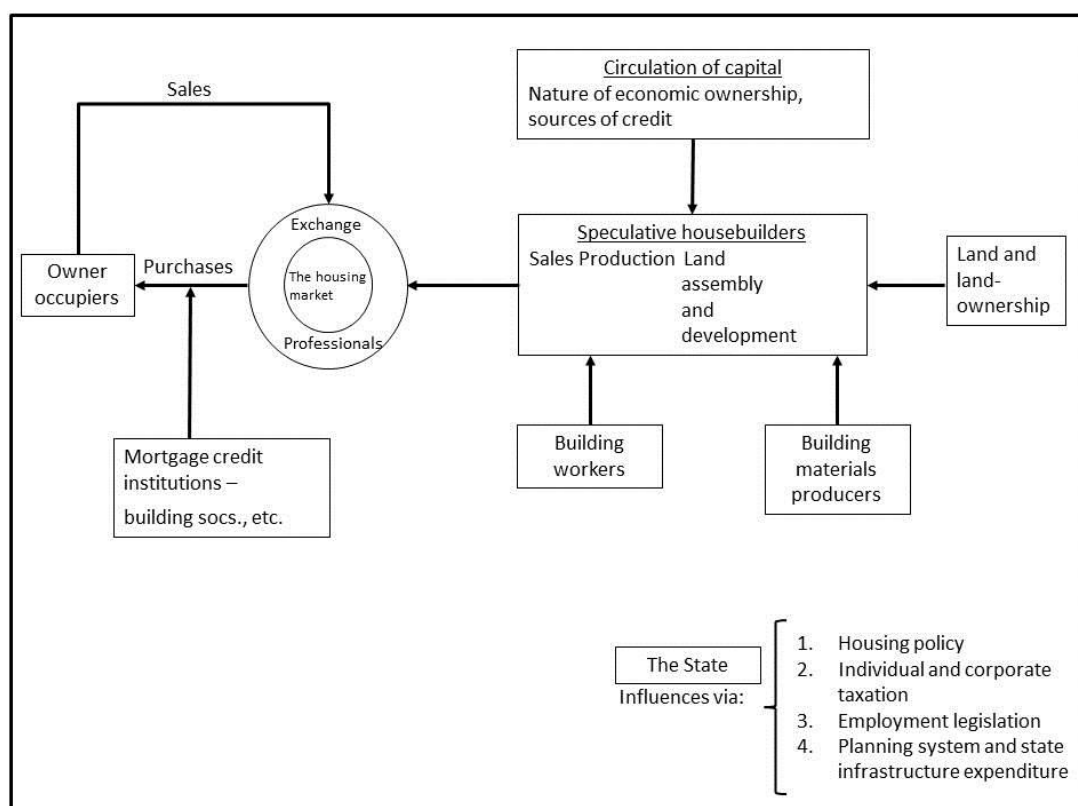
Ball (1986b) criticizes Harvey for the functionalism he assigns to the built environment and some oversimplification, and summarizes Harvey's theory as "whatever is happening in the built environment will eventually be resolved to the benefit of the undifferentiated interest of capital in general, even if that resolution generates further problems that have to be resolved in turn". Beauregard (1994), emphasize the inefficiencies of the theory regarding the lack of empirical research to support its assumptions and applying both his case study and a few others, he states the need for reconceptualization of capital-switch theory.

Healey (1991) stresses the importance of Harvey's analysis for built environment researches as he emphasises the complexity of relations between production, finance capital and state "in 'driving' investments, disinvestments, development and abandonment of the built fabric". Second point in his analysis is related to the focus on finance capital, and the global relations, which govern the flow of this capital between types of investments and locations. Harvey's analysis gains importance as he stresses the temporal and spatial variation in the way capital flows into and out of property development and searches for the dynamics driving these variations.

#### ***3.2.4.2. Structures of Building Provision***

Ball (1998) seeks to avoid the methodological priority given to the realm of production and tries to give more emphasis on the interrelationship between spheres of production and reproduction. He (Ball, 1986b) criticises urban theories for treating the built environment as a "passive backdrop to other social processes". According to him, building provision has been treated through its functionalities for capital accumulation as the physical framework. He acknowledges the building provision through all the processes including the production, exchange, distribution and use of a built structure (Ball, 1985). Thus, he objects to deal with it through only its functional roles, but through the relations between all the actors within these processes. However, the social processes involved in the building provision generally neglected or accepted as the externalities taking place around the building processes. He asserts that his approach on how to study the built environment focuses "on the centrality of the social relations of building provision and on the importance of seeing those social relations in a historically dynamic way". He uses the concept of *structures of building provision* to

discuss the social relations; which are historically and country-specific; embedded in both creation and use of particular types of buildings. Thus, with his theorization he highlights the importance of analysing the sector not focusing on just one agency, but the overall social relations (Ball, 1983b) in it emphasizing that all of these structures may vary both historically and geographically. According to his approach, the general economic and political context, the availability of finance, and land policy affect which types of firms are likely to survive. The effects of these conditions differ for each different type of firm as each of them has different opportunities and constraints for capital accumulation.



*Figure 4. The structure of owner-occupied housing provision (Ball, 1983b)*

Ball (1986b) stresses the pivotal role of the class struggle in the provision of the built environment with a criticism on taking only the building capital at focus. He states that the capitalist producers are not the only ones trying to appropriate the revenue derived from the creation and existence of the built structures. Other actors such as landowners, land speculators, developers, financiers, property owners, etc also act in the building

provision to increase their share of revenue created through building provision. This refers to a struggle between all these social structures/classes, which is more complicated than a struggle between the capitalist and the worker. Thus, he emphasizes that the capitalist is weaker than thought to alter or transform the economic environment in which they operate as the options open to them are limited by these struggles.

The term structures of provision aims to discuss the building provision “in terms of the economic relations between social agents” and each “historically specific set of social agents” is accepted as a structure in the building provision. The examination of each structure involves its economic roles and influence on other structures together with the evaluation of other factors, which determine the revealed (economic) mechanisms. Ball (1986b) emphasizes that these factors may not always be economic ones such as the legal alterations made by the state affecting the decision-making processes or the relations of these social agents. Land-use planning controls and building ordinances are indicated as other possible political interventions into a structure of provision given as an example by him.

Ball (1986b) also indicates the relation between the structures of building provision and the wider social context they exist in, categorizing the linkages between them as functional, historical and political. He states that all of these linkages affect each other and “none of them can be understood in the absence of the others”. The *functional* linkage refers to the functions of the built structures for the capital accumulation both by providing appropriate fixed capitals for production facilities (factories, roads, office buildings, etc.) and also creating new investment areas and new markets to increase their revenues. The *historical* linkage refers to the longevity of the built structures, and their influence on the pattern of life within the city they exist as well as the economic and social interactions. The last category, *political* linkage, refers not only to the state intervention to the built environment but also the struggles over the content of that intervention. He defines three types of struggles over building provision: 1.conflicts between the social agents involved in a structure of building provision, 2.conflicts involving one or more of those agents and wider social and economic processes, and 3.competition between agents in different structures of provision; which is not simply

spatial. According to him, the struggles defined through the political linkage have the biggest power to influence the pattern and the magnitude of development and determines which social agents will be the main beneficiaries of the building provision process.

The role of state in Ball's approach is evaluated through its direct and indirect interventions; which determines the patterns and costs of urban development as well as the creation and reproduction of social relations of building provision. The direct interventions of state is evaluated state being the land-use developer, infrastructure generator and in the creation of state-orchestrated forms of provision; while it's indirect interventions are seen with respect to land development. These interventions may vary from the creation of a legal basis for easier land transfers, maintenance the land-use controls and taxes to the opening up of new lands for development via urban plans and infrastructure expenditures. (Ball, 1986b)

In conclusion, the structures of building provision approach indicates that the building provision is managed via the agents who carry their own agendas and have no direct ties to primary circuit (Beauregard, 1994). The nature of the investments made in the secondary circuit is determined not by the source of the capital, but the social struggles between the agents; i.e. structures of building provision.

Hooper (1992) uses Ball's (1998) statement suggesting that analyses must focus upon the production of specific commodities in particular capitalist societies as actual structures of provision. Hooper (1992) states that "*structure models represent a superior explanation (in terms of Marxist economics) of the production of built environment in terms of dynamics of a capitalist economy is to reintroduce an artificial separation between the sphere of the economy and non-economic conditions of its existence*".

Structure models suggest ways to link events and agency behaviour to capture the dynamics of property development processes in different modes of production and regulation of varying economies (Healey, 1991). However, she also finds it inefficient to go through the details of events and the agency relations surrounding each event. She tries to use these deficiencies to justify her new model (*institutional model*) through which she tries to cover all aspects of the process.

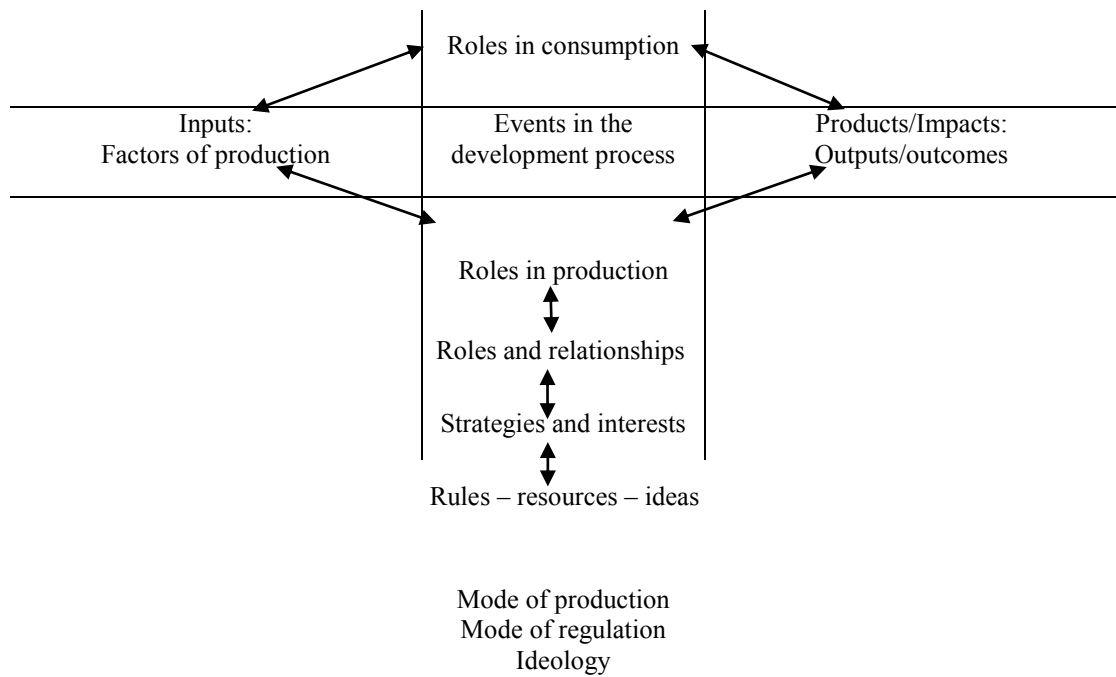
### **3.2.5. Institutional Model: Structure-Agency Institutionalism**

Healey (1992) intends to develop an approach to the description of the development process, which recognizes the variety of agencies, agency relations, activities and events involved in development projects. She is in search of a comprehensive approach, which is capable of application under different economic and political regimes. She builds her model on institutional perspective -which builds on Marxist economics- that penetrates the agency relations of the development process in a way which acknowledges the interrelation of structuring dynamics and the active constitution by agents of their interests and strategies (Healey & Barrett, 1990).

This institutional model has four levels: 1.mapping to describe the events, which constitute the production process, the agencies which undertake them and outcomes produced, 2.identification of the roles played in the process and the power relations between them, 3.an assessment of the strategies and interests which shape these roles, and the way these are shaped by resources, rules, and ideas, and 4.the relation between these resources, rules and ideas and the wider society.

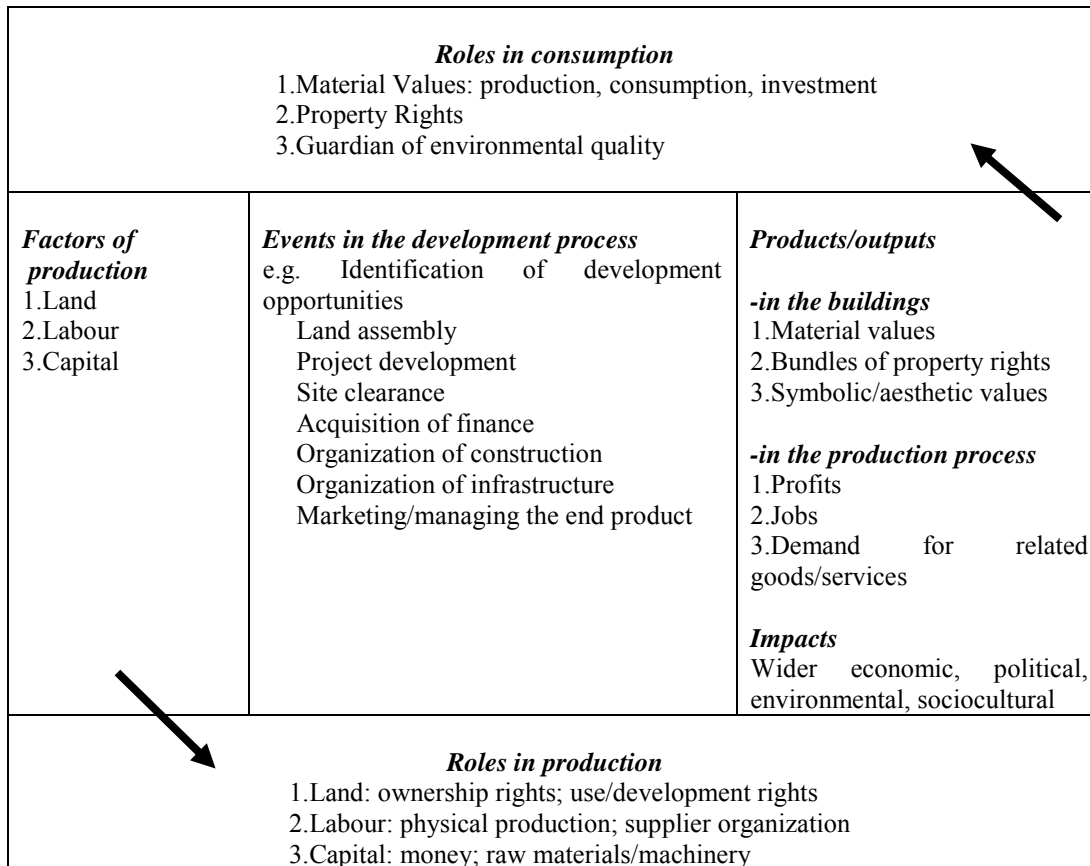
Figure 5 summarizes the general principles of Healey's proposed approach to the development process. The event level in the model combines the input (land, labour, capital)-output approach with an economic model of production process identifying all the agencies and agency relations involved. She emphasises that, especially in complex urban redevelopment sites, events occur more generally in parallel than sequentially. She then defines the roles in production and roles in consumption while making her systematization. Roles in production are grouped due to (1) rights in land and buildings, (2) labour, and (3) capital; while grouping of roles in consumption are derived from the products of development process: (1) material values, (2) property rights, and (3) guardian of environmental quality.





*Figure 5. A proposed institutional model of development process (Healey, 1992)*

However, she adds that as the interests change, any agent can perform more than one role, which may even conflict to each other, and gives the roles of local authorities using her case of Hebburn. The local authority has “a long-term concern with the future economic prosperity and environmental quality of the area” subject to development while on the other hand it is also “centrally involved in a development co-ordinator role, facilitating the production nexus” (Healey, 1992). Drane (2013) states that Harvey’s model and Giddens’ social theory of structuration led Healey to develop a more institutional view of the world; however, the institutional model offered by Healey (1992a) did not develop since its conception. Healey’s model draws on four layers including events, roles, strategies and interests that shape these roles, and then the relationship between these and wider society. Drane (2013) says that such a layering is all inclusive and appears to go too far in trying to build a model for all situations, however he also accepts that it is built on strong societal and some commercial concepts.



**Figure 6. Institutional Model of Patsy Healey (1992a)**

Hooper (1992) points out the danger of conceiving institutions as the mediating link between structure and agency in institutional model of Healey. He states, “Such an approach would lose sight of the central idea of the duality of structure offered by contemporary theorists, leading to a partial and distorted form of institutional analysis (Hooper, 1992)”. He then suggests Ball’s (1986) approach, structures of provision, – which adds some transformative elements- related to the built environment which “focuses on the institutional structures of construction, placing emphasis on their historical development and pressures on each of them lead to their reconstitution or dissolution.

One of the major differences between Neo-classical and Neo-Marxist approaches can be discussed by the difference between business cycle, capital switch approaches and structures of building provision. Neo-classical approaches starts with the assumption that the rise in economic activity (activities in the primary circuit) increases the demand for property market and leads the growth of construction activities. However,

according to the capital switch approach after a decline in the primary circuit activities the capital accumulated here are directed towards the new investments property markets (secondary circuit). Whereas, the structures of building provision approach stresses that the source of the capital in building provision does not have a pivotal role, but the relations, contradictions and competitions between the social agents of it.

### **3.3. Conclusion**

This chapter comprises the theoretical framework of the thesis through both conceptualization of property development sector and the discussion of the varying approaches and arguments regarding different features of it. The nature of the property development sector differs it from the other economic sectors, not only its high impact on urban processes. Property development process is subject to the policies and applications of varying realms (economy, public policy, technical developments, social dynamics, etc), involves the negotiation and/or struggles between various actors from all scales (local, national and even international), involves varying types and sizes of capital but the end product is highly local and cannot be changed or transferred. The researches on the process of property development had been gathered in five different groups: i.e. equilibrium models, event-sequence models, agency models, structure models, and institutional models, all of which have some deficiencies. As the most explanatory of these theories for the discussion of property development processes through this thesis are accepted to be the capital-switching approach and the approach on structures of building provision, before finishing this chapter a very brief summary of them will be given.

Structural models derived from the Marxist economics try to explain the development process through the power relations between different forces that drives the development process. *Capital-switching approach* explains the property development process according to the capital movements between different circuits of the economy. According to the mainstream arguments of capital-switching approach, the urban built environment temporarily provides alternative investment channels for the excess capital in the production sectors in case of overaccumulation crisis. Thus, the capital tends to turn back to the productive sectors after overcoming the crisis and realizing the creation of the required demand. The increase in the investments of property

development sector is derived not from the actual demand as in theories of building cycles.

**Table 5. Property Development Models**

Name and Tradition		Hypothesis	Deficiencies
<b>Equilibrium M.</b> Economically deterministic approaches	Neo-classical tr.	Development process is driven by demand-led and supply-side constraints	*Gives insufficient analytical attention to the difference between occupier (user) and investment demand. *does not provide means for examining the methods used by agents
<b>Event-sequence M.</b> OR sequential/ descriptive approaches	Neo-classical tr.	Development process is a series of stages during which certain events occur, appreciating the timescale of development projects	*Subject to considerable sectoral, spatial and temporal variation. *does not explain how the relations of economic activity are constituted *fail to attend to the significance of shifts in the way property development activity in market societies is constituted
<b>Agency M.</b> OR Behavioural /decision-making approaches	Neo-classical tr.	Development process is driven by the roles, behaviours and decisions of different actors and their relationships varying in time.	Range of actors which could be involved is potentially vast
<b>Structure M.</b> OR Production-based approaches	Marxist economics	Development process is determined by the power relations between different forces (capital, labour and landowner) driving the dynamics of the process	Offers little help in providing a descriptive terminology for examining instances of development process. Insufficient empirical research with which to inform the theoretical development needed in establishing an adequate 'middle-range' link between structure and agency
<b>Institutional M.</b>		Development process is driven by relations of the actors, whose roles are determined within the institutional structures they are embedded in.	

*Note: adapted from Guy & Henneberry (2002) and Healey (1992)*

The mediating and facilitating role of state (local and central) and its other institutions on the capital flows between different circuits of capital is emphasized as the leading factor of these flows. Thus, the flow of capital between different types of investments and locations is mainly described through the changing relations production, finance capital and state. This approach also refers to the impact of struggles on the spatio-temporality of flow of capital between different circuits. The existing struggle between capital and the labourer (which results with the overaccumulation crisis) is transferred to another realm between state and the citizen through the flow of capital to the

secondary circuit. However, this approach is criticized for not taking account other struggling powers on urban land through the production of built environment, and simplifying this process to be resolved to the benefit of interest of capital. It is important to emphasize here that, this approach accepts the source of the capital flow in built environment as the capital obtained mainly from the industrial productions; the validity of which will be researched through the case studies in Turkey.

*Structures of building provision* approach fills the gaps of these two giving more emphasis on the interrelationship between the spheres of production and reproduction. In other words, this approach does not behave the built environment only through its functional roles for economic development (and capital accumulation), but emphasizes the importance of analysing the process of building provision itself with a focus on the relations of all the structures of it. The structures are accepted as the socially produced institutions both historically and locally (geographically). Thus, they are so permeable that any actor of building provision may find himself in any structure owing to his changing interest at varying conditions, or even in more than one structure in some situations. This perspective increases the importance of analysing the sector and the process of building provision through the (economic) relations between these structures instead of focusing on just one agency. It takes the class struggle at the core of provision of the built environment, as each actor tries to maximize his interest. The struggle defined by structures of building provision, which happens between all structures at the same time, is more complicated than the one happening between the capitalist and the labourer, or state and the citizens. This perspective puts the capitalist (not have to be accumulated from industry) in a weaker position in transforming the economic environment than other perspectives. The role of state is not determined by its responsibilities on the capital accumulation. However, state (local or central) determines the patterns and costs of urban development and effects the creation and reproduction of social and economic relations of building provision through its direct and indirect interventions (legal regulations, land-use controls, taxes, infrastructural investments, being a developer itself, urban plans, institutional alterations, etc.). In sum, structure of building provision approach emphasize the importance of (economic) relations between the socially produced structures within their functional, historical and political linkages and the wider social, economic and political context they reside.

The examination of each structure should involve its economic roles and influences on other structures together with the evaluation of other factors determining the revealed (economic) mechanisms. The nature of the investments made in the secondary circuit is determined not by the source of the capital, but the social struggles and economic relations between the agents; i.e. structures of building provision.

## CHAPTER 4

### EXPLORING THE CONTEXT: “CONSTRUCTION MOVE” AND ITS GEOGRAPHY

This chapter aims to figure out the spatio-temporality of the building sector in Turkey especially focusing on the changing relations of state and capital (of building society). This macro analysis of property development sector in Turkey involves three different parts.

The first part of this chapter reveals the general context of the period started by 2003 with the election of AKP as the leading party of the new government. The second part aims to investigate the geographical variances in Turkey regarding the construction investments and the relation between construction investments and economic development. In this way, it is aimed to see whether the effect of the development of building sector change through space. The starting analysis will be on the *redistribution of capital and population* to see the relative change of the regions. This analysis is important as it reflects the winners of this process as well as the losers. This will be followed by the analysis of the change regarding construction and building sector data for all provinces, but with a focus on mid-sized cities. This focus will lead to the selection of two distinct cities that will be analysed deeply.

#### 4.1. The ‘Construction Move’ of 2000s

Together with 1990s, the political regime has gained an instable character while at the same time the national economy faced several macro-economic crisis. State gave up supporting the development of urban built environment, reduced its expenditures on public infrastructures, and the mass housing fund became inert. Besides, in the context of macro-economic crisis, the costs of construction increased so much that the construction activities declined rapidly in this second sub-period.

The urban processes together with the increase of the difference between the income levels of different social groups, both the social and spatial structures of cities in 1990s witnessed a striking fragmentation and polarization realized along class lines. The social fragmentation along class lines and the increase of the difference between the income levels of different social groups owing to the political instabilities and economic crisis of 1990s led to the selection of a party having conservative moralities blended with neoliberal approaches as the ruler of 58<sup>th</sup> government of Turkey at the end of 2002. The new governments' programs and "Urgent Action Plan" of had mainly focused on the restoration of investment climate to overcome the existing economic crisis and to ensure the economic development. The macro-economic policies of this period is characterized with the 'construction-oriented economic development model', facilitating the capital flows to built environment; which may also be indicated as the second phase of the export-oriented growth model experienced after 1980s. All institutional and legal reforms and alterations as well as varying implementations realized in many areas had mostly been visible in physical environment; which made so many researchers concentrate on the changes experienced after 2002.

As Harvey (2008) points out, the interventions on built environment like the examples of Hausmann in Paris (1853) and Moses in USA (1942) are taken by the governments as ways of resolving capital-surplus disposal problems at economic crisis periods by changing the scale of cities. The sudden change in urban interventions in Turkey refers to such kind of motivations after a big economic and political crisis (2001) in Turkey. This new government aimed the transfer of the capital to the built environment both to solve the crises of accumulated capital and to provide new capital accumulation with this development strategy. However, by time it showed up that the hidden aim of this new government was to use the power of built environment created by the economy of construction sector as the locomotive of its own political sustainability (Balaban, 2011).

After being the leader party of election made for local governments at 2004 with 46% voting rate, the government guaranteed the coordination and harmony of the central state with the local one. In this process, the AKP government had increased its voting rate from %30s to %50s. This political continuity within the state apparatus provided



the government the stability it needs to realize the legal, institutional and economic alterations for this new period in Turkish history. Thus, the construction-oriented economic development, provided through both the public reform / structural reform, regulations on finance sector and the Construction Move, created a capitalist class bounded to the government. Together with the increasing support of voters, ensured by the quantitative increase in the employment ratios and the (perception of a) stable economy, Turkey continued to be ruled by the same government for three election periods, approximately for 13 years<sup>7</sup>. The aim of the government of Republican period to create a national bourgeoisie had turned out to create the bourgeoisie of the government in this last period.

In this general macro-economic and political context, the distinctive features effecting the development of property sector had been the direct involvement of state to the sector and the institutionalization of the relations between finance and property sectors. Akçay & Güngen (2015) define four characteristic actors, including state, which made this institutionalization possible and sustainable. These are 1. *state (local and central)*, which increase the urban rent through infrastructural investments and the alterations on urban plans, which had been possible only owing to the structural changes made by the state to legal and institutional structures 2. *TOKİ*, as the catalyser of the sector, 3. *banking system*, which institutionalize the long term housing credit mechanism for the creation and sustainability of housing demand on the market, and 4. *big-scaled developers (real estate investment companies and monopolies)*, which realizes the big-scaled, luxurious, mixed-use housing projects.

Giving power to construction sector to generate new images for cities is not the only way of intervention to the built environment, and cannot be solely done. The sudden increase in the number of laws –related to the production of built environment one way or the other-, the changes in the government structures and institutions, the increasing number of big-projects –executed by both municipalities and state organizations- especially in metropolitan cities like Ankara and Istanbul are most attention-grabbing indicators of change in property market.

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<sup>7</sup> Turkey is in the election process of the 62th government at the time of this thesis' delivery.

*Table 6. Laws between 2002 and 2012 on the Production of Space*

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Power and Authority</b>		5104 <b>5162</b> 5216		5481	<b>5609</b>	<b>5793</b>		5998	Decree Laws <b>644</b> <b>648</b>	6306
<b>Land Market and Land Use</b>		5104 5178 <b>5216</b> 5226	5403	5491	5578	5751		5998	Decree Laws <b>644</b> <b>648</b>	6292 6306
<b>Housing Sector</b>	4966	5273			5582					6306

Source: (Yaşar, 2012)

The legal and institutional arrangements of this period mainly aimed to facilitate the circulation of capital within urban built environment enriching the investment opportunities. However, as the creation of new channels of accumulation was not enough to provide a construction-oriented economic development these arrangements targeted the deregulation and the liberalisation of the whole system. Nearly one thousand new and amendment laws approved in just the first five years; which had been grouped under four categories according to the main fields of state's interventions (Balaban, 2008): land policies, arrangements regarding the production of built environment, amnesties for unauthorized developments and the legislation on planning and urban development. However, these structural interventions continued to be done as an answer to the problems faced for the production of built environment (especially by the capitalist groups).

Table 6 highlights the most relevant laws made between 2003 and 2012. These legal changes indicates the centralization of the authority on urban built environment. Some of them seem to indicate a localization due to the power on urban plans decentralized to local governments (metropolitan and district municipalities). However, TOKİ and Ministry of Environment and Urbanization have the right to approve the plan amendments made by them ex officio, when their land use decisions do not match. Besides, the political continuity between the central and local states refers to a consensus over the production of urban space.

Until the end of 2002, state had been the regulator of the establishment of urban built environment both through its implicit and explicit interventions. It generally

determined the general context of this development through legal norms and institutional structures; which were intervened owing to the demand or the need required by the market. One of the first intervention of state on property sector had been the empowerment of TOKİ (Akin & Özdemir, 2010; Balaban, 2011; Geray, 2013; Özdemir, 2011; Şengül, 2012) through all the legal and institutional alterations made after 2004 and the attribution of all the lands in the land bank of Land Office for the use of TOKİ. Thus, together with managing the regulatory context, state directly involved to the property sector via TOKİ, which had given new duties, authorities and functions. The bolded laws in the table refers to the empowerment of TOKİ. Thus, state attained an active role in the production of built environment, especially the production of houses. Owing to the increasing migration to metropolitan cities realized due to the macro-economic problems of 1990s and the effect of the earthquake happened in 1999, there had been an increase in the housing demands<sup>8</sup>. TOKİ started to produce large amounts of houses for the earthquake victims in cooperation with the national developers. These large-scale projects increased the trust of the society to TOKİ when they lost their trust on developers. In addition to this, in the process of macro-economic instabilities working as the contractors and sub-contractors of TOKİ helped the national developers to freshen and start to accumulate some capital. These developments had resulted the state to discover the effect of construction for the economic development. TOKİ had already accumulated the required knowledge and experience in the process after 1999 within the structure of the institution. Besides, TOKİ started to develop strong ties with the developers worked in the earthquake projects. Working with a state institution helped them to survive in the crisis environment. Besides, this earthquake had lessened the trust of people on constructors. Thus, in such a situation working with a trusted institution was indispensable for them. The speed and the impact of empowerment of TOKİ after 2004 had been nourished from this setting. TOKİ had easily comply with the structural changes and did not had troubles to find the developers to work with. The required network had already been established. Thus, an institution of state had the power to lead the capital accumulation

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<sup>8</sup> The Undersecretariat on Housing made a research on the housing needs of Turkey between 2000 and 2010. This research (Çanga et al., 2002) calculated the possible housing needs of each city according to different scenarios. According to this research indicates, some of the cities had housing needs while some other have exceeding numbers of housing stock. However, 58th government liquidated this undersecretariat.

by both using the public lands itself and also providing the private capital holders to use them (thus, privatizing the urban public lands (Sönmez, 2015)). However, by 2011, some of the authorities of TOKİ had been delegated to the Ministry of Environment and Urbanization together with the control, approval and preparation of environmental and master plans. This restructuring decreased the power of TOKİ on the urban land, which effected the developers working with it, resulting them start to develop new strategies on leaving the public sector and start to make investments on private one.<sup>9</sup>

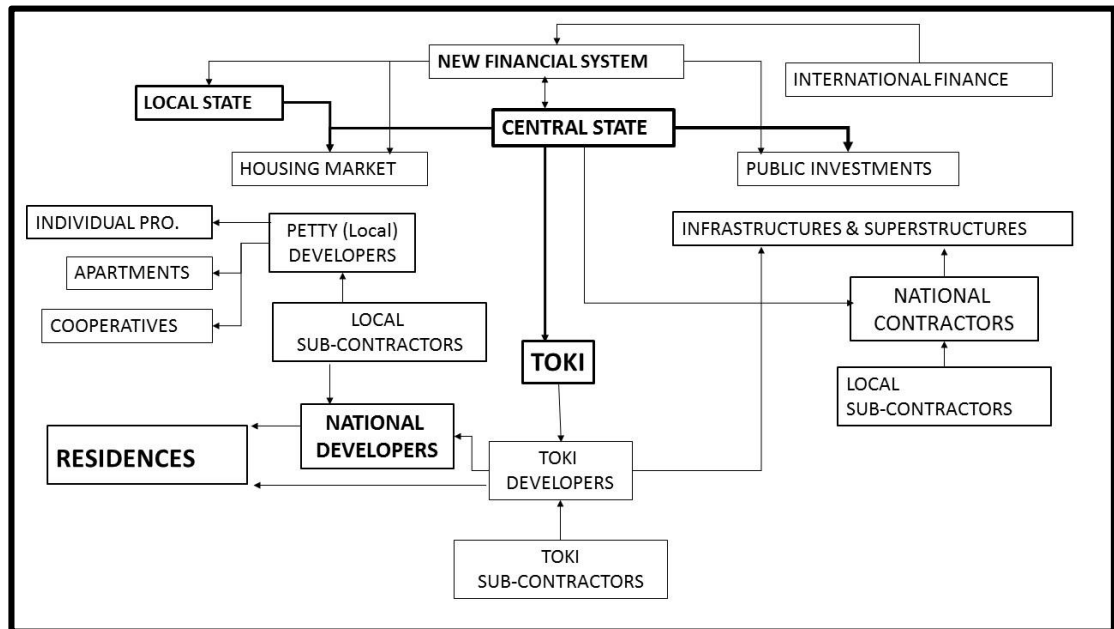
Implementations of the sector had become the primary tool of creation and (re)distribution of urban rent. In this period, urban transformation projects/implementations<sup>10</sup>, especially the big-scaled ones, had been the most important economic-political tools of the existing government owing to its potentials. These projects helps to create appropriate land for development, especially in and around the city centre, which is one of the important roles of the local governments. The conditions of urban transformation projects and the responsibilities and rights of local governments had been defined by laws on municipalities reorganized after 2004. The power of local and central state on urban land had been increased in order to create more and more urban rent owing to the arrangements made, such as the size of these transformation project areas. Besides, owing to these new legal arrangements the local governments do not have to exactly decide and explain the land use at the time of the announcement of project areas, and to negotiate with the existing dwellers of the target area at the time of decision. Thus, the governments (local and central) given the freedom to overcome the limitations of existing planning decisions on urban space, could raise the urban rent quickly for the benefit of both small landowners and especially the big-sized entrepreneurs, accelerating the transformation processes of the urban land. Since the first years of ruling, AKP government tried to enact a special law on urban transformation. The Law on the Transformation of Areas under the Risk of

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<sup>9</sup> The evaluations on the development of TOKİ (except from the legal issues) and its relations with the developers is the result of fieldworks and the in-depth interviews made with the TOKİ developers.

<sup>10</sup> Urban transformation method also helps the state to overcome the problems brought by Property Ownership Law about the recreation the urban parts, which needs. The transformation processes was dependent on the approval of all of the owners. Urban transformation implementations provided governments to decide without being dependent on the owners for almost 5ha areas in just one time. Thus, this method frees the governments about on their decisions on urban land.

Disaster (#6306) provided state (central and local) to gain a nearly limitless power on urban land. Using the risk of disaster, this law removed the control mechanism over decision making processes, both in local and national scales (Yaşar, 2012). The only control had been realized by the citizens who submits the projects to courts.



*Figure 7. The Structure of Building Provision in Turkey after 2003*

The newest actor of the urban built environment had been the finance sector. By the end of the previous period, state lost its ability to support the property market financially, which resulted with the mass housing funds brought to end. However, after 2002, the second phase of export-oriented growth model developed by the new government helped the flow of foreign capital. Thus, the increasing flow of capital in Turkish economy provided the fund required by property sector. This fund; which is provided by mainly external borrowing instead of foreign direct investments (Sönmez, 2015), both used to make construction investments and to buy houses through housing credits provided by the new financial system. The relation of foreign capital with the urban built environment had been eased via the new banking system of Turkey. As the economic development is based on the construction investments; which tend to consume foreign currency instead of creating it (Sönmez, 2015), the fragility of Turkish economy against foreign capital flow had increased. The effect of the 2008-

2009 global crisis had been the exit of this capital. Despite the government tried to postpone the real effects of this crisis through a series of economic precautions, the building cycle started after 2002 entered to the slump period with 2013.

All these development resulted with the hegemony of big-scaled developers who already entered the housing sector in the previous period. REITs and other monopolies in the sector work under the norms of industrialized society owing to their highly institutionalized structures and the organizational networks built on horizontal and vertical linkages. Thus, they need to produce/construct continuously; residences, hotels, shopping malls, highways, airports or bridges. State; who based its macro-economic policies to construction investments, had to support the sustainability of appropriate projects for these capitalists groups via big-scaled infrastructural or transportation projects or urban transformation projects.

This national context is configured mainly through the dynamics of metropolitan cities, generally excluding the other localities having smaller sizes. Thus, the next level of analysis offered in this thesis aims to search for these differences on both the geographical distribution of construction investments and the impact of these investments on economic development.

#### **4.2. Geography of ‘Construction Move’**

There is a significant relationship between building sector and the economic development, especially in developing countries (Giang & Sui Pheng, 2011). Building sector is in a close relationship between so many economic sectors through all phases of the production; from project production to the decoration of the related units that are prepared for living. Thus, it is assumed that the development of building sector will affect the other sectors through backward and forward linkages they have, and at the end will provide the overall economic development inevitably. The analysis on the intersectoral linkages in Turkish economy made by Gürkan and Keçeli (2009) indicates that construction is one of the sectors having strongest backward and forward linkages in Turkey<sup>11</sup>. According to this analysis, the backward linkages of construction

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<sup>11</sup> Despite putting forward the power of backward and forward linkages of construction sector, their analysis suggest to policy makers focus on other sectors to have the highest priority at investment policies of economy according to their strong intersectoral linkages. These sectors are research and development sector; manufacture of pulp, paper

sector is stronger than forward linkages; which means that supporting the development of construction sector will stimulate the production of other sectors by using their intermediate inputs, and thus provide higher domestic production of them. However, it is possible to read it as the development of construction sector depends on the development of the sectors, which produce intermediate inputs to construction. Whether the production in these sectors is not adequate in local economies, the locality have to be dependent to national or international markets. Thus, in literature, there is still a concern about the effect on stimulation of economic growth everywhere and every time (Giang & Sui Pheng, 2011).

The investments made in the building sector are the inevitable results of development, mainly rising from the needs. However, the history of capitalism also show that when the economy is in crisis, the capital tends to move to the second circuit (Harvey) and after the crisis conditions are overcome, they tend to turn back to the first circuit. At this point, the management of both the existing capital in the second circuit and the capital accumulated through the investments in this circuit becomes important as the determiners of the economic development targeted. The experiences indicate that the investments in building sector do not effect each locality on the same aspect, depending on the differences related to differences on the above-mentioned processes, on the contrary of the mainstream argument.

The *construction move* experienced in Turkey through the first years of 2000s provides a fruitful case to analyse the geographical differences of such a move within a nation-state. Thus, the second part of this chapter aims to put forward the local variances of this construction move with an analysis on urban scale. After the analysis of important issues demonstrating the changing scale and other characteristics of construction investments for all provinces of Turkey, the next part reveals the selection of two different cities in order to analyse the related processes in detail.

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and paper products; recycling; manufacture of basic metals; electricity, gas, steam, and hot water supply; collection, purification and distribution of water. These analyses were made using the calculations of 2002 Input-Output data. (Gürkan & Keçeli, 2009)

#### **4.2.1. Redistribution of Population and Capital on the Turkish Geography**

The so-called “*Construction Move*” aimed to overcome the existing economic crisis and providing development (at least, at the beginning). After 2004, this construction move had extended to the whole country rapidly and intensely. It was only possible to follow the positive developments in metropolitan cities in this period, and these developments reflected the development of a new economy on building production. However, capitalist system is known to produce uneven development. This is valid for the building sector, too.

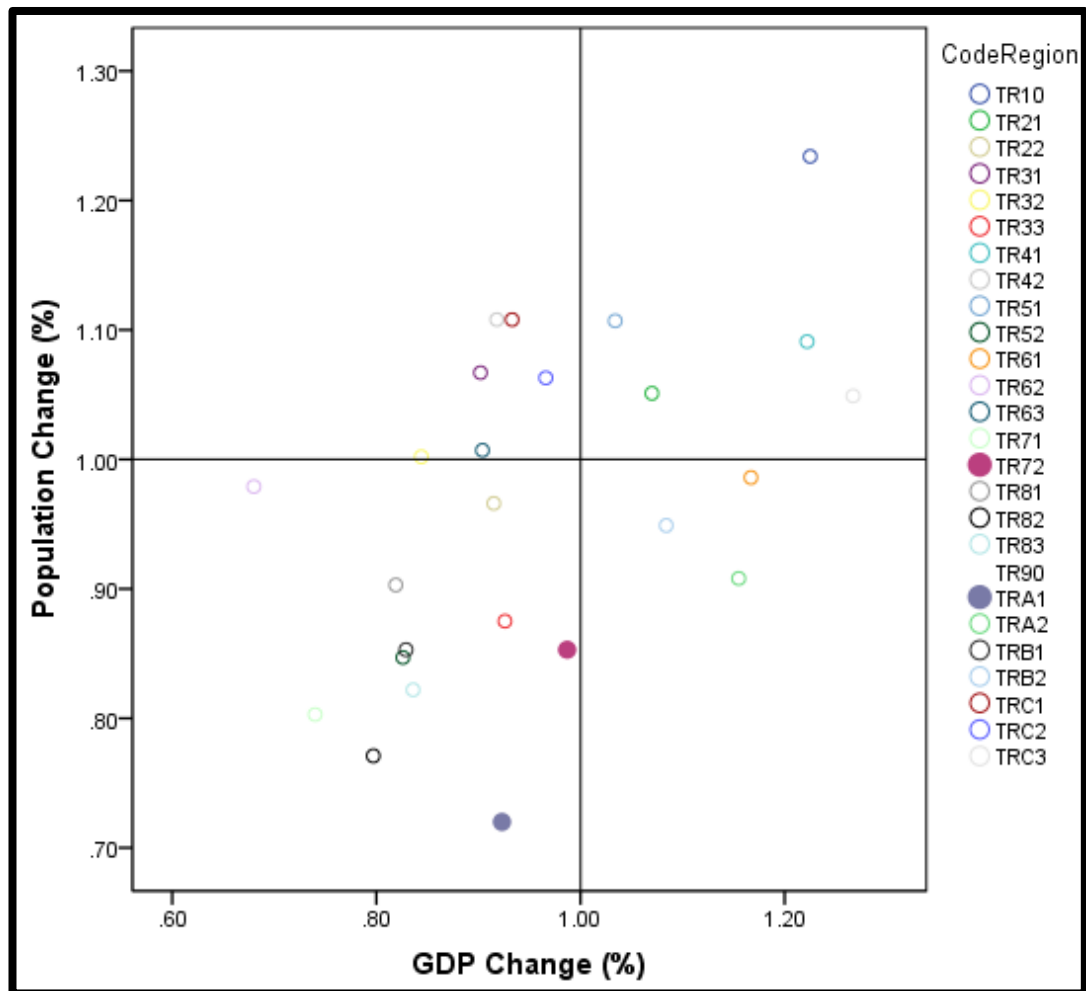
In fact, the test of the general assumption on the stimulation effect of building sector on economic development needs an economic analysis showing the effect of backward and forward linkages of building sector. This is generally done using *input-output analysis* on national or regional level (Bon, Birgonul, & Ozdogan, 1999). However, it is impossible to make this analysis in Turkey, as the required data to measure this effect is no more produced. Another way to measure this effect could be the change of the contribution of building sector to the gross-value added produced by localities. However, the sectoral distribution of GVA also is not produced for regions or provinces for the period in question. The sectoral division of GVA is given for NUTS2 regions between 2004 and 2011. The only sectoral division is made as services, industry and agriculture. As the data on construction sector is included in industry data, it fails to tell about both the development of building sector and its effect on other industrial sectors, which has more multiplier effect on general economic development.

Thus, this thesis is obliged to analyse the economic process experienced by the case cities not directly in relation to the development of the building sector, but in general; and then it tries to find clues through the relations on the development of building sector. As the main aim of this thesis is not to question the changing contribution of building sector on economic development of different localities, the evaluation of the general tendency is thought to be appropriate and sufficient to lead the upcoming analysis.

The spatial differentiation of development is determined by the redistribution process of both population and capital. For Tekeli (2008), this redistribution phenomenon is generated by the aggregation of net gains and losses of localities created by the



reproduction, proliferation and spatial movements of production factors within those localities. This is best analysed by the change of value-added produced by localities and the population dynamics<sup>12</sup>. However, as GVA data is not produced for provinces after 2001, the analysis is made by using the regional data (NUTS2) with an assumption that the regional data may have the capacity to reflect the dynamics of their leading cities; regional centres. A quick examination of regional data and the ones on the related cities show that the regional centres defined by NUTS system generally lack to produce development dynamics effecting their regions; and they generally show bigger values in the related data with reference to other provinces in their regions.



*Figure 8. Re-distribution of Population and Capital in Space; between 2000 and 2011 (See Table A.10 for details)*

<sup>12</sup> Look at Tekeli (2008) for the details of the method used for the analysis of redistribution of capital and population.

Figure 8 tries to demonstrate the redistribution process of population and capital through 11 years between 2000 and 2011 (see Table A.9 for details on data and the analysis)<sup>13</sup>. Y-axis shows the percentage change of population while X-axis shows the percentage change of GDP values within this period. With its four sections, the diagram clearly reveals the uneven development in Turkey, through its regions.

According to this diagram, the regions having more than 1% change for both variables are the winners of the period between 2000 and 2011. Thus, there are just 5 regions (with 12 provinces) which won in both population and capital, while 12 regions of Turkey (with 41 provinces) lost both in the redistribution of population and capital. Interestingly, the list of losing regions (bottom-left) involves cities from all over the nation nearly except northwest (Istanbul and environs) and southeast regions. It involves cities both developed in manufacturing industry (Konya, Kayseri, etc.) and in tourism and transportation (Adana, Mersin, etc). The number of losing provinces (41 from 81) in the redistribution process of both capital and population clearly demonstrates that the economic development of Turkey after 2000, if it happened, could not overcome the unevenness within its localities, yet may be increased it. It is observed that, instead of economic policies of welfare state, which aims a balanced growth within the boundaries of nation state, the new policies seem to produce growth poles where the other cities loose.

The first group, in the upper-right of the diagram, gathered a share more than the average of Turkey in redistribution of population and capital (TR10, TR21, TR41, TR51 and TRC3). This clearly shows that the winners of this period are Istanbul and the Tekirdağ sub-region; which shows a character of city-region all together; Ankara as the second biggest metropolitan city, Bursa sub-region, which also has a strong industrial infrastructure, and the Mardin sub-region. All these regions except Mardin have strong production infrastructures, and they are all integrated with the global through their multi-sectoral economic structures. Thus, it is hard to find out the effect

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<sup>13</sup> Tekeli (2008) analysed the redistribution processes of population and capital between 1965 and 1985 for all the provinces of Turkey. Here, for the analysis of the redistribution process realized after 2000, his method has been used, but reformulated for the regional scale.

of the development of building sector in these regions. However, Mardin sub-region's appearing with these regions is very remarkable. According to SEGE-2011, the cities in this region are at the last ten cities of the ranking<sup>14</sup>. Besides, they all stay at the end of the ranking made using the construction permits. However, the construction investments made to Mardin especially after 2007 takes it to the upper ranks. It is thought that these investments produced a push effect for the region starting to create the required infrastructures and superstructures for economic development, especially when it is evaluated together with the increasing trust in the region due to the steps taken for the solution of the political problems at the region<sup>15</sup>.

The ones in the upper-left had increased their share of population while their share of GVA decreases (TR31, TR32, TR42, TR63, TRC1 and TRC2). Despite some of the cities in these regions are developed in industry and/or tourism, value-added production did not developed in parallel with the population increase after 2000. The evaluation of this change indicates that the increase in the construction investments have attracted population to these regions; however, the productive / value adding sectors did not developed so. Thus, GVA per capita for these regions decreased. The existence of larger cities in this group; i.e İzmir, Gaziantep and Diyarbakır (with population more than 750.000 at 2000) shows that the general discourse on the stimulation effect of construction investments may not be valid for every metropolitan city. This fact also supports the idea that the effect of development of building sector on economic development changes through space owing to the local differences. However, the position of regions of Diyarbakır, Aydın and Hatay should also be taken into consideration; the first one is at the nearest position to the winners while second and the third regions are about to enter the losers.

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<sup>14</sup> The ranking of the cities according to the SEGE-2011 → Batman:70; Mardin:74; Siirt:77; and Şırnak:78

<sup>15</sup> The results of general elections made after 2000 shows the effects of these political relations:

	2002	2007	2011
Mardin	DEHAP – 39%	AKP – 44%	AKP – 32%
Batman	DEHAP – 47%	AKP – 46%	AKP – 37%
Siirt	AKP – 84%	AKP – 48%	AKP – 48%
Şırnak	DEHAP – 45%	(IND.DEP) – 51%	AKP – 21%

The regions at the bottom-right of the diagram had increased their share of capital as their share of population decreases (TR61, TRA2, TRB2). One of these three regions, Antalya region, come to the fore owing to its economy based on tourism. However, the leading city of this region, Antalya, had also been the focus of the entrepreneurs in building sector in recent years. As Istanbul started to run short of the investment areas, Antalya had been the first city the entrepreneurs went to through their new market search. However, this figure shows that these investments had not made a positive effect on the redistribution of population for Antalya and environs, which is the indicator of a general and lasting economic development. The case of Ağrı and Van regions, which are the other regions in this group, are evaluated as with the Mardin region. Their leading cities Ağrı and Van are also the cities having one of the lowest rankings in SEGE-2011 analysis; 79 and 75 respectively. These cities and their regions lacks the basic infrastructures required for economic development; and they also have some social problems generally resulted from this underdevelopment. The construction permits data points to the increase in the building investments in the regions (especially for Van), which is thought to create a push effect. The dynamism in the local economy together with the creation of basic infrastructures should effect their gain in redistribution of capital. However, these improvements has not yet reached to the point that provides the localities to keep their population.

The last group, the regions at the bottom-left of the diagram, loses according to both of the data (TR22, TR33, TR52, TR62, TR71, **TR72**, TR81, TR82, TR83, TR90, **TRA1**, and TRB1). This group involves more than half of the cities in Turkey (41 cities - 12 regions), covering the biggest geography than the others. The losing of that much cities in the redistribution of both population and capital between 2000 and 2011 emphasizes the failure of the economy politics of this period in production of a balanced development within the boundaries of the state. Besides, it involves cities developed in varying economic sectors; such as manufacturing industry (ex. Konya, Kayseri, etc), tourism and agriculture (ex. Adana), transportation (ex. Mersin, Trabzon), etc. In this group of regions, Adana, Balıkesir, Kayseri and Erzurum regions differ from the others owing to their places at the figure. The population of Adana region seems to be stable while it loses at the redistribution of capital; which demonstrates that the economic downfall did not yet considerable effects on social

dynamics. However, despite the economic downfall of Kayseri region is not big as Adana region, it started to lose its attractiveness for population. This figure also shows that Balıkesir, which stands near the biggest development pole of Turkey, cannot keep pace with its neighbouring regions. However, this geographical opportunity is thought to provide the region having the capacity to jump into the winning group. Erzurum region, which has negative net migration values for a long time seems to start to increase advantages on the redistribution of capital, while it still cannot fix its problem of population loss. The other regions, some of which have multi-sectoral developed economies, gathered together nearly at the same distance to both population and capital axis. They all lose in the redistribution of population and capital despite their existing economic structures and their place in the diagram can be acknowledged as a signal of need for the immediate precautions that would cure their economic downfall.

Before moving to the analysis on construction data, a general evaluation should be made about the redistribution process after 2000. The Figure 8 obviously indicates the failure of economic politics practiced after 2000. Starting from the end of 2002, Turkey is governed by the same single-party government, whose main economic policy has been formed around “Construction Move” experienced all around the country. Thus, the redistribution of capital and population between 2000 and 2011 is tried to be evaluated as the result of these economic politics; i.e. as the result of increased investments in building sector; or in other words; as the result of transfer of capital to the built environment. The development gains of regions like Istanbul and Ankara, which have very developed multi-sectoral economic structures that also functions through global relations, cannot be assessed only in the context of development of building sector in these regions. However, this figure demonstrates that some other regions whose leading cities are also important metropolitan cities of Turkey (such as İzmir, Diyarbakır and Gaziantep) have lost in the redistribution capital, despite their existing economic infrastructure and the increasing investments in the built environment. It is also remarkable that, some other cities (both mid-sized or metropolitan ones) having distinct economic characters (such as Konya, Adana, or Mersin) have lost in the redistribution of both population and capital at nearly the same level; which is thought to be an alarming situation that requires new and maybe locally varying economic and social policies. This figure, when evaluated through the so-

called “Construction Move”, states that the investments on building sector is not efficient on the strengthening of economic positions in overall Turkey as it was assumed. However, it should be emphasized that this situation differs for the regions of which cities did not develop neither socially nor economically (which also have the lowest rankings in the SEGE-2011 analysis). When the gains of these regions in the redistribution of population and/or capital are evaluated through construction investments made, it is seen that these investments had created a push effect for the economic and social development of them providing the required infrastructures and superstructures for such a development. The time will show how long this effect will last, or how successful it will be for the ongoing development of these underdeveloped regions.

The observations in the literature on the relation between GDP and construction sector suggest that the contribution of construction industry to economic growth is not definite. Accordingly, as Giang & SuiPeng (2011) states in their summary of literature, the capacity expansion in construction sector is more important for the developing countries than for the developed ones. These analyses have been made through the comparison of countries. However, the analysis focused on the regions of Turkey supports the above-mentioned findings of the literature. The economies of less developed regions of Turkey influenced from the increase of construction sector investments more than the developed regions.

#### **4.2.2. Geographical Variety of Construction Investments**

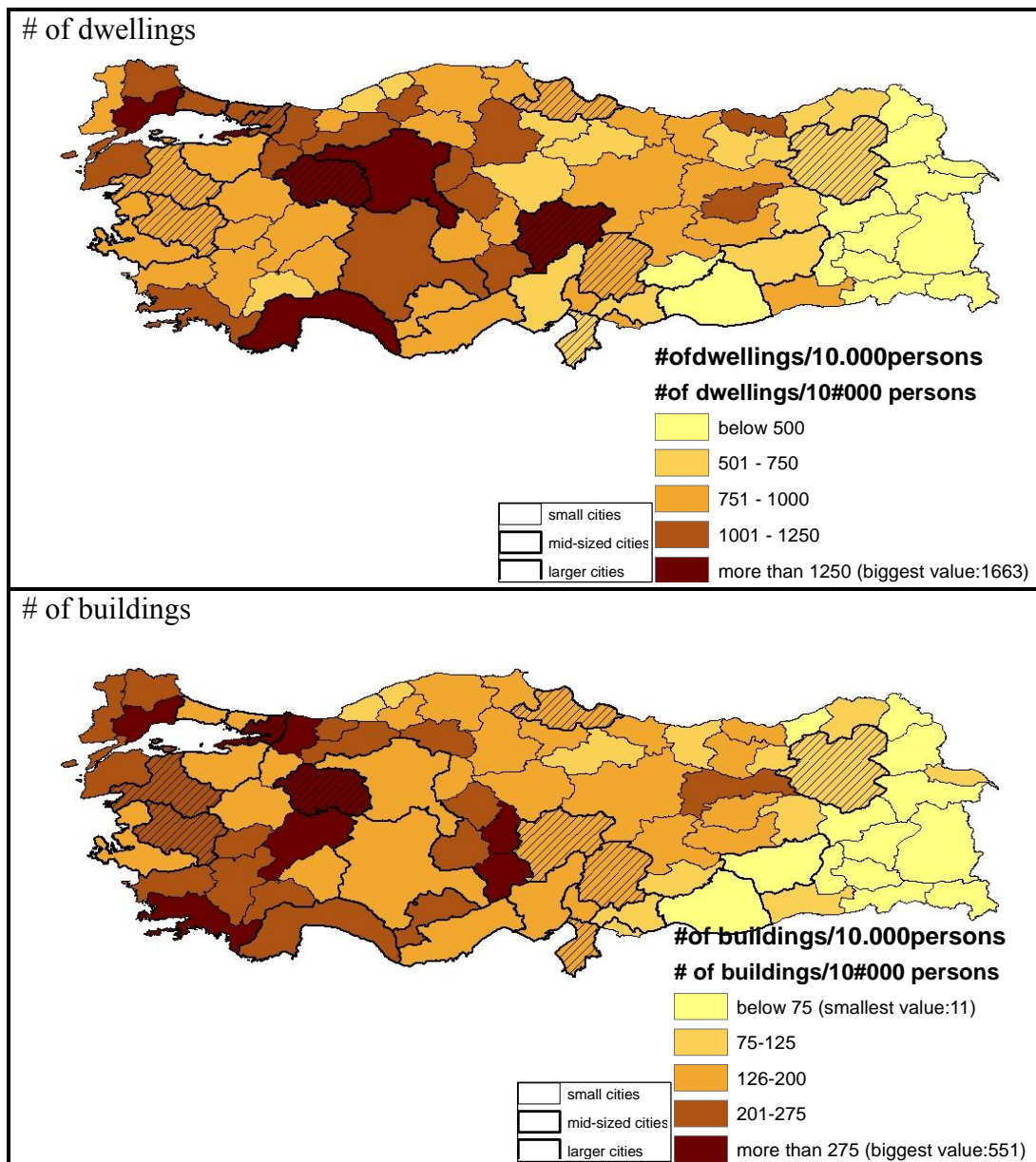
In this part of the thesis, the geographic distribution of construction investments will be analysed through the construction permits taken between 2003 and 2014 in all provinces of Turkey. After putting forward the geographical varieties of construction investments, its effect on economy will be analysed through the changes in manufactural industry. Owing to the lack of input-out data, the changes in the number of employees in each sector will used to analyse the change in the investments, as both of these sectors are employee-based. Then, these analyses will be used to select the case studies together with the total construction investments in the cities.

#### ***4.2.2.1. Construction Investments made in Turkey between 2003 and 2014***

The effect of so-called construction move can be traced geographically through construction investments. The basic data on the construction investments is the construction permits taken at the related period. Figure 9 shows the volume of investments in building sector geographically using the numbers of investments between 2003 and 2014, after the construction move began. One of the main data used to evaluate the change in investments is the number of buildings. However, as the investments in the sector is generally based on dwellings (more than 80-85%) using the number of buildings is not accepted enough. Thus, following analysis tries to handle these two variable relationally.

The first issue drawing attention is the geographical differences between the building investments of cities. However, these cities may also form some geographic clusters owing to their similarities in regard of building investments, despite their different social and economic characteristics. For example, the western cities show a similar investment tendency, regarding the number of buildings, above the average, below the line crossing Kırklareli to Antalya. While Muğla is the leading city of Turkey regarding this data, Izmir, which is in the same geography, stays on the average. Again, for Central Anatolia, Ankara and Eskisehir provides an intense centre for residential investments. As for number of buildings, the residential investments also concentrates on a line. If we start this line from Tekirdağ, it moves towards east to Ankara, and then continues to south to Antalya.

According to Figure 9, the leading five cities in number of dwellings are Eskisehir, Ankara, Tekirdag, Antalya and Kayseri; while the five leading cities in number of buildings are Mugla, Yalova, Afyon, Tekirdag and Nigde. These cities provides focal points for building investments within Turkish geography in regard of building investments; which may provide important clues to evaluate the reasons of geographical change regarding building investments.



**Figure 9. Geographic distribution of construction investments, per 10.000 persons**

Source: [www.tuik.gov.tr](http://www.tuik.gov.tr). Regional Statistics:  
 1. Construction Permits between 2003 and 2014  
 2. 2014 Population based on ADNKS

The cities coming forward owing to the number of buildings generally stays at around the average for the number of dwellings; which means their leadership depends on the building investments other than housing. Table 7 shows the percentage distribution of important subsectors in building investments through the total surface areas. For example, the evaluation of investments in Tekirdağ, one of the first five in both standardized data, puts forward the importance of geographical closeness to an



industrial centre. Figure 9 shows that number of building are increased in two ends of Istanbul; both east and west; which means that the investments made other than residential buildings, started to increase in these cities. Table 7 clearly shows that in both Tekirdağ and Yalova, the residential investments stay at around 70%, and the second highest percentage of the building investments realized at the industrial investments. The percentage of industrial investments gets its higher percentage value for Tekirdağ; more than 16% of the construction investments are realized in industrial buildings. Moreover, the leading situation of Tekirdağ both in residential investments show that the investments are increasingly made in Tekirdağ in spite of east of Istanbul. Together with the favourable life standards in Tekirdağ, these new investments in the city provides a population increase, which ends up with the increase in construction demands, mostly for residential. It should also be noted that the coasts of Tekirdağ, appropriate for swimming, also increases the demand on summerhouses, which increases the demand on residential construction.

*Table 7. Percentage distribution of building investments, m2, 2002-2014*

	residence	hotel	office	commerce	industry	public
Afyonkarahisar	64,75	6,38	2,56	3,90	8,46	8,27
Ankara	82,04	0,82	5,09	3,81	3,27	3,36
Antalya	69,26	13,31	3,13	7,81	1,71	3,53
Eskisehir	81,89	1,60	1,89	6,10	2,52	4,19
Istanbul	72,14	2,40	6,02	7,09	5,66	4,56
Izmir	71,95	1,59	3,87	4,39	9,57	4,13
Kayseri	84,67	1,01	1,78	5,62	2,22	2,91
Kocaeli	63,28	0,89	7,78	4,60	17,01	3,55
Mugla	66,39	15,17	2,68	7,50	1,93	4,68
Nigde	80,60	0,52	0,71	1,89	6,27	4,90
Tekirdag	72,44	0,76	2,48	3,72	16,04	2,95
Yalova	74,58	2,37	4,54	5,03	6,48	4,53

Source: [www.tuik.gov.tr](http://www.tuik.gov.tr). Regional Statistics; Construction Permits between 2003 and 2014

The building investments showed a radical slow down at 2011 in Turkey. This was generally resulted from a legal change on *building supervision*. As the new law on building supervision would start to be implemented by 1<sup>st</sup> January 2011, the developers

tried to get as much construction permits before that date<sup>16</sup>. The developers wanted to guard themselves until they would adapt to new market conditions that would be created by this new law. This change coincide with the narrowing down of the investment opportunities in Istanbul as the appropriate lands were diminishing by time. Apart from the positive effect of increasing urban regeneration/transformation projects in Istanbul to increase the number of appropriate lands for developers, they tend to find new markets. The efforts of developers in Istanbul to find new markets in order to increase their flexibilities resulted with the change of the geography of construction investments. After the “Anatolian Move” (as they call it), some of the cities in Anatolia started to be the focus of new investments; thus, while the investments in Turkey and other cities slowed down at 2011, these cities showed an increase especially after 2010. Antalya was the first city the developers in Istanbul moved towards. Being an attraction centre for tourism and the increasing possibilities of law of reciprocity to be enacted resulted the developers’ direction to Antalya especially after 2010. Hotel investments increase more than three times while industrial investments increased nearly three times at 2010. A similar tendency had realized in Mugla, too; i.e. commercial and industrial investments tripled at 2010. The construction investments in these cities focused on hotels and secondly on commercial buildings. However, in Antalya, dissimilarly from Muğla, the investments on residential buildings also increased more than the average. The second step of *Anatolian Move* was Ankara. Ankara is one of the cities having the focus of residential investments. However, the interesting thing about Ankara is the changing structure of construction investments especially after 2011; the industrial investments doubled at 2010, hotel and office investments had also doubled at 2012 (according to total space areas). However, this increase cannot be followed according to the number of buildings, as the office buildings in Ankara are generally high-rise buildings, which decrease the number.

It was mentioned above that Eskisehir is the leading city according to the numbers of dwellings in this period. The number of buildings constructed in Eskisehir is also above the average. Kayseri, as the fifth city in dwelling numbers, shows a similarity with Eskişehir. The construction investments in these cities are focused on residential

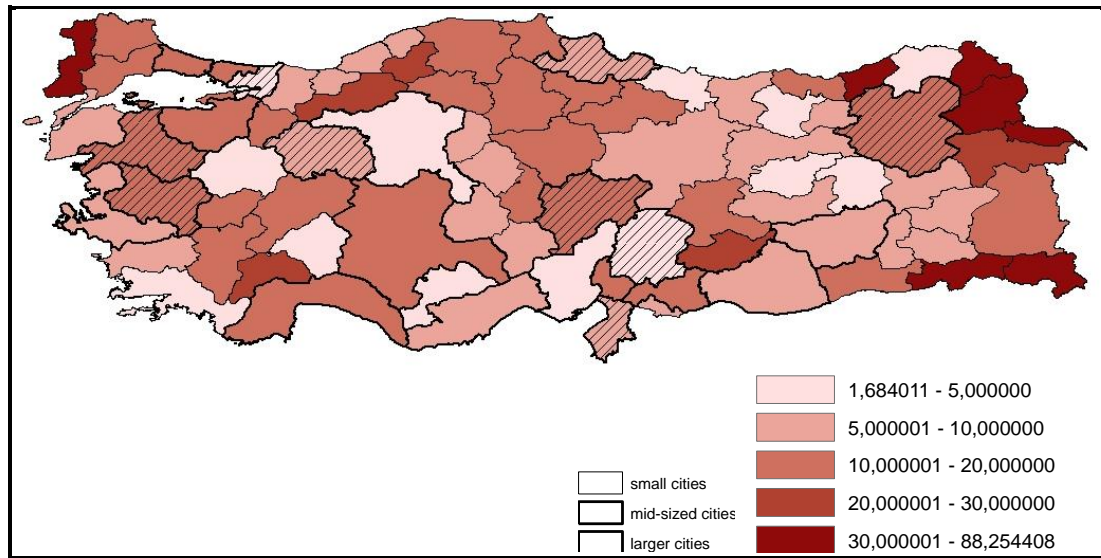
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<sup>16</sup> This was validated different in-depth interviews made by varying actors of development market at both Erzurum and Kayseri, as well as the journal articles of nowadays.

investments; and the investments other than residence are focused on commerce for both of these cities.

#### 4.2.3. The relation of construction to economic development, relation with manufacturing industry

The literature on the stimulation effects of building sector on economic development is based on the assumption that the investments in the building sector results with the increase in the investments in the manufacture sector because of the backward and forward linkages of the building sector. The construction permits data show that the industrial investments had increased after 2010 for some cities (such as discussed above). However, as the nature of the industrial investments cannot be analysed for each cities within the scope and limitations of this thesis, the relation between these two sectors will be analysed according to the relation between the changes within manufacture industry and the construction.



**Figure 10. The relation between the changes of ratio of employment for construction sector to that of manufacture sector, from 2002 to 2012**

Source: Social Security Institution Yearbooks for Cities, [www.sgk.gov.tr](http://www.sgk.gov.tr)  
 2002 General Census for Industry and Workplace, [www.tuik.gov.tr](http://www.tuik.gov.tr)  
 Note: Mapped using B/A values at Table A.11

As they are both labour-based sectors, the development of these sectors is calculated through the change of employment ratios (look at Table A.11 for more details). Figure 10 shows the relation between the change of the ratios of employment for both manufacture and construction sectors from 2002 to 2012. First, the change of the ratios

of employment for each sector found. By dividing the 2012 values to that of 2002 for each sector, it is found whether the weight of manufacture and construction sectors increased in the economy of the cities. Table A.11 shows that even if the employment numbers had increased, the weight of the sector might be decreased, or vice versa. However, for the examination of the relation between these two sectors, it was necessary to find whether the increase in the construction sector had resulted with an increase in the manufacture sector. Thus, the coefficients found by the divisions of 2012 values to 2002 values for each sector are analysed together. The coefficient found for construction sector to that of manufacture sector, to find the relation between them. If the ratio is bigger than 1, the increase in construction sector is bigger than the increase in manufacture sector in that city.

Figure 10 clearly shows that the increase in the ratio of employment for construction sector is bigger than that of manufacture for every city of Turkey. This reality obviously indicates that the *construction move* resulted construction sector to create a hegemony on the urban economies.

If the stimulation effect of the developing construction sector would be realized in every geography, it was expected that the numbers of cities having light colours would be much higher. It should be noted that, Figure 10 created according to the changes in these sectors after 2002, not using the absolute values of the employments in the sectors. The ratio drops under 5 for just a few city; including Ankara, Mugla, Kocaeli from the cities leading ones according to the construction investments made. However, it is seen that in some of the cities the employment in construction sector had grown more than 30 times of that of manufacture industry. A comparison with Figure 10 show that these cities generally gets the lower values according to the construction investments made according to both number of buildings and dwellings; such as Ardahan, Kars, Şırnak and Hakkari. Besides, the people in these cities generally emigrates to western cities generally to be construction workers. This puts forward that there are no productive investments made in those cities within this period.

The ratio between the change of these two important sectors varies in mid-sized cities, too. It stays below 5 only in two of them; Kocaeli (4,29) and Maraş (3,52). Both of these cities have strong industrial infrastructures. The development of industry in

Kocaeli is known owing to the geographic closeness to Istanbul and its city-region. The industry of Maraş developed especially after 2005. According to IGE analysis<sup>17</sup> (Eraydın, Gül, Çevik, & Demir, 2012), made by İşBank with a focus on economic variables, Maraş had increased from 44 to 38, in just five years owing to the industrial investments made in those years. On the other hand, the ratio increases to the range of 5-10 for Eskişehir (9,6), Hatay (8,28) and Samsun(7,98); while other four mid-sized cities stays at the range between 10 and 20. Eskişehir is already a developed city (7<sup>th</sup> in SEGE-2011 analysis), the increase in the construction investments in all sectors (residence, hotel, commerce, industry and public) should have increase the ratio on behalf of construction employee. This general increase had realized owing to the Anatolian Move, mentioned above. Samsun shows an economic performance above the Turkish average. However, the construction investments made in Samsun stays just at the average. The construction investments in Hatay realized at the average or below the average in this period. However, Hatay had been subjected to some infrastructural investments due to its geographical place being near to an important port and at the border. And after 2011, the public investments had increased (education, health, etc) had increased in the city.

The ratio for the western mid cities; Manisa (15,95) and Balıkesir (16,75), realized between 10 and 20. Being in the hinterland of Izmir, Mansa has a developed industrial infrastructure. However, figure 3 shows that, industrial development did not realized as strong as the construction in the city. The main economic sector in Balıkesir is known to be agriculture and stock raising, together with tourism. However, Figure 3 indicates that, there is no considerable change at manufacture industry within this period. Besides, both Manisa and Balıkesir take part in the losing group of regions according to redistribution of population and capital (Figure 8).

The last two mid-sized cities; Kayseri (10,66), and Erzurum (19,40), are in different geographies of Turkey. Kayseri, in Central Anatolia, one of the leading cities owing to its diversified industrial structure; while Erzurum does not have any. However, these two cities also exist within the losers of redistribution of population and capital.

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<sup>17</sup> IGE analysis, made by İş Bank, makes a ranking between cities just like the SEGE analysis. However, tries to understand the change of the cities' ranking between 2005 and 2010 regarding their economic situations.(Eraydın et al., 2012)

Kayseri had been one of the first five cities according to the construction investments (Figure 2). The evaluation of data on figure 2 and figure 3 indicates that while the construction investments was increasing, little or no investments made on industry; or that the development of construction sector in Kayseri did not have effect on the development of manufactural industry in Kayseri. The construction investments made in Erzurum, the eastern mid-size city, stays below the average of Turkey, according to the statistical data. However, according to figure 3, the change in the employment of construction had been realized nearly 20 times to that of manufactural employment. As mentioned before, Erzurum does not already have a developed industry. Its economy depends on service sector, such as commerce, education, health and maybe winter tourism. This data, again shows that the increase in construction sector did not affected the development of manufactural sector deeply.

Thus, the increase in the ratio of change on behalf of construction sector puts forward that there is a hegemony of construction sector within the employment structure of these cities. In addition, the evaluation of the employment numbers show that the employment numbers of manufactural industry had decreased in six mid-sized cities. The cities whose employment numbers in manufactural industry increase are only Erzurum (6%), Maraş (2,6%) and Samsun (0,09%). It is interesting that, within all these mid-sized cities, Erzurum is the city having the minimum industrial structure, while it is also the one showing the maximum development regarding the employment of manufactural industry with 6% increase.

### **4.3. Conclusion**

Through the last period of the history of Turkish property development sector, the role and position of the state had changed to a comprehensively intervening and inclusive one. This change is observed to be mainly related with the changing size of the cities; i.e. size of the market. The aspect of the change in the building provision had been determined not only by the macro-economic and political processes but also by local factors and praxis. However, as the state started to intervene to the sector more, the building provision types are started to be determined by the norms of the state, while in the previous periods they were determined by the real demand and dynamics of the market. As the impact of the norms created by state increased, the market tend to

become monopolized. Besides, the structure of building sector become more complexed as the number and types of the actors increased during all these years. The financial sector comes forward as another determinant of the structures of building provision, especially after 2002. The size and the source of the capital flow into the built environment profoundly effects the structure. As the size increased, the sector tend to become more monopolized. However, the increase of the size of capital flowed to the built environment can be manipulated by the state policies. The source of capital (national/foreign) may limit the effects of the sector to the economic development, and effect its sensibility to global-economic conditions.

The increase in the investments made on the built environment do not necessarily stimulate the economic development in the whole geography within the borders of a state. The analysis in relation with the increasing construction investments reveals that these investments resulted with the quantitative increase in the employment ratios and they produced a push effect for the regions starting to create the required infrastructures and superstructures for economic development, which provided these localities gain in the redistribution of capital and population. However, the fieldwork indicated that the materials used for construction investments generally produced abroad or at the city regions of metropolitan cities, and distributed to the localities by the dealership system. Thus, despite the local character of the end-production, the sector is generally managed through national or international market relations. Thus, focusing on construction-oriented economic development policies produced growth poles and/supported the existing ones while the other cities loose; on the contrary of economic policies of welfare state, which aims a balanced growth within the boundaries of nation state. Yet, this analysis also indicates that the economies of relatively underdeveloped or developing regions of Turkey gained more from the increase in the construction investments owing to the increase in the employment rates and the push effect created by the change of infrastructures and super structures, and the movement realized in related commercial sectors.

The geographic varieties of construction investments through 81 provinces of Turkey, using the volume of investments made between 2003 and 2014. The first issue drawing attention is the geographical differences between the building investments of cities.

However, these cities may also form some geographic clusters owing to their similarities in regard of building investments, despite their different social and economic characteristics. The sectoral analysis of the construction investments made in the leading cities puts forward that the geographical varieties realized due to the local varieties of these cities; being in the city region of Istanbul, tourism capacities, increasing office buildings, or being the target cities of Anatolian Move in construction. However, it is important to mention that the leading investment areas for all cities is the residential ones and there is no definite increase in the ratio of industrial investments except a few one in the city region of Istanbul. Thus, the capital accumulated via secondary circuit (if accumulated) have not yet started to flow into the primary circuit in Turkey, which may happen after the building cycles enters the slump period.

After putting forward the geographical varieties, the stimulation effect of the sector is analysed regarding the changes in their manufactural industry for each city, as they are both labour-based sectors. This analysis clearly puts forward that the increase in the ratio of employment for construction sector is bigger than that of manufacture for every city. This reality obviously indicates that the *construction move* resulted construction sector to create a hegemony on the urban economies. In the cities having less construction investments, the ratio of employees in the construction sector is more than 10 times (and for some 30 or 80 times) bigger than the manufactural employees. If the stimulation effect of developing construction sector on economic development was valid for the whole geography in a country, it was expected that the differences between these two sectors would be lesser. Besides, the mainstream theories have the assumption that the accumulated capital in building sector would increase the investments in more productive sectors. However, the relative gain of these underdeveloped cities of Turkey, seem to be realized through the push effect of increasing employment ratios, which are highly dependent on the construction investments. This analysis show that the capital accumulated in construction do not have a tendency to flow into the manufactural sector for the whole geography.



## CHAPTER 5

### THE SELECTION OF THE CASE CITIES

This chapter comprises the selection of case cities for deeper analysis on the research questions of the thesis the provision of a basis for future analysis of the building sector of these case cities. Some deeper analyses are needed to understand how did the construction move effected the local building industries, in regard of the structure of the sector, the relations within and between other institutions, and most of all how all these modifications affected from the policies of state. For the test of the assumption on the stimulation effect of building sector on the general economic development, the economic process of these cities will be analysed using the selected data that were also used in SEGE<sup>18</sup> analysis after an analysis on the tendency of redistribution of population and capital in this last period for these two case cities.

The literature is generally focused on the analysis of leading cities of related countries. These metropolitan cities, remaining in between the national and the global, acquire a developed multi-sectoral economic structure, processing with highly complicated relations through advanced norms and standards. Besides, the most visible physical effects of the so called “construction move” can be monitored through the metropolitan cities where the playground of the magic tools of government, such as big-scaled

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<sup>18</sup> SEGE is the abbreviation for Sosyo Ekonomik Gelişme Endeksi; that is Socio-Economic Development Ranking; made by Turkish State Planning Organization (DPT) at 1996 and 2003. This analysis aims to find out the development pace of the settlements and require a groundwork for a balanced development using the resources efficiently. The last SEGE Analysis is made at 2011 by the Ministry of Development in order to provide an appropriate basis for the new incentive system put into practice at 2012.

projects, TOKİ investments, urban regeneration, etc. However, due to the very complex relations in the metropolitan cities and the sophisticated/advanced economic structure with various sectors; it becomes hard and almost impossible to explore both the effects of this new construction boom and the determinants of restructuring of the sector itself. The analysis on these cities is not adequate to see the whole picture of what is happening inside the borders of a nation-state, with so many provinces at different scales having varying local characteristics. Moreover, a study limited with just one city remain incapable to explore the geographical/local differences of that restructuring.

Within the limits of a dissertation, it was possible to make a comparative analysis for only two different cities. These two cities should be at an appropriate scale to observe the change and the effects of that change. There has been an academic consensus on the effects of larger cities on national growth as the engines of it, which started to be questioned for a long time (Dijkstra, Garcilazo, & McCann, 2013; Rochester, 2003; Üzmez, 2012). The discussions focus on the sustainable and balanced development opportunities offered by mid-sized cities owing to their greater economic and social potentials against metropolitan cities. Thus, mid-sized cities are offered to be focused on as they provide test-beds for the policies which aims to promote economic development and to develop local growth agenda (Bolton & Hildreth, 2013). In Turkey, the success of state's economic policies is discussed through its largest cities; as it was for Istanbul and Ankara for the building sector and its economic effects. However, the country's economic future also depends on the mid-sized cities. The data on building sector that will be analysed in this chapter through 81 provinces of Turkey puts forwards this reality obviously. There is a need to read these data to see the changing geography of the development of building sector; mainly focusing on the mid-sized cities. Thus, working on mid-sized cities would not only provide to better test the effects of "construction move", but also find out how the shared and divergent characteristics and economic issues of different geographies determine the results of aforementioned dialectic relations. The diversity of the selected mid-sized cities would also provide the diversity of the influence of history and geography and of their economic role. However, there is not a consensus on how to determine whether a city

is mid-sized or not. Thus, before passing into analysis, the categorization made for this thesis is defined in detail.

The cities are generally categorized upon the population criteria, but many countries define different ranges for this categorization. The use of population criteria is justified through the assumption that the population of a settlement increases in parallel with the concentration and the complication of the facilities/activities in it. In Turkish case, there is still no categorization agreed upon by the academics. This is thought to be the result of intense focus on large cities, generally excluding the others from the analysis. Moreover, there is no legal definition for mid-sized cities. Some of the researches made on mid-sized cities of Turkey accepts the cities having population between 100.000 and 500.000 as mid-sized (Ersoy, 2013). However, this thesis accepts another categorization determined according to the existing legal framework in Turkey.

The Turkish legal framework had to refer to the sizes of the cities giving clues on how to make this categorization, especially for the organization of the services<sup>19</sup>. The cities having a population more than 750.000 are defined as large (metropolitan) cities. Thus, “The settlement groups varying from an area population of 100.000 to an urban area population of 750.000 (Özgür, 2005)” are called as *mid-sized cities*. As the thesis focuses on the change occurred after 2002, the categorization of cities is made using the General Population Census made at 2000<sup>20</sup>. According to this data, Turkey had 61 mid-sized cities<sup>21</sup>. However, this wide range makes such a grouping pointless for the sake of the analysis. Thus, a selection made from the subgroupings made for the mid-sized cities in Turkey. Accordingly, the cities having population between 500.000 and 750.000 are defined as the potential development centres (Yazar, 2008), which is thought to be the exact size appropriate for an analysis on building sector. Besides

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<sup>19</sup> Look at these laws: #442 Village Law (1924), #1580 Municipality Law (1930), #3030 Law on Metropolitan Municipalities (1984), #5216 Metropolitan Municipality Law (2004)

<sup>20</sup> For this categorization, the population of city centres are used.

<sup>21</sup> 11 cities in Turkey was exceeding the 750.000 population limit, and only 9 of them was staying below the 100.000 limit.

these cities act as the regional centres owing to their economic relations within their regions.

With this categorization, there were nine mid-sized cities in Turkey at 2000; i.e. Maras, Eskisehir, Erzurum, Balıkesir, Hatay, Samsun, Manisa, Kocaeli and Kayseri respectively according to their populations<sup>22</sup>. Despite the decrease of the number of mid-sized cities to nine, there is still significant variation in their size, population, economic structure and performance of the economies as well as the social characteristics across them. Besides, these mid-sized cities are the ones most sensitive to the changes regarding both the economy in general and the building sector (according to the following analysis on Turkish cities, which use the construction data between 2002 and 2014). In order to comprehend the effect of local institutional structures on the operation and thus the development of an economic activity, this thesis needs a second narrowing-down. Thus, this thesis aims to select two cities having different characteristics; after the presentation of the general picture through the comparison of 81 provinces.

### **5.1. Total construction investments in cities; Case Selection**

The last analysis regarding the geographic varieties of construction sector is on the differences of cities about the total construction investments made. Figure 11 reveals the geographic differences between construction investments according to the total space area produced between 2003 and 2014. As it was on Figure 9 and Figure 11 also indicates that there are geographic focal points where the investments concentrated, and the density of the investments decrease as moving away from these focal points.

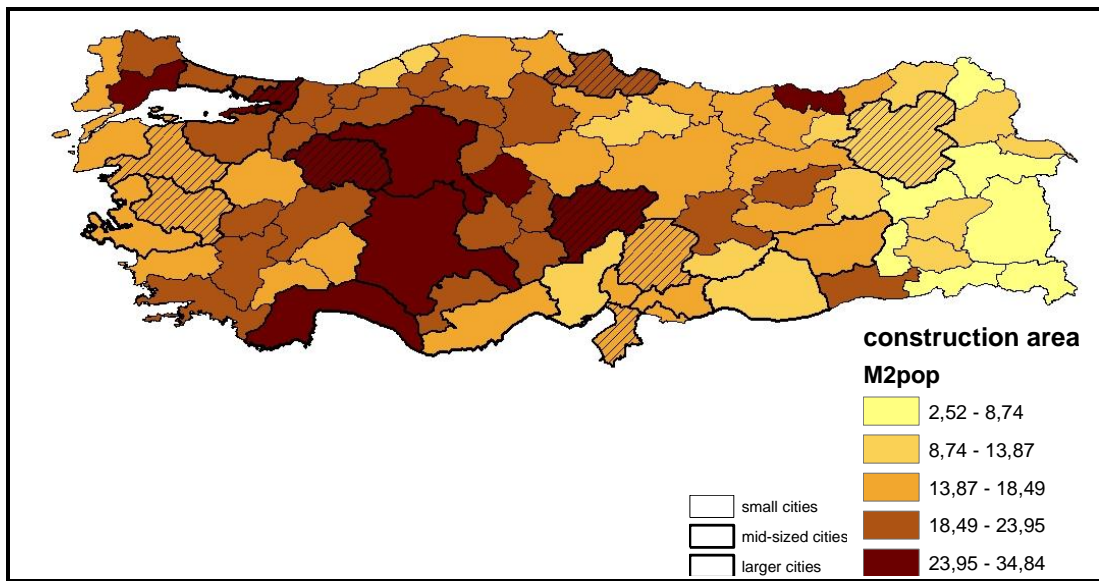
According to Figure 11, the construction investments in Turkey concentrated at the central Anatolia performing a regional character with five cities; Ankara, Eskişehir, Kırkkale, Konya and Antalya. There is another line of concentration between Tekirdağ and Kocaeli (the density of development in Istanbul decreases because of the

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<sup>22</sup> Populations of city centres of these mid-sized cities according to the 2000 General Population Census Data → Maras:536.007; Eskisehir:557.028; Erzurum:560.551; Balıkesir:577.595; Hatay:581.341; Samsun:635.254; Manisa:714.760; Kocaeli:722.905 and Kayseri:732.354

high population). Two other cities come forward out of the others are Trabzon and Kayseri.

The characters and different properties of the cities had been analysed before. However, these general analyses is not enough to test the hypothesis. Some deeper analyses are needed to understand how did the construction move effected the local building industries, in regard of the structure of the sector, the relations within and between other institutions, and most of all how all these modification affected from the policies of state.



**Figure 11. Total Area of Construction between 2003 and 2014, m2 per capita**

Source: [www.tuik.gov.tr](http://www.tuik.gov.tr), Regional Statistics:  
1. Construction Permits between 2003 and 2014  
2. 2014 Population based on ADNKS

As this thesis aims to analyse the local differences, deepening the analysis in just one locality would not be enough to put forward generalized assumptions. Thus, two mid-sized cities with different characters will be selected for following analysis.

The starting point of this thesis is the assumption indicating the positive effect of the development of construction sector to the other sectors owing to its backward and forward linkages. And from all those related economic sectors, manufacture industry comes forward as the one most effecting the general economic situation. Thus, while

selecting the case cities, the existing situation of manufacture industry in those cities is also considered as well as the construction sector.

For now, the above evaluations highlighted Kayseri within mid-sized cities regarding the construction investments and the development of manufacture industry. Table 8 also highlights Kayseri as the leading city within all mid-sized cities owing to the construction investments. According to Figure 10, the development of construction sector is realized between 10 to 20 times bigger than the development of manufacture industry in four mid-sized cities; Balıkesir, Manisa, Kayseri and Erzurum. However, as seen in Table 8, Kayseri is the one who has the biggest production value while Erzurum has the least. Besides, Kayseri was losing manufactural employment while Erzurum increased between 2003 and 2014.

*Table 8.Total Area of Construction for Mid-Sized Cities, 2003-2014*

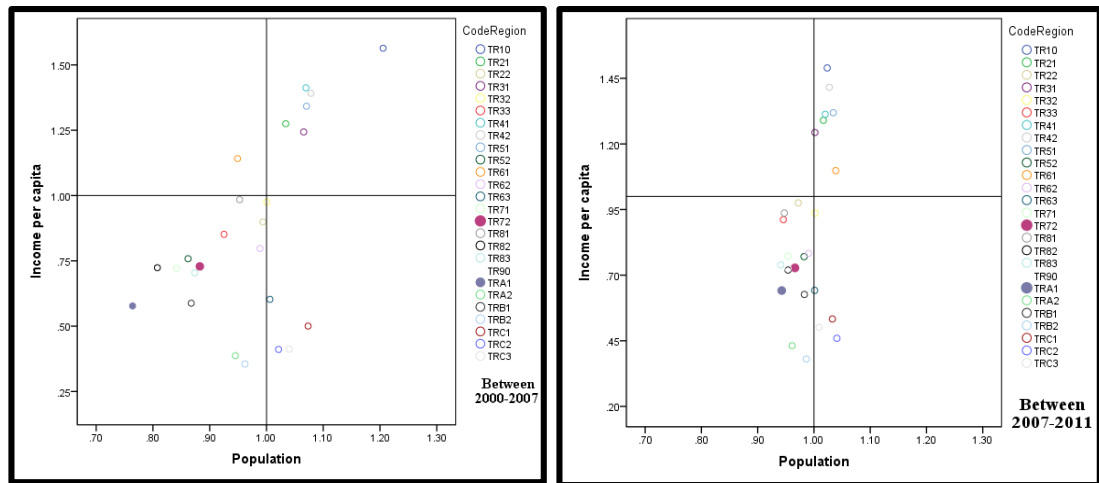
<b>Name</b>	<b>m<sup>2</sup>/pop</b>
Kayseri	28,83
Eskişehir	26,47
Kocaeli	25,61
Samsun	20,02
K.Maraş	17,29
Manisa	16,59
Balıkesir	16,55
Hatay	15,40
Erzurum	11,89

Therefore, Kayseri and Erzurum are selected as case cities for the following analysis. Before deeper analysis on the structure and nature of the construction sector, this chapter will be finished with a deeper analysis on the changing socio-economic structure of these two cities to better understand the effect of construction move at Kayseri and Erzurum.

## **5.2. Redistribution of Population and Capital for Case Cities**

According to the regional analysis on the redistribution of population and capital, both of the selected case cities, i.e. Erzurum and Kayseri, are one of the losers of the process after 2002. However, this analysis gives the overall situation for the cases in question. In order to analyse the effects of related variables to this redistribution, it is important to see the trajectories of the regions in this redistribution process. The investigation of

these trajectories is possible through dividing the whole period (2000-2011) to two sub-periods and examine the changes of the positions the localities take for each of these sub-periods (look at Tekeli, 2008 for a detailed explanation of the analysis). This thesis takes 2007 as the breaking point as it was impossible to reach both of the data for 2005 or 2006 on regional level. The red dots indicates TR72, of which central city is Kayseri, and the blue dot is for TRA1, of which central city is Erzurum.



*Figure 12. The Trajectories of Redistribution Process for Regions (See Table A.17 for details)*

Figure 12 represents the relative change of the places of each region within two sub-periods in this redistribution process. The change between the places of dots representing regions, from their first place in the first sub-period to their new places in the second sub-period, gives clues about their trajectories in this redistribution process. The greatness of the change (distance between two points) expresses the change in the regions' relative positions; i.e. the greater the change the greater the distance. The direction of the change expresses the gains and/or losses within this redistribution process. The direction through north expresses the relative gains on capital while south directions expresses the lost. If the movement of the dot is realized through east, it reflects the gains in the redistribution of population, while the west means lost. Thus, the analysis of the diagram for the regions of the case cities shows that both TR72 (Kayseri's region) and TRA1 (Erzurum's region) stay in the bottom-left of the diagram within the whole period. However, the change in the positions of dots regarding these regions shows some disparities between TR72 (red) and TRA1 (blue). TR72 gains in the redistribution process of population but loses for the capital; while TRA1 gains

within the redistribution of both population and capital. The greatness of the change of the places of dots shows that the gain of TRA1 is greater than TR72 in the period of 2000-2011.

This data has showed the relative change of the places of Erzurum and Kayseri within the redistribution process of both population and capital. The effect of construction move in this process may be evaluated through change of economic structures of the localities that is given at Figure 12. This figure shows that for both TR72 and TRA1, the increase in the ratios of employment for construction has exceeded the increase in manufacture; which means that, even after ten years of development, the capital accumulated through construction sector did not transferred to investments producing more value-added, i.e. to manufacture sector which has a strong multiplier effect on economic development. The change in the numbers of employment for construction and manufacture sectors (Table A.13) shows that the employment for manufacture in Erzurum increased nearly 6 times, while it has decreased for Kayseri nearly one-seventh of 2002 numbers in 10 years. Erzurum's economy was based on service sector such as education, commerce and health; and in spite of all the incentives made by the state throughout the years there have not been an industrial development. Thus, if the increase in the manufactural employment is due to the increase in the investments arising from the increase in the investments of construction sector and the effects of its backward and forward linkages; the decreasing situation of manufactural employment in Kayseri should be evaluated deeply. Kayseri has a multi-sectoral economic structure, which takes it on the upper levels at SEGE analysis (17<sup>th</sup> ranking city at SEGE-2011 analysis). However, all the interviewees in Kayseri had indicated the hegemony of furniture sector (especially one firm, i.e. Boydak) and all other little entrepreneurs producing intermediate goods for it. Another issue the interviewees speak of was that the entrepreneurs in Kayseri did not made investments through this period to develop their businesses. According to their sayings (including the representative from Kayseri Chamber of Commerce), the entrepreneurs in Kayseri did not close their main workplaces, but did not made investments to develop them either; however, most of them made investments at construction sector. This general tendency may explain the decrease in the employment numbers of manufacture in Kayseri over against the increase in construction.



A quick look at the position changes of other regions at Figure 12 shows that the regions that were at the bottom of uneven development gained more than the regions having a relatively developed industrial structure and a developed urban infrastructure and services. The development of building sector more than the other economic sectors after 2004 leads to the question whether the development of building sector within the undeveloped economies creates an effect like an adrenaline rush and provides economic development. However, for the more developed provinces the effect of the development of building sector is directly away. The capital gained from industrial production is directed to the building sector, where the capital flow is more intense and rapid. By time, the slowing down of industrial production in relative to the rapid increase of building production creates a fall back in the economies of those cities; such as Kayseri.

However, this is not enough for the evaluation of the change regarding the economic situation of the case cities. The first question is how the value-added produced by these cities changed according to the Turkish average; i.e. whether it got closer to the Turkish average or not. Table 9 shows the change in the GVA per capita produced by the cities between 2004 and 2011, and the difference with Turkey. Using the per capita values of GVA and the differences between the values of localities from values of Turkey, the relative change of the economic state of localities is analysed according to that of Turkey.

**Table 9. The Change in the General Income State of Regions TRA1 and TR72**

	Gross Value-Added (\$/percapita)			Difference with Turkiye	
	Turkiye	TRA1	TR72	TRA1	TR72
<b>2004</b>	5103	2975	3635	2128	1468
<b>2005</b>	6187	3428	4353	2759	1834
<b>2006</b>	6686	3768	4659	2918	2027
<b>2007</b>	8267	4722	6002	3545	2265
<b>2008</b>	9384	5520	6813	3864	2571
<b>2009</b>	7769	4990	5750	2779	2019
<b>2010</b>	8926	5815	6639	3111	2287
<b>2011</b>	9244	5901	6675	3343	2569
<b>2004-2011</b>	4141	2926	3040	1215	1101
<b>Change (%)</b>	81,15	98,35	83,63	57,10	75,00

Source: [www.tuik.com.tr](http://www.tuik.com.tr), Regional Statistics

Notes: TRA1: Erzurum, Erzincan, Bayburt

TR72: Kayseri, Sivas, Yozgat

According to Table 9, GVA/per capita increased from 2004 to 2011 for related NUTS2 regions as well as Turkey and the increase in two regions exceeds the increase of Turkish average. The region of Kayseri (TR72) shows a similar increase like Turkey, while the change of GVA/per capita of the region of Erzurum (TRA1) goes beyond Turkey and reaches to 98.35%. The increase on the GVA values is very important as it shows the economic development of regions, both in themselves and relative to Turkey. However, as the data used reflects the current values, they involve the inflation and may not give the real development. Thus, the difference between regional data and national one gives more information about the economic development. The difference of GVA/per capita values grows in 8 years for each of the region; which means that the economic development of the regions realized below the economic development of Turkey, even the GVA per capita produced by them increased more than 80%. However, GVA produced by the regions diverges from that of Turkey in this period. It is interesting that difference between TR72 region and Turkey (75%) had increased more than the one between TRA1 and Turkey (57%). This data shows a similar result with that of redistribution process. Both regions lost after 2004, however, TR72 lost more than TRA1. This reflects a striking reality that despite its developed and diversified manufacturing industry, Kayseri had lost in the redistribution process of capital; while Erzurum; which does not have a developed industrial infrastructure and has an economy generally based on education and health, had improved its relative position in the redistribution process after 2004.

### **5.3. Dynamics Regarding the Redistribution Process in Erzurum and Kayseri**

The change of the places of provinces within the redistribution process can be evaluated through the changes in the indicators regarding population, employment, finance and welfare. These data refers to the socio-cultural and economic potential of the provinces well as the state of demand on building works; i.e. needs regarding housing, basic infrastructures and social infrastructures.

As described in the Chapter 2, some indicators selected from SEGE-2011 analysis used to find out the change happened in the social and economic processes of the case cities,

and standardized to the annual percentage change in order to make a comparison between them.

### Population Dynamics:

A general look at the changes on population dynamics refers to a contradictory situation regarding socio-cultural and economic potentials of the cities. The increase in urbanization ratios, betterment in migration rates, a decrease in fertility rates and dependency ratios heralds a growth in these potentials.

*Table 10. The annual percentage change in population indicators<sup>23</sup>*

	Name of the Data	Erzurum		Kayseri		Change		Ann.Aver. % Change	
		2000	2012	2000	2012	Erz	Kay	Erz	Kay
POPULATION	Population Density (km2/per capita)	2000	2012	2000	2012	-6.3	12.6	-1.4	1.7
		37.3	31	62.4	75				
	Urbanization Ratio (%)*	2000	2012	2000	2012	5.68	18.5	0.79	2.23
		59.79	65.47	69.06	87.56				
	Rate of net migration (‰)	1995-2000	2011-2012	1995-2000	2011-2012	41.1	6.5	25.2	15.5
		-54.8	-13.63	-3.5	3	7			
	Average Household Size	2000	2012	2000	2012	-	-	-1.6	-1.5
		5.73	4.6	4.64	3.8	1.13	0.84		
	Age Specific Fertility Rate (15-49) (#/1000people)**	2001	2012	2001	2012	-	-	-0.4	-0.6
		90.86	87.2	80.56	75.2	3.66	5.36		
Dependency Ratio for 0-14 age (%)	2000	2012	2000	2012	-6.1	-4.4	-1.4	-1.2	
	35.1	29	30.4	26					

\* Due to the new arrangements on Metropolitan Municipality Law; the borders of the central municipality is the same as the borders of the province. That makes the urbanization ratio 100% for all provinces that are Metropolitan Municipality. So, for the historical comparison on the change of urbanization ratio, 2012 data had chosen.

\*\* The number of births per 1000 females in 15-44 age group in a given year. However, the birth number due to the age of the mother had started to be produced since 2001, but the nearest population census was at 2000. So, for the production of this variable the data used had to be from different years.

An analysis on the population change of Kayseri and Erzurum, starting from 1965 (Table A.6 & A.7) shows that these two cities differ in population movements. 1990 had been a breaking point for their population increase; Erzurum started showing negative growth rates while the growth rate of Kayseri fell down under 2%. After 2000, the population of Erzurum had decreased -17% (from 937.389 to 778.195), while the population of Kayseri increased by 20% (from 1.060.432 to 1.274.968) in 12 years.

<sup>23</sup> See Table A.18 for all of the variables together.

Despite the ongoing decrease in population, the positive change in net migration rates usher in growing economic potentials of the provinces. As Table 10 shows, the net migration rates of Erzurum showed 41,2 (‰) recovery while Kayseri showed 6,5 (‰). Together with these developments, the growing urbanization ratios of the provinces leads to increasing economic potentials of the cities as well as the increase in the demands to building works in urban areas. The decrease in average household sizes of them also refers to the increasing demand in housing. Even if these variables cannot be used to decide on the increase in housing needs of the cities, the supply side of production of houses is no more dependent on the need but “want” (this will be discussed later within the discussions on changing nature of development sector).

The change of the population structure for Erzurum in this period is remarkable. Until 2000 General Population Census, when its urbanization ratio exceeded 50%, Erzurum showed a rural population structure. One of the main problems of Erzurum is the high ratios of migration of both people and capital from the city. Despite the high fertility rates in Erzurum, the ongoing reduction in population increase rates indicates a real population loss in Erzurum. Table 10 shows a betterment in the net migration rates of Erzurum. However, having still negative values, this betterment shows the positive effects of economic development discussed before on the population movements in Erzurum.

### **Financial Dynamics:**

Another way to have assumptions on this is to measure the development of capital stock on localities through related periods and try to find out its relations on the development of building sector. Table 8 indicates the changing positions of localities regarding the change in both saving accounts and bank credits.

The biggest problems of Erzurum are the ongoing population and capital emigration from the city. For years, the state incentives performed in Erzurum could not help the improvement regarding these problems. However, Table 11 indicates that the saving accounts in Erzurum started to increase after Construction Move; which help the capital emigration from the city. Besides the increase in tax revenues can be accepted as the sign of increasing investments in the city; which positively effects the general economic situation.

However, the ratio of bank credits also increase in both Kayseri and Erzurum. It is known that, the increase in the accessibility of bank credits had been the powerful instrument, which helped the construction move to be effective. Thus, both the purchasing power of people and the investment power of entrepreneurs increased. The increase in the ratio of bank credits in both cities verifies that the capital used for the construction investments are generally gathered from bank credits, not the existing capital stocks. But this will also questioned within analysis in case cities.

*Table 11. The annual percentage change in financial indicators*

FINANCIAL	Name of the Data	Erzurum		Kayseri		Change		Ann.Aver. % Change	
		2003	2013	2003	2013	Erz	Kay	Erz	Kay
Ratio of Bank Credits to that of Turkey (%)	2003	0.18	0.38	0.83	1.18	0.2	0.35	11.1	4.2
	2013								
Ratio of Saving Deposits to that of Turkey (%)	2003	0.22	0.18	0.89	0.9	-	0.01	-1.8	0.1
	2013								
Average Saving Deposits per capita (TL)*	2008	1073.2	2293.5	3119.0	6563.9	122	344	22.7	22.1
	2013					0.3	4.9		
Share of Total Tax Revenues in Turkey (%)**	2003	0.11	0.21	0.65	0.99	0.1	0.34	10.1	5.8
	2013								

\* The oldest variable in TL goes back to 2000. However, the change in savings after 2000 exceeds %1000s. So, as the labour force indicators used in the dissertation starts by 2008, for the sake of paralel data, 2008 variables used here too.

\*\* The sum of personal and corporate income taxes realized in the provinces are summed up.

Through the in-depth interviews made in localities, one of the questions was about the usage of capital accumulated owing to increased construction investments. Interviewees in both cities complained about the lack of new investments to other productive sectors. However, one of the interviewees in Kayseri (one of the authorized people in Chamber of Commerce), frankly said that the construction investments in Kayseri could not provide a capital stock that could be transferred to other sectors. According to his explanations, the entrepreneurs needed hot money in order to provide the continuity of the works; which is generally obtained through the bank credits.

Thus, relative financial recoveries monitored in case cities is not enough to provide a betterment in the expansion of capital stocks. That is why; the increase in construction

investments did not induce investments in other productive sector such as manufactural industries.

### Dynamics on Labour Force:

Labour Force indicators gives information about the economic power of the provinces, their development levels and gives clues on the greatness of value-added produced in those localities.

The change in the labour force is analysed through two variables; i.e. ratio of employment for manufacturing industry and ratio of employment for service sector. In developed countries, service sector is the primary sector, which contributes to GDP. However, it is the manufacturing industry for developing and underdeveloped countries, which adds more to the GDP of them, as it puts forward the production capacity and power.

*Table 12. The annual percentage change in employment indicators*

	Name of the Data	Erzurum		Kayseri		Change		Ann.Aver. % Change	
		2000	2012	2000	2012	Erz	Kay	Erz	Kay
<b>EMPLOYMENT</b>	Unemployment Ratio (%)	2000	2012	2000	2012	-2.6	0.8	-2.38	0.78
		9.1	6.5	8.5	9.3				
	Employment Participation Rate (%)	2000	2012	2000	2012	-4.4	1.1	-0.70	0.18
		52.4	48	49.8	50.9				
	Employment Ratio(%)	2000	2012	2000	2012	-2.7	0.5	-0.47	0.09
		47.6	44.9	45.6	46.1				
	Ratio of Economically Active Population (15-64) (%)	2000	2012	2000	2012	3.59	2.63	0.50	0.34
		60.04	63.63	63.92	66.55				
	Ratio of Employment for Manufactural Industry (%)	2000	2012	2000	2012	8.38	20.96	24.08	11.16
2.9		11.28	15.65	36.61					
Ratio of Employment for Construction Sector (%)	2000	2012	2000	2012	18	9.06	39.47	13.98	
	3.8	21.8	5.4	14.46					
Average Daily Earning (TL)	2008	2012	2008	2012	12.34	14.14	8.28	10.78	
	37.27	49.61	32.8	46.94					

This thesis is interested in the development of construction sector in localities. However, data on construction industry is shown in ‘industry’ according to the sectoral divisions of Turkish statistical data. For the sake of analysis regarding both the development of construction sector, and its relation with manufacturing industry, this thesis examines these two data separately. Table 12 shows that the increase in the employment ratios for construction sector is far beyond the increase in the employment ratios for manufacturing industry. When these changes are evaluated together in a relationship, it shows that the bigger the increase in construction sector employment ratios, the bigger the increase in manufacturing industry; i.e. the construction sector in Erzurum increases more than that of Kayseri and so the manufacturing industry, too. However, one should bear in mind that Erzurum did not developed an industrial infrastructure despite all the incentives given by state while Kayseri already has an efficiently working multi-sectoral industrial economy. Reminding the discussions made on this issue it should be said that the investments made in construction sector is more effective on the stimulation of development of manufacturing industry when the localities are lacking an industrial infrastructure.

Table 12 also gives the changes of basic labour force indicators; i.e. employment participation ratio, employment and unemployment ratio. Despite the changes in the employment structures of Erzurum, it is seen that Erzurum loses for three of these indicators from 2000 to 2012. The bigger the employment rate in a locality shows the extensiveness of insured working and also refers to a dynamic labour market, high production powers and economic potentials in that city. The decrease in employment participation rates and employment rates of Erzurum indicates that the developments in construction and manufacturing sectors did not yet effected the economic structure of Erzurum for a real improvement. However, the betterment in unemployment ratios together with the relative gains of Erzurum in the redistribution processes of population and capital heralds a tendency for future economic development. At last, the increase in average daily earnings for both Kayseri and Erzurum signs an improvement in overall living standards.

## Dynamics on Quality of Life:

The growth of an economic sector is expected to enhance the life standards in that locality even if it could not motivate the development in other economic sectors. The change in some of the important variables regarding the quality of life is analysed in Table 13. Accordingly, there had been positive development for nearly all of the variables of two cities. However, there is an interesting data that draws attention; i.e. the decrease in house ownership percentages in both of the cities. The construction move basically focused on the residential investments, not only in these cities but for Turkey in general. House started to be presented as a meta beyond sheltering needs. Thus, all of the new projects developed to answer the demand created not from needs but “wants”; which is increases the expectations on the increase of housing ownerships. Besides, the decrease in the bank rates for housing credits is aimed and expected to provide the increase in house ownerships. Thus, the tendency of decrease in house ownerships may be an alert for developers to change their strategies; and discuss while giving investment decisions.

The decrease (even if it is so small) in housing ownership ratios in both Kayseri and Erzurum; people of which traditionally have tendency to high housing ownership ratios, highlights this issue as a new problem to be analysed deeply. However, this would be the subject of another research.

*Table 13. The annual percentage change in welfare indicators*

QUALITY OF LIFE / WELFARE	Name of the Data	Erzurum		Kayseri		Change		Ann.Aver. % Change	
		2007	2013	2007	2013	Erz	Kay	Erz	Kay
Ownership of automobile (#/10.000person)		398	637	1 014	1 406	239	392	10.01	6.44
Housing Electric Consumption Per Capita (KWh)		337	403	410	501	66	91	3.26	3.70
Housing Ownership (%)		74.8	74.6	70	69.2	-0.2	-0.8	-0.02	-0.10
Net Schooling Ratio at Secondary Education (%)		43.5	64.23	68.13	81.72	20.7	3.9	7.94	0.95
# of Mobile Telephony Subscriptions Per Capita		0.61	0.70	0.75	0.78	0.09	0.05	2.60	1.11



## **CHAPTER 6**

### **STRUCTURE OF BUILDING SECTOR IN CASE CITIES**

This chapter focuses on the restructuring processes experienced after 2002 with a focus on Erzurum and Kayseri. In the previous chapters, the development of building sector had analysed within the framework of the development in Turkey. However, with this chapter, the structure of building provision and how did it change in this last building cycle will be deeply analysed. The actors, their relations, and the tools and strategies used by them will be evaluated to put forward how did the structure has changed in this cycle and what was the determinants of that restructuring in different localities of Turkey.

In Chapter 5 two mid-cities of Turkey with different characteristics had been chosen for deeper analysis: Erzurum and Kayseri. Although it comprises two cities, this thesis does not attempt to make a comparative analysis. On the contrary, investigating the development of cities with different characteristics, it is aimed to make a supplementary analysis for the examination of the hypothesis' validity.

This chapter aims to analyse the structure of Turkish building sector through three topic, which give the general picture of what is happening in localities: concentration of building activities, scale shift in production volume and changing housing provision types. Historical analysis show that any economic and political transformation in building sector effects its structure. For Coiaccetto (2007a) any transformation first lead to concentration, consolidation or centralization of the building activity, which then results with a scale shift of investments in the built environment. As seen, he establishes a sequential relation between these two phenomenons of building sector; which is thought to be hard to follow. However, this thesis does not aim to find such a

relationship in sequence, but to analyse the change happening in both of the phenomenon.

### **6.1. Changing Volume of Production in the Building Sector: Is there a Scale Shift?**

The changes in the economic development is generally monitored by national accounts or the data of bigger cities of the country. However, the thesis asks if it is possible to follow the same processes of development for smaller sized cities which are generally left out of analysis; and hence whether the realities discussed for the country in general are valid for whole localities and if not what determines the differences. As the subject of the thesis is the building environment and the scale change in building sector, the changes within the sector, such as a scale shift, can be analysed with the help of building cycles. Thus, in order to understand whether the local markets act as the national market, the building cycles of Erzurum and Kayseri is compared to that of Turkey in Figure 13 and Figure 14<sup>24</sup>. These figures comprises of the slump period of second business cycle of Turkey (1982-2002) and the first ten years of a potential third business cycle (2003 onwards).

The first thing to attract attention is that the local markets show more fluctuations from that of Turkey. While Turkey shows gradual movements, local markets of Erzurum and Kayseri displays bigger movements and sudden upturns. However, after 2002 the movements in Kayseri development market shows movements that are more similar to the movements of Turkey from Erzurum. These two figures shows that “*local markets are much more sensible to the changes than national markets*”.

Before 2002, it seen that Kayseri stays at a balance for production of both buildings and dwellings. The production numbers increased and decreased year by year but stayed between 500 and 1200 for buildings, and 5.000-10.000 for dwellings. The

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<sup>24</sup> The data on provinces goes back to 1992, so the comparison starts from 1992 and ends at 2013. It was aimed to make these comparisons with standardized data. However, it was impossible using the population data produced by TÜİK as the annual population data for each year of the time series used for this analysis is not produced. Moreover, the analysis is made using both building numbers and the numbers of dwellings produced due to the hegemony of residential developments within the overall construction investments. The percentage of housing investments generally exceeds 70% or even 85%. So, these dwelling numbers is accepted as the general determiner of the nature of construction investments and what is going on in the development market.

developers state that this unevenness is normal for the development market, as the general tendency is not to get any construction permits every year. And as the general production time is two years, the construction permits tend to increase one year and decrease in the following year. These years coincide with the increase in the number of building co-operatives (especially after Bel-sin completed at 1994) and urban transformation efforts performed using land-deals. The leading motive was not only the increase in co-operatives. The start of implementation of 65th item (free work method) had also effected the volume of production. As we cannot trace back the construction permits for the years before 1992, we cannot analyse the real effects of this legal change on production volume. However, the higher value of this period had been reached at 2000 for both buildings and houses (1316 buildings and 15693 dwellings). The economic crisis of 2001 affected the local sectors that the production volume of Kayseri diminished to less than 1999 volume at 2002. As it can be followed by Figure 13, the policy changes regarding construction move could start to effect the building market of Kayseri especially after 2006. Until 2006, the production volume of Kayseri had continued its uneven character. Starting with 2006, the changes in the local market started to show similarities with Turkish market.

As it can be followed by the Figures, the movements in the Erzurum development market differs from that of Kayseri. Before 2002, Erzurum market showed great increases and decreases in contrast of Kayseri, which shows a general balance in itself. In the periods of '93-'96 and '99-2002, Erzurum development market had experienced a real shrinking, such that in 1995 the market had been shrunked nearly 70% of 1993. In 1999, a sudden increase experienced in Erzurum, same as the one happened in Kayseri in 2000. Thus, the following shrinking in fact turned Erzurum back to its position before 1999. After 2002, Erzurum continued its uneven structure. According to the local developers' statements, the increase in the volume of production in 1999 had triggered the establishment of new firms in the upcoming process. These newly established firms tried to build houses through cooperatives in first few years, in order to enter the building sector. However, they generally left building co-operatives just after one try, and tended towards built-sell type of housing provision.

Table 26 already shows that the percentage of cooperatives had fallen down to 60% from 80% in just one year after 2000. The economic crisis of 2001 effected local development sector in Erzurum profoundly, as the market was entering a new period. However, owing to these newly established firms, and their younger owners, Erzurum survived quicker than Kayseri. Figure 15 shows that, in the first years of 2000s, the production volume of Kayseri was below the volume of 1990s, until the recovery happened in 2006. According to the developers in Erzurum, Erzurum market had used the advantage of having so much newly established firms, which were more flexible to accord with the policy changes of the period after 2002. They all left making cooperatives and started to act within built-sell type (and sometimes sell-built when they did not have enough capital) of building provision; which is evaluated as the most appropriate type of building provision compatible with the new market conditions. However, this did not mean a continuous success in Erzurum building market. The unsteady structure of Erzurum development market did not change after 2003.

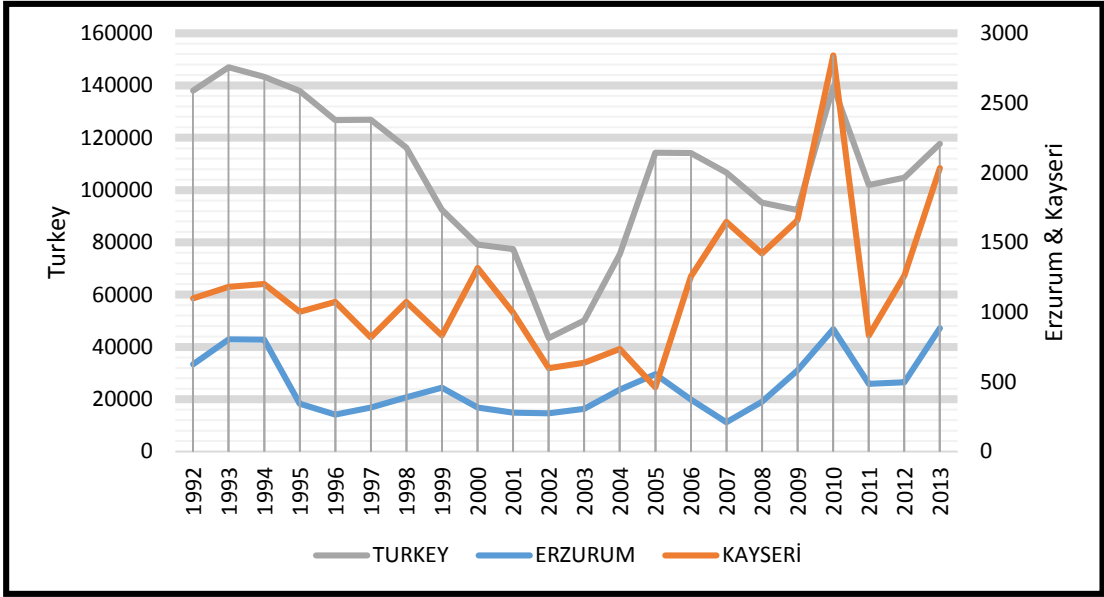


Figure 13. Comparison of Buildings Cycles by number of Buildings; 1992-2013

It was mentioned that Kayseri could have seize a tendency alike Turkish development market, which had a perpetual growing tendency in this new period, barely after 2006. The same happened to Erzurum; which reacted every change sooner than Kayseri, two years later at 2008. Erzurum responded positively to the changes started to be

implemented in 2003, reaching a higher value than the average of the previous period. However, this increase did not continue long and Erzurum had to wait until 2008 to seize a similar tendency to that of Turkey in general.

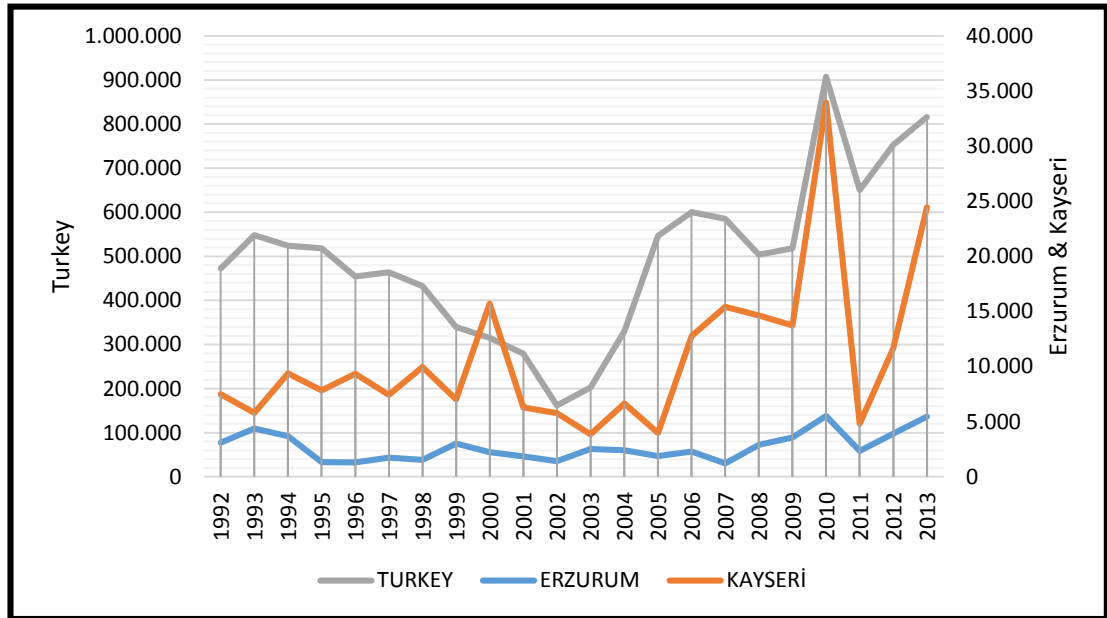


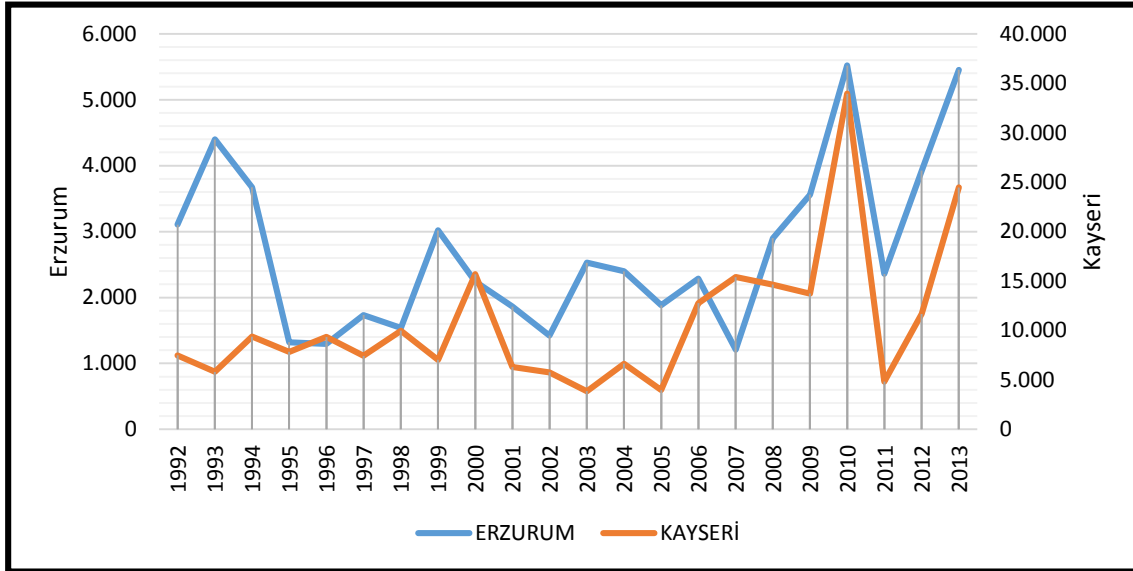
Figure 14. Comparison of Buildings Cycles by number of Dwellings; 1992-2013

The production volume of building sector reached its higher value, in the numbers of both buildings and dwellings, at 2010 for each of the scales. Then, at 2011, the numbers had reached nearly their lowest values, especially for Kayseri. This sudden increase had been the result of a policy change; which effects the building sector profoundly; i.e. the law on building control.

The regulations **building control** started after the earthquake in 1999. The statutory decree #595, dated February 2000, had been the first legal arrangement, which could have been active for only 10 months until the cancellation by the Constitutional Court. These 10 months was not enough to establish the needed infrastructure. Thus, in 2001, a new legal arrangement enacted; i.e. #4708 law on building control. This new law was offering to start the implementation of this new law on 19 province<sup>25</sup> leaving the decision of increasing or decreasing this number to the Council of Ministers. With the

<sup>25</sup> Adana, Ankara, Antalya, Aydın, Balıkesir, Bolu, Bursa, Çanakkale, Denizli, Düzce, Eskişehir, Gaziantep, Hatay, İstanbul, İzmir, Kocaeli, Sakarya, Tekirdağ and Yalova

decision of Council of Minister, which had published on official gazette at 13<sup>th</sup> July 2010, it was explained that this law would start to be implemented at all 81 city after 1<sup>st</sup> January 2011<sup>26</sup>.



*Figure 15 Comparison of Buildings Cycles by number of dwellings; 1992-2013; Erzurum and Kayseri*

This law was changing the way of doing business in building sector by introducing a new institution; which would control everything; i.e. building control offices. According to the law, not only the organisations but also the ones who wanted to build his own house (more than 200m<sup>2</sup>) have to work with a professional contractor; who has to work with a building controller. Thus, any building, from which a building controller would be responsible, would be constructed by a contractor. The controller was responsible from the security of the building for 15 years, and from the compensation of the problems such as usage of inappropriate materials for 2 years.

However, neither the other cities nor the developers was ready for the implementation of this law. Thus, before the end of 2010, the developers try to get as much construction permits as they could get. As the interviewee from the Chamber of Commerce in Kayseri said, the developers try to provide the continuity of their works until the new

<sup>26</sup><http://www.marbleport.com/guncelhaberler/2448/yapi-denetimi-kanunu-1-ocak-2011-de-uygulamayagirecek>

system started to work, as they predict this process, in which the regarded infrastructures in the cities would be established, to last a few years.

*“In 2010, there were so much construction permits taken. I think, most of the existing constructions are made according to the permits taken at 2010. Yet, I think, some the projects whose permits taken at 2010 did not started to be constructed yet.”*

The sudden decrease on the production volume experienced at 2011 was not only resulted from the high numbers of permits taken a year ahead. The Erzurum case show that, in 2011, most of the existing and newly opened controller firms was closed, according to both their inadequacies and wrong implementations. As they could not find a controller to work with, developers could not get as much permits as they wanted, especially in 2011.

The figures above clearly show the effect of this law on the changing of production volumes, creating both the highest and the lowest values during the cycle, for both Turkey in general and the localities. In the previous chapter, the analysis of some of the cities like Ankara, Eskişehir or Antalya showed that they did not experienced such a movement similar with Turkey in 2010 and 2011. We talked about the effect of Anatolian Move of the developers in Istanbul. Now, their being the pilot cities which started to implement this law at 2001; even before the construction move started, had provided them not to be effected from the decision of Council of Ministers at 2010.

All the evaluations above show that the sensibility of localities increase as the scale of the production decrease. However, the recovery time also decreases as the scale of production decreases. Thus, mid-sized cities tend to respond the changes, positive or negative, quicker owing to their local distinctness.

#### **6.1.1. Change of Production Scale for the Local Markets**

The change of scale can also be traced using the change of number between the start and the end years of the related periods. Table 14 uses the numbers of buildings and dwellings produced to compare the scales of production in case cities within defined building cycles.

According to the comparison of 1992 and 2013, the greatest scale shift both for number of buildings and dwellings is realized for Kayseri by %85 and %227 expansion

respectively. According to the number of buildings, Turkey shrinks by %15 while Erzurum shows %40 expansion.

**Table 14 The Scale Shift in the Building Markets; the numbers of buildings and dwellings produced after 1992**

	# of buildings			# of dwellings		
	Erzurum	Kayseri	Turkey	Erzurum	Kayseri	Turkey
1992	625	1.099	137.990	3,105	7.479	472.817
2002	274	598	43.430	1,423	5.771	161.920
2013	885	2.033	117.663	5,455	24.457	816.090

%Change Between 1992 and 2013	40%	85%	-15%	75%	227%	72%
Change Between 2002 and 2013	223%	240%	171%	283%	323%	404%
	x3,23	x3,40	x2,71	x3,83	x4,24	x5,04

Source: Construction Permit Statistics, TÜİK (data for provinces starts by 1992)

The change in the numbers of production volumes can be traced from Table 14 below. All these numbers show that the average annual production of the previous cycle (1983-2002) decreased from 109.225 to 101.113 in the first half of this new cycle (2003-2013). However, the number of buildings can be deceptive as the structure of built environment of metropolitan cities shifted from multi-storey apartments to skyscrapers. An evaluation made using the building numbers may not give the exact situation as the built environment had changed between two cycles. Still, it can be seen that the number of buildings; which decreased to 40 thousands in 2000, increased more than 2,5 times and exceeded 110 thousand in 2013. However, the scale of development sector in Turkey had increased more than 5 times from 2003 to 2013. The scale change in metropolitan cities like Istanbul and Ankara (see Table A.15) show the effect of high-rise buildings on the evaluation of scale change. According to the data, Istanbul experienced nearly 200% increase according to the number of buildings, while the increase rise up to 723% when it is evaluated using the number of dwellings. This data, despite it excludes the increasing office investments in metropolitan cities, can clearly show the scale change realized after the *Construction Move*.

Table 14 indicates the scale change in case cities in comparison with Turkey, according to the changing production numbers. The table puts forward that after 2003 the size of



the development markets had at least tripled within 10 years. The increase in the scale of production due to the number of dwellings is realized more than that of buildings owing to the changing built structure mentioned above. However, this information gives clues about the built structures of Erzurum and Kayseri. Owing to the implementation of 65<sup>th</sup> item, most of the buildings rise up to 14 storeys where the condition of the related parcel lets. Thus, the scale increase according to the number of buildings seem to be closer to each other, while the difference increase due to the number of dwellings.

### 6.1.2. Volume of Sub-sectors in Building Provision

In order to understand the structure of building sector, and the general tendencies in building investments, the percentage distribution of the construction permits should also be analysed. According to Table 15, the investments in building sector is highly concentrated on residential buildings for both of the cities; which makes the investigation on residential investments the determinant of the sector for future analysis.

*Table 15. Percentage distribution of building investments, m2, 2002-2014*

	residential	hotels	office	commerce	traffic and communication	industry	public	other
<b>Erzurum</b>	78,86	1,56	2,44	5,47	0,31	1,84	7,30	2,23
<b>Kayseri</b>	84,67	1,01	1,78	5,62	0,17	2,22	2,91	1,63

Table 15 indicates another important character regarding the differences of these two mid-sized cities. Despite each of the cities are Metropolitan cities for a long time, Erzurum lacked some of the basic superstructures. Thus, in this period, the investments made in public sector, and the sub-sector named as others get greater percentages in Erzurum than that of Kayseri. Not only the central districts, but also the investments in other districts increase this percentage. Elimination of these deficiencies helped Erzurum to relatively gain in the redistribution process of capital and population as well as the increasing vitality in the economic life.

An increasing problem of the last period had been about the relation between demand and supply in residential investments, and how do the developers decide on the volume of their investments. The analysis show that developers do not make market analysis

while giving their investment decisions. However, they generally apply the housing sales numbers in order to understand the volume of possible demand and thus the possible volume of the market. TÜİK started to give statistical data on housing sales after 2008. However, the developers interviewed stated that they generally get in touch with the people they know from The Provincial Directorate of Land Registry and Cadastre, and ask for the number of changes made in land registry, or newly sales. They particularly stated that they could only do this through a reliable acquaintance working in that institution.

*Table 16. Total House Sales, 2008-2012*

	Türkiye	Erzurum	Kayseri	İstanbul	Ankara	Antalya
2008	427.105	3.002	10.615	103.503	87.087	24.821
2009	555.184	3.577	13.015	140.573	104.285	30.602
2010	607.098	2.503	15.873	153.897	106.006	31.419
2011	708.275	2.658	19.040	169.015	117.908	35.451
2012	701.621	2.733	18.581	167.110	106.019	34.555
<b>Average</b>	<b>599.857</b>	<b>2.895</b>	<b>15.425</b>	<b>146.820</b>	<b>104.261</b>	<b>31.370</b>

The official data on house sales started to be given by TÜİK at August 2008. Then, at 2013, TÜİK changed the extent of the data, covering the whole city instead of district centres. After a comparison between the data, it is decided to exclude 2013 data from the data set. Because of the extent of the data, this analysis is not limited with case cities and the sector's leading cities like Ankara and Istanbul added to the analysis. Besides, Antalya also added to the analysis as it gains importance being the first city of Anatolian Move<sup>27</sup>.

Table 16 and Table 17 indicates that the housing sales does not go in parallel with the production data. In 2009, the housing sales had increased nearly 20% of the year before. The highest increase observed in Istanbul. However, as the increase in housing sales numbers was going on for the other cities, sales numbers in Erzurum started to diminish. In 2012, there had been a decrease in sales numbers according to the year before. However, when the 2012 data is compared with 2008, it is seen that the numbers increased in every locality except Erzurum. The highest increase is experienced in Kayseri with 75%. Besides, while every other city catches a sales value

<sup>27</sup> Anatolian Move is named after the market search of developers in Istanbul owing to the market shrinking they faced in Istanbul. Antalya is known as the first city this move began.

above the average, this value for Erzurum realized below the average. Besides, it is important to remember that 2008 data includes only last five month of the year. Thus, the increase in Kayseri may be less than the calculated one, while the decrease of Erzurum may be more.

**Table 17. Index of Total House Sales, 2008-2012**

	Türkiye	Erzurum	Kayseri	İstanbul	Ankara	Antalya
2008	100	100	100	100	100	100
2009	130	119	123	136	120	123
2010	142	83	150	149	122	127
2011	166	89	179	163	135	143
2012	164	91	175	161	122	139

However, despite 2008 includes only the last five months of the year, the closeness of the sales number to that of 2009 may indicate two things. The first is about the timing; that the housing sales are generally made after the second half of the year. For every city taken as example above, the sales number of 2008 is higher than 74% of the 2009 values. Ankara and Erzurum has the highest degree with 84%, while Kayseri has 82% of 2009 values at 2008. Another possibility is the increase of the housing sales in 2008 for every geography; however, as do not have an adequate time series on this data, we cannot know which the true is.

**Table 18. The Percentage of Mortgaged Housing Sales; 2009-2012**

	Türkiye	Erzurum	Kayseri	İstanbul	Ankara	Antalya
2009	4,09	4,56	6,20	6,70	2,91	8,36
2010	40,64	52,94	32,76	49,50	41,51	35,94
2011	40,84	45,26	32,06	50,39	41,30	34,55
2012	38,50	45,52	30,32	47,65	39,82	32,16

*Note: 2009 data covers the last five months, starting from August*

*\*2013 and 2014 data was not included as it is impossible due to the changing structure of the data. Data of 2013 and 2014 covers the whole cities, while previous ones only cover the central districts*

The comparison of Erzurum and Kayseri reveals two different situation within the same time horizon. After 2008, both of the cities were in a tendency just like Turkey about the production of buildings. However, while Erzurum building market shows a shrinking character due to sales numbers, increase of Kayseri market in size exceeds over the average of Turkey, and even Istanbul. The new residential investments (MNG Residence and NewCity Projects) in Erzurum started with 2012 had positively affected

the development market of the city at the beginning, which we cannot trace through the statistical data. The ongoing negative developments about these projects again changed the dynamics of the sector. However, as the process is still on change, it is impossible to analyse the effect of them to the market in general.

There are two other details about the housing sales, which effect the decision of developers: mortgaged housing sales and first hand sales. According to Table 18 percentage of mortgaged housing sales in Erzurum is greater than Kayseri. The in-depth interviews made at the case cities put forward a difference in these cities. While the developers in Kayseri are producing new financial formulas for the sales, developers in Erzurum do not have such solution for easing the sales. Developers in Kayseri is using different financial tools to get ahead of the rivalry. DK\_5 frankly told the financial tools they use. This firm made an agreement with a bank to give credits to their customers with an agreed bank rate, which has to stay under the general rate the other banks apply. Besides, if a customer do not want to take bank credit, this firm prepares special sales agreement with those customers. Sometimes they give credits themselves, or they make instalment plans for the customers (without an interest, as they said). Another tool they use is the barter method through which the customer gives his existing house to the firms in response to a discount from the original price of the new house. In this situation, the remaining price may be given by cash or using the above mentioned methods. Other developers in Kayseri generally use one or two of these methods creating flexibility to customers in purchasing conditions. However, I did not run across any such implementation in Erzurum. However, it is understood that co-operatives; which in fact aimed the middle class, started to provide an option for those who wants to buy a house but does not want to get credit from the banks owing to some conservative reasons. DE\_06, in Erzurum, who still makes co-operatives, stated that his customers needed to pay at least 3.000 TL per month. However, while the financial tools of Kayseri can work to increase the percentage of mortgaged houses, the co-operatives in Erzurum is not an effective way for this.

Developers states that the numbers of first and second hand sales are generally close to each other, and that is why they generally take the half of the sales numbers to estimate the first hand sales in the city. The official numbers for first and second hand

sales started to be given by TUIK at 2013; which is shown at Table 19. This data clearly confirms the estimation of the developers, who generally praise themselves to smell the market conditions.

*Table 19. House sales in detail of first sale and second hand sale by years, 2013-2014; TUIK*

	2014 (first 9 months)			2013		
	Total	First Sale	Second Hand Sale	Total	First Sale	Second Hand Sale
<b>Türkiye</b>	831 287	<b>383 083</b>	448 204	1 157 190	<b>529 129</b>	628 061
<b>Erzurum</b>	4 443	<b>2 156</b>	2 287	6 273	<b>3 062</b>	3 211
<b>Kayseri</b>	20 148	<b>8 043</b>	12 105	27 109	<b>10 712</b>	16 397
İstanbul	161 950	73 630	88 320	234 789	103 853	130 936
Ankara	94 787	38 379	56 408	137 773	53 624	84 149
Antalya	44 622	19 452	25 170	59 478	25 438	34 040

Table 18 and Table 19 together puts forward that the first sales and mortgaged sales in Erzurum shows closer values to each other; which is used as a sign that first sales in Erzurum generally made through mortgaged sales. This supports the above-mentioned sales process, which is dependent to bank credits in Erzurum. However, in Kayseri the first sales realizes at around 40%, while the mortgaged sales are around 30% of total. Thus, one can think that, nearly 10% of house buyers get benefit from the financial tools produced by developers in Kayseri. Thus, Kayseri is less dependent on the banking system than that of Erzurum; which would make is more flexible against the possible crisis in near future<sup>28</sup>. Besides, the implementation of such tools increases the purchasing power of the possible customers. However, the developers firms, which will implement such tools should have reached a size that would not effected from the possible problems about the future instalments. The selected cases analysed in previous chapter showed that even the biggest investor in Erzurum could not resist to the problems and pay back the money payed by their customers<sup>29</sup>. One should bear in mind that these flexibilities in Kayseri could have been created by means of the local characteristics of the city. This is the ability on commercial thinking; from which every people in Kayseri is proud of saying that this ability is the one makes Kayseri what it

<sup>28</sup> Of course this is not enough to resist an important economic crisis. This may be thought as one of the healers against a crisis; which Erzurum does not have.

<sup>29</sup> The national developer in Erzurum market payed the money of all customers when the construction of the Project had been uncertain due to a lawsuit; while the local could not do it.

is. Interestingly, not only the people of Kayseri, the ones working on private sector, the local government of Kayseri is also proud of the methods which provides them to work like a private entrepreneur and thus overcomes the problems all other local governments face.

### **6.1.3. Change in the Numbers of Workplaces in Construction Sector**

As we cannot learn the value added produced by the sectors of local economy from the statistical data, the analysis on the changing importance of the construction sector for these localities are made using the change in the production volume and the workplaces; i.e. size. According to the TÜİK 2014 data<sup>30</sup>, the enterprises in construction sector for Erzurum and Kayseri are respectively 1718 and 3988. However, this data only covers 2013 and 2014; which makes it hard to follow a tendency. Table 20 gives the number of workplaces (firms) and employees in the construction sector between 2007 and 2012 according to the data provided by Social Security Institution.

In order to analyse the general tendency and have the chance to have a comparison two metropolitan cities; İstanbul and Ankara, are also added to the analysis. The percentage distribution of construction sector according to both workplaces and employees change for each city.

However, for Kayseri, İstanbul and Ankara, the share of construction sector diminishes for both workplace and employee; while it increases in Erzurum. The change in the share of workplaces or employees cannot be used for the evaluation of the concentration in the sector. As the numbers in the table show, the absolute values regarding both of the variables increase for every city, even for the ones the ratios are decreasing. However, this data can be used to evaluate the changing weight of the sector in overall economy. Thus, Table 20 indicates that despite the construction sector in Kayseri and the two metropolitan cities is growing owing to the investments made in the cities, the weight of it decreases between 2007 and 2012. The situation is the exact opposite for Erzurum. The number of the construction firms and the employment

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<sup>30</sup> According to Nace Rev.2, Section F; which covers all construction activities; i.e basically construction of the buildings (41), Civil engineering (42) and other specialized construction activities (43)

in the construction sector increases so much that the economy of Erzurum gradually becomes more dependent on construction sector.

**Table 20. Distribution of the Compulsory Insured Persons and Work Place by the Activity Groups and Provinces [Under Article 4-1/a of Act 5510], 2007-2012; Construction Sector**

		Number of workplace				N'of comp. insured person			
		Erz.	Kays.	Ank.	İst.	Erz.	Kays.	Ank.	İst.
2012	Const.	1073	3505	13929	36033	15054	27430	145411	386932
	%	<b>12,83</b>	<b>14,05</b>	<b>11,50</b>	<b>8,03</b>	<b>21,80</b>	<b>14,46</b>	<b>14,31</b>	<b>10,93</b>
	Total	8361	24944	121131	448773	69045	189674	1016074	3538860
2011	Const.	976	3348	13048	33836	11327	26700	128216	361833
	%	<b>12,51</b>	<b>14,28</b>	<b>11,51</b>	<b>8,16</b>	<b>18,76</b>	<b>14,98</b>	<b>13,69</b>	<b>11,04</b>
	Total	7804	23453	113342	414656	60385	178243	936844	3278733
2010	Const.	968	3507	12130	32457	12348	24625	125302	324886
	%	<b>12,96</b>	<b>16,10</b>	<b>11,44</b>	<b>8,43</b>	<b>20,38</b>	<b>15,29</b>	<b>14,35</b>	<b>10,88</b>
	Total	7472	21789	106037	384802	60578	161004	873307	2986050
2009	Const.	801	2702	11790	31874	9333	19244	106847	287707
	%	<b>11,62</b>	<b>14,01</b>	<b>11,77</b>	<b>8,96</b>	<b>17,62</b>	<b>13,48</b>	<b>13,28</b>	<b>10,65</b>
	Total	6893	19286	100192	355623	52969	142714	804564	2701551
2008	Const.	713	2484	12352	33457	8251	19787	117293	288893
	%	<b>11,10</b>	<b>13,78</b>	<b>12,60</b>	<b>9,59</b>	<b>16,83</b>	<b>14,34</b>	<b>15,66</b>	<b>10,74</b>
	Total	6425	18021	98028	348706	49016	137976	749151	2688981
2007	Const.	744	2591	13588	32527	7970	20987	119508	285231
	%	<b>11,77</b>	<b>15,20</b>	<b>14,27</b>	<b>9,88</b>	<b>17,85</b>	<b>15,07</b>	<b>16,54</b>	<b>10,97</b>
	Total	6322	17047	95206	329113	44654	139292	722401	2599269

Source: SGK İstatistik Yıllıkları; 2007-2012

The decrease of the ratio in Kayseri while the business volume in construction sector increases may sign the increase in the other economic sectors in Kayseri. However, when the locality in question is a city which has almost no industry, and of which economy is generally dependent on service sector such as education and commerce, the increase in the construction sector is a sign of its being the determinant of the general economy in that city.

The mobility in the sector after 2002 is summarized in Table 22. The number of the firms established between 2002 and 2009 constitutes 17.16% of the total for Erzurum and 12,01% of the total for Kayseri. As the average of Turkey is 13,99%, Erzurum is way above the Turkish average. The developers interviewed in Kayseri did not talk about an important breaking point in regard of the newly established firms. The numbers show that 2004 had been an important breaking point for Kayseri when the

number of newly established firms within a year exceeded 100, and then increased every other year reaching the highest value at 2007. However, in Erzurum, nearly every interviewee stated that 2004 was the year when the number of developers increased suddenly, and the second increase had been at 2010. As 2010 data does not exist, we cannot evaluate it. However, they seem to be correct about their analysis on 2004. For the first time, 70 new firms had been established in Erzurum. Besides, these developers seem to pay no attention to the increase happened in 2007 with 86 new firms. However, the number of closed firms in 2007 is so great (156) which makes the one think that these newly opened firms may not be long lived. In 2007, nearly 30% of the closed firms was from construction sector in Erzurum.

The relation between newly established and closed firms show that for every closed firms 1,76 new firms were established in Erzurum and 3,77 firms established in Kayseri in that period. This shows that the mobility in the construction sector of Erzurum is bigger than that of Kayseri. The number of closing firms is close to the opening ones indicates the growing attraction on the construction sector in Erzurum. According to the interviewees, nearly all of the jewellers, and especially the jewellers, try to enter the sector, they open the firm for one or two business and then they close their firms because of bankruptcy or they could not get the profit they hoped. These short-dated firms generally transfer their businesses to newly opened firms, and thus sometimes the developer of a project change three or four times. This explains the repeatedly taken construction permits for the same building; which I come across while I try to simplify the detailed construction permits data<sup>31</sup>. 725 construction permits had been taken for two and more times in Erzurum; such that the construction permits for 9 projects had been renewed for six times each<sup>32</sup>.

The numbers of actively working construction firms gives information about the results of these movements in the sector; opening and closing of the firms. As it was mentioned before, there were 1718 firms in construction sector in Erzurum in 2014 according to the TÜİK data. However, there are 561 firms registered to Chamber of

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<sup>31</sup> Here I do not talk about the TÜİKs construction permit data, but the one I got from the national address database. The details are given in the methodology.

<sup>32</sup> The numbers of permits renewed for one time is 515; for two times 155, three times for 30 and four times for 16 permits.



Commerce as constructors; i.e. nearly 33% of total enterprises in construction. This ratio falls down to 27% for Kayseri (1073 registered firms within 3988). The ratio of the supportive subsectors of construction sector is important to reveal the development of the sector in that locality; which means that not only the size of construction sector in Kayseri is bigger than that of Erzurum, it is also more developed in Kayseri. While there are firms in Kayseri that become national firms according to their service area, the biggest firm in Erzurum tries to survive from bankruptcy, and other growing firms still try to find new markets to enter. Besides, the supportive sub-sectors of Kayseri provide service not only to Kayseri, but also to the near region (Durmuş, 2014).

*Table 21. Active Construction Firms Registered to Chamber of Industry and Trade*

Establishment dates	Erzurum (by June 2014)					Kayseri (by February 2015)				
	<b>Total</b>	Type 1		Type 2		<b>Total</b>	Type 1		Type 2	
	%	#	%	#	%	%	#	%	#	%
Before 1962	<b>0,4</b>	0	0,0	2	100	<b>0,7</b>	3	42,9	4	57,1
1962-1982	<b>2,5</b>	0	0,0	14	100	<b>0,9</b>	3	30,0	7	70,0
1983-2002	<b>25,2</b>	48	33,3	96	66,7	<b>19,3</b>	31	15,0	176	85,0
2003+	<b>72,0</b>	156	38,0	255	62,0	<b>79,1</b>	143	16,8	706	83,2
<b>Total</b>	<b>100</b>	204	35,7	367	64,3	<b>100</b>	180	16,8	893	83,2

*Source: The Chamber of Commerce of Erzurum (June 2014) and Kayseri (February 2015)*

*Type 1: Construction of buildings that are not residential*

*Type 2: Construction of residential buildings*

The establishment dates of the actively working firms indicates that, more than 70% of them were established after 2002. Despite the ratio between the numbers of closed and newly established firms between 2002 and 2009, this mobility in the sector had resulted with the increase in the number of the firms within that period. 25% of the active firms in Erzurum are the ones opened in the previous building cycle; between 1983 and 2002, when the co-operative business was in fashion. This ratio decreases to 19% for Kayseri. It is known that for both of the cities, the developers doing cooperatives during the previous mainly started to do built-sell type of work after 2003. However, this is valid for the constructors doing residential constructions. The ratios of residential constructors to that of the others differentiate in two cities. According to this data, Kayseri is more dominated by residential constructors (more than 83%). The ratio of constructors making non-residential constructions increases to 35% in Erzurum. It is known that these two types of contractors can do business in both of the

business lines. However, the bigger ratio in non-residential businesses in Erzurum indicates the importance of local constructors doing public contractions. Nearly  $\frac{1}{4}$  of the active firms in this sub-sector had been established before 2003. The public contractors complain about the changes happened in Public Tender Law; which is said to be the reason of closing most of the firms. However, the ones survive had one or more of these three important characteristics (for both the public and private contractors): 1.having a relation with construction sector one way or another, even before establishing the firm, 2.having the capital accumulated which provides the freedom to take bigger risks, and 3.the speciality of the owner of the firm about the sector. In the following chapters, the dynamics and the complicated relations within the sector will be analysed more deeply; which is thought to clarify the reasons of these developments in the sector.

**Table 22. The number of Newly Established and Closed Enterprises in the Construction Sector, Erzurum & Kayseri**

Year	Erzurum							Kayseri						
	Newly Established			Closed			Establ/ Closed	Newly Established			Closed			Establ/ Closed
	Total	Const.	%_Const	Total	Const.	%_Const		Total	Const.	%_Const	Total	Const.	%_const	
2002	271	53	19,56	198	18	9,09	2,94	609	71	11,66	237	13	5,49	5,46
2003	269	39	14,50	148	15	10,14	2,60	679	65	9,57	275	30	10,91	2,17
2004	391	70	17,90	153	27	17,65	2,59	996	110	11,04	432	56	12,96	1,96
2005	490	65	13,27	176	26	14,77	2,50	1007	130	12,91	416	46	11,06	2,83
2006	392	72	18,37	497	18	3,62	4,00	1219	141	11,57	352	27	7,67	5,22
2007	436	86	19,72	528	156	29,55	0,55	1236	155	12,54	383	26	6,79	5,96
2008	355	65	18,31	311	21	6,75	3,10	1002	133	13,27	357	27	7,56	4,93
2009	356	58	16,29	93	8	8,60	7,25	1068	134	12,55	185	24	12,97	5,58
Total	2960	508	17,16	2104	289	13,74	1,76	7816	939	12,01	2637	249	9,44	3,77

*Note: Since 2010, publication of the data on newly established and closed firms had given to the responsibility of Turkish Union of Chambers and Exchange Commodities according to the law #5429. These data includes the grand total for the provinces, and does not include sectoral differentiation.*

## 6.2. Concentration and Centralization in Building Sector

The economic transformation in an industry is best monitored through the concentration and centralization of the activity that is generally followed by a change of scale in investments (Knox, 1993). It is not important which comes first, but the result of this structural change is the increasing power of developers on changing the built environment of the cities as well as on the determination of the social segregation.

Thus, the role of the developers' in production of the built environment is pivotal. Starting from choosing the location of the development, the betterment of the land, the quality of the building they developed all play important roles in determination of the potential residential market segments (Coiacetto, 2007c). Moreover, to support this differentiation, they can shape the externalities in order to build a sense of community. Despite this *new* space produced by the developer being only a small portion of the total built environment, it still reflects the current market conditions, and is relevant to the urban social structure as it is easier to make such a segmentation by income, and lifestyles (Ball, 1983b).

Using all their potentials, developers influence the socio-spatial differentiation in the cities. As the concentration of the building sector increased, characterised by larger and more powerful players (Coiacetto, 2005), their effect on the built environment increases; i.e. they start to determine the character of the built environment effecting the social segregation and to effect the planning regimes. As Coiacetto (2005) states, larger firms can influence planning regimes and politics, and that this effects the entry-conditions of the market. The centralization and concentration of the local development market increases to the detriment of smaller firms trying to enter the market, and even continue to work.

There are different ways of calculating the range of concentration of the market (Coiacetto, 2009); which cannot be used in this thesis due to the lack of data. Coiacetto (2009) defines concentration as the degree which market share is concentrated in a few or many hands. Thus, it is calculated by the total market shares (calculated using the total sales revenue) of leading firms. Besides, the key elements of an industry's

structure are determined as the number and size distribution of firms, product differentiation and the entry conditions of the market.

At 21 August 2014, TÜİK published the concentration data of 515 different sectors with the news bulletin heading “Concentration at Industry and Service Sectors, 2012”<sup>33</sup>. In this data, TÜİK used concentration ratios calculated by the division of the total turnover values of four biggest firms to the total turnover value of the related sector; i.e. CR4. According to this calculation, 81% of the subsectors of construction sector shows low levels of concentration. Construction of other civil engineering projects n.e.c (61,30), and demolition classes (51,09) show high concentration, while classes of ‘construction of bridges and tunnels’ (41,72) and ‘test drilling and boring’ (35,76) shows middle concentration<sup>34</sup>. The lowest CR4 belongs to the class named ‘construction of residential and non-residential buildings’ (3,18 with 68.893 enterprises). As the data is not given in the same details, it is impossible to make an analysis about the change of the concentration in the sector.

This data reveals that while the concentration of the subsectors focused on big scale and national construction works is high, the concentration on the residential sector is very low. This data supports the assumption about the local structure of residential sector that it tends to continue being local.

The aim of this part of the thesis is to look for the concentration of construction sector in local markets. However, as it is impossible to reach the turnover values of local firms, some other methods will be tried to use. First, the change in the number of the firms and the mobility in the sector is used to figure out the tendency on concentration. After that, the change on the average output per firm (using the construction permits giving the detail of developers) will be analysed trying to put forward the tendency with little but effective data.

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<sup>33</sup> Concentration Levels by Classes in Sections, 2012, [www.tuik.gov.tr](http://www.tuik.gov.tr)

<sup>34</sup> The number of enterprises are 212, 187, 211 and 519 respectively.

### **6.2.1. The Nature of Data**

The evaluations in this part of the thesis will be made using the construction permits of Erzurum and Kayseri for the period between 2007:7 and 2014:5. The list of construction permits having the developers' information will be used to get information on the concentration of Erzurum and Kayseri development market. The data includes variables such as dwelling numbers, construction area and building costs, which would help to analyse the exact share of each developers get. However, these variables does not have continuity to provide such an analysis. Moreover, the variables regarding the cost of the building is non-reliable and there are so much missing values. When the list is processed to exclude the ones do not have cost or the number of dwelling variables, the representation power of the data decreases so much. Thus, despite the cost value (and the number of dwellings as the market is dominated by residential investments) is much more appropriate for such an analysis on market share, it cannot be used. Instead of costs, the analysis on the market share will be made using the number of buildings in order to calculate the average output per firm.

#### **About Construction Permits**

The processing details had been given in the methodology chapter. However, before starting the analysis, the perception on construction permits (the main data that will be used in this analysis) in the localities should be evaluated first.

The data set of Erzurum lacks the data of one of the biggest housing projects; i.e. NewCity. This project includes nearly 2000 residential units, however, it has stopped as no construction permits has been taken before starting the construction and so on. Interestingly, just in the first days of the fieldwork in Erzurum I had faced a wrong perception about construction permits that should be taken especially by the urban transformation projects. Every developer I interviewed knew that this NewCity project did not have any construction permit, and they were stating that there is no need to get it for urban transformation projects. As the fieldwork proceeded, I learned that the Metropolitan Municipality was flexible for some of the projects, even supporting the developers to start construction without waiting for the bureaucratic processes end regarding the construction permits (as told for MNG Residence project). For a city of which annual average housing sales is nearly 3000 and nearly half of it is the first hand

sales, the lack of a project having 2000 housing units from the official data sets is an important loss. The owner of the same firm had normalized this situation so much that he could make such statements at broadcasts on TV:

*“I never start construction waiting for the construction permits. I apply for it then start the construction. Within time, the permits are already approved by the local government. Say me, which developer gets his permits in Erzurum before starting the construction?”*

The perception on taking the construction permits is also interrogated through the fieldwork in Kayseri. The developers in Kayseri complained about the building controls rigorously implemented in Kayseri stating that they have to get their permits before starting the construction. Even DK\_2, one of the biggest firms which makes TOKİ projects not only in Kayseri but at nearly 16 different cities in Turkey (a TOKİ Developer), stated that they have some flexibilities on taking construction permits. However, being a TOKİ Developer does not provides them freedom not to take the permits, but the process is easier than other private works.

*“Even though it is the TOKİ business, all the operations related construction permits, title deeds, change of types, etc. are carried out by us, the main contractor. TOKİ gives us the power of attorney, then we, on behalf of TOKİ, have to take all needed permits from the local governments as same as a private developer. The terms of reference in tender says it already. Thus, you take the tender indicating that you will pay the licence fee, for example. .... However, as we work with the state, our relations with other state organizations progress without a problem from the start. Because you had taken the construction permit at the beginning properly, projects are designed according to the rules and the controls are made regularly, and so on.”*

Of course, there may be constructions made without construction permit in Kayseri, too. However, it was obvious that there were not a perception in the city on the redundancy of getting the construction permits, even for some privileged projects.

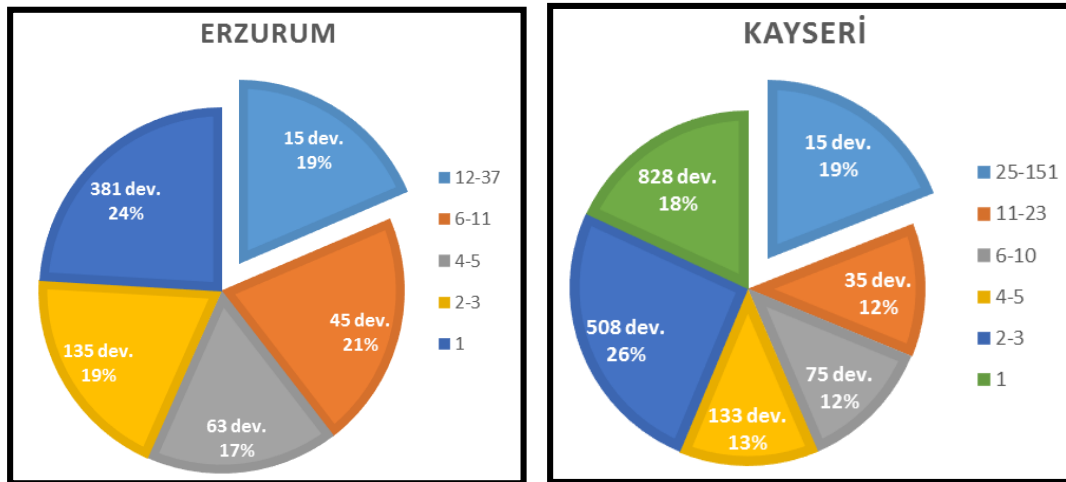
### **6.2.2. Change in the Market Shares**

One should keep in mind that below analysis is made using a sample group within the construction permits of the period 2007:7 to 2014:5. This data set has the representation power on the local development markets, despite the above-mentioned possibility of having buildings that have not taken any construction permits.

After the processing operation made to the raw data and excluding all the variables that cannot be used in this analysis, the remaining variable had constituted 36% and 43% of the raw data, for respectively Erzurum and Kayseri<sup>35</sup>. During this process, it was aimed to distinguish the projects having both the data on the developer (identified through the taxpayer identification number) of the project and the date, the construction permit was taken.

**Table 23. Distribution of Construction Permits to the Developers, 2007:7-2014:5, Erzurum and Kayseri**

ERZURUM				KAYSERİ			
Output per firm (#)	# of developers	total permits taken		Output per firm (#)	# of developers	total permits taken	
12-37	15	294	%18,58	25-151	15	871	%19,02
6-11	45	332	%20,99	11-23	35	558	%12,19
4-5	63	270	%17,07	6-10	75	565	%12,34
2-3	135	305	%19,28	4-5	133	582	%12,71
1	381	381	%24,08	2-3	508	1175	%25,66
<b>Total</b>	<b>639</b>	<b>1582</b>	<b>%100,00</b>	<b>Total</b>	<b>1594</b>	<b>4579</b>	<b>%100</b>



**Figure 16. Concentration and Centralization in the Development Market of Erzurum and Kayseri According to the total number of permits taken; between 2007:7 and 2014:5**

<sup>35</sup> 1582 permits for Erzurum, and 4579 permits or Kayseri.



Table 23 and Figure 16 demonstrate the groups of developers according to the construction permits taken by them within the related period. Table 23 clearly indicates the scale difference of development markets of two cities. However, the first fifteen firms of these cities both comprises 19% of the local development markets according to the number of the buildings produced. The average height of the buildings between two cities are exactly different, however, as the local markets are analysed within themselves, this difference would not be a problem. However, both the table and the figure shows that the majority of the market is carried out by a huge number of petty developers. In Erzurum, 381 developers who had taken just one permit owns 24% of the local market, while in Kayseri 828 developers has 18%. While the biggest share of the market is taken by the developers having just one permits in Erzurum, the biggest share of Kayseri's development market is owned by the developers having 2 or three permits with 26% (508 developers). As the concentration analysis on Turkey show, construction sector is not a concentrated one, especially for residential development in Turkey. This data puts forward that, the same situation is valid for Erzurum and Kayseri, too. However, just 15 developers having 19% of the market also signalizes a possible concentration in the market.

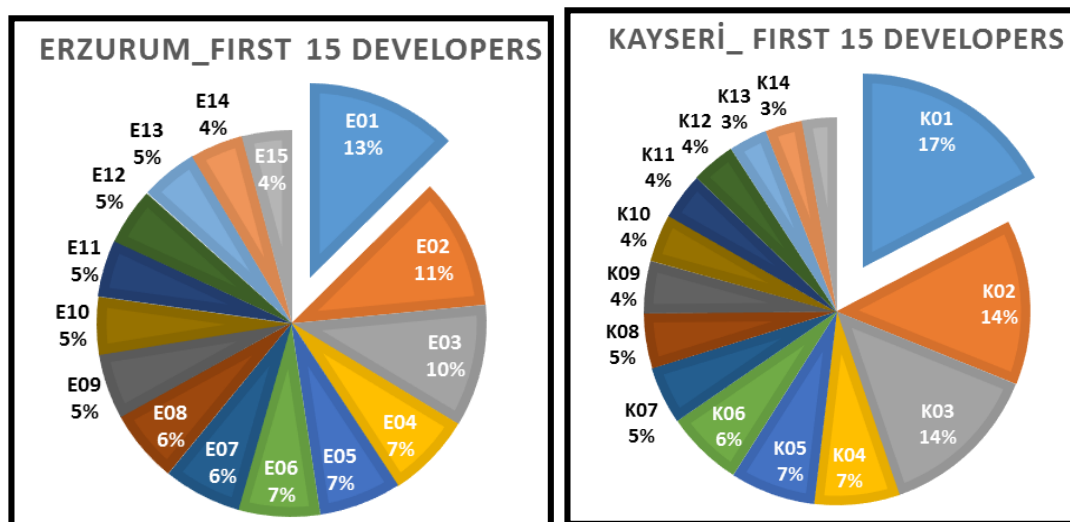


Figure 17. Distribution of permits taken by the first 15 developers

Figure 17 presents a detailed analysis of these first fifteen developers' market share for each of the cities. This closer look shows that, in both of the cities, this 19% of the

market is dominated by just a few big developers. In Erzurum two developers hold more than 10% of the related share; 13% and 11% respectively. This number increases to three for Kayseri; 17%, 14% and 14%. These two figures together, indicates that these two cities show similar properties regarding the centralization in development sector despite their varying economic and social structures. However, they also indicate that as the size of the market increase, the concentration also increases.

**Table 24. Trajectory of the distribution of development market; Erzurum and Kayseri**

	<b>ERZURUM</b>				
	Extent of projects	# of developers (the biggest)	Total # of permits	% of the biggest	% of the smallest (developers taken just 1 permit)
2007	3-8	6	28	16,50	67,05
2008	10-32	5	92	16,60	39,50
2009	14-121	4	192	24,45	31,97
2010	17-40	5	121	11,87	31,01
2011	5-6	4	22	19,64	44,64
2012	5-8	8	50	29,41	35,29
2013	15-20	5	85	25,00	22,35
2014	5-10	3	21	36,21	32,21
	<b>KAYSERİ</b>				
	Extent of projects	# of developers (biggest)	Total # of permits	% of the biggest	% of the smallest (developers taken just 1 permit)
2007	5-8	3	18	10,59 / 3,53	67,06
2008	10-32	10	92	16,61	39,53
2009	14-121	4	192	24,46	31,97
2010	10-40	12	211	20,71	31,01
2011	5-11	4	32	16,49	35,60
2012	10-29	7	114	21,71	31,62
2013	10-50	15	356	34,07	21,44
2014	5-30	7	69	24,00 (3,42)	28,00

This thesis aims not only put forward the existing situation but also to trace the change. Thus, Table 24 tries to analyse how did the share of market changed within the years. However, as the volume of construction business in these mid-sized cities is not dense as the metropolitan cities, it was impossible to make an appropriate standardization. Monitoring the first 15 firms in each year of the period between 2007 and 2014 would provide more perceptible results to produce a discussion on. However, it was nearly impossible to trace the first 15 firms for each year for each city. When the first 15 firms selected from the list, there were other firms taken the same number of permits as the 15<sup>th</sup> one. The same happened for each fixed number of firms I had chosen. Then, I

tried to figure out a balance between considerable numbers of projects and biggest developers for each year.

This analysis showed that the share of the biggest firms (in total) increased from 2007 to 2014 for each of the city. However, if it can be called as concentration, the concentration in Erzurum is bigger than that of Kayseri. While in 2007, six biggest firms was taking the share of 16,50% (2,75% per firm), in 2014 only three firms took the share of 36,21% (12,7%per firm) of the market; i.e. the number of biggest firms decreased while their share increased. This tendency could not be monitored for Kayseri. However, the percentage share of developers doing just one business had decreased nearly in half. At 2007, they hold the 67% of the market. But, when it came to 2014, these one-job developers' share decreased to 32,21% for Erzurum, and 28% for Kayseri.

*Table 25. Percentage share of developers taken just one permit; 2007:7-2014:5*

	Erzurum (%)	Kayseri (%)
2007	67,05	67,06
2008	39,50	39,53
2009	31,97	31,97
2010	31,01	31,01
2011	44,64	35,60
2012	35,29	31,62
2013	22,35	21,44
2014	32,21	28,00

### **6.2.3. Institutionalization**

The dominancy of the number of developers trying to get their share from the development cake constructing just a few buildings in both of the cities is remarkable. This situation reflects the relation between the closing and newly established firms in construction sector (Table 22). The volume of one-job developers is so much; which supports the statements on the high numbers of entrepreneurs entering and going out the sector. Interestingly, despite these petty developers comprise the majority of the market, the bigger developers generally do not complain about the situation, as they already believe that these one-time developers cannot keep up with the existing market conditions. However, they generally complain about the loss of confidence to developers in the eyes of people. The fieldworks in both of the cities indicated the

importance of confidence the developers try to build and protect. In both Erzurum and Kayseri, developers stated the growing risk of the sector while trying to make bigger projects; and that the first thing to do is making a name in the sector to build confidence in your firm; which helps the firm to be more powerful over against the possible risks.

*“I started construction business to save our name. We were the owner of the land of a building co-operative; which made us one of the members of the co-operative. My father was in the textile sector and I was newly graduated from the university; business school. ... The management of the co-operative could not finish the construction. Then my father said that the land is ours. People now us, entered the co-operative trusting our name. Now, you must take it, finish the construction, and clean our name. Thus, this was my first job” DE\_07*

In mid-sized cities, not only the name of the firm but also the one who manages the firm gets importance. Mostly, the customers want to talk face to face with the owner of the firm.

*“Yesterday, one of my old customers called and wanted to get an appointment from me. I asked the reason. I sold him his flat five years ago. He said he wanted to sell this flat, he agreed with the recipient mostly. However, the recipient does not want to buy the house without meeting me, the constructor.”*

However, as the institutionalisation increase, these face-to-face relations are also disappear. The mid-sized developers try to manage all the work by themselves, as if it is a one-man job. However, the first sign to the institutionalization of the firms is establishing a sales department to manage the relations with the customers. In this stage the owner is still on business, but started himself distinguish from the customers.

*“We needed to make a selection. Either we would go on doing business as we did before, or if we want to grow our business, we needed to establish a sales department. If we did not change the way of doing business, we would not develop. ... We hired Mr.X to establish the new structure of the firm. It was a big risk for us on those days; we were paying high money to him. However, after the new system established the firm rised suddenly. Taking all those risks in that year worth it!” DK\_5*

One of the leading companies in Kayseri (DK\_3) tells its story of institutionalization stating that there is no other firm professionally institutionalized liked them. In 2010, the firm made an agreement with a professor in Melikşah University. He started his job as a corporate consultant and started his work for the institutionalization of the firm. After so many analysis made, he prepared a “company law” which made job

definitions of each unit, how would the firm operate, how the money would be spend by whom, etc.

*“That was a painful process. There was no other example of it in Kayseri, and it was not acceptable. First of all, these new practices were heavy for the human soul. Even the biggest boss had to ask for permission for holiday or had to report his expenses, and so on. ... Now, the sytem is settled and everything goes properly” DK\_3*

The perception about institutionalization in Erzurum differed from that of Kayseri. As far as it can be monitored during the field study, there are no firms in Erzurum institutionalized like Kayseri. These developers still believe the power of being one-man at all stages of the business. The owner of the firm has to be both at the building site to control the process of the construction, control and sometimes draw the project and design the building, go to the fair to follow the innovations in the sector, bargain the customer face-to-face, etc. One of the developers in Erzurum; DE\_10, complained about this situation stating that undertaking all the responsibilities single-handed slows down the process so much. However, he then adds that the name of the firm is so important that he cannot left anything to possibilities; thus he has to talk to the possible customers face-to-face.

*“Our customers generally buy the houses for themselves, but sometimes they want to rent the houses. I tell them to give the responsibility to me. I have to choose the rentiers too. Because I am also responsible from the tranquillity at my buildings. If something happens, they say my name, the name of my firm. I cannot let it.” DE\_10*

The only firm in Erzurum seems to be on the way to institutionalization was Karadayı. However, at his interviews he was describing institutionalization through changing the type of the firm to holding or to a group firm. As a group firm, he had to make some hierarchic units in the structure of the firm. But, the process regarding to form a different unit for every other job could not have been operationalized. Moreover, as it was monitored through the fieldwork, the owner was always in charge. There is not a distance between the firm owner and the employees, the workers or the customers such that one of the biggest problems of the customers was the inability to talk to the owner when the problems about the project started to arise.

Karadayı indicates his thoughts on institutionalisation at the interview made by the local TV at March 2013 as follows. These thoughts are important as they also reveals the general pint of view in Erzurum on institutionalization.

*“..as the firm grows and starts to be well-known, the necessity to apply the laws and norms increases. The implementations, which can be acceptable for the smaller sized firms, would have to be solved through the bureaucracy. Both the municipalities and other governmental institutions have to manage their workloads like this. Thus, they avoid the impplementations that would be pointed to a precedent. They do not realize the implementations they may do for smaller firms without a record for the institutionalized ones....”*

As the institutionalization develops, the owner of the firm left his responsibilities to the units formed according to varying job definitions. He gets the most strategic position to give the important investment decisions or more critical decisions about the future of the firm. By time, the trust started to be built upon not through the name of the firm owner, but the name of the firm. “*As our name is on the signboard we were responsible from the construction, even after we left co-operative business*” said DK\_2. However, the developer firms in mid-sized cities are still family businesses. For the most institutionalized ones, while the biggest owner of the firm gets his strategic position, his children start to own a job from the other units of the firm which they would be educated for their future management responsibilities.

### **6.3. Change in Production Type: From Cooperatives to Built-Sell Type of Housing Provision**

The change in the economy politics effects the type of housing provision. For example, the latest alterations in the global economic system resulted with the diffusion of flexible production method to housing provision, too (Coiacetto, 2007b). In Turkey, it has been monitored that, in every building cycle, the change of the main political and economic policy of the state had been effected the housing provision type. The domination of gecekondus after 60s, cooperative system after 80s, and built-sell type of production after 2000s had been the result of such policy changes. Together with the domination of built-sell type of housing production, niche marketing and product differentiation methods also started to be monitored as the effect of global economy more than the previous cycles.

This chapter analysis the change in the housing provision types realized after 2003 in two case cities.

### **6.3.1. Nature of housing provision**

In Turkey, the investments on housing are not made through a demand analysis. The last analysis on the housing need had been made by the Undersecretariat of Housing at 2002 for the period between 2000 and 2010 (Çanga et al., 2002). In this analysis, the housing needs of every provinces had been calculated through varying scenarios, using the number of both licenced and unlicensed houses given with the Building Census 2000 of TÜİK (TÜİK, 2001). Their report had given the housing needs or housing oversupply for every provinces.

However, this undersecretariat had been abolished by the new government after 2003. The Construction Move started afterwards mainly focused on housing investments, which did not depend on a calculated housing need, but a foreseen housing demand. However, *housing demand* and *housing need* is two different subjects, which should not be confused. Housing need is calculated through the difference between the existing number of qualified housing, which are suitable to shelter at the minimum level, with the number of houses needed by the people independent from their purchasing power and individual preferences (Keleş, 2004). However, housing demand is an economic concept related with the market mechanism determined by lots of dynamics such as the price of the house, income distribution within the country and most importantly consumer preferences /consumption patterns (Tekeli, 1991).

In the first years, Construction Move had been justified with the need for safer and durable houses against the danger of earthquake. Besides, determination of housing surplus cannot be done just through the number of the existing housing stock (registered or not). The living conditions and the age of the buildings, the change in the total population and also demographic characteristics such as the size of households are directly affecting the housing needs. However, as the years passed the ongoing housing investments started to be justified with the change of demand type. House is not just a shelter anymore, and this new construction move is especially nourished by the image of new lifestyles made attractive. This has resulted with an increase in the demand for houses. The price of houses increased more than inflation.

The price of houses in Istanbul had increased by 29% while the inflation is staying at around 8%. According to the Central Bank housing price index, the price of houses had increased by 19.08% overall Turkey between May 2014 and May 2015 ([www.tcmb.gov.tr](http://www.tcmb.gov.tr)). However, in spite of the increase in both the price of houses and the interest rates of housing credits, the number of housing sales continued to increase according to the previous year; which is the indicator of housing is perceived as an investment tool. Moreover, the ongoing increase in prices upsurge the housing demands with an increasing focused on Istanbul. Within that period, people, even they do not have enough purchasing power, tend towards buying houses through housing credits or getting indebted as they think this price increase will go on. The ones who do not pursue an investment want to change their houses in tow of better lifestyles, which are presented them. In this process, developers start to tailor people's opportunities by targeting particular segments building what they perceive the market *wants* (Coiacetto, 2005). Self-help housing provision; which is mostly indicated by *gecekondu*s had been developed to meet the housing needs starting from 1950s. Through the building co-operatives' domination after 1980s, the housing need was the leading determinator over again, but hat time it was managed more professionally by the actors of the market. However, in this last building cycle, the increasing building investment mainly directed by *wants* instead of *needs*.

This tendency had been the main determinator of construction sector to dominate the local economies of cities like Erzurum; where private capital cannot find another sector to canalize. The building environment of Erzurum started to spread out of the city centre after 1980s through cooperatives. However, the compactness of the central district make living difficult, especially in hard winter conditions. The desire to escape the negative living standards produces a housing demand by itself. However, together with the intensively boosted lifestyles, the existing housing demand in Erzurum changed so much that cannot be met by co-operative type of housing provision. Thus, the rise of built-sell / sell-built type of housing provision had been a great opportunity the new entrepreneurs of the city did not missed. One may say for Erzurum that the demand and the supply had developed compensating each other. The tendency to move from the central district also helped the operations of new developers. The developers interviewed in Erzurum complained about the difficulties on gathering an appropriate



land for development in the city centre. DE\_01 stated that he swore not to do any other business in the city centre after he strived for three years for just 250m<sup>2</sup> land. According to the interviews, until 2014, the planned lands were adequate to answer the construction demand in Erzurum. Developers did not complain about any problems to find a land for development outside the city centre. Even so, they stated that the land for development has come to its limits; because of the land speculators' purchases beforehand. Already, the new planning efforts for Master Plan had been stopped after the objections of Palandöken District Municipality within the period of previous mayors' of Metropolitan Municipality. According to the development directorate of related district municipality, the subject of the objection was the purchase of lands that would be planned with land use decision as new development areas, beforehand. Accordingly, some of the entrepreneurs in Erzurum learned these new development areas even before the district municipality where these lands exist. However, the new Master Plan approved at April 2015 does not define new development areas, but 580ha urban transformation areas within the city centre and nearby. The land problem has been solved, but no one knows who can get the tenders; local or national developers.

In Kayseri there are no problems defined by local developers regarding planned, but not yet settled areas. Urban form of Kayseri formed especially after 1990s with the increasing numbers of building co-operatives; within the land use decisions of 1975 dated Master Plan. The land problems in the city centre had generally been solved through land deals since 1950s. The only problem, as defined, is about the prices. Local developers generally say that a project in the city centre does not yet bring enough returns to make such investments, to take the related risks. If they can find an appropriate land, they choose to make luxurious and sometimes smart buildings in the city centre. In addition, as the transportation had been solved in Kayseri, developers generally tend to make their investments not in the city centre but nearby, or through Talas where the luxurious houses generally settled. While the riches of Kayseri tend to settle in the city centre ten years ago; Alpaslan Neighbourhood for example, they now prefer the luxurious villas on the road to Talas; which effected the general settlement preferences in Kayseri. This year, for the first time, urban transformation in the city centre started to be projected in Kayseri.

Thus, urban sprawl in both of these mid-sized cities started with the implementation of Master Plans made after 1970s, and came to life with the help of co-operatives after 1980s. The political and economic changes in the country had always resulted with the change in the built environment and how did it constructed; building provision. The last building cycle started to be experienced after 2003 had similar results at both of the cities. The change in the political and economic policies resulted with the increase in the size and scale of construction. For the first time, housing demands started to be dominated by wants instead of needs. The housing provision type changed again; this time from co-operatives to built-sell type of provision. Despite having varying reasons, urban sprawl recovered being more intensity and speed in both of the cities.

The following part of the thesis aims to analyse the change of building provision types after 2003 for both of the cities with regard to changing dynamics.

### **6.3.2. History of Change for Types of Building Provision**

#### **6.3.2.1. *The Rise of Building Co-operatives***

As stated in Chapter 3, housing provision (the registered ones) had been generally provided by public institutions and private developers until 1970s. According to the data on the type of the buildings produced in Turkey between 1954 and 2013 (Table A.16) the numbers of buildings produced by construction co-operatives does not have a statistical meaning. This table does not mean that the co-operatives had started after 1970. We know that the first construction co-operative in Turkey had been established at 1935 in Ankara with the name “Ankara Bahçelievler Building Co-operative” (Dursun & Poyraz, 2014). However, their number started to be statistically significant after 1970 or the cooperatives started to be count as a different type of investor with 1970. This table indicates that housing provision is dominated by private developers at 1950s in Turkey. Could not be shown at the statistical tables, but another and maybe the dominating housing provision type of that period had been self-help type of provision become concrete by increasing number of gecekondus. However, most possibly these self-help type of developers should take their place with private developers; which increase the dominancy of them.

Building cooperatives started to take their place in the sector with a share near to 5%. The conditions of the period between 1950 and 1970 was hindering the development of construction firms. Thus, the sector had been dominated by small-scaled built-sell type of constructors (petty-developers) and the development of urban built environment had been realized by them at the scale of parcels. Bigger constructors prefer big-scaled infrastructural investment of state instead of housing. After 1970s, some of these big-scaled constructors enter the foreign housing markets, especially to Libya and go on their overseas investments. However, the increasing support of state to building co-operatives resulted with the entrance of numerous new constructors to the sector.

Owing to the conveniences provided by state, the increase in credits and incentives, the share of construction co-operatives increased to 30% after 1980s. The co-operatives had been the cores of new development areas in most of the cities. Usually, new neighbourhoods had been constructed at the surroundings of these core co-operatives by either new co-operatives or private sector. However, after 1990s an upheaval had started for building co-operatives. The unsteady economic and political structure of 1990s effected the dynamics of building provision. The long lasting durations of constructions, increasing payment problems owing to the decrease of funds resulted with the increase in the numbers of co-operatives, which could not have been finished and terminated. Together with the increase of the stories on the deceptiveness of some co-operatives, the trust in building co-operatives diminished rapidly and sharply. Another development regarding building co-operatives in this period was that they started to tend towards middle and upper classes. The in-depth interviews ad with the developers of both case cities indicates that building co-operatives started to be the entranceway of new or smallest constructors or a formation, which helps the upper classes of the city gather and build their second homes. In the first case, the new comer provides accumulation of knowledge and experience through cooperatives and if gets success, starts its growth in the sector. Most of nowadays' important developers in the case cities had started their jobs with co-operatives. The second case was generally selected as there were no big developers in the city to make such investments at those years. The new popular type of housing of those years, gated communities, started to be wanted in Kayseri, but the private developers did not yet

start to make such investments in the city, for example. By coming together, the upper class had the freedom to build their houses just as they desired. Thus, by the end of 1990s, cooperatives started to be the tool of bringing sites to mid-sized cities. However, the field works indicated that this is the case for Kayseri. One of the things in common for these two cities is the continuity of cooperatives through the conservatives who do not prefer to use bank credits.

The construction process of these new type of co-operatives had also changed. These new type of co-operatives were acting like built-sell type of developers of the previous period. Even for the projects with more than one building, they construct and deliver the building through stages. This had provided the developers of such co-operatives flexibility in the unrest period of 1990s. Thus, the time of the project had been determined not by the developer itself but the balance between income and expenses. However, according to the size of the developer and the power of the members of co-operative the construction of the projects could have finished earlier than planned. Of course, this had been the case for a few developers in Kayseri, not Erzurum. DK\_3 told that in case he believed that the payments would be made regularly, sometimes he finished the construction or at least progress a few months in advance with the equity capital. Then, he would use the money paid by the cooperative for his own payments. However, he especially stated that such implementation were very rare and provided the survival of the firm from the unsteady conditions of 1990s and the first years of 2000s.

#### **6.3.2.2. *Co-operatives giving way to Private Developers***

After the abolishment of housing development fund at 2001, the share of cooperatives diminished under 10%, and realized 4,82% at 2013. However, the diminishing of the share of cooperatives within housing provision after 2000s has different reasons than that of the previous period. Some of these reasons are indicated by Türel and Koç (2004) as the increasing adaptation problems to the new development regulations introduced after 1999 earthquake, the effect of 2001 economic crisis, the increase of building costs owing to the rise in real interest rates. Other alterations in economic system such as the change of banking system and activation of secondary markets, decrease in the interest rates of housing credits had also profoundly affected the change

of housing provision type. The share of private sector started to increase rapidly. The share of private sector had diminished to 60% between 1970 and 1990 period. The increase in the construction of gated communities in metropolitan cities such as Istanbul and Ankara by private sector hardly increased its share to 70% at 1990s. However, after 2000s, the share of private sector in housing provision reached 90%, and at last realized as 93,53% at 2014.

In this process, while the production of commercial houses constructed by varying sizes of developers increase, the housing provision systems which do not seek for profit; such as building co-operatives and self-help, had decreased. However, at the same time, owing to the empowerment of TOKİ after 2004, a new type of development started to increase which provided a new type of developers called TOKİ developers. Türel and Koç (2004) signs the possibility of the interpretation of the increase in housing investments of TOKİ to substitute other provision systems, which did not seek for profit. However, while the co-operatives did not perceived as rivals but co-players, TOKİ was perceived as a new rival development supported by state.

TOKİ has different types of housing provision systems; i.e. for low and middle-income groups and the revenue sharing method (look at [www.toki.gov.tr](http://www.toki.gov.tr) for details on the variations of the methods). Revenue sharing method is mainly applied in metropolitan cities, and TOKİ enters a partnership generally with national big-scaled developers. In neither of the case cities there were such projects of TOKİ. While some of the developers in these cities stated that TOKİ is not their competitor as their target group is different from that of TOKİ. However, the representative of Kayseri Chamber of Commerce; who himself is a developer also, complained about the rise of TOKİ stating *“TOKİ steals our future customers. While they have the potential to buy a house from the market in five years time, they choose to be indebted to TOKİ and own a house now”*. Besides, it is time to remind the special case analysed in Erzurum; New City Project. The motivator of that project was the possibility of TOKİ to make bigger projects in Erzurum that would threaten the local developers. The fieldwork indicated important details about the system of TOKİ and its effect to the structure of building sector. However, it will be detailed in the following parts.

The above-stated process of the change of building provision was mainly the same for the case cities; but it would be better to give details about the dissimilarities regarding localities. However, it is impossible to go back to 1950s for provinces as the building data on provinces starts from 1992<sup>36</sup>.

**Table 26. Percentage of Construction Permits by type of investor, number of dwellings; 1992-2014**

	Erzurum				Kayseri			
	Total (#)	Public (%)	Private (%)	Const. Coop. (%)	Total (#)	Public (%)	Private (%)	Const. Coop. (%)
1992	3.105	10,24	38,68	51,08	7.479	0,53	52,12	47,35
1993	4.397	0,50	24,72	74,78	5.810	1,27	65,04	33,68
1994	3.672	0,00	32,49	67,51	9.381	18,64	61,69	19,67
1995	1.322	3,33	44,70	51,97	7.833	1,66	73,56	24,78
1996	1.296	0,93	55,79	43,29	9.347	0,90	52,48	46,62
1997	1.734	0,00	23,18	76,82	7.428	1,21	48,32	50,47
1998	1.540	5,32	34,94	59,74	9.972	0,49	29,65	69,86
1999	3.019	0,46	18,48	81,05	7.025	0,00	49,74	50,26
2000	2.242	0,00	18,02	81,98	15.693	1,19	41,43	57,38
2001	1.862	0,00	37,43	62,57	6.295	17,81	40,11	42,08
2002	1.423	0,00	52,21	47,79	5.771	0,00	48,05	51,95
2003	2.529	23,17	27,92	48,91	3.852	0,00	87,46	12,54
2004	2.398	0,00	52,59	47,41	6.635	2,23	65,53	32,24
2005	1.882	32,68	52,98	14,35	3.968	0,00	72,45	27,55
2006	2.287	14,43	22,78	62,79	12.761	0,34	82,29	17,37
2007	1.207	19,88	7,29	72,83	15.402	13,30	65,27	21,43
2008	2.900	5,38	84,48	10,14	14.637	17,42	63,67	18,91
2009	3.559	5,23	50,44	44,34	13.737	3,38	76,78	19,84
2010	5.519	7,85	61,24	30,91	33.950	6,65	68,97	24,38
2011	2.359	4,49	71,81	23,70	4.826	3,15	84,56	12,29
2012	3.925	21,43	67,39	11,18	11.667	13,46	82,69	3,86
2013	5.455	4,20	80,60	15,20	24.457	8,27	89,55	2,18

Source: Short Term Business Statistics, Construction Variables, TÜİK ([www.tuik.gov.tr](http://www.tuik.gov.tr))

As it is seen at Table 26, at 1992 half of the construction permits had taken by co-operatives in both of the cities. While the average share of co-operatives in Turkey had diminished to 20% at the ends of 1990s and the beginnings of 2000s, its share at

<sup>36</sup> One may think that the data on the number of firms established may help to analyse the history of change for building provision in Erzurum and Kayseri. However, the companies and (all) co-operatives gathered under the same title on the data of newly established firms.

Erzurum had increased to 80%, and it stayed at around 50% in Kayseri. Thus, the local dynamics in these mid-sized cities were supporting the continuity of the cooperatives at the very beginning of 2000s. However, after the change of general policies (economic policies and legal system) regarding the building sector had changed, the above-mentioned process on the transfer of building provision to private sector started to be experienced in these mid-sized cities. According to the local developers, the most effective alterations on the local co-operatives were the change in the banking system, decrease in the rate of interests and the new legal procedures introduced with new development regulations after 1999 earthquake.

The data at the Table 26 supports the statements of the local developers on co-operatives and the history of urban built environment. The development of urban built environment especially after 1980s in both Kayseri and Erzurum had been realized through building co-operatives. As described for Turkey, the cooperative blocs constructed at the peripheries of the city centre had attracted new investments nearby (co-operative or private sector) and resulted with the formation of new urban macroforms through new neighbourhoods. Yıldızkent in Erzurum and İldem in Kayseri are the examples of such developments.

However, this development did not only resulted with the changes in urban built environments. These building co-operatives in mid-sized cities had produced bigger scaled developers in those localities; such as Karadayı in Erzurum and Suat Altın İnşaat in Kayseri. Both of these developers owed their growth to the co-operatives they built after 1980s. Not the ones who try to enter to the building sector with co-operatives, but these developers who were in the sector for years, accumulating both knowledge, experience and capital, had been the leading firms in local development markets after they moved to built-sell type of building provision instead of co-operatives after 2004. Both of these developers continued to built at the neighbourhoods they were once active as co-operatives; i.e. Yıldızkent for Karadayı and İldem for Suat Altın İnşaat. Besides, they used different strategies to grow. Other developers in Erzurum complain about the house prices of Karadayı; which are thought

to be very cheap<sup>37</sup>. Suat Altın gave presents such as luxurious cars one or two of his customers through raffles. At one of his latest projects, he gives a hobby garden to every customer who buys a house. Another present had been 10-day umre tours to mecca to every customer who buys a house from his projects.

As it can be followed by Table 26, after 2003 private sector started to dominate the housing provision in both of the cities. In this period, the effectiveness of co-operatives in the production of built environment had decreased, but did not finish. In Kayseri, the share of co-operatives decreased under 20% after 2007. They succeeded to get bigger shares in Erzurum as they could offer an alternative to the conservative groups. Especially with 2012, the share of co-operatives experienced a real downfall for each of the cities; it realized around 10% for Erzurum and under 5% for Kayseri. Besides their decreasing share in the development market, co-operatives had to change their ways of doing business and target market in both of the cities. In this period, a new group had emerged for the provision of houses.

After the empowerment of TOKİ, the share of public sector in housing provision increased substantially through TOKİ projects all around the country. The share of public sector had reached its highest in Erzurum by 32% at 2005 and in Kayseri by 17% at 2008. In fact, TOKİ have not been active neither in Erzurum nor in Kayseri as generally expected. However, the TOKİ investments in the districts increases its share.

In the following parts of the thesis, the way of doing business will be detailed for these three housing provision types and their main executers, i.e. developers.

#### **6.4. Main Actors of Building Sector**

It has been tried to analyse and put forward different types of developers. However, each developer have such distinctive characters that complicates the process of such typification. Their reasons involving the sector, their ways of doing business, or their strategies and the way of doing business are all differs one way or the other.

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<sup>37</sup> Even in his last project, NewCity, it is said that the houses valued approximately 200 million had been sold for 40 or 60 million.



*“Development companies differ from one another, not just in size or scope, but in their norms or constraints, their decision making procedures, and their whole corporate personality” (Coiacetto, 2000)*

However, the following analysis reveal that nearly all types of developers are dependent on the social norms of their localities, as emphasized by sociological institutionalist approach. Every developer aim to maximize his material well-being, however, none of them can risk his acceptance by the related society, and they act within the limits of norms, rules and procedures of their social context. Sociological institutionalists define the adaptation of individuals and organizations to a new institutional practice not only through the advanced means-ends efficacy, but also due to the increasing social legitimacy of both the organizations and/or its participants (Hall & Taylor, 1996). The alterations realized both in the way of doing business such as tendency to institutionalization and the change in provision types, the relations between developers and other structures of the provision should all be evaluated through this perspective, sociological institutionalism provides. Thus, Hall and Taylor (1996) emphasize that the organizations may not always take the most functional decisions for their well-being, but the most socially appropriate ones for the legitimation of their existence. Therefore, the conditions of change and continuity of the structures, the way their relations exist, the strategic decisions of them are all dependent on this ‘cultural authority’.

In this part of the thesis, it is decided to analyse the developers according to the type of development or type of building provision; i.e construction co-operatives, private sector and public contractors. However, this does not refer to a precise differentiation between the developers, as any developer may work in all of them at the same time; which means a developer may construct a building in private sector while he is working in his public contracting. Or, a developer once made a co-operative may then enter the private sector. As this thesis mainly focuses on the changes after 2003, these interrelations within each type of building provision and how the strategies of developers reformulated is much more important than the classification of the developers.

#### **6.4.1. Construction Co-operatives**

Co-operatives are the establishments that have special structures with economic and social aims. Their distinguishing feature as the third sector in line with private and public sectors is that they continue their economic facilities without seeking profit. Because of these features, states provide lots of exemptions and exceptions to co-operatives. The support of state on the development of co-operatives starts at 1935 by the first laws on co-operatives, and enhanced after the law 1163 enacted at 1969. There are different types of co-operatives classified according to their type of activities or legal arrangements. Construction co-operatives; which is the focus of this thesis, established to provide the construction of needed buildings for their members. Thus, when the defined work of the co-operative; i.e. the construction of related buildings, finished, the co-operatives are closed after the distribution of the related units to the members. As they do not seek for profit, the income gained cannot be distributed to any members but gathered in a fund to use on behalf of the co-operative. The selected administrator only gets a daily allowance named “huzur hakkı”. Thus, they are generally defined some exceptions on corporation income taxes, personal income taxes and value-added taxes (they pay only 1% VAT) and privileged from some fees and funds.(Koçtürk, 2006)

It has been possible to make interviews with only three developers who made only cooperatives. One is a well-known and trusty developer at this sector, and the other is one of the examples of the developers who make cooperatives when “*the conditions are suitable*”. Both of these co-operative type of developers were in Erzurum; in which making cooperatives is still a common action that nearly every developer had tried it for ones or more. The third one was the executor of Bel-Sin Cooperative in Kayseri, and said that after Bel-Sin he did not made any other co-operative.

The time of co-operatives determined according to the payments of the members. After the amount of the payments determined, the possible time for the construction business is calculated through sufficiency of the capital accumulated monthly. Then an agreement is made with a contractor using the method of progress billing. According

the contractors of co-operatives<sup>38</sup> stated the construction period of co-operatives last longer than the other private sector businesses owing to the limits of capital flow.

As making cooperatives provides not only the merchants but also the civil servants to enter the sector without quitting their existing jobs, co-operatives continue to provide an alternative house provision method, especially in these mid-sized cities. It is known that the cooperatives had been the determining characteristics of local property markets until the beginning of 2000s. With the spread of built-sell type of housing provision, most of the developers who were making cooperatives started to make built-sell or they totally quit the sector by time.

Nowadays, making cooperatives is generally seen as a starting method for the ones having limited or no initial capital; or as mentioned above, a way to enter the sector while continuing their own business. Thus, these type of developers' projects are generally limited with one or two buildings. This type of cooperatives generally established with two main partners; one has the capital or the land while the other has the profession; being generally a civil engineer or having experience from his previous works. This co-operatives progress slowly due to the payments of the members. However, such kind of cooperatives generally have the tendency to build houses for the partners and sometimes for their relatives. As these types of constructions have been built with very limited capital, generally some of the houses have been the issue of barter made with the firms providing material or the subcontractors doing the actual construction. These types of developers making co-operatives generally gain little profit from the sales of just 3 or 5 houses if remained. These types of construction may be evaluated a commercialized type of self-help housing provision. DE\_09 stated that this kind of developments provides not to transfer the increased value of the land to other actors in the sector and possess one or more houses without incurring high amounts of expense, and sometimes provides greater incomes as they are able to sell these houses.

If these developers managed to finish more than three co-operatives with success, they feel comfort and self-confidence in transferring the private sector. As it was stated by

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<sup>38</sup> Some of the developers interviewed did not made co-operatives themselves, but had been the contractor of a few.

developers, it takes at around two or three projects to establish a working team for construction business; i.e. the firms to buy the materials and the subcontractors to work with has been determined in that period, and it is hard to change. Thus, co-operatives had been a transitional stage to private sector for this type of developers. The previous experiences provide them learn the way of doing business, make a name in the building sector and establish a trusted team. The new type of house provision; sell-built; provides new comers manage a project with a suitable scale, without huge amounts of capital accumulated.

A few developers persisting to make only cooperatives are targeting the groups who do not want to use bank credits, and can give big amounts per month; such as 3.000 or so. DE\_06; who is a trusted old developer making cooperatives is one of them. He is working as a civil servant in a government institution since 1988, as civil engineer. As he stated, he was responsible for the control of the entire super and infrastructures of six other cities he is responsible for because of his civil servant job. Through all these years he gained a huge experience which he thought he can use and fill the gap in the market. He said that with the construction boom of 1980s, many developers making cooperatives appeared from all sides of economy, but neither of them had profession on civil engineering, so the sector was in the hands of journeymen. He started his business at 1999, which is one of the peak years in the Erzurum's property market. He said that he did not affected by the succeeding fluctuations in the local market, and continued to making cooperatives since that day. The inherent character of making cooperatives may saved him. While construction of a building need to be finished approximately within five or six months; and two years at most, making cooperatives takes at least four to five years long. This inherent time lag of the nature of the business should have been provided such kind of cooperatives from these downturns of the local market. Moreover, he especially stated that he chooses the members of each cooperative so careful, that he can be sure them to make payments regularly (at least 30.000 TL per year); which makes him less fragile to the changing market conditions. As the target group of the cooperatives had changed, they gain the flexibility to comply with the changing conditions. The ones started to make co-operatives at the end of 1990s generally work just like this one. They changed their target groups, used the benefits of being a co-operative (such as exemption from tax), and as they overcome

the problem of capital flow they generally managed both to finish the project by time and to resist the fluctuations of the economic system. Thus, in this new period, housing co-operatives developed their own solutions to stay in the system without using the dominant tools of it. Here, it should be emphasized that co-operatives working like that are generally the ones who had established trust in the society through their previous relatively big-sized works.

It has been stated that the members of most of the active co-operatives do not use any credits. However, this is not a general rule. There are some examples that banks had been intermediaries between the cooperatives, the end user and the contractor after the mortgage system had been legalized at the beginning of 2007. With this legal arrangement, the banks started to be active players of the building sector. They made special agreements with each actor of the co-operatives; the members and the contractor. Thus, the members of the co-operatives made their payments to the bank, while the contractor got its money from the bank. However, when any member did not make a payment, this did not change the amount payed to the contractor, but the member became indebted to the bank. This system provided the fixed capital flow the developer needs to plan and construct, and thus shorten the construction period. DK\_3 stated that owing to this system, they were able to finish the construction of a cooperative project, which has 1600 or 1700 houses, two years before, in 2008.

*“The bank offered to the members that they continue to make the same payment to the bank until 2010, stating that it will not keep the money but give it to the main contractor, of course through a progress bill that will be planned again. Members were content that they did not need to wait two more years to reside in their houses. We were content that we were ensured to get our money. This project had been the start of a substantial capital flow to DK\_3; which provided the real development of the firm. Owing to this capital flow, we managed to construct the first intelligent building of Kayseri” DK\_3*

Thus, after the legalization of mortgage sector, the construction co-operative system had been changed again for the benefit of developers.

## **6.4.2. Private Developers**

### **6.4.2.1. Reasons to getting involved in the sector**

The reason why developers became involved in development varies. Coiacetto (2000) gathers such reasons under three main groups: 1. Professional progression, 2. Lifestyle

cases, and 3. Accidentally. The ones who became a developer through a *professional progression* generally are the ones whose family owns a real estate business. However, some of them had already been in the building sector but not as a developer or their activities grew out of some involvement in a related area. In *lifestyle cases*, the developers feel pressure to enter the development sector because of encroaching development. They generally want to maintain a lifestyle, which they can manage through the development sector within the related period. Entering the development sector sometimes becomes a maintenance system to provide where the developer wants to live and support that desired life. However, sometimes decisions may not be taken so actively. An opportunity presented by an inheritance, finding a cheap site or just simply lack of other employment opportunities may direct the ones to be a developer. However, being a developer through these lifestyle cases and the subsequent actions should generally be facilitated by a background in finance. As Coiacetto (2000) states, some of the developers get there *accidentally* through their employment by a large (multinational) firm. When a development management position in the local operations of the company becomes appropriate, these developers get the chance and then continue being a developer.

The fieldwork pursued in two mid-sized cities of Turkey proves that the above-mentioned reasons to involve the development sector are all valid for Turkey, too. However, in most of the cases more than one of these reasons were in charge in Erzurum and Kayseri cases.

Most of the interviews made with private sector representatives in both Erzurum (7) and Kayseri (4). They all have varying reasons to enter the development sector. However, they all state that the local property markets were maintained by developers who made cooperatives since the beginning of 2000s; and approximately, at 2004-2005 the housing provision had turned to built-sell type instead of cooperatives. As all the interviewees said (both developers and others), nearly 95% of old developers who made cooperatives either quit the job or turned to built-sell type of housing provision. These, who continue their job in private sector generally, established a new firm, with a new name and institutional structure especially after 2004. Two important examples from case cities are Karadayı İnşaat from Erzurum (2004) and Suat Altın

İnşaat from Kayseri (2006). Their involvement into the sector results from a professional progression. Both of their fathers were started their jobs at the ends of 1970s or the beginning of 1980s and developed through making co-operatives. However, at the beginning of 2000s, fathers assigned local businesses to their sons, which continued construction business under new structures, through new ways of doing business.

The story of DE\_07 differs from the above professional progression stories. His family had some linkages with the development sector through their land banks gathered years ago especially by the grandfathers of the family. The family was actively working in the textile sector, not in the development sector except but giving their lands to developers who make cooperatives for the flats. That means, they were becoming members of cooperatives in exchange for their lands. However, DE\_07 tells his starting process as a coincidence. As a graduate from business administration department, he was planning to take the family job. However, a few developers they work with began to have some economic problems. This situation was started to defame the well-known and trusted name of the family. DE\_07 states that he had undertaken the unfinished project giving way to the existing developer and finished it. He was just thinking to finish the construction and exit the development sector. However, 2005 had been the year his entrance to the sector with this project. He started getting an unfinished cooperative, but changed the provision type to built-sell, and finished the buildings in three months' time. Since then he is making built-sell and now he is one of the big players of the local property market.

Interestingly, no matter why they had entered the market, nearly all big developers of the market had started their job at around these years. A striking common property of them is that they all have some accumulated capital from development business or other sectors of the economy and they all started their business with 2000s. The process of DE\_04 to enter the sector comes forward as an example of lifestyle case. He did not have any relation with building sector except a friend who is himself an important developer. Being a merchant who sold charcoal to the region and was active in shipping business, he started to be suspicious about the future whether he continued his fathers' job. After the increase in the usage of natural gas, the coal business started

to downturn. He said that, those years coincides his graduation from the university as an agricultural engineer. Thus, after searching for a few jobs, he started a cooperative with ERZ\_11, his friend from college, at 2005 and entered the construction sector. This partnership did not last, but they two, go on their own ways through built-sell type of development.

Another lifestyle case comes from DE\_10 who established his family firm at 2000, but started his job at construction sector at 2005 when he turned back from his soldier ship. His story differs from the others as he starts his business after a critical turning point when his family sell all his belongings in Erzurum to migrate Istanbul. After a critical decision about staying in Erzurum, he started to buy land and actively work in development sector. He stated his reason about the selection of property sector as the only sector that would provide the same lifestyle they are used to and the continuation of his family's long lasting habits about making business as both merchant and industrialist. He said that, being a wholesaler merchant for a wide geography including Ağrı and Van, they were used to get money in blocks. However, with the expansion of market chains in the region and the increase in the fugitive goods in their market region, the ratio of the profits in the wholesale market decreased. At the same time, the lands his father gathered within Marmara region had started to provide them some capital through development business. These two developments had led them to construction sector after 2005; just at the beginning of a new building cycle.

DE\_01 started his business at 1999 with a partner who is a civil engineer as him. He said that he had no connection with the sector except his university degree. As he has nothing to do but construction, and a very limited capital he and his partner started their first and only cooperative at 1999. Later they had also tried to get public contractors, but then they decided on making built-sell type of housing provisions. In their first private sector business, they started to sell their houses in advance, as they did not have enough capital. He stated that they especially made small-scaled jobs (one building at a time) until they managed to accumulate capital in the sector. They had started a new job as a building controller, which helped the management of the needed capital on construction business. He said, "*The economic conjuncture does not let any other type of development*".



DE\_05 was one of the developers started his business at the last local upturn of the sector; at 2010. His only linkage with the development sector is his father, who was a known journeyman in the sector since 1980s, and who had been in some of the biggest projects of Erzurum. As said before, the development sector was in the hands of journeymen, instead of professional developers. The developers of that era was generally from merchants to find land or organizes the start of the business, managing the money and all other process about the production of the buildings were in the hands of journeymen. However, despite being such an important journeymen in the sector, and having made good money and a good network, the father of DE\_05 did not himself be a developer, but had been a financier for the cooperatives in exchange for flats. He and his children used this capital through investments in other sectors like automotive, fuel oil, coal, retail etc. However, after several years, and several attempts to establish a job in another sector, DE\_05 started his job as a developer. Now, including development sector, the family is active in seven different sectors. He explains his selection this sector through his personality and the balance developed between the need of his character and the habits of his family. He was trying every new sector, which is in fashion and seems to provide saving more money. His family let him try some of them and did not let some others (like establishing a water bottling factory), but at last decided upon development sector. Construction was familiar to the family and rising rapidly after 2004.

There are other developers in Erzurum who is active in other (related) sectors of the economy who enters the development market just when an appropriate situation arises, like DE\_12. DE\_12 said he entered the business with the insistence of one of his clients, and finished a project within partnership. He said that he is now open to new businesses, but as the attaining a suitable land is a big problem in Erzurum, he waits for the appropriate conditions to grow up. In such situations, generally the entrepreneurs has the capital accumulated, that he did not used for any other investments, and generally building sector becomes a profitable alternative.

The story of developers in Kayseri about their entering processes in the building sector is similar to that of developers in Erzurum, in general basis. The ones already in the sector doing co-operatives either quitted or changed to private sector with new firms

established generally after 2004 (DK\_3, Suat Altın İnş., etc). On the other hand, some other new developers aroused who had a relation with the sector one-way or the other (DK\_4, DK\_6, etc). Having enough capital and a relationship who is already active in the sector, having appropriate land and enough capital to try this empowering sector, or just being a profession in the sector, have no other job to do and getting the risk despite having no enough capital are some of the reasons entering the building sector in Kayseri. However, by means of its bigger size both in the sector and in general, there are some other ways of entering the sector as a developer.

Story of DK\_5 differentiates from the others and gives important data on the development process of the sector. DK\_5 is one of the developers started his job as a site manager, and became a developer through his professional profession. However, according to Coiacetto's (2000) groupings, DK\_5 seems to fit into the ones accidentally became a developer. But, the story of DK\_5 differs from that, too. After his five years experience as a site manager, he became a sub-contractor for the national developer of a co-operative; i.e. Beyaz Şehir Building Co-operative, with 9300 houses, in east side of the city. After the main contractor's bankruptcy without finishing its 2000 houses, the new developers of the project selected to work with DK\_5; which had been the turning point for this destiny in the sector. One the partners of developers (DK\_2) started to take business from the earthquake region and DK\_5 had been his subcontractor for years. He described the development of his job at those years as "*the capacity of the business had increased so much with the earthquake. We had taken so big projects at those years at Yalova and Düzce. Until 2003-2004 we were making an annual turnover much more than most of the developers just as a subcontractor.*" At 2005 he departs from his partner and goes on doing sub-contracting via his new firm in Kayseri for private developers and all over the country for DK\_2. At 2006, with the demand of one of his relatives, who migrated back from İstanbul where he worked as a developer, he started the ongoing firm, which makes only built-sell type of works as a private developer. However, he said that he went on doing subcontracting via the other firm for years. "*We were making annual turnovers of 15-20 trillions at that period. These two sectors completed each other. You get from there and pay here*" within a few years, when the volume in the private sector had increased, they decided to go on institutionalization after one year of research and decision taking process and

left subcontracting for only built-sell at 2010. This summary of the history of DK\_5, in fact shows that entering the development sector sometimes it needs to give active decisions when some opportunities came by accidentally, and use the knowledge and capital accumulated through subcontracting jobs in order to differentiate from the others in the sector.

The volume of Kayseri provides the existence of different types of developers, one of which is the ones who were public contractors once. With the numerous changes in the Public Procurement Law after 2004, there were many contractors gave up entering the tenders and wanted to try private sector. Public contractors in both Erzurum and Kayseri were complaining about the change in the conditions of rivalry, and the market had been tightened for limited numbers of developers. Despite all their complaints, they were also thinking positively about that some of the new arrangements in the law provided the uninformed and inexperienced contractors had been erased from the sector.

The conditions to enter private sector and the way of doing business in this sector had been determined by the scale and existing capital of the once public contractor's firm. However, the interviews made in two different mid-sized city revealed that the construction sector is highly path-dependent. Thus, the firms entered private sector tried to work as if they are still working with a state institution. However, this situation is generally valid for the firms, which do not have enough capital to pursue a private development by themselves. These small-scaled entrepreneurs started to be the contractors for private works, instead of (local/national) state; and when they could find a job for a local government, they preferred to do it instead of private ones; as they find it more reliable.

*“We make what we find as a job. We do not have something as ‘we do just houses, or hotels or infrastructures’. We enter the construction if we were convinced that we could make it with 30-35 workers. We just need to have the enough capital to pay for the workers one or two months’ salary if something goes wrong. Then we start construction after taking our first allowance.” (DK\_1)*

However, some of the bigger developers working with state also thinks about leaving public sector on behalf of the private sector. DK\_2 is one of the developers started his job at private sector but then grew owing to the TOKİ projects he made at Anatolia.

However, he stated that TOKİ projects do not have returns as before; which is the reason they plan to enter private sector.

*“The profitability of making business with TOKİ finished for all types of work. This sector no more has profitability ratio of 50% or so. Believe me, now we work with profitability ratios between 3% and 5%. It is at that level hereafter.” DK\_2*

DK\_2 states that the decrease in the profitability ratios, and the increasing rivalry within the TOKİ developers, the number of which had increased so much, induced them to the private sector. He adds that the firm had made a few built-sell project before, however, decided to build only for private sector at 2012 after a two-day workshop with every business partner about the future strategies of the firm. They decided to stay in construction business doing built-sell type of housing provision in private sector mainly in Kayseri using their own land banks. In a few years, they aim to go metropolitan cities like Ankara and İstanbul, where the profit ratios are higher than mid-sized cities. However, DK\_2 especially stated that they could not get rid of the TOKİ projects all of a sudden.

*“We have lots of subcontractors who trust us. At least 10 of them do not work for no other developer except DK\_2. ....the half of our work will be at built-sell in Kayseri and other half will be at TOKİ works. Nevertheless, we would not insist on having at least five sites simultaneously. We will search for more profitable works” DK\_2*

#### **6.4.2.2. Relations with other actors in the sector**

This part of the thesis focuses on the relations of local developers to each other and the actors of the other sub-sectors of the economy through the data gathered via in-depth interviews made with local developers.

As mentioned before, all of the developers had relations with the construction sector in a way, and most of them had their starter capital through some commercial businesses they had in their local markets. The developers once making cooperatives did not changed their relations with the others mainly, however, the new enterers had induced new market relations.

The increasing investments in construction sector increased the scale of the market; which led to the bigger sized projects. However, the analysis show that the local developers do not mainly reached to an appropriate size to manage such big-sized

projects. Besides, the fieldworks indicated that the local developers do not enter to the partnerships with other local developers. This had been a bigger problem in Erzurum than in Kayseri. When the district municipality (Yakutiye) tried to perform the first urban regeneration project of Erzurum in 2011, the related tender had to be cancelled for a few times. The size of the project was so big for the local developers, and they did not build partnerships between each other. At last, the municipality had to divide the project to four different stages and gave up making a regeneration project.

The analysis indicates that the local developers justifies building partnerships just for the big-sized state projects and just for the firms which finished their institutionalisation processes; in order to meet the conditions defined according to the public procurement law. Thus, partnerships between different local developers comes forward as a scale problem in localities. However, it is obvious that the social structures of the localities also determines these processes; both the habits related to business making processes and the relations between customers and the developers.

The analysis indicated the tendency of developers to use the construction materials, vehicles and employees from the nearest possible location to the construction site, to minimize the costs. However, the employees are the only input totally provided from the local. The national developers use their professional team in the construction site, but the others are from the local. The main determinant factor to use the local productions is the production capacities (in size and quality) of the firms producing construction materials, if exists. Otherwise, the developers have to use the local branches or national producers or have to buy the required materials from the factories. Thus, providers of the construction materials are mainly the distributors of the firms located in metropolitan cities; such as İstanbul. Erzurum have an opportunity relating the cement owing to the Aşkale Cement Factory; which locates in Erzurum. Some main materials like steel are gathered from the regional centres having port linkages such as Samsun or Mersin; which are the main providers for the whole country.

The national developer in Erzurum stated that they use every local resource they can through the construction process. However, owing to their brand values, they had to buy some of the materials directly from the factories, as these materials are produced

just for the project. Besides, as the production capacity of the locality is very restricted, they had to buy from the local distributors of national and/or international producers.

Thus, the backward and forward linkages that is expected to provide the economic development do not help the localities, but the leader cities of Turkey; at which the big-sized national producers locate. And as the scale of the construction projects increase owing to the increasing activities of national developers in local markets, this dependency would increase in the benefit of the development of these leading cities; supporting the uneven economic development in Turkey.

### **6.4.3. Developers of Public Sector: Contractors**

The developers in this group comprise the ones actively working within the frame of public procurement law at the construction works of public institutions and organizations. These construction works; which use public resources, are managed under the supervision of state institutions.

Public Procurement Law (#4734)<sup>39</sup> defines the building contractors as the corporations or the partnerships who enters the tenders related to the building works; which may comprise the construction of buildings, roads, railroads, airports, bridges, dams, etc. The interviewed developers stated that the alterations made in the procurement law after 2004 had negatively affected the sector. Building works comprises many risks. The alterations in the law the risk that had been shared between the state and the developer had been increased to the detriment of the developer, especially of the smaller ones (Gülöksüz, 2009).

*“I believe that public tenders do not inspire confidence anymore” (DK\_01)*

The in-depth interviews made with public contractors indicates that the building construction business is different from the others; and housing construction is the distinctive sub-sector of these building works. These public contractors had been so specialized under each sub-sector that housing contractors do not enter other tenders, while the others do not enter the tenders related to the construction of the houses.

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<sup>39</sup> This law had been approved at 4th January 2002, but had been issued to numerous alterations via 36 different laws last of which had been enacted at 10.09.2014 before this thesis had finished.

According to the findings of the fieldworks, each subsector of the construction business has a distinctive way of doing business. Thus, the developers specialized in a certain subsector generally abstain to enter any other subsector. That is why the developers specialized in public tenders generally do not enter the private sector, and vice versa. And the ones had to stop contraction works could only continue to work if they can find businesses they can work in the same way. However, the interviews puts forward that despite the existing capital of the firm effects this selection, knowing how the business is managed and being the related network is much more important as the factors, which determine the future strategies. Thus, the alterations in the public procurement law had changed the nature of public contractions works so much that even the existing contractors resist in the sector.

As mentioned before, the intervention of state to the production of the built environment via the regulations on economic and political arenas is not coincidental and special to Turkey. However, the actively involvement of state the property market via a state institution acting like a rival developer in the market is not a situation frequently run across. The evaluation of the context of Turkey in which this institution (TOKİ) had been empowered shows that the state had put the existing conditions in good use.

As it is known, after the earthquake happened in 1999, state had to undertake the construction of houses for the victims of the earthquake especially in Düzce, Yalova and Kocaeli, very fast. In this process, too many developers had undertaken the construction works. However, people had lost their trust to developers. Thereby, production of houses under the supervision of state both increased the trust of people to the state apparatus and provided the developers gain knowhow and enter the network of state. This had resulted the development of a specialization regarding the management of the building works in state; especially in development of projects and management of the relations with the developers. By time, the numbers of developers TOKİ work with in these projects had been decreased to a few, according to the abilities of the firms to relate with the state and the working conditions defined by state. When TOKİ had been empowered starting by 2004, the same developers were the ones getting the tenders, as stated by DK\_2 who is a TOKİ developer since the

earthquake. Hence, I believe that the selection and empowerment of TOKİ as the main executive of the policies related with the construction-oriented development strategy of the period after 2002 is not a coincidence.

Then, especially after 2004 a new developers' group has been derived the core of which were these developers worked with TOKİ after the earthquake. This group of developers is called as 'TOKİ Developers'; who makes only TOKİ works or the greater percentage of their works are TOKİ projects. Owing to the nature of these projects, the main contractors construct not only houses in the projects but also the buildings related to social facilities, such as schools and mosques.

One of the distinguishing feature of doing public works is that the contractor only makes the construction work. The 62<sup>th</sup> clause of Public Procurement Law and 5<sup>th</sup> clause of Implementation Regulations on building Works state that it is impossible to go out to tender without supplying the related land, finishing the bureaucratic works related to ownership, expropriation, development operations if needed, and making the implementation projects; all of which are under the developers' responsibility for private works. Besides, according to the 15<sup>th</sup> clause of procurement law, the developer applies to the tender as the main contractor should designate the sub-contractors he will work with on the tendering stage, if the nature of the related project necessitates. As the TOKİ developers tend to work with the same sub-contractors, there emerged a group of TOKİ subcontractors.

There is a strong perception about public contractors in Erzurum that gained a general acceptance: "the ones having less capital generally tries to enter the market through public works". However, the pressure of process force them so much, that most of them abandon the sector after just one or two businesses. The public contractors interviewed stated "the existing circumstances defined by the public procurement law do not let small developers to grow" (DE-02, 03 and 08).

*"One of the qualifications necessitated for TOKİ projects is the ability to work with tunnel formwork. As none of the developers in Erzurum work with tunnel formwork, they cannot even enter to the tenders. Besides, it seems that they will not learn it in near future, as the people do not trust it. This system is only used in New-city Project, and people had been sceptical about it, they did not trust its security and safety" (DE-1)*



It was impossible to make an interview with a public contractor in Kayseri except a TOKİ developer. However, the interview made with a representative in Kayseri Chamber of Commerce states that the similar situations exist for the public contractors; but Kayseri has more power on TOKİ tenders through the TOKİ developers in the city.

Three developers of the interviewees made with public contractors of Erzurum are from the biggest players of this sub-sector in the city. The oldest of these firms (DE\_03) had established at 1993 with two partners. He had started his job as the sight manager –civil engineer- with his existing partner. His partner, who is a relative of him, does not have any profession coming from university education, but had a huge experience in the sector since 1970s as a constructor. Since the establishment of the firm at 1993, through the combination of both experience and profession, they make just superstructures in the public sector. He said that they had tried a one or two built-sell type of works after the pressures of their network, but did not continue.

Similarly, another developer (DE\_08) who makes public constructions is a civil engineer and had started as a sight manager before he started his own firm with a partner –an architecture- at 2001. He states that he wanted to take the advantage of the good conditions of the market, and use his own profession and experiences within his own firm.

The last developer interviewed in this sub-sector differs from the others through both his profession –graduated from mathematics- and his relation with the sector. He said that when he first established the firm at 1997, he did not aim to be a developer at first. However, his father was active in the sector, and he directed a small business taken just by a coincidence to him, which had caused him to enter the property development sector. He stated that it does not matter how small the business is the developer needs to learn the details of how to work with government institutions and the details of the public procurement law. Once after the entrance to the network and gathering all these experiences, it becomes an obligation to stay in this business. As with the others, DE\_02 also makes only superstructures but also making some subcontracting works of the big national developers at East and Central Anatolian Region.

#### **6.4.4. Geographic Origins of Development Market**

Development is said to be a local industry. However, the definition of locality differs frequently according to the issue in question or the interests of the related actors. National scale can be referred as locality when global issues are discussed or by an internationally acting actor. When a national issue is in question a region, province or any settlement having distinctive features can be referred as locality according to the size/extensiveness of the related market. On the other hand, workers define and limit the local by the borders of the city they work and live; while local authorities define local scale according to the limits of their authority<sup>40</sup>. So, before passing into the locality of the industry, it must be made clear that the local scale is limited with the borders of the city in question within the limits of this thesis.

The locality discussions about the development industry generally depends on the issues about the production process. The nature of the product and the production process is mainly dependent on the ground where the building is produced. None of the production stage can be done apart from the building itself. Both the materials and workers must be ready in the production site through the production process. And at the end, the produced material cannot be transferred to another place. These discussions are valid to an extent, and only describes the place boundedness of the production process and the produced material.

When the discussion is about the market relations instead of the production process, it can be seen that the locality of the industry is not so restricted with the production place. For example, there cannot be a cement or iron-steel factory in every city. In addition, the economic relations with the national providers of most needed materials for the production of buildings can make the market operate in national scale. Another analysis about the workers show that some of the cities (or even the counties of the cities) are specialized with a certain stage or part of the production process, and they may act within the regional or national area using their profession (ex. While masons working in a building project are from a distinct city, plasterers may be from another one. And this may be the same for a wide region). When a developer reached to an

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<sup>40</sup> See (Ersoy, Şengül, Yoloğlu, & Tunç, 2011) for a more detailed discussion on the definition of local scale.

appropriate size, he can enlarge his building actions to adjacent cities or move all of his actions to bigger settlements. Thus, the question arises again: What determines the locality of the property development industry? What are the appropriate conditions for a developer to move his actions into another scale?

However, all these discussions do not refer to the issue on the effect of geographic location to the development of localities owing to the taxes gathered. The location of tax offices of the developers indicates where the developer pay taxes, to the locality where the construction made or at some other city. This issue gains more importance when the development of construction sector is linked with the local development issues. So, in this part of the thesis, the analysis regarding the locality of the sector aims first to find out the locality of the developers who actually built in the city, and of the relations with service and material providers through the building process.

#### 6.4.4.1. *Locality of the Developers*

To analyse the locality of the actual developers of case cities, the construction permits data, which includes the developers' data between 2007:7 and 2014:5 is used. This data includes the tax offices of each developer. However, as in every case, there are deficiencies in the variables relating the date of the permit and the name of the tax office in both cities.

*Table 27 The origins of developers and the number of construction permits taken by them; July2007–May2014; Erzurum and Kayseri*

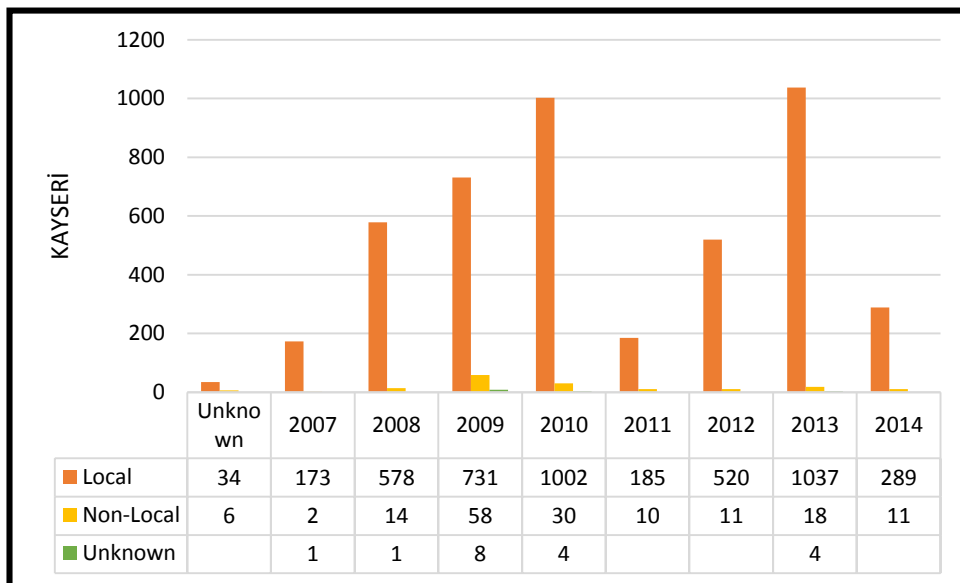
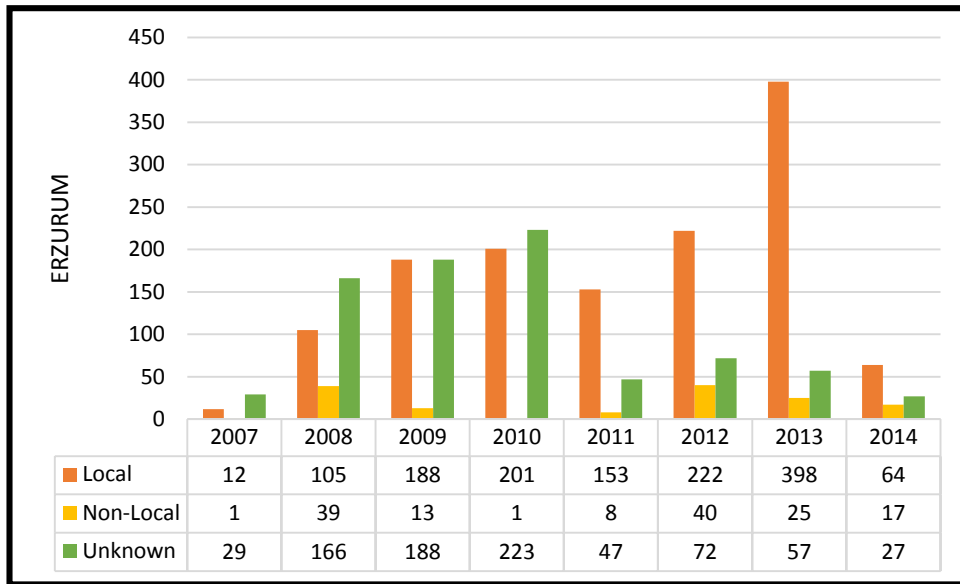
Year	ERZURUM					KAYSERİ				
	L	Non-L		U	Total	L	Non-L		U	Total
		N	R				N	R		
2007	12	1		29	42	173	2	-	1	176
2008	105	38	1	166	310	578	12	2	1	593
2009	188	10	3	188	389	731	54	4	8	797
2010	201		1	223	425	1002	26	4	4	1036
2011	153	5	3	47	208	185	10	-	-	195
2012	222	39	1	72	334	520	8	3	-	531
2013	398	23	2	57	480	1037	11	7	4	1059
2014	64	17		27	108	289	10	1	-	300
U						34	6	-	-	40
<b>Total</b>	<b>1343</b>	<b>133</b>	<b>11</b>	<b>809</b>	<b>2296</b>	<b>4549</b>	<b>139</b>	<b>21</b>	<b>18</b>	<b>4727</b>
<b>%</b>	<b>58,49</b>	<b>5,79</b>	<b>0,48</b>	<b>35,24</b>	<b>100</b>	<b>96,23</b>	<b>2,94</b>	<b>0,44</b>	<b>0,38</b>	<b>100</b>

Note: *L* for Local; *Non-L* for Non-Local, *R* for Regional, *N* for National and *U* for Unknown

The developers taken permits in case cities and paying taxes there are labelled as “local” while the others labelled as “non-local”; and a comparative analysis made for the contribution of developers to the local industry using the number of construction permits taken.

Table 27 and Figure 18 constitute an analysis of the origins of the developers acting in case cities between July2007 and May2014 and their relative contributions to local property development industry. The percentage shares of the permits indicate that the development market of these two cities are dominated by local developers, especially in Kayseri. It is obviously seen that, the scale and development of the building sector in Kayseri does not let non-locals to enter the local market. However, the penetration of local development market in Erzurum by non-locals is greater than that in Kayseri. Non-locals domination in public sector permits indicates that one of the reasons for higher percentage of non-locals in Erzurum is that the local developers cannot compete with the national ones especially in public contracting.

Another issue, which attracts attention at first glance, is the high percentage of developers whose tax office is unknown in Erzurum. It is generally accepted to have missing values in such data. The unknown variable in Kayseri may be accepted as such with 0,38 percentage. However, the share of unknowns in Erzurum rises up to 35% and as Figure 18 indicates, unknown developers had been the determinant investors in the years 2008, 2009 and 2010. The variable on the owner of the projects in permits data show that 63 permits (in 809 unknown, 2,74% of the total) are taken by public contractors who made varying buildings for different public institutions. Of course, these contractors may be from Erzurum as well as other cities in Turkey. However, the high number of unknowns in 2008, 2009 and 2010 increases the probability of them to be national developers. There have been many investments made by state in those years in order to prepare the required infrastructures for 2011 Winter Universiade organized in Erzurum. The developers interviewed stated that there were only one or two local developers who managed to get the tenders made in Ankara for those projects. If we accept all of these 63 developers as non-locals, the percentage of non-locals in Erzurum rises up to 9%; which is way ahead than Kayseri.



*Figure 18. Relationship between the origin of the developer and number of construction permits, 2007:7-2014:5*

A quick analysis on non-locals for Erzurum and Kayseri show substantial differences. After getting rid of the unknowns, nearly half of the local market of public contracting are taken from non-local developers in Erzurum, while non-locals in Kayseri could only get one fifth. As the public contractors interviewed in Erzurum stated, the size of the local developers who make contracting is not big enough to follow the tenders, which generally organized in Ankara, and meet the required conditions indicated in the tenders' specifications. This data also supports their statements that even if these

local contractors could enter the tenders they could not compete with the others. Thus, they generally try for the projects which have an appropriate size; i.e. small enough for bigger national firms not to enter, and big enough for local developers to gain a significant amount of profit. However, DE\_2 and DE\_8 stated that they might lose the tenders to other regional developers. So, they generally try for the tenders organized in Erzurum, not in Ankara.

The developers from neighbouring cities are labelled as regional developers; of which number is very low for both of the cities. The fieldwork indicated that when the investment opportunities in the local market starts not to satisfy the developer, he starts his search for new investments first in the neighbouring cities; then in other localities if the developer has a linkage. However, if the developer trust himself to handle an investment in metropolitan cities, he tries to find an appropriate investment chance there; in Ankara or İstanbul. The scale of neighbouring cities of both Erzurum and Kayseri are generally smaller sized cities. Therefore, when they want to try new markets, their first stop is generally the neighbouring mid-sized cities. In Kayseri case, all of the regional developers who made investments in Kayseri were from private sector. They started to invest in Kayseri with 2008 and got their construction permits for housing or office provision. On the contrary, the most of the regional developers of Erzurum (six from 11) were contractors of public sector. They also started to enter the local development market in 2008, but they entered the sector through public tenders made for buildings of education or health. Nevertheless, it should be mentioned that, the developer came from Ağrı made four different constructions in private sector after he entered the local market through public contracting.

Regional or national, as Coiacetto (2009) states whether the entry of non-local players make it difficult for local players to compete (Logan, 1993) is unclear. This assumption is based on another assumption stating that the as the national and international actors enter the development sector, the concentration of the sector increases on behalf of them. However, Coiacetto (2009) questions these assumptions through his case studies of two small sized localities. The case studies of Erzurum and Kayseri may help this questioning, too. Despite the higher numbers of non-local players, the concentration analysed in the previous parts of the thesis showed that the local market of Erzurum is

not dominated by these non-local players. Thus, as Coiacetto (2009) states, increasing penetration of local industries by non-local players may simply increase the number of players therein but this does not mean that this local industries would be dominated by them. The competition is still open for the local players, however, the factors should be evaluated in detail. To unravel the mechanisms behind the reasons non-local developers prefer to take part in the property market of case cities, the nature of investments made by non-local developers should be analysed. Table A.18 and Table A.19 in the appendices give the details of non-local developers and their investments in Erzurum and Kayseri; i.e. origin of the developers, type and year of the investments, etc.

The in-depth-interviews made in case cities reveal a preconceived opinion about the non-local developers in local markets are all coming through public procurements. However, on the contrary of the expected, the construction permits reflects the private characterization of non-local property developers in both of the cities. The question “*Why do the non-local developers prefer to act in local property markets?*” remains unanswered. However, the perception of non-locals as doing only public works brings another question in mind: “*Are those non-locals, in fact, from localities who pay their taxes in other cities?*” This may be an important and a valid determination, as throughout the in-depth interviews one-or two examples of such has met by chance. But this should be questioned for each project through municipalities or other sources before reaching such a conclusion; which was impossible though the fieldworks executed for this thesis.

According to Table A.18, between 2007:7 and 2014:5, 56 different non-local developers were active in Erzurum through 144 different buildings. They made both private (44) and public (100) constructions in Erzurum. However, whether for public or private most of the developers had taken just one construction permit (43 developers from 56). The developers took more than 4 permits made projects for TOKİ. The 5 TOKİ developers in Erzurum came from Adana (3 permits), Ankara (16 and 6 permits), Istanbul (14 permits) and Kayseri (34 permits). This table clearly puts forward that after 2007 no local developers could have taken a tender of TOKİ

projects<sup>41</sup>. 8,5% of total permits (195 permits) are taken for public investments in Erzurum. 100 permits are taken by non-local, 73 of which are taken for TOKİ projects. The developers of the 63 of the remaining permits are not known; so only 27 permits are certainly taken by local developers in Erzurum.

Two cities come forward according to the number of developers and the projects; i.e. Ankara and Istanbul. Ankara takes the leading position with 22 different developers (52 permits) and it is followed by İstanbul with 16 developers (36 permits). A developer in Kayseri had 34 permits for a TOKİ project in Erzurum, all by himself.

According to Table A.19 at the Appendices, between 2007:7 and 2014:5, 61 different non-local developers were active in Kayseri through 154 different buildings (91 private, 1 co-operative and 61 public). Despite the bigger size of Kayseri from Erzurum, the number of non-local developers and their projects are nearly the same with Erzurum. However, whether for public or private more than half of the developers had taken just one construction permit (36 developers from 61). However, the construction permit data for Kayseri does not give data about TOKİ projects. After the crosscheck made with the TOKİ data given at its web page, it is understood that the developer from Konya was a TOKİ developer and had taken 29 permits in 2009 for his project. According to the TOKİ data, the TOKİ projects in Kayseri are mainly held by local developers, who are already TOKİ developers making TOKİ projects for years. This data also indicates that, other TOKİ projects are held by developers from Ankara or Istanbul and Konya.

As in Erzurum, two cities come forward according to the number of developers and the projects; i.e. Ankara and Istanbul. İstanbul takes the leading position with 18 different developers (41 permits) and it is followed by Ankara with 15 developers (19 permits). A developer in Konya had 42 permits totally between 2008 and 2012.

This data puts forward the importance of the size and the development of local building sector in getting state tenders about their localities. Thus, the value added of the investments made by state cannot be used for the locality of the projects; that the

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<sup>41</sup> There are two developers from Erzurum, who had taken attender from TOKİ. However, these TOKİ projects were before 2007 and at other districts of Erzurum.



investments made by state (local or central) are generally advantageous for big-sized metropolitan cities not to the mid-sized ones. However, it should be mentioned that, public procurements might sometimes create an opportunity for developers from smaller-sized cities to enter the market of a bigger-sized one. One of the developers from Ağrı made its first project in Erzurum owing to the state tender, and made other three-residence project in private sector.

When the interviewees asked for their thoughts on non-local developers, interestingly, they insisted upon that non-local developers are not active in their cities. The developers in Erzurum stated that non-locals only entered the local market for a few TOKİ projects made for low-income groups and for infrastructural projects made for 2011 Winter Universiade organized in Erzurum. Thus, according to them, the only way for non-locals to enter the local market is the public procurements, for which they believe that local developers are insufficient to compete with the developers in the *centre* (Ankara or Istanbul). Developers in Erzurum are strongly against TOKİ developers to enter local market. They do not accept them as rivalries as long as they build for low-income groups. However, they are against them as TOKİ developers is thought to have no benefit for local economy. As known, TOKİ developers as determined through the public procurements organized generally in Ankara. And there is a group of developers who generally get these tender. Not only for TOKİ developers, but the path dependency on the building sector itself had resulted every developer work with the same subcontractors, worker groups etc. This general tendency in building sector resulted with the development of subcontractors working with TOKİ (DK\_2 verified it). Thus, when a TOKİ developer starts a project in a locality, he brings all his subcontractors and do not work with the local ones. And in Erzurum, developers said that “*they did not buy anything from Erzurum, they had even brought their bakeries*”. Thus, they are against TOKİ developers to work in their city, even they do not think that they are the rivalries. And when they think that any TOKİ investment may hinder their own investments, they try not to let TOKİ enter local market with that special project (as it was for NewCity project). When the developers of a few private projects and their non-local developers are asked, they said that all of them are from Erzurum, who lives abroad. “*If a few other non-locals exist, they should be small-sized ones who tried the sector. We do not even know about them*”.

The same attitude is valid for developers in Kayseri. They state that non-local developers should have come to Kayseri just for a few special projects of local governments, otherwise, the size and the number of the developers in Kayseri is adequate. *“The ratio of revenue is so small in Kayseri. There is no reason for non-locals to enter here, while Istanbul and Ankara is there” (DK\_7)*. The perception of the developers in Kayseri is a little bit different from that of Erzurum. They also think that TOKİ developers are not their rivalries as they target low/middle income groups. However, they think that TOKİ developers steal their possible customers; who would buy a house from private sector within five years time. Thus, as long as the TOKİ developers acting in Kayseri are from Kayseri, they are not against them, but it can be said that they also do not want TOKİ in their cities.

*“We do not need TOKİ”*

## CHAPTER 7

### NATURE OF DEVELOPMENT SECTOR

Before analysing the change in the structure of property development sector, this chapter aims to analyse the differences in the local contexts which have profound impacts on the (re)formation and (re)structuring of the sector itself; the leading factors of which are the strategies of local state on (production of ) urban space. Such an analysis requires a definition for state, and specifically the local state; however, the conceptualization of state exceeds the limits of this thesis. But, there are important points to mention. First, state is the totality of social relations, which also involves institutionalisation (Poulantzas, 1978). Thus, both central and local state evolves through the expression of the trade-off between the political powers. The second important issue about state is the three elements of it expressed by Jessop (1990): its institutional structure and inner organization; the representation styles formed in and around the state and the intervention methods of state to the ones apart from itself. (Şengül, 2000, 2003)

One of the important differentiation regarding the *institutionalization* of state is realized through the distinction between central and local scales. Owing to the discrepancies between the institutions, the integrity between local and central state is not a given situation, but dependent on the success of the projects and strategies developed by them, which increases the significance of the nature of the relation between them. Local state had emerged as the result of uneven development at capitalist societies targeting to answer the varying needs of different localities, which led the differentiation of each local state owing to the varying policies and strategies developed by them in parallel to these needs and the social varieties.

The recognition of recurring formation of each scale of state through social relations indicates the continuously changing dynamics and contradictions between local and

central state. These contradictions, as Şengül (2003) especially states, are not acquired from the inner contradictions of bureaucracy but from the contradictions between the interest groups organized in varying levels. Therefore, as the local state becomes the mechanism or a means for the local powers to succeed themselves, the result of the contradictions between local and central state and their policies/strategies is in fact the result of power struggles within all scales. These interest groups are embodied through varying *representation* channels such as the organized groups, parliamentarism, clientalism, social movements, etc., which are operated at different scales at the same time.

The *intervention* of state on urban space is defined as the combination of direct intervention, supporting and regulation by Şengül (2000, 2003). The impact of above-mentioned processes on the content and dynamics of the interventions of state comes forward as the topic of analysis. The varying role of state on the regulation capitalist relations (reproduction of capital and labour power) as well as the organization of political authority and on the justification of the system, and the trade-off between all these roles gains significance on the determination of the interventions of state on urban space. The distribution of resources, while managing all of these roles, is at the centre of problems on urban process. Urban plans comes forward as the most applied tools applied by both local and central state; which also becomes the formal rules of development of the built environment.

This part of the thesis starts with the analysis of urban planning histories of the case cities in order to analyse the urban processes regarding development of their urban built environment; the code of conduct used by local governments while implementing the plans and the changing relations between central and local governments. The second part of this chapter presents the analysis of the striking development projects of case cities, realized after 2003. The analysis of these projects will put forward the effect of the relations of the actors of property development process (development networks) within historically determined institutional structures in two different case cities. This supplementary analysis puts forward how the institutional structures and their effects on urban built environment may change owing to the different relations

of local and central governments, and the power of local government's strategies on urban spatial development.

## **7.1. Formal Rules of Development: Government Regulation on the Development of the Physical Structure**

Urban plans, formal rules of development, are not only the production of technical processes, but also the political ones. The practices on the production and implementation of these plans reflects the power struggles on the urban land. Interweaving informal/formal social and political relations of varying actors and institutions within the urban planning process are organized into development networks; which are defined by Şahin (2007) as the network of individuals pursuing particular interests at urban land. These networks had to operate within the institutional environment limited by the formal rules and relationships determined by the planning laws and regulations. However, the dynamics of these relationships are strongly determined by the historical and spatial features of related localities. Thus, the contradictions or the harmony between the local and central state's spatial policies (as the results of these struggles) become prominent in the (re)formation of these networks. The struggles on planning processes may frequently target to change these rules, if not success to use the planning process or the urban plans for their own benefit. Thus, planning history reflects the changes of the related institutional structure regarding these struggles on planning processes and involves the history of urban development as the result of these struggles. The analysis of the planning histories of localities is expected to give information on the effect of continuities or discontinuities of these local urban strategies to the formation of local state and its relation with the central state.

### **7.1.1. Summary of Regulations on Urban Planning in Turkey**

After the establishment of Turkish Republic, the first planning efforts started for Ankara with a special law (#1351). Ankara Development Directorate had been established through this law, and given the responsibility to make the plans of Ankara. The first Municipal Law (1530) gave all the municipalities to make their city plans in 1930, then this obligation limited for the ones having more than 20 thousand population by General Health Law (1593). (Keleş, 2004)

After 1930, urban management had been renewed continuously through the laws enacted after 1930. The discussions on the institutional and legal framework had focused on the establishment of legal framework on the provision of development organization. For the new arrangements on this issue, the knowledge accumulated by mostly the experience of the development of Ankara used. The first Municipal Law had been the main reference on determination of the duties, authorities and responsibilities despite all the changes and alterations on it. The most important arrangements on local governments in this period were ‘Law on the Banks of Municipalities’ (1933), ‘Buildings and Roads Law’ (1933), ‘Deed Law’ (1934) and ‘Municipalities Acquisition Act’ (1939); all of which focused on the organization of the built environment. (Ersoy, 2015; Keleş & Duru, 2008; Tekeli, 2011)

Keleş (2004) summarizes the history of legal procedures for urban planning in Turkey. He states that, despite ‘Buildings and Roads Law’ (#2290) obliged all municipalities to make their development plans until 1938, only 60% of them could make their plans. The Development Law enacted in 1957 had started a new period for the obligation of making urban plans. Despite the population limit was 5000 for urban plans, the settlements having less population had also encouraged to make their plans. The third period about urban planning processes started at 1972 with the law 1605, which makes an alteration on Development Law (6785). Therefore, the population limit had been changed to 10.000 and a new obligation had been given to city quarters to make their urban plans regardless of their population. However, this period is important owing to the implementation of 26<sup>th</sup> item of 6785; which states that the Ministry of Public Works may make the plans of cities if the ministry decided that they need a plan owing to their development movements. Thus, the Ministry had established development directorates for some cities, or made some of them from the ministry in this period; which centralized the plan making process. At 1985, with the new Development Law (#3194), the plan-making obligation had been given to the cities with 10.000 population, and the ones having less had been left to the decision of municipalities. This law had also given some authority to the Ministry on making urban plans making the cooperation with the municipalities, and defined the related conditions. The conditions providing central state to make, change or approving the urban plans were development plans regarding public buildings, natural disasters affecting the general

life, mass housing implementations, plans made to implement the Gecekondur Law, plans including more than one municipality. The 9<sup>th</sup> clause of 3194 defines authorities of the Ministry with all the alterations made through years.

The law 3194 not only determines the population limit and the distribution of authority on plan-making, but also determines the baseline of the legislation concerning the development of urban space and thus construction. This law defines two main types of plans; i.e. regional plans and development plans. Regional plans are made by Ministry of Development in order to determine and direct the socio-economic development tendencies, development potentials of settlements, their sectoral targets and activities, together with the distribution of infrastructures. Regional plans aim a balanced socio-economic development and to direct both the states' and private sector's investments for this target. There are two levels of urban development planning defined by 3194<sup>42</sup>: master plans and implementation plans. Urban development plans are made by municipalities. Master plans guides the development of land use and location and relations of major projects within the urban area for the next 20 years, and prepared with 1/5000 scale. Implementation plans are detailed plans at 1/1000, which set the codes of development such as the uses and sizes of each plot, densities and height of the buildings, building approach distance, etc. All these plans needs to provide the relation between different scales, and once made, the municipalities are responsible to develop programmes on 5-year basis.

In sum, the republican period resulted with an institutional change on planning as well as the economic relations within the Anatolian geography; which changed the existing relations of localities within themselves and their environs. These developments increased the need on organization and management of the spatial development that is aimed to be the physical aspect of modernization of the new regime. In this period, the legal and institutional arrangements on urban planning processes had determined the distribution of authority on making urban plans. Despite all efforts on localization,

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<sup>42</sup> The planning hierarchy in Turkey includes five types of plans with different planning scales: Regional plans (NI), Environmental Plans (1/50.000 or 1/100.000), Provincial Environmental Plans (NI), Master Plans (1/25.000 or 1/5.000) and Implementation Plans (1/1.000) (Ersoy, 2015).

urban plans had always been one of the struggles channels of local and central state since the very beginning.

### **7.1.2. The Analysis on Local Urban Strategies of Erzurum and Kayseri with regards the Central Government's Interventions**

The development in the Anatolian commercial centres in Ottoman period was slow and limited, as in Erzurum and Kayseri. Thus, the interventions of the new bureaucracy had been generally about solving the existing problems of these cities. These interventions have not been destructive as the ones in Istanbul or Izmir, on the contrary they organized the built of the required superstructures of this new bureaucracy. However, together with the obligation assigned to municipalities to make their own development plans by 'Buildings and Roads Law' (#2290) at 1933, a new period had begun for these cities. Table 28 summarizes the planning histories of these case cities. It is obviously seen that Erzurum had been subject to numerous plan changes throughout the history, while Kayseri continued its basic spatial strategy superposing the new planning decisions on the ones before by the powerful implementation tools developed by the local governments. This part of the thesis aims to analyse the effect of local spatial strategies on the urban processes and its effects on the development of the relations between local and central governments, which determines the aspect of the intervention of the central government to the local urban space, through the planning histories.

*Table 28. Planning Histories of Erzurum and Kayseri*

<b>ERZURUM</b>		<b>KAYSERİ</b>	
<b>Approval Year</b>	<b>Planner</b>	<b>Approval Year</b>	<b>Planner</b>
1939	J.H. Lambert	1933	Burhanettin Çaylak
1967	Zeki Yapar	1944	Oelsner & Aru
1981	Master Plan Office	1975	Yavuz Taşçı
1990	Zühtü Can	1986	Topaloğlu & Berksan
2004	Modül Planlama	2006	Metropolitan Municipality
2008	Işın Başçıl		
2015	Anakent Planlama		



### 7.1.2.1. *Erzurum*

The planning process of Erzurum starts at 1939 with the plan made by J.H. Lambert<sup>43</sup>; a French city planner. The plan has projected the 1965 population as 100.000 and made a zoning according to the socio-economic differences. This plan had ruled the development of the city nearly for 16 years, until its cancellation by the municipality due to the increasing expropriation problems in 1955. The municipality attempted to use the expropriation law (#583) enacted for the implementations in Ankara as the code of conduct, however, this law did not help Erzurum to overcome the massive expropriation problems in the city. The city developed without a plan for twelve years until the second urban plan made by Zeki Yapar after a competition made by Bank of Provinces. However, this plan had not been adopted by neither municipality nor people of Erzurum. The land use decisions taken without paying regard to the existing property rights made it nearly impossible to be implemented as it is. Until 1972, there had been more than 600 demand on change of plan to the Ministry, nearly 250 of which had been accepted. All of the implementation plans at 1/1000 scale had been approved at 1972. Between 1972 and 1977 the plan had changed nearly for a thousand times, 500 of which had approved by the ministry (Akkök, 2011). These plan alterations resulted with inconsistencies between plans at different scales. The general structures proposed by 1/20000 and 1/5000 plans were changed deeply, that the Ministry decided Erzurum needed new development plans. Thus, a Master Plan Office had been established in Erzurum by the Ministry at the end of 1976 in order to make these new development plans (EBB 2012). This office was trying to prepare a comprehensive plan for Erzurum while trying to produce temporal solutions to the immediate problems of the city, such as gecekondu. The Master Plan Office, with the presidency of Alim Çopuroğlu, finished Erzurum Master Plan with 1/25000 scale for the whole city and nearby, at 1981 (Demircan, 2010; Doğanay, 1983). The Master Plan Office of Erzurum had been closed at the end of 1981 by the Ministry, due to the specialized employee problem. The relocation of power to Ankara after 1981 had complicated the

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<sup>43</sup> Lambert prepared another development for Trabzon at the same years. He wrote a primitive report on Trabzon's urban development at 1937 and at 1941, Trabzon's urban development plan had been approved and started to be implemented (Tuluk & Düzenli, 2010). Realization of development plans and implementations on urban space according to these plans at the same years on the neighbouring geographies indicates that government had started to enlarge the planned development move, which started at Ankara, to other Anatolian cities.

process much more; such that organization and management of urban services had been nearly impossible for the municipality in a period the urban built environment developed so rapidly than ever. Thus, within a few years after the close of the Office, municipality of Erzurum had decided to make a revision plan excluding all the satellite cities together with university of Atatürk and Yenişehir regions. This 3000ha revision plan for the compact city centre made by Zühtü Can at 1989 and most of the related 1/1000 scaled development plans prepared during 1990 (Demircan, 2010; Şişman & Kırzioğlu, 2002). Erzurum Municipality had been transformed to Greater Municipality at 1993 by a statutory decree (#504). The Metropolitan Municipality did not made a new plan until 2004. At 2004 a new development plan had been made by Modül Planlama (at Ankara), but cancelled in a short time. Then, at 2008, a new revision plan had been made by Işın Başçıl, which was not sufficient to answer the local needs and thus caused many problems for both the development decisions and organization of services. Thus, since 1990, urban development of Erzurum is governed by revision plans. Even worse, these revision plans had been subject to so many changes that the need to revise them become evident in just a few years' time. New settlement and investment demands had created a need for a new revision plan, when Planevi (Ankara) started its planning efforts at 2011. The planning efforts accelerated after the local elections held at 2014 and the Master Plan (1/5000) prepared by Anakent Planning Bureau approved at February 2015; which provides the existing legal structure for urban development. This plan does not offer any new development area, however, it defines 580ha urban transformation area in the whole city. However, the 1/1000 scaled plans according to this new Master plan did not yet finished and approved before this thesis had finished.

Since the end of 1930s, Erzurum had been subject to seven development plans and several years passed without a plan due to the plan cancellations. The plans had been cancelled or renewed owing to the problems aroused during the implementation of these plans. The local government of Erzurum attempted to use the tools developed by central state and defined by the laws for implementation. However, the problems aroused due to the expropriation implementations, implementations of 18<sup>th</sup> clause of development law (#3194) and numerous demands on planning alterations from citizens had hindered the implementation of these plans. The tools developed by

central state were not appropriate to help the implementation of local development plans within the changing local dynamics and local intervening factors. The local state of Erzurum could not produce a local urban development strategy that would guide the development of the city throughout these years. The lack of a continuous local spatial strategy left the local governments of Erzurum powerless against both the local struggles on urban space and the central government's decisions.

However, the new municipal government attempted to use the new tool of central government to intervene the urban space. Through the going on stumps before the local elections was held, the prime minister of that period came to Erzurum as the representative of government party; which is also the party of existing and the elected mayor. The prime minister had insisted upon the clearance of the environs of historical buildings, which are generally located in and around the city centre, and talked about the urban transformation need of Erzurum at his stumps. One of the developers at Erzurum (DE\_05), with whom a deep-interview was held, told about a meeting held by prime minister and all important decision makers of the city as well as the important entrepreneurs. He said that the prime minister, again told about the increasing need for urban transformation projects at Erzurum in order to change the old and dilapidated looking of the city; and that the prime minister had given duty to local developers in creating a new face for Erzurum. With these in mind, it is very striking that the new Master Plan of Erzurum had been approved before the first year of new local government had finished, and that this new plan involves nearly 600ha urban transformation areas without a land use decision defined regarding these transformation areas. These implementations in Erzurum indicates that the lack of local spatial strategy may easily be infused by the strategies of central government; which aims to control the urban space more aggressively in order to provide new investment areas for the developers.

The observations and analysis made through the case studies carried out in Erzurum indicates a rising problem regarding the transformation of built environment in Erzurum. It is true that the *construction move* in Turkey resulted with a capital accumulation start in Erzurum. Many new building companies had been established and most of them increased in size; that is both in the volume of production and capital

accumulation. Besides, the statistics show that the migration of both people and capital started to slow down in this period. However, Erzurum still lacks sufficient capital accumulation and organization structure to conduct such a big-scaled urban transformation.

The process regarding the first urban transformation effort managed by Yakutiye Municipality clearly indicates the inabilities of local property market to perform such a development. In 2011, Yakutiye Municipality, one of the central districts, had started the first urban transformation project of Erzurum. The related lands had been cleared by the municipality itself and got ready for development. However, despite going out to tender for 4 times, no developer could get it. All the developers with whom in-depth interviews made stated that the land and the project's scale is very big for the developers of Erzurum. They all stated that the risk, which is already very big for the local developers, is getting bigger in parallel with the size of the project, and that is why they did not enter the tender. It is important to mention that most of the interviewed developers were from the biggest of Erzurum. Interestingly, these developers, who could not run the risk by themselves, were far away from the idea of getting into a partnership with other developers. Instead, they suggest splitting the project area into smaller parts, and initiate tenders for each of them. It is understood that, there had been a negotiation and a power struggle between developers and the local municipality regarding this project. At last, the municipality made a tender for a smaller part of the transformation area, and an old local developer, who is generally known to make cooperatives, got the tender at June 2014 (Yakutiye Municipality, Council Decisions)<sup>44</sup>.

The implementations of TOKİ and the local reactions to TOKİ projects reveals important implications regarding the relations between local and central government. While TOKİ had been one of the prevailing actors in the development of urban built structure of metropolitan cities such as Istanbul and Ankara through both the revenue sharing projects and infrastructural projects, its effect on other greater cities had been limited with the production of houses for low-income groups. The fieldwork in

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<sup>44</sup> Council decision of Yakutiye Municipality. The date of the decision is 04.08.2014. The tender had issued at 27.06.2014. <https://webportal.yakutiye.bel.tr/web/guest/26/> Accessed at 04.08.2015

Erzurum indicated that the majority of the local developers do not want TOKİ to be active in their local property markets. As the local developers could not success to get a tender from TOKİ, the local market is opened for the national developers, which do not use any local resources. Besides, local developers complains TOKİ as a rival institution supported by the state of which target market limits the market of local developers. However, the fieldwork also indicated that the local citizens do not tend to buy a house from the TOKİ projects, as their architectural projects are not suitable to welcome the local demands. As one of the official in a district municipality told, one of the TOKİ projects had to be delivered to the local Security Directorate in order to be used as public housing, because of the houses in the projects are failed to be sold. Thus, TOKİ projects in Erzurum had been very limited since the last master plan of the city. This new master plan starts a new period for the construction of built environment of Erzurum. As it is seen at Table 29, none of the TOKİ projects in Erzurum is made by revenue sharing model. TOKİ had made 2296 houses since 2004, until the beginning of 2011. However, until the end of 2014, TOKİ did not made any building project in the Erzurum central district for nearly 4 years. However, after the government change in the metropolitan municipality, TOKİ started its projects in Erzurum again. By April 2015, the new mayor of Erzurum and the president of TOKİ made a statement declaring the new development move of TOKİ in Erzurum<sup>45</sup>. According to this TOKİ had already started the construction of 1000 houses, and was making the preparations for the tender of upcoming projects for 600 houses.

*Table 29. List of TOKİ projects at the central district of Erzurum*

<b>Date of tender</b>	<b>Location of project</b>	<b>N'of dwelling</b>	<b>Type of project</b>
9 November 2004	Dere Mah_ Yıldızkent 1st region	280	Urban transformation
25 January 2005	Dere Mah, Yıldızkent 2nd region	420	Urban transformation
18 May 2007	Yakutiye_Hasani Basri	512	Urban transformation
25 March 2008	Palandöken_ Yıldızkent_ 1st stage	816	Low-income (504/816)
19 October 2009	Dere Mah_Social Facility	100	HAİT
27 January 2011	Yakutiye_Hasani Basri	168	Urban transformation
11 December 2014	Palandöken Mal Meydanı_ 1st stage	579	Urban transformation
25 June 2015	Palandöken Malmeydanı_ 2nd stage	594	Urban transformation

Source: TOKİ, *İllere Göre Uygulamalar*, <http://www.toki.gov.tr/illere-gore-uygulamalar>

<sup>45</sup> <https://www.erkurum.bel.tr>, Güncel Haberler, April 2015

### **7.1.2.2. Kayseri**

Literature generally starts the planning history of Kayseri with Oelsner-Aru Plan (1945). This plan had been so powerful, that its effect on urban structure and the shape of urban macroform can still be monitor. However, the first plan of Kayseri dates back to 1933 to the plan made by Burhanettin Çaylak (Çabuk & Demir, 2013; Çabuk, 2012; Tekinsoy, 2011). This first plan of the city had a very limited planning area, the city centre and its environs. However, the implementation practices regarding this plan had left a lasting legacy in the city, which would be called as Kayseri Model years after. The governor-mayor of Kayseri (Nazmi Toker) was so insistent and decisive on the implementation of the plan, and did not abstain to demolish the structures the plan indicated (Çabuk, 2012). Çaylak plan had been subject to many critics as it did not take the existing building stock into consideration (Tekinsoy, 2011). Çabuk (2012) states that, the expropriation problems for such a plan had been overcome through the rights provided by the Municipality Expropriation Law (#2497, dated 1934). These implementations clearly show that, the authority of state had been used for the implementation of the plan, which is developed according to the projects of the governor. As Çabuk (2012) states, the critics increased after the governor had left the city were focused on the difficulties regarding the implementation, the burden on municipality regarding the expropriation costs, and the problems arising between the public and the municipality. The increasing problems on the implementation of Çaylak Plan motivated the local and central state to find solutions. Thus, the second plan for Kayseri was prepared by Gustav Oelsner and Kemal Ahmet Aru in 1944 and approved in 1945. In their analysis Çabuk and Demir (2013) states that the main characteristics of Kayseri were determined by Oelsner. These decisions include the land use decisions on main functional regions (dwelling, working, recreation and transport), the macroform and vision of the city, principal components of development, external ring-roads and locations of industrial sites, as well as the conservation of both green areas in eastern parts and the historical buildings of the city. Realization of these land-use decisions had required substantial amount of income, of which Oelsner noted that the municipality was lacking (Çabuk & Demir, 2013). However, the mayor of the city is no more a governor, which left the city to its own resources to implement the plans. However, Osman Kavuncu, the new mayor of Kayseri, started a new method for the

implementation of this plan, which provided the participation of citizens to the implementation processes. This new method, called as “Land Deals” had provided the municipality to overcome the income problem and thus, the practices throughout this period resulted in the structural transformation of the city. *Land-Deals* method had eased the implementations for the municipality it became a tradition for the development implementations in Kayseri, which is still referred to (Tekinsoy, 2011)<sup>46</sup>.

Tekinsoy (2011), who is the secretary general of Kayseri Metropolitan Municipality, tells the process of “*Land-Deals Method*” in his book. First, the landowners whose lands are in the development regions apply to the municipality for the development implementation for their lands. The municipality had already calculated the percentage of lands that will be left to the municipality considering the roads, green areas, etc and the amount of money that will be spent for the infrastructures of the related region. After a bargain made between the landowner and the mayor, according to this calculation, landowner submit a petition to the municipality stating that he left around 60%-70% of his land to the municipality. Thus, the building plots on the remaining land is taken by the landowner. Tekinsoy (2011) states that this deals are profitable for each side of the deal. The landowner takes one or more building plots according to the size of his originally empty land, while the municipality has gained more than it can through development readjustment share suggested by development law (#3194). By this way, the municipality can implement the planning decisions such as parks, wide roads and other land-uses as it is, and gain extra income by selling the building plots remained after the implementations. With this extra income, the municipality gains freedom to implement the other infrastructural needs of the city, and realize other bigger projects of the local government. Tekinsoy (2011) emphasizes that, by means of this method –if applied fairly, the landowners whose lands stay at the roads or green areas have the chance to be involved in the development implementations owing to the deals they make with the municipality. Owing to this method, the municipality had gained an extreme power on implementation such that the period after 1950 had been the period of total renewal for the old city through demolition and re-development. This renewal had realized so that the old fabric had gained such an image newer than

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<sup>46</sup> As Çabuk and Demir (2013) states the way in which Kavuncu used to implement the plan became a source of inspiration for the Menderes operations at Istanbul.

the one developed after the republican period, removing the physical and historical difference between the old and the new urban fabric (Çabuk, 2012). In sum, this method had provided Kayseri to keep away from the chaos owing to the expropriation discussions the local governments of other cities faced. Thus, while Erzurum had to cancel its plans for several times, Kayseri was doing well in implementing its plans.

Kayseri met a new factor affecting the development of the city at 70s: the intense migration wave and the increasing numbers of illegal housing<sup>47</sup>, which mainly realized through the self-help type of housing provision. Owing to the increased centralist planning approach of 70s (due to the new development law, #1605), the Ministry of Public Works and Housing had tendered the planning of the city in 1974 to Yavuz Taşçı, ex officio. The Master Plan made by architect Yavuz Taşçı was approved by the Ministry at 1975, and with the implementation of this plan, the image of Kayseri changed to a city having wide roads between high blocks. Taşçı plans Kayseri as a city concentrated on service sectors, developing in a linear form with a single city centre. Taşçı Plan had been the plan that effects the development of Kayseri within the wider extent, after Oelsner-Aru Plans, as it included an extensive area of development (3000ha) within the 1/25000 scaled Master Plan. After the transfer of planning authority to local governments at 1985, a new city plan had been made by Topaloğlu and Berksan at 1986. However, this plan did not bring any new land use decision that may change the development of Kayseri.

The restructuring of Kayseri Municipality as the Greater Municipality in 1988 led the increase of the local government's interventions on the built environment of the city. Together with the establishment of TOKİ and the funds given to the cooperatives, the local governments started to support the development of residential areas through building cooperatives<sup>48</sup>; which provided the development of property sector in the city. In parallel with these cooperative developments, Kayseri had started the renewal of the urban space through the transformation of the illegal buildings by 1995. The local

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<sup>47</sup> It is known that, the number of illegal houses made in Kayseri had reached 43000 at 1984 according to the census made for the implementation of development Amnesty Laws. 1500 of them were gecekondus, while the others were illegal houses made on the shared lands. (Tekinsoy, 2011)

<sup>48</sup> Bel-Sin, Mim-Sin, Beyaz Şehir, İldem, and etc. Look at Tekinsoy (2011) for details about these cooperative projects.



government of Kayseri achieved the transformation of these areas without a significant conflict by using the code of conducts special to itself; land deals and freelance system.

Most of the illegal buildings were built on the shared lands of landowners without getting construction permits. The landowners of these shared lands had given their self-contained lands ex officio by the municipalities, according to the 10/b article of the law 2981. Thus, the municipality could overcome the basic legal problem hindering the development movements aimed by the local governments. The landowners had the chance to develop their lands just as they want without the struggles between other titleholders on the same land. Owing to the tradition developed by years through the application of Land-Deals, Kocasinan District Municipality started a new development movement. Starting from 1996, Kocasinan municipality had given the landowners having land between 200 m<sup>2</sup> and 250 m<sup>2</sup>, a house with 125 m<sup>2</sup> in exchange for their lands. Thus, the owners of illegal houses had the chance to own a legal house within 2 years. This led the similar developments organized by private entrepreneurs in the city. Tekinsoy (2011) states that, by the help this method, the neighbourhoods of illegal houses, which were created though 25-30 years, had transferred to legally developed urban parts (according to the plan). Besides, the local government had a massive land bank owing to this exchange. The *Freelance System* started to be implemented by local government of Kayseri by the beginning of 1990s provided the increase of the urban rent and a massive income through the increased building rights to the local government. By July 2004, the borders of Metropolitan Municipality had changed owing to the new law 5216. The Kayseri Metropolitan Municipality gained a new status including a total of five districts (Hacılar, Talas and Incesu districts added) and 19 towns. The widening of authority of the municipality created the need for a new plan in order to organize the services that will be given to those settlements newly included the authority of metropolitan municipality. Thus, at 2006, with a regional plan scaled 1/50000 and a new master plan scaled 1/25000, the development of Kayseri had been reorganized integrated with its hinterland. According to the information on the 1/25000 scaled Master Plan, the land use decisions on residential areas have not been changed, while they are widened including the lands of cottages (wineyard houses) located near the old plan; which were used as second homes but have the potential of development in near future. This plan generally used to imprint the already

developed areas that have not been included in the old plan but exist already; such as the industrial regions. 1/25000 scaled Master Plan offers no new land use decision that would affect the development of the city, but revised the existing developments according to the old plan. Thus, municipality aims to supervise the development within its new authority areas in coordination with the central districts and organize the services it needs to provide for these new areas with this plan made at 2006.

Before finishing this part of the thesis, the second tool of the local governments of Kayseri to control the development of urban built environment should be discussed. The details on how to implement this **“Freelance System”** are defined at the 65<sup>th</sup> clause of Development Regulations of the Greater Municipality of Kayseri. The first paragraph of 65<sup>th</sup> item states that freelance implementation can be done at the building blocks, which are planned at the development plans as having three or four storeys. According to this implementation, the developer is free to decide the actual storeys of his building according to the calculation made for the density conversion using the total building area defined in the plan. According to the air enclosure criteria in Kayseri, any building can have at most 15 storeys (46m for houses, 47,96m for commercial buildings); which is the only limit for this freelance works. Other details on how to calculate the distances of the buildings to other buildings and the roads, etc are all given in the paragraphs of 65<sup>th</sup> clause. The developer using the 65<sup>th</sup> clause in his projects has to pay a betterment tax to the municipality for the extra storeys he gained using this clause. When the developers interviewed asked about their thoughts on ‘rent tax’ project of the state, they all stated that they are already giving this tax to the municipality for years. Multi-storey configuration of the urban built environment of Kayseri indicates that 65<sup>th</sup> clause had been the driving factor of the building provision in Kayseri after 1990s, when the development of built environment has been accelerated through the housing provision by co-operatives became widespread. The fieldwork indicated that the 65<sup>th</sup> clause is actively used in the city by all types of developers. The alteration of 6<sup>th</sup> clause of ‘Typical Development Regulations for Planned Areas’ at May 2014 had profoundly affected the property development sector in Kayseri. This alteration had emphasized that *“the local development regulations cannot be used to change the number of storeys or floor area ratio determined by the urban plans”*; which makes the 65<sup>th</sup> clause caduceus. When the second fieldwork in

Kayseri was performed in January 2015, the problems regarding this alteration have not been solved yet. The developers were complaining about the uncertainty on the implementations of the municipality. They were suspicious about municipality to cut down their buildings to the storeys defined on the plans. Many constructions were stopped in order to wait for the conclusion of the discussions on how to implement this law in Kayseri. The Chamber of Commerce had organized a meeting with the mayor of one of the district municipality and the representatives of all the related industries in Kayseri. The discussions were focused on the problems aroused by this alteration. The meeting seemed to relieve the developers to continue their works, which they got construction permits before the alteration. However, the uncertainty about the newer implementations could not be solved. It was impossible to use freelance system anymore; however, building 4-storey buildings in a city full of buildings with 15-storeys was also problematic. Remarkably, the first urban transformation projects of Kayseri had been started after the freelance system had been made impossible to be implemented.

The planning history of Kayseri revealed that the local government provided the continuity of its local spatial strategies owing to the methods developed through years, without using the tools defined by legal basis; such as 18<sup>th</sup> clause on development law. Owing to these methods, the local government gained an autonomy and power against the struggles on urban space and provided the implementation of urban plans overcoming the basic problems of local governments; i.e. lack of public land and lack of income. However, the central government indirectly changed the dynamics of local spatial strategies of Kayseri through a legal change, and limited the power of local government regarding decision-making processes on urban space. The local government, who lacked it's one of the most powerful tools providing the increase of urban rent and forced to use urban transformation method defined by the central government.

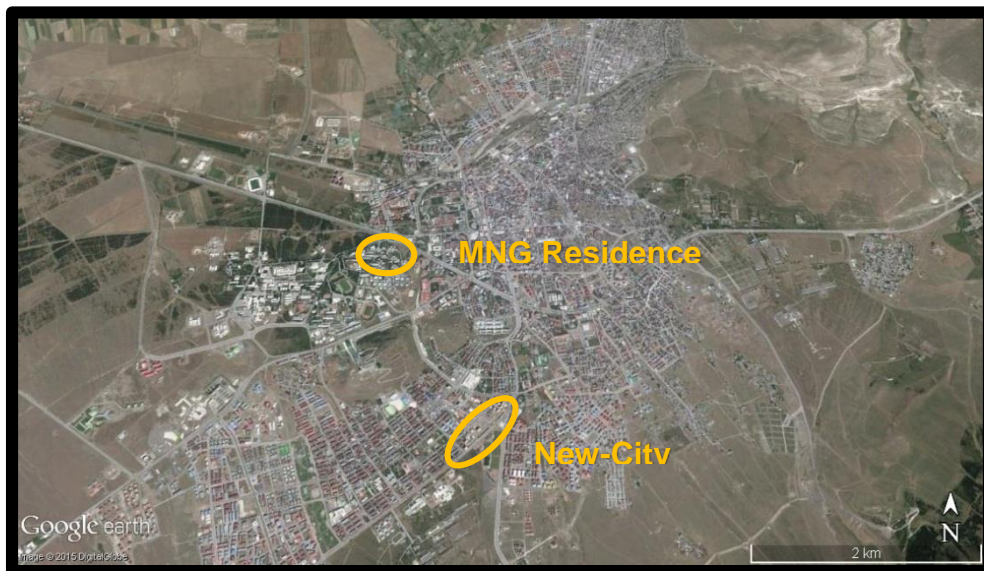
## **7.2. Special Cases from Cities**

The second part of this chapter focuses on the selected projects from case cities, which reveal the impacts of the relations between the structures of building provision on both

urban land and the property sector itself. While two separate projects are analysed in Erzurum, the projects selected in Kayseri are developed in interrelation.

### 7.2.1. Erzurum

The first project of Erzurum is developed by a national developer through the agreements made with the local government. The second project started by one of the biggest local developers in Erzurum, and then formulated as an urban transformation project together with the local government. Throughout these case projects, it is attempted to analyse the ways in which the relations between each institution are managed and the effect of these negotiations to the process how did the projects performed. Besides, it is aimed that the information about the projects may be used for some other analysis in the future.



*Figure 19. Location of the Case Studies*

*Source: Google Earth Pro, 7 December 2014 dated map for Erzurum, Accessed on 8 August 2015*

#### 7.2.1.1. *Collaboration of Local and National State with a Non-Local National Developer in Erzurum: MNG and MNG Residence*

“MNG Residence” is a multi-functional residence project, which is developed by a national developer, whose central office is located in Ankara. MNG Group of Companies is named after its founder; Mehmet Nazif Günel. He is a civil engineer who started to work on construction business at 1962. He founded his first company

in 1976 in construction business and by time, this company became a group of companies active in seven different sectors; i.e. construction and contracting, tourism, air transport, cargo, finance, the media and energy.

Construction and contracting companies of MNG actively proceeds every type of building works and infrastructure businesses both in Turkey and overseas. Günel A.Ş. and MAPA A.Ş. are the two main construction firms of the group<sup>49</sup>. The group involves different firms specialized in different parts of the construction business, from geotechnics and main pile works to architectural projects and interior design. (www.mng.com.tr)

MNG has entered the Erzurum development market in 2011 with Günel A.Ş. In 2011, a protocol was made between Erzurum Metropolitan Municipality and MNG about the land of existing bus terminal. The area in question is at the entrance of the city on the intersection point of the road coming from the airport with the Terminal Street. By the way, the land in question is owned by the Metropolitan Municipality. The aforesaid protocol includes the transfer of bus terminal outside the city near the ring road by MNG, and in return the consigning the land of existing bus terminal to MNG for the construction of a special project involving both residential and commercial facilities. Thus, the related land had been bought from the municipality for 27 million Turkish liras, and the new terminal has been built for the equivalent of 10 million liras.

The biggest question about the project had been on the entrance of such a big-scaled entrepreneur to Erzurum development market for a residential project. The chairperson of MNG; Mehmet Nazif Günel, clarified the situation at an interview he gave to a local magazine for the introduction of the project (Doğu Yaşamı, 2013). He stated that MNG does not aim to gain profit by this 230 million\$ project; but aims to contribute to the development of East.

*“Eastern cities will make a development move. Our Prime Minister, Recep Tayyip Erdoğan, has very serious projects about these eastern cities. As an entrepreneur, we are able to contribute this process by this and decided to make this investment to contribute and provide added value to Erzurum” (Doğu Yaşamı, 2013)*

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<sup>49</sup> The other firms active in construction and contraction works are: MNG Esmaş A.Ş., MNG Tesisat A.Ş., MNG Targem A.Ş. and MNG Zemtaş A.Ş. (www.mng.com.tr)

He then adds that the CEO of the MNG Group, Abiř Hopikođlu, who is from Erzurum, had also convinced him about this investment. However, there is a growing rumour (both oral and written<sup>50</sup> rumours) in the city stating that the Prime Minister requested MNG to make such an investment to Erzurum personally. The statements of Mehmet Nazif Gnal given above does not deny these rumour, but strengthen it.

All the interviewees in Erzurum has been asked about their thoughts on the entrance of MNG to Erzurum development market. Interestingly, none of them was complaining about the situation. They did not have any concern about a decrease from their sales rate. Instead, they all believed that the vision this project would bring to the city would develop the local building sector. Local developers thought that this project would also provide a knowhow to both the developers, the workers in the sector itself and related sub-sectors of the economy. They also had confidence in the life-image that would be provided by the project to affect the vision of the residents of Erzurum, which would affect the housing demands. Thus, this project is an example of the projects, which shift the ‘needs’ to ‘wants’ (Coiacetto, 2005), and with this project, MNG undertakes a pro-active role to change the nature of urban development processes and products(Coiacetto, 2005).

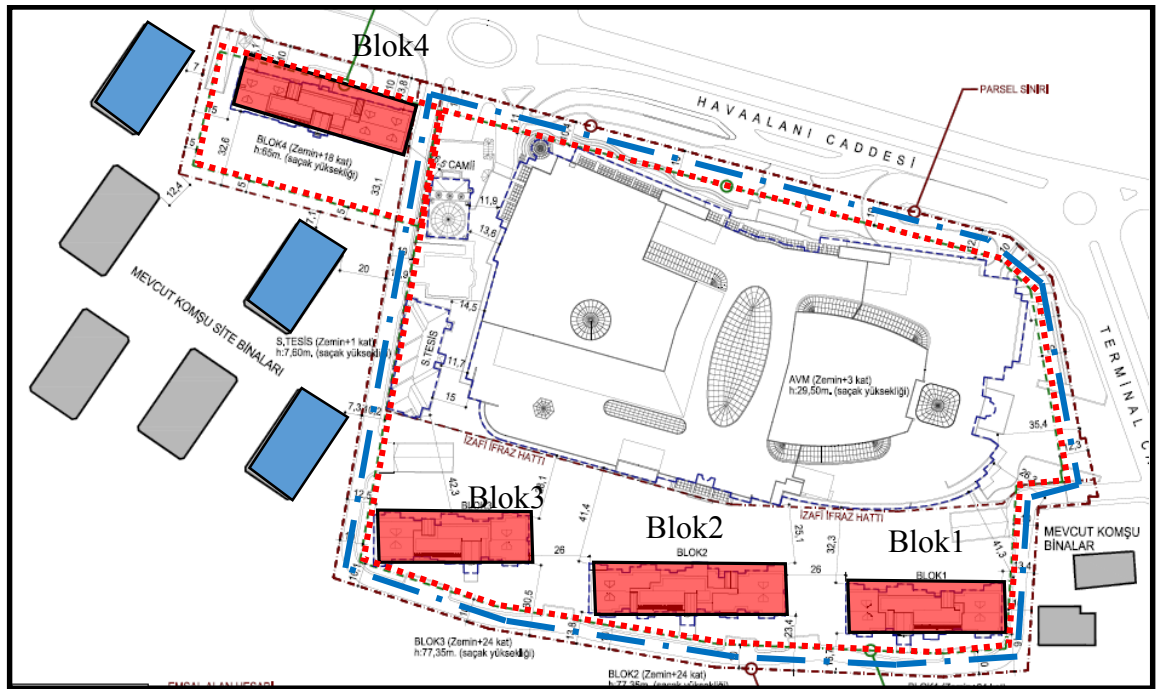
There is an expectation on the project to provide the attraction of similar entrepreneurs to the city; as it was happened with the investment of Dedeman Hotel at Palandken. The Dedeman Hotel was the first hotel at Palandken when it was built in 1994. It is believed that this investment had attracted other important investments to Palandken (Polat Rnasans and Xanadu-Snow White Hotels) and provided the development of winter tourism in the city. People believe and hope that the investment of MNG will provide such a multiplier effect to city. However, this not the only reason MNG Residence is welcomed by the people. The lifestyle presented by this project is something that everyone can see at other cities of Turkey, but cannot procure in Erzurum independent from their income level.

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<sup>50</sup> For example: Erzurum Yařam Dergisi, 6th May 2014, <http://www.erzurumyasam.com/mehmet-sekmen-mng-ve-karadayi/HaberDetay/3994>

### **Process of Plan Amendment, Construction Permits and Implementation:**

The land use decision about the related plot had been changed by the municipality through the 2011/81 numbered decision of the municipal council, at 13 April 2011. With this plan alteration (at both 1/5000 and 1/1000 scales), the land of bus terminal and another parcel neighbouring (parcels number 7 and 8) had changed to “residence+commerce” with the floor area ratio of 3,5. With this ratio defined in the plan, it became possible to construct buildings with 20-25 storeys in this land; which does not suit to the general structural conditions of the city.



**Figure 20. Architectural Layout Plan by MNG for parcels 7&8**

*Note: The parcel shown by blue lines is the parcel of old bus terminal of Erzurum*

The report on change of plan justifies this alteration regarding the characteristics of its location, being at the entrance of the city. Erzurum Metropolitan Municipality indicates that the buildings that will be made in this region should create a city image for the new comers to the city, and thus they should be very original regarding both their design and functions; which the existing bus terminal does not have. While the local government tried to justify this plan alteration, it also attempted to build a positive perception in the city regarding the new project that will substitute the bus terminal. The name of MNG was a good starting point as a big, powerful, and national

entrepreneur. An investment made in Erzurum by MNG would provide a good promotion that would attract other investments to the city. This project will be the biggest and the most luxurious housing and shopping mall project in Erzurum when finished. Besides, the shopping centre and other facilities of the project would help to meet the social facilities the city lacks. The local government states that this amendment was necessary for the goodwill of the city and for the provision of better life standards to the people.

The project<sup>51</sup> includes a residence complex with four housing blocks (with storeys between 22 and 25), a shopping mall and a mosque on the parcels 7 and 8, according to the layout plan. The authorized officer that was interviewed with stated that the detailed project design process started after the plan amendment and applied for the construction permits by Günel A.Ş. The officer stated that the mayor of that period (Ahmet Küçükler from AKP between 2004 and 2014) had offered the firm to start construction without losing time for the bureaucratic details, which would be solved ultimately. However, as a professional firm, which finished its institutionalization, MNG did not accepted the offer. The officer stated that the construction permit is a document that would protect both the firm and the local government; and that MNG is very sensitive on construction permits even about revising them at every stage of the project according to the changes made. They were getting prepared to get a new construction permit for the ongoing project of shopping centre at the time of interview.

After the getting the first construction permits, some problems started to arise about the high-rise residential blocs. As seen in Figure 20, there is another housing estate, named Kardelen Site, behind the fourth block of the project (buildings showed with blue). The residents of Kardelen, most of whom are said to be the notables of the city, take part in to the development processes of the parcel in front of them. The

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<sup>51</sup> The project prepared in two stages. The fourth residence block planned to be constructed in the second stage, while all others assessed in the first one. These first three blocks are comprised of 460 houses with 3+1 and 4+1 types changing between 158 and 210 m<sup>2</sup>. For the houses, whose price start with 320.000 Turkish Liras, MNG made special agreements with the banks regarding their loan rates.

Moreover, the social facilities are designed to be both open and closed, and separate for men and women. The project also includes a mosque for 500 people, an “Edutainment Centre” for children and a wide-ranging entertainment centre for the youngsters.

Project details put forward that the designers and engineers considered both the social and climatic conditions of Erzurum. They use new technologies on the roofs to get rid of the stalactites of ice in winter, and they promise that the shopping mall will produce its own energy while providing the heating.



municipality tried to change the land use decision of the parcel in front of them to “residence+commerce” even before this project had been the issue. However, as a result of the Kardelen residents entering a lawsuit against this decision, the local government had to postpone this plan amendment until MNG project. That was the reason why municipality added this parcel to the plan amendment dated 2011 related to the parcel on which the bus terminal was built. However, Kardelen residents opened another case to municipality in accordance with their objection to the height of the residential blocks of the MNG project.



*Figure 21. 3D Animation of MNG Residence at its Location*

The experts’ report on the construction permits, layout plan and architectural plan indicates a disconnectedness<sup>52</sup> between them according to the floor area ratio; which was determined as 3,5 at the amendment. The need to get new construction permits as the process is going on according to the changes made (as the officer told) may tell the difference between each project. However, the ratio used for the projects to get the construction permits were above 3,5; which did not match up with the determined development rights for the area. The lawsuit had cancelled the regarding plan amendment. Nevertheless, the representative of MNG, who is interviewed with, told that the process of lawsuit is going on, as limited with the residential blocks.

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<sup>52</sup> Floor Area Ratios are defined as: Layout plan: 3,12; architectural plan: 2,98; construction permits: 3,85 and 4,61 for the two parcels.

The construction of MNG Residence started in 2012 to deliver in 2016, after the transfer of bus terminal to a place defined by the municipality. MNG started to sell houses at the same with construction of the first stage; i.e. first three residential blocs and the shopping mall. MNG was planned to finish all the buildings in the first stage at the same time. However, they changed their timing after the start. Sales and marketing manager of the project stated that the sales was better than they thought at the beginning, and thus, they rescheduled the project to deliver the first residential block at 2014<sup>53</sup>. By the way, the project had been transferred to MAPA A.Ş., other leading firm of MNG on construction and contracting. The sales started well, but slowed down at a point and they knew the reason was about the character of people. The interviewee said that the people in Erzurum wanted to see what they bought. Thus, they made the above said rescheduling; with a plan to finish the first block at the end of 2014 and decide to go on the construction of second and the third one according to the demand. When they were selling the houses, the customers had selected their houses from all of three buildings. However, after this decision they had to reorganize. Thus, they asked their customers whether they wanted a house from the first block or they want to get their money back. As the interviewee told, only one third of the customers wanted their money back. However, the lawsuit against the project stopped the construction. As they could not promise a date for the delivery of the houses, they cancelled all the sales and paid all the money back.

The construction of shopping mall restarted at summer 2014 with a plan to deliver and open the mall at the end of 2016. By the mid of 2015, MNG was continuing the construction of shopping mall at the project according to the new construction permits they took. When the lawsuit had started, MNG had already laid down the foundations of first three housing blocks. However, the construction of residential blocks stopped until the lawsuit ends for the rest of the project. As the authorized persons in the Erzurum Metropolitan Municipality declares the lawsuit ended with a decision for the benefit of the project in July 2015. The second stage of the project; the fourth block; has cancelled by the dijudication at the end of July 2015. It is said that the dijudication was about the second stage, thus the details about the first stage protected just as the

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<sup>53</sup> Erzurum Yaşam Magazine; MNG holding Satış ve Pazarlama Müdürü Merih Deligöz'ün açıklaması, 28 November 2013, <http://www.erkurumyasam.com/mng-den-mujdeli-haber/HaberDetay/3961>

original, while the fourth block is thought to be re-planned as a hotel. However, there is no new project decided upon at the time of this thesis.

### **Relation with local economy**

When it comes to the effect of a national entrepreneur to the local economy, how does he interrelates with the local becomes the most important issue. That is why, the thesis will handle how MNG gets in touch with the local agents of building sector, according to the data given by the construction supervisor of MNG, the interviewee.

Coiacetto (2006) emphasize the large developers being “reliant on local partners for expertise, for local contacts and for “front-men” to smooth the way”. The way of doing business told by the interviewee reflects the validity of the assumption of Coiacetto (2006). The interviewee stated that MNG tends to provide everything from the nearest possible provider, especially for the main items required for the construction.

The building controller of the project was selected from a local firm, which was also one of the biggest local developers (Karadayı Group Firms). The interviewee said that nearly all main items had been provided from Erzurum or from the nearest location. Aşkale Çimento in Erzurum and the BIMS factory in one of the districts of Erzurum had provided MNG to buy these items from the local market. However, owing to the size of the project, the size of the local distributors for iron and steel was not enough to provide the required tonnage. He said that sometimes they may need 250 tons of steel in a day. That is why, for these and some other similar items, they use national providers, but try to make agreement with the nearest one because of the increasing shipping costs. Other items, which cannot be provided from the local market, are said to be the items designed and produced project based by the main producer; such as sanitary ware items. Larger developers tend to agree with the firms to design such items special for their projects, as these products become the trademarks of the firms by time. So, these larger firms tend to buy these products from the same company independent from the location of the project. Lastly, he said that they tend to use some of the machines from the local market, however, the local markets generally do not have the machinery they need because of their relatively small sizes. Thus, in this project, they used most of the machines from their own machinery parks; such as cranes.

The interviewee emphasized that the excavation, fuel, consumables and nearly all workers are provided from the local market. He said that there were only 3 or 4 employees (engineers) coming from Istanbul for this project. All the other works had been contracted to sub-contractors from Erzurum.

Camping site had been given to their usage by the local state. The construction of this site had been made by the local constructors. The interviewee said that, they had to disassemble the camping site if the local state wants to, however, at the beginning of the project they made an agreement with the university to donate all the camping area to them after the end of the project.

The interviewee especially stated that the most important thing they do for the benefit of the local property market is to educate the workers. The professional working style of a large developer like them differs from the local ones, despite how big they are. Being a large national and even international firm, they generated their own norms on how to do a business, which they use in all their construction sites. Thus, working with these norms teach the workers to comply with them. He told his observation that after getting the knowledge the workers generally tend to implement these norms in other businesses they work.

Thus, the economic contribution of a national developer to the local economy is generally determined by the size and development level of it, and generally temporary according to the time limit of the project. However, for smaller markets, the most important impact of such a larger developer to act in that market is generally the provision of vision on how to do business, and learn to work with the latest technologies.

#### ***7.2.1.2. Cooperation of Local Government with a Local Developer: Karadayı Holding and New-City Residential Project***

This project<sup>54</sup> locates at the south of the city on Kayakyolu axis, where there is an intense construction demand. New-City Residence project comes forward as the one,

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<sup>54</sup> In the time of case study conducted in Erzurum, it was impossible to make an interview with Ahmet Metin Karadayı or any authorized person in the firm, because of the problems aroused about the Project. However, I had the chance to reach two different interviews given by Karadayı himself to local television. One of these interviews was made for the introduction of the Project at January 2014 and

which emerged through the initiatives of local entrepreneurs making a claim on the local development market not to allow TOKİ; which they accept as a rival, into this market; and the process of cooperation with the local government. Despite the idea on this project had started with the collaboration of nearly 50 local developers, at the end the project has been undertaken by just one developer; i.e. Karadayı Holding.

The founder of Karadayı Holding is Dursun Karadayı, who was already doing small construction and contracting works even at 70s. However, with the increasing tendency on cooperatives, Dursun Karadayı had also started to do building cooperatives. By time, he made a name for himself owing to the trust developed within Erzurum people in those years. Within all those years until 2001, Dursun Karadayı made only cooperative works. After 2001 he had taken a radical decision to move Bursa, where he can manage different works in a different location closer to the metropolitan cities like İstanbul and İzmir. Mr. Dursun had taken a decision to left making cooperatives as the system was already in a period of falling down. However, at the time of this transfer, there was a building cooperative going on in Erzurum and he left one of his sons behind to finish that work; Ahmet Metin Karadayı. However, Ahmet Metin Karadayı did not left Erzurum after the delivery of the mentioned cooperative, and developed the works of Karadayı firm in a different line. He did not make any cooperative works and started to do built-sell type of construction works. He said that he was only at the beginning of his 20s when he started to make business of his own. He used the benefit of having the name ‘Karadayı’, but also developed owing to the great risks they took at the beginning. By time, the firm developed so much to a national developer making luxurious houses and villas in Bursa and İzmir. Karadayı had built around 7000 houses just in Erzurum between 2001 and 2013. The firm transformed to a holding (a family company) including the development of construction materials (at Bursa), a furniture factory (first in Bursa, then moved to Erzurum for New-City Project), a newspaper, etc. Karadayı became one of the biggest

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lasted nearly 2 hours. In this interview, Karadayı explained both the Project process and the history of his firm. The second interview was made at September 2014, when the problems had been aroused reasoning the rumours about the bankruptcy of Karadayı. Thus, in this interview, he tried to tell the process after the problems aroused. However, these interviews reflected all the process from Karadayı’s side. Therefore, some newspapers and the discussions are also followed in this process.

The links of the interviews are: <https://www.youtube.com/watch?v=XUF3itvyNok> and <https://www.youtube.com/watch?v=sVorbemSuaQ>

entrepreneurs in Erzurum. His firm was the record holder of the company tax for 2013<sup>55</sup>. He had been the president of Chamber of Commerce and Industry for two years.

Karadayı (from now on, we are talking about Ahmet Metin Karadayı) was known as a firm targeting middle-class in Erzurum. He was selling his houses below the average prices, and making an average of 750 houses. However, the firm had to give its bankruptcy in 2014 because of the developments regarding New-City Project.

New-City project had started at 2010 through the agreement made with Karadayı and the mayor of Erzurum Metropolitan Municipality (Ahmet Küçükler). It was heard that TOKİ will make a project in Erzurum different from the ones before; that is not targeting the low-income groups. TOKİ had made a few projects in Erzurum targeting mainly the lower income groups. The location was these projects were also the places where those low-income groups generally resided. However, the probability of the change of both the location and target market of TOKİ projects had been a problem for local developers who perceive TOKİ as a rival; especially because of the working system of it. The tenders for TOKİ is generally made in Istanbul or Ankara. The requirements for entering the tender generally left the local entrepreneurs out of these tenders, which is why there had been a developers group called ‘TOKİ developers’ who manages so much projects for TOKİ all around Turkey. When these TOKİ developers takes the job, they are said to transfer all their materials and workers to the construction site and does not cooperate with the local entrepreneurs.

That is why, when the rumour about the TOKİ project in Erzurum is heard, nearly 50 local developers from varying sizes came together against it. They made several meeting for developing an alternative project not to permit the entrance of TOKİ to Erzurum development market. Nearly 10 of these developers arranged a meeting with the Mayor to make their suggestion against TOKİ. However, after the mayor’s requirements, they all left and Karadayı became lonely in the project.

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<sup>55</sup> Look at the list of first 100 record holders published online by Erzurum Tax Office: <http://www.erkurumvdb.gov.tr/2013kv.html> (accessed on 8 August 2015)





*Figure 22. New-City Project Area*

*Note: Yellow lines show the project border, and red lines show the excluded areas from the project.*

The related land had nearly 450 houses, which were made as social houses by the Ministry of Public Works and Housing–İmar İskan Blokları. The mayor said that if they can solve the ownership problem in the area, he could stay behind the project and help to gathering the land and solving the development problems. The only developer going on the project had been Karadayı and promised to solve this problem. The location of the project was close to the Karadayı’s other projects. Thus, he could not take the risk of TOKİ’s rivalry in the same area. The project had been started by Karadayı in 2010 with the efforts of making agreements with tender holders in the land.

### **Process of Project Development**

The plan amendment process about the project land started at 2009. The land use decision on this region had been changed as “Urban Transformation and Development Area” with floor area ratio of three, according to the 2009/42 numbered decision of Erzurum Metropolitan Municipality Council at 15 April 2009. The existing plans were letting six storey buildings in the area, while the height of the buildings increased to 13 with this new floor area ratio. The project area was indicated in the 1/1000 scaled

plans as “housing and commerce”, and there was no indication on the plan about the urban transformation project. Besides, the above-mentioned decision does not give any details on what will be made in this land issued to transformation, but only indicates that it is issued to transformation. With this decision, the authority to start and conduct the expropriation and liquidation of the area had been given to the municipal committee.

Until this plan amendment, Karadayı had made agreements with 450 the titleholders in the area. Some of them agreed upon getting a house from the project when it finished, while some of them wanted to take their money for their titles. According to the agreement made with the titleholders, Karadayı would give 110m<sup>2</sup> house to the ones having 70m<sup>2</sup>, and 50.000TL if they want. Karadayı bought the title deeds of 200 titleholders giving their money, and made agreements with the remaining 250 titleholders in exchange for a new house from the project. Thus, Karadayı had been the owner of 3,3ha of the transformation area, which is nearly 7,3ha in total.

In the second stage of the project development, municipality started to gather the other neighbouring land issued to transformation but owned by different institutions; i.e. TOKİ and Palandöken District Municipality. For the real estates of TOKİ, a real estate sales protocol had been executed between TOKİ and Metropolitan Municipality at 26 July 2012, and the land in question had been hand over to the Municipality. By 2013, land registries had been finished, and the ownership of the land had been transferred to the municipality. The other lands owned by Palandöken Municipality had been transferred to metropolitan municipality at 7 August 2012 regarding the 3 July 2012 dated decision of municipal committee of Palandöken District Municipality. Thus, other 4ha of the transformation land was owned by metropolitan municipality. Karadayı gives details about the protocols between TOKİ and Palandöken in this interview. As he states, Metropolitan municipality bought the lands from TOKİ for 900.000 TL and from Palandöken municipality for 350.000 TL. The tender opened regarding this transformation area at 2013, with a value of 28 trillion. Before the tender was opened, the İmar İskan Blokları was emptied and demolished by Karadayı regarding the instructions of the mayor. Together with the demolishing process, Karadayı started the project designing process. However, they had to wait more than



one year for the opening of the tender by municipality. The project land was opened to tender as “urban transformation area” and Karadayı won the tender being the prime contractor of this urban transformation project with 5% partnership.

As the entire project planning process and some of the infrastructural works has finished while waiting for the tender, Karadayı started the construction in a few months after the tender. He said that (in the interview made at March 2013, at his own TV Channel: Kardelen Tv) the delay of the project started to create a lack of confidence to the people having bought a house in the project. According to the protocol made, Karadayı had to deliver the houses in 4 years time. However, Karadayı states that he plans to finish the project in two year, as the former titleholders of the land with whom Karadayı made an agreement had already suffered from the delay.

The sales had started by February 2013. Karadayı states that the commercial units in the project had been sold to three big investors<sup>56</sup>. Şerafettin Aslan bought 288 houses and 2 commercial units from the project at 5 October 2012, even before it started<sup>57</sup>. Karadayı gives this information and other details about the financial situation in his interview (March 2013) in order to increase the trust in people.

*“As the workload increase, the responsibilities also increase. The number of employees increase, so you need to hire a doctor. I did not know about Environmental Impact Assessment Report, but I had to get it for this project. Job security, ISO documents, etc. I learned all of them with New City.”*

The New City project was started as the biggest residential project of Erzurum with the number of houses reaching 2000. The residential buildings was planned as having 13 storeys according to the development rights defined in the related plans. The construction proceeded very rapidly according to the new rescheduling Karadayı made. However, it was seen that the buildings planned to have 13-storeys were constructed as having 17-storeys. The floor area ratio defined by the municipal committee’s decision on urban transformation was already higher than the one defined

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<sup>56</sup> Şerafettin Aslan (Garanti Grup), Sözaş and Kilim Mobilya.

<sup>57</sup> [http://www.radikal.com.tr/erzurum\\_haber/erzurumdaki\\_ruhsat iptali-1247341](http://www.radikal.com.tr/erzurum_haber/erzurumdaki_ruhsat iptali-1247341), accessed on 9 August 2015

at the existed plans. However, it is seen that these development rights are trying to be overcome by the contractor firm, using the elevation difference created by itself.



*Figure 23. The storeys below the red line did not included in the calculation of floor area ratio.*

Karadayı states that he bought everything necessary for the construction from the local entrepreneurs except two: the cranes came from Istanbul, and he bought the iron from a firm in Erzincan<sup>58</sup>. He says that he bought everything from the local firms since he started, i.e. for 12 years. He says that he did not bought anything from his brother having a firm on construction materials in Bursa. He also had a firm in Bursa on furniture, and he transferred it to Erzurum in order produce the furniture for NewCity project himself in Erzurum; in order to minimize the expenditures.

The construction of the buildings continued so quickly until the local elections made at March 2014. However, the mayor of the Erzurum Metropolitan Municipality had changed after this election, and this had been a breaking point for the future of the project. The new mayor, Mehmet Sekmen (from the same party as the former mayor, AKP), had stopped everything about the development in the city. He even stopped the planning process, stating that he needs to understand the needs of the city at first. In this process, it become evident that this project started without a construction permit

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<sup>58</sup> He tells about the story how he met with the owner of this firm, and states that since they met he buys iron from him because of the duty of loyalty he has.

and that it was even not an urban transformation project. New mayor stopped the construction; which resulted a chaos in the city.

Karadayı explains the process about the tender and the construction permit as below:

*“the land opened to tender made as “urban transformation area”. This provided a few exemption to us. We did not have to pay value added tax and other taxes. Building control and other controls was under the responsibility of the municipality; which they could not manage, as they were not able to establish the regarded infrastructure in their own organization. In the meantime, Mr. Ahmet introduced the project on Show TV and NTV as the first urban transformation project of the East. There is an item in the tender specifications. It says that the project land will be delivered to the firm after the expropriations of the remaining lands finished. The firm had to pay 20% of the price in 15 days, which we did, but the rest will be payed after the delivery of the land. If the expropriations could not be made, firm would not pay anything. Although this process did not finished, I applied the municipality for construction permits. However, the development office had some legal problems –they were being legally investigated about the claims on corruption-, that the head of the office had changed 4 or 5 times in this process, and I could not manage to get the construction permit.”(19 September 2014)*

He admits that he started the construction without the permit. However, as we saw in the MNG example, it is understood that starting the construction without a permit was not a radical issue in Erzurum. The investors have the tendency to start the business as soon as possible as the construction season in very short in Erzurum. They apply for it, but do not wait until the bureaucratic process finishes. It seems that this process is supported by the local governments, too. However, in this case the district municipality, Palandöken, had sent a warning about this issue and sealed the construction.

*“Then, metropolitan municipality sent an article to Palandöken Municipality saying that the area is an urban transformation area, and all the authority is on metropolitan municipality and that Palandöken municipality cannot interfere the project. Then the construction started again.” (Karadayı, 19 Sept 2014)*

However, this process involves some contradictions. The urban transformation decision taken by the municipal committee at 2009, with the decision number 2009/42. In this situation, Karadayı is the contractor of the project and the upper authority is on the municipality to finish it. Thus, if there is a problem with the contractor, state can change the contractor and provide the continuation of the project with another contractor; as it is with the TOKİ projects. However, in this situation the new

administration refuses the responsibility and tries to put all the responsibility to the contractor.

*“If this is not an urban transformation project, the responsibility should be given to the district municipality. If this had been made, we may get the construction permits, and finish the project. But we remained in between the struggle between these two municipality, between Orhan Bulutlar and Ahmet K   kler. But as this was a transformation project, we were compelled to metropolitan municipality” (Karadayı, 19 Sept 2014)*

Karadayı states that, after this problem aroused, he had to stop the construction of NewCity and other two constructions in the city; which increased the numbers of the sufferers to 1044. The municipality imposed a punishment of 16 million to the firm, but Karadayı did not pay it stating that the problem would not finish after paying this punishment<sup>59</sup>. As Karadayı states, new mayor wanted to start the process from the beginning; that even the regarded analysis such as site investigation had to be made again. The project delay was increasing the pressure coming from the right holders were increasing day by day. However, as there were nothing legally finalised neither municipality nor the firm could make an explanation to the people in this period.



**Figure 24. Approximate Area of New-City Project by 6th May 2015, [www.googlemaps.com](http://www.googlemaps.com)**

<sup>59</sup> Karadayı was not clear about this issue. He said that he paid the same amount at the beginning of the Project, that he can again pay it. However, this would not solve the problem.

Karadayı states that he had to start the process for suspension of bankruptcy: “I needed to secure all the property holdings against a possible levy”. He said that the firm started to gather everything in a pool in order to secure the rights of the right holders.

*“some of the right holders wanted their money back. But if I gave money at least one person, I had to give the others, too. Even my friends came and asked for their money. To whom can I give whose right?! Then, we took a decision. We would not make any payment to anyone. Even not to the workers”*

At the beginning of September 2014, the sufferers of the project protested the municipality, calling the mayor to resign. However, in this process, both the municipality and the mayor were making statements on they are working on the possible solutions of the problem. One of the solutions explained in this period was the transformation of the project in order to solve the problem according to the 18<sup>th</sup> item of development law, reorganizing the project in four stages. In the interview he made at September 2014, Karadayı declared that the project would start again at March 2015 and finish within seven months. However, Karadayı went to bankruptcy before 2014 ended. Thus, the tax champion of the city at 2013, went to bankruptcy just in a year. In his interview made at 2013, he approved that he is one of the persons who get wealth under the government of AKP after a question. He stated that owing to the economic stability after 2003, he and other entrepreneurs they could foresee the near future, which increased their confidence and provided them to take bigger risks: “We are all the riches of that stability”. This discourse is used as the common justification of ongoing power of AKP government for thirteen years. However, in this example, this firm had risen and fall under the government of the same party, within the same period said to have economic stability.

As described in the previous chapter, the new Master Plan of Erzurum approved at April 2015. The project region was re-planned as urban transformation area in this new plan; again without any details on how this transformation will be. The borders of NewCity project does not exactly overlap with this plan. However, as there is no 1/1000 scaled plans made according to the new Master Plan, anyone knows how this inconsistencies will be solved.



**Figure 25. Land Use Decision for the Land on 1/5000 Scaled Master Plan**

*Note: the urban transformation area is showed in red lines.*

However, the problem of the right holders of the project have not been solved yet. The negotiations between the municipality and Karadayı was going on in this process. As it was stated in the official Facebook page<sup>60</sup> of the firm, Dursun Karadayı get involved in the process. As declared by April 2015, this urban transformation project had been transformed to a building cooperative with the name of “S.S.Karkent Yapı Kooperatifi”. The last announcement in this page was made with the sign of Dursun Karadayı at 8<sup>th</sup> of May-2015 declaring that the construction permits would be taken within 10 days, and the construction would begin afterwards. However, at the beginning of September-2015, the construction have not started yet. According to the explanation made by an authorized person in the Greater Municipality of Erzurum, they could not manage to set-up the cooperative because of the ownership problems in the project.

Karadayı was afraid of a bankruptcy when he started this project, in case of entrance of TOKİ to the property market of Erzurum. That was the main reason why he did not want TOKİ enter the local property market as a rivalry. However, at the end of the process, he could not escape from the bankruptcy, despite being the tax record holder

<sup>60</sup> After the bankruptcy, the firm started to get into contact with the right holders from the Facebook page named *Karadayı Group A.Ş.*, and made all the briefings from this page.



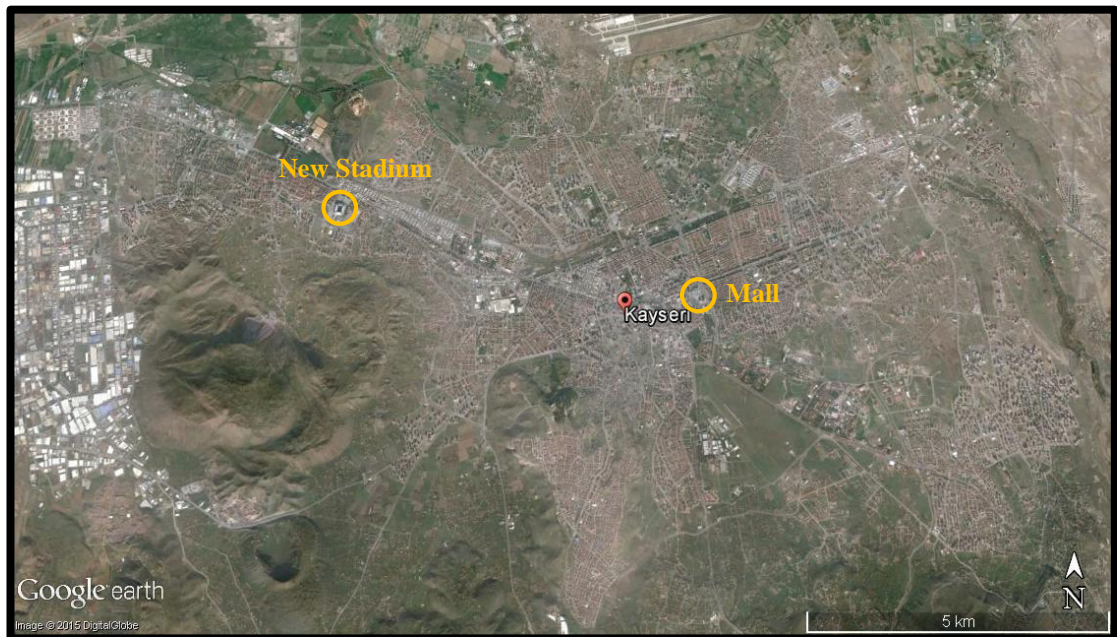
of the year before. Moreover, by April 2015 just after the approval of the new Master Plan, the mayor and the president of TOKİ, together, declared the new development move of TOKİ in Erzurum.

### 7.2.2. Kayseri

The projects selected in Kayseri triggered by the local government and involved lots of agreements with various central state institutions, and at last the construction of a shopping mall by a national developer and a few sport centres by both national and local (government's) developer.

#### 7.2.2.1. Transformation of Old Stadium Area in Kayseri<sup>61</sup>

The location of Kayseri Forum Shopping Mall is at the intersection point of main roads at the city centre, just across the building of Metropolitan Municipality; while the new Stadium locates on the at west of the city on Osman Kavuncu Boulevard.



**Figure 26. Location of the Case Studies**

*Source: Google Earth Pro, 7 December 2014 dated map for Kayseri, Accessed on 8 August 2015*

<sup>61</sup> The details about these projects had been taken from the book on the development of Kayseri written by Kemalettin Tekinsoy, the general secretariat of the municipality (Tekinsoy, 2011) and the in-depth interviews made through the fieldworks.

The development process of these two buildings started owing to the protocol signed between Kayseri Metropolitan Municipality and the Ministry of Youth and Sports in 2005. According to this protocol, the ownership of the land of the old stadium had been given to the metropolitan municipality by the ministry, in exchange for the construction of 10 different sport facilities in the city by the municipality. Thus, the development and construction process of new stadium (Kadir Has Stadium) and the new mall (Kayseri Forum Shopping Mall) should be analysed in relation with each other.

The old stadium of the city opened at 1964 after eight years of construction process, on Sivas Street at a location having high accessibility. The stadium started to be developed after 1979, with new tribunes and new facilities around it; such as a swimming pool and closed sports saloons. At 2001, the Club of Kayserispor made a protocol with the Ministry for 49 years. In exchange of the responsibilities such as maintenance and reparation of the stadium and the environs and the closure of the tribunes, the club would make shops under the tribunes looking at Sivas Street to rent them and to build a shopping mall on the external arena in order to provide permanent income to the club. However, the club could not make any investment to the stadium within three years. Therefore, Kayserispor transferred all its responsibilities to the Metropolitan Municipality at 2004, cutting down the time of the contract on ten years. The feasibilities made by municipality after the transfer of the responsibilities and the rights on the stadium showed that it was impossible to make an investment as big as the municipality aimed. According to the evaluations of the ministry, the stadium was located at one of the best locations of the city. However, it needed so many investments for its maintenance and reparation, which the existing situation of the stadium was making it hard even the return of the investments back. Besides, the area was very insecure especially at nights. Thus, the idea of making bigger investments on this very distinguish location of the city had been justified by the existing negativities of the stadium and the big amount of money that should be invested in the area to solve these negativities.

After the representation of the idea of moving the stadium to a more suitable location at the city in order to making use of the existing location to the Ministry by the



municipality at 2004, the negotiations between two institutions started. After numerous meetings on how the exchange in question will be made the protocol about the new investments was signed at 29 July 2005. According to this protocol, the municipality undertaken the construction of ten different sport facilities<sup>62</sup> at Kayseri in return of the land of the stadium, which was nearly 7,5ha.

The construction of the congress and sport saloon was already being continued within the fairground. The appropriation of the lands at Argıncık had been made from the Finance Treasury on behalf of the ministry for two football fields. For the construction of the other seven facilities the 145000m<sup>2</sup> land of directorate of Village Services; which was decided to be closed at 2005, was deemed suitable. This land was suitable for the construction of such a complex owing to its location, size and the transportation facilities. By the addition of the land neighbouring from the south and owned by metropolitan and Melikgazi municipalities, the size of the land increased to 186000m<sup>2</sup>. After the closing of Village Services, the ownership of its land had transferred to the Provincial Special Administration (PSA). This time, the municipality had to make another protocol with PSA. Metropolitan municipality constructed new facilities for PSA in the city centre and in Tomarza Kızılören; and undertook the construction of 200km village road in return of the land in question.

In 2006, the projects for the new stadium and the related sport complex was prepared. At first, a tender involving both the sale of the old stadium area and the construction of the new complex was made at August 2006. However, as no developer had entered the tender, these two tasks were distinguished and two different tenders was held for each of the lands.

By the end of August 2006, the tender about the construction of new stadium had been concluded, with providing that the other facilities would be given out by contract

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<sup>62</sup> A new stadium for at least 33.000 people, an athletics track, an administration building for provincial directorate of the ministry, two saloons for handball, volleyball and basketball (one for 1000 and one for 500 people); an Olympic swimming pool, a new congress and sport saloon, and three football fields.

later<sup>63</sup>. The construction of the stadium started at 4<sup>th</sup> November 2006, by a national contractor<sup>64</sup>.

At the same time, the municipality was carrying out plan amendment works about the land use of the old stadium area. Thus, after land amalgamation and parcelling out, the total project area had been 75.536m<sup>2</sup>. According to the new development right defined by the plan amendment, the total floor space of the new buildings in the land would not exceed the 40% of the land; and the floor area ratio was defined as two. Another decision about the land use of the related parcel was about the distribution of the facilities. Accordingly, 50% of the building area would be for commercial use, 30% of it would be for tourism and the remaining 20% would be built for residential use.

The municipality claims that despite planning the whole area as residential would provide greater values, the mixed use of it was thought to be more advantageous for the future of the city. Thus, both the negative situation of the old stadium and the possible advantages that would be provided by the new project is used to justify the project of getting rid of the only big green area of the city at the centre.

By the way, the municipality had to finance the sport facilities construction of which had been undertaken by itself. Thus, this project was expected to meet at least an important amount of the construction costs if not all.

According to Tekinsoy (2011), it was aimed to provide the construction of the buildings on the old stadium area by local developers of Kayseri. However, despite all the endeavours no developers in Kayseri put himself in for the project. Kayseri had an advanced building sector in size and capital. However, as the developers interviewed declared, this project necessitated professionalization on special areas; which increase the risk for the developer. They told that, they would arrange the appropriate team for the project; but would not take the risk. They were already working with full capacity,

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<sup>63</sup> The construction of other sport facilities started by January 2007 with another tender.

<sup>64</sup> The contractor of the project was Paşalı Group whose centre was in Istanbul. <http://www.haberler.com/baskan-ozhaseki-den-stadyum-ve-kayserispor-haberi/>, accessed on 9<sup>th</sup> August 2015. <http://www.pasali.com.tr/> accessed on 9<sup>th</sup> August 2015

and that taking a big risk would mean to stop the ongoing works; which they did not want to.

Thus, the tender about the project was arranged as a national tender, after a promotion process. The tender hold at 18.10.2006 had been won by “Multi Turk Mall”; which was a powerful firm making numerous shopping malls at different cities of Turkey. Tekinsoy (2011) is telling the importance of the developer with these words:

*“The power of the applicant firm was important for two aspects. First off all, he would pay the value of the and he promised in due time; and on the other hand, the investment he would make on the old stadium area had to be qualified and would not be delayed”*

Besides, the firm would pay the price of the land in advance, and would receive the land after 1.5 years. Moreover, the project that would be constructed by the firm had to be approved by metropolitan municipality. These requirements presented by the municipality, in fact, already excluded the local developers from the process; whatever the municipality claimed. All these requirements explain why the risk was perceived so high even by the biggest local developers.

Meanwhile the construction of the new stadium was continuing. The construction of the stadium was undertaken by Paşalı Group; which was established with its first constructing and contracting firm Gürtaş Yapı at 1982. This group had also undertaken the renewal of Ali-Sami Yen Stadium at 2006. There was no problem until the slowing down of the works by the October 2007. Tekinsoy (2011) states that the developer was in economic trouble, which resulted with the loss of ability to work by 2008, despite the municipality payed all the progress payments on time. At last, in 2008 the tender was cancelled by the municipality. A new tender was organized after the detection of the remaining works. The construction finished by the new developer firm<sup>65</sup>, which was one of the subsidiary company of the Metropolitan municipality, and put into service at March 2009.

While the construction of the new stadium is advanced, both the new land use decisions were taken through plan amendments; and the land was prepared for these new constructions. The old stadium area planned having a mixed use: a shopping mall,

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<sup>65</sup> Kayseri İmar İnşaat ve Taahhüt A.Ş.

two blocks of houses and a hotel. The construction of the shopping mall started in 2008 and the hotel in 2012 while the construction of the houses had to wait until 2013.

The tender of making a shopping mall on the old stadium area had been won by the firm Multi-Türk, which is one of the subsidiary firms of Multi Development Türkiye -an international company with the participation of investors from Turkey and Netherlands. The construction of the mall was delayed due to the problems experienced in the construction of new stadium. Thus, the construction of the mall had started by the end of 2008 with the demolishing of some of the tribunes by CC Group; which was established at 2007 as a national developer in Istanbul. In the opening of Forum Kayseri in 2011, the CEO of Multi Development Türkiye stated that this mall had been their 10<sup>th</sup> project in Turkey and realized with the participation with Union Investment. Mehmet Özhaseki declared that the municipality gained nearly 130 million TL income from the land, which was appreciated to be 71 million TL value: “...with this income we made 10 sport facilities in the city.”<sup>66</sup>

The housing units in the old stadium area had been planned as luxurious houses. The developer of these two buildings, YDA Group- ASR Real Estate started the construction at beginning of 2013 with a delivery date at August 2015. YDA Group established at 1954 with AKSA İnşaat, the first constructing and contracting firm of the group. This group developed as an international developer, which is actively working on different types of constructions –both infrastructures and superstructures- in Turkey and overseas<sup>67</sup>. These two 24 storey buildings, named as Kayseri Forum Residences, includes 168 houses (230m<sup>2</sup>, 4+1) is known to be the most luxurious houses of the city. At the beginning of August 2015, nearly 70% of the houses, which have the price between 520.000 and 792.000, in the project had been sold.<sup>68</sup>

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<sup>66</sup>[http://www.yapi.com.tr/Haberler/kayserinin-en-buyuk-alisveris-merkezi-forum-kayseri-acildi\\_90152.html](http://www.yapi.com.tr/Haberler/kayserinin-en-buyuk-alisveris-merkezi-forum-kayseri-acildi_90152.html) , <http://emlakkulisi.com/forum-kayseri-avmnin-temeli-atildi/17450>

<sup>67</sup> <http://yda.com.tr/tarihce/>

<sup>68</sup> <http://www.guncelprojebilgileri.com/the-kayseri-forum-residences/kayseri/proje/2085>,

The hotel, which planned to be built in the land of old stadium is developed by a subsidiary firm (Doruk) of Artaş Group<sup>69</sup>. Artaş Group is a national firm and headquarter of which is in Istanbul. The firm had been established owned by a person born in Kayseri at 1977 with construction business. By time the firms had developed being active in retail and tourism sectors as well as construction. The first investment of Artaş Group in Kayseri had been the construction of KayseriPark Shopping Mall. In 2012, the manager of the group (Süleymen Çetinsaya) made a licence agreement with one of the biggest hotel managers, Rezidorr Hotel Group, about the hotel they would built in Kayseri after them. Thus, 20-storey luxurious hotel constructed and operated by Artaş Group put into service at August 2014. The Radisson Blu Hotel is said to be nearly 80 million \$ investment.<sup>70</sup>

All these projects had been recited by the existing mayor, Mehmet Özhaseki, through the election period within “City in horizon, Kayseri” Project. In his talks, he told the “Kayseri Model”, which provided them to make all these investments, as a model in which they were trying to transfer the private sector logic in municipality.<sup>71</sup>

### **7.3. Conclusion**

This chapter aims to analyse the differences in the local contexts, which have profound impacts on the (re)formation and (re)structuring of the sector itself; the leading factors of which are the strategies of local state on (production of) urban space. This part of the thesis starts with the planning histories of the case cities in order to analyse the urban processes regarding the development of their urban built environment. However, more importantly, this analysis puts forward the distinct characteristics of each local government regarding their changing positions on the preparation and implementation of these urban plans. The second part of this chapter presents the analysis of the

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<sup>69</sup> Known as the developer of Avrupa Konutları in Istanbul.

<sup>70</sup><http://www.yeniakit.com.tr/haber/kayserinin-en-gozde-oteli-radisson-blu-hotel-hizmete-girdi-28937.html> , <http://www.tuyed.org.tr/radisson-blu-hotel-kayseride-acliyor/>

<sup>71</sup>[http://www.kayserimac.com/haber/3722-%E2%80%98ozel\\_sektor\\_mantigini\\_belediye\\_tasidik.aspx](http://www.kayserimac.com/haber/3722-%E2%80%98ozel_sektor_mantigini_belediye_tasidik.aspx)

striking development projects of case cities, realized after 2003. The analysis of these projects puts forward the effect of the relations of the actors of property development process (development networks) within historically determined institutional structures (local state) in two different case cities. With this supplementary analysis, it is aimed to reveal how the institutional structures and their effects on urban built environment may change owing to the different relations of local and central state, and the power of local state's strategies on urban spatial development.

The analysis of the planning histories of Kayseri and Erzurum indicates the distinct variety between these cities regarding the continuity of their urban spatial strategies, which refers to the power of local government. The analysis shows that the existing urban form of Kayseri developed according to two urban plans made in 1940 and 1975 respectively, while the others in between are the revisions, which pursue these plans. Whereas, Erzurum could not develop a persistent local spatial strategy during the continuously changing planning periods and the years passed even without urban plans. Kayseri established norms, rules and tools for managing the urban development and providing the implementation of the plans. Thus, local government of Kayseri is obliged its power to the implementation of two important tools developed in 1940s and 1990s respectively; i.e. Land Deals and Freelance Working (65<sup>th</sup> clause of local development regulation). Both of these tools were generated when the control/authority of central government on local governments was at the minimum levels owing to the economic and political instabilities. The strong will of local governments of Kayseri, both to implement the plans and to provide extra income for the municipality in order to increase its abilities and power on urban land, led them to develop these distinctive tools. Thus, the local government of Kayseri used the lack of strategies produced by central government on urban space as an opportunity and achieved a relative autonomy against the macro processes. This spatial strategy of the city started to be referred with the name of "Kayseri Model". Owing to this model, which fits truly to the local factors, Kayseri did not have to implement the 18<sup>th</sup> clause of Development Law (#3194) and did not strive for expropriation required for the provision of local services, and become the main actor of the production of urban built environment.

However, the planning history of Erzurum does not have such a continuity as the plans lost their chance to be implemented owing to the weakness of local governments against the struggles on urban land. The biggest problems resulted with the renewal of the urban plans (and sometimes planlessness) were the inabilities to perform the expropriations required according to these plans and the numerous plan amendments, which destroyed the integrity and applicability of them. The only tool Erzurum used were the ones defined by the Development Law, which are not sensible to the local varieties and the impacts of local factors. This discontinuity left both local governments and other structures of building provision powerless against each other and left the development of urban built environment dependent on the ad-hoc developments. In such situations, the success of the spatial strategies of local government is determined by the harmony of local and central governments. Thus, the lack of power of a local government is generally tried to be eliminated by the effect of strong relations developed with a powerful central government. However, the breaking down of this trade-off would end up with disadvantageous results for the urban processes and the spatial strategies developed through this coalition. This analysis indicate the importance of the continuity in the urban spatial strategies of local state, which could only be managed when the appropriate tools could be developed in accordance with the local dynamics and features.

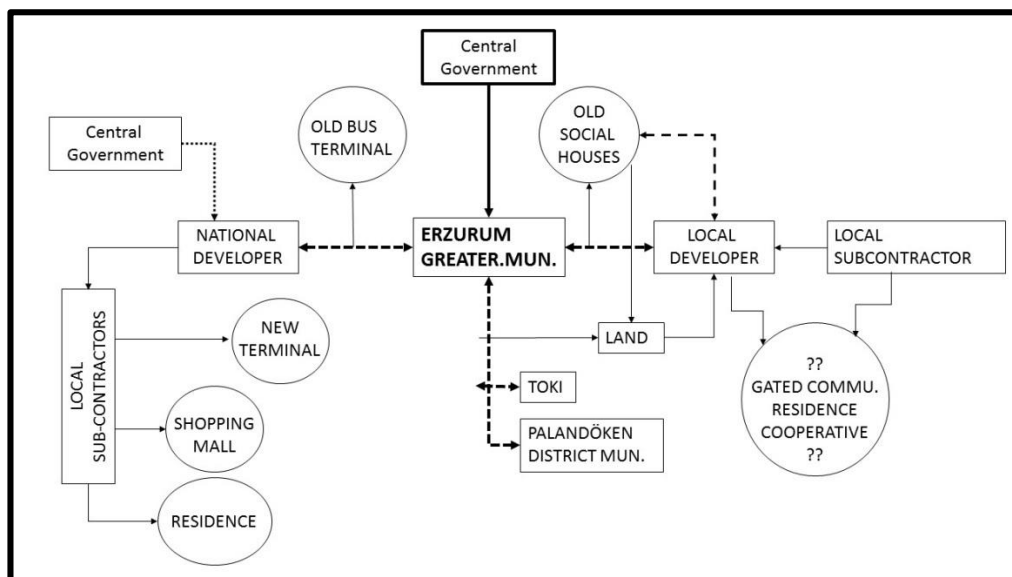
The planning histories of the case cities reveal that central government did not directly intervene the urban processes of them, except the centralization period experienced at 70s. These interventions limited to making their urban plans ex-officio, and could not intervene the implementation processes especially due to the macro-economic and political problems. Through all these periods, the intervention of state to these cities had been realized via the legal and institutional alterations indirectly effects the norms of the property sector, which may be named as regulative interventions. However, especially after 2012, these cities start to experience the direct interventions of the central government, the extent of which change according to the size and power of the localities. At 2012, central government could develop a legal basis for urban transformation projects via the law enacted for the lands having risk of disasters (#6306). In Erzurum, the entrance of a national developer to local development market via central government aims to trigger the development of local property market by

changing the market conditions as well as the urban culture and creating a new type of demand, which will increase the urban rent. However, as the existing urban strategies were not appropriate to answer the future demand desired to be created, a new urban plan made just after the local elections with 580 ha urban transformation areas at the city centre and nearby. Then, local government provided TOKİ, which only did a few housing projects in the district municipalities for low-income groups by that time, to enter the local market as the main actor of this transformation through nearly 2000 houses at the first stage. For Kayseri, central state used a different method to intervene its urban strategies. Despite all the potentials for urban transformation projects, Kayseri did not made any until 2015. Two tools used by the local government, *Land Deals* and *Freelance System*, helped to both create the required land, increase the urban rent and provide additional income for local government. However, central state wanted local states to use urban transformation projects, the norms of which had been determined by itself. With the alteration made at the ‘typical development regulations for planned areas’, central state deleted the use of Freelance System. Thus, central state diminished the relative autonomy of the local state indirectly via the alterations made on legal structures. These two cases indicate the importance of the relations between local and central governments in the production of urban strategies. Despite central state had left a free space to local governments for the production and implementation of their own urban strategies; it always finds a way to intervene and change them directly or indirectly. However, the aspect of the intervention made by central state is mainly determined by the power of local state, which had been shaped by locally determined factors.

The projects analysed in the case cities indicates the importance of the size and power of both the capital and the local government. In the first project of Erzurum the national developer, which had completed its institutionalisation process and have the power to make big-scaled infrastructural construction business in international property market, determines the dynamics of its relations with the local state and success to continue the construction despite all the problems experienced. However, in the second case, the local capital could not resist to the changes experienced after the changes realized within local government and its urban strategies. The local developer, which did not have enough power and capital for a housing project at that scale gained its ability to



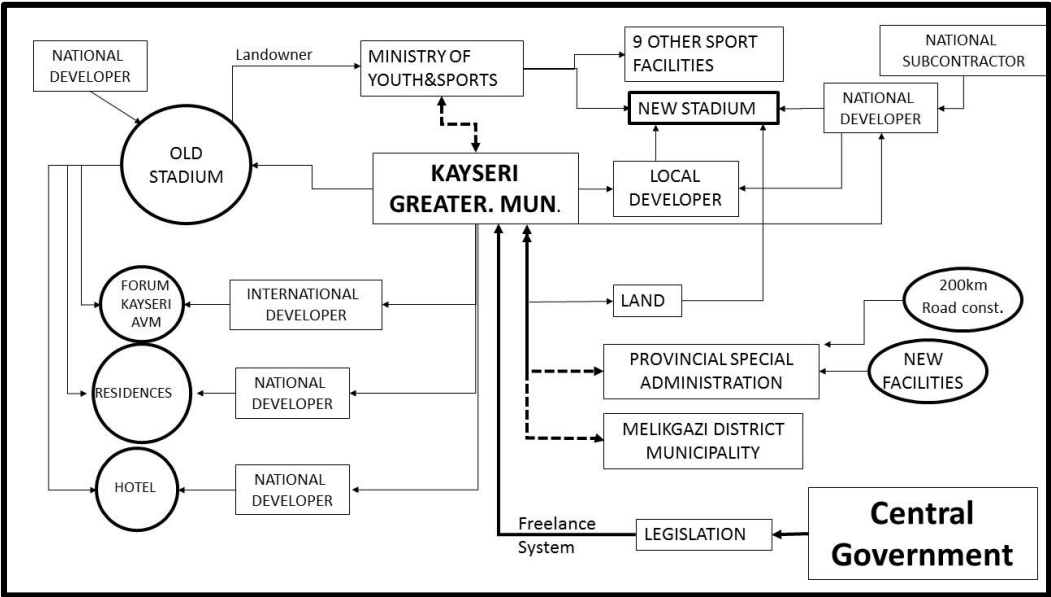
start and continue the project owing to two factors. The new type of building provision, which may be called as sell-built, helped him to collect enough amount of capital to start and continue the project. Moreover, the project in question had been developed in collaboration with the local government, which freed the local developer from the bureaucratic processes required. The discussions at the local media at the local elections period indicated that the previous mayor wanted to use the success of investments made in the built environment for the continuity of his authority. The illegal applications made by local government for increasing the abilities of the local developer to realize such a big-scaled housing project<sup>72</sup>, made the local capital delicate against the contingent circumstances. While the national developer cancelled all the sales and pay back the money of the customers after the project had been sued, and then continued the construction of the rest of the project, the power of the local developer was not enough to resist the problems raised after the change of the mayor. The local developer declared its bankruptcy and left the future of the project to the solutions that may be produced by the local state, without solving the victimization of the customers.



**Figure 27. Structure of Building Provision in Erzurum; Actors and Their Relations via the Case Projects**

<sup>72</sup> The Project included nearly 2000 dwelling units together with a few commercial ones. This is a big Project especially in Erzurum, where the total housing sales in a year is approximately 3000.

The projects analysed in Kayseri indicates the importance of the power of local government for the urban processes. The local government of Kayseri obtained its power via the continuity of its institutionalized relations with other structures of building provision through the local norms developed by itself. The projects in question show how does this (institutional and financial) power effects the success of local strategies of local government on urban space. Thus, local government of Kayseri could manage the bargaining and negotiation processes with other institutions of central state. Local government also determined the entry conditions to the project (and market) through the tender specifications, which welcomes the national and international developers but excludes the local ones. Thus, the local government of Kayseri had the privilege to manage the relations not only with the state institutions but also with these capital groups. Its capacities provided to finish the stadium project after the problems experienced with the contractor firm by the construction firm established within the local government.



*Figure 28. Structure of Building Provision in Kayseri; Actors and Their Relations via the Case Projects*

Thus, the implementation tools (Land Deals and Freelance System) developed for realizing the urban strategies of local government complied very well with the local dynamics. Both of these rules provided the local norms, which stayed in charge effectively regardless of changes in the administrative bodies. Land Deals used since

1940s provided local state a great power on the urban space, while Freelance System used since 1990s provided the increase in the urban rents from which the local state benefits and financial freedom for the implementations of the urban strategies. Thus, it can be concluded as the authority on urban space and the financial power guaranteed a relative autonomy for the local government against the central state and its other apparatus.

All these projects analysed through the case studies indicate that the capital (local or national) does not have an independent role from the local state on the production of urban space. Local states conduct their relations with central state through the limits determined by central state, which can be surpassed to a certain extent by the power of autonomy achieved by local states. The central state always have the supremacy to change the rules of the game via legal and institutional regulations. However, the power of local states may help it to open new playgrounds for its new strategies through new tools.

## **CHAPTER 8**

### **CONCLUSION**

This final chapter comprises the conclusions of the research made for the thesis and presents them in three parts. In the first part, the thesis is summarized including both the discussions made throughout the research and the empirical findings of each analysis made in varying levels of research. This part also tries to put forward the importance of the thesis for the literature through the efforts to fill the important gaps in it. In the second part, it is tried to make some policy implications concerning urban and regional development policies concerning the property development sector. This chapter ends with the recommendations made for further studies on both capital accumulation, property development sector and urban processes presented in the third part.

#### **8.1. Summary and Theoretical Findings**

This thesis analysed the local variations of construction-oriented economic development model implemented in Turkey after 2002. The policies of this model, realized through numerous legal and institutional reforms, showed their effects in metropolitan cities at first. In fact, the scales of these cities, in terms of economy and population, was suitable to provide the returns expected from this model rapidly and intensively, not only owing to the increasing demands needed for the construction businesses but also due to the input-out relations in the economy. As the metropolitan regions are also the nodes of industrial production, the increasing demand via the backward and forward linkages of the property sector resulted with the increasing gains in their economy. Through these years, the legal and institutional arrangements continued to be done in order to ease the capital flow to the urban scale both increasing the urban rent and trying to solve the problems faced by the entrepreneurs (developers). However, the local varieties have not been considered during this period for the

determination of regarded policies. Thus, this thesis tries to fill the gap in the literature focusing the research on two mid-sized cities. The comparative research made provided the analysis of the change (dynamics, effects and results) realized in property sector via a supplementary comparison of two cities with different characteristics. Thus, analysing the process of change independent from the dynamics of a metropolitan city provided to better test the effects of construction sector, and to find out how the shared and divergent characteristics of different localities determine the results of change in the structures of building provision.

In order to find out the differences between the effects of macro processes and the local factors, this thesis first evaluates the contextual factors of the Turkish economic and political structure for the period after 2002 regarding the position taken by the central government. The following analysis focus on the comparative analysis of two-mid sized cities regarding the relations between the capital and the state, and the change in the structure of local property sectors as the result of change in the structures of building provision. The selection of these case cities; Erzurum and Kayseri; made between the nine mid-sized cities of Turkey with the urban population between 500.000 and 750.000, especially regarding their economic structures and construction investments in this new period.

In the light of the previous discussions, this thesis concludes that the role and position of the state regarding the development of urban built environment had changed from a *selectively regulative* one to a *comprehensively intervening* and inclusive one. The position taken by the central state directly affected the structure of building provision; i.e. the types of housing provision, which refer to the change of capital structure. Moreover, the facilitation of capital flow to built environment through the new financial system led a scale shift in the production, which had been justified and supported by the manipulative policies of the state. Both the impact of the norms created by the state and the increasing capital flow led the monopolization of the property development sector. Nevertheless, the research indicates that the structure of the property sector become more complexed as the number and types of the actors have been increased.

The second outcome of the thesis is related to the effect of property sector to the stimulation of economic development and the geographical variances of this relation. The analysis indicate that the economies of relatively underdeveloped or developing regions of Turkey gained more from the increase in the construction investments according to the redistribution of population and capital. This had been realized owing to the increase in the employment rates, the push effect created by the development of infrastructures and super structures, and the movement realized in related commercial sectors. However, construction-oriented economic development policies steered the uneven economic development to the benefit of metropolitan cities. It is expected that the capital accumulated in secondary circuit would flow to the primary circuit. However, the analysis show that the tendency of the construction capital of Turkey is not to flow to other sectors but to other geographies, which the developers target for more gains through construction investments. Thus, it should be concluded that the increase in the investments made on the built environment do not necessarily stimulate the economic development in the whole geography within the borders of a state. The aspect of the change in the building provision is determined not only by the macro-economic and political processes but also by local factors and praxis.

The analysis of the local intervening factors, which determines the effect of state policies had been very crucial for this thesis. The local histories regarding the planning processes and the development of urban spaces revealed that the urban strategies and tools developed by the central state are not appropriate or sufficient for localities to achieve their local urban strategies. However, the local states having the will power to implement their own urban strategies could have taken the advantage of states regulative position, through their own capacities, to implement the appropriate tools. By time, the success on implementation of local urban strategies provided the local state a relative autonomy against the macro processes. Thus, the continuity of the urban spatial strategies provides the local state power on the struggles related to the urban land, against the central state apparatus and the capital.

Owing to the empowerment of developers, they start to have more power on the determination of local urban strategies. Especially the leading firms in the property market (due to the increasing monopolization of this period) try to intervene and

change the strategies of the local state and change the entry barriers to the local property market for its own benefit. In this case, the local developer in Erzurum tried to hinder the actor of the state (TOKİ) to enter the local market. However, neither the power of the local state nor the developer could resist the contingent changes happened in the administrative bodies. Thus, the lack of continuity in the local urban strategies left the local state powerless against the contingent changes realized in urban processes.

Despite central state had left a free space to local governments for the production and implementation of their own urban strategies, it always find a way to intervene and change them directly or indirectly. However, the aspect of the intervention made by central state is mainly determined by the power of local state, which had been shaped by locally determined factors. All these projects analysed through the case studies indicate that the capital (local or national) does not have an independent role from the local state on the production of urban space. Local states conduct their relations with central state through the limits determined by central state, which can be surpassed to a certain extent by the power of autonomy achieved by local states. The central state always have the supremacy to change the rules of the game via legal and institutional regulations. However, the power of local states may help it to open new playgrounds for its new strategies through new tools.

However, the question is why does state want to intervene the local urban property market, and in what ways. The case studies suggest a few answers to these questions. State aims to trigger the development of local property market by changing the market conditions as well as the urban culture and creating a new type of demand, which will increase the urban rent. When the local conditions are not appropriate to realize such a development, the central state may help by providing the entrance of new and powerful actors to the local property market. State aims to facilitate the flow of capital to the urban built environment. Changing the financial system via the new banking system provides this to a certain extent. However, the property market requires the limitless supply of the urban land for the advantage of the market, which is in fact a scarce resource. State guarantees this via the institutionalization of urban transformation projects. After institutionalization, state had the power to establish a

pressure on local governments to change their urban strategies in this regard, through changing the local governors or making the legal arrangements to disqualify the existing implementations of local states. Thus, state provided the opening of new markets for the developers. Moreover, by the management of these transformation projects by TOKI, state provides to enlarge the investment opportunities for a particular developer group, called TOKI developers. Thus, state tries to justify its construction oriented development model and uses the construction sector for the continuity of its authority more aggressively.

The analysis focused on the case cities aimed to expose the structural changes realized in local property market, trying to find out the determining local factors. These analyses indicate a structural change in building provision through a scale shift in production volume, concentration of building activities and change in building (housing) provision types for both of the mid-sized case cities. The behaviours of property markets show that local markets are much more sensible to the changes than national markets, and as the size of the locality (regarding the size and power of the sector) grows, its sensibility decreases and they tend to show similar reactions to changes as with the national average. Building cooperatives, which were the previous period's leading housing provision type, had diminished while the numbers and size of private developers increased.

The path dependent operational habits of property sector results with similar behavioural patterns in different localities. As the concentration levels increase, the bigger sized developers tend to institutionalize and reorganize the relations within the firm through its newly organized departments via the visions, policies and strategic plans and etc. agreed upon. However, it has been seen that the city already having an industrial social culture better successes the institutionalization processes than the other, which base the commercial affairs upon trust realized through face-to-face relations.

This thesis accomplishes important results regarding urban policy processes. First, it indicates the importance of varying local factors for the determination and implementation of local (spatial) policies against the dilemma created by the models of economic determinist approaches. Second, regardless of the power of local factors,



the property development sector cannot be operationalized without the involvement of the state. These two realities constitute the authenticity of Turkish experience. Besides the case studies reveals that the increase in the volume of construction investments do not necessarily positively influence the economic development of localities as assumed by mainstream approaches. On the contrary, the construction oriented development strategy provided the sharpening of uneven economic development in Turkey.

## **8.2. Policy Implications**

The economic development of Turkey after 2002 is managed through a construction-oriented economic development model. This model justifies itself using the assumptions on the stimulation effects of construction activities to economic development. This assumption is nourished by two mainstream approaches: capital flow between different circuits, and backward and forward linkages of the construction sector with other sectors. However, the case studies focused on mid-sized cities show that the results of this development model varied though the localities owing to the varieties of the local factors.

Apart from capital accumulation processes and general economic processes, this thesis puts forward the importance of local factors, which change depending on time and space, for the urban processes. The path of these urban processes are mainly determined by the breaking points caused by the local distinctions. Thus, the central and the local governments/state should know about these local dynamics and varying factors, and provide locally sensitive policies in order to minimize the differences between localities. The suggestions that will be presented here aims to find a way for the economic development of localities (if possible) if the construction-oriented development model would continue to be implemented.

The implementation of construction-oriented development model had two distinct results with regards to urban policies. The comprehensive involvement of state in the production of urban built environment caused the determination of local urban strategies by central state. On the other hand, the empowerment of private developers increased their powers for the struggles on urban land. As the power of developers

increase, they start to intervene to the determination of urban strategies. The analysis put forward the critical role of local states on determination and implementation of the local urban strategies. Local states should have the power to balance the struggle on urban land to implement the urban strategies developed due to the local dynamics. Thus, local governments should be provided to establish new tools that suits with their local distinctions; which would only be provided whether central state would give up being so much involved in the production of urban space and turn back to its regulative position again.

The analysis show that the size of localities have profound impact on the provision of required flow of information from localities to the central state. Thus, this thesis offers to establish new local or regional bodies/organizations to provide this information flow between two scales of state. These bodies should be established under the existing institutions, such as development agencies, where possible, not to increase the institutional complexity, which already exist. However, these bodies should not operate as the apparatus of central state, which would increase the centralization by implementing the policies of central state and providing the control of these implementations. On the contrary, they would analyse the varying impacts of central urban strategies and the local factors, which cause these varieties. The results of these ongoing analyses and accumulation of knowledge should be used by the central state to provide appropriate conditions regarding the development of localities.

The new development model used public investments as an initiative for the development of property sector, through both the investments made by TOKİ and other institutions of state. However, the existing system provided new investment areas for the bigger developers in metropolitan cities or the ones having strong relations with the related institutions leaving the local actors out. Thus, this regional/local bodies should also organize and control the investments made by the state and provide the priority of local developers for the investments that would be made in their localities/regions. The public procurements should be organized in the related localities and the tender specifications should provide priority for the local developers. This process should be organized and controlled by these regional/local bodies.

These precautions may not be enough to enhance the capabilities of localities. Thus, state should develop regulations to protect and initiate the local entrepreneurs. This is important especially for the mid-sized cities having the opportunities for development, which are generally used by national or international entrepreneurs.

The last suggestion is related with the backward and forward relations of the sector. It is expected that the capital accumulated in construction sector would eventually flow into the productive sectors automatically, as the increasing construction activities result with the increasing demands in these sectors. Construction sector is directed to local markets, but dependent on national and also international markets. In order to minimize the costs, the developers tend to use the resources from the nearest locations to the building sites. However, as the main production facilities are located in and around the metropolitan cities (at best), the construction materials are provided from them and the developers undertake the increasing transportation costs together with the others. Thus, the construction business effects the local economies due to the increase in the employment rates and commercial facilities via the materials, which can be provided from the local distributors. The real income created by the construction works is gained by these metropolitan centres, which results with the increasing uneven development. If the aim is the return of economic gains to the localities, it is important to support the production of construction materials at least in regional sense due to the trade-off between production volumes of these industries and the demand created by the local and regional constructions. Thus, by supporting the investors the provision of construction materials should be provided from the most possible local scale; which would also provide new channels of investments for the flow of capital accumulated by both construction businesses and other sectors.

### **8.3. Recommendations for Further Studies**

The analysis indicated two distinct features of the period after 2002, which distinguish this period from the previous ones: the comprehensive involvement of central state to the production of urban built environment, and the involvement of finance sector to the property development through the effects of changing banking system. This thesis attempted to question the geographical varieties of the effects of state's intervention

on built environment with regard to the structures of building provision with a focus on mid-sized cities.

The varying impacts of changing financialization processes on the property development sector could not be analysed in this thesis. However, this thesis indicated the importance of financial relations especially on the capital accumulation that would be provided by the construction investments, and expected to flow into other productive sector. To find out the missing link in the dynamics of capital accumulation, further research on financialization of the construction sector is very important.

This thesis analysed the geographically changing effects of the construction move led by state intervention after 2002, with a focus on two mid-sized cities. As the mainstream approaches established a strong link with the primary and the secondary circuits, these two cities have been selected via their different production volumes and industrial capacities. Their existing industrial structures had been an important input to test the effect of increasing construction investments to the industrial development via their backward and forward linkages. The research had shown that the existing industrial capacities of Kayseri provided some positive inputs regarding the impacts of state intervention. However, the analysis put forward that the local factors are much more important than the industrial structures of the cities for the determination of the effects of state intervention to the built environment; which puts forward the need to repeat the research in different cities having different characters than the ones analysed. Thus, this thesis recommends the researchers to analyse the structures of building provision through comparative analyses that would be made between two cities having different characters such as: 1. Cities having different economic structures; i.e. tourism and industry, or 2. Cities with different scales; i.e. a metropolitan and a mid-sized city. These analyses would help to put forward the local factors that would affect the structure of building provision from a more comprehensive point of view.

The last recommendation for further studies would be to analyse the effect of construction move on industrial development; which would provide a complete test of capital switch theory. This thesis had come to a point indicating that the capital source of local developers in mid-sized cities is not the one accumulated via industrial

production. However, this research lacks the analysis on the capital accumulated via construction works. The investigation of capital sources of the industrial firms established in the last five or ten years in a selected city would give important data whether the capital accumulated in secondary circuit flew to the primary circuit; and if so, what are the determining factor.

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## APPENDICES

### A: TABLES

*Table A. 1. The mid-size cities of Turkey, Population 2000 GPC data, pop. of city centres*

100.000-300.000		300.001-500.000		500.001-750.000	
SINOP	101285	ISPARTA	301561	MARAS	536007
BINGOL	123470	BATMAN	304166	ESKISEHIR	557028
BILECIK	124380	CORUM	311897	ERZURUM	560551
NIGDE	126812	OSMANIYE	311994	BALIKESIR	577595
DUZCE	130632	YOZGAT	315156	HATAY	581341
NEVSEHIR	136523	KUTAHYA	318869	SAMSUN	635254
HAKKARI	139455	ADIYAMAN	338939	MANISA	714760
BURDUR	139897	ELAZIG	364274	KOCAELI	722905
KARAMAN	139912	AFYON	371868	KAYSERI	732354
CANKIRI	141186	MARDIN	391249		
KARS	142145	TEKIRDAG	395377	9 provinces	
BOLU	142685	TOKAT	401762		
KIRSEHIR	147412	DENIZLI	413914		
SIIRT	153522	ORDU	416631		
KARABUK	157756	SIVAS	421804		
MUS	159503	VAN	446976		
ERZINCAN	172206	SAKARYA	459824		
KASTAMONU	174020	TRABZON	478954		
USAK	182040	AYDIN	493114		
KIRKLARELI	189202	MALATYA	499713		
AMASYA	196621				
AKSARAY	200216	20 Provinces			

**Table A.1. (Continued) The mid-size cities of Turkey, Population 2000 GPC data, pop. of city centres**

100.000-300.000		300.001-500.000	500.001-750.000
RIZE	205245		
SIRNAK	211328		
CANAKKALE	215571		
BITLIS	219511		
EDIRNE	230908		
ZONGULDAK	250282		
AGRI	252309		
MUGLA	268341		
GIRESUN	283316		
KIRIKKALE	285294		
32 provinces			

*Notes: 300.000 limit refers to the first defined limit for mid-size cities (Village Law, 1924); and 500.000 limit refers to some academic studies on the Turkish city-sizes that define the lower limit for metropolitan cities (1985 and 1996). That is why these are accepted as the breaking points for sub-groupings of mid-sized cities for Turkey.*

**Table A. 2. Total Area of Construction for the period between 2003 and 2014**

#	Name	m <sup>2</sup> percap	#	Name	m <sup>2</sup> percap	#	Name	m <sup>2</sup> percap	#	Name	m <sup>2</sup> percap
1	Ankara	34,84	21	Afyonkarahisar	20,96	41	Kahramanmaraş	17,29	61	Artvin	13,87
2	Tekirdağ	30,65	22	Karaman	20,83	42	Erzincan	17,13	62	Tokat	13,62
3	Yalova	29,23	23	Bilecik	20,72	43	Aydın	17,02	63	Adana	13,34
4	Kayseri	28,83	24	Muğla	20,27	44	Manisa	16,59	64	Bayburt	13,17
5	Antalya	28,43	25	Denizli	20,20	45	Balıkesir	16,55	65	Zonguldak	12,96
6	Eskişehir	26,47	26	Kırıkkale	20,16	46	Osmaniye	16,29	66	Bingöl	12,29
7	Trabzon	26,26	27	Samsun	20,02	47	Burdur	16,27	67	Erzurum	11,89
8	Kırşehir	26,05	28	Tunceli	19,88	48	Kastamonu	15,93	68	Adıyaman	11,20
9	Kocaeli	25,61	29	Sakarya	19,69	49	Isparta	15,92	69	Bartın	10,89
10	Konya	24,93	30	Uşak	19,44	50	Kütahya	15,81	70	Iğdır	10,34
11	Çankırı	23,95	31	Düzce	19,40	51	İzmir	15,79	71	Siirt	10,08
12	Bolu	22,60	32	Mardin	19,28	52	Giresun	15,45	72	Şanlıurfa	9,94
13	Karabük	22,42	33	Çorum	18,94	53	Hatay	15,40	73	Kars	9,94
14	Aksaray	22,33	34	Elazığ	18,49	54	Yozgat	15,38	74	Bitlis	9,70
15	Nevşehir	21,79	35	Mersin	18,42	55	Amasya	15,25	75	Batman	8,74
16	Bursa	21,55	36	Sivas	18,13	56	Sinop	15,05	76	Van	8,17
17	Kırklareli	21,51	37	Kilis	17,64	57	Rize	14,88	77	Ardahan	6,27
18	Niğde	21,23	38	Edirne	17,56	58	Gümüşhane	14,43	78	Ağrı	6,17
19	Malatya	21,11	39	Ordu	17,39	59	Gaziantep	14,23	79	Hakkari	5,98
20	İstanbul	21,09	40	Çanakkale	17,30	60	Diyarbakır	14,08	80	Muş	5,18
									81	Şırnak	2,52

Source: Construction permit Statistics, 2003-2014, [www.tuik.gov.tr](http://www.tuik.gov.tr), Regional Statistics & Total Populations, ADNKS, 2014, [www.tuik.gov.tr](http://www.tuik.gov.tr), Regional Statistics

Note: The selected Mid-Sized Cities are shown with yellow. m<sup>2</sup>percap.

**Table A. 3. The Total Number of Construction Permits Taken According to the Records of UAVT, ERZURUM by Counties**

Counties	2007*	2008	2009	2010	2011	2012	2013	2014*	Unknown	TOTAL
AŞKALE			28	34	31	53	146	12	7	311
<b>AZİZİYE</b>	<b>16</b>	<b>32</b>	<b>53</b>	<b>301</b>	<b>143</b>	<b>223</b>	<b>240</b>	<b>15</b>	<b>6</b>	<b>1029</b>
ÇAT	6	20	32	16	6	3	59	1		143
HINIS	11	20	35	77	16	22	18	11		210
HORASAN			33	72	56	15	21	38	1	236
İSPİR	3	13	18	35	20	8	19	8	3	127
KARAÇOBAN		18	3	7	4	1	6	3		42
KARAYAZI			1	8	2	1		1	38	51
KÖPRÜKÖY		1	3	6	6	9		2	1	28
NARMAN		5	16	22	20	9	10	1		83
OLTU	29	46	95	123	41	73	202	16	10	635
ŞOLUR	3	29	12	3	11	3	4	2	1	68
<b>PALANDÖKEN</b>	<b>36</b>	<b>222</b>	<b>282</b>	<b>233</b>	<b>166</b>	<b>209</b>	<b>227</b>	<b>66</b>	<b>3</b>	<b>1444</b>
PASINLER	3	22	25	23	36	11	20	7		147
PAZARYOLU	1	2	10	19	11	5	13			61
ŞENKAYA	2	4	1	51	1	4	10	1		74
TEKMAN	4	2	7	19	8	13	8	1	4	66
TORTUM		8	14	31	15	40	27	11	2	148
UZUNDERE	1	11	17	17	13	6	7	3		75
<b>YAKUTİYE</b>	<b>19</b>	<b>192</b>	<b>294</b>	<b>242</b>	<b>118</b>	<b>340</b>	<b>491</b>	<b>148</b>	<b>28</b>	<b>1872</b>
<b>TOTAL</b>	<b>134</b>	<b>647</b>	<b>979</b>	<b>1339</b>	<b>724</b>	<b>1048</b>	<b>1528</b>	<b>347</b>	<b>104</b>	<b>6850</b>

Notes: \* data starts from July 2007 and ends at May 2014, so 2007 and 2014 records do not cover the whole year.  
\_some of the records does not have the date the permits has taken, which are shown as "unknown"

**Table A. 4. The Total Number of Construction Permits Taken According to the Records of UAVT, KAYSERİ by Counties**

	2007	2008	2009	2010	2011	2012	2013	2014	Unknown	Grand Total
AKKIŞLA	5	7	3	34	2	9	30	3	3	96
BÜNYAN	25	50	77	159	45	52	55	49	5	517
DEVELİ	42	155	161	266	96	132	127	67	11	1057
FELAHİYE	15	12	22	28	21	22	18	13		151
HACILAR	196	229	92	329	75	63	218	50	15	1267
İNCESU	49	84	26	96	24	30	77	59	19	464
<b>KOCASINAN</b>	<b>117</b>	<b>356</b>	<b>435</b>	<b>747</b>	<b>284</b>	<b>365</b>	<b>513</b>	<b>366</b>	<b>19</b>	<b>3202</b>
<b>MELİKGAZİ</b>	<b>239</b>	<b>755</b>	<b>991</b>	<b>1482</b>	<b>506</b>	<b>957</b>	<b>1662</b>	<b>724</b>	<b>152</b>	<b>7468</b>
ÖZVATAN		13	13	44	5	12	4	4		95
PINARBAŞI	1	19	6	45	18	5	16	13		123
SARIOĞLAN	7	29	22	44	37	12	42	19	1	213
SARIZ		29	7	2	10	5	5	30		88

**Table A. 5. (Continued) The Total Number of Construction Permits Taken According to the Records of UAVT, KAYSERİ by Counties**

	2007	2008	2009	2010	2011	2012	2013	2014	Unknown	Grand Total
TALAS	66	141	95	289	68	190	280	79	34	1242
TOMARZA	38	5	58	63	17	12	21	7		221
YAHYALI	5	70	48	127	22	38	43	16		369
YEŞİLHİSAR	8	73	47	62	15	12	16	32		265
<b>Grand Total</b>	<b>813</b>	<b>2027</b>	<b>2103</b>	<b>3817</b>	<b>1245</b>	<b>1916</b>	<b>3127</b>	<b>1531</b>	<b>259</b>	<b>16838</b>

Notes: \* data starts from July 2007 and ends at May 2014, so 2007 and 2014 records do not cover the whole year.   
 \_some of the records does not have the date the permits has taken, which are shown as "unknown"

**Table A. 6. Population Change in Erzurum after 1965**

	Population			%		Population Change (total)		
	Total	Urban	Village	Urban	Village	Arithmetic Annual Growth Rate (%)	Average Annual Increase	Percentage Change (%)
<b>1965</b>	628001	152183	475818	24,23	75,77			
<b>1970</b>	684951	196821	488130	28,74	71,26	1,81	11390	9,07
<b>1975</b>	746666	241467	505199	32,34	67,66	1,80	12343	9,01
<b>1980</b>	801809	285182	516627	35,57	64,43	1,48	11029	7,39
<b>1985</b>	856175	350955	505220	40,99	59,01	1,36	10873	6,78
<b>1990</b>	848201	400348	447853	47,20	52,80	-0,19	-1595	-0,93
<b>2000</b>	937389	560551	376838	59,80	40,20	1,05	8919	10,51
<b>2007</b>	784941	485563	299378	61,86	38,14	-2,32	-21778	-16,26
<b>2012</b>	778195	509474	268721	65,47	34,53	-0,17	-1349	-0,86

**Table A. 7. Population Change in Kayseri after 1965**

	Population			%		Population Change (total)		
	Total	Urban	Village	Urb.	Vil.	Arithmetic Annual Growth Rate (%)	Average Annual Increase	Percentage Change (%)
<b>1965</b>	536206	191221	344985	35,66	64,34			
<b>1970</b>	598693	236789	361904	39,55	60,45	2,33	12497	11,65
<b>1975</b>	676809	295582	381227	43,67	56,33	2,61	15623	13,05
<b>1980</b>	778383	380352	398031	48,86	51,14	3,00	20315	15,01
<b>1985</b>	864060	488556	375504	56,54	43,46	2,20	17135	11,01
<b>1990</b>	943484	604072	339412	64,03	35,97	1,84	15885	9,19
<b>2000</b>	1060432	732354	328078	69,06	30,94	1,24	11695	12,40
<b>2007</b>	1165088	895253	269835	76,84	23,16	1,41	14951	9,87
<b>2012</b>	1274968	1116393	158575	87,56	12,44	1,89	21976	9,43

**Table A. 8. Net Migration Rates for Erzurum & Kayseri ; TÜİK**

		1975-1980	1980-1985	1985-1990	1995-2000	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
<b>Erzurum</b>	Net Migration	-46093	-48745	-88298	-46491	-24586	-8851	-12417	-5880	-10683	-16599
	Rate of Net Mig. (‰)	-66,3	-64,8	-113,2	-54,8	-31,2	-11,4	-16,0	-7,5	-13,6	-21,4
<b>Kayseri</b>	Net Migration	10698	-5145	-16005	-3307	1400	2244	7462	2600	3744	2791
	Rate of Net Mig. (‰)	16,3	-6,9	-18,9	-3,5	1,2	1,9	6,1	2,1	3,0	2,2

*Table A. 9. Redistribution of Population and Capital in Turkey, by NUTS2 Regions, between 2000 and 2011*

Code	Provinces in the Regions	Population		GDP (1000 TL)		Pop (%) <sup>3</sup>		GDP (%) <sup>3</sup>		Redistribution in Space <sup>4</sup> (2011/2000)	
		2000	2011	2000	2011	2000	2011	2000	2011	Population Change (%)	Capital Change (%)
TR10	İstanbul	10018735	13624240	27548600621	312437660	14.78	18.23	22.17	27.16	1.234	1.225
TR21	Tekirdağ, Edirne, Kırklareli	1354658	1569388	3144869198	31168871	2.00	2.10	2.53	2.71	1.051	1.070
TR22	Balıkesir, Çanakkale	1541322	1640759	2909635360	24647513	2.27	2.20	2.34	2.14	0.966	0.915
TR31	İzmir	3370866	3965232	9089080961	75922162	4.97	5.31	7.31	6.60	1.067	0.902
TR32	Aydın, Denizli, Muğla	2516114	2779765	5130142876	40106739	3.71	3.72	4.13	3.49	1.002	0.844
TR33	Manisa, Afyon, Kütahya, Uşak	3051801	2942695	4817303153	41304909	4.50	3.94	3.88	3.59	0.875	0.926
TR41	Bursa, Eskişehir, Bilecik	3025475	3637222	6497931612	73528126	4.46	4.87	5.23	6.39	1.091	1.222
TR42	Kocaeli, Sakarya, Düzce, Bolu, Yalova	2715766	3315463	8499782924	72270948	4.01	4.44	6.84	6.28	1.108	0.918
TR51	Ankara	4007860	4890893	10371837263	99304709	5.91	6.55	8.35	8.63	1.107	1.034
TR52	Konya, Karaman	2435376	2272560	3525454117	26967317	3.59	3.04	2.84	2.34	0.847	0.826
TR61	Antalya, Isparta, Burdur	2490235	2705254	4234140872	45746298	3.67	3.62	3.41	3.98	0.986	1.167
TR62	Adana, Mersin	3500878	3776744	7229788437	45529304	5.16	5.05	5.82	3.96	0.979	0.680
TR63	Hatay, Kahramanmaraş, Osmaniye	2714892	3013790	3560513144	29790758	4.00	4.03	2.87	2.59	1.007	0.904
TR71	Kırıkkale, Aksaray, Niğde, Nevşehir, Kırşehir	1690826	1495630	2593595061	17775668	2.49	2.00	2.09	1.55	0.803	0.740
TR72	Kayseri, Sivas, Yozgat	2498442	2348101	2878613491	26306909	3.68	3.14	2.32	2.29	0.853	0.987
TR81	Zonguldak, Karabük, Bartın	1024879	1019425	1939548117	14702618	1.51	1.36	1.56	1.28	0.903	0.819
TR82	Kastamonu, Çankırı, Sinop	871405	739997	1111781859	8198649	1.29	0.99	0.89	0.71	0.771	0.797
TR83	Samsun, Tokat, Çorum, Amasya	2999460	2717685	3997578448	30943620	4.42	3.64	3.22	2.69	0.822	0.836

**Table A. 10. (Continued) Redistribution of Population and Capital in Turkey, by NUTS2 Regions, between 2000 and 2011**

Code	Provinces in the Regions	Population		GDP (1000 TL)		Pop (%) <sup>3</sup>		GDP (%) <sup>3</sup>		Redistribution in Space <sup>4</sup> (2011/2000)	
		2000	2011	2000	2011	2000	2011	2000	2011	Population Change (%)	Capital Change (%)
TR90	Trabzon, Ordu, Giresun, Rize, Artvin, Gümüşhane	3131546	2513021	3634099094	28046924	4.62	3.36	2.92	2.44	0.728	0.834
TRA1	Erzurum, Erzincan, Bayburt	1351588	1072848	1239980781	10592427	1.99	1.44	1.00	0.92	0.720	0.923
TRA2	Ağrı, Kars, Iğdır, Ardahan	1156150	1157546	718572313	7685179	1.71	1.55	0.58	0.67	0.908	1.155
TRB1	Malatya, Elazığ, Bingöl, Tunceli	1770597	1663811	2089853775	16047989	2.61	2.23	1.68	1.39	0.853	0.829
TRB2	Van, Muş, Bitlis, Hakkâri	1956437	2046027	1194468769	11989848	2.89	2.74	0.96	1.04	0.949	1.084
TRC1	Gaziantep, Adıyaman, Kilis	2023784	2471979	2349130495	20288517	2.98	3.31	1.89	1.76	1.108	0.933
TRC2	Şanlıurfa, Diyarbakır	2806130	3287197	2600634553	23258247	4.14	4.40	2.09	2.02	1.063	0.966
TRC3	Mardin, Batman, Şırnak, Siirt	1778705	2056997	1354499182	15891229	2.62	2.75	1.09	1.38	1.049	1.267

**Notes:** 1. This analysis is the reformulation of the analysis of Tekeli (2008) which had been focused on the uneven development of provinces.

2. The data has been gathered from TÜİK. However, as the determination of NUTS 2 regions of Turkey had executed 2004, the data of 2000 had realised by summing up the data of provinces in the related regions. And as the regional data for GDP does not given after 2011, the analysis had to be limited with the year 2011.

3. Percentage values represents the share of regions in Turkey; i.e.  $(Pop_{province} / Pop_{Turkey})$  &  $(GDP_{province} / GDP_{Turkey})$

4. Redistribution of population and capital between 2000 and 2011 represents the ratio found by the division of 2011 shares of provinces to that of 2000.  $(Pop\%_{2011} / Pop\%_{2000})$  &  $(GDP\%_{2011} / GDP\%_{2000})$ . If the ratio is bigger than 1, it means the region gained in the redistribution process (ex. contribution of the region to GDP is increased more than the average of Turkey)

5. 1<sup>st</sup> group: TR10, TR21, TR41, TR51 and TRC3 (5 region) (12 provinces)

2<sup>nd</sup> group: TR31, TR32, TR42, TR63, TRC1 and TRC2 (6 region) (17 provinces)

3<sup>rd</sup> group: TR61, TRA2, TRB2 (3 region) (11 provinces)

4<sup>th</sup> group: TR22, TR33, TR52, TR62, TR71, TR72, TR81, TR82, TR83, TR90, TRA1, and TRB1 (12 region) (41 provinces)

6. The values under the heading "Redistribution in Space; 2000-2011" had been operated in SPSS19 and created the diagrams regarding their places in this redistribution process. (look Figure 8)



Table A. 11. The change of employment for construction and manufacture sectors, 2002 and 2012

NAME	N'of Employment						Ratio of Employment						B/A
	Manufacture			Construction			Manufacture			Construction			
	2002	2012	% change	2002	2012	% change	2002 (a)	2012 (b)	b/a (A)	2002 (a)	2012 (b)	b/a (B)	
ADANA	48035	60453	0,26	7178	42709	4,95	30,15	23,47	0,78	4,51	16,58	3,68	4,73
ADIYAMAN	5736	9342	0,63	196	8646	43,11	28,02	21,66	0,77	0,96	20,05	20,94	27,08
AFYON	13926	18729	0,34	847	13638	15,10	32,15	25,01	0,78	1,96	18,21	9,31	11,97
AĞRI	1424	1969	0,38	137	5022	35,66	11,49	8,73	0,76	1,11	22,26	20,14	26,51
AKSARAY	3905	7958	1,04	312	7897	24,31	20,67	28,38	1,37	1,65	22,26	13,48	9,82
AMASYA	4273	182821	41,79	219	145411	662,98	21,46	22,43	1,05	1,10	14,31	13,01	12,45
ANKARA	116027	37264	-0,68	69092	71562	0,04	20,35	17,99	0,88	12,12	18,04	1,49	1,68
ANTALYA	22699	2391	-0,89	7012	9259	0,32	10,80	9,40	0,87	3,34	40,23	12,05	13,86
ARDAHAN	350	28628	80,79	13	22489	1728,92	8,66	5,65	0,65	0,32	18,53	57,62	88,25
ARTVİN	1284	35554	26,69	881	23491	25,66	11,28	10,39	0,92	7,74	16,97	2,19	2,38
AYDIN	19456	20153	0,04	2579	7414	1,87	21,97	23,58	1,07	2,91	18,80	6,45	6,01
BALIKESİR	25405	1916	-0,92	2159	6520	2,02	25,23	25,69	1,02	2,14	36,56	17,05	16,75
BARTIN	2195	1311	-0,40	251	4748	17,92	16,84	35,58	2,11	1,93	29,45	15,29	7,24
BATMAN	1412	15931	10,28	310	7512	23,23	10,63	13,01	1,22	2,33	15,07	6,46	5,28
BAYBURT	625	8418	12,47	123	5817	46,29	15,44	9,70	0,63	3,04	18,26	6,01	9,56
BİLECİK	10558	271749	24,74	162	62747	386,33	52,53	51,10	0,97	0,81	11,08	13,74	14,13
BİNGÖL	946	14410	14,23	664	13243	18,94	12,63	10,74	0,85	8,86	20,39	2,30	2,70
BİTLİS	867	6768	6,81	316	4947	14,66	9,62	8,13	0,85	3,51	22,16	6,32	7,48
BOLU	11478	15819	0,38	230	8751	37,05	44,88	31,97	0,71	0,90	16,98	18,88	26,50

Table A. 12. (Continued) The change of employment for construction and manufacture sectors, 2002 and 2012

NAME	N'of Employment						Ratio of Employment						B/A
	Manufacture			Construction			Manufacture			Construction			
	2002	2012	% change	2002	2012	% change	2002 (a)	2012 (b)	b/a (A)	2002 (a)	2012 (b)	b/a (B)	
BURDUR	4910	72646	13,80	116	23096	198,10	30,35	26,42	0,87	0,72	13,88	19,36	22,24
BURSA	170867	14228	-0,92	5313	28128	4,29	52,76	47,97	0,91	1,64	24,45	14,90	16,39
ÇANAKKALE	9023	13614	0,51	775	7869	9,15	25,00	22,18	0,89	2,15	15,39	7,17	8,08
ÇANKIRI	3414	8902	1,61	152	15266	99,43	28,38	30,31	1,07	1,26	26,97	21,34	19,99
ÇORUM	12165	2763	-0,77	1089	7883	6,24	30,47	30,69	1,01	2,73	31,22	11,45	11,37
DENİZLİ	67777	7787	-0,89	1699	15054	7,86	54,84	43,67	0,80	1,37	21,80	15,86	19,92
DİYARBAKIR	7633	53676	6,03	1369	21570	14,76	16,76	12,37	0,74	3,01	14,29	4,75	6,44
DÜZCE	11366	100913	7,88	483	32374	66,03	39,67	50,35	1,27	1,69	13,95	8,27	6,52
EDİRNE	17722	8818	-0,50	301	11728	37,96	49,34	26,63	0,54	0,84	26,30	31,38	58,16
ELAZIĞ	4875	1119	-0,77	1406	4685	2,33	15,00	15,73	1,05	4,33	35,05	8,10	7,73
ERZİNCAN	1833	840	-0,54	814	2757	2,39	14,72	10,94	0,74	6,54	25,45	3,89	5,24
ERZURUM	4591	31781	5,92	408	25406	61,27	13,16	11,28	0,86	1,17	19,45	16,63	19,40
ESKİŞEHİR	30182	10656	-0,65	1505	8118	4,39	38,50	35,56	0,92	1,92	17,03	8,87	9,60
GAZİANTEP	55967	35010	-0,37	1707	36980	20,66	49,13	43,48	0,89	1,50	18,45	12,31	13,91
GİRESUN	6663	962168	143,40	497	386932	777,54	26,28	19,78	0,75	1,96	10,93	5,58	7,41
GÜMÜŞHANE	967	237939	245,06	372	89809	240,42	16,71	8,37	0,50	6,43	11,82	1,84	3,67
HAKKARİ	414	1991	3,81	34	4168	121,59	8,38	7,75	0,92	0,69	21,57	31,33	33,87
HATAY	21046	10316	-0,51	2239	8490	2,79	27,86	24,33	0,87	2,96	21,43	7,23	8,28
IĞDIR	481	69440	143,37	23	27430	1191,61	5,93	5,92	1,00	0,28	14,46	51,04	51,11

Table A. 13. (Continued) The change of employment for construction and manufacture sectors, 2002 and 2012

NAME	N'of Employment						Ratio of Employment						
	Manufacture			Construction			Manufacture			Construction			
	2002	2012	% change	2002	2012	% change	2002 (a)	2012 (b)	b/a (A)	2002 (a)	2012 (b)	b/a (B)	B/A
ISPARTA	8844	23025	1,60	2061	7881	2,82	29,25	22,35	0,76	6,82	14,81	2,17	2,84
İSTANBUL	719716	5748	-0,99	45867	5377	-0,88	40,39	27,19	0,67	2,57	24,23	9,41	13,98
İZMİR	155995	163157	0,05	13068	59989	3,59	35,24	31,32	0,89	2,95	15,05	5,10	5,74
K.MARAŞ	19926	71892	2,61	2432	43987	17,09	38,35	41,28	1,08	4,68	17,72	3,79	3,52
KARABÜK	10510	22184	1,11	235	16142	67,69	45,46	34,01	0,75	1,02	20,41	20,07	26,84
KARAMAN	6818	23207	2,40	737	19683	25,71	41,69	45,74	1,10	4,51	23,53	5,22	4,76
KARS	1628	78043	46,94	54	21484	396,85	15,09	10,30	0,68	0,50	11,06	22,11	32,37
KASTAMONU	7362	48297	5,56	400	22592	55,48	27,27	26,04	0,96	1,48	19,31	13,03	13,65
KAYSERİ	38671	5412	<b>-0,86</b>	2392	12343	<b>4,16</b>	43,76	36,61	0,84	2,71	24,15	8,92	10,66
KIRIKKALE	7353	16033	1,18	824	29465	34,76	31,35	22,47	0,72	3,51	20,96	5,97	8,32
KIRKLARELİ	9420	3238	-0,66	404	3912	8,68	26,66	43,26	1,62	1,14	20,64	18,05	11,12
KIRŞEHİR	3369	6173	0,83	292	5787	18,82	24,74	25,90	1,05	2,14	17,02	7,94	7,58
KİLİS	1500	8117	4,41	235	7056	29,03	25,89	17,35	0,67	4,06	22,41	5,53	8,24
KOCAELİ	76204	16028	-0,79	10105	15815	0,57	45,49	40,93	0,90	6,03	23,28	3,86	4,29
KONYA	45375	11363	-0,75	2662	8211	2,08	33,54	28,97	0,86	1,97	19,61	9,96	11,54
KÜTAHYA	11926	57445	3,82	1521	18931	11,45	22,92	28,05	1,22	2,92	13,69	4,69	3,83
MALATYA	12321	23974	0,95	833	29501	34,42	30,39	27,74	0,91	2,05	21,50	10,47	11,46
MANİSA	39613	1644	-0,96	1677	5049	2,01	38,09	40,19	1,06	1,61	27,13	16,82	15,95
MARDİN	2368	6381	1,69	363	7341	19,22	13,08	10,59	0,81	2,00	31,79	15,86	19,59

Table A. 14. (Continued) The change of employment for construction and manufacture sectors, 2002 and 2012

NAME	N'of Employment						Ratio of Employment						B/A
	Manufacture			Construction			Manufacture			Construction			
	2002	2012	% change	2002	2012	% change	2002 (a)	2012 (b)	b/a (A)	2002 (a)	2012 (b)	b/a (B)	
MERSİN	26362	13182	-0,50	3415	13933	3,08	23,11	17,46	0,76	2,99	22,17	7,41	9,80
MUĞLA	9940	120641	11,14	2323	22595	8,73	9,42	11,40	1,21	2,20	10,66	4,84	4,00
MUŞ	996	10850	9,89	127	8913	69,18	12,71	17,09	1,34	1,62	19,01	11,73	8,72
NEVŞEHİR	4456	16223	2,64	394	25678	64,17	20,15	18,15	0,90	1,78	24,66	13,84	15,37
NİĞDE	5143	487	-0,91	688	2066	2,00	27,82	25,78	0,93	3,72	29,02	7,80	8,41
ORDU	10212	12971	0,27	2023	24682	11,20	22,27	23,59	1,06	4,41	22,52	5,10	4,82
OSMANİYE	3837	22090	4,76	163	7202	43,18	18,60	30,21	1,62	0,79	14,02	17,75	10,92
RİZE	19848	6035	-0,70	429	20454	46,68	53,50	27,14	0,51	1,16	30,96	26,77	52,78
SAKARYA	21337	6895	-0,68	2127	7396	2,48	34,99	41,55	1,19	3,49	21,68	6,22	5,23
SAMSUN	19890	21669	0,09	1800	10182	4,66	21,24	17,47	0,82	1,92	12,62	6,57	7,98
SİİRT	1035	10612	9,25	480	8232	16,15	13,49	8,83	0,65	6,26	22,01	3,52	5,37
SİNOP	2759	696	-0,75	177	2089	10,80	21,71	27,64	1,27	1,39	29,11	20,91	16,42
SİVAS	8215	16712	1,03	1076	5548	4,16	22,68	20,97	0,92	2,97	15,18	5,11	5,53
ŞURFA	11957	6145	-0,49	3358	5744	0,71	23,07	11,83	0,51	6,48	21,00	3,24	6,32
ŞIRNAK	499	5483	9,99	31	8384	269,45	6,84	4,01	0,59	0,43	19,89	46,79	79,92
TEKİRDAĞ	66290	1032	-0,98	1599	4295	1,69	62,35	56,92	0,91	1,50	16,67	11,09	12,14
TOKAT	11292	8707	-0,23	468	4368	8,33	28,77	23,14	0,80	1,19	17,85	14,97	18,61
TRABZON	12144	427	-0,96	1987	2346	0,18	20,80	15,58	0,75	3,40	31,05	9,13	12,18
TUNCELİ	302	775	1,57	314	2857	8,10	7,51	6,84	0,91	7,81	21,81	2,79	3,07

Table A. 15. (Continued) The change of employment for construction and manufacture sectors, 2002 and 2012

NAME	N'of Employment						Ratio of Employment						
	Manufacture			Construction			Manufacture			Construction			
	2002	2012	% change	2002	2012	% change	2002 (a)	2012 (b)	b/a (A)	2002 (a)	2012 (b)	b/a (B)	B/A
UŞAK	11670	12420	0,06	397	5849	13,73	42,41	43,00	1,01	1,44	15,79	10,94	10,79
VAN	3770	11099	1,94	458	6792	13,83	13,11	9,13	0,70	1,59	20,81	13,06	18,75
YALOVA	6136	1755	-0,71	398	2433	5,11	33,46	33,53	1,00	2,17	24,06	11,08	11,06
YOZGAT	5991	14806	1,47	389	10036	24,80	25,56	20,21	0,79	1,66	20,48	12,34	15,60
ZONGULDAK	17789	32504	0,83	1108	7301	5,59	23,51	26,85	1,14	1,46	11,31	7,72	6,76

Source: Social Security Institution; Yearbooks for Cities-2012, [www.sgk.gov.tr](http://www.sgk.gov.tr) & 2002 General Census for Industry and Workplaces, [www.tuik.gov.tr](http://www.tuik.gov.tr)

Table A. 16. Trajectories of Region in the Redistribution process between 2000 and 2011

Code	Provinces of the Region	Population (%)			GDP (%)			Starting Position		Ending Position	
		2000	2007	2011	2000	2007	2011	Population 2007/2000	GDP/Pop 2007	Population 2011/2007	GDP/Pop 2011
TR10	İstanbul	14.78	17.81	18.23	22.17	27.86	27.16	1.206	1.564	1.024	1.490
TR21	Tekirdağ, Edirne, Kırklareli	2.00	2.07	2.10	2.53	2.63	2.71	1.034	1.275	1.017	1.290
TR22	Balıkesir, Çanakkale	2.27	2.26	2.20	2.34	2.03	2.14	0.994	0.899	0.972	0.976
TR31	İzmir	4.97	5.30	5.31	7.31	6.59	6.60	1.066	1.243	1.002	1.244
TR32	Aydın, Denizli, Muğla	3.71	3.71	3.72	4.13	3.62	3.49	1.000	0.975	1.002	0.937
TR33	Manisa, Afyon, Kütahya, Uşak	4.50	4.16	3.94	3.88	3.55	3.59	0.925	0.852	0.946	0.912
TR41	Bursa, Eskişehir, Bilecik	4.46	4.77	4.87	5.23	6.74	6.39	1.069	1.412	1.020	1.313
TR42	Kocaeli, Sakarya, Düzce, Bolu, Yalova	4.01	4.32	4.44	6.84	6.01	6.28	1.078	1.391	1.027	1.416

*Table A. 17. (Continued) Trajectories of Region in the Redistribution process between 2000 and 2011*

Code	Provinces of the Region	Population (%)			GDP (%)			Starting Position		Ending Position	
		2000	2007	2011	2000	2007	2011	Population 2007/2000	GDP/Pop 2007	Population 2011/2007	GDP/Pop 2011
TR51	Ankara	5.91	6.33	6.55	8.35	8.49	8.63	1.071	1.342	1.034	1.319
TR52	Konya, Karaman	3.59	3.10	3.04	2.84	2.35	2.34	0.862	0.758	0.982	0.771
TR61	Antalya, Isparta, Burdur	3.67	3.49	3.62	3.41	3.98	3.98	0.949	1.141	1.039	1.098
TR62	Adana, Mersin	5.16	5.10	5.05	5.82	4.07	3.96	0.988	0.798	0.990	0.783
TR63	Hatay, Kahramanmaraş, Osmaniye	4.00	4.03	4.03	2.87	2.43	2.59	1.006	0.603	1.001	0.642
TR71	Kırıkkale, Aksaray, Niğde, Nevşehir, Kırşehir	2.49	2.10	2.00	2.09	1.51	1.55	0.842	0.721	0.954	0.772
TR72	Kayseri, Sivas, Yozgat	3.68	3.25	3.14	2.32	2.37	2.29	0.883	0.729	0.966	0.728
TR81	Zonguldak, Karabük, Bartın	1.51	1.44	1.36	1.56	1.42	1.28	0.953	0.984	0.947	0.937
TR82	Kastamonu, Çankırı, Sinop	1.29	1.04	0.99	0.89	0.75	0.71	0.808	0.724	0.954	0.720
TR83	Samsun, Tokat, Çorum, Amasya	4.42	3.87	3.64	3.22	2.72	2.69	0.874	0.704	0.941	0.740
TR90	Trabzon, Ordu, Giresun, Rize, Artvin, Gümüşhane	4.62	3.53	3.36	2.92	2.60	2.44	0.763	0.736	0.954	0.725
TRA1	Erzurum, Erzincan, Bayburt	1.99	1.52	1.44	1.00	0.88	0.92	0.764	0.578	0.943	0.641
TRA2	Ağrı, Kars, Iğdır, Ardahan	1.71	1.61	1.55	0.58	0.62	0.67	0.945	0.387	0.961	0.431
TRB1	Malatya, Elazığ, Bingöl, Tunceli	2.61	2.27	2.23	1.68	1.33	1.39	0.867	0.588	0.983	0.626
TRB2	Van, Muş, Bitlis, Hakkâri	2.89	2.78	2.74	0.96	0.99	1.04	0.962	0.355	0.986	0.381
TRC1	Gaziantep, Adıyaman, Kilis	2.98	3.20	3.31	1.89	1.60	1.76	1.073	0.500	1.033	0.533
TRC2	Şanlıurfa, Diyarbakır	4.14	4.23	4.40	2.09	1.74	2.02	1.021	0.411	1.041	0.460
TRC3	Mardin, Batman, Şırnak, Siirt	2.62	2.73	2.75	1.09	1.13	1.38	1.040	0.413	1.009	0.502

*Notes:* 1. This analysis is the reformulation of the analysis of Tekeli (2008) which had been focused on the uneven development of provinces.

2. **Population 2007/2000:** The redistribution ratios of population & **GDP/Pop\_2007** and the ratio of GDP contribution of the regions per capita to the average of Turkey

3. Values under the heading “**Starting Position**” and “**Ending Position**” had been operated in SPSS19 and created the diagrams regarding their places in this redistribution process.

(Figure2)

**Table A. 18. Annual Percentage Change for the Selected Social and Economic Variables**

	Name of the Data	Erzurum		Kayseri		Change		Ann.Aver. % Change	
		Erz.	Kay.	Erz.	Kay.	Erz.	Kay.	Erz.	Kay.
<b>POPULATION</b>	Population Density (km2/per capita)	2000 37.3	2012 31	2000 62.4	2012 75	-6.3	12.6	-1.41	1.68
	Urbanization Ratio (%)*	2000 59.79	2012 65.47	2000 69.06	2012 87.56	5.68	18.5	0.79	2.23
	Rate of net migration (‰)	1995-2000 -54.8	2011-2012 -13.63	1995-2000 -3.5	2011-2012 3	41.17	6.5	25.17	15.48
	Average Household Size	2000 5.73	2012 4.6	2000 4.64	2012 3.8	-1.13	-0.84	-1.64	-1.51
	Age Specific Fertility Rate (15-49) (#/1000people)**	2001 90.86	2012 87.2	2001 80.56	2012 75.2	-3.66	-5.36	-0.37	-0.60
	Dependency Ratio for 0-14 age (%)	2000 35.1	2012 29	2000 30.4	2012 26	-6.1	-4.4	-1.45	-1.21
<b>EMPLOYMENT</b>	Unemployment Ratio (%)	2000 9.1	2012 6.5	2000 8.5	2012 9.3	-2.6	0.8	-2.38	0.78
	Employment Participation Rate (%)	2000 52.4	2012 48	2000 49.8	2012 50.9	-4.4	1.1	-0.70	0.18
	Employment Ratio(%)	2000 47.6	2012 44.9	2000 45.6	2012 46.1	-2.7	0.5	-0.47	0.09
	Ratio of Economically Active Population (15-64) (%)	2000 60.04	2012 63.63	2000 63.92	2012 66.55	3.59	2.63	0.50	0.34
	Ratio of Employment for Manufacturing Industry (%)	2000 2.9	2012 11.28	2000 15.65	2012 36.61	8.38	20.96	24.08	11.16
	Ratio of Employment for Construction Sector (%)	2000 3.8	2012 21.8	2000 5.4	2012 14.46	18	9.06	39.47	13.98
	Average Daily Earning (TL)	2008 37.27	2012 49.61	2008 32.8	2012 46.94	12.34	14.14	8.28	10.78

**Table A. 19. (Continued) Annual Percentage Change for the Selected Social and Economic Variables**

FINANCIAL	Name of the Data	Erzurum		Kayseri		Change		Ann.Aver. % Change	
		2003	2013	2003	2013	Erz.	Kay.	Erz	Kay
	Ratio of Bank Credits to that of Turkey (%)	0.18	0.38	0.83	1.18	0.2	0.35	11.11	4.22
Ratio of Saving Deposits to that of Turkey (%)	0.22	0.18	0.89	0.9	-0.04	0.01	-1.82	0.11	
Average Saving Deposits per capita (TL)***	2008	2013	2008	2013	1220.3	3444.9	22.74	22.09	
Share of Total Tax Revenues in Turkey (%)****	2003	2012	2003	2012	0.1	0.34	10.10	5.81	
WELFARE / QUALITY OF LIFE	Name of the Data	Erzurum		Kayseri		Change		Ann.Aver. % Change	
		2007	2013	2007	2013	Erz.	Kay.	Erzuru m	Kayser i
	Ownership of automobile (#/10.000person)	398	637	1 014	1 406	239	392	10.01	6.44
Housing Electric Consumption Per Capita (KWh)	2007	2013	2007	2013	66	91	3.26	3.70	
Housing Ownership (%)	2000	2011	2000	2011	-0.2	-0.8	-0.02	-0.10	
Net Schooling Ratio at Secondary Education (%)	2007	2013	2007	2013	20.73	3.9	7.94	0.95	
Number of Mobile Telephony Subscriptions Per Capita	2007	2013	2007	2013	0.61	0.70	0.09	0.05	

**Table A. 20. The Change in the General Income State of Regions TRA1 (Erzurum, Erzincan, Bayburt) and TR72 (Kayseri, Sivas, Yozgat)**

	Gross Value-Added (\$/percapita)			Difference with Türkiye	
	Türkiye	TRA1	TR72	TRA1	TR72
2004	5103	2975	3635	2128	1468
2005	6187	3428	4353	2759	1834
2006	6686	3768	4659	2918	2027
2007	8267	4722	6002	3545	2265
2008	9384	5520	6813	3864	2571
2009	7769	4990	5750	2779	2019
2010	8926	5815	6639	3111	2287
2011	9244	5901	6675	3343	2569
2004-2011	4141	2926	3040	1215	1101
Change (%)	81,15	98,35	83,63	57,10	75,00

Source: [www.tuik.com.tr](http://www.tuik.com.tr), Regional Statistics



*Table A.13. Main labour force indicators by province, 2008-2013*

		Labour force participation rate	Unemployment rate	Employment rate
<b>Erzurum</b>	2008	52,6	6,2	49,3
	2009	51,0	7,9	47,0
	2010	52,0	6,5	48,6
	2011	49,4	6,5	46,2
	2012	48,0	6,5	44,9
	2013	50,0	6,6	46,7
	Change	<b>-2,6</b>	<b>-0,4</b>	<b>-2,6</b>
<b>Kayseri</b>	2008	39,0	11,1	34,7
	2009	40,8	14,1	35,0
	2010	44,0	14,1	37,8
	2011	49,1	12,3	43,2
	2012	50,9	9,3	46,1
	2013	51,0	9,9	46,0
	Change	<b>12,0</b>	<b>1,2</b>	<b>11,3</b>
<b>Ankara</b>	2008	45,0	11,8	39,7
	2009	44,9	13,6	38,8
	2010	46,7	12,1	41,1
	2011	47,5	9,4	43,0
	2012	48,5	9,5	43,9
	2013	49,5	10,2	44,5
	Change	<b>4,5</b>	<b>1,6</b>	<b>4,8</b>
<b>İstanbul</b>	2008	46,5	11,2	41,3
	2009	46,7	16,8	38,8
	2010	47,8	14,3	41,0
	2011	48,8	11,8	43,1
	2012	51,1	11,3	45,3
	2013	52,2	11,2	46,4
	Change	<b>5,7</b>	<b>0,0</b>	<b>5,1</b>

**Table A. 14. The production and scale change in the development market between 1992 and 2013**

		# of buildings			# of dwellings		
		Erzurum	Kayseri	Turkey	Erzurum	Kayseri	Turkey
<b>Change of scale between 1992-2013</b>	1992	625	1.099	137.990	3.105	7.479	472.817
	2002	274	598	43.430	1.423	5.771	161.920
	2013	885	2.033	117.663	5.455	24.457	816.090
	1992-2013	40%	85%	-15%	75%	227%	72%
	2002-2013	223%	240%	171%	283%	323%	404%
		x3,23	x3,40	x2,71	x3,83	x4,24	x5,04
<b>Production numbers for both buildings and dwellings between 1992 and 2013 according to the construction permits taken</b>	1992	625	1099	137990	3.105	7.479	472.817
	1993	805	1182	147033	4.397	5.810	548.130
	1994	802	1202	143281	3.672	9.381	523.794
	1995	344	1002	137905	1.322	7.833	518.236
	1996	264	1074	126722	1.296	9.347	454.295
	1997	315	819	126956	1.734	7.428	464.117
	1998	389	1074	116235	1.540	9.972	432.599
	1999	459	832	92469	3.019	7.025	339.446
	2000	315	1316	79140	2.242	15.693	315.162
	2001	280	995	77430	1.862	6.295	279.616
	2002	274	598	43430	1.423	5.771	161.920
	2003	306	636	50140	2.529	3.852	202.854
	2004	445	735	75495	2.398	6.635	330.446
	2005	555	461	114254	1.882	3.968	546.618
	2006	374	1254	114204	2.287	12.761	600.387
	2007	211	1647	106659	1.207	15.402	584.955
	2008	356	1420	95193	2.900	14.637	503.565
	2009	582	1659	92342	3.559	13.737	518.475
	2010	877	2841	139616	5.519	33.950	907.451
	2011	485	832	101900	2.359	4.826	650.127
2012	496	1261	104776	3.925	11.667	752.715	
2013	885	2033	117663	5.455	24.457	816.090	

**Table A. 15. The scale change in the development market of İstanbul and Ankara, between 1992 and 2013**

		1992-2002		2003-2013		% Change	
		İstanbul	Ankara	İstanbul	Ankara	İstanbul	Ankara
Number of Buildings	Total	126.028	59.252	161.070	71.396	28%	21%
	Annual Average	11.457	5.387	14.643	6.491		
	First Year	10.076	7.003	5.911	4.342		
	Last Year	5.323	3.114	16.039	7247	201%	133%
Number of Dwellings	Total	656.433	455.984	1.357.566	754.187	107%	65%
	Annual Average	59.676	41.453	123.415	68.562		
	First Year	51.883	46.543	30.835	38.175		
	Last Year	19.932	28.812	164.031	82.277	723%	186%

**Table A. 1621. New buildings and additions by type of investor; Construction Permits; number of buildings, Turkey**

	Total	Private sector	Const. coop.	Public sector	Private sector	Const. coop.	Public sector
1954	51 374	49 602	-	1 772	96.55	-	3.45
1955	54 224	53 178	-	1 046	98.07	-	1.93
1956	50 666	49 618	-	1 048	97.93	-	2.07
1957	49 284	48 521	-	763	98.45	-	1.55
1958	50 848	50 135	-	713	98.60	-	1.40
1959	46 557	44 944	-	1 613	96.54	-	3.46
1960	49 133	48 342	-	791	98.39	-	1.61
1961	45 875	45 276	-	599	98.69	-	1.31
1962	47 555	46 708	-	847	98.22	-	1.78
1963	45 031	44 063	-	968	97.85	-	2.15
1964	48 781	47 484	-	1 297	97.34	-	2.66
1965	60 420	58 888	-	1 532	97.46	-	2.54
1966	67 650	66 092	-	1 558	97.70	-	2.30
1967	64 433	63 337	-	1 096	98.30	-	1.70
1968	71 364	69 944	-	1 420	98.01	-	1.99
1969	74 600	73 085	-	1 515	97.97	-	2.03
1970	75 503	70 418	3 666	1 419	93.27	4.86	1.88
1971	74 473	69 880	3 601	992	93.83	4.84	1.33
1972	76 149	71 075	3 621	1 453	93.34	4.76	1.91
1973	85 730	76 845	6 229	2 656	89.64	7.27	3.10
1974	73 207	67 306	4 564	1 337	91.94	6.23	1.83
1975	77 852	74 138	2 539	1 175	95.23	3.26	1.51
1976	74 988	70 548	2 168	2 272	94.08	2.89	3.03
1977	73 192	66 229	4 714	2 249	90.49	6.44	3.07
1978	84 319	76 167	4 672	3 480	90.33	5.54	4.13
1979	87 371	80 971	4 981	1 419	92.67	5.70	1.62
1980	69 579	63 308	5 156	1 115	90.99	7.41	1.60
1981	58 103	50 720	5 913	1 470	87.29	10.18	2.53
1982	54 361	44 812	7 983	1 566	82.43	14.69	2.88

*Table A. 1622. (Continued) New buildings and additions by type of investor; Construction Permits; number of buildings, Turkey*

	<b>Total</b>	<b>Private sector</b>	<b>Const. coop.</b>	<b>Public sector</b>		<b>Private sector</b>	<b>Const. coop.</b>	<b>Public sector</b>
1983	<b>58 968</b>	47 935	7 785	3 248		81.29	13.20	5.51
1984	<b>63 153</b>	51 258	9 105	2 790		81.16	14.42	4.42
1985	<b>71 844</b>	55 459	13 740	2 645		77.19	19.12	3.68
1986	<b>102 888</b>	71 500	28 240	3 148		69.49	27.45	3.06
1987	<b>138 155</b>	96 198	37 303	4 654		69.63	27.00	3.37
1988	<b>139 995</b>	94 870	41 671	3 454		67.77	29.77	2.47
1989	<b>136 015</b>	95 519	37 724	2 772		70.23	27.74	2.04
1990	<b>123 304</b>	95 795	23 477	4 032		77.69	19.04	3.27
1991	<b>121 486</b>	95 819	23 066	2 601		78.87	18.99	2.14
1992	<b>137 990</b>	103 115	30 709	4 166		74.73	22.25	3.02
1993	<b>147 033</b>	110 858	31 200	4 975		75.40	21.22	3.38
1994	<b>143 281</b>	111 579	28 153	3 549		77.87	19.65	2.48
1995	<b>137 905</b>	114 232	21 761	1 912		82.83	15.78	1.39
1996	<b>126 722</b>	98 093	26 572	2 057		77.41	20.97	1.62
1997	<b>126 956</b>	96 164	28 714	2 078		75.75	22.62	1.64
1998	<b>116 235</b>	87 057	25 956	3 222		74.90	22.33	2.77
1999	<b>92 469</b>	76 791	13 898	1 780		83.05	15.03	1.92
2000	<b>79 140</b>	62 154	12 664	4 322		78.54	16.00	5.46
2001	<b>77 430</b>	65 235	8 649	3 546		84.25	11.17	4.58
2002	<b>43 430</b>	36 379	4 928	2 123		83.76	11.35	4.89
2003	<b>50 140</b>	42 972	4 911	2 257		85.70	9.79	4.50
2004	<b>75 495</b>	67 592	5 793	2 110		89.53	7.67	2.79
2005	<b>114 254</b>	102 802	6 809	4 643		89.98	5.96	4.06
2006	<b>114 204</b>	105 206	6 005	2 993		92.12	5.26	2.62
2007	<b>106 659</b>	96 840	5 194	4 625		90.79	4.87	4.34
2008	<b>95 193</b>	85 175	3 556	6 462		89.48	3.74	6.79
2009	<b>92 342</b>	81 839	5 526	4 977		88.63	5.98	5.39
2010	<b>139 616</b>	126 102	6 089	7 425		90.32	4.36	5.32
2011	<b>101 900</b>	94 148	1 591	6 161		92.39	1.56	6.05
2012	<b>107 816</b>	99 348	1 617	6 851		92.15	1.50	6.35
2013	<b>121 266</b>	110 569	3 536	7 161		91.18	2.92	5.91
2014	<b>137 632</b>	128 723	2 273	6 636		93.53	1.65	4.82

*Table A.17. The establishment years of active firms that are registered to Chambers of Industry and Commerce*

Erzurum			Kayseri		
Year	Frequency	Percent	Year	Frequency	Percent
1961	2	.4	1964	1	,1
1967	1	.2	1965	1	,1
1969	1	.2	1969	1	,1
1972	2	.4	1974	2	,2
1974	1	.2	1977	2	,2
1975	1	.2	1978	3	,3
1976	2	.4	1983	1	,1
1977	1	.2	1984	4	,4
1978	1	.2	1985	2	,2
1982	4	.7	1987	5	,5
1983	4	.7	1988	6	,6
1984	2	.4	1989	3	,3
1985	2	.4	1990	3	,3
1986	4	.7	1991	3	,3
1987	1	.2	1992	9	,8
1988	3	.5	1993	18	1,7
1989	2	.4	1994	16	1,5
1990	1	.2	1995	20	1,9
1991	7	1.2	1996	26	2,4
1992	6	1.1	1997	23	2,1
1993	13	2.3	1998	16	1,5
1994	6	1.1	1999	13	1,2
1995	10	1.8	2000	17	1,6
1996	17	3.0	2001	10	,9
1997	14	2.5	2002	12	1,1
1998	14	2.5	2003	21	2,0
1999	7	1.2	2004	15	1,4
2000	10	1.8	2005	18	1,7
2001	11	1.9	2006	39	3,6
2002	10	1.8	2007	47	4,4
2003	10	1.8	2008	46	4,3
2004	25	4.4	2009	55	5,1
2005	9	1.6	2010	61	5,7
2006	28	4.9	2011	68	6,3
2007	20	3.5	2012	111	10,3
2008	27	4.7	2013	171	15,9
2009	28	4.9	2014	185	17,2
2010	55	9.6	2015	19	1,8
2011	64	11.2	<b>Total</b>	<b>1073</b>	<b>100.0</b>
2012	53	9.3			
2013	62	10.9			
2014	30	5.3			
<b>Total</b>	<b>571</b>	<b>100.0</b>			

Table A. 18. A Detailed View of Non-Local Developers and Their Projects, ERZURUM

Province	Developers		Details about the Construction Permits				Owner Structure		
	Counts	Code	# of Total Permits	Year	# of Permits	County	Type of the Building	Owner	Type of the Owner
ADANA	1	E_002	3	2011	3	Aziziye	Public	Public	TOKİ
						Palandöken	Education	Public	TOKİ
						Palandöken	Sport	Public	TOKİ
AGRI	4	E-281	4	2008	1	Palandöken	Health	Public	Public
				2011	3	Aziziye	Residence	Developer_its own	Private
		E-306	1	2009	1	Yakutiye	Commerce	Developer_its own	Private
		E-466	1	2010	1	Palandöken	Education	Public	Public
		E-394	1	2013	1	Yakutiye	Education	Public	Public
AMASYA	1	E-455	1	2013	1	Aziziye	Industry	Erz_KKVD	Private
ANKARA	22	E-241	1	2007	1	Palandöken	Office	Ist_Sariyer	Private
		E-399	1	2008	1	Yakutiye	Education	Ank_başkent V.D.	Private
		E-430	1	2009	1	Yakutiye	Sport	Public	Public
		E-456	1	2009	1	Palandöken	Education	Public	Public
		E-374	1	2009	1	Yakutiye	Education	Public	Public
		E-267	1	2009	1	Palandöken	Sport	Public	Public
		E-126	4	2009	4	Yakutiye	Public	Public	Public
		E-433	1	2011	1	Yakutiye	Public	Public	Public
		E-139	1	2012	1	Aziziye	Office	Ist_Beyoglu	Private
		E-168	16	2012	16	Aziziye	Residence	Public	TOKİ
		E-255	1	2012	1	Aziziye	Other	Public_Municipality	Public
E-150	3	2012	1	Yakutiye	Education	Public	Public		

Table A. 18. (Continued) A Detailed View of Non-Local Developers and Their Projects, ERZURUM

Province	Developers		Details about the Construction Permits					Owner Structure	
	Counts	Code	# of Total Permits	Year	# of Permits	County	Type of the Building	Owner	Type of the Owner
ANKARA	22	E-150	3	2014	2	Aziziye	Education	Public	Public
		E-232 MNG	4	2013	4	Yakutiye	Residence	Developer_its own	Private
		E-310	1	2013	1	Yakutiye	Residence	Developer_its own	Private
		E-045	1	2013	1	Yakutiye	Education	Ank_Doganbey V.D.	Private
		E-308	1	2013	1	Aziziye	Other	Public_Municipality	Public
		E-303	1	2013	1	Palandöken	Sport	Public	Public
		E-366	3	2013	3	Aziziye	Public	Developer_its own	Private
		E-369	1	2014	1	Palandöken	Other	From Erzurum	Private
		E-153	1	2014	1	Yakutiye	Industry	Public	Public
		E-331	6	2014	6	Yakutiye	Residence	Public	TOKİ
E-312	1	2014	1	Yakutiye	Public	Public	Public		
BATMAN	1	E-073	1	2012	1	Aziziye	Public	Public	Public
BAYBURT	1	E-108	1	2013	1	Yakutiye	Residence	Developer_its own	Private
BINGOL	1	E-368	1	2009	1	Palandöken	Hotel	Public	Public
BURSA	1	E-372	1	2014	1	Palandöken	Public	Public	Public
CANAKKALE	1	E-014	1	2012	1	Aziziye	Industry	Erz_Aziziye	Private
GAZIANTEP	1	E-271	1	2009	1	Palandöken	Education	Public	Public
GUMUSHANE	1	E-114	1	2009	1	Aziziye	Residence	Public	Public
ISTANBUL	16	E-020	15	2011	1	Aziziye	Residence	Developer_its own	Private
				2012	14	Yakutiye	Residence	Public	TOKİ

Table A. 18. (Continued) A Detailed View of Non-Local Developers and Their Projects, ERZURU

Province	Developers		Details about the Construction Permits				Owner Structure		
	Counts	Code	# of Total Permits	Year	# of Permits	County	Type of the Building	Owner	Type of the Owner
ISTANBUL	16	E-043	1	2013	1	Palandöken	Residence	Developer_its own	Private
		E-051	1	2013	1	Aziziye	Residence	Developer_its own	Private
		E-179	3	2012	3	Aziziye	Industry	Developer_its own	Private
		E-199	1	2013	1	Palandöken	Education	Erz_unknown	Private
		E-211	2	2013	1	Aziziye	Public	Public	Public
				2014	1	Palandöken	Public	Public	Public
		E-214	1	2008	1	Palandöken	Hotel	Developer_its own	Private
		E-275	1	2013	1	Palandöken	Residence	Developer_its own	Private
		E-287	1	2013	1	Yakutiye	Residence	Developer_its own	Private
		E-300	4	2012	1	Palandöken	Residence	Developer_its own	Private
				2013	2	Palandöken	Residence	From Erzurum	Private
				2014	1	Palandöken	Residence	From Erzurum	Private
		E-301	1	2012	1	Yakutiye	Office	Unknown	Private
		E-364	1	2013	1	Yakutiye	Education	Erz_unknown	Private
		E-376	1	2013	1	Palandöken	Commerce	From Erzurum	Private
		E-382	1	2014	1	Yakutiye	Other	Developer_its own	Private
E-397	1	2008	1	Yakutiye	Office	Ist_büyük mükellefler	Private		
E-398	1	2008	1	Yakutiye	Other	From Erzurum	Private		
IZMIR	1	E-186	1	2014	1	Palandöken	Residence	Developer_its own	Private
KAYSERI	1	E-062	34	2008	34	Palandöken	Residence	Public	TOKİ



Table A. 18. (Continued) A Detailed View of Non-Local Developers and Their Projects, ERZURU

Province	Developers		Details about the Construction Permits				Owner Structure		
	Counts	Code	# of Total Permits	Year	# of Permits	County	Type of the Building	Owner	Type of the Owner
KOCAELI	2	E-078	1	2009	1	Aziziye	Office	Kocaeli_Tuzla V.D.	Private
		E-419	1	2014	1	Aziziye	Residence	Developer_its own	Private
MARDIN	1	E-381	1	2013	1	Aziziye	Industry	Developer_its own	Private
	<b>56</b>		<b>144</b>						

Table A.19. A Detailed View of Non-Local Developers and Their Projects, KAYSERI

Province	Developers		Details about the Construction Permits				Owner Structure		
	Counts	Code	#of total permits	Year	# of permits	County	Type of the Building	Owner	Type of the owner
ADANA	1	K_01	1	2013	1	Melikgazi	Residence	Developer_its own	Private
AKSARA Y	1	K_02	3	2013	1	Melikgazi	Residence	From Kayseri	Private
				2013	1	Melikgazi	Residence	From Kayseri	Private
				2014	1	Kocasinan	Other (KDKÇA)	From Kayseri	Private
ANKARA	15	K_03	1	2010	1	Kocasinan	Residence	From Kayseri	Private
		K_04	1	2011	1	Melikgazi	Residence	From Kayseri	Construction Cooperative
		K_05	1	2009	1	Melikgazi	Industry	Public	Public
		K_06	2	2009	1	Melikgazi	Residence	Public	Public

Table A.19. (Continued) A Detailed View of Non-Local Developers and Their Projects, KAYSERI

Province	Developers		Details about the Construction Permits					Owner Structure	
	Counts	Code	#of total permits	Year	# of permits	County	Type of the Building	Owner	Type of the owner
ANKARA	15	K_06	2	2014	1	Kocasinan	Residence	Public	Public
		K_07	1	2011	1	Melikgazi	Residence	Public	Public
		K_08	2	2012	1	Melikgazi	Residence	Developer_its own	Private
				2013	1	Melikgazi	Residence	Public	Public
		K_09	1	2011	1	Kocasinan	Residence	From Kayseri	Private
		K_10	2	2008	1	Melikgazi	Residence	From Kayseri	Private
				2009	1	Melikgazi	Dormitory	From Kayseri	Private
		K_11	1	2012	1	Melikgazi	Residence	From Kayseri	Private
		K_12	2	2010	1	Melikgazi	Residence	Ankara	Private
				2013	1	Melikgazi	Residence	Ankara	Private
		K_13	1	2008	1	Melikgazi	Residence	Developer_its own (Ankara)	Private
		K_14	1	2013	1	Melikgazi	Residence	Yozgat	Private
		K_15	1	2008	1	Kocasinan	Residence	Developer_its own (Ankara)	Private
K_16	1	2013	1	Kocasinan	Residence	Ankara	Private		
K_17	1	2014	1	Melikgazi	Residence	Istanbul	Private		
ANTALYA	4	K_18	3	2013	1	Melikgazi	Industry	From Kayseri	Private
				2014	2	Melikgazi	Residence	From Kayseri	Private
		K_18	2	2010	1	Kocasinan	Residence	From Kayseri	Private
					1	Kocasinan	Agricultural Building	From Kayseri	Private

Table A.19. (Continued) A Detailed View of Non-Local Developers and Their Projects, KAYSERI

Province	Developers		Details about the Construction Permits					Owner Structure	
	Counts	Code	#of total permits	Year	# of permits	County	Type of the Building	Owner	Type of the owner
ANTALYA	4	K_19	1	2007	1	Melikgazi	Residence	Antalya	Private
		K_20	1	2009	1	Melikgazi	Residence	From Kayseri	Private
		K_21	5	2009	1	Kocasinan	Residence	From Kayseri	Private
					4	Melikgazi	Residence	From Kayseri	Private
ISTANBUL	18	K_22	1	2008	1	Kocasinan	Residence	Developer_its own (Istanbul)	Private
		K_23	14	2010	1	Melikgazi	Industry	From Kayseri	Private
					13	Melikgazi	Residence	From Kayseri	Private
		K_24	1	2010	1	Melikgazi	Akaryakit Lpg	Developer_its own (Istanbul)	Private
		K_25	1	2014	1	Kocasinan	Other (KDKÇA)	Developer_its own (Istanbul)	Private
		K_26	7	2011	7	Melikgazi	Residence	Istanbul	Private
		K_27	1	2012	1	Melikgazi	Residence	From Kayseri	Private
		K_28	1	2010	1	Kocasinan	Residence	From Kayseri	Private
		K_29	1	2008	1	Melikgazi	Residence	From Kayseri	Private
		K_30	1	2008	1	Kocasinan	Residence	Istanbul	Private
		K_31	1	2009	1	Melikgazi	Industry	From Kayseri	Private
		K_32	2	2014	2	Melikgazi	Residence	From Kayseri	Private
		K_33	1	2008	1	Melikgazi	Residence	Developer_its own (Istanbul)	Private
		K_34	1	2014	1	Kocasinan	Residence	Istanbul	Private

Table A.19. (Continued) A Detailed View of Non-Local Developers and Their Projects, KAYSERI

Province	Developers		Details about the Construction Permits					Owner Structure	
	Counts	Code	#of total permits	Year	# of permits	County	Type of the Building	Owner	Type of the owner
ISTANBUL	18	K_35	3	2008	3	Kocasinan	Residence	Istanbul	Private
		K_36	1	2014	1	Kocasinan	Residence	Developer_its own (Istanbul)	Private
		K_37	1	2007	1	Melikgazi	Residence	Public	Public
		K_38	1	2013	1	Melikgazi	Residence	Istanbul	Private
		K_39	2	2009	2	Melikgazi	Residence	Developer_its own (Istanbul)	Private
IZMIR	1	K_40	1	2009	1	Melikgazi	Residence	Istanbul	Private
K.MARAS	1	K_41	4	2009	2	Kocasinan	Office	From Kayseri	Private
				2010	1	Kocasinan	Residence	From Kayseri	Private
				2012	1	Melikgazi	Residence	From Kayseri	Private
KARABÜK	3	K_42	6	2010	2	Melikgazi	Residence	Public Construction Cooperative	Public
					1	Kocasinan	Office	Public Construction Cooperative	Public
				2012	2	Melikgazi	Residence	Public Construction Cooperative	Public
					1	Melikgazi	Residence	Public Construction Cooperative	Public
		K_43	1	2012	1	Melikgazi	Commerce	Developer_its own	Private
		K_44	1	2012	1	Kocasinan	Office	From Kayseri	Construction Cooperative

Table A.19. (Continued) A Detailed View of Non-Local Developers and Their Projects, KAYSERİ

Province	Developers		Details about the Construction Permits					Owner Structure	
	Counts	Code	#of total permits	Year	# of permits	County	Type of the Building	Owner	Type of the owner
KIRŞEHİR	1	K_45	3	2010	1	Kocasinan	Residence	From Kayseri	Private
				2012	1	Melikgazi	Residence	From Kayseri	Private
					1	Kocasinan	Residence	From Kayseri	Private
KOCAELİ	2	K_46	2	2008	1	Melikgazi	Residence	Kocaeli	Private
				2013	1	Kocasinan	Other (Soyunma Binası)	Kocaeli	Private
		K_47	1	2013	1	Melikgazi	Residence	From Kayseri	Private
KONYA	1	K_48	42	2008	1	Melikgazi	Residence	Public	Public
				2009	4	Kocasinan	Residence	Public	Public
					2	Kocasinan	Office	Public	Public
					1	Kocasinan	Health	Public	Public
					29	Melikgazi	Residence	Public	TOKİ
					3	Melikgazi	Industry	Public	Public
					1	Melikgazi	Commerce	Public	Public
					2012	1	Melikgazi	Sosyal Tesis	Public
MALATYA/İZMİR	1	K_49	1	2013	1	Kocasinan	Residence	From Kayseri	Private
MANİSA	1	K_50	1	2009	1	Melikgazi	Industry	Public	Public
MERSİN	3	K_51	3	2010	1	Melikgazi	Residence	From Kayseri	Private
					1	Kocasinan	Residence	From Kayseri	Private
					1	Melikgazi	Industry	From Kayseri	Private

Table A.19. (Continued) A Detailed View of Non-Local Developers and Their Projects, KAYSERİ

Province	Developers		Details about the Construction Permits					Owner Structure	
	Counts	Code	#of total permits	Year	# of permits	County	Type of the Building	Owner	Type of the owner
MERSİN	3	K_52	2	2013	1	Melikgazi	Residence	Developer_its own	Private
					1	Kocasinan	Residence	Developer_its own	Private
		K_53	1	2014	1	Melikgazi	Residence	Public	Public
NEVŞEHİR	2	K_54	1	2008	1	Melikgazi	Residence	From Kayseri	Private
		K_55	2	2009	1	Melikgazi	Residence	From Kayseri	Private
				2010	1	Melikgazi	Residence	From Kayseri	Private
OSMANİYE	1	K_56	1	2013	1	Kocasinan	Residence	Adana	Private
SİVAS	1	K_57	2	2008	1	Kocasinan	Residence	Developer_its own	Private
				2013	1	Melikgazi	Residence	Developer_its own	Private
YOZGAT	3	K_58	3	2009	1	Melikgazi	Residence	Yozgat	Private
		K_59		2010	1	Kocasinan	Residence	From Kayseri	Private
		K_60		2013	1	Melikgazi	Residence	From Kayseri	Private

**Table A. 20 Distribution of Non-local Developers; Years, Origins and Permits taken, Erzurum**

<b>Year</b>	<b># of provinces</b>	<b># of total permits</b>	<b>Provinces</b>	<b># of permits</b>
<b>2007</b>	1	1	Ankara	1
<b>2008</b>	4	39	Ağrı	1
			Ankara	2
			İstanbul	2
			Kayseri	34
<b>2009</b>	6	13	Ağrı	1
			Ankara	8
			Bingöl	1
			Gaziantep	1
			Gümüşhane	1
			Kocaeli	1
<b>2010</b>	1	1	Ağrı	1
2011	4	8	Adana	3
			Ağrı	3
			Ankara	1
			Istanbul	1
<b>2012</b>	4	40	Ankara	19
			Batman	1
			Çanakkale	1
			İstanbul	19
<b>2013</b>	6	25	Ağrı	1
			Amasya	1
			Ankara	11
			Bayburt	1
			İstanbul	10
			Mardin	1
<b>2014</b>	5	17	Ankara	11
			Bursa	1
			Istanbul	3
			Izmir	1
			Kocaeli	1

## **B: TURKISH SUMMARY**

Kentsel politika alanındaki birçok tez gibi, bu tez de temelde kentsel mekânsal değişimin dinamiklerini sorgulamayı hedeflemektedir. Böylesi bir sorgulama birçok kurum ve aktörün birbiri ile karşılıklı ilişkilerini içeren çok farklı süreçlerin analizini gerektirmektedir.

Derin bir ekonomik ve politik kriz dönemi sonrasında seçilen 58. Hükümetin uygulamaya başladığı ‘inşaat odaklı kalkınma’ stratejisi Türkiye’deki kentsel yapıyı çevrenin üretimini derinden etkilemiş ve bu etki büyük kentlerle sınırlı kalmamış, tüm ülke sathına yayılmıştır. Yönetime geldiğinde hükümetin ilk amacı yatırım ortamının iyileştirilmesi yoluyla mevcut ekonomik krizin üstesinden gelinmesi olmuştur. İnşaat sektörüne yapılan yatırımların ekonomik kalkınmayı tetiklediği varsayımına dayanan bir ekonomik model tercihi ile ilk birkaç yıl içerisinde hızla birçok yasal, yönetsel ve kurumsal reform yapılmıştır. 2004 yılında başlatılan ‘*İnşaat Hamlesi*’ ile hem yerel hem de merkezi hükümetin özellikle büyük ölçekli projeleri yoluyla yapıyı çevreye yapılan müdahaleler hızla artmıştır. Böylece hem sermaye birikiminin hem de kamu politikalarının giderek daha fazla sermayenin mekâna transferi üzerinden gerçekleştiği bir dönem başlamıştır Türkiye için. İlk defa 58. Hükümetin 2002 sonrasında uygulamaya başladığı bu politikalar aynı hükümetin üst üste seçilerek görevde kaldığı süre boyunca ekonomik kalkınmanın temel stratejisi olarak giderek daha da aktif bir şekilde kullanılmaya devam etmiştir.

Bu bağlamda tezin temel amacı son yaklaşık 13 yıl boyunca ülkemizdeki ekonomik kalkınmayı yönlendiren inşaat odaklı kalkınma stratejisinin etkilerini Türkiye coğrafyası üzerinde incelemek ve söz konusu politikaların kentlerin gerek kalkınmasında gerekse kentsel mekânsal stratejilerinin belirlenmesindeki farklılaşmalar konusundaki etkilerini analiz etmek ve bu etkilerin belirlenmesindeki yerel faktörleri araştırmaktır. Bu amaçla tezde temel olarak farklılaşan inşaat yatırımları, bu yatırımların ekonomik yapıya etkileri ile inşaat sektörünün ve yapı



sunumunun yapısındaki deęişimi sorgulanmıştır. Yapılan analiz ve sorgulamalarını genellikle ülkelerin lider kentlerine odaklayan yazının aksine bu tez daha küçük ölçekli iki kentte yaptığı karşılaştırmalı analizler çerçevesinde söz konusu stratejinin ve artan inşaat yatırımlarının, dolayısı ile yapısı deęişen yapım sektörünün, ekonomik ve politik etkileri farklı coğrafyalardaki süreçler üzerinden tartışılabilmiştir. Alan çalışmasının yürütüleceęi kentlerin seçiminde bu kentlerin ekonomik yapıları ve inşaat yatırımlarındaki farklılaşmalar en temel belirleyici olmuştur. Bu kapsamda görece benzer ölçekte, ancak ekonomik yapıları ve sektör dinamikleri açısından farklılaşan Erzurum ve Kayseri kentleri alan çalışmasının yürütüleceęi kentler olarak belirlenmiştir.

Tüm bu yeni yapının kentsel mekân oluşum süreçlerine etkileri *tarihsel kurumsallık* yaklaşımı çerçevesinde incelenmiştir. Bu yaklaşım yapım sektörünün kurumsal yapısını inceleyebilmek için oldukça kapsamlı bir kavramsallaştırma yapılabilmesini sağlamıştır. Böylece, söz konusu süreçlerin biçimlenmesinde etkili olan yerel faktörlerin ortaya çıkarılabilmesi için bu yapının incelenmesinde aktörler ve aktörler arasındaki sosyal ilişki ve normlara odaklanarak kapsamlı bir tartışma yürütülebilmesi sağlanmıştır.

Teze ilişkin teorik tartışma emlak geliştirme sektörünün (yapım sektörü) kavramsallaştırılmasıyla başlamış ve hem bu sektörün gelişimini hem de sermaye ve kentsel süreçlerle ilişkisini inceleyen bir dizi teorik yaklaşımın sunulmasıyla devam etmiştir. Yapım sektörünün doğası onu diğer ekonomik sektörlerden oldukça farklılaştırmaktadır. Emlak geliştirme süreci kendi dışında birçok farklı sektöre ilişkin geliştirilen politika ve uygulamalardan, farklı ölçeklerdeki (yerel, ulusal, hatta uluslararası) birçok aktör arasındaki çatışma ve çelişkilerden de direkt olarak etkilenmektedir. Birçok farklı tip ve ölçekte sermaye ile ilişki içinde bulunmaktadır. Hammadde, işgücü ve sermaye ilişkileri çoęu zaman yapım sektörünün üretim aşaması ulusal hatta bazen uluslararası bir ölçekte bir ilişkiler sistemi sunarken, üretilen mal her zaman yere bağımlıdır ve hiçbir şekilde transfer edilemez. Bu nedenle de çok farklı düzlemlerde ilişkileri barındırır da her zaman yerel etkenler ve koşullardan da direkt olarak etkilenmektedir.

İnşaat sektörünün ekonomik kalkınmayı sağlayan lokomotif bir sektör olduğunu belirten ana akım teoriler, bu varsayımlarını inşaat sektörünün birçok farklı sektör ile kurduğu ileri ve geri bağlantıların varlığına dayandırmaktadırlar. Ayrıca neo-klasik yaklaşım inşaat sektörüne yapılan yatırımların ekonominin genel yapısına bağlı olarak birbirini izleyen yükselme ve düşme dönemleriyle döngüsel bir yapısının olduğunu, bu döngülerin sürelerine bağlı olarak da inşaat yatırımlarının etkilerinin farklılaştığını vurgulamaktadırlar. Ekonomik belirlenimci Marksist yazında ise sermayenin iki temel çevrim arasındaki hareketine vurgu yapılmaktadır. Buna göre sermaye birikimi temel olarak üretici sektörlerin yer aldığı birinci çevrimde sağlanmakta, ancak burada gerçekleşen aşırı birikim sorunlarının aşılması amacıyla geçici olarak yapılı çevre yatırımlarının gerçekleştiği ikinci çevrime aktarılmaktadır (Harvey, 1985). Harvey, bu süreçte devletin kolaylaştırıcı ve yönlendirici etkisine vurgu yaparken aynı zamanda sermayenin çevrimler arasındaki hareketinde tarihsel ve coğrafi farklılıklar da olduğunu vurgulamaktadır. Yapılan yazın incelemesi yukarıda belirtilen teorik yaklaşımlara ait alan araştırmalarının ülke analizleri ya da çeşitli ülkelerin en büyük kentlerinde yapılan araştırmalara dayandırıldığını, ya da en iyi ihtimalle farklı ülkelerin lider kentlerinin karşılaştırılmasının yapıldığını göstermektedir. Oysa söz konusu coğrafi farklılaşmaların aynı ülke sınırları içerisinde aynı kurumsal, yasal ve yönetsel yapı ile belirlenen ekonomik ilişkiler çerçevesinde de sorgulanması gerekmektedir.

Bu tez, yaptığı alan araştırmalarıyla yazındaki bu eksikliği kapatmayı hedeflemektedir. İlgili analiz sürecinde, yapı sunumunun yapısının incelenmesine ilişkin öneriler (Ball, 1983) izlenmiştir. Bu yaklaşım diğerlerinden farklı olarak yapılı çevreye sadece ekonomik kalkınmadaki fonksiyonel rolü üzerinden yaklaşmamakta, yapı sunumuna ilişkin sürecin yapısal ilişkilerine odaklanılarak analiz edilmesine özel bir önem atfetmektedir. Bu çerçevede analiz sürecinde kentsel mekân üretimine ilişkin aktörlerin yapıları ve ilişkileri temel alınmış; özellikle yerel ve merkezi hükümetin ilişkilerine odaklanılarak, oluşturulan yeni bağlamda müteahhitlerin (geliştiricilerin) değişen stratejileri, ilişki biçimleri ve aldıkları pozisyonlar araştırılmıştır. Bu yaklaşım aktörler arasındaki her tür ilişkiyi ayrı bir sosyal yapı olarak inceler ki buna göre bir aktör aynı anda birden fazla yapı içerisinde bulunabilir. Yapılar arasındaki çatışma, ekonomik belirlenimci yaklaşımlarda esas alınan sermaye ve emek arasındaki

çatışmadan ya da devlet ve vatandaş arasındaki çatışmadan çok daha karmaşıktır ve sermaye sahibini aslında ekonomik ilişkilerin belirlenmesinde çok daha güçsüz bir konuma sokar. Devletin (yerel ve/veya merkezi) rolü ise her ne kadar sermaye birikime ilişkin sorumlulukları üzerinden tanımlansa da kentsel gelişme süreçlerinin belirlenmesinde, yapı sunumuna ilişkin sosyal ve ekonomik ilişkilerin yaratılması ve yeniden üretilmesinde direk ve endirekt müdahaleleri ile çok daha etkilidir. Dolayısı ile bu yaklaşım işlevsel, tarihsel ve politik bağlantıları yoluyla sosyal olarak üretilen yapılar arasındaki ilişkilere ayrı bir önem arz etmekte ve bu ilişkilerin var olduğu sosyal, ekonomik ve politik bağlam içerisinde analiz edilmesi gerektiğini vurgulamaktadır. Buna göre yapılı çevreye yapılan yatırımlar sermayenin kaynağı tarafından değil, aktörler arasındaki sosyal çatışma ve ekonomik ilişkiler çerçevesinde belirlenmektedir.

Türkiye’de de 2002 sonrasında devletin giderek daha fazla yapılı çevreye müdahale etmesinin bir sonucu olarak inşaat sektörüne ve söz konusu yatırımların kentsel süreçlere etkileri üzerine birçok araştırma yapılmıştır. Ancak bu çalışmalar da, ulusal yazında olduğu gibi, ya genel Türkiye verilerinin ya da Türkiye’nin en büyük kenti olan İstanbul’a ilişkin verilerin analizi ile kısıtlı kalmıştır. Bu nedenle bu tez çalışmasında daha küçük ölçekli kentlere odaklanılmış ve yapılan analizler sonrasında gerek ekonomik yapıları gerekse inşaat sektörünün durumuna ilişkin iki farklı karakterde kent seçilerek karşılaştırmalı ve çıkan sonuçlarla birbirini tamamlayıcı bir alan araştırması gerçekleştirilmiştir. Nüfusu ve ekonomisi İstanbul kadar büyük olmayan, ekonomisi çok farklı sektörlerden ve küresel ağlarla kurulan ilişkilerden direkt olarak etkilenmeyen; böylece inşaat sektöründeki artan yatırımların etkisinin daha net bir biçimde test edilebileceği uygun ölçekte iki farklı kent seçilmeye çalışılmıştır. Daha sonra il bazında yapılan analizlerin de yönlendirmesi ile kentsel nüfusu 500.000 ile 750.000 arasında değişen 9 orta ölçekli kent arasından Kayseri ve Erzurum hem ekonomik yapıları hem de inşaat yatırımları arasındaki farklar nedeniyle alan çalışmasının yürütüleceği kentler olarak seçilmişlerdir. Böylece Kayserinin gelişmiş sanayi altyapısı karşısında Erzurum’da böyle bir altyapının olmaması ana akım teorilerde varsayılan çevrimler arası sermaye akışı konusunda da yerel ölçekte karşılaştırmalı bir tartışma yürütülebilmesi sağlanmıştır. Ayrıca ülke geneli için

geçerli olan tarihsel döngülerin ve varsayılan ekonomik etkilerin farklı yerel etkenler altında nasıl ve hangi süreçlerde değişim gösterdiği de test edilebilmiştir.

Teze ilişkin analizlere geçilmeden önce 2002 sonrasındaki ekonomik ve politik bağlam özetlenmiş ve devletin yapıli çevreye müdahalesi incelenmiştir. Bu özet değerlendirmenin ardından inşaat odaklı kalkınma stratejisinin ve özellikle hükümetin pozisyon değişikliğinin etkileri hem sektörel, hem ekonomik, hem de Türkiye coğrafyasına etkileri üzerinden analiz edilmeye çalışılmıştır.

2002'nin sonunda göreve gelen AKP hükümeti ilk olarak kamu reformu adı altında yoğun yasal ve yönetsel değişikliklerin gerçekleştirildiği bir reform süreci başlatmış ve hükümette kaldığı yaklaşık 13 yıllık süreçte de gerekli gördüğü her durumda yeni düzenlemelerle bu eğilimi devam ettirmiştir. Söz konusu hükümet tarafından uygulanan inşaat odaklı büyüme stratejisinin gerçekleştirilebilmesi için gerçekleştirilen yasal, kurumsal ve finansal düzenlemeler hem sermayenin (ulusal ve uluslararası) yapıli çevreye aktarımını hem de devletin bu süreci kontrolünü ve yapıli çevreye müdahalelerini kolaylaştırılmasını sağlamıştır. Bu düzenlemeler sonucunda geçmiş dönemlere göre gerek aktörlerin sayısı ve çeşitliliği gerekse ilişki biçimleri açısından çok daha karmaşık bir yapı ortaya çıkmıştır. Bu yeni dönemin en ayırt edici özelliği devletin artık sadece bir düzenleyici aktör olarak değil, aynı zamanda ürettiği projeler ve uygulamaları ile dolaysız bir şekilde dâhil olduğu yeni bir emlak pazarı yaratılmış olması ve bu pazarın sermaye ilişkilerinin yeni bir finansal sistem ile sağlanıyor olmasıdır. Bu yeni finansal sistem, en genel haliyle, hem ulusal pazara yabancı sermaye akışını kolaylaştırmakta hem de ürettiği yeni araçlarla (kredi vs.) son kullanıcının borçlanarak da olsa alım gücünü arttırarak pazardaki talebin sürekliliğini sağlamaktadır.

Bir önceki döngüde (1982-2002) kurulan TOKİ, bu yeni dönemde yapılan düzenlemelerle çok güçlü bir aktör haline getirilmiş ve devletin sadece İstanbul'daki değil, tüm ülke sathındaki kolu olarak sektör faaliyetlerini tetikleyici bir aktör haline gelmiştir. Ayrıca yeni bir kamu ihale yasasının çıkarılması ve sonrasında yasada yapılan sayısız değişiklikle sektörün kuralları ve normları sürekli olarak daha büyük ölçekli firmaları destekleyen bir yönde yenilenmiştir. Bu alanlardaki temel değişikliklerle devlet sadece sektörün yapısını değil, sektörde rol alabilecek aktörleri

de tanımlanan normlar çerçevesinde belirlemekte, dolayısı ile hem geliştiricilerin hem de son kullanıcı olan müşterilerin profillerini ve eğilimlerini derinden etkilemektedir. Özellikle finansal yapının değişmesiyle birlikte tüm yurt genelinde bir önceki dönemin baskın konut sunum modeli olan kooperatifleşme terk edilmiş ve baskın bir biçimde her ölçekte yap-satçılığa geçilmiştir. Böylece artan üretim hacminin de etkisiyle giderek sektörde daha büyük ölçekli geliştiriciler egemen olmaya başlamışlardır. İstanbul'da ve ülke genelinde GYO'ları ve holdingler düzeyinde geliştiriciler sektöre hâkimken, Erzurum ve Kayseri gibi daha küçük ölçekli pazarlar da görece büyük ölçekli yerel müteahhitler lehine tekelleşmeye başlamışlardır. Ancak bu yeni yapı içerisinde giderek artan finansallaşma sektörün ekonomiye etkisini de belirler hale gelmiş ve giderek daha fazla küresel ekonomik şartlar karşısında hassaslaştırmıştır.

Ekonomik belirlenimci ana akım bir yaklaşım inşaat aktivitelerinin ekonomik kalkınmaya etkilerini sektörün ileri ve geri bağlantıları üzerinden açıklamaktadır. Böyle bir varsayım üzerinden yapılacak test için söz konusu bağlantıların varlığını ve gücünü ölçen girdi-çıkıtı analizlerine başvurmak gerekmektedir. Ancak Türkiye'de 2002 sonrası dönem için böyle bir veri üretilmediği için ekonomik duruma ilişkin değişim ve bu değişimin coğrafi farklılıklarının araştırılması için sermaye ve nüfusun 2000-2011 arasında mekânda yeniden dağılımına ilişkin bölgesel ölçekte bir analiz yapılmış ve bu analizin sonuçları inşaat yatırımlarındaki değişim üzerinden tartışılmıştır. Bu analize göre söz konusu dönemde sadece 5 bölge (12 il) sermaye ve nüfusun mekânda dağılımın da her ikisi açısından da kazanan durumundayken, 12 bölge (41 il) her iki veri açısından da kaybetmiştir. Bu durum, inşaat odaklı kalkınma stratejisinin aslında Türkiye'deki eşitsiz gelişmeyi arttırdığını göstermektedir. Kazanan beş bölgeden dördü çok sektörlü ekonomik yapıları ve metropoliten kent-bölgeleri ile küresele eklemlenmiş İstanbul, Tekirdağ, Ankara ve Bursa'dır. Bu kentlerin gelişimine inşaat sektörünün direkt etkisini ölçmek bu tezin kapsamı dışında bir araştırmayı gerektirmektedir. Ancak yerelliklerde yapılan alan çalışmaları inşaat yatırımlarının ürettiği inşaat malzemesi talebinin bu metropoliten kent bölgelerinden karşılandığını, yereldeki dağıtımın distribütörler aracılığı ile gerçekleştirildiğini göstermektedir. Her ne kadar söz konusu malzemelerin üretim ölçekleri nedeniyle her yerellikte üretilmesi zor da olsa, bu konuda henüz bölgesel üretim merkezlerinin de bulunmadığı dikkat çekmektedir. Büyük ölçeklerde yapı sunumu gerçekleştiren ve

marka değerini korumak adına bazı ürünlerde proje özelinde üretim yaptıran bu firmalar özellikle merkezi İstanbul ve yakın çevresinde bulunan markalaşmış inşaat malzemesi sağlayıcıları (örneğin vitrifiye ürünleri konusunda) ile çalışmaktadırlar. Dolayısıyla artan markalaşma ve ulusal ölçekteki geliştiricilerin giderek daha fazla yerel pazarlarda aktif hale gelmesi metropoliten bölgelerde yer seçen üreticilere olan bağımlılığı daha da arttıracak görülmektedir. Bu tarz bir ilişki sistemi ileri geri bağlantılarla sağlanacak ekonomik kalkınmanın da yerelde ancak bu tür metropoliten bölgeler için geçerli olduğunu, diğer yerelliklerin ise giderek daha çok bağımlı hale geldiğini göstermektedir. Kazananlar arasında bulunan beşinci bölge Mardin’de diğerleri gibi bir ekonomik yapı bulunmamaktadır. Mardin’in SEGE analizlerinde de görülen yükselişinin inşaat yatırımları ile ilişkisi bu yatırımların istihdamda yarattığı niteliksel artış, ticari ilişkilerdeki canlanma ve temel altyapı yatırımlarının (ulaşım, eğitim vb) yarattığı itici güç ile açıklanmakta, ancak bu hareketliliğin ne kadar sürdürülebilir olduğu bilinmemektedir. İlginç olan kaybeden bölgeler arasında sanayi altyapısı bakımından oldukça gelişmiş Konya, Adana, Kayseri gibi illerin de bulunmasıdır. Bu durum yukarıda belirtilen yaklaşımı daha da güçlendirmektedir. Son ürünün baskın yerel karakterine rağmen sektör daha çok ulusal ve hatta uluslararası pazar ilişkileri üzerinden işletilmektedir. Dolayısıyla Türkiye’de yapım sektöründeki yatırımların artışının ekonomik kalkınmayı canlandıran etkisi tüm yerellikler için benzer şekilde gerçekleşmemekte, çok sektörlü yapısı ve küreselle ilişkisi bakımından lider olan kentler ve bölgeleri için daha etkin olmaktadır. İnşaat odaklı kalkınma stratejileri mevcut büyüme odaklarının gelişiminde daha etkin olmakta ve eşitsiz büyümeyi arttırmaktadır.

2003-2014 yılları arasındaki inşaat yatırımlarının il bazında incelenmesi ülke sathında önemli coğrafi farklılıklar olduğunu ve bu farklılıkların talep ve ihtiyaç ile açıklanamayacağını göstermektedir. İnşaat yatırımlarının yoğunlaştığı merkezlerdeki yapı izinlerinin sektörel analizi, yatırımların yerelin özgünlüklerine göre değiştiğini göstermektedir. Örneğin, İstanbul kent bölgesi içerisinde yer alan turizm potansiyelleri ile de dikkat çeken Tekirdağ’da hem sanayi hem de konut yatırımları öne çıkarken, Ankara’da ofis yatırımlarının çokluğu dikkat çekmektedir. Özellikle Anadolu Hareketi adıyla İstanbul dışında yatırım olanakları arayan geliştiricilerin önce Antalya daha sonra Ankara ile artan yerel pazara dahil olma süreçleri de bu kentlerdeki politika

süreçlerini oldukça etkilemiştir. Ancak özellikle belirtmek gerekir ki tüm kentlerde yatırımların önemli bir yüzdesini konut yatırımları oluşturmakta, diğer alt sektörlerdeki yoğunluklar yerel faktörler ve politikalardan etkilenecek şekilde şekillenmektedir. Ancak sanayi yatırımlarının yüzdesinin özellikle İstanbul ve yakın çevresindeki sanayi altyapısına sahip bölgelerde anlamlı bir yoğunluğa erişmesi en azından diğer kentlerde inşaat odaklı kalkınma stratejisinin 13 yılı aşkın etkinliğine rağmen birinci çevrimdeki yatırımları henüz önemli ölçüde arttırmadığını göstermektedir. Üstelik inşaat yatırımlarının döngüsel karakterine vurgu yapan yaklaşımlara göre döngünün iniş ayağı başlaması sektörün yeterli doygunluğa ulaştığını ve yatırımların gittikçe azalma eğilimine girdiğini, dolayısıyla yapıli çevre üzerinden sermaye birikimi sağlamanın giderek daha da zorlaşacağı bir döneme girildiğini göstermektedir. İnşaat yatırımları ile imalat sanayi yatırımları arasındaki ilişki işgücündeki değişim üzerinden iller bazında analiz edilmiş, ve inşaat sektöründeki istihdam artışının tüm illerde imalat sanayi istihdamındaki artıştan kat be kat fazla gerçekleştiği görülmüştür. Özellikle doğu ve güneydoğu illerinde, inşaat yatırımları görece daha düşük oranlarda gerçekleşmesine rağmen inşaat sektöründeki istihdam artışı imalat sanayinin 80 katına kadar ulaşmıştır. Sektörün varsayılan uyarıcı etkisinin gerçekleşmesi bu oranın çok daha düşük gerçekleşmesini gerektirirdi. Oysa, inşaat sektörü kent ekonomileri için belirleyici bir sektör haline gelmiş, ancak ekonominin diğer sektörleri ile ilişkisi ve yukarıda anlatılan ileri geri bağlantılarının ülke içerisindeki işleyişi nedeniyle istihdamın muhtemelen geçici olan niteliksel artışına rağmen ekonomik kalkınmasının beklenmesi bir yana giderek daha fazla bağımlı olmuşlardır.

Yapılan analizlerin iller bazında incelenmesi, potansiyel gelişme odakları olarak adlandırılan orta ölçekli kentler arasında da oldukça farklı eğilimler olduğunu göstermiştir. Alan araştırmalarının yürütüleceği illerin seçiminde analizler için uygun bir büyüklüğe sahip olmaları açısından kent nüfusu 500.000 ile 750.000 arasında değişen 9 kente odaklanılmıştır (nüfus sırasına göre –artan-: Maraş, Eskişehir, Erzurum, Balıkesir, Hatay, Samsun, Manisa, Kocaeli ve Kayseri). Bunlar arasından inşaat yatırımları ve ekonomik yapıları açısından en çok farklılaşan iki kent seçilmeye çalışılmış; bu anlamda kentlerin sanayi sektörüne ilişkin altyapıları özellikle öne çıkmıştır. Böylece ana akım teorilerin vurguladığı birinci ve ikinci çevrim arasındaki

sermaye aktarımına ilişkin bir sorgulama da yapılması hedeflenmiştir. Bu çerçevede tezin sorularının araştırılması için en uygun iki kentin Erzurum ve Kayseri olduğu ortaya çıkmıştır. Hem sanayi altyapısı hem de inşaat yatırımları açısından Kayseri diğer kentler arasında öne çıkmaktadır ve ilerleyen araştırmalar karşılaştırmalı bir çerçevede bu iki kentte yürütülmüştür. Buna karşılık ortalama bir nüfus değerine sahip olmasına rağmen kişi başına düşün inşaat yatırımları açısından en düşük değeri alan Erzurum'da sanayi altyapısının gelişmemiş olması böyle bir karşılaştırmayı daha anlamlı kılmaktadır. Üstelik ilginç bir şekilde 2003-2014 yılları arasındaki imalat sanayinin gelişimi incelendiğinde Erzurum'da imalat sanayideki istihdam artarken, Kayseri imalat sanayisindeki istihdamın giderek azaldığı görülmektedir ki bu durum söz konusu teorilerin vurguların tam tersi bir durumu işaret etmektedir.

Makro ölçekteki ekonomik ve politik değişimler yapı sunumunun yapısını derinden değiştirmektedir. Yapılan analizler her iki kentteki emlak geliştirme sektörünün yapısının da 2002 sonrasında oldukça değiştiğini göstermektedir. Bu yapı değişikliği üretim hacimlerindeki değişim, yapı sunumunun giderek daha fazla merkezileşmesi ve özellikle konut sektörü bağlamında yapı sunum biçimlerinin değişimi çerçevesinde incelenmiştir.

Erzurum ve Kayseri kentlerinin 2002 sonrası inşaat yatırımlarının döngüsel hareketleri Türkiye'nin ki ile karşılaştırılmış ve yerel pazarın ulusal karşısında çok daha fazla iniş ve çıkış yaşadığı, pazar ilişkilerini etkileyen her türlü değişimden çok daha hızlı etkilendiği, dolayısıyla çok daha kırılgan olduğu anlaşılmıştır. Ancak Kayseri ile Erzurum kentlerinin karşılaştırılması sonucunda üretim ölçeği (pazarın büyüklüğü) azaldıkça yerelliğin kırılganlığının daha çok arttığını, ancak aynı zamanda çok daha çabuk iyileşme gösterdiği ortaya çıkmıştır. Yerel pazarlardaki üretim rakamlarındaki ani ve kısa süreli iniş ve çıkışların incelenmesi, bu hareketlerin çeşitli politika değişiklikleri ile peş peşe ya da aynı zamanlarda gerçekleştiklerini göstermiştir. Yerel geliştiriciler herhangi bir yasal ve kurumsal değişikliğinin henüz bilinmeyen olası sonuçlarına karşı işlerinin devamlılığını sağlamak için çeşitli önlemler almakta ve bir süreliğine üretim hacimlerini daraltmak ya da daha sonraki projeleri için projelere ilişkin planlanan zamanı beklemeden alabildikleri kadar yapı izni almak gibi stratejilere kullanmaktadırlar. Yerelliklerdeki bu genel eğilimler, makro ekonomik ve



politik şartlardaki deęişim karşısında yerel pazarlardaki üretim hacimlerindeki deęişimin yerel faktörlerce belirlendiğini gösterirken, yapım sektörünün üretim ve sektör içi ilişkiler bağlamındaki yol bağımlı alışkanlıkları devletin müdahaleleri karşısında farklı yerelliklerde benzer stratejiler geliştirilmesi ile sonuçlanmaktadır.

Kayseri'deki üretim hacminin Erzurum'dakinden daha fazla büyümesi yapılı çevreye aktarılan kaynağın miktarı ile üretimin ölçeęi arasında doğrudan bir bağlantı olduğunu göstermektedir. Mevcut ekonomik yapısına baęlı olarak Kayseri inşaat odaklı kalkınma stratejisinden yararlanma konusunda Erzurum'a göre çok daha fazla avantaja sahiptir. Bununla birlikte, inşaat firmalarının sayısındaki ve inşaat sektöründe istihdam edilenlerin yüzdesindeki artış Erzurum ekonomisinin giderek daha fazla inşaat sektöründeki gelişmelere baęımlı hale geldiğini göstermektedir. Dahası, Kayseri sahip olduğu birçok avantaja rağmen sermaye ve nüfusun mekânda yeniden dağılımında kendinden daha küçük ölçekli Erzurum karşısında görelî olarak kaybetmektedir.

2002 sonrasında yapım sektörü hem yerelde hem de merkezde giderek daha çok aktörlü bir hale gelmiştir. Bu süreçte daha önce bu sektöre girmemiş birçok aktör de yavaş yavaş sektöre dâhil olmaya başlamıştır. Ancak hem üretim hacimlerindeki hem de firma sayılarında artış sektördeki merkezleşmenin her iki yerellik için de artması ile sonuçlanmıştır. Böylece ölçeęi ve gücü büyüyen birkaç firma yerel kentsel stratejileri daha çok etkilemeye başlamıştır. Bu firmalar sadece planlamaya ya da kentsel politika üretime ilişkin süreçleri daha fazla belirlemeye başlamamışlar aynı zamanda yerel pazara giriş ve çıkış koşullarını da belirlemeye çalışmaktadırlar. Bu merkezleşme karşısında, henüz kurumsallaşmasını tamamlayamamış dolayısı ile üretim sürecinin her aşamasına ilişkin yapıları kendi bünyesinde barındırmayan firmaların hâkim olduğu sektörün bu yapısı üretim süreçlerinde taşeronlara baęımlılığı devamlı kılmaktadır. Bu nedenle her iki kentte de küçük ölçekli çok sayıdaki firmanın da varlığı korunmaktadır. Kurumsallaşma düzeyleri incelendiğinde, hali hazırda bir sanayi kültürüne sahip olan Kayseri'deki firmaların bu konuda Erzurum'dan çok daha başarılı oldukları gözlenmektedir. Ancak her iki kentte de hem firma sahiplerinin hem de arsa sahibi ve müşterilerin yüz yüze görüşmenin sağladığı güven ortamından daha çok beslendięi görülmektedir. Bir dięer yandan da henüz kurumsallaşmanın tamamlanmamasının yarattığı görece daha esnek davranabilme özgürlüğünden

faaydalanılmak istenmektedir. Ancak bu durum yerel firmaların byk lekli iřlere ve zellikle devlet ihalelerine girmelerini engellemektedir. Kayseri’deki firmaların byklg ve grece daha iyi durumda olan kurumsal yapıları sayesinde birok yapım iřini yerel firmalarla zebilmesini saęlarken, Erzurum’daki kamu yatırımları daha ok ulusal firmalarca yrtlmektedir. Erzurum’lu kamu mteahhitlerinin en byk Őikayetleri Ankara’dan yrtlen ihalelere girebilecek kořullara sahip olamamalarıdır.

Sektrdeki yapısal deęiřimi en belirgin Őekilde ifade eden deęiřim baskın konut sunum biimindeki deęiřimdir. zellikle 2004’den sonra hızlı bir biimde 80’lerin baskın konum sunum biimi olan kooperatifleřme terkedilmiř ve yap-sat tarzı retime geilmiřtir. Bu srete kooperatif yapanların nemli bir kısmı sektrden tamamen ıkarken, bir kısmı da zellikle tanınırlıklarının yarattıęı avantajları kullanarak yap-satılıęa gemiřlerdir. Ancak halen kooperatifilięi bırakmayan kkk bir retici sınıf bulunmaktadır ki bunlar her iki kentte de varlıęını gsteren maddi olanaklara sahip ancak yeni bankacılık sisteminin olanaklarından faydalanmak istemeyen muhafazakar kesimin taleplerine cevap vermektedir. zel sektrde yap-sat tarzı konut sunumunun giderek artmasının Erzurum ve Kayseri’de iki nemli sonucu olmuřtur: 1.her iki yerellik de gvenlikli konut siteleri ile bu dnemde tanışmıř ve 2.her iki kentinde yapılı alanı evreye doęru yoęun bir yayılma eęilimine girmiřtir. Yap-sat tarzı retim hızla yaygınlařmasındaki en nemli etken 2002 sonrasının yeni finansal sistemi olmuřtur. Bu sistem hem son kullanıcının konut alım olanaklarını arttırmıř, hem de retici kullandıęı finansal krediler aracılıęı ile daha yapabilir hale gelmiřtir. Ancak, artan kredi kullanımı ile birlikte hem Kayseri’de hem de Erzurum’da uygulanan takas yntemi sektrde canlı para akıřını azaltmakta; hatta eřitli sektr temsilcilerinin bildirdięine gre yapım faaliyetleri aracılıęı ile sermaye birikimi saęlanmasını engellemektedir. Bu nedenle zaten dar olan yerel pazardaki yatırım olanakları daraldıęında yerel geliřtiriciler bařka sektrlerde yatırım yapmak yerine bařka yerelliklerdeki bořlukları arařtırmakta ve fırsat yakaladıęı metropoliten kentlerde inřaat yatırımı yapmaya alıřmaktadırlar. Bu byk kentlerdeki yatırım olanaklarının da daralması nedeniyle birok ulusal firmanın giderek daha fazla Anadolu kentlerindeki yatırım olanaklarını kovaladıkları dřnldęnde, byk kentlere giden kkk lekli yerel geliřtiricilerin buralarda da dięer yatırımcılardan arta kalan olduka kkk lekli iřlerle yetinmek zorunda kalacakları aıktır. Ancak sermaye

birikimi sağlayamamış, yeni finansal sistemin bir sonucu olarak çeşitli kredi borçlarıyla varlığını devam ettirmeye çalışan yerel geliştirici sürekli olarak yeni yatırım alanları aramaya mecburdur.

Devletin özellikle TOKİ aracılığıyla konut sunumuna giderek daha fazla dahil olması da yeni konut sunum biçimlerinin ortaya çıkmasını etkilemiştir. TOKİ hem geleneksel kamu konut sunum sistemleri çerçevesinde alt ve orta gelir grubuna yönelik konut üretmekte, hem de 2002 sonrası dönemde kurumun gelirlerini arttırmak amacıyla geliştirilen ‘gelir paylaşımı yöntemi’ ile TOKİ geliştiricileri aracılığı ile ürettiği lüks konutlarla konut sunumuna dâhil olmaktadır. Bu yeni model TOKİ, Emlak Konut ve özellikle merkezi İstanbul’da olan büyük ölçekli geliştiriciler arasında kurulan kamu-özel işbirliği olarak nitelendirilebilir. TOKİ, İstanbul ağırlıklı olmak üzere metropoliten kentlerde gelir paylaşımı yöntemine ağırlık verirken, diğer illerde hedeflenen getiri sağlanamayacağı düşüncesiyle bu yöntem kullanılmamakta ve dar gelirliler için konut üretimi gerçekleştirilmektedir. Alan çalışmasında yapılan görüşmeler TOKİ’nin ürettiği konutlarının hedef kitlesi farklı olduğu için yerel geliştiriciler açısından rakip olarak algılanmadığını göstermektedir. Ancak mevcut bankacılık sisteminin yarattığı olanaklar çerçevesinde, yakın gelecekteki potansiyel müşteri kitlesinin TOKİ tarafından yok edildiği düşünülmektedir. Kayseri ve Erzurum kentlerindeki TOKİ projeleri incelendiğinde bu projelerin kent merkezlerinde değil, ağırlıklıla çeperde ve diğer ilçelerde gerçekleştiği görülmektedir. Üstelik özellikle Erzurum’daki konut talebinin niteliği (en az 150 m<sup>2</sup> ve 4+1 evler talep edilmektedir) dar gelirliler için üretilen TOKİ konutlarını aslında pazarın dışında bırakmaktadır. Dolayısı ile niceliksel açıdan dar gelirliler için gerekli mevcut konut sorunu çözemediği gibi niteliksel açıdan da sosyal yapının ihtiyaçlarına cevap verememektedir.

TOKİ’nin artan faaliyetleri aynı zamanda sadece TOKİ ile çalışan bir geliştirici ve taşeron grubunun da oluşmasıyla sonuçlanmıştır. TOKİ ihalelerinin kamu ihale yasası çerçevesinde giderek daha büyük ölçekli firmalar lehine sonuçlanacak şekilde yapılıyor olması yerel aktörleri zamanla devre dışı bırakmıştır. Ayrıca inşaat sektörünün çalışma prensibi nedeniyle TOKİ ihalesi alan gruplar hep aynı taşeronlarla çalışma eğiliminde bulunmuşlardır. Her ne kadar mevcut pazar payı oldukça düşük

olsa da yerel inşaat pazarı ile hiçbir şekilde ilişki kurmadığı belirtilen TOKİ müteahhitlerinin yerelliklerde aktif olması istenmemektedir.

Yukarıda özetlenen yerel emlak geliştirme sektörlerinin genel yapısına ilişkin analizler sektörün Erzurum ve Kayseri'deki yapılarında oldukça yaygın benzerlikler olduğunu ortaya çıkarmıştır. Ancak bu analizler daha çok üretim süreci ve bu sürecin merkezindeki geliştiricilerin daha genel ekonomik süreçlerden nasıl etkilendiklerini özetlemekte ve kentler arasındaki farklılaşmanın daha çok ölçeksel bir sorun/farklılaşma olduğunu göstermektedir. Oysa sektördeki gelişmelerin kentlerdeki mekân üretim stratejileri açısından değişen etkileri söz konusu olduğunda özellikle geliştiricilerin özellikle devlet ile ilişkisini biçimlendiren yerel faktörlerin analizi oldukça önem kazanmaktadır. Bu çerçevede öncelikle planlama tarihleri üzerinden kurumsal bir analiz gerçekleştirilmiştir. Böylece yerelliklerin kentsel mekân üretim stratejilerinde sahip oldukları özgünlükleri, söz konusu stratejilerin devamlılıkları ve bu devamlılık durumunun kentsel mekânın üretilmesi sürecindeki etkileri incelenmiştir. Daha sonra bu kurumsal yapıların mekân üretim süreçlerini nasıl etkiledikleri Erzurum ve Kayseri'de seçilen farklı projelerin detaylı incelemesi üzerinden tartışılmıştır. Böylece yerel yönetimlerin mekânsal stratejilerinin doğasının merkezi yönetim ve sermaye ile kurulan ilişkileri nasıl biçimlendirdiği konusunda önemli bulgular elde edilmiştir.

Erzurum ve Kayserinin planlama tarihleri birbirlerinden oldukça farklılaşmaktadır. Erzurum'da 1930'lu yıllardan bu yana sık sık plan değişikliği gerçekleşmiş ve kentin gelişimi planlarca somutlaşan bir strateji çerçevesinde değil, mekân üzerindeki çatışmalar çerçevesinde gerçekleşmiştir. Kentin ilk planı yoğun kamulaştırma sorunları nedeniyle, daha sonraki plan ise kentin mevcut yapıyı çevresini dikkate almadığı için birçok çatışmaya neden olmuş ve uygulanamamıştır. Daha sonraki planlarda kısa sürede gerçekleşen çok sayıdaki değişiklik talebine cevap verememiş ve geçerliliğini yitirmiştir. Ayrıca kentin en büyük sorunlarından biri de İmar Mevzuatında tanımlanan 18.madde kuralının uygulanamaması olmuştur. Kent merkezinin gelişim sorunları çözülemediğinden mevcut nüfus baskısı bir başka planda hemen çeperde yaratılan uydu gelişme merkezleri ile çözülmeye çalışılmış, ancak zamanla onlar da mevcut doku ile bütünleşmiştir. Erzurum'u 2015'de onaylanan son

imar planı ise yine uzun süren çatışmalı bir süreç sonunda bitirilmiştir. Bu plan merkezi devletin 2002 sonraki dönem için en güçlü mekânsal gelişim stratejisi olan kentsel dönüşüm projelerini toplam 580ha'lık bir alanı kentsel dönüşüm alanı ilan ederek Erzurum kentinin tek mekân stratejisi haline getiren bir araç olmuştur. Üstelik bu kadar büyük bir alan dönüşüm alanı olarak ilan edilmesine karşın plan hiç birinin arazi kullanım koşulları hakkında bilgi içermemektedir. Bu haliyle söz konusu plan, Erzurum kentsel alanını yatırımcıya açabilecek en uygun esnek koşulları yaratmış görünmektedir. Bu gelişmenin 2014 yerel seçimlerinin hemen ertesinde ve dönemin başbakanının talepleri çerçevesinde, merkezi hükümetin en önem verdiği uygulama araçlarının kullanılarak gerçekleştirilmesi, yıllar içerisinde herhangi bir kentsel gelişme stratejisi kurgulayamamış bir kurumsal yapının, yerel yönetimin, merkezi yönetimin müdahaleleri karşısında ne kadar bağımlı bir konuma düştüğünü göstermesi açısından oldukça önemlidir.

Oysa Kayseri oldukça sınırlı bir alanı kaplayan ilk plan deneyiminden bu yana giderek daha geniş alanları kapsayan planlama tarihi boyunca aynı mekân stratejisini günümüze dek getirebilmiştir. İlk planın (Çaylak Planı) uygulayıcısı aynı zamanda vali olan belediye başkanı, söz konusu planın uygulanması konusunda devletin de gücünü kullanarak hiçbir taviz vermemiştir. Ancak bu dönemin uygulama yöntemleri giderek geleneksel bir hal almış ve temel plan uygulama gelenekleri bu çerçevede kurumsallaşmıştır. Daha sonraki yıllarda, özellikle merkezi hükümetlerin yereldeki etkilerinin giderek azaldığı dönemlerde geliştirilen yerel plan uygulama araçları ile değişen koşullara uyum sağlayarak günümüze kadar gelmiştir. 1940'lı yılların kentsel gelişimine damgasını vuran uygulamaları olanaklı kılan 'Arazi Anlaşmaları' yöntemi ve 1990 sonrasında artan kentsel rantların yaratacağı olası sorunların çatışma olmadan yerel yönetim ve sermaye için yararlı olacak şekilde üstelik yeni sorunlar yaratması muhtemel plan değişikliği yapmadan çözülmesini sağlayan 'Serbest Çalışma Kuralı' Kayseri belediyesinin temel çalışma prensiplerini oluşturmuştur. Arazi anlaşmaları yoluyla arazi sahibi imarlı arsaya sahip olurken, belediye plan uygulamalarını kolaylaştıracak kamu arazisi bankasını geliştirme şansını elde etmiştir. Serbest çalışma prensibi ise plan üzerinde 4 kat olarak tanımlanan alanlarda 14 kata kadar yapı yapılabilmesini sağlamış, verilen bu imar arttırımı ile hem arazi sahibi, hem geliştirici hem de ödenen şerefiye bedelleri ile belediye kazanmıştır. İkinci boyutta aynen

uygulanan plan üçüncü boyutta tamamen delinmiş olsa da kentteki temel izler ve ilişkiler korunmuş ve artan kentsel ranttan herkes payını aldığı için de çatışmalar önlenmiştir. Bu süreçte Kayseri Büyükşehir Belediyesi hem sahip olduğu maddi özerklik açısından hem de diğer uygulama araçlarının getirdiği güce bağlı olarak yönetim değişikliklerine rağmen aynı mekânsal gelişme stratejilerini yıllarca sürdürübilmiştir. Bu nedenle de yukarıda bahsedilen kentsel dönüşüm uygulamalarına hiç ihtiyaç duymamıştır. Üstelik 1960lardan sonra artan bir yoğunlukla kentsel alanı saran gecekondular sorunundan da aynı yöntemleri kullanarak kurtulabilmiştir. Ancak müdahale alanları daralan merkezi yönetim, belediyenin temel uygulama araçlarının kullanımını engelleyerek, büyükşehir belediyesinin kentsel mekân üzerine karar alma ve uygulamadaki özerkliğini yok etmiştir. Planlı alanlar tip imar yönetmeliği 6. maddesinde yapılan bir değişikliklerle serbest çalışma yöntemi uygulanamaz hale getirilmiş ve belediye ilk kez 2015 yılı içerisinde kent merkezi ve yakın çevresinde gerçekleştirilecek kentsel dönüşüm projelerini belirlemeye başlamıştır.

Planlama tarihleri ve plan uygulama araçları üzerinden yapılan yerel yönetimlerin kurumsallıklarına ilişkin sorgulama, yerel kentsel mekânsal stratejilerde sağlanan devamlılığın bu kurumlara hem sermaye hem de merkezi hükümetler karşısında görece bir özerklik sağladığını göstermektedir. Ancak bu çalışma göstermiştir ki yerel yönetimler merkezi yönetimin kentsel mekân üretimine sadece bir düzenleyici olarak değil, bizzat pazar koşullarını değiştirecek şekilde dâhil olma arzusu karşısında duramamaktadır. İlgili yerelliğin ölçeği, gücü ve pozisyonuna bağlı olarak farklı stratejiler kullanmak zorunda da kalsa merkezi yönetim her ölçekteki yerelliğin mekân üretim stratejilerini direkt olarak etkilemekte ve belirleyebilmektedir.

Söz konusu süreç ve ilişkilerin mekân üretim pratiklerini nasıl etkilediğini anlayabilmek için hem Erzurum'da hem de Kayseri'de bu kentler için farklı anlamlar taşıyan farklı nitelikteki projeler seçilmiş ve incelenmiştir. Erzurum'da biri yerel diğeri ulusal birer geliştiricinin üstlendiği iki proje, Kayseri'de ise birbirleriyle ilişkili bir şekilde gelişen iki farklı proje seçilmiştir. Erzurum'da yerel geliştiricinin üstlendiği proje, söz konusu firmanın belediyeye önerisi üzerine geliştirilmiştir. Kentin en büyük ölçekli firması olan yerel geliştirici, TOKİ'nin proje alanında öncekilerden farklı bir proje geliştireceği duyumunu aldıktan sonra TOKİ'nin yerel pazara girmesini önlemek

amacıyla belediyeyi de ikana ederek onunla işbirliği içerisinde bir konut projesi geliştirmiş ve kentsel dönüşüm projesi kapsamında uygulamaya başlamıştır. Firma rekabet şartlarını ve piyasa hakimiyetini, belediye başkanı ise politik geleceğini korumak amacıyla bu işbirliğine girmişlerdir. Ancak yıllık ortalama 3000 konut satılan bir kentte yaklaşık 2000 konutluk bir proje hem kent için hem de söz konusu firma için oldukça büyük ölçekli bir projedir. Bu nedenle firmanın yapabilirliğinin artırılması gerekmektedir. 2012’de başlayan süreç hızla gelişmiş ve 2014 yerel seçimleri yapıldığı sırada proje alanında 17-18 katlı binalar yükselmiştir. Ancak yerel seçimler sonrasında belediye başkanının değişmesi tüm süreci alt üst etmiştir. Projenin yapılabilirliğinin artırılması adına birçok bürokratik süreç işletilmediği ortaya çıkmıştır. Proje durdurulmuş, firmaya çeşitli cezalar kesilmiştir. Ancak yılsonunda firma iflasını vermiştir. Dahası birkaç ay sonra yeni imar planının onaylanmasının hemen ardından TOKİ ve büyükşehir belediyesi arasında yapılan anlaşma ile TOKİ kentte bir konut hamlesi başlattığını duyurmuştur.

Diğer projede ise merkezi yönetimin yönlendirmesiyle kente gelen ulusal bir geliştirici ile büyükşehir belediyesi arasındaki anlaşma sonunda kent girişindeki eski terminal alanının başka bir yere taşınması ve söz konusu alanda lüks konut ve büyük bir alışveriş merkezi projesi geliştirilmesi söz konusudur. Yukarıdaki proje ile aynı tarihlerde başlayan bu projenin yapımı halen devam etmektedir. Terminal alanının ulusal firma tarafından belediyenin belirlediği yeni alana taşınmasının hemen ardından temellerin atılmasıyla birlikte, 25 katlı konut yapıları çevrede ikamet edenlerce mahkemeye verilmiş ve bir süre sonra inşaları durdurulmuştur. Konutların bir kısmının oldukça yüksek fiyatlarla (Erzurum’a göre) satışını gerçekleştiren firma, durdurma kararının hemen ardından satışları iptal etmiş ve müşterilerine geri ödeme yapmıştır. Konut yapılarına ilişkin mahkeme süreci devam ederken de alışveriş merkezi inşasını devam ettirmiştir. Tez çalışmasının son döneminde mahkeme sonuçlanmış ve firma konutların inşasına tekrar başlamıştır.

Bu iki örnek hem yerel yönetimin hem de sermayenin gücünün merkezi yönetimin kentsel mekâna müdahalesi karşısında ne kadar önemli olduğunu göstermesi açısından oldukça önemlidir. İlk örnekte, görece büyük ölçekli yerel firma kentsel mekân üretim stratejilerini değiştirmek istemiş, ancak ne kendi gücü ne de yerel yönetimin gücü bu

projenin uygulanmasını sağlayabilmiştir. Belirli ve güçlü bir mekân stratejisi üretemeyen yerel yönetim yapısının merkezi yönetimce değiştirilmesi karşısında karşılıklı yüz yüze ilişkilere dayanan stratejiler sürecin aniden değişmesi karşısında yok olmuşlardır. Oysa merkezi yönetimin etkisi ile onun stratejilerine uygun bir şekilde yürütülen proje problemleri rahatlıkla atlatarak ilerlemektedir; çünkü ulusal firma hem politik hem de ekonomik olarak tüm süreci belirleme gücüne sahip olmuş ve söz konusu değişimlerden etkilenmemiştir.

Kayseri'deki projeler ise yerel yönetimin gücünün kentsel süreçler açısından ne derece belirleyici olduğunu göstermesi açısından önem kazanmaktadır. Bu proje Kayseri büyükşehir belediyesinin kent merkezindeki eski stadyum alanını dönüştürme kararı alması üzerine başlamıştır. Bu konuda mülk sahibi Gençlik ve Spor Bakanlığı ile yapılan anlaşmaya göre belediye eski stadyumun alanının karşılığında yeni bir stadyum alanı ve 9 ayrı spor tesisi daha yapmak zorundadır. Yeni stadyum alanı için arazi arayışının sonunda İl Özel İdaresi ve Melikgazi Belediyesi ile anlaşılmış ve arazinin elde edilmesinden hemen sonra yapım işi ihaleye çıkarılmıştır. Yeni stadyum alanı ulusal bir firma tarafından gerçekleştirilmiştir. Ancak proje firmanın ekonomik sorunları nedeniyle bitirilemeyince Belediye bünyesinde kurulan yerel bir firma yeni stadyumun inşasının bitirilmesini sağlamıştır. Daha sonra eski stadyum alanı yine ulusal bir firma tarafından temizlenmiş ve bu alanda üç farklı proje gerçekleştirilmesi sağlanmıştır: bir alışveriş merkezi, bir rezidans ve bir otel. Her proje büyükşehir belediyesi tarafından ihale edilmiştir. Alışveriş merkezi uluslararası bir geliştirici, diğer projeler ise ulusal geliştiriciler tarafından inşa edilmiştir. Tüm projeler için belediye tarafından belirlenen ihale şartları o kadar ağırdır ki yerel firmalar söz konusu sürecin dışında kalmışlardır. Görüldüğü gibi projenin üretilmesinden arazilerin elde edilmesine, gerekli kurumlarla yapılan anlaşmalara kadar tek karar verici ve süreci yönlendiren kurum yerel yönetim olmuştur. Tarihsel olarak, özellikle kullandığı plan uygulama araçları sayesinde, gerek kentsel arazi üzerindeki hâkimiyeti gerekse finansal gücü sayesinde yerel yönetim hem merkezi yönetimin kurumları karşısında hem de yerel sermaye karşısında sahip olduğu görece özerklik sayesinde tüm bu süreci yönetebilmiştir.



Görüldüğü gibi gerek yerel gerek ulusal sermaye kentsel mekânın üretiminde devletten bağımsız bir ole sahip değildir. Yerel yönetimler merkezi yönetimle ilişkilerini yine merkezi yönetimin belirlediği sınırlar çerçevesinde kurmaktadır. Yerel faktörler yerel yönetimlerin birçok açıdan görel bir özerkliğe sahip olmalarını sağlasalar da merkezi yönetim oyunun kurallarını değiştirerek üstünlüğünü korumaktadır.

Bu tez kentsel politika süreçleri açısından önemli sonuçlar ortaya koymaktadır. Öncelikle ekonomik belirlenimci modellerin tersine yerel mekânsal stratejilerin belirlenmesinde ve uygulanmasında ekonominin ve ekonomik ilişkilerin yanında yerel etkenlerin de önemine vurgu yapmaktadır. Diğer yandan yerel etkenlerin tüm gücüne rağmen yapılı çevrenin üretimi devletin müdahalesinden bağımsız bir şekilde gerçekleşmemektedir; ancak bu müdahalenin şekli ve yönü yerel ekonomilerin ölçeği, yerel yönetimlerin gücü gibi yerel faktörlerden doğrudan etkilenmektedir. Yine de sonuçta Türkiye’de bu yeni dönemde yerel mekânsal stratejiler giderek daha fazla merkezi yönetim tarafından belirlenmektedir.

Ayrıca devletin yapılı çevre üretimine giderek artan dahli sadece metropoliten bölgelerde değil yerel ekonomilerde de sektörün yapısını ve ilişki biçimlerini derinden etkilemiştir. Ancak inşaat yatırımlarının hacmindeki artış ana akım teorilerin öngördüğü gibi yerelin ekonomik kalkınmasını olumlu bir şekilde etkilememektedir. Hatta inşaat odaklı kalkınma stratejisi Türkiye’deki eşitsiz gelişmenin giderek daha da keskinleşmesiyle sonuçlanmıştır.

## C: CIRRICULUM VITAE

### PERSONAL INFORMATION

Surname, Name: Dursun, Defne  
Nationality: Turkish (TC)  
Date and Place of Birth: 6 May 1979, Ankara  
Phone: +90 537 983 38 36  
email: [defnedursun@gmail.com](mailto:defnedursun@gmail.com)

### EDUCATION

Degree	Institution	Year of Graduation
MS	METU, Urban Policy Planning and Local Governments	2007
	METU, Regional Planning	-
BS	Gazi Uni. City and Regional Planning	2002
High School	Ankara Atatürk Anadolu High School, Ankara	1997

### WORK EXPERIENCE

Year	Place	Enrollment
2005- Present	METU, Department of Urban Policy Planning and Local Governments	Research Assistant
2002-2004	Planning Bureau of Semra Kutluay	City Planner
2000- June&July	Planning Bureau of Semra Kutluay	Intern City Planning Student
1999- August	Bank of Provinces, Ankara	Intern City Planning Student

### FOREIGN LANGUAGES

Advanced English

### PUBLICATIONS & CONFERENCES

1. Dursun, D., (2015), Capacity for Urban Adaptation to Climate Change: Case Study of Erzurum and Kayseri, ICUC9\_ 9th International Conference on Urban Climate jointly with 12th Symposium on the Urban Environment, Toulouse, France
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4. Dursun, D. (2008), ‘Cross-Border Cooperation as a Functional Tool of Economic Development: Turkey-Georgia Border Region’, AESOP 2008, SaintPetersburg, Russia

### HOBBIES

Photography, Cooking, Travelling, Literature, Movies, Yoga

## **D: TEZ FOTOKOPİSİ İZİN FORMU**

### **ENSTİTÜ**

Fen Bilimleri Enstitüsü

Sosyal Bilimler Enstitüsü

Uygulamalı Matematik Enstitüsü

Enformatik Enstitüsü

Deniz Bilimleri Enstitüsü

### **YAZARIN**

Soyadı : Dursun

Adı : Defne

Bölümü : Kentsel Politika Planlaması ve Yerel Yönetimler Ana Bilim Dalı

**TEZİN ADI:** The Effects of Restructuring in The Property Development Sector on Urban Processes: A Case Study on Erzurum and Kayseri

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