



# An Eye on Turkey's Hospitality Sector

**T**hroughout the turmoil of the Arab Spring, the Turkish tourism industry has benefited from the holidaymakers its neighbors lost. The Turkish tourism sector recorded an increase of 5 percentage point in 2011. In 2012, the country showed solid figures and attracted more than 31.5 million foreign tourists. Istanbul was perceived as one of the hottest touristic spots in the world and witnessed the highest increase in number of visitors in Europe last year. Nevertheless, if protests movement continues, the government must move quickly to deal with the unrest before it damages Turkey's image and new positioning as a sundrenched vacation destination bearing in mind that the tourism sector is extremely volatile to any perception of risk.

## Promising figures

In 2012, Turkey showed solid figures and attracted more than 31.5 million foreign tourists. Istanbul perceived as one of the hottest touristic spots in the world, saw the highest increase in number of visitors in Europe last year. The Turkish capital hosted around 10 million tourists in 2012 putting it sixth in the world in terms of inbound tourism coming after cities like Bangkok, London, Paris, Singapore and New York. The average spending per tourist in Istanbul is USD860, a decent volume generating around USD8.6 billion in total revenue. Turkish tourism sector recorded an increase of 5 percentage point in 2011, furthermore it ranked 4th in Europe and 11th in the world in terms of inbound tourism. Istanbul's top five feeder cities are all European, with London on top with 367,000 visitors whom spent around USD858 million of safe haven currency, followed by Paris, Amsterdam, Frankfurt and Munich. In 2012, Paris outbound to Istanbul totaled 365,000, followed by 284,000 from Munich, 308,000 from Amsterdam and 332,000 tourists coming from Frankfurt.

## Supply availability

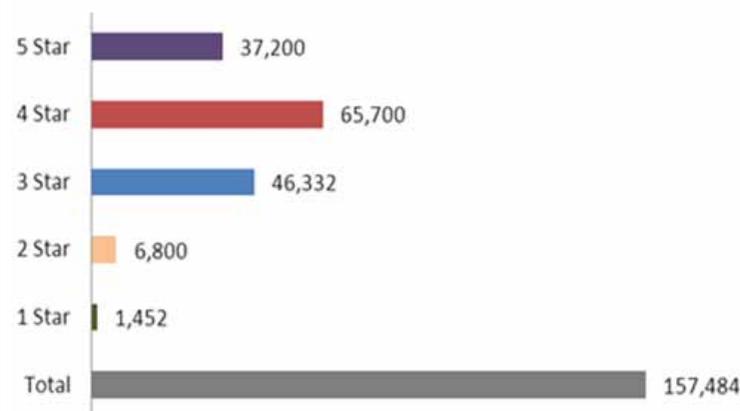
The active tourism sector in Turkey and especially in Istanbul is supported by a dynamic supply chain of hospitality service providers from accommodation to food and beverage establishments. All accommodation tiers

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are available in Istanbul, from the hostel dormitories and mid-range hotels to the world-class luxury hotels. Although reasonable and competitive compared to the European standards, the rates are more expensive than in the rest of the country. Upper tier properties concentrate within the capital's modern districts like Beyoğlu, Şişli and Beşiktaş. 4-star hotels are generally located within the historical peninsula and the majority of hotels generally congregate in the vicinity of Sultanahmet and Hagia Sophia. Additionally, numerous hotels occupying historical buildings are situated in this district. Budget hotels are generally found in, both, modern and historical districts.

Chart 1: Room Inventory



Compiled by PROTOCOL

## Investment outlook

In 2006, the total number of licensed hotels in Istanbul was 283 units while at the end of 2010, 766 properties were registered at the municipality of Istanbul with an increase of 270 percent in less than 7 years. In 2013 the total number of hotels in Istanbul of all tiers reached 834 properties: 75 of them being international chains distributed, 150 properties rated 5 star, 292 properties rated 4 star followed by 234 properties rated 3 star, 100 rated 2 star and 58 single star establishment. It is worthwhile noting that the Turkish market is dominated by 3 and 4 star hotels catering for the European consumer who's driven by value rather than opulence. Istanbul's room supply stands at 157,484 rooms skyrocketing from 46,652 in 2006 with a smashing increase of 340 percent. A major pool being the 4 star hotels with 65,700 room