



The Short-Term Rentals and Gentrification: The Case of Beyoğlu, Istanbul

Kısa Dönemli Kiralama ve Soylulaştırma: İstanbul, Beyoğlu Örneği

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ABSTRACT

Short-term rentals (STRs), particularly those offered via Airbnb, channel considerable capital into select neighborhoods, often those near city centers or in culturally vibrant districts. This study investigates Airbnb's impact on the gentrification processes in Beyoğlu—one of Istanbul's most internationally recognized historic areas. It highlights the additional layer that STRs contribute to ongoing urban transformation in neighborhoods already experiencing gentrification. This study used a mixed-method approach. While quantitative data on Airbnb listings in Beyoğlu was obtained from Inside Airbnb, qualitative data was collected through semi-structured interviews with key stakeholders. The findings indicate that Airbnb intensifies gentrification dynamics by driving up property values and precipitating the "Airbnbification" of housing, a phenomenon most pronounced in Galata. This trend threatens to reduce long-term rental options and push local residents out of their traditional neighborhoods. In an environment where regulations are absent or not effectively enforced, Airbnb and comparable STR platforms act as catalysts for urban change, reshaping the housing market beyond its conventional parameters. The case of Beyoğlu underscores the need for comprehensive policy interventions that address housing affordability, historical preservation, and the social fabric of gentrifying districts. By highlighting how STRs exacerbate existing inequalities, this research provides a basis for further debate on the regulatory measures required to safeguard the social and cultural integrity of historic urban areas.

Keywords: Airbnb, Gentrification, Short-Term Rentals, Housing Market

Öz

Kısa Dönemli Kiralamalar (STR), özellikle de Airbnb aracılığıyla sunulanlar, genellikle şehir merkezlerine yakın veya kültürel açıdan canlı semtler olmak üzere belirli mahallelere önemli miktarda sermaye aktarmaktadır. Bu çalışma, Airbnb'nin İstanbul'un uluslararası alanda en çok tanınan tarihî bölgelerinden biri olan Beyoğlu'ndaki soylulaştırma süreçleri üzerindeki etkisini incelemektedir. STR'lerin, hâlihazırda soylulaştırmanın yaşandığı mahallelerde devam eden kentsel dönüşüme katkıda bulunduğu ek katmanı vurgulamaktadır. Çalışmada, karma yöntem yaklaşımı kullanılmıştır. Beyoğlu'ndaki Airbnb listelemelerine ilişkin nicel veriler Inside Airbnb'den elde edilirken, nitel veriler kilit paydaşlarla yapılan yarı yapılandırılmış görüşmeler yoluyla toplanmıştır. Bulgular, Airbnb'nin mülk değerlerini artırarak ve daha belirgin bir şekilde Galata'da gözlemlendiği üzere konutların "Airbnb'leşmesini" hızlandırarak, soylulaştırma dinamiklerini yoğunlaştırdığını göstermektedir. Bu eğilim, uzun vadeli kiralama seçeneklerini azaltma ve yerel sakinleri geleneksel mahallelerinin dışına itme tehdidi oluşturmaktadır. Yasal düzenlemelerin bulunmadığı veya etkili bir şekilde uygulanmadığı bir ortamda, Airbnb ve benzer STR platformları kentsel değişim için katalizör görevi görerek, konut piyasasını geleneksel parametrelerinin ötesinde yeniden şekillendirmektedir. Beyoğlu örneği, konut satın alınabilirliği, tarihî koruma ve soylulaştırılan bölgelerin sosyal dokusunu ele alan kapsamlı politika müdahalelerine duyulan ihtiyacın altını çizmektedir. Bu araştırma, STR'lerin mevcut eşitsizlikleri nasıl daha da kötüleştirdiğini vurgulayarak, tarihî kentsel alanların sosyal ve kültürel bütünlüğünü korumak için gereken düzenleyici önlemler hakkında, daha fazla tartışma için bir temel sağlamaktadır.

Anahtar Kelimeler: Airbnb, Soylulaştırma, Kısa Dönemli Kiralama, Konut Piyasası

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INTRODUCTION

Recent years have witnessed the emergence of new forms of residential use that are causing fundamental changes to urban space on a global scale. Short-Term Rentals (STR), which have a particular impact on the housing market, are becoming increasingly visible thanks to global tourism flows, new capital accumulation strategies and rapid digitalisation. This situation transforms the actors, functioning and spatial distribution of the housing market and contributes to the reshaping of socio-spatial structures in cities. The STR concept refers to the marketing of housing types such as houses or apartments through platforms, usually for periods ranging from a few days to a few weeks, instead of traditional long-term rentals. Online platforms such as Airbnb are the most common examples of this new economic activity. STRs drive more capital into specific neighbourhoods, usually those close to the center or those in arty and cultural areas full of marginal gentrifiers via Airbnb (Aalbers, 2019). Beyoğlu, a prominent art and cultural hub in Istanbul, is undergoing a process of gentrification in the context of current debates on the sharing economy.

A growing literature has emerged on the consequences of this novel form of residential use in urban areas. The main debate in this literature concerns the relationship between STR use and gentrification, and its impact on the spatial and social structure of cities (Wachsmuth and Weisler, 2018; Yrigoy, 2019; Mermet, 2017; Amore et al. 2022). Gentrification refers to the physical, social and economic transformation of urban neighborhoods historically inhabited by the working class or low-income segments, with the entry of middle- and upper-income groups or capital investments. Today, however, the definition and geography of the gentrification process has gone far beyond the framework put forward by Glass in the 1960s. This process is now shaped by a wide range of factors, from global capital flows to tourism demand, from cultural consumption practices to the role of public policies.

STRs appear as a new tool in this picture. The emerging STR ecosystem, led by Airbnb in particular, is transforming the quality and pricing logic of housing, while increasing the risk of displacement of existing residents living in urban centers. As the “exchange value” rather than the “use value” of housing has become more prominent than ever before, home ownership has gradually spread from small investors to companies operating on an international scale. Thus, the commodification of space accelerates, and housing goes beyond the need for shelter and becomes a transformable asset within the fluidity of global capital.

This study examines the Beyoğlu district of Istanbul to understand the local manifestations of global trends. Beyoğlu is a district that has historically functioned as the cultural, touristic and commercial heart of Istanbul, yet it has also been subject to contradictory processes of transformation. In recent years, the changing tourist profile and associated housing market mobility have redefined the existing dynamics of gentrification in Beyoğlu. The increasing number of STRs facilitated through Airbnb makes this process even more complex and multi-layered. In particular, the fact that the legal regulations on STRs in Türkiye came into force in 2024 creates uncertainty about how the process will be guided. Despite these recent regulations, the impact of such platforms in global southern cities like Istanbul will be shaped by factors such as the institutional capacity of local governments, policy-making processes and the effectiveness of implementation.

Despite the existence of significant studies on the sharing economy, STR and gentrification in the extant literature, the majority of these studies focus on global northern cities. These studies address the extent to which regulations have been effective, how residents have been affected and how the housing market has changed. Nevertheless, there is a paucity of information regarding the functioning of such dynamics in urban areas of the Global South. Türkiye offers a context in which the legal framework for STRs is only just emerging and platforms such as Airbnb are becoming increasingly

important. Therefore, the objective of this study is to examine the Beyoğlu district of Istanbul in order to address this gap in the literature. The case of Beyoğlu offers a valuable opportunity to comprehend the interplay of global tourism flows, cultural branding strategies and the real estate market. The main aim of this research is to reveal how the use of STRs through Airbnb adds a new layer to the processes of gentrification in Beyoğlu. In accordance with the foregoing, the following fundamental research questions are hereby proposed:

1. What is the spatial distribution of Airbnb-based STRs activities in Beyoğlu district?
2. What are the mechanisms through which STRs affect the housing market and value increases in the region, and how do they contribute to gentrification processes?
3. To what extent and with what kind of policies do public actors and local governments intervene in the transformation processes created by STR and Airbnb? What is the effectiveness and inclusiveness of these policies?

In the context of these inquiries, this research employs a mixed-method approach. Initially, quantitative data compiled from platforms such as Inside Airbnb (2024) were utilised to analyse the number of Airbnb listings in Beyoğlu, the spatial concentration patterns of listings, real increases in house prices and their distribution within the district. The present analysis employs data sourced from the Central Bank of the Republic of Türkiye (CBRT) (CBRT, 2024) and real estate value data provided by Endeksa (a real estate value analysis platform) (Endeksa, 2024). Thus, it was possible to demonstrate the increase in exchange value in the study area with concrete data. In light of the findings from the quantitative data, semi-structured in-depth interviews were conducted with public administration, policymakers, local actors and housing market experts, and the qualitative data from the interviews were analysed. Consequently, the trends revealed by the quantitative analysis could be interpreted in the context of the institutional framework, regulatory instruments and local dynamics.

The structure of the article is as follows: Initially, the section entitled "Context and Theoretical Framing" provides a comprehensive exposition of the theoretical relationship between gentrification, STR and the housing market. In this framework, the primary focus is on the elimination of conceptual confusion, the examination of the historical development of gentrification, and the discussion of the multidimensional impact of STR on the housing market. In the subsequent "Case Study and Methodology" section, a historical perspective on the gentrification process in Beyoğlu is provided. Then, the mixed method used in the study is detailed. The third section of this study examines the impact of Airbnb on gentrification processes in Beyoğlu. The final section of this study includes a discussion of the key findings and conclusions derived from this research. Additionally, the significance of this research within the context of Istanbul and its contribution to the global literature are presented herein.

1. Context and Theoretical Framing

The term 'gentrification' was traditionally used to denote the process by which low-income urban areas are transformed by middle- and upper-income groups or capital investments. However, in contemporary discourse, the term has evolved to encompass more complex, multi-layered and global processes. Gentrification is now being addressed in a wide range of ways, from tourism-oriented forms of use to investment strategies shaped by global real estate markets. STRs have introduced a new layer to this process, accelerating the focus on the exchange value of housing rather than its use value. This has resulted in the transformation of spaces into tourist destinations and the alteration of living conditions of urban residents. Historic city centers are one of the most attractive areas of globally popular cities. As a result of the low investment costs provided by new technologies and legal

regulations that have not kept pace with this transformation, housing in these regions is turning into high-yielding investment instruments. Thus, both landlords and tenants become investors.

This paper proposes a theoretical framework that explains the interplay between gentrification, STR and housing policy. The main premise of this study is that housing is increasingly becoming an investment instrument through STR platforms, thereby rendering housing markets more fragile and uncertain, yet more appealing to capital. This theoretical framework is evaluated in the context of the Global South, taking into account regulatory deficiencies, institutional weaknesses and inadequacies in housing policies.

1.1 The Short-Term Rentals-led Gentrification

The introduction of the discussion of gentrification as a new layer by the STRs has led us to consider the concept of gentrification from a historical perspective. The residential neighborhoods selected for this study are already gentrified and are still in the process of gentrification. Therefore, the occurrence of Airbnb rentals in these neighborhoods cannot be considered a mere coincidence. The concept of gentrification has undergone a process of evolution since its initial definition, coinciding with profound changes in global urban dynamics and urban policies.

Gentrification is a dynamic and multifaceted concept that refers to the social, economic and spatial transformation of urban spaces. When first defined by Glass (1964), gentrification focused on the transformation of working-class neighborhoods by the middle class. However, new factors such as globalization, financialization, cultural consumption practices and tourism flows have changed the geography, scale and operational modes of gentrification. In this framework, gentrification is no longer just a class-based housing transformation, rather, it has become part of a capital accumulation strategy that brings together different actors (global capital, real estate development companies, the tourism sector, small investors, etc.). Economists, geographers, sociologists and other urban scientists have studied the issue using a variety of data sources and theoretical approaches. Gentrification, systematized by city administrators in collaboration with private sector actors in urban planning schemes, has gained a global dimension (Wyly and Hammel, 1999; Smith, 2002; Atkinson, 2003; Lees, 2003; Butler and Lees, 2006).

Gentrification has changed in the historical process. Hackworth & Smith (2001) have argued that gentrification has developed in different waves over the historical process. This first wave, defined by Hackworth & Smith (2001) as sporadic gentrification, occurred in a geographically limited area. During this period, the state made great efforts to stop urban deterioration by providing financial support. During the recession that ensued following the oil crisis, gentrification underwent a notable change. During the transition period, which lasted until the late 1970s, land developers and investors made large-scale purchases in neighborhoods that experienced a decline in value. Thus, they set up the substructure of the second-wave gentrification that would be experienced in the 1980s. The process of gentrification was institutionalised and stabilised with the advent of the second wave. During the second wave, the geography of gentrification expanded beyond affecting a few neighbourhoods in some cities and began to integrate with the cultural processes (Hackworth and Smith, 2001; Wyly and Hammel, 2001). In the 1980s, gentrification was experienced at a speed and geographical scale that cannot be compared with the first wave. Hence, gentrification has started to emerge as a widespread practice in non-global cities as well. In this period, unlike the previous wave, the state focused on creating markets instead of orchestrating the process. The key actors of the gentrification process during this period were small-scale investors, property developers, displaced people, and anti-gentrification movements. The phenomenon of gentrification has evolved to encompass not only class-residential change but also cultural and commercial areas, as evidenced by Aalbers (2019).

According to Davidson and Lees (2005), with the third wave, there has been a diversification both in the geography of the gentrification and in the places where it was experienced (old industrial buildings, commercial areas, or areas far from the city center, etc.). The process of gentrification has expanded beyond residential neighbourhoods and has begun to occur in old industrial and commercial areas. Hackworth and Smith states that gentrification, as a capital accumulation strategy, has expanded and intensified its geography in the third wave compared to the second. “Post recession gentrification is a purer expression of the economic conditions and processes that made reinvestment in disinvested inner areas so alluring for investors” (Hackworth and Smith, 2001, p. 468).

In contemporary conditions, gentrification is not only about the commodification of housing, but also about its transformation into a tourism asset. In particular, Airbnb and similar STR platforms are transforming the housing market and accelerating spatial accumulation. STRs are concentrated in neighborhoods close to central or tourist attractions, increasing the economic value of these areas. The fact that banks such as ING in the Netherlands offer higher mortgage loan amounts for properties deemed suitable for Airbnb (Aalbers, 2019) is one of the most concrete examples of the perception of housing as an investment tool rather than a use. Thus, STRs transform urban space into a touristic commodity, raising housing prices and rents in that area (Yrigoy, 2019). This increases the risk of displacement of existing residents, changes the social fabric of neighborhoods and gives a new impetus to gentrification. This new layer has been shown to increase the exchange value of properties in neighborhoods undergoing various gentrification processes, thereby contributing to the commodification of houses (Aalbers, 2016).

One of the most prominent mechanisms through which STRs are incorporated into gentrification processes is the increase in the exchange value of housing. Housing is seen not only as a means of shelter but also as an element of touristic circulation, thus increasing its profit-making potential. Local owners and investors are opting for STRs in preference to long-term tenants, thereby jeopardizing the security of tenure for residents. As this process accelerates, the housing market becomes more volatile, house prices higher and tenants more vulnerable.

In the absence of legal regulations, the gentrification process is more likely to proceed largely through market dynamics. While STR activities are increasing in historical city centers with high potential to attract international tourist flows, the capacity of public policies to guide this process is being questioned. In an environment where housing policies are weak and regulations are inadequate or late to be implemented, STRs act as a lever for gentrification dynamics.

The purpose of the legal regulations is to supervise STR activities, regulate the tax regime and prevent destabilization of the housing market. However, the extent to which these practices will be effective, by which actors, and the mechanisms for monitoring their implementation remain unclear. In such an atmosphere of uncertainty, the impact of STRs on gentrification processes is shaped by market actors, and the recapitalization of space accelerates.

At this point, it is critical to emphasize the multidimensional nature of gentrification. The STR practices make gentrification more than just a spatial transformation, raising a series of issues that question the local community structure, the right to housing, property relations and the efficacy of urban policies. Beyond the increase in exchange values, this process weakens local people's sense of ownership of urban space, damages neighborhood relations and pushes urban space towards a non-representative, capital-oriented perspective. Consequently, gentrification emerges as a contemporary manifestation of the discord between the use value of space and its exchange value.

The manner in which STRs influence the phenomenon of gentrification is a pivotal aspect of contemporary urban governance and public policy discourse. Policies pertaining to the control,

taxation, regulation and limitation of STRs represent crucial instruments in shaping the future of urban space. In this context, in some European cities, the number of STRs is limited or completely banned in certain neighborhoods. For instance, cities such as Barcelona, Paris, London, Milan and Amsterdam have implemented various restrictive measures against STRs that have been demonstrated to destabilise the housing market, undermine the residential rights of local people and jeopardise the sustainability of public services (Aguilera et al., 2021; Colomb et al., 2024).

It is evident that STR platforms play a pivotal role in the deepening and diversification of the dynamics of gentrification. This influence assumes a distinctive dimension within the legal, institutional and political environments of the Global South. Here, the activities of STRs have a strong accelerating effect due to lack of regulation, inadequate institutional coordination and rapid financialisation processes. The phenomenon of STRs has been identified as a contributing factor to gentrification, a process that is not confined to the domain of the housing market but also has the potential to diminish the use value of the city, jeopardize social justice, and constructs space as a touristic commodity. The comprehension of this transformation has become a key concern not only in housing policy, but also in broader debates on the ethical principles of the right to the city, spatial justice and social inclusion.

1.2 Airbnb and Housing Market

Expanding literature examines the impacts of STRs on urban spaces from different perspectives. The common ground of this literature is that Airbnb imposes the rapid change and transformation of the urban memory which has been formed over considerable duration. This common ground has always been demonstrated in a variety of studies addressing diverse research questions. While one of the distinct aspects of these studies is the investigation of whether STRs cause gentrification in urban areas, a subset of these studies tries to find the relevance between the rent gap and the process itself. Another distinctive perspective is that of the studies about legal regulations.

Blanco-Romero et al. (2018) expressed that this increase in rent prices which occurred ten years after the housing bubble in Barcelona, resulted from multi-layered processes, including Airbnb. Gurran and Phibbs (2017) have demonstrated that boundaries between residential and tourism areas have become indistinct in domains where Airbnb is prevalent. In his 2015 study, Guttentag examined the emergence of the online platform Airbnb. He stated that the company became a global business within a short period of existence. However, he also expressed that in spite of this, most listings in the Airbnb system are actually illegal due to STR regulations. Fierro and Aranburu (2018) examined the impact of cultural heritage on the collaborative economy through Airbnb. Aguilera et al. (2021) conducted a study exploring the connection between the diversity of STR regulations and the existence of platforms such as Airbnb in big European cities.

The number of studies that examine the relationship between gentrification via STRs and rent-gap increases (Wachsmuth and Weisler, 2018; Yrigoy, 2019; Mermet, 2017; Amore et al., 2022). Wachsmuth and Weisler (2018) state that Airbnb causes gentrification and rent gap in neighborhoods that are universally known and culturally desired, as evidenced by the case of New York. They also express that Airbnb and other STR platforms trigger gentrification systematically. They remark that STRs create new technology-driven rent gaps in houses without the need for major renovations, and gentrification can occur without necessarily overlapping with the gentrified areas. Furthermore, they stated that gentrification via STRs is more possible in already gentrified areas. Rent-gap occurs in many parts of the world through STRs. Landlords who want to convert their homes into STRs try to dispossess the current tenants; as a result, rental prices increase. They mentioned two types of settlement in which they expected Airbnb to intensify. The first of these are areas in close proximity to central business districts, where tourism accommodation has historically been concentrated. The second of

these are areas with cultural backgrounds, close to public transportation and entertainment venues. They also expressed that it is possible to observe less Airbnb frequency in impoverished and racialized neighborhoods that are not tourist-friendly. Ghost hotels are defined as entire units or buildings whose individual bedrooms are listed on Airbnb as private rooms (Wachsmuth et al., 2018). Whilst this method is illegal in Türkiye due to the tax losses incurred, those who rent out their houses as ghost hotels can achieve significant profit levels. Thereby, the rent gap emerging in urban space increases. Yrigoy (2019) demonstrated that in Palma Old Quarter, Mallorca, Spain, Airbnb's impact on tourism gentrification led to a decline in traditional rental housing, resulting in a significant rent gap. Mermet's (2017) research from Reykjavik, Iceland, indicates that Airbnb's impact on the housing market has led to rising house prices, resulting in unfair competition for accommodation between locals and tourists in the city center. Amore et al. (2022) analyze the dynamics of the housing market and how the increasing use of Airbnb is steadily changing the urban population in Athens, Lisbon, and Milan. Besides, recent studies have begun to explore the relationship between Airbnb and urban transformation in Türkiye (Uzgören and Türkün, 2018; Aslan and Harman Aslan, 2019a, b). One notable study by Uzgören and Türkün (2018) was conducted in the Rasimpaşa neighborhood of Kadıköy, a historic area in Istanbul. The research demonstrates that Airbnb contributes to gentrification, particularly through the influx of international students who choose to reside in this location. Furthermore, the report of the Istanbul Planning Agency (IPA) (2024) on the Airbnb law is a significant source on this topic.

In conclusion, Airbnb and analogous STR platforms can be regarded as multi-dimensional instruments that profoundly impact the housing market, gentrification, and tourism-driven growth strategies in urban areas. This transformation renders traditional housing policies inadequate and necessitates the development of new regulatory instruments. The STR policies of cities require a comprehensive approach that includes aspects such as spatial justice, the right to housing, tourism revenue, attractiveness to investors, and tax regulations. The extant literature presents a variety of examples and theoretical approaches to this process, thus revealing Airbnb's relationship with housing policies as a complex, multi-layered, and constantly reshaping phenomenon.

2. Case Study and Methodology

This study has focused on the Beyoğlu district of Istanbul as a case study, with a view to understanding how Airbnb and analogous STR platforms transform urban gentrification processes by introducing a new layer. The main factors guiding this choice are that Beyoğlu has been subject to transformation dynamics for many years as one of the cultural, artistic, tourism, and entertainment centers of Istanbul and, as seen in Figure 1, Airbnb listings are concentrated in this region and present distinct spatial patterns. Therefore, the case study combines quantitative data on STR activities in Beyoğlu with qualitative interviews, thus facilitating a comprehensive analysis of the subject.

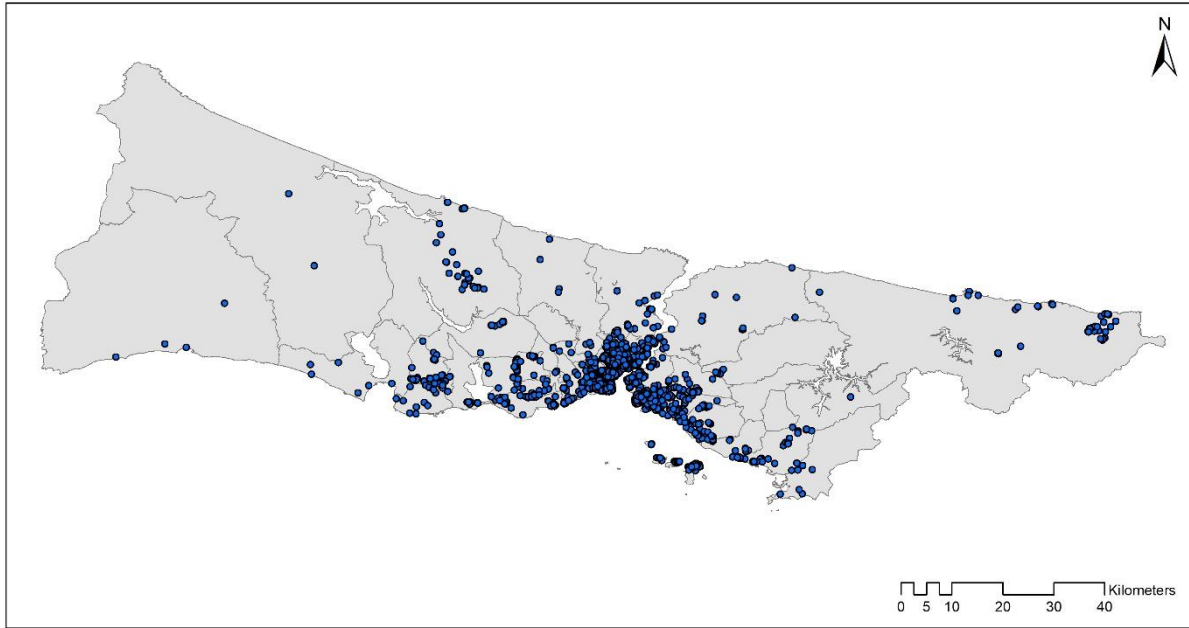


Figure 1. Spatial distribution of filtered Airbnb listings used in this study on the 1/800,000 scale Istanbul map (Source: Prepared by the authors using Inside Airbnb data (2024))

Beyoğlu has gone through what can be called gentrification in different periods. Until recently, Beyoğlu was Istanbul's cultural, art and entertainment center, showing an increasing trend. With these functions, it was a place that attracted tourists and young people from every social stratum. During that time, following a substantial increase in rental prices and the implementation of restrictions on entertainment venues by the local administration, many businesses that had contributed to the unique character and cultural diversity of Beyoğlu started to leave the area. They were replaced by national and international chain stores. Many historic buildings were also sold off and converted into hotels and shopping centers.

The process that started with the Gezi events in 2013 became a milestone in the transformation of Beyoğlu. In 2016, several terrorist attacks took place in Beyoğlu Taksim, the city's main square. This led to the withdrawal of the dynamics that gentrified Beyoğlu. With the departure of the tourists, tourist-oriented places became empty and unable to do business; thus, rents began to decline. The mass of users has changed, and those who previously used it for art and culture have also withdrawn. With the decline of these functions, which were the source of Beyoğlu's identity and its daily visitors, the characteristics of the area changed significantly. It has become a favorite destination for Arab tourists in particular. Thus, the places in Beyoğlu began to take shape according to the preferences of Arab and Middle Eastern tourists.

The research process began with a phase of quantitative data collection and analysis. Using data from the Inside Airbnb (2024) database, the number, distribution, housing typologies and pricing strategies of Airbnb listings in Beyoğlu were analyzed. These data reveal whether there is a spatial concentration in Beyoğlu and which neighbourhoods are more exposed to STR activities. The gathered data is combined with housing value data from sources such as the Central Bank of the Republic of Türkiye (CBRT, 2024) and Endeksa (2024) to assess the impact of STRs on the housing market. After analyzing the quantitative data, semi-structured interviews were held with relevant stakeholders to gain deeper insights of the process in the case area. Thus, the legal, institutional, and social implications of STR activities were analyzed qualitatively. The comparison of the quantitative and qualitative data collected allows us to analyze the layer of gentrification created by Airbnb in Beyoğlu through a

concrete example, on the one hand, and to reveal insights that can guide policymakers and city administrators, on the other.

2.1 Beyoğlu

Urban development has slowed down in Beyoğlu, just like the rest of all of Istanbul, after the declaration of the Republic of Türkiye and the moving of the capital to Ankara. Following this recession, most Greek minorities went abroad during the events of 6-7 September 1955. The gap, formed as a result of this sudden demographic fluctuation, was filled with laborers from the lower income groups until the 1980s; so, the economic and cultural capital of the neighbourhood decreased significantly, and historical centers of Beyoğlu became a decayed urban area. İstiklal Street was closed to traffic in the early 1990s, and this region became the city's cultural, artistic and commercial center. Afterwards, artists and other groups with high cultural capital began to arrive in the neighborhood and renovate its historical fabric. Cihangir and Galata, the prominent neighborhoods of Beyoğlu, became popular again with the arrival of these gentrifiers. Thus, it is stated that the gentrification process of the Beyoğlu started in the 1990s (İslam, 2009; Kütükoğlu, 2006; Şalgamcıoğlu, 2010).

The gentrification process in Galata started in the early 1990s as a part of the gentrification of Beyoğlu and has continued at a slower pace compared to Cihangir, the other gentrifying residential neighborhood in Beyoğlu (İslam and Enlil, 2006). During this period, the developers, who perceived the increasing demand, started to invest in Cihangir. Having begun by a few artists and academics, gentrification has also dramatically transformed the residents' profile over time. Cihangir became an upper middle-class neighborhood at the end of the decade (Uzun, 2003; İslam, 2009). The number of professionals who bought and renovated historical buildings significantly increased, and coffee shops and nightclubs were opened.

While gentrification in Galata was proceeding on its early and middle stage levels (İslam, 2003) in the early 2000s, the process has entered a new phase, gaining a new impetus since the mid-2000s. In this new phase, developing companies and large-scale investors have started to invest in Galata in an attempt to buy the entire apartment buildings and renovate them as boutique hotels or offices as well as residential purposes for the use of upper classes or foreigners. Thus, with this gentrification stage, Galata's historical buildings have become investment tools to earn profit (İslam and Enlil, 2006).

While the transformation processes in Galata and Cihangir, the two notable districts of the historical center of Beyoğlu, have comparable features, they also exhibit disparities. Galata district was declared as a tourism center in 1989; two city blocks were designated as an urban renewal area in 2006, and the decision of expropriation was issued in the same year for those city blocks. Effects of the tourism center declaration were not visible immediately. Since then, no moves have been made for the city blocks, which were acknowledged as an urban renewal area. The main decision that triggered the transformation in Galata through governmental intervention was Galataport Project, announced in 2002. This project has undergone some changes since it was announced, and via the privatization tender in 2013; it was put into practice and completed in 2021. Galataport Project is a large-scale intervention government executes to form the space near Galata. With this interference, the transformation from residential to accommodation areas accelerated in the Galata district. This transformation sped up even more with the Airbnb process.

Another aspect of gentrification in Beyoğlu was witnessed in Tarlabası. The built environment of Tarlabası deteriorated over time and became a highly stigmatized neighborhood, considered “dangerous” by the public. Despite its close proximity to İstiklal street, it has not been affected by the gentrification waves that had been going on in Beyoğlu until the mid-2000s. In 2006, 9 blocks comprising 278 plots were declared as a renewal area by the Council of Ministers, grounding the

urban renewal law (Law no. 5366) enacted in 2005. This law makes it possible to renovate the dilapidated areas of historic neighborhoods by granting local authorities new expropriation powers without the permission of the owners of the property (İslam, 2009).

This historical background is crucial to understanding the ground that STR platforms such as Airbnb found when they appeared on the scene in Beyoğlu. In an area already transformed by waves of gentrification, STRs enhance the appeal of housing as an investment and promote the conversion of residential properties into tourist accommodations. These further strains the housing market to the detriment of low-income residents, creating an additional dynamic that accelerates gentrification. Beyoğlu is no longer just a cultural and artistic center with high tourism brand value but has also emerged as a prime platform for international tourists and investors seeking short-term profits. This transformation is concretely assessed through qualitative fieldwork data, highlighting how Airbnb has layered the already complex gentrification process in Beyoğlu and indicating that new policy debates are necessary.

2.2 Methodology

The primary goal of this study is to illustrate how Airbnb and similar STR platforms have introduced a new layer to the existing gentrification processes in the Beyoğlu district of Istanbul, thereby transforming the housing market. The methodology used to achieve this aim is a mixed-method research strategy that combines quantitative and qualitative data. The present strategy is directly linked to the research questions that have been formulated.

The research questions of this study require a holistic understanding of Airbnb's spatial, economic, and managerial impacts in Beyoğlu. Consequently, the research design employed a two-stage approach: (1) the collection and analysis of quantitative data, and (2) the collection and analysis of qualitative data.

2.2.1 The Collection and Analysis of Quantitative Data

The quantitative data is sourced from Airbnb listings, which indicate STR activity. Given the absence of direct data provision from the Airbnb platform, the widely utilized independent dataset, Inside Airbnb (2024), was consulted for this study. Inside Airbnb provides anonymized yet detailed data on Airbnb listings in various cities. This database coordinates the location of listings with a margin of error of approximately 150 meters. As a result, it has been possible to conduct analyses of spatial distribution.

The quantitative dataset includes not only the number of Airbnb listings but also the type of property, the rate of increase in the number of listings over the years, pricing strategies, and the activity status of the listings. Using this data, the number of listings and spatial concentration patterns in Beyoğlu were analyzed annually from 2019 to 2024. The reason for choosing this period is to capture the historical framework in which Airbnb's activities in Türkiye began to become evident.

Data on the total housing stock in Beyoğlu were obtained from the Beyoğlu Municipality database (2022), while data on property prices were obtained from Endeksa (2024) and the Central Bank of the Republic of Türkiye (CBRT, 2024). Data from the Ministry of Culture and Tourism (2022) were utilized to gather information on tourist numbers, hotel bed capacity, and tourism statistics. The data presented at different scales and formats in these institutional databases were standardized, and Geographical Information System (GIS) tools were used for neighborhood-scale analysis. Thus, it has been possible to link STR activities to the housing market and tourism trends. As previously mentioned, Inside Airbnb data was utilized to identify properties that offer accommodations on the Airbnb platform. The total number of listings for Istanbul in general, which was 20613 in 2019, reached 34446

in 2024, and the number of listings in Beyoğlu, which was 5493 in 2019, reached 8270 in 2024. Firstly, the Beyoğlu listings data was derived from the overall Istanbul listings data. Then, using the filters that will be explained later, dwellings with the least impact on the transformation of the space were eliminated. The filtered Beyoğlu data were used to produce the kernel density maps shown in Figure 2. The data indicates that the number of listings has increased over the years, as calculated separately for each year from 2019 to 2024. Thus, in 2024, the number of listings, which was 8270 in total, was filtered according to the determined parameters and decreased to 2474. The analyses were therefore carried out on these filtered listings.

During the analysis phase, the spatial distribution of Airbnb listings was visualized using kernel density estimates. In addition, statistical analysis methods were used to examine the numerical changes in listings over the years, rental vacancies, and price increases. When compiling the dataset, filters were applied to identify the listings that are currently “active.” Dwellings were included in the analysis if they received at least one review in the year under review, entire house was listed, were observed to be active in the last 6 months, and rented for at least 90 days per year. These criteria increased the consistency of the results by creating a dataset where only active Airbnb listings were evaluated. Data such as location, number of accommodations, and revenue cannot be obtained with 100% accuracy. To determine this information, several assumptions must be made. The costs of overnight accommodations are included in the Inside Airbnb data. Still, the number of overnight stays in the house must also be taken into consideration when calculating the monthly income. The assumptions are as follows: Although reviews are crucial, not every guest is obliged to leave a review. Therefore, the number of overnight stays was assumed to be twice the number of reviews. According to the data of the Ministry of Culture and Tourism (2022), the overnight stay duration for foreign tourists in Istanbul is 2,6 days. Based on the information obtained from the interviews with hosts within the field study, this duration is approximately 3 nights. For this reason, the average overnight stay of an Airbnb user was presumed to be 3 nights. Thus, it was possible to estimate the approximate monthly income of a person renting his/her entire house through Airbnb.

The limited availability of housing market data in Türkiye affected the design of this study. In Türkiye, researchers working on urban space generally have problems accessing current and historical data. The data exchange between institutions has a limited structure that lacks transparency. As reliable data sets have only just begun to emerge, they are far from providing a historical perspective. According to the 2022 Global Real Estate Transparency Index, Türkiye is classified as a semi-transparent real estate market. One of the most significant inconsistencies in the Turkish housing market is that the actual market transaction values of homeowners are often not disclosed in the official records of the land registry offices. Aside from potential property tax losses, this market practice creates significant asymmetries in housing market data and represents another model limitation for calculating estimated housing costs (Global Real Estate Transparency Index, 2022). All these limitations are also found in other publications on the gentrification of Beyoğlu.

2.2.2 The Collection and Analysis of Qualitative Data

While quantitative data allows us to understand the spatial distribution and price impact of Airbnb, qualitative data is needed to comprehend the reasons behind these dynamics, the strategies of actors, and the functioning of the regulatory framework. To accomplish this, a semi-structured in-depth interview technique was employed. The interviews took place from May to October 2019, totaling 17 interviews conducted. Provided they are sufficient to understand each group concerned, interviewers can be divided into three main groups:

- **Homeowners and Airbnb Hosts:** In Beyoğlu, nine people who actively rent their homes through Airbnb were interviewed. The snowball sampling method was employed to reach out to these individuals. Initial contact with an Airbnb host in Beyoğlu was made through personal networks and online forums related to the sector, and referrals to other hosts were requested from this person. The interviewees are mostly university graduates, aged between 25 and 45, from various professions including teachers, architects, editors, doctors, and urban planners. This diversity facilitated a nuanced understanding of the socio-economic background of Airbnb activity in Beyoğlu. The identities of the interviewers were kept confidential, data was anonymized, and ethical principles were upheld throughout the process.
- **Public Actors (Public Institutions and Local Authorities):** A total of two interviews were conducted with senior managers at Istanbul Metropolitan Municipality and mid-level managers at Beyoğlu Municipality, and with two academicians who are experts in their fields. The interviews covered regulations governing STR activities, supervisory tools, problems encountered in practice, and policy recommendations for the future. The names or titles of the participants were also anonymized and reported.
- **Private Sector Actors (Real Estate Agents, Representatives of the Tourism Sector):** Tourism policies, the dynamics of the accommodation sector and the competitive impact of Airbnb were discussed with executives from the Association of Turkish Travel Agencies (TÜRSAB). In addition, the practical functioning of the housing market, tenant-landlord relations, and the impact of Airbnb on the real estate market were discussed with three real estate agents operating in Beyoğlu. These people were also contacted through personal networks, sector meetings, and phone calls while ensuring anonymity was maintained.

The interview form was designed in a semi-structured format to understand the social, economic, spatial, and regulatory aspects of STR activities. The questions were developed to coincide with the research questions of this study. For example, to understand the spatial concentration patterns of STRs, landlords were asked about the guest profile, housing types, expected earnings ratio, and recent neighborhood changes. Regarding the regulatory framework, authorities were asked for their views on the scope of the legislation, audit practices, tax regulations, and STR bans. Real estate agents and tourism sector representatives were questioned for specific information on market practices.

Content analysis method was employed to analyze the qualitative data. After transcribing the interviews, they were coded, and a conceptual framework was developed around key themes such as space, regulation, income, tourist profile, neighborhood relations, and price increases. The present study sought to contribute to a more profound understanding of Airbnb's role in the dynamics of gentrification in Beyoğlu by interpreting these themes in conjunction with the findings of the quantitative analysis.

This comprehensive methodology provides a framework to explain both the spatial-economic and institutional-social dimensions of the research questions of this study. The mixed method approach provides concrete evidence of the impact of Airbnb in Beyoğlu through quantitative and spatial measures while enriching the human, social, and managerial aspects of this transformation through qualitative data. In conclusion, the methodological approach presented herein increases the reliability, validity, and holism of the results of this research and provides a new perspective on the dynamics of gentrification in Beyoğlu.

3. Results

3.1 Overview of Airbnb Industry in Beyoğlu

Beyoğlu is a complex urban area located in the historical center of Istanbul, where cultural, artistic, and commercial functions coexist. Over the past three decades, the area has undergone several waves of gentrification, and in recent years it has been subject to the activities of STR platforms such as Airbnb. This new type of accommodation introduces an additional layer to the ongoing transformation process of Beyoğlu's urban fabric.

As of 2019, a significant portion of Airbnb listings across Istanbul were situated in Beyoğlu. According to Inside Airbnb (2024), the number of listings in Istanbul increased from 20,613 in 2019 to 34,446 in 2024, while the number of listings in Beyoğlu increased from 5,493 to 8,270 in the same period. However, it should be noted that these raw numbers represent the pre-analysis totals prior to the application of the designated filters. Following the implementation of the designated filters, 5,375 active listings in Istanbul and 2,474 active listings in Beyoğlu as of 2024 were included in this research and subjected to analysis. It shows that 46 out of every 100 Airbnb listings in Istanbul are located in Beyoğlu.

When the spatial distribution of these listings is carefully examined, it becomes clear that historically gentrified neighborhoods like Galata and Cihangir stand out. The density changes of the houses used as Airbnb from 2019 to 2024 can be observed in Figure 2. An analysis of 2019 Airbnb data for Beyoğlu reveals a remarkable concentration in the center of Galata. Galata is among the areas that generate the highest income from Airbnb, thanks to its tourist attractions and convenient transportation. In 2020, Airbnb density decreased due to the Covid pandemic, but Airbnb expansion continued in Beyoğlu in the following years.

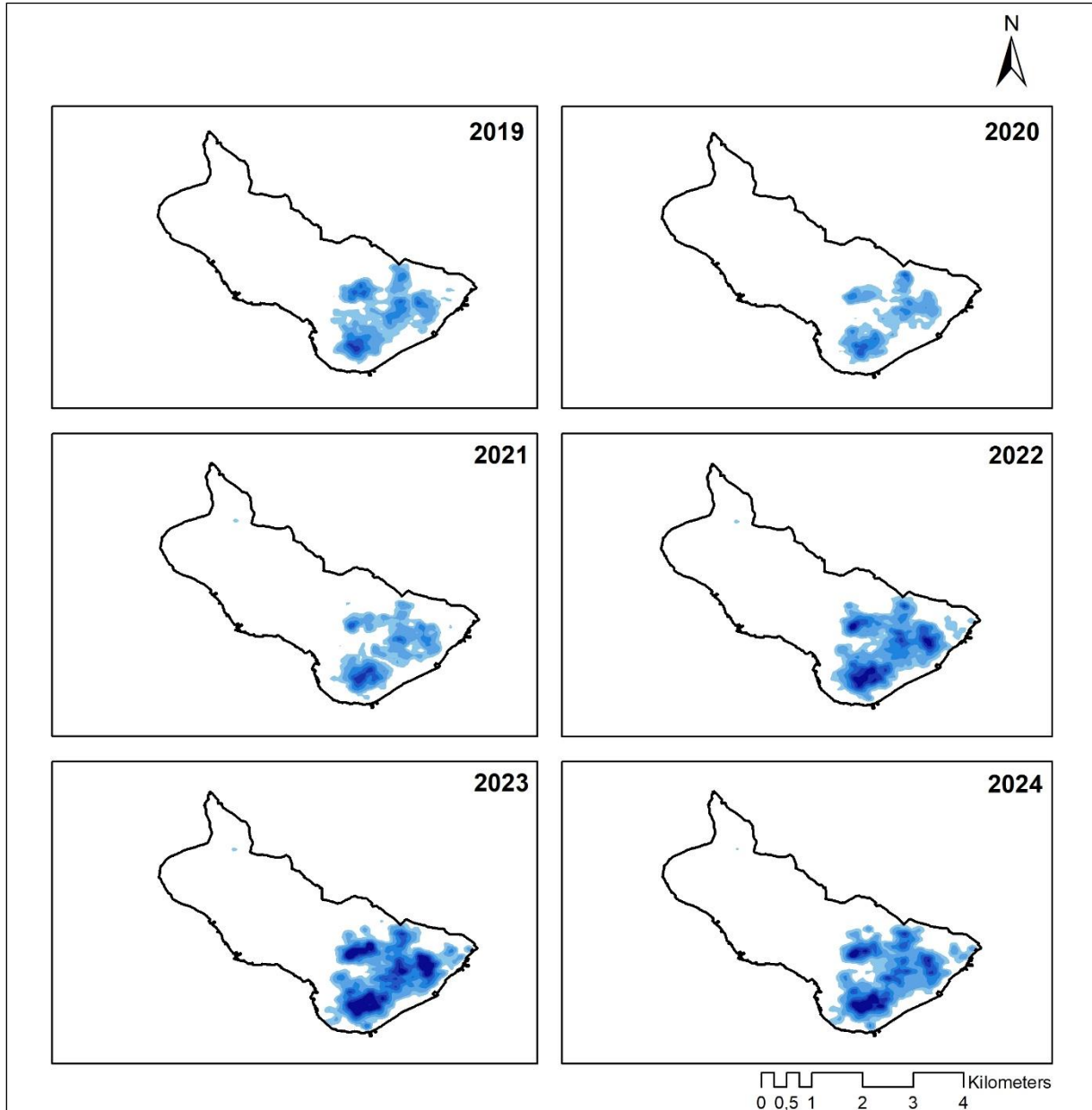


Figure 2. Spatial distribution of Airbnb listings filtered in the kernel density map according to years on the map of Beyoğlu at 1/100.000 scale (Source: Prepared by the authors using Inside Airbnb data (2024))

The findings from qualitative interviews offer insights into the motivations behind this spatial pattern. The hosts included individuals with professions that necessitate a high level of education, such as doctors, teachers, an architect, a pharmacist, an urban planner, and an editor of a publishing firm. The majority of these individuals initially used Airbnb as a means of generating supplemental income; however, some subsequently transitioned it into a full-time occupation. In addition, some landlords have been known to convert historic buildings in other neighborhoods for rental purposes, resulting in what Wachsmuth et al. (2018) refer to as "ghost hotels." This approach points to the emergence of Airbnb as an actor in the housing market that invents its own rules and flexes the market.

The company, which owned buildings in different locations, explained the rationale behind their decision to employ the STR method: "According to the new trends, guests want to accommodate in a house concept. And we, with previous hotel management experience, wanted to build our own business. We started with buying out places that we considered appropriate in Beyoğlu. In our other

three buildings, there is no reception etc., no employee. People coming from Airbnb, Hotel or other applications stay in those buildings. All the communication is executed online. And local tourists are present in the winter season. We run with 95% full capacity.”

Interviewee K says: “I have been doing this for almost three years. There has been 80% fullness for the last two years. Most of my guests are white-collar workers. I have a document which includes tips for where to eat, locations with the best view or where the art galleries, pharmacies, hospitals and supermarkets are, and this provides positive feedback for me in the reviews.”

Interviewee G says: “I don’t live in the house; it is a place vacated for business. My house is a historical place; I rented it from someone else, and in order not to take a risk, I informed my landlord that I rent it on Airbnb. It is a 150 years old 3-storey building built by the French. Nobody but me use it for accommodational purposes. Other houses are used as offices.” The most notable aspect of both individuals' and businesses' assertions is that occupancy rates are high, white-collar workers and tourists from the global north are favored, and their primary incentive is to increase their income through the system.

The expansion of Airbnb in Beyoğlu has impacted the local housing market, leading to increased rental prices and displacement of local residents in certain neighborhoods. This process introduces a technological and tourist-related dimension to the waves of gentrification, causing urban space to be increasingly reshaped according to short-term tourist flows. Consequently, whereas in preceding periods waves of gentrification were often initiated by artists, cultural producers, or small investors, in the current era an international cycle of capital and tourists through global platforms is coming into play.

The IPA report (2024) also emphasises that the highest concentration of Airbnb in Istanbul is in Beyoğlu. This report indicates that areas with a high concentration of Airbnb registrations experience challenges in the rental market for long-term housing. This, in turn, has a negative impact on the affordability of housing for local residents. In short, the Airbnb industry in Beyoğlu is flexibilizing and transforming the housing market, renewing property relations, increasing spatial segregation and creating a new “layer” that threatens local residents' right to housing. This situation aligns with the theoretical framework established in the preceding sections of this study. The case of Beyoğlu demonstrates that STR activities transform the social and spatial fabric of cities not only in the Global North but also in the Global South. Furthermore, the case of Beyoğlu reveals that the manner in which this transformation can be directed through regulatory policies, local government capacity, property law, and tourism strategies constitutes a significant research domain.

3.2 The Impact of Airbnb on Gentrification Process in Beyoğlu

The housing market in Türkiye and Istanbul has been affected deeply by the economic crisis the country has been going through. Pioneers of the economic crisis in the housing market started to be seen in 2018 (Aslan, 2021). The value loss of the Turkish Lira against foreign currencies also affected the housing market. In the second part of 2021, a swift rise happened in housing prices parallel to the Turkish Lira’s value loss. These rises were also visible in daily rent prices in Airbnb listings. Therefore, it is inevitable for this dynamism in housing prices to happen in Beyoğlu, a leading historical urban site in Istanbul.

In this sub-heading, an examination of property values is made using Airbnb data in relation to the study areas. The graph in Figure 3 shows the real change in the price per square meter of residential property in Istanbul and Beyoğlu from January 2019 to January 2024. The data on house prices are taken from Endeksa. To provide a historical perspective, the period from the earliest to the latest data

provided by the company is analyzed. To calculate the real change, the inflation calculation tool of the Central Bank of the Republic of Türkiye (CBRT) is used and January 2019 is set to 100. In this way, the inflation-adjusted sales values of houses can be determined. While the sales price of an average house in the Beyoğlu district was TL 6,731 per square meter in January 2019, this price reached TL 54,328 in January 2024. However, when the inflation-adjusted change based on 2019 is analyzed, the sales value of an average house in Beyoğlu reached 10,900 TL in January 2024. As can be seen in Figure 3, the sales value of real estate increased throughout İstanbul.

Moreover, in Beyoğlu, especially in Galata, one of the prominent districts, the value of a square meter house reached 114,696 TL in January 2024. In January 2024, the net minimum wage in İstanbul is 17,002 TL. In a hypothetical scenario where a minimum wage worker could save their entire salary for almost 7 months, they would only be able to afford a 1 square meter property in Galata, which has the highest concentration of Airbnb properties in the city. At such a level, housing prices have become unaffordable for a middle-class Turkish wage earner.

In addition to the observed change in real sales prices of houses, the nominal change should be mentioned. The areas examined in this study have already experienced gentrification processes, resulting in housing markets characterized by high prices. This discrepancy results in the real increase rates lagging behind the country average, despite the presence of high nominal increase values. It is crucial to disclose the nominal increase values to further illuminate this matter. In Galata, a neighborhood that is the focus of this study due to its high concentration of Airbnbs, the square meter sales price of houses increased by 100,853 liras from January 2019 to January 2024, while in Cihangir, another area under consideration, it increased by 68,581 liras. In addition to these striking values, while the average for Türkiye is 21,713 liras and the average for İstanbul is 32,781 liras for the same period, this value for Beyoğlu is 47,597 liras. A comparison between urban areas such as Galata and Cihangir valued due to their previous exposure to gentrification waves and the areas that have historically been less valued reveals noticeable differences between nominal sales prices and real rate increases. Furthermore, Airbnb's conversion of residential properties to tourist accommodations in these regions exerts additional pressure on the existing supply. However, this phenomenon results in the failure to attain the anticipated acceleration in the real increase rate due to the initial high price level of the area and the constrained availability of new supply opportunities (see Figure 4).

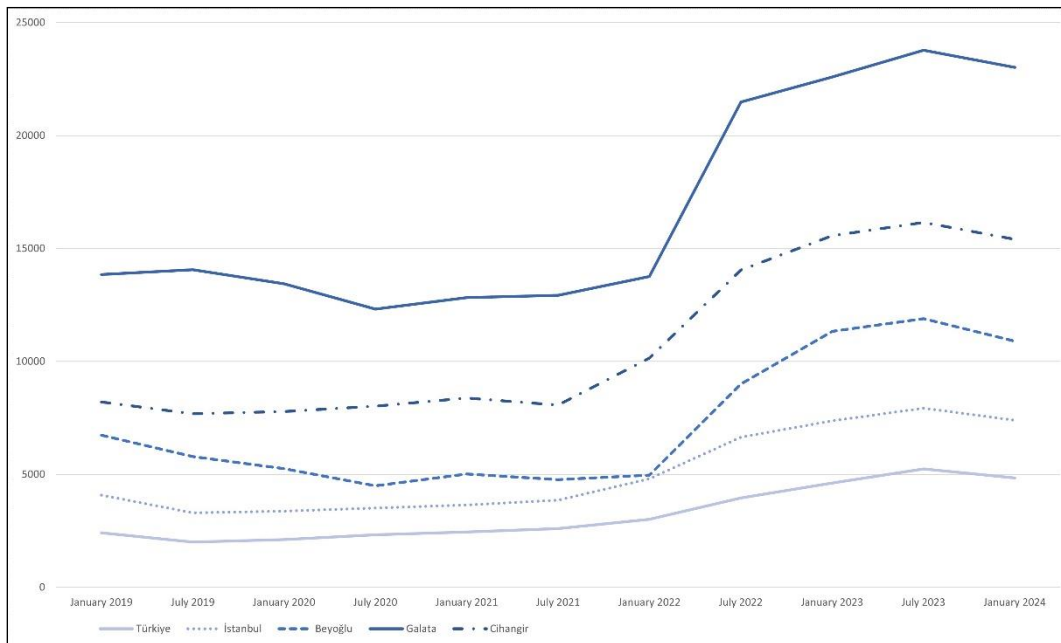


Figure 3. The average unit real sale price of houses in Türkiye, İstanbul, Beyoğlu, Cihangir and Galata between January 2019-Temmuz 2023 (Source: Prepared by authors using Endeksa data (2024) and CBRT data (2024))

An increase in STR activities has been observed to result in a shift of housing supply toward tourists and short-term visitors, rather than long-term tenants. This situation triggers a process that can be called “airbnbization” and creates a new dynamic in which the exchange value of housing comes to the fore instead of its use value. In Figure 4, the proportion of entire houses frequently used through Airbnb to the total housing stock is demonstrated. The rates being 1,4% in all Beyoğlu and 13,9% in Galata in 2019, reached 2,6% in all Beyoğlu and 25,8% in Galata on 31 March 2024. It is observed that one out of every four houses in Galata is used for short-term rental activities. This kind of spatial concentration pushes the traditional residential fabric of Galata towards a tourism-oriented use, transforming the neighborhood into a commercial area that serves visitors rather than locals.

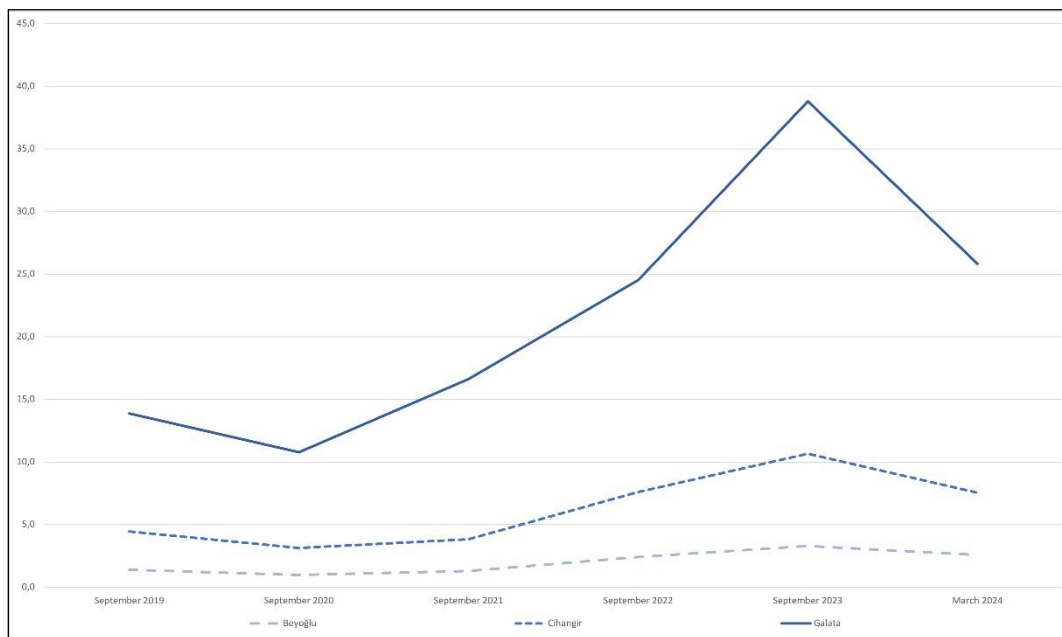


Figure 4. The percentage rates of houses frequently rented as entire homes by Airbnb in Beyoğlu, Cihangir and Galata between the years 2018-2022, to total housing stock (Source: Created by authors using the data received from Inside Airbnb (2024) and Beyoğlu Municipality (2022))

This trend also accelerates the process of gentrification. Conventional theories of gentrification posit that upper-middle-income groups are the primary agents of urban transformation by settling in low-income neighborhoods. However, the present study contends that, in the case of Airbnb, the demand for urban transformation is driven by global tourist flows and the digital platforms that manage these flows. The practice of STR is rapidly evolving into a mechanism for exploiting the "rent gap" in housing, attracting property owners with high-profit opportunities.

Airbnb is a critical factor reinforcing the gentrification process in Beyoğlu. It not only raises housing prices, but also transforms the functions of urban space, narrowing the housing opportunities of the resident population. This effect is particularly evident in neighborhoods that boast cultural and tourist attractions. Historic districts such as Galata and Cihangir are undergoing a rapid process of "commodification," which serves the short-term tourism economy. Thus, Beyoğlu becomes one of the urban laboratories that most distinctly experiences the current dynamics of gentrification triggered by the global tourist flow and the digital platform economy.

3.3 Recent Developments on Airbnb Regulations in Türkiye

Airbnb regulation came into force in January 2024, but at the time of the interviews, there was a legal gap regarding Airbnb in Türkiye. Airbnbisation increased over the years in Beyoğlu, and this situation stands as an element that speeds up spatial transformation. High-ranking local administration bureaucrats interviewed are aware that Airbnb spreads in urban spaces by taking advantage of legal gaps. But they expect the central administration to take action in order to eliminate these legal gaps.

“It is an actively running system in Türkiye even if it does not have any regulation or legal correspondence. There is an intensifying demand in areas that are seen as the city center. And it also differentiates planning discipline resolutions... In terms of legislation, central administration is the authority to make a decision, but an organization intertwined with actual life needs to be regulated.” (G.A., İstanbul Metropolitan Municipality).

“According to legal regulations, it is not possible to allow. Regulations for opening and operating tourism establishments should be changed. Central administration can make these changes. All areas, including Galata to Cihangir, are at risk of becoming commercialized. We want to prevent that.” (Ş. K., Beyoğlu Municipality).

Both district and metropolitan municipalities have meant such as tighter supervision or change of plans that can stand up against Airbnb’s irregular spread across the city; however, emphasizing that the system is already illegal instead of implementing these means does not cause any effect other than the acceleration of the process. Practices towards stopping or regulating Airbnbisation can stop the transformation wave in the old “ruined” urban space, of which transformation sped up with the acceleration provided by Airbnb.

“There are functional decisions we made concerning particular areas and reinforcements, roads and urban service decisions coming alongside, but these types of systems also transform our decisions. Decisions need to be made after these inputs are reviewed within planning. It has not been performed yet, but we are planning to do it.” (G. A.)

Even though Airbnb’s evolution to a structure run by corporations seems to conflict with TURSAB authorities’ perception of the process when it finalizes, it will be a development in favor of them. Thus gentrification of the areas located in the city center and close to business, entertainment, culture and art activities will advance to a level that never existed before.

“Hoteliers don’t want to share tourism revenues, so they are trying to block it.” The point emphasized by the authorities of TURSAB shows one of the obstacles delaying the legalization of STR services.

Individuals may exceed their general expense budgets during travels with touristic purposes. Although their economic capital is lower than that of those living in prominent neighborhoods of Beyoğlu such as Cihangir and Galata, they might spend an excessive amount of money during their holiday stay, which local residents would likely struggle to afford. As T. İ., one of the interviewees, expresses this situation gains permanency with different faces like a relay race. As a result, in the presence of a demand that accepts higher pricing, supply reorganizes itself and raises occur even in rent prices or the price of a beverage in a cafe.

“It is a process which has different characteristics from traditional gentrification; because in traditional gentrification, we observe a process where newcomers evict long-time residents and a more permanent population. But as for short-term tourism, we face a distinguishing profile; because we speak of a group of people that change constantly. They stay 2-3 days; it is like a relay race, they leave, and new ones come. It is not permanent, but the profile is similar. But sometimes even the profile is

not similar, because newcomers may not be richer than the residents, as they stay maybe for 3 days for touristic purposes. And when it is for touristic purposes, people tend to spend more money than they normally would. For instance, anyone can pursue a rich life for 2-3 days. It is more temporary, but there is still permanency within as one comes right after one leaf.” (T. İ., PhD)

It should be noted that the delay in implementing legal regulations has enabled Airbnb to already be used as a practical tool in areas where transformation is in demand. It is also believed that the regulation will undergo revisions that will favor companies operating in this field.

The prominent headings of the legal regulation, which entered into force on 1 January 2024 under the name of ‘Regulation on the Rental of Dwellings for Tourism Purposes’, are as follows: Under the new Airbnb law, all rentals with a rental period of less than 100 days are classified as STRs. For such STRs, hosts are required to obtain a tourism residence certificate. However, rentals longer than 100 days are not subject to this regulation. In addition, the following conditions apply to obtain a tourism residence certificate: In the context of apartment blocks, the unanimous consent of all residents is imperative. In housing estates, the unanimous consent of the owners of the building containing the rental unit in question is required. Only the title deed holder can apply for a tourism residence certificate, and owners of detached houses or villas must apply directly to the Ministry of Culture and Tourism without the need for the approval of neighbouring landowners. According to the IPA report (2024), the groups that will be most affected by the new legal regulation will be ‘those who rent a room in different buildings or in their own residence for a short period of time’.

4. Discussion and Conclusions

This study examines how Airbnb, a platform for STRs, impacts the transformation of urban conservation areas, focusing specifically on the Beyoğlu district of Istanbul. The districts within this area are at different stages of gentrification, shaped by each locale’s unique challenges and opportunities, yet they share several core characteristics of the gentrification process. For instance, Airbnb’s expansion in Galata has converted over 25% of its residential units into accommodation facilities. As shown in Figure 1, Airbnb listings have proliferated in Istanbul’s historic neighborhoods.

Similar to traditional tourism, new urban tourism consumers also prefer locations close to cultural and entertainment centers. However, unlike conventional tourists, these visitors often seek to immerse themselves in local daily life. Cihangir and Galata have emerged as prime neighborhoods for satisfying the needs and desires of this emerging tourism demographic. As noted by Wachsmuth and Weisler (2018), entire homes frequently rented via Airbnb significantly drives spatial transformations. In this context, the present study concentrated on Airbnb listings that operated at least 90 days per year as entire homes in the case study areas. Figure 4 illustrates that the share of such Airbnb listings in the housing market is steadily growing. This trend can push residential neighborhoods—whether newly built or historically conserved—toward more tourism-oriented functions. In an urban conservation site, however, the pace and impact of this transformation may be particularly pronounced. The appeal of so-called “ghost hotels,” in which investors repurpose historic properties for Airbnb rentals, is especially evident in Galata, where 25.8% of residential units are now used for STRs.

Figure 3 presents the inflation-adjusted rise in housing sale prices across Istanbul and Beyoğlu. While the upward trend spans the entire city, the relative increase in Beyoğlu—especially in Galata and Cihangir—has been notably higher compared to the average income. This pattern reflects not only the long-standing gentrification trajectory of the district but also the more recent impact of Airbnb (“Airbnbization”) as an additional layer in this process. As previously mentioned, the housing market in Türkiye and Istanbul has been impacted by the economic crisis. In the aftermath of the crisis, there has been a dramatic increase in house prices in many settlements. However, given the unique

characteristics of each urban area and its distinct housing market, these increases have been experienced at varying levels. A notable distinction exists between doubling the price per square meter of a house in a housing market after the sale price per square meter reaches a certain threshold and the phenomenon of doubling the sale price per square meter of a resident in a much lower-priced area. In this context, the relevant section of the article emphasizes that the nominal increase values of Galata and Cihangir settlements, which have high housing market values due to previous gentrification processes, are considerably more when compared to Beyoğlu, İstanbul, or Türkiye. In the context of the housing market, the unique characteristics of urban areas are found to be highly determinative. Developing a new housing supply in Galata and Cihangir is more challenging than in new settlement areas. This is due to the fact that Galata and Cihangir have numerous registered buildings and are classified as urban conservation areas. In such a limited supply environment, the necessity to restore and utilize the existing housing stock becomes one of the main factors determining the price dynamics in the region. While this structural limitation affects the nominal price increases of the region, it actually causes the real increase rates to be lower than in other regions due to the already high price levels in the area. Therefore, the structural features of Airbnb use in Galata and Cihangir explain why, despite the high nominal price increases, the real increase rates have not been as high. This is a result of local dynamics and the gentrification effect on the housing stock. Furthermore, given the diversity of housing market dynamics in Türkiye, it cannot be claimed that a single variable plays the dominant role in determining all prices in a region.

Besides quantitative data, this study also employs qualitative data to show that STRs are one of the factors affecting housing market prices. Interviews with local real estate agents and property owners corroborate the data, suggesting heightened demand for properties that can be easily adapted into STR units. Motivated by the potential for greater profits, this demand seems to be a major contributor to rising property values in these areas. By focusing on the causal relationship between STRs and property values, this study aims to contribute to a nuanced understanding of how STRs are not only an outcome but also a catalyst for economic change in urban neighborhoods. This understanding is crucial for policymakers seeking to regulate STRs in a way that balances economic growth and social equity.

An additional significant outcome of this research relates to the perceptions of local authorities and other actors regarding Airbnb. Officials from the Directorate of Construction Affairs at İstanbul Metropolitan Municipality emphasized the need for formal Airbnb regulations, noting the rapid expansion of the platform. Meanwhile, the Plan and Project Manager at Beyoğlu Municipality suggested that the Conservation Development Plan might be sufficient to manage the process. Representatives from the Association of Turkish Travel Agencies (TURSAB) view the desired tourist demographic as different from the population typically attracted by Airbnb, implying a lack of awareness of the economic benefits that may result from growing “Airbnbization.” Despite these diverse viewpoints, the absence of a clear regulatory framework stands out as a key concern for all parties. Another recurring theme is that STR-driven transformations should be planned and managed in a way that preserves neighborhood identities. In Türkiye, policy implementation is often hampered by structural challenges, as evidenced by the frequent use of zoning amnesties that legalize noncompliant developments. The delayed introduction of STR legislation—and the uncertainty about its full enforcement—further complicates these dynamics, raising concerns that future regulatory changes may favor corporate stakeholders.

Because this study’s data reflect only the first three months of 2024, it primarily captures conditions preceding the new legislation’s enactment. Figure 4 suggests that the number of financially attractive STRs has continued to grow, heralding a new phase of gentrification in these areas. The initiation and oversight of legal measures alone seem insufficient, given that the current legislation does not prohibit the conversion of residential areas into accommodation, but rather subjects this transformation to

certain conditions. In principle, however, functional changes in historically conserved districts like Beyoğlu should align with the existing conservation development plan—a requirement that demands strong engagement from local authorities. The current regulatory framework circumvents these procedural steps, enabling the conversion of residential units into STRs with the consent of the other property owners within the same apartment complex. As stated in the IPA report (2024), spatial and socio-economic transformation causes the spaces in the region to constantly change hands, the lifestyle of the neighborhood to change and the identity that constitutes spatial belonging to disappear. Consequently, Beyoğlu's urban identity, residential character, and heritage buildings may become increasingly vulnerable to escalating gentrification pressures.

In conclusion, the present study demonstrates that a new gentrification process has started with STRs in an urban conservation site that has already undergone earlier gentrification phases. Consistent with patterns observed in other gentrifying contexts, the spatial and social outcomes described here reinforce one another and are likely to intensify. Ultimately, the findings underscore the need for more nuanced policies and governance structures capable of balancing economic development with heritage preservation and social inclusivity.

Compliance with Ethical Standards

Conflict of Interest Declaration

The authors declare that they do not have a conflict of interest with themselves and/or other third parties and institutions, or if so, how this conflict of interest arose and will be resolved, and author contribution declaration forms are added to the article process files with wet signatures.

Ethics Committee Approval

This study was approved by the Social and Human Sciences Scientific Research and Publication Ethics Committee of Hatay Mustafa Kemal University, under reference number 05, on 13 June 2019.

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