



Expansion and Growth of Hotel Industry in Istanbul

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KEYWORDS	ABSTRACT
Hotel Industry, Historical Development, Istanbul	Istanbul is one of the popular destinations of the world which stands 2 nd in most visited cities in 2024. Hotel industry in Istanbul has also grown rapidly in relation to growing number of tourists. The present study is aimed to analyze the expansion of hotels and lodging facilities in Istanbul from 1988 to 2021 to provide detailed insights of growth patterns and trends emerged over time. The research employs quantitative and qualitative approaches to evaluate the collected data. Findings reveal that Istanbul experienced a rapid growth of hotel construction during late 1980s and early 1990s. The reasons behind such fast growth include increased tourist arrivals because of the city's popularity as historical, cultural and religious center. However, from 1997 to 2007, the hotel industry faced stagnation due to economic crises and political instability. After 2007, the industry again started to expand, peaking in 2016 until 2021, indicating the resilience of city to recover from economic crises and pandemic effects on growth of hotel industry in Istanbul serves critical insights for development and planning of future urban strategies in view of city's position as hub of economic activities.
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1.0 Introduction

Istanbul is Türkiye's largest city with more than 15 million inhabitants and serves as economic capital of the country. The city receives large number of visitors every year due to its historical and cultural diversity alongside economic and business opportunities. The hotel industry in Istanbul shows significant growth as it receives millions of tourists leading to socio-economic changes over time (Bozkurt, 2023; Yabanci, 2022). Istanbul's hotel industry traces its origin with construction of few hotels in middle of 19th century districts like Beyoğlu. The growth in hotel and accommodation industry has significant impact on city's economic and environmental settings. Recent developments in digital technologies and rise of the concept of sharing economy has further reshaped modes of accommodations impacting traditional ways of hoteling and urban dynamics (Alrawadieh et al., 2020; Guttentag, 2019).

The purpose of this empirical research is to fill the literature gap by critically examining the historical trends and expansion patterns of hotels and hostels in Istanbul from 1983 to 2024. This study has adopted the statistical approach of trend analysis to identify the changes in accommodation patterns and diversification of lodging facilities, including hotels, hostels, and guesthouses over time. The statistical analysis of available data helps us understand historical trajectories and dynamics of expansion in hotel industry of Istanbul. Therefore, the present research contributes to existing literature by providing a detailed insight into accommodation dynamics which is useful for stakeholders in a rapidly evolving urban tourism context. Besides, the study also offers valuable suggestions for policymakers and industry practitioners to formulate more sustainable policies in future.

2.0 Literature Review

Review of several empirical studies on the growth of hotel accommodation in Istanbul and associated urban tourism dynamics has shown some understanding of complex scenario embedded in the socio-economic and spatial changes brought by traditional hotels and emerging digital networks of sharing accommodations (Albuquerque et al., 2024; Klimova et al., 2020). Istanbul's tourism industry underwent rapid increase after 1980s when restructuring process to exploit tourism as a means of economic development started in Türkiye. During this period, a significant increase in the number of hotels was observed with construction of new hotels around the central business district (CBD) initially and later to coastal areas and the Bosphorus (Dökmeci & Balta, 1999).

In upcoming years of 1990s and 2000s, structural changes and spatial redistribution in accommodation sector of urban areas in Türkiye was observed, including Istanbul. Meanwhile, advanced mapping and planning technologies helped highlighting the spatial dynamics of tourist destinations and hotel distribution, showing changing trends in mass tourism and alternative tourism development (Okuyucu & Akgış, 2016). Hotel expansion in Istanbul is further wrought with its transformation into global hub of economic activities. As a result of its

integration into global market networks, extensive investments started with in-migration of diverse populations which led to substantial spatial reorganization and increased socio-spatial inequalities.

Contemporary research on the expansion of hotel accommodation in Istanbul has discussed different aspects of this growth. Several of the empirical studies have emphasized the impact of socioeconomic developments associated with tourism development like restoration, displacement, and housing market pressures (Alvarez et al., 2020; Hatipoglu et al., 2013). Besides, most recent studies have examined the changing accommodation patterns in context of competitive and complementary dynamics of traditional hotels and emerging digital platforms (Casado-Díaz & Sellers-Rubio, 2021). It is evident that the accommodation settings of a city are influenced by urban development policies, pedestrianization effects, and local community responses which have important inferences for future sustainability.

Previous studies provide valuable insights to understand the growth of tourism industry in Istanbul, focusing on land use changes, economic impacts, and community responses with varied methodological inputs and greater scope (Kabil et al., 2022; Alrawadieh et al., 2021; Türksöy et al., 2013). Although the scholarly discourses are enhanced with integration of qualitative and quantitative approaches, some gaps remain in comprehensive analyses of factors affecting hotel expansions in Istanbul. Despite handsome studies on growth of hotel industry in Istanbul, there is still a literature gap in comprehensive understanding of historical trends of hotel expansion.

3.0 Methodology

The present study has utilized mixed method approach consisting of quantitative and qualitative approaches to analyze the expansion of hotel industry in Istanbul for last four decades. Quantitative methods allow the researchers to analyze the data in more objective way while qualitative ones provide more detailed insights into the research problem. For this purpose, quantitative and qualitative data related to hotel industry in Istanbul is collected from various reliable sources. A thorough literature review of available historical and current empirical studies and official documents is made to highlight the key issues related to the research topic. Different scientific databases are searched to make sure that all reliable information on development of hotel and accommodation services in Istanbul is included in the evaluation.

Statistical data are collected from yearly bulletins of tourism statistics describing all types of accommodations in Istanbul from 1983 to 1924 by Turkish Ministry of Culture and Tourism. Besides, the reports of Istanbul Municipality containing specific data related to the selected topic are also analyzed to evaluate the expansion of hotel industry in more robust way. The collected data is digitized and cleaned using excel spreadsheets to conduct trend analysis of accommodation during the selected time. The results are described in tables and graphs to

visualize the patterns of expansion of accommodation facilities in Istanbul related to hotel sector. The data provided by previous studies is also utilized to find out the past trends of hotel expansion in Istanbul. However, yearly data on historical and past records are not completely available in continued form and pattern, making the study limited.

The data on hotels and other accommodation sources is divided into two categories based on the types of licenses. The first type is called Tourism Business License which refers to the certificate issued by the Ministry to tourism facilities during the operation phase. To assess the physical characteristics of the facility and the continuity of its operation and service quality, a classification study is conducted at the request of the facility or when deemed necessary by the Ministry, for facilities holding the Tourism Business License. The second type of license is known as Municipally Certified Facilities which refers to businesses operating under a hotel or boarding house license issued by the district municipal mayorships.

4.0 Results

Istanbul, a city of historical and cultural contrasts, is not only considered as economic hub of Türkiye but also a major tourist destination attracting millions of visitors each year (Figure 1). According to the data, both İstanbul and Türkiye showed a consistent upward trend from 2004 to 2019 with exception of the year 2016. The number of tourists visiting İstanbul and Türkiye increased almost every year with a significant increase in tourist arrivals, reaching around 12 million and 45 million in 2019. İstanbul and Türkiye both experienced a sharp decline in tourist arrivals in 2020 due to the global pandemic. However, recovery started in 2021 with tourist numbers climbing again. In 2022, Türkiye saw a significant recovery, reaching around 45 million tourists, like the pre-pandemic years. İstanbul also showed recovery, reaching about 7 million tourists by 2022 (Ministry of Culture and Tourism, 2025). The city was once a leading destination of Türkiye for tourists from all around the world until the expansion of mass tourism in coastal areas.

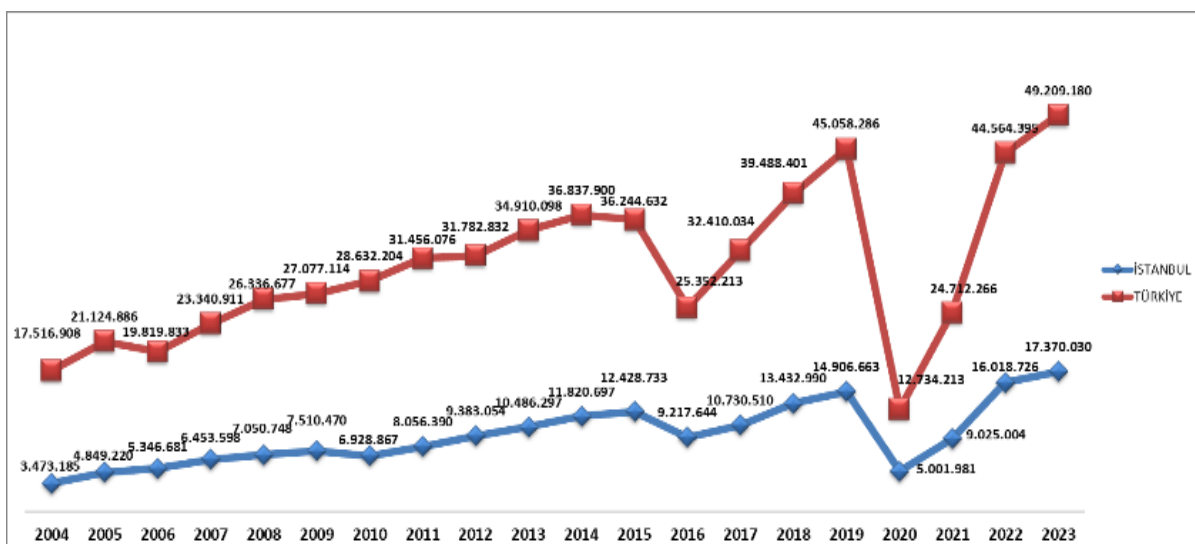


Figure 1: International Tourist Arrivals in Istanbul and Türkiye (2004-2023) Source: Turkish Ministry of Culture and Tourism

Istanbul remained a key hub for both business and leisure travelers because of the city's exceptional location at the crossroads of Asia and Europe serving global trade routes and presence of natural and cultural heritage. Such strategic position of the city has made it a focal area for economic and social activities throughout history. There were no modern hotels in Istanbul before the mid-19th century as we see them today. Instead, the city relied on auberges (small inns) with very limited accommodation facilities to host international travelers. Such small enterprises were simple and only provide services for basic needs of travelers in a time when tourism was not widespread as today. The need for better accommodation for visitors grew with Istanbul's growing trade relationships with European countries during 19th century. To meet this demand, the city saw the construction of high-quality, European-style hotels, particularly in areas that had become popular with foreigners, such as Beyoglu (an important district in the European part of Istanbul) and the Bosphorus villages. Some of the first prominent hotels built during this period (Çetin, 2018) include Hotel d'Angleterre (1841), Pera Palace (1892), and Tokatliyan (1894).

A growing demand for international conferences and meetings emerged in mid-20th century but Istanbul was unable to host such events due to the lack of high-quality hotels. In this situation, first substantial step to fill this gap was taken in 1955 with construction of Hilton Hotel in Istanbul (Dökmeci & Balta, 1999). After this, the number of hotels in Istanbul began to grow, corresponding to the increasing number of tourists and the expansion of international business relations. Gradually, international hotel chains started to include Türkiye in their expansion plans because of increased tourism mobility, the recognition of tourism as an important sector in development, increased international tourists' arrivals, recent developments in business tourism, and the growing number of participants in sports and event tourism (Kuşluyan & Eren, 2009). The development and increasing volume of business and meeting tourism other than mass tourism concentrated on Türkiye's coastal regions also attracted international hotel groups to these areas.

Table 1: Recent statistics of Istanbul's Accommodation Facilities as of 2021(Istanbul Municipality)

Region	Accommodation Facilities	Bed Capacity	Percentage of Bed Capacity
Tourism Business License	637	126978	58
Municipality Licensed Facilities	2432	92303	42
Fatih	1312		
Beyoğlu	372		
Şişli	232		
Beşiktaş	107		

According to Istanbul Municipality inventory research completed in 2021, total 3,069 accommodation facilities including hotels, motels, guesthouses and others have been registered in Istanbul. Out of these, 637 have a Tourism Business License issued by the Ministry of Culture and Tourism, while 2,432 have a municipality license. The total bed capacity of the 2,432 municipality-licensed facilities is 92,303 beds. The total bed capacity of the Tourism Business Licensed facilities is 126,978 beds. In proportion, 58% of the total bed capacity in Istanbul is within Tourism Business Licensed facilities. In the last five years (from 2015 to 2021), the accommodation capacity in Istanbul has increased by 18%, with the number of beds rising from 186,302 to 219,281. The top four districts in the European Side with the highest number of accommodation facilities are Fatih (1,312), Beyoğlu (372), Şişli (232), and Beşiktaş (107). The total bed capacity of the accommodation facilities on the European Side accounts for 84% of Istanbul's total bed capacity (İBB Kültür Daire Başkanlığı Turizm Müdürlüğü, 2020). Meanwhile, the combined bed capacity of the districts of Fatih, Beyoğlu, Şişli, and Beşiktaş constitutes 20% of Istanbul's total bed capacity.



Figure 2: Expansion of Hotels/Accommodation in Istanbul from 1988-2021

According to data of Municipality licensed based hotels/accommodation facilities, Istanbul's hotel sector showed substantial growth from 1988 to 2021, with significant increase in the number of hotels, rooms, and beds. From 1988 to 1994, the city saw continuous growth in the number of hotels and accommodation facilities, which shows growth in demand of accommodation in the city because of global tourism demand, expansion of business events, and cultural exchange programs. During this period, hotel expansion showed an increase from 516 to 1032 hotels, and the number of rooms grew substantially between 1992 and 1997, highlighting the impact of high investments in development of city infrastructure. Similarly, the increase in hotel rooms and bed capacity also shows upward trend during this period. From 1997 to 2007, a little decline or stabilization is observed during which number of hotels only shows slight increase from 959 to 994. Possible reasons for this stagnation in development of hotel industry include economic crises of 1997 and 2001 along with political instability in the country.

The expansion of hotel industry with construction of new hotels started again after 2007 at steady rate with rapid expansion between 2016 and 2021, despite the global challenges faced by the tourism industry due to Covid-19. The data for the year 2016 and upcoming years has shown an upward trend in the number of rooms and capacity of beds which highlights the expansion of hotel industry and related infrastructure building to facilitate the increasing number of visitors to the city. The growth of hotel industry during this period also shows the resilience of the city from external shocks such as economic crises and global pandemics. Continuous expansion of hotel infrastructure over time emphasizes Istanbul's commitment to modernizing its hospitality services and providing better accommodation facilities to visitors.

5.0 Discussion

Istanbul remained hub of political and economic activities for centuries due to its strategic location, geographical characteristics and rich culture. At present, Istanbul has become the largest populous city of Türkiye with population of more than 15 million. The city attracts millions of foreign and domestic visitors each year for many diversified activities including trade, commerce, services, and tourism. According to Euromonitor, Istanbul ranked 2nd in top ten most visited cities in the World in 2024. In Türkiye, Istanbul ranks 1st in most visited cities of the country with more than 56 million visitors in 2023. In this background, hotel industry in Istanbul has also shown a steady increase over time. However, until the middle of 19th century there were no modern hotels in the city but only small holdings to accommodate few visitors at a time. At the end of 19th century few prominent hotels were built in Beyoğlu district. The first modern hotel was built in 1955 to fulfill the growing demand to facilitate foreign delegation.

The adoption of liberal economic policy and Tourism Incentive Law by Turkish government in 1982 boosted the investments in infrastructure development and construction of hotels and other accommodation facilities. Since then, the hotel industry in Istanbul also

increased rapidly and the city passed through different structural changes. During this period, the city underwent rapid transformations in urban and infrastructure sectors. This paper has explored the growth of hotel industry in Istanbul over time for better understanding of patterns of infrastructure in large metropolitan areas of Türkiye with growing tourism demand. The number of hotels in Istanbul has risen in correlation to growth of tourists, traders, corporators and businessmen. While the growth of the hotel industry has been impressive, the national tourism landscape has been diversified with other regions of Türkiye. The rise in hotel development across the country highlights a broader shift in the distribution of tourism infrastructure, ensuring that Turkey remains a competitive destination for international tourists.

Contributions

Ashfak Ahmad Khan: Problem Identification, Literature search

Conflict of Interests/Disclosures

The authors declared no potential conflicts of interest w.r.t this article's research, authorship, and/or publication.

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