



**Horwath HTL**

*Hotel, Tourism and Leisure*

MARKET REPORT

**Turkey**

MARCH 2019

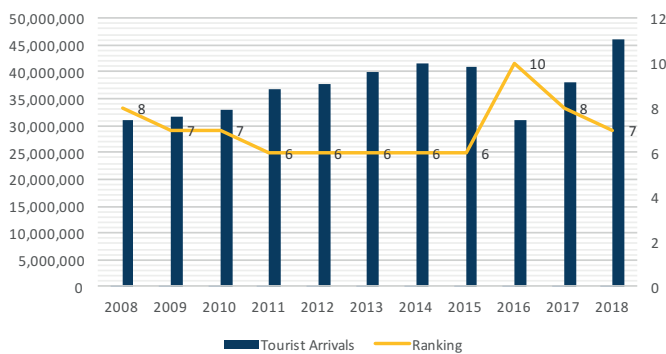


### Promising Years Ahead for Turkey

Since 2016, the political and economic crisis in Turkey has caused tourist numbers to plummet, especially from western travellers. This was largely reflected in a decrease of hotel room prices. However, after a disappointing two years, Turkey has started to recover with 2017 seeing the first sign of positive indicators. Occupancy has increased by 2.5% to 60.9%, ADR has increased from 71.75 to 74.55 USD, and RevPAR has also increased 6.5% to 45.42 USD.

The total contribution of Travel & Tourism to GDP was USD 98.4 billion, which was 11.6% of GDP in 2017. It was forecast to rise by 4.1% in 2018, and by 2028 it is expected to rise by 3.8% to USD149.5 billion.

Turkey's Place in the World Tourism Between 2008 - 2018



2018 saw additional strength in recovery with 46.1 million tourists coming to Turkey. The first choice for visitors was for travel as entertainment and cultural activities. According to UNWTO World Tourism Barometer, Turkey ranked as the 7th most popular tourist destination in the world by welcoming 46.1 million tourists for 36 million overnights. According to a report by the Culture and Tourism Ministry, in 2018 the tourism sector generated 29.3 million USD from tourists, which is an increase of 11% from 2017. Foreigners spent \$617 per capita while Turkish citizens spent \$801 per capita. However, Turkey is still trying to achieve 2014/2015s figures of over 31 million USD in total.

Turkish Tourism Year Income Breakdown

Total Income		
Year	Income (\$1,000)	Avg.Spent(\$)
2008	\$25,030,735	\$967
2009	\$24,754,331	\$960
2010	\$24,668,369	\$951
2011	\$27,860,938	\$939
2012	\$28,764,742	\$978
2013	\$32,082,471	\$1,001
2014	\$34,067,286	\$953
2015	\$31,281,997	\$842
2016	\$21,956,234	\$805
2017	\$26,131,723	\$767
2018	\$29,373,784	\$709





Within the new proposals to promote tourism in the country, Turkey plans to attract the Chinese because they are the biggest population in the world, hence more potential for spending. They already declared 2018 to be the year of tourism in Turkey, and Chinese tourists have arrived in masses, an increase of 93% year on year. Their primary types of tourist attractions are exploring historical and cultural places like Ephesus, Pamukkale, Cappadocia and Safranbolu.

The Ministry of Culture and Tourism wishes to diversify tourist attractions by expanding and promoting other tourism types rather than just Sea-Sand-Sun and business. In order to attract new investments, there should be new markets to invest in.

There are a vast number of archaeological sites dotted around the landscape of Anatolia, which reveals the various empires and diverse cultures once established in Turkey. For example, recently the 12,000-year-old Gobeklitepe temple was discovered and it will soon reopen to the public. It has been added to the UNESCO World Heritage Site list.

## Natural Beauties of Turkey

Turkey has no shortage of natural wonders to attract tourists, some of which are truly unique: the world famous Cappadocia with its chimneys, which is getting more popular every year; Pamukkale with its white stoned pools, which is in the UNESCO's world heritage list; the turquoise coastlines with the beautiful beaches of the Aegean and Mediterranean seas.

The coastal parks include areas of pristine coastline and beaches while inland there are marshes, lakes, waterfalls, mountains, forests and canyons. In addition, the Anatolian side possesses the trace of many ancient civilizations and historical ruins with diverse cultures and religions. There are still historical remains to be discovered under the ground.

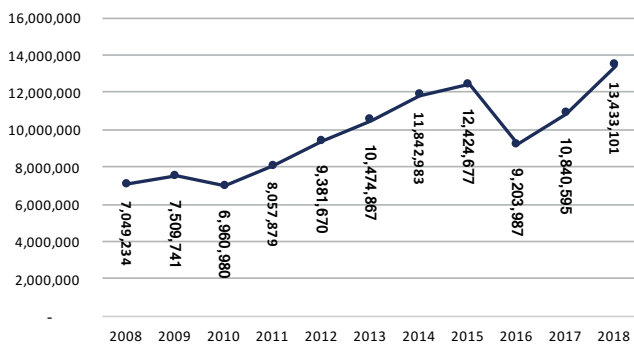


### Istanbul

Istanbul is Turkey’s most populous city and the country’s cultural and financial centre. The city’s hotel market benefits from a variety of tourist attractions that attract leisure demand, such as the Grand Bazaar, the Hagia Sophia (Church of the Divine Wisdom) and the Sultan Ahmed Mosque (the Blue Mosque), amongst others.

Istanbul hosted a total of 13.4 million tourists in 2018, which was a 24% increase from 2017, which saw 10.8 million tourists in the city. A total of 563 facilities with a total of 114,717 beds have the Culture and Tourism Ministry’s “operation license,” while a total of 156 accommodation facilities with a total of 27,161 beds have the ministry’s “investment license” and are under construction.

**Istanbul Tourist Arrivals 2008 - 2018**



### Bodrum

The region has a population of sixty thousand people and in the summer seasons Bodrum becomes a tourist magnet. In 2018 Bodrum hosted nearly 14 million tourists who came to experience the harmony of its historical places together with its modern way of life; its beautiful beaches and magnificent bays; Aegean lifestyle and food; the culture; the climate; exciting nightlife; and a large selection of accommodation facilities.

In a short period of time, it has become one of the premier leisure destinations in Turkey. It is therefore known as the St Tropez of Turkey, which is more affordable compared with the real one.





## Health & Thermal Tourism

Turkey is among the first seven countries in the world for geothermal resources, while it is the third in terms of resource potential in Europe, and third for spa treatments. However, in order to follow world trends and be able to be competitive with other countries, Turkey prepared a Health & Thermal Tourism Master Plan 2007 – 2023. According to that plan, the potential tourist destinations have to be protected and then open to the public use. There are five thermal tourism development zones and seventy-three other development zones, which have been spotted for new investors.

Within four years bed capacity for thermal and health tourism is expected to increase to 500,000. In addition, in the medium-term, Turkey aims to be the most important health and thermal destination of the world.

## New Istanbul Airport

One of Turkey's greatest investment projects is the current expansion of Istanbul airport, which started on 29 October 2018. The airport is expected to reach its full capacity of service by 2025.

The flight destinations will increase phase by phase and when it reaches full capacity it will fly to 350 destinations with 3500 daily flights. The most important part of this

project is that it is expected to provide 225 thousand job opportunities and it will provide 4.9% of the gross national product of Turkey. If it is successful then Istanbul airport will be ahead of the Schipol and Charles de Gaulle airport in terms of contributions to national income.

## Outlook for 2019

2018 was a promising year for Turkish tourism, which showed tourism is regaining its strength and it is expected to continue in this vein for the upcoming years. With the new updated tourism plan investments should pick up rapidly within a couple of years.

Turkey hosted a record of over 46 million tourists in 2018. Tourism professionals believe that the positive climate will likely continue in 2019 as well. It is expected that Turkey can hit the 50 million mark.

Turkey is expecting a record of German arrivals in 2019 and doubling of Chinese visitors. Turkey has also been targeting the Indian wedding tourism market. Overall, occupancy level is expected to be above the desired threshold again in 2019, up to 63%.

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Alp Ancel joined Horwath HTL in September 2017. He has taken part in the concept development of various tourist attractions and hotels. He also assists in the preparation of market and financial feasibility studies.

Alp graduated from Ozyegin University of Hotel Management faculty in 2016. As part of the academic program, Alp completed several modules such as: marketing, information technologies in hotels, law in hotel business, restaurant management and cost analysis, process design at hotels, and account management. He wrote his thesis on "An Examination of Alternative Tourism Products in Turkey's Tourism Industry".

During his education he worked in several 5-star luxury hotels like Ciragan Palace Kempinski and Swissotel Bosphorus where he had the chance to experience the operational duties of the hotels from bottom to mid-level.

**Horwath HTL**

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Our clients choose us because we have earned a reputation for impartial advice that will often mean the difference between failure and success. Each project we help is different, so we need all of the experience we have gained over our 100-year history.

We are a global Brand with 45 offices, who have successfully carried out over 20,000 assignments for private and public clients. We are part of Crowe Global, a top 10 accounting and financial services network. We are the number one choice for companies and financial institutions looking to invest and develop in the industry.

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