

EUROPE: *Turkey*

ECONOMIC CLIMATE

Despite the global economic crisis and the investment slow down, the spa and wellness industry continued its popularity and growth. The SPA & Wellness industry is very much bounded with the tourism sector which closed the year 2009 with an increase in number of tourists (around 2.4%) compared to the previous year, despite the global economic downturn and descending investments. In 2009, 27 million foreign visitors, with the receipt of 21 billion USD, visited Turkey; Turkey's main competitors like Spain, Greece, and Egypt all recorded significant decreases. Thanks to a long and exceptionally attractive coastline, natural, unique, historical, and archaeological sites, a suitable climate, improving touristic infrastructure, and a tradition of hospitality, Turkey has become one of the world's most popular tourism destinations and it has been one of the most important drivers behind Turkey's economic development over recent decades. In 2009, the industry generated 95.3 billion TL (Turkish Lira) of economic activity (approximately 10.2% of Turkey's GDP) with an employment of approximately 1.8 million people (7.2% of total employment). With strong government efforts and the increasing popularity of Turkey as a tourism destination, the international tourist arrivals in Turkey is expected to increase at a healthy rate of over 10% in the coming four years.

The global financial crisis has challenged the macroeconomic and financial stability of many economies by adversely affecting financing facilities and external demand, thus causing a significant slowdown in all global economics. While the financial markets in Turkey proved resilient to the crisis, the decrease in external demand and slowing international capital have had negative effects on the economy. Nevertheless, the positive developments in the economy show signs of a fast recovery as early as the last quarter of 2009. In the years 2010 and 2011, Turkey is expected to show annual growth levels of 4% and 4.5%.

STATISTICS

Turkey is the 15th largest economy in the world and 6th of the EU countries in 2008 according to the IMF report (2009) with the largest youth population among EU countries. With the help of this youth population, Turkey has a dynamic, stable, and attractive economy with annual average real GDP Growth of 5.9% between 2003-2008 with 742 billion USD Nominal GDP (IMF World Economic Outlook, April 2009). The annual average real GDP Growth Forecast in OECD Countries between 2011-2017 is 6.7% - the fastest growing economy among the OECD countries. Furthermore, in September 2009, Goldman Sachs forecasted that by 2050, Turkey will be the 9th largest economy in the world, surpassing Japan, Germany, and France.

Most important economic institutions of the world like JP Morgan, Goldman Sachs, Nomura, OECD, and World Bank have listed Turkey among the countries that will recover from the global crisis in 2010 with the fastest pace. This expectation was supported by the declaration of withdrawal of the negotiations with the IMF in the last quarter of this year. Despite a decrease in GDP per capita in



SPA INDUSTRY BRIEFING: *Turkey*

2009, compared to the previous year around 17.7% (8.6 billion USD), Turkey is seen as one of the engines of global growth in the upcoming decade.

With incentives from the government, urban hotel investments boomed in 2009. Especially, the major hotel chains like Hilton, Accor and Marriott started lots of investments. Beside the hotel investments, there is a trend toward more luxury hotels. For example, the agreement to build a new luxury hotel has just been signed and the first Shangri-La Hotel, 7-stars, will be opening on April 2012 in Istanbul. Istanbul is the 3rd most-visited city of Europe, following London and Paris. Germany, the United Kingdom, and the Russian Federation are the top sources of tourists to Turkey. Antalya and Istanbul are the most popular cities attracting approximately 60% of all arrivals.

Currently, hotels in Turkey have a capacity of 567,470 beds. In addition there are many hotels in the investment stage with an additional capacity of 258,287 beds. The CAGR in bed capacity between 1998 and 2008 has been 6.1%. Turkey has the 'newest bed' rate in Europe with 44% in front of Spain with 41%. Out of the world's top 100 best hotels, 20 are from Turkey. Currently, 9 of the world's top 10 hotel chains are operating in Turkey.

The construction sector plays a crucial role in Turkey's economic development, accounting for well over 6% of GDP and employing some 1.4 million people. In 2009 Turkey's construction sector felt the affect of the global crisis, contracting approximately 16%. Despite this negative picture, in 2009, 31 Turkish contractor firms have managed to be listed in the "Biggest 225 International Contractors of the World" by ENR, with around 5000 projects. This number was 25 in 2008. With this increase, Turkey as a country is ranked 2nd in the world after China. Apart from Russia, North Africa, the Gulf Region, and Central Asia where Turkish firms are already operational, in 2010 there are new markets to be entered such as Western, Central and Southern Africa, as well as India. Within the six year period between 2002 and 2009, the annual volume of business undertaken abroad increased from 1.7 billion USD in 2002 to 23.6 billion USD in 2008. In 2009, because of the affects of the global crisis, this figure decreased to 18.8 billion USD.

Turkey is among the top seven countries of the world in terms of its rich geothermal resources and potential and ranks 2nd in Europe with its 1,300 thermal springs. Thermal centres and mineral springs as natural therapy centres have traditional importance in Turkey. Therefore, this tradition points to a great potential demand in the area of domestic tourism as well as foreign tourism. Local and foreign ventures for the construction of thermal facilities are supported with concessionary incentives.

INNOVATION

Miscellaneous tourism types like health tourism, thermal tourism, or golf tourism combined with the SPA concept, are new innovative trends in the SPA industry. Further expansion of coastal tourism is expected, but there is also considerable potential for health and thermal spas, winter, mountaineering, congress, expo, and golf tourisms.

A new developing segment in the SPA industry draws attention: Health & Thermal Tourism. Turkey is becoming a popular destination for medical tourism especially among the European tourists. In 2008, the country received around 200,000 foreign medical tourists, an impressive 40% increase from 2007. In Turkey, medical tourists can find world-class wellness facilities, along with nearly every imaginable medical procedure - all at a fraction of the prices typically charged in the United States and Europe. Turkey expects to attract more than 1 million medical travellers by 2015.

DEIK (Foreign Economic Relations Board) states that the factors that make Turkey attractive in terms of health care tourism are: large-scale private sector investment in health care; rapid increase in the number and variety of hospitals, medical centres, clinics and thermal spas; trained qualified medical staff; the latest technology; and substantial price advantages.

Due to the demand and developments in medical spas and thermal (mineral water) spas, we have been innovating designs, systems, units and equipment for medical and thermal spas including therapeutics and physical therapies, like hydrotherapy, balneotherapy, peloidtherapy, different pools and shower systems where healing effects are used.

We have also started to offer more and more hamams for spa wellness centres both in domestic projects and in our projects abroad with the increasing popularity of hamams worldwide. In all the resort hotel spas, hamams are the touchstones, as the most important primary element of the spa centre. Not only is this true in resort hotel spas, in almost every day spa, hamams are required and we are designing a vast variety of hamams depending on the concept of the project from quite modern to traditional classical ones.

As for other innovations, we are designing and offering themed spa concepts with saunas, steam rooms, salt rooms, hay therapies, sand therapies, snow rooms, ice fountains, experience showers, and relaxation rooms with different aspects like “silent” or “social”. In spa design, we use more and more natural materials like marble and natural stone and use natural colours enriched with sophisticated lighting systems and also install the spas on the ground floors where there is natural light, air, and a view. Depending on the concept of the overall project, we sometimes offer quite minimal designs however sometimes splendid, luxurious and deluxe design.

Apart from these, marine tourism and golf tourism is also expected to see huge growth in coming years. In recent years, golf courses with international standards have opened up. Turkey has become an elite golfing centre where players from around the world can meet in an environment of quality and prestige. In these golf hotels, very luxurious spa and wellness centres are often part of what is offered.

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