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The 'glocalisation' of Istanbul's retail property market

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ABSTRACT

Purpose: The continuation of globalization and liberalization processes has prompted the restructuring of many national and local property markets. The research examines the evolution of Istanbul's retail property market to identify how global and local agents engage with one another to produce a unique 'glocalized' outcome.

Design/Methodology/Approach: The morphogenetic approach is adapted and applied to analyse the dynamics of market change. The focus is on the character and behaviour of national and international market actors and how they interact with the wider political economy. The research uses a combination of elite interviews, document analysis and corporate case studies to obtain empirical evidence.

Findings: The liberalization of the Turkish economy heralded the entry of the first international companies into Istanbul's retail property market in the 1990s. International involvement expanded rapidly after 2004, accelerating the process of market re-structuring. However, while the number of global buy-outs increased, the expansion of local property companies – and the establishment of some international/national corporate partnerships – was even more marked. This resulted in a 'glocalised' market with a strong and distinctive local culture.

Originality: Istanbul has been a major centre of trade for millenia. This is the first substantive analysis of the recent restructuring of the city's retail property market. Previous research on market maturity and market evolution has paid limited attention to the dynamics of change. The paper describes the use of a process-based theoretical framework (morphogenesis) that was explicitly designed to analyse structural shifts in socio-economic conditions through an examination of the characteristics and behaviours of the actors involved.

Key words – Istanbul, Retail Property Market, Evolution, Maturity, Glocalisation, Morphogenetic Approach, Turkey.

Status

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Introduction: globalisation, glocalisation and property markets

International development supports and is supported by the development of countries' economic and industrial structures and their macroeconomic institutions, broadly defined (Montiel, 2011). Such institutions are important for economic growth because they guide the investment decisions of key economic actors. Institutional forms are shaped by the social, cultural, political, economic and environmental conditions of a country and by that country's international relations (Acemoglu et al, 2005). The opening up of a national economy to the world has an evolutionary effect on its institutions. Many developing countries have institutional environments characterised by poorly defined property rights, unreliable legal systems and unpredictable macroeconomic conditions. In particular, a lack of accounting standards and the inadequacies of national financial systems limit such countries' access to the foreign capital upon which their future growth depends (Easterly, 1999). The relation between the qualities of a country's institutions and its suitability as an investment location for international capital is explicated and reinforced by the measurement and ranking of those qualities (see, for example, Schwab/World Economic Forum, 2019; Kaufmann and Kraay/World Bank, 2020). This raises the question of how, in institutional terms, a country meets external investors' requirements.

"[G]lobalization involves the diffusion of ideas and practices from one 'place' to another" (Robertson, 2014: 3) and its focus is on precisely the above kind of institutional transfers and transformations. Glocalisation is a refinement of the notion of globalisation (Kraidy, 2003; Robertson, 1992 and 1994). The latter was an attempt to articulate the engagement of the global with the local. Global-local interactions are seen as two-sided with each element influencing the other (Mowlana, 1994; Thornton, 2000; Pahlavi, 2002; Carr, 2003) to produce glocal outcomes unique to each subject location. Early work on globalisation was the subject of major criticism. The "pre-eminence of the 'global' in much of the literature" (Swyngedouw, 2004: 25; and see Van Der Wusten, 1998) implied a one-way process from the global to the local and assumed that all locales followed a similar globalising trajectory (Van Der Heiden and Terhorst, 2007) because they were unable to exert local agency. In addition, globalisation and localisation were often portrayed as a binary opposition, thus ignoring the potential for them to be intertwined in a glocal outcome (Salazar, 2005).

Later work recognised that glocalisation is a highly variegated and emergent process (Gulmez, 2021). The way that global and local elements interact and the characteristics of the results of this engagement are determined by the particular temporal, spatial, economic, social, cultural and political conditions within which the process occurs (see Pahlavi, 2002; Robertson and White, 2003; Meir, 2005; Giulianotti and Robertson, 2006). Different circumstances produce different outcomes (Van Der Heiden and Terhorst, 2007). However, while the application of the concept of glocalisation may tell us something about the effects of the global/local interaction process, it is largely silent on how the process works (Howes, 1996; Canclini, 2001; Meir, 2005; Pelkonen, 2005; Salazar, 2005). Consequently, it remains the case that

“glocalization is relatively under-theorized” (Roudmetov, 2016; 391; see also Robertson, 2020).

The concept of glocalisation was adopted across the social sciences as a means to explore the various local implications of a globalising capitalism (Roudmetov, 2021). Real estate made its own contribution to such studies. While the sector had its guides to international investment (for example, Sweby Cowan, 1990) and produced indexes of the quality of property market institutions in different countries (Lynch/Jones Lang LaSalle, 2004 and biennially thereafter), the first academic work in the real estate field was that of Keogh and D’Arcy (1994).

Keogh and D’Arcy (1994) developed the concept of market maturity to explore how property markets have responded to increasing international economic integration. Market maturity is measured by the extent to which a market possesses a set of characteristics, including range of use/investment objectives, flexible adjustment, professionalism and intermediation, information and research, openness and standardization of property rights and market practices. Keogh and D’Arcy use these criteria to assess the maturity of the office property markets of Barcelona, London and Milan. They found that while “the forces generating increased internationalization and standardization in property and other sectors are strong, the influence of the local 'culture' of real estate activity on the form of maturity which individual markets evolve” is significant (Keogh and D’Arcy, 1994: 216). The resulting evolutionary paths of particular property markets are historically specific, denying the possibility that globalisation might produce a common market form. D’Arcy and Keogh apply the concept of market maturity to analyses of the role of the property market in the wider process of urban change (D’Arcy and Keogh, 1997) and in determining urban competitiveness (D’Arcy and Keogh, 1998; 1999). However, no further consideration was given to market evolution. The treatment remained that of a structured historiography within the framework of market maturity.

Following the fall of Communist governments in the Soviet Union and its Eastern European satellites in 1989/90, many of the latter became members of the European Union. The property markets in those countries were the subject of research; research that built on the notion of market maturity by explicitly considering the ways in which those markets evolved. It did this by using a structure-agency model (Healy, 1992; Healey and Barrett, 1990). The approach was most fully described by Parsa and Keivani (1999) in their study of the commercial property markets of Prague, Warsaw and Budapest, but it was also used in related work by Adair et al (1999), Keivani et al (2002) and McGreal et al (2002). Briefly,

“There is ... a dialectical relationship between agents and the structure ... whereas the structure sets the rules and regulations for the activities of the agents, there is a reciprocal influence whereby agents are actively engaged in reshaping the structure through individual and organised pressure.” (Parsa and Keivani, 1999: 1385)

In the short to medium term, the institutional structure of the property market is fixed by the prevailing political economy and dominant social and cultural mores. Property actors – landowners, developers, investors, occupiers, financiers, intermediaries and so on – exploit the opportunities presented by the extant structure. However, in doing so, agents’ aggregate activities influence the long-term structural trajectory of the market.

For a mix of theoretical and empirical reasons the structure-agency model did not offer an adequate explanation of the evolution of the subject property markets. Healey’s (1992) model was designed primarily to analyse the property development process within existing structural circumstances (see, for example, Healy, 1994), rather than to examine structural change. In addition, the subject markets were emergent and immature, and local actors were very poorly equipped to articulate local demands. Consequently, “local property cultures in central Europe are transforming to suit the practices and requirements of institutional property markets ... [and] ... globalization is mostly driven by external actors ...” (Adair et al, 1999: 297, 298; square brackets added). The one-sided, one-way nature of the process resulted in Parsa and Keivani (1999) producing a set of three-stage historiographies of the re-structuring and development of the case study property markets.

Cohen and Galiniene’s (2014) more recent work on the Lithuanian property market is based on a more elaborate seven-stage history but says little more about the way that it evolved. This is reflected in their comment that “Globalization forces, economic integration processes ... requires structural changes ...” (Cohen and Galiniene, 2014: 156) in the local economy and property market. Other research in this vein – such as Nakagawa (2014) on Japan, Ke and Sieracki (2015) on China, Khanjanasthiti *et al.* (2017) on China and Australia, and Olaleye and Adebara (2019) on Nigeria – has focused on assessing the institutional characteristics of the relevant property markets in order to categorise the level of maturity that they have achieved.

De Magalhaes (1999, 2001, 2002) adopted a different, agent-based approach. He emphasised the notion of markets as social constructs defined and shaped in a recursive process by social actors whose motives and actions are informed and bounded by their specific socio-economic circumstances. These produce ‘relations of provision’ (De Magalhaes, 2001) of property unique to each local market. Thus, in examining how local property markets are affected by their engagement with global capital flows, two of the main issues to address are

“... the relative role of various agents in changing market practices and its products and what this entails... [and] ... how agents shape their strategies and their organisational cultures to deal with the demands generated by the inter-linking of local and global property interests and how this is reflected in market practices and outcomes.” (De Magalhaes, 2002: 225; square brackets added)

In his study of the activities of international property consultants in Madrid and Milan and their relations with local firms, De Magalhaes (2001) showed how variations in corporate structure and service provision resulted in different forms of

glocal relations whose impacts on market change embody different balances between the global and the local. De Magalhaes' examination of the role of particular agents in mediating between global and local influences on particular property markets illustrates a potential explanation for how such markets evolve. However, his focus is on the strategies of an individual type of global actor, so is partial; and on a particular period of glocalisation, so the nature of longer-term structural change is not explored.

The paper begins to address these lacunae. It does so by using a process-based theoretical framework that was explicitly designed to analyse structural shifts in socio-economic conditions through an examination of the characteristics and behaviours of the actors involved. The approach is applied to a major retail property market, that of Istanbul, that has been the subject of relatively little academic research. The remainder of the paper is in three parts. In the next section we describe the theoretical framework that was adopted for the research and the methods used to apply it. There then follows an analysis of the evolution of the Istanbul retail property market that highlights the roles in this process played by the various local and global market actors. The theoretical and policy implications of the research are set out in the concluding section.

Theory and method

Morphogenetic analysis

As is evident from the above review, previous work on glocalisation in general and its articulation through property markets in particular, has had limited success in analysing the dynamic relationships between local and global actors and the ways that these relationships shape longer-run structural changes. We draw on realist social theory to explore these actors, relationships and changes by using morphogenetic analysis (Archer, 1995; 2010). The approach is based on the concept of analytical dualism that treats structure and agency as separate and distinct matters, but only when time is included as a factor (Lockwood, 1964).

“Structures are formations which emerge before the beginning of agent actions. Existing structures have an impact on the transformation of agent actions. Therefore, transformed agent actions may change the existing structures” (Archer, 1995: 75-76).

Thus, there is a morphogenetic cycle that encapsulates structural changes in socio-economic phenomena. It has three stages.

1. *Structural conditioning* concerns the outcomes of systematic actions that happened in the past. Institutions are refined structures that were previously established by agents. Agents' current positions and roles in extant structures are involuntary. Initially, they must accept things as they are. It is in some agents' interests to maintain and sustain current structures, while other agents would benefit from structural change. However, the latter must overcome the barriers to and meet the costs of the actions necessary for change to occur. Agents possess varying resources – experience, expertise, finance, contacts and

so on – that affect their capacity to act. In combination, these factors will lead to (groups of) agents developing and applying situational logics to make the best of their positions and/or to change them. Some may seek to protect their position by continuing to pursue current strategies and, where necessary, by making compromises. Others may exploit new opportunities by working against the *status quo*. Where the former prevails, there is structural stasis. Where the latter prevails, structural change may result.

2. *Social interaction* occurs under structural conditions but its form and outcomes are not prescribed by them: the latter are emergent. Archer (1995) distinguishes between corporate agents that are active and organised and have the resources to pursue collective action with other similar agents; and primary agents that, neither collectively nor individually, are able to articulate or promote their interests. The former exert the dominant influence on structural characteristics. Morphogenesis is driven by agential and collective shifts. Opportunities arise for primary agents to become corporate agents and to join corporate collectivities, changing such groups' internal relations, aims and membership (partly achieved by some previous members leaving and becoming primary agents). Given sufficient scale and momentum, such social interactions may re-shape institutional structures and result in a new balance between corporate and primary agents and collectivities.
3. *Social elaboration* is the process that determines whether structural change occurs and the form that it takes. Any elaboration of an existing institutional structure results from negotiations between corporate agents and collectivities. Agents and collectivities possess different bargaining powers, depending on the resources to which they have access and their positions in the existing system. If there is a high degree of congruence between the strategies of those with the greater bargaining power and the pre-dispositions of the extant structure, the outcome will be stasis. But if social interaction has disrupted or altered the relations between agents and structure to a sufficient extent, the outcome will be genesis. The character of the latter is emergent and cannot be predicted.

Research methodology

In order to apply morphogenetic analysis to the evolution of Istanbul's retail property market, the former's principles must be elaborated through engagement with the latter's empirical particularities. A chronology must be developed that identifies the factors (relevant laws, regulations, governance arrangements covering national and local government bodies and public/private business and trade associations, and so on) that establish the initial structural conditions of the market and the global and local agents operating in this context (property construction, development and investment companies; property service companies, including consultancies, agents, managers and valuers; and property occupiers, especially large retailers). Then the dynamic relations between these agents, including the resources that they possess and how these are deployed, need to be explored.

However, the extent to which Archer's dichotomy between corporate and primary agents holds in Istanbul's retail property market is limited. As will be seen, corporate agent-corporate agent relations predominated in relation to glocalisation. Leading global players worked with leading local players (Eren, 2014). Consequently, the research focus was on the roles of these two types of actor. Additionally, the three stages of morphogenesis were not separate and serial, as portrayed above. In Istanbul's retail property market, the stages overlapped and did not have clearly defined beginnings and ends. Turkey's government began to open up and liberalise its economy in the 1980s. Significant but limited participation of external businesses in the retail sector began in the early 1990s. This grew in parallel with the introduction of supportive institutional structures between 1994 and 2004 and expanded rapidly from then until 2010 (the end of the study period). Consequently, the morphogenetic stages were identified as follows:

- Structural conditioning: 1994-2004; continuing less intensively during 2004-2010.
- Social interaction: 1994-2010; especially after 2004.
- Structural elaboration: 1994-2010; especially after 2004.

There were three main elements to the research methodology.

The *preparatory work* involved two main tasks. First, document analysis was used to identify – in relation to the retail market - the enactment dates and aims of laws, the establishment date, aims and policies of public authorities and business associations, and the activity, identity and broad character of private market agents. Secondly, initial fieldwork in Istanbul was used to develop a picture of the changes that occurred in the retail market over the study period. Face-to-face interviews were conducted with senior officers in four public authorities and with the directors of nine private companies (all but one local) covering legal, planning, land, intermediation, development, investment and finance issues (see Appendix for full list of interviews). In addition to the derivation of the overall context for change in Istanbul's retail property market, the information obtained from the interviews contributed to the characterisation of the structural conditioning phase of that change.

The *main fieldwork* was undertaken in two stages. First, face-to-face interviews were conducted with the managers of five of the most active associations and senior representatives of seven of the most active and longest established companies in the market (one local, two international and four glocal). The discussions explored the structural conditioning of the retail property market before 2004 when, according to the interviewees, substantial social interaction between local and global agents began. Second, the processes of social interaction and social elaboration were explored through in-depth case studies of five companies whose activities involved substantial engagement between local and global market practices that resulted from the establishment of a franchise and two joint ventures, and from two corporate acquisitions (the selection of which was informed by the previous interviews). The main source of evidence was 13 interviews with senior staff of the original local and

international companies that became associated through these processes. Document analysis of relevant grey literature provided additional information.

The *analysis of the data* obtained from the fieldwork was the final part of the methodology. The interview transcripts and the notes on the documents were analysed within the theoretical framework provided by morphogenesis to describe the morphogenetic cycle of the Istanbul retail property market. The results are presented in the next section of the paper.

The evolution of Istanbul's retail property market

Turkey moved from a protectionist and inward-looking political-economic stance to an open and liberal position at the beginning of the 1980s (Onis, 1998). The Turkish government followed an internationalization strategy between 1980 and 1994. It introduced various legal, economic and institutional reforms rapidly to develop its national economy, property markets and international ties, and to attract foreign direct investment into Turkey. During this period several public institutions were founded by the government, including the International Investors Association of Turkey (1980), the Turk Eximbank (1987) and the Foreign Economic Relations Board (1988). In this context, Turkey made an application for full membership of the European Union in 1987. During the first half of the 1990s, Turkey made substantial progress towards accession to the European Union and became a member of the European Customs Union in 1996.

These liberal economic policies had a significant impact on the retail sector. Many local retailers, mostly local group companies based in Istanbul whose activities were not limited to retailing, adapted themselves to the changing market environment. They became the representatives, distributors or dealers of international brands (ARTM, 2011) - such as McDonalds, KFC, Pizza Hut, Nike, Adidas, Puma, Pierre Cardin, US Polo, Lacoste, Swatch, Mark & Spencer and Burger King - that started to become involved in Istanbul's retail market in the 1980s. Two international hypermarket chains, Carrefour Nederland BV and Metro Group, began operations in Istanbul at the beginning of the 1990s as a result of the government's efforts to attract foreign direct investments into Turkey. To do so these chains worked with strong local partners to develop hypermarkets not only in Istanbul but also in Anatolia.

At this time, Turkey's retail property market was underdeveloped. Very few shopping centres existed. Carrefour and Metro Group took the opportunity to increase their involvement in the sector by developing hypermarket-anchored shopping centres. The activities of these international hypermarket chains had a marked effect on the Turkish retail property market. They prompted initiatives by local small and medium-sized enterprises: grocery stores developed into supermarkets and supermarkets developed into superstores or hypermarkets. Istanbul led this trend. The city accounted for 58% of all supermarkets in Turkey in 1998.

Structural conditioning

Between 1994 and 2004 there was an acceleration in the rate of change in the structural conditions within which Istanbul's retail property market continued to evolve. Despite political and economic instabilities and local financial crises, Turkey continued to adapt its laws and regulations to match those of the European Union (Hoekman and Togan, 2005). A range of measures - including six retail laws (for example, 6762-Turkish Trade Act, 2499-Capital Markets Law) and 19 property laws (for example, 3194-Zoning Law, 3402-Property Law) - were adopted to align Turkish commercial life more closely with market principles and to regulate international businesses. Of particular importance was the revision of the Turkish Foreign Direct Investment Law (4875) in 2003 to permit foreign acquisition and ownership of real estate. In parallel with these legal reforms, eight public authorities (for example, the Capital Markets Board of Turkey and the Foreign Economic Relations Board) were established to regulate the market; to integrate Turkey's economy into the global economy; to support the international retailing and property activities of Turkish entrepreneurs; to make Turkey a strong global player; and to maintain the trade balance for local economic development in Turkey. The authorities collectively worked to promote the internalization of free market rules to increase the global competitiveness of the retail and other sectors of the economy.

These activities contributed to the creation of an environment more conducive to the establishment and growth of new local and global business relations. Istanbul's leading local retail property professionals aimed to maintain their dominant position in the emerging, more open, market environment and to exploit new investment opportunities as they arose. One of the main ways in which they did this was by establishing trade associations and, through them, shaping the market to their advantage. 15 business, trade and professional associations were active in Istanbul's retail market during this period. For example, in 1994 the Turkish Council of Shopping Centres and Retailers (AMPD) was founded to represent and modernize the Turkish retail market. Members included shopping centre developers (Bayraktar Group, Nurol Group, Akkok Group, Tekfen Group and Aksoy Group) and local (Vakko, YKM, IGS, Beymen, 19 Mayıs Magazaları) and international brands (McDonalds, KFC, Pizza Hut, Nike, Adidas, Puma, Samsonite, Gucci).

In line with their aims, these associations pursued two important strategies. First, they developed institutional connections with Western organisations and produced retail market data. This prompted European-based property development and investment companies to visit Istanbul. Typically, such companies initially made contact with leading local property businesses and professionals and worked co-operatively with them. Second, they made repeated contact with the government to effect structural change in the market. By pressuring the government in this way, the associations speeded up the liberal reform process in Istanbul's retail property market.

The structure of Istanbul's retail property market largely took a Western form at the end of this process (Eren, 2014). Leading local market players fully supported the government's EU vision because they believed that they could become global players with the strong support of the public authorities. They also realised that

because their individual ability to modernise the market was very limited, collective action (through business associations) and the engagement of external actors (especially international organizations and companies) would be necessary to achieve this aim. The latter move became more important in the aftermath of Turkey's 2000-2001 banking crisis. This greatly reduced the supply of investment capital from national banks and finance institutions. Some local players saw associations with international partners as a way to fill this resource gap.

Underpinning all of these factors is the size and business and geo-political reach of Istanbul. It is the largest city in Europe (statista, 2021) whose population grew steadily from 7.4 million in 1994 to 12.6 million in 2010. Istanbul exerts a powerful influence on Anatolia, Southern Europe, North Africa and the Middle East based on its deep-rooted history. International property companies that are or plan to be active in the retail property markets of these regions also need to be involved in Istanbul.

Structural institutional change in Turkey's political economy produced conditions conducive to the entry of global players into Istanbul's retail property market. However, the positioning of local agents in that context differed markedly from that of the local agents in Central and Eastern European (CEE) cities after the fall of Communism. Istanbul's retail property market, while still traditional and underdeveloped, was large and vibrant. Moreover, it was populated by many corporate agents capable of individual and collective action in pursuit of change in the *status quo*, the better to achieve their aims. Consequently, local corporate agents' positions *vis-à-vis* global corporate agents was much stronger than their equivalents in CEE and, arguably (because of Istanbul's size and regional influence), in Milan and Madrid, at equivalent stages of development. We consider how these emergent global-local relations played out and what vehicles were used to support the process of change in the next section.

Social interaction

The population of agents in a market may change in a variety of ways, including through firm births and deaths, the organic growth and decline of businesses, and corporate sales, take-overs and rationalisations. Some of these events involve direct interactions with other firms, whether local or global, while others do not. We identified five ways in which global and local agents interacted during the formers' entry into Istanbul's retail property market.

1. *Entry into the local market via the establishment of a partnership with an existing local company.* Nine partnerships were established between global and local companies. These took the form of partner alliances (for example, between Metro Group and Tepe Construction), franchises (for example, Savills and Kuzeybati) and joint ventures (for example, European Future Group and Ozer Group). However, a much greater number of local companies preferred to avoid interacting with international companies to maintain their 'local' character in the market.

2. *Entry into the local market via the acquisition of an existing local company.* Six local companies (Turkmall, Optiproje, Act 4, P&D, Emaar Turkey, and Taurus) were

purchased fully and three local companies (Yesil, Dogus and Tekfen) were purchased partly (less than 50% of the company's shares) by an international company. It is notable that the owners of the local companies that were sold were leading market professionals, indicating that some international companies preferred to be involved in the market with the help of strong local partners¹. Local professionals who sold fewer than half the shares of their companies to an international company aimed to increase the financial resources of their companies while maintaining their decision-making authority.

3. *Entry into the local market via the establishment of a partnership with a 'born-global' company.* 'Born-global' companies (Rennie, 1993) are companies that are established by local property professionals holding important market resources and who plan to develop the businesses rapidly into global companies through the establishment of international partnerships. Six such partnerships were identified (for example, joint ventures between Merrill Lynch and KREA, and Bauwens and Merit Baumar), underlining the importance of the actions of local professionals in the internationalization process. They secured global partners for their newly established 'born-global' companies, strengthening their already influential positions in the market.

4. *Entry into the local market via the purchase of a 'born-global' company.* Three companies (Taurus, MFI and Alkas) were established by experienced local professionals who had worked for many years as the managers of other companies in the market. These companies were set up as global companies from the beginning, in order to maximise the chance of selling them to global players, which is what occurred. This is a further illustration of the way that local corporate agents contributed proactively to change in the *status quo* by supporting the glocalisation of the Istanbul retail property market.

5. *Entry into the local market via the establishment of a new local company.* 20 international companies (for example, Eurosis, Redema and Cenor Group) preferred to become involved in the market by establishing a new local company as their Istanbul branch. These companies recruited leading local market professionals to operate and manage their new local branches. This was the most common means of entry and was supported by the size of Istanbul's retail market and the presence of many experienced local market professionals in it.

Local-global partnerships made a significant contribution to the growth and internationalization of Istanbul's retail property market. The first global players were involved in the market via partner alliances and franchises. Global players that wanted to be involved in the market via a partnership after 2004 mostly opted for joint ventures or partial acquisitions. All such arrangements combined the contrasting but complementary sets of resources held by each party to their mutual benefit. Local property companies possessed local entrepreneurship, international know-how (particularly in relation to (Southern) Europe, the Middle East and

¹ All local professionals (managers and staff) continue to work in their companies after full acquisitions.

(North) Africa [EMEA]), a local business network, professional staff, local procedural information, a local track record and local input. International property companies had access to finance capital, global entrepreneurship, international know-how, an international business network, international business experience, established research systems, professional staff and expertise in corporate management.

Each of the parties lacked some of the resources necessary successfully to exploit the opportunities offered by a major, rapidly evolving property market. In order to address these shortcomings, partnership negotiations between local and global property companies developed in a very controlled way. Partnerships were launched between powerful local and powerful global companies; that is, between two types of corporate actor. The main purpose of these partnerships was to assemble all the required market resources in the most efficient, effective and fastest way possible, thereby gaining a significant foothold in Istanbul's retail property market. In short, the desire to exploit investment opportunities in an emerging local property market was at the centre of the development of local-global partnerships.

During the negotiation process, it was mostly money matters that were discussed by the local and the global companies. Most of the bargaining concerned the worth of the local company, the protection of local employees' personal rights and the position of the local company's head managers in the establishment and operation of the new glocal company. The global company transferred relevant elements of its international institutional structure to the new glocal company. The local partner mainly aimed to benefit from the capital resources and professionalism of the global partner whilst the global partner aimed to benefit from the sophisticated market knowledge and skills of the local professionals.

Structural elaboration

What was the outcome of these global-local interactions and how did they contribute to the re-structuring of Istanbul's retail property market?

Only 11 local and seven glocal property companies were active in the retail property market in the 1994-2004 period. The early involvement of the first global property companies in Istanbul through partnerships created an environment of trust and helped all local and global actors to become aware of high-return investment opportunities in the market. Many new local, global and glocal companies then emerged in a short span of time. The number of glocal property companies increased to 18 and the number of global property companies increased to 58 between 2004 and 2010. Initially, this might be seen as the expected outcome of a globalization process. However, during the same period the number of local property companies rose from 11 to 87. Overall, the market grew significantly and became very competitive after the involvement of these new companies. These trends were reinforced by the establishment of many retail sector associations in Istanbul. The focus of almost every association was on the modernization of the market, so associations played an important role in the adoption and internalization of Western norms and practices by local market players.

A shopping centre boom started in Istanbul and in Turkey in 2004. In just six years (2004-2010), 86 new shopping centres were developed in Istanbul. 73 of these shopping centres were developed by local property companies with local finance capital. The remaining 13 centres were developed by international property companies with foreign or mixed local/overseas finance capital. During this period, £21 billion was invested in shopping centres of which £14 billion was local capital and £7 billion was foreign or mixed finance capital (AYD, 2010).

These numbers show that local players seized many more investment opportunities than global players during the internationalization process. The entry of global property companies into Istanbul's retail property market and the establishment of partnerships between local and global companies supported a revival in the sector. When the first shopping centre projects of glocal companies were completed, local actors were quick to notice how profitable they were. Local property companies benefited and learned from the experience of the glocal companies and began to develop their own shopping centres to the same standards in Istanbul. In consequence, despite the initial emphasis on globalization, Istanbul's retail market has not been dominated by global companies. Local knowledge and the entrepreneurial, competitive and pragmatic attitudes of local actors have ensured that they have played a major role in the re-structuring of the market.

Glocal companies were launched between powerful local companies and powerful global companies. The main purpose of the emergence of glocal companies was to access all necessary market resources in the easiest and the fastest way and to increase their sway not only in the Istanbul retail property market but also in the retail property markets of the EMEA region. Consequently, Istanbul's specific geo-political reach was very influential in the realisation of glocal interactions. The local and global relationship in glocal companies is based on mutual benefits to guarantee the highest return. Glocal companies entered the market with very experienced professional teams, strong capital structures, and all the market resources that were required. Furthermore, in glocal companies, local partners are more likely than global partners to exert the dominant influence on decision-making and to hold majority shares in the business. Even in glocal companies that are completely foreign-owned, the decision-making power is usually left to local professionals. Well-educated and experienced local managers and staff have a global vision and excellent communication (in English) and it is their management skills that were mostly employed in the new glocal companies. This was because behaving like a local company in the local market was important for global players. The glocal companies' managerial behaviour was determined by the local professionals' cultural character (entrepreneurial, risk-bearing, authoritarian and dominant).

Conclusions

Istanbul's retail property market underwent major re-structuring between the 1990s and the 2010s. The basic driver of change was the reform of the country's political-economic institutions made in pursuit of Turkey's then strategy of joining the EU. This laid the foundation for the development of a more open, competitive economy.

However, there are many varieties of capitalism (Peck and Theodore, 2007), just as "... there are markets and markets; and ... more markets." (Law, 2002: 25). Knowledge of this high-level re-structuring is necessary but far from sufficient to an understanding of how things change 'on the ground'. Market evolution is an emergent process through which local historic, social, economic, cultural, political and other conditions interact with external influences to produce unique outcomes.

The morphogenetic approach was designed to analyse the dynamics of complex, highly differentiated circumstances such as these. It provides a conceptual framework within which to consider actors (corporate and primary agents and collectivities), their interplay (through negotiation, bargaining, leverage and so on) over time (involving structural conditioning, social interaction and structural elaboration). The application of the morphogenetic approach allows analytical generalisation; for example, through comparison of property market evolution in Istanbul with that in CEE.

Useful as it is, morphogenetic analysis is not without its shortcomings, some of which were encountered in this study. As Hay (2002: 148) observes, the approach "... implies a residual structuralism only punctuated periodically yet infrequently by ... agency." The treatment of cyclical stages as ill-defined and parallel/overlapping periods avoided portraying the former as distinct, serial episodes. The tendency of morphogenetic analysis to articulate "... structure and agency in terms of a relatively undifferentiated concept of society and people ..." (Jessop, 2005: 47) was addressed by differentiating between market actors (retailers, developers, investors, intermediaries and so on), each with a related set of motives, behaviours and resources. Morphogenetic analysis also has a 'boundary problem' in that it assumes that a social system is fixed and closed, ignoring the possibility of involvement of new agents in that system. But the evolution of Istanbul's retail property market was supported, *inter alia*, by the generation and/or entry of new local and global agents.

Turning to empirical matters, two things are clear. First, that the re-structuring of Turkey's economy in general and Istanbul's retail property market in particular were modelled on the capitalist free-market system, as exemplified by the EU. To this extent, globalisation prevailed. Second, that the resulting specific character of the city's retail property market was substantially shaped by local corporate agents, to their considerable benefit. That that market possessed a group of well-connected actors with significant experience and resources accrued through their activities in a major city in the EMEA region was crucial to the former's evolution. In contrast to CEE cities, these agents were able to articulate their aims clearly and to pursue them effectively. In a sense, this was relatively easy because they were 'going with the neoliberal grain'. Nevertheless, the local element of the global outcome was marked. Consequently, policy needs to be sensitive to and supportive of the character and needs of local agents to maximise the local shaping of structural change.

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Appendix: List of Interviews

Name of Organisation	Type of Organisation	Area of Interest	Interviewee's Role
<i>Initial Fieldwork</i>			
Istanbul Metropolitan Municipality	Public Authority	Urban Transformation	Director
Metropolitan Planning of Istanbul	Public Authority	Regional Planning	General Director
Istanbul Land Registry	Public Authority	Land Records	Head Manager
International Investors Association of Turkey (YASED)	Public Authority	International Investors	Chairperson
Company A	Local Private Company	Property Agency & Consultancy	Company Owner
Company B	Local Private Company	Property Agency & Consultancy	Company Owner
Company C	Local Private Company	Property Agency & Consultancy	Company Manager
Company D	Local Private Company	Shopping Centre Consultancy	Company Owner
Company E	International Private Company	Commercial Property Development & Investment	Company Manager
Company F	Local Private Company	Property Consultancy & Investment	Company Manager
Company G	Local Private Company	Property Consultancy & Investment	Company Manager
Company H	Local Private Company	Property Finance	Finance Director
Company I	Local Private Company	Property Finance	Finance Director

Name of Organisation	Type of Organisation	Area of Interest	Interviewee's Role
<i>Main Fieldwork</i>			
Company J	Glocal Private Company	Property Agency & Consultancy	President
Company K	Glocal Private Company	Property Agency & Consultancy	Head Manager
Company L	Local Private Company	Property Agency & Consultancy	Advisor to the Board
Company M	International Private Company	Property Agency & Consultancy	Director
Company N	International Private Company	Property Agency & Consultancy	Managing Partner
Company O	Glocal Private Company	Property Development & Investment	General Manager
Company P	Glocal Private Company	Property Development & Investment	Director
Retail Knowledge House (PEBEV)	Association	Retail Property	Head Manager
Turkish Society for Registered Trade Marks (TMD)	Association	Retail Property	President
Trade Council of Shopping Centres & Retailers (AMPD)	Association	Retail Property	Public Relations Department Specialist
Soysal Retail School	Association/School	Retail Property	Head Manager
Association of Shopping Centre Investors (AYD)	Association	Retail Property	Secretary General

Name of Organisation	Type of Organisation	Area of Interest	Interviewee's Role
<i>Case Studies</i>			
Case 1 (Franchise)	Local Private Company	Property Services	General Manager
	International Private Company	Property Services	Director Property Consultant
Case 2 (Joint Venture)	Local Private Company	Property Construction, Development & Investment	Managing Partner
	International Private Company	Property Development & Investment	Property Consultant Property Consultant
Case 3 (Joint Venture)	Local Private Company	Property Construction, Development & Investment	General Manager
	International Private Company	Property Development & Investment	Manager Director
Case 4 (Acquisition)	Local Private Company	Property Services	Company Owner
	International Private Company	Property Services	Manager
Case 5 (Acquisition)	Local Private Company	Property Construction, Development and Investment	Company Owner
	International Private Company	Property Construction, Development and Investment	Director