

Turkey's Population Young And Rapidly Expanding

Contributed by Euromonitor International
Thursday, 26 January 2012
Last Updated Thursday, 26 January 2012

Turkey had the youngest population in Western Europe by median age in 2010, largely due to high birth and fertility rates, which have been aided by impressive economic expansion.

The country's young and expanding population is increasingly attractive to businesses, while its large, urban consumer markets are flourishing. Nonetheless, disposable incomes are low by regional standards, while adequate job provision is a challenge for the government.

- In 2010, Turkey was only behind Monaco in Western Europe in terms of average birth rates (number of live births per 1,000 population), at 17.0, and joint-top with Iceland in fertility rates (number of children born per female), with 2.1. This dynamic growth market offers businesses opportunities in sectors such as education and housing, while stable economic expansion is underpinning a burgeoning urban middle class.

- However, the country's growing population is placing pressure on state finances and urban infrastructure, while low wages and underdeveloped rural areas restrict further consumer market expansion. Turkey's population increased by 6.5% over 2005-2010, according to mid-year statistics.

Implications

The young and well-educated population offers a responsive workforce and a dynamic consumer market in Turkey, although businesses opportunities remain largely restricted to urban areas:

- Turkey's vibrant birth and fertility rates, in stark contrast to most Western European economies, are driving economic growth in the country, increasing domestic consumer demand and expanding the labour market. Falling birth rates accelerate population ageing and shrink the labour force, thereby causing skills shortages and pressures on state health and pension provisions. Turkey recorded the strongest annual real GDP growth in Western Europe in 2010, with 9.2%;
Â Â Â
- The country's young and expanding population is driving demand in communications, housing and education. However, rapid population growth is also placing increasing pressure on the state to provide low-cost housing and affordable educational opportunities, with the private sector expected to make up the shortfall, thus providing opportunities to businesses. Turkey held the lowest median age of population in 2010, at 29.0;
Â Â Â
- Although Turkey's birth and fertility rates have been in decline over 2005-2010, the country could benefit from a significant demographic dividend. Demographic transition following generations of high birth rates, with falling youth dependency ratios (percentage of persons aged 0-14 per persons aged 15-64) and fertility rates, as well as increasing female labour market participation, combine to increase the share of working-age people, thus raising output per capita. However, as of 2010, Turkey held the lowest labour productivity in Western Europe, at US\$29,168 per person;
Â Â Â
- Strong population growth in Turkey over 2000-2010, alongside steady economic expansion, has led to rapid urbanisation and enlargement of the domestic consumer market, with Turkey the second most populated country in Western Europe as of 2010. However, rural areas, especially in the south-east of the country, remain underdeveloped and volatile, with high unemployment rates;

- Turkey's household annual disposable incomes in 2010 were the lowest in Western Europe, restricting consumer expenditure levels. In part, this is due to predominant traditional family values, especially in rural areas, that mean many women stay at home to look after the family rather than enter the workforce. The average age of Turkish women at childbirth was the lowest in Western Europe in 2010, at 27.4.

Prospects

- Over 2011-2020, Turkey's population is projected to expand by 8.3%, according to mid-year statistics, overtaking Germany to become the most populated nation in Western Europe. By 2020, Turkey will have the highest birth rates and still hold the youngest population by median age, providing continuing opportunities to businesses across an array of sectors;
Â Â Â
- Although non-membership of the EU was previously an economic hindrance to Turkey, preventing free transfer of labour and trade across Europe, the onset of the eurozone sovereign debt crisis has dispelled any regrets that the

Turkish government may have had. Turkey is set to again post the strongest real annual GDP growth in 2011 in Western Europe, at 7.2%;

Â Â Â

- Nonetheless, continued population growth is set to pressure the Turkish job market, as greater numbers of university graduates expect jobs. Turkey had the highest level of income inequality in Western Europe in 2010, with income gaps between the rich and poor set to widen further in the future. Balancing economic sustainability and population growth will remain a challenge for the country.

Republished with permission from Euromonitor Market Research Blog, originally posted on 24 January 2012