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# Turkey

## Real Estate

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**Murat Ergin**  
General Manager

### Kuzeybatı Real Estate

Principal investors in the Turkish real estate market are still local investors. The greatest reason for this is current tax procedures. With the reduction in tax rates in recent years, the number of institutional investors has started to increase. It seems that within the next decade, most properties except residential ones are going to belong to institutional investors. The foreign investor's share in the sector is still very small. They are mostly interested in shopping centers and have a 25% share in the sector, but this rate is expected to increase. There are many transactions that are yet to be concluded and the rate may reach 50% quite soon. The Turkish real estate sector is being transformed into an open and transparent structure from a closed one; and to an institutional structure from an individual one. Furthermore, the concept of investing through borrowing is developing in the Turkish real estate sector, whereas investments used to be based on individual capital. Turkey is a very large country, and opportunities are concentrated in towns like Denizli, Kayseri, Sivas, and Eskişehir, where land prices have not yet greatly increased. There is a need for real estate in housing, shopping centers, logistics, industry, and tourism in these towns. Furthermore, those wishing to invest in large cities may catch markets that no one has noticed yet. For example, corporate organizations may create portfolios consisting of rental housing or rental offices for bank branches, and so on.

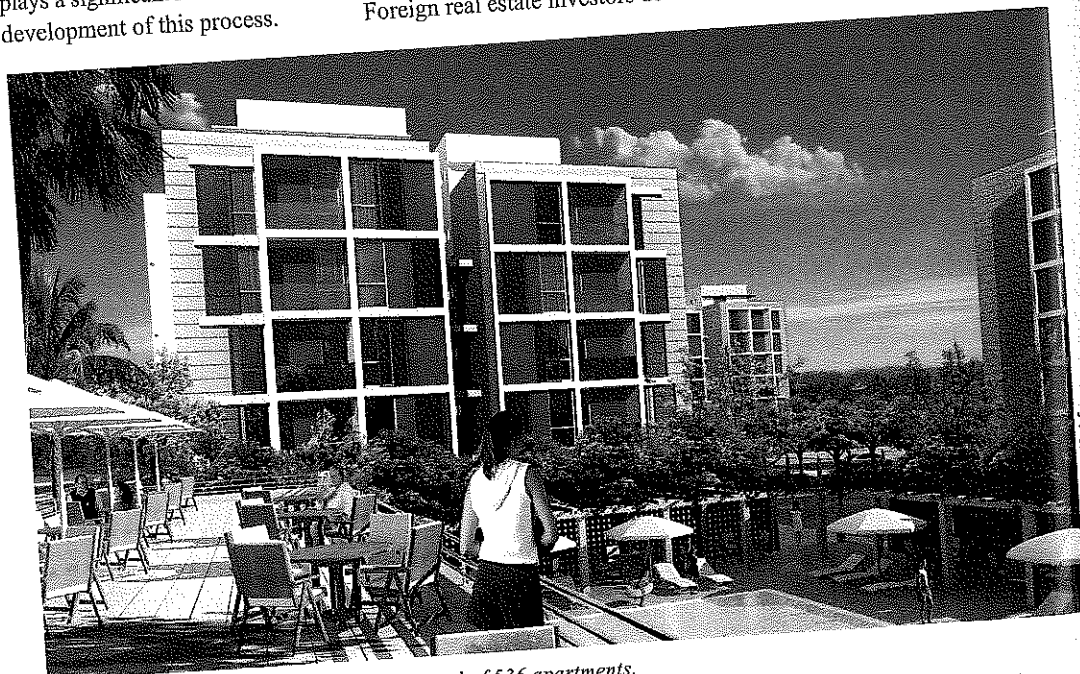
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### Interest in residential markets

Although foreign investors seem to show greater interest in the residential sector where they still have a very small share, the actual number of investments realized in 2006 is not more than five. The traditional approach of local real estate developers to business plays a significant role in the slow development of this process.

Top managers of many leading companies in the sector declare that although they were able to establish contact with foreign real estate investors, they could not agree on a common ground. This is because the expectations and working principles of the local investor and the foreign real estate investor are quite different. Foreign real estate investors do

not wish to invest in available projects in the residential sector, but prefer to establish a partnership with a dependable company and undertake the role of project developer. On the other hand, although Turkish real estate developers are quite willing to receive support from real estate funds and sell houses to foreign investors, they do not wish to leave their



*Albayrak Mavişehir in İzmir comprises a total of 536 apartments.*

PHOTO: EMLAK KONUT GYO A.Ş.