



General Assembly and Congress of The  
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6-11 May 2018, ISTANBUL

# REAL ESTATE MARKETS AND LATEST DEVELOPMENTS IN TURKEY

**DR ORHAN ERCAN**



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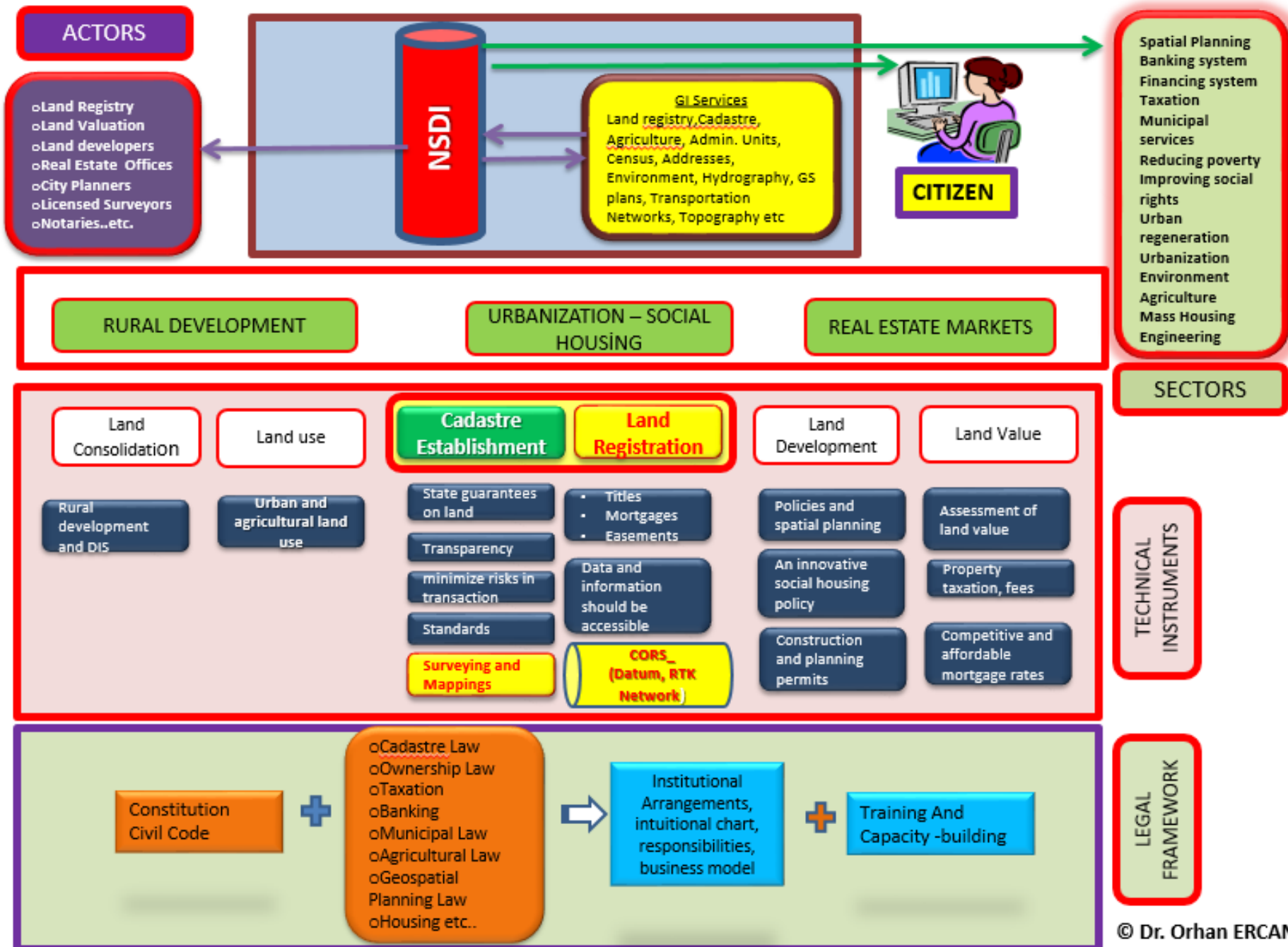


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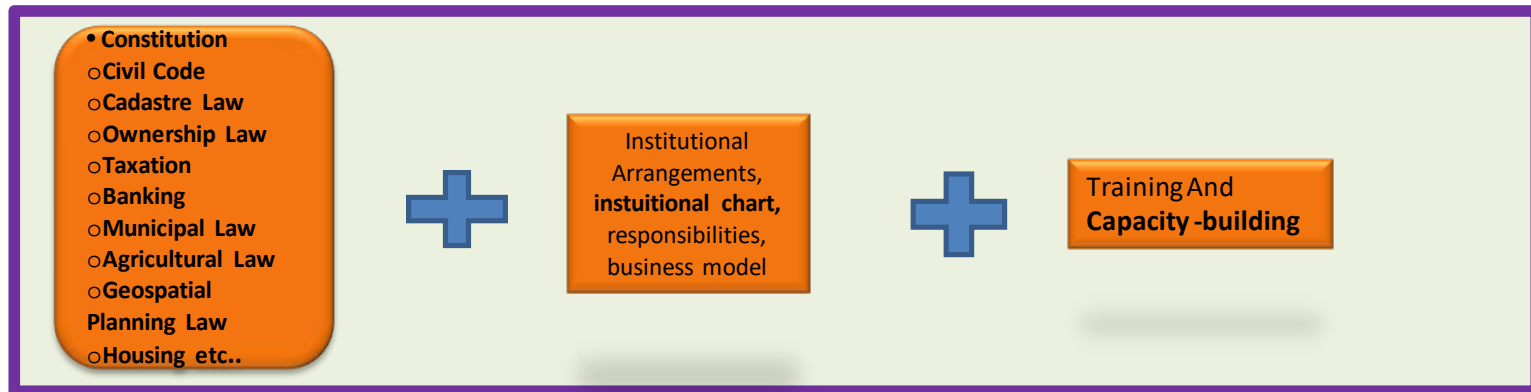
- A **FULLY FUNCTIONING AND WELL-REGULATED REAL ESTATE MARKET** CAN BE AN IMPORTANT FACTOR **TO ENHANCE THE ECONOMY OF COUNTRIES BOTH THROUGH UPGRADES IN THE HOUSING STOCK AND BUILDING CAPACITIES** AS WELL AS THE DEVELOPMENT OF MORTGAGE FINANCE.



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# REAL ESTATE INTEGRATED LEGAL FRAMEWORK



PROPERTY RIGHTS ARE MAINLY DEFINED AND PROTECTED BY TURKISH CONSTITUTION AND TURKISH CIVIL CODE WHICH WAS ADAPTED FROM SWITZERLAND CIVIL CODE.

**CONSTITUTION... 1 articles**

**CIVIL CODE ..... PROPERTY OWNERSHIP 345 articles**

**..... INHERITANCE 187 articles**



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## **PROPERTY RIGHTS**

- PROPERTY RIGHTS THAT ARE LEGALLY PROTECTED, SECURE, RECORDED IN A SINGLE, ACCURATE, WIDELY ACCESSIBLE ELECTRONIC REGISTRY AND THAT LEAD TO HIGH LEVELS OF FORMAL OWNERSHIP FOR ALL CITIZENS

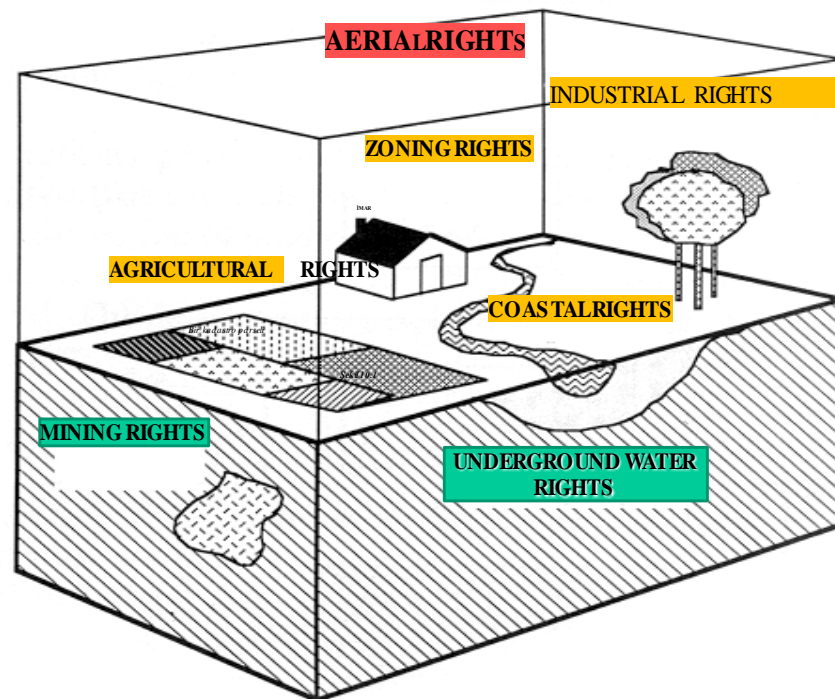
## **LEGAL PROTECTION**

- EFFECTIVE AND SUFFICIENT LEGAL FRAMEWORK EXIST TO PROTECT PROPERTY RIGHTS FOR ALL CITIZENS.
- EVERYONE HAS THE RIGHT TO OWN AND INHERIT PROPERTY. THESE RIGHTS MAY BE LIMITED BY LAW IN VIEW OF PUBLIC INTEREST.
- FOREIGN OWNERS HAVE EQUAL PROPERTY OWNERSHIP RIGHTS WITH SOME RESTRICTIONS DEFINED IN LAND REGISTRY LAW ARTICLE 34 AND 35.



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## EFFICIENT LAND REGISTER AND CADASTRE



Scope of Land Registry and Cadastre Services

- A CADASTRAL SYSTEM IS AN INFORMATION SYSTEM ON **RIGHTS, RESPONSIBILITIES AND RESTRICTIONS** WITH A STATE GUARANTEE.



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## CADASTRE

- LAND REGISTRY AND CADASTRE ACTIVITIES ARE MANAGED AND CARRIED OUT **BY ONE INSTITUTION**, ACCORDING TO THE CIVIL CODE OF TURKEY, **LAND REGISTRY SYSTEM IS GUARANTEED BY STATE AUTHORITY.**
- PEOPLE CAN ACCESS CADASTRAL FIGURE OF A PARCEL VIA INTERNET. ([cbs.tkgm.gov.tr](http://cbs.tkgm.gov.tr)) ONLY RELATED PEOPLE WITH PARCEL (OWNER OR ATTORNEY) CAN DEEPLY RESEARCH CADASTRE REGISTERS IN LOCAL CADASTRE OFFICES.
- GNSS SYSTEMS ARE EXTREMELY BEING USED FOR CADASTRE IN TURKEY.



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## IMPORTANCE OF THE LAND REGISTRY AND CADASTRE INFORMATION

SINCE ACCORDING TO TURKISH LAWS (TURKISH CIVIL CODE), ONE'S RIGHT OF OWNERSHIP (TITLE) TO A REAL PROPERTY IS **ONLY LEGALLY CONFIRMED UPON ITS ENTRY INTO THE TITLE DEED.**

AND

THAT SUCH RIGHT OF OWNERSHIP IS ENSHRINED IN THE **CONSTITUTION**, LAND REGISTRY AND CADASTRE INFORMATION IS **THE SOURCE OF INFORMATION CONSTITUTING THE LEGAL AND TECHNICAL BASIS FOR ALL KINDS OF LAND-RELATED INVESTMENTS AND PROJECTS.**







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## **LAND REGISTRY**

- **NO NOTARY SYSTEM**, REGISTRATION PROCESS DOES NOT INCLUDE ANY NOTARY IN TURKEY. CONTRACTS AND OTHER DOCUMENTS HAVE TO BE PREPARED IN LAND REGISTRY OFFICES BY AUTHORIZED OFFICERS.
- THE DURATION OF TIME IN CALENDAR DAYS THAT IT WOULD TAKE TO COMPLETE THE TRANSFER IS 1 OR 2 DAYS

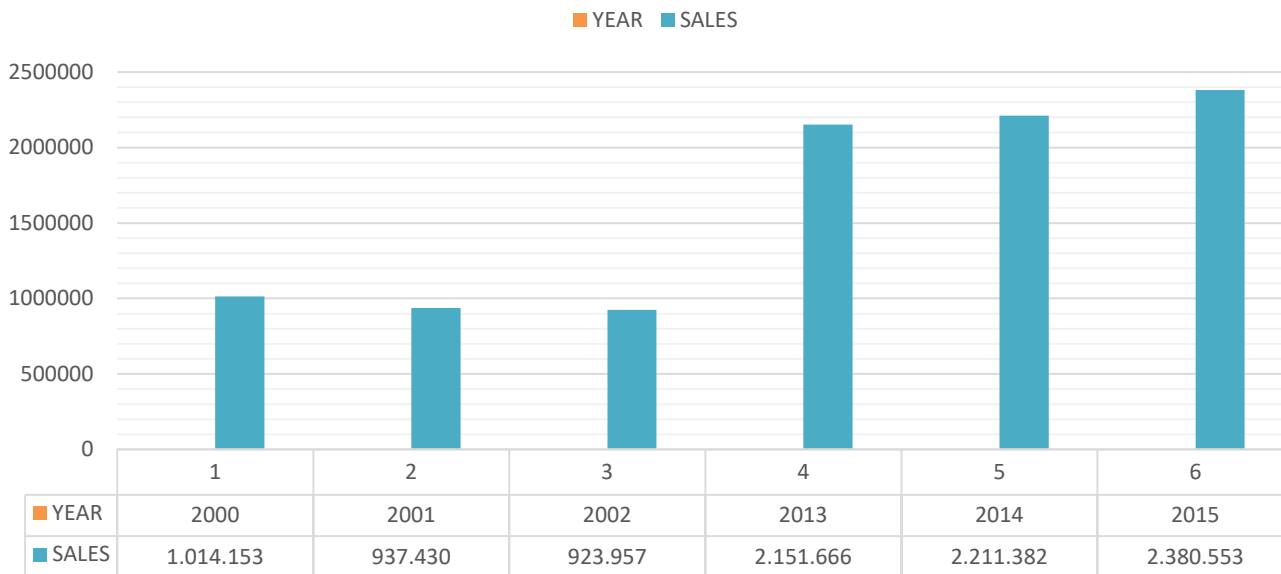


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## SALES CHART



529,000 RESIDENCE



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## **FEES IN CASE OF SALE**

- 2% OF THE REAL ESTATE VALUE: PAYABLE BY BOTH THE SELLER AND BUYER.
- TOTAL BURDEN: 4% OF THE REAL ESTATE VALUE
- IF A SALES AGREEMENT IS CONCLUDED BETWEEN BUYER AND SELLER WHICH INCLUDES A CERTAIN MONETARY AMOUNT, THE AGREEMENT IS SUBJECT TO 0.948% STAMP DUTY.



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YEARS	2000	2001	2002	2013	2014	2015
LAND REGISTRY FEES	\$3.310.269.891,00	\$2.248.336.857,74	\$2.466.790.849,38	\$3.538.962.168,86	\$3.656.217.966,52	\$3.391.696.804,22

LAND REGISTRY FEES

YEARS LAND REGISTRY FEES



	1	2	3	4	5	6
YEARS	2000	2001	2002	2013	2014	2015
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## **ACCESS TO CREDIT**

AN EFFICIENT, TRANSPARENT FINANCIAL SECTOR THAT PROVIDES A BROAD RANGE OF CITIZENS WITH ACCESS TO MULTIPLE FORMS OF COMPETITIVE CREDIT SO THAT THEY CAN START BUSINESSES, BUILD WEALTH, AND PURCHASE PROPERTY

## **BANKS**

TRADITIONAL BANKING SERVICES ROBUST AND EXTENSIVE ENOUGH TO SERVE THE NEEDS OF THE POPULATION TO HELP THEM BUILD WEALTH AND PURCHASE PROPERTY. THE FINANCIAL SYSTEM HAS UNDERGONE A RAPID TRANSFORMATION, WITH GREATER TRANSPARENCY AND COMPETITIVENESS.

## **ACCESS**

IT IS EASY TO OBTAIN A BANK LOAN...

## **SOUNDNESS**

SOUND OF THE COUNTRY'S BANKS IS VERY STRONG



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## MORTGAGES - NUMBER OF TRANSACTIONS

MORTGAGES	2000	2001	2002	2013	2014	2015
MORTGAGE-INDIVIDUAL	119.489	72.422	72.912	357.084	347.993	396.202
MORTGAGE-AGR	81.111	27.072	21.419	90.272	105.312	115.220
MORTGAGE-RESIDENTAL	23.504	13.161	8.376	38.839	16.902	14.869

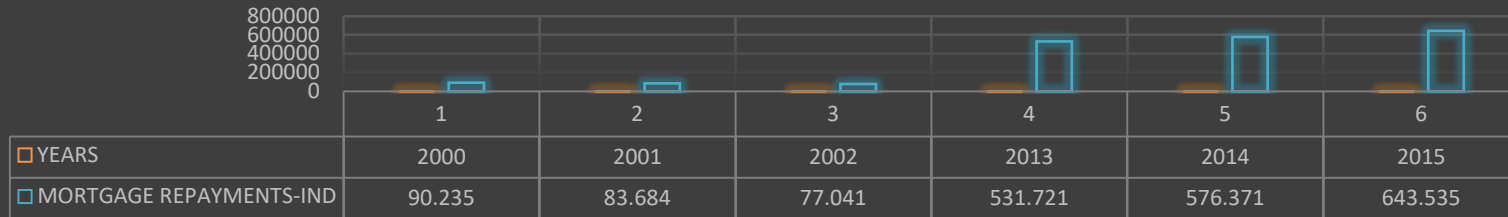


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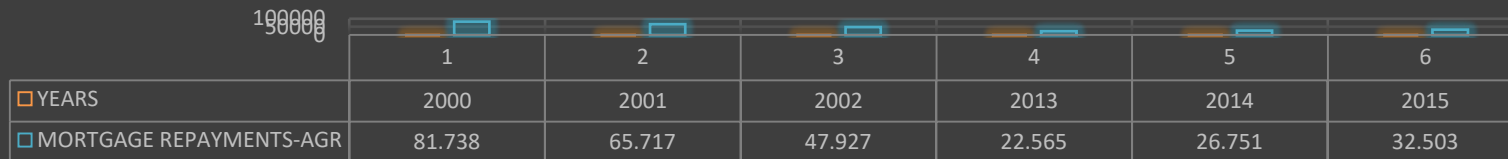
### INDIVIDUAL

■ YEARS   ■ MORTGAGE REPAYMENTS-IND



### AGRICULTURAL

■ YEARS   ■ MORTGAGE REPAYMENTS-AGR



**SUBSTANTIAL DIFFERENCES EXIST IN TURKEY IN  
MORTGAGE LOANS, WHICH IS BASED ON A TURKISH  
CULTURE OF PAYING BACK BORROWED MONEY AS A  
PRIMARY SOCIAL PRIORITY.**



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## LAND CONSOLIDATION

THE LAND CONSOLIDATION PROJECTS UNDERTAKEN OVER THE PAST FEW YEARS COVER **AROUND 1,000,000 HECTARES PER YEAR.**

A NEW LAW ENACTED TO PREVENT LAND FRAGMENTATION BY CHANGING INHERITANCE LAW IN 2014.

\*overall rural development

## LPIS

THE WORK ON THE “EU BASED” **LAND PARCEL IDENTIFICATION SYSTEM** (LPIS) PROJECT HAVE BEEN LAUNCHED WILL BE FINALIZED INCOMING YEAR.





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- THERE ARE **MORE THAN 3.500 VALUERS LICENCED** BY CMB IN TURKEY. THERE ARE ABOUT 150 COMPANIES CHARTERED BY THE CAPITAL MARKETS BOARD.
- TURKISH VALUATION STANDARDS CONFORM TO IVSC (2005 VERSION).
- APPRAISERS ASSOCIATION OF TURKEY (TDUB) IS ESTABLISHED IN 2009 AND ALL PROFESSIONAL VALUERS AND VALUATION COMPANIES HAVE TO BE A MEMBER OF THAT ASSOCIATION.
- PROPERTY VALUERS LICENSED BY THE CAPITAL MARKET BOARD.



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## **LAND VALUATION**

**MORE THAN 2,5 MLN PROPERTY VALUATION** REPORT PREPARED BY THE VALUATION COMPANIES FOR THE CAPITAL MARKET -MOSTLY **WITH THE PURPOSE OF MORTGAGE-** EVERY YEAR.

\* Capital markets, professional services, fair tax regime, access to credits, financial transparency, market stability



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## ***GEOSPATIAL PLANS***

100K ENVIRONMENT PLANS, REGIONAL PLANS AND ***MASTER PLANS*** (5K TO 1K)

\* Economic, social, cultural and ecological policies. Regional and Urban growth and spatial strategies



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## LAND DEVELOPMENT - SOCIAL HOUSING

HAVING BEEN ESTABLISHED TO SATISFY THE NEED FOR HOUSING, THE MASS HOUSING ADMINISTRATION (TOKI) **BUILT 500,000 RESIDENCES BETWEEN 2003 AND 2011.** THE GOAL FOR 2011-2023 IS CONSTRUCTING 500,000 MORE RESIDENCES.

AS A RESULT, THE HOUSING CONDITIONS FOR ALL GROUPS IS BETTER NOWADAYS IN THE COUNTRY AND FUTURE WILL BE EVEN BETTER.

\*Secure property rights, cheaper credit (0,8-1,2%), fast construction with the substructure, middle and low income groups, reducing poverty



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## LAND REGISTRY AND CADASTRE INFORMATION SYSTEM (TAKBIS)

“LRC – IS” IS ONE OF THE  
FUNDAMENTAL E-GOVERNMENT  
PROJECT OF TURKEY.

LRC-IS IS COVERING **ALMOST 650**  
**DIFFERENT TYPE** OF OFFICIAL LAND  
REGISTRY TRANSACTIONS.

IT IS FULLY OPERATIONAL SINCE 2004.

IN OCTOBER 2010, THE FIRST E-GOVERNMENT  
APPLICATION OF CADASTRE ORGANIZATION HAS  
BEEN STARTED AND CADASTRAL DATA HAS BEEN  
SERVED TO CITIZENS VIA E-GOVERNMENT PORTAL.  
([www.turkiye.gov.tr](http://www.turkiye.gov.tr))

**ADRESS INFORMATION**  
**SYSTEM** IS INTEGRATED WITH  
THE **CENTRAL CIVIL**  
**REGISTRATION SYSTEM**  
(UNIQUE TR IDENTIFICATION  
NUMBER)

**ACCORDING TO THE CMB**  
**LAW (6362-ARTICLE 76)**  
**TDUB HAVE TO ESTABLISH A**  
**VALUATION BASED REAL**  
**ESTATE INFORMATION**  
**SYSTEM FOR THIS AIM BUT**  
**HAVE NOT ESTABLISHED YET.**



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## **BROKERAGE**

- THERE ARE APPROXIMATLY 35,000 OFFICIAL REAL ESTATE AGENCY IN THE COUNTRY.
- AVARAGE SIZE AS AN OFFICE AREA 30SQM-1,000 SQM, AS A NUMBER OF EMPLOYEE OF EACH 3-50.
- BROKERS HAVE A CERTAIN TRAINING PROGRAM TO ENABLE THEIR PRODUCTIVITY.
- THEIR CURRICILA INCLUDES
  - PUBLIC RELATIONS,
  - PROFESSIONAL LEGISLATION,
  - CADASTRE,
  - LAND REGISTRATION
  - ACCOUNTING
  - TAX
  - ETC.



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**MANY POSITIVE DEVELOPMENTS HAVE BEEN RECORDED  
IN THE TURKISH REAL ESTATE SECTOR OVER THE LAST  
FEW YEARS.**

TURKEY IS OFFERING NEW OPPORTUNITIES FOR INSTITUTIONAL INVESTORS AFTER ENABLING ONE OF THE MAIN INVESTMENT TOOLS OF THE CAPITAL MARKET, REITS, AS WELL AS FINANCIAL INSTRUMENTS LIKE

- REAL ESTATE FUNDS,
- INFRASTRUCTURE REITS,
- LEASE CERTIFICATES.



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***THERE ARE 39 REAL ESTATE INVESTMENT  
TRUSTS ....***

**31 OF THEM TRADED IN ISTANBUL STOCK  
EXCHANGE MARKET**

**GROWN UP MORE THAN THE COUNTRY'S  
ECONOMY LAST YEAR.**



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RESTRICTIONS FOR FOREIGNERS  
ACQUIRING PROPERTY IN TURKEY  
HAVE BEEN EASED WITH THE  
ENACTMENT OF THE  
**“RECIPROCITY LAW”** IN 2012.

**URBAN REGENERATION WAS AT THE TOP  
OF THE SECTOR’S AGENDA.** THANKS TO  
THE ENACTMENT OF THE “LAW OF THE  
REGENERATION OF THE AREAS UNDER  
DISASTER RISK”, BUILDINGS UNDER RISK  
ARE NOW BEING DEMOLISHED AND NEW  
STRUCTURES WITH INTERNATIONAL  
STANDARDS ARE BRINGING OUT.

**IMPORTANT DEVELOPMENTS IN  
LEGISLATION OF REAL ESTATE**

**AMENDMENT OF RECIPROCITY LAW**  
183 COUNTRY CITIZENS ARE ABLE  
TO BUY PROPERTY IN TURKEY

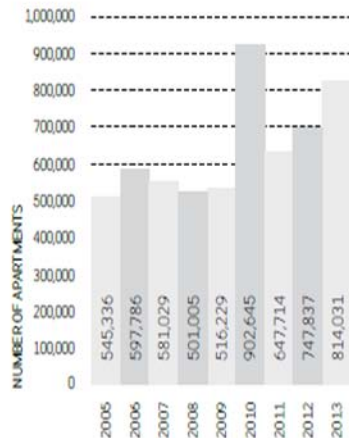
**URBAN REGENERATION LAW**  
IN THE NEXT 20 YEARS 6.5 MLN  
HOUSING TO BE REGENERATED USD  
400 BN BUDGETTED.

AFTER THE NEW LAW CAME INTO  
PICTURE APPROXIMATELY 100,000  
HOUSING UNITS WERE STARTED  
REGENERATION.

URBAN REGENERATION IS STARTED  
TO BE APPLIED ALL OVER TURKEY,  
MAINLY AT THE CITY CENTERS THAT  
HAS LOST FUNCTION DURING THE  
LAST FEW DECADES.

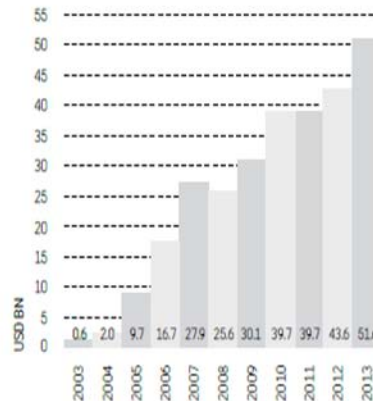
## HOUSING CONSTRUCTION LICENCES

HOUSING CONSTRUCTION LICENCES



source: TURKSTAT

MORTGAGE LOANS VOLUME



IN PARALLEL WITH THE  
URBANISATION,  
CONSTRUCTION SECTOR  
HAS BEEN GROWING AND  
**ALMOST 815,000**  
**RESIDENTIAL PROPERTIES**  
**GOT BUILDING PERMITS**  
**ONLY IN 2013.**



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IN ACCORDANCE WITH TURKEY'S AMBITIOUS 2023 TARGETS, **TWO NEW CITIES ARE PLANNED TO BE BUILT IN ISTANBUL**. ONE OF THEM IS PLANNED TO BE BUILT IN EUROPEAN SIDE AND THE OTHER WILL BE IN ANATOLIAN SIDE OF ISTANBUL.

THESE CITIES WILL HAVE A CAPACITY TO ACCOMMODATE A OF 1 MILLION WHICH IS EXPECTED TO REDUCE THE POPULATION DENSITY IN THE CITY CENTER OF ISTANBUL, AS WELL AS CREATE NEW INVESTMENT AND EMPLOYMENT OPPORTUNITIES.

**NEW AIRPORT PROJECT IN ISTANBUL IS STARTED, SOME PART OF IT WILL BE OPERATIONAL IN 2018.**



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ANOTHER UPCOMING GIANT PROJECT IS **CANAL ISTANBUL**, WHICH IS AN ARTIFICIAL SEA-LEVEL WATERWAY BETWEEN THE BLACK SEA AND SEA OF MARMARA.

THE CHANNEL WILL BE 25 METERS IN DEPTH AND 145 TO 150 METERS IN WIDTH. PLANNED ***LENGTH OF THE CHANNEL IS AROUND 45 KM*** AND IT IS PROJECTED TO BE INAUGURATED BY 2023, THE 100TH ANNIVERSARY OF THE FOUNDATION OF TURKISH REPUBLIC. **PROJECTED COST OF CANAL ISTANBUL IS ABOUT USD 10 BILLION.**



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- **REAL ESTATE CERTIFICATE** THE USE OF REAL ESTATE CERTIFICATES, BASICALLY TO EASE THE CONSTRUCTION SECTOR'S ACCESS TO FUNDING, WHILE OFFERING A NEW MEDIUM FOR INVESTORS, OFFERING VALUE TO PROJECTS.
- CONSUMERS WILL BE ABLE TO PURCHASE RESIDENTIAL REAL ESTATE, NOT AS WHOLE, ***BUT IN FORM OF SQUARE METERS*** WITH THE REAL ESTATE CERTIFICATE.
- INVESTORS ALSO HAVE THE OPTION OF EITHER RETAINING THE CERTIFICATE UNTIL MATURITY OR SELLING IT OFF BEFORE THE MATURITY DATE TO ANOTHER INVESTOR.
- THE CERTIFICATE **WILL BE ACTIVE WITHIN THE STOCK MARKET** UNTIL THE COMPLETION OF THE PROJECT.





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## **IT IS FORECASTED THAT**

- 2 NEW CITIES
- NEW AIRPORT
- ISTANBUL FINANCE CENTER
- CANAL ISTANBUL
- PROPERTY CERTIFICATES
- INVESTMENTS IN SOUTHEASTERN ANATOLIA
- TOKI'S HOUSING INVESTMENTS
- ETC..

**(WILL) CREATE(s) ABUNDANT REAL ESTATE OPPORTUNITIES....**



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## CONTRIBUTION

- 1) A **PUBLIC SUPPORTED BANK** SPECIALIZING IN THE FIELD OF CONSTRUCTION AND REAL ESTATE MUST BE ESTABLISHED.
- 2) DATA PERTAINING TO THE CONSTRUCTION AND REAL ESTATE INDUSTRY, SUCH AS LAND SURVEYING, CADASTRE, INFRASTRUCTURE, ELECTRICITY, WATER, AND SEWAGE **MUST BE AVAILABLE IN DIGITAL AND 3-DIMENSIONAL FORM.**
- 3) THE SYSTEM **MUST BE OPEN TO INTERNET ACCESS.**
- 4) **THE LEVEL OF «FEES» SHOULD BE LOWERED** BASED ON THE UPDATED VALUE OF REAL ESTATE.
- 5) **REAL ESTATE CONSULTING SHOULD BE LEGALIZED**, AND THE LICENSE REQUIREMENT FOR REAL ESTATE CONSULTATION SHOULD BE REMOVED.



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**THANK YOU...**



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## LAND DEVELOPMENT - SOCIAL HOUSING

- THE HOUSING NEED IN TURKEY SHOWS A GRADUAL INCREASE EVERYDAY. THE HOUSING NEED IS ON OUR AGENDA IN THE FORM OF POPULATION GROWTH, URBANIZATION, URBAN TRANSFORMATION AND RENOVATION, ECONOMIC AND QUALITY HOUSING MEETING THE NEEDS.
- ACCORDING TO TURKISH STATISTICAL INSTITUTE (TURKSTAT) DATA, THE TOTAL NUMBER OF BUILDINGS THROUGHOUT TURKEY IS 19 MILLION 209 THOUSAND 928 (APPROXIMATELY 20 MILLION).
- SOCIAL HOUSING PROGRAM OF MASS HOUSING ADMINISTRATRION (TOKİ) TARGETS THE LOW AND MIDDLE-INCOME PEOPLE WHO CANNOT OWN A HOUSING UNIT UNDER THE EXISTING MARKET CONDITIONS.