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TURKEY 'WILL SEE AN INFLUX OF GLOBAL INVESTORS'

Turkey, Istanbul, GYODER, mortgage

A Real Estate Summit organized by the Association of Real Estate Investment Companies (GYODER), which took place at Swissotel in Istanbul, gathered a number of industry professionals to discuss opportunities in Turkey's key markets. One panel discussion focusing on the flow of global capital into Turkey's real estate industry concluded that agreement on a less restrictive, common policy on foreign investment had made the country more attractive to global investors – and Istanbul in particular.

Yet, in spite of relatively low real estate prices, foreign investors appear to be cautious about this market. In the last three years, 63,000 foreigners bought real estate and \$4.3 billion dollars was invested in the country according to GYODER. Some regions are performing better than others, however, with new data showing that Alanya alone has over 13,000 foreign homeowners from over 30 different countries (for full details subscribers can view the story [here](#)).

Panelists observed that a number of factors would attract foreign property investors to Istanbul and other parts of Turkey. Maruf Dindar, Partner Domestic Business Development, of Daruma Corporate Finance, said they should focus on the historic areas of Istanbul in need of reconstruction and renovation as part of the country's objective for European Cultural Capital in 2010. He added that there is over 1 million square meters to be restored (although Michael Montebaur, senior vice president of the Union Investment Real Estate AG, pointed out that Turkish bureaucracy had created these ruins in the first place due to restrictive legislation and tax uncertainties).

Global player

A new report from Grant Thornton claims that Mexico, Turkey, Indonesia and Pakistan are the next generation of emerging markets with the capacity to compete with the so-called BRIC nations (Brazil, Russia, India and China). In a follow up to its annual International Business Report (IBR), based on a survey of business leaders in 32 countries, the firm predicted that BRIC economies would account for almost half the world's gross domestic product by 2050.

"While these countries are not in the same league as mainland China and India, they have the potential to certainly rival Brazil and Russia in terms of economic clout in coming years," the report

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said. However, it qualified this by saying that Mexico, Pakistan and Turkey had to resolve socio-political problems. Turkey's ongoing modernization was strengthening its economy but its current political crisis, and continued tension from the Cyprus issue, undermined its profile in Europe.

Mortgage boom

Another major factor is access to mortgages for non-nationals. While British banks have been slow to enter the market because of uncertainties relating to title (foreigners were banned from owning land and property for six months in 2005), brokers have been extremely active in sourcing deals from other European banks.

A new mortgage law, due to come into effect from September, has introduced variable rates, mixed currencies, longer terms and even allows non-deposit taking entities to set up mortgage operations. Developers and agents are already helping to source bespoke terms from broker and lender partners.

For an update and insights into Turkey's mortgage market, and the implications for its property market, make sure you get a copy of the June issue of OPP.

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