

# TURKEY'S 'NEW' ERA ENTICING FOREIGN BUYERS

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**The market was closed until 2002 and mortgages appeared only last year. Now the dam has burst, says Harriet Meyer**

Turkey is being tipped as the next fly-to-buy hotspot for Brits seeking a home in the sun at prices last seen in Spain, France or Italy many years ago.

Unlike more developed markets, Turkish law deterred foreign buyers until 2002 and only recognised the concept of mortgages on residential property in January, 2006. Now enthusiasts claim easier access and credit is fuelling rapid price rises.



**Turkish delights: good weather, spectacular scenery and a rich cultural history have combined to attract rising numbers of British buyers to Turkey each year**

But potential buyers must beware that conveyancing laws – and costs – do not end at Dover, so it is vital to observe local legislation.

The same goes for tax liabilities. Another issue is that Turkey is not a member of the European Union and the outcome of talks about it joining remains uncertain.

Despite all that, good weather, spectacular scenery and a rich cultural history have combined to attract rising numbers of British buyers each year; the total is thought to have tripled to about 14,000 over the past three years.

That has already pushed prices up by an average of 25 per cent a year over the past three years, according to David Cox of Property Frontiers.

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Jack Hamilton, managing director of Parador Properties, emphasises that these increases had been from very low starting points and added: "Turkey represents

exceptional value for money. With prices starting at just £40,000, the property market is booming."

British buyers have been flocking to the coastal resorts along the Aegean and Mediterranean seas – such as the fashionable Bodrum peninsula, Dalaman and Fethiye – as well as more traditional seaside towns of Kas, Kalkan and Altinkum.

A three-bedroom detached villa with private pool can still be bought for little over £100,000 in popular resorts like Antalya. However, it is important to be prepared for other costs associated with property purchase – and ongoing expenses – see bullet points below.

Even so, Cameron Deggin of Property Republic said: "Contrary to what people may think purchasing property in Turkey is a lot easier than in Spain as legislation is in place which favours foreign buyers.

"Before 2002 foreign nationals couldn't purchase property in Turkey, but this legislation has changed and now the Government is encouraging foreign buyers."

However, overdevelopment in some areas, access issues and rising prices mean buyers must do their homework before taking the plunge. Some experts fear valuations have risen so sharply in some areas that they may prove a bubble that will burst.

Mr Cox warned: "Prices cannot continue to rise at the same kind of rate in the more developed resorts like Bodrum, Antalya, Fethiye and Ismir. "Though there are still good investments to be made, these are not so easy to find as a few years ago.

"People are going to have to work a bit harder to find the good opportunities, and consider less-developed areas."

However, Mr Deggin argued that government money being put into building golf courses and ski resorts means some regions, such as Antalya, will continue to produce good returns for investors with all year round rental opportunities.

Demand certainly shows no signs of slowing, and with an improved road network underway giving access to areas of the coast previously off the market, buyers will have more choice.

Turkey's desired accession to the EU, along with the introduction of a mortgage system and the relaxing of foreign ownership laws has helped attract demand. But potential buyers who are hoping for bargain flights to their holiday homes may feel frustrated as no-frills flight operators such as easyJet are yet to service Turkey's coastal airports.

The leading low-cost carrier flies only to Istanbul. However, there are many low-cost charter flights into Bodrum, Dalaman, and Antalya airports, particularly in high season.

Mr Hamilton said: "A combination of good year round weather, a safe legal system, outstanding property prices and high standards of construction put it head and shoulders above the more aggressively promoted new markets."

Renting opportunities, particularly in the popular resorts and during high season, are

good according to Mr Deggin.

He said: "It depends on where the home is but the better rental yields an investor can achieve in popular resorts in Bodrum and parts of Antalya are between 8 per cent and 9 per cent.

"This is mainly because the purchase price is low and the amount of tourists who visit. The population of Bodrum in winter is around 50,000, compared with the high season where it goes up to 1.2m.

"There are no restrictions on renting, and no restrictions as to what you can do with rental money – unlike certain countries where can't get proceeds out of the country."

### **Case study: twins snap up a bargain**

Despite already owning a holiday home in Spain, the Parsons twins decided to invest in a one-bedroom property in Turkey after being seduced by its budget price-tag.

Graham, a semi-retired electronics engineer, and Philip Parsons, a computer electronics draftsman, 53-years-old, bought a one-bedroom apartment in Didim for £35,000, in April last year.

Graham Parsons, from Wokingham, Berkshire, said: "It is hopefully a good investment, and my brother is a keen golfer which there is a lot of over there, so he is happy. "We were shown a number of apartments by Parador Properties, through whom we bought our home in Torreveija, on Spain's Costa Blanca, six years earlier."

The apartment is on the Royal Marina block and the Parsons hope to rent it out to family and friends. There are two communal swimming pools and a large balcony, with the beach a 10-minute walk away and Bodrum airport a one-hour drive.

He said: "We have no complaints as it was all very easy, with Parador Properties showing us a number of good quality properties within our price range.

"The additional costs only added about 7 per cent to the purchase price, although we still have to buy furniture, for which we are allowing £3,000.

"We are hoping it will go up in value and be like Spain was years ago as our property there has increased in value significantly.

### **Talking Turkey - extra costs**

#### **Initial costs of buying a home for €72,500 (£48,500) in Turkey**

- Property tax is about 0.5 per cent. Based on the sale price above, €362.50
- National sales tax is 3 per cent, €2,175
- Notary fees for obtaining power of attorney and legal translator, €175
- Legal fees for preparing the title deed, registering the property sale and solicitors, €1,200
- Connection charges for water, electricity, gas and drainage, €362
- Owners' club fee for liaison with builders during the construction period, legal representative and bank, €950
- Total additional costs €5,224.50 or 7.2 per cent of purchase price.

### **Annual cost of ownership**

- Maintenance fee, payable to the owner's community association which pays for pool maintenance, lighting, security and garden area, €650
- Council tax, about 0.5 per cent (varies depending on value and location), €362.50
- Insurance, building and contents cover, €330
- Electricity and water bills, €290
- Total annual running costs €1,632.50 or 2.25 per cent of purchase price.

Note: exchange rates may vary. Source: Parador Properties

**Free** copies of The Daily Telegraph Guide to Buying Property in Spain, Turkey, Cyprus & Portugal, in association with Parador Properties, can be obtained by calling 0870 382 4409 or online at [www.telegraph.co.uk/readerguides](http://www.telegraph.co.uk/readerguides). This guide describes tax, mortgages and other financial issues that potential buyers should consider – as well as plain-English descriptions of the conveyancing procedures in these countries.

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