



Turkey

A Good Time
to Buy

JAMES WITTERING CANNY INVESTORS WILL TELL YOU THAT THE SKILL IS KNOWING WHEN TO PUT YOUR MONEY INTO AN OPPORTUNITY.

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ho would not have bought into Tuscany or St Tropez 20 years ago if they had had the knowledge and the funds? But many people thinking about a holiday home are not hard-nosed investors but ordinary folk with some resources looking to improve their lives, perhaps make a small return on their property and anxious not to make a mistake. Turkey has been immensely popular for all the right reasons as a location for a second home.

Turkey is becoming increasingly popular as a holiday destination and is attracting knowledgeable property investors from across the world, particularly Europe and the US. Prices are still very low and properties that would cost you up to GBP 1,000,000 on any of the Spanish Costas can be found for around GBP 150,000 in Turkey. With beautiful, historic, sun-drenched locations and longer summer seasons than even Spain, Turkey truly is a delightful and affordable location.

But over the past 18 months it has been under some scrutiny thanks to a brief and somewhat overblown encounter with avian flu virus H5N1 and terrorist bombings. Are these factors that investors need to be concerned about? What should investors be looking for in Turkey right now, and what can they expect for the future of Turkey both in terms of investment return and as a holiday destination? I decided to ask a few industry experts what they thought investors should be aware of and how it is all likely to play out.

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The Expert

Amberlamb provide overseas investment property guides to help property investors find investment potential abroad and understand how the property buying process works overseas. I asked Amberlamb’s Rhiannon Williamson what she thought about Turkey.

What Should Investors Look for in Turkey?

For property investors hoping to raise an income from Turkey’s tourism market there are plenty of opportunities for rental income generation in the main resorts on the Mediterranean and Aegean coastlines.

Furthermore the fact that interest in Turkey is so intense and prices are currently so affordable means that anyone who makes a careful purchase now will be buying into a long period of potential capital growth.

Investors looking to target the tourism market in particular could consider areas of the Turkish coastline that the government has designated as tourism hotspots, such as Dalaman, where there are impressive long-term investment plans for the development of the resort, or areas where there is already a strong interest from international tourists, such as Belek, Antalya or Bodrum.

Alanya is another area that investors could consider because it has a stronger year-round demand for rental accommodation.

An alternative market for investors seeking strong long-term returns is, of course, Istanbul, where there is a [e>](#)



Left:
Sunset in Bosphorus
Above:
Old traditional Turkish
property in Bursa

Photographs courtesy of Turkish
Culture and Tourism Office

“An alternative market for investors seeking strong long-term returns is, of course, Istanbul, where there is a massive housing deficit.”

massive housing deficit, an abundance of promising property in need of restoration and a huge and diverse demand for property for resale and rent from everyone from professionals and executives to students and tourists.

How Does Turkey Compare to Other Countries for Investment Properties?

As an emerging market Turkey is one of the more promising – it has not seen the over-inflated and unsustainable price increases that the likes of Bulgaria and Hungary have seen for example, meaning that the property market is more stable. Furthermore Turkey has an incredible abundance of natural beauty, a wealth of history and culture, it has a fantastic climate and is such a vast country that it will represent an interesting investment environment for many years to come.

The fact that the nation is aligning itself for possible EU entry in the future means that it is working to improve the transparency in its property buying process as well as modernising its political and economic environments, thus making it a more attractive nation for foreign investors. Ultimately the government and the majority of Turkish people want to see the development of the nation and to this end they accept and welcome foreign direct investment.

For those seeking confirmation that Turkey represents an interesting and stable country for investment, consider this – as soon as negotiations were opened for Turkey’s bid for EU entry, representatives from a number of leading organisations from GCC nations such as the UAE (Dubai in particular) committed to long-term investment plans into the Turkish property market.

What About the Bombs?

The bombings that have occurred in Turkey have largely been attributed to the Kurdistan Workers’ Party, the PKK. The PKK’s imprisoned leader, Abdullah Ocalan, has long been demanding that his organisation implements a unilateral ceasefire, and finally on 1st October 2006 the PKK issued a declaration of ceasefire. It is widely believed that the PKK will now use political channels to make their voices heard and that this will bring to an end the bombings in Turkey.

What Does the Future Hold for the Turkish Property Market?

The World Travel and Tourism Council recently cited Turkey as being the top growth country in the world over the next eight to ten years, achieving around 10.2 per cent annualised growth in travel and tourism-related demand. If their calculations and forecasts are correct, this will mean that there is room for massive growth in the tourism accommodation market, which for property investors means there will be a sustainable demand for their rental apartments and villas!

The Turkish government and national and international private investors are doing everything they can to draw tourism to the southern coastline in Turkey through everything from the improvement of accessibility and infrastructure to the development of golf courses and tourism amenities and facilities. All of this means that Turkey will increase in desirability and that it should therefore attract stronger annual tourism numbers.

In terms of capital appreciation, prices are still low in Turkey, especially when you compare them to property prices in Cyprus, Spain or France, for example – this means that more people can afford to buy in Turkey, which increases demand for property and will result in a natural property price increase! Therefore, as previously noted, those who make a careful and considered purchase today will be buying into the longest period of possible growth... and they will likely reap substantial capital appreciation over the medium to long term.

The Developer

To get an idea of the sort of product that might tick all the boxes for someone thinking of buying an off-plan villa in Turkey, I decided to speak to the developers of one of the most attractive-looking developments in one of my favourite parts of Turkey, Bodrum.

Braemore Properties, a Nottingham-based company, have joined forces with Gemini Properties, established Turkish developers who have been building in Istanbul and on the Aegean coast for over 30 years, to create braemoregemini. Together they are building Aegean Hills, a collection of 34 luxury villas with private pools and gardens located on Turkey’s Bodrum Peninsula. I wanted to know what it was about Turkey that [e>](#)

“Turkey is not going to make the same mistake as Spain.”

The Grand Bazaar in Turkey

Photos courtesy of Turkish Culture and Tourism Office



engendered their decision to build there, so I asked Braemore's director, Ben Walsgrove, a few questions:

Why is Turkey Becoming So Popular for UK Residents?

Turkey offers something so different to the traditional European destinations. Different culture, cuisine and, environmentally, the Aegean Sea is far cleaner than the Med. It's easily accessible now from most UK airports and the cost of living is much cheaper than mainland Europe.

Does It Compare to Spain Ten Years Ago?

Turkey is not going to make the same mistake as Spain as there are already very strong restrictions in place over build density and where you can build. You cannot build residential accommodation within 70 m of the shore, for example. There are also strict building regulations in place. Turkey already offers, in established areas like the Bodrum Peninsula, the full range of holiday pursuits such as gulet hire, dive schools, marine parks, wonderful seafood restaurants and quality international shopping. Turkey is in many ways ahead of Spain already!

What Should a Buyer Look For in an Investment Property?

That's a massive question. The key to long-term success is to buy from a reputable developer who builds to a high quality with sustainable materials throughout the development. You want a property that is going to be easy to rent and provide a good return on your investment. An up-and-coming area with beautiful scenery can't hurt either. Just do your homework and don't worry about spending a few extra pounds if the build quality is there.

What Sort of Returns Can Investors Expect?

That's the million-dollar unanswerable question. All buyers should do their own homework and not listen to

the typical agent's sales patter about sky-high double-digit returns. Again, the key to success is looking at it within a reasonable time frame of, say, five years. There is a strong demand for high-quality villas and apartments and the good-quality products will make strong investment returns.

The properties should be rented out to provide a rental income as well as the capital growth. Again, a good-quality property will rent first and get repeat business.

The Mortgage Product

Another good reason I had to speak to Braemore was their spearheading of the introduction of the first mortgage product available to UK buyers of Turkish property. In partnership with DHB, a Dutch bank regulated in Holland and owned by Turkish shareholders, Braemore are the first UK-based company to be successfully assessed for the provision of mortgages on off-plan property purchases.

DHB decided that the UK was right for a new product that enabled buyers to arrange a mortgage on their completed Turkish property purchase – something that was simply unavailable to them before. This product was implemented just a few months ago.

Even more exciting are the off-plan mortgages now available to investors. These are, for the moment, only available on braemoregemini properties as DHB have deemed that they tick all the required boxes for a profitable investment, but hopefully more developers will become successfully assessed in the future.

"The bank, based in Rotterdam, undertook an extremely rigorous analysis of braemoregemini's track record and the quality of our construction. Our customers will now benefit from us being in a position to offer these highly competitive euro or sterling mortgages," says Ben Walsgrove.

I asked Arie Blokland of the DHB Bank about the product: "DHB is a Dutch bank with a lot of Turkish

shareholders so it was a natural progression for us into the Turkish property market. Starting just over two years ago in Holland, we identified UK residents as one of the largest groups of buyers of Turkish property and the trend was growing. Unfortunately there was no mortgage product available to them. We already have a mortgage product available to UK residents on completed properties and are hoping to release a similar product for off-plan properties towards the end of the year.”


What does this mean for investors? It means that, if you decide to buy a property using this mortgage product, you need only put down a 20 per cent deposit and can get a mortgage for up to the rest of the purchase price.

In a sense this opens up the market considerably, increasing demand and pushing up prices over time. In other words – it’s a good time to buy in Turkey.

The Conclusion

Think twice before changing your mind about investing in Turkey because of recent events and the related media exposure that followed. Hype sticks in the mind long

“As an emerging market Turkey is one of the more promising – it has not seen over-inflated and unsustainable price increases.”

after the event itself has begun blowing itself out. If you wait until all this concern is history, you will find that so have many other people and price inflation might make your purchase more difficult or its market appreciation less. Bright investors bought into Tuscany and St Tropez when many of the properties were basic farmhouses or fishermen’s cottages. But buyers in Turkey do not have to wait a generation or two for gentrification. The new-build properties that are available off plan are built to superb standards in superb locations at prices that are a fraction of those in the longer-established getaway destinations, many of which today are overcrowded and have lost much of their charm. And you can now do this with the considerable help of a mortgage. Turkey really is a paradise, and the country plans to keep it that way. 

**Kent Property Consultants
& Estate Agents**

**For All Your
Property Needs**

Established in 1988, our company was the first British owned estate agency in Marmaris, in business to assist all foreign nationals to find their way through the maze of red tape, bureaucracy and legal departments in order to safely and legally own a property in Turkey. We have a wide selection of villas, apartments, commercial opportunities and land for sale - all with full registered Title Deeds and definite land surveyed boundaries.

Please visit our website to see a selection of our properties and further information on the services we offer.



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