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OVERSEAS PROPERTY 89

Istanbul's no turkey

Times are changing in this fast-moving, exotic city — invest now to catch the best of the expected boom, says Liz Rowlinson

STRADDLING two continents, its skyline studded with minarets and skyscrapers, Istanbul is, not for the first time, undergoing something of a renaissance.

The recent arrival of Harvey Nichols and Asda's has helped turn the city into a fashionable weekend destination.

And now, along with ancient bazaars and sleek new expatriates of Chanel and Zara, estate agents are springing into life.

Although Turkey's overseas property market is established in the better-known coastal resorts — there are already 13,000 British owners there — Istanbul will appeal to a different kind of buyer: an investor who might otherwise consider Eastern European hotspots such as Sofia or Warsaw.

Staggering capital gains of 30 per

cent to 60 per cent within two years are possible — and it's largely down to demographics.

This is a city coasting with life — 70 per cent of the country's 70 million population is under 30. Istanbul is liberal, modernising fast and is at the heart of Turkey's commercial boom.

What's more, in two or three years there's going to be a massive shortage of property. According to specialist Cameron Duggin, of Property Turkey For Sale, this will push up prices 'big time'.

'Mortgages have been available to Turks only since May 2006, but there isn't the infrastructure to process them,' he says.

'There are just 170 surveyors in the country, so it's going to take 18 months before the large-scale take-up. But Turks can now afford to buy property and many are moving to Istanbul.'

A shortage of residential properties in the city contrasts with the problem of over-supply in other

foreign markets. 'We are getting a lot of customers who are worried about a property crash in Spain, who are selling up and looking at Turkey,' says Mr Duggin.

Another UK agent, Ready2Invest, has sold more than 300 properties in Britain in the past nine months.

YOU HAVE only to look at what's happened in the Czech Republic, Latvia and Hungary, where property prices have rocketed after the introduction of mortgages, to see what will happen in Turkey,' says Jonny Crossick, managing director of Ready2Invest.

Emsal Ahmet, from Beckenham, Kent, has bought a two-bedroom apartment in the old centre of Istanbul for £225,000. It's in a period building in the city's main Taksim Square and she is expecting to earn £700 a month in rent.

'I considered Dubai, but I'm worried about the instability of the

Middle East,' says Emsal, 50, who works in fashion.

'I felt confident about the number of international banks investing in the city and infrastructure is being improved in advance of Turkey's hoped-for EU membership, which should be by 2015.'

So where to invest to make the most of the boom? Istanbul is all about apartments — demand is for one or three bedrooms.

Ready2Invest is selling some in Elise Park, a development in the Beylikduzu district, two miles from the sea; one-bedroom flats for €25,825 (£27,000); three-bedroom ones are €103,500 (£109,500).

There are also the satellite towns of Atakent and Yesilkoy. There, you might get a luxury apartment in a self-contained residential complex for £48,000 to £60,000, which you can then rent to professionals.

'Buoyant rental yields of 7 per cent in a 9 per cent compare favourably to London's 4 per cent or 5.5 per cent,' says Jane Griffiths of

British agent Regnum Kurkay — near the Formula 1 racetrack and new airport — is another residential area to watch.

Going upmarket, there's Levent district, where Harvey Nichols is located. It's a mix of top residential and business. Luxury apartments sell for £290,000.

There's also Ortakoy, the 'Hamptons' of Istanbul, with the scenic backdrop of the Bosphorus. This waterfront area has a cosmopolitan feel, with creperies, art galleries and bars. Older properties are in demand and rents are high for Istanbul: £700 to £800 for a two-bedroom apartment.

If you're worried about earthquake risk, go for new-builds, which are much more robust because they adhere to strict new building regulations. Otherwise, you're in to a winner.

■ Cameron Duggin (propertyturkeyforsale.com; 020 2863 4221). Ready 2 Invest (ready2invest.co.uk; 01373 627 940). Regnum (020 7820 7358).

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Renaissance: Emsal Ahmet has bought an apartment in Istanbul as an investment