



## Turkish delight?



**Jane Griffiths** looks at the potential growth the Turkish property market has thanks to new legislation

In the last five years the residential market in Turkey has performed extremely well and investors have seen the value of their properties increase between 25 and 40 per cent.

There is growing attention from overseas property investors driven by the country's booming economy and low property prices. In addition, interest rates have reduced significantly to 15-16 per cent, inflation continues to decline from around 24 per cent at the end of 2004 to a steady 9 per cent, and the level of direct foreign investment has increased dramatically.

Turkey's proposed ascension to the European Union (EU) continues to catapult the country into the spotlight. Now, the proposed changes to its mortgage law coming into effect in January 2008 are attracting even greater interest, fuelling the country's investment potential even further.

### Mortgage law

The introduction of the new Turkish mortgage law will mean the benefit from a long-term mortgage which can be taken for up to 30 years to finance a property purchase in Turkey. Currently, Turkish banks offer only short-term loans, which has limited the real estate economy in Turkey. However the reduction of extremely high levels of inflation through a floating foreign exchange regime and tight monetary policy have led to improvements in Turkey's economic conditions.

Turkey's huge population of over 70 million increases by around 2 per cent each year and 70 per cent of the population is younger than

30 years of age, hence there is a strong demand for property in Turkey. The new mortgage facilities being put in place are likely to boost the Turkish property market to great new levels not seen before and we expect to see a dramatic increase in property construction in general.

way to bring Turkey into line with the standards and practices expected from worldwide property purchasers and investors.

### Positive impact

Besides the benefits for overseas property buyers, the introduction of the new mortgage law will have a positive impact on the business of mortgage intermediaries with clients interested in investing in Turkish property.

Marco Rossi, director of Seriously Good Lending, commented that the new legislation was well overdue. "The new legislation

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### Tourism growth

With over 25 million tourists visiting Turkey each year, the new legislation will undoubtedly encourage further growth in tourism and create some encouraging new buy-to-let opportunities. The current economic climate in Turkey is strong and actively favours foreign investment in the property market, while most experts predict it is now sitting on the brink of a property boom. The introduction of the Turkish mortgage will prove invaluable to finance purchases in numerous new developments currently under construction – it seems there has never been a better time to buy into this growing property investment market.

With Turkey's EU accession due sooner rather than later, the Turkish mortgage will go a long

regarding mortgage products in Turkey for UK residents especially is a real breath of fresh air and long overdue. Just like many new markets, banks tend to play catch up with developers, which can sometimes slow down sales, causing frustration from home buyers who come from markets like the UK and Ireland where mortgages are freely available.

Rossi concluded: "In the case of buying property off-plan, the Turkish government does not yet offer any such product option to cater for this area of the market, but we do finance offer solutions for our UK clients who wish to purchase property overseas. My final recommendation to clients considering a Turkish mortgage is around timings, as more often than not it can take twice as long to get a final mortgage, so give yourself plenty of time." **mi**

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