

# WHY IS EVERYONE INVESTING IN TURKEY?



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## SIYAH AGENTS INSIGHTS

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# INSIGHTS

I always considered Istanbul as a City from the past which is located in the future, like bitcoin in 2013 if Bitcoin was a city. Any savvy investor will tell you that the time to invest in Istanbul was 5 years ago as it seems like we have already hit the moon and there is no more room to go up but just like Bitcoin, after taking a critical analysis of the vision of the market, it is clear to see that we have not left the ground yet and there is still so much to come.

I will briefly highlight four points that shows that the Turkish Real Estate Market is still ripe for early stage investment from an insider point of view.

**1. The Mega Projects that will open up the country in big ways:** Most mega projects take years to come together and when it is completed has potentials of changing the economic climate of any country, and Turkey has a clear vision of doing exactly so, with multiple mega projects being constructed around the country from the largest airport in the world, the longest suspended bridge in the world, the Istanbul Canal, the Mersin Nuclear plant, the 321 KM Kinali Balikesir motorway which will connect the Western Anatolia Turkey to East Thrace connecting with Canakkale brigde, the new 3 million square ft financial centre in Istanbul, multiple new metro-lines across Istanbul and across Turkey, and more; All of these projects are aimed at opening up Turkey and increasing access across the country by road, sea and rail, expanding the energy production of the country as well as manufacturing capacity. The Canal Istanbul is a project that aims to turn the City of Istanbul into an artificial island and also boast the movement of vessels from the Black sea region to the Marmara sea region.

In terms of real estate, the completion of any of these projects is quickly raising the value of the properties in its surroundings by at least 4X, as we have seen with the New Airport region, the Canakkale areas, and the areas surrounding the Canal Istanbul especially in Arnavutkoy (even though the Canal project is not completed).

**2. Largest Market in Europe and still growing:** with a population of 84 Million, Turkey boasts the largest market in Europe, with only around 40% of this population currently living in 5 of the biggest cities, the potential of markets still to be served is enormous with many of the mega projects aimed at increasing access to these unserved areas, a lot more people will be able to participate in the economy. With this in mind, the country is increasingly boasting incentive for manufacturing and industrialization projects, housing projects (especially in the big cities), and energy projects. The market is controlled by demand and supply, and as the country is working to increase demand, it is also focused on incentivising the supply of resources needed to meet those demands.

# INSIGHTS

Providentially, Turkey is also incentivising programs that attract foreign nationals to move to and live in Turkey, and already Cities like Istanbul, Izmir and Antalya has become top desired destination for Expats looking to work, live and invest, be part of the early stage prosperity of Turkey.

**3. Renewable Energy is the Future:** In terms of Sustainable Energy goals, Turkey ranks no.1 in Europe and 4 in the world for amount of energy generated from renewable sources, government energy purchase agreements with private producers have incentivised private investors to heavily invest in Turkey renewable energy sector, paired with potential demand for energy in Turkey, the energy sector has become a major attraction point foreign investors.

Since 2019, the government has reduced the amount of energy purchased from private producers, as well as the unit price per MW, but there is a growing private market for energy as major corporations and manufactures are increasingly demanding electricity from private energy producers to meet their energy needs.

**4. Capital of the world:** Turkey geographically is positioned right in the centre of our world, and this opportunity is not something to be taken lightly as the country is constantly pushing to position itself rightly in the centre of everything, including Trade, Tourism, Technology, Space, Healthcare, and it is working.

- Tourism is currently between 15 - 20 million per year, and there is capacity to reach 50 million per year by 2030, and it will.
- Mega Projects like the Canal Istanbul, the highways and the intercontinental Marmaray train line will will increase trade volume up to 1 Trillion.
- The new mega financial centre in Istanbul will make it possible for many global financial powerhouse to enjoy major benefits and to operate smoothly in Turkey.
- Major improvements in Innovation and technology put Turkey in place to stand out in coming years, with plans to fully incorporate 5 of its major cities as smart cities also by 2030.

Turkey is fully prepared to play its role as the Capital of the world, and there is no doubt the country will be in a powerful position to do so.

# INSIGHTS

**Fear of the Unknown:** The major fears most investors have about Turkey has always been about the geo-political situation (considering the country is a Muslim country and is surrounded by some of the most feared and unstable countries in the region, including Syria, Iran, Iraq, Afghanistan, etc), but the Country has proved time and time again their capacity to maintain security of their territory amid the most horrific wars, terrorism and refugee situation the region has experienced.

Another major fear in Turkey is the economic situation and a devaluing Turkish Lira. In the long term, a weaker Turkish Lira means a stronger Turkish economy in terms of attracting foreign investment and increasing attractiveness of Turkish manufactured products to compete with even Chinese products.

Real estate in Turkey already boasts one of the cheapest markets to build real estate with low input costs from locally manufactured construction equipment (except in recent times with increasing cost of steel and rebar due to currency devaluation). A weaker Turkish lira will make investment cost for Real Estate construction cheaper than other competing markets, and the market prices for properties still increasing due to attractiveness of the market. Therefore, the best point to invest in Turkish Real Estate is still at the development stage of the projects for higher returns on the dollar.

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