
GENERAL EVALUATION OF 2012 AND PREDICTIONS FOR 2013

26 December 2012



OUR PREDICTIONS FOR 2012 AND ACTUAL RESULTS

INDICATORS	2012 PREDICTIONS	2012 ACTUAL RESULTS
ECONOMIC GROWTH	%3-4	% 3
INFLATION	%6.5-7.0	%6.5-7.0
MONTHLY AVERAGE HOUSING INTEREST RATES (END OF YEAR)	%1.2	% 0.80
GROWTH IN HOUSING LOANS	% 15	%13-14
HOUSING LOANS	85 BILLION TL	83-84 BILLION TL
GROWTH IN CONSTRUCTION SECTOR	% 5-6	%1-1.5
GROWTH IN HOUSING CONTRUCTION PERMITS	% 5-10	% 8
INCREASE IN HOUSING PRICES AND RENTS	LIMITED INCREASE PARALLEL TO INFLATION	HOUSING PRICES% 16 HOUSING RENTS % 12
GROWTH IN COMMERCIAL REAL ESTATE INVESTMENTS	%8-10	%6-8
COMMERCIAL REAL ESTATE RENTS	STAGNANT	STAGNANT

WORLD ECONOMIC GROWTH SLOWING DOWN

Growth Rates (%)

	2010	2011	2012 A	2013 E
WORLD	5.1	3.8	3.3	3.6
INDUSTRIALIZED ECONOMIES	3.0	1.6	1.3	1.5
THE EUROZONE	2.0	1.4	-0.4	0.2
DEVELOPING NATIONS	7.4	6.2	5.3	5.6
TURKEY	9.2	8.5	3.0	4.0

Source: IMF World Outlook Report October 2012

Türkiye 2012 Growth Target Government's Medium Term Program

- ❑ After having grown by 3.8% in 2011, the world economy will grow by 3.3% in 2012, which is lower than anticipated.
- ❑ The momentum of growth is slowing down particularly in developed countries. Growth in developed countries will be 1.3% in 2012 and 1.5% in 2013. The Eurozone will shrink in 2012 and will grow only by 0.2 % in 2013.
- ❑ In 2012, growth in developing countries also slowed down. Gelişmekte Developing countries will grow by 5.3% in 2012 and 5.6% in 2003.
- ❑ The overall pace of growth of the world economy is slowing down. Developing countries are adversely affected by the deceleration in developed countries.

GLOBAL ECONOMIC RISKS IN 2013

- FAILURE TO RESOLVE THE EUROPEAN DEBT CRISIS AND POSSIBLE BREAKS FROM THE EUROZONE (GREECE, SPAIN, ITALY)**
- FAILURE TO REACH A DEAL ON FISCAL CLIFF AND RECESSION RISK IN USA**
- RAPID DECELERATION IN GROWTH OF DEVELOPING COUNTRIES, PRIMARILY CHINA**
- CLOSE COMBAT RISK IN THE MIDDLE EAST**
- WEAKENING GROWTH THROUGHOUT THE WORLD**

GROWTH EXPECTATIONS FOR THE TURKISH ECONOMY IN THE MEDIUM TERM

	2013 % GROWTH	2014 % GROWTH
MEDIUM TERM PROGRAM	4.0	5.0
IMF	3.5	4.1
OECD	4.1	4.5
EU	3.6	4.1

GROWTH IN THE CONSTRUCTION SECTOR AND THE ECONOMY

2011 Rapid Growth

- ❑ In 2011, the economy realized rapid growth, with a growth rate of 8.5 percent. The construction sector also grew rapidly, realizing a growth rate of 11.3 percent.

2012 Targeted Slowdown in Growth

- ❑ Parallel to the policies implemented in 2012 to cool down the economy, economic growth will be realized as 3.0 percent. In 2012 the construction sector shows a growth between 1.0 and 1.5 percent.

2013 Recovery in Growth

- ❑ In 2013 Turkish economy will recover progressively. In 2013 a growth rate of 4 percent in the overall economy, and 5-6 percent growth in the construction sector are expected.

Growth Rates

YEARS	GNP GROWTH %	CONSTRUCTION SECTOR GROWTH %
2008	0.7	-8.1
2009	-4.8	-16.3
2010	9.0	17.1
2011	8.5	11.3
2012 A	3.0	1.0 – 1.5
2013 E	4.0	5-6

EMPLOYMENT IN GENERAL AND IN THE CONSTRUCTION SECTOR

- ❑ Unemployment rate declined to 9.8 percent in 2011. This trend continued in 2012 and unemployment rate declined down to 9.0.
- ❑ Employment in the construction sector was at an all time high in 2012 September with 1.89 million people. Its share in overall employment rose to 7.4 percent.
- ❑ In 2013, employment in the construction sector will remain relatively high. Unemployment rate is expected to be 8.9 percent .

Unemployment Rates

YEARS	UNEMPLOYMENT %
2009	13.5
2010	11.4
2011	9.8
2012 A	9.0
2013 E	8.9

Employment in the Construction Sector

PERIODS	OVERALL EMPLOYMENT (THOUSAND PEOPLE)	EMPLOYMENT IN CONSTRUCTION SECTOR (THOUSAND PEOPLE)	CONSTRUCTION EMPLOYMENT SHARE %
2010 Q4	22.665	1.442	6.4
2011 Q1	23.286	1.440	6.2
2011 Q2	24.901	1.863	7.5
2011 Q3	24.749	1.888	7.6
2011 Q4	23.678	1.512	6.4
2012 Q1	23.817	1.400	5.9
2012 Q2	25.282	1.828	7.2
2012 Q3	25.472	1.896	7.4

SOURCE: TURKISH INSTITUTE OF STATISTICS

INFLATION

- ❑ Inflation rate in 2011 was 10.5% due to especially increases in the FX rates.
- ❑ In 2012, inflation significantly declined owing to measures taken to cool down economy. Year-end inflation rate will be around 6.5-7.0 percent.
- ❑ In 2013, inflation will continue to decline. The year-end target is 5.3 percent.

Inflation Rates

YEARS	CPI %
2008	10.0
2009	6.5
2010	6.4
2011	10.5
2012 A	6.5-7.0
2013 E	5.3

MONETARY POLICY AND INTEREST RATES

- ❑ In a significant portion of 2012, the Central Bank applied a tightening monetary policy.
- ❑ Central Bank first raised overnight lending rates and then lowered them progressively.
- ❑ In the second half of 2012, CB overnight lending rates declined to 9.0%. Policy interest declined to 5.5%.
- ❑ In 2013 Central Bank will lower interest rates in a controlled manner. It is expected that the Benchmark interest will be 5.0% and overnight lending interest will be 7.5%.
- ❑ Turkish Lira partially appreciated in 2012 and gained stability. It will remain stable in 2013.

Central Bank Interest Rates

YEARS	BENCHMARK INTEREST RATE %	OVERNIGHT LENDING INTEREST RATE %
2008	9.00	-
2009	6.50	-
2010	6.25	5.0
2011	5.75	12.5
2012 A	5.50	9.0
2013 E	5.00	7.5

CURRENT ACCOUNT DEFICIT AND FINANCING THEREOF

- ❑ In 2012, owing to measures to cool down economy, current deficit significantly declined. In 2012 current deficit will be 55.0 billion USD, whereas foreign trade deficit will be 85 billion USD.
- ❑ Despite the relative recovery expected in 2013, current deficit will remain under control. It is expected that current deficit will reach 60.7 billion USD and foreign trade deficit will reach 95 billion USD.
- ❑ Upon improvement in credit rating of Turkey, no problems are expected in funding of 2013 current account deficit.

Foreign Trade & Current Account Deficits

YEARS	FOREIGN TRADE DEFICIT BILLION DOLLARS	CURRENT ACCOUNT DEFICIT BILLION DOLLARS
2008	70.0	41.6
2009	38.9	13.9
2010	72.5	48.6
2011	105.8	77.2
2012 A	85.0	55.0
2013 E	95.0	60.7

THE REAL ESTATE SECTOR

GLOBAL REAL ESTATE MARKETS IN 2012

- ❑ THE IMPROVEMENT IN THE HOUSING SECTORS OF DEVELOPED COUNTRIES WAS WEAK**
- ❑ PROBLEMS CONTINUE IN THE HOUSING FINANCING SYSTEMS OF DEVELOPED COUNTRIES**
- ❑ U.S. CONSTRUCTION ACTIVITIES RECOVERED, WHILE EUROZONE CONSTRUCTION EXPENDITURES STARTED TO DECLINE AGAIN**
- ❑ LIMITED RECOVERY WAS SEEN IN COMMERCIAL REAL ESTATE VALUES IN DEVELOPED COUNTRIES, WHILE INVESTMENTS AND FUNDING ARE STILL STAGNANT**
- ❑ GROWTH IN CONSTRUCTION SECTORS OF DEVELOPING COUNTRIES IS UNDER CONTROL AND SHOWING SIGNS OF LIMITED GROWTH**
- ❑ REAL ESTATE ASSET PRICES ARE EITHER SLACKENING IN A CONTROLLED WAY OR ARE STAGNANT IN DEVELOPING COUNTRIES**

THE U.S. HOUSING SECTOR AND COMMERCIAL REAL ESTATE MARKET ARE RECOVERING IN 2012

U.S. HOUSING SECTOR INDICATORS

PERIOD	NEW HOME SALES PER MONTH ANNUALLY THOUSAND	EXISTING HOME SALES ANNUALLY THOUSAND	HOME PRICES INDEX	
			CASE SHILLER 20	CASE SHILLER 10
2010 Q4	326	4.450	142.4	156.0
2011 Q1	301	4.260	137.6	150.9
2011 Q2	304	4.180	141.5	154.9
2011 Q3	306	4.280	142.0	155.6
2011 Q4	339	4.380	136.6	149.6
2012 Q1	352	4.470	134.1	146.5
2012 Q2	360	4.370	142.3	155.0
2012 Q3	369	4.690	146.2	158.9

U.S. COMMERCIAL REAL ESTATE PRICES

PERIOD	OFFICE BUILDINGS	INDUSTRIAL LOGISTICS BUILDINGS	RETAIL BUILDINGS	APARTMENTS
2010 Q4	123	121	122	128
2011 Q1	126	119	123	135
2011 Q2	128	121	126	142
2011 Q3	132	123	131	148
2011 Q4	135	123	133	156
2012 Q1	139	131	137	159
2012 Q2	142	130	139	159
2012 Q3	144	131	138	163

CONSTRUCTION SECTOR ACTIVITIES IN U.S. ARE RECOVERING, REMAINING WEAK IN E.U. FOR 2012

U.S. CONSTRUCTION EXPENDITURES ANNUAL

PERIODS	HOUSING CONSTRUCTION EXPENDITURES	NON-HOUSING CONSTRUCTION EXPENDITURES
2010 Q4	238.4	239.0
2011 Q1	235.8	242.8
2011 Q2	252.3	258.7
2011 Q3	241.7	261.3
2011 Q4	253.7	263.4
2012 Q1	256.2	270.8
2012 Q2	277.7	274.9
2012 Q3	292.1	273.4

VARIANCE IN E.U. CONSTRUCTION EXPENDITURES %

PERIODS	TOTAL CONSTRUCTION SECTOR	HOUSING CONSTRUCTION	NON-HOUSING CONSTRUCTION
2010 Q4	-9.3	-8.2	-14.4
2011 Q1	-2.5	-2.3	-3.9
2011 Q2	-4.9	-5.6	-1.4
2011 Q3	1.9	1.8	0.9
2011 Q4	2.1	2.5	-0.3
2012 Q1	-6.6	-6.4	-9.3
2012 Q2	-5.7	-5.5	-7.6
2012 Q3	-4.8	-4.6	-6.4

EXPECTATIONS FOR GLOBAL REAL ESTATE MARKETS IN 2013

- ❑ LIMITED RECOVERY IS EXPECTED IN CONSTRUCTION, HOUSING AND REAL ESTATE SECTORS IN DEVELOPED COUNTRIES**

- ❑ MOBILIZATION IN COMMERCIAL REAL ESTATE FUNDING OPPORTUNITIES AND EXPECTATION OF RECOVERY IN ASSET PRICES IN DEVELOPED COUNTRIES**

- ❑ LIMITED AND CONTROLLED GROWTH EXPECTATIONS AND CONTROL AGAINST PRICE BALLOONS WILL CONTINUE TO EXIST IN DEVELOPING COUNTRIES**

THE TURKISH REAL ESTATE MARKET IN 2012

❑ **The Housing Sector;**

Measures to cool down economy had a negative impact on the housing sector and the housing sector's performance throughout this year remained weak. Ambiguity relating to VAT rates of housing and increase of title-fee fees within the year also had a negative effect. Control of expansion of housing loans and other tightening measures led to weak housing sales. Although there is an increase in the number of projects, there is a decrease in number of individual sales compared to the performance of previous years. Prices of existing housing rose above the inflation rate, meanwhile the new housing rates rose up to the inflation rate. For the housing sector, which is suffering from insufficient funding, to deepen its roots and grow in a healthy manner, sales from mockups, which create a significant capital source, is required.

❑ **The Commercial Real Estate Sector;**

The slow-down in the economy also had a limiting effect on the commercial real estate sector. While office and hotel sub-markets remain active, Shopping Mall investments slowed down. Together with the new incentive law, industrial and logistics areas within organized industrial zones attract gradually more interest and demand.

GENERAL STATISTICS FOR TURKEY

- ❑ **Construction permits (granted by municipalities)**
 - ❑ 912 thousand in 2010, 643 thousand in 2011,
 - ❑ 515,719 in first 9 months of 2012 resulting in a 15.8 % increase
 - ❑ Forecast for end of year 2012 is 700 thousand permits

- ❑ **Housing Sales (granted from title-deed offices)**
 - ❑ 357 thousand in 2010 and 419 thousand in 2011.
 - ❑ 305,670 in first 9 months of 2012 resulting in a 1.8 % increase
 - ❑ Forecast for 2012 is 400 thousand units

- ❑ **Housing loan interest rates**
 - ❑ Interest rates, which started to decline in second half of 2012 are back to below 1%; average monthly interest rate is 0.80 %

- ❑ **Housing loans**
 - ❑ 74.6 billion TL at at end of 2011, 83-84 billion TL at the end of 2012. 13-14% growth

- ❑ **Real Estate purchases by foreigners**
 - ❑ 2.0 billion USD in 2011, 20% decrease compared to 2010.
 - ❑ 1.85 billion USD in first 9 months of 2012, resulting in 23% increase compared to same period of 2011 (1.5 billion USD)

THE HOUSING SECTOR 2012-2013

Housing Needs

- Independent of economic developments because of dependence on increasing population, urbanization rates, home renewal needs, and urban transformation factors.
- Annual housing need is 600-700 thousand units (GYODER Real Estate Sector Report in the Vision of 2023)

Housing Demand

- An overall decrease in demand in 2012
- Decline in loan interest rates at the end of 2012
- The slowdown in banks' tendency to extend home loans in the beginning of the year turned into recovery in the last quarter of the year.
- Producers' promotions targeting consumers still continuing
- Limited increase expected for housing demand in 2013
- Limited increase in loan demand with lower interest rates in 2013
- Additional demand owing to the legal adjustments concerning house sales to foreigners

THE HOUSING SECTOR 2012-2013

House Prices

- Existing house prices and rents increased over the inflation rate throughout Turkey in 2012 house prices showed limited increase (parallel to inflation).
- House prices are at a suitable level for purchasing
- Considering the demand for and supply of housing expected in 2013, increases in house prices will remain limited (parallel to inflation)
- Expected VAT adjustment in 2013 (increasing VAT rate to %18 in all house sales) will increase house prices as much as the tax (additional burden on the consumer)

Housing Supply

- Supply continued in branded housing projects that were previously launched in 2012, number of projects increased, number of individual houses decreased compared to previous years.
- With the completion of the previously launched projects, the supply of all types of will continue, even if they decelerate in 2013.

THE OFFICE SECTOR 2012-2013

❑ Demand for Offices

- ❑ Despite the economic declaration in 2012, new office rental demand continued. Particularly in class A offices number of vacant offices declined, while rents stagnated. Demand from foreign companies significantly increased and newly developing office sub-regions were indicative.
- ❑ Thanks to the gradual recovery of economy in 2013 and the expected positive effect of Turkey's credit note on foreign investments, demand in office rentals will continue. Vacancy rates will remain low throughout the year while office rents in terms of foreign currency will remain stable.

❑ Supply of Offices

- ❑ In 2012 new offices in primarily the off-CBD regions in both Asian and European sides were supplied; there is now an additional 380 thousand m2 of office space.
- ❑ To meet the continuing demand in 2013, office investments and new office supply in newly developing and transforming areas will continue. The share of office space within mix-use projects will increase.

THE SHOPPING MALL SECTOR 2012-2013

Shopping Mall Demand

- Parallel to the decline in consumer expenses in 2012, the growth in the retail sector slowed down and the shopping mall demand weakened.
- Foreign retailers' interest in Turkey continued to increase the demand for shopping centers.
- Increasing household income and the potential for growth of organized retail keeps shopping center demand dynamic in the medium term, however as of 2013 rental demand will be more selective.
- Funding of Shopping Malls became harder.

Shopping Mall Supply

- The stock of ongoing shopping center investments has 1.7 million m2 of rentable space.
- Shopping center investments are increasing in both metropolises and other cities.
- There will be a supply of 0.9 million m2 of rental space in 2013.
- In shopping mall investments, funding opportunities gradually become harder.

THE SHOPPING MALL SECTOR 2012

NUMBER OF SHOPPING MALLS OPENED IN 2012

PERIODS	NUMBER OF SHOPPING MALLS OPENED	AVAILABLE RENTAL SPACE IN NEWLY OPENED SHOPPING CENTERS	TOTAL NUMBER OF SHOPPING CENTERS	TOTAL AMOUNT OF RENTAL SPACE M2
2012 Q1	5	155.300	303	7.717.186
2012 Q2	6	205.500	309	7.922.686
2012 Q3	2	55.270	311	7.977.956
2012 Q4	3	184.000	314	8.161.956

□ 16 new shopping malls were opened in 2012. The total surface area of rental space in newly opened shopping malls is 600.070 m2, and total rentable area in Shopping Malls opened at the end of 2012 is 8.16 million m2.

□ At the end of 2012, the total rentable space per thousand people throughout Turkey is 108 m2.

THE LOGISTICS SECTOR 2012-2013

Demand for Logistics Space

- With the effect of economic deceleration, new rentals were weak throughout the year; a limited recovery was seen in foreign trade sector, while the retail sector weakened in new rentals.
- Upon introduction of the new incentive law in 2013, it is expected that interest in industrial and logistics areas in Organized Industrial Zones will increase.

Supply of Logistics Space

- Supply of new logistics space remained limited in 2011, this was due to insufficient demand, high costs from high land prices, low level of rents.
- It is expected that new logistics areas will be supplied in Organized Industrial Zones and Logistics Regions.

THE TOURISM AND HOTEL SECTOR 2012-2013

REALIZED IN 2012

- ❑ In the 10-month period between January and October 2012, the number of foreigners visiting Turkey increased by 0.37% compared to the same period of previous year and reached 28,807,965 people (*Source: This figure is obtained by the Ministry of Tourism from Security General Directorate, the statistical data shall be announced in mid-January 2013.*). This figure is expected to reach 32 million people and translates into a 2 % increase. We expect the income to reach 24 billion USD.
 - ❑ Convention tourism, entertainment and leisure, shopping tourism and city and business hotels were the fastest growing areas.
 - ❑ Domestic and foreign investments of 3-4 and 5 star hotels in Anatolian cities continued.
 - ❑ Istanbul is the 5th city throughout Europe with regard to investment. Istanbul received 8,728,880 tourists within the 11 months between January and November, with an increase of 16.2% compared to the same period of the previous year. (Source: İstanbul City Culture and Tourism Directorate web site). The number of tourists to visit Istanbul by the end of the year is 9.5 million.
 - ❑ The occupancy rate in luxury hotels in Istanbul reached 77%.
 - ❑ 4 and 5 star hotel capacities in Istanbul rose to 47,312 in 2012.
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THE TOURISM AND HOTEL SECTOR 2012-2013

EXPECTED IN 2013

- ❑ Tourism activities will diversify and continue, convention, shopping, entertainment and leisure tourism, led by faith tourism will grow faster.
- ❑ The trend of increase in room rates and revenue per room will continue.
- ❑ A strong growth trend will be experienced in the market and the interest of foreign investors, as well as per room revenue performance.
- ❑ If current hotels with tourism investment certificates are completed in 2013, the number of 4 and 5 star rooms will rise by 12,214 and reach 37,626 (Source: Ministry of Tourism website, number of hotels with tourism investment certificates in Istanbul)
- ❑ UNWTO and IPK International's growth expectation for 2013 is in the 2-3% interval for Global Tourism (Source: UNWTO website).

REAL ESTATE INVESTMENT TRUSTS

- ❑ REITs have the opportunity to commission corporate, reliable, transparent, controllable construction companies, audit them and ensure that they will operate at a certain level, both through their power to realize considerably big projects and their powerful and accountable management structures.
- ❑ REITs ensure that capital spreads to the base, transparent and accountable management method is widely adopted, precedents improve and therefore the tax bases of Title-Deed Fees, VAT, Stamp Duty, Real Estate Tax and Income/Corporate Tax rise.
- ❑ REITs, which are scarce, taking into consideration the country-sector size ratio, nevertheless attract significant level of foreign capital. Real estate is an important investment instrument throughout the world. REIT legislation applicable in 35 countries, which currently can attract investments and investors, is a very important instrument for all serious investors. This is may be the most important instrument that Turkey may use to attract international investors to Turkey, which is pointed out as the most significant real estate investment and development market throughout the world, primarily Europe.
- ❑ REITs, which are obliged to publicly disclose their financial statements and undergo CMB regulations, are in the public eye with every business move they make and operate over “actual” values.

REAL ESTATE INVESTMENT TRUSTS

□ Although REITs are exempt from Corporate Tax, they make a significant contribution to country treasury especially regarding indirect taxes, with their “setting arm’s length range” and “raising the arm’s length range” functions, owing to the fact that they transact over actual values, both with regard to taxation at shareholder level and corporate tax exemption.

□ In the 2008–2012 period, the contribution of 24 REITs quoted in ISE in the total tax revenues was TL 970 million. In addition to this amount, as of October 2012, the total amount of 175 million includes the VAT “carried forward”. In other words, 24 REITs fund the public treasury with this TL 175 million.

Total tax contribution in 2008-2012 period

Title Deed Fees	TL 122 Million
Withholding Tax	TL 89 Million
Real Estate Tax	TL 90 Million
Stamp Duty	TL 34 Million
VAT	TL 635 Million, reaching TL 970 Million in total

REAL ESTATE INVESTMENT TRUSTS

- ❑ Currently 35 countries have a REIT regime throughout the world. In all of these countries, taxation is carried out in only the shareholder phase. As a rule, no taxation is applied at REIT level.
- ❑ Abolishing the Corporate Tax Exemption of REITs shall cripple the tendency that has newly budded in the real estate sector, which is to record all transactions.
- ❑ VAT, Title Deed Fee and Income/Corporate Tax collected over transactions that are carried out over actual values owing to the Corporate Tax exemption may be lost. This advantage granted to REITs should be maintained.

REAL ESTATE INVESTMENT TRUSTS 2012

□ In 2012 3 new REITs went through public offering, raising the number of real estate investment trusts transacted in ISE to 24.

□ The market value of these 24 REITs reached TL 13.6 billion and the total value of total assets thereof was TL 21.8 billion as of the end of June.

PERIODS	NUMBER OF REITS	NET ASSETS		MARKET VALUE	
		MILLION TL	MILLION USD	MILLION TL	MILLION USD
2010 Q4	21	13.907	9.023	11.062	7.178
2011 Q4	23	20.770	11.041	11.708	6.224
2012 Q1	24	22.104	12.375	13.823	7.765
2012 Q2	24	21.772	12.072	13.912	7.714
2012 Q3	24	-	-	13.591	7.614

SOURCE: CAPITAL MARKETS BOARD
DATA AS OF THE LAST MONTH OF THE QUARTER

CONCLUSION AND PREDICTIONS FOR 2013

- ❑ IN 2012, MORE MODERATE GROWTH IN THE OVERALL ECONOMY AND THE CONSTRUCTION AND REAL ESTATE SECTORS

- ❑ ECONOMIC GROWTH (4%)
- ❑ INFLATION (6.0%)
- ❑ HOUSING LOANS AVERAGE MONTHLY INTEREST RATE-END OF YEAR 0.70-0.75%
- ❑ HOUSING LOANS (15% GROWTH)
- ❑ HOUSING LOANS 95 BILLION TL

- ❑ CONSTRUCTION SECTOR GROWTH 5-6 %
- ❑ GROWTH IN HOUSING CONSTRUCTION PERMITS 3-5 %
- ❑ LIMITED GROWTH IN HOUSE PRICES AND RENTS (parallel to inflation)
- ❑ GROWTH IN COMMERCIAL REAL ESTATE INVESTMENTS 6-8 %
- ❑ COMMERCIAL REAL ESTATE RENTS STAGNANT

MEASURES THAT NEED TO BE TAKEN ON THE DEMAND SIDE

- For dynamic and lasting demand;**
 - Housing loan interest payments should be deductible from income tax base.
 - The 0.20 percent title deed fee applied to house sales and purchases should be reduced to a reasonable level.
 - Sales and purchase agreements should not be subject to stamp duty.
 - Legal measures decreasing the appeal of real estate investments should be avoided.
 - Energy efficiency and the construction of green buildings should be encouraged.
 - Roadshows organized by GYODER should be continued (Singapore, Qatar, Malaysia)

MEASURES THAT NEED TO BE TAKEN ON THE SUPPLY SIDE

- ❑ **For dynamic and lasting supply;**
 - ❑ Cost of land should be reduced through the development of zoned land.
 - ❑ The element of VAT in land costs should be regulated.
 - ❑ The bureaucracy of zoning and permits should be rehabilitated.
 - ❑ Unfair competition should be removed from taxes, dues and duties.
 - ❑ The training of qualified personnel of all levels in the sector should be a priority.
 - ❑ Regulations restricting the activities of foreign investors and foreign capital firms should be removed.
 - ❑ As a reinforcement to the reciprocity law, foreigners should be granted the habitation permit rights.
 - ❑ Zoning and permit rights should be seen as vested rights.
 - ❑ Since housing is a necessity and an instrument of investment, it should be taken out of the scope of the Consumer Law and evaluated within the framework of a separate law.

URBAN TRANSFORMATION

For better organized cities;

- The role of the private sector should be increased.
- The legal basis of the law of property ownership should be amended.
- Financial instruments should be developed.
 - The transfer of zoning rights should be ensured
 - The mobilization of zoning rights should be ensured
 - Disaster bonds – bills should be issued
- Green buildings and energy efficiency should be promoted.
- Urban transformation should be thought of as a city-wide undertaking and not only as a residential one.

WHAT WE EXPECT OF OURSELVES

- ❑ The upcoming period should be well researched and correctly understood by all players and appropriate strategies should be developed. Urban transformation and the production of quality housing should be the main goals.
- ❑ Investment into design, technology and human resources should continue. It should not be forgotten that investment in these means investment in the main dynamics of Turkey.
- ❑ New technologies, efficiency, procurement and cost management should be priorities and new policies should be developed to ensure competitiveness and profitability.



GYODER
The Association of Real Estate Investment Companies