

## Buying Guide

### Why buy property in Turkey?

Turkey has a truly stunning coastline, great weather, fabulous food and the high standard of service that British buyers have come to expect from a second home destination. A wide choice of property, both new-build and resale, is available – and at a very affordable price compared to other, more established, European destinations.

The country also has a feel of the exotic, and the reception from the Turks is never anything less than welcoming. Infrastructure is also good, with good quality roads and a wide choice of airports. In addition, the range of facilities and amenities, from water sports to Ikea, is nothing less than phenomenal. Perhaps the only type of buyer that Turkey won't appeal to is the golfer, as there is a considerable lack of courses in the south – with the exception of Belek which is building golf resorts at an unprecedented rate.

The cost of living in Turkey is also very reasonable – perhaps 30 to 50 per cent cheaper than the UK. All in all, Turkey has a great deal to offer the British property buyer – be it for investment, retirement or just a holiday home.

### Popular buying locations

People looking to buy a property in Turkey tend to look in three main areas: Istanbul, the Aegean coast and the Mediterranean coast. While not the capital, Istanbul is the cultural heart of Turkey and offers a cosmopolitan lifestyle. Having said that, not many foreigners tend to buy here compared to the coastal resorts, but it does offer a better buy-to-let opportunity as the population is huge and the city isn't suffering from the over-supply that is currently affecting the coast.

The Aegean coast comprises Çeşme, Kuşadası, Altinkum and Bodrum. The diversity in just this region is overwhelming – no matter what you are after you will find it on the Aegean. From quaint fishing villages to bustling towns, this is an area that has something for everyone, with beaches, history and a huge selection of bars and restaurants.

Meanwhile, the Mediterranean coast ranges from Marmaris in the east to Alanya in the west. This huge stretch of coastline, serviced by Antalya airport, boasts long hot summers and the promise of snow in the mountains behind during the winter. Golf courses are starting to appear here, making for a truly modern destination.

### The property buying process

When you have chosen the Turkish property you want to buy, a verbal agreement is made. However, the property won't be taken off the market until you have signed a reservation contract and paid a reservation fee (this is usually around £2,000). Your solicitor will then request a copy of the title deeds (TAPU), and check that the house/apartment has planning permission.

### At a glance

#### Currency

New Turkish lira (abbreviated to YTL or TRY). Current exchange rate: TRY2.36 = £1.00 sterling

#### Cost of living

- Loaf of bread: £0.20
- Bottle of wine: £5.00

#### Time

Two hours ahead of GMT (three hours from the last Sunday in March to the last Sunday in October)

#### Business hours

- Offices: 9:00 am to 5:00 pm, Monday to Friday. Some close for lunch
- Banks: 8:30/9:00 am to 4:30/5:00 pm, Monday to Friday. Some close for lunch
- Shops: 9:30 am to 7:00 pm daily in tourist resorts. Outside these areas, some close for lunch and on Sundays

#### Population

Approximately 70 million

#### Languages

The main languages are Turkish (official) and Kurdish. Azeri, Dimli and Kabardian are also spoken

#### Religions

99 per cent Muslim (chiefly Sunni), with Christian and Jewish minorities

#### Driving

Driving is on the right. UK licences are valid for visits of up to three months. An International Driving permit is required for longer stays. To rent a car, drivers must be aged at least 21

#### Average Property Prices

Three-bedroom house: average cost: £105,500  
Two-bedroom apartment: average cost: £51,000

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Providing the title and the other searches are successful, you should then open a local bank account and register with the local tax office. A preliminary contract is then drawn up, committing you to the purchase, and you will be required to pay a deposit, which could range from ten to 30 per cent.

The TAPU office will need to see proof of identification and a copy of the deeds. They will then make an application on your behalf, which includes a check of your suitability and ensures that the property is not in a military sensitive zone or prohibited area.

Once clearance has been given, both the property buyer and seller sign a final contract, the balance is paid and your title is registered.

### Legal issues

The biggest issues facing the Turkish property market are problems securing title and undervaluing (see new-build versus resale). Buyers whose purchase was taking place between June 2005 and January 2006 may also have had some problems while a newly drafted property law was sent back to Parliament for redrafting. During this time all sales to foreigners were frozen, and as a result there is a backlog of applications which are waiting for military approval – which could ultimately delay your buying process by anything up to six months.

There is light at the end of the tunnel however, as experts believe that the need for military approval will be removed sooner rather than later – as that will be a clause for successful EU entry. This would simplify, not to mention speed up, the entire buying process.

As well as getting your lawyer to check the title thoroughly, also ensure that they examine the location of your property. Land surrounding your home could be subject to a change of use, or even have planning permission, which may alter your views and the general outlook of the property altogether.

### Financing property purchases

The easiest, and most cost effective, way to buy property in Turkey is with cash. If this is not an option then seriously consider raising the finance by releasing equity in your own home, as this also saves time and hassle. UK banks do currently not lend on Turkish property, so if you can't raise the capital in the UK by any other means then your only other option will be to get a Turkish mortgage.

However, in order to be eligible for a Turkish mortgage, you must be resident in Turkey. All Turkish mortgages are arranged on a repayment basis – there is no such thing as an interest-only loan. You will also need a 30 per cent deposit, as the maximum loan-to-value lent by Turkish banks is 70 per cent. Also be aware that the term of a local mortgage will be over 15 years, 25-year loans are unheard of, and that there is likely to be a minimum loan amount of around £20,000. The good news is that you will probably be able to secure a fixed-rate deal for the entire length of the loan.

### Turkish property: Fees and taxes



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When buying property in Turkey, allow roughly ten per cent of the purchase price for associated costs. This breaks down into estate agents fees of around three per cent, stamp duty of 1.5 per cent and legal fees of up to five per cent. If you are buying from another individual, you may also be liable for property transfer tax at 1.5 per cent. In addition, you must budget for land registration fees, notary fees and any translation services.

When you have completed, you will also need to arrange earthquake insurance in addition to buildings and contents. There is also an annual property tax and local environmental tax. Bear in mind that if you are planning to rent your property out you will have to pay income tax on any profits.

If you are selling a Turkish property that you have owned for less than five years then you will be liable for capital gains tax. If, however, you sell it after this period then you will be exempt. Inheritance tax ranges from one to 30 per cent, depending on the size of gift left.

### Visas, residency and work permits

British citizens need a visa to enter Turkey. You can buy this once you have landed for a fee of £10, and it is then valid for multiple entries for a period of up to three months. Many people who want to stay for longer than three months simply leave Turkey and then re-enter on a new visa. This is particularly easy if you live in a coastal resort such as Bodrum, as you can simply go on a day trip to one of the Greek islands.

If you are wishing to reside on a more permanent basis however, it may be worth applying for a residence permit. You can do this at the foreigners section of your local police station, and it will take anything from two to eight weeks.

If you wish to work in Turkey, your employer will have to apply for a work permit which can be a lengthy process. If you are thinking of working for yourself once out there, then you must set up a Turkish Limited Company which can only be done through a local solicitor.

### New-build versus resale properties in Turkey

There is a great deal of new-build property in Turkey, from one-bedroom apartments to six-bedroom villas. However, as tends to be the nature of new-builds today, most of this will be sold off plan. It is important that you buy off a reputable developer, as estate agents are a dime a dozen in Turkey, and there are many horror stories of people buying a property that has also been sold to someone else. There are enough good firms around though, and buying off plan may enable you to secure a home at a competitive price.

If you are buying a resale property, get an independent lawyer to check out the title deeds before signing anything – or handing over a deposit. There has been much confusion over title in Turkey, so you can never be too careful. Also, make sure that the agreed price is mentioned in all official documentation, as sellers may try to list a lower selling price to avoid tax. Do not agree to this – not only are there legal ramifications, but when the time comes to sell, if you can't find a buyer willing to do the same thing, you may be hit with a tax bill on an amount that is larger than the profit you have actually made.



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### Property in Turkey: Investment potential

Buying in any country purely for investment always comes with its risks, and Turkey is certainly no exception. There are, however, some factors which may contribute to higher capital growth than other destinations.

The prospect of Turkey joining the European Union is an issue which always arises when discussing Turkish investment potential. The truth is that, while Turkey has been an official candidate for EU membership since 1999, there is no sign on the immediate horizon of this becoming a reality. That's not to say that it won't come to fruition – but experts who are willing to put their predictions on the line state that the earliest this is likely to happen is 2015.

The other factor affecting house prices is flights. Turkey is not on any cheap air routes, and currently there are no direct flights to southern Turkey during the winter. Many British owners are currently campaigning against this, as it limits their rental season – as well as their own enjoyment. It is possible to change at Istanbul, but this can considerably lengthen the average three and a half hour flight time.

### Health and education

While you don't need to have any particular vaccinations before you enter Turkey, it is absolutely essential that you have private health insurance as there is currently no reciprocal agreement with the UK. Most cities and tourist resorts have private hospitals in which the standard of care is believed to be very good. Do, however, be aware that the Turkish ambulance system doesn't have such a positive reputation, and taxi is often believed to be the quickest route to the hospital.

Much like in the UK, the Turkish education system is divided into preschool, primary and secondary schools. British children are entitled to enter the state system, but facilities do tend to be much better at either international or private schools. Unfortunately, international schools can only be found in large cities. A child entering the Turkish education system will need a student visa unless they are the legal dependent of someone with a work visa.

### Transport

British Airways and Turkish Airlines are among a number of carriers that offer direct flights to Turkey's major airports on a frequent basis. During the summer months several charter airlines such as Cosmos and Thomas Cook Airlines fly to the southern tourist destinations, but these tend to be limited to fixed term return dates.

Once in Turkey, be aware that public transport is pretty thin on the ground – although there are more buses in busy tourist resorts than elsewhere. Taxi's however tend to be reasonably priced and in plentiful supply. If you are planning to do a fair amount of sightseeing then your best bet is probably to hire a car – which can be an economical decision, especially when travelling with a group.

### And finally...



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As with any property investment you should think clearly before investing in a Turkish home. There are things to consider carefully before parting with any money: is the title clear? Is the property built to earthquake specifications? Is the estate agent registered?

Generally these are questions that only your solicitor can answer, so make sure that you get an independent lawyer who is acting solely on your behalf. The same should be said for financial advice as, despite low property prices, this is still a large investment. A small outgoing now could save you thousands in the future. Ultimately, do your research before committing to any property purchase.

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