



INVEST IN TURKEY

newsletter

THE REPUBLIC OF TURKEY PRIME MINISTRY
INVESTMENT SUPPORT AND PROMOTION AGENCY OF TURKEY

ISSUE 17

JULY 2015



Property purchases by foreign buyers hit historic high

Property purchases by foreign buyers in Turkey reached a new record in May, according to data from the Turkish Statistical Institute (TurkStat).

A total of 1,982 properties in the country were acquired by foreigners last month, up 21.3 percent from the same month of 2014. Among the locations preferred by foreign home buyers in Turkey, Istanbul took the lead with 636 sales, followed by the coastal city of Antalya with 545, while Bursa, popular with Arab tourists, attracted 128 foreign buyers. Property sales to foreigners during the first 5 months of 2015 also went up by 19 percent over Jan-May period of last year, amounting to a total of 8,097 transactions.

The easing of the law which governs property purchases by foreign nationals in 2012, opened up Turkey's booming real estate market to investors from Russia, the Arab world, and Southeast Asia. The country also grants residency permits to foreigners who acquire property.



Discover
the potential

The amount of real estate purchases by foreigners

in Turkey reached USD 4.3 billion in 2014, up 41 percent over the preceding year.

Foreign nationals spent a total of USD 30.2 billion to acquire nearly 137,000 properties in Turkey since 2003. British nationals top the list of foreigners acquiring properties in the country with 36,400 individuals followed by Russians with 13,500. The Mediterranean province of Antalya emerged as the top choice for foreign home buyers in Turkey with 56,600 housing units sold while the Aegean province of Mugla came second with 22,900 units. With the abundance of projects suited for foreign buyers, sector analysts expect higher property sales in the coming years.

Sumitomo plant in Turkey reaches operational stage



Sumitomo Rubber's newly completed tire factory in Turkey's Central Anatolian province of Cankiri has commenced production of radial passenger and light truck tires. The USD 520 million investment realized in partnership with Abdülkadir Ozcan A.S (AKO) will manufacture 10 million tires per year, primarily for export markets.

"Sumitomo Rubber AKO plant in Cankiri is a significant contribution to regional employment and our country's exports. We are proud to have assisted in this project right from the beginning," said Investment Support and Promotion Agency of Turkey (ISPAT) President Arda Ermut during the ceremony held to mark the first production run.

With the plant reaching operational stage, Turkey has become the strategic supply base of Sumitomo for reaching the emerging markets in the Middle East, North Africa, and Russia, according to Sumitomo Rubber AKO CEO Norifumi Fujimoto. Thanking ISPAT for its assistance at every stage of the project, Fujimoto said that the Turkish plant would cut down transportation costs and time to the surrounding markets.

Turkey's first airport on an island lures Gulf investors



The recently commissioned Ordu-Giresun Airport, built on an artificial island off the coast of Ordu province in the Black Sea region, has attracted Arab investors looking for real estate and tourism opportunities in the province's lush green plateaus.

Investors from Saudi Arabia, Kuwait, and Qatar paid a visit to Ordu Governor Irfan Balkanlioglu, who said that the new airport greatly enhanced the region's touristic appeal. "In opening a new gateway to the Black Sea coast, Ordu-Giresun Airport has proven its worth as a tourism booster," the Governor said. Investors from the Gulf are mainly interested in holiday resorts and housing projects, and the availability of direct flights from many parts of the world offers great advantages in that regard, according to Balkanlioglu.

Ordu-Giresun Airport is the first of its kind in Turkey and in Europe, built on an artificial island spanning 1,770,000 square meters. The airport will serve both Ordu and Giresun provinces, with a capacity of 3 million passengers per year.

In addition to Istanbul, Turkey's Black Sea coast, famous for its greenery and temperate climate, is popular with Arab tourists who visit the region in droves.

Turkish plant crucial to Fiat's comeback in the compact class

Italian carmaker Fiat is preparing for re-entry to the compact car market with the Aegea platform to be manufactured at the Tofas plant in Bursa, Turkey. First unveiled as a sedan at the Istanbul Auto Show 2015, the Aegea line will acquire hatchback and station wagon versions in the near future, enabling Fiat to compete in the key segments of the European market.

The Aegea will have a new name when it hits the market later this year in its sedan form, while the hatchback and station wagon will reach dealers in 2016 and 2017, respectively. Tofas, the joint venture between Koc Holding and Fiat, invested USD 520 million in the Bursa plant to manufacture the new compact class.

Tofas' R&D department was heavily involved in the design and engineering of the Aegea platform, which derives its name from the Aegean Sea. The first of the production models will roll out of the Bursa plant by November. Tofas will export the vehicle to over 40 countries in Europe, the Middle East, and Africa.

Home to manufacturing plants of global brands such as Fiat, Ford, Toyota, Honda, Renault, and Hyundai, Turkey is a major manufacturer of motor vehicles in Europe, with over 1 million vehicles produced annually.

Real Estate



With special investment incentives in place, Turkey's call center sector aims to employ 350,000 people by 2023, the centennial of the Republic.

Turkey has undergone a profound economic transformation over the past decade and its economic fundamentals are quite solid. It is the 17th largest economy in the world and the 6th largest economy in Europe, with a GDP of approximately USD 820 billion in 2013.

The demand drivers of the Turkish real estate sector are advantageous geographical location, population growth and demographic advantage, increase in income per capita, extensive urban renewal and development, large capacity and power in the construction sector and ease of doing business. The real estate sector in Turkey represents 19.5 percent of total GDP, which brings great investment potential to the sector. The GDP share of the real estate sector increased by 2.3 percent in 2000 and 3.8 percent in 2012. The average share of construction, real estate, rental and business activities and new house sales in total GDP increased by 16.7 percent from 2000 to 2005. However, the sharpest increase, of 20.5 percent, was between 2006 and 2009.

On the investment side, FDI inflow rose to USD 12.5 billion, while real estate and construction garnered USD 1.6 billion of total FDI in 2012. Sales of real estate to foreigners began to increase following enactment of the reciprocity law and reached USD 2.64 billion in 2012. The Ministry of Environment and Urbanization announced that real estate sales to foreigners increased from 2 percent to 5-6 percent in the last ten months of 2013.

Asian hoteliers line up for investments in Turkey

Attracting millions of tourists from every corner of the world, Turkey is set to welcome more Asian hotel chains to its tourism sector. Following the success of Raffles, Aman Resort, Mandarin, and Shangri-La, more hotel chains from the Far East are lining up for investments in the country.

Japanese Okura and Hong Kong-based Swiss-Belhotel have already announced their decision to open hotels in Turkey, while The Ascott from Singapore and Central Group of Thailand have added the country to their future investment plans.

The first Japanese tourism company to invest in Turkey, Okura will open 5 hotels in the country over the next 5 years. The Japanese hotelier has chosen the Capadocia region of Nevsehir, famous for its underground city and unique geological formations, for its first hotel investment. Hotel Okura Spa&Resort Cappadocia is to be opened in 2017 and will mainly welcome thousands of Japanese tourists to visit the region every year. Swiss-Belhotel plans to increase the number of its hotels worldwide to 160 by 2016, in accordance with its expansion plans covering Europe and Africa, with Turkey in the lead for investments alongside Egypt, Tunisia, and Morocco. Swiss-Belhotel plans to increase the number of its hotels worldwide to 160 by 2016, in accordance with its expansion plans covering Europe and Africa, with Turkey in the lead for investments alongside Egypt, Tunisia, and Morocco.

Bangkok-based Central Group has chosen Turkey as one of the locations for its 9 new hotels worth USD 1.14 billion, while The Ascott, belonging to Singaporean investment company Temasek, has added the country to its investment list for 2015.

The combined investments of the existing Asian hotel chains in the country – Raffles, Aman Resort, Mandarin and Shangri-La – amount to USD 1.2 billion.

Turkey welcomed nearly 40 million tourists in 2014, ranking 6th among world's top destinations.

ISPAT Team at Work

Istanbul International Cooperation and Investment Summit - 30 May 2015 Istanbul, TURKEY



Accredited by EU and UN, the Istanbul International Cooperation and Investment Summit was held by the European Businessmen Club Association (EBCA) and International Diplomats Association (DMW Turkey), with the support of ISPAT and Polish Ministry of Economy. The possibilities of cooperation and investment opportunities in the fields of renewable energy, tourism, agriculture, technology and R&D were the key topics in the summit, where international and domestic companies were offered the chance to exchange ideas and form future partnerships. ISPAT's Senior Advisor Wolf-Ruthart Born participated in the event with a presentation on the outlook of Turkey's economy, investment climate and business opportunities.

WAIPA - World Investment Conference - 14-16 June 2015 Milan, ITALY



In the context of increased investor confidence, the annual World Investment Conference (WIC), the flagship event of the World Association of Investment Promotion Agencies (WAIPA), took place at the Palazzo Lombardia alongside Expo Milan. The conference brought over a hundred major IPAs from all around the world together with heads of financial institutions, government officials, private sector and academia relevant to FDI policy and strategy. The agenda focused on issues of importance to IPAs: the role of FDI in stimulating aggregate demand and countering the slump in global economic growth; the effects of multilateral investment agreements in global FDI inflows; some best practices in FDI promotion to enhance the quality of human capital and physical infrastructure and how FDI could be channeled into agriculture to feed the planet—also the theme of the Expo Milan.

With regard to the formation of a new steering committee and the presidential election, the members of WAIPA unanimously voted to remain under ISPAT's leadership for the next two years, while the Italian Trade Promotion Agency (ICE) and Azerbaijan Export and Investment Promotion Foundation (AZPROMO) were elected vice-presidents.

Langenburg Forum for Sustainability - 18-19 June 2015 Langenburg, GERMANY



Bringing decision-makers and lateral-thinkers together with multipliers and start-ups from management, civil society and politics in topic-specific forums, the Langenburg Forum is dedicated to addressing the issues of sustainability. This year, issues related to opportunities for sustainable mobility through digitalization and electrification were brought to the table in the forum, where the exclusive topic was "whether digitalization and electrification in the transportation sector can topple the status-quo of increasing greenhouse gas emissions resulting from transport and create opportunities for sustainable development". ISPAT President Arda Ermut participated in the panel entitled "Intermodality in Freight: Push from Digitalization?" and addressed questions.