

International Property Markets Scorecard

Turkey Market Conditions – Desktop Survey August 2013



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Scorecard Background & Information

The Scorecard reflects the status of the six Core Elements necessary for transparent and efficient property market development. Each Core Element includes three Lead Indicators that are further divided into Sub-Indicators. Colors signify the strength of institutions that support market development – very strong, strong and weak. No color indicates that institutions are very weak. Gray indicates more information is needed for an objective determination.


Acknowledgement

The International Property Markets Scorecard Project is the latest development in the continued cooperative work between the Center for International Private Enterprise (CIPE) and the International Real Property Foundation (IRPF). The Scorecard derives from the work of an academic panel led by Richard Green, PhD., Director of the University of California's Lusk Center for Real Estate and the University of Denver, Burns School of Real Estate and Construction Management's Global Real Estate Project under the direction of Dr. Mark Lee Levine.

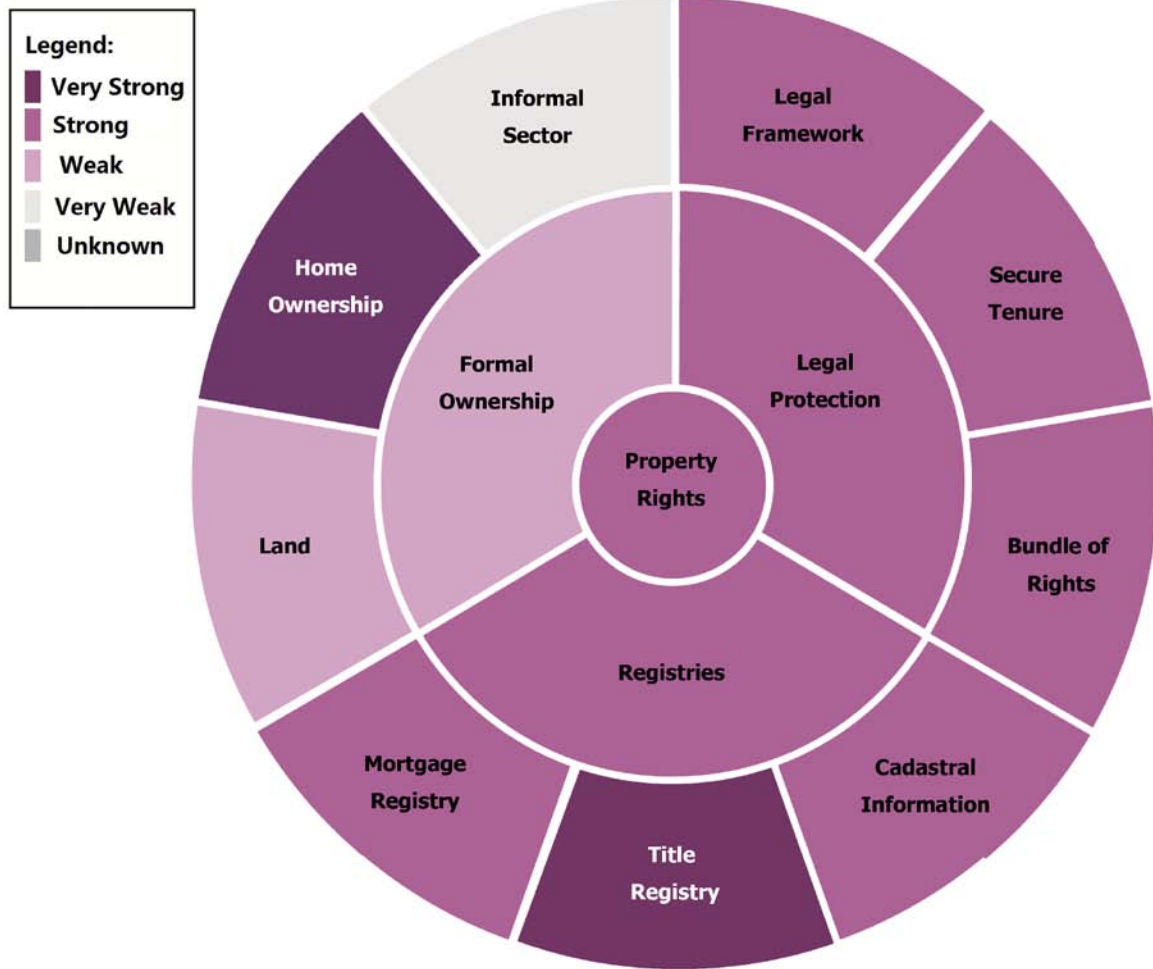
Yuting He, a master student, majoring in Applied Economics, at Georgetown University, updated this Scorecard as a summer internship at CIPE.

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1. Property Rights



Goal – Property rights that are legally protected, secure, recorded in a single, accurate, widely accessible electronic registry and that lead to high levels of formal ownership for all citizens

1.1 Legal Protection

Core Question:	Does an effective and sufficient legal framework exist to protect property rights for all citizens? Yes – Strong, Everyone has the right to own and inherit property. These rights may be limited by law in view of public interest. Foreign owners have equal property ownership rights.
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Legal Framework

1.1.1 Are property rights clearly defined and protected by law? **Yes – Strong – Ranking 57th out of 144; Score 4.5 out of 7**

Security of Tenure

1.1.2 Can citizens challenge the legality of government takings? **Yes – Strong – 56th out of 144; Score 3.9 out of 7**

Source: *Global Competitiveness Report 2012-2013* – World Economic Forum

<http://www.weforum.org/issues/global-competitiveness>

<http://www.turkpropertylaw.com/index.php?p=legal-framework>

Bundle of Rights

Survey Question

SQ1 What is the bundle of rights (group of rights such as occupancy, use and the right to sell or lease) associated with both residential and commercial property ownership? **Strong – there are some government limitations.**

1.2 Registries

Core Question:	Does a reliable property registry exist including cadastral, title and mortgage lien information? Yes – Strong, a Cadastre Modernization Project is underway.
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1.2.1 Cadastral Information

Status – Strong

Survey Questions

- SQ 2 Is cadastral information (information about the dimensions and location of land parcels) accessible to the public? **Yes.**
- SQ 3 Is zoning/permitted use information included are use regulations respected and enforced? **Yes.**
- SQ 4 Are Geographic Information Systems (GIS) including Global Positioning Satellite (GPS) information used to create and update the registry? **Yes.**
-

Source: Turkey Land Registration and Cadastre Modernization Project <http://www.worldbank.org/projects/P106284/turkey-land-registration-cadastre-modernization-project?lang=en>

1.2.2 Title Registry

Very Strong – 42nd out of 185; Trend ↑

- 1.2.2.1 What is the number of procedures required to register the transfer of a property from one owner to another? **6**
- 1.2.2.2 What is the duration of time in calendar days that it would take to complete the transfer? **6**
- 1.2.2.3 What is the total cost of the transfer including all fees, taxes, etc. expressed as a percentage of the value of the property? **3.3% of property value**

Source – *Doing Business 2013* – Registering Property, World Bank
<http://www.doingbusiness.org/data/exploreeconomies/turkey#registering-property>

1.2.3 Mortgage Registry

Status – Strong

Survey Questions

- SQ 5 The mandatory use of notaries or similar officials slows down and adds cost to the process. Does a notary need to be involved in the registration process? **Yes.**
- SQ 6 Is information in the registry available electronically? **Yes.**
- SQ 7 Title insurance is indemnity insurance against financial loss from defects in title and from the invalidity or unenforceability of mortgage liens. Is title insurance available to lenders? **Yes.**

Source – *Financing Homes 2008*, World Bank and International Housing Finance Corporation
<http://www.cipe.org/sites/default/files/publication-docs/Financing%20Homes%202008.pdf>

1.3 Formal Ownership

Core Question:	Do citizens understand and trust property rights institutions and avoid the informal sector? No – Weak, illegal uses of property continue to go unchecked.
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Survey Questions

Land

SQ 8 What is the status of land ownership? **Weak – large amounts of land are still controlled by the government.**

Home Ownership

SQ 9 What is the percentage of formal home ownership? **84.5% Very Strong**

Source: U.N. Habitat Urban Indicators Website -<http://www.unhabitat.org/stats/Default.aspx>

Informal Sector

SQ 10 What is the percentage of service firms that report competition with unregistered or informal firms? **54.2% (2008) Very Weak**

Source: Enterprise Surveys Website- www.enterprisesurveys.org/

In-Country Assessment Information (as of 2011)

Field Question (FQ) 1. What is the actual status of property rights and ownership for citizens?

The government can force citizens to move similar to eminent domain. For example, in Istanbul some land is very expensive and are under utilized. The government in this case forces the residents to relocate and in turn make money on the land. There is typically not enough time for residents to seek legal counseling or court action.

FQ 2. What is the actual experience of transferring a property?
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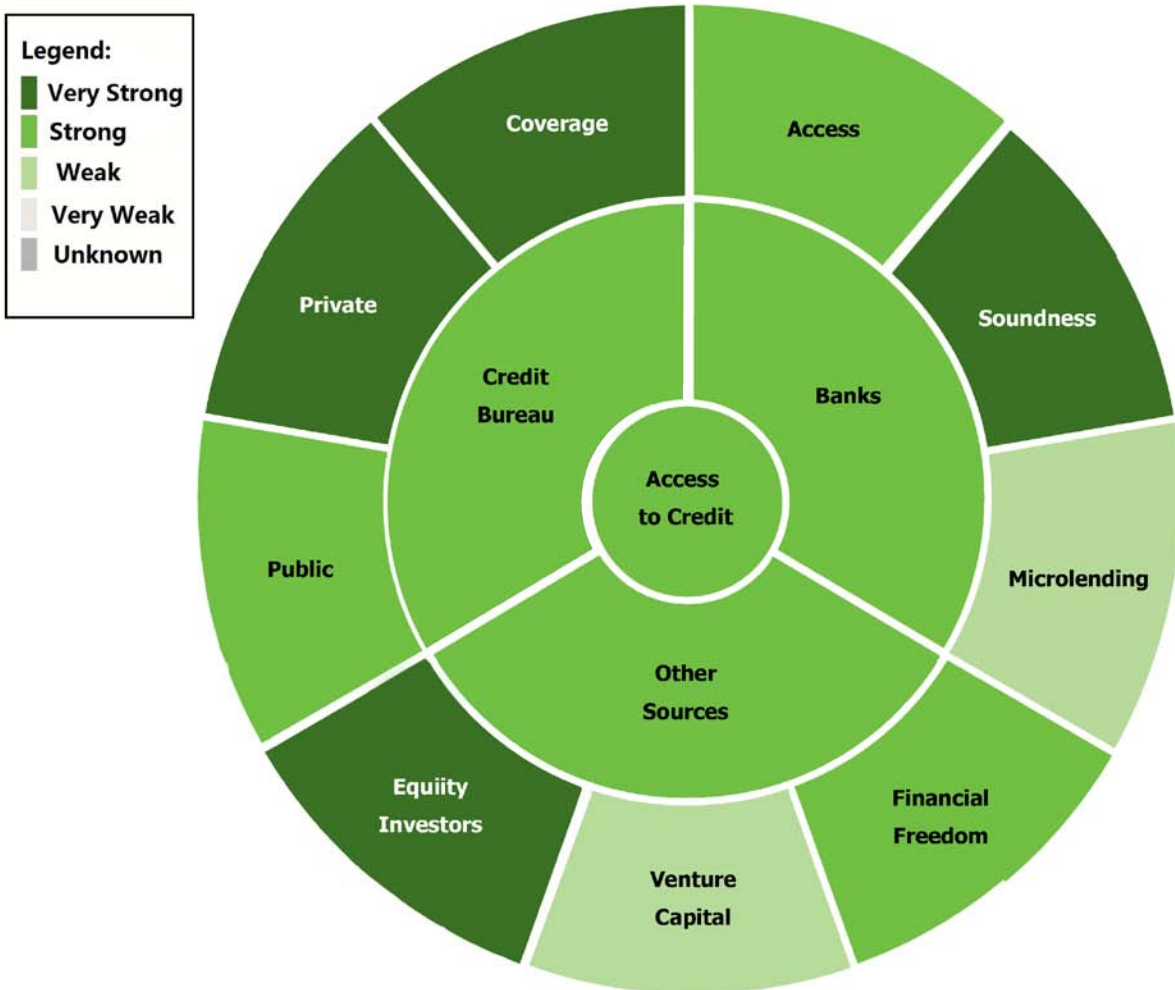
On a local level, real estate transactions may involve an extra line for “municipality office equipment,” which roughly translates into foreign cars for the officials. Specifically, officials may ask for assistance with office equipment that will help them to improve their productivity and facilitate permitting processes.

FQ 3. What are the actual housing conditions for all groups including the poor, minorities and other marginalized groups?

There is a large gap between housing conditions in Turkey, esp. between Eastern Turkey and Western Turkey. Western Turkey is more religiously liberal and socio-economically more successful.

Source: Summer 2011 Field Research Visit by Lin Mao, CIPE Intern and student at Johns Hopkins University

2. Access to Credit



Goal – An efficient, transparent financial sector that provides a broad range of citizens with access to multiple forms of competitive credit so that they can start businesses, build wealth, and purchase property

2.1 Banks

Core Question:	Are traditional banking services robust and extensive enough to serve the needs of the population to help them build wealth and purchase property? Yes, Strong - The financial system has undergone a rapid transformation, with greater transparency and competitiveness.
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Access

2.1.1 How easy is it to obtain a bank loan? **Strong – Ranking 62nd out of 144; Score 3.0 out of 7**

Soundness

2.1.2 How sound are the country's banks? **Very Strong – Ranking 22nd out of 144; Score 6.0 out of 7**

Source: *The Global Competitiveness Report 2012-2013*, World Economic Forum
<http://www.weforum.org/issues/global-competitiveness>

2.1.3 Microlending

Status – Weak – few organizations operating relative to the size of the need.

2.1.3.1 Microfinance allows citizens without traditional creditworthiness to build a credit history. How many microfinance institutions are operating in the country? **2**

MAYA – Maya Enterprise for Microfinance
TGMP – Turkish Grameen Microfinance Program

2.1.3.2 What is the number of active borrowers per institution?

MAYA - 1,777
TGMP – 52,271

Source: Microfinance Information Exchange www.mixmarket.org/mfi

2.2 Other Sources

Core Question:	Are entrepreneurs free to raise capital outside the banking system including venture capital and/or by issuing stock in a well-regulated stock exchange? Yes – Strong, new stock exchange – Borsa Istanbul – opened in April 2013.
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Financial Freedom

2.2.1 How much control does the government exert over financial services? **Strong for entrepreneurs – Score 60 out of 100 – Limited government control**

Source: *Index of Economic Freedom 2013*, Heritage Foundation
<http://www.heritage.org/index/country/turkey>

Venture Capital

2.2.2 How easy is it for entrepreneurs to find venture capital?
Weak – 73rd out of 144; Score 2.5 out of 7

Equity Investors

2.2.3 How easy is it to raise money by issuing shares on the stock market? **Very Strong – 32nd out of 144; Score 4.3 out of 7**

Source: *The Global Competitiveness Report 2012-2013*, World Economic Forum
<http://www.weforum.org/issues/global-competitiveness>

2.3 Credit Bureau

Core Question:	Is comprehensive credit information available through public and private credit bureaus? Yes - Strong
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Overall Ranking 83rd out of 185, trend ↑

Coverage

2.3.1 What is the depth of information available in credit bureaus? **Very Strong – Score – 5 out of 6**

2.3.2 What is the extent of public credit registry coverage? **Strong – 23.5%**

2.3.3 What is the extent of private credit registry coverage? **Very Strong – 63.0%**

Source: *Doing Business 2013 – Getting Credit*, World Bank
<http://www.doingbusiness.org/data/exploreeconomies/turkey#getting-credit>

In-Country Assessment Information (as of 2011)

FQ 4. How available are mortgage loans for purchasing property, who is the typical user and what are the prevailing trends?

Mortgages are relatively new in Turkey.

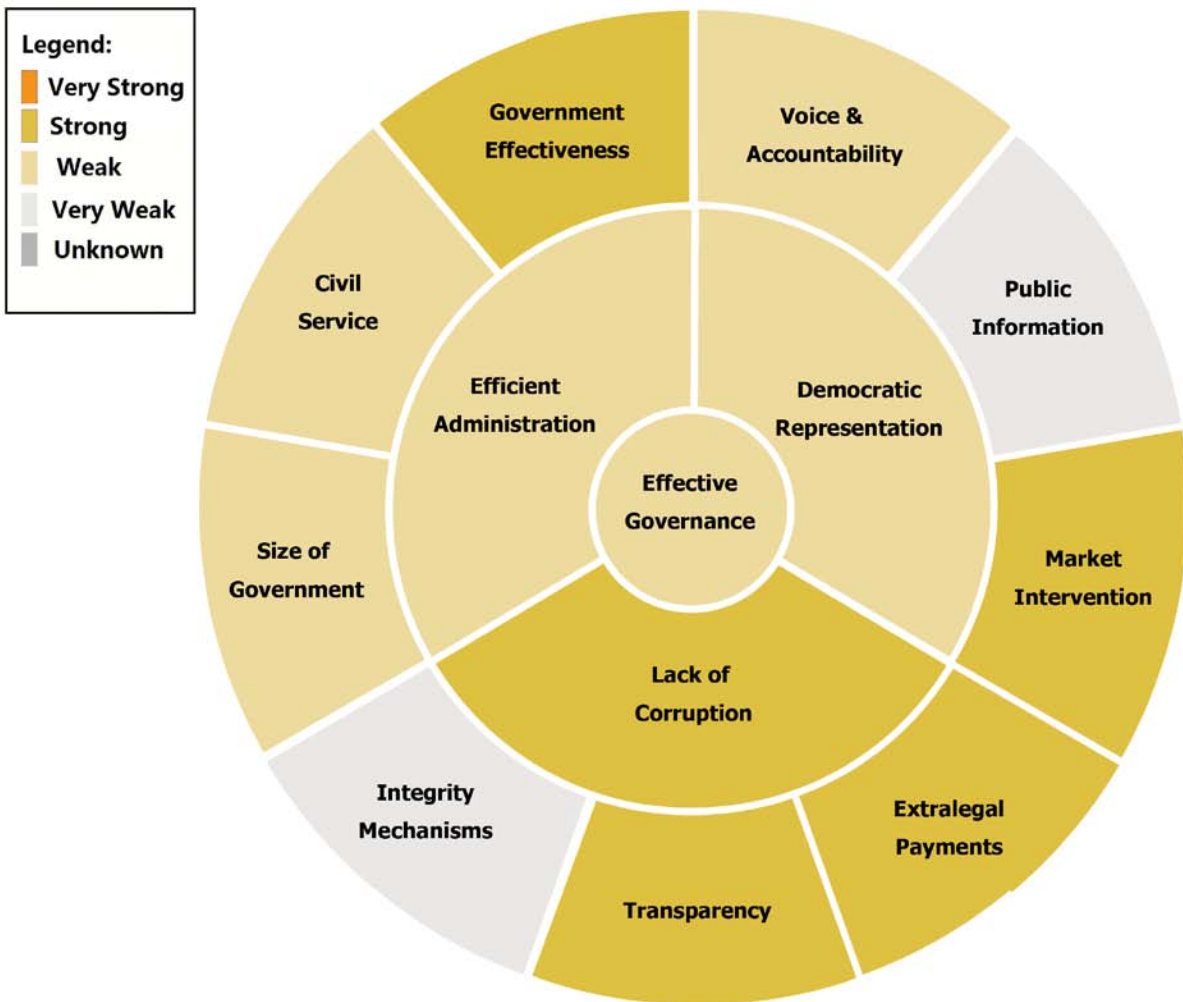
FQ 5. What are the interest rates, term and loan-to-value ratios for available mortgages?

For residential loans, 75% of value can be borrowed at 7-7.5% interest over a period of six years. For commercial projects, the LTV is 50% for a loan period of 60 months. Alternative means for loans are in Investment Banks. Substantial differences exist in Turkey in mortgage loans, which is based on a Turkish culture of paying back borrowed money as a primary social priority.

FQ 6. Are there any informal barriers to borrowing such as for women or minorities? No

Source: Summer 2011 Field Research Visit by Lin Mao, CIPE Intern and student at Johns Hopkins University

3. Effective Governance



Goal – A popularly elected government free of corruption and functioning efficiently and transparently enough to guarantee economic freedom to individuals and support equitable property markets

3.1 Democratic Representation

Core Question:	Does the country have free and open elections for the leadership and can citizens engage in free enterprise? No – Weak, recent elections have moved toward religious conservatism.
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3.1.1 Voice & Accountability

3.1.1.1 Are citizens able to elect their government and do they enjoy freedom of expression, association and a free media? **No – Weak – Percentile Rank – 43.7**
Trend ↑

Source: *Governance Matters 2011*, World Bank
http://info.worldbank.org/governance/wqi/sc_chart.asp

3.1.1.2 Are citizens free to form political and civic organizations free of state interference and surveillance? **No – Weak – Score 4.71 out of 10**

Overall Ranking – 88th out of 167

Source: *The Economist* Intelligence Unit Democracy Index https://www.eiu.com/public/topical_report.aspx?campaignid=DemocracyIndex2011

3.1.2 Public Information

Very Weak; Score 54 out of 100

3.1.2.1 Are there regulations governing conflicts of interest in the executive and legislative branches of government? **No – Executive Score 46 out of 100 – Very Weak; Legislative Score 47 out of 100 – Very Weak**

3.1.2.2 Can citizens access legislative processes and documents? **Yes – Score 92 out of 100 – Very Strong (2010)**

Source: *Global Integrity Report 2010* –
<http://www.globalintegrity.org/report/Turkey/2010/scorecard>

3.1.3 Market Intervention

Overall Ranking – Strong - 69th out of 179 Trend ↓

3.1.3.1 To what extent does the government intervene in the private sector including state owned industries? **Score 64.9 out of 100 with a higher score indicating less intervention**

3.1.3.2 To what extent does the government control prices? **Score 73.3 out of 100**

Source: *2013 Index of Economic Freedom* – Heritage

Foundation <http://www.heritage.org/index/country/turkey#limited-government>

3.2 Lack of Corruption

Core Question:	Is the public sector transparent and free of corruption? Yes – Strong although many public institutions remain vulnerable to corruption and political interference.
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Transparency

3.2.1 What is the perceived level of corruption in the country? **Strong – Ranking – 54th out of 174; Score 49 out of 100 Trend ↑**

Source: Transparency International 2012 <http://cpi.transparency.org/cpi2012/results/>

Integrity Mechanisms

3.2.2 A National Integrity System is a framework where the principle institutions that contribute to integrity, transparency and accountability in a society can address corruption in a systematic way. Does a National Integrity System exist? **No – Very Weak**

Extralegal Payments

Survey Question

SQ 11 How often do companies report that officials and/or companies expect additional payments to “expedite” services or gain business? **Strong –18% of firms say they are expected to make unofficial payments**

Source: *Enterprise Surveys*, World Bank, 2008

<http://www.enterprisesurveys.org/Data/ExploreEconomies/2008/turkey>

3.3 Efficient Administration

Core Question:	Are quality services and qualified civil servants available to the public through the efficient use of public money free of corruption? No, Weak.
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The civil service and legislative branches lack important accountability processes.

Size of Government

3.3.1 What is the size of government relative to GDP? **34.2%- 30% considered optimum – Weak**

Source: *2013 Index of Economic Freedom*, Heritage Foundation <http://www.heritage.org/index/country/turkey>

Civil Service

3.3.2 What is the quality of the civil service? **Weak – Score 42 out of 100**

Source: *Global Integrity Report 2010* – <http://www.globalintegrity.org/report/Turkey/2010/scorecard>

Government Effectiveness

3.3.3 What is the overall effectiveness of the government? **Strong - Percentile Ranking – 65.4 Trend ↑**

Source: *Governance Matters 2011*, World Bank http://info.worldbank.org/governance/wgi/sc_chart.asp

In-Country Assessment Information (as of 2011)

FQ 6. What is the actual experience of practitioners in dealing with the government?

Corruption is a concern in Turkey. The immediate families of the elected government officials have become very wealthy in recent years. They have suspiciously acquired large companies and become owners in a very short time.

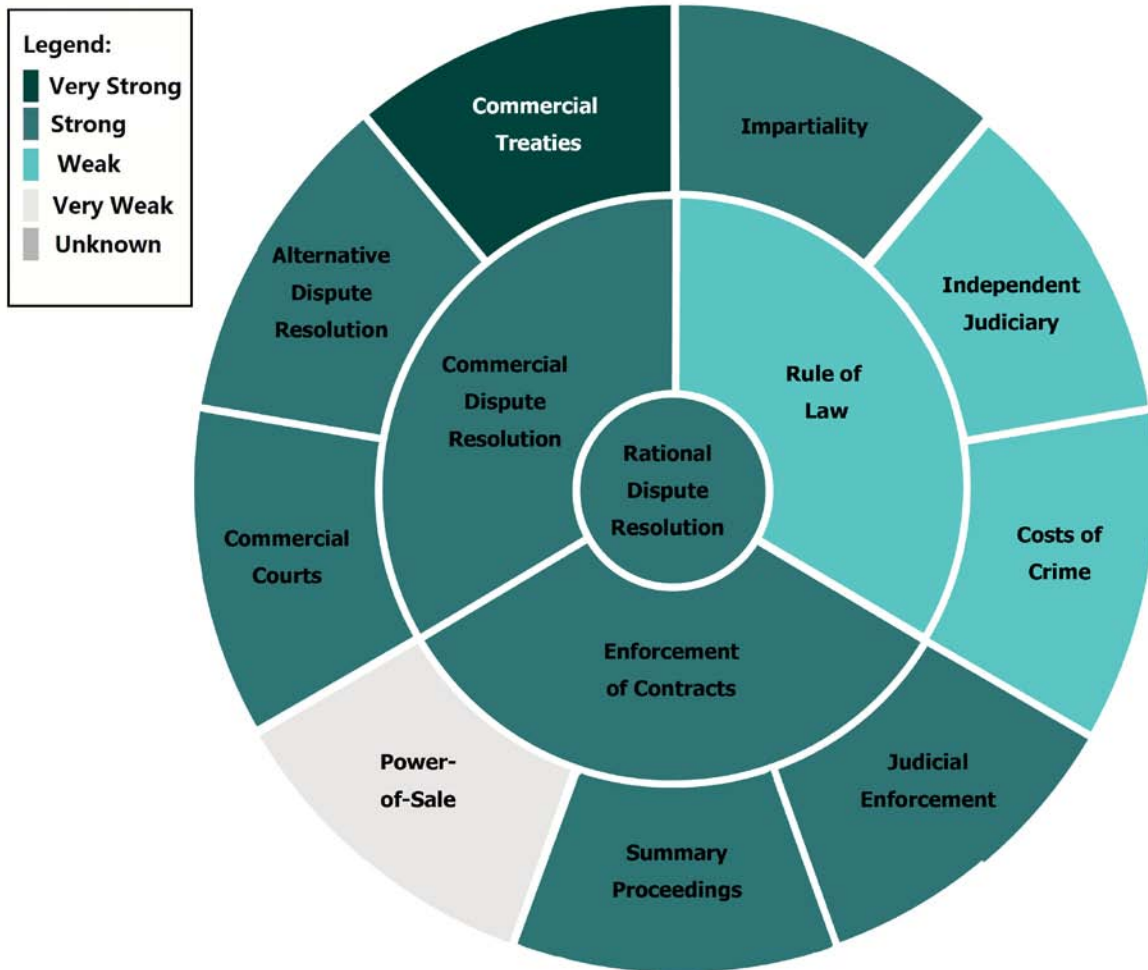
Not all laws are strictly followed. One specific fact to note is that actual construction is never what is permitted. It is almost standard practice to add future construction options or additional (incomplete) area to buildings for future development after final permitting.

In Taksim, a business and nightlife area of central Istanbul there are two good examples of failures in governance and corruption. A Turkish mafia had developed a parking garage, which

was never “completed,” but it is operational. Another project of interest is a skyscraper that was several floors beyond the permitted construction, yet it remains operational and goes unchecked.

Source: Summer 2011 Field Research Visit by Lin Mao, CIPE Intern and student at Johns Hopkins University

4. Rational Dispute Resolution



Goal – An efficient institutional framework that balances the rights of the public, owners, lenders and borrowers in the event of a dispute or loan default

4.1 Rule of Law

Core Question:	Do all market participants abide by the rule of law and have confidence in the courts and the ability of police to control crime? No – Weak, the judiciary is subject to government influence.
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Impartiality

4.1.1 What is the confidence level of the strength and impartiality of the police, courts and contract enforcement? **Strong – Percentile Ranking – 57.7 Trend ↑**

Source: *Governance Matters 2011*, World Bank
http://info.worldbank.org/governance/wgi/sc_chart.asp

Judiciary

4.1.2 Can members of the judiciary be held accountable for their actions? **Yes – Score 69 out of 100 – Weak**

Source: *Global Integrity Report 2010* –
<http://www.globalintegrity.org/report/Turkey/2010/scorecard>

Costs of Crime

4.1.3 What are the business costs of crime and violence? **Weak – Ranking 76th out of 144 – Score 4.8 out of 7**

Source: *The Global Competitiveness Report 2012-2013*, World Economic Forum
<http://www.weforum.org/issues/global-competitiveness>

4.2 Enforcement of Contracts

Core Question:	Are systems in place for timely and efficient enforcement of contracts? Commercial – Yes – Very Strong Residential – Yes – Strong
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4.2.1 – Judicial Enforcement

Commercial – Very Strong – Ranking 40th out of 183 Trend ↑

4.2.1.1 What is the number of procedures involved in resolving a commercial dispute? **36**

4.2.1.2 What is the time between the filing of a lawsuit and resolution in judicial enforcements? **420 days**

4.2.1.3 What is the cost of judicial enforcements as a percentage of debt value? **24.9%**

Source: *Doing Business 2013*–

<http://www.doingbusiness.org/data/exploreeconomies/turkey#enforcing-contracts>

Residential – Strong

Survey Questions

SQ 12 What is the time between notice of intent to foreclose and loan collection in judicial enforcements? **see Summary Proceedings**

SQ 13 What is the cost of judicial enforcements as a percentage of property value? **see Summary Proceedings**

4.2.2 – Summary Proceedings

SQ 14 Summary proceedings are alternative dispute resolution processes where creditors can apply for a direct court order in property disputes. What is the time between notice of intent to foreclose and loan collection in summary proceedings if available to lenders? **161 days - Strong**

SQ 15 What is the cost of summary proceeding if available to lenders as a percentage of property value? **7.55% - Strong**

4.2.3 Power-of-Sale

SQ 16 Power-of-sale agreements give creditors to power to sell properties after notice to the borrower without court intervention. What is the time between notice of intent to sell and loan collection for power-of-sale agreements if available to lenders? **Unavailable – Very Weak**

SQ 17 What is the cost of power-of-sale agreements if available to lenders as a percentage of property value? **Unavailable – Very Weak**

Source – *Financing Homes 2008*, World Bank and International Housing Finance Corporation <http://www.cipe.org/sites/default/files/publication-docs/Financing%20Homes%202008.pdf>

4.3 Commercial Dispute Resolution

Core Question: Can commercial disputes be resolved efficiently and fairly without exorbitant expense and delay? **Yes – Strong, but the courts are over burdened and slow.**

Survey Questions

Commercial Courts

SQ 18 Do specialized commercial courts exist for the handling of property disputes and foreclosures? **Yes - Strong**

Source: *Turkey: Commercial Litigation in Turkey: How Does It Work?* <http://www.mondaq.com/x/259062/Arbitration+Dispute+Resolution/Commercial+Litigation+In+Turkey+How+Does+It>

Alternative Dispute Resolution

SQ 19 Are alternative dispute resolution mechanisms in place including commercial arbitration, private mediation and community based processes? **Yes - Strong.**

Commercial Treaties

SQ 20 What bilateral, regional and international commercial treaties exist concerning business between countries? **Very Strong – Turkey has 17 FTAs in force; namely, EFTA, Macedonia, Bosnia-Herzegovina, Albania, Israel, Palestine, Morocco, Tunisia, Egypt, Syria¹, Georgia, Serbia, Montenegro, Chile, Jordan, South Korea and Mauritius**

Source: Republic of Turkey, Ministry of Economy
<http://www.economy.gov.tr/index.cfm?sayfa=tradeagreements&bolum=fta®ion=0>

In-Country Assessment (as of 2013)

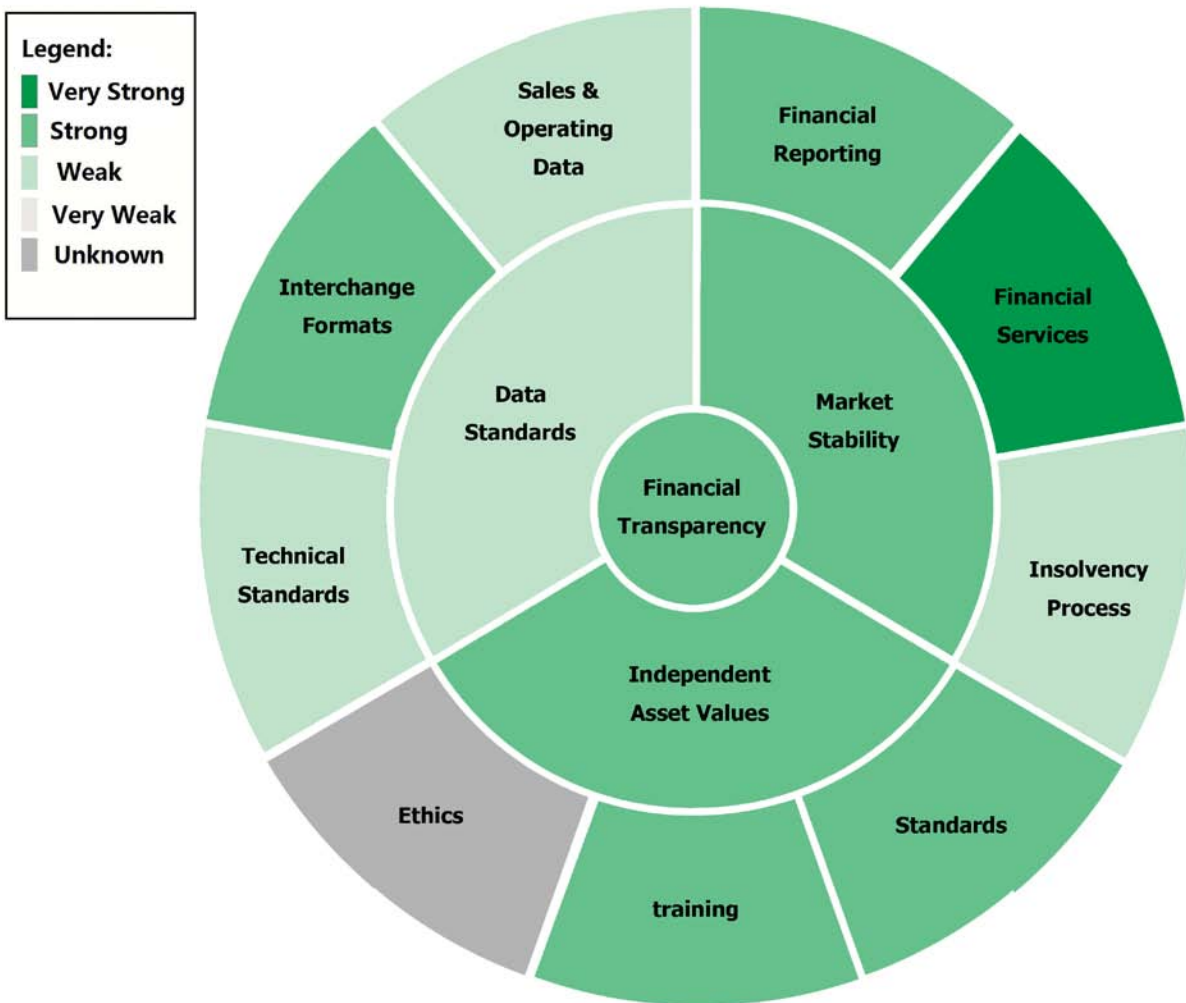
FQ 7. To what extent do practitioners report contracts as enforceable?

The legal system in Turkey lacks experience in dealing with sophisticated real estate issues. For example, in Bodrum, a master plan was put on hold indefinitely—stopping all new development—because the court was unable to make a ruling for a single case. The new master plan that was put in effect changed the land use for one property owner, who in turn

sued the municipality for damages to his property value. The court, however, could resolve this issue.

Source: Summer 2011 Field Research Visit by Lin Mao, CIPE Intern and student at Johns Hopkins University

5. Financial Transparency



Goal – A well developed and transparent financial system that includes strong supporting institutions and highly trained and ethical professionals that contribute to effective financial

intermediation and deep and broad access to capital and financial services

5.1 Market Stability

Core Question:	Are market risks sufficiently transparent and diversified so that efficient capital allocation can occur? Yes, Strong, the financial sector has gained competitiveness.
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Financial Reporting

5.1.1 What is the strength of the country's auditing and reporting standards? **Strong – 63rd out of 144; Score 4.7 out of 7**

Financial Services 5.1.2 Does the financial sector provide a wide variety of services to businesses? **Very Strong – 29th out of 144; Score 5.4 out of 7**

Source: *The Global Competitiveness Report 2012-2013*, World Economic Forum
<http://www.weforum.org/issues/global-competitiveness>

Insolvency Process

Weak – Ranking – 124th out of 183

5.1.3 What is the average time to complete bankruptcy proceedings? **3.3**

5.1.4 What is the cost of bankruptcy proceedings as a percentage of the estate? **15**

5.1.5 What is the recovery rate of bankruptcy proceedings? **23.6 cents on the dollar**

Source: *Doing Business 2013 – Resolving Insolvency* -
<http://www.doingbusiness.org/data/exploreeconomies/turkey#resolving-insolvency>

5.2 Independent Asset Valuers

Core Question:	Do trained, independent and ethical asset valuers exist for all types of assets? Yes Strong – the Captial Markets Board of Turkey sets requirements for practicing valuation.
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Survey Questions:

Standards

SQ 21 How easy is it to find a valuer who implements International Valuation Standards?
Strong – Turkey has several appraisers who hold international credentials.

Training

SQ 22 What is the level of training of valuers? **Strong – several universities offer training programs.**

Civil Society Resource: <http://www.cmb.gov.tr/>

Ethics

SQ 23 Are opinions offered by valuers free of influence from parties to the transaction?

Unknown

Civil Society Resource: *International Valuation Standards Council* www.ivsc.org

5.3 Data Standards

Core Question:	Is accurate property information available electronically in formats that are consistent with international standards? No – Weak, but growth in the market should see improvement.
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Survey Questions

Sales & Operating Data

SQ 24 A multiple listing service is an electronic exchange system where brokers and agents can widely share contracted real estate listings of properties that are for sale. Do multiple listing type services exist? **Yes – Weak, numerous internet sites have developed but are not standardized.**

Civil Society Resource: *International Consortium of Real Estate Associations* www.worldproperties.com

SQ 25 Do resources exist for obtaining building income and expense estimates? **No.**

Civil Society Resource: *Institute of Real Estate Management* www.irem.org

Interchange Formats

SQ 26 Do electronic data interchange formats conform to international standards (eBXML – electronic business using extensive markup language)? **Yes. Strong**

Technical Standards

SQ 27 Do building codes and office building measurement standards (ANSI/BOMA Z65.1) conform to international standards? Yes, but enforcement is lacking – Weak.

In-Country Assessment (as of 2013)

Market Stability

FQ 9. How stable has the property market been over the last several years? The property market in Turkey has been stable for the past ten years and the economy is doing much better than its neighbors, especially Greece.

Valuation Profession

FQ 10. How many independent valuers exist in the market?

FQ 11. How many companies exist and what is the average size of valuation companies?

There are 86 companies chartered by the Capital Markets Board.

FQ 12. What are the valuation standards and do they conform to international and regional standards?

Turkish valuation standards conform to IVSC.

FQ 13. What valuation methods and techniques are used in the market?

FQ 14. Are there valuer associations in the market? What number and percentage of practitioners belong?

FQ 15. What training programs are available to upgrade the quality of valuers?

FQ 16. Are peer review mechanisms in place to assist in enforcing ethical behavior?

FQ 17. What is the quality of valuation reports?

Data Availability

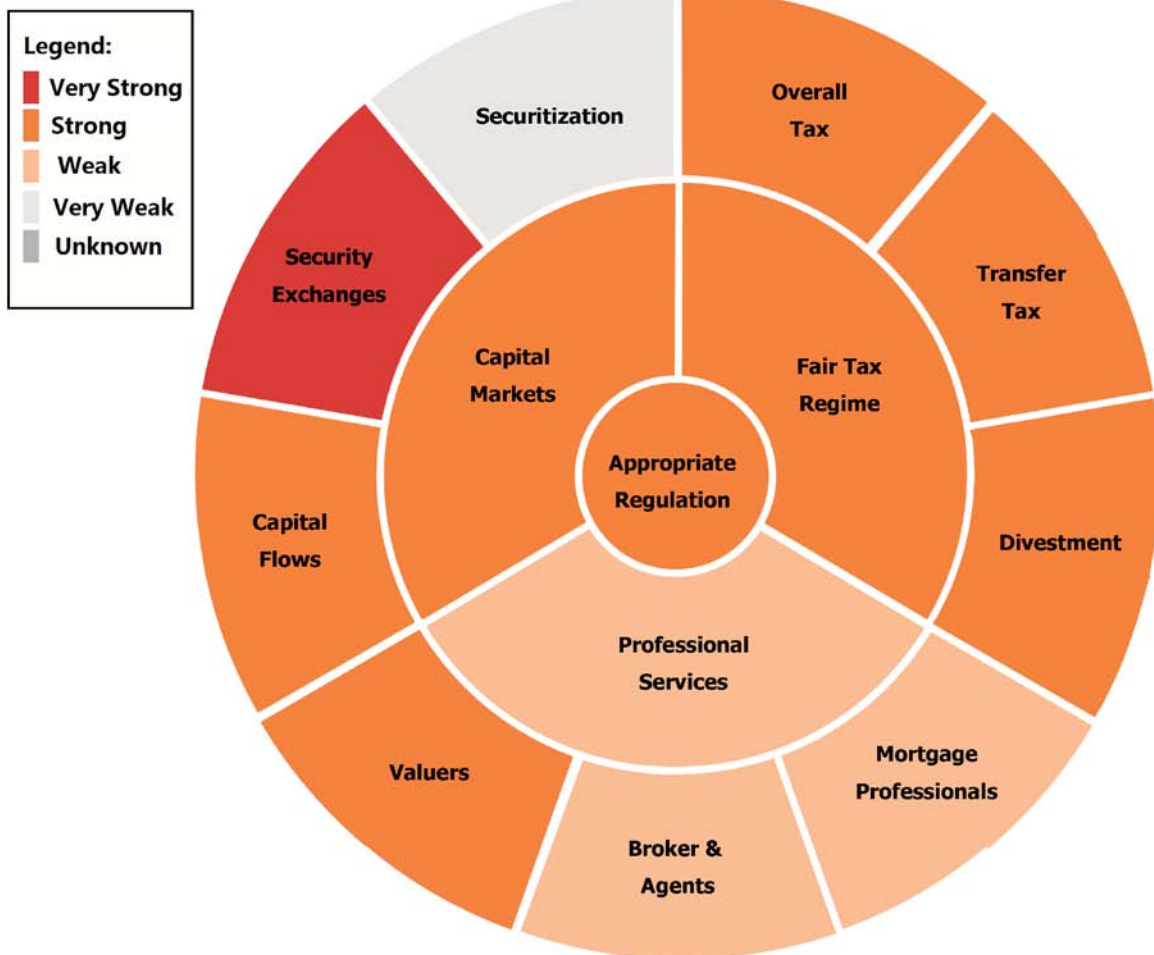
FQ 18. What is the status of proprietary data bases that include property information?

Data is not available but not accurate

FQ 19. What is the status of existing data sharing mechanisms for properties that are for sale?

FQ 20. Do valuers have an established data sharing mechanisms?

6. Appropriate Regulation



Goal – A comprehensive regulatory regime that is transparent, efficient, simple in its implementation and that leads to accurate reporting of property values and prudent protection from market risks

6.1 Fair Tax Regime

Core Question:	Do market participants feel the overall tax rate is fair and participate in formal transactions? Yes, Strong, taxes in Turkey are moderate.
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Transfer Tax

6.1.1 What is the total property transfer tax including all duties and payments? **Strong – 3.3% of property value**

Overall Tax

6.1.2 What is the overall tax rate on entrepreneurs? **41.2% – Ranking – 80th out of 185, Strong – Trend ↓**

Source: *Doing Business 2013* – Paying Taxes & Registering Property, World Bank
<http://www.doingbusiness.org/data/exploreeconomies/turkey#paying-taxes>

Divestment

Survey Question

SQ 28 What is the tax on profits for foreign investors when divesting property? **Strong – 20% Corporate Income tax, there are also tax incentive for some investments.**

Source: *Doing Business 2013* – Paying Taxes & Registering Property, World Bank
<http://www.doingbusiness.org/data/exploreeconomies/turkey#paying-taxes>

6.2 Professional Services

Core Question:	Are the professional services necessary for efficient and transparent property markets available and appropriately regulated and supervised? No – Weak, as the system focuses on commercial property under the Capital Markets Board, the residential system is largely unregulated.
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Asset Valuers

Survey Questions

SQ 29 Are property valuers licensed and/or certified by the government? **Yes, Strong by the Capital Markets Board.**

Source: C: Capital Markets Board <http://www.cmb.gov.tr/>

Q 30 How effective are mechanisms in place to discipline valuers who engage in misconduct?

Unknown.

Civil Society Resource: International Real Property Foundation www.irpf.org

Brokers & Agents

Survey Questions

SQ 31 Are real estate brokers and agents licensed and/or certified by the government? **No - Weak**

SQ 32 How effective are mechanisms in place to discipline brokers or agents who engage in misconduct? **None on Place – Very Weak.**

Mortgage Professionals

Survey Questions

SQ 33 Are mortgage professionals licensed and/or certified by the government? **No – Weak, the mortgage market is still very small.**

SQ 34 How effective are mechanisms in place to discipline mortgage professionals who engage in misconduct? **Unknown.**

6.3 Capital Markets

Core Question:	Are capital markets well-regulated and diversified enough to provide financial resources to private-sector entrepreneurs and innovators? Yes, Strong, Turkey's financial sector is competitive.
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Capital Flows

6.3.1 How restricted is the flow of capital into and out of the country? **Strong – Ranking 54th out of 144; Score 4.8 out of 7**

Security Exchanges

6.3.2 Is the regulation of securities exchanges transparent, effective and free of influence from government and industry? **Yes – Very Strong, Ranking 25th out of 144; Score 5.2 out of 7**

Source: *The Global Competitiveness Report 2012-2013*, World Economic Forum
<http://www.weforum.org/issues/global-competitiveness>

Securitization

6.3.3 What is the depth of asset-backed securities, mortgage-backed securities, high-yield bonds and highly leveraged loans? **Very Weak – 45th out of 62, Score 1.70 out of 7, capital markets are very small with low turnover.**

Source: *Financial Development Report 2012*, World Economic Forum
<http://www.weforum.org/reports/financial-development-report-2012>

In-Country Assessment (as of 2013)

Taxation

FQ 21. What is the overall taxation system in regards to property?

Real estate transactions are taxed. However, based on the structure of the deal, certain amount of the tax can be dodged. For example, in residential home sales, deeds can be transferred before the completion of a house, and a sale of a home would technically never have taken place. Taxes for owned properties are very low in Turkey. In Bodrum, the real estate tax for several acres of land is around \$50 USD.

Brokerage

FQ 22. What is the number of practitioners in the country including full-time brokers/agents with formal training and part-time, informal brokers?

FQ 23. What is the number and average size of brokerage companies?

FQ 24. Are there brokers associations active in the market? What number and what percentage of practitioners belong?

FQ 25. What training programs are available to enhance productivity?

FQ 26. Is there a Code of Ethics or standards that practitioners follow? Is the Code enforced?

FQ 27. Do civil society organizations exist to support the development of mortgage professionals?