



INVEST IN TURKEY

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

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Foreign real estate investors flood Turkish market

Offering competitively priced properties in one of the most promising emerging markets, Turkey's real estate sector continues to attract increasing numbers of foreign investors. According to data issued by the Turkish Statistical Institute (TurkStat), real estate purchases by foreigners in the first

Foreigners bought USD 3.1 billion worth of real estate in Turkey between January and September of this year, a solid increase of 55 percent over USD 1.9 billion in the same period of 2013. Real estate sales to foreigners made up one third of the total USD 9.3 billion foreign direct investment

Turkey attracted in the period. Antalya, the country's most-visited tourism destination, is the most popular location for foreign real estate investors, with 4,874 housing units sold to foreign nationals in January-September 2014. Istanbul, Turkey's largest metropolis and financial capital, came second

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nine months of this year have already exceeded the 2013 total—more than 13,600 properties were purchased by foreigners in January-September of this year compared to 12,200 total in 2013—while real estate sales to foreigners in September increased by a whopping 81 percent year-on-year.



with 3,900 properties purchased by foreigners in the first nine months of 2014. Turkish laws on property ownership by foreigners were eased in 2012 and real estate purchases by foreigners in Turkey rose by 15 percent to reach USD 3 billion in 2013. The country also grants residence permits to foreigners who acquire property.

BBVA increases stake in Turkish Garanti Bank



In line with its strategy of overseas expansion, Spanish Banco Bilbao Vizcaya Argentaria (BBVA) announced that it has priced a EUR 2-billion (USD 2.5 billion) rights issue to fund the raise in its stake in Turkey's Garanti Bank at EUR 8.25 per share.

Spain's second-largest lender, BBVA announced on November 19 that it was raising its stake in Garanti, one of Turkey's biggest banks, in a deal that will give it control of the board.

Turkish conglomerate Dogus Holding has agreed to sell a 14.89 percent stake to BBVA, which already owns 25 percent of Garanti, for TRY 5.5 billion (USD 2.5 billion), said Garanti. The deal cuts Dogus Holding's stake to 10 percent.

Garanti has been a bright spot for the Spanish bank this year. BBVA's net profit for the first nine months fell 37 percent to EUR 1.93 billion, but Garanti's contribution of EUR 235 million represented a rise of 20 percent.

Turkey to export 900,000 motor vehicles by the year end



A regional manufacturing hub for global car makers, Turkey's automotive exports will hit 900,000 vehicles by the end of this year, said the head of a leading industry organization.

Speaking at the World Automotive Conference held in Istanbul, Automotive Manufacturers Association (OSD) Secretary General Ercan Tezer said that an increase of 10-11 percent in automotive exports was expected. The country exported more than 828,000 motor vehicles in 2013.

Noting that 75 percent of Turkey's automotive output was export-oriented, Tezer said that total production figures by year's end would be around 1.1 million.

Investment Support and Promotion Agency of Turkey (ISPAT) Vice President Arda Ermut, also speaking at the event, provided information on the Turkish investment environment and investment incentives offered by the Turkish government.

"Turkey accounts for one fourth of automotive manufacturing operations in Central and Eastern Europe", the ISPAT VP said, adding that in the last 12 years the number of foreign companies operating in Turkey has exceeded 40,000, while total foreign direct investment has reached USD 146 billion.

Offering a home to global automakers including Ford, Fiat, Toyota, Honda, Renault and Hyundai, the Turkish automotive industry manufactured a total of 1.13 million vehicles in 2013.

Tofas to invest USD 520 mln in new vehicles

Tofas, a JV between the Turkish Koc Group and Italian Fiat, has announced a significant upgrade program to renew its production line in Turkey. As a key supplier and R&D center for Fiat Chrysler Automobiles (FCA), Tofas plans to begin manufacturing a new station wagon (SW) and a hatchback model in Turkey by 2016.

The statement from the company said that the production of the two new models would run from 2016 to 2023 at an investment cost of USD 520 million. Some 700,000 vehicles will be manufactured, primarily for export markets.

The company previously announced a sedan type car and a new Doblo commercial vehicle to be manufactured at its Bursa plant in Turkey. While production of the new sedan to replace the Linea model will start in 2015, the revamped Doblo has already reached markets worldwide. The SW and the hatchback bring the total amount of investments to be made in Tofas Bursa plant to USD 1.4 billion, and along with the new sedan, constitute Fiat's new compact class lineup. Tofas currently has a production capacity of 400,000 vehicles per year. Tofas Doblo line is being exported to over 80 countries worldwide.

Turkey's tourism revenue hits new record

The wheels of Turkey's chimneyless industry are turning ever faster, as data released by the Turkish Statistical Institute (TurkStat) prove. The country's tourism revenue in the first nine months of 2014 reached USD 26.6 billion, marking an all-time record for the period.

Turkey welcomed more than 30 million visitors between January and September, a rise of 6.1 percent over the same period in 2013.

Increasing by 8.5 percent year-on-year, 74.3 percent of total revenue was drawn from individual spending and 25.7 percent from groups traveling with holiday companies.

Turkey is the 6th most popular holiday destination in the world, with more than 35 million foreign visitors, according to 2013 data from the United Nations World Tourism Organization (UNWTO).

The country is expected to welcome a total of 43 million tourists this year with a revenue target of USD 36 billion, according to a forecast made by the Association of Turkish Travel Agencies (TURSAB).

Turkey: a magnet for foreign property buyers

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.

The current situation, along with strategic plans and future projects in the pipeline, bears huge potential for investors in Turkey's real estate sector:

- The number of real estate properties sold reached 290,000 in 2012.
- 299 shopping centers are operational in Turkey with a total gross leasable area of 8.2 million square meters.
- 91 shopping centers in Istanbul represent 46 percent of the total leasable shopping center area in Turkey.
- Office construction licenses obtained throughout Turkey have increased 27 percent, reaching 6.84 million square meters.

• According to the Turkish State Railways' (TCDD) investment program, USD 240,145 million will be spent on building logistics centers.

• As of 2012, there are a total of 2,870 licensed hotels with a total bed capacity of more than 700,000, although there is still a gap between supply and demand, particularly in Istanbul.

Furthermore development and the setting of new targets continue with urban renewal and mega projects, including Marmaray, Kanal Istanbul, the third Bosphorus bridge and third Istanbul airport. "The Turkish government has decided to renew and retrofit buildings vulnerable to natural disaster, including 6.5 million residences, with a budget of USD 400 billion." With its existing potential, mega projects and ambitious targets set for 2023, Turkey offers great opportunities for investors in the real estate sector.

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Singapore's GIC investing in Turkish real estate sector



Singaporean sovereign wealth fund GIC announced the acquisition of 21.4 percent stake in Turkish real estate developer Ronensans Gayrimenkul (RGY) for EUR 250 million.

A statement made by Ronensans Holding President Erman Ilicak said that the partnership would strengthen the bond between Ronensans Gayrimenkul and GIC. The two companies have previously joined forces in a number of shopping mall projects in Istanbul, Ankara and Izmir. The stake acquisition by subscription to a rights issue will enable GIC to become a "substantial minority" investor and strategic partner. "The new capital will reinforce RGY's foothold as a leader in Turkish commercial real estate market and allow for future expansion of its business," GIC said in a separate statement.

GDP & FDI

- FDI: up 9.8% y-o-y to USD 9.3 bln in Jan-Sep 2014
 - Real GDP: up 4.1% y-o-y in 2013
 - GDP at current prices: USD 822 bln in 2013, up from USD 786 bln in 2012
 - Current account deficit: down 37.2% y-o-y to USD 30.9 bln in Jan-Sep 2014
- Source : TurkStat & CBRT

Foreign Trade

- Exports: up 4.6% y-o-y in Sep 2014 & up 5.5% y-o-y in Jan-Sep 2014
 - Imports: down 0.2% y-o-y in Sep 2014 & down 4.2% y-o-y in Jan-Sep 2014
 - Foreign Trade Deficit: down 8.4% y-o-y in Sep 2014 & down 18.8% in Jan-Sep 2014
 - Exports/Imports: 66.4% in Sep 2014, up from 63.3% in Sep 2013 & 66% in Jan-Sep 2014, up from 59.9% in Jan-Sep 2013
- Source : TurkStat

ISPAT Team at Work

CCTV Interview with ISPAT President



ISPAT President İlker Ayçi was interviewed by Chinese CCTV and addressed questions regarding business ties between China and Turkey, Turkey's political and economic outlook.

MAPIC 2014



ISPAT was represented at MAPIC '14, the retail property industry's largest annual show, by Vice President Arda Ermut who delivered a speech in the panel "FDI Opportunities in Turkey".

11th Vienna Economic Forum



Sponsored by ISPAT, VEF was attended by various govt officials & global industry leaders. During the event, ISPAT Vice President Arda Ermut signed a cooperation agreement with VEF and delivered a keynote speech on Turkey's investment environment.

French CEOs Meeting



Aiming to share information about ISPAT's recent activities and exchange views on Turkey's investment environment, ISPAT held the second of its French CEOs meetings in Istanbul with the participation of top executives of French-based companies in Istanbul.

German Business Delegation



ISPAT Vice President Ahmet İhsan Erdem held a meeting with the German Logistics Association led by Dorothee Baer, the German Parliamentary Undersecretary of State in the Federal Ministry of Transport and Digital Infrastructure, and a German business delegation.



Upcoming

Turkish Business Seminar

9 December 2014

Tokyo, JAPAN

Sponsored by ISPAT, the European Bank for Reconstruction and Development (EBRD), Turkish Embassy in Tokyo, the Japan Bank for International Cooperation (JBIC) and the Japan Institute for Overseas Investment (JOI), the business seminar will feature a presentation on Turkey's investment climate, and a briefing on the activities of JBIC and EBRD in Turkey.

5th Bosphorus Summit

10-12 December 2014

Istanbul, TURKEY

Held annually by the International Cooperation Platform, the 5th Bosphorus Summit will be organized by ISPAT this year with the main theme "Tomorrow's Changing Scenarios: Understanding Difficulties and Developing Dialogues".

ISPAT Country Advisors' Meeting

17-19 December 2014

Istanbul, TURKEY

Led by President İlker Ayçi, ISPAT's semi-yearly Country Advisors' Meeting will be staged in Istanbul and feature presentations about the political/economic outlook, as well as ISPAT's activities in the represented countries.



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