



## **PURCHASE OF PROPERTY IN TURKEY: GUIDE FOR FOREIGNERS**



## FOREWORD

Until June 2012, acquisition of real estate in Turkey were bound to principle of reciprocity, in accordance with that only citizens of those countries that gives possibility of property rights on real estate to Turkish citizens were able to purchase property in Turkey. However, in May 2012, Land Law had been amended by Law Regarding the Amendments to Land Cadaster Law N° 6302 and reciprocity rule respecting remarkable number of states ruled to be annulled by a Decision of Council of Ministers. By the Decision of Council of Ministers dated June 2012, foreign citizens and companies could purchase property in Turkey.

We hope you find the Guideline useful.

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## GUIDE FOR PURCHASE OF PROPERTY IN TURKEY BY FOREIGN CITIZENS

- In accordance with Article 35 of Turkish Land Law № 2644, persons with foreign nationality allowed purchase a property in Turkey in the frame of relevant legal limitations.
- Total area of all properties in Turkey under the ownership of a foreigner could not exceed 30 hectares. This point is always being examined by relevant Directorates of Land Registry and Cadaster during each application of a foreigner for obtaining of a property right on a real estate. Moreover foreigners are required to issue an undertaking deed committing that he/she will obey a legal restriction.
- Only 10% of a total area of a district could be acquired by foreigners.
- According to Law on Military Forbidden and Security Zones №—2565 foreigners are not allowed to acquire a property situated in these territories.
- During the application of foreigner for acquisition of property relevant Directorate of Land Registry and Cadaster requests for Commandership Permission. Commandership gives permission or rejects the application basing on evaluations of a destination between the property and a military zones/building. Criteria regarding the distance are determined by each Commandership considering features of relevant military zones. Since the evaluation is being made on the basis of parcel, if the permission of the Commandership for the parcel was given after 05/05/2011 a new permission is not requested.
- By decisions of Counsel of Ministers some territories could be accepted as a special security zones because of their strategic importance and acquisition of property in these zones by foreigners is forbidden. As an example of such a zone could be accepted airports, territories around specific public organizations etc.
- Also by decisions of Counsel of Ministers could bring a prohibition on purchasing of property by foreigners in specific provinces, districts and

neighborhoods because of public interest and national security.

- In this regard it must be said that Council of Ministers are authorized to bring/remove restrictions, partially/fully prohibitions regarding a geographical area, term, quantity, proportion, type, qualification, area and amount of property and nationality or person of possible proprietor.
- Purchase of property in archeological areas is Subject to a permission of Provincial Directorate of Ministry of Culture and Tourism or Ministry of Environment and Urbanization, which had characterized the area as archeological.
- Purchase of property in islands is Subject to permission of Ministry of Internal Affairs.
- In case of purchase of unconstructed property (lands without any buildings), construction plan ruled to be presented for approval of General Directorate of Land Registry and Cadaster within 2 years from the date of property's acquisition by a foreigner.
- If the project had not been presented to relevant authority or had not been realized in committed terms, a foreigner should inform the Directorate and liquidate (sell) the property within 1 year, otherwise the property should be liquidated by Ministry of Finance ex officio and the obtained fee should be paid to proprietor.



**GUIDE FOR PURCHASE OF PROPERTY IN TURKEY BY  
FOREIGN COMPANIES**

- Companies may be defined as:
  - ✓ **DOMESTIC COMPANIES:**  
Established as per Turkish Law and registered to Turkish Trade Registry
  - ✓ **FOREIGN COMPANIES:**  
Established in foreign companies and established as per their own legislation.
- Domestic companies may also be divided into two as:
  - ✓ Domestic Companies with Domestic Capital
  - ✓ Domestic Companies with Foreign Capital
- Foreign investor may be defined as;
  - ✓ Real persons having foreign nationality
  - ✓ Turkish citizens residing abroad/ foreign legal entities established as per their own legislation/international organizations
- Foreign Direct Investment is also defined as; (i) establishing anew company or branch; (ii) being a shareholder to an existing company via purchase of share outside of securities exchanges or at least 10% share from securities exchanges or right of vote at same percentage.
- If the property acquired by foreign companies are categorized, it may be classified as;

**DOMESTIC COMPANIES WITH FOREIGN CAPITAL**

- These are the companies that established by foreign investors in Republic of Turkey or foreign investors act as shareholders of a Turkish legal entity.
  - ✓ Industrial or commercial enterprises.
  - ✓ Purchasing immovables and real estate.

- ✓ Acquiring restricted real rights on energy, tourism, mining, port and shipyard sectors.
- Domestic companies with foreign investments are allowed to purchase property in Turkey with the same principles applied to Turkish citizens as per Article 3/d of Foreign Direct Investment Law No 4875 and dated 05/06/2003.

*“It is allowed for foreign investors’ companies established in Turkey or participate in other companies to purchase property or acquire restricted real rights at regions that are also allowed for Turkish citizens.”*

- As per Article 36 of Land Law No 2644, domestic companies with foreign investment (*more than 50% share within the domestic company or having competence of appointing board of directors of the domestic company is sought*) may purchase property or may acquire restricted real rights in Turkey with the condition that such activities are made to sustain aim and scope of the domestic company.

The companies that are not within the scope of the Law No. 2644 are specifically labeled as *“As per Article 36 of*

*the Law No. 2644, this domestic company with foreign investment is not within the scope of the referred Law”.*

- However, if the property is within prohibited military territory, security zone or strategic zone, permission of the Presidency of General Staff or the commands authorized by the Presidency of General Staff; If the property is in private security zone, permission of the governorship is required.



## THE POINTS THAT MUST BE OBSERVED BY FOREIGN CITIZENS AND COMPANIES WHILE PURCHASING PROPERTY IN TURKEY

- The legal restraints for a foreigner to purchase the property should be asked via assistance of an attorney. Due to numerous amendments in law and application under Turkish legislation, there might be new restraints that cannot be foreseen.
- The value the property must be compared with the value of other properties having same specialties.
- Before signing any contract, it must be certainly double-checked from the land registry, if there are any special clauses on the registry of the property such as a pledge or any other restraint.
- The update information, e.g. occupational zone/industrial zone, on the immovable must be learned from the land registry.
- Criminal record of the seller should be checked to prevent any fraud case.
- The purchaser is better to know that, in case of a dispute, Turkish Courts and Execution Offices have the jurisdiction to solve the problem since the property is in borders of the Republic of Turkey. It should be learned from Municipality that whether the property has occupancy permit or not.
- If there is currently a lessee using the property, the current status of the leasing contract must be examined.
- Following purchase of the property, in order not to be liable from the previous debts such as water, electricity, a written document must be taken from the seller which shows there is no outstanding debt.
- It should be noted that persons with foreign nationality can buy maximum 30 hectares of property in Turkey in total and can acquire restricted real rights.
- Seller and buyer have to pay the title deed fee, calculated according to the selling price which cannot be less than the “*Property Statement Value*” to be issued by the relevant municipality.



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