

# Construction Industry in Turkey



*FMConsulting prepares market snapshot reports from selected trusted sources in Turkey which are regularly updated. These reports are brief presentations overviewing available facts & figures on major industries in Turkey. If you need a specific research on different segments, please contact with our Head of Market Research Department Mrs. Berna Gurleyen ([b.gurleyen@fmconsulting.com](mailto:b.gurleyen@fmconsulting.com)). We would be happy to support you.*



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## ▶ One of the Main Drivers of the Turkish Economy

- Construction GDP of **USD 31.6 bn** in 2015. (Source: Turkish Statistical Institute, 2016)
- Almost **185 thousand** construction companies, most of them being SMEs. (Source: Social Security Institution, 2016)
- Almost **1.8 mn** employees. (Source: Social Security Institution, 2016)
- **USD 2.2 bn** FDI inflow to the construction industry btw. 2011 and 2015. (Source: Central Bank of the Republic of Turkey, 2016)
- **4,418** foreign companies are active in construction industry as of April 2016. (Source: Ministry of Economy, 2016)
- Number of houses sold to foreigners continuously increased: **12,181** (2013), **18,959** (2014), **22,830** (2015). Most of the buyers were from Iraq, S. Arabia, Kuwait, Russia, UK and Germany in 2015, respectively. (Source: Turkish Statistical Institute, 2016)
- Within the scope of urban renewal project of the government, **602,400** units of buildings are announced to be risky as of 2015 and planned to be renovated. (Source: Ministry of Environment and Urbanization & The Building Information Centre, 2016)



# B. Supply

## ▶ Production: Housing

- **123,221** buildings given construction permits in 2015.
- Due to elections in 2015, **housing supply decreased**, as the housing investors preferred to wait and see the economic developments.

		Construction Permits*	Occupancy Permits**
2013	Number of Buildings	121,754	120,933
	Area (sqm)	175,807,606	138,495,060
	Value (TRY mn)	126,890,345,650	98,267,493,754
	Number of Dwelling Units	839,630	726,339
2014	Number of Buildings	139,280	123,857
	Area (sqm)	220,073,646	151,808,907
	Value (TRY mn)	175,507,356,679	118,850,629,901
	Number of Dwelling Units	1,029,107	770,976
2015	Number of Buildings	123,221	109,145
	Area (sqm)	185,734,170	141,829,778
	Value (TRY mn)***	157,202,684,014	118,512,493,016
	Number of Dwelling Units	878,490	726,396
2015/2014 %	Number of Buildings	-12%	-12%
	Area (sqm)	-16%	-7%
	Value (TRY mn)	-10%	0%
	Number of Dwelling Units	-15%	-6%

\*Permits given to buildings before the construction

\*\*Permits given to buildings after the construction is partly or wholly completed

\*\*\*EUR 1 = TRY 3.021 in 2015

Source: Turkish Statistical Institute, 2016



## ► Production: Shopping Malls

- Due to the political and economic developments in 2014 and 2015, **shopping mall investments have been postponed** and the number of openings has decreased, despite the increase in private consumption expenditures.

Year	Number of Shopping Malls Opened	Change	Total Number of Shopping Malls	Change
2011	32	-	264	-
2012	32	0.0%	296	12.1%
2013	30	-6.3%	326	10.1%
2014	22	-26.7%	348	6.7%
2015	10	-54.5%	358	2.9%

Source: Council of Shopping Centres (AYD) & The Building Information Centre (YEM), 2016



# B. Supply

## ► Production: Offices

- Steady increase in the construction of **office buildings**.

		Construction Permits*	Occupancy Permits**
2013	Number of Buildings	1,834	963
	Area (sqm)	5,137,123	2,855,632
	Value (TRY mn)	3,690,640,888	2,031,878,651
	Number of Dwelling Units	488	109
2014	Number of Buildings	2,675	1,336
	Area (sqm)	7,417,303	4,009,078
	Value (TRY mn)	5,713,572,894	3,105,348,425
	Number of Dwelling Units	689	142
2015	Number of Buildings	3,860	2,877
	Area (sqm)	8,198,320	7,513,255
	Value (TRY mn)***	6,787,549,510	6,245,256,962
	Number of Dwelling Units	1,783	600
2015/2014 %	Number of Buildings	44%	115%
	Area (sqm)	11%	87%
	Value (TRY mn)	19%	101%
	Number of Dwelling Units	159%	323%

\*Permits given to buildings before the construction

\*\*Permits given to buildings after the construction is partly or wholly completed

\*\*\*EUR 1 = TRY 3.021 in 2015

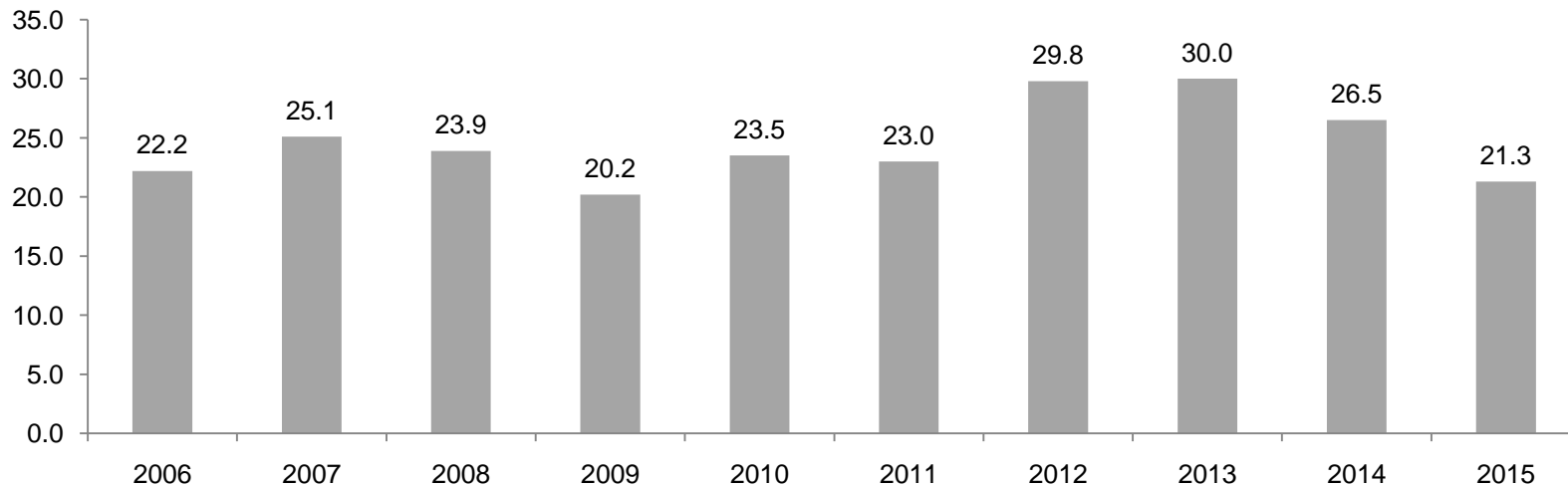
Source: Turkish Statistical Institute, 2016



## ▶ International Projects

- Turkish companies have been active particularly in **Russia, Turkmenistan, Libya, Iraq, Kazakhstan, S. Arabia, Algeria, Qatar, Azerbaijan** and other nearby countries.
- Total international project volume btw. 1972 – March 2016 is **USD 325.4 bn.**
- **Btw. 2010-2015**, main projects were highways/bridges/tunnels (14.5%), residences (11.7%), airports (8.9%), office buildings (8.3%) and power plants (6.7%).
- Due to the **political instability** in the Middle East, particularly in Libya and Iraq, has negatively affected the volume in the recent period.

**Turkish International Contracting Services (USD bn)**







## ▶ Production: Construction Materials

- One of the largest construction material manufacturers in the world, **10<sup>th</sup>** largest exporter. (Source: The Building Information Centre (YEM), 2016)

- Main construction materials produced domestically are:

**Steel**

**Cement**

**Ceramics**

**Glass**

**Insulation materials**

**Plastic materials**

**Pipes**

**Precasts**

**Roofing and siding materials**

**Aluminum materials**

**Marble**

**Dye**

**Wooden products**

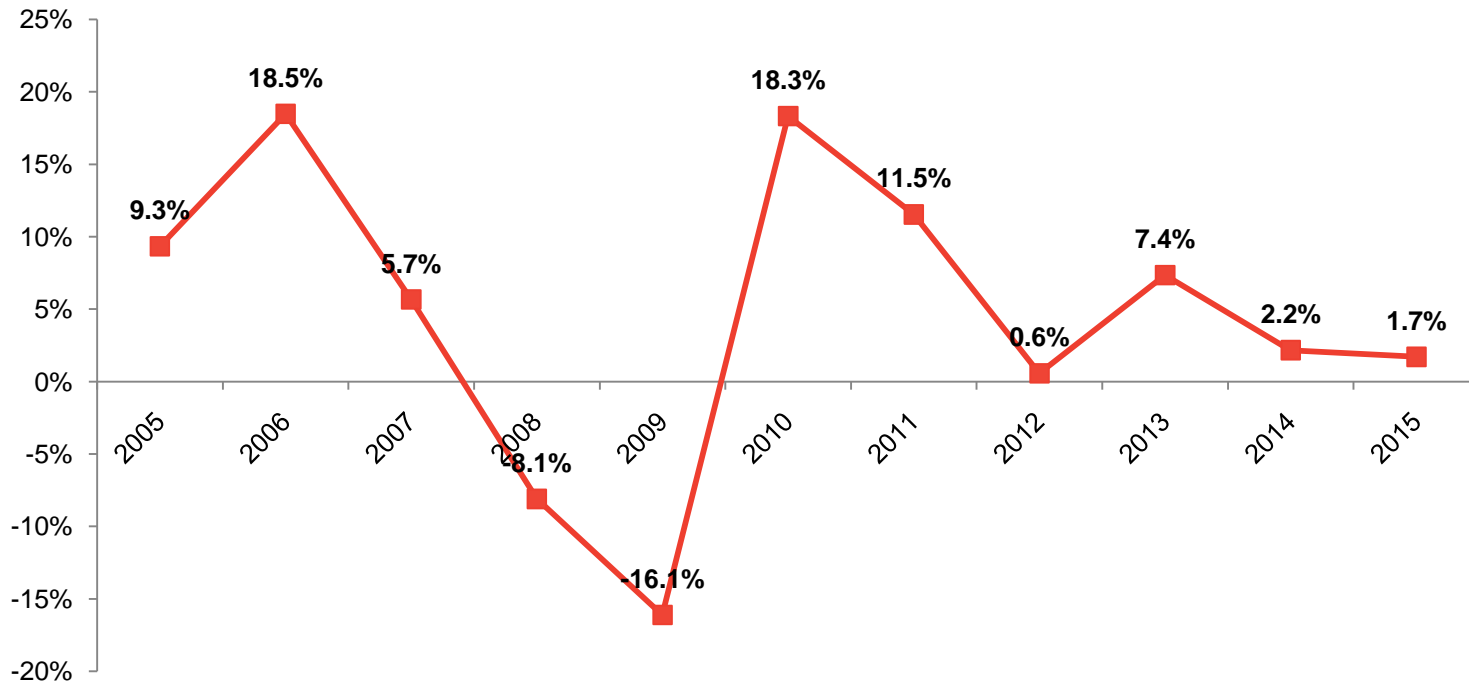
- Construction material exports volume was **USD 17.0 bn** in 2015 and imports volume was **USD 9.1 bn**. (Source: Economy and Strategy Consultancy Services & The Building Information Centre (YEM), 2016)
- Domestic market volume of construction materials: **TRY 113.6 bn** in 2014 and **TRY 121 bn** in 2015. (Source: Economy and Strategy Consultancy Services & The Building Information Centre (YEM), 2016)



## ► Growth

- Due to political uncertainties, the construction industry managed to grow only by **1.7%** in 2015.

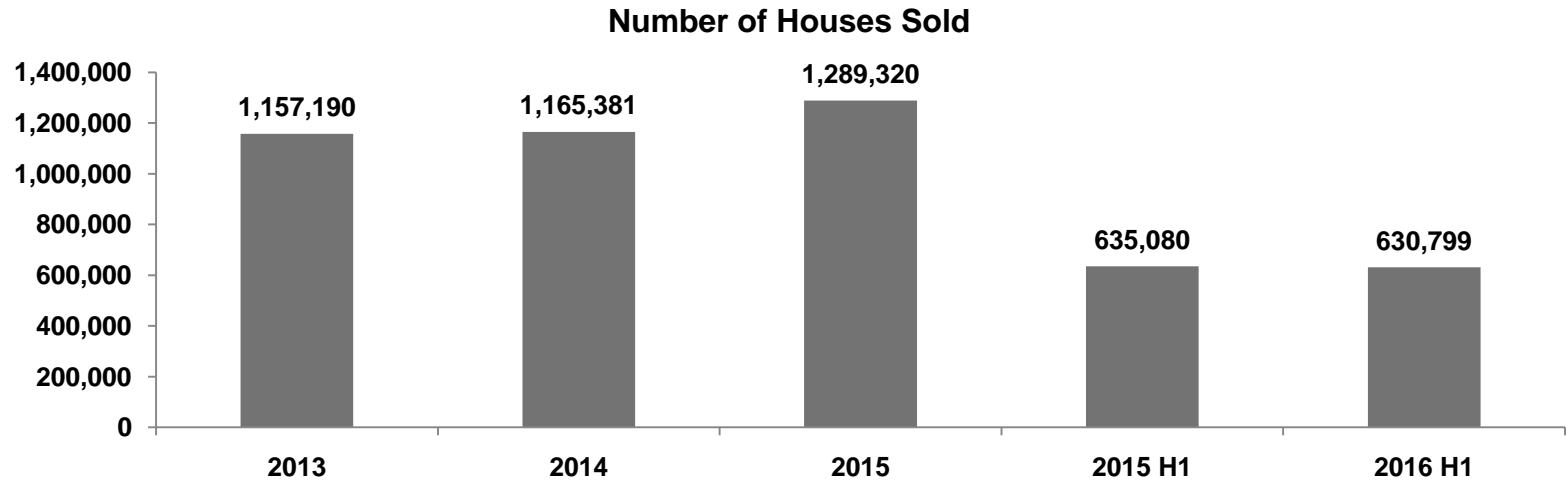
**Growth Rate of the Construction Industry**



Source: Turkish Statistical Institute, 2016



## ▶ House Sales



Source: General Directorate of Land Registry and Cadastre & Turkish Statistics Institute, 2016

### Mortgage Extension

Period	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3
<b>Total Credit Extension (TRY mn)</b>	7,243	7,802	10,488	10,991	12,483	12,748	11,173
<b>Credit Extension Figure (Number)</b>	85,602	82,919	107,247	107,664	129,040	116,023	100,141

Source: The Banks Association of Turkey (TBB) & the Association of Real Estate and Real Estate Investment Companies (GYODER), 2016



## ▶ State Institutions and Private Companies

- Two important state enterprises:
  - **TOKI**, the Housing Development Administration
    - Produced 726,375 residences throughout Turkey btw. 2002 and July 2016. (Source: TOKI, 2016)
    - Plans to increase this figure up to 1.2 mn residences in 2023. (Source: TOKI, 2016)
  - **KIPTAS**, the housing enterprise of the Istanbul Metropolitan Municipality, has produced 75,000 residences in Istanbul since its establishment in 1995. (Source: Kiptas, 2016)
- Internationally competitive private companies:

Company	Net Sales (TRY mn, 2015)*
ENKA Insaat	12,384.4
Polimeks Insaat	8,665.3
IC Ictas Insaat	6,378.2
MAPA Insaat	3,113.8
TAV Tepe Akfen	2,674.3
TEKFEN Insaat	2,264.4
Limak Insaat	2,238.0
Tepe Insaat	1,555.5
YDA Insaat	1,529.6
GAMA Guc Sistemleri	1,221.9

\*EUR 1 = TRY 3.021 in 2015  
Source: Fortune, 2016



## ▶ ENR List

- **43** Turkish contracting companies in the “Top 250 International Contractors” list of ENR in 2015, where Turkey ranks second in the world after China.
  - Ozturk
  - Ronesans
  - Polimeks
  - Enka
  - TAV
  - Calik
  - Tekfen
  - Ant Yapi
  - Ilk
  - Yapi Merkezi
  - Nata
  - Ictas
  - Yuksel
  - Atlas
  - Gama
  - Nurol
  - Limak
  - Kuzu
  - Dia
  - Onur
  - Kayi
  - Eser
  - Aslan
  - Cengiz
  - Mapa
  - Dogus
  - Bayburt
  - Alarko
  - STFA
  - Summa
  - Yenigun
  - Gulermak
  - Kontek
  - Rasen
  - Gurbag
  - AE Arma Elektropanc
  - Lotus
  - Dorce
  - Zafer
  - Metag
  - Kolin
  - Prekons
  - Tepe

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