

Turkey Bans Foreign Ownership

Following a decision by the Constitutional Court in Turkey, the Ministry of Public Works has stopped issuing property title deeds to foreign individuals and companies. The court's ruling has shaken confidence in the property market in Turkey.

The Turkish government has been keen to attract inward investment and with the enactment of the Foreign Direct Investment Law that removed the previous restrictions on foreign land ownership. This new law has been challenged in the Constitutional Courts by members of the Republican Peoples Party (RPP). The contention has been that there was insufficient clarity in subsections of the Foreign Direct Investment Law, and that the act unlawfully abolished long-standing restrictions on foreign land ownership.

All property transactions to foreigners were stopped from the 16th of April, as a result of the legal challenge. The constitutional court in Turkey has cancelled a section of the Foreign Direct Investment Law that gave the government the authority to remove the 2.5 hectare limit on individual foreign land ownership.

The decision of the constitutional court is an embarrassment to a government that has been eager to support the increase in tourism, and saw foreign ownership of holiday property as a key method. There are at present over 73,000 foreign owners of property in Turkey, and an increasing property market has seen over one and a half billion of foreign investment in the previous three years.

A new act of parliament that seeks to overcome the issues raised by the constitutional court has been written, and the government is hopeful that this will shortly lead to a resumption of foreign property sales.

About the Author

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