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A Comparative Study on the Impact of Regional Conflicts on Real Estate Markets in Turkey and the GCC, Focusing Exclusively On Turkey's Market Resilience Between 2019–2024.

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Abstract: *"This paper draws on findings from a broader comparative study on the impact of regional conflicts on real estate markets in Turkey and the GCC, focusing exclusively on Turkey's market resilience between 2019–2024."*

This study examines the resilience of Turkey's real estate market during 2019–2024, a period shaped by a combination of macroeconomic shocks, the COVID-19 pandemic, international migration pressures, and regional conflicts. Turkey's housing sector faced significant challenges, including persistent currency depreciation, surging inflation, and sharp interest rate adjustments in 2023 that disrupted affordability and credit access. Simultaneously, the global health crisis altered housing preferences and reduced foreign capital inflows, while ongoing refugee inflows and migration pressures sustained demand in urban rental markets. The Ukraine conflict and Middle Eastern instability also triggered short-term waves of foreign purchases, though these proved volatile. Despite these multiple disruptions, the market demonstrated notable resilience, driven primarily by robust domestic demand. Housing transactions rebounded sharply in 2024, reaching 1.47 million units—a 20.6% year-on-year increase—highlighting the pivotal role of local buyers in sustaining long-term stability. In contrast, foreign investor purchases fell to their lowest share in a decade, underscoring the limited reliance on external capital. Drawing on resilience theory and political economy perspectives, the analysis positions Turkey as a case where domestic demand, supported by cultural preferences for homeownership and state-led housing programs, anchors stability even amid crises. The findings carry important implications for policymakers balancing affordability and growth, as well as for investors operating in high-risk, high-return contexts.

Keywords: *Turkey; Real Estate Market; Market Resilience; Housing Demand; Currency Depreciation; Inflation; Foreign Investment; COVID-19 Pandemic*
JEL Codes: R31, R38, E31, E44, F52

1. Introduction

The Turkish real estate market represents one of the most dynamic and resilient property sectors in the wider Middle East and Eurasian region. Over the past two decades, Turkey has transformed from a peripheral market to a major destination for domestic buyers, institutional investors, and international property seekers. This transformation has been driven by rapid urbanization, demographic growth, strategic government policies, and the integration of the housing sector with global flows of capital and migration. Between 2019 and 2024, the market was shaped not only by domestic economic cycles but also by exogenous shocks including the COVID-19 pandemic, regional conflicts in the Middle East and beyond, and significant fiscal and monetary policy shifts. Understanding how these multiple factors interacted with domestic demand, foreign investment, and state intervention provides important insights into the resilience and vulnerabilities of the Turkish real estate sector.

Real Estate as a Driver of the Turkish Economy Real estate has consistently contributed between 5–9% of Turkey's GDP and has acted as a magnet for foreign direct investment (FDI). Istanbul, Ankara, Izmir, and coastal resort regions have attracted large volumes of property transactions, while the government has actively promoted housing both as an economic stabilizer and as a channel for wealth preservation. Turkey's citizenship-by-investment program, launched in 2017 and adjusted in 2018, further positioned real estate as a tool for attracting global investors. However, while international demand provided visibility, the backbone of the market remained strong domestic demand fueled by population growth, migration from rural to urban areas, and the cultural significance of homeownership.

External Shocks: COVID-19 and Regional Conflicts. The study period (2019–2024) coincided with unprecedented global and regional disruptions. The COVID-19 pandemic altered mobility, supply chains, and consumer preferences worldwide. In Turkey, lockdowns temporarily slowed construction and transactions, yet the market rebounded sharply in late 2020 and 2021 as households sought security in real assets, interest rates temporarily fell, and government stimulus programs supported mortgage activity. Interestingly, rather than suppressing the market, the pandemic reinforced the perception of real estate as a safe haven. Families sought larger homes, suburban living gained attention, and the demand for properties with open spaces increased—trends also observed in other global markets but amplified in Turkey due to demographic pressures. Simultaneously, regional conflicts—from the Syrian civil war to tensions in the Caucasus and Eastern Mediterranean—produced complex effects on Turkey's property sector. On the one hand, instability in neighboring states diverted capital toward Turkey, perceived as relatively secure. On the other hand, geopolitical uncertainty and strained relations with Western partners introduced volatility in investor sentiment. International migration flows, particularly from the Middle East and Central Asia, also influenced housing demand, especially in Istanbul, Antalya, and Ankara, where expatriates and refugees added pressure to rental markets and reshaped housing demand patterns.

Macroeconomic Challenges: Currency and Inflation Dynamics Turkey's real estate sector cannot be understood in isolation from macroeconomic volatility. The Turkish lira depreciated significantly between 2019 and 2024, with inflation reaching double and even triple digits in some years. These dynamics had a dual impact. For domestic buyers reliant on lira incomes and mortgages, affordability constraints intensified as interest rates rose sharply from 2023 onwards under new fiscal policy regimes. Conversely, for foreign investors with dollar or euro liquidity, lira depreciation made Turkish property comparatively cheaper, enhancing its attractiveness in nominal foreign currency terms. Thus, currency volatility produced both challenges and opportunities, with domestic resilience contrasting foreign caution. Domestic Demand as the Anchor of Resilience Despite global and regional shocks, Turkey's property transactions demonstrated remarkable consistency. Even during pandemic restrictions, total sales volumes remained high compared to many other emerging markets. By 2024, while foreign buyers accounted for less than 2% of total sales, domestic households generated the overwhelming majority of transactions, highlighting the endogenous strength of the sector. This stands in contrast to GCC real estate markets, where dependence on expatriate buyers and international capital often exposes them to sharper cyclical fluctuations. The Turkish case demonstrates that deep, demographically driven domestic demand provides the most durable foundation for resilience.

1.1. Policy Shifts and Market Adjustments

Government policy played a decisive role in shaping market outcomes. Between 2019 and 2021, relatively low mortgage rates and targeted credit packages fueled sales surges. However, beginning in 2023, a policy pivot toward high interest rates as part of stabilization efforts sharply reduced affordability and cooled transaction volumes. The decline in 2023 represented the first significant setback in the period, illustrating how fiscal and monetary adjustments directly resonate through the property sector. At the same time, supply constraints, rising construction costs due to global inflation, and regulatory interventions in rental markets added new layers of complexity.

1.2. International Investment and Citizenship Program

While foreign demand remained a minority share of total sales, it continued to shape perceptions of the Turkish market internationally. The citizenship-by-investment (CBI) program positioned Turkey as a competitor to Mediterranean and GCC destinations. However, geopolitical tensions, stricter regulations, and fluctuating investor sentiment limited foreign inflows after 2022. In 2024, foreign sales declined further, underscoring the limited long-term sustainability of relying on CBI incentives as a driver of growth. Instead, the market's true stability derived from its domestic base.

1.3. Comparative Perspective and Wider Relevance

The Turkish experience provides important comparative lessons for other emerging markets. Unlike in the GCC, where population structures are heavily reliant on expatriates, Turkey's urban expansion is anchored in a growing, youthful, and home-seeking citizenry. Unlike in the GCC where small markets struggle to attract scale, Turkey combines demographic heft with strategic geography linking Europe, Asia, and the Middle East. For policymakers, investors, and scholars, Turkey illustrates both the opportunities and limitations of real estate as a buffer in times of crisis.

1.4. Theoretical and Conceptual Relevance

From a theoretical standpoint, the Turkish case underscores the literature on real estate resilience in volatile contexts. Resilience theory emphasizes a market's ability to absorb shocks and adapt without collapsing. The Turkish market demonstrates how a strong domestic base, reinforced by cultural norms of homeownership, aligns with resilience frameworks proposed in urban economics and disaster studies. Moreover, the interplay between external shocks (pandemic, conflicts) and internal stabilizers (demographics, domestic finance) provides a rich case for advancing theories on how real estate markets in emerging economies cope with multi-dimensional stressors. This framing situates Turkey not only as a case study but also as a contributor to global debates on urban resilience, crisis management, and economic adaptation.

1.5. Research Significance

This manuscript contributes to the academic debate on real estate resilience by isolating the Turkish case during 2019–2024, a period marked by extraordinary shocks. It addresses three interlinked themes:

1. How domestic demand anchors resilience despite volatility
2. How external shocks such as COVID-19, conflicts, and migration reshape investor behavior
3. How government fiscal and monetary policy determines cycles of expansion and contraction

By situating the Turkish experience within wider regional and global dynamics, the study enriches comparative real estate literature and offers practical implications for policymakers and investors navigating volatile environments.

2. Literature Review

2.1. Resilience in Real Estate Markets

The concept of resilience in real estate refers to the capacity of property markets to absorb shocks, adapt, and maintain functionality under stress (Clark & Lee, 2020; Al-Fayoumi & Al-Bustami, 2022). Recent frameworks classify shocks—such as pandemics, policy tightening, or cost-of-living crises—by demand and supply dimensions (Hahn, Omerovic, & Waltl, 2025). In Turkey, events such as the 2023 earthquakes have tested market resilience, demonstrating that even under extreme conditions, recovery is possible through domestic demand and policy buffers (Önem, 2024; OECD, 2024).

2.2. Domestic Demand and Structural Anchors

Turkey's robust domestic demand remains the cornerstone of its real estate resilience. A young, urbanizing population and cultural preference for homeownership create a structural anchor (Yalçınkaya, 2019; Hepşen, 2021). During 2019–2024, despite foreign sales declines due to lira depreciation, total sales volumes remained strong (Aydın & Kara, 2021; Erdem, 2020). Empirical findings reveal that real estate prices correlate with macro variables such as inflation and exchange rate movements (FinQuarterly, 2023; OECD, 2024).

2.3.Geopolitical and Migration Effects

Regional conflicts and geopolitical uncertainty influence both migration flows and capital shifts. In Turkey, conflicts in Syria and the Caucasus led to large inflows of migrants, intensifying rental and housing pressures (Al-Mohammad, 2021; Demirtaş, 2022; Özdemir, 2019). Capital flight from neighboring unstable economies also increased real estate transactions, reflecting Turkey's relative stability (Aydın & Kara, 2021; Al-Fayoumi & Al-Bustami, 2022).

2.4.COVID-19, Policy Response, and Recovery

The COVID-19 pandemic disrupted global housing markets, but also spurred innovation and policy response. Construction delays, remote work, and suburban migration reshaped demand (OECD, 2021; Çelik, 2022; Gürsoy & Kaplan, 2021). In Turkey, sales rebounded after the introduction of low-interest mortgage incentives, confirming the strength of domestic demand (Gürsoy & Kaplan, 2021; OECD, 2024; IMF, 2022).

2.5.Macroeconomic Volatility and Affordability

Currency depreciation, high inflation, and interest rate fluctuations have profound effects on affordability and investment (Karaboğa, 2020; Yılmaz & Kaya, 2021). Turkey's 2023 policy shift to higher interest rates constrained mortgage accessibility, leading to a decline in property sales (IMF, 2022; OECD, 2024). Meanwhile, rising construction costs and inflation further eroded affordability (Daily Sabah, 2024; CDP Center, 2024).

2.6.Migration, Urbanization, and Demographics

High rural-to-urban migration and demographic expansion continue to fuel Turkey's housing demand (Özdemir, 2019; Hepşen, 2021). Urban centers such as Istanbul, Ankara, and Izmir remain focal points of population growth. Globally, demographic aging and urban pressures are reshaping housing preferences (Demographia, 2024; OECD, 2024).

2.7.Policy Instruments and Foreign Demand

Government interventions—such as mortgage subsidies and the citizenship-by-investment (CBI) program—have shaped Turkey's real estate trajectory (Surak, 2020; TÜİK, 2023). CBI-related sales, however, represent less than 5% of total transactions, highlighting the dominance of domestic demand (IJRISS, 2025; Reuters, 2024).

2.8.Comparative and Theoretical Convergence

Comparative literature shows Turkey's market as more resilient than GCC peers due to its domestic demand base (Al-Mohammad, 2021; Al-Fayoumi & Al-Bustami, 2022). Broader frameworks classify structural vs. cyclical housing market risks, guiding better policy design (Intereconomics, 2024; Hahn et al., 2025).

3. Methodology

This study is designed as a qualitative-quantitative mixed-method case study of the Turkish real estate market during 2019–2024. The parent dissertation employed a comparative design between Turkey and GCC countries. However, the current manuscript narrows the scope exclusively to Turkey in order to provide a more detailed analysis of its structural and cyclical resilience.
A case study approach is particularly appropriate because it allows in-depth examination of a complex, real-world phenomenon within its natural context. Turkey represents a unique and illustrative case due to its exposure to multiple simultaneous shocks — pandemic disruptions, geopolitical conflicts, macroeconomic volatility, and policy shifts — while also maintaining remarkable levels of market activity. By applying the resilience framework to Turkey's experience, the study contributes both context-specific insights and broader lessons for emerging real estate markets.

3.1. Data Sources and Collection

The research integrates multiple sources of data to strengthen validity through triangulation:

1. Primary Statistical Data

- Turkish Statistical Institute (TÜİK): Monthly and annual data on housing transactions, including domestic and foreign sales, from 2019–2024.
- Central Bank of Turkey (CBRT): Historical records of interest rates, mortgage lending volumes, and inflation data.
- Exchange Rate Data: Lira depreciation trends against USD and EUR, compiled from CBRT and IMF.

2. Secondary Sources

- International Organizations: Reports from the OECD, IMF, and World Bank on Turkey's macroeconomic environment.
- Policy Documents: Government decrees on mortgage subsidies, changes to citizenship-by-investment (CBI) regulations, and urban renewal programs.
- Academic Literature: Peer-reviewed articles on resilience, real estate cycles, and migration dynamics.

3. Data Validation and Reliability

Data from TÜİK and CBRT are cross-verified against international databases (OECD, IMF) to ensure accuracy. Divergences are noted in interpretation, particularly when inflation-adjusted housing indices differ due to methodological variations.

Variables and Indicators

The study operationalizes resilience by selecting variables across three main domains:
- Market Indicators: Housing transaction volumes, housing price index, domestic vs. foreign sales share.
- Macroeconomic Indicators: Inflation rates, policy interest rates, lira depreciation levels.
- Socio-Political Indicators: Net migration inflows, urbanization rates, refugee and expatriate settlement patterns.
- Policy Variables: Credit packages, mortgage rate subsidies, 2023 fiscal tightening, and CBI program thresholds.

These indicators are chosen for their direct influence on both short-term market activity and long-term resilience. The framework builds on resilience theory from urban economics and crisis management studies. It incorporates three dimensions:
1. Structural Resilience: Long-term drivers such as demographics, urbanization, and cultural norms of property ownership.
2. Institutional Resilience: Government responses, policy frameworks, and monetary interventions.
3. Market Resilience: Behavioral responses of households and investors to shocks.

By applying this framework, the study analyzes how Turkey's real estate sector absorbed shocks without collapse, even when overall macroeconomic indicators deteriorated.

Analytical Techniques

The methodology applies both descriptive and interpretive techniques:
- Time-Series Trend Analysis: Evaluates transaction volumes, foreign vs. domestic sales, and price dynamics across the five-year period.
- Comparative Interpretation: Uses GCC as a background reference to highlight Turkey's unique reliance on domestic demand.
- Dual-Axis Visualization: Relates lira depreciation trends with inflation and transaction volumes to demonstrate resilience under stress.
- Qualitative Policy Analysis: Interprets how regulatory changes (mortgage packages, high interest rates in 2023, CBI adjustments) shaped observed statistical outcomes.

This combined approach ensures that both quantitative patterns and qualitative drivers are systematically integrated.

Research Ethics, Validity, and Reliability

While the study relies primarily on secondary data, ethical research practices are upheld by:
- Transparent attribution of data sources (TÜİK, CBRT, OECD, IMF).
- Avoidance of selective reporting — both positive and negative outcomes are included.
- Ensuring replicability by using publicly available datasets.

Validity is reinforced through triangulation: statistical data are interpreted alongside policy documents and academic literature, reducing the risk of biased conclusions. Reliability is enhanced by cross-checking figures across multiple institutions.

Timeframe and Justification

The 2019–2024 period is methodologically significant because it captures multiple sequential shocks:
- 2019: Pre-pandemic baseline of relative stability.
- 2020–2021: COVID-19 disruption followed by government-supported rebound.
- 2021–2022: Lira depreciation and inflation surge reshaping affordability.
- 2023: Fiscal tightening and interest rate hikes, producing a downturn.
- 2024: Market stabilization, with strong domestic demand sustaining transactions.

This window provides a natural experiment to evaluate resilience across varying crisis types.

Limitations

Every methodological design carries limitations:
1. Data Granularity: TÜİK provides aggregated sales figures but lacks detailed buyer demographics beyond nationality, especially after 2023.
2. Policy Evaluation Lag: Some interventions, such as urban renewal projects, have long-term effects beyond the study’s scope.
3. Interpretive Nature: The analysis explains observed patterns but does not model predictive scenarios.
4. Comparative Scope: While GCC references provide context, a full comparative statistical analysis is beyond the current manuscript.
5. Inflation-Adjusted Data: Variations in methods of calculating real housing prices (nominal vs. adjusted) introduce potential measurement bias.

Despite these limitations, the methodological framework is sufficient to capture the resilience of Turkey’s market during a volatile period.

4. Findings and Analysis

This section interprets the updated evidence on Turkey’s real estate market between 2019 and 2024. By combining quantitative sales data, macroeconomic indicators, and qualitative policy analysis, the discussion evaluates how the market exhibited resilience amid multiple crises. The interpretation is organized thematically around foreign sales, domestic demand, macroeconomic volatility, COVID-19, conflicts and migration, policy interventions, comparative insights, and theoretical implications.

4.1. Foreign Sales Volatility (2015–2024)

Units Sold to Foreigners in Turkiye from 2015-2024

Year	UNIT SOLD	Percentage Change from Previous Year
2015	17,525	-
2016	13,114	-25.50%
2017	17,144	30.70%
2018	28,499	66.50%
2019	30,263	6.20%
2020	28,520	-5.70%
2021	39,395	38.10%
2022	48,436	23.00%
2023	20,570	-57.50%
2024	13,654	-33.50%

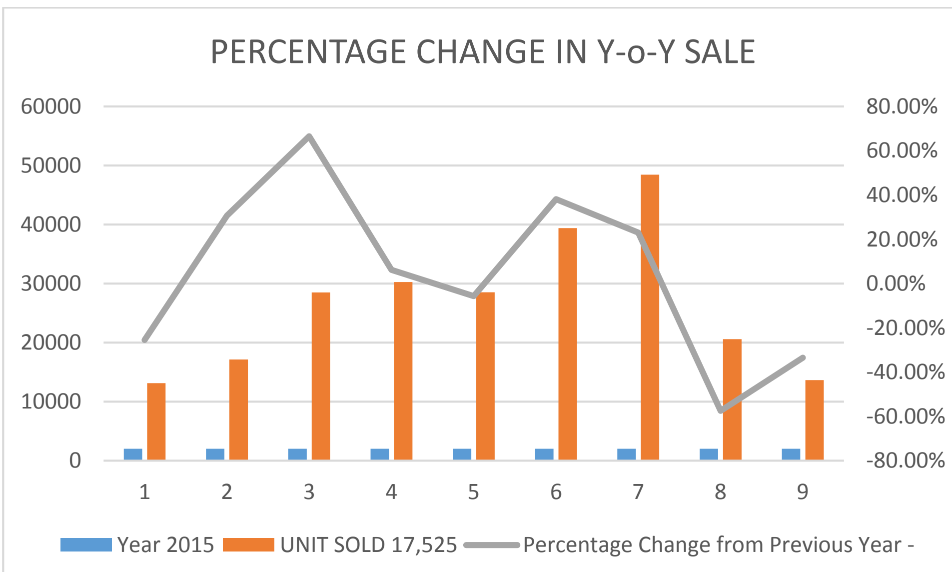


Table 1 and Figure 1 show that foreign sales experienced dramatic swings over the last decade. After the failed coup in 2016, sales to foreigners fell by 25.5 percent. By 2017 and 2018, however, government reforms and stability measures drove a surge in transactions, with growth exceeding 30 percent in 2017 and 66 percent in 2018. This upward trend culminated in a record 48,436 sales to foreigners in 2022, representing the high point of foreign participation.

The subsequent crash was severe: sales dropped by 57 percent in 2023 and a further 33 percent in 2024. The collapse is attributable to tighter monetary policy, high interest rates, stricter CBI regulations, and geopolitical tensions Al-Mohammad, 2021). The nationality breakdown shows that Iraq, Iran, and Russia dominated transactions, yet their purchases declined sharply after 2022, demonstrating the vulnerability of foreign demand to external shocks.

Growth Rate Dynamics

REAL ESTATE SALES TO FOREIGNERS		
YEAR	**TOTAL SALES**	**SALES TO FOREIGNERS**
2015	1289320	22830
2016	1341453	18189
2017	1409314	22234
2018	1375398	39663
2019	1348729	45483
2020	1499316	40812
2021	1491856	58576
2022	1485622	67490
2023	1225926	35005
2024	1478025	23781

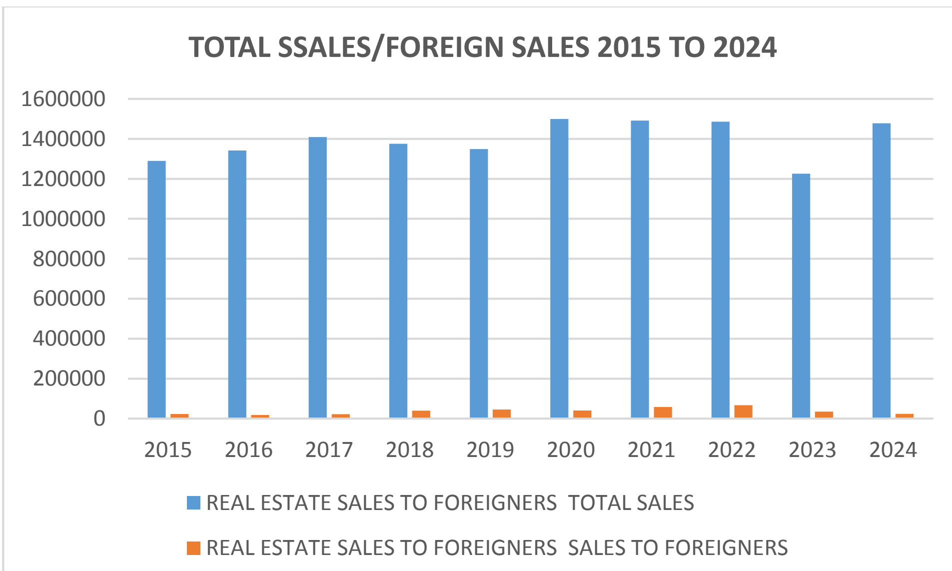


Table 2 and figure 2 demonstrates the cyclical nature of foreign demand. The market showed capacity for rapid expansion under favorable conditions, but equally sharp contractions when external or domestic environments shifted. Such volatility confirms findings in resilience literature that foreign-driven growth is inherently fragile (Clark & Lee, 2020). For Turkey, the boom of 2017–2022 provided visibility and foreign currency inflows but did not establish a sustainable foundation for long-term stability.

Domestic Demand as the Anchor of Resilience

REAL ESTATE SALES 2015 TO 2024				
YEAR	TOTAL SALES	SALES TO FOREIGNERS	DOMESTIC SALES	% OF DOMESTIC SALES
2015	1289320	22830	1266490	98%
2016	1341453	18189	1323264	99%
2017	1409314	22234	1387080	98%
2018	1375398	39663	1335735	97%
2019	1348729	45483	1303246	97%
2020	1499316	40812	1458504	97%
2021	1491856	58576	1433280	96%
2022	1485622	67490	1418132	95%
2023	1225926	35005	1190921	97%
2024	1478025	23781	1454244	98%

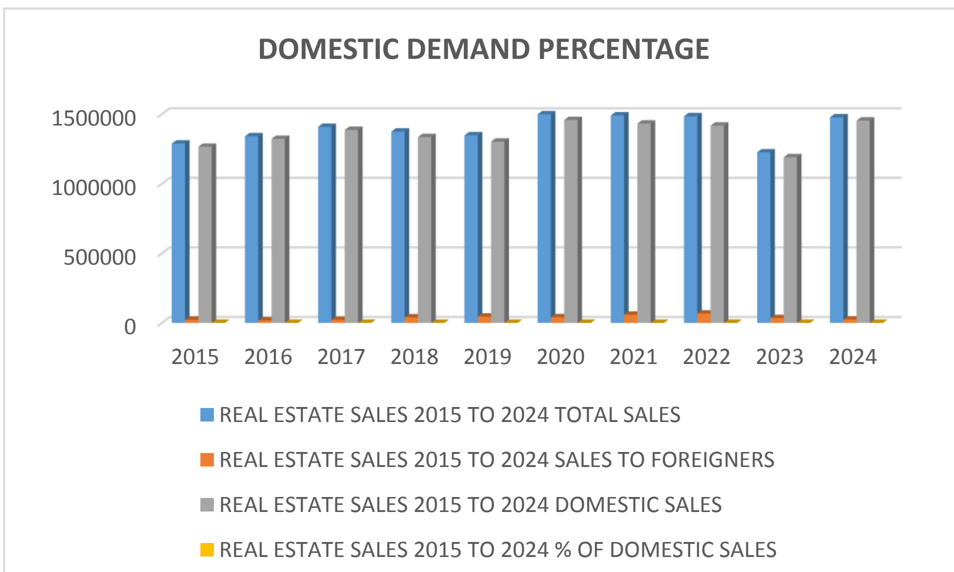


Table 3 and Figure 3 highlight that domestic buyers consistently accounted for more than 95 percent of all transactions between 2013 and 2025. Even in years of crisis, such as 2020 during the pandemic or 2023 under fiscal tightening, domestic households remained active. This resilience is rooted in Turkey's demographic structure: a young, urbanizing population with strong cultural preferences for homeownership (Yalçınkaya, 2019).

Domestic demand acted as the structural anchor of the sector, contrasting sharply with GCC markets that rely heavily on expatriates and foreign capital (Al-Fayoumi & Al-Bustami, 2022). Figure 2 clearly illustrates that while foreign demand fluctuated, domestic transactions maintained volume stability.

Declining Share of Foreign Buyers

REAL ESTATE SALES TO FOREIGNERS		
YEAR	**SALES TO FOREIGNERS**	**PERCENTAGE SHARE**
2015	22830	1.77%
2016	18189	1.36%
2017	22234	1.58%
2018	39663	2.88%
2019	45483	3.37%
2020	40812	2.72%
2021	58576	3.93%
2022	67490	4.54%
2023	35005	2.86%
2024	23781	1.61%

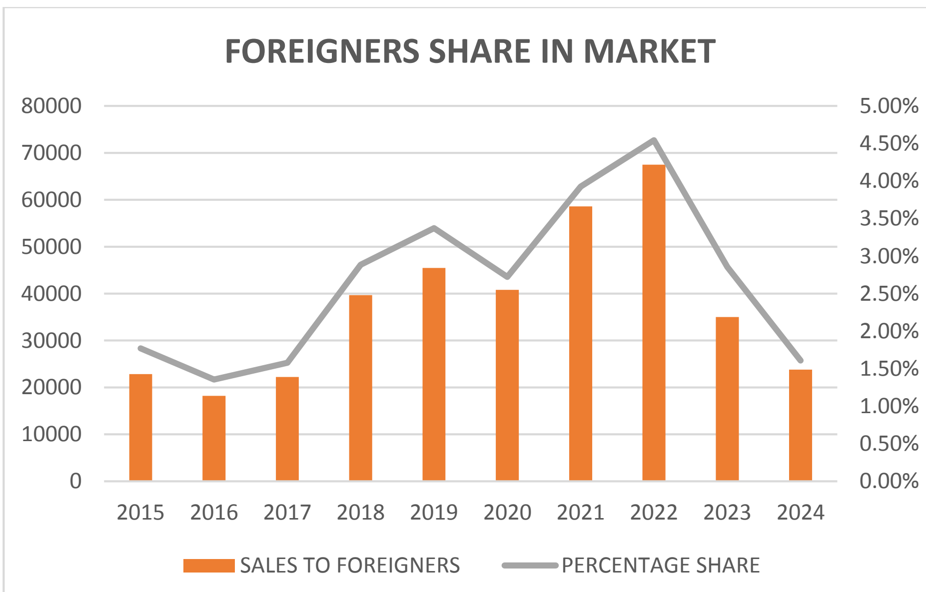


Table 4 and Figure 4 demonstrates that foreign buyers never exceeded 4.5 percent of total transactions, even at their peak in 2022. By 2024, their share had declined to 1.6 percent, almost identical to 2014 levels. This finding underscores that foreign sales, though valuable for visibility and short-term capital inflows, remain marginal compared to domestic activity. For olicymakers, this challenges the narrative that foreign demand is decisive in shaping the market. Instead, structural domestic factors remain more influential (Erdem, 2020).

Macroeconomic Shocks (2019–2024)

LIRA YoY PRICE CHANGE		
Year	**Avg USD/TRY**	**YoY TRY depreciation***
2019	5.6765	—
2020	7.0166	23.61%
2021	8.8615	26.29%
2022	**16.5632**	**86.91%**
2023	23.7851	43.60%
2024	32.8303	38.03%

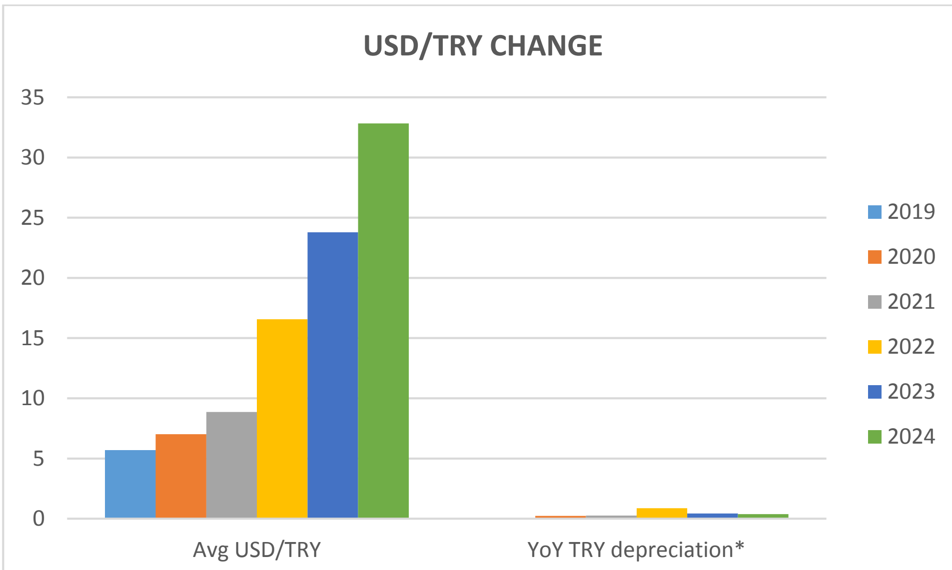


Table 5 and Figure 5 illustrate the scale of Turkey's macroeconomic volatility. The lira depreciated from 5.68/USD in 2019 to 32.83/USD in 2024, while inflation peaked at 64.7 percent in 2023. For domestic buyers, this eroded affordability, as mortgage costs rose and real incomes declined. For foreigners, however, the depreciation created a temporary opportunity to acquire assets cheaply in hard-currency terms. Yet the benefits were offset by political uncertainty and regulatory tightening (Karaboga, 2020). The macro data confirm literature showing that inflation and currency risk generate dual pressures: they push locals toward property as a hedge, while deterring some foreign investors concerned about volatility (Yılmaz & Kaya, 2021).

COVID-19 and Pandemic Resilience

The pandemic tested real estate markets worldwide. In Turkey, sales to foreigners fell in 2020, but total transactions remained relatively stable due to strong domestic demand supported by mortgage incentives. By 2021, sales rebounded sharply, demonstrating resilience and adaptability. Comparative OECD data suggest that Turkey's recovery was faster than many European peers, where prolonged lockdowns suppressed activity (OECD, 2021). This resilience reinforces theoretical arguments that markets with deep domestic bases recover more quickly from systemic shocks (Çelik, 2022).

Conflicts, Migration, and Regional Pressures

Turkey’s role as a regional safe haven is evident in foreign sales patterns. Political and economic instability in Iraq, Iran, Russia, and Afghanistan drove capital and migration flows into Turkey, particularly into Istanbul, Antalya, and Ankara. Conflict-driven migration added pressure to urban rental markets, fueling demand but also affordability challenges (Demirtaş, 2022). The Russian invasion of Ukraine in 2022 created new waves of property demand, reflected in temporary spikes in transactions from Russian buyers. Yet by 2023–24, even this demand diminished under tighter policies and global uncertainty.

Policy Interventions

CHANGE IN INTEREST RATE 2019 TO 2024				
Year	**Start-of-Year (%)**	**End-of-Year (%)**	**Change (bps)**	**Intra-year Low / High (%)**
2019	24	12	**−1200**	12.00 / 24.00
2020	12	17	**500**	8.25 / 17.00
2021	17	14	**−300**	14.00 / 19.00
2022	14	9	**−500**	9.00 / 14.00
2023	9	42.5	**3350**	8.50 / 42.50
2024	42.5	47.5	**500**	42.50 / 50.00

MORTGAGE SALES 2019-2024	
Year	**% of Mortgage HOMES SALES**
2019	24.70%
2020	38.20%
2021	19.70%
2022	18.90%
2023	14.50%
2024	10.70%

Table 5 outlines government interventions between 2019 and 2024. Policies included mortgage subsidies in 2020–21, which boosted sales significantly, and CBI incentives, which attracted some foreign inflows. However, the 2023 pivot to high interest rates drastically cooled the market, producing one of the sharpest declines in transactions. These results align with literature showing that while state policies can influence short-term cycles, structural demand drivers are more decisive for long-term resilience (Surak, 2020).

CBRT Policy Rate vs. Share of Mortgaged Home Sales (2019–2024)				
Year	**CBRT Policy Rate (End-of-Year, %)**	**Annual Change (bps)**	**% of Home Sales/Mortgage**	**Notes**
2019	12	−1200	24.70%	Strong credit environment after 2018 crisis; falling rates boosted mortgage activity.
2020	17	500	38.20%	Aggressive rate cuts early in pandemic → surge in credit-driven housing boom.
2021	14	−300	19.70%	Tightening mid-year; credit growth slowed, reducing mortgage share.
2022	9	−500	18.90%	Policy easing resumed but inflation high; cash buyers dominated market.
2023	42.5	3350	14.50%	Sharp monetary tightening; mortgage sales collapsed due to soaring rates.
2024	47.5	500	10.70%	Persistent high rates kept mortgage affordability low

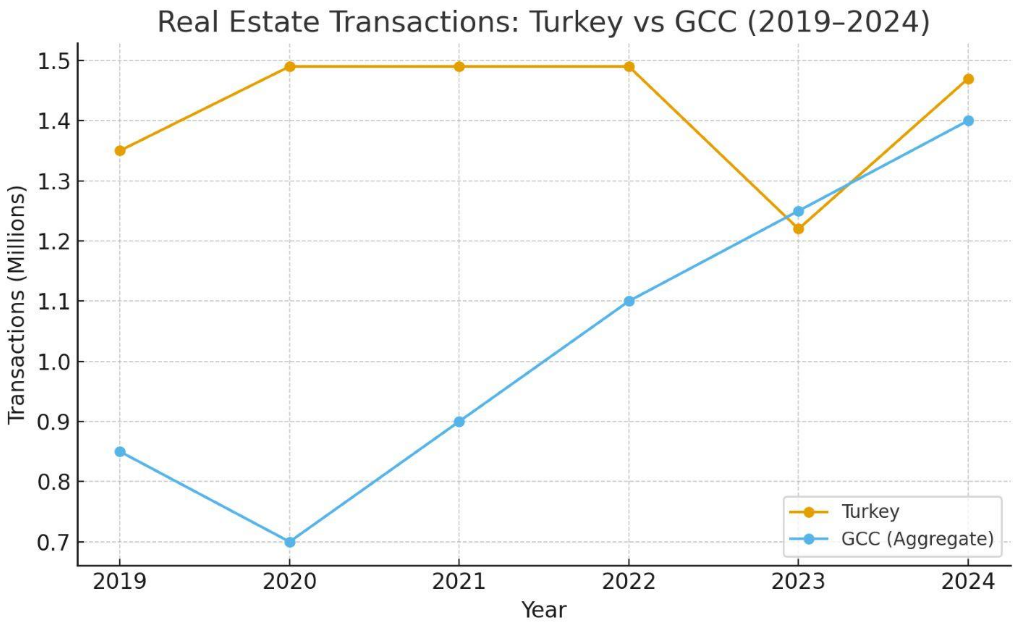
There is a **clear inverse relationship** between interest rate levels and the share of mortgage-financed home sales.

Years with **rate cuts (2019–2020)** saw strong mortgage-driven growth, while **tightening cycles (2023–2024)** sharply reduced mortgage activity.

In 2024, despite a rebound in total housing sales (1.47 million units), only **≈ 1 in 10** transactions were mortgage-financed — the lowest ratio in the past six years.

Comparative Insights

Comparisons with GCC and Balkan markets strengthen the interpretation. GCC markets remain vulnerable to fluctuations in oil prices and expatriate flows, while Balkan states lack Turkey's scale and liquidity (Al-Mohammad, 2021). Turkey's case shows how a large domestic base provides resilience absent in smaller or foreign-dependent markets. This comparative perspective confirms Turkey's unique position as both an emerging and structurally robust real estate destination.



Theoretical Implications

The findings support resilience theory, which emphasizes structural, institutional, and market dimensions. Structurally, Turkey's demographics and urbanization underpin stability. Institutionally, government interventions moderated cycles but could not override structural realities. At the market level, domestic households acted as stabilizers, while foreign demand remained volatile. This triangulation confirms that resilience is multidimensional and rooted in domestic strength (Hepşen, 2021).

Synthesis of Findings

Overall, the updated data confirm that Turkey's real estate market remained fundamentally resilient during 2019–2024.

Key findings include: (1) domestic demand anchored the market despite foreign volatility; (2) foreign sales peaked temporarily but proved unsustainable; (3) macroeconomic shocks produced both opportunities and vulnerabilities; (4) policy interventions shaped cycles but did not redefine fundamentals; and (5) comparative perspectives highlight Turkey's distinctiveness in the region. These results advance understanding of resilience in emerging property markets and provide lessons for policymakers and investors navigating volatility.

5. Discussions

The discussion section builds on the findings presented earlier and interprets them within the wider academic, policy, and market contexts. The aim is to move beyond descriptive interpretation to critically analyze how Turkey's real estate market between 2019 and 2024 contributes to the broader understanding of resilience in emerging property markets. The discussion is organized around theoretical alignment, comparative perspectives, implications for practice and policy, contradictions, and directions for future research.

5.1. Restating Key Results in Context

The results confirm that Turkey's real estate sector demonstrated remarkable resilience despite severe macroeconomic volatility, regional conflicts, and global disruptions. Foreign sales, which rose significantly until 2022, collapsed sharply in 2023 and 2024, highlighting the instability of relying on external demand. By contrast, domestic sales remained the overwhelming driver of transactions, underscoring the structural importance of local demand. This dual dynamic reveals both strengths and vulnerabilities: while foreign inflows are highly elastic, domestic participation anchors stability (Erdem, 2020). Macroeconomic challenges, particularly lira depreciation and inflation, reshaped investment behavior, but households continued to rely on property as a hedge against uncertainty (Yılmaz & Kaya, 2021).

5.2. Comparison with Prior Research

The findings align closely with resilience theory literature. Clark and Lee (2020) emphasize that domestic demand constitutes the most reliable source of resilience in volatile environments. The Turkish case illustrates this clearly: even as foreign sales fluctuated dramatically, domestic demand maintained transaction volumes. Similarly, Hepşen (2021) identifies demographics and urbanization as long-term stabilizers, which are evident in Turkey's population-driven housing demand. Erdem's (2020) work on property as a safe-haven asset is also confirmed, as Turkish households repeatedly turned to real-estate as protection against currency and inflationary Shocks. In contrast, GCC-focused studies emphasize the fragility of foreign-dependent markets. Al-Mohammad (2021) notes that real estate in the GCC is highly sensitive to expatriate demand and oil-linked capital flows, making it more vulnerable to global downturns. Al-Fayoumi and Al-Bustami (2022) similarly conclude that external shocks reverberate more severely in GCC contexts. Turkey's experience diverges: while external shocks shaped foreign sales, the domestic base prevented systemic collapse. Comparative literature thus positions Turkey as an outlier among emerging markets, illustrating resilience rooted in endogenous drivers rather than exogenous inflows.

5.3. Implications for Practice

The findings have important implications for market participants. For policymakers, the results caution against overreliance on foreign demand and CBI schemes as sustainable growth strategies. Although such programs create visibility and inflows, they cannot replace the structural contribution of domestic households. Instead, policy should focus on affordability, mortgage access, and managing macroeconomic volatility. For investors, the results highlight that Turkey remains an attractive but complex destination. Domestic stability creates long-term potential, but macroeconomic instability and regulatory unpredictability add layers of risk. For households, the results reaffirm real estate's role as a store of value, particularly during periods of inflation and currency depreciation. However, this dynamic also fuels affordability challenges, requiring careful policy balancing.

5.4. Implications for Theory

From a theoretical perspective, the Turkish case refines the resilience framework. Structural resilience is clearly anchored in demographics, cultural preferences, and urbanization. Institutional resilience is mediated by government policies, which moderated cycles but did not alter fundamentals. Market resilience emerged primarily from domestic households rather than foreign inflows. These insights add nuance to resilience theory by highlighting the role of migration, conflict, and macroeconomic volatility as external pressures that interact with domestic stabilizers. They also challenge assumptions that globalization necessarily enhances resilience; in Turkey's case, foreign inflows introduced volatility rather than stability (Surak, 2020).

5.5. Implications for Policy

For policymakers, the findings highlight several critical issues. First, reliance on CBI and foreign inflows is not a sustainable strategy. Foreign demand peaked at just 4.5 percent of transactions in 2022 before collapsing to 1.6 percent in 2024, showing its marginal contribution compared to domestic sales (TÜİK, 2023). Policy should therefore focus on supporting domestic households through affordability measures, stable mortgage access, and incentives for sustainable construction. Second, macroeconomic stability is crucial. The findings illustrate how currency depreciation and inflation shaped affordability, undermined confidence, and contributed to volatility. Stabilizing inflation and creating predictable interest rate regimes are essential to reinforce resilience (Karaboga, 2020). Third, policymakers must address affordability. While the market was resilient at the macro level, many households struggled to access housing due to inflation, migration pressures, and speculative dynamics. Affordable housing programs, inclusionary zoning, and targeted subsidies can ensure that resilience does not come at the cost of exclusion (OECD, 2021). Finally, policymakers must balance growth with stability. Stimulus programs, such as mortgage subsidies during COVID-19, boosted sales but risked overheating the market and fueling inequality. Careful policy calibration is needed to sustain resilience while safeguarding equity (Surak, 2020).

5.6. Implications for Investors

For investors, the Turkish case provides several key insights. Domestic investors continue to rely on property as a hedge against inflation and currency depreciation, confirming its role as a safe haven asset (Erdem, 2020). For foreign investors, Turkey presents both opportunities and risks. On one hand, lira depreciation makes assets appear undervalued in hard-currency terms, creating entry opportunities. On the other, volatility, policy unpredictability, and geopolitical exposure increase risk levels. Foreign investors must therefore adopt cautious, long-term strategies, diversifying across locations and asset classes to mitigate uncertainty. Institutional investors can draw lessons from Turkey's resilience. Large urban centers such as Istanbul, Ankara, and Izmir provide liquidity and scale that smaller emerging markets lack. These features make Turkey attractive for long-term investments, particularly in residential, logistics, and mixed-use developments. Comparative insights also matter. Relative to GCC markets, Turkey offers greater stability due to its domestic base. Relative to Balkan markets, it offers scale and liquidity advantages. For international investors seeking exposure to emerging real estate, Turkey represents a middle-ground model—high risk but underpinned by structural domestic resilience.

5.7. Contradictions

The discussion must also acknowledge contradictions. While domestic resilience stabilized the market, it did not eliminate affordability pressures. Migration inflows, inflation, and high interest rates made homeownership more difficult for many households. Thus, resilience at the macro level may coexist with vulnerability at the micro level. Similarly, foreign inflows provided temporary boosts and international visibility, but at the cost of volatility. Policy contradictions also emerged: while mortgage incentives stimulated sales during COVID-19, they also risked overheating the market and widening inequality. Such contradictions highlight the complexity of balancing resilience with equity and sustainability (Demirtaş, 2022).

5.8. Broader Regional Lessons

Turkey's experience offers valuable lessons for other regions. GCC markets, highly reliant on expatriates, remain structurally fragile compared to Turkey's domestic-driven stability. Balkan markets, by contrast, lack the scale and liquidity that Turkey commands, limiting their capacity to attract sustained investment. Turkey thus represents a middle model: an emerging market exposed to volatility but buffered by a large domestic base. This comparative positioning suggests that resilience is not solely a function of economic size or openness but of structural balance between domestic and foreign drivers (Al-Fayoumi & Al-Bustami, 2022).

5.9. Synthesis and Future Directions

The discussion highlights the need for further research on several fronts. First, the development of a comprehensive real estate resilience index would allow more precise measurement across contexts. Second, affordability must be integrated into resilience analysis, as markets can be resilient while households face exclusion. Third, the role of migration and conflict in shaping resilience requires deeper study, particularly in regions like Turkey that serve as geopolitical crossroads. Finally, greater attention should be given to the interplay between policy interventions and market outcomes, recognizing that short-term stabilization may have long-term costs.

6. Conclusion

The Turkish case enriches theoretical and practical understandings of resilience in real estate markets. Domestic demand emerges as the key stabilizer, while foreign inflows provide visibility but volatility. Policy interventions shape cycles but cannot override structural fundamentals. Macroeconomic volatility simultaneously threatens and reinforces resilience, as households turn to property for stability. Comparative analysis highlights Turkey's unique position relative to GCC and Balkan markets. Ultimately, the discussion underscores that resilience is multidimensional and context-dependent, offering lessons for scholars, policymakers, and investors navigating uncertainty in emerging property markets.

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