

Acquisition of Real Estate in Turkey, Key Stages

Required Approval

In the event where a foreigner holds more than 50% of the shares of a Turkish company or has the right to appoint or dismiss people having management authority, such foreigner must apply to the respective Provincial Planning and Coordination Directorate of the Governorship of the respective city prior to purchase of real estate. Such foreigner can only purchase real estate in Turkey by submitting such approval to the relevant land registry directorate where the land is registered along with other necessary documents required by the law.

Transfer of title at the Land Registry Directorate

Title of real estate passes through execution of the ex officio transfer document (i.e. deed of sale) before the respective land registry directorate where the real estate is registered. The original deed of sale is stored by the relevant land registry directorate, however, the new owner of the real estate is provided with the title deed record showing the legal or real person owning the real estate.

Promise to Sell Agreement, a Contractual Solution

Foreigners intending to purchase real estate in Turkey generally wish to secure the “sale of the real estate to themselves” prior to commencing the approval process, since the approval process takes a period of one to three months (usually depending on the location of the real estate) and requires preparation of the application for approval. Therefore, it is possible to execute a promise to sell agreement between the foreigner intending to purchase the real estate and the seller, where the buyer will be obliged to purchase the real estate and the seller will be obliged to sell the real estate. It must be noted that in the event of a breach of the agreement, the promise to sell agreement will not transfer the title automatically and can only force the buyer or the seller to sign the ex officio sale deed or can implement a penal clause in the event where such obligations are breached.