

# Türkiye – increasing its appeal for Residency and Citizenship by Investment



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## **Why has Türkiye become appealing for Residency and Citizenship?**

Türkiye is a very attractive place to make investments as it’s a business hub. The country has a population of 85 million and is one of the G20 countries that experienced GDP growth in 2020 alongside China. Türkiye has been consistently growing on average by 5.1% since 2003. In 2021, the Turkish economy saw a growth of 11%, and if this continues into 2050, research indicates that a 3% growth average in the Turkish economy will make it one of the top 10 economies in the world by then. So, many people want to be a part of it.

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## **What are the most popular destinations in Türkiye?**

Foreign investors and tourists mistakenly think that Istanbul is the capital city of Türkiye. Ankara, which is located in the middle of the country, is the capital city of Türkiye. However, Istanbul is very famous as a tourist destination and as a financial centre. Istanbul was the capital city of two empires, the Roman Empire and the Ottoman Empire, so that’s why there are so many historical places to visit. They say 1000 days are not enough to visit all these locations in Türkiye, in Istanbul. If you go to the southwest parts of Türkiye, there are many great tourist destinations, like Bodrum, Antalya, and Izmir. There are so many nice places to visit and in all these cities, people are multilingual. They speak quite good English, so you can enjoy your time.

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## When did the Türkiye CBI (Citizenship by Investment) program start? What are the conditions for the program?

The Citizenship by Investment program in Türkiye started in 2017. Initially, the investment amounts were quite high, that's why it didn't attract so many investors. Later in 2018, the government decreased the investment amounts, so then the program started gaining popularity.

Currently, there are seven criteria to choose from as an investment option to apply for Turkish citizenship. One of the criteria is making an investment of USD 500,000 in fixed capital investment, to apply for citizenship. One other criterion to apply for citizenship in Türkiye includes purchasing a property for USD 250,000, which will be increased to USD 400,000 by June 12. If you create 50 jobs for Turkish citizens in Türkiye or deposit a minimum of USD 500,000 into a Turkish bank account for three years, or if you buy public debt instruments, for at least USD 500,000 you can apply for Turkish citizenship. An investment of at least USD 500,000 into one of the real estate investment funds or venture capital funds in Türkiye, will qualify you to apply for citizenship. The government just introduced another investment requirement, an investment of USD 500,000 into a pension fund, to apply for your citizenship.

## Which investment options are popular for the program and why?

The real estate investment option is very popular. A couple of years ago, the investment of USD 500,000 into a Turkish bank account was very popular as well. But currently, the real estate option is the popular one. There are many investors from many different nationalities buying property

from Türkiye. They say that investors from roughly 180 nationalities invest every year in the Turkish real estate market. And in 2020, the total foreign direct investment was about 5.7 billion in Türkiye, and almost all of it was into real estate.

The main reason that people prefer to invest in real estate for the citizenship by Investment program is that, currently, if you want to choose one of the criteria for the CBI program before you make any investment, you have to convert into Turkish Lira and keep your funds in Turkish Lira. And now, because of that, people prefer to buy real estate, which is a very profitable investment option in Türkiye.

## How big is the total Türkiye CBI program?

We don't have specific data regarding this. In 2020, our interior minister, Mr. Süleyman Soyly, made an announcement that in 18 months, the total investment was about USD 2.7 billion for the Türkiye CBI program. However, we can assume that if we look at, as I mentioned earlier, in 2020 for example, the total foreign direct investment was 5.7 billion, and most of it was from the real estate investors. So, we can estimate that a minimum of USD 4 billion of this investment was from us for the Türkiye CBI program. If you look at the total size of the investment migration industry, which assumes about USD 30 billion annually, and compare the amounts invested for the Türkiye program to the total size of the investment migration industry, we can say that Türkiye CBI covers 10 to 15% of the whole industry.

## Why do clients apply for the Türkiye CBI program in comparison to other options?

In the world, there are 11 CBI programs. They all have their

advantages, obviously, and investors have their reasons to apply for each of these programs. When you look at the Turkish program, compared to other programs, there are no additional government fees that you have to pay.

Basically, you make a profitable investment in Türkiye of, let's say, USD 400,000 into real estate – you buy and just pay the closing fees and the taxes that you have to pay for the property – to apply for citizenship. Then, you have access to a big country where you can reside, and Türkiye is the only G20 country that's offering citizenship by investment program.

And for business purposes, if you want to enlarge your business, you can. There is a domestic demand in Türkiye with a big population of 85 million, so there is local demand. You can use Türkiye as a regional centre and do business through Istanbul to many other countries around Türkiye.

## How do you see the future of the program in Türkiye?

Since 2018, the Turkish program had so much demand. As I mentioned earlier, currently, we can assume that 15% of the investment migration industry is running in Türkiye. It has been growing rapidly, but at the same time, it's very important that the program grows sustainably, because it generates great income for the country. It provides lots of foreign direct investment, but also, we should consider the quality of the foreign direct investment as well. For example, next year, there will be an election in Türkiye and after the elections, the program may shut down. If we don't want that to happen, we should design the program in a much better way so that it will bring sustainable foreign direct investment to Türkiye. ■