

Transparency and Affordability of Housing Market: Evidence from Sectorial Level Analysis in Turkey

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Key words: Demand and Supply; affordability and transparency; Turkey housing market.

SUMMARY

This study aims at investigating the transparency and affordability of the Turkey housing market through supply and demand of the housing market in Turkey from the sectoral perspective. This study has been motivated by official reports made by the Global Real Estate Transparency Index, and the World Bank Group relating to transparency and housing affordability in Turkey's housing markets which lead to making inferences that transparency and affordability of the housing market in Turkey are necessary to examine at this moment. To achieve the main objective of this study, quarterly data ranging from 2002Q1 to 2021Q4 was obtained from the Statistical Institution of Turkey (TURKSTAT) was used. It is well acknowledged that both supply and demand for housing in Turkey are well regulated therefore legal permissions are required. This drives variables used in this study. Variables of the study are construction permit and occupancy permit, consumption, transparency, and financing were obtained.

For the analysis approach, we employed the NARDL framework and Granger causality test. Both modelling techniques were employed because they are appropriate to address the objectives of this study. NARDL technique captures both long-run effect and asymmetric relationship among the variables of the study. NARDL modelling is appropriate to analyze small sample data and variables of a different order of integration. Similarly, the NARDL framework allows the modelling of a partial sum of negative and positive asymmetric effects of short and long-run effects (Raza et al., 2016). In addition, Granger causality explains the variable that ganger causes one another.

Brief about the findings of this study are; firstly, there is significant evidence of a long-run asymmetric relationship between housing supply and demand in public and private housing market sectors, but a relationship is symmetrical in the cooperative housing market sector. Secondly, findings on consumption and financing revealed lower affordability in acquiring houses through the

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public sector. Thirdly, transparency and supply of housing in the public sector exhibit a long-run asymmetric relationship but an asymmetric relationship in the short run. Fourthly, there is evidence of an asymmetric relationship between transparency and access to finance in the cooperative housing supply sector. In summary, transparency in the housing market has been a concern in the housing market globally while housing affordability is related to the economic performance of each nation. Since Turkey's economy is under attack, both transparency and affordability are huge challenges in the Turkish housing market.

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