

# **The financialisation of the housing industry in Turkey as a general outcome of the neoliberal economic transformation**

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This paper examines the political economic dynamics behind the housing sector-based accumulation in Turkey. The housing sector-based accumulation is accepted not only an economic growth model after the 2001 crisis but also an important political decision of the political power representing “the institutionalization of the neoliberalism” and the transformation of the state from 2002 to the present. The paper discusses the housing boom in Turkey between 2002 and 2015 in three axes. First, by looking to the ‘abstract, the housing production must be evaluated based on the general laws of capital accumulation. In a social formation dominated by the capitalist relations of production, housing is a commodity like all other commodities and so has a use-value and exchange value. While the use-value of housing refers to its sheltering function, it becomes an investment instrument in respect to the exchange-value. However, the use-value and exchange-value of the housing change according to the different actors in the social circulation of capital, i.e. tenants, real estate agents, landowners, contractors and construction companies. This brings us to the second point of the housing sector. Housing is a social relationship dominated by the capitalist relations of production and the actors taking place in this production, circulation or reproduction processes are not static agents in the concrete level. The historical, structural and institutional changes in the international, national, and urban realms interactively determine the reorganization of the housing as a commodity. Therefore, housing industry must be examined through different phases of capital accumulation and different forms of state. For understanding the housing production in Turkey during the 2000s, it is significant to evaluate the role and importance of the state in the neoliberal transformation process. The institutionalization of the neoliberalism and the transformation of the state from 2002 is presented via TOKI (Mass Housing Administration), which is an autonomous and very powerful state institution leading the housing and real estate sector-based growth in Turkey. TOKI as a centralized authoritarian state instrument in the 2000s’ Turkey plays a crucial role in the regulation of the economy based on the property market and in capital accumulation through rent creation. Although it is not possible to understand the capital accumulation process in the sector by ignoring the central role of the state and its main actor TOKI; the private companies, GYOs (real estate trusts), financial actors, public and private banks have been also very important actors of this process. Here, the third axis of the paper is the continuous integration of finance capital into social reproduction areas like housing as a general outcome of the neoliberal economic transformation. In other words, financialisation of the housing industry has brought new dimensions to the relations between the state and construction companies in Turkey in the 2000s. Thus, understanding the changes in the finance system in the recent decade is important in order to understand what is happening in the urban space. There are two instances regarding to finance capital that affect these relations during the 2000s. The first of these is the reorganization of the banking system after the 2001 crisis and the second is the sharp fall in the inflation as a result of the post-crisis economy policies in Turkey. In the wake of these two factors, the relative decrease in the interest rates created a favorable atmosphere for long-term housing credits and in this way the economic structure required for the increase in the personal indebtedness was created in the 2000s. Housing credits composes an important part of the personal indebtedness. The distinctive feature of this new process, which can be named as the escalation of the relationship between construction and financial sectors, is the inclusion

of people from different income levels to the housing market through the financial inclusion mechanisms.