



# ECON 401 PROJECT



# DIFFERENCES BETWEEN TAX VALUE AND MARKET PRICE

- We calculate the differences between current value and real market price.
- Our main motivation in this study is to understand the magnitude of the differences between the sale prices of houses and their assessed values in the real estate market in İzmir, as well as the reasons behind these differences.
- Thanks to the breadth of our dataset, we were able to thoroughly examine the differences between market prices and assessed values, as well as analyze how these differences vary with the dynamics of specific regions.

## Dataset

- 37,500 real estate price records from Sahibinden.com
- Assessed values from E-Municipality systems
- Property sizes in square meters
- Location information
- Market prices and assessed values
- 68,000 tax prices from E-belediye

## Analysis Method

- Identifying the differences
- Analyzing the dynamics

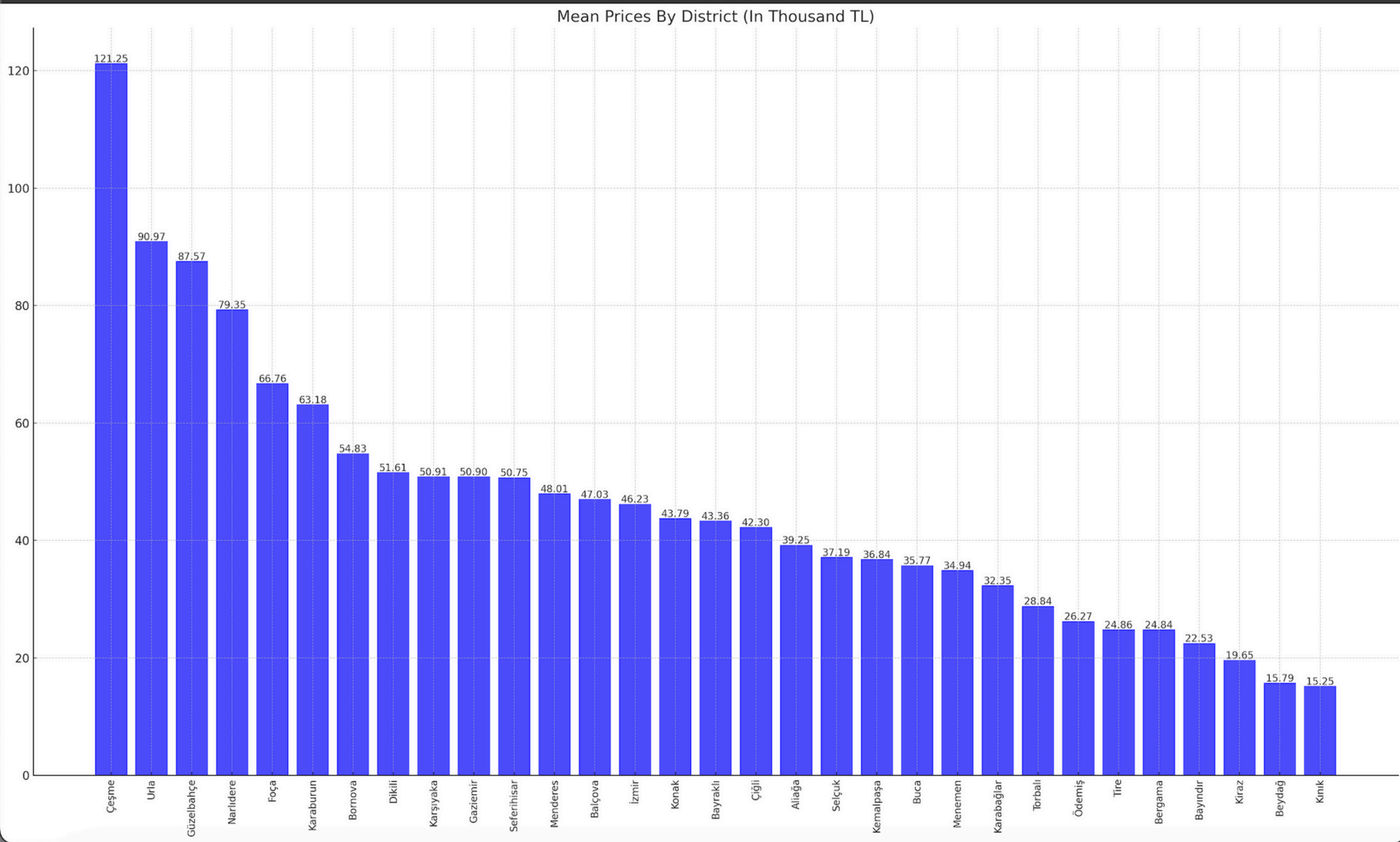
# RESULTS

## **Findings:**

- High price differences in popular areas like Çeşme.
- More reasonable differences in other regions.

## **Reasons for the Differences:**

- Impact of tourism.
- Investment demand.
- Gaps in official valuation processes.



Cesme (121.25) is located at the top of the list. Çeşme's location on the coast, its popularity as a luxury living area and holiday destination, brings m2 prices to the top.

Urla (90.97) and Güzelbahçe (87.57): second and third place after Çeşme. These regions are also located on the sea coast and are usually preferred for luxury living.

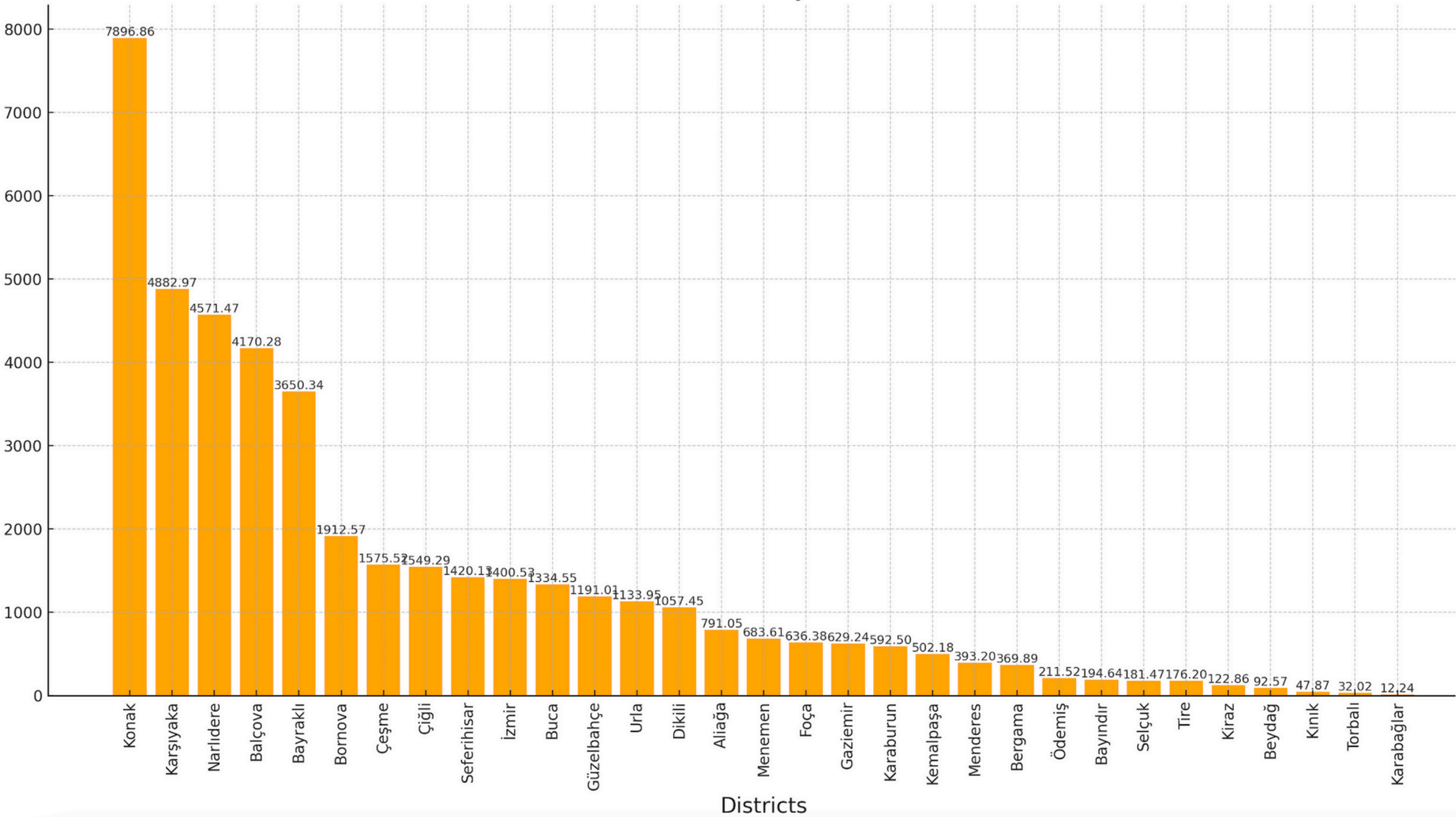
Buca (35.77), Menemen (34.94): Prices are more affordable in these regions, which are located outside the city center and are mostly known for their large housing projects.

Kınık (15.25), Beydağ (15.79), Kiraz (19.65): These regions, which are at the very end of the list, stand out with their rural and agricultural-oriented structure.

The distance to the city center and the lack of infrastructure lead to low prices.



Mean Current Prices by District in İzmir



The Highest Fair Prices:

- Konak(7,896.86) : It is at the top of the list. Karsiyaka justifies this high fair price with its developed infrastructure, modern housing projects and its location on the beach line.
- Karşıyaka (4,882.97) and Narlıdere (4,571.47): These regions in the second and third place attract attention with their proximity to the coastline and high living standards.

Low Fair Prices:

- Beydağ (92.57), Kınık (47.87), and Torbalı (32.02): These districts located in rural areas have lower fair prices. This situation can be attributed to the distance from the city center and limited infrastructure opportunities.
- Karabağlar (12.24): It is located at the end of the list. This may indicate that fair prices may have been affected by some regional differences (such as data method, old building stock).

## Market Comparison Metrics

İzmir	Value
Mean Real Market	46231.49
Mean Current Market	1400.53
Ratio	33.01

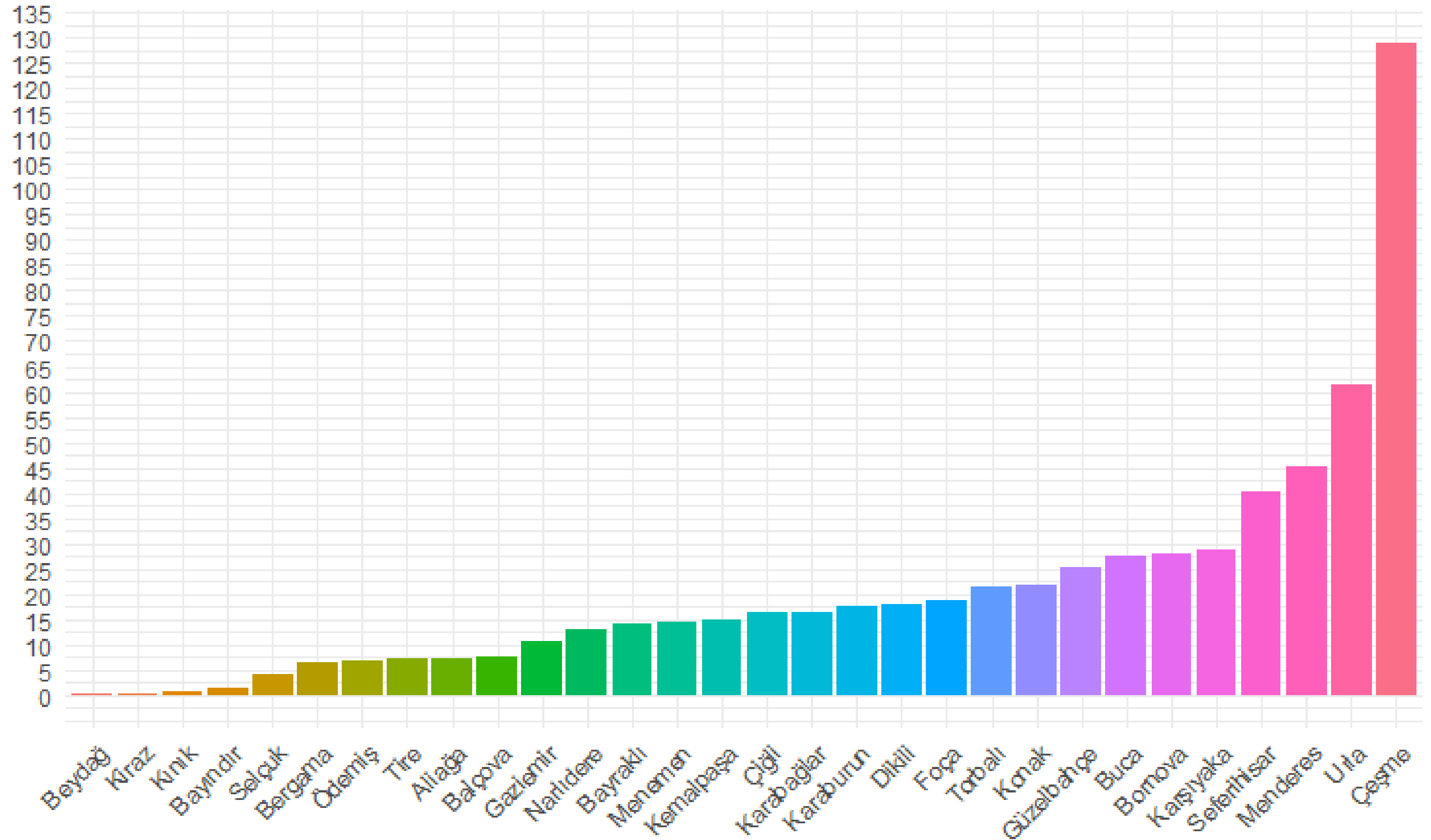
### Average Values for İzmir:

- **Mean M2 Price (46,231.49 TL):** The average price for 1 square meter in İzmir is approximately 46,231 TL. This price shows that the general real estate market of İzmir has a high demand and both the city center and prestigious areas are effective.
- **Mean R2 Price (1,400.53 TL):** The average fair price is quite low. This price is used in the calculation of property taxes.

### Ratio: M2/R2 (33.01):

- This ratio indicates that real market values are about 40 times higher compared to fair prices. This is in line with the general practice in Turkey, which reveals that fair values are usually kept low and do not fully reflect market prices.
- The fact that the rate is so high emphasizes that the fluctuations in the real estate market and the increase in value are more pronounced, especially in metropolitan cities such as İzmir.

Tax Potential Difference by District (In Millions TL)





## **Tax Potential Calculation of The Data**

**Total Area: 5,974,403 m<sup>2</sup>**

**Total Tax Potential: 535,676,432 TL**

## **Estimated Housing Tax Potential in İzmir:**

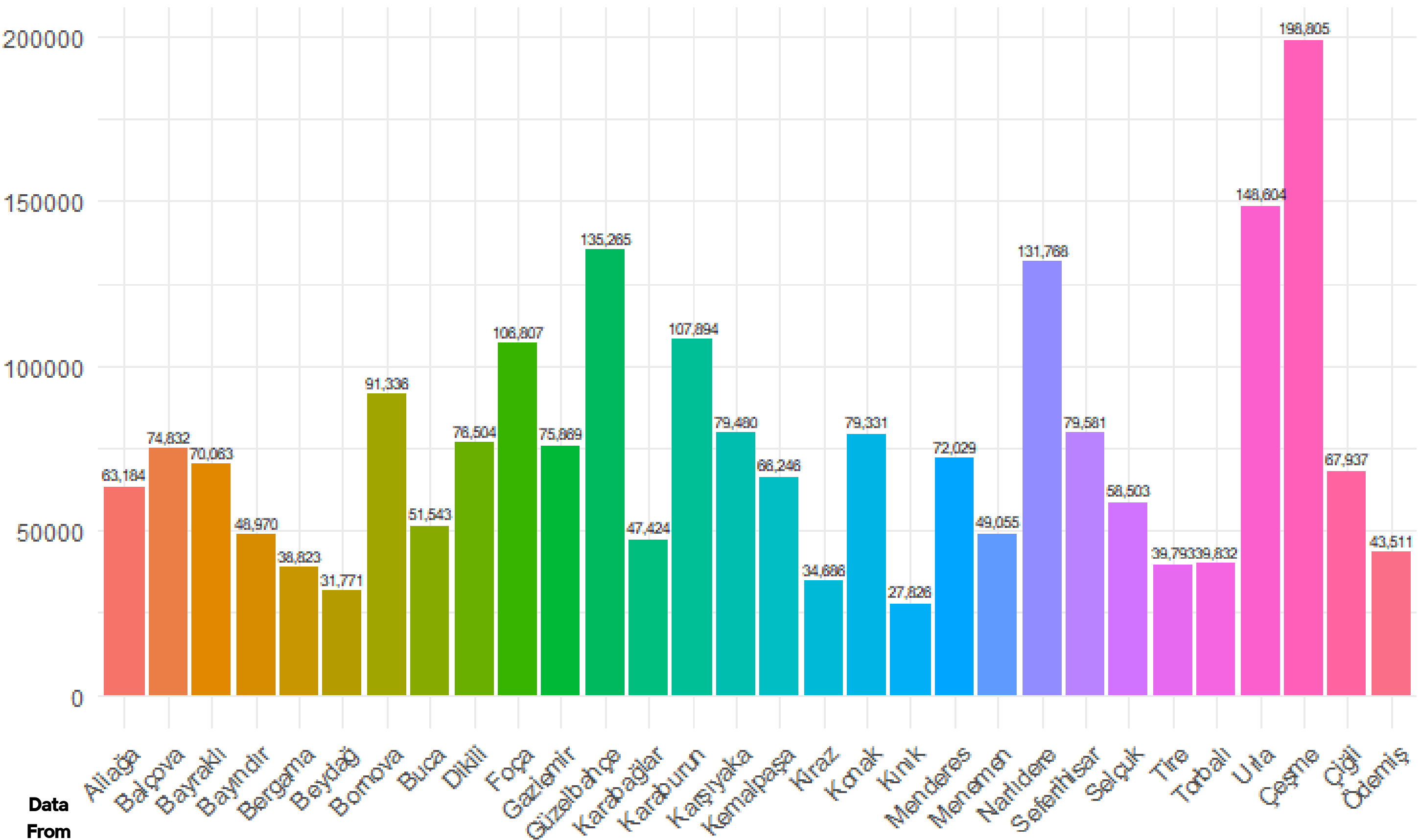
**The estimated total housing area in İzmir is approximately 165,000,000 m<sup>2</sup>.**

**$165,000,000 \times (46231.49 - 1400.52730) \times 0.002 = 14,850,000,000 \text{ TL}$**

**Based on this calculation, the estimated total housing tax potential in İzmir is 14,794,217,691 TL.**

# Taxation of only the top 30% of high-value properties By Districts

Top 30% Mean M2 Price by District



Data From  
11270(Top 30%) real estate price

District	Total Area (m²)
Çeşme	151225
Seferihisar	124285
Menderes	111105
Torbalı	98205
Konak	96410
Buca	93112
Urla	89951
Karşıyaka	84813
Bornova	83252
Karabağlar	74571
Çiğli	67611
Menemen	57982
Bayraklı	53736
Dikili	46438
Güzelbahçe	44210
Kemalpaşa	41005
Foça	39918
Ödemiş	32971
Gaziemir	32450
Balçova	29817
Narlıdere	29015
Aliaga	28089
Karaburun	26294
Tire	23397
Bergama	22992
Selçuk	15905
Bayındır	5403
Kınık	1856
Kiraz	952
Beydağ	695

Total: 1607665

Overall İzmir Top 30 Real estate Mean is 74575.71 TL per Square Meter

## **Tax Potential Calculation of The Data (For Top 30%)**

**Total Area: 1,607,665m<sup>2</sup>**

**Total Tax Potential: 235,269,490 TL**

## **Estimated Housing Tax Potential in İzmir(Top30%):**

**The estimated total housing area in İzmir is approximately 27.5 times of The All Data**

**Based on this calculation, the estimated total Top 30% housing tax potential in İzmir is 6,469,910,975 TL.**

**Even the tax collected from expensive properties  
accounts for nearly half of the overall tax potential !**