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Analysis of Real Estate Value Change in Urban Regeneration Applications

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Abstract- In Turkey, urban regeneration projects are being used as an important policy instrument to increase the quality of life, restructure urban areas, preserve rural landscapes, development economies of the cities, improve environmental and cultural values. However, the failure of distribution income which is constituted the dynamic of urban regeneration studies have negative implications for the sustainability and eventual success of urban regeneration in Turkey. Therefore determining real estate values objectively, truly and safely is great importance in urban regeneration applications for social economy as well as real estate owners, sellers and buyers.The purpose of this study analysis of real estate value changing between project process (before and after) in Meram Municipality is one of the central districts of Konya/Turkey city. There are three completed, two continuing and three project phase urban regeneration applications in Meram Municipality. These projects are examined with social, cultural and economical structure. Projects are analysed with the questions of how, how much and what rate surrounding real estates' are effected from urban regeneration. In the study there has been a great increase in real estate values with urban regeneration.

Index Terms- Urban regeneration, real estate valuation, value changes.

1. INTRODUCTION

Urban regeneration is the all applications, which are done for providing integrity of space and human and protecting the right of living by saving unproductive and inefficiently used urban parts of the city. Competition between the cities has increased with their changing roles. In this process, national and regional sources have been used and urban regeneration projects are performed, so the cities and cities' economy are reinvigorated. Spatial regeneration which is performed as a response to economical, political, social and cultural regeneration, applications of developed and developing countries effect each other. Nowadays various regeneration are observed in every country and this process causes cities go through an evolutionary formation.

"Strategically Planning" and "Urban Regeneration" are applied together in developed countries for renewing and developing industrial areas, shipyards and similar areas which are emptied and collapsed after removing these areas to out of city center. On the other hand, it is planned to reproduce slums and illegal housings, which are constructed anomalous to city rules, of the cities in developing countries. Society has started to take place in projects by the social aspect of the urban regeneration and many urban regeneration projects are completed by public-private partnership. In 2000s, urban regeneration projects have started to be put in practice in every areas and spatial [1].

While providing reconstruction of urban areas in physical spaces, urban regeneration also develops and raises the city economically, socially and culturally [2]. Renewing completely or partially, decontaminating, raising of cities in developing or developed countries are seen widely by urban regeneration planning. It is aimed to increase the quality of life and reinvigorating economies of the cities by enhancing economically and physically collapsed areas especially by urban regeneration applications [3].

Income and concern of sharing this income constitute the dynamic of urban regeneration studies [4]. Some construction repentance regulations form a basis for unearned incomes. Especially speculative people invest in real estate. Then they sell their real estate according to the decisions and planning of local administration and get unearned income. Local administration is effective in formation of unearned income by making planning in the areas under its own authority

In our country, the answers of different urban regeneration problems are generally reduced to regeneration of the physical area; social, economical and environmental aspects of the regeneration are ignored. But, urban regeneration can only be successful by social development, economic development, protecting environmental natural balance and providing sustainability along with extensive and integrated approach [5;6]

Real estate valuation and reflecting it to taxing constitute one of the important economical sources of developed societies. Thus 56% of source of funds of the world is based upon real estates. Real estate valuation policy, which is not enhanced to a healthy structure, comes up in unjust profit sharings, privatization, unjust distribution in real estate taxing

system and sometimes with economical source searches. Especially that real estate unit values which are determined by existing laws are extremely higher than their free market values increase the importance of the matter. As the discussions increase, it has become inevitable for countries' economies to make real estate valuation systems more healthy [7].

Determining real estate values objectively, truly and safely; is of great importance for social economy as well as real estate owners, sellers and buyers. Real estate constitute a large part of social fortune and everybody wants to know true value of their real estate [8]. In expropriations, land-area arrangements, taxings, municipality incomes, insurance, legacy, mortgages and inheritance processes, there is a constant need for the objective valuation of real estates.

In the study, Meram/Konya area, which is the area of urban regeneration application, areas of the regeneration, reason, aim, benefits and disadvantages are studied. Also, the effect of urban regeneration on values, the way that regeneration effects real estates, positive and negative sides are studied. Three completed, two continuing and three project phase study areas', which are within Meram municipality, value changes in real estates in urban regeneration areas, how they are effected and the rates of economically gainers real estate value changes Folds are determined. Urban regeneration is assessed economically distinctly from social and cultural changes.

2. ECONOMICAL VALUE CHANGES OF REAL ESTATES IN URBAN REGENERATION AREAS, KONYA/MERAM CASE STUDY

Study areas is completed in Konya city Meram district, continuing and project phase urban regeneration areas are determined and the value changes of real estates in these areas are studied. Meram is one of the central districts of Konya city and in the southwestern part of the city. Surface area is 1.949km^2 and the population is 340.817 (Figure 1).

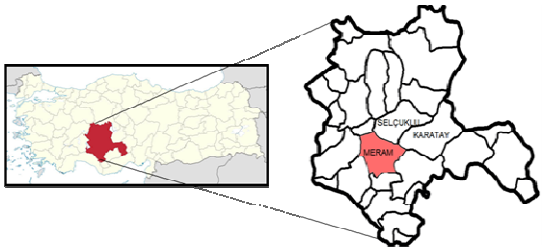

Fig. 1. General view of Konya/Meram [9]

It is in the center of five important highway including Ankara-Konya, Isparta-Konya, Antalya-Konya, Mersin-Konya and Adana-Konya. Data of urban regeneration areas are received from Meram municipality within the scope of study and the borders of the study is determined by these data (Table 1). Values and properties of real estate around the determined study areas are collected as before and after completing the project.

Table 1. Urban regeneration studies in Meram Municipality

Urban Regeneration Areas in Meram		
Completed Projects	**Contuining Projects**	**Areas in the Project Phases**
Konevi Houses Mesnevi Houses Mercan Houses	Reyhan Park Divan Park	Aksinne Avenue Turgutresi Avenue Uluırnak Avenue

2.1. *Completed urban regeneration studies*

Konevi Houses: Konevi Houses has started in 2006, 400.000m^2 area is constructed within the scope of urban regeneration and completed in 2013. The area consists of 712 parcels, 1405 shareholder, 1120 evacuated building and 2624 apartments. After the regeneration there are one mosque, school, recreational facility, community clinic, commercial building and 75% green field (Figure 2).

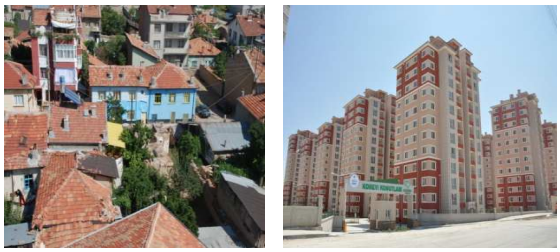

Fig. 2. Study area borders of Konevi houses before and after urban regeneration

Mesnevi Houses: This project is the first urban regeneration project of Konya city. It has started in 2003 and finished in 2006. In the project area, there was 5 hectares, 150 building 456 apartments and 2 mosques (Figure 3).

Fig. 3. Study area borders of Mesnevi houses before and after urban regeneration

Mercan Houses: This urban regeneration project has started in 2012 and completed in 2014. In this project, it is targeted to enhance disordered sites and 268 houses 10 floored 9 blocks 80% green field, open and closed parking area and 5000 m² site is allocated for school (Figure 4).

Fig. 4. Study area borders of Mercan houses before and after urban regeneration

In the completed urban regeneration projects of Meram district, existence of study area and double staged samples make it possible to determine value changing Folds (Table 1 and 2). The samples received from the area are paid attention to become good examples and support is received from local real estate agencies. The value has always been increased by urban regeneration before and after the application. The expectation of urban regeneration in the surrounding areas also increase the value of the real estate (Table 2 and 3).

Table 2. Value changes in applications that Urban Regeneration projects are completed

PREVIOUS EVENT				
	Area (m^2)	**Price (*1000TL)**	**Number of rooms**	**Type of real estate**
Konevi Houses	900	250-300	2+1	3 floored house+ land
	200	50-60	2+1	Detached house+ land
	440	185	3+1	Detached house+ land
	875	240-250	3+1	Detached house+ land
Mesnevi Houses	210	65-70	2+1	Detached house+land
	450	150	3+1	Detached house+land
	300	110	3+1	Detached house+land
	600	230	3+1	2 floored house+ land
Mercan Houses	440	130	-	Land
	230	65	-	Land
	350	100	3+1	Detached house+land

NEXT EVENT				
Area (m^2)	**Price (*1000TL)**	**Number of rooms**	**Type of real estate**	**Fold of change**
150	160	3+1	3 apartment	1,9
100	110-120	2+1	1 apartment	2,0
150	160	3+1	2 apartment	1,7
150	160	3+1	3 apartment	2,0
Average				**1,9**
110	115-125	2+1	1 apartment	1,8
110	115-125	2+1	2 apartment	1,5
150	160	3+1	1 apartment	1,5
150	160	3+1	2 apartment	1,4
Average				**1,5**
120	125	2+1	2 apartment	1,9
120	125	2+1	1 apartment	1,9
160	175	3+1	1 apartment	1,7
Average				**1,8**

Table 3. Value changes in the surrounding environment of urban regeneration areas

PREVIOUS EVENT			
	Area (m^2)	**Price (*1000TL)**	**Type of real estate**
Konevi Houses	300	100-125	Land
	500	180	Land
	370	120	Land
	875	240-250	Land
Mesnevi Houses	1000	330	Land
	180	70	Detached house+land
	575	200	Detached house+land
Mercan Houses	200	40	Land
	345	75	Detached house+land
	410	100	Land
NEXT EVENT			
Area (m^2)	**Price (*1000TL)**	**Type of real estate**	**Fold of change**
300	250	Land	2,5
500	400	Land	2,2
370	200	Land	1,7
875	460	Land	1,9
Average			**2,0**
1000	750	Land	2,3
180	160-170	Detached house+land	2,3
575	480	Detached house+land	2,4
Average			**2,30**
200	80	Land	2,0
345	170-180	Detached house+land	2,3
410	230	Land	2,3
Average			**2,2**

2.2. *Urban regeneration study continuining projects*

Divanpark ve Reyhanpark Houses: Divanpark houses which have started in 2013 are expected to be finished in 2016. It has 576 houses, 12 floored 10 blocks, open and close park areas and 70% green field (Figure 5). Reyhanpark houses which have started in 2013 are expected to be finished in 2017. It has 250 houses, 11 floored blocks, open and close parking area and it is expected to be finished with 80% green field (Figure 5).

The value changes of continuing urban regeneration project areas increased 2,8 and surrounding value changes have increased 3,2 fold (Table 4 and 5). Previous values are received from contractor and real estate agents roughly as the project still continues. Although urban regeneration studies continue in this area, the value of real estates has increased more than the urban regeneration projects completed areas. The reason of this is that new buildings are luxury and the area is in a more central area.

Fig. 5. Divanpark (a) and Reyhanpark (b) houses urban regeneration projects

Table 4. Value Changes in Urban Regeneration of Divanpark and Reyhanpark Houses

PREVIOUS EVENT			
Area (m^2)	Price (*1000TL)	Type of real estate	
360	85	land	
250	60-65	Detached house+land	
300	70-75	Detached house+land	
NEXT EVENT			
Area (m^2)	Price (*1000TL)	Type of real estate	**Fold of change**
186	240	4+1 apartment	2,8
130	165-175	2+1 apartment	2,8
155	200	3+1 apartment	2,9

Table 5. Value Changes of Divanpark and Reyhanpark Houses surroundings

PREVIOUS EVENT			
Area (m^2)	Price (*1000TL)	Type of real estate	
200	90	Land	
280	110-120	Detached house+land	
630	220	Land	
NEXT EVENT			
Area (m^2)	Price (*1000TL)	Type of real estate	**Fold of change**
200	250	Land	2,8
280	350	Detached house+land	3,2
630	770-800	Land	3,5

2.3. *The areas in project phase*

It is expected to make urban regeneration studies in Aksinne, Turgutreis and Uluırmak Avenues. In these areas 18th statement application will be done before the urban regeneration studies. Local community is aware of this and they do not make any buy-sell before the studies are started. But as a result of the researches, the Fold of the value increase is expected to be higher than other areas. The reason of this result is that community becomes more conscious and these areas come closer to central areas. The discussions with the real estate valuation experts have shown t hat real estate values of the project area has increased 1,5 fold in the project area and 1,6 fold in the surrounding of the project area.

3. RESULTS AND DISCUSSION

In the study, urban regeneration studies in the Konya Meram district are studied in terms of value changes in the study area and surrounding environment. Urban regeneration studies are studied as three phases. It is observed that the value has increased at least 1,5 fold in each phase of the study. It is observed that Divanpark and Reyhanpark houses, which are continuing projects, are of the biggest value increase in the project area and surrounding environment (Figure 6).

The smallest Fold of value change is in the areas which are still in the project phase and approved. Also, buying and selling market has stopped as the type of the houses to be built in the project area have not been decided yet. But as the local society is aware that urban regeneration will definitely increase the value of the real estates financially, they have great expectations.

4. CONCLUSION

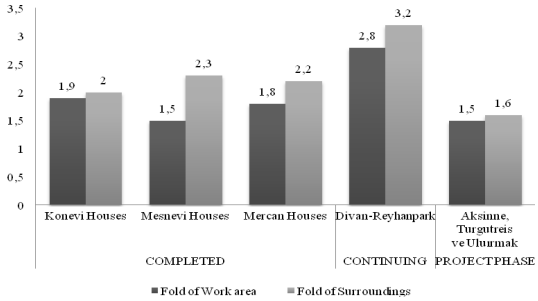

Fig. 6. Value changing coefficients according to Meram area urban regeneration study areas

After the urban regeneration in the study areas, these areas have become planned, high welfare level and proper for urban living. Besides, people have had difficulty in adapting to this regeneration during this process. People who live in detached houses have started to live in apartment flats. This situation make heating easier but additional charges such as dues fee, utility bill causes to have deficit in the budget of people. There has been a great increase in real estate values with urban regeneration. Some people and institutions get unearned income.

Municipalities should determine the value of the real estate previously in order to be able to stop unearned income and this unearned income should be stopped by preventing rapid and big value increases.

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