



## Is There a Housing Bubble or a Quality Boom in Turkey? Evidence from Hedonic Price Adjustment

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### Abstract

In the 2010-2014 period, housing prices increased more than 50 percent in Turkey, which raises concerns over a potential property bubble. This increase is widespread across the country where prices are even doubled in some regions. Our study performs a hedonic price adjustment for housing market in Turkey, where we control for the price effects of increases in observed house characteristics in time. Results show significant increases in quality of houses sold, which in turn suggests that identifying all the price increase as real appreciation may be misleading. In particular, we estimate that one fourth of total price changes stems from quality improvements.

**Keywords:** property price indices; characteristic prices; asset price bubbles.