

## **Is There a Bubbly Euphoria in the Turkish Housing Market?**

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### **Abstract:**

There is an ongoing debate and extensive discussion as to whether the Turkish housing market is performed in a speculative and irrational manner with unstable price movements. The aim of the study is to test the algorithmic bubble model as proposed in Pitros and Arayici (2016) over the period of 2010 and 2016 for Turkey. The proposed approach claims that Turkish housing market is in a serious bubble risk since 2011 and up to 2016 for the period of at least five years. This evidence suggests for the immediate short term that recognizing the facts of high risks involving a bubble risk in Turkish housing market would be the best behavior for all market participants. Taken into account Turkish housing market has become worse according to various market variables after the year of 2016, the evidence may further imply that market participants and policy makers may focus on the worst case scenarios.

**Keywords:** Housing; bubble; behavioral economics; Turkish housing market; algorithmic model

**JEL Codes:** R31; E44; G01