An Analysis of Construction and Real Estate Sectors Using Input - Output Tables in Turkey and a Comparison with Oecd Countries

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SUMMARY

ABSTRACT

Real estate and construction sectors have been influenced positively from economic growth and a favorable investment climate as the other sectors over the past fifteen years. With the growing share of these sectors in national economies, the construction and real estate sectors are considered providing a vital contribution for economic development. In fact, the share of these two sectors in the whole economy is correlated with certain structural and socio-economic dimensions. As it is in the advanced countries, the construction and real estate sectors are among the most important sectors in the Turkish economy based upon the main indicators. Researches are required to gain a better comprehension of the national specificities of the real estate and construction sectors and to identify the role of these sectors in national economic development. Due to limited comparable data, the economic indicators of construction and real estate sectors are hard to compare between different countries.

The main objective of this paper is to explore the quantitative interdependence amongst the real estate and construction sectors and other industries in Turkey by using input-output analysis, and to investigate their significant linkages. Based on the recently published official data and input – output dataset in Turkey and Organisation for Economic Co-operation and Development (OECD) input-output database at constant prices, the analysis focuses on the construction and real estate's escalating role in terms of shares in gross output, value added and gross national product. This study also examined the relationship between the gross domestic product (GDP) and construction activities with using the bi-directional time series granger causality. The research results represent that there is a causal relationship between construction activities and economic development. It is observed by using input-output tables of Turkey and those of selected OECD nations that the

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construction sector contributes to the other sectors. The share of the construction sector in the countries' economies is measured as around 10 percent in the world. The results of the study show that many of the other sectors in Turkey is contributed by the construction sector and the construction sector plays a critical role for the general economy. The findings also suggest that the trends of inputs and outputs are correlated with the economic indicators in Turkish economy. With emphasis on the relative role of the manufacturing, construction and services inputs, this paper also highlights the strengths of the push and pull of the real estate and construction sectors in Turkey.

Key words: Economic indicators, input–output analysis, construction and real estate sectors, economic assessment, OECD and Turkish economy.