

A seagull is captured in mid-flight, its wings spread wide, flying over a body of water. In the background, a dense urban skyline with various skyscrapers is visible under a clear sky. The seagull's feathers are detailed, showing a mix of white and grey. The water below is a deep blue with some whitecaps.

Property News

Q3 2018 Turkish Property Market Overview

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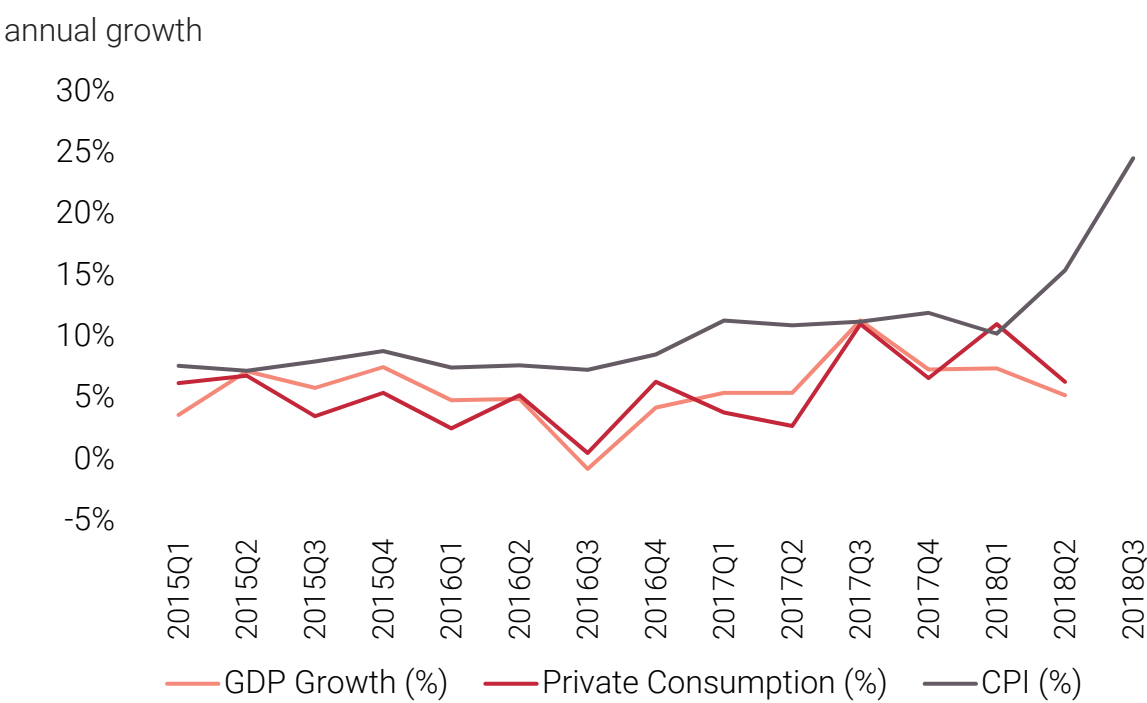
Economic Overview

GDP

During the 2nd quarter of 2018, GDP grew by 5.2% compared to the same period in 2017. When the activities constituting GDP were analysed; the total value added increased by 8% in the service sector, 4.3% in the industry sector and 0.8% in the construction sector compared with the same quarter last year.

Please note that according to OECD Economic Survey of Turkey 2018 GDP growth is projected to slow but to stay around 5% in 2018 and 2019.

Figure 1. Turkish Economy: selected indicators



Source: TURKSTAT

Building Construction Cost Index, September 2018			
	Total	Labour	Material
Monthly Change	-0.16%	0.49%	-0.40%
Annual Change	37.52%	17.59%	46.56%

House Sales Statistics, July - September 2018	
Total House Sales	356,359 houses
First Sales	167,198 houses
Second Hand Sales	189,161 houses
Sales to Foreigners	12,339 houses

Source: TURKSTAT

Economic Overview

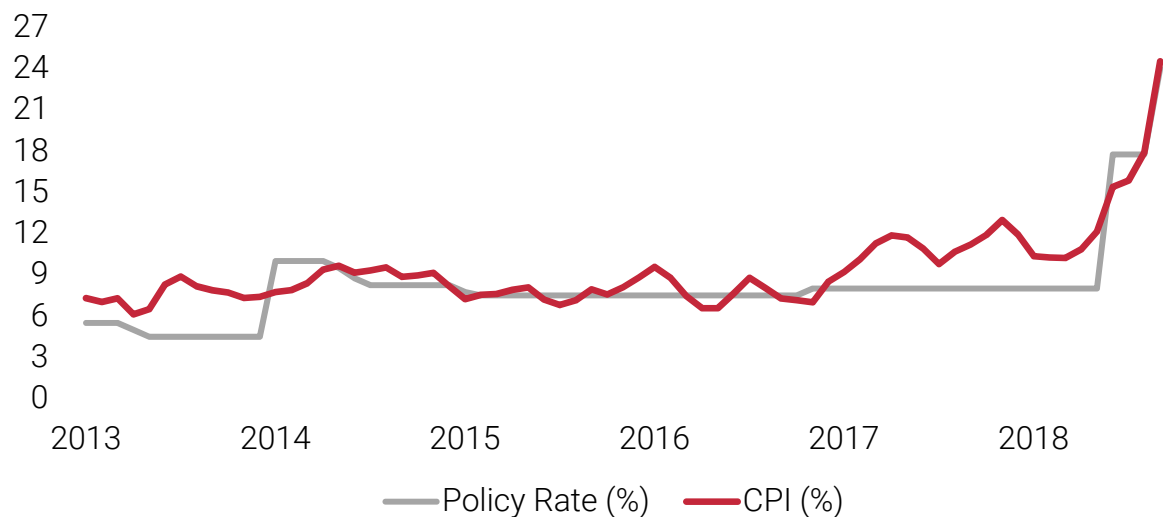
Inflation

CPI in Turkey during September 2018 increased by 6.3% and 24.52% compared to August 2018 and previous 12-month period. The highest increases on a monthly and annual basis were recorded in furnishing and household equipment with 11.41% and 37.28%, respectively.

Policy Rate

In the September MPC meeting, in response to the upside risks posed by the pricing behavior on the inflation outlook, CBRT delivered a strong monetary tightening to support price stability and raised the policy rate to 24.00% from 17.75 %. CBRT is expected to continue its tight monetary policy until the inflation is improved.

Figure 2. Policy rate and CPI



Source: TURKSTAT

Istanbul Office Market

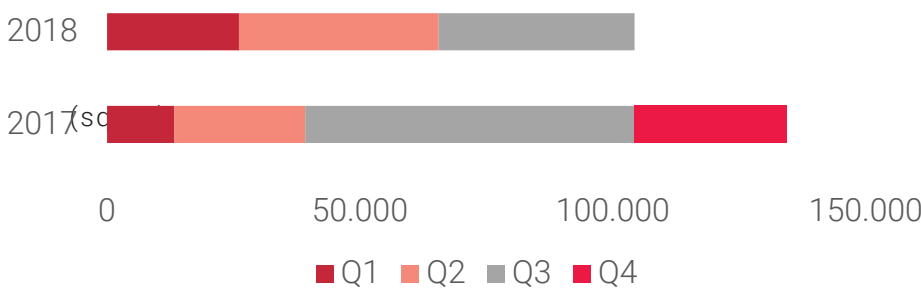
Demand and Supply

In the 3rd quarter of 2018, cumulative supply of grade A office space in Istanbul increased to 4.75 million sq m. During the 3rd quarter 2018, 38,692 sq. m take-up was recorded, comprising 63% of overall transactions recorded in Istanbul primary office areas. 10% of the transactions were recorded in Levent-Etiler, %8 in Maslak, %1 in Sisli-Zincirlikuyu-Besiktas, and %66 in Kozyatagi. The noticeable deals in the 3rd quarter of 2018 were İpragaz, Merck and Migros’s leasing in Metropol Eren (4,040 sq. m, 2,020 sq. m, 5,050 sq. m) and EnerjiSa’s leasing in Nidakule Batı (6,514 sq. m).

Pipeline

Based on the total future office buildings projected to operate in the primary office areas of Istanbul, 1.38 million sq. m new office development under construction/planned is expected until 2020. 43% of new office space supply will be in Asian side at Istanbul Finance Centre where the financial regulatory bodies and headquarters of state banks will be located.

Figure 3. Istanbul grade A office take-up



Source: Pamir&Soyuer

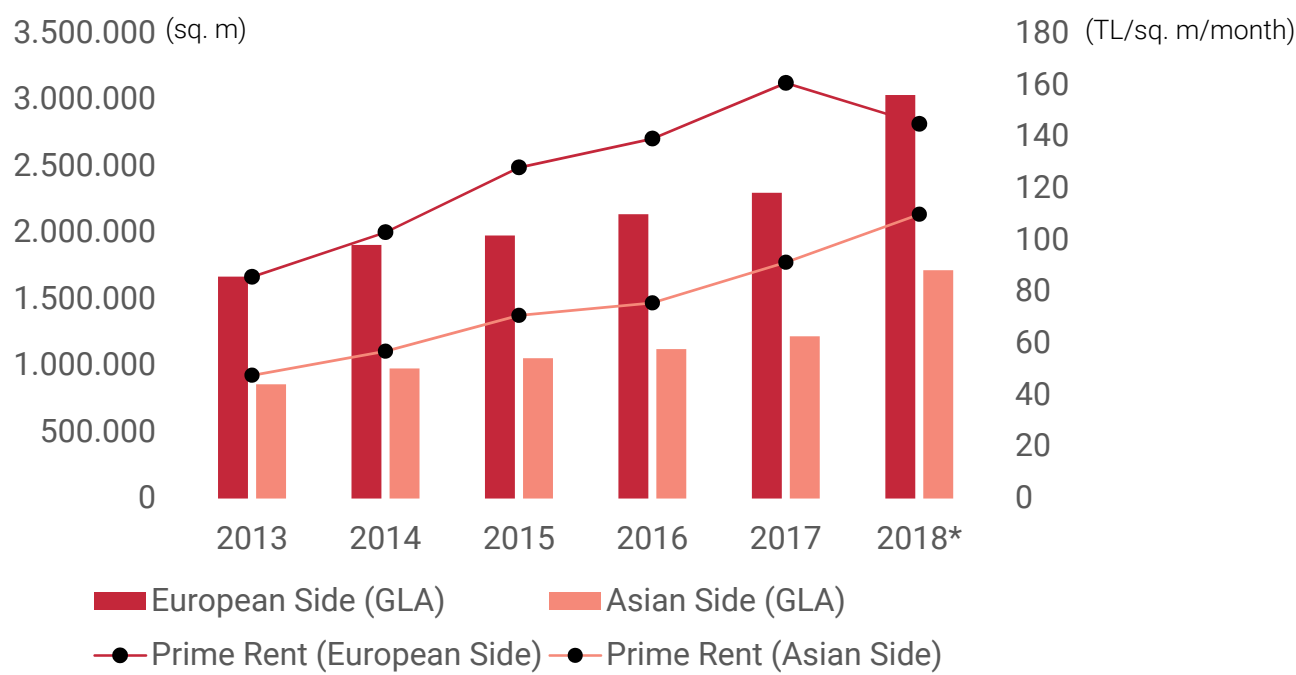
Notable take-up activities 2018 Q3			
Building	Metropol Eren	Metropol Eren	Nidakule Batı
District	Ataşehir	Ataşehir	Ataşehir
Tenant	Migros	İpragaz	EnerjiSa
Area (sq. m)	5,050	4,040	6,514

Istanbul Office Market

Vacancy and Rental Level

In the 3rd quarter of 2018, average rents in Istanbul grade A office market continued to decline due to high inflation, exchange rate volatility and excess supply. Total vacancy rate in Istanbul Grade A Office Spaces rose to 25%, rise both in Asian and European Side from 17.1% and 27% to 18.9% and 24 %, respectively. Vacancy rates occurred 29% in Kozyatağı, 25% in Umraniye, 27% in Maslak, 25% in Sisli-Zincirlikuyu-Besiktas and 18% in Levent Etiler. Prime rent recorded in Levent-Etiler declined from 32 \$/sqm/month to 135 TL/sqm/month.

Figure 4. Istanbul grade A office GLA, prime rent



Source: Pamir&Soyuer

Turkish Retail Market

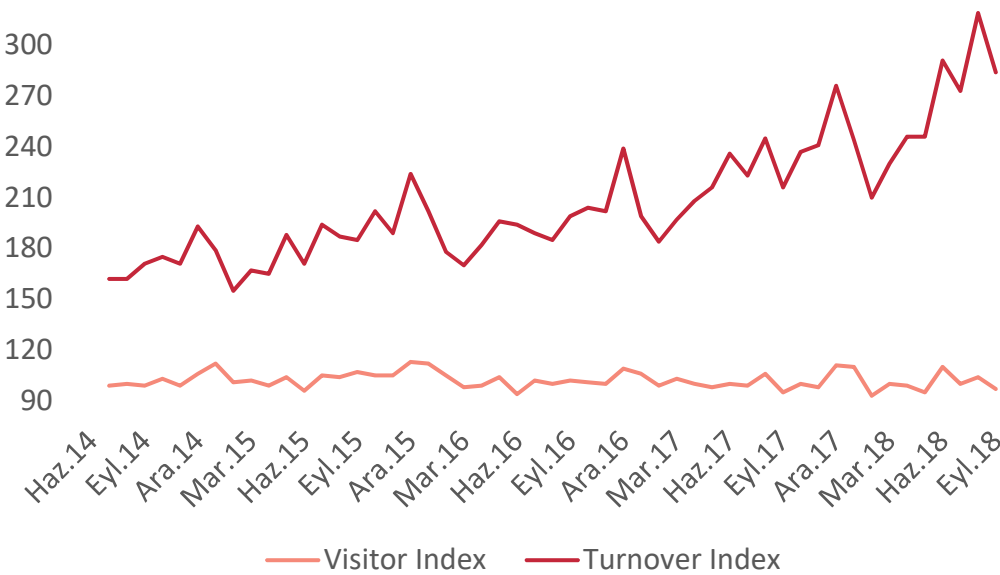
Demand

Based on data released by the Turkish Council of Shopping Centers (AYD) and Akademetre Research, compared to September 2017 the shopping centers sales index increased by 31.4% to 284 points. During the 3rd quarter of 2018, footfall index in September, increased by 2% compared to same period last year. In June 2018, shopping centers’ sales per leasable area (sq. m.) occurred as 1,377 TL in Istanbul, 888 TL in Anatolia and 1,084 TL in Turkey.

Supply

During the 3rd quarter of 2018, Turkey’s shopping center supply increased to 12.20 million sq. m with the opening of 1 new shopping center. GLA/1,000 inhabitants increased to 151.02 sq. m in Turkey; moreover, Istanbul has the highest rate of GLA/1,000 inhabitants as 311.09 sq. m and followed by Ankara and Bolu with 294.18 sq. m and 289.16 sq. m per 1,000 inhabitants, respectively.

Figure 5. Shopping centers turnover and visitor index



Source: AYD and Akademetre Research

Turkish Retail Market

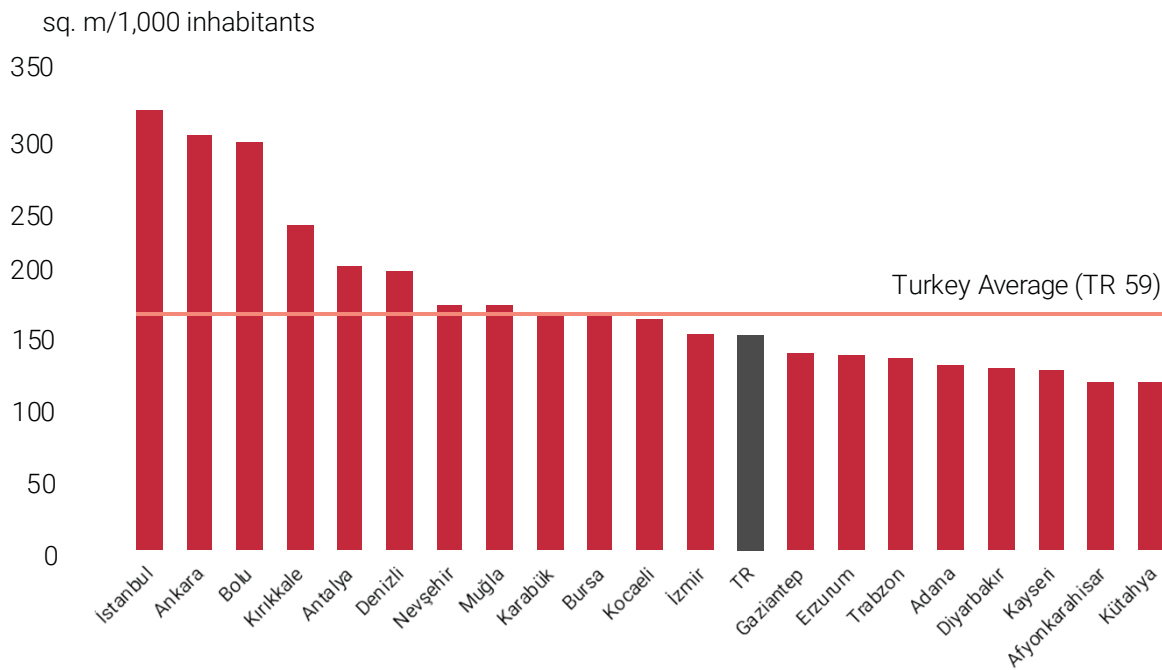
New Supply

In the 3rd quarter of 2018, there was 1 new shopping center openings: 45 Park Shopping Center (16,100 sq. m) in Manisa.

Pipeline and Outlook

Based on forthcoming retail supply, the total retail supply will be around 14 million sq. m by the end of 2020. Shopping centers which are under construction in Istanbul, Ankara, Bursa will hold approximately 80% of the total pipeline.

Figure 6. Retail center supply (GLA per 1,000 inhabitants)-Top 20 markets



Source: Pamir&Soyuer

Investments, Q3 2018		
Asset	Purchaser	Price
Trump Tower Shopping Mall	Orta Anadolu Otomotiv Ticaret ve Sanayi A. Ş	396 million TL

Definitions

Office

Istanbul Primary Office Regions: Pamir & Soyuer office database covers only Grade A office buildings which have total floor area larger than 3,500 sq m and located in the primary office areas (Maslak, Levent-Etiler, Şişli – Zincirlikuyu - Beşiktaş in the European side and Kozyatağı, Ümraniye and Ataşehir in the Asian side).

Net Absorption: The amount occupied at the end of a period minus the amount occupied at the beginning of a period and takes into consideration space vacated during the period.

New supply: Total level of new office space to be built or under construction, with construction permit.

Average rent: Expressed in TL/sq m/month excluding tax and charges. The average rent represents the average rents of all deals, weighted by their total surface area.

Prime rent: Expressed in TL/sq m/month excluding tax and charges. The prime rent represents the average value in the first quartile of all deals, and excludes extreme values.

Prime yields: Expressed as a percentage, between rents and the capital value of assets. The prime yield represents the lowest yield observed in a given period of time, and excludes extreme values.

Vacancy rate: Represents the immediately available supply over the existing office stock.

Retail

Definition and Classification of Retail Centres: Retail centres are defined as purpose built, shopping developments with over 5,000 sq. m gross leasable area (GLA) excluding supermarket area, and comprising of 30 or more retail units. Database covers all operating retail centres. The additional or expanded space is considered as a new retail centre floor space.

Principal types of retail centres are classified using British Council of Shopping Centre (BCSC) definitions as follows:

Town Centre Malls: are shopping centres located in a town centre or the central business district of a city.

District Shopping Centres: are located outside of the town centre proper but still within the urban area.

Outlet Centres: are defined as centres where the majority of retailers sell branded merchandise at a substantial discount to the recommended retail price.

Retail Parks: are purpose built centres solely comprised of at least three retail warehouses of not less than 1,000 sq. m and have common parking.

Average retail rents: are calculated taking into consideration small to medium-size units' (MSU) rents, excluding anchor tenants.

Disclaimer

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Who We Are

Pamir & Soyuer was established in 1993 by Ali Pamir and Firuz Soyuer to provide real estate advisory services to corporate clients and HNWI.

Mr. Pamir and Mr. Soyuer both started their careers in investment banking and have been active in Turkish real estate since 1986 primarily through Pamir & Soyuer or related entities. Collectively they have over 50 years of residential and commercial real estate experience, and have transacted over USD 1 billion in real estate investment sales.

Headquarters of Pamir & Soyuer is located in Istanbul with a liason office in Bodrum.

What We Do

Pamir & Soyuer is active in both residential and commercial real estate, and provides the following services:

- Investment Advisory & Sales
- Development Advisory & Management
- Project Marketing
- Tenant Representation
- Agency/Owner Representation
- Marketing & Feasibility Studies
- Valuation

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