



# Property News

Q3 2019 Turkish Property Market Overview



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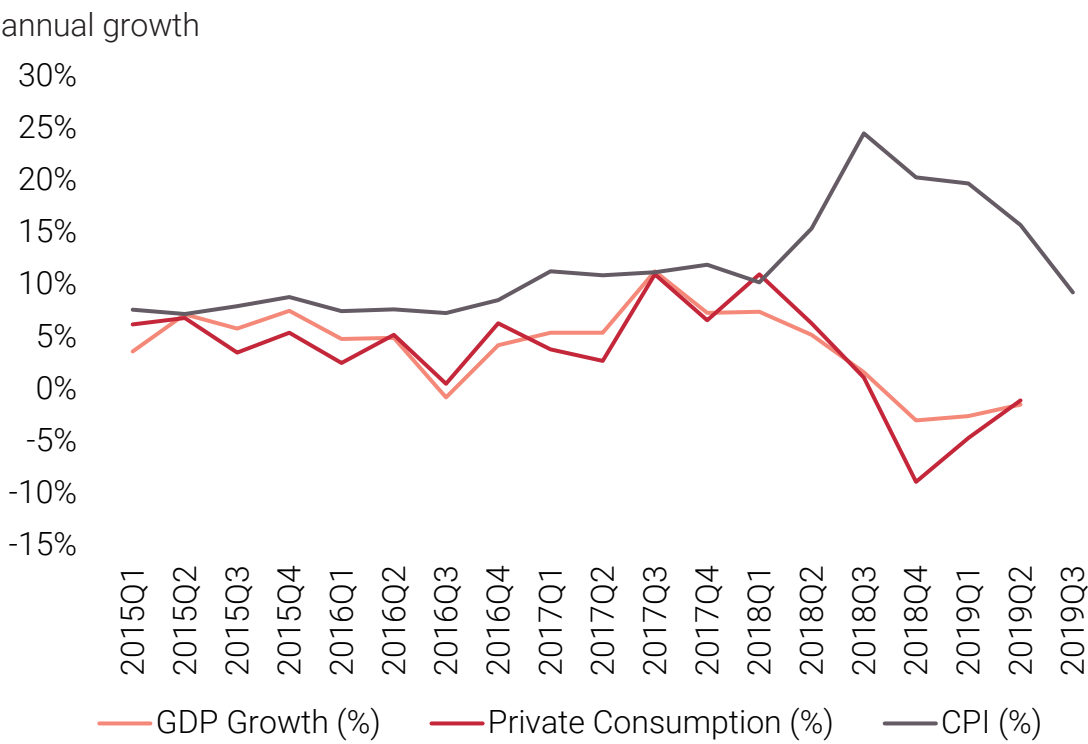
# Economic Overview

## GDP

During the 2<sup>nd</sup> quarter of 2019, GDP contracted by 1.5 % compared to the same period in 2018. When the activities constituting GDP were analysed; total value added increased by 3.4% in agriculture, and decreased by 2.7% in industry, 12.7% in construction sector compared with the same quarter of last year (quarter-on-quarter).

Please note that according to OECD Economic Survey of Turkey GDP growth is projected to decline 2.6% in 2019, and projected to grow 1.6% in 2020.

Figure 1. Turkish Economy: selected indicators



Source: TURKSTAT

Building Construction Cost Index, September 2019			
	Total	Labour	Material
Monthly Change	-0.73%	-1.00%	- 0.61%
Annual Change	5.53%	24.93%	-1.78%

House Sales Statistics, 2019 Q3		Change*
Total House Sales	359,377 houses	0.9 % ↑
First Sales	130,958 houses	- 21.7 % ↓
Second Hand Sales	228,719 houses	20.9 % ↑
Sales to Foreigners	11,973 houses	- 3.0 % ↓

(\*) Change over the same quarter of the previous year Source: TURKSTAT

# Economic Overview

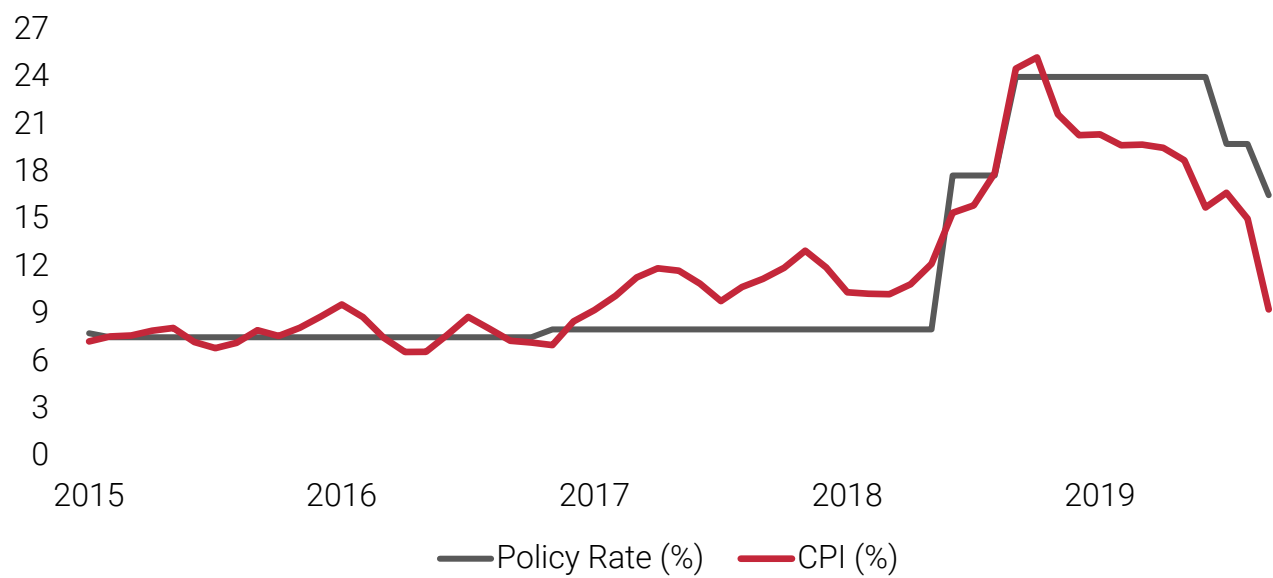
## Inflation

CPI in Turkey during September 2019 increased by 0.99%, and 9.26% compared to August 2019, and previous 12-month period. Leading contributors to CPI on a monthly and annual basis were respectively housing, water, electricity, gas and other fuels and alcoholic beverages and tobacco. Cost of housing, water, electricity, gas and other fuels increased by 2.15% between August and September 2019 on an annual basis cost of alcoholic beverages and tobacco increased by 43.86%.

## Policy Rate

CBRT decreased the rate by 425 basis points in July and 325 basis points in September MPC meetings respectively, so decided to reduce the one-week repo auction interest rate, which is Turkey's Policy Rate, to 16.50%. CBRT is expected that net exports will continue to contribute to growth in the upcoming period and the gradual recovery in the economy will continue with the downward trend in inflation and the improvement in financial conditions.

Figure 2. Policy rate and CPI



Source: TURKSTAT

# Istanbul Office Market

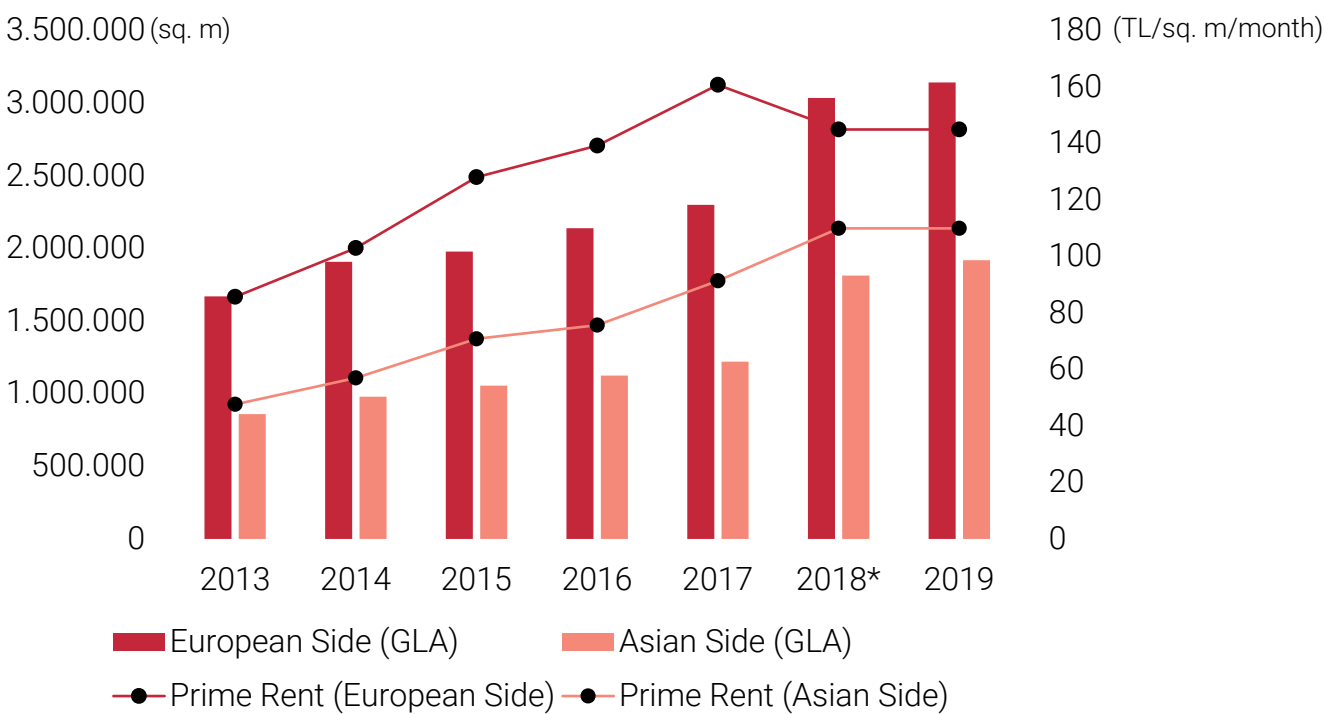
## Demand and Supply

In the 3<sup>rd</sup> quarter of 2019, cumulative supply of grade A office space in Istanbul increased to 5.06 million sq m. During the 3<sup>rd</sup> quarter of 2019, 38,288 sq. m take-up was recorded, comprising 70% of overall transactions recorded in Istanbul primary office areas. 33% of the transactions were recorded in Maslak, 18% in Sisli-Zincirlikuyu-Besiktas, 16% in Levent-Etiler, 10% in Kozyatağı, and 9% in Kağıthane.

## Vacancy and Rental Level

In the 3<sup>rd</sup> quarter of 2019, average rents in Istanbul grade A office market remains stable compared to the previous quarter. Vacancy rate in Istanbul Grade A Office Spaces fall to 29% in total, remained unchanged at 28% in European Side, and decreased from %31 to %30 in Asian Side of Istanbul. Vacancy rates realized as 30.8% in Kozyatağı, 28.7% in Sisli-Zincirlikuyu-Besiktas, 30% in Umraniye, 36.1% in Maslak, and 17% in Levent Etiler. Prime rent stood at 145 TL/sqm/month in Levent – Etiler region.

Figure 5. Istanbul grade A office GLA, prime rent



Source: Pamir&Soyuer

# Turkish Retail Market

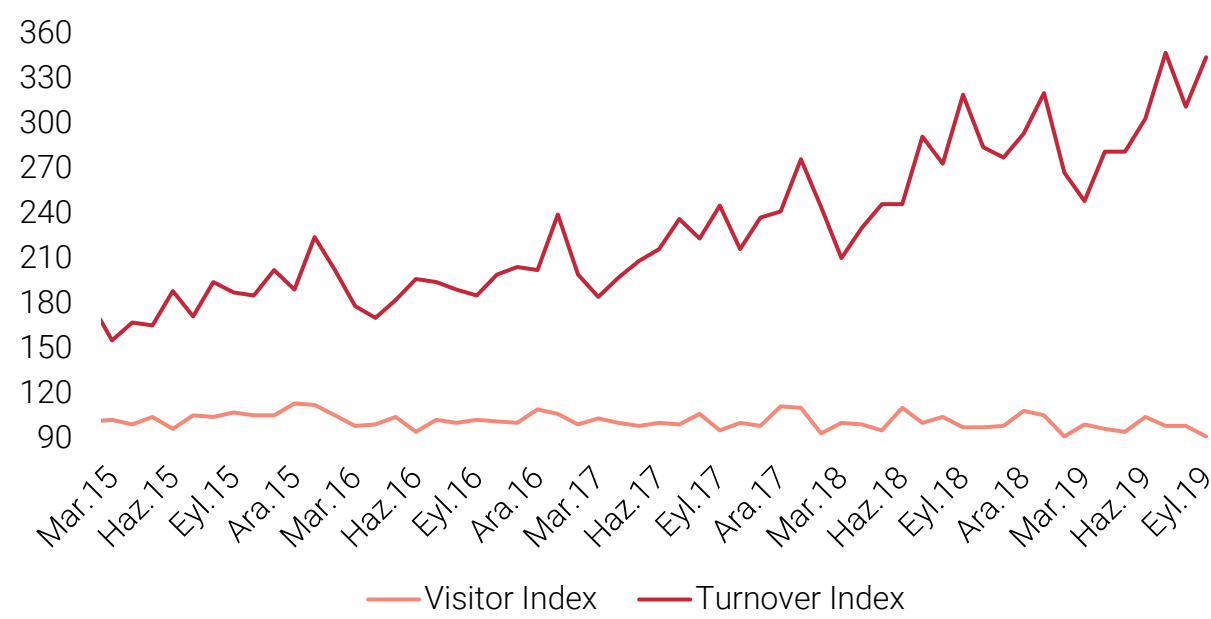
## Demand

Based on data released by the Turkish Council of Shopping Centers (AYD) and Akademetre Research, compared to September 2018 the shopping centers sales index increased by 3.5% to 294 points. During the 3<sup>rd</sup> quarter of 2019, footfall index in September, decreased by 6.2% compared to the same period of last year. In September 2019, shopping centers’ sales per leasable area (sq. m.) occurred as 1,348 TL in Istanbul, 971 TL in Anatolia, and 1,122 TL in Turkey.

## Supply

During the 3<sup>rd</sup> quarter of 2019, Turkey’s shopping center supply increased to 12.50 million sq. m with the opening of 1 new shopping center; Metropol İstanbul Shopping Mall (15,000 sq. m) in İstanbul. GLA/1,000 inhabitants increased to 152.51 sq. m in Turkey. Moreover, İstanbul has the highest rate of GLA/1,000 inhabitants as 324.23 sq. m, which is followed by Ankara and Bolu with 295.57 sq. m and 281.16 sq. m per 1,000 inhabitants, respectively.

Figure 6. Shopping centers turnover and visitor index

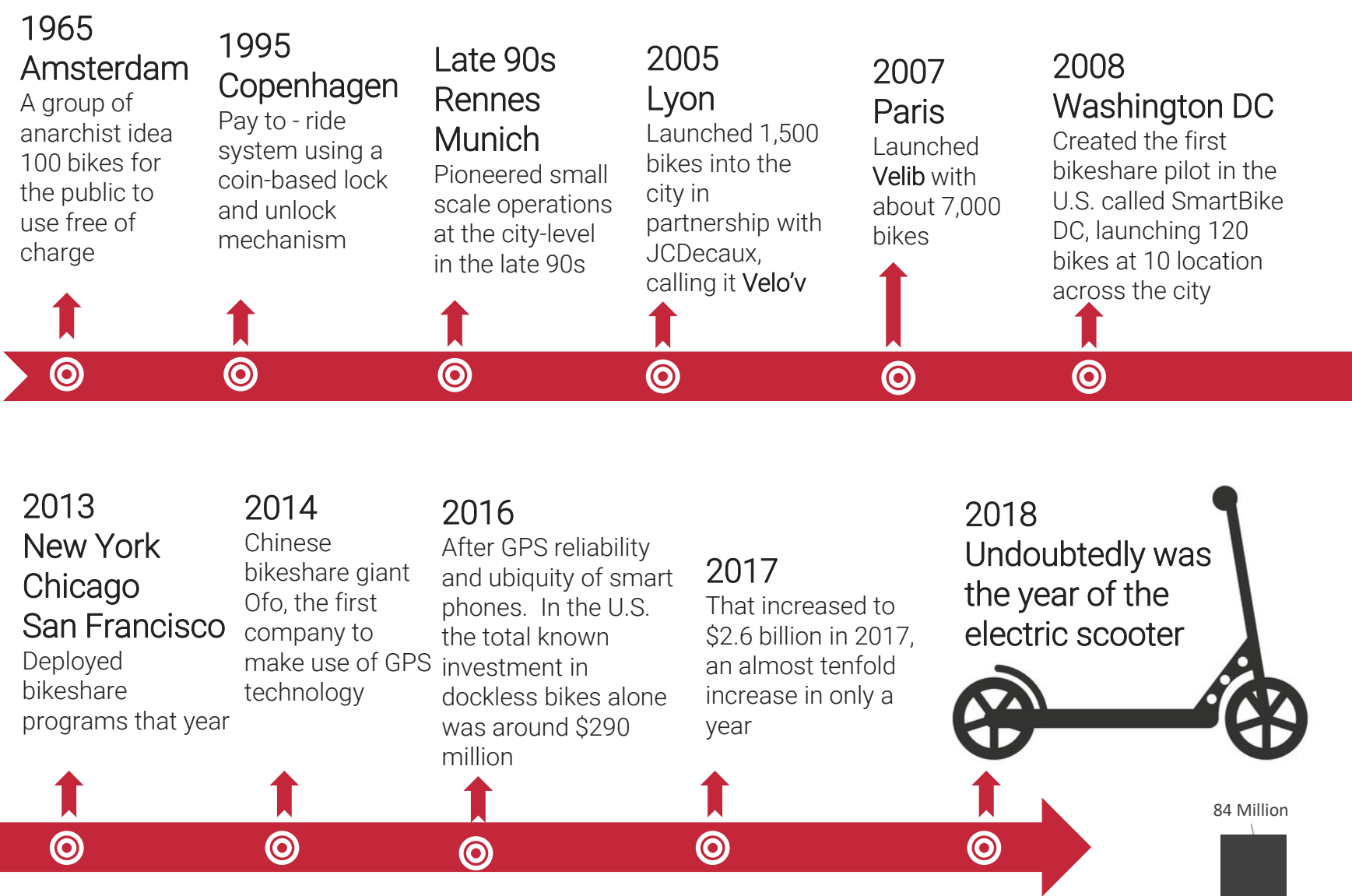


Source: AYD and Akademetre Research

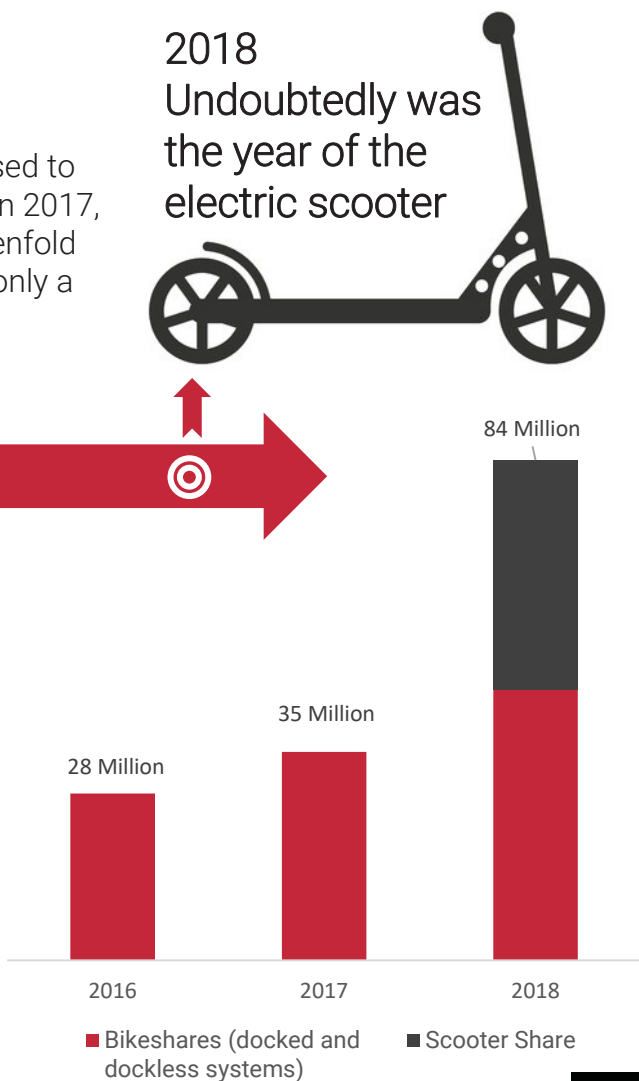
# Micromobility

## What is Micromobility ?

The term “Micromobility” is several modes of transportation, namely docked and dockless bikeshare systems, electric bikes and electric scooters.

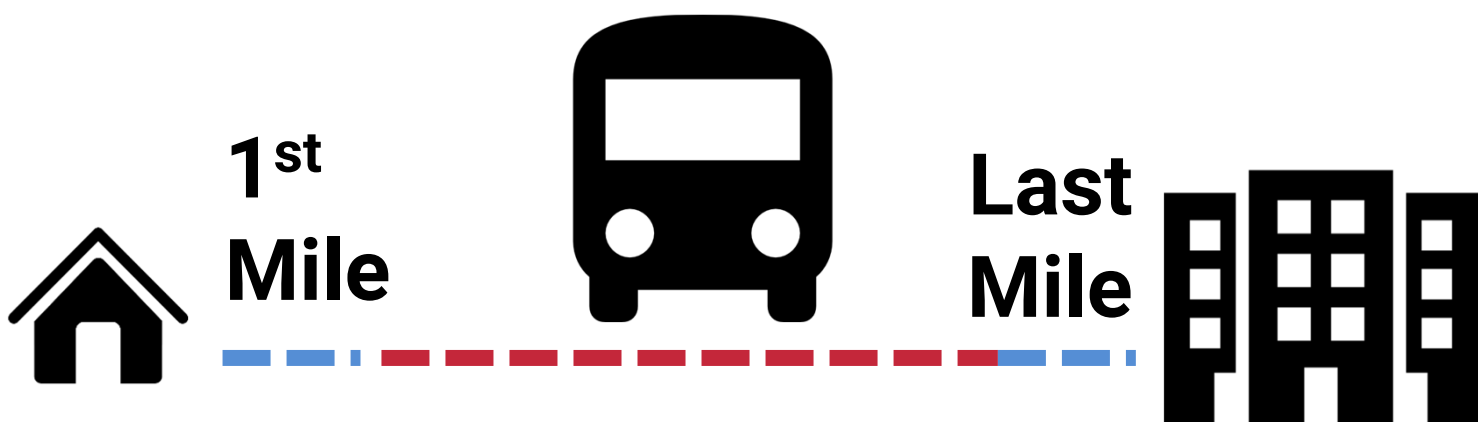


Bird, founded in Santa Monica California, was the first company to deploy scooters in cities on a large scale at 2017 September. Scooters have already become the most popular form of micromobility, overtaking station-based bikeshare, and have been a huge boon to the entire industry. According to (\*)NACTO, the addition of scooters into the ecosystem boosted the total number of micromobility trips from 35 million in 2017 to 84 million in 2018.



# Micromobility

## Why Micromobility?



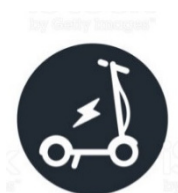
It is ability to fill the last mile gap. The hardest and least efficient part of a trip beginning and the end. In most cities the obvious solution is walk or bike. But many people does not prefer to walk or bike, so they drive instead.

About 40% of all car trips around the world are for distances of less than 5 km. How many bike/scooter trips are replacing car trips and other indicators that might be important to a city's sustainability goals.

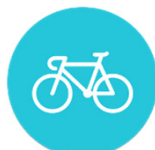
Technological advancement; specifically, global positioning systems (GPS), smartphone applications, cloud platform, and mobile payment technologies are transforming how travelers access transportation services and modes. Its main driver has been the rise of the dockless system, which allows users to park anywhere rather than at fixed docking stations.

Micromobility promises smaller, more affordable and more environmentally sustainable modes of transportation. Please check the following video for more information <http://bit.ly/2NlsunB>

# Micromobility System



Scooter Share



Dockless Bike Share



Station-based Bike Share



# 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.

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## 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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