



Property News

Q4 2019 Turkish Property Market Overview

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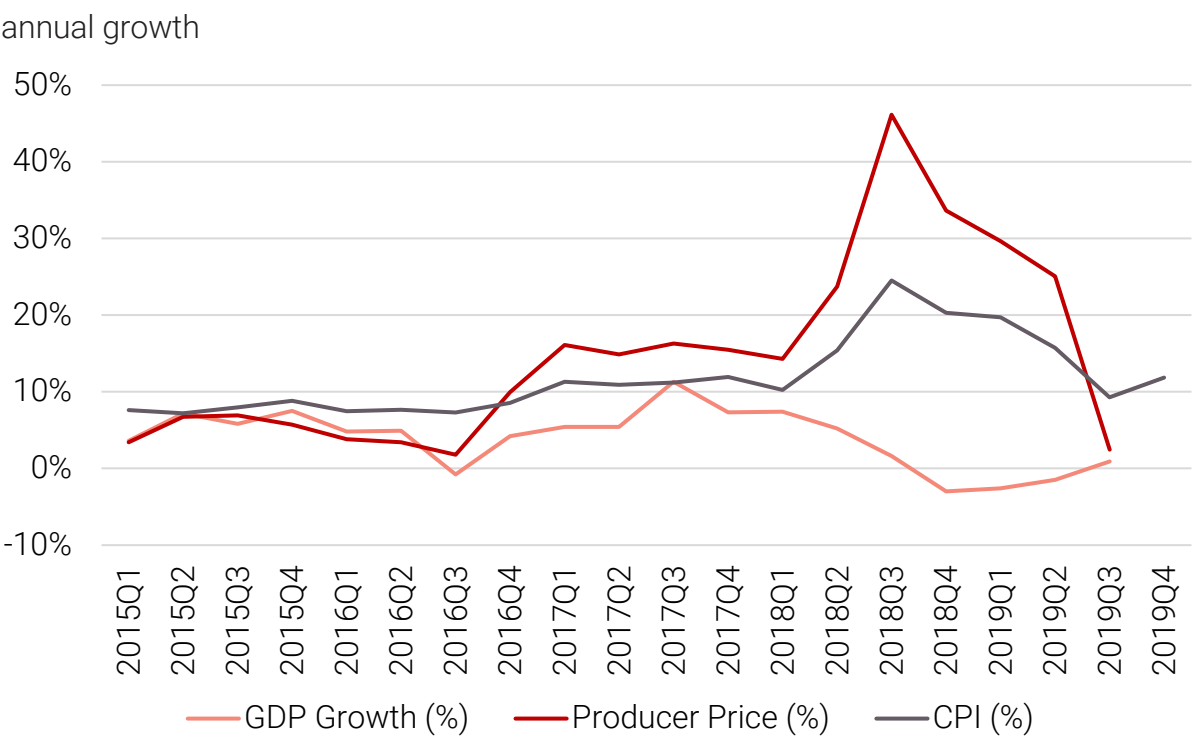
Economic Overview

GDP

During the 3rd quarter of 2019, GDP grew by 0.9 % compared to the same period in 2018. When the activities constituting GDP were analysed; total value added increased by 3.8% in agriculture, 1.6% in industry and decreased by 7.8% 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, December 2019			
	Total	Labour	Material
Monthly Change	0.83%	0.46%	1.01%
Annual Change	11.04%	25.70%	5.12%

House Sales Statistics, 2019 Q4		Change*
Total House Sales	483,256 houses	29.6 % ↑
First Sales	174,570 houses	- 5.9 % ↓
Second Hand Sales	308,686 houses	64.9 % ↑
Sales to Foreigners	13,558 houses	- 12.6 % ↓

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

Economic Overview

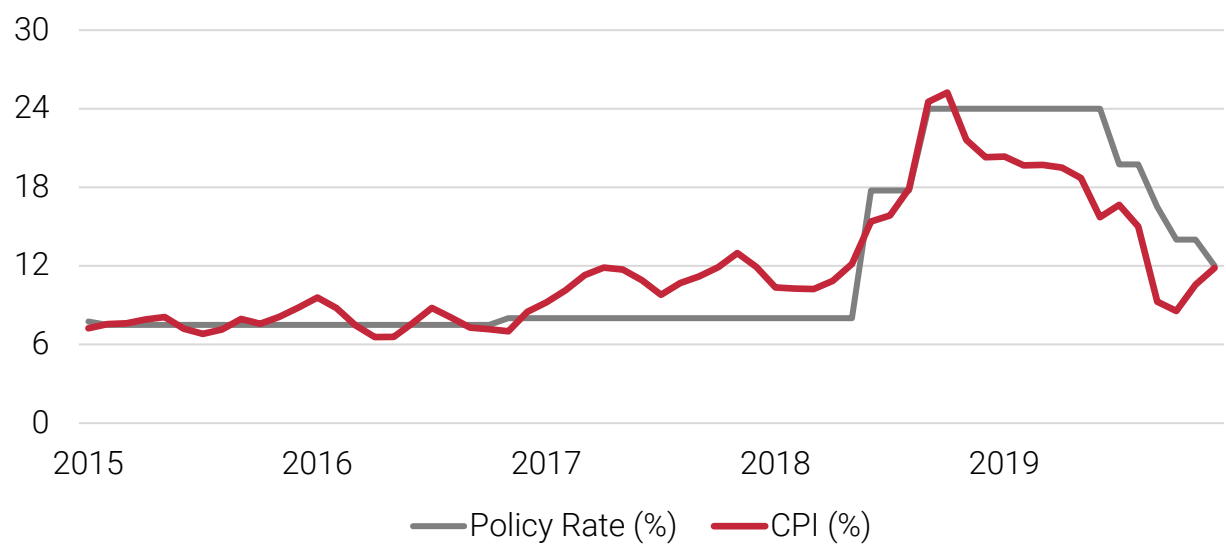
Inflation

CPI in Turkey during December 2019 increased by 0.74%, and 11.84% compared to September 2018, and previous 12-month period. Leading contributors to CPI on a monthly and annual basis were respectively food & non-alcoholic beverages and alcoholic beverages & tobacco. Cost of food & non-alcoholic beverages increased by 2.93% between November and December 2019 on an annual basis cost of alcoholic beverages and tobacco increased by 43.12%.

Policy Rate

CBRT decreased the rate by 250 basis points in October and 200 basis points in December MPC meetings respectively, so decided to reduce the one-week repo auction interest rate, which is Turkey's Policy Rate, to 12.00%. 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

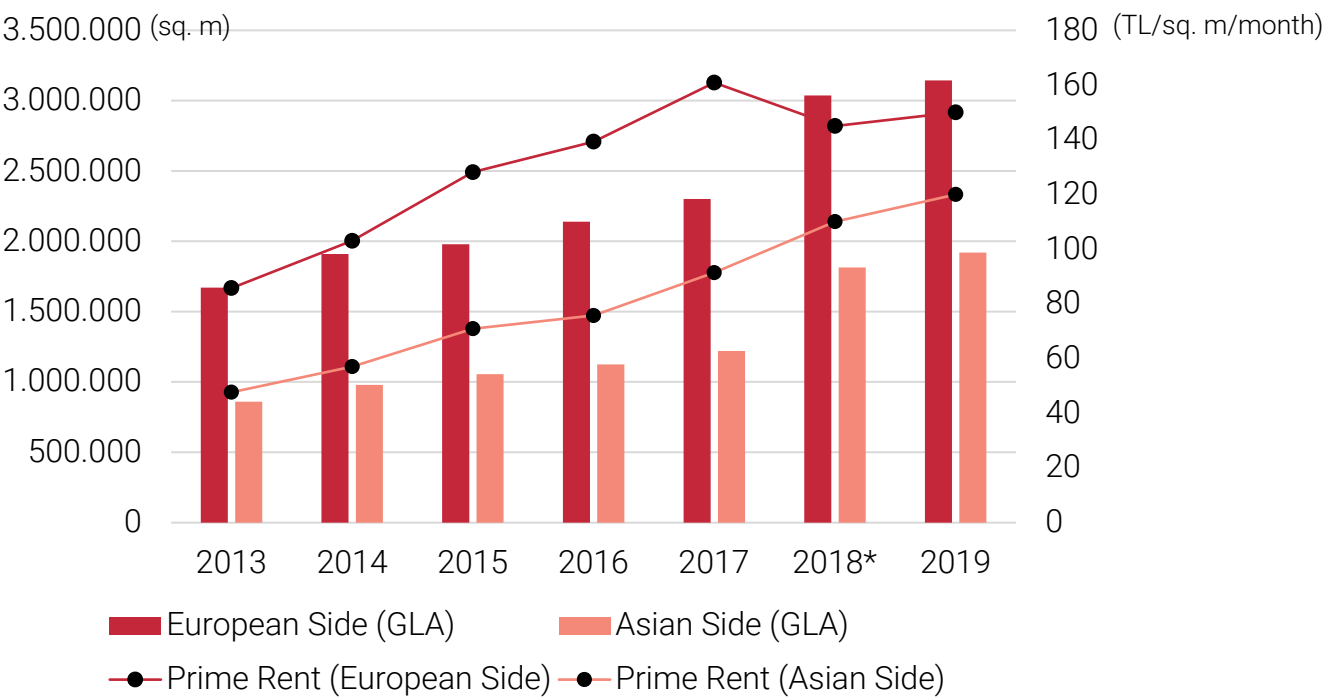
Demand and Supply

In the 4th quarter of 2019, cumulative supply of grade A office space in Istanbul remained unchanged at 5.06 million sq m. During the 4th quarter of 2019, 21,915 sq. m take-up was recorded, comprising 59% of overall transactions recorded in Istanbul primary office areas. 43% of the transactions were recorded in Kozyatağı, 18% in Kağıthane, 13% in Maslak, 9% in Kozyatağı, 9% in Sisli-Zincirlikuyu-Besiktas, 9% in Ümraniye and 8% in Levent-Etiler.

Vacancy and Rental Level

In the 4th 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 30 % in Asian Side of İstanbul. Vacancy rates realized as 35.9% in Maslak, 29.6% in Kozyatağı, 29.6% in Umraniye, 28.5% in Sisli-Zincirlikuyu-Besiktas and 16.8 % in Levent-Etiler. Prime rent stood at 150 TL/sqm/month in Levent-Etiler region.

Figure 5. Istanbul grade A office GLA, prime rent



Source: Pamir&Soyuer

Turkish Retail Market

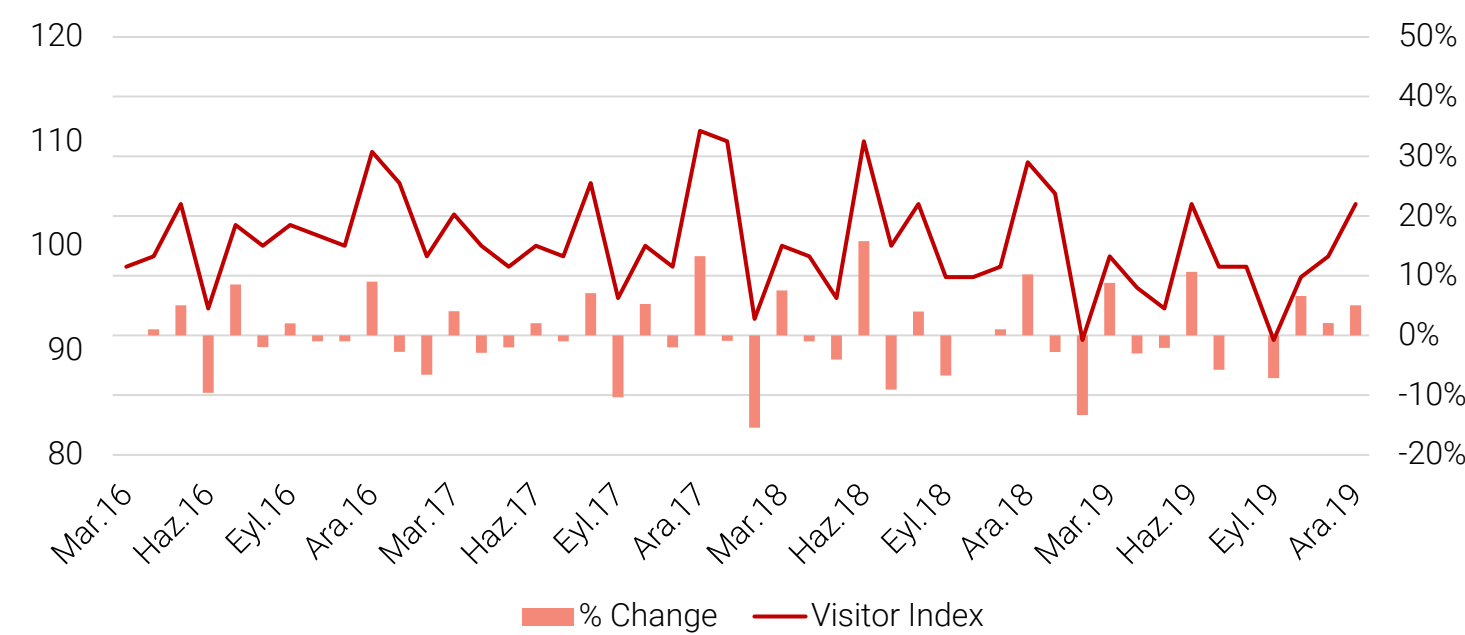
Demand

Based on data released by the Turkish Council of Shopping Centers (AYD) and Akademetre Research, compared to December 2018 the shopping centers sales index increased by 17.2% to 375 points. During the 4th quarter of 2019, footfall index in December, decreased by 3.8% compared to the same period of last year. In December 2019, shopping centers’ sales per leasable area (sq. m.) occurred as 1,826 TL in Istanbul, 1,160 TL in Anatolia, and 1,428 TL in Turkey.

Supply

During the 4th quarter of 2019, Turkey’s shopping center supply increased to 12.72 million sq. m with the opening of 5 new shopping centers; Lens Shopping Mall (38,540 sq. m) in İstanbul, Kuzu Effect Shopping Mall (30,000 sq. m) in Ankara, Hilltown Karşıyaka Shopping Mall (68,000 sq. m) in İzmir, 01 Burda Shopping Mall (65,000 sq. m) in Adana and Kivılcım Shopping Mall (12,000 sq. m) in Konya. GLA/1,000 inhabitants increased to 155.11 sq. m in Turkey. Moreover, İstanbul has the highest rate of GLA/1,000 inhabitants as 326.79 sq. m, which is followed by Ankara and Bolu with 301.02 sq. m and 281.16 sq. m per 1,000 inhabitants, respectively.

Figure 6. Shopping centers visitor index



Source: AYD and Akademetre Research

Vertical Farming

What is Vertical Farming?

The concept of the modern vertical farm is developed in a class led by Columbia University environmental health sciences Prof. Dr. Dickson Despommier at 1999. Despommier and his students developed the idea of a multi-story building in which layers of crops could be grown on each floor: in other words, a contemporary vertical farming tower.

Due to rapid urbanization, resources such as water supplies, sewage, biodiversity, land and soil resources, and public health are under pressure. The scarcity of land and depletion of natural resources have been a driving factor to find smart solutions in this fast-moving world. Vertical farming is a method of urban farming of fruits, vegetables, and grains inside a building in a city. There are 3 types of vertical farming technique ; hydroponics, aeroponics and aquaponics.



Hydroponics; most common methods of vertical farming, hydroponics includes growing plants without soil and in a water solvent containing mineral nutrients.

Aeroponics; improved by NASA scientist, the dangling roots absorb a fine mist comprised of an atomized version of the nutrient solution sprayed directly onto the roots by a pump.

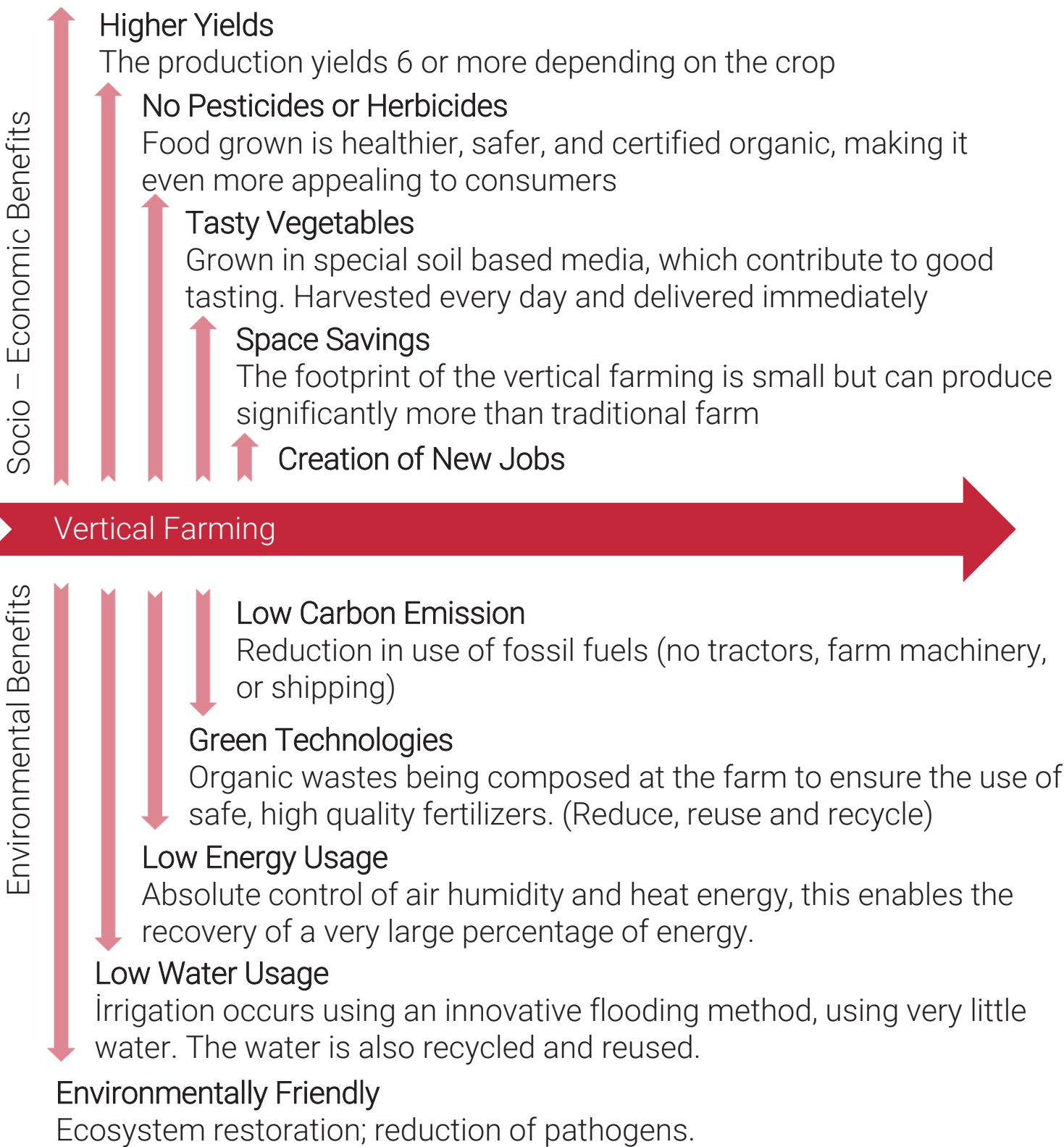
An aquaponic system contains a soil-free plant bed suspended over a body of water containing nutrients necessary for plant growth. But within the body of water is a population of fish (typically herbivores) that produce waste that function as fertilizer for the plants. In turn, the plants help purify the water to make the water suitable for the fish.

Vertical Farming

Benefits of Vertical Farming

Year - Round Production

The vegetables are grown in a controlled environment, protected from pests, winds, and floods



Vertical Farming

The Plant, Chicago

The Plant is a formerly vacant warehouse (8,686 sq m) repurposed into functioning urban farm (zero waste & energy). The area is economically challenged area with a high degree of vacancies. The building itself had been vacant for some time, and is being refurbished and fit out using a “deconstruction” process where 80% of waste materials are put back into the building’s new construction.

The main growing system within the Plant is an aquaponics system. Leafy greens growing in a hydroponic (or water as medium) system leach nitrates into the water. This water is circulated to tilapia, which filter the nitrates from the water, creating clean water that can be recirculated back to the plants. This closed-loop ethos is used throughout the building; spent grain and barley feed the anaerobic digester and tilapia, the anaerobic digester system is net-zero energy, and oxygen from the plants is converted to CO2 in the kombucha tea fermentation process.

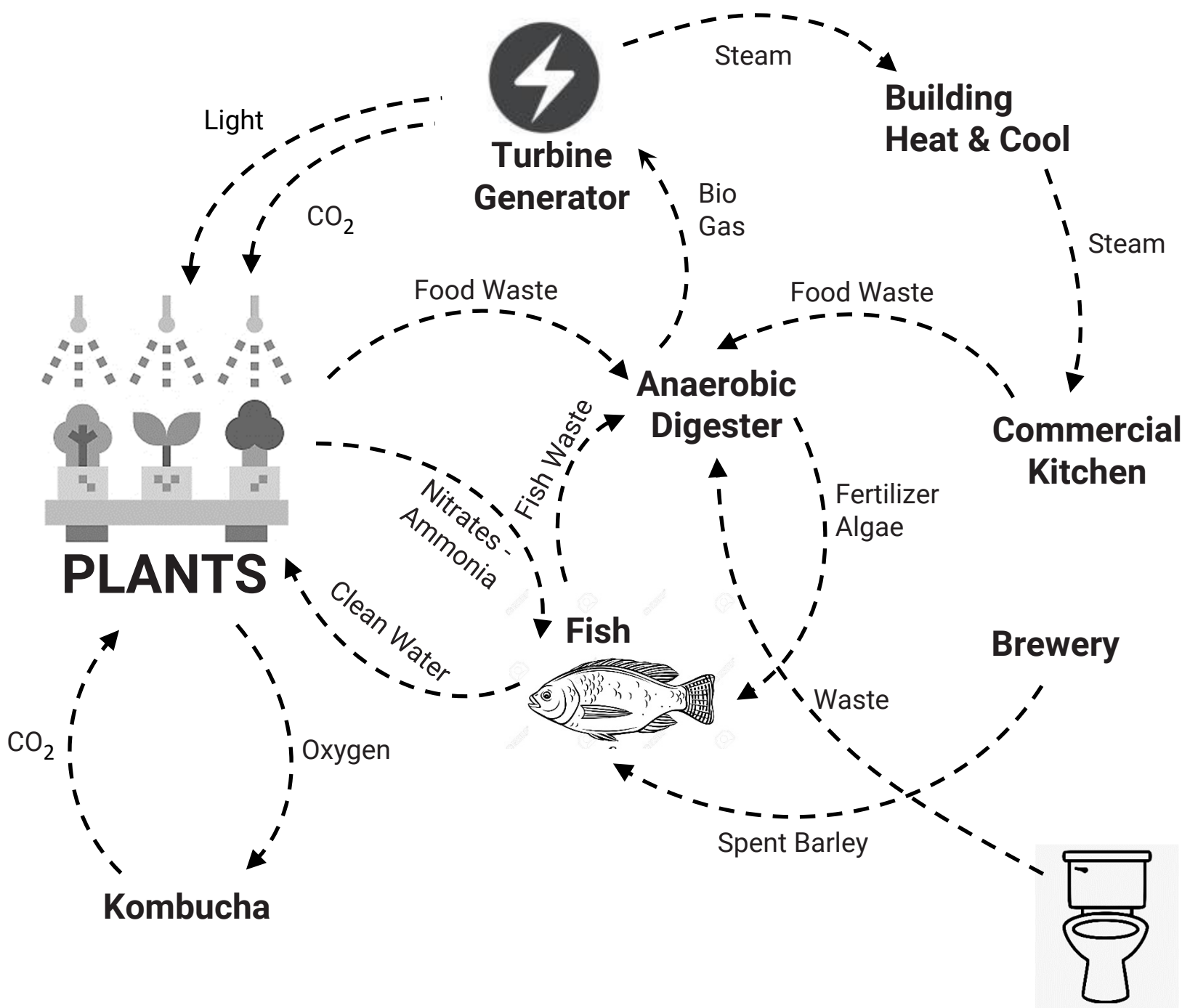
[\(https://plantchicago.org/\)](https://plantchicago.org/)



Vertical Farming

The Plant, Chicago

Zero Energy & Waste Circle



Please check the following video for more information
https://www.youtube.com/watch?v=Uh_zJ09jUc0

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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