

A robot on Mars sent a picture of the Martian surface as data to Earth. This data has been saved and is now again transformed into a picture of the Martian surface by a robot: The robot as an artificial artist. In a months-long, permanent work process, and with his inimitable technique, the robot artist by robotlab creates a work of art of unattainable detail and precision. MAK – Austrian Museum of Applied Arts / Contemporary Art



# Property News

Q2 2020 Turkish Property Market Overview

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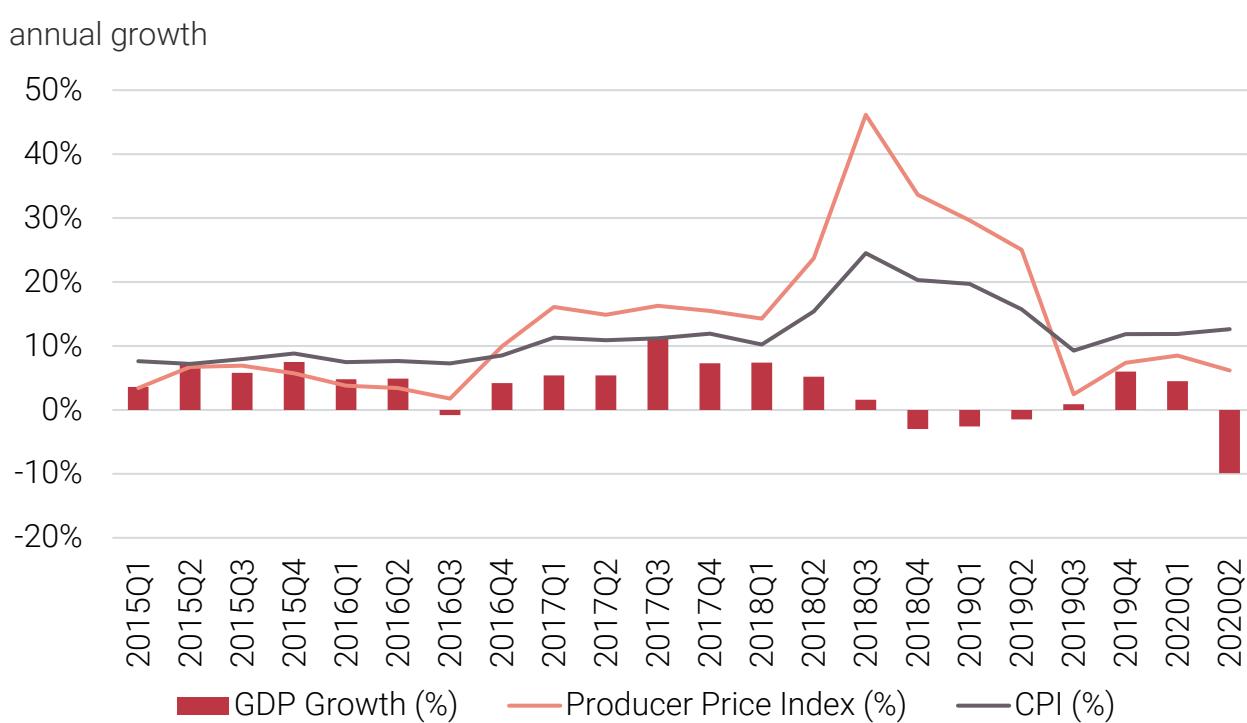
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# Economic Overview

## GDP

During the 2<sup>nd</sup> quarter of 2020, GDP fell by 9.9 % compared to the same period in 2019. When the activities constituting GDP were analysed; total value added increased by 11.0% in information and communication activities, 27.8% in financial and insurance activities and decreased by 16.5% in industry sector, 25% in service sector compared with the last year, as a chained volume index.

**Figure 1. Turkish Economy: selected indicators**



Source: TURKSTAT



# Economic Overview

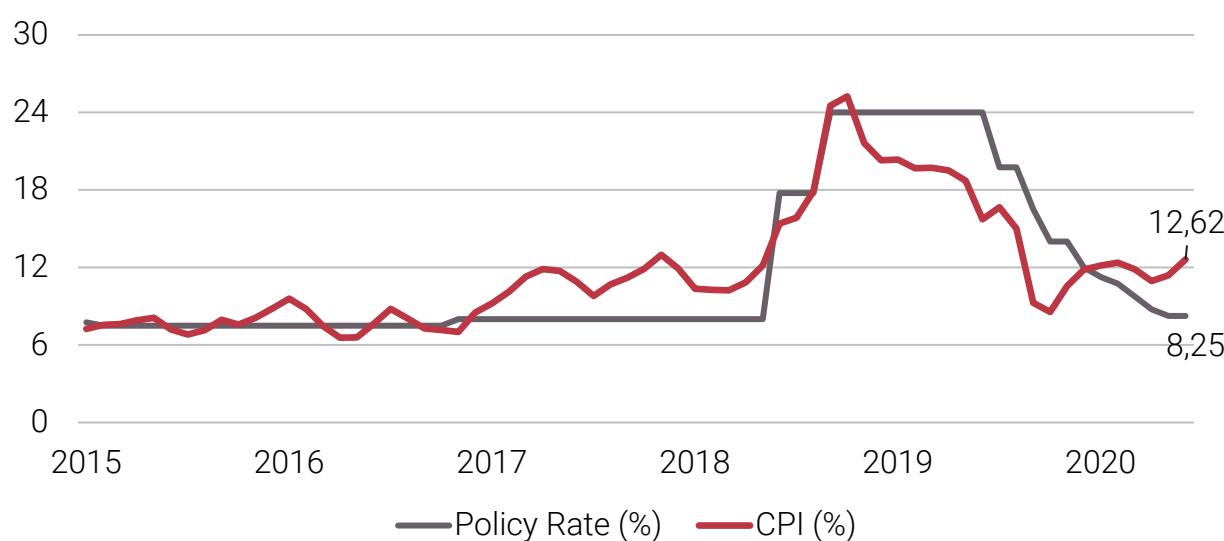
## Inflation

CPI in Turkey during June 2020 increased by 1.13%, and 12.62% compared to May 2020, and previous 12-month period. Leading contributors to CPI on a monthly and annual basis were transportation and alcoholic beverages & tobacco. Cost of transportation increased by 4.49% between May and June 2020 on an annual basis cost of alcoholic beverages and tobacco increased by 22.41%.

## Policy Rate

CBRT decreased the rate by 100 basis points in April, 50 basis points in May MPC meetings respectively, so decided to reduce the one-week repo auction interest rate, which is Turkey's Policy Rate, to 8.25%. 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

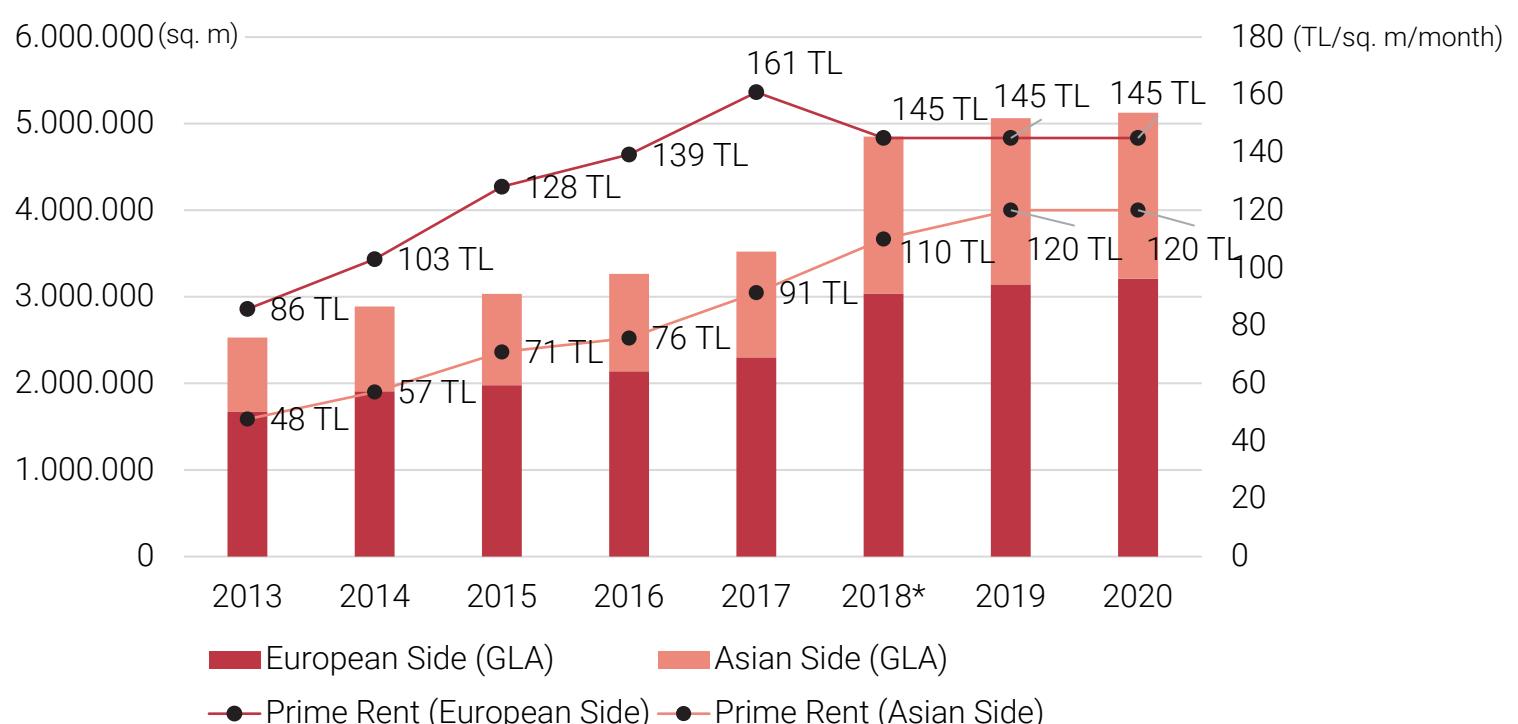
## Demand and Supply

In the 2<sup>nd</sup> quarter of 2020, cumulative supply of grade A office space in Istanbul increased to 5.12 million sq m. During the 2<sup>nd</sup> quarter of 2020, 23,817 sq. m take-up was recorded, comprising 68% of overall transactions recorded in Istanbul primary office areas. 45% of the transactions were recorded in Sisli-Zincirlikuyu-Besiktas, 16% in Kozyatağı, 10% in Kağıthane, 9% in Levent-Etiler and 3% in Maslak.

## Vacancy and Rental Level

In the 2<sup>nd</sup> quarter of 2020, 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 26.4% in total, degreased from 25.2% to 25% in European Side, and 29.4% to 29.1% in Asian Side of İstanbul. Vacancy rates occurred as 31% in Maslak, 29% in Kozyatağı, 29% in Umraniye, 26% in Sisli-Zincirlikuyu-Besiktas and 16% in Levent-Etiler. Prime rent stood at 145 TL/sqm/month in Levent-Etiler region.

**Figure 5. Istanbul grade A office GLA, prime rent**



(\*) Kağıthane, Kavacık and Maltepe-Kartal sub-office areas were added to the stock.

Source: Pamir&Soyuer

# Turkish Retail Market

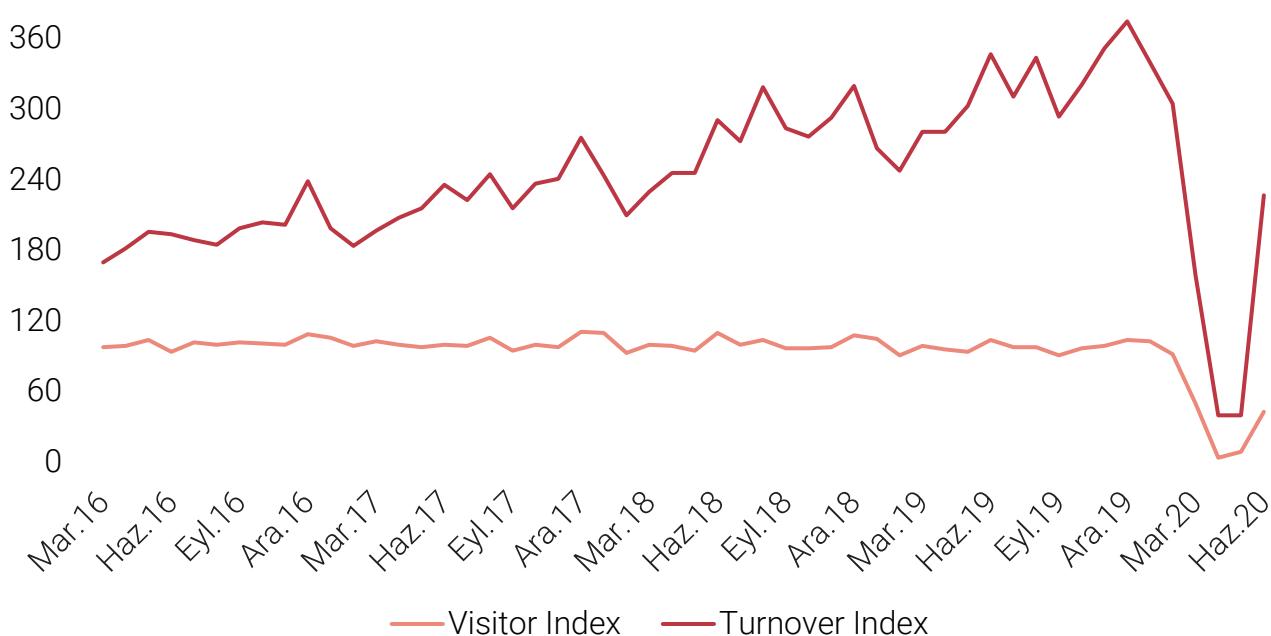
## Demand

Based on data released by the Turkish Council of Shopping Centers (AYD) and Akademetre Research, compared to June 2019 the shopping centers sales index decreased by 34.6% to 227 points. During the 2<sup>nd</sup> quarter of 2020, footfall index in June, decreased by 58.7% compared to the same period of last year. In July 2020, shopping centers' sales per leasable area (sq. m.) occurred as 1,281 TL in Istanbul, 1,070 TL in Anatolia, and 1,155 TL in Turkey.

## Supply

During the 2<sup>nd</sup> quarter of 2020, Turkey's shopping center supply unchanged at 12.72 million sq. m., and GLA/1,000 inhabitants increased to 155.11 sq. m in Turkey. Moreover, Istanbul 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.

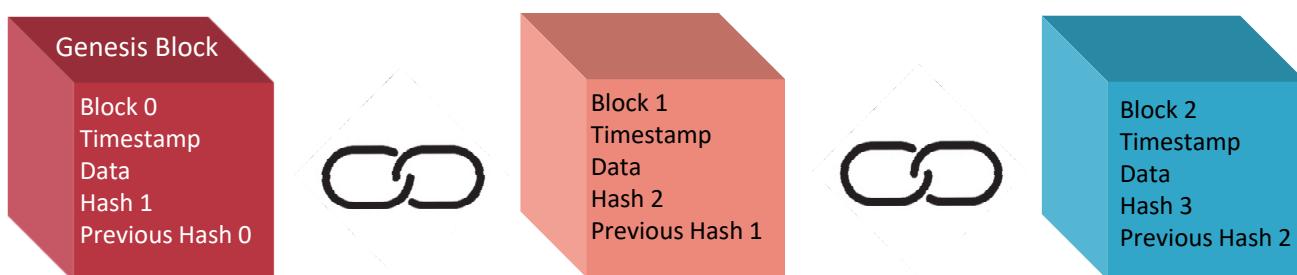
**Figure 6. Shopping centers visitor index**



Source: AYD and Akademetre Research

# Blockchain and Real Estate

## What is Blockchain?

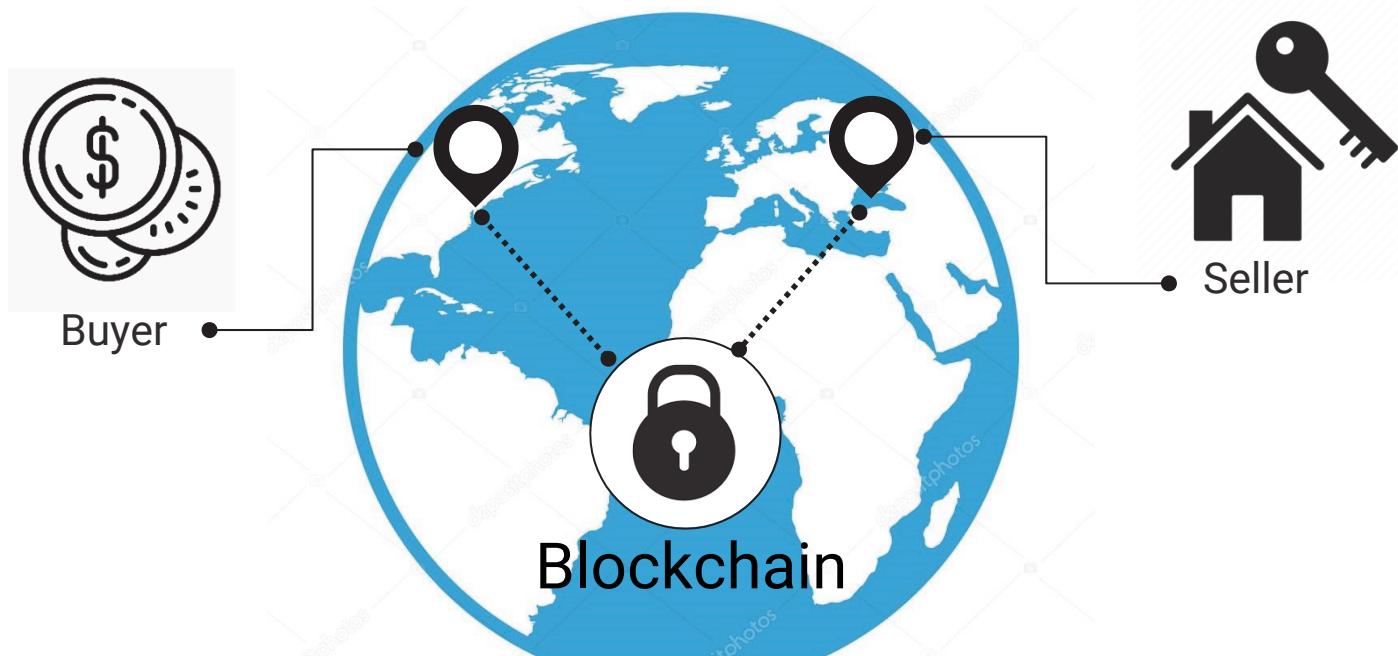


A Blockchain is a distributed ledger that is completely open to anyone. This technique was originally described in 1991 by a group of researchers and was intended to timestamp (like a notary) digital documents so that it is not possible to backdate them. Blockchain was adapted by “Satashi Nakamoto” in 2009 to create the digital cryptocurrency Bitcoin.

## Real World Applications

Blockchain token represents assets or rights. To create a token for a tangible asset (a home or a rental property) one will need to create a digital intangible record of it, detailing ownership history, liens, property taxes, and other related information.

By utilizing smart contracts, the whole agreement (purchase, sale, financing, leasing, and management) can be automated and payments can be sent and received instantly. A smart contract can make it possible to write, authenticate, and audit agreements in real-time. This can be done on a global scale and without the need for intermediaries, thus keeping the value between the main parties involved in the deal.

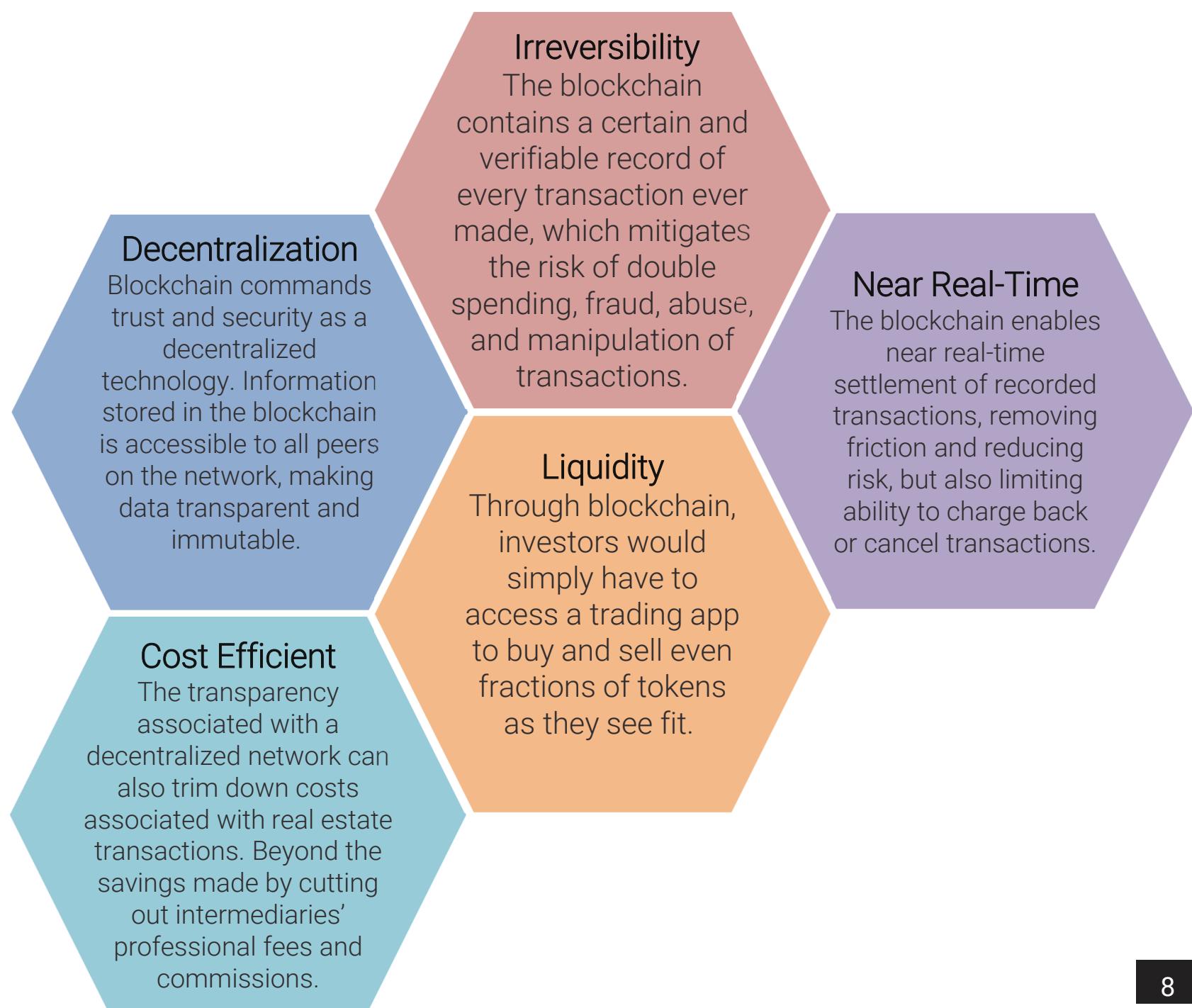


# Blockchain and Real Estate

## How Blockchain Technology is Changing Real Estate ?

The future of real estate investment lies in the use of these blockchain platforms, particularly in the concept of tokenization, which allows investors to purchase and sell partial pieces of assets.

These technologies include decentralized and immutable transaction ledgers, asset tokenization, and owner entity and land title registries and, as a result, the benefits will open up markets for new investors and let a greater number of parties manage ownership, liquidity, and risk much more effectively. Here are the benefits of blockchain technology.



# 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 liaison 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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