

Property News

Q3 2020 Turkish Property Market Overview

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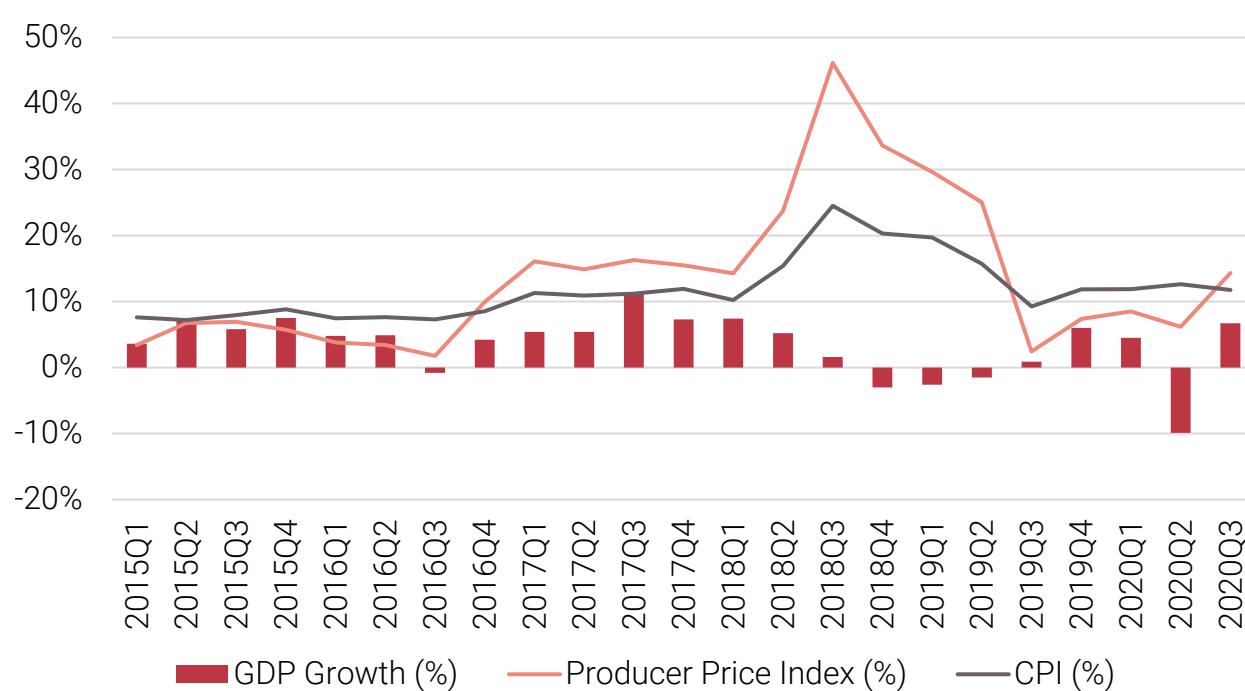
Economic Overview

GDP

During the 3rd quarter of 2020, GDP growth by 6.7 % compared to the same period in 2019. When the activities constituting GDP were analysed; total value added increased by 41.1% in financial and insurance activities, 15.0% in information and communication, 8.0% in industry, 6.4% in construction sector , 6.2% in agriculture compared with the last year, as a chained volume index.

Figure 1. Turkish Economy: selected indicators

annual growth



Source: TURKSTAT



Economic Overview

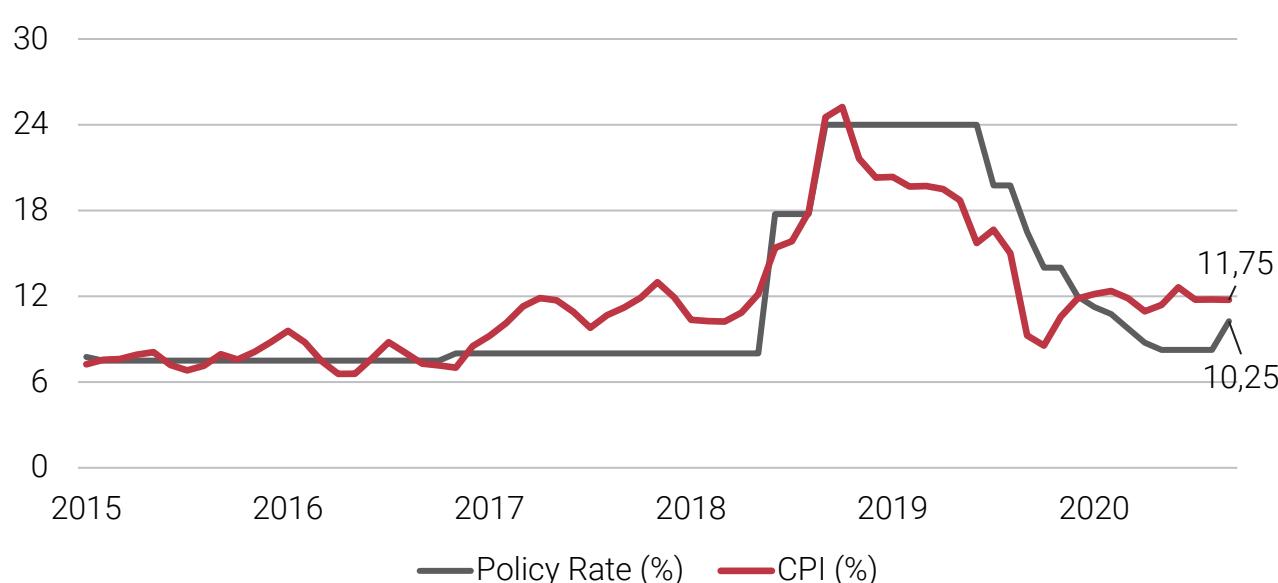
Inflation

CPI in Turkey during September 2020 increased by 0.97%, and 11.75% compared to August 2020, and previous 12-month period. Leading contributors to CPI on a monthly and annual basis were furnishing, household equipment, routine maintenance of the house and miscellaneous goods and services. Cost of furnishing, household equipment, routine maintenance of the house increased by 3.02% between August and September 2020, on an annual basis cost of miscellaneous goods and services increased by 25.17%.

Policy Rate

CBRT increased the rate by 200 basis points in September MPC meetings, so decided to increase the one-week repo auction interest rate, which is Turkey's Policy Rate, to 10.25%. CBRT assesses that maintaining a sustained disinflation process is a key factor for achieving lower sovereign risk, lower long-term interest rates, and stronger economic recovery.

Figure 2. Policy rate and CPI



Source: TURKSTAT

Istanbul Office Market

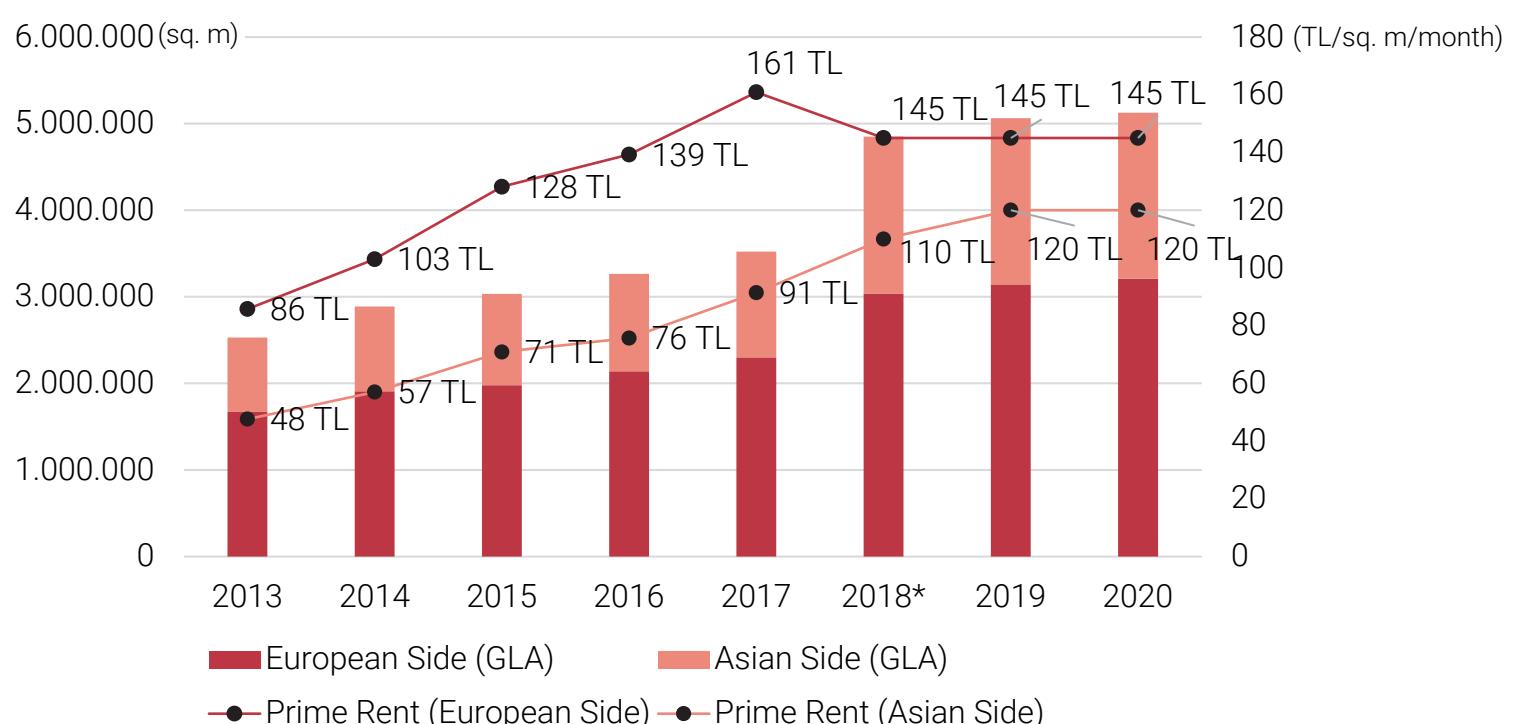
Demand and Supply

In the 3rd quarter of 2020, cumulative supply of grade A office space in Istanbul remained at 5.12 million sq m. During the 3rd quarter of 2020, 33,033 sq. m take-up was recorded, comprising 43% of overall transactions recorded in Istanbul primary office areas. 45% of the transactions were recorded in Sisli-Zincirlikuyu-Besiktas, 29% in Kozyatağı, 18% in Maslak and 4% in Levent-Etiler.

Vacancy and Rental Level

In the 3rd 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 25.7% in total, decreased from 25.0% to 24.2% in European Side, and 29.1% to 28.5% in Asian Side of İstanbul. Vacancy rates occurred as 30.4% in Maslak, 29.2% in Umraniye, 27.9% in Kozyatağı, 23.8% in Sisli-Zincirlikuyu-Besiktas and 16.1% 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

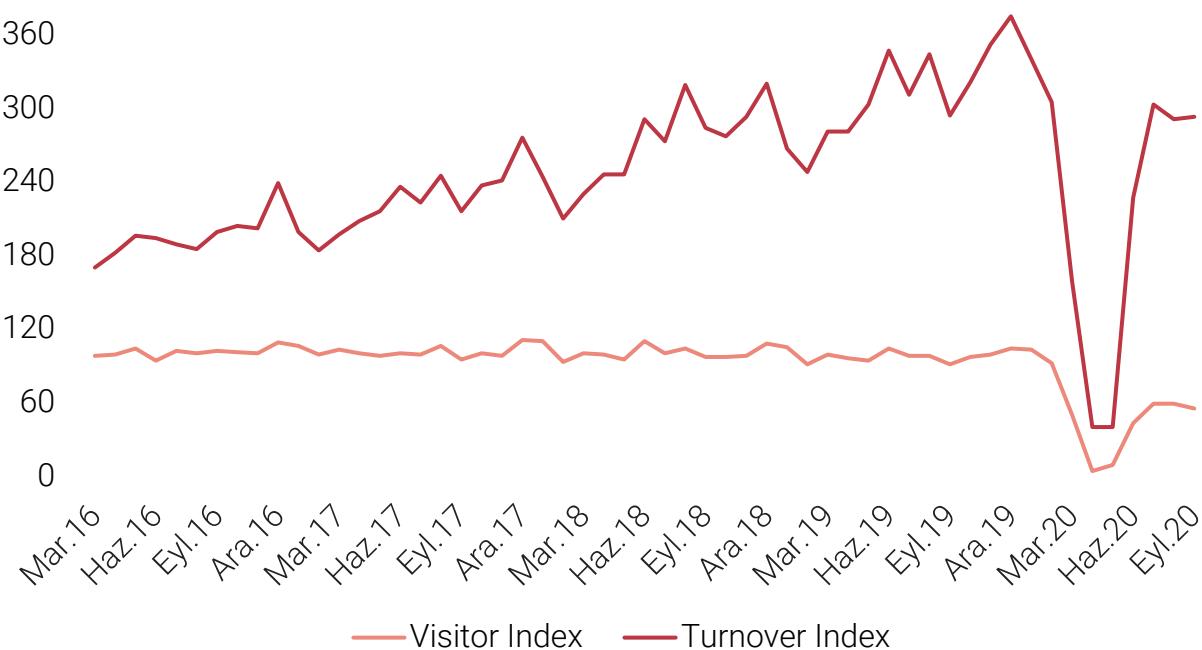
Demand

Based on data released by the Turkish Council of Shopping Centers (AYD) and Akademetre Research, compared to September 2019 the shopping centers sales index decreased by 0.3% to 293 points. During the 3rd quarter of 2020, footfall index in September, decreased by 39.6% compared to the same period of last year. In September 2020, shopping centers' sales per leasable area (sq. m.) occurred as 1,387 TL in Istanbul, 936 TL in Anatolia, and 1,116 TL in Turkey.

Supply

During the 3rd quarter of 2020, Turkey's shopping center supply increased to 12.91 million sq. m., and GLA/1,000 inhabitants increased to 157.44 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



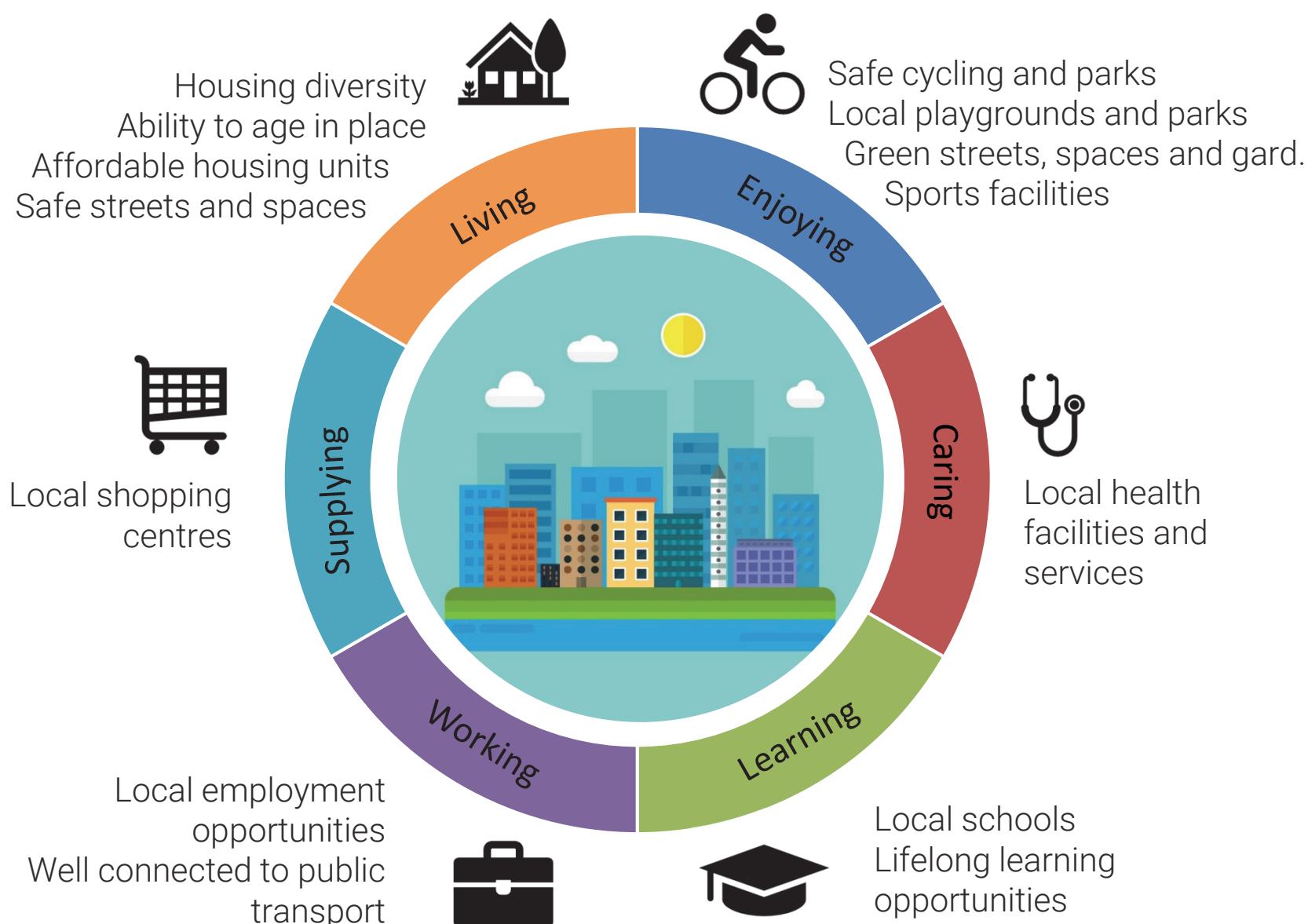
Source: AYD and Akademetre Research

15 Minute City

What is 15 Minute City ?

The 15 minute city idea is based on research into how city dwellers' use of the time could be reorganised to improve both living conditions and the environment. The concept was developed by Sorbonne Professor Carlos Moreno, advocates the creation of a city of neighbourhoods, in which workers find everything they need in terms of work, retail and leisure within 15 minutes of their home.

15 min city goes in the opposite direction to modern urbanism, an attempt at covering life into a human sized space rather than fracturing it into inhuman bigness and then forcing us to adapt. People should be able to live the essence of what constitutes the urban experience: to access work, housing, food, health, education, culture and leisure.



15 Minute City

Can a 15 minute city work?

The first city to adapt the 15 minute city idea is Paris. Mayor Anne Hidalgo has suggested a mass decentralization, which includes developing new services for each of the districts, a reduction of traffic by increasing bike lanes, new economic models to encourage local shops, transform existing infrastructure; for instance, fabrication labs in sports centers or turning schools into neighborhood centers in the evenings.

Hidalgo has banned cars along a stretch of the River Seine – formerly a congested thoroughfare for car commuters – creating a new pedestrianised gathering spot where cyclists travel safely and children and tourists enjoy using scooters.



Change along the Seine River

Under her plans Paris will remove 72% of its on-street car parking spaces. According to a 2019 study by Atelier Parisien d'Urbanisme (Apur) there are 83,500 on-street parking spaces in Paris—Hidalgo plans to remove 60,000 of them.

15 Minute City

Other Cities

C40 Cities, a city-led coalition focused on fighting climate change, adopting the 15-minute city idea for post-Covid economic recovery. Other places pursuing the 15 or 20 minutes city concept include;



Please check the following video for more information

<https://www.youtube.com/watch?v=McGyONofhi4&t=44s>

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 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

Research

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