



# Property News

Q4 2020 Turkish Property Market Overview



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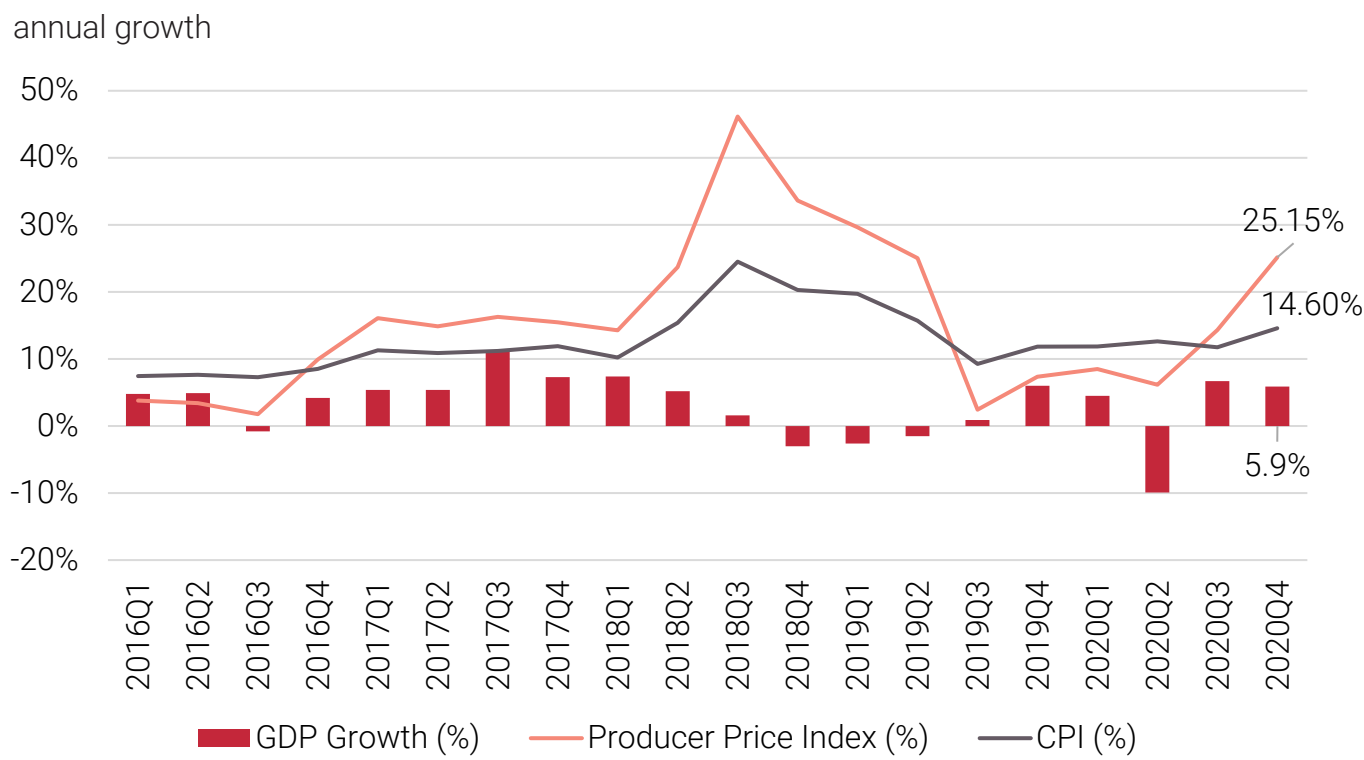
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# Economic Overview

## GDP

During the 4<sup>th</sup> quarter of 2020, GDP grew by 5.9 % compared to the same period in 2019, bringing the full year GDP growth to 1.8% in 2020. When the activities constituting GDP were analysed; total value added increased by 21.4% in financial and insurance activities, 13.7% in the information and communication activities, 4.8% in agriculture activities, 2.6% in real estate activities, 2.5% in other service activities and 2.0% in industry sector compared with the last year, as a chained volume index.

Figure 1. Turkish Economy: selected indicators



Source: TURKSTAT

### Building Construction Cost Index, December 2020

	Total	Labour	Material
Monthly Change	2.74%	0.18%	3.86%
Annual Change	25.09%	13.96%	30.48%

### House Sales Statistics, 2020 Q4

-30.0 %

↓

First Sales

-36.7 %

↓

Second Hand

	October	November	December
2019	142 810	138 372	202 074
2020	119 574	112 483	105 981

Source: TURKSTAT

# Economic Overview

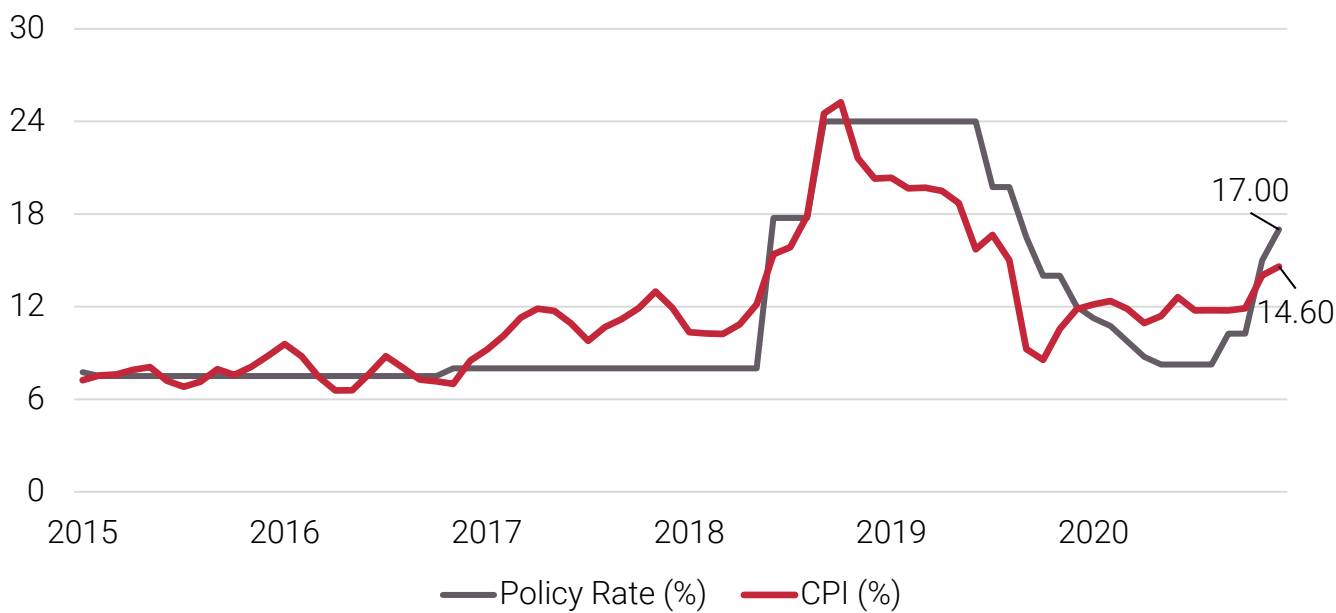
## Inflation

CPI in Turkey during December 2020 increased by 1.25%, and 14.60% compared to November 2020, and previous 12-month period. Leading contributors to CPI on a monthly and annual basis were furnishing & household equipment and miscellaneous goods and services. Cost of furnishing and household equipment increased by 3.46% between November and December 2020, on an annual basis cost of miscellaneous goods and services increased by 28.12%.

## Policy Rate

CBRT increased the rate by 475 basis points in October and 200 basis points in November MPC meetings, so decided to increase the one-week repo auction interest rate, which is Turkey's Policy Rate, to 17.00%. CBRT assesses that tightness of monetary policy stance will be decisively sustained until strong indicators point to a permanent fall in inflation in line with the targets and to price stability.

Figure 2. Policy rate and CPI



Source: TURKSTAT

# Istanbul Office Market

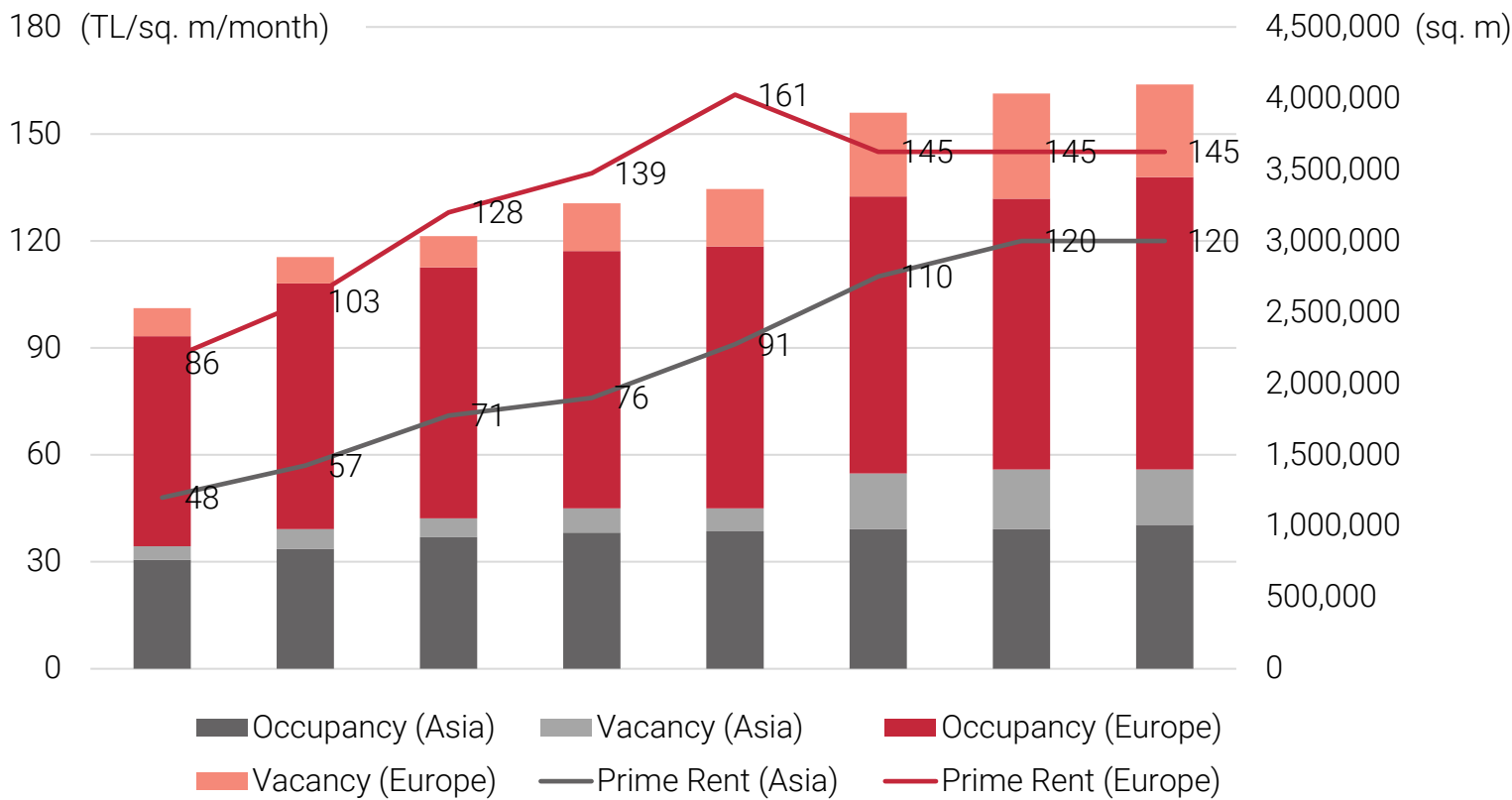
## Demand and Supply

In the 4<sup>th</sup> quarter of 2020, cumulative supply of grade A office space in Istanbul remained at 5.12 million sq m. During the 4<sup>th</sup> quarter of 2020, 19,233 sq. m take-up was recorded, comprising 34% of overall transactions recorded in Istanbul primary office areas. 49% of the transactions were recorded in Kozyatağı, 41% in Maslak and 3% in Levent-Etiler.

## Vacancy and Rental Level

In the 4<sup>th</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 25.3% in total, decreased from 24.2% to 24.0% in European Side, and 28.5% to 27.8% in Asian Side of Istanbul. Vacancy rates occurred as 29.9% in Maslak, 29.2% in Umraniye, 26.7% 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



Source: Pamir&Soyuer

# Turkish Retail Market

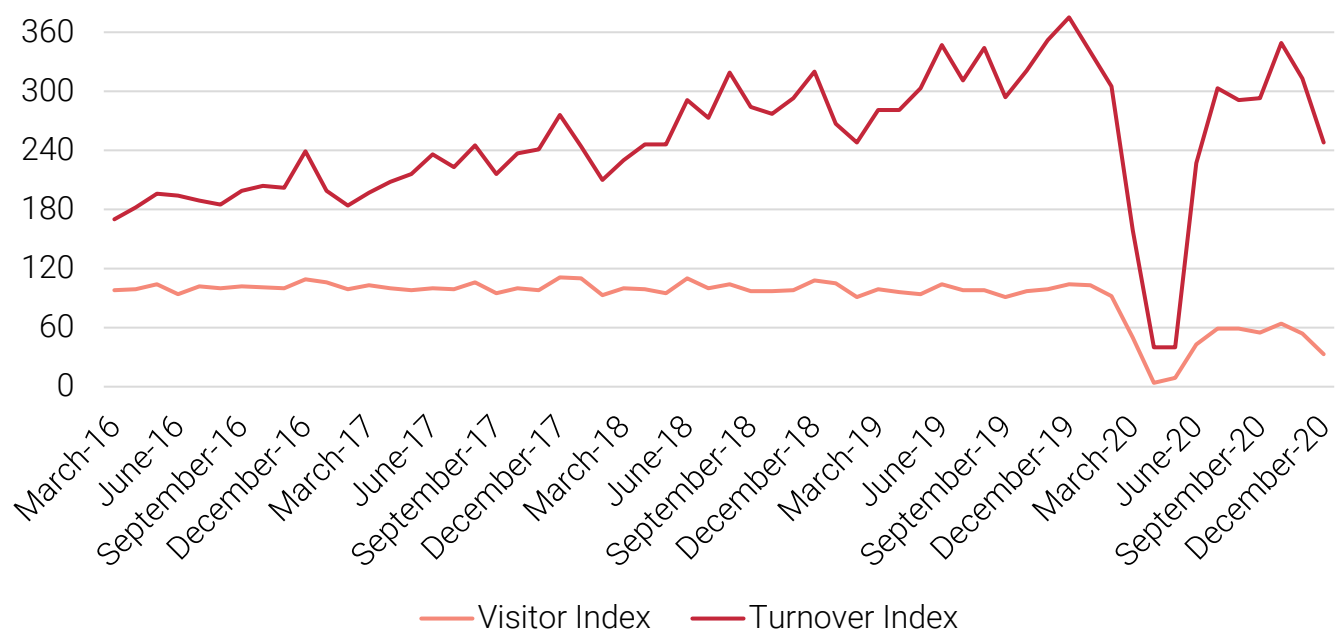
## Demand

Based on data released by the Turkish Council of Shopping Centers (AYD) and Akademetre Research, compared to December 2019 the shopping centers sales index decreased by 33.9% to 248 points. During the 4<sup>th</sup> quarter of 2020, footfall index in December, decreased by 68.3% compared to the same period of last year. In December 2020, shopping centers’ sales per leasable area (sq. m.) occurred as 1,245 TL in Istanbul, 742 TL in Anatolia, and 943 TL in Turkey.

## Supply

During the 4<sup>th</sup> quarter of 2020, Turkey’s shopping center supply increased to 13.02 million sq. m., and GLA/1,000 inhabitants increased to 158.88 sq. m in Turkey. Moreover, Istanbul has the highest rate of GLA/1,000 inhabitants as 330.64 sq. m, which is followed by Ankara and Bolu with 305.56 sq. m and 281.16 sq. m per 1,000 inhabitants, respectively.

Figure 6. Shopping centers visitor index

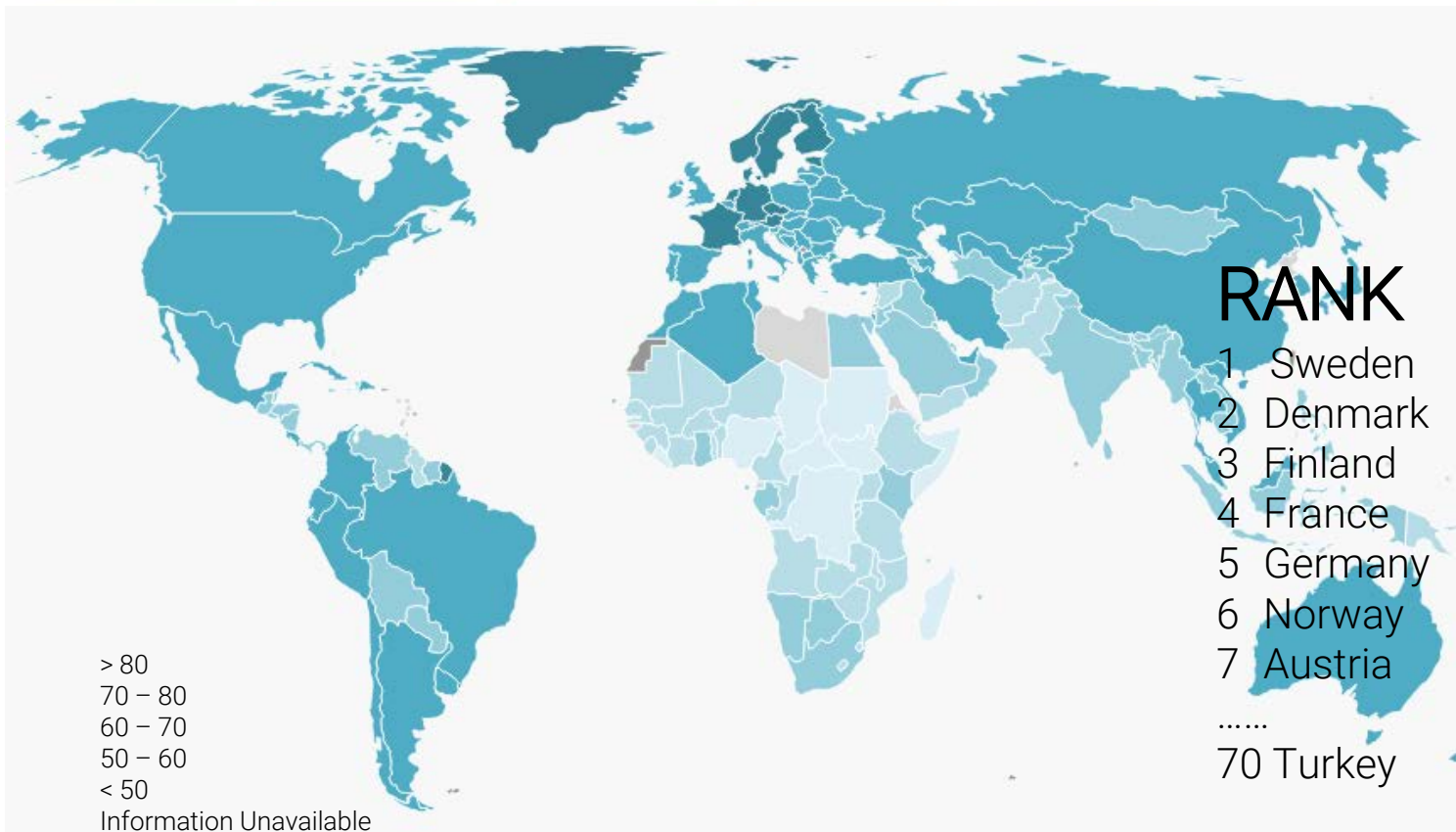


Source: AYD and Akademetre Research

# The Sustainable Development Goals

## What is The Sustainable Development Goals (SDGs)?

The SDGs are a set of goals which, if achieved, would benefit society globally. All UN member states adopted the 2030 Agenda for Sustainable Development in 2015. The 17 SDGs are aiming to ending poverty and improve health and education, reduce inequality, tackling climate change and spur economic growth.





# The Sustainable Development Goals

## What is The SDG Dashboards?

The SDG dashboards provide a visual representation of each country’s performance on the 17 SDGs. The “traffic light” color scheme (green, yellow, orange, and red) illustrates how far a country is from achieving a particular goal.

- SDG achievement

● Challenges remain

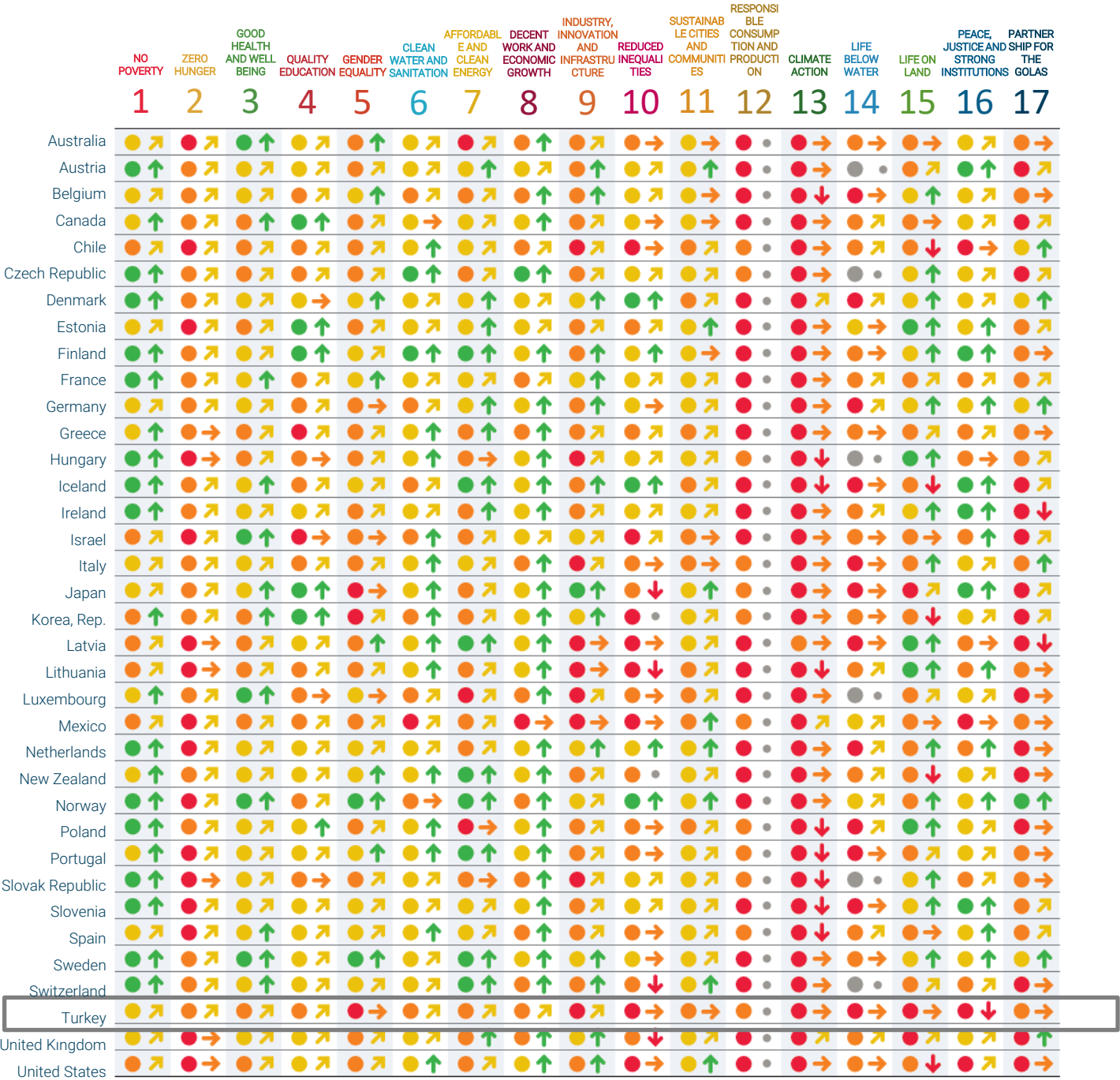
● Significant challenges remain

● Major challenges remain
- ↑ On track

↗ Moderately increasing

→ Stagnating

↓ Decreasing



Source: OECD countries, The Sustainable Development Report 2020



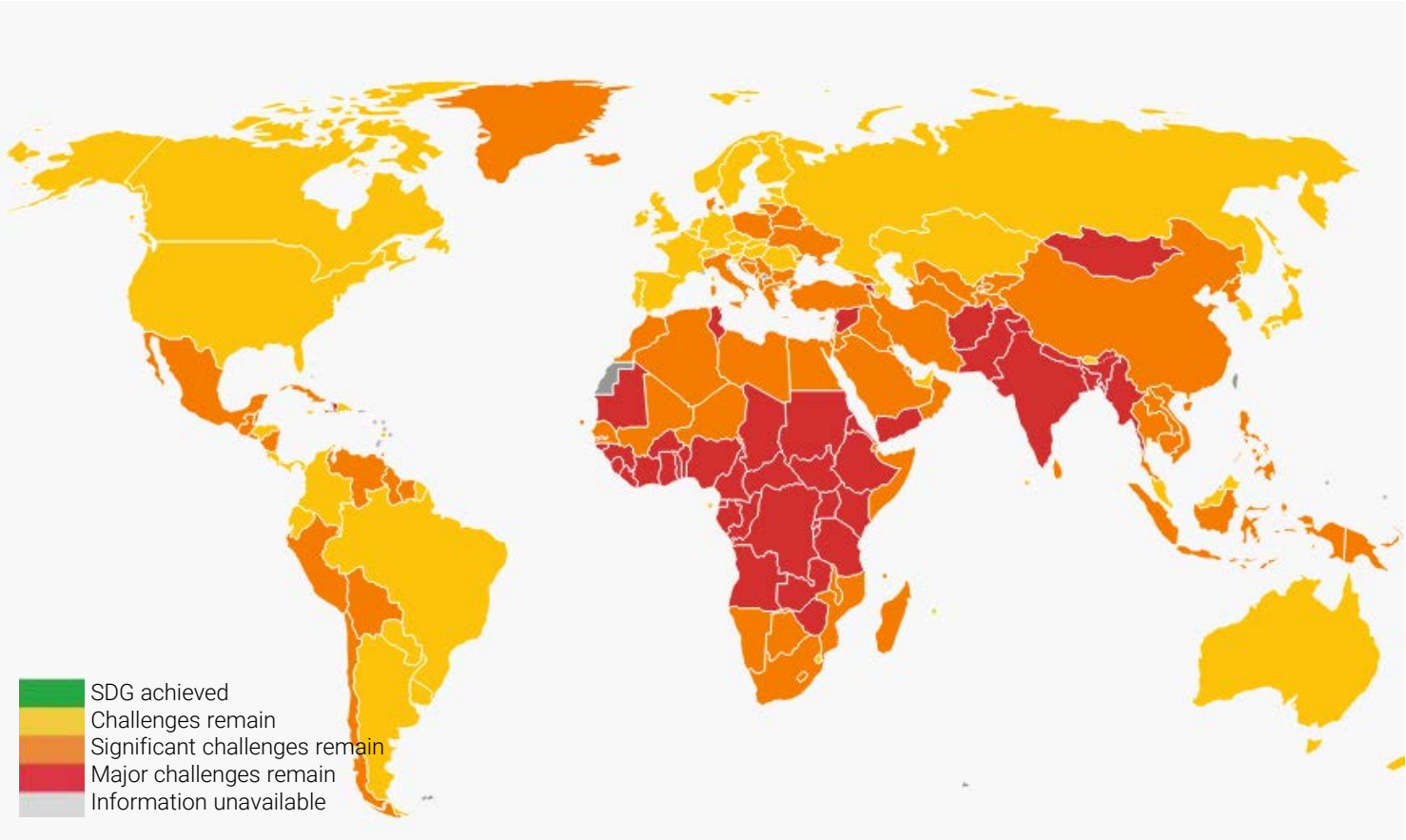
# The Sustainable Development Goals

## What is Sustainable Cities and Communities (SDG 11)?

Real estate has a significant and important role to play in sustainable and inclusive development. There are clear links to SDG 11: Sustainable Cities and Communities which has 10 targets to be achieved.



- 11.1 Safe and affordable housing
- 11.2 Affordable and sustainable transport systems
- 11.3 Inclusive and sustainable urbanization
- 11.4 Protect the world's cultural and natural heritage
- 11.5 Reduce the adverse effects of natural disasters
- 11.6 Reduce the environmental impacts of cities
- 11.7 Green and public spaces.
- 11.A Rural – urban linkages
- 11.B Comprehensive disaster risk management
- 11.C Financial and technical support for sustainable and resilient building



Source: [www.dashboards.sdgindex.org](http://www.dashboards.sdgindex.org)

# The Sustainable Development Goals

## What is SDG 11 Indicators ?

**Share of green space in urban areas (%).** The average share of urban green spaces and forests as a percentage of land area. *2020 top three; Finland, Sweden, Slovenia.*

**Overcrowding rate among people living with below 60% of median equivalized income (%).** *2020 top three; Ireland, Cyprus, Malta.*

**Recycling rate of municipal waste (%).** Tonnage recycled from municipal waste divided by the total municipal waste arising. *2020 top three; Germany, Slovenia, Austria.*

**Population living in a dwelling with a leaking roof, damp walls, floors or foundation or rot in window frames or floor (%).** *2020 top three; Finland, Slovak Republic, Norway.*

**Satisfaction with public transport (%).** Percentage of the surveyed population that responded that they were satisfied with the public transportation system in the city or area where they live. *2020 top three; Switzerland, Luxembourg, Netherlands.*

**Exposure to air pollution: PM2.5 in urban areas ( $\mu\text{g}/\text{m}^3$ ).** Air pollution measured as the population weighted annual mean concentration of particulate matter at urban background stations in agglomerations. *2020 top three; Finland, Estonia, Sweden.*

**Access to improved water source, piped (% of urban population).** The percentage of the urban population with access to improved drinking water piped on premises. *2020 top three; Belgium, Bulgaria, Croatia.*

Source: Europe Sustainable Development Report 2020



# The Sustainable Development Goals

## Why Cities Are So Important ?



Cities are already home to 56,2 % of the world’s population, and that expected to grow to 68 % by 2050.

Cities occupy just 3 % of the Earth’s land but account for 60 to 80 % of energy consumption and at least 70 % of carbon emissions.



828 million people are estimated to live in slums, and the number is rising.

In 1990, there were 10 cities with 10 million people or more; and today number of the mega cities reached to 37.



In the coming decades, 90 % of urban expansion will be in the developing world.

The economic role of cities is significant. They generate about 80 % of the global GDP.



# 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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