INVESTMENT | BROKERAGE | ADVISORY | DEVELOPMENT

pamir&soyuer
REAL ESTATE

Property News

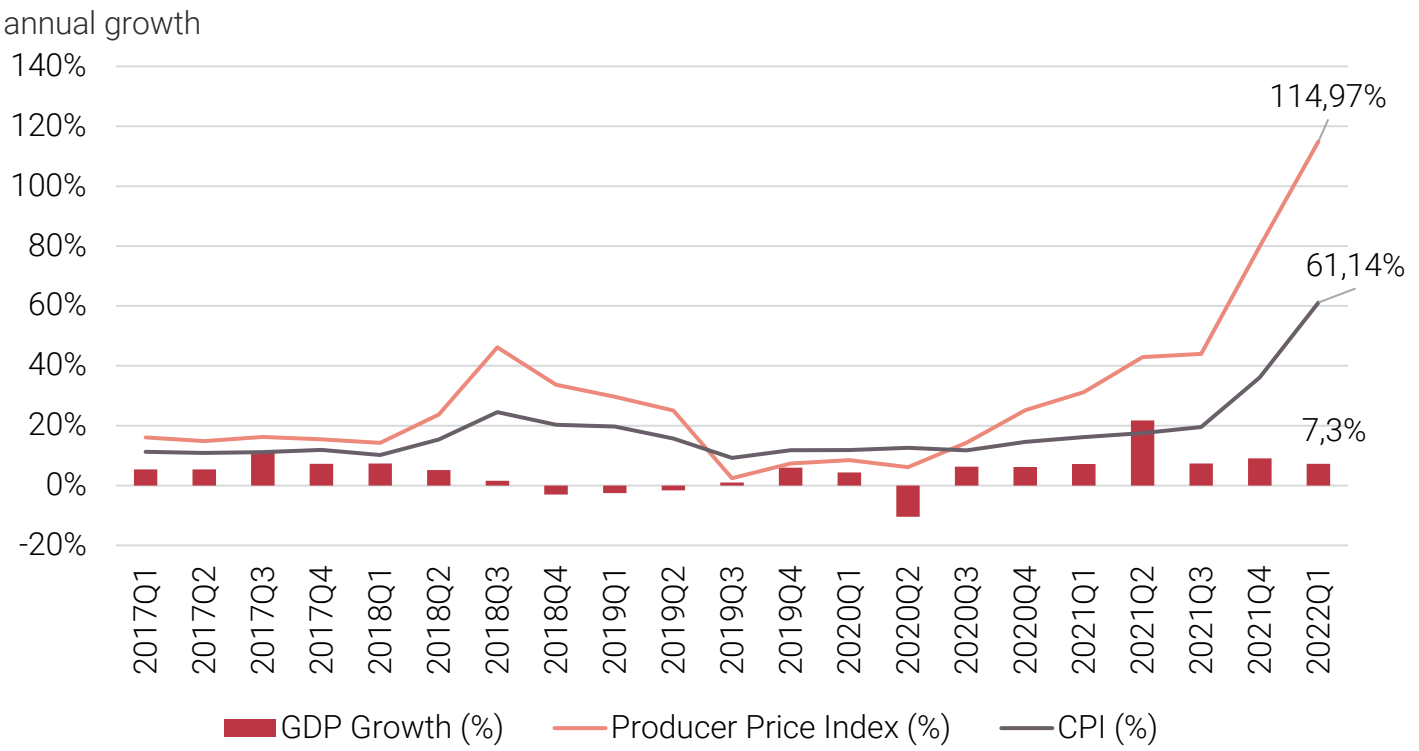
Q1 2022 Turkish Property Market Overview

Economic Overview

GDP

During the 1st quarter of 2022, GDP grew by 7.3 % compared to the same period in 2020. When the activities constituting GDP were analyzed; total value added increased by 9.8% in services, 7.4% in industry, 0.9% in agriculture compared with the last year, as a chained volume index.

Figure 1. Turkish Economy: selected indicators

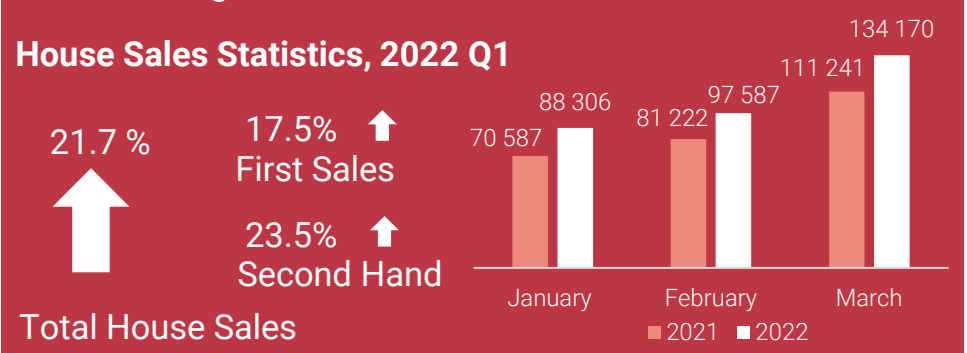


Source: TURKSTAT

Building Construction Cost Index, March 2022

	Total	Labour	Material
Monthly Change	8.80%	1.16%	11.28%
Annual Change	98.14%	42.58%	123.87%

House Sales Statistics, 2022 Q1



Change over the same quarter of the previous year

Source: TURKSTAT

Economic Overview

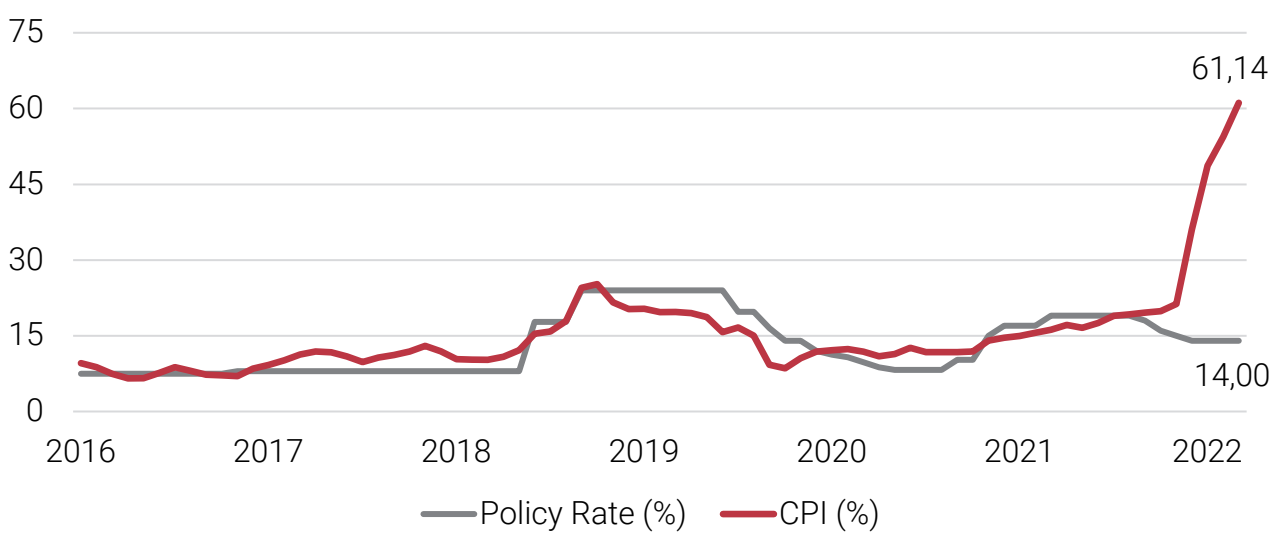
Inflation

CPI in Turkey during March 2022 increased by **5.46% monthly**, and **61.14% annually** compared March 2021. Leading contributors to CPI on a monthly and annual basis were transportation. Cost of transportation increased by 13.29% between February and March 2022, on an annual basis cost increased by 99.12%.

Policy Rate

In the March 2022 MPC meeting, CBRT continued to keep one-week repo auction interest rate, which is Turkey's **Policy Rate**, to **14.00%.**

Figure 2. Policy rate and CPI



Source: TURKSTAT

Istanbul Office Market

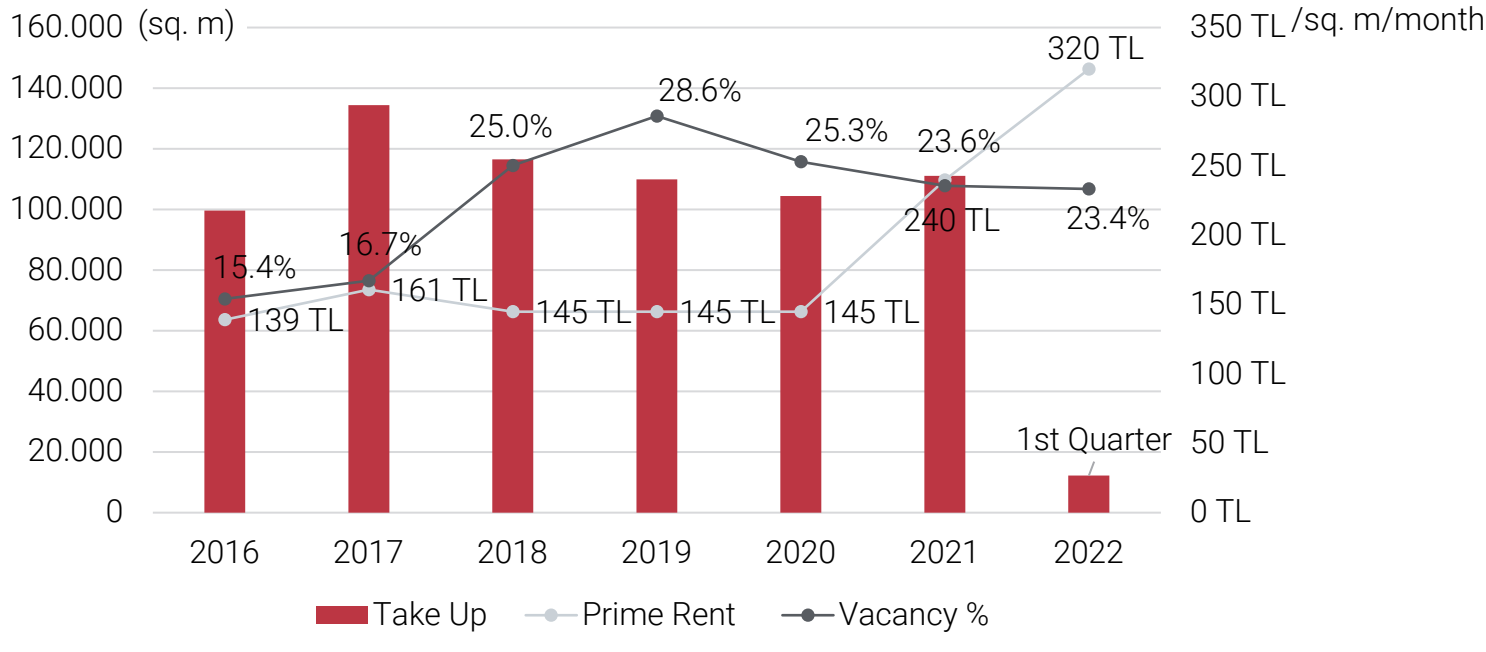
Demand and Supply

In the 1st quarter of 2022, cumulative supply of grade A office space in Istanbul supply unchanged at 5.27 million sq m. During the 1st quarter of 2022, 12,255 sq m take-up was recorded, comprising 40% of overall transactions recorded in Istanbul primary office areas. 39% of the transactions were recorded in Levent-Etiler, 36% in Kozyatağı and 14% in Maslak.

Vacancy and Rental Level

In the 1st quarter of 2022, average rents in Istanbul grade A office market significantly increased compared to the previous quarter. Vacancy rate in Istanbul Grade A Office Spaces fall to 23.4% in total, decreased from 22.6% to 22.4% in European Side, and 25.5% to 25.2% in Asian Side of Istanbul. Vacancy rates occurred as 28.2% in Maslak, 28.3% in Umraniye, 22.7% in Kozyatağı, 22.9% in Sisli-Zincirlikuyu-Besiktas and 14.0% in Levent-Etiler. Prime rent recorded in Levent-Etiler increased from 240 TL/sqm/month to 320 TL/sqm/month.

Figure 3. Istanbul grade A office take up, prime rent & vacancy



Source: Pamir & Soyuer

Turkish Retail Market

Demand

Based on data released by the Turkish Council of Shopping Centers (AYD) and Akademetre Research, compared to March 2021 the shopping centers **sales index increased by 99.1% to** 677 points. During the 1st quarter of 2022, **footfall index** in March, **increased by 49%** compared to the same period of last year. In March 2022, shopping centers' sales per leasable area (sq. m.) occurred as 3,511 TL in Istanbul, 1,960 TL in Anatolia, and 2,580 TL in Turkey.

Supply

During the 1st quarter of 2022, Turkey's shopping center supply remained at **13.62 million sq. m.**, and GLA/1,000 inhabitants **decreased to 160.85 sq. m** in Turkey. Moreover, Istanbul has the highest rate of GLA/1,000 inhabitants as 332.20 sq. m, which is followed by Ankara and Bolu with 301.42 sq. m and 273.95 sq. m per 1,000 inhabitants, respectively.

Figure 4. Shopping Centers Visitor & Turnover Index

Source: Pamir & Soyuer

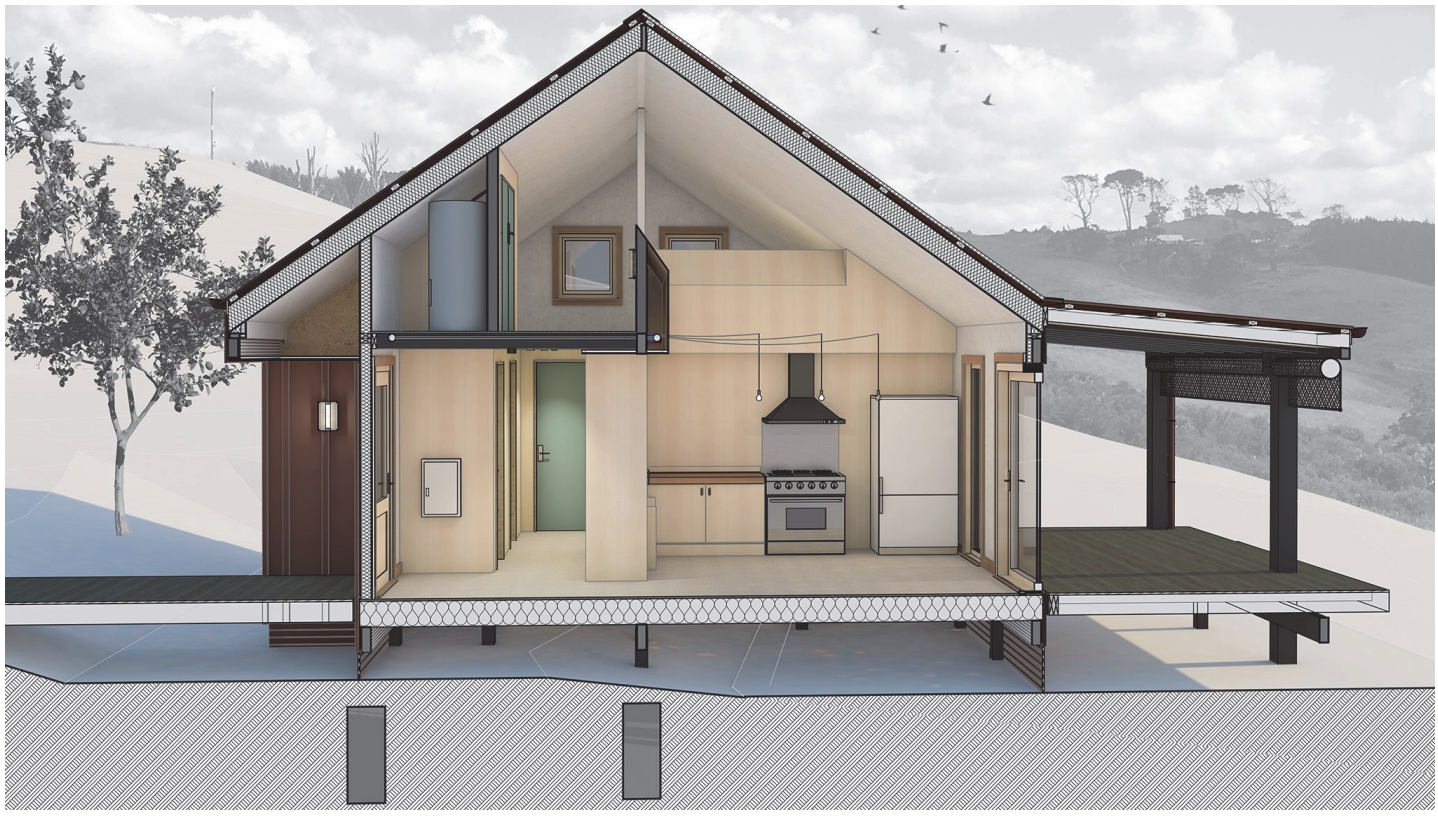
Passive House

What is Passive House?

The Passive House is a **sustainable construction concept** that provides for affordable, high-quality buildings as well as comfortable, healthy living conditions. In 1996, the **Passivhaus Institute** in Darmstadt (darm-schtadt), Germany, **set building standards to create low energy consumption** houses that still provide comfort at an affordable price.

In order to **achieve future energy efficiency targets**, **our existing building stock needs to be improved**. The Passive House Standard can also **be applied to retrofit projects** and has been proven to be equally effective in reducing energy demand and improving the quality of existing buildings

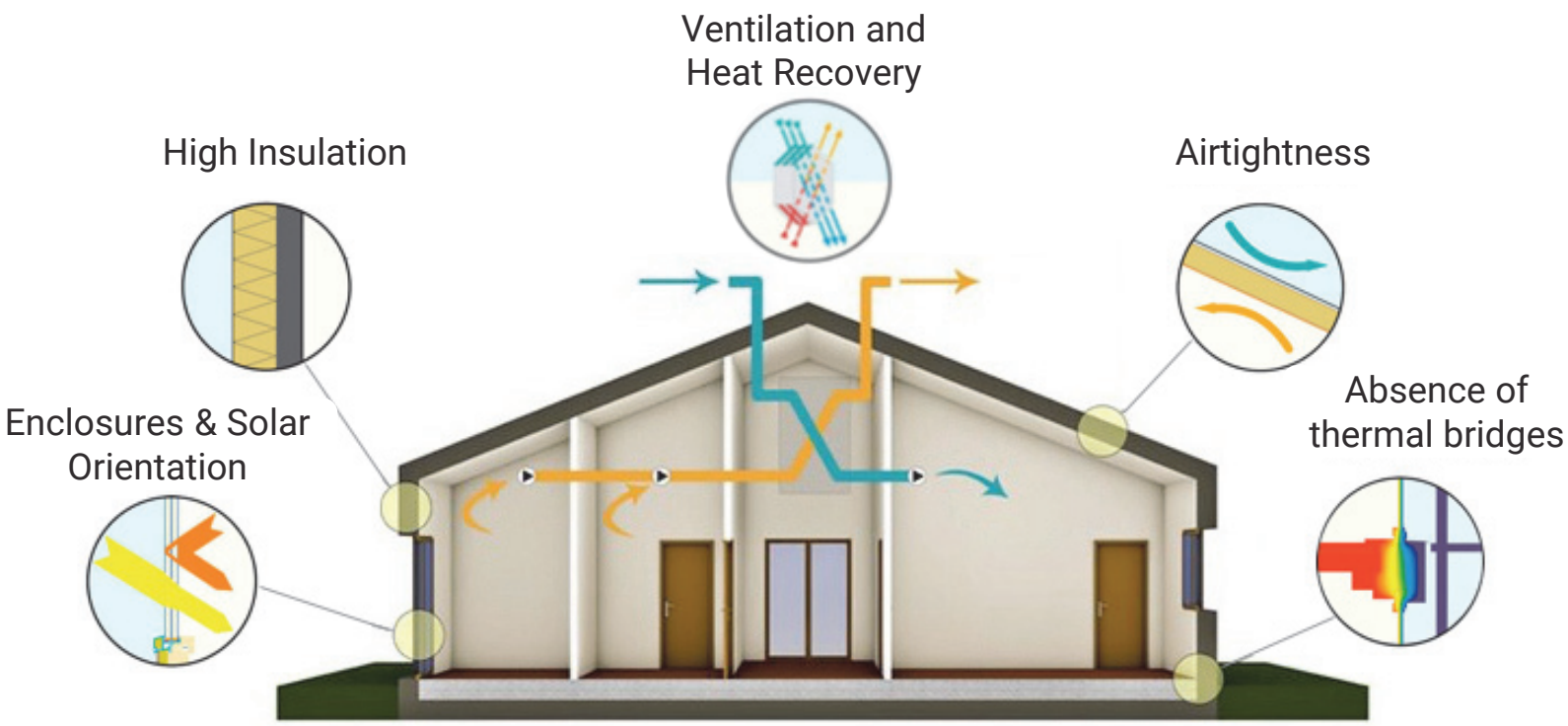
A Passive House concept **maximizes the energy efficiency of the basic components** inherent in all buildings: the roof, walls, windows, floors and utility systems. **By minimizing a building's energy losses** with smart insulation, the heating and cooling system is not called on nearly as frequently, saving resources and operating costs, **while reducing the homes impact on the environment.**



Sustainable, Affordable, Comfortable & Versatile

Passive House

The Five Basic Passive House Principles



Maximize your gains, minimize your losses

1- High Insulation

Passive House buildings are super insulated. With walls two to three times as thick as today's standard construction, the inside temperature is stable and predictable without the need for heating or cooling adjustments.

2- Enclosures & Solar Orientation

The building form emerges from minimizing losses through the exterior enclosure resulting in efficient geometry. The windows sizes and orientation are optimized for energy balance during the entire year. Additionally, the well-balanced passive solar design adds excellent daylighting throughout the interior.

3- Ventilation Heat Recovery

Efficient heat recovery ventilation is key, allowing for a good indoor air quality and saving energy. And heat supply 15 kilowatt hours per sqm per year for a single-family house who could achieve that with a hairdryer one baseboard heater is sufficient for heating.

4- Airtightness

Blower door testing is a mandatory technique in assuring high building performance through a virtually leak free enclosure. Walls are carefully designed to be virtually airtight, while allowing water vapor to escape maintaining a comfortable and healthy environment.

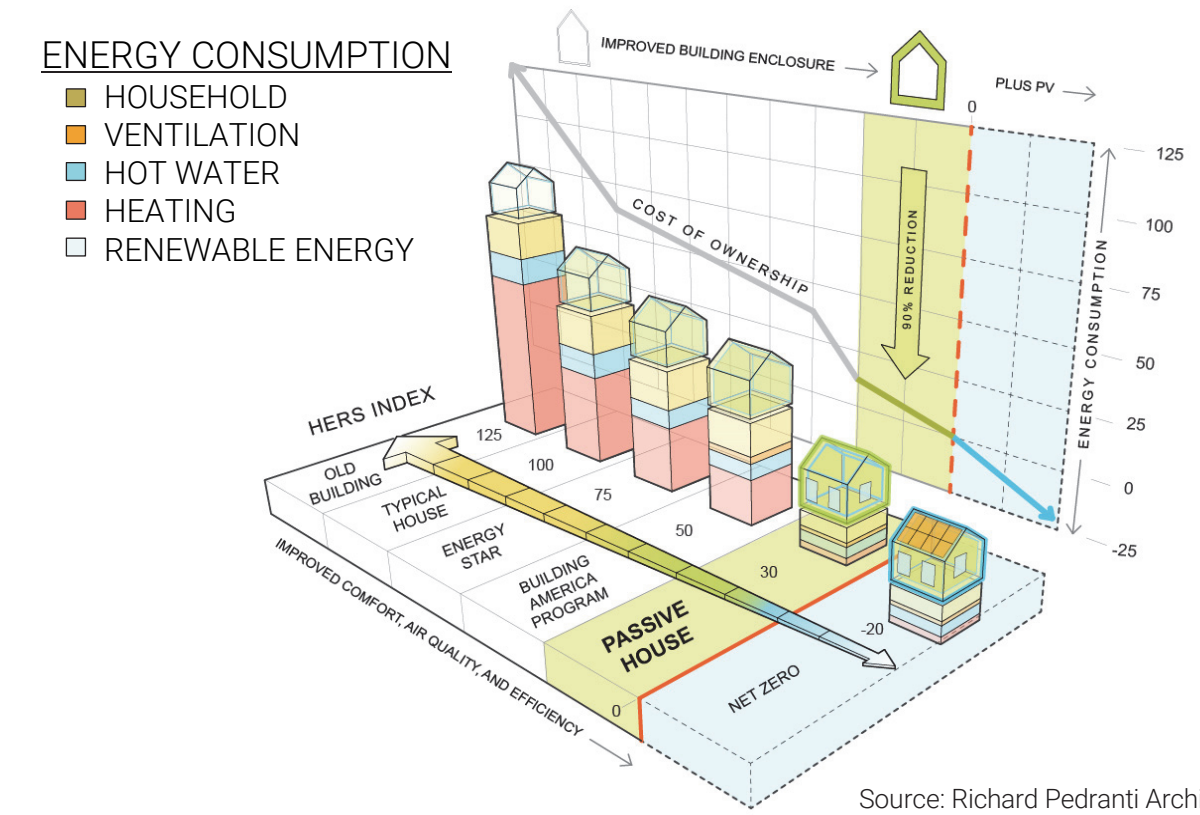
5- Absence of Thermal Bridges

All edges, corners, connections and penetrations must be planned and executed with great care, so that thermal bridges can be avoided. Thermal bridges which cannot be avoided must be minimized as far as possible.

Source: https://passivehouse.com/

Passive House

Benefits of Passive House Buildings



Source: Richard Pedranti Architect

Energy Efficient

Passive House buildings are designed and constructed to be highly energy efficient, **they have the potential to use up to 90% less energy than the current** building stock, whilst performing the same (if not better) functions as traditional buildings.

Comfortable

In a Passive House, a continuous supply of filtered fresh air is provided by the ventilation unit. The result is **comfortable, fresh indoor air with greatly reduced dust, pollen, and other pollutants**

Superior Sound Insulation

Another benefit of **airtightness is sound quality**. When the doors and windows are shut, the house is almost **completely silent**.

Affordable

The initial cost of a Passive House building is **approximately 10% more than** typical construction.

Versatile

The Passive House Standard **is suitable for all building types and in all climate zones.**

Passive House

Bahnstadt, Heidelberg

Bahnstadt is the world's largest passive house settlement. From apartments and laboratories to shops, daycare facilities and schools, even the fire station and cinema – **everything is built in compliance with the climate-friendly passive house design**. Total project is covering 116 hectares area.

The project is 100% sustainable. All power and heat is supplied entirely from renewable energies.

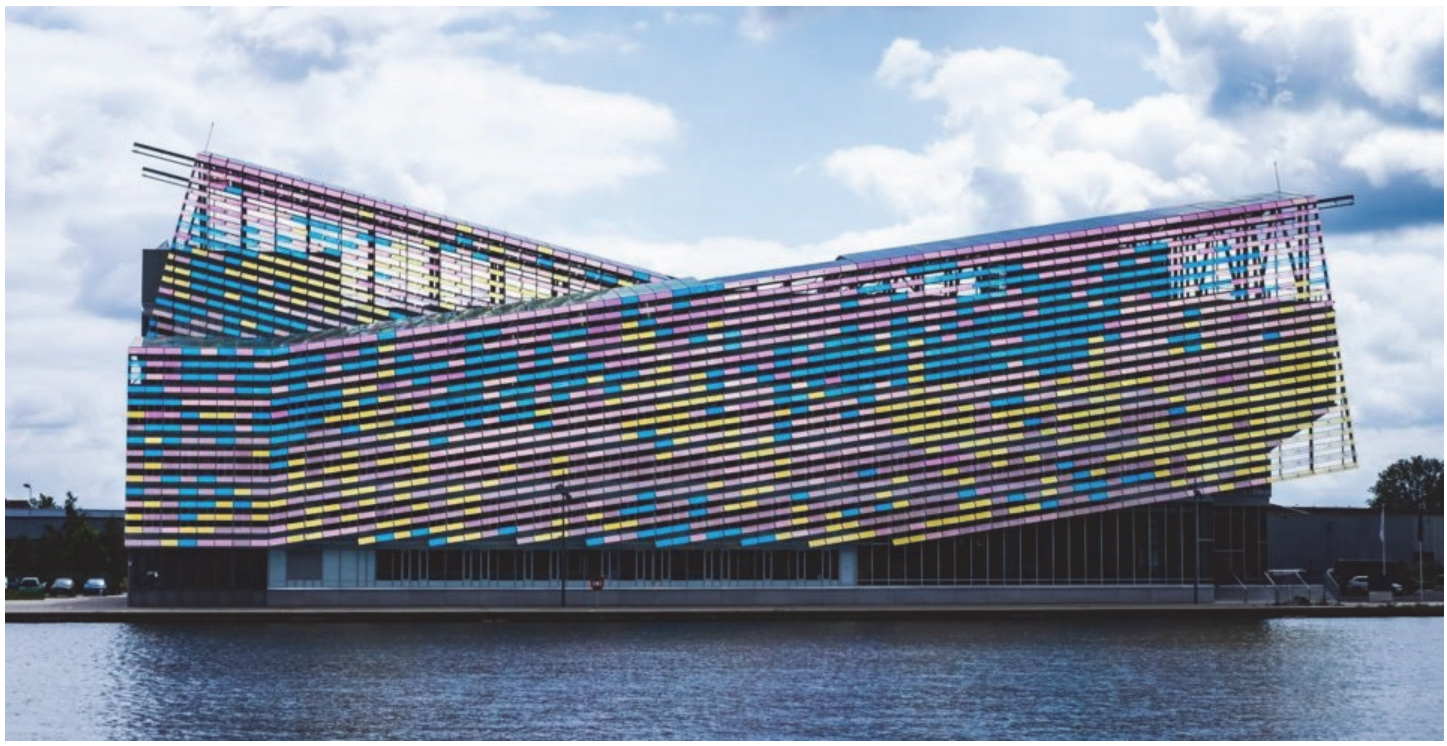
Bahnstadt is built on the site of a **former freight and marshaling depot** and on land formerly used by the US Army in the southwest of central Heidelberg. The Project is **revitalized brownfield site.**

There are currently more than **5,500 people living** in Bahnstadt and **in the future 6,800 people will be living** in the district.

Private and public investment is approximately EUR 2 billion, of which around EUR 300 million on infrastructure. The project, which **started in 2008**, is planned to be **completed by the end of 2022.**

Passive House

Le Hangar 108, France



The headquarters of Métropole Rouen Normandie, Le Hangar 108 is a unique Passive House sample, located on the banks of the Seine in Rouen.

The double-layered façade provides the building with passive thermal protection.

On the roof, the glass scales make way for solar panels that contribute considerably to the building's energy self-sufficiency.

Designed with the aims of efficiency and comfort, the building is both innovative and exemplary in nature.

The glass scales cover the building with hints of color further enhanced by the reflections from the river below. The effect is inspired by impressionist painting and in particular Claude Monet.

The building has approximately 6,365 sqm gross leasable area, and the construction work was completed in 2018.

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
This report should not be relied upon as a basis for entering into transactions without seeking specific, qualified, professional advice. Whilst facts have been rigorously checked, Pamir & Soyuer can take no responsibility for any damage or loss suffered as a result of any inadvertent inaccuracy within this report. Information contained herein should not, in whole or part, be published, reproduced or referred to without prior approval. Any such reproduction should be credited to Pamir & Soyuer.
© Pamir & Soyuer 2022

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

Research
Hazal Bali
Associate
+90 (212) 231 55 30 ext.119
ozkanh@pamirsoyuer.com.tr

Investment
Firuz Soyuer
Managing Partner
+90 (212) 231 55 30 ext.117
fs@pamirsoyuer.com.tr

Our Research Reports are available