

Property News

Q4 2022 Turkish Property Market Overview

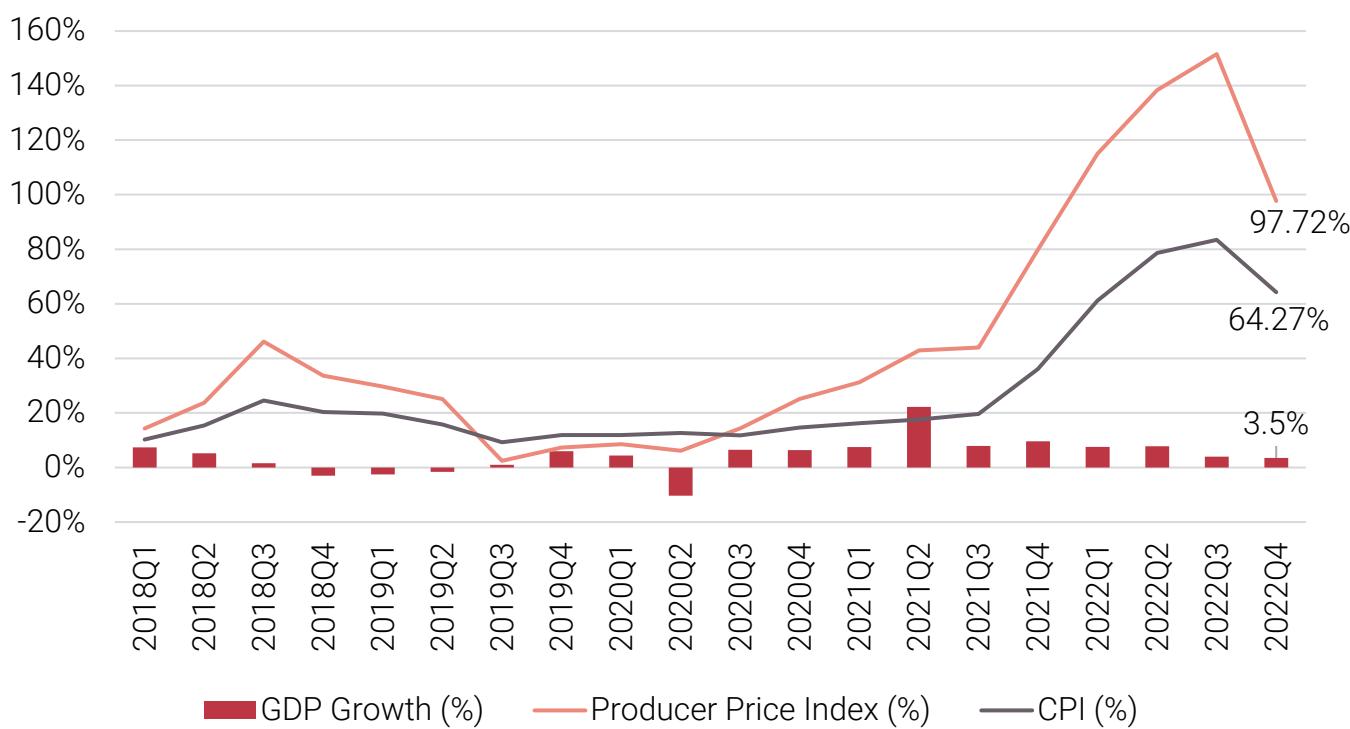
Economic Overview

GDP

During the 4th quarter of 2022, GDP grew by 3.5 % compared to the same period in 2021. When the activities constituting GDP compare the chained volume index in 2022 to the previous year, the total value added of finance and insurance activities increased by 21.8%, service activities increased by 11.7%, professional, administrative and support service activities increased by 9.9%, information and communication activities increased by 8.7%, other service activities increased by 5.8%. However, the construction sector decreased by 8.4%.

Figure 1. Turkish Economy: selected indicators

annual growth



Source: TURKSTAT



Istanbul Office Market

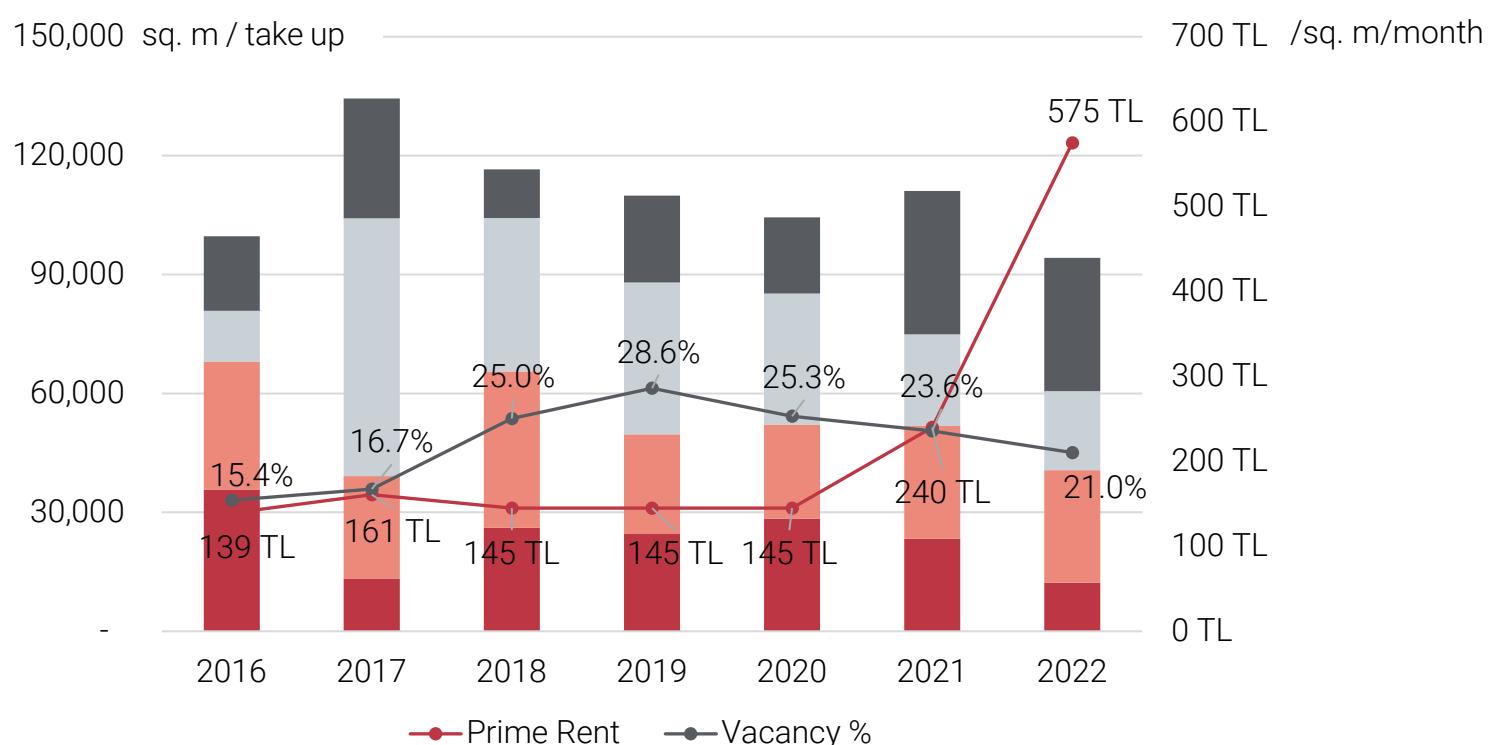
Demand and Supply

In the 4th quarter of 2022, cumulative supply of grade A office space in Istanbul is unchanged at 5.27 million sq m. During the 4th quarter of 2022, 33,620 sq m take-up was recorded, comprising 52% of overall transactions recorded in Istanbul primary office areas. 22% of the transactions were recorded in Levent-Etiler, 19% in Kozyatağı-Ataşehir and 12% in Sisli-Zincirlikuyu-Besiktas.

Vacancy and Rental Level

In the 4th quarter of 2022, average rents in Istanbul grade A office market continued to increase compared to the previous quarter. Vacancy rate in Istanbul Grade A Office Spaces fell to 21.0% in total, decreasing from 20.5% to 20.1% in European Side, and 24.8% to 22.8% in Asian Side of İstanbul. Vacancy rates occurred as 28.3% in Ümraniye, 24.1% in Maslak, 22.4% in Sisli-Zincirlikuyu-Besiktas, 18.4% in Kozyatağı, and 12.7% in Levent-Etiler. Prime rent recorded in Levent-Etiler increased from 450 TL/sqm/month to 575 TL/sqm/month.

Figure 2. Istanbul grade A office take up, prime rent & vacancy



Source: Pamir & Soyuer

Turkish Retail Market

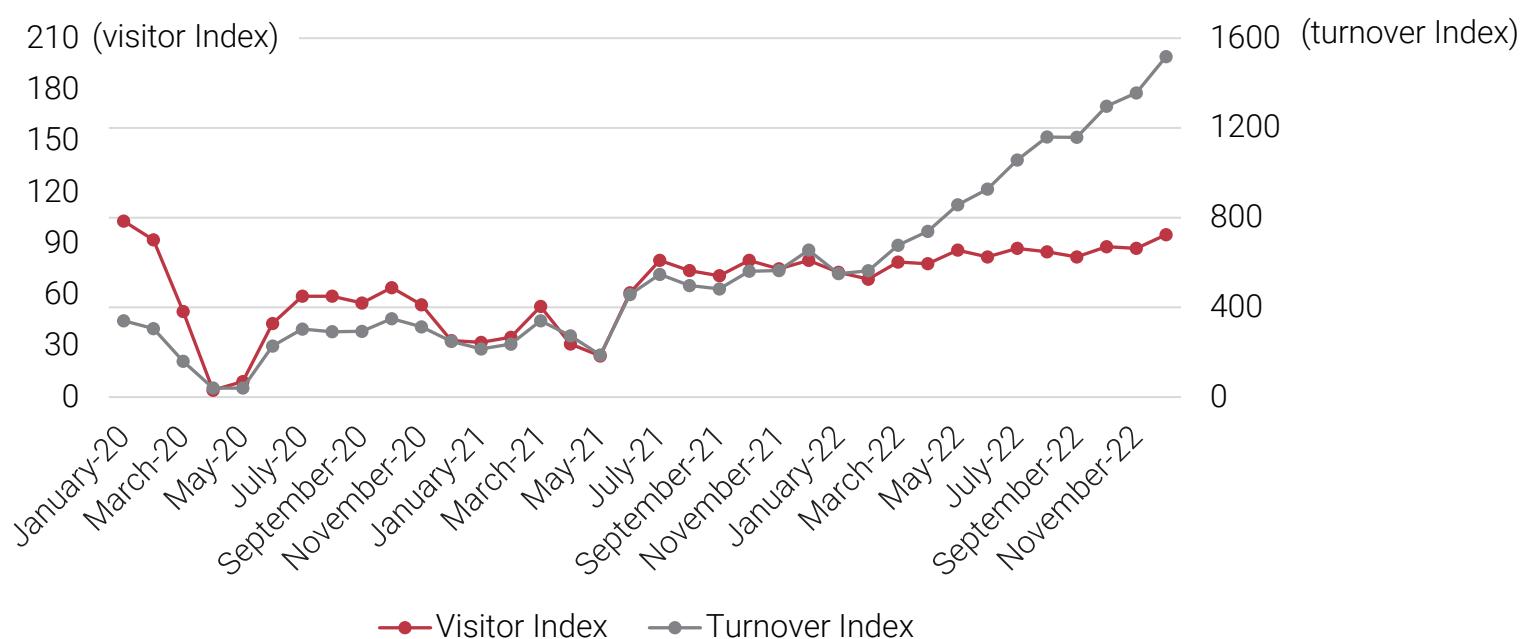
Demand

Based on data released by the Turkish Council of Shopping Centers (AYD) and Akademetre Research, compared to December 2021 the shopping centers sales index increased by 131.8% to 1518 points. During the 4th quarter of 2022, footfall index in December, increased by 19 % compared to the same period of last year. In December 2022, shopping centers' sales per leasable area (sq. m.) occurred as 7,558 TL/sqm in Istanbul, 4,409 TL/sqm in Anatolia, and 5,293 TL/sqm in Turkey.

Supply

During the 4th quarter of 2022, Turkey's shopping center supply increased to 13.77 million sq. m., and GLA/1,000 inhabitants were calculated as 162.67 sq. m in Turkey. Moreover, Istanbul has the highest rate of GLA/1,000 inhabitants as 335.04 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 3. Turnover & Visitor Index

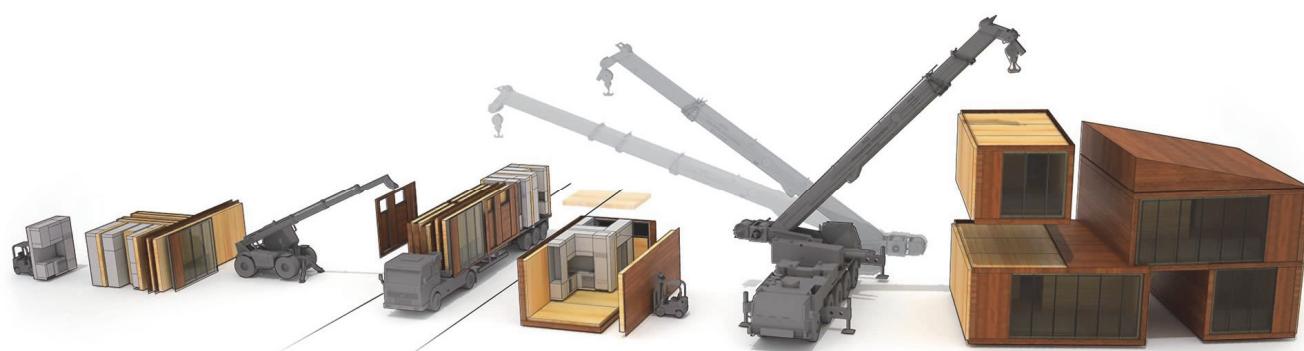


Source: AYD and Akademetre Research

Modular Construction

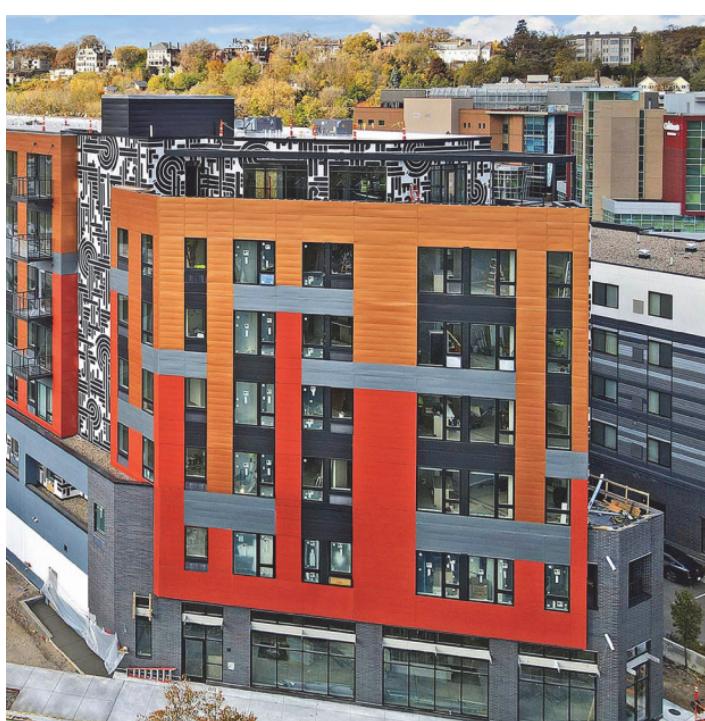
What is Modular Construction?

Modular construction is a method of building structures where individual components, or modules, are constructed off-site in a factory or other controlled environment, and then transported to the construction site for assembly. These modules can be pre-fabricated as fully functional units that can be quickly and easily connected to form a complete building or structure.



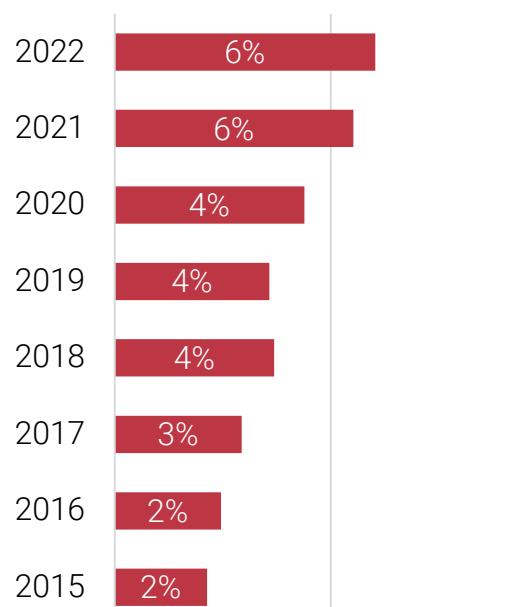
Source: <https://www.lucideon.com/>

There are two common types of modular buildings: permanent and relocatable. While both types consist of prefabricated materials built off-site, they differ in size and application, and each serves a distinct purpose. According to the Modular Building Institute, the permanent modular construction industry topped 12 billion USD in North America in 2022, accounting for 6.03% of all new construction starts.



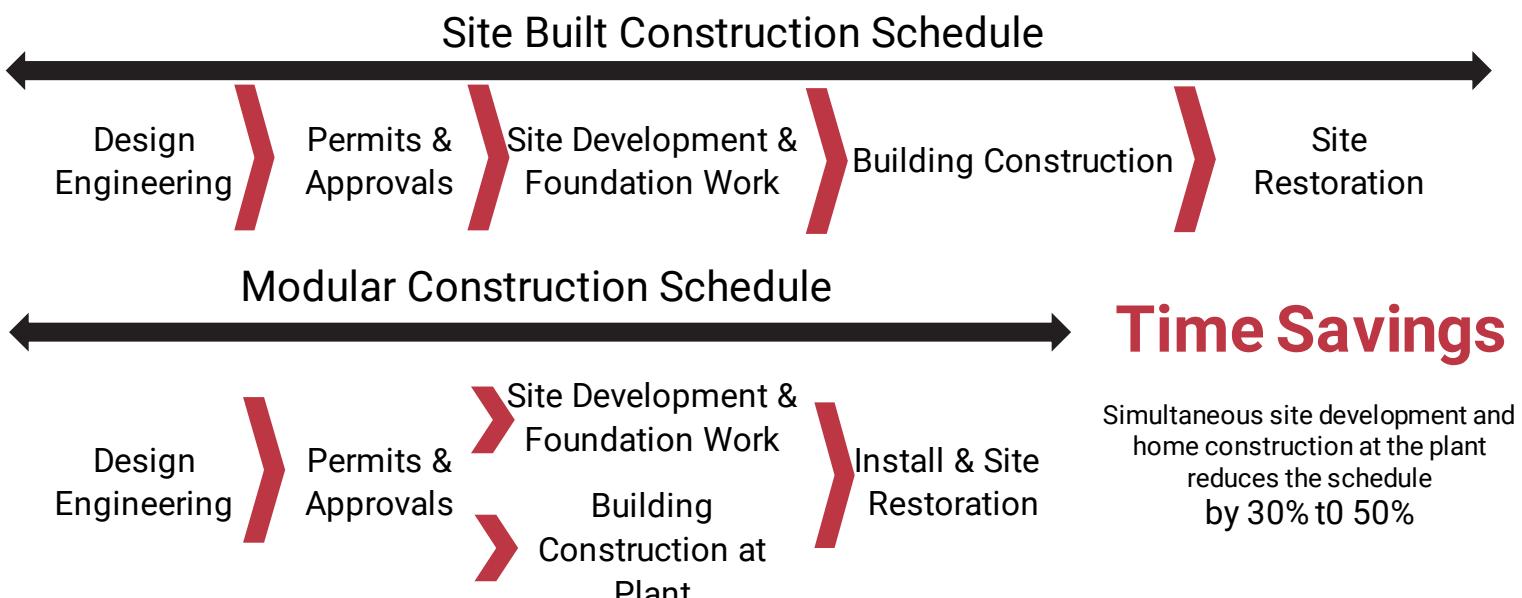
Alvera Apartments, built by RISE Modular, in St. Paul, MN

Annual Permanent Modular Construction Market Share



Source: Modular Building Institute

Modular Construction



Speed: Modular construction can be completed faster than traditional construction, since modules are built off-site in a controlled factory environment and then shipped to the site for installation. The goal for any developer is return on investment.

Quality Control: Since modular construction is performed in a controlled factory environment, it can be easier to maintain quality control and ensure consistency in the finished product.

Sustainability: Modular construction can be more sustainable than traditional construction, since it often uses prefabricated materials that can be easily recycled or reused. Additionally, since construction waste is reduced, there is less environmental impact.

Flexibility: Modular construction allows for greater flexibility in design and customization, since modules can be easily reconfigured and relocated as needed. This can also allow for greater flexibility in use of space.

Cost savings: Modular construction can be less expensive than traditional construction due to reduced labor costs and less material waste. Additionally, since modules are built off-site, there is less disruption to the surrounding area during construction.

Safety: Since modules are built in a controlled factory environment, there is less risk of accidents or injuries during construction.

Consistency: Modular construction can result in greater consistency in the finished product, since modules are built to standard dimensions and specifications.

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

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