

# Property News

Q1 2023 Turkish Property Market Overview



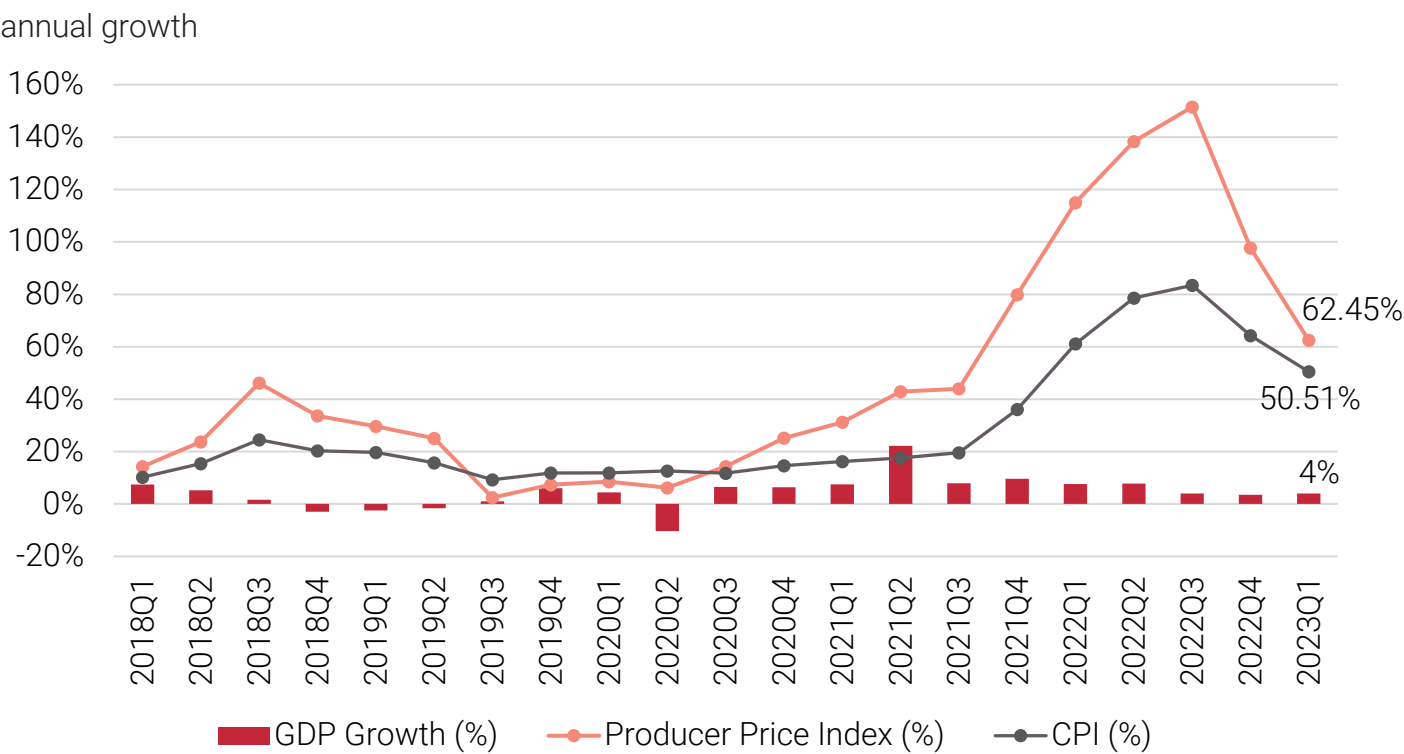


# Economic Overview

## GDP

During the 1st quarter of 2023, GDP grew by 4.0 % compared to the same period in 2022. When examining the activities that constitute GDP, in the first quarter of 2023 compared to the previous year as a chained volume index, services increased by 12.4%, professional, administrative, and support service activities by 12.0%, financial and insurance activities by 11.2%, information and communication activities by 8.1%, other service activities by 7.8%, construction by 5.1%, public administration, education, human health and social service activities by 3.6%, and real estate activities by 1.4%.

Figure 1. Turkish Economy: selected indicators



Source: TURKSTAT

### Building Construction Cost Index, March 2023

	Total	Labour	Material
Monthly Change	2.04%	1.68%	2.19%
Annual Change	62.94%	50.49%	105.16%

### House Sales Statistics, 2023 Q1

-11.5 %

↓

Total House Sales

-11.2 %

↓

First Sales

-11.7 %

↓

Second Hand

	January	February	March
2022	88 306	97 587	134 170
2023	97 708	80 031	105 476

Change over the same quarter of the previous year

Source: TURKSTAT

# Istanbul Office Market

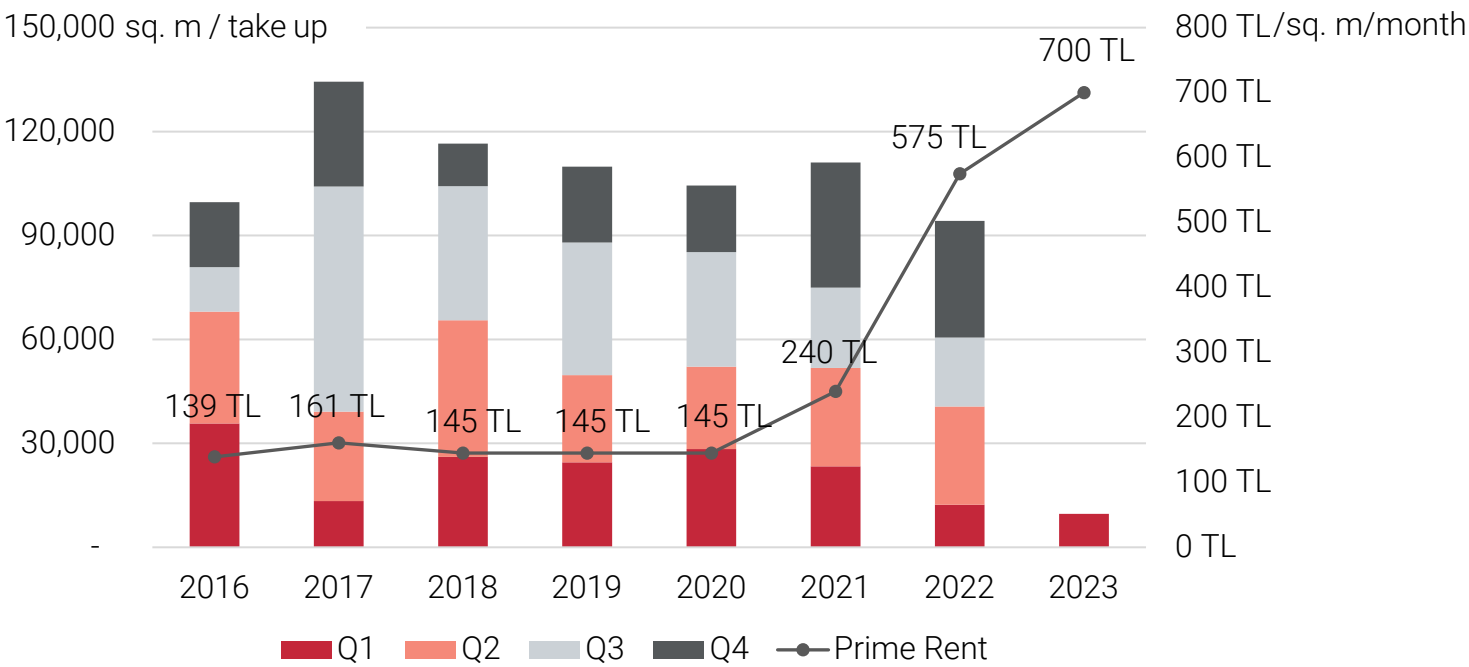
## Demand and Supply

In the 1<sup>st</sup> quarter of 2023, cumulative supply of grade A office space in Istanbul is unchanged at 5.27 million sq m. During the 1<sup>st</sup> quarter of 2023, 9,655 sq m take-up was recorded in Istanbul primary office areas. 49% of the transactions were recorded in Sisli-Zincirlikuyu-Besiktas, 22% in Maltepe -Kartal and 10% in Ümraniye.

## Vacancy and Rental Level

In the 1<sup>st</sup> quarter of 2023, 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 20.9 % in total, decreasing from 20.1% to 20.0% in European Side, and 22.8% to 22.7% in Asian Side of Istanbul. Vacancy rates occurred as 28.3% in Umraniye, 24.1% in Maslak, 21.8% in Sisli-Zincirlikuyu-Besiktas, 18.4% in Kozyatağı, and 12.7% in Levent-Etiler. Prime rent recorded in Levent-Etiler increased from 575 TL/sqm/month to 700 TL/sqm/month.

Figure 2. Istanbul grade A office take up & 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 March 2022 the shopping centers **sales index increased by 109.3% to 1417 points**. During the 1<sup>st</sup> quarter of 2023, **footfall index in March, increased by 9 %** compared to the same period of last year. In March 2023, shopping centers’ sales per leasable area (sq. m.) occurred as 6,784 TL/sqm in Istanbul, 4,484 TL/sqm in Anatolia, and 5,404 TL/sqm in Turkey.

## Supply

During the 1<sup>st</sup> quarter of 2023, Turkey’s shopping center supply calculated as **13.64 million sq. m.**, and GLA/1,000 inhabitants were **calculated as 160.03 sq. m** in Turkey. Moreover, Istanbul has the highest rate of GLA/1,000 inhabitants as 333.63 sq. m, which is followed by Ankara and Bolu with 299.60 sq. m and 273.26 sq. m per 1,000 inhabitants, respectively.

Figure 3. Turnover & Visitor Index



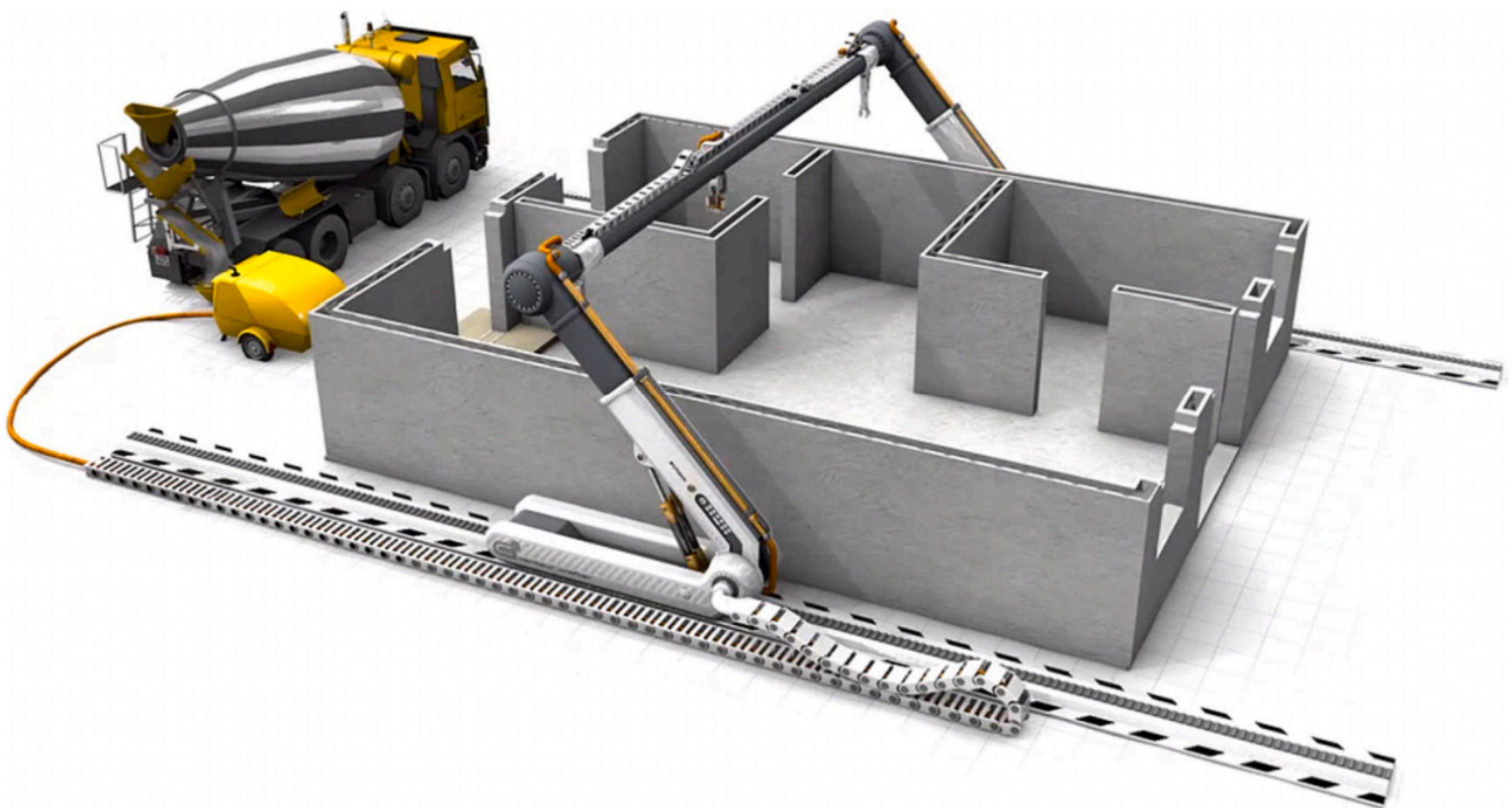
Source: AYD and Akademetre Research

# 3D Printing Construction

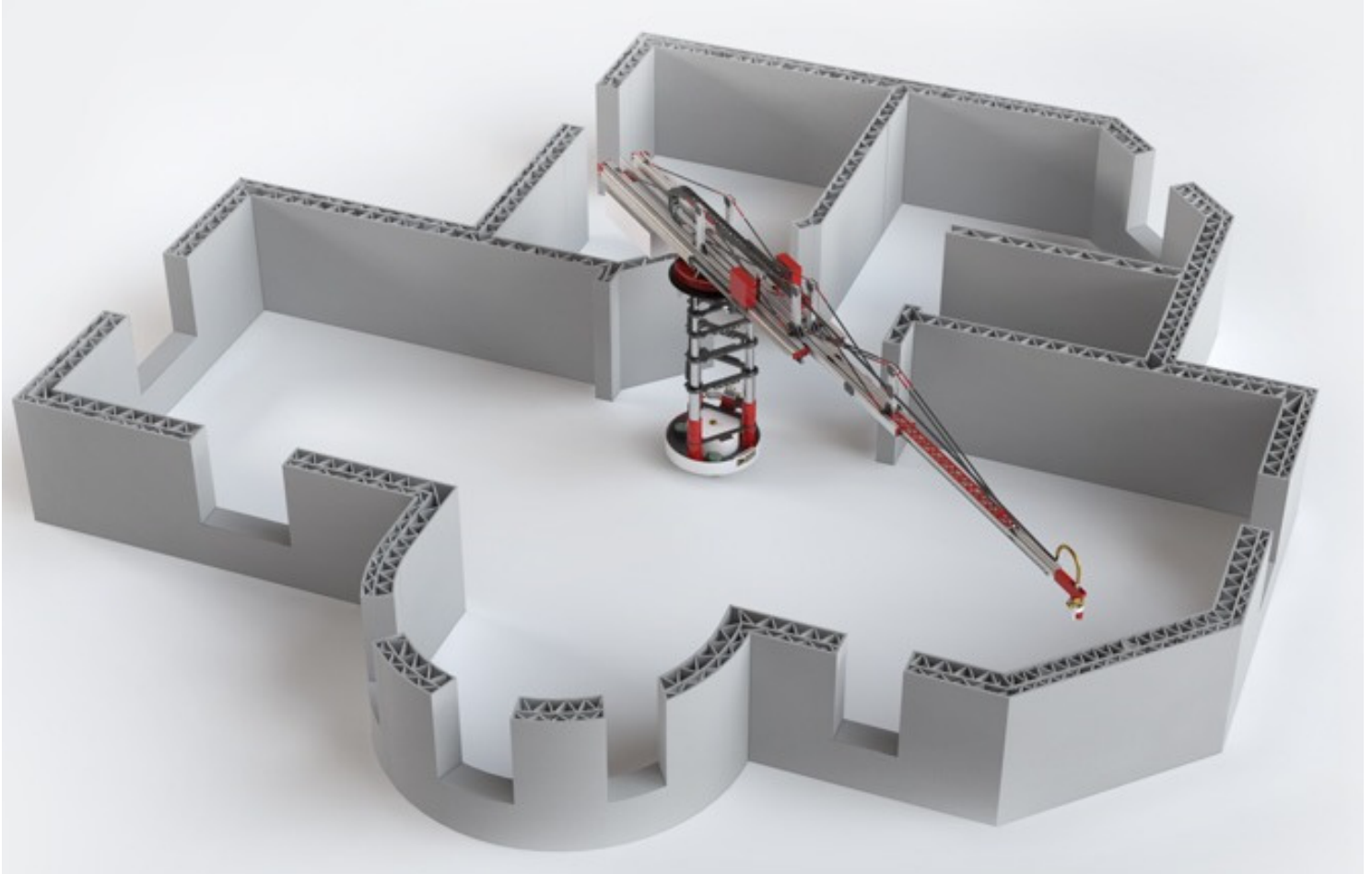
## What is 3D Printing Construction?

The 3D printing is done using super-size printers which use a special concrete and composite mixture that is thicker than regular concrete, allowing it to be self-supporting as it sets. So 3D printed components do not have the same design constraints that may hinder current construction methods. In addition, curved concrete structures created through 3D printing can be hollow, using less material and creating space for building services inside the structural elements.

3D printing has been suggested as a revolutionary construction method that could improve the construction sector productivity and as a results of industry's active involvement in the 3D printing market, the perception of the construction sector may alter. Popular uses of 3D printing include building emergency shelters, providing relief post-disaster accommodations, and providing affordable houses.



Source: 3D printing for remote housing: Benefits and challenges , Faculty of Science and Technology, Charles Darwin University, Darwin, Australia



## Constructability Benefits

**Faster and accurate construction** – a 3D printer transfers the digital model into a physical one; errors that arise can only be due to faults in the digital model or the materials used

**Reduced Project cost** – a 3D printer does most of the work with minimal human effort

**Flexibility in design, reconfiguration and modification** – a 3D printing technology has more geometrical and design freedom

**Formwork elimination** – the wastes that would have been produced by using formworks in the conventional method, are removed

## Sustainability Benefits

**Reduced waste generation** – components can be printed to order during the construction phase; those that are not used can be recycled

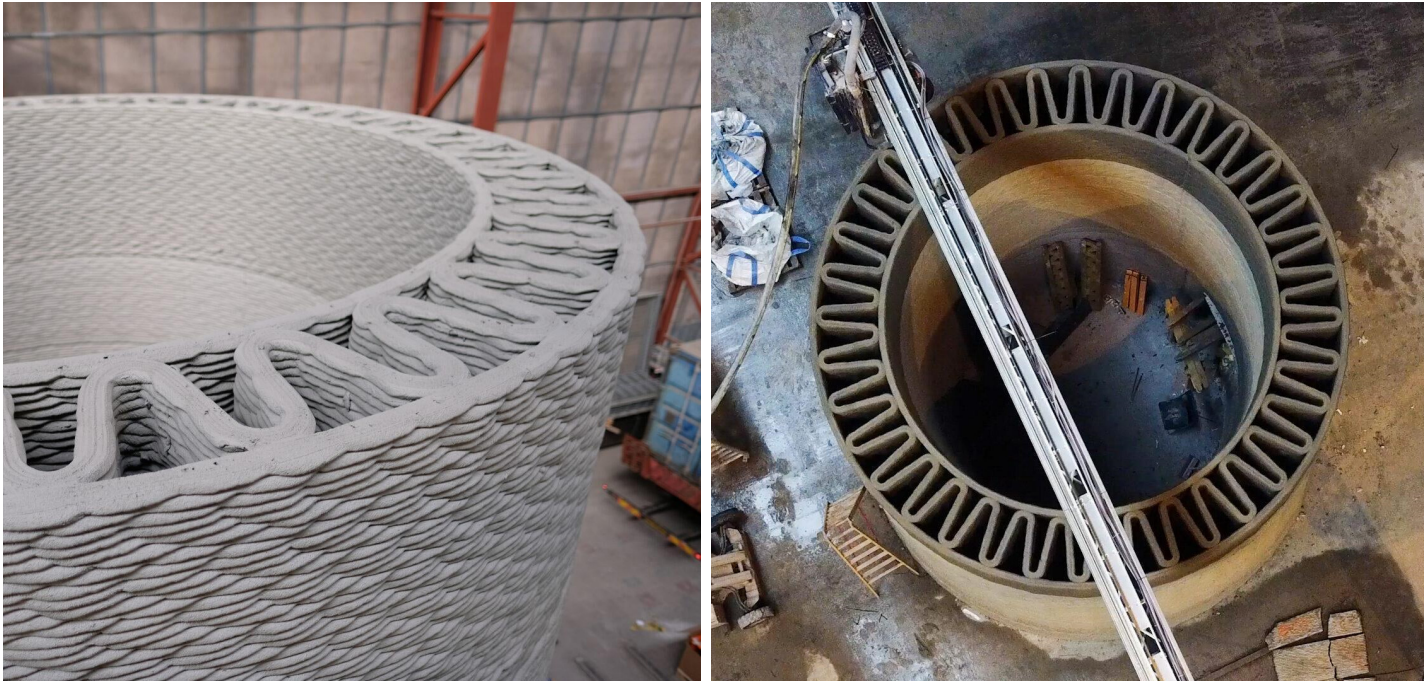
**Circular Economy**– recycled products can be used to produce the construction materials used in 3D printers

**Reduced health and safety risks** – by replacing dangerous jobs on site with printing process



# 3D Printing Construction

## Ground Breaking Wind Turbine Prototype with 3D Printing



Well-known 3D printing company COBOD and GE Renewable Energy have collaborated to co-develop optimized 3D-printed concrete bases for wind turbines. This innovation aims to increase renewable energy production, reduce energy costs, and optimize construction expenses.

In October 2019, a successful 10-meter high tower pedestal prototype was printed in Copenhagen. This accomplishment prompted further exploration into economically viable methods for constructing taller towers capable of harnessing stronger winds and generating greater amounts of renewable energy per turbine.

Currently, the base is transported by road and must not exceed 4.5 meters, thereby limiting the height of turbine towers to under 100 meters. However, by utilizing on-site 3D-printed concrete technology to directly construct a taller base, it becomes possible to erect towers ranging from 150 to 200 meters in height. This advancement would result in an increase of more than 33% in power generation capacity.

Source: <https://cobod.com/projects-partners/ge-renewable-energy>

# 3D Printing Construction

## Germany's First 3D Printed Houses



PERI, well-known formwork company, has printed the first 3D-printed home in Germany. This two-story house offers approximately 160 square meters of living space and is constructed with triple-layer cavity walls filled with insulation.

This pioneering achievement marks the first time that 3D printing construction technology has successfully undergone all official approval processes in Germany. The two-story family house consists of two floors, each spanning around 80 square meters. The unique shape of the residential house, with its round walls, immediately catches the eye. The special design, which would have been financially burdensome in conventional construction methods, was efficiently realized using 3D printing technology.

The 3D printing machine was operated by just two people, and during the printing process, the construction printer accounted for the necessary lines and connections for water and electricity to be installed at a later stage.

Source: <https://www.youtube.com/watch?v=ZUVoQdUYyFo&t=88s>  
<https://cobod.com/projects-partners/peri/>



# 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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