

YEAR
20
22

TURKEY REAL ESTATE MARKET OVERVIEW 2022

January 2023



CUSHMAN &
WAKEFIELD





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ECONOMY OVERVIEW



MARKET INDICATORS



GDP

After the economic growth seen in each of the last three quarters, year-end growth rates are anticipated to be positive.



INFLATION

The current trend is expected to continue, with increases throughout the year and a decline beginning in December.



INTEREST RATE

The policy rate was reduced to 9% in December, following four rate cuts since July..



UNEMPLOYMENT

The unemployment rate fell in November compared to the previous year, and it is expected to remain stable through the end of the year.

Turkish economy expected to continue growth trend

The Turkish economy recorded a growth rate of 7.7% in the second quarter, following a growth rate of 7% in the first quarter. The growth trend continued in the third quarter, with a rate of 3.9% compared to the same period the previous year. However, forecasts for the Turkish economy in 2022 have been revised upward from 4.5% to 5.3%, with a growth rate of 2% expected in 2023. The IMF, on the other hand, revised Turkey's 2022 growth forecast from 4% to 5%, and its 2023 forecast from 2.9% to 2.3%. According to Fitch Ratings, Turkey will grow by 5.3% in 2022, and the rate of growth will reach 2.9% in 2023.

Pre-election Uncertainty Persists With A Positive Economic Impact Expected In The Aftermath Of The Elections

With concerns that inflation would continue to rise, many countries, including the FED, announced plans to raise policy interest rates in 2022, putting further pressure on foreign exchange supply. The Central Bank of Turkey, on the other hand, kept the policy interest rate at 14% until July before lowering it four times by December to 9%. In the first half of the year, the dollar exchange rate continued to rise, reaching 17.36 in July. It increased more steadily in the second half of the year, reaching 18.69 in December. The effect of the General Elections planned for 2023 is expected to reflect on the economy as uncertainty in the first half of the year, but it is expected to have a positive effect once the elections are completed in the second half of the year.

Inflation Has Eased But Rising Energy And Commodity Prices Continue To Exert Pressure

The economic costs associated with the lax monetary policy, government assistance, and supply-demand imbalances brought on by the epidemic were paid in 2022. Inflation has been significant in many nations as a result of supply chain challenges, a raw material shortage, and growing liquidity issues.

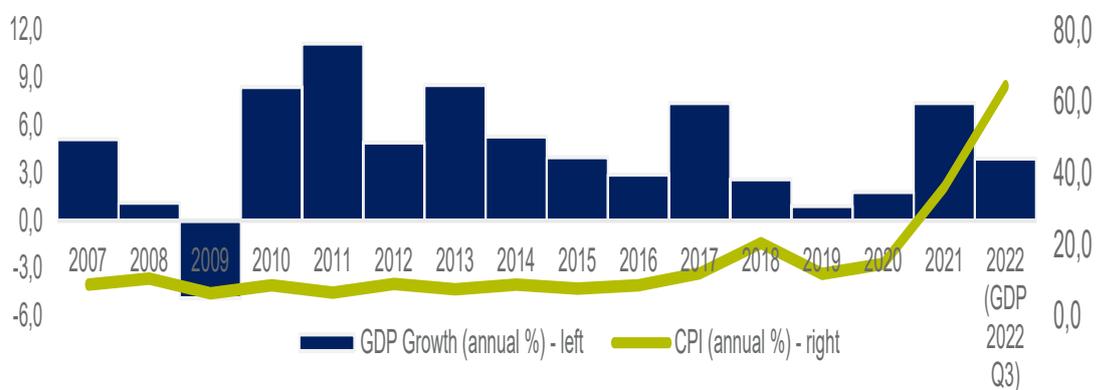


The Russia-Ukraine war, which broke out at the beginning of 2022, and previous historical highs in energy and commodity prices have made the situation worse. On the other hand, inflation rose faster than the seasonal impacts and peaked in Turkey in October at 85.51% yearly. After October, it started to progressively decline, reaching 64.27% in December.

EXCHANGE RATE PERFORMANCE



ECONOMIC ACTIVITY



ECONOMIC SUMMARY

ECONOMIC INDICATORS	2018	2019	2020	2021	2022	2023 ^T	2024 ^T
GDP Growth (y/y, %)	2,6	0,9	1,8	11	5,3*	2,3	2,3
FDI (y/y, %)	17,3	-30,5	-16,2	-12,1	4,9**	-	-
Fixed Investment (y/y, %)	-0,3	-12,4	7,2	7,2	0,9	0,4	5,9
Industrial Production (y/y, %)	1,6	-0,6	1,6	17,8	5,2	1,1	1,9
Unemployment Rate (%)	12,7	13,1	13,2	11,2	10,2	9,99	10,03
Consumer Price Index (y/y, %)	20,3	11,8	14,6	36,08	64,27	25,5	15,3
€ : ₺ (average)	5,69	6,36	8,04	10,49	17,33	21,57	24,90
\$: ₺ (average)	4,84	5,68	7,02	8,90	16,59	19,89	21,64
Interest Rates: 3-month (%)	15,5	20,6	10,2	17,6	12,6	9,0	9,0
Interest Rates: 10-year (%)	15,9	15,8	12,8	17,1	18,4	9,2	9,4

F: forecast

Source: Moody's Analytics

*Third Quarter

**November



ECONOMIC & POLITICAL BREAKDOWN

Population:	84.7 million (2021)
GDP:	US\$ 642 billion (2022 Q1-Q3), US\$ 815 billion (2021)
Parliament:	AKP Government
President:	Recep Tayyip Erdogan

OFFICE MARKET OVERVIEW



MARKET INDICATORS



PRIME RENTS

Expected to further increase in the short to medium term in both US\$ and ₺ terms.



PRIME YIELDS

Expected to remain stable in the short term.



SUPPLY

Although planned new office supply is limited, the Istanbul International Finance Center project will provide the most new supply.



DEMAND

In comparison to the previous year, the upward trend in leasing transactions continues.

Overview

Continued Lack Of Development Activity Drives Vacancy Rate To Eight-year Low

The epidemic's visible effects gradually faded in 2022, but its economic consequences lingered. Furthermore, the world as a whole, as well as Turkey, have been affected by the inflation caused by the Russia-Ukraine war. Following the imposition of sanctions on Russia, a large number of multinational corporations have decided to halt or reduce their operations in Russia. Turkey has thus become a favorite market for many European, Russian, and Ukrainian businesses due to its advantageous geopolitical position.

Prime Rents Increased By 60% To A Five-year High In US Dollars

Strong demand, a lack of quality inventory, rising local inflation, and recent decreases in exchange rate volatility have all contributed to an increase in prime rents in both local currency and US dollars. Following the pandemic, grade A offices were in greater demand in central business districts (CBDs) with good accessibility, which resulted in a significant decline in vacancy rates. In particular, Levent's top rents have gone up 59% in US dollars from this time last year. This indicates that prime rents have been subject to strong rising pressure on a US\$ basis. All of these factors have contributed to Istanbul's ongoing process of re-pricing and balancing prime rentals.

Occupier Focus

Significant Demand For Quality Office Space Following Pandemic

The general supply in the Istanbul office market was still 6.46 million sq. m at the end of 2022. A total of 516,789 sq. m. worth of transactions were completed in 2022, which is almost twice as much as in 2021. There was a 69% rise in lease transactions during the fourth quarter compared to the same time last year, totaling about 163,653 sq m.

Supply (Grade A)

6,46
million sqm



Vacancy

15.7%



Transactions

517k sqm
12 mth



164k sqm
2022 Q4

Prime Rents



CBD
\$35

₺650// sqm per mth

Out of CBD

\$17

₺315// sqm per mth

Prime Yields



CBD

%7.75

Out of CBD

%8.25

Vacancy Rates Hit Eight Year Low

As a result of the pandemic's heightened demand for offices, the vacancy rates decreased to 15.7%, reaching 2014 levels.

In 2022, the first half saw 47% of all lease transactions, while the second half saw 53%. In terms of both sq. m and numbers, the leasing agreements signed in the fourth quarter included 79% new leases, while lease renewals stayed at the same levels as in the previous three months and the previous year. A slowdown is anticipated prior to the election, followed by an increase in transactions as demand builds up in the following period. Deals worth 37.53% on sq. m basis were closed in the fourth quarter in the CBD, which is an improvement over the same period the year before. The European side saw an increase in deals out of CBD compared to the same period the previous year, with deals out of CBD totaling 14.9% in Europe and 47.5% on the Anatolian side. PWC (8,600sq. m in Galataport), Mayat Construction (7,420 sq. m in A+Live), Serviced Office (7,200 sq. m in Quasar), Eren Holding (5,050 sq. m in Metropol Istanbul), Tam Factoring (3,913 sq. m in Quasar), Bilgili Holding (3,500 sq. m in Galataport), and GSK (1,750 sq. m, River Plaza) are a few of the major new leasing transactions.

PRIME OFFICE RENTS - DECEMBER 2022

LOCATION	TRY	US\$	€	US\$	GROWTH %	
	SQ.M/MTH	SQ. M/MTH	SQ. M/YR	SQ. FT/YR	1YR	5YR CAGR
Istanbul (Levent)	650	35	411	39,0	59.1	0.0
Istanbul (Esentepe-Gayrettepe)	465	25	294	27,9	108.3	2.6
Istanbul (Maslak)	372	20	235	22,3	53.8	-6.5
Istanbul (Asian side)	315	17	199	19,0	6.3	-7.4
Izmir	242	13	153	14,5	8.3	-1.5
Ankara	205	11	130	12,3	10.0	-6.0

PRIME OFFICE YIELDS - DECEMBER 2022

LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Istanbul (Levent)	7.75	7.75	7.75	8.00	6.80
Istanbul (Esentepe-Gayrettepe)	8.25	8.25	8.25	8.25	7.25
Istanbul (Maslak)	8.00	8.00	8.00	8.50	7.25
Istanbul (Asian side)	7.75	7.75	7.75	8.50	7.25
Izmir	9.50	9.50	9.50	9.75	9.25
Ankara	9.25	9.25	9.25	9.60	9.00

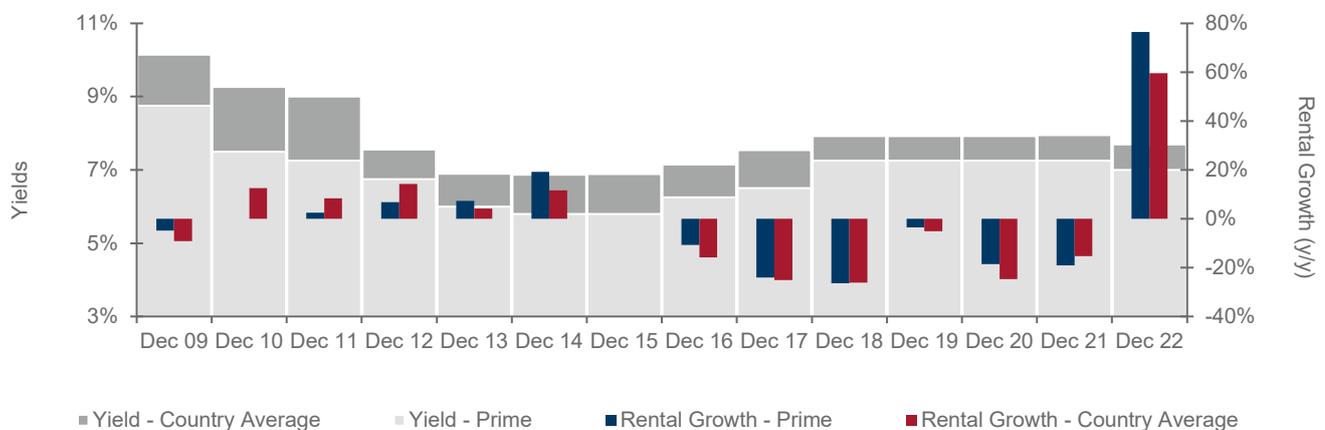
Indicated office prime yields not applicable for fragmented ownership.

Outlook

- Science parks, where firms can grow by leveraging the resources of a certain university, high-tech institute, or R&D center and also benefit from certain incentives, are becoming more and more popular every day among businesses focused on cutting-edge and innovative technologies. Particularly, foreign businesses with R&D facilities are focusing on these areas with limited supply and new investments are accelerating, and fresh investment is picking up speed. The Bili im Vadisi in Vadistanbul, which opened this year in Istanbul and soon reached 100% occupancy, and the Yıldız Teknopark in Maslak 1453, both of which quickly attained high occupancy rates in 2022, are two examples of these investments.
- While the demand for grade A offices increased following the pandemic, the vacancy rates in the CBD area considerably reduced. The vacancy rate for properties with a single ownership structure, particularly in the Levent sub-market, was about 20% last year but fell to 10.25% in the fourth quarter. On the other hand, buildings with a change in use, like Eker Kule, exacerbate the market's lack of supply. In this instance, prime rents in US dollars jumped by 60% compared to the prior year as a result of the decline in vacancy rates and the limited supply. Rising demand, declining vacancy rates, and a continuation of the upward trend in prime rents are all anticipated to continue in the forthcoming period.

- Due to rising build cost and capital expenditures for businesses, there is an increased demand for fully furnished and second hand Office space. The availability of serviced offices, which was also in high demand during the pandemic, is seen to have declined, which put upward pressure on rents.
- Despite the pandemic, which gradually faded by 2022, the hybrid working model remains popular. Efforts to bring employees together in the right place by promoting productivity and emphasizing quality rather than quantity in office space, ensuring the development of innovation, socialization, collaboration, and company culture, and maintaining the high demand for high-quality and efficient office space are all part of this context. Furthermore, many businesses are adapting their existing offices to this system by making necessary renovations and optimizing areas to increase collaboration space.
- The Istanbul Financial Center Law went into effect, governing the management and operation of the Istanbul International Financial Center, as well as the activities carried out there and the incentives, discounts, exceptions, and exemptions for these activities. The project is expected to be completed in 2022, with approximately 1.4 million square meters of office supply entering the market. Public banks and financial institutions will occupy more than half of this supply.

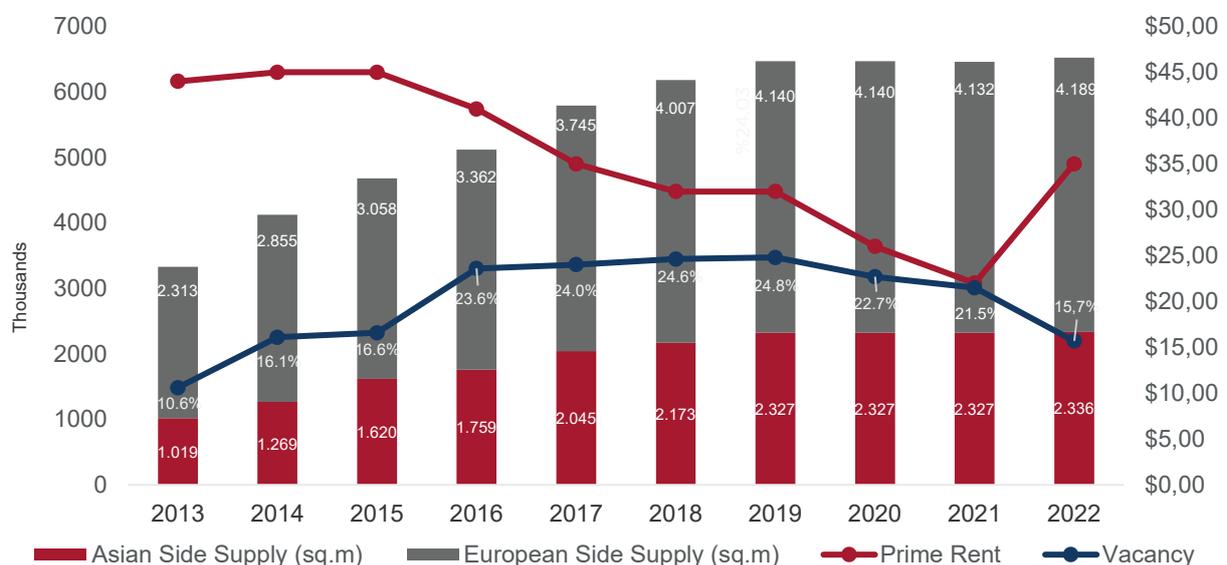
RECENT PERFORMANCE



Investment Focus

There were no significant office investment transactions completed in the first half of 2022. The Alarko-DM Business Center’s units, which are a part of Alarko GYO, were sold to Sürgü Gayrimenkul Yatırım A. for 39.6 million in the second half of the year. In addition to this, a significant deal involving GSK’s 1.Levent Plaza B Blok, a building with a 5,040 sq. m. area in Levent, Istanbul, was sold to a Turkish investor.

For the medium and long terms, it is anticipated that investment transactions will pick up speed.



RETAIL MARKET OVERVIEW



MARKET INDICATORS



PRIME RENTS

The dollar increase in prime rents as a result of increased demand and limited supply is expected to continue.



PRIME YIELDS

In the short term, prime yields are expected to remain stable.



SUPPLY

Projects under construction are expected to be completed, and supply will increase in the medium and long term.



DEMAND

Retailer demand remains strong.

Overview

The anticipated increase in retail demand in 2022 attracts attention. Another reason for rising demand is that tourist numbers after the pandemic nearly equals the pre-pandemic period. Significant occupancy rates have been observed in both shopping centers and high streets, despite rising costs due to inflation and fluctuating exchange rates affecting the sector. Despite the increased demand in the retail market, where supply is limited, rents have increased significantly in both US\$ and TRY terms. When we look at the prime rent level of Istanbul's main streets, we can see that it has increased by 76.5% in dollar terms compared to the same period the previous year. Similarly, significant rent increases are recorded in performing shopping malls.

Aside From The High Demand For Physical Retail, 2022 Saw An Increase In Both Visitor Volume And Turnover

Using AYD/Akademetre retail data for shopping malls, an increase of 140.4% in the shopping center turnover index was observed in November 2022, exceeding the November inflation rate of 84.4%. The square meter productivity index on a category basis increased significantly over the previous year in all categories. The technology category, in particular, ranked first with a 171% increase. Following that, the shoe category increased by 149%, followed by the clothing category by 138%. When compared to the previous month, the technology category led the way with a 21.6% increase; the hypermarket category was the only one to decline by 1.1%. However, when compared to the same month the previous year, there was a 16% increase.

According to Turkstat data, calendar adjusted retail sales volume and turnover increased by 12.1% and 125.4%, respectively, in November compared to the same month the previous year. With a rate of 33.7%, computers, books, and communication devices saw the greatest increase in sales volume. In terms of retail turnover by sector, online shopping led the way with a 148.6% increase, followed by automotive fuel with a 148.2% increase. However, the consumer confidence index recovered from a low of 63.4 in June to reach a year-high of 76.6 in November. In December, 75.6 was recorded, representing a 1.3% decrease.

Supply

13,9
million sqm
GLA



444
Shopping
Centers

sqm / 1,000 population

165 sqm



Prime Rents (High Street)

\$150
€2,790/sqm
per month



Prime Rents (SC)

\$140
€2,600/sqm
per month



Prime Yields

SHOPPING CENTER
8.00%



HIGH STREET
7.00%

Occupier focus

New store openings picked up steam in the first half of 2022. Despite the difficulty in finding empty stores, retailers continued their growth strategies in the second half. Furthermore, many Turkish brands unwilling to further compete in the Turkish market in 2022 have begun to develop international expansion strategies.



The retail sector has been impacted by the increase in economic activity in 2022. The effects of the decrease in store vacancy and the increase in demand remained consistent. Furthermore, food and beverage sector brands have come to the fore in retail areas; many domestic and foreign brands have expanded both in the streets and in shopping malls. F&B areas have become the focal point of retail space concepts by emphasizing their socialization area function. As an example of these brands, the well-known Italian restaurant Cipriani announced the opening of an Istanbul branch in the Park Hyatt Maçka Palas.

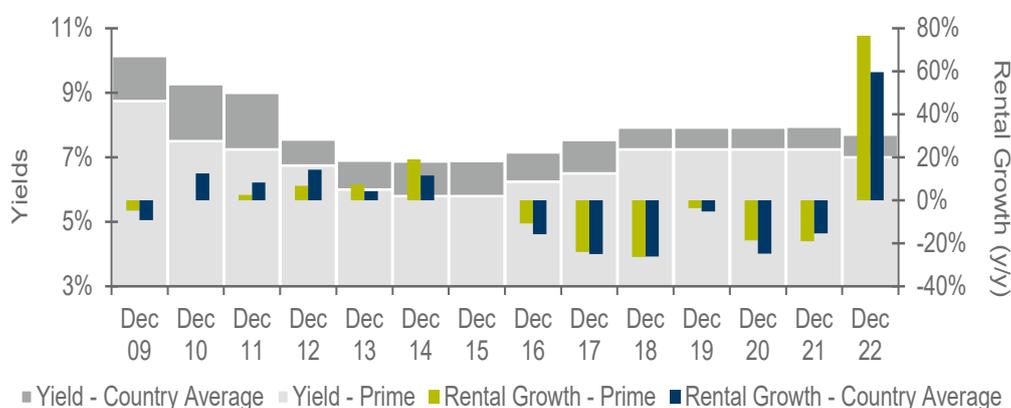
Frankie, on the other hand, announced the opening of a new branch at the famous Mexican restaurant Rancho Fiekhane in early 2022. Magnolia Bakery, a New York-based chain store, opened its first branch in Vadi Istanbul SC. The new venue in Kanyon SC was opened in collaboration with JJ Pub, a new generation pub concept, and Zuhul Music. The F&B industry is expected to grow in popularity in the coming years, thanks to the presence of both domestic and international brands. Stores in other categories, on the other hand, opened in 2022. Golden Goose, an Italian footwear brand, has opened a new store in Zorlu Center.

Les Benjamins, a clothing retailer, announced the opening of its flagship store on Badat Street. Beymen, another clothing retailer, opened its doors at Galataport. Givin opened its second sustainability-themed store in Kanyon in the fourth quarter of the year. Boyner has opened new stores at Viaport SC and Pangalti, in addition to the store on Bagdad Avenue that was previously opened with the concept of an experience store.

UK coffee chain Costa Coffee, which arrived in the country with Boyner, opened its first Turkish store on Boyner Cadde on Bagdad Avenue, its second in Pangalti, and its third in Beikta. Espressolab, a local coffee chain, announced the opening of Europe's largest coffee experience center, Espressolab Roastery, in Merter. MR.DIY, a DIY retailer, announced that they have grown to 28 stores in a year and will continue their expansion strategy.

New store openings picked up steam in the first half of 2022. Despite the difficulty in finding empty stores, retailers continued their growth strategies in the second half. Furthermore, many Turkish brands unwilling to further compete in the Turkish market in 2022 have begun to develop international expansion strategies.

RECENT PERFORMANCE



PRIME RETAIL RENTS - DECEMBER 2022

HIGH STREET SHOPS	TRY	US\$	€	US\$	GROWTH %	
	SQ.M/MTH	SQ.M/MTH	SQ.M/YR	SQ.FT/YR	1YR	5YR CAGR
Istanbul	2,790	150	1,765	167	76.47	-4.62
Izmir	1,300	70	822	78	66.67	-5.92
Ankara	1,395	75	882	84	41.51	-8.19

PRIME RETAIL YIELDS - DECEMBER 2022

HIGH STREET SHOPS (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Istanbul	7.00	7.25	7.25	7.50	5.80
Izmir	8.00	8.25	8.25	8.50	7.50
Ankara	8.00	8.25	8.25	8.50	7.00
SHOPPING CENTRES (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
Turkey	8.00	8.00	8.00	8.00	7.00

Investment Focus

As a large-scale investment transaction in retail investment activities in the first half of the year; the sale of Ada Outlet, which is located in Sakarya and belongs to Klepierre, and Forum Trabzon SC, which is in Multi's portfolio, to Arta Group. In addition, Isra Group paid \$300 million for 76 units in Kaya ehir SC, which is part of the Nidapark Kaya ehir Project. Nata Holding purchased Silivri Maxi City SC in the second half of the year. In addition, M1 Gaziantep SC, which is owned by Metro Properties and Fiba Commercial Properties, was sold in the fourth quarter of the year.

Investment activity is expected to pick up in the medium term.

Overview

- Turkish retail brands that stand out with their competitive structure in the global retail arena as a result of the supply chain problem and rising production costs continue their overseas expansion strategies. DeFacto, a ready-to-wear brand, announced in 2022 that it would open stores in Georgia, Egypt, Qatar, and Bosnia and Herzegovina, as well as invest in nearly 50 new stores in foreign markets. Ki ilı, on the other hand, announced the opening of its fifth store in Azerbaijan, as well as its first stores in Croatia and Iraq. Altnyıldız Classics has opened its 17th location in Romania. Karaca announced the opening of a store in London. While fastfood chain Tavuk Dünyası continues to expand in foreign markets under the brand 'Gagawa,' it has announced the opening of its first restaurant in Europe in Madrid, Spain. While Dota opened its fourth store in France in Paris, Colin's announced that it has expanded to 39 countries with the opening of four new stores in Egypt. Turkish retail brands are expected to increase their international investments in the coming years.
- After the sanctions against Russia in 2022, many foreign companies will look to invest in Turkey. It was noteworthy that many US-based retail brands with a presence in Russia announced plans to expand into the Turkish market instead. Furthermore, many foreign companies that have left Russia have begun to be replaced by Turkish companies. In the first half of the year, Marks & Spencer, a clothing retailer, announced its withdrawal from Russia and the transfer of its Russian operations to Turkish Fiba Holding. In the clothing industry, Reebok announced the acquisition of its Russian unit by the Turkish shoe retailer FLO. With the continuation of the war, short and medium-term investments are expected to increase.
- According to AYD data, during the "Black Friday" sales, shopping malls saw a 5% increase in footfall and a 6.5 percent increase in turnover. While there has been an increase in turnover, particularly in domestic brands, it has remained lower in terms of units than in previous years. On the other hand, it has been noted that the Turkish stores of many international brands entered the top 10 in the global turnover rankings on 'Black Friday'.
- In 2022, the Ministry of Commerce issued a regulation determining the revenue from common areas and the scope of expenses related to these areas in order to ensure application unity among shopping centers. The new regulation clarifies the reports on common expenses and makes it mandatory to share them with tenants on a regular basis. Shopping mall investors, on the other hand, objected to the decision in terms of marketing and management budgets, causing controversy. The growing interest of opportunistic investors in the retail market in real estate for sale is expected to continue in the coming periods, including shopping centers in secondary cities.



TOTAL SHOPPING CENTRE GLA AND NUMBERS BY YEARS



INDUSTRIAL & LOGISTICS OVERVIEW



MARKET INDICATORS



PRIME RENTS

Expected to continue to increase in the short and medium term in ₺ and US\$.



PRIME YIELDS

Expected to remain stable in the short term.



SUPPLY

Despite the increase in construction costs, logistics facility development activities gained momentum. Supply is expected to increase in the short and medium term.



DEMAND

With the Russia-Ukraine war, the prominence of the concept of the near shore, and the rise of e-commerce, it is predicted that this growth trend will continue.

Overview

Turkey's Advantageous Location Keeps The Logistics Sector Growing

Export trade volume increased by 14% between January and November 2022 compared to the same period the previous year, reaching \$231.3 billion in the United States. Import trade volume increased 36.6% over the same period last year, reaching \$331.1 billion in the United States. However, the trade deficit increased by 153.4% between January and November 2022, reaching \$99.9 billion. In 2022, inflationary pressures harmed the manufacturing sector, resulting in a decrease in demand due to price fluctuations.

The November PMI was 45.7, and it increased to 48.1 in December. As a result, a partial recovery in the manufacturing index, which had been declining since June, was observed, owing to an increase in employment and milder inflationary pressures compared to previous periods.

Occupier Focus

Rents Rose 133% From One Year Ago to ₺140/sq. m per month

According to current data, rental activities for warehouse space totaling approximately 83,100 sq.m increased by 60% in the last quarter compared to the previous year. In 2022, the total transaction volume was 453,631 square meters. 60% of rental transactions were completed in the first half of the year, while 40% were completed in the second half.

The supply of high-quality warehouses is currently limited, and users have a high demand for large enclosed spaces. As a result of increased demand and limited supply, prime rents increased by 15.8% in the fourth quarter of 2022 compared to the previous year. Inflationary pressures and rising construction costs also contributed to the increase in rent rates. This net increase is expected to continue with the continuation of demand for warehouse needs in the short and medium term. In the last quarter of the year, significant leasing transactions were made up of companies in the 3PL and technology sectors. Among the recorded major leasing transactions are; DHL (40,000 sq. m, Kocaeli/Çayırova), UPS (27,000 sq. m, Kocaeli/Çayırova) and Ingram Micro (7,500 sq. m, Kocaeli/Gebze).

Prime Rents Istanbul

\$7,50

₺140/sqm per month



Prime Yields Istanbul

8.50%



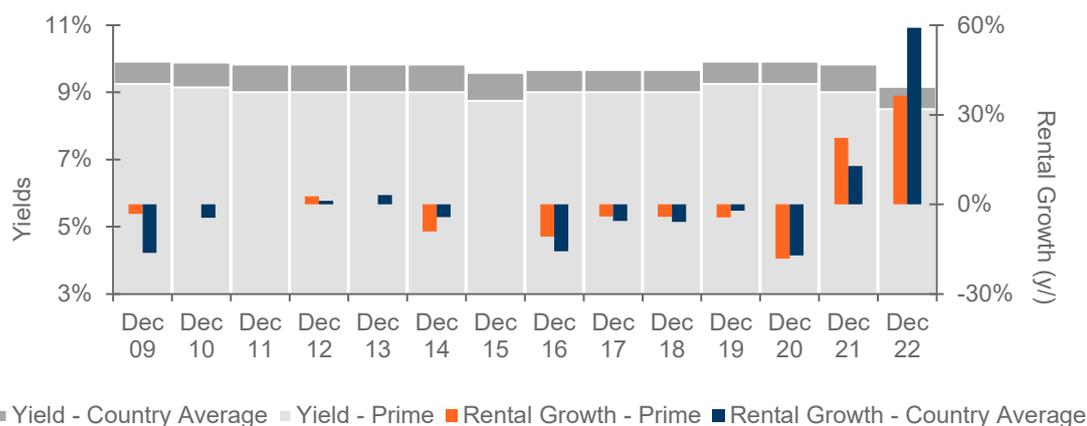
Transactions

454k sqm
12 mth



83k sqm
2022 Q4

RECENT PERFORMANCE



PRIME INDUSTRIAL RENTS - DECEMBER 2022

LOGISTICS LOCATIONS	TRY	US\$	€	US\$	GROWTH %	
	SQ. M MTH	SQ. M MTH	SQ. M YR	SQ. FT YR	1YR	5YR CAGR
Istanbul	140	7,50	90	8,36	36.36	4.56
Ankara	93	5,00	60	5,57	81.82	7.39

PRIME INDUSTRIAL YIELDS - DECEMBER 2022

LOGISTICS LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Istanbul	8.50	8.50	9.00	9.25	8.50
Ankara	9.50	9.50	10.25	10.25	9.50

Investment Focus

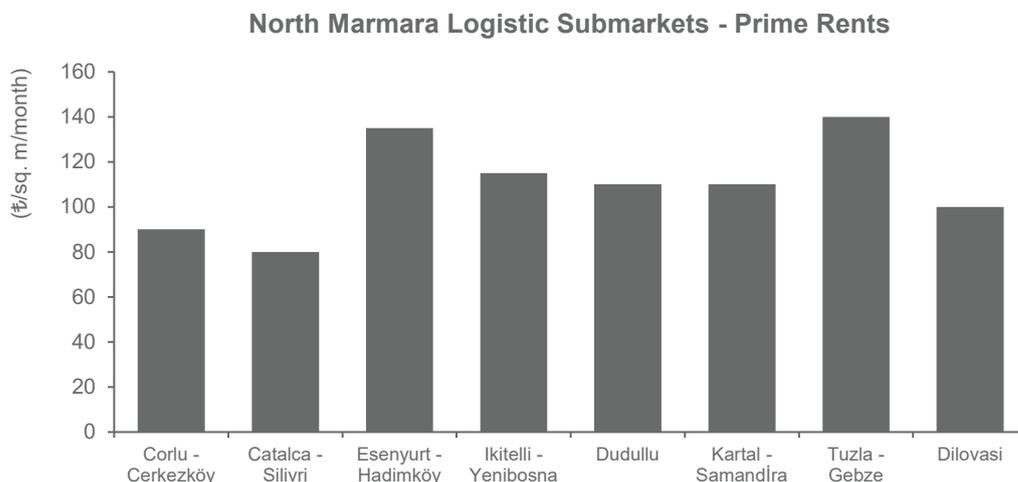
In 2022, while industrial and logistics investment transactions were generally active, the post-pandemic recovery mainly consists of land and factory purchases.

Among the largest investment transactions in the fourth quarter, the sale of land and factory (18,328 sq. m) owned by Alarko Carrier to Istanbul Arms and Defense Industry Trade Inc. for a price of TL 401 million stands out. Also, the sale of factory and land (29,809 sq. m) owned by Sünata Sponge and Bedding Industry Trade Inc. to Yata Bedding and Quilt Industry Trade Inc. for a price of TL 85.2 million has been completed in Kayseri.

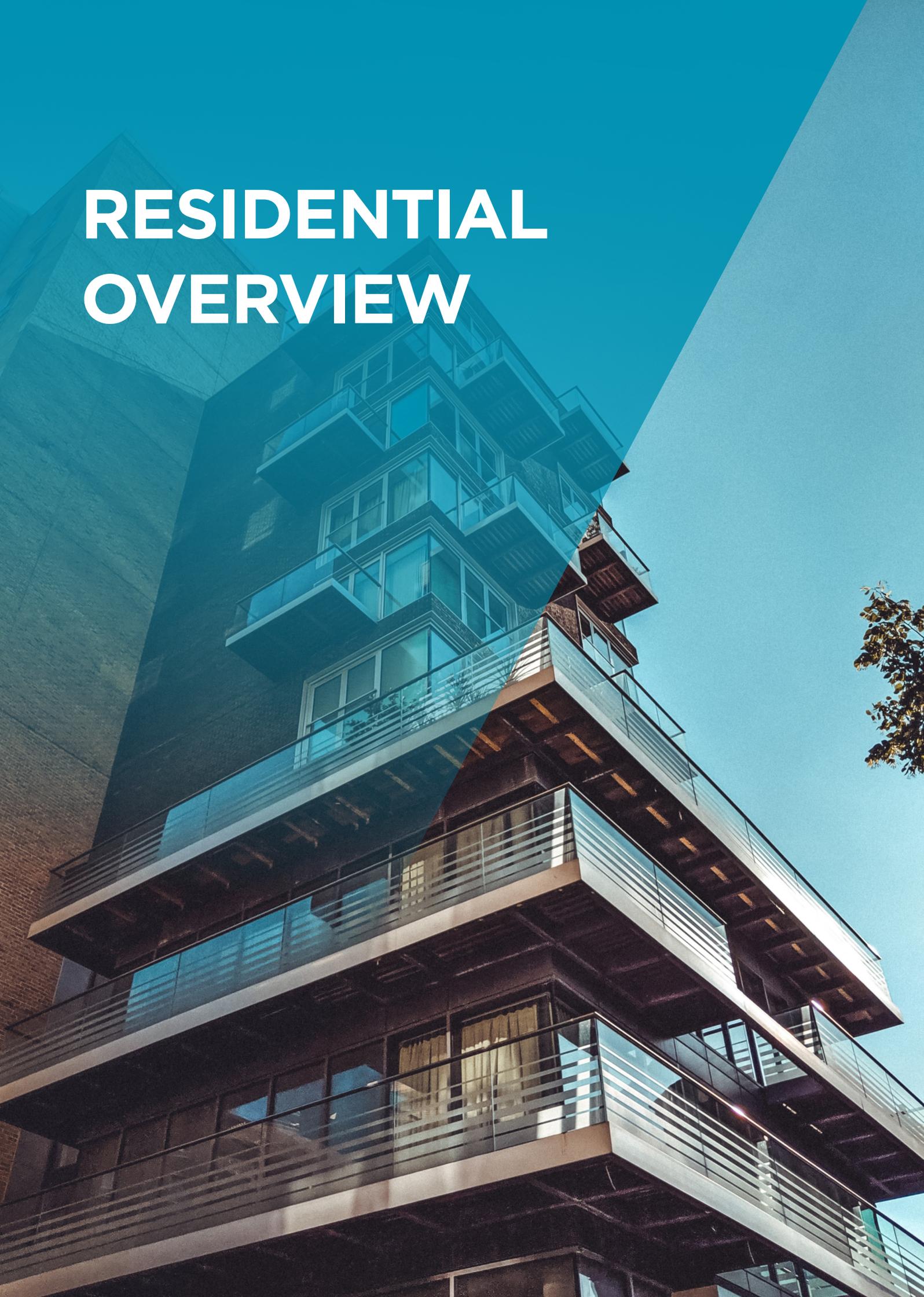
Overview

- During the pandemic period, supply chain problems resulted in the emergence of the concept of near-shoring and Turkey has come to an advantageous position with its geopolitical location. Even after the pandemic, despite the sharp drop in freight prices, the concept of near-coast has not lost its popularity. The tension between China and Taiwan and China's return to full lockdown with its 'Covid Zero Policy' has concerned manufacturers and they have continued to implement near-coast strategies. In addition, unlike European countries that are experiencing energy shortages due to the Russia-Ukraine war, Turkey's secure energy supply has become an opportunity for international investors. In the third quarter of 2022, Chinese car manufacturer Chery, which will re-enter the Turkish market, announced that it plans to establish a production facility in Turkey. Amazon has also announced that it has started service at its first logistics center in Turkey in Tuzla.
- Many manufacturers have been focusing on Turkey since the start of the Russia-Ukraine war. Especially, the high volume of exports of these companies leads to higher demands for logistics and industrial areas in free zones than other regions. Demand for industrial and logistics areas in regions with access to Europe has increased and is expected to increase in the medium term.
- Rising inflation and the increasing need for storage have led to an increase in demand for logistics facilities. Additionally, increasing construction costs have led to a gradual increase in prime rents, which has led users to complete their contract processes earlier. Since 2021, prime rents have been on the rise and in this quarter, prime rents have increased by 36.4% in dollar terms, four consecutive increases. In this context, it is expected that prime rents will continue to increase in the short and medium term due to supply shortages and increasing demand.
- In order to meet the high demand and limited supply of quality storage, tenants are turning to the build to suit model with project developers. Additionally, high demand and increasing rental rates encourage investors to undertake development activities in new areas. The newly established small and large scale OSBs in Bursa TEKNOSAB and Kocaeli Dilovası are noteworthy. It is expected that investors will continue this trend in parallel with increasing demand in the coming period.
- Investments in industrial and logistics areas are expected to continue to develop in the 2023.

NORTH MARMARA LOGISTIC SUBMARKETS - PRIME RENTS



RESIDENTIAL OVERVIEW



MARKET INDICATORS



RESIDENTIAL SALES:

2021

1,49 M

2022

1,48 M



MORTGAGED SALES:

295 K

280 K



SALES TO FOREIGNERS:

59 K

67 K

Overview

Record Year In Home Sales To Foreigners

With an increase in foreign home sales in 2022, the Turkish housing market came to the fore. Sales to foreigners increased by 15.2% over the previous year to 67,490, with Istanbul taking first place. Antalya, which is in second place, had the highest increase in house sales to foreigners among all provinces, with a 77% increase over the previous year. When it comes to house sales to foreigners based on nationality, Russia took first place with 16,312 houses, a threefold increase over last year, surpassing Iran last year, while Iran fell to second place with 8,223 houses. Iran was followed by Iraq (6,241), Germany (2,705), Kazakhstan (2,702), and Ukraine (2,574).

Turkey's total home sales were 1.48 million, representing a 0.4% decrease from the previous year. Mortgage sales, on the other hand, fell 4.8% to 280,320 units. In comparison to the previous year, first-hand home sales fell by 0.3%, while second-hand house sales fell by 13.1%.

The number of residential units in building permits was approx. 414,998 during the January - November 2022 period, representing a 14% decrease compared to the same period the previous year. In terms of building occupancy permits, the number of residential units increased by 6% compared to the same period the previous year, totaling 442,430. While the total floor area was recorded as 89.5 million square meters in the building permit, it was 87.4 million square meters in the occupancy permit.

Residential Sales

1,48 Million
12 mth



With Mortgages

2022 **280k**
-4.8% y/y



2022 Q4 **22k**
-52% y/y

Sales to Foreigners

2022 **67,490**

2021 **58,576**



BUILDING PERMITS

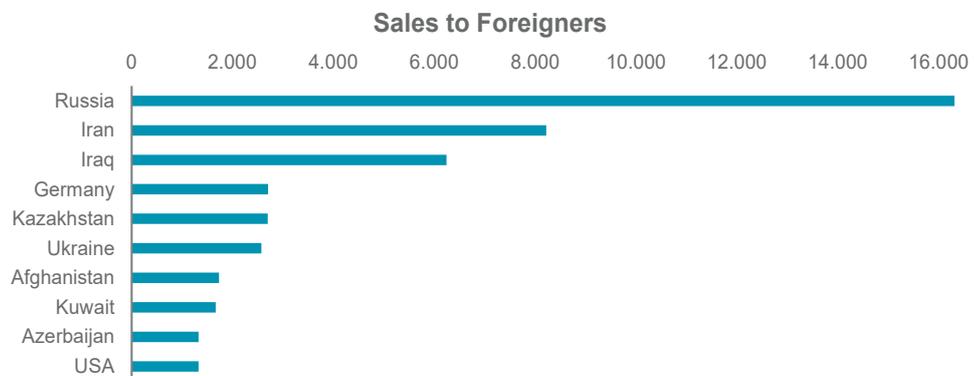


TURKEY RESIDENTIAL SALES



RESIDENTIAL SALES	2022					
	Turkey	Istanbul	Ankara	Izmir	Antalya	Bursa
Total Sales	1,485,622	259,654	126,166	83,502	80,459	54,277
1 st Hand Sales	460,079	71,052	24,947	23,281	26,169	17,487
2 nd Hand Sales	1,025,543	188,602	101,219	60,221	54,290	36,790
Mortgaged Sales	280,320	48,113	31,960	17,182	8,417	11,102
Sales to Foreigners	67,490	24,953	2,687	1,322	21,860	2,002

SALES TO FOREIGNERS - 2022





HOSPITALITY OVERVIEW



MARKET INDICATORS



OCCUPANCY:



ADR:



REVPAR:



FOREIGN VISITORS

TURKEY

66.7% / 12 mth

28% / y/y

€118 / 12 mth

43% / y/y

€78 / 12 mth

84% / y/y

42,16M / 11 mth

85% / y/y

ISTANBUL

74.7% / 12 mth

37% / y/y

€144 / 12 mth

57% / y/y

€102 / 12 mth

103% / y/y

14,71 M / 11mth

63% / y/y

Performance

Hotel Occupancy Rates Rose by Nearly 30%

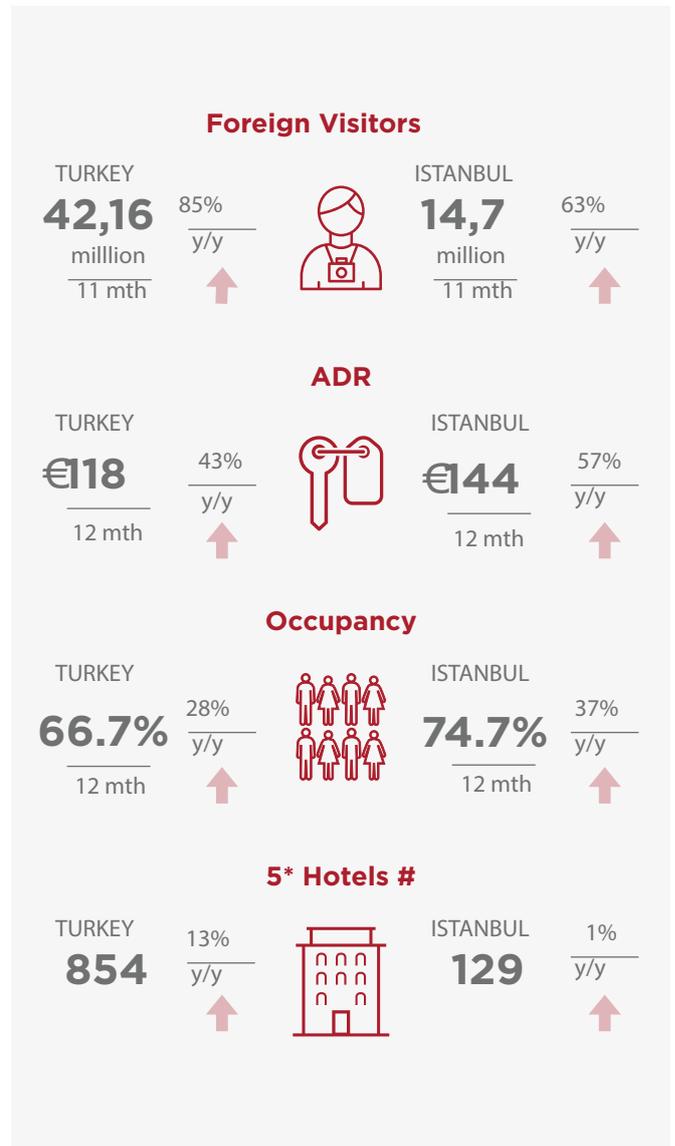
As the tourism industry recovers from the pandemic's effects, it has resumed its high performance. Despite the start of the Ukraine-Russia war in February, the tourism industry has returned to pre-pandemic levels of activity. Hotel occupancy rates in Turkey increased by 28% in 2022, reaching 66.7%, with 74.7% in Istanbul. In 2022, the average daily room rate (ADR) in Turkey was 118 and 144 in Istanbul. In Europe, the average occupancy rate in 2022 was 65%, and the average daily room rate was 132, whereas Turkey's room rate lagged behind Europe during the same period.

Supply

In 2022, the number of facilities in Turkey reached 4,801, with 5-star hotels making up 13.4% of the tourism-certified facilities. The number of certified facilities in Istanbul increased to 682, with 5-star hotels making up 18% of the total number of facilities.

Visitors

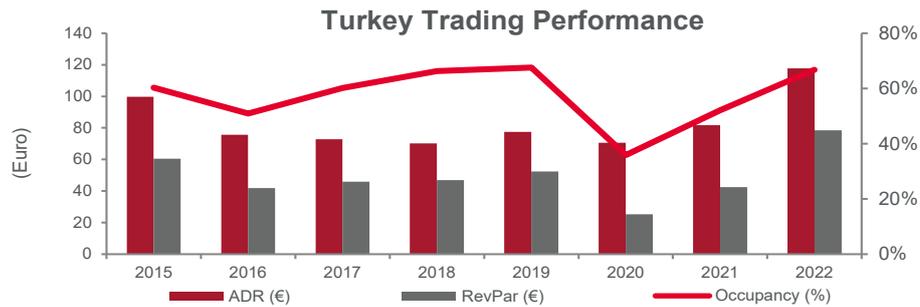
The number of foreign visitors to Turkey from January to November 2022 increased by 85% from the previous year, reaching 42.16 million. The number of foreign visitors to Istanbul increased by 63% over the previous year, reaching 14.7 million. Furthermore, Germany (5,481,385) ranked first with an 89% increase, Russia (4,945,198) ranked second with a 9% increase, and England (3,301,112) ranked third with a 72% increase, followed by Bulgaria and Iran.



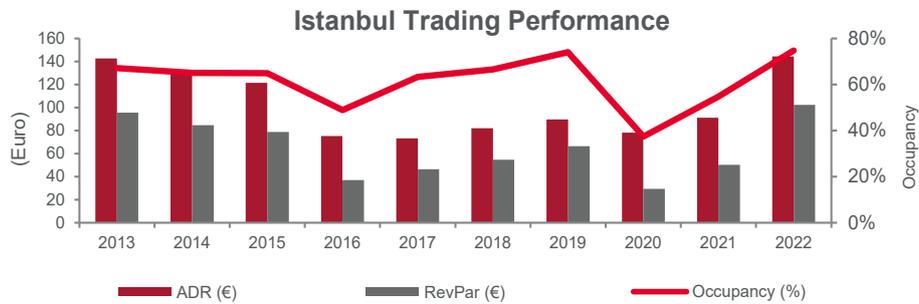
Passenger Count

Air traffic increased significantly in 2022. In Turkey, the total number of passengers increased by 42.1% over the same period last year, reaching 182.3 million. In 2022, total passenger traffic at Istanbul Airport was 64.5 million, and at Sabiha Gökçen Airport, it was 30.7 million, representing a significant increase of 59% and 47%, respectively, over the previous year.

TURKEY TRADING PERFORMANCE



ISTANBUL TRADING PERFORMANCE



HOTEL SUPPLY





STUDENT HOUSING



MARKET INDICATORS



TOTAL NO OF STUDENTS:

2020-2021

8,24 M

2021-2022

8,29 M



TOTAL NO OF STUDENT HOUSING:

5,179

5,468



TOTAL CAPACITY OF STUDENT HOUSING:

1,14 M

1,22M

Overview

Supply And Demand Mismatch Continues in the Student Housing Market

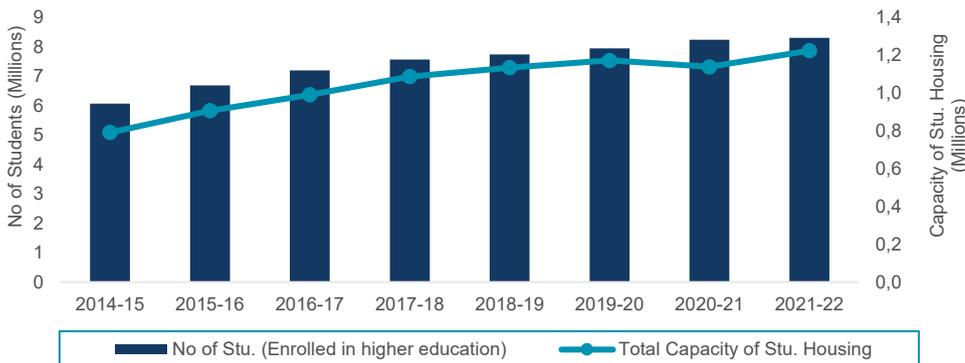
The long-standing student housing issue has resurfaced as one of the agenda items for 2022. Students' demand for student housing increased as a result of the increasing pressure of inflation on expenses and the increase in house rents, but students were confronted with the fact that there was insufficient stock.

The total number of students in Turkey increased by 1% from the previous year to 8.29 million in the 2021-2022 academic year. Furthermore, the total number of student housing units in Turkey increased by 5.6% year on year to 5,468, and the total student housing capacity increased by 7.4% to 1.23 million. The proportion of state student housing capacity in total student housing supply was 62%, while private and foundation dormitories accounted for 38%.

The total number of student housing in Istanbul increased from 625 last year to 682 in the 2021-2022 academic year. The total number of student housing units increased by 10% to 130,439. In the 2021-2022 academic year, the total number of students enrolled in formal education in Istanbul increased by 3% to 824,517. In this context, student dormitory capacity in 2022 remains lower than the total number of students.

TURKEY - TOTAL NO OF STUDENTS & CAPACITY OF STUDENT HOUSING

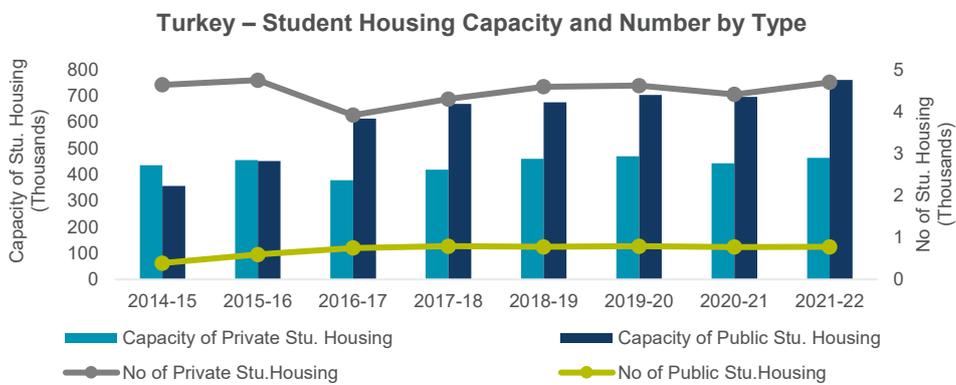
Turkey – Total No of Students & Capacity of Student Housing



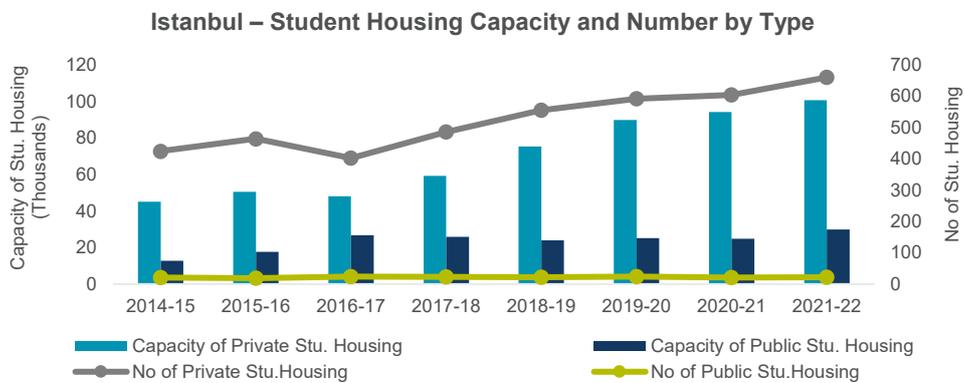
	2022			
	Turkey	Istanbul	Ankara	Izmir
Total Capacity (No of Student Housing)	1,223,203 (5,468)	130,439 (682)	63,849 (345)	40,230 (209)
Public Stu. Housing	759,838 (776)	29,794 (22)	31,095 (33)	19,668 (19)
Private Stu. Housing	463,365 (4,692)	100,645 (660)	32,754 (312)	20,562 (190)



TURKEY - STUDENT HOUSING CAPACITY AND NUMBER BY TYPE



ISTANBUL - STUDENT HOUSING CAPACITY AND NUMBER BY TYPE







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