Value Solution PARTNERS

Q1 2024

Türkiye Real Estate Market Figures

VS Partners Research | Q1 2024

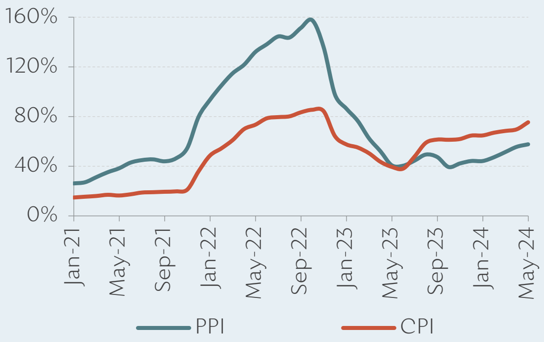
Creating value for our clients' real estate strategies through research and market analysis

Content

Inflation

CPI
68.5% yoy
March 2024

PPI
51.5% yoy
March 2024

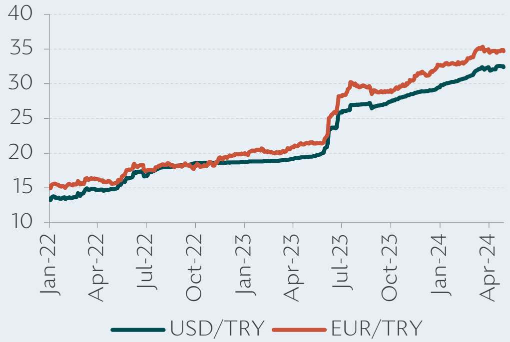


Source: TurkSTAT

FX Rates, period average

30.92 TRY
65.3% yoy
8.4% qoq
Q1 2024

33.58 TRY
65.9% yoy
9.5% qoq
Q1 2024

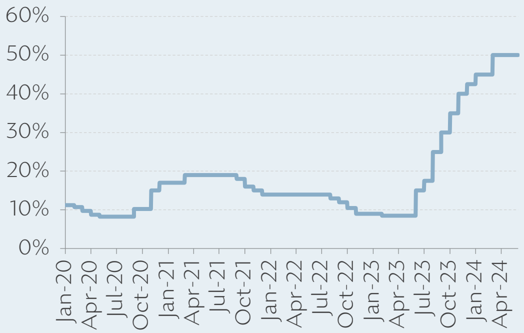


Source: CBRT

Investment Market Highlights

- Following the completion of **two election periods**—the parliamentary election in May 2023 and the local elections in March 2024—expectations have strengthened regarding the **improvement** of monetary, fiscal, and income policies and **future projections** for the mid-term.
- S&P raised Turkiye's **credit rating** form "B" to "B+" in May 2024, while maintaining the positive outlook.
- The CBRT has hiked rates by 3,650 basis points since June 2023 to combat with the high inflation. **High financing costs** remain a significant challenge for investment market.
- While the total **FDI inflows** in Turkiye was **decreased** by 43.4%, FDI inflows into real estate was realized at 796 million USD with a 41.9% yoy fall in the Q1 2024.
- **Prime yields** experienced **compression** across many commercial real estate asset types, based on the evidence.
- Following record-high increases, **real-term price changes for residential** properties have entered negative territory.

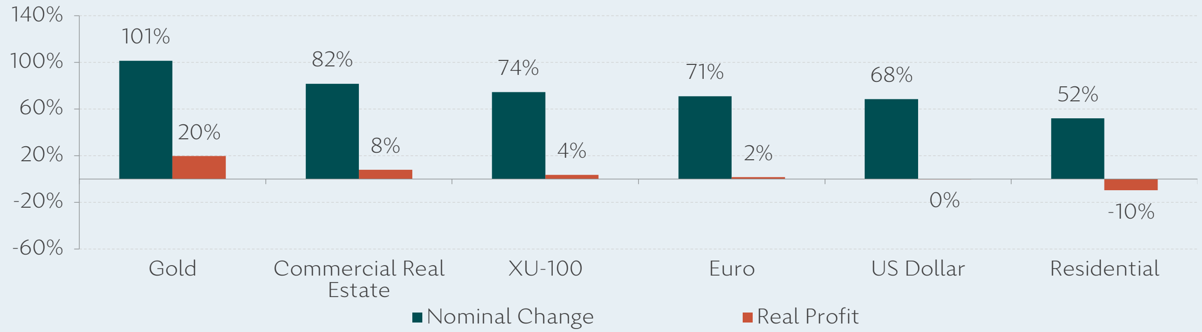
CBRT Policy Rate



Source: CBRT

Nominal Change & Real Profits of Financial Investment Tools & Real Estate,

annual change as of March 2024



Source: TurkSTAT, CBRT, VS Partners Research

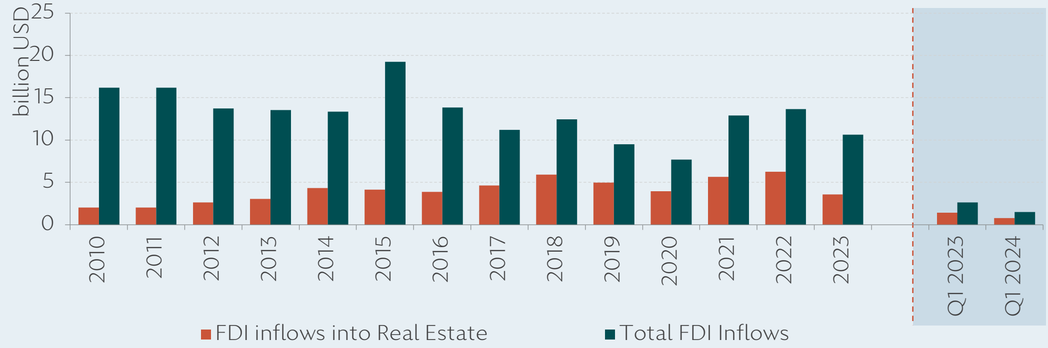
Q1 2024

01 Investment Market

5-year Credit Default Swap (CDS), bps

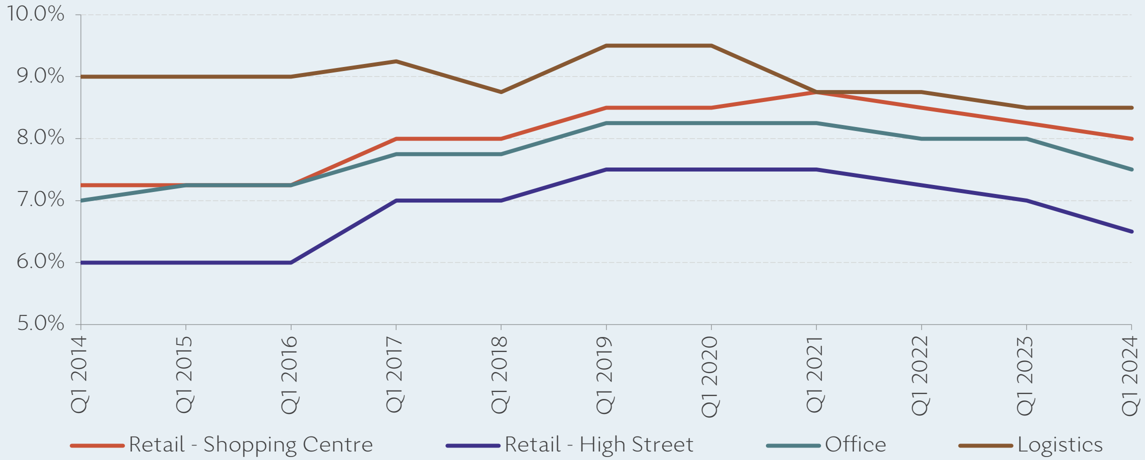
Source: investing

Foreign Direct Investment Inflows (FDI)



Source: CBRT

Prime Yields



Source: VS Partners

Logistics
8.50%
stable

Shopping Centre
8.00%
25 bsp decrease

Office
7.50%
50 bsp decrease

High Street
6.50%
50 bsp decrease

Comparisons are based on year on year.

Q1 2024

02

Retail Market

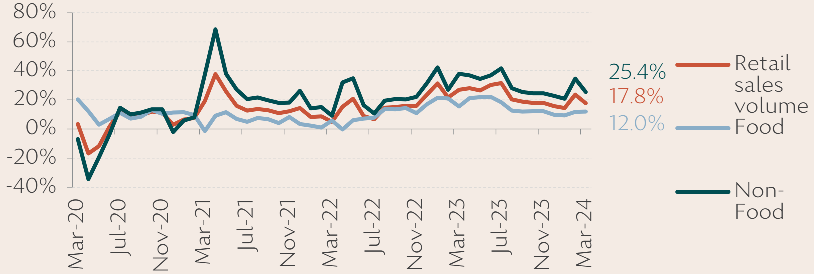
Consumer Confidence

8.1% yoy ↓
1.4% mom ↑
April 2024

Retailer Confidence

0.6% yoy ↓
1.9% mom ↑
April 2024

Retail Sales Volume Index, yoy change



Price changes are adjusted in retail sales volume index
Source: TurkSTAT

Retail Market Highlights

- **Retail sales volume index** recorded below 15% for the first time since the last 17 months in January 2024, however, expanded at the fastest rate in seven months by 23.7% yoy growth in February 2024. Data indicated that domestic demand remained **strong despite a limited slowdown**.
- The **retailers shift from optimization strategies to growth strategies** that carry occupancy to full in good-performing assets and record high occupancy levels in secondary assets.
- **Shopping centres performance** was remained positive by 19% yoy inflation-adjusted **turnover growth in the Q1 2024,** while the footfall grew by 12% yoy in the same period.
- Expansion appetites shifted towards secondary and tertiary locations as the prime destinations approached full occupancy.
- Retailers may be more **cautious** about their expansion plans in the upcoming period due to the efforts are made to **soften spending demand**.
- **Two shopping center project**, having approximately 60 thousand sq m GLA opened and **entered to the retail market** in Q1 2024.

Shopping Centre Supply

Existing
456 shopping centres
14.2 million sq m GLA

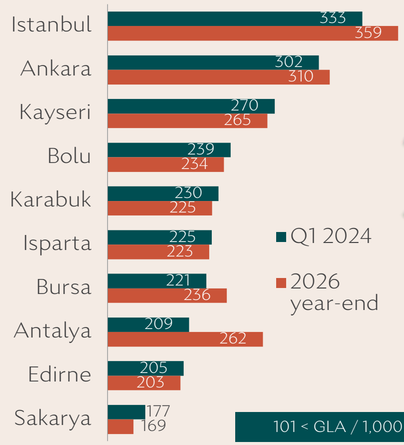
Underconstruction
39 shopping centres
1.1 million sq m GLA

Retail Density, Turkiye

166 sq m	175 sq m
Q1 2024	2026 year-end

GLA: Gross Leasable Area
Source: VS Partners

Retail Density (GLA per 1,000 inhabitants)



101 < GLA / 1,000 people	51 < GLA / 1,000 people < 100	0 < GLA / 1,000 people < 50	GLA / 1,000 people = 0

Q1 2024

02

Retail Market

Shopping Centre KPIs

Footfall
12% yoy
Q1 2024 vs Q1 2023

Turnover
99% yoy
Q1 2024 vs Q1 2023

Turnover, inflation adjusted
19% yoy
Q1 2024 vs Q1 2023

Turnover comparisons are based on Like for Like analysis

Retail Categories Recording Highest Turnover Growth, Q1 2024

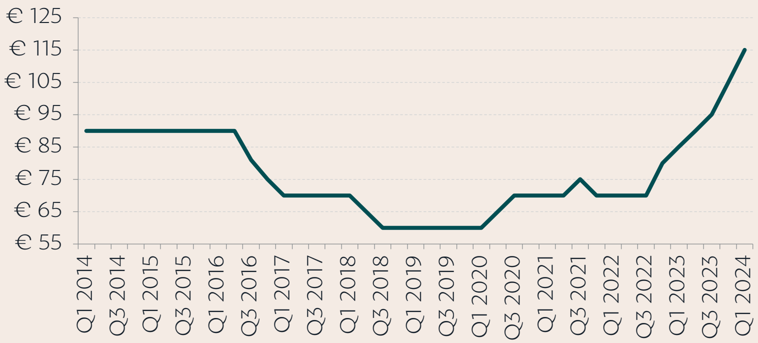
- Electronic & White Goods
- Men & Women Clothing
- Active Wear
- Cosmetics
- Food & Beverage

Prime Rent, EUR/sq m/month

€

115	105	85
Q1 2024	Q4 2023	Q1 2023

% change
35.3% yoy
9.5% qoq

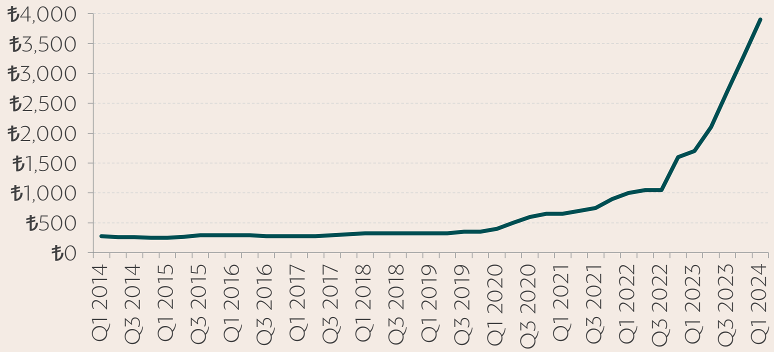


Prime Rent, TRY/sq m/month

₺

3,900	3,300	1,700
Q1 2024	Q4 2023	Q1 2023

% change
129.4% yoy
18.2% qoq



Source: VS Partners

Turkiye GDP Growth, yoy

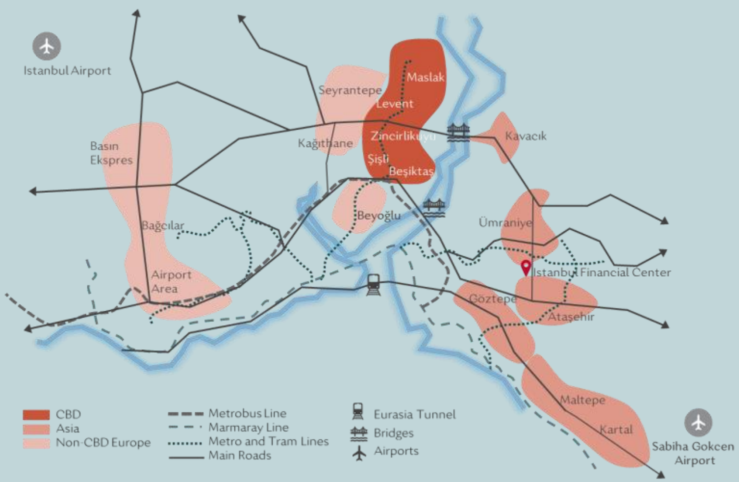
4.0%	6.1%	3.9%
Q4 2023	Q3 2023	Q2 2023

Source: TurkSTAT

Unemployment Rate, yoy

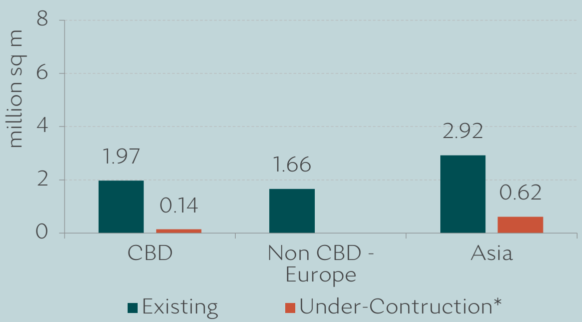
8.7%	9.9%
Q1 2024	Q1 2023

Source: TurkSTAT



Istanbul Grade-A Office Supply, sq m

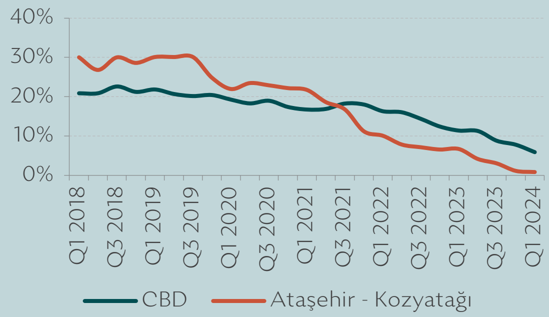
6.6 million	788 thousand
Existing Supply	Underconstruction



*expected to be completed by year-end 2025
Source: VS Partners

Vacancy Rate, Q1 2024

5.9%	0.8%
CBD	Kozyatağı – Ataşehir

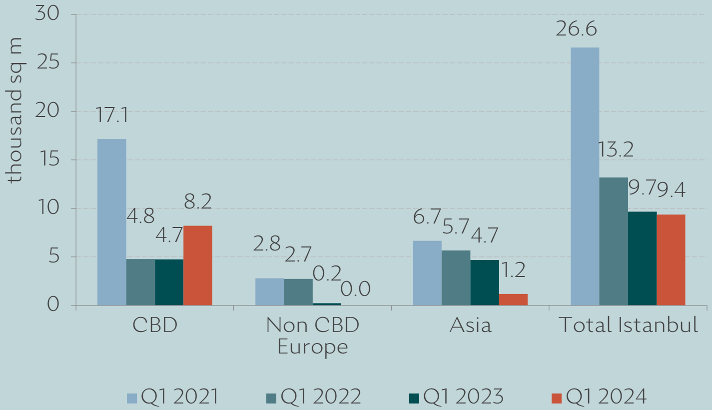


CBD: Central Business District

Office Market Highlights

- Grade-A **vacancy rate** in Istanbul's central business district continued its **downward trend** for eleven consecutive quarters, decreasing from 18.3% in Q3 2021 to 5.9% in Q1 2024.
- While the existing Grade-A supply remained stable, **no new supply entry** has been recorded since 2019 in the CBD of Istanbul except for Maslak Square's completion in 2021.
- With the **combination of high demand for premium office space and supply-side pressures**, the favorability of the market is **landlord-friendly** and is expected to remain the same in the midterm.
- The total vacant area in the CBD decreased by 48% yoy and 24% qoq in Q1 2024.
- While the total take-up volume was recorded at 9,380 sq m with a slight decrease of 3% yoy in overall Istanbul, **new leasing transactions** were **focused on the CBD**, bringing the annual take-up volume growth of the region to 73% yoy in Q1 2024.
- While occupiers continued to prefer locations offering **high accessibility**, **decorated office spaces** were in high demand due to high fit-out costs.
- **Limited availability** is expected to push **rental rates** higher in the upcoming period.

Take-Up, sq m



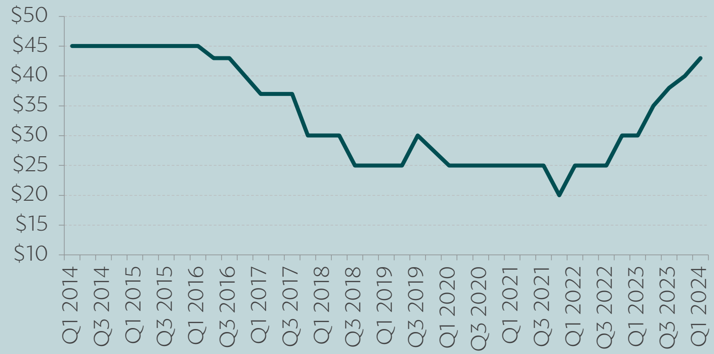
Most Preferred Sub-Markets, based on number of new leasing agreements

44% Levent	22% Maslak	11% Ataşehir	22% Other

Take-Up by Sectoral Breakdown, sq m

Prime Rent, USD/sq m/month

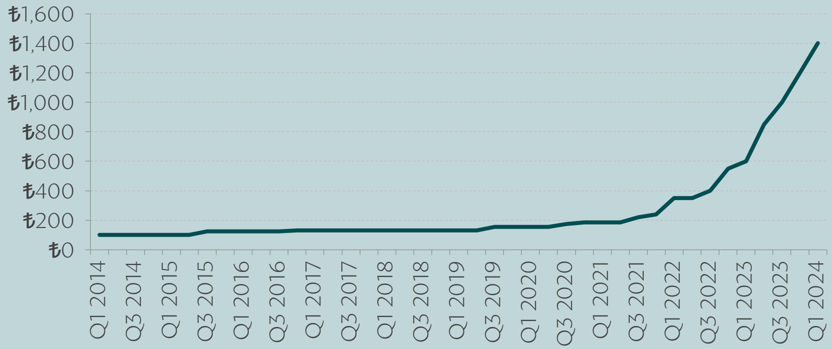
			% change
43	40	30	43.3% yoy
Q1 2024	Q4 2023	Q1 2023	7.5% qoq



Source: VS Partners

Prime Rent, TRY/sq m/month

			% change
1,400	1,200	600	133.3% yoy
Q1 2024	Q4 2023	Q1 2023	16.7% qoq



Industrial Production Index

4.3% yoy

March 2024

Foreign Trade

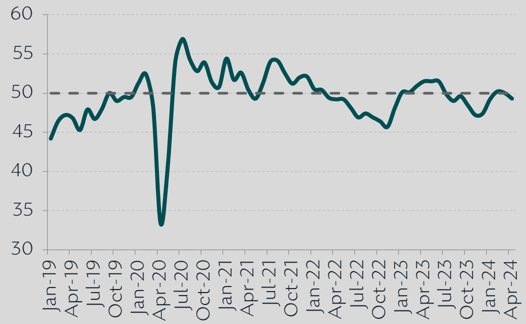
3.6% yoy
Exports

12.8% yoy
Imports

year-to-date changes as of March 2024

Source: TurkSTAT

Manufacturing PMI



PMI: Purchaser Managers Index
Source: Istanbul Chamber of Industry , S&P Global

Logistics Market Highlights

- The **manufacturing PMI** moved below the 50.0 no-change mark in April, posting 49.3 from 50.0 in March. The index thereby pointed to a **challenging start** of the Q2 2024 for the Turkish manufacturers, due to sustained slowdown in new orders and a a renewed moderation of outputs.
- While the both total existing and underconstruction logistics warehouse supply remain unchanged, **supply pressures** continued to put **pressure on leasing activities**.
- While **no new warehouse leasing transactions** were recorded in the Istanbul and Kocaeli markets, we expect an increase in take-up volume in Q2 2024 with the completion of **ongoing negotiations**.
- **High construction and land costs** still a major challenge affecting developers return expectations for development activities, despite the **high demand and continued rental growth**.

Istanbul & Kocaeli Logistics Supply, sq m

11.1 million
Existing Supply

480 thousand
Underconstruction

Non-Owner-Occupied Supply, sq m

7.4 million
Existing Supply

462 thousand
Underconstruction

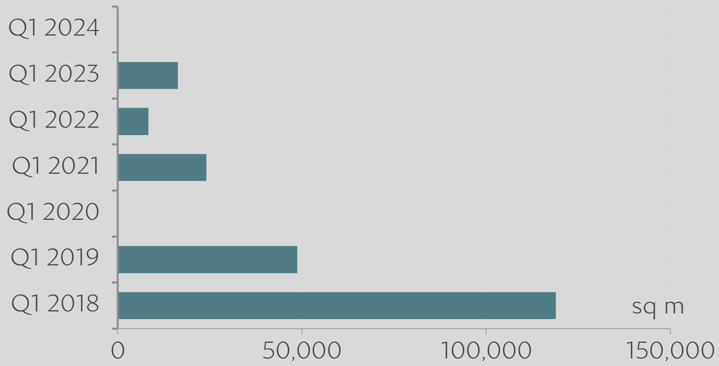
Source: VS Partners

Q1 2024

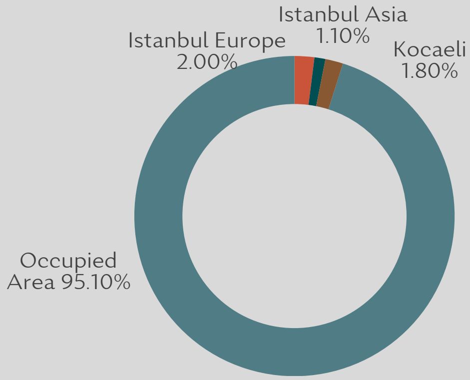
04

Logistics Market

Logistics Warehouse Take-Up

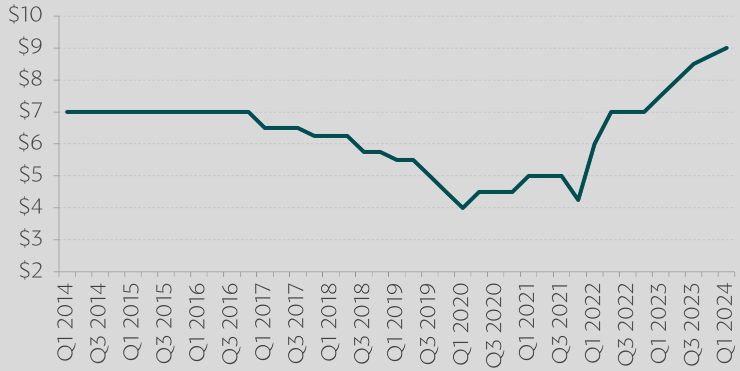


Regional Distribution of Vacancy



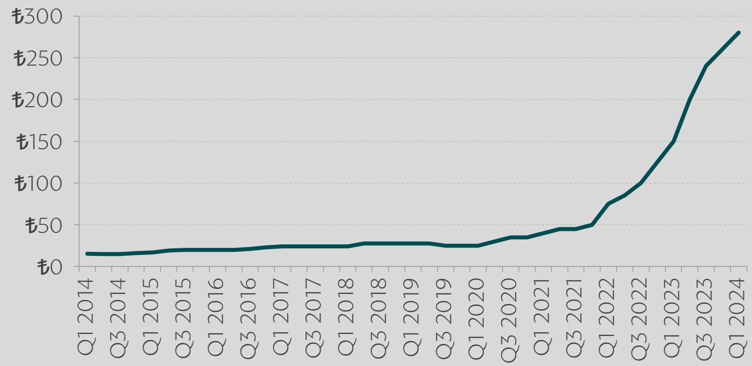
Prime Rent, USD/sq m/month

$	9.00	8.75	7.50	% change
	Q1 2024	Q4 2023	Q1 2023	20.0% yoy ↑
				2.9% qoq ↑



Prime Rent, TRY/sq m/month

₺	275	260	150	% change
	Q1 2024	Q4 2023	Q1 2023	83.3% yoy ↑
				5.8% qoq ↑



Source: VS Partners

Q1 2024

05

Hotel Market

Number of Visitors

9.1 million guests

16.7% yoy ▲ *32.2%* ▲ *vs 2019*

Q1 2024

Tourism Revenues

8.8 billion USD

5.4% yoy ▲ *71.4%* ▲ *vs 2019*

Q1 2024

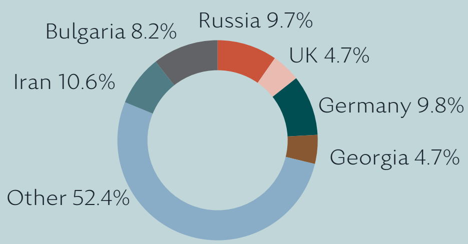
Ave. Expenditure per Capita

975 USD

4.3% yoy ▼ *26.4%* ▲ *vs 2019*

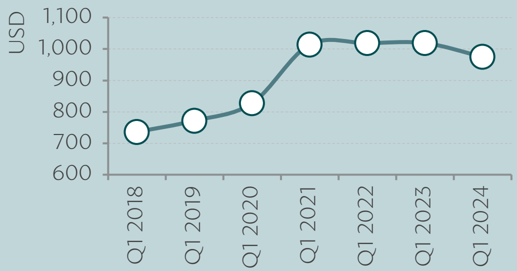
Q1 2024

Top 5 Foreign Visitor Nationalities



Source: Ministry of Culture and Tourism

Source: TurkSTAT



Source: TurkSTAT

Key Performance Indicators, March 2024

Number of Arrival

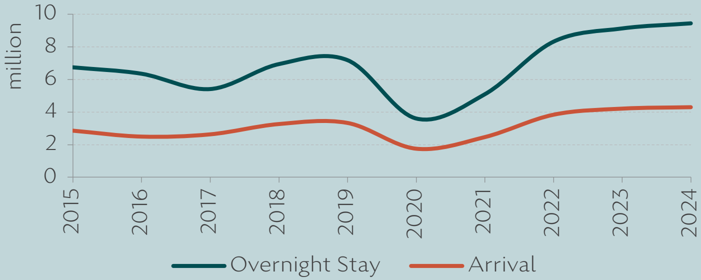
4.3 million

2.1% yoy ▲

Overnight Stay

9.4 million

3.4% yoy ▲



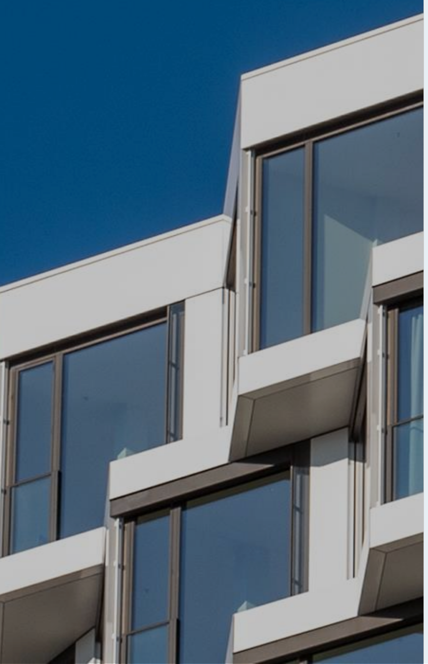
Source: : Ministry of Culture and Tourism

Average Length of Stay

	Foreign Visitor	Citizen Visitor	Total
Turkiye	2.8	1.7	2.3
Istanbul	2.4	1.8	2.2
Antalya	3.4	2.4	3.2
Ankara	2.1	1.6	1.7
İzmir	2.2	1.7	1.9
Aydın	1.8	1.8	1.8
Muğla	2.2	1.9	2.0

Occupancy Rate

	Total
Turkiye	34.3%
Istanbul	44.6%
Antalya	37.4%
Ankara	34.7%
İzmir	27.0%
Aydın	23.6%
Muğla	15.6%

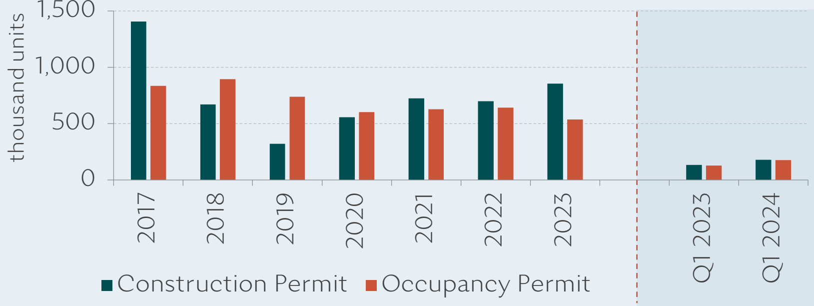


Construction Permits

178,598 residential units
35.5% yoy
Q1 2024

Occupancy Permits

174,859 residential units
38.5% yoy
Q1 2024

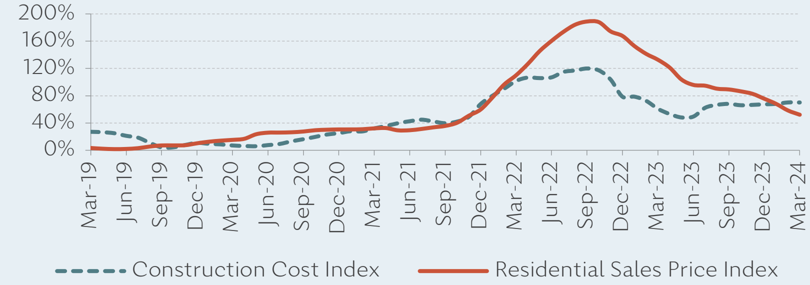


Construction Cost Index

70.0% yoy
2.1% mom
March 2024

Residential Sales Prices Index

52.0% yoy
1.2% mom
March 2024

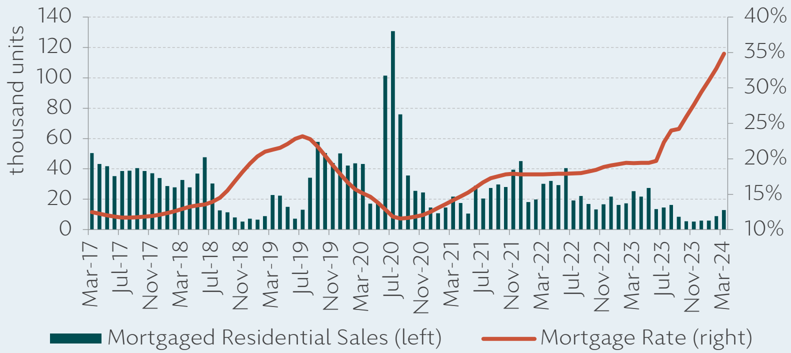


Total Residential Sales

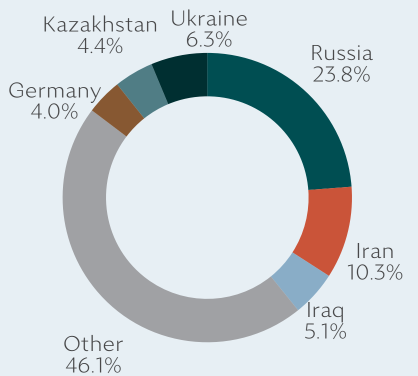
283,215 residential units
1.3% yoy
Q1 2024

Mortgaged Sales

27,622 residential units
53.0% yoy
Q1 2024



Residential Sales to Foreigners, Q1 2024



Source: TurkSTAT, CBRT

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Q1 2024

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