

Türkiye Real Estate Market Overview

Research | 2024 Year-End

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

Presented by:



In collaboration with:



Preface

As the global investment landscape undergoes rapid and transformative change, access to up-to-date, reliable, and locally grounded market insights becomes essential for informed decision-making. In this context, I am pleased to introduce the Türkiye Real Estate Market Overview: 2024 Year-End Report, prepared in collaboration with Value Solution Partners and JLL. This report offers valuable perspectives on the dynamics of Türkiye's real estate market, with a particular focus on the logistics, retail, office, residential, and investment segments.

Türkiye stands at the nexus of the world—a unique position bridging Europe, Asia, and Africa—and continues to assert its critical role in global value chains. As production hubs shift closer to end markets, Türkiye offers unmatched advantages through its strategic location, resilient logistics infrastructure, and rapid adaptability to evolving supply chain dynamics. In an era of rising geopolitical risks, Türkiye stands out as a pillar of regional stability and a trusted partner for global investors. With 23 free trade agreements and a Customs Union with the EU, Türkiye provides access to over 1 billion consumers and a regional market valued at USD 30.2 trillion within a four-hour flight radius.

The report's forecast sections highlight Türkiye's continued resilience and adaptability. Despite ongoing challenges such as high financing costs, investor sentiment remains cautiously optimistic. In the office sector, vacancy rates in Istanbul's CBD dropped from 18% in 2021 to 5.2% in 2024, while the Ataşehir-Kozyatağı submarket reached a record low of 0.4%—underscoring strong occupier demand. Prime rents in the logistics sector rose by over 14% year-on-year, driven by sustained demand from 3PL and retail sectors. Retail investment volumes surged by 919%, elevating Türkiye to 8th place in the EMEA region. Tourism also rebounded strongly, with 62.2 million international visitors and USD 57.1 billion in revenue in 2024. These indicators collectively reflect Türkiye's diversified strengths across real estate asset classes.

Türkiye's strong macroeconomic fundamentals continue to attract global capital, with total FDI reaching USD 11.3 billion in 2024—USD 2.8 billion of which was directed toward real estate, marking a 20.6% annual increase. These figures reaffirm Türkiye's strategic positioning as a resilient, opportunity-rich investment destination. Notably, the recent inauguration of the Istanbul Financial Center further cements Türkiye's ambition to become a major hub for international finance and corporate services in the region.

We believe this report will serve as a valuable resource for investors seeking to navigate the real estate market in Türkiye and beyond. I would like to extend my appreciation to the teams at Value Solution Partners and JLL for their rigorous analysis and commitment to quality. Their work not only highlights current market realities but also provides guidance for shaping tomorrow's opportunities.

A. Burak Dağlıoğlu

President, The Presidency of the Republic of Türkiye
Investment and Finance Office



Preface

As Value Solution Partners, a JLL Preferred Partner in Türkiye, we are pleased to present the Türkiye Real Estate Market Overview Report, offering the latest market indicators, sector parameters, and insights informed by our global expertise and local industry knowledge.

Since the publication of our previous edition in 2022, the fundamentals of the Turkish real estate market have evolved significantly, with notable divergence across asset classes. Strong demand across almost all sectors has supported healthy rental growth and revenue performance. In particular, the retail sector has witnessed a marked increase in activity, underpinned by favorable demographic trends and the shift in household expenditure patterns. International retailer entries into Türkiye have accelerated, while occupancy rates in both prime and secondary shopping centers have reached high levels. Furthermore, the opening of 12 new shopping centers in 2024 — the highest figure recorded in the past three years — reflects the renewed momentum in the sector. Nevertheless, emerging cities continue to present significant opportunities for retail development.

In the office sector, a resilient occupier market has driven a sharp decline in vacancy rates within Istanbul's Central Business District, decreasing from 18.0% in Q4 2021 to 5.2% by year-end 2024. Prime office rents have reached record highs, creating a landlord-favorable market environment. International investors seeking exposure to emerging and opportunistic markets may find attractive opportunities in the current market conditions. Moreover, the completion of the Istanbul Financial Center is expected to introduce new dynamics to the office market, further supporting both domestic and international business activity.

In recent years, Türkiye's strategic geopolitical location as a logistics hub between Europe and Asia has gained increasing importance. This role has been further strengthened by international initiatives such as the Middle Corridor, which provides a more cost-effective and faster alternative to the northern corridor, and the Development Road Project. Alongside local demand driven by 3PLs, e-commerce, and the retail sectors, we have observed a rise in international occupier interest due to global supply chain disruptions, with nearshoring activities in Türkiye also contributing to increased demand.

While high financing costs are currently impacting investment appetite and volume, the significant improvement in Türkiye's risk perception, coupled with the potential easing of monetary policies in developed countries, could drive increased capital flows to Türkiye in the mid-term. Despite these challenges, numerous investment opportunities remain within the market.

We hope that this presentation provides an objective and useful assessment for individuals and corporations who are interested in Türkiye's real estate market. We also would like to express our special thanks to The Presidency of the Republic of Türkiye Investment and Finance Office for leading this collaboration to demonstrate Turkish real estate market's potential.

Dora Şahintürk
Co-Founder, Value Solution Partners

Tarkan Ander
Co-Founder, Value Solution Partners





nexus
OF THE WORLD

TÜRKİYE STANDS AS THE NEXUS OF THE WORLD A STRATEGIC HUB WHERE INVESTMENTS THRIVE

The world's **12th largest economy (GDP at PPP)** that climbed 6 notches in 19 years.

Enhanced production capabilities that increased export volume sevenfold—from USD 36 billion in 2003 to USD 262 billion in 2024—with the number of products worth over USD 1 billion increasing sixfold from 9 to 53

An eye-catching performance that expanded **GDP** from USD 238 billion to **USD 1,322 billion** in 22 years.

The Presidency of the Republic of Türkiye Investment and Finance Office, the official organization for investment promotion of Türkiye, is a knowledge-center for foreign direct investments and a solution partner to the global business community at all stages of investments. It provides customized guidance and qualified consulting before, during, and after entry into Türkiye.





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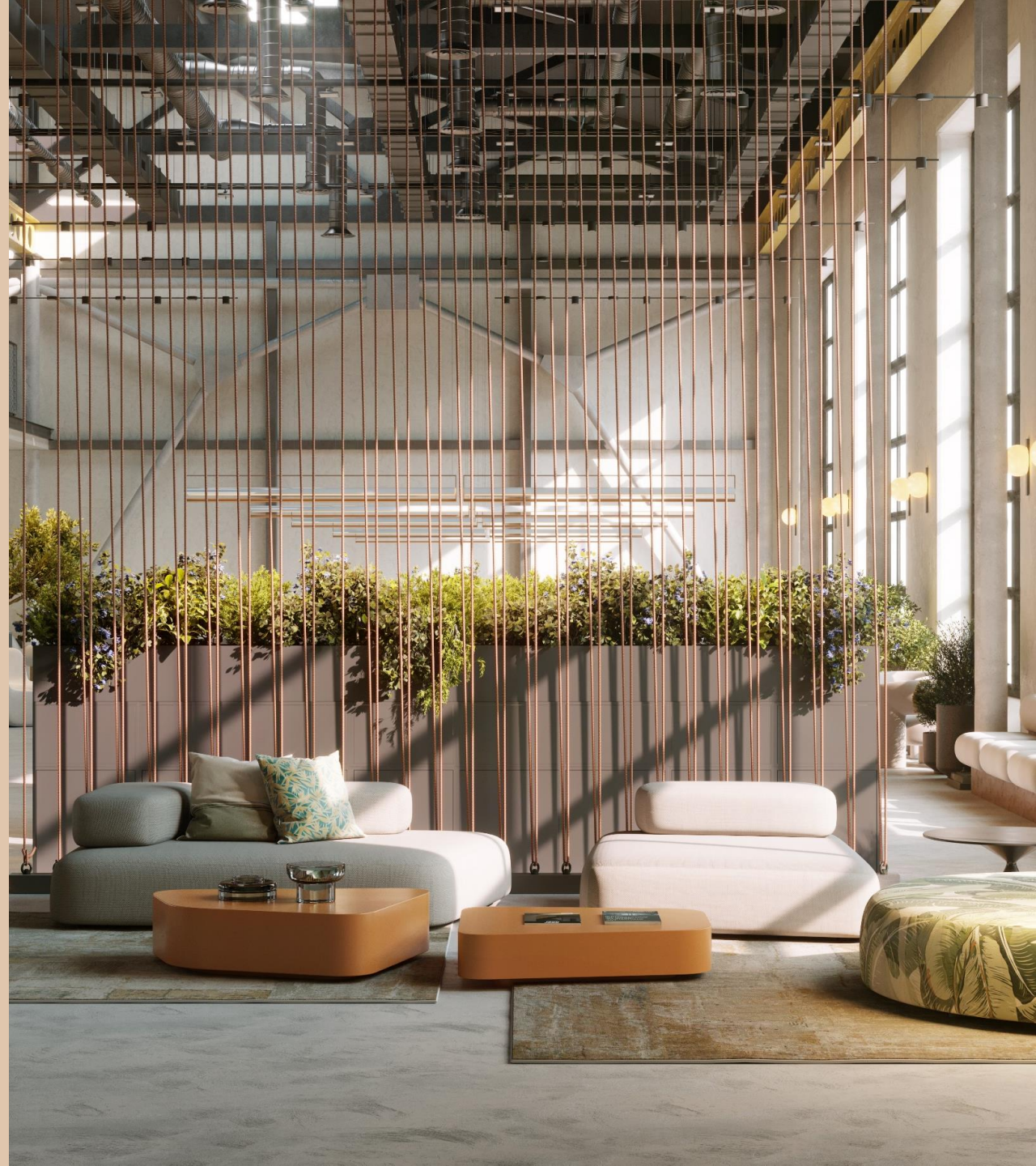
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01

Retail Market Overview

Research | 2024 Year-End



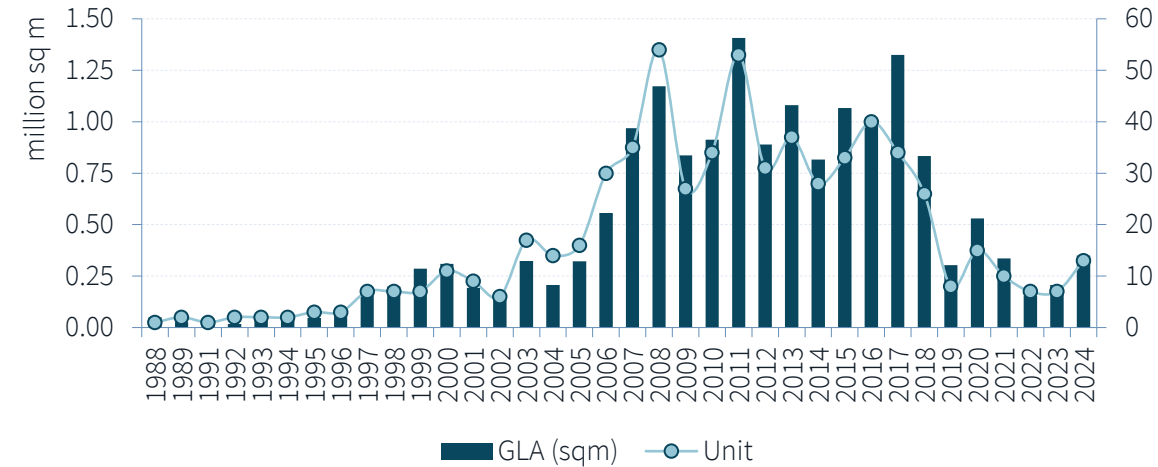
INVEST IN
TÜRKİYE



Türkiye Retail Market Development

- Türkiye's retail sector has undergone significant transformation since the mid-1980s, driven by economic liberalization and the increasing presence of modern retail formats. The 1990s saw large-capital companies entering the market, strengthening competition and modernizing retail infrastructure. Tax incentives and credit facilities further supported sector growth, while efforts to modernize distribution channels enhanced efficiency.
- While early development was gradual, shopping center supply surged in the mid-2000s, peaking in 2011 with 1.2 million sq m of new retail space. Economic fluctuations and external shocks, including the Covid-19 pandemic, led to a slowdown between 2018 and 2022.
- However, the retail market remained resilient post-pandemic, with postponed openings activated and the sector demonstrating strong performance, as the best-performing retail destinations reached full occupancy.

Annual Completion



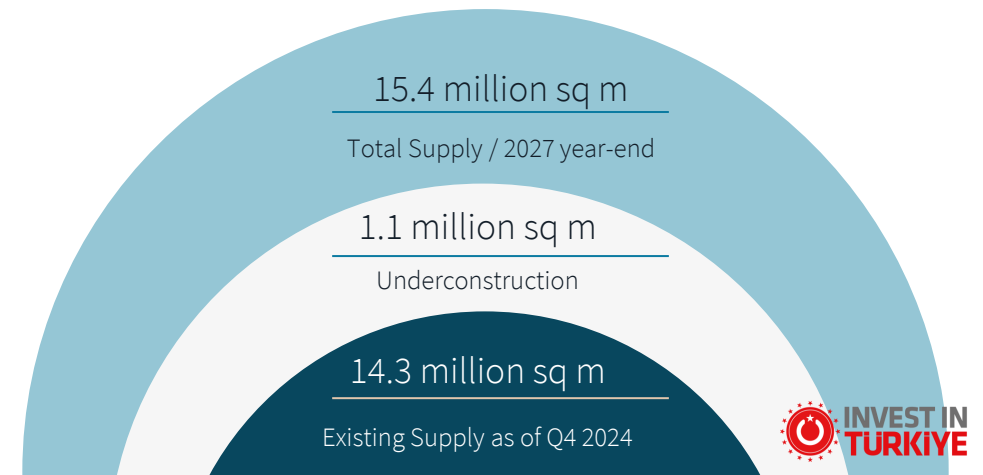
Shopping Center Development in Türkiye



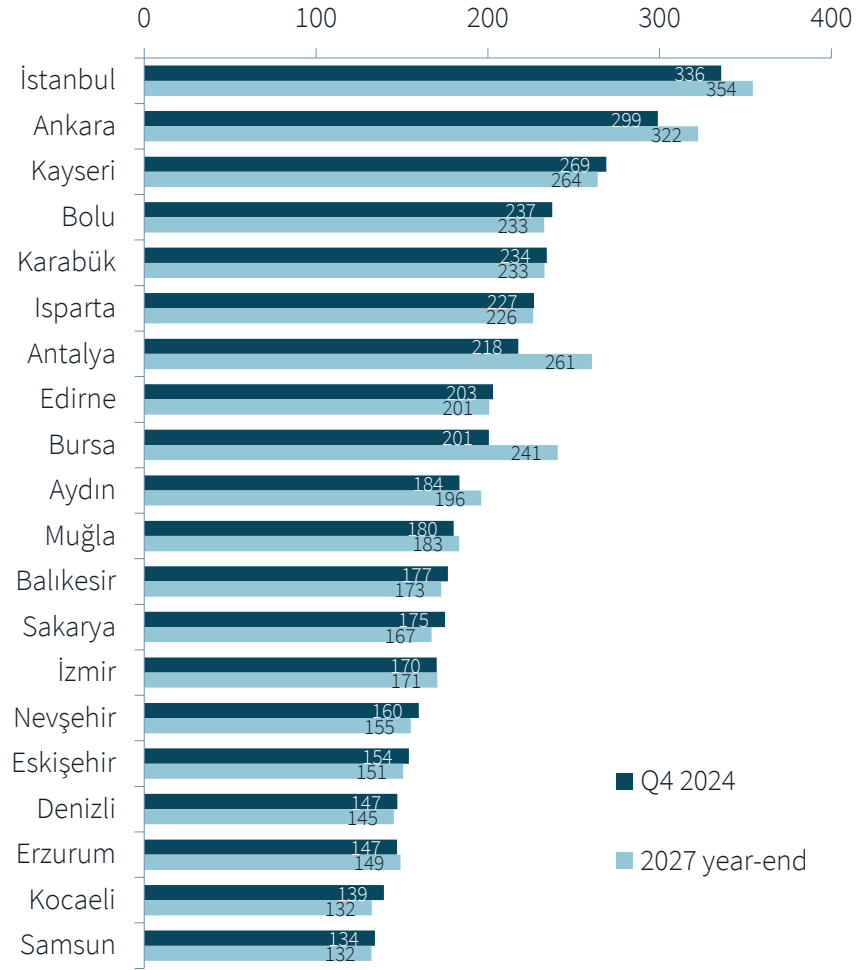
Source: Value Solution Partners

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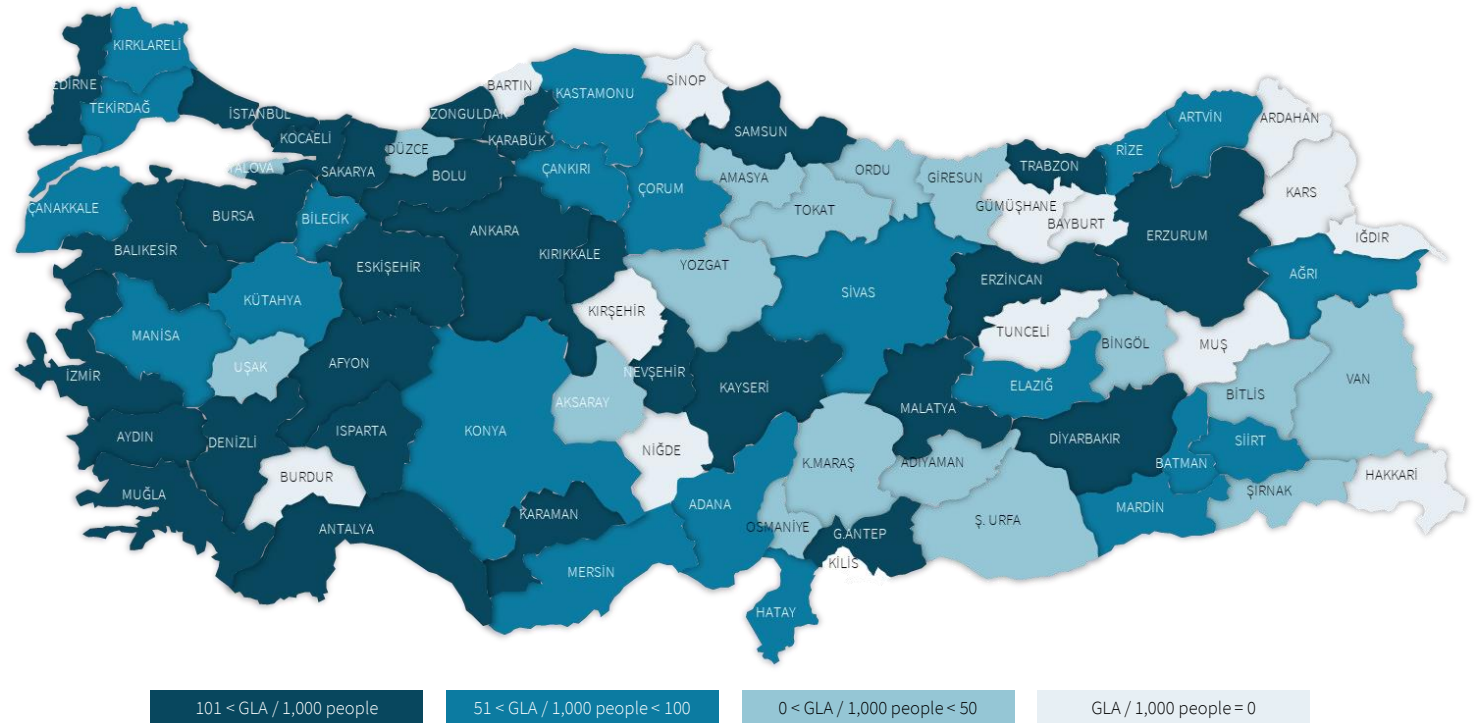
Shopping Center Market Size



Retail Density by Cities (Top 20)



Türkiye Retail Density Map (GLA per 1,000 inhabitants)

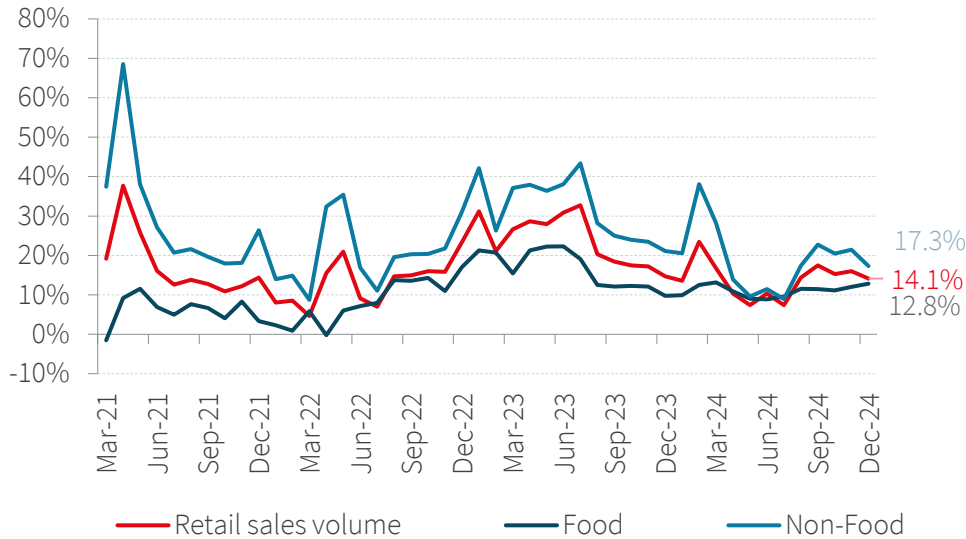


- In early 2005 only 21 cities had a modern shopping center, currently 67 cities accommodate at least one shopping center. Istanbul and Ankara are the densest markets – with 336 sq m and 299 sq m per 1,000 inhabitants- owing to their significant population and purchasing power compared to the rest of the country.
- There are currently no shopping centers in 14 cities and, 13 cities has shopping destinations where total GLA is under 20,000 sq m. In context with this, secondary cities are come front as the most opportunistic markets in terms of development activities.

Source: Value Solution Partners

Retail | Consumer Demand

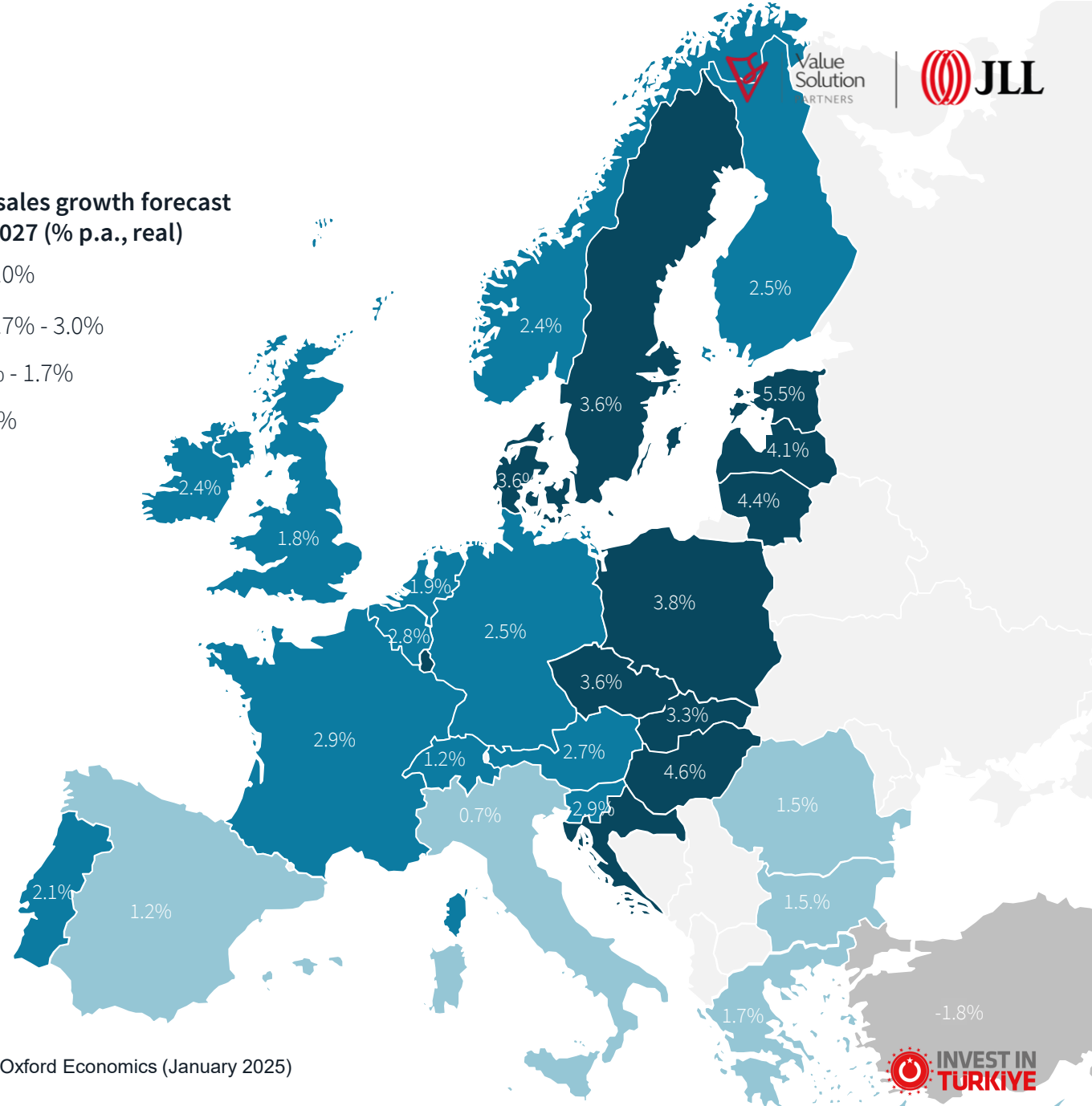
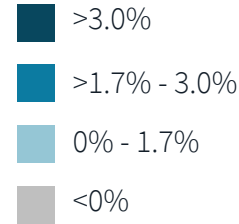
Türkiye Retail Sales Volume Index (annual % change)



Source: TurkSTAT

- Between 2021 and 2024, Türkiye experienced a strong rebound in consumer and retailer demand, with retail sales volume growing at an average annual rate of 16% yoy based on Retail Sales Volume Index. Retail market forecasts remained positive, supported by resilient consumer spending.
- However, due to ongoing inflationary pressures and the delayed implementation of monetary tightening compared to most European countries, projections have shifted into negative territory following this period of strong growth. As monetary policies ease, retail demand is expected to regain momentum and stabilize in the mid-term.

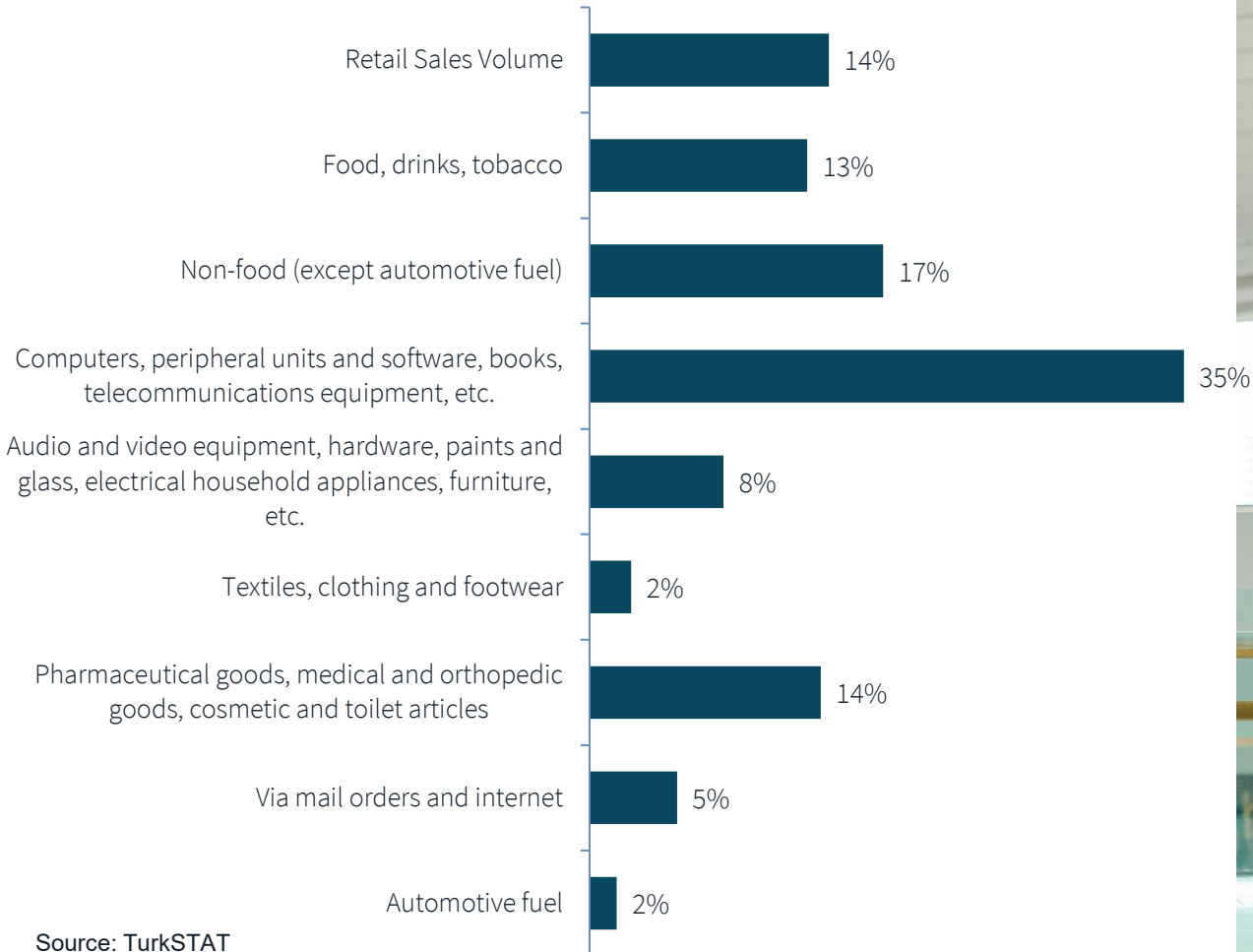
Retail sales growth forecast 2025-2027 (% p.a., real)



Source: Oxford Economics (January 2025)

Retail | Consumer Demand

Retail Sales Volume Index by Categories (annual change as of December 2024)



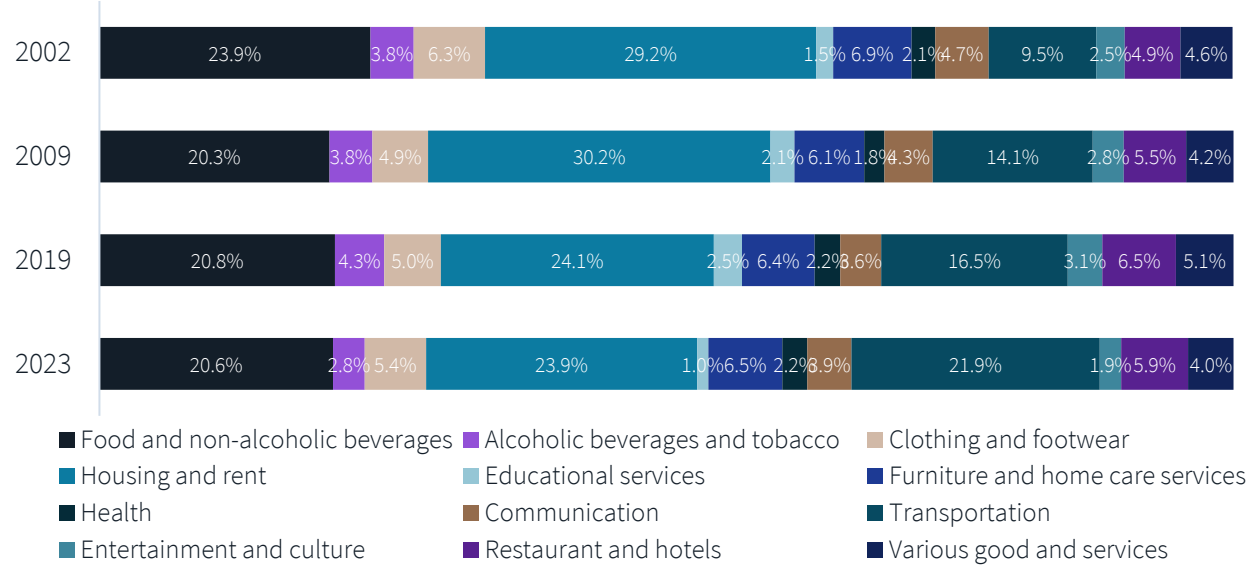
Source: TurkSTAT

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Retail | Household Consumption

Evolution of Household Consumption Expenditures in Türkiye



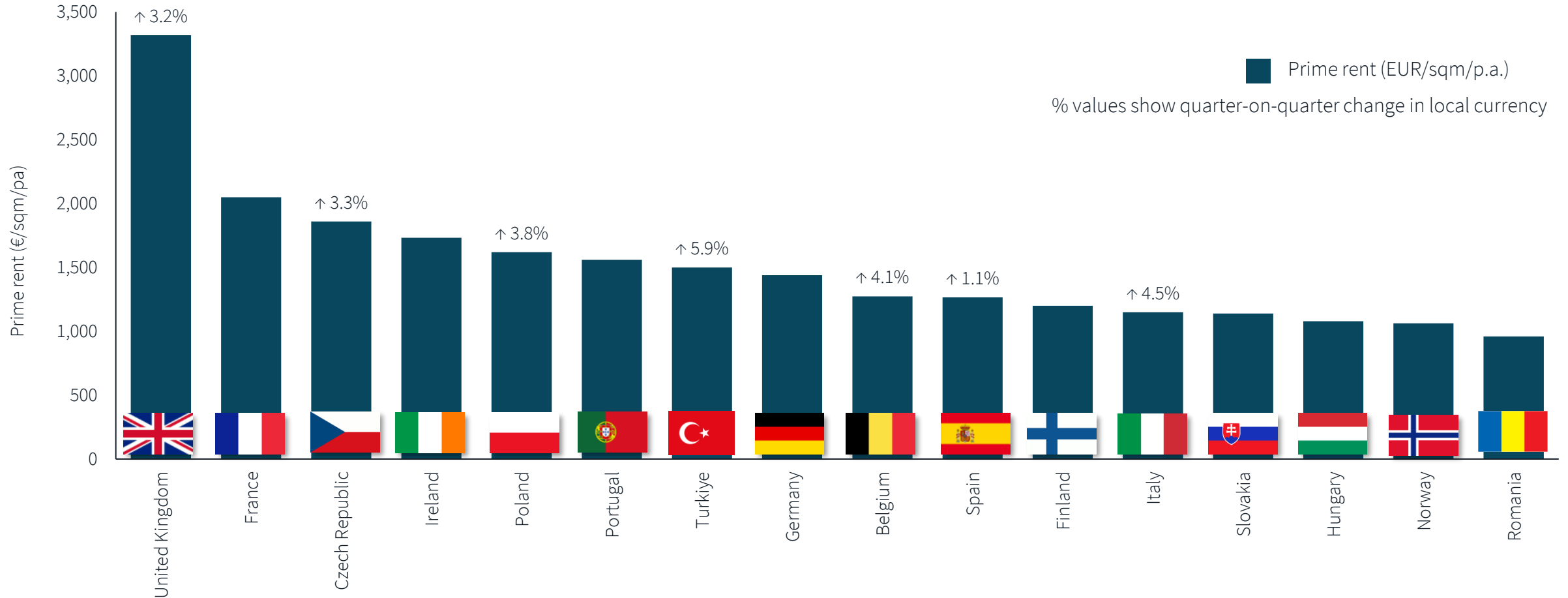
Source: TurkSTAT

- As the most populous country in Europe, with a population exceeding 85 million, Türkiye continues to present strong retail demand. In addition to population growth, shifting consumer behaviors and evolving spending patterns have fueled the expansion of organized retail. Nearly one-third of the consumer base is now under 21 years old, prioritizing experiences, sustainability and innovation.
- The rising share of spending on entertainment, culture, and dining has accelerated the transformation of shopping centers into experiential destinations, integrating retail with social and leisure activities. Experiential shopping, digital integration, and immersive brand experiences are becoming key differentiators, with retailers incorporating augmented reality, gamification, and interactive store designs to attract and engage customers. As consumer expectations evolve, retail spaces in Türkiye are adapting to offer a more dynamic, experience-driven environment beyond traditional shopping.

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Top 15 prime shopping center rents Q4 2024



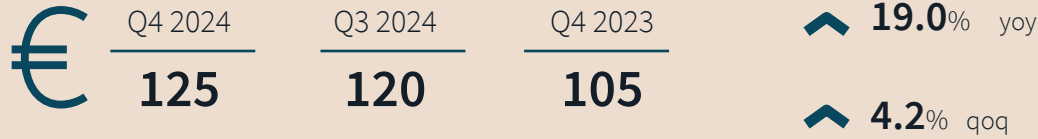
Source: JLL Research, iO Partners, Value Solution Partners, Akershus Eiendom, Athens Economics (January 2025)

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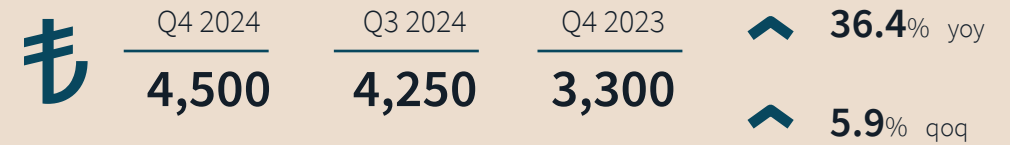
Prime Rent (EUR/sq m/month)

as of Q4 2024

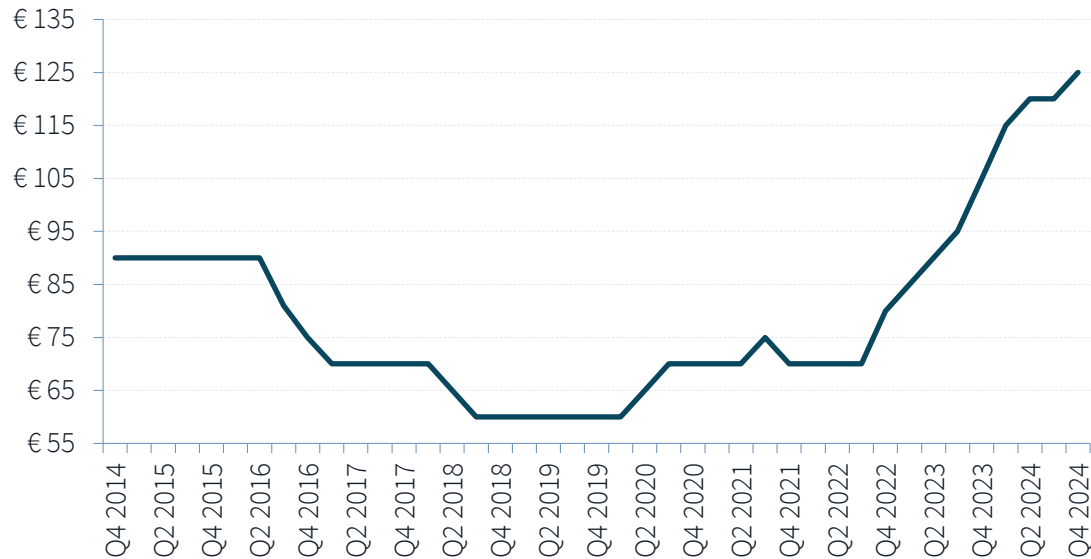


Prime Rent (TRY/sq m/month)

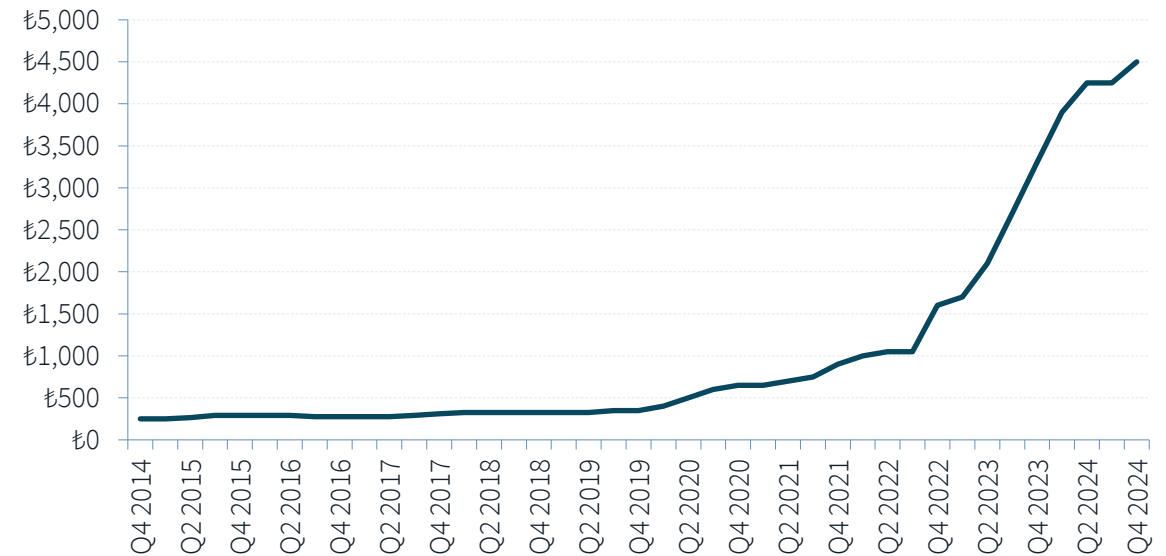
as of Q4 2024



Prime Rent (EUR/sq m/month)



Prime Rent (TRY/sq m/month)

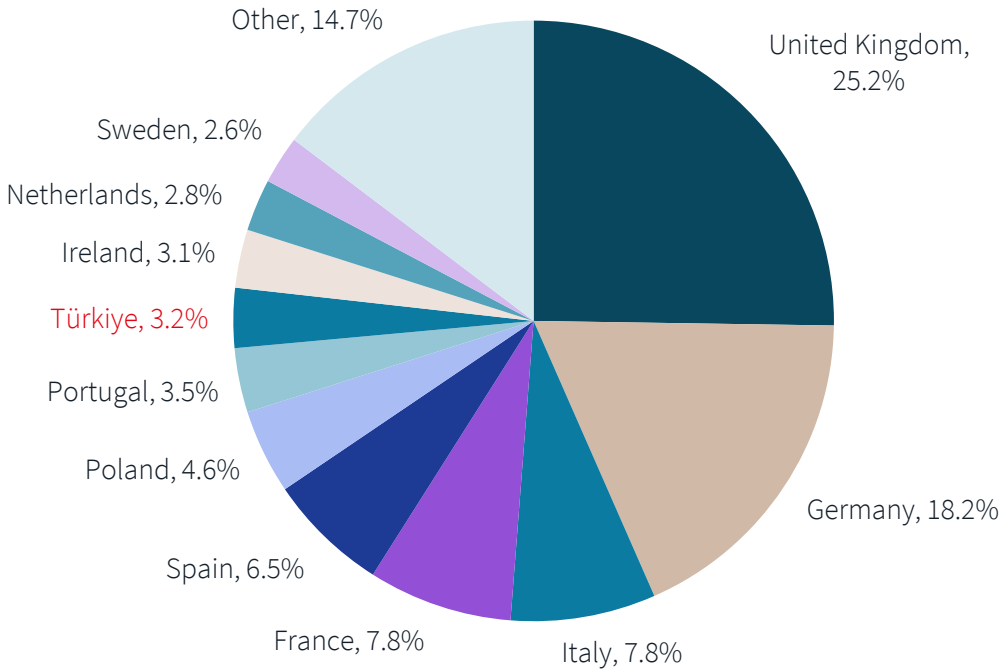


Source: Value Solution Partners

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Retail | Investment Performance

Share of retail investment volumes by country, 2024

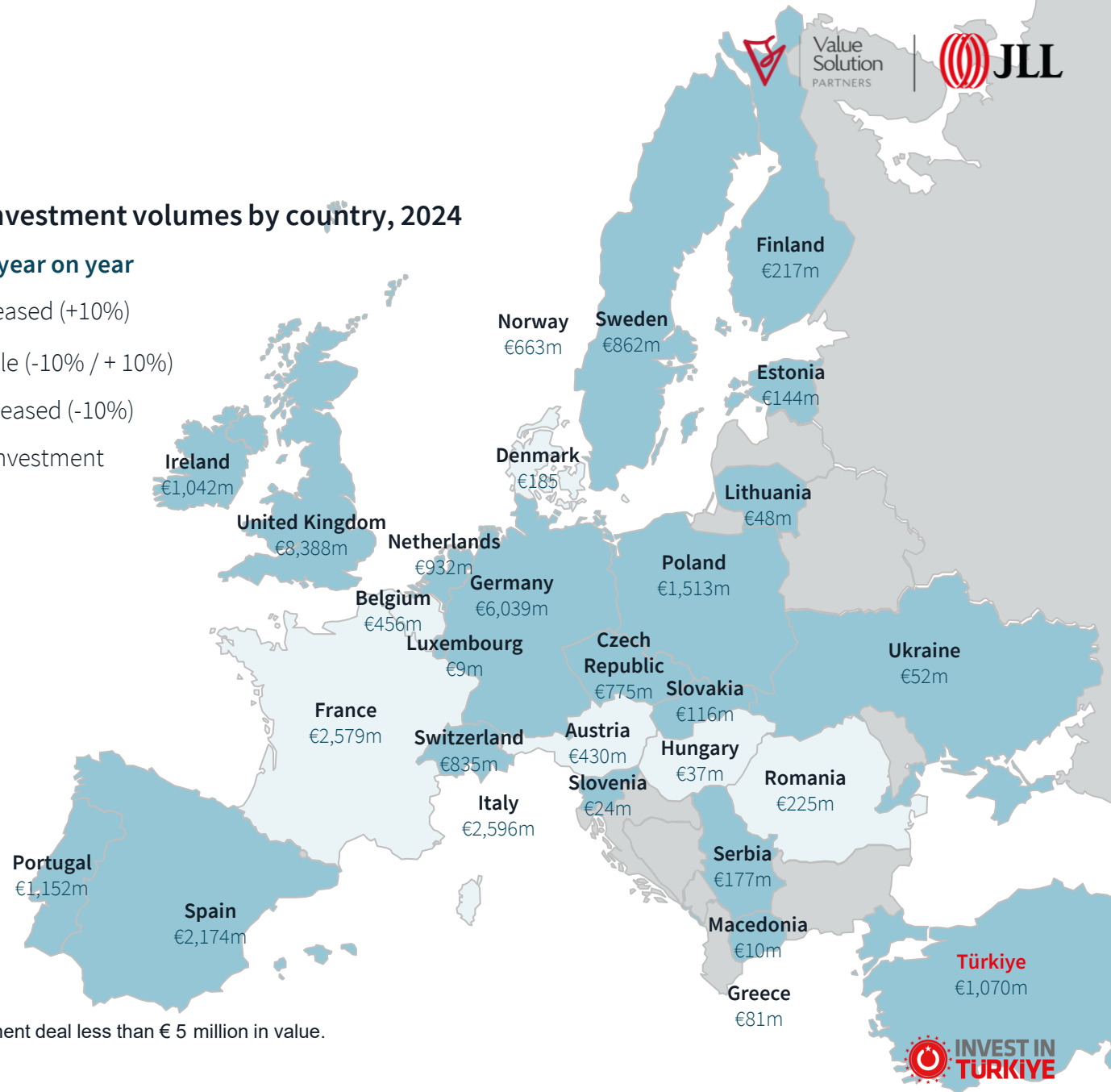


In 2024, retail investment deal volume in Türkiye recorded a remarkable surge, increasing by 919% year-over-year and positioning the country 8th in the EMEA region, with a total retail asset investment transactions of approximately €1.070 million.

Retail investment volumes by country, 2024

Change year on year

- Increased (+10%)
- Stable (-10% / +10%)
- Decreased (-10%)
- No investment



Source: JLL Research & Value Solution Partners (January 2025); Note: The analysis excludes any investment deal less than € 5 million in value.





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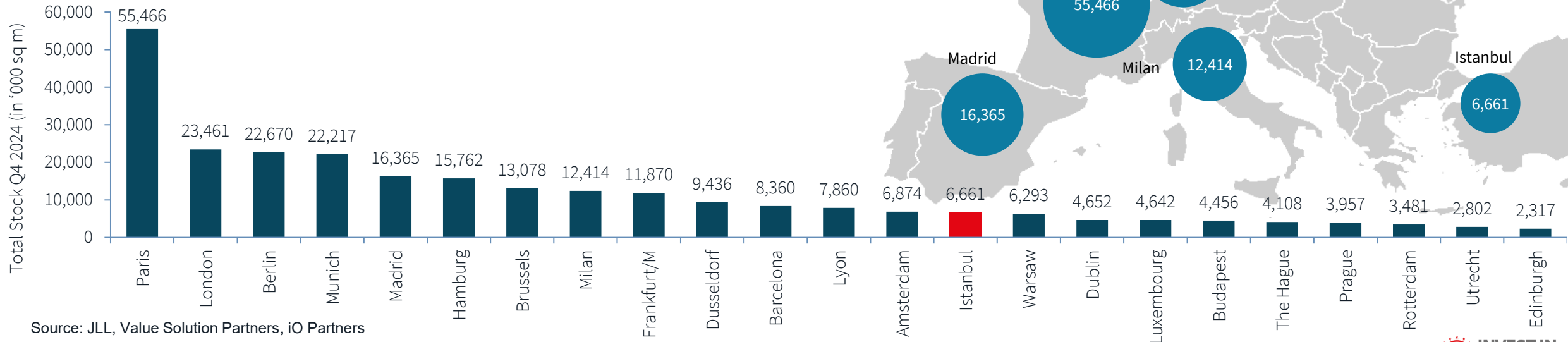
Office Market Overview

Research | 2024 Year-End



EMEA Office Markets by Size (in 000's)

- Istanbul, the financial capital of Türkiye, has become a key player in the global services economy in the past decades. A broad range of global firms from sectors such as financial services, IT, media, pharmaceuticals, logistics and FMCG use Istanbul as a regional service hub for large parts of the Middle East, South-East Europe, Central Asia, and Africa, embracing up to 90 countries.
- Istanbul with its 6.7 million sq m Grade A supply has a limited Grade A supply compared to benchmark markets across Europe. There is circa 710 thousand sq m office supply under construction and it is expected that the total Grade-A office supply will outpace 7.4 million sq m GLA by the end of 2026.
- The majority of the future supply consists of the Istanbul International Financial Center project, located in Ataşehir on the Asian side. Apart from the Istanbul Financial Center, there are only two office projects currently under construction, offering a combined total of 142,000 sqm of leasable area. Overall, the supply of new office developments remains limited and insufficient to meet the strong occupier demand in the market.

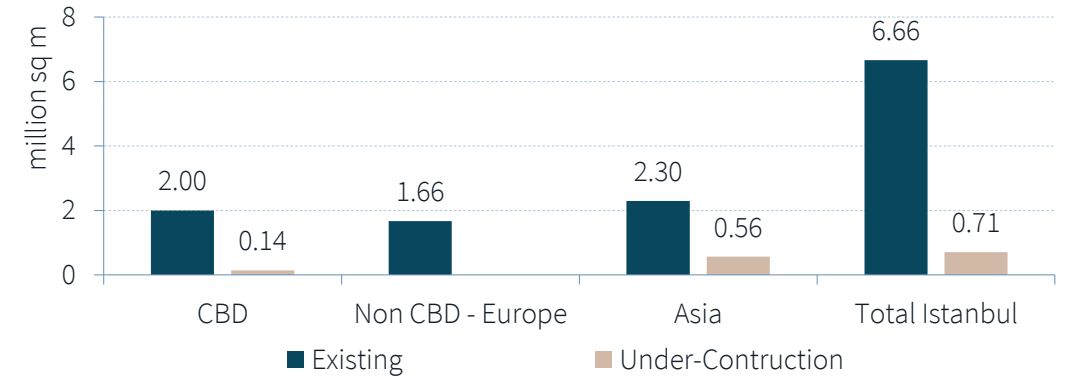


Source: JLL, Value Solution Partners, iO Partners

Istanbul Office Sub-Markets



Istanbul Grade-A Office Supply



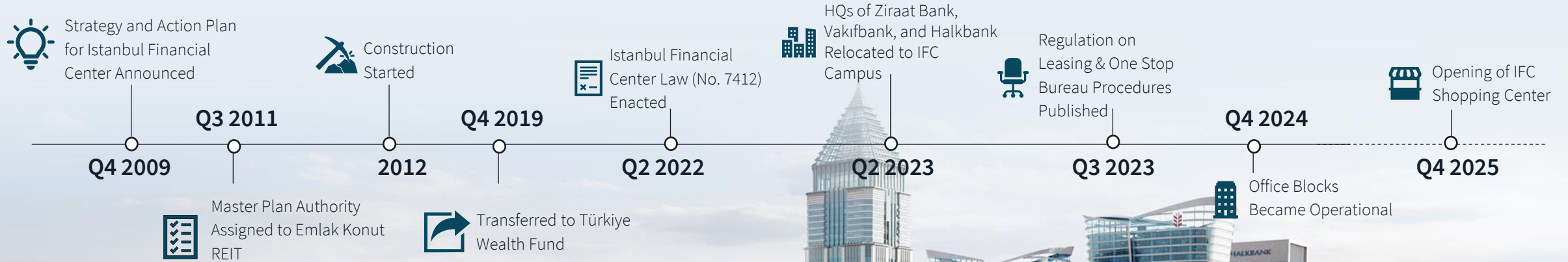
Source: Value Solution Partners

- Istanbul is the most developed office market in Türkiye, serving many national and multinational companies, and acting as a strategic operational base for those targeting the MENA and CIS regions. The development of high-tech and high-quality office space in Türkiye dates back to the early 1990s. High-rise development was limited to Istanbul, but it has recently expanded to other main cities, such as Ankara and Izmir.
- The demand for office space is geared toward high-quality, contemporary offices capable of accommodating the latest technology. Increasing international business demand has led to the emergence of higher-quality office developments meeting international standards.
- Analyzing the Istanbul sub-markets, while Istanbul's CBD mainly comprises of the Levent-Etiler, Gayrettepe-Sisli and Zincirlikuyu Maslak areas on the European side, the secondary office areas comprise of the Airport region and Kagithane on the European side, and Atasehir, Kozyatagi, Altunizade, Umraniye and Kavacik on the Asian side.

Office | Istanbul Financial Center



Project Timeline



Office | Istanbul Financial Center



Project Overview

Project Information

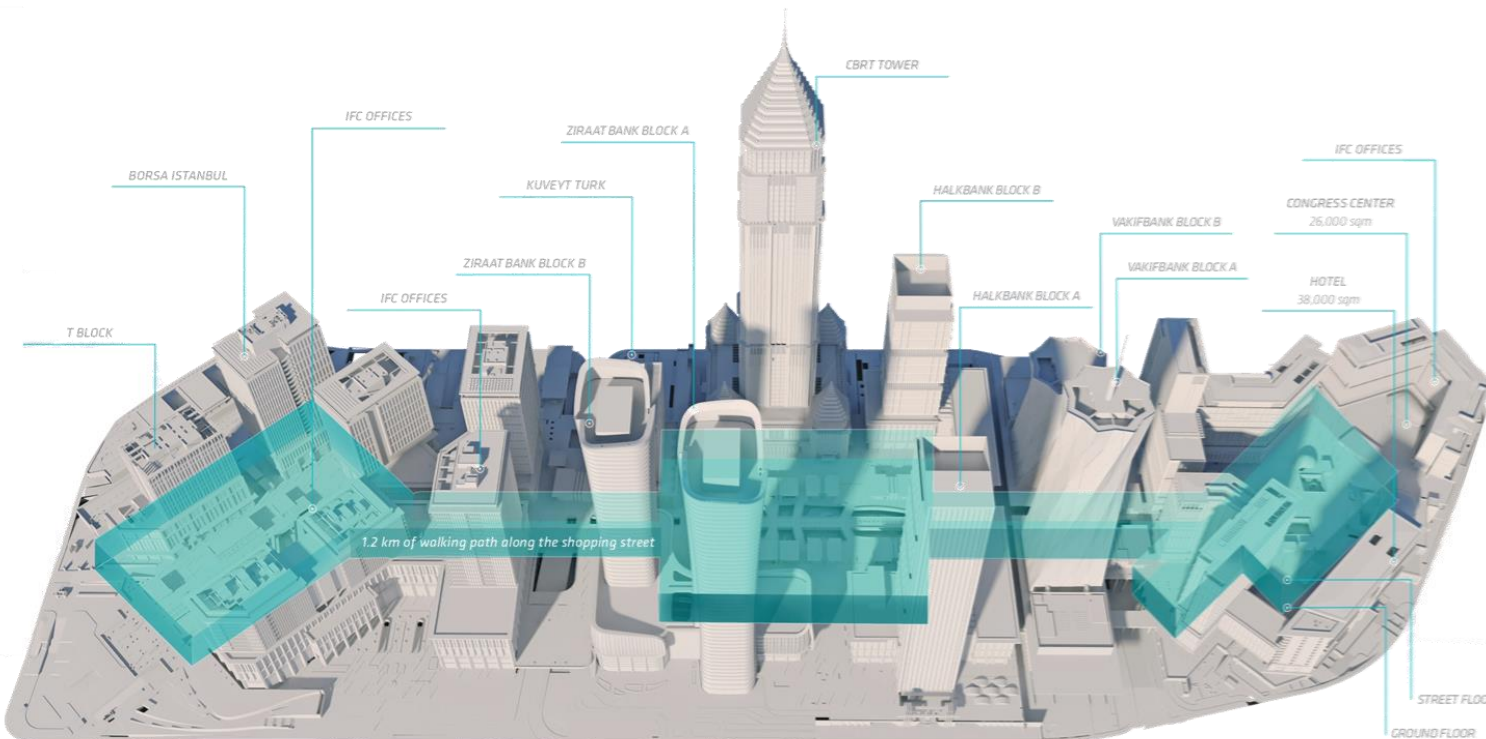


Total Construction Area	: 3.4 million sq m
Office Space	: 1.3 million sq m
Shopping Center	: 100,000 sq m (350 stores)
5-Star Hotel	: 38,000 sq m
Congress Center	: 26,000 sq m (2,000 capacity)
Parking Capacity	: 25,000 vehicles

Estimated Daily Footfall



Employees	: 75,000 people/day
Visitors	: 25,000 people/day
Total Daily Footfall	: 100,000 people/day



- Türkiye's financial sector has demonstrated significant progress since the early 2000s, maintaining resilience through global crises, largely due to comprehensive reforms and structural shifts. Between 2002 and 2021, the sector achieved a compound annual growth rate (CAGR) of 8.4%.
- Istanbul Financial Center (IFC) is poised to become a regional financial hub. Once fully operational, it will offer approximately 1.3 million square meters of office space. Istanbul is competing primarily with Dubai and Moscow to position itself as the financial center of the region, with ambitions to rank among the top 20 financial hubs globally.
- Strategically located between the Ataşehir and Ümraniye districts on Istanbul's Asian side, IFC benefits from strong transportation links and a highly skilled workforce. The project brings together major public banks, international corporations, and financial institutions, offering attractive incentives and operational advantages for tenants.

Source: <https://ifm.gov.tr/istanbul-financial-center>

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Retail

Office

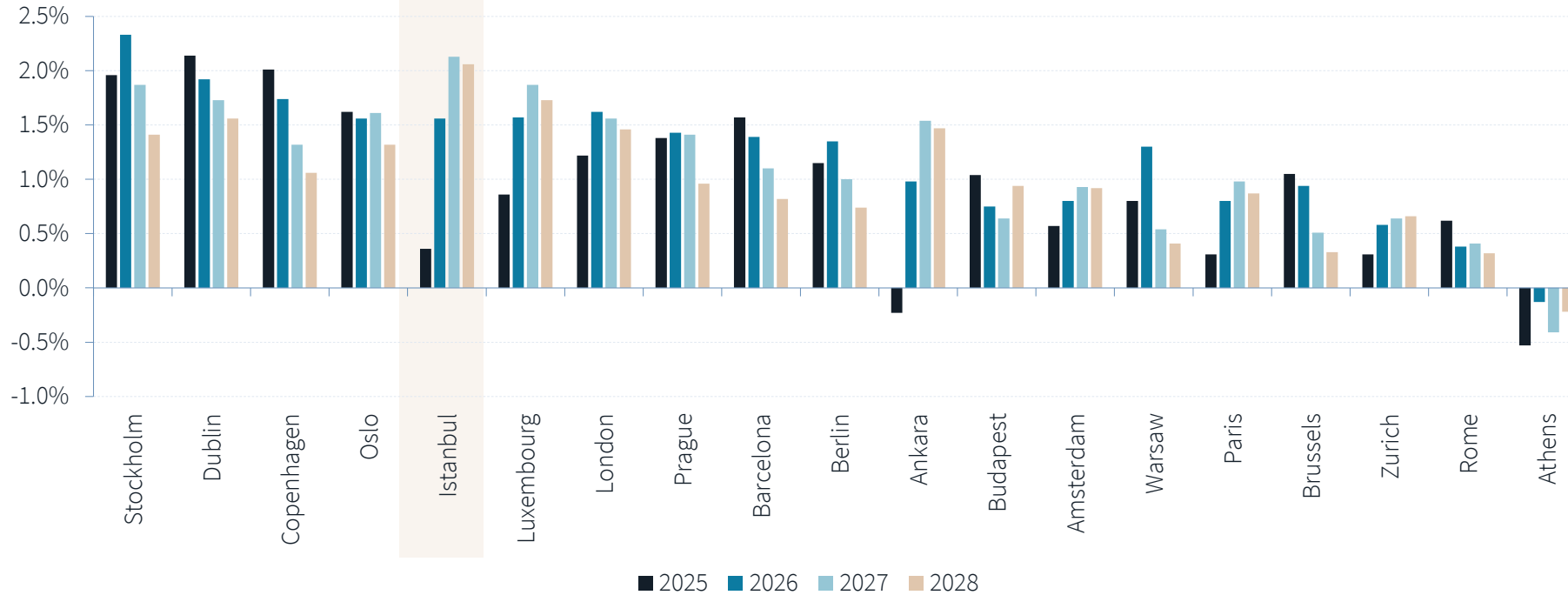
Logistics

Hotel

Residential

Investment

Office-Based Employment Growth Forecast 2025-2028



Foreign Companies in Türkiye

47,267	86,418
2015	2024

↑ Over 39,000 new foreign firms entered the Turkish market since 2015. Cumulative total reached 86,418 by 2024, supporting demand from international tenants and corporate setups.

Source: 'Republic of Türkiye Ministry of Industry and Technology'

- Demand for office space in Istanbul is mainly triggered by new business establishments, companies' expansions and new entries of foreign companies to the country in the mid 2000s and accelerated since 2013 by the growth of Turkish economy. Although Covid-19 pandemic has caused uncertainties in the office market, employment has been rising for several years led by the office sector.
- Istanbul's office-based employment average annual growth is recorded at 3.3% between 2015 and 2019, ranking 27th place among 100 European cities. According to Oxford Economics, Istanbul is projected to experience an average annual growth rate of 1.5% in office-based employment between 2025 and 2028, positioning the city among the top five office markets in Europe.

Source: Oxford Economics

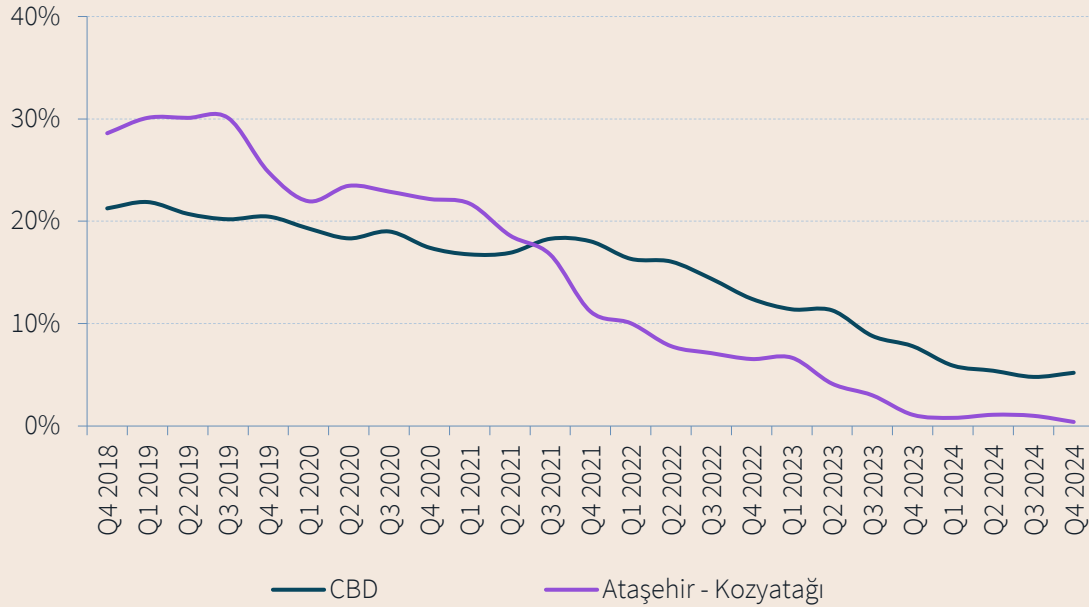
Office | Demand



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Vacancy Rate, CBD



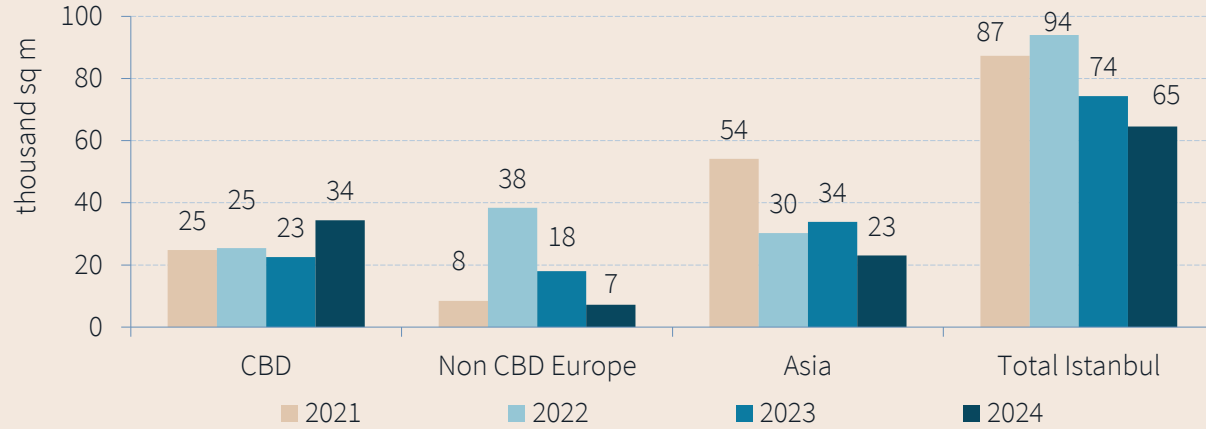
Source: Value Solution Partners

- Due to the strong demand for qualified office space, vacancy rates continued their downward trend, and some well-performing office buildings reached full occupancy. While the vacancy rate in the CBD decreased to 5.2% as of Q4 2024, from 18% in Q4 2021, it decreased to a record low rate of 0.4% as of Q4 2025 in the Ataşehir and Kozyatağı submarkets.

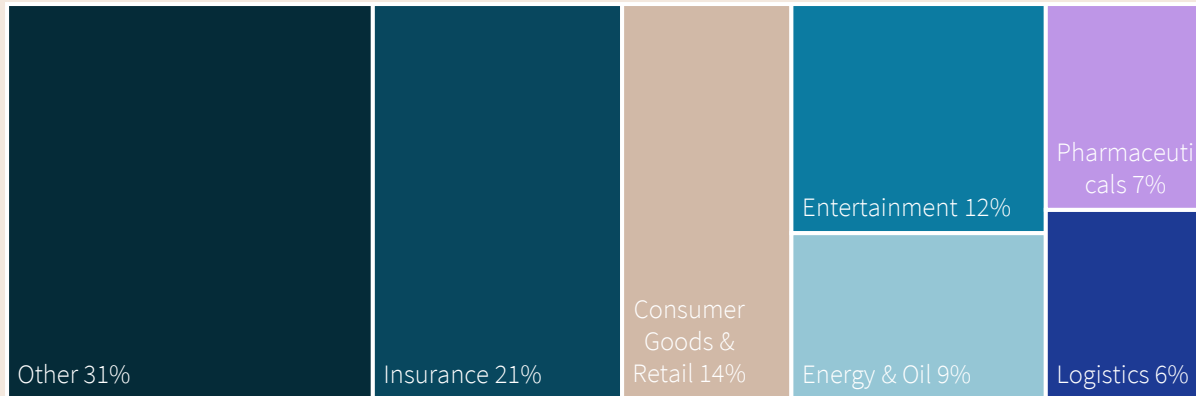


Office | Demand

Take-Up Volume



Take-Up by Sectoral Breakdown



Source: Value Solution Partners

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Retail

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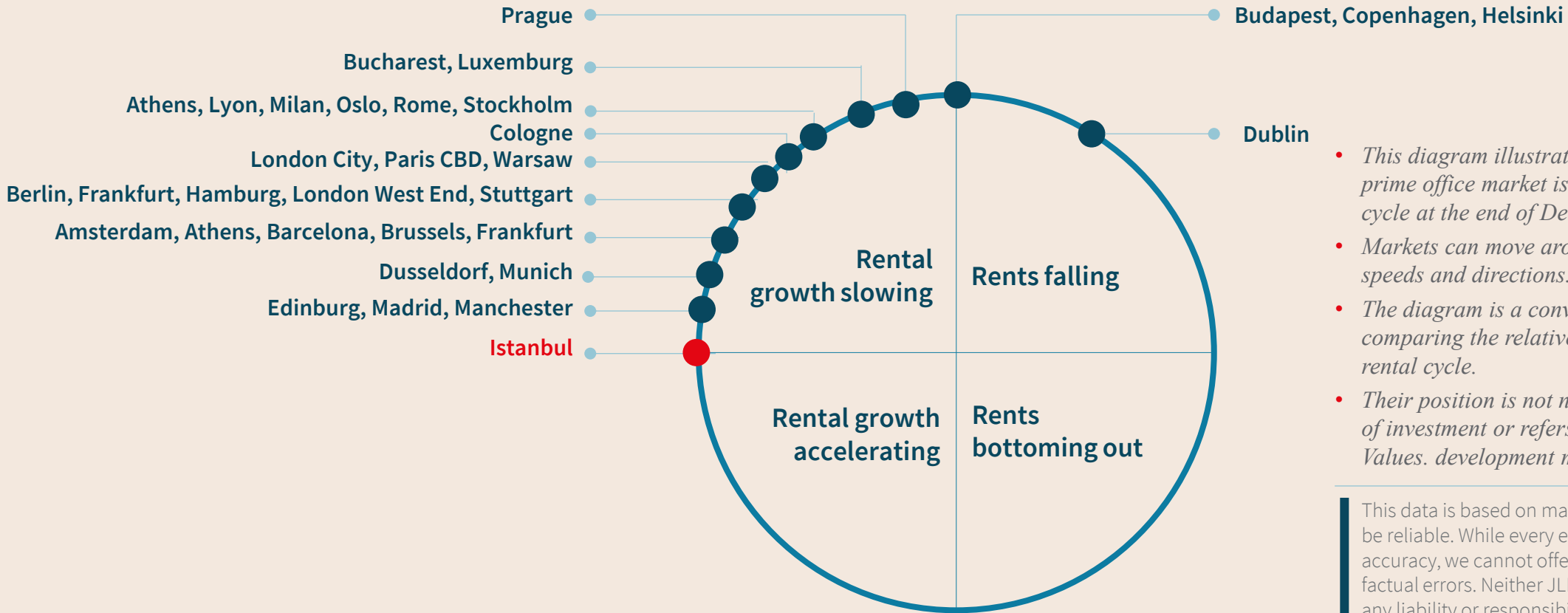
Logistics

Hotel

Residential

Investment

European Offices Rental Clock Q4 2024



- This diagram illustrates where JLL estimate each prime office market is within its individual rental cycle at the end of December 2024.
- Markets can move around the clock at different speeds and directions.
- The diagram is a convenient method of comparing the relative position of markets in their rental cycle.
- Their position is not necessarily representative of investment or refers to Prime Face Rental Values. development market prospects.

This data is based on material/sources that we believe to be reliable. While every effort has been made to ensure its accuracy, we cannot offer any warranty that it contains no factual errors. Neither JLL nor any of its affiliates accept any liability or responsibility for the accuracy or completeness of the information contained herein.

Source: JLL, Value Solution Partners, iO Partners

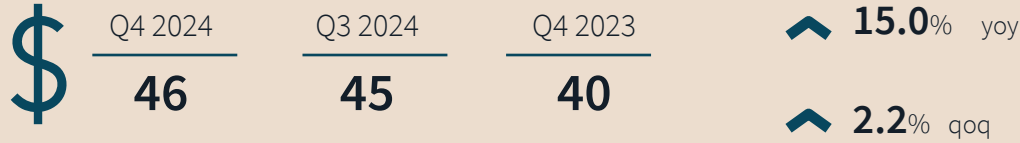
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Office | Prime Rent



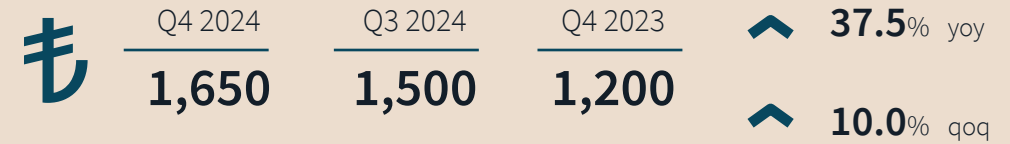
Prime Rent (USD/sq m/month)

as of Q4 2024

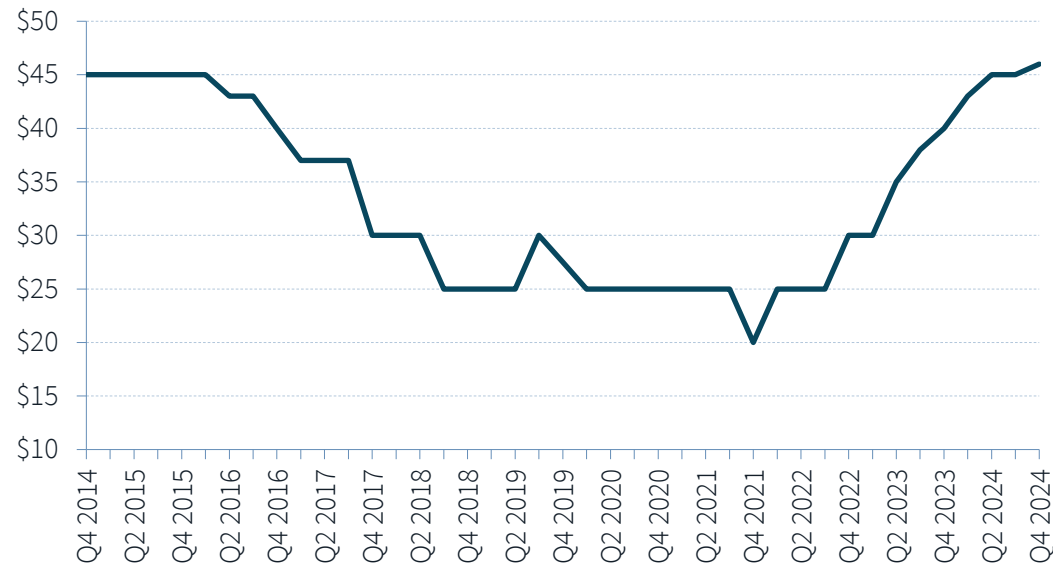


Prime Rent (TRY/sq m/month)

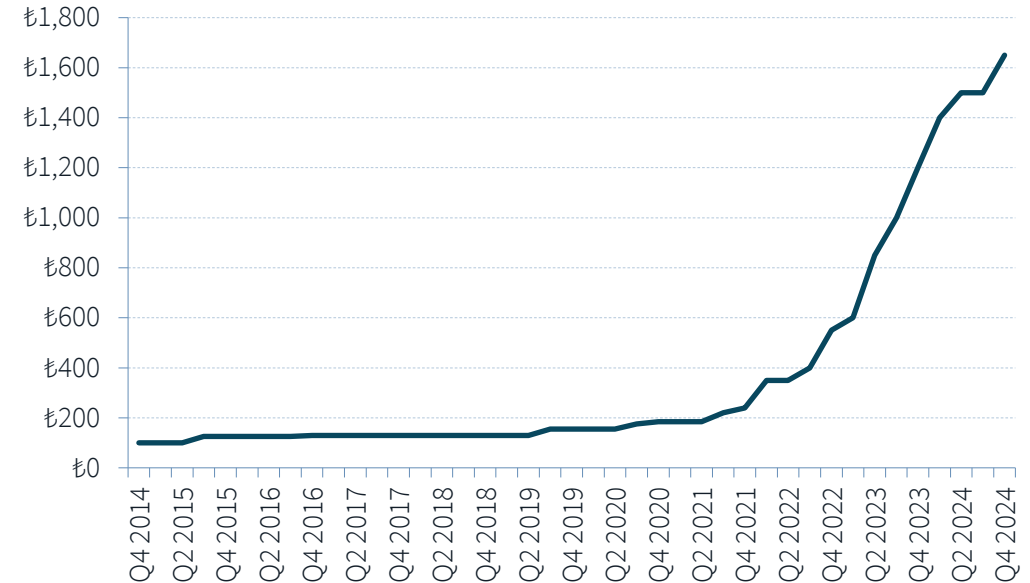
as of Q4 2024



Prime Rent (USD/sq m/month)



Prime Rent (TRY/sq m/month)



Source: Value Solution Partners

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Office | Forecast



2025 Forecast



Demand



Vacancy Rate



Pipeline Supply



Prime Rent



Take-Up



^ increase > stable v decrease

Source: Value Solution Partners





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03

Logistics Market Overview

Research | 2024 Year-End



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Logistics Performance Index (LPI), Türkiye



The World Bank's LPI analyzes countries through six components:

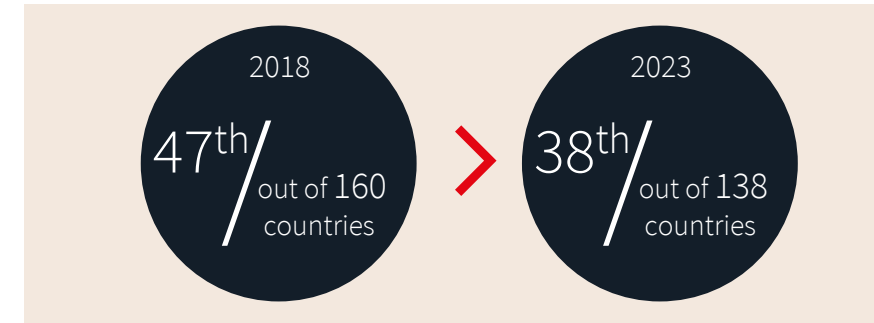
1. The efficiency of customs and border management clearance.
2. The quality of trade- and transport-related infrastructure.
3. The ease of arranging competitively priced international shipments.
4. The competence and quality of logistics services.
5. The ability to track and trace consignments.
6. The frequency with which shipments reach consignees within the scheduled or expected delivery time.

	LPI	Customs	Infrastructure	International Shipments	Logistics Quality & Competence	Tracking & Tracing	Timeliness
2023	3.4	3	3.4	3.4	3.5	3.5	3.6
2018	3.2	2.7	3.2	3.1	3	3.2	3.6
2016	3.4	3.2	3.5	3.4	3.3	3.4	3.7
2014	3.5	3.2	3.5	3.2	3.6	3.8	3.7
2012	3.5	3.2	3.6	3.4	3.5	3.5	3.9
2010	3.2	2.8	3.1	3.2	3.2	3.1	3.9

Source: The World Bank

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Türkiye's Ranking



Türkiye's logistics sector aims for top 25th global rank by 2028*

- Based on the World Bank's Logistics Performance Index, which reflects countries' global competitiveness and on-the-ground efficiency of trade supply chains and logistics services, Türkiye's grouped ranking rose to 38th out of 138 countries by increasing its score to 3.4 in 2023 from 3.2 in 2018.
- In recent years, the Turkish logistics market remained firm under global supply chain disorders due to having a strategically significant location and being a logistics hub, as well as offering a shorter lead time compared to Europe and China.

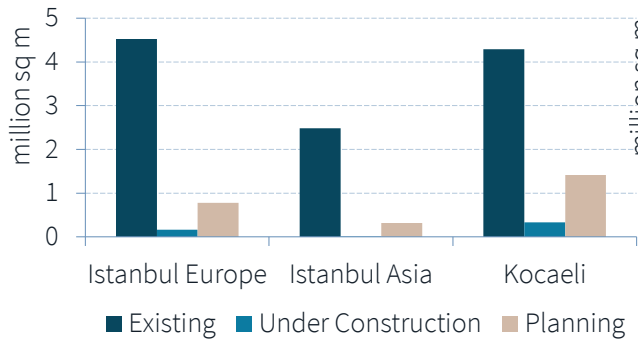
*Target of 12th Development Plan

Main Logistics Markets

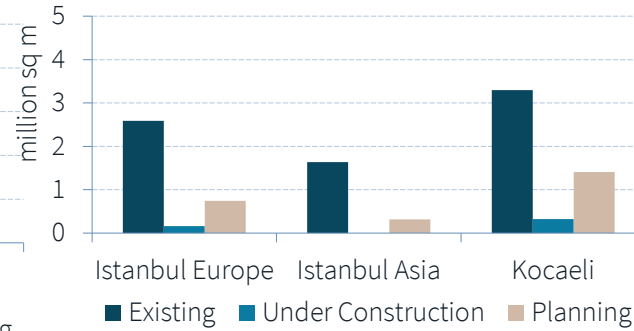


- Türkiye is one of the emerging logistics markets in the EMEA region (Europe, Middle East and Africa), supported by its strong geopolitical position, advanced transportation infrastructure, industrial production, and robust consumer demand. Positioned as a **strategic logistics hub** between Europe and Asia, Türkiye's role has been further reinforced by international initiatives such as the **Middle Corridor**, which is more cost-effective and faster compared to the northern corridor, and the **Development Road Project**.
- Over the past decade, the country's growing importance in global supply chains has been increasingly acknowledged by multinational companies and foreign governments alike.
- The primary logistics market is located in Türkiye's Marmara region, which includes the Istanbul and Kocaeli provinces. Hadımköy and Esenyurt on the European side, Tuzla on the Asian side in Istanbul, and Gebze, Çayırova and Dilovası in Kocaeli remained the primary logistics markets of the Marmara region.

Total Logistics Supply

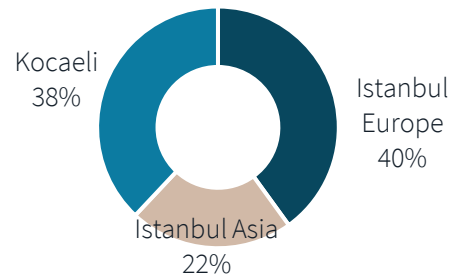


Non-Owner-Occupied Supply

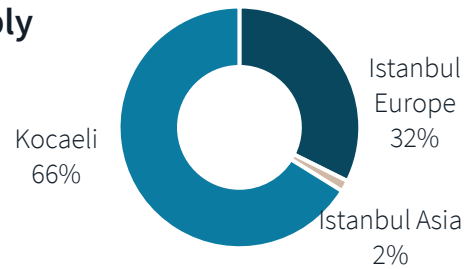


- As of year-end 2024, the total existing logistics supply in the Marmara region, including the Istanbul and Kocaeli sub-markets, was recorded as **11.3 million sq m** with a slight rise of 1.3% yoy. There are approximately 500k sq m of logistics warehouse projects under construction.
- There is also **7.5 million sq m** of existing non-owner-occupied logistics supply, which was constructed for lease and/or sale purposes as of 2024 year-end. Almost all of the under-construction warehouses are being built for commercial purposes.

Distribution of Existing Supply



Distribution of Underconstruction Supply

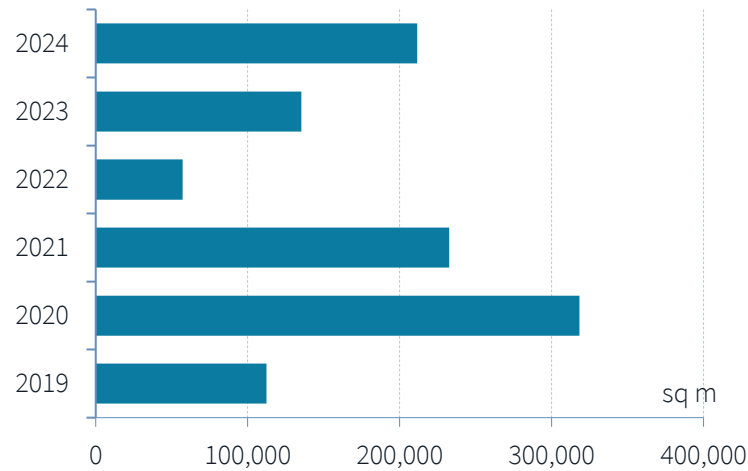


Source: Value Solution Partners

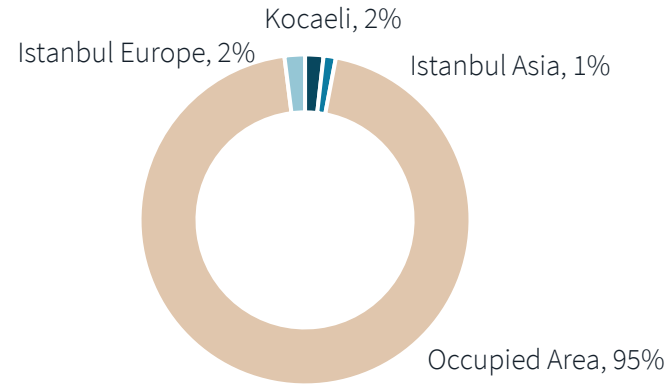
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Take-Up

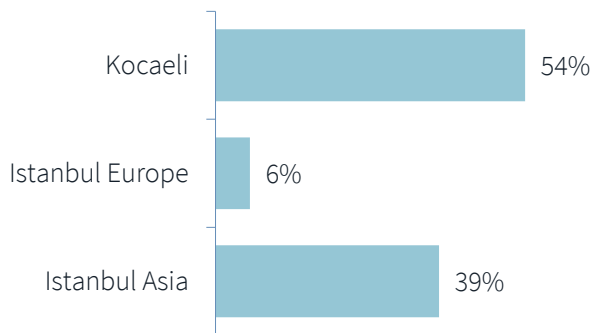


Regional Distribution of Vacancy

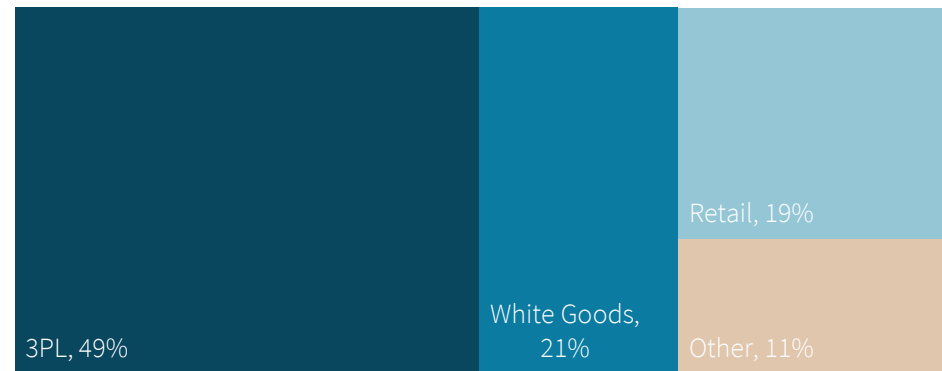


- The logistics market in Türkiye continued to broaden its performance in 2024; however, supply pressure remains high as construction activity struggles to keep up with the high occupier demand and larger new space requirements.
- The total logistics take-up volume rose by 56% yoy in 2024, reaching 211,600 sq m. Leasing activity was predominantly concentrated in the Kocaeli region, with 3PL companies leading transactions across both the Kocaeli and Istanbul regions.
- The trend of nearshoring operations in Europe, prompted by global supply chain disruptions, has increased international occupier interest in Türkiye’s industrial and logistics market, which provides easy access to production corridors and end-users.
- The vacancy remained stable comparable to the previous year due to the many newly completed warehouses entering the market fully leased as a result of limited supply.

Take-Up by Sub-Market



Take-Up by Sectoral Breakdown



Source: Value Solution Partners

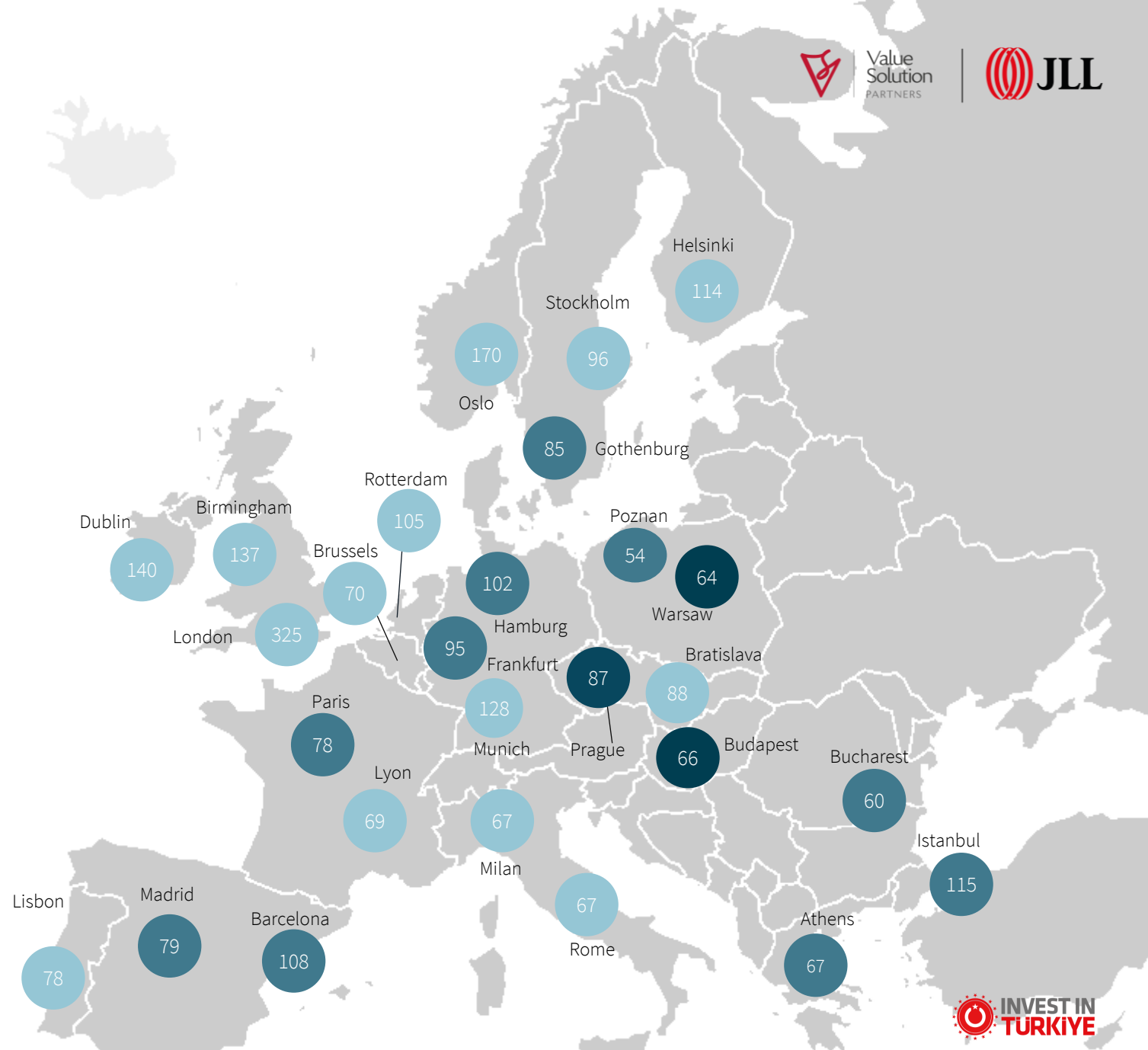
Logistics | Prime Rent



Map Key YoY

- Stable ●
- Increase ●
- Decrease ●

EUR per sq. m per annum.



Source: JLL, Value Solution Partners, iO Partners

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Logistics | Prime Rent



Prime Rent (USD/sq m/month)

as of Q4 2024

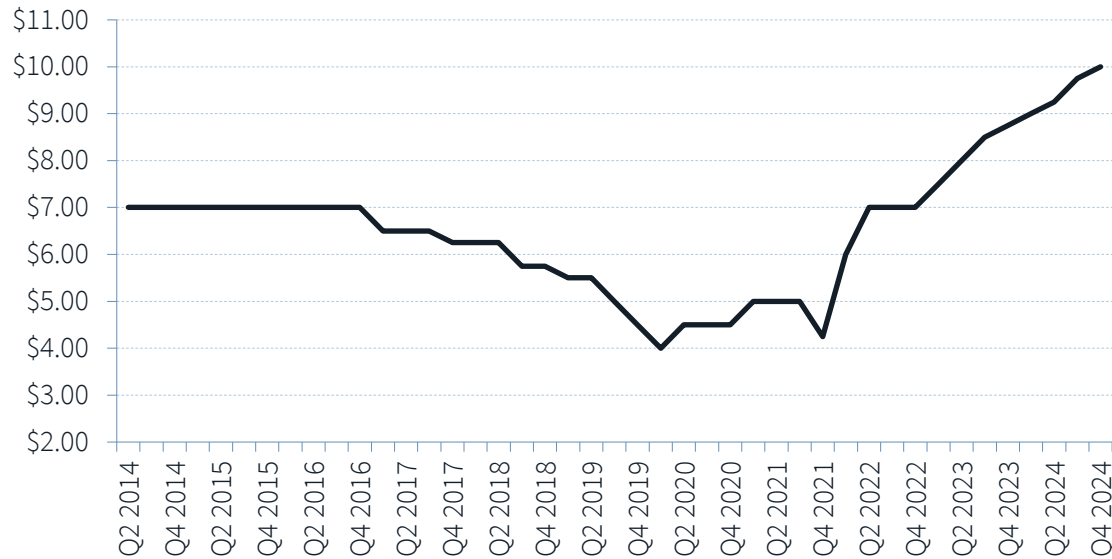
	Q4 2024	Q3 2024	Q4 2023	
\$	10.0	9.75	8.75	▲ 14.3% yoy ▲ 2.6% qoq

Prime Rent (TRY/sq m/month)

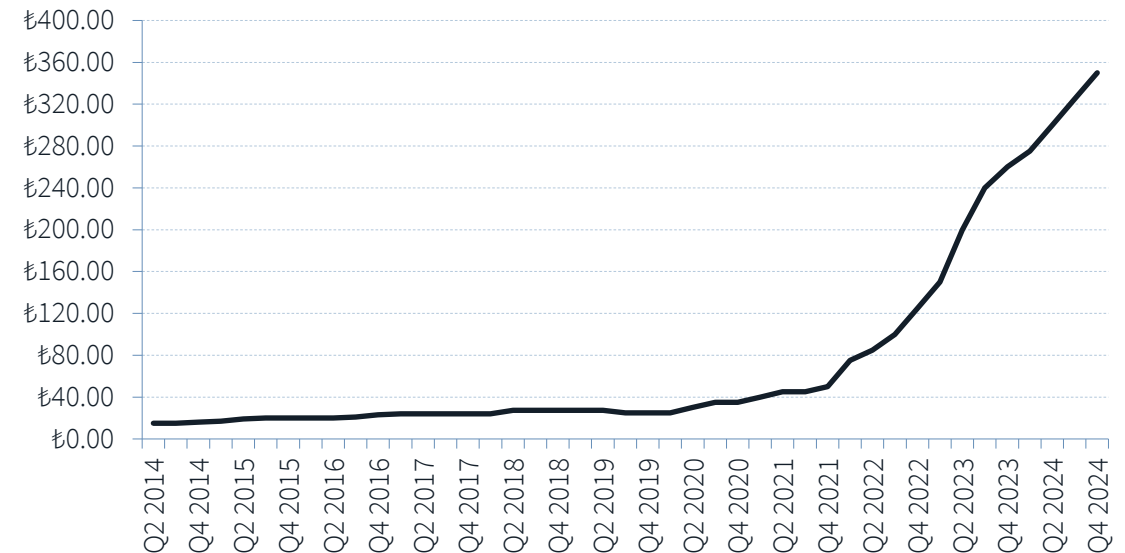
as of Q4 2024

	Q4 2024	Q3 2024	Q4 2023	
₺	350	325	260	▲ 34.6% yoy ▲ 7.7% qoq

Prime Rent (USD/sq m/month)



Prime Rent (TRY/sq m/month)



Source: Value Solution Partners



Logistics | Forecast



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2025 Forecast



Demand



Vacancy Rate



Supply



Prime Rent

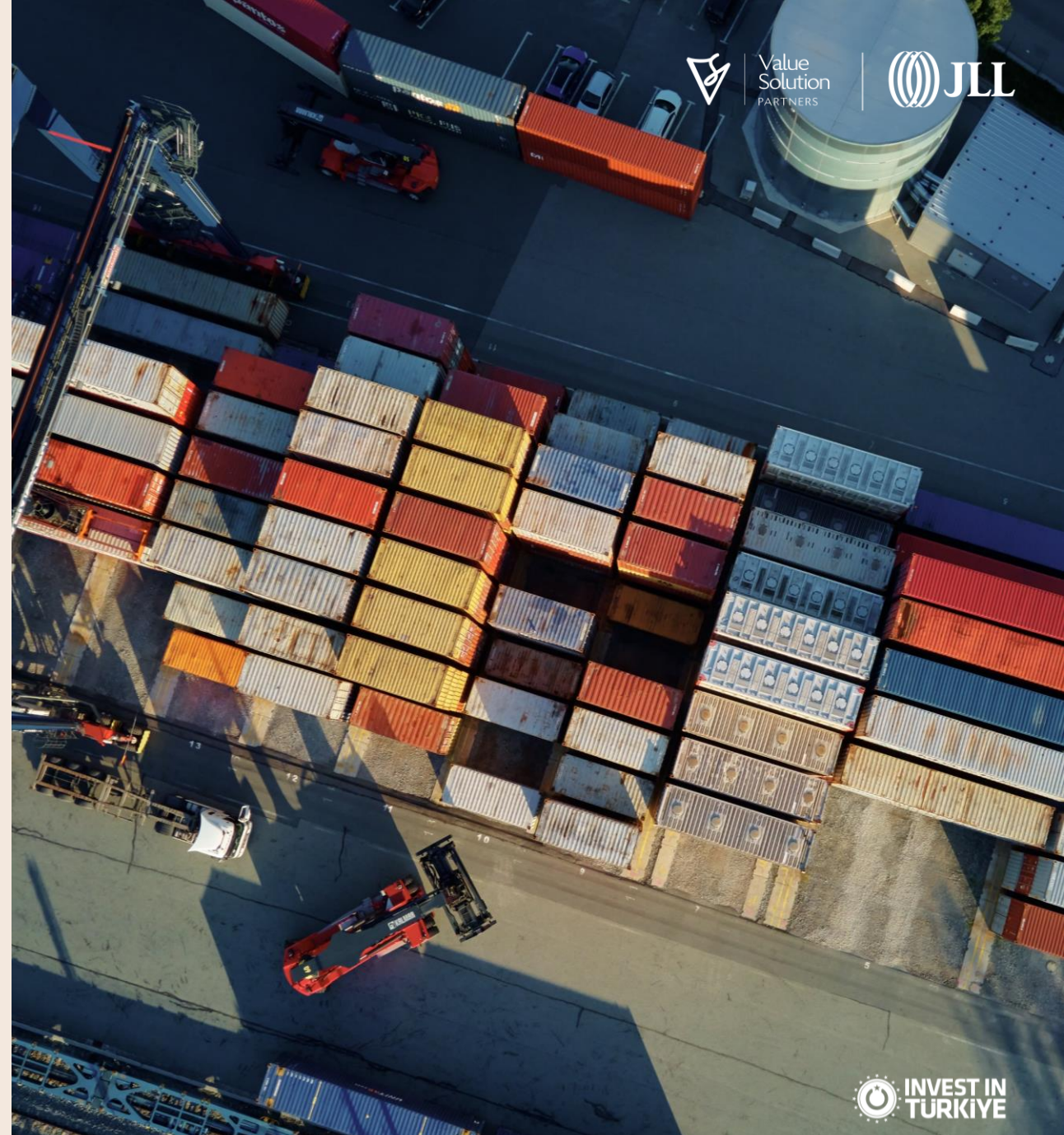


Take-Up



^ increase > stable v decrease

Source: Value Solution Partners





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04

Hotel Market Overview

Research | 2024 Year-End



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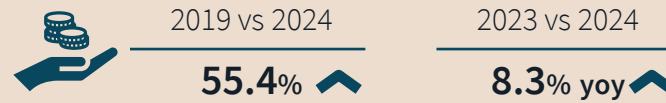


Hotel | Demand Indicators

Number of Visitors



Tourism Revenues



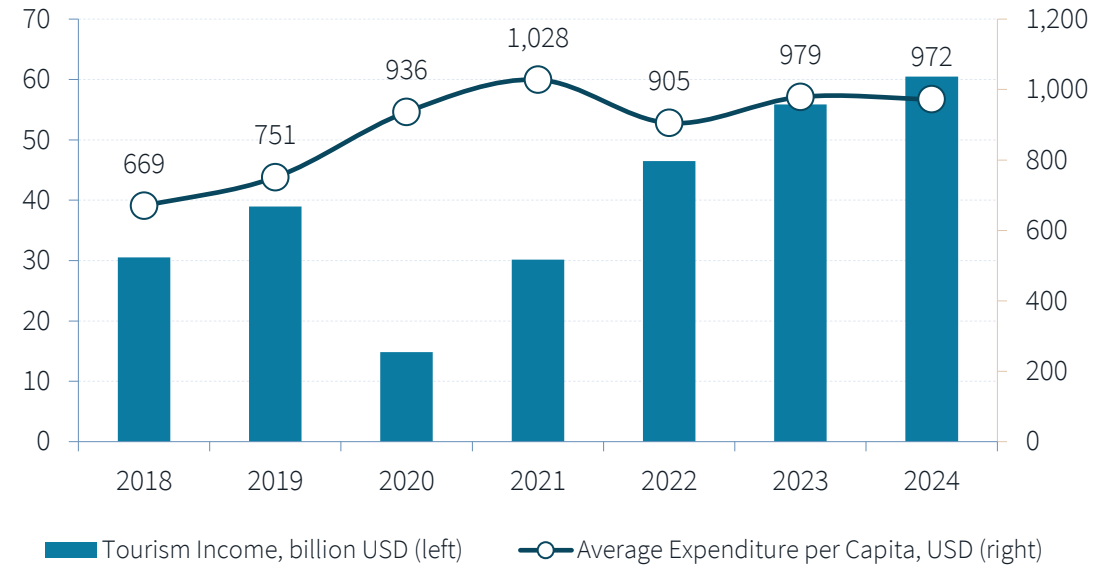
Average Expenditure per Capita



Number of Visitors



Tourism Revenues



Source: TurkSTAT

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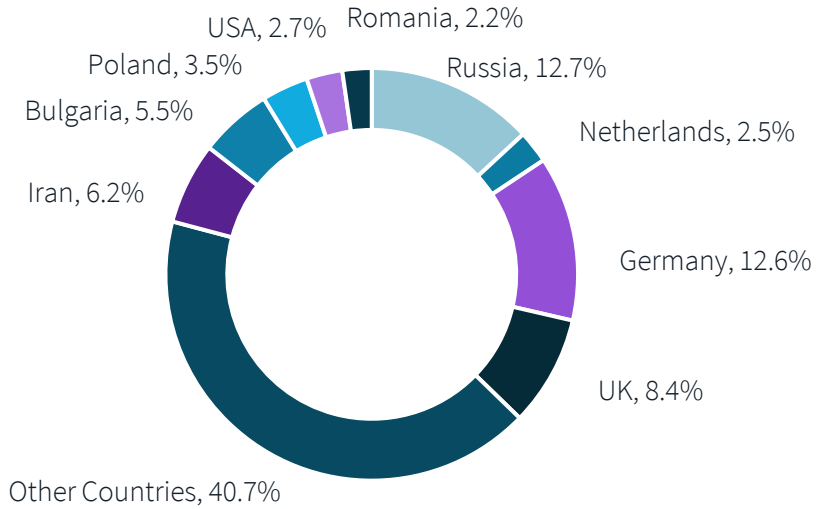
Hotel | Demand Indicators



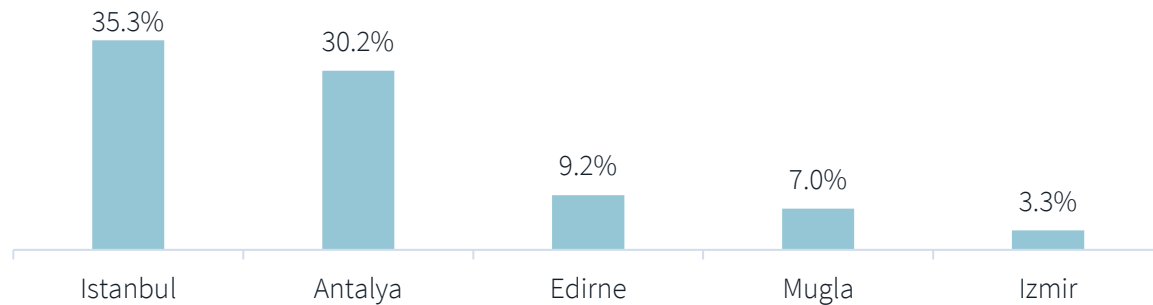
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Top 10 Nationalities of Foreign Visitors



Most Preferred Cities by Foreign Visitors*



Source: Ministry of Culture and Tourism
*based on border gate statistics

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Retail

Office

Logistics

Hotel

Residential

Investment



Number of Establishments

22,091



Number of Rooms

952,982

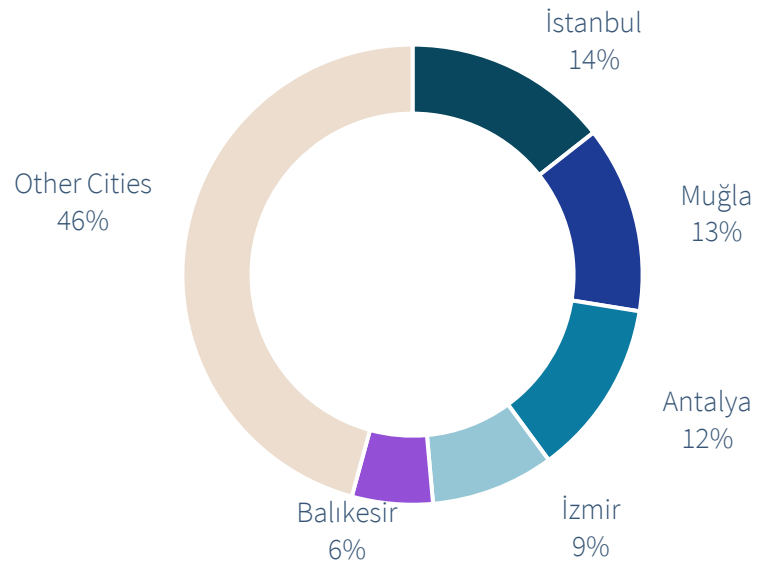


Number of Beds

1,982,919

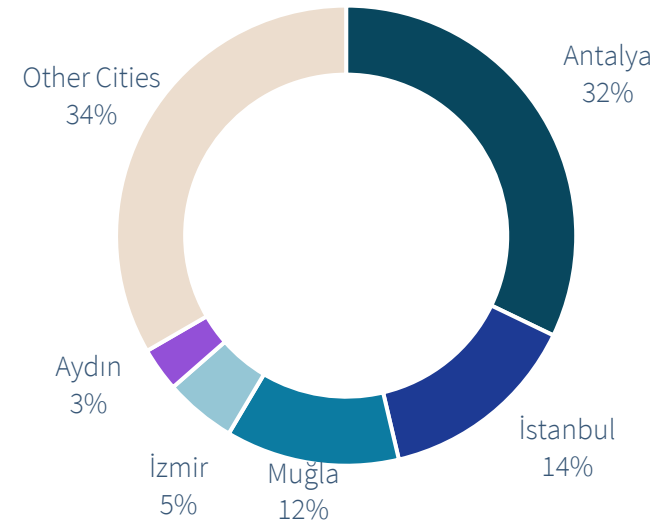
as of February 2025

Distribution of Establishments



Source: Ministry of Culture and Tourism

Distribution of Rooms





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05

Residential Market Overview

Research | 2024 Year-End



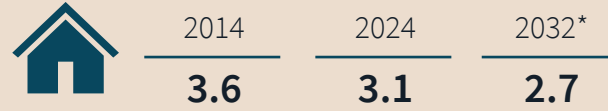
Residential | Demand Drivers

Population Growth, ‰



*forecast

Household Size



*forecast

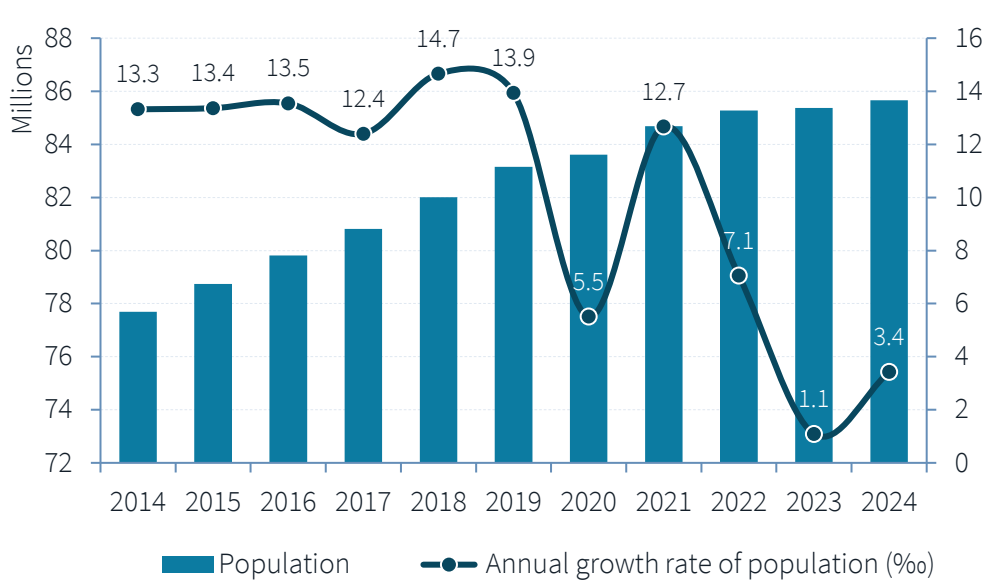
Median Age



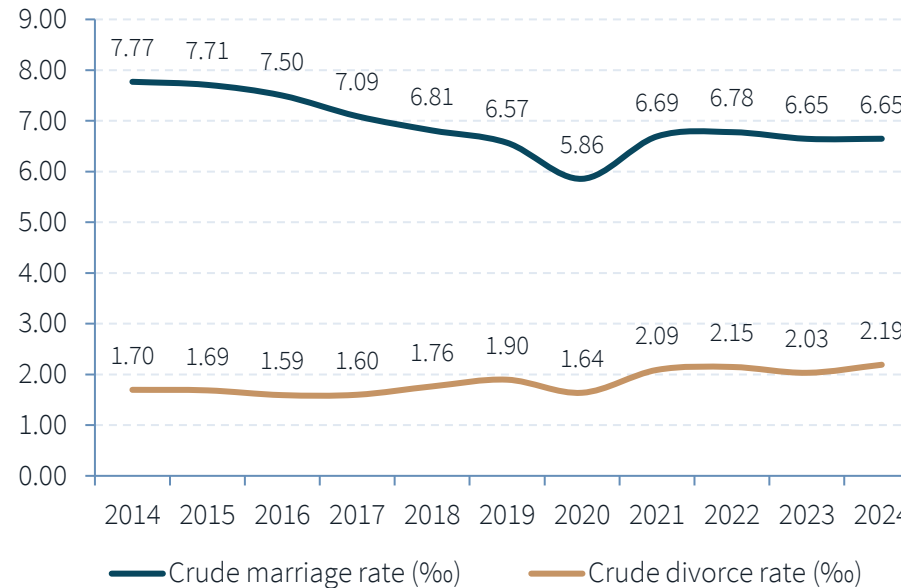
Age group proportion in total population



Annual Population Growth, Türkiye



Marriage & Divorce Rate



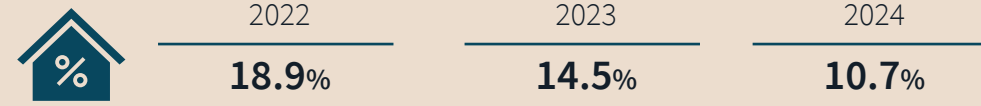
- Driven by strong population fundamentals, residential demand in Türkiye remains high. Key demand drivers include **move-up housing needs**, **renewal** of outdated or risky building stock, **urban regeneration** initiatives, rising **GDP per capita**, increased **workforce participation**, government-backed **incentives**, **pre-financing** options, and the availability of **mortgage credit**.

Source: TurkSTAT

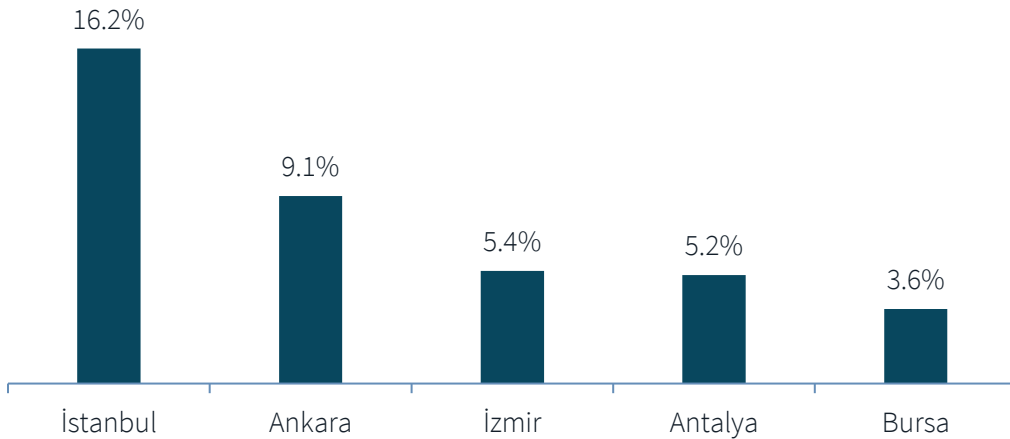
Total Residential Sales, Türkiye



Share of Mortgaged Sales in Total Residential Sales

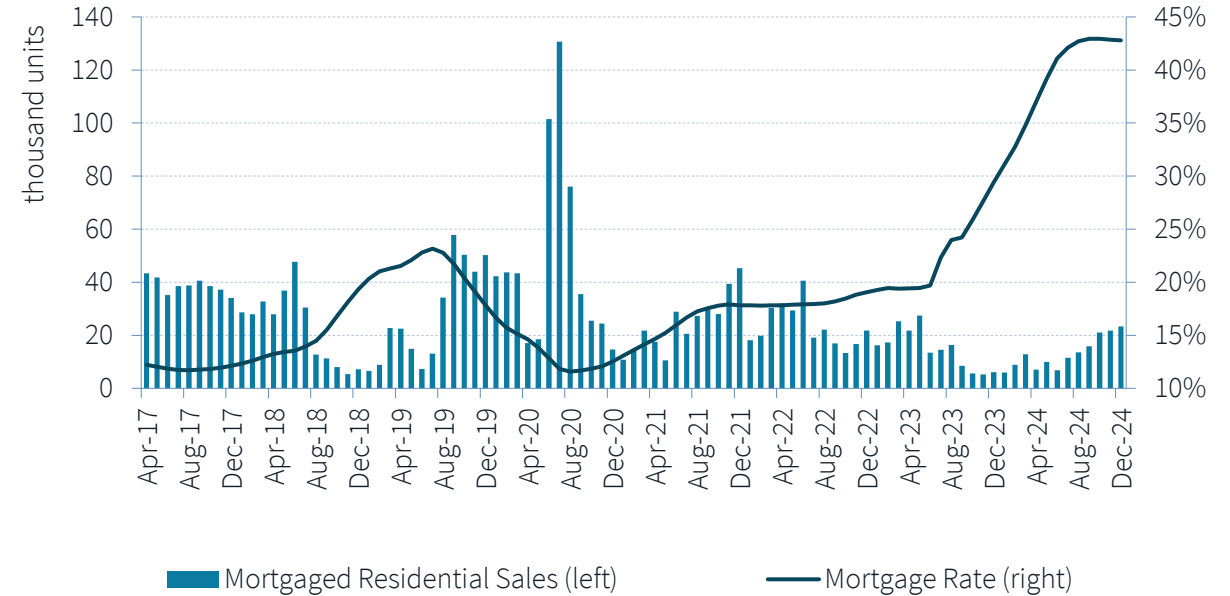


Top 5 Cities Based on Sales Numbers, 2024



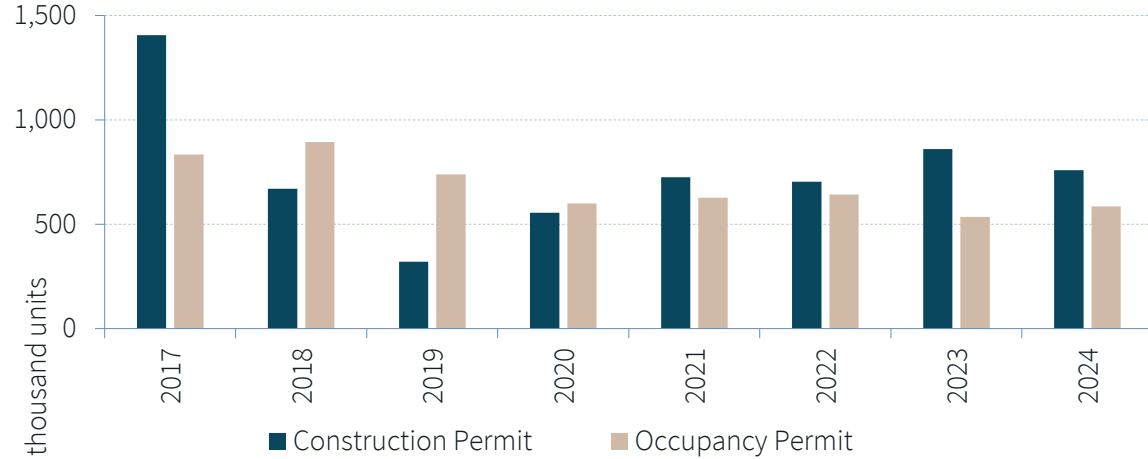
Source: TurkSTAT, CBRT

Mortgaged Residential Sales & Rates

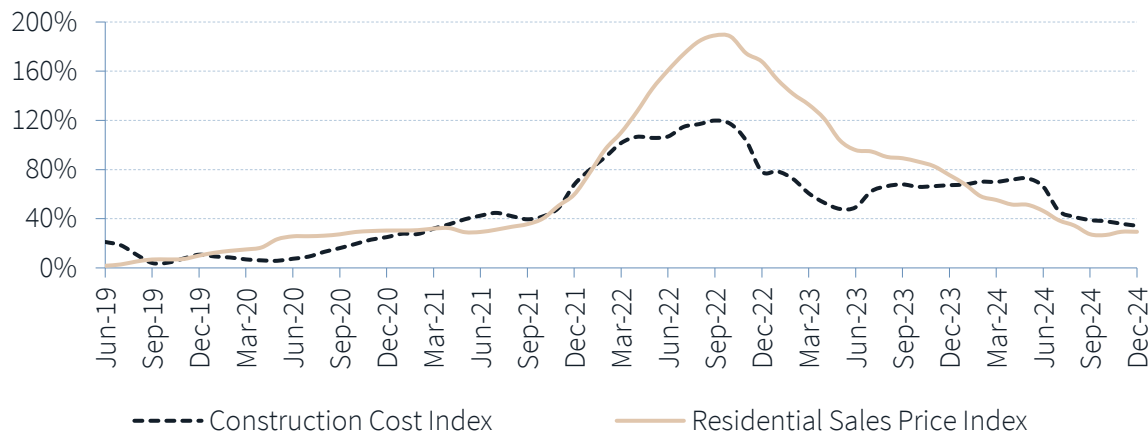


Residential | Supply

Building Permits



Residential Sales Prices & Construction Cost Index



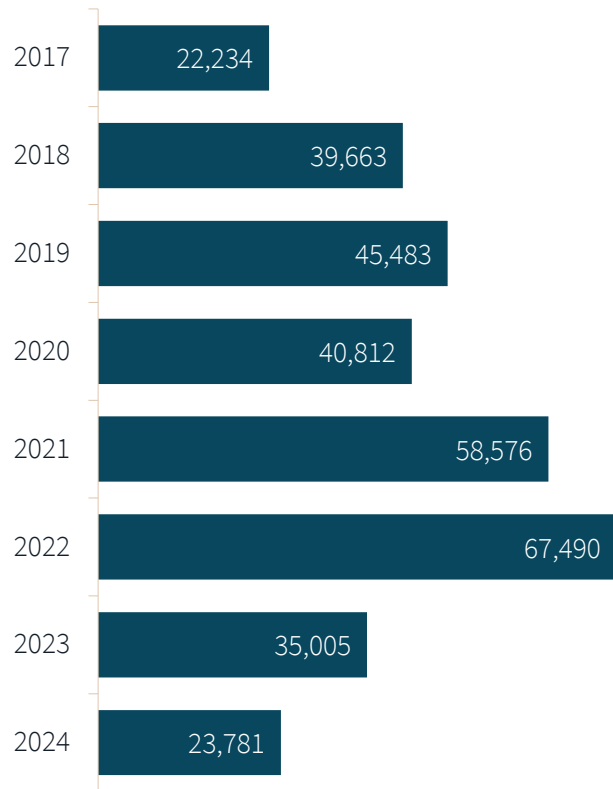
Source: TurkSTAT, CBRT

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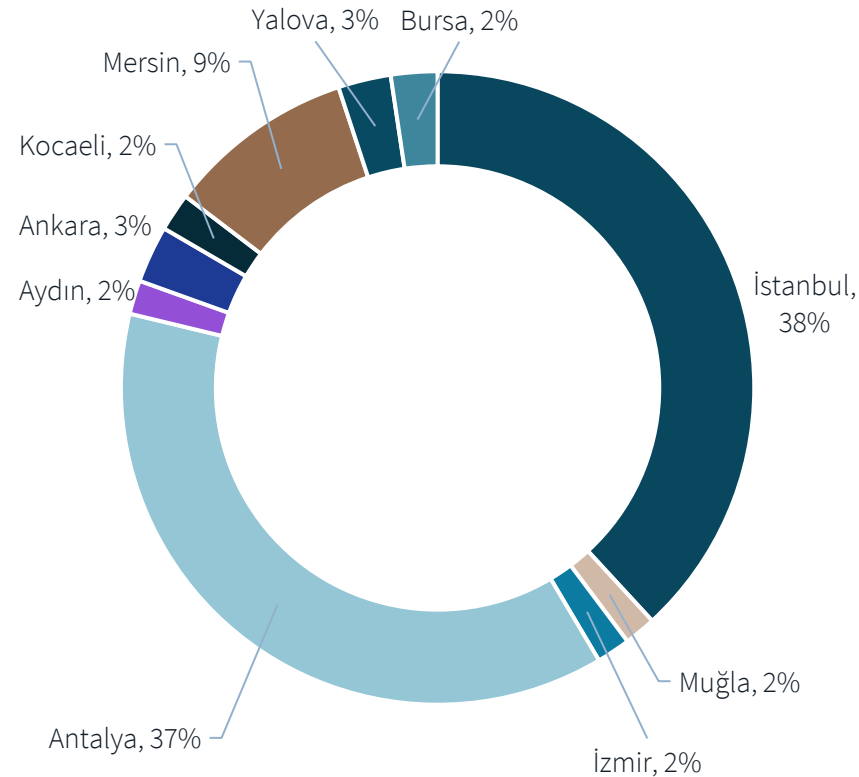


Residential | Sales to Foreigners

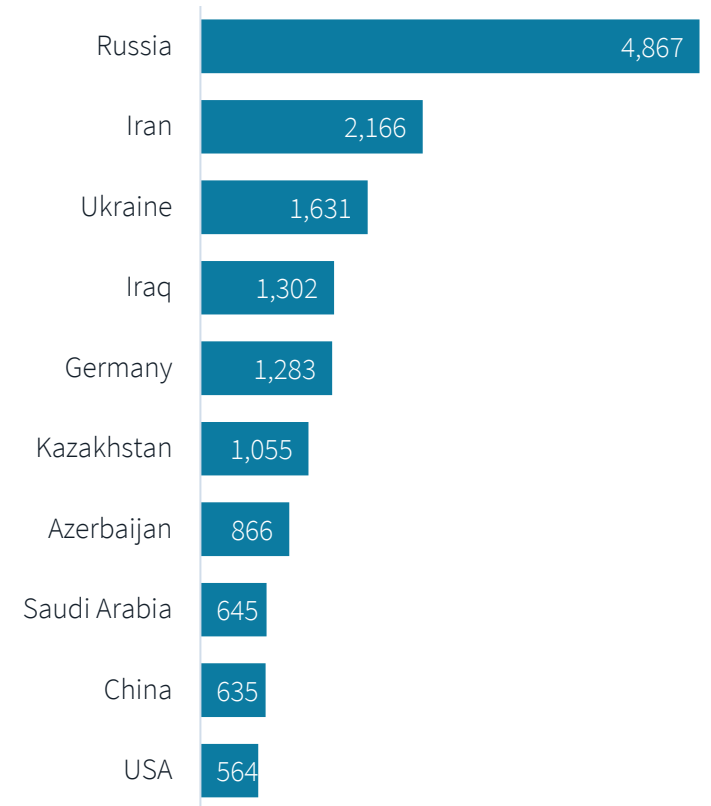
Residential Sales Numbers to Foreigners



Most Preferred Cities by Foreigners in 2024



Residential Sales Numbers to Foreigners by Nationalities, 2024



Source: TurkSTAT

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06

Investment Market Overview

Research | 2024 Year-End

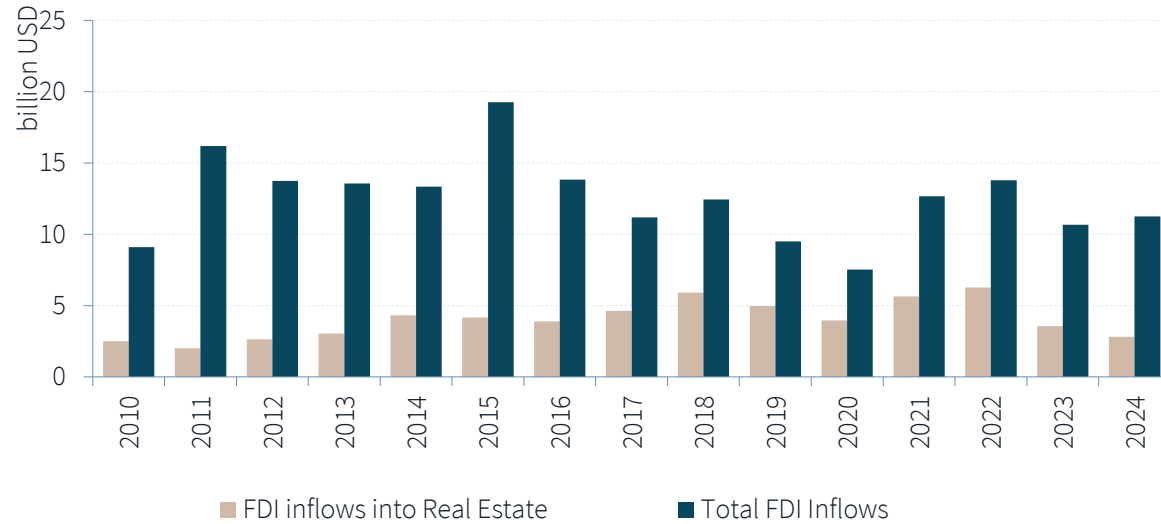


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Foreign Direct Investment Inflows (FDI)



5-year Credit Default Swap (CDS), bps

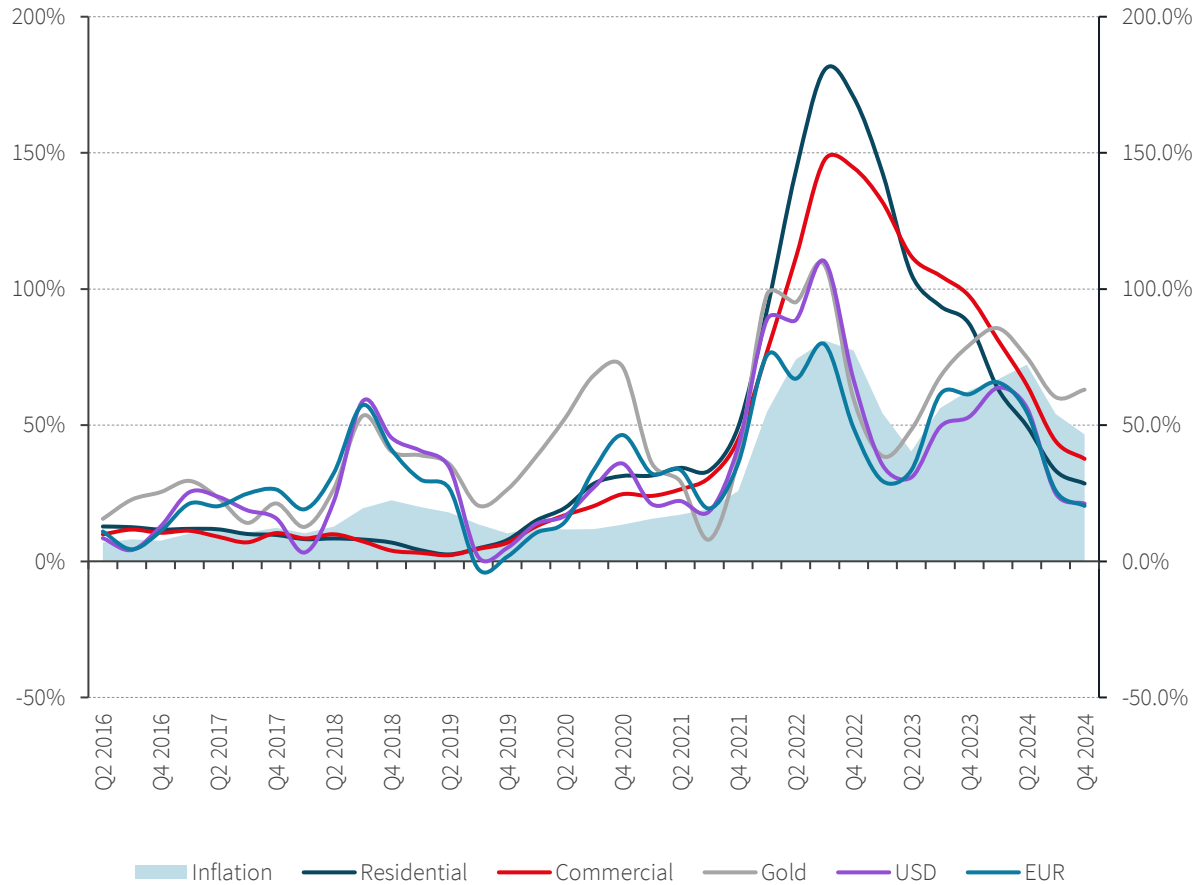


Source: CBRT, investing

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Investment | Financial Instruments

Nominal Change of Financial Investment Tools & Real Estate, annual change



Source: TurkSTAT, CBRT, Value Solution Partners

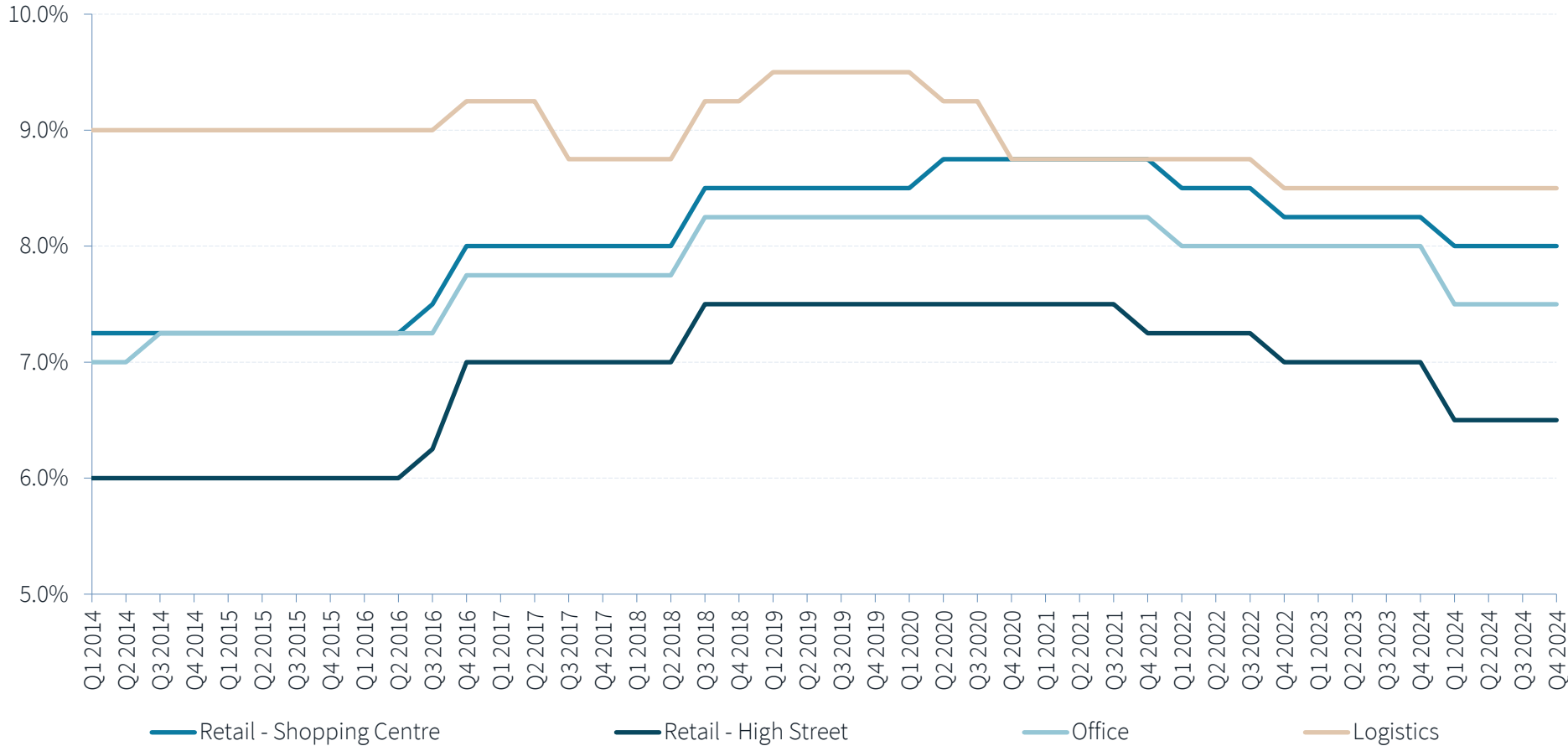
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Investment | Prime Yield



Prime Commercial Real Estate Yields



Source: Value Solution Partners

as of Q4 2024



Logistics

8.50%
stable



Shopping Center

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.

Real Estate Investment Market Sentiment



Economic Conditions Improving

- Continuation of **tight monetary** policies to combat inflation following two election cycles
- Significant **improvement** in Türkiye's **risk perception**
- **Credit rating upgrades** by Moody's, Fitch, and S&P
- Potential easing of monetary policies in developed countries may boost **capital flows to Türkiye** in the mid-term.



Cautious & Selective Investor Activity

- **High financing costs** impacting bidding levels
- Persistent **pricing gap** between buyers and sellers
- Preference for completed assets with immediate **revenue potential** over development investments
- Increased focus on **asset class diversification**
- **Distressed assets** in focus: opportunistic investors are actively monitoring distressed properties for high-yield opportunities.



Diversification by Asset Class

- Interest in **redevelopment opportunities**
- Renewed **foreign capital interest** in hotel and logistics assets
- Foreign retail portfolio owners' **discounted exit strategies**
- Uptick in **office sector** activity due to **record-high rental levels**
- Slowdown in residential development activity continues however, softening in monetary policy are on the agenda and expected to accelerate activities
- Supply shortages in prime segments: Limited availability in office and logistics is fueling **the need for new development.**



Market Shift & Trends

- Companies leverage **sale and leaseback** deals to **improve liquidity** in a high-cost environment
- Due to supply constraints and high construction costs, occupiers favor **built-to-suit models**
- Occupiers' demand for green buildings to meet **ESG requirements**
- Alternatives gaining momentum: Investor interest is growing in emerging asset classes such as **data centers and self-storage facilities.**
- **Regulatory changes** now allow Real Estate Investment Funds (REIFs) to invest in projects, expected to stimulate market activity.

Source: Value Solution Partners

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Invest in Türkiye

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About Invest in Türkiye

The Investment and Finance Office of the Presidency of the Republic of Türkiye is the official organization for promoting Türkiye's investment opportunities to the global business community and for providing assistance to investors before, during, and after their entry into Türkiye. Directly reporting to the President of Türkiye, the Investment and Finance Office is in charge of encouraging investments that further enhance the economic development of Türkiye. To this end, the Investment and Finance Office supports high-tech, value-added, and employment-generating investments with its facilitation and follow-up services during whole processes of relevant investments.

Active on a global scale, the Investment and Finance Office operates with a network of local consultants based in a number of locations including China, France, Germany, Italy, Japan, Malaysia, Qatar, Saudi Arabia, Singapore, South Korea, Spain, the UAE, UK, and USA. The Investment and Finance Office offers an extensive range of services to investors through a one-stop-shop approach, ensuring that they obtain optimal results from their investments in Türkiye. The Investment and Finance Office's team of professionals can assist investors in a variety of languages, including English, German, French, Italian, Spanish, Arabic, Japanese, and Chinese.