CUSHMAN & WAKEFIELD | TR INTERNATIONAL

MARKETBEAT TÜRKİYE

Q3 2025

Better never settles

MARKETBEAT
TÜRKİYE
OFFICE Q3 2025

CUSHMAN & WAKEFIELD | TR INTERNATIONAL

MARKET INDICATORS

	YOY Chg	12-Month Forecast
Prime Rents	▲	▲
Prime Yields	—	—
Supply	▲	▲
Demand	—	—

Prime Rents
Although the pace of increase has moderated, appreciation continues in USD terms.

Prime Yields
Prime yield rates are expected to remain stable.

Supply
Supply has increased with the phased opening of the IFC, and the total supply is expected to further escalate as the remaining phases become operational.

Demand
Leasing transactions were executed at similar levels, showing a marginal decrease compared to the corresponding period last year.

OVERVIEW

Prime Office Rents Remain Elevated, Upward Trajectory Persists

The global economy maintained a cautious trajectory in the third quarter of 2025, influenced by persistent geopolitical tensions and ambiguities in trade policies. While global inflation continued its disinflationary trend, price levels, particularly for energy and services, remained elevated. In Turkey, inflation saw a marginal uptick, rising from 32.95% in August to 33.29% in September, signaling a deceleration in the pace of decline. The Central Bank continued to implement a tight monetary policy, maintaining the key policy rate at a high level to anchor price stability. During this period, the market was characterized by a partial slowdown in consumption and a prudent stance on investment decisions. Overall, Q3 was marked by persistent price pressures yet an economy actively engaged in a controlled rebalancing effort. In the commercial real estate sector, Prime Office Rents were recorded at US$50/sq. m in Q3 2025, representing an 11% year-on-year increase in USD terms. Concurrently, the TRY equivalent surged by 35% to ₺2,034/sq. m, a notable increase that outpaced the September inflation rate of 33%. This performance pushed the prime rent level to an all-time high, once again setting a new market benchmark.

OCCUPIER FOCUS

Total New Leasing Volume Showed a Marginal Annual Decline

n the third quarter of 2025, the gradual introduction of the Istanbul Finance Center (IFC) increased the total supply of the Istanbul office market to 7.21 million sq. m. A total of 21,167 sq. m of new leasing transactions were executed during the third quarter. Consequently, a cumulative total of 75,856 sq. m of new leasing activity was recorded in the first three quarters of the year. This figure represents a 5% decline on a square meter basis when compared to the cumulative total of the preceding year's first three quarters.

PRIME OFFICE RENTS – SEPTEMBER 2025

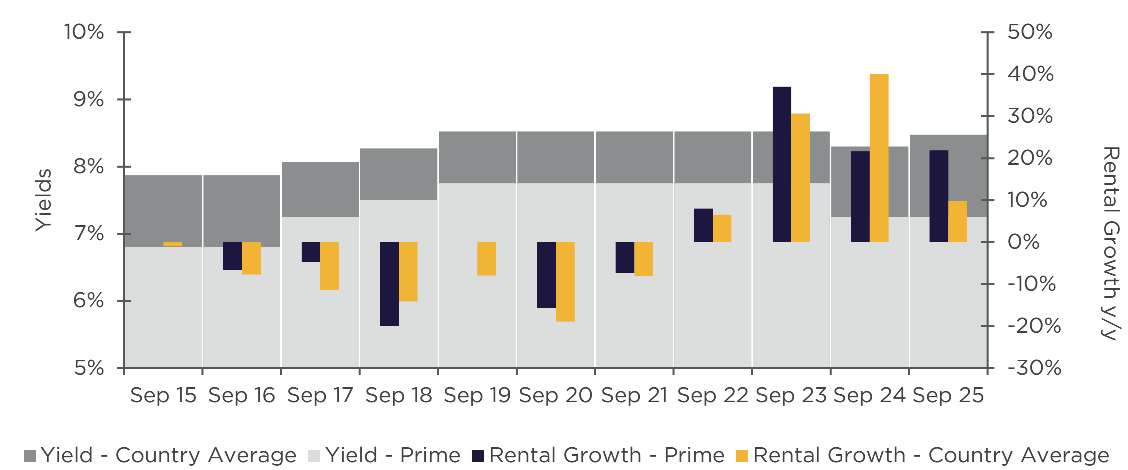
LOCATION	TRY SQ.M/MTH	US$ SQ.M/MTH	€ SQ.M/YR	US$ SQ. FT/YR	GROWTH % 1YR	GROWTH % 5YR CAGR
İstanbul (Levent-Etiler)	2,034	50	513	55,7	11,1	13,1
İstanbul (Esentepe-Gayrettepe-Z.Kuyu)	1,302	32	329	35,7	0,0	14,9
İstanbul (Maslak)	1,302	32	329	35,7	0,0	14,9
İstanbul (Asian Side)	1,424	35	359	39,0	0,0	14,2
İzmir	814	20	205	22,3	11,1	14,9
Ankara	1.017	25	257	27,9	25,0	20,1

PRIME OFFICE YIELDS – SEPTEMBER 2025

LOCATION (FIGURES ARE GROSS, %)	CURRENT Q	LAST Q	LAST Y	10 YEAR HIGH	10 YEAR LOW
İstanbul (Levent-Etiler)	7,25	7,25	7,25	7,75	6,80
İstanbul (Esentepe-Gayrettepe-Z.Kuyu)	7,75	7,75	7,75	8,25	7,25
İstanbul (Maslak)	7,50	7,50	7,50	8,00	7,25
İstanbul (Asian Sideı)	7,75	7,75	7,75	9,25	7,25
İzmir	9,50	9,50	9,50	9,50	9,25
Ankara	9,25	9,25	9,25	9,25	9,00

*The indicated office prime yields do not apply for fragmented ownership.

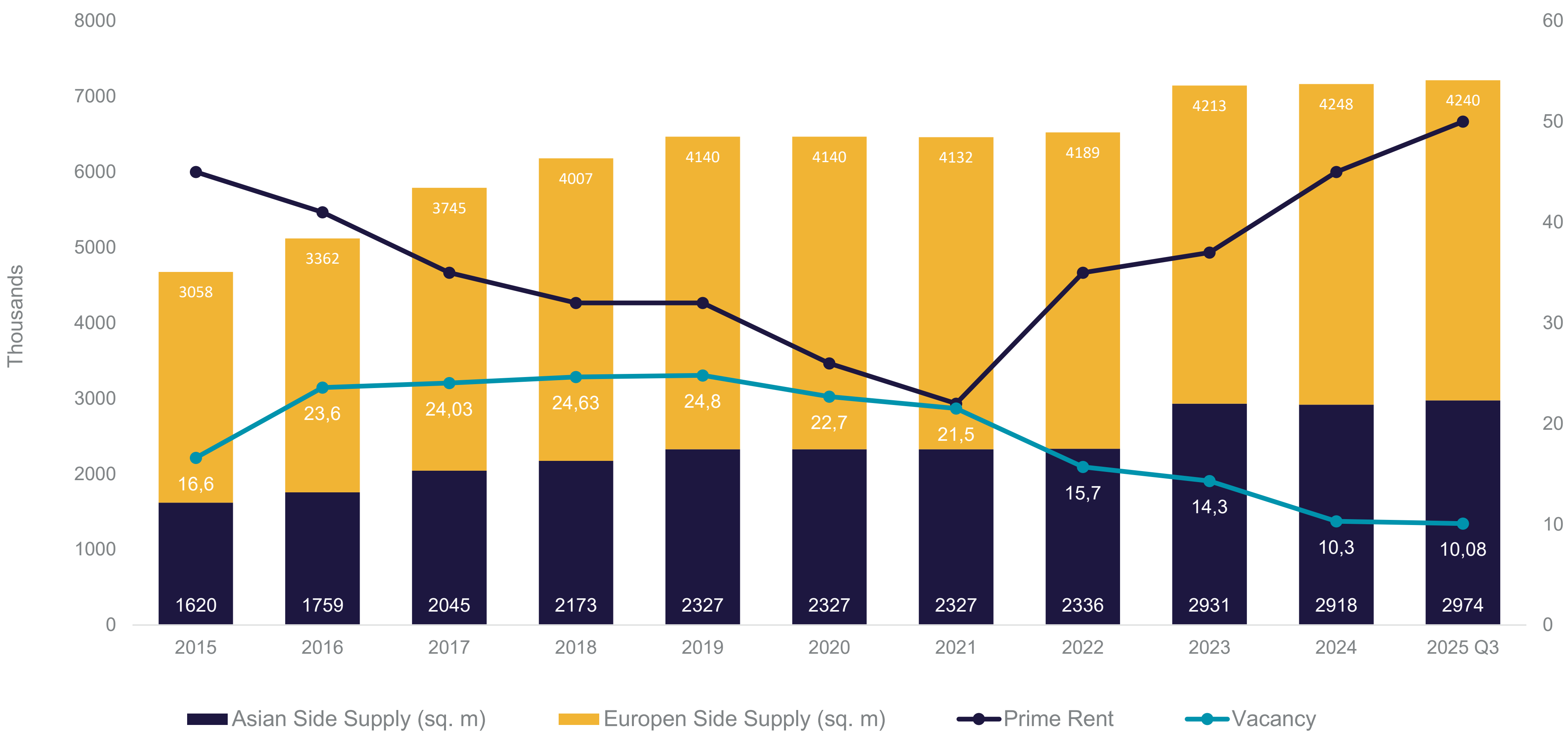
RECENT PERFORMANCE



Furthermore, new leasing agreements accounted for 48% of total leasing volume on a sq. m basis and 50% by number of transactions during the third quarter. Of the agreements executed in Q3, 4% were concluded in the CBD (Central Business District) on a sq. m basis. The majority of transactions, at 53%, occurred in the non-CBD European side. The principal new leasing transactions included: Bahçıvan Gıda (6,627 sq. m, Skyland), Borusan ENBW (2,516 sq. m, Quick Tower), Arena Bilgisayar (2,021 sq. m, Premier Campus), and Ziraat Bankası (1,250 sq. m, Galataport).

Vacancy Rates Unchanged Quarter-on-Quarter

The vacancy rate remained virtually unchanged at 10,08% in the third quarter of 2025



INVESTMENT FOCUS

Among the most prominent investment transactions executed in the third quarter of 2025 were the sale of İş GYO's Ankara İş Kulesi to Çelikler Group for approximately US$29.77 million, and Ahlatçı Holding's acquisition of 4B Plaza located in Ümraniye.

The medium-term outlook suggests an expected acceleration in the investment market.

OUTLOOK

- Demand in the office market is predominantly concentrated on fully fitted-out (fit-out) spaces. In the current inflationary environment, the high costs of both construction/furnishings and relocation expenses are directing occupiers toward ready-to-use office spaces that require minimal upfront investment prior to occupancy. This trend is particularly evident in tenant renewals, where a significant portion of transactions involves 'plug & play' spaces that retain the existing fit-out. Conversely, demand for shell & core office space remains notably constrained.
- Another factor driving demand is the issue of seismic safety. Demand for qualified office spaces that comply with earthquake regulations has increased significantly. A considerable proportion of occupiers are relocating from older building stock to offices that offer a higher seismic safety standard. The limited new supply in the face of this intense demand is exerting upward pressure on rental prices
- According to our Turkey Office Fit-Out Cost Guide published in August 2025, Turkish office fit-out costs continued their upward trajectory, influenced by foreign exchange volatility and high inflation. The average office fit-out cost in Istanbul ranges between €1,150–€2,350/sq. m, with the mid-segment settling at approximately €1,550/sq. m.
- New office design trends are observed to be focused on both efficiency and employee experience. Biophilic design, flexible furniture systems, digital reservation infrastructure, high acoustic comfort, and energy efficiency have now become standard practice. Furthermore, the use of green-certified materials and smart building systems constitutes a significant portion of the costs, but these are favored by investors for their potential to reduce long-term operational expenditures..

MARKETBEAT TÜRKİYE
RETAIL Q3 2025

CUSHMAN & WAKEFIELD | TR INTERNATIONAL

MARKET INDICATORS

YOY Chg | 12-Month Forecast

Prime Rents
Prime rents are expected to stabilize and decline in the medium term.

Prime Yields
Prime yield rates are expected to remain stable in the short term.

Supply
The supply is expected to remain stable.

Demand
Following the moderation in the pace of growth, demand is projected to remain stable in the medium term.

OVERVIEW

Retail Sector Stabilizing Under Rental and Cost Pressure

In the third quarter of 2025, pressures became pronounced in the retail sector on both the demand and cost fronts. Rising rents and constrained supply have limited the expansion plans of brands, particularly those operating in the middle and lower market segments, leading many to prioritize the retention of existing stores over opening new locations. Investment decisions were deferred due to high fit-out, relocation, and operational costs, which subsequently caused fluctuations in the supply chain. As producers and retailers were unable to fully pass increased costs onto consumers, financial pressure intensified.

Price-Driven Growth Continues, Consumer Traffic And Volume Stable

According to AYD/Akademetre data, the Shopping Center Revenue Index in August 2025 rose by 33.8% year-over-year, marginally exceeding the month's inflation rate of 32.95%. This indicates that nominal growth was sustained. Real growth was observed across all categories, with the highest increase, 36.2%, recorded in the apparel segment. This performance reflects the impact of seasonal discounts coupled with the 'back to school' period. Visitor traffic remained flat compared to the same period last year but showed a 2.2% increase month-over-month. Based on TÜİK data, the calendar-adjusted retail sales volume increased by 12.2%, registering its lowest growth rate in recent months. Conversely, the sales turnover increased by 36.7% annually, signaling the persistence of the price effect. Overall, the retail and shopping center data from the third quarter of 2025 demonstrate that price increases remain the primary driver of growth, while the loss of momentum on the volume side continues.

PRIME RETAIL RENTS – SEPTEMBER 2025

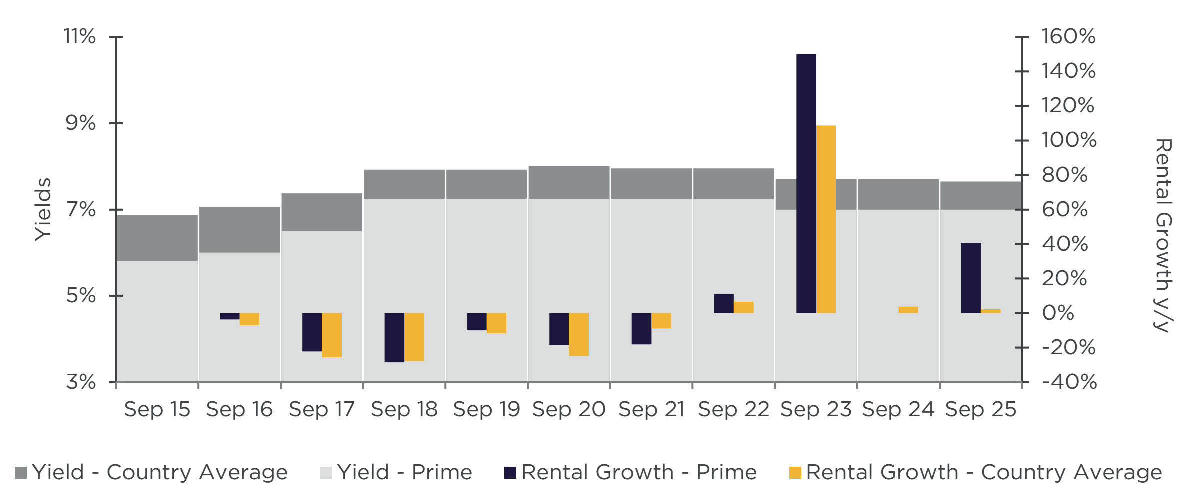
HIGH STREET STORES	TRY	US$	€	US$	GROWTH %	
	SQ.M/MTH	SQ.M/MTH	SQ.M/YR	SQ.FT/YR	1YR	5YR CAGR
İstanbul	10,170	250	2,784	279	0.00	17,84
İzmir	4,068	100	1,114	111	0.00	14,87
Ankara	4,271	105	1,169	117	0.00	10,07

PRIME RETAIL YIELDS – SEPTEMBER 2025

HIGH STREET STORES (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
İstanbul	7,00	7,00	7,00	7,50	5,80
İzmir	8,00	8,00	8,00	8,50	7,50
Ankara	8.00	8,00	8,00	8,50	7,00
SHOPPING CENTERS (FIGURES ARE GROSS, %)	**CURRENT**	**LAST**	**LAST**	**10 YEAR**	
	Q	**Q**	**Y**	**HIGH**	**LOW**
Türkiye	8,00	8,00	8,00	10,00	7,00

The indicated office prime yields do not apply for fragmented ownership.

RECENT PERFORMANCE



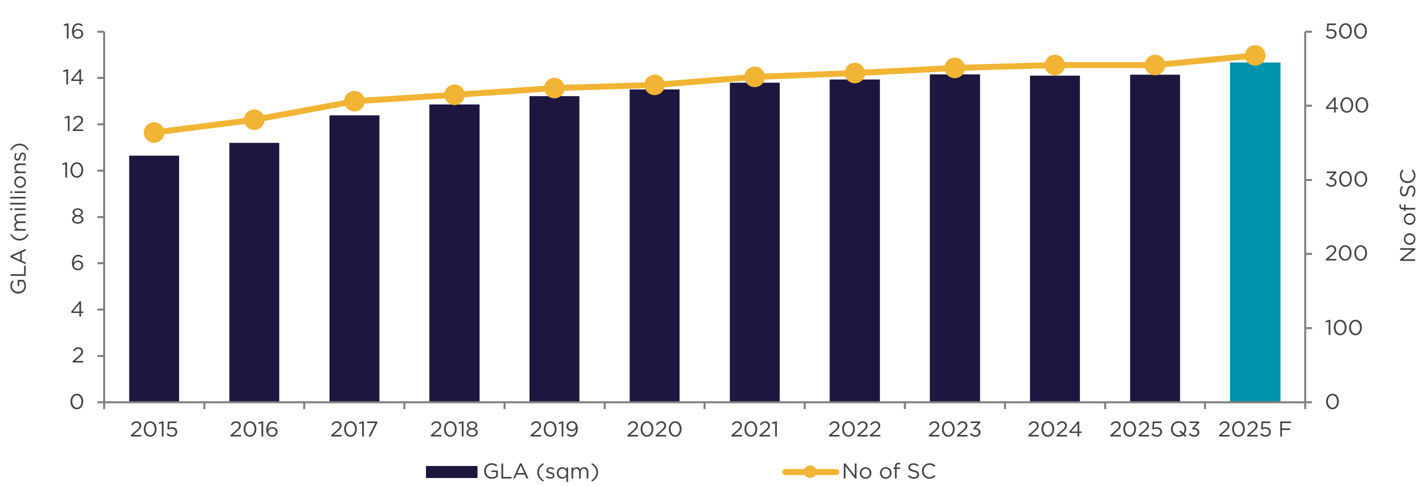
OCCUPIER FOCUS

In the third quarter of 2025, the Turkish retail market continued to witness the entry of international brands and the expansion of local brands through new store openings. Joe&Juice made its market entry with the opening of its store in Emaar. Another brand re-entering the Turkish market is the toy retailer Toys 'R' Us, which has not operated in Türkiye since 2008 and has announced its plans to return to the Turkish market in partnership with Agnaris Retail. The Brazilian açaí brand, Oakberry, entered Turkey in July 2025. The brand opened its first branch in Bebek and announced plans to reach 50 stores within the next five years. U.S.-based restaurant and family entertainment brand Chuck E. Cheese announced its entry into the Turkish market with the support of the Presidency's Investment Office, aiming to open its first stores in Istanbul by the end of 2026. Yum! Brands, which had announced the termination of its agreement with İş Gıda earlier in 2025, signed a strategic franchise agreement for its KFC brand with HD Holding, with the first branches slated to open by the end of 2025. Migros launched its first physical store for its new pet product format, Migros Petimo, on Bağdat Avenue. Magnum achieved a global first through a collaboration with Migros Deniz Market, announcing the opening of the world's first Magnum Store on the sea. Kont Coffee, the new brand from the BigChefs family, commenced operations with its inaugural store opening in Istanbul Moda. Additionally, MAC/ONE, the premium concept of MAC gyms, inaugurated its new branch in Fişekhane.

In the third quarter of the year, the initial stores at Tersane THE MALL shopping center were inaugurated.

Conversely, Prestige Mall, located in Istanbul Bahçeşehir, announced the cessation of its operations. As a result, the total supply has been updated to 455 shopping centers, totaling 14.15 million sq. m.

TOTAL SHOPPING CENTRE GLA AND NUMBERS BY YEARS



INVESTMENT FOCUS

No investment transactions were recorded in the third quarter of the year.

Investment activities are expected to accelerate in the medium and short term.

OUTLOOK

- The Summer 2025 season underperformed expectations, particularly in tourism-reliant locations like Istanbul. According to data from the Ministry of Culture and Tourism, the number of foreign visitors to Turkey declined by 2.97% and 2.05% in July and August 2025, respectively. This downturn led to a reduction in foot traffic and sales volume along tourist expenditure-dependent avenues—especially high-end retail corridors like İstiklal, Abdi İpekçi, and Nişantaşı.In contrast, locations with a more limited tourist concentration, such as Bağdat Avenue, exhibited relative resilience. However, the re-acceleration of urban transformation activities in these areas has prompted existing tenants to either relocate or seek alternative spaces. Consequently, while the downturn in tourism-dependent high street retail persisted in the third quarter of 2025, areas catering to a local customer base maintained a degree of vitality.
- In the third quarter of 2025, financial pressures intensified, particularly in the textile and home retail segments. Due to rising rents, high operational costs, and constrained supply, many brands are inclined to maintain their existing locations rather than open new stores. This situation makes it difficult for mid-to-lower segment brands that cannot achieve economies of scale to reduce costs; the inability to fully implement price hikes is further compressing profit margins.Similar pressures are observed in the supply chain, with some brands shifting production to countries like Egypt to reduce manufacturing costs. Overall, the sector has lost its growth momentum, and brands have adopted a cautious strategy to manage escalating costs.
- Turkish brands, meanwhile, maintained strategies aimed at expanding into new global markets and reinforcing their presence in existing ones. The activity in the retail sector was concentrated primarily in the Middle East, Europe, and Asian markets.During this period, Koton strengthened its presence in the Gulf region with the opening of its store in Abu Dhabi's Reem Mall, additionally establishing its largest outlet in the region at Muscat City Center in Oman. DeFacto pursued its international growth strategy by launching two new stores in Romania and Egypt, with the Cairo location becoming the brand's 30th point of sale in the country. Karaca continued its European expansion with a new store in Germany's Mall of Berlin, while Zen reinforced its presence in the Asia Pacific market by opening a store in the Philippines' Mall of Asia.Similar investments, particularly across the European, Gulf, and Asian markets, are anticipated to accelerate in the upcoming period.

MARKETBEAT
TÜRKİYE
INDUSTRIAL Q3 2025

CUSHMAN & WAKEFIELD | TR INTERNATIONAL

MARKET INDICATORS

	YOY Chg	12-Month Forecast
Prime Rents Although momentum has slowed, the rate of increase continues in both ₺ and US$ terms.	▲	—
Prime Yields Prime yields are expected to remain stable in the short term.	—	—
Supply Due to the uncertainties, the new supply is entering the stocks slowly.	▲	▲
Demand The speed of increase in demand is continuing to slow down.	—	—

OVERVIEW

Global Trade Stagnation, New Supply Chain Orientations

n the manufacturing and logistics sectors, the third quarter of 2025 was marked by decelerating demand and escalating cost pressures. Global export growth registered below 2%, while a decline was observed in the export of critical components, specifically rare earths and magnets originating from China. Furthermore, the US is re-escalating tariffs on industrial goods from China, leading to an accelerated search for alternative hubs within global logistics networks. The logistics sector is seeing a contraction in merger and acquisition (M&A) activity, and a risk of overcapacity is emerging in terms of freight and capacity. For the August 2025 period, the export trade volume decreased by 1.2% year-on-year, settling at US$21.7 billion. The cumulative export volume for the January–August 2025 period increased by 4.3% compared to the same period last year, reaching a total of US$178.1 billion. Import trade volume for August decreased by 3.9% annually to US$25.9 billion, while the January–August import volume rose by 5.6% year-on-year, reaching US$238 billion. The foreign trade deficit widened by 9.7% during this period, increasing from US$54.8 billion to US$60.1 billion. In September, the Turkey Manufacturing PMI value continued its decline, retreating to 46.7. Production continued to decrease compared to the May–August period, clearly indicating a sustained loss of momentum in industrial production. Conversely, the Global Manufacturing PMI saw a monthly increase of 2.7 points in September, rising from 50.3 to 53.0.

USER FOCUS

While High Costs Press Development, Rents Show Limited Increase

According to available data, Grade A warehouse leasing activity in Istanbul and its environs recorded 78,900 sq. m of transactions in the third quarter of 2025, bringing the cumulative leasing volume for the first three quarters of the year to 199,848 sq. m. Transaction volume experienced a 4% increase compared to the corresponding period last year. While rising construction and operational costs have dampened development activity, demand has remained robust against a backdrop of constrained supply. This dynamic resulted in a 5% annual increase in Istanbul's prime rent values in USD terms.

PRIME INDUSTRIAL RENTS – SEPTEMBER 2025

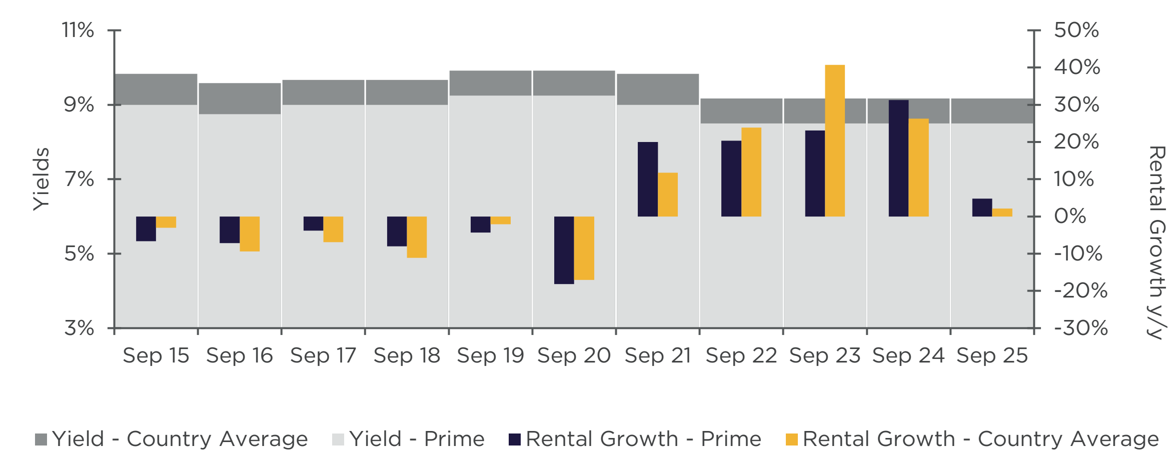
LOGISTICS LOCATIONS	TRY	US$	€	US$	GROWTH %	
	SQ.M MTH	SQ.M MTH	SQ.M YR	SQ. FT YR	1YR	5YR CAGR
İstanbul	447	11,00	113	12,26	4,76	19,57
Ankara	264	6,50	67	7,25	0,00	18,77

PRIME INDUSTRIAL YIELDS – SEPTEMBER 2025

LOGISTICS LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
İstanbul	8,50	8,50	8,50	9,25	8,50
Ankara	9,50	9,50	9,50	10,25	9,50

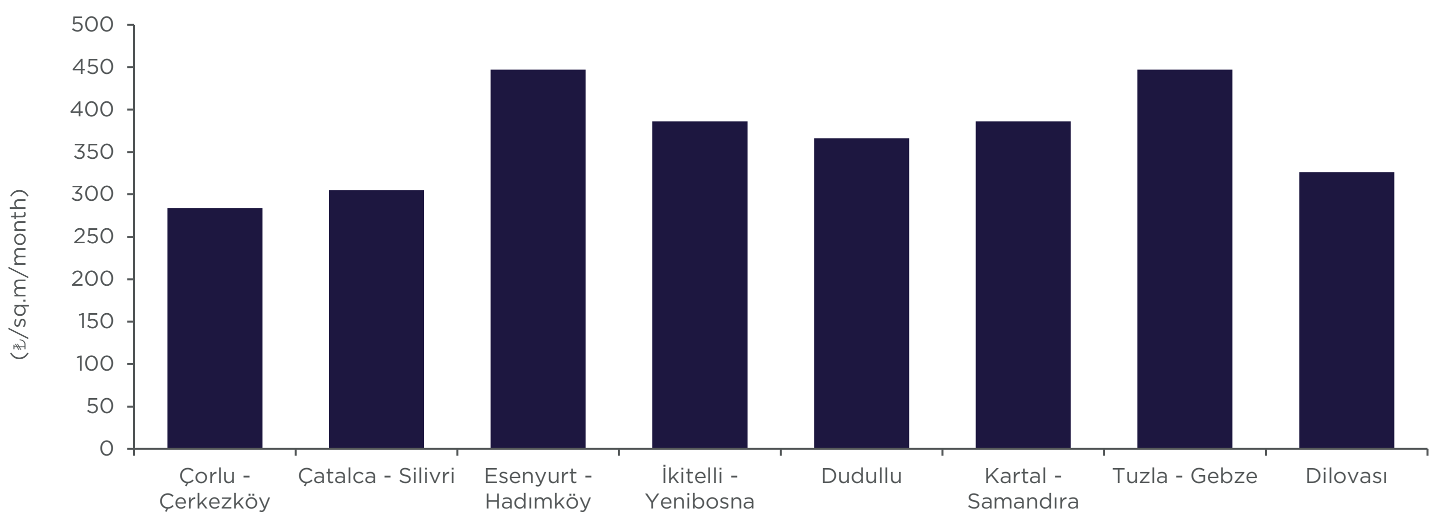
The indicated office prime yields do not apply for fragmented ownership.

RECENT PERFORMANCE



The significant category-based leasing transactions in the third quarter of the year involved firms operating in the logistics and DIY/home improvement sectors. Major Grade A warehouse leasing transactions executed in Q3 2025 included those by a logistics firm (54,889 sq. m, Istanbul/Tuzla), another logistics firm (20,000 sq. m, Kocaeli/Gebze), and a firm's transaction in the Eurasia Organized Industrial Zone (OSB) (5,000 sq. m, Yalova/Çiftlikköy).

NORTH MARMARA LOGISTICS SUBMARKETS - PRIME RENTS



INVESTMENT FOCUS

The most significant investment transactions executed in the third quarter of 2025 included: the land acquisition (54,889 sq. m) by an international logistics firm in the Istanbul/Tuzla region; the sale of an industrial facility and land parcel (116,128 sq. m) owned by CW Enerji in Antalya Döşemealtı to Ziraat Katılım Bankası A.Ş. for approximately US$44.1 million; the sale of an industrial facility and land parcel (188,729 sq. m) belonging to Türkiye Development Bank in Sakarya Ferizli to SMK Makine ve Tekstil San. Tic. A.Ş. for approximately US$3.53 million; and the sale of a building and land parcel (2,010 sq. m) owned by Sezer Tekstil Sanayi ve Ticaret in Bağcılar to Ersan Alışveriş Hizmetleri ve Gıda Sanayii Ticaret A.Ş. for approximately US$7.35 million.

OUTLOOK

- Demand for existing facilities remains robust due to the high cost of construction and the slowdown in new stock production. As new construction supply remains constrained, high rent expectations have persisted for vacant spaces due to low inventory and the tendency of existing tenants to retain occupancy. Consequently, 3PL companies and large-volume logistics users have increasingly shifted toward more distant, lower-cost locations surrounding Istanbul.

- The liquidity crunch and the rise in financing costs have led to marginal declines in land prices in USD terms. The market has generally shifted toward a 'buyer-side' structure; nonetheless, small and medium-sized warehouse acquisitions have been observed from the well-capitalized pharmaceutical, food, and retail sectors.

- Acquisitions and strategic partnerships have been prominent in the manufacturing and energy sectors. Key developments during this period included the acquisition process of Çatalkaya Makina by Germany's Deutz, the takeover of the UK-based Venator by Ege Kimya, and Şahinler Holding's new manufacturing investments in Egypt. Additionally, the continued presence of Chinese-origin companies—such as JD Logistics, SHEIN, and Haier—sustaining their operations in Turkey remains noteworthy.

- The Turkish textile sector remained under pressure in the third quarter of 2025 due to weak European demand and escalating production costs. According to data from the Turkish Exporters Assembly (TİM), ready-to-wear and apparel exports retreated by 6% during this period. Despite opening new stores, brands are struggling with profitability; the liquidity crunch and high labor costs are driving mid-sized manufacturers towards consolidation. Firms such as Yeşim Tekstil, Şahinler Holding, and Eroğlu Holding (Colin's) have shifted a portion of their manufacturing operations to their facilities in Egypt and North Africa to secure a cost advantage. This trend accelerates the sector's pivot toward lower-cost production centers in the face of rising competitive pressure.

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ABOUT TR INTERNATIONAL

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