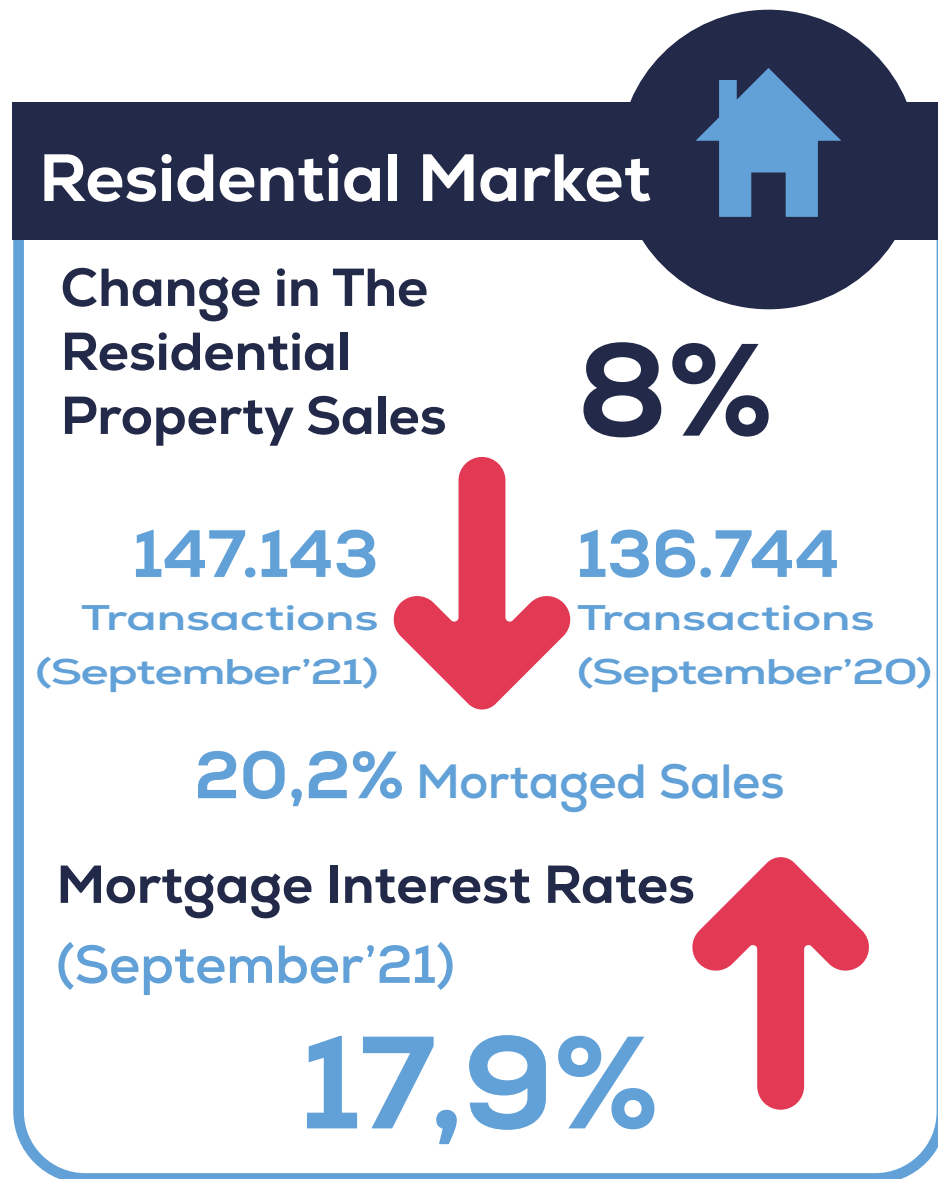
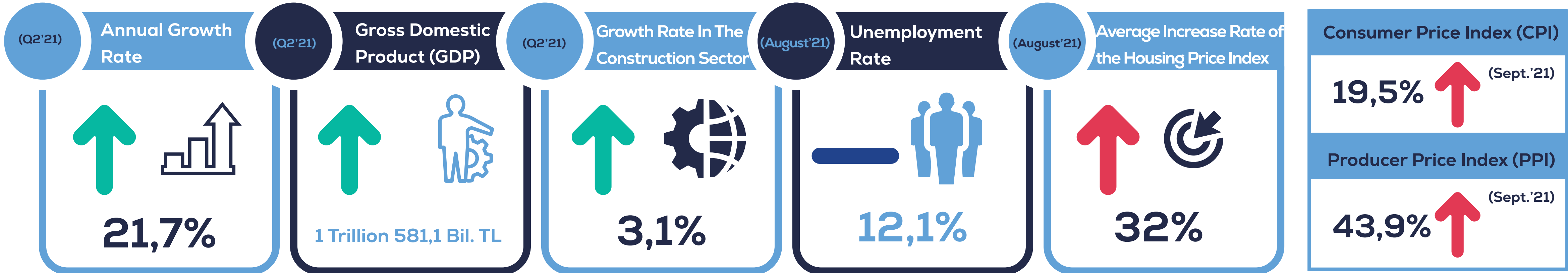


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Economical Data



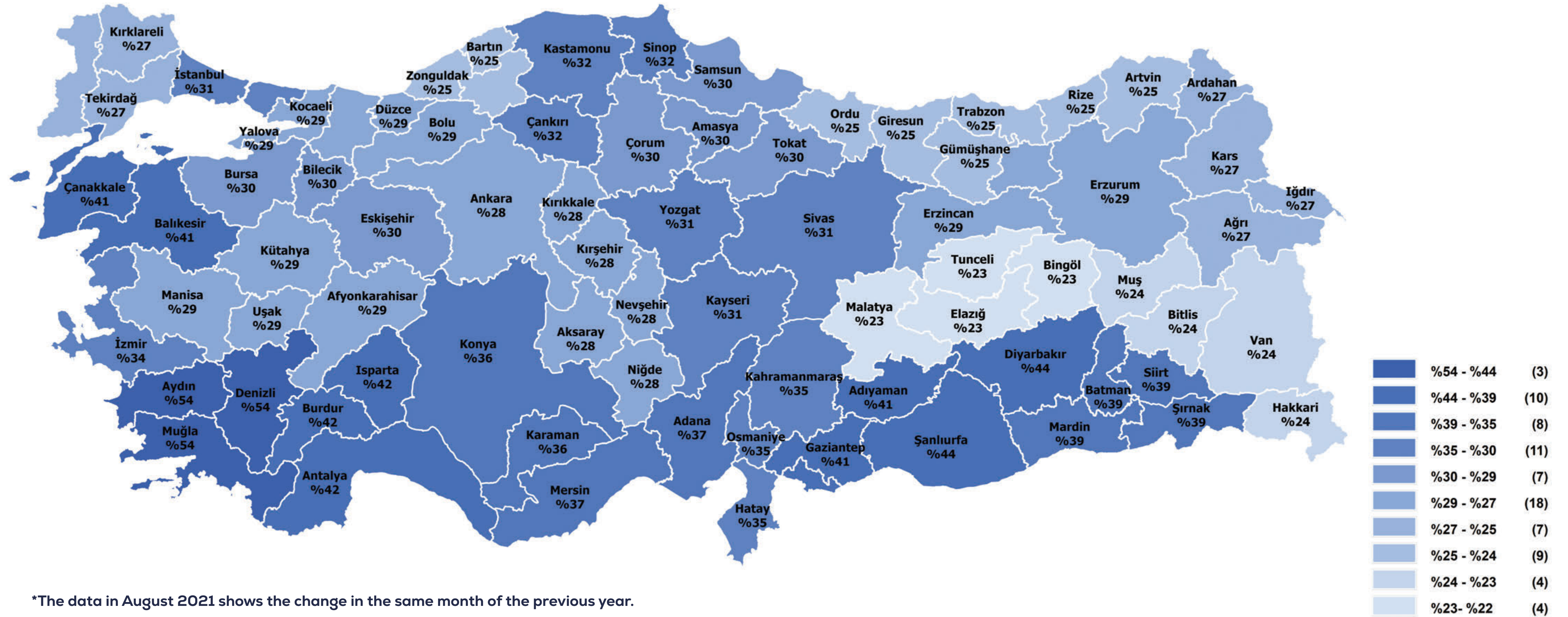
Exchange Rate (Sept.'21) USD 14,4% Euro 13,2%

- ### Urban Transformation
- The Number of Independent Units Subject to Urban Transformation **760.158**
 - The Number of Building Subject to Renovation **655.913**
 - The Number of Buildings Acquired Energy Efficiency Certificate **1.185.657**
 - The Number of Registered Monumental Trees **9.174**

* Source: TURKSTAT, Republic of Turkey Ministry of Culture And Tourism, Republic of Turkey Ministry of Environment and Urban Planning, GYODER, AYD

Value Change Rate

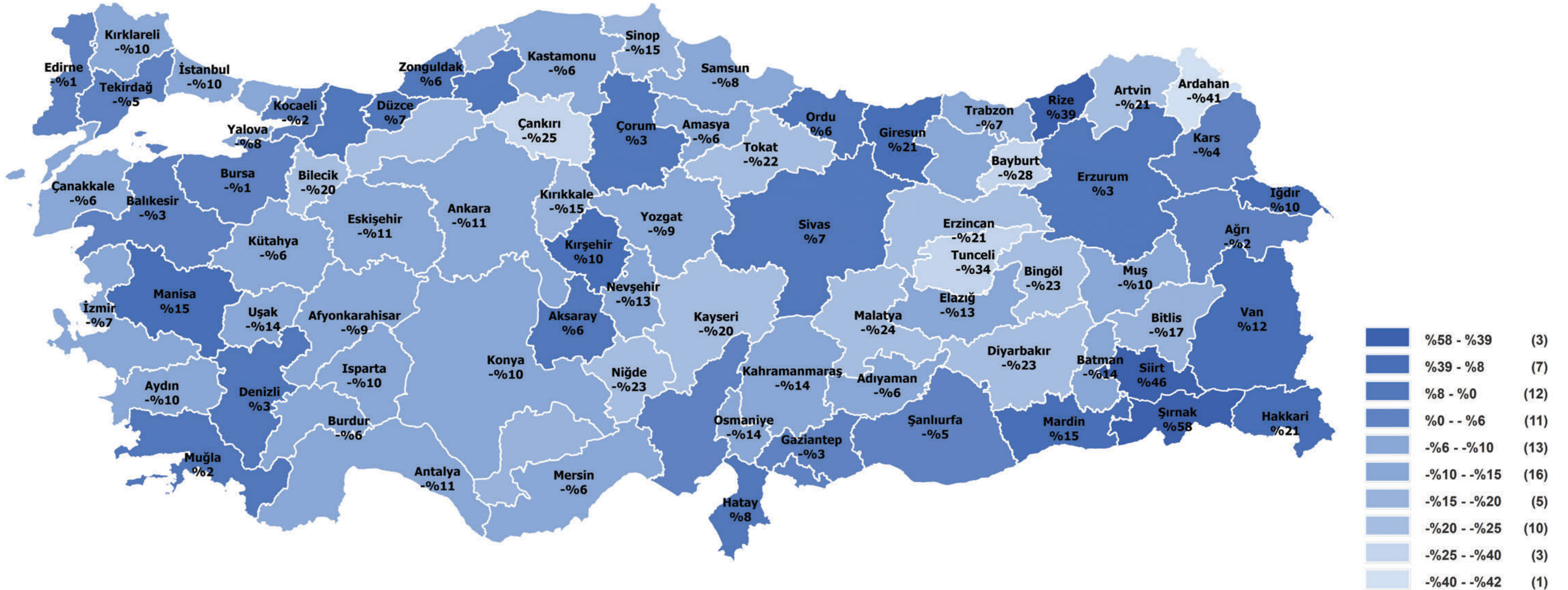
Considering the August data for 2020 and 2021, it is observed that there was a **32%** decrease in Turkey's average as in the previous month. Despite the limited increase of 8% in house sales, the fact that the increase in values was 30% on average for a long time indicates that the supply doesn't meet the demand and deferred construction costs were reflected in the values. Considering the occupancy permits and building licenses that were issued, it is predicted that the increase in value above inflation will last about 18 months.



*The data in August 2021 shows the change in the same month of the previous year.

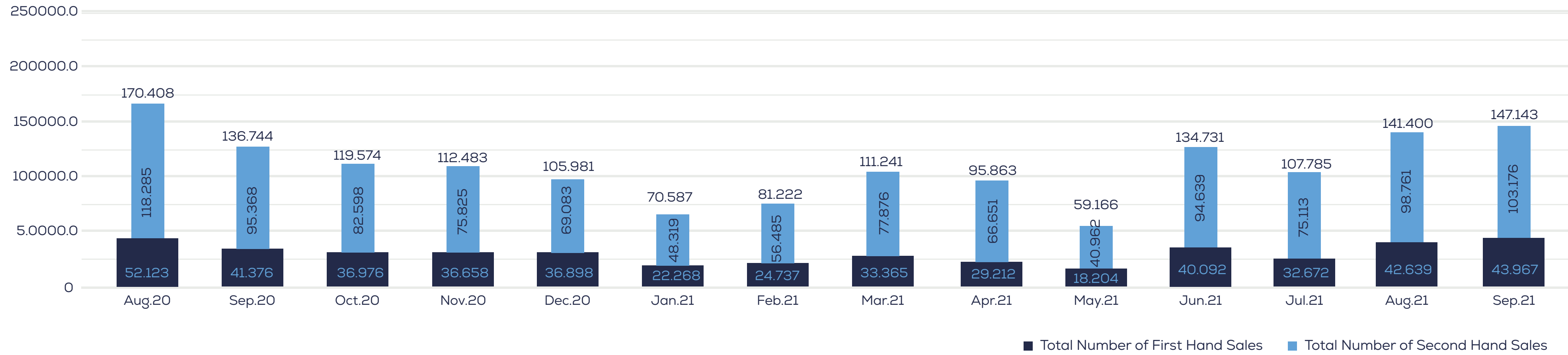
Rate of Change in Housing Sales

Considering the September data of 2020 and 2021, it is observed that there was an **8%** decrease in Turkey's average. The change in selling rates compared to the previous year was limited due to the increase in housing prices and the high cost of using loans.



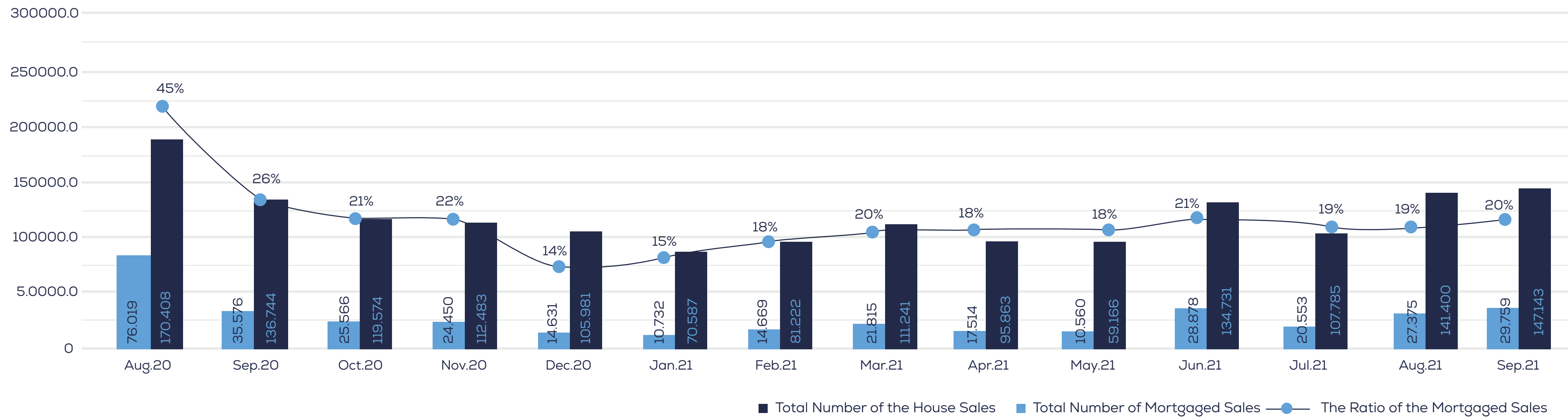
*The data in September 2021 shows the change in the same month of the previous year.

Residential Property Sale Figures



Compared to the same month last year, the number of first hand house sales increased by **6%** in September 2021 in Turkey.

Compared to the same month last year, the number of second hand house sales increased by **8%** the same in September 2021.

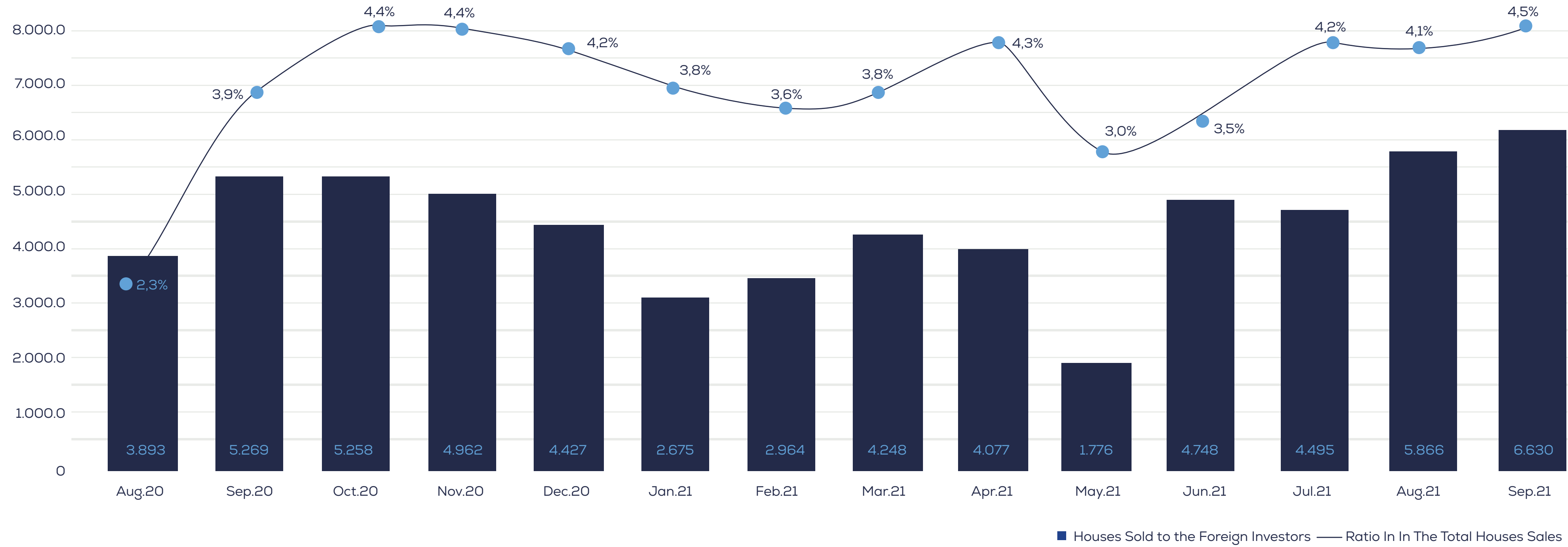


Compared to the same month last year, the number of the mortgaged house sales decreased **16%** in September 2021 in Turkey.

The ratio of the mortgaged house sales is **20,2%** in September 2021

Source: TUIK

Houses Sold to the Foreign Investors



Compared to the same month last year, the number of total foreign sales increased by **26%** in September 2021.

The ratio of the foreign sales in total sales was calculated as **4,5%** in September 2021.

Top 3 Cities in Terms of Foreign Investor Transactions

İstanbul

Antalya

Ankara

The Top 3 Countries in Residential Property Transactions

Iran

Iraq

Russian Federation

*Source: TÜİK



Mete VARAS
 Founder
 ME PropTech Initiative



Real Estate and Construction Sector in Turkey

The general opinion is that the sector that causes the most carbon emissions is automotive/transportation due to vehicles using fossil fuels. Considering that Turkey placed the construction sector in the center of the economy in the last 20 years, postponed even the entry into force of the building energy identity certificate law twice, this law is not practiced with the circular of General Directorate of Land Registry and Cadastre even though it is currently in force!!, one of the sectors, where this transformation will be discussed and challenged the most, will be construction and real estate. It's the subject of a long report to write about the implications, the threat (not acting is the biggest threat anyway), and its opportunities. I have briefly written the first things that come to my mind below

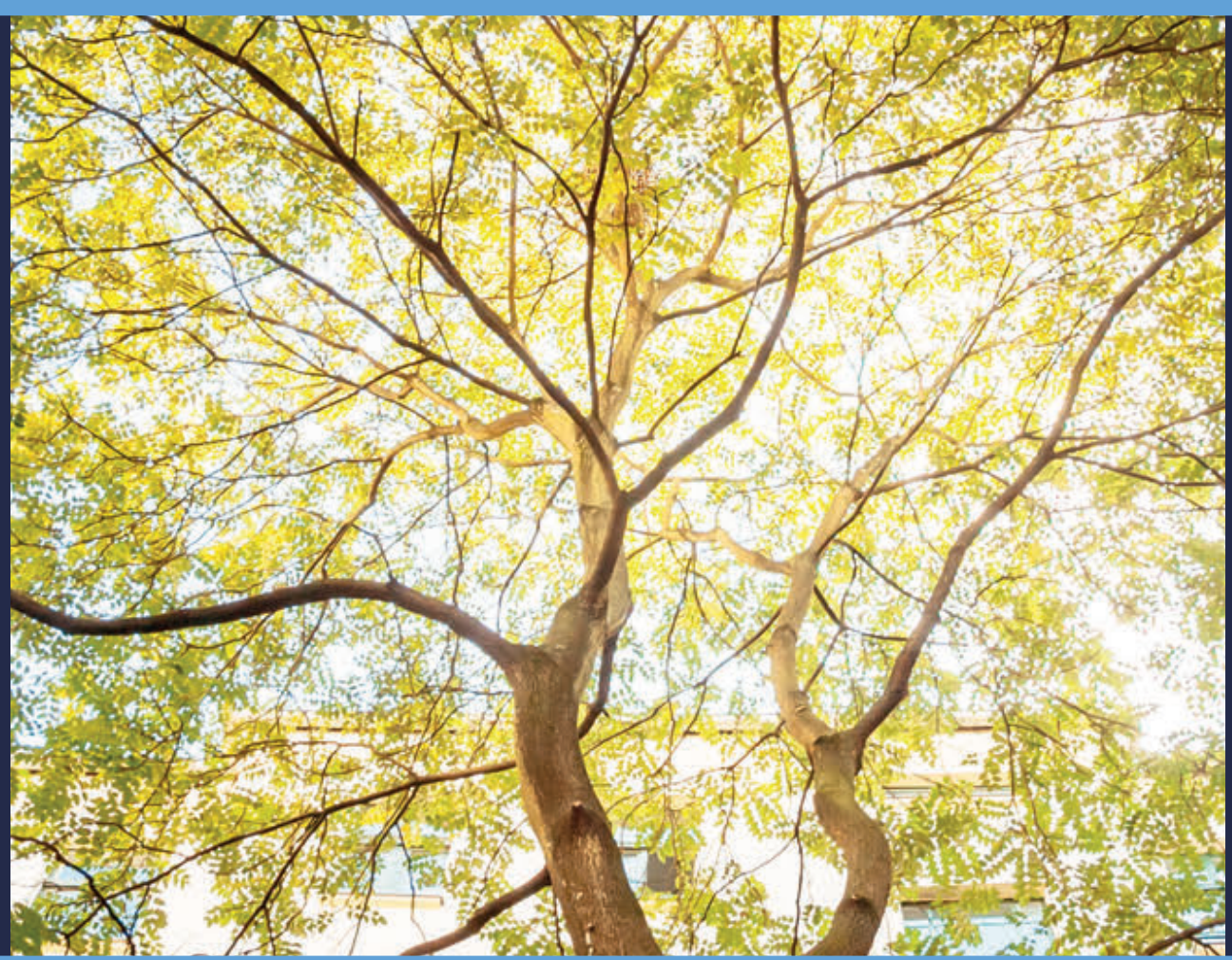
- The first step to be taken should be to immediately separate the Ministry of Environment and Urbanization today. (When I was writing this article, I learned that unfortunately the name has been changed to Ministry of Environment, Urbanization and Climate Change. It means that we have declared that the subject is not understood at all)
- The issue may go unnoticed, however, the main driving force demanding this change all over the world, including Turkey, is individuals –consumers.
- The subject concerns all stakeholders (building materials manufacturers, construction companies, subcontractors, real estate developers, architects, auditing companies, valuation companies, demolition, transportation companies...).
- The fact that the companies to calculate carbon in their own business will be already equivalent to keeping an accounting record after a while. Companies that do not reduce it other than calculation will receive high rates of credit and /or pay taxes.
- Companies will have to take carbon emission and environmental impact into the calculations while making optimum decisions in all operational processes.
- Since we have wasted the past 10 years, the chance of companies to set targets that will not be realized for PR or to save time has decreased because businesses that do not make “scientific carbon targeting” are not taken seriously, and independent organizations that provide and monitor this have become very powerful.
- Again, as of today, when talking and calculating the carbon emissions of buildings, not only caused by operational use but a whole chain from the design that is called “embodied carbon” to the carbon emissions of the materials used in its construction, during the production, transportation, and assembly is calculated by considering them from end to end.
- Due to not only for domestic construction but also being one of the major export items, the construction materials industry has to adapt to this change very quickly. How long will it take for coal-fired iron and steel factories to become electrified? When will the manufacturers in the country start using different technologies to make cement, which is one of the most criminal materials in terms of carbon emission, greener? Of course, it is not difficult to predict that the costs of these transformations will also be reflected in the prices to some extent. Apart from the breaks in the supply chains due to the pandemic and climate crisis, this also has an effect under the inflationary pressure experienced in the world.
- Of course, this transformation is impossible without technological solutions. We can easily expect increased use of BIM, Digital twins, sensors, artificial intelligence, new building materials, and construction techniques.

- The decision whether or not to demolish buildings will be one of the usual decisions that projects/companies/cities need to consider, in case of demolition, what percentage of them can be recycled and evaluated.
- In advanced economies, cities individually announce their scientific carbon reduction/zeroing targets and how to achieve them. One reason for this is to comply with and contribute to the country's targets to which it is bound by the Paris Agreement, and another reason is to impose serious penalties on building owners after this date. Considering that the budget required for zeroing the carbon emissions of buildings in the USA alone is 18 trillion dollars, the duration of this transformation and how the cost will be overcome must be seriously calculated.

When we look from the perspective of classical definition, we can say that the leading way to reduce carbon emissions is to reduce energy production based on coal and fossil fuels as much as possible, to increase renewable energy resources, to find financing, and to complete the transition within the specified time. But when we look at the issue from a broader perspective and play a playmaker role rather than a passive one, we will see that this is also a great opportunity. In the last 3-4 years, there has been an explosion in the number of initiatives whose subject is sustainability all over the world, especially in Europe and the USA. Likewise, investment companies are pro-actively in the market to provide financing for them. Our entrepreneurial ecosystem – especially the real estate and construction technologies' vertical – will play a key role in turning this issue to our advantage.

The Paris Agreement focuses on reducing carbon emissions, one of its causes, to eliminate the consequences of the climate crisis. However, if we look at the issue from the perspective of the UN's 17 Sustainable Development Tools, we see that the opportunities are much greater. As a first step, we need to change our mindset and perspective. The rest will come easier.





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