

# BRIDGE

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**DENGE**  
DEĞERLEME





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## The Pandemic Has Changed Housing Preferences

We can see certain major events that have caused changes in housing preferences in the real estate sector in the past years. The recent earthquakes in our country, especially the Marmara earthquake in 1999 have become a milestone that caused us to leave behind many habits including the legal basis of housing projects. Laws and regulations have changed, belief in the solid house concept has increased, and thus urban transformation has accelerated. The title of being earthquake resistant that was written on top as a priority before the pandemic has become stronger after the pandemic, especially due to the adoption of a concept change, by having the reasons for new preferences.

So what has changed in our lives during the pandemic? The process that started with lockdowns and restrictions brought to light the fact that houses are not only a need for shelter but also an environment where they can spend time. The homeworking system has become widespread. Online processes have reduced the need to be located in city centers. Demand for horizontal architecture has increased.

A process, which those especially reside in crowded provincial centers and have the opportunity to work remotely started to migrate to the rural areas or reside both winter and summer in their summer houses, and the demand for the residentially-zoned lands of the seaside regions including mainly the Mediterranean and Aegean regions and migration from cities has begun to increase. In the past, houses were places where we rested and gathered as a family rather than being living spaces; during the pandemic, shortcomings in homes were noticed. The balconies were getting to be considered too small. It was recognized that there was no garden for fresh air. In this process, people started to seek houses with gardens and balconies that are intertwined with nature. This increased the demand by about 235%. With the increasing demand, there were significant increases in the prices of projects and areas that could produce projects in regions suitable for this style.

More time was being spent at home due to the fact that 90% adaptation of many companies to the home-working system. Concepts that can be turned into a working environment with a single touch have become preferred. Multi-houses, that is, projects that combine both home and office concepts, have managed to attract the attention of white-collar workers in particular. For this purpose, construction companies made changes in their project concepts, created health committees, and tried to understand people's priorities in the new period. Well, what were the priorities of the "Healthy home" concept that came to the fore in the researches of these committees; "Houses need to have an elevator, however, houses should have the height that can be ascended on foot in case residents wish to do. Houses should have a garden, if not a terrace, or have a balcony in the size of a room. Houses should be close to the forest. Houses should be built in such a way that they can absorb natural air, and the houses should be planned according to the 2019 earthquake regulations."



The real estate sector is one of the country's economies that mobilizes 430 sub-sectors. The reduction in loan rates in the scope of the decision to combat the pandemic in the middle of 2020 created an opportunity for both project producers and citizens, who change their preferences, to use these preferences. The rate of moving increased by 43% especially in this period compared to previous years. These concepts and changes in preference that are mentioned above have caused price increases up to 60% in Mugla and 45 % in Antalya compared to 2020 and prolonged rental depreciation periods. It is predicted that these increases will continue to some extent in 2021.

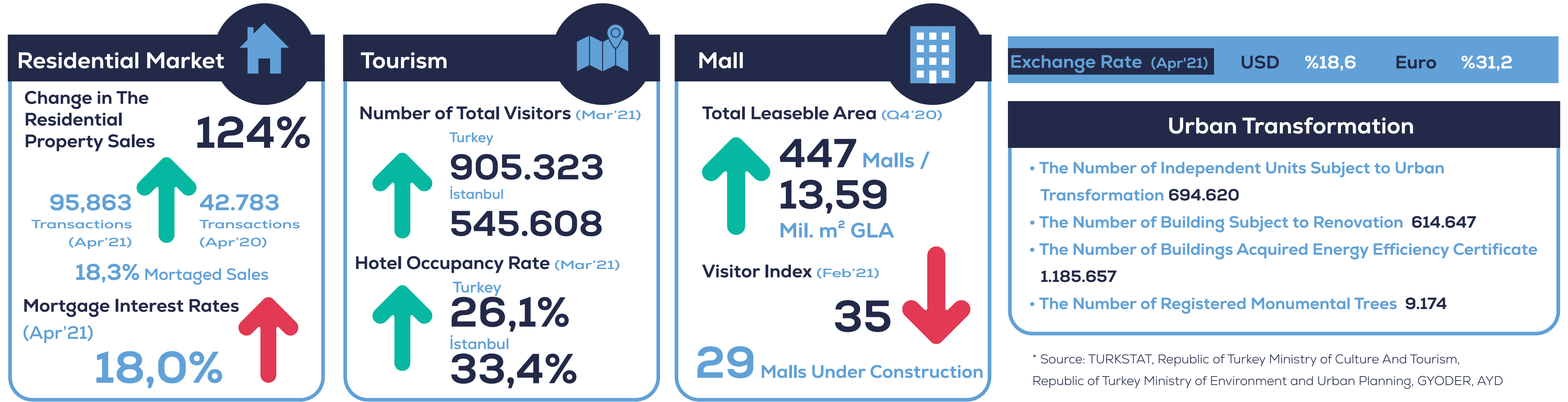
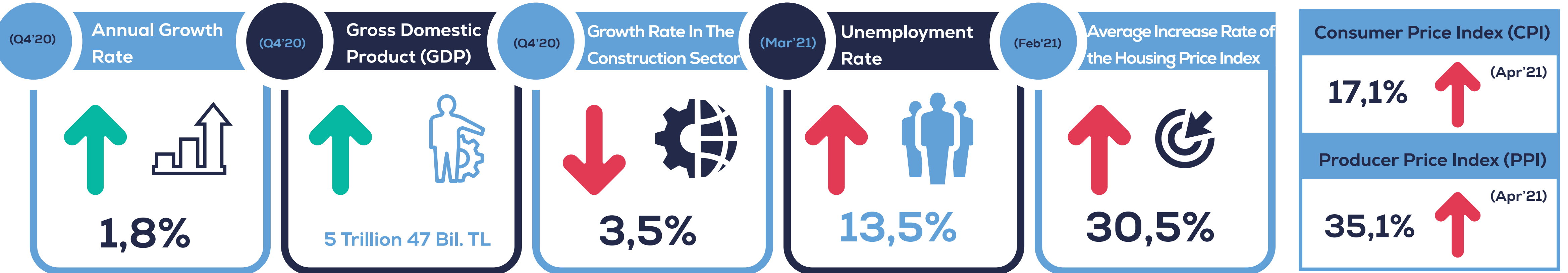
As the valuation sector, the process regarding the reflection of this demand on the values and regional analysis is closely monitored. Our services continue with valuation reports for our citizens who want to see the changes by obtaining consultancy or having special reports and to reach the right value against those who try to carpetbag in regions where the demand is increasing.





# Economical Data

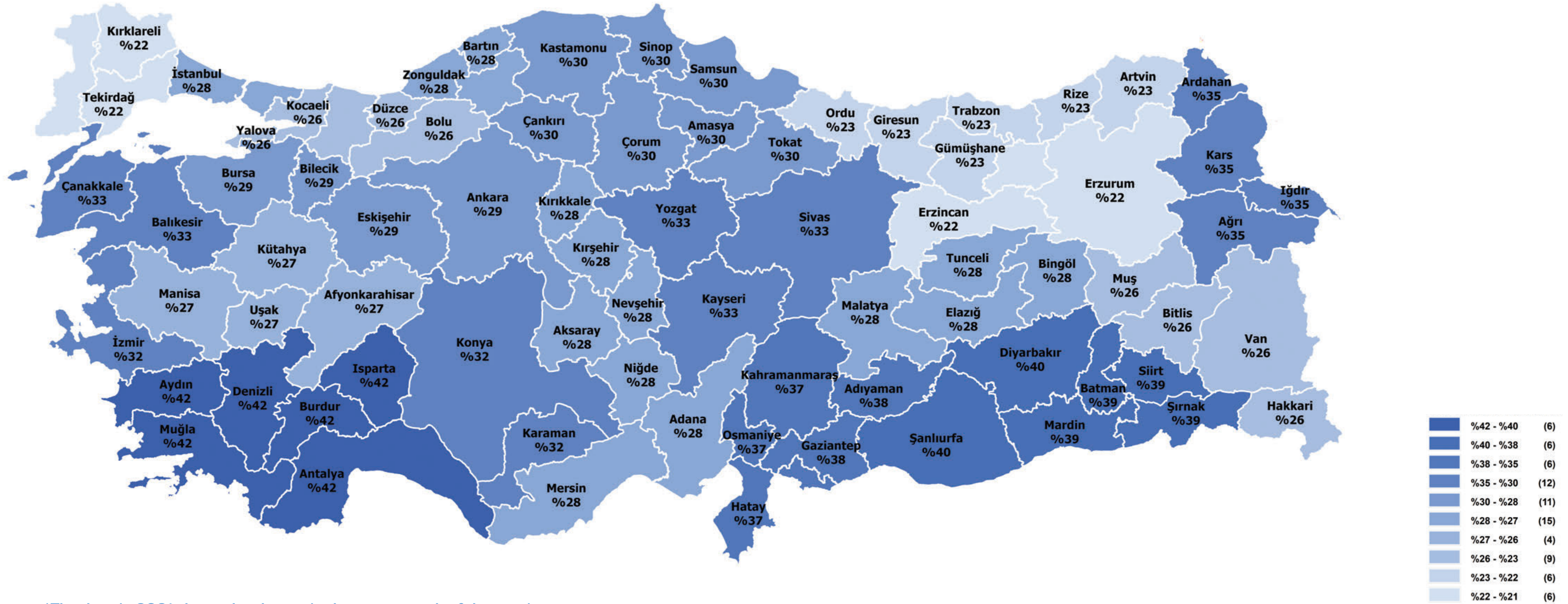
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## Value Change Rate

Considering the February data that was updated with the year 2020, it is seen that there was an increase of **30.50%** in Turkey's average. Despite the horizontal course in real estate sales rate, the fact that the values are increasing above the inflation rate in all of our provinces indicates that the stocks returned to market normal, the deferred construction costs were reflected in the values.

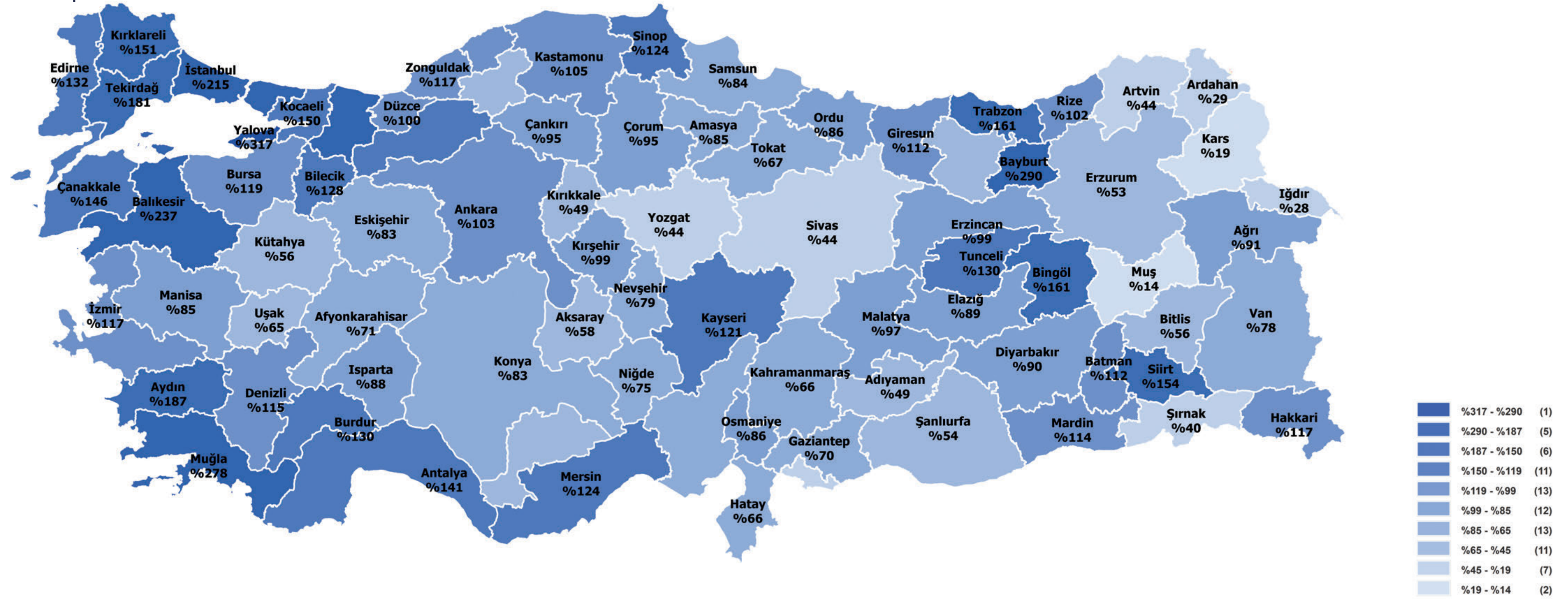


\*The data in 2021 shows the change in the same month of the previous year.



## Rate of Change in Housing Sales

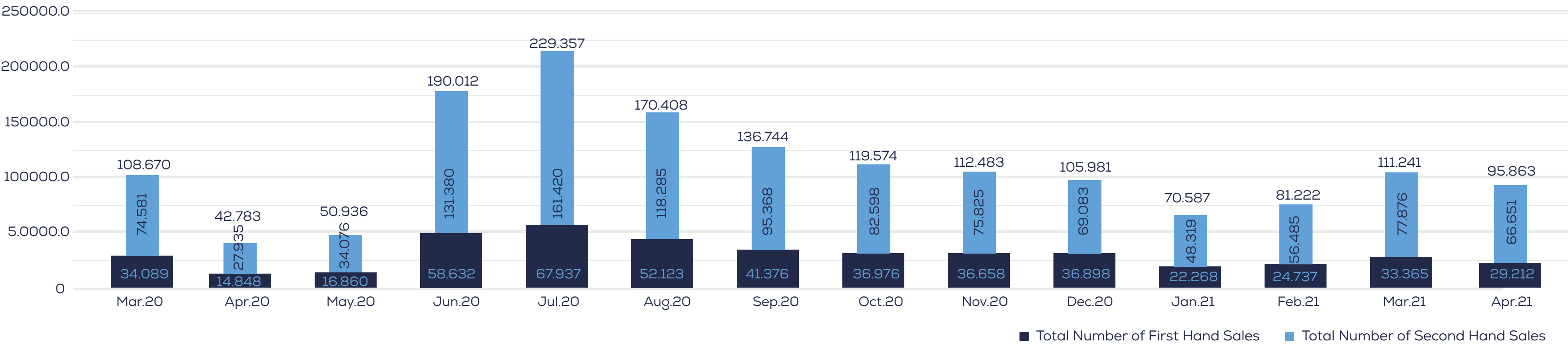
Considering the April data that was updated with April 2020, it is observed that there was an increase of **124 %** in the average rate of changes in Turkey's sales. Although it seems positive that the high rate of changes are in the metropolitan cities where the market is developing, we see that it was a reflection of a sharp decrease due to the impact of the pandemic, to this year, and horizontal course compared to 2019 continues.



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

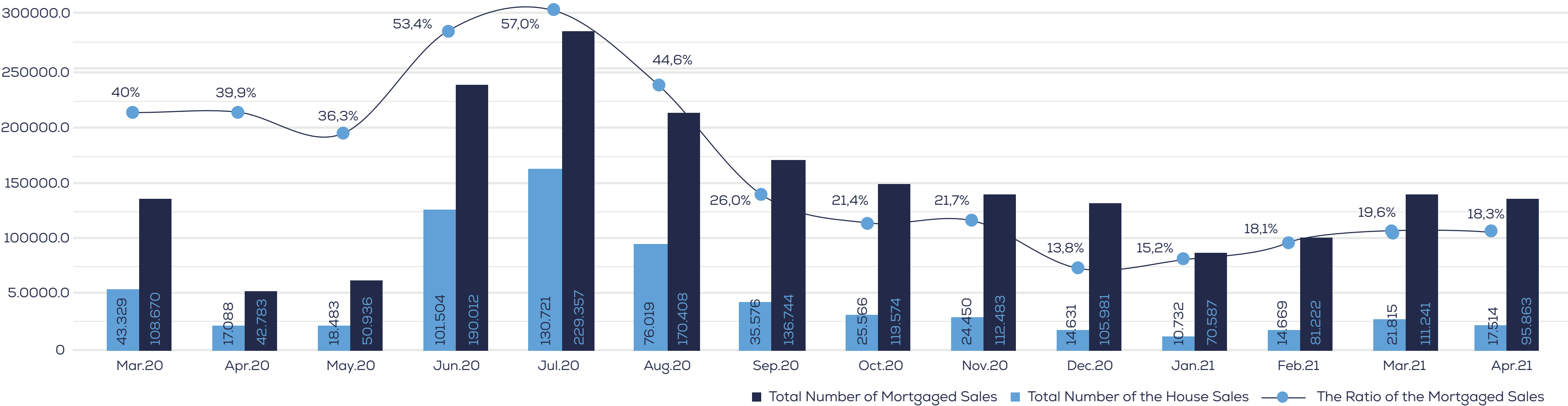


# Residential Property Sale Figures



Compared to the same month last year, the number of first hand house sales increased by **97%** in April 2021 in Turkey.

Compared to the same month last year, the number of second hand house sales increased by **139%** the same in April 2021.



Compared to the same month last year, the number of the mortgaged house sales increased **2%** in April 2021 in Turkey.

The ratio of the mortgaged house sales is **18,3%** in April 2021.

Kaynak: TUIK



# Houses Sold to the Foreign Investors



Compared to the same month last year, the number of total foreign sales increased by **475%** in April 2021.

The ratio of the foreign sales in total sales was calculated as **4,3%** in April 2021.

## Top 5 Cities in Terms of Foreign Investor Transactions

İstanbul  
Antalya  
Ankara  
Mersin  
Bursa

## The Top 5 Countries in Residential Property Transactions

Iran  
Iraq  
Russian Federation  
Afghanistan  
Kazakhstan

\*Source: TUIK





**Dr. Cenk TÜRKER**  
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# "What Is The Esg Approach, Why It Is Important, And What Benefit It Offers To Organizations?"

*Dear Readers,*

I guess you recently increasingly hear the word "Sustainability". However, I suppose you will increasingly hear it and adopt it into your business model. In this article, I will try to convey my knowledge about what sustainability means and why it gains importance and will develop.

When looking at sustainability in terms of definition, it means that considering the factors such as environmental, social, and governance (ESG) and considering and managing the expectations of the stakeholders, and behaving to the stakeholders ethically and responsibly. In other words, in order to create a sustainable business model, it recommends that you first take the expectations of your stakeholders such as your customers, employees, shareholders, investors, financing providers, non-governmental organizations, sector organizations and build your strategy by considering these expectations. However, It requires effective management of issues such as environment, waste, water, wastewater, emission, raw material, biodiversity, and climate change management in terms of the environment; human resources, occupational health, and safety, talent, supplier, customer, ethical communication, fair performance management in terms of social aspect; corporate governance, strategic management, ethical principles, and anti-corruption, information and risk management in terms of governance aspect.

When we evaluate the advantages of sustainability for organizations; the investment to be made in each of the topics mentioned above is actually an investment in the organization and its value. Moreover, it is an investment of high return when it is made after effective sustainability strategy planning. Sustainability management ensures the management of your intangible assets, creating value through them and preserving that value. Because today, the ratio of the intangible values of an organization to the total value of the organization has exceeded 85%. The reason for this is that the opportunities and risks that will be brought by the ESG dimensions are gradually growing. There are two main points at the core of this. First, the negative impact of human beings and industry on nature (environmental footprint), and the fact that effects of climate change are increasingly being felt and the pressure for transformation to a zero-emission economy. The second one is human being himself and his emotional expectations such as safety, trust, equality, and happiness. There is no chance for systems that are against both of them to be sustainable.

If we try to integrate the issue from a valuation perspective, the value of an enterprise is the pricing of today's value expectation and the one it will create in the future. Thus, financial valuation is insufficient to include environmental and human dimensions into the equation. Because today, the financial effects of both the risks and opportunities brought by the dimensions of ESG can be enormous. There are the risks such as that a production facility operates in a way that is harmful to the environment, falling behind in competition, not being able to find customers in the near future, not being able to access financing, paying a carbon tax, and ceasing its activities. I now feel debted to recommend you to begin the sustainability journey as soon as possible to stay away from these risks, get a high score from sustainability (ESG) assessment and maximize the value of a product or enterprise.

*Sincerely yours*





**Didem GÜNEŞ**  
Executive Board Member  
EGE YAPI



## Which Practices Do You Use For Sustainability In Your Organization?

As Ege Yapı, we invest in projects that are in compliance with the universal conditions of our age and that will contribute to the development of the country and the welfare of the society. We are implementing the projects that are respective and sensitive to the environment, which we will leave as a legacy to future generations, and meet the need of our time. The concept of sustainability is of great importance for us in our buildings where we prioritize human life and need. We strive to build within the framework of a sustainable approach at every stage of the projects we develop, from architectural designs to landscaping, from energy resources to materials selected in production processes.

In order to ensure the sustainability of the environment and nature, it is necessary to make visionary studies for the needs of the future as well as the daily needs in the upper and infrastructure. As Ege Yapı, we create not only housing units but also smart and healthy living spaces. We follow the developments in our sector at the international level and we follow topics such as innovative products, technological developments, and consumer trends from many sources. We focus on meeting the expectations and demands through smart house technologies that have many advantages such as time saving, speed, practicality, and security.

We focused on energy efficiency in the entire project for sustainable living in Batışehir that was awarded "Europe's Best Mixed-Use Project". We have minimized carbon dioxide emissions and thus ensured that Batışehir uses its energy in the most efficient way possible. We designed Cer Istanbul, which we developed in the Historic Peninsula, which won first place in the category of "Low-Medium Density Housing Project - Future" at the Dubai Cityscape Awards, by preserving its historical texture in every detail and environmental factors. We have implemented many environmentally friendly practices in our projects, such as using ecologically certified materials in interior architecture, minimizing fuel and electricity consumption with the automation system, sorting waste, reducing gas emissions, and using photovoltaic solar energy systems in open areas.

We have provided the opportunity for prestigious artists to come together and produce artworks in the art production center established on the construction site of our Cer Istanbul. We continue to support the sustainability of the artistic activities of artists, especially during the pandemic period, with Atölye Cer, which is an art production center established for the first time in a construction site in Turkey. We exhibit a selection of works produced by artists in the approximately 500 square meters indoor exhibition area we have set up in our construction site. The great interest of art lovers and non-governmental organizations in our exhibition area encourages us to make new investments in contemporary Turkish art within our future projects.



In the ÇamlıYaka Konakları project, which has a unique architecture, next to the pine forests, comprises the houses with private gardens and terraces, we have created a healthy living space with the comfort that is in touch with nature and low-rise architecture. With the Kordon Istanbul project, which was selected as the “Housing Project with Highest Income Potential of Its Region” for two consecutive years, we transformed the region into a green area where people can breathe in the center of the city. Since global warming threatens our water resources, we plan to collect and store rainwater in our new projects and use it in garden irrigation.



ÇamlıYaka Konakları



Batışehir



Kordon İstanbul





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## Good Governance For Sustainability

The world is now facing the problems such as climate change, population growth insufficiency of resources against increasing needs, economic and social inequalities. It doesn't seem possible to find a solution to these problems from an economic point of view. Therefore, adding an environmental, social, and governance perspective to our decision processes as well as an economic perspective seems important in terms of providing effective solutions.

The problems faced are very big and finding solutions to these problems can only be possible by working together. Effective solutions can only be possible if the public, private sector, and civil society work together. Leaders of 195 member countries of the United Nations adopted 17 Sustainable Development Goals (SDGs) at the UN General Assembly in September 2015. The Sustainable Development Goals represent global problems that need to be solved to improve the quality of life. Goals also offer important business opportunities to solve these problems. The steps of companies and the public are equally important in dealing with the current and future challenges, such as climate change.

The Covid-19 epidemic, which started in 2019 and continues its effects, showed that the world was having serious difficulties in dealing with problems and that the problems could only be brought under control with the joint efforts of the public and private sector, and non-governmental organizations. This epidemic also showed us that how important is cooperation at the international level and we shouldn't underestimate the problems. It turned out that one of the most important development areas revealed by the epidemic is the implementation of the good governance approach in all areas of our lives, in the public, private sector, and civil society.

Although sustainability is a factor that will radically change the way how businesses are conducted, it is considered as a secondary issue when the businesses are conducted. Sustainability stands out as an issue that should be considered with the corporate strategy. Sustainability issues affect the organization's performance, strength, the way it does business, the risks and opportunities it faces. Handling such a critical issue as a secondary area prevents the development of effective solutions.

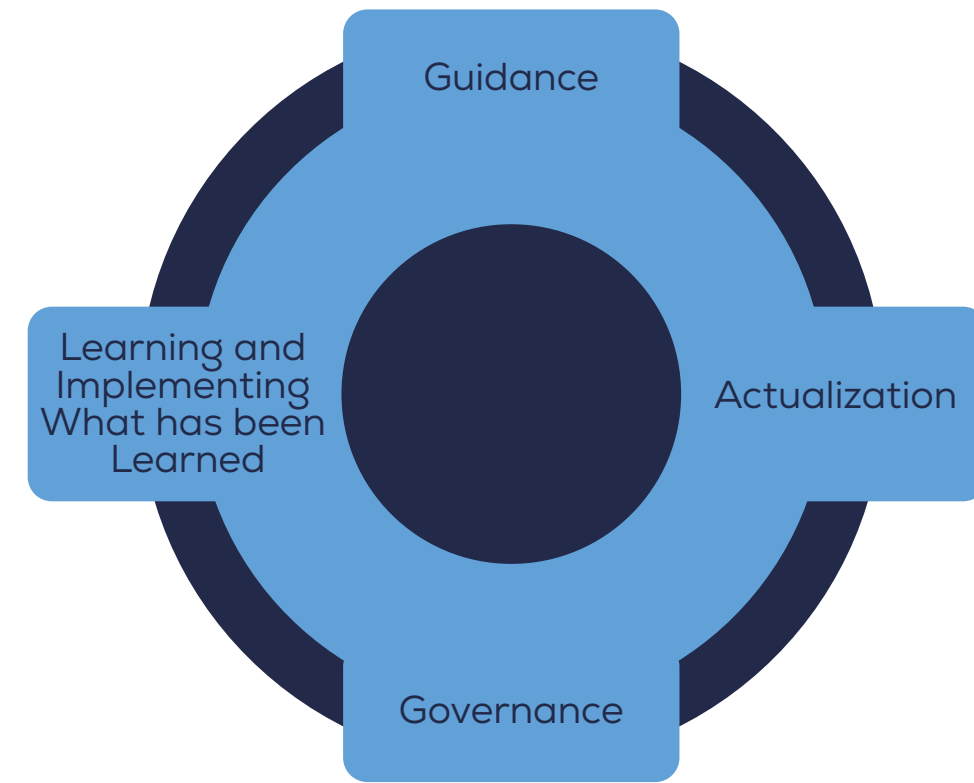
The strategic importance of sustainability is increasingly being understood. The increasing number of companies that attach importance to sustainability issues at the level of CEO and board of directors indicates that the initiative is taken at the leadership level in terms of sustainability. According to a survey conducted with 2,422 senior executives around the world, companies place importance on sustainability and conduct studies on this issue. 16% of the companies surveyed have a Sustainability Committee on their board of directors. 16% of the companies surveyed have a Sustainability Committee on their board of directors. This percentage was 12% in 2014(1). Sustainability is an issue that needs to be handled at the CEO and Board of Directors level. Since some long-term decisions to be taken will affect a future far from the perspective of the company management, the role of the boards of directors in the decision-making process regarding sustainability is important. The Board of Directors has an important place in implementing good governance.



Good governance in sustainability is the key to successful sustainability practices. Solid decision mechanisms and the integration of these mechanisms with the enterprise's organization are the guarantees of sustainable business practices. Such an approach can be called good governance in sustainability. Good governance ensures the continuity of responsible and accountable leadership by increasing the quality of strategic decisions taken and the impact and efficiency of resource allocation (Argüden, 2010)(2). Boards of directors guide managers about long-term risks and monitor the work done within this scope. Boards of directors determine the incentive policies and mechanisms to motivate senior management staff to embrace sustainable business practices and to motivate them regarding changes. It evaluates the risks and opportunities that are faced by the organization and approves them. It becomes a pioneer and guide in the realization of the holistic perspective within the organization.

The holistic thinking approach proposes to make decisions by understanding the interaction and relationship of the resources that are used by the organization, different functions within the organization, the internal business processes, and the outputs resulting from the activities of the organization with each other. While this approach is being implemented, it ensures that the culture of collective decision making is realized within the organization and that all parties involved in the issue participate in the decisions. Since this approach ensures that the decisions are made based on data and by considering the interactions, it enables an increase in the quality of the decision. It helps organizations to be more resistant to crises. It ensures the transparency of the processes within the organization and increases the trust of the employees in the management and the institution. It enables employees to better understand their role in implementing the main strategy and achieving goals. It strengthens internal and external reporting.

**Effective sustainability management can be defined as follows:**



The process begins with guidance. The Board of Directors has an important role in this department. The values and policies of the organization are created at this step. These values and policies lead to the organization's strategy and help determine its goals. Important issues that define risks and opportunities in terms of the organization, stakeholder expectations, demands, and needs play a guiding role in determining the corporate strategy.

During the implementation phase, it is important to spread the implementations to all areas and geographies of the organization. Performance for the goals helps to understand development areas for the organization.

During the audit phase, it is evaluated that the process is carried out within the framework of the determined values, principles, and rules. The fact that the evaluation covers all the value chain becomes effective for creating value for all stakeholders. Senior management remuneration is made considering the performance and compliance. This step also allows for recognizing of leading indicators in terms of understanding risks and opportunities.

The stage of learning and implementing what has been learned is the most important step for the development of an organization. Presenting the lessons taken from this step in a transparent way and developing strategies, business models, and processes in the light of this information creates the opportunity for long-term strength, performance, and creation of value. Supporting this process with reporting is valuable for both external and internal stakeholders.

As a result, when organizations are socially accepted for their activities, they have an activity permit. In order to have an operating permit, organizations must create value both for themselves and for the ecosystem in which they are located. Creating value can only be achieved by embedding the concept of sustainability into the organization's DNA and incorporating it into the strategy. The Board of Directors and senior management should adopt the issue in achieving this goal. The implementation of the holistic thinking approach within the organization increases the effectiveness of the work and the organization's performance, and strengthens its resistance against risks.

In short, good governance has a key role in realizing sustainability and creating value for all stakeholders. Good governance enables an increase in the quality of life.

(1) Sustainability's Deepening Imprint, McKinsey Anket Çalışması, Aralık 2017.

(2) Argüden, Y. (2010). "A Corporate Governance Model: Building Sustainable Boards and Responsible Businesses", IFC PSO17.





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