

INTERNATIONAL INVESTORS EXPECTED TO RETURN IN LATE 2010

Turkey plays a waiting game

Investment in the Turkish property sector is not expected to return to significant levels until the second half of 2010 at the earliest, according to **Murat Ergin**, head of Savills' associate **Kuzeybati Worldwide Real Estate Services** in Turkey.

However, since international investors only entered the Turkish market about five years ago, the crisis-driven withdrawal from new activity is not as big a shock as it could have been, said Ergin. He pointed to increased attendance at the Turkish investment panel at EXPO REAL and a significant rise in contact with his office in Istanbul as indication that international interest remains high. 'Leasing activity from international end-users remains strong,' Ergin said.

Signs of recovery have been seen in Istanbul's office sector, and retail values have also seen some

recovery, but the large amount of new space on the market has caused a 'permanent decrease in rents,' according to Ergin. The situation for industrial property is more problematic. 'Logistics will take longer to recover because manufacturing is in a poor state,' he said.

As the market waits for the return of international investors, Turkish investors have provided some market activity in 2009, particularly in the office sector along with some logistics. Among the deals this year were Sedes Holding's acquisition of about 5,000 m² of office space in Istanbul for €10.5 mln at a yield of 7.75% as well as investment by the country's second-largest financial group Esas Holding. 'When Turkish interest rates came down earlier this year people thought real estate was a safe haven,' Ergin said.



TURKEY: READY FOR THE RETURN OF INVESTORS